



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

	1st Quarter 11/30/2003	2nd Quarter 2/29/2004	3rd Quarter 5/31/2004	4th Quarter 8/31/2004	Year-to- Date
Beginning Net Assets	\$ 7,244.8	\$ 7,655.1	\$ 8,218.9	\$ 7,998.0	\$ 7,244.8
PUF Lands Receipts (2)	27.8	23.7	67.3	27.9	146.7
Investment Return	475.9	634.3	(107.7)	67.7	1,070.2
Expenses	(6.4)	(7.2)	(6.5)	(5.7)	(25.8)
Distributions to AUF	(87.0)	(87.0)	(174.0)	-	(348.0)
Ending Net Assets	\$ 7,655.1	\$ 8,218.9	\$ 7,998.0	\$ 8,087.9	\$ 8,087.9
AUF distribution:					
From PUF Investments	\$ 87.0	\$ 87.0	\$ 174.0	\$ -	\$ 348.0
From Surface Income	0.8	2.3	1.2	3.3	7.6
Total	\$ 87.8	\$ 89.3	\$ 175.2	\$ 3.3	\$ 355.6

(1) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2004 values of \$722.1 million and \$164.0 million, respectively.

(2) PUF Land Receipts - As of August 31, 2004: 1,111,684 acres under lease; 514,430 producing acres; 3,097 active leases; and 2,065 producing leases.

Year End Commentary

The net investment return for the year ended August 31, 2004, was a positive 14.73%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 13.22% for the same time period. The commodities asset class was the best performer for the year posting a positive investment return of 24.25%. All other asset classes also posted positive returns ranging from 7.97% to 19.49%.

The PUF ended the year with a market value of \$8,087.9 million. Period end asset allocation was 27% domestic public equities, 18% international public equities, 10% private capital, 13% absolute return hedge funds, 8% equity hedge funds, 15% fixed income, 5% commodities and 4% cash and cash equivalents. The PUF distributed \$348.0 million to the Available University Fund during the year.



Third Quarter Commentary

The net investment return for the quarter ended May 31, 2004, was a negative 1.39%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of .69% for the same time period. The commodities asset class was the best performer for the quarter posting a positive investment return of 5.55%. All other asset classes also posted returns ranging from negative 4.93% to positive 2.54%.

The PUF ended the quarter with a market value of \$7,998.0 million. Period end asset allocation was 33% domestic public equities, 19% international public equities, 11% private capital, 12% absolute return hedge funds, 8% equity hedge funds, 11% fixed income, 3% commodities and 3% cash and cash equivalents. The PUF distributed \$174.0 million to the Available University Fund during the quarter. This amount represented the remaining half of the annual PUF distribution for the fiscal year ending August 31, 2004.

Second Quarter Commentary

The net investment return for the quarter ended February 29, 2004, was a positive 8.34%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 5.70% for the same time period. The international public equities asset class was the best performer for the quarter posting a positive investment return of 13.51%. All other asset classes also posted positive returns ranging from 3.92% to 10.59%.

The PUF ended the quarter with a market value of \$8,218.9 million. Period end asset allocation was 34% domestic public equities, 22% international public equities, 11% private capital, 10% absolute return hedge funds, 11% equity hedge funds, 3% commodities, 11% fixed income, and negative 2% cash and cash equivalents. The PUF distributed \$87.0 million to the Available University Fund during the quarter. This amount represented one fourth of the annual PUF distribution for the fiscal year ending August 31, 2004.

First Quarter Commentary

The net investment return for the quarter ended November 30, 2003, was a positive 6.60%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 6.14% for the same time period. The international public equities asset class was the best performer for the quarter posting a positive investment return of 10.67%. All other asset classes also posted positive returns ranging from 1.67% to 8.76%.

The PUF ended the quarter with a market value of \$7,655.1 million. Period end asset allocation was 36% domestic public equities, 23% international public equities, 11% private capital, 10% absolute return, 8% inflation hedging, 11% fixed income, and 1% cash and cash equivalents. The PUF distributed \$87.0 million to the Available University Fund during the quarter. This amount represented one fourth of the annual PUF distribution for the fiscal year ending August 31, 2004.