



July 30, 2020

The Honorable Emanuel Cleaver, II
U. S. House of Representatives
2535 Rayburn House Office Building
Washington, DC 20515

The Honorable Joseph P. Kennedy, III
U. S. House of Representatives
2535 Rayburn House Office Building
Washington, DC 20515

Dear Representative Cleaver and Representative Kennedy:

In response to your letter dated July 10, 2020, I am providing the following information about the certain management practices of The University of Texas/Texas A&M Investment Management Company (“UTIMCO”). UTIMCO was created in March 1996 with the sole purpose of managing the investment assets under the fiduciary care of The University of Texas Board of Regents. Today UTIMCO oversees \$49 billion in investments that support 21 academic and health institutions and over 330,000 students across The University of Texas and Texas A&M Systems.

- 1. Does your institution have a publicly available equal opportunity statement pertaining to the selection of external endowment managers?**
 - a. If no, why not?**
 - b. If yes, please provide that statement.**

UTIMCO does not discriminate on the basis of race, color, ethnicity, religion, national origin, sex, gender, age, disability, sexual orientation or any other non-investment-related attribute in its hiring of our team or external managers.

UTIMCO believes that having a diverse set of qualified team members and external managers has and will continue to improve decision making, resulting in enhanced risk-adjusted returns for the funds we manage. As a global investor across all asset classes, UTIMCO benefits from a broad set of backgrounds, talents, and world views.

Reflecting this commitment internally, UTIMCO’s team is approximately 60% minorities and women and UTIMCO’s senior leadership team is approximately 40% minorities and women, including our Deputy CIO, General Counsel, Chief Operating Officer and two of the six Managing Director level portfolio managers at UTIMCO.

Additionally, UTIMCO is privileged to serve both The University of Texas System and Texas A&M System in their efforts to recruit and serve a diverse student bodies, create inclusive environments on campus and make education accessible and affordable for all. Institutions supported by UTIMCO across The University of Texas System and Texas A&M System combined serve over 336,000 students. Over 152,000 of these students, approximately 45%, are underrepresented minorities (Hispanic or African American) and more than 107,000, approximately 32%, receive Pell Grants. The University of Texas at Austin covers full tuition for any student with a household income below \$65,000 and Texas A&M University covers full tuition for any student with a household income below \$60,000.

2. What commitments to increasing opportunities for women and minority-owned asset management firms have been made by senior institutional leadership? (Please provide the specific dates of these actions and if they have resulted in tangible and measurable outcomes.)

As a fiduciary, UTIMCO's ultimate objective is to produce long-term returns sufficient to provide for the health and education needs of current and future generations of Texans.

As outlined in the investment policy statements for each of the funds we manage, UTIMCO is prohibited from using any funds to "achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes." As a result, while we do seek out a diverse set of qualified external managers with a goal of improved decision making and enhanced risk-adjusted returns, we do not make any investment decision based on the race, color, ethnicity, sex or gender of the owners or principals of a firm.

Britt Harris, UTIMCO's CEO, CIO and President, has a long history over the last 25 years of promoting investments in minority and women owned firms, including creating one of the first emerging manager funds in the US and creating the second largest emerging manager program in the US while at Teacher's Retirement System of Texas. Over his career, Mr. Harris has overseen allocations to over 150 firms across all asset class owned by minorities and women.

3. Has your institution conducted reviews to examine the efficacy of revising policies and practices that limit the participation of smaller and/or newer firms?

- a. If no, why not?**
- b. If yes, please specify when and articulate the findings.**

UTIMCO, in conjunction with our Board of Directors, reviews all investment policies annually. We currently do not have any polices that limit our ability to invest with smaller and/or newer firms, which is consistent with our fiduciary duty and objective to build a diverse set of external partners to improve decision making and risk adjusted returns.

Over the last decade, UTIMCO has invested with over 50 newer or smaller firms and have over \$6 billion invested with these firms today.

In order to source a diverse set of external managers, including newer and smaller managers, UTIMCO's internal investment team typically conducts approximately 1,000 meetings per year with prospective managers and attends over 60 industry related conferences/function per year.

In addition to the work by our internal investment team, UTIMCO also works with external consultants and has partnered with multiple fund of funds across our public equity, hedge fund and private equity portfolios to assist in sourcing newer and smaller firms as well.

4. What outreach has your institution done to inform women and minority-owned asset management firms about investment opportunities and the selection process?

a. Do you believe such outreach is consistent with your fiduciary responsibility?

UTIMCO has a fiduciary duty to produce long-term returns sufficient to provide for the health and education needs of current and future generations of Texans. Consistent with that belief, UTIMCO seeks to build a diverse investment team and set of external managers as we believe that diversity of thought improves decision making and results in enhanced risk-adjusted returns.

UTIMCO has worked with a variety of different national, state and local organizations (including several associated with the universities we serve) in order to recruit both talented team members and create opportunities for our team to meet with talented new prospective managers.

UTIMCO has participated in conferences or worked with the following organizations that focus on identifying and connecting underrepresented talent with employers and investors: Toigo, 100 Women in Finance, Sponsors for Educational Opportunity (SEO), Jopwell, All Raise, Women's Private Equity Summit, Private Equity Women Investor Network, Association of Asian American Investment Managers (AAIM), Texas Wall Street Women, Teachers Retirement System Emerging Manager Conference, University of Texas BBA Women's Council, University of Texas Hispanic Business Student Association.

5. How has your institution communicated priorities and expectations about inclusive asset management practices to investment staff and/or consultants?

a. How does your institution ensure that those expectations are met?

UTIMCO's senior leadership has consistently communicated our philosophy to our internal investment team that a diverse team and a diverse set of external managers can improve our decisions making, which we expect to enhance our risk adjusted returns.

Additionally, as part of our initial and ongoing due diligence process, UTIMCO asks external managers to fill out a diversity and inclusion questionnaire that covers both the composition of the external manager's investment team and ownership of their firm, further highlighting the importance of diversity to both our internal team and external partners.

- 6. Does your selection process for external asset managers require consideration of at least one diverse-owned firm?**
- a. If no, why not?**
 - b. If yes, please articulate why this was done and if it has resulted in positive results?**

UTIMCO utilizes a system for selecting new managers which we call "Premier List." This list is made up of best in class external managers identified by UTIMCO based on the external manager's performance, team, alignment and strategy. UTIMCO monitors managers on the Premier List closely and updates this list twice per year. All new investments are then selected from the Premier List and approved by the Internal Investment Committee (which meets monthly) based on needs of the current UTIMCO portfolio.

- 7. How much of your institution's endowment assets are under management with diverse-owned firms? (Defined as women or minority ownership above 50%)**
- a. What percent of total assets under management does this number represent?**

Approximately 13% of our endowment assets that are invested with active management firms based in the US are allocated to diverse-owned firms based in the US. Approximately 9% of our total endowment assets (invested in the US and globally) are allocated to diverse-owned firms that are based in the US. Additionally, we have five minority or women owned external brokers that we work with for internal trading.

We believe that the figures above reflect UTIMCO's strong commitment to diverse owned firms and compare favorably to the 0.9% of AUM invested in diverse-owned firms across the industry (per the 2019 Knight Foundation report).

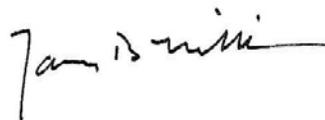
A few of UTIMCO's larger relationships in terms of invested and committed capital include Grain Management (Private Infrastructure), Vista Equity Partners (Private Equity) and Westwood (Public Equity).

Women and Minority Firm Exposure (US Based Active Manager Endowment Exposure)	
Number of US Based Diverse Owned Managers	15
Total Number of US Based Active Managers	170
% of Total	9%
Investment with US Based Diverse Owned Managers (\$B)	\$3.2
Endowment Assets Invested with US Based Active Managers	\$23.7
% of Total	13%

Women and Minority Firm Exposure (Total Endowments)	
Number of US Based Diverse Owned Managers	15
Total Number of Managers	237
% of Total	6%
Investment with US Based Diverse Owned Managers (\$B)	\$3.2
Endowment Assets Invested in US and Globally	\$37.3
% of Total	9%

Note: Investment with diverse owned managers reflects invested and committed capital

Sincerely,



James B. Milliken
Chancellor

JB:bc