

PERMANENT UNIVERSITY FUND
THE UNIVERSITY OF TEXAS SYSTEM
GENERAL ENDOWMENT FUND
PERMANENT HEALTH FUND
THE UNIVERSITY OF TEXAS SYSTEM
LONG TERM FUND
THE UNIVERSITY OF TEXAS SYSTEM
SHORT INTERMEDIATE TERM FUND

Statement of Investment Performance Statistics
For the Year Ended August 31, 2003

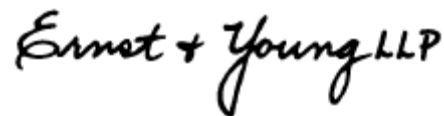
Report of Independent Auditors

The Board of Regents of The University of Texas System
The Board of Directors of The University of Texas Investment Management Company
Austin, Texas

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund and the University of Texas System Short Intermediate Term Fund (collectively, the "Funds") for year ended August 31, 2003, and have issued our reports thereon dated October 17, 2003. We also have audited the accompanying schedule of investment performance statistics of the Funds for the year ended August 31, 2003. This schedule is the responsibility of the Funds' management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule of investment performance in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of investment performance statistics is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the aforementioned schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the composite rates of return on the respective investment portfolios of the Funds for the year ended August 31, 2003, on the basis described in Note 1.

 Ernst & Young LLP

October 17, 2003

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STATEMENT OF INVESTMENT PERFORMANCE STATISTICS
RATE OF RETURN FOR THE YEAR ENDED AUGUST 31, 2003

Investment Manager	Permanent University Fund	General Endowment Fund	Permanent Health Fund	Long Term Fund	Short Intermediate Term Fund
NET OF FEES					
Domestic Equities					
Barclays Global Investors Russell 2000 Alpha Tilts	27.0 %	26.9 %	- %	- %	- %
Barclays Global Investors S&P 500	12.1	12.1	-	-	-
Barclays Global Investors S&P 400 Mid Cap	18.4	18.4	-	-	-
S&P 500 Index Futures	11.9	11.9	-	-	-
Cordillera	20.4	20.3	-	-	-
Davis Hamilton Jackson	10.8	10.5	-	-	-
GSAM Large Cap	12.1	12.1	-	-	-
GSAM Small Cap	24.5	24.4	-	-	-
MBA Investments	-	10.4	-	-	-
Maverick Fund	2.7	2.7	-	-	-
Schroder Wertheim Investment Services, Inc.	22.7	22.3	-	-	-
Total Domestic Equities	13.8	13.8	-	-	-
International Equities					
Barclays Global Investors EAFE International Fund	9.4	9.4	-	-	-
Barclays Global Investors Emerging Markets Structured Fund	30.9	30.9	-	-	-
Capital Guardian EAFE	14.0	13.4	-	-	-
Capital Guardian Emerging Markets	29.9	29.9	-	-	-
Capital Guardian Trust Small Cap International	22.5	22.4	-	-	-
GSAM Emerging Markets	29.5	29.5	-	-	-
GSAM Established Markets	8.5	8.4	-	-	-
Oaktree Capital Management	7.6	7.6	-	-	-
Oechsle	10.1	10.2	-	-	-
Templeton	26.6	26.6	-	-	-
Total International Equities	16.3	16.3	-	-	-
Absolute Return					
Farallon Capital Offshore Investors	21.0	21.0	-	-	-
Perry Partners International	17.3	17.3	-	-	-
Satellite Fund	31.4	31.4	-	-	-
Total Absolute Return	21.3	21.3	-	-	-
Private Capital					
Internal	(6.3)	(6.6)	-	-	-
Inflation Hedging					
Goldman Sachs Commodity Index	21.8	21.8	-	-	-
REITS - Greg Cox	21.0	21.0	-	-	-
Total Inflation Hedging	22.2	22.1	-	-	-
Fixed Income					
GSAM	6.1	5.6	-	-	-
Internal - Credit	7.0	7.3	-	-	-
Internal - Government	1.8	2.1	-	-	1.6
PIMCO - Domestic	5.6	6.2	-	-	-
PIMCO - International	13.2	13.0	-	-	-
Total Fixed Income	6.7	7.1	-	-	1.6
GSAM Global Asset Allocation Overlay	11.5	9.7	-	-	-
TOTAL FUND (Net of fees)	12.0%	12.8%	12.7%	12.8%	1.6%
TOTAL FUND (Gross of fees)	12.2%	12.9%	12.8%	12.8%	1.7%

See note to statement of investment performance statistics.

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NOTE TO STATEMENT OF INVESTMENT PERFORMANCE STATISTICS

1. BASIS OF PRESENTATION

The accompanying investment performance statistics have been computed net of investment management fees using the Modified Dietz Method, a time-weighted rate of return calculation published by the Association for Investment Management and Research. The total fund has been computed net and gross of investment management fees for comparative purposes.

For the Permanent University Fund, The University of Texas System General Endowment Fund (GEF), and The University of Texas System Short Intermediate Term Fund, the individual investment manager returns reported in the statement of investment performance statistics represent investment managers that were funded for the entire year ended August 31, 2003. The returns for the Permanent Health Fund (PHF) and The University of Texas System Long Term Fund (LTF) are presented only for the total fund since the PHF and LTF purchased units in the GEF and no longer have individual investment managers. The return for the categories of total domestic equities, total international equities, total absolute return, total inflation hedging, total fixed income and total fund include investment managers that were funded or terminated during the year ended August 31, 2003.

The formula for the Modified Dietz Method is shown in Appendix I.

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FORMULA FOR MODIFIED DIETZ METHOD

The formula for estimating the time-weighted rate of return using the Modified Dietz Method, R_{DIETZ} , is:

	Gross of Fees		Net of Fees
R_{DIETZ}	$= \frac{MVE - MVB - F}{MVB + FW}$	$R_{DIETZ(net)}$	$= \frac{MVE - MVB - F - FEES}{MVB + FW}$

where MVB is the market value at the beginning of the period, including accrued income from the previous period;
 MVE is the market value at the end of the period, including accrued income for the period;
 F is the sum of the cash flows within the period (contributions to the portfolio are positive flows, and withdrawals or distributions are negative flows);
 FW is the sum of each cash flow, F_i , multiplied by its weight, W_i ; and
 $FEES$ is the sum of investment management fees paid during the period.

W_i is the proportion of the total number of days in the period that the cash flow F_i has been in (or out of) the portfolio. The formula for W_i is:

$$W_i = \frac{CD - D_i}{CD}$$

where CD is the total number of days in the period; and
 D_i is the number of days since the beginning of the period in which cash flow F_i occurred.