

**The University of Texas/Texas A&M
Investment Management Company**

Request for Proposal

**Related to the Investment Funds of the
Board of Regents of The University of Texas System**

February 25, 2019

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I. Introduction

The purpose of this Request for Proposal (RFP) is to review the capabilities of potential suppliers of master custody, securities lending, and related services for The University of Texas System's (UT System) estimated \$44.6 billion in aggregate assets as of November 30, 2018.

The University of Texas/Texas A&M Investment Management Company (UTIMCO) has managed the investment assets under the fiduciary care of the Board of Regents of The University of Texas System (Board of Regents) since March 1996. The Board of Regents has delegated investment management responsibility for all investments to UTIMCO, subject to compliance with Board of Regents approved investment policies. UTIMCO is conducting the review of the master custody services, including accounting, reporting, performance measurement, securities processing, on-line services, securities lending, and private investment management.

The background information on each of the investment funds is provided below.

A) The Permanent University Fund (PUF) is a public endowment contributing to the support of 20 institutions and six agencies in UT System and The Texas A&M University System (TAMU System). The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously designated to The University of Texas, as well as an additional one million acres. Another state grant of one million acres was made in 1883. Today, the PUF contains over 2.1 million acres of land located in 24 counties primarily in West Texas (PUF Lands).

PUF Investments are invested in a broadly diversified portfolio including publicly traded equity, fixed income securities, and various types of securities where a readily determinable value does not exist. See Exhibit A in section V. "Exhibits" for the target allocation. Distributions from the PUF Investments are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the TAMU System. As of November 30, 2018, the net asset value of PUF Investments was \$21,813 million.

B) The General Endowment Fund (GEF) is a pooled fund established for the collective investment of long-term funds under the control and management of the Board of Regents. The GEF is organized as a mutual fund and has two participants, the Permanent Health Fund (PHF) and the Long Term Fund (LTF). The GEF provides for greater diversification of investments than would be possible if each account were managed separately. The GEF is invested in a broadly diversified portfolio including publicly traded equity, fixed income securities, and various types of securities where a readily determinable value does not exist. See Exhibit A in section V. Exhibits for the target allocation. As of November 30, 2018, the net asset value of the GEF was \$10,556 million.

C) The PHF is an internal University of Texas System mutual fund for the pooled investment of state endowment funds for health-related institutions of higher education, created August 30, 1999, with proceeds from state tobacco litigation. The 76th Legislature established three permanent funds and thirteen higher education endowments. The PHF participants (unitholders) consist of one of the permanent endowments and eight of the thirteen higher education endowments. The PHF does not invest in individual securities except for GEF units and a negligible amount of cash. Cash

distributions are paid quarterly. As of November 30, 2018, the net asset value of the PHF was \$1,170 million.

D) The LTF is an internal UT System mutual fund for the pooled investment of approximately 14,000 privately raised endowments and other long-term funds supporting various programs and purposes of the 14 institutions comprising UT System. The LTF is structured as a mutual fund in which each endowment or account purchases units at the LTF's market value per unit. Cash distributions are paid quarterly directly to the UT System institution of record based on a per unit payout established by the Board of Regents. The LTF does not invest in individual securities except for GEF units and a negligible amount of cash. As of November 30, 2018, the net asset value of the LTF was \$9,386 million.

E) Operating funds of UT System are invested in the Intermediate Term Fund (ITF) and a money market fund. The ITF is a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by UT System institutions and System Administration. The Fund was created to improve the efficiency of operating funds management and to improve investment returns on UT System operating reserves. The ITF is structured as a mutual fund in which each eligible account purchases and redeems ITF units on the first business day of each month at the market value per unit at the time of purchase or redemption. A distribution is paid the first day of each month based on a percentage of each unit holder's prior month beginning balance. As of November 30, 2018, the net asset value of the ITF was \$9,513 million. See Exhibit B in section V. Exhibits for the asset allocation of the ITF.

F) Separately invested funds have a balance of \$493 million as of November 30, 2018. Included in these funds are charitable remainder trusts, endowments and other funds that are not invested as a part of the pool. Separate bank accounts are utilized.

G) Debt Proceeds Fund is a pooled investment for UT System's bond debt proceeds, and is invested in money market mutual funds, U.S. government obligations, and U.S. government agency obligations. As of November 30, 2018, the value was \$519 million.

H) The Short Term Fund (STF) is an institutional money market mutual fund consisting of the UT System institutions' working capital and other operating fund balances with an investment horizon less than one year. Withdrawals from the STF are used by the UT System and UT System institutions for day-to-day operating purposes and in the management of cash. The STF is invested in Dreyfus Institutional Money Market Funds (Dreyfus Funds). Electronic feeds from an internal proprietary system are sent four times a day to transmit transactions to Dreyfus. Standing wiring instructions have been established for all UT System and UT System institution accounts, and wires are sent and accepted based on the daily feeds and approved wiring instructions.

Each Fund (PUF, GEF, PHF, LTF, and ITF) is set up individually as separate affiliates. The PUF, GEF, and ITF will have underlying sub-accounts to house separate investment managers. The PUF, GEF, and ITF will have many of the same external and internal managers. Investment managers are passive and active. Accounting and performance rollups are required at various levels, including asset class and investment types. Currently, the hedge fund investment managers are pooled with

the PUF, GEF, and ITF each owning shares. The private investment managers are pooled with the PUF and GEF owning shares.

The nine unitholders of the PHF will also be held in separate sub-accounts and the PHF units will automatically be priced monthly when the PHF net asset value is finalized. Likewise, the PHF's and LTF's GEF units will be automatically priced monthly when the GEF net asset value is finalized.

II. Instruction for Responses

General

UTIMCO is accepting responses to the RFP for review in connection with the award of a contract for master custody services of the Funds in accordance with the terms, conditions, and requirements set forth in this RFP.

Respondents are encouraged to submit qualifications and propose contractual arrangements offering the maximum benefit to UTIMCO and the Board of Regents in terms of (1) demonstrated competence and qualifications to deliver the requested services and (2) fair and reasonable price.

Submittal deadline

UTIMCO will accept responses until 5:00 p.m. Central DST, March 25, 2019.

Contacts

Any questions or concerns regarding this RFP shall be directed to:

Yvette Cowell
UTIMCO
210 West 7th Street, Suite 1700
Austin, Texas 78701

Tel: (512) 225-1621
e-mail: ycowell@utimco.org

Inquiries

UTIMCO will welcome inquiries from the date of the respondents' receipt of the RFP up to the deadline to respond. The process will be most beneficial to all parties if the flow of information allows each party to understand all aspects of the services required and available.

Public Information

UTIMCO considers all information, documentation, and other materials requested to be submitted in response to this solicitation to be of a non-confidential and/or non-proprietary nature and therefore shall be subject to public disclosure under the Texas *Public Information Act* (Texas Government Code, Chapter 552.001, *et seq.*) after a contract is awarded.

Respondents are hereby notified that UTIMCO strictly adheres to all statutes, court decisions and opinions of the Texas Attorney General with respect to disclosure of RFP information.

Contract Award Process

UTIMCO will select a master custodian based on demonstrated competence and qualifications to perform the services for a fair and reasonable price. UTIMCO will request Board of Regent approval of the selected master custodian. UTIMCO shall first select the most highly qualified respondent providing the services described in the RFP based on demonstrated competence and qualifications and then attempt to negotiate a contract with that respondent at a fair and reasonable price. If a contract cannot be negotiated with the most highly qualified respondent, UTIMCO shall formally end

negotiations with that respondent, select the next most highly qualified respondent and attempt to negotiate a contract with that respondent. UTIMCO shall continue the process described above to select and negotiate with respondents until a contract is awarded. UTIMCO reserves the right to award a contract for all or any portion of the requirements proposed by reason of this request, award multiple contracts, or to reject any and all responses if deemed to be in the best interests of UTIMCO and the Board of Regents. If UTIMCO awards a contract with approval by the Board of Regents, it will award the contract to the offer or whose response is the most advantageous to UTIMCO and the Board of Regents.

Oral Presentation and On-Site Visits

After receipt of each respondent’s responses to the RFP, respondent may be requested to present an oral presentation to UTIMCO to cover respondent’s qualifications to provide requested services, with a question-and-answer period to follow. Two to three hours will be allowed for the presentations.

In addition, UTIMCO may request the opportunity to conduct on-site visits of the respondents’ offices and facilities.

Key Events Schedule

- February 25, 2019 Request for Proposal sent to custodians
- March 25, 2019 Deadline to respond to Request for Proposal
- April 8, 2019 List narrowed to three custodians (finalists)
- May 3, 2019 Presentations by the three finalists completed
- May 3, 2019 On-site visits completed on three finalists
- June 3, 2019 Final selection of custodian
- June 20, 2019 Approval of Custodian by Audit & Ethics Committee
- June 27, 2019* Approval of Custodian by UTIMCO Board
- August 14, 2019* Approval of Custodian by Board of Regents
- October 1, 2019 Negotiate and finalize Contract

*Board meeting dates are subject to change.

Submittal Instructions

Please respond to each item in the RFP that applies to services you propose to provide. Please send ten copies of the response to:

Yvette Cowell
UTIMCO
210 West 7th Street, Suite 1700
Austin, Texas 78701

III. Questionnaire

A. Profile

Name of Responding Institution _____

Name and Title of Primary Contact _____

Address of Primary Contact _____

Telephone Number of Primary Contact _____

Fax Number of Primary Contact _____

E-mail address of Primary Contact _____

B. Organization

1. Please describe your organizational structure and list all major business lines. Provide an organization chart of your trust and custody business. Please provide location of the main service providers.
2. Provide the number of your organization's clients and aggregate value of total assets under custody in US dollars for:
 - a. Total tax-exempt custody clients
 - b. Total U.S. endowment/foundation custody clients.
3. From a custody perspective, how many of the largest 20 U.S. endowments do you service? Do you have specialized products for endowments and foundations?
4. Provide a brief explanation and indicate the current status of any business litigation or other proceedings including regulatory sanctions related to your organization's master trust/custody, global custody, or securities lending services over the past three years.
5. Please briefly discuss your competitive position and strengths, focusing primarily on your services to the endowment sector.

C. Client Service/Administration

1. Do you have a dedicated unit/client service group for endowment clients? If so, briefly describe.
2. Describe the personnel that would be assigned to our account and describe roles and responsibilities. What is the tenure of the client service team?
3. Please provide your approach to client service delivery. Please provide details as to the level of customization that is available, and areas in which no customization across clients is available. What are the standard hours of support provided to clients that manage assets internally and are also valued daily?

4. Do you operate under Service Level Agreements (SLA) with clients? Please give examples of the terms of those agreements. What are the standard implications of not meeting the requirements outlined in an SLA?

D. Global Custody/Securities Processing

1. Please list your means for automated trade communications. Please list any security type (including derivatives) that cannot be sent and/or received in an automated and/or straight through fashion.
2. Discuss your operational procedures for settling purchases and sales. Include in your discussion actual settlement date processing and contractual settlement date processing. In what markets do you offer contractual settlement of securities? Please specify your definition of contractual settlement. In a purchase transaction, what happens if the security is never delivered?
3. How do you minimize failed trades? Can the client view failed trades on-line?
4. Describe interaction of the Custody System to the Reporting or Accounting Systems. Explain cross reconciliations.
5. Discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records.
6. Please describe your global custody capabilities. When did you begin providing global custody services? What do you do in the area of supporting investments in emerging market countries that you feel differentiates your institution?
7. Describe the procedures, control points, and time requirements regarding communications between your bank and your sub-custodians.
8. How frequently do you reconcile your books with your sub-custodian's books?
9. What procedures do you have in place to ensure smooth and timely conversions of foreign assets, especially in emerging markets?
10. Please describe your procedures and control points for processing options, futures and other derivative instruments including those in global markets. To what extent are these processes automated?
11. What assistance do you provide your clients in ensuring all paperwork is filed and is current in the various countries the client invests in?
12. Provide an overview of your Foreign Currency (FX) management capabilities.
13. Do you custody gold and other precious metals?
14. Please describe instructions and deadlines necessary to make delivery or take receipt of all types of domestic securities.
15. Describe how you service investment managers including:
 - a. Client service model
 - b. Trade settlement
16. Until what time in the evening do you provide derivative trade support?

E. Cash Management/Income Collection

1. What U.S. and non-U.S. investment vehicles are available for short-term investments for free cash balances?
2. Can any money market mutual fund be used as a short-term investment vehicle? What alternatives are available in countries where short-term investments are not available? How would non-bank vehicles be supported?
3. Do you sweep automatically? If so, how often? What is the latest cut-off sweep possible?
4. When is cash available for investing?
5. Do you currently support any daily cash match processes with clients? If so, please describe.
6. Discuss your capabilities for transmitting wires, ACH and EFT, and writing client checks on behalf of the Funds. Discuss your capabilities for receiving wire, ACH and customer checks for deposit to the Funds.
7. What processes are in place to authenticate wire transfers and maintain security over wire transfers? Please describe both standard levels of authentication (levels of approval and cash template creation, etc.) as well as the maximum capabilities of your automated system.
8. When do monies become available on collectible income? Provide information regarding the timing and procedures for posting income receipts to client accounts.

F. Corporate Actions and Tax Reclaims

1. Provide an overview of your corporate action, class action and proxy voting capabilities.
2. Describe in detail your capabilities for providing tax reclaims. Do you support European Court of Justice claims?

G. Accounting/Reporting

1. Provide a description/overview of your accounting system. Do you have a full general ledger system?
2. UTIMCO will require daily valuation. Can your system provide both domestic and global assets daily values? What time each day are daily valuation reports available?
3. Please describe the functionality within your accounting platform to create customized general ledger categories. Discuss your options for fully customized financial statements.
4. How do you support regulatory reporting requirements?
5. Please describe the valuation cycles available in your accounting system. Can the same group of accounts be valued in more than one cycle (e.g., intraday and monthly)? If intraday and monthly valuation for the same portfolio is available, how are transactions recorded from a posting date and a reporting period perspective?
6. What are your capabilities of closing monthly records? Do you strictly adhere to month-end close schedule?
7. Will UTIMCO have on-line, real-time access to account and daily transaction data? When will access be available to UTIMCO?
8. Please describe the availability of holdings data. Can UTIMCO access portfolio holdings information for any day without special programming via your on-line ad hoc query tools? How long does this data remain available via your on-line reporting system?

9. Can income and principal cash balances be reported separately from both a custody and accounting perspective?
10. Please describe how you process asset transfers, exchanges in kind, etc. for daily valued accounting, specifically, addressing the timing of these events and their impact on the daily valuation and daily performance.
11. Please describe and provide an example of customized support you could provide for the reporting of daily derivatives exposure, collateralization levels and variation margin verification for daily valued clients.
12. Can clients generate custom reports? If so, briefly describe.
13. Are reconciliations with investment managers routinely performed? If so, how often are they performed and by whom? For daily valued accounts, are reconciliations performed more frequently? What is your standard timeframe for the completion of the reconciliation process? Are reports available for the client to see the status of the reconciliation, and the number/type/impact of reconciling items?
14. Describe your capabilities in providing accounting for futures, options, forwards, swaps, and other illiquid or derivative type securities. Describe special procedures you employ for processing, valuing, and reporting derivative products, including U.S. and Non U.S.
15. Describe the security identifier or identifiers used in your system for domestic and international securities. Describe how dummy security identifiers are used. Is there client directed flexibility in their use or lack thereof?
 - a. Can your system identify the collateral that may be needed to support those positions, i.e., cash, as separate from the cash holdings not used to support these positions?
 - b. Can your accounting system(s) identify leveraged positions?
 - c. Are derivative instruments accurately recorded in both the daily and monthly NAV calculations?
 - d. Can the custodian provide daily data feeds that include derivative activities?

H. Valuation

1. Provide a brief description of your daily valuation process.
2. Please provide a list of your pricing vendors and methodologies.
3. Please include a description of how derivatives (either listed or OTC) are valued. Do you expect the investment manager to provide the valuations for OTC derivatives or are you internally generating mark-to-market values? How is manual pricing handled (i.e., alternative investments)?
4. What procedures and control points do you have in place to ensure that securities are priced accurately?
5. Please explain your procedures for reconciling pricing differences as provided by your service providers, and the investment manager's data as of similar valuation dates.
6. UTIMCO operates on a T+0 processing for trades and cash processing for our internally managed portfolios. Can you support this cycle, and how will these transactions be incorporated in any NAV's required to be calculated daily?
7. How do you handle valuation of private equities (limited partnerships), hedge funds, and other non-standard investments? Do you provide other services to support the accounting

and valuation of these types of investments? Are automated pricing uploads for limited partnerships and other accounts available?

I. Performance Measurement/Portfolio Analytics/Risk Management

1. Describe your performance measurement services.
2. Describe how performance is computed.
3. Does your performance measurement platform offer the flexibility of providing AIMR/Time Weighted returns for both Beginning of Day Weighted cash flows and End of Day Weighted cash flows? Does it have the flexibility to provide 'What If' scenarios for weighting cash flows during the month? Are there detailed reporting capabilities for the Daily Net Asset value provided by the above calculations?
4. Describe the process to ensure Global Investment Performance Standards (GIPS) compliant performance calculations.
5. Can you provide multiple levels of performance measurement?
6. Does your accounting/performance measurement system provide the flexibility to process trade date cash entries to capture investment exposure on trade date vs. settlement date?
7. Describe your universe comparison capabilities.
8. Describe your benchmark capabilities. Are clients able to create custom benchmarks?
9. Provide an overview of your global analytics capabilities for all asset categories. Please state your ability to generate consolidated reports for major asset classes.
10. Do clients have access to on-line reports? Please list sample reports available to clients.
11. Please indicate how soon after period end preliminary and final performance reports are available.
12. Can published reports be tailored to meet individualized client needs?
13. UTIMCO requires daily performance reports including benchmarks. What time (central) can you provide the data?
14. How does your system handle net of fee performance calculations? Does it support cash and/or accrual basis expenses?
15. Do you provide daily feeds of information to a third party (i.e., risk system) at the request of a client?
16. Do you have any type of system that can be used to monitor investment compliance? For example, manager compliance of investment guidelines or Fund compliance of investment policies.
17. Do derivatives cause any unique performance issues?
18. UTIMCO requests that performance history be provided on reports. Can you load the history and recalculate performance to maintain the history? If so, how long will it take you to load the history?
19. Do you have system capabilities in place to support the calculation of lagged and non-lagged returns for private partnership investments? Is it possible to maintain both calculations in your performance system?

J. Audit Controls, Risk Management and Internal Control Structure

1. Describe your internal and external audit functions and departments.
2. How often is the SSAE 16 report prepared? What type is prepared? When is the SSAE 16 report available? Are you able to provide a bridge letter from the date of the last report to the end of the funds' fiscal year, August 31st?
3. Are you available to communicate with the Funds' external auditors?
4. Please comment on your credit ratings and overall financial strength.
5. Please provide a list of all insurance coverages for your trust and custody business.

K. On-line Systems/Technology

1. Please describe your technology support organization. Include in your description responsibilities, reporting lines, and staffing.
2. Please describe the major systems supporting the custody service, which includes accounting, settlement, safekeeping, reporting, performance and securities lending. Please describe your on-line system for clients and their investment managers. Describe the information available.
3. Please describe your on-line reporting capabilities.
4. What information, current and historical, is provided and available on-line in raw data elements (i.e., monthly/quarterly historical performance or characteristics of an account)?
5. UTIMCO requires direct access to the custodian's data warehouse or a direct data feed. This access must support the client's ability to pull data from the custodian's data warehouse systems via a documented application programming interface (API) on both an ad hoc and scheduled basis using common, off the shelf software and tools. Do you support such direct query access to your data warehouse, and, if so, please describe? Describe your method of connectivity and software/hardware necessary. Are other customers using this type of connection, if so, how many? Is there a support mechanism in place?
6. Approximately how long would it take to implement a direct connection fully integrated with the UTIMCO data warehouse? Please explain how you will support the integration process, as well as ongoing maintenance, and the costs for each.
7. Please describe how your direct query access is secured. How will you prevent other clients from accessing UTIMCO data, and how will you prevent UTIMCO from accessing other client's data?
8. Please describe your client support structure for your direct query access product.
9. Please describe your past experiences integrating your direct query access product with client data warehouses, especially within the foundation/endowment business sector.
10. What has been your investment in systems development and technology in the past five years? Specify the enhancements made. What is your planned technology strategy and projected investment in systems development for the next three to five years? Please be specific about the anticipated enhancements and functionality that will to be made available to clients.
11. Please describe your system's backup procedures and disaster recovery and business continuity procedures and plans.

L. Securities Lending

1. Provide an overview of your securities lending operation. How long have you been engaged in securities lending?
2. Describe your process for reviewing borrowers. With how many borrowers do you have business relationships? Provide a list of brokers to whom you presently lend securities and specify credit limits. Can a client eliminate or limit a specific borrower?
3. Have any of your clients experienced any losses due to broker default? Do you offer indemnification for broker default?
4. The Funds require that cash collateral received by the Lending Agent on behalf of each Fund be held and maintained by the Lending Agent in a segregated cash collateral account established for the Funds' accounts and be invested and reinvested in accordance with the guidelines set forth in UTIMCO's Securities Lending Policy (copy provided in Exhibit C.) Investments made from such cash collateral will be in segregated custodial account established by the Lending Agent for the Funds' accounts. Can you accommodate these requirements?
5. Are you willing to accept securities lending as a fiduciary function?
6. To what degree are your securities lending clients insured against losses from participation in your program?
7. How do you manage/coordinate your securities lending activities with the client's investment manager(s)?
8. Does your securities lending system interface on a real-time basis with the custody system?
9. Explain your security loan allocation system that ensures all clients are treated equitably.

M. Private Investment Support and Data Management

1. Provide an overview of the services that are available for private investment support and data management.
2. Please describe your valuation processes for private investments.
3. Provide describe your capital call and distributions processes.
4. Do you work with Private I via Burgiss? If not, please describe your system for handling private investments.
5. If you do not have Private I, are we able to have separate modules for the regular portfolio, co-investments, and hedge funds?
6. Do you maintain a standing wire instruction process?
7. How often do you reconcile between accounting and Private I, or your PI system?
8. How long does it take to create a new account and cusip? Is it longer for foreign currency accounts?
9. What are the deadlines for funding capital calls? What happens if a funding gets missed, can you fund the same day or next?
10. Do you have a cash report to show pending capital calls and distributions?
11. Do you have a process for ensuring there is enough unfunded commitment before funding a capital call?
12. Can valuations and cost adjustments be uploaded via excel spreadsheet?
13. How many people are normally on a private investments team per client and how many clients are they assigned to?

14. Are you able to adhere to a strict month-end closing schedule for entering previous months transactions?
15. Do you have a process for verifying the unfunded commitment after entering transactions to ensure the right codes are selected?
16. Will there be a dedicated reviewer to verify the accuracy of transactions entered?
17. Do you have a process to verify and update fund size on an annual basis?
18. Do you have a process to help capture management fees and other expenses paid?

N. Hedge Fund Support and Data Management

1. Provide an overview of the services that are available for hedge fund support and data management.
2. Do you have any partnerships or relationships with providers of hedge fund managed account platforms? Please describe the relationship, and what benefit the relationship provides to your client base.

O. Crypto Assets

1. Are you a “qualified custodian” of crypto assets? Which governing body issued the license? If not, are you currently seeking a license?
2. If so, how many and what types of clients (hedge funds, venture capital firms, endowments) and what is the approximate NAV of crypto assets that you custody?
3. Which crypto currencies do you currently custody (e.g. bitcoin, ether)? Which ones are planned in the next 12 months (e.g. ERC20)?
4. Please describe the procedures you use for custody and security.
5. What do you charge (or anticipate charging) for custody?
6. Do you do this in-house or contract with a sub-custodian?
 - a. If sub-custodian, who? How did you diligence the sub-custodian?
7. If you do not have this capability yet:
 - a. Do you expect to have this capability in the next 1, 3, 5y?
 - b. What criteria will you use to select a sub-custodian?
 - c. Who is on your short list as a potential sub-custodian?
8. What are your main concerns about custody of this asset class and how do you envision addressing them?
9. Do you anticipate purchasing custody insurance as part of the process of custodying crypto assets?

P. Conversion/Transition Planning

1. Please describe your approach to the implementation and conversion process. Do you have a dedicated conversion team?
2. What type and level of resources are required of the client in the conversion process?
3. What costs are associated with the conversion?

4. How would you conduct the transfer of securities and cash from a prior custodian to control the risk of loss of assets and ensure that all securities are received and accounted for properly?
5. During transition, how do you guarantee there will be no impact on our trading processes, reporting, and accounting?

IV. Fee Schedule

Please provide an estimate of your fees, including your fee schedule for all services. The Funds are daily valuation accounts. Include all costs and provide estimates of special reporting requests. UTIMCO is requesting an all-inclusive fee schedule of all services provided by the custodian.

V. Exhibits

Exhibit A PUF and GEF Asset Class and Investment Type Targets, Ranges, & Performance Goals

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	2.0%	7.0%	12.0%	MSCI U.S. with Net Dividends
Non-U.S. Developed Public Equity	0.0%	4.0%	10.0%	MSCI EAFE and Canada with Net Dividends
Global Developed Public Equity	3.0%	8.0%	13.0%	MSCI World Index with Net Dividends
<i>Total Developed Public Equity</i>	12.0%	19.0%	26.0%	
Emerging Markets Public Equity	5.0%	10.0%	15.0%	MSCI Emerging Markets Index with Net Dividends
<i>Total Public Equity</i>	22.0%	29.0%	36.0%	
Directional Hedge Funds	7.0%	12.0%	17.0%	HFRI Fund of Funds Composite
Private Equity	18.0%	22.0%	27.0%	Blended Cambridge Buyouts, Emerging Markets Private Equity and Venture Capital, Credit Opportunities, and Venture Capital
Total Global Equity	56.0%	63.0%	70.0%	
Stable Value:				
Investment Grade Fixed Income	2.0%	9.5%	12.0%	Bloomberg Barclays Global Aggregate Index - Hedged
Credit-Related Fixed Income	0.0%	0.0%	5.0%	Bloomberg Barclays Capital Global High Yield Index
<i>Total Fixed Income</i>	2.0%	9.5%	12.0%	
Cash	(5.0%)	1.0%	6.0%	3 month T-Bills
Stable Value Hedge Funds	2.0%	7.0%	12.0%	HFRI Fund of Funds Conservative
Total Stable Value	11.5%	17.5%	23.5%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index
Gold	0.0%	1.5%	5.0%	Gold Spot Price (XAU)
Commodities	0.0%	0.0%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	1.5%	6.0%	
Natural Resources	0.0%	8.0%	12.0%	Cambridge Natural Resources
Infrastructure	0.0%	2.0%	9.0%	Cambridge Infrastructure
Public Real Estate	0.0%	0.0%	5.0%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Private Real Estate	3.0%	8.0%	13.0%	Cambridge Real Estate
Total Real Return	13.5%	19.5%	25.5%	
Total All Asset Classes		100.0%		

EXHIBIT B
ITF
Asset Class and Investment Type Targets, Ranges, & Performance Goals

Asset Class	FYE 2019			Benchmark
	Min	Target	Max	
Global Equity:				
U.S. Public Equity	0.7%	5.7%	10.7%	MSCI U.S. with Net Dividends MSCI EAFE and Canada with Net Dividends MSCI World Index with Net Dividends
Non-U.S. Developed Public Equity	0.0%	3.4%	8.4%	
Global Developed Public Equity	1.6%	6.6%	11.6%	
<i>Total Developed Public Equity</i>	7.5%	15.7%	22.5%	MSCI Emerging Markets Index with Net Dividends
Emerging Markets Public Equity	2.1%	7.1%	12.1%	
<i>Total Public Equity</i>	15.8%	22.8%	29.8%	
Directional Hedge Funds	25.0%	31.6%	38.0%	HFRI Fund of Funds Composite
Total Global Equity	45.0%	54.4%	62.0%	
Stable Value:				
Investment Grade Fixed Income	20.0%	28.7%	35.0%	Bloomberg Barclays Global Aggregate Index - Hedged 3 month Tbills
Cash	0.0%	3.0%	8.0%	
Stable Value Hedge Funds	5.0%	10.2%	15.0%	HFRI Fund of Funds Conservative
Total Stable Value	36.0%	41.9%	52.0%	
Real Return:				
Inflation Linked Bonds	0.0%	0.0%	5.0%	Bloomberg Barclays Global Inflation Linked TR Index Gold Spot Price (XAU)
Gold	0.0%	2.4%	7.5%	
Commodities	0.0%	1.2%	6.0%	Bloomberg Commodity TRI
<i>Total Commodities</i>	0.0%	3.6%	8.5%	FTSE EPRA/NAREIT Developed Index Net TRIUSD
Public Real Estate	0.0%	0.1%	5.0%	
Total Real Return	0.0%	3.7%	10.0%	
Total All Asset Classes		100.0%		

EXHIBIT C
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY
SECURITIES LENDING POLICY

Securities lending can be the source of modest additional revenue for The University of Texas System investment funds but it is not riskless. The careful structuring of a Securities Lending agreement with UTIMCO's primary custodian or an affiliate of UTIMCO's primary custodian ("Lending Agent") can reduce risks to an acceptable level given the amount of revenue generated. To that end the following policies have been adopted:

Lending Agent

Unless specifically authorized by the Risk Committee, the Lending Agent for securities lending program shall be UTIMCO's primary custodian or an affiliate of UTIMCO's primary custodian. The Lending Agent shall have the responsibility for negotiating the terms of each loan and for collecting all required collateral. Collateral provided by a borrower of UTIMCO's securities shall be (a) U.S. Dollar cash, or (b) securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or (c) irrevocable letters of credit issued by banks rated Aa3 or better by Moody's Investors Service, Inc. or AA- or better by Standard & Poor's Corporation, or (d) such other forms as may be agreed upon by the Lending Agent and UTIMCO from time to time (such collateral, including investments made by the Lending Agent from cash collateral provided by borrowers, being the "Collateral").

Approved Borrowers

Since the first level of protection for The University of Texas System investment funds is the credit-worthiness of the entity to which it loans securities, the list of approved borrowers (as maintained by the Lending Agent) should be composed of high quality financial institutions, both domestic and foreign.

The Lending Agent shall provide to UTIMCO the list of approved borrowers at the time UTIMCO executes its securities lending contract with the Lending Agent. Thereafter, any changes to that list by the Lending Agent shall be communicated to UTIMCO staff.

Collateral Marking to Market

When securities are loaned from The University of Texas System investment funds, Collateral shall be posted by the borrower in an amount equal to at least 102% of the value of the loan (with respect to U.S. Securities) or 105% of the value of the loan (with respect to non-U.S. securities). If at the close of any day, the mark to market value of the Collateral falls below 100% of the value of the loan, the Lending Agent shall require the borrower to deliver additional Collateral such that the value of the Collateral returns to at least 102% of loan value (105% for non- U.S. Securities). The market value of cash Collateral provided by borrower is valued at its cash value as of the time of receipt by the Lending Agent, unadjusted for subsequent increases or decreases in value as a result of any investment thereof by the Lending Agents.

Cash Collateral Investments

The Lending Agent is authorized to invest and reinvest, on behalf of the various accounts which UTIMCO, as agent for the Board of Regents, has established with UTIMCO's primary custodian ("Accounts"), any and all cash Collateral in accordance with the provisions hereof.

The key objectives of the management of cash Collateral supporting securities loans are to:

- Safeguard principal,
- Assure that all cash Collateral is invested in a timely manner,
- Maintain adequate liquidity to meet the needs of client and/or the client investment advisors and,
- Consistent with these objectives, to optimize the spread between the Collateral earnings and the rebate rate paid to the borrowers of the securities.

Cash collateral received by the Lending Agent on behalf of each Account shall be held and maintained by the Lending Agent in a segregated cash collateral account established for the Accounts and shall be invested and reinvested in accordance with the guidelines set forth below. Investments made from such cash Collateral shall be held in a segregated custodial account established by the Lending Agent for the Accounts.

Investment Guidelines; Allowable Instruments and Credit Quality

All investments must be payable as to principal and interest in U.S. currency and have a final maturity not to exceed 365 days from date of purchase and shall consist of:

- A. Obligations issued or fully guaranteed by the U.S. Government or agencies or sponsored agencies or sponsored corporations.
- B. Obligations of domestic banks, including Certificates of Deposit, Time Deposits, Bankers Acceptances, Notes and other Debt Instruments, provided such banks are rated Aa3 or better by Moody's Investors Service or AA- or better by Standard & Poor's Corporation.
- C. Instruments issued by sovereigns, sovereign supported credits, and instruments of foreign banks and corporations. U.S. banks offshore are subject to the quality restriction of their parent company outlined in "B" above. The foreign banks or corporations must be rated Aa3 or better by Moody's Investors Service or AA- or better by Standard & Poor's Corporation.
- D. Commercial paper of U.S. corporations or other eligible issues described above provided such commercial paper is rated P1 by Moody's Investors Service or A1 by Standard & Poor's Corporation.
- E. Corporate note and bonds rated Aa3 or better by Moody's Investors Service or AA- or better by Standard & Poor's Corporation at time of purchase.

- F. The following types of Euro issues: Euro C.D's, B.A.'s, T.D's, and bonds. A minimum rating from Moody's Investors Service of Aa3 or a minimum rating from Standard & Poor's Corporation of AA- is required..
- G. Yankee Securities subject to quality constraints outlined in "E" above.
- H. SEC registered domestic money market funds rated Aaa by Moody's Investors Service or AAA by Standard & Poor's Corporation, as defined under SEC Rule 2a-7, including money market mutual funds of an affiliate of the Lending Agent, and approved in writing by the Chief Investment Officer of UTIMCO.
- I. Repurchase agreements with a domestic dealer selected by the Federal Reserve to be a primary dealer in U.S. Government Securities, or a bank that is associated with a holding company whose commercial paper is rated A1 or better by Standard & Poor's Corporation at the time of purchase. The maximum length of any repurchase agreement shall be three months. Such repurchase agreements must be secured by securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or government sponsored enterprises. The market value of such securities must be no less than 102% of the amount invested by the buyer in the repurchase transaction. The security for repurchase agreements (excluding overnight repurchase transactions) must be marked to market every business day and the market value of the security must be maintained at a value not less than 102% of the amount invested by the buyer of the repurchase transaction.
- J. Asset backed securities must have a minimum rating of AAA by Standard & Poor's Corporation or an equivalent nationally recognized bond rating agency.
- K. Floating rate notes must be repriced at least quarterly and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills or commercial paper.
- L. All credit ratings set forth herein shall be applicable at time of purchase.

The dollar weighted average maturity shall not exceed 60 days without prior written consent of the Chief Investment Officer of UTIMCO. This average maturity limitation is imposed so as to preserve principal.

Review of Securities Lending Contract

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the Lending Agent shall be reviewed by UTIMCO staff to insure compliance with contract provisions.