

Year Ended
August 31, 1997

Investment Report

PERMANENT UNIVERSITY FUND

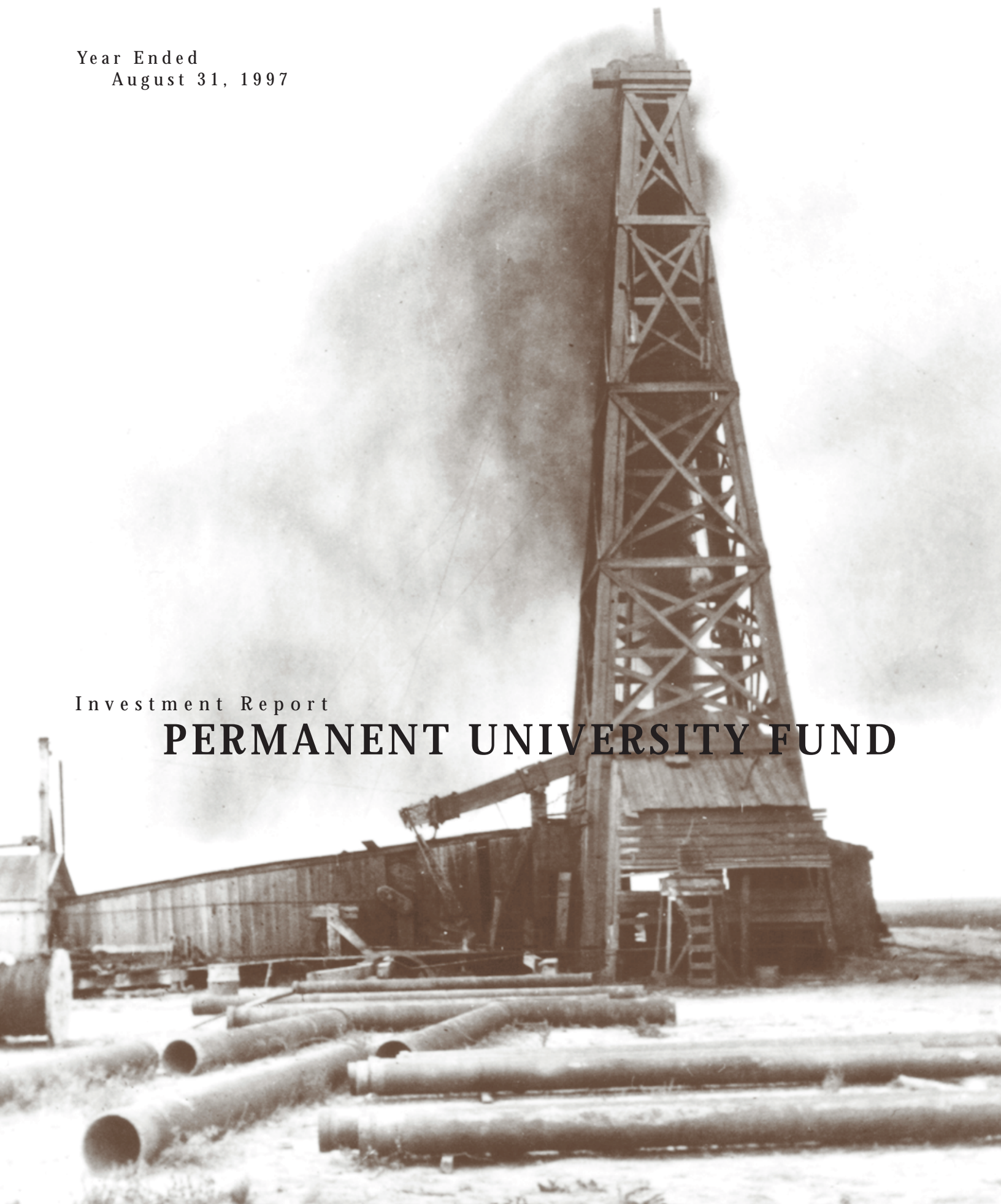


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REF. #1

Littlefield Memorial Fountain, on the campus of U. T. Austin was turned on for the first time March 26, 1933.



MESSAGE FROM THE CHAIRMEN

We are pleased to report that fiscal 1997 was an outstanding year for the Permanent University Fund. During the year, the Fund generated a record investment return of \$1.254 billion and distributed \$265 million to the Available University Fund (“AUF”) for the benefit of The University of Texas System and The Texas A&M University System. This investment performance combined with a benign inflation environment enabled the Fund to exceed its primary investment objective of preserving the purchasing power of both the Fund’s investment assets and income distributions to the AUF.

In the future, The University of Texas Investment Management Company (“UTIMCO”) will continue to execute its strategy of diversifying the Fund’s assets into equity securities with a potential for significant dividend growth as well as capital appreciation. Although the Fund experienced considerable success in fiscal 1997, it is important to note that only now has income distributed to the AUF recovered to the level achieved in fiscal 1990. The inability of the Fund to preserve the purchasing power of its income stream during the decade, despite low inflation and above average rates of capital appreciation, is a function of the less than optimal income-based distribution requirement contained in the Texas Constitution. Despite the challenges of such a constraint, the U. T. Board of Regents and UTIMCO look forward to providing attractive investment returns and real income growth in the future.



Donald L. Evans



Thomas O. Hicks



Donald L. Evans
Chairman
 Board of Regents
 The University of Texas System




Thomas O. Hicks
Chairman
 Board of Directors
 The University of Texas Investment
 Management Company

Regent
 The University of Texas System

A historical timeline of the Permanent University Fund is shown below and on the following pages. The history of the PUF spans a rather colorful and storied past, from its inception in the early days of the Republic of Texas, to its relevance today as a modern investment fund for the furthering of higher education in the state of Texas. The timeline reflects when each U. T. and Texas A&M institution was admitted into their respective systems and subsequently made eligible to receive proceeds from the issuance of PUF bonds. Significant legislation passed by governing bodies that affected the PUF's growth is also noted.



PERMANENT UNIVERSITY FUND

The Permanent University Fund (“PUF”) is a public endowment contributing to the support of certain institutions of The University of Texas System and The Texas A&M University System. The PUF was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. 

See the inside back cover for photo references.

On March 6, 1836, over 182 defenders lost their lives at the Battle of the Alamo. One month later the armies of the Mexican General Antonio Lopez de Santa Anna were defeated by Sam Houston at the Battle of San Jacinto, making way for the establishment of the Republic of Texas.

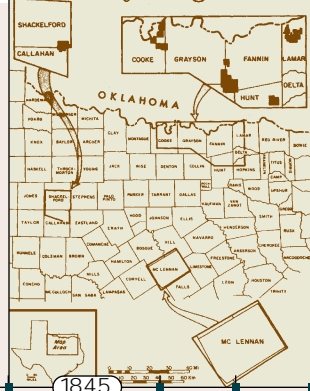


REF. #2

way for the establishment of the Republic of Texas.

An Act signed by President Lamar, provided for the creation of institutions of primary and higher education. Fifty Leagues of Land [221,420 acres], would be set apart and appropriated for the establishment and endowment of two colleges or universities, hereafter to be created.

Location of the Original Fifty Leagues



Dec. 23, 1853 Governor E.M. Pease urged the Fifth Legislature to complete the survey of the fifty leagues appropriated for higher education in 1839 and to establish one state university instead of two. No action was taken.

1836

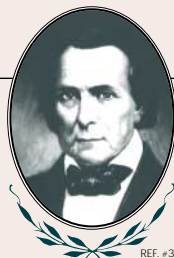
1838

1839

1845

1853

President of the Republic of Texas, Mirabeau B. Lamar, in his stirring address to the Third Congress of the Republic of Texas on December 20, 1838, eloquently explained the need for and benefits of an educated citizenry, stating, “A cultivated mind is the guardian genius of democracy, and while guided and controlled by virtue, is the noblest attribute to man. It is the only dictator that free men acknowledge, and the only security that free men desire.”



REF. #3

President of the Republic of Texas
Mirabeau B. Lamar

Texas was admitted to statehood on December 29, 1845 as a slave state. The Mexican-American War was fought during 1846-48 after

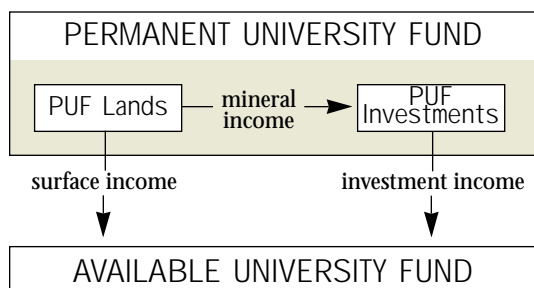
Mexico refused to relinquish its claims of sovereignty over Texas.

Pictured here are General Scott and the U.S. Army occupying Mexico City.



REF. #4

The University of Texas System Board of Regents (“U. T. System Board”) has maintained an active program for leasing of mineral interests since 1923.



LEASING OF SURFACE INTERESTS

Surface acreage of the sparsely-populated PUF Lands has been leased primarily for grazing and easements for power lines and pipelines.

During the period 1970-1990, surface income grew rapidly to reach \$5 million per year by 1987. Since then, surface income has leveled off and fluctuates in the \$4-5 million range per year. As mandated by the Constitution, all surface income from the PUF Lands is distributed to the Available University Fund (“AUF”) and expended in the year in which it is earned.

LEASING OF MINERAL INTERESTS

Mineral income generated by the PUF Lands consists primarily of bonuses and rentals from the periodic sale of mineral leases and royalties on gross revenues from oil, gas, and sulfur production. Additional mineral income is generated through royalties and rentals of water and other miscellaneous income.

As interpreted by the Texas Supreme Court and the Texas Attorney General, constitutional provisions governing the PUF require that all proceeds from the sale of lands and leasing of minerals be invested in securities. Furthermore, all net realized gains from the sale of securities must be reinvested as corpus and may not be distributed to the AUF and expended.

University of Texas System PUF Beneficiaries

U. T. at Arlington
 U. T. at Austin
 U. T. at Dallas
 U. T. at El Paso
 U. T. Health Science Center at Houston
 U. T. Health Science Center at San Antonio
 U. T. M.D. Anderson Cancer Center
 U. T. Medical Branch at Galveston
 U. T. of the Permian Basin
 U. T. at San Antonio
 U. T. Southwestern Medical Center at Dallas
 U. T. at Tyler
 U. T. Health Center at Tyler

Texas A&M University System PUF Beneficiaries

Texas A&M University
 Texas A&M at Galveston
 Texas A&M at Prairie View
 Texas A&M at Tarleton State



REF. #5
 Governor E.M. Pease

- America—and the world—was entering the Industrial Revolution. Whale oil was rapidly diminishing as industry required more and different types of fuel. In 1859 the first oil well in America was drilled near Titusville, Pa. The oil boom in Texas was several years off, but the world stage for mass consumption of petroleum products was set.



REF. #6



Old Main and the “new” wooden barracks at A&M College of Texas stood in 1878.

REF. #8

1858

1859

1861

1871

Texas Governor E.M. Pease signed the bill for the establishment of the University of Texas on February 11, 1858. The Act granted the University of Texas \$100,000 in U.S. bonds, as well as the original Fifty Leagues. In addition, the Act granted to the University 10% of the land reserved for the State under the Railroad Grant Act of 1854.

● Texas seceded from the Union effective March 2, 1861 and remained part of the Confederacy until the Civil War ended on April 9, 1865.

On April 17, 1871 the Texas Legislature established the Agricultural and Mechanical College of Texas and declared that it be a branch of The University of Texas. A 9-member Board of Directors for A&M had their first meeting on June 1, 1875 in Bryan, Texas.



REF. #7

On January 10, 1901 the discovery of oil at Spindletop ushered in drilling along the Texas Gulf Coast and marked the birth of the modern oil industry. Flowing at a rate of 100,000 barrels a day, Spindletop was the first well to prove conclusively that the earth contained vast quantities of oil which could be successfully produced.



INVESTMENT OF MINERAL INCOME

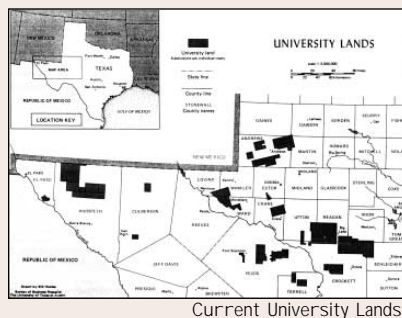
The Constitution delegates to the U. T. System Board the authority to invest PUF assets. Initially, the investment of PUF mineral income was restricted by the Constitution to bonds of the U.S. Treasury and State of Texas. Throughout the 20th century, the definition of eligible investments under the Constitution has been amended to reflect the evolution of securities markets and trust law. Investment in corporate stocks and bonds was made possible in 1956. Most recently, in 1988, the Constitution was amended to authorize the U. T. System Board to invest the PUF in accordance with the “prudent person” investment standard.

In order to enhance the process by which PUF investments are governed and managed, the U. T. System Board on March 1, 1996, contracted with The University of Texas Investment Management Company (“UTIMCO”) to invest all funds under its fiduciary control. UTIMCO is a 501(c)(3) corporation formed in March of 1996 to invest endowment and other assets of the Board. UTIMCO is governed by a board of directors with experience in investment management. UTIMCO’s governance structure is designed both to preserve ultimate regental control of investments for fiduciary purposes and to increase the level of investment expertise in the governance of investments. Day-to-day management of funds is delegated to UTIMCO’s employees, who provide a full range of investment services exclusively to the U. T. System Board.



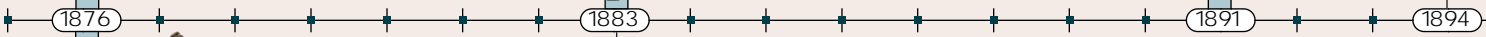
Classes began at Texas A&M October 4, 1876, with an enrollment of 6 students. Thomas S. Gathright served as first president. By the time the first year ended there were 106 students enrolled.

On April 10, 1883 the Legislature added 1,000,000 acres of land in West Texas to the PUF which was land turned back over to the State from the Texas and Pacific Railroad because it was considered too worthless to survey.



Current University Lands

The first commercial production of oil in Texas occurred in Corsicana, TX and in a few years it was producing 1,000 barrels per day.



Texas A&M at Prairie View

The Constitution of 1876 established a “Permanent University Fund” and called for the creation of The University of Texas, which had yet to be organized, and mandated that the A&M College of Texas was to be a branch of The University of Texas. The Constitution took away the prime lands bordering the rail roads (one section for every ten) and granted in its place 1,000,000 acres in West Texas.



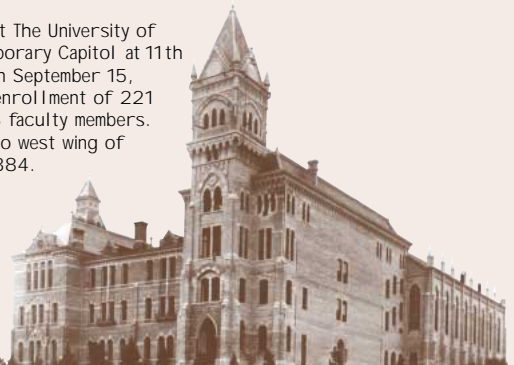
REF. #9

U. T. at Austin



Classes began at The University of Texas in the Temporary Capitol at 11th and Congress on September 15, 1883, with an enrollment of 221 students and 13 faculty members. Classes moved to west wing of “old Main” in 1884.

U. T. Medical Branch at Galveston



REF. #10

DISTRIBUTION OF INVESTMENT RETURN FROM THE PUF TO THE AUF

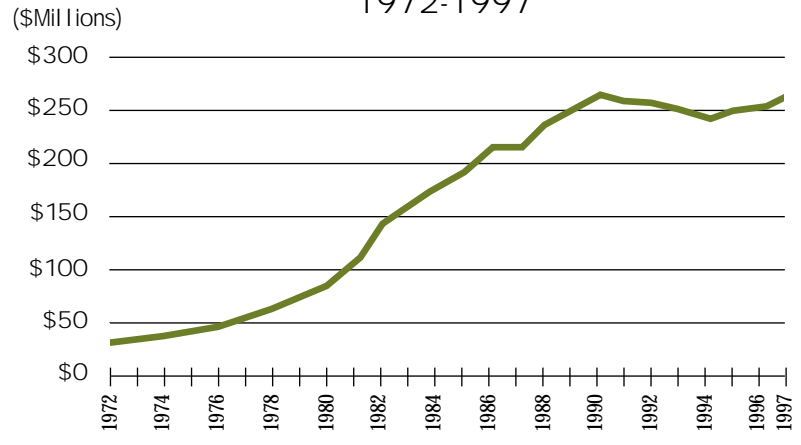
The Constitution requires that the dividends, interest, and other income from the PUF be distributed to the Available University Fund (AUF).

In accordance with this constitutional distribution policy, a cumulative \$4.5 billion, or approximately 58% of the \$7.8 billion of cumulative investment return generated has been distributed to the AUF for expenditure in support of the U. T. System and the Texas A&M University System.

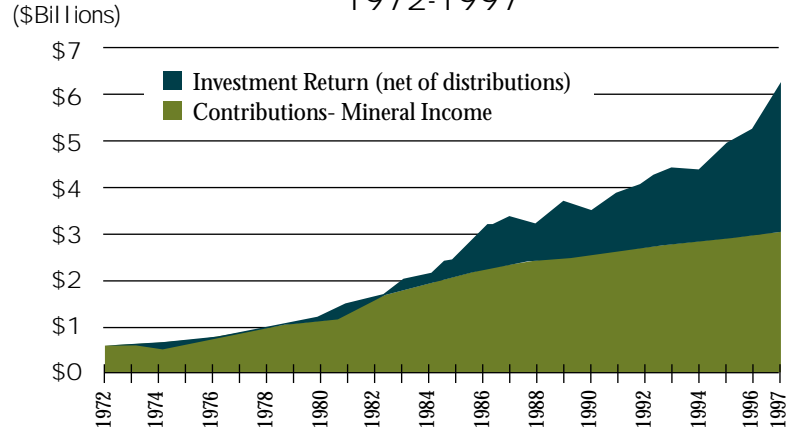
Summarized below are the cumulative contributions, investment return and distributions of investment return to the AUF.

	AMOUNT (in Millions)
1923-1997	
Beginning Market Value	\$ 0
Contribution of Mineral Income from PUF Lands	3,066.1
Investment Return	7,786.8
Distributions of Return to the AUF	(4,484.6)
Ending Market Value (1997)	\$6,368.3

PUF DISTRIBUTIONS TO THE AUF 1972-1997



PUF ASSET GROWTH 1972-1997



In 1899, after seven years of trying unsuccessfully to find backers for a well on Spindletop Hill, U.T geology professor William Battle Phillips, helped provide the means for substantial investment and qualified personnel to direct the work.



REF. #11

1899



REF. #13

1901

On December 17, 1903 the Wright Brothers made the first powered airplane flight in history at Kitty Hawk, N.C.

In 1911, U. T. officials began to construct wooden shacks for classrooms and laboratories. Two dozen of these unsightly one-story buildings were constructed, and it is claimed that they were left unpainted, unpapered and unheated by order of President S.E. Mezes so that Texans would be ashamed and embarrassed by their appearance and so demand more suitable accommodations from the Legislature.



REF. #14

1911

1914

And on January 10, 1901 the discovery of oil at Spindletop ushered in drilling along the Texas Gulf Coast and marked the birth of the modern oil industry, including Gulf Oil. Flowing at a rate of 100,000 barrels a day, Spindletop was the first well to prove conclusively that the earth contained vast quantities of oil which could be successfully harvested.

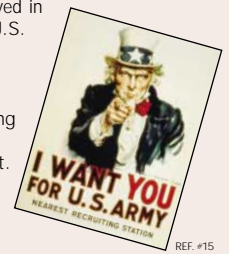


REF. #12

U. T. Professor
Dr. William Battle Phillips

In 1901 the Legislature authorized the U. T. Board of Regents to "sell, lease and otherwise control" the mineral interests in the PUF lands, including exploration and development of the lands. The Legislature also approved funding for The University of Texas Mineral Survey to "provide for a mineral survey of the lands belonging to the public schools, University and asylum lands of the state." Dr. William Battle Phillips, based on his Spindletop success, was promoted to professor of geology and appointed director of the Survey.

On June 28, 1914, all of Europe, and eventually 32 nations were involved in World War I. The U.S. delayed entry until April 7, 1917. Raw materials of every kind, including oil, were rationed for the war effort.



REF. #15

The University of Texas began receiving a standard one-eighth oil royalty from the wells drilled on University lands. Within a decade both universities were able to expand their campuses to accommodate increased enrollment because of this new source of funds.



FUNDING OF PUF ADMINISTRATIVE EXPENSES

The U. T. System Board, as trustee for the PUF, incurs costs in the management of PUF Lands and investments. Texas statutes require that all administrative expenses be paid from the AUF. This constraint means that investment expenses incurred to produce both income return and price return must be paid from the income portion of investment return only.

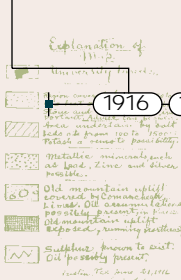
FUNDING OF PERMANENT IMPROVEMENTS

Under the Constitution, PUF income return and surface income distributed from the PUF to the AUF—rather than State general revenue appropriations—are used by the U. T. System and the Texas A&M System as a major source of funding for capital expenditures at eligible

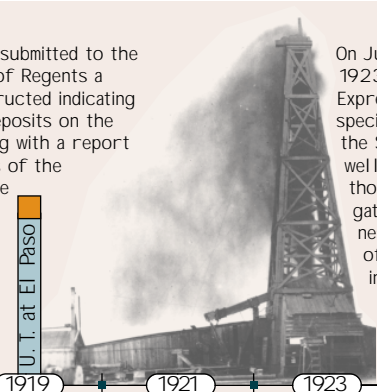
component institutions. The Constitution authorizes the U. T. System Board and the Texas A&M System Board to issue bonds payable from their respective interests in annual distributions to the AUF to finance construction and renovation projects, major library acquisitions, and educational and research equipment at the 17 eligible campuses of their systems. The U. T. System Board and the Texas A&M System Board are authorized to issue bonds secured by each System's interest in PUF distributions in an amount not to exceed 20% and 10%, respectively, of the book value of the PUF at the time of issuance.

Since bond issuance was first authorized in 1932, the U. T. System and the Texas A&M System have issued a combined total of \$1.68 billion of bonds to fund the acquisition of permanent improvements. To date, \$1.39 billion of distributions from the PUF to the AUF has been expended by the two systems to fund debt service on PUF bonds.

On June 12, 1916, Dr. J.A. Udden submitted to the Land Committee of the U. T. Board of Regents a photograph of a map he had constructed indicating the possible location of mineral deposits on the University Lands in West Texas, along with a report on the potential mineral resources of the University Lands. Later that year the Board approved a policy expressly forbidding the sale of any of the University Lands.



REF #16



REF #17

Santa Rita No. 1

The Santa Rita No. 1 (on University Lands) was spudded August 17, 1921 and erupted on May 28, 1923 at a depth of 3,055 feet. This name was provided by a group of Catholic Nuns who invested in Texan Oil Co. The Nuns requested that the oilmen sprinkle a handful of special ly-blessed rose pedals from the top of the derrick before drilling started and proclaim, "I christen thee Santa Rita No. 1". The name was derived from Saint Rita, the patron saint of the impossible.

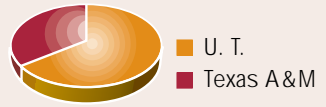
On June 10, 1923, the Orient Express made a special run to the Santa Rita well site. Several thousand people gathered to witness the sight of oil gushing in West Texas.



REF #18

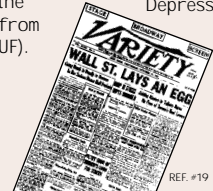
On March 10, 1926 the Texas Supreme Court ruled in *State v. Hatcher* that proceeds from the sale of oil from the PUF lands should be considered proceeds from the sale of part of the "corpus of the estate" and could not be regarded as income.

On April 8, 1931 legislation was passed which provided in addition to other amendments, that the interest and dividends of the PUF would be divided 2/3 (U. T.) 1/3 (Texas A&M). PUF income was allowed to be spent on building construction and equipment purchases.



In 1928 Attorney General Claude Pollard issued an opinion stating that the U. T. Board of Regents could issue bonds against the annual income from the PUF (the AUF).

On October 24, 1929 the stock market crashed and ushered in the Great Depression.



REF #19

In 1933 nine buildings were dedicated on the campus of the University of Texas as part of its 50th anniversary celebration. During this same period Texas A&M was also in a rapid building phase.

FUNDING OF EXCELLENCE PROGRAMS

The residual annual distributions from the PUF to the AUF, after administrative expenses and debt service on PUF bonds, are constitutionally dedicated to the funding of excellence programs at The University of Texas at Austin and

Texas A&M University at College Station and system administration. Expenditures for excellence programs encompass library enhancements, specialized science and engineering equipment, student counseling services, graduate student fellowships, and National Merit and minority scholarships.

PUF FINANCIAL HIGHLIGHTS (in Millions)

FOR THE YEAR ENDED AUGUST 31,	1993	1994	1995	1996	1997
PUF Mineral Contributions	\$ 69.4	\$ 59.6	\$ 57.1	\$ 65.7	\$ 85.2
Investment Return	506.9	105.1	724.4	522.1	1,254.0
Investment Assets (Market Value)	4,468.7	4,428.0	4,958.5	5,292.1	6,368.3
Distributions to the AUF					
Investment Income	250.3	242.3	249.5	253.6	265.2
Surface and Other Income	5.0	5.1	4.3	5.3	5.7
Administrative Expenses	\$ 10.3	\$ 9.6	\$ 9.5	\$ 9.0	\$ 10.8

September 1, 1939 World War II began with the invasion of Poland by Germany and Russia. On December 7, 1941 the Japanese bombing of Pearl Harbor launched the United States into World War II. The war ended on September 1, 1945 with the surrender of Japan, and the beginning of the nuclear age.



REF. #21



A constitutional amendment to the PUF was passed to accommodate rapidly increasing enrollments. The amendment authorized a bond issue backed by the AUF of \$10 million for The University of Texas, \$2 million of which was allotted to the U. T. Medical Branch at Galveston and \$5 million for Texas A&M.



With the ushering in of the Nuclear Age and the end of WWII, an explosion of a different kind was born, the post-war Baby Boom. Thousands of new students sponsored by the G.I. Bill would soon cause an increase in college attendance of unprecedented proportions and whose effect would be evident on institutions of higher education for years to come.

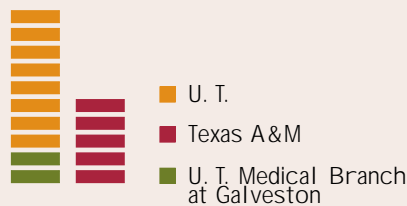
On June 25, 1950, the Korean War begins.



REF. #20

U. T. M.D. Anderson Cancer Center

U. T. SW Medical Center at Dallas



After World War II, annual mineral income fluctuated in the range of \$25 million, until the OPEC embargo in 1972. With the rapid escalation of oil prices and resulting increase in production, annual mineral income soared to as high as \$261 million over the next 10 years before a period of general decline. The impact on prices as a result of the OPEC embargo is shown in the historical timeline.



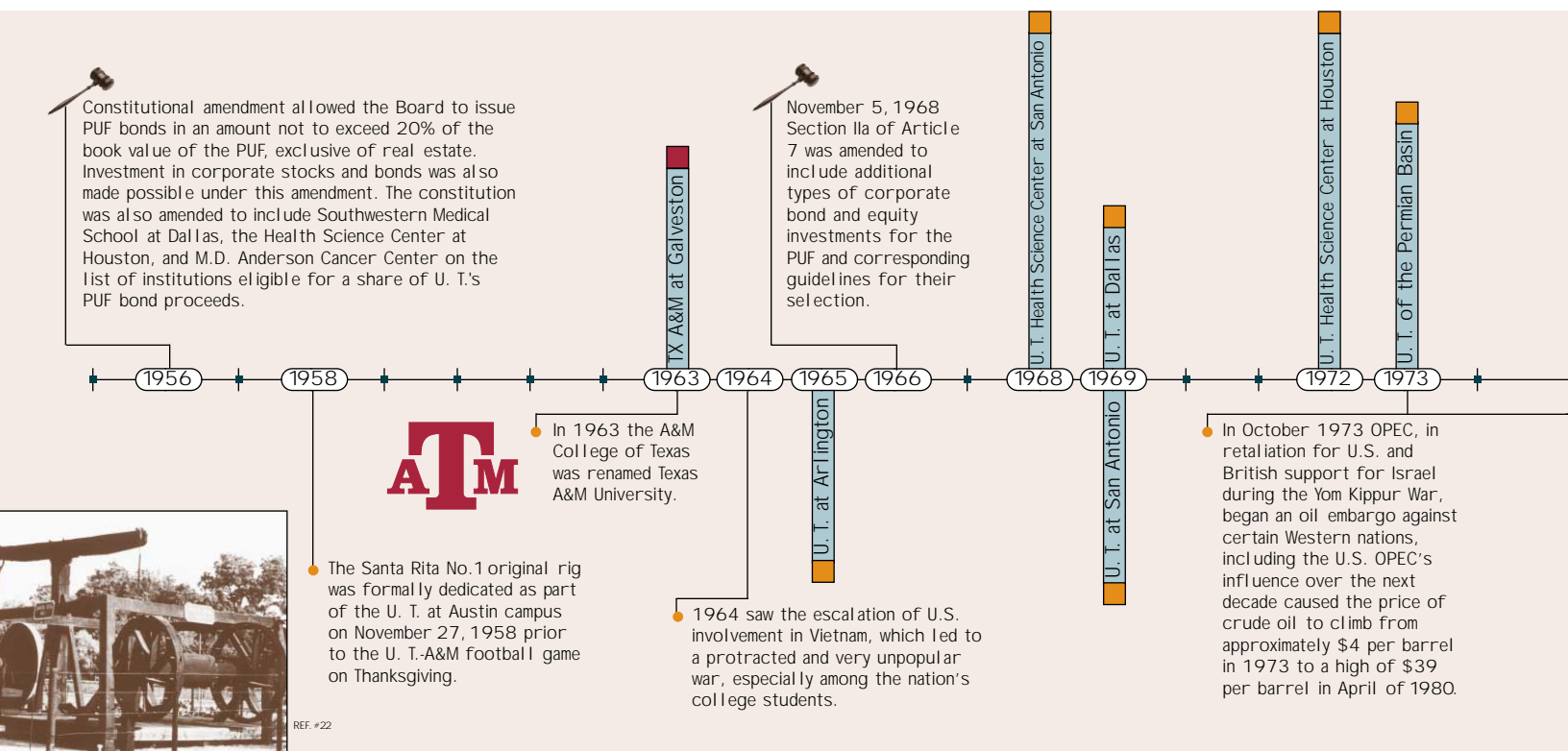
CONTRIBUTIONS

Contributions of mineral income to PUF corpus increased by 29.7% from \$65.7 million to \$85.2 million. Of this total, 54.1% was contributed by royalties on the production of crude oil, which increased by 16.5% to \$46.1 million. Average oil prices during the year increased by \$2.62 per barrel to \$20.46 per barrel. Production for the year increased by 258,859 barrels, or by 1.7% to 15,526,443 barrels. Royalties on the production of gas accounted for approximately 27.9% of fiscal year mineral income. Gas royalties increased by 39.3% from \$17.0 million to \$23.7 million. This increase was largely a result of increases in both wellhead gas prices and gas and casinghead production. Wellhead gas prices for the fiscal year averaged \$2.46 per mmbtu while production increased 2,903,075 mcf to 72,893,893 mcf. Renewal of oil and gas leases and miscellaneous royalties accounted for the remaining 1.8% of the mineral

income for 1997. Finally, roughly 16.2% of fiscal year contributions of mineral income was generated by bonuses paid on the sale of oil and gas leases. Bonuses contributed \$13.8 million to the PUF, representing an increase of 88% over bonuses paid during the prior year.

INVESTMENT RETURN

During the year, the PUF produced income, net realized gains, and net unrealized gains of \$1,254.0 million. This represented a 140.2% increase from the prior year's return of \$522.1 million, and the highest investment return since the PUF's inception. Of the \$1,254.0 million return, \$263.0 million was income return and \$991.0 million was price return. In accordance with statutory requirements, the cash income return of \$265.2 million was distributed to the AUF and the price return of \$991.0 million was retained as PUF corpus.



FUND MARKET VALUE

The market value of the PUF's investment (net of distributions) grew by 20.3% during the year to \$6,368.3 million. The components of the \$1,076.2 million growth in value were contributions of \$85.2 million, net realized gains of \$251.0 million, and net unrealized gains of \$740.0 million.

DISTRIBUTIONS TO THE AUF

As stated previously, the Constitution requires that the dividends, interest, and other income from PUF investments be distributed to the AUF. During the year, cash investment income of \$265.2 million was distributed to the AUF, representing an increase of 4.6% over the prior

year's income distributions of \$253.6 million. When added to surface income of \$5.3 million and miscellaneous income on AUF balances, total gross divisible AUF receipts increased by 4.6% to \$270.9 million. PUF administrative expenses during the year increased by 20% to \$10.8 million. Expenses associated with the management of PUF Lands increased by 14.3% from \$3.5 million to \$4.0 million. Investment expenses increased by 23.6% from \$5.5 million to \$6.8 million, but represented 0.12% average PUF market value. After deducting PUF administrative expenses, net divisible cash basis income available for expenditure by the U. T. System and the Texas A&M System increased by 4.1% to \$260.1 million.

The 1890 U.S. Census indicated that Texas had a population of 2.2 million. The 1990 Census indicated that the state's population grew by an additional 14.8 million people over the ensuing 100 years. This seven-fold increase was also reflected in increased enrollment at U. T. and Texas A&M System institutions. Nationally, college attendance jumped from 14% of the cohort (college-age population) to 50% after World War II.



Timeline of PUF History:

- 1977:** U. T. Health Center at Tyler
- 1978:** In 1978 an Attorney General opinion advised that interest accruing from the PUF under Sections 17 and 18 of Article 7 must be used to retire outstanding bond obligations and to finance permanent improvements.
- 1979:** U. T. at Tyler
- 1984:** In 1984, a constitutional amendment to Section 18 enlarged the overall bonding capacity of the U. T. and Texas A&M Systems to 30% of the PUF's cost value and made all existing U. T. and Texas A&M component institutions eligible to benefit from PUF bond proceeds. Also in 1984, voters ratified a proposal to create a constitutionally-dedicated Higher Education Assistance Fund (HEAF) similar to the PUF for 26 senior institutions of higher education which do not benefit from the PUF.
- 1988:** Constitutional amendment adopted the "prudent person" investment standard for the U. T. Board of Regents and eliminated all other investment restrictions for the PUF.
- 1990-1991:** U.S. and coalition forces defeat the Iraqi army and liberate Kuwait, thus preserving the balance of power in, and ensuring the free flow of oil from the Persian Gulf.
- Today:** Today the PUF serves more than 180,000 students at 17 institutions in The University of Texas and Texas A&M University Systems. As of August 31, 1997, the PUF market value was \$6.4 billion. However, PUF royalties from oil and gas operations have declined steadily in recent years—from \$261.9 million in 1981 to \$85 million in 1997—and the PUF has changed from a mineral based fund to an investment based fund.

Crude Oil Prices (\$ PER BARREL):

Date	Price (\$ per barrel)
Oct '73	~5.00
Oct '74	~10.00
Oct '75	~12.00
Oct '76	~14.00
Oct '77	~15.00
Oct '78	~15.00
Oct '79	~25.00
April '80	~38.00

Achievement of the Fund's investment objectives is substantially hindered by the inability to make distributions to the AUF on a total return basis. The objective to preserve the purchasing power of the distribution stream subordinates the fund's allocation among various asset classes to the management of income return. In an environment of low or declining interest rates, the U. T. System Board must allocate a higher than optimal percentage of PUF investment assets to higher-yielding, fixed income securities in order to maintain distributions on a level-dollar basis.



PUF INVESTMENT OBJECTIVES

The primary investment objective of the PUF is to preserve the purchasing power of Fund assets and annual distributions by earning an average annual total return after inflation of 5.5% over rolling ten-year periods or longer. The Fund's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

The secondary fund objective is to generate a fund return in excess of the policy portfolio benchmark over rolling five-year periods or longer. The policy portfolio benchmark is established by UTIMCO and is comprised of a blend of asset class indices weighted to reflect the asset allocation policy of a traditional endowment fund.

INVESTMENT PERFORMANCE

Investment Performance Against Inflation Benchmarks

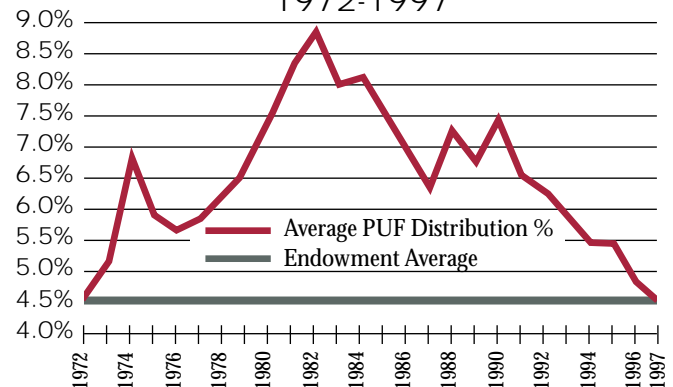
There are three inflation based investment objectives for the PUF:

- 1) Provide the U. T. and Texas A&M Systems with a stable and predictable stream of distributions to the AUF.
- 2) Maintain the purchasing power of this distribution stream.
- 3) Maintain the purchasing power of the PUF's investment assets after distributions to the AUF.

It is important to note that these objectives are contradictory in that they require the balancing of current distributions with growth in future distributions. Higher rates of annual distributions require larger annual withdrawals from the PUF, thus reducing the PUF's ability to maintain or grow purchasing power over time. The key to preservation of endowment purchasing power over the long term is to control the distribution stream by employing a neutral distribution rate. Control of the PUF's distribution rate, however, is difficult because of the legal restraints imposed by the Texas constitution. The PUF's distribution stream is the PUF's income return. Income return is heavily influenced by market-driven variables such as interest rates which determine the levels of distributable interest and dividend income.

The majority of U.S. colleges and universities set endowment distribution rates at 4.5%-5.0% of the endowment's market value. This distribution rate is chosen because it represents the average investment return after inflation, that has been generated by the securities markets over time using an equity oriented asset allocation. The chart below reflects the PUF's distribution rate over the last 20 years.

COMPARISON OF PUF DISTRIBUTION % TO THE ENDOWMENT AVERAGE 1972-1997



The PUF's investment performance against its inflation benchmarks are as follows:

PROVIDE THE U. T. AND TEXAS A&M
SYSTEMS WITH A STABLE AND PRE-
DICTABLE STREAM OF DISTRIBUTIONS
TO THE AUF

Distributions to the AUF for the fiscal year increased by 4.6% versus distributions for the prior fiscal year. For the preceding five-year period, starting with the fiscal year ended August, 1993, the rate of increase(decrease) in annual distributions to the AUF was (2.5%), (3.2%), 3.0%, 1.6% and 4.6%.

MAINTAIN PURCHASING POWER OF
THIS DISTRIBUTION STREAM OVER THE
LONG TERM

Distributions to the AUF of \$265.2 million for the year increased by a nominal rate of 4.6% and increased by an inflation adjusted rate of 2.4%. The gain in purchasing power was primarily attributable to the growth of dividends over the prior year.

Distributable interest income from fixed income securities, which represented approximately 70% of total distributable income generated, declined by 0.3% to \$185.6 million. Replacement of existing coupon rates on maturing bonds during this phase of the interest rate cycle continues to represent a major impediment to the preservation of the purchasing power of annual distributions. Dividend income from equities, on the other hand, despite a substantially lower book yield than fixed income investments, continued to

grow, increasing by 10.6% to \$65.8 million. Finally, distributable income from alternative equities increased by 81.8% to \$12.0 million.

During the preceding five years, annual distributions increased from \$256.6 million in fiscal year 1992 to \$265.2 million in fiscal year 1997, or by 3.4% in nominal terms. The cumulative rate of inflation during this period was 14.1%, resulting in a cumulative loss in purchasing power over this period of 10.7%. Again, this loss in purchasing power of annual distributions to the AUF was attributable to the inability to replace yields on the fixed income portfolio. Since fiscal year end 1990, the distributable (book) yield on the fixed income portfolio has declined by approximately 18%, from 9.9% to 8.1%.

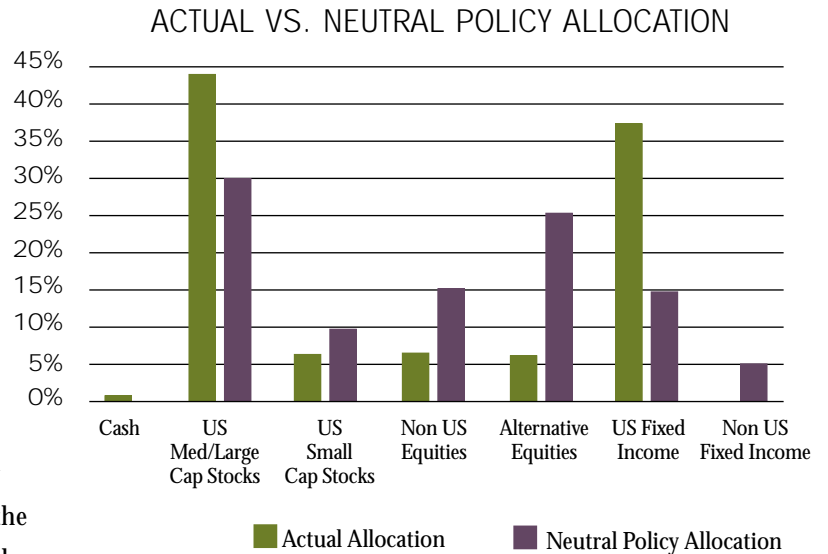
MAINTAIN THE PURCHASING POWER
OF PUF'S INVESTMENT ASSETS AFTER
DISTRIBUTIONS TO THE AUF

Despite the 37% year end allocation to fixed income securities and an above-average distribution rate, the PUF's investment assets generated annualized net real returns of 17.07% and 5.13% for the one-year and five-year periods ending August 31, 1997, respectively.

	YEAR ENDED AUGUST 31, 1997	FIVE YEARS ENDED AUGUST 31, 1997 ANNUALIZED
Total Return	23.83%	13.06%
Inflation Rate	(2.23)	(2.69)
Net Real Return	21.60	10.37
Distributions to the AUF	(4.53)	(5.24)
Net Real Return After Payout	17.07%	5.13%

ASSET ALLOCATION

Asset allocation is the primary determinant of performance. As previously mentioned, the PUF's allocation to equity asset classes is compromised because of the constitutionally mandated payout formula to the AUF. As of August 31, 1997, the actual asset allocation of the PUF's investments versus the neutral policy allocation is shown in the above right chart.



PERFORMANCE - AGAINST MARKET BENCHMARKS

PERIODS ENDED AUGUST 31, 1997

(TOTAL RETURN)	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	SEVEN YEARS
Permanent University Fund	23.8%	17.1%	16.7%	13.1%	13.2%

For the year, the PUF's investment assets produced a total return of 23.8% versus a return for the neutral policy portfolio of 25.3%. The underperformance relative to the policy portfolio was attributable to the objective of maintaining a stable stream of annual distributions to the AUF. Achievement of this objective required the maintenance of an overweighting in fixed income securities with higher yields, but lower total returns than equities.

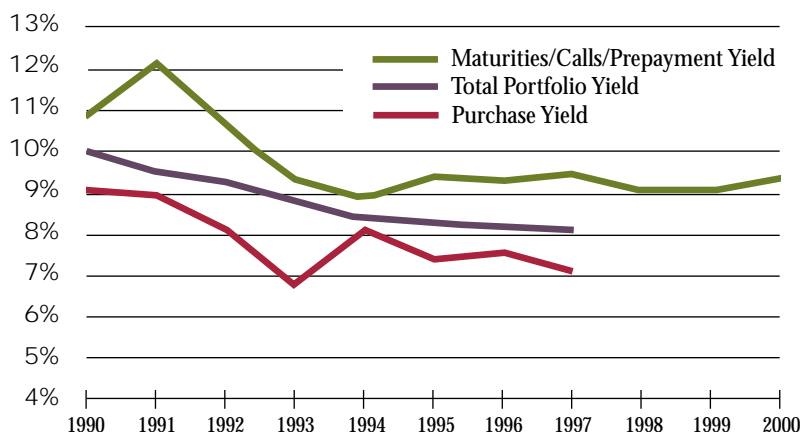
FIXED INCOME

The role of fixed income investments is to provide income for distributions. Fixed income investments are managed for yield and minimization of income volatility, primarily using a buy and hold strategy. This strategy is employed because constitutional constraints substantially inhibit the ability to sell fixed income investments for gain without creating income volatility. During periods of declining interest rates, the sale of appreciated fixed income securities to realize gains will reduce distributable income upon reinvestment of proceeds. The realized gains may not be distributed to the AUF to offset the loss in yield.

FIXED INCOME - PERFORMANCE

	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	SEVEN YEARS
Fixed Income-Internal Index:					
Salomon Broad Bond Index	11.3%	7.5%	9.6%	7.8%	9.7%
	10.0%	7.0%	8.4%	6.9%	8.9%

DECLINE IN REINVESTMENT RATES ON FIXED INCOME SECURITIES



This loss in purchasing power of the annual distributions to the AUF is attributable to the inability of the Fund to replace yields on maturing fixed income securities as reflected in the chart above.

The fixed income portfolio generated a total return of 11.3% for the year versus 10.0% for its benchmark, the Salomon Broad Investment Grade Bond Index. The outperformance of the portfolio versus its benchmark was primarily attributable to the fact that it had a higher income component with a longer average life than the benchmark.

At year end, the average quality rating of the fixed income portfolio was Aa2. Approximately 2.0% of the portfolio was below investment grade or not rated by Moody's Investors Services.

The U.S. equity markets generated above average rates of returns over this reporting cycle. The PUF's total return attributable to U.S. equities for the year was 38.6%. The PUF's U.S. equities totaled \$3,191 million and represented 50.1% of the PUF's investment assets at fiscal year end.

The composition of the U.S. equity portion of the PUF consists of following investment portfolios.

S&P 500 Index	14.6%
Large Cap Growth	10.7%
Equity Income/Value	8.7%
Mid-Cap Index	9.9%
Small Cap Equities	6.2%
Total	50.1%

U.S. EQUITIES

U.S. EQUITIES - PERFORMANCE

	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	SEVEN YEARS
Total U.S. Equities	38.6%	27.4%	24.8%	18.4%	16.9%
Benchmarks:					
Russell 3000 Index	38.4%	27.4%	25.5%	19.6%	19.2%
S & P 500 Index	40.6%	29.2%	26.6%	19.7%	19.0%

NON-U.S. EQUITIES - PERFORMANCE

NON-U.S. EQUITIES - PERFORMANCE

	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	SEVEN YEARS
Non-U.S. Equities	12.6%	11.1%	7.4%	N/A	N/A
Benchmark: Financial Times Actuaries World Index (excluding U.S.)	9.1%	8.7%	5.7%	10.7%	7.6%

Non-U.S. equities also performed well over this reporting cycle. The PUF's total return attributable to non-U.S. equities for the year was 12.6%. The PUF's non-U.S. equities totaled \$413.6 million and represented 6.5% of the PUF's investment assets at fiscal year end.


ALTERNATIVE EQUITIES - PERFORMANCE

ALTERNATIVE EQUITIES - PERFORMANCE

	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS	SEVEN YEARS
Total Alternative Equities	17.2%	21.5%	22.2%	23.9%	16.1%
S&P 500 Index +5%	45.6%	34.2%	31.6%	24.7%	24.0%

The alternative equities portfolio return reflects the large amount of capital invested in this asset

class during the year. As explained in the following paragraph it takes several years before the alternative equity portfolio will realize returns from new investments. The PUF's alternative equities totaled \$386.7 million and represented 6.1% of the PUF's investment assets at fiscal year end.

Alternative equities consist of illiquid investments held directly or through limited partnerships. They include private equity, leveraged and buy-out mezzanine debt, oil and gas, and venture capital investments that are privately held and not traded on public exchanges. These investments require a commitment of capital for extended periods of time with no liquidity. The advantage of alternative assets is that they offer higher long term returns through investment in inefficient and complex markets. They also offer lower correlation of returns with traditional equities and reduced volatility of PUF's investment market values. The disadvantage of this asset class is that it is illiquid, requires higher and more complex fees and is dependent upon the quality of external managers. 

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INDEPENDENT AUDITORS

Deloitte & Touche, LLP, Houston, Texas

The University of Texas Investment Management Company

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Director, several privately held companies

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Educational Foundation, Inc.

Chairman & President, Texas Chest Foundation

PERMANENT UNIVERSITY FUND

Financial Statements

Year Ended
August 31, 1997

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REF. #23

The original Texas A&M campus consisted of a main building, steward's (mess) hall, dwellings for the President and 5 Professors, and dormitories, at a cost of \$187,000.



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Touche LLP**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of investment assets and liabilities of the Permanent University Fund (the "Fund") as of August 31, 1997, the comparison summary of investments as of August 31, 1997 and 1996, and the related statement of investment income (accrual basis and cash basis), the statement of changes in net investment assets and the schedule of changes in book value of investments for the year ended August 31, 1997. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 1997, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the statement of investment income (cash basis) was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This financial statement has been prepared for the purpose of presenting the amount of investment income distributed to the Available University Fund (AUF) during the year. Cash basis income is required to be distributed to the AUF in compliance with Section 66.02 of the Texas Education Code. This statement is not intended to be a complete presentation of the Fund's results of operations.

In our opinion, the statement of investment assets and liabilities, the comparison summary of investments, the statement of investment income (accrual basis), the statement of changes in net investment assets and the schedule of changes in book value of investments referred to above present fairly, in all material respects, the financial position of the Fund as of August 31, 1997, the comparative investments as of August 31, 1997 and 1996, and the results of its operations, the changes in its net investment assets, and the changes in book value of its investments for the year ended August 31, 1997, in conformity with generally accepted accounting principles.

Also, in our opinion, the statement of investment income (cash basis) referred to above presents fairly, in all material respects, the investment income of the Fund for the year ended August 31, 1997, on the cash basis of accounting.

The financial statements referred to above include only the investment balances and investment income related to the investments of the Fund which are managed by The University of Texas Investment Management Company. The Fund's asset balances related to the Fund's 2.1 million acres of West Texas land are not included in this report.

Our audit of the financial statements was conducted for the purpose of forming an opinion on such statements taken as a whole. The supplemental financial schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Fund. These schedules are also the responsibility of the Fund's management. Such additional schedules have been subjected to the accounting procedures applied in our audit of the financial statements and, in our opinion, are fairly stated, in all material respects, when considered in relation to the financial statements taken as a whole.

Deloitte & Touche LLP

October 31, 1997

PERMANENT UNIVERSITY FUND

Financial Statements

STATEMENT OF INVESTMENT ASSETS AND LIABILITIES

August 31, 1997

(in thousands)

ASSETS

Investment in Securities, at Market Value (Book Value \$4,974,351)	\$ 6,368,113
Receivable for Investments Sold	7,657
Accrued Income Receivable	<u>47,286</u>

TOTAL INVESTMENT ASSETS	<u>6,423,056</u>
-------------------------	------------------

LIABILITIES

Payable for Investments Purchased	7,492
Undistributed Income Payable to the Available University Fund	<u>47,286</u>

TOTAL LIABILITIES	<u>54,778</u>
-------------------	---------------

NET INVESTMENT ASSETS	<u><u>\$ 6,368,278</u></u>
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STATEMENT OF CHANGES IN NET INVESTMENT ASSETS

Year Ended August 31, 1997

(in thousands)

BEGINNING NET INVESTMENT ASSETS	\$ 5,292,096
Contributions from West Texas Lands	85,187
Investment Income	262,974
Change in Undistributed Income Payable to the Available University Fund	2,212
Investment Income Distributed	(265,186)
Net Realized Gains	250,992
Changes in Net Unrealized Appreciation	<u>740,003</u>
ENDING NET INVESTMENT ASSETS	<u><u>\$ 6,368,278</u></u>

PERMANENT UNIVERSITY FUND

Financial Statements

COMPARISON SUMMARY OF INVESTMENTS

August 31, 1997 and 1996

(in thousands)

	1997		1996	
	Book Value	Market Value	Book Value	Market Value
DEBT SECURITIES				
U. S. Govt. Obligations (Direct)	\$ 366,729	\$ 390,659	\$ 342,857	\$ 364,273
U. S. Govt. Obligations (Guaranteed)	36,412	38,471	43,239	44,801
U. S. Govt. Agencies (Non-Guaranteed)	321,813	340,927	333,275	342,961
Foreign Government Obligations	98,413	104,275	95,445	96,483
Municipal and County Bonds	108,984	112,072	98,897	97,385
Corporate Bonds	1,265,584	1,321,371	1,380,510	1,382,275
TOTAL DEBT SECURITIES	2,197,935	2,307,775	2,294,223	2,328,178
PREFERRED STOCKS	2,696	3,933	2,696	2,690
EQUITY SECURITIES				
Convertible Preferred Stocks	-	-	1,075	1,177
Common Stocks	997,406	1,591,142	842,771	1,111,631
Limited Partnerships and Other	301,363	356,234	190,107	245,227
Index Funds	1,327,294	1,961,372	1,157,976	1,453,704
TOTAL EQUITY SECURITIES	2,626,063	3,908,748	2,191,929	2,811,739
CASH AND CASH EQUIVALENTS				
Money Markets &				
Cash Held at State Treasury	47,657	47,657	35,008	35,008
Commercial Paper	100,000	100,000	115,000	115,000
TOTAL CASH AND CASH EQUIVALENTS	147,657	147,657	150,008	150,008
TOTAL INVESTMENTS	\$ 4,974,351	\$ 6,368,113	\$ 4,638,856	\$ 5,292,615

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

PERMANENT UNIVERSITY FUND

Financial Statements

STATEMENT OF INVESTMENT INCOME

Year Ended August 31, 1997

(in thousands)

	<u>Cash</u>	<u>Accrued</u>
DEBT SECURITIES		
U. S. Govt. Obligations (Direct)	\$ 30,738	\$ 30,695
U. S. Govt. Obligations (Guaranteed)	3,631	3,494
U. S. Govt. Agencies (Non-Guaranteed)	26,691	26,640
Foreign Government Obligations	7,422	7,520
Municipal and County Bonds	7,872	7,970
Corporate Bonds	108,425	106,266
	<u>184,779</u>	<u>182,585</u>
TOTAL DEBT SECURITIES		
	<u>325</u>	<u>325</u>
PREFERRED STOCKS		
EQUITY SECURITIES		
Convertible Preferred Stocks	85	85
Common Stocks	29,776	29,813
Limited Partnerships and Other	11,031	11,031
Index Funds	30,988	30,795
	<u>71,880</u>	<u>71,724</u>
TOTAL EQUITY SECURITIES		
CASH AND CASH EQUIVALENTS		
Money Markets & Cash Held at State Treasury	2,504	2,594
Commercial Paper	4,577	4,625
	<u>7,081</u>	<u>7,219</u>
TOTAL CASH AND CASH EQUIVALENTS		
OTHER INVESTMENT INCOME		
Securities Lending	1,121	1,121
	<u>1,121</u>	<u>1,121</u>
TOTAL OTHER INVESTMENT INCOME		
	<u>1,121</u>	<u>1,121</u>
TOTAL INVESTMENT INCOME	<u>\$ 265,186</u>	<u>\$ 262,974</u>

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

PERMANENT UNIVERSITY FUND

Financial Statements

SCHEDULE OF CHANGES IN BOOK VALUE OF INVESTMENTS

Year Ended August 31, 1997

(in thousands)

Type of Investment	Beginning Book Value	Purchases	Sales, Maturities & Redemptions	Gains (Losses)	Reclass & Amortization	Ending Book Value
DEBT SECURITIES						
U.S. Govt. Obligations (Direct)	\$ 342,857	\$ 36,957	\$ (14,503)	\$ 3	\$ 1,415	\$ 366,729
U.S. Govt. Obligations (Guaranteed)	43,239	-	(6,887)	53	7	36,412
U.S. Govt. Agencies (Non-Guaranteed)	333,275	21,848	(35,205)	306	1,589	321,813
Foreign Government Obligations	95,445	2,911	-	-	57	98,413
Municipal and County Bonds	98,897	9,726	(180)	-	541	108,984
Corporate Bonds	1,380,510	9,328	(122,822)	(2,932)	1,500	1,265,584
TOTAL DEBT SECURITIES	2,294,223	80,770	(179,597)	(2,570)	5,109	2,197,935
PREFERRED STOCKS	2,696	-	(2)	2	-	2,696
EQUITY SECURITIES						
Convertible Preferred Stocks	1,075	264	(57)	3	(1,285)	-
Common Stocks	842,771	655,291	(621,375)	101,263	19,456	997,406
Limited Partnerships and Other	190,107	141,001	(46,301)	34,727	(18,171)	301,363
Index Funds	1,157,976	247,562	(195,845)	117,601	-	1,327,294
TOTAL EQUITY SECURITIES	2,191,929	1,044,118	(863,578)	253,594	-	2,626,063
CASH AND CASH EQUIVALENTS						
Money Markets & Cash Held at State Treasury	35,008	12,683 ⁽¹⁾	-	(34)	-	47,657
Commercial Paper	115,000	845,000	(860,000)	-	-	100,000
TOTAL CASH AND CASH EQUIVALENTS	150,008	857,683	(860,000)	(34)	-	147,657
TOTAL INVESTMENTS	\$ 4,638,856	\$ 1,982,571	\$ (1,903,177)	\$ 250,992	\$ 5,109	\$ 4,974,351

(1) Net increase/decrease in cash and money markets during the year.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

NOTE 1 - ORGANIZATION

(A) The Permanent University Fund (“PUF”) is a public endowment contributing to the support of eligible institutions of The University of Texas System (“U. T. System”) and the Texas A&M University System (“TAMU System”). The PUF was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to the University of Texas plus one million acres. Additional land grants to the PUF were completed in 1883 with the contribution of another one million acres. Today the PUF contains 2,109,190 acres located in 24 counties primarily in West Texas.

The PUF’s 2.1 million acres of West Texas land produce two streams of income: mineral and surface. Mineral income is retained forever as part of the PUF; however, surface income is distributed to the Available University Fund (“AUF”). Funds held in the PUF are invested primarily in corporate and government securities.

The investments of the PUF are managed by The University of Texas Investment Management Company (“UTIMCO”), the successor as of March 1, 1996 to The University of Texas System Office of Asset Management. Investment management fees are charged directly to the AUF.

The accompanying financial statements and schedules include only the investment balances and investment income related to the investments of the PUF which are managed by UTIMCO. The PUF’s asset balances related to the PUF’s 2.1 million acres of West Texas land are not included in this report.

(B) The constitutional provisions governing the PUF prohibits the expenditure of corpus and consequently gains and losses on sales of securities remain in the PUF. Conversely, the Constitution of Texas mandates that all dividend and interest income be distributed to the AUF to meet the extensive requirements of the students in the TAMU and UT Systems.

(C) The audited financial statements and schedules have been prepared for the purpose of complying with the reporting requirements of Section 66.05 and 66.08(f) of the Texas Education Code and for the purpose of presenting the statement of investment income (cash basis). Cash basis income is required to be distributed to the AUF in compliance with Section 66.02 of the Texas Education Code. Section 66.02 of the Texas Education Code was amended to require the distribution of earnings to the AUF on an accrual basis of accounting effective for fiscal year beginning September 1, 1997.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

(A) *Cash and Cash Equivalents* - Cash and cash equivalents consist of cash held at the State Treasury, commercial paper and money market instruments.

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

(B) *Security Valuation* - Investments are primarily valued on the basis of market valuations provided by independent pricing services.

Fixed income securities directly held are valued based upon prices supplied by Merrill Lynch Securities Pricing Service and other major fixed income pricing services, external broker quotes and internal matrices.

Equity investment market values are based on the New York Stock Exchange Composite closing prices, if available. If not available, the market value is based on the closing price on the primary exchange on which the security is traded (if a closing price is not available, the average of the last reported bid and ask price is used).

Limited partnerships and other are valued based on a fair valuation determined as specified by policies established by the UTIMCO Board of Directors.

Securities held in index funds are generally valued as follows:

Stocks traded on security exchanges are valued at closing market prices on the valuation date.

Stocks traded on the over-the-counter market are valued at the last reported bid price, except for National Market System OTC stocks which are valued at their closing market prices.

Fixed income securities are valued based upon bid quotations obtained from major market makers or security exchanges.

(C) *Foreign Currency Translation* - The accounting records of the PUF are maintained in U.S. dollars. Purchases and sales of securities of foreign entities and the related income receipts are translated into U.S. dollars at the exchange rate on the dates of the transactions.

Investment income includes net realized and unrealized currency gains and losses recognized between accrual and payment dates.

(D) *Investment Income* - Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Dividend and interest income is recorded net of foreign taxes where recovery of such taxes is not assured. Bonds are amortized over the life of the security using the interest method, which is a method of amortizing discounts or premiums that result in constant rates of interest. Distributions of income to the AUF are on a cash basis as provided by state statute. Distributions of income to the AUF will be based on an accrual basis of accounting as provided by a statutory amendment effective September 1, 1997.

(E) *Security Transactions* - Security transactions are accounted for on a trade date basis for most securities. Index fund transactions are recorded on a settle date basis due to trading practices which impose restrictions in acquiring per unit information on trade date. Gains and losses on securities sold

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

NOTE 6 - INDEX FUNDS

The index funds consist of the Equity Index Fund B Lendable, which is solely owned, and the Mid Cap Index Fund B Lendable, which is majority-owned, by The University of Texas System's Long Term Fund and the PUF. Also included in the index funds are twenty-one MSCI Equity Index Fund B international funds which are invested in Europe, Australia and the Far East. The market values of the funds, as of August 31, 1997, and 1996 are as follows:

	<u>August 31,</u>	
	<u>1997</u>	<u>1996</u>
Equity Index Fund B Lendable	\$ 927,137,853	\$ 672,250,709
Mid Cap Index Fund B Lendable	628,277,048	464,518,199
MSCI Equity Index Fund B	<u>405,956,907</u>	<u>316,935,533</u>
	<u>\$1,961,371,808</u>	<u>\$1,453,704,441</u>

PERMANENT UNIVERSITY FUND

Notes to Financial Statements (cont.)

are determined on the basis of average cost. A loss is recognized if there is an impairment in the value of the security that is determined to be other than temporary.

(F) *Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles 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.

NOTE 3 - INVESTMENT ACTIVITY

During the year ended August 31, 1997, the cost of purchases and proceeds from sales and maturities of investments (excluding cash and cash equivalents) were \$1,124,888,097 and \$1,043,177,288, respectively. Such transactions were made at current market prices on the dates of the transactions.

NOTE 4 - SECURITIES LENDING

The PUF loaned securities to certain brokers who paid the PUF negotiated lenders' fees. These fees are included in investment income. PUF 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 United States issuers and a market value of 105% for loaned securities of non-United States issuers. If the market value of the collateral held in connection with loans of securities of United States 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-United States issuers, the collateral should remain 105% of the market value of the loaned securities at the close of any business day. If it falls below the 105%, the borrower must deliver additional collateral by the close of the following business day. At year end, the value of securities loaned of United States issuers and the value of collateral held amounted to \$318,133,658 and \$321,270,201, respectively. There were no non-United States issuers loaned during the years ended August 31, 1997 and 1996.

NOTE 5 - INVESTMENT COMMITMENTS

Unfunded contractual commitments for limited partnerships and other assets were \$506,892,175 at August 31, 1997.

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PERMANENT UNIVERSITY FUND

Supplemental Financial Schedules

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
U.S. GOVERNMENT OBLIGATIONS (DIRECT AND GUARANTEED)			
DIRECT			
UNITED STATES TREASURY			
8.875% NOTES Due 11/15/1997.....	\$ 84,000,000	\$ 83,935,163	\$ 84,525,000
8.125% NOTES Due 02/15/1998.....	26,000,000	25,896,512	26,276,120
9.000% NOTES Due 05/15/1998.....	20,000,000	19,985,457	20,446,800
9.250% NOTES Due 08/15/1998.....	25,000,000	24,992,633	25,789,000
8.875% NOTES Due 11/15/1998.....	7,000,000	6,992,483	7,240,590
8.000% NOTES Due 08/15/1999.....	9,000,000	8,996,835	9,329,040
5.875% NOTES Due 11/15/1999.....	2,000,000	1,988,894	1,994,060
8.500% NOTES Due 02/15/2000.....	2,000,000	1,997,836	2,109,680
8.750% NOTES Due 08/15/2000.....	9,000,000	8,975,909	9,635,580
8.500% NOTES Due 11/15/2000.....	2,100,000	2,098,475	2,242,737
7.750% NOTES Due 02/15/2001.....	13,000,000	12,897,869	13,637,780
8.000% NOTES Due 05/15/2001.....	12,000,000	11,951,399	12,714,360
15.750% BONDS Due 11/15/2001.....	14,000,000	13,971,086	18,847,500
7.500% NOTES Due 11/15/2001.....	8,800,000	8,889,079	9,209,728
6.250% NOTES Due 02/15/2003.....	5,000,000	5,027,994	4,997,650
10.750% BONDS Due 02/15/2003.....	7,000,000	6,892,893	8,425,130
11.125% BONDS Due 08/15/2003.....	5,000,000	4,978,278	6,180,450
8.250% BONDS Due 05/15/2005.....	5,000,000	4,882,639	5,242,200
9.125% BONDS Due 05/15/2009.....	1,500,000	1,484,894	1,713,045
0.000% STRIPS (CPNS) Due 05/15/2010.....	10,000,000	3,524,230	4,343,300
0.000% STRIPS (CPNS) Due 11/15/2011.....	23,000,000	6,807,488	8,984,490
7.250% BONDS Due 05/15/2016.....	8,000,000	7,927,203	8,490,000
7.500% BONDS Due 11/15/2016.....	18,000,000	17,540,975	19,572,120
9.125% BONDS Due 05/15/2018.....	8,000,000	9,424,691	10,160,000
8.875% BONDS Due 02/15/2019.....	5,000,000	5,764,883	6,230,450
8.125% BONDS Due 08/15/2019.....	14,000,000	14,313,128	16,275,000
7.250% BONDS Due 08/15/2022.....	30,000,000	30,212,908	31,950,000
6.250% BONDS Due 08/15/2023.....	5,000,000	4,757,229	4,725,000
TOTAL	<u>378,400,000</u>	<u>357,109,063</u>	<u>381,286,810</u>
CUSTODY RECEIPTS			
SYNTHETIC O-T-R TREAS RCP 94-3			
6.000% CUSTODY RECPT Due 08/15/2011.....	10,000,000	9,620,059	9,371,800
TOTAL U. S. GOVERNMENT OBLIGATIONS (DIRECT)	<u>388,400,000</u>	<u>366,729,122</u>	<u>390,658,610</u>

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A
(CONTINUED)

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
U.S. GOVERNMENT OBLIGATIONS (DIRECT AND GUARANTEED)			
GUARANTEED			
BARTELS, CLIFFORD E & HELEN J			
5.000% INSURED NOTES Due 01/01/2003.....	\$ 14,680	\$ 14,765	\$ 14,765
BLANK, DELTON L & JANET C			
5.000% INSURED NOTES Due 01/01/2003.....	3,464	3,484	3,484
SCHULTZ, MELVIN & EILEEN			
5.000% INSURED NOTES Due 01/01/2004.....	3,242	3,261	3,261
STEVENS, CHARLES L & WILMA I			
5.000% INSURED NOTES Due 01/01/2004.....	4,387	4,413	4,413
FARMERS HOME ADMINISTRATION			
9.000% C B O Due 11/03/1999.....	5,000,000	5,000,000	5,279,300
FONDS D EQUIPEMENT - A.I.D. MOROCCO			
7.290% NOTES Due 05/01/2023.....	9,000,000	8,889,390	9,253,350
GOVERNMENT BACKED TRUST CLT-3 DSAA (TURKEY)			
9.625% CERTIFS CL T-3 Due 05/15/2002.....	7,578,519	7,574,518	8,033,458
LONGMONT COUNTY UNITED HOSPITAL			
9.150% HILL-BURTON NT Due 04/01/1999.....	115,000	115,000	115,212
US GOVERNMENT SHIP FINANCING			
9.000% SHIPMOR ASSOC Due 06/30/2002.....	669,647	669,415	671,321
8.200% SHIPMOR ASSOC Due 10/20/2002.....	351,663	351,663	351,663
TOTAL	22,740,602	22,625,909	23,730,227
MORTGAGE-BACKED			
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
5.500% POOL 2455 Due 02/15/1999.....	8,455	8,118	8,437
7.000% POOL 2084 Due 09/15/2002.....	134,173	133,614	134,602
7.000% POOL 1212 Due 06/20/2023.....	3,768,584	3,759,990	3,722,645
8.000% POOL 182539 Due 01/15/2002.....	177,433	177,401	180,629
8.000% POOL 183691 Due 01/15/2002.....	100,727	100,709	102,204
8.000% POOL 189914 Due 01/15/2002.....	261,349	261,301	266,056
8.000% POOL 194952 Due 01/15/2002.....	107,308	107,288	109,241
8.000% POOL 201307 Due 03/15/2002.....	874,905	873,953	890,662
8.000% POOL 206065 Due 01/15/2002.....	151,045	151,018	153,766
8.000% POOL 16676 Due 04/15/2007.....	1,179,211	1,175,215	1,222,288
8.250% POOL 10215 Due 06/15/2006.....	94,773	94,741	98,922
8.250% POOL 10770 Due 05/15/2006.....	149,727	147,686	155,556
8.250% POOL 8790 Due 04/15/2006.....	72,706	72,681	75,889

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A
(CONTINUED)

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
MORTGAGE-BACKED (CONTINUED)			
8.250% POOL 9675 Due 04/15/2006.....	\$ 73,615	\$ 73,564	\$ 76,838
8.250% POOL 9806 Due 05/15/2006.....	65,987	65,964	68,876
8.250% POOL 9813 Due 04/15/2006.....	37,965	37,939	39,443
8.250% POOL 9323 Due 06/15/2006.....	157,191	156,723	164,072
8.250% POOL 10834 Due 06/15/2006.....	93,269	93,196	97,352
9.000% POOL 139698 Due 08/15/2001.....	769,879	766,043	795,547
9.000% POOL 152730 Due 06/15/2001.....	346,302	345,862	357,848
9.250% POOL 160183 Due 02/15/1999.....	39,211	39,117	41,209
9.500% POOL 290652 Due 08/15/2020.....	573,065	569,845	623,024
10.000% POOL 151185 Due 03/15/2016.....	798,933	786,077	886,880
10.000% POOL 233778 Due 02/15/2018.....	530,064	527,186	590,210
10.000% POOL 252468 Due 06/15/2019.....	360,959	358,458	401,877
10.000% POOL 271412 Due 06/15/2019.....	252,254	250,510	280,849
10.000% POOL 291147 Due 05/15/2020.....	418,906	418,904	466,858
10.500% POOL 224630 Due 10/15/2017.....	632,539	607,889	709,525
11.000% POOL 35288 Due 03/15/2010.....	213,790	211,906	239,560
11.500% POOL 131670 Due 05/15/2015.....	73,382	73,015	84,768
12.000% POOL 49551 Due 07/15/2011.....	135,081	114,405	156,437
12.500% POOL 40016 Due 06/15/2010.....	67,277	66,185	78,452
12.500% POOL 40744 Due 05/15/2010.....	87,429	86,016	102,467
12.500% POOL 43162 Due 11/15/2010.....	9,419	8,979	11,064
12.500% POOL 44298 Due 11/15/2010.....	91,828	87,549	107,622
13.000% POOL 45386 Due 04/15/2011.....	285,016	258,854	336,627
13.000% POOL 45915 Due 04/15/2011.....	74,337	72,411	88,275
13.000% POOL 47171 Due 04/15/2011.....	61,501	59,443	73,224
13.000% POOL 47219 Due 04/15/2011.....	73,291	70,623	86,027
13.000% POOL 49550 Due 07/15/2011.....	35,245	31,542	41,853
13.500% POOL 39589 Due 08/15/2010.....	76,837	76,736	92,078
13.500% POOL 40310 Due 05/15/2010.....	15,351	15,289	18,396
13.500% POOL 41007 Due 07/15/2010.....	68,290	68,184	81,836
13.500% POOL 41570 Due 05/15/2010.....	25,076	24,934	29,882
13.500% POOL 45053 Due 05/15/2011.....	61,260	55,880	73,618
13.500% POOL 45236 Due 05/15/2011.....	36,662	33,433	44,059
13.500% POOL 45940 Due 05/15/2011.....	122,830	111,726	147,194
13.500% POOL 47634 Due 05/15/2011.....	30,424	30,130	36,459
13.500% POOL 48879 Due 05/15/2011.....	20,183	18,359	24,254
13.500% POOL 49003 Due 05/15/2011.....	50,922	46,333	61,195
13.500% POOL 49276 Due 01/15/2012.....	3,486	3,452	4,199
TOTAL MORTGAGE BACKED	13,949,452	13,786,376	14,740,851
TOTAL U. S. GOVERNMENT OBLIGATIONS (GUARANTEED)	36,690,054	36,412,285	38,471,078

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A
(CONTINUED)

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
U.S. GOVERNMENT AGENCIES (NON-GUARANTEED)			
MORTGAGE-BACKED			
COLLATERALIZED MORTGAGE OBLIGATIONS			
FEDERAL HOME LOAN MORTGAGE CORP			
8.750% SER 135-A Due 05/15/2000.....	\$ 1,132,289	\$ 1,125,547	\$ 1,164,478
8.500% SER 198-C Due 06/15/2005.....	1,544,079	1,539,943	1,545,036
8.250% SER 1289-PS Due 05/15/2006.....	5,000,000	4,988,348	5,238,900
7.500% SER 1215-H Due 03/15/2007.....	3,800,000	3,617,279	3,899,408
8.300% SER 1245-I Due 04/15/2007.....	4,100,000	4,076,312	4,337,636
7.000% SER 1457-PJ Due 09/15/2007.....	6,000,000	5,988,086	5,841,891
7.500% SER 1378-KE Due 05/15/2009.....	5,850,000	5,790,160	6,056,563
7.000% SER 1477-ID Due 11/15/2009.....	6,000,000	5,974,940	6,015,000
9.900% SER 17-I Due 10/15/2019.....	7,471,659	7,435,747	8,061,248
10.000% SER 18-D Due 11/15/2019.....	19,700,000	19,601,931	21,362,089
8.000% SER 1443-GB Due 04/15/2022.....	5,500,000	5,463,835	5,795,625
8.500% SER 1311-KA Due 07/15/2022.....	7,500,000	7,488,594	8,028,000
7.750% SER 1394-IA Due 10/15/2022.....	35,100,000	34,798,562	36,394,137
FEDERAL NATIONAL MORTGAGE ASSOCIATION			
8.500% SER 91 71-D Due 06/25/2006.....	4,504,794	4,497,549	4,671,991
6.900% SER 93 43-J Due 04/25/2008.....	8,500,000	8,467,728	8,479,005
7.000% SER 93 44-VC Due 04/25/2008.....	10,000,000	9,964,774	10,040,846
6.800% SER 93 59-J Due 05/25/2008.....	5,000,000	5,000,000	4,991,640
8.875% SER 91 152-J Due 12/25/2017.....	10,000,000	10,000,000	10,153,775
9.000% SER 90 29-H Due 07/25/2018.....	1,559,224	1,547,159	1,572,462
8.600% SER 89 50-G Due 08/25/2019.....	8,000,000	7,879,685	8,195,686
7.000% SER 91 173-PK Due 01/25/2021.....	4,000,000	3,862,789	3,964,400
8.000% SER 92 122-PL Due 03/25/2021.....	12,000,000	11,992,876	12,391,960
8.500% SER 92 65-K Due 05/25/2021.....	10,000,000	9,796,453	10,487,506
7.000% SER 92 180-K Due 07/25/2021.....	7,000,000	6,926,064	6,688,865
7.750% SER 96 G64-A Due 03/25/2022.....	3,150,000	3,097,924	3,229,520
8.500% SER 92 G19-M Due 04/25/2022.....	10,000,000	9,928,663	10,802,500
8.375% SER 92 G41-MB Due 08/25/2022.....	10,000,000	9,987,998	10,853,100
TOTAL GOVT AGENCY COLLATERALIZED MORTGAGE OBLIGATIONS	212,412,045	210,838,946	220,263,267
PARTICIPATION CERTIFICATES			
FEDERAL HOME LOAN MORTGAGE CORP			
8.500% BALLOON, POOL M80037 Due 03/01/1998.....	297,952	297,952	299,955
9.000% POOL 200060 Due 12/01/2001.....	392,726	389,702	406,628
9.000% POOL 380095 Due 08/01/2005.....	317,011	316,773	332,364
9.250% POOL 220022 Due 06/01/2002.....	11,984,303	11,917,240	12,512,331

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A
(CONTINUED)

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
PARTICIPATION CERTIFICATES (CONTINUED)			
9.500% POOL 215711 Due 12/01/2001.....	\$ 244,270	\$ 243,814	\$ 255,462
9.500% POOL 240001 Due 11/01/1997.....	150,874	150,795	154,315
9.500% POOL 380003 Due 06/01/2002.....	450,823	448,774	471,480
9.500% POOL 380005 Due 07/01/2002.....	2,124,195	2,122,164	2,221,526
9.500% POOL 380008 Due 09/01/2002.....	2,037,348	2,034,313	2,148,322
9.600% POOL 240003 Due 10/01/1998.....	3,238,677	3,231,351	3,251,632
9.750% POOL 220023 Due 08/01/2002.....	15,639,723	15,529,516	17,345,391
10.000% POOL 735015 Due 06/01/2005.....	208,385	207,214	219,194
10.500% POOL 380046 Due 05/01/2004.....	642,049	641,799	685,586
11.000% POOL 170147 Due 11/01/2015.....	111,654	111,397	124,988
11.500% POOL 170139 Due 08/01/2015.....	137,028	136,370	154,598
13.500% POOL 170037 Due 10/01/2010.....	59,648	59,197	70,535
15.500% POOL 170051 Due 06/01/2011.....	15,148	15,047	18,119
16.250% POOL 170047 Due 05/01/2011.....	7,550	7,538	9,079
TOTAL PARTICIPATION CERTIFICATES	<u>38,059,364</u>	<u>37,860,956</u>	<u>40,681,505</u>
OTHER			
FEDERAL FARM CREDIT BANK			
7.530% MED TERM NOTES Due 04/15/2009.....	3,900,000	3,900,000	4,133,376
6.810% MED TERM NOTES Due 03/28/2011.....	5,000,000	5,000,000	4,990,600
6.740% MED TERM NOTES Due 04/11/2011.....	5,000,000	4,819,441	4,959,350
8.160% MED TERM NOTES Due 09/30/2014.....	5,000,000	5,000,000	5,641,400
FEDERAL HOME LOAN BANK			
6.535% MED TERM NOTE Due 12/22/2014.....	3,000,000	3,000,000	2,896,410
6.640% DEBT Due 12/13/2016.....	10,000,000	9,415,216	9,629,700
FEDERAL HOME LOAN MORTGAGE CORP			
7.140% MED TERM NOTES Due 12/15/2007.....	3,000,000	3,000,000	3,086,520
7.690% MED TERM NOTES Due 09/15/2022.....	4,000,000	4,000,000	4,294,720
FEDERAL NATIONAL MORTGAGE ASSOCIATION			
7.800% MED TERM NOTES Due 02/21/2007.....	4,000,000	3,884,784	4,078,800
0.000% DEBS Due 07/05/2014.....	75,000,000	18,655,028	23,577,750
6.860% MED TERM NOTES Due 06/13/2025.....	2,735,000	2,681,798	2,698,679
7.125% NOTE Due 04/30/2026.....	5,000,000	4,923,713	5,115,600
TENNESSEE VALLEY AUTHORITY			
6.750% GLOBAL BOND Due 11/01/2025.....	5,000,000	4,832,879	4,879,350
TOTAL OTHER	<u>130,635,000</u>	<u>73,112,859</u>	<u>79,982,255</u>
TOTAL U. S. GOVERNMENT AGENCIES (NON-GUARANTEED)	<u>381,106,409</u>	<u>321,812,761</u>	<u>340,927,027</u>

PERMANENT UNIVERSITY FUND
DEBT SECURITIES
August 31, 1997

SCHEDULE A
(CONTINUED)

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
FOREIGN GOVERNMENT AND PROVINCIAL OBLIGATIONS (US DOLLAR DENOMINATED)			
HYDRO-QUEBEC			
7.000% MED TERM NOTES Due 05/10/2005.....	\$ 2,000,000	\$ 2,000,000	\$ 2,010,680
6.490% MED TERM NOTES Due 02/24/2006.....	10,000,000	9,556,148	9,706,900
8.400% DEBS Due 01/15/2022.....	1,400,000	1,382,847	1,546,104
8.050% DEBS(MTY 2024) Due 07/07/2006.....	5,000,000	4,988,374	5,538,900
8.250% DEBS Due 04/15/2026.....	7,000,000	6,977,456	7,576,520
QUEBEC (PROVINCE OF) CANADA			
7.500% DEBS Due 07/15/2002.....	3,000,000	3,108,923	3,097,650
KFW INTERNATIONAL FINANCE INC			
8.000% GTD NOTES Due 02/15/2010.....	5,000,000	4,964,717	5,489,050
7.200% GTD NOTES Due 03/15/2014.....	9,000,000	8,887,813	9,231,930
MANITOBA (PROVINCE OF) CANADA			
7.750% DEBS SER CP Due 02/01/2002.....	2,000,000	1,999,165	2,091,800
6.875% DEBS Due 09/15/2002.....	5,000,000	4,849,783	5,068,200
NEW BRUNSWICK PROVIDENCE CANADA			
7.125% NOTES Due 10/01/2002.....	2,000,000	1,996,216	2,048,700
6.750% DEBS Due 08/15/2013.....	5,000,000	4,972,686	4,873,600
NEW ZEALAND GOVERNMENT			
8.750% BONDS Due 04/01/2016.....	6,050,000	6,050,000	6,979,340
NOVA SCOTIA (PROVINCE OF) CANADA			
8.250% DEBS Due 07/30/2022.....	8,000,000	7,922,675	8,843,120
ONTARIO (PROVINCE OF) CANADA			
7.375% BONDS Due 01/27/2003.....	7,000,000	6,986,117	7,256,480
ONTARIO HYDRO			
7.450% NOTES Due 03/31/2013.....	7,000,000	6,925,212	7,298,480
PETRO CANADA (GUARANTEED)			
8.600% DEBS Due 01/15/2010.....	2,000,000	2,000,000	2,281,140
SASKATCHEWAN (PROVINCE OF) CANADA			
7.125% NOTES Due 03/15/2008.....	3,000,000	2,979,456	3,063,180
8.000% DEBS Due 02/01/2013.....	4,000,000	3,978,699	4,328,520
7.375% DEBS Due 07/15/2013.....	1,900,000	1,886,995	1,937,164
SWEDEN KINGDOM			
6.500% BONDS Due 03/04/2003.....	4,000,000	4,000,000	4,008,040
TOTAL FOREIGN GOVERNMENT OBLIGATIONS (U. S. DOLLAR DENOMINATED)	99,350,000	98,413,282	104,275,498
MUNICIPAL AND COUNTY BONDS (ALL TAXABLE)			
CHULA VISTA CALIFORNIA			
8.125% PENS OBL SER94 Due 08/01/2011.....	5,500,000	5,487,325	6,076,895
CONTRA COSTA COUNTY CALIFORNIA			
6.850% PENS OBL SR94A Due 06/01/2011.....	10,000,000	9,910,024	9,843,200

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SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
MUNICIPAL AND COUNTY BONDS (ALL TAXABLE) (CONTINUED)			
DADE COUNTY FLORIDA AVIATION			
8.800% REV RFDG SR94C Due 10/01/2005.....	\$ 2,630,000	\$ 2,630,000	\$ 2,935,553
FAIRVIEW HOSPITAL, MINNESOTA			
6.600% 93B TXBL NOTES Due 11/15/2010.....	1,275,000	1,254,748	1,231,217
7.000% 93B TXBL NOTES Due 11/15/2015.....	5,000,000	4,922,978	4,864,600
FRESNO CALIFORNIA			
7.330% PENS OBL SER94 Due 06/01/2007.....	3,500,000	3,492,122	3,630,165
7.800% PENS OBL SER94 Due 06/01/2014.....	4,000,000	4,000,000	4,160,920
KERN COUNTY CALIFORNIA			
7.020% PEN OBL SER 95 Due 08/15/2010.....	4,865,000	4,865,000	4,881,200
LONG BEACH CALIFORNIA			
7.090% PENS OBL RFG Due 09/01/2009.....	4,000,000	3,931,166	4,058,080
7.140% PENS OBL RFG Due 09/01/2010.....	3,455,000	3,455,000	3,478,252
7.240% PENS OBL RFG Due 09/01/2011.....	2,500,000	2,480,066	2,517,475
LOS ANGELES COUNTY CALIFORNIA			
8.620% PENS OBL SR94A Due 06/30/2006.....	6,000,000	6,000,000	6,316,680
7.070% PENS OBL SR940 Due 06/30/2009.....	5,000,000	5,000,000	5,043,200
LOS ANGELES (CITY) CALIFORNIA COMM REDEVEL AGCY			
7.125% TAX ALLO SER I Due 12/01/2013.....	5,000,000	4,940,225	4,986,850
MINNEAPOLIS & ST PAUL MINNESOTA METROPOLITAN			
8.950% TAXABLE GO REV Due 01/01/2022.....	6,900,000	6,900,000	7,513,410
NACOGDOCHES COUNTY TEXAS HOSPITAL TAX			
7.100% RV 93B Due 05/15/2009.....	1,400,000	1,394,287	1,411,130
OAKLAND CALIFORNIA			
6.980% PEN OBLIG 1997 SUB A Due 12/15/2009.....	4,900,000	4,891,266	4,935,476
PROVO CITY UTAH ENERGY SERIES B			
7.900% ENERGY REV REF Due 05/15/2014.....	6,000,000	5,971,500	6,289,680
SACRAMENTO COUNTY CALIFORNIA			
0.000% 95A (MTY 2021) Due 08/15/1998.....	6,330,000	5,817,134	6,114,590
SAN ANTONIO RIVER AUTHORITY			
7.000% REV REF 93A Due 07/01/2012.....	1,500,000	1,459,424	1,488,480
SAN BERNARDINO COUNTY CALIFORNIA			
7.090% PENS OBLIG REV Due 08/01/2011.....	7,250,000	7,075,093	7,268,488
SONOMA COUNTY CALIFORNIA			
6.625% PENS OBL SER93 Due 06/01/2013.....	4,000,000	4,036,948	3,848,040
TEXAS STATE PUBLIC FINANCE AUTHORITY REVENUE			
9.000% WCI FUND REV Due 12/01/2006.....	3,620,000	3,620,000	3,904,061
TEXAS STATE TAXABLE WATER DEVELOPMENT			
7.000% REF Due 08/01/2005.....	1,000,000	995,721	1,012,020
WESTMORLAND COUNTY PENNSYLVANIA			
6.100% REV 93A (FGIC) Due 08/15/2006.....	4,500,000	4,453,693	4,262,175
TOTAL MUNICIPAL AND COUNTY BONDS	110,125,000	108,983,720	112,071,837

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August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
CORPORATE BONDS			
BANKING & FINANCE			
ABN AMRO BANK NV CHICAGO			
7.000% Due 04/01/2008.....	\$ 5,000,000	\$ 4,963,109	\$ 5,003,050
AETNA SERVICES INC			
6.375% NOTES Due 08/15/2003.....	3,950,000	3,931,582	3,861,046
6.750% DEBS Due 09/15/2013.....	11,090,000	10,799,670	10,482,933
ALLSTATE CORP			
6.750% NOTES Due 06/15/2003.....	3,000,000	3,000,000	2,991,660
7.500% DEBS Due 06/15/2013.....	7,000,000	6,475,632	7,171,080
AMERICAN GENERAL CORP			
9.750% MED TERM NOTES Due 11/17/1997.....	2,000,000	1,996,395	2,014,780
AMERICAN GENERAL FINANCE CORP			
9.625% NOTES Due 07/15/2000.....	10,100,000	10,015,489	10,906,687
ASSOCIATES CORP OF NORTH AMERICA			
7.600% MED TERM NOTES Due 11/01/2002.....	10,000,000	10,000,000	10,402,000
BEAR STEARNS COMPANIES INC			
6.700% SENIOR NOTES Due 08/01/2003.....	4,000,000	3,995,630	3,964,960
BENEFICIAL CORP			
9.125% SENIOR NOTES Due 02/15/1998.....	1,000,000	999,719	1,013,460
CIT GROUP HOLDING INC			
5.875% DEBS Due 10/15/2008.....	9,000,000	7,999,024	8,238,600
COMMERCIAL CREDIT GROUP INC			
9.600% NOTES Due 05/15/1999.....	2,000,000	2,000,000	2,102,280
DONALDSON LUFKIN & JENRETTE			
6.875% SENIOR NOTES Due 11/01/2005.....	2,000,000	1,988,811	1,978,220
EQUITABLE LIFE ASSURANCE			
7.700% SURPLUS NOTES Due 12/01/2015.....	2,000,000	1,996,367	2,035,860
FIRST COLONY CORP			
6.625% NOTES Due 08/01/2003.....	3,000,000	2,997,680	2,975,820
FORD MOTOR CREDIT CO			
6.750% NOTES Due 08/15/2008.....	5,440,000	5,231,322	5,320,374
6.375% NOTES Due 11/05/2008.....	6,500,000	6,422,711	6,182,800
6.980% MED TERM NOTES Due 06/28/2010.....	5,000,000	4,787,897	4,978,450
GENERAL ELECTRIC CAPITAL CORP			
8.125% MED TERM NOTES Due 11/09/2001.....	5,115,000	5,109,210	5,444,918
8.125% GTD SUB NOTES Due 05/15/2012.....	5,170,000	5,151,494	5,727,688
7.500% MED TERM NOTES Due 06/15/2009.....	8,500,000	8,391,892	9,095,340
GENERAL MOTORS ACCEPTANCE CORP			
9.625% NOTES Due 12/01/2000.....	7,000,000	7,000,000	7,636,510
6.625% NOTES Due 10/15/2005.....	5,000,000	4,797,374	4,905,850
7.700% DEBS Due 04/15/2016.....	4,000,000	3,884,326	4,167,120

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August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
BANKING & FINANCE (CONTINUED)			
GOLDMAN SACHS			
7.875% NOTES Due 01/15/2003.....	\$ 2,500,000	\$ 2,495,025	\$ 2,618,125
7.250% NOTES Due 10/01/2005.....	3,000,000	2,997,595	3,036,090
8.000% NOTES Due 03/01/2013.....	2,500,000	2,500,000	2,598,775
HOUSEHOLD FINANCE CORP			
7.625% NOTES Due 01/15/2003.....	4,000,000	3,997,709	4,130,240
8.250% NOTES Due 02/15/2005.....	4,000,000	3,996,041	4,300,320
6.450% NOTES Due 02/01/2009.....	11,500,000	11,340,179	10,929,255
INDIANAPOLIS LIFE INSURANCE CO			
8.660% SURPLUS NOTES Due 04/01/2011.....	5,000,000	5,000,000	5,231,400
ITT FINANCE CORP			
10.125% SENIOR DEBS Due 04/05/1999.....	2,000,000	2,000,000	2,119,260
LEGG MASON INC			
6.500% SR NOTES Due 02/15/2006.....	1,000,000	995,832	956,560
LIBERTY MUTUAL CAPITAL CORP			
7.000% MED TERM NOTES Due 04/15/2003.....	5,000,000	4,995,351	5,053,100
MCDONNELL DOUGLAS FINANCE CORP			
10.200% MED TERM NOTES Due 09/11/2000.....	5,000,000	5,000,000	6,233,150
MERRILL LYNCH & CO INC			
10.375% NOTES Due 02/01/1999.....	1,000,000	1,000,000	1,057,090
7.000% NOTES Due 01/15/2007.....	2,150,000	2,134,587	2,159,890
6.250% NOTES Due 10/15/2008.....	5,000,000	4,888,020	4,720,300
METROPOLITAN LIFE INSURANCE CO			
7.700% SURPLUS NOTES Due 11/01/2015.....	10,000,000	9,909,287	10,209,800
MIDLAND BANK PLC			
6.950% Due 03/15/2011.....	7,000,000	6,926,763	6,831,930
MORGAN STANLEY GROUP			
9.250% NOTES Due 03/01/1998.....	1,500,000	1,499,197	1,523,670
7.000% DEBS Due 10/01/2013.....	4,000,000	3,506,226	3,914,560
NEW YORK LIFE INSURANCE CO			
6.400% SURPLUS NOTES Due 12/15/2003.....	7,500,000	7,217,086	7,296,075
OHIO NATL LIFE INSURANCE COMPANY			
8.875% SURPLUS NOTES Due 07/15/2004.....	5,000,000	4,998,615	5,470,000
PAINE WEBBER GROUP INC			
7.875% SENIOR NOTES Due 02/15/2003.....	3,000,000	2,999,064	3,129,960
6.500% NOTES Due 11/01/2005.....	2,500,000	2,492,748	2,387,100
PROVIDIAN CORP			
8.300% MED TERM NOTES Due 03/15/2015.....	6,000,000	6,000,000	6,649,500
8.390% MED TERM NOTES Due 03/15/2021.....	5,000,000	5,000,000	5,587,650
PRUDENTIAL INSURANCE			
8.100% SURPLUS NOTES Due 07/15/2015.....	5,000,000	4,984,852	5,183,750
RELIASTAR FINANCIAL CORP			
6.625% NOTES Due 09/15/2003.....	4,000,000	3,995,061	3,948,040

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SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
BANKING & FINANCE (CONTINUED)			
SALOMON INC			
7.500% NOTES Due 02/01/2003.....	\$ 3,500,000	\$ 3,484,485	\$ 3,565,415
6.750% NOTES Due 01/15/2006.....	4,300,000	4,298,836	4,158,401
ST PAUL COS INC			
6.650% MED TERM NOTES Due 05/15/2003.....	4,000,000	4,000,000	3,997,840
6.650% MED TERM NOTES Due 05/15/2003.....	2,000,000	1,998,951	1,998,920
SWISS BANK CORP			
7.375% SUB NOTES Due 07/15/2015.....	5,000,000	5,000,000	5,045,000
7.000% SUB NOTES Due 10/15/2015.....	5,000,000	4,969,547	4,834,050
TEXACO CAPTIAL INC			
8.750% MED TERM NOTES Due 04/15/2002.....	3,500,000	3,491,571	3,790,080
8.625% DEBS Due 06/30/2010.....	3,030,000	3,030,000	3,472,168
8.375% DEBS Due 07/15/2022.....	4,000,000	4,049,751	4,248,000
8.000% DEBS Due 08/01/2032.....	8,000,000	7,982,179	8,784,080
US WEST CAPITAL FUNDING			
9.050% MED TERM NOTES Due 12/20/1999.....	3,900,000	3,872,336	4,107,714
VW CR INC			
6.500% GTD MTN Due 11/15/2003.....	4,750,000	4,728,969	4,645,263
TOTAL	<u>291,995,000</u>	<u>287,711,197</u>	<u>298,524,007</u>
COLLATERALIZED MORTGAGE OBLIGATION			
AMERICAN SOUTHWEST FINANCIAL CORP			
8.750% GNMA CMO 68-B Due 10/01/2018.....	2,232,589	2,023,157	2,325,785
GUARANTEED MORTGAGE CORP III			
9.000% GNMA CMO B-3 Due 12/01/2007.....	426,612	417,949	438,050
KIDDER PEABODY MTG ASSETS TRUST 23			
9.950% GNMA CMO 23-D Due 03/01/2019.....	9,000,000	8,905,493	9,091,080
PRUDENTIAL-BACHE CMO TRUST 89			
9.500% GNMA CMO 9-F Due 04/01/2019.....	9,000,000	8,881,337	9,154,620
TOTAL	<u>20,659,201</u>	<u>20,227,936</u>	<u>21,009,535</u>
INDUSTRIAL			
AIR PRODUCTS & CHEMICALS INC			
6.250% MED TERM NOTES Due 02/07/2011.....	4,600,000	4,485,493	4,298,930
ARCHER-DANIELS-MIDLAND CO			
8.125% DEBS Due 06/01/2012.....	5,000,000	5,000,000	5,506,050
8.375% DEBS Due 04/15/2017.....	11,925,000	11,940,090	13,443,291
ATLANTIC RICHFIELD CO			
8.375% MED TERM NOTES Due 11/15/2011.....	1,000,000	998,814	1,112,030
8.600% MED TERM NOTES Due 05/15/2012.....	5,000,000	4,996,621	5,663,250
9.000% DEBS Due 04/01/2021.....	4,500,000	4,497,903	5,368,050

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SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (CONTINUED)			
BAYER CORP			
7.125% NOTES Due 10/01/2015.....	\$ 6,000,000	\$ 5,932,689	\$ 5,871,600
BP AMERICA INC			
9.375% GTD NOTES Due 11/01/2000.....	1,000,000	996,808	1,084,220
COLONIAL PIPELINE CO			
7.450% NOTES Due 08/15/2007.....	6,000,000	5,952,453	6,277,980
DILLARD DEPARTMENT STORES			
7.850% DEBS Due 10/01/2012.....	10,500,000	10,224,379	11,179,875
DOW CHEMICAL CO			
9.420% NOTE (GTD DOW) Due 12/31/2004.....	2,036,957	2,036,957	2,302,698
6.850% DEBS Due 08/15/2013.....	5,250,000	5,172,978	4,988,550
7.750% MED TERM NOTES Due 09/15/2020.....	7,500,000	7,020,098	7,810,050
EASTMAN KODAK CO			
9.375% NOTES Due 03/15/2003.....	16,000,000	15,551,631	17,945,760
FORD MOTOR CO			
9.500% DEBS Due 09/15/2011.....	6,000,000	5,995,459	7,205,520
GENERAL FOODS CORP			
7.000% DEBS Due 06/15/2011.....	3,000,000	2,554,059	2,903,430
GENERAL MILLS INC			
7.300% MED TERM NOTES Due 09/15/2002.....	10,000,000	10,000,000	10,218,500
8.500% MED TERM NOTES Due 03/15/2012.....	5,500,000	5,500,000	6,198,280
GREAT ATLANTIC & PACIFIC TEA CO			
9.125% NOTES Due 01/15/1998.....	1,250,000	1,249,328	1,264,200
GULF CANADA RES LTD			
9.000% DEBS Due 08/15/1999.....	2,000,000	1,988,732	2,073,940
IBM CORP			
7.250% NOTES Due 11/01/2002.....	3,000,000	2,986,299	3,091,410
LOCKHEED CORP			
9.375% NOTES Due 10/15/1999.....	2,500,000	2,498,825	2,644,350
MAY DEPT STORES CO			
9.875% DEBS Due 06/15/2000.....	9,000,000	8,967,706	9,771,030
NABISCO INC			
7.550% DEBS Due 06/15/2015.....	3,700,000	3,695,899	3,719,092
OCCIDENTAL PETROLEUM CORP			
10.875% MED TERM NOTES Due 05/15/2000.....	7,000,000	6,960,391	7,728,980
10.125% SENIOR NOTES Due 11/15/2001.....	2,000,000	1,994,450	2,247,780
9.250% SR DEB (MTY 19) Due 08/01/2004.....	4,000,000	3,971,886	4,817,840
PENNEY J C INC			
6.875% MED TERM NOTES Due 10/15/2015.....	3,000,000	2,943,535	2,825,610
PENNZOIL CO			
10.625% DEBS Due 06/01/2001.....	3,000,000	2,988,242	3,196,170
PEPSICO INC			
5.700% MED TERM NOTES Due 11/01/2008.....	3,000,000	2,697,398	2,709,000

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SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
INDUSTRIAL (CONTINUED)			
PETROLIAM NASIONAL BERHAD			
7.750% BONDS Due 08/15/2015.....	\$ 12,000,000	\$ 11,947,930	\$ 12,482,160
PHILLIPS PETROLEUM CO			
9.500% NOTES Due 11/15/1997.....	6,000,000	5,997,690	6,039,840
9.000% NOTES Due 06/01/2001.....	2,900,000	2,896,477	3,139,714
9.375% NOTES Due 02/15/2011.....	1,500,000	1,497,070	1,786,530
9.180% SF DEBS Due 09/15/2021.....	5,000,000	4,976,002	5,512,900
QUAKER OATS CO			
6.500% MED TERM NOTES Due 07/15/2010.....	4,000,000	4,000,000	3,774,720
6.630% MED TERM NOTES Due 09/09/2013.....	2,000,000	1,754,184	1,880,700
7.750% MED TERM NOTES Due 07/15/2021.....	6,000,000	6,000,000	6,231,600
RALSTON PURINA CO.			
7.750% DEBS Due 10/01/2015.....	3,500,000	3,497,248	3,609,130
SEQUA CORP			
9.625% NOTES Due 10/15/1999.....	2,000,000	1,998,098	2,075,000
SUPER VALU STORES INC			
7.800% NOTES Due 11/15/2002.....	5,000,000	4,989,852	5,210,300
TENNECO INC			
10.000% NOTES Due 08/01/1998.....	2,800,000	2,800,000	2,895,816
10.200% DEBS Due 03/15/2008.....	12,540,000	12,460,159	15,451,663
TEXAS INSTRUMENTS INC			
9.000% NOTES Due 03/15/2001.....	2,000,000	2,000,000	2,148,020
9.250% NOTES Due 06/15/2003.....	2,000,000	2,000,000	2,236,580
TIMES-MIRROR CO			
7.250% DEBS Due 03/01/2013.....	1,750,000	1,730,267	1,733,515
UNITED TECHNOLOGIES CORP			
8.875% DEBS Due 11/15/2019.....	7,000,000	7,000,000	8,274,420
UNOCAL CORP			
9.750% NOTES Due 12/01/2000.....	3,000,000	3,000,000	3,273,510
9.250% NOTES Due 02/01/2003.....	7,650,000	7,639,549	8,501,674
7.200% NOTES Due 05/15/2005.....	2,400,000	2,364,804	2,436,288
WAL MART STORES INC			
8.000% NOTES Due 09/15/2006.....	3,500,000	3,492,991	3,787,035
WESTINGHOUSE ELECTRIC CORP			
8.875% NOTES Due 06/01/2001.....	2,000,000	1,996,420	2,101,020
WMX TECHNOLOGIES INC			
6.375% NOTES Due 12/01/2003.....	7,000,000	6,991,743	6,832,070
7.650% DEBS Due 03/15/2011.....	6,250,000	5,997,128	6,550,687
TOTAL	<u>264,051,957</u>	<u>260,826,735</u>	<u>283,432,358</u>

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SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
TRANSPORTATION			
ATCHISON TOPEKA & SANTA FE RAILWAY			
8.875% EQUIP TRUST W Due 06/01/2003.....	\$ 1,500,000	\$ 1,481,359	\$ 1,635,180
7.470% EQUIP TRUST Due 02/15/2007.....	3,795,000	3,665,860	3,919,021
7.570% EQUIP TRUST Due 02/15/2009.....	2,545,000	2,463,815	2,649,523
CONSOLIDATED RAIL CORP			
9.750% NOTES Due 06/01/2000.....	3,500,000	3,496,265	3,768,800
5.830% EQUIP TRUST Due 11/15/2006.....	1,500,000	1,454,559	1,397,580
5.850% EQUIP TRUST Due 11/15/2007.....	4,000,000	3,875,689	3,712,000
CSX TRANSPORTATION INC			
6.990% EQUIP TRUST Due 08/15/2006.....	1,600,000	1,580,957	1,615,696
7.730% EQUIP TR 95-A Due 03/15/2009.....	3,900,000	3,908,665	4,154,163
6.920% EQUIP TR 96-A Due 03/15/2010.....	3,800,000	3,800,000	3,788,714
7.770% EQUIP TR 95-A Due 03/15/2010.....	3,850,000	3,840,430	4,130,934
6.960% EQUIP TR 96-A Due 03/15/2011.....	3,800,000	3,800,000	3,794,642
FEDERAL EXPRESS CORP			
10.000% SENIOR NOTES Due 04/15/1999.....	3,500,000	3,493,796	3,694,670
UNION PACIFIC RAILROAD CO			
7.160% EQUIP TR 96-G Due 06/01/2008.....	2,000,000	2,000,000	2,025,920
6.660% EQUIP TR CTF Due 12/01/2010.....	2,400,000	2,288,211	2,362,296
UNITED PARCEL SERVICES AMERICA INC			
8.375% DEBS Due 04/01/2020.....	11,250,000	11,250,000	12,871,463
TOTAL	<u>52,940,000</u>	<u>52,399,606</u>	<u>55,520,602</u>
UTILITIES			
AT & T CORP			
4.375% DEBS Due 05/01/1999.....	894,000	881,774	868,646
5.125% DEBS Due 04/01/2001.....	3,375,000	3,064,418	3,234,904
8.125% DEBS Due 01/15/2022.....	2,600,000	2,600,000	2,704,910
8.125% DEBS Due 07/15/2024.....	20,000,000	20,276,389	20,810,000
ATLANTIC CITY ELECTRIC CO			
6.625% 1ST MTG Due 08/01/2013.....	5,000,000	4,577,113	4,821,350
BALTIMORE GAS & ELECTRIC CO			
6.625% 1ST MTGE Due 03/15/2008.....	5,195,000	4,505,786	5,096,451
7.500% 1ST MTGE Due 01/15/2007.....	4,500,000	4,491,593	4,686,345
BAY STATE GAS CO			
7.375% MED TERM NOTES Due 11/01/2002.....	5,000,000	5,000,000	5,116,750
7.550% MED TERM NOTES Due 11/01/2002.....	3,000,000	2,999,763	3,092,610
6.000% MED TERM NOTES Due 09/29/2003.....	3,000,000	2,929,779	2,877,360
BELL TELEPHONE CO OF PENNSYLVANIA			
4.750% DEBS Due 05/01/2001.....	3,519,000	3,468,605	3,328,481
BOSTON GAS CO			
6.930% MED TERM NOTES Due 04/01/2016.....	8,500,000	8,500,000	8,170,200

PERMANENT UNIVERSITY FUND

SCHEDULE A

DEBT SECURITIES

(CONTINUED)

August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
UTILITIES (CONTINUED)			
BURLINGTON RESOURCES INC 9.625% NOTES Due 06/15/2000.....	\$ 1,500,000	\$ 1,498,332	\$ 1,615,155
CAROLINA POWER & LIGHT CO 8.200% 1ST MTGE Due 07/01/2022.....	10,500,000	10,597,097	10,793,265
CAROLINA TELEPHONE & TELEGRAPH CO 6.750% DEBS Due 08/15/2013.....	1,500,000	1,489,910	1,403,040
CASCADE NATURAL GAS CORP 8.500% MED TERM NOTES Due 10/02/2006.....	5,000,000	5,000,000	5,467,750
CENDEL CAPITAL CORP 9.000% DEB (MTY 2019) Due 10/15/1999.....	2,500,000	2,464,759	2,931,375
CENTRAL LOUISIANA ELECTRIC CO 6.530% MED TERM NOTE Due 03/15/2007.....	5,000,000	4,982,981	4,809,200
CENTRAL POWER & LIGHT CO 7.500% 1ST MTGE Due 12/01/2002.....	2,000,000	1,998,468	2,070,760
CENTRAL TELEPHONE CO 6.875% 1ST MTGE MTN Due 09/21/2004.....	10,000,000	9,604,096	9,948,400
7.040% 1ST MTGE MTN Due 09/21/2007.....	4,000,000	3,667,446	3,999,160
CHESAPEAKE & POTOMAC TELEPHONE CO 6.750% DEBS Due 05/01/2008.....	500,000	501,299	491,000
CHUGACH ELECTRIC CO-OP ASSOCIATION INC 9.140% 1ST MTGE SER A Due 03/15/2022.....	8,500,000	8,500,000	9,670,025
DELMARVA POWER & LIGHT CO 8.150% 1ST MTGE Due 10/01/2015.....	7,000,000	6,997,824	7,230,510
EL PASO NATURAL GAS CO 9.450% NOTES Due 09/01/1999.....	8,420,000	8,417,504	8,906,929
ENRON CORP 9.125% SENIOR NOTES Due 04/01/2003.....	3,500,000	3,492,627	3,866,730
9.875% NOTES Due 06/15/2003.....	9,000,000	8,895,855	10,251,720
EQUITABLE RESOURCES INC 7.500% DEBS Due 07/01/1999.....	2,740,000	2,620,748	2,792,334
7.550% MED TERM NOTES Due 10/01/2015.....	7,500,000	7,463,566	7,756,875
7.600% MED TERM NOTES Due 01/15/2018.....	8,000,000	8,000,000	8,238,080
FLORIDA POWER CORP 7.375% 1ST MTGE Due 06/01/2002.....	650,000	623,494	658,099
GENERAL TELEPHONE COMPANY OF PENNSYLVANIA 8.250% 1ST MTGE SER K Due 04/01/2007.....	1,000,000	1,000,000	1,061,000
GTE CORP 9.100% DEBS Due 06/01/2003.....	3,500,000	3,496,544	3,895,045
GTE HAWAIIAN TELEPHONE INC 6.750% 1ST MTGE SR BB Due 02/15/2005.....	7,000,000	6,479,951	6,911,030
7.000% DEBS Due 02/01/2006.....	2,000,000	1,971,076	1,994,720
8.000% 1ST MTGE SER U Due 09/01/2001.....	1,125,000	1,066,952	1,135,789

PERMANENT UNIVERSITY FUND

SCHEDULE A

DEBT SECURITIES

(CONTINUED)

August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
UTILITIES (CONTINUED)			
GTE NORTH INC			
6.000% DEBS Due 01/15/2004.....	\$ 5,000,000	\$ 4,728,156	\$ 4,805,300
GTE SOUTHWEST INC			
6.540% DEBS Due 12/01/2005.....	9,000,000	8,660,785	8,841,510
GUADALUPE VALLEY TEXAS ELECTRIC CO-OP INC			
8.610% 1ST MTGE SF Due 01/01/2011.....	3,500,000	3,500,000	3,600,415
GULF STATES UTILITIES CO			
6.750% 1ST MTGE Due 03/01/2003.....	3,000,000	2,964,654	2,936,190
HOUSTON LIGHTING & POWER CO			
8.750% 1ST MTGE Due 03/01/2022.....	2,400,000	2,380,426	2,590,392
INDIANA BELL TELEPHONE INC			
5.500% DEBS Due 04/01/2007.....	995,000	975,008	902,346
INDIANA GAS CO			
7.150% MED TERM NOTES Due 03/15/2015.....	5,000,000	5,000,000	4,935,150
INDIANAPOLIS POWER & LIGHT CO			
7.375% 1ST MTGE Due 08/01/2007.....	7,100,000	7,085,821	7,384,639
IOWA ELECTRIC LIGHT & POWER CO			
6.000% COLL TRUST Due 10/01/2008.....	7,500,000	7,219,284	6,960,450
IOWA SOUTHERN UTILITIES CO			
9.125% 1ST MTGE Due 07/01/2001.....	8,000,000	8,000,000	8,303,200
LOUISIANA POWER & LIGHT CO			
7.875% 1ST MTGE Due 04/01/2001.....	500,000	495,708	505,400
8.000% 1ST MTGE Due 06/01/2003.....	500,000	491,581	508,730
MICHIGAN CONSOLIDATED GAS CO			
8.000% 1ST MTGE Due 05/01/2002.....	1,710,000	1,703,857	1,799,245
9.125% 1ST MTGE MTN Due 09/01/2004.....	2,000,000	2,000,000	2,229,780
MIDWEST POWER SYSTEM INC			
7.125% 1ST MTGE Due 02/01/2003.....	1,000,000	996,793	1,018,660
MINNESOTA POWER & LIGHT CO			
7.750% 1ST MTGE Due 06/01/2007.....	2,000,000	1,968,258	2,053,780
7.500% 1ST MTGE Due 08/01/2007.....	5,000,000	4,994,961	5,097,600
7.000% 1ST MTGE Due 03/01/2008.....	6,500,000	6,746,079	6,433,180
MONONGAHELA POWER CO			
8.375% 1ST MTGE Due 07/01/2022.....	4,250,000	4,244,388	4,403,128
MONTANA POWER CO			
8.950% 1ST MTGE Due 02/01/2022.....	2,350,000	2,349,060	2,507,074
MOUNTAIN FUEL SUPPLY CO			
7.580% MED TERM NOTES Due 10/01/2007.....	6,425,000	6,425,000	6,717,273
MOUNTAIN STATES TELEPHONE & TELEGRAPH CO			
5.000% DEBS Due 04/01/2000.....	790,000	776,759	761,710
NATIONAL RURAL UTILITIES CO-OP			
7.200% COLL TRUST Due 10/01/2015.....	3,500,000	3,483,874	3,476,480
9.000% COLL TRUST V Due 09/01/2021.....	1,475,000	1,457,408	1,592,071

PERMANENT UNIVERSITY FUND

SCHEDULE A

DEBT SECURITIES

(CONTINUED)

August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
UTILITIES (CONTINUED)			
NEW ENGLAND POWER CO			
8.000% GENL & REF MTG Due 08/01/2022.....	\$ 11,500,000	\$ 11,361,937	\$ 12,008,415
NEW ENGLAND TELEPHONE & TELEGRAPH CO			
4.625% DEBS Due 04/01/1999.....	1,040,000	1,030,906	1,015,498
7.875% DEBS Due 09/01/2022.....	15,000,000	14,837,907	15,263,700
NEW JERSEY BELL TELEPHONE CO			
4.875% DEBS Due 11/01/2000.....	1,002,000	986,644	957,902
8.000% DEBS Due 06/01/2022.....	5,000,000	4,950,952	5,429,350
NEW YORK STATE ELECTRIC & GAS CORP			
6.500% 1ST MTGE Due 09/01/1998.....	3,230,000	3,177,492	3,230,840
7.625% 1ST MTGE Due 11/01/2001.....	1,360,000	1,286,830	1,377,326
6.750% 1ST MTGE Due 10/15/2002.....	11,000,000	10,845,770	10,895,500
NEW YORK TELEPHONE CO			
5.625% NOTES Due 11/01/2003.....	5,000,000	4,799,162	4,724,400
7.000% DEBS Due 06/15/2013.....	11,900,000	11,437,256	11,249,427
7.875% DEBS Due 06/15/2017.....	1,925,000	1,774,252	1,951,469
NORTHERN INDIANA PUBLIC SERVICE CO			
7.500% 1ST MTGE SER T Due 04/01/2002.....	3,746,000	3,522,758	3,791,851
6.630% DEBS (MTN) Due 06/15/2005.....	9,860,000	9,860,000	9,514,703
NORTHWESTERN PUBLIC SERVICE CO			
7.100% 1ST MTGE Due 08/01/2005.....	7,865,000	7,856,409	7,949,077
OLD DOMINION ELECTRIC COOP			
7.480% 1ST MTGE Due 12/01/2013.....	3,000,000	3,000,000	3,093,240
8.760% 1ST MTGE Due 12/01/2022.....	10,250,000	10,250,000	11,342,958
ONEOK INC			
8.440% SENIOR NOTES Due 01/31/2004.....	3,500,000	3,500,000	3,637,550
ORANGE & ROCKLAND UTILITIES			
9.375% DEBS SER A Due 03/15/2000.....	2,250,000	2,248,039	2,396,812
PACIFIC BELL			
7.000% NOTES Due 07/15/2004.....	4,000,000	3,985,755	4,065,800
PACIFIC GAS & ELECTRIC CO			
6.875% 1ST REF SER PP Due 12/01/1999.....	3,000,000	2,805,769	3,010,440
5.875% 1ST MTGE Due 10/01/2005.....	5,800,000	5,596,156	5,473,692
8.375% 1ST REF SR 92B Due 05/01/2025.....	12,400,000	12,786,054	12,839,332
PACIFIC NORTHWEST BELL TELEPHONE CO			
4.375% DEBS Due 09/01/2002.....	1,100,000	1,054,754	994,213
PACIFIC TELEPHONE & TELEGRAPH CO			
4.625% DEBS Due 04/01/1999.....	497,000	490,564	484,406
4.625% DEBS Due 05/01/2000.....	2,108,000	2,072,590	2,017,988
PACIFICORP			
9.100% SECURD MTN SRC Due 03/01/2001.....	4,000,000	4,000,000	4,316,920
6.750% 1ST MTGE Due 04/01/2005.....	4,000,000	3,996,169	3,971,560
8.050% 1ST MTGE MTN Due 09/01/2022.....	13,500,000	13,500,000	14,471,460

PERMANENT UNIVERSITY FUND

SCHEDULE A

DEBT SECURITIES

(CONTINUED)

August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
UTILITIES (CONTINUED)			
PEDERNALES ELECTRIC CO-OP			
7.550% 1ST MTGE Due 11/15/2015.....	\$ 6,935,600	\$ 6,935,600	\$ 7,107,603
PENNSYLVANIA ELECTRIC CO			
7.400% 1ST MTGE MTN Due 03/01/2003.....	8,000,000	8,000,000	8,226,000
PENNSYLVANIA POWER & LIGHT CO			
6.500% 1ST MTGE Due 04/01/2005.....	3,000,000	2,978,031	2,922,900
7.375% 1ST MTGE Due 03/01/2014.....	2,000,000	1,859,226	2,018,820
8.500% 1ST MTGE Due 05/01/2022.....	5,500,000	5,491,629	5,805,140
PORTLAND GENERAL ELECTRIC CO			
7.150% MED TERM NOTE Due 06/15/2007.....	5,000,000	4,971,487	5,003,600
POTOMAC ELECTRIC POWER			
6.500% 1ST MTGE Due 03/15/2008.....	2,000,000	1,996,592	1,940,640
5.875% 1ST MTGE Due 10/15/2008.....	3,700,000	3,443,321	3,405,776
PSI ENERGY INC			
6.380% 1ST MTGE MTN Due 08/15/2008.....	5,000,000	5,000,000	4,674,700
PUBLIC SERVICE COMPANY OF NEW MEXICO			
7.250% 1ST MTGE Due 04/01/1999.....	292,000	286,863	292,663
PUBLIC SERVICE ELECTRIC & GAS CO			
7.625% 1ST & REF MTGE Due 02/01/2000.....	1,850,000	1,834,670	1,892,901
6.500% 1ST & REF MTGE Due 05/01/2004.....	3,000,000	2,967,139	2,948,160
PUBLIC SERVICE COMPANY OF OKLAHOMA			
7.375% 1ST MTGE Due 12/01/2004.....	5,000,000	4,994,815	5,167,000
PUGET SOUND POWER & LIGHT CO			
7.750% 1ST MTGE MTN Due 02/01/2007.....	4,000,000	4,130,230	4,208,000
SOUTH CAROLINA ELECTRIC & GAS CO			
7.125% 1ST MTGE Due 06/15/2013.....	10,710,000	10,577,150	10,699,183
SOUTHERN BELL TELEPHONE & TELEGRAPH			
4.750% DEBS Due 09/01/2000.....	1,830,000	1,793,538	1,746,698
6.000% DEBS Due 10/01/2004.....	425,000	424,130	406,695
SOUTHERN NEW ENGLAND TELEPHONE CO			
6.125% MED TERM NOTES Due 12/15/2003.....	6,500,000	6,452,066	6,290,570
7.125% MED TERM NOTES Due 08/01/2007.....	2,000,000	1,980,612	2,043,740
SOUTHWESTERN BELL CORP			
7.000% MED TERM NOTES Due 11/15/2002.....	5,000,000	5,000,000	5,078,750
7.300% MED TERM NOTES Due 03/01/2003.....	5,000,000	4,997,490	5,147,450
5.980% MED TERM NOTES Due 10/22/2007.....	2,000,000	1,995,467	1,854,900
6.030% MED TERM NOTES Due 11/15/2007.....	3,500,000	3,500,000	3,257,625
7.350% MED TERM NOTES Due 05/24/2010.....	15,000,000	14,995,350	15,448,950
7.000% DEBS Due 07/01/2015.....	7,500,000	7,141,737	7,402,725
SOUTHWESTERN PUBLIC SERVICE CO			
7.250% 1ST MTGE Due 07/15/2004.....	3,000,000	2,983,323	3,066,030
6.500% 1ST MTGE Due 03/01/2006.....	5,000,000	4,997,318	4,885,350
8.250% 1ST MTGE Due 07/15/2022.....	5,000,000	4,947,385	5,281,750

PERMANENT UNIVERSITY FUND

SCHEDULE A

DEBT SECURITIES

(CONTINUED)

August 31, 1997

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
UTILITIES (CONTINUED)			
TELSTRA LTD			
6.500% NOTES Due 07/31/2003.....	\$ 4,900,000	\$ 4,881,951	\$ 4,854,528
TEXAS UTILITIES CO			
6.750% 1ST MTGE Due 03/01/2003.....	4,000,000	3,951,960	3,993,480
6.250% 1ST MTGE Due 10/01/2004.....	2,000,000	2,000,000	1,924,020
8.500% 1ST MTGE Due 08/01/2024.....	18,350,000	18,587,298	19,519,813
TRANSOK			
7.800% MED TERM NOTES Due 03/01/2004.....	8,000,000	8,000,000	8,321,120
6.900% MED TERM NOTES Due 03/01/2005.....	4,000,000	4,000,000	3,960,560
TUCSON ELECTRIC POWER CO			
7.650% 1ST MTGE Due 05/01/2003.....	500,000	489,060	492,515
UGI UTILITIES INC			
6.500% SENIOR NOTES Due 08/15/2003.....	6,500,000	6,480,979	6,414,850
UNITED TELECOMMUNICATIONS INC			
9.750% NOTES Due 04/01/2000.....	1,000,000	997,719	1,075,070
UNITED TELEPHONE COMPANY OF FLORIDA			
6.250% 1ST MTGE Due 05/15/2003.....	7,000,000	6,922,502	6,850,060
6.875% 1ST MTGE Due 07/15/2013.....	2,300,000	2,266,055	2,235,485
UNITED TELEPHONE COMPANY OF OHIO			
6.625% 1ST MTGE Due 10/01/2002.....	8,000,000	7,727,621	7,983,600
UNITED TELEPHONE COMPANY OF PENNSYLVANIA			
7.375% 1ST MTGE Due 12/01/2002.....	2,000,000	1,983,402	2,061,060
WASHINGTON WATER & POWER CO			
7.900% 1ST MTGE MTN Due 08/25/2006.....	4,000,000	4,000,000	4,241,760
6.900% 1ST MTGE MTN Due 07/01/2010.....	5,000,000	5,000,000	4,915,000
WEST PENN POWER CO			
7.375% 1ST MTGE Due 08/01/2007.....	8,000,000	7,924,855	8,102,000
7.875% 1ST MTGE Due 09/01/2022.....	13,000,000	12,742,446	13,169,520
TOTAL	<u>651,638,600</u>	<u>644,418,751</u>	<u>662,884,290</u>
TOTAL CORPORATE BONDS	<u>1,281,284,758</u>	<u>1,265,584,225</u>	<u>1,321,370,792</u>
TOTAL DEBT SECURITIES	<u>\$ 2,296,956,221</u>	<u>\$ 2,197,935,395</u>	<u>\$ 2,307,774,842</u>

PERMANENT UNIVERSITY FUND

SCHEDULE B

PREFERRED STOCKS

August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
PREFERRED STOCKS			
LONG ISLAND LIGHTING CO 5.125% SER H CUM PFD.....	50,000	\$ 2,317,858	\$ 3,600,000
NEWS CORP LTD ADR - SPONSORED.....	22,000	378,633	332,750
TOTAL PREFERRED STOCKS		<u>\$ 2,696,491</u>	<u>\$ 3,932,750</u>

PERMANENT UNIVERSITY FUND
EQUITY SECURITIES
August 31, 1997

SCHEDULE C

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS			
BANKS - UK			
HSBC HLDGS.....	10,900	\$ 1,194,113	\$ 3,319,551
BASIC INDUSTRIES			
ALLIED SIGNAL INC.....	25,000	886,895	2,064,075
ALUMINUM CO.....	84,100	3,996,696	6,917,225
BROWNING FERRIS INDUSTRY INC.....	169,200	4,535,953	5,922,000
CENTURY ALUMINUM CO.....	3,100	49,116	51,150
CUTTER & BUCK INC.....	27,300	320,689	539,175
DOW CHEMICAL CO.....	51,000	3,008,885	4,513,500
DSM NV.....	106,950	2,613,157	2,526,694
DU PONT E I DE NEMOURS & CO.....	96,200	1,883,147	5,994,511
FERRO CORP.....	7,750	242,777	291,594
FORT JAMES CORP.....	29,044	717,306	1,219,848
GRACE W R & CO.....	30,000	1,299,703	2,064,390
INTERNATIONAL PAPER CO.....	159,400	6,468,587	8,408,350
JACOBS ENGR GROUP INC.....	203,000	4,590,145	6,508,789
LAFARGE CORP.....	89,800	1,675,400	2,918,500
LTV CORP.....	126,400	1,586,320	1,643,200
MEAD CORP.....	32,700	1,515,579	2,319,673
MEDUSA CORP.....	1,700	44,807	79,900
MIDCOAST ENERGY RESOURCES INC.....	31,000	499,830	616,125
MINERALS TECHNOLOGIES INC.....	173,000	6,349,651	6,876,750
MINNESOTA MINING & MANUFACTURING CO.....	38,000	1,243,850	3,415,250
NAC RESOURCE CORP.....	8,900	433,527	419,413
NORTHWEST PIPE CO.....	4,300	83,050	106,962
ON ASSIGNMENT INC.....	10,100	344,306	455,762
RENTERS CHOICE INC.....	5,100	84,633	113,475
RMI TITANIUM CO.....	4,900	97,183	102,596
SCHEIN (HENRY) INC.....	9,000	241,255	320,625
TJ INTERNATIONAL INC.....	11,600	245,525	292,900
WEYERHAEUSER CO.....	58,800	2,534,334	3,395,700
TOTAL		<u>47,592,306</u>	<u>70,098,132</u>
CAPITAL GOODS			
ACT MANUFACTURING INC.....	14,300	343,109	572,000
ADE CORP MASS.....	19,200	307,473	787,200
ADOBE SYSTEMS INC.....	1,500	48,937	59,063

PERMANENT UNIVERSITY FUND
EQUITY SECURITIES
August 31, 1997

SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CAPITAL GOODS (CONTINUED)			
AFC CABLE SYSTEMS INC.....	24,800	\$ 607,687	\$ 744,000
ALTERA CORP.....	1,800	43,355	95,850
APTARGROUP INC.....	145,000	5,178,232	8,156,250
BENCHMARQ MICROELECTRONICS INC.....	28,900	406,635	895,900
BOEING CO.....	150,400	5,205,770	8,196,800
BTR LIMITED.....	196,400	2,634,320	2,777,096
C CUBE MICROSYSTEMS INC.....	1,400	55,113	42,000
CIRCLE INTERNATIONAL GROUP INC.....	1,900	40,907	47,738
CITRIX SYSTEMS INC.....	4,100	66,346	207,050
DANAHER CORP.....	3,100	106,598	166,045
DEERE & CO.....	10,700	458,179	599,200
DII GROUP INC.....	11,100	487,553	607,725
DSP COMMUNICATIONS INC.....	71,000	981,946	1,366,750
DSP GROUP INC.....	33,300	409,075	1,019,813
DUPONT PHOTOMASKS INC.....	1,100	54,615	72,050
EMERSON ELECTRIC CO.....	243,000	9,391,839	13,289,184
ETEC SYSTEMS INC.....	23,900	861,189	1,601,300
EXPEDITORS INTERNATIONAL WASH INC.....	12,500	242,586	457,813
GENERAL ELECTRIC CO.....	361,800	6,585,226	22,635,293
GENERAL SCANNING INC.....	27,500	298,551	598,125
GENTEX CORP.....	20,100	433,163	482,400
GREENNDS INC.....	61,900	1,592,639	1,632,613
HARMAN INTL INDS INC.....	137,700	6,172,819	6,162,075
INFORMATION STORAGE DEVICES.....	33,800	384,343	359,125
K2 INC.....	179,700	4,651,585	5,570,700
NETSCAPE COMMUNICATIONS CORP.....	78	2,862	3,105
NORTHROP CORP.....	1,108	53,817	129,706
OAKWOOD HOMES CORP.....	8,100	156,910	219,712
OEA INC.....	13,100	475,028	487,163
OPEN TEXT CORP.....	27,000	250,554	293,625
OWENS CORNING.....	30,900	727,133	1,253,397
PEAK INTERNATIONAL LTD.....	40,500	488,063	799,875
PMC SIERRA INC.....	25,300	478,608	725,806
REPUBLIC GROUP INC.....	46,875	603,756	902,344
ROPER INDUSTRIES INC.....	2,800	68,841	79,100
RURAL CELLULAR CORP.....	100	1,088	1,037
SAWTEK INC.....	25,900	932,681	1,019,812
SBS TECHNOLOGIES.....	16,200	291,478	348,300
STONE & WEBSTER INC.....	143,600	6,016,382	6,803,050
TENNECO INC.....	96,200	3,970,362	4,671,761

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CAPITAL GOODS (CONTINUED)			
THERMEDICS DETECTION INC.....	40,600	\$ 424,599	\$ 416,150
THERMO ELECTRON CORP.....	15,000	465,486	603,750
THOMAS & BETTS CORP.....	111,200	4,947,289	6,227,200
THREE FIVE SYSTEMS INC.....	20,600	445,900	505,998
TRACOR INC.....	6,900	151,628	207,862
TRIQUINT SEMICONDUCTOR INC.....	6,400	203,076	236,800
U S HOME CORP.....	3,500	74,696	123,595
UNIPHASE CORP.....	18,500	175,481	1,262,625
VALMONT INDUSTRIES.....	143,800	2,915,368	3,019,800
VARLEN CORP.....	15,300	425,806	498,214
WATERS CORP.....	141,800	3,062,686	4,723,783
WYMAN GORDON CO.....	260,000	3,256,338	7,101,380
TOTAL		<u>79,115,706</u>	<u>121,866,108</u>
CONSUMER DURABLES			
3D LABS INC.....	11,000	330,350	435,875
ALTRIS SOFTWARE INC.....	35,000	310,734	323,750
AXENT TECHNOLOGIES INC.....	24,700	429,322	447,688
BE AEROSPACE INC.....	17,000	426,092	603,500
CHOICEPOINT INC.....	9,460	338,917	335,830
CHRYSLER CORP.....	260,000	7,717,191	9,132,500
COACHMEN INDUSTRY INC.....	2,100	37,025	38,850
D R HORTON INC.....	4,300	61,840	66,650
FORD MOTOR CO.....	225,357	6,656,115	9,690,351
GOODYEAR TIRE & RUBBER CO.....	28,200	961,283	1,737,825
HARBINGER CORP.....	24,700	713,466	864,500
IMNET SYSTEM INC.....	28,100	515,003	927,300
INTEGRATED CIRCUIT SYSTEMS INC.....	33,800	527,867	1,166,100
INTERLINK COMPUTER SCIENCES INC.....	35,000	413,188	225,330
NICE SYSTEMS LTD.....	1,000	32,550	39,938
OSICOM TECHNOLOGIES INC.....	55,600	620,720	205,053
PEGASYS INC.....	8,000	167,000	215,504
PORTUGAL TELECOMMUNICATIONS.....	22,600	425,086	830,550
PREMIERE TECHNOLOGIES INC.....	17,800	442,519	552,921
PREMISYS COMMUNICATIONS INC.....	121,136	2,180,448	2,506,062
ROGUE WAVE SOFTWARE INC.....	43,700	635,160	639,112
SIMULATION SCIENCES INC.....	33,300	554,022	470,363
SPECTRALINK CORP.....	6,300	27,966	29,138
STERLING COMMUNICATIONS INC.....	4,000	92,856	132,252
SYKES ENTERPRISES INC.....	14,350	334,774	383,862

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CONSUMER DURABLES (CONTINUED)			
TEL SAVE HOLDINGS INC.....	5,000	\$ 63,706	\$ 89,375
TRANSITION SYSTEM INC.....	5,200	80,439	99,450
U S OFFICE PRODUCTS CO.....	3,000	99,297	97,314
VANSTAR CORP.....	3,800	51,013	59,614
VIASOFT INC.....	10,200	191,085	552,075
VIDEOSERVER INC.....	16,600	304,592	218,921
TOTAL		<u>25,741,626</u>	<u>33,117,553</u>
CONSUMER NON-DURABLES			
ANHEUSER BUSCH COMPANIES INC.....	322,400	7,055,391	13,742,300
AVON PRODUCTS INC.....	10,800	503,640	691,200
BOMBAY CO.....	42,000	253,804	304,500
BOSTON CHICKEN INC.....	1,700	58,502	20,932
BROTHERS GOURMET COFFEE INC.....	33,658	84,145	61,022
BURLINGTON COAT FACTORY.....	18,000	288,427	414,000
CAMPBELL SOUP CO.....	27,300	808,930	1,266,038
CANANDAIGUA WINE INC.....	3,600	68,697	146,700
CLOROX CO.....	82,100	4,597,985	10,785,888
COCA COLA CO.....	240,000	1,197,287	13,755,120
CONAGRA INC.....	9,400	497,674	605,717
DEAN FOODS CO.....	139,900	3,596,866	6,243,038
EASTMAN KODAK CO.....	166,400	10,614,000	10,878,400
FURNITURE BRANDS INTERNATIONAL INC.....	10,400	154,452	183,300
GALOOB TOYS INC.....	2,500	49,062	51,875
GENERAL MILLS INC.....	142,500	7,156,261	9,155,625
GILLETTE CO.....	61,800	1,134,264	5,121,675
HEINZ H J CO.....	185,000	6,034,830	7,700,625
IBP INC.....	86,100	1,978,341	1,974,962
INTIMATE BRANDS INC.....	18,400	395,644	404,800
KELLOGG CO.....	266,200	6,487,216	11,912,450
KIMBERLY CLARK CORP.....	195,600	5,499,297	9,278,873
LANDRY'S SEAFOOD RESTAURANT INC.....	14,000	253,344	336,000
MCKESSON CORP.....	10,400	667,372	974,355
MONDAVI ROBERT CORP.....	9,100	384,958	414,050
NAUTICA ENTERPRISES INC.....	20,100	478,770	478,641
NESTLE SA ADR BPC.....	40,000	1,180,459	2,331,240
NIKE INC.....	32,000	749,683	1,708,000
NORTHLAND CRANBERRIES INC.....	1,800	15,579	30,825
PEPSICO INC.....	306,500	4,902,810	11,034,000
PHILIP MORRIS COS INC.....	881,900	11,596,652	38,528,447

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CONSUMER NON-DURABLES (CONTINUED)			
PROCTER & GAMBLE CO.....	45,000	\$ 1,086,937	\$ 5,990,625
QUIKSILVER INC.....	13,400	426,967	456,444
SHERWIN WILLIAMS CO.....	23,600	660,548	647,537
SMITHOODS INC.....	1,600	65,230	88,200
TAG HEUER INTERNATIONAL.....	85,000	1,225,556	1,168,750
THERMOLASE CORP.....	4,000	71,902	64,500
THERMOLASE CORP.....	1,584	39,208	28,710
TOMMY HILFIGER CORP.....	4,300	153,536	187,587
UNILEVER NV NEW YORK.....	21,400	3,620,934	4,306,750
UST INC.....	372,000	10,391,041	10,741,500
WESTPOINT STEVENS INC.....	180,000	6,225,130	7,200,000
TOTAL		<u>102,711,331</u>	<u>191,415,201</u>
CONSUMER SERVICES			
ABERCROMBIE & FITCH CO.....	19,500	316,024	468,000
ABR INFORMATION SERVICES INC.....	12,900	298,274	346,688
ACCUSTAFF INC.....	5,400	109,789	143,440
ACNIELSEN CORP.....	21,500	379,125	489,125
AMERICA ONLINE INC.....	1,200	42,060	77,400
AMERICAN DISPOSAL SERVICES INC.....	13,200	332,900	363,000
AMERICAN STORES CO.....	92,400	654,928	2,206,050
AMERITECH CORP.....	104,700	5,698,612	6,563,434
ANN TAYLOR STORES CORP.....	4,200	82,173	71,925
APOLLO GROUP INC.....	800	29,858	28,550
APPLEBEES INTERNATIONAL INC.....	14,400	427,384	367,200
ARBOR DRUGS INC.....	37,300	576,498	890,538
BANTA CORP.....	8,200	235,081	221,400
BED BATH & BEYOND INC.....	18,100	618,112	561,100
BILLING INFORMATION CONCEPTS.....	300	10,044	11,250
BJ SERVICE CO.....	2,800	79,534	202,300
BORDERS GROUP INC.....	32,300	707,585	769,160
BORG WARNER AUTOMOTIVE INC.....	10,000	507,595	521,250
BOWNE & CO INC.....	12,100	397,529	350,150
BUCKLE INC.....	13,200	239,891	306,900
CALLAWAY GOLF CO.....	66,200	1,979,233	2,230,146
CANNONDALE CORP.....	2,100	37,828	37,275
CAPSTAR HOTEL CO.....	2,900	54,945	94,975
CARIBINER INTERNATIONAL INC.....	4,000	110,029	169,000
CARMIKE CINEMAS INC.....	1,700	41,623	53,550
CARNIVAL CORP.....	116,800	2,531,962	5,095,400

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CONSUMER SERVICES (CONTINUED)			
CATALINA MARKET CORP.....	2,500	\$ 66,355	\$ 115,782
CINAR FILMS INC.....	11,900	341,488	377,825
CLEAR CHANNEL COMMUNICATIONS.....	12,700	387,687	862,813
COGNIZANT CORP.....	95,200	3,070,191	3,998,400
COSTCO COS INC.....	21,900	341,544	789,780
DATA PROCESSING RESOURCES CORP.....	17,900	332,235	431,837
DEVRY INC.....	16,200	177,091	437,400
DISCOUNT AUTO PARTS INC.....	2,300	48,865	47,007
DISNEY WALT CO.....	143,800	6,311,230	11,045,709
DOUBLETREE CORP.....	700	28,287	35,000
DUN & BRADSTREET CORP.....	95,200	2,109,309	2,665,600
EAGLE GEOPHYSICAL INC.....	8,800	178,400	180,400
EAGLE HARDWARE & GARDEN INC.....	19,000	393,252	416,822
EASTERN ENVIROMENTAL SERVICES INC.....	24,800	328,704	496,000
EL PASO NATURAL GAS CO.....	23,746	1,210,096	1,335,712
ENSCO INTERNATIONAL INC.....	600	8,918	38,100
FILENES BASEMENT CORP.....	50,500	375,059	416,625
FINGERHUT COMPANIES INC.....	23,500	500,966	475,875
G & K SERVICES INC.....	6,200	224,275	216,225
GENERAL NUTRITION COMPANIES INC.....	4,500	88,200	124,875
GLOBAL DIRECTMAIL CORP.....	1,600	43,427	35,200
GLOBAL INDS LTD.....	18,000	392,279	655,884
GOLF TR AMER INC.....	46,800	1,001,958	1,287,000
HALL KINION & ASSOCIATES INC.....	17,000	310,438	363,375
HEFTEL BROADCASTING CORP.....	43,700	1,698,810	2,709,400
HEILIG-MEYERS CO.....	275,800	5,103,083	4,137,000
HOME DEPOT INC.....	483,300	13,664,235	22,805,960
HOST MARRIOTT CORP.....	217,400	3,004,824	4,239,300
HSN INC.....	2,200	56,485	72,600
INTERIM SERVICES INC.....	9,700	451,060	478,937
JONES APPAREL GROUP INC.....	1,200	37,382	60,226
JONES MEDICAL INDUSTRY INC.....	15,500	451,598	461,125
JUST FOR FEET INC.....	6,800	228,335	89,250
KING WORLD PRODUCTIONS INC.....	1,700	68,315	67,575
LARSCOM INC.....	34,500	416,812	355,798
LCC INTERNATIONAL INC.....	7,900	145,321	189,600
MARINE DRILLING COMPANIES INC.....	16,800	273,130	403,200
MAXIMUS INC.....	8,500	160,045	194,437
MAY DEPT STORES CO.....	24,000	350,854	1,291,512
MCDONALDS CORP.....	61,800	735,739	2,923,943
MCGRAW HILL COMPANIES INC.....	216,100	7,015,811	13,249,739

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CONSUMER SERVICES (CONTINUED)			
MENS WEARHOUSE INC.....	9,400	\$ 248,478	\$ 341,342
MEREDITH CORP.....	13,200	297,396	396,000
MICROAGE INC.....	3,100	60,455	84,283
NATIONAL SERVICE INDUSTRY INC.....	201,200	5,264,731	8,903,100
NEWS CORP LTD.....	44,000	870,687	794,772
NORRELL CORP GEORGIA.....	7,400	209,560	239,116
O'REILLY AUTOMOTIVE INC.....	10,400	456,898	458,900
OGDEN CORP.....	197,000	3,884,907	4,568,036
OUTBACK STEAKHOUSE INC.....	2,900	71,263	69,963
OUTDOOR SYSTEM INC.....	3,450	74,927	91,211
PAGING NETWORK INC.....	3,000	64,199	30,375
PAPA JOHNS INTERNATIONAL INC.....	2,700	73,338	92,138
PAUL HARRIS STORES INC NEW.....	33,600	551,665	596,400
PEGASUS SYSTEMS INC.....	19,500	310,438	348,563
PERSONNEL GROUP AMERICA INC.....	1,600	42,114	53,600
PHOTRONICS INC.....	9,600	305,332	566,400
PHYSICIAN SUPPORT SYSTEM INC.....	40,000	635,584	675,000
PRIME HOSPITALITY CORP.....	3,200	56,872	60,800
PROFFITS INC.....	1,600	62,825	85,901
PROMUS HOTEL CORP.....	20,500	466,211	795,667
RACING CHAMPIONS CORP.....	24,000	353,887	369,000
RADIANT SYS INC.....	5,600	140,850	115,500
RAINFOREST CAFE INC.....	7,600	217,656	204,250
REGAL CINEMAS INC.....	15,100	436,993	428,463
ROBERT HALF INTERNATIONAL INC.....	12,300	584,702	718,013
ROMAC INTERNATIONAL INC.....	11,900	368,214	452,200
ROSS STORES INC.....	14,400	370,983	423,000
ROYAL PTT NEDERLAND NV.....	70,523	2,489,021	2,530,013
SCHOLASTIC CORP.....	1,100	72,755	37,675
SCOR.....	800	32,340	32,900
SEARS ROEBUCK & CO.....	97,100	2,503,370	5,510,425
SERVICE CORP INTERNATIONAL.....	14,300	512,109	457,600
SERVICEMASTER LIMITED PARTNERSHIP.....	528,750	4,401,355	13,450,343
SHOLOGDE INC.....	6,000	86,065	84,000
SPLASH TECHNOLOGY HLDINGS INC.....	16,500	481,806	558,937
STARBUCKS CORP.....	1,800	63,130	73,800
SUBURAN LODGING AMERICA INC.....	21,900	412,459	561,187
SYLVAN LEARNING SYSTEMS INC.....	1,100	33,917	41,112
TIME WARNER INC.....	18,300	739,465	942,450
TUBOSCOPE VETCO INTERNATIONAL CORP.....	352,000	4,603,834	9,812,000

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CONSUMER SERVICES (CONTINUED)			
UNITED MERIDIAN CORP.....	2,200	\$ 69,460	\$ 86,214
UROCOR INC.....	14,778	158,863	131,155
US DIAGNOSTICS INC.....	4,500	55,130	36,000
USA WASTE SERVICES INC.....	23,618	748,798	991,935
VALASSIS COMMUNICATIONS INC.....	162,700	3,921,828	4,942,012
VIKING OFFICE PRODUCTS INC.....	2,800	42,692	59,150
WACHOVIA CORP.....	15,200	393,055	446,500
WACKENHUT CORRECTIONS CORP.....	20,100	566,224	532,650
WAL MART STORES INC.....	511,800	14,292,242	18,168,900
WASTE MANAGEMENT INC.....	98,700	2,964,080	3,158,400
WEATHERFORD ENTERRA INC.....	2,000	54,304	92,126
WHITTMAN-HART INC.....	21,500	620,412	620,812
WILLIAMS SONOMA INC.....	17,500	555,787	783,125
WORLD ACCESS.....	41,700	568,914	1,105,050
TOTAL		<u>126,555,289</u>	<u>190,426,518</u>
ENERGY			
ADFLEX SOLUTIONS INC.....	11,600	254,175	295,800
AES CORP.....	1,000	32,375	37,000
AMOCO CORP.....	67,800	4,165,811	6,411,371
ASECO CORP.....	26,100	362,282	455,132
ASHLAND INC.....	14,100	660,464	706,763
BAKER HUGHES INC.....	221,594	8,408,058	9,417,745
BARRETT RESOURCES CORP.....	3,100	109,521	113,538
CAIRN ENERGY USA INC.....	6,700	67,196	76,635
CAMCO INTERNATIONAL INC.....	1,700	43,538	117,088
CHEVRON CORP.....	49,800	1,256,386	3,856,412
DEVON ENERGY CORP.....	4,300	96,378	183,558
ENERGY GROUP.....	21,100	663,279	853,242
EVI INC.....	169,000	2,932,340	8,883,147
EXXON CORP.....	160,200	6,025,920	9,802,318
FLEXTRONICS INTERNATIONAL.....	13,600	430,597	540,600
GLOBAL MARINE INC.....	10,800	163,049	307,130
HALLIBURTON CO.....	14,800	470,344	706,700
KERR MCGEE CORP.....	19,000	1,082,560	1,180,375
LOUISIANA LAND & EXPLORATION CO.....	6,500	297,765	497,250
MCN CORP.....	34,800	1,013,550	1,061,400
MICRO LINEAR CORP.....	2,200	29,214	20,214
MOBIL CORP.....	68,000	1,756,746	4,947,000
NABORS INDUSTRIES.....	18,500	526,623	637,103

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
ENERGY (CONTINUED)			
NEWXPLORATION CO.....	1,134,300	\$ 2,968,765	\$ 23,404,918
NOBLE AFFILIATES INC.....	57,500	2,290,526	2,666,563
NUEVO ENERGY CO.....	1,900	43,013	96,545
OCEANEERING INTERNATIONAL INC.....	1,800	81,990	115,763
PARKER DRILLING CO.....	29,000	234,405	382,452
PETROLEUM GEO SERVICES.....	3,800	100,594	230,614
PHILLIPS PETROLEUM CO.....	353,600	11,720,531	16,818,277
PLAINS RESOURCES INC.....	136,200	2,180,642	2,485,650
POGO PRODUCING CO.....	135,000	4,365,761	5,855,625
PRIDE INTERNATIONAL INC.....	20,000	328,205	640,000
REPSOL SA.....	59,100	1,788,975	2,327,063
ROYAL DUTCH PETEROLEUM COMPANY NEW YO	243,200	8,346,070	12,342,400
RUTHERFORD-MORAN OIL CORP.....	31,300	787,207	700,337
SCHLUMBERGER LTD.....	175,400	5,551,998	13,363,375
SEAGULL ENERGY CORP.....	4,900	92,120	119,746
SMITH INTERNATIONAL INC.....	1,400	31,968	101,850
SNYDER OIL CORP.....	356,000	4,786,160	7,008,928
STONE ENERGY CORP.....	11,520	143,731	351,360
TEXACO INC.....	39,300	3,873,278	4,534,237
TRANSOCEAN OFFSHORE INC.....	20,000	1,183,323	1,901,260
UNION PACIFIC RES GROUP INC.....	53,700	1,325,584	1,355,925
VARCO INTERNATIONAL INC.....	16,500	299,890	655,875
VERITAS DGC INC.....	14,800	278,038	506,900
WILLIAMS COS INC.....	210,400	6,521,933	9,823,155
YPF SOCIEDAD ANONIMA.....	290,800	5,955,286	9,469,320
TOTAL		96,128,164	168,365,659
ENGINEERING - UK			
BRITISH STEEL.....	157,900	3,992,499	4,510,098
EQUITY REIT (REAL ESTATE INVESTMENT TRUST)			
ALEXANDRIA REAL ESTATE.....	98,000	2,001,239	2,566,424
APARTMENT INVESTMENT & MANAGEMENT.....	36,000	1,008,000	1,167,768
ARDEN REALTY GROUP INC.....	151,000	3,538,409	4,360,125
BAY APARTMENT COMMUNITIES INC.....	1,500	43,749	55,970
BEACON PROPERTIES CORP.....	164,200	4,430,923	5,911,200
BEDFORD PROPERTY INVESTORS.....	162,800	2,496,416	3,337,400
BOYKIN LODGING CO.....	123,600	2,501,916	3,182,700
CARRAMERICA REALTY CORP.....	193,300	4,501,788	5,762,853

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
EQUITY REIT (REAL ESTATE INVESTMENT TRUST) (CONTINUED)			
CCA PRISON REALTY TRUST.....	59,900	\$ 1,500,399	\$ 1,984,188
COMMERCIAL NET LEASE REALTY INC.....	229,000	3,001,630	3,606,750
CRESCENT REAL ESTATE.....	78,000	1,849,735	2,466,750
CRIMI MAE INC.....	191,390	3,000,185	3,193,916
FELCOR SUITE HOTELS INC.....	50,900	1,558,589	1,934,200
GABLES RESIDENTIAL TRUST.....	63,000	1,457,067	1,657,719
GLENBOROUGH REALTY.....	88,400	2,000,854	2,281,869
GREAT LAKES REIT INC.....	158,700	2,503,972	2,787,248
HOMESTEAD VLG PPTYS INC.....	68,607	1,238,275	1,149,167
HORIZON GROUP INC.....	151,700	3,458,443	1,905,807
INNKEEPERS USA TRUST.....	82,000	993,978	1,250,500
KIMCO REALTY CORP.....	113,000	3,006,335	3,806,744
LEXINGTON CORP PPTYS INC.....	73,500	1,009,935	1,088,755
LIBERTY PROPERTIES TRUST.....	215,400	4,218,022	5,533,195
MEDITRUST SH BEN INT.....	35,500	1,069,126	1,417,799
MGI PROPERTIES.....	85,000	1,869,654	1,970,980
MID AMERICA APARTMENT COMMUNITIES INC.....	52,000	1,495,000	1,426,776
MILLS CORP.....	98,800	2,495,116	2,618,200
OCWEN ASSET INVESTMENT CORP.....	111,400	2,165,950	2,603,975
OMEGA HEALTHCARE INVESTMENTS INC.....	1,400	41,634	45,763
PATRIOT AMERN HOSPITALITY INC.....	326,605	4,514,489	7,960,997
PRENTISS PROPERTIES TRUST.....	75,700	1,534,624	2,091,213
PUBLIC STORAGE INC.....	306,000	6,017,480	8,587,278
SECURITY CAPITAL INDL TR.....	275,600	4,884,657	5,822,050
SECURITY CAPITAL INDL TR.....	102,000	-	1,632
SECURITY CAPITAL ATLANTIC INC.....	44,200	1,001,830	997,285
SECURITY CAPITAL ATLANTIC INC.....	44,200	-	707
SECURITY CAPITAL PACIFIC TRUST.....	54,185	-	867
SECURITY CAPITAL PACIFIC TRUST.....	157,435	2,804,186	3,434,130
SL GREEN REALTY CORP.....	57,500	1,286,700	1,372,812
SOVRAN SELF STORAGE INC.....	112,800	3,003,956	3,426,300
STARWOOD LODGING TRUST.....	209,700	5,029,328	9,672,412
VORNADO REALTY TRUST.....	44,300	3,005,091	3,078,850
WINSTON HOTELS INC.....	3,500	45,310	46,812
TOTAL		93,583,990	117,568,086
FINANCIAL SERVICES			
ALLMERICA FINANCIAL CORP.....	75,100	1,929,604	3,107,263
ALLSTATE FINANCIAL CORP.....	127,601	3,500,826	9,322,912

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
FINANCIAL SERVICES (CONTINUED)			
AMERICAN BANKERS INSURANCE GROUP INC.....	7,120	\$ 216,567	\$ 469,920
AMERICAN CAPITAL STRATEGIES LTD.....	4,000	60,000	78,500
AMERICAN EXPRESS CO.....	19,200	1,450,502	1,492,800
AMERICAN GENERAL CORP.....	61,800	936,303	2,978,018
AMERICAN INTERNATIONAL GROUP INC.....	99,975	4,422,106	9,435,141
AMERICREDIT CORP.....	6,900	121,470	184,575
AMRESKO INC.....	2,000	39,250	59,626
AMVESTORS FINANCIAL CORP.....	236,500	3,914,993	5,587,313
BANK NEW YORK INC.....	88,800	3,003,713	3,962,700
BANK UNITED CORP.....	72,000	1,615,193	2,601,000
BANKERS TRUST NEW YORK CORP.....	59,800	5,000,975	6,204,250
CATELLUS DEVELOPMENT CORP.....	61,500	1,000,389	1,183,875
CHARTWELL RESOURCE CORP.....	94,000	2,976,929	3,219,500
CHASE MANHATTAN CORP.....	40,000	2,868,592	4,447,520
CITICORP.....	55,000	2,003,407	7,033,125
CMAC INVESTMENT CORP.....	5,700	155,169	262,913
COMERICA INC.....	35,900	936,455	2,542,187
COMMERCIAL FEDERAL CORP.....	3,800	86,698	159,839
CONTIFINANCIAL CORP.....	900	33,064	29,588
DELPHI FINANCIAL GROUP INC.....	150,000	5,174,867	6,571,950
DONALDSON LUFKIN & JENRETTE.....	129,900	3,946,759	7,712,813
EATON VANCE CORP.....	78,000	1,679,649	2,232,750
EQUITABLE IOWA COS.....	1,300	51,415	84,662
EQUITY IFAX INC.....	94,600	2,964,370	2,784,787
EVEREN CAPITAL CORP.....	1,600	41,381	52,600
FANNIE MAE.....	591,500	19,229,307	26,026,000
FIRST ALLIANCE CO.....	100	2,655	2,750
FIRST CHICAGO CORP.....	94,900	3,915,307	6,809,075
FIRST UN CORP.....	107,000	3,600,958	5,142,741
FLEET FINANCIAL GROUP INC.....	145,000	6,007,198	9,352,500
GENERAL RESOURCE CORP.....	68,800	9,954,550	13,338,600
GOLDEN STATE BANCORP INC.....	7,200	129,460	207,900
HCC INS HOLDINGS INC.....	18,200	466,789	481,172
HEALTHCARE FINANCIAL PARTNERS INC.....	24,000	400,000	606,000
HORACE MANN EDUCATORS CORP.....	97,700	3,178,873	5,336,862
IMPERIAL CHEMICAL INDUSTRY.....	2,500	52,293	46,562
INTERRA FINANCIAL.....	11,200	428,336	487,200
INTERWEST BANCORP.....	47,800	1,370,525	1,888,100
IPC HOLDINGS LTD.....	61,300	1,264,728	1,800,687
LIBERTY FINANCIAL COMPANIES INC.....	136,000	5,036,962	6,740,568

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
FINANCIAL SERVICES (CONTINUED)			
LIFE RE CORP.....	2,200	\$ 56,678	\$ 112,889
LINCOLN NATIONAL CORP.....	157,900	6,342,520	10,569,510
LONG BEACH FINANCIAL CORP.....	38,000	339,625	432,250
MARSH & MCLENNAN COS INC.....	156,200	6,810,835	10,660,650
MCORP CLAIM UNITS.....	5,422	1	10,573
MCORP CLAIM UNITS.....	5,419	1	54
MONEY STORE INC.....	2,100	36,839	59,850
MONEYGRAM PAYMENT SYSTEM INC.....	3,600	49,056	63,000
MORGAN J P & CO INC.....	89,300	6,008,423	9,599,750
MORGAN STANLEY DEAN WITTER INC.....	17,200	372,529	827,750
NORWEST CORP.....	76,500	3,768,466	4,394,007
OPPENHEIMER CAPITAL LP UNIT LTD.....	46,900	977,237	2,336,230
PARTNERRE HOLDINGS LTD BERMUDA.....	115,000	2,237,821	4,571,250
PAYCHEX INC.....	5,600	64,813	191,800
PENNCORP FINANCIAL GROUP INC.....	4,000	134,329	128,252
PROTECTIVE LIFE CORP.....	130,000	2,935,867	6,467,500
PXRE CORP.....	1,900	48,817	56,762
QUEENS CNTY BANCORP INC.....	8,450	276,326	455,244
RAYMOND JAMES FINANCIAL INC.....	14,400	382,850	417,600
RELIASTAR FINANCIAL CORP.....	23,395	564,948	1,748,776
RISK CAPITAL HOLDINGS INC.....	2,700	51,654	60,412
SAUL CENTERS INC.....	34,800	545,736	609,000
SECURITY CAPITAL U S REALTY.....	360,000	4,993,200	5,220,000
SELECTIVE INSURANCE GROUP INC.....	7,500	255,000	369,375
SILICON VALLEY BANCSHARES.....	7,200	277,550	387,000
SLM HOLDING CORP.....	82,900	6,066,122	11,232,950
SOVEREIGN BANCORP INC.....	320,000	3,651,212	4,960,000
SU RICA INC.....	28,000	365,182	1,508,500
TEXAS REGL BANCSHARES INC.....	15,800	344,403	402,900
VESTA INS GROUP INC.....	100,000	3,030,759	4,931,300
WASHINGTON MUTUAL INC.....	79,630	3,884,946	4,767,846
WASHINGTON NATIONAL CORP.....	83,200	1,959,414	2,454,400
WESTERN NATIONAL CORP.....	264,400	4,342,574	7,370,150
TOTAL		<u>166,344,320</u>	<u>259,446,374</u>
HEALTH CARE			
ABBOTT LABS.....	491,100	10,194,981	29,435,552
ACUSON.....	20,100	474,225	541,454
AGOURON PHARMACEUTICALS INC.....	1,600	52,602	70,400
ALLEGIANCE CORP.....	112,860	2,354,511	3,540,983

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
HEALTH CARE (CONTINUED)			
ALPHARMA INC.....	244,900	\$ 3,821,429	\$ 5,372,616
ALPHARMA INC.....	40,817	-	224,494
AMERICAN HOME PRODUCTS CORP.....	440,300	10,163,492	31,701,600
AMERICAN ONCOLOGY RESOURCES.....	39,500	433,874	540,676
AMERISOURCE HEALTH CORP.....	2,000	99,654	100,126
AMGEN INC.....	75,400	4,274,859	3,737,050
AMRION INC.....	11,800	245,830	346,625
APRIA HEALTHCARE GROUP INC.....	1,900	52,565	33,250
ARROW INTERNATIONAL INC.....	2,100	71,130	62,213
BAXTER INTERNATIONAL INC.....	119,300	3,710,388	6,345,328
BIOGEN INC.....	1,900	38,585	74,813
BRISTOL MYERS SQUIBB CO.....	168,500	3,257,954	12,806,000
CAPSTONE PHARMACY SERVICES INC.....	8,800	96,281	105,054
CAREMATRIX CORP.....	300	6,540	6,150
CENTENNIAL HEALTHCARE CORP.....	20,500	365,000	412,563
COASTAL PHYSICIAN GROUP INC.....	1,400	39,809	2,888
CRYOLIFE INC.....	35,000	465,658	476,875
CYTYC CORP.....	20,500	350,905	410,000
DURA PHARMACEUTICALS INC.....	19,700	724,462	701,813
ESC MEDICAL SYSTEM LTD.....	12,500	400,994	409,375
EXPRESS SCRIPTS INC.....	9,000	306,846	448,875
FOUNDATION HEALTH CORP.....	1,400	34,933	44,538
FPA MEDICAL MANAGEMENT INC.....	16,000	440,250	464,000
GENESIS HEALTH VENTURES INC.....	99,600	2,662,528	3,473,550
GILEAD SCIENCES INC.....	2,300	60,951	74,463
GUILFORD PHARMACEUTICALS INC.....	13,700	370,970	368,188
GULF SOUTH MEDICAL SUPPLY INC.....	18,400	403,568	464,600
HANGER ORTHOPEDIC GROUP INC.....	29,700	362,628	360,113
HBO & CO.....	1,400	74,087	100,275
HEALTH MANAGEMENT ASSOCIATION INC.....	270,425	4,231,967	7,994,574
HEALTHSOUTH CORP.....	181,700	4,809,416	4,531,235
HUMAN GENOME SCIENCES INC.....	10,500	419,207	391,125
I STAT CORP.....	3,400	70,493	68,000
IDEC PHARMACEUTICALS CORP.....	2,300	50,290	69,862
ILEX ONCOLOGY INC.....	68,500	822,000	1,087,437
JOHNSON & JOHNSON.....	497,900	12,663,458	28,224,955
LIFEQUITY MEDICAL INC.....	2,109	30,581	9,623
LILLY ELI & CO.....	9,300	598,088	973,012
LIPOSOME COMPANY INC.....	2,800	70,579	21,526
LUNAR CORP.....	11,600	252,514	266,800

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
HEALTH CARE (CONTINUED)			
MANOR CARE INC.....	24,800	\$ 681,213	\$ 765,700
MEDICAL MANAGER CORP.....	116,000	1,856,000	2,030,000
MEDIMMUNE INC.....	3,000	50,647	79,500
MEDPARTNERS INC.....	168,432	2,996,440	3,600,234
MEDQUIST INC.....	17,100	336,957	568,575
MENTOR CORP.....	3,600	102,774	110,700
MERCK & CO INC.....	90,000	1,688,133	8,263,170
MYRIAD GENETICS INC.....	12,000	324,187	285,000
NORTH AMERICAN VACCINE INC.....	1,800	38,981	36,900
NOVEN PHARMACEUTICALS INC.....	6,100	83,758	54,522
NPC INTERNATIONAL INC.....	31,300	329,498	356,037
OMNICARE INC.....	4,400	66,734	127,327
ORTHODONTIC CENTERS OF AMERICA.....	1,800	29,488	30,825
ORTHOLOGIC CORP.....	13,000	87,594	75,569
PATTERSON DENTAL CO.....	6,600	212,731	233,475
PFIZER INC.....	140,000	2,439,865	7,761,320
PHARMACIA & UPJOHN INC.....	242,200	8,554,309	8,250,059
PHARMACOPEIA INC.....	300	4,806	4,725
PHYSIO CONTROL INTERNATIONAL CORP.....	2,500	46,463	35,000
PRIME MEDICAL SERVICES INC.....	10,300	136,475	139,699
QUORUM HEALTH GROUP INC.....	2,700	97,719	91,970
REHABCARE CORP.....	12,100	361,920	375,100
RENAL CARE GROUP INC.....	14,100	283,245	460,012
RESPIRONICS INC.....	17,700	360,274	409,312
SCHERING-PLOUGH CORP.....	123,000	5,052,662	6,926,499
SIERRA HEALTH SERVICES INC.....	2,000	68,072	65,876
SMITHKLINE BEECHAM.....	33,600	752,448	1,455,317
SOFAMOR DANEK GROUP INC.....	9,300	322,870	445,823
SOLA INTL INC.....	12,500	398,901	387,500
STERIS CORP.....	1,400	52,547	52,500
TENET HEALTHCARE CORP.....	224,600	5,450,235	6,120,350
TEVA PHARMACEUTICAL INDS LTD.....	12,000	641,362	628,500
VENTANA MEDICAL SYSTEMS INC.....	28,000	396,250	451,500
WARNER LAMBERT CO.....	21,100	999,841	2,681,029
WATSON PHARMACEUTICALS INC.....	10,104	475,348	531,097
ZONAGEN INC.....	13,200	396,050	417,450
TOTAL		<u>106,607,879</u>	<u>201,202,821</u>

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
OIL, INTEGRATED - UK			
BRITISH PETROLEUM ADS.....	59,600	\$ 2,444,703	\$ 5,043,650
ENTERPRISE OIL.....	61,900	1,220,629	2,073,650
SHELL TRANSPORTATION & TRADING.....	266,700	8,338,048	10,851,490
TOTAL		<u>12,003,380</u>	<u>17,968,790</u>
OTHER			
INNOVA CORP.....	28,000	407,750	616,000
LASALLE HOLDINGS.....	22,300	611,801	783,288
O M GROUP INC.....	185,000	3,846,524	6,775,625
POTASH CORP SASK INC.....	19,300	363,033	1,427,003
PIONEER NATURAL RESOURCE CO.....	187,000	4,587,113	7,468,406
TOTAL		<u>9,816,221</u>	<u>17,070,322</u>
TECHNOLOGY			
ADAPTEC INC.....	1,000	37,556	48,000
ALLEN TELECOMMUNICATIONS INC.....	19,000	437,103	453,625
AMERICAN POWER CONVERSION CORP.....	17,100	369,956	448,875
AMP INC.....	125,900	4,985,667	6,295,000
ANALOG DEVICES INC.....	2,100	42,440	69,563
ARROW ELECTRONICS INC.....	1,200	63,913	73,726
ASPEN TECHNOLOGY INC.....	14,800	463,463	505,050
BISYS GROUP INC.....	1,700	64,720	57,375
BLACK BOX CORP.....	2,200	78,140	80,025
BMC SOFTWARE INC.....	8,600	405,904	538,575
BRODERBUND SOFTWARE INC.....	1,600	50,821	47,200
BURR BROWN CORP.....	49,300	593,624	1,750,150
CHECKPOINT SYSTEMS INC.....	5,400	165,443	76,275
CIBER INC.....	11,900	380,769	475,262
CISCO SYSTEM INC.....	43,300	2,776,866	3,263,738
COGNOS INC.....	19,700	526,374	627,938
COHERENT COMMUNICATIONS SYSTEM.....	20,600	435,175	484,100
COMMNET CELLULAR INC.....	2,700	79,323	94,500
COMPAQ COMPUTER CORP.....	96,000	3,191,874	6,288,000
COMPUTER ASSOCIATES INTERNATIONAL INC.....	9,550	184,349	638,656
COMPUTER HORIZONS CORP.....	20,100	530,339	798,975
COMVERSE TECHNOLOGY INC.....	5,800	236,511	266,440
CREATIVE TECHNOLOGY.....	32,400	453,844	623,700
DATA GENERAL CORP.....	265,000	2,561,131	9,523,570
DATUM INC.....	5,000	76,528	212,500

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
TECHNOLOGY (CONTINUED)			
DIEBOLD INC.....	11,700	\$ 566,122	\$ 542,588
DIGITAL MICROWAVE CORP.....	29,500	900,524	1,213,188
ENCAD INC.....	13,000	462,527	456,625
FIRST DATA CORP.....	66,800	2,484,656	2,743,008
FISERV INC.....	2,100	47,494	94,500
GERBER PRODUCTS CO.....	360,000	5,125,529	7,785,000
GLENAYRE TECHNOLOGIES INC.....	2,900	94,767	50,750
HARMONIC LIGHTWAVES INC.....	19,200	370,930	366,010
HCIA INC.....	2,000	66,708	31,000
HEWLETT PACKARD CO.....	43,800	2,311,849	2,693,700
HONEYWELL INC.....	9,400	583,859	649,775
HYPERION SOFTWARE CORP.....	25,700	427,819	740,494
IBM CORP.....	6,600	382,970	669,075
ICG COMMUNICATIONS INC.....	12,400	241,824	226,300
INACOM CORP.....	2,400	59,616	82,800
INFORMATION RES INC.....	39,900	672,190	718,200
INTEL CORPORATION OF CALIFORNIA.....	188,600	6,384,924	17,374,775
INTERSOLV INC.....	32,300	521,003	522,872
INTUIT.....	1,500	48,485	39,188
KOLLMORGEN CORP.....	162,000	2,210,797	2,733,750
LATTICE SEMICONDUCTOR CORP.....	2,200	69,378	140,114
LINEAR TECHNOLOGY CORP.....	11,900	719,731	780,200
LUCENT TECHNOLOGIES INC.....	44,270	1,635,681	3,447,526
MAXIM INTEGRATED PRODUCTS INC.....	3,000	36,420	207,375
MCBRIDE ORD.....	9,100	577,874	515,288
MDSI MOBILE DATA SOLUTIONS INC.....	46,500	787,813	1,139,250
MEDIC COMPUTER SYSTEMS INC.....	19,300	550,318	603,125
MERCURY INTERACTIVE CORP.....	26,100	473,750	502,425
METHODE ELECTRONICS INC.....	24,400	482,131	579,500
MICROSOFT CORP.....	66,500	1,814,447	8,790,502
MOLEX INC.....	62,500	1,185,135	2,445,312
MRV COMMUNICATIONS INC CALIFORNIA.....	20,800	567,073	611,000
NATIONAL DATA CORP.....	5,800	145,568	217,140
NATURAL MICROSYSTEMS CORP.....	2,500	62,986	91,875
NETWORK GENERAL CORP.....	4,200	93,152	69,825
NOKIA CORP.....	47,800	2,028,562	3,704,500
ORACLE SYSTEMS CORP.....	167,850	4,017,148	6,399,281
PEOPLESFT INC.....	2,100	60,057	118,125
PHOENIX TECHNOLOGY LTD.....	4,100	72,980	62,525
PLATINUM TECHNOLOGY INC.....	32,300	579,491	767,125

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
TECHNOLOGY (CONTINUED)			
POLICY MANAGEMENT SYSTEMS CORP.....	131,000	\$ 5,062,878	\$ 7,868,253
POWERWAVE TECHNOLOGIES INC.....	14,500	287,875	566,413
PROXIM INC.....	18,900	472,500	467,775
QUANTUM CORP.....	9,800	93,698	343,617
RF MICRO DEVICES INC.....	13,100	187,037	245,625
SPECTRIAN CORP.....	11,000	145,739	484,000
STERLING SOFTWARE INC.....	2,800	62,399	96,076
STRATUS COMPUTER INC.....	113,300	2,937,700	6,288,150
SUN MICROSYSTEMS INC.....	19,800	647,899	950,400
SUNGARD DATA SYSTEMS INC.....	1,500	42,599	78,187
SYMANTEC CORP.....	377,500	4,753,687	9,083,782
SYMBOL TECHNOLOGIES INC.....	14,150	471,841	523,550
SYNOPSIS INC.....	3,500	99,614	121,188
TECH DATA CORP.....	2,700	44,567	105,133
TEKELEC.....	7,000	46,977	254,191
TETRA TECHNOLOGIES INC.....	3,300	88,388	69,300
TEXAS INSTRUMENTS INC.....	25,200	1,343,036	2,863,350
XILINX INC.....	3,100	135,586	147,250
ZEBRA TECHNOLOGIES CORP.....	13,800	362,850	405,375
ZYGO CORP.....	14,200	380,369	440,200
TOTAL		<u>76,783,360</u>	<u>136,068,244</u>
TRANSPORTATION			
AIR EXPRESS INTERNATIONAL CORP.....	2,550	47,685	77,456
CHAMPION ENTERPRISES INC.....	6,200	110,228	106,950
FEDERAL EXPRESS CORP.....	20,000	969,606	1,328,760
HEARTLAND EXPRESS INC.....	14,400	333,566	356,400
HVIDE MARINE INC.....	14,700	328,175	453,863
KNIGHT TRANSN INC.....	7,800	171,478	198,900
LANDSTAR SYSTEM INC.....	2,200	58,982	60,225
NORFOLK SOUTHERN CORP.....	15,000	911,723	1,470,000
SEACOR HOLDINGS INC.....	900	51,528	48,713
SOUTHWEST AIRLINES CO.....	161,300	3,625,856	4,516,400
SWIFT TRANSPORTATION INC.....	13,900	365,208	406,575
UNION PACIFIC CORP.....	15,000	568,003	974,070
WERNER ENTERPRISES INC.....	20,550	352,334	449,531
TOTAL		<u>7,894,372</u>	<u>10,447,843</u>

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SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
UTILITIES			
ACC CORP.....	2,400	\$ 98,320	\$ 70,200
AIRTOUCH COMMUNICATIONS INC.....	22,700	807,292	767,555
AMERICAN ELECTRIC & POWER INC.....	24,800	993,711	1,083,462
AMERICAN TELEPHONE & TELEGRAPH CORP.....	81,900	2,688,598	3,194,100
BCE INC.....	44,100	728,846	1,248,603
BELLSOUTH CORP.....	30,000	1,396,800	1,320,000
CONSOLIDATED NATURAL GAS CO.....	85,400	4,222,874	5,043,980
DUKE POWER CO.....	110,497	2,148,391	5,352,254
ENTERGY CORP.....	120,000	3,087,738	2,977,560
ERICSSON L M TELEPHONE CO.....	65,000	1,486,908	2,709,720
GTE CORP.....	62,800	2,471,481	2,798,556
ILLINOVA CORP.....	173,300	4,245,811	3,985,900
MIDCOM COMMUNICATIONS.....	6,200	81,930	49,600
NEW CENTURY ENERGIES INC.....	14,900	529,369	601,588
PACIFICORP.....	146,500	2,607,040	3,039,875
SBC COMMUNICATIONS INC.....	109,600	6,096,919	5,959,500
SOUTHWEST GAS CORP.....	52,300	768,026	1,036,220
SPRINT CORP.....	57,800	2,700,699	2,716,600
TELEFONICA DE ESPANA.....	5,900	187,896	458,725
UNICOM CORP.....	157,300	3,859,238	3,716,213
WINSTAR COMMUNICATIONS INC.....	7,200	133,735	120,154
TOTAL		<u>41,341,622</u>	<u>48,250,365</u>
TOTAL COMMON STOCKS		<u>997,406,178</u>	<u>1,591,141,665</u>
LIMITED PARTNERSHIPS AND OTHER			
3I EUROFUND II LP.....	1,587,826	1,811,219	1,811,219
3I UK INVESTMENT PARTNERS.....	10,183,442	16,399,038	16,758,870
ADCOR PARTNERS.....	233,067	233,067	295,846
AMERICAN INDUSTRIAL.....	10,137,348	10,137,348	8,599,857
AMPERSAND III.....	3,601,695	3,601,695	3,861,492
ASIAN CORPORATE FINANCIAL FUND.....	1,940,430	1,940,430	3,475,972
ATLANTIC MEDICAL PARTNERS, L.P.....	1,352,111	1,352,111	1,169,693
AUSTIN VENTURES IV LP.....	3,293,830	3,293,830	3,601,263
AUSTIN VENTURES V LP.....	1,907,480	1,907,480	1,852,396
BDM ACQUISITION PARTNERS II LP.....	1,778,808	1,778,808	18,191,249
BEACON GROUP III FOCUS VALUE.....	6,610,826	6,610,826	6,549,498
BRENTWOOD ASSOCIATES BUYOUT FUND II.....	5,321,987	5,321,987	4,886,978
CARLYLE PARTNERS II.....	1,968,785	1,968,785	3,135,936
CHEYENNE III.....	5,759,768	5,759,768	8,561,757

PERMANENT UNIVERSITY FUND
EQUITY SECURITIES
August 31, 1997

SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
LIMITED PARTNERSHIPS AND OTHER (CONTINUED)			
CITICORP MEZZANINE PARTNERS.....	4,687,371	\$ 4,687,371	\$ 4,635,505
CLAYTON DUBILIER & RICE FUND LP.....	6,629,624	6,629,624	5,630,746
CLOG PARTNERS.....	36,309	36,309	2,278,728
CORTEC GROUP FUND II.....	5,331,925	5,331,925	4,737,287
CROWN ASSOCIATES III.....	11,594,864	11,594,864	15,133,709
CTI PARTNERS.....	2,303,854	2,303,854	2,229,838
CVC EUROPEAN EQUITY PARTNERS L.P.....	13,460,052	13,460,052	12,701,255
DOS PARTNERS.....	2,552,391	2,552,391	11,318,606
DOUGHTY HANSON & CO.....	14,885,987	13,434,183	12,591,551
DRLX PARTNERS.....	1,129,734	1,129,734	2,216,638
ELECTRA PRIVATE EQUITY.....	5,981,870	7,912,807	6,652,129
EN CAPITAL ENERGY CAPITAL FUND III.....	157,755	157,754	157,754
EPN PARTNERS.....	1,658,849	1,658,849	-
EVERCORE CAPITAL PARTNERS.....	428,855	428,855	428,855
FGSI PARTNERS.....	689,700	689,700	2,883,541
G E O PARTNERS.....	910,799	910,799	943,560
GOLDSTON OIL CO - GLADEWATER.....	93,933	93,933	5,103,004
GOLDSTON OIL CO - GLADEWATER.....	2,248,457	2,248,457	6,300,781
GOLDSTON OIL CO.....	354,253	354,253	5,153,407
HELLMAN & FRIEDMAN CAPITAL PARTNERS II.....	4,768,574	4,768,574	4,915,074
HOS PARTNERS II L P.....	70,468	70,468	47,274
IAI US VENTURE FUND.....	4,200,227	4,200,227	4,176,866
INFORMATION TECHNOLOGY VENTURES.....	4,185,857	4,185,857	6,494,436
ING EQUITY PARTNERS L P.....	3,744,716	3,744,716	3,744,716
KB MEZZANINE FUND II.....	5,274,920	5,274,920	5,267,820
KKR 1996.....	4,074,825	4,074,825	3,629,255
MORGENTHALER VENTURE PARTNERS IV.....	3,435,571	3,435,571	3,549,226
MORGENTHALER VENTURE PARTNERS III.....	9,247,471	9,247,471	10,009,601
NORTH AMERICAN FUND II LP.....	12,309,963	12,309,963	20,403,001
NORTH AMERICAN FUND III L P.....	1,441,532	1,441,532	1,201,738
OSCCO III.....	3,889,370	3,889,370	4,361,687
PHILADELPHIA VENTURES II.....	4,909,651	4,909,651	1,991,290
PMI MEZZANINE FUND.....	8,234,310	8,234,310	9,126,786
PRIME VIII LP.....	401,034	401,034	401,034
PRISM VENTURE I LP.....	3,277,391	3,277,391	3,277,391
PUF/LTF WARBURG 1997 REVOCABLE TRUST.....	8,000,000	8,000,000	8,000,000
RICE PARTNERS II.....	11,901,728	11,901,728	12,228,811
RSTW PARTNERS.....	643,845	643,845	556,197
SCF PARTNERS III.....	9,490,984	9,490,984	14,137,324
SCF PARTNERS.....	13,468	13,468	13,468
SKM EQUITY FUND II.....	3,529,474	3,529,474	3,529,474

PERMANENT UNIVERSITY FUND
EQUITY SECURITIES
August 31, 1997

SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
LIMITED PARTNERSHIPS AND OTHER (CONTINUED)			
TCA PARTNERS.....	85,409	\$ 85,409	\$ -
TECHNOLOGIES FOR INFO & ENT.....	4,082,380	4,082,380	3,964,268
TEXAS GROWTH FUND II.....	1,790,633	1,790,632	1,674,515
TEXAS GROWTH FUND I.....	6,521,353	6,521,353	4,799,468
TRIAD VENTURES.....	1,797,490	1,797,490	1,097,454
VS & A COMMUNICATIONS PARTNERS.....	8,120,415	8,120,415	7,386,703
WAND PARTNERS/ACORDIA LP.....	1,734,480	1,734,480	1,734,480
WAND/ACORDIA INVTS LP.....	8,000,000	8,000,000	8,000,000
WAND/CASEWISE INVESTMENTS L P.....	365,674	365,674	364,290
WAND/IMA INVESTMENTS III L P.....	631,383	631,383	536,293
WAND/PARAGON INVESTMENTS I.....	1,141,794	1,141,794	1,141,524
WHITNEY 1990 EQUITY FUND.....	6,126,832	6,126,832	5,449,033
WILLIS STEIN & PARTNERS.....	7,904,022	7,904,022	7,472,723
WINGATE PARTNERS.....	2,960,740	2,960,740	2,249,994
WOODLANDS VENTURE FUND.....	2,115,354	2,115,354	2,190,115
WOODLANDS/ESSEX VENTURE FUND III.....	3,206,958	3,206,958	3,262,920
TOTAL LIMITED PARTNERSHIPS AND OTHER		<u>301,362,401</u>	<u>356,235,169</u>

INDEX FUNDS

EQ INDEX FD B-LENDABLE.....	43,581,515	498,030,863	927,137,853
MID CAP INDEX FUND B LENDABLE.....	31,190,736	451,780,926	628,277,048
MSCI EQ INDEX FD B-AUSTRALIA.....	160,744	5,827,426	5,717,666
MSCI EQ INDEX FD B-AUSTRIA.....	83,576	1,855,121	1,783,546
MSCI EQ INDEX FD B-BELGIUM.....	316,222	9,923,658	10,286,517
MSCI EQ INDEX FD B-DENMARK.....	127,221	3,388,177	4,718,916
MSCI EQ INDEX FD B-FINLAND.....	212,009	4,495,656	5,824,656
MSCI EQ INDEX FD B-FRANCE.....	765,723	26,382,750	26,255,776
MSCI EQ INDEX FD B-GERMANY.....	1,575,281	42,554,259	47,374,753
MSCI EQ INDEX FD B-HONG KONG.....	236,732	20,719,919	22,725,392
MSCI EQ INDEX FD B-IRELAND.....	64,434	1,052,639	1,473,015
MSCI EQ INDEX FD B-ITALY.....	136,754	2,022,562	2,298,818
MSCI EQ INDEX FD B-JAPAN.....	5,384,405	105,786,698	89,798,448
MSCI EQ INDEX FD B-MALAYSIA.....	134,835	2,028,536	1,319,557
MSCI EQ INDEX FD B-NETHERLANDS.....	783,380	35,255,540	46,361,421
MSCI EQ INDEX FD B-NEW ZEALAND.....	23,859	410,649	426,042
MSCI EQ INDEX FD B-NORWAY.....	205,631	3,888,347	4,675,808
MSCI EQ INDEX FD B-SINGAPORE.....	125,753	8,178,867	5,925,190
MSCI EQ INDEX FD B-SPAIN.....	519,984	8,776,513	11,093,508
MSCI EQ INDEX FD B-SWEDEN.....	103,151	3,828,914	5,629,020
MSCI EQ INDEX FD B-SWITZERLAND.....	1,218,074	43,406,087	53,295,636

PERMANENT UNIVERSITY FUND
EQUITY SECURITIES
August 31, 1997

SCHEDULE C
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
INDEX FUNDS (CONTINUED)			
MSCI EQ INDEX FD B-TF-CANADA.....	833,575	\$ 13,737,982	\$ 15,944,442
MSCI EQ INDEX FD B-UK.....	1,051,915	33,961,454	43,028,780
TOTAL INDEX FUNDS		<u>1,327,293,543</u>	<u>1,961,371,808</u>
TOTAL EQUITY SECURITIES		<u>\$ 2,626,062,122</u>	<u>\$ 3,908,748,642</u>

PERMANENT UNIVERSITY FUND
CASH & CASH EQUIVALENTS
August 31, 1997

SCHEDULE D

SECURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
CASH AND CASH EQUIVALENTS			
MONEY MARKETS & CASH HELD AT STATE TREASURY.....		\$ 47,656,759	\$ 47,656,759
COMMERCIAL PAPER			
AMERICAN EXPRESS CO 5.490% Due 09/10/1997.....		15,000,000	15,000,000
FORD MOTOR CREDIT CO 5.530% Due 09/03/1997.....		15,000,000	15,000,000
GENERAL ELECTRIC CAPITAL CORP 5.500% Due 09/15/1997.....		10,000,000	10,000,000
5.500% Due 09/18/1997.....		10,000,000	10,000,000
5.510% Due 09/22/1997.....		15,000,000	15,000,000
GENERAL MOTORS ACCEPTANCE CORP 5.500% Due 09/03/1997.....		10,000,000	10,000,000
5.500% Due 09/25/1997.....		10,000,000	10,000,000
SEARS ROEBUCK ACCEPTANCE CORP 5.500% Due 09/05/1997.....		15,000,000	15,000,000
TOTAL COMMERCIAL PAPER		<u>100,000,000</u>	<u>100,000,000</u>
TOTAL CASH AND CASH EQUIVALENTS		<u>147,656,759</u>	<u>147,656,759</u>
TOTAL INVESTMENTS		<u>\$ 4,974,350,767</u>	<u>\$ 6,368,112,993</u>

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE

SCHEDULE E

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS			
ALCAN ALUMINIUM LTD.....	43,235	\$ 841,845	\$ 1,510,523
AMR CORP.....	17,331	1,253,410	1,746,098
AT & T CORP.....	309,221	11,930,403	12,059,619
ABBOTT LABORATORIES.....	147,225	4,125,960	8,824,298
ADOBE SYSTEMS INC.....	13,674	628,324	538,414
AEROQUIP-VICKERS INC.....	5,302	144,851	296,249
ADVANCED MICRO DEVICES INC.....	26,223	691,438	981,724
AETNA INC.....	28,775	1,635,063	2,746,214
AHMANSON (H F) & CO.....	19,132	361,377	970,949
AIR PRODUCTS & CHEMICALS INC.....	20,891	919,064	1,703,922
AIRTOUCH COMMUNICATIONS INC.....	95,806	2,002,185	3,239,440
ALBERTO-CULVER CL B CONVERTIBLE.....	10,776	133,858	314,525
ALBERTSON'S INC.....	47,819	1,343,835	1,643,778
ALLEGHENY TELEDYNE INC.....	33,565	493,372	1,036,319
ALLERGAN INC.....	12,517	308,204	405,238
ALLIED-SIGNAL INC.....	53,889	1,831,907	4,449,211
ALLSTATE CORP.....	83,947	2,243,697	6,133,378
ALLTEL CORP.....	35,595	1,096,871	1,125,692
ALUMINUM CO OF AMERICA.....	33,003	1,154,606	2,714,497
ALZA CORP.....	16,268	452,372	471,772
AMERADA HESS CORP.....	17,697	934,299	1,028,638
AMDAHL CORP.....	23,394	119,298	288,039
AMERICAN ELECTRIC POWER CO.....	35,903	1,311,952	1,568,512
AMERICAN EXPRESS CO.....	90,023	2,407,418	6,999,288
AMERICAN GENERAL CORP.....	45,955	1,357,541	2,214,457
AMERICAN GREETINGS CORP.....	14,381	396,172	499,740
AMERICAN HOME PRODUCTS.....	122,527	4,289,106	8,821,944
AMERICAN INTERNATIONAL GROUP INC.....	134,012	5,462,912	12,647,383
AMERICAN STORES CO.....	51,898	572,300	1,229,334
AMERITECH CORP.....	104,468	4,084,784	6,548,838
AMGEN INC.....	50,419	1,093,420	2,498,892
AMP INC.....	41,791	1,323,865	2,089,550
AMOCO CORP.....	94,067	5,275,498	8,895,211
ANADARKO PETROLEUM CORP.....	11,323	764,543	831,533
ANDREW CORP.....	17,391	103,334	432,601
ANHEUSER-BUSCH COMPANIES INC.....	94,484	2,342,142	4,027,381
AON CORP.....	31,690	1,160,910	1,614,209
APACHE CORP.....	17,192	619,317	682,308
APPLE COMPUTER INC.....	24,062	1,141,488	523,349
APPLIED MATERIALS INC.....	34,429	975,959	3,249,237
ARCHER-DANIELS-MIDLAND CO.....	106,664	1,352,104	2,306,604
ARMCO INC.....	20,538	140,934	121,944

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE E
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
ARMSTRONG WORLD INDUSTRIES INC.....	7,800	\$ 290,590	\$ 533,813
ASARCO INC.....	8,251	164,750	253,718
ASHLAND OIL INC.....	14,170	419,337	710,271
ATLANTIC RICHFIELD CO.....	61,278	3,713,545	4,595,850
AUTODESK INC.....	8,863	209,637	387,756
AUTOMATIC DATA PROCESSING.....	55,733	1,435,596	2,539,335
AUTOZONE INC.....	28,757	784,931	812,385
AVERY DENNISON CORP.....	19,770	301,277	811,806
AVON PRODUCTS INC.....	25,100	723,285	1,607,969
BAKER HUGHES INC.....	31,466	894,570	1,333,372
BALL CORP.....	5,871	187,256	193,009
BALTIMORE GAS & ELECTRIC CO.....	28,177	728,359	760,779
BANC ONE CORP.....	109,377	4,275,991	5,865,342
BANK NEW YORK INC.....	73,712	1,313,385	3,289,398
BANKAMERICA CORP.....	134,976	3,223,392	8,883,108
BANKBOSTON CORP.....	27,908	947,411	2,319,853
BANKERS TRUST N Y CORP.....	14,799	1,083,343	1,535,396
BARD (C R) INC.....	10,879	277,672	375,326
BARNETT BANKS INC.....	37,881	928,978	2,580,643
BARRICK GOLD CORP.....	70,939	2,059,968	1,613,862
BATTLE MOUNTAIN GOLD CO.....	43,432	370,175	247,020
BAUSCH & LOMB INC.....	10,551	531,744	433,250
BAXTER INTERNATIONAL INC.....	52,923	1,461,516	2,814,842
BAY NETWORKS INC.....	37,241	1,758,409	1,317,400
BECTON DICKINSON & CO.....	23,262	442,512	1,115,122
BELL ATLANTIC CORP.....	148,368	8,117,051	10,738,134
BELLSOUTH CORP.....	188,922	5,124,914	8,312,568
BEMIS CO INC.....	10,083	221,982	443,022
BENEFICIAL CORP.....	10,186	372,494	728,936
BETHLEHEM STEEL CORP.....	21,554	400,169	258,648
BEVERLY ENTERPRISES.....	18,894	226,914	308,208
BIOMET INC.....	21,308	250,376	442,141
BLACK & DECKER CORP.....	18,018	388,614	690,315
BLOCK (H & R) INC.....	19,867	716,773	779,780
BOEING CO.....	189,109	3,422,401	10,294,621
BOISE CASCADE CORP.....	9,264	255,560	366,507
BOSTON SCIENTIFIC CORP.....	37,127	1,034,367	2,617,454
BRIGGS & STRATTON CORP.....	4,818	151,989	232,770
BRISTOL-MYERS SQUIBB CO.....	190,326	5,737,255	14,464,776
BROWN-FORMAN CORP.....	13,191	362,884	636,466
BROWNING-FERRIS INDUSTRIES INC.....	40,539	1,094,147	1,416,331

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE E
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
BRUNSWICK CORP.....	18,889	\$ 274,194	\$ 576,115
BURLINGTON NORTHERN SANTA FE.....	29,278	1,483,456	2,684,427
BURLINGTON RESOURCES INC.....	23,741	1,070,575	1,201,888
CIGNA CORP.....	14,054	942,296	2,577,152
CPC INTERNATIONAL INC.....	27,311	1,239,167	2,434,093
CSX CORP.....	41,432	1,552,958	2,369,393
CUC INTERNATIONAL INC.....	77,714	1,574,853	1,826,279
CVS CORP.....	31,848	1,352,251	1,795,431
CABLETRON SYSTEMS INC.....	29,686	820,838	898,002
CALIBER SYSTEMS INC.....	7,406	367,492	309,201
CAMPBELL SOUP CO.....	88,538	1,789,383	4,105,950
CARDINAL HEALTH INC.....	20,700	1,200,345	1,371,375
CAROLINA POWER & LIGHT CO.....	28,851	960,470	973,721
CASE CORP.....	14,123	624,467	947,124
CATERPILLAR INC.....	71,892	1,355,254	4,174,229
CENTEX CORP.....	5,514	179,784	299,824
CENTRAL & SOUTH WEST CORP.....	40,420	1,279,911	836,189
CERIDIAN CORP.....	15,330	416,059	529,843
CHAMPION INTERNATIONAL CORP.....	18,211	620,707	1,077,864
CHARMING SHOPPES INC.....	20,241	277,091	122,080
CHASE MANHATTAN CORP.....	82,066	3,122,245	9,124,713
CHEVRON CORP.....	124,419	5,485,999	9,634,696
CHRYSLER CORP.....	131,041	2,852,419	4,602,815
CHUBB CORP.....	33,304	1,504,559	2,227,205
CINCINNATI MILACRON INC.....	7,542	183,473	194,207
CINERGY CORP.....	30,118	708,582	995,776
CIRCUIT CITY STORES INC.....	18,755	555,916	668,147
CISCO SYSTEMS INC.....	126,315	3,294,194	9,520,993
CITICORP.....	88,166	3,618,486	11,252,186
CLOROX CO.....	9,861	503,460	1,294,256
COASTAL CORP (THE).....	20,169	557,451	1,164,760
COCA-COLA CO.....	471,841	10,000,505	27,042,387
COGNIZANT CORP.....	31,927	1,025,178	1,340,934
COLGATE-PALMOLIVE CO.....	56,184	1,669,527	3,525,546
COLUMBIA GAS SYSTEM INC.....	10,591	260,929	699,006
COLUMBIA/HCA HEALTHCARE CORP.....	127,080	3,137,914	4,010,963
COMCAST CORP CL A.....	66,820	1,371,151	1,566,094
COMERICA INC.....	20,071	755,506	1,421,278
COMPAQ COMPUTER CORP.....	130,602	1,132,147	8,554,431
COMPUTER ASSOCIATES INTL INC.....	69,104	934,528	4,621,330
COMPUTER SCIENCES CORP.....	14,608	592,950	1,086,470
CONAGRA INC.....	45,462	1,197,135	2,923,775

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE E
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
CONSECO INC.....	34,901	\$ 1,269,706	\$ 1,500,743
CONSOLIDATED EDISON CO OF N Y.....	44,790	1,590,720	1,371,694
CONSOLIDATED NATURAL GAS CO.....	18,074	940,789	1,067,496
COOPER INDUSTRIES INC.....	22,586	1,067,416	1,204,116
COOPER TIRE & RUBBER CO.....	15,081	487,785	378,910
COORS (ADOLPH) CO.....	7,190	135,434	265,131
CORESTATES FINANCIAL CORP.....	39,313	1,322,569	2,417,750
CORNING INC.....	43,663	1,230,999	2,308,681
COSTCO COMPANIES INC.....	40,218	782,430	1,450,362
COUNTRYWIDE CREDIT INDUSTRIES INC.....	19,920	665,186	671,055
CRANE CO.....	8,707	157,134	384,196
CROWN CORK & SEAL CO.....	24,482	994,052	1,245,522
CUMMINS ENGINE CO INC.....	7,302	320,926	561,798
CYPRUS AMAX MINERALS.....	17,812	419,754	449,753
DSC COMMUNICATIONS CORP.....	22,381	524,260	651,847
DTE HOLDINGS INC.....	27,696	967,172	820,494
DANA CORP.....	19,606	504,010	903,101
DARDEN RESTAURANTS INC.....	29,324	342,505	295,073
DATA GENERAL CORP.....	7,434	70,944	267,159
DAYTON-HUDSON CORP.....	41,284	963,211	2,353,188
DEERE & CO.....	48,659	1,057,671	2,724,904
DELL COMPUTER CORP.....	63,794	1,082,823	5,235,095
DELTA AIR LINES INC.....	13,977	938,614	1,209,011
DELUXE CORP.....	15,654	662,501	515,604
DIGITAL EQUIPMENT CORP.....	29,172	1,302,382	1,254,396
DILLARDS INC.....	21,699	826,077	867,960
DISNEY (WALT) CO (THE).....	128,464	6,276,541	9,867,641
DOMINION RESOURCES INC.....	34,655	1,534,667	1,247,580
DONNELLEY (R R) & SONS CO.....	27,888	799,884	1,085,889
DOVER CORP.....	21,319	519,043	1,472,343
DOW CHEMICAL CO.....	44,452	2,533,423	3,934,002
DOW JONES & CO INC.....	18,250	570,425	781,328
DRESSER INDUSTRIES INC.....	33,609	733,427	1,403,176
DU PONT (E I) DE NEMOURS.....	214,896	5,760,049	13,390,707
DUKE ENERGY CORP.....	68,447	2,184,329	3,315,402
DUN & BRADSTREET CORP.....	32,627	717,236	913,556
EG & G INC.....	8,773	195,148	186,426
E M C CORP.....	46,911	1,063,211	2,407,121
EASTERN ENTERPRISES.....	3,892	105,226	138,896
EASTMAN CHEMICAL CO.....	14,974	681,503	895,632
EASTMAN KODAK CO.....	62,596	2,699,520	4,092,214
EATON CORP.....	14,691	682,581	1,323,108

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE E
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
ECHLIN INC.....	11,927	\$ 308,637	\$ 442,044
ECHO BAY MINES LTD.....	26,811	224,556	135,731
ECOLAB INC.....	12,388	250,789	558,234
EDISON INTERNATIONAL.....	78,083	1,847,379	1,883,752
EMERSON ELECTRIC CO.....	84,746	2,544,060	4,634,547
ENGELHARD CORP.....	27,499	436,593	574,042
ENRON CORP.....	58,277	1,918,866	2,247,307
ENTERGY CORP.....	45,263	1,588,379	1,123,088
EQUIFAX INC.....	28,744	912,675	846,152
EXXON CORP.....	472,564	15,536,033	28,915,010
FMC CORP.....	7,105	330,897	590,159
FPL GROUP INC.....	34,791	1,341,740	1,617,782
FEDERAL EXPRESS CORP.....	21,768	577,186	1,446,212
FEDERAL HOME LOAN MORTGAGE.....	132,272	1,758,974	4,307,107
FEDERAL NATIONAL MORTGAGE ASSN.....	201,975	4,096,231	8,886,900
FEDERATED DEPARTMENT STORES INC.....	39,605	1,080,110	1,663,410
FIFTH THIRD BANCORP.....	30,265	1,180,140	1,770,503
FIRST CHICAGO NBD CORP.....	59,417	1,644,940	4,263,170
FIRST DATA CORP.....	85,418	2,477,953	3,507,477
FIRST UNION CORP.....	108,990	2,345,981	5,238,332
FLEET/NORSTAR FINANCIAL GROUP.....	49,888	1,508,008	3,214,658
FLEETWOOD ENTERPRISES INC.....	6,869	145,950	213,798
FLEMING COMPANIES INC.....	7,257	232,544	136,976
FLUOR CORP.....	16,076	666,759	902,266
FORD MOTOR CO.....	226,476	6,432,752	9,738,468
FORT JAMES CORP.....	35,948	1,191,200	1,509,816
FORTUNE BRANDS INC.....	32,584	678,749	1,120,075
FOSTER WHEELER CORP.....	7,803	228,974	356,500
FREEPORT-MCMORAN COPPER & GOLD.....	38,158	1,041,217	1,068,424
FRONTIER CORP.....	31,305	708,999	690,667
FRUIT OF THE LOOM INC.....	14,512	385,960	388,196
GPU INC.....	22,981	691,589	772,736
GTE CORP.....	181,722	6,501,016	8,097,987
GANNETT CO INC.....	26,993	1,412,612	2,630,130
GAP INC (THE).....	52,121	822,106	2,316,127
GENERAL DYNAMICS CORP.....	11,878	443,163	945,786
GENERAL ELECTRIC CO.....	624,398	14,982,326	39,024,875
GENERAL MILLS INC.....	30,724	1,673,744	1,970,177
GENERAL MOTORS CORP.....	138,770	6,033,140	8,707,818
GENERAL RE CORP.....	15,365	1,888,314	2,978,889
GENERAL SIGNAL CORP.....	9,545	302,220	414,014
GENUINE PARTS CO.....	34,387	826,322	1,061,699
GEORGIA-PACIFIC CORP.....	17,452	1,130,826	1,592,495

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COMMON STOCKS (CONTINUED)			
GIANT FOOD INC.....	11,461	\$ 294,123	\$ 372,483
GILLETTE CO.....	106,054	4,066,604	8,782,597
GOLDEN WEST FINANCIAL CORP.....	10,864	462,169	894,243
GOODRICH (B F) CO.....	10,278	244,988	432,961
GOODYEAR TIRE & RUBBER CO (THE).....	29,667	1,151,571	1,828,229
GRACE W R & CO.....	13,815	730,081	950,645
GRAINGER (W W) INC.....	9,859	613,428	875,602
GREAT ATLANTIC & PACIFIC TEA CO.....	7,374	208,724	184,811
GREAT LAKES CHEMICAL CORP.....	11,413	790,115	530,705
GREEN TREE ACCEPTANCE INC.....	25,912	878,176	1,138,509
GUIDANT CORP.....	14,082	794,057	1,236,576
HFS INC.....	30,152	1,945,267	1,679,090
HALLIBURTON CO.....	48,004	949,175	2,292,191
HARCOURT GENERAL INC.....	13,447	448,636	639,573
HARLAND (JOHN H) CO.....	5,988	159,301	118,637
HARNISCHFEGER INDUSTRIES INC.....	9,475	229,510	380,184
HARRAH'S ENTERTAINMENT INC COM.....	19,650	462,376	440,897
HARRIS CORP.....	7,439	293,770	648,123
HARTFORD FINANCIAL SERVICES GROUP.....	22,406	775,014	1,786,879
HASBRO INC.....	24,488	562,054	658,115
HEALTHSOUTH CORP.....	65,340	1,354,283	1,629,416
HEINZ (H J) CO.....	69,975	1,774,623	2,912,709
HELMERICH & PAYNE INC.....	4,771	154,291	336,952
HERCULES INC.....	19,119	511,719	988,213
HERSHEY FOODS CORP.....	27,228	700,410	1,453,295
HEWLETT-PACKARD CO.....	193,450	3,961,278	11,860,903
HILTON HOTELS CORP.....	47,521	512,262	1,458,301
HOME DEPOT INC (THE).....	138,648	4,013,878	6,542,453
HOMESTAKE MINING CO.....	28,096	466,053	393,344
HONEYWELL INC.....	24,194	874,770	1,672,410
HOUSEHOLD INTERNATIONAL INC.....	20,162	868,389	2,236,722
HOUSTON INDUSTRIES INC.....	47,952	1,104,602	971,028
HUMANA INC.....	31,062	869,818	731,898
HUNTINGTON BANCSHARES INC.....	30,320	1,039,097	981,610
ITT INDUSTRIES INC.....	22,606	362,968	712,089
ITT CORP.....	22,206	775,059	1,394,814
IKON OFFICE SOLUTIONS INC.....	25,116	575,074	653,016
ILLINOIS TOOL WORKS INC.....	47,510	946,303	2,298,296
INCO LTD.....	31,733	832,357	858,774
INGERSOLL-RAND CO.....	20,654	704,143	1,241,822
INLAND STEEL INDUSTRIES INC.....	9,388	242,257	197,735
INTEL CORP.....	311,802	4,586,037	28,724,759
INTL BUSINESS MACHINES.....	189,031	4,861,257	19,068,502

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SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
INTL FLAVORS & FRAGRANCES.....	20,753	\$ 804,568	\$ 1,060,997
INTERNATIONAL PAPER CO.....	57,300	1,840,751	3,022,575
INTERPUBLIC GROUP OF COS INC.....	23,296	446,467	1,135,680
JEFFERSON-PILOT CORP.....	13,463	468,728	936,520
JOHNSON & JOHNSON.....	253,480	6,024,132	14,369,148
JOHNSON CONTROLS INC.....	15,886	399,955	757,564
JOSTENS INC.....	7,432	147,278	179,297
K MART CORP.....	92,582	1,978,347	1,284,575
KAUFMAN & BROAD HOME CORP.....	7,538	129,847	150,760
KELLOGG CO.....	79,132	2,308,927	3,541,157
KERR-MCGEE CORP.....	9,145	482,015	568,133
KEYCORP.....	42,562	1,368,362	2,580,321
KIMBERLY-CLARK CORP.....	106,510	2,086,521	5,052,568
KING WORLD PRODUCTIONS.....	7,185	252,647	285,604
KNIGHT-RIDDER INC.....	17,334	492,584	877,534
KROGER CO.....	48,438	518,613	1,459,195
LAIDLAW INC.....	60,178	537,474	880,103
LSI LOGIC CORP.....	27,021	1,000,677	869,738
LILLY (ELI) & CO.....	105,670	2,926,859	11,055,724
LIMITED INC (THE).....	51,610	1,137,482	1,174,128
LINCOLN NATIONAL CORP.....	19,685	828,429	1,317,665
LIZ CLAIBORNE INC.....	13,456	435,213	599,633
LOCKHEED MARTIN CORP.....	36,787	1,571,746	3,814,352
LOEWS CORP.....	21,911	1,237,175	2,233,553
LONGS DRUG STORES CORP.....	7,494	127,510	189,692
LOUISIANA LAND & EXPLORATION CO.....	6,496	287,041	497,350
LOUISIANA-PACIFIC CORP.....	20,783	683,396	459,824
LOWE'S COMPANIES INC.....	32,955	661,768	1,139,007
LUCENT TECHNOLOGIES.....	121,829	5,911,198	9,487,433
MBIA INC.....	8,255	853,573	934,879
MBNA CORP.....	63,688	518,125	2,448,008
MCI COMMUNICATIONS CORP.....	130,882	3,228,134	3,730,137
MGIC INVESTMENT CORP.....	22,488	704,205	1,131,427
MALLINCKRODT INC.....	14,075	415,285	511,978
MANOR CARE INC.....	12,176	167,488	375,934
MARSH & MCLENNAN COS INC.....	31,530	1,490,053	2,151,922
MARRIOTT INTERNATIONAL INC.....	24,119	563,664	1,605,421
MASCO CORP.....	30,696	975,145	1,364,053
MATTEL INC.....	55,372	843,596	1,851,501
MAY DEPARTMENT STORES CO.....	45,132	1,564,046	2,428,666
MAYTAG CORP.....	18,711	282,444	513,383

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SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
MCDERMOTT INTERNATIONAL INC.....	10,554	\$ 285,380	\$ 340,366
MCDONALD'S CORP.....	131,266	3,445,428	6,210,523
MCGRAW-HILL INC.....	19,055	601,708	1,168,310
MEAD CORP.....	9,895	456,869	701,927
MEDTRONIC INC.....	45,328	895,799	4,096,518
MELLON BANK CORP.....	49,262	965,574	2,370,734
MERCANTILE STORES CO INC.....	6,989	242,371	436,376
MERCK & CO INC.....	229,764	8,639,451	21,095,207
MEREDITH CORP.....	10,172	86,352	305,160
MERRILL LYNCH & CO INC.....	63,078	1,271,484	3,879,297
MICROSOFT CORP.....	228,096	6,751,680	30,151,440
MICRON TECHNOLOGY INC.....	39,997	797,399	1,782,366
MILLIPORE CORP.....	8,302	140,569	410,949
MINNESOTA MINING & MFG CO.....	79,259	4,299,390	7,123,403
MIRAGE RESORTS INC.....	33,639	917,649	901,946
MOBIL CORP.....	149,780	5,496,948	10,896,495
MONSANTO CO.....	112,643	1,386,332	4,949,252
MOORE CORP LTD.....	16,828	287,464	333,405
MORGAN (J P) & CO INC.....	35,063	2,440,186	3,760,507
MORGAN STANLEY DEAN WITTER.....	109,059	2,611,222	5,248,464
MORTON INTL INC.....	26,707	501,085	888,008
MOTOROLA INC.....	113,079	4,872,986	8,297,172
NACCO INDUSTRIES INC.....	1,591	80,434	137,224
NALCO CHEMICAL CO.....	12,772	436,344	510,880
NATIONAL CITY CORP.....	42,054	1,307,493	2,376,051
NATIONAL SEMICONDUCTOR.....	26,650	439,094	912,762
NATIONAL SERVICE INDUSTRIES.....	8,648	230,512	382,674
NATIONS BANK CORP.....	138,922	3,660,919	8,248,494
NAVISTAR INTERNATIONAL CORP.....	13,982	310,248	346,928
NEW YORK TIMES CO (THE).....	18,299	480,516	864,628
NEWELL CO.....	30,360	585,208	1,195,425
NEWMONT MINING CORP.....	29,810	1,105,412	1,261,336
NEXTLEVEL SYSTEMS INC.....	26,358	485,246	528,807
NIAGARA MOHAWK POWER CORP.....	27,517	608,251	245,933
NICOR INC.....	9,365	266,548	340,067
NIKE INC.....	54,918	960,791	2,931,248
NORDSTROM INC.....	15,179	476,659	887,971
NORFOLK SOUTHERN CORP.....	23,904	1,517,710	2,342,592
NORTHERN STATES POWER CO.....	13,150	603,441	632,844
NORTHERN TELECOM LTD.....	49,494	1,687,024	4,906,093
NORTHROP CORP.....	12,734	659,086	1,490,674
NORWEST CORP.....	71,118	1,949,197	4,084,840
NOVELL INC.....	66,340	1,648,691	621,937

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SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
NUCOR CORP.....	16,688	\$ 749,651	\$ 946,001
OCCIDENTAL PETROLEUM CORP.....	62,921	1,380,386	1,474,711
OHIO EDISON CO.....	29,110	720,514	640,420
ONEOK INC.....	5,218	122,025	168,933
ORACLE SYSTEMS CORP.....	186,625	1,498,857	7,115,078
ORYX ENERGY CO.....	20,119	436,460	531,896
OWENS CORNING.....	9,935	397,974	402,988
OWENS-ILLINOIS INC.....	22,641	821,608	788,190
PECO ENERGY CO.....	42,421	1,277,470	1,010,150
PG&E CORP.....	82,815	2,698,417	1,920,273
PNC FINANCIAL CORP.....	61,301	1,932,452	2,651,268
PP&L RESOURCES INC.....	31,297	809,306	686,578
PPG INDUSTRIES INC.....	34,302	1,253,965	2,161,026
PACCAR INC.....	14,870	383,552	704,466
PACIFIC ENTERPRISES.....	15,931	382,099	524,727
PACIFICORP.....	56,298	1,028,264	1,168,183
PALL CORP.....	24,158	481,708	572,243
PARAMETRIC TECHNOLOGY CORP.....	24,309	997,161	1,128,849
PARKER-HANNIFIN CORP.....	14,142	305,351	909,507
PENNEY (J C) CO INC.....	47,073	2,104,124	2,824,380
PENNZOIL CO.....	8,948	564,269	690,674
PEOPLES ENERGY CORP.....	6,662	207,085	251,074
PEP BOYS-MANNY MOE & JACK.....	11,586	259,879	307,029
PEPSICO INC.....	291,620	5,650,963	10,498,320
PERKIN-ELMER CORP.....	8,289	285,897	613,386
PFIZER INC.....	245,730	4,441,915	13,607,299
PHARMACIA & UPJOHN INC.....	96,598	2,796,588	3,290,369
PHELPS DODGE CORP.....	11,744	552,078	944,658
PHILIP MORRIS COS.....	462,250	7,939,765	20,165,656
PHILLIPS PETROLEUM CO.....	50,247	1,506,799	2,389,873
PIONEER HI BRED INTL INC.....	15,687	598,497	1,344,180
PITNEY BOWES INC.....	27,786	1,159,446	2,122,156
PLACER DOME INC.....	45,754	820,563	760,660
POLAROID CORP.....	8,612	303,773	454,821
POTLATCH CORP.....	5,544	248,802	258,835
PRAXAIR INC.....	30,046	532,913	1,605,583
PROCTER & GAMBLE CO.....	128,916	6,592,043	17,153,885
PROGRESSIVE CORP OHIO.....	13,661	1,492,922	1,352,439
PROVIDIAN FINANCIAL CORP.....	17,883	342,258	666,142
PUBLIC SVC ENTERPRISE GRP.....	44,196	1,506,390	1,096,613
PULTE CORP.....	4,017	128,528	147,122

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COMMON STOCKS (CONTINUED)			
QUAKER OATS CO.....	26,013	\$ 879,903	\$ 1,222,611
RALSTON-RALSTON PURINA GROUP.....	20,254	850,030	1,822,860
RAYCHEM CORP.....	8,328	343,473	775,024
RAYTHEON CO.....	44,962	1,361,300	2,472,910
REEBOK INTERNATIONAL LTD.....	10,670	346,287	468,813
REPUBLIC NEW YORK CORP.....	10,368	614,247	1,110,024
REYNOLDS METALS CO.....	13,872	670,492	980,577
RITE-AID CORP.....	23,422	599,332	1,172,564
ROCKWELL INTERNATIONAL CORP.....	40,565	1,314,560	2,433,900
ROHM & HAAS CO.....	11,786	647,111	1,129,246
ROWAN COMPANIES INC.....	16,350	157,896	488,456
ROYAL DUTCH PETROLEUM CO.....	408,180	9,684,090	20,715,135
RUBBERMAID INC.....	28,628	897,259	715,700
RUSSELL CORP.....	6,969	216,511	198,617
RYDER SYSTEM INC.....	14,563	359,468	519,717
SBC COMMUNICATIONS INC.....	173,621	6,844,462	9,440,642
SAFECO CORP.....	24,111	712,355	1,184,453
SAFETY-KLEEN CORP.....	11,227	182,399	226,645
ST JUDE MEDICAL INC.....	17,448	454,983	664,114
ST PAUL COMPANIES INC.....	15,947	674,521	1,170,111
SALOMON INC.....	20,638	836,736	1,235,700
SARA LEE CORP.....	91,510	2,395,198	3,683,277
SCHERING-PLOUGH CORP.....	139,300	2,368,025	6,686,400
SCHLUMBERGER LTD.....	93,952	3,040,949	7,157,968
SCHWAB (CHARLES) CORP.....	33,337	1,334,624	1,414,739
SCIENTIFIC-ATLANTA INC.....	14,854	207,157	323,074
SEAGATE TECHNOLOGY.....	46,675	1,317,264	1,782,401
SEAGRAM CO LTD (THE).....	70,586	2,086,513	2,466,098
SEARS ROEBUCK & CO.....	74,644	1,690,440	4,236,047
SERVICE CORP INTERNATIONAL.....	45,198	634,690	1,446,336
SHARED MEDICAL SYSTEMS CORP.....	4,519	96,979	221,431
SHERWIN-WILLIAMS CO.....	32,876	537,422	902,035
SIGMA ALDRICH CORP.....	19,060	358,462	621,832
SILICON GRAPHICS INC.....	33,631	1,119,655	922,750
SNAP-ON TOOLS CORP.....	11,630	292,625	488,460
SONAT INC.....	16,438	510,987	818,818
SOUTHERN CO.....	129,750	2,771,199	2,732,859
SOUTHWEST AIRLINES CO.....	27,827	788,201	779,156
SPRINGS INDUSTRIES INC.....	3,864	158,361	181,608
SPRINT CORP.....	81,963	2,468,454	3,852,261
STANLEY WORKS (THE).....	16,957	387,955	721,732
STATE STREET CORP.....	30,511	1,543,903	1,521,736
STONE CONTAINER CORP.....	19,106	209,538	329,578

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SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
STRIDE RITE CORP.....	9,574	\$ 145,549	\$ 113,691
SUN CO INC.....	13,910	359,851	540,751
SUN MICROSYSTEMS.....	70,248	484,137	3,371,904
SUNAMERICA INC.....	24,888	1,403,704	1,340,841
SUNTRUST BANKS INC.....	41,949	960,655	2,621,812
SUPER VALU STORES INC.....	11,439	385,508	448,981
SYSCO CORP.....	33,289	887,729	1,181,759
TJX COMPANIES INC (THE).....	29,702	459,398	816,805
TRW INC.....	23,830	767,042	1,242,139
TANDEM COMPUTERS INC.....	22,173	240,647	753,882
TANDY CORP.....	10,299	359,455	683,596
TEKTRONIX INC.....	6,279	180,906	348,877
TELE-COMMUNICATIONS INC.....	126,393	1,902,572	2,211,877
TELLABS INC.....	34,442	818,726	2,055,757
TEMPLE-INLAND INC.....	10,527	466,031	678,991
TENET HEALTHCARE CORP.....	56,893	827,964	1,550,334
TENNECO INC (NEW).....	32,660	1,348,694	1,586,051
TEXACO INC.....	50,188	3,233,685	5,784,167
TEXAS INSTRUMENTS INC.....	36,367	1,246,744	4,132,200
TEXAS UTILITIES CO.....	45,814	2,100,598	1,597,763
TEXTRON INC.....	31,446	832,608	1,959,479
THERMO ELECTRON CORP.....	28,614	1,171,992	1,151,713
THOMAS & BETTS CORP.....	10,167	370,919	569,352
THREE COM CORP.....	63,185	2,984,796	3,155,301
TIME WARNER INC.....	106,355	4,014,265	5,477,282
TIMES MIRROR CO.....	17,946	416,057	909,638
TIMKEN CO (THE).....	11,894	189,493	445,281
TORCHMARK CORP.....	26,586	732,124	1,001,960
TOYS "R" US.....	54,492	1,945,066	1,883,380
TRANSAMERICA CORP.....	12,618	668,594	1,243,661
TRAVELERS GROUP INC.....	122,110	2,329,675	7,753,985
TRIBUNE CO.....	23,352	633,436	1,154,464
TUPPERWARE CORP.....	11,760	238,384	394,695
TYCO INTERNATIONAL LTD (NEW).....	46,424	3,512,719	3,641,382
USX-MARATHON GROUP.....	54,806	1,056,644	1,784,620
UST INC.....	35,040	1,045,464	1,011,780
U.S. BANCORP (NEW).....	45,858	2,156,959	4,015,441
UNUM CORP.....	26,572	752,593	1,096,095
USF & G CORP.....	21,084	367,324	462,530
USX-US STEEL GROUP.....	16,241	630,710	570,465
UNICOM CORP.....	41,199	1,176,413	973,326
UNILEVER N V.....	30,416	3,400,825	6,121,220
UNION CAMP CORP.....	13,223	599,390	784,289

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UNION CARBIDE CORP.....	23,889	\$ 490,241	\$ 1,225,804
UNION ELECTRIC CO.....	19,470	790,553	724,041
UNION PACIFIC CORP.....	46,926	2,057,086	3,047,257
UNION PACIFIC RESOURCES GROUP.....	48,011	1,227,419	1,200,275
UNISYS CORP.....	33,273	376,637	376,401
UNITED HEALTHCARE CORP.....	35,307	1,653,302	1,716,803
USAIR GROUP INC.....	14,989	339,200	511,500
U S SURGICAL CORP.....	13,930	469,816	458,819
US WEST COMMUNICATIONS GROUP.....	91,294	2,370,299	3,269,466
US WEST MEDIA GROUP.....	115,540	2,063,729	2,310,800
UNITED TECHNOLOGIES CORP.....	45,122	1,233,931	3,522,336
UNOCAL CORP.....	47,536	1,459,110	1,856,875
VF CORP.....	12,203	586,084	1,078,440
VIACOM INC NON VOTING CL B.....	67,141	2,520,633	1,989,052
WACHOVIA CORP.....	30,739	1,213,449	1,913,503
WAL-MART STORES INC.....	431,159	11,237,961	15,306,144
WALGREEN CO.....	93,694	930,992	2,523,882
WARNER-LAMBERT CO.....	51,686	1,915,685	6,567,352
WASHINGTON MUTUAL INC.....	47,598	1,994,266	2,849,930
WASTE MANAGEMENT INC.....	86,254	2,740,100	2,760,128
WELLS FARGO & CO.....	16,991	1,777,375	4,319,962
WENDY'S INTERNATIONAL INC.....	24,895	371,473	599,036
WESTERN ATLAS INC.....	10,242	372,098	811,678
WESTINGHOUSE ELECTRIC CORP.....	121,032	2,100,976	3,116,574
WESTVACO CORP.....	19,420	443,816	657,852
WEYERHAEUSER CO.....	37,762	1,622,421	2,180,755
WHIRLPOOL CORP.....	14,220	806,107	814,095
WHITMAN CORP.....	19,396	273,763	475,202
WILLAMETTE INDUSTRIES INC.....	10,505	714,480	837,774
WILLIAMS COMPANIES INC (THE).....	30,175	578,790	1,405,023
WINN-DIXIE STORES INC.....	28,442	823,057	958,140
WOOLWORTH (F W) CO.....	25,577	735,411	572,285
WORLDCOM INC.....	169,915	4,219,341	5,086,830
WORTHINGTON INDUSTRIES INC.....	18,472	342,428	342,886
WRIGLEY (WM) JR CO.....	22,095	781,954	1,601,886
XEROX CORP.....	61,640	1,628,856	4,653,820
TOTAL COMMON STOCKS		712,578,456	1,325,177,560

PERMANENT UNIVERSITY FUND
EQUITY INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE E
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
CASH AND CASH EQUIVALENTS			
MONEY MARKET FUND B.....		\$ 1,583,847	\$ 1,583,847
CASH.....		39,274	39,274
TOTAL CASH AND CASH EQUIVALENTS		<u>1,623,121</u>	<u>1,623,121</u>
TOTAL INVESTMENTS AND CASH		<u>712,617,730</u>	<u>1,325,216,834</u>
LESS			
NET ADJUSTMENTS OF RECEIVABLES, PAYABLES AND OWNERSHIP INTEREST OF THE U.T. SYSTEM LONG TERM FUND.....		<u>(214,586,867)</u>	<u>(398,078,981)</u>
PERMANENT UNIVERSITY FUND INVESTMENT		<u>\$ 498,030,863</u>	<u>\$ 927,137,853</u>

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE F

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS			
360 COMMUNICATIONS CO.....	120,276	\$ 2,788,356	\$ 2,210,072
ACNIELSEN CORP.....	55,624	878,947	1,265,446
ACUSON CORP.....	28,234	387,181	760,553
ADC TELECOMMUNICATIONS INC.....	127,426	1,616,742	4,730,690
AES CORP.....	164,468	2,410,168	6,085,316
AFLAC INC.....	133,318	3,168,175	7,340,822
AGCO CORP.....	60,932	1,945,814	1,980,290
AGL RESOURCES INC.....	54,718	1,033,325	1,036,222
AIRBORNE FREIGHT CORP.....	20,805	549,384	1,024,646
AIRGAS INC.....	66,808	1,498,355	1,215,071
AK STEEL HOLDING CORP.....	26,051	1,122,493	1,178,808
ALASKA AIR GROUP INC.....	14,252	228,957	391,039
ALBANY INTERNATIONAL CORP.....	29,881	545,400	808,655
ALBEMARLE CORP.....	53,901	850,930	1,323,943
ALEXANDER & BALDWIN INC.....	44,196	1,107,574	1,193,292
ALIAN COMMUNICATIONS INC.....	35,571	598,269	804,794
ALLEGHENY POWER SYSTEM INC.....	119,133	3,176,185	3,462,303
ALLEGIANCE CORP.....	56,392	1,475,840	1,769,299
ALTERA CORP.....	86,044	1,078,977	4,581,843
ALUMAX INC.....	53,584	1,446,837	2,220,387
AMBAC FINANCIAL GROUP INC.....	33,965	2,254,309	2,744,797
AMERICA ONLINE INC.....	95,503	4,758,688	6,159,944
AMERICAN FINANCIAL GROUP INC.....	59,541	1,835,421	2,575,148
AMERICAN POWER CONVERSION CORP.....	92,584	1,817,238	2,430,330
AMERICAN WATER WORKS CO INC.....	77,048	1,452,260	1,598,746
AMETEK INC.....	31,956	381,888	734,988
ANALOG DEVICES INC.....	156,097	1,713,149	5,170,713
ANN TAYLOR STORES CORP.....	24,927	905,992	426,875
APL LTD.....	24,049	617,682	769,568
APRIA HEALTHCARE GROUP INC.....	50,143	1,364,939	877,503
ARNOLD INDUSTRIES INC.....	25,603	450,321	547,264
ARROW ELECTRONICS INC.....	48,589	1,966,255	2,985,187
ARVIN INDUSTRIES INC.....	23,982	694,734	834,873
ASA HOLDINGS INC.....	29,050	833,780	864,238
ATL ULTRASOUND INC.....	13,715	257,373	557,172
ATLANTIC ENERGY INC.....	51,229	1,111,536	886,902
ATMEL CORP.....	96,835	1,932,545	3,425,538
AVNET INC.....	41,170	1,691,464	2,848,449
BANTA CORP.....	29,112	646,681	786,024
BARNES & NOBLE INC.....	32,515	1,561,901	1,509,915
BEAR STEARNS COMPANIES INC.....	117,715	2,385,756	4,657,100
BECKMAN INSTRUMENTS INC.....	27,916	772,656	1,313,797
BED BATH & BEYOND INC.....	66,984	1,435,456	2,076,504

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
BELO (A H) CORP.....	60,246	\$ 1,990,127	\$ 2,583,047
BERGEN BRUNSWIG CORP.....	49,012	711,514	2,058,504
BEST BUY CO INC.....	42,246	866,884	718,182
BETZDEARBORN INC.....	28,018	1,336,668	1,826,423
BIOGEN.....	72,056	1,494,463	2,837,205
BJ SERVICES CO.....	37,360	1,076,345	2,699,260
BJ'S WHOLESALE CLUB INC.....	36,192	504,999	1,045,044
BLACK HILLS CORP.....	14,118	353,260	393,539
BMC SOFTWARE INC.....	98,814	1,758,089	6,188,227
BOB EVANS FARMS INC.....	41,608	766,460	738,542
BORG-WARNER AUTOMOTIVE INC.....	23,111	1,315,658	1,204,661
BOWATER INC.....	38,899	1,030,676	1,991,143
BRINKER INTERNATIONAL INC.....	75,724	1,703,990	1,268,377
BROOKLYN UNION GAS GO (THE).....	48,902	1,276,192	1,476,229
BRUSH WELLMAN INC.....	15,864	211,846	396,600
BUFFETS INC.....	44,149	694,450	482,880
BURLINGTON INDUSTRIES INC.....	59,804	656,693	721,386
CABOT CORP.....	68,181	1,045,486	1,866,455
CADENCE DESIGN SYSTEMS INC.....	95,656	1,442,061	4,549,639
CALENERGY CO INC.....	61,900	1,322,859	2,050,438
CALGON CARBON CORP.....	38,706	483,013	532,208
CALLAWAY GOLF CO.....	70,887	1,472,313	2,388,006
CALMAT CO.....	22,638	417,387	486,717
CAPITAL ONE FINANCIAL CORP.....	64,713	2,088,538	2,491,451
CARLISLE COMPANIES INC.....	29,552	514,884	1,246,725
CARPENTER TECHNOLOGY CORP.....	19,015	566,906	852,110
CARTER-WALLACE INC.....	45,299	1,157,101	721,953
CENTOCOR INC.....	67,936	1,180,087	3,048,628
CENTRAL FIDELITY BANKS INC.....	57,924	1,214,187	2,266,277
CENTRAL LOUISIANA ELECTRIC CO INC.....	21,921	562,614	575,426
CENTRAL MAINE POWER CO.....	31,690	621,037	402,067
CENTURY TELEPHONE ENTERPRISES INC.....	58,651	1,690,970	2,129,764
CHESAPEAKE CORP.....	22,842	510,856	785,194
CHIRON CORP.....	168,674	2,928,496	3,774,081
CHRIS-CRAFT INDUSTRIES INC.....	30,680	1,093,590	1,505,238
CHURCH & DWIGHT CO INC.....	19,009	496,006	544,133
CINTAS CORP.....	47,040	1,570,607	3,281,040
CIRCUS CIRCUS ENTERPRISES INC.....	95,935	3,581,061	2,296,444
CIRRUS LOGIC INC.....	64,041	1,124,651	1,100,705
CITY NATIONAL CORP.....	44,998	476,177	1,257,132
CLAIRE'S STORES INC.....	46,638	360,965	979,398
CLAYTON HOMES INC.....	115,657	1,314,398	1,944,483
CLEVELAND-CLIFFS INC.....	11,063	384,087	461,189

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
CMS ENERGY CORP.....	93,071	\$ 2,469,958	\$ 3,344,739
CNF TRANSPORTATION INC.....	44,742	997,591	1,616,305
COCA-COLA ENTERPRISES INC.....	375,965	2,602,052	10,339,038
COMDISCO INC.....	71,244	679,455	1,936,946
COMPUSA INC.....	88,774	2,712,969	2,746,446
COMPUWARE CORP.....	83,668	1,698,044	5,166,499
COMSAT CORP.....	47,838	1,088,456	1,037,487
CONSOLIDATED PAPERS INC.....	43,731	2,028,428	2,550,064
CONSOLIDATED STORES CORP.....	81,578	1,999,895	3,054,076
CORRECTIONS CORP OF AMERICA.....	74,267	3,311,100	2,747,879
COVANCE INC.....	55,915	1,110,104	1,020,449
CPI CORP.....	11,364	175,781	269,895
CRACKER BARREL OLD CTRY STORE INC.....	59,404	1,645,767	1,826,673
CRESTAR FINANCIAL CORP.....	107,856	2,946,408	4,819,815
CROMPTON & KNOWLES CORP.....	71,381	1,292,150	1,802,370
CULLIGAN WATER TECHNOLOGIES INC.....	3,355	76,998	154,749
CYPRESS SEMICONDUCTOR CORP.....	86,226	772,751	1,530,512
CYTEC INDUSTRIES INC.....	44,462	1,772,837	2,170,301
DANAHER CORP.....	57,448	1,244,357	3,077,059
DATASCOPE CORP.....	15,834	240,297	334,493
DEAN FOODS CO.....	39,264	1,103,323	1,742,340
DELMARVA POWER & LIGHT CO.....	59,489	1,362,589	1,067,084
DELTIC TIMBER CORP.....	23	405	680
DENTSPLY INTERNATIONAL INC.....	26,296	978,968	1,479,150
DEXTER CORP.....	22,429	536,264	852,302
DIAGNOSTIC PRODUCTS CORP.....	13,301	303,455	369,103
DIAL CORP (THE).....	93,662	1,232,538	1,580,546
DIEBOLD INC.....	67,247	1,283,904	3,118,580
DOLE FOOD COMPANY INC.....	58,439	1,777,838	2,282,773
DOLLAR GENERAL CORP.....	89,195	1,394,904	3,696,018
DONALDSON INC.....	24,470	510,956	1,091,974
DREYER'S GRAND ICE CREAM INC.....	13,058	365,183	610,462
EDWARDS (A G) & SONS INC.....	61,887	1,426,505	2,460,008
EL PASO NATURAL GAS CO.....	58,346	2,480,945	3,281,963
ELECTRONIC ARTS INC.....	56,557	1,580,141	1,742,663
ENSCO INTERNATIONAL INC.....	69,178	1,775,110	4,392,803
ETHYL CORP.....	115,544	1,325,634	1,039,896
EXABYTE CORP.....	21,805	272,168	256,209
FAMILY DOLLAR STORES INC.....	83,683	970,457	1,778,264
FASTENAL CO.....	37,059	1,560,114	2,135,525
FEDERAL SIGNAL CORP.....	44,130	888,805	1,147,380
FEDERAL-MOGUL CORP.....	34,307	885,422	1,226,475
FERRO CORP.....	25,015	755,943	941,189

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
FINGERHUT COMPANIES INC.....	45,053	\$ 1,192,819	\$ 912,323
FINOVA GROUP INC.....	26,688	2,169,132	2,256,804
FIRST BRANDS CORP.....	39,346	664,508	981,191
FIRST OF AMERICA BANK CORP.....	87,622	2,437,096	4,512,533
FIRST SECURITY CORP.....	109,711	1,467,889	3,099,336
FIRST TENNESSEE NATIONAL CORP.....	62,386	1,423,757	3,322,055
FIRST VIRGINIA BANKS INC.....	34,543	1,384,359	2,353,242
FIRSTAR CORP.....	141,021	3,304,196	4,750,645
FISERV INC.....	49,774	1,276,548	2,239,830
FLORIDA PROGRESS CORP.....	94,698	3,067,535	3,048,092
FLOWERS INDUSTRIES INC.....	85,992	761,024	1,590,852
FLOWSERVE CORP.....	39,474	1,069,827	1,391,459
FOREST LABORATORIES INC.....	40,137	1,598,665	1,648,126
FOUNDATION HEALTH SYSTEMS INC.....	122,433	3,491,411	3,894,900
FRANKLIN RESOURCES INC.....	123,060	4,043,279	9,521,768
FULLER (H B) CO.....	13,714	513,838	756,841
GATX CORP.....	23,632	1,026,613	1,478,477
GENCORP INC.....	39,723	649,165	1,062,590
GENZYME CORP.....	74,156	1,514,174	2,085,638
GEORGIA GULF CORP.....	33,106	777,170	951,798
GIBSON GREETINGS INC.....	15,853	294,276	356,693
GLATFELTER (P H) CO.....	41,155	672,370	851,394
GLOBAL MARINE INC.....	166,535	1,091,207	4,735,839
GOLDEN BOOKS FAMILY ENTERTAINMT IN.....	25,808	360,162	256,467
GRANITE CONSTRUCTION INC.....	17,795	239,236	373,695
GTECH HOLDINGS CORP.....	41,608	1,309,429	1,250,841
HANCOCK FABRICS INC.....	21,121	192,323	264,013
HANNA (M A) CO.....	49,660	748,630	1,284,953
HANNAFORD BROTHERS CO.....	41,261	1,006,298	1,402,874
HARLEY-DAVIDSON INC.....	73,928	1,814,046	4,001,353
HARSCO CORP.....	48,170	1,084,238	2,170,661
HAWAIIAN ELECTRIC INDUSTRIES INC.....	30,085	1,089,679	1,088,701
HEALTH CARE & RETIREMENT CORP.....	43,483	940,737	1,584,412
HEALTH MGMT ASSOCIATES INC CL A.....	105,605	3,246,497	3,121,948
HEALTHCARE COMPARE CORP.....	32,201	996,793	1,795,206
HEILIG-MEYERS CO.....	55,584	1,407,455	833,760
HIBERNIA CORP.....	125,752	1,273,688	1,909,859
HILLENBRAND INDUSTRIES INC.....	67,091	3,129,765	2,947,811
HON INDUSTRIES INC.....	28,998	859,650	1,696,383
HORIZON/CMS HEALTHCARE CORP.....	50,396	928,568	1,036,268
HORMEL FOODS CORP.....	75,152	2,070,824	2,235,772
HOUGHTON MIFFLIN CO.....	29,220	658,768	1,013,569
HSB GROUP INC.....	19,554	972,833	1,051,028

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
HUBBELL INC CL B.....	65,602	\$ 2,017,544	\$ 3,009,492
HUNT (J B) TRANSPORT SERVICES INC.....	35,634	825,654	592,415
IBP INC.....	89,791	1,261,265	2,059,581
IDAHO POWER CO.....	36,662	1,111,820	1,159,436
ILLINOIS CENTRAL CORP.....	59,928	1,314,674	2,011,334
ILLINOVA CORP.....	73,878	1,785,163	1,699,194
IMATION CORP.....	41,345	998,281	1,118,899
IMC GLOBAL INC.....	91,721	2,717,189	3,227,433
INDIANA ENERGY INC.....	21,994	487,536	559,472
INFORMATION RESOURCES INC.....	27,573	786,137	496,314
INFORMIX CORP.....	148,014	2,002,387	1,341,377
INTEGRATED DEVICE TECHNOLOGY INC.....	77,656	1,472,223	1,058,063
INTELLIGENT ELECTRONICS INC.....	38,377	547,242	158,305
INTERNATIONAL DAIRY QUEEN CL A.....	21,490	373,038	529,191
INTERNATIONAL GAME TECHNOLOGY.....	116,174	3,671,136	2,323,480
INTERNATIONAL MULTIFOODS CORP.....	17,555	393,060	471,791
INTERSTATE BAKERIES CORP.....	36,567	1,733,025	2,143,740
IPALCO ENTERPRISES INC.....	43,914	1,088,955	1,429,950
IVAX CORP.....	118,549	2,709,462	1,118,806
JACOBS ENGINEERING GROUP INC.....	25,153	591,954	804,896
JONES APPAREL GROUP INC.....	50,666	903,281	2,542,800
KANSAS CITY POWER & LIGHT CO.....	60,352	1,473,767	1,727,576
KANSAS CITY SOUTHERN INDUSTRIES.....	34,862	1,472,621	2,610,292
KAYDON CORP.....	16,073	411,370	949,312
KELLY SERVICES INC CL A.....	37,141	996,477	1,244,224
KENNAMETAL INC.....	25,467	562,735	1,192,174
KEYSTONE INTERNATIONAL INC.....	34,945	905,437	1,316,990
KOHL'S CORP.....	76,177	2,204,441	5,251,452
LABORATORY CORP OF AMERICA HOLDING.....	119,589	1,390,401	313,921
LANCASTER COLONY CORP.....	28,546	902,526	1,479,040
LANCE INC.....	29,177	609,725	623,658
LANDS' END INC.....	31,643	588,322	832,606
LAWSON PRODUCTS INC.....	10,884	289,265	293,868
LAWTER INTERNATIONAL INC.....	44,235	591,591	580,584
LCI INTERNATIONAL INC.....	75,753	1,681,547	1,818,072
LEE ENTERPRISES INC.....	45,362	842,727	1,162,401
LEGGETT & PLATT INC.....	90,577	2,128,742	3,894,811
LEXMARK INTERNATIONAL GROUP.....	70,876	2,098,387	2,480,660
LG & E ENERGY CORP.....	64,912	1,314,680	1,468,634
LINEAR TECHNOLOGY CORP.....	73,620	1,688,360	4,826,711
LITTON INDUSTRIES INC.....	45,228	1,687,184	2,255,747
LONE STAR STEAKHOUSE SALOON.....	40,044	1,478,168	688,256
LONGVIEW FIBRE CO.....	50,436	870,408	1,056,004

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
LUBRIZOL CORP.....	56,834	\$ 1,863,961	\$ 2,490,040
LUKENS INC.....	14,610	570,802	273,024
LYONDELL PETROCHEMICAL.....	78,005	1,647,591	1,891,621
MAC FRUGAL'S BARGAINS CLOSE-OUTS.....	24,116	406,336	657,161
MAGNETEK INC.....	25,384	381,720	534,651
MANPOWER INC.....	79,796	2,736,669	3,406,292
MAPCO INC.....	52,852	1,587,270	1,585,560
MARK IV INDUSTRIES INC.....	63,310	1,167,022	1,590,664
MARSHALL & ILSLEY CORP.....	86,719	2,070,469	4,075,793
MARTIN MARIETTA MATERIALS INC.....	44,996	1,576,528	1,572,048
MAXIM INTEGRATED PRODUCTS INC.....	62,963	2,200,247	4,352,317
MAXXAM INC.....	8,398	249,629	461,890
MCCORMICK & CO INC.....	74,160	1,671,316	1,752,030
MCKESSON CORP.....	43,619	1,750,179	4,086,555
MCN ENERGY GROUP INC.....	74,630	1,491,172	2,290,208
MEDAPHIS CORP.....	70,704	3,122,526	645,174
MEDIA GENERAL INC.....	25,999	657,361	955,463
MENTOR GRAPHICS CORP.....	63,480	790,011	737,955
MERCANTILE BANCORPORATION INC.....	82,350	3,787,225	5,677,003
MERCANTILE BANKSHARES CORP.....	69,371	1,028,315	1,951,059
MEYER (FRED) INC.....	25,325	764,784	1,316,900
MICRO WHOLESALE INC.....	33,543	1,592,647	876,311
MIDAMERICAN ENERGY HOLDINGS CO.....	98,266	1,534,132	1,676,664
MILLER (HERMAN) INC.....	46,124	697,275	2,386,917
MINERALS TECHNOLOGIES INC.....	22,064	765,216	877,044
MINNESOTA POWER & LIGHT CO.....	32,148	1,061,564	1,105,088
MODINE MANUFACTURING CO.....	29,120	704,732	891,800
MOLEX INC.....	122,343	2,480,513	4,786,670
MONTANA POWER CO.....	53,301	1,365,953	1,229,254
MURPHY OIL CORP.....	43,746	1,684,719	2,348,613
MYLAN LABORATORIES INC.....	119,066	2,137,843	2,530,153
NABORS INDUSTRIES INC.....	93,964	1,004,633	3,235,885
NATIONAL FUEL GAS CO.....	37,239	1,260,358	1,654,808
NATIONAL PRESTO INDUSTRIES INC.....	7,211	359,742	286,637
NCH CORP.....	6,967	424,187	473,756
NCR CORP.....	99,469	3,317,060	3,524,933
NEVADA POWER CO.....	48,417	1,145,245	1,022,809
NEW CENTURY ENERGIES INC.....	101,783	3,303,536	4,109,489
NEW ENGLAND ELECTRIC SYSTEM.....	63,264	2,488,735	2,419,848
NEW YORK STATE ELECTRIC & GAS CORP.....	66,681	2,083,657	1,625,349
NEWPORT NEWS SHIPBUILDING.....	33,964	550,317	658,053
NEXTEL COMMUNICATIONS INC.....	250,623	5,657,598	6,281,239
NINE WEST GROUP INC.....	34,934	1,115,833	1,475,962

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
NIPSCO INDUSTRIES INC.....	61,273	\$ 2,092,097	\$ 2,500,704
NOBLE AFFILIATES INC.....	55,451	1,643,643	2,571,540
NOBLE DRILLING CORP.....	129,230	2,298,536	3,674,978
NORDSON CORP.....	17,074	877,730	986,024
NORTHEAST UTILITIES.....	125,106	3,024,568	1,258,879
NORTHERN TRUST CORP.....	108,711	2,508,109	5,775,272
NOVACARE INC.....	59,396	771,363	894,652
OCTEL COMMUNICATIONS CORP.....	51,292	692,716	1,557,995
OEA INC.....	20,013	567,560	744,233
OFFICE DEPOT INC.....	153,754	3,232,984	2,834,839
OFFICEMAX INC.....	120,779	1,895,667	1,789,039
OGDEN CORP.....	48,813	904,526	1,131,851
OGE ENERGY CORP.....	39,368	1,454,062	1,749,416
OLD KENT FINANCIAL CORP.....	46,352	2,928,017	2,839,060
OLD REPUBLIC INTERNATIONAL CORP.....	84,403	3,115,473	3,033,233
OLIN CORP.....	49,946	1,254,683	2,222,597
OLSTEN CORP.....	79,203	1,959,829	1,485,056
OMNICARE INC.....	77,610	2,377,685	2,245,839
OMNICOM GROUP INC.....	79,761	2,304,980	5,403,808
OREGON STEEL MILLS INC.....	25,054	472,978	674,892
OUTBACK STEAKHOUSE INC.....	46,183	1,258,828	1,114,165
OVERSEAS SHIPHOLDING GROUP INC.....	35,398	698,457	869,463
OXFORD HEALTH PLANS INC.....	76,164	4,650,506	5,569,493
PACIFIC CENTURY FINANCIAL CORP.....	40,641	1,283,512	2,004,109
PACIFICARE HEALTH SYSTEMS B (NEW).....	40,050	2,849,355	2,738,419
PAINÉ WEBBER GROUP INC.....	89,386	1,693,157	3,435,774
PARKER DRILLING CO.....	73,664	510,388	971,444
PAYCHEX INC.....	105,881	1,478,292	3,626,424
PAYLESS SHOESOURCE INC.....	38,954	1,191,233	2,497,925
PENTAIR INC.....	36,978	740,252	1,317,341
PERRIGO CO.....	74,747	2,075,673	1,069,816
PG&E CORP.....	944	20,999	21,889
PINNACLE WEST CAPITAL CORP.....	83,026	1,984,637	2,682,778
PIONEER NATURAL RESOURCES.....	71,255	2,291,291	2,845,747
PITTSTON CO.....	40,165	975,000	1,425,858
PMI GROUP INC.....	33,711	1,717,595	1,948,917
POLICY MANAGEMENT SYSTEMS CORP.....	17,750	551,255	1,066,109
POTOMAC ELECTRIC POWER CO.....	113,994	2,989,999	2,586,239
PRECISION CASTPARTS CORP.....	23,369	604,330	1,510,222
PREMARK INTERNATIONAL INC.....	60,915	1,981,487	1,812,221
PRICE T ROWE & ASSOCIATES INC.....	56,162	1,661,025	3,088,910
PRIMEX TECHNOLOGIES INC.....	20	371	585
PROMUS HOTEL CORP.....	50,220	1,170,407	1,949,164

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
PROVIDENT COS INC.....	65,148	\$ 2,523,917	\$ 4,242,764
PUBLIC SERVICE CO OF NEW MEXICO.....	40,706	523,651	742,885
PUGET SOUND ENERGY.....	82,483	2,127,229	2,093,006
QUAKER STATE CORP.....	34,254	475,997	530,937
QUANTUM CORP.....	126,808	1,229,145	4,446,206
QUESTAR CORP.....	40,126	1,444,218	1,605,040
RANGER OIL LTD.....	96,578	555,256	935,599
RAYONIER INC.....	28,263	991,000	1,379,588
REGIONS FINANCIAL CORP.....	129,590	2,697,205	4,438,458
REYNOLDS & REYNOLDS CO.....	79,180	902,188	1,593,498
ROBERT HALF INTERNATIONAL INC.....	58,733	2,580,174	3,428,539
ROHR INDUSTRIES INC.....	24,706	299,388	668,606
ROLLINS INC.....	33,260	792,507	719,248
RPM INC.....	76,518	1,133,244	1,554,272
RUDDICK CORP.....	45,388	477,707	680,820
SAVANNAH FOODS & INDUSTRIES INC.....	25,637	385,533	448,648
SBARRO INC.....	19,962	548,751	533,984
SCANA CORP.....	104,141	2,545,860	2,512,402
SCHERER (R P) CORP.....	22,979	1,148,552	1,294,005
SCHOLASTIC INC.....	15,831	1,007,248	542,212
SCHULMAN (A) INC.....	36,168	857,829	791,175
SCI SYSTEMS INC.....	58,144	1,798,206	2,285,786
SEAGULL ENERGY CORP.....	61,776	1,460,675	1,509,651
SEALED AIR CORP.....	41,532	750,115	2,154,473
SENSORMATIC ELECTRONICS CORP.....	72,197	1,995,561	943,073
SEQUA CORP CL A.....	9,679	307,157	496,049
SEQUENT COMPUTER SYSTEMS INC.....	38,663	712,313	1,089,813
SERVICE MERCHANDISE CO.....	97,352	953,449	377,239
SHAW INDUSTRIES INC.....	130,557	2,466,523	1,460,606
SMITH INTERNATIONAL INC.....	39,272	588,191	2,857,038
SMUCKER (J M) CO CL A.....	28,452	656,987	752,200
SOLECTRON CORP.....	106,178	2,314,213	4,446,204
SONOCO PRODUCTS CO.....	87,958	1,962,225	2,864,132
SOTHEBYS HOLDINGS INC.....	54,538	721,408	1,032,813
SOUTHDOWN INC.....	20,802	503,978	976,394
SOUTHERN NEW ENGLAND TELECOM CORP.....	64,312	2,282,598	2,459,934
SOUTHTRUST CORP.....	96,500	2,223,224	4,318,375
STANDARD REGISTER CO.....	27,905	559,859	954,002
STANHOME INC.....	17,429	502,113	566,443
STAPLES INC.....	158,329	1,720,897	3,720,732
STARBUCKS CORP.....	76,476	2,351,376	3,135,516
STERLING COMMERCE CORP.....	87,202	2,517,955	2,883,116
STEWART & STEVENSON SERVICES INC.....	32,309	1,396,645	787,532

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE

SCHEDULE F
(CONTINUED)

Detail of Investments
August 31, 1997

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
STEWART ENTERPRISES INC.....	46,241	\$ 1,979,688	\$ 1,826,520
STORAGE TECHNOLOGY CORP.....	59,888	1,966,938	3,050,545
STRATUS COMPUTER INC.....	22,309	649,014	1,238,150
STRUCTURAL DYNAMIC RESOURCE CORP.....	32,240	571,817	856,375
STRYKER CORP.....	93,655	1,509,915	3,740,347
SUMMIT BANCORP.....	114,084	4,402,147	6,773,738
SUNDSTRAND CORP.....	58,570	1,423,789	3,455,630
SUNGUARD DATA SYSTEMS INC.....	42,052	2,123,730	2,191,961
SUPERIOR INDUSTRIES INTL INC.....	27,410	819,405	746,923
SYBRON CORP.....	46,058	1,878,383	1,839,441
SYMANTEC CORP.....	53,902	1,073,386	1,297,017
SYMBOL TECHNOLOGIES INC.....	38,348	530,111	1,418,876
TCA CABLE TV INC.....	24,172	596,309	918,536
TECO ENERGY INC.....	126,671	3,051,163	3,048,021
TECUMSEH PRODUCTS CO CL A.....	21,357	1,146,343	1,206,671
TELEFLEX INC.....	35,382	622,907	1,121,167
TELEPHONE & DATA SYSTEMS INC.....	58,657	2,657,799	2,316,952
TERADYNE INC.....	81,295	1,429,359	4,527,115
THIOKOL CORP.....	17,864	486,991	1,422,421
TIDEWATER INC.....	59,119	1,561,116	3,103,748
TIFFANY & CO.....	33,918	640,205	1,534,790
TOSCO CORP.....	153,137	2,318,697	5,063,092
TRANSATLANTIC HOLDINGS INC.....	33,710	1,321,032	2,382,876
TRANSOCEAN OFFSHORE INC.....	49,478	2,850,030	4,703,502
TRINITY INDUSTRIES INC.....	41,995	1,246,315	1,669,301
TYSON FOODS INC.....	211,037	3,163,740	4,484,536
UCAR INTERNATIONAL INC.....	45,730	2,122,558	2,157,884
ULTRAMAR DIAMOND SHAMROCK CORP.....	72,996	2,097,902	2,381,495
UNIFI INC.....	60,327	1,610,556	2,315,049
UNION PLANTERS CORP.....	64,041	2,758,640	3,282,101
UNISOURCE INC.....	65,443	1,308,659	1,186,154
UNITED STATES FILTER CORP.....	78,445	2,590,058	2,824,020
UNIVERSAL CORP VA.....	34,245	849,133	1,245,662
UNIVERSAL FOODS CORP.....	24,865	856,264	965,073
USA WASTE SERVICES INC.....	197,597	6,390,614	8,299,074
UTILICORP UNITED INC.....	52,662	1,575,732	1,566,695
VALERO ENERGY CORP.....	52,447	921,185	1,747,141
VANGUARD CELLULAR SYSTEMS INC.....	39,293	759,889	574,660
VARCO INTERNATIONAL INC.....	30,853	282,491	1,226,407
VARIAN ASSOCIATES INC.....	29,691	890,940	1,694,243
VENCOR INC.....	67,387	2,302,694	2,703,903
VIAD CORP.....	93,662	1,284,358	1,703,478
VIKING OFFICE PRODUCTS INC.....	81,716	2,267,472	1,726,251

PERMANENT UNIVERSITY FUND
MID CAP INDEX FUND B LENDABLE
Detail of Investments
August 31, 1997

SCHEDULE F
(CONTINUED)

SECURITY	NO. SHARES	BOOK VALUE	MARKET VALUE
COMMON STOCKS (CONTINUED)			
VISHAY INTERTECHNOLOGY INC.....	62,811	\$ 2,340,502	\$ 1,676,269
VULCAN MATERIALS CO.....	33,007	1,940,189	2,900,490
WALLACE COMPUTER SERVICES INC.....	42,174	676,045	1,307,394
WARNACO GROUP INC.....	50,488	1,284,690	1,637,705
WASHINGTON GAS LIGHT CO.....	42,616	910,266	1,084,045
WASHINGTON POST CO.....	10,499	2,628,085	4,417,454
WATSON PHARMACEUTICALS INC.....	42,271	1,826,568	2,221,869
WATTS INDUSTRIES INC.....	26,466	561,180	645,109
WAUSAU PAPER MILLS CO.....	35,625	708,406	779,297
WEATHERFORD ENTERRA INC.....	51,005	1,355,985	2,349,418
WELLMAN INC.....	30,329	629,830	689,985
WILMINGTON TRUST CORP.....	33,113	998,867	1,668,067
WISCONSIN ENERGY CORP.....	109,730	2,999,794	2,804,973
WITCO CORP.....	55,763	1,673,637	2,620,861
WPL HOLDINGS INC.....	29,983	1,002,177	830,154
XILINX INC.....	71,316	1,401,765	3,387,510
YORK INTERNATIONAL CORP.....	42,526	1,704,263	1,908,354
TOTAL COMMON STOCKS		<u>571,491,810</u>	<u>804,242,477</u>
CASH AND CASH EQUIVALENTS			
MONEY MARKET FUND B.....		2,061,182	2,061,182
TOTAL CASH AND CASH EQUIVALENTS		<u>2,061,182</u>	<u>2,061,182</u>
TOTAL INVESTMENTS AND CASH		<u>573,552,992</u>	<u>806,303,659</u>
LESS			
NET ADJUSTMENTS OF RECEIVABLES, PAYABLES AND OWNERSHIP INTEREST OF OTHER PARTICIPANTS		<u>(121,772,066)</u>	<u>(178,026,611)</u>
PERMANENT UNIVERSITY FUND INVESTMENT		<u>\$ 451,780,926</u>	<u>\$ 628,277,048</u>

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PERMANENT UNIVERSITY FUND

Historical Supplemental Schedules
(unaudited)

PERMANENT UNIVERSITY FUND
BONDING LIMITS AND OUTSTANDING BONDS

August 31,
(in millions)

	<u>PUF Book Value</u>	<u>The University of Texas System</u>		<u>The Texas A&M University System</u>	
		<u>Constitutional Debt Limit</u>	<u>Outstanding</u>	<u>Constitutional Debt Limit</u>	<u>Outstanding</u>
1988	\$ 3,082.1	\$ 616.4	\$ 442.1	\$ 308.2	\$ 224.2
1989	3,294.4	658.9	477.2	329.4	248.1
1990	3,435.1	687.0	542.2	343.5	255.7
1991	3,526.0	705.3	551.5	352.7	308.3
1992	3,656.7	731.3	626.8	365.7	288.4
1993	4,044.3	808.8	602.6	404.4	324.8
1994	4,213.2	842.5	615.1	421.3	355.3
1995	4,375.8	875.2	586.3	437.6	344.7
1996	4,638.3	927.7	607.9	463.8	329.9
1997	4,974.5	994.9	669.2	497.5	350.0

Note: Bonding limits are based on the Fund's book value which includes investments, receivables and payables. 1994 and subsequent periods have been reported on a trade date basis which includes trade receivables and payables. Periods prior to 1994 are reported on a settlement date basis.

PERMANENT UNIVERSITY FUND
 SCHEDULE OF INVESTMENT INCOME
 DISTRIBUTED TO THE AVAILABLE UNIVERSITY FUND
 From Inception through August 31, 1997

<u>Year</u>	<u>Income</u>	<u>Year</u>	<u>Income</u>
Prior to 1925	\$ 114,424	1961-62	\$ 12,948,663
1925-26	102,852	1962-63	13,796,774
1926-27	44,980	1963-64	14,619,209
1927-28	242,530	1964-65	15,578,822
1928-29	384,509	1965-66	17,133,154
1929-30	503,677	1966-67	18,277,298
1930-31	642,221	1967-68	20,744,436
1931-32	842,324	1968-69	20,224,677
1932-33	733,999	1969-70	23,831,519
1933-34	743,506	1970-71	26,726,891
1934-35	726,728	1971-72	28,715,315
1935-36	702,335	1972-73	31,605,154
1936-37	719,979	1973-74	35,962,902
1937-38	790,655	1974-75	39,800,465
1938-39	859,493	1975-76	47,165,076
1939-40	904,823	1976-77	53,999,915
1940-41	904,507	1977-78	62,810,432
1941-42	932,706	1978-79	72,810,454
1942-43	1,086,824	1979-80	85,683,548
1943-44	1,182,983	1980-81	107,676,905
1944-45	1,204,252	1981-82	144,165,995
1945-46	1,556,650	1982-83	162,431,237
1946-47	1,596,338	1983-84	175,929,054
1947-48	1,821,257	1984-85	191,265,366
1948-49	2,192,911	1985-86	214,473,829
1949-50	2,495,001	1986-87	214,771,441
1950-51	2,900,965	1987-88	236,873,982
1951-52	3,367,364	1988-89	254,333,926
1952-53	3,871,713	1989-90	266,119,332
1953-54	5,097,078	1990-91	257,659,365
1954-55	5,826,825	1991-92	256,553,548
1955-56	6,636,679	1992-93	250,251,366
1956-57	7,603,131	1993-94	242,304,280
1957-58	8,513,540	1994-95	249,534,119
1958-59	9,319,666	1995-96	253,626,121
1959-60	10,358,042	1996-97	265,186,299
1960-61	11,455,350	Total	<u>\$ 4,484,573,686</u>

PERMANENT UNIVERSITY FUND
SCHEDULE OF INVESTMENT INCOME
DISTRIBUTED TO THE AVAILABLE UNIVERSITY FUND
From Inception through August 31, 1997

Year	Total	Oil, Gas and Sulfur Royalties	Water Royalties and Rentals (1)	Rentals on Mineral Leases (2)	Misc. (3)	Bonuses on Mineral Leases	Gains (Losses) Bonds	Gains (Losses) Equity Securities
Prior to 1925	\$ 1,110,151	\$ 248,496	\$ -	\$ 206,823	\$ 651,030	\$ 3,802	\$ -	\$ -
1925-26	3,853,258	3,853,258	-	-	-	-	-	-
1926-27	2,553,574	2,553,574	-	-	-	-	-	-
1927-28	2,610,078	2,576,885	-	33,193	-	-	-	-
1928-29	3,860,791	2,704,057	-	27,634	-	1,129,100	-	-
1929-30	2,783,594	1,142,445	-	11,293	950,000	679,856	-	-
1930-31	1,379,307	1,366,735	-	12,572	-	-	-	-
1931-32	1,138,256	1,115,096	-	23,160	-	-	-	-
1932-33	823,279	786,759	-	20,488	-	16,032	-	-
1933-34	1,164,835	846,072	-	45,649	-	273,114	-	-
1934-35	882,578	776,049	-	80,985	-	25,544	-	-
1935-36	1,109,137	700,681	-	61,299	-	347,157	-	-
1936-37	1,994,465	759,963	-	74,044	-	1,160,458	-	-
1937-38	2,229,969	761,016	-	69,741	-	1,399,212	-	-
1938-39	1,442,152	673,156	-	65,233	-	703,763	-	-
1939-40	1,013,950	678,517	-	42,578	-	292,855	-	-
1940-41	801,727	719,761	-	42,065	-	39,901	-	-
1941-42	1,314,419	812,048	-	26,773	7,748	467,850	-	-
1942-43	3,199,056	761,254	-	23,017	860	2,413,925	-	-
1943-44	11,741,776	1,196,797	-	48,479	-	10,496,500	-	-
1944-45	4,268,662	1,733,930	-	88,122	-	2,446,610	-	-
1945-46	8,804,080	2,216,298	1,994	92,588	-	6,493,200	-	-
1946-47	6,739,767	3,530,164	23,421	122,182	-	3,064,000	-	-
1947-48	17,225,745	6,612,746	8,206	107,293	-	10,497,500	-	-
1948-49	12,760,878	8,177,305	15,298	99,515	1,210	4,467,550	-	-
1949-50	8,685,996	7,087,867	21,645	138,984	-	1,437,500	-	-
1950-51	16,548,902	8,210,839	25,718	150,145	-	8,162,200	-	-
1951-52	22,973,717	7,581,905	27,238	231,574	-	15,133,000	-	-
1952-53	33,863,915	8,451,772	39,655	278,488	-	25,094,000	-	-
1953-54	25,381,166	10,202,726	50,243	324,697	-	14,803,500	-	-
1954-55	23,904,671	11,274,603	44,643	361,925	-	12,223,500	-	-
1955-56	37,262,029	13,558,822	45,115	352,902	-	23,305,190	-	-
1956-57	21,878,250	17,502,324	44,578	340,592	-	3,990,756	-	-
1957-58	19,145,681	15,087,845	47,081	268,303	-	3,719,546	22,906	-
1958-59	24,464,835	16,823,967	92,590	262,284	-	7,233,410	-	52,584
1959-60	18,775,307	15,557,180	97,561	243,608	5,566	2,824,338	-	47,054
1960-61	17,015,511	14,754,716	106,499	181,639	-	1,851,851	72,453	48,353
1961-62	18,900,293	15,695,999	125,886	178,689	-	2,896,920	2,799	-

PERMANENT UNIVERSITY FUND
SCHEDULE OF INVESTMENT INCOME
DISTRIBUTED TO THE AVAILABLE UNIVERSITY FUND
From Inception through August 31, 1997

Year	Total	Oil, Gas and Sulfur Royalties	Water Royalties and Rentals (1)	Rentals on Mineral Leases (2)	Misc. (3)	Bonuses on Mineral Leases	Gains (Losses) Bonds	Gains (Losses) Equity Securities
1962-63	\$ 17,555,883	\$ 14,776,924	\$ 114,126	\$ 172,564	\$ -	\$ 2,239,940	\$ 227,329	\$ 25,000
1963-64	19,604,162	14,573,732	120,977	188,552	-	4,709,007	11,894	-
1964-65	28,761,936	16,129,182	119,387	218,235	-	12,295,111	21	-
1965-66	27,359,222	15,277,898	113,895	257,859	427	11,709,055	88	-
1966-67	17,077,814	15,547,261	123,402	281,032	1,523	930,920	13,784	179,892
1967-68	22,700,589	16,513,545	124,983	231,846	-	5,409,497	5	420,713
1968-69	23,112,761	16,638,055	135,086	319,027	45,443	4,133,164	9,949	1,832,037
1969-70	26,398,948	16,410,890	156,467	305,394	4,616	1,966,392	7,454	7,547,735
1970-71	26,671,949	18,388,315	172,841	276,364	-	1,838,208	965,438	5,030,783
1971-72	35,726,044	19,518,332	154,055	342,591	57,630	5,055,031	(25,860)	10,624,265
1972-73	38,779,680	18,966,511	164,131	445,247	18,308	7,066,026	(8,168,562)	20,288,019
1973-74	44,929,035	31,541,165	296,926	446,989	-	12,542,069	27,324	74,562
1974-75	67,487,859	58,512,449	204,565	690,281	-	8,265,982	24,913	(210,331)
1975-76	72,826,764	70,123,016	242,133	599,275	-	15,379,248	(12,574,690)	(942,218)
1976-77	91,472,199	76,597,813	251,655	1,116,030	78,484	13,862,279	7,589	(441,651)
1977-78	97,250,392	76,845,154	295,196	1,401,704	97,312	18,573,336	24,576	13,114
1978-79	90,497,385	76,636,939	280,463	2,343,378	26,639	10,817,523	62,420	330,023
1979-80	122,649,528	119,356,297	436,346	2,550,237	45,517	252,799	58,756	(50,424)
1980-81	262,882,837	160,284,566	393,453	2,954,156	42,656	98,282,136	(342,583)	1,268,453
1981-82	206,393,579	178,286,243	430,942	2,558,661	103,509	20,221,156	(1,037,956)	5,831,024
1982-83	176,874,953	154,701,532	483,778	1,997,907	27,637	742,382	1,834,081	17,087,636
1983-84	179,902,223	145,186,364	855,113	2,314,847	15,886	7,253,984	1,144,757	23,131,272
1984-85	234,353,208	135,421,797	612,810	1,736,478	23,795	244,093	(10,502)	96,324,737
1985-86	288,651,796	109,510,169	791,816	822,775	38,870	6,171,722	(13,846,383)	185,162,827
1986-87	314,013,997	73,147,583	635,417	497,731	5,920	6,984,753	4,570,190	228,172,403
1987-88	162,578,213	75,431,807	713,388	592,240	24,721	3,567,967	(15,049,889)	97,297,979
1988-89	212,273,613	67,236,036	1,126,927	869,198	35,330	2,554,808	(79,505)	140,530,819
1989-90	140,687,878	71,539,477	1,095,340	883,053	43,724	4,913,078	(719,879)	62,933,085
1990-91	91,400,742	85,049,436	1,078,680	772,629	24,361	2,383,108	(7,628,745)	9,721,273
1991-92	130,436,316	61,471,027	632,345	564,767	32,212	1,940,976	5,243,867	60,551,122
1992-93	387,367,098	64,953,037	1,011,129	615,118	23,989	2,740,202	13,143,299	304,880,324
1994-95	162,615,650	51,213,573	841,771	540,888	187,942	4,313,279	1,488,016	104,030,181
1995-96	262,512,757	56,625,850	879,033	680,851	183,324	7,318,671	6,531,264	190,293,764
1996-97	336,178,706	69,849,855	527,472	978,821	36,560	13,794,067	(2,568,613)	253,560,544
Total	\$ 4,974,515,767	\$ 2,514,268,494	\$ 17,628,585	\$ 36,892,466	\$ 2,887,799	\$ 494,446,638	\$ (17,313,491)	\$ 1,925,705,276

(1) Consists of water royalties, lease rentals and brine royalties. Beginning 1989 includes brine lease rentals.

(2) Consists of oil and gas rentals and sulfur lease rentals. Prior to 1989 includes brine lease rentals.

PERMANENT UNIVERSITY FUND
SCHEDULE OF INVESTMENT INCOME
DISTRIBUTED TO THE AVAILABLE UNIVERSITY FUND

Years Ending August 31, 1972 Through 1997

Year Ending August 31,	Market Value		Book Value					
	Total Investments	Total Investments	U. S. Government Obligations	U. S. Government Agencies (Non-Gtd)	Foreign Government Obligations	Corporate Bonds (1)	Equity Securities (2)	Cash & Cash Equivalents
1972	\$ 633,752,043	\$ 630,575,060	\$ 145,803,494	\$ -	\$ -	\$ 233,763,863	\$ 247,398,863	\$ 3,608,840
1973	617,918,754	669,354,740	135,744,463	-	-	243,453,994	258,638,644	31,517,639
1974	527,782,501	714,283,775	155,858,761	1,000,000	-	247,562,656	269,522,514	40,339,844
1975	670,731,301	781,771,634	208,918,986	1,000,000	-	279,571,991	270,865,293	21,415,364
1976	835,071,286	854,598,399	242,294,931	1,000,000	-	281,548,560	298,523,549	31,231,359
1977	919,814,402	946,070,598	261,884,550	1,000,000	-	292,352,324	344,731,989	46,101,735
1978	1,008,404,752	1,043,320,990	316,232,682	1,000,000	-	297,913,283	373,021,438	55,153,587
1979	1,094,333,796	1,133,818,376	341,448,556	17,788,975	-	326,340,719	396,179,645	52,060,481
1980	1,150,403,914	1,256,467,903	371,023,096	16,152,581	-	388,186,878	434,713,755	46,391,593
1981	1,293,316,410	1,519,350,741	444,816,629	23,535,098	-	475,321,515	425,512,468	150,165,031
1982	1,615,383,489	1,725,744,320	510,405,770	38,111,206	-	568,225,859	500,389,055	108,612,430
1983	2,011,544,826	1,902,619,273	589,721,845	32,089,505	-	630,357,639	579,748,769	70,701,515
1984	2,150,403,445	2,082,521,497	619,104,344	18,083,086	-	668,456,134	701,217,910	75,660,023
1985	2,556,286,339	2,316,874,704	579,011,221	25,515,038	-	706,713,287	626,924,265	378,710,893
1986	3,112,081,335	2,605,526,501	605,012,042	53,762,857	-	694,416,299	767,028,385	485,306,918
1987	3,395,190,361	2,919,540,498	503,934,291	176,478,682	-	688,050,906	864,579,822	686,496,797
1988	3,227,421,237	3,082,118,711	471,684,660	284,347,623	-	712,645,527	997,439,895	616,001,006
1989	3,740,390,017	3,294,392,325	624,382,654	316,207,653	-	735,211,572	1,150,005,562	468,584,884
1990	3,541,314,859	3,435,080,203	564,158,127	313,131,769	2,000,000	748,962,695	1,180,358,091	626,469,521
1991	3,921,627,069	3,526,480,946	643,177,509	331,608,491	19,433,109	846,531,726	925,632,834	760,097,277
1992	4,145,368,809	3,656,917,262	540,306,924	395,147,012	31,471,579	905,768,815	1,289,434,798	494,788,134
1993	4,468,746,378	4,044,284,360	459,867,750	452,380,669	66,532,614	1,139,272,165	1,537,380,599	388,850,563
1994	4,433,280,546	4,218,519,444	422,160,628	385,978,218	89,341,232	1,285,752,081	1,735,772,405	299,514,880
1995	4,956,939,846	4,374,243,071	397,423,293	353,890,585	95,394,478	1,371,230,907	1,853,302,651	303,001,157
1996	5,292,615,076	4,638,855,920	386,096,365	333,274,845	95,444,829	1,482,103,217	2,191,929,043	150,007,621
1997	6,368,112,993	4,974,350,766	403,141,407	321,812,761	98,413,282	1,377,264,435	2,626,062,122	147,656,759

- (1) 1979 and subsequent years include Corporate, Municipal and County Bonds and Preferred Stocks.
(2) Includes Convertible Debentures, Convertible Preferred Stocks, Limited Partnerships & Other, Common Stocks and Index Funds.
(3) Periods prior to 1994 are reported on a settlement date basis.

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