1 What is the Long Term Fund (LTF)?
The Fund is a pooled U.T. System investment fund of over 8,500 privately raised endowments and other long-term funds of the 15 institutions of The University of Texas System. The Fund commenced operations on June 27, 1932.

2 What is the Fund’s Goal?
The Fund’s goal is to preserve the purchasing power of the Fund’s assets and annual distributions by earning an average annual real return of 5.2% over rolling ten-year periods or longer.

3 What is the Fund’s Investment Strategy?
The Fund only invests in GEF units and a negligible amount of cash. The Fund pursues its investment strategy through its investment in the GEF. The GEF’s strategy is to invest in a broadly diversified portfolio of fixed income and equity securities in both domestic and international markets using a long-term investment horizon. In addition to traditional exchange-traded equity and fixed income securities, the GEF’s portfolio includes private investments, hedge funds, and various other specialized public market investments.

4 What are the Significant Risks?
Since the Fund's only investment is GEF units, its significant risks are dependent on the holdings of the GEF. Equity values in the GEF can 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 in the GEF can also fluctuate based on changes in interest rates, and the credit quality of the issues. Investments in international securities in the GEF can involve increased political and economic risk, as well as exposure to currency fluctuations. The primary owner of the Fund's assets are endowment accounts. Endowment accounts are permanent funds by their nature and as such, endowment contributions remain in the Fund and any short-term valuation swings are negated over the long term.

5 What Accounts are Appropriate for the Fund?
The Fund is appropriate for endowment accounts and for non-endowment accounts where the investment horizon for the account is greater than 5 years.

6 What is the Net Asset Value of the Fund?
The net asset value of the Fund was $5,285.0 million as of August 31, 2008.

7 How Many Endowment and Other Accounts are Invested in the Fund?
There were 8,502 endowment and other accounts invested in the Fund as of August 31, 2008.

8 What are the Fund’s Expenses?
The GEF incurs expenses for external investment manager fees, custody and safekeeping fees, and other investment related fees. The Fund is charged the UTIMCO management, U.T. System Administration fees to support endowment administration and management, and other miscellaneous fees. Expenses are factored into the Fund’s market value per share and are not charged directly to the unitholder account. The following were expenses paid directly from the Fund for fiscal year 2008, including its pro-rata share of GEF expenses (calculated as a percentage of average net assets). There are other fees that are incurred by the GEF which are netted directly against the return or capital of the investment manager or private partnership which have not been included.

<table>
<thead>
<tr>
<th>UTIMCO Management</th>
<th>0.08%</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Investment Manager</td>
<td>0.11%</td>
</tr>
<tr>
<td>Non-Investment Manager</td>
<td>0.07%</td>
</tr>
<tr>
<td>U.T. System Administration</td>
<td>0.19%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>0.45%</td>
</tr>
</tbody>
</table>

9 Who is the Fund’s Investment Manager?
The Fund’s investment manager is The University of Texas Investment Management Company (UTIMCO) which employs investment managers and administrative staff to manage the Fund. 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.

10 How has the Fund Performed?
Annualized net returns are total returns less investment management fees. They are based on past results and are not an indication of future performance.

11 How are Investment Units Purchased?
Units are purchased on quarterly buy-in dates of March 1, June 1, September 1, and December 1.

12 How are Distributions Made?
The Fund distributes cash to endowment and other accounts on the last day of the fiscal quarter. Distributions are wired to UTIMCO prior to a quarterly purchase date are immediately invested in a money market account. Interest earned on the money market account during the interim period is distributed to the component institution of record.

13 What Services are Available?
UTIMCO provides a variety of services including an annual Fund report, a fund brochure and individual donor statements delivered via the Internet. Investment information regarding the Fund may also be viewed via the Internet. U.T. System institutions may obtain individual account information via CRIS, an online reporting information system. The Office of External Relations also provides information and services regarding individual endowment accounts.
The University of Texas System

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Summary