Financial Statements
and Independent Auditors' Report
The University of Texas System
Long Term Fund
Years Ended August 31, 2010 and 2009

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Financial Statements

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Contents

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Independent Auditors' Report

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

We have audited the accompanying Statements of Fiduciary Net Assets of The University of Texas System Long Term Fund (the "Fund"), as of August 31, 2010 and August 31, 2009, and the related Statements of Changes in Fiduciary Net Assets for the years then ended. These financial statements are the responsibility of The University of Texas Investment Management Company ("UTIMCO" or "management"). Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Fund are intended only to present the financial position of the Fund and do not purport to, and do not, present the financial positions of UTIMCO or The University of Texas System as of August 31, 2010 or August 31, 2009, and the changes in their financial positions for the years then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 3, the financial statements include an investment in The University of Texas System General Endowment Fund (the "GEF"), valued at $5,130,267,662 and $4,516,791,593 as of August 31, 2010 and August 31, 2009, respectively. The GEF has 64.6%

and 61.4% of its net assets as of August 31, 2010 and August 31, 2009, respectively, invested in assets whose fair value has been estimated by management in the absence of readily determinable fair values. Management's estimate of the value of the Fund is based on upon the net asset value per unit of GEF, which is also calculated by UTIMCO.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of August 31, 2010 and August 31, 2009, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statement of the Fund. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of management. The supplemental schedules as of and for the years ended August 31, 2010, August 31, 2009, August 31, 2008, and August 31, 2007 have been subjected to the audit procedures applied by us (with 2006 being subject to audit procedures by other auditors) in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

October 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of The University of Texas System Long Term Fund's (Fund) financial performance provides an overview of its activities for the fiscal year ended August 31, 2010. This discussion was prepared by The University of Texas Investment Management Company (UTIMCO) and should be read in conjunction with the Fund's financial statements and notes. The Fund was established February 9, 1995, by The University of Texas System Board of Regents (UT Board) to succeed the Common Trust Fund pooled investment fund. The Fund is a pooled investment fund established for the collective investment of approximately 9,400 privately raised endowments and other long-term funds established to benefit the 15 institutions of the UT System. The Texas Constitution and various state statutes designate the UT Board as the fiduciary for the management of certain public endowment and operating funds. The UT Board has entered into an Investment Management Services Agreement delegating investment management responsibility for all investments to UTIMCO.

On March 1, 2001, the Fund purchased units in the General Endowment Fund (GEF) in exchange for the contribution of its investment assets. The GEF, established by the UT Board effective March 1, 2001, is a pooled fund for the collective investment of long-term funds under the control and management of the UT Board. The GEF has only two participants: the Fund and the Permanent Health Fund (PHF), which was also established by the UT Board. The GEF is organized as a pooled investment fund in which the Fund and the PHF purchase and redeem units quarterly. The GEF is under the fiduciary responsibility of the UT Board and is provided day-to-day operations by UTIMCO.

The purpose of the MD&A is to provide an objective and easily readable analysis of the Fund's financial statements based upon currently known facts, decisions or conditions.

Financial Highlights

- The Fund's net fiduciary assets, after contributions, withdrawals and distributions, increased by $613.5 million from $4,516.8 million to $5,130.3 million or approximately 13.6% for the year ended August 31, 2010, compared to a decrease of $768.2 million or approximately 14.5% for the ended August 31, 2009. The change in net fiduciary assets from year to year is mainly attributable to the following:

    1. Participant contributions to the Fund increased by 48.9% from fiscal year 2009 to 2010. Fiscal year 2010 contributions of $301.0 million represented 6.2% of the average value of the Fund assets during the year. From fiscal year 2008 to 2009, participant contributions to the Fund decreased by 46.0%. Contributions for fiscal year 2009 totaled $202.1 million and represented 4.6% of the average value of the Fund assets during the year. Participant contributions consist of endowment and other long-term funds that have been forwarded to the Fund for management by UTIMCO.

2. The Fund posted a net investment gain of 12.90% for the fiscal year ended August 31, 2010, calculated using the Modified Dietz Method as described by the CFA Institute, compared to a net investment loss of 13.27% for the prior fiscal year. The net investment return of the Fund is dependent on the results of the investments held in the GEF. The GEF's investments in private investment funds, hedge funds, real estate, natural resources, developed country and emerging markets equities, and investment grade and credit-related fixed income were positive contributors to the 2010 return. For the fiscal year ended August 31, 2009, the private investment funds, hedge funds, real estate, natural resources, and developed country and emerging markets equities were negative contributors, while investment grade and credit-related fixed income posted positive returns.

3. The Fund's distribution rate per unit was increased by 2.4%, approximately the three-year average rate of inflation, for the year ended August 31, 2010. This equated to an increase in the 2010 rate to $0.3098 per unit from the 2009 rate of $0.3024 per unit. The 2009 rate represented an increase of 3.2% over the fiscal year 2008 rate of $0.2929 per unit. Fiscal year 2010 distributions represented 5.20% of the Fund's average net asset value during the year, compared to the fiscal year 2009 distributions which represented 5.38% of the Fund's average net asset value for the year.

Use of Financial Statements and Notes

The Fund's financial statements were prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). Two financial statements are required under GASB: the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

The notes to the financial statements contain supplemental information that is essential for the fair presentation of the financial statements.

Statements of Fiduciary Net Assets

The statements of fiduciary net assets present assets, liabilities, and net assets of the Fund as of the end of the fiscal year. These statements, along with all of the Fund's financial statements, are prepared using the accrual basis of accounting, whereby Fund investment income is recognized when earned and Fund expenses are recognized when incurred.

Since the Fund invests in only GEF units and a negligible amount of cash, the majority of the Fund's net assets represent investment in GEF units.

As of August 31, 2010, the Fund owned 30,006,442 GEF units representing an ownership percentage of 85.00%, compared to 29,846,702 GEF units representing an ownership percentage of 84.29% as of August 31, 2009. As of August 31, 2010 and 2009, the fair value of the GEF units was $5,130.3 million and $4,516.8 million, respectively.

The GEF invests in a broad mix of investments and is actively managed to its benchmark, the Endowment Policy Portfolio. The Endowment Policy Portfolio is the index or benchmark for the endowment funds that UTIMCO manages. The return of the Endowment Policy Portfolio is the sum of the weighted benchmark returns for each asset class. UTIMCO allocates GEF's assets to internally and externally managed portfolios in accordance with approved asset allocation policies, and attempts to supplement the original endowment corpus by increasing purchasing power over time. In doing so, UTIMCO increases the endowment resources available to fund the teaching, research, and health care programs specified by the various donors.

The following table summarizes the statements of fiduciary net assets (in millions):

	2010	2009	2008
Assets			
General Endowment Fund Units, at Fair Value	$ 5,130.3	$ 4,516.8	$ 5,285.0
Receivable for Investment Securities Sold	6.7	4.3	4.3
Total Assets	5,137.0	4,521.1	5,289.3
Liabilities			
Payable to Participants	6.7	4.3	4.3
Total Liabilities	6.7	4.3	4.3
Net Assets Held in Trust	$ 5,130.3	$ 4,516.8	$ 5,285.0

Statements of Changes in Fiduciary Net Assets

Changes in fiduciary net assets as presented on the statements of changes in fiduciary net assets are based on activity of the Fund. The purpose of these statements is to present additions to the Fund resulting from net investment income and participant contributions and to present deductions from the Fund resulting from administrative and investment expenses and participant distributions.

The net increase in investments of the Fund was $547.5 million during the year compared to the net decrease in appreciation of investments of $756.7 million for the year ended August 31, 2009. Investment expenses totaled $3.1 million, $5.2 million and $4.5 million, respectively, for the years ended August 31, 2010, 2009, and 2008.

Distributions to participants totaled $253.4 million, $236.3 million and $217.1 million, respectively, for the years ended August 31, 2010, 2009, and 2008. The increase in distributions is a result of the UT Board increasing the distribution rate from $0.3024 per unit to $0.3098 per unit for fiscal year 2010, and additional contributions into the Fund. The increase for fiscal year 2009 is a result of the UT Board's increase of the distribution rate from $0.2929 per unit to $0.3024 per unit, and additional contributions to the Fund. The Fund is structured as a pooled investment fund in which each endowment or account purchases units at the Fund's fair value or net asset value per unit. Cash distributions are paid quarterly, on a per unit basis, directly to the UT System institution of record.

The Fund's objectives are:

- Provide for current beneficiaries by increasing the annual distribution rate at least equal to the rate of inflation so that real purchasing power is maintained, and

- Provide for future beneficiaries by increasing the market value of endowment funds after the annual distribution at a rate at least equal to the rate of inflation so that future distributions maintain purchasing power as well.

Fund distributions are controlled by a spending policy approved by the UT Board. The key to preservation of endowment purchasing power over the long-term is control of spending through a target distribution rate. This target rate should not exceed the endowment's average annual investment return after fund expenses and inflation. The Fund distributions are increased annually at the three year average rate of inflation provided that the distribution rate remains within a range of 3.5% to 5.5% of the Fund's net asset value. As reported on the financial highlights statement in the supplemental schedules, the ratio of distributions to average net assets (12-quarter average) has remained between 3.5% to 5.5%.

The following table summarizes the statements of changes in fiduciary net assets (in millions):

	2010	2009	2008
Investment Income (Loss)	$ 591.8	$ (706.4)	$ (170.5)
Less Investment Expenses	(3.1)	(5.2)	(4.5)
Net Investment Income (Loss)	588.7	(711.6)	(175.0)
Participant Contributions	301.0	202.1	374.3
Total Additions	889.7	(509.5)	199.3
Administrative Expenses	12.4	12.3	10.6
Participant Withdrawals	10.4	10.1	19.6
Participant Distributions	253.4	236.3	217.1
Total Deductions	276.2	258.7	247.3
Change in Fiduciary Net Assets	613.5	(768.2)	(48.0)
Net Assets Held in Trust, Beginning of Year	4,516.8	5,285.0	5,333.0
Net Assets Held in Trust, End of Year	$ 5,130.3	$ 4,516.8	$ 5,285.0

Contacting UTIMCO

The above financial highlights are designed to provide a general overview of the Fund's investment results and insight into the following financial statements. Additional information may be found on our website and inquiries may be directed to UTIMCO via www.utimco.org.

Statements of Fiduciary Net Assets
August 31, 2010 and 2009
(Dollars in thousands, except per unit amounts)

	2010	2009
Assets		
General Endowment Fund Units, at Fair Value	$ 5,130,268	$ 4,516,792
Receivable for General Endowment Fund Units Sold	6,689	4,344
Other	8	8
Total Assets	5,136,965	4,521,144
Liabilities		
Payable to Participants	6,689	4,344
Total Liabilities	6,689	4,344
Net Assets Held in Trust (840,110,224 Units and 791,633,575 Units, respectively)	$5,130,276	$ 4,516,800
Net Asset Value Held in Trust Per Unit	$6.107	$5.706

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Fiduciary Net Assets

Years Ended August 31, 2010 and 2009

(in thousands)

	2010	2009
Additions		
Investment Income:		
Net Increase (Decrease) in Investments	$ 547,533	$ (756,682)
Allocation of General Endowment Fund Net Investment Income	44,229	50,220
Other	-	2
Total Investment Income (Loss)	591,762	(706,460)
Less Investment Expenses:		
UTIMCO Management Fee	3,046	4,641
Other Expenses	33	547
Total Investment Expenses	3,079	5,188
Net Investment Income (Loss)	588,683	(711,648)
Participant Contributions	300,957	202,090
Total Additions	889,640	(509,558)
Deductions		
Administrative Expenses:		
Fee for Endowment Administration and Management	12,227	12,168
Fee for UT System Oversight	122	122
Total Administrative Expenses	12,349	12,290
Participant Withdrawals	10,391	10,110
Participant Distributions	253,424	236,253
Total Deductions	276,164	258,653
Change in Fiduciary Net Assets	613,476	(768,211)
Net Assets Held in Trust, Beginning of Year	4,516,800	5,285,011
Net Assets Held in Trust, End of Year	$ 5,130,276	$ 4,516,800

The accompanying notes are an integral part of these financial statements.

Note 1 – Organization and Basis of Presentation

The University of Texas System Long Term Fund (Fund) is a pooled fund established for the collective investment of private endowments and other long-term funds supporting various programs and purposes of the 15 institutions comprising The University of Texas System (UT System). The Fund was formerly known as the Common Trust Fund. The Long Term Fund was established February 9, 1995, by the Board of Regents of The University of Texas System (UT Board) to succeed the Common Trust Fund pooled investment fund. Fiduciary responsibility for the Fund rests with the UT Board. The day-to-day operational responsibilities of the Fund are delegated to The University of Texas Investment Management Company (UTIMCO), pursuant to an Investment Management Services Agreement with the UT Board.

On March 1, 2001, the Fund purchased units in the General Endowment Fund (GEF) in exchange for the contribution of its investment assets. The GEF, established by the UT Board effective March 1, 2001, is a pooled fund for the collective investment of long-term funds under the control and management of the UT Board. The performance of the Fund is significantly impacted by the performance of the GEF. The GEF has only two participants: the Fund and the Permanent Health Fund (PHF) which was also established by the UT Board. The GEF is organized as a pooled investment fund in which the Fund and the PHF purchase and redeem units quarterly. The GEF is under the fiduciary responsibility of the UT Board and is provided day-to-day operations by UTIMCO.

The activities of the Fund are accounted for as a fiduciary fund. The financial statements of the Fund use an economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of cash flows. The financial statements of the Fund are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB).

The annual combined financial statements of UT System are prepared in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements and include information related to the Fund. The accompanying financial statements may differ in presentation from the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

Note 2 – Investment in GEF

The Fund only invests in GEF units and a negligible amount of cash. The Fund also continues to receive securities as proceeds in class action suits from the securities the Fund previously owned. These securities are normally sold when received, but from time to time will be reflected as a Fund investment. Subsequent participant contributions received by the Fund are also used to purchase GEF units. At August 31, 2010, the Fund is the majority participant in the GEF, with ownership of 30,006,442 units, which represents 85.00% of the GEF. At August 31, 2009, the Fund held 29,846,702 units, which represented 84.29% of the GEF.

The GEF and the Fund have identical investment objectives. Additionally, the GEF's accounting policies follow the Fund's, as described in Note 3, except for the distributions to participants. On a monthly basis for accounting purposes, the GEF allocates its net investment income and realized gain or loss to the Fund based on its ownership of GEF units at month end. The allocated investment income and realized gain amounts increase the cost basis of the units in the GEF, and any allocated realized losses reduce the cost basis of the units in the GEF. Since the allocation is proportional to the percentage of ownership by the unitholders, no additional units are purchased. The Fund redeems GEF units quarterly to meet its distribution requirements to its unitholders.

Note 3 – Significant Accounting Policies

(A) **Security Valuation** -- The Fund's investment in GEF units is valued at the net asset value per unit reported by the GEF. Investment assets which are held in the GEF that have readily determinable fair values are primarily valued on the basis of market valuations provided by independent pricing services. The GEF's investments in private investment funds, hedge funds, U.S. equity, non-U.S. equity, emerging market and fixed income investment funds and certain other equity securities are fair valued by management using the investments' capital balances and net asset value information provided by the investment manager as well as other considerations as described in the GEF financial statements. The Fund's investment in the GEF is valued at $5,130,267,662 and $4,516,791,593, as of August 31, 2010 and 2009, respectively.

(B) **Investment Income** -- Interest income is accrued as earned.

(C) **Security Transactions** -- A gain or loss is recognized on GEF unit sales on the basis of average cost.

(D) **Distributions to Participants** -- Cash distributions to participants are paid quarterly based on a per unit payout established by the UT Board. For the fiscal year ended August 31, 2010, the quarterly rate was $.07745 which equates to a annual rate of $.3098 per unit. For the fiscal year ended August 31, 2009, the quarterly distribution rate was $.0756 which equated to an annual rate of $.3024 per unit. The ratio of distributions to average net assets (12-quarter average) was 4.83% as of August 31, 2010. The investment policy provides that the annual payout will be adjusted by the average consumer price index of the prior 36 months subject to a maximum distribution of 5.5% of the Fund's average market value and a minimum distribution of 3.5% of the Fund's average market value.

(E) **Fund Valuation** -- Valuation of the Fund's units occurs on a quarterly basis. Unit values are determined by dividing the value of the Fund's net assets by the number of units outstanding on the valuation date.

(F) **Purchases and Redemption of Units** -- Unit purchases occur on the first business day of each fiscal quarter. Unit redemptions occur on the last business day of each fiscal quarter. The value of participating units, upon admission to the Fund, is based upon the market value of net assets held as of the quarterly valuation date. Redemptions from the Fund will also be made at the market value price per unit at the quarterly valuation date at the time of the withdrawal. There are no transaction costs incurred by participants for the purchase or redemption of units.

(G) **Participants' Net Assets** -- All participants in the Fund have a proportionate interest in the Fund's net assets.

(H) **Use of Estimates** -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(I) **Cash and Cash Equivalents** -- Cash and Cash Equivalents consist of money market investments and other overnight funds.

Note 4 – Investment Risk

The investment risk disclosure that follows relates to the GEF's investments before securities lending transactions and the investment of cash collateral. Disclosures relating to the GEF's securities lending are provided in Note 5. Values presented are the Fund's pro-rata share of GEF investments based on its unit ownership in the GEF. As of August 31, 2010 and 2009, the Fund's unit ownership in the GEF was 85.00% and 84.29%, respectively, of the total.

(A) Credit Risk

Article VII, Section 11b of the Texas Constitution authorizes the UT Board, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the UT Board, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the Texas Education Code, the UT Board has elected the prudent investor standard to govern its management of the GEF.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The GEF's investment policy does not provide specific limitations or requirements regarding investment ratings. Per GASB Statement No. 40 (GASB 40), *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. GASB 40 also provides that securities with split ratings, or a different rating assignment between NRSROs, are disclosed using the rating indicative of the greatest degree of risk. The following table presents the Fund's pro-rata share of each applicable GEF investment type grouped by rating as of August 31, 2010 and 2009:

GEF Investment Type	August 31, 2010	August 31, 2009	Rating
Investments:			
U.S. Government Guaranteed	$ 53,598,587	$ 52,853,579	Exempt from Disclosure
U.S. Government Non-Guaranteed:			
U.S. Agency	1,700,159	470,092	AAA
U.S. Agency Asset Backed	52,083,100	64,491,168	AAA
Total U.S. Government Non-Guaranteed	53,783,259	64,961,260	
Total U.S. Government	107,381,846	117,814,839	
Corporate Obligations:			
Domestic	17,694,523	37,961,368	AAA
Domestic	9,380,943	11,739,240	AA
Domestic	50,960,368	44,028,177	A
Domestic	49,340,612	30,098,395	BAA/BBB
Domestic	12,789,170	6,712,100	BA/BB
Domestic	5,474,942	6,087,283	B
Domestic	11,156,980	24,131,477	CAA/CCC
Domestic	3,511,423	-	CA/CC
Domestic	-	6,627,210	CC
Domestic	455,030	5,883,087	C
Domestic	79,631	676,989	D
Domestic	371,327	307,373	No Rating
Foreign	46,639,831	22,819,116	AAA
Foreign	13,889,427	8,863,129	AA
Foreign	8,963,228	5,854,774	A
Foreign	8,838,655	7,629,497	BAA/BBB
Foreign	874,806	292,716	BA/BB
Foreign	386,287	621,667	B
Foreign	-	247,805	CAA/CCC
Foreign	1,470,178	366,574	No Rating
Total Corporate Obligations	242,277,361	220,947,977	
Foreign Government and Provincial Obligations	59,308,937	43,149,918	AAA
Foreign Government and Provincial Obligations	23,343,078	7,581,726	AA
Foreign Government and Provincial Obligations	18,968,326	8,922,354	A
Foreign Government and Provincial Obligations	8,670,138	3,124,798	BAA/BBB
Foreign Government and Provincial Obligations	3,396,080	5,116,886	BA/BB
Foreign Government and Provincial Obligations	-	739,073	No Rating
Total Foreign Government and Provincial Obligations	113,686,559	68,634,755	
Other Debt Securities	456,458	1,071,768	AA
Other Debt Securities	2,316,029	251,137	A
Other Debt Securities	952,396	918,908	BAA/BBB
Total Other Debt Securities	3,724,883	2,241,813	
Total Debt Securities	$ 467,070,649	$ 409,639,384	
Other Investment Funds - Debt	$ -	$ 1,405,457	AAA
Other Investment Funds - Debt	50,835,353	85,287,311	AA
Other Investment Funds - Debt	5,208,680	3,791,110	BA/BB
Other Investment Funds - Debt	-	25,434,179	B
Total Other Investment Funds - Debt	$ 56,044,033	$ 115,918,057	
Cash and Cash Equivalents - Money Market Funds	$ 481,588,272	$ 368,919,446	AAA
Cash and Cash Equivalents - Money Market Funds	2,048	-	A
Cash and Cash Equivalents	2,074,353	-	No Rating
Total Cash and Cash Equivalents	$ 483,664,673	$ 368,919,446	
Net Deposit with (from) Brokers for Derivative Contracts:			
U.S. Government Guaranteed	$ 8,817,757	$ 13,999,449	Exempt from Disclosure
Cash	24,217,878	12,558,554	Exempt from Disclosure
Total Net Deposit with (from) Brokers for Derivative Contracts	$ 33,035,635	$ 26,558,003	

(B) Concentrations of Credit Risk

The GEF's investment policy statement contains the limitation that no more than 5% of the market value of fixed income securities may be invested in corporate or municipal bonds of a single issuer. The GEF does not hold any direct investments in any one issuer of corporate or municipal bonds that is 5% or more of the market value of the GEF's fixed income investments.

(C) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the GEF will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the GEF will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Texas State Statutes and the GEF's investment policy statements do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. As of August 31, 2010 and 2009, the GEF does not have any deposits or investments that are exposed to custodial credit risk.

(D) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. Interest rate risk inherent in the GEF is measured by monitoring the modified duration of the overall investment portfolio. Modified duration estimates the sensitivity of the GEF's investments to changes in interest rates. The GEF has no specific policy statement limitations with respect to its overall modified duration. The following table summarizes the GEF's modified duration and the Fund's pro-rata share of the GEF investment value by investment type as of August 31, 2010 and 2009:

	August 31,			
	2010		2009	
GEF Investment Type	**Value**	**Modified Duration**	**Value**	**Modified Duration**
Investments:				
U.S. Government Guaranteed:				
U.S. Treasury Bonds and Notes	$ 44,220,054	10.39	$ 24,285,267	10.67
U.S. Treasury Strips	2,391,203	0.94	2,441,603	2.00
U.S. Treasury Bills	6,288,479	0.13	2,693,953	0.47
U.S. Treasury Inflation Protected	-	-	2,683,271	3.55
U.S. Agency Asset Backed	698,851	6.41	20,749,485	1.76
Total U.S. Government Guaranteed	53,598,587	8.71	52,853,579	5.89
U.S. Government Non-Guaranteed:				
U.S. Agency	1,700,159	9.22	470,092	13.77
U.S. Agency Asset Backed	52,083,100	2.28	64,491,168	3.35
Total U.S. Government Non-Guaranteed	53,783,259	2.50	64,961,260	3.42
Total U.S. Government	107,381,846	5.60	117,814,839	4.53
Corporate Obligations:				
Domestic	161,214,949	5.28	174,252,699	4.80
Foreign	81,062,412	4.31	46,695,278	4.79
Total Corporate Obligations	242,277,361	4.96	220,947,977	4.80
Foreign Government and Provincial Obligations	113,686,559	6.44	68,634,755	6.60
Other Debt Securities	3,724,883	11.96	2,241,813	10.18
Total Debt Securities	467,070,649	5.52	409,639,384	5.05
Other Investment Funds - Debt	56,044,033	6.14	115,918,057	5.69
Cash and Cash Equivalents	483,664,673	0.08	368,919,446	0.08
Total	$ 1,006,779,355	2.94	$ 894,476,887	3.08
Net Deposit with (from) Brokers for Derivative Contracts:				
U.S. Government Guaranteed:				
U.S. Treasury Bills	$ 8,472,332	17.18	$ 13,999,449	0.75
U.S.Treasury Bonds and Notes	345,425	0.27	-	-
Total U.S. Government Guaranteed	8,817,757	0.93	13,999,449	0.75
Cash	24,217,878	-	12,558,554	-
Total Net Deposit with (from) Brokers for Derivative Contracts	$ 33,035,635	0.25	$ 26,558,003	0.40

The GEF has purchased options on ten year constant maturity swaps, with expiries ranging from five to seven years, as insurance against possible future increases in inflation. As of August 31, 2010 and 2009, the Fund's pro-rata share of these options had a notional value of $986,000,000 and $977,764,000 and a fair value of $3,410,086 and $8,322,463, respectively. The risk of loss on these options is limited to the premiums paid by the GEF upon the purchase of the options, of which the Fund's pro-rata share totaled $5,276,640 and $5,232,565 as of August 31, 2010 and 2009, respectively. It is estimated that these options would adjust the 2010 duration of total debt securities of 5.52 downward by approximately 0.26, and the total duration of 2.94 downward by approximately 0.22. It is estimated that these options would adjust the 2009 duration of total debt securities of 5.05 downward by approximately 0.62, and the total duration of 3.08 downward by approximately 0.41. One of the GEF's external managers also uses options and interest rate and credit default swaps to modify the duration of their portfolio in a cost efficient manner. It is estimated by management that these positions held by the external manager would not significantly adjust the duration of the GEF as presented above.

(E) Investments with Fair Values That Are Highly Sensitive to Interest Rate Changes

The GEF may invest in various mortgage backed securities, such as collateralized mortgage backed obligations. The GEF also may invest in investments that have floating rates with periodic coupon changes in market rates, zero coupon bonds and stripped Treasury and Agency securities created from coupon securities. No percentage of holdings limitations are specified in the investment policy statements regarding these types of securities. As of August 31, 2010 and 2009, the GEF's investments include the following investments that are highly sensitive to interest rate changes.

> Collateralized mortgage obligations which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. The Fund's pro-rata share of these securities amounted to $114,846,205 and $118,715,773 as of August 31, 2010 and 2009, respectively.
>
> Mortgage backed securities which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. The Fund's pro-rata share of these securities amounted to $18,340,140 and $48,039,665 as of August 31, 2010 and 2009, respectively.
>
> Asset backed securities which are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligees of the underlying assets in periods of decreasing interest rates could reduce or eliminate the stream of income that would have been received. The Fund's pro-rata share of these securities amounted to $13,204,220 and $18,460,601, as of August 31, 2010 and 2009, respectively.

(F) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the GEF's non-U.S. dollar investments. As of August 31, 2010, there are no limitations on investments in non-U.S. denominated bonds or common stocks in relation to the GEF's total fixed income and developed country equity exposures in the GEF's investment policy statement.

During the year ended 2009, one of the GEF's external managers employed an investment strategy in which they hedged their long non-U.S. investment positions back to the U.S. dollar by utilizing currency transactions in amounts equal to the long investment position. During the year ended August 31, 2010 they changed their strategy to hedge their investments against the Euro dollar. In the following table the negative amounts shown for the Canadian Dollar, Czech Koruna, Danish Krone, Euro, Hong Kong Dollar, Norwegian Kroner, Swiss Franc, and the UK Pound in the cash and cash equivalents section reflect these strategies. The negative amounts offset long positions presented in the domestic and foreign common stock section.

Classification between domestic common stock and foreign common stock in the supplemental schedule, Comparison Summary of Investments, is based on the country of domicile of the issuer, not the currency in which the security is traded. The following table summarizes the Fund's pro-rata exposure of the GEF's non-U.S. dollar investments at August 31, 2010 and 2009:

	August 31,	
GEF Investment Type	**2010**	**2009**
Domestic Common Stock:		
Canadian Dollar	$ -	$ 84,437
Total Domestic Common Stock	-	84,437
Foreign Preferred Stock:		
Brazilian Real	15,659,002	4,754,240
Euro	415,547	-
Total Foreign Preferred Stock	16,074,549	4,754,240
Foreign Common Stock:		
Australian Dollar	13,084,766	10,378,216
Brazilian Real	22,259,699	2,303,965
Canadian Dollar	15,390,067	7,785,161
Chilean Peso	1,304,317	-
Czech Koruna	1,269,490	293,541
Danish Krone	501,470	923,233
Egyptian Pound	1,623,104	1,552,328
Euro	52,574,857	51,411,846
Hong Kong Dollar	69,421,301	41,890,780
Hungarian Forint	1,009,730	904,821
Indian Rupee	4,907,343	-
Indonesian Rupian	6,283,860	1,973,646
Israeli Shekel	42,955	198,630
Japanese Yen	20,858,851	21,936,982
Korean Won	34,684,975	9,808,894
Malaysian Ringgit	10,200,481	2,517,579
Mexican Peso	6,858,073	2,392,974
Moroccan Dirham	232,354	227,798
Norwegian Kroner	1,086,351	314,277
Pakistani Rupee	553,176	559,698
Peruvian Nuevos Soles	25,565	-
Philippine Peso	991,385	636,407
Polish Zloty	3,987,802	770,702
Singapore Dollar	6,129,989	5,255,899
South African Rand	15,178,263	4,325,759
Swedish Krona	4,025,105	598,142
Swiss Franc	11,024,413	12,012,022
Taiwan Dollar	12,246,350	-
Thai Baht	8,550,146	3,807,940
Turkish Lira	6,338,320	1,783,459
UK Pound	41,069,473	25,195,921
Total Foreign Common Stock	373,714,031	211,760,620
Other - Equity Securities		
Canadian Dollar	-	46

Foreign Government and Provincial Obligations:		
Australian Dollar	$ 8,030,497	$ 8,180,660
Brazilian Real	3,656,389	3,220,898
Canadian Dollar	10,926,008	5,250,030
Euro	20,929,899	19,927,243
Hong Kong Dollar	269,696	-
Hungarian Forint	1,851,342	-
Indonesian Rupian	3,396,080	1,895,988
Japanese Yen	14,274,645	3,270,575
Korean Won	4,543,671	-
Malaysian Ringgit	5,044,396	4,095,286
Mexican Peso	3,162,407	3,124,798
New Zealand Dollar	3,536,889	3,075,276
Norwegian Kroner	2,051,190	2,202,389
Polish Zloty	6,063,218	3,363,801
Singapore Dollar	959,770	-
South African Rand	2,865,894	1,226,029
Swedish Krona	4,255,127	4,427,042
UK Pound	17,098,074	4,923,879
Total Foreign Government and Provincial Obligations	112,915,192	68,183,894
Corporate Obligations:		
Australian Dollar	12,514,330	7,769,923
Brazilian Real	1,101,817	-
Canadian Dollar	2,226,858	2,431,224
Danish Krone	305,386	150,096
Euro	37,442,891	15,583,317
Hong Kong Dollar	368,361	366,574
Japanese Yen	1,420,976	619,956
UK Pound	3,257,210	1,955,114
Total Corporate Obligations	58,637,829	28,876,204
Convertible Securities:		
Swiss Franc	19,962	-
Purchased Options:		
Euro	-	384,132
Indian Rupee	-	626,434
Swiss Franc	-	612,069
Total Purchased Options	-	1,622,635
Private Investment Funds:		
Canadian Dollar	2,339,096	737,163
Euro	77,929,016	91,169,110
UK Pound	-	589,539
Total Private Investment Funds	80,268,112	92,495,812
Investment Funds - Emerging Markets:		
Brazilian Real	585,617	-
Cash and Cash Equivalents:		
Australian Dollar	288,728	289,827
Brazilian Real	416,671	56,653
Canadian Dollar	(149,322)	199,440
Chilean Peso	723	-
Czech Koruna	(131,080)	593
Danish Krone	2,475	(922,812)
Egyptian Pound	25,297	-
Euro	17,852,684	(35,326,805)

GEF Investment Type	August 31, 2010	August 31, 2009
Cash and Cash Equivalents (continued):		
Hong Kong Dollar	$ (4,366,117)	$ (1,614,837)
Hungarian Forint	75	40,273
Indian Rupee	29	-
Indonesian Rupian	60,365	9,824
Israeli Shekel	1,142	9,698
Japanese Yen	381,544	337,647
Korean Won	41,633	8,207
Malaysian Ringgit	20,614	9,693
Mexican Peso	60,125	3,341
Moroccan Dirham	7,807	11,865
New Zealand Dollar	26	72,272
Norwegian Kroner	(444,150)	162
Peruvian Nuevos Soles	32	-
Philippine Peso	29,342	2,946
Polish Zloty	1,454	31,313
Singapore Dollar	310	308
South African Rand	40,908	1,794
Swedish Krona	64,200	6,710
Swiss Franc	(6,801,016)	(12,845,461)
Taiwan Dollar	375,382	280
Thai Baht	18,752	1,858
Turkish Lira	3	51,723
UK Pound	(296,112)	(3,171,296)
Total Cash and Cash Equivalents	7,502,524	(52,734,784)
Written Options:		
Euro	(16,882)	-
UK Pound	(179)	-
Total Written Options	(17,061)	-
Swaps:		
Australian Dollar	30,694	(112,413)
Brazilian Real	20,345	-
Canadian Dollar	11,739	-
Euro	20,622	521,290
Japanese Yen	220,655	56,505
Swedish Krona	-	81,366
UK Pound	48,809	147,899
Total Swaps	352,864	694,647
Futures:		
Euro	557,570	(1,809)
Japanese Yen	-	(288,945)
UK Pound	6,902	2,188
Total Futures	564,472	(288,566)
Total	$ 650,618,091	$ 355,449,185

(G) Counterparty (Credit) Risk

The derivative instruments utilized by the GEF, contain varying degrees of off-balance sheet risk whereby changes in the fair values of securities underlying the financial instruments may exceed the amounts recognized in the statement of changes in fiduciary net assets. The GEF manages these risks on an aggregate basis along with the risks associated with its other investments as part of its overall risk management process.

The Fund's pro-rata share of the GEF's gross counterparty exposure as of August 31, 2010 and 2009 for options, swaps, and foreign currency exchange contracts is shown in the tables below.

Options

Assets	Liabilities	Assets	Liabilities	
Notional	Notional	Fair Value as of August 31, 2010	Fair Value as of August 31, 2010	Counterparty Rating
$ 987,234,515	$ 23,703,622	$ 4,621,801	$ 297,810	A
46,625	5,702,298	46,625	120,736	AA
$ 987,281,140	$ 29,405,920	$ 4,668,426	$ 418,546	

Swaps

Assets	Liabilities	Assets	Liabilities	
Notional	Notional	Fair Value as of August 31, 2010	Fair Value as of August 31, 2010	Counterparty Rating
$ 19,528,481	$ 29,676,369	$ 713,558	$ 727,167	A
23,062,987	19,450,903	288,957	217,579	AA
$ 42,591,468	$ 49,127,272	$ 1,002,515	$ 944,746	

Foreign Currency Exchange Contracts

Assets	Liabilities	Assets	Liabilities	
Notional	Notional	Fair Value as of August 31, 2010	Fair Value as of August 31, 2010	Counterparty Rating
$ 57,755,121	$ 37,509,877	$ 1,279,792	$ 717,193	A
28,763,847	30,842,154	635,526	748,754	AA
$ 86,518,968	$ 68,352,031	$ 1,915,318	$ 1,465,947	

Options

Assets Notional	Liabilities Notional	Assets Fair Value as of August 31, 2009	Liabilities Fair Value as of August 31, 2009	Counterparty Rating
$ 986,658,226	$ 22,420,496	$ 10,386,082	$ 93,533	A
-	1,095,739	-	3,266	AA
$ 986,658,226	$ 23,516,235	$ 10,386,082	$ 96,799	

Swaps

Assets Notional	Liabilities Notional	Assets Fair Value as of August 31, 2009	Liabilities Fair Value as of August 31, 2009	Counterparty Rating
$ 86,477,900	$ 58,679,157	$ 1,620,860	$ 866,799	A
168,575	1,264,314	16,180	85,221	AA
$ 86,646,475	$ 59,943,471	$ 1,637,040	$ 952,020	

Foreign Currency Exchange Contracts

Assets Notional	Liabilities Notional	Assets Fair Value as of August 31, 2009	Liabilities Fair Value as of August 31, 2009	Counterparty Rating
$ 68,606,616	$ 52,037,943	$ 1,482,303	$ 904,160	A
9,365,627	14,886,215	85,729	313,787	AA
$ 77,972,243	$ 66,924,158	$ 1,568,032	$ 1,217,947	

As of August 31, 2010 and 2009, the GEF also had investments in futures contracts. Futures contracts expose the GEF to minimal counterparty credit risk since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

Counterparty risk for swaps, options and foreign currency exchange contracts is mitigated by having master netting arrangements between the GEF and its counterparties, and by the posting of collateral on a daily basis by the counterparty to the GEF to cover the GEF's exposure to a counterparty above the limits set in place in each master netting agreement. Collateral posted by counterparties for net assets is held by the GEF in one of its accounts at the GEF's custodian bank. As of August 31, 2010 and 2009, the Fund's pro-rata share was $5,234,259 and $8,299,826 respectively, of collateral held by the GEF related to derivative instruments other than futures. The Fund's pro-rata share was $16,265,714 and $235,508, respectively, of collateral posted with brokers by the GEF related to derivative instruments other than futures.

Note 5 – Securities Lending

In accordance with the prudent investor investment standards, the GEF loans securities to certain brokers who pay the GEF negotiated lenders' fees. These fees are included in the GEF investment income, and related expenses are included in investment expenses. The GEF receives qualified securities and/or cash as collateral against the loaned securities. The collateral, when received, will have a market value of 102% of loaned securities of U.S. issuers and a market value of 105% for loaned securities of non-U.S. issuers. If the market value of the collateral held in connection with loans of securities of U.S. issuers is less than 100% at the close of trading on any business day, the borrower is required to deliver additional collateral by the close of the next business day to equal 102% of the market value. For non-U.S. issuers, the collateral should remain at 105% of the market value of the loaned securities at the close of any business day. If it falls below 105%, the borrower must deliver additional collateral by the close of the following business day. The Fund's pro-rata share of the value of GEF securities loaned and the value of collateral held are as follows at August 31, 2010 and 2009:

GEF Securities on Loan	2010 Value	2009 Value	Type of Collateral	2010 Value of Collateral	2009 Value of Collateral
U.S. Government	$ 5,612,908	$ 6,474,779	Cash	$ 5,726,208	$ 6,603,808
Foreign Government	4,391,167	274,110	Cash	4,612,328	282,905
Corporate Bonds	7,501,425	653,836	Cash	7,677,569	671,791
Common Stock	76,350,307	81,215,941	Cash	79,223,259	84,100,106
Total	$ 93,855,807	$ 88,618,666	**Total**	$ 97,239,364	$ 91,658,610
Common Stock	$ 1,262,285	$ -	Non-Cash	$ 1,289,015	$ -

Cash received as collateral for securities lending activities is invested and reinvested in a commingled pool managed exclusively for the benefit of the GEF, the PUF, the Intermediate Term Fund and other UT Board accounts that participate in securities lending activities. The pool is managed in accordance with investment guidelines established in the securities lending contract between the GEF and its securities lending agent. The maturities of the investments in the pool do not necessarily match the term of the loans, rather the pool is managed to maintain a maximum dollar-weighted average maturity of 60 days and an overnight liquidity of 20%. Lending income is earned if the returns on those investments exceed the rebate paid to borrowers of the securities. The income remaining after the borrower rebates is then shared with the lending agent on a contractually negotiated split. If the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, the payment of the shortfall to the borrower would come from the Fund and the securities lending agent in the same proportion as the split of income.

The Fund's pro-rata share of the GEF's portion of the collateral pool investments, rating by NRSRO, and weighted average maturity as of August 31, 2010 and 2009 is shown in the following table:

	August 31, 2010			August 31, 2009		
Description	**Fair Value**	**Rating**	**Weighted Average Maturity In Days**	**Fair Value**	**Rating**	**Weighted Average Maturity In Days**
Repurchase Agreements	$ 69,892,339	No Rating Available	1	$ 60,785,503	No Rating Available	1
Commercial Paper	16,032,779	P	35	16,183,109	P	44
Floating Rate Notes	-	AAA		1,679,113	AAA	
Floating Rate Notes	3,562,923	AA		5,931,973	AA	
Floating Rate Notes	3,535,142	A		-	A	
Total Floating Rate Notes	7,098,065		26	7,611,086		21
Certificates of Deposit	4,815,976	P	63	7,201,456	P	68
Other Receivables/Payables	(599,795)	Not Rated	-	(122,544)	Not Rated	-
Total Collateral Pool Investment	$ 97,239,364		12	$ 91,658,610		16

Collateral pool investments are uninsured, and are held by the securities lending agent, in its name, on behalf of the GEF, except for the investments in repurchase agreements which are held in the securities lending agent's name by a third party custodian not affiliated with the GEF or the borrower of the associated loaned securities. Therefore, the collateral pool is not exposed to custodial credit risk because the pool investments are not held by counterparties to the lending transactions or the counterparties' trust department or agent.

Cash collateral is recorded as an asset with an equal and offsetting liability to return the collateral on the statements of fiduciary net assets. Pool investments are valued at amortized cost which is indicative of fair value. Investments received as collateral for securities lending activities are not recorded as assets because the investments remain under the control of the transferor, except in the event of default.

In the event of default, where the borrower is unable to return the securities loaned, the GEF has authorized the securities lending agent to seize the collateral held. The collateral is then used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities cannot be replaced. If the collateral is insufficient to replace the securities, the securities lending agent has indemnified the GEF from any loss due to borrower default.

As of August 31, 2010 and 2009, the GEF had no credit risk exposure to borrowers because the amounts the GEF owed to borrowers exceeded the amounts the borrowers owed the GEF.

There were no significant violations of legal or contractual provisions, no borrower or securities lending agent default losses, and no recoveries of prior period losses during the years ended August 31, 2010 and 2009.

Note 6 – Fees and Expenses

The Fund is assessed a management fee by UTIMCO to cover the costs of managing the Fund and providing day-to-day operations. The fee assessed for the year ended August 31, 2010, was $3,046,039, net of a rebate of $1,393,602 of excess reserves from UTIMCO to the Fund. The fee assessed for the year ended August 31, 2009, was $4,640,564.

The Fund is assessed an annual administrative fee on behalf of UT System and UT System institutions for the support of endowment administration and management efforts. This fee is assessed and paid at the beginning of each fiscal year. The fees assessed for the fiscal years ending August 31, 2010 and 2009, were $12,226,864 and $12,167,022, respectively.

The Fund is assessed a fee to cover costs associated with UT System personnel in their efforts to provide assistance to the UT Board and the Chancellor of the UT System in their oversight responsibilities of UTIMCO. The fees assessed for the years ended August 31, 2010 and 2009, were $121,900 and $121,750, respectively.

The Fund incurs other expenses related to its operations primarily consisting of audit fees, printing and graphic expenses, legal, and custodial fees.

Financial Highlights
Years Ended August 31,

	2010	2009	2008	2007	2006
Selected Per Unit Data					
Net Asset Value, Beginning of Year	$ 5.706	$ 6.976	$ 7.503	$ 6.744	$ 6.337
Income from Investment Operations					
Net Investment Income (A)	0.035	0.043	0.090	0.122	0.117
Net Realized and Unrealized Gain (Loss) on Investments	0.676	(1.011)	(0.324)	0.921	0.566
Total Income (Loss) from Investment Operations	0.711	(0.968)	(0.234)	1.043	0.683
Less Distributions					
From Net Investment Income	0.035	0.043	0.090	0.122	0.117
From Net Realized Gain	0.275	0.259	0.203	0.162	0.159
Total Distributions	0.310	0.302	0.293	0.284	0.276
Net Asset Value, End of Year	$ 6.107	$ 5.706	$ 6.976	$ 7.503	$ 6.744
Ratios and Supplemental Data					
Net Assets, End of Year (in thousands)	$5,130,276	$4,516,800	$5,285,011	$5,333,046	$4,440,780
Ratio of Investment Expenses to Average Net Assets	0.31%	0.31%	0.26%	0.28%	0.38%
Ratio of Total Expenses to Average Net Assets	0.56%	0.59%	0.45%	0.36%	0.47%
Ratio of Net Investment Income to Average Net Assets	0.59%	0.77%	1.22%	1.72%	1.82%
Ratio of Distributions to Average Net Assets (5-quarter average)	5.20%	5.38%	3.96%	4.00%	4.27%
Ratio of Distributions to Average Net Assets (12-quarter average)	4.83%	4.41%	4.00%	4.15%	4.44%

(A) Net investment income is comprised of investment income (excluding the net decrease in investments) and investment expenses as presented on the statements of changes in fiduciary net assets.