

OFFICIAL STATEMENT DATED MARCH 26, 2025

NEW ISSUE: Book-Entry-Only

RATINGS: (See "RATINGS" herein)

In the opinion of McCall, Parkhurst & Horton L.L.P. and the Bates Law Firm PLLC, together as Bond Counsel (defined below), interest on the Bonds (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

UNIVERSITIES

Texas A&M University
Texas A&M University - Central Texas
Texas A&M University - Commerce
Texas A&M University - Corpus Christi
Texas A&M International University
Texas A&M University - Kingsville
Texas A&M University - San Antonio
Texas A&M University - Texarkana
Prairie View A&M University
Tarleton State University
West Texas A&M University



Texas Division of Emergency Management

AGRICULTURAL AGENCIES

Texas A&M AgriLife Research
Texas A&M AgriLife Extension Service
Texas A&M Forest Service
Texas A&M Veterinary Medical Diagnostic Laboratory

ENGINEERING AGENCIES

Texas A&M Engineering Experiment Station
Texas A&M Engineering Extension Service
Texas A&M Transportation Institute

\$379,080,000

**BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM
PERMANENT UNIVERSITY FUND BONDS, SERIES 2025A**

Dated: March 15, 2025

Interest Accrual: Date of Delivery

Due: July 1, as shown on page ii

The Board of Regents of The Texas A&M University System Permanent University Fund Bonds, Series 2025A (the "Bonds") constitute valid and legally binding special obligations of the Board of Regents of The Texas A&M University System (the "Board") secured by and payable solely from a first lien on and pledge of the Available University Fund Share (herein defined) on a parity with Outstanding Parity Obligations (herein defined) previously issued and any Additional Parity Obligations (herein defined) that may be issued hereafter. See "SECURITY FOR THE BONDS." **THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE TEXAS A&M UNIVERSITY SYSTEM OR ANY PARTS THEREOF, OR THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE BOARD HAS NO TAXING POWER AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE BONDS.**

The proceeds from the sale of the Bonds will be used to (i) refund \$125,000,000 in aggregate principal amount of the Board's outstanding Permanent University Fund Tax-Exempt Commercial Paper Notes secured by and payable from a lien on and pledge of the Available University Fund Share, junior and subordinate to the lien thereon and pledge thereof securing the Parity Obligations, to convert interim financing into long term financing and to return borrowing capacity to the commercial paper program, (ii) refund certain Outstanding Parity Obligations of the Board (the "Refunded Bonds") secured by the Available University Fund Share, as identified in Schedule I hereto, to achieve overall debt service savings, and (iii) pay the costs of issuing the Bonds. See "PLAN OF FINANCING" and "SCHEDULE I – REFUNDED OBLIGATIONS".

The Bonds will bear interest from the Date of Delivery and will be payable on January 1 and July 1 of each year, commencing July 1, 2025, and continuing until maturity or prior redemption. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Payments of principal of and interest on the Bonds will be made to DTC by the Paying Agent/Registrar, initially U.S. Bank Trust Company, National Association, Houston, Texas. See "DESCRIPTION OF THE BONDS – Book-Entry-Only System" herein. The Bonds are subject to redemption prior to maturity as described herein under "DESCRIPTION OF THE BONDS – Redemption."

SEE INSIDE COVER PAGE FOR MATURITIES, INTEREST RATES AND CUSIP NUMBERS

The Bonds are offered, when, as, and if issued and received by the Underwriters therefor named below and are subject to approval of legality by the Attorney General of the State of Texas and delivery of the legal opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas and The Bates Law Firm LLC, Houston, Texas (together, "Bond Counsel"). Certain matters will be passed upon by McCall, Parkhurst & Horton L.L.P., as Disclosure Counsel. See "APPENDIX C – Form of Bond Counsel Opinion." Certain matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The Bonds are expected to be available for delivery through DTC on or about April 16, 2025 (the "Date of Delivery").

J.P. MORGAN

**BOFA SECURITIES
PNC CAPITAL MARKETS, LLC**

**TRUIST SECURITIES
STEPHENS INC.**

MATURITY SCHEDULE ⁽¹⁾

CUSIP Prefix: 882117⁽³⁾

\$314,415,000 Serial Bonds

Stated Maturity (July 1)	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ⁽³⁾
2025	\$ 2,970,000	5.00%	2.790%	7Z1
2026	26,385,000	5.00%	2.760%	8A5
2027	19,920,000	5.00%	2.860%	8B3
2028	21,020,000	5.00%	2.910%	8C1
2029	25,395,000	5.00%	2.970%	8D9
2030	26,735,000	5.00%	3.070%	8E7
2031	38,815,000	5.00%	3.140%	8F4
2032	39,465,000	5.00%	3.230%	8G2
2033	21,580,000	5.00%	3.300%	8H0
2034	20,960,000	5.00%	3.430%	8J6
2035	7,670,000	5.00%	3.500%	8K3
2036	7,640,000	5.00%	3.570% ⁽²⁾	8L1
***	***	***	***	***
2050	17,720,000	5.00%	4.430% ⁽²⁾	8M9
2051	18,605,000	5.00%	4.450% ⁽²⁾	8N7
2052	19,535,000	5.00%	4.470% ⁽²⁾	8P2

\$64,665,000 Term Bonds

\$64,665,000 5.000% Term Bonds due July 1, 2054, Priced at 4.742% to Yield 4.500% ⁽²⁾, CUSIP Suffix 8Q0⁽³⁾

(Interest accrues from the Date of Delivery)

⁽¹⁾ The Bonds are subject to redemption prior to stated maturity as set forth below in “REDEMPTION OF BONDS”.

⁽²⁾ Yield is calculated to the first optional redemption date of July 1, 2035.

⁽³⁾ The CUSIP number is included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Board, the Financial Advisor, or Underwriters are responsible for the selection or corrections of the CUSIP numbers set forth herein.

REDEMPTION OF BONDS . . . The Board reserves the right, at its option, to redeem the Bonds having stated maturities on and after July 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on July 1, 2035 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “DESCRIPTION OF THE BONDS - Redemption - *Optional Redemption*”). In addition, the Term Bonds (defined herein) are subject to mandatory sinking fund redemption (see “DESCRIPTION OF THE BONDS - Redemption - *Mandatory Redemption*”).

THE TEXAS A&M UNIVERSITY SYSTEM ADMINISTRATION
Board of Regents of The Texas A&M University System

<u>Name</u>	<u>Term Expiration</u>	<u>Residence</u>
Mr. William Mahomes, Jr., Chairman	February 1, 2027	Dallas
Mr. Robert L. Albritton, Vice Chairman	February 1, 2027	Fort Worth
Mr. David Baggett	February 1, 2029	Houston
Mr. John Bellinger	February 1, 2029	San Antonio
Mr. James R. Brooks	February 1, 2027	San Angelo
Mr. Jay C. Graham*	February 1, 2031	Houston
Mr. Michael A. Hernandez, III*	February 1, 2031	Fort Worth
Ms. Kelley Sullivan Georgiades	February 1, 2031	Houston
Mr. Sam Torn	February 1, 2029	Houston

Ms. Vickie Burt Spillers, Executive Director to the Board

*Governor Greg Abbott has re-appointed Jay Graham and Mike Hernandez to The Texas A&M University System Board of Regents for terms set to expire on February 1, 2031. These appointments are subject to Senate confirmation.

Officers and Staff of The Texas A&M University System

Mr. John Sharp*	Chancellor
Mr. Billy C. Hamilton	Deputy Vice Chancellor and Chief Financial Officer
Dr. James Hallmark	Vice Chancellor for Academic Affairs
Mr. Phillip Ray	Vice Chancellor for Business Affairs
Mr. Timothy Eaton, Interim	Vice Chancellor of Marketing and Communications
Mr. W. Nim Kidd	Vice Chancellor for Disaster and Emergency Services
Dr. Mark Stone	Chief Information Officer
Mr. Ray Bonilla	General Counsel
Dr. Joe Elabd	Vice Chancellor for Research
Ms. Amanda Dotson	Chief Auditor
Ms. Maria L. Robinson	Chief Investment Officer and Treasurer

*Mr. Sharp will be retiring effective June 30, 2025. Glenn Hegar was named the sole finalist to become Chancellor on March 7, 2025, and confirmed by a unanimous vote of the Board on March 28, 2025.

Chief Executive Officers of Institutions, Services, and Agencies

General (Ret.) Mark A. Welsh, III, President	Texas A&M University
Dr. Jeffery W. Savell	Vice Chancellor of Agriculture and Life Sciences
Dr. Robert Bishop	Vice Chancellor for Engineering
Dr. Richard Rhodes, President	Texas A&M University - Central Texas
Dr. Mark J. Rudin, President	East Texas A&M University
Dr. Kelly M. Miller, President	Texas A&M University - Corpus Christi
Mr. Pablo Arenaz, President	Texas A&M International University
Dr. Robert H. Vela, Jr., President	Texas A&M University - Kingsville
Dr. Salvador Hector Ochoa, President	Texas A&M University - San Antonio
Dr. Ross C. Alexander, President	Texas A&M University - Texarkana
Dr. Tomikia P. LeGrande, President	Prairie View A&M University
Dr. James L. Hurley, President	Tarleton State University
Dr. Walter Wendler, President	West Texas A&M University
Dr. Cliff Lamb, Director	Texas A&M AgriLife Research
Dr. Rick Avery, Director	Texas A&M AgriLife Extension Service
Dr. Robert Bishop, Director	Texas A&M Engineering Experiment Station
Mr. David E. Coatney, Director	Texas A&M Engineering Extension Service
Mr. Al Davis, Director	Texas A&M Forest Service
Mr. Gregory D. Winfree, Director	Texas A&M Transportation Institute
Dr. Amy K. Swinford, Director	Texas A&M Veterinary Medical Diagnostic Laboratory

Financial Advisor
Hilltop Securities Inc.
Dallas, Texas

Bond Counsel
McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas
and
The Bates Law Firm PLLC
Houston, Texas

Disclosure Counsel
McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

For additional information regarding The Texas A&M University System, please contact:

Ms. Maria L. Robinson
Chief Investment Officer and Treasurer
The Texas A&M University System
301 Tarrow, 5th Floor
College Station, Texas 77840-7896
(979) 458-6330

Ms. Mary M. Williams
Managing Director
Hilltop Securities, Inc.
717 N. Harwood Street, Suite 3400
Dallas, Texas 75201
(214) 953-4021

USE OF INFORMATION

This Official Statement, which includes the cover page, the Schedule, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and in no instance may this Official Statement be reproduced or used for any other purpose.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT INFORMATION, FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION OR THE ASSUMPTIONS UPON WHICH SUCH INFORMATION IS BASED, WILL NOT CHANGE IN THE FUTURE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

THE BOARD MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Bonds will be filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds will not be registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for the registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

The statements contained in this Official Statement, and in other information provided by the Board, that are not purely historical are forward-looking statements, including statements regarding the Board's expectations, assumptions, hopes, intentions or strategies regarding the future. All forward-looking statements included in this Official Statement are based on information available to the Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements. See "FORWARD LOOKING STATEMENTS." The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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OFFICIAL STATEMENT
relating to
\$379,080,000
BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM
PERMANENT UNIVERSITY FUND BONDS, SERIES 2025A

INTRODUCTION

This Official Statement, including the cover page, schedule and appendices hereto, provides certain information regarding the Board of Regents of The Texas A&M University System (the “Board”), its bonds entitled the Board of Regents of The Texas A&M University System Permanent University Fund Bonds, Series 2025A (the “Bonds”), the Permanent University Fund, the Available University Fund Share (hereinafter defined), and other related matters. Unless otherwise defined herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Board’s resolution, adopted on August 1, 2024 (the “Bond Resolution”) and the award certificate for the Bonds (“Award Certificate”) executed by an authorized representative of the A&M System (as defined below) on March 26, 2025, authorizing the issuance of the Bonds. The Bond Resolution and the Award Certificate are referred to herein collectively as the “Resolution.” See “APPENDIX B – Selected Provisions of the Resolution” attached hereto.

The Texas A&M University System (the “A&M System”) was established pursuant to the provisions of the Constitution and the laws of the State of Texas (the “State” or “Texas”) as an agency of the State. The A&M System presently consists of eleven State-supported academic institutions, and eight research and service agencies. For the 2024 Fall Semester the general academic institutions had a total enrollment of approximately 165,559 students, of which approximately 70,667 attended Texas A&M University in College Station, Texas. The service and research agencies are engaged in a wide variety of research and public service activities in facilities located throughout the State. In addition, Texas A&M University’s Health Science Center combines the health components of the A&M System into a unit of Texas A&M University with seven components and two geographic centers. The Board is the governing body of the A&M System and its members are officers of the State, appointed by the Governor with the advice and consent of the State Senate.

The Fiscal Year 2025 budget of the A&M System is approximately \$7.3 billion, and the A&M System benefits from endowments, subject to certain restrictions, with a market value of approximately \$21.0 billion as of February 28, 2025, which includes one-third of the market value of the Permanent University Fund. Of this amount, approximately \$17.8 million is attributable to funds held for investment on behalf of Texas Woman’s University.

The Resolution provides that the Bonds and the interest thereon are secured by a first lien on and pledge of the Available University Fund Share on a parity with the Outstanding Parity Obligations (hereinafter defined) and any additional obligations of the Board hereafter issued on a parity with such obligations (“Additional Parity Obligations”). See “SECURITY FOR THE BONDS – Pledge Under the Resolution.”

The Available University Fund is defined by the Constitutional Provision (hereinafter defined) to consist of distributions from the investment income of the Permanent University Fund. The Permanent University Fund is a constitutional fund and public endowment created in the Texas Constitution of 1876, as amended (the “Texas Constitution”), through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The Permanent University Fund consists of a portfolio of investments with a cost value of approximately \$32.9 billion as of February 28, 2025 in addition to approximately 2,109,190 acres of land located in 19 West Texas counties. See “PERMANENT UNIVERSITY FUND.”

As of March 19, 2025, the Board has \$1,464,535,000 of Outstanding Parity Obligations, consisting of \$13,390,000 of Permanent University Fund Bonds, Series 1998; \$127,085,000 of Permanent University Fund Bonds, Series 2009A; \$46,440,000 of Permanent University Fund Bonds, Series 2009B; \$56,610,000 of Permanent University Fund Bonds, Taxable Series 2012B; \$56,160,000 of Permanent University Fund Bonds, Series 2013; \$132,005,000 of Permanent University Fund Bonds, Series 2015A, \$78,230,000 of Permanent University Fund Bonds, Taxable Series 2015B, \$75,685,000 of Permanent University Fund Bonds, Series 2017A, \$310,280,000 of Permanent University Fund Bonds, Taxable Series 2017B, \$336,585,000 of Permanent University Fund Bonds, Taxable Series 2019, and \$232,065,000 of Permanent University Fund Bonds, Series 2023 (collectively, the “Outstanding Parity Obligations”), which, together with the Bonds and any Additional Parity Obligations hereafter issued (collectively, the “Parity Obligations”), are equally and ratably secured by and payable from a first lien on and pledge of the Available University Fund Share. See “DEBT SERVICE REQUIREMENTS OF THE PARITY “OBLIGATIONS” and “PERMANENT UNIVERSITY FUND.”

As of March 19, 2025, the Board has \$125,000,000 outstanding Permanent University Fund Tax Exempt Commercial Paper Notes (“PUF Commercial Paper Notes”) under its \$125,000,000 commercial paper program, which PUF Commercial Paper Notes are secured by and payable from a lien on and pledge of the Available University Fund Share, junior and subordinate to the lien thereon and pledge thereof securing the Parity Obligations. Approximately \$276,155,000 in Outstanding Parity Obligations and all of the \$125,000,000 outstanding PUF Commercial Paper Notes will be refunded with proceeds of the Bonds. See “PERMANENT UNIVERSITY FUND - Constitutional Debt Power and Debt Limitations” and “SECURITY FOR THE BONDS - Future Financing.”

All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Ms. Maria L. Robinson, Chief Investment Officer and Treasurer of The Texas A&M University System, 301 Tarrow, 5th Floor, College Station, Texas 77840-7896; (979) 458-6330.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement will be deposited with the Municipal Securities Rulemaking Board (“MSRB”), through its Electronic Municipal Market Access (“EMMA”) and will be available through the EMMA’s website at www.emma.msrb.com. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the Board's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

Authority for Issuance of the Bonds

The Bonds are being issued under the authority of and pursuant to Article VII, Section 18 of the Texas Constitution (the “Constitutional Provision”); Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws (collectively, the “Applicable Law”); and the terms of the Resolution.

Purpose of Financing

The proceeds from the sale of the Bonds will be used to (i) refund \$125,000,000 in aggregate principal amount of the Board’s outstanding Permanent University Fund Tax-Exempt Commercial Paper Notes secured by and payable from a lien on and pledge of the Available University Fund Share, junior and subordinate to the lien thereon and pledge thereof securing the Parity Obligations, to convert interim financing into long term financing and to return borrowing capacity to the commercial paper program (the “Refunded Notes”), (ii) refund certain Outstanding Parity Obligations of the Board secured by the Available University Fund Share, as identified in Schedule I hereto, to achieve overall debt service savings (the “Refunded Bonds” and together with the Refunded Notes, the “Refunded Obligations”), and (iii) pay the costs of issuing the Bonds. See “SCHEDULE I – REFUNDED OBLIGATIONS.”

Refunded Bonds

The Refunded Bonds, and interest due thereon, are to be paid on their scheduled redemption date from funds to be deposited with U.S Bank Trust Company, National Association, Houston, Texas (the “Escrow Agent”) pursuant to an Escrow Agreement, dated as of April 1, 2025 (the “Bond Escrow Agreement”), between the Board and the Escrow Agent. The refunding of the Refunded Bonds will result in the Board’s realization of debt service savings.

The Resolution provides that the Board will deposit certain proceeds of the sale of the Bonds with the Escrow Agent in the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in an escrow fund (the “Bond Escrow Fund”) irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and may be used to purchase certain obligations of the United States of America or obligations of agencies or instrumentalities of the United States, including obligations that are unconditionally guaranteed by the agency or instrumentality, that are noncallable and that were, on the date the Resolution was adopted, rated as to investment quality by a nationally recognized rating firm not less than “AAA” (the “Federal Securities”). Under the laws of the State of Texas, particularly Section 1207.062(b), as amended, Texas Government Code, AAA-rated obligations of agencies or instrumentalities of the United States may be deposited with the Escrow Agent under the terms of the Bond Escrow Agreement for the payment and defeasance of the Refunded Bonds. Such maturing principal of and interest on the Federal Securities will be available only to pay debt service requirements on the Refunded Bonds and will not be available to pay the debt service requirements on the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the Board will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that such Refunded Bonds will be redeemed prior to stated maturity, on which date money will be made available to redeem the Refunded Bonds from funds held under the Bond Escrow Agreement.

Causey Public Finance, LLC, certified public accountants (the “Accountants”), will verify at the time of initial delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, in the Bond Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. (See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein).

By the deposit of a portion of the Bond proceeds with the Escrow Agent pursuant to the Bond Escrow Agreement, and the investment of a portion thereof in the Federal Securities, the Board will have effectuated the defeasance of the Refunded Bonds pursuant to the terms of the Board resolutions authorizing their issuance. It is the opinion of Bond Counsel (defined herein) that, as a result of such defeasance, and in reliance upon the report of the Accountants (the “Verification Report”), the Refunded Bonds will no longer be payable from the applicable pledge of Available University Fund Share made under the Board resolutions authorizing their issuance, but will be payable solely from the amounts on deposit in the Bond Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and are not to be included in or considered to be indebtedness of the Board for the purpose of a limitation of indebtedness or for any other purpose.

The Board will have no further responsibility for the amounts available in the Bond Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due.

Refunded Notes

A portion of the proceeds of the sale of the Bonds will be deposited with U.S. Bank Trust Company, National Association, the Issuing and Paying Agent, who will also be acting in the capacity of Escrow Agent, for the Board’s Permanent University Fund Tax-Exempt Commercial Paper Notes pursuant to an Escrow Agreement dated as of April 1, 2025 (the “Note Escrow Agreement”), and used to refund \$125,000,000 in aggregate principal amount of the Board’s outstanding PUF Commercial Paper Notes.

The Resolution provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriters, along with Board contribution, the Board will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Notes to their respective maturity dates. Such funds will be held by the Escrow Agent in an escrow fund (the “Note Escrow Fund”) irrevocably pledged to the payment of the principal of and interest on the Refunded Notes. Such escrowed funds will not be available to pay debt service on the Bonds.

The Accountants will verify at the time of initial delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, in the Note Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Notes. (See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein).

By the deposit of a portion of the Bond proceeds and cash from the Board with the Escrow Agent pursuant to the Note Escrow Agreement, and the investment of a portion thereof in the Federal Securities, the Board will have effectuated the defeasance of the Refunded Notes pursuant to the terms of the Board resolution authorizing the issuance. It is the opinion of Bond Counsel that, as a result of such defeasance, and in reliance upon the Verification Report, the Refunded Notes will no longer be payable from the applicable pledge of Available University Fund Share made under the Board resolution authorizing their issuance, but will be payable solely from the Notes on deposit in the Note Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Notes will be defeased and are not to be included in or considered to be indebtedness of the Board for the purpose of a limitation of indebtedness or for any other purpose.

The Board will have no further responsibility for the amounts available in the Note Escrow Fund for the payment of the Refunded Notes from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due.

Parity Obligations

The Bonds will be issued on a parity with the Outstanding Parity Obligations heretofore, and any Additional Parity Obligations hereafter, issued. As of April 16, 2025, the Board will have outstanding the following described indebtedness which constitutes Parity Obligations:

	<u>Outstanding Principal</u>
Permanent University Fund Bonds, Series 1998	\$ 13,390,000
Permanent University Fund Bonds, Series 2009A ⁽¹⁾	\$ 10,840,000
Permanent University Fund Bonds, Series 2009B ⁽¹⁾	\$ 3,960,000
Permanent University Fund Bonds, Taxable Series 2012B	\$ 56,610,000
Permanent University Fund Bonds, Series 2013	\$ 56,160,000
Permanent University Fund Bonds, Series 2015A ⁽¹⁾	\$ 14,575,000
Permanent University Fund Bonds, Taxable Series 2015B	\$ 78,230,000
Permanent University Fund Bonds, Series 2017A	\$ 75,685,000
Permanent University Fund Bonds, Taxable Series 2017B	\$ 310,280,000
Permanent University Fund Bonds, Taxable Series 2019	\$ 336,585,000
Permanent University Fund Bonds, Series 2023	\$ 232,065,000
Permanent University Fund Bonds, Series 2025A	\$ 379,080,000
	<u><u>\$ 1,567,460,000</u></u>

⁽¹⁾ Excludes the portion of such Outstanding Parity Obligations that constitute Refunded Bonds. See "SCHEDULE I – REFUNDED OBLIGATIONS."

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DEBT SERVICE REQUIREMENTS OF THE PARITY OBLIGATIONS

The following table is a summary of the total debt service requirements on all long-term Parity Obligations outstanding as of the date of the Official Statement.

Fiscal Year Ending August 31	Outstanding Parity Obligations ⁽¹⁾	Less: Refunded Bonds Debt Service ⁽²⁾	Series 2025A Bonds		Total Annual Debt Service
			Principal	Interest	
2025	\$ 90,707,891	\$ 6,729,125	\$ 2,970,000	3,948,750	\$ 90,897,516
2026	119,972,815	42,033,250	26,385,000	18,805,500	123,130,065
2027	120,096,934	33,541,875	19,920,000	17,486,250	123,961,309
2028	119,636,089	33,654,325	21,020,000	16,490,250	123,492,014
2029	119,738,008	36,974,788	25,395,000	15,439,250	123,597,471
2030	116,211,978	37,064,350	26,735,000	14,169,500	120,052,128
2031	116,111,756	48,505,488	38,815,000	12,832,750	119,254,018
2032	106,858,029	47,209,500	39,465,000	10,892,000	110,005,529
2033	96,225,534	26,651,500	21,580,000	8,918,750	100,072,784
2034	86,885,362	24,951,250	20,960,000	7,839,750	90,733,862
2035	76,896,947	8,944,600	7,670,000	6,791,750	82,414,097
2036	76,914,085	8,533,200	7,640,000	6,408,250	82,429,135
2037	76,935,917	-	-	6,026,250	82,962,167
2038	76,956,275	-	-	6,026,250	82,982,525
2039	76,943,194	-	-	6,026,250	82,969,444
2040	76,954,280	-	-	6,026,250	82,980,530
2041	76,937,239	-	-	6,026,250	82,963,489
2042	76,953,794	-	-	6,026,250	82,980,044
2043	57,094,171	-	-	6,026,250	63,120,421
2044	57,112,777	-	-	6,026,250	63,139,027
2045	57,156,733	-	-	6,026,250	63,182,983
2046	57,206,430	-	-	6,026,250	63,232,680
2047	57,261,400	-	-	6,026,250	63,287,650
2048	57,314,305	-	-	6,026,250	63,340,555
2049	57,467,940	-	-	6,026,250	63,494,190
2050	-	-	17,720,000	6,026,250	23,746,250
2051	-	-	18,605,000	5,140,250	23,745,250
2052	-	-	19,535,000	4,210,000	23,745,000
2053	-	-	20,510,000	3,233,250	23,743,250
2054	-	-	44,155,000	2,207,750	46,362,750
	<u>\$ 2,108,549,881</u>	<u>\$ 354,793,250</u>	<u>\$ 379,080,000</u>	<u>\$ 239,181,500</u>	<u>\$ 2,372,018,131</u>

⁽¹⁾ As of April 16, 2025. Includes the Outstanding Parity Obligations (other than the Bonds) shown in the table under “PLAN OF FINANCING – Parity Obligations.” Excludes outstanding PUF Commercial Paper Notes.

⁽²⁾ See “SCHEDULE I – REFUNDED OBLIGATIONS”. \$276,155,000.00 to be refunded upon issuance of the Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds along with a cash contribution of the Board, and the use of such funds are to be as follows:

Sources of Funds:

Par Amount of Bonds	\$	379,080,000.00
Reoffering Premium		28,152,131.85
Cash Contribution		439,807.69
Total Sources of Funds	\$	407,671,939.54

Application of Funds:

Bond Escrow Fund Deposit	\$	280,362,248.50
Note Escrow Fund Deposit		125,439,807.69
Underwriters' Discount		1,139,022.58
Costs of Issuance		730,860.77
Total Uses of Funds	\$	407,671,939.54

DESCRIPTION OF THE BONDS

General

The Bonds will be issued only as fully registered bonds, without interest coupons, in any integral multiple of \$5,000 principal amount within a stated maturity. The Bonds will be dated March 15, 2025, will accrue interest from their date of delivery, and will bear interest at the per annum rates shown on the inside front cover page hereof. Interest on the Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2025, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will mature on July 1 in the years and in the principal amounts set forth on the inside front cover page hereof.

The Bonds are initially issuable in book-entry-only form. Initially, Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), will be the registered owner of the Bonds and references herein to the bondholders, holders, holders of the Bonds, or registered owners of the Bonds means Cede & Co. and not the beneficial owners of the Bonds. See “DESCRIPTION OF THE BONDS – Book-Entry-Only System” herein.

In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in either the State of New York or the State are authorized by law or executive order to close (a “Business Day”), then the date for such payment will be the next succeeding Business Day. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

No registration statement relating to the Bonds will be filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds will not be registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction.

Redemption

Optional Redemption. The Bonds maturing on or after July 1, 2036 are subject to redemption prior to maturity at the option of the Board on July 1, 2035 or on any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and, if in part, the particular Bonds or portion thereof to be redeemed are to be selected by the Board) at a price of par plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed by the Board, the Board will determine the maturity or maturities and the amounts therein to be redeemed and will direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

Mandatory Redemption. The Bonds maturing on July 1, 2054 (the “Term Bond”) are subject to mandatory redemption, by lot, on July 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount thereof (without premium) plus interest accrued to the date of redemption as follows:

Term Bond Maturing July 1, 2054*

<u>Year</u>	<u>Redemption Amount</u>
2053	\$20,510,000
2054*	44,155,000

*Stated maturity

Selection of Bonds for Redemption. On July 1, 2035, or on any date thereafter, the Bonds scheduled to mature on July 1, 2036, and thereafter may be redeemed prior to their scheduled maturities, at the option of the Board, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portion thereof, to be redeemed shall be selected and designated by the Board (provided that a portion of the Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date fixed for redemption; provided that during any period in which ownership of the Bonds to be redeemed is determined by a book entry at a securities depository for such Bonds, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds and maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository. See “DESCRIPTION OF THE BONDS - Book-Entry-Only System” herein.

Notice of Redemption. At least 30 days prior to the date for any redemption of Bonds prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond, or portion thereof to be redeemed, at its address as it appeared on the Registration Books on the 45th day prior to such redemption date and to each registered securities depository and to any national information service that disseminates such notices; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the dates fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Bonds or any portion thereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 principal amount, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board as provided in the Resolution.

If at the time of mailing of notice of any optional redemption in connection with a refunding of the Bonds, the Board shall not have deposited with the Paying Agent/Registrar moneys sufficient to redeem all of the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of the proceeds of refunding bonds with the Paying Agent/Registrar or an eligible financial institution not later than the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Paying Agent/Registrar

Pursuant to the Resolution, the Board has appointed U.S. Bank Trust Company, National Association, Houston, Texas, as its registrar and transfer agent (the “Paying Agent/Registrar”) to keep books or records of the registration and transfer of the Bonds (the “Registration Books”) and make such transfers and registrations under such reasonable regulations as the Board and the Paying Agent/Registrar may prescribe.

The Board has reserved the right to replace the Paying Agent/Registrar. The Board has also covenanted to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any successor Paying Agent/Registrar will be a competent and legally qualified bank, trust company, financial institution, or other qualified

agency. In the event that the entity at any time acting as Paying Agent/Registrar should resign or otherwise cease to act as such, the Board has covenanted to promptly appoint a competent and legally qualified bank, trust company, financial institution, or other qualified agency to act as Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar, the Board has agreed to promptly cause a written notice thereof to be sent to each registered owner by United States mail, first-class postage prepaid, which notice will also give the address of the new Paying Agent/Registrar.

Record Date

The date for determining the person to whom interest is payable on any interest payment date means the 15th calendar day of the month next preceding such interest payment date (the "Record Date"). In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new Record Date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which will be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of a Bond prior to maturity as provided herein will be paid to the registered owner at the designated office for payment of the Paying Agent/Registrar upon presentation and surrender of the Bond for redemption and payment at the designated office for payment of the Paying Agent/Registrar. The Board covenants with the Registered Owner that no later than each principal installment payment date and interest payment date and redemption date for the Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bond, when due, in the manner set forth in the Resolution.

Defeasance

The Resolution provides for the defeasance of the Bonds and the termination of the pledge of the Available University Fund Share and all other general covenants in the Resolution under certain circumstances. Any Bond and the interest thereon will be deemed to be paid, retired and no longer outstanding (a "Defeased Obligation") within the meaning of the Resolution, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the Board to retain the right to call Defeased Obligations prior to their stated maturity, when the payment of all principal and interest payable with respect to such Defeased Obligation to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) has been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Government Obligations (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Board with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until after all Defeased Obligations shall have become due and payable, or (3) any combination of (1) and (2). At such time as a Bond will be deemed to be a Defeased Obligation, such Bond and the interest thereon will no longer be secured by, payable from, or entitled to the benefits of, the Available University Fund Share as provided in the Resolution, and such principal and interest will be payable solely from such money or Government Obligations.

The deposit under clause (ii) above will be deemed a payment of a Bond when proper notice of redemption of such Bonds has been given or the establishment of irrevocable provisions for the giving of such notice, in accordance with the Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank may at the discretion of the Board also be invested in Government Obligations, maturing in the amounts and at the times as set forth in the Resolution, and all income from such Government Obligations received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be turned over to the Board.

All money or Government Obligations set aside and held in trust pursuant to the provisions of the Resolution for the payment of principal of the Bonds and premium, if any, and interest thereon, must be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Government Obligations have been so set aside in trust. Until all Defeased Obligations have become due and payable, the Paying Agent/Registrar will perform the services of Paying Agent/Registrar for such Defeased Obligations the same as if they had not been defeased, and the Board will make proper arrangements to provide and pay for such services as required by the Resolution.

If money or Government Obligations have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Bonds and such Bonds will not have in fact been actually paid in full, no amendment of the defeasance provisions of the Resolution may be made without the consent of the registered owner of each Bond affected thereby.

Retention of Rights. To the extent that, upon the defeasance of any Defeased Obligation to be paid at its maturity, the Board has retained the right under Texas law to later call that Defeased Obligation for redemption in accordance with the provisions of the Resolution, the Board may call such Defeased Obligation for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions set forth above regarding such Defeased Obligation as though it was being defeased at the time of the exercise of the option to redeem the Defeased Obligation and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Obligation.

Investments. Any escrow agreement or other instrument entered into between the Board and the Paying Agent/Registrar, or an eligible trust company or commercial bank, pursuant to which money and/or Government Obligations are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Obligations may contain provisions permitting the investment or reinvestment of such money in Government Obligations or the substitution of other Government Obligations upon the satisfaction of certain requirements. All income from such Government Obligations received by the Paying Agent/Registrar, or an eligible trust company or commercial bank, which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the Board.

For the purposes of these provisions, “Government Obligations” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including the interest component of bonds issued by the Resolution Funding Corporation), and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the ratings for U.S. Treasury securities or any other Government Obligations that may be used to defease bonds as described in this section will be maintained at any particular rating category.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Bonds are registered in the name of Cede & Co., its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Board believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Board cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants (hereinafter defined), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (hereinafter defined), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal

Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Board or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent/Registrar,

disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but neither the Board nor the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the DTC Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Effect of Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the Board, the following provisions will be applicable to the Bonds: The Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar in U.S. Bank Trust Company, National Association, Houston, Texas, (the "Designated Trust Office") and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange, and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or the designee thereof. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner, or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer.

SECURITY FOR THE BONDS

Pledge Under the Resolution

The Bonds and the interest thereon are equally and ratably payable from and secured by a first lien on and pledge of the Available University Fund Share on a parity with the pledge thereof and lien thereon for the benefit of the Outstanding Parity Obligations heretofore, and any Additional Parity Obligations hereafter, issued. See "PERMANENT UNIVERSITY FUND – Introduction" and "APPENDIX B – Selected Provisions of the Resolution."

The Board has reserved the right at any time, to authorize, issue, and deliver Additional Parity Obligations, in as many separate installments or series as deemed advisable by the Board but only for the purpose and to the extent provided in the Constitutional Provision, or in any amendment hereafter made to the Constitutional Provision, or for refunding purposes as provided by Applicable Law. Such Additional Parity Obligations when issued, and the interest thereon, will be equally and ratably secured by and payable from a first lien on and pledge of the Available University Fund Share, in the same manner and to the same extent as are the Parity Obligations. The Board has covenanted that no installment or series of Additional Parity Obligations will be issued and delivered unless the Authorized Representative, or some other senior financial officer of the A&M System designated by the Board, executes a certificate to the effect that (i) for the Fiscal Year immediately preceding the date of said certificate, the amount of the Available University Fund Share was at least 1.5 times the average annual Principal and Interest Requirements of the installment or series of Additional Parity Obligations then proposed to be issued and the Parity Obligations which are then and will be outstanding after the issuance

and delivery of said proposed installment or series; provided, however, that the certification required by this clause (i) will only remain in effect so long as a Parity Obligation that was outstanding on August 3, 2012, remains outstanding and (ii) the total principal amount of all bonds or notes of the Board heretofore or hereafter issued and delivered pursuant to the provisions of the Constitutional Provision, payable from and secured by a lien on and pledge of the Available University Fund Share, including, but not limited to, Parity Obligations and Subordinate Lien Obligations (“Permanent University Fund Obligations”) that will be outstanding after the issuance and delivery of the installment or series of Additional Parity Obligations then proposed to be issued will not exceed 10% of the cost value of investments and other assets of the Permanent University Fund (exclusive of PUF Land (hereinafter defined)) at the time the proposed series or installment of Additional Parity Obligations is issued (the “10% Limit”).

Subject to the 10% Limit, the Board may, at any time and from time to time, issue Subordinate Lien Obligations, the principal of, redemption premium, if any, and interest on which are payable from and secured by a pledge of and lien on the Available University Fund Share, which pledge and lien are junior and subordinate to the pledge and lien created for the security of the Parity Obligations; provided, however, that any such pledge and lien securing such Subordinate Lien Obligations will be, and will be expressed to be, subordinate in all respects to the pledge of and lien on the Available University Fund Share pledged as security for the Parity Obligations.

The issuance of the Bonds will not cause the aggregate amount of outstanding Permanent University Fund Obligations to exceed the 10% Limit. See “PERMANENT UNIVERSITY FUND – Constitutional Debt Power, Debt Limitations” herein.

THE BONDS ARE SECURED SOLELY BY THE AVAILABLE UNIVERSITY FUND SHARE, AND DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD, THE A&M SYSTEM, OR ANY PARTS THEREOF, OR THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE. THE BOARD HAS NO TAXING POWER, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED AS SECURITY FOR THE BONDS.

Perfection of Interest in Security

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of security made by the Board under the Resolution, and such pledge is, therefore, valid, effective, and perfected. The Resolution provides that should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Available University Fund Share is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the Board has agreed to take such measures as it determines are reasonable and necessary to perfect the security interests pledged for the repayment of the Bonds.

Remedies and Defaults

Any owner or holder of any of the Parity Obligations, including the Bonds, when issued, in the event of default in connection with any covenant contained in the Board’s resolutions authorizing Parity Obligations, including the Resolution, or default in the payment of any amount due with respect to such obligations, has the right to institute mandamus proceedings against the Board or any other necessary or appropriate party for the purpose of enforcing payment from the source pledged in such resolutions or for enforcing any such covenant.

Except for the remedy of mandamus to enforce the Board’s covenants and obligations under the Resolution, the Resolution does not establish other remedies or specifically enumerate the events of default with respect to the Bonds. The Resolution does not provide for a trustee to enforce the covenants and obligations of the Board. In no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy. The enforcement of the remedy of mandamus may be difficult and time consuming and must be exercised for each succeeding event of default. No assurance can be given that a mandamus or other legal action to enforce a default under the Resolution would be successful.

Under current State law, the Board is prohibited from waiving sovereign immunity from suit or liability with respect to the Bonds, and the owners of the Bonds are prevented by operation of the Board’s sovereign immunity from bringing a suit against the Board in a court of law to adjudicate a claim to enforce the Bonds or for damages for breach of the Bonds. However, State courts have held that mandamus proceedings against a governmental unit, such as the Board, as discussed above, are not prohibited by sovereign immunity.

Future Financings

Responsibility for the management of the A&M System's debt obligations is centralized in its Office of the Chief Investment Officer and Treasurer - Treasury Services. Debt is issued pursuant to Permanent University Fund debt capacity calculations and annual funding requirements in accordance with cash flow analyses included in the "A&M System Capital Plan." The A&M System has established an interim financing commercial paper note program pursuant to a resolution adopted by the Board on September 26, 2008 which authorizes the issuance from time to time of the Board's Permanent University Fund Commercial Paper Notes to be outstanding at any one time in the maximum principal amount of \$125,000,000. The PUF Commercial Paper Notes constitute Subordinate Lien Obligations of the Board. After the issuance of the Bonds and the refunding of outstanding PUF Commercial Paper Notes the Board will have \$125 million of capacity to issue new PUF Commercial Paper Notes under this program. The A&M System may amend the PUF Commercial Paper Note Program prior to the fiscal year end of 2025.

PERMANENT UNIVERSITY FUND

Introduction

The Permanent University Fund is a constitutional fund and public endowment created in the Texas Constitution. The Texas Constitution established the Permanent University Fund through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the Permanent University Fund were completed in 1883 with the contribution of another one million acres. Today, the Permanent University Fund contains approximately 2.1 million acres located in 19 West Texas counties (the "PUF Land"). The assets and earnings of the Permanent University Fund are dedicated to the uses and purposes of the eligible institutions of the A&M System, other than Texas A&M University – Corpus Christi, Texas A&M International University, Texas A&M University – Kingsville, West Texas A&M University, East Texas A&M University (formerly named Texas A&M University – Commerce), Texas A&M University – Texarkana, Texas A&M Veterinary Medical Diagnostic Laboratory and Texas Division of Emergency Management, and to the uses and purposes of the institutions of The University of Texas System (the "UT System").

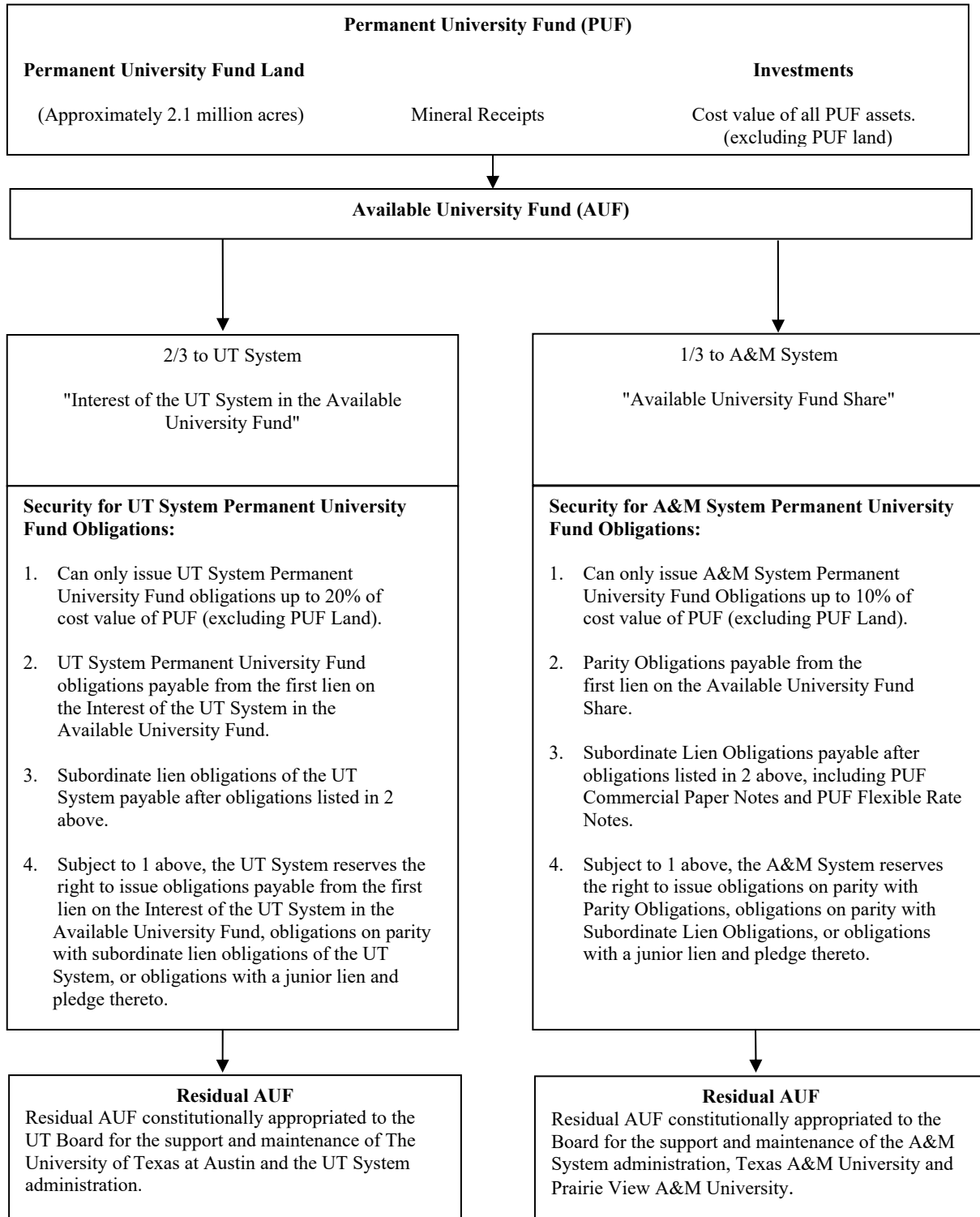
One-third of the amounts attributable to the Available University Fund are constitutionally appropriated to the A&M System to be used for constitutionally prescribed purposes. This one-third share is referred to herein and in the Resolution as the "Available University Fund Share." The other two-thirds of the amounts attributable to the Available University Fund are constitutionally appropriated to the UT System. This two-thirds share is referred to herein as the "Interest of the UT System in the Available University Fund."

After the payment of annual debt service on all bonds and notes payable from the Available University Fund Share, the Constitutional Provision appropriates the remaining amount attributable to the Available University Fund Share (the "Residual AUF") to the Board for the support and maintenance of the A&M System administration, Texas A&M University, and Prairie View A&M University.

Money credited to the Available University Fund is administered by the Texas Comptroller of Public Accounts (the "Comptroller") and, along with other funds of the State, is invested in accordance with State law. Earnings on that portion of the Available University Fund appropriated to the A&M System accrue to and become a part of the Available University Fund Share.

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A graphic summary and analysis of the relationship among the Permanent University Fund, the Available University Fund, the A&M System, and the UT System follows. Said summary and analysis is qualified in its entirety by reference to the full text of this Official Statement and to the documents, laws, and constitutional provisions referred to herein.



Historical Distributions, Debt Service Requirements, and Coverage

Table I below sets forth historical distributions (in the amounts approved by the UT Board, plus net income attributable to the surface of PUF Land) to the Available University Fund, together with the debt service requirements of the outstanding Permanent University Fund Obligations, including the Subordinate Lien Obligations, and the coverage thereof.

Table I
Historical Available University Fund ⁽¹⁾
(In Thousands)

Fiscal Year Ending August 31	Available University Fund ⁽²⁾	Available University Fund Share	Other Income ⁽³⁾	Total Distributions Available to the System to Pay Debt Service	Total System Debt Service Paid from the Available University Fund ⁽⁴⁾	Coverage ⁽⁵⁾
2020	\$1,387,096	\$462,365	\$10,004	\$472,369	\$98,943	4.77x
2021	1,174,074	391,358	2,092	393,450	156,103	2.52x
2022	1,256,543	418,848	3,256	422,104	156,272	2.70x
2023	1,350,682	450,227	23,420	473,647	117,099	4.04x
2024	1,995,051	665,017	37,605	702,622	205,551	3.42x

⁽¹⁾ The amounts are unaudited amounts reflected on the books of the A&M System.

⁽²⁾ Includes distribution amount approved by the UT Board, plus net income attributable to the surface of the PUF Land. The distribution amounts approved by the UT Board for Fiscal Year 2020 and 2024 included a supplemental distribution amount for each such Fiscal Year of \$250 million and \$462.68 million, respectively.

⁽³⁾ Represents earnings on investments of the Available University Fund Share.

⁽⁴⁾ Includes debt service on Fund Priority Obligations and the Notes.

⁽⁵⁾ Represents Total Distributions Available to Pay Debt Service divided by Total Debt Service Payable from the Available University Fund Share.

Available University Fund

The Available University Fund is defined by the Constitutional Provision to consist of distributions from the investment income of the Permanent University Fund. The Available University Fund distributions are from the “total return” on all investment assets of the Permanent University Fund, including the net income attributable to the surface of PUF Land, in the amounts determined by the Board of Regents (the “UT Board”) of the UT System. The Constitutional Provision contains the following restrictions on the UT Board when determining distributions to the Available University Fund:

- The amount of any distribution to the Available University Fund must be determined by the UT Board in a manner intended to provide the Available University Fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of Permanent University Fund investment assets and annual distributions to the Available University Fund;
- The amount distributed to the Available University Fund in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on bonds and notes issued by the UT Board and the Board under the Constitutional Provision;
- If the purchasing power of Permanent University Fund investments for any rolling ten-year period is not preserved, the UT Board may not increase annual distributions to the Available University Fund until the purchasing power of Permanent University Fund investment assets is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued by the UT Board and the Board under the Constitutional Provision; and
- An annual distribution made by the UT Board to the Available University Fund during any fiscal year may not exceed an amount equal to 7% of the average net fair market value of Permanent University Fund investment assets as determined by the UT Board, except as necessary to pay any principal and interest due and owing on bonds and notes issued by the UT Board and the Board under the Constitutional Provision.

The Constitutional Provision appropriates the annual distributions from the Permanent University Fund to the Available University Fund to the UT Board and the Board in an amount sufficient to pay debt service due on bonds and notes issued by such boards pursuant to the Constitutional Provision. In addition, the Constitutional Provision limits the aggregate amount of bonds and notes payable from the Available University Fund that may be issued by the UT Board to 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of the PUF Land) and by the Board to 10% of such cost value.

Management of the Permanent University Fund

Article VII, Section 11b of the Texas Constitution imposes upon the UT Board a “prudent investor” standard in connection with its management of the Permanent University Fund. As described above, the Constitutional Provision provides for distributions to the Available University Fund to be made from the “total return” on Permanent University Fund investments, including capital gains (realized and unrealized) as well as current income. Under the “prudent investor” standard, the UT Board is authorized to make such investments as a prudent investor “exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.”

Pursuant to the Constitutional Provision, expenses of managing the PUF Land and Permanent University Fund investments are payable from the Permanent University Fund to the UT Board.

Permanent University Fund Spending Policy

Under the Permanent University Fund Investment Policy Statement approved by the UT Board, and pursuant to the Constitutional Provision, the UT Board is required to determine the annual amount to be distributed from the total return on Permanent University Fund investments to the Available University Fund each fiscal year. Current UT Board rules require the UT Board, in May of each year, to determine the amount to be distributed from the Permanent University Fund to the Available University Fund during the next Fiscal Year. Such rules provide that, unless otherwise approved by the UT Board and subject to the restrictions contained in the Constitutional Provision, the annual distribution amount from the Permanent University Fund to the Available University Fund shall be based on the following formula:

(a) Increase the prior year’s distribution amount by the sum of the average inflation rate (Consumer Price Index) for the previous twelve quarters plus 2.65%, unless further modified pursuant to clauses (b) and (c) below.

(b) If the inflationary increase in step (a) above results in a distribution rate below 3.5% of the trailing twenty-quarter average of the net asset value of the Permanent University Fund for the quarter ending February of each year, the distribution shall be increased to 3.5% of such trailing twenty-quarter average.

(c) If the inflationary increase in step (a) above results in a distribution rate exceeding 6.0% of the trailing twenty-quarter average of the net asset value of the Permanent University Fund for the quarter ending February of each year, the distribution shall be capped at 6.0% of such trailing twenty-quarter average.

The UT Board may approve an annual distribution amount in any Fiscal Year that is greater than or less than the distribution amount prescribed by UT Board rules, subject to the restrictions contained in the Constitutional Provision. Under the Investment Policy Statement, distributions from the Permanent University Fund to the Available University Fund may be made quarterly or annually at the discretion of The University of Texas/Texas A&M Investment Management Company (“UTIMCO”), a Texas nonprofit corporation. Each year, the distribution amount is used to prepare the budget for the upcoming Fiscal Year.

At its meeting on May 9, 2024, the UT Board approved the distribution amount of \$1,524,925,000 from the Permanent University Fund for Fiscal Year 2025. Such distribution amount (i) reflects a 18.47% decrease over the aggregate distribution amount approved by the UT Board for Fiscal Year 2024 (inclusive of the supplemental distribution made in Fiscal Year 2024); and (ii) as a percentage of the applicable trailing twenty-quarter average of the net asset value of the Permanent University Fund, was 5.25%. At its meeting on August 24, 2023, the UT Board approved the distribution amount of \$1,407,795,000 from the Permanent University Fund for Fiscal Year 2024. At its meeting on November 16, 2023, the UT Board approved a supplemental distribution amount of \$462,680,000 for Fiscal Year 2024. The total distribution amount approved by the UT Board from the Permanent University Fund for Fiscal Year 2024, as a percentage of the applicable twenty-quarter average of the net asset value of the Permanent University Fund, was 7.00%. Pursuant to the Constitutional Provision, an annual distribution made to the Available University Fund during any Fiscal Year may not exceed an amount equal to 7% of the average net fair market value of Permanent University Fund investment assets as

determined by the UT Board, except as necessary to pay any principal and interest due and owing on bonds and notes payable from the Available University Fund.

Constitutional Debt Power and Debt Limitations

The discretion to direct the use of the Available University Fund Share for constitutionally authorized purposes is vested in the Board.

The Constitutional Provision authorizes the Board to issue bonds and notes, payable from all or any part of the Available University Fund Share for the purpose of (i) acquiring land, with or without permanent improvements; (ii) constructing and equipping buildings or other permanent improvements; (iii) making major repair and rehabilitation of buildings and other permanent improvements; (iv) acquiring capital equipment, library books, and library materials; and (v) refunding bonds or notes issued under such Constitutional Provision or prior law at or for A&M System administration and certain member institutions of the A&M System. The pledge and security interest made and granted in the Resolution is accomplished pursuant to the Constitutional Provision.

As described above, the Constitutional Provision limits the aggregate amount of bonds and notes secured by the Available University Fund Share that may be issued by the Board to 10% of the cost value of investments and other assets of the Permanent University Fund, exclusive of PUF Land. As of February 28, 2025, the unaudited cost value of the Permanent University Fund, exclusive of PUF Land, was approximately \$32.9 billion and the Board’s outstanding Permanent University Fund Obligations totaled \$1,524,535,000. Accordingly, using the February 28, 2025 valuation of the Available University Fund Share (without taking into account the issuance of the Bonds), the Board was authorized to issue an additional \$1.77 billion of Permanent University Fund Obligations without violating the 10% Limit. For the purpose of making these calculations, “cost value” and “book value” are treated as equivalent terms.

Table II shows the historical constitutional debt limits of the Permanent University Fund for Fiscal Years 2020 through 2024 and the amount of outstanding principal of bonds and notes secured by the respective interests in the Available University Fund for each of such years for both the A&M System and the UT System.

Table II
Historical Availability and Outstanding Principal of Bonds and Notes
(In Thousands)

Fiscal Year Ending August 31	Book Value of Fund ⁽¹⁾	The UT System		The A&M System	
		Constitutional Debt Limit	Outstanding	Constitutional Debt Limit	Outstanding
2020	\$20,788,921	\$4,157,784	\$3,223,190	\$2,078,892	\$1,439,735
2021	24,660,325	4,932,065	3,402,025	2,466,033	1,389,210
2022	27,255,875	5,451,175	3,498,090	2,725,588	1,462,180
2023	29,254,432	5,850,886	3,620,770	2,925,443	1,523,285
2024	31,198,111	6,239,622	3,761,555	3,119,811	1,524,535

⁽¹⁾ Excludes Permanent University Fund Land.

Note: Debt limits are based on the Permanent University Fund’s book value, which includes investments, receivables, and payables. None of the Board, the UT Board, or UTIMCO makes any representation as to the future performance of the Permanent University Fund.

Investment Responsibility, Governance and Management Structure

The fiduciary responsibility for managing and investing the Permanent University Fund is constitutionally assigned to the UT Board. The UT Board has contracted with UTIMCO for the investment management of all funds under the control and management of the UT Board, subject to the limitations and restrictions in the UT Board’s investment policy statements. UTIMCO is prohibited from engaging in any business other than investing funds designated by the UT Board in its contract with UTIMCO. UTIMCO is governed by a nine-member Board of Directors, consisting of (i) seven members appointed by the UT Board (of whom three must be members of the UT Board, three must have a substantial background and expertise in investments, and one must be a qualified individual as determined by the UT Board, which may include the Chancellor of the UT System), and (ii) two members appointed by the Board (at least one of whom must

have a substantial background and expertise in investments). The UT Board pays UTIMCO an annual fee for its investment management services. UTIMCO has received a determination from the Internal Revenue Service that it constitutes a tax-exempt organization described in Section 501(c)(3) of the Code. The Board for Lease of University Lands, composed of representatives of the UT System, the A&M System, and the Texas Land Commissioner, is responsible for the approval of oil, gas, and other mineral leases of PUF Land.

UTIMCO may hire unaffiliated investment managers from time to time in order to provide the Permanent University Fund with increased diversity through their unique style and approach to investing, as well as to improve the Permanent University Fund's return and risk characteristics. The external managers are screened and evaluated on the basis of investment philosophy and historical performance. Investment managers are monitored periodically for performance and adherence to investment discipline. UTIMCO reviews the composition of managers from time to time and may add or terminate managers in order to optimize portfolio returns. As of January 31, 2025, approximately 4.5% of the Permanent University Fund investments (primarily fixed income, ETFs, futures contracts, and other derivatives) were managed internally with the remaining 95.5% managed externally by unaffiliated investment managers.

Arbitrage Exemption

Pursuant to a federal statutory exception for certain perpetual trust funds (the "Arbitrage Exemption"), investments held in the Permanent University Fund allocable to tax-exempt bonds and notes issued pursuant to the Constitutional Provision by the Board and the UT Board ("PUF Debt"), are exempt from the yield restriction and rebate requirements otherwise imposed on tax-exempt obligations under the Code. The Arbitrage Exemption applies to tax-exempt PUF Debt that does not exceed 20 percent of the cost value of the investments and other assets of the Permanent University Fund (exclusive of the PUF Land) (the "20-Percent Limit"). The A&M System and the UT System, however, are permitted by the Constitutional Provision to issue PUF Debt in an aggregate amount that does not exceed 30 percent of the cost value of the investments and other assets of the Permanent University Fund (exclusive of the PUF Land) at the time of issuance thereof, as described above.

The outstanding principal amount of tax-exempt PUF Debt has at various times exceeded, and is anticipated to exceed from time to time in the future, the 20-Percent Limit. To the extent the outstanding principal amount of tax-exempt PUF Debt exceeds the 20-Percent Limit, the yields of an allocable portion of the investments in the Permanent University Fund will be required to be restricted to yields that do not exceed the respective yields on such excess portion of tax-exempt PUF Debt. The imposition of this yield restriction may reduce the earnings of the Permanent University Fund; however, UT System officials anticipate that certain actions may be taken to mitigate the effect of imposing such yield restrictions.

Eligible Investments and Investment Policies

Pursuant to the Constitutional Provision, the UT Board is authorized, subject to procedures and restrictions it establishes, to invest the Permanent University Fund in any kind of investments and in amounts it considers appropriate if it adheres to the prudent investor standard. See "- Management of the Permanent University Fund."

On August 22, 2024, the UT Board approved revisions to the Investment Policy Statement for the Permanent University Fund, which took effect September 1, 2024. The amendments reflect changes to the strategic asset allocation framework and set forth revised Asset Class targets and ranges effective September 1, 2024. The UT Board's Investment Policy Statement currently provides that the primary investment objective of the Permanent University Fund is to maximize investment returns within the risk parameters specified in the Investment Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses. Investments must be within the asset class and investment type ranges, prudently diversified, and within approved policy risk bounds regarding one-year downside deviation, as defined in the Investment Policy Statement and measured at least monthly by UTIMCO. Liquidity of the Permanent University Fund will be governed by the Liquidity Policy, overseen by the Risk Committee of the UTIMCO Board. UTIMCO reviews the Permanent University Fund Investment Policy Statement and other related investment policies on a periodic basis. These reviews may result in UTIMCO proposing to the UT Board a material change in the asset allocation ranges, investment type ranges, liquidity, and benchmarks for the Permanent University Fund.

The Investment Policy Statement recognizes that asset class allocation is the primary determinant of the volatility of investment return. Under the current Investment Policy Statement, Permanent University Fund assets are allocated among the following broad asset classes based upon their individual return/risk characteristics and relationships to other asset classes:

Global Equity:

Developed Public Equity –Developed Public Equity invests primarily in the equity securities of companies that are domiciled in the developed countries (including the U.S.) that are part of the MSCI World Index. These securities are

traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Developed Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Developed Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Emerging Markets Public Equity – Emerging Markets Public Equity invests primarily in the equity securities of companies that are domiciled in (i) the emerging countries that are part of the MSCI Emerging Markets Index or (ii) countries that have yet to reach MSCI Emerging Markets Index qualification status. These securities are traded in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Emerging Markets Public Equity includes common stocks, depositary receipts, preferred stocks, exchange traded funds, and derivatives based on common stocks or equity indices (including convertibles, warrants, rights, options, and futures). Active extension strategies involve the use of leverage and include offsetting long and short exposures, often targeting 100% net long exposure. Active extension strategies may be classified as Emerging Markets Public Equity, provided that these strategies target a combined market sensitivity, defined by beta to the relevant benchmark, of approximately 1.0.

Directional Hedge Funds – Directional Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Directional Hedge Funds exhibit moderate market sensitivity as defined by beta to public equities. Strategies may include but are not limited to long/short equity, multi-strategy, event-driven, credit (loans, bonds, asset-backed securities, direct lending and distressed) and global macro.

Private Equity – Private Equity investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in controlling or minority ownership interests in private or publicly-traded companies. These investments are acquired by purchasing publicly-traded or privately-issued common and preferred stocks, convertible securities, warrants, rights, options or debt obligations of private or publicly-traded companies. Private Equity investments often have transfer restrictions and are not as liquid as publicly-traded securities. Private Equity investments are often classified by strategy including: buyouts, venture capital and private credit.

Stable Value:

Investment Grade Fixed Income – Investment Grade Fixed Income represents ownership of fixed income instruments across all maturities, U.S. and non-U.S., that are rated investment grade. These include debt issued by the Sovereign Governments, various government enterprises and agencies, and corporations. The principal securities include bonds, notes, bills, mortgage and asset-backed securities and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Investment Grade Fixed Income.

Long Treasuries – Long Treasuries represents ownership of fixed income instruments across long-dated maturities issued by the U.S. government. The principal securities may include bonds, notes, bills and ETFs. In addition, derivative applications that serve as a fixed income substitute may be classified as Long Treasuries.

Credit-Related Fixed Income – Credit-Related Fixed Income represents ownership of fixed income instruments across all maturities, including real and nominal, U.S. and non-U.S., that are rated below investment grade.

Stable Value Hedge Funds – Stable Value Hedge Funds invest long and short in equities, fixed income, commodities, currencies and other global market instruments including derivatives. Stable Value Hedge Fund investments exhibit little to no market sensitivity, as defined by beta to public equities, and have an absolute return orientation. Strategies may include but are not limited to market-neutral equity, multi-strategy, re-insurance, risk premia, relative value, trend following, direct lending, specialty credit and global macro.

Cash – Cash has the same meaning as given to the term “Cash” in the UT Board’s Liquidity Policy and includes, for example, cash in any currencies and other overnight funds that have not been allocated to a specific Asset Class.

Real Return:

Inflation Linked Bonds – Inflation Linked Bonds include fixed income investments issued by both U.S. and Non-U.S. Governments where the principal value of the bond has been indexed to some rate of inflation, as well as ETFs and derivatives referencing Inflation Linked Bonds or directly linked to inflation rates, including but not limited to inflation swaps. Inflation Linked Bonds are intended to provide some degree of inflation protection.

Commodities – Commodities investments represent ownership of fungible goods such as metals, grains, foods and energy products or any other investment defined by regulators as a commodity. These investments can be made through actual

physical ownership of the goods or through financial ownership of the underlying goods achieved through the purchase of derivatives based on commodities or commodities indices.

Natural Resources – Natural Resources investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in a controlling or minority ownership interest in a company involved in the production of natural resources including, but not limited to: energy, precious metals, metals, minerals, agriculture, livestock, and timber. Some Natural Resource investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Infrastructure – Infrastructure investments are made directly, through private limited partnerships, joint ventures or other special purpose vehicles and result in ownership of companies or assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large with real assets in the water, transportation, energy, communication or social sectors. Investments generally have structure features that include a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts. Some Infrastructure investments may have transfer restrictions and may not be as liquid as publicly-traded securities.

Real Estate – Real Estate investments may be public, made principally in companies that are part of the MSCI US REIT Gross Total Return Index (RMSG) and that own or manage equity or debt interests in portfolios of real estate. Public Real Estate investments generally trade in public markets (on an exchange, over the counter, or issued in an underwritten initial public offering) or are restricted but expected to become public or otherwise freely marketable within three years after the initial investment. Real Estate investments may also be private. Private Real Estate investments may have transfer restrictions and may not be as liquid as publicly-traded securities. Real Estate investments may be made by purchasing or selling: physical real estate; privately issued securities such as interests in private limited partnerships, joint ventures or other special purpose vehicles (which in each case could result in a controlling or minority ownership interest in a real estate focused company); common or preferred stocks; depositary receipts; exchange traded funds; secured or subordinated debt; mortgage-related investments; real estate investment trusts (“REITs”) or any other instrument commonly used by institutional investors and derivatives based on any of the foregoing. Real Estate investments are often classified by strategy including: core, core-plus, value-added, opportunistic and special situations.

Strategic Partnerships:

Strategic Partnerships – Strategic Partnerships are multi-asset investment portfolios designed to generate investment returns through a combination of security selection and tactical asset allocation. Strategic Partnerships may invest long or short in equities, fixed income, commodities, currencies, funds, and other global market instruments, including derivatives. Strategies utilized by Strategic Partnerships may involve the use of leverage to enhance the portfolio’s risk-adjusted returns.

Cross-Asset Strategies:

Cross-Asset Strategies – Portable alpha strategies are investment strategies within and across regimes and generally involve the use of leverage. Such strategies are permitted in the Developed Public Equity, Emerging Markets Public Equity and the Long Treasuries Asset Classes, provided that such strategies target a combined market sensitivity (defined by beta to the relevant benchmark for the particular Asset Class) of approximately 1.0. For example, portable alpha strategies may include, but are not limited to, the use of fixed income or hedge fund overlays within an equity portfolio to target a combined market sensitivity of approximately 1.0.

Innovation and Disruption:

Innovation and Disruption –The Innovation and Disruption portfolio comprises investments in emerging asset types or industries that are innovative or disruptive. Innovation and Disruption investments have the potential to become large and institutional markets over time. This portfolio provides a nimble and timely means to identify and invest in these opportunities with the primary objectives of developing a deeper understanding of the assets and benefitting from the returns earned by early movers. To manage the risk of this portfolio, UTIMCO will develop and maintain portfolio guidelines that determine the investment selection process and limit the maximum size of the portfolio and the maximum size of individual investments. Over time, UTIMCO will assess if these investments should become larger and more permanent elements of funds managed by UTIMCO, either as part of an existing or a newly defined Asset Class.

All investments will be categorized at inception and on an ongoing basis by Asset Class.

Table III sets forth the percentage allocation (as of January 31, 2025) of Permanent University Fund investments by asset class and investment type under the Investment Policy Statement for the Permanent University Fund and the asset class and investment type targets and ranges under such Investment Policy Statement for the fiscal year ending August 31, 2025, as determined by the UT Board. While specific asset class and investment type allocation positions may be changed by UTIMCO within the ranges specified in Table III based on the economic and investment outlook from time to time, the range limits cannot be intentionally breached without prior approval by the UT Board. The UT Board may, from time to time, implement further revisions to the Investment Policy Statement for the Permanent University Fund.

Table III
Permanent University Fund
Asset Class and Investment Type Targets and Ranges*

Asset Class	Actual Allocation (As of 1/31/2025)	FYE 2025		
		Min v Target	Target	Max v Target
Global Equity:				
Developed Public Equity	23.1%	-5.0%	20.0%	+15.0%
Emerging Market Public Equity	5.3%	-5.0%	6.4%	+5.0%
<i>Total Public Equity</i>	<i>28.4%</i>	<i>-5.0%</i>	<i>26.4%</i>	<i>+15.0%</i>
Directional Hedge Funds	6.3%	-5.0%	6.0%	+5.0%
Private Equity	26.7%	17.5%	27.5%	37.5%
Total Global Equity	61.4%	-7.0%	59.9%	+15.0%
Stable Value:				
Investment Grade Fixed Income	0.0%	-5.0%	0.0%	+5.0%
Long Treasuries	4.5%	-5.0%	5.1%	+5.0%
Credit-Related Fixed Income	0.1%	-5.0%	0.0%	+5.0%
<i>Total Fixed Income</i>	<i>4.6%</i>	<i>-5.0%</i>	<i>5.1%</i>	<i>+5.0%</i>
Cash	2.3%	-5.0%	2.0%	+5.0%
Stable Value Hedge Funds	10.6%	-5.0%	10.5%	+5.0%
Total Stable Value	17.5%	-10.0%	17.6%	+6.0%
Real Return:				
Inflation Linked Bonds	0.0%	-5.0%	0.0%	+5.0%
Gold	0.0%	-5.0%	0.0%	+5.0%
Commodities	0.0%	-5.0%	0.0%	+5.0%
<i>Total Commodities</i>	<i>0.0%</i>	<i>-5.0%</i>	<i>0.0%</i>	<i>+5.0%</i>
Natural Resources	2.9%	0.0%	3.3%	8.0%
Infrastructure	4.6%	0.0%	4.5%	10.0%
Real Estate	8.4%	5.0%	9.7%	15.0%
Total Real Return	15.9%	-6.0%	17.5%	+6.0%
Strategic Partnerships	5.1%	-5.0%	5.0%	+5.0%
Innovation and Disruption	0.1%	0.0%	0.0%	5.0%
Total All Asset Classes	100.0%		100%	110%

* The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 110% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash. The target and range percentages are as of fiscal year end. The adjusted Target weight of each Private Equity, Private Real Estate, Natural Resources and Infrastructure, will be set each month as the average ending actual weight of the PUF and General Endowment Fund from the prior month. Any difference in the calculated Private Equity, Private Real Estate, Natural Resources, and Infrastructure Adjusted Target weights from the original Target weights, derived from this table will be offset using 100% of Developed Equity. When preceded by a “-” or “+”, in relation to the Asset Class Target, with the exception of Cash, “Min” will not be below zero. The percentage allocation for a particular asset class may occasionally fall outside of the stated range during the fiscal year.

Table IV shows the historical annual growth in the market value of the Permanent University Fund net of distributions to the Available University Fund. Distributions to the Available University Fund are made in the amounts determined by the UT Board from the total return on all Permanent University Fund investment assets, including capital gains (realized and unrealized) as well as current income.

Table IV
Annual Permanent University Fund Performance (Market Value)
(in Millions)

Fiscal Year Ending <u>August 31</u>	Beginning Market <u>Value</u>	PUF Mineral <u>Receipts</u>	Net Investment <u>Return</u>	Distributions to the Available <u>University Fund⁽¹⁾</u>	Ending Market <u>Value</u>
2020	\$22,830.1	\$771.0	\$2,090.9	\$(1,311.4)	\$24,380.6
2021	24,380.6	979.2	7,721.8	(1,112.3)	31,969.3
2022	31,969.3	2,124.6	(2,043.3)	(1,161.8)	30,888.8
2023	30,888.8	1,864.4	1,488.1	(1,231.1)	33,010.2
2024	33,010.2	1,850.3	3,478.9	(1,870.5)	36,468.9

⁽¹⁾ Represents the distribution amount approved by the UT Board, which is exclusive of any net income attributable to the surface of PUF Land. The distribution amounts approved by the UT Board for Fiscal Years 2020 and 2024 included a supplemental distribution amount for each such Fiscal Year of \$250 million and \$462.68 million, respectively. See "Permanent University Fund Spending Policy."

As of February 28, 2025, the Permanent University Fund (exclusive of PUF Land) had an unaudited market value of approximately \$38.1 billion. None of the Board, the UT Board, or UTIMCO makes any representation as to the future performance of the Permanent University Fund. See "OTHER MATTERS" At its meeting on May 9, 2024, the UT Board approved the distribution amount of \$1,524,925,000 for Fiscal Year 2025. See "- Permanent University Fund Spending Policy."

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Table V shows a summary comparison of the investments of the Permanent University Fund as reported by UTIMCO, excluding the PUF Land, for Fiscal Years ended August 31, 2023 and 2024.

Table V⁽¹⁾
Permanent University Fund
Comparison Summary of Fiduciary Net Position
August 31, 2023 and August 31, 2024
(In Thousands)

	August 31, 2023		August 31, 2024	
	Book Value	Fair Value	Book Value	Fair Value
Equity Securities				
Domestic Common Stock	\$ 1,504,309	\$ 1,727,271	\$ 1,562,510	\$ 1,999,687
Foreign Common Stock	1,811,714	1,896,000	1,429,711	1,690,320
Other	7,972	6,675	-	1
Total Equity Securities	3,323,995	3,629,946	2,992,221	3,690,008
Preferred Stocks				
Domestic Preferred Stock	-	-	-	-
Foreign Preferred Stock	39,433	47,344	32,453	41,872
Total Preferred Stocks	39,433	47,344	32,453	41,872
Debt Securities				
U.S. Govt. Obligations	2,087,575	1,868,520	1,685,223	1,633,392
Foreign Govt. and Provincial Obligations	283,032	277,831	328,321	327,082
Corporate Obligations	182,245	178,529	167,905	172,131
Other	-	-	55	55
Total Debt Securities	2,552,852	2,324,880	2,181,504	2,132,660
Purchased Options	30,280	23,508	1,691	540
Convertible Securities	-	-	-	-
Investment Funds				
Marketable Alternative	5,037,537	5,948,610	6,263,136	7,715,271
Private Markets	12,688,237	14,330,658	14,115,346	15,402,893
Developed Country Equity	3,443,030	4,418,057	3,438,364	4,986,728
Emerging Markets Equity	1,169,723	1,316,171	1,285,727	1,571,181
Fixed Income	66,030	87,819	67,673	98,193
Other	23,680	23,405	34,358	31,260
Total Investment Funds	22,428,237	26,124,720	25,204,604	29,805,526
Cash and Cash Equivalents⁽²⁾				
Money Markets & Cash Held at State Treasury	1,169,602	1,170,017	707,695	708,385
Total Cash and Cash Equivalents	1,169,602	1,170,017	707,695	708,385
Total Investments in Securities	29,544,399	33,320,415	31,120,168	36,378,991
Net Trade Receivables	(417,985)	(417,955)	(180,760)	(178,421)
Deposit with Brokers for Derivative	149,803	149,804	257,247	257,247
Payable to Brokers for Collateral Held	(10,582)	(10,583)	(14,410)	(14,410)
Net Swap Assets (Liabilities)	(1,903)	(13,900)	10,969	21,104
Options Written	(10,345)	(8,612)	(1,430)	(1,187)
Net Futures Assets (Liabilities)	(816)	(816)	(481)	(481)
Other Net Assets (Liabilities)	1,861	(8,119)	6,808	6,025
Value of Fund	\$ 29,254,432	\$ 33,010,234 ⁽³⁾	\$ 31,198,111	\$ 36,468,868 ⁽³⁾

- (1) Certain of the information contained in this Table V was derived from the audited financial statements of the Permanent University Fund, which are attached hereto as Appendix A. Other information has been derived from the books and records of UTIMCO. See also, “-Financial Information.” None of the Board, the UT Board, or UTIMCO makes any representation as to the future performance of the Permanent University Fund. See “OTHER MATTERS.”
- (2) Cash and Cash Equivalents include amounts allocated to various investment managers for the Permanent University Fund. For asset allocation purposes (as set forth in Table III) such amounts are considered to be invested in the asset class for which a manager invests (equity, fixed income).
- (3) The Fair Value of the Permanent University Fund Investments does not include the Fair Value of PUF Land, which was approximately \$11,111,083,413 as of August 31, 2023 and \$10,391,422,332 as of August 31, 2024.

UTIMCO Security Purchase Agreements

Both the Board and the UT Board provide self-liquidity for their respective variable rate indebtedness with lawfully available funds of each system. To manage their respective self-liquidity obligations the Board and the UT Board have each entered into a series of separate security purchase agreements with UTIMCO.

With respect to UTIMCO's security purchase agreement with the UT Board, UTIMCO has agreed that it will, on the terms and conditions and subject to the limitations set forth therein, purchase the UT Board's short-term indebtedness and its long-term indebtedness which is subject to tender for purchase as investments for certain funds of the UT Board managed by UTIMCO, including the Permanent University Fund. Such agreement provides liquidity support for (i) the UT Board's Commercial Paper Notes currently authorized to be outstanding in the aggregate principal amount not to exceed \$3,500,000,000, (ii) the UT Board's Revenue Financing System Bonds, Series 2008B currently outstanding in the aggregate principal amount of \$346,045,000, and (iii) the UT Board's Revenue Financing System Bonds, Taxable Series 2016G currently outstanding in the aggregate principal amount of \$250,000,000. As of March 4, 2025, the UT Board had \$1,764,000,000 of Revenue Financing System Commercial Paper Notes, Series A outstanding, \$86,000,000 of Revenue Financing System Tax-Exempt Commercial Paper Notes, Series B outstanding, \$1,009,000,000 of Permanent University Fund Commercial Paper Notes, Series A outstanding and \$90,000,000 of Permanent University Fund Tax-Exempt Commercial Paper Notes, Series B outstanding. As of March 4, 2025, no notes under the Revenue Financing System Commercial Paper Notes, Series C are outstanding. The UT Board may provide additional self-liquidity for additional obligations to be issued in the future, including through future amendments to the Security Purchase Agreement.

UTIMCO has also entered into a note purchase agreement with the Board under which UTIMCO has agreed that it will, on the terms and conditions and subject to the limitations set forth therein, purchase up to \$125,000,000 of the Board's PUF Commercial Paper Notes as investments for the Permanent University Fund. As of the date hereof, the Board had \$125,000,000 of PUF Commercial Paper Notes outstanding; such Notes are being refunded with proceeds of the Bonds.

Financial Information

The State issues audited financial statements, prepared in accordance with generally accepted accounting principles for the State government as a whole. The statements are prepared by the Comptroller and are audited by the State Auditor of the State of Texas (the "State Auditor"). The State Auditor expresses an opinion on the financial statements of the State but does not express an opinion on the financial statements of individual component units, including those of the A&M System and the Permanent University Fund.

The scope of the State Auditor's audit includes tests for compliance with the covenants of bond issues of the State or its component agencies and institutions. In addition, supplementary schedules are included in the State financial statements, providing for each bond issue, information related to pledged revenues and expenditures, coverage of debt service requirements, restricted account balances, and/or other relevant information which may feasibly be incorporated. The State Auditor expresses an opinion on such schedules in relation to the basic financial statements taken as a whole. Any material compliance exceptions related to bond covenants are disclosed in the notes to the financial statements and all compliance exceptions related to bond covenants are addressed in the overall management letter for the State audit.

Deloitte & Touche LLP, the independent auditor of the Permanent University Fund, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Deloitte & Touche LLP, relating to the financial statements of the Permanent University Fund for the fiscal years ended August 31, 2023 and August 31, 2024, is included in this Official Statement, however, Deloitte & Touche LLP has not performed any procedures on such financial statements since the date of the report, and has not performed any procedures on any other financial information of the Permanent University Fund, including without limitation any of the information contained in this Official Statement, and has not been asked to consent to the inclusion of its report, or otherwise be associated with this Official Statement.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the Bonds are subject to the unqualified approval of the Attorney General of the State and the opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas and The Bates Law Firm PLLC, Houston, Texas, together Bond Counsel, whose opinion is expected to be substantially in the form attached hereto as Appendix C. Bond Counsel was not requested to participate in, and did not take part in, the preparation of this Official Statement except as hereinafter noted, and such firm has not assumed any responsibility with respect thereto or undertaken to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information relating to the Bonds and the Resolution contained in this Official Statement under the captions "PLAN OF FINANCING" (other than information under the subcaption "Parity Obligations"), "DESCRIPTION OF THE BONDS" (other than information under the subcaption "Book-Entry-Only System"), "SECURITY FOR THE BONDS" (other than information under the subcaptions "Remedies and Defaults" and "Future Financings"), "LEGAL MATTERS (with the exception of the last two sentences of the second paragraph)," "TAX MATTERS," "LEGAL INVESTMENTS

IN TEXAS” and “CONTINUING DISCLOSURE OF INFORMATION” (other than information under the subcaption “Compliance with Prior Undertakings”), and such firm is of the opinion that the information relating to the Bonds and the Resolution contained under such captions is a fair and accurate summary of the information purported to be shown therein and, insofar as such information relates to matters of law, is true and correct. The payment of legal fees to Bond Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

McCall, Parkhurst & Horton L.L.P. represents the Underwriters from time to time on matters unrelated to the Bonds or the Board. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The fee of Underwriters’ counsel is contingent upon the delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering such opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of such opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

ABSENCE OF LITIGATION

Neither the Board nor the A&M System is a party to any litigation or other proceeding pending or, to the knowledge of the General Counsel to the A&M System, threatened, in any court, agency, or other administrative body (either state or federal) which, if decided adversely to either such party, would have a material adverse effect on the financial condition of the Permanent University Fund or the Available University Fund Share, and no litigation of any nature has been filed or, to the knowledge of the General Counsel to the A&M System threatened which seeks to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security, or which in any manner questions the validity of the Notes.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P. and The Bates Law Firm PLLC, together, Bond Counsel to the Board, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the Board will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds. See “APPENDIX C – FORM OF BOND COUNSELS OPINION”.

In rendering their opinion, Bond Counsel to the Board will rely upon the Verification Report and (a) the Board’s federal tax certificate, and (b) covenants of the Board with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Board to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Board is conditioned on compliance by the Board with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Board has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel’s opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Board with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel’s opinion represents their legal judgment based upon its review of Existing Law and the representations of the Board that they deem relevant to render such opinion and is not

a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Board as the taxpayer, and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale, or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale, or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of the treatment of interest accrued upon redemption, sale, or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSIONS CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in a corporation's "adjusted financial statement income" imposed by section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local, and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL INVESTMENTS IN TEXAS

The Bonds are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees and guardians, and for the interest and sinking funds and other public funds of counties, municipal corporations, taxing districts, and other political subdivisions or agencies or instrumentalities of the State. The Bonds are eligible to secure deposits of public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. The Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, provides that any "local government" and "state agency" (as those are defined in the Investment Act) may invest in the Bonds, provided the Bonds have received a rating of not less than "A" from a nationally recognized investment rating firm. See "RATINGS." No investigation has been made of other laws, regulations, or investment criteria which might limit the ability of such institutions or entities to invest in the Bonds, or which might limit the suitability of the Bonds to secure the funds of such entities. No review by the Board has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

RATINGS

Ratings on the Bonds have been received from Moody's Investors Service, Inc. ("Moody's"); Fitch Ratings, Inc. ("Fitch"); and S&P Global Ratings ("S&P"). Moody's has assigned a rating of "Aaa" to the Bonds; Fitch has assigned a rating of "AAA"; and S&P has assigned a rating of "AAA". An explanation of the significance of each such rating may be obtained from the company furnishing the rating. The ratings will reflect only the views of such organizations at the

time such ratings are given, and neither the Board nor the Underwriters make any representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise their rating methodologies and criteria for municipal issuers such as the Board. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution and pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission as amended ("Rule 15c2-12") the Board has agreed to certain continuing disclosure undertakings for the benefit of the holders and beneficial owners of the Bonds. The Board is required to observe its continuing disclosure undertakings for so long as it remains obligated to advance funds to pay all Outstanding Parity Obligations. Under the agreement, the Board will provide certain updated financial information and operating data annually, and timely notice of certain listed events under the Rule 15c2-12, to the Municipal Securities Rulemaking Board ("MSRB"). Information will be available free of charge via the MSRB Electronic Municipal Market Access system at www.emma.msrb.org.

Annual Reports

The Board will provide annually to the MSRB, in an electronic format as prescribed by the MSRB, certain updated financial information and operating data. The information to be updated includes all quantitative financial information and operating data with respect to the Permanent University Fund and the Available University Fund Share of the general type included in this Official Statement under the headings "DEBT SERVICE REQUIREMENTS OF THE PARTIY OBLIGATIONS", "PERMANENT UNIVERSITY FUND" and in Appendix A attached hereto. The Board will update and provide this information within six months after the end of each Fiscal Year ending in or after 2025.

The Board may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC rule. The updated information will include audited financial statements of the Permanent University Fund if the UTIMCO Board commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board will provide unaudited financial statements of the Permanent University Fund by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A attached hereto or such other accounting principles as may be required to be employed from time to time pursuant to State law or regulation. If audited financial statements with respect to the Permanent University Fund are not prepared for any Fiscal Year and audited financial statements are prepared with respect to the State of Texas for such Fiscal Year, the Board will provide, or cause to be provided, the audited financial statements of the State of Texas for the applicable Fiscal Year to the MSRB within six months after the end of said Fiscal Year or as soon thereafter as such audited financial statements become available from the State Auditor. Any such audited financial statements of the State of Texas so provided will be prepared in accordance with generally accepted accounting principles for state governments, as such principles may be changed from time to time to comply with state law.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document (including a Official Statement or other offering document that theretofore has been provided to the MSRB or filed with the SEC).

The Permanent University Fund's Fiscal Year end is August 31. If the UT Board changes the Permanent University Fund's Fiscal Year, the Board will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data.

The Board's current Fiscal Year end is August 31. If the Board changes its Fiscal Year, the Board will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data.

Event Notices

The Board will provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or change of name of the trustee, if material; (15) incurrence of a Financial Obligation (as defined below) of the Board, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect the holders of the outstanding Parity Obligations, if material; and (16) default, event of acceleration, termination event, modification of terms or similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

For the purposes of the event identified in clause (12) of the immediately preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person. For purposes of the events identified in clauses (14) and (15) of the immediately preceding paragraph, the term "Financial Obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Additionally, the term "Financial Obligation" shall not include municipal securities as to which a final Official Statement has been provided to the MSRB consistent with the Rule.

The Board will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data by the time required under the Rule.

Neither the Bonds nor the Resolution make any provision for liquidity enhancement or require the funding of debt service reserves for the Bonds.

Availability of Information

The Board has agreed to provide the foregoing updated information only to the MSRB. All information and notices shall be provided to the MSRB described above under the captions "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Limitations and Amendments

The Board is obligated to observe and perform the covenants specified in its continuing disclosure agreement for so long as, but only for so long as, the Permanent University Fund or the Available University Fund Share remains an "obligated person" with respect to all Outstanding Parity Obligations within the meaning of the Rule, except that the Board in any event will give the notice required by the Resolution of any Bond calls and defeasance that cause the Board, the Permanent University Fund, or the Available University Fund Share to no longer be "obligated persons".

The provisions of the continuing disclosure agreement are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing therein, express or implied, gives any benefit or any legal or equitable right, remedy, or claim to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to its continuing disclosure undertaking described in the Resolution and will not undertake to provide any other information that may be relevant or material to a complete

presentation of the Board's, the Permanent University Fund's, or the Available University Fund Share's financial results, condition, or prospects, or undertake to update any information provided in accordance with its continuing disclosure undertaking, except as expressly provided therein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES WILL THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THE CONTINUING DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH WILL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Board in observing or performing its obligations under its continuing disclosure agreement will constitute a breach of or default under the Resolution for purposes of any provision of the Resolution. Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board has agreed to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in the continuing disclosure agreement is intended or will act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

The Board may amend its continuing disclosure undertaking from time to time to adapt to changed circumstances that arise from a change in legal requirements, applicable law, or the identity, nature, status, or type of operations of the Board or the Permanent University Fund, but only if (i) in the opinion of nationally recognized bond counsel, the provisions of the continuing disclosure undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment, or (B) a person that is unaffiliated with the Board and the Permanent University Fund (such as nationally-recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the Board so amends the provisions of the continuing disclosure agreement, it must include with any amended financial information or operating data next provided in accordance with the continuing disclosure agreement an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that such amendment or repeal would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five years, the Board has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

FINANCIAL ADVISOR

Hilltop Securities, Inc. (the "Financial Advisor") has acted as Financial Advisor to the Board in connection with the issuance of the Bonds.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to \$406,093,109.27 (representing the par amount of the Bonds of \$379,080,000.00, plus a reoffering premium of \$28,152,131.85, and less an Underwriters' discount of \$1,139,022.58) and no accrued interest. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any Bonds

are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Board for which they received or will receive customary fees and expenses.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Board.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

BofA Securities, Inc., an Underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

PNC Capital Markets LLC (“PNCCM”), one of the Underwriters of the Bonds, may offer to sell to its affiliate, PNC Investments, LLC (“PNCI”), securities in PNCCM’s inventory for resale to PNCI’s customers, including securities such as the Bonds.

Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member FDIC. In its normal course of business Truist Bank may currently, or in the future, provide credit, treasury management, or other commercial banking services to the A&M System. Truist Securities has entered into an agreement (the “Truist Distribution Agreement”) with Truist Investment Services, Inc. (“TIS”) for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Truist Distribution Agreement, Truist Securities will share a portion of its underwriting compensation, as applicable, with respect to the Bonds with TIS. TIS is a subsidiary of Truist Financial Corporation.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The issuance of the Bonds will be subject to delivery by the Accountants of the Verification Report of the mathematical accuracy of certain computations. The Accountants will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the Federal Securities and cash deposits listed in the schedules provided by Hilltop Securities Inc. (as Financial Advisor) to be held in the Bond Escrow Fund and the Note Escrow Fund, will be sufficient to pay, when due, the principal and interest requirements of the Refunded Obligations. The Accountants will express no opinion on the assumptions provided to them. Such verification of accuracy of such mathematical computation will be based upon information and assumptions supplied by the Board and Hilltop Securities Inc., and such verification, information and assumptions will be relied on by Bond Counsel in rendering their opinion described herein.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement that are not purely historical, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Board's expectations, hopes, assumptions, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board on the date hereof, and the Board assumes no obligation to update any such forward-looking statements. It is important to note that the Board's actual results could differ materially from those in such forward looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Board. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OTHER MATTERS

The financial data and other information contained herein have been obtained from the Board's records, financial reports, and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects. Copies may be obtained from the Board.

Historical financial information in this Official Statement with respect to the performance of investments in the Permanent University Fund and the Available University Fund does not represent a guarantee of future results for such investments.

* * * *

This Official Statement has been approved by an Authorized Representative for distribution in accordance with the provisions of the Rule.

/s/ Maria L. Robinson
Maria L. Robinson
Chief Investment Officer and Treasurer
The Texas A&M University System
301 Tarrow, 5th Floor
College Station, Texas 77840-7896
(979) 458-6330

SCHEDULE I-REFUNDED OBLIGATIONS

Board of Regents of Texas A&M University System Permanent University Fund Bonds, Series 2009A

Original Dated Date	Original Maturity Date	Interest Rates	Date of Redemption	Redemption Price	Original Principal Amount	Principal Amount Refunded by Series 2025
4/9/2009	7/1/2026	5.000%	7/1/2025	100%	\$ 11,020,000	\$ 11,020,000
4/9/2009	7/1/2027	5.000%	7/1/2025	100%	11,095,000	11,095,000
4/9/2009	7/1/2028	5.250%	7/1/2025	100%	11,940,000	11,940,000
4/9/2009	7/1/2029	5.000%	7/1/2025	100%	13,550,000	13,550,000
4/9/2009	7/1/2030	5.000%	7/1/2025	100%	14,645,000	14,645,000
4/9/2009	7/1/2031	5.000%	7/1/2025	100%	15,845,000	15,845,000
4/9/2009	7/1/2032	5.000%	7/1/2025	100%	16,110,000	16,110,000
4/9/2009	7/1/2033	5.000%	7/1/2025	100%	11,195,000	11,195,000
4/9/2009	7/1/2034	5.000%	7/1/2025	100%	10,845,000	10,845,000
					\$ 116,245,000	\$ 116,245,000

Board of Regents of Texas A&M University System Permanent University Fund Bonds, Series 2009B

Original Dated Date	Original Maturity Date	Interest Rates	Date of Redemption	Redemption Price	Original Principal Amount	Principal Amount Refunded by Series 2025
4/9/2009	7/1/2026	4.500%	7/1/2025	100%	\$ 4,030,000	\$ 4,030,000
4/9/2009	7/1/2027	5.000%	7/1/2025	100%	4,055,000	4,055,000
4/9/2009	7/1/2028	5.000%	7/1/2025	100%	4,360,000	4,360,000
4/9/2009	7/1/2029	5.000%	7/1/2025	100%	4,950,000	4,950,000
4/9/2009	7/1/2030	5.000%	7/1/2025	100%	5,355,000	5,355,000
4/9/2009	7/1/2031	5.000%	7/1/2025	100%	5,790,000	5,790,000
4/9/2009	7/1/2032	5.000%	7/1/2025	100%	5,890,000	5,890,000
4/9/2009	7/1/2033	5.000%	7/1/2025	100%	4,090,000	4,090,000
4/9/2009	7/1/2034	5.000%	7/1/2025	100%	3,960,000	3,960,000
					\$ 42,480,000	\$ 42,480,000

Board of Regents of Texas A&M University System Permanent University Fund Bonds, Series 2015A

Original Dated Date	Original Maturity Date	Interest Rates	Date of Redemption	Redemption Price	Original Principal Amount	Principal Amount Refunded by Series 2025
3/15/2015	7/1/2026	5.500%	7/1/2025	100%	\$ 13,525,000	\$ 13,525,000
3/15/2015	7/1/2027	3.500%	7/1/2025	100%	6,430,000	6,430,000
3/15/2015	7/1/2028	5.250%	7/1/2025	100%	6,375,000	6,375,000
3/15/2015	7/1/2029	5.250%	7/1/2025	100%	8,675,000	8,675,000
3/15/2015	7/1/2030	5.250%	7/1/2025	100%	8,645,000	8,645,000
3/15/2015	7/1/2031	5.250%	7/1/2025	100%	19,905,000	19,905,000
3/15/2015	7/1/2032	4.000%	7/1/2025	100%	20,450,000	20,450,000
3/15/2015	7/1/2033	4.000%	7/1/2025	100%	8,525,000	8,525,000
3/15/2015	7/1/2034	4.000%	7/1/2025	100%	8,410,000	8,410,000
3/15/2015	7/1/2035	4.000%	7/1/2025	100%	8,285,000	8,285,000
3/15/2015	7/1/2036	4.000%	7/1/2025	100%	8,205,000	8,205,000
					\$ 117,430,000	\$ 117,430,000

**Board of Regents of Texas A&M University System
Tax Exempt Commercial Paper Notes**

Original Dated Date	Original Maturity Date	Principal Amount Refunded by Series 2025
1/7/2025	6/3/2025	\$ 7,500,000
1/7/2025	6/3/2025	17,500,000
1/8/2025	6/4/2025	25,000,000
1/9/2025	6/5/2025	10,000,000
3/4/2025	5/20/2025	25,000,000
3/4/2025	5/21/2025	25,000,000
3/4/2025	5/22/2025	15,000,000
		\$ 125,000,000

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE PERMANENT UNIVERSITY FUND

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Financial Statements
and Independent Auditor's Report
Permanent University Fund
Years Ended August 31, 2024 and 2023

Permanent University Fund

Financial Statements

Years Ended August 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Regents of The University of Texas System
To the Board of Directors of The University of Texas/Texas A&M Investment
Management Company

Opinion

We have audited the financial statements of the Permanent University Fund (the "PUF"), as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the PUF as of August 31, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PUF, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the PUF and do not purport to, and do not, present fairly the financial position of The University of Texas System, as of August 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Also, the financial statements of the PUF include the investment-related assets and liabilities and changes therein which are being managed by The University of Texas/Texas A&M Investment Management Company and do not include the 2.1 million acres of land discussed in Note 1.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PUF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial

statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Changes in Cost of Investments and Investment Income for the year ended December 31, 2024 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Changes in Cost of Investments and Investment Income is fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte & Touche LLP

October 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Unaudited)

Our discussion and analysis of the Permanent University Fund's (PUF) financial performance provides an overview of its activities for the years ended August 31, 2024 and 2023. This discussion was prepared by The University of Texas/Texas A&M Investment Management Company (UTIMCO) and should be read in conjunction with the PUF's financial statements and notes. The PUF is a public endowment contributing to the support of 21 institutions and 6 agencies in The University of Texas System (UT System) and The Texas A&M University System (TAMU System). The Texas Constitution and various state statutes designate The University of Texas System Board of Regents (UT Board) as the fiduciary for the management of certain public endowment and operating funds. The UT Board has entered into a Master Investment Management Services Agreement delegating investment management responsibility for all investments to UTIMCO.

The purpose of the MD&A is to provide an objective and easily readable analysis of the PUF's financial statements based upon currently known facts, decisions and conditions.

Financial Highlights

The PUF's net position after distributions increased by \$3,458.7 million from \$33,010.2 million to \$36,468.9 million, or approximately 10.48% for the year ended August 31, 2024, compared to an increase of \$2,121.4 million or approximately 6.87% for the year ended August 31, 2023. The change in net position from year to year is mainly attributable to the following:

1. The PUF posted a net investment return of 10.48%, calculated using the Modified Dietz Method as described by the CFA Institute, for the year ended August 31, 2024. Investments in developed and emerging markets public equity, and directional and stable value hedge funds were the biggest contributors to the 2024 returns. For the year ended August 31, 2023, the PUF posted a net investment return of 4.74%. Investments in developed public equity, infrastructure, and strategic partnerships were the biggest contributors to the 2023 return.
2. Fiscal year 2024 contributions of PUF Lands mineral income decreased by 0.76% from \$1,864.4 million to \$1,850.3 million and represented 5.32% of the average value of the PUF investments during the year, compared to Fiscal year 2023 contributions which decreased by 12.24% from \$2,124.5 million to \$1,864.4 million and represented 5.83% of the average value of the PUF investments during the year. PUF Lands expenses were \$25.2 million and \$15.3 million for the years ended August 31, 2024 and 2023, respectively. PUF Lands consist of more than 2.1 million acres in 19 counties primarily in West Texas.
3. The PUF's annual distribution of \$1,870.5 to the Available University Fund (AUF) increased by 51.93% in fiscal year 2024. Included in that amount is a one-time supplemental distribution approved by the UT Board of \$462.7 million that was made during the year, which comprised of 37.58% of the total increase. The increase in fiscal year 2023 was 5.96%.

PERMANENT UNIVERSITY FUND

Use of Financial Statements and Notes

The PUF's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). PUF's activities are accounted for as an investment trust fund, therefore two financial statements are typically required under GASB: the statement of net position and statement of changes in net position.

In compliance with the reporting requirements of Section 66.05 of the Texas Education Code, we have included as supplementary information a schedule of changes in cost of investments and investment income.

The notes to the financial statements contain supplemental information that is essential for the fair presentation of the financial statements.

Statements of Net Position

The statements of net position present assets, liabilities, and the net position of the PUF under UTIMCO management as of the end of the fiscal year. These statements, along with all the PUF's financial statements, are prepared using the accrual basis of accounting, whereby PUF investment income is recognized when earned and PUF expenses are recognized when incurred.

The PUF invests in a broad mix of investments and is actively managed to its benchmark, the Endowment Policy Portfolio. The return of the Endowment Policy Portfolio is the sum of the weighted benchmark returns for each asset class. UTIMCO allocates PUF investment assets to internally and externally managed portfolios in accordance with approved asset allocation policies and attempts to supplement the endowment corpus by increasing purchasing power over time. In doing so, UTIMCO increases the PUF resources available to fund the debt service on bonds issued by the UT Board and the TAMU System Board of Regents to fund capital expenditures and to fund academic excellence programs at The University of Texas at Austin, Texas A&M University, and Prairie View A&M.

The following summarizes the statements of net position (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Investments, at Fair Value	\$ 36,379.0	\$ 33,320.4	\$ 31,024.9
Other Assets	1,370.6	895.2	738.6
Total Assets	<u>37,749.6</u>	<u>34,215.6</u>	<u>31,763.5</u>
Total Liabilities	<u>1,280.7</u>	<u>1,205.4</u>	<u>874.7</u>
Net Position Restricted for Beneficiaries	<u>\$ 36,468.9</u>	<u>\$ 33,010.2</u>	<u>\$ 30,888.8</u>

Statements of Changes in Net Position

Changes in net position as presented on the statements of changes in net position are based on activity of the PUF investments. The purpose of these statements is to present additions to the PUF resulting from net investment income and contributions from PUF Lands mineral income and to present deductions from the PUF resulting from distributions to the AUF and administrative and investment expenses.

The net increase in fair value of investments of the PUF was \$3,229.6 million during the year compared to a net increase in fair value of investments of \$1,273.6 million for the year ended August 31, 2023. Investment expenses totaled \$76.7 million, \$71.5 million, and \$77.9 million, respectively, for the years ended August 31, 2024, 2023, and 2022.

The PUF's primary objective is to maximize investment returns within the risk parameters specified in its investment policy statement without regard to the distribution rate.

Distributions to the AUF increased by \$639.4 million from \$1,231.1 million in fiscal year 2023 to \$1,870.5 million in fiscal year 2024. The fiscal year 2024 amount included a one-time supplemental distribution of \$462.7 million. The fiscal year 2023 distribution amount increased by \$69.3 million from the fiscal year 2022 distribution of \$1,161.8 million. PUF distributions are determined by the UT Board as provided in the Texas Constitution, which directs the UT Board to establish a distribution policy that provides stable, inflation-adjusted distributions to the AUF and preserves the real value of the PUF investments over the long term. Unless otherwise approved by the UT Board, the annual amount is calculated based on the following formula:

1. Increase the prior year's distribution amount by the sum of the average inflation rate for the previous twelve-quarters plus 2.65%, unless further modified pursuant to 2 and 3 below.
2. If the inflationary increase in step 1 results in a distribution rate below 3.5% of the trailing twenty-quarter average of the net position of the PUF for the quarter ending February of each year, the distribution shall be increased to 3.5%.
3. If the inflationary increase in step 1 results in a distribution rate exceeding 6.0% of the trailing twenty-quarter average of the net position of the PUF for the quarter ending February of each year, the distribution increase shall be capped at 6.0%.

For the year ended August 31, 2024 the distribution, including the supplemental one-time amount, was 7.00% of the trailing twenty-quarter net position of the PUF as of February 28, 2023. For the year ended August 31, 2023 the distribution was 5.03% of the trailing twenty-quarter net position of the PUF as of February 28, 2022.

PERMANENT UNIVERSITY FUND

Distributions to the AUF are made at the discretion of the UT Board subject to the following overriding conditions of the Texas Constitution:

1. Distributions must be at least equal to the amount needed to pay debt service on PUF Bonds;
2. Distributions may not increase from the preceding year (except as necessary to pay debt service on PUF Bonds) unless the purchasing power of PUF Investments for any rolling 10-year period has been preserved;
3. Distributions may not exceed 7% of the average net fair market value of PUF investments in any fiscal year, except as necessary to pay debt service on PUF Bonds.

The following table summarizes the statements of changes in net position (in millions):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Investment Income (Loss)	\$ 3,581.1	\$ 1,575.3	\$(1,948.6)
Less Investment Expenses	76.7	71.5	77.9
PUF Lands Contributions	1,850.3	1,864.4	2,124.5
Total Additions	<u>5,354.7</u>	<u>3,368.2</u>	<u>98.0</u>
Administrative Expenses			
PUF Lands Expenses	25.2	15.3	16.5
UT System Oversight Fee	0.3	0.4	0.2
Distributions to AUF	1,870.5	1,231.1	1,161.8
Total Deductions	<u>1,896.0</u>	<u>1,246.8</u>	<u>1,178.5</u>
Change in Net Position	3,458.7	2,121.4	(1,080.5)
Net Position Restricted for Beneficiaries, Beginning of Year	33,010.2	30,888.8	31,969.3
Net Position Restricted for Beneficiaries, End of Year	<u>\$ 36,468.9</u>	<u>\$ 33,010.2</u>	<u>\$ 30,888.8</u>

Contacting UTIMCO

The above financial highlights are designed to provide a general overview of the PUF's investment results and insight into the following financial statements. Additional information may be found on our website and inquiries may be directed to UTIMCO via www.utimco.org

PERMANENT UNIVERSITY FUND

Statements of Net Position

August 31, 2024 and 2023

(in thousands)

	<u>2024</u>	<u>2023</u>
Assets		
Investments, at Fair Value:		
Equity Securities	\$ 3,690,008	\$ 3,629,946
Foreign Preferred Stock	41,872	47,344
Debt Securities	2,132,660	2,324,880
Investment Funds	29,805,526	26,124,720
Purchased Options	540	23,508
Cash and Cash Equivalents	708,385	1,170,017
Total Investments	<u>36,378,991</u>	<u>33,320,415</u>
Collateral for Securities Loaned, at Fair Value	467,670	368,544
Deposit with Brokers for Derivative Contracts	257,247	149,804
Unrealized Gains on Foreign Exchange Contracts	17,638	9,633
Futures Contracts, at Fair Value	6,356	5,604
Swaps, at Fair Value	100,011	18,043
Receivables:		
Investment Securities Sold	493,381	319,266
Accrued Income	27,929	23,988
Other	368	368
Total Receivables	<u>521,678</u>	<u>343,622</u>
Total Assets	<u>37,749,591</u>	<u>34,215,665</u>
Liabilities		
Payable Upon Return of Securities Loaned	467,670	368,544
Payable to Brokers for Collateral Held	14,410	10,582
Unrealized Losses on Foreign Exchange Contracts	18,421	19,612
Futures Contracts, at Fair Value	6,837	6,420
Swaps, at Fair Value	78,907	31,944
Options Written, at Fair Value	1,187	8,612
Payables:		
Investment Securities Purchased	671,802	737,222
Other	21,489	22,495
Total Payables	<u>693,291</u>	<u>759,717</u>
Total Liabilities	<u>1,280,723</u>	<u>1,205,431</u>
Net Position Restricted for Beneficiaries	<u><u>\$ 36,468,868</u></u>	<u><u>\$ 33,010,234</u></u>

The accompanying notes are an integral part of these financial statements.

PERMANENT UNIVERSITY FUND

Statements of Changes in Net Position

Years Ended August 31, 2024 and 2023

(in thousands)

	<u>2024</u>	<u>2023</u>
Additions		
Investment Income:		
Net Increase in Fair Value of Investments	\$ 3,229,594	\$ 1,273,624
Interest	101,660	99,883
Dividends	87,967	79,534
Income Distributions from Private Investment Funds	160,107	120,267
Securities Lending Income	1,266	1,689
Other	504	296
Total Investment Income	<u>3,581,098</u>	<u>1,575,293</u>
Less Investment Expenses:		
UTIMCO Management Fee	36,668	34,169
Investment Management Fees	35,501	33,059
Custodial Fees and Expenses	2,895	2,425
Other Expenses	1,663	1,859
Total Investment Expenses	<u>76,727</u>	<u>71,512</u>
Net Investment Income	3,504,371	1,503,781
Contributions from PUF Lands	1,850,301	1,864,435
Total Additions	<u>5,354,672</u>	<u>3,368,216</u>
Deductions		
Administrative Expenses:		
PUF Lands Expenses	25,212	15,249
UT System Oversight Fee	351	378
Total Administrative Expenses	<u>25,563</u>	<u>15,627</u>
Distributions to Available University Fund	1,870,475	1,231,115
Total Deductions	<u>1,896,038</u>	<u>1,246,742</u>
Change in Net Position	<u>3,458,634</u>	<u>2,121,474</u>
Net Position Restricted for Beneficiaries, Beginning of Year	<u>33,010,234</u>	<u>30,888,760</u>
Net Position Restricted for Beneficiaries, End of Year	<u><u>\$ 36,468,868</u></u>	<u><u>\$ 33,010,234</u></u>

The accompanying notes are an integral part of these financial statements.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements

Note 1 – Organization and Basis of Presentation

(A) The Permanent University Fund (PUF) is a state endowment contributing to the support of eligible institutions of The University of Texas System (UT System) and The Texas A&M University System (TAMU System), the PUF beneficiaries. The PUF was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to The University of Texas, as well as an additional one million acres. Additional land grants to the PUF were completed in 1883 with the contribution of another one million acres. Today, the PUF contains over 2.1 million acres of land located primarily in 19 counties in West Texas (PUF Lands).

PUF Lands are managed by UT System administration and produce two streams of income: mineral and surface. UT System administration remits mineral income to the PUF and distributes surface income to the Available University Fund (AUF). The mineral income retained by the PUF is invested and managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO).

(B) The accompanying financial statements report the investment in securities of the PUF, including the assets, liabilities, mineral contributions from the PUF Lands and investment income. Expenses related to the PUF's security investments and PUF Lands, as well as distributions from the PUF to the AUF, are also included. The PUF Lands value is not included in the accompanying financial statements because the statements are only intended to include the investment assets which are managed by UTIMCO.

The PUF financial statements represent the standalone investment activities included within UT System's consolidated financial statements. The PUF's inflows are primarily investment income and mineral contributions from the PUF Lands. For standalone purposes, the PUF financial statements are presented as an investment trust fund reporting under the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of cash flows. The accounting policies of the PUF conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The annual consolidated financial statements of the UT System are prepared in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements and include the investment activity of the PUF. The accompanying financial statements of the PUF may differ in presentation from the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements and the UT System standalone consolidated financial statements since certain activity is eliminated in consolidation.

The Supplemental Schedule of Changes in Cost of Investments and Investment Income has been prepared for the purpose of complying with the reporting requirements of Section 66.05 of the Texas Education Code.

(C) Management has evaluated subsequent events through October 31, 2024, the date the financial statements were available to be issued. No subsequent events requiring adjustment to, or disclosure in, the financial statements were identified as a result of this evaluation.

Note 2 – Significant Accounting Policies

(A) **Fair Value Measurements** -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

Investments with readily determinable fair values are primarily valued based on market valuations provided by independent pricing services.

Debt securities, including corporate obligations and government and provincial obligations, and convertible securities held directly by the PUF are fair valued based upon prices supplied by Intercontinental Exchange Data Services and other major fixed income pricing services, external broker quotes and internal pricing matrices. U.S. government obligations valued based on unadjusted prices in active markets are categorized as Level 1. Debt and convertible securities valued based on multiple quotations or models utilizing observable market inputs are categorized as Level 2; otherwise they would be categorized as Level 3.

Equity securities, including common and preferred stock, and publicly traded mutual fund fair values are based on the closing price on the primary exchange on which the security is traded (if a closing price is not available, the average of the last reported bid and ask price is used). When these securities are actively traded they are categorized as Level 1. In the event that a stock is not actively traded, or a closing price is unavailable on a national or international exchange, the last available price per the exchange would be utilized and the security would be categorized as Level 2.

GAAP permits management to fair value certain investments that do not have a readily determinable fair value using the investment's net asset value per share or ownership interest in partners' capital as a practical expedient. Investments valued in this manner are not classified in the fair value hierarchy. Certain private investment funds that do not follow the practical expedient are categorized as Level 3.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The fair value of private investment funds, which consist of non-regulated investment funds and various other investment vehicles, are estimated by management using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and distributions subsequent to the latest available reporting date as well as consideration of any other information, which has been provided by the investment manager or other sources.

Hedge funds, public market investment funds and certain other private placements are fair valued by management based on net asset value information provided by the investment managers as well as other relevant factors as indicated above.

(B) *Foreign Currency Translation* -- The accounting records of the PUF are maintained in U.S. dollars. Investments in securities and other assets and liabilities are fair valued at the daily rates of exchange on the valuation date. Purchases and sales of securities of foreign entities and the related income receipts and expense payments are translated into U.S. dollars at the exchange rate on the dates of the transactions. The PUF does not isolate that portion of the results of the change in net position resulting from changes in foreign exchange rates on investments from fluctuations arising from changes in the fair value of investments held on the statements of net position. Such fluctuations are included with the net increase in fair value of investments on the statements of changes in net position.

(C) *Investment Income and Investment Expenses* -- Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Dividend and interest income are recorded net of foreign taxes where recovery of such taxes is not assured. Investment income includes net realized and unrealized currency gains and losses recognized between accrual and payment dates on dividend and interest transactions. Investment expenses are recorded on the accrual basis as incurred.

(D) *Security Transactions* -- Security transactions are recorded on a trade date basis. Gains and losses on securities sold are determined on the basis of average cost.

(E) *Use of Estimates* -- The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ materially from these estimates.

(F) *Derivative Instruments* -- Derivatives are financial instruments whose fair value is derived, in whole or part, from the fair value of any one or more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities, or currencies. The PUF from time to time uses various derivative instruments, as allowed under The University of Texas System Board of Regents (UT Board) approved derivative investment policy guidelines. Derivative instruments included under these policies include futures, foreign exchange contracts, swaps and various forms of options. Futures contracts and foreign exchange contracts are fair valued at closing market prices on the valuation date. Futures contracts actively traded are categorized as Level 1 and foreign exchange contracts are not actively traded and therefore categorized as Level 2. Options and swaps are fair valued by using independent broker quotes or using models with primarily externally verifiable model inputs. Options actively traded are categorized as Level 1, otherwise options and swaps are generally categorized as Level 2.

Derivative instruments in the PUF are used to achieve the following objectives:

- implement investment strategies in a low cost and efficient manner,
- alter the PUF's market (systematic) exposure without trading the underlying cash market securities, through purchases or short sales, or both, of appropriate derivatives,
- construct portfolios with risk and return characteristics that could not be created with cash market securities,
- hedge and control risks, or
- facilitate transition trading.

Through the use of derivative instruments, the complex risks that are bound together in traditional investments can be separated and managed independently. The primary intent of the PUF's investment in derivative instruments is to manage and implement investment strategies more effectively and at a lower cost than would be possible in the cash market. All the PUF's derivative instruments are considered investment derivatives, and therefore do not qualify for hedge accounting; all changes in fair value are included in the net increase in fair value of investments in the statements of changes in net position.

Options Written -- When the PUF writes an option, an amount equal to the premium received by the PUF is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the PUF on the expiration date as realized gains from investments and are included in the net increase in fair value of investments in the statements of changes in net position. The difference between the premium and the amount paid on effecting a closing transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing transaction, as a realized loss and are included in the net increase in fair value of investments in the statements of changes in net position. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the PUF has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the PUF.

The PUF as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option. Written options are marked to market on a daily basis and are included as a liability on the statements of net position.

Swaps -- The PUF invests in certain types of swaps to increase or decrease its exposure to long-term interest rates, certain commodity or equity sector returns, market events, and currency fluctuations. Swaps are agreements between two parties to exchange periodic payments on the notional value of the contract multiplied by a stated fixed interest rate versus a stated floating interest rate, or on a commodity or equity sector return versus a specified cost per contract. Swaps are marked to market on a daily basis, and are included, at fair value, on the statements of net position. Initial margin requirements are satisfied by the segregation of specific securities as collateral for the account of the counterparty to the transaction. Cash flows may occur when a swap is opened, when it resets, if or when it is prematurely terminated by both parties to the agreement, and when it reaches maturity. The frequency of the resets is defined by the terms of the particular swap agreement and varies based on instruments and counterparty. These instruments involve market and/or credit risk

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

in excess of the amount recognized in the statements of net position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities fair values and interest rates.

Futures Contracts -- The PUF enters into futures contracts to facilitate various trading strategies, primarily as a tool to increase or decrease market exposure to various asset classes. Upon entering into a futures contract, initial margin deposit requirements are satisfied by the segregation of specific securities as collateral for the account of the broker (the PUF's agent in acquiring the futures position). During the period the futures positions are open, the contracts are marked to market daily; that is, they are fair valued at the close of business each day, and a gain or loss is recorded between the fair value of the contracts that day and on the previous day. The daily gain or loss is referred to as the daily variation margin which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts and is included on the statements of net position. The PUF executes such contracts either on major exchanges or with major international financial institutions and minimizes market and credit risk associated with these contracts through the managers' various trading and credit monitoring techniques.

Foreign Exchange Contracts -- The PUF enters into forward foreign exchange contracts to manage against foreign exchange rate risks on its non-U.S. dollar denominated investment securities and to facilitate trading strategies primarily as a tool to increase or decrease market exposure to various foreign currencies. When entering into a foreign exchange contract, the PUF agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are fair valued daily and the PUF's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statements of net position. Realized and unrealized gains and losses are included in the net increase in fair value of investments in the statements of changes in net position. These instruments involve market and/or credit risk in excess of the amount recognized in the statements of net position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities fair values and interest rates.

(G) *Cash and Cash Equivalents* -- Cash and cash equivalents consist of money market investments, cash held at the State Treasury, foreign currencies and other overnight funds. Cash and cash equivalents are an integral part of the PUF's investment activities, and as such are included in the investments balance on the statements of net position. Investments in public money market funds are categorized as Level 1 and the remainder are categorized as level 2.

(H) *Contributions from PUF Lands* -- The mineral income earned from PUF Lands is recorded as remitted by UT System administration and presented on the accompanying statements of changes in net position as an addition to net position.

(I) *Net Position* -- The net position of the PUF is restricted for the benefit of UT System and TAMU System.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Note 3 – Investments and Investment Derivatives

The following tables reflect fair value measurements of investments and investment derivatives as of August 31, 2024 and 2023, respectively, as categorized by level of the fair value hierarchy:

	Fair Value Measurements Using			
	Fair Value as of August 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity Securities:				
Domestic Common Stock	\$ 1,999,687,181	\$ 1,999,687,181	\$ -	\$ -
Foreign Common Stock	1,690,319,891	1,690,318,429	1,462	-
Other Equities	1,182	1,182	-	-
Total Equity Securities	3,690,008,254	3,690,006,792	1,462	-
Foreign Preferred Stock	41,871,897	41,871,897	-	-
Debt Securities:				
U.S. Government Obligations	1,633,391,545	1,472,391,989	160,999,556	-
Foreign Government and Provincial Obligations	327,082,050	-	327,082,050	-
Corporate Obligations	172,130,910	-	172,130,910	-
Other	55,328	-	55,328	-
Total Debt Securities	2,132,659,833	1,472,391,989	660,267,844	-
Purchased Options	540,230	272,939	267,291	-
Investment Funds:				
Private Investments	203,193,487	-	-	203,193,487
Developed Public Equity	174,674,472	174,674,472	-	-
Emerging Markets Public Equity	1,318,346	1,318,346	-	-
Fixed Income	98,192,808	98,192,808	-	-
Total Investment Funds	477,379,113	274,185,626	-	203,193,487
Cash Equivalents	631,880,991	613,527,474	18,353,517	-
Total Investments by Fair Value Level	6,974,340,318	\$ 6,092,256,717	\$ 678,890,114	\$ 203,193,487
Cash	76,503,680			
Investments Funds Fair Valued Using Practical Expedient:				
Hedge Funds	7,715,271,325			
Private Investments	15,199,699,433			
Public Markets	6,381,915,648			
Other	31,260,263			
Investments Funds Fair Valued Using Practical Expedient	29,328,146,669			
Total Investments, at Fair Value	\$ 36,378,990,667			
Fair Value Measurements Using				
	Fair Value as of August 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Derivatives				
Foreign Exchange Contracts	\$ (782,797)	\$ -	\$ (782,797)	\$ -
Futures Contracts	(481,440)	(481,440)	-	-
Swaps	21,104,261	-	21,104,261	-
Written Options	(1,186,877)	-	(1,186,877)	-
Investment Derivatives	\$ 18,653,147	\$ (481,440)	\$ 19,134,587	\$ -

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Equity Securities:				
Domestic Common Stock	\$ 1,727,270,668	\$ 1,727,270,668	\$ -	\$ -
Foreign Common Stock	1,896,000,416	1,895,997,877	2,539	-
Other Equities	6,674,805	6,674,805	-	-
Total Equity Securities	3,629,945,889	3,629,943,350	2,539	-
Foreign Preferred Stock	47,343,772	47,343,772	-	-
Debt Securities:				
U.S. Government Obligations	1,868,519,924	1,763,386,256	105,133,668	-
Foreign Government and Provincial Obligations	277,831,008	-	277,831,008	-
Corporate Obligations	178,528,899	-	178,528,899	-
Total Debt Securities	2,324,879,831	1,763,386,256	561,493,575	-
Purchased Options	23,508,636	2,217,697	21,290,939	-
Investment Funds:				
Private Investments	286,642,114	-	-	286,642,114
Developed Public Equity	59,075,435	59,075,435	-	-
Emerging Markets Public Equity	20,205,132	20,205,132	-	-
Fixed Income	87,819,252	87,819,252	-	-
Total Investment Funds	453,741,933	167,099,819	-	286,642,114
Cash Equivalents	1,094,645,576	874,517,010	220,128,566	-
Total Investments by Fair Value Level	7,574,065,637	\$ 6,484,507,904	\$ 802,915,619	\$ 286,642,114
Cash	75,371,728			
Investments Funds Fair Valued Using Practical Expedient:				
Hedge Funds	5,948,610,057			
Private Investments	14,044,015,921			
Public Markets	5,654,946,716			
Other	23,405,312			
Investments Funds Fair Valued Using Practical Expedient	25,670,978,006			
Total Investments, at Fair Value	\$ 33,320,415,371			

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Derivatives				
Foreign Exchange Contracts	\$ (9,979,633)	\$ -	\$ (9,979,633)	\$ -
Futures Contracts	(815,826)	(815,826)	-	-
Swaps	(13,900,467)	-	(13,900,467)	-
Written Options	(8,612,438)	-	(8,612,438)	-
Investment Derivatives	\$ (33,308,364)	\$ (815,826)	\$ (32,492,538)	\$ -

See Note 5 for fair value categorization of collateral for securities loaned.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment funds fair valued at net asset value per share or based on the PUF's ownership interest in partners' capital include externally managed funds, limited partnerships, and corporate structures which are generally unrated and may be unregulated. The composition of investment funds that are fair valued using a practical expedient at August 31, 2024 and 2023 is summarized in the tables below as they are included within the asset mix of the PUF.

Investment Funds:	Fair Value as of August 31, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Directional				
Redeemable Within One Year	\$ 1,568,920,477	\$ -	Monthly to Annually	45 - 90 Days
Redeemable Beyond One Year	691,455,623	-	Monthly to Annually	45 - 90 Days
Nonredeemable	477,888,835	480,159,375	Not Applicable	Not Applicable
Total Directional	<u>2,738,264,935</u>	<u>480,159,375</u>		
Stable Value				
Redeemable Within One Year	2,300,346,654	-	Monthly to Semi-Annually	1 - 100 Days
Redeemable Beyond One Year	2,024,546,427	-	Monthly to Semi-Annually	5 - 100 Days
Nonredeemable	652,113,309	450,796,578	Not Applicable	Not Applicable
Total Stable Value	<u>4,977,006,390</u>	<u>450,796,578</u>		
Total Hedge Funds	<u>7,715,271,325</u>	<u>930,955,953</u>		
Private Investments (Nonredeemable):				
Private Equity	5,429,574,717	4,214,160,173	Not Applicable	Not Applicable
Emerging Market Equity	657,850,212	117,155,158	Not Applicable	Not Applicable
Credit	616,485,421	388,896,362	Not Applicable	Not Applicable
Venture	2,664,267,730	1,390,227,599	Not Applicable	Not Applicable
Natural Resources	1,132,624,190	357,816,475	Not Applicable	Not Applicable
Infrastructure	1,625,811,636	1,001,205,630	Not Applicable	Not Applicable
Real Estate	3,073,085,527	2,206,288,340	Not Applicable	Not Applicable
Total Private Investments	<u>15,199,699,433</u>	<u>9,675,749,737</u>		
Public Markets:				
Developed Public Equity				
Redeemable Within One Year	4,582,815,922	-	Daily to Quarterly	5 - 60 Days
Redeemable Beyond One Year	223,730,659	-	Monthly to Quarterly	45 - 60 Days
Nonredeemable	5,506,520	8,310,230	Not Applicable	Not Applicable
Total Developed Public Equity	<u>4,812,053,101</u>	<u>8,310,230</u>		
Emerging Markets Public Equity				
Redeemable Within One Year	1,490,083,905	-	Daily to Quarterly	1 - 120 Days
Redeemable Beyond One Year	54,777,212	-	Monthly	60 Days
Nonredeemable	25,001,430	-	Not Applicable	Not Applicable
Total Emerging Markets Public Equity	<u>1,569,862,547</u>	<u>-</u>		
Total Public Markets	<u>6,381,915,648</u>	<u>8,310,230</u>		
Other				
Redeemable Within One Year	6,715,772	-	Quarterly	90 Days
Redeemable Beyond One Year	20,147,316	-	Quarterly	90 Days
Nonredeemable	4,397,175	4,356,115	Not Applicable	Not Applicable
Total Other	<u>31,260,263</u>	<u>4,356,115</u>		
Total Investment Funds	<u>\$ 29,328,146,669</u>	<u>\$ 10,619,372,035</u>		

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment Funds:	Fair Value as of August 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds:				
Directional				
Redeemable Within One Year	\$ 990,424,390	\$ -	Monthly to Annually	30 - 90 Days
Redeemable Beyond One Year	677,109,032	-	Quarterly-Annually	30 - 90 Days
Nonredeemable	398,343,449	167,065,628	Not Applicable	Not Applicable
Total Directional	<u>2,065,876,871</u>	<u>167,065,628</u>		
Stable Value				
Redeemable Within One Year	1,969,180,271	-	Monthly to Annually	5 - 100 Days
Redeemable Beyond One Year	1,528,283,468	-	Monthly to Semi-Annually	5 - 100 Days
Nonredeemable	385,269,447	242,589,717	Not Applicable	Not Applicable
Total Stable Value	<u>3,882,733,186</u>	<u>242,589,717</u>		
Total Hedge Funds	<u>5,948,610,057</u>	<u>409,655,345</u>		
Private Investments (Nonredeemable):				
Private Equity	4,302,818,570	3,439,973,989	Not Applicable	Not Applicable
Emerging Market Equity	772,069,970	141,480,306	Not Applicable	Not Applicable
Credit	735,263,895	487,271,575	Not Applicable	Not Applicable
Venture	2,902,978,149	839,641,197	Not Applicable	Not Applicable
Natural Resources	1,309,271,422	318,711,682	Not Applicable	Not Applicable
Infrastructure	1,296,714,995	752,227,289	Not Applicable	Not Applicable
Real Estate	2,724,898,920	2,123,976,658	Not Applicable	Not Applicable
Total Private Investments	<u>14,044,015,921</u>	<u>8,103,282,696</u>		
Public Markets:				
Developed Public Equity				
Redeemable Within One Year	4,169,944,647	-	Daily to Annually	5 - 105 Days
Redeemable Beyond One Year	188,258,704	-	Monthly to Annually	45 - 105 Days
Nonredeemable	777,742	15,545,151	Not Applicable	Not Applicable
Total Developed Public Equity	<u>4,358,981,093</u>	<u>15,545,151</u>		
Emerging Markets Public Equity				
Redeemable Within One Year	1,172,428,433	-	Daily to Semi-Annually	1 - 120 Days
Redeemable Beyond One Year	122,008,476	-	Monthly to Semi-Annually	60 Days
Nonredeemable	1,528,714	13,414,148	Not Applicable	Not Applicable
Total Emerging Markets Public Equity	<u>1,295,965,623</u>	<u>13,414,148</u>		
Total Public Markets	<u>5,654,946,716</u>	<u>28,959,299</u>		
Other				
Redeemable Within One Year	5,851,328	-	Quarterly	90 Days
Redeemable Beyond One Year	17,553,984	-	Quarterly	90 Days
Total Other	<u>23,405,312</u>	<u>-</u>		
Total Investment Funds	<u>\$ 25,670,978,006</u>	<u>\$ 8,541,897,340</u>		

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The PUF invests in hedge funds through unit interests in investment pools established in the name of the UT Board. Amounts presented in the PUF's financial statements and related note disclosures represent the PUF's pro-rata share of these investment pool assets. The hedge fund pools are invested in private funds with external investment managers who invest in equity and fixed income securities, including related derivatives, of both domestic and international issuers. These investment managers may invest in both long and short securities and may utilize leverage in their portfolios. Certain funds are subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the investment manager without significant penalty. The amounts shown as nonredeemable are considered to be illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. There are certain risks associated with these private funds, some of which include investment manager risk, market risk, and liquidity risk, as well as the risk of utilizing leverage in the portfolios. The hedge fund pools have committed \$2,410,582,206 of future funding to various hedge fund investments as of August 31, 2024 of which the PUF's pro-rata portion is \$930,955,953.

The PUF invests in private investments in investment pools created in the name of the UT Board. Amounts presented in the PUF's financial statements and related note disclosures for the years ended August 31, 2024 and 2023, represent the PUF's pro-rata share of these investment pool assets. The private investment pools are generally invested in limited partnerships with external investment managers or general partners who invest primarily in private equity securities. These investments are domestic and international, are illiquid, and typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from underlying fund investments. It is estimated that the underlying assets of the private investments will be liquidated over seven to ten years after initial investment. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk, and investment manager risk. Certain of these investments are held through limited liability companies, of which UTIMCO is the manager. The private investment pools have committed \$16,371,826,965 of future funding to various private market investments as of August 31, 2024 of which the PUF's pro-rata portion is \$9,675,749,737.

Public market and other funds are invested in publicly traded mutual funds and private placements with external investment managers who invest in equity and fixed income securities, including related derivatives, of both domestic and international issuers, and carbon credit related investments. These funds are characterized as public market funds based on individual risk/return characteristics and their relationship to the overall asset mix of the PUF. Some of these investment managers may invest in both long and short securities and may utilize leverage in their portfolios. Certain funds are subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the investment manager without significant penalty. The amounts shown as nonredeemable are considered to be illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. Certain of these investments are held through limited liability companies of which UTIMCO is the manager. There are certain risks associated with these investments, some of which are investment manager risk, market risk, and liquidity risk, as well as the risk of utilizing leverage in the portfolios. Future funding in the amount of \$22,571,991, of which the PUF's pro-rata portion is \$12,666,345, have been committed to certain public market funds as of August 31, 2024.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Hedge funds, private investments, public market, and other funds include investments in private placement vehicles that are subject to risk which could result in the loss of invested capital. The risks include the following:

- *Key personnel risk* -- The success of certain funds is substantially dependent on key investment managers and the loss of those individuals may adversely impact the fund's performance.
- *Liquidity risk* -- Many of the PUF's investment funds may impose lock-up periods which would cause the PUF to incur penalties to redeem its units or prevent the PUF from redeeming its shares until a certain period of time has elapsed.
- *Limited transparency* -- As private placement investment vehicles, these funds may not disclose the holdings of their portfolios.
- *Investment strategy risk* -- These funds often employ sophisticated investment strategies and may use leverage which could result in the loss of invested capital.

Investments in hedge funds, private investments, public market, and other funds are also subject to the investment risks discussed in Note 4. Fixed income investments held by these funds would also be subject to credit risk and interest rate risk; moreover, they may invest in securities whose fair values would be sensitive to changes in interest rates.

Note 4 – Investment Risk

The investment risk disclosure that follows relates to the PUF's investments before securities lending transactions and the investment of cash collateral. Disclosures relating to securities lending are provided in Note 5. Risk disclosures relating to the PUF's investments in hedge funds, private investments, and public market funds are discussed in Note 3.

(A) Credit Risk

Article VII, Section 11b of the Texas Constitution authorizes the UT Board, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the UT Board, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the PUF then prevailing, taking into consideration the investment of all of the assets of the PUF rather than a single investment.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The PUF's investment policy does not provide specific requirements or limitations with regards to investment ratings. Per GASB Statement No. 40 (GASB 40), *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. GASB 40 also provides that securities with split ratings, or a different rating assignment between NRSROs, are disclosed using the rating indicative of the greatest degree of risk. The following table presents each applicable investment type grouped by rating at August 31, 2024 and 2023:

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment Type	August 31,		Rating
	2024	2023	
Investments:			
U.S. Government Guaranteed			
U.S. Government Guaranteed	\$ -	\$ 192,529,115	AAA
U.S. Government Guaranteed	1,513,759,249	1,570,868,606	AA
Total U.S. Government Guaranteed	<u>1,513,759,249</u>	<u>1,763,397,721</u>	
U.S. Government Non-Guaranteed:			
U.S. Agency Asset Backed	119,632,296	105,122,203	AA
Total U.S. Government	<u>1,633,391,545</u>	<u>1,868,519,924</u>	
Corporate Obligations:			
Domestic	35,732,039	60,879,578	AAA
Domestic	882,870	7,103,767	AA
Domestic	22,182,239	11,309,777	A
Domestic	8,981,891	7,749,702	BAA/BBB
Domestic	2,760,470	774,106	BA/BB
Domestic	684,299	741,331	B
Domestic	911,451	1,526,036	CAA/CCC
Domestic	632,537	702,228	CA/CC
Domestic	-	1,021,882	D
Domestic	2,517,327	9,936,161	Not Rated
Foreign	31,070,945	36,333,529	AAA
Foreign	3,746,945	2,217,416	AA
Foreign	23,564,731	14,719,468	A
Foreign	32,579,976	18,065,694	BAA/BBB
Foreign	-	387,603	BA/BB
Foreign	5,625,985	4,227,411	B
Foreign	-	23,579	D
Foreign	257,205	809,631	Not Rated
Total Corporate Obligations	<u>172,130,910</u>	<u>178,528,899</u>	
Foreign Government and Provincial Obligations	2,465,419	2,169,236	AAA
Foreign Government and Provincial Obligations	28,068,726	10,972,773	AA
Foreign Government and Provincial Obligations	22,410,204	10,396,957	A
Foreign Government and Provincial Obligations	47,698,126	62,977,453	BAA/BBB
Foreign Government and Provincial Obligations	63,149,007	68,718,915	BA/BB
Foreign Government and Provincial Obligations	163,290,568	122,595,674	Not Rated
Total Foreign Government and Provincial Obligations	<u>327,082,050</u>	<u>277,831,008</u>	
Other Debt Securities	55,328	-	A
Total Debt Securities	<u>\$ 2,132,659,833</u>	<u>\$ 2,324,879,831</u>	
Other Investment Funds			
Debt	\$ 27,039,930	\$ 22,315,232	BA/BB
Debt	71,152,878	65,504,020	Not Rated
Total Other Investments - Debt	<u>\$ 98,192,808</u>	<u>\$ 87,819,252</u>	
Cash Equivalents	\$ 613,527,474	\$ 874,517,010	AAA
Cash Equivalents	18,353,517	220,128,566	Not Rated
Cash	76,503,680	75,371,728	Not Rated
Total Cash and Cash Equivalents	<u>\$ 708,384,671</u>	<u>\$ 1,170,017,304</u>	
Net Deposit with Brokers for Derivative Contracts:			
U.S. Government Guaranteed	\$ 82,602,647	\$ 48,254,872	AA
Cash	160,233,805	90,966,803	Not Rated
Total Net Deposit with/(Payable to) Brokers for Derivative Contracts	<u>\$ 242,836,452</u>	<u>\$ 139,221,675</u>	

(B) Concentrations of Credit Risk

The PUF's investment policy statement contains the limitation that no more than 5% of the market value of fixed income securities may be invested in corporate or municipal bonds of a single issuer. As of August 31, 2024 and 2023, the PUF does not hold any direct investments in any one issuer of corporate or municipal bonds that is 5% or more of the market value of the PUF's fixed income investments.

(C) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the PUF will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the PUF will not be able to recover the fair value of its investment or collateral securities that are in the possession of another party. Texas State Statutes and the PUF's investment policy statements do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. All PUF investments are held by the PUF's custodian bank in the name of the UT Board. Uninvested cash is invested in overnight money market funds that are also held in the name of the UT Board. Required collateral is posted unilaterally by the PUF and each counterparty to segregated accounts established at the PUF's custodian bank. As all investments and collateral deposits are held in the name of the UT Board or in segregated accounts in the name of the UT Board as of August 31, 2024 and 2023, the PUF has minimal exposure to custodial credit risk.

(D) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk inherent in the PUF is measured by monitoring the modified duration of the overall investment portfolio. Modified duration estimates the sensitivity of the PUF's investments to changes in interest rates. The PUF has no specific policy statement limitations with respect to its overall modified duration.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The following table summarizes the PUF's modified duration in years by investment type at August 31, 2024 and 2023:

Investment Type	August 31,			
	2024		2023	
	Fair Value	Modified Duration	Fair Value	Modified Duration
Investments:				
U.S. Government Guaranteed:				
U.S. Treasury Bills	\$ 1,130,665	0.09	\$ 2,627,417	0.08
U.S. Treasury Bonds and Notes	1,403,182,851	12.36	1,124,823,052	13.53
U.S. Treasury Strips	6,775,355	-	-	-
U.S. Treasury Inflation Protected	61,303,117	4.86	635,935,787	6.61
U.S. Agency Asset Backed	41,367,261	3.16	11,465	0.95
Total U.S. Government Guaranteed	<u>1,513,759,249</u>	11.74	<u>1,763,397,721</u>	11.01
U.S. Government Non-Guaranteed:				
U.S. Agency Asset Backed	<u>119,632,296</u>	3.82	<u>105,122,203</u>	6.36
Total U.S. Government	<u>1,633,391,545</u>	11.16	<u>1,868,519,924</u>	10.75
Corporate Obligations:				
Domestic	75,285,123	3.07	101,744,568	2.40
Foreign	<u>96,845,787</u>	3.64	<u>76,784,331</u>	2.49
Total Corporate Obligations	<u>172,130,910</u>	3.39	<u>178,528,899</u>	2.44
Foreign Government and Provincial Obligations	<u>327,082,050</u>	5.27	<u>277,831,008</u>	5.27
Other Debt Securities	<u>55,328</u>	0.17	<u>-</u>	-
Total Debt Securities	<u>2,132,659,833</u>	9.63	<u>2,324,879,831</u>	9.46
Other Investment Funds - Debt	<u>98,192,808</u>	4.37	<u>87,819,252</u>	1.63
Cash and Cash Equivalents	<u>708,384,671</u>	0.07	<u>1,170,017,304</u>	0.06
Total	<u>\$ 2,939,237,312</u>	7.15	<u>\$ 3,582,716,387</u>	6.20
Net Deposit with Brokers for Derivative Contracts:				
U.S. Government Guaranteed	\$ 82,602,647	0.11	\$ 48,254,872	0.09
Cash	<u>160,233,805</u>	-	<u>90,966,803</u>	-
Total Net Deposit with/(Payable to) Brokers for Derivative Contracts	<u>\$ 242,836,452</u>	-	<u>\$ 139,221,675</u>	-

(E) *Investments with Fair Values That Are Highly Sensitive to Interest Rate Changes*

The PUF may invest in various mortgage-backed securities, such as collateralized mortgage-backed obligations. The PUF also may invest in investments that have floating rates with periodic coupon changes in market rates, zero coupon bonds and stripped Treasury and Agency securities created from coupon securities. No percentage of holdings limitations are specified in the investment policy statements regarding these types of securities. As of August 31, 2024 and 2023, the PUF's investments include the following investments that are highly sensitive to interest rate changes:

Collateralized mortgage obligations which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$30,950,316 and \$57,123,652 as of August 31, 2024 and 2023, respectively.

Mortgage-backed securities which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$160,312,768 and \$104,990,215 as of August 31, 2024 and 2023, respectively.

Asset backed securities which are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligee of the underlying assets in periods of decreasing interest rates could reduce or eliminate the stream of income that would have been received. In periods of rising interest rates, the fair value of these securities would be expected to decrease. These securities amounted to \$17,905,713 and \$50,696,787 as of August 31, 2024 and 2023, respectively.

(F) *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the PUF's non-U.S. dollar investments. There are no limitations on investments in non-U.S. dollar denominated bonds or common stocks in relation to the PUF's total fixed income and non-U.S. equity exposures in the PUF's investment policy statement.

The classification of domestic common stock and foreign common stock is based on the country of domicile of the issuer, not the currency in which the security is traded. The following table summarizes the PUF's exposure to non-U.S. dollar investments at August 31, 2024 and 2023:

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment Type	August 31,	
	2024	2023
Domestic Common Stock:		
Euro	\$ 1,515,523	\$ 1,348,713
Hong Kong Dollar	-	29,752
Taiwan Dollar	-	3,331,556
UK Pound	1,050,476	-
Total Domestic Common Stock	2,565,999	4,710,021
Foreign Common Stock:		
Australian Dollar	5,864,713	12,222,245
Brazilian Real	54,653,728	97,842,419
Canadian Dollar	9,797,207	14,493,537
Chilean Peso	94,102	112,030
Chinese Yuan Renminbi	16,704,987	91,044,763
Czech Koruna	134,749	305,755
Danish Krone	45,258,114	31,573,667
Egyptian Pound	36,051	727,453
Euro	233,737,660	238,744,216
Hong Kong Dollar	88,120,194	98,320,012
Hungarian Forint	951,975	598,712
Indian Rupee	100,803,995	54,027,111
Indonesian Rupiah	17,108,526	20,094,125
Japanese Yen	52,874,523	247,015,828
Malaysian Ringgit	6,030,289	6,998,272
Mexican Peso	7,471,984	7,634,925
New Zealand Dollar	250,062	1,123,280
Norwegian Krone	4,077,935	13,519,706
Peruvian Sol	23,445	-
Philippine Peso	1,021,810	1,035,960
Polish Zloty	3,287,286	3,637,784
Qatari Riyal	2,302,208	1,082,938
Russian Ruble	98	91
Saudi Arabian Riyal	8,422,050	459,811
Singapore Dollar	3,352,440	5,764,896
South African Rand	10,207,573	9,712,026
South Korean Won	129,956,867	119,324,304
Swedish Krona	11,663,220	15,107,581
Swiss Franc	78,202,564	62,871,512
Taiwan Dollar	263,068,462	207,072,944
Thai Baht	4,874,759	9,655,228
Turkish Lira	5,619,906	4,041,193
UK Pound	165,614,577	147,907,371
United Arab Emirates Dirham	7,792,828	3,782,207
Total Foreign Common Stock	1,339,380,887	1,527,853,902
Other - Equity Securities:		
Brazilian Real	-	6,104
South Korean Won	1,182	-
Swiss Franc	-	39,726
Taiwan Dollar	-	18
Total Other - Equity Securities	1,182	45,848
Foreign Preferred Stocks:		
Brazilian Real	10,769,333	20,928,539
Euro	112,973	524,166
South Korean Won	30,259,797	25,891,066
Total Foreign Preferred Stock	41,142,103	47,343,771

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment Type	August 31,	
	2024	2023
Foreign Government and Provincial Obligations:		
Australian Dollar	\$ 467,398	\$ 2,127,084
Brazilian Real	15,817,195	23,101,851
Canadian Dollar	12,445,841	-
Chinese Yuan Renminbi	-	416,837
Colombian Peso	31,434,035	25,598,328
Euro	51,453,645	11,464,911
Indian Rupee	870,887	-
Japanese Yen	112,502,169	97,625,258
Malaysian Ringgit	3,650,897	11,920,559
Mexican Peso	39,268,422	57,474,588
New Zealand Dollar	4,314,159	3,149,480
Russian Ruble	775,454	731,667
Singapore Dollar	3,049,702	-
South African Rand	15,021,393	19,547,621
South Korean Won	12,316,377	7,222,363
UK Pound	2,254,505	6,859,445
Total Foreign Government and Provincial Obligations	<u>305,642,079</u>	<u>267,239,992</u>
Corporate Obligations:		
Australian Dollar	2,961,049	959,496
Brazilian Real	208,509	251,098
Danish Krone	65	5,748,173
Euro	10,438,752	9,850,076
Indian Rupee	8	-
UK Pound	8,639,109	14,539,942
Total Corporate Obligations	<u>22,247,492</u>	<u>31,348,785</u>
Purchased Options:		
Brazilian Real	19	156,525
Total Purchased Options	<u>19</u>	<u>156,525</u>
Investment Funds-Emerging Markets:		
Brazilian Real	589,180	646,079
Thai Baht	118,832	-
Total Investment Funds-Emerging Markets	<u>708,012</u>	<u>646,079</u>
Private Investments:		
Australian Dollar	41,352,103	30,356,179
Canadian Dollar	108,443,668	101,660,153
Euro	664,663,654	625,516,272
Japanese Yen	21,327,700	24,734,025
Swedish Krona	10,049,421	33,627,119
UK Pound	208,018,637	145,820,731
Total Private Investments	<u>1,053,855,183</u>	<u>961,714,479</u>

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Investment Type	August 31,	
	2024	2023
Cash and Cash Equivalents:		
Australian Dollar	\$ (1,208,427)	\$ 602,599
Brazilian Real	6,852,607	7,889,473
Canadian Dollar	(2,105,097)	(335,854)
Chilean Peso	5,135	144
Chinese Yuan Renminbi	124,261	2,489,964
Colombian Peso	186	-
Czech Koruna	621	-
Danish Krone	2,494	10,407
Egyptian Pound	2,803	124,140
Euro	3,256,342	16,489,278
Hong Kong Dollar	(471,466)	(330,029)
Hungarian Forint	138	-
Indian Rupee	66,690	59,856
Indonesian Rupiah	1,796	3,848
Israeli Shekel	12,841	1,327
Japanese Yen	(3,461,131)	(2,981,541)
Malaysian Ringgit	7,088	29,247
Mexican Peso	32,679	1,300
New Zealand Dollar	208,091	32,461
Norwegian Krone	70	185
Peruvian Sol	859	-
Philippine Peso	9,083	-
Polish Zloty	15,604	1,716
Qatari Riyal	3,920	-
Saudi Arabian Riyal	20,691	-
Singapore Dollar	141,137	89,754
South African Rand	31,249	1,048,867
South Korean Won	3,872,211	2,608,379
Swedish Krona	917	60,978
Swiss Franc	166,738	16,869
Taiwan Dollar	1,270,212	759,623
Thai Baht	1,890	298
Turkish Lira	997	17,211
UK Pound	3,405,971	(3,541,131)
United Arab Emirates Dirham	1,932	-
Total Cash and Cash Equivalents	<u>12,271,132</u>	<u>25,149,369</u>
Written Options:		
Brazilian Real	-	(182,639)
Euro	(6,329)	-
Total Written Options	<u>(6,329)</u>	<u>(182,639)</u>

PERMANENT UNIVERSITY FUND*Notes to Financial Statements (cont.)*

Investment Type	August 31,	
	2024	2023
Swaps:		
Australian Dollar	\$ 90,212	\$ (488,870)
Canadian Dollar	(205,269)	(1,244,007)
Chinese Yuan Renminbi	(407,908)	(732,370)
Euro	(957,774)	(321,997)
Indian Rupee	20,227	-
Japanese Yen	(49,462,621)	60,772
Malaysian Ringgit	(62,078)	17,536
New Zealand Dollar	92,723	(407,195)
Singapore Dollar	(546,065)	2,873
South Korean Won	(287,580)	(208,844)
Swiss Franc	(31,225)	(106,045)
Thai Baht	(607,757)	(2,580)
UK Pound	543,669	(2,699,465)
Total Swaps	<u>(51,821,446)</u>	<u>(6,130,192)</u>
Futures:		
Australian Dollar	(91,818)	(69,214)
Brazilian Real	-	116,568
Canadian Dollar	35,298	(26,580)
Euro	(91,174)	(2,173,650)
Japanese Yen	1,867,661	57,629
UK Pound	(33,140)	199,431
Total Futures	<u>1,686,827</u>	<u>(1,895,816)</u>
Total	<u>\$ 2,727,673,140</u>	<u>\$ 2,858,000,124</u>

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

(G) Counterparty (Credit) Risk

The derivative instruments utilized by the PUF contain varying degrees of off-balance sheet risk whereby changes in the fair values of securities underlying the financial instruments may exceed the amounts recognized in the statements of net position. The PUF manages these risks on an aggregate basis along with the risks associated with its other investments as part of its overall risk management process.

The PUF had gross counterparty exposure as of August 31, 2024 for options, swaps, and foreign exchange contracts shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ 11,264,488	\$ 10,890,419	\$ 279,822	\$ 1,006,806	AA
Swaps	1,427,374,324	456,762,184	33,505,264	16,701,761	AA
Swaps	388,753,339	52,465,066	55,261,603	50,795,835	A
Foreign Exchange Contracts	336,556,681	353,699,694	6,975,542	6,628,199	AA
Foreign Exchange Contracts	595,483,157	626,803,305	10,662,970	11,793,110	A
			<u>\$ 106,685,201</u>	<u>\$ 86,925,711</u>	

The PUF had gross counterparty exposure as of August 31, 2023 for options, swaps, and foreign exchange contracts shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ 286,020,757	\$ 242,732,005	\$ 5,165,893	\$ 3,262,769	AA
Options	520,872,796	411,633,166	17,370,062	5,014,315	A
Swaps	352,802,099	399,716,188	7,291,909	13,785,731	AA
Swaps	2,271,821	119,815,034	912,165	6,563,546	A
Foreign Exchange Contracts	371,687,160	254,830,072	5,498,737	3,847,738	AA
Foreign Exchange Contracts	283,411,152	322,960,734	4,133,951	15,764,583	A
			<u>\$ 40,372,717</u>	<u>\$ 48,238,682</u>	

As of August 31, 2024 and 2023 the PUF also had investments in futures contracts, options on futures contracts and exchange-cleared swaps. Futures contracts, options on futures contracts, and exchange-cleared swaps expose the PUF to minimal counterparty credit risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees them against default. Therefore, they are not presented in the table above.

Counterparty risk for swaps, options and foreign exchange contracts, which are traded over-the-counter, is mitigated by entering into International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements. These agreements include Initial Margin Credit Support Annexes with each counterparty that require unilateral collateral postings by each party to a transaction once an established threshold limit has been reached. Initial margin collateral postings are held in segregated accounts at the PUF's custodian bank established on behalf of the PUF and each counterparty. As of August 31, 2024 and 2023, the PUF held \$14,410,177 and \$10,582,347 respectively, of collateral related to derivative instruments other than futures, and had on deposit with brokers \$204,013,204 and \$117,564,154 respectively, as collateral related to derivative instruments other than futures.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Note 5 – Securities Lending

In accordance with the prudent investor investment standards, the PUF loans securities to certain brokers who pay the PUF negotiated lenders' fees. These fees are included in investment income in the statements of changes in net position. The PUF receives qualified securities and/or cash as collateral against the loaned securities. The collateral, when received, will have a market value of 102% of loaned securities of U.S. issuers and a market value of 105% for loaned securities of non-U.S. issuers. If the market value of the collateral held in connection with loans of securities of U.S. issuers is less than 100% at the close of trading on any business day, the borrower is required to deliver additional collateral by the close of the next business day to equal 102% of the market value. For non-U.S. issuers, the collateral should remain at 105% of the market value of the loaned securities at the close of any business day. If it falls below 105%, the borrower must deliver additional collateral by the close of the following business day. The fair value of securities loaned, and the fair value of collateral held are as follows at August 31, 2024 and 2023:

<u>Securities on Loan</u>	<u>2024 Fair Value</u>	<u>2023 Fair Value</u>	<u>Type of Collateral</u>	<u>2024 Fair Value of Collateral</u>	<u>2023 Fair Value of Collateral</u>
U.S. Government	\$ 301,569,126	\$ 12,953,581	Cash	\$ 307,875,593	\$ 13,216,517
Corporate Bonds	19,655,478	2,832,157	Cash	20,242,579	2,930,840
Common Stock	135,452,038	301,912,043	Cash	139,137,138	309,536,529
Sovereign Debt	404,502	32,019,014	Cash	414,438	42,859,638
Total	<u>\$ 457,081,144</u>	<u>\$ 349,716,795</u>	Total	<u>\$ 467,669,748</u>	<u>\$ 368,543,524</u>
U.S. Government	\$ 38,213,367	\$ 116,828,107	Non-Cash	\$ 39,001,669	\$ 119,259,813
Corporate Bonds	-	-	Non-Cash	-	-
Common Stock	15,112,714	58,250,386	Non-Cash	15,623,934	60,708,066
Total	<u>\$ 53,326,081</u>	<u>\$ 175,078,493</u>	Total	<u>\$ 54,625,603</u>	<u>\$ 179,967,879</u>

Cash received as collateral for securities lending activities is invested and reinvested in a commingled pool managed exclusively for the benefit of the PUF, The University of Texas System General Endowment Fund (GEF), The University of Texas System Intermediate Term Fund (ITF) and other UT Board accounts that participate in securities lending activities by the securities lending agent. The pool is managed in accordance with investment guidelines established in the securities lending contract between the PUF and its securities lending agent. The maturities of the investments in the pool do not necessarily match the term of the loans, rather the pool is managed to maintain a maximum dollar-weighted average maturity of 60 days and an overnight liquidity of 20%. Lending income is earned if the returns on those investments exceed the rebate paid to borrowers of the securities for interest on the cash collateral received. The income remaining after the borrower rebates is then shared by the PUF and the securities lending agent on a contractually negotiated split. If the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, the payment of the shortfall to the borrower is made from the PUF and the securities lending agent in the same proportion as income is shared.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The PUF's pro-rata share of collateral pool investments, rating by NRSRO, and weighted average maturity at August 31, 2024 and 2023 is shown in the following table:

Description	2024			2023		
	Fair Value	Rating	Weighted Average Maturity In Days	Fair Value	Rating	Weighted Average Maturity In Days
Repurchase Agreements	\$ 208,894,179	No Rating Available	3	\$ 229,313,055	No Rating Available	1
Corporate Bonds	-			5,779,327	AA	1
Commercial Paper	20,529,976	AA		-		
Commercial Paper	166,415,320	A		75,951,396	A	
Total Commercial Paper	186,945,296		18	75,951,396		19
Certificates of Deposit	12,790,597	AA		17,211,114	AA	
Certificates of Deposit	59,413,659	A		41,513,805	A	
Total Certificates of Deposit	72,204,256		20	58,724,919		1
Other Receivables/Payables	(373,983)	Not Rated		(1,225,173)	Not Rated	
Total Collateral Pool Investment	\$ 467,669,748		12	\$ 368,543,524		5

The following tables reflect fair value measurements of collateral pool investments as of August 31, 2024 and 2023, respectively, as categorized by level of the fair value hierarchy:

	Fair Value Measurements Using			
	Fair Value as of August 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements	\$ 208,894,179	\$ -	\$ 208,894,179	\$ -
Commercial Paper	186,945,296	-	186,945,296	-
Certificates of Deposit	72,204,256	-	72,204,256	-
Total by Fair Value Level	468,043,731	\$ -	\$ 468,043,731	\$ -
Other Receivables/Payables	(373,983)			
Total Collateral Pool Investments	\$ 467,669,748			

	Fair Value Measurements Using			
	Fair Value as of August 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase Agreements	\$ 229,313,055	\$ -	\$ 229,313,055	\$ -
Corporate Bonds	5,779,327	-	5,779,327	-
Commercial Paper	75,951,396	-	75,951,396	-
Certificates of Deposit	58,724,919	-	58,724,919	-
Total by Fair Value Level	369,768,697	\$ -	\$ 369,768,697	\$ -
Other Receivables/Payables	(1,225,173)			
Total Collateral Pool Investments	\$ 368,543,524			

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Collateral pool investments are uninsured, and are held by the PUF's securities lending agent, in its name, on behalf of the PUF, except for the investments in repurchase agreements which are held in the securities lending agent's name by a third-party custodian not affiliated with the PUF or the borrower of the associated loaned securities. Therefore, the collateral pool is not exposed to custodial credit risk because the pool investments are not held by counterparties to the lending transactions or the counterparties' trust department or agent.

Cash collateral is recorded as an asset with an equal and offsetting liability to return the collateral on the statements of net position. Investments received as collateral for securities lending activities are not recorded as assets because the investments remain under the control of the transferor, except in the event of default.

In the event of default, where the borrower is unable to return the securities loaned, the PUF has authorized the securities lending agent to seize the collateral held. The collateral is then used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities cannot be replaced. If the collateral is insufficient to replace the securities, the securities lending agent has indemnified the PUF from any loss due to borrower default.

As of August 31, 2024 and 2023, the PUF had no net credit risk exposure to borrowers because the amounts the PUF owed to borrowers exceeded the amounts the borrowers owed the PUF.

There were no significant violations of legal or contractual provisions, no borrower or securities lending agent default losses, and no recoveries of prior period losses during the years ended August 31, 2024 and 2023.

Note 6 – Written Options

The following table discloses the fair values of the PUF's written call option contracts outstanding as of August 31, 2024 and 2023:

Type	Fair Value at August 31, 2024		Fair Value at August 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Equity	\$ -	\$ 1,006,806	\$ -	\$ 2,633,611
Interest Rate Swap	-	12,932	-	24,828
Other	-	2,337	-	9,340
	<u>\$ -</u>	<u>\$ 1,022,075</u>	<u>\$ -</u>	<u>\$ 2,667,779</u>

The fair values are included on the statements of net position as options written. The changes in fair value of open call options were increases in the amounts of \$73,345 and \$69,846 for the years ended August 31, 2024 and 2023, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The following table discloses the fair values of the PUF's written put option contracts as of August 31, 2024 and 2023:

Type	Fair Value at August 31, 2024		Fair Value at August 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Equity	\$ -	\$ -	\$ -	\$ 5,824,588
Interest Rate Swap	-	160,820	-	106,548
Other	-	3,982	-	13,523
	<u>\$ -</u>	<u>\$ 164,802</u>	<u>\$ -</u>	<u>\$ 5,944,659</u>

The fair values are included on the statements of net position as options written. The changes in fair value of open put options for the years ended August 31, 2024 and 2023 were increases in the amounts of \$169,664 and \$1,662,172, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position.

Note 7 – Swaps

The following table discloses the notional amounts and the fair values of the types of outstanding swap contracts as of August 31, 2024:

Type	Notional Value	Fair Value at August 31, 2024	
		Assets	Liabilities
Credit Default	\$ 175,443,570	\$ 3,731,586	\$ 407,164
Currency	98,081,883	49,099,890	48,961,513
Equity	2,135,296,357	39,666,977	16,391,583
Fixed Income	72,846,740	-	2,012,480
Interest Rate	1,237,055,081	7,512,850	11,134,302
Total		<u>\$ 100,011,303</u>	<u>\$ 78,907,042</u>

The change in fair value of open swap positions for the year ended August 31, 2024 was an increase in the amount of \$20,708,378, which is included in the net increase in fair value of investments on the statements of changes in net position.

The following table discloses the notional amount and the fair values of the types of outstanding swap contracts as of August 31, 2023:

Type	Notional Value	Fair Value at August 31, 2023	
		Assets	Liabilities
Credit Default	\$ 141,410,760	\$ 1,983,847	\$ 261,091
Equity	791,584,638	7,819,590	19,359,864
Fixed Income	63,018,800	353,115	68,345
Interest Rate	871,771,391	7,660,204	12,252,119
Volatility	8,022,246	226,776	2,580
Total		<u>\$ 18,043,532</u>	<u>\$ 31,943,999</u>

The change in fair value of open swap positions for the year ended August 31, 2023 was a decrease in the amount of \$13,342,780, which is included in the net increase in fair value of investments on the statements of changes in net position.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Note 8 – Futures Contracts

The changes in fair value of open futures contracts for the years ended August 31, 2024 and 2023 were increases in the amounts of \$49,651,837 and \$33,167,977, respectively, which are included in the net increase in fair value of investments on the statements of changes in net position. The PUF had \$53,233,425 and \$32,239,868 on deposit with brokers for collateral as margin for the futures contracts as of August 31, 2024 and 2023, respectively. Short futures may be used by the PUF to manage the PUF's interest rate or currency risk associated with security positions.

Futures contracts are traded on several different exchanges around the world. The daily cash settlements made by the investment manager for some of these open contracts are made on a net basis to each respective exchange. The fair value, for August 31, 2024 and 2023, shown in the table below for these open contracts do not include amounts previously settled with the exchanges. Net cash settlements for these open commodities contracts amounted to \$50,133,276 and \$33,983,803 as of August 31, 2024 and 2023, respectively.

The following discloses the type, notional value, and fair values for futures contracts as of August 31, 2024:

Contract	Notional Value at August 31, 2024		Fair Value at August 31, 2024	
	Long	Short	Assets	Liabilities
Domestic Fixed Income	\$ 1,167,522,713	\$ 556,569,930	\$ 1,645,494	\$ 5,566,934
Foreign Fixed Income	182,072,191	783,291,780	119,845	121,080
Domestic Equities	755,533,538	130,001,506	2,653,142	899,969
Foreign Equities	346,524,494	29,259,153	1,937,185	249,123
Total	\$ 2,451,652,936	\$ 1,499,122,369	\$ 6,355,666	\$ 6,837,106

The following discloses the type, notional value, and fair values for futures contracts as of August 31, 2023:

Contract	Notional Value at August 31, 2023		Fair Value at August 31, 2023	
	Long	Short	Assets	Liabilities
Domestic Fixed Income	\$ 963,771,363	\$ 306,170,162	\$ 4,787,222	\$ 589,194
Foreign Fixed Income	218,734,505	1,118,459,151	615,615	2,408,318
Domestic Equities	467,008,890	35,226,665	195,785	3,313,823
Foreign Equities	60,653,903	4,134,713	5,765	108,878
Total	\$ 1,710,168,661	\$ 1,463,990,691	\$ 5,604,387	\$ 6,420,213

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Note 9 – Foreign Exchange Contracts

The tables below summarize by currency the contractual amounts of the PUF’s foreign exchange contracts at August 31, 2024 and 2023. Foreign currency amounts are translated at exchange rates as of August 31, 2024 and 2023. The “Net Buy” amounts represent the U.S. dollar equivalent of net commitments to purchase foreign currencies, and the “Net Sell” amounts represent the U.S. dollar equivalent of net commitments to sell foreign currencies.

Currency	Net Buy August 31, 2024	Net Sell August 31, 2024	Unrealized Gains on Foreign Currency Exchange Contracts August 31, 2024	Unrealized Losses on Foreign Currency Exchange Contracts August 31, 2024
Australian Dollar	\$ 61,419,762	\$ -	\$ 2,348,562	\$ 749,825
Brazilian Real	-	1,854,249	413,061	302,023
Canadian Dollar	15,905,983	-	1,459,775	1,281,796
Chilean Peso	9,763,921	-	217,351	136,771
Chinese Yuan Renminbi	-	246,900	4,010	6,728
Colombian Peso	-	28,054,930	627,634	101,334
Czech Koruna	-	7,490,024	-	103,794
Danish Krone	-	838,539	4,025	21,890
Euro	-	49,277,879	1,698,799	2,317,047
Hong Kong Dollar	-	721,994	15	961
Hungarian Forint	-	1,453,181	609	47,717
Indian Rupee	9,705,154	-	41,174	20,424
Indonesian Rupiah	-	3,103,383	78,727	70,487
Japanese Yen	-	70,932,589	3,723,112	6,707,267
Malaysian Ringgit	-	3,568,718	887	91,144
Mexican Peso	-	27,021,165	2,571,640	539,838
New Zealand Dollar	-	22,812,841	618,881	1,457,251
Norwegian Krone	15,687,346	-	255,774	1,149
Philippines Peso	-	6,074,154	20,527	119,078
Polish Zloty	3,301,969	-	103,859	44,854
Romanian Leu	-	1,496,121	23,559	39,717
Saudi Arabia Riyal	-	10,391	-	15
Singapore Dollar	-	758,272	40,591	119,848
South African Rand	-	16,250,750	203,587	625,913
South Korean Won	1,246,463	-	219,124	407,816
Swedish Krona	15,242,372	-	598,274	291,030
Swiss Franc	-	35,410,970	945,548	1,082,412
Taiwan Dollar	-	3,164,427	112,565	267,074
Thailand Baht	1,477,346	-	103,039	168,179
Turkish Lira	5,138,210	-	136,848	49,800
UK Pound	-	34,318,807	1,066,955	1,248,127
	\$ 138,888,526	\$ 314,860,284	\$ 17,638,512	\$ 18,421,309

The change in fair value of open foreign exchange contracts for the year ended August 31, 2024 was a decrease in the amount of \$1,389,645, which is included in the net increase in fair value of investments on the statements of changes in net position.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Currency	Net Buy		Net Sell		Unrealized Gains on Foreign Currency Exchange Contracts	Unrealized Losses on Foreign Currency Exchange Contracts
	August 31, 2023		August 31, 2023		August 31, 2023	August 31, 2023
Australian Dollar	\$	22,027,518	\$	-	\$ 264,307	\$ 575,470
Brazilian Real		-		642,835	466,056	322,399
Canadian Dollar		18,684,605		-	290,439	446,991
Chilean Peso		-		1,240,785	124,895	28,030
Chinese Yuan Renminbi		-		23,061,146	204,051	17,542
Colombian Peso		-		20,270,101	238,982	119,067
Czech Koruna		6,128,015		-	1,137	25,104
Danish Krone		-		4,941,800	97,237	188
Egyptian Pound		-		14,035	-	39
Euro		-		37,994,207	1,111,840	130,943
Hong Kong Dollar		-		174,919	1,224	-
Hungarian Forint		-		246,400	10,671	997
Indian Rupee		16,684,709		-	38,133	58,596
Indonesian Rupiah		1,378,611		-	22,442	24,769
Israeli Shekel		4,963		-	-	322
Japanese Yen		-		11,830,842	4,911,926	15,810,190
Malaysian Ringgit		-		300,967	6,088	10
Mexican Peso		-		42,578,242	77,312	277,321
New Zealand Dollar		-		1,971,842	172,849	35,164
Norwegian Krone		16,961,607		-	146,740	461,512
Peruvian Sol		-		-	6,160	1,304
Philippines Peso		-		1,246,068	23,538	38,760
Polish Zloty		-		4,933,405	23,275	-
Romanian Leu		-		1,235,805	4,032	7,484
Singapore Dollar		-		3,494,218	42,322	41,181
South African Rand		-		12,070,799	31,552	79,934
South Korean Won		-		2,380,243	333,828	477,089
Swedish Krona		11,682,295		-	57,813	130,448
Swiss Franc		-		3,092,584	83,035	65,307
Taiwan Dollar		-		4,215,362	192,817	8,317
Thailand Baht		2,710,823		-	47,252	106,828
Turkish Lira		27,793		-	27,340	27,344
UK Pound		-		45,535,511	573,395	293,671
	\$	96,290,939	\$	223,472,116	\$ 9,632,688	\$ 19,612,321

The change in fair value of open foreign exchange contracts for the year ended August 31, 2023 was a decrease in the amount of \$9,979,633, which is included in the net increase in fair value of investments on the statements of changes in net position.

Note 10 – Purchase Agreements

UTIMCO, as investment manager of the funds under the control and management of the UT Board, entered into a security purchase agreement with the UT Board. The agreement commits the funds under management, including the PUF, to purchase up to \$4,096,045,000 as of August 31, 2024, in UT System commercial paper notes and bonds in the event of a failed remarketing of such notes or failed refunding of such bonds. The individual funds under management are not committed to a specific amount, rather all the funds may be required to provide for the amount noted.

The PUF also has an agreement with the TAMU System Board of Regents which commits the PUF to acquire up to \$125,000,000 of Texas A&M System flexible rate notes in the event of a failed remarketing of such notes.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

Note 11 – Distributions to the Available University Fund

The Texas Constitution allows for (a) distributions to the AUF from the “total return” on PUF investments, including income return as well as capital gains (realized and unrealized) and (b) the payment of PUF expenses from PUF assets. The Texas Constitution directs the UT Board to establish a distribution policy that provides stable, inflation-adjusted annual distributions to the AUF and preserves the real value of the PUF investments over the long term. Accordingly, distributions to the AUF in any given fiscal year are subject to the following: (1) A minimum amount equal to the amount needed to pay debt service on PUF bonds; (2) No increase from the preceding year (except as necessary to pay debt service on PUF bonds) unless the purchasing power of PUF investments for any rolling 10-year period has been preserved; (3) A maximum amount equal to seven percent of the average net fair market value of PUF’s net position in any fiscal year, except as necessary to pay debt service on PUF bonds. Distributions from the PUF to the AUF for the years ended August 31, 2024 and 2023, were \$1,870,475,000 and \$1,231,115,000, respectively.

Note 12 – Fees and Expenses

UTIMCO assesses the PUF a management fee to cover the costs of managing the PUF investments and providing day-to-day operations. These fees are based on a budget prepared by management and approved by the UT Board. The fees assessed for the years ended August 31, 2024 and 2023, were \$36,668,411 and \$34,168,604, respectively.

The PUF incurs investment management fees from various external managers of the PUF. The fees, generally assessed quarterly, are based on a percentage of the market value of investments held by each individual investment manager and currently range from 0.035% to 1.50%. In addition to the investment management fees, the PUF may pay performance-based management fees for investment performance in excess of certain defined benchmarks as provided for in the managers’ contracts. The investment management fees presented in the statements of changes in net position represent only those paid directly from the PUF, and do not include fees incurred and charged by general partners in private investments, by mutual fund managers, and by hedge fund managers as these types of fees are netted directly against returns for those investments in accordance with standard industry practice. The investment management fees assessed by external managers and paid directly by the PUF for the years ended August 31, 2024 and 2023, were \$35,501,045 and \$33,058,912, respectively.

Custodial fees and expenses are assessed by the financial institution which holds the PUF’s assets. Fees are charged for custody services, investment accounting services, risk and analytical services, including investment performance measurement, and margin and collateral maintenance for derivative investment activity per the contractual agreement. The fees assessed for the years ended August 31, 2024 and 2023, were \$2,894,893 and \$2,425,207, respectively.

The PUF also incurs other investment expenses related to services including, but not limited to, analytical, accounting, legal, and consulting.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

The PUF is assessed a fee by UT System to cover expenses related to the management of the PUF Lands. The fees assessed for the years ended August 31, 2024 and 2023, were \$25,211,708 and \$15,249,300, respectively. Fees are also assessed to cover costs associated with UT System personnel in their efforts to provide assistance to the UT Board and the Chancellor of the UT System in their oversight responsibilities of UTIMCO. Fees in the amounts of \$350,911 and \$377,400 were charged to the PUF for the years ended August 31, 2024 and 2023, respectively.

PERMANENT UNIVERSITY FUND

Supplemental Schedule

Schedule of Changes in Cost of Investments and Investment Income

Year Ended August 31, 2024

(in thousands)

	Beginning Cost	Purchases	Sales, Maturities, Redemptions & Distributions	Gains (Losses)	Reclass	Effects of Pooled Account Rebalancing Activity ***	Ending Cost	Investment Income
Equity Securities								
Domestic Common Stock	\$ 1,504,309	1,840,932	\$ (2,054,158)	\$ 222,510	\$ 36,347	\$ 12,570	\$ 1,562,510	\$ 22,414
Foreign Common Stock	1,811,714	1,546,983	(2,052,076)	127,917	(5,507)	680	1,429,711	40,756
Other	7,972	3,968	(10,090)	(1,850)	-	-	-	2
Total Equity Securities	3,323,995	3,391,883	(4,116,324)	348,577	30,840	13,250	2,992,221	63,172
Preferred Stock								
Foreign Preferred Stock	39,433	23,698	(35,689)	5,134	16	(139)	32,453	3,377
Total Preferred Stock	39,433	23,698	(35,689)	5,134	16	(139)	32,453	3,377
Debt Securities								
U. S. Government Obligations	2,087,575	17,879,410	(18,037,350)	(96,908)	-	(147,504)	1,685,223	51,919
Foreign Government and Provincial Obligations	283,032	537,740	(506,164)	(4,053)	-	17,766	328,321	12,501
Corporate Obligations	182,245	176,440	(197,519)	(950)	-	7,689	167,905	7,789
Other	-	55	-	-	-	-	55	12
Total Debt Securities	2,552,852	18,593,645	(18,741,033)	(101,911)	-	(122,049)	2,181,504	72,221
Purchased Options	30,280	5,136	(5,228)	(27,004)	(1,628)	135	1,691	-
Investment Funds								
Hedge Funds	5,037,537	3,099,959	(2,099,837)	248,939	(23,462)	-	6,263,135	1,950
Private Markets	12,688,237	2,715,540	(1,692,908)	409,230	(4,753)	-	14,115,346	160,107
Developed Public Equity	3,443,030	1,111,661	(1,593,896)	478,398	-	(829)	3,438,364	9,373
Emerging Markets Public Equity	1,169,723	487,547	(473,251)	101,744	66	(102)	1,285,727	2,269
Fixed Income	66,030	5,533	(276)	(3,379)	-	(235)	67,673	(3,729)
Other	23,680	10,679	-	-	-	-	34,359	-
Total Investment Funds	22,428,237	7,430,919	(5,860,168)	1,234,932	(28,149)	(1,166)	25,204,604	169,970
Cash and Cash Equivalents	1,169,602	-	(726,511)	254,911	(1,079)	10,772	707,695	58,388
Other	-	-	-	-	-	-	-	(15,624)
Total Investment in Securities	\$29,544,399	29,445,281	\$ (29,484,953)	\$1,714,639	\$ -	\$ (99,197)	\$31,120,168	\$ 351,504

* Net increase (decrease) in cash and money markets during the year.

** Includes net realized gains (losses) on futures contracts, written options, swaps and foreign currency contracts.

*** The amounts shown in this column represent the change in the PUF's pro-rata cost basis of the securities held in long-only public markets manager's accounts that are invested through separate investment pools created in the name of the UT Board. The PUF, GEF and ITF are the sole investors in these pools, and therefore, jointly own 100% of the assets of these separately managed accounts.

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APPENDIX B

SELECTED PROVISIONS OF THE RESOLUTION

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SELECTED PROVISIONS OF THE RESOLUTION

The following are summaries of certain provisions of the Resolution. Such summaries do no purport to be complete or definitive and reference should be made to the Resolution for the entirety thereof. Copies of the Resolution are available upon request to the A&M System.

Certain Definitions from the Resolution

“Additional Parity Obligations” means the additional obligations of the Board permitted to be issued pursuant to Section 12 of this Resolution or pursuant to the Parity Bond Resolutions, such obligations to be payable from and secured by a first lien on and pledge of the Available University Fund Share on a parity with and of equal dignity to the Outstanding Parity Bonds and the Bonds.

“Applicable Law” has the meaning ascribed thereto in the recitals of this Resolution.

“Attorney General” means the Attorney General of the State of Texas.

“Authorized Denominations” means, except as otherwise provided in the Award Certificate, \$5,000 in principal amount or any integral multiple thereof with respect to Current Interest Bonds and \$5,000 in Maturity Amount or any integral multiple thereof with respect to Capital Appreciation Bonds.

“Authorized Representative” means one or more of the following officers or employees of the System, to-wit: the Chancellor, the Deputy Chancellor and Chief Financial Officer, the Chief Investment Officer and Treasurer, and the Deputy Chief Investment Officer, or in the event of a vacancy in any such position, the person duly authorized to act in such capacity pending the appointment of a successor to such position, or such other officer or employee of the System authorized by the Board to act as an Authorized Representative.

“Available University Fund” means the fund by that name specified in the Constitutional Provision, which fund consists of the distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land, as determined by the Board of Regents of The University of Texas System pursuant to the Constitutional Provision.

“Available University Fund Share” means the System’s one-third interest in the Available University Fund as apportioned and provided in the Constitutional Provision.

“Award Certificate” means the certificate to be signed and delivered pursuant to Section 2(b) of this Resolution in connection with each Series of Bonds which establishes the terms of the Bonds.

“Board of Regents” or “Board” means the Board of Regents of the System.

“Bond” or “Bonds” mean one or more, as the case may be, of the Bonds authorized to be issued by this Resolution.

“Bond Counsel” means McCall, Parkhurst & Horton L.L.P., or such other nationally-recognized firm designated by the Board as Bond Counsel for purposes of this Resolution.

“Business Day” means any day other than a Saturday, Sunday, or legal holiday, or a day on which banking institutions in either the State of New York or the State of Texas are authorized by law or executive order to close.

“Commercial Paper Notes” means commercial paper notes of the Board issued as Subordinate Lien Obligations pursuant to the Board’s resolution adopted on September 26, 2008, as amended on February 4, 2011.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas or any successor thereto.

“Constitutional Provision” means Section 18 of Article VII of the Constitution of the State, as amended, and in effect on the date hereof, and any amendment thereto or any other provision or amendment to the Constitution of the State relating to the Permanent University Fund hereafter approved by the voters of the State.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Fiscal Year” means the 12-month operational period of both the System and the Permanent University Fund, commencing on September 1 of each year and ending on the following August 31.

“Initial Bond” means the Bond of a Series initially delivered hereunder and upon which the registration certificate, manually executed by or on behalf of the Comptroller of Public Accounts of the State of Texas, has been placed.

“Maturity” means the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, or otherwise.

“Outstanding Parity Bonds” has the meaning ascribed thereto in the recitals of this Resolution.

“Parity Bond Resolutions” has the meaning ascribed thereto in the recitals of this Resolution.

“Parity Obligations” means the Outstanding Parity Bonds, the Bonds, and any Additional Parity Obligations outstanding on the date of adoption of this Resolution or thereafter issued.

“Paying Agent/Registrar,” “Paying Agent,” or “Registrar” means an agent appointed pursuant to Section 2(b) of this Resolution, or any successor thereto.

“Paying Agent/Registrar Agreement” means a Paying/Agent Registrar Agreement executed by the Board and a Paying Agent/Registrar pursuant to Section 4(a) of this Resolution, substantially in the form previously approved by the Board, as such agreement may be amended from time to time in accordance with the terms thereof.

“Permanent University Fund” means the Permanent University Fund as created, established, implemented, and administered pursuant to Article VII, Sections 10, 11, 11a, 15, and 18 of the Texas Constitution, as currently or hereafter amended, and further implemented by the provisions of Chapter 66, Texas Education Code, as amended.

“Permanent University Fund Obligations” means, collectively, all bonds or notes of the Board heretofore or hereafter issued and delivered pursuant to the provisions of the Constitutional Provision, payable from and secured by a lien on and pledge of the Available University Fund Share, including, but not limited to, Parity Obligations and Subordinate Lien Obligations.

“Principal and Interest Requirements” means, with respect to any Fiscal Year, the respective amounts of principal of and interest on all outstanding Permanent University Fund Obligations scheduled to be paid in such Fiscal Year from the Available University Fund Share. If the rate or rates of interest to be borne by any Additional Parity Obligations or Subordinate Lien Obligations is not fixed, but is variable or adjustable by any formula, agreement, or otherwise, and therefore cannot be calculated as actually being scheduled to be paid in a particular amount for any particular period, then for the purposes of the previous sentence, such Additional Parity Obligations or Subordinate Lien Obligations shall be deemed to bear interest at all times to maturity or due date at the lesser of (i) the maximum rate then permitted by law or (ii) the maximum rate specified in such Additional Parity Obligations or Subordinate Lien Obligations.

“Registered Owner” has the meaning ascribed thereto in Section 2 of this Resolution.

“Series” means any designated series of Bonds issued pursuant to this Resolution.

“State” means the State of Texas.

“Stated Maturity” with respect to any Bond, means the scheduled maturity or mandatory sinking fund redemption date of the Bond.

“Subordinate Lien Obligations” means those bonds, notes, or other obligations of the Board, including the Commercial Paper Notes, payable from, and secured by a lien on and a pledge of, the Available University Fund Share that is junior and subordinate to the pledge of and lien on the Available University Fund Share that secures the Parity Obligations.

“System” means The Texas A&M University System.

“UT Board” means the Board of Regents of The University of Texas System.

Certain Excerpted Provisions of the Resolution

Section 4. CHARACTERISTICS OF THE BONDS.

(a) Paying Agent/Registrar; Registration, Transfer, and Exchange; Authentication. The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar books or records for the registration and transfer of the Bonds (the "Registration Books"), and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, and exchanges as herein provided. Registration of the Bonds shall be accomplished in accordance with the provisions of this Resolution, including Section 14, relating to DTC's Book-Entry-Only System. The Authorized Representative, acting for and on behalf of the Board, is hereby authorized to solicit bids for and to select an initial Paying Agent/Registrar for the Bonds and to approve, execute, and deliver for and on behalf of the Board a Paying Agent/Registrar Agreement (defined herein) to reflect the appointment, responsibilities, and compensation of the Paying Agent/Registrar, such approval to be conclusively evidenced by the Authorized Representative's execution thereof. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three Business Days after request and presentation thereof. The Board shall have the right to inspect the Registration Books during the Paying Agent/Registrar's regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange, and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BONDS set forth in this Resolution. Registration of assignments, transfers, and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BONDS set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in subsection (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional action need be taken by the Board or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds. Pursuant to Chapter 1201, Texas Government Code, as amended, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and upon the execution of said certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond.

(b) Payment of Bonds and Interest. The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal and Maturity Amount of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on or Maturity Amount of such Bonds to be payable only to the Registered Owners thereof; (ii) may and shall be prepaid or redeemed prior to the respective scheduled maturity dates; (iii) may be transferred and assigned; (iv) may be exchanged for other Bonds; (v) shall have the characteristics; (vi) shall be signed, sealed, executed, and authenticated; and (vii) shall be administered, and the Paying Agent/Registrar and the Board shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BONDS set forth in this Resolution and in the Award Certificate. The Initial Bond shall be delivered to the Initial Purchaser and is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each Bond issued in exchange for the Initial Bond or any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BONDS set forth in this Resolution.

SECTION 7. PLEDGE. Pursuant to the Constitutional Provision, the Bonds and any Additional Parity Obligations hereafter issued, and the interest thereon, shall be and are hereby equally and ratably secured, together with the Outstanding Parity Bonds, by and payable from a first lien on and pledge of the Available University Fund Share.

SECTION 9. PAYMENT OF BONDS AND ADDITIONAL PARITY OBLIGATIONS.

(a) Payment of the Bonds. The Comptroller previously has established and shall maintain in the State Treasury a fund known as the “Board of Regents of The Texas A&M University System Permanent University Fund Bonds Interest and Sinking Fund” (the “Interest and Sinking Fund”). The Board and the officers of the System shall cause the Comptroller to (i) transfer to the Interest and Sinking Fund, out of the fund in the State Treasury to which is deposited the Available University Fund Share, such fund being designated the “The Texas A&M University System Available University Fund”, on or before each date upon which the principal of, premium, if any, or interest on any Parity Obligations is due and payable, whether by reason of maturity, mandatory redemption, or optional redemption prior to maturity and (ii) withdraw from the Interest and Sinking Fund and deposit with the Paying Agent/Registrar, on or before each such date, the amounts of interest or principal, premium, if any, and interest which will come due on the Parity Obligations on each such date, and in such manner that such amounts, in immediately available funds, will be on deposit with the Paying Agent/Registrar at least by each such date.

(b) Payment of Additional Parity Obligations. When Additional Parity Obligations are issued pursuant to the provisions of this Resolution, the Board, the officers of the System, and the Comptroller shall follow substantially the same procedures as provided above in connection with paying the principal of and interest on such Additional Parity Obligations when due; provided, however, that other and different banks or places of payment (paying agents) and/or paying agent/registrar, dates and methods of payment, and other procedures not in conflict with this Resolution may be named and provided for in connection with each issue of Additional Parity Obligations. In the event that any such Additional Parity Obligations are made redeemable prior to maturity, the resolution or resolutions authorizing the issuance of such Additional Parity Obligations shall prescribe the appropriate procedures for redeeming the same.

SECTION 10. DISPOSITION OF FUNDS. After provision has been made for the payment of the principal of, premium, if any, and interest on the Parity Obligations the balance of the Available University Fund Share each year shall be made available to the Board for payment of any Subordinate Lien Obligations and, thereafter, shall be available to the Board in the manner and to the extent provided by law and by regulations of the Board to be used by the Board as it may lawfully direct.

SECTION 11. INVESTMENTS. Subject to the requirements of any Parity Bond Resolution and except as may be otherwise provided herein, (i) money in any account or fund established or affirmed pursuant to this Resolution may be invested at the direction of an Authorized Representative in the manner prescribed by law and in accordance with the written policies adopted by the Board, and (ii) the interest and income derived from such investments shall be credited to the account or fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such account or fund is required or permitted to be used.

SECTION 12. ADDITIONAL OBLIGATIONS.

(a) Additional Parity Obligations. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue, and deliver Additional Parity Obligations, in as many separate installments or series as deemed advisable by the Board but only for the purpose and to the extent provided in the Constitutional Provision, or in any amendment hereafter made to the Constitutional Provision, or for refunding purposes as provided by Applicable Law. Such Additional Parity Obligations when issued, and the interest thereon, shall be equally and ratably secured by and payable from a first lien on and pledge of the Available University Fund Share, in the same manner and to the same extent as are the Parity Obligations, and shall be on a parity and in all respects of equal dignity. It is further covenanted that no installment or series of Additional Parity Obligations shall be issued and delivered unless the Authorized Representative, or some other financial officer of the System designated by the Board, executes a certificate to the effect that (i) for the Fiscal Year immediately preceding the date of said certificate, the amount of the Available University Fund Share was at least 1.5 times the average annual Principal and Interest Requirements of the installment or series of Additional Parity Obligations then proposed to be issued and the Parity Obligations which are then and will be outstanding after the issuance and delivery of said proposed installment or series; provided, however, that the certification required by this clause (i) shall only remain in effect so long as any Parity Obligation that was outstanding on August 3, 2012, remains outstanding; and (ii) the total principal amount of all Permanent University Fund Obligations that will be outstanding after the issuance and delivery of the installment or series of Additional Parity Obligations then proposed to be issued will not exceed 10% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the proposed series or installment of Additional Parity Obligations is issued.

(b) Subordinate Lien Obligations. The Board may, at any time and from time to time, for any lawful purpose permitted pursuant to the terms of the Constitutional Provision, issue Subordinate Lien Obligations, the principal of and redemption premium, if any, and interest on which are payable from and secured by a pledge of and lien on the Available University Fund Share junior and subordinate to the lien and pledge created hereby for the security of the Parity Obligations; provided, however, that any such pledge and lien securing such Subordinate Lien Obligations shall be, and shall be expressed to be, subordinate in all respects to the pledge of and lien on the Available University Fund Share pledged as security for the Parity Obligations.

SECTION 13. GENERAL COVENANTS. The Board covenants and agrees with the Registered Owners as follows:

(a) It is recognized that the UT Board is the legal custodian of the Permanent University Fund, having sole power to administer and invest the Permanent University Fund in accordance with Applicable Law, provided that the Constitutional Provision affirmatively appropriates out of the Available University Fund Share an annual amount sufficient to pay the principal and interest on the Permanent University Fund Obligations. Therefore, while the Parity Obligations or the Subordinate Lien Obligations are outstanding and unpaid, the Board covenants to use its best efforts to cause the Permanent University Fund to be administered, invested, and the income therefrom to be distributed, all as required by law and consistent with the Parity Bond Resolutions and this Resolution.

(b) The Board will duly and punctually pay or cause to be paid the principal of every Parity Obligation and all Subordinate Lien Obligations, while outstanding, and the interest thereon, from the sources, on the days, at the places, and in the manner mentioned and provided in such obligations, according to the true intent and meaning thereof, and it will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Obligations and Subordinate Lien Obligations which, by their terms, are mandatorily required to be redeemed prior to maturity, when and as so required, and it will faithfully do and perform and at all times fully observe all covenants, undertakings, and provisions contained in this Resolution and in the aforesaid obligations.

(c) Except for the benefit of the Parity Obligations, and the interest thereon, the Board will not at any time create or allow to accrue or exist any lien or charge upon the Interest and Sinking Fund or the Available University Fund Share, unless such lien or charge is made junior and subordinate in all respects to the liens, pledges, and covenants in connection with the Parity Obligations, but the right to issue Subordinate Lien Obligations payable from the Available University Fund Share, as specified in Section 12(b) of this Resolution, is specifically reserved by the Board. The lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of the System.

(d) Proper books of records and accounts will be kept in which true, full, and correct entries will be made of all income, expenses, and transactions of and in relation to the Permanent University Fund and each and every part thereof in accordance with accepted accounting practices, and as soon after the close of each Fiscal Year as reasonably may be done, the Board will furnish to all bondholders and Registered Owners who may so request, such audits and reports by the State Auditor of the State for the preceding Fiscal Year, concerning the Permanent University Fund, the Available University Fund Share, and the Parity Obligations, as the State Auditor is required by Applicable Law to prepare and distribute.

(e) No portion of the proceeds of the Bonds will be used for the purpose of constructing, equipping, repairing, or rehabilitating buildings or other permanent improvements that are to be used for student housing, intercollegiate athletics, or auxiliary enterprises.

(f) The Board will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to (A) the transfer of registration of the Bonds, and (B) solely to the extent provided in this Resolution, the exchange of the Bonds.

(g) At all times while the Bonds are outstanding, the Board will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution. The Paying Agent/Registrar will be one entity. The Board reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution terminating such agency. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that it will promptly appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly

will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

SECTION 15. AMENDMENT OF RESOLUTION.

(a) The owners of the Parity Obligations comprising 51% or more in principal amount of the aggregate principal amount of then outstanding Parity Obligations shall have the right, from time to time, to approve any amendment to any resolution authorizing the issuance of Parity Obligations which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding Parity Obligations, the amendment of the terms and conditions in said resolutions or in the Parity Obligations so as to (i) make any change in the maturity of the outstanding Parity Obligations; (ii) reduce the rate of interest borne by any of the outstanding Parity Obligations; (iii) reduce the amount of the principal payable on the outstanding Parity Obligations; (iv) modify the terms of payment of principal or interest on the outstanding Parity Obligations, or impose any conditions with respect to such payment; (v) affect the rights of the owners of less than all of the Parity Obligations then outstanding; or (vi) change the minimum percentage of the principal amount of Parity Obligations necessary for consent to such amendment.

(b) If at any time the Board shall desire to amend a resolution under this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the Parity Obligations for inspection by all owners of Parity Obligations. Such publication is not required, however, if written notice is given to each owner of Parity Obligations.

(c) Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment, the Board shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all Parity Obligations then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(d) Any consent given by the owner of a Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Obligations during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Parity Obligations and the Board, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then-outstanding Parity Obligations as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(e) Notwithstanding the provisions of Subsections (a)-(d) of this Section and subject to the requirements of the resolutions authorizing the Outstanding Parity Bonds, this Resolution and the rights and obligations of the Board and of the owners of the Bonds may, to the extent permitted by law, be modified or amended at any time by a supplemental resolution, without notice to or the consent of any owners of the Bonds, to cure any ambiguity, or to cure or correct any defective provision contained in this Resolution, upon receipt by the Board of an approving opinion of Bond Counsel that the same is needed for such purpose and will more clearly express the intent of this Resolution.

(f) Upon the adoption of any amendatory resolution adopted by the Board pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then-outstanding Parity Obligations and all future Parity Obligations shall thereafter be determined, exercised, and enforced thereunder, subject in all respects to such amendment.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P and The Bates Law Firm PLLC together as, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

April 16, 2025

\$379,080,000

BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM PERMANENT UNIVERSITY FUND BONDS, SERIES 2025A

We have acted as Bond Counsel to Board of Regents of The Texas A&M University System (the “System Board”) in connection with the issuance by the System Board of its Permanent University Fund Bonds, Series 2025A (the “Bonds”) for the sole purpose of providing legal advice and traditional legal services to the System Board including rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, the defeasance and discharge of the System Board’s obligations being refunded with proceeds of the Bonds, and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified any records, data, or other material relating to the financial condition or capabilities of the System Board and have not assumed any responsibility with respect to the financial condition or capabilities of the System Board or the disclosure thereof in connection with the sale of the Bonds. We have relied solely on information and certifications furnished to us by the System Board with respect to the current outstanding indebtedness of the System Board.

The Bonds are being issued in accordance with the provisions of a resolution adopted by the System Board on August 1, 2024 (the “Resolution”) and an “Award Certificate” executed on the Bonds’ sale date by a duly authorized System Board representative. Capitalized terms used herein and not otherwise defined have the meaning assigned to them in the Resolution.

In our capacity as Bond Counsel, we have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the System Board pertaining to the Bonds, customary certificates of officers, agents and representatives of the System Board, and other public officials; and other documents relating to the issuance of the Bonds. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the truth and accuracy of the statements contained in such certificates. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) existing on the date hereof as we have deemed relevant. We have also examined the opinion of the Attorney General of the State of Texas approving the Resolution.

Based on said examination and in accordance with customary legal practice, it is our opinion that:

1. Under the Constitution and laws of the State of Texas as they exist on the date of this opinion, such transcript of proceedings evidences lawful authority for the issuance, reissuance and sale of the Bonds from time to time by the System Board, pursuant and subject to the provisions, terms and conditions of the Resolution. We are also of the opinion that the Resolution has been duly and lawfully adopted by the System Board and that, except as may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, and other laws for the relief of debtors and by general principles of equity that permit the exercise of judicial discretion, the Resolution constitutes a valid and binding agreement of the System Board.

2. Under the Constitution and laws of the State of Texas as they exist on the date of this opinion, upon due execution, authentication and delivery and upon compliance by the System Board with conditions and covenants of the Resolution, and except as may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors and by general principles of equity that permit the exercise of judicial discretion, the Bonds will constitute valid and binding special obligations of the System Board, secured by and payable from, together with other sources described in the Resolution, a first and prior pledge of and lien on the Available University Fund Share pursuant to Section 18 of Article VII of the Constitution of the State of Texas, which pledge and lien are of equal rank and dignity with the pledge of and lien on such Available University Fund Share securing payment of the Parity Obligations of the System Board now outstanding or hereafter issued. The System Board reserves the right in the Resolution, and the Resolution permits the System Board, to issue additional

obligations payable from the same sources securing the Bonds, on parity with the right and claim to, or junior and subordinate to, the lien on and pledge of such sources, or equally and ratably secured by a pledge of such sources, subject to any terms, conditions and limitations as may be applicable thereto. The Bonds are not and do not otherwise create or constitute in any way an obligation, a debt, or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith, credit, or taxing power of the State of Texas.

3. Each Escrow Agreement has been duly authorized, executed, and delivered by the Systems Board and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded and to be discharged, paid, and retired with certain proceeds of the Bonds have been defeased and are regarded as being outstanding for purposes of the resolutions authorizing their issuance only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to each Escrow Agreement and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the verification report by the verification agent in such report identified as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to each Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax.

In rendering these opinions, we have relied upon representations and certifications of the System Board and the System Board's Financial Advisor with respect to matters solely within the knowledge of such parties, respectively, which we have not independently verified, and we assume continuing compliance by the System Board with covenants pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or the System Board fails to comply with the foregoing covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based on our review of existing law and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on the Bonds is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the System Board as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the System Board has covenanted not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes. Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

The opinions set forth above are based on existing laws of the United States and the State of Texas, which are subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed therein. In rendering a legal opinion, we do not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Respectfully submitted,

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