



**Permanent University Fund <sup>(1)</sup>  
Investment Summary Report  
(\$ millions)**

	1st Quarter 11/30/2004	2nd Quarter 2/28/2005	3rd Quarter 5/31/2005	4th Quarter 8/31/2005	Year-to- Date
<b>Beginning Net Assets</b>	\$ 8,087.9	\$ 8,648.2	\$ 8,832.2	\$ 8,899.8	\$ 8,087.9
PUF Lands Receipts (2)	67.7	31.1	59.0	35.2	193.0
Investment Return	583.9	420.7	26.9	506.5	1,538.0
Expenses	(6.0)	(11.9)	(18.3)	(14.8)	(51.0)
Distributions to AUF	(85.3)	(255.9)	-		(341.2)
<b>Ending Net Assets</b>	\$ 8,648.2	\$ 8,832.2	\$ 8,899.8	\$ 9,426.7	\$ 9,426.7
<b>AUF distribution:</b>					
From PUF Investments	\$ 85.3	\$ 255.9	\$ -	\$ -	\$ 341.2
From Surface Income	1.0	2.5	2.0	2.8	8.3
<b>Total</b>	\$ 86.3	\$ 258.4	\$ 2.0	\$ 2.8	\$ 349.5

- (1) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2005 values of \$1,349.6 million and \$166.0 million, respectively.
- (2) PUF Land Receipts - As of August 31, 2005: 1,220,754 acres under lease; 511,155 producing acres; 3,275 active leases; and 2,057 producing leases.

**Year-End Commentary**

The net investment return for the year ended August 31, 2005, was a positive 18.80%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 15.06% for the same time period. The Commodities asset class was the best performer for the year posting a positive investment return of 32.06%. All other asset classes also posted positive returns ranging from 2.48% to a 30.00%.

The PUF ended the year with a market value of \$9,426.7 million. Period end asset allocation was 28% US equities, 17% global ex US equities, 9% private capital, 14% absolute return hedge funds, 10% equity hedge funds, 5% commodities, 15% fixed income, and 2% cash and cash equivalents.



### **Third Quarter Commentary**

The net investment return for the quarter ended May 31, 2005, was a positive .14%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 1.89% for the same time period. The Private Capital asset class was the best performer for the quarter posting a positive investment return of 4.51%. All other asset classes also posted returns ranging from negative 4.12% to a positive 1.79%.

The PUF ended the quarter with a market value of \$8,899.8 million. Period end asset allocation was 27% US equities, 16% global ex US equities, 10% private capital, 14% absolute return hedge funds, 10% equity hedge funds, 5% commodities, 16% fixed income, and 2% cash and cash equivalents.

### **Second Quarter Commentary**

The net investment return for the quarter ended February 28, 2005, was a positive 4.83%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 2.65% for the same time period. The Private Capital asset class was the best performer for the quarter posting a positive investment return of 9.87%. All other asset classes also posted positive returns ranging from .53% to 8.77%.

The PUF ended the quarter with a market value of \$8,832.2 million. Period end asset allocation was 25% US equities, 21% global ex US equities, 10% private capital, 14% absolute return hedge funds, 10% equity hedge funds, 5% commodities, 14% fixed income, and 1% cash and cash equivalents. The PUF distributed \$255.9 million to the Available University Fund during the quarter. This amount represented the remainder of the annual PUF distribution for the fiscal year ending August 31, 2005.

### **First Quarter Commentary**

The net investment return for the quarter ended November 30, 2004, was a positive 7.23%. UTIMCO's computed benchmark for endowment funds, the Endowment Policy Portfolio, posted a positive return of 5.58% for the same time period. The global ex US equities asset class was the best performer for the quarter posting a positive investment return of 11.56%. All other asset classes also posted positive returns ranging from 2.39% to 10.24%.

The PUF ended the quarter with a market value of \$8,648.2 million. Period end asset allocation was 28% US equities, 21% global ex US equities, 9% private capital, 14% absolute return hedge funds, 8% equity hedge funds, 5% commodities, 14% fixed income, and 1% cash and cash equivalents. The PUF distributed \$85.3 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, 2005.