

PERMANENT UNIVERSITY FUND

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

December 31, 2014

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, 2014 the market value and book value of the PUF was \$17.5 billion and \$14.5 billion, respectively, exclusive of land acreage.

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Investment Performance of Ten Largest Stock Holdings - January 1, 2014 through December 31, 2014

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund December 31, 2014</u>
SAMSUNG ELECTRONICS CO LTD	61,320,202.89	(3.24)%	0.35%
SIMON PROPERTY GROUP INC	19,680,567.31	31.20%	0.11%
MITSUBISHI ESTATE CO LTD	17,800,560.72	(18.34)%	0.10%
SUN HUNG KAI PROPERTIES	17,082,099.78	24.11%	0.10%
VIVENDI SA EUR.5	14,820,698.80	13.95%	0.08%
ANHEUSER-BUSCH INBEV NV	14,682,764.46	8.73%	0.08%
EQUITY RESIDENTIAL	14,648,035.99	42.95%	0.08%
BAIDU INC/CHINA	13,554,908.70	28.16%	0.08%
GOOGLE INC	13,066,105.78	(5.68)%	0.07%
HONG KONG LAND HLDGS LTD ORD	12,702,377.58	17.77%	0.07%

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, 2014.

Asset Class	12/31/2014
Investment Grade Fixed Income	9.9%
Credit-Related Fixed Income	8.4%
Real Estate	6.8%
Natural Resources	13.1%
Developed Country Equity	47.7%
Emerging Markets Equity	14.1%
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	\$ 7,138,642
AUSTIN VENTURES V LP	25,677
AUSTIN VENTURES VI LP	309,032
AUSTIN VENTURES VII LP	765,604
AUSTIN VENTURES VIII LP	1,813,075
AUSTIN VENTURES X LP	13,699,935
ENCAP ENERGY CAPITAL FUND VII LP	16,947,573
ESCALATE CAPITAL I LP	6,837,972
GOLDSTON OIL CO - GLADEWATER JETER	809,916
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	673,247
GOLDSTON OIL CO - JETER #3	67,468
GOLDSTON OIL CO - JETER #4	87,049
GOLDSTON OIL CO - JETER #5	69,317
PINTO TV ANNEX FUND LP	618,908
PTV SCIENCES II LP	30,726,048
PTV SCIENCES LP	697,348
PTV SPECIAL OPPORTUNITIES I	3,378,638
SANTÉ HEALTH VENTURES II LP	10,123,638
SCF-V LP	17,351,521
SCF-VI LP	15,579,633
SCF-VII LP	40,839,392
SOUTHWEST OPPORTUNITY PARTNERS LP	9,547,873
	<u>\$ 178,107,506</u>