

PERMANENT UNIVERSITY FUND

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

June 30, 2005

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 after inflation of 5.1% over rolling ten-year periods or longer. This 5.1% target was derived by adding the current target distribution rate of 4.75% plus an annual expected expense of .35%. 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.

The secondary fund objective is to generate a fund return in excess of the Policy Portfolio benchmark over rolling five-year periods or longer. The Policy Portfolio benchmark will be established by UTIMCO and will be comprised of a blend of asset class indices weighted to reflect Fund asset allocation policy targets.

Market Value and Book Value of the PUF

On June 30, 2005, the market value and book value of the PUF was \$9.0 billion and \$8.4 billion, respectively, exclusive of land acreage.

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Investment Performance of Ten Largest Stock Holdings – July 1, 2004 through June 30, 2005.

Name	Market Value	Total Return	Percentage of Fund June 30, 2005
BGI EAFE Equity Index Fund B	214,361,049	13.80%	2.37
BGI Russell 3000 Alpha Tilts Fund B	178,625,343	9.92%	1.98
BGI Active International Equity Fund B	174,894,679	17.10%	1.94
BGI Russell 2000 Alpha Tilts Fund B	136,307,880	9.85%	1.51
BGI Structured Tier Emerging Markets Fund B	99,748,580	34.00%	1.10
ISHARES TR S&P Global 100	71,732,845	N.A.	.79
ISHARES TR S&P 100 Index Fund	65,709,007	N.A.	.73
Vornado Rlty TR Com	45,304,516	47.16%	.50
Simon PPTY Group Inc New Com	40,550,906	47.41%	.45
Mid Cap Index Fund B - Lendable	38,807,363	14.33%	.43

**N/A-PUF has held the investment for less than a 12-month period, therefore, performance for this time period is not available.*

Asset Allocation

Asset allocation is the primary determinant in the volatility of the Fund'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, 2005.

U.S. Common Stocks	27.61%
Global Ex US Equities	16.48
Hedge Funds	24.09
Private Capital	9.45
Commodities	4.74
Fixed Income	15.47
Cash & Cash Equivalents	<u>2.16</u>
	<u>100.00%</u>

Economically Targeted Investments

The PUF is invested, as well as committed to invest, 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.

The following are the book value and market value of these investments:

<u>Investment</u>	<u>BookValue</u>	<u>MarketValue</u>
AUSTIN VENTURES IV L P	2,667,674	306,212
AUSTIN VENTURES V	10,769,423	3,802,942
AUSTIN VENTURES VI LP	12,304,653	4,334,068
AUSTIN VENTURES VII LP	9,064,138	5,333,393
AUSTIN VENTURES V III LP	5,261,650	4,640,370
EN CAP ENERGY CAPITAL FD III	2,268,090	1,793,608
ENCAP ENERGY CAPITAL FUND IV B	3,484,293	4,460,759
GOLDSTON OIL CO - GLADEWATER	283,814	2,168,425
GOLDSTON OIL CO - GLADEWATER	237,228	2,032,877
GOLDSTON OIL CO -JETER #3	61,913	963,366
JATOTECH VENTURES LP	3,402,813	1,149,195
PTV SCIENCES LP	7,381,376	7,374,201
RSTW PARTNER III L P	17,978,478	6,035,609
ENERGY ASSET OPTION FUND	6,717,317	7,910,595
CTI PARTNERS LP	2,063,094	689,500
FGSI PARTNERS L P	148,068	-
SCF III L P	7,083,449	7,230,055
SCF IV LP	14,029,262	18,090,495
TEXAS GROWTH FUND	3,301,704	193,926
TEXAS GROWTH FUND II	5,243,955	665,573
WINGATE PARTNERS II L P	7,267,932	4,428,351
WINGATE PARNTERS III LP	4,124,077	1,481,051
SCF-V LP	6,131,791	5,839,464
OAKBAY	14,379,643	10,543,561
	<u>145,655,835</u>	<u>101,467,596</u>