

PERMANENT UNIVERSITY FUND

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

June 30, 2017

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/Texas A&M 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 June 30, 2017 the market value and book value of the PUF was \$19.5 billion and \$16.1 billion, respectively, exclusive of land acreage.

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Investment Performance of the Ten Largest Stock Holdings - July 1, 2016 through June 30, 2017.

<u>Name</u>	<u>Market Value</u>	<u>Total Return</u>	<u>Percentage of Fund June 30, 2017</u>
EQUATORIAL ENERGIA SA	52,195,560.03	8.92%	0.27%
SAMSUNG ELECTRONICS CO LTD	34,612,525.30	71.18%	0.18%
LENNAR CORP	25,188,472.44	16.06%	0.13%
VALE SA	24,370,136.21	79.56%	0.13%
DANONE SA	22,397,173.29	8.91%	0.12%
INTERCONTINENTAL EXCHANGE INC	22,188,236.59	30.36%	0.11%
TAIWAN SEMICONDUCTOR MANUFACTURING	21,410,333.44	37.53%	0.11%
POSCO	15,477,536.25	45.15%	0.08%
GLENCORE PLC	15,399,450.10	85.94%	0.08%
RIO TINTO PLC	15,180,131.73	44.57%	0.08%

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, 2017.

Asset Class	6/30/2017
Investment Grade Fixed Income	10.69%
Credit-Related Fixed Income	6.68%
Real Estate	7.12%
Natural Resources	16.16%
Developed Country Equity	42.35%
Emerging Markets Equity	17.00%
TOTAL	100.00%

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	\$ 3,226,464
AUSTIN VENTURES VII LP	134,661
AUSTIN VENTURES VIII LP	562,876
AUSTIN VENTURES X LP	11,635,704
ENCAP ENERGY CAPITAL FUND VII LP	5,902,471
ESCALATE CAPITAL I LP	2,658,240
GOLDSTON OIL CO - GLADEWATER JETER	413,167
GOLDSTON OIL CO - GLADEWATER JETER ROYALTY INTEREST	466,776
GOLDSTON OIL CO - JETER #3	209,673
GOLDSTON OIL CO - JETER #4	53,178
PENNYBACKER III LP	52,706,094
PENNYBACKER IV LP	4,986,454
PINTO TV ANNEX FUND LP	60,602
PTV SCIENCES II LP	9,586,910
PTV SCIENCES LP	36,650
PTV SPECIAL OPPORTUNITIES I LP	2,798,537
SANTÉ HEALTH VENTURES II LP	22,924,652
SCF-V LP	9,927,511
SCF-VI LP	12,074,898
SCF-VII (A) LP	2,173,879
SCF-VII LP	27,882,948
SOUTHWEST OPPORTUNITY PARTNERS LP	16,891
TEAKWOOD CAPITAL III LP	11,609,122
WINGATE PARTNERS II LP	(1,771)
	<u>\$ 182,046,587</u>