

U.T. System Board of Regents
Report on Investments

Quarter Ending
February 28, 2005



ENNISKNUPP

As of February 28, 2005

CHANGE IN MARKET VALUE

(\$ in millions)

	PUF	GEF	Total Endowments (PUF + GEF)	Operating Funds	Total
Beginning Market Value (11/30/04)	\$8,648	\$4,504	\$13,152	\$3,793	\$16,945
Contributions	+31	+23	+54	+94	+148
Distributions & Withdrawals	-268	-59	-327	-88	-415
Changes due to Transfers:	-237	-35	-272	+6	-266
Income	+57	+31	+88	+8	+96
Appreciation/Depreciation	+363	+192	+555	+4	+559
Changes from Investment Activities:	+421	+223	+644	+11	+655
Ending Market Value (2/28/05)	\$8,832	\$4,692	\$13,524	\$3,810	\$17,334
Change in Market Value	\$184	\$188	\$372	\$17	\$389

- As illustrated above, the PUF (\$184 million) and GEF (\$188 million) both saw increases in market value during the second fiscal quarter, as did the Operating Funds (\$17 million).

RETURN SUMMARY

ENDING 2/28/05¹

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005
Permanent University Fund	4.8%	11.7%	10.9%	5.4%
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Long Term Fund	4.8	11.7	11.0	5.5
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Permanent Health Fund	4.8	11.7	11.0	5.3
Endowment Performance Benchmark ²	2.6	10.6	9.9	4.3
Short Term Fund	0.5	1.5	1.4	2.9
ML 90-day T-Bill	0.5	1.5	1.4	2.8
Short Intermediate Term Fund	0.4	1.1	2.1	4.4
Performance Benchmark	-0.1	0.0	2.7	4.8
BGI U.S. Debt Index Fund	1.0	2.4	5.6	7.6
LB Aggregate Bond Index	1.0	2.4	5.6	7.5
BGI Equity Index Fund	3.0	7.0	4.7	-1.0
S&P 500 Index	3.0	7.0	4.6	-1.0

- Each of the endowment portfolios outperformed the performance benchmark over all periods shown above. The Short Term Fund has approximated the returns of its benchmark over all periods shown, while the Short Intermediate Term Fund has outperformed over the trailing quarter and year, but underperformed over the longer-term periods shown.

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 February 28, 2005

PUF POLICY COMPLIANCE
 ASSET ALLOCATION AS OF 2/28/05
 (\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$1,773	20.1%	20%	15-45%	Yes
REITs	441	5.0	5%	0-10	Yes
U.S. Equity	\$2,214	25.1%	25%	15-45%	Yes
Non-U.S. Developed Equity	\$1,556	17.6%	10%	5-15%	No
Emerging Markets Equity	318	3.6	7%	0-10	Yes
Global ex-U.S. Equity	\$1,874	21.2%	17%	5-25%	Yes
Total Traditional Equity	\$4,088	46.3%	42%	20-60%	Yes
Equity Hedge Funds	\$847	9.6%	10%	5-15%	Yes
Absolute Return Hedge Funds	1,274	14.4	15%	10-20	Yes
Total Hedge Funds	\$2,121	24.0%	25%	5-25%	Yes
Venture Capital	\$127	1.4%	6%	0-10%	Yes
Private Equity	752	8.5	9%	5-15	Yes
Total Private Capital	\$879	10.0%	15%	5-15%	Yes
Commodities	\$444	5.0%	3%	0-5%	No
Traditional Fixed Income	\$845	9.6%	10%	10-30%	No
TIPS	395	4.5	5%	0-10	Yes
Total Fixed Income	\$1,240	14.0%	15%	10-30%	Yes
Cash	\$61	0.7%	--	0-5%	Yes
Total Permanent University Fund	\$8,832	100.0%	100%		
Liquidity Requirement					Yes

- As of quarter end, the PUF's allocation to traditional fixed income remained below its allowable minimum. The allocation to commodities was slightly above (though within rounding error) the allowable maximum. The allocation to non-U.S. developed equity remained in excess of the allowable maximum, and was actually further from compliance than at fiscal first quarter end. During the quarter, the PUF's allocation to hedge funds increased while the allocation to equities decreased. The PUF remains overweight equities and commodities and underweight private capital.
- The asset allocation figures shown above include the impact of UTIMCO internal derivative investment exposures, such as positions in futures contracts.

As of February 28, 2005

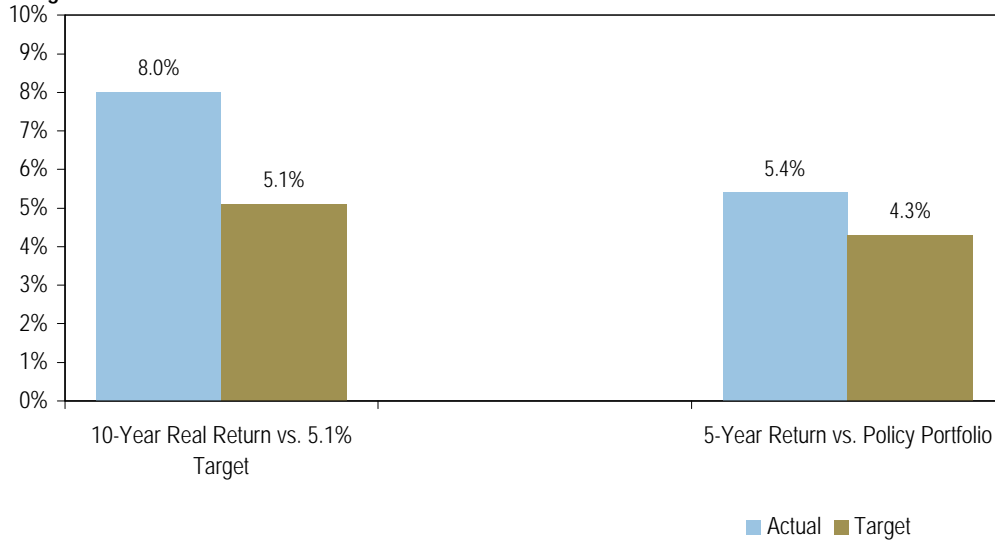
GEF POLICY COMPLIANCE
 ASSET ALLOCATION AS OF 2/28/05
 (\$ in millions)

	Total	Percent Of Total	Policy	Policy Ranges	In Compliance?
Traditional US Equities	\$944	20.1%	20%	15-45%	Yes
REITs	228	4.9	5%	0-10	Yes
U.S. Equity	\$1,172	25.0%	25%	15-45%	Yes
Non-U.S. Developed Equity	\$824	17.6%	10%	5-15%	No
Emerging Markets Equity	178	3.8	7%	0-10	Yes
Global ex-U.S. Equity	\$1,002	21.3%	17%	5-25%	Yes
Total Traditional Equity	\$2,174	46.3%	42%	20-60%	Yes
Equity Hedge Funds	\$450	9.6%	10%	5-15%	Yes
Absolute Return Hedge Funds	686	14.6	15%	10-20	Yes
Total Hedge Funds	\$1,136	24.2%	25%	15-25%	Yes
Venture Capital	\$86	1.8%	6%	0-10%	Yes
Private Equity	403	8.6	9%	5-15	Yes
Total Private Capital	\$489	10.4%	15%	5-15%	Yes
Commodities	\$237	5.0%	3%	0-5%	No
Traditional Fixed Income	\$455	9.7%	10%	10-30%	No
TIPS	210	4.5	5%	0-10	Yes
Total Fixed Income	\$665	14.2%	15%	10-30%	Yes
Cash	-\$8	-0.2%	--	0-5%	No
Total General Endowment Fund	\$4,692	100.0%	100%		
Liquidity Requirement					Yes

- As of quarter end, the GEF's allocation to traditional fixed income remained below its allowable minimum. The allocation to commodities was slightly above (though within rounding error) the allowable maximum. The allocation to non-U.S. developed equity remained in excess of the allowable maximum, and was actually further from compliance than at fiscal first quarter end. During the quarter, the GEF's allocation to hedge funds increased while the allocation to equities decreased. The GEF remains overweight equities and commodities and underweight private capital.
- The asset allocation figures shown above include the impact of UTIMCO internal derivative investment exposures, such as positions in futures contracts.

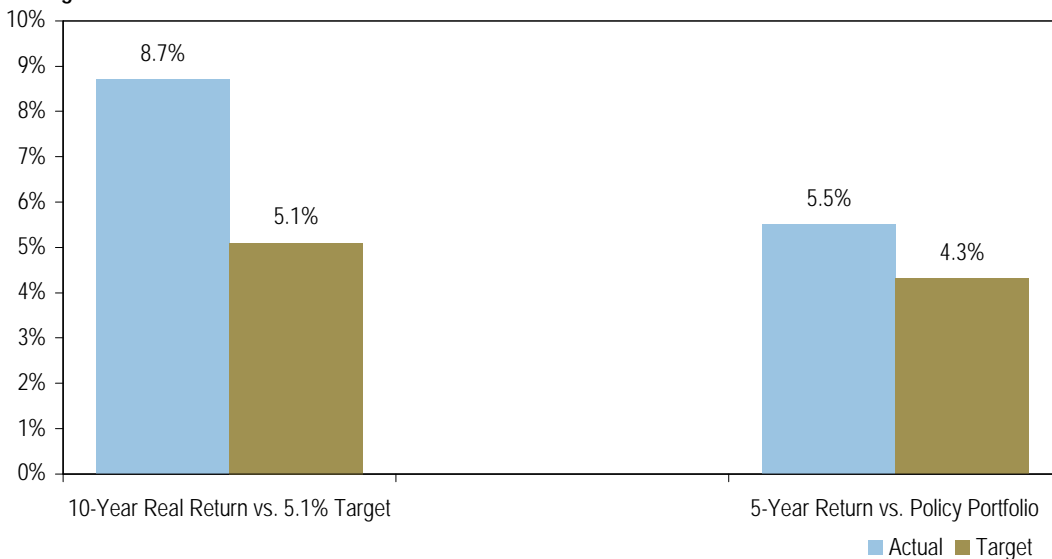
As of February 28, 2005

**Permanent University Fund
Analysis of Investment Objectives
Ending 2/28/05**



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 2/28/05**



An additional objective of the PUF and the GEF is to outperform the median fund in a universe¹ of similar endowments over rolling five-year periods or longer. Over the five years ending 12/31/2004 (the most recent date for which peer data is available), both the PUF and the GEF have achieved that objective.

¹ Universe consists of 134 colleges and universities. Data provided to UTIMCO by Cambridge Associates, Inc.

As of February 28, 2005

Permanent University Fund**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
Permanent University Fund	4.8%	11.7%	10.9%	5.4%	9.9%	8/31/1991
Endowment Performance Benchmark ¹	2.6	10.6	9.9	4.3	11.2	
U.S. Equity	2.7	10.6	7.6	3.2	11.0	8/31/1991
U.S. Equity Performance Benchmark	2.4	10.4	7.3	-0.6	11.0	
Global Ex U.S. Equity	8.8	15.4	16.0	0.2	7.4	3/31/1993
MSCI AC World Ex-U.S. Free Index	7.5	19.7	15.7	0.9	7.3	
Equity Hedge Funds	4.7	8.5	--	--	11.1	12/31/2003
90-Day T-Bill + 4%	1.5	5.6	--	--	5.5	
Absolute Return Hedge Funds	4.3	11.5	11.5	12.9	12.9	2/29/2000
Absolute Return Benchmark	1.3	4.6	5.2	6.8	6.8	
Private Capital²	9.9	20.0	5.4	-0.9	10.4	1/31/1989
Private Capital Benchmark	1.0	14.6	10.5	2.7	15.8	
Commodities	2.0	16.1	--	--	21.6	12/31/2003
Goldman Sachs Commodity Index - 1%	1.8	22.1	--	--	26.4	
Total Fixed Income	1.2	5.0	8.2	8.6	9.0	8/31/1985
Fixed Income Benchmark	1.1	3.1	6.0	7.8	8.5	

- The Permanent University Fund outperformed the Endowment Performance Benchmark by 2.2 percentage points during the fiscal quarter ending February 28, 2005. Each asset class added value over its respective benchmark during the quarter, with private capital being the stand-out performer on both a relative and an absolute basis.
- Over the one-year period, the Permanent University Fund added 1.1 percentage points of value over its benchmark. Asset class results were generally positive, with only commodities and global ex US equities lagging their respective benchmarks. Strong returns from the private capital and absolute return hedge fund components accounted for the bulk of the outperformance.

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 February 28, 2005

General Endowment Fund**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
General Endowment Fund	4.8%	11.7%	11.1%	5.5%	10.6%	8/31/1991
Endowment Performance Benchmark ¹	2.6	10.6	9.9	4.3	11.2	
U.S. Equity	2.7	10.4	7.6	2.2	11.0	8/31/1991
U.S. Equity Performance Benchmark	2.4	10.4	7.3	-0.6	11.0	
Global Ex U.S. Equity	8.9	15.8	16.2	0.2	6.8	3/31/1993
MSCI AC World Ex-U.S. Free Index	7.5	19.7	15.7	0.9	7.3	
Equity Hedge Funds	4.6	8.5	--	--	11.1	12/31/2003
90-Day T-Bill + 4%	1.5	5.6	--	--	5.5	
Absolute Return Hedge Funds	4.3	11.7	11.6	13.8	11.5	7/31/1998
Absolute Return Benchmark	1.3	4.6	5.2	6.8	7.4	
Private Capital²	9.7	20.4	4.7	-1.3	10.3	11/30/1986
Private Capital Benchmark	1.0	14.6	10.5	2.7	15.8	
Commodities	2.0	16.3	--	--	21.7	12/31/2003
Goldman Sachs Commodity Index - 1%	1.8	22.1	--	--	26.4	
Total Fixed Income	1.2	5.1	8.4	8.7	11.0	8/31/1981
Fixed Income Benchmark	1.1	3.1	6.0	7.8	10.3	

- The General Endowment Fund outperformed the Endowment Performance Benchmark by 2.2 percentage points during the fiscal quarter ending February 28, 2005. Each asset class added value over its respective benchmark during the quarter, with private capital being the stand-out performer on both a relative and an absolute basis.
- Over the one-year period, the General Endowment Fund added 1.1 percentage points of value over its benchmark. Asset class results were generally positive, with only commodities and global ex US equities lagging their respective benchmarks. Strong returns from the private capital and absolute return hedge fund components accounted for the bulk of the outperformance.

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 February 28, 2005

Operating Funds**RETURN SUMMARY**

ENDING 2/28/05

	Quarter Ending 2/28/2005	1 Year Ending 2/28/2005	3 Years Ending 2/28/2005	5 Years Ending 2/28/2005	Since Inception	Inception Date
Short Term Fund	0.5%	1.5%	1.4%	2.9%	4.1%	8/31/1992
ML 90-day T-Bill	0.5	1.5	1.4	2.8	4.0	
Short Intermediate Term Fund	0.4	1.1	2.1	4.4	4.9	2/28/1993
Performance Benchmark ¹	-0.1	0.0	2.7	4.8	5.1	
BGI U.S. Debt Index Fund	1.0	2.4	5.6	7.6	6.8	5/31/1999
LB Aggregate Bond Index	1.0	2.4	5.6	7.5	6.7	
BGI Equity Index Fund	3.0	7.0	4.7	-1.0	0.2	5/31/1999
S&P 500 Index	3.0	7.0	4.6	-1.0	0.1	

- 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.