

PERMANENT UNIVERSITY FUND

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

June 30, 2012

This report is available on the UTIMCO website at 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, 2012 the market value and book value of the PUF was \$13.1 billion and \$11.6 billion, respectively, exclusive of land acreage.

PERMANENT UNIVERSITY FUND

Investment Performance of Ten Largest Stock Holdings - July 1, 2011 through June 30, 2012

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund June 30, 2012</u>
HONGKONG LAND HLDGS LTD ORD	15,504,363	(17.56)%	0.12%
SIMON PROPERTY GROUP INC	13,169,147	37.88%	0.10%
SUN HUNG KAI PROPERTIES	12,694,149	(16.86)%	0.10%
MITSUBISHI ESTATE CO LTD	12,340,634	1.75%	0.09%
EQUITY RESIDENTIAL	11,083,368	6.79%	0.08%
STARWOOD HOTELS & RESORTS WO	8,271,959	(4.31)%	0.06%
VORNADO REALTY TRUST	8,170,750	(6.71)%	0.06%
UNIBAIL-RODAMCO SE EUR5	7,615,995	(3.77)%	0.06%
HAMMERSON ORD 25P REITS	7,596,345	(4.32)%	0.06%
LAND SECS GP ORD GBP0.10 REITS	7,490,844	(9.75)%	0.06%

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, 2012.

Asset Class	06/30/2012
Investment Grade Fixed Income	14.7%
Credit-Related Fixed Income	11.6%
Real Estate	5.1%
Natural Resources	13.4%
Developed Country Equity	42.2%
Emerging Markets Equity	13.0%
TOTAL	100.0%

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	\$ 10,764,636
AUSTIN VENTURES V LP	72,907
AUSTIN VENTURES VI LP	2,071,189
AUSTIN VENTURES VII LP	3,348,473
AUSTIN VENTURES VIII LP	10,784,495
AUSTIN VENTURES X LP	13,341,376
ENCAP ENERGY CAPITAL FUND IV-B LP	34,283
ENCAP ENERGY CAPITAL FUND VII LP	47,384,713
ESCALATE CAPITAL I LP	8,896,149
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	348,941
GOLDSTON OIL CO - JETER #3	33,612
GOLDSTON OIL CO - JETER #4	29,090
GOLDSTON OIL CO - JETER #5	8,948
GOLDSTON OIL-GLADEWATER JETER	506,696
PINTO TV ANNEX FUND LP	4,575,672
PTV SCIENCES II LP	32,629,185
PTV SCIENCES LP	9,527,499
SANTÉ HEALTH VENTURES II LP	1,990,134
SCF-V LP	19,086,121
SCF-VI LP	24,594,959
SCF-VII LP	29,791,068
SOUTHWEST OPPORTUNITY PARTNERS LP	12,453,864
WINGATE PARTNERS II LP	3,265
	<u>\$ 232,277,275</u>