

PERMANENT UNIVERSITY FUND

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

June 30, 2013

This report is available on the UTIMCO website at www.utimco.org

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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, 2013 the market value and book value of the PUF was \$14.4 billion and \$12.3 billion, respectively, exclusive of land acreage.

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Investment Performance of Ten Largest Stock Holdings - July 1, 2012 through June 30, 2013

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund June 30, 2013</u>
SIMON PROPERTY GROUP INC	13,959,654	4.27%	0.10%
PROLOGIS INC	6,881,448	16.96%	0.05%
EQUITY RESIDENTIAL	6,147,451	(3.65)%	0.04%
VORNADO REALTY TRUST	5,361,886	3.43%	0.04%
VENTAS INC	4,936,731	14.30%	0.03%
UDR INC	4,563,551	2.26%	0.03%
MITSUBISHI ESTATE COL LTD	4,436,300	87.41%	0.03%
HEALTH CARE REIT INC	4,170,003	20.48%	0.03%
HOST HOTELS & RESORTS INC	3,419,009	9.14%	0.02%
PUBLIC STORAGE	3,273,749	9.63%	0.02%

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, 2013.

Asset Class	06/30/2013
Investment Grade Fixed Income	13.1%
Credit-Related Fixed Income	10.1%
Real Estate	6.1%
Natural Resources	12.3%
Developed Country Equity	44.9%
Emerging Markets Equity	13.5%
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	\$ 10,921,074
AUSTIN VENTURES V LP	44,467
AUSTIN VENTURES VI LP	1,201,467
AUSTIN VENTURES VII LP	2,992,507
AUSTIN VENTURES VIII LP	7,501,712
AUSTIN VENTURES X LP	14,793,033
ENCAP ENERGY CAPITAL FUND VII LP	20,400,776
ESCALATE CAPITAL I LP	9,356,875
GOLDSTON OIL CO - JETER #3	734,890
GOLDSTON OIL CO - JETER #4	104,794
GOLDSTON OIL CO - JETER #5	55,571
GOLDSTON OIL-GLADEWATER JETER	33,400
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	956,835
PINTO TV ANNEX FUND LP	6,208,406
PTV SCIENCES II LP	37,251,875
PTV SCIENCES LP	10,660,254
SANTÉ HEALTH VENTURES II LP	3,501,659
SCF-V LP	28,365,835
SCF-VI LP	31,002,495
SCF-VII LP	42,457,025
SOUTHWEST OPPORTUNITY PARTNERS LP	10,154,644
	<u>\$ 238,699,594</u>