



**Long Term Fund
Investment Summary Report
(\$ millions)**

	1st Quarter 11/30/00	2nd Quarter 2/28/01	3rd Quarter 5/31/01	4th Quarter 8/31/01	Year-to- Date
Beginning Net Assets	\$ 3,136.2	\$ 2,921.0	\$ 2,918.1	\$ 2,938.2	\$ 3,136.2
Net Contributions	25.9	32.8	34.1	20.4	113.2
Investment Return	(208.7)	(3.2)	18.2	(82.8)	(276.5)
Expenses	(1.2)	(0.8)	(0.2)	(0.1)	(2.3)
Distributions (Payout)	(31.2)	(31.7)	(32.0)	(32.4)	(127.3)
Ending Net Assets	\$ 2,921.0	\$ 2,918.1	\$ 2,938.2	\$ 2,843.3	\$ 2,843.3
Net Asset Value, Per Unit	\$ 5.726	\$ 5.657	\$ 5.630	\$ 5.412	\$ 5.412
No. of Units (End of Period)	510,164,819	515,880,951	521,900,910	525,401,525	525,401,525
Distribution Rate Per Unit	\$ 0.06125	\$ 0.06125	\$ 0.06125	\$ 0.06125	\$ 0.24500
<p>Note: On March 1, 2001, the Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the LTF's contribution of its net asset value as of February 28, 2001. Commencing with the 3rd quarter, the Investment Summary includes the summary activity of LTF's ownership in GEF.</p>					

Year End Commentary August 31, 2001

During the year, net contributions totaled \$113.2 million representing an increase of 3.2% from the prior fiscal year. The number of endowments and other accounts underlying the LTF increased by over 250 accounts. Total net investment return for the year was negative 8.80% versus a negative 5.71% for the Endowment Policy Portfolio; UTIMCO's computed benchmark for endowment funds. (LTF total net unannualized investment return and the benchmark return for the fourth quarter was negative 2.78% and negative 2.44%, respectively.) Beginning with the purchase of General Endowment Fund (GEF) units on March 1, 2001, the LTF no longer invests in individual securities except for GEF units and a negligible amount of cash. The LTF, therefore, is actively managed to the Endowment Policy Portfolio through its investment in the GEF.

Distributions to the over 5,600 endowment and other accounts underlying the LTF totaled \$127.3 million for the year; an increase in distributions of 10.5% versus the prior fiscal year. On a per unit basis, each endowment's ownership in the LTF decreased from \$6.198 to \$5.412 a share during the year.

Third Quarter Commentary

On March 1, 2001, the LTF purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the LTF's contribution of its net asset value as of February 28, 2001. The asset allocation and performance is representative of the asset allocation for the GEF. The LTF's performance is measured against the endowment neutral policy portfolio return. Total investment return for the quarter was .61% versus the neutral policy return of 1.17%.

Distributions to the 5,589 endowment and other accounts underlying the LTF totaled \$32.0 million; an increase in distributions of 4% versus the third quarter of the prior year. On a per unit basis, each endowment's ownership in the LTF decreased from \$5.657 to \$5.630 a share.

Second Quarter Commentary

The LTF's performance is measured against the endowment neutral policy portfolio return. Total net investment return for the quarter was (.17%) versus the neutral policy portfolio return of .59%. The neutral policy portfolio return is the neutrally weighted average index return for the various asset classes in the endowment portfolio. Fixed income, as an asset class, posted positive returns for the quarter with the Lehman Aggregate Bond Index returning 4.42% and the Salomon Non-U. S. World Government Bond Index posting a return of 3.23%. Equities, as an asset class, posted mixed returns with the S&P 500 Index and Russell 2000 Index posting returns of negative 5.43% and positive 6.75, respectively for the quarter. Non-U. S. equities also posted mixed returns with the MSCI Eafe Index posting a negative return of 4.26% and the MSCI Emerging Markets posting a positive return of 6.94%. The benchmarks for the alternative marketable and alternative nonmarketable asset classes were positive for the quarter at 3.38% and 4.00%, respectively.

Distributions to the 5,528 endowment and other accounts underlying the LTF totaled \$31.7 million; an increase in distributions of 19% versus the second quarter of the prior year. On a per unit basis, each endowment's ownership in the LTF decreased from \$5.726 to \$5.657 a share. Quarter-end asset allocation was 77% broadly defined equities, 20% fixed income and 3% cash and cash equivalents.

First Quarter Commentary

The LTF's performance is measured against the endowment neutral policy portfolio return. The neutral policy portfolio return is the neutrally weighted average index return for the various asset classes in the endowment portfolio. Fixed income, as an asset class, posted positive returns for the quarter with the Lehman Aggregate Bond Index returning 2.95% and the Salomon Non-U.S. World Government Bond Index posting a negative return of .50%. Equities, as an asset class, posted negative returns with the S&P 500 Index and Russell 2000 Index posting returns of 13.11% and 16.79%, respectively, for the quarter. Non-U. S. equities also posted negative returns with the MSCI Eafe Index and the MSCI Emerging Markets posting negative returns of 10.60% and 22.95%, respectively. The benchmarks for alternative marketable, alternative nonmarketable and the inflation hedging asset class were positive for the quarter at 3.38%, 4.00% and 4.63%, respectively. Diversification of the endowment's assets to the alternative and inflation hedging asset classes mitigated the losses of the U. S. and non-U. S. equity portfolios for the quarter.

Distributions to the 5,466 endowment and other accounts underlying the LTF totaled \$31.2 million; an increase in distributions of 18% versus the first quarter of the prior year. On a per unit basis, each endowment's ownership in the LTF decreased from \$6.198 to \$5.726 a share. Total net investment return for the quarter was negative 6.60% versus the neutral policy portfolio return of negative 5.03%. Asset allocation was 19% fixed income and 81% broadly defined equities.