

Reading Your Endowment Report



THE UNIVERSITY OF TEXAS/TEXAS A&M
INVESTMENT MANAGEMENT COMPANY

DONOR ENDOWMENT

I. ENDOWMENT REPORT FOR PERIOD ENDED AUGUST 31, 2023

Beginning Market Value (September 1, 2022)		\$379,525.27
Contributions Received		--
Withdrawals		--
Distributions/Allocations Reinvested		--
Net Investment Return		16,955.88
Cash Distributions/Allocations:		
Distributions to Endowment Income Account for Expenditure for the Purpose of the Endowment		(15,707.88)
Approved by the UT Board of Regents to support strategic endowment and fundraising growth, and to provide continued support for endowment administration and management without increasing reliance on other funds. Institutions may elect to receive up to .50% (50 basis points) of average market value on endowments to invest in philanthropic efforts to support students, faculty, research, and programs.		(2,935.14)
Ending Market Value (August 31, 2023)		\$377,837.93
	LONG TERM FUND	OTHER
Total Distributions/Allocations	\$ 18,643.02	--
		\$ 18,643.02
Average Market Value For Period Ended August 31, 2023 (1)		\$375,117.97
Annual Yield (Total Distributions as a % of Average Market Value)		4.19%
Current Long Term Fund Annual Payout in Cents Per Unit		37.63¢

II. FIVE YEAR INVESTMENT HISTORY

YEAR ENDED 8/31	NET CONTRIBUTIONS (WITHDRAWALS)	INCOME REINVESTED	DISTRIBUTIONS/ ALLOCATIONS	INVESTMENT RETURN	TOTAL MARKET VALUE	TOTAL BOOK VALUE	LTF MARKET VALUE	LONG TERM FUND UNITS
2019	--	--	(18,432.50)	13,959.75	323,302.80	126,499.04	323,302.80	41,742.92
2020	--	--	(18,792.38)	29,504.88	336,014.92	126,499.04	336,014.92	41,742.92
2021	--	--	(17,466.86)	104,368.06	422,916.38	126,499.04	422,916.38	41,742.92
2022	--	--	(17,889.29)	(25,501.82)	379,525.27	126,499.04	379,525.27	41,742.92
2023	--	--	(18,643.02)	16,955.88	377,837.93	126,499.04	377,837.93	41,742.92

(1) Five quarter average.

Sum of the market value of the investment holdings for the endowment at the beginning of the year (September 1, 2022).

Funds received from donors or matching funds. Contributions may be received in the form of cash, securities, real estate, mineral interests, and other assets. Contributions are reported at market value on the contribution date.

Funds that are withdrawn from the endowment. Because most endowments are perpetual, withdrawals are minimal. Those made are normally due to an administrative adjustment or if the endowment is a term endowment.

Total funds distributed to the institution to support the purposes of the endowment. In some instances, the distributions are not received in cash but are automatically reinvested into the endowment principal. Distributions (payout) are derived from the LTF units held by the endowment and any separately invested assets.

The LTF distributions are determined by the number of units held and payout in cents per unit.

The separately invested assets receive income, which may include interest, dividends, and real estate income that is also distributed to the institution.

Average Market Value is derived from the sum of the endowment's market value for the five quarters ended August 31, 2023 divided by five.

Summary of information presented in the body of the Endowment Report for years 2019 through 2023.

Sum of the book value of the investment holdings held at the end of the year. The book value also represents all contributions, reinvested income and any realized gains (losses) attributable to the sale of an investment. The difference between market value and book value is unrealized gains and losses.

Number of LTF units held by the endowment at the end of the year.

Reinvestment of distributions and allocations into the endowment principal which becomes a permanent part of the endowment. Allocations reinvested represent amounts not received by the institution, i.e., the difference between the amount available and the actual amount sent to the institution.

Represents the change in endowment value during the period attributable to both realized and unrealized capital appreciation and income net of all investment fees and expenses, from both the LTF and separately invested assets. Separately invested assets are individual investment holdings of the endowment such as real estate, stocks, bonds, and mineral interests.

Total funds allocated to support strategic endowment and fundraising growth. Amount shown is the maximum allocation available and charged to the LTF.

Beginning market value, plus contributions, reinvested income and net investment return, less withdrawals and cash distributions. This value will also comprise the sum of the market value of the investment holdings for the endowment at the end of the year.

Total cash distributions divided by the average market value.

LTF payout was 37.63¢ per unit for the year ended August 31, 2023.

Endowment's investment in the LTF. It is the number of LTF units held by the endowment multiplied by the LTF market value per unit at the end of the year.

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III. INDIVIDUAL ENDOWMENT RETURN (UNITHOLDER LEVEL)

One Year	3.80%
Three Years (Annualized)	8.16%
Five Years (Annualized)	7.42%
Ten Years (Annualized)	7.65%

IV. LONG TERM FUND RETURN AND EXPENSES (FUND LEVEL)

	Annualized			
	One Year	Three Years	Five Years	Ten Years
Investment Return (Net of Fees)	4.60%	8.93%	8.11%	8.15%
Investment Related Fees:				
UTIMCO Management Services	0.08%	0.09%	0.10%	0.09%
Other Investment Management Costs	0.01%	0.01%	0.01%	0.02%
External Investment Manager Fees	1.99%	2.54%	2.35%	2.37%
Total Investment Related Fees	2.08%	2.64%	2.46%	2.48%
Estimated Investment Return (Gross of Fees)(1)	6.68%	11.57%	10.57%	10.63%
	Annualized			
	One Year	Three Years	Five Years	Ten Years
Investment Return (Net of Fees)	4.60%	8.93%	8.11%	8.15%
Endowment Policy Portfolio (2)	4.73%	8.46%	7.23%	7.14%
Net Investment Return in Excess of Benchmark	-0.13%	0.47%	0.88%	1.01%

(1) The Estimated Gross of Fees Investment Return shown above is an approximation of the investment return before the impact of investment related fees. The investment fee ratios have been calculated on a calendar year basis for the respective years of the periods.

(2) The Endowment Policy Portfolio is the index or benchmark for the endowment funds that UTIMCO manages. The return of the Endowment Policy Portfolio is the sum of weighted benchmark returns of the approved benchmarks for each asset class weighted by the target allocations as outlined in the Long Term Fund's Investment Policy Statement.

Computes the change in the endowment's investment value, including capital appreciation (realized and unrealized gains and losses), investment income net of all investment fees and allocations expressed as a percentage of the endowment's market value at the beginning of the year (September 1, 2022).

Endowment's total return is calculated individually for the twelve month periods ended August 31, 2019, 2020, 2021, 2022, and 2023 and the results are geometrically linked to provide a five year annualized return. The total return computes the change in the endowment's investment value, including capital appreciation (realized and unrealized gains and losses), investment income net of all investment fees and allocations expressed as a percentage of the endowment's market value at the beginning of the period.

Endowment's total return is calculated individually for the twelve month periods ended August 31, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 and the results are geometrically linked to provide a ten year annualized return. The total return computes the change in the endowment's investment value, including capital appreciation (realized and unrealized gains and losses), investment income net of all investment fees and allocations expressed as a percentage of the endowment's market value at the beginning of the period.

Endowment's total return is calculated individually for the twelve month periods ended August 31, 2021, 2022, and 2023 and the results are geometrically linked to provide a three year annualized return. The total return computes the change in the endowment's investment value, including capital appreciation (realized and unrealized gains and losses), investment income net of all investment fees and allocations expressed as a percentage of the endowment's market value at the beginning of the period.

Computes the change in the LTF value (at the Fund level) and includes both capital appreciation (realized and unrealized gains and losses) and investment income net of all investment fees and expenses expressed as a percentage of the LTF market value at the beginning of the period.

The LTF is charged various amounts for investment management and UT System and UT System institution administrative purposes.

The UTIMCO management services fee represents UTIMCO's costs of managing the investments and providing day-to-day operations.

Other investment management costs include custody fees, consulting fees, legal fees, accounting fees, background check fees and risk management services fees.

External investment manager fees are either paid directly or, in the case of private investment general partners, hedge fund managers and mutual fund investments, are netted against investment returns in accordance with standard industry practice.