

SHORT INTERMEDIATE TERM FUND

1. What is the Fund's Purpose?

The purpose of the Fund is to provide a short intermediate term pooled investment vehicle for operating and other short and intermediate term funds of U. T. System institutions and System Administration. The Fund also serves as the self-liquidity facility for \$750 million of U.T. System Revenue Financing System Notes, \$45.6 million of U.T. System Revenue Financing System Refunding Bonds, and \$50 million of U.T. System Revenue Financing System Taxable Commercial Paper Notes.

2. What is the Fund's Goal?

The Fund's primary goal is to provide both income through investment in high grade fixed income and floating rate obligations and capital appreciation when consistent with income generation and maintenance of adequate Fund liquidity.

3. What is the Fund's Investment Strategy?

The Fund's strategy is to invest in a portfolio of high grade fixed income obligations, which shall provide both income and capital appreciation. The Fund shall seek to meet its investment objective by adding value through active management including duration and yield curve management, sector rotation, security selection, and cost efficient trading.

4. What is the Fund Rated?

The Fund carries an AAA_f credit quality rating and a bond fund volatility rating of S₂ from Standard & Poor's, Inc. (S&P). AAA is the highest credit quality rating issued by S&P. An S₂ rating indicates low to moderate market risk exposure.

5. What are the Significant Risks?

The performance of the Fund depends primarily on the income generated by its holdings. Fluctuations in the Fund's market value are created by changes in the prices of bonds held in the Fund. Such price changes are the result of changes in investors' perception of credit risk and/or changes in interest rates. Since the Fund's holdings are limited to U.S. Government, Government Agency securities and high quality commercial paper, credit risk is very low. In addition, the relatively short duration of the Fund's holdings reduces the impact of price changes on the market value.

6. What Accounts are Appropriate for the Fund?

The Fund is appropriate for an account where the investment horizon is between 1 and 5 years.

7. What is the Net Asset Value of the Fund?

The net asset value of the Fund was \$1,222.4 million as of August 31, 2005.

8. How Many U. T. System Institutions are Invested in the Fund?

There were 14 system institution accounts, an account for UTIMCO, as well as system administration accounts invested in the Fund as of August 31, 2005.

9. What are the Fund's Expenses?

Operating expenses are paid out of the Fund's assets. Expenses are factored into the Fund's income distribution and are not charged directly to the unitholder's account. There are no individual unitholder account charges.

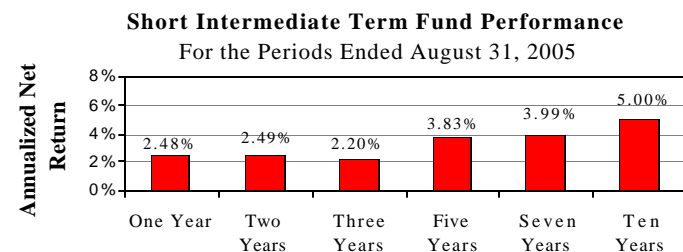
The following is the Fund's operating expenses for the fiscal year ended August 31, 2005 (calculated as a percentage of average net assets):

Investment Management fees	.025%
Custodian expense	.006%
Other expenses	.007%
Total Fund operating expenses	<u>.038%</u>

10. Who is the Fund's Investment Manager?

The Fund's investment manager is The University of Texas Investment Management Company (UTIMCO). As of August 31, 2005, UTIMCO was responsible for the investment of \$18,325.0 million of Permanent University Fund and other U. T. System assets pursuant to an investment management agreement with the Board of Regents.

11. How has the Fund Performed?



Annualized net returns are total returns less investment management expenses. They are based on past results and are not an indication of future performance. The Fund commenced operations on March 1, 1993.

12. How are Investment Units Purchased and Sold?

Units are purchased and sold weekly on Wednesdays and the first business day of each month. The Fund's Custodian must be notified by 10 a.m. C.S.T. on the day of the transaction.

13. How are Distributions Made?

Income available for distribution is determined on an accrual basis of accounting. The Fund's income is either reinvested or distributed to the unitholders monthly based on the unitholders' instructions. Income is reinvested on the first business day and is distributed on the second business day following the month it is earned.

14. What Services are Available?

The Fund provides a variety of services including monthly and periodic statements and reports as well as general information and assistance through UTIMCO. U.T. System institutions may obtain individual account information via an online account information system. Information on the Fund is also available via UTIMCO's Internet site.

The University of Texas System

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System Administration

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The University of Texas System



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Summary