

1. Title

Investment Policies

2. Rule and Regulation

- Sec. 1 Permanent University Fund (PUF). The policies for the investment of funds for the PUF shall be those outlined in the [Permanent University Fund Investment Policy Statement](#).
- Sec. 2 Investment Pools. The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement. Each pooled fund established by The University of Texas System shall be administered according to the U. T. System [Separately Invested Funds Investment Policy Statement](#), the fund's trust indenture, and applicable law.
- Sec. 3 Endowments. Endowment funds and funds functioning as endowments will be managed in a manner consistent with the governing instrument, [The University of Texas System Administration Policy UTS138, Gift Acceptance Procedures](#), and the investment standards set forth in the Uniform Management of Institutional Funds Act (*Texas Property Code, Chapter 163* et seq.). These funds will be invested in the Long Term Fund unless the terms of the instrument by which the endowment was created preclude commingling of assets. Those endowments for which the terms of the instrument preclude the commingling of assets or for which illiquid assets are held will be separately invested.
- Sec. 4 Life Income Funds. Life income funds will be invested and administered consistent with the governing instrument, The U. T. System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, [the U. T. System Gift Acceptance Procedures](#), and the investment standards set forth in the *Texas Trust Code (Texas Property Code Section 111.001* et seq.).
- Sec. 5 System Medical Liability Fund. The Professional Medical Liability Fund shall be administered in a manner consistent with all provisions of the System Professional Medical Liability Benefit Plan outlined in the Regents' *Rules and Regulations, Rule 50501*.

- Sec. 6 Other Accounts. Other Accounts as defined in the U. T. System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement shall be invested and administered consistent with that policy.
- Sec. 7 Required Reports. The following annual reports are required:
- 7.1 The investment performance of the PUF, as measured by an unaffiliated organization, shall be reported to the Board of Regents at least annually.
- 7.2 The nature and extent of any investments in or business transacted with any firm with which a director, officer or employee of UTIMCO is affiliated will be reported to the Board of Regents annually.
- Sec. 8 Authorization to Protect Investments. UTIMCO is authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF, Investment Pools, Endowments, and Life Income Funds in event of default or any other significant changes occurring with respect to any investment.
- Sec. 9 Stock Rights and Warrants. Exercise of or sale of stock rights and warrants is to be made at the discretion of UTIMCO.
- Sec. 10 Fractional Shares. Fractional shares that arise in connection with funds under control of UTIMCO shall be handled at its discretion.
- Sec. 11 Voting Stocks. As a general rule, voting stocks held are to be voted by UTIMCO pursuant to its proxy voting policy.
- Sec 12. Financial Advisors and Service Provider Disclosures. Financial advisors and service providers as defined in *Texas Government Code* [Section 2263.002](#) shall comply with the disclosure requirements contained in *Texas Government Code* [Section 2263.004](#).
- Sec. 13. Referrals to UTIMCO and Related Disclosures. Members of the U. T. Board of Regents and U. T. System officers and employees shall avoid all appearance of conflict of interest pertaining to UTIMCO's investment opportunities. Referral of information related to investment opportunities outside of a posted open meeting of the U. T. Board of Regents or the

UTIMCO Board of Directors must be made directly to the UTIMCO President and CEO without endorsement of the merits of the potential investment and with full disclosure concerning whether the investment opportunity involves any potential economic benefit to the individual making the referral or to an individual related within the second degree of affinity or the third degree of consanguinity to the individual making the referral. Referrals will be accepted with the understanding that decisions on individual investments are at the discretion of the UTIMCO Board and staff.

- 13.1 Applicability to UTIMCO Board. Members of the UTIMCO Board of Directors are to be guided by the same requirements through UTIMCO policies.
- 13.2 Disclosure of Referrals. Should UTIMCO staff ultimately recommend to the UTIMCO Board an investment that was the subject of a direct referral from a member of the U. T. Board of Regents, an officer or employee of the U. T. System, or a member of the UTIMCO Board of Directors, UTIMCO staff is required to disclose the source of the referral and whether such referral involves any potential economic benefit to the individual making the referral or to an individual related within the second degree of affinity or the third degree of consanguinity to the individual making the referral.

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Government Code [Sections 2263.002](#) – Definition of financial advisor or service

Texas Government Code [Section 2263.004](#) – Ethics Requirements for Outside Financial Advisors or Service Providers

Texas Property Code, [Chapter 163](#) – Management, Investment and Expenditure of Institutional Funds

Texas Property Code [Section 111.001](#) – Trusts

5. Relevant System Policies, Procedures, and Forms

[The University of Texas System Administration Policy UTS138, *Gift Acceptance Procedures*](#)

Regents' *Rules and Regulations*, [Rule 50501](#) – Liability Insurance for Students

Regents' *Rules and Regulations*, [Rule 60101](#) – Acceptance and Administration of Gifts

[Permanent University Fund Investment Policy Statement](#)

[General Endowment Fund Investment Policy Statement](#)

[Permanent Health Fund Investment Policy Statement](#)

[Long Term Fund Investment Policy Statement](#)

[Intermediate Term Fund Investment Policy Statement](#)

[Separately Invested Funds Investment Policy Statement](#)

[Short Term Fund Investment Policy Statement](#)

[Allocation for Non-endowment Funds Policy Statement](#)

6. Who Should Know

Administrators
UTIMCO Board of Directors
UTIMCO Employees

7. System Administration Office(s) Responsible for Rule

Office of Business Affairs
Office of External Relations
Office of General Counsel

8. Dates Approved or Amended

Editorial amendments to Sec. 2 and Number 5 made April 23, 2008
December 10, 2004

9. Contact Information

Questions or comments regarding this rule should be directed to:

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