

**FIG. A INVESTMENT RETURNS**

Endowment Funds	(in millions)	Annual Returns for Periods Ended August 31, 2011			
	Net Asset Value August 31, 2011	One Year	Three Years	Five Years	Ten Years
Permanent University Fund	\$12,688	14.62%	4.08%	4.68%	7.05%
General Endowment Fund:					
Permanent Health Fund	993	14.76%	3.97%	4.73%	7.14%
Long Term Fund	6,057	14.77%	3.97%	4.73%	7.16%
Separately Invested Funds	128	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>\$19,866</b>				

**FIG. B COMBINED PUF AND GEF ASSET ALLOCATION**

as of August 31, 2011  
(\$ in millions)

Asset Group	Asset Class	More Correlated & Constrained		Less Correlated & Constrained		Private Investments		Grand Total	
		Value	%	Value	%	Value	%	Value	%
Fixed Income	Investment Grade Credit-Related	\$ 2,151	10.9%	\$ 559	2.8%	\$ -	0.0%	\$ 2,710	13.7%
		20	0.1%	868	4.4%	1,319	6.7%	2,207	11.2%
<b>Fixed Income Total</b>		<b>2,171</b>	<b>11.0%</b>	<b>1,427</b>	<b>7.2%</b>	<b>1,319</b>	<b>6.7%</b>	<b>4,917</b>	<b>24.9%</b>
Real Assets	Real Estate	447	2.3%	124	0.6%	265	1.3%	836	4.2%
	Natural Resources	2,493	12.6%	11	0.1%	519	2.6%	3,023	15.3%
<b>Real Assets Total</b>		<b>2,940</b>	<b>14.9%</b>	<b>135</b>	<b>0.7%</b>	<b>784</b>	<b>3.9%</b>	<b>3,859</b>	<b>19.5%</b>
Equity	Developed Country	1,725	8.7%	3,779	19.2%	2,366	12.0%	7,870	39.9%
	Emerging Markets	1,844	9.4%	503	2.5%	455	2.3%	2,802	14.2%
<b>Equity Total</b>		<b>3,569</b>	<b>18.1%</b>	<b>4,282</b>	<b>21.7%</b>	<b>2,821</b>	<b>14.3%</b>	<b>10,672</b>	<b>54.1%</b>
<b>Grand Total</b>		<b>\$ 8,680</b>	<b>44.0%</b>	<b>\$ 5,844</b>	<b>29.6%</b>	<b>\$ 4,924</b>	<b>24.9%</b>	<b>\$19,448</b>	<b>98.5%<sup>(A)</sup></b>

(A) Grand total asset allocation percentage as of August 31, 2011 is less than 100% due to the hedging of certain long equity exposures within the portfolio.



**FIG. C ASSET ALLOCATION COMPARISON**

	Endowment Funds Peer Group May 31, 2011	Combined PUF and GEF Actual Allocation August 31, 2011 <sup>(A)</sup>
Fixed Income	9.9%	11.0%
Equity	28.6%	18.1%
Real Estate	7.8%	2.3%
Natural Resources	10.1%	12.6%
Hedge Funds	19.6%	29.6%
Private Investments	24.0%	24.9%

(A) Grand total asset allocation percentage as of August 31, 2011 is less than 100% due to the hedging of certain long equity exposures within the portfolio.

Source: Cambridge Associates, Inc.

**FIG. D LONG TERM FUND FINANCIAL HIGHLIGHTS**

Years Ended August 31,	2007	2008	2009	2010	(in millions) 2011
Beginning Net Asset Value	\$4,441	\$5,333	\$5,285	\$4,517	\$5,130
Contributions (Net of Withdrawals)	363	355	192	290	439
Distributions (Payout)	(199)	(217)	(236)	(253)	(282)
Net Investment Return	728	(186)	(724)	576	770
<b>Ending Net Asset Value</b>	<b>\$5,333</b>	<b>\$5,285</b>	<b>\$4,517</b>	<b>\$5,130</b>	<b>\$6,057</b>

**FIG. E OWNERSHIP OF LONG TERM FUND**

August 31, 2011	Accounts	(in millions) Value
UT System Administration	140	\$29
UT Arlington	479	77
UT Austin	4,694	2,615
UT Dallas	217	220
UT El Paso	591	136
UT Pan American	103	31
UT Brownsville	107	8
UT Permian Basin	105	17
UT San Antonio	326	69
UT Tyler	223	67
UT Southwestern Medical Center	474	772
UT Medical Branch at Galveston	686	417
UT Health Science Center at Houston	420	145
UT Health Science Center at San Antonio	365	168
UT MD Anderson Cancer Center	440	391
UT Health Science Center at Tyler	40	11
Other Accounts	444	884
<b>Total</b>	<b>9,854</b>	<b>\$6,057</b>



**FIG. F** PERMANENT HEALTH FUND FINANCIAL HIGHLIGHTS

Years Ended August 31,	2007	2008	2009	2010	(in millions) 2011
Beginning Net Asset Value	\$987	\$1,100	\$1,026	\$842	\$905
Contributions (Net of Withdrawals)	-	-	-	-	-
Distributions (Payout)	(41)	(42)	(43)	(44)	(45)
Net Investment Return	154	(32)	(141)	107	133
<b>Ending Net Asset Value</b>	<b>\$1,100</b>	<b>\$1,026</b>	<b>\$842</b>	<b>\$905</b>	<b>\$993</b>

**FIG. G** PERMANENT HEALTH FUND OWNERSHIP ALLOCATION

August 31, 2011	(in millions) Value
Permanent Health Fund for Higher Education	\$424
UT Health Science Center at San Antonio	242
UT MD Anderson Cancer Center at Houston	121
UT Southwestern Medical Center	61
UT Medical Branch at Galveston	30
UT Health Science Center at Houston	30
UT Health Science Center at Tyler	30
UT El Paso	30
Regional Academic Health Center	25
<b>Total</b>	<b>\$993</b>

**FIG. H** PERMANENT UNIVERSITY FUND FINANCIAL HIGHLIGHTS

Years Ended August 31,	2007	2008	2009	2010	(in millions) 2011
Beginning Net Asset Value	\$10,313	\$11,743	\$11,359	\$9,674	\$10,725
PUF Lands Mineral Contributions	273	458	340	338	896
Distributions to AUF	(401)	(449)	(531)	(516)	(506)
Net Investment Return	1,558	(393)	(1,494)	1,229	1,573
<b>Ending Net Asset Value</b>	<b>\$11,743</b>	<b>\$11,359</b>	<b>\$9,674</b>	<b>\$10,725</b>	<b>\$12,688</b>



**PUF BENEFICIARIES**

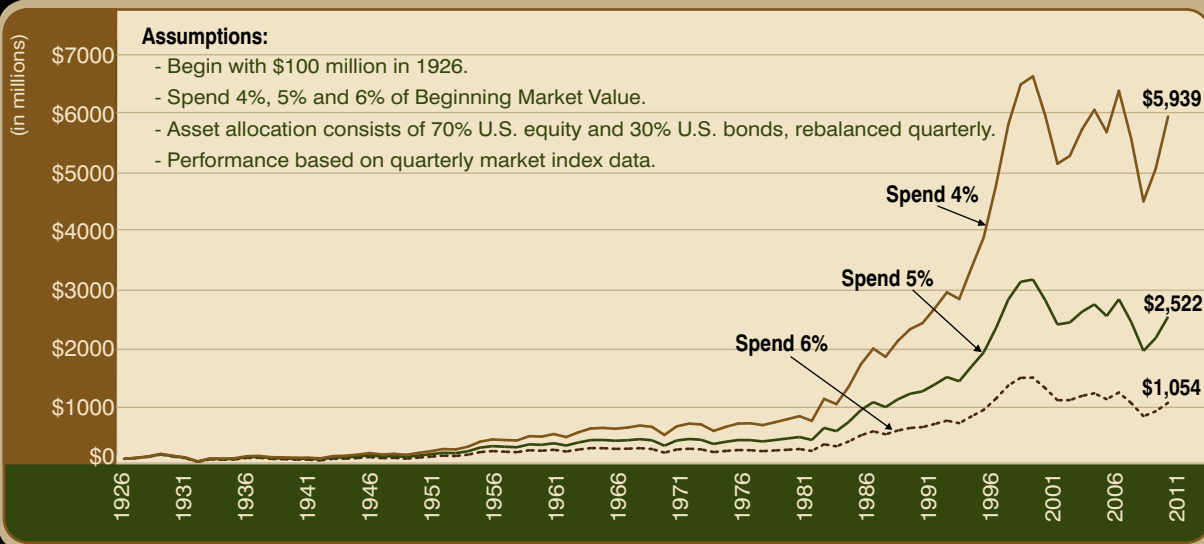
**THE UNIVERSITY OF TEXAS SYSTEM**

- UT Arlington
- UT Austin
- UT Dallas
- UT El Paso
- UT Permian Basin
- UT San Antonio
- UT Tyler
- UT Southwestern Medical Center
- UT Medical Branch at Galveston
- UT Health Science Center at Houston
- UT Health Science Center at San Antonio
- UT MD Anderson Cancer Center
- UT Health Science Center at Tyler

**THE TEXAS A&M UNIVERSITY SYSTEM**

- Prairie View A&M University
- Tarleton State University
- Texas A&M University
- Texas A&M at Galveston
- The Texas A&M Health Science Center
- Texas Agricultural Experiment Station
- Texas Agricultural Extension Service – Texas Cooperative Extension
- Texas Engineering Experiment Station
- Texas Engineering Extension Service
- Texas Forest Service
- Texas Transportation Institute

**FIG. I** ENDOWMENT MARKET VALUES AFTER SPENDING



Source: Cambridge Associates, LLC

**Assumptions:** Begin with \$100 million in 1926. Spend 4%, 5%, and 6% of average beginning market value of the previous four quarters. Asset allocation consists of 70% U.S. equity (performance measured by Ibbotson Yearbook, Large Company Stocks 1926-68; S&P 500 1969-present) and 30% U.S. bonds (performance measured by CA Corp Bond Series [derived from Salomon yields] 1926-68; Salomon High Grade Corporate Bond Total Rate of Return Index, Red SB Book 1969-79; SSB High Grade AAA/AA Corporate 10+ Year Index 1980-present), rebalanced quarterly. Management fees have been disregarded.

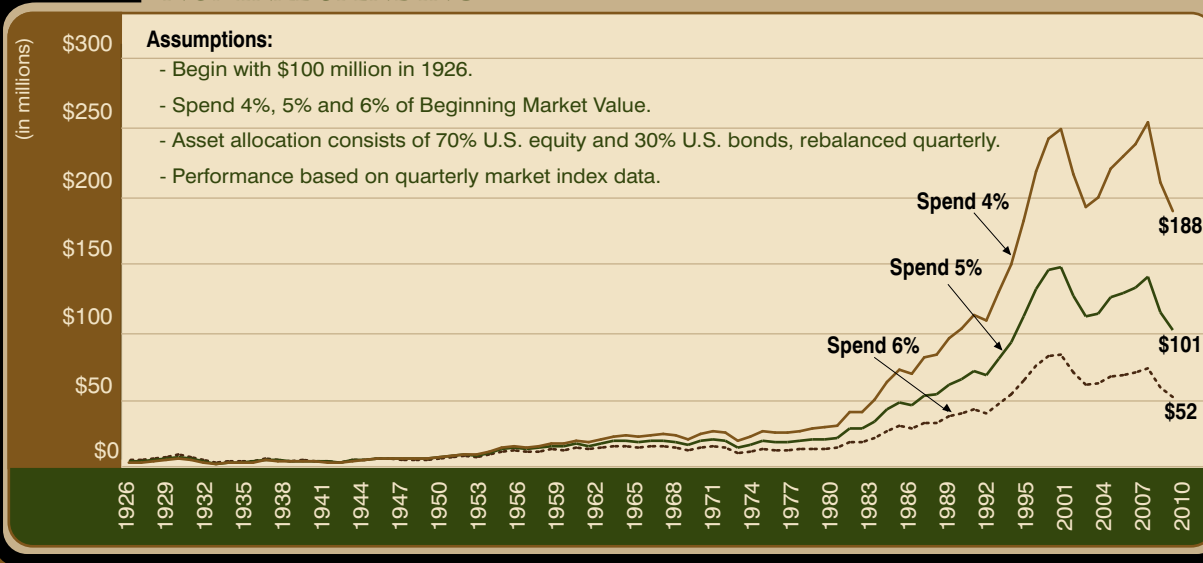


**FIG. J** SPENDING RATE COMPARISON

As of June 30,	2006	2007	2008	2009	2010
LTF	4.6%	4.4%	3.9%	4.1%	5.7%
Endowments Greater than \$1 Billion	4.6%	4.4%	4.2%	4.6%	5.6%
Public	4.5%	4.5%	4.2%	4.2%	4.1%
Independent	4.8%	4.7%	4.4%	4.5%	4.8%

Source: 2006-2007 NACUBO Endowment Study; 2008-2010 NACUBO-Commonfund Study of Endowments 2010.

**FIG. K** NOMINAL SPENDING



Source: Cambridge Associates, LLC

**Assumptions:** Begin with \$100 million in 1926. Spend 4%, 5%, and 6% of average beginning market value of the previous four quarters. Asset allocation consists of 70% U.S. equity (performance measured by Ibbotson Yearbook, Large Company Stocks 1926-68; S&P 500 1969-present) and 30% U.S. bonds (performance measured by CA Corp Bond Series [derived from Salomon yields] 1926-68; Salomon High Grade Corporate Bond Total Rate of Return Index, Red SB Book 1969-79; SSB High Grade AAA/AA Corporate 10+ Year Index 1980-present), rebalanced quarterly. Management fees have been disregarded.

**FIG. L** LTF RATIO OF EXPENSES TO AVERAGE NET ASSETS

Years Ended August 31,	2007	2008	2009	2010	2011
UTIMCO Management	0.08%	0.08%	0.11%	0.06%	0.08%
External Investment Managers <sup>1</sup>	0.16%	0.11%	0.16%	0.22%	0.20%
Other Service Providers Fees	0.04%	0.07%	0.01%	0.03%	0.04%
Total Investment Fees and Expenses	0.28%	0.26%	0.28%	0.31%	0.32%
UT System Administrative Fees <sup>2</sup>	0.08%	0.19%	0.27%	0.25%	0.21%
<b>Total</b>	<b>0.36%</b>	<b>0.45%</b>	<b>0.55%</b>	<b>0.56%</b>	<b>0.53%</b>

(1) Fees incurred by the general partners in private investments, fees incurred by mutual fund managers, and fees charged by hedge fund managers are not included in these totals. Fees incurred by partnerships, mutual funds and hedge funds are netted directly against returns for those investments in accordance with standard industry practice.

(2) During the fiscal year ended August 31, 2008, the UT System administrative fee assessed on behalf of the UT System and UT System institutions for the support of endowment administration and management was increased from .08% to .20% of a rolling twelve quarter average net asset value of the LTF. The change in the ratios between 2008 and 2009 are reflective of the expense ratios being calculated on a five-quarter average net asset value of the LTF, and the fee assessment being calculated on a twelve-quarter average net asset value of the LTF.

