

U.T. System Board of Regents
Report on Investments

Quarter Ending
November 30, 2004

As of November 30, 2004

CHANGE IN MARKET VALUE
(\$ in millions)

	PUF	GEF	Total Endowments (PUF + GEF)	Operating Funds	Total
Beginning Market Value (8/31/04)	\$8,088	\$4,208	\$12,296	\$3,641	\$15,937
Contributions	+68	+34	+102	+322	+424
Distributions & Withdrawals	-91	-53	-144	-186	-330
Changes due to Transfers:	-24	-19	-43	+136	+93
Income	+48	+26	+74	+7	+81
Appreciation/Depreciation	+536	+289	+825	+8	+833
Changes from Investment Activities:	+584	+315	+899	+15	+914
Ending Market Value (11/30/04)	\$8,648	\$4,504	\$13,152	\$3,793	\$16,945
Change in Market Value	\$560	\$296	\$856	\$152	\$1,008

- As illustrated above, the PUF (\$560 million) and GEF (\$296 million) both saw increases in market value during the first fiscal quarter, as did the Operating Funds (\$152 million).

RETURN SUMMARY

ENDING 11/30/04¹

	Quarter Ending 11/30/2004	1 Year Ending 11/30/2004	3 Years Ending 11/30/2004	5 Years Ending 11/30/2004
Permanent University Fund	7.2%	15.4%	9.2%	5.6%
Endowment Performance Benchmark ²	5.6	15.2	8.8	4.7
Long Term Fund	7.4	15.2	9.4	6.0
Endowment Performance Benchmark ²	5.6	15.2	8.8	4.7
Permanent Health Fund	7.4	15.3	9.4	5.4
Endowment Performance Benchmark ²	5.6	15.2	8.8	4.7
Short Term Fund	0.4	1.2	1.4	3.1
ML 90-day T-Bill	0.4	1.2	1.4	3.0
Short Intermediate Term Fund	0.3	1.9	2.2	4.4
Performance Benchmark	-0.3	1.4	2.9	5.0
BGI U.S. Debt Index Fund	0.3	4.4	5.7	7.5
LB Aggregate Bond Index	0.3	4.4	5.6	7.4
BGI Equity Index Fund	6.8	12.9	2.8	-1.8
S&P 500 Index	6.8	12.8	2.7	-1.8

- The Permanent University Fund, Long Term Fund, and Permanent Health Fund all outperformed the Endowment Performance Benchmark during the first fiscal quarter, and have posted above benchmark trailing 1, 3, and 5 year returns.

¹ Rates of return greater than one year are annualized. UTIMCO reports its performance data net of all costs.

² Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO. The Endowment Performance Benchmark shown here does not agree with benchmark data shown in UTIMCO reports. UTIMCO made certain retroactive changes in its benchmark reporting that have not been approved by the Board of Regents.

As of November 30, 2004

PUF POLICY COMPLIANCE
 ASSET ALLOCATION AS OF 11/30/04
 (\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$1,918	22.2%	20%	15-45%	Yes
REITs	472	5.5	5%	0-10	Yes
U.S. Equity	\$2,390	27.6 %	25%	15-45%	Yes
Non-U.S. Developed Equity	\$1,475	17.1%	10%	5-15%	No
Emerging Markets Equity	315	3.6	7%	0-10	Yes
Global ex-U.S. Equity	\$1,790	20.7%	17%	5-25%	Yes
Total Traditional Equity	\$4,180	48.3%	42%	20-60%	Yes
Equity Hedge Funds	\$698	8.1%	10%	5-15%	Yes
Absolute Return Hedge Funds	1,168	13.5	15%	10-20	Yes
Total Hedge Funds	\$1,866	21.6%	25%	5-25%	Yes
Private Equity	\$689	8.0%	9%	0-10%	Yes
Venture Capital	118	1.4	6%	5-15	No
Total Private Capital	\$807	9.3%	15%	5-15%	Yes
Commodities	\$431	5.0%	3%	0-5%	Yes
Traditional Fixed Income	\$834	9.6%	10%	10-30%	No
TIPS	390	4.5	5%	0-10	Yes
Total Fixed Income	\$1,224	14.2%	15%	10-30%	Yes
Cash	\$140	1.6%	--	0-5%	Yes
Total Permanent University Fund	\$8,648	100.0%	100%		
Liquidity Requirement					Yes

- During the quarter, the PUF's allocation to equities increased while the allocation to fixed income decreased, largely due to market movements. The allocation to traditional fixed income is now below the allowable minimum. Though still underweighted relative to policy, emerging markets equity exposure was increased significantly from the previous quarter due to the removal of the emerging markets futures short position. The allocation to venture capital remained below the allowable minimum, and the allocation to non-U.S. developed equity exceeded the allowable maximum.

As of November 30, 2004

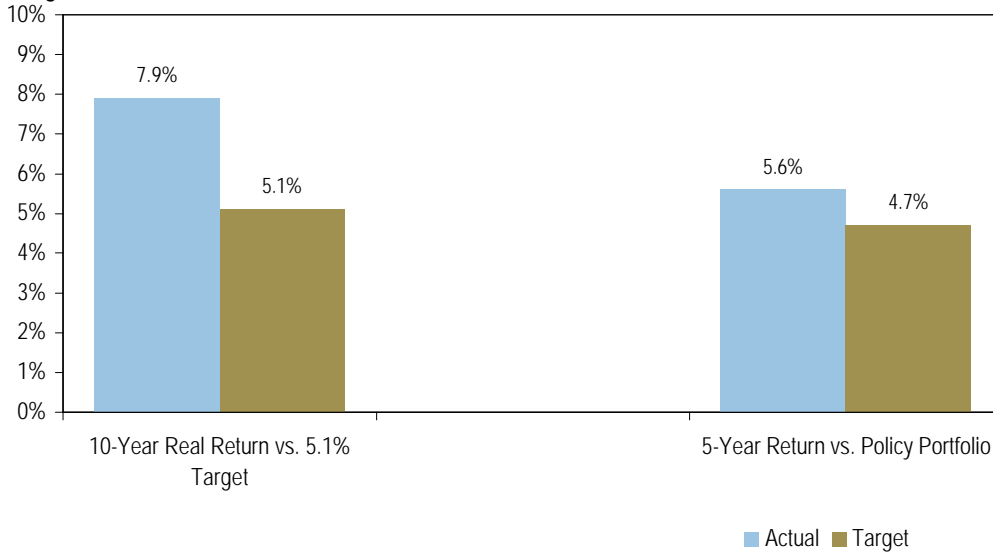
GEF POLICY COMPLIANCE
 ASSET ALLOCATION AS OF 11/30/04
 (\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$965	21.4%	20%	15-45%	Yes
REITs	244	5.4	5%	0-10	Yes
U.S. Equity	\$1,209	26.8%	25%	15-45%	Yes
Non-U.S. Developed Equity	\$780	17.3%	10%	5-15%	No
Emerging Markets Equity	177	3.9	7%	0-10	Yes
Global ex-U.S. Equity	\$957	21.3%	17%	5-25%	Yes
Total Traditional Equity	\$2,166	48.1%	42%	20-60%	Yes
Equity Hedge Funds	\$376	8.3%	10%	5-15%	Yes
Absolute Return Hedge Funds	631	14.0	15%	10-20	Yes
Total Hedge Funds	\$1,007	22.4%	25%	15-25%	Yes
Private Equity	\$361	8.0%	9%	0-10%	Yes
Venture Capital	77	1.7	6%	5-15	No
Total Private Capital	\$438	9.7%	15%	5-15%	Yes
Commodities	\$230	5.1%	3%	0-5%	No
Traditional Fixed Income	\$449	10.0%	10%	10-30%	Yes
TIPS	208	4.6	5%	0-10	Yes
Total Fixed Income	\$657	14.6%	15%	10-30%	Yes
Cash	\$5	0.1%	--	0-5%	Yes
Total General Endowment Fund	\$4,504	100.0%	100%		
Liquidity Requirement					Yes

- During the quarter, the GEF's allocation to equities increased while the allocation to fixed income decreased, largely due to market movements. Though still underweighted relative to policy, emerging markets equity exposure was increased significantly from the previous quarter due to the removal of the emerging markets futures short position. The allocation to venture capital remained below the allowable minimum, and the allocation to non-U.S. developed equity exceeded the allowable maximum. As of quarter end, the allocation to commodities also exceeded the allowable maximum.

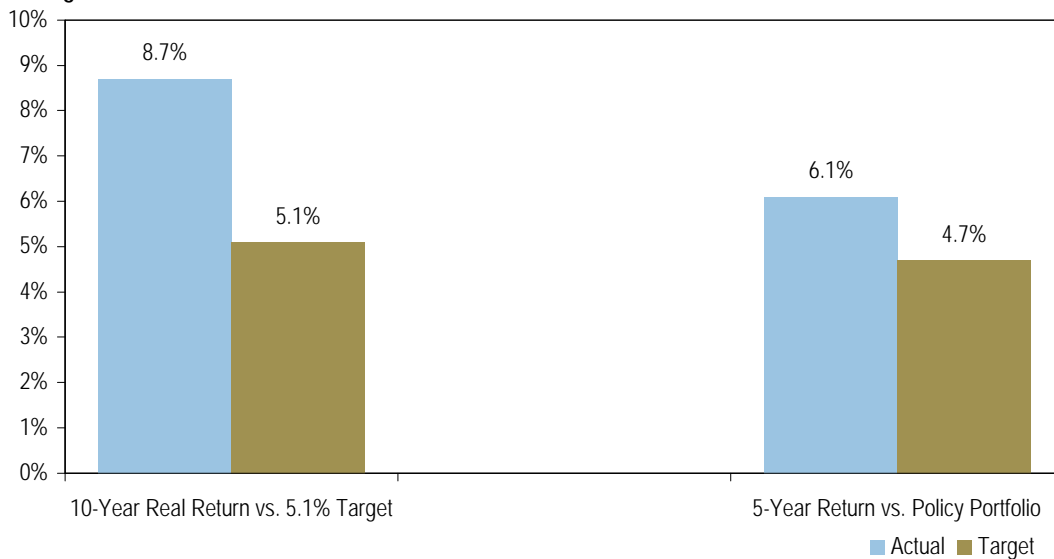
As of November 30, 2004

**Permanent University Fund
Analysis of Investment Objectives
Ending 11/30/04**



- The primary investment objective of the PUF and GEF is to preserve the purchasing power of their respective assets and annual distributions by earning an average annual real return of 5.1% over rolling ten-year periods or longer. The secondary fund objective is to generate a fund return in excess of the Policy Portfolio benchmark over rolling five-year periods or longer. These objectives have been met over the periods analyzed.

**General Endowment Fund
Analysis of Investment Objectives
Ending 11/30/04**



An additional objective of the PUF and the GEF is to outperform the median fund in a universe of similar endowments over rolling five-year periods or longer. Over the five years ending 9/30/2004 (the most recent date for which peer data is available), both the PUF and the GEF have achieved that objective.

As of November 30, 2004

Permanent University Fund**RETURN SUMMARY**

ENDING 11/30/04

	Quarter Ending 11/30/2004	1 Year Ending 11/30/2004	3 Years Ending 11/30/2004	5 Years Ending 11/30/2004	Since Inception	Inception Date
Permanent University Fund	7.2%	15.4%	9.2%	5.6%	9.8%	8/31/1991
Endowment Performance Benchmark ¹	5.6	15.2	8.8	4.7	11.2	
U.S. Equity	9.2	16.2	6.7	3.5	11.0	8/31/1991
U.S. Equity Performance Benchmark	8.4	17.1	5.9	-0.1	11.0	
Global Ex U.S. Equity	11.6	20.8	12.8	-0.6	6.8	3/31/1993
MSCI AC World Ex-U.S. Free Index	14.2	25.2	12.5	1.0	7.1	
Equity Hedge Funds	3.6	--	--	--	8.1	12/31/2003
90-Day T-Bill + 4%	1.4	--	--	--	4.9	
Absolute Return Hedge Funds	5.0	12.5	11.1	--	12.7	2/29/2000
Absolute Return Benchmark	1.1	4.3	5.2	--	6.9	
Private Capital²	5.4	17.2	1.7	2.1	9.9	1/31/1989
Private Capital Benchmark	2.4	20.8	9.9	3.8	16.0	
Commodities	10.2	--	--	--	23.1	12/31/2003
Goldman Sachs Commodity Index - 1%	11.3	--	--	--	29.1	
Total Fixed Income	2.4	7.8	8.0	8.0	9.1	8/31/1985
Fixed Income Benchmark	0.5	5.5	6.0	7.6	8.5	

- The Permanent University Fund outperformed the Endowment Performance Benchmark by 1.6 percentage points in the fiscal quarter ending November 30, 2004. US equities, equity hedge funds, absolute return hedge funds, private capital, and fixed income all added value during the quarter, while global ex US equities and commodities were detractors.
- Over the one-year period, the Permanent University Fund added 0.2 percentage points of value over its benchmark. Asset class results were mixed, with absolute return hedge funds and fixed income adding substantial value, and US equities, global ex US equities, and private capital detracting from overall performance.

¹ Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO.

² Actual returns for the private capital component are presented on a time-weighted basis. The Private Capital Benchmark represents the Venture Economics Private Capital Benchmark beginning January 1, 2004; returns through December 31, 2003 represent the Dow Jones Wilshire 5000 +4%.

As of November 30, 2004

General Endowment Fund

RETURN SUMMARY

ENDING 11/30/04

	Quarter Ending 11/30/2004	1 Year Ending 11/30/2004	3 Years Ending 11/30/2004	5 Years Ending 11/30/2004	Since Inception	Inception Date
General Endowment Fund	7.4%	15.4%	9.5%	6.1%	10.4%	8/31/1991
Endowment Performance Benchmark ¹	5.6	15.2	8.8	4.7	11.2	
U.S. Equity	9.2	15.9	6.8	3.1	11.0	8/31/1991
U.S. Equity Performance Benchmark	8.4	17.1	5.9	-0.1	11.0	
Global Ex U.S. Equity	11.9	21.1	13.0	0.1	6.1	3/31/1993
MSCI AC World Ex-U.S. Free Index	14.2	25.2	12.5	1.0	7.1	
Equity Hedge Funds	3.6	--	--	--	8.1	12/31/2003
90-Day T-Bill + 4%	1.4	--	--	--	4.9	
Absolute Return Hedge Funds	5.1	12.5	11.2	13.3	11.2	7/31/1998
Absolute Return Benchmark	1.1	4.3	5.2	7.0	7.4	
Private Capital²	6.0	16.2	0.6	1.8	9.9	11/30/1986
Private Capital Benchmark	2.4	20.8	9.9	3.8	16.0	
Commodities	10.3	--	--	--	23.3	12/31/2003
Goldman Sachs Commodity Index - 1%	11.3	--	--	--	29.1	
Total Fixed Income	2.6	7.9	8.1	8.3	11.1	8/31/1981
Fixed Income Benchmark	0.5	5.5	6.0	7.6	10.4	

- The General Endowment Fund outperformed the Endowment Performance Benchmark by 1.8 percentage points in the fiscal quarter ending November 30, 2004. US equities, equity hedge funds, absolute return hedge funds, private capital, and fixed income all added value during the quarter, while global ex US equities and commodities were detractors.
- Over the one-year period, the General Endowment Fund added 0.2 percentage points of value over its benchmark. Asset class results were mixed, with absolute return hedge funds and fixed income adding substantial value, and US equities, global ex US equities, and private capital detracting from overall performance.

¹ Reflects the U.T. System Board of Regents approved asset allocation policy targets and benchmarks beginning January 1, 2004. Performance prior to January 1, 2004, represents historical endowment policy portfolio data provided by UTIMCO.

² Actual returns for the private capital component are presented on a time-weighted basis. The Private Capital Benchmark represents the Venture Economics Private Capital Benchmark beginning January 1, 2004; returns through December 31, 2003 represent the Dow Jones Wilshire 5000 +4%.

As of November 30, 2004

Operating Funds**RETURN SUMMARY**

ENDING 11/30/04

	Quarter Ending 11/30/2004	1 Year Ending 11/30/2004	3 Years Ending 11/30/2004	5 Years Ending 11/30/2004	Since Inception	Inception Date
Short Term Fund	0.4%	1.2%	1.4%	3.1%	4.2%	8/31/1992
ML 90-day T-Bill	0.4	1.2	1.4	3.0	4.1	
Short Intermediate Term Fund	0.3	1.9	2.2	4.4	5.0	2/28/1993
Performance Benchmark ¹	-0.3	1.4	2.9	5.0	5.2	
BGI U.S. Debt Index Fund	0.3	4.4	5.7	7.5	6.9	5/31/1999
LB Aggregate Bond Index	0.3	4.4	5.6	7.4	6.9	
BGI Equity Index Fund	6.8	12.9	2.8	-1.8	-0.4	5/31/1999
S&P 500 Index	6.8	12.8	2.7	-1.8	-0.4	

- The Short Term Fund approximated the performance of the benchmark during the periods shown above.
- The Short Intermediate Term Fund outperformed the Index during the fiscal quarter and trailing one-year period. Longer term performance is below-benchmark
- The BGI U.S. Debt Index approximated the performance of the benchmark during the periods shown above. Participants investing in the BGI U.S. Debt Index liquidated their positions during April of 2004.
- The BGI Equity Index Fund approximated the performance of its benchmark during the periods shown above.

¹ Returns for this benchmark from inception through July 31, 2004 have been supplied by UTIMCO. The composition of the benchmark is understood as including six government bond components obtained from Bloomberg in a weighted average composite. Beginning August 1, 2004 returns are those of the Merrill Lynch 1-3 Year Treasury Index.