

PERMANENT UNIVERSITY FUND

THE UNIVERSITY OF TEXAS SYSTEM GENERAL ENDOWMENT FUND

PERMANENT HEALTH FUND

THE UNIVERSITY OF TEXAS SYSTEM LONG TERM FUND

THE UNIVERSITY OF TEXAS SYSTEM INTERMEDIATE TERM FUND

Statement of Investment Performance Statistics

and Independent Auditors' Report

For the Year Ended August 31, 2011

INDEPENDENT AUDITORS' REPORT

The Board of Regents of The University of Texas System
The Board of Directors of The University of Texas Investment Management Company

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Intermediate Term Fund and The University of Texas System Long Term Fund (collectively the "Funds"), as of and for the year ended August 31, 2011, and have issued our unqualified reports thereon dated October 31, 2011.

We have also audited the accompanying Statement of Investment Performance Statistics of the Funds (the "Statement") for the year ended August 31, 2011. This statement is the responsibility of the Funds' management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Investment Performance Statistics referred to above, presents fairly, in all material respects, the composite rates of return on the respective investment portfolios of the Funds for the year ended August 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

October 31, 2011

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STATEMENT OF INVESTMENT PERFORMANCE STATISTICS
FOR THE YEAR ENDED AUGUST 31, 2011

Strategy	Rate of Return for the Year Ended August 31, 2011				
	Permanent University Fund	General Endowment Fund	Intermediate Term Fund	Permanent Health Fund	Long Term Fund
NET OF FEES					
Public Markets (More Correlated and Constrained):					
Fixed Income - Investment Grade	3.9%	4.9%	8.1%	-	-
Fixed Income - Credit-Related	20.1%	20.2%	-	-	-
Real Estate	8.8%	8.7%	9.6%	-	-
Natural Resources	35.2%	35.5%	33.9%	-	-
Developed Country Equity	15.2%	15.5%	15.4%	-	-
Emerging Markets Equity	9.2%	9.3%	9.0%	-	-
Total Public Markets (Total More Correlated and Constrained)	14.9%	15.1%	13.5%	-	-
Hedge Funds (Less Correlated and Constrained)	7.5%	7.5%	7.5%	-	-
Private Investments	23.3%	23.3%	-	-	-
TOTAL FUND (Net of fees)	14.6%	14.7%	11.4%	14.8%	14.8%
TOTAL FUND (Gross of fees)	15.1%	15.1%	11.9%	14.9%	14.9%

See notes to statement of investment performance statistics.

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NOTES TO STATEMENT OF INVESTMENT PERFORMANCE STATISTICS

1. ORGANIZATION

The University of Texas Investment Management Company (UTIMCO) is a 501(c)(3) corporation organized to manage the investment assets that are under the fiduciary control of The Board of Regents of The University of Texas System (UT Board.) UTIMCO manages these assets through five funds which include the Permanent University Fund (PUF), The University of Texas System General Endowment Fund (GEF), The University of Texas System Intermediate Term Fund (ITF), the Permanent Health Fund (PHF) and The University of Texas System Long Term Fund (LTF) (collectively, the Funds).

The returns for PUF, GEF and ITF are comprised of investment strategies (Strategies) consisting of investment grade fixed income, credit-related fixed income, real estate, natural resources, developed country equity, emerging markets equity, hedge funds and private investments. Strategies which are not in existence for the full twelve month period are excluded from presentation in the Statement of Investment Performance Statistics. Returns, presented net and gross of cash payments for fees, are also included on a total fund basis for each of these funds. The returns for PHF and LTF are presented only in total, as PHF and LTF only invest in GEF and a negligible amount of cash and, therefore, do not directly employ these strategies. Although, the PHF and LTF also incur additional fees that are not reflected in the GEF, the total returns (net and gross of cash payments for fees) for the PHF and LTF will be similar to those of the GEF.

The investment strategies of investment grade fixed income, credit-related fixed income, real estate, natural resources, developed country equity, and emerging markets equity consist of assets managed directly by UTIMCO as well as by third-party managers via investment advisory agreements. The investment strategies of hedge funds and private investments consist primarily of externally managed collective investment vehicles such as private equity and hedge funds as well as various other pooled investment vehicles.

2. BASIS OF PRESENTATION

The accompanying investment performance statistics have been computed net of investment management fees using the Modified Dietz Method. The formula for the Modified Dietz Method is shown in Appendix I. Other formulas may produce different returns. Individual returns of various investment accounts in the Funds may vary based on factors such as the timing of cash flows. Past returns are no guarantee of future returns.

The total returns for the Funds have been computed net and gross of cash payments for investment management fees for comparative purposes.

Investment assets which are held in the respective Funds that have readily determinable fair values are primarily valued on the basis of market valuations provided by independent pricing services. The Funds' investments in private investment funds, hedge funds, U.S. equity, non-U.S. equity, emerging market, natural resource and fixed income investment funds and certain other equity securities are fair valued by management using the investments' capital balances and net asset value information provided by the investment manager as well as other considerations as described in the notes to each respective Funds' financial statements. Interest and dividend income is based on the accrual method (interest income is recorded as earned, and dividend income is recorded on the ex-dividend date). Trade date is used when recording trades. Total return (or "return") is defined as a percentage change in fair value (including interest and dividend income), adjusted for any cash flows. Monthly returns are geometrically-linked to calculate annual returns.

FORMULA FOR MODIFIED DIETZ METHOD

The formula for estimating the time-weighted rate of return using the Modified Dietz Method, R_{DIETZ} , is:

	Gross of Fees		Net of Fees
R_{DIETZ}	$= \frac{MVE - MVB - F}{MVB + FW}$	=	$R_{DIETZ(net)} = \frac{MVE - MVB - F - FEES}{MVB + FW}$

where MVB is the fair value at the beginning of the period, including accrued income from the previous period;
 MVE is the fair value at the end of the period, including accrued income for the period;
 F is the sum of the cash flows within the period (contributions to the portfolio are positive flows, and withdrawals or distributions are negative flows);
 FW is the sum of each cash flow, F_i , multiplied by its weight, W_i ; and
 $FEES$ is the sum of investment management fees paid during the period.

W_i is the proportion of the total number of days in the period that the cash flow F_i has been in (or out of) the portfolio. The formula for W_i is:

$$W_i = \frac{CD - D_i}{CD}$$

where CD is the total number of days in the period; and
 D_i is the number of days since the beginning of the period in which cash flow F_i occurred.