

**UTIMCO BOARD OF DIRECTORS
SPECIAL CALLED
MEETING AGENDA
October 11, 2012**

UTIMCO
401 Congress Avenue, Suite 2800
Austin, Texas 78701

Time		Item #	Agenda Item
Begin	End		
10:00 a.m.	10:05 a.m.	1	OPEN MEETING: Call to Order/Discussion and Appropriate Action related to Minutes of Meeting held July 11, 2012*
10:05 a.m.	11:00 a.m.	2	Endowment and Operating Funds Update Report
11:00 a.m.			Adjourn

* Action by resolution required

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

Next Scheduled Meeting: November 9, 2012

RESOLUTION RELATED TO MINUTES

RESOLVED, that the minutes of the meeting of the Board of Directors held on **July 11, 2012**, be, and are hereby, approved.

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting on **July 11, 2012**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Paul Foster, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Board:

Paul Foster, Chairman
Ardon E. Moore, Vice Chairman
Francisco G. Cigarroa, Vice Chairman for Policy
Kyle Bass
Morris E. Foster
Printice L. Gary
R. Steven Hicks
Charles W. Tate
James P. Wilson

Director Ardon E. Moore, Vice Chairman, joined the meeting by means of conference telephone, enabling all persons participating in the meeting to hear each other. Accordingly, a majority and quorum of the Board was in attendance. Also attending the meeting was a member of The University of Texas System Board of Regents ("UT System Board"), Regent Wallace Hall. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Lindel Eakman, Managing Director – Private Markets Investments; Mark Warner, Managing Director - Natural Resources Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Bob Jewell of Andrews Kurth LLP; Terry Hull, Jim Phillips, Whitney Henry, Anthony de Bruyn, Roger Starkey, and Moshmee Kalamkar of The University of Texas System ("UT System") Administration; and Greg Anderson of The Texas A&M University System. Mr. Foster called the meeting to order at 8:53 a.m.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on April 11, 2012. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the meeting of the Board of Directors held on **April 11, 2012**, be, and are hereby, approved.

Investment Strategy Review

Mr. Foster asked Mr. Zimmerman to present the Investment Strategy Review for Fiscal Year 2013. Mr. Zimmerman stated he had provided a comprehensive analysis, at the Joint Policy and Risk Committee last week, of the portfolio's positioning, return/risk assumptions, and the current and future economic environment considerations used in developing the recommended changes to the Asset Class and Investment Type targets and ranges for FY 2013. In the interest of time, Mr. Zimmerman summarized Staff's recommendations to changes to targets, ranges and risk budgets and answered the Directors' questions.

Policy Committee Report

Mr. Foster asked Mr. Zimmerman to continue by summarizing the changes reported to the Board on behalf of the Policy Committee. The Committee met on July 5, 2012, jointly with the Risk Committee, to discuss and take appropriate action related to the proposed amendments to the Investment Policy Statements. The Investment Management Services Agreement (IMSA) requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type and such other matters as the UT System Board or its staff designees may request. Mr. Zimmerman provided the Board with an overview of current investment policies and policy amendment requests recommended by the Policy Committee, and answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, Short Term Fund, and Separately Invested Funds, and amendments to the Derivative Investment Policy and Liquidity Policy, as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

FURTHER RESOLVED, that the amendments to the Delegation of Authority Policy, as presented be, and are hereby, approved.

Executive Session

Mr. Foster announced, at 9:21 a.m., that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session for the purpose of deliberating individual personnel matters, including the CEO and Chief Investment Officer. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is July 11, 2012, and the time is now 9:21 a.m." With the exception of Regent Hall, Ms. Gonzalez, Mr. Jewell and Dr. Brown, all other meeting participants left the meeting at this time. Mr. Zimmerman left the meeting during discussions regarding his compensation matters.

Open Session

The Board reconvened in open session and Mr. Foster announced that "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is July 11, 2012, and the time is now 9:38 a.m. During the Executive Session, the Board deliberated individual personnel matters, including the CEO and Chief Investment Officer, but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Compensation Committee Report

Mr. Foster asked Mr. Hicks to report on behalf of the Compensation Committee. Mr. Hicks stated that the Committee had met on May 24, July 5, and on July 11, 2012, prior to the Board meeting. At the July 5th meeting, the Committee passed a resolution to recommend to the Board approval of the Qualitative Performance Goals for the CEO for the 2012-2013 Performance Period as presented. At the July 11th meeting, action was taken related to base salaries for the UTIMCO Officers and other Plan Participants for 2012-13 fiscal year, and the Committee's recommendation for approval by the Board of the proposed base salary for the Corporation's CEO for the 2012-2013 fiscal year. Upon motion duly made and seconded, the following resolutions were adopted by the Board:

RESOLVED, that the Committee hereby recommends that the Board of Directors of UTIMCO approve the Base Salary of the Corporation's CEO for the Fiscal Year 2012-2013 in the amount of \$600,000.

And,

WHEREAS, Section 5.4.(a) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the Performance Goals for each Participant (other than for the CEO) each Performance Period; and

WHEREAS, Section 5.4.(c) of the Plan provides that the Board will determine the Performance Goals of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Goals for the 2012-2013 Performance Period, as prepared by the CEO, and recommended by the Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Goals for the CEO for the 2012-2013 Performance Period, as set forth in the document presented to the Board.

At the three Compensation Committee meetings, Mr. Zimmerman led discussions related to possible changes to the UTIMCO Compensation Program, as recommended by Staff. The UTIMCO Compensation Program, effective July 1, 2009 (the "Prior Plan"), consists of two elements: base salary and an annual incentive plan. At the Committee meetings, the Members received a report on proposed changes to the Prior Plan, and the Committee approved the amendments at the meeting on July 11, 2012, prior to the

Board meeting. Mr. Hicks recommended, on behalf of the Compensation Committee, appropriate action from the Board related to the Amended and Restated Plan effective September 1, 2012. Upon motion duly made and seconded, the following resolution was adopted by the Board:

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has reviewed certain proposed amendments to the Plan incorporated into an Amended and Restated Plan, effective September 1, 2012 (the "Amended and Restated Plan"), in the form previously provided to the Board; and

WHEREAS, the Committee approved the Amended and Restated Plan and made its recommendation to the Board that the Board approve and adopt the Amended and Restated Plan; and

WHEREAS, the Board has reviewed the Amended and Restated Plan.

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby approves and adopts the Amended and Restated Plan, effective as of the date stated therein, subject to the approval of the Board of Regents of The University of Texas System.

Audit and Ethics Committee Report

Mr. Foster asked Mr. Wilson to provide a report on behalf of the Audit and Ethics Committee. Mr. Wilson reported that the Committee convened on July 5, 2012. He stated that the Committee discussed and took appropriate action regarding engaging a corporate external auditor, heard a report from the UT System Audit Office, received an update of compliance, reporting, and audit issues; held discussion and took appropriate action related to base salary, performance incentive plan participation, and performance goals for the General Counsel and Chief Compliance Officer for the 2012-13 fiscal year; discussed the selection of master custodian; and was given a presentation of unaudited financial statements for the nine months ended May 31, 2012, for the Funds and the Corporation. On behalf of the Committee, Mr. Wilson recommended to the Board approval of the firm of Deloitte & Touche LLP to be engaged as the independent auditor for the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2012.

Mr. Hicks also recommended on behalf of the Committee that the Board approve their selection for master custodian. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the UTIMCO Board approves the selection of Bank of New York Mellon (“BNY Mellon”) as the master custodian for the investment assets under the fiduciary care of Board of Regents of The University of Texas System and directs staff to renegotiate or extend the existing contract with BNY Mellon, as considered necessary, subject to approval of the Board of Regents of The University of Texas System.

Risk Committee Report

Mr. Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met separately and jointly with the Policy Committee, on July 5, 2012. He stated that the Risk Committee approved 16 new investment mandate categorizations prepared by Staff for the period beginning March 24, 2012, and ending June 25, 2012. Staff provided an annual review of the Broker-Dealer List (“List”), discussing the use of Broker-Dealers and work performed on potential additions to the List. Mr. Tate also reported that the Committee heard a report from Ms. Gonzalez on compliance items for the Quarter Ended May 31, 2012. Regarding the preclearance of securities transactions procedures in the UTIMCO Code of Ethics, Mr. Zimmerman suggested adding compliance with the procedures to each employee’s qualitative goals for the next fiscal year, or the adoption of a penalty for failure to comply with the procedures, including a possible fine. Mr. Zimmerman and Ms. Gonzalez answered the Directors’ questions. Mr. Tate concluded the report, stating that there was no action required by the Board.

Endowment and Operating Funds Update

Mr. Foster asked Mr. Zimmerman to present the Corporation’s endowment and operating funds update. Mr. Zimmerman presented the Corporation’s Performance Summary as of May 31, 2012. He reported the Corporation had \$26.9 billion of assets under management at the end of May 31, 2012. Of the \$26.9 billion, \$12.8 billion was in the Permanent University Fund (PUF), \$7.0 billion in the General Endowment Fund (GEF), \$1.5 billion in the Short Term Fund (STF), \$0.8 in the Debt Proceeds Fund, and \$4.8 billion in the Intermediate Term Fund (ITF). Mr. Zimmerman presented actual versus benchmark results, tactical asset allocation, and value-add analysis. The net performance for the quarter ended May 31, 2012, for the PUF was -1.69% and for the GEF was -1.72%, versus benchmark returns of -4.47% for the PUF and GEF. The net performance for the one year ended May 31, 2012, for the PUF was -3.17% and for the GEF was -3.17%, versus benchmark returns of -5.11% for each fund. The ITF’s performance was -3.02% versus its benchmark return of -4.53% for the quarter ended May 31, 2012, and -3.63% versus its benchmark return of -5.63% for the one year ended May 31, 2012. Performance for the STF was 0.05% versus 0.03% for its benchmark return for the quarter ended May 31, 2012, and was 0.14% versus a benchmark return of 0.05% for the one year ended May 31, 2012. Mr. Zimmerman and Senior Staff reviewed the Funds’ Asset Class and Investment Type targets, tactical asset allocation, ranges and performance objectives. Mr. Zimmerman reported on investment activity as of May 31, 2012, including manager exposure and leverage. He also reported on derivatives and counterparties, and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman and Dr. Yoeli answered the Directors’ questions.

Organization Update

Mr. Foster asked Mr. Zimmerman to provide the Board with an update on staffing and the Corporation's budget, including FY 12 Forecast and FY 12 & 13 Budget, and a technology update. Mr. Abalogu provided and explained a handout detailing the Information Technology Strategic Plan Infrastructure and Applications. Mr. Zimmerman and Mr. Abalogu answered the Directors' questions.

2012-13 Budget

Mr. Foster asked Mr. Zimmerman to explain the budget handout that was distributed at the meeting. Mr. Zimmerman presented the UTIMCO 2012-13 Budget. His presentation included all estimated expenses associated with the management of the Investment Funds, including the reserve analysis. At the same time UTIMCO submits its annual budget, it submits to the UT System Board an allocation formula for charging the annual budget to the Investment Funds. In addition to the annual budget, UTIMCO submits its capital expenditures budget. The Corporation's budget is subject to further approval by the UT System Board. Staff recommended approval of the UTIMCO Management Fee of \$24,125,675, Other Direct Fund Costs of \$7,138,770, and Anticipated Invoiced External Manager Fees of \$59,576,816, resulting in Total Fees, excluding UT System Direct Expenses to the Funds, of \$94,483,284; a Capital Budget of \$1,350,000; and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2012 through August 31, 2013. During the preparation of the annual budget, a reserve analysis is also prepared. Within 90 days after the end of each fiscal year, in the event that there is a surplus, UTIMCO distributes that portion of the cash reserves as may be directed by the UT System Board back to the Funds which generated the surplus. Based on the reserve analysis, no cash reserves were required to be distributed back to the Funds. Mr. Zimmerman answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the UTIMCO Management Fee of \$24,125,675, Other Direct Fund Costs of \$7,138,770, and Anticipated Invoiced External Manager Fees of \$59,576,816, resulting in Total Fees, excluding UT System Direct Expenses to the Funds, of \$94,483,284; Capital Budget of \$1,350,000; and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2012 through August 31, 2013, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

There being no further business to come before the Board, the meeting was adjourned at approximately 11:20 a.m.

Secretary: _____
Joan Moeller

Approved: _____ Date: _____
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company



Funds Update

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Returns



UTIMCO Performance Summary

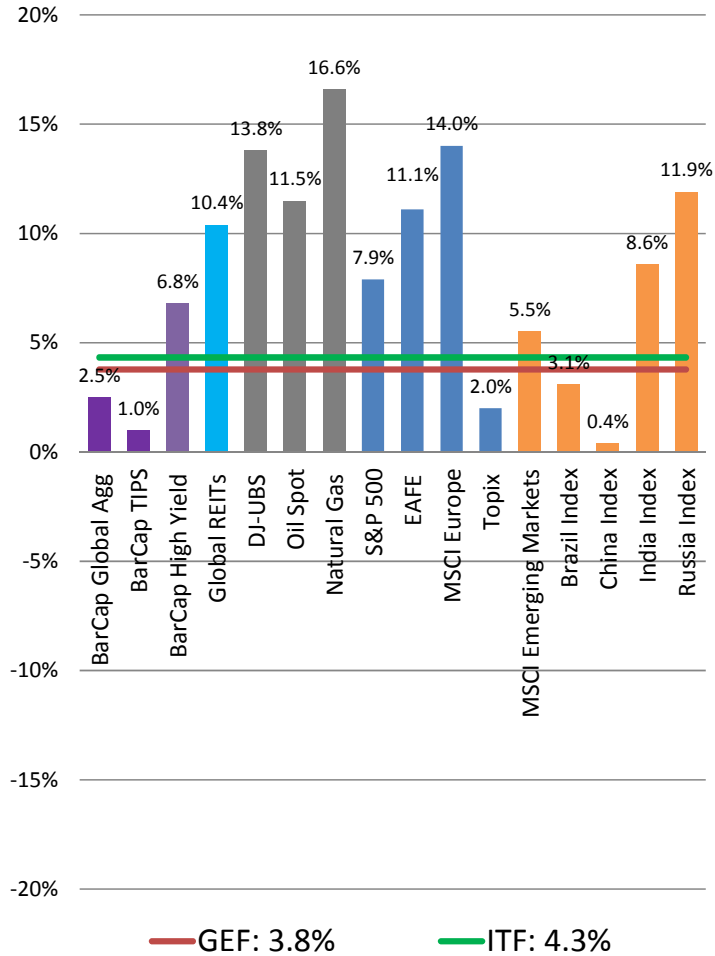
	Net Asset Value 8/31/2012 (in Millions)	Periods Ended August 31, 2012 (Returns for Periods Longer Than One Year are Annualized)						
		Short Term 3 Mos	Year to Date		Historic Returns			
			Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS								
Permanent University Fund	\$ 13,470	3.71%	3.21%	7.18%	3.21%	10.17%	2.38%	8.21%
General Endowment Fund		3.77	3.24	7.24	3.24	10.22	2.40	8.35
Permanent Health Fund	977	3.73	3.12	7.17	3.12	10.14	2.34	8.26
Long Term Fund	6,128	3.73	3.13	7.18	3.13	10.15	2.34	8.27
Separately Invested Funds	132	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	20,707							
OPERATING FUNDS								
Intermediate Term Fund	4,893	4.33	2.87	6.33	2.87	8.36	3.26	N/A
Debt Proceeds Fund	672	0.04	0.15	0.11	0.15	N/A	N/A	N/A
Short Term Fund	1,499	0.04	0.15	0.11	0.15	0.20	1.14	2.05
Total Operating Funds	7,064							
Total Investments	\$ 27,771							
VALUE ADDED (1) (Percent)								
Permanent University Fund		(1.28%)	(0.06%)	1.57%	(0.06%)	2.22%	2.21%	2.23%
General Endowment Fund		(1.22)	(0.03)	1.63	(0.03)	2.27	2.23	2.37
Intermediate Term Fund		0.35	1.87	1.95	1.87	3.04	2.57	N/A
Debt Proceeds Fund		0.01	0.09	0.05	0.09	N/A	N/A	N/A
Short Term Fund		0.01	0.09	0.05	0.09	0.08	0.35	0.21
VALUE ADDED (1) (\$ IN MILLIONS)								
Permanent University Fund		\$(165)	\$(6)	\$194	\$(6)	\$768	\$1,343	\$2,530
General Endowment Fund		(84)	(3)	110	(3)	439	761	1,452
Intermediate Term Fund		17	89	91	89	394	557	N/A
Total Value Added		\$ (232)	\$ 80	\$ 395	\$ 80	\$ 1,601	\$ 2,661	\$ 3,982

(1) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTIMCO staff and external managers.

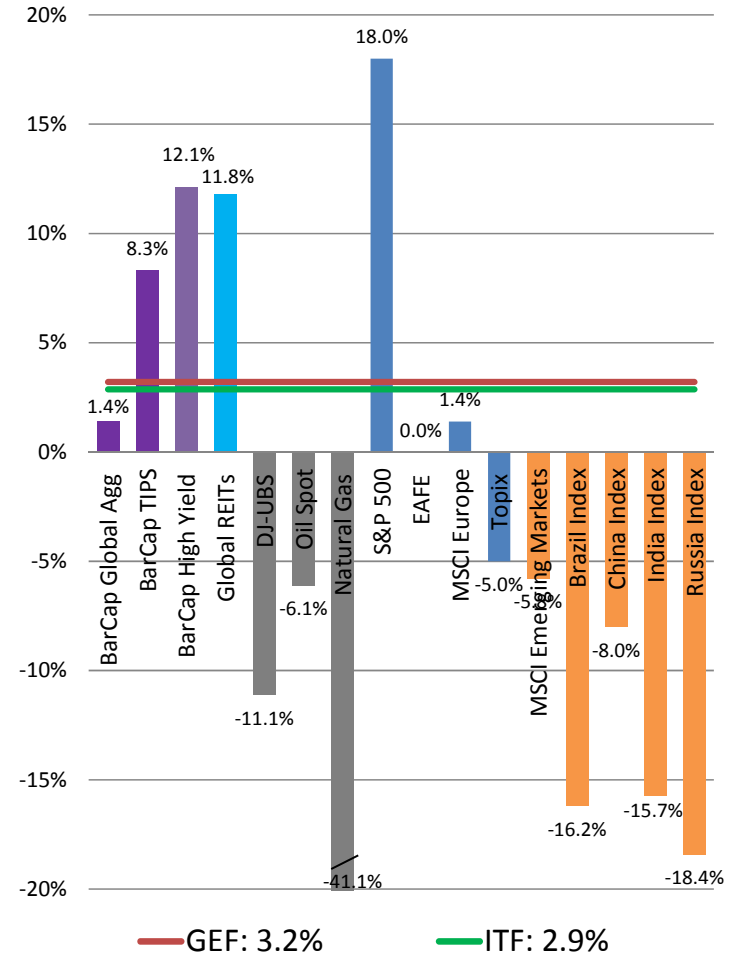


Performance During Last 3 and 12 Months

Performance During Last 3 Months



Performance During Last 12 Months





Total Fund Attribution Breakdown (GEF)

Three and Twelve Months Ended August 31, 2012

	<u>Three Months</u>	<u>Twelve Months</u>
Tactical Allocation		
Asset Based	(8)	(89)
Derivative Based Tactical Allocation ⁽¹⁾	(21)	(24)
Total Tactical	(29)	(113)
 Active Management (External Managers vs. Benchmarks)	(81)	217
 Insurance Hedges	(18)	(85)
 Interactive Effect	6	(22)
 Total	(122)	(3)

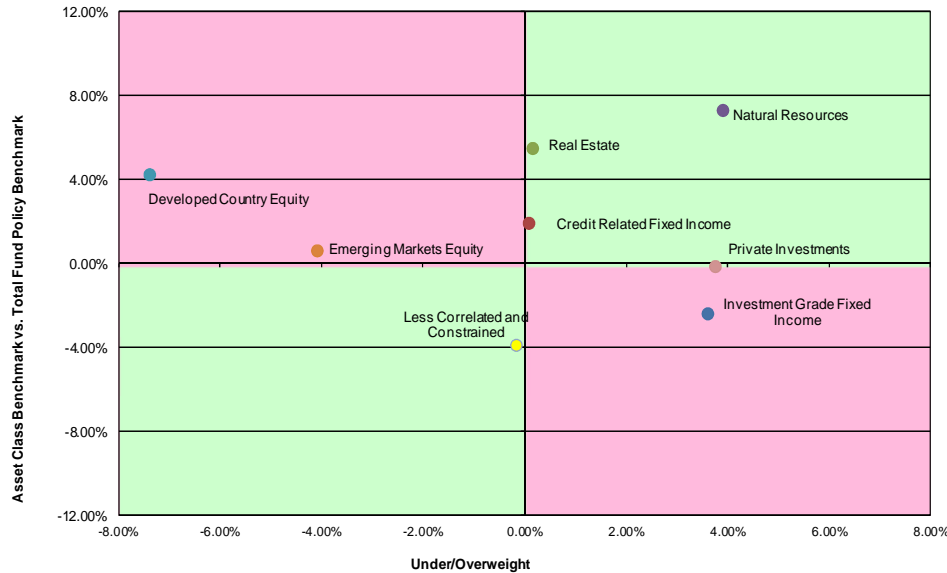
⁽¹⁾ MSCI Japan Short Sw aps, MSCI Europe Short Sw aps, S&P 500 Short Sw aps, S&P 400 Short Sw aps, IYR Written Puts, XME Written Puts, Emerging Markets Written Puts



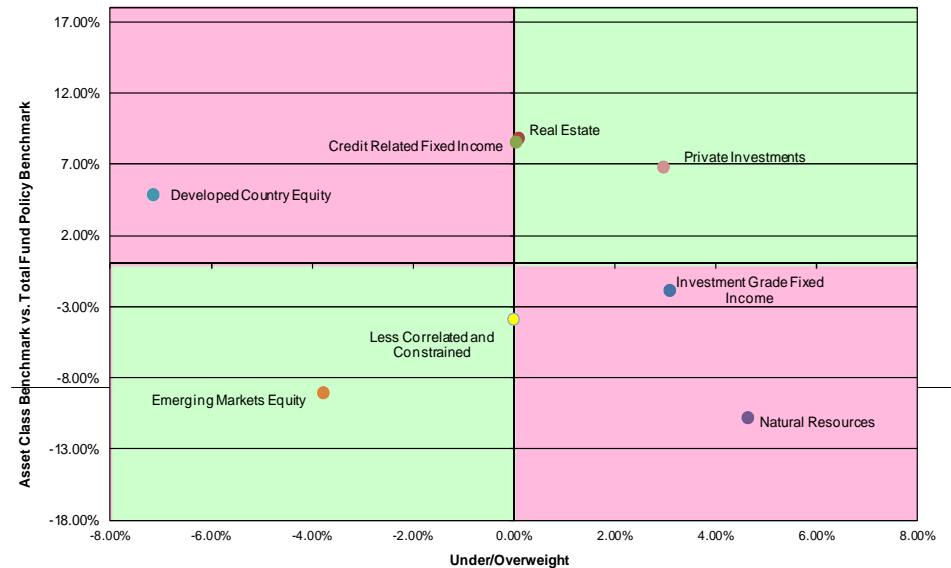
Tactical Value Add – Active Managers (GEF)

Three and Twelve Months Ended August 31, 2012

Three Months ended August 31, 2012



Twelve Months ended August 31, 2012



	Weight		Over / (Under) Weight	Benchmark Returns	+ / -
	Actual	Policy			
Investment Grade Fixed Income	11.12%	7.50%	3.62%	2.52%	-0.09%
Credit Related Fixed Income	0.11%	0.00%	0.11%	6.84%	0.00%
Real Estate	2.67%	2.50%	0.17%	10.41%	0.00%
Natural Resources	10.41%	6.50%	3.91%	12.24%	0.28%
Developed Country Equity	11.13%	18.50%	-7.37%	9.15%	-0.31%
Emerging Markets Equity	7.94%	12.00%	-4.06%	5.53%	-0.03%
Total More Correlated and Constrained	43.38%	47.00%	-3.62%		-0.15%
Less Correlated and Constrained	29.85%	30.00%	-0.15%	1.02%	0.03%
Total Fund excluding Private Investments	73.23%	77.00%	-3.77%		-0.12%
Private Investments	26.77%	23.00%	3.77%	4.81%	0.04%
Total Fund: Active Managers	100.00%	100.00%	0.00%	4.99%	-0.08%

	Weight		Over / (Under) Weight	Benchmark Returns	+ / -
	Actual	Policy			
Investment Grade Fixed Income	10.59%	7.50%	3.09%	1.40%	-0.03%
Credit Related Fixed Income	0.11%	0.00%	0.11%	12.10%	0.00%
Real Estate	2.55%	2.50%	0.05%	11.76%	-0.01%
Natural Resources	11.16%	6.50%	4.66%	-7.61%	-0.63%
Developed Country Equity	11.37%	18.50%	-7.13%	8.12%	-0.44%
Emerging Markets Equity	8.23%	12.00%	-3.77%	-5.80%	0.16%
Total More Correlated and Constrained	44.01%	47.00%	-2.99%		-0.95%
Less Correlated and Constrained	30.01%	30.00%	0.01%	-0.64%	0.02%
Total Fund excluding Private Investments	74.02%	77.00%	-2.98%		-0.93%
Private Investments	25.98%	23.00%	2.98%	10.08%	0.04%
Total Fund: Active Managers	100.00%	100.00%	0.00%	3.27%	-0.89%



Cumulative Impact of Major Tactical Allocations Allocations vs. Global Public Equity Through August 31, 2012

	(\$ in millions)		
	Endowments	ITF	Total
Credit Related Fixed - Private Investments	\$ 317	\$ -	\$ 317
Gold	180	42	222
Cash (Allocation > .5%, since 9/1/2008)	(144)	(24)	(168)
Insurance (Premiums Paid Less Remaining Value)	(206)	(34)	(240)
Risk Reduction (Swaps on Equity Indexes)	(117)	(17)	(134)
	<u>\$ 30</u>	<u>\$ (33)</u>	<u>\$ (3)</u>



Active Management Value Add

Three and Twelve Months Ended August 31, 2012

	3 Months	
	(bps)	
Less Correlated	44	Baupost (6.45), OZ Credit (4.47), Maverick (3.92), Blue Ridge (3.02)
Emerging Markets Equity	18	Hillhouse (1.03), Russian Prosperity (0.54), Dynamo (0.34)
Investment Grade Fixed Income	-	
Credit Related Fixed Income	-	
Subtotal	<u>62</u>	
Real Estate	(2)	Security Capital (0.43), Cohen & Steers (0.35), Cohen & Steers Global (0.19)
Natural Resources	(17)	Gold (1.62), Blackrock Mining (0.60), Blackrock Small Cap (0.42)
Developed Country Equity	(35)	Value Act (1.65), AKO (0.46), International Value Advisors (0.17)
Subtotal	<u>(54)</u>	
Total Fund excluding Private Investments	<u>8</u>	
Private Investments	<u>(89)</u>	
Total Active Managers	<u>(81)</u>	

	12 Months	
	(bps)	
		Manager (Alpha)
Less Correlated and Constrained	185	Eminence (29.60), Valiant Offshore (24.35), Soroban (20.07), Cadian (14.52)
Developed Country Equity	53	Stelliam (1.24), AKO Capital (0.90), Maverick (0.78)
Emerging Markets Equity	34	Hillhouse (2.17), Dynamo (1.01), Acadian (0.32)
Investment Grade Fixed Income	15	Brandywine (1.22), Internal Fixed Income (0.92), Pimco (0.56)
Credit Related Fixed Income	-	
Subtotal	<u>287</u>	
Real Estate	(4)	European Investors (1.67), Morgan Stanley REITS (0.61), Cohen & Steers Global (0.57)
Natural Resources	(12)	Blackrock Global Mining (1.41), Blackrock Small Cap (0.64), Gresham (0.57)
Subtotal	<u>(16)</u>	
Total Fund excluding Private Investments	<u>271</u>	
Private Investments	<u>(54)</u>	
Total Active Managers	<u>217</u>	



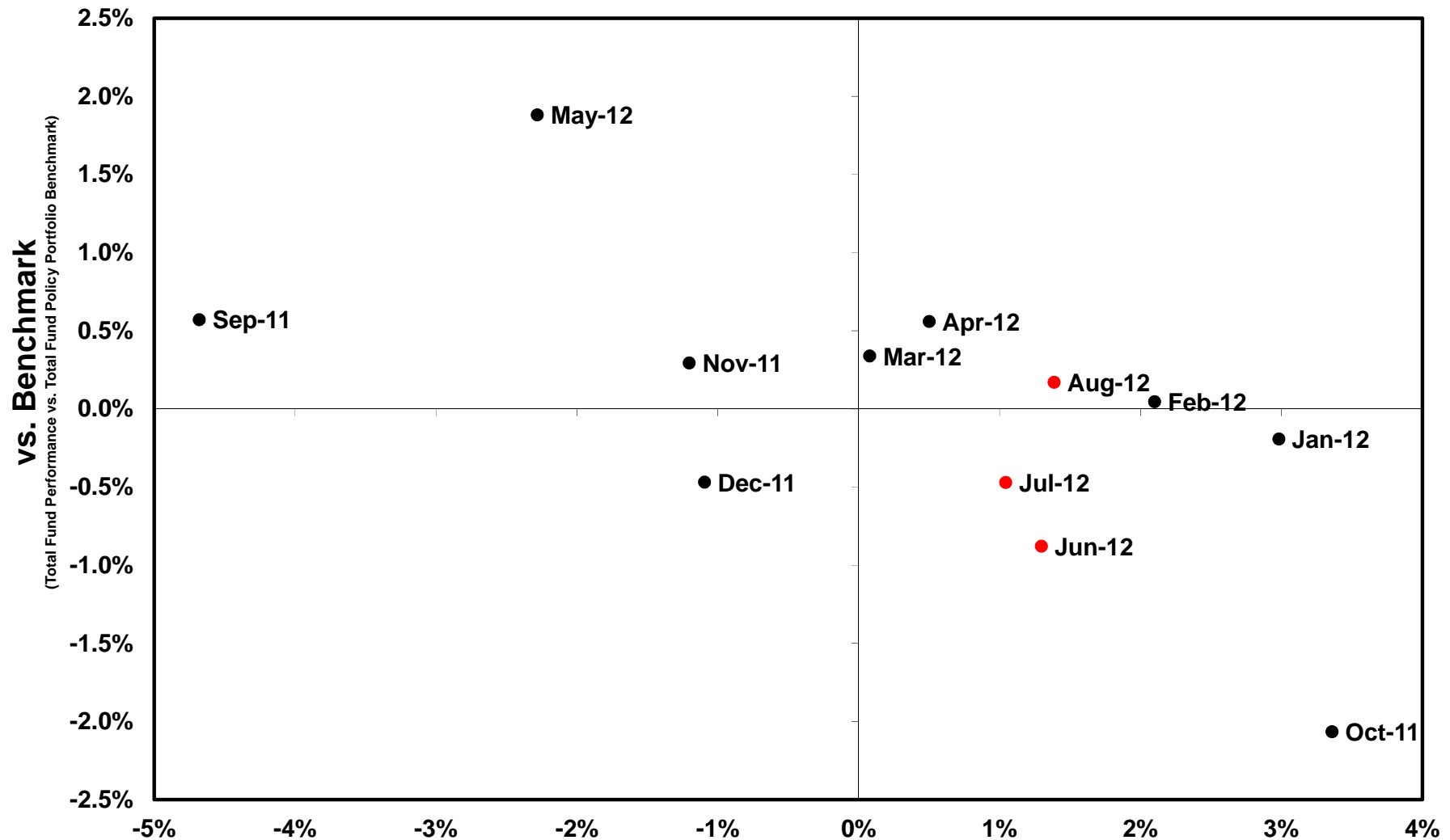
GEF Performance Breakdown

Twelve Months Ended August 31, 2012

Asset Class		Allocation		Return		Attribution to Total Fund Relative Return
		GEF Average	Policy	GEF	Benchmark	
More Correlated and Constrained:						
Fixed Income	Investment Grade	10.8%	7.5%	1.07%	1.40%	-0.08%
	Credit-Related	0.1%	0.0%	16.44%	12.10%	0.00%
Real Assets	Real Estate	2.5%	2.5%	4.38%	11.76%	-0.17%
	Natural Resources	11.1%	6.5%	-8.49%	-7.61%	-0.75%
Equity	Developed Country	11.5%	18.5%	5.0%	8.1%	-0.79%
	Emerging Markets	8.3%	12.0%	-3.0%	-5.8%	0.39%
Total More Correlated and Constrained		44.3%	47.0%	-1.0%	1.7%	-1.40%
Total Less Correlated and Constrained		29.8%	30.0%	6.64%	-0.64%	2.12%
Private Real Estate Investments		1.7%	3.0%	-0.92%	10.26%	-0.51%
Private Investments excluding Real Estate		24.2%	20.0%	7.63%	8.81%	-0.24%
Total Private Investments		25.9%	23.0%	7.05%	10.08%	-0.75%
Total GEF Portfolio		100.0%	100.0%	3.24%	3.27%	-0.03%



Actual and “vs. Benchmark” Returns by Month Fiscal Year 2012 (GEF)





Value-Add Analysis

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
MCC								
Tactical	0.43%	-0.54%	0.14%	0.82%	0.29%	0.01%	0.05%	-1.09%
Active	0.42%	-0.81%	-0.74%	-0.19%	-1.75%	2.11%	0.67%	0.73%
TOTAL	0.85%	-1.35%	-0.60%	0.63%	-1.46%	2.11%	0.72%	-0.36%
LCC								
Tactical	-0.01%	0.07%	-0.02%	-0.09%	0.04%	0.21%	0.12%	0.18%
Active	2.09%	0.86%	2.63%	2.02%	1.68%	2.61%	1.39%	2.01%
TOTAL	2.08%	0.93%	2.61%	1.93%	1.71%	2.82%	1.50%	2.18%
Private Investments								
Tactical	-0.68%	-0.42%	-0.69%	0.14%	0.35%	0.40%	-0.11%	-0.09%
Active	1.51%	-0.57%	1.20%	-0.59%	1.54%	-0.98%	0.83%	-0.67%
TOTAL	0.83%	-0.99%	0.51%	-0.45%	1.88%	-0.58%	0.72%	-0.76%
Overall GEF								
Tactical	-0.26%	-0.89%	-0.57%	0.87%	0.67%	0.62%	0.06%	-1.00%
Active	4.02%	-0.52%	3.09%	1.24%	1.46%	3.74%	2.88%	2.06%
Insurance Hedges					0.07%	-0.09%	-0.20%	-0.85%
Derivative Based								-0.24%
TOTAL	3.76%	-1.41%	2.52%	2.11%	2.20%	4.26%	2.74%	-0.03%



Assets



Combined PUF and GEF Asset Allocation as of August 31, 2012 (in millions)

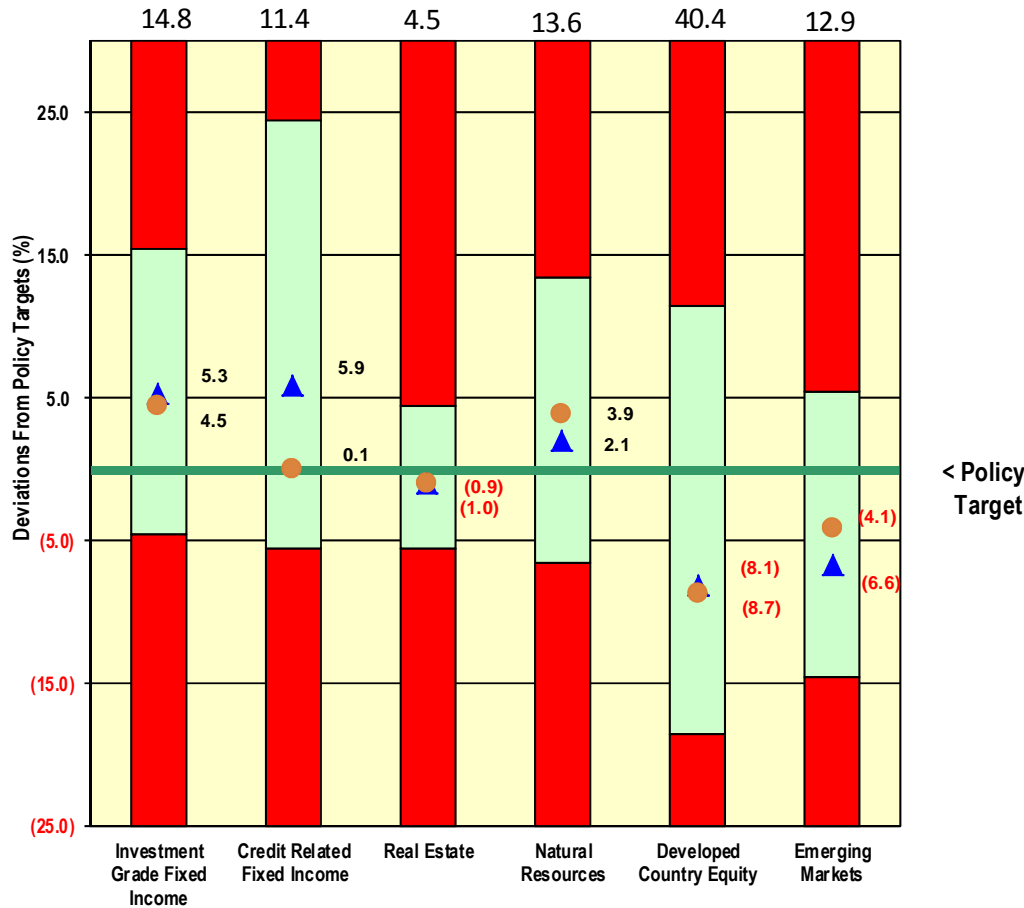
Asset Group	Asset Class	More Correlated and Constrained		Less Correlated and Constrained		Private Investments		Grand Total	
Fixed Income	Investment Grade	\$ 2,295	11.2%	\$ 580	2.8%	\$ -	0.0%	\$ 2,875	14.0%
	Credit-Related	23	0.1%	1,032	5.0%	1,314	6.4%	2,369	11.5%
Fixed Income Total		2,318	11.3%	1,612	7.8%	1,314	6.4%	5,244	25.5%
Real Assets	Real Estate	\$ 333	1.6%	\$ 115	0.6%	\$ 485	2.3%	933	4.5%
	Natural Resources	2,179	10.6%	8	0.0%	651	3.2%	2,838	13.8%
Real Assets Total		2,512	12.2%	123	0.6%	1,136	5.5%	3,771	18.3%
Equity	Developed Country	\$ 2,035	9.9%	\$ 3,855	18.8%	\$ 2,496	12.1%	8,386	40.8%
	Emerging Markets	1,643	8.0%	525	2.5%	512	2.5%	2,680	13.0%
Equity Total		3,678	17.9%	4,380	21.3%	3,008	14.6%	11,066	53.8%
Grand Total		\$ 8,508	41.4%	\$ 6,115	29.7%	\$ 5,458	26.5%	\$ 20,081	97.6%

The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 105% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

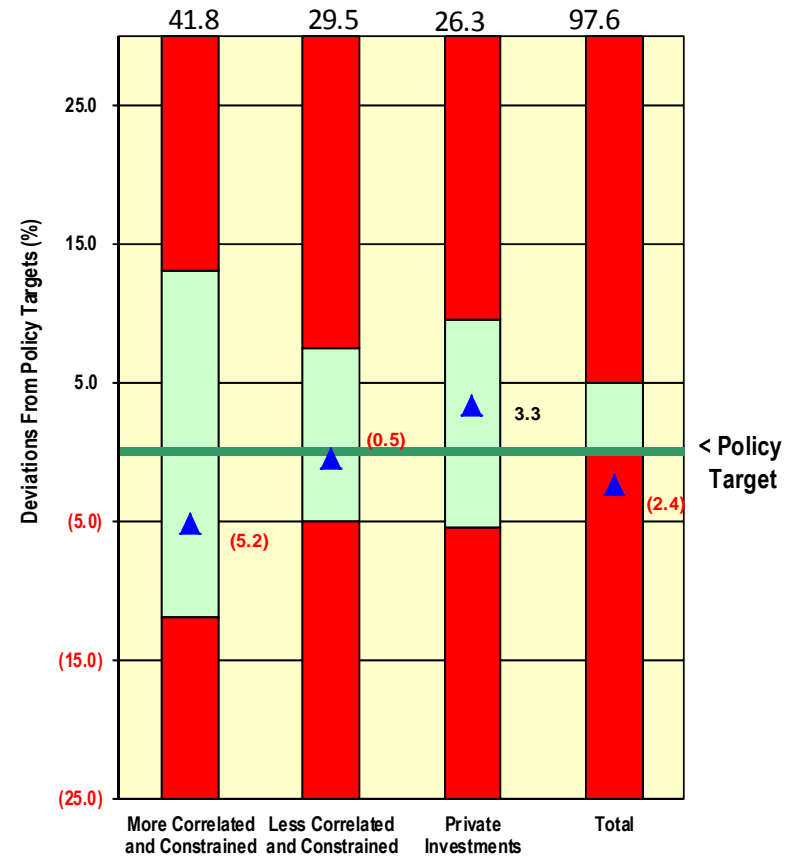


PUF Asset Allocation as of August 31, 2012

Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for PUF



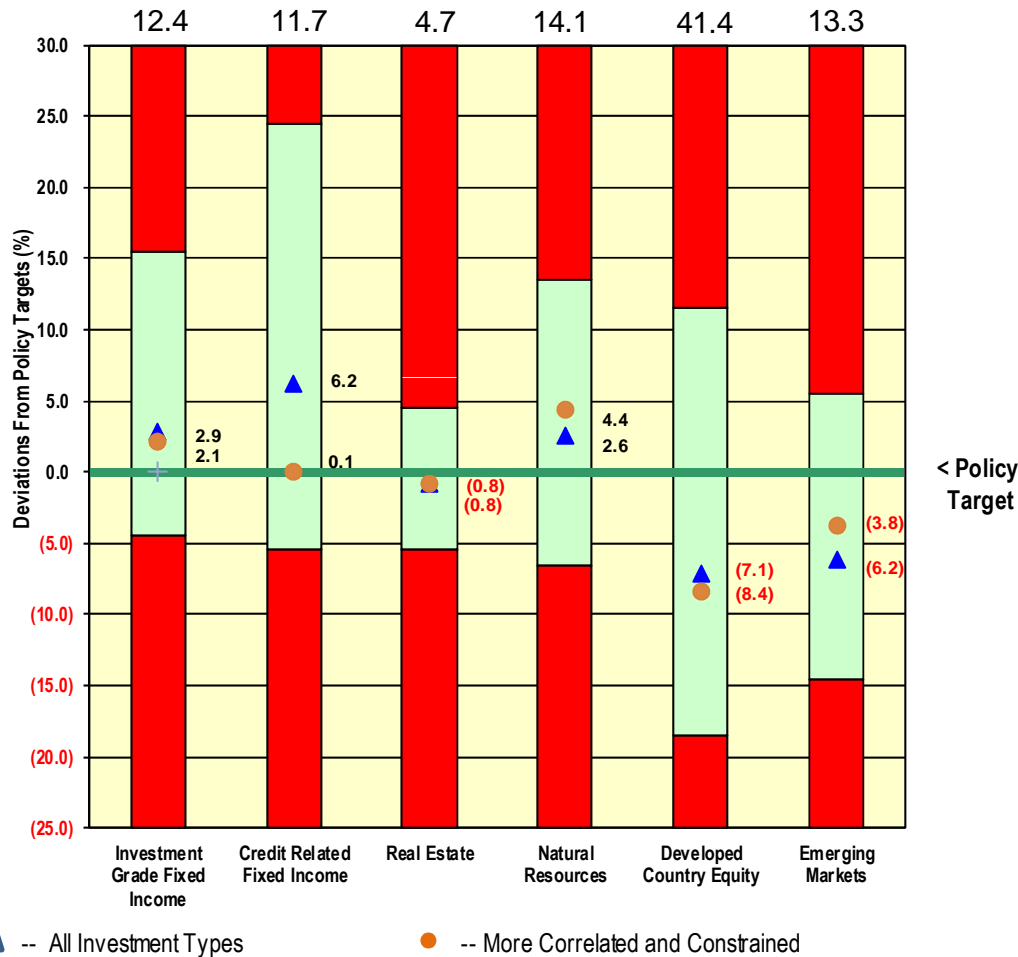
▲ -- All Investment Types

● -- More Correlated and Constrained

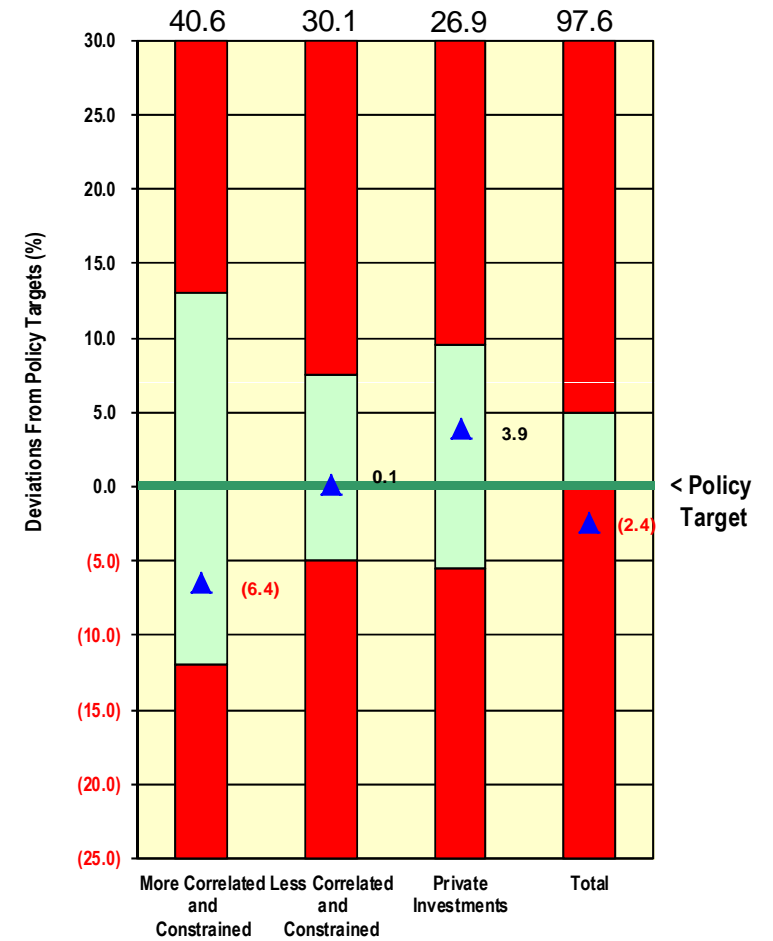


GEF Asset Allocation as of August 31, 2012

Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for GEF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for GEF





LCC Investment Policy Categorizations vs. “Look Thru” Exposures August 31, 2012

Exposure Methodology Comparison			
	<u>Policy</u>	<u>Look-Through</u>	<u>Difference</u>
Investment Grade Fixed Income	3.0%	2.6%	-0.3%
Credit-Related Fixed Income	5.2%	6.5%	1.3%
Real Estate	0.6%	0.5%	-0.1%
Natural Resources	0.0%	0.7%	0.6%
Developed Country Equity	19.6%	18.4%	-1.2%
Emerging Markets Equity	<u>2.7%</u>	<u>2.4%</u>	<u>-0.3%</u>
Less Correlated & Constrained	31.1%	31.1%	0.0%



Private Investments Portfolio Rollforward Twelve Months Ended August 31, 2012

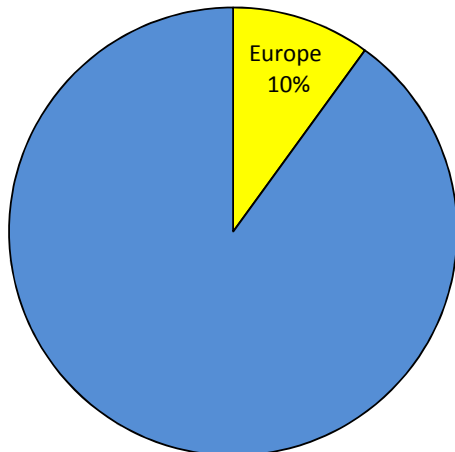
\$ in millions	Beg FY 9/1/11			Change in %				FY'12 New Commitments		End FY 8/31/12	
	NAV	Unfunded	# Funds	Calls	Distributions	Valuation	Return	# Funds	\$ Committed	NAV	Unfunded
Credit-Related Fixed Income	\$1,319	\$361	32	\$242	\$313	\$66	4.9%	2	\$100	\$1,314	\$299
Real Estate	264	568	17	253	33	1	(0.9)%	8	442	485	746
Natural Resources	519	591	25	211	241	162	33.0%	8	646	651	1,034
Venture	725	364	39	165	192	287		5	157	985	454
Other Developed Country Equity	<u>1,642</u>	<u>763</u>	<u>75</u>	<u>256</u>	<u>263</u>	<u>(124)</u>		<u>7</u>	<u>304</u>	<u>1,511</u>	<u>616</u>
Total Developed Country Equity	2,367	1,127	114	421	455	163	6.5%	12	461	2,496	1,070
Emerging Markets Equity	<u>455</u>	<u>440</u>	<u>18</u>	<u>116</u>	<u>33</u>	<u>(26)</u>	<u>(5.6)%</u>	<u>5</u>	<u>255</u>	<u>512</u>	<u>589</u>
TOTAL	<u>\$4,924</u>	<u>\$3,087</u>	<u>206</u>	<u>\$1,243</u>	<u>\$1,075</u>	<u>\$366</u>	<u>7.1%</u>	<u>35</u>	<u>\$1,904</u>	<u>\$5,458</u>	<u>\$3,738</u>
% of Endowment (PUF+ GEF)	<u>25%</u>	<u>16%</u>								<u>27%</u>	<u>18%</u>



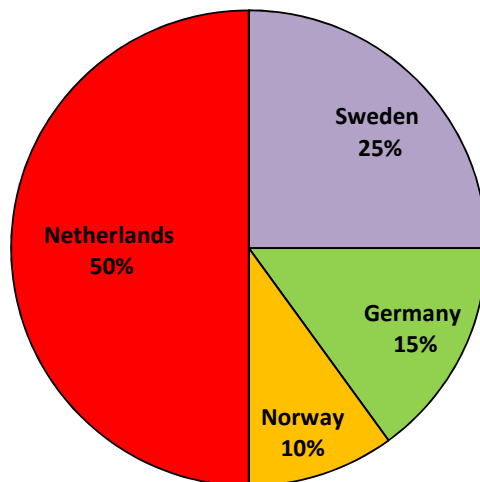
European Exposure

Dreyfus Money Market Fund (\$2.5 B)

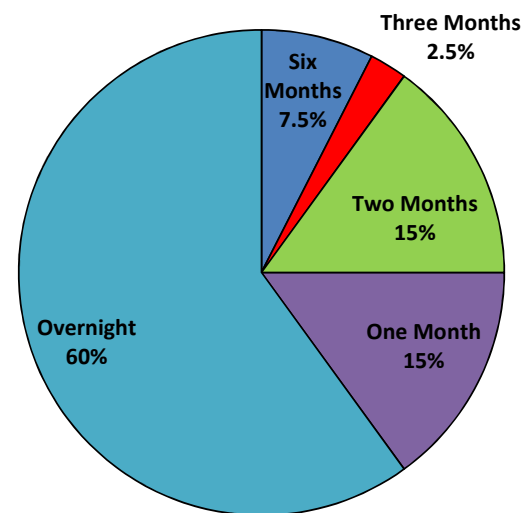
Total European Exposure



By Geography



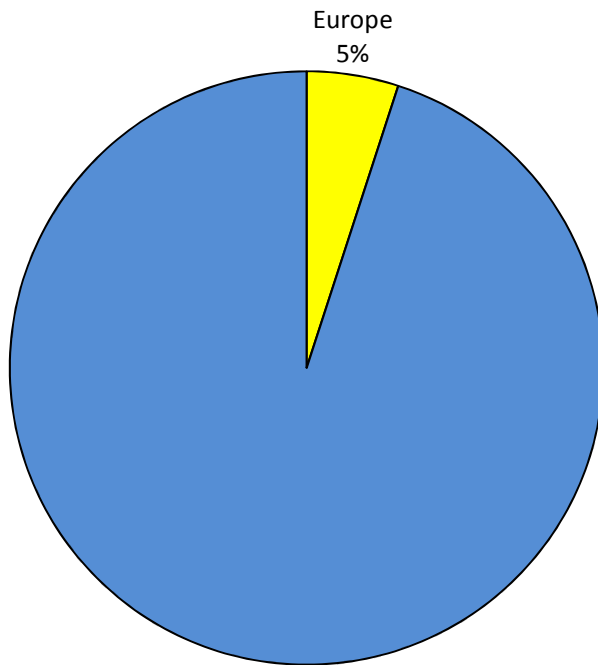
By Tenure



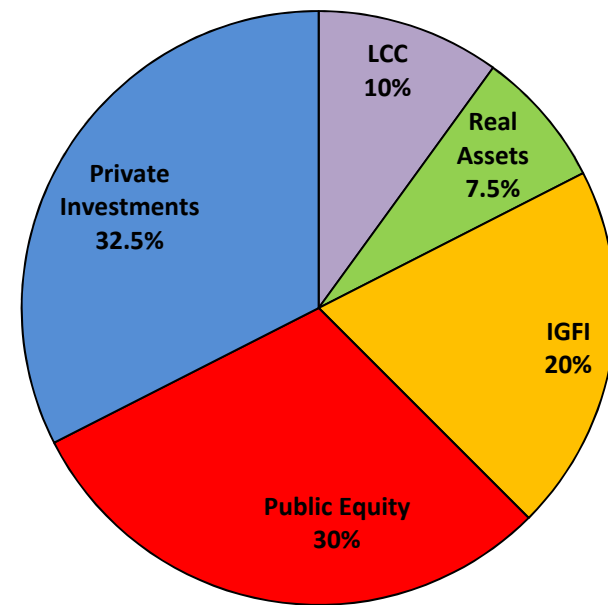


European Exposure Endowment Funds (\$20 B)

Total European Exposure



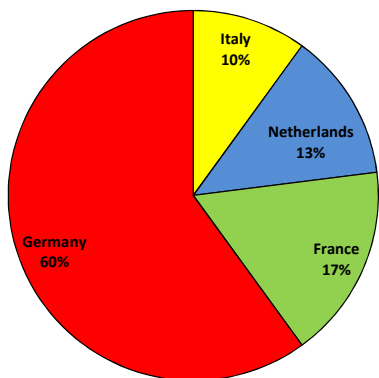
By Asset Class/Investment Type



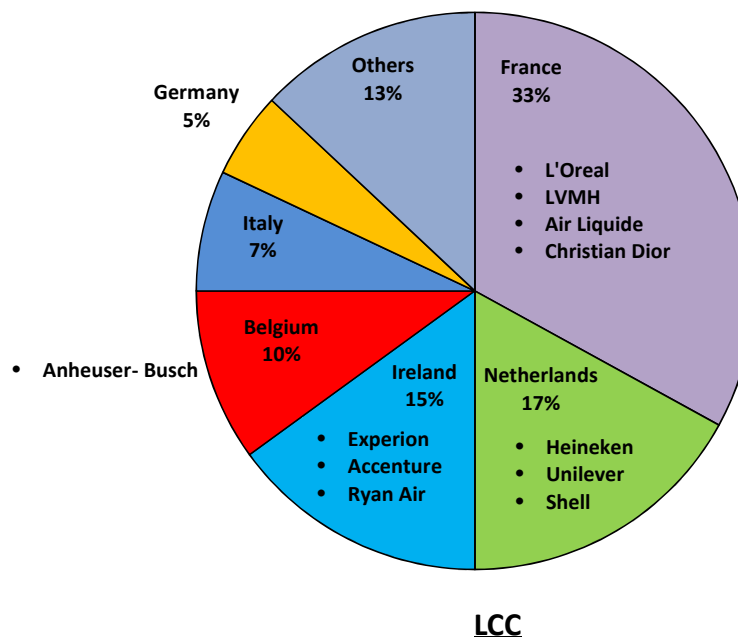


Endowment European Exposure Asset Class/Investment Type Detail

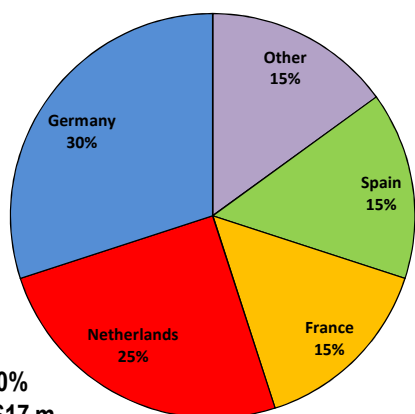
IGFI (\$250 m)



Public Markets (\$300 m)



Private Investments (\$325 m)



- Doughty Hanson
- Triton
- TDR
- CVC

Top 25 = 70%
Largest = \$17 m

	<u>Long</u>	<u>Short</u>	<u>Gross</u>	<u>Net</u>
Equity	\$ 560	\$ (360)	\$ 920	\$ 200
Debt	685	(805)	1,490	(120)
Currency	100	(400)	500	(300)
Total	\$ 1,345	\$ (1,565)	\$ 2,910	\$ (220)



Derivatives



Endowment Insurance Hedges

Event	Hedge	Exposures as of August 31, 2012					Changes since May 31, 2012				bps Fiscal Year 2013 ⁽³⁾
		Total Cost ⁽¹⁾	bps Cost/Year ⁽²⁾	Notional (\$mm)	MTM (\$mm)	Since Inception P/L	Cost	bps Cost/Year ⁽²⁾	Notional (\$mm)	MTM (\$mm)	
ACTIVE POSITIONS											
U.S. Inflation	CMS Options	\$ (52)	5.7	\$ 9,249	\$ 13	\$ (39)	\$ -	-	\$ -	\$ (2)	5.7
Emerging Markets Bubble											
	KOSPI Put Spreads	(27)	5.8	1,339	15	(13)	2	(1.6)	216	(8)	7.4
	ASX Put Spreads	(25)	5.1	1,219	3	(21)	(3)	(5.7)	980	(12)	3.7
	Total	(52)	10.9		18	(34)	(1)	(7.3)		(20)	11.1
Sovereign Default											
	JPY Rate Options and Swaptions	(47)	10.6	5,520	5	(42)	4	(1.4)	(594)	(5)	6.7
	DKK Call / EURO Put Options	(3)	5.3	461	0	(3)	8	-	(1,049)	(4)	-
	Total	(50)	15.9	5,981	5	(45)	11	(1.4)		(9)	6.7
Low Growth / Recession											
	S&P Put Spreads	-	-		-	-	-	-		-	-
SUBTOTAL ACTIVE POSITIONS		(154)	32.5		36	(118)	10	(8.8)		(31)	23.5
EXPIRED POSITIONS											
	JPY Rate Options and Swaptions	(8)	2.4	4,779		(8)	(4)	1.4	594	-	
	S&P Put Spreads	(61)	32.2	2,181		(61)	-	-	786	-	
	DKK Call / EURO Put Options	(8)	3.5	1,049		(8)					
SUBTOTAL EXPIRED POSITIONS		(69)	34.6			(69)					
TOTAL		\$ (224)	67.1			\$ (188)	\$ 10	\$ (8.8)		-	23.5

(1) Maximum Loss for Options

(2) Amount of delegated insurance budget used for fiscal year ending August, 2012.

(3) Amount of delegated insurance budget used for fiscal year ending August, 2013.



Non-Insurance Related Internal Derivatives

August 31, 2012

Manager	Derivative Strategy	Net Notional Value (\$ millions)	Activity from previous report (5/31/2012) (\$ millions)
<u>Real Estate</u>			
RUGL Sw ap	Short Sw ap on RUGL Index to reduce exposure to global real estate	(265)	(182)
DJUSRE Sw ap	Short Sw ap on DJUSRE Index to reduce exposure to U.S. real estate	-	167
<u>Developed Country Equity</u>			
S&P 500 Sw ap	Short Sw ap on S&P 500 Index to reduce exposure to equity markets	(127)	(10)
Japan Forw ards	Sale of Japanese Yen forw ards to hedge the currency exposure in the MCC accounts	(102)	-
MSCI Europe Sw ap	Short Sw ap on MSCI Europe Index to reduce exposure to equity markets	(103)	(6)
MSCI Japan Sw ap	Short Sw ap on MSCI Japan Index to reduce exposure to equity markets	(57)	-
<u>Emerging Markets Equity</u>			
Emerging Markets FX Overlay	Currency forw ards to align the Asset Class FX exposure closer to the benchmark	178	4
Emerging Markets Exposure Hedges	Short sw ap on MSCI Australia index to hedge out current unw anted long exposure to Australia in the EM portfolio	-	24
Korean Sw ap	Long sw ap on MSCI Korea index to increase exposure to Korea	26	12
Taiw an synthetic futures	Long TAIEX synthetic futures to increase exposure to Taiw an	18	8



External Manager Agency Account Derivatives

August 31, 2012

Manager	Derivative Strategy	Net Notional Value (\$ millions)
<u>Investment Grade Fixed Income</u>		
Brandywine	Currency forwards used to hedge foreign currency exposure	(170)
Colchester	Currency forwards used to create over/underweight investment exposures and to hedge physical bond positions.	16
Credit Suisse Hedging Griffo	Futures contracts used to hedge the portfolio back to the US dollar	34
PIMCO Global Bonds	Currency forwards used to underweight the US dollar	33
	Long US and Non-US futures used to overweight duration in Eurozone	54
	Long futures used to overweight front end of US and UK yield curves	-
	Receive Interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	35
	Pay Interest rate swaps used to overweight duration in the Eurozone and underweight intermediate portion of the Japanese yield curve	(124)
	Interest rate swaps used to overweight front end of US and UK yield curves	(8)
	Short/Written credit default swaps used to overweight credit risk	109
	Long/Purchased credit default swaps used to underweight credit risk	(28)
	Written options used to increase portfolio yield	(131)
Purchased options used to increase portfolio yield	-	
<u>Natural Resources</u>		
Gresham	Long Exchange-traded commodity futures	452
Wellington Commodities SPV	Exchange-traded commodity futures, options and/or swaps	100
<u>Developed Equity</u>		
International Value Advisors	Currency forward contracts for hedging purposes or to provide efficient investment exposure.	(24)
<u>Non-US Emerging Equity</u>		
Squadra	Exchange-traded options and futures to provide higher return on cash holdings	3



OTC Derivative Counterparty Report

August 31, 2012

\$ millions (net of posted collateral)

Counterparty	S & P Counterparty Rating	Mark-to-Market		Total Mark- to-Market	Percentage of Total Funds
		Owed by Broker	Owed by UTIMCO		
GOLDMAN SACHS	A-	\$ 3.2	\$ (3.8)	\$ (0.6)	0.00%
BNP PARIBAS	AA-	2.7	(3.0)	(0.3)	0.00%
DEUTSCHE BANK AG	A+	2.5	(3.4)	(0.9)	0.00%
HSBC BK USA, NEW YORK	A+	2.3	(4.2)	(1.9)	-0.01%
CITIBANK NY	A-	0.8	(1.9)	(1.1)	0.00%
UBS AG, STAMFORD	A	0.7	(0.4)	0.3	0.00%
BARCLAYS	A+	0.4	(0.5)	(0.1)	0.00%
BANK OF AMERICA	A-	0.4	(0.3)	0.1	0.00%
ROYAL BANK OF SCOTLAND PLC	A-	0.3	(0.3)	-	0.00%
J P MORGAN, CHASE	A+	0.3	(0.4)	(0.1)	0.00%
MORGAN STANLEY	A-	0.2	(1.1)	(0.9)	0.00%
ROYAL BANK OF CANADA	AA-	0.2	(0.1)	0.1	0.00%
CREDIT SUISSE FIRST	A	0.1	-	0.1	0.00%
UBS A G, ZURICH	A	0.1	(0.2)	(0.1)	0.00%
MELLON BANK	A+	-	(0.2)	(0.2)	0.00%
CS FIRST BOSTON GBL FOREIGN EXCH	A	-	(0.3)	(0.3)	0.00%
CHASE MANHATTAN	A	-	(0.4)	(0.4)	0.00%
WESTPAC BANKING CORP, SYDNEY	AA-	-	-	-	0.00%
SOCIETE GENERALE, PARIS	A	-	-	-	0.00%
Grand Total		\$ 14.2	\$ (20.5)	\$ (6.3)	-0.01%

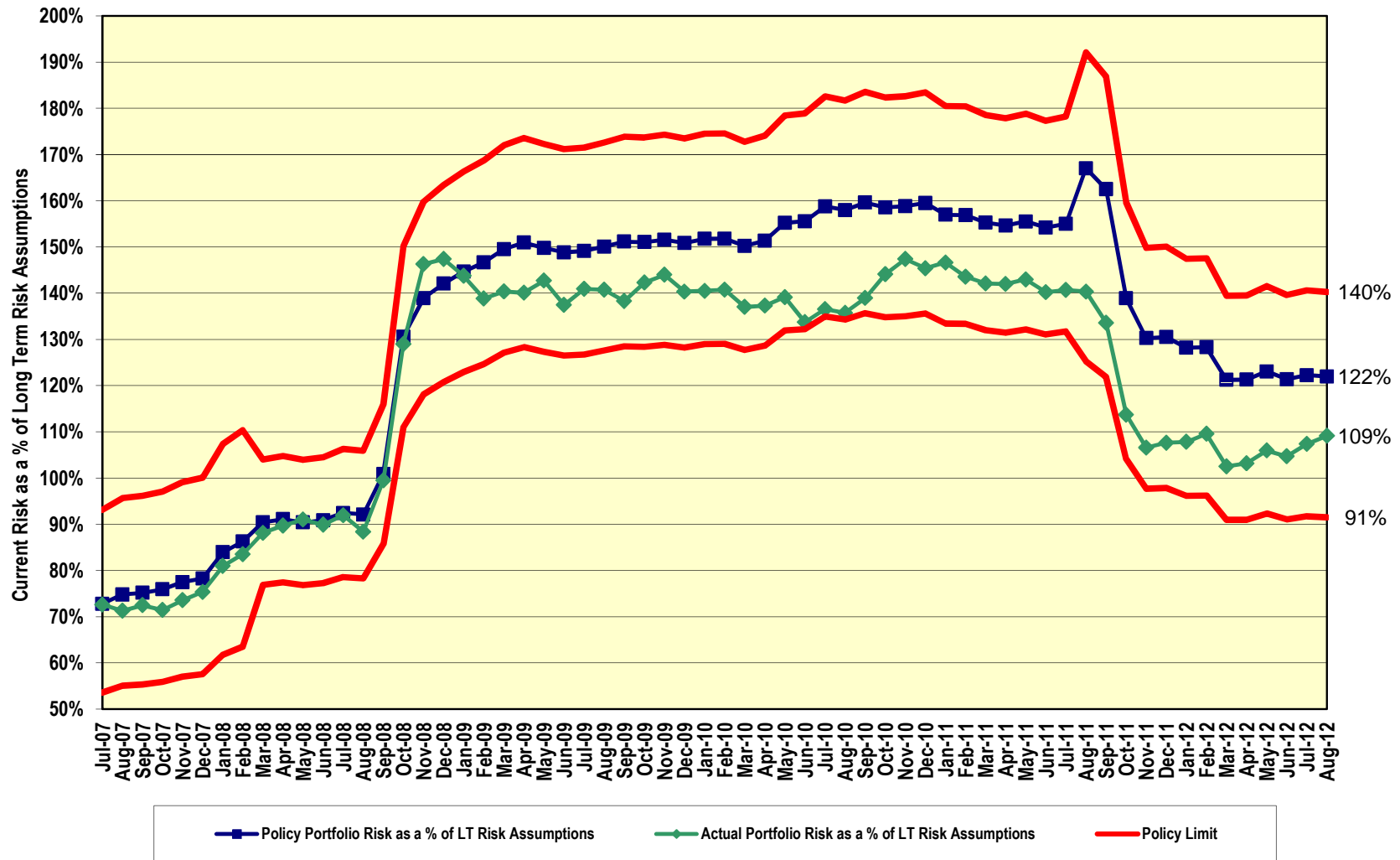


Risk Analytics



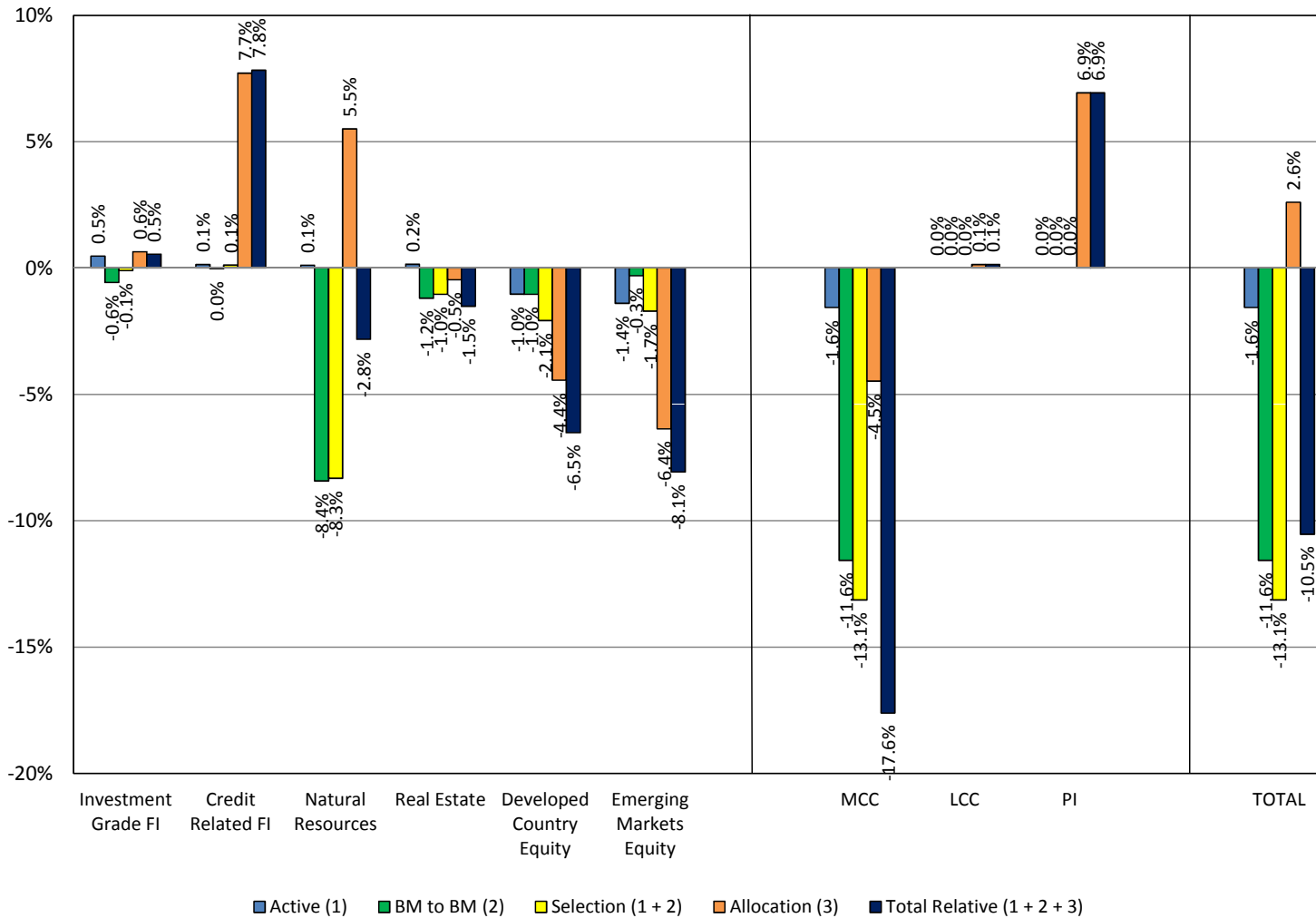
Current Risk Environment of GEF

(Based on Downside Risk; LT assumption = 8.86%)





GEF 4-Way Risk Decomposition as of August 31, 2012





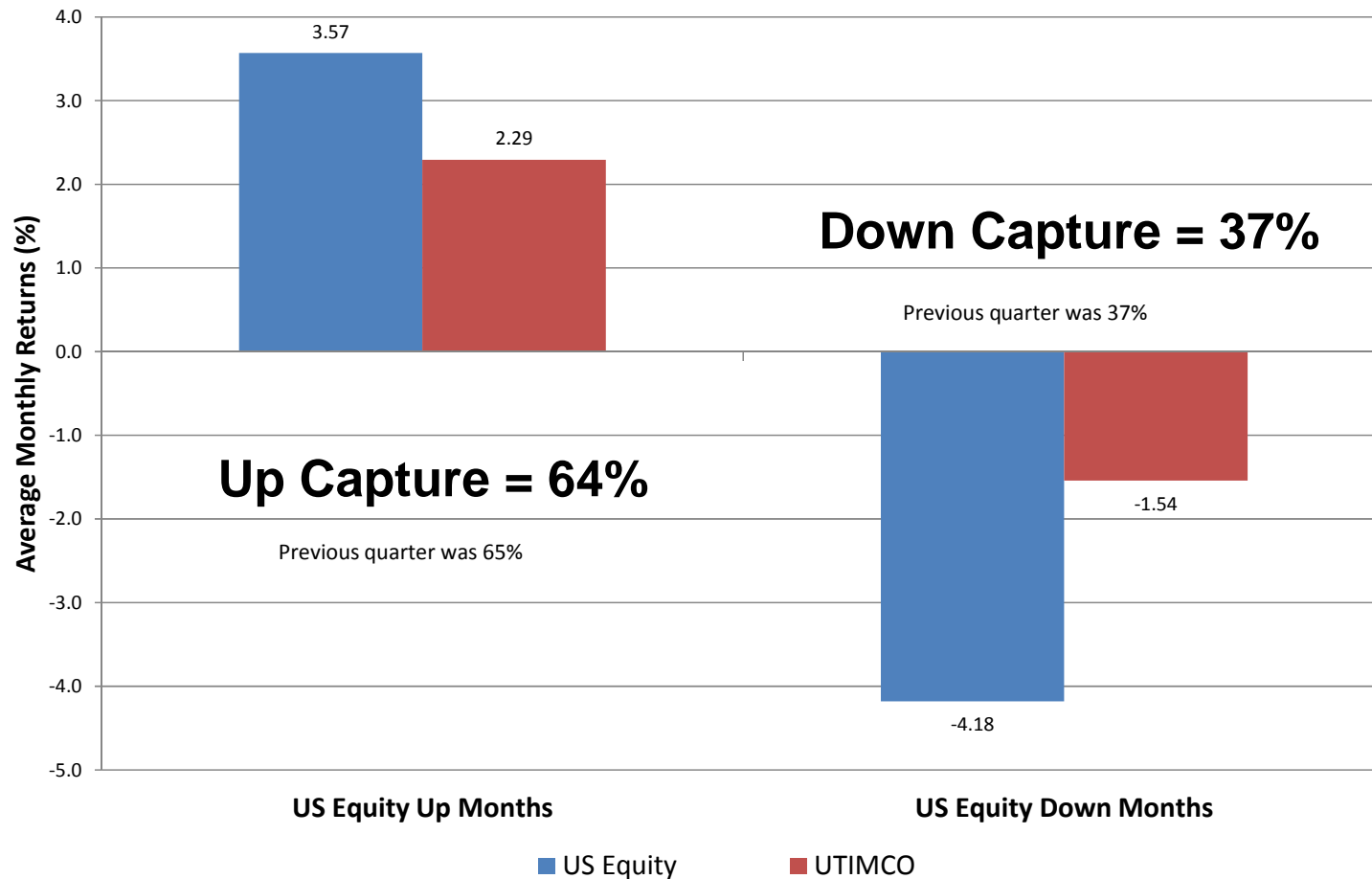
Portfolio Sharpe and Information Ratios

Period Ending August 31, 2012

	Three Months	One Year	Three Years	Five Years	Ten Years
Actual Returns	3.77	3.24	10.22	2.40	8.27
Risk-free Returns	0.03	0.06	0.12	0.79	1.84
Actual Volatility	0.31	7.97	7.09	10.60	8.63
Portfolio Sharpe Ratio	12.04	0.40	1.43	0.15	0.74
Policy Returns	4.99	3.27	7.95	0.17	5.98
Policy Volatility	0.81	10.31	8.74	11.77	9.38
Tracking Error	0.89	3.52	2.85	3.05	2.62
Portfolio Information Ratio	(1.38)	(0.01)	0.80	0.73	0.87



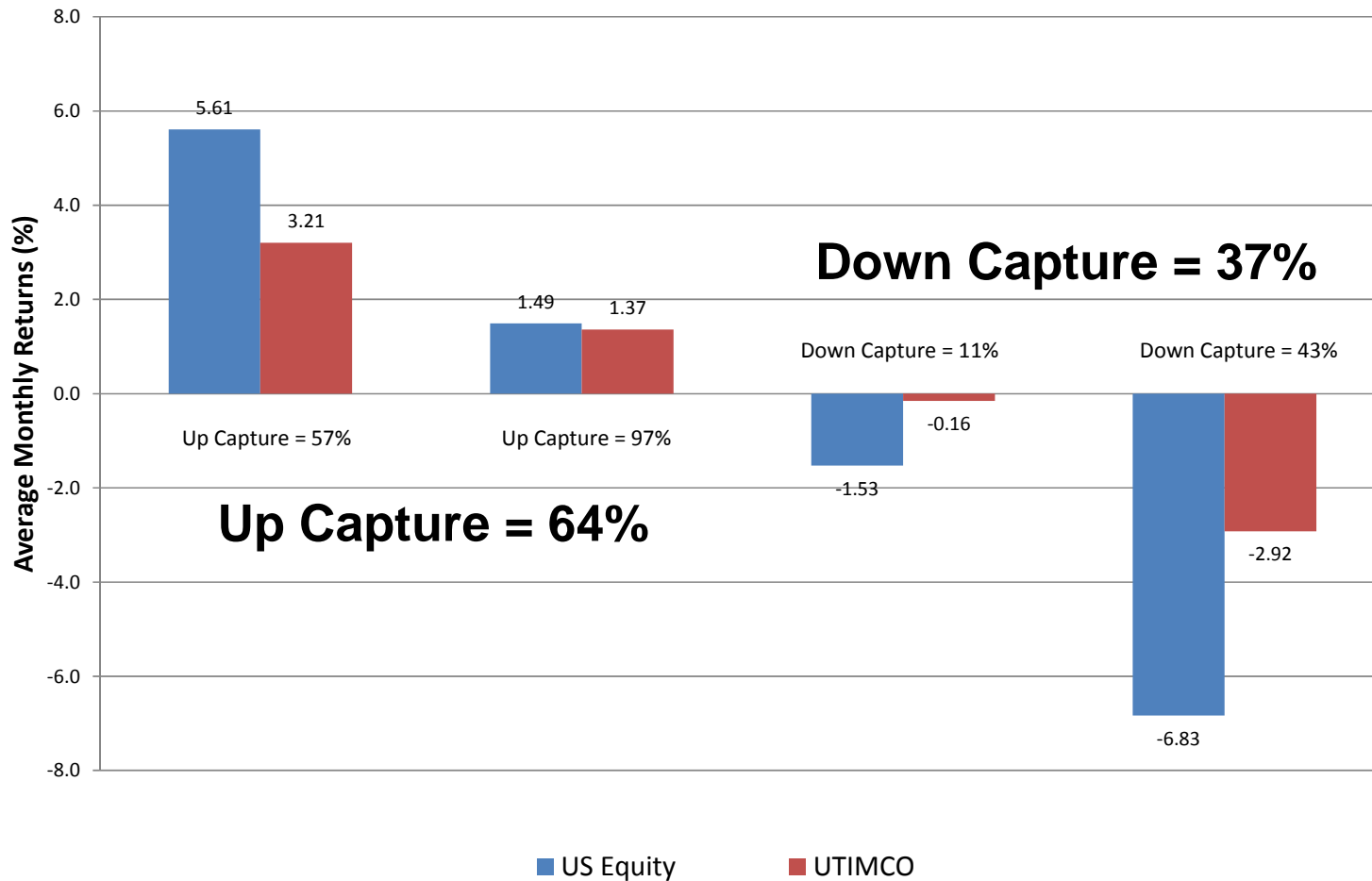
UTIMCO's Up/Down Capture



Data from 8/1996 till 8/2012. US equity had 80 down months and 113 up months



UTIMCO's Up/Down Capture



Data from 8/1996 till 8/2012. US equity had 80 down months and 113 up months



GEF Marginal Risk Contribution

	MCC	LCC	PI	TOTAL
Investment Grade Fixed Income	0.14	0.14		0.14
Credit-Related Fixed Income	1.34	0.37	0.57	0.49
Natural Resources	0.88	-0.35	3.13	1.39
Real Estate	0.93	0.11	2.72	1.60
Developed Country Equity	1.14	0.51	1.87	1.07
Emerging Markets Equity	1.12	0.31	3.23	1.36
TOTAL	0.83	0.42	1.91	1.00



Derivative Risk Contribution - GEF

Scaled to Risk of Policy Portfolio

Risk	MCC	LCC	PI	TOTAL
Investment Grade Fixed Income	1.3%	0.4%		1.6%
Credit-Related Fixed Income	0.2%	1.6%	3.3%	5.1%
Natural Resources	8.6%	0.0%	8.9%	17.5%
Real Estate	2.2%	0.1%	5.8%	8.1%
Developed Country Equity	11.7%	8.6%	20.6%	40.9%
Emerging Markets Equity	8.1%	0.7%	7.3%	16.2%
TOTAL	32.1%	11.4%	46.0%	89.5%

Risk Contribution of Derivatives

Risk	MCC	LCC	PI	TOTAL
Investment Grade Fixed Income	-0.5%			-0.5%
Credit-Related Fixed Income				0.0%
Natural Resources	1.3%			1.3%
Real Estate	-1.2%			-1.2%
Developed Country Equity	-1.9%			-1.9%
Emerging Markets Equity	0.0%			0.0%
TOTAL	-2.3%	0.0%	0.0%	-2.3%

Risk Contribution Excluding Derivatives

Risk	MCC	LCC	PI	TOTAL
Investment Grade Fixed Income	1.8%	0.4%		2.1%
Credit-Related Fixed Income	0.2%	1.6%	3.3%	5.1%
Natural Resources	7.3%	0.0%	8.9%	16.3%
Real Estate	3.4%	0.1%	5.8%	9.3%
Developed Country Equity	13.6%	8.6%	20.6%	42.8%
Emerging Markets Equity	8.1%	0.7%	7.3%	16.2%
TOTAL	34.4%	11.4%	46.0%	91.8%



Correlations

Measured from March 2008 through August 2012

	Total IGFI	Total Credit	Total RE	Total NatRes	Total DC	Total EM	MCC	LCC	PI	GEF
Total IGFI	1.00	0.44	0.62	0.68	0.67	0.69	0.76	0.64	0.30	0.75
Total Credit		1.00	0.59	0.60	0.65	0.58	0.60	0.67	0.71	0.71
Total RE			1.00	0.62	0.81	0.84	0.90	0.57	0.41	0.86
Total NatRes				1.00	0.79	0.80	0.85	0.80	0.37	0.87
Total DC					1.00	0.86	0.92	0.88	0.46	0.96
Total EM						1.00	0.96	0.81	0.21	0.94
MCC							1.00	0.80	0.31	0.98
LCC								1.00	0.29	0.88
PI									1.00	0.45
GEF										1.00

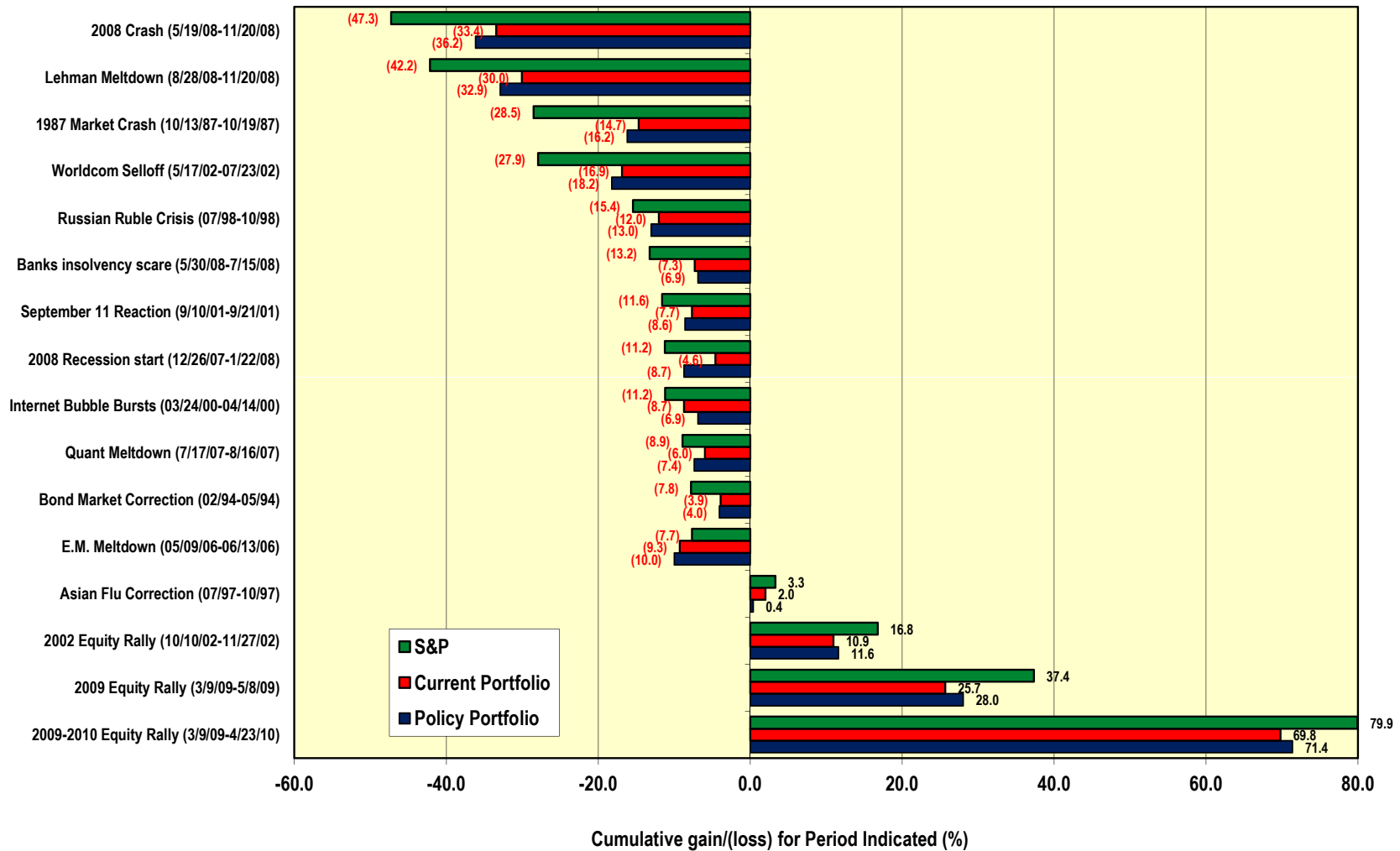


Parametric Stress Tests

<u>Test</u>	<u>Effect on Endowment</u>
• S&P-500 drops 20%	(11.87%)
• Rates rise 100bp	(0.33%)
• Dollar strengthens 5%	(0.79%)
• Dollar weakens 5%	0.88%
• Yield curve flattens – Bull case	0.33%
• Yield curve flattens – Bear case	(0.14%)
• Yield curve steepens – Bull case	0.14%
• Yield curve steepens – Bear case	(0.17%)

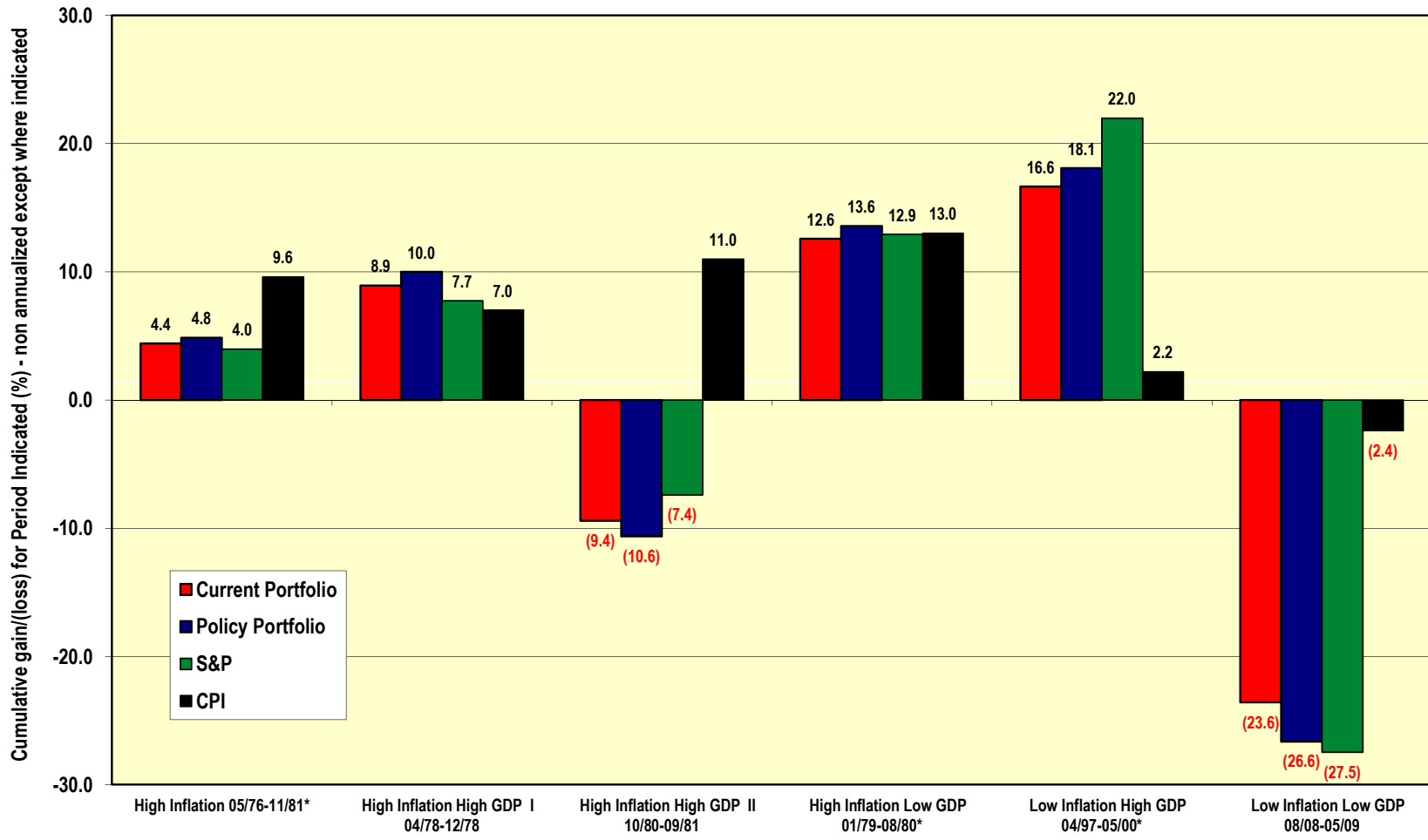


Hypothetical Performance of Current GEF Portfolio in Selected Market Stress Environments





Hypothetical Performance of Current GEF Portfolio in Selected Economic Stress Environments





Scenario Analysis

As of August 31, 2012

	Policy	Scenario							
		Full Recovery	Global Stagflation	Eurozone Default	Big Eurozone Default	Japan Crisis	USD Crisis	EM Bubble "Pop"	Deflation
Expected Policy Returns (nominal)	7.36%	18%	(7.4%)	(5.5%)	(20%)	(19%)	(20%)	(22%)	(26%)
Gain from tactical positions	(0.44%)	(3.4%)	2.2%	1.9%	5.2%	4.3%	4.9%	4.6%	3.8%
Gain from current hedges	(0.24%)	(0.1%)	0.4%	(0.1%)	1.2% - 2.3%	1.3% - 4.5%	1.6%	0.5%	0.5%
Gain from manager's alpha	1.00%	0.8%	1.5%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%
Estimated Endowment Returns	7.68%	15.3%	(3.3%)	(1.4%)	(12%) – (11%)	(11%) – (8%)	(11.3%)	(14.8%)	(19.6%)



Leverage



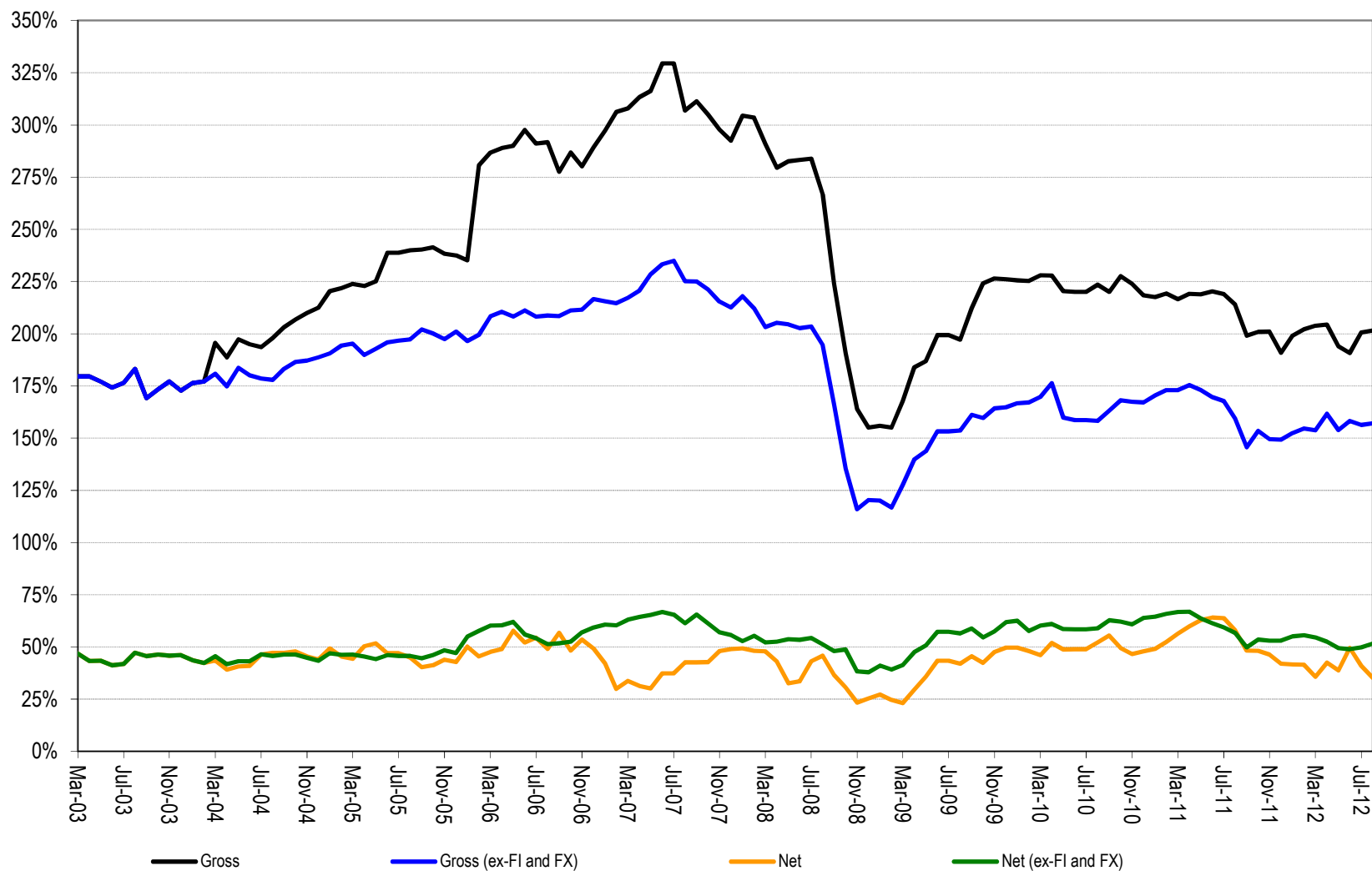
Portfolio Level Leverage as of August 31, 2012

- Investment Grade Fixed Income had a long exposure of 1.26x, no net leverage
- All other asst classes and investment types had no net leverage at the portfolio level
 - Portfolio-level hedges are counted as gross leverage in several asset classes
- Overall the portfolio had a gross leverage of 1.05x, net of 0.98x



LCC Leverage

Estimated as of August 31, 2012



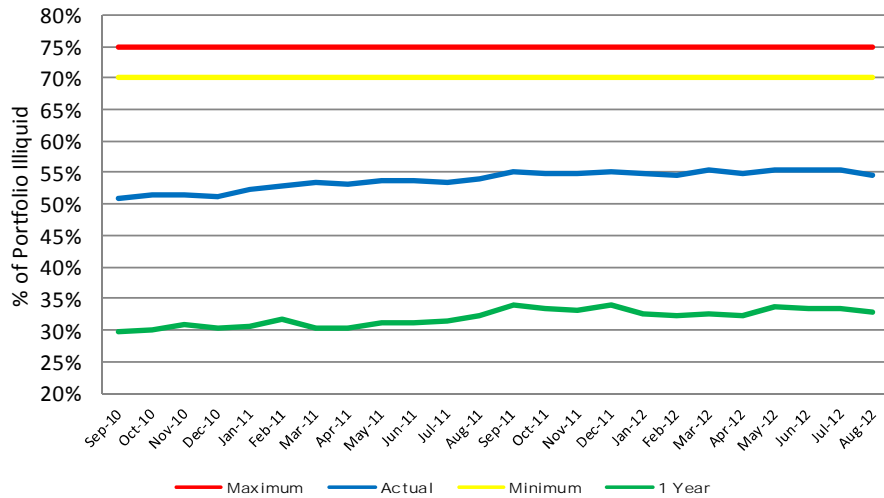


Liquidity



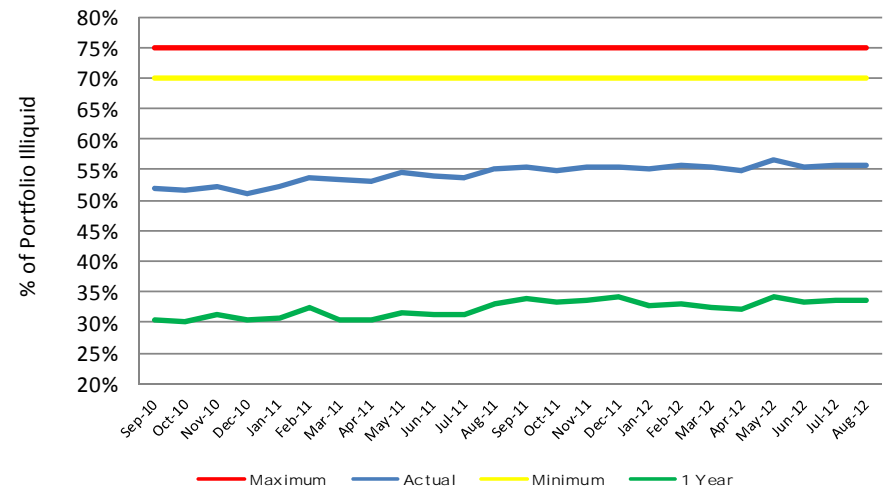
Endowment Fund Liquidity

**Permanent University Fund
Actual Illiquidity vs. Trigger Zones**



Three Month Liquidity \$ 6,131 million One Year Liquidity \$ 9,041 million

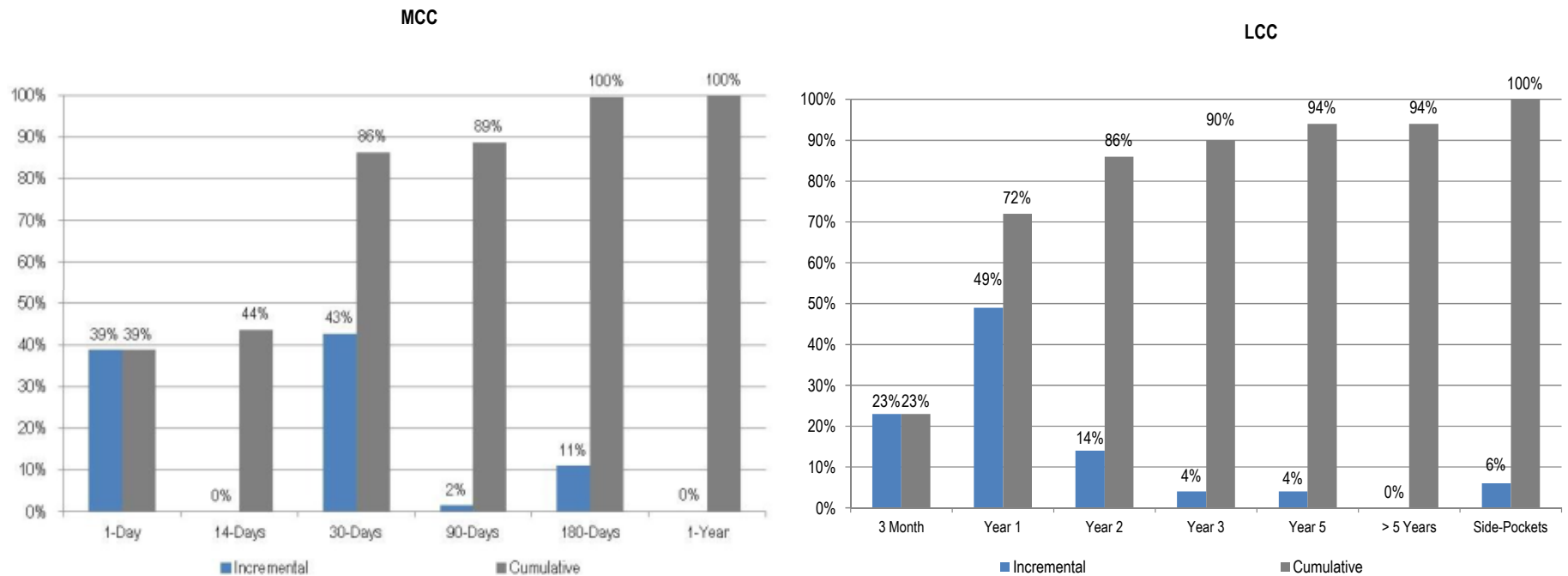
**General Endowment Fund
Actual Illiquidity vs. Trigger Zones**



Three Month Liquidity \$ 3,150 million One Year Liquidity \$ 4,719 million



Estimated Run-Off Liquidity* As of August 31, 2012



*Actual point in time liquidity varies from “smoothed” Policy Liquidity methodology



Unfunded Commitments As of August 31, 2012

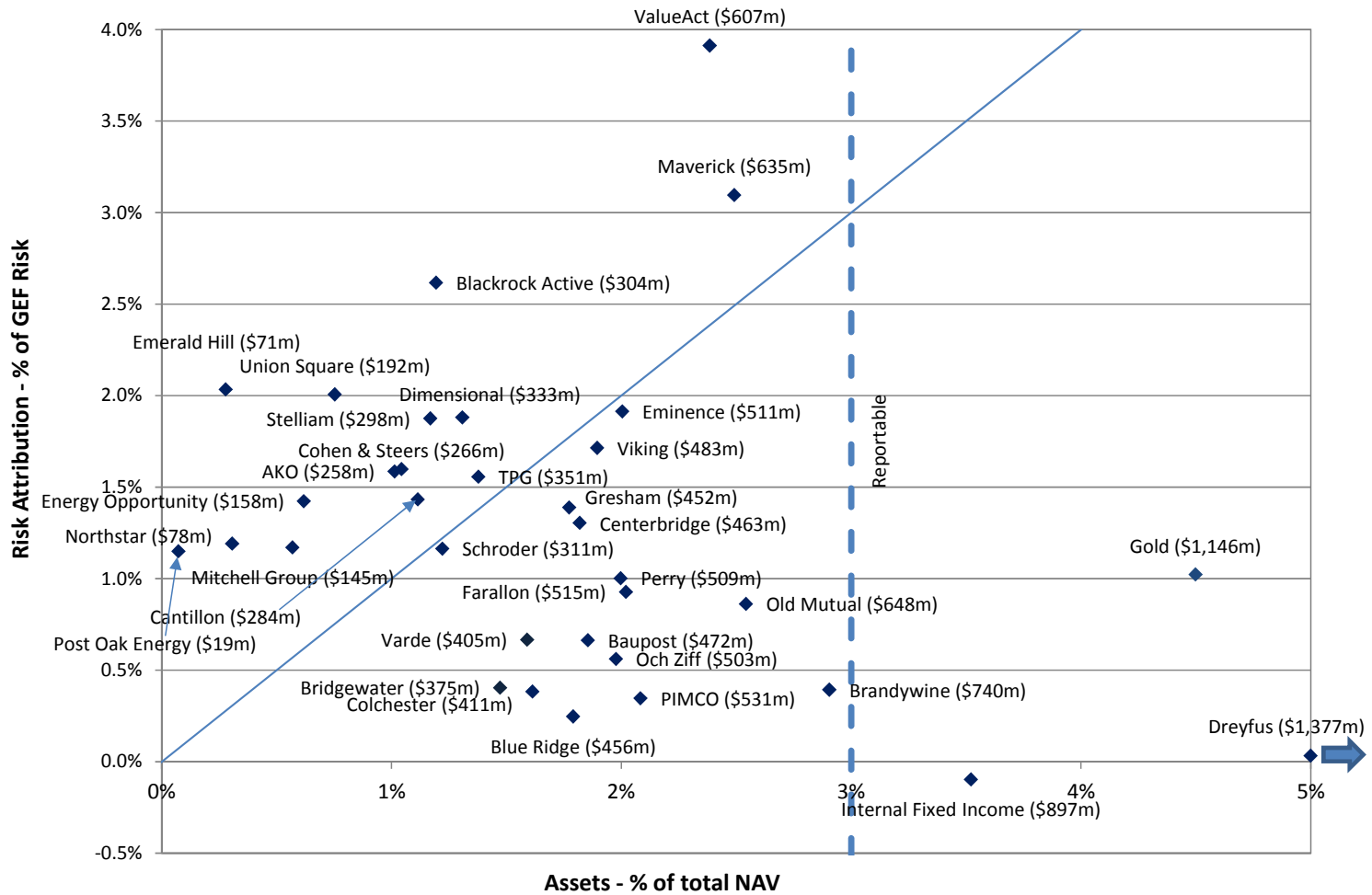
Asset Class	Unfunded Commitment	Unfunded Commitment as % of Total Endowments
<u>PRIVATE INVESTMENTS</u>		
TRADING	\$30	0.1%
CONTROL	127	0.6%
OPPORTUNISTIC	142	0.7%
CREDIT-RELATED FIXED INCOME	299	1.4%
REAL ESTATE	746	3.6%
NATURAL RESOURCES	1,034	5.0%
MEGA/LARGE BUYOUT	77	0.4%
MEDIUM/SMALL BUYOUT	439	2.2%
VENTURE CAPITAL	454	2.2%
GROWTH/OPPORTUNISTIC	100	0.5%
DEVELOPED MARKETS EQUITY	1,070	5.3%
EMERGING MARKETS EQUITY	589	2.9%
TOTAL PRIVATE INVESTMENTS	\$3,738	18.2%
<u>LESS CORRELATED AND CONSTRAINED</u>		
INVESTMENT GRADE FIXED INCOME	\$ -	0.0%
CREDIT-RELATED FIXED INCOME	50	0.2%
REAL ESTATE	-	0.0%
NATURAL RESOURCES	-	0.0%
DEVELOPED MARKETS EQUITY	42	0.2%
EMERGING MARKETS EQUITY	3	0.0%
TOTAL LESS CORRELATED AND CONSTRAINED	\$95	0.4%
GRAND TOTAL PI AND LCC	\$3,833	18.6%
TOTAL ENDOWMENTS HOLDINGS	\$20,575	
MAXIMUM AMOUNT OF UNFUNDED COMMITMENTS ALLOWED PER LIQUIDITY POLICY		30.0%



Manager Exposure



Largest Mandates: Risk and Dollar Allocations



Mandates with at least 1.47% of total assets, or at least 1.15% of Risk. Risk on this chart is measured using historical downside risk



Manager Exposures over 3% and 5% August 31, 2012

Managers with exposure >3% relative to total Funds (excluding ITF for Private Investments)

<u>Manager Name</u>	<u>Investment Amount</u>	<u>%-age</u>
<u>More Correlated and Constrained</u>		
Internal Fixed Income	896,810,816	3.52%
<u>Less Correlated and Constrained</u>		
None		
<u>Private Investments</u>		
None		

Managers with exposure >5% relative to total Funds (excluding ITF for Private Investments)

<u>Manager Name</u>	<u>Investment Amount</u>	<u>%-age</u>
None		



Investment Activity

Investments, Commitments, Significant Redemptions



Report on Investment Transactions Made Under the Delegation of Authority

Quarter Ended August 31, 2012

	Redemptions (\$ millions)				Investments / Commitments (\$ millions)				Illiquid
	MCC	LCC	Private	Total	MCC	LCC	Private	Total	
<u>Investment Grade Fixed Income</u>									
Woodbine	-	-	-	-	-	25	-	25	Yes
	-	-	-	-	-	25	-	25	
<u>Credit-Related Fixed Income</u>									
None	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
<u>Real Estate</u>									
TPS Co-Investment, LLC	-	-	-	-	-	-	35	35	Yes
Secured Capital Real Estate Partners V, L.P.	-	-	-	-	-	-	50	50	Yes
	-	-	-	-	-	-	85	85	
<u>Natural Resources</u>									
Encap Flatrock Midstream Fund II LP	-	-	-	-	-	-	100	100	Yes
Equis Asia Fund Co Invest LP	-	-	-	-	-	-	50	50	Yes
Equis Asia Fund LP	-	-	-	-	-	-	50	50	Yes
	-	-	-	-	-	-	200	200	
<u>Developed Country Equity</u>									
Cantillon	80	-	-	80	-	-	-	-	
International Value Advisors	53	-	-	53	-	-	-	-	
Indus Japan Long Only	37	-	-	37	-	-	-	-	
Levin	24	-	-	24	-	-	-	-	
Perry Partners	-	13	-	13	-	-	-	-	
Eton Park	-	8	-	8	-	-	-	-	
Eminence Long Only	-	-	-	-	152	-	-	152	No
Cendana Co-Investment Fund, L.P.	-	-	-	-	-	-	60	60	Yes
Cortec Group Fund V (Parallel) L.P.	-	-	-	-	-	-	50	50	Yes
American Industrial Partners	-	-	-	-	-	-	50	50	Yes



Report on Investment Transactions Made Under the Delegation of Authority (continued)

Quarter Ended August 31, 2012

	Redemptions (\$ millions)				Investments / Commitments (\$ millions)			
	<u>MCC</u>	<u>LCC</u>	<u>Private</u>	<u>Total</u>	<u>MCC</u>	<u>LCC</u>	<u>Private</u>	<u>Total</u>
Stelliam	-	-	-	-	42	-	-	42
Gotham Diversified	-	-	-	-	-	40	-	40
Passport	-	-	-	-	-	25	-	25
Falcon Edge	-	-	-	-	-	20	-	20
IA Venture Strategies Fund I, L.P.	-	-	-	-	-	-	4	4
	<u>194</u>	<u>21</u>	<u>-</u>	<u>215</u>	<u>194</u>	<u>85</u>	<u>164</u>	<u>443</u>
<u>Emerging Markets Equity</u>								
Lazard	50	-	-	50	-	-	-	-
Arohi	50	-	-	50	-	-	-	-
Blakeney	30	-	-	30	-	-	-	-
Quorum	15	-	-	15	-	-	-	-
Emerald Hill Capital Partners III-A LP	-	-	-	-	-	-	60	60
Myriad	-	-	-	-	-	50	-	50
Proa	-	-	-	-	50	-	-	50
Baring Vostok Private Equity Fund V	-	-	-	-	-	-	50	50
Emerald Hill Capital Partners III LP	-	-	-	-	-	-	40	40
Squadra	-	-	-	-	25	-	-	25
New Silk Road	-	-	-	-	25	-	-	25
Dimensional Fund Advisors	-	-	-	-	14	-	-	14
	<u>145</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>114</u>	<u>50</u>	<u>150</u>	<u>314</u>
Subtotal	\$ 339	\$ 21	\$ -	\$ 360	\$ 308	\$ 160	\$ 599	\$ 1,067
Other	-	6	-	6	6	-	-	6
Grand Total	\$ 339	\$ 27	\$ -	\$ 366	\$ 314	\$ 160	\$ 599	\$ 1,073

During the quarter, Fidelity Investments was hired as an additional money market fund. \$711M was moved from Dreyfus to Fidelity Investments in the Debt Proceeds account.



Report on Investment Transactions Made Under the Delegation of Authority

Year-to-date as of August 31, 2012

	Redemptions (\$ millions)				Investments / Commitments (\$ millions)				Illiquid
	MCC	LCC	Private	Total	MCC	LCC	Private	Total	
Investment Grade Fixed Income									
PIMCO	248	-	-	248	-	-	-	-	
Bridgewater PAMM	-	79	-	79	-	79	-	79	No
Bridgewater II	-	79	-	79	-	-	-	-	
Brandywine	54	-	-	54	-	-	-	-	
Internal Fixed Income (Kampfe and Doak)	45	-	-	45	-	-	-	-	
Lone Peak	-	25	-	25	-	25	-	25	Yes
Old Mutual	14	-	-	14	-	-	-	-	
Colchester	-	-	-	-	400	-	-	400	No
Absolute Return (Bain)	-	-	-	-	-	100	-	100	No
Farallon Asia Special Situations II	-	-	-	-	-	60	-	60	Yes
Woodbine	-	-	-	-	-	25	-	25	Yes
	<u>361</u>	<u>183</u>	<u>-</u>	<u>544</u>	<u>400</u>	<u>289</u>	<u>-</u>	<u>689</u>	
Credit-Related Fixed Income									
OZ Credit Opportunity	-	-	-	-	-	100	-	100	Yes
Mount Kellett Capital Partners II, L.P.	-	-	-	-	-	-	75	75	Yes
Oaktree Opportunities IX	-	-	-	-	-	-	25	25	Yes
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>200</u>	
Real Estate									
GEM Realty	-	25	-	25	-	-	-	-	
Wheelock Street Real Estate Fund	-	-	-	-	-	-	100	100	Yes
Carmel Partners Investments Fund IV, L.P.	-	-	-	-	-	-	75	75	Yes
Blackstone Real Estate Partners VII, L.P.	-	-	-	-	-	-	50	50	Yes
Green Courte Real Estate Partners III	-	-	-	-	-	-	50	50	Yes
Secured Capital Real Estate Partners V, L.P.	-	-	-	-	-	-	50	50	Yes
Niam Nordic V	-	-	-	-	-	-	47	47	Yes
Apollo GSS Holding	-	-	-	-	-	-	36	36	Yes
TPS Co-Investment, LLC	-	-	-	-	-	-	35	35	Yes
	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>443</u>	<u>443</u>	
Natural Resources									
BlackRock Global	123	-	-	123	-	-	-	-	
The Mitchell Group	-	-	-	-	150	-	-	150	No
Encap Flatrock Midstream Fund II LP	-	-	-	-	-	-	100	100	Yes
Kerogen Energy	-	-	-	-	-	-	100	100	Yes
POEP Co-invest LP	-	-	-	-	-	-	100	100	Yes
Post Oak Energy Partners LP	-	-	-	-	-	-	100	100	Yes
NGP Natural Resources X, L.P.	-	-	-	-	-	-	75	75	Yes
Taurus Resources	-	-	-	-	-	-	69	69	Yes



Report on Investment Transactions Made Under the Delegation of Authority (continued)

Year-to-date as of August 31, 2012

	Redemptions (\$ millions)				Investments / Commitments (\$ millions)				Illiquid
	MCC	LCC	Private	Total	MCC	LCC	Private	Total	
	Equis Asia Fund Co Invest LP	-	-	-	-	-	-	50	
Equis Asia Fund LP	-	-	-	-	-	-	50	50	Yes
Energy Opportunities	-	-	-	-	40	-	-	40	No
BlackRock Small Cap	-	-	-	-	22	-	-	22	No
BlackRock Metals & Mining	-	-	-	-	6	-	-	6	No
	123	-	-	123	218	-	644	862	
Developed Country Equity									
Levin	158	-	-	158	-	-	-	-	
Wellington Special Equity	123	-	-	123	-	-	-	-	
Perry Partners	-	100	-	100	-	-	-	-	
Protege Partners	-	90	-	90	-	-	-	-	
Cantillon	80	-	-	80	-	-	-	-	
Criterion Capital Partners	-	66	-	66	-	-	-	-	
Lansdowne UK	-	60	-	60	-	-	-	-	
International Value Advisors	53	-	-	53	-	-	-	-	
Eton Park	-	51	-	51	-	-	-	-	
FCOI II	-	50	-	50	-	-	-	-	
Blue Ridge	-	46	-	46	-	-	-	-	
OZ Overseas Fund	-	45	-	45	-	-	-	-	
Indus Japan Long Only	37	-	-	37	-	-	-	-	
Indus Japan	-	25	-	25	-	-	-	-	
Maverick	-	25	-	25	-	-	-	-	
TPG Axon	-	16	-	16	-	-	-	-	
Eminence Long Only	-	-	-	-	152	-	-	152	No
Gotham Diversified	-	-	-	-	-	135	-	135	No
Viking Global Equities	-	-	-	-	-	100	-	100	No
Ford Financial Fund II, L.P.	-	-	-	-	-	-	75	75	Yes
Criterion Horizon Offshore	-	-	-	-	-	66	-	66	Yes
Cendana Co-Investment Fund, L.P.	-	-	-	-	-	-	60	60	Yes
AKO	-	-	-	-	50	-	-	50	Yes
American Industrial Partners	-	-	-	-	-	-	50	50	Yes
American Industrial Partners Capital Fund V, L.P.	-	-	-	-	-	-	50	50	Yes
Cortec Group Fund V (Parallel) L.P.	-	-	-	-	-	-	50	50	Yes
Kingstown	-	-	-	-	-	50	-	50	Yes
LNK Partners II, L.P.	-	-	-	-	-	-	50	50	Yes
Senator Global Opportunities	-	-	-	-	-	50	-	50	Yes
University Ventures Fund I UTIMCO-Investment LP	-	-	-	-	-	-	50	50	Yes
Stelliam	-	-	-	-	42	-	-	42	Yes
True Ventures III, L.P.	-	-	-	-	-	-	35	35	Yes



Report on Investment Transactions Made Under the Delegation of Authority (continued)

Year-to-date as of August 31, 2012

	Redemptions				Investments / Commitments				Illiquid
	(\$ millions)				(\$ millions)				
	MCC	LCC	Private	Total	MCC	LCC	Private	Total	
IA Venture Strategies Fund II, L.P.	-	-	-	-	-	-	30	30	Yes
Union Square Ventures 2012 Fund, L.P.	-	-	-	-	-	-	28	28	Yes
Cadian	-	-	-	-	-	25	-	25	Yes
Passport	-	-	-	-	-	25	-	25	Yes
University Ventures Fund I, L.P.	-	-	-	-	-	-	25	25	Yes
Falcon Edge	-	-	-	-	-	20	-	20	Yes
IA Venture Strategies Fund I, L.P.	-	-	-	-	-	-	4	4	Yes
	451	574	-	1,025	244	471	507	1,222	
Emerging Markets Equity									
Lazard	90	-	-	90	-	-	-	-	
Blakeney	75	-	-	75	-	-	-	-	
Dimensional Fund Advisors	60	-	-	60	34	-	-	34	No
Acadian	50	-	-	50	-	-	-	-	
Arohi	50	-	-	50	-	-	-	-	
Moon Capital	-	25	-	25	-	-	-	-	
Dynamo	21	-	-	21	-	-	-	-	
Penta Asia L/S	-	18	-	18	-	-	-	-	
Quorum	15	-	-	15	-	-	-	-	
AR Capital	-	-	-	-	100	-	-	100	No
Squadra	-	-	-	-	75	-	-	75	No
Victoria South American Partners II L.P.	-	-	-	-	-	-	65	65	Yes
Emerald Hill Capital Partners III-A LP	-	-	-	-	-	-	60	60	Yes
Baring Vostok Private Equity Fund V	-	-	-	-	-	-	50	50	Yes
Myriad	-	-	-	-	-	50	-	50	Yes
New Silk Road	-	-	-	-	50	-	-	50	Yes
Proa	-	-	-	-	50	-	-	50	No
Emerald Hill Capital Partners III LP	-	-	-	-	-	-	40	40	Yes
Turkish Private Equity Fund III L.P.	-	-	-	-	-	-	40	40	Yes
Janchor	-	-	-	-	-	25	-	25	Yes
Valiant	-	1	-	1	-	5	-	5	Yes
	361	44	-	405	309	80	255	644	
Subtotal	\$ 1,296	\$ 826	\$ -	\$ 2,122	\$ 1,171	\$ 940	\$ 1,949	\$ 4,060	
Other	-	18	-	18	8	-	-	8	
Grand Total	\$ 1,296	\$ 844	\$ -	\$ 2,140	\$ 1,179	\$ 940	\$ 1,949	\$ 4,068	

(1) - Final commitment amount will be the lesser of 20% of total commitments or the maximum commitment. This report reflects the maximum commitment. During the year, Fidelity Investments was hired as an additional money market fund. \$711M was moved from Dreyfus to Fidelity Investments in the Debt Proceeds account.



ITF



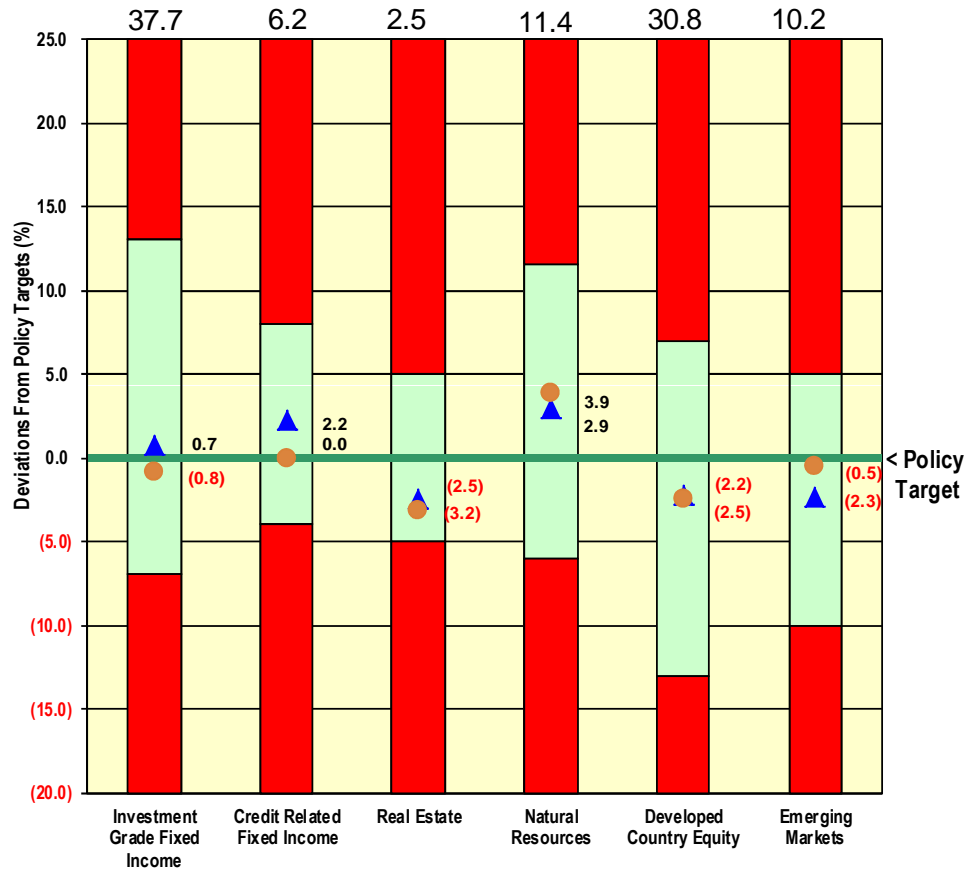
ITF Asset Allocation as of August 31, 2012 (in millions)

Asset Group	Asset Class	More Correlated and Constrained		Less Correlated and Constrained		Private Investments		Grand Total	
		\$	%	\$	%	\$	%	\$	%
Fixed Income	Investment Grade	\$ 1,674	34.2%	\$ 171	3.5%	\$ -	0.0%	\$ 1,845	37.7%
	Credit-Related	-	0.0%	305	6.2%	-	0.0%	305	6.2%
Fixed Income Total		1,674	34.2%	476	9.7%	-	0.0%	2,150	43.9%
Real Assets	Real Estate	89	1.8%	34	0.7%	-	0.0%	123	2.5%
	Natural Resources	556	11.4%	2	0.0%	-	0.0%	558	11.4%
Real Assets Total		645	13.2%	36	0.7%	-	0.0%	681	13.9%
Equity	Developed Country	368	7.5%	1,139	23.3%	-	0.0%	1,507	30.8%
	Emerging Markets	343	7.0%	155	3.2%	-	0.0%	498	10.2%
Equity Total		711	14.5%	1,294	26.5%	-	0.0%	2,005	41.0%
Grand Total		\$ 3,030	61.9%	\$ 1,806	36.9%	\$-	0.0%	\$ 4,836	98.8%

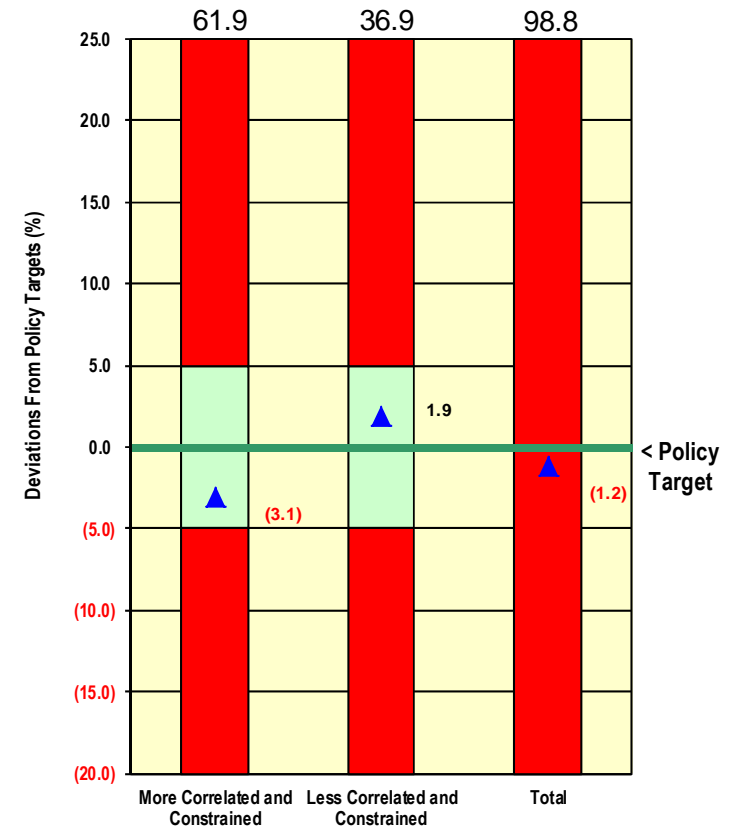


ITF Asset Allocation as of August 31, 2012

Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for ITF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for ITF



▲ -- All Investment Types ● -- More Correlated and Constrained



ITF Insurance Hedges

Event	Hedge	Exposures					Changes since May 31, 2012				bps Fiscal Year 2013 ⁽³⁾
		Total Cost ⁽¹⁾	bps Cost/Year ₍₂₎	Notional (\$mm)	MTM (\$mm)	Since Inception P/L	Cost	bps Cost/Year ₍₂₎	Notional (\$mm)	MTM (\$mm)	
ACTIVE POSITIONS											
U.S. Inflation											
	CMS Options	\$ (13)	5.8	2,251	\$ 3	\$ (9)	\$ -	-	\$ -	\$ (0)	5.8
Emerging Markets Bubble											
	KOSPI Put Spreads	\$ (5)	4.0	261	3	(2)	(0)	(0.9)	84	(1)	5.7
	ASX Put Spreads	\$ (4)	3.3	185	1	(3)	(0)	(3.7)	-	(2)	2.4
	Total	\$ (9)	7.3		3	(5)	(1)	(4.6)		(3)	8.2
Sovereign Default											
	JPY Rate Options and Swaptions	\$ (6)	5.1	645	1	(5)	0	(0.7)	(73)	(1)	3.3
	DKK Call / EURO Put Options	\$ (1)	5.3	109	0	(1)	2	-	(249)	(1)	-
	Total	\$ (6)	10.4		1	(6)	2	(0.7)		(2)	3.3
Low Growth / Recession											
	S&P Put Spreads	\$ -	-		-	-	-	-		-	-
SUBTOTAL ACTIVE POSITIONS		\$ (28)	23.6		7	(21)	2	(5.4)		(5)	17.3
EXPIRED POSITIONS											
	JPY Rate Options and Swaptions	\$ (1)	1.2	526		(1)	(0)	0.7	73	-	
	S&P Put Spreads	\$ (10)	21.2	344		(10)	-	-	124	-	
	DKK Call / EURO Put Options	\$ (2)	3.5	249		(2)	(2)	3.5	249	-	
SUBTOTAL EXPIRED POSITIONS		\$ (11)	22.4			(11)	(0)	0.7	-	-	
TOTAL		\$ (38)	46.0			(31)	\$ 1	(4.6)			17.3

(1) Maximum Loss for Options

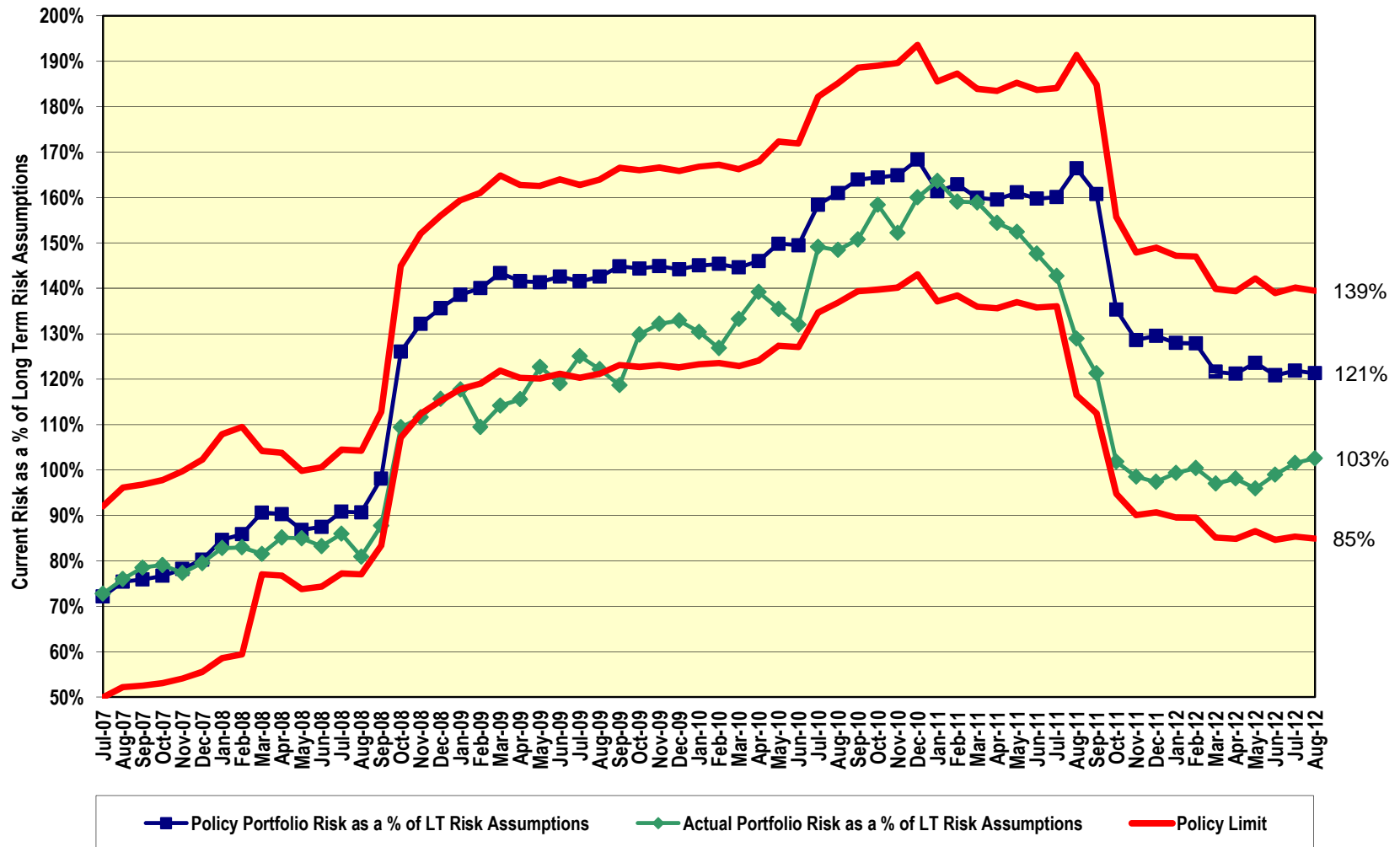
(2) Amount of delegated insurance budget used for fiscal year ending August, 2012.

(3) Amount of delegated insurance budget used for fiscal year ending August, 2013.



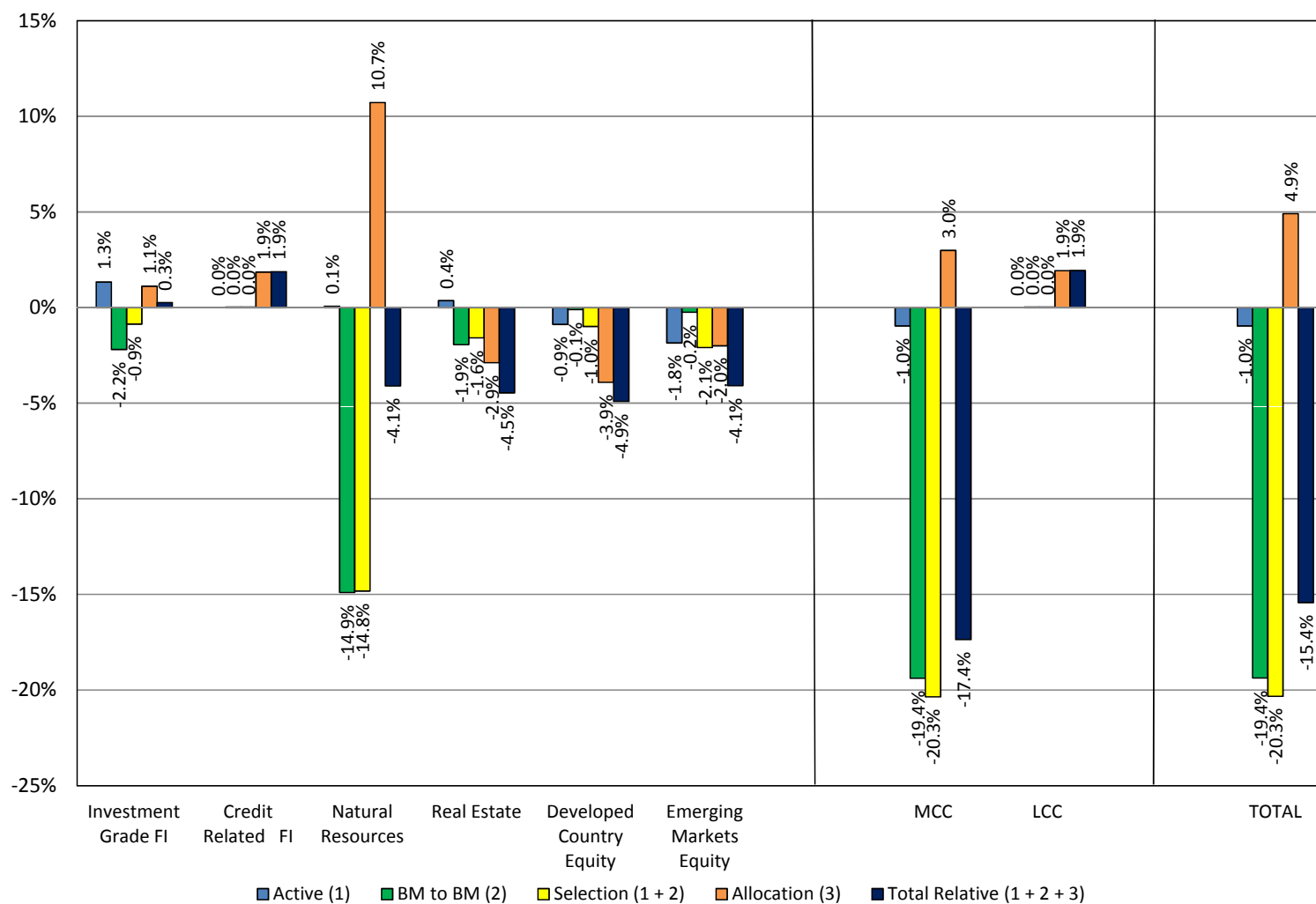
Current Risk Environment of ITF

(Based on Downside Risk; LT assumption = 5.34%)





ITF 4-Way Risk Decomposition as of August 31, 2012



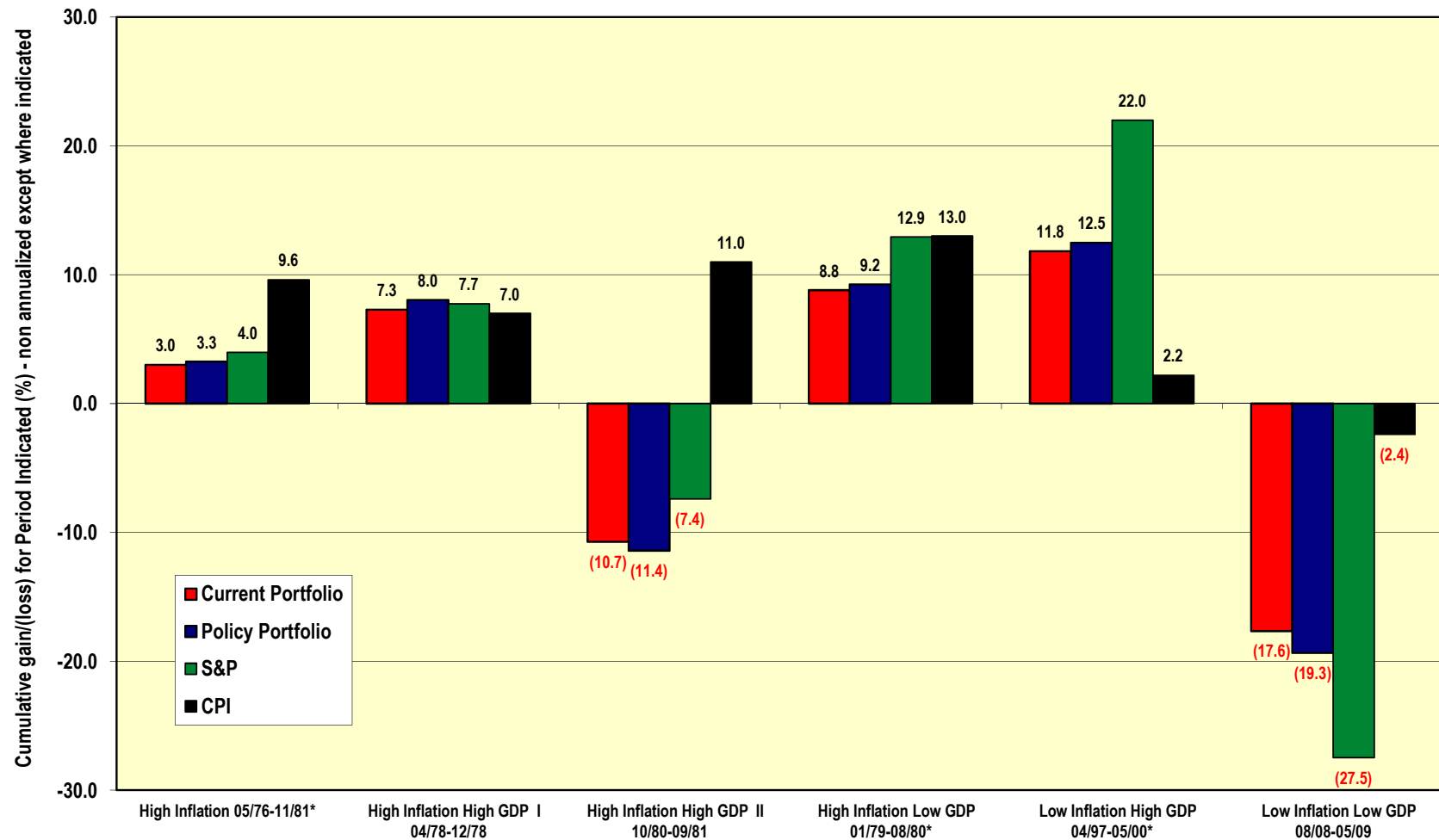


Parametric Stress Tests

<u>Test</u>	<u>Effect on ITF</u>
• S&P-500 drops 20%	(4.26%)
• Rates rise 100bp	(1.59%)
• Dollar strengthens 5%	(1.25%)
• Dollar weakens 5%	1.39%
• Yield curve flattens – Bull case	1.45%
• Yield curve flattens – Bear case	(0.42%)
• Yield curve steepens – Bull case	0.42%
• Yield curve steepens – Bear case	(1.15%)

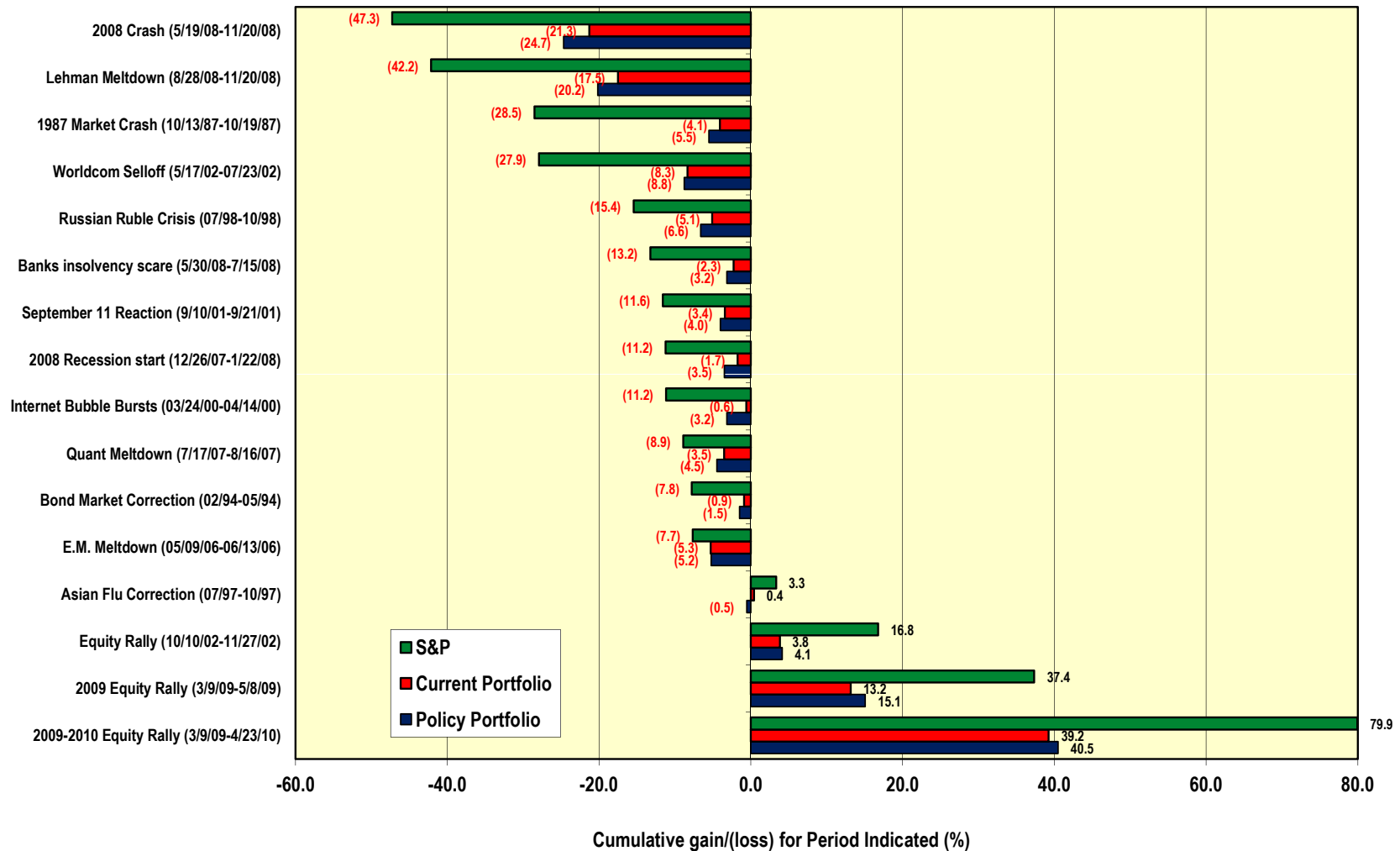


Hypothetical Performance of Current ITF Portfolio in Selected Economic Stress Environments





Hypothetical Performance of Current ITF Portfolio in Selected Market Stress Environments





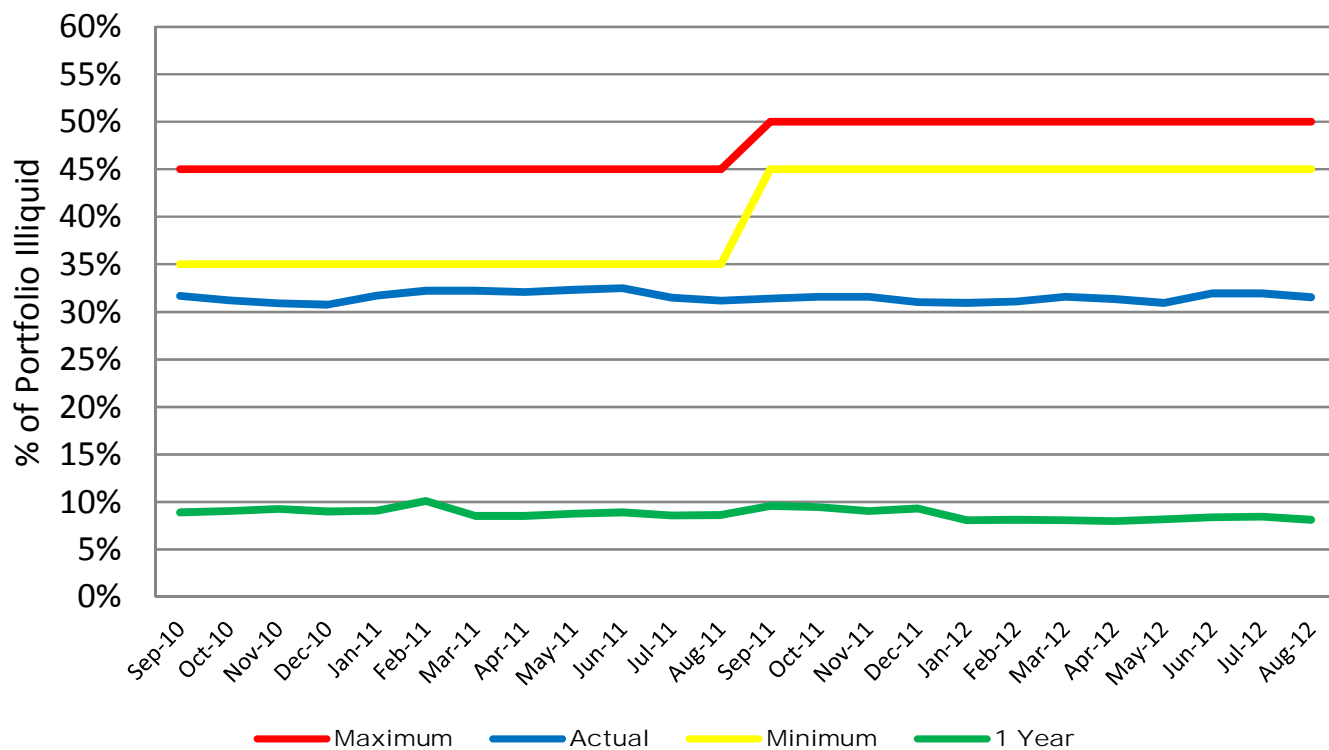
ITF Leverage as of August 31, 2012

- Investment Grade Fixed Income had a long exposure of 1.40x, no net leverage
- All other asset classes and investment types had no net leverage at the portfolio level
 - Portfolio-level hedges are counted as gross leverage in one asset class (Real Estate)
- Overall the portfolio had a gross leverage of 1.15x, net of 0.99x



ITF Liquidity

Intermediate Term Fund Actual Illiquidity vs. Trigger Zones





Contracts Update



Report on New Contracts and Existing Contract Renewals, Leases, and Other Commercial Arrangements For July 1, 2012 through September 30, 2012

(Total Obligation per Agreement greater than \$50,000)

Agreement	Purpose	Contract Term	Annual Amount
Interactive Data - Bond Edge	Global provider of financial market data, analytics and related services. Provides fixed-income portfolio analytics.	8/10/2012 - 8/9/2013 (Renews annually)	\$90,960
CreditSights	Provides suite of BondScore credit scoring models, fundamental credit research, and an efficient screening and credit risk surveillance tool	9/1/2012 - 9/1/2013	\$50,000
GlobeArc LLC	Business Analysis and documentation of UTIMCO's business processes, detailed requirement gathering for investment support system	9/17/2012 - 11/20/2012 (Single engagement)	\$65,000

Services that renew via invoice on a monthly or quarterly basis:

Agreement	Purpose	Contract Term	Annual Amount
Bloomberg	Portfolio Order Management System	Renews quarterly via invoice	\$140,000
Bloomberg	All-in-one investment platform for trading, analysis and information	Renews quarterly via invoice and may be canceled at any time	\$309,840
International Fund Services	Risk System	Quarterly invoice – fees increased as underlying accounts are added	\$292,000
Factset Research Systems	Analytical tool for performance	Monthly invoice	\$348,411
Albourne America LLC	Advisor to Marketable Alternative staff	Monthly invoice	\$240,000