

PERMANENT UNIVERSITY FUND

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

December 31, 2018

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

PERMANENT UNIVERSITY FUND

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/Texas A&M 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 of the PUF shall be to maximize investment returns within the risk parameters specified in its investment policy statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses.

Market Value and Book Value of the PUF

On December 31, 2018 the market value and book value of the PUF was \$21.5 billion and \$18.9 billion, respectively, exclusive of land acreage.

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Investment Performance of the Ten Largest Stock Holdings - January 1, 2018 through December 31, 2018.

Name	Market Value	Total Return	Percentage of Fund December 31, 2018
EQUATORIAL ENERGIA SA	60,970,969.38	-1.37%	0.28%
MIDEA GROUP CO LTD	51,357,175.91	-35.62%	0.24%
GREE ELECTRIC APPLIANCES INC O	42,441,989.05	-22.74%	0.20%
JIANGSU HENGRUI MEDICINE CO LT	30,889,366.76	-5.83%	0.14%
SAMSUNG ELECTRONICS CO LTD	29,412,612.82	-25.42%	0.14%
INTERCONTINENTAL EXCHANGE INC	25,073,940.00	8.12%	0.12%
TAIWAN SEMICONDUCTOR MANUFACTU	25,012,177.99	-3.57%	0.12%
VALE SA	23,273,798.90	11.83%	0.11%
DANONE SA	19,512,112.96	-13.79%	0.09%
TAKEDA PHARMACEUTICAL CO LTD	18,062,061.35	-38.90%	0.08%

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 its investment policy statement, and is the responsibility of UTIMCO. The following represents asset allocation at December 31, 2018.

Asset Class	12/31/2018
Global Equity:	
U.S. Public Equity	6.4%
Non-U.S. Developed Public Equity	3.6%
Global Developed Public Equity	7.7%
<i>Total Developed Public Equity</i>	17.7%
Emerging Markets Public Equity	10.2%
<i>Total Public Equity</i>	27.9%
Directional Hedge Funds	14.0%
Private Equity	21.2%
Total Global Equity	63.1%
Stable Value:	
Investment Grade Fixed Income	9.7%
Credit-Related Fixed Income	0.0%
<i>Total Fixed Income</i>	9.7%
Cash	1.5%
Stable Value Hedge Funds	4.8%
Total Stable Value	16.0%
Real Return:	
Inflation Linked Bonds	0.0%
Gold	1.7%
Commodities	0.0%
<i>Total Commodities</i>	1.7%
Natural Resources	9.2%
Infrastructure	2.1%
Public Real Estate	0.1%
Private Real Estate	7.8%
Total Real Return	20.9%
Total All Asset Classes	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:

Investment Name	Market Value
AUSTIN VENTURES IX LP	\$ 2,363,971
AUSTIN VENTURES VII LP	13,151
AUSTIN VENTURES VIII LP	567,213
AUSTIN VENTURES X LP	6,203,075
ENCAP ENERGY CAPITAL FUND VII LP	6,332,002
ESCALATE CAPITAL I LP	1,527,687
FLOWCO PRODUCTION SOLUTIONS, LLC	4,573,800
PENNYBACKER III LP	35,361,166
PENNYBACKER IV LP	46,065,316
PINTO TV ANNEX FUND LP	55,459
PTV SCIENCES II LP	7,756,240
PTV SCIENCES LP	29,213
PTV SPECIAL OPPORTUNITIES I LP	1,597,971
SANTÉ HEALTH VENTURES II LP	42,948,277
SCF-IX LP	4,754,677
SCF-V LP	4,844,230
SCF-VI LP	7,336,751
SCF-VII (A) LP	3,414,824
SCF-VII LP	21,929,260
SCF-VIII LP	17,677,304
SOUTHWEST OPPORTUNITY PARTNERS LP	68,198
TEAKWOOD CAPITAL III (CO-INVESTMENT) LP	17,513,213
TEAKWOOD CAPITAL III LP	25,145,853
	<u>\$258,078,851</u>

VERNON'S CIVIL STATUTES

TITLE 70. HEADS OF DEPARTMENTS

CHAPTER 9. COMMISSIONS AND AGENCIES

Art. 4413(34e). STATE TRUST FUNDS; PERIODIC REPORTING.

Sec. 1. DEFINITION. In this Act, "state trust fund" means the permanent school fund, the permanent university fund, the Teacher Retirement System of Texas trust fund, and those trust accounts administered by the Employees Retirement System of Texas.

Sec. 2. REPORTING DATES. The manager of each state trust fund shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the executive director of the State Pension Review Board:

(1) not later than January 25 of each year, a report with the information required by Section 3 of this Act covering the last six months of the previous calendar year; and

(2) not later than June 25 of each year, a report with the information required by Section 3 of this Act covering the first six months of that calendar year.

Sec. 3. REPORT CONTENTS. The report shall include the following:

(1) the number of beneficiaries of the state trust fund;

(2) the name of any individual responsible for administering the state trust fund and the discretionary investment authority granted to these individuals;

(3) the investment objectives of the state trust fund;

(4) the current end-of-month market value of the state trust fund;

(5) the current book value of the state trust fund;

(6) the names and amounts of the 10 largest stock holdings of the state trust fund along with the investment performance of these stock holdings during the last 12-month period;

(7) the asset allocations of the state trust fund expressed in percentages of stocks, fixed income, real estate, cash, or other financial investments; and

(8) the names and amounts of all investments made by the state trust fund in economically targeted investments.

Sec. 4. ECONOMICALLY TARGETED INVESTMENT. In this Act, "economically targeted investment" means an investment in which at least 50 percent of the total investment is allocated to economic development within this state or investment in businesses or entities located within this state.

Sec. 5. EFFECT OF ACT. This Act shall not diminish, impair, contradict, or in any way affect the duties, powers, or authorities granted or imposed on a governing board of a state trust fund by the constitution or laws of this state.

Acts 1993, 73rd Leg., ch. 817, eff. Sept. 1, 1993.

Art. 4413(37). AUTOMOBILE BURGLARY AND THEFT PREVENTION
AUTHORITY

Sec. 1. DEFINITIONS. In this article:

(1) "Authority" means the Automobile Burglary and Theft Prevention Authority.

Text of subdivision as amended by Acts 2007, 80th Leg., R.S., Ch. 308
(H.B. 1887), Sec. 5

(2) "Economic automobile theft" means automobile burglary or theft committed for financial gain.

Text of subdivision as amended by Acts 2007, 80th Leg., R.S., Ch. 927
(H.B. 3225), Sec. 1

(2) "Economic motor vehicle theft" means motor vehicle theft committed for financial gain.

(3) "Department" means the Texas Department of Motor Vehicles.

(4) "Director" means the executive director of the Texas Department of Transportation.

(5) "Motor vehicle" means a self-propelled vehicle or a vehicle, trailer, or semitrailer designed for use with a self-