



STRATEGIC PLAN

Mission, Vision, and Values

We are on a Mission:

- To provide permanent funding to Texas public schools by generating exceptional investment returns, and
- To reduce the borrowing costs for Texas schools and charter districts through the Bond Guarantee Program

We have a Vision

In which we utilize our newly authorized corporate structure to:

- Be a ***magnet*** for exceptional talent
- Be a ***leader*** in endowment management
- Be a ***partner*** of Texas universities, corporations, and industries
- Be a ***source*** of perpetually increasing funding for education

Our Values

Stewardship

We fulfill our fiduciary duty by making prudent decisions consistent with industry best practices.

Integrity

We uphold unwavering honesty and transparency in our actions, fostering a culture of trust and reliability.

Competence

We strive to have a high level of professional training, skills, experience, and knowledge.

Effort

We seek to achieve continuous improvement in all our processes.

Results

We emphasize the importance of outcomes that contribute to our Mission and Vision.

Collegiality

We create an environment that fosters collaboration, teamwork, and creativity, yet challenges employees to reach their full potential.



Strategic Plan

Strategic Goals

- 1. Optimize Asset Allocation**
- 2. Improve Portfolio Implementation**
- 3. Attract and Develop Talent**
- 4. Enhance Communications**
- 5. Strengthen Corporate Governance**
- 6. Fortify Internal Controls**
- 7. Build New Corporate Infrastructure**

OPTIMIZE ASSET ALLOCATION

Include Private Credit as a Diversifying Asset Class

Improve PSF Asset Allocation Model

- Quantify the impact of maintaining AAA credit rating into asset allocation model
- Integrate cash flow modeling in optimizing asset allocation
- Stress test portfolios for worst case scenarios to develop contingency plans

IMPROVE PORTFOLIO IMPLEMENTATION

Develop Portfolio Transition Plan

- Define sources and uses of funding
- Implement simplification/concentration plan

Focus on Fewer and More Meaningful Manager Relationships

- Increase in-house Co-Investment activity with existing managers
- Identify and/or develop Strategic Partners
- Develop concentration strategy for external investment managers

Enhance Trading Cost Management

- Create a systematic solution for monitoring and managing transaction cost analysis

Develop and Implement Tactical Asset Allocation Program

Develop the “Texas First” Plan

- Asset management
- Emerging managers
- Seeding strategies

Integrate Research Functions Into Investment

Management Decision Making Process

- Present current and developing macro themes that may impact portfolio construction and expected returns
- Standardize performance reporting
- Ongoing model development
- System enhancements and consolidation
- Develop and Implement data analytics program

ATTRACT AND DEVELOP TALENT

Implement Employee Development and Planning Program

- Create individual career plans
- Create process for mapping strategic plan to employee job tasks
- Revise annual review process
- Develop process for job rotations
- Create standardized management training program

Create Cost Reimbursement Learning Program

- Create professional certification program
- Review and implement tuition reimbursement program

Expand Recruitment Program

- Recruit a recruiter
- Improve the use of recruiting technology
- Develop relationships with universities and professional associations
- Improve brand awareness for talent pool development

Develop Comprehensive Compensation Plan

- Create Compensation Committee calendar
- Update payment procedures
- Develop consistent job descriptions across the organization
- Develop title nomenclature
- Update compensation philosophy
- Update compensation structure
- Review and update incentive compensation plan
- Develop and implement the promotion and merit increase process

Enhance Onboarding Protocol

- Create process for introduction to all PSF programs
- Identify successes and gaps through collaboration with employees onboarded through the PSF program
- Enhance existing onboarding agenda with knowledge gained from gap assessment

ENHANCE COMMUNICATIONS

Improve Internal Systems and Protocols

- Develop and manage internal communication systems, protocols, and tools
 - Effectively manage employee intranet
 - Implement annual town hall meetings
 - Establish regular communication channels

Enhance External Outreach and Dissemination

- Strengthen media relations
- Develop a crisis communications management plan
- Connect with Texas universities to develop internship program and recruiting pipelines

Prioritize Key Stakeholder Communications

- Strengthen and formalize Board communications
- Develop stakeholder identification and communication tools
- Strengthen governmental relations

Enhance PSF Branding

- Broaden website content
- Leverage LinkedIn
- Improve PSF templates

STRENGTHEN CORPORATE GOVERNANCE

Create and Update Key Board Governance Policies

- Review PSF Corp bylaws
- Create Committee charters
- Create corporate governance policies
 - Define roles and responsibilities of PSF Board
 - Define roles and responsibilities of PSF staff
 - Define roles and responsibilities of external service providers

Reevaluate Board Service Providers

- External counsel
- Investment consultant

Create New Proxy Voting Program

- Evaluate service providers screening capabilities
- Evaluate “best practice” guidelines
- Evaluate agent vs internal model

Create Board Training Program

- Implement new Board member orientation
- Implement Annual Board training program

Implement Board Self Assessment Program

- Develop method for self assessment

FORTIFY INTERNAL CONTROLS

Create Internal Audit Division

- Assemble Internal Audit Team
 - Hire Chief Audit Officer
 - Engage current employees who will transition to IA
- Develop framework for Enterprise-wide Risk Assessment
- Establish relationship with UT Accounting department for internship program

Assist Audit Committee in External Auditor Hiring

- Recommend External Auditor for the Board's selection
 - Seek delegation of authority from SAO
 - Distribute RFQ to prospective firms
 - Propose top candidates to Board

Review and Enhance Compliance and Diligence Functions

- Create process for conducting background checks on investment manager employees
- Improve ODD technology

Enhance Financial Management and Reconciliation Processes, Policies and Procedures

- Enhance reconciliation processes and data integrity
- Improve automation and efficiency of processes

Enhance Information Technology Controls

- Audit systems access and usage
- Develop organization wide Role Based Access Controls
- Implement IT Service Management system

Enhance Cybersecurity Program

- Develop reporting protocol to Audit committee
- Benchmark against Financial industry cybersecurity
- Enhance cybersecurity controls
- Audit cybersecurity controls
- Develop culture of awareness
- Finalize cyber insurance coverage study

BUILD NEW CORPORATE INFRASTRUCTURE

Relocation to New Facility

- Select and procure facility furnishings
- Coordinate move out from current building
- Disposition of current FF&E

Implement Data and Record Retention

Initiatives

- Identify offsite document storage vendor
- Determine disposition of paper records
- Coordinate imaging, destruction, or storage of paper records

Implement IT Audio and Visual System for New Facility

- Design audio and visual system for new facility
- Develop training materials for use of equipment

Restructure Corporate Programs

- Launch Project Governance
- Launch Data Governance
- Create application roadmap from System Adequacy Review