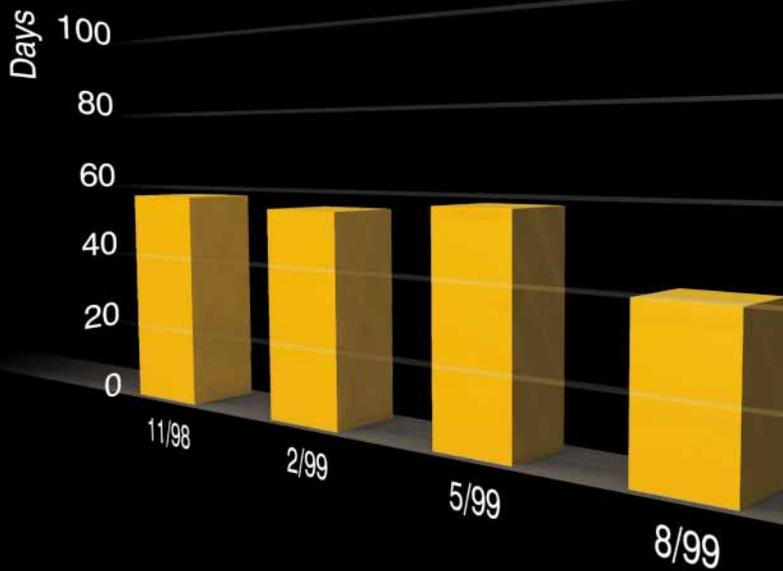


Weighted Average Maturity



During the year, the STF's weighted average maturity ranged from 40 to 57 days. The STF ended the year with a weighted average maturity of 40 days.



SHORT TERM FUND

THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY
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Short Term Fund

Short Term Fund Overview (\$764.5 million)

The UT System Short Term Fund (STF) is an institutional money market mutual fund consisting of the working capital and other operating fund balances with an investment horizon less than one year held by UT System institutions. Distributions from the STF are used by UT System for day-to-day operating purposes and in the management of cash. The STF is invested in the Dreyfus Institutional Preferred Money Market Fund (Dreyfus Fund). The STF's investment objective is to maximize current income consistent with the absolute preservation of capital and maintenance of adequate STF liquidity. The STF maintains a degree of liquidity and safety of principal by investing in short-term money market obligations, including securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, U.S. dollar denominated time deposits, certificates of deposits, banker's acceptances and other short-term obligations issued by domestic and foreign banks, repurchase agreements, asset-backed securities, and high quality domestic and foreign commercial paper and other short-term corporate obligations, including those with floating or variable rates of interest. The Dreyfus Institutional Preferred Money Market Fund was rated AAA_m by Standard and Poor's Inc., the highest credit rating that a money market fund may receive from the firm.

1999 STF Financial Highlights

For the year ended August 31, 1999, STF balances invested in the Dreyfus Fund increased from \$655.8 million to \$764.5 million. Endowment and trust funds (PUF, PHF, LTF, SITF or SIFs) also invested in the Dreyfus Fund increased from \$679.6 million to \$1,390.5 million, resulting in a combined UT System total balance of \$2,155.0 million. Of this UT System total, \$890 million represented the initial contribution to the PHF on August 30, 1999. As of August 31, 1999, total UT System balances represented 74.8% of the Dreyfus Fund.

STF Performance

The chart on the left presents the performance of the STF compared to the 90-day Treasury Bill rate and the IBC Institutional Money Markets average return for money market funds. The STF outperformed both benchmarks for the year ended August 31, 1999.

STF Performance

Average Annual Return

August 31, 1999	One Year	Three Years	Five Years
Short Term Fund	5.20%	5.50%	5.57%
90 Day Treasury Bills	4.77%	5.16%	5.35%
IBC's Institutional Average	4.90%	5.51%	5.94%