

INTERMEDIATE TERM FUND

1 What is the Intermediate Term Fund (ITF)?

The University of Texas System Intermediate Term Fund (ITF) was established on February 1, 2006, by the Board of Regents of The University of Texas System (Board of Regents) as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by U.T. System institutions and U.T. System Administration.

2 What is the ITF's Goal?

The primary investment objective of the ITF is to preserve the purchasing power of ITF assets by earning a compound annualized return over rolling three-year periods, net of all direct and allocated expenses, of at least inflation as measured by the Consumer Price Index (CPI-U) plus 3%.

3 What is the ITF's Investment Strategy?

The ITF's strategy is to invest in a broadly diversified portfolio of fixed income and equity securities in both domestic and international markets using an intermediate term and long-term investment horizon. In addition to traditional exchange-traded equity and fixed income securities, the ITF's portfolio includes marketable alternative investments and various other specialized public market investments.

4 What are the Significant Risks?

The performance of the ITF depends on the value of its holdings. Equity values fluctuate in response to the activities of individual companies, and general market and economic conditions. In the short term, stock prices can fluctuate dramatically in response to these factors. Bond prices fluctuate based on changes in interest rates and the credit quality of the issues. Investments in international securities can involve political and economic risks, as well as exposure to currency fluctuations.

5 What accounts are appropriate for the ITF?

The ITF is appropriate for operating funds and other intermediate and long-term funds under the sole control of, with full discretion as to investment by, the Board of Regents.

6 How many U.T. System Institutions and other accounts are invested in the ITF?

There were 15 System institution accounts as well as a System Administration account as of August 31, 2008.

7 What is the Value of the ITF?

The net asset value of the ITF was \$3,874.8 million as of August 31, 2008.

8 Who is the ITF's manager?

The ITF's investment manager is The University of Texas Investment Management Company (UTIMCO) which employs investment managers and administrative staff to manage the ITF. As of August 31, 2008, UTIMCO was responsible for the investment of \$23,207.0 million of Permanent University Fund and other U.T. System assets pursuant to an investment management agreement with the Board of Regents.

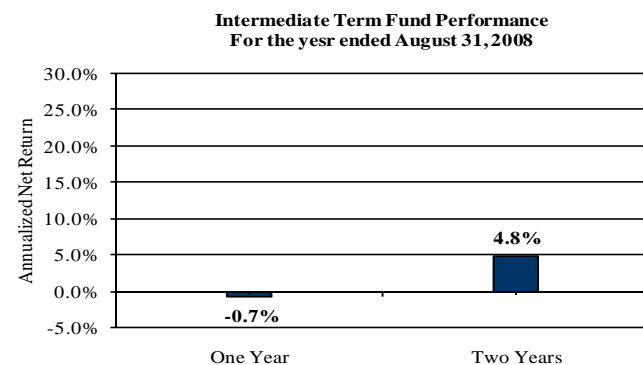
9 What are the ITF's Expenses?

Operating expenses are paid out of the ITF's assets. Expenses are factored into the ITF's market value per share and are not charged directly to the unitholder accounts. There are no individual unitholder account charges. Expenses for fiscal year ended August 31, 2008 were as follows:

Management fees	0.28%
Other expenses	<u>0.03%</u>
Total ITF Investment Management Fees	<u>0.31%</u>

10 How have the ITF's Investments Performed?

Annualized net returns are total returns less investment management expenses. They are based on past results and are not an indication of future performance.



11 How are Distributions made?

Distributions are made once a month on the first business day of the month and are transferred directly to the unitholder's Short Term Fund account. The distribution is determined annually by UTIMCO and is approved by the Board of Regents. The distribution rate for fiscal years 2007 and 2008 was established at 3% per year, or .25% per month.

12 What Services are Available?

The ITF provides a variety of services including reporting, general information and assistance through UTIMCO's website and the CPS Online Reporting and Transaction System. Unitholders may obtain individual account information and initiate transactions via the CPS Online Reporting and Transaction System.

The University of Texas System

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Intermediate Term Fund



Summary