

**PERMANENT UNIVERSITY FUND**

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

**June 30, 2014**

**This report is available on the UTIMCO website at [www.utimco.org](http://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 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 June 30, 2014 the market value and book value of the PUF was \$17.2 billion and \$13.8 billion, respectively, exclusive of land acreage.

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### Investment Performance of Ten Largest Stock Holdings - July 1, 2013 through June 30, 2014

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund June 30, 2014</u>
MITSUBISHI ESTATE CO LTD	24,232,238.30	(4.87)%	0.14%
SAMSUNG ELECTRONICS CO LTD	21,770,699.11	(0.52)%	0.13%
NATIONAL OILWELL VARCO INC	20,976,663.85	34.74%	0.12%
SIMON PROPERTY GROUP INC	20,855,013.93	15.49%	0.12%
CLAYTON WILLIAMS ENERGY INC	19,050,400.23	215.79%	0.11%
HALLIBURTON CO	17,431,895.63	72.01%	0.10%
SUN HUNG KAI PROPERTIES	16,674,958.72	9.86%	0.10%
EQUITY RESIDENTIAL	15,094,227.06	12.53%	0.09%
mitsui fudosan co y50	15,042,691.00	17.91%	0.09%
EOG RESOURCES INC	13,871,755.73	78.33%	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 the investment policy, and is the responsibility of UTIMCO. The following represents asset allocation at June 30, 2014.

<b>Asset Class</b>	<b>6/30/2014</b>
Investment Grade Fixed Income	9.1%
Credit-Related Fixed Income	8.6%
Real Estate	6.7%
Natural Resources	14.7%
Developed Country Equity	46.8%
Emerging Markets Equity	14.1%
<b>TOTAL</b>	<b>100.0%</b>

## 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	\$ 9,019,595
AUSTIN VENTURES V LP	26,631
AUSTIN VENTURES VI LP	1,160,864
AUSTIN VENTURES VII LP	922,371
AUSTIN VENTURES VIII LP	3,656,127
AUSTIN VENTURES X LP	14,661,400
ENCAP ENERGY CAPITAL FUND VII LP	16,424,775
ESCALATE CAPITAL I LP	7,741,268
GOLDSTON OIL CO - GLADEWATER JETER	950,334
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	711,494
GOLDSTON OIL CO - JETER #3	82,467
GOLDSTON OIL CO - JETER #4	55,086
GOLDSTON OIL CO - JETER #5	21,006
PINTO TV ANNEX FUND LP	744,522
PTV SCIENCES II LP	38,991,868
PTV SCIENCES LP	10,197,965
PTV SPECIAL OPPORTUNITIES I	3,389,477
SANTÉ HEALTH VENTURES II LP	8,497,562
SCF-V LP	18,258,800
SCF-VI LP	16,480,559
SCF-VII LP	39,807,958
SOUTHWEST OPPORTUNITY PARTNERS LP	9,522,761
	<u>\$ 201,324,890</u>