

THE UNIVERSITY OF TEXAS SYSTEM

INVESTMENT REPORT



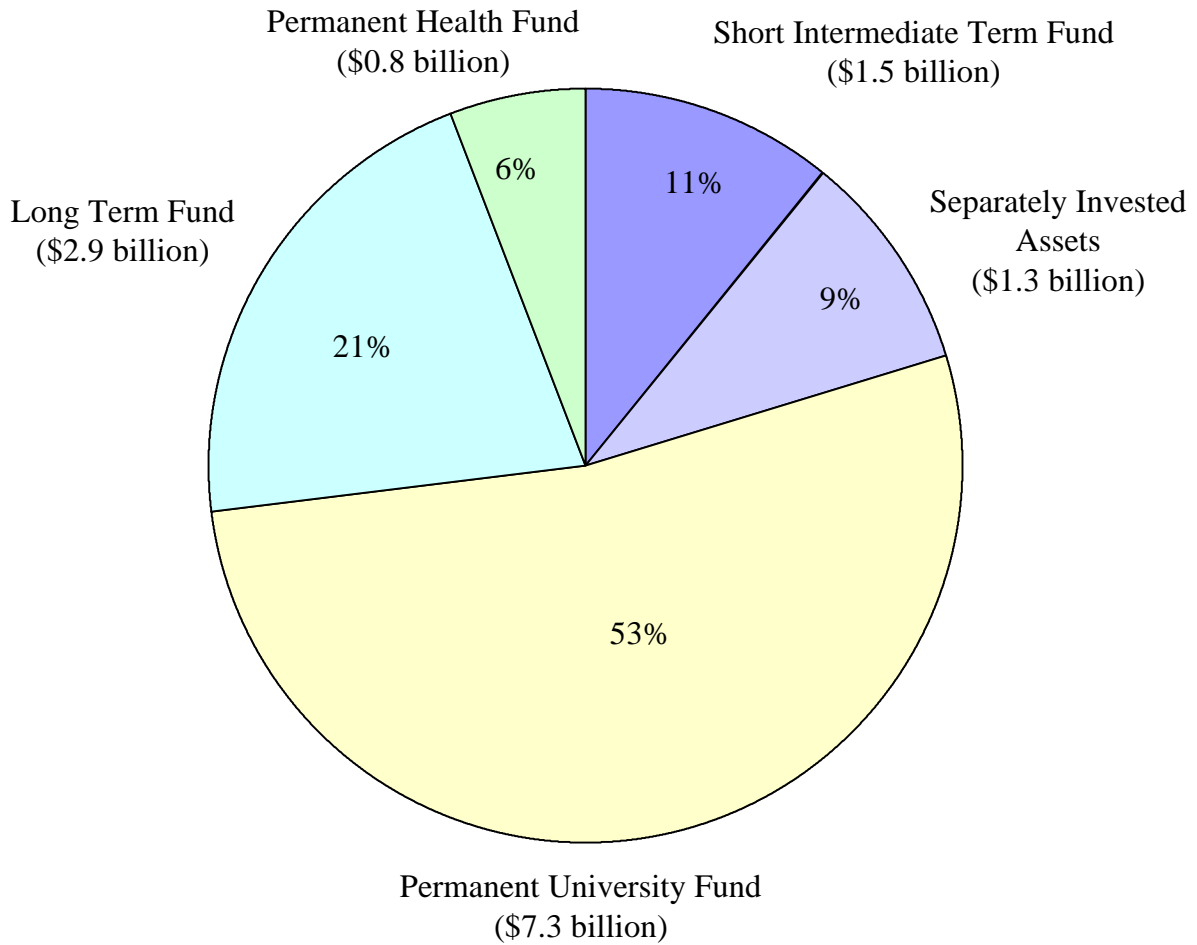
For the Quarter Ended May 31, 2002

**Prepared in accordance with Senate Bill 1, 77th Legislative Session, Article III, Section 6,
Paragraph 5a by the Office of the Controller, The University of Texas System**

The University of Texas System
Investment Report

Market Value as of May 31, 2002

\$13.8 Billion



The University of Texas System
Summary of Permanent University Fund Investments
As of May 31, 2002

	<u>Book Value *</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities				
Debt Securities				
U.S. Government Obligations				
Direct Treasuries	\$ 106,579,059	1.44%	109,959,485	1.51%
Guaranteed	-	0.00%	-	0.00%
Total U.S. Government Obligations	<u>106,579,059</u>	<u>1.44%</u>	<u>109,959,485</u>	<u>1.51%</u>
U.S. Government Agencies (Non-Gtd.)	403,763,292	5.44%	418,287,009	5.73%
Foreign Government Obligations	91,982,069	1.24%	95,668,943	1.31%
Municipal and County Bonds	15,188,183	0.20%	16,036,286	0.22%
Corporate Bonds	498,035,078	6.72%	501,787,424	6.87%
Other	<u>28,109,501</u>	<u>0.38%</u>	<u>26,385,578</u>	<u>0.36%</u>
Total Debt Securities	<u>1,143,657,182</u>	<u>15.42%</u>	<u>1,168,124,725</u>	<u>15.99%</u>
Equity Securities				
Common Stocks and Other Equities	1,411,402,648	19.03%	1,545,658,301	21.16%
Index Funds	1,650,958,008	22.26%	1,504,026,950	20.59%
Mutual Funds	1,282,579,704	17.30%	1,316,341,977	18.02%
Other	<u>1,056,398,188</u>	<u>14.25%</u>	<u>887,165,541</u>	<u>12.15%</u>
Total Equity Securities	<u>5,401,338,548</u>	<u>72.84%</u>	<u>5,253,192,769</u>	<u>71.93%</u>
Real Estate	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Long-term Securities	<u>6,544,995,730</u>	<u>88.26%</u>	<u>6,421,317,494</u>	<u>87.92%</u>
Short-term Securities				
U.S. Government (Direct & Guaranteed)	-	0.00%	-	0.00%
U.S. Government Agencies (Non-Gtd.)	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
TexPool	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Short-term Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Cash and Cash Equivalents				
Treasury Cash and Money Markets	1,048,510,865	14.14%	1,048,686,034	14.36%
Commercial Paper	-	0.00%	-	0.00%
Trade Receivables/Payables	(232,098,469)	-3.13%	(233,663,383)	-3.20%
Other	<u>41,572,122</u>	<u>0.56%</u>	<u>54,375,182</u>	<u>0.74%</u>
Total Cash and Cash Equivalents	<u>857,984,518</u>	<u>11.57%</u>	<u>869,397,833</u>	<u>11.90%</u>
Other Accruals - Net	<u>12,607,309</u>	<u>0.17%</u>	<u>12,607,309</u>	<u>0.17%</u>
Total Investments	<u>\$ 7,415,587,557</u> **	<u>100.00%</u>	<u>7,303,322,636</u> **	<u>100.00%</u>
Total Return (Net of Fees) for the Quarter Ended			<u>2.47%</u>	
Total Return (Gross of Fees) for the Quarter Ended			<u>2.51%</u>	

* Book Value does not include implementation of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments for External Investment Pools."

** Excludes PUF land grants with book value of \$10,027,384 and a value of \$681,322,260.

The University of Texas System
Summary of Long Term Fund Investments
As of May 31, 2002

	<u>Book Value *</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities				
Debt Securities				
U.S. Government Obligations				
Direct Treasuries	\$ 41,641,717	1.45%	41,959,336	1.47%
Guaranteed	-	0.00%	-	0.00%
Total U.S. Government Obligations	<u>41,641,717</u>	<u>1.45%</u>	<u>41,959,336</u>	<u>1.47%</u>
U.S. Government Agencies (Non-Gtd.)	160,644,202	5.59%	162,338,297	5.69%
Foreign Government Obligations	36,397,749	1.27%	38,132,448	1.34%
Municipal and County Bonds	2,379,485	0.08%	2,396,631	0.08%
Corporate Bonds	195,004,763	6.79%	194,253,363	6.80%
Other	<u>10,681,799</u>	<u>0.37%</u>	<u>9,998,690</u>	<u>0.35%</u>
Total Debt Securities	<u>446,749,715</u>	<u>15.55%</u>	<u>449,078,765</u>	<u>15.73%</u>
Equity Securities				
Common Stocks and Other Equities	574,886,700	20.01%	601,090,493	21.06%
Index Funds	728,198,238	25.35%	717,127,702	25.12%
Mutual Funds	518,526,588	18.05%	565,414,266	19.81%
Other	<u>323,601,268</u>	<u>11.26%</u>	<u>270,032,898</u>	<u>9.46%</u>
Total Equity Securities	<u>2,145,212,794</u>	<u>74.67%</u>	<u>2,153,665,359</u>	<u>75.44%</u>
Real Estate	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Long-term Securities	<u>2,591,962,509</u>	<u>90.22%</u>	<u>2,602,744,124</u>	<u>91.17%</u>
Short-term Securities				
U.S. Government (Direct & Guaranteed)	-	0.00%	-	0.00%
U.S. Government Agencies (Non-Gtd.)	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
TexPool	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Short-term Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Cash and Cash Equivalents				
Treasury Cash and Money Markets	361,734,935	12.59%	361,779,763	12.67%
Commercial Paper	-	0.00%	-	0.00%
Trade Receivables/Payables	(64,609,989)	-2.25%	(65,268,615)	-2.29%
Other	<u>49,512,988</u>	<u>1.72%</u>	<u>21,061,728</u>	<u>0.74%</u>
Total Cash and Cash Equivalents	<u>346,637,934</u>	<u>12.07%</u>	<u>317,572,876</u>	<u>11.12%</u>
Short Sales				
Common Stocks	-	0.00%	-	0.00%
Preferred Stocks	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Short Sales	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Other Accruals - Net	<u>(65,546,071)</u>	<u>-2.28%</u>	<u>(65,545,329)</u>	<u>-2.30%</u>
Total Investments	<u>\$ 2,873,054,372</u>	<u>100.00%</u>	<u>2,854,771,671</u>	<u>100.00%</u>
Total Return (Net of Fees) for the Quarter ended			<u>2.58%</u>	
Total Return (Gross of Fees) for the Quarter ended			<u>2.58%</u>	

* Book Value does not include implementation of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments for External Investment Pools."

The University of Texas System
Summary of Permanent Health Fund Investments
As of May 31, 2002

	<u>Book Value</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities				
Debt Securities				
U.S. Government Obligations	\$ 11,252,650	1.45%	11,338,479	1.47%
Total U.S. Government Obligations	<u>11,252,650</u>	<u>1.45%</u>	<u>11,338,479</u>	<u>1.47%</u>
U.S. Government Agencies (Non-Gtd.)	43,410,147	5.59%	43,867,934	5.69%
Foreign Government Obligations	9,835,597	1.27%	10,304,357	1.34%
Municipal and County Bonds	642,997	0.08%	647,631	0.08%
Corporate Bonds	52,695,244	6.78%	52,492,196	6.80%
Other	<u>2,886,494</u>	<u>0.37%</u>	<u>2,701,900</u>	<u>0.35%</u>
Total Debt Securities	<u>120,723,129</u>	<u>15.53%</u>	<u>121,352,497</u>	<u>15.73%</u>
Equity Securities				
Common Stocks and Other Equities	155,348,999	19.99%	162,429,930	21.05%
Short Sales-(Common and Preferred)	-	0.00%	-	0.00%
Index Funds	196,777,673	25.32%	193,786,133	25.12%
Mutual Funds	140,119,064	18.03%	152,789,306	19.80%
Other	<u>87,445,288</u>	<u>11.25%</u>	<u>72,969,753</u>	<u>9.46%</u>
Total Equity Securities	<u>579,691,024</u>	<u>74.59%</u>	<u>581,975,122</u>	<u>75.43%</u>
Real Estate	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Long-term Securities	<u>700,414,153</u>	<u>90.12%</u>	<u>703,327,619</u>	<u>91.15%</u>
Short-term Securities				
U.S. Government (Direct & Guaranteed)	-	0.00%	-	0.00%
U.S. Government Agencies (Non-Gtd.)	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
TexPool	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Short-term Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Cash and Cash Equivalents				
Treasury Cash and Money Markets	97,858,151	12.59%	97,870,265	12.68%
Cash on Deposit-Short Sales	-	0.00%	-	0.00%
Commercial Paper	-	0.00%	-	0.00%
Trade Receivables/Payables	(17,459,261)	-2.25%	(17,637,239)	-2.29%
Other	<u>14,031,576</u>	<u>1.81%</u>	<u>5,691,426</u>	<u>0.74%</u>
Total Cash and Cash Equivalents	<u>94,430,466</u>	<u>12.15%</u>	<u>85,924,452</u>	<u>11.14%</u>
Other Accruals - Net	<u>(17,673,720)</u>	<u>-2.27%</u>	<u>(17,673,720)</u>	<u>-2.29%</u>
Total Investments	<u>\$ 777,170,899</u>	<u>100.00%</u>	<u>771,578,351</u>	<u>100.00%</u>
Total Return (Net of Fees) for the Quarter Ended			<u>2.56%</u>	
Total Return (Gross of Fees) for the Quarter Ended			<u>2.57%</u>	

The University of Texas System
Summary of Short Intermediate Term Fund Investments
As of May 31, 2002

	<u>Book Value *</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities				
Debt Securities				
U.S. Government Obligations (Direct & Gtd.)	\$ 484,067,576	32.91%	483,679,990	32.74%
U.S. Government Agencies (Non-Gtd.)	325,112,452	22.11%	332,363,375	22.49%
Foreign Government Obligations	-	0.00%	-	0.00%
Municipal and County Bonds	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
Other	<u>99,705,200</u>	<u>6.78%</u>	<u>99,705,200</u>	<u>6.75%</u>
Total Debt Securities	<u>908,885,228</u>	<u>61.80%</u>	<u>915,748,565</u>	<u>61.98%</u>
Equity Securities				
Common Stocks and Other Equities	-	0.00%	-	0.00%
Index Funds	-	0.00%	-	0.00%
Mutual Funds	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Equity Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Real Estate				
	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Long-term Securities	<u>908,885,228</u>	<u>61.80%</u>	<u>915,748,565</u>	<u>61.98%</u>
Short-term Securities				
U.S. Government (Direct & Guaranteed)	-	0.00%	-	0.00%
U.S. Government Agencies (Non-Gtd.)	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
TexPool	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Short-term Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Cash and Cash Equivalents				
Treasury Cash and Money Markets	555,918,249	37.80%	555,918,249	37.62%
Commercial Paper	-	0.00%	-	0.00%
Trade Receivables/Payables	-	0.00%	-	0.00%
Other	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Total Cash and Cash Equivalents	<u>555,918,249</u>	<u>37.80%</u>	<u>555,918,249</u>	<u>37.62%</u>
Other Accruals - Net	<u>5,886,626</u>	<u>0.40%</u>	<u>5,886,626</u>	<u>0.40%</u>
Total Investments	<u>\$ 1,470,690,103</u>	<u>100.00%</u>	<u>1,477,553,440</u>	<u>100.00%</u>
Total Return (Net of Fees) for the Quarter Ended			<u>0.63%</u>	
Total Return (Gross of Fees) for the Quarter Ended			<u>0.64%</u>	

* Book Value does not include implementation of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments for External Investment Pools."

The University of Texas System
Summary of Separately Invested Assets
As of May 31, 2002

	<u>Book Value *</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities				
Debt Securities				
U.S. Government Obligations				
Direct Treasuries	\$ 3,977,081	0.32%	4,481,408	0.33%
Guaranteed	-	0.00%	-	0.00%
Total U.S. Government Obligations	<u>3,977,081</u>	<u>0.32%</u>	<u>4,481,408</u>	<u>0.33%</u>
U.S. Government Agencies (Non-Gtd.)	6,102,841	0.49%	6,278,166	0.47%
Foreign Government Obligations	802,270	0.06%	893,729	0.07%
Municipal and County Bonds	1,117,183	0.09%	1,153,074	0.09%
Corporate Bonds	42,721,683	3.45%	41,985,488	3.12%
Other	8,418,649	0.68%	8,441,232	0.63%
Total Debt Securities	<u>63,139,707</u>	<u>5.10%</u>	<u>63,233,097</u>	<u>4.69%</u>
Equity Securities				
Common Stocks and Other Equities	29,822,493	2.41%	39,936,692	2.96%
Index Funds	-	0.00%	-	0.00%
Mutual Funds	24,187,538	1.96%	19,880,343	1.48%
Other	624,252	0.05%	624,252	0.05%
Total Equity Securities	<u>54,634,283</u>	<u>4.42%</u>	<u>60,441,287</u>	<u>4.49%</u>
Annuities and Other	120,139	0.01%	20,923	0.00%
Liquidating Trusts	-	0.00%	-	0.00%
Real Estate	<u>26,874,367</u>	<u>2.17%</u>	<u>131,275,719</u>	<u>9.75%</u>
Total Long-term Securities	<u>144,768,496</u>	<u>11.70%</u>	<u>254,971,026</u>	<u>18.93%</u>
Short-term Securities				
U.S. Government (Direct & Guaranteed)	-	0.00%	-	0.00%
U.S. Government Agencies (Non-Gtd.)	-	0.00%	-	0.00%
Corporate Bonds	-	0.00%	-	0.00%
TexPool	-	0.00%	-	0.00%
Other	-	0.00%	-	0.00%
Total Short-term Securities	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>
Cash and Cash Equivalents				
Treasury Cash, Local Cash and Money Markets	1,091,461,531	88.25%	1,091,461,531	81.03%
Commercial Paper	-	0.00%	-	0.00%
Trade Receivables/Payables	597,494	0.05%	597,494	0.04%
Other	-	0.00%	-	0.00%
Total Cash and Cash Equivalents	<u>1,092,059,025</u>	<u>88.30%</u>	<u>1,092,059,025</u>	<u>81.07%</u>
Other Accruals - Net	-	0.00%	-	0.00%
Total Investments	<u>\$ 1,236,827,521</u>	<u>100.00%</u>	<u>1,347,030,051</u>	<u>100.00%</u>

* Book Value does not include implementation of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments for External Investment Pools."

The University of Texas System
Statement of Changes in Pooled Funds and Separately Invested Assets
For the Quarter Ended May 31, 2002
(\$ in Millions)

	Permanent University Fund		Long Term Fund	
	<u>Book Value *</u>	<u>Market Value</u>	<u>Book Value *</u>	<u>Market Value</u>
Beginning Investment Assets - 2/28/02	\$ 7,359.3	7,114.0	2,874.5	2,784.5
Receipts/Contributions	16.8	16.8	34.7	34.7
Investment Income	-	-	n/a	n/a
Investment Return	45.5	178.5	0.9	72.6
Expenses	(6.0)	(6.0)	(2.5)	(2.5)
Distributions/Withdrawals	-	-	(34.5)	(34.5)
Net Realized Gains/Losses	-	-	n/a	n/a
Changes in Net Unrealized Appreciation/(Depreciation)	n/a	n/a	n/a	n/a
Ending Investment Assets - 5/31/02	\$ <u>7,415.6</u>	<u>7,303.3</u>	<u>2,873.1</u>	<u>2,854.8</u>
	Short Intermediate Term Fund		Separately Invested Assets	
	<u>Book Value *</u>	<u>Market Value</u>	<u>Book Value *</u>	<u>Market Value</u>
Beginning Investment Assets - 2/28/02	\$ 1,440.5	1,451.9	1,039.4	1,155.7
Receipts/Contributions	77.4	77.4	4,059.9	4,059.9
Investment Income	n/a	n/a	6.8	6.8
Investment Return	14.1	9.6	n/a	n/a
Expenses	(0.2)	(0.2)	n/a	n/a
Distributions/Withdrawals	(61.1)	(61.1)	(3,869.5)	(3,869.5)
Net Realized Gains/Losses	n/a	n/a	0.2	0.2
Changes in Net Unrealized Appreciation/(Depreciation)	n/a	n/a	n/a	(6.1)
Ending Investment Assets - 5/31/02	\$ <u>1,470.7</u>	<u>1,477.6</u>	<u>1,236.8</u>	<u>1,347.0</u>
	Permanent Health Fund			
	<u>Book Value*</u>	<u>Market Value</u>		
Beginning Investment Assets - 2/28/02	\$ 876.7	848.8		
Receipts/Contributions	-	-		
Investment Income	-	-		
Investment Return	(0.5)	21.8		
Expenses	(0.1)	(0.1)		
Distributions/Withdrawals	(98.9)	(98.9)		
Net Realized Gains/Losses	-	-		
Changes in Net Unrealized Appreciation/(Depreciation)	-	-		
Ending Investment Assets - 5/31/02	\$ <u>777.2</u>	<u>771.6</u>		

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