



Permanent University Fund ⁽¹⁾
Investment Summary Report
(\$ millions)

	1st Quarter 11/30/2001	2nd Quarter 2/28/2002	3rd Quarter 5/31/2002	4th Quarter 8/31/2002	Year-to- Date
Beginning Net Assets	\$ 7,540.1	\$ 7,079.2	\$ 7,114.0	\$ 7,303.3	\$ 7,540.1
PUF Lands Receipts (2)	29.2	14.7	16.8	19.8	80.5
Investment Return	(146.7)	25.0	178.5	(579.7)	(522.9)
Expenses	(5.0)	(4.9)	(6.0)	(5.1)	(21.0)
Distributions to AUF	(338.4)	-	-	-	(338.4)
Ending Net Assets	\$ 7,079.2	\$ 7,114.0	\$ 7,303.3	\$ 6,738.3	\$ 6,738.3
AUF distribution:					
From PUF Investments	\$ 338.4	\$ -	\$ -	\$ -	\$ 338.4
From Surface Income	0.9	2.7	1.1	3.4	8.1
Total	\$ 339.3	\$ 2.7	\$ 1.1	\$ 3.4	\$ 346.5

(1) Excludes PUF Lands mineral and surface interests with estimated August 31, 2002 values of \$639.8 million and \$161.1 million, respectively.

(2) PUF Land Receipts - As of August 31, 2002: 1,171,057 acres under lease; 519,324 producing acres; 3,151 active leases; and 2,061 producing leases.

Year End Commentary

The net investment return for the year ended August 31, 2002, was a negative 7.35%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a negative return of 6.57% for the same time period. The inflation hedging asset class was the best performer for the year posting a positive investment return of 10.85%. All fixed income asset classes posted positive returns ranging from 6.62% to 9.34%. Non-Marketable alternative assets posted a negative investment return of 15.41%. All other equities asset classes posted negative returns ranging from 1.31% to 21.57%. Non-Marketable assets, or private investments, have continued to experience valuation declines lagging those of the public markets.

The PUF ended the quarter with a market value of \$6,738.3 million. Period end asset allocation was 78% broadly defined equities, 20% fixed income and 2% money market funds versus an unconstrained neutral allocation of 80% equities, 20% fixed income and 0% money market funds.

Third Quarter Commentary

The net investment return for the quarter ended May 31, 2002, was a positive 2.47%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 2.23% for the same time period. The established international equities asset class was the best performer for the quarter posting a positive investment return of 8.46%. All other marketable asset classes posted positive returns ranging from .09% to 8.27%. Non-Marketable alternative assets posted a negative investment return of .80%. Non-Marketable assets, or private investments, have continued to experience valuation declines lagging those of the public markets.

The PUF ended the quarter with a market value of \$7,303.3 million. Period end asset allocation was 79% broadly defined equities, 19% fixed income and 2% money market funds versus an unconstrained neutral allocation of 80% equities, 20% fixed income and 0% money market funds.

Second Quarter Commentary

The net investment return for the quarter ended February 28, 2002, was a positive .32%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of .22% for the same time period. The emerging international equities asset class was the best performer for the quarter posting a positive investment return of 10.75%. Inflation hedging (real estate investment trusts), marketable alternative equities (hedge and absolute strategies), domestic fixed income, and large/medium capitalization equities posted positive returns ranging from 4.05% to .20%. Small capitalization domestic equities, Non-Marketable alternative assets (private equity investments that include venture capital, buyout and mezzanine investments), established international equities, and international fixed income posted losses during the quarter ranging from negative 1.40% to negative 4.85%. Non-Marketable alternative assets have continued to experience valuation declines lagging those of the public markets.

The PUF ended the quarter with a market value of \$7,114.0 million. Period end asset allocation was 80% broadly defined equities, 19% fixed income and 1% money market funds versus an unconstrained neutral allocation of 80% equities, 20% fixed income and 0% money market funds.

First Quarter Commentary

The net investment return for the quarter ended November 30, 2001, was a negative 2.03%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of .47% for the same time period. The domestic fixed income asset class was the best performing asset class posting a positive net return of 1.97% during the quarter. Alternative Non-Marketable equities posted the lowest return of negative 10.15%. Alternative marketable assets (hedge and absolute return strategies), inflation hedging (real estate investment trusts), and public equities (both domestic and international) posted negative returns ranging from .27% to 4.47%.

The PUF ended the quarter with a market value of \$7,079.2 million. Period end asset allocation was 79% broadly defined equities, 19% fixed income and 2% money market funds versus an unconstrained neutral allocation of 80% equities, 20% fixed income and 0% money market funds. The PUF distributed \$338.4 million to the Available University Fund during the quarter. This amount represented the annual PUF distribution for the fiscal year ending August 31, 2002.