

# PERFORMANCE REPORT

Independent  
advice for  
the institutional  
investor

The University of  
Texas System

Quarter and Fiscal  
Year Ending  
August 31, 2003

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*All data found in this report has been provided by UTIMCO and Russell Mellon. All rates of return contained in this report are net-of-fees and annualized for time periods greater than one year.*

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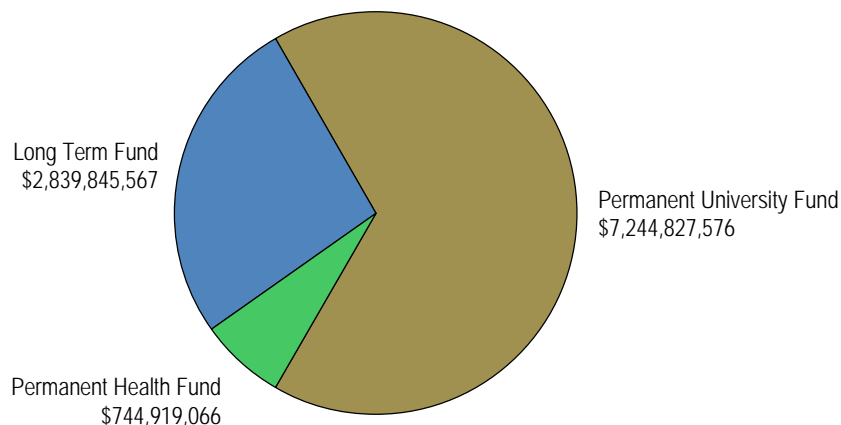
## EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

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As of August 31, 2003

## ENDOWMENT FUNDS AS OF 8/31/03\*



Permanent University Fund: State endowment fund contributing to the support of 18 institutions and 6 agencies of the University Texas System and the Texas A&M University System

Permanent Health Fund: An internal UT System mutual fund for the pooled investment of state endowment funds for health-related institutions of higher education. The Fund currently purchases units in the General Endowment Fund in exchange for its contribution of investment assets.

Long Term Fund: An internal UT System mutual fund for the pooled investment of over 5,000 privately raised endowments and other long-term funds of the 15 component institutions of the UT System. The Fund currently purchases units in the General Endowment Fund in exchange for its contribution of investment assets.

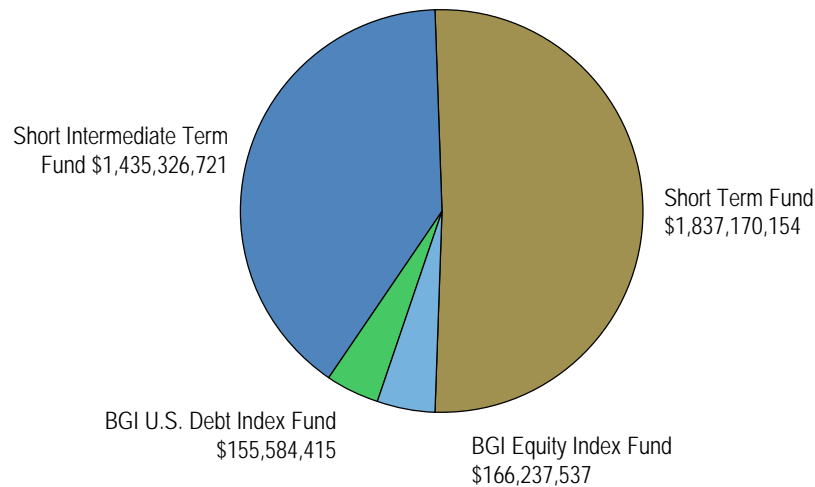
General Endowment Fund: Comprised wholly of the Permanent Health Fund and the Long Term Fund. Both the PHF and LTF purchase units in the General Endowment Fund in exchange for the contribution of investment assets.

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\*Information regarding the UT System's Separately Invested Funds is not provided in this report.

As of August 31, 2003

## OPERATING FUNDS AS OF 8/31/03



Short Term Fund (Dreyfus Fund): A money market mutual fund consisting of the working capital and other operating fund balances held by UT System institutions with an investment horizon of less than one year.

Short Intermediate Term Fund: An internal UT System mutual fund for the pooled investment of the operating funds held by UT System institutions with an investment horizon greater than one year and less than five years.

Institutional Index Funds: Consist of index funds for the investment of UT System institutions' permanent working capital and long-term capital reserves.

# EXECUTIVE SUMMARY

As of August 31, 2003

## ENDOWMENT FUNDS RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03
<b>Permanent University Fund</b>	<b>5.4%</b>	<b>12.0%</b>	<b>-1.8%</b>	<b>5.4%</b>
Endowment Performance Benchmark**	4.6	12.8	-2.3	6.9
<b>Long Term Fund</b>	<b>5.4</b>	<b>12.8</b>	<b>-1.5</b>	<b>7.1</b>
Endowment Performance Benchmark**	4.6	12.8	-2.3	6.9
<b>Permanent Health Fund</b>	<b>5.4</b>	<b>12.6</b>	<b>-1.7</b>	<b>--</b>
Endowment Performance Benchmark**	4.6	12.8	-2.3	--

## OPERATING FUNDS RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03
<b>Short Term Fund</b>	<b>0.3%</b>	<b>1.3%</b>	<b>3.1%</b>	<b>4.1%</b>
ML 90-day T-Bill	0.3	1.4	3.1	3.9
<b>Short Intermediate Term Fund</b>	<b>-0.3</b>	<b>1.6</b>	<b>4.7</b>	<b>4.6</b>
Govt. Bond Index	-4.1	3.0	7.9	6.3
<b>BGI U.S. Debt Index Fund</b>	<b>-2.8</b>	<b>4.7</b>	<b>8.3</b>	<b>--</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	--
<b>BGI Equity Index Fund</b>	<b>5.1</b>	<b>12.1</b>	<b>-11.4</b>	<b>--</b>
S&P 500 Index	5.1	12.1	-11.4	--

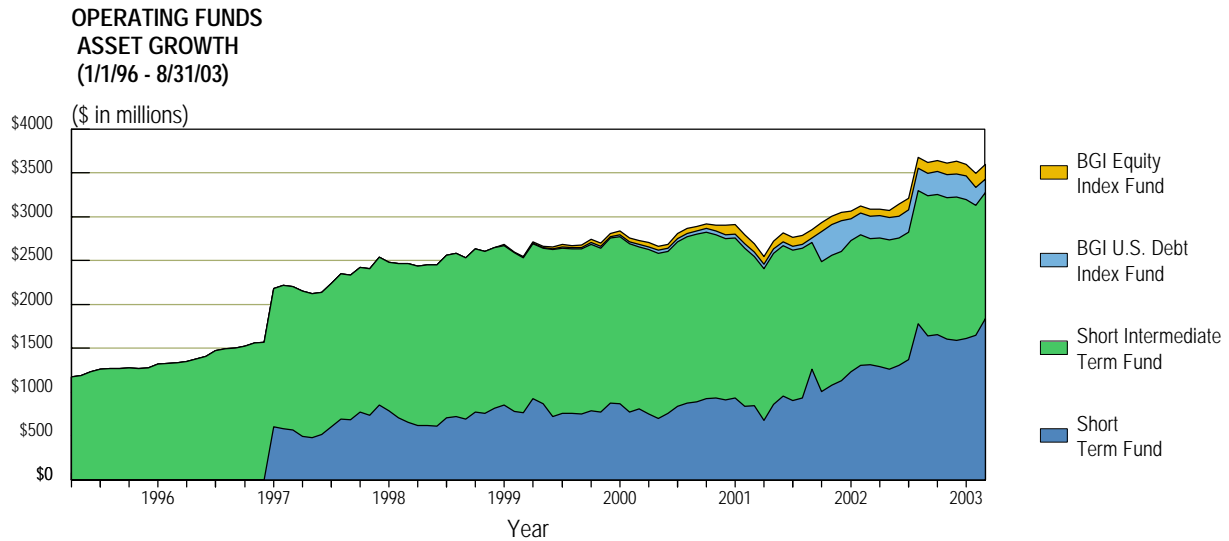
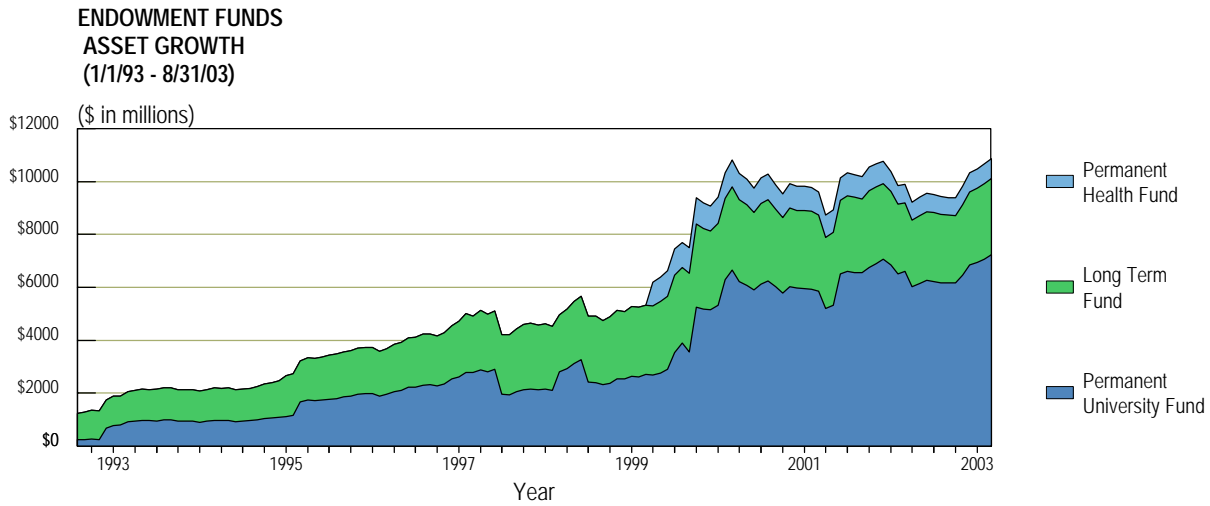
## ENDOWMENT FUNDS PERFORMANCE BENCHMARK

The Endowment Performance Benchmark represents the performance of the UTIMCO Board of Directors approved Endowment Policy Portfolio. The return is the sum of the weighted benchmark returns for each asset class comprising the Endowment Policy Portfolio. Currently, the policy portfolio consists of 31% of the Wilshire 5000, 19% of the MSCI All-Country World ex-U.S. Free, 10% of the UTIMCO Absolute Return Benchmark, 15% of the UTIMCO Private Capital Benchmark, 10% of the UTIMCO Inflation Hedging Benchmark, and 15% of the Lehman Brothers Aggregate Bond Index. The historical composition of the benchmark can be found in Appendix II.

\* Time-period represents the total return for the fiscal fourth quarter ending 8/31/03.

\*\* Performance represents the UTIMCO Board of Directors approved Endowment Policy Portfolio.

As of August 31, 2003



- The allocation growth charts above depict the growth of assets experienced by the endowment and operating funds since data was available.

# EXECUTIVE SUMMARY

As of August 31, 2003

## MAJOR MARKETS' RATES OF RETURN ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03
<b>Wilshire 5000 Stock Index</b>	<b>6.4%</b>	<b>14.9%</b>
<b>MSCI All-Country World Ex-U.S. Free</b>	<b>8.7</b>	<b>12.2</b>
<b>LB Aggregate Bond Index</b>	<b>-2.9</b>	<b>4.4</b>

- The U.S. equity market continued on a steady pace during the fiscal quarter ending August 31 as it advanced 6.4%. Major fighting in Iraq subsided early in the period, business confidence began to rebound, unemployment fell from 6.4% to 6.2% in July, and signals of increased business spending began to emerge in August. Small capitalization stocks outperformed large-cap stocks, while growth stocks outperformed value stocks. The increased confidence gauged by businesses helped spark strong returns in the telecommunication, semiconductor, and industrial sectors.
- Non-U.S. stocks performed better than their U.S. counterparts, advancing 8.7%. Emerging market stocks continued to rally as they advanced nearly 20% during the three-month period. European markets advanced on the tails of positive U.S. optimism as hopes of increased exports aided the industrial and technology sectors. Brazil continued its attempts in reviving its economy as the country's central bank lowered short-term interest rates three times in three months.
- The domestic bond market hit a rough patch in July and declined 2.9% in the fiscal quarter ending August 31. The credit and government bond markets were among the hardest hit as they declined over three and four percent, respectively. Mortgage-backed bonds outperformed the market as the rising rates during July helped slow down pre-payments. High yield bonds continued to perform better than investment grade as they advanced nearly 3% on average. The Federal Reserve lowered the overnight lending rate by 0.25% in June to 1.00%, a level not reached since July 1958. The rate was later left unchanged at 1.00% during a subsequent meeting during August.

\*Time-period represents the total return for the fiscal fourth quarter ending 8/31/03.

PERMANENT UNIVERSITY FUND

# PERMANENT UNIVERSITY FUND

\$7,245 Million

As of August 31, 2003

## RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Permanent University Fund</b>	<b>5.4%</b>	<b>12.0%</b>	<b>-1.8%</b>	<b>5.4%</b>	<b>8.9%</b>	<b>8/31/91</b>
Endowment Performance Benchmark**	4.6	12.8	-2.3	6.9	10.5	
<b>Total U.S. Equity</b>	<b>6.5</b>	<b>13.8</b>	<b>-5.9</b>	<b>5.6</b>	<b>10.2</b>	<b>8/31/91</b>
Wilshire 5000 Index	6.4	14.9	-10.6	3.5	10.2	
<b>Total International Equity</b>	<b>11.3</b>	<b>16.3</b>	<b>-10.1</b>	<b>-0.8</b>	<b>4.7</b>	<b>3/31/93</b>
MSCI AC World Ex-U.S. Free Index	8.7	12.2	-10.0	1.1	4.5	
<b>Total Fixed Income</b>	<b>-2.9</b>	<b>6.6</b>	<b>8.3</b>	<b>5.6</b>	<b>9.0</b>	<b>8/31/85</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	8.7	
<b>Total Absolute Return</b>	<b>4.6</b>	<b>21.3</b>	<b>10.5</b>	<b>--</b>	<b>11.9</b>	<b>2/29/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	--	7.7	
<b>Inflation Hedging</b>	<b>9.1</b>	<b>22.2</b>	<b>17.1</b>	<b>--</b>	<b>23.2</b>	<b>11/30/99</b>
UTIMCO Inflation Hedging Benchmark	2.9	13.6	9.1	--	13.0	
<b>Private Capital***</b>	<b>2.8</b>	<b>-6.3</b>	<b>-11.0</b>	<b>3.8</b>	<b>9.5</b>	<b>1/31/89</b>
Wilshire 5000 Index + 4%	7.5	19.5	-7.0	7.7	15.4	

- The Permanent University Fund outperformed the Endowment Policy Benchmark by 80 basis points in the fiscal quarter ending August 31, 2003. The U.S. equity, non-U.S. equity, absolute return, and inflation hedging components all outperformed their benchmarks and positively impacted relative performance.
- One-year performance trailed the benchmark as the significant underperformance of the Private Capital component was detrimental to the Total Fund relative result. The component's underperformance offset the positive effects produced by the non-U.S. equity, fixed income, absolute return, and inflation hedging segments.

\* Time-period represents the total return for the fiscal fourth quarter ending 8/31/03.

\*\* Performance represents the UTIMCO Board of Directors approved Endowment Policy Portfolio.

\*\*\* The data for Private Capital and its benchmark reflects time-weighted rates of return. On page 34 we also show returns using the internal rate of return (IRR) methodology. Please see pages 33 and 34 for additional information.

As of August 31, 2003

UTIMCO POLICY COMPLIANCE  
ASSET ALLOCATION AS OF 8/31/03  
(\$ in millions)

	Total	Percent of Total	UTIMCO Policy*	Variance
Passive Domestic	\$ 1,082	14.9 %	11.0 %	+3.9 %
Active Domestic	965	13.3	10.0	+3.3
Hedge & Structured Active Domestic	493	6.8	10.0	-3.2
Domestic Public Equity	\$ 2,540	35.0 %	31.0 %	+4.0 %
Passive International	\$ 500	6.9 %	6.5 %	+0.4 %
Active International	845	11.7	7.5	+4.2
Hedge & Structured Active International	68	0.9	5.0	-4.1
International Public Equity	\$ 1,413	19.5 %	19.0 %	+0.5 %
Fixed Income	\$ 1,033	14.3 %	15.0 %	-0.7 %
Absolute Return	670	9.2	10.0	-0.8
Inflation Hedging	589	8.1	10.0	-1.9
Non-Marketable Securities	845	11.7	15.0	-3.3
GSAM Overlay	79	1.1	--	+1.1
Liquidity Reserve	76	1.1	--	+1.1
Total Permanent University Fund	\$ 7,245	100.0 %	100.0 %	0.0 %

- The table above summarizes and compares the actual asset allocation of the Permanent University Fund to the UTIMCO Board of Directors approved policy targets of the Fund. As shown, the Fund was overweight both domestic and international public equity.

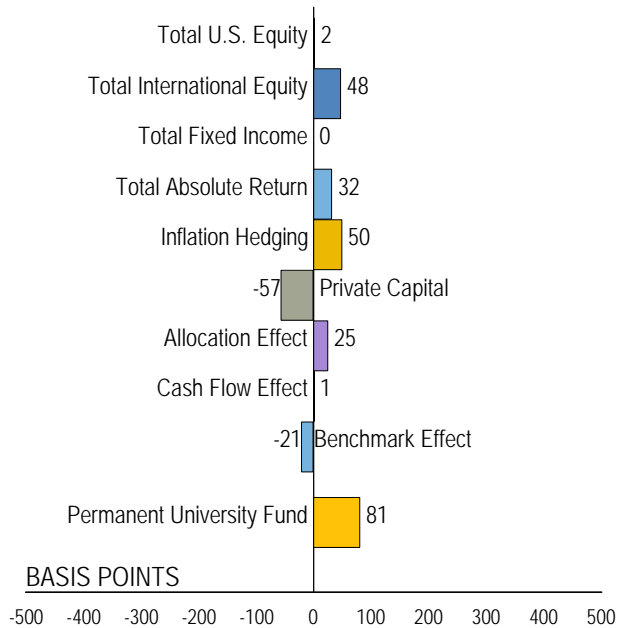
\* UTIMCO Policy represents the UTIMCO Board of Directors approved policy targets.

# PERMANENT UNIVERSITY FUND

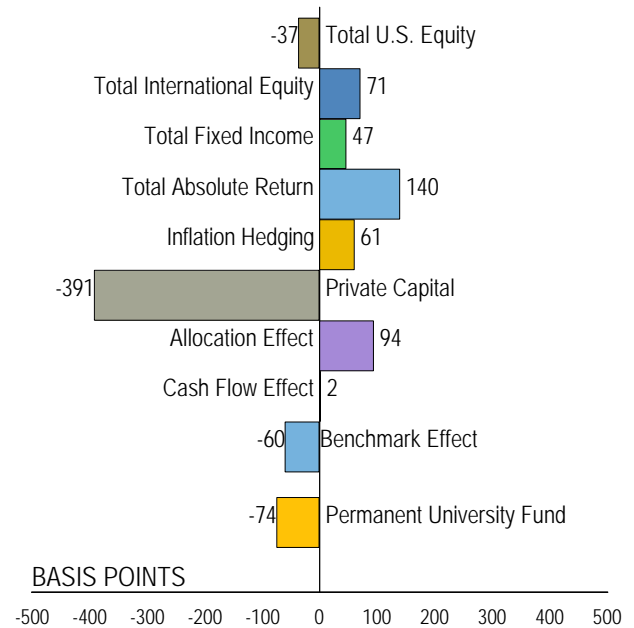
\$7,245 Million

As of August 31, 2003

**TOTAL FUND ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



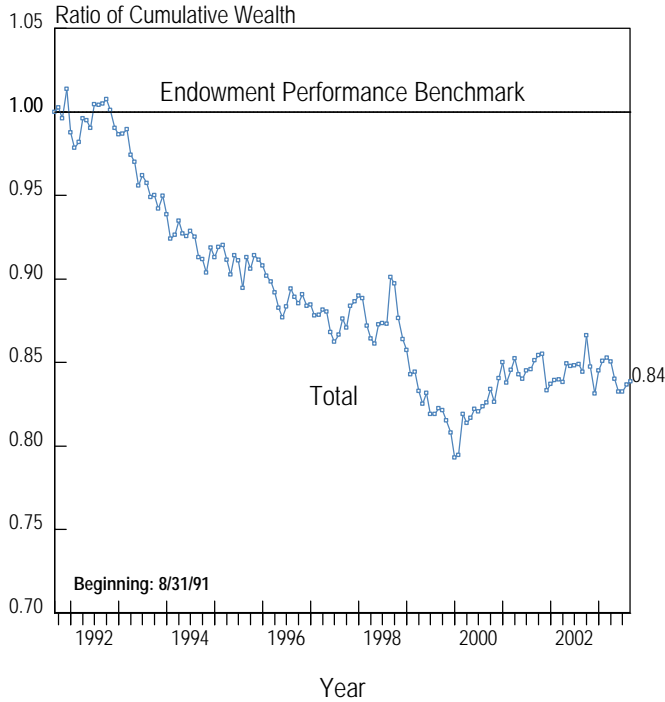
**TOTAL FUND ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



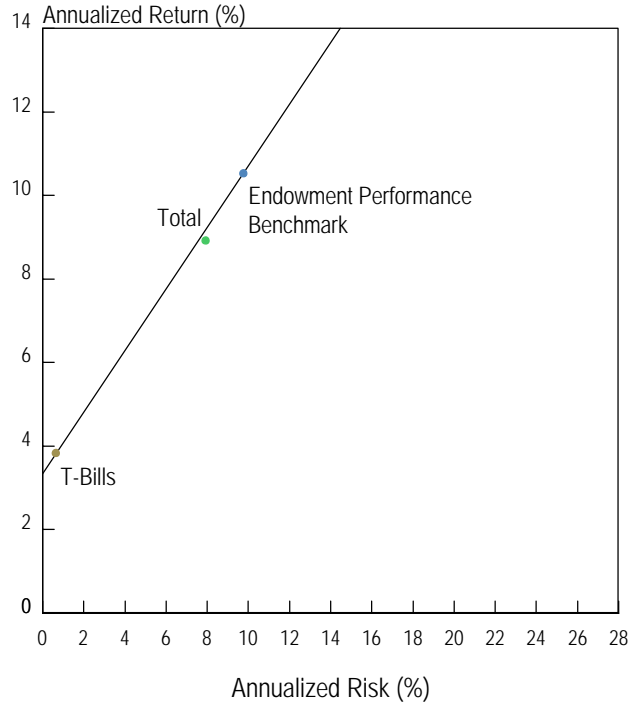
- The Performance Attribution exhibits shown above measure the source of the deviation of a fund's performance from that of its benchmark. Each bar on the graph represents the contribution made by the component to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The asset class bar amounts are determined by multiplying the relative return of that asset class (actual return - policy benchmark return) by its policy weight. "Allocation Effect" details the degree to which the Fund's asset allocation differed from that of its policy, and what impact this had on performance. "Cash Flow Effect" details what impact any movement in Fund assets had on performance. "Benchmark Effect" details the impact of differences between the composition of the Total Fund benchmark and the benchmarks of the individual asset classes.
- As shown in the three-month exhibit, the favorable performance earned by each of the marketable-security asset classes benefited performance, collectively offsetting the negative impact produced by the Private Capital component's trailing result. The Permanent University Fund also benefited from the overweight allocation to domestic and international public equities as both markets outpaced the other marketable asset classes invested in by the Fund.
- The one-year attribution analysis shows a similar story; however, the negative impact of the Private Capital component offset the positive effects and led to the underperformance.
- The data for Private Capital and its benchmark reflects time-weighted rates of return.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
12 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
12 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the Total Permanent University Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the Fund underperformed its benchmark since inception 12 years ago. A period of underperformance from 1993-1999 led to the result, but the effect has been tempered by recent improved performance.
- The Risk Return graph above exhibits the risk return characteristics of the Total Permanent University Fund, relative to that of the Performance Benchmark. As shown, the Fund has underperformed its benchmark at a comparatively lower level of risk.

# PERMANENT UNIVERSITY FUND

\$7,245 Million

As of August 31, 2003

## HISTORICAL RETURNS\*

(BY YEAR)

	Permanent University Fund	Endowment Performance Benchmark**	Return Difference
	Return	Return	
1991 (4 months)	6.4%	7.8%	-1.4
1992	7.2	7.4	-0.2
1993	10.8	16.5	-5.7
1994	-0.4	2.4	-2.8
1995	26.3	27.0	-0.7
1996	12.7	15.7	-3.0
1997	21.0	20.2	0.8
1998	13.4	17.7	-4.3
1999	9.8	18.7	-8.9
2000	5.5	-1.6	7.1
2001	-6.1	-4.7	-1.4
2002	-7.6	-8.4	0.8
2003 (8 months)	12.9	13.7	-0.8
Trailing 1-Year	12.0%	12.8%	-0.8
Trailing 3-Year	-1.8	-2.3	0.5
Trailing 5-Year	5.4	6.9	-1.5
Trailing 10-Year	8.4	9.8	-1.4
Since Inception (8/31/91)	8.9	10.5	-1.6

- The table above compares the annual return history of the Permanent University Fund to that of its performance benchmark.

\* The annual returns in this exhibit represent calendar-year periods.

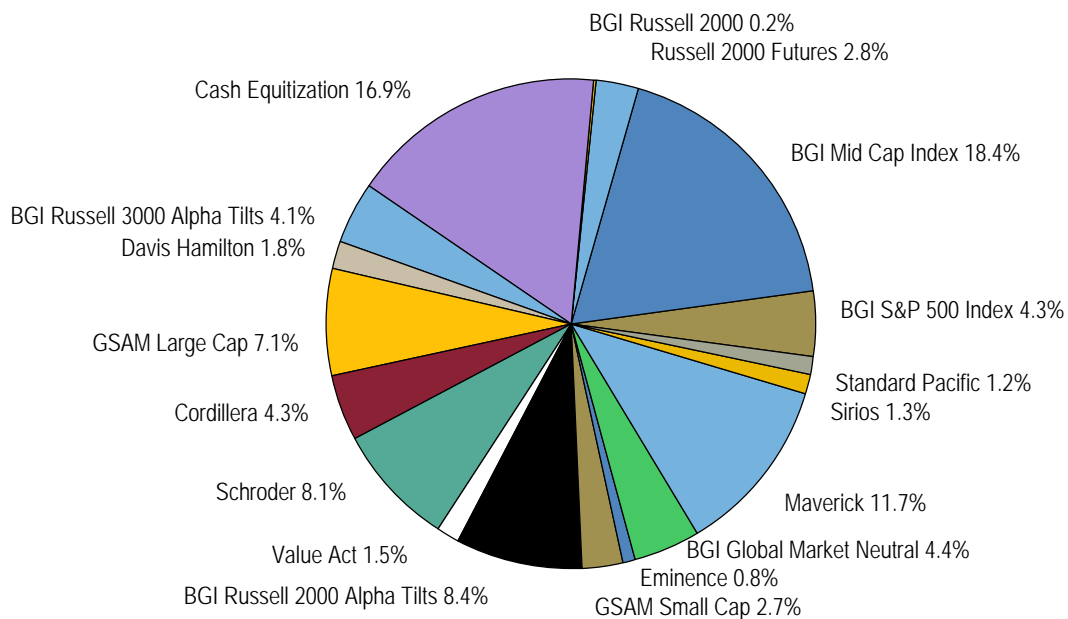
\*\* The Endowment Performance Benchmark represents the returns of the UTIMCO Board of Directors approved Endowment Policy Portfolio.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total U.S. Equity</b>	<b>6.5%</b>	<b>13.8%</b>	<b>-5.9%</b>	<b>5.6%</b>	<b>10.2%</b>	<b>8/31/91</b>
Wilshire 5000 Index	6.4	14.9	-10.6	3.5	10.2	

**MANAGER ALLOCATION AS OF 8/31/03**



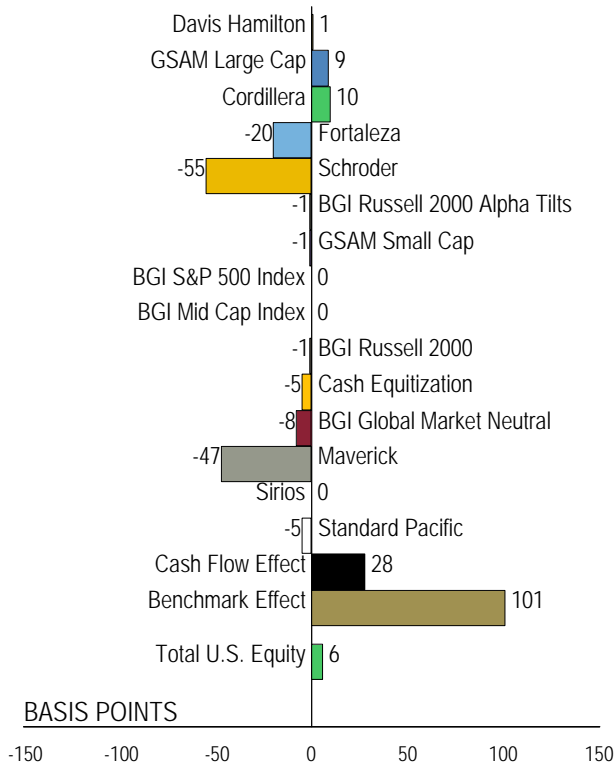
- The table above details the trailing-period performance of the total U.S. equity component relative to the Wilshire 5000 Index. The component has outperformed its benchmark over the three- and five-year periods, and matches its target since inception. One-year performance, however, is below-benchmark due to the underperformance of the component's active managers.
- The graph above details the allocation to each manager of the U.S. equity component as of quarter-end.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

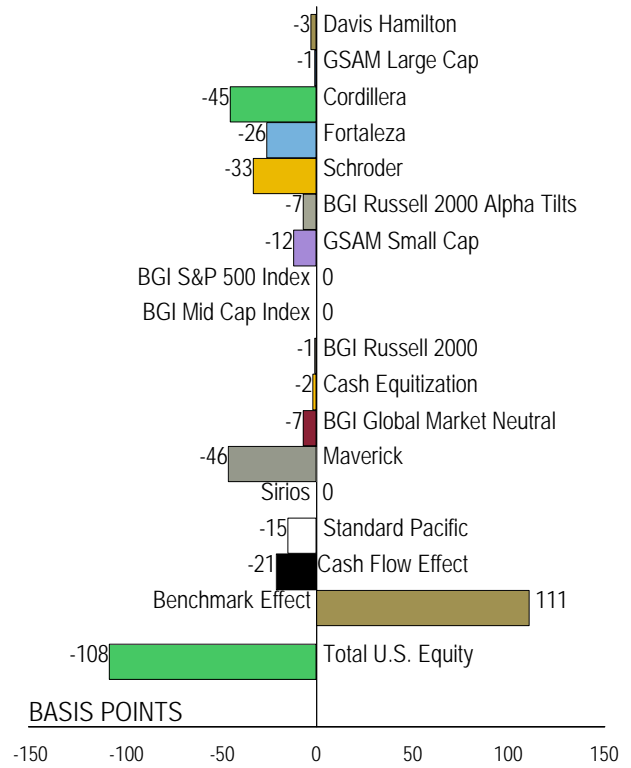
\$2,540 Million

As of August 31, 2003

MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03



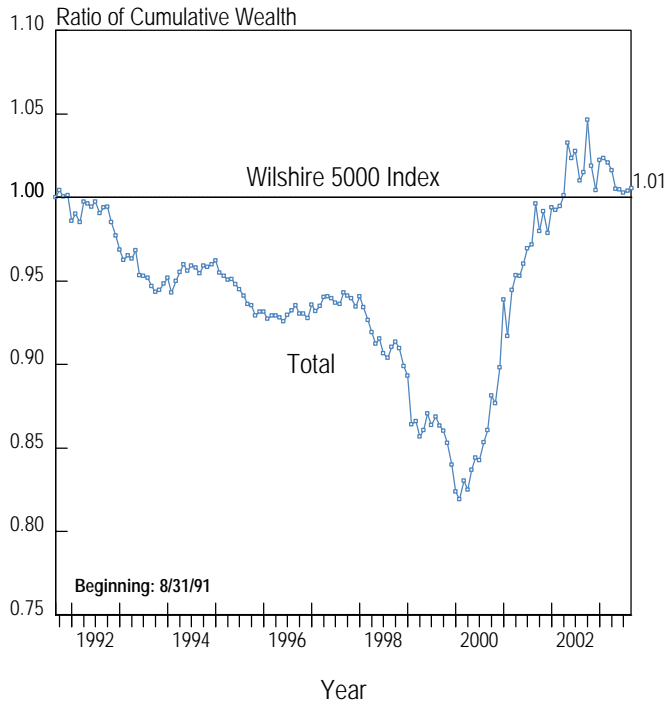
MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03



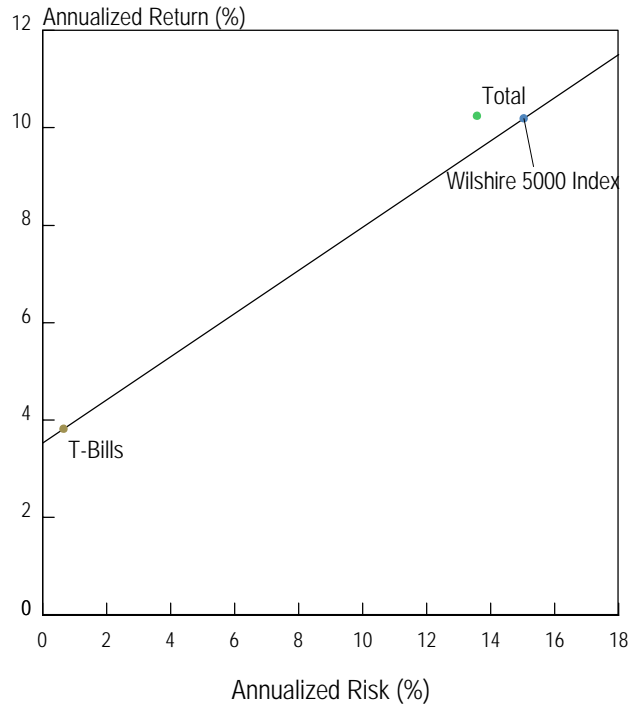
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total U.S. Equity" represents the component's performance relative to the Wilshire 5000 Index in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the U.S. equity benchmark.
- As shown in the three-month exhibit, underperformance by the Fortaleza and Schroder small-cap and Maverick hedge fund portfolios was offset by the small capitalization bias of the component. The benchmark effect is a result of this bias during a period of which the small cap market outperformed the overall equity market.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
12 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
12 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the domestic equity component's cumulative performance relative to that of the Wilshire 5000 Index. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, significant relative-performance gains made since the beginning of 2000 have led to the component's outperformance.
- The Risk Return graph above exhibits the risk return characteristics of the total domestic equity component, relative to that of the Wilshire 5000 Index. As shown, the component slightly outperformed its benchmark while incurring a lower level of risk.

\$2,540 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Total U.S. Equity	Wilshire 5000 Index	Return Difference
	Return	Return	
1991 (4 months)	5.9%	7.5%	-1.6
1992	7.1	9.0	-1.9
1993	9.3	11.3	-2.0
1994	1.0	-0.1	1.1
1995	32.1	36.4	-4.3
1996	21.7	21.2	0.5
1997	32.0	31.3	0.7
1998	17.2	23.4	-6.2
1999	13.9	23.6	-9.7
2000	1.6	-10.9	12.5
2001	-5.7	-11.0	5.3
2002	-18.6	-20.9	2.3
2003 (8 months)	16.4	18.4	-2.0
Trailing 1-Year	13.8%	14.9%	-1.1
Trailing 3-Year	-5.9	-10.6	4.7
Trailing 5-Year	5.6	3.5	2.1
Trailing 10-Year	10.3	9.6	0.7
Since Inception (8/31/91)	10.2	10.2	0.0

- The table above compares the annual return history of the total U.S. equity component to that of the Wilshire 5000 Index.

\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>BGI S&amp;P 500 Index</b>	<b>5.1%</b>	<b>12.1%</b>	<b>-11.4%</b>	<b>2.5%</b>	<b>10.6%</b>	<b>10/31/92</b>
S&P 500 Index	5.1	12.1	-11.4	2.5	10.6	
<b>BGI Mid Cap Index</b>	<b>9.6</b>	<b>18.4</b>	<b>-0.4</b>	<b>14.4</b>	<b>14.0</b>	<b>11/30/92</b>
S&P 400 Mid Cap Index	9.6	18.4	-0.4	14.3	13.5	
<b>Russell 2000 Futures</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.2</b>	<b>6/30/03</b>
Russell 2000 Index	--	--	--	--	11.1	
<b>BGI Russell 2000</b>	<b>12.8</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>16.1</b>	<b>4/30/03</b>
Russell 2000 Index	13.1	--	--	--	25.3	
<b>Cash Equitization</b>	<b>4.9</b>	<b>11.9</b>	<b>--</b>	<b>--</b>	<b>-6.6</b>	<b>2/28/01</b>
S&P 500 Index	5.1	12.1	--	--	-6.5	
<b>Davis Hamilton</b>	<b>5.6</b>	<b>10.8</b>	<b>-12.9</b>	<b>3.7</b>	<b>9.5</b>	<b>12/31/93</b>
S&P 500 Index	5.1	12.1	-11.4	2.5	10.3	
<b>GSAM Large Cap</b>	<b>6.3</b>	<b>12.1</b>	<b>-11.0</b>	<b>--</b>	<b>-6.7</b>	<b>2/29/00</b>
S&P 500 Index	5.1	12.1	-11.4	--	-7.0	
<b>Cordillera</b>	<b>19.8</b>	<b>20.4</b>	<b>-16.4</b>	<b>13.2</b>	<b>9.9</b>	<b>12/31/93</b>
Russell 2000 Growth Index	15.5	34.9	-13.4	5.3	4.6	
<b>Schroder</b>	<b>6.2</b>	<b>22.7</b>	<b>2.3</b>	<b>11.1</b>	<b>10.9</b>	<b>12/31/93</b>
Russell 2000 Index	13.1	29.1	-1.2	9.5	8.5	
<b>BGI Russell 2000 Alpha Tilts</b>	<b>13.0</b>	<b>27.0</b>	<b>--</b>	<b>--</b>	<b>4.1</b>	<b>12/31/01</b>
Russell 2000 Index	13.1	29.1	--	--	2.5	
<b>GSAM Small Cap</b>	<b>12.9</b>	<b>24.5</b>	<b>2.4</b>	<b>--</b>	<b>1.7</b>	<b>2/29/00</b>
Russell 2000 Index	13.1	29.1	-1.2	--	-2.9	
<b>Eminence</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-2.0</b>	<b>6/30/03</b>
90-Day T-Bill + 4%	--	--	--	--	0.8	
<b>BGI Global Market Neutral</b>	<b>3.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11.5</b>	<b>12/31/02</b>
S&P 500 Index	5.1	--	--	--	15.9	
<b>Maverick</b>	<b>-2.3</b>	<b>2.7</b>	<b>9.1</b>	<b>--</b>	<b>11.3</b>	<b>2/29/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	--	7.7	
<b>Sirios</b>	<b>1.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3.6</b>	<b>4/30/03</b>
90-Day T-Bill + 4%	1.3	--	--	--	1.7	
<b>Standard Pacific</b>	<b>-2.7</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-6.8</b>	<b>1/31/03</b>
90-Day T-Bill + 4%	1.3	--	--	--	3.1	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

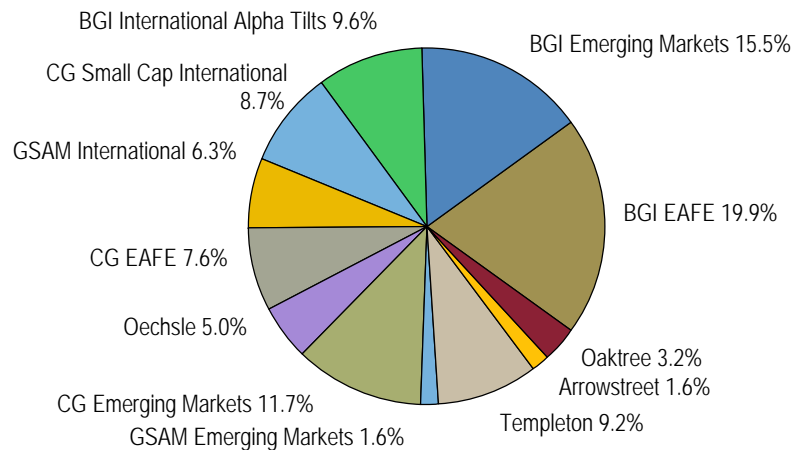
\$1,413 Million

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total International Equity</b>	<b>11.3%</b>	<b>16.3%</b>	<b>-10.1%</b>	<b>-0.8%</b>	<b>4.7%</b>	<b>3/31/93</b>
MSCI AC World Ex-U.S. Free Index	8.7	12.2	-10.0	1.1	4.5	

**MANAGER ALLOCATION AS OF 8/31/03**

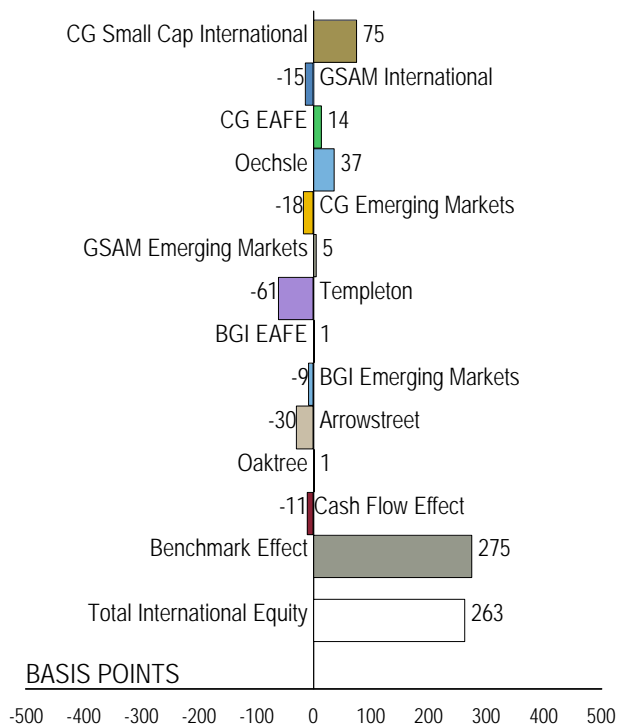


- The table above details the trailing-period performance of the total non-U.S. equity component relative to the MSCI All-Country World ex-U.S. Index. The component has outperformed its benchmark over the one-year and since-inception periods. Outperformance over the past fiscal quarter and one-year period has partly been a result of the component's emerging market exposure as these markets have significantly outperformed their developed counterparts. Relative performance earned by the emerging market managers, however, has been mixed.
- The graph above details the allocation to each manager of the non-U.S. equity component as of quarter-end.

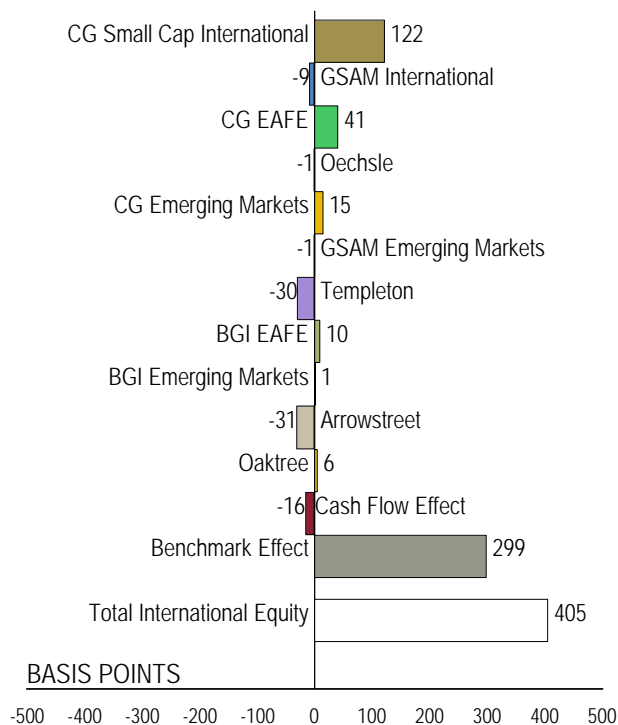
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**

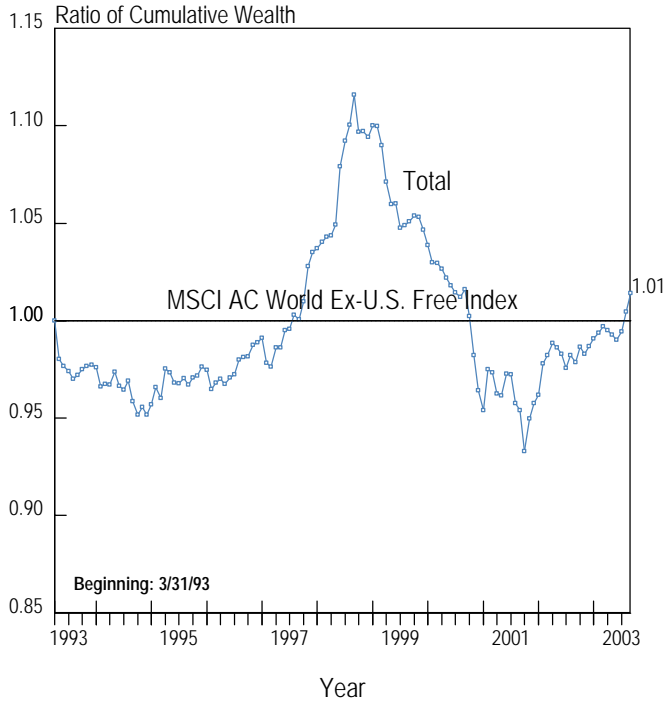


- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total International Equity" represents the component's relative performance to the MSCI All-Country World ex-U.S. Index in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the international equity benchmark.
- As shown in both exhibits, manager results have been mixed. The Capital Guardian Small Cap International portfolio has performed best relative to its benchmark. The benchmark effect is a result of the significant emerging market exposure of the component not represented in its benchmark during a period of which these markets outperformed developed markets by a significant margin.

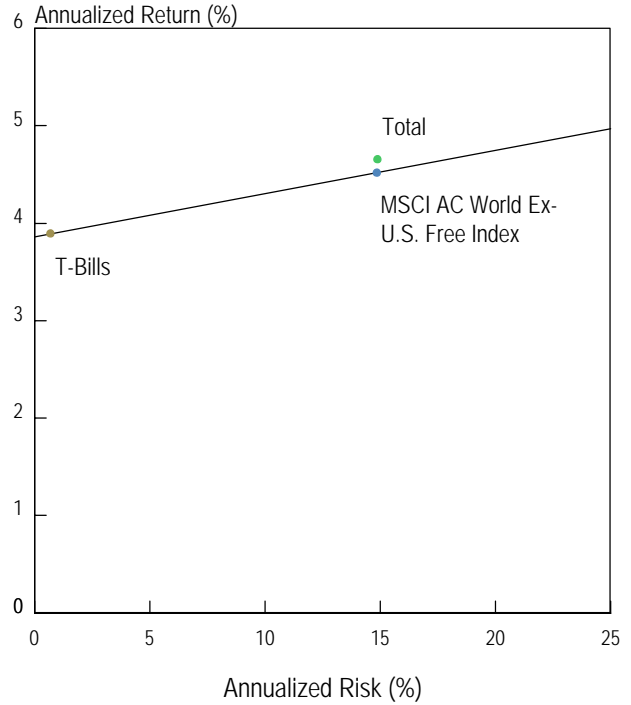
\$1,413 Million

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
10 YEARS 5 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
10 YEARS 5 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the international equity component's cumulative performance relative to that of MSCI All-Country World ex-U.S. Index. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the component has outperformed its benchmark after a period of significant underperformance from 1998-2000.
- The Risk Return graph above exhibits the risk return characteristics of the total international equity component, relative to that of the MSCI All-Country World ex-U.S. Index. As shown, the component has slightly outperformed its benchmark while incurring a similar level of risk.

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Total International Equity	MSCI AC World Ex-U.S. Free Index	Return Difference
	Return	Return	
1993 (9 months)	18.0%	21.0%	-3.0
1994	4.6	6.6	-2.0
1995	12.0	9.9	2.1
1996	8.5	6.7	1.8
1997	6.8	2.0	4.8
1998	21.4	14.5	6.9
1999	23.6	30.9	-7.3
2000	-22.0	-15.1	-6.9
2001	-18.8	-19.5	0.7
2002	-12.1	-14.7	2.6
2003 (8 months)	20.2	17.5	2.7
Trailing 1-Year	16.3%	12.2%	4.1
Trailing 3-Year	-10.1	-10.0	-0.1
Trailing 5-Year	-0.8	1.1	-1.9
Trailing 10-Year	3.3	2.8	0.5
Since Inception (3/31/93)	4.7	4.5	0.2

- The table above compares the annual return history of the international equity component to that of the MSCI All-Country World ex-U.S. Index.

\* The annual returns in this exhibit represent calendar-year periods.

\$1,413 Million

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>BGI EAFE</b>	<b>7.5%</b>	<b>9.4%</b>	<b>-10.6%</b>	<b>-0.9%</b>	<b>4.6%</b>	<b>3/31/93</b>
EAFE Index	7.4	9.1	-11.1	-0.7	4.1	
<b>BGI Emerging Markets</b>	<b>19.0</b>	<b>30.9</b>	--	--	<b>11.2</b>	<b>1/31/02</b>
MSCI Emerging Markets Free Net	19.8	28.9	--	--	11.7	
<b>CG Small Cap International</b>	<b>16.3</b>	<b>22.5</b>	<b>-13.9</b>	--	<b>-13.2</b>	<b>2/29/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>GSAM International</b>	<b>5.2</b>	<b>8.5</b>	<b>-12.2</b>	--	<b>-11.9</b>	<b>2/29/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>CG EAFE</b>	<b>9.2</b>	<b>14.0</b>	<b>-11.3</b>	--	<b>-10.2</b>	<b>7/31/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>Oechsle</b>	<b>14.9</b>	<b>10.1</b>	<b>-13.5</b>	--	<b>-13.3</b>	<b>7/31/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>CG Emerging Markets</b>	<b>18.1</b>	<b>29.9</b>	<b>-5.5</b>	--	<b>-4.7</b>	<b>7/31/00</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	--	-1.5	
<b>GSAM Emerging Markets</b>	<b>22.9</b>	<b>29.5</b>	<b>-2.8</b>	--	<b>-6.1</b>	<b>2/29/00</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	--	-5.7	
<b>Templeton</b>	<b>12.9</b>	<b>26.6</b>	<b>0.2</b>	--	<b>0.7</b>	<b>7/31/00</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	--	-1.5	
<b>Arrowstreet</b>	<b>-12.5</b>	--	--	--	<b>-12.5</b>	<b>5/31/03</b>
90-Day T- Bill + 4%	1.3	--	--	--	1.3	
<b>Oaktree</b>	<b>1.5</b>	<b>7.6</b>	--	--	<b>8.8</b>	<b>12/31/01</b>
90-Day T- Bill + 4%	1.3	5.5	--	--	5.7	

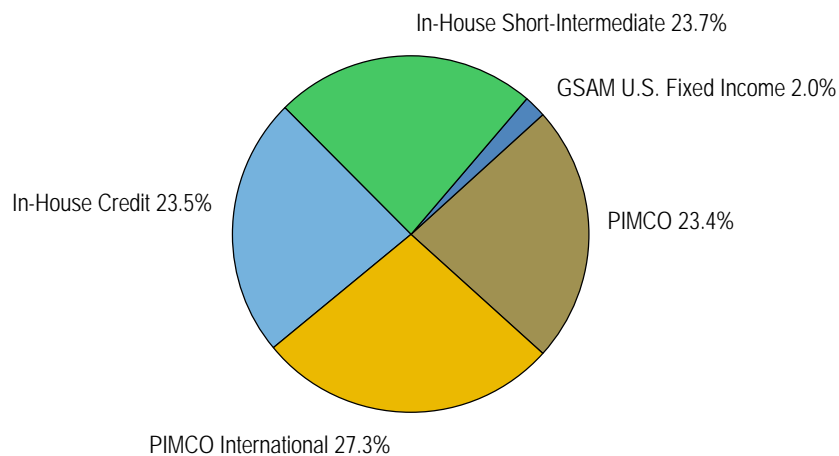
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total Fixed Income</b>	<b>-2.9%</b>	<b>6.6%</b>	<b>8.3%</b>	<b>5.6%</b>	<b>9.0%</b>	<b>8/31/85</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	8.7	

**MANAGER ALLOCATION AS OF 8/31/03**



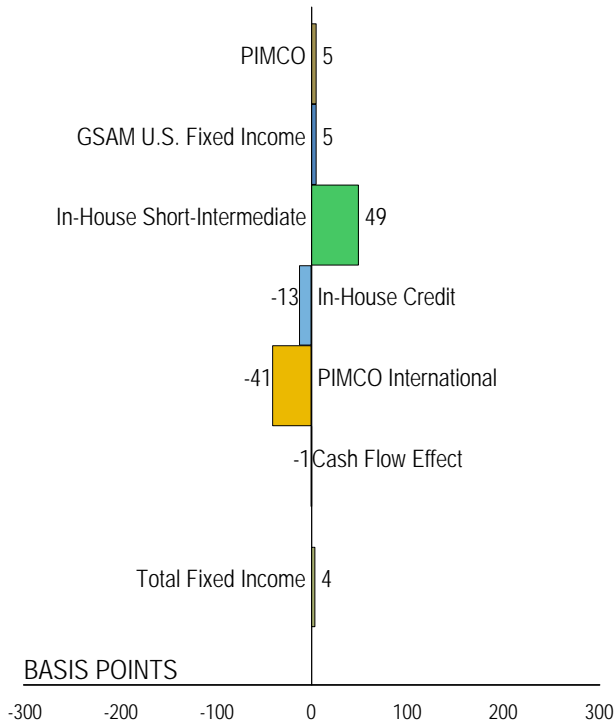
- The table above details the trailing-period performance of the total fixed income component relative to the Lehman Brothers Aggregate Bond Index. The component has outperformed its benchmark over the one-year, three-year, and since-inception periods. Outperformance over the one-year period has been aided by the component's international market exposure as these markets have significantly outperformed the domestic market.
- The graph above details the allocation to each manager of the fixed income component as of quarter-end.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

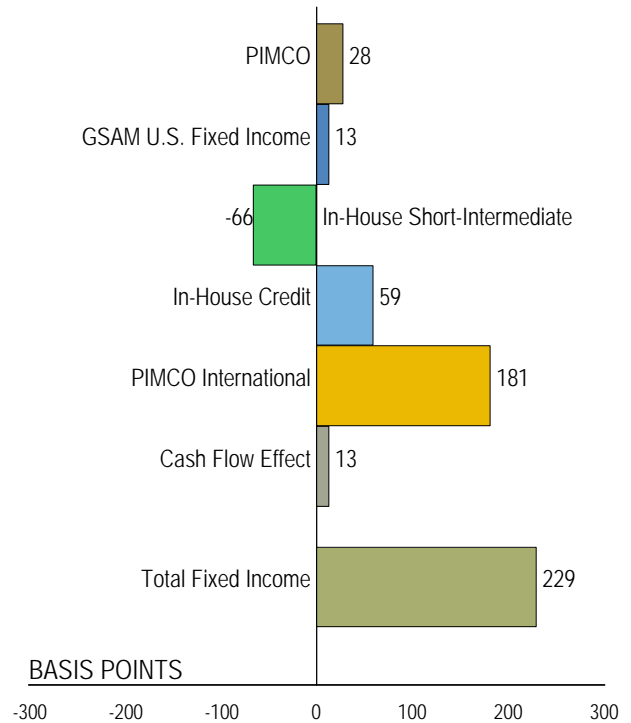
\$1,033 Million

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



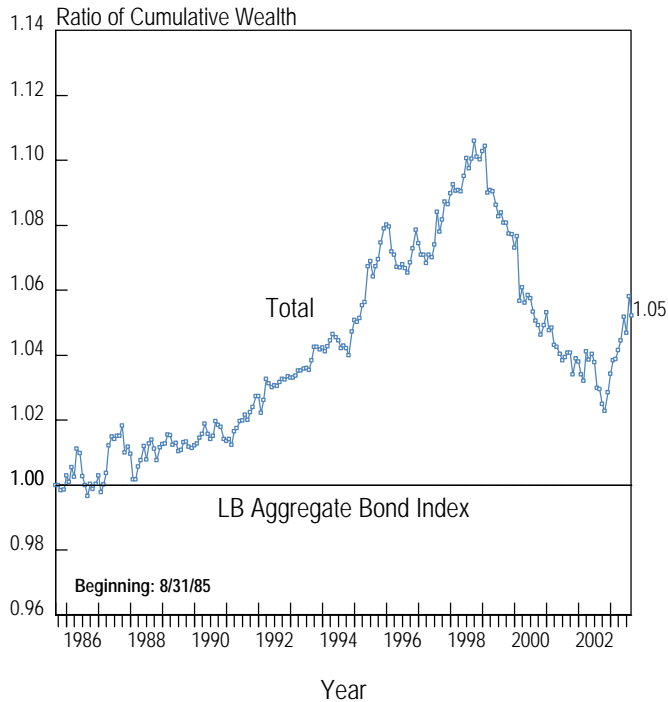
**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



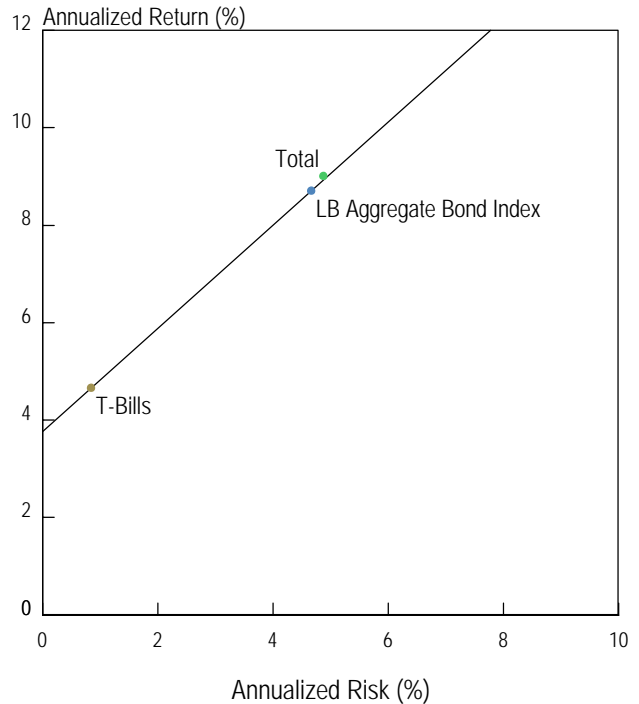
- The Performance Attribution shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Fixed Income" represents the component's relative performance to the Lehman Aggregate Bond Index in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
18 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
18 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the fixed income component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the fixed income component's return exceeded that of the benchmark until 1999, then experienced a period of underperformance until the end of 2002. Recent outperformance has resulted in increased value-added relative to the Lehman Aggregate Bond Index since inception.
- The Risk Return graph above exhibits the risk return characteristics of the total fixed income component, relative to those of the performance benchmark. As shown, the component has generated a slightly higher rate of return than the Index while incurring a slightly higher level of risk.

**\$1,033 Million**

**As of August 31, 2003**

**HISTORICAL RETURNS\***

(BY YEAR)

	Total Fixed Income	LB Aggregate Bond Index	Return Difference
	Return	Return	
1985 (4 months)	8.7%	8.4%	0.3
1986	15.3	15.3	0.0
1987	3.5	2.8	0.7
1988	8.2	7.9	0.3
1989	14.5	14.5	0.0
1990	9.1	9.0	0.1
1991	17.6	16.0	1.6
1992	8.0	7.4	0.6
1993	10.7	9.7	1.0
1994	-2.1	-2.9	0.8
1995	21.8	18.5	3.3
1996	3.1	3.6	-0.5
1997	11.2	9.7	1.5
1998	10.0	8.7	1.3
1999	-3.5	-0.8	-2.7
2000	9.6	11.6	-2.0
2001	6.9	8.4	-1.5
2002	9.9	10.3	-0.4
2003 (8 months)	2.8	1.1	1.7
Trailing 1-Year	6.6%	4.4%	2.2
Trailing 3-Year	8.3	8.2	0.1
Trailing 5-Year	5.6	6.6	-1.0
Trailing 10-Year	6.8	6.7	0.1
Since Inception (8/31/85)	9.0	8.7	0.3

- The table above compares the annual return history of the total fixed income component to that of the Lehman Aggregate Bond Index.

\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>PIMCO</b>	<b>-2.7%</b>	<b>5.6%</b>	<b>9.2%</b>	<b>9.7%</b>	<b>1/31/00</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	8.8	
<b>GSAM U.S. Fixed Income</b>	<b>-2.3</b>	<b>6.2</b>	<b>8.3</b>	<b>8.7</b>	<b>2/29/00</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	8.7	
<b>In-House Short- Intermediate</b>	<b>-0.7</b>	<b>1.8</b>	<b>6.4</b>	<b>7.4</b>	<b>1/31/00</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	8.8	
<b>In-House Credit</b>	<b>-3.5</b>	<b>7.0</b>	<b>--</b>	<b>6.6</b>	<b>1/31/01</b>
LB Aggregate Bond Index	-2.9	4.4	--	6.9	
<b>PIMCO International</b>	<b>-4.5</b>	<b>13.2</b>	<b>8.8</b>	<b>6.8</b>	<b>2/29/00</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	8.7	
SSB Non-U.S. World Gov't Bond	-5.2	11.4	8.4	6.7	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

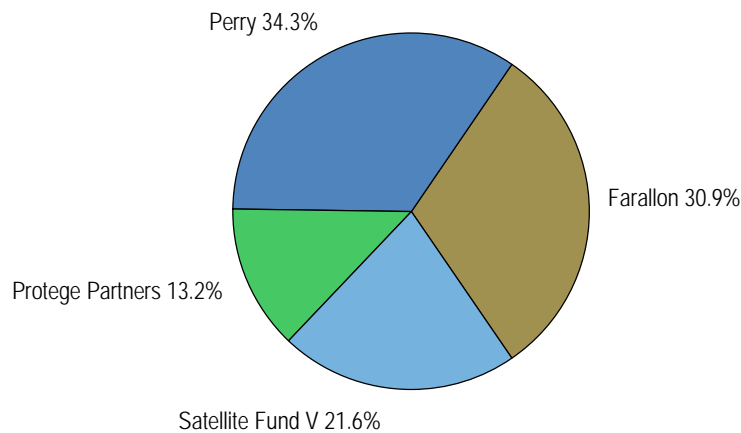
\$670 Million

**As of August 31, 2003**

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total Absolute Return</b>	<b>4.6%</b>	<b>21.3%</b>	<b>10.5%</b>	<b>11.9%</b>	<b>2/29/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	7.7	

**MANAGER ALLOCATION AS OF 8/31/03**

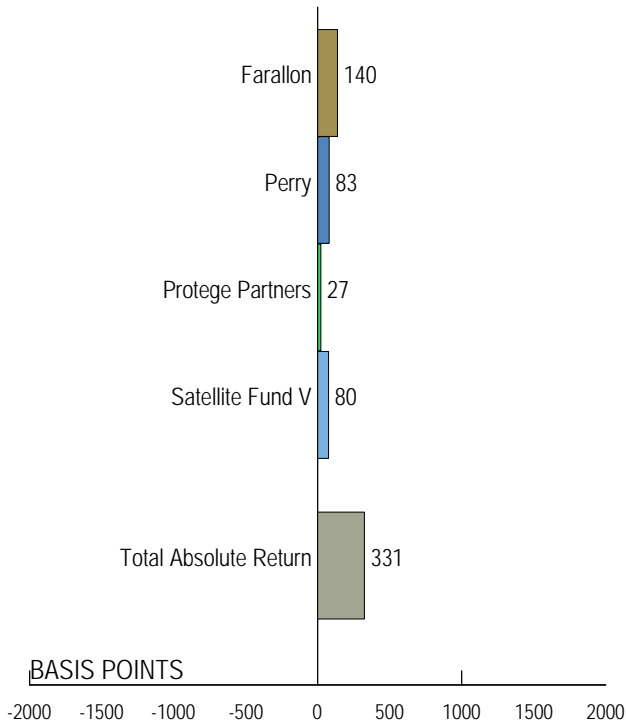


- The total absolute return component outperformed in the recent fiscal quarter as each of the managers earned a return exceeding that of the benchmark during the period. Longer-term performance shown above is also favorable as the component outperformed its benchmark by over four percentage points since inception.
- The graph above details the allocation to each manager of the absolute return component as of quarter-end.

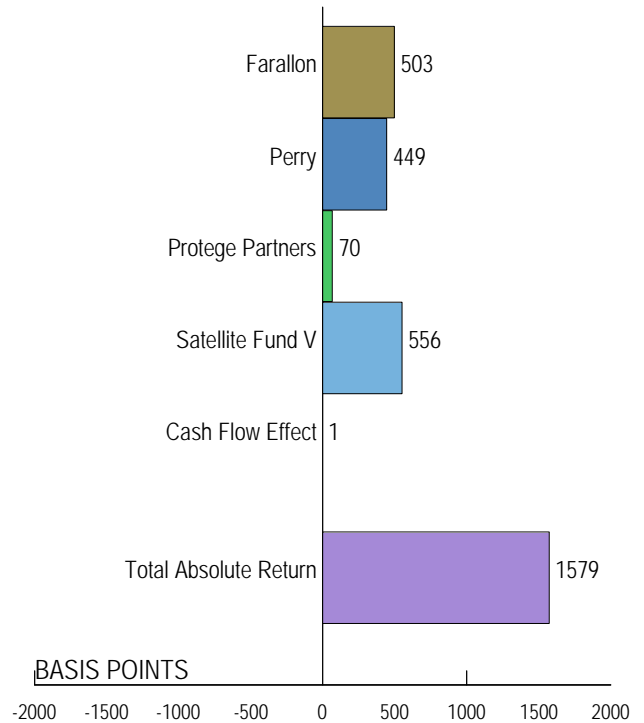
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03



MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03



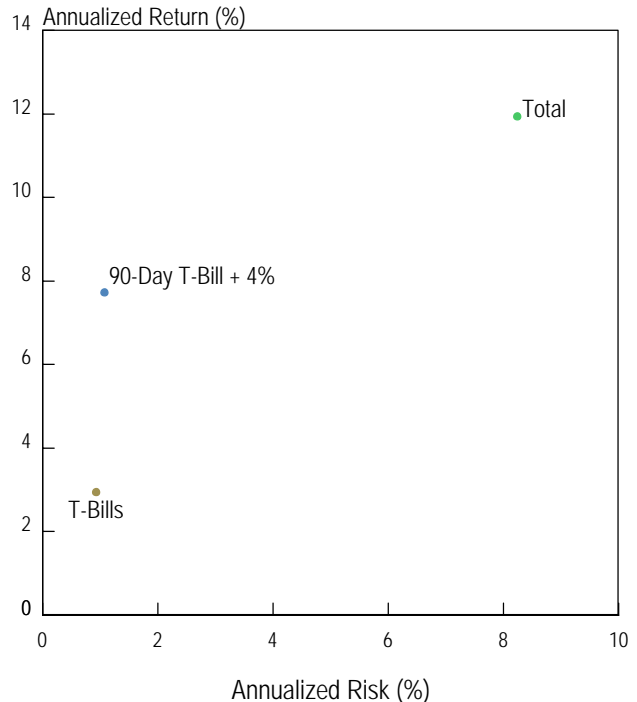
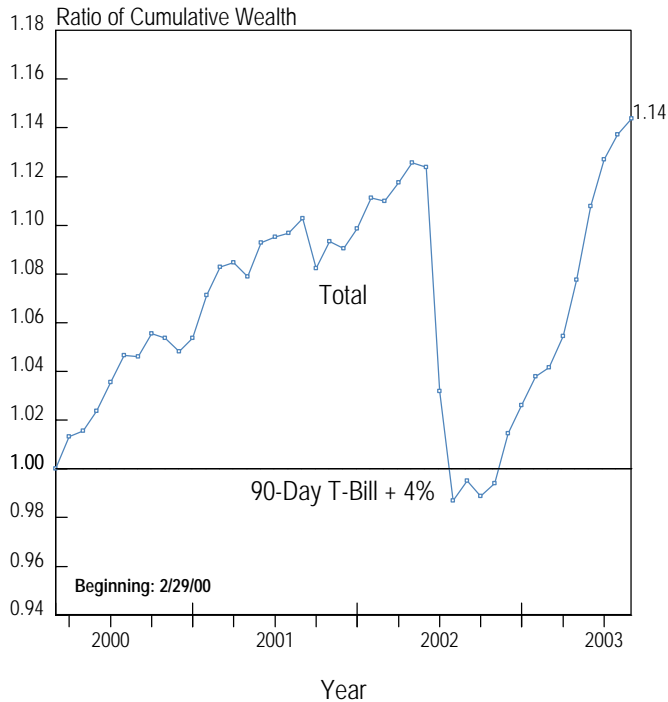
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Absolute Return" represents the component's relative performance to the performance benchmark in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component.

**\$670 Million**

**As of August 31, 2003**

**RATIO OF CUMULATIVE WEALTH  
3 YEARS 6 MONTHS ENDING 8/31/03**

**ANNUALIZED RISK/RETURN  
3 YEARS 6 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the absolute return component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the component has experienced a significant relative-performance gain since mid-2002 and leads its benchmark since inception.
- The Risk Return graph above exhibits the risk return characteristics of the total absolute return component, relative to that of its performance benchmark. As shown, the component has outperformed its benchmark since inception, while incurring a significantly greater level of risk.

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Total Absolute Return	90-Day T-Bill + 4%	Return Difference
	Return	Return	
2000 (10 months)	14.6%	8.8%	5.8
2001	13.3	8.7	4.6
2002	-1.0	6.0	-7.0
2003 (8 months)	15.4	3.5	11.9
Trailing 1-Year	21.3%	5.5%	15.8
Trailing 3-Year	10.5	7.3	3.2
Since Inception (2/29/00)	11.9	7.7	4.2

- The table above compares the annual return history of the total absolute return component to that of the performance benchmark.

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\* The annual returns in this exhibit represent calendar-year periods.

# ABSOLUTE RETURN HEDGE FUNDS SUMMARY      PERMANENT UNIVERSITY FUND

\$670 Million

As of August 31, 2003

## RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>Farallon</b>	<b>5.9%</b>	<b>21.0%</b>	<b>12.5%</b>	<b>12.8%</b>	<b>2/29/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	7.7	
<b>Perry</b>	<b>3.7</b>	<b>17.3</b>	<b>12.7</b>	<b>14.2</b>	<b>2/29/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	7.7	
<b>Protege Partners</b>	<b>3.4</b>	--	--	<b>7.8</b>	<b>2/28/03</b>
90-Day T-Bill + 4%	1.3	--	--	2.6	
<b>Satellite Fund V</b>	<b>5.0</b>	<b>31.4</b>	<b>5.5</b>	<b>5.5</b>	<b>8/31/00</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	7.3	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**RETURN SUMMARY**  
**ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Private Capital</b>	<b>2.8%</b>	<b>-6.3%</b>	<b>-11.0%</b>	<b>3.8%</b>	<b>9.5%</b>	<b>1/31/89</b>
Wilshire 5000 Index + 4%	7.5	19.5	-7.0	7.7	15.4	

- As shown in the table above, Private Capital has underperformed its performance benchmark over all periods shown. The component's return lagged its benchmark by over twenty-five percentage points in the recent fiscal year and trails its benchmark by nearly six percentage points since inception.
- The returns shown in the table above are reported on a time-weighted basis, consistent with the methodology used for returns throughout this report. Time-weighted returns are calculated using monthly asset values and daily cash flows. Time-weighted rates of return are the industry standard for reporting the performance of traditional, marketable investments. For investments such as private equity, the time-weighted return calculation methodology suffers from a number of flaws, including the attribution of control over cash flows to the investor rather than the investment manager. In these cases, the industry standard is to use the internal rate of return (IRR), which is the annualized rate of return implied by a series of cash flows and a beginning and ending market value. The internal rates of return for the Private Capital component are shown in the table on the following page. Each return shown represents a since-inception return ending at a given fiscal year-end. For example, the 10.5% return shown for 2003 corresponds to a 10.5% annualized IRR for the since-inception period ending at fiscal year-end 2003.
- The benchmark results shown represent the return (IRR) earned on the actual cash flows experienced in the Private Capital portfolio, had they been invested in the Wilshire 5000 Index plus 4% annually.

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\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

\$845 Million

As of August 31, 2003

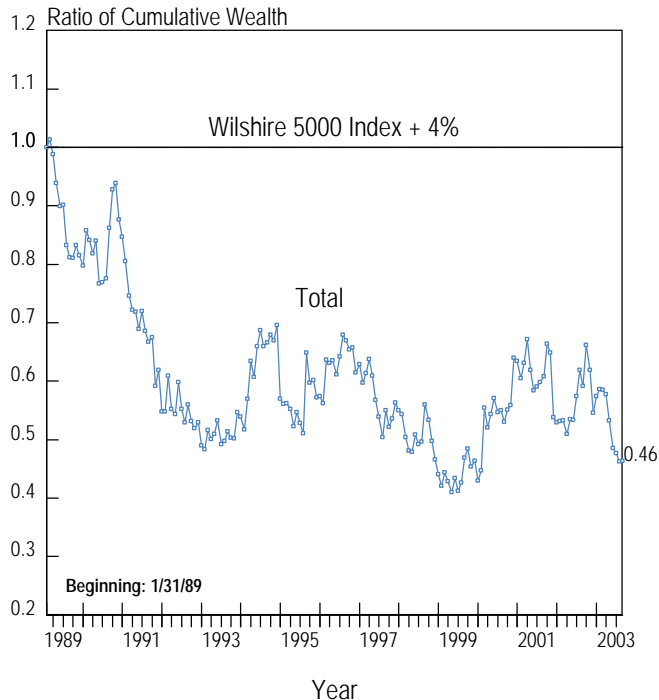
HISTORICAL RETURNS  
 PUF SINCE INCEPTION IRR  
 FISCAL YEAR ENDING 8/31/03

Fiscal Year Ending	Private Capital	Wilshire 5000 Index + 4%	Return Difference
1989	22.2 %	46.2 %	-24.0 %
1990	-5.1	-3.8	-1.3
1991	6.6	17.0	-10.4
1992	-3.9	13.3	-17.4
1993	2.3	15.4	-13.1
1994	12.9	12.7	0.2
1995	18.2	14.5	3.7
1996	20.5	15.1	5.4
1997	20.1	18.0	2.1
1998	18.5	15.6	2.9
1999	19.0	18.7	0.3
2000	22.3	19.2	3.1
2001	17.8	12.2	5.6
2002	13.0	8.0	5.0
2003	10.5	9.3	1.2

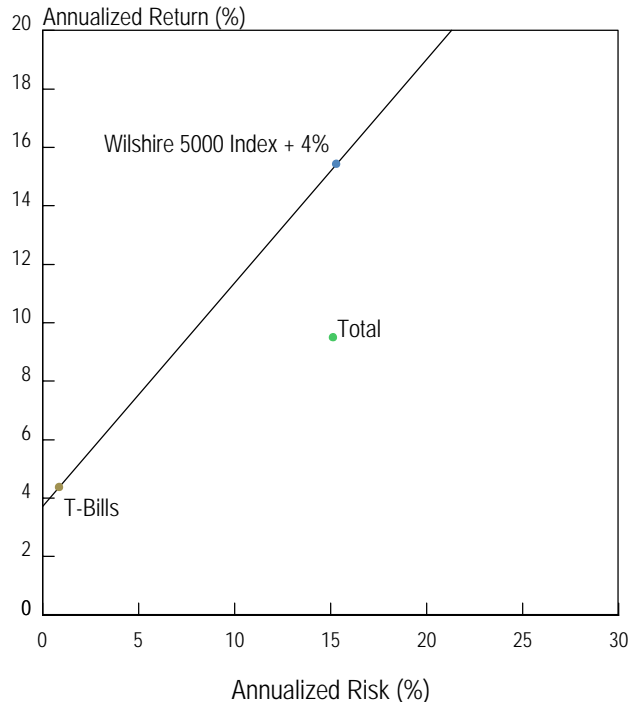
- The IRRs shown in the table above were provided by UTIMCO, as with all other data shown in this report.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH**  
14 YEARS 7 MONTHS ENDING 8/31/03



**ANNUALIZED RISK/RETURN**  
14 YEARS 7 MONTHS ENDING 8/31/03



- The data shown in the exhibits above reflect time-weighted returns.
- The Ratio of Cumulative Wealth graph above illustrates the private capital securities component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the component has significantly underperformed since inception. A sizeable portion of the underperformance is a result of below-benchmark returns earned early in the component's life (namely 1990-1991).
- The Risk Return graph above exhibits the risk return characteristics of the private capital component, relative to that of its benchmark. As shown, the component has underperformed the benchmark of the Wilshire 5000 +4% while incurring a similar level of risk.

\$845 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Private Capital	Wilshire 5000 Index + 4%	Return Difference
	Return	Return	
1989 (11 months)	0.0%	25.4%	-25.4
1990	3.6	-2.3	5.9
1991	-9.7	39.5	-49.2
1992	1.4	13.4	-12.0
1993	27.4	15.8	11.6
1994	9.9	4.0	5.9
1995	43.0	41.9	1.1
1996	37.9	26.1	11.8
1997	19.4	36.5	-17.1
1998	2.8	28.4	-25.6
1999	25.6	28.5	-2.9
2000	36.8	-7.2	44.0
2001	-22.6	-7.3	-15.3
2002	-10.6	-17.6	7.0
2003 (8 months)	-1.8	21.5	-23.3
Since 5/31/03	2.8%	7.5%	-4.7
Trailing 1-Year	-6.3	19.5	-25.8
Trailing 3-Year	-11.0	-7.0	-4.0
Trailing 5-Year	3.8	7.7	-3.9
Trailing 10-Year	12.9	14.1	-1.2

- The returns shown in the table above reflect time-weighted returns.
- The table above compares the annual return history of the private capital component relative to its performance benchmark.

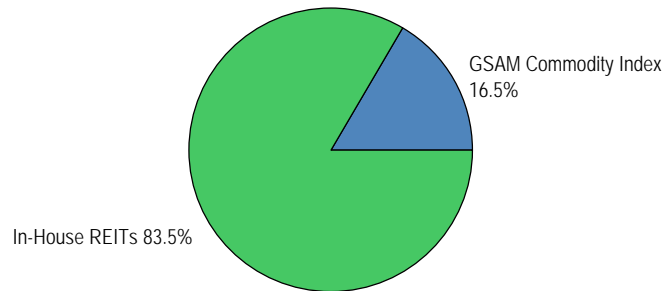
\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>Inflation Hedging</b>	<b>9.1%</b>	<b>22.2%</b>	<b>17.1%</b>	<b>23.2%</b>	<b>11/30/99</b>
UTIMCO Inflation Hedging Benchmark	2.9	13.6	9.1	13.0	

**MANAGER ALLOCATION AS OF 8/31/03**



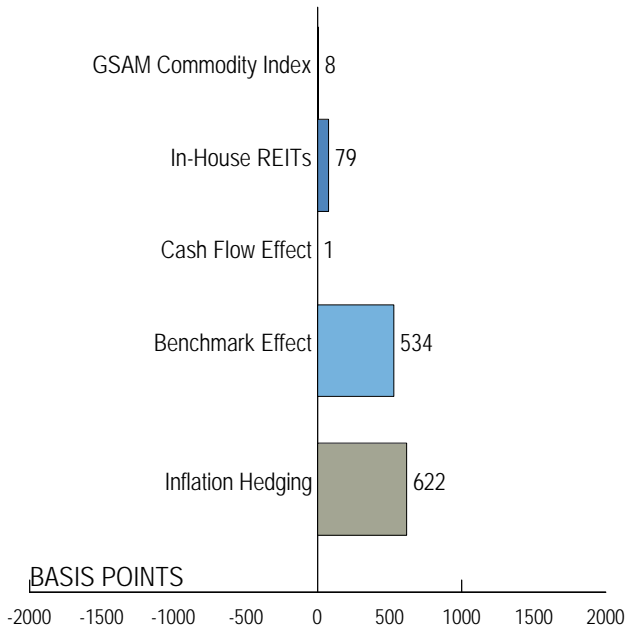
- The total inflation hedging component's return exceeded the performance of the benchmark over all time-periods shown above. The asset class component has outperformed its benchmark by over ten percentage points since inception.
- The graph above details the manager allocations of the inflation hedging asset class as of quarter-end.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

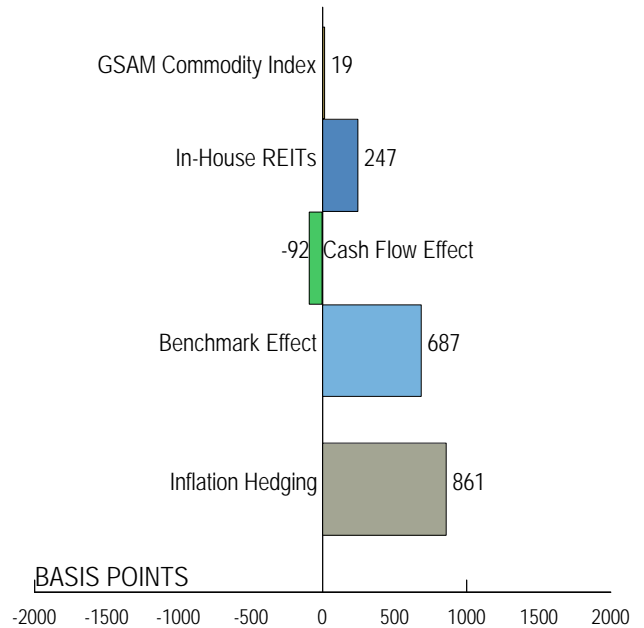
\$589 Million

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



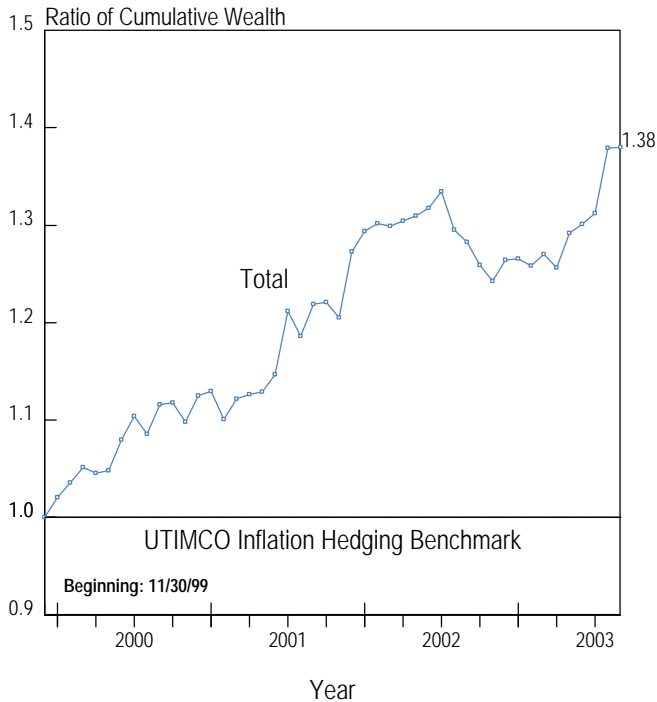
**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



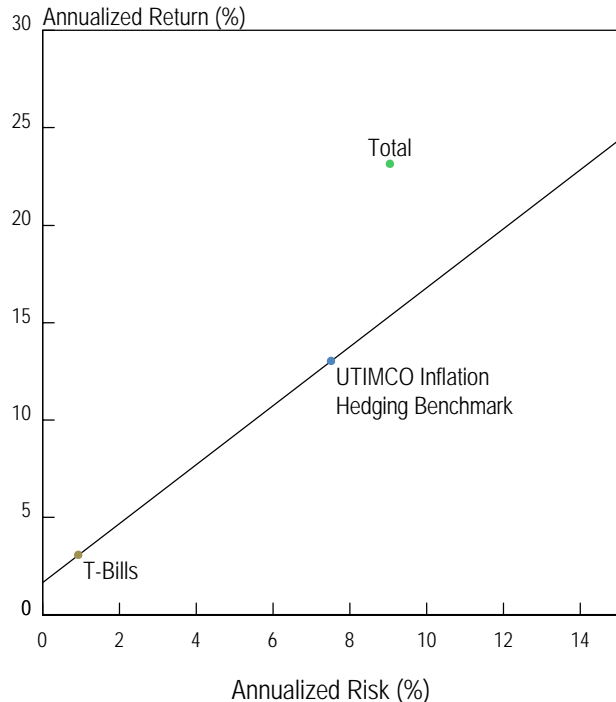
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Inflation Hedging" represents the component's relative performance to the performance benchmark in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the UTIMCO inflation hedging benchmark.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
3 YEARS 9 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
3 YEARS 9 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the inflation hedging component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the total inflation hedging component has significantly outperformed its benchmark since inception.
- The Risk Return graph above exhibits the risk return characteristics of the total inflation hedging component, relative to that of its performance benchmark. As shown, the component has outperformed while incurring a slightly higher level of risk.

\$589 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Inflation Hedging	UTIMCO Inflation Hedging Benchmark	Return Difference
	Return	Return	
1999 (1 month)	4.1%	2.0%	2.1
2000	39.5	26.0	13.5
2001	11.8	-2.5	14.3
2002	11.4	13.9	-2.5
2003 (8 months)	20.8	10.9	9.9
Since 5/31/03	9.1%	2.9%	6.2
Trailing 1-Year	22.2	13.6	8.6
Trailing 3-Year	17.1	9.1	8.0
Since Inception (11/30/99)	23.2	13.0	10.2

- The table above compares the annual return history of the inflation hedging component to that of the performance benchmark.

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\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>GSAM Commodity Index</b>	<b>5.3%</b>	<b>21.7%</b>	<b>--%</b>	<b>27.1%</b>	<b>3/31/02</b>
Goldman Sachs Commodity Index - 1%	4.8	20.8	--	19.2	
<b>In-House REITs</b>	<b>9.9</b>	<b>21.1</b>	<b>15.8</b>	<b>19.3</b>	<b>11/30/99</b>
Wilshire Real Estate Securities Index	9.0	17.3	14.1	18.1	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

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**GENERAL ENDOWMENT FUND**

# GENERAL ENDOWMENT FUND

\$3,585 Million

As of August 31, 2003

## RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03
<b>General Endowment Fund</b>	<b>5.5%</b>	<b>12.8%</b>	<b>-1.4%</b>	<b>7.1%</b>
Endowment Performance Benchmark**	4.6	12.8	-2.3	6.9
<b>Total U.S. Equity</b>	<b>6.5</b>	<b>13.8</b>	<b>-6.8</b>	<b>6.4</b>
Wilshire 5000 Index	6.4	14.9	-10.6	3.5
<b>Total International Equity</b>	<b>11.3</b>	<b>16.3</b>	<b>-10.0</b>	<b>1.0</b>
MSCI AC World Ex-U.S. Free Index	8.7	12.2	-10.0	1.1
<b>Total Fixed Income</b>	<b>-3.0</b>	<b>7.1</b>	<b>8.3</b>	<b>6.4</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6
<b>Total Absolute Return</b>	<b>4.6</b>	<b>21.3</b>	<b>11.3</b>	<b>11.7</b>
90-Day T-Bill + 4%	1.3	5.5	7.3	8.1
<b>Inflation Hedging</b>	<b>9.1</b>	<b>22.1</b>	<b>17.2</b>	<b>--</b>
UTIMCO Inflation Hedging Benchmark	2.9	13.6	9.1	--
<b>Private Capital***</b>	<b>1.6</b>	<b>-6.6</b>	<b>-11.2</b>	<b>3.6</b>
Wilshire 5000 Index + 4%	7.5	19.5	-7.0	7.7

- The General Endowment Fund's performance exceeded that of its benchmark during the fiscal quarter ending August 31 by 0.9 percentage points. Strong performance by the U.S. equity and non-U.S. equity asset classes, as well as the absolute return and inflation hedging asset classes contributed to the positive relative performance.
- The Fund's fiscal year performance, ending August 31, matched that of the benchmark. The U.S. equity and private capital asset classes detracted from relative performance, while the non-U.S. equity, fixed income, absolute return and inflation hedging asset classes contributed positively to relative performance.

\* Time-period represents the total return for the fiscal fourth quarter ending 8/31/03.

\*\* Performance represents the UTIMCO Board of Directors approved Endowment Policy Portfolio.

\*\*\* The data for Private Capital and its benchmark reflects time-weighted rates of return. On page 70 we also show returns using the internal rate of return (IRR) methodology. Please see pages 69 and 70 for additional information.

# GENERAL ENDOWMENT FUND

\$3,585 Million

As of August 31, 2003

**UTIMCO POLICY COMPLIANCE  
ASSET ALLOCATION AS OF 8/31/03  
(\$ in millions)**

	Total	Percent of Total	UTIMCO Policy*	Variance
Passive Domestic	\$ 508	14.2 %	11.0 %	+3.2 %
Active Domestic	497	13.9	10.0	+3.9
Hedge & Structured Active Domestic	269	7.5	10.0	-2.5
Domestic Public Equity	\$ 1,274	35.5 %	31.0 %	+4.5 %
Passive International	\$ 286	8.0 %	6.5 %	+1.5 %
Active International	432	12.1	7.5	+4.6
Hedge & Structured Active International	35	1.0	5.0	-4.0
International Public Equity	\$ 753	21.0 %	19.0 %	+2.0 %
Fixed Income	\$ 495	13.8 %	15.0 %	-1.2 %
Absolute Return	369	10.3	10.0	+0.3
Inflation Hedging	309	8.6	10.0	-1.4
Private Capital	385	10.7	15.0	-4.3
GSAM Overlay	41	1.1	--	+1.1
Liquidity Reserve	-41	-1.1	--	-1.1
Total General Endowment Fund	\$ 3,585	100.0 %	100.0 %	0.0 %

- The table above summarizes and compares the actual asset allocation of the General Endowment Fund to UTIMCO Board of Directors approved policy targets of the Fund.
- As shown, the Fund was overweight to public equity as of August 31.
- As of August 31, 20.8% of the General Endowment Fund was representative of the Permanent Health Fund and the remaining 79.2% was of the Long Term Fund.

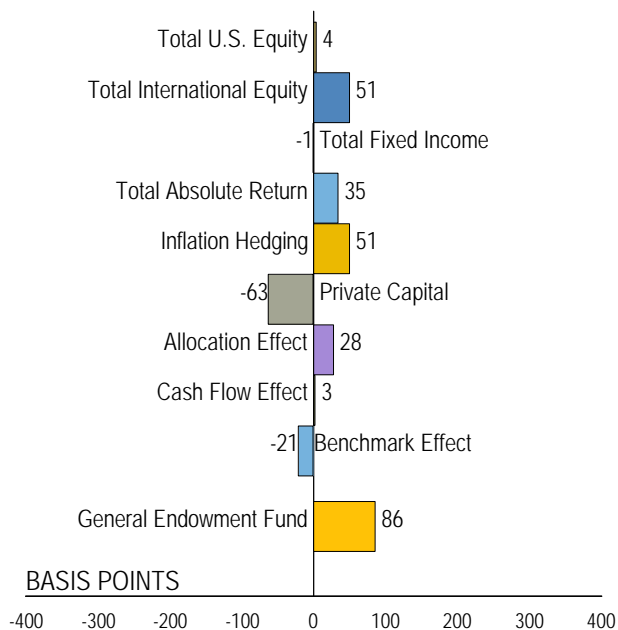
\* UTIMCO Policy represents the UTIMCO Board of Directors approved policy targets.

# GENERAL ENDOWMENT FUND

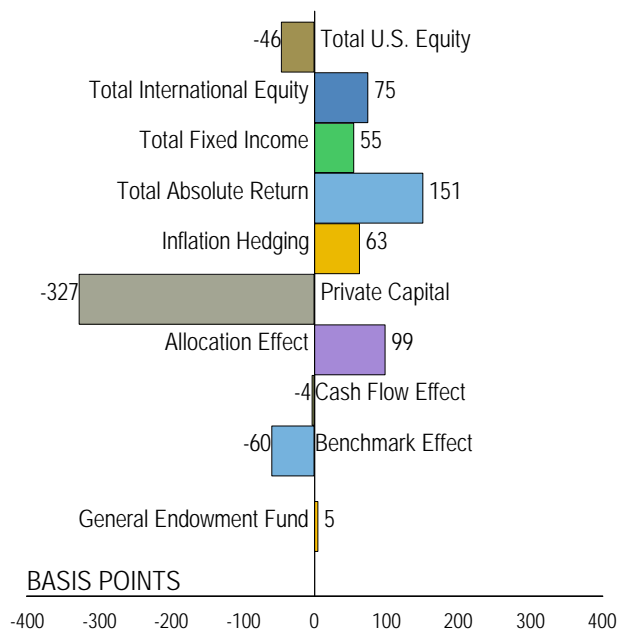
\$3,585 Million

As of August 31, 2003

**TOTAL FUND ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



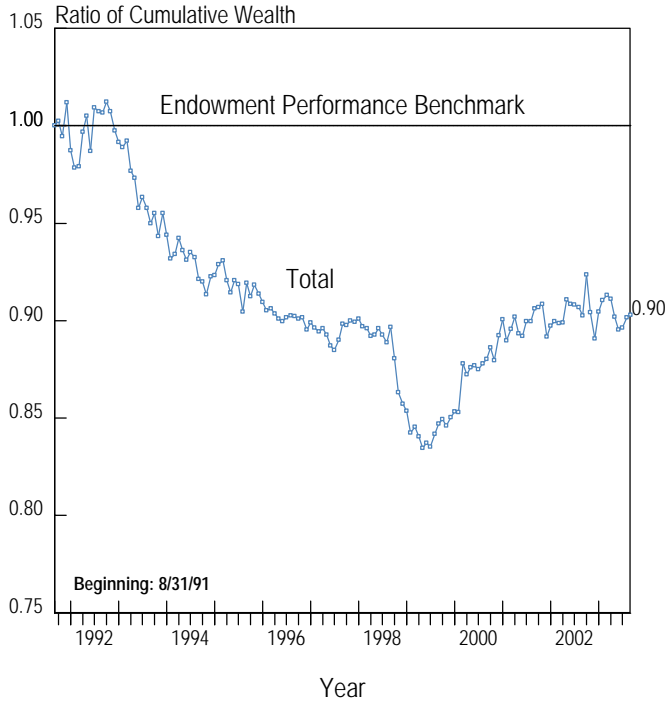
**TOTAL FUND ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



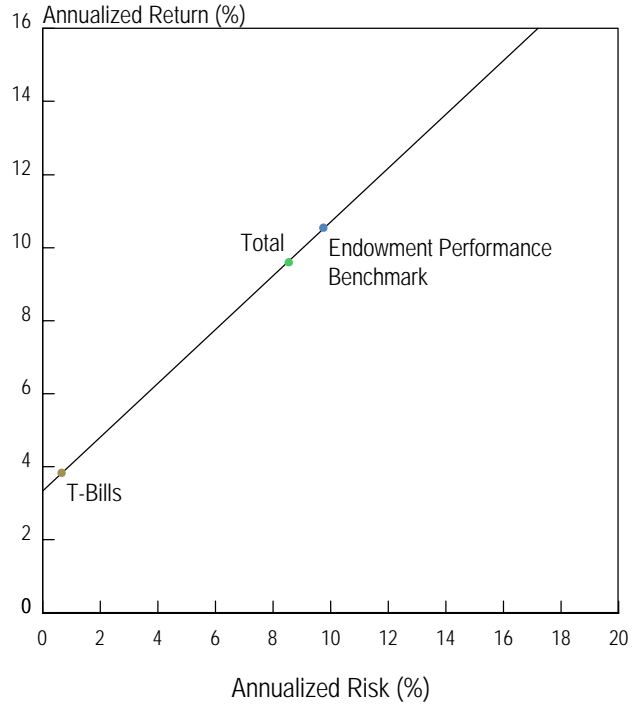
- The Performance Attribution exhibits shown above measure the source of the deviation of a fund's performance from that of its benchmark. Each bar on the graph represents the contribution made by the component to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The asset class bar amounts are determined by multiplying the relative return of that asset class (actual return - policy benchmark return) by its policy weight. "Allocation Effect" details the degree to which the Fund's asset allocation differed from that of its policy, and what impact this had on performance. "Cash Flow Effect" details what impact any movement in Fund assets had on performance. "Benchmark Effect" details the impact of differences between the composition of the Total Fund benchmark and the benchmarks of the individual asset classes.
- As shown in the three-month exhibit, the favorable performance earned by the U.S. equity, non-U.S. equity, absolute return, and inflation hedging asset classes benefited performance, collectively offsetting the negative impact produced by the Private Capital component's trailing result. The General Endowment Fund also benefited from the overweight allocation to domestic and international public equities as both markets outpaced the other marketable asset classes invested in by the Fund.
- The one-year attribution analysis shows a similar story; however, the General Endowment Fund only narrowly outperformed its benchmark.
- The data for Private Capital and its benchmark reflects time-weighted rates of return.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
12 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
12 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the Total General Endowment Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, between 1993 and 1999 the Fund's performance trailed that of the benchmark. Since 1999, the Fund has exceeded the performance of its benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the Total General Endowment Fund, relative to that of the Performance Benchmark. As shown, the Fund earned a slightly lower return at a comparatively lower level of volatility.

# GENERAL ENDOWMENT FUND

\$3,585 Million

As of August 31, 2003

## HISTORICAL RETURNS\*

(BY YEAR)

	General Endowment Fund	Endowment Performance Benchmark**	Return Difference
	Return	Return	
1991 (4 months)	6.4%	7.8%	-1.4
1992	7.8	7.4	0.4
1993	10.9	16.5	-5.6
1994	0.2	2.4	-2.2
1995	25.1	27.0	-1.9
1996	14.3	15.7	-1.4
1997	20.5	20.2	0.3
1998	11.6	17.7	-6.1
1999	18.6	18.7	-0.1
2000	3.9	-1.6	5.5
2001	-5.0	-4.7	-0.3
2002	-7.7	-8.4	0.7
2003 (8 months)	13.5	13.7	-0.2
Trailing 1-Year	12.8%	12.8%	0.0
Trailing 3-Year	-1.4	-2.3	0.9
Trailing 5-Year	7.1	6.9	0.2
Trailing 10-Year	9.2	9.8	-0.6
Since Inception (8/31/91)	9.6	10.5	-0.9

- The table above compares the annual return history of the General Endowment Fund to that of its performance benchmark.

\* The annual returns in this exhibit represent calendar-year periods.

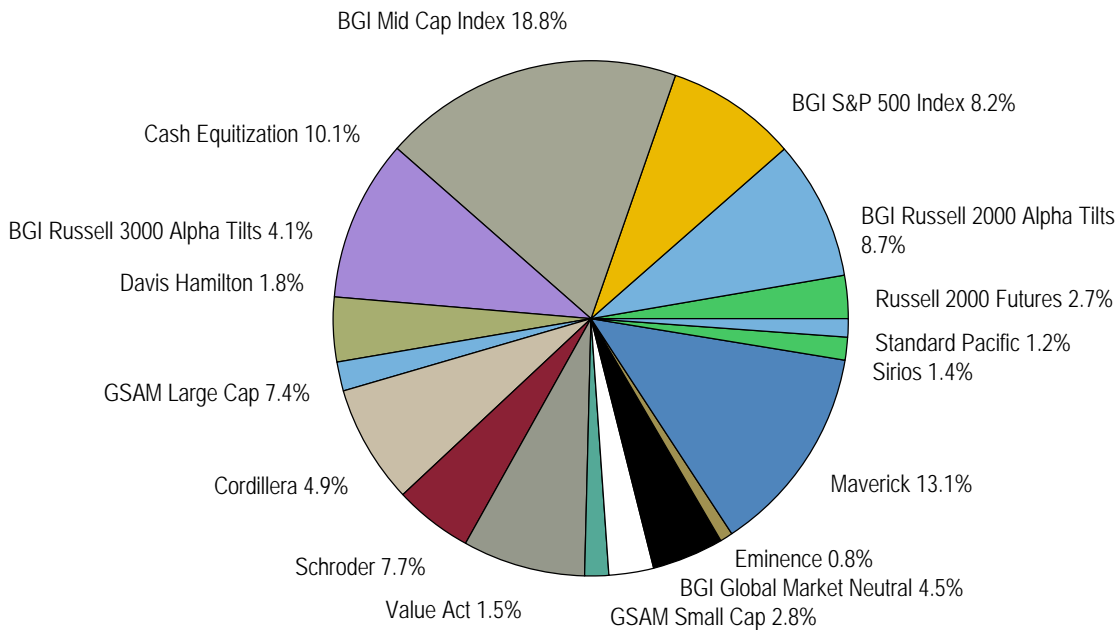
\*\* The Endowment Performance Benchmark represents the returns of the UTIMCO Board of Directors approved Endowment Policy Portfolio.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total U.S. Equity</b>	<b>6.5%</b>	<b>13.8%</b>	<b>-6.8%</b>	<b>6.4%</b>	<b>10.3%</b>	<b>8/31/91</b>
Wilshire 5000 Index	6.4	14.9	-10.6	3.5	10.2	

**MANAGER ALLOCATION AS OF 8/31/03**



- The total U.S. equity asset class return exceeded the performance of the Wilshire 5000 Index by 0.1 percentage point during the fiscal quarter, though it trailed the benchmark by 1.1 percentage points during the fiscal year.
- The graph above details the manager allocations of the U.S. equity asset class as of August 31.

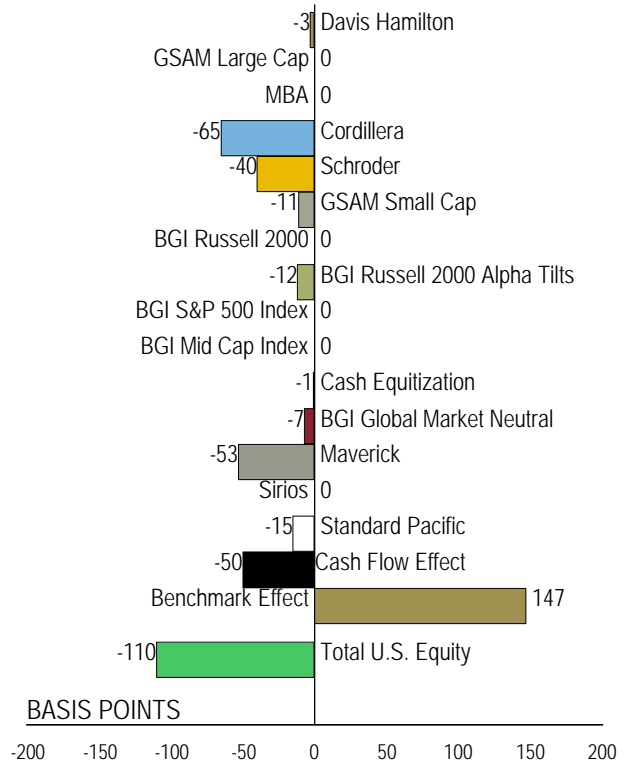
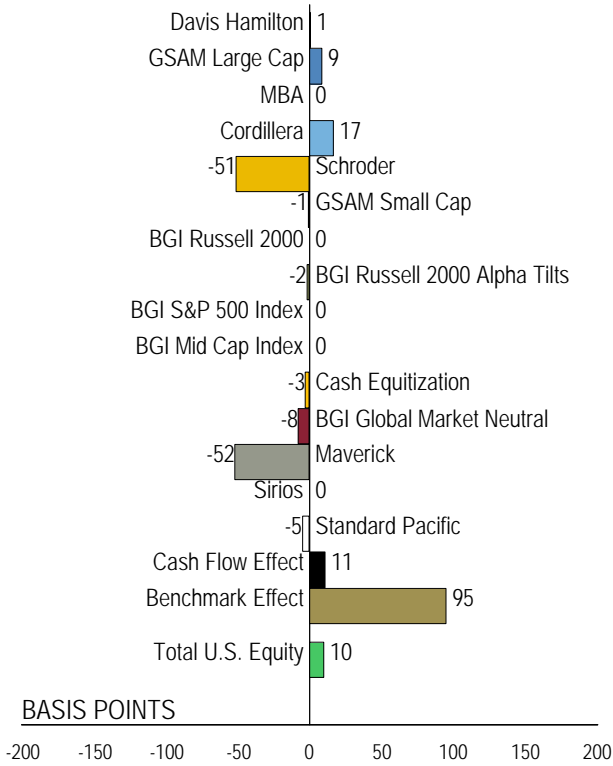
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

\$1,274 Million

As of August 31, 2003

MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03

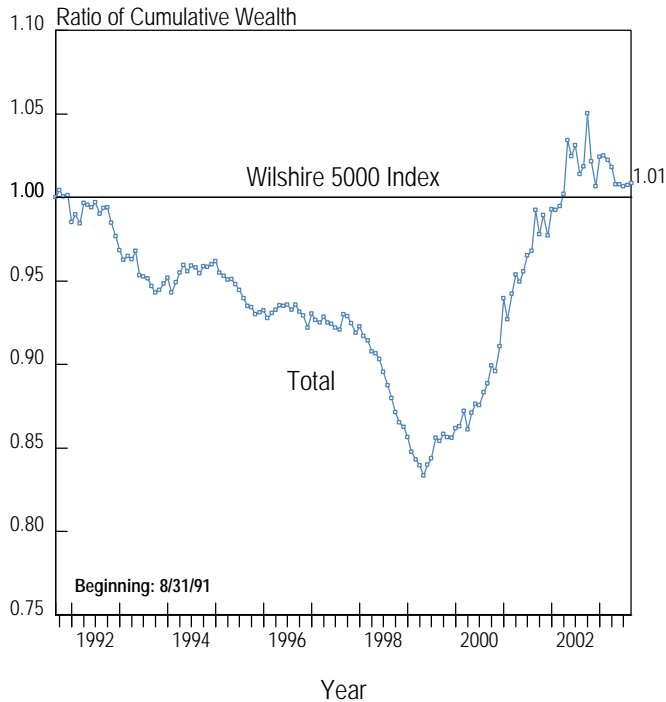
MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03



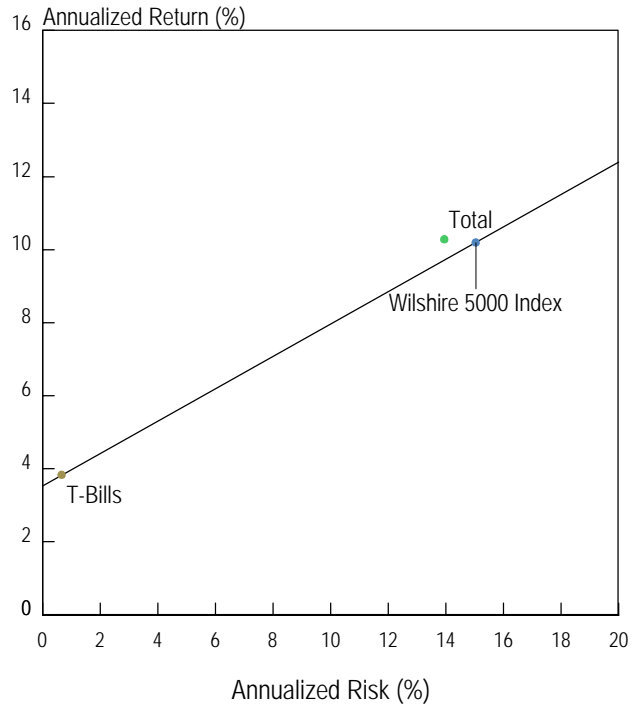
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total U.S. Equity" represents the component's relative performance to the Wilshire 5000 in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the U.S. equity benchmark.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
12 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
12 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the domestic equity component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance trailed the Index prior to 1999, though it has exceeded that of the Index since 1999.
- The Risk Return graph above exhibits the risk return characteristics of the total domestic equity component, relative to that of the Performance Benchmark. As shown, the asset class has achieved a similar return as the Index at a slightly lower level of volatility.

\$1,274 Million

As of August 31, 2003

## HISTORICAL RETURNS\*

(BY YEAR)

	Total U.S. Equity	Wilshire 5000 Index	Return Difference
	Return	Return	
1991 (4 months)	5.9%	7.5%	-1.6
1992	7.1	9.0	-1.9
1993	9.4	11.3	-1.9
1994	1.0	-0.1	1.1
1995	32.3	36.4	-4.1
1996	21.0	21.2	-0.2
1997	30.2	31.3	-1.1
1998	14.6	23.4	-8.8
1999	24.3	23.6	0.7
2000	-2.8	-10.9	8.1
2001	-5.9	-11.0	5.1
2002	-18.4	-20.9	2.5
2003 (8 months)	16.6	18.4	-1.8
Trailing 1-Year	13.8%	14.9%	-1.1
Trailing 3-Year	-6.8	-10.6	3.8
Trailing 5-Year	6.4	3.5	2.9
Trailing 10-Year	10.3	9.6	0.7
Since Inception (8/31/91)	10.3	10.2	0.1

- The table above compares the annual return history of the total domestic equity component to that of the Wilshire 5000 Index.

\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Russell 2000 Futures</b>	--	--	--	--	5.2%	6/30/03
Russell 2000 Index	--	--	--	--	11.1	
<b>BGI Russell 2000 Alpha Tilts</b>	13.0	26.9	--	--	4.1	12/31/01
Russell 2000 Index	13.1	29.1	--	--	2.5	
<b>BGI S&amp;P 500 Index</b>	5.1	12.1	-11.4	2.5	11.1	1/31/93
S&P 500 Index	5.1	12.1	-11.4	2.5	10.3	
<b>BGI Mid Cap Index</b>	9.6	18.4	-0.4	14.4	14.0	11/30/92
S&P 400 Mid Cap Index	9.6	18.4	-0.4	14.3	13.5	
<b>Cash Equitization</b>	4.9	11.9	--	--	-7.1	2/28/01
S&P 500 Index	5.1	12.1	--	--	-6.5	
<b>Davis Hamilton</b>	5.6	10.5	-13.0	3.6	9.5	12/31/93
S&P 500 Index	5.1	12.1	-11.4	2.5	10.3	
<b>GSAM Large Cap</b>	6.3	12.1	-10.9	2.7	-0.6	3/31/98
S&P 500 Index	5.1	12.1	-11.4	2.5	-0.2	
<b>MBA</b>	6.8	10.4	-19.7	-2.5	2.1	10/31/95
S&P 500 Index	5.1	12.1	-11.4	2.5	9.0	
<b>Cordillera</b>	19.7	20.3	-16.7	12.9	9.8	12/31/93
Russell 2000 Growth Index	15.5	34.9	-13.4	5.3	4.6	
<b>Schroder</b>	6.3	22.3	2.0	11.0	10.4	12/31/93
Russell 2000 Index	13.1	29.1	-1.2	9.5	8.5	
<b>Value Act</b>	--	--	--	--	3.6	7/31/03
Russell 2000 Index	--	--	--	--	4.6	
<b>GSAM Small Cap</b>	12.8	24.4	2.1	10.6	3.4	3/31/98
Russell 2000 Index	13.1	29.1	-1.2	9.5	2.0	
<b>BGI Global Market Neutral</b>	3.4	--	--	--	11.5	12/31/02
S&P 500 Index	5.1	--	--	--	15.9	
<b>Eminence</b>	--	--	--	--	-2.0	6/30/03
90-Day T-Bill + 4%	--	--	--	--	0.8	
<b>Maverick</b>	-2.3	2.7	9.1	14.5	11.5	7/31/98
90-Day T-Bill + 4%	1.3	5.5	7.3	8.1	8.2	
<b>Sirios</b>	1.1	--	--	--	3.6	4/30/03
90-Day T-Bill + 4%	1.3	--	--	--	1.7	
<b>Standard Pacific</b>	-2.7	--	--	--	-6.4	2/28/03
90-Day T-Bill + 4%	1.3	--	--	--	2.6	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

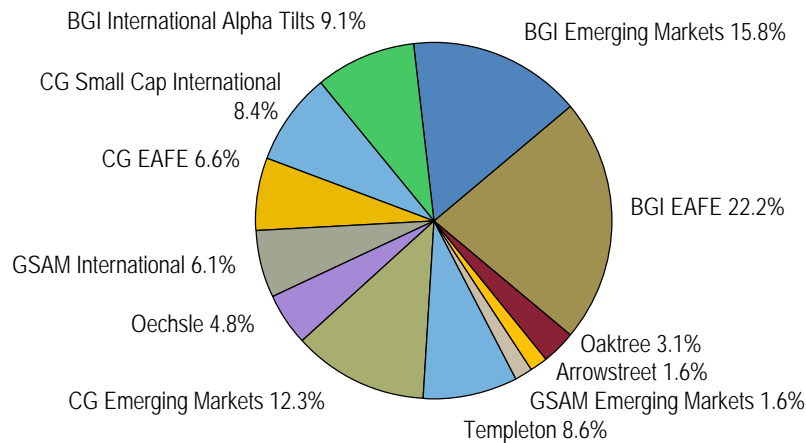
\$753 Million

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total International Equity</b>	<b>11.3%</b>	<b>16.3%</b>	<b>-10.0%</b>	<b>1.0%</b>	<b>3.9%</b>	<b>3/31/93</b>
MSCI AC World Ex-U.S. Free Index	8.7	12.2	-10.0	1.1	4.5	

**MANAGER ALLOCATION AS OF 8/31/03**

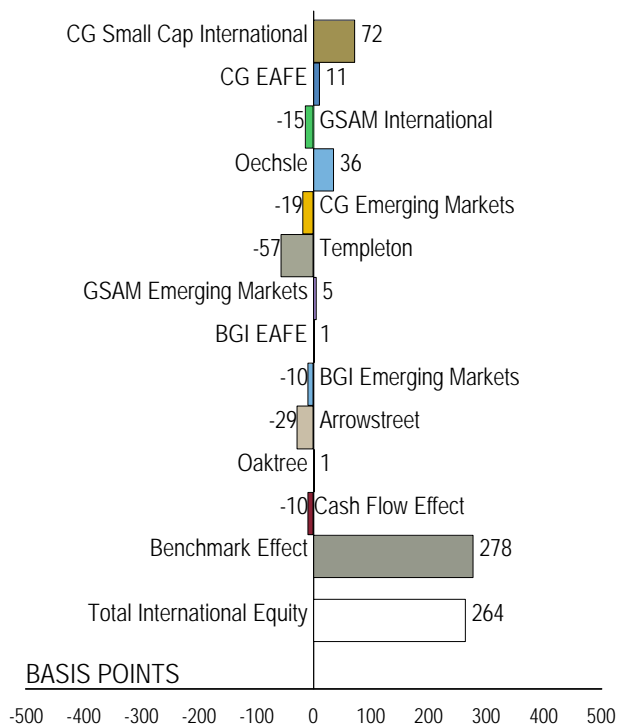


- The total international equity asset class exceeded the performance of the Index during the fiscal quarter by 2.6 percentage points, and by 4.1 percentage points during the fiscal year.
- The graph above details the manager allocations of the international equity asset class as of August 31.

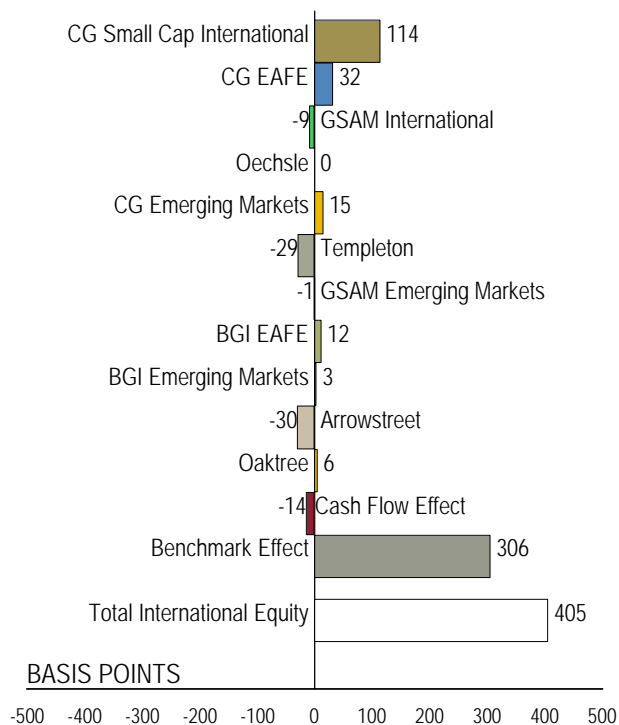
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**

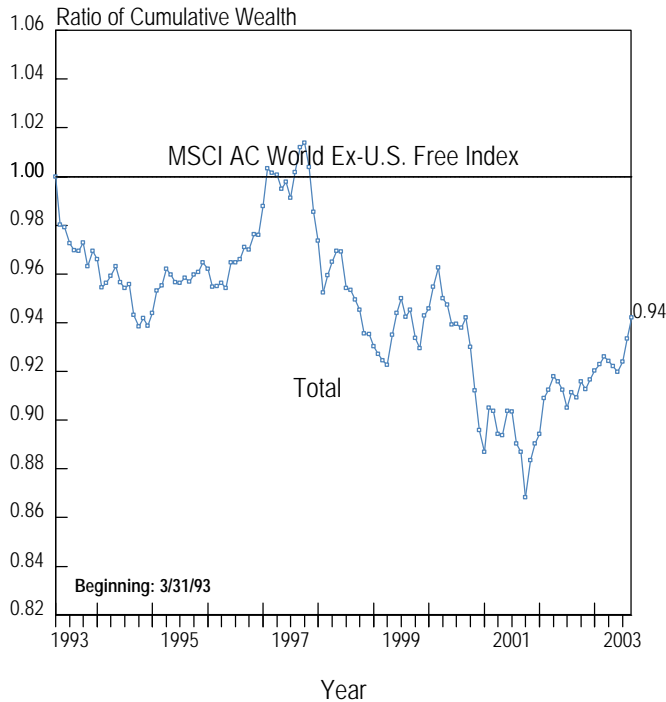


- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total International Equity" represents the component's relative performance to the MSCI All Country World ex-U.S. Free Index in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the international equity benchmark.

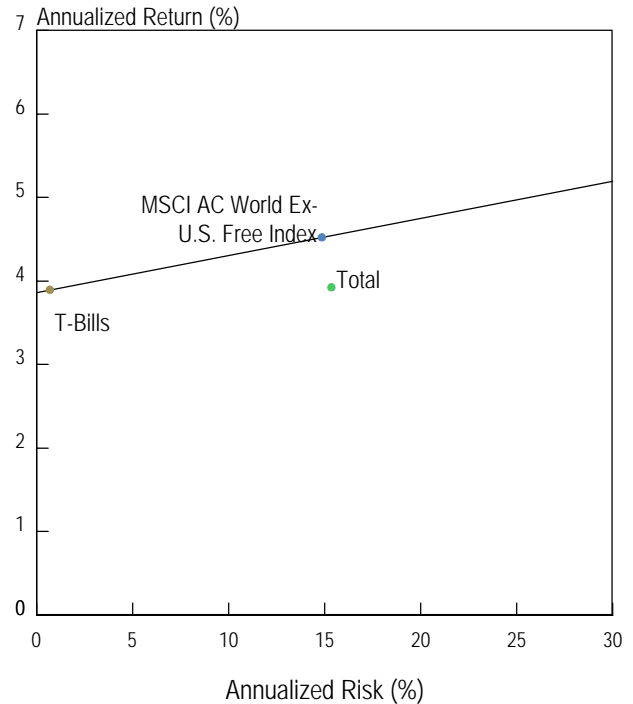
\$753 Million

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
10 YEARS 5 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
10 YEARS 5 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the international equity component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance exceeded that of the Index from 1994 to 1997, trailed it from 1997 to 2001 and has exceeded it since 2001.
- The Risk Return graph above exhibits the risk return characteristics of the total international equity component, relative to that of the Performance Benchmark. As shown, the asset class has earned a lower return than the Index at a similar level of volatility.

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Total International Equity	MSCI AC World Ex-U.S. Free Index	Return Difference
	Return	Return	
1993 (9 months)	16.8%	21.0%	-4.2
1994	4.2	6.6	-2.4
1995	12.0	9.9	2.1
1996	9.6	6.7	2.9
1997	0.6	2.0	-1.4
1998	9.3	14.5	-5.2
1999	33.1	30.9	2.2
2000	-20.4	-15.1	-5.3
2001	-18.8	-19.5	0.7
2002	-12.2	-14.7	2.5
2003 (8 months)	20.3	17.5	2.8
Trailing 1-Year	16.3%	12.2%	4.1
Trailing 3-Year	-10.0	-10.0	0.0
Trailing 5-Year	1.0	1.1	-0.1
Trailing 10-Year	2.6	2.8	-0.2
Since Inception (3/31/93)	3.9	4.5	-0.6

- The table above compares the annual return history of the international equity component to that of its performance benchmark.

\* The annual returns in this exhibit represent calendar-year periods.

\$753 Million

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>BGI EAFE</b>	<b>7.5%</b>	<b>9.4%</b>	<b>-10.6%</b>	<b>-0.9%</b>	<b>4.6%</b>	<b>3/31/93</b>
EAFE Index	7.4	9.1	-11.1	-0.7	4.1	
<b>BGI Emerging Markets</b>	<b>19.0</b>	<b>30.9</b>	<b>--</b>	<b>--</b>	<b>11.2</b>	<b>1/31/02</b>
MSCI Emerging Markets Free Net	19.8	28.9	--	--	11.7	
<b>CG Small Cap International</b>	<b>16.3</b>	<b>22.4</b>	<b>-13.9</b>	<b>1.0</b>	<b>-1.2</b>	<b>11/30/96</b>
EAFE Index	7.4	9.1	-11.1	-0.7	-0.1	
<b>CG EAFE</b>	<b>9.0</b>	<b>13.4</b>	<b>-11.3</b>	<b>--</b>	<b>-10.2</b>	<b>7/31/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>GSAM International</b>	<b>5.1</b>	<b>8.4</b>	<b>-12.1</b>	<b>-1.5</b>	<b>-2.9</b>	<b>3/31/98</b>
EAFE Index	7.4	9.1	-11.1	-0.7	-2.7	
<b>Oechsle</b>	<b>14.9</b>	<b>10.2</b>	<b>-13.3</b>	<b>--</b>	<b>-13.1</b>	<b>7/31/00</b>
EAFE Index	7.4	9.1	-11.1	--	-10.6	
<b>CG Emerging Markets</b>	<b>18.1</b>	<b>29.9</b>	<b>-5.5</b>	<b>--</b>	<b>-4.7</b>	<b>7/31/00</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	--	-1.5	
<b>Templeton</b>	<b>12.9</b>	<b>26.6</b>	<b>0.2</b>	<b>11.0</b>	<b>0.5</b>	<b>12/31/95</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	11.6	-0.6	
<b>GSAM Emerging Markets</b>	<b>22.9</b>	<b>29.5</b>	<b>-2.6</b>	<b>12.5</b>	<b>0.6</b>	<b>3/31/98</b>
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	11.6	-0.6	
<b>Arrowstreet</b>	<b>-12.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-12.5</b>	<b>5/31/03</b>
90-Day T-Bill + 4%	1.3	--	--	--	1.3	
<b>Oaktree</b>	<b>1.5</b>	<b>7.6</b>	<b>--</b>	<b>--</b>	<b>8.8</b>	<b>12/31/01</b>
90-Day T-Bill + 4%	1.3	5.5	--	--	5.7	

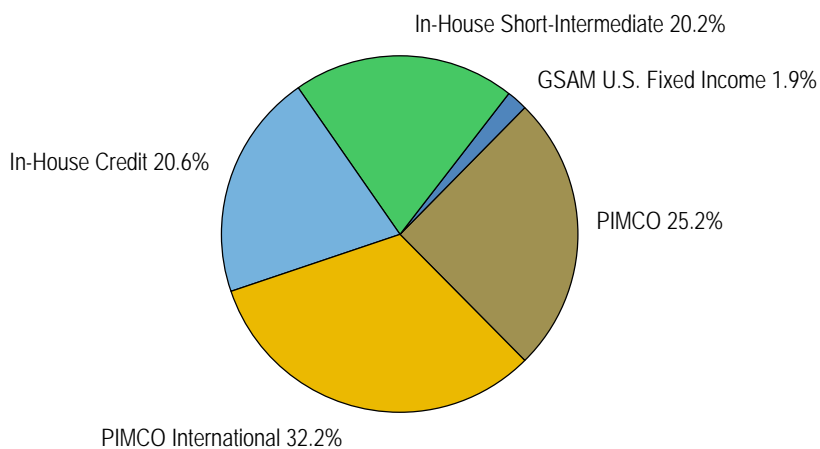
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total Fixed Income</b>	<b>-3.0%</b>	<b>7.1%</b>	<b>8.3%</b>	<b>6.4%</b>	<b>11.2%</b>	<b>8/31/81</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	10.6	

**MANAGER ALLOCATION AS OF 8/31/03**



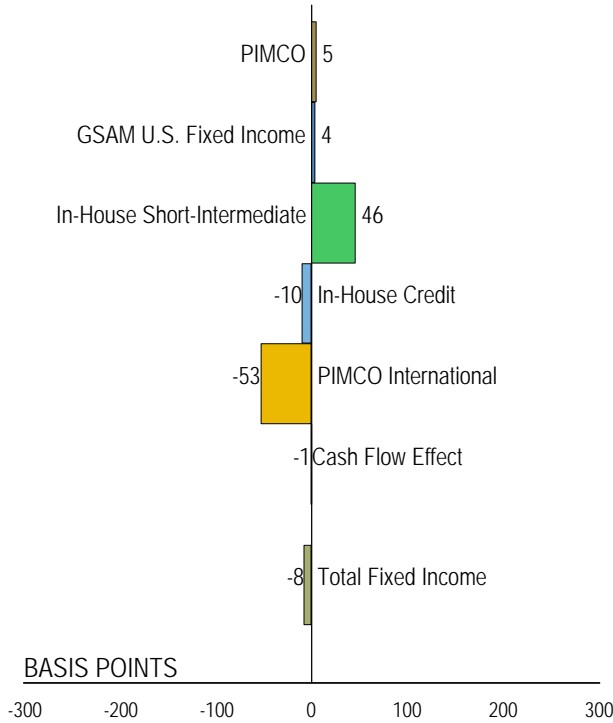
- The total fixed income asset class trailed the performance of the Index during the fiscal quarter by 0.1 percentage points, though exceeded it by 2.7 percentage points during the fiscal year.
- The graph above details the manager allocations of the fixed income asset class as of August 31.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

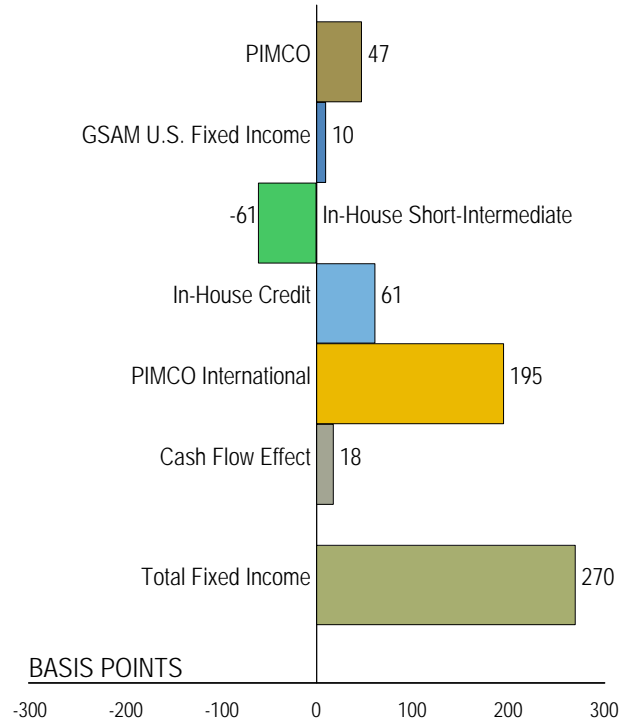
\$495 Million

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



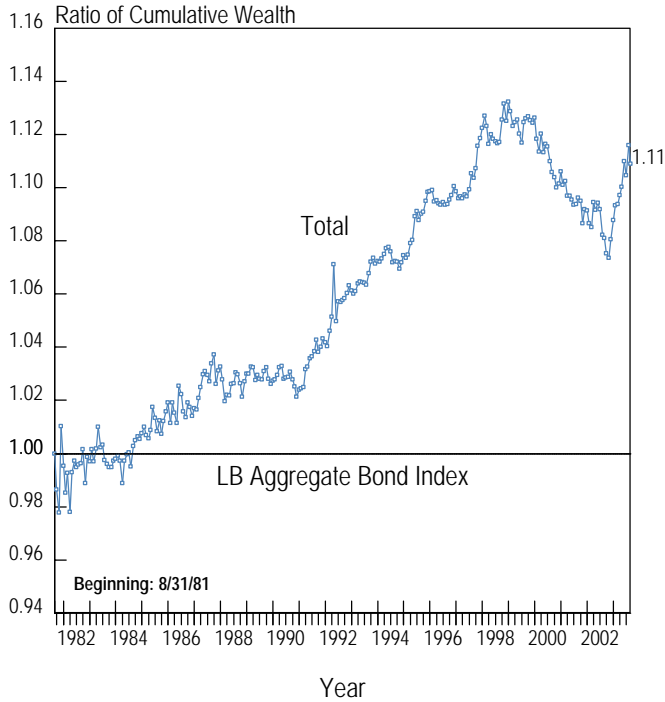
**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



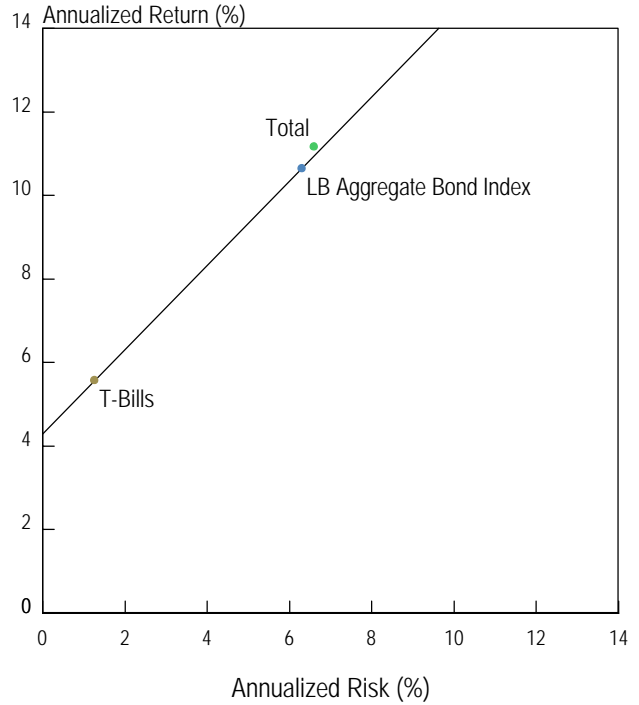
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Fixed Income" represents the component's relative performance to the Lehman Aggregate Bond Index in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
22 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
22 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the fixed income component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance has generally been favorable relative to the Index, despite a period of underperformance in 2000 and 2001.
- The Risk Return graph above exhibits the risk return characteristics of the total fixed income asset class, relative to that of the Performance Benchmark. As shown, the asset class has earned a slightly greater return than the Index at a slightly greater level of volatility.

\$495 Million

**As of August 31, 2003**

**HISTORICAL RETURNS\***

(BY YEAR)

	Total Fixed Income	LB Aggregate Bond Index	Return Difference
	Return	Return	
1981 (4 months)	10.0%	10.5%	-0.5
1982	32.8	32.6	0.2
1983	8.5	8.4	0.1
1984	16.3	15.1	1.2
1985	23.5	22.1	1.4
1986	15.0	15.3	-0.3
1987	4.3	2.8	1.5
1988	7.6	7.9	-0.3
1989	14.2	14.5	-0.3
1990	8.6	9.0	-0.4
1991	18.0	16.0	2.0
1992	9.4	7.4	2.0
1993	10.9	9.7	1.2
1994	-2.7	-2.9	0.2
1995	21.1	18.5	2.6
1996	3.6	3.6	0.0
1997	12.0	9.7	2.3
1998	9.6	8.7	0.9
1999	-1.3	-0.8	-0.5
2000	9.6	11.6	-2.0
2001	7.0	8.4	-1.4
2002	9.9	10.3	-0.4
2003 (8 months)	3.1	1.1	2.0
Trailing 1-Year	7.1%	4.4%	2.7
Trailing 3-Year	8.3	8.2	0.1
Trailing 5-Year	6.4	6.6	-0.2
Trailing 10-Year	7.1	6.7	0.4
Since Inception (8/31/81)	11.2	10.6	0.6

- The table above compares the annual return history of the total fixed income component to that of the Lehman Aggregate Bond Index.

\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>PIMCO</b>	<b>-2.7%</b>	<b>6.2%</b>	<b>9.2%</b>	<b>7.4%</b>	<b>7.7%</b>	<b>2/28/98</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	6.8	
<b>GSAM U.S. Fixed Income</b>	<b>-2.4</b>	<b>5.6</b>	<b>8.0</b>	<b>6.5</b>	<b>6.8</b>	<b>3/31/98</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	6.9	
<b>In-House Short- Intermediate</b>	<b>-0.4</b>	<b>2.1</b>	<b>6.4</b>	<b>--</b>	<b>7.4</b>	<b>1/31/00</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	--	8.8	
<b>In-House Credit</b>	<b>-3.4</b>	<b>7.3</b>	<b>--</b>	<b>--</b>	<b>6.7</b>	<b>1/31/01</b>
LB Aggregate Bond Index	-2.9	4.4	--	--	6.9	
<b>PIMCO International</b>	<b>-4.7</b>	<b>13.0</b>	<b>9.0</b>	<b>5.1</b>	<b>4.4</b>	<b>2/28/98</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	6.6	6.8	
SSB Non-U.S. World Gov't Bond	-5.2	11.4	8.4	5.0	5.0	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

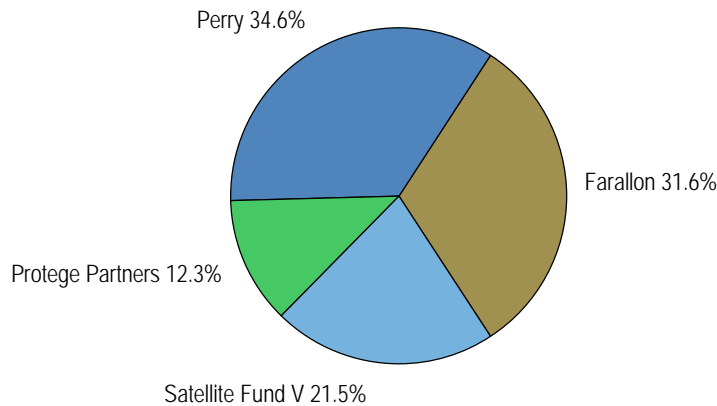
\$369 Million

**As of August 31, 2003**

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Total Absolute Return</b>	<b>4.6%</b>	<b>21.3%</b>	<b>11.3%</b>	<b>11.7%</b>	<b>10.3%</b>	<b>7/31/98</b>
90-Day T- Bill + 4%	1.3	5.5	7.3	8.1	8.2	

**MANAGER ALLOCATION AS OF 8/31/03**

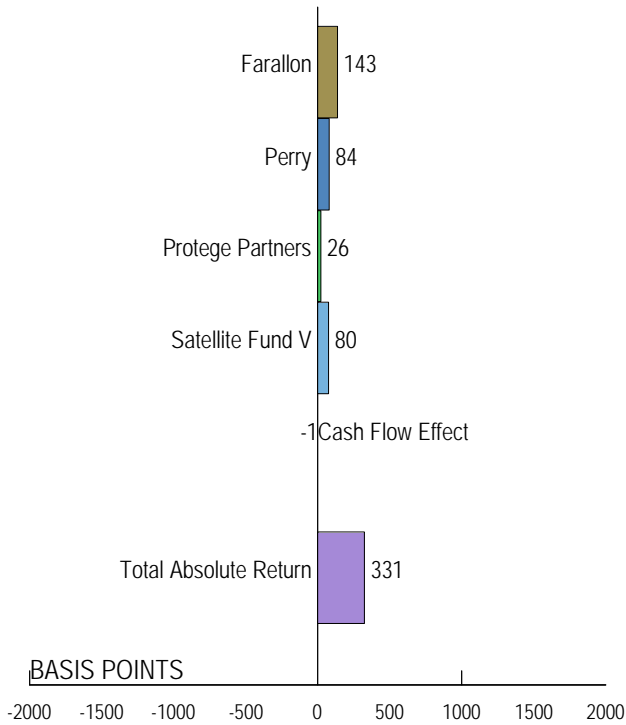


- The total absolute return asset class exceeded the performance of the benchmark during the fiscal quarter by 3.3 percentage points, and exceeded it by 15.8 percentage points during the fiscal year.
- The graph above details the manager allocations of the absolute return asset class as of August 31.

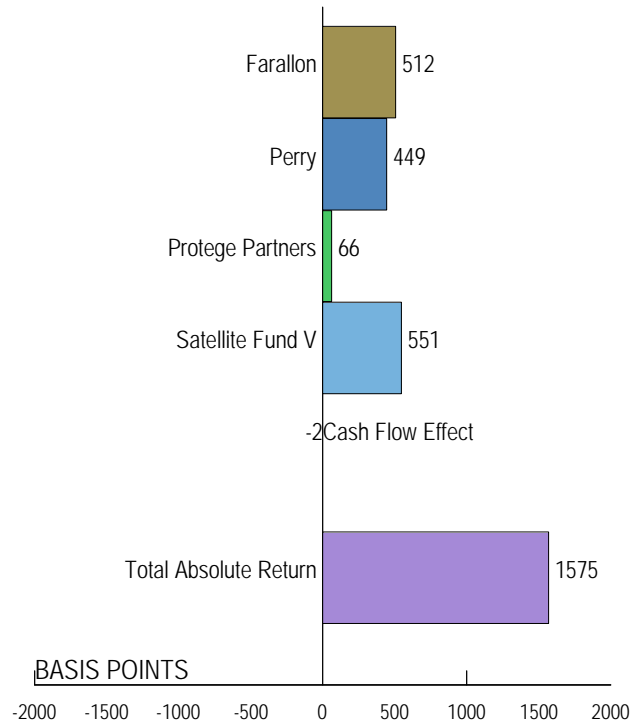
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03



MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03



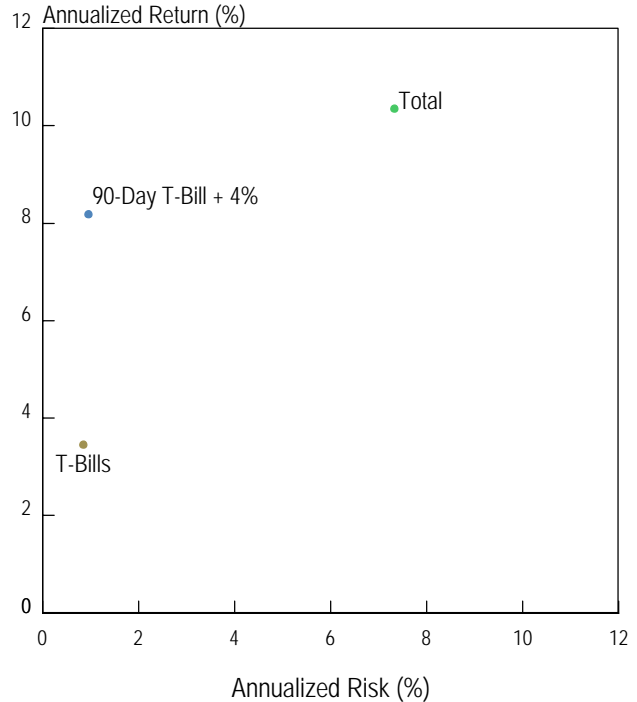
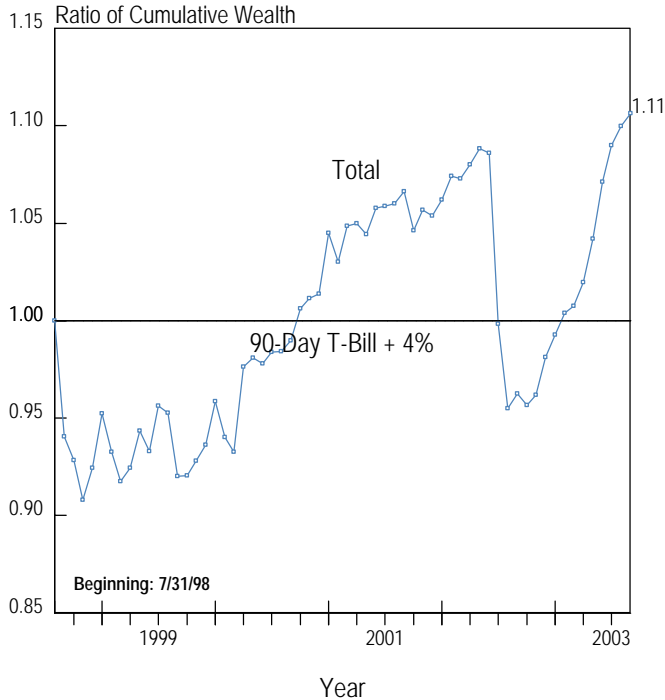
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Absolute Return" represents the component's relative performance to the performance benchmark in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component.

\$369 Million

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
5 YEARS 1 MONTH ENDING 8/31/03**

**ANNUALIZED RISK/RETURN  
5 YEARS 1 MONTH ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the absolute return component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance has generally been favorable relative to the Index, despite a period of underperformance in 2002.
- The Risk Return graph above exhibits the risk return characteristics of the absolute return asset class, relative to that of the benchmark. As shown, the asset class has earned a greater return than the benchmark at a greater level of volatility.

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Total Absolute Return	90-Day T-Bill + 4%	Return Difference
	Return	Return	
1998 (5 months)	-1.1%	3.8%	-4.9
1999	9.8	9.1	0.7
2000	20.5	10.5	10.0
2001	10.4	8.7	1.7
2002	-1.0	6.0	-7.0
2003 (8 months)	15.4	3.5	11.9
Since 5/31/03	4.6%	1.3%	3.3
Trailing 1-Year	21.3	5.5	15.8
Trailing 3-Year	11.3	7.3	4.0
Trailing 5-Year	11.7	8.1	3.6

- The table above compares the annual return history of the total absolute return component to that of the performance benchmark.

\* The annual returns in this exhibit represent calendar-year periods.

\$369 Million

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Farallon</b>	<b>5.9%</b>	<b>21.0%</b>	<b>12.5%</b>	<b>14.5%</b>	<b>13.3%</b>	<b>7/31/98</b>
90-Day T- Bill + 4%	1.3	5.5	7.3	8.1	8.2	
<b>Perry</b>	<b>3.7</b>	<b>17.3</b>	<b>12.5</b>	<b>15.2</b>	<b>12.9</b>	<b>7/31/98</b>
90-Day T- Bill + 4%	1.3	5.5	7.3	8.1	8.2	
<b>Protege Partners</b>	<b>3.4</b>	--	--	--	<b>7.8</b>	<b>2/28/03</b>
90-Day T- Bill + 4%	1.3	--	--	--	2.6	
<b>Satellite Fund V</b>	<b>5.0</b>	<b>31.4</b>	<b>5.5</b>	--	<b>5.5</b>	<b>8/31/00</b>
90-Day T- Bill + 4%	1.3	5.5	7.3	--	7.3	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Private Capital</b>	<b>1.6%</b>	<b>-6.6%</b>	<b>-11.2%</b>	<b>3.6%</b>	<b>9.5%</b>	<b>11/30/86</b>
Wilshire 5000 Index + 4%	7.5	19.5	-7.0	7.7	15.4	

- The private capital asset class trailed the performance of the benchmark during the fiscal quarter by 5.9 percentage points, and by 26.1 percentage points during the fiscal year.
- The returns shown in the table above are reported on a time-weighted basis, consistent with the methodology used for returns throughout this report. Time-weighted returns are calculated using monthly asset values and daily cash flows. Time-weighted rates of return are the industry standard for reporting the performance of traditional, marketable investments. For investments such as private equity, the time-weighted return calculation methodology suffers from a number of flaws, including the attribution of control over cash flows to the investor rather than the investment manager. In these cases, the industry standard is to use the internal rate of return (IRR), which is the annualized rate of return implied by a series of cash flows and a beginning and ending market value. The internal rates of return for the Private Capital component are shown in the table on the following page. Each return shown represents a since-inception return ending at a given fiscal year-end. For example, the 8.6% return shown for 2003 corresponds to a 8.6% annualized IRR for the since-inception period ending at fiscal year-end 2003.
- The benchmark results shown represent the return (IRR) earned on the actual cash flows experienced in the Private Capital portfolio, had they been invested in the Wilshire 5000 Index plus 4% annually.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

\$385 Million

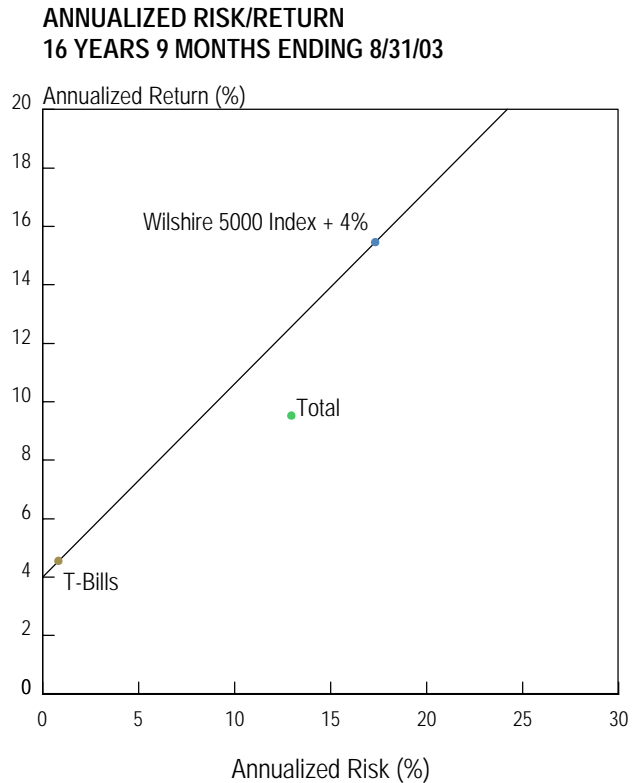
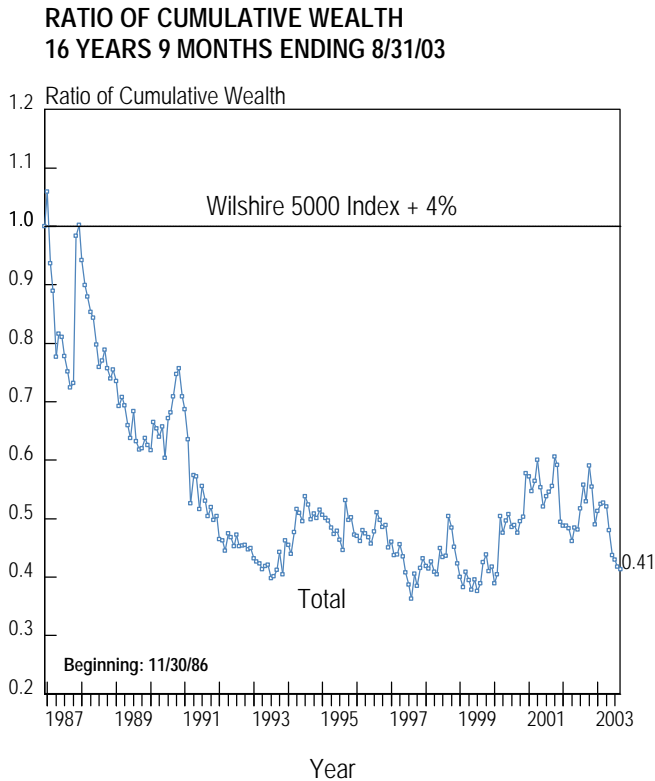
As of August 31, 2003

HISTORICAL RETURNS  
 GEF SINCE INCEPTION IRR  
 FISCAL YEAR ENDING 8/31/03

Fiscal Year Ending	Private Capital	Wilshire 5000 Index + 4%	Return Difference
1987	31.6 %	31.0 %	0.6 %
1988	8.1	0.0	8.1
1989	3.1	20.3	-17.2
1990	9.5	8.2	1.3
1991	5.6	14.0	-8.4
1992	4.4	12.8	-8.4
1993	6.1	14.1	-8.0
1994	10.7	12.8	-2.1
1995	13.0	13.8	-0.8
1996	13.6	14.2	-0.4
1997	13.9	16.2	-2.3
1998	15.5	15.1	0.4
1999	16.1	17.0	-0.9
2000	18.5	17.5	1.0
2001	15.4	12.1	3.3
2002	11.1	8.1	3.0
2003	8.6	9.6	-1.0

- The IRRs shown in the table above were provided by UTIMCO, as with all other data shown in this report.

As of August 31, 2003



- The data shown in the exhibits above reflect time-weighted returns.
- The Ratio of Cumulative Wealth graph above illustrates the private capital component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance has generally trailed the benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the private capital asset class, relative to that of the benchmark. As shown, the asset class has earned a lower return than the benchmark at a slightly lower level of volatility.

\$385 Million

As of August 31, 2003

## HISTORICAL RETURNS\*

(BY YEAR)

	Private Capital	Wilshire 5000 Index + 4%	Return Difference
	Return	Return	
1986 (1 month)	3.6%	-2.1%	5.7
1987	-5.4	6.5	-11.9
1988	-4.3	22.7	-27.0
1989	12.7	34.3	-21.6
1990	8.8	-2.3	11.1
1991	-5.7	39.5	-45.2
1992	5.5	13.4	-7.9
1993	21.8	15.8	6.0
1994	15.9	4.0	11.9
1995	31.5	41.9	-10.4
1996	23.5	26.1	-2.6
1997	24.3	36.5	-12.2
1998	22.4	28.4	-6.0
1999	25.1	28.5	-3.4
2000	36.4	-7.2	43.6
2001	-21.0	-7.3	-13.7
2002	-13.1	-17.6	4.5
2003 (8 months)	-2.1	21.5	-23.6
Since 5/31/03	1.6%	7.5%	-5.9
Trailing 1-Year	-6.6	19.5	-26.1
Trailing 3-Year	-11.2	-7.0	-4.2
Trailing 5-Year	3.6	7.7	-4.1
Trailing 10-Year	14.1	14.1	0.0

- The returns shown in the table above reflect time-weighted returns.
- The table above compares the annual return history of private capital to that of its performance benchmark.

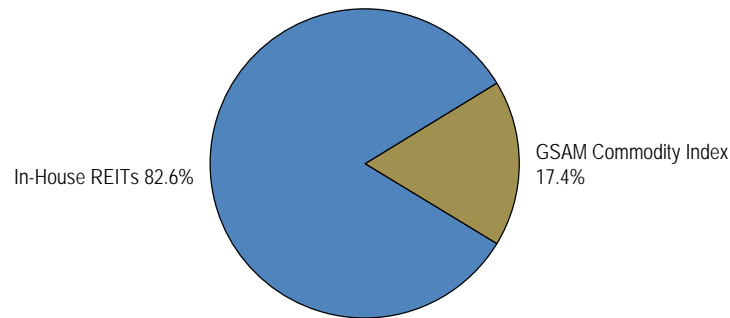
\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

**RETURN SUMMARY  
ENDING 8/31/03**

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>Inflation Hedging</b>	<b>9.1%</b>	<b>22.1%</b>	<b>17.2%</b>	<b>23.7%</b>	<b>11/30/99</b>
UTIMCO Inflation Hedging Benchmark	2.9	13.6	9.1	13.0	

**MANAGER ALLOCATION AS OF 8/31/03**



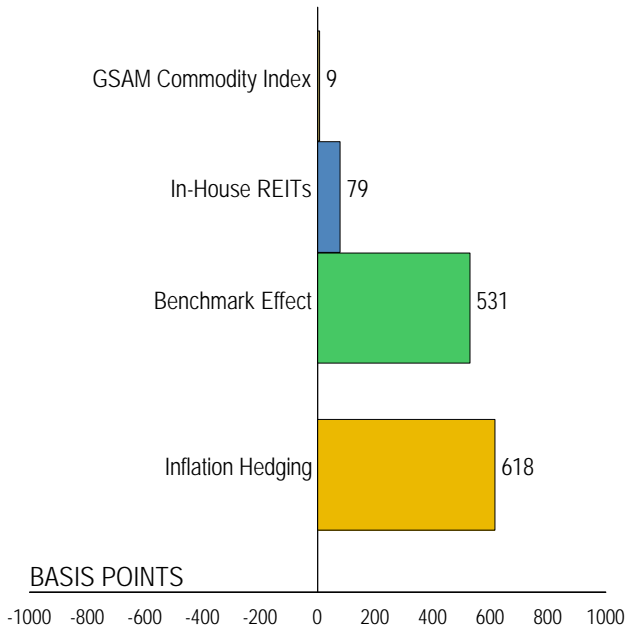
- The total inflation hedging asset class exceeded the performance of the benchmark during the fiscal quarter by 6.2 percentage points, and exceeded it by 8.5 percentage points during the fiscal year.
- The graph above details the manager allocations of the inflation hedging asset class as of August 31.

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

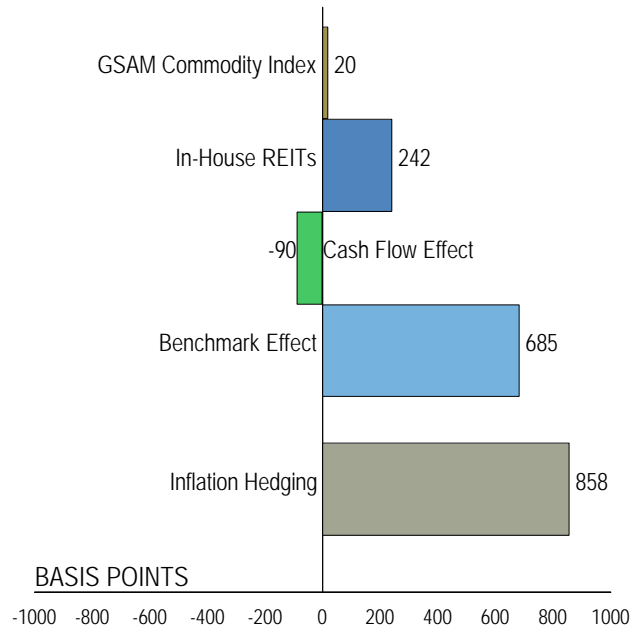
\$309 Million

As of August 31, 2003

**MANAGER ATTRIBUTION ANALYSIS  
3 MONTHS ENDING 8/31/03**



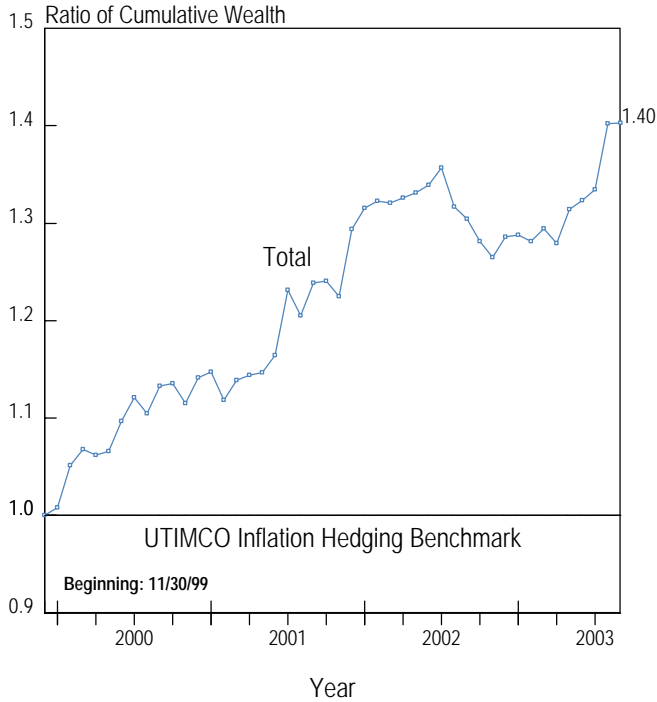
**MANAGER ATTRIBUTION ANALYSIS  
1 YEAR ENDING 8/31/03**



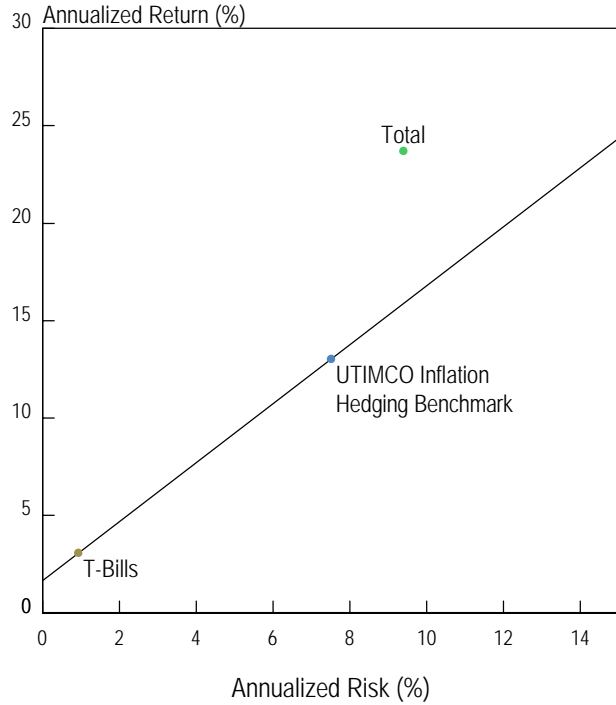
- The Performance Attribution exhibits shown above measure the source of the deviation of the asset class performance from that of its benchmark. The bar labeled "Total Inflation Hedging" represents the component's relative performance to the performance benchmark in basis points. The value of the manager bars are derived by taking the relative performance of each manager, versus its style specific benchmark, and multiplying this by the manager's asset weight in the component. The bar labeled "Benchmark Effect" represents the difference between the benchmarks of the individual managers and the UTIMCO inflation hedging benchmark.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
3 YEARS 9 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
3 YEARS 9 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the inflation hedging component's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, performance has generally been favorable relative to the Index.
- The Risk Return graph above exhibits the risk return characteristics of the inflation hedging asset class, relative to that of the benchmark. As shown, the asset class has earned a greater return than the benchmark at a greater level of volatility.

\$309 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	Inflation Hedging	UTIMCO Inflation Hedging Benchmark	Return Difference
	Return	Return	
1999 (1 month)	2.8%	2.0%	0.8
2000	43.5	26.0	17.5
2001	11.9	-2.5	14.4
2002	11.5	13.9	-2.4
2003 (8 months)	20.8	10.9	9.9
Since 5/31/03	9.1%	2.9%	6.2
Trailing 1-Year	22.1	13.6	8.5
Trailing 3-Year	17.2	9.1	8.1

- The table above compares the annual return history of the inflation hedging component to that of the performance benchmark.

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\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

RETURN SUMMARY  
ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	Since Inception	Inception Date
<b>GSAM Commodity Index</b>	<b>5.3%</b>	<b>21.8%</b>	<b>--%</b>	<b>27.3%</b>	<b>3/31/02</b>
Goldman Sachs Commodity Index - 1%	4.8	20.8	--	19.2	
<b>In-House REITs</b>	<b>9.9</b>	<b>21.0</b>	<b>15.8</b>	<b>13.8</b>	<b>4/30/93</b>
Wilshire Real Estate Securities Index	9.0	17.3	14.1	10.4	

\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

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**OPERATING FUNDS**

# OPERATING FUNDS

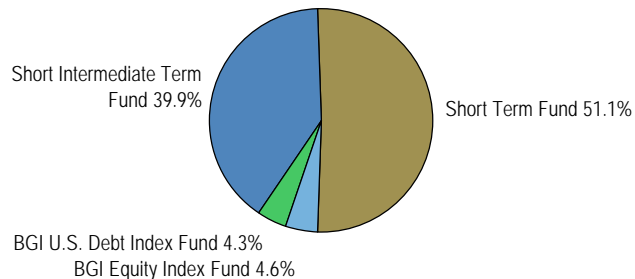
\$3,594 Million

As of August 31, 2003

## RETURN SUMMARY ENDING 8/31/03

	Since 5/31/03*	1 Year Ending 8/31/03	3 Years Ending 8/31/03	5 Years Ending 8/31/03	Since Inception	Inception Date
<b>Short Term Fund</b>	<b>0.3%</b>	<b>1.3%</b>	<b>3.1%</b>	<b>4.1%</b>	<b>4.5%</b>	<b>8/31/92</b>
ML 90-day T-Bill	0.3	1.4	3.1	3.9	4.4	
<b>Short Intermediate Term Fund</b>	<b>-0.3</b>	<b>1.6</b>	<b>4.7</b>	<b>4.6</b>	<b>5.3</b>	<b>2/28/93</b>
Govt. Bond Index	-4.1	3.0	7.9	6.3	6.8	
<b>BGI U.S. Debt Index Fund</b>	<b>-2.8</b>	<b>4.7</b>	<b>8.3</b>	<b>--</b>	<b>7.4</b>	<b>5/31/99</b>
LB Aggregate Bond Index	-2.9	4.4	8.2	--	7.4	
<b>BGI Equity Index Fund</b>	<b>5.1</b>	<b>12.1</b>	<b>-11.4</b>	<b>--</b>	<b>-4.5</b>	<b>5/31/99</b>
S&P 500 Index	5.1	12.1	-11.4	--	-4.5	

## ASSET ALLOCATION AS OF 8/31/03

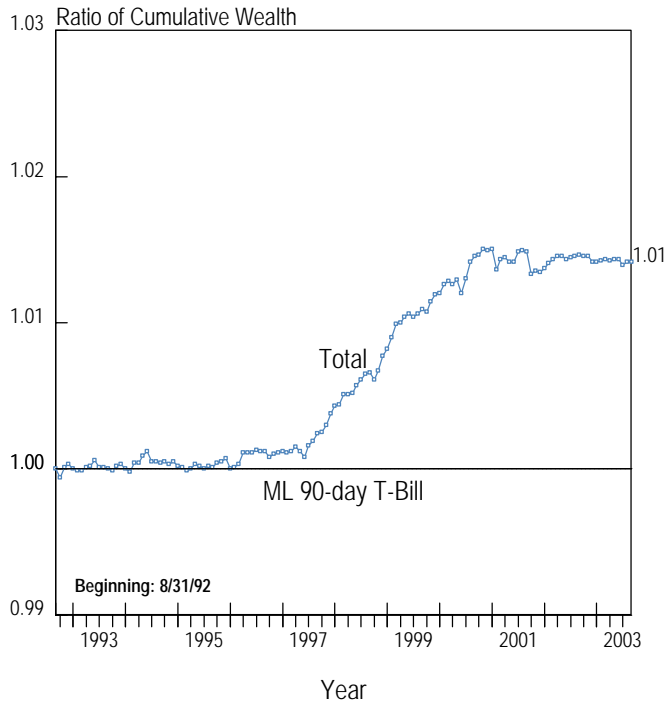


- The Short Term Fund has approximated the performance of the benchmark during the periods shown above.
- The Short Intermediate Fund exceeded the performance of the Index during the fiscal quarter by 3.8 percentage points, though it has trailed the performance of the Index over all longer periods shown above.
- The BGI Index funds have approximated the performance of their respective indices during all periods shown above.
- The graph above details the individual Fund allocations of the Operating Funds as of August 31.

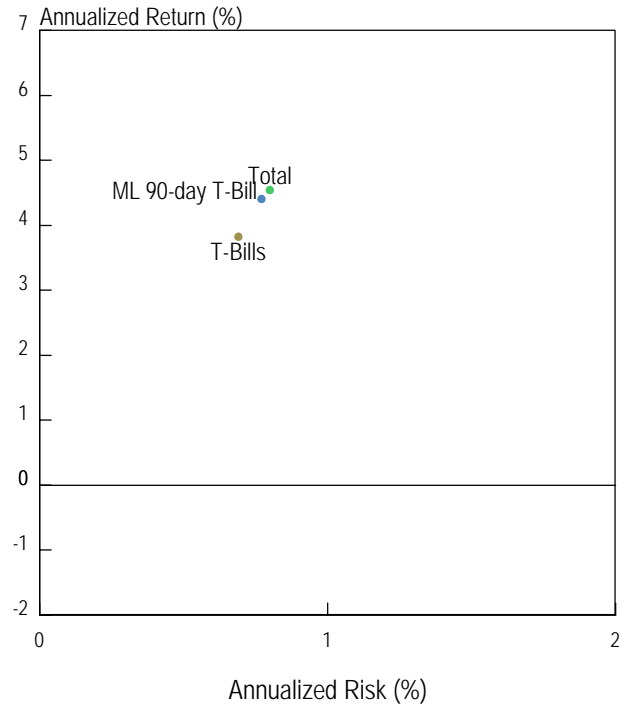
\* Time period represents the total return for the fiscal fourth quarter ending 8/31/03.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
11 YEARS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
11 YEARS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the Short Term Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the Fund has exceeded the performance of the benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the Short Term Fixed Income Fund, relative to that of the Performance Benchmark. As shown, the Fund has approximated marginally exceeded the performance of the benchmark at a marginally greater level of volatility.

\$1,837 Million

As of August 31, 2003

## HISTORICAL RETURNS\*

(BY YEAR)

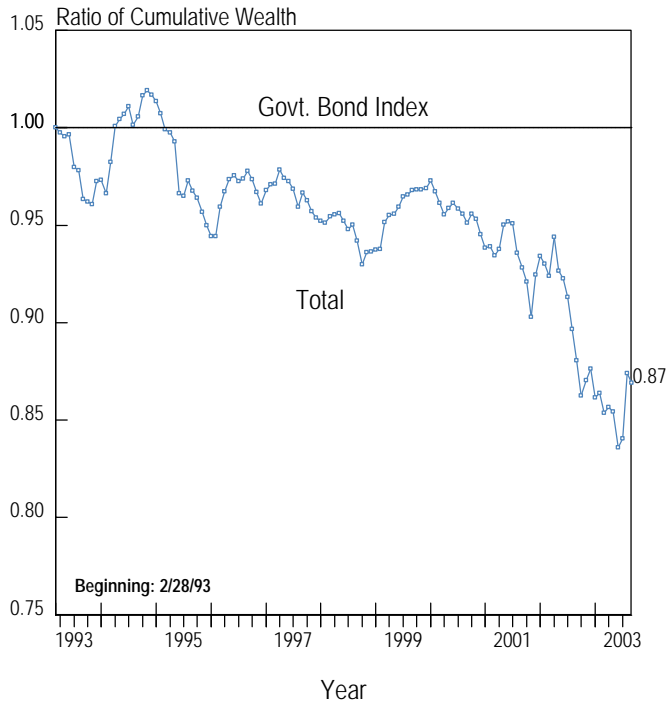
	Short Term Fund	ML 90-day T-Bill	Return Difference
	Return	Return	
1992 (4 months)	1.1%	1.1%	0.0
1993	3.2	3.2	0.0
1994	4.3	4.3	0.0
1995	6.0	6.0	0.0
1996	5.4	5.3	0.1
1997	5.7	5.3	0.4
1998	5.6	5.2	0.4
1999	5.2	4.8	0.4
2000	6.5	6.2	0.3
2001	4.3	4.4	-0.1
2002	1.9	1.8	0.1
2003 (8 months)	0.8	0.8	0.0
Since 5/31/03	0.3%	0.3%	0.0
Trailing 1-Year	1.3	1.4	-0.1
Trailing 3-Year	3.1	3.1	0.0
Trailing 5-Year	4.1	3.9	0.2
Trailing 10-Year	4.7	4.5	0.2

- The table above compares the annual return history of the Short-Term Fixed Income Fund to that of the performance benchmark.

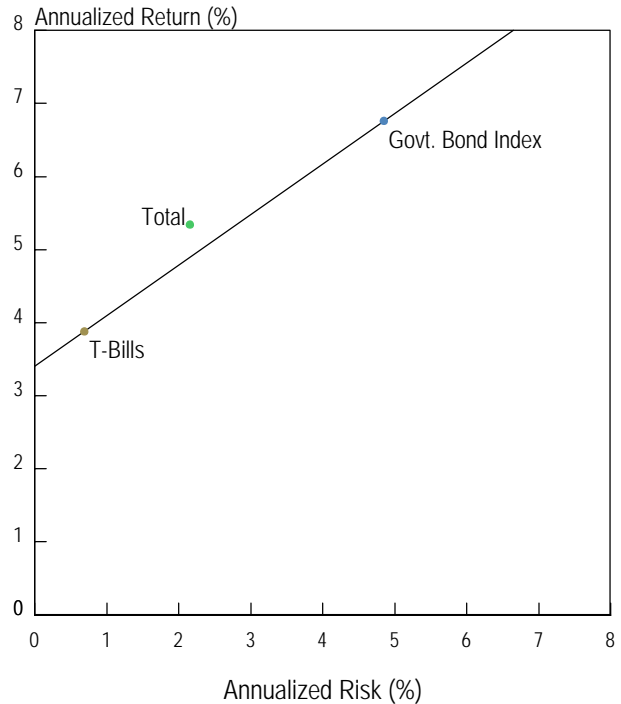
\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
10 YEARS 6 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
10 YEARS 6 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the Short Intermediate Term Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the Fund has trailed the performance of the benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the Short Term Fixed Income Fund, relative to that of the Performance Benchmark. As shown, the Fund has earned a lower return than the benchmark at a lower level of volatility.

**\$1,435 Million**

**As of August 31, 2003**

**HISTORICAL RETURNS\***

(BY YEAR)

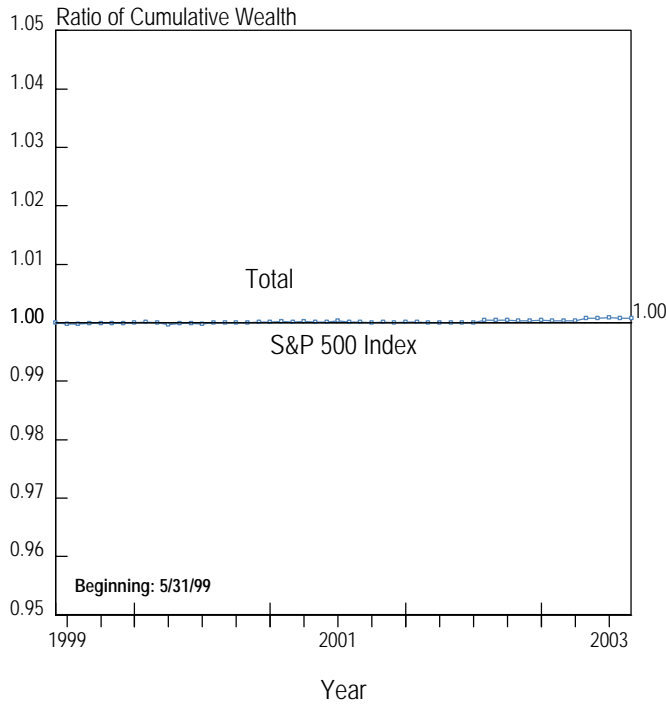
	Short Intermediate Term Fund	Govt. Bond Index	Return Difference
	Return	Return	
1993 (10 months)	3.4%	6.2%	-2.8
1994	0.6	-3.4	4.0
1995	10.3	18.3	-8.0
1996	5.3	2.8	2.5
1997	7.8	9.6	-1.8
1998	8.2	9.9	-1.7
1999	1.5	-2.2	3.7
2000	9.2	13.2	-4.0
2001	6.8	7.2	-0.4
2002	2.8	11.5	-8.7
2003 (8 months)	0.8	-0.1	0.9
Since 5/31/03	-0.3%	-4.1%	3.8
Trailing 1-Year	1.6	3.0	-1.4
Trailing 3-Year	4.7	7.9	-3.2
Trailing 5-Year	4.6	6.3	-1.7
Trailing 10-Year	5.4	6.5	-1.1

- The table above compares the annual return history of the Short-Intermediate Fund to that of the performance benchmark.

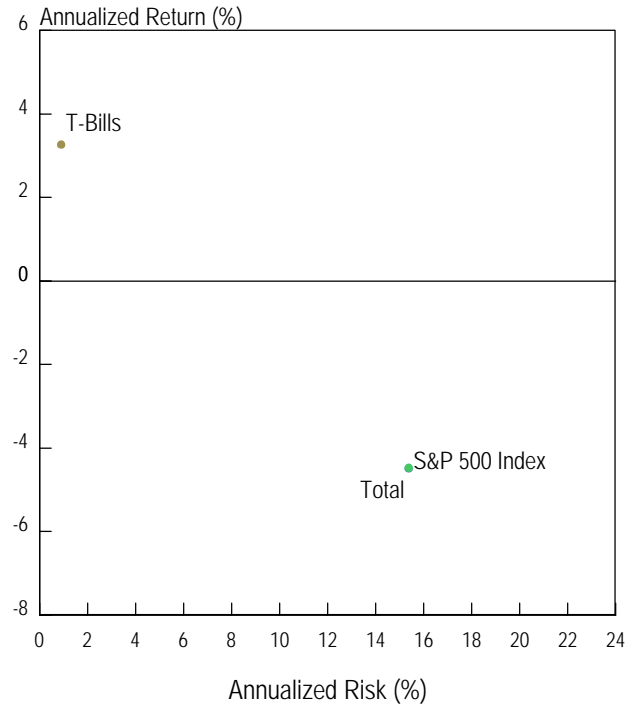
\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
4 YEARS 3 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
4 YEARS 3 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the BGI Equity Index Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the Fund approximated the performance of the benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the BGI Equity Index Fund, relative to that of the benchmark. As shown, the Fund has approximated the return and volatility of the benchmark.

\$166 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	BGI Equity Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1999 (7 months)	13.7%	13.7%	0.0
2000	-9.1	-9.1	0.0
2001	-11.9	-11.9	0.0
2002	-22.1	-22.1	0.0
2003 (8 months)	16.0	15.9	0.1
Since 5/31/03	5.1%	5.1%	0.0
Trailing 1-Year	12.1	12.1	0.0
Trailing 3-Year	-11.4	-11.4	0.0

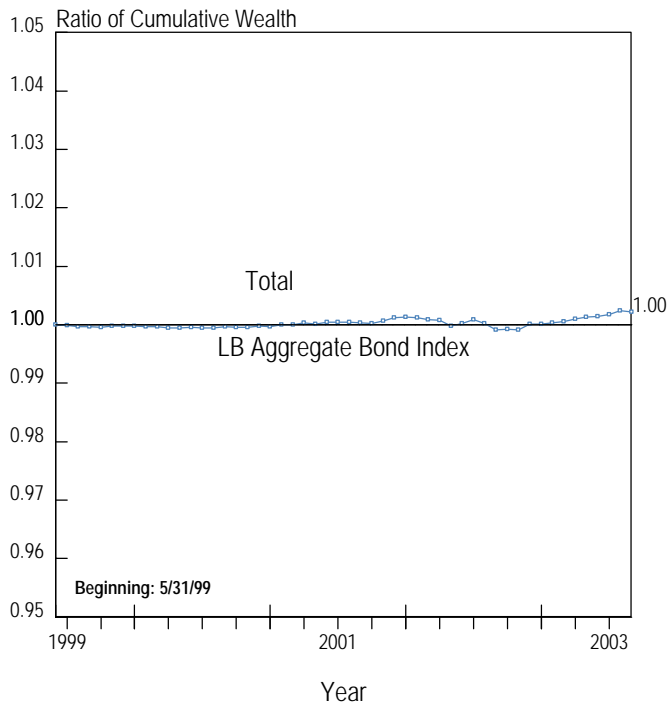
- The table above compares the annual return history of the BGI Equity Index Fund to that of the performance benchmark.

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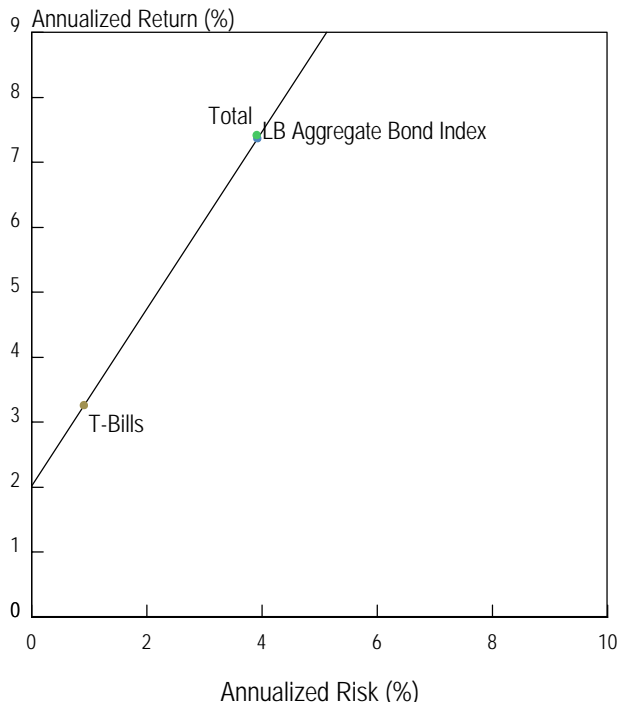
\* The annual returns in this exhibit represent calendar-year periods.

As of August 31, 2003

**RATIO OF CUMULATIVE WEALTH  
4 YEARS 3 MONTHS ENDING 8/31/03**



**ANNUALIZED RISK/RETURN  
4 YEARS 3 MONTHS ENDING 8/31/03**



- The Ratio of Cumulative Wealth graph above illustrates the BGI Fixed Income Index Fund's cumulative performance relative to that of its benchmark. An upward sloping line between two points indicates that the component's return exceeded that of the benchmark, while a downward sloping line indicates a lesser return. As seen in the graph, the Fund approximated the performance of the benchmark.
- The Risk Return graph above exhibits the risk return characteristics of the BGI Fixed Income Index Fund, relative to that of the benchmark. As shown, the Fund has approximated the return and volatility of the benchmark.

\$156 Million

As of August 31, 2003

**HISTORICAL RETURNS\***

(BY YEAR)

	BGI U.S. Debt Index Fund	LB Aggregate Bond Index	Return Difference
	Return	Return	
1999 (7 months)	0.2%	0.2%	0.0
2000	11.6	11.6	0.0
2001	8.6	8.4	0.2
2002	10.1	10.3	-0.2
2003 (8 months)	1.3	1.1	0.2
Since 5/31/03	-2.8%	-2.9%	0.1
Trailing 1-Year	4.7	4.4	0.3
Trailing 3-Year	8.3	8.2	0.1

- The table above compares the annual return history of the BGI Fixed Income Index Fund to that of the Lehman Aggregate Bond Index.

\* The annual returns in this exhibit represent calendar-year periods.

## RETURNS OF THE MAJOR CAPITAL MARKETS

## RETURNS OF THE MAJOR CAPITAL MARKETS

	Fiscal Quarter	Annualized Periods Ending 8/31/03			
		1-Year	3-Year	5-Year	10-Year
<b>Stock Indices:</b>					
Wilshire 5000 Index	6.4%	14.9%	-10.6%	3.5%	9.6%
S&P 500 Index	5.1	12.1	-11.4	2.5	10.1
Russell Top 200 Value Index	3.0	9.7	-4.9	3.6	10.2
Russell Top 200 Growth Index	5.4	10.3	-22.2	-2.3	9.0
Russell MidCap Value Index	7.5	16.2	7.2	9.8	11.5
Russell MidCap Growth Index	10.8	30.4	-18.1	6.4	8.8
Russell 2000 Value Index	10.8	23.7	11.3	12.3	11.7
Russell 2000 Growth Index	15.5	34.9	-13.4	5.3	5.1
<b>Bond Indices:</b>					
Lehman Brothers Aggregate	-2.9%	4.4%	8.2%	6.6%	6.7%
Lehman Brothers Gov't/Credit	-3.9	5.5	8.6	6.6	6.7
Lehman Brothers Long-Term Gov't/Credit	-8.2	6.1	9.3	6.6	7.4
Lehman Brothers Intermed. Gov't/Credit	-2.6	5.2	8.4	6.7	6.4
Lehman Brothers Mortgage-Backed	-1.0	2.5	7.4	6.4	6.7
Lehman Brothers 1-3 Yr Gov't	-0.4	2.6	6.3	5.7	5.7
Lehman Brothers Universal	-2.5	5.8	8.2	6.8	6.7
<b>Foreign Indices:</b>					
MSCI All Country World ex-U.S. Index	8.6%	11.8%	-10.3%	0.8%	2.5%
MSCI EAFE Free	7.4	9.1	-11.1	-0.7	2.4
MSCI Emerging Markets Free Net	19.8	28.9	-1.7	11.6	1.4
MSCI Hedged EAFE Foreign Stock Index	10.9	0.9	-14.3	-0.7	4.0
SSB Non-U.S. World Gov't Bond	-5.2	11.4	8.4	5.0	5.6
SSB Non-U.S. World Gov't Bond - Hedged	-2.3	3.5	6.1	5.8	7.8
<b>Cash Equivalents:</b>					
Treasury Bills (30-Day)	0.2%	1.0%	2.6%	3.4%	3.9%
EnnisKnupp STIF Index	0.3	1.6	3.3	4.2	4.7
<b>Inflation Index</b>					
Consumer Price Index	0.6%	2.2%	2.2%	2.5%	2.5%

## APPENDIX II

### GLOSSARY OF TERMS

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#### DESCRIPTION OF INDICES

**Endowment Performance Benchmark** - Represents the returns of the UTIMCO Board of Directors approved Endowment Policy Portfolio. The return history of this benchmark has been supplied by UTIMCO, and the composition of the benchmark is understood as follows:

Returns prior to December 1, 1999, were comprised of 30% S&P 500 Index, 10% Russell 2000 Index, 12% FT World ex-U.S. Index, 3% MSCI Emerging Markets Free Index, 7% Merrill Lynch T-Bill Index + 7%, 18% Wilshire 5000 Index + 4%, 15% Lehman Brothers Aggregate Bond Index and 5% Citigroup World Government Bond Index ex-U.S.

Effective December 1, 1999, returns were comprised of 25% S&P 500 Index, 7.5% Russell 2000 Index, 12% FT World ex-U.S. Index, 3% MSCI Emerging Markets Free Index, 10% Merrill Lynch T-Bill Index + 7%, 15% Wilshire 5000 Index + 4%, 2.5% Goldman Sachs Commodity Index, 5% NCREIF Index, 15% Lehman Brothers Aggregate Bond Index and 5% Citigroup World Government Bond Index ex-U.S.

Effective October 1, 2000, returns were comprised of 25% S&P 500 Index, 7.5% Russell 2000 Index, 12% MSCI EAFE Index, 3% MSCI Emerging Markets Free Index, 10% Merrill Lynch T-Bill Index + 7%, 15% Wilshire 5000 Index + 4%, 2.5% Goldman Sachs Commodity Index, 5% NCREIF Index, 15% Lehman Brothers Aggregate Bond Index and 5% Citigroup World Government Bond Index ex-U.S.

Effective September 1, 2002, returns are comprised of 31% Wilshire 5000 Index, 19% MSCI All Country World Free ex-U.S. Index, 15% Wilshire 5000 Index + 4%, 10% Merrill Lynch T-Bill Index + 4%, 2.5% Goldman Sachs Commodity Index, 2.5% Lehman Brothers TIPS Index, 2.5% NCREIF Index, 2.5% Wilshire Real Estate Securities Index, 5% Lehman Brothers Aggregate Bond ex-Government Index and 10% Lehman Brothers Government Bond Index.

**UTIMCO Inflation Hedging Benchmark**- Returns for this benchmark have been supplied by UTIMCO. The composition of the benchmark is understood as 25% of the Goldman Sachs Commodity Index -100 basis points, 25% of the Lehman Brothers TIPS Index, 25% of the NCREIF Index, and 25% of the Wilshire Real Estate Securities Index.

DESCRIPTION OF INDICES CONTINUED

**Wilshire 5000 Stock Index** - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

**S&P 500 Stock Index** - A capitalization-weighted stock index representing the 500 largest stocks in the U.S. equity market.

**Russell 2000 Stock Index** - A capitalization-weighted index of the 2000 smallest stocks in the Russell 3000 Index. This index excludes the largest and smallest capitalization issues in the domestic stock market.

**MSCI All-Country World Ex-U.S. Index** - A capitalization-weighted index of stocks representing a broad range of developed and emerging country markets, excluding the U.S. market.

**MSCI Europe, Australasia, Far East (EAFE) Index** - A capitalization-weighted index of stocks representing 21 developed markets in Europe, Australia, Asia and the Far East.

**MSCI Emerging Markets Free Index** - A capitalization-weighted index of stocks representing 26 emerging markets.

**Lehman Brothers Aggregate Bond Index** - A market value-weighted index consisting of the Lehman Brothers Corporate, Government, and Mortgage-Backed Securities Indices. The index also includes asset-backed securities, and is the broadest measure of the aggregate U.S. fixed-income market.

**Lehman Brothers Government Bond Index** - A market value-weighted index consisting of all public obligations of the U.S. Treasury, excluding flower bonds, foreign targeted issues, debt of U.S. Government Agencies and corporate debt guaranteed by the U.S. Government.

**Lehman Brothers Aggregate Bond ex-Government Index** - A market value-weighted index consisting of the Lehman Brothers Corporate and Mortgage-backed Securities Indices and includes asset-backed securities.

## APPENDIX II

### GLOSSARY OF TERMS

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#### DESCRIPTION OF TERMS

**Performance Comparison - Ratio of Cumulative Wealth:** An illustration of a portfolio's cumulative, unannualized performance relative to that of its benchmark. An upward sloping line indicates fund outperformance. Conversely, a downward sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

**Performance Comparison- Risk-Return:** The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As most investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios, or index funds.

**Performance Attribution** A measure of the source of the deviation of a fund's performance from that of its benchmark. Each bar on the graph represents the contribution made by the manager to the total difference in performance (shown at the bottom of the exhibit). A positive value for a component indicates a positive contribution to the aggregate relative performance. A negative value indicates a detrimental impact. The magnitude of each component's contribution is a function of (1) the performance of the component relative to its benchmark, and (2) the weight of the component in the aggregate.