

PERMANENT UNIVERSITY FUND

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

December 31, 2015

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 of the PUF shall be to maximize investment returns within the risk parameters specified in the Policy Statement without regard to the distribution rate. Investment returns are expressed net of all investment-related expenses.

Market Value and Book Value of the PUF

On December 31, 2015 the market value and book value of the PUF was \$17.4 billion and \$15.1 billion, respectively, exclusive of land acreage.

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Investment Performance of the Ten Largest Stock Holdings - January 1, 2015 through December 31, 2015.

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund December 31, 2015</u>
SAMSUNG ELECTRONICS CO LTD	51,746,556.07	(11.56)%	0.30%
AUTODESK INC	47,944,804.83	1.45%	0.28%
EQUATORIAL ENERGIA SA	30,938,035.78	(15.15)%	0.18%
SIMON PROPERTY GROUP INC	23,905,087.00	10.23%	0.14%
EQUITY RESIDENTIAL	16,501,391.23	16.92%	0.09%
SUN HUNG KAI PROPERTIES LTD	15,950,726.40	(18.21)%	0.09%
HONGKONG LAND HOLDINGS LTD	14,061,552.71	6.21%	0.08%
BAIDU INC	13,629,428.02	(17.08)%	0.08%
VORNADO REALTY TRUST	13,467,579.10	(3.89)%	0.08%
SONY CORP	11,868,348.60	20.61%	0.07%

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 December 31, 2015.

Asset Class	12/31/2015
Investment Grade Fixed Income	7.8%
Credit-Related Fixed Income	8.1%
Real Estate	8.1%
Natural Resources	13.1%
Developed Country Equity	47.3%
Emerging Markets Equity	15.6%
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	\$ 4,916,447
AUSTIN VENTURES V LP	117
AUSTIN VENTURES VI LP	62,283
AUSTIN VENTURES VII LP	142,142
AUSTIN VENTURES VIII LP	454,759
AUSTIN VENTURES X LP	11,406,506
ENCAP ENERGY CAPITAL FUND VII LP	9,524,774
ESCALATE CAPITAL I LP	5,040,276
GOLDSTON OIL CO - GLADEWATER JETER	281,055
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	310,575
GOLDSTON OIL CO - JETER #3	16,922
GOLDSTON OIL CO - JETER #4	20,553
PENNYBACKER III LP	47,902,377
PINTO TV ANNEX FUND LP	71,251
PTV SCIENCES II LP	25,171,308
PTV SCIENCES LP	46,460
PTV SPECIAL OPPORTUNITIES I LP	7,078,791
SANTÉ HEALTH VENTURES II LP	23,464,872
SCF-V LP	6,966,851
SCF-VI LP	7,291,097
SCF-VII LP	21,925,313
SOUTHWEST OPPORTUNITY PARTNERS LP	1,302,662
TEAKWOOD CAPITAL III LP	(604,230)
	<u>\$ 172,793,161</u>