

PERMANENT UNIVERSITY FUND

**Report on Certain Specified Data
as Required by Art. 4413 (34e) of the Civil Statutes**

December 31, 2012

This report is available on the UTIMCO website at www.utimco.org

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Beneficiaries of the Fund

The Permanent University Fund (PUF) is a public endowment contributing to the support of institutions of The University of Texas System (UT System) and the Texas A&M University System (A&M System). The Constitution of 1876 established the PUF through the appropriation of land grants previously given to The University of Texas plus one million acres. Additional land grants to the PUF were completed in 1883 with the contribution of another one million acres. Today the PUF contains 2.1 million acres located in 24 counties primarily in West Texas.

Responsibility and Management of the Fund

The State Constitution vests fiduciary responsibility for the PUF with the Board of Regents of The University of Texas System. The Board has entered into a contract with a nonprofit corporation, The University of Texas Investment Management Company (UTIMCO), for UTIMCO to invest funds under the control and management of the Board. UTIMCO may not engage in any business other than investing funds designated by the Board under the contract. Specific investment decisions are handled by the investment staff as well as unaffiliated investment managers who are employed from time to time.

Investment Objectives

The primary investment objective shall be to preserve the purchasing power of PUF assets and annual distributions by earning an average annual total real return over rolling ten-year periods or longer at least equal to the target distribution rate after all expenses. The current distribution rate is 4.75%. The PUF's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

Market Value and Book Value of the PUF

On December 31, 2012 the market value and book value of the PUF was \$13.9 billion and \$11.9 billion, respectively, exclusive of land acreage.

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Investment Performance of Ten Largest Stock Holdings - January 1, 2012 through December 31, 2012

Name	Market Value	Total Return	Percentage of Fund December 31, 2012
SIMON PROPERTY GROUP INC	17,424,680	26.02%	0.12%
HONGKONG LAND HLDGS LTD ORD	16,428,597	58.15%	0.12%
SUN HUNG KAI PROPERTIES	15,186,004	22.95%	0.11%
MITSUBISHI ESTATE CO LTD	14,488,620	79.61%	0.10%
EQUITY RESIDENTIAL	13,101,991	2.45%	0.09%
STARWOOD HOTELS & RESORTS WO	9,888,520	22.36%	0.07%
HYSAN DEVELOPMENT HK\$5	9,419,665	49.80%	0.07%
HAMMERSON ORD 25P REITS	8,796,150	40.98%	0.06%
VORNADO REALTY TRUST	8,550,862	9.16%	0.06%
LAND SECS GP ORD GBP0.10 REITS	7,699,759	32.98%	0.05%

Asset Allocation

Asset allocation is the primary determinant in the volatility of the PUF's performance, subject to the asset allocation range as specified by the investment policy, and is the responsibility of UTIMCO. The following represents asset allocation at December 31, 2012.

Asset Class	12/31/2012
Investment Grade Fixed Income	12.9%
Credit-Related Fixed Income	10.8%
Real Estate	5.9%
Natural Resources	14.8%
Developed Country Equity	42.0%
Emerging Markets Equity	13.6%
TOTAL	100.0%

Economically Targeted Investments

The PUF invests in various private equity funds which are considered economically targeted investments. Economically targeted investments means an investment in which at least 50% of the total investment is allocated to economic development within the state of Texas or investment in businesses or entities located within the state of Texas. These private equity investments are made through internally created investment pools.

The following is the market value of PUF's proportionate share of these investments:

<u>Investment Name</u>	<u>Market Value</u>
AUSTIN VENTURES IX LP	\$ 10,831,031
AUSTIN VENTURES V LP	72,390
AUSTIN VENTURES VI LP	1,453,741
AUSTIN VENTURES VII LP	2,852,515
AUSTIN VENTURES VIII LP	8,775,603
AUSTIN VENTURES X LP	13,229,342
ENCAP ENERGY CAPITAL FUND VII LP	22,195,035
ESCALATE CAPITAL I LP	8,823,038
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	615,518
GOLDSTON OIL CO - JETER #3	79,846
GOLDSTON OIL CO - JETER #4	33,681
GOLDSTON OIL CO - JETER #5	45,976
GOLDSTON OIL-GLADEWATER JETER	810,173
PINTO TV ANNEX FUND LP	5,931,562
PTV SCIENCES II LP	36,071,967
PTV SCIENCES LP	10,200,062
SANTE HEALTH VENTURES II LP	1,733,694
SCF-V LP	24,892,913
SCF-VI LP	28,368,517
SCF-VII LP	39,572,092
SOUTHWEST OPPORTUNITY PARTNERS LP	8,221,103
	<u>\$ 224,809,799</u>