



**Permanent Health Fund
Investment Summary Report
(\$ millions)**

	1st Quarter 11/30/99	2nd Quarter 2/29/00	3rd Quarter 5/31/00	4th Quarter 8/31/00	Year-to- Date
Beginning Net Assets	\$ 890.3	\$ 918.2	\$ 965.3	\$ 956.5	\$ 890.3
Contributions	-	10.0	10.0	5.0	25.0
Investment Return	38.5	47.9	(7.9)	65.3	143.8
Expenses	(0.6)	(0.7)	(0.6)	-	(1.9)
Distributions (Payout)	(10.0)	(10.1)	(10.3)	(10.2)	(40.6)
Ending Net Assets	\$ 918.2	\$ 965.3	\$ 956.5	\$ 1,016.6	\$ 1,016.6
Net Asset Value, Per Unit	\$ 1.031672	\$ 1.072895	\$ 1.052204	\$ 1.112525	\$ 1.112525
No. of Units (End of Period)	890,000,000	899,692,999	909,013,576	913,765,506	913,765,506
Distribution Rate Per Unit	\$ 0.01125	\$ 0.01125	\$ 0.01125	\$ 0.01125	\$ 0.04500

Year End Commentary

The net investment return for the year was 16.09% versus the neutral policy portfolio return of 14.81%. The annual distribution rate for the fiscal year 2001 was increased 2.2% from \$.045 per unit to \$.046 per unit. Year end asset allocation was 80% broadly defined equities and 20% fixed income.

Third Quarter Commentary

The PHF received an additional \$10 million contribution during the quarter. The net investment return (unannualized) for the quarter was (.84%) versus the neutral policy portfolio return of .33%. Period end asset allocation was 78% broadly defined equities, 18% fixed income and 4% money market funds. PHF market value ended the quarter at \$956.5 million.

Second Quarter Commentary

The PHF received an additional \$10 million contribution during the quarter. The net investment return (unannualized) for the quarter was 5.1% versus the neutral policy portfolio return of 3.87%. Period end asset allocation was 74% broadly defined equities, 18% fixed income and 8% money market funds. PHF market value ended the quarter at \$965.3 million.

First Quarter Commentary

Contributions to the PHF consisted of the transfer of the initial \$890 million of endowment corpus from the Texas State Treasury on August 30, 1999. The net investment return (unannualized) for the quarter was 3.4%. The transition investment plan for the PHF's assets was completed in December 1999, following the quarter end. Period end asset allocation was 61% broadly defined equities, 15% fixed income and 24% money market funds. PHF market value ended the quarter at \$918.2 million.