

SHORT TERM FUND

1 What is the Fund?

The Fund is the aggregate of investment balances held by U. T. System Administration and U. T. System institutions in the Dreyfus Institutional Preferred Money Market Fund, an externally managed institutional money market fund.

2 What is the Funds's Goal?

The Fund's goal is to maximize current income consistent with the absolute preservation of capital and maintenance of adequate Fund liquidity.

3 What is the Funds's Investment Strategy?

The Fund's strategy is to invest in short-term money market obligations, including securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, certificates of deposit, time deposits, bankers' acceptances and other short-term obligations issued by domestic banks, or London branches of domestic banks, repurchase agreements, and high grade

Randal Matthew Camarillo (*Student Regent*)

conditions, the Fund will invest at least 25% of its total assets in bank obligations.

4 What are the Significant Risks?

The primary risk of the Fund is the credit quality of the securities held. Interest rate risk is limited by the weighted average portfolio maturity of not more than 60 days.

5 What accounts are appropriate for the Fund?

The Fund is appropriate for accounts where the investment horizon for the funds is under one year.

6 Is the Fund rated?

The Fund is rated AAA_m by Standard and Poor's Corporation. This is the highest rating that a money market fund may receive.

7 What is the Value of U. T. System Assets Invested in the Fund?

The value of the U. T. System assets invested in the Fund as of August 31, 2007, was \$4,598.6 million. This balance consisted of \$1,972.8 million of U. T. System operating funds and \$2,625.8 million of endowment and other trust funds (PUF, PHF, LTF, GEF, ITF and SIFs) managed by The University of Texas Investment Management Company (UTIMCO).

8 How many Accounts are Invested in the Fund?

There were approximately 2,200 endowment money market, trust and other current purpose accounts invested in the Fund as of August 31, 2007.

9 What are the Fund's Expenses?

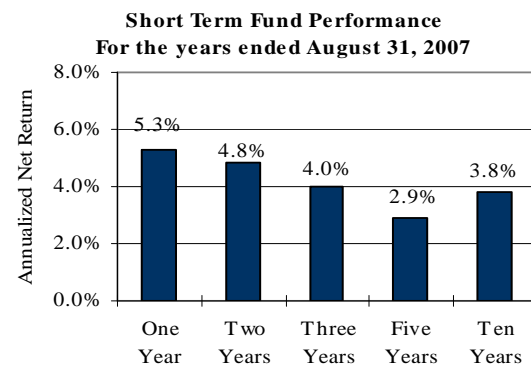
The Short Term Fund is not charged for any operating expenses. However, the externally managed money market fund incurs operating expenses, which are paid out of the money market fund assets. These expenses are factored into the Fund's income per share and are not charged directly to the unitholder account. There are no individual unitholder account charges. The Dreyfus Institutional Preferred Money Market Fund was created on June 9, 1997, and as disclosed in the prospectus for the Fund, is expected to incur the following operating expenses (calculated as a percentage of average daily net assets):

Management fees	<u>0.10%</u>
Total Fund operating expenses	<u>0.10%</u>

8 Who is the Fund's Investment Manager?

The investment manager of the Dreyfus Institutional Preferred Money Market Fund is The Dreyfus Corporation, which was selected by UTIMCO. As of August 31, 2007, UTIMCO was responsible for the investment of \$23,511.6 million of Permanent University Fund and other U. T. System assets pursuant to an investment management agreement with the Board of Regents.

9 How has the Fund Performed?



Total returns are based on past results and are not an indication of future performance.

10 How are Investment Units Purchased and Sold?

Units are purchased and sold daily. UTIMCO has created an online transaction and reporting system which facilitates this activity for the operating funds of each Institution.

11 How are Distributions Made?

The Fund's income is distributed to the unitholders monthly. Income is paid on the last calendar day of each month, and is automatically reinvested in additional Fund shares. Income is determined on an accrual basis of accounting.

12 What services are available?

The Fund provides a variety of services including reporting, general information and assistance through the CPS Online Reporting and Transaction System. Unitholders may obtain individual account information via the CPS Online Reporting and Transaction System.

The University of Texas System

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Short Term Fund



Summary