

UNIVERSITY OF HOUSTON SYSTEM

Endowment Management Committee

February 15, 2011

AGENDA

UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT MANAGEMENT COMMITTEE MEETING

DATE: Tuesday, February 15, 2011

TIME: 1:30 p.m.

PLACE: Hilton University of Houston Hotel
Waldorf Astoria Ballroom E, Second Floor
4800 Calhoun
Houston, Texas 77204

Chair: Jarvis V. Hollingsworth

Vice Chair: Jim P. Wise

Members: Mica Mosbacher
Carroll Robertson Ray, Ex Officio

Advisory

Members: Michael J. Cemo
J. Christopher Jones

ENDOWMENT MANAGEMENT COMMITTEE

A. Call to Order

B. Approval of Committee Minutes

- November 15, 2010, Endowment Management Committee Meeting

Action: Approval

C. Report and Recommendations from Cambridge Associates Regarding Endowed and Non-Endowed Assets – University of Houston System EM – 1

Action: Information and/or Approval

D. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund – University of Houston System EM – 2

Action: Approval

- E. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund – University of Houston System EM – 3

Action: Approval

- F. Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund – University of Houston System EM – 4

Action: Approval

- G. Approve the FY2011 University Advancement Endowment Assessment Rate of 1.5% – University of Houston System EM – 5

Action: Approval

- H. Approval to liquidate the Joseph Michael Adamo Drama Scholarship Endowment – University of Houston System EM – 6

Action: Approval

- I. Approval is requested to modify the University of Houston System Endowment Fund Statement of Investment Objectives and Policies – University of Houston System EM – 7

Action: Approval

- J. External Audit Report – University of Houston System Endowment Fund, Financial Statements and Independent Auditor's Report for FY2010 and FY2009 – University of Houston System EM – 8

Action: Information

- K. Adjourn

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Report and Recommendations from Cambridge Associates Regarding
Endowed and Non-Endowed Assets

DATE PREVIOUSLY SUBMITTED:

SUMMARY:


The Committee will receive reports and recommendations from its investment consultant, Cambridge Associates, and discuss investment strategies for the System's Endowment Fund and Non-Endowed Funds.

SUPPORTING DOCUMENTATION: Cambridge Associates discussion materials book

FISCAL NOTE:

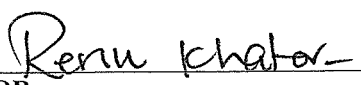
**RECOMMENDATION/
ACTION REQUESTED:** Information and/or Approval. If necessary, administration
recommends approval of this item.

COMPONENT: University of Houston System



EXECUTIVE VICE CHANCELLOR Carl Carlucci

2/1/2011
DATE



CHANCELLOR Renu Khator

2/2/11
DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund. The Committee will receive a report from the System's investment consultant, Cambridge Associates, regarding their recommendation to hire an Asia focused long-short equity hedge fund manager which invests across the Asia region with an emphasis on Japan, South Korea, and China. The fund seeks to produce returns with volatility that is significantly lower than that of the underlying markets by maintaining low net country and industry exposures.

SUPPORTING DOCUMENTATION: Detail of this manager is included in the Cambridge Associates discussion materials book.

FISCAL NOTE:

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

2/1/2011
DATE


CHANCELLOR

Renu Khator

2/2/11
DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund. The Committee will receive a report from the System's investment consultant, Cambridge Associates, regarding their recommendation to hire a fundamental long-short equity hedge fund manager focused predominantly on developed markets in Western Europe. The fund invests primarily in mid and large cap equities and across a variety of industry sectors.

SUPPORTING DOCUMENTATION: Detail of this manager is included in the Cambridge Associates discussion materials book.

FISCAL NOTE:

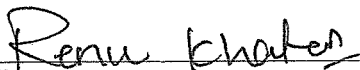
RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System



EXECUTIVE VICE CHANCELLOR Carl Carlucci

2/1/2011
DATE



CHANCELLOR Renu Khator

2/2/11
DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund.

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Approval is requested to delegate authority to the Chancellor to negotiate and execute a contract for the hiring of an investment manager for the University of Houston System Endowment Fund. The Committee will receive a report from the System's investment consultant, Cambridge Associates, regarding their recommendation to hire a venture capital fund-of-funds manager.

SUPPORTING DOCUMENTATION: Detail of this manager is included in the Cambridge Associates discussion materials book.

FISCAL NOTE:

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

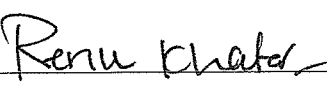
COMPONENT: University of Houston System



EXECUTIVE VICE CHANCELLOR Carl Carlucci

2/1/2011

DATE



CHANCELLOR Renu Khator

2/2/11

DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approve the FY2011 University Advancement Endowment Assessment
Rate of 1.5%

DATE PREVIOUSLY SUBMITTED: February 16, 2010

SUMMARY:

Approval is requested to continue assessing the UH System Endowment at a rate of 1.5% for FY2011 (FY2012 spending). This represents the annual approval by the Board of this assessment. The Endowment Statement of Investment Objectives and Policies permits the system to annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The investment policy also states that the Board shall annually review and approve the fee. The fee is based as a percentage of the fiscal year end market value averaged over rolling three-year periods for eligible endowments. If an endowment has been in existence less than three years, the average will be based on the number of years in existence.

**SUPPORTING
DOCUMENTATION:**

FISCAL NOTE: Estimated assessment for FY2012 spending is \$3.5 million, which is the same as the FY2011 spending.

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

2/1/2011
DATE


CHANCELLOR

Renu Khator

2/2/11
DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval to liquidate the Joseph Michael Adamo Drama Scholarship Endowment

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

In accordance with UH System policy 3.F.02 – sections 3.4.2 and 3.15, approval is requested to liquidate the Joseph Michael Adamo Drama Scholarship Endowment currently invested in the UH System Endowment. This endowment was established in November 1991 to provide scholarships for drama students at UH. As of January 2011, the endowment has only received \$5,175 in gifts toward the pledge of \$20,000. In accordance with the terms of the endowment agreement, the endowment will be dissolved since the total pledge has not been reached. The endowment proceeds will be transferred to an operating fund to be spent for drama scholarships in accordance with the intent of the endowment.

**SUPPORTING
DOCUMENTATION:**

FISCAL NOTE: Market value is \$8,326 as of 12/31/10.

RECOMMENDATION/ACTION REQUESTED: Administration recommends approval of this item.

COMPONENT: University of Houston System


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

2/1/2011
DATE


CHANCELLOR

Renu Khator

2/2/11
DATE

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: Approval is requested to modify the University of Houston System Endowment Fund Statement of Investment Objectives and Policies

**DATE PREVIOUSLY
SUBMITTED:** November 16, 2010

SUMMARY:


Approval is requested to modify the UH System Endowment Fund Statement of Investment Objectives and Policies to elaborate on the situations that may give rise to rebalancing the portfolio and the timing of the rebalancing and clarify that investment managers are delegated proxy voting responsibility and are expected to vote such proxies in such a way as to maximize the value of related shares and in a manner consistent with the best interests of the University.

FISCAL NOTE:

**SUPPORTING
DOCUMENTATION:** Blacklined and clean version of the policy

ACTION REQUESTED: Approval

COMPONENT: University of Houston System


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

DATE

2/1/2011


CHANCELLOR

Renu Khator

DATE

2/2/11

UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT FUND
STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES
Approved by the Board of Regents ~~November 16, 2010~~ February 15, 2011

PREFACE

The University of Houston System Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the endowment, thereby sustaining its ability to generate support for both current and future generations of students. As part of a commitment to long-range financial equilibrium, the Regents have adopted the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income so as to keep pace with inflation and evolving university needs, while generally performing above the average of the markets in which the assets are invested. Pursuant to Board Bylaw, the Endowment Management Committee has been established as a standing committee to assist the Board in fulfilling its fiduciary responsibilities.

To achieve its investment objectives the University of Houston System retains independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The Endowment Management Committee shall:

- a) Review and recommend to the Board changes to investment policies;
- b) Review and recommend to the Board the university advancement assessment rate;
- c) Review and recommend to the Board asset allocation long-term targets and ranges;
- d) Review and recommend to the Board external investment consultants;
- e) Monitor, evaluate, hire or terminate external investment managers;
- f) Establish investment manager guidelines;
- g) Monitor and adjust the actual allocation of assets through additions and withdrawals of funds among managers and investment media to conform to the long-term targets insofar as practical; and
- h) Oversee the results of the independent managers and report periodically to the Board and the university community.

FORWARD

This policy is intended to be ongoing until the next review is completed. Comprehensive reviews are to be completed every five years.

It is the general practice of the University of Houston System to pool endowment resources. For investment purposes however, the assets are managed in separate endowment fund accounts. The following statement sets out explicit policies for the

pooled endowment but would apply to non-pooled holdings as well. The Regents seek superior investment returns through professional management but not by assuming imprudent risks.

FINANCIAL OBJECTIVES

The primary long-term financial objective for the University endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of at least ten years, which should encompass several market cycles.

INVESTMENT OBJECTIVES

In order to meet the financial objective stated above, the primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the costs of managing the investment fund, and expressed in real (or inflation adjusted) terms. Given the current System spending rate of 6% (which includes 4% payout, 1.5% university advancement assessment, and 0.5% costs of managing the investment fund), the objective of this fund will be to earn a real (inflation adjusted) return of 6.0% when measured over rolling periods of at least five years. It is also understood that due to market conditions there may be five-year periods where this objective is exceeded and purchasing power is enhanced, as well as five-year periods where the objective is not met and purchasing power is diminished. The medium-term objective for the endowment is to outperform each of the capital markets in which assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer. In addition, the performance of the overall endowment is expected to be consistently in at least the second quartile of the university's peer group, as measured by the NACUBO-Commonfund Study of Endowments over rolling five-year time periods, as well as comparison annually to a peer group provided by an outside advisor. Thus, the Endowment Management Committee is responsible for allocating assets to segments of the market and to managers who will provide superior performance when compared with both managers of other educational endowments and with capital markets generally.

Finally, the total return of the University's investment portfolio should be evaluated against the return of a composite index consisting of appropriate benchmarks weighted according to the Endowment Management Committee's asset allocation targets.

INVESTMENT MANAGERS

In accordance with Board policy, hiring of investment consultants requires approval of the Board. Hiring of investment managers requires Endowment Management Committee approval except, when on the recommendation of the committee staff and the investment consultant, the chair of the Endowment Management Committee and the chair of the Finance and Administration Committee jointly determine that time is of the essence and

immediate action in lieu of a called committee meeting is necessary to hire or terminate an investment manager, the recommended change can then be made. The chair of the Endowment Management Committee will have the staff immediately report any such action taken to the members of the Endowment Management Committee and the Chairman of the Board of Regents after such action is taken.

Managers of marketable securities are expected to produce a cumulative annualized total return net of fees and commissions that exceeds an appropriate benchmark index over moving three to five-year periods, and should be above a median for active investment managers using similar investment philosophies over the same time periods. At their discretion, managers may hold cash reserves and fixed income securities up to 25% of portfolio market value with the understanding that their benchmark will not be adjusted to reflect cash holdings. Managers who wish to exceed these limits should secure prior approval from the Treasurer. The Treasurer, in turn, shall seek approval from the Executive Vice Chancellor or designee.

ENDOWMENT PAYOUT POLICY

The Regents of the University of Houston System have established an endowment payout policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs. Payout is derived from interest, dividends and realized gains, net of portfolio management fees. The historical rate of payout has been 4 to 5 percent. Going forward, the endowment will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board. The payout rate will be based as a percentage of the fiscal year end market value average over rolling three year periods. If an endowment has been in existence less than three years, the average will be based on the number of years in existence.

UNIVERSITY ADVANCEMENT ASSESSMENT

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The Board shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year end market value averaged over rolling three year periods. If an endowment has been in existence less than three years, the average will be based on the number of years in existence.

ASSET SELECTION AND ALLOCATION

It is understood that ownership assets (or equities) are to be the dominant asset class in the Endowment due to the superior long-term return offered by such assets. As such, equity assets may be thought of as the drivers of long-term Endowment return.

Although the long-term return from equity assets is superior, they have three primary drawbacks that must be addressed. The first is that periods of prolonged economic contraction (deflation) can be catastrophic. Although such periods are rare, the results of

such periods are severe enough to warrant holding a portion of the Endowment in assets (primarily intermediate to long-term high quality, non-callable fixed income securities), which are likely to appreciate in value during such periods. In this context, high quality shall mean a portfolio with an average credit quality of AA or better, although active managers may choose to hold select investment grade securities with lower ratings. The goal of such holdings would be to provide sufficient liquidity to the Endowment to meet payout needs over a three to five-year period without having to sell a significant portion of the equities at “fire-sale” prices. Adherence to this policy will keep equity holdings intact and allow the Endowment to reap the rewards of a return to a more normal economic environment.

The second drawback to a reliance on equity ownership is the effects of an unexpected rise in the rate of inflation. Such rises have traditionally been problematic for most types of equity assets, and given the System’s stated goal of preserving purchasing power by achieving an attractive inflation adjusted return, some portion of the Endowment should be invested in assets that will appreciate in value during periods of unexpected inflation.

Lastly, equity assets are subject to greater degrees of risk. Risk takes many forms and is usually thought of in terms of volatility of investment returns. Volatile investment returns translate into a level of support for the System’s programs that (even with the smoothing effect of the rolling three-year average market value payout rule) is variable over time. In order to control this variability to a tolerable level, some allocation is warranted to assets that produce attractive returns, but in a more absolute (or less variable) pattern. It is understood that such absolute return assets will invariably return less than equity assets, given rational markets.

After providing for the three broad categories noted above, the remainder of the Endowment should be invested in equity assets, broadly defined and broadly diversified. Broad diversification is required not only to further smooth the pattern of returns, but to protect the endowment from the risks associated with undue concentration in any one type of equity asset. Although other forms of diversification may be considered, it is understood that the Endowment’s equity assets will be diversified by style (growth versus value), geography (domestic versus foreign), and market capitalization (large-cap versus small).

Current policy targets and ranges for the Endowment are as follows:

	Long-Term <u>Target</u>	<u>Range</u>
Risk Controlling Assets	32.5%	30 to 50%
Deflation Protection (high quality bonds)	15%	10 to 30%
Inflation Protection	10%	5 to 15%

Assets to be considered for inclusion in this category include: Real Estate/REITs, TIPS (Treasury Inflation Protected Securities), and Energy or Commodities.

Absolute Return	7.5%	5 to 15%
-----------------	------	----------

Assets to be considered for inclusion in this category would primarily include defensive arbitrage or absolute return funds. Bonds may also be held in some circumstances as absolute return vehicles, and in some circumstances a particular real estate manager may be viewed to qualify as such a holding as well.

Drivers of Return	67.5%	50 to 70%
Domestic Mid to Large Cap Equities	22.5%	15 to 35%
Domestic Small-cap Equities	2.5%	0 to 10%

Large and mid-cap equities are defined as the 1000 largest companies traded in the United States, while small cap equities are considered to be the next 2000 stocks in terms of size. This characterization is compatible with the constitution of the Russell 1000, Russell 2000 and Russell 3000 Indexes.

Non U.S. Equities	20%	15 to 35%
Emerging Market Equities	5%	2.5 to 7.5%
Long/Short Equity Managers	7.5%	5 to 15%
Non Marketable Equity Managers	10%	0 to 12%

Managers to be considered for inclusion in this category include private equity or venture capital managers, as well as real estate funds with comparable expected returns, and other funds subject to multi-year lock-ups.

Alternative Investment Risks

For the purposes of this section, “alternative investments” refers to investments in long/short equity, absolute return, private equity, private real estate and venture capital, as well as other investments employing leverage, short sales, or illiquid investment vehicles. The investments are made in the Endowment in order to improve diversification, reduce overall volatility, and enhance return. However, the Endowment Management Committee recognizes that these investments also present additional risks beyond those posed by investments in traditional marketable securities such as stocks and bonds. Among these risks are:

1. *Liquidity Risk*: most alternative investments impose restrictions on redemptions or require multi-year locks.
 - a. This risk is mitigated by imposing restrictions on the amount of the Endowment that may be allocated to alternative investments as detailed above. In addition, the Endowment Management Committee will review at

least annually the level of portfolio liquidity across all asset classes in order to ensure that there is sufficient liquidity to meet all obligations.

2. *Non-regulation risk:* Historically, alternative managers have been exempt from registration with the SEC, which has allowed them to employ strategies (such as short sales and use of leverage) forbidden by most traditional investment managers, as well as to avoid disclosing specific details of their investment practices or portfolio holdings.
 - a. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers will be required to register with the SEC under the Investment Advisers Act of 1940. This Act will require registered managers to file documents with the SEC and for public record describing the nature of the business, fees charged, types of clients, and details on compliance policies. It will also provide to investors a greater level of detail into portfolio strategy and investment.
 - b. Venture capital managers will, however, remain exempt from the Investment Advisers Act and will therefore remain unregistered with the SEC.
 - i. This risk will be mitigated by performing detailed due diligence on these managers and monitoring them regularly as described below, as well as by diversifying manager risk through multiple direct and fund-of-fund investments.
3. *Transparency Risk:* alternative managers are not required to disclose portfolio holding details to the same extent that traditional marketable managers are, and are often reluctant to do so in order to preserve their perceived advantage over other investors.
 - a. This risk will be mitigated somewhat by the Dodd-Frank Act and the increased transparency provided by the requirement to file Form ADV with the SEC. Beyond that, however, the Endowment Management Committee, staff, and any outside advisors shall emphasize those managers who will provide at least the following level of detail into their investment portfolios:
 - i. Number of short and long positions
 - ii. The use of leverage
 - iii. Net market exposure
4. *Investment Strategy Risk:* alternatives often employ sophisticated and potentially riskier strategies, and may use leverage.

- a. This risk will be mitigated by intensive due diligence and monitoring of potential alternative managers described below. An emphasis will be placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance.
5. *Foreign Currency Risk*: changes in exchange rates could adversely affect fair value of the Endowment Fund.
- a. The Endowment Management Committee recognizes that exposure to foreign currency acts as a hedge against a declining or collapsing dollar. In this way, such investments help to reduce risk in the portfolio. However, the Committee will review the level of exposure to foreign currencies periodically in order to ensure that there are no unintended risks in the portfolio.

The following principles shall guide the selection of alternative investment managers:

- Diversify across managers to mitigate systematic and organizational risk, but avoid over-diversification.
- Diversify by strategy and geography to decrease correlations within the program.
- Emphasize qualitative evaluation of managers, as a manager's quantitative characteristics may change over time and in different market conditions.
- Discourage the use of significant leverage, and emphasize managers with a demonstrated skill in generating returns on assets as opposed to returns on equity.
- Avoid strategies that are trading oriented, highly complex, or quantitatively driven.

In addition, the investment manager due diligence process shall include the following functions, to be performed by some combination of outside consultants/advisors and internal staff:

- Background checks
 - o Reference checks
 - o News searches
 - o Industry consultation
- Review of vendor relationships
 - o Prime brokers
 - o Auditors
 - o Fund administrators
 - o Legal counsel
- Operational review
 - o On site visits
 - o Procedural
 - o Organizational

Monitoring of the overall program-level and manager-level exposures and investment results shall be administered in accordance with the following schedule by some combination of outside consultants/advisors and internal staff:

Monthly (For Long/Short Equity and Absolute Return Managers)

- Reports of performance and asset allocation.
- Proactive contact with investment managers whose performance falls outside of the expected range.

Quarterly or Semi-Annually

- Calls with investment managers.
- For long/short equity and absolute return managers, detailed performance reports and analysis providing information such as top long positions, net and gross exposures, exposure by strategy and geography, and organizational changes.

Annually

- On site meetings with managers and attendance at annual meetings.

The Endowment Management Committee reviews and recommends to the Board the above asset allocation long-term targets and ranges, and the actual allocation of assets will be adjusted through additions and withdrawals of funds among managers and investment media to conform to these targets insofar as practical.

REBALANCING

The Committee recognizes the importance of periodically rebalancing the Endowment's asset allocation, namely to ensure that variation in returns among assets do not create outsized deviations from target allocations that cause Endowment performance to diverge from expected policy performance. To the extent possible, the Endowment will utilize naturally occurring cash movement opportunities to rebalance the Endowment portfolio. Such naturally occurring opportunities include:

- The sourcing of cash for spending needs (withdrawals)
- The infusion of cash (contributions) into the existing portfolio
- Manager changes (partial or complete subscriptions or redemptions)
- Other cash transactions (i.e., dividends, interest income, return on capital, etc.)

Formatted: Bullets and Numbering

The Treasurer and Investment Consultant (if any) will monitor asset allocation and propose investment rebalancing recommendations (including a recommendation of no action if no rebalancing is needed) no less frequently than twice a year.

In addition to the rebalancing process described above~~through the deployment of cash flows~~, the Endowment ~~Management Committee~~ ("Committee") should ~~be consider~~ rebalancing whenever an exposure is meaningfully overweight or underweight its target range (typically when extreme market circumstances may create significant dislocations in actual allocation from target ranges), and ~~must rebalance to the upper range of the asset class once an exposure is 5% or more beyond the range specified for that asset class as measured at the end of the month.~~

Between meetings of the Committee, should the exposure for any asset class reach a level of 5% or ~~more-greater~~ beyond the uppermost or lower limit of the specified range as measured at the end of the month, the Treasurer shall consult with the System's Investment Consultant (if any) and develop a plan to rebalance asset allocation back within target ranges. Such an allocation plan's timing will depend to some extent on the asset classes involved (for instance, rebalancing hedge funds would inherently take more time than rebalancing U.S. equities given vehicle/liquidity constraints). In such instances, the Treasurer and Investment Consultant will then communicate the rebalancing plan to the Chief Financial Officer/Executive Vice Chancellor. Subsequent to this communication, the rebalancing plan will be executed as expeditiously as possible relative to market conditions and liquidity considerations. ~~make a recommendation to the Executive Vice Chancellor or designee as to the appropriate rebalancing actions to take. By mutual agreement, those parties may then proceed either to take what rebalancing actions they deem to be reasonable and practical or, in the alternative, the Executive Vice Chancellor may notify the Committee Chair who may call a special meeting of the Committee.~~ Any rebalancing actions taken by the Treasurer, ~~Executive Vice Chancellor or designee,~~ and Investment Consultant shall be communicated to the entire Committee by the Executive Vice Chancellor in a timely matter but in any case, no later than the next Committee meeting.

~~Between meetings of the Committee, should the exposure of any asset class reach a level of 5% or more below the lower end of the specified range, as measured at the end of the month, or the System receives an inflow at any one time that is more than 3% of the total market value of the endowment, the Executive Vice Chancellor shall notify the Committee Chair who shall convene a special meeting of the Committee to be held as soon as practical.~~

INVESTMENT MANAGEMENT

The endowment of the System will be managed primarily by external investment management organizations. Investment managers have discretion to manage the assets in each portfolio to best achieve the investment objectives, within the policies and requirements set forth in this statement, the investment manager agreement with the System including the guidelines for each investment manager, and subject to the usual standards of fiduciary prudence.

Each active investment manager with whom the System has a separate account will be provided with written statements of investment objectives and guidelines as part of the investment management contract that will govern his or her portfolio. These objectives shall describe the role the investment manager is expected to play within the manager structure, the objectives and comparative benchmarks that will be used to evaluate performance, and the allowable securities that can be used to achieve these objectives. Each manager will report performance quarterly, and if applicable monthly, consistent with these objectives and also indicate current annualized income and yield. These statements will be consistent with the Statement of Investment Objectives and Policies for the overall endowment as set forth herein. Investment managers will be provided with a copy of the Statement of Investment Objectives and Policies.

Additionally, each manager will be expected to use best efforts to realize the best execution price when trading securities and the settlement of all transactions (except investment pool funds and mutual funds) shall be done on a delivery versus payment basis.

SECURITIES LENDING

Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the University of Houston System and the custodian pursuant to a written agreement approved by the Board of Regents. Managers may not enter into securities lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board cannot dictate whether or not the manager will engage in securities lending. Therefore, System and its investment consultant (if any) shall make every effort either to avoid commingled investments, or to otherwise limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and non-marketable alternative investments are excluded from this limitation.

PROXY VOTING

The University of Houston System has delegated proxy voting responsibility for separately managed accounts to its investment managers—~~are responsible for voting proxies on behalf of the University of Houston System.~~ Such separate account managers are to vote proxies in such a way as to maximize the value of related shares as they deem suitable in maximizing value of the related shares, and in a manner consistent with the best interests of the University. When the manager is analyzing a proxy voting issue for the endowment and deciding how to vote, they should while taking into consideration the general positions of the Board of Regents as described in guidelines provided to each manager. It is noted in the case of commingled vehicles, voting rights on underlying company shares do not flow through to the System.

Formatted: Justified

ADVISORY COMMITTEES

The Endowment Management Committee may establish advisory groups to provide general investment advice, as well as advice on special investments, to the Endowment Management Committee and the staff of the Executive Vice Chancellor for Administration and Finance.

REVIEW PROCEDURES

A. Performance Measurement

The Endowment Management Committee intends to review quarterly the performance of the endowment and each investment manager's portfolio relative to the objectives and

guidelines described herein. The investment performance review will include comparisons with unmanaged market indices and the Consumer Price Index. A time-weighted return formula (that minimizes the effect of contributions and withdrawals) will be utilized for the overall endowment, although it is understood that individual managers may be evaluated using a dollar-weighted methodology, where appropriate.

B. Review and Modification of Policy

The Endowment Management Committee shall review this Policy at least once a year to determine if modifications are necessary or desirable. If substantive modifications are made, they shall be promptly communicated to responsible parties.

UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT FUND
STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES
Approved by the Board of Regents February 15, 2011

PREFACE

The University of Houston System Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the endowment, thereby sustaining its ability to generate support for both current and future generations of students. As part of a commitment to long-range financial equilibrium, the Regents have adopted the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income so as to keep pace with inflation and evolving university needs, while generally performing above the average of the markets in which the assets are invested. Pursuant to Board Bylaw, the Endowment Management Committee has been established as a standing committee to assist the Board in fulfilling its fiduciary responsibilities.

To achieve its investment objectives the University of Houston System retains independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The Endowment Management Committee shall:

- a) Review and recommend to the Board changes to investment policies;
- b) Review and recommend to the Board the university advancement assessment rate;
- c) Review and recommend to the Board asset allocation long-term targets and ranges;
- d) Review and recommend to the Board external investment consultants;
- e) Monitor, evaluate, hire or terminate external investment managers;
- f) Establish investment manager guidelines;
- g) Monitor and adjust the actual allocation of assets through additions and withdrawals of funds among managers and investment media to conform to the long-term targets insofar as practical; and
- h) Oversee the results of the independent managers and report periodically to the Board and the university community.

FORWARD

This policy is intended to be ongoing until the next review is completed. Comprehensive reviews are to be completed every five years.

It is the general practice of the University of Houston System to pool endowment resources. For investment purposes however, the assets are managed in separate endowment fund accounts. The following statement sets out explicit policies for the

pooled endowment but would apply to non-pooled holdings as well. The Regents seek superior investment returns through professional management but not by assuming imprudent risks.

FINANCIAL OBJECTIVES

The primary long-term financial objective for the University endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of at least ten years, which should encompass several market cycles.

INVESTMENT OBJECTIVES

In order to meet the financial objective stated above, the primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the costs of managing the investment fund, and expressed in real (or inflation adjusted) terms. Given the current System spending rate of 6% (which includes 4% payout, 1.5% university advancement assessment, and 0.5% costs of managing the investment fund), the objective of this fund will be to earn a real (inflation adjusted) return of 6.0% when measured over rolling periods of at least five years. It is also understood that due to market conditions there may be five-year periods where this objective is exceeded and purchasing power is enhanced, as well as five-year periods where the objective is not met and purchasing power is diminished. The medium-term objective for the endowment is to outperform each of the capital markets in which assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer. In addition, the performance of the overall endowment is expected to be consistently in at least the second quartile of the university's peer group, as measured by the NACUBO-Commonfund Study of Endowments over rolling five-year time periods, as well as comparison annually to a peer group provided by an outside advisor. Thus, the Endowment Management Committee is responsible for allocating assets to segments of the market and to managers who will provide superior performance when compared with both managers of other educational endowments and with capital markets generally.

Finally, the total return of the University's investment portfolio should be evaluated against the return of a composite index consisting of appropriate benchmarks weighted according to the Endowment Management Committee's asset allocation targets.

INVESTMENT MANAGERS

In accordance with Board policy, hiring of investment consultants requires approval of the Board. Hiring of investment managers requires Endowment Management Committee approval except, when on the recommendation of the committee staff and the investment consultant, the chair of the Endowment Management Committee and the chair of the Finance and Administration Committee jointly determine that time is of the essence and

immediate action in lieu of a called committee meeting is necessary to hire or terminate an investment manager, the recommended change can then be made. The chair of the Endowment Management Committee will have the staff immediately report any such action taken to the members of the Endowment Management Committee and the Chairman of the Board of Regents after such action is taken.

Managers of marketable securities are expected to produce a cumulative annualized total return net of fees and commissions that exceeds an appropriate benchmark index over moving three to five-year periods, and should be above a median for active investment managers using similar investment philosophies over the same time periods. At their discretion, managers may hold cash reserves and fixed income securities up to 25% of portfolio market value with the understanding that their benchmark will not be adjusted to reflect cash holdings. Managers who wish to exceed these limits should secure prior approval from the Treasurer. The Treasurer, in turn, shall seek approval from the Executive Vice Chancellor or designee.

ENDOWMENT PAYOUT POLICY

The Regents of the University of Houston System have established an endowment payout policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs. Payout is derived from interest, dividends and realized gains, net of portfolio management fees. The historical rate of payout has been 4 to 5 percent. Going forward, the endowment will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board. The payout rate will be based as a percentage of the fiscal year end market value average over rolling three year periods. If an endowment has been in existence less than three years, the average will be based on the number of years in existence.

UNIVERSITY ADVANCEMENT ASSESSMENT

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The Board shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year end market value averaged over rolling three year periods. If an endowment has been in existence less than three years, the average will be based on the number of years in existence.

ASSET SELECTION AND ALLOCATION

It is understood that ownership assets (or equities) are to be the dominant asset class in the Endowment due to the superior long-term return offered by such assets. As such, equity assets may be thought of as the drivers of long-term Endowment return.

Although the long-term return from equity assets is superior, they have three primary drawbacks that must be addressed. The first is that periods of prolonged economic contraction (deflation) can be catastrophic. Although such periods are rare, the results of

such periods are severe enough to warrant holding a portion of the Endowment in assets (primarily intermediate to long-term high quality, non-callable fixed income securities), which are likely to appreciate in value during such periods. In this context, high quality shall mean a portfolio with an average credit quality of AA or better, although active managers may choose to hold select investment grade securities with lower ratings. The goal of such holdings would be to provide sufficient liquidity to the Endowment to meet payout needs over a three to five-year period without having to sell a significant portion of the equities at “fire-sale” prices. Adherence to this policy will keep equity holdings intact and allow the Endowment to reap the rewards of a return to a more normal economic environment.

The second drawback to a reliance on equity ownership is the effects of an unexpected rise in the rate of inflation. Such rises have traditionally been problematic for most types of equity assets, and given the System’s stated goal of preserving purchasing power by achieving an attractive inflation adjusted return, some portion of the Endowment should be invested in assets that will appreciate in value during periods of unexpected inflation.

Lastly, equity assets are subject to greater degrees of risk. Risk takes many forms and is usually thought of in terms of volatility of investment returns. Volatile investment returns translate into a level of support for the System’s programs that (even with the smoothing effect of the rolling three-year average market value payout rule) is variable over time. In order to control this variability to a tolerable level, some allocation is warranted to assets that produce attractive returns, but in a more absolute (or less variable) pattern. It is understood that such absolute return assets will invariably return less than equity assets, given rational markets.

After providing for the three broad categories noted above, the remainder of the Endowment should be invested in equity assets, broadly defined and broadly diversified. Broad diversification is required not only to further smooth the pattern of returns, but to protect the endowment from the risks associated with undue concentration in any one type of equity asset. Although other forms of diversification may be considered, it is understood that the Endowment’s equity assets will be diversified by style (growth versus value), geography (domestic versus foreign), and market capitalization (large-cap versus small).

Current policy targets and ranges for the Endowment are as follows:

	Long-Term <u>Target</u>	<u>Range</u>
Risk Controlling Assets	32.5%	30 to 50%
Deflation Protection (high quality bonds)	15%	10 to 30%
Inflation Protection	10%	5 to 15%

Assets to be considered for inclusion in this category include: Real Estate/REITs, TIPS (Treasury Inflation Protected Securities), and Energy or Commodities.

Absolute Return	7.5%	5 to 15%
-----------------	------	----------

Assets to be considered for inclusion in this category would primarily include defensive arbitrage or absolute return funds. Bonds may also be held in some circumstances as absolute return vehicles, and in some circumstances a particular real estate manager may be viewed to qualify as such a holding as well.

Drivers of Return	67.5%	50 to 70%
--------------------------	-------	-----------

Domestic Mid to Large Cap Equities	22.5%	15 to 35%
------------------------------------	-------	-----------

Domestic Small-cap Equities	2.5%	0 to 10%
-----------------------------	------	----------

Large and mid-cap equities are defined as the 1000 largest companies traded in the United States, while small cap equities are considered to be the next 2000 stocks in terms of size. This characterization is compatible with the constitution of the Russell 1000, Russell 2000 and Russell 3000 Indexes.

Non U.S. Equities	20%	15 to 35%
-------------------	-----	-----------

Emerging Market Equities	5%	2.5 to 7.5%
--------------------------	----	-------------

Long/Short Equity Managers	7.5%	5 to 15%
----------------------------	------	----------

Non Marketable Equity Managers	10%	0 to 12%
--------------------------------	-----	----------

Managers to be considered for inclusion in this category include private equity or venture capital managers, as well as real estate funds with comparable expected returns, and other funds subject to multi-year lock-ups.

Alternative Investment Risks

For the purposes of this section, “alternative investments” refers to investments in long/short equity, absolute return, private equity, private real estate and venture capital, as well as other investments employing leverage, short sales, or illiquid investment vehicles. The investments are made in the Endowment in order to improve diversification, reduce overall volatility, and enhance return. However, the Endowment Management Committee recognizes that these investments also present additional risks beyond those posed by investments in traditional marketable securities such as stocks and bonds. Among these risks are:

1. *Liquidity Risk*: most alternative investments impose restrictions on redemptions or require multi-year locks.
 - a. This risk is mitigated by imposing restrictions on the amount of the Endowment that may be allocated to alternative investments as detailed above. In addition, the Endowment Management Committee will review at

least annually the level of portfolio liquidity across all asset classes in order to ensure that there is sufficient liquidity to meet all obligations.

2. *Non-regulation risk*: Historically, alternative managers have been exempt from registration with the SEC, which has allowed them to employ strategies (such as short sales and use of leverage) forbidden by most traditional investment managers, as well as to avoid disclosing specific details of their investment practices or portfolio holdings.
 - a. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers will be required to register with the SEC under the Investment Advisers Act of 1940. This Act will require registered managers to file documents with the SEC and for public record describing the nature of the business, fees charged, types of clients, and details on compliance policies. It will also provide to investors a greater level of detail into portfolio strategy and investment.
 - b. Venture capital managers will, however, remain exempt from the Investment Advisers Act and will therefore remain unregistered with the SEC.
 - i. This risk will be mitigated by performing detailed due diligence on these managers and monitoring them regularly as described below, as well as by diversifying manager risk through multiple direct and fund-of-fund investments.
3. *Transparency Risk*: alternative managers are not required to disclose portfolio holding details to the same extent that traditional marketable managers are, and are often reluctant to do so in order to preserve their perceived advantage over other investors.
 - a. This risk will be mitigated somewhat by the Dodd-Frank Act and the increased transparency provided by the requirement to file Form ADV with the SEC. Beyond that, however, the Endowment Management Committee, staff, and any outside advisors shall emphasize those managers who will provide at least the following level of detail into their investment portfolios:
 - i. Number of short and long positions
 - ii. The use of leverage
 - iii. Net market exposure
4. *Investment Strategy Risk*: alternatives often employ sophisticated and potentially riskier strategies, and may use leverage.

- a. This risk will be mitigated by intensive due diligence and monitoring of potential alternative managers described below. An emphasis will be placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance.
5. *Foreign Currency Risk*: changes in exchange rates could adversely affect fair value of the Endowment Fund.
- a. The Endowment Management Committee recognizes that exposure to foreign currency acts as a hedge against a declining or collapsing dollar. In this way, such investments help to reduce risk in the portfolio. However, the Committee will review the level of exposure to foreign currencies periodically in order to ensure that there are no unintended risks in the portfolio.

The following principles shall guide the selection of alternative investment managers:

- Diversify across managers to mitigate systematic and organizational risk, but avoid over-diversification.
- Diversify by strategy and geography to decrease correlations within the program.
- Emphasize qualitative evaluation of managers, as a manager's quantitative characteristics may change over time and in different market conditions.
- Discourage the use of significant leverage, and emphasize managers with a demonstrated skill in generating returns on assets as opposed to returns on equity.
- Avoid strategies that are trading oriented, highly complex, or quantitatively driven.

In addition, the investment manager due diligence process shall include the following functions, to be performed by some combination of outside consultants/advisors and internal staff:

- Background checks
 - o Reference checks
 - o News searches
 - o Industry consultation
- Review of vendor relationships
 - o Prime brokers
 - o Auditors
 - o Fund administrators
 - o Legal counsel
- Operational review
 - o On site visits
 - o Procedural
 - o Organizational

Monitoring of the overall program-level and manager-level exposures and investment results shall be administered in accordance with the following schedule by some combination of outside consultants/advisors and internal staff:

Monthly (For Long/Short Equity and Absolute Return Managers)

- Reports of performance and asset allocation.
- Proactive contact with investment managers whose performance falls outside of the expected range.

Quarterly or Semi-Annually

- Calls with investment managers.
- For long/short equity and absolute return managers, detailed performance reports and analysis providing information such as top long positions, net and gross exposures, exposure by strategy and geography, and organizational changes.

Annually

- On site meetings with managers and attendance at annual meetings.

The Endowment Management Committee reviews and recommends to the Board the above asset allocation long-term targets and ranges, and the actual allocation of assets will be adjusted through additions and withdrawals of funds among managers and investment media to conform to these targets insofar as practical.

REBALANCING

The Committee recognizes the importance of periodically rebalancing the Endowment's asset allocation, namely to ensure that variation in returns among assets do not create outsized deviations from target allocations that cause Endowment performance to diverge from expected policy performance. To the extent possible, the Endowment will utilize naturally occurring cash movement opportunities to rebalance the Endowment portfolio. Such naturally occurring opportunities include:

- The sourcing of cash for spending needs (withdrawals)
- The infusion of cash (contributions) into the existing portfolio
- Manager changes (partial or complete subscriptions or redemptions)
- Other cash transactions (i.e., dividends, interest income, return on capital, etc.)

The Treasurer and Investment Consultant (if any) will monitor asset allocation and propose investment rebalancing recommendations (including a recommendation of no action if no rebalancing is needed) no less frequently than twice a year.

In addition to the rebalancing process described above, the Endowment should be rebalanced whenever an exposure is meaningfully overweight or underweight its target range (typically when extreme market circumstances may create significant dislocations in actual allocation from target ranges). Between meetings of the Committee, should the exposure for any asset class reach a level of 5% or greater beyond the upper or lower limit of the specified range as measured at the end of the month, the Treasurer shall consult with the System's Investment Consultant (if any) and develop a plan to rebalance asset allocation back within target ranges. Such an allocation plan's timing will depend to some extent on the

asset classes involved (for instance, rebalancing hedge funds would inherently take more time than rebalancing U.S. equities given vehicle/liquidity constraints). In such instances, the Treasurer and Investment Consultant will then communicate the rebalancing plan to the Executive Vice Chancellor. Subsequent to this communication, the rebalancing plan will be executed as expeditiously as possible relative to market conditions and liquidity considerations. Any rebalancing actions taken by the Treasurer and Investment Consultant shall be communicated to the entire Committee by the Executive Vice Chancellor in a timely matter but in any case, no later than the next Committee meeting.

INVESTMENT MANAGEMENT

The endowment of the System will be managed primarily by external investment management organizations. Investment managers have discretion to manage the assets in each portfolio to best achieve the investment objectives, within the policies and requirements set forth in this statement, the investment manager agreement with the System including the guidelines for each investment manager, and subject to the usual standards of fiduciary prudence.

Each active investment manager with whom the System has a separate account will be provided with written statements of investment objectives and guidelines as part of the investment management contract that will govern his or her portfolio. These objectives shall describe the role the investment manager is expected to play within the manager structure, the objectives and comparative benchmarks that will be used to evaluate performance, and the allowable securities that can be used to achieve these objectives. Each manager will report performance quarterly, and if applicable monthly, consistent with these objectives and also indicate current annualized income and yield. These statements will be consistent with the Statement of Investment Objectives and Policies for the overall endowment as set forth herein. Investment managers will be provided with a copy of the Statement of Investment Objectives and Policies.

Additionally, each manager will be expected to use best efforts to realize the best execution price when trading securities and the settlement of all transactions (except investment pool funds and mutual funds) shall be done on a delivery versus payment basis.

SECURITIES LENDING

Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the University of Houston System and the custodian pursuant to a written agreement approved by the Board of Regents. Managers may not enter into securities lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board cannot dictate whether or not the manager will engage in securities lending. Therefore, System and its investment consultant (if any) shall make every effort either to avoid commingled investments, or to otherwise limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and non-marketable alternative investments are excluded from this limitation.

PROXY VOTING

The University of Houston System has delegated proxy voting responsibility for separately managed accounts to its investment managers. Such separate account managers are to vote proxies in such a way as to maximize the value of related shares and in a manner consistent with the best interests of the University. It is noted in the case of commingled vehicles, voting rights on underlying company shares do not flow through to the System.

ADVISORY COMMITTEES

The Endowment Management Committee may establish advisory groups to provide general investment advice, as well as advice on special investments, to the Endowment Management Committee and the staff of the Executive Vice Chancellor for Administration and Finance.

REVIEW PROCEDURES

A. Performance Measurement

The Endowment Management Committee intends to review quarterly the performance of the endowment and each investment manager's portfolio relative to the objectives and guidelines described herein. The investment performance review will include comparisons with unmanaged market indices and the Consumer Price Index. A time-weighted return formula (that minimizes the effect of contributions and withdrawals) will be utilized for the overall endowment, although it is understood that individual managers may be evaluated using a dollar-weighted methodology, where appropriate.

B. Review and Modification of Policy

The Endowment Management Committee shall review this Policy at least once a year to determine if modifications are necessary or desirable. If substantive modifications are made, they shall be promptly communicated to responsible parties.

**UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA**

COMMITTEE: Endowment Management

ITEM: External Audit Report – University of Houston System Endowment Fund, Financial Statements and Independent Auditor's Report for FY 2010 and FY2009

DATE PREVIOUSLY SUBMITTED:

SUMMARY:

Don Guyton, Chief Audit Executive, will present the external audit report on the UH System Endowment Fund for FY2010 and FY2009 to the Endowment Management Committee. Mr. Guyton will also be presenting this report to the Audit & Compliance Committee in accordance with Audit & Compliance Committee Charter and Checklist, item number 13.

SUPPORTING DOCUMENTATION: External Audit Report prepared by KPMG (under separate cover)

FISCAL NOTE:

RECOMMENDATION/ACTION REQUESTED: Information

COMPONENT: University of Houston System


EXECUTIVE VICE CHANCELLOR

Carl Carlucci

2/1/2011
DATE


CHANCELLOR

Renu Khator

2/2/11
DATE



**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Basic Financial Statements

August 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Assets	11
Statements of Revenues, Expenses, and Changes in Net Assets	12
Statements of Cash Flows	13
Notes to Basic Financial Statements	14
Other Supplementary Information:	
Schedule of Noncurrent Investments	31
Schedule of Changes in Net Assets by Endowment	50



KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Regents
University of Houston System:

We have audited the accompanying financial statements of the business-type activities of the University of Houston System (the System) Endowment Fund (Endowment Fund) as of August 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Endowment Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in note 1, the financial statements of the Endowment Fund are intended to present the financial position, changes in financial position, and cash flows of only that portion of the business-type activities of the University of Houston System that is attributable to the transactions of the Endowment Fund. They do not purport to, and do not, present fairly the financial position of the University of Houston System as of August 31, 2010 and 2009, the changes in its financial position, or its cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Endowment Fund as of August 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Endowment Fund's financial statements. The supplementary information included in those schedules as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

February 8, 2011

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of the fund for the fiscal year ended August 31, 2010 as compared to fiscal year ended August 31, 2009 with summary comparisons for the year ended August 31, 2008. This MD&A offers a summary of significant current year activities of the University of Houston System Endowment Fund (Endowment Fund), resulting changes in net assets, and currently known economic conditions and facts. This analysis should be read in conjunction with the Endowment Fund's basic financial statements and the notes to the financial statements. Responsibility of the financial statements, related note disclosures, and MD&A rests with the Endowment Funds' management.

During the 2002 fiscal year, the State of Texas adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The University of Houston System (the System UH System) is a governmental entity of the State of Texas. The Endowment Fund is a fund group of the System's reporting entity.

During fiscal year 2010, the Endowment Management Committee of the UH System Board of Regents (Board of Regents) continued to review existing objectives, risks, asset allocation, and manager structure within the endowment portfolio. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return.

Endowment Fund Structure

Gifts to the UH System are placed in the Endowment Fund for investment and oversight purposes. The Board of Regents strives to maintain a plan to preserve and augment the value of the endowment. The Board of Regents works to preserve the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income. The Endowment Management Committee of the Board of Regents is responsible for reviewing and approving investment managers and monitoring investment performance and allocations of funds to asset classes to ensure appropriate diversification of investment risks for the Endowment Fund, as well as making recommendations to the Board of Regents for any changes to the investment policy.

The Endowment Fund is a pooled investment fund consisting of approximately 1,320 individual endowments benefiting the four UH System universities. The investment pool functions similarly to a mutual fund, with each endowment account owning units that represent a claim on the Endowment Fund's net assets. By pooling the investments, the UH System achieves increased diversification of investment risks and more effective management of endowment assets.

Management of the Fund

The Endowment Fund retains thirty-two independent investment managers who pursue different portfolio management strategies to maximize the total return through a variety of capital market cycles. Investment manager diversification of the Endowment Fund's assets is as follows:

	2010	2009	2008
Domestic large cap equities:			
State Street Global Advisors	9%	—%	—%
Mayo Capital	3	—	—
Institutional Capital	3	—	—
Columbia Management	3	—	—
Cougar Investment Fund	< 1	< 1	< 1
Fayez Sarofim	—	3	3
Robeco Boston Partners	—	5	5
Dodge & Cox	—	4	5
Smith Group	—	4	5
Wellington	—	3	3
Subtotal – domestic large cap equities	18	19	22
Domestic small cap equities:			
Luther King Capital Management	2	2	2
Hoover Investment Management	—	2	2
Subtotal – domestic small cap equities	2	4	4
International equities:			
William Blair	10	10	11
Silchester	10	—	—
Aberdeen	1	—	—
Alliance Bernstein	—	10	12
Subtotal – international equities	21	20	23
Absolute return:			
Davidson Kempner	2	3	2
Whipcorwill	1	2	2
Crestline	3	5	2
Mason Capital	1	—	—
OZ Overseas	2	—	—
Subtotal – absolute return	9	10	6

	2010	2009	2008
Hedged equity:			
Barlow Partners	8%	8%	7%
York Institutional Partners	4	3	3
Federal Street	—	—	2
Scout Capital	1	—	—
Coatue	1	—	—
Subtotal – hedged equity	14	11	12
Inflation hedge:			
Morgan Stanley	1	1	1
Colchester	—	—	1
Moncrief Willingham	1	1	1
Wellington DIH	3	4	5
Absolute Plus	1	1	1
Salient Trust	1	1	1
Sustainable Woodlands Fund	1	1	1
Berwind Property Group	1	1	1
Newlin Realty Partners	1	1	1
Other – real estate holdings	1	1	1
Subtotal – inflation hedge	11	12	14
Domestic fixed income:			
Wells Capital	—	—	8
Smith Graham	6	6	8
Mondrian	5	5	—
Laddered U.S. Treasuries	5	5	—
Subtotal – domestic fixed income	16	16	16
Alternatives:			
HarbourVest Partners	< 1	< 1	< 1
Trident	—	< 1	< 1
Commonfund Capital	1	< 1	< 1
EnCap Energy	2	1	< 1
Fisher Lynch Capital	< 1	< 1	< 1
Subtotal – alternatives	3	1	1
Cash and equivalents	6	7	2
Total	100%	100%	100%

Investment Manager Allocation

Investment managers are given discretion to manage the assets in each portfolio to best achieve investment objectives within the policies and requirements established by the Board of Regents. The objectives and comparative benchmarks are used to evaluate manager performance. The Endowment Management Committee reviews performance and adjusts allocation to investment managers and asset classes in response to current or future anticipated market conditions. Monthly and comprehensive quarterly performance reports are distributed to the Endowment Management Committee.

Endowment Payout Policy

The Endowment Management Committee is responsible for reviewing the income payout rate of the Endowment Fund, which is a balance between current income needs and long-term investment objectives. The endowment will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board of Regents. The endowment income payout for the year ended August 31, 2010 was 4% of the average year-end market value for the three prior fiscal years. If an endowment has been in existence for less than three years, the average is based on the number of years in existence. This trailing three-year method is used to smooth large year-over-year changes in market value, thereby allowing the UH System's colleges and departments to more reasonably predict future distributions of endowment income intended to benefit their area.

In the three fiscal years 2008 through 2010, endowment payouts to the beneficiary accounts, excluding distributed income returned to principal, in total and by the System's components were as follows:

	2010	2009	2008
University of Houston	\$ 6,879,742	6,568,038	14,992,422
UH – Clear Lake	226,755	127,623	598,277
UH – Downtown	523,613	513,029	831,970
UH – Victoria	280,304	285,650	422,003
System-wide endowments	4,098,724	4,252,881	8,121,804
Total	\$ 12,009,138	11,747,221	24,966,476

Overview of the Financial Statements

The financial statements for the fiscal year ended August 31, 2010 are presented comparatively to financial statements issued for the fiscal year ended August 31, 2009. The financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board, which establishes generally accepted accounting principles for state and local governments. The three primary financial statements presented are (1) the Statement of Net Assets, (2) the Statement of Revenues, Expenses, and Changes in Net Assets, and (3) the Statement of Cash Flows. The information contained in the financial statements of the Endowment Fund is incorporated within the System's Combined Annual Financial Report.

The financial operations of the System, and therefore inclusively the Endowment Fund, are considered a business-type (or proprietary fund) activity. The operating activities of the System are financed by tuition and fees, state appropriations, contracts and grants, and auxiliary enterprise revenue. The Endowment Fund is an internally managed pooled fund and its beneficiaries are internal to the System. The Statement of Net Assets reports resources held and administered by the System, as described in the previous sections of this discussion and analysis. These resources are customarily characterized by the existence of a written agreement that affects the degree of management involvement, the programs supported by income earned by the resources, and the length of time that the resources are held by the System.

Statement of Net Assets

The Statement of Net Assets reflects the Endowment Fund's assets and liabilities using the economic resources measurement focus and accrual basis of accounting, and represents the financial position as of the conclusion of the fiscal year. Net assets are equal to assets minus liabilities. Unrestricted net assets are available to the System for any lawful purpose. Unrestricted net assets often have constraints imposed by management, but such constraints can be removed or modified. Restricted net assets represent net assets that can be utilized only in accordance with third-party-imposed restrictions. On August 31, 2010, the fund's assets totaled \$465.2 million, and liabilities totaled \$23.0 million, resulting in net assets of approximately \$442.3 million.

The net assets of the Endowment Fund as contributed by the System's components as of August 31, 2010, compared to the corresponding values as of August 31, 2009 and August 31, 2008, were as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
University of Houston	\$ 299,615,214	246,109,640	290,300,030
UH – Clear Lake	16,671,351	10,142,436	12,060,799
UH – Downtown	19,547,191	13,675,601	16,160,710
UH – Victoria	8,765,256	6,746,435	8,421,742
System-wide endowments	<u>97,683,043</u>	<u>138,016,146</u>	<u>171,323,000</u>
Total	<u>\$ 442,282,055</u>	<u>414,690,258</u>	<u>498,266,281</u>

Variance Analysis – Changes in the Statement of Net Assets – 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>Change 2010 – 2009</u>
Total assets	\$ 465,233,423	438,216,968	27,016,455
Total liabilities	22,951,368	23,526,710	(575,342)
Restricted nonexpendable endowments	\$ 309,966,671	288,127,685	21,838,986
Restricted expendable endowments	38,285,461	38,141,386	144,075
Unrestricted endowments	<u>94,029,923</u>	<u>88,421,187</u>	<u>5,608,736</u>
Net assets	<u>\$ 442,282,055</u>	<u>414,690,258</u>	<u>27,591,797</u>

- Total Assets: The \$27 million increase in fiscal year 2010 is attributable to new donations to the Endowment Fund and an increase in the fair value of investments resulting from the stock market increase, which began in the middle of fiscal year 2009 and continued into fiscal year 2010.
- Total Liabilities: The majority of the \$575 thousand decrease in liabilities is attributable to a decrease in the total amount of securities purchased and pending settlement at fiscal year-end 2010. A \$7.5 million payable was recorded at August 31, 2010 to recognize the future commitment to pay for pending securities purchases, compared to an \$8.0 million payable at August 31, 2009.
- Restricted Nonexpendable Endowments: The \$21.8 million increase in restricted nonexpendable endowments is primarily attributable to an increase in the fair value of the endowments resulting from an increase in the stock market in fiscal year 2010.
- Unrestricted Endowments: The \$5.6 million increase in unrestricted endowments is primarily attributable to the increase in the fair value of the endowments resulting from an increase in the stock market in fiscal year 2010.

Variance Analysis-Changes in the Statement of Net Assets – 2009 and 2008

	2009	2008	Change 2009-2008
Total assets	\$ 438,216,968	542,276,438	(104,059,470)
Total liabilities	23,526,710	44,010,157	(20,483,447)
Restricted for nonexpendable endowments	288,127,685	352,127,953	(64,000,268)
Restricted expendable endowments	38,141,386	38,358,923	(217,537)
Unrestricted	88,421,187	107,779,405	(19,358,218)
Net assets	<u>\$ 414,690,258</u>	<u>498,266,281</u>	<u>(83,576,023)</u>

- **Total Assets:** The \$104 million decrease in fiscal year 2009 was primarily attributable to the net decrease in the fair value of investments caused by the decline in the stock market which began in the latter part of fiscal year 2008 and continued into the first half of fiscal year 2009.
- **Total Liabilities:** The majority of the \$20.5 million decrease in liabilities was attributable to two factors. First, the amounts payable to the System's components for the income distribution and institutional advancement fee were decreased by \$15.6 million in fiscal year 2009 compared to fiscal year 2008 as a result of the prohibition against the distribution of income or assessment of the institutional advancement fee on any endowment that has a net loss from inception to date. Second, the total amount of securities purchased and pending settlement at fiscal year-end 2009 decreased \$4.1 million. An \$8 million payable was recorded at August 31, 2009 to recognize the future commitment to pay for these pending securities purchases, compared to a \$12.1 million payable at August 31, 2008.
- **Restricted Nonexpendable Endowments:** The \$64 million decrease in restricted nonexpendable endowments is primarily attributable to the decrease in the fair value of the endowments resulting from a decrease in the stock market during fiscal year 2009.
- **Restricted Expendable Endowments:** Restricted expendable endowments were little changed in FY2009 as this category of net assets received a \$7 million contribution at the end of the fiscal year 2009, which offset most of the decrease in this category of endowment net assets that was caused by a decrease in the stock market during fiscal year 2009.
- **Unrestricted Endowments:** The \$19.4 million decrease in unrestricted endowments is primarily attributable to the decrease in the fair value of the endowments resulting from a decrease in the stock market during fiscal year 2009.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets contains information about the additions to, the deductions from, and the resulting net increase or decrease in the fair value of the net assets for the fiscal year. During fiscal year 2010, the Endowment Fund received \$10.2 million of gifts and other receipts, and interest and investment income of \$4.7 million, and experienced a \$28.2 million net increase in the fair value of investments. The Endowment Fund's total deductions for fiscal year 2010 were \$15.5 million, including \$12.0 million earmarked for distribution to the beneficiary endowment accounts under the planned payout policy and \$3.5 million for gift acquisition and fundraising efforts. As a result of these activities, the Endowment Fund realized an increase in net assets of \$27.6 million.

Variance Analysis for Statement of Revenues, Expenses, and Changes in Net Assets – 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>Change 2010 – 2009</u>
Contributions to endowments	\$ 10,153,417	16,506,838	(6,353,421)
Net appreciation (depreciation) (realized and unrealized)	28,249,697	(86,889,653)	115,139,350
Other nonoperating revenues (expenses)	(15,504,895)	(15,549,373)	44,478
Transfers-in (out)	33,207	24,039	9,168
Interest and investment income	<u>4,660,371</u>	<u>2,332,126</u>	<u>2,328,245</u>
Increase (decrease) in net assets	<u>\$ 27,591,797</u>	<u>(83,576,023)</u>	<u>111,167,820</u>

- Contributions to endowments decreased \$6.4 million in 2010 as compared to 2009. Philanthropy decreased as the economy was going through a recession and many donors were still trying to recover from the decline in the value of their portfolios caused by a significant decline in the stock market that began in the latter part of fiscal year 2008 and continued through early half of fiscal year 2009.
- Changes in investment activities included a \$28.2 million net appreciation in the fair value of investments in fiscal year 2010 compared to \$(86.9) million net depreciation in fiscal year 2009. This net change fiscal year-over-year is the result of the stock market increase, which began in the middle of fiscal year 2009 and continued into fiscal year 2010. Interest and investment income increased by \$2.3 million as compared to 2009 with much of this increase coming from our partnership investments. Fund deductions were little changed from 2009 to 2010. The Endowment Fund continued the prohibition against the distribution of income or assessment of the institutional advancement fee on any endowment that has a net loss from inception to date. The institutional advancement fee was approved by the Board of Regents to offset costs associated with gift acquisition and fund-raising efforts at the System components. Administrative costs of \$2.1 million were slightly less than fiscal year 2009 as we replaced various managers within the domestic equity allocation in fiscal year 2010 including the use of passive management, which has a lower cost of management compared to active management. The domestic equity manager allocation was split equally between active and passive management at the end of fiscal year 2010 compared to all active management in this asset class in fiscal year 2009.

Variance Analysis for Statement of Revenues, Expenses, and Changes in Net Assets – 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>Change 2009-2008</u>
Contributions to endowments	\$ 16,506,838	69,502,852	(52,996,014)
Net appreciation (depreciation) (realized and unrealized)	(86,889,653)	(44,661,910)	(42,227,743)
Other nonoperating revenues (expenses)	(15,549,373)	(32,054,009)	16,504,636
Transfers-in/(out)	24,039	111,519	(87,480)
Interest and investment income	<u>2,332,126</u>	<u>11,345,871</u>	<u>(9,013,745)</u>
(Decrease) increase in net assets	<u>\$ (83,576,023)</u>	<u>4,244,323</u>	<u>(87,820,346)</u>

- Contributions to endowments decreased \$53 million in 2009 as compared to 2008. Philanthropy decreased as the economy was going through a recession. The recession caused a significant decline in the stock market that began in the latter part of fiscal year 2008 and continued through more than half of fiscal year 2009.
- Changes in investment activities included a decrease in interest and investment income of \$9 million as compared to 2008 as interest rates declined and yields on high quality fixed income securities declined. Fund deductions decreased \$16.5 million due primarily to a \$13.2 million decrease in income distributed to the beneficiary accounts and a \$2.1 million decrease in the institutional advancement fee assessment. These decreases were the result of the prohibition against the distribution of income or assessment of the institutional advancement fee on any endowment that had a net loss from inception to date. The institutional advancement fee was approved by the Board of Regents to offset costs associated with gift acquisition and fundraising efforts at the System components. Administrative costs of \$2.3 million were slightly less than fiscal year 2008 as the Endowment Fund increased its cash position, which has a lower cost of management compared to management costs for other asset classes.

Statement of Cash Flows

The Statement of Cash Flows explains the change during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The Statement of Cash Flows should be read in conjunction with related disclosures and information in the other financial statements.

Capital Assets

The Endowment Fund does not hold any capitalized assets, such as buildings or furniture and equipment. The Endowment Fund invests in financial instruments, which constitute most of the Endowment Fund's assets. Although the Endowment Fund is generally not prohibited from acquiring tangible physical assets to be held as investments for their appreciation qualities, such assets are typically not acquired or held by the Endowment Fund. Presently, the Endowment Fund holds certain parcels of land, which were received as gifts and are being held for their appreciative value.

Debt Administration

The Endowment Fund does not issue long-term debt. The Endowment Fund is not currently engaged in any long-term financing transactions. The operation and administration of the Endowment Fund is currently structured such that its annual financial obligations and expenses are satisfied through earnings and other fund additions.

Economic Outlook

The U.S. and the world experienced a significant downturn in their financial environments and economies beginning in mid calendar year 2008. The recessionary situation was characterized by a contraction of credit, high unemployment, falling prices in housing, rising foreclosures, and deflated valuations for equities and other investment instruments. While the most recent recession has technically ended, uncertainty remains as to when the economy will begin to experience greater expansion than currently exists and when the continued high unemployment will subside. Uncertainty also persists as to future tax and interest rate policy in the United States. Although valuations for equities and other investment instruments have rebounded from their depressed levels of mid calendar year 2008 to March 2009, there continues to be increased volatility in valuations for equities and other investment instruments.

Any questions related to the MD&A or financial statements should be directed to University of Houston, Office of the Treasurer, P.O. Box 988, Houston, TX 77001-0988.

THE BASIC FINANCIAL STATEMENTS

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Statements of Net Assets

August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Current assets:		
Cash equivalents	\$ 40,062,390	42,424,648
Interest and dividends receivable	363,347	419,226
Receivables for investments sold	314,753	418,004
Other receivables	10,000	—
Short-term investments	6,403,925	5,345,748
Total current assets	<u>47,154,415</u>	<u>48,607,626</u>
Noncurrent assets:		
Investments	418,079,008	389,609,342
Total noncurrent assets	<u>418,079,008</u>	<u>389,609,342</u>
Total assets	<u>465,233,423</u>	<u>438,216,968</u>
Liabilities:		
Current liabilities:		
Payable for investments purchased	7,479,680	8,001,376
Due to other components	15,471,688	15,525,334
Total current liabilities	<u>22,951,368</u>	<u>23,526,710</u>
Net assets:		
Restricted nonexpendable endowments	309,966,671	288,127,685
Restricted expendable endowments	38,285,461	38,141,386
Unrestricted	94,029,923	88,421,187
Total net assets	<u>\$ 442,282,055</u>	<u>414,690,258</u>

See accompanying notes to basic financial statements.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues	\$ —	—
Operating expenses	—	—
Operating income (loss)	—	—
Nonoperating revenues (expenses):		
Interest and investment income	4,660,371	2,332,126
Net change in fair value of investments	28,249,697	(86,889,653)
Other nonoperating revenue (expense)	(15,504,895)	(15,549,373)
Total nonoperating revenues (expenses)	17,405,173	(100,106,900)
Contributions to endowment	10,153,417	16,506,838
Transfers-in	33,207	24,039
Transfers-out	—	—
Increase (decrease) in net assets	27,591,797	(83,576,023)
Net assets, beginning of year	414,690,258	498,266,281
Net assets, end of year	\$ <u>442,282,055</u>	<u>414,690,258</u>

See accompanying notes to basic financial statements.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Statements of Cash Flows

Years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net cash provided by operating activities	\$ —	—
Cash flows from noncapital and related financing activities:		
Capital contributions	10,153,417	16,506,838
Other receipts	33,207	24,039
Transfers to other funds	<u>(53,646)</u>	<u>(16,417,156)</u>
Net cash provided by noncapital and related financing activities	<u>10,132,978</u>	<u>113,721</u>
Cash flows from capital and related financing activities:		
	<u>—</u>	<u>—</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	260,090,538	281,196,918
Payments to purchase investments	(275,180,202)	(271,859,190)
Interest and dividends received on investments	4,716,250	2,831,885
Payments for asset management and stewardship	<u>(2,121,822)</u>	<u>(2,264,736)</u>
Net cash (used in) provided by investing activities	<u>(12,495,236)</u>	<u>9,904,877</u>
(Decrease) increase in cash and cash equivalents	(2,362,258)	10,018,598
Cash and cash equivalents – beginning of year	<u>42,424,648</u>	<u>32,406,050</u>
Cash and cash equivalents – end of year	<u>\$ 40,062,390</u>	<u>42,424,648</u>

See accompanying notes to basic financial statements.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(1) Reporting Entity

The University of Houston System (the System) is an agency of the State of Texas, established by the State of Texas to provide undergraduate and graduate university instruction, scholarly research, and public service in the Houston, Texas area. The System is the State of Texas' only metropolitan higher education system, encompassing four universities and two multi-institution teaching centers. The University of Houston System Endowment Fund (the Endowment Fund) is a fund group of the System reporting entity, with the earliest endowment having been established in 1950. The accompanying financial statements present only the Endowment Fund of the System as of August 31, 2010 and 2009, the changes in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Endowment Fund is a fund group that accounts for all of the System's endowment assets pooled together to ensure better management and uniform accountability for those assets. The Endowment Fund provides financial support for the System's students and the System's research endeavors. The Endowment Fund presently comprises approximately 1,320 restricted and unrestricted endowment funds located in the System's four universities and two multi-institution teaching centers. Restricted endowment funds are funds with respect to which a donor or other outside entity has stipulated that the principal be maintained inviolate and in perpetuity, and that only the income from the investments is available for expenditure. Unrestricted endowment funds consist of funds for which the donor did not impose any restriction as to their use, as well as funds that are designated by the System's Board of Regents, rather than the donor, to function as endowment funds. The principal of these funds may be expended at the discretion of the System's Board of Regents.

(2) Summary of Significant Accounting Policies

(a) General

All financial accounting records of the Endowment Fund are maintained by the System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

(b) Reporting Guidelines

The System applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Endowment Fund has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The Endowment Fund is reported as a single-purpose business-type activity entity.

(c) Basis of Accounting

The financial statements of the Endowment Fund have been prepared using the economic resources measurement focus and accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they are incurred.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(d) Cash and Cash Equivalents

The Endowment Fund believes the carrying value of cash and temporary investments approximates fair value. The Endowment Fund considers investments purchased with a maturity of three months or less from the purchase date to be cash equivalents.

(e) Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are recorded at fair value. Fair value is based on published closing market prices on the last trading day of the fiscal year. In the case of pooled funds or mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as publicly quoted. Investments in which a public market does not exist are based on the Endowment Fund's ownership interest in the net asset value of each fund as reported by the fund managers. When fund managers do not provide the net asset value of each fund at fiscal year-end, the fair value is estimated by the System using the most recent statement and adding contributions and subtracting the distributions during the intervening period. In accordance with GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, land and other real estate held as investments are recorded at fair value. Chapter 163 of the Texas Property Code (also cited as the Uniform Prudent Management of Institutional Funds Act) grants the System the authority to spend net appreciation.

Because of inherent uncertainties of valuations, management's and fund managers' estimates of fair value may differ from the values that would have been used had a ready market existed.

Investments received as gifts are initially recorded at estimated fair value based on appraised values or broker closing prices for stocks at the date of the gift.

Short-term investments comprise U.S. government obligations and corporate obligations with a maturity date of less than one year as of the statement of net assets date.

(f) New Accounting Pronouncement

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The accounting and financial reporting guidance contained within the statement is intended to provide clarity and enhance the usefulness and comparability of derivative instrument information when governmental entities choose to use derivative instruments to manage specific financial risks or to make investments. The standard provides a comprehensive framework in the measurement, recognition, and disclosure of derivative instrument type transactions. The requirements of GASB No. 53 are effective for financial statement for periods beginning after June 15, 2009, but an early application is permitted. The Endowment Fund has implemented GASB No. 53 for fiscal year 2010. The implementation did not have a material impact on the Endowment Fund's financial statements.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(g) Net Assets

The Endowment Fund's net assets are classified as follows:

Restricted for nonexpendable endowments: Net assets for restricted nonexpendable endowment funds are maintained permanently by the System following the externally imposed stipulations.

Restricted for expendable endowments: Net assets for restricted expendable endowment funds are those that may be expended for either a stated purpose or for a general purpose subject to externally imposed stipulations.

Unrestricted: Net assets for unrestricted endowment funds are donated by third parties or created internally by the System and represent resources that are available to the System.

When both restricted and unrestricted resources are available for use, it is the Endowment Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

(h) Revenue Recognition

Contributions to the Endowment Fund and transfers-in from other funds such as distribution payouts returned by beneficiaries for reinvestment are recognized as additions to the Endowment Fund's assets. Dividend income is recorded as income on the date the stock traded ex-dividend. Interest is recognized on fixed income investments on the accrual basis.

The net change in fair value of investments represents both realized and unrealized gains and losses on investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gain or loss is computed as the difference between the cost of marketable securities sold and the sale price. The cost of marketable securities sold is determined on specific identification of investments sold. Realized gain is recorded as of the trade date regardless of when the transaction is settled. Unrealized gains or losses are calculated based on the changes in investment fair value between the beginning and end of the fiscal year for investments held since the beginning of the year, or as the difference between the fair value at end of year and the purchase cost for investments purchased during the year. Unrealized gains (losses) are determined and recorded as of the fiscal year-end.

The Endowment Fund does not currently earn operating revenues or incur operating expenses.

(i) Distribution Payout

Effective September 1, 1995, the System's Board of Regents adopted an endowment payout policy whereby the payout rate is based on a percentage of the fiscal year end net assets averaged over rolling three-year periods. For the fiscal years 2010 and 2009, the payout rate was 4% applied to the endowments' average net asset balances for the preceding three fiscal years. If an endowment was in existence for less than three years, the average was based on the number of years the endowment was in existence. Effective May 1, 2009, no endowment receives a pro rata income distribution from current fiscal year contributions. If an endowment were in existence less than three years, the

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

average is based on the number of years in existence. The Endowment Fund did not make a payout from any endowment that had a net loss from inception to date. The payout is calculated and recorded at the end of each fiscal year. Actual endowment return earned in excess of distributions is reinvested. For years actual endowment return is less than the distribution payout, the shortfall is covered by realized returns from prior years.

(j) *Institutional Advancement Assessment*

The System's Board of Regents has adopted a policy whereby an assessment is made against the earnings of various endowment funds to offset expenses associated with gift acquisition and fund-raising at the System's component universities and multi-institution teaching centers. The policy allows for 1.5% to be assessed on the average of the preceding three years' net asset balances of all endowments except those exempt on the basis of donor-imposed restrictions or recommended by University Advancement, a division of the System, which is responsible for fund-raising, internal and external communications, and marketing. The assessment is made at the end of each fiscal year to make funds available for the System's institutional advancement activities in the following fiscal year. The total amount assessed for the years ended August 31, 2010 and 2009 was \$3,495,757 and \$3,802,152, respectively, which is reflected as a reduction to investment returns.

(k) *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 those estimates.

(3) *Authorized Investments*

The System's Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the Endowment Fund. The System retains the services of a custodial financial institution under a master trust custodian agreement, as well as the services of independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The System's Board of Regents has adopted a written investment policy, including investment manager guidelines for each of the separately invested accounts of the Endowment Fund, regarding the investment of endowment assets as defined in the System's Investment Policies (Policies). The primary long-term financial objective for the Endowment Fund is to preserve the real (inflation adjusted) purchasing power of endowment assets when measured over rolling periods of at least five years. The medium-term objective is to outperform each of the capital markets in which the endowment assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer.

(4) *Derivatives*

Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The Endowment Fund did not directly invest in derivatives and held no direct derivative instruments at August 31, 2010 or August 31, 2009.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(5) Cash and Investments

(a) Composition of Cash and Cash Equivalents

Cash and cash equivalents consist of money market funds and securities maturing within three months totaling \$40,062,390 and \$42,424,648 at August 31, 2010 and 2009, respectively. The money market funds are invested in commercial paper, certificates of deposit, repurchase agreements, corporate notes, time deposits, and similar short-term investments considered generally acceptable and prudent for money market funds.

Cash and cash equivalents included in the statements of net assets consist of the items reported below:

	<u>2010</u>	<u>2009</u>
Money market premier shares	\$ 11,415,848	8,320,553
Prime short-term investment funds	26,906,745	32,309,307
Securities maturing within three months	<u>1,739,797</u>	<u>1,794,788</u>
Total cash and cash equivalents	<u>\$ 40,062,390</u>	<u>42,424,648</u>

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(b) Reconciliation of Cash and Investments to Statements of Net Assets

Total cash and investments at August 31, 2010 and 2009 are as follows:

Type of security	Market value August 31, 2010	Market value August 31, 2009
Money market premier shares	\$ 11,415,848	8,320,553
Prime short-term investment funds	26,906,745	32,309,307
Cash equivalents – securities due within 3 months	1,739,797	1,794,788
Global fixed income	22,701,139	20,958,604
U.S. government obligations	22,794,248	20,471,961
U.S. government agencies	12,085,153	12,345,798
U.S. fixed income (nongovernment/agency)	12,089,168	10,946,782
U.S. equities	85,432,273	102,427,998
Global equities ex-U.S.	95,377,421	86,216,196
Hedged equity funds	69,125,070	46,418,145
Inflation hedge funds (including REITs)	44,127,934	43,533,757
Absolute return funds	43,962,380	40,680,935
Private equity/venture capital partnerships	12,749,855	6,916,622
Real estate	4,038,292	4,038,292
Total investments	464,545,323	437,379,738
Less:		
Cash equivalents	(40,062,390)	(42,424,648)
Short-term investments	(6,403,925)	(5,345,748)
Total noncurrent investments	\$ 418,079,008	389,609,342

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(c) Investment Maturities

As of August 31, 2010, the Endowment Fund had the following investments and weighted average maturities:

Investment type	2010		2009	
	Fair value	Weighted average maturity (years)	Fair value	Weighted average maturity (years)
U.S. government obligations	\$ 22,794,248	4	\$ 20,471,961	3
U.S. government agencies	12,085,153	20	12,345,798	23
U.S. fixed income (nongovernment/agency) (including short-term investments)	12,089,168	14	10,946,782	11
Equity, mutual funds, and other investments	<u>371,110,439</u>	Untenured	<u>345,844,801</u>	Untenured
Total investments at fair value	<u>\$ 418,079,008</u>		<u>\$ 389,609,342</u>	
Weighted average maturity of tenured portfolio (in years)		11		10

(d) Asset Selection and Allocation

The Endowment Fund's Statement of Investment Objectives and Policies governs the overall allocation of endowment funds to asset classes and considerations of limits to investment risk exposures. Allocation of funds to asset classes is based on expected returns, risk levels, desired risk diversification, interaction of various asset classes, and income generation and capital appreciation potentials of each asset class. The market value of investments in each asset class is maintained within an approved range of ratios to the market value of the Endowment Fund's total investments, except for minor deviations due to fluctuations in market value. The Endowment Management Committee monitors asset allocation targets and limits and may authorize the reallocation of funds among investment managers.

The Endowment Fund currently invests in a broad array of asset classes in order to diversify the portfolio's risk. Readily marketable securities, such as domestic or international common stocks, domestic bonds, and cash equivalents comprise 62% of the overall investment portfolio (portfolio) at the end of fiscal year 2010. Marketable alternative investments (i.e., inflation hedges, absolute return and hedged equity) represent 35% of the portfolio, and nonmarketable alternative investments (i.e., venture capital and private equity) constitute 3% of the portfolio on a funded basis. The Endowment Fund's overall investment risk is diversified by asset class and within each class by strategy, economic sector, geography, industry, market capitalization, manager, and with regard to

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

nonmarketable alternatives, by vintage year as well. Such diversification is aimed at limiting the risks specifically associated with any single strategy, economic sector, geographic area, industry, or manager.

(e) Investment-Related Risks

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Endowment Fund will not be able to recover its deposits. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Endowment Fund will not be able to recover the value of its investment or collateral securities that may be in the possession of another party. Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the System and the custodian pursuant to a written agreement approved by the Board of Regents. As of August 31, 2010 and 2009, the System did not have a securities lending agreement with its custodian. Managers may not enter into securities lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board cannot dictate whether or not the manager will engage in securities lending. Therefore, System and its investment consultant make every effort either to avoid commingled investments, or to otherwise limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and nonmarketable alternative investments are excluded from this limitation. At August 31, 2010 and 2009, Endowment Fund's total investments at fair value under a master trust custodian agreement with a third-party financial institution was approximately \$138,245,933 and \$115,184,030, respectively. The third-party custodian operates its business world-wide and, at August 31, 2010 and 2009, held risk insurance contracts with various local and foreign insurance organizations providing coverage for loss due to theft, fraud, and damage to securities while in the custodian's custody; loss of securities while in transit; property damage; and, loss due to business interruption, acts of terrorism, officer negligence, and general liability. The insurance coverage limits ranged from \$1,000,000 to \$500,000,000. The coverage did not protect against market risks and fluctuations associated with market investments.

At August 31, 2010 and 2009, Endowment Fund's investments at fair value not covered by the master trust custodian agreement were approximately \$319,507,811 and 315,031,562, respectively. These investments, excluding real estate valued at \$4,038,292 at August 31, 2010 and 2009, were under various custodian agreements between the investment managers and the investment funds or limited partnerships in which the Endowment Fund is invested. The investments are subject to custodial risks associated with those independent investment managers, and to market risks and fluctuations associated with market investments. The System controls these risks through its credit and concentration risk policies as described in the credit risk and concentration of credit risk paragraph below.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The System's investment policy, by way of the investment manager guidelines, requires the weighted average duration of the portfolio should remain in a range of a minimum of 90% and a maximum of 110% of the BC Aggregate Bond Index

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

for active fixed income managers. The System's investment policy is driven primarily by the goal to preserve the long-term real (inflation adjusted) purchasing power of endowment assets while achieving short-term maximum earnings. In order to balance these two primary goals, the Board of Regents is closely involved in managing the exposure to declines in investment fair value and earnings.

Credit Risk and Concentration of Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. In accordance with the System's investment policy and manager guidelines, investments in securities within the fixed income allocation of the portfolio must have an average portfolio credit quality of "AA" or better. Securities should be readily marketable and liquid. The use of options, futures, and other derivatives (excepting mortgage-backed securities) is prohibited within the domestic fixed income allocation without prior approval by the Endowment Management Committee. The use of leverage is prohibited. The investment manager guidelines limit the amount each active manager may invest in any one issuer. Other than U.S. government securities (including agency securities), no security may be purchased so that it will constitute more than 5% of the market value of the portfolio; however, obligations issued or guaranteed by the full faith and credit of the U.S. government may be held without limitation. The System's endowment funds also include an allocation to alternative investments, which, by their nature, include higher levels of risk, including credit and concentration of credit risk, with the expectation of higher returns relative to traditional equities and fixed income securities. The investment policy does not specify limits as to credit quality or concentration for alternatives as these investments may include highly concentrated positions and may include investing in companies that are either privately held or in financial distress.

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments as of August 31, 2010 are as follows:

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
Aep Texas Central Transit A A2	4.98%	07/01/2015	AAA	\$ 233,298	0.05%
American Express Co	7.25	05/20/2014	BBB+	139,571	0.03
American Express Cr 08-1 Cl A	VAR RT	08/15/2013	AAA	380,551	0.08
Axa Sa US\$Sub Nt	8.60	12/15/2030	BBB+	190,676	0.04
Banc of America Commercial 5 A4	5.41	09/10/2016	AAA	158,780	0.03
Banc One Corp Debs	8.00	04/29/2027	A	262,250	0.06
Bank of America Corp	5.63	07/01/2020	A	103,022	0.02
Bear Stearns Commercial Pw12 A4	VAR RT	09/11/2038	AAA	319,473	0.07
Bear Stearns Commercial Pw13 A4	5.54	09/11/2041	AAA	383,005	0.08
Bear Stearns Commercial Top6 A2	6.46	10/15/2036	AAA	198,623	0.04

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
Bear Stearns Commercial T28 A4	5.74%	09/11/2042	AAA	\$ 400,580	0.09%
CA Inc	5.38	12/01/2019	BBB	218,158	0.05
Centerpoint Energy Transit A A2	4.97	08/01/2014	AAA	234,655	0.05
Chait 2009-A3 A3	5.00	06/17/2013	AAA	344,950	0.07
Citigroup Inc	5.00	09/15/2014	A-	267,153	0.06
Cliffs Natural Resources	5.90	03/15/2020	BBB-	43,718	0.01
Commit To Pur Fnma SfMtg	5.00	09/01/2040	AGN	1,311,422	0.28
Commit To Pur Fnma SfMtg	5.00	09/01/2025	AGN	37,220	0.01
Commit To Pur Fnma SfMtg	5.50	09/01/2040	AGN	1,603,830	0.35
Commit To Pur Fnma SfMtg	6.50	09/01/2040	AGN	468,094	0.10
Commit To Pur Fnma SfMtg	5.50	09/01/2025	AGN	478,655	0.10
Commit To Pur Fnma SfMtg	6.00	09/01/2040	AGN	1,598,692	0.34
Commit To Pur Gnma I SfMtg	5.50	09/15/2040	AGN	616,848	0.13
Commit To Pur Gnma SfMtg	5.00	09/15/2040	AGN	687,699	0.15
Commit To Pur Gnma SfMtg	6.00	09/15/2040	AGN	282,994	0.06
Cvs Caremark Corp	3.25	05/18/2015	BBB+	208,520	0.04
DirecTV Holdings/Fing	3.13	02/15/2016	BBB-	259,145	0.06
Discovery Communications	3.70	06/01/2015	BBB-	231,433	0.05
Dow Chemical Co	5.90	02/15/2015	BBB-	254,658	0.05
Federal Home Ln Mtg Corp	5.13	04/18/2011	AAA	154,547	0.03
Federal Home Ln Mtg Corp	5.13	11/17/2017	AAA	237,562	0.05
Federal Home Ln Mtg Corp	2.50	01/07/2014	AAA	314,277	0.07
Federal Natl Mtg Assn	7.25	05/15/2030	AAA	309,028	0.07
Federal Natl Mtg Assn	5.00	02/13/2017	AAA	410,267	0.09
Federal Natl Mtg Assn Disc	—	02/22/2011	AAA	1,617,354	0.35
FHLMC Pool #G1-1630	3.50	06/01/2019	AGN	136,866	0.03
FHLMC Pool #G1-8024	4.00	09/01/2019	AGN	192,155	0.04
FNMA Pool #0254663	5.00	02/01/2013	AGN	102,968	0.02
FNMA Pool #0254801	6.00	07/01/2023	AGN	67,876	0.01
FNMA Pool #0254972	6.00	10/01/2023	AGN	33,995	0.01
FNMA Pool #0255319	5.00	08/01/2019	AGN	207,873	0.04
FNMA Pool #0725866	4.50	09/01/2034	AGN	392,267	0.08
FNMA Pool #0729175	VAR RT	06/01/2034	AGN	82,504	0.02
FNMA Pool #0809800	5.50	03/01/2035	AGN	432,495	0.09
FNMA Gtd Remic P/T	4.49	11/25/2012	AGN	225,429	0.05
FNMA Gtd Remic P/T 04-36 Eb	4.00	03/25/2018	AGN	63,025	0.01
Franklin Resources Inc	3.13	05/20/2015	AA-	241,684	0.05
GE Capital Commercial Mo C1 A4	VAR RT	03/10/2044	AAA	497,902	0.11
GE Capital Credit Card Mas 2 A	3.69	07/15/2015	AAA	157,274	0.03
General Elec Cap Corp	5.50	01/08/2020	AA+	175,102	0.04
General Electric Capital Corp	5.88	01/14/2038	AA+	226,213	0.05
GNMA Pool #0511631	9.00	08/15/2030	Exempt from disclosure	14,253	—
GNMA Pool #0591705	7.50	10/15/2032	Exempt from disclosure	1,973	—
GNMA Pool #0781384	11.00	09/15/2015	Exempt from disclosure	2,986	—
Goldman Sachs Group Inc	6.00	06/15/2020	A	107,722	0.02

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
Goldman Sachs Group Inc	3.70%	08/01/2015	A	\$ 121,481	0.03%
Home Depot Inc Sr Nt	5.25	12/16/2013	BBB+	255,581	0.06
Ingersoll-Rand Global Hldg Co	6.00	08/15/2013	BBB+	256,947	0.06
Intl Paper Co	7.50	08/15/2021	BBB	250,320	0.05
Jefferies Group Inc	6.88	04/15/2021	BBB	191,165	0.04
KLA-Tencor Corp Sr Nt	6.90	05/01/2018	BBB	241,853	0.05
Kraft Foods Inc	6.50	02/09/2040	BBB-	403,325	0.09
Merrill Lynch & Co Inc Medium	6.88	04/25/2018	A	121,056	0.03
Merrill Lynch/Countrywide 9 A4	5.70	09/12/2049	A+	280,363	0.06
Metlife Inc	4.75	02/08/2021	A-	209,122	0.05
Morgan Stanley	5.63	09/23/2019	A	254,415	0.05
Morgan Stanley Capital Hq8 A4	VAR RT	03/12/2044	AAA	293,819	0.06
Morgan Stanley Capital T13 A4	4.66	09/13/2045	AAA	103,993	0.02
Nasdaq Omx Group	4.00	01/15/2015	BBB	248,642	0.05
Omnicare Inc	3.25	12/15/2035	B+	208,125	0.04
Omnicom Group Inc	4.45	08/15/2020	BBB+	246,007	0.05
PG&E Energy Recovery Fund 2 A2	5.03	03/25/2014	AAA	123,214	0.03
Private Expt Fdg Corp Ser U	4.95	11/15/2015	AA+	173,532	0.04
Prudential Financial Inc	5.38	06/21/2020	A	280,020	0.06
Republic Services Inc	5.25	11/15/2021	BBB	266,650	0.06
Rio Tinto Finance Usa Ltd	5.88	07/15/2013	BBB+	256,018	0.06
Southern Copper Corp	6.75	04/16/2040	BBB-	281,029	0.06
TD Ameritrade Holding Co	4.15	12/01/2014	BBB+	253,116	0.05
Time Warner Inc	3.15	07/15/2015	BBB	61,661	0.01
U.S. Treas Strip Int Pmt	—	11/15/2027	Exempt from disclosure	198,169	0.04
U.S. Treasury Bond	5.38	02/15/2031	Exempt from disclosure	478,778	0.10
U.S. Treasury Bond	4.38	02/15/2038	Exempt from disclosure	347,157	0.07
U.S. Treasury Note	4.25	01/15/2011	Exempt from disclosure	2,314,109	0.50
U.S. Treasury Note	4.88	07/31/2011	Exempt from disclosure	2,317,916	0.50
U.S. Treasury Note	4.63	07/31/2012	Exempt from disclosure	2,376,264	0.51
U.S. Treasury Note	2.88	01/31/2013	Exempt from disclosure	2,456,874	0.53
U.S. Treasury Note	3.38	07/31/2013	Exempt from disclosure	2,418,558	0.52
U.S. Treasury Note	1.75	01/31/2014	Exempt from disclosure	3,499,963	0.75
U.S. Treasury Note	1.13	01/15/2012	Exempt from disclosure	2,459,740	0.53
U.S. Treasury Note	2.63	07/31/2014	Exempt from disclosure	2,549,064	0.55
U.S. Treasury Note	3.63	02/15/2020	Exempt from disclosure	803,402	0.17

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
U.S. Treas-Cpi Inflat	1.63%	01/15/2015	Exempt from disclosure	\$ 574,256	0.12%
Waste Mgmt Inc Del Sr Nt	6.38	11/15/2012	BBB	109,975	0.02
Wells Fargo & Company	3.75	10/01/2014	AA-	126,473	0.03
Xerox Corporation	5.63	12/15/2019	BBB-	233,153	0.05

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments as of August 31, 2009 are as follows:

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
AEP Tex Cent Trans 06-A Cl A2	4.98%	07/01/2013	AAA	\$ 159,599	0.04%
American Express Co	7.25	05/20/2014	BBB+	132,059	0.03
American Express Cr 08-1 Cl A (1)	0.72	08/15/2013	AAA	378,864	0.09
Ameriprise Financial Inc	7.30	06/28/2019	A	154,392	0.04
AT & T Inc Global Nt	4.95	01/15/2013	A	256,541	0.06
AT & T Wireless Svcs Inc Sr Nt	8.75	03/01/2031	A	225,949	0.05
Axa SA US\$Sub Nt	8.60	12/15/2030	A-	250,000	0.06
Banc One Corp Debs	8.00	04/29/2027	A	235,574	0.05
Bank of America Corp	7.62	06/01/2019	A	220,202	0.05
Bear Stearns Coml 01-Top4 A3	5.61	11/15/2033	AAA	284,911	0.07
Bear Stearns Cos Inc Sr Nt	6.40	10/02/2017	A+	206,180	0.05
BP Capital Markets Plc	1.55	08/11/2011	AA	160,288	0.04
Burlington Nothn Santa Fe Corp	5.75	03/15/2018	BBB	117,961	0.03
Centerpoint Energy Tran Aa2	4.97	08/01/2014	AAA	365,674	0.08
Chait 2009-A3 A3	2.40	06/17/2013	AAA	344,311	0.08
Cisco Sys Inc Sr Nt	4.95	02/15/2019	A+	250,488	0.06
Citigroup Inc Global Nt	5.30	10/17/2012	A	202,040	0.05
Clorox Co Sr Nt	5.95	10/15/2017	BBB+	249,200	0.06
Commit To Pur FNMA Sf Mtg	5.00	09/01/2039	AGN	1,267,419	0.29
Commit To Pur FNMA Sf Mtg	5.00	09/01/2024	AGN	448,142	0.10
Commit To Pur FNMA Sf Mtg	5.50	09/01/2039	AGN	2,331,706	0.54
Commit To Pur FNMA Sf Mtg	6.50	09/01/2039	AGN	459,833	0.11
Commit To Pur FNMA Sf Mtg	5.50	09/01/2024	AGN	862,796	0.20
Commit To Pur FNMA Sf Mtg	6.00	09/01/2039	AGN	1,562,502	0.36
Commit To Pur GNMA Sf Mtg	5.00	09/15/2039	AGN	159,504	0.04
Commit To Pur GNMA Sf Mtg	5.50	09/15/2039	AGN	240,207	0.06
Commit To Pur GNMA Sf Mtg	6.00	09/15/2039	AGN	274,056	0.06
Commonwealth Edison Co 1St Mtg	5.80	03/15/2018	A-	139,945	0.03
Conocophillips Cda Fdg Co I Nt	5.62	10/15/2016	A	232,864	0.05
Credit Suisse Fb Usa Inc Sr Nt	6.12	11/15/2011	A+	236,394	0.05
CVS Caremark Corp Sr Nt	6.60	03/15/2019	BBB+	181,168	0.04
Dow Chemical Co	4.85	08/15/2012	BBB-	61,276	0.01
Dow Chemical Company	7.60	05/15/2014	BBB-	183,568	0.04

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
Federal Home Ln Mtg Corp Ref	5.12%	11/17/2017	AGN	\$ 549,775	0.13%
Federal Home Ln Mtg Corp Ref	3.75	03/27/2019	AGN	247,865	0.06
Federal Home Ln Mtg Corp Refer	2.50	01/07/2014	AGN	100,167	0.02
Federal Natl Mtg Assn Debs	7.25	05/15/2030	AGN	281,217	0.07
Federal Natl Mtg Assn Debs	5.00	02/13/2017	AGN	164,649	0.04
FHLMC Pool #G1-1630	3.50	06/01/2019	AGN	111,947	0.03
FHLMC Pool #G1-8024	4.00	09/01/2019	AGN	234,141	0.05
FNMA Pool #0254663	5.00	02/01/2013	AGN	181,300	0.04
FNMA Pool #0254801	6.00	07/01/2023	AGN	75,068	0.02
FNMA Pool #0254972	6.00	10/01/2023	AGN	42,380	0.01
FNMA Pool #0255319	5.00	08/01/2019	AGN	275,264	0.06
FNMA Pool #0725866	4.50	09/01/2034	AGN	327,384	0.08
FNMA Pool #0729175	2.93	06/01/2034	AGN	93,709	0.02
FNMA Pool #0809800	5.50	03/01/2035	AGN	512,917	0.12
FNMA Gtd Remic P/T	4.49	11/25/2012	AGN	218,755	0.05
FNMA Gtd Remic P/T 04-36 Eb	4.00	03/25/2018	AGN	89,994	0.02
FNMA Gtd Remic P/T 05-51 Kc	4.50	01/25/2025	AGN	72,170	0.02
GE Cap Cr Card Mstr 06-1 Cl A	5.08	09/15/2012	AAA	344,217	0.08
GE Coml Mtg Corp 2006-1 Cl A4	5.51	03/10/2044	AAA	436,063	0.10
Gemnt 2009-2 A	3.69	07/15/2015	AAA	151,206	0.04
General Elec Cap Corp #Tr00806	5.87	01/14/2038	AA+	133,155	0.03
General Mls Inc Nt	5.25	08/15/2013	BBB+	217,378	0.05
GNMA Poof #0511631	9.00	08/15/2030	Exempt from disclosure	14,187	—
GNMA Pool #0591705	7.50	10/15/2032	Exempt from disclosure	2,708	—
GNMA Pool #0781384	11.00	09/15/2015	Exempt from disclosure	5,578	—
GNMA Gtd Remic P/T 2002-48 Oc	6.00	09/16/2030	AGN	714,456	0.17
Goldman Sachs Group Inc Mtn	7.50	02/15/2019	A	149,972	0.03
Ingersoll-Rand Global Hldg Co	6.00	08/15/2013	BBB+	244,272	0.06
Intl Paper Co	7.50	08/15/2021	BBB	121,595	0.03
JP Morgan Chase Coml 04-C2 A3	5.40	05/15/2041	AAA	172,386	0.04
Kla-Tencor Corp Sr Nt	6.90	05/01/2018	BBB	153,411	0.04
Koninklijke Philips Electrs N	4.62	03/11/2013	A-	248,148	0.06
LB Ubs Coml Mtg 2005-C7 Cl A1	4.99	11/15/2030	AAA	104,323	0.02
LB Ubs Coml Mtg Tr 03-C5 A-3	4.25	07/15/2027	AAA	397,202	0.09
Merrill Lynch & Co Inc Medium	6.87	04/25/2018	A	40,843	0.01
Metlife Inc	6.75	06/01/2016	A-	153,145	0.04
Morgan Stanley	6.00	05/13/2014	A	106,039	0.02
Morgan Stanley Cap 04-Top13 A4	4.66	09/13/2045	AAA	95,490	0.02
Morgan Stanley Cap I 06-Hq8 A4	5.55	03/12/2044	AAA	243,824	0.06
News America Inc	5.65	08/15/2020	BBB+	164,608	0.04
PG&E Energy Recovery 05-2 A2	5.03	03/25/2014	AAA	194,830	0.05
Private Expt Fdg Corp Ser U	4.95	11/15/2015	AA+	163,618	0.04
Prudential Finl Inc Mtn 00029	5.15	01/15/2013	A	120,913	0.03
Rio Tinto Fin Usa Ltd Gtd Nt	5.87	07/15/2013	BBB+	244,364	0.06
Time Warner Cable Inc Nt	7.50	04/01/2014	BBB	80,343	0.02

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Issuer	Coupon rate	Maturity date	S&P risk rating	Fair value	Concentration of credit exposure
U.S. Treas Strip Int Pmt	—%	11/15/2027	Exempt from disclosure	\$ 341,058	0.08%
U.S. Treasury Bond	4.37	02/15/2038	Exempt from disclosure	268,247	0.06
U.S. Treasury Note	4.25	01/15/2011	Exempt from disclosure	2,392,723	0.56
U.S. Treasury Note	4.87	07/31/2011	Exempt from disclosure	2,392,309	0.56
U.S. Treasury Note	4.62	07/31/2012	Exempt from disclosure	2,401,784	0.56
U.S. Treasury Note	2.12	01/31/2010	Exempt from disclosure	2,469,808	0.57
U.S. Treasury Note	2.87	01/31/2013	Exempt from disclosure	2,420,186	0.56
U.S. Treasury Note	2.75	07/31/2010	Exempt from disclosure	2,451,936	0.57
U.S. Treasury Note	3.37	07/31/2013	Exempt from disclosure	2,367,586	0.55
U.S. Treasury Note	1.12	01/15/2012	Exempt from disclosure	2,430,240	0.56
U.S. Treas-Cpi Inflat	1.62	01/15/2015	disclosure	536,085	0.12
USAA Auto Owner Tr 05-3 Cl A4	4.63	05/15/2012	AAA	228,322	0.05
Valero Energy Corp Nt	6.62	06/15/2037	BBB	95,612	0.02
Verizon Communications Inc Nt	6.40	02/15/2038	A	227,012	0.05
Viacom Inc	4.37	09/15/2014	BBB	120,186	0.03
Virginia Elec & Pwr Co Sr Nt	5.95	09/15/2017	A-	109,817	0.03
Wellpoint Inc Nt	6.00	02/15/2014	A-	171,173	0.04
Wells Fargo & Co New Sr Nt	5.25	10/23/2012	AA-	127,495	0.03
Xerox Corp Sr Nt	5.50	05/15/2012	BBB	156,374	0.04

- (1) The American Express Cr 08-1 Cl A is a variable rate security whose coupon rate resets monthly. So, the rate understandably stands out compared to other securities whose rate is locked in longer-term and therefore is much higher.

At August 31, 2010 and 2009, the Endowment Fund held no unrated fixed income marketable securities.

(f) Alternative Investments

Investments reported at fair value of approximately \$239,537,837 and \$219,076,796, as of August 31, 2010 and 2009, respectively, are not publicly traded, and have been estimated by management and fund managers in the absence of readily available market values. These funds are invested with external investment managers, generally in commingled funds, limited liability partnerships or corporations in which the System has an interest, who invest, for example, in hedge funds, real estate, natural resources, private equity, managed futures, and distressed opportunities.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

These investments are domestic and international in nature and some of the investments may not be realized for a period of several years after the investments are made. Risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk, and investment manager risk. More specifically, the risks include the following:

Nonregulation Risk – Historically, these funds have not been required to register with the Securities and Exchange Commission (SEC) and therefore have not been subject to regulatory control. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers will be required to register with the SEC under the Investment Advisers Act of 1940. As of the August 31, 2010, the Endowment Fund has no specific policy statement with respect to nonregulation risk. The policy does contain limitations on the percentage that can be allocated to alternative investments.

Managerial Risk – Fund managers for nonpublicly traded investments may fail to produce the intended returns and are not subject to oversight. However, the fund managers are subject to oversight by the Endowment Fund. The Endowment Fund has no specific policy statement with respect to managerial risk for alternative investments. However, the Endowment Fund diversifies across managers to mitigate systematic and organizational risk without creating overdiversification. The Endowment Fund further attempts to mitigate managerial risk by emphasizing the qualitative evolution of managers, discouraging the use of significant leverage, emphasizing managers with a demonstrated skill in generating returns.

Liquidity Risk – Many of the endowment's investment funds impose restrictions on redemptions or require multi-year lock-up periods that restrict investors from redeeming their shares or may impose penalties to redeem. The Endowment Fund has no specific policy statement with respect to liquidity risk. The policy does contain limitations on the percentage that can be allocated to alternative investments.

Limited Transparency – As unregistered investment vehicles, these funds are not required to disclose the holdings in their portfolios to investors. This risk will be mitigated somewhat by the Dodd-Frank Act of 2010 and the increased transparency provided by the requirement to file Form ADV with the SEC. The Endowment Fund has no specific policy statement with respect to transparency risk.

Investment Strategy Risk – Alternative investments often employ sophisticated and more risky investment strategies, as compared to traditional investments, and one or more may use leverage, which could result in volatile returns. To mitigate this risk, emphasis is placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance. The Endowment Fund has no specific policy statement with respect to investment strategy risk. The policy does contain limitations on the percentage that can be allocated to alternative investments.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Endowment Fund’s non-U.S. dollar investments. Investment managers may hedge some, all, or none of their foreign currency risk. The Endowment Fund has no specific policy statement with respect to foreign currency risk. Other than the following currencies, non-U.S. dollar-denominated international equity and fixed income investments were unhedged as of August 31, 2010 and 2009:

		Market value (1)	
		2010	2009
Currency:			
Euro	\$	—	620,485
Pound Sterling		1,089,655	1,283,469
Swiss Franc		1,397,040	—
Total	\$	<u>2,486,695</u>	<u>1,903,954</u>

(1) These figures represent the Endowment Fund’s proportional value of any hedges.

(6) Due to Other Components

Due to other components at August 31, 2010 and 2009 consists of the following:

	2010	2009
Payable to System components under the income payout policy	\$ 12,009,138	11,747,221
Payable to System components for institutional advancement	3,495,757	3,802,152
Receivable from to System components based on endowment agreements	<u>(33,207)</u>	<u>(24,039)</u>
Total due to other components	<u>\$ 15,471,688</u>	<u>15,525,334</u>

(7) Related-Party Transactions

In addition to the transfers-in described in the revenue recognition policy in note 2, and distributions to other components described in note 6, the Endowment Fund received in-kind contributions from the System in the form of personnel costs, office facilities, equipment, and supplies in the fiscal years ended August 31, 2010 and 2009. The total estimated value of these in-kind contributions received from the System was approximately \$502,959 and \$487,754 for the fiscal years 2010 and 2009, respectively.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Notes to Basic Financial Statements

August 31, 2010 and 2009

(8) Administrative Costs and Institutional Advancement Fees

The Endowment Fund pays custodial fees and expenses to the financial institution that acts as the custodian of the portion of the Endowment Fund's assets managed under a master trust custodian agreement. The fees are based on the number of accounts, market value of the securities, and transaction activities in accordance with the master trust custodian agreement.

Additionally, the Endowment Fund incurs asset management fees from the independent investment managers of the Endowment Fund. The fees are generally assessed on a quarterly basis on a percentage of the market value of investments held by each investment manager.

The Endowment Fund incurs other expenses related to its operations primarily consisting of professional service fees and expenses. The total fees and expenses incurred by the Endowment Fund for the fiscal years ended August 31, 2010 and 2009 were \$2,121,822 and \$2,264,736, respectively.

(9) Income Taxes

The System, of which the Fund is a division of, is a university established as an agency of the State of Texas prior to 1969, and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under section 115 of the Internal Revenue Code of 1986 (IRC). However, as a state college or university, the System is subject to unrelated business income pursuant to IRC section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2010 and 2009. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(10) Subsequent Events (Unaudited)

In the months subsequent to the fiscal year year-end, the U.S. and world financial markets, as measured by the global stock markets, have continued to advance. These and other economic events have had an effect on the value of investments held by the Endowment Fund. Interim valuation information is not available for all investments through the date of this report. However, for the Endowment Fund, investment appreciation subsequent to year-end and through December 31, 2010 was approximately \$68,271,933. As of that date, the Endowment Fund's total net assets were approximately \$510,553,988.

OTHER SUPPLEMENTARY INFORMATION

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
U.S. government obligations:					
U.S. Treasury Bond	365,000.000	5.38%	02/15/2031	\$ 409,526	478,778
U.S. Treasury Bond	300,000.000	4.38	02/15/2038	297,424	347,157
U.S. Treas-Cpi Inflat	542,231.500	1.63	01/15/2015	544,570	574,256
U.S. Treasury Note	2,280,000.000	4.25	01/15/2011	2,311,482	2,314,109
U.S. Treasury Note	2,225,000.000	4.88	07/31/2011	2,307,264	2,317,916
U.S. Treasury Note	2,200,000.000	4.63	07/31/2012	2,347,064	2,376,264
U.S. Treasury Note	2,325,000.000	2.88	01/31/2013	2,426,303	2,456,874
U.S. Treasury Note	2,242,000.000	3.38	07/31/2013	2,332,910	2,418,558
U.S. Treasury Note	3,397,000.000	1.75	01/31/2014	3,383,389	3,499,963
U.S. Treasury Note	2,435,000.000	1.13	01/15/2012	2,435,820	2,459,740
U.S. Treasury Note	2,400,000.000	2.63	07/31/2014	2,509,177	2,549,064
U.S. Treasury Note	730,000.000	3.63	02/15/2020	732,428	803,402
U.S. Treas Strip Int Pmt	360,000.000	—	11/15/2027	172,559	198,167
Total U.S. government obligations				22,209,916	22,794,248
U.S. government agency issues:					
Commit To Pur Fnma Sf Mtg	1,235,000.000	5.00	09/01/2040	1,312,959	1,311,422
Commit To Pur Gnma Sf Mtg	640,000.000	5.00	09/15/2040	686,970	687,699
Commit To Pur Gnma I Sf Mtg	570,000.000	5.50	09/15/2040	618,027	616,848
Commit To Pur Gnma Sf Mtg	260,000.000	6.00	09/15/2040	284,213	282,994
Commit To Pur Fnma Sf Mtg	35,000.000	5.00	09/01/2025	37,341	37,220
Commit To Pur Fnma Sf Mtg	1,500,000.000	5.50	09/01/2040	1,612,727	1,603,830
Commit To Pur Fnma Sf Mtg	430,000.000	6.50	09/01/2040	470,984	468,094
Commit To Pur Fnma Sf Mtg	445,000.000	5.50	09/01/2025	479,939	478,655
Commit To Pur Fnma Sf Mtg	1,485,000.000	6.00	09/01/2040	1,612,398	1,598,692
FHLMC Pool #G1-8024	180,412.230	4.00	09/01/2019	177,739	192,155
FHLMC Pool #G1-1630	133,579.900	3.50	06/01/2019	128,796	136,866
Federal Natl Mtg Assn	210,000.000	7.25	05/15/2030	263,415	309,028
Federal Natl Mtg Assn Disc	1,620,000.000	—	02/22/2011	1,617,354	1,617,354
Federal Natl Mtg Assn	350,000.000	5.00	02/13/2017	378,920	410,267
Federal Home Ln Mtg Corp	150,000.000	5.13	04/18/2011	154,050	154,547
Federal Home Ln Mtg Corp	200,000.000	5.13	11/17/2017	214,163	237,562
Federal Home Ln Mtg Corp	300,000.000	2.50	01/07/2014	300,782	314,277
FNMA Pool #0254663	97,173.100	5.00	02/01/2013	96,610	102,968
FNMA Pool #0254801	61,822.140	6.00	07/01/2023	62,105	67,876
FNMA Pool #0254972	30,962.710	6.00	10/01/2023	31,105	33,995
FNMA Pool #0255319	194,083.350	5.00	08/01/2019	192,442	207,873
FNMA Gtd Remic P/T	210,000.000	4.49	11/25/2012	210,283	225,429
FNMA Gtd Remic P/T 04-36 Eb	60,989.020	4.00	03/25/2018	61,359	63,025
FNMA Pool #0725866	370,209.810	4.50	09/01/2034	363,071	392,267
FNMA Pool #0729175	78,772.820	VAR RT	06/01/2034	78,795	82,504
FNMA Pool #0809800	401,931.840	5.50	03/01/2035	406,609	432,495
GNMA Pool #0591705	1,718.620	7.50	10/15/2032	1,811	1,973
GNMA Pool #0511631	12,048.720	9.00	08/15/2030	12,664	14,253
GNMA Pool #0781384	2,893.900	11.00	09/15/2015	3,089	2,985
Total U.S. government agency issues				11,870,720	12,085,153
Fixed income (nongovernment/agency):					
Aep Texas Central Transit A A2	219,926.760	4.98	07/01/2015	224,645	233,298
American Express Co	120,000.000	7.25	05/20/2014	119,859	139,571
American Express Cr 08-1 Cl A	380,000.000	VAR RT	08/15/2013	380,000	380,551
Axa Sa US\$Sub Nt	165,000.000	8.60	12/15/2030	202,030	190,676
Banc One Corp Debs	205,000.000	8.00	04/29/2027	233,659	262,250
Banc of America Commercial 5 A4	150,000.000	5.41	09/10/2016	138,244	158,780
Bank of America Corp	100,000.000	5.63	07/01/2020	99,649	103,022
Bear Stearns Commercial Top6 A2	187,910.100	6.46	10/15/2036	197,963	198,623
Bear Stearns Commercial Pw12 A4	290,000.000	VAR RT	09/11/2038	301,826	319,473
Bear Stearns Commercial Pw13 A4	350,000.000	5.54	09/11/2041	358,662	383,005
Bear Stearns Commercial T28 A4	365,000.000	5.74	09/11/2042	362,083	400,580
Cvs Caremark Corp	200,000.000	3.25	05/18/2015	199,884	208,520
Ca Inc	200,000.000	5.38	12/01/2019	198,457	218,158
Centerpoint Energy Transit A A2	225,058.530	4.97	08/01/2014	225,018	234,655
Chait 2009-A3 A3	340,000.000	2.40	06/17/2013	339,852	344,950
Citigroup Inc	260,000.000	5.00	09/15/2014	246,667	267,153
Cliffs Natural Resources	40,000.000	5.90	03/15/2020	39,781	43,718
Direc Tv Holdings/Fing	260,000.000	3.13	02/15/2016	259,832	259,145

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Discovery Communications	220,000.000	3.70%	06/01/2015	\$ 219,797	231,433
Dow Chemical Co	230,000.000	5.90	02/15/2015	234,361	254,658
Franklin Resources Inc	230,000.000	3.13	05/20/2015	230,323	241,684
GE Capital Credit Card Mas 2 A	150,000.000	3.69	07/15/2015	149,981	157,274
GE Capital Commercial Mo C1 A4	455,000.000	VAR RT	03/10/2044	451,524	497,902
General Electric Capital Corp	220,000.000	5.88	01/14/2038	212,795	226,213
General Elec Cap Corp	160,000.000	5.50	01/08/2020	159,634	175,102
Goldman Sachs Group Inc	100,000.000	6.00	06/15/2020	100,139	107,722
Goldman Sachs Group Inc	120,000.000	3.70	08/01/2015	120,078	121,481
Home Depot Inc Sr Nt	230,000.000	5.25	12/16/2013	243,132	255,581
Ingersoll-Rand Global Hldg Co	230,000.000	6.00	08/15/2013	229,942	256,947
Intl Paper Co	210,000.000	7.50	08/15/2021	215,935	250,320
Jefferies Group Inc	180,000.000	6.88	04/15/2021	178,235	191,165
Kla-Tencor Corp Sr Nt	210,000.000	6.90	05/01/2018	214,766	241,853
Kraft Foods Inc	340,000.000	6.50	02/09/2040	336,784	403,325
Merrill Lynch & Co Inc Medium	110,000.000	6.88	04/25/2018	115,386	121,056
Metlife Inc	200,000.000	4.75	02/08/2021	202,077	209,122
Merrill Lynch/Countrywide 9 A4	270,000.000	5.70	09/12/2049	264,656	280,363
Morgan Stanley Capital T13 A4	100,000.000	4.66	09/13/2045	97,473	103,993
Morgan Stanley Capital Hq8 A4	270,000.000	VAR RT	03/12/2044	246,810	293,819
Morgan Stanley	250,000.000	5.63	09/23/2019	248,411	254,415
Nasdaq Omx Group	240,000.000	4.00	01/15/2015	239,545	248,642
Omnicom Group Inc	240,000.000	4.45	08/15/2020	240,431	246,007
PG&E Energy Recovery Fund 2 A2	119,046.880	5.03	03/25/2014	119,041	123,214
Private Expt Fdg Corp Ser U	150,000.000	4.95	11/15/2015	159,399	173,532
Prudential Financial Inc	260,000.000	5.38	06/21/2020	259,751	280,020
Republic Services Inc	240,000.000	5.25	11/15/2021	240,864	266,650
Rio Tinto Finance Usa Ltd	230,000.000	5.88	07/15/2013	229,510	256,018
Southern Copper Corp	260,000.000	6.75	04/16/2040	260,326	281,029
Td Ameritrade Holding Co	240,000.000	4.15	12/01/2014	240,762	253,116
Time Warner Inc	60,000.000	3.15	07/15/2015	59,931	61,661
Waste Mgmt Inc Del Sr Nt	100,000.000	6.38	11/15/2012	106,409	109,975
Wells Fargo & Company	120,000.000	3.75	10/01/2014	120,349	126,473
Xerox Corporation	210,000.000	5.63	12/15/2019	215,443	233,153
Omnicare Inc	250,000.000	3.25	12/15/2035	204,375	208,122
Total fixed income (nongovernment/agency)				11,296,486	12,089,168
Global fixed income:					
Mondrian Global Fixed Income				21,315,746	22,701,139
Total global fixed income				21,315,746	22,701,139
Equity securities:					
3M Co	2,600.000			222,820	204,230
3Par Inc	11,250.000			114,966	361,350
A Schulman Inc	5,450.000			105,332	99,027
Aaron'S Inc	300.000			6,912	4,887
Abbott Laboratories	11,600.000			591,214	572,344
Abercrombie & Fitch Co	300.000			14,346	10,380
Accenture Plc Ireland Shs CI A	8,850.000			368,377	323,910
Ace Limited Shs	1,200.000			63,856	64,164
Activision Blizzard Inc	1,900.000			22,325	20,283
Actuant Corp	5,450.000			109,438	108,019
Administaff Inc	6,850.000			164,360	148,097
Adobe Systems Inc	1,900.000			66,348	52,630
Advance Auto Parts Inc	300.000			13,491	16,341
Advanced Micro Devices Inc	2,100.000			20,538	11,781
Aecom Technology Corp	400.000			11,989	9,000
Aeropostale Inc	300.000			9,276	6,390
Aes Corp/The	2,500.000			30,675	25,600
Aetna Inc	1,500.000			46,620	40,080
Affiliated Managers Group Inc	162.000			13,576	10,402
Aflac Inc	9,250.000			505,382	437,063
Agco Corp	300.000			11,396	9,915
Agilent Technologies Inc	1,300.000			46,969	35,061
AGL Resources Inc	300.000			11,627	11,010
Agnico-Eagle Mines Ltd	2,500.000			156,121	162,425

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Air Products & Chemicals Inc	770.000			\$ 59,036	57,003
Airgas Inc	300.000			19,100	19,740
AK Steel Holding Corp	400.000			7,556	5,096
Akamai Technologies Inc	13,620.000			543,502	627,473
Albemarle Corp	300.000			13,146	12,027
Alberto-Culver Co	300.000			8,523	9,315
Alcoa Inc	3,600.000			49,397	36,785
Alcon Inc Com Shs	250.000			37,863	40,550
Alere Inc	300.000			11,460	8,391
Alexander & Baldwin Inc	200.000			7,195	6,768
Alexandria Real Estate Equity	161.000			11,359	11,169
Alexion Pharmaceuticals Inc	300.000			16,755	16,941
Alleghany Corp	20.000			6,040	5,953
Allegheny Energy Inc	600.000			13,191	13,530
Allegheny Technologies Inc	358.000			11,810	14,578
Allergan Inc/United States	7,890.000			505,008	484,604
Alliance Data Systems Corp	200.000			13,644	11,238
Alliant Energy Corp	400.000			14,136	14,008
Alliant Techsystems Inc	100.000			8,105	6,590
Allied World Assurance Company	200.000			9,029	10,074
Allscripts Healthcare Solution	500.000			9,545	8,330
Allstate Corp/The	2,000.000			69,780	55,200
Alpha Natural Resources Inc	400.000			20,388	14,852
Altera Corp	1,100.000			28,754	27,115
Altria Group Inc	7,500.000			30,541	167,400
Amazon.Com Inc	6,680.000			921,020	833,864
AMB Property Corp	600.000			16,443	14,274
Amdocs Ltd Com	700.000			21,693	18,361
Ameren Corp	900.000			24,233	25,263
American Eagle Outfitters Inc	600.000			10,794	7,584
American Electric Power Co Inc	1,700.000			57,722	60,197
American Express Co	3,800.000			107,730	151,506
American Financial Group Inc/O	300.000			8,940	8,631
American International Group I	400.000			16,360	13,572
American Medical Systems Holdi	5,750.000			98,893	104,823
American National Insurance Co	25.000			2,795	1,914
American Tower Corp	1,500.000			63,032	70,290
American Water Works Co Inc	600.000			12,802	13,548
Americredit Corp	300.000			7,790	7,260
Ameriprise Financial Inc	900.000			43,471	39,222
Amerisourcebergen Corp	1,000.000			30,361	27,280
Ametek Inc	400.000			17,168	17,196
Amgen Inc	3,460.000			200,106	176,598
Amphenol Corp	600.000			28,053	24,432
AMR Corp	1,200.000			9,342	7,344
Amylin Pharmaceuticals Inc	500.000			10,433	10,270
Anadarko Petroleum Corp	1,800.000			130,644	82,782
Analog Devices Inc	1,100.000			34,621	30,668
Annaly Capital Management Inc	2,200.000			32,679	38,236
Ansys Inc	2,000.000			55,975	77,560
AOL Inc	400.000			11,672	8,888
Aon Corp	8,400.000			368,729	304,416
Apache Corp	1,340.000			143,542	120,399
Apartment Investment & Management	400.000			8,214	8,176
Apollo Group Inc	500.000			32,870	21,245
Apple Inc	5,630.000			1,109,458	1,368,653
Applied Materials Inc	4,900.000			70,707	50,813
Aptargroup Inc	246.000			10,557	10,246
Aqua America Inc	500.000			9,213	9,940
Arch Capital Group Ltd Shs	200.000			15,232	15,960
Arch Coal Inc	600.000			16,404	13,497
Archer-Daniels-Midland Co	17,333.000			498,613	534,030
Ares Capital Corp	700.000			9,095	10,451
Armstrong World Industries Inc	100.000			4,298	3,930
Arris Group Inc	5,350.000			63,789	43,763
Arrow Electronics Inc	400.000			12,460	9,152
Art Technology Group Inc	22,985.000			92,142	79,758

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Arthur J Gallagher & Co	400.000			\$ 10,309	9,940
Ashland Inc	300.000			11,276	13,938
Aspen Insurance Holdings	300.000			8,619	8,520
Associated Banc-Corp	600.000			9,378	7,230
Assurant Inc	400.000			13,982	14,624
Assured Guaranty Ltd Shs	700.000			9,592	10,829
Astec Industries Inc	3,400.000			101,325	87,380
AT&T Inc	61,388.000			1,608,578	1,659,318
Atheros Communications Inc	300.000			8,959	7,383
Atlas Energy Inc	300.000			8,926	8,151
Atmel Corp	1,700.000			9,767	9,865
Atmos Energy Corp	300.000			8,825	8,490
Atwood Oceanics Inc	2,800.000			90,986	70,308
Autodesk Inc	800.000			25,960	22,184
Autoliv Inc	300.000			16,895	16,242
Automatic Data Processing Inc	1,800.000			73,950	69,498
Autonation Inc	300.000			6,231	6,768
Autozone Inc	100.000			18,100	20,978
Avago Technologies Ltd Shs	400.000			8,617	8,060
Avalonbay Communities Inc	300.000			28,757	31,566
Avery Dennison Corp	400.000			15,243	13,008
Avnet Inc	600.000			19,337	13,740
Avon Products Inc	1,600.000			53,768	46,560
Avx Corp	200.000			2,964	2,478
Axis Capital Hldgs Ltd Shs	500.000			15,503	15,440
Babcock & Wilcox Co	400.000			9,398	8,960
Baidu Inc/China	5,820.000			419,018	456,463
Baker Hughes Inc	1,540.000			78,813	57,873
Baldor Electric Co	3,850.000			136,709	135,058
Ball Corp	300.000			16,241	16,824
Bally Technologies Inc	200.000			7,179	6,290
Bancorpsouth Inc	300.000			6,888	3,825
Bank of America Corp	46,200.000			673,664	575,652
Bank of Hawaii Corp	200.000			10,584	8,932
Bank of New York Mellon Corp/T	4,400.000			141,753	106,744
Barrick Gold Corp	7,500.000			301,156	350,700
Baxter International Inc	2,200.000			128,839	93,610
BB&T Corp	9,850.000			301,121	217,882
BE Aerospace Inc	400.000			11,693	10,780
Beckman Coulter Inc	254.000			15,549	11,593
Becton Dickinson And Co	845.000			58,132	57,621
Bed Bath & Beyond Inc	955.000			44,369	34,351
Bemis Co Inc	400.000			12,430	11,548
Berkshire Hathaway Inc	6,240.000			511,140	491,587
Best Buy Co Inc	1,251.000			57,731	39,269
Big Lots Inc	300.000			11,774	9,378
Biogen Idec Inc	900.000			47,449	48,420
Biomarin Pharmaceutical Inc	400.000			9,158	8,116
Bio-Rad Laboratories Inc	71.000			7,775	5,860
BJ's Restaurants Inc	4,550.000			84,804	108,927
BJ's Wholesale Club Inc	200.000			7,328	8,392
Blackrock Inc	119.000			23,312	16,892
BMC Software Inc	700.000			28,798	25,235
Boeing Co/The	2,747.000			203,106	167,924
Bok Financial Corp	100.000			5,436	4,444
Borgwarner Inc	400.000			15,866	17,460
Boston Properties Inc	500.000			38,970	40,700
Boston Scientific Corp	5,600.000			40,488	29,064
Boyd Gaming Corp	10,025.000			94,927	69,574
Brandywine Realty Trust	500.000			6,515	5,495
BRE Properties Inc	200.000			7,936	8,176
Brigham Exploration Co	7,750.000			120,185	118,730
Brinker International Inc	400.000			8,160	6,300
Bristol-Myers Squibb Co	6,200.000			155,620	161,696
Broadcom Corp	1,800.000			63,414	53,928
Broadridge Financial Solutions	500.000			11,403	10,675
Brocade Communications Systems	16,850.000			93,649	84,587

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Brookdale Senior Living Inc	200.000			\$ 4,157	2,680
Brown & Brown Inc	400.000			7,789	7,616
Brown-Forman Corp	400.000			23,634	24,516
Brunswick Corp/De	6,175.000			86,789	78,484
Bucyrus International Inc	300.000			20,649	17,247
Buffalo Wild Wings Inc	600.000			24,872	25,020
Bunge Limited Com	3,000.000			154,848	159,000
Burger King Holdings Inc	400.000			8,588	6,580
CA Inc	1,500.000			34,197	26,982
Cablevision Systems Corp	900.000			23,378	22,581
Cabot Corp	200.000			6,316	5,686
Cabot Oil & Gas Corp	400.000			15,592	11,136
Cadence Design Systems Inc	1,000.000			7,178	6,790
Calgon Carbon Corp	6,850.000			112,278	85,488
Callaway Golf Co	7,400.000			68,132	46,250
Calpine Corp	1,200.000			15,294	15,264
Camden Property Trust	200.000			9,096	9,152
Cameron International Corp	900.000			40,932	33,102
Campbell Soup Co	700.000			25,162	26,082
Capital One Financial Corp	1,652.000			73,553	62,561
Capitalsource Inc	900.000			5,504	4,545
Capitol Federal Financial	100.000			3,819	2,566
Carbo Ceramics Inc	1,100.000			83,617	83,303
Cardinal Health Inc	1,300.000			46,252	38,948
Career Education Corp	300.000			10,710	5,259
Carefusion Corp	700.000			19,649	15,106
Carlisle Cos Inc	200.000			7,923	5,610
Carmax Inc	800.000			20,000	15,944
Carnival Corp	1,600.000			64,368	49,888
Carpenter Technology Corp	4,800.000			133,078	148,848
Cash America International Inc	3,700.000			134,099	113,331
Caterpillar Inc	6,050.000			417,316	394,218
CB Richard Ellis Group Inc	1,000.000			17,110	16,420
CBS Corp	2,500.000			39,831	34,550
Celanese Corp	600.000			19,902	16,020
Celgene Corp	13,770.000			788,522	708,742
Centerpoint Energy Inc	1,500.000			21,633	22,185
Central European Distribution	200.000			7,737	4,576
Central European Media Ent-A	100.000			3,600	2,128
Centurylink Inc	1,100.000			39,820	39,776
Cephalon Inc	300.000			19,649	16,983
Cerner Corp	251.000			22,469	18,285
CF Industries Holdings Inc	258.000			22,271	23,865
CH Robinson Worldwide Inc	600.000			36,006	38,994
Charles River Laboratories Int	200.000			8,091	5,650
Charles Schwab Corp/The	3,500.000			68,215	44,660
Chesapeake Energy Corp	2,300.000			54,464	47,564
Chevron Corp	7,270.000			298,603	538,562
Chicago Bridge & Iron Co Nv	400.000			8,225	8,712
Chico's Fas Inc	700.000			10,948	5,782
Chimera Investment Corp	3,200.000			12,798	12,576
Chipotle Mexican Grill Inc	119.000			15,379	17,949
Choice Hotels International In	100.000			3,813	3,288
Chubb Corp	1,200.000			62,808	66,156
Church & Dwight Co Inc	257.000			17,540	15,736
Ciena Corp	300.000			5,325	3,747
Cigna Corp	1,000.000			34,000	32,220
Cimarex Energy Co	300.000			19,221	19,626
Cincinnati Financial Corp	500.000			14,873	13,335
Cinemark Holdings Inc	5,950.000			101,737	86,930
Cintas Corp	500.000			14,168	12,745
Circor International Inc	3,700.000			116,001	103,045
Cisco Systems Inc	55,250.000			1,434,400	1,104,171
Cit Group Inc	700.000			24,852	25,676
Citigroup Inc	76,300.000			370,724	282,997
Citrix Systems Inc	700.000			34,890	40,558
City National Corp/Ca	165.000			9,560	7,993

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Clarcor Inc	3,350,000			\$ 115,139	112,694
Clear Channel Outdoor Holdings	200,000			2,613	2,010
Clearwire Corp	500,000			3,432	3,210
Cliffs Natural Resources Inc	500,000			34,441	30,595
Clorox Co	500,000			27,827	32,410
CME Group Inc	2,210,000			722,617	548,434
CMS Energy Corp	800,000			12,627	14,000
CNA Financial Corp	100,000			2,813	2,602
CNH Global Nv	100,000			2,816	2,815
Coach Inc	1,100,000			47,345	39,424
Cobalt International Energy In	300,000			3,989	2,448
Coca-Cola Co/The	16,750,000			577,500	936,040
Coca-Cola Enterprises Inc	1,100,000			30,910	31,306
Cognizant Technology Solutions	10,250,000			520,062	590,451
Colgate-Palmolive Co	1,770,000			149,919	130,697
Comcast Corp	15,100,000			267,982	258,135
Comerica Inc	600,000			26,041	20,646
Commerce Bancshares Inc/Kansas	300,000			12,087	10,719
Commercial Metals Co	400,000			6,190	5,208
Commonwealth Reit	250,000			7,860	6,030
Commscope Inc	300,000			9,450	5,625
Community Health Systems Inc	300,000			12,248	7,821
Compass Minerals International	100,000			7,871	7,175
Compellent Technologies Inc	8,850,000			121,346	135,140
Computer Sciences Corp	560,000			30,965	22,294
Compuware Corp	800,000			6,948	5,736
Comstock Resources Inc	200,000			6,799	4,354
Conagra Foods Inc	6,600,000			161,417	142,494
Conceptus Inc	5,000,000			93,370	69,075
Concho Resources Inc/Midland T	300,000			16,140	17,526
Conocophillips	19,850,000			1,194,330	1,040,736
Consol Energy Inc	800,000			34,676	25,760
Consolidated Edison Inc	1,000,000			45,165	47,530
Constellation Brands Inc	700,000			12,789	11,662
Constellation Energy Group Inc	700,000			26,237	20,531
Continental Airlines Inc	500,000			10,733	11,170
Continental Resources Inc/Ok	100,000			4,507	4,052
Convergys Corp	400,000			5,344	4,052
Con-Way Inc	200,000			7,640	5,242
Cooper Cos Inc/The	200,000			7,803	8,068
Cooper Industries Plc	600,000			28,016	25,254
Copa Holdings S A Cl A	100,000			5,758	4,878
Copart Inc	2,050,000			57,010	67,753
Core Laboratories N V	1,560,000			72,975	123,131
Corelogic Inc	400,000			8,121	6,908
Corn Products International In	300,000			10,469	10,239
Corning Inc	13,100,000			265,913	205,408
Corporate Office Properties Tr	200,000			8,500	7,220
Corrections Corp Of America	400,000			8,532	8,924
Costco Wholesale Corp	7,040,000			417,865	397,760
Covance Inc	200,000			12,554	7,586
Covanta Holding Corp	500,000			8,833	7,205
Coventry Health Care Inc	600,000			14,436	11,610
Covidien Plc Shs	8,350,000			409,108	295,089
Cr Bard Inc	344,000			29,478	26,430
Crane Co	200,000			7,602	6,780
Cree Inc	400,000			30,488	21,416
Crocs Inc	10,050,000			101,563	125,424
Crown Castle International Cor	1,054,000			40,337	43,340
Crown Holdings Inc	600,000			15,773	16,710
Csx Corp	1,400,000			77,686	69,846
Cullen/Frost Bankers Inc	200,000			11,725	10,250
Cummins Inc	2,576,000			172,602	191,680
Cvs Caremark Corp	9,900,000			366,318	267,102
Cypress Semiconductor Corp	600,000			7,875	6,348
Cytec Industries Inc	2,800,000			106,041	132,804
Danaher Corp	1,900,000			77,397	69,027

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Darden Restaurants Inc	500.000			\$ 23,700	20,630
Davita Inc	400.000			22,182	25,848
Dean Foods Co	700.000			11,589	7,154
Deere & Co	1,538.000			93,155	97,309
Del Monte Foods Co	700.000			11,088	9,142
Dell Inc	18,600.000			285,945	218,922
Delta Air Lines Inc	2,900.000			36,453	30,334
Denbury Resources Inc	1,500.000			26,490	22,110
Dendreon Corp	500.000			19,710	17,920
Dentsply International Inc	531.000			18,723	14,751
Developers Diversified Realty	700.000			7,632	7,252
Devon Energy Corp	4,100.000			272,326	247,148
Devry Inc	200.000			14,566	7,622
Diamond Offshore Drilling Inc	250.000			20,971	14,545
Dick's Sporting Goods Inc	300.000			8,621	7,341
Diebold Inc	200.000			6,774	5,188
Digital Realty Trust Inc	300.000			17,057	17,781
Digital River Inc	3,700.000			101,401	97,569
Direc Tv	3,200.000			49,255	121,274
Discover Financial Services	2,000.000			21,833	29,020
Discovery Communications Inc	1,000.000			37,644	37,750
Dish Network Corp	700.000			15,145	12,558
Dolby Laboratories Inc	200.000			12,009	11,084
Dollar General Corp	300.000			8,639	8,193
Dollar Tree Inc	450.000			18,140	20,373
Dominion Resources Inc/Va	2,200.000			90,992	94,006
Domtar Corp	150.000			7,873	9,003
Donaldson Co Inc	300.000			13,770	12,570
Douglas Emmett Inc	500.000			8,455	8,060
Dover Corp	700.000			34,223	31,332
Dow Chemical Co/The	4,200.000			126,709	102,354
DPL Inc	400.000			10,952	10,128
Dr Horton Inc	1,000.000			12,980	10,260
Dr Pepper Snapple Group Inc	900.000			22,275	33,138
Dreamworks Animation Skg Inc	300.000			12,903	8,889
Dresser-Rand Group Inc	300.000			10,386	10,656
Dril-Quip Inc	2,000.000			65,624	105,740
Dst Systems Inc	100.000			4,327	4,074
Dsw Inc	3,150.000			55,720	74,813
Dte Energy Co	600.000			28,092	28,110
Duke Energy Corp	4,800.000			78,240	82,464
Duke Realty Corp	800.000			10,722	8,968
Dun & Bradstreet Corp	200.000			15,416	13,180
E*Trade Financial Corp	800.000			10,443	9,918
Eagle Materials Inc	200.000			6,096	4,590
East West Bancorp Inc	500.000			7,967	7,314
Eastman Chemical Co	262.000			17,473	16,126
Eaton Corp	600.000			46,854	41,688
Eaton Vance Corp	400.000			13,884	10,396
Ebay Inc	4,100.000			95,834	95,243
Echostar Corp	100.000			1,942	1,866
Ecolab Inc	845.000			39,239	40,053
Edison International	1,200.000			48,800	40,500
Education Management Corp	100.000			2,483	807
Edwards Lifesciences Corp	400.000			20,063	23,028
Ei Du Pont De Nemours & Co	3,300.000			128,931	134,541
El Paso Corp	2,600.000			29,458	29,614
Electronic Arts Inc	1,200.000			23,700	18,276
Eli Lilly & Co	3,700.000			279,496	124,283
EMC Corp/Massachusetts	40,470.000			763,101	738,173
Emdeon Inc	100.000			1,679	1,025
Emergency Medical Services Cor	100.000			5,305	4,805
Emerson Electric Co	2,700.000			140,157	125,955
Endo Pharmaceuticals Holdings	4,350.000			86,119	118,059
Endurance Specialty Hldgs Ltd	200.000			7,694	7,368
Energen Corp	261.000			12,636	11,139
Energizer Holdings Inc	254.000			15,401	16,015

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Entergy Corp	683.000			\$ 55,793	53,848
EOG Resources Inc	7,988.000			821,646	693,918
EQT Corp	500.000			21,830	16,300
Equifax Inc	500.000			13,553	14,735
Equinix Inc	164.000			16,279	14,958
Equity Residential	1,000.000			42,940	45,830
Erie Indemnity Co	100.000			4,525	5,250
Essex Property Trust Inc	100.000			10,046	10,577
Estee Lauder Cos Inc/The	400.000			27,052	22,428
Evercore Partners Inc	3,200.000			105,331	78,368
Everest Re Group Inc Com	200.000			16,464	15,828
Exco Resources Inc	500.000			9,560	6,725
Exelon Corp	2,400.000			104,625	97,728
Expedia Inc	700.000			17,241	16,002
Expeditors International Of Wa	10,650.000			447,291	421,740
Express Scripts Inc	1,952.000			101,108	83,155
Exterran Holdings Inc	200.000			5,850	4,426
Exxon Mobil Corp	23,440.000			831,687	1,385,538
F5 Networks Inc	1,100.000			89,406	96,173
Factset Research Systems Inc	169.000			12,839	12,430
Fairchild Semiconductor Intern	500.000			5,960	3,865
Family Dollar Stores Inc	500.000			14,700	21,395
Fastenal Co	500.000			27,190	22,635
Federal Realty Investment Trus	200.000			15,214	15,858
Federal-Mogul Corp	100.000			2,073	1,530
Federated Investors Inc	300.000			7,843	6,255
Fedex Corp	1,134.000			103,306	88,509
Fidelity National Financial In	900.000			13,961	13,050
Fidelity National Information	1,200.000			30,684	31,020
Fifth Third Bancorp	3,000.000			45,450	33,120
First Cash Financial Services	5,550.000			107,461	132,423
First Citizens Bancshares Inc/	20.000			4,094	3,359
First Horizon National Corp	7,178.000			74,052	72,354
First Niagara Financial Group	800.000			11,888	9,032
First Solar Inc	200.000			26,098	25,570
Firstenergy Corp	1,100.000			41,448	40,183
Fiserv Inc	554.000			29,645	27,706
Flir Systems Inc	600.000			17,832	15,060
Flowers Foods Inc	300.000			7,622	7,752
Flowerserve Corp	200.000			23,100	17,876
Fluor Corp	647.000			41,622	28,895
FMC Corp	264.000			16,944	16,442
FMC Technologies Inc	9,670.000			625,195	598,090
Foot Locker Inc	600.000			9,558	7,044
Ford Motor Co	12,000.000			169,560	135,420
Forest City Enterprises Inc	400.000			6,326	4,508
Forest Laboratories Inc	1,100.000			30,206	30,019
Forest Oil Corp	400.000			10,992	10,448
Fortune Brands Inc	553.000			29,439	24,769
Forward Air Corp	4,500.000			134,716	106,920
Fossil Inc	200.000			7,313	9,498
Franklin Resources Inc	550.000			64,868	53,081
Freeport-Mcmoran Copper & Gold	1,701.000			189,400	122,455
Frontier Communications Corp	38,648.000			287,101	298,749
Frontier Oil Corp	400.000			5,228	4,684
Frontline Ltd Shs	200.000			7,340	5,300
FTI Consulting Inc	200.000			8,154	6,556
Fulton Financial Corp	700.000			7,847	5,803
Gamestop Corp	600.000			15,084	10,758
Gannett Co Inc	900.000			16,592	10,881
Gap Inc/The	1,700.000			23,816	28,713
Gardner Denver Inc	200.000			9,563	9,548
Garmin Ltd	400.000			14,756	10,644
Gartner Inc	300.000			7,354	8,604
Gatx Corp	200.000			6,793	5,460
General Cable Corp	200.000			5,971	4,450
General Dynamics Corp	1,251.000			109,192	69,893

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
General Electric Co	56,180.000			\$ 773,217	813,486
General Growth Properties Inc	900.000			12,828	12,663
General Mills Inc	2,400.000			84,756	86,784
Genpact Ltd	200.000			3,461	2,798
Gen-Probe Inc	200.000			9,558	9,006
Gentex Corp	500.000			11,126	8,790
Genuine Parts Co	600.000			25,860	25,158
Genworth Financial Inc	1,800.000			33,390	19,512
Genzyme Corp	1,000.000			54,452	70,110
Gerdau Ameristeel Corp	500.000			5,507	5,500
Gilead Sciences Inc	8,000.000			287,234	254,640
Glacier Bancorp Inc	8,452.000			132,611	116,976
Gleacher & Co Inc	12,700.000			52,214	21,209
Glg Partners Inc	700.000			2,321	3,129
Global Payments Inc	300.000			13,647	11,289
Goldman Sachs Group Inc/The	1,860.000			295,547	254,690
Goodrich Corp	454.000			32,918	31,090
Goodyear Tire & Rubber Co/The	900.000			13,127	8,316
Google Inc	1,925.000			1,040,160	866,289
Graco Inc	200.000			6,446	5,582
Great Plains Energy Inc	500.000			9,498	9,245
Green Mountain Coffee Roasters	400.000			11,475	12,328
Greenhill & Co Inc	100.000			8,671	7,043
Greif Inc	100.000			5,853	5,685
Guess? Inc	200.000			9,432	6,464
H&R Block Inc	1,300.000			23,056	16,679
Halliburton Co	3,300.000			116,967	93,093
Hanesbrands Inc	400.000			11,936	9,576
Hanover Insurance Group Inc/Th	200.000			8,890	8,676
Hansen Natural Corp	200.000			8,248	9,008
Harley-Davidson Inc	900.000			30,809	21,897
Harman International Industrie	300.000			15,021	9,351
Harris Corp	500.000			21,679	21,035
Harsco Corp	300.000			9,897	5,982
Hartford Financial Services Gr	1,600.000			46,000	32,269
Hasbro Inc	500.000			20,065	20,180
Hawaiian Electric Industries I	300.000			7,073	7,206
Haynes International Inc	2,800.000			97,282	81,984
HCC Insurance Holdings Inc	400.000			10,868	10,092
HCP Inc	1,100.000			35,442	38,742
Health Care Reit Inc	449.000			20,016	20,623
Health Management Associates I	12,700.000			115,560	79,375
Health Net Inc	400.000			9,349	9,552
Helmerich & Payne Inc	300.000			12,617	11,112
Henry Schein Inc	300.000			18,171	15,840
Herbalife Ltd Usd Com Shs	200.000			9,193	11,116
Hershey Co/The	558.000			25,029	25,930
Hertz Global Holdings Inc	700.000			8,348	5,957
Hess Corp	7,058.000			449,942	354,665
Hewitt Associates Inc	300.000			10,513	14,481
Hewlett-Packard Co	8,500.000			325,426	326,825
Hexcel Corp	9,900.000			136,795	168,894
Hibbett Sports Inc	4,600.000			96,870	106,398
Hillenbrand Inc	200.000			4,938	3,806
Hill-Rom Holdings Inc	200.000			6,282	6,420
HJ Heinz Co	1,145.000			53,429	52,945
Holly Corp	200.000			4,979	5,202
Hologic Inc	1,000.000			15,833	14,180
Home Bancshares Inc/Ar	3,500.000			83,155	75,390
Home Depot Inc	6,100.000			215,147	169,702
Honeywell International Inc	14,050.000			626,407	548,793
Hormel Foods Corp	251.000			10,430	10,831
Hospira Inc	600.000			34,230	30,816
Hospitality Properties Trust	500.000			13,675	9,775
Host Hotels & Resorts Inc	2,400.000			37,704	31,579
Hubbell Inc	200.000			10,402	8,996
Hudson City Bancorp Inc	1,700.000			24,667	19,601

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Human Genome Sciences Inc	700.000			\$ 16,949	20,349
Humana Inc	600.000			27,906	28,674
Huntington Bancshares Inc/Oh	2,700.000			17,793	14,305
Huntsman Corp	600.000			6,996	5,478
Hyatt Hotels Corp	200.000			7,795	7,532
Iac/Interactivecorp	300.000			7,056	7,434
Idex Corp	300.000			10,431	8,937
Idexx Laboratories Inc	200.000			11,948	11,054
IHS Inc	200.000			10,696	12,358
Illinois Tool Works Inc	1,600.000			81,680	66,016
Illumina Inc	8,270.000			344,505	354,700
Informatica Corp	300.000			7,456	9,642
Ingersoll-Rand Public Limited	1,200.000			45,616	39,036
Ingram Micro Inc	600.000			11,025	9,036
Integrus Energy Group Inc	300.000			14,717	14,535
Intel Corp	27,600.000			528,060	487,554
Interactive Brokers Group Inc	200.000			3,237	3,238
Intercontinental exchange Inc	270.000			30,206	25,801
Interface Inc	6,000.000			74,657	76,920
International Business Machine	7,650.000			939,459	941,945
International Flavors & Fragra	300.000			15,072	13,707
International Game Technology	1,100.000			21,395	16,060
International Paper Co	9,100.000			245,660	186,186
International Rectifier Corp	300.000			7,250	5,505
International Speedway Corp	100.000			2,912	2,289
Interpublic Group Of Cos Inc/T	1,800.000			17,352	15,354
Intersil Corp	500.000			8,375	5,000
Intrepid Potash Inc	200.000			5,332	4,490
Intuit Inc	1,000.000			35,720	42,738
Intuitive Surgical Inc	140.000			51,238	37,104
Invesco Ltd Shs	1,637.000			35,605	29,695
Iron Mountain Inc	700.000			19,518	14,196
ITC Holdings Corp	200.000			10,961	11,592
Itron Inc	150.000			11,648	8,100
ITT Corp	700.000			39,921	29,750
ITT Educational Services Inc	133.000			15,148	7,084
J Crew Group Inc	200.000			7,843	6,098
Jabil Circuit Inc	700.000			11,718	7,175
Jacobs Engineering Group Inc	454.000			21,851	15,745
Janus Capital Group Inc	700.000			10,630	6,356
Jarden Corp	300.000			9,948	8,082
JB Hunt Transport Services Inc	300.000			11,004	9,825
JC Penney Co Inc	800.000			24,472	15,984
JDS Uniphase Corp	800.000			10,900	7,352
Jefferies Group Inc	400.000			9,896	9,004
JM Smucker Co/The	443.000			27,595	25,907
John Wiley & Sons Inc	200.000			8,552	7,118
Johnson & Johnson	9,950.000			411,147	567,349
Johnson Controls Inc	16,850.000			552,725	447,031
Jones Lang Lasalle Inc	153.000			12,047	11,553
Joy Global Inc	400.000			24,200	22,688
Jpmorgan Chase & Co	18,970.000			819,644	689,749
Juniper Networks Inc	1,900.000			56,658	51,680
K12 Inc	1,250.000			29,586	28,925
Kansas City Southern	400.000			15,168	13,428
Kar Auction Services Inc	100.000			1,529	1,211
Kaydon Corp	2,850.000			123,503	92,369
KB Home	300.000			5,330	3,093
KBR Inc	600.000			14,160	13,926
Kellogg Co	900.000			48,474	44,712
Kennametal Inc	300.000			9,567	7,560
Keycorp	3,300.000			29,502	24,321
Kimberly Clark Corp	1,500.000			94,338	96,600
Kimco Realty Corp	1,500.000			22,965	22,362
Kinetic Concepts Inc	200.000			9,602	6,384
King Pharmaceuticals Inc	900.000			10,292	7,839
Kirby Corp	2,800.000			62,254	103,124

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Kla-Tencor Corp	600,000			\$ 20,064	16,805
Kohl'S Corp	1,100,000			61,974	51,634
Kraft Foods Inc	5,800,000			175,450	173,478
Kroger Co/The	17,400,000			371,592	343,302
L-3 Communications Holdings In	436,000			41,993	29,038
Laboratory Corp Of America Hol	400,000			32,402	29,048
Lam Research Corp	500,000			19,997	18,055
Lamar Advertising Co	200,000			7,614	5,242
Landstar System Inc	200,000			8,965	7,196
Las Vegas Sands Corp	1,100,000			26,081	31,163
Lazard Ltd Shs -A-	300,000			11,664	9,378
Leap Wireless International In	200,000			3,651	2,072
Lear Corp	170,000			12,030	12,522
Legg Mason Inc	600,000			19,296	15,198
Leggett & Platt Inc	600,000			13,884	11,502
Lender Processing Services Inc	344,000			13,306	10,090
Lennar Corp	600,000			11,112	7,890
Lennox International Inc	200,000			9,709	8,478
Leucadia National Corp	700,000			18,662	14,945
Level 3 Communications Inc	6,000,000			9,570	6,180
Lexmark International Inc	300,000			11,535	10,497
Liberty Global Inc	922,000			27,024	25,420
Liberty Media Corp – Capital	300,000			13,272	13,524
Liberty Media Corp – Interacti	2,200,000			35,376	23,210
Liberty Media Corp – Starz	200,000			8,409	11,948
Liberty Property Trust	400,000			13,608	12,148
Life Technologies Corp	663,000			35,114	28,363
Life Time Fitness Inc	2,950,000			95,024	100,212
Lifepoint Hospitals Inc	200,000			7,594	6,080
Lincare Holdings Inc	350,000			11,248	8,047
Lincoln Electric Holdings Inc	155,000			9,218	7,682
Lincoln National Corp	1,100,000			35,695	25,707
Linear Technology Corp	800,000			24,616	22,896
Live Nation Entertainment Inc	9,100,000			90,956	78,624
LKQ Corp	6,150,000			97,393	114,390
Lockheed Martin Corp	1,100,000			94,875	76,472
Loews Corp	1,142,000			44,047	40,130
Logmein Inc	3,250,000			63,122	106,438
Lorillard Inc	555,000			44,195	42,186
Lowe'S Cos Inc	30,550,000			805,322	619,554
LSI Corp	2,400,000			15,468	9,672
Ltd Brands Inc	1,000,000			28,030	23,600
Lubrizol Corp	250,000			22,981	23,328
Lululemon Athletica Inc	14,010,000			562,814	460,551
Lumber Liquidators Holdings In	3,450,000			89,963	69,104
M&T Bank Corp	267,000			23,041	22,866
Macerich Co/The	500,000			20,870	20,705
Mack-Cali Realty Corp	300,000			10,812	9,255
Macy'S Inc	1,600,000			28,814	31,056
Madison Square Garden Inc	200,000			4,386	3,910
Manitowoc Co Inc/The	500,000			7,733	4,580
Manpower Inc	300,000			15,073	12,750
Mantech International Corp	1,550,000			70,545	54,855
Marathon Oil Corp	19,250,000			624,808	586,933
Mariner Energy Inc	400,000			10,308	9,156
Markel Corp	40,000			15,241	13,109
Marriott International Inc/De	1,000,000			34,671	31,978
Marsh & McLennan Cos Inc	6,900,000			161,971	163,668
Marshall & Ilsley Corp	1,900,000			18,886	12,445
Martin Marietta Materials Inc	165,000			15,413	12,078
Marvell Technology Group Ltd	1,900,000			41,344	30,231
Masco Corp	1,300,000			22,854	13,637
Massey Energy Co	400,000			17,522	11,504
Mastercard Inc	3,300,000			804,628	654,588
Mattel Inc	1,300,000			30,700	27,287
Maxim Integrated Products Inc	1,100,000			22,550	17,457
MBIA Inc	500,000			4,818	4,670

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
McAfee Inc	600.000			\$ 24,213	28,230
McCormick & Co Inc/Md	500.000			19,585	19,935
McDermott International Inc	800.000			10,136	10,256
McDonald's Corp	3,900.000			184,184	284,934
McGraw-Hill Cos Inc/The	1,200.000			32,452	33,180
McKesson Corp	1,000.000			56,403	58,050
MDC Holdings Inc	100.000			3,502	2,662
MDU Resources Group Inc	700.000			15,409	13,167
Mead Johnson Nutrition Co	740.000			38,320	38,621
Meadwestvaco Corp	600.000			16,680	13,056
Medassets Inc	6,200.000			126,468	122,760
Medco Health Solutions Inc	11,050.000			632,521	480,454
Mednax Inc	200.000			11,642	9,268
Medtronic Inc	4,000.000			191,015	125,800
MEMC Electronic Materials Inc	800.000			12,490	8,232
Merck & Co Inc	34,700.000			1,101,102	1,220,052
Mercury General Corp	100.000			4,567	3,922
Meredith Corp	100.000			3,694	2,926
Merit Medical Systems Inc	5,450.000			95,581	86,001
Metlife Inc	7,400.000			318,448	278,595
MetroPCS Communications Inc	900.000			6,894	8,046
Mettler-Toledo International I	126.000			14,625	13,934
MGM Resorts International	1,000.000			13,281	9,010
Microchip Technology Inc	700.000			21,100	19,411
Micron Technology Inc	3,100.000			33,294	20,023
Micros Systems Inc	300.000			10,503	11,430
Microsoft Corp	66,850.000			1,995,462	1,568,635
Microstrategy Inc	1,250.000			67,339	97,413
Middleby Corp	2,500.000			128,040	137,475
Mirant Corp	500.000			5,750	4,850
Mohawk Industries Inc	200.000			12,094	8,862
Molex Inc	500.000			11,180	8,825
Molson Coors Brewing Co	4,300.000			184,054	187,308
Monro Muffler Brake Inc	2,350.000			77,691	98,418
Monsanto Co	2,000.000			132,740	105,300
Monster Worldwide Inc	500.000			8,450	5,515
Moody's Corp	700.000			17,985	14,798
Morgan Stanley	5,100.000			161,548	125,919
Morningstar Inc	100.000			4,970	4,045
Mosaic Co/The	5,600.000			250,220	328,496
Motorola Inc	8,500.000			62,390	63,920
MSC Industrial Direct Co	158.000			8,782	7,042
MSCI Inc	400.000			14,396	11,960
Mueller Water Products Inc	13,950.000			69,684	33,062
Murphy Oil Corp	700.000			42,581	37,492
MWI Veterinary Supply Inc	3,600.000			131,870	190,836
Mylan Inc/Pa	11,100.000			201,732	190,476
Myriad Genetics Inc	400.000			8,938	6,252
Nabors Industries Ltd Shs	1,100.000			23,128	17,248
Nalco Holding Co	500.000			12,435	11,360
Nasdaq Omx Group Inc/The	500.000			10,920	8,955
National Cinemedia Inc	6,600.000			105,600	104,874
National Fuel Gas Co	300.000			15,773	12,894
National Instruments Corp	4,350.000			131,897	125,411
National Oilwell Varco Inc	1,500.000			66,675	56,445
National Semiconductor Corp	900.000			13,793	11,349
Nationwide Health Properties I	400.000			13,855	15,388
Navistar International Corp	300.000			14,057	12,564
NBTY Inc	200.000			9,460	10,898
NCR Corp	600.000			9,192	7,710
Netapp Inc	1,247.000			44,140	50,354
Netezza Corp	10,600.000			111,243	206,276
Netflix Inc	150.000			13,689	18,828
Neustar Inc	300.000			7,752	6,642
New York Community Bancorp Inc	1,600.000			27,712	25,424
New York Times Co/The	400.000			5,096	2,872
Newell Rubbermaid Inc	1,000.000			17,305	15,010

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Newfield Exploration Co	500.000			\$ 26,830	24,005
Newmont Mining Corp	10,850.000			569,112	665,322
News Corp	15,900.000			230,809	199,704
Nextera Energy Inc	1,500.000			75,555	80,595
NII Holdings Inc	600.000			24,264	21,750
Nike Inc	1,300.000			99,749	91,000
Nisource Inc	1,000.000			16,410	17,360
Noble Energy Inc	648.000			39,072	45,217
Nordstrom Inc	600.000			26,240	17,352
Norfolk Southern Corp	1,339.000			80,341	71,878
Northeast Utilities	600.000			16,590	17,382
Northern Trust Corp	900.000			49,257	41,515
Northrop Grumman Corp	1,100.000			75,207	59,532
Novell Inc	1,300.000			7,514	7,313
Novellus Systems Inc	400.000			10,660	9,316
Novo Nordisk A/S	5,050.000			420,711	432,381
NRG Energy Inc	1,000.000			22,340	20,320
NSTAR	400.000			14,628	15,212
Nuance Communications Inc	5,450.000			44,859	79,843
Nucor Corp	1,100.000			49,621	40,458
Nuvasive Inc	2,850.000			108,917	83,648
NV Energy Inc	900.000			11,426	11,520
Nvidia Corp	2,000.000			33,200	18,650
NYR Inc	20.000			14,950	12,083
Nyse Euronext	1,000.000			32,620	27,740
Oasis Petroleum Inc	5,000.000			81,369	82,350
Occidental Petroleum Corp	9,629.000			795,671	703,687
Oceaneering International Inc	200.000			13,039	10,002
Office Depot Inc	1,000.000			8,110	3,410
Oge Energy Corp	353.000			14,270	13,785
Oil States International Inc	200.000			9,784	8,246
Old Republic International Cor	900.000			12,392	11,502
Omnicare Inc	7,900.000			205,362	151,680
Omnicom Group Inc	1,100.000			53,461	38,511
On Semiconductor Corp	1,600.000			13,568	9,888
Onebeacon Insurance Group Ltd	100.000			1,737	1,305
Oneok Inc	400.000			19,424	17,164
Oracle Corp	18,788.000			356,632	410,424
O'Reilly Automotive Inc	500.000			22,335	23,635
Ormat Technologies Inc	100.000			3,105	2,756
Oshkosh Corp	300.000			12,840	7,464
Owens Corning	400.000			11,666	10,880
Owens-Illinois Inc	600.000			21,648	15,036
Paccar Inc	1,300.000			59,433	53,274
Packaging Corp Of America	400.000			10,120	8,916
Pactiv Corp	500.000			12,337	16,040
Pall Corp	400.000			15,842	13,676
Panera Bread Co	100.000			8,516	7,994
Parexel International Corp	5,700.000			95,251	113,088
Parker Hannifin Corp	600.000			42,600	35,496
Partnerre Hldgs Ltd Bermuda	300.000			24,273	22,335
Patterson Cos Inc	400.000			12,784	10,108
Patterson-UTI Energy Inc	600.000			9,132	8,850
Paychex Inc	1,200.000			37,680	29,868
Peabody Energy Corp	1,000.000			46,600	42,790
Penn National Gaming Inc	200.000			5,889	5,636
Pentair Inc	400.000			14,996	12,040
People's United Financial Inc	1,400.000			22,659	17,780
Pepco Holdings Inc	800.000			13,536	14,360
Pepsico Inc/Nc	19,337.000			996,942	1,241,049
Perkinelmer Inc	5,000.000			112,389	105,050
Perrigo Co	300.000			17,721	17,103
Petrohawk Energy Corp	1,100.000			24,409	16,641
Petsmart Inc	400.000			13,092	12,760
Pfizer Inc	112,450.000			1,881,691	1,789,080
PG&E Corp	1,348.000			63,898	63,032
Pharmaceutical Product Develop	400.000			9,930	9,188

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Philip Morris International In	6,700.000			\$ 68,288	344,112
Phillips-Van Heusen Corp	205.000			13,030	9,364
Piedmont Office Realty Trust I	190.000			3,698	3,488
Pinnacle Financial Partners In	5,650.000			90,227	48,364
Pinnacle West Capital Corp	400.000			15,326	15,940
Pioneer Natural Resources Co	400.000			25,312	23,128
Pitney Bowes Inc	800.000			20,144	15,392
Plains Exploration & Production	500.000			16,450	11,940
Plum Creek Timber Co Inc	600.000			25,080	20,682
Pmc – Sierra Inc	800.000			7,524	5,528
PNC Financial Services Group I	1,900.000			124,070	96,881
Polo Ralph Lauren Corp	200.000			18,582	15,148
Polycom Inc	300.000			9,157	8,532
Popular Inc	3,700.000			12,958	9,431
PPG Industries Inc	600.000			42,294	39,498
PPL Corp	1,700.000			47,164	46,172
Praxair Inc	7,410.000			584,236	637,482
Precision Castparts Corp	523.000			67,589	59,193
Priceline.Com Inc	2,447.000			572,922	713,252
Pride International Inc	600.000			19,533	14,126
Principal Financial Group Inc	1,200.000			36,096	27,660
Procter & Gamble Co/The	10,400.000			135,063	620,568
Progress Energy Inc	1,000.000			39,383	42,910
Progressive Corp/The	2,500.000			50,850	49,500
Prologis	1,800.000			25,488	19,562
Prosperity Bancshares Inc	2,700.000			89,613	76,923
Protective Life Corp	300.000			7,202	5,604
Prudential Financial Inc	1,700.000			150,124	86,020
PSS World Medical Inc	5,700.000			105,148	104,652
Public Service Enterprise Grou	1,800.000			55,494	57,528
Public Storage	500.000			47,193	49,010
Pulte Group Inc	1,200.000			14,124	9,648
QEP Resources Inc	600.000			18,338	17,418
Qiagen N V	17,820.000			412,216	317,552
Qlogic Corp	400.000			8,608	5,956
Qualcomm Inc	28,940.000			1,174,946	1,108,402
Quanta Services Inc	800.000			16,152	14,352
Quest Diagnostics Inc/De	500.000			29,016	21,750
Questar Corp	600.000			9,178	9,768
Quicksilver Resources Inc	400.000			5,680	4,880
Qwest Communications International	6,300.000			33,121	35,595
Radioshack Corp	500.000			11,938	9,240
Ralcorp Holdings Inc	200.000			13,436	11,930
Rambus Inc	400.000			9,186	7,132
Range Resources Corp	600.000			29,448	20,286
Raven Industries Inc	2,450.000			73,606	82,590
Raymond James Financial Inc	3,650.000			66,849	84,242
Rayonier Inc	300.000			14,463	14,190
Raytheon Co	1,400.000			84,014	61,488
Realty Income Corp	400.000			13,060	13,036
Red Hat Inc	700.000			21,781	24,185
Regal Entertainment Group	300.000			5,397	3,693
Regal-Beloit Corp	139.000			7,878	7,689
Regency Centers Corp	300.000			11,835	10,938
Regeneron Pharmaceuticals Inc	200.000			4,909	4,396
Regions Financial Corp	4,300.000			37,797	27,649
Reinsurance Group Of America I	300.000			15,269	13,122
Reliance Steel & Aluminum Co	300.000			11,328	11,175
Renaissance Re Holdings Ltd	200.000			11,441	11,358
Republic Services Inc	1,200.000			36,528	35,316
Resmed Inc	600.000			19,002	18,084
Resources Connection Inc	4,325.000			75,201	47,964
Reynolds American Inc	600.000			33,246	32,724
Robert Half International Inc	600.000			15,746	12,948
Rockwell Automation Inc	500.000			30,210	25,570
Rockwell Collins Inc	600.000			39,603	32,358
Rofin-Sinar Technologies Inc	3,850.000			100,856	78,540

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Roper Industries Inc	340.000			\$ 20,771	19,747
Rosetta Resources Inc	4,600.000			106,114	90,620
Ross Stores Inc	443.000			21,449	21,986
Rovi Corp	400.000			15,044	17,404
Rowan Cos Inc	400.000			12,690	10,284
Royal Caribbean Cruises Ltd	500.000			17,325	12,280
Royal Gold Inc	200.000			9,516	9,814
Rpm International Inc	500.000			11,208	8,450
RR Donnelley & Sons Co	800.000			17,880	12,104
RRI Energy Inc	1,300.000			5,272	4,511
Ruddick Corp	2,400.000			75,718	77,688
Ryder System Inc	200.000			9,148	7,674
Safeway Inc	1,400.000			37,520	26,306
SAIC Inc	16,100.000			276,067	239,568
Salesforce.Com Inc	4,900.000			429,938	538,412
Sandisk Corp	800.000			30,072	26,504
Sandridge Energy Inc	1,300.000			8,903	5,252
Sanofi-Aventis Sa	22,150.000			802,058	633,712
Sara Lee Corp	2,400.000			34,104	34,656
SBA Communications Corp	400.000			14,140	14,320
Scana Corp	400.000			15,644	15,612
Schlumberger Ltd	4,926.940			333,652	262,754
Schnitzer Steel Industries Inc	100.000			5,437	4,424
Scotts Miracle-Gro Co/The	200.000			9,708	9,446
Scripps Networks Interactive I	300.000			13,296	12,054
Seacor Holdings Inc	100.000			8,518	7,867
Seagate Technology	1,800.000			35,172	18,252
Sealed Air Corp	600.000			13,848	12,306
Sears Holdings Corp	165.000			17,880	10,223
SEI Investments Co	500.000			8,276	8,850
Sempra Energy	900.000			45,135	45,828
Senior Housing Properties Trust	500.000			11,123	11,750
Service Corp International/Us	900.000			8,640	6,921
Shaw Group Inc/The	300.000			11,334	9,720
Sherwin-Williams Co/The	350.000			26,197	24,633
Sigma-Aldrich Corp	439.000			24,834	23,342
Signet Jewelers Limited Shs	300.000			10,202	7,932
Silgan Holdings Inc	3,600.000			87,336	107,604
Silicon Laboratories Inc	200.000			10,084	7,628
Simon Property Group Inc	1,060.000			92,139	95,877
Sirius Xm Radio Inc	14,000.000			15,449	13,384
Skyworks Solutions Inc	600.000			10,574	10,692
SL Green Realty Corp	300.000			18,684	18,084
SLM Corp	1,700.000			12,846	18,785
SM Energy Co	3,150.000			121,506	119,669
Smithfield Foods Inc	500.000			10,022	8,065
Snap-On Inc	200.000			9,684	8,246
Solera Holdings Inc	300.000			11,254	11,904
Sonic Corp	4,900.000			58,930	37,583
Sonoco Products Co	400.000			13,114	12,580
Southern Co	3,000.000			103,374	110,070
Southern Copper Corp	600.000			18,930	18,138
Southern Union Co	400.000			10,542	9,000
Southwest Airlines Co	2,700.000			36,704	29,835
Southwestern Energy Co	1,256.000			51,069	41,096
Spectra Energy Corp	2,400.000			55,776	48,816
Spirit Aerosystems Holdings In	400.000			9,256	7,736
Sprint Nextel Corp	10,600.000			43,460	43,036
SPX Corp	200.000			13,512	11,212
St Joe Co/The	300.000			10,721	7,224
St Jude Medical Inc	13,620.000			552,599	470,843
Stancorp Financial Group Inc	200.000			9,888	7,126
Stanley Black & Decker Inc	600.000			37,218	32,184
Staples Inc	28,430.000			654,699	505,201
Starbucks Corp	2,700.000			68,553	62,046
Starwood Hotels & Resorts Worl	700.000			35,035	32,711
State Street Corp	1,800.000			81,035	63,144

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Steel Dynamics Inc	800.000			\$ 13,296	10,936
Stericycle Inc	300.000			16,725	19,650
Strayer Education Inc	50.000			12,925	7,232
Stryker Corp	1,100.000			63,723	47,509
Suncor Energy Inc	5,000.000			157,960	151,300
Sunoco Inc	400.000			12,098	13,472
Sunpower Corp	400.000			7,176	4,316
Suntrust Banks Inc	1,800.000			53,496	40,518
Superior Energy Services Inc	300.000			7,203	6,450
Supervalu Inc	800.000			13,044	7,776
SXC Health Solutions Corp	100.000			7,401	7,780
Symantec Corp	3,000.000			51,330	40,890
Symetra Financial Corp	100.000			1,408	1,074
Synopsys Inc	500.000			11,620	11,430
Synovus Financial Corp	46,710.000			149,381	96,223
Sysco Corp	2,200.000			71,087	60,478
T Rowe Price Group Inc	14,110.000			789,457	617,877
Talecris Biotherapeutics Holdi	200.000			4,387	4,396
Talisman Energy Inc	25,000.000			426,713	392,000
Target Corp	2,700.000			92,447	138,132
Taubman Centers Inc	200.000			8,543	8,298
TCF Financial Corp	500.000			8,181	7,140
TD Ameritrade Holding Corp	800.000			16,392	11,696
Tech Data Corp	200.000			8,772	7,244
Techne Corp	1,585.000			93,746	91,502
Teco Energy Inc	800.000			13,396	13,504
Teekay Corporation Com	200.000			5,311	4,862
Teleflex Inc	149.000			9,307	7,161
Telephone & Data Systems Inc	300.000			10,526	8,667
Tellabs Inc	1,500.000			12,600	10,650
Temple-Inland Inc	400.000			9,529	6,372
Tempur-Pedic International Inc	3,600.000			72,915	96,480
Tenet Healthcare Corp	1,800.000			11,178	7,056
Teradata Corp	600.000			18,366	19,644
Teradyne Inc	600.000			7,317	5,388
Terex Corp	400.000			10,446	7,284
Tesoro Corp	500.000			6,418	5,614
Texas Capital Bancshares Inc	5,400.000			100,386	82,620
Texas Instruments Inc	26,550.000			722,764	611,181
Textron Inc	6,500.000			144,150	110,955
TFS Financial Corp	300.000			4,301	2,754
Thermo Fisher Scientific Inc	1,500.000			80,341	63,180
Thomas & Betts Corp	200.000			8,250	7,390
Thomson Reuters Corp	1,400.000			52,223	48,720
Thor Industries Inc	100.000			3,366	2,334
Thoratec Corp	200.000			8,777	6,440
Tibco Software Inc	13,550.000			126,726	196,312
Tidewater Inc	200.000			10,133	8,016
Tiffany & Co	459.000			23,124	18,190
Time Warner Cable Inc	1,300.000			68,419	67,041
Time Warner Inc	4,100.000			101,511	122,918
Timken Co	300.000			9,768	9,813
Titanium Metals Corp	300.000			4,805	5,448
Tjx Cos Inc	1,500.000			50,892	59,535
Toll Brothers Inc	500.000			10,830	8,644
Torchmark Corp	300.000			16,583	14,805
Toro Co/The	100.000			5,416	4,990
Total Sa	5,000.000			262,874	233,250
Total System Services Inc	600.000			9,840	8,520
Towers Watson & Co	150.000			6,083	6,735
Tractor Supply Co	2,232.000			84,533	151,731
Transatlantic Holdings Inc	200.000			10,226	9,534
Transdigm Group Inc	148.000			8,017	8,568
Travelers Cos Inc/The	7,700.000			378,688	377,223
Trimble Navigation Ltd	2,900.000			60,954	81,577
Trinity Industries Inc	300.000			7,571	5,136
TRW Automotive Holdings Corp	300.000			10,149	10,428

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Tupperware Brands Corp	200.000			\$ 8,021	7,868
TW Telecom Inc	600.000			10,722	10,521
Tyco International Ltd Shs	1,800.000			66,822	67,104
Tyson Foods Inc	1,100.000			22,231	18,018
UAL Corp	600.000			12,572	12,722
UDR Inc	600.000			12,204	12,348
UGI Corp	400.000			10,834	11,040
Ultra Salon Cosmetics & Fragrance	4,700.000			68,385	106,690
Ultra Petroleum Corp	600.000			27,344	23,406
Umpqua Holdings Corp	8,500.000			108,032	88,145
Union Pacific Corp	1,832.000			140,989	133,626
Unit Corp	100.000			4,709	3,407
United Parcel Service Inc	2,600.000			177,112	165,880
United States Cellular Corp	56.000			2,384	2,348
United States Steel Corp	500.000			28,990	21,245
United Technologies Corp	3,400.000			230,411	221,714
United Therapeutics Corp	200.000			11,179	9,244
Unitedhealth Group Inc	4,100.000			124,066	130,052
Unitrin Inc	200.000			4,481	4,760
Universal Health Services Inc	300.000			10,797	9,420
Unum Group	11,200.000			254,238	224,560
Urban Outfitters Inc	442.000			16,982	13,401
URS Corp	300.000			15,455	10,701
US Bancorp	22,250.000			603,215	462,800
USG Corp	200.000			4,224	2,434
UTI Worldwide Inc Shs	7,450.000			100,575	104,300
Valeant Pharmaceuticals Intern	200.000			8,302	11,538
Valero Energy Corp	2,100.000			40,383	33,117
Validus Holdings Ltd Com Shs	300.000			7,926	7,641
Valley National Bancorp	630.000			10,052	8,209
Valmont Industries Inc	100.000			8,490	6,703
Valspar Corp	400.000			12,282	12,048
Varian Medical Systems Inc	447.000			24,767	23,798
Varian Semiconductor Equipment	300.000			10,305	7,446
Vca Antech Inc	300.000			8,469	5,928
Vectren Corp	300.000			7,437	7,362
Ventas Inc	600.000			27,648	30,306
Verisign Inc	700.000			19,184	20,363
Verisk Analytics Inc	400.000			11,264	11,128
Verizon Communications Inc	10,200.000			282,888	301,206
Vertex Pharmaceuticals Inc	700.000			27,545	23,317
VF Corp	300.000			25,301	21,171
Viacom Inc	17,600.000			621,945	552,992
Virgin Media Inc	1,200.000			22,707	24,960
Visa Inc	1,700.000			158,323	117,266
Vishay Intertechnology Inc	700.000			6,765	5,383
Vishay Precision Group Inc	50.000			760	725
Vistaprint Nv	160.000			7,834	4,909
VMware Inc	270.000			17,098	21,173
Vodafone Group Plc	20,950.000			484,433	506,990
Vornado Realty Trust	600.000			47,784	48,636
Vulcan Materials Co	463.000			25,202	17,020
Wabco Holdings Inc	200.000			6,424	7,052
Wabtec Corp/De	200.000			9,678	8,506
Waddell & Reed Financial Inc	300.000			11,375	6,903
Walgreen Co	3,500.000			24,683	94,080
Wal-Mart Stores Inc	15,400.000			633,641	772,156
Walt Disney Co/The	7,100.000			259,539	231,034
Walter Energy Inc	200.000			18,492	14,408
Warnaco Group Inc/The	2,150.000			72,473	90,042
Warner Chilcott Plc Class A	300.000			7,138	8,526
Washington Federal Inc	400.000			8,376	5,712
Washington Post Co/The	20.000			10,802	7,205
Waste Connections Inc	300.000			10,485	11,325
Waste Management Inc	1,800.000			63,234	59,562
Waters Corp	336.000			23,197	20,335
Watson Pharmaceuticals Inc	400.000			17,278	17,228

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Weatherford International Ltd	2,700.000			\$ 39,402	40,257
WebMD Health Corp	200.000			9,565	10,188
Weight Watchers International	100.000			2,712	2,852
Weingarten Realty Investors	400.000			9,150	8,072
Wellpoint Inc	1,450.000			85,028	72,004
Wells Fargo & Co	37,700.000			1,127,900	887,835
Wendy'S/Arby'S Group Inc	1,300.000			7,072	5,083
Wesco International Inc	4,350.000			153,939	140,418
Westar Energy Inc	400.000			9,168	9,588
Western Digital Corp	800.000			32,234	19,326
Western Union Co/The	2,400.000			41,856	37,632
Weyerhaeuser Co	2,162.338			61,976	33,949
Whirlpool Corp	270.000			26,668	20,023
White Mountains Ins Grp Inc	30.000			10,765	9,107
Whiting Petroleum Corp	200.000			16,849	16,968
Whole Foods Market Inc	500.000			28,335	17,395
Williams Cos Inc/The	2,200.000			52,096	39,886
Williams-Sonoma Inc	300.000			9,186	7,788
Wilmington Trust Corp	300.000			5,831	2,640
Windstream Corp	1,700.000			18,862	19,567
Wisconsin Energy Corp	400.000			20,664	22,296
Wms Industries Inc	200.000			9,346	7,068
WR Berkley Corp	500.000			13,883	13,175
WW Grainger Inc	230.000			24,572	24,332
Wyndham Worldwide Corp	700.000			18,494	16,233
Wynn Resorts Ltd	250.000			21,422	20,153
Xcel Energy Inc	1,700.000			36,737	37,927
Xerox Corp	4,900.000			51,940	41,381
Xilinx Inc	1,000.000			27,222	24,140
XL Group Plc	1,300.000			25,857	23,283
Yahoo! Inc	10,000.000			169,258	131,090
Yum! Brands Inc	1,700.000			73,287	70,890
Zebra Technologies Corp	200.000			6,100	5,724
Zimmer Holdings Inc	700.000			42,155	33,019
Zions Bancorporation	600.000			17,322	11,031
Total equity securities				88,748,650	84,931,953
Equities commingled funds/lp interest:					
Cougar Investment Fund				500,000	500,320
Total equities commingled funds/lp interest				500,000	500,320
Global equities (excluding United States):					
Silchester International				40,274,225	45,354,073
William Blair				59,021,285	44,895,863
Aberdeen Emerging Mkts Instl				5,000,000	5,127,485
Total global equities (excluding United States)				104,295,510	95,377,421
Absolute return investments:					
Davidson Kempner Institutional				6,274,257	8,487,530
Crestline Offshore Fund				10,953,598	12,263,822
Whippoerwill Distressed				7,438,704	7,141,107
Mason Capital Ltd				8,000,000	8,069,921
Oz Overseas Fund				8,000,000	8,000,000
Total absolute return investments				40,666,559	43,962,380

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Noncurrent Investments

Year ended August 31, 2010

Issuer	Shares	Coupon rate	Maturity date	Cost	Fair value
Inflation hedge investments:					
Morgan Stanley Institutional				\$ 4,709,236	3,021,225
Berwind Property Group VII				2,545,722	2,094,000
BPG Investment Partnership VIII				2,565,569	1,468,907
Newlin Realty Partners Llc				3,786,445	1,999,925
Newlin Realty Ptrs II Lp				1,498,228	1,008,479
Salient Trust				5,180,119	5,260,655
Sustainable Woodlands Fund				4,019,416	5,782,720
Hedgenergy Offshore Fund				3,542,000	3,255,518
Wellington DIH				15,779,407	15,820,570
Absolute Plus Mgt Hgc				4,079,252	4,415,935
Real Estate Holding				1,326,667	4,038,292
Total inflation hedge investments				49,032,061	48,166,226
Hedged equity investments:					
Barlow Partners Offshore Ltd				32,988,307	38,611,491
York Instl Partners Lp				13,000,000	18,317,529
Scout Capital Fund Ltd				6,000,000	5,892,943
Coatue Offshore Fund Ltd				6,000,000	6,303,107
Total hedged equity investments				57,988,307	69,125,070
Private equity/venture capital investments:					
Harbourvest Partners IV				423,647	216,364
Harbourvest Intl Private Eq-Direct				18,251	7,059
Harbourvest Intl Private-Partnership				173,621	126,987
Commonfund Capital Intl VI				1,568,099	1,633,162
Commonfund Private Eq Part VII				1,174,820	1,279,881
Commonfund Capital Venture VIII				861,096	972,647
Encap Energy Capital Fund VII				6,555,047	7,125,740
Fisher Lynch Venture Partners				713,443	732,842
Fisher Lynch Buyout				688,633	655,173
Total private equity/venture capital investments				12,176,657	12,749,855
Total				420,100,612	424,482,933
Less short-term investments				(6,390,150)	(6,403,925)
Total noncurrent investments				\$ 413,710,462	418,079,008

See accompanying independent auditors' report.

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions				Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal	Total additions	Income distribution	Institutional advancement	Total reductions	
Cullen Roy & Lillie	\$ 42,901,522	—	3,353,043	—	3,353,043	2,139,662	802,373	2,942,035	43,312,530
UH Core Pool Quasi Endowment	—	31,100,120	2,286,620	—	33,386,739	—	—	—	33,386,739
Bauer, C.T.	22,635,488	—	1,716,303	—	1,716,303	—	—	—	24,351,790
General Endowment	22,871,157	2,971	1,787,547	—	1,790,518	1,140,429	427,661	1,568,090	23,093,585
Hugh Roy & Lillie Cranz Cullen Dist Chairs Prof	19,033,437	—	1,487,591	—	1,487,591	949,270	355,976	1,305,246	19,215,783
Moore's Presidential Priorities	18,167,369	—	1,419,708	—	1,419,708	906,000	339,750	1,245,750	18,341,327
Moore's Univ Priority	15,437,270	—	1,168,727	—	1,168,727	—	—	—	16,605,997
Mitchell, Cynthia Woods Center	13,734,983	—	1,027,666	—	1,027,666	—	—	—	14,762,648
Hirsch, Winifred & Maurice	9,866,603	145,341	764,150	—	909,491	—	—	—	10,776,094
Melrose Thompson	8,821,367	480,315	714,933	—	1,195,248	—	—	—	10,016,615
Melcher, Leroy & Lucille	5,984,621	—	467,739	—	467,739	298,476	111,928	410,404	6,041,956
UHCL Core Pool Quasi Endowment	—	5,391,552	396,411	—	5,787,963	—	—	—	5,787,963
Jones, Jesse Quasi	5,451,979	—	426,109	—	426,109	271,911	101,967	373,878	5,504,210
UH Downtown Core Pool Quasi Endowment	—	4,789,393	352,139	—	5,141,532	—	—	—	5,141,532
M. D. Anderson Foundation	4,318,118	—	344,620	—	344,620	211,473	—	211,473	4,451,266
UH Tier One Scholarship Quasi Endowment	7,000,000	(2,648,613)	345,698	—	(2,302,915)	280,000	—	280,000	4,417,085
A UH TierOne Scholarship Endowment	—	4,000,000	306,166	—	4,306,166	—	—	—	4,306,166
Mitchell	4,039,087	115,540	333,357	—	448,898	191,998	—	191,998	4,295,986
Endowment Plus	4,244,075	—	331,658	—	331,658	211,650	79,369	291,019	4,284,713
School Of Music Quasi	3,890,850	—	294,921	—	294,921	—	—	—	4,185,771
Welch Foundation	3,750,076	—	277,079	—	277,079	199,788	—	199,788	3,827,367
Welch Foundation Chair	3,578,853	—	285,621	—	285,621	175,269	—	175,269	3,689,205
System Core Pool Quasi Endowment	46,254,418	(42,897,883)	246,785	—	(42,651,098)	—	—	—	3,603,319
Franklin, Thomas & Richard Quasi	3,251,070	—	254,093	—	254,093	162,143	60,804	222,947	3,282,216
Superconductivity Quasi	3,224,838	—	252,043	—	252,043	160,835	60,313	221,148	3,255,732
Edmonds Foundation UHD	3,182,023	—	248,697	—	248,697	158,700	59,512	218,212	3,212,507
System Matching	3,103,532	—	235,217	—	235,217	147,309	—	147,309	3,191,441
Japan Shipbuilding	2,807,981	—	224,099	—	224,099	137,516	—	137,516	2,894,564
Hines, Gerald	2,438,863	225,000	209,134	—	434,134	—	—	—	2,872,997
TLL Temple Foundation Chair	2,628,081	—	205,402	—	205,402	131,072	49,152	180,224	2,653,259
Cullen Eng Schol	2,618,302	—	204,638	—	204,638	130,585	48,969	179,554	2,643,386
Edmonds Foundation -UH	2,528,488	—	197,652	—	197,652	126,070	47,276	173,346	2,552,794
Cullen Trust Dist Sci	1,608,218	750,000	187,930	—	937,930	69,794	—	69,794	2,476,354
Welch Foundation, Chemistry	2,307,993	—	184,196	—	184,196	113,030	—	113,030	2,379,160
Athletics Scholarships	2,146,297	—	167,748	—	167,748	107,044	40,141	147,185	2,166,859
Jones Scholarships	1,864,196	—	145,700	—	145,700	92,975	34,865	127,840	1,882,055
Moore's Fellowships	1,818,675	—	142,142	—	142,142	90,704	34,014	124,718	1,836,099
Worham Chair	1,748,223	—	136,635	—	136,635	87,191	32,696	119,887	1,764,971
Alkek	1,729,926	—	135,205	—	135,205	86,278	32,354	118,632	1,746,500
UH Victoria Core Pool Quasi Endowment	—	1,616,818	118,876	—	1,735,694	—	—	—	1,735,694
Moore's TCSUH	1,560,186	—	121,939	—	121,939	77,812	29,180	106,992	1,575,133
Moore's Library Quasi	1,560,186	—	121,939	—	121,939	77,812	29,180	106,992	1,575,133
Welch Chair in Chemistry – Grant E0044	1,363,805	12,414	182,310	—	194,723	54,552	—	54,552	1,503,977
Carolyn Grant Pay	1,427,228	—	108,182	—	108,182	67,747	—	67,747	1,467,663
African American Studies	1,323,162	—	100,294	—	100,294	—	—	—	1,423,455
Cullen Fndn Chair Creative Writing	1,154,444	—	87,399	—	87,399	—	—	—	1,241,843
Johnson Foundation	1,176,383	—	91,706	—	91,706	58,568	21,963	80,531	1,187,557
Cain Scholarship – UH	1,156,089	—	90,356	—	90,356	57,659	21,622	79,281	1,167,164
Hispanic Literature Chair	1,093,759	—	82,905	—	82,905	51,918	—	51,918	1,124,746
Hobby Center for Public Policy Quasi Endowment	—	1,021,507	78,188	—	1,099,695	—	—	—	1,099,695
SICSA/Japan Shipbuilding	982,434	—	74,485	—	74,485	—	—	—	1,056,919
Cullen Leadership	995,832	—	77,831	—	77,831	49,666	18,625	68,291	1,005,372
Elvira Dell Krause	926,863	—	70,249	—	70,249	—	—	—	997,113
Enron Teaching Award	986,764	—	77,122	—	77,122	49,214	18,455	67,669	996,217
Faculty Development	971,412	—	75,922	—	75,922	48,448	18,168	66,616	980,718
Cullen Graduate Scholarships	955,773	—	74,700	—	74,700	47,668	17,876	65,544	964,929

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
BPA Quasi	930,191	—	69,613	—	69,613	43,854	—	43,854	955,949
Cain Scholarship UHD	943,519	—	73,742	—	73,742	47,057	17,646	64,703	952,558
Cullen Eng. Prof.	\$ 942,350	—	73,651	—	73,651	46,999	17,624	64,623	951,378
Jones, Jesse H. & Mary Gibbs	873,636	—	66,220	—	66,220	—	—	—	939,856
McMahen, Charles Chair	868,359	—	65,836	—	65,836	—	—	—	934,196
Alkek/Williams Chair	860,502	—	65,230	—	65,230	—	—	—	925,731
Baker Hughes Professorship	906,081	—	72,156	—	72,156	45,427	17,035	62,462	915,775
Edythe Bates Old Quasi	866,173	—	65,655	—	65,655	41,115	—	41,115	890,712
John S. Dunn Chair End	783,452	—	71,229	—	71,229	—	—	—	854,681
Gordon & Mary Cain Sch End	781,371	—	71,365	—	71,365	—	—	—	852,736
PLM Professorships	836,468	150	65,387	—	65,537	41,718	15,644	57,362	844,643
General Purpose	801,960	—	62,670	—	62,670	39,993	14,998	54,991	809,639
Kathleen O. Macnerney Library Acquisition End	742,259	—	64,322	—	64,322	—	—	—	806,581
Elkins Professorship	792,240	—	61,919	—	61,919	39,512	14,817	54,329	799,830
Phieffer, Eckhard Chair Quasi	733,166	—	55,086	—	55,086	—	—	—	788,252
Brown Fdn Research Director	659,941	59,000	56,632	—	115,632	—	—	—	775,573
Borish Chair	590,257	146,375	57,573	—	203,947	—	—	—	743,689
Urban Education Program	716,065	—	54,277	—	54,277	36,738	13,777	50,515	736,351
Urban Scholars Learners Com.	682,298	—	51,345	16,255	67,599	33,990	—	33,990	717,389
University Scholarships	687,362	1,615	52,356	—	53,971	32,509	—	32,509	708,883
William C. Miller Endowed Chair of Engineering	391,726	250,000	55,153	—	305,153	32,449	—	32,449	696,879
Honors Fellows	640,236	—	48,529	—	48,529	—	—	—	688,765
Moore Professorship	664,502	—	50,368	—	50,368	31,542	—	31,542	683,328
Houston Professorship	668,869	—	52,277	—	52,277	33,359	12,510	45,869	675,276
Greenman Petty Professorship	631,989	17,009	51,727	—	68,736	30,951	—	30,951	669,774
Enron Scholarship	643,529	—	48,779	—	48,779	30,547	—	30,547	661,760
Faculty Dev Quasi	640,324	—	50,046	—	50,046	31,935	11,976	43,911	646,458
Theresa M. Monaco Chair for the Provost	606,168	—	74,532	—	74,532	36,589	—	36,589	644,111
Arthur Andersen Professorship	622,531	—	49,660	—	49,660	30,483	—	30,483	641,708
Gillingham, W. J.	607,670	—	47,494	—	47,494	30,307	11,365	41,672	613,492
Dunn, John Professorship	587,107	—	44,498	—	44,498	27,867	—	27,867	603,738
BPA Health	589,660	—	46,086	—	46,086	29,409	11,028	40,437	595,308
Texas Scholars	534,945	—	40,457	—	40,457	—	—	—	575,402
Miller, Murray Scholarships	563,392	—	44,033	—	44,033	28,098	10,537	38,635	568,789
Bates, William Chair	529,529	—	42,212	—	42,212	25,919	—	25,919	545,821
Clear Lake Alumni	501,378	1,000	38,171	—	39,171	—	—	—	540,549
Madison Quasi Professorship at the Moores Sch of Music	—	500,000	37,719	—	537,719	—	—	—	537,719
Blafter Gallery	532,549	—	41,622	—	41,622	26,560	9,960	36,520	537,652
Academic Priorities Endowment	—	500,000	36,980	—	536,980	—	—	—	536,980
Lana A. Culpepper UH Tierone Scholarship Endowment	—	500,000	36,980	—	536,980	—	—	—	536,980
Cizik, Jane Morin Chair	487,554	—	36,956	—	36,956	—	—	—	524,510
Yelderman, Pauline Chair	464,412	—	35,202	—	35,202	—	—	—	499,614
Ken Reese Dean's Chair-Business	488,133	—	38,054	—	38,054	24,265	9,099	33,364	492,823
Red Rose Ball	469,074	—	42,984	—	42,984	17,854	6,695	24,549	487,509
Rockwell, Elizabeth Engineering Chair	452,031	—	34,263	—	34,263	—	—	—	486,294
Evans, Emily Scott Professorship	448,019	—	33,956	—	33,956	—	—	—	481,975
African Amer Studies, Chair in Creative Writing	432,166	—	32,758	—	32,758	—	—	—	464,924
Trust Investment	460,012	—	35,953	—	35,953	22,943	8,604	31,547	464,419
Hearst, W.R.	424,557	—	32,156	—	32,156	—	—	—	456,712
Rockwell, Elizabeth Education Chair	423,186	—	32,080	—	32,080	—	—	—	455,267
Rockwell Foundation	449,756	—	35,151	—	35,151	22,431	8,412	30,843	454,064
Lanier, Robert Chair	419,663	—	31,806	—	31,806	—	—	—	451,468
Hart, David	378,823	40,000	31,864	—	71,864	—	—	—	450,687
HRM Facility Improv. Quasi	406,603	—	30,820	—	30,820	—	—	—	437,423
Bill Cook Faculty	437,810	—	33,214	—	33,214	36,000	—	36,000	435,024
Melcher, Lucille Endow	404,101	—	30,606	—	30,606	—	—	—	434,707

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Elizabeth D. Rockwell Chair	399,183	—	30,234	—	30,234	—	—	—	429,416
Ambassador Kenneth Franzheim II End	398,891	—	30,371	—	30,371	—	—	—	429,262
Fiesta/Accounting	419,165	—	32,761	—	32,761	20,905	7,840	28,745	423,181
Edwards	413,313	—	32,303	—	32,303	20,614	7,730	28,344	417,273
Autrey	\$ 403,386	—	31,527	—	31,527	20,118	7,544	27,662	407,252
Taylor, Josie B Quasi	402,574	—	31,433	—	31,433	20,067	7,525	27,592	406,414
Eugene H Hughes Sch	377,283	—	28,576	—	28,576	—	—	—	405,859
KPMG/Peat Marwick	385,621	—	30,110	—	30,110	19,202	7,201	26,403	389,328
Rockefeller Fndn Hsp. Lit Quasi	358,921	—	27,205	—	27,205	—	—	—	386,126
Dow Professorship	378,524	—	29,584	—	29,584	18,878	7,079	25,957	382,152
Wood Family	360,905	10,000	29,147	—	39,147	17,550	6,581	24,131	375,921
Sheriff, Margaret & Robert/Seismology	367,170	—	28,697	—	28,697	18,312	6,867	25,179	370,688
Jessie & Mary Jones	351,985	—	26,680	—	26,680	16,708	—	16,708	361,957
West, Neva & Wesley	351,586	—	26,650	—	26,650	16,689	—	16,689	361,547
UH Quasi	333,944	—	25,310	—	25,310	—	—	—	359,253
UH System Quasi	333,944	—	25,310	—	25,310	—	—	—	359,253
International Paper	354,792	—	27,729	—	27,729	17,695	6,636	24,331	358,190
Lilie Family Baseball Schol Endow	351,257	—	27,453	—	27,453	17,519	6,569	24,088	354,622
Hurley, Marvin Professorship	351,040	—	27,436	—	27,436	17,508	6,565	24,073	354,404
Delphian Scholarships	348,608	—	27,246	—	27,246	17,386	6,520	23,906	351,948
Kenneth Lay Economics Prof	344,231	—	26,904	—	26,904	17,168	6,438	23,606	347,529
Athletics Scholarship Quasi Endowment	343,864	—	26,875	—	26,875	17,150	6,431	23,581	347,158
John A. Beck	336,944	—	25,540	—	25,540	15,994	—	15,994	346,490
Perry, Bob Mexican American	319,854	—	24,246	—	24,246	—	—	—	344,101
Cullinan	339,180	—	26,509	—	26,509	16,916	6,344	23,260	342,429
Kenneth Lay Professorship	325,341	—	25,428	—	25,428	16,226	6,085	22,311	328,458
Temple - TCSUH	324,210	—	25,339	—	25,339	16,170	6,064	22,234	327,315
Hearst, William Randolph	303,870	—	22,801	—	22,801	—	—	—	326,671
Temple-Honors Coll	322,858	—	25,234	—	25,234	16,102	6,038	22,140	325,952
KUHT	304,126	—	21,721	—	21,721	—	—	—	325,847
Duncan Professorship	320,018	—	25,012	—	25,012	15,961	5,985	21,946	323,084
Melcher Violin	295,857	—	22,408	—	22,408	—	—	—	318,265
Hughes, Ruth	308,836	—	23,411	—	23,411	14,660	—	14,660	317,588
Chevron Scholarship Endowment	314,051	—	24,545	—	24,545	15,663	5,874	21,537	317,059
Comp. Sci & Eng. Profship Quasi	293,649	—	22,258	—	22,258	—	—	—	315,908
MIS Professorship Quasi	293,511	—	22,246	—	22,246	—	—	—	315,757
Grinaker, Robert Professorship	307,016	—	23,941	—	23,941	15,254	5,720	20,974	309,983
Farfel Lecture	305,111	—	23,847	—	23,847	15,217	5,706	20,923	308,035
Daniels, Howard	283,301	15,750	23,339	—	39,089	13,293	4,985	18,278	304,113
American Petroleum Inst	284,278	10,000	22,521	—	32,521	13,215	—	13,215	303,585
O'Leary, Mr. & Mrs. John	295,576	—	23,101	—	23,101	14,742	5,528	20,270	298,407
Wyllis K & Becky Bliss Schol Endowment	178,361	94,061	20,791	—	114,853	8,078	—	8,078	285,136
Houston Livestock	275,139	—	21,958	—	21,958	13,474	—	13,474	283,623
Joel Sailors Fac Fellow Economic	178,264	82,873	20,528	—	103,401	—	—	—	281,665
Lence Distinguished Chair	254,818	—	19,315	—	19,315	—	—	—	274,132
Hope Center Endowment	250,424	—	19,085	—	19,085	—	—	—	269,509
Spe-Gulf Coast Section College End Professorship	—	250,000	19,337	—	269,337	—	—	—	269,337
American Book Review Endowment	226,207	21,175	19,715	—	40,890	—	—	—	267,097
Hou International Materials Forum	247,238	—	18,651	—	18,651	—	—	—	265,889
Perkins, Robert B	189,072	48,918	20,714	—	69,632	—	—	—	258,705
Cain Scholarship For Teaching	247,061	—	20,142	—	20,142	10,641	—	10,641	256,561
William Douglas Allums C.T. Bauer Business End	238,707	—	27,046	—	27,046	9,548	—	9,548	256,205
William Douglas Allums Athletic Endowment	238,707	—	27,046	—	27,046	9,548	—	9,548	256,205
William Douglas Allums Band Endowment	238,707	—	27,046	—	27,046	9,548	—	9,548	256,205
School Of Educ Devel.	226,615	9,000	18,267	—	27,267	—	—	—	253,882
Woody Williams End Sch	232,998	—	17,745	—	17,745	—	—	—	250,743

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Price Waterhouse Professorship	247,122	—	19,291	—	19,291	12,300	4,612	16,912	249,501
Martel Professorship	227,912	—	17,275	—	17,275	—	—	—	245,188
Mont H. Jr. & Jane Goldston End Grad Fellowship	—	225,000	17,585	—	242,585	—	—	—	242,585
Dr. Fernando J. Zuniga Y Rivero Doctoral Fellowship	—	225,000	17,347	—	242,347	—	—	—	242,347
Univ. Stud. Loan	239,516	—	18,702	—	18,702	11,939	—	—	241,802
Graham Professorship in Econ	233,830	—	18,276	—	18,276	11,663	4,374	16,037	236,070
Bauer Family Fndn.	\$ 216,998	—	16,447	—	16,447	—	—	—	233,445
Baldwin, R. W.	229,704	—	17,953	—	17,953	11,456	4,296	15,752	231,905
Fondren Professorship in Finance Endowment	129,614	83,334	18,303	—	101,637	—	—	—	231,251
Johnson Fnd. Professorship	213,487	—	16,030	—	16,030	—	—	—	229,517
Gordon, Harry	226,212	—	17,680	—	17,680	11,282	4,231	15,513	228,379
Charles T Bauer Schol Endow	212,197	—	16,115	—	16,115	—	—	—	228,312
Ryan, Julie Scholarship	205,939	—	15,610	—	15,610	—	—	—	221,549
Gordon, Aron	213,396	50	16,682	—	16,732	10,643	3,991	14,634	215,495
100 Club Criminal Justice	135,127	65,000	14,907	—	79,907	—	—	—	215,034
Houston Jr C Of C	198,774	8,000	15,769	—	23,769	9,095	—	9,095	213,448
Franzheim, Kenneth	198,318	—	20,080	—	20,080	5,531	—	5,531	212,867
JP Morgan Chase Professorship	206,771	—	16,161	—	16,161	10,312	3,867	14,179	208,752
William W. & Georgia Bryan Sch End	191,268	—	13,844	—	13,844	—	—	—	205,113
Holder, Cecil & Louise	159,764	30,000	14,233	—	44,233	—	—	—	203,997
Dist Faculty Award	188,750	—	13,948	—	13,948	—	—	—	202,699
Carlson Nelson Scholarship	188,288	—	14,241	—	14,241	—	—	—	202,529
Blakely, Newell Professorship	198,878	—	15,544	—	15,544	9,919	3,720	13,639	200,782
Lilie, Glenn & Judith Dean's Leadership	184,422	—	13,977	—	13,977	—	—	—	198,399
UH System Fellowship Quasi Endowment	195,060	—	15,243	—	15,243	9,728	3,648	13,376	196,927
Mieszkue Professorship	181,926	25	13,528	—	13,553	—	—	—	195,479
University Endow UHV	192,615	—	15,054	—	15,054	9,606	3,602	13,208	194,461
S.T.E.P Scholarship Endow	178,241	250	13,543	—	13,793	—	—	—	192,035
Flaxman Art Scholarship	189,548	—	14,814	—	14,814	9,453	3,545	12,998	191,364
Shearne, Major Charles PES	67,567	109,995	13,515	—	123,510	—	—	—	191,077
Logistics Tech Fund Endow	161,122	13,426	13,245	—	26,671	—	—	—	187,793
Removing Educational Barriers	172,410	—	13,296	—	13,296	—	—	—	185,706
Green Book Fund	182,562	—	14,268	—	14,268	9,105	3,414	12,519	184,312
Schissler Foundation	181,430	—	14,034	—	14,034	8,628	3,235	11,863	183,601
Farfel, Esther Faculty Awards	179,566	—	14,034	—	14,034	8,956	3,358	12,314	181,287
Ross M. Lence Teacher in Residency Program End	140,071	26,550	12,364	—	38,914	—	—	—	178,985
Henderson, Sen. Don Quasi	172,333	—	13,761	—	13,761	8,495	—	8,495	177,599
Agrawal, Durga & Sushila	157,865	200	11,981	—	12,181	—	—	—	170,045
Paul G. Smith, Jr. Sch End	157,153	—	11,965	—	11,965	—	—	—	169,119
Engel, Mel Athletics	167,172	—	13,066	—	13,066	8,337	3,127	11,464	168,773
Conoco Phillips Library Fund	166,859	—	13,041	—	13,041	8,322	3,121	11,443	168,457
Sondock, Judge Ruby Lecture	165,712	—	12,951	—	12,951	8,265	3,099	11,364	167,300
Lienhart Engines of Ingenuity	139,729	15,675	11,875	—	27,550	—	—	—	167,278
Mark G. Papa Leadership Excellence Fund End	155,159	—	11,862	—	11,862	—	—	—	167,020
Marian & Samuel W. Spain End for Grad or UGR Students in Music	152,954	—	11,071	—	11,071	—	—	—	164,025
Greater TX Removing Barriers	152,433	—	11,071	—	11,071	—	—	—	163,504
Tracey, Ethel Lee	155,509	2,500	12,240	—	14,740	6,970	—	6,970	163,279
Conn Appliances	161,244	—	12,633	—	12,633	8,039	3,014	11,053	162,823
The Minute Maid Company Foundation	160,415	—	12,538	—	12,538	8,001	3,000	11,001	161,951
Tomatz, David & Ann	150,207	—	11,377	—	11,377	—	—	—	161,584
Removing Educational Barriers	149,671	—	11,275	—	11,275	—	—	—	160,946
Sandy Johnson/Barrios Technology, Ltd. End	114,540	30,000	14,859	2,856	47,715	2,856	—	2,856	159,399
Houston Restaurant Assoc.	154,581	—	11,708	—	11,708	7,179	—	7,179	159,110
C T Bauer Part Time MBA Sch End	145,661	—	11,082	—	11,082	—	—	—	156,744
Wisner, M.L.	147,328	2,000	13,337	—	13,337	6,967	—	6,967	153,698
Prudential	152,229	—	11,898	—	11,898	7,592	2,847	10,439	153,688

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Grant, Richard	152,194	—	11,891	—	11,891	7,589	2,846	10,435	153,651
Fred Parks Wine Cellar	142,619	—	10,810	—	10,810	—	—	—	153,429
Center Public Policy Quasi	151,331	—	11,828	—	11,828	7,547	2,830	10,377	152,781
Cullen (Math)	151,308	—	11,826	—	11,826	7,546	2,830	10,376	152,757
Cullen (Phy)	150,658	—	11,775	—	11,775	7,514	2,818	10,332	152,101
Cullen (Chem)	150,658	—	11,775	—	11,775	7,514	2,818	10,332	152,101
Gordon, H & B.Davis	148,894	—	11,637	—	11,637	7,426	2,785	10,211	150,320
Maresh, Thelma Burnett Schol.	48,703	91,126	10,243	—	101,369	—	—	—	150,072
Honors Program Quasi	\$ 147,625	—	11,538	—	11,538	7,363	2,761	10,124	149,039
Johnson Philip Quasi	137,934	—	10,440	—	10,440	—	—	—	148,375
Lekkos, Barbara Computing	137,483	—	10,376	—	10,376	—	—	—	147,859
Four Seasons Hotel	115,542	20,000	10,973	—	30,973	—	—	—	146,515
Pharmacy	141,051	—	11,024	—	11,024	7,035	2,638	9,673	142,402
Look, Mary	139,310	—	10,881	—	10,881	6,945	2,604	9,549	140,641
Architecture Alumni	130,698	—	9,907	—	9,907	—	—	—	140,605
Les Dames Escoffier	135,440	—	10,289	—	10,289	6,402	—	6,402	139,327
School Of Music Quasi	137,468	—	10,744	—	10,744	6,856	2,571	9,427	138,785
Underwood, American Humanics	129,049	—	9,725	—	9,725	—	—	—	138,774
MacNaughton, John	130,678	1,250	10,326	—	11,576	6,463	2,424	8,887	133,366
Benner, Charles	130,060	—	10,368	—	10,368	5,543	2,079	7,622	132,805
Dept of Economics Professorship	123,573	—	9,170	—	9,170	—	—	—	132,743
Margin For Excellence	131,373	—	10,284	—	10,284	6,556	2,459	9,015	132,642
C T Bauer Full Time Undergrad	121,385	—	9,235	—	9,235	—	—	—	130,620
Crowther, James	120,655	—	9,145	—	9,145	—	—	—	129,801
HRM Houston Livestock	120,259	—	9,116	—	9,116	—	—	—	129,375
Old, Edith Bates Prof. Quasi	119,581	—	9,056	—	9,056	—	—	—	128,637
Keeper, Cele & Samuel Prof	118,740	100	8,149	—	8,249	—	—	—	126,989
Robert & Margaret Sheriff End/Geophysics	87,197	30,015	9,709	—	39,724	—	—	—	126,921
McGovern Lectureship End	117,348	—	8,888	—	8,888	—	—	—	126,236
Cannata, Jack & Betty	122,095	—	9,750	—	9,750	6,018	—	6,018	125,826
Greater Texas Fdn End Sch for TeachHouston	115,234	1,000	9,436	—	10,436	—	—	—	125,670
Symons, Virginia Thompson Envir Eng	116,392	—	8,821	—	8,821	—	—	—	125,213
Stewart, Dr. Charles	113,973	1,500	8,771	—	10,271	—	—	—	124,244
HRM Dean's Scholarship	122,992	—	9,613	—	9,613	6,134	2,300	8,434	124,171
Sachnowitz, Larry J Prof Mrkting	114,279	—	8,588	—	8,588	—	—	—	122,868
Thomas & Laura HSU Profess End	111,152	3,000	8,650	—	11,650	—	—	—	122,802
Perkins/Christie	113,898	—	8,616	—	8,616	—	—	—	122,514
Cemo, Michael Professorship	113,751	—	8,621	—	8,621	—	—	—	122,373
Latting, Jean Professorship	113,597	—	8,609	—	8,609	—	—	—	122,206
Kevin McDaid-Vision Source Prof	113,305	—	8,425	—	8,425	—	—	—	121,731
Sobrina/Hyer	120,409	—	9,380	—	9,380	5,992	2,247	8,239	121,550
Allen, James Quasi	112,582	—	8,534	—	8,534	—	—	—	121,115
School Of Educ. Scholarship	106,793	5,400	8,498	—	13,898	—	—	—	120,691
Garwood, W. St. John	119,193	—	9,316	—	9,316	5,945	2,229	8,174	120,335
Tamer, Mary Elizabeth	106,375	5,000	8,867	—	13,867	—	—	—	120,242
Grover, Blanche	117,096	—	9,385	—	9,385	4,792	1,797	6,589	119,892
Howard Greenwood Ath Football Schol Endow	118,111	—	9,231	—	9,231	5,891	2,209	8,100	119,242
Wells Fargo	117,958	—	9,219	—	9,219	5,883	2,206	8,089	118,144
Thomas & Vera Stufflebeen	114,890	—	8,708	—	8,708	5,454	—	5,454	117,844
Lee, Albert	116,726	—	9,123	—	9,123	5,822	2,183	8,005	117,200
Food & Beverage Mgrs	96,465	12,500	8,235	—	20,735	—	—	—	115,772
Bell, Larry Space Architecture	107,616	—	8,156	—	8,156	—	—	—	115,767
Gerson & Sabina David End Prof	107,349	—	8,418	—	8,418	—	—	—	115,702
Greater Houston Hotel	102,465	5,000	8,237	—	13,237	—	—	—	115,616
Forehand, Larry	112,188	—	8,958	—	8,958	5,530	—	5,530	115,386
Henley, Ernest & Barbara Prof	109,346	—	9,696	—	9,696	3,657	—	3,657	

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Texas Hotel & Motel	111,782	—	8,473	—	8,473	5,306	—	5,306	114,949
Brown And Root	111,274	—	8,891	—	8,891	5,453	—	5,453	114,712
Bishop, Charles & Dorothy	113,041	—	8,835	—	8,835	5,638	2,114	7,752	114,124
HEB Endowment MAS	105,479	—	7,881	—	7,881	—	—	—	113,360
Ross, Billy D	111,713	—	8,731	—	8,731	5,572	2,089	7,661	112,783
Elizabeth Rockwell	104,434	—	7,910	—	7,910	—	—	—	112,343
Cizik, Jane & Robert	87,637	15,000	8,089	—	23,089	—	—	—	110,726
Pharmacy Golf Tourn. Scholarship	108,998	—	8,519	—	8,519	5,436	2,039	7,475	110,042
Golden-Golden Professor - Opt	102,293	—	7,502	—	7,502	—	—	—	109,795
Hall Family Endowment	100,942	550	7,597	—	8,147	—	—	—	109,089
Brown And Root	\$ 107,924	—	8,435	—	8,435	5,383	2,018	7,401	108,958
Halliburton Foundation Endowment	107,903	—	8,433	—	8,433	5,381	2,018	7,399	108,937
Margaret S. Sheriff Geophysics Term End	100,207	—	12,430	—	12,430	4,008	—	4,008	108,630
Robert E. Sheriff Sequence Stratigraphy Term End	100,207	—	12,430	—	12,430	4,008	—	4,008	108,630
Lack, Abram	107,009	—	8,363	—	8,363	5,337	2,001	7,338	108,034
Wiggins, Jayne & Albert	100,610	—	7,363	—	7,363	—	—	—	107,974
Dr. Kaye E. Stripling UH Tier One Sch Endowment	—	100,000	7,609	—	107,609	—	—	—	107,609
Cynthia & George Mitchell Fdn UH TierOne Sch End	—	100,000	7,578	—	107,578	—	—	—	107,578
HEB UH TierOne Schol Endow	—	100,000	7,544	—	107,544	—	—	—	107,544
Albert & Ethel Herzstein UH TierOne Schol Endow	—	100,000	7,435	—	107,435	—	—	—	107,435
Nancy O'Connor Abendshein Prof	99,464	—	7,467	—	7,467	—	—	—	106,931
Charles & Dorothy Riesen	99,006	—	7,505	—	7,505	—	—	—	106,511
Science & Computer Engineering	103,526	1,290	8,210	—	9,500	5,104	1,914	7,018	106,008
Delta Gamma Richard Shirk Family	96,480	250	7,219	—	7,469	—	—	—	103,949
McDavid College Professorship	96,234	—	7,327	—	7,327	—	—	—	103,561
Bruce, Mae Snowden	94,155	2,000	7,360	—	9,360	—	—	—	103,515
Payne, Wayne & Kathryn	90,967	5,000	7,357	—	12,357	—	—	—	103,324
Alumni Program Development	96,015	—	7,278	—	7,278	—	—	—	103,292
Charles & Mary Ellen Jones Athletic Scholarship Fund	80,538	20,050	7,897	—	27,947	3,981	1,493	5,474	103,012
Coburn, O.W. Quasi	101,727	—	7,948	—	7,948	5,073	1,902	6,975	102,701
UH Alumni Assn TierOne Sch Endowment	14,802	80,657	7,746	—	88,403	592	—	592	102,613
Oberholtzer, EE & Myrtle	91,568	8,348	7,789	—	16,138	4,567	1,713	6,280	101,426
Dr. Richard Murray Sch End	93,604	—	7,271	—	7,271	—	—	—	100,875
Barrios Technology	93,787	—	7,082	—	7,082	—	—	—	100,869
Marvin & Joan Kaplan Sch End	76,797	15,000	7,737	—	22,737	—	—	—	99,534
Ashcroft, Carolyn Athletics	98,292	—	—	—	—	—	—	—	98,292
Clemenger, Florence Quasi	90,390	—	6,851	—	6,851	—	—	—	97,241
Natural Sciences Quasi	95,901	—	7,495	—	7,495	4,783	1,794	6,577	96,820
Stadtler, Robert & Esther	95,841	—	7,491	—	7,491	4,780	1,792	6,572	96,759
Kajs Schol Endow	89,300	—	6,771	—	6,771	—	—	—	96,071
Robinson, Jerome	88,823	—	6,733	—	6,733	—	—	—	95,555
Williamson, Kim & Bruce Schol.	78,604	10,000	6,698	—	16,698	—	—	—	95,302
Dr. Tatcho Mindiola Director's Endow for CMAS	38,962	50,000	7,892	—	57,892	1,558	—	1,558	95,296
NSM-Chemistry Quasi	93,858	—	7,336	—	7,336	4,681	1,755	6,436	94,758
Jay K. Kochi Grad Fellowship in Chemistry Endowment	—	87,890	6,745	—	94,635	—	—	—	94,635
Energy Alumni Assoc. Schol.	93,649	—	7,319	—	7,319	4,671	1,751	6,422	94,546
Trask Endow	75,060	12,000	6,842	—	18,842	—	—	—	93,902
Lilie Family Early Childhood	90,628	—	6,870	—	6,870	4,302	—	4,302	93,196
ISACA Scholarship	86,498	—	6,520	—	6,520	—	—	—	93,018
Lebel, Patty & Jesse Loran	86,124	—	6,523	—	6,523	—	—	—	92,647
Cater, John & Margot	82,802	2,500	6,583	—	9,083	—	—	—	91,885
Dr. Ted L. Estess Honors Scholarship Endowment	41,287	44,740	7,422	—	52,162	1,651	—	1,651	91,798
Lohec, Ronald & Bertha	74,808	10,000	6,678	—	16,678	—	—	—	91,486
Wells Fargo Ctr for Mex Amer	84,747	—	6,338	—	6,338	—	—	—	91,086
Lechenger, Barbara	90,073	—	7,040	—	7,040	4,492	1,685	6,177	90,936
Professor Mamie Wong Moy UH TierOne Scholarship Endowment	—	84,150	6,149	—	90,299	—	—	—	90,299

UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions				Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal	Total additions	Income distribution	Institutional advancement	Total reductions	
Dodds Family	83,856	—	6,351	—	6,351	—	—	—	90,208
Spanish PhD Endow	83,494	—	6,324	—	6,324	—	—	—	89,818
Soucek, William Czech Cultural	83,062	—	6,291	—	6,291	—	—	—	89,353
Bill & Ann Stokes / UH DTN	82,797	—	6,290	—	6,290	—	—	—	89,087
Garbett, Rosemary	88,231	—	6,896	—	6,896	4,400	1,650	6,050	89,076
Guenther, Peter Quasi	87,448	300	6,857	—	7,157	4,358	1,634	5,992	88,613
Simon Yee On Chow Endowed Scholarship	81,299	—	7,045	—	7,045	—	—	—	88,344
Science & Technical Journal	87,234	—	6,818	—	6,818	4,351	1,632	5,983	88,068
Alexander, Eric Philip	85,381	—	6,410	—	6,410	4,032	—	4,032	87,759
Brinker International	80,472	—	6,100	—	6,100	—	—	—	86,571
Pediatric Optometry Quasi	79,676	—	6,039	—	6,039	—	—	—	85,715
Victoria Priorities	84,550	—	6,608	—	6,608	4,217	1,581	5,798	85,361
Sanders, Don A.	\$ 82,346	—	6,242	—	6,242	3,909	—	3,909	84,678
Mannmohan & Marie Kalsi End	78,576	—	5,983	—	5,983	—	—	—	84,559
Werlin, Joseph	81,847	—	6,532	—	6,532	4,008	—	4,008	84,371
Alcorn	83,268	—	6,508	—	6,508	4,153	1,557	5,710	84,065
Mountain, Joe & Lee Scholar.	55,353	22,200	5,962	—	28,162	—	—	—	83,515
Frank L. Worley, Jr. Ugr Sch End	76,923	—	5,533	—	5,533	—	—	—	82,455
Smith, Wilhelmina R	76,356	—	5,836	—	5,836	—	—	—	82,192
Conrad N Hilton Schol in Communication	76,105	—	5,866	—	5,866	—	—	—	81,971
Tony Vallone End	75,085	—	5,691	—	5,691	—	—	—	80,777
Welder Scholarship	79,844	—	6,240	—	6,240	3,982	1,493	5,475	80,609
Rockwell, Eliz. Library	78,143	—	5,922	—	5,922	3,709	—	3,709	80,357
Zeon Graduate Fellow	79,550	—	6,217	—	6,217	3,967	1,488	5,455	80,312
Lovitt Quasi	79,469	—	6,211	—	6,211	3,963	1,486	5,449	80,231
Honors Undergrad Research	77,926	—	5,905	—	5,905	3,698	—	3,698	80,133
Honors Study Abroad Endow	77,926	—	5,905	—	5,905	3,698	—	3,698	80,133
Lomonte, John N Scholarship	74,276	—	5,626	—	5,626	—	—	—	79,902
Murphy, Mary Quasi	79,105	—	6,178	—	6,178	3,944	1,479	5,423	79,861
George Pulliam Distinguished Faculty Fellowship	73,608	—	5,663	—	5,663	—	—	—	79,270
Mading, Cora & Webb Scholarship	78,223	—	6,114	—	6,114	3,901	1,463	5,364	78,973
Lomonte, Leora Cooper	67,486	5,000	5,558	—	10,558	—	—	—	78,044
Shiffick, Bill & Peggy	72,359	—	5,485	—	5,485	—	—	—	77,844
Victoria/Anniv.	76,559	—	5,984	—	5,984	3,818	1,432	5,250	77,293
Marcia & J.W. Burns End Sch	58,058	13,365	5,676	—	19,041	—	—	—	77,099
Uray, Richard	71,488	—	5,414	—	5,414	—	—	—	76,902
Gerald McElvy Scholarship Endowment	54,978	16,000	5,907	—	21,907	—	—	—	76,884
Bank of America	75,154	—	5,874	—	5,874	3,748	1,406	5,154	75,874
Gulf Coast Surveyor	74,936	—	5,922	—	5,922	3,691	1,384	5,075	75,783
Deloitte Foundation Larry Jones Scholarship Fund	27,241	43,500	6,053	—	49,553	1,090	—	1,090	75,704
Tansey Family Scholarship	65,222	5,000	5,357	—	10,357	—	—	—	75,579
White, William E.	59,909	14,009	5,742	—	19,751	3,652	1,120	4,772	74,888
Wells Fargo End Sch - Business Downtown	69,389	—	7,018	—	7,018	1,948	—	1,948	74,458
Guy Lewis Ath Quasi Basketball Sch Endow	72,472	—	5,683	—	5,683	3,570	1,339	4,909	73,246
Delphian-Children's Theatre	72,134	—	5,638	—	5,638	3,598	1,349	4,947	72,825
Delphian-Shakespeare Festival	72,134	—	5,638	—	5,638	3,598	1,349	4,947	72,825
Marilyn Hensley Athletic Schol Endow	71,721	—	5,606	—	5,606	3,577	1,341	4,918	72,409
Cobb/Fendley	66,967	—	5,079	—	5,079	—	—	—	72,046
Teach Houston Challenge Fund Endowment	7,665	58,734	5,221	307	64,263	307	—	307	71,620
Smith, Bo & Josanna	70,940	—	5,544	—	5,544	3,538	1,327	4,865	71,620
Nat'l Assn of Purchasing Mgmt - Bay Area, Inc. End	68,999	—	5,513	—	5,513	3,381	—	3,381	71,131
Anthis-Callicutt Gore	70,260	—	5,491	—	5,491	3,504	1,314	4,818	70,933
Ross Lence Sch Quasi End	64,991	280	4,974	—	5,254	—	—	—	70,245
Faculty Research	64,507	597	4,950	—	5,547	—	—	—	70,054
Cooper Industries	67,060	—	5,355	—	5,355	3,306	—	3,306	69,109
Farfel Quasi	68,393	—	5,345	—	5,345	3,411	1,279	4,690	69,048

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Blain, LaRuth	68,212	—	5,331	—	5,331	3,402	1,276	4,678	68,865
Gallagher, Jack	67,878	—	5,305	—	5,305	3,385	1,269	4,654	68,529
Victoria Rotary	66,032	—	5,050	—	5,050	3,011	—	3,011	68,071
Frankel Quasi	67,385	—	5,267	—	5,267	3,361	1,260	4,621	68,030
Rockwell Drama	67,111	—	5,245	—	5,245	3,347	1,255	4,602	67,754
M.D. Anderson Library Acorn Growth Fund End	33,862	28,438	5,369	—	33,808	—	—	—	67,669
Fred & Mabel R. Parks Fdn End	38,075	25,000	5,593	—	30,593	1,224	—	1,224	67,443
Distinguished Alumni Scholarship	60,058	1,960	4,702	—	6,662	—	—	—	66,720
Palmer, Marc	65,474	—	5,117	—	5,117	3,265	1,225	4,490	66,101
Bacon, Judge Mary	61,322	—	4,648	—	4,648	—	—	—	65,970
Public History Quasi	65,158	—	5,093	—	5,093	3,250	1,219	4,469	65,781
El Paso Energy	65,107	—	5,088	—	5,088	3,247	1,218	4,465	65,730
NSM Alumni	61,010	—	4,624	—	4,624	—	—	—	65,634
Herman, Ralph S. Scholarship	54,172	6,000	4,563	—	10,563	—	—	—	64,735
School of Educ, Instruct Tech	\$ 60,118	—	4,557	—	4,557	—	—	—	64,674
Klotz Associates	54,924	5,000	4,671	—	9,671	—	—	—	64,596
Antje & Harry Gee Jr Endowment in the Asian American Studies Ctr	—	60,000	4,526	—	64,526	—	—	—	64,526
Mr & Mrs Robert Maxwell Jr UH TierOne Schol Endow	—	60,000	4,486	—	64,486	—	—	—	64,486
Marco, Seymour	59,780	—	4,530	—	4,530	—	—	—	64,310
Cobb Fendley Schol	63,213	—	4,931	—	4,931	3,148	1,181	4,329	63,814
DeBottis	55,019	3,800	4,233	2,470	10,503	2,470	—	2,470	63,052
John P. McGovern Fdn Library Materials End	57,995	—	5,012	—	5,012	—	—	—	63,007
Pappas, Gregory James	61,137	—	4,634	—	4,634	2,902	—	2,902	62,869
Pappas Restaurant	61,137	—	4,634	—	4,634	2,902	—	2,902	62,869
UH GAA	62,247	—	4,865	—	4,865	3,104	1,164	4,268	62,844
Hollingsworth, Marcile Schol.	58,662	—	5,295	—	5,295	1,711	—	1,711	62,246
Moya Family Scholarship Endowment in Honors	57,659	—	6,533	—	6,533	2,306	—	2,306	61,886
Texas Exec Women	60,113	—	4,557	—	4,557	2,853	—	2,853	61,817
Lietzow, Sharon Ley PEF	57,331	—	4,343	—	4,343	—	—	—	61,673
Edythe Bates Old Choral Quasi	57,124	—	4,327	—	4,327	—	—	—	61,450
Edythe Bates Old Orch Quasi	57,124	—	4,327	—	4,327	—	—	—	61,450
Dyer, Everett	60,857	—	4,756	—	4,756	3,035	1,138	4,173	61,441
Sheeler, John Rubin	60,573	—	4,734	—	4,734	3,021	1,133	4,154	61,153
King Family Therapy	56,682	—	4,287	—	4,287	—	—	—	60,969
Butler, George	60,358	—	4,717	—	4,717	3,010	1,129	4,139	60,936
Greenwood Women's Golf Schol Endow	60,112	—	4,698	—	4,698	2,998	1,124	4,122	60,688
Lilie Family Entrepreneur	58,836	—	4,460	—	4,460	2,793	—	2,793	60,503
O'Connor, Ralph	56,062	—	4,250	—	4,250	—	—	—	60,311
Harry & Antje Gee Red Rose Sch Endowment	25,716	30,000	5,430	—	35,430	1,029	—	1,029	60,117
Wilson SOE Outstanding Stud.	51,374	4,000	4,239	—	8,239	—	—	—	59,613
LULAC	58,935	—	4,606	—	4,606	2,939	1,102	4,041	59,501
Armistead, Cora	55,030	250	4,189	—	4,439	—	—	—	59,470
Harper, Carol & Tom	55,104	—	4,176	—	4,176	—	—	—	59,281
William Moffit Excellence in Band Studies End	55,208	50	3,992	—	4,042	—	—	—	59,250
Environmental Institute	54,906	120	4,151	—	4,271	—	—	—	59,177
O'Connor, Mary	58,340	—	4,560	—	4,560	2,910	1,091	4,001	58,899
McCammon Molecular Design	57,950	—	4,529	—	4,529	2,890	1,084	3,974	58,505
DeVido, Rosemary & David	44,066	10,000	4,132	—	14,132	—	—	—	58,199
Werlin, Joseph Sociology Faculty	53,938	—	4,088	—	4,088	—	—	—	58,026
Smith, Arthur & June Quasi	53,829	—	4,080	—	4,080	—	—	—	57,909
Metro Bank/ Ming & Tom Wang	53,745	—	4,027	—	4,027	—	—	—	57,772
Fultz, Mr & Mrs Larry Quasi	56,833	—	4,442	—	4,442	2,834	1,063	3,897	57,378
Crown Mark Inc.	52,774	—	3,949	—	3,949	—	—	—	56,723
Fitzgerald, Ruth	56,136	—	4,387	—	4,387	2,800	1,050	3,850	56,674
Karp & South Psychology	14,982	37,652	3,959	—	41,611	—	—	—	56,593
O'Connor, George Red Rose Schol	52,575	—	3,985	—	3,985	—	—	—	56,559

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Axtmann, Christina & Terry Red Rose	52,622	—	3,927	—	3,927	—	—	—	56,548
Jinnah, M. A.	55,844	—	4,365	—	4,365	2,785	1,044	3,829	56,379
Zeon Science Equipment	55,789	—	4,360	—	4,360	2,782	1,043	3,825	56,324
Laufman, Bill	54,023	—	4,978	—	4,978	2,843	—	2,843	56,158
Osborn, Bart Industrial Org	50,445	1,500	3,938	—	5,438	—	—	—	55,883
Houst Fdn Cont Ed	55,189	—	4,313	—	4,313	2,752	1,032	3,784	55,718
Martel, Speros	51,666	—	3,916	—	3,916	—	—	—	55,582
Hsu, Thomas Structural Res	51,497	—	3,903	—	3,903	—	—	—	55,400
Stanford & Joan Alexander Fdn Red Rose Sch End	31,077	20,000	4,278	—	24,278	—	—	—	55,355
Wilson, Trey	54,500	—	4,259	—	4,259	2,717	1,019	3,736	55,023
Boney	54,498	—	4,259	—	4,259	2,718	1,019	3,737	55,021
Hawley, Cora Scholarship	51,133	—	3,835	—	3,835	—	—	—	54,968
Rakow, Steve Scholarship	48,720	2,000	3,877	—	5,877	—	—	—	54,597
PLM Quasi	54,018	—	4,222	—	4,222	2,694	1,010	3,704	54,536
International Student	53,889	—	4,212	—	4,212	2,688	1,008	3,696	54,405
Huang, Diane PES	50,434	100	3,838	—	3,938	—	—	—	54,371
Callagan, Donald	\$ 49,201	3,000	4,011	—	7,011	2,242	—	2,242	53,970
Carey C. Shuart Presidential Endowed Fellowship	—	50,000	3,783	—	53,783	—	—	—	53,783
Larry Jones Memorial Red Rose Sch Quasi End	49,981	—	3,774	—	3,774	—	—	—	53,755
Ricky & Belen Diaz Family Red Rose Sch Quasi End	49,981	—	3,774	—	3,774	—	—	—	53,755
The Manny Family UH TierOne Scholarship Endow	—	50,000	3,734	—	53,734	—	—	—	53,734
The Manny Family Fellowship Endow in Opt	—	50,000	3,734	—	53,734	—	—	—	53,734
Thompson Family UH TierOne Schol Endow	—	50,000	3,701	—	53,701	—	—	—	53,701
Elena Estefan Fellowship End in the College of Optometry	—	50,000	3,616	—	53,616	—	—	—	53,616
Reibenstein, Cynthia	51,954	—	4,149	—	4,149	2,561	—	2,561	53,541
Hinds, Artie Lee & Jackson Rose	49,129	—	4,043	—	4,043	—	—	—	53,173
Leon B. Stinson Memorial Sch End	49,356	—	3,742	—	3,742	—	—	—	53,098
Katims, Milton	52,435	—	4,098	—	4,098	2,615	981	3,596	52,937
Davis, Edward C.	52,408	—	4,096	—	4,096	2,614	980	3,594	52,910
Judith Morris	48,956	—	3,711	—	3,711	—	—	—	52,666
UHV Staff Scholarship	43,900	4,871	3,894	—	8,765	—	—	—	52,665
Lunar Rendezvous Endowment	48,903	—	3,668	—	3,668	—	—	—	52,570
Lack Music	52,021	—	4,066	—	4,066	2,594	973	3,567	52,519
John & Sharon Stubblefield End	33,801	15,000	3,671	—	18,671	—	—	—	52,472
James A. Elkins, Jr. Sch End	48,585	—	3,698	—	3,698	—	—	—	52,283
Power, Douglas & Jeannette	48,368	—	3,814	—	3,814	—	—	—	52,181
Engineering Schl. Quasi	51,682	—	4,039	—	4,039	2,578	967	3,545	52,176
Dr Clinton & Dorothy DeWolfe Schol Endow	51,660	—	4,036	—	4,036	2,576	966	3,542	52,153
Joan S. Abramowitz Ugr Sch End	48,435	100	3,571	—	3,671	—	—	—	52,106
Colley Endowed Schol	45,973	2,110	3,741	—	5,851	—	—	—	51,825
Gehbauer, John & Kathryn	49,214	—	3,425	2,298	5,723	2,298	862	3,160	51,777
Mieszkuc Scholarship	47,833	250	3,647	—	3,897	—	—	—	51,729
Greenaway, Donald	51,075	—	3,992	—	3,992	2,547	955	3,502	51,565
Margaret S. O'Donnell End - GCSW	39,408	8,000	4,059	—	12,059	—	—	—	51,468
Merchandising Star Award Endow	47,831	—	3,552	—	3,552	—	—	—	51,383
Keeper, Cele	50,506	—	3,947	—	3,947	2,519	945	3,464	50,990
UHCL Student Life Quasi	47,057	200	3,567	—	3,767	—	—	—	50,824
Hallum	50,338	—	3,934	—	3,934	2,511	941	3,452	50,820
Lightfoot/Johns Family Accounting Sch End	36,764	10,300	3,658	—	13,958	—	—	—	50,723
Honeywell	47,094	—	3,567	—	3,567	—	—	—	50,661
Robert White Accountancy	46,864	—	3,552	—	3,552	—	—	—	50,416
El-Farouq Foundation	46,849	—	3,547	—	3,547	—	—	—	50,396
Padula, Frank Scholarship	46,818	—	3,536	—	3,536	—	—	—	50,354
Helen Krause	46,768	—	3,545	—	3,545	—	—	—	50,313
Herman Krause	46,768	—	3,545	—	3,545	—	—	—	50,313
Van Horn, Sue	46,768	—	3,545	—	3,545	2,435	913	3,348	50,277
	49,719	—	3,906	—	3,906	—	—	—	50,277

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Burr, Ruth	49,762	—	3,889	—	3,889	—	—	—	—
Jeff Dodd & Susan Ohsfeldt Sch	26,445	20,000	3,719	—	23,719	2,482	931	3,413	50,238
Alumni Center Quasi	49,589	—	3,876	—	3,876	—	—	—	50,164
David B. Lack	47,994	—	3,853	—	3,876	2,473	927	3,400	50,064
Asian American Studies	46,206	—	3,499	—	3,853	2,097	—	2,097	49,750
Baker Hughes Engineering Schol.	46,105	—	3,494	—	3,499	—	—	—	49,704
Houston Cash Mgmt Assoc.	42,602	5,000	3,730	—	3,494	—	—	—	49,599
Benson Endow Sch	45,805	—	3,467	—	8,730	1,875	—	1,875	49,458
Danberg, Debra	48,611	—	3,799	—	3,467	—	—	—	49,272
Max & Rosario Castillo Red Rose Sch End	45,749	—	3,291	—	3,799	2,424	909	3,333	49,077
McGovern Award For Library Staff	40,292	5,294	3,444	—	3,291	—	—	—	49,039
HFTP, Raymond Ellis	45,537	—	3,451	—	8,738	—	—	—	49,030
Elkins Faculty Fellowship	45,257	—	3,430	—	3,451	—	—	—	48,988
CL Thomas/Exxon Mobil	44,557	—	3,701	—	3,430	—	—	—	48,687
Brij & Sunita Agrawal Fac Fellow Industrial Engr	19,220	25,000	4,028	769	3,701	—	—	—	48,257
Palmer, Wilma Scholarship	44,835	—	3,398	—	29,797	769	—	769	48,248
Malloy, Ambrose Fellowship	44,781	—	3,395	—	3,398	—	—	—	48,233
Ronald Sukenick Amer Book End	44,579	—	3,494	—	3,395	—	—	—	48,176
Petrotex	\$ 47,437	—	3,708	—	3,494	—	—	—	48,073
UHY Mann Frankfort & Lipp	35,923	8,195	3,646	—	3,708	2,366	887	3,253	47,892
Boyaki Family Endowment	19,481	25,000	3,930	—	11,841	—	—	—	47,764
Lack's Stores, Inc.	47,018	—	3,675	—	28,930	779	—	779	47,632
Weinstein, Joshua Scholarship	46,678	—	3,648	—	3,675	2,345	879	3,224	47,468
Int'L Assoc Hosp. Acct	43,773	—	3,318	—	3,648	2,328	873	3,201	47,125
Barnett, Marguerite Quasi	46,562	—	3,639	—	3,318	—	—	—	47,090
Infragard Scholarship	43,561	—	3,301	—	3,639	2,322	871	3,193	47,008
Carolyn Ashcroft Scholarship Endowment	43,243	—	3,513	—	3,301	—	—	—	46,862
Rappole - Sheridan	41,507	1,875	3,317	—	3,513	—	—	—	46,756
Symons, Virginia Thompson PEF Eng	43,401	—	3,289	—	5,192	—	—	—	46,699
Callicut, Laurie Quasi	46,150	—	3,607	—	3,289	—	—	—	46,691
Faculty Staff Development Quasi	43,237	—	3,277	—	3,607	2,302	863	3,165	46,592
Dobrin, Milton	46,065	—	3,600	—	3,277	—	—	—	46,514
Durham, Mylie & Charles	45,898	—	3,587	—	3,600	2,297	862	3,159	46,507
Ann Gibson Hunt Mem Schol End	31,493	11,100	3,442	—	3,587	2,289	858	3,147	46,338
Scott	45,593	—	3,563	—	14,542	—	—	—	46,035
Tom Wilson Scholarship Endow	45,500	—	3,556	—	3,563	2,274	853	3,127	46,029
Cobb/Fendley Excellence	42,524	—	3,223	—	3,556	2,269	851	3,120	45,936
Debra and Mark Gregg Scholarship Endowment	42,199	—	3,527	—	3,223	—	—	—	45,747
Walker, William & Mimi Book Fund	44,291	—	3,537	—	3,527	—	—	—	45,726
Taxi Squad	45,154	—	3,529	—	3,537	2,183	—	2,183	45,645
Hugh Hudler	44,309	—	3,358	—	3,529	2,252	845	3,097	45,586
DS Labs ISA Endowment	44,033	—	3,416	—	3,358	2,103	—	2,103	45,564
Kochi, Jay & Marion Library	35,503	8,000	3,501	—	3,416	1,970	—	1,970	45,479
Hearst Foundation	43,978	—	3,512	—	11,501	1,530	—	1,530	45,474
Lietzow, Robert F. PEF	41,999	—	3,124	—	3,512	2,168	—	2,168	45,322
Briggs, Charles R.	41,895	—	3,171	—	3,124	—	—	—	45,122
Mendenhall, Trinidad Vasquez	41,908	—	3,154	—	3,171	—	—	—	45,066
Hamilton Future Studies	41,497	250	3,210	—	3,154	—	—	—	45,062
Bill & Ann Stokes	41,662	—	3,166	—	3,460	—	—	—	44,957
1st Vict Bank	41,404	—	3,137	—	3,166	—	—	—	44,828
Neal R. Amundson Lecture Quasi	41,283	—	3,182	—	3,137	—	—	—	44,541
Webber, George & Cecilia	43,988	—	3,438	—	3,182	—	—	—	44,465
Hospitality Industry Diversity Inst.	41,068	200	3,128	—	3,438	2,194	823	3,017	44,409
Barnstone, Howard Lecture	43,652	—	3,412	—	3,128	—	—	—	44,396
Smith, Beulah Lavange Quasi	40,892	—	3,100	—	3,412	2,177	816	2,993	44,070
McNabb, John	40,658	—	2,986	—	3,100	—	—	—	43,991
					2,986	—	—	—	43,643

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Christina & Terry Axtmann Red Rose 2007	22,149	18,000	3,370	—	21,370	—	—	—	43,519
Lea, Hugh Leadership	38,143	2,140	1,173	—	5,313	—	—	—	43,456
Alkek-Williams Music	40,375	—	3,060	—	3,060	—	—	—	43,436
Robert Eckles Schol End	40,369	—	3,060	—	3,060	—	—	—	43,429
Arnold, Genevieve Com Disord	40,356	—	3,059	—	3,059	—	—	—	43,415
Canteen, Bus Svcs, Quasi End	8,130	32,235	3,022	—	35,257	—	—	—	43,386
General Scholarship	42,864	—	3,348	—	3,348	2,137	801	2,938	43,273
Jack & Debbie Moore Excel End	40,165	—	3,058	—	3,058	—	—	—	43,223
Ed Bransford Schol	41,789	—	3,337	—	3,337	2,060	—	—	43,066
Wells Fargo	38,716	1,000	3,259	—	4,259	—	—	2,060	42,976
CRSS/Aaron Farfel	41,267	—	3,295	—	3,295	2,034	—	—	42,528
Thomas Gee Scholarships	39,475	—	2,992	—	2,992	—	—	2,034	42,467
William Hawes Family Scholarship Endowment	39,153	—	3,237	—	3,237	—	—	—	42,390
Primeaux, Walter & Natalie	39,406	—	2,929	—	2,929	—	—	—	42,335
Alkek	39,341	—	2,982	—	2,982	—	—	—	42,323
Lence Distinguished Chair Quasi	41,044	—	3,279	—	3,279	2,011	—	—	42,312
Leibfried, Elizabeth Finck	39,331	—	2,980	—	2,980	—	—	2,011	42,312
Detering, Carl & William	41,733	—	3,262	—	3,262	2,081	—	—	42,133
Adler-Grinberg	40,343	350	3,246	—	3,596	1,988	781	2,862	41,950
Murray Stinson Scholarship Endow	40,625	—	3,244	—	3,244	2,003	—	2,003	41,865
Jim Nantz Endowed Scholarship	\$ 38,958	—	2,856	—	2,856	—	—	—	41,814
Jane Blaffer Owen Schol End	38,799	—	2,905	—	2,905	—	—	—	41,704
Pickett, Cecil	41,286	—	3,227	—	3,227	2,059	—	—	41,682
York, Meredith & Miriam	40,195	—	3,210	—	3,210	1,981	772	2,831	41,424
UH Coll of Optometry Sch Endow	4,577	33,875	2,920	204	36,999	204	—	1,981	41,372
Thacker, Steve & Susan Schol Quasi	34,018	5,700	3,177	—	8,877	1,536	—	204	41,358
Stubblefield	40,041	—	3,197	—	3,197	1,974	—	1,536	41,264
Pittman	40,041	—	3,197	—	3,197	1,974	—	1,974	41,109
Monk, Earl Scholarship	37,978	—	3,131	—	3,131	—	—	—	40,821
Nettles Pasa End Schol	37,159	771	2,890	—	3,661	—	—	—	40,642
Engstrom, Donald	37,779	—	2,864	—	2,864	—	—	—	40,627
Student Govt	39,426	—	3,143	—	3,143	1,942	—	1,942	40,566
Shearne, Major Charles Pres	21,985	15,714	2,868	—	18,581	—	—	—	40,566
Shearne, Major Charles Pres	21,985	15,714	2,868	—	18,581	—	—	—	40,566
Shearne, Major Charles Pres	21,985	15,714	2,868	—	18,581	—	—	—	40,566
Anderson, Jay Kevin	36,870	600	2,854	—	3,454	—	—	—	40,324
Dupont	38,950	—	3,107	—	3,107	1,919	—	1,919	40,138
Wilson Presidential	34,703	2,500	2,861	—	5,361	—	—	—	40,064
D&A Endowment	37,228	—	2,815	—	2,815	—	—	—	40,043
Federation of Houston Women	37,855	—	2,869	—	2,869	1,797	—	1,797	38,928
Study in Taiwan Quasi	37,855	—	2,892	—	5,392	—	—	—	38,896
Fellman, Sue, Omicron Delta	33,505	2,500	2,824	—	5,324	—	—	—	38,884
Pollack, Howard Scholarship	33,560	2,500	2,691	—	2,691	—	—	—	38,878
Carr	36,187	—	3,010	—	3,010	1,859	—	1,859	38,877
Cominsky, Catherine	37,726	—	3,005	—	3,005	1,855	—	1,855	38,778
Wilson, Herbert O.	37,629	—	2,996	—	2,996	1,849	—	1,849	38,664
Lanier, Elyse & Bob Red Rose Schol	37,518	—	2,696	—	2,696	—	—	—	38,608
Joe & Lou Taylor	35,912	—	2,716	—	2,816	—	—	—	38,559
Spain, Ken Scholarship End	35,743	100	2,982	—	2,982	—	—	—	38,486
Lillie E. Spies-GTF Removing Educ Barriers Sch End	37,345	—	2,757	—	2,757	1,841	—	1,841	38,158
TSO Scholarship Endow	35,401	—	2,766	—	2,766	—	—	—	38,122
Bartkowiak, Matthew	35,357	—	2,673	—	2,698	—	—	—	37,915
Battle, Jack & Peggy	35,217	25	2,664	—	2,664	—	—	—	37,820
Howard W. Greenwood Sch Quasi End in Athletics	35,155	—	3,530	—	13,530	1,005	—	1,005	37,660
Sarofim, Louisa	25,134	10,000	2,918	—	2,918	1,801	—	1,801	37,659
McKay, Charles	36,542	—	2,646	—	2,646	—	—	—	37,619
	34,974	—							

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Strickland, Jerald	34,969	—	2,650	—	2,650	—	—	—	37,619
Duke Energy Scholarship	34,921	—	2,621	—	2,621	—	—	—	37,542
Porter, Leonard	36,042	—	2,878	—	2,878	1,777	—	1,777	37,143
Inspiring Excellence Sch End Sponsored by Shell	34,513	—	3,951	—	3,951	1,381	—	1,381	37,083
Coll of Pharmacy Dean's Advisory Council	28,609	6,000	3,256	—	9,256	901	—	901	36,964
Lofstrom, James	35,816	—	2,860	—	2,860	1,765	—	1,765	36,911
Karen Stout Faculty End Fund	12,734	21,453	2,693	—	24,146	—	—	—	36,881
Damon Wells Foundation	34,002	—	2,841	—	2,841	—	—	—	36,843
Andrews, Kurth Scholarship Honors	34,199	—	2,543	—	2,543	—	—	—	36,742
Staples, William	33,793	175	2,590	—	2,765	—	—	—	36,558
Rolston, Leonard	35,293	—	2,818	—	2,818	1,740	—	1,740	36,372
Paula A Kelleher Endowment	31,287	2,250	2,705	—	4,955	—	—	—	36,242
Michael W Oneill Mem Sch	31,060	2,500	2,574	—	5,074	—	—	—	36,134
Patterson, Clarence & Dorothy	35,005	—	2,795	—	2,795	1,726	—	1,726	36,074
Butler, Mary McCullough	34,977	—	2,793	—	2,793	1,723	—	1,723	36,047
Margie Nell Eaves Seiver Scholarship End	15,383	17,500	2,778	—	20,278	—	—	—	35,661
Eisner Schol Endow	32,042	1,000	2,527	—	3,527	—	—	—	35,569
Chertok, Nancy	34,443	—	2,587	—	2,587	1,627	—	1,627	35,403
Chu, Paul C.W.	34,262	—	2,736	—	2,736	1,689	—	1,689	35,309
Claridge, Ruth	34,253	—	2,735	—	2,735	1,688	—	1,688	35,300
Butler, Dr. John	32,492	270	2,483	—	2,753	—	—	—	35,245
Fraga Brothers	32,041	2,000	2,694	—	4,694	1,573	—	1,573	35,162
Basketball Scholarship Quasi Endow	\$ 33,973	—	2,713	—	2,713	1,675	—	1,675	35,011
Football Scholarship Quasi Endow	33,822	—	2,701	—	2,701	1,667	—	1,667	34,856
Deans Pharmacy Sch	31,846	500	2,448	—	2,948	—	—	—	34,794
Gene & Betty McDavid Endow	32,319	—	2,450	—	2,450	—	—	—	34,769
John D & Susan K Thompson End	32,152	—	2,386	—	2,386	—	—	—	34,538
Buckley, Joseph P.	33,426	—	2,677	—	2,677	1,624	—	1,624	34,479
Astronaut/Space Studies	31,976	—	2,425	—	2,425	—	—	—	34,400
Hari & Anjali Agrawal Faculty Fellowship	31,446	—	2,812	—	2,812	—	—	—	34,258
Human Sciences and Humanities	26,238	5,500	2,507	—	8,007	—	—	—	34,245
Faculty Growth & Dev Quasi	33,124	—	2,645	—	2,645	1,633	—	1,633	34,136
Trask Endow	31,621	—	2,384	—	2,384	—	—	—	34,005
Healthcare Assoc	31,599	—	2,395	—	2,395	—	—	—	33,994
HRM Global Recog. Quasi	31,369	—	2,378	—	2,378	—	—	—	33,747
McElhinney, Charles	32,637	—	2,606	—	2,606	1,609	—	1,609	33,634
Lunney Family Scholarship Endowment	29,106	2,050	2,471	—	4,521	—	—	—	33,626
Doss, R.P.	32,579	—	2,591	—	2,591	1,602	—	1,602	33,568
Johnson Book Fund	32,330	—	2,580	—	2,580	1,593	—	1,593	33,317
David, Gerson	32,323	—	2,581	—	2,581	1,593	—	1,593	33,311
Yelderman, Pauline PES	30,821	—	2,336	—	2,336	—	—	—	33,157
Victoria Advocate	32,097	—	2,561	—	2,561	1,581	—	1,581	33,077
Frank G. Ambrose Systems	30,696	—	2,324	—	2,324	—	—	—	33,020
Jankiewicz, Harry	31,977	—	2,552	—	2,552	1,576	—	1,576	32,954
Rudy & Eliz Woerner Quasi	30,597	—	2,319	—	2,319	—	—	—	32,916
Maresh, Thelma PES	30,492	—	2,311	—	2,311	—	—	—	32,803
Mack Rogers, Jr. Insurance & Risk Management	25,261	5,000	2,374	—	7,374	—	—	—	32,635
Vandagriff, Judy Scholarship	30,325	—	2,298	—	2,298	—	—	—	32,623
Arnold, Genevieve Psychology	30,267	—	2,294	—	2,294	—	—	—	32,561
Seymour, Marion	28,588	1,500	2,410	—	3,910	—	—	—	32,498
Dr. Edward A. Blair Scholarship Endowment	30,501	—	3,202	—	3,202	1,220	—	1,220	32,483
Lawrence, Bryan Excellence Quasi	30,156	—	2,286	—	2,286	—	—	—	32,442
Donald Bonham Memorial Sch End	30,032	—	2,287	—	2,287	—	—	—	32,318
San Antonio Alumni PES	29,956	—	2,270	—	2,270	—	—	—	32,226
Charles J Tamborello Mem Sch Endow	29,708	—	2,279	—	2,279	—	—	—	31,987
Bill D. Cook Scholar	29,642	—	2,292	—	2,292	—	—	—	31,934

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Natl Assoc Of Catering	30,897	—	2,342	—	2,342	1,467	—	1,467	31,772
Jack Cannata Jr Ath Schol Endow	30,573	—	2,441	—	2,441	1,507	—	1,507	31,508
Robinson, Mijette & Jerome	29,203	—	2,212	—	2,212	—	—	—	31,415
Gas Processors Scholarship	29,087	—	2,182	—	2,182	—	—	—	31,269
San Antonio Alumni PES	29,054	—	2,202	—	2,202	—	—	—	31,256
Rims Houston Chapter Sch End	28,998	—	2,210	—	2,210	—	—	—	31,208
Morris Gentile Mem.	30,278	—	2,418	—	2,418	1,492	—	1,492	31,204
Doyle	30,110	—	2,404	—	2,404	1,484	—	1,484	31,031
John & Paula Lovoi	26,800	2,000	2,222	—	4,222	—	—	—	31,021
Battin, Tom	28,067	1,800	2,389	—	4,189	1,359	—	1,359	30,897
Helen & Melvin Wimpelberg Memorial Sch Endowment	—	28,780	2,082	—	30,862	—	—	—	30,862
Irwin, Melinda	27,637	840	2,166	—	3,006	—	—	—	30,643
Bruckner Endow	28,465	—	2,163	—	2,163	—	—	—	30,628
Glenn Goerke	29,548	—	2,358	—	2,358	1,456	—	1,456	30,449
New Century Success	29,604	—	2,243	—	2,243	1,405	—	1,405	30,442
Lau & Mrs. Wing Lan Chin Pharm. Sciences End	26,450	1,500	3,393	—	4,893	1,058	—	1,058	30,286
EMBA Teaching Excell	29,373	—	2,345	—	2,345	1,448	—	1,448	30,270
Dallas/Ft Worth Alumni PES	28,135	—	2,118	—	2,118	—	—	—	30,252
James & Theresa Fischer Sch Endowment	7,688	20,000	2,338	308	22,646	308	—	308	30,026
Assoc. Bldg. Services/Parker	29,091	—	2,338	—	2,338	1,420	—	1,420	30,009
Curry, Herbert & Dorothy	29,080	—	2,322	—	2,322	1,433	—	1,433	29,969
Par Excellence Scholarship	29,535	—	2,308	—	2,308	1,473	—	1,473	29,819
Union Carbide	28,794	—	2,298	—	2,298	1,419	552	2,025	29,673
Hightower, James Scholarship	25,326	2,042	2,204	—	4,246	—	—	—	29,572
Schergens, Evaline	\$ 26,590	800	2,084	—	2,884	—	—	—	29,474
Agrawal, Brij & Sunita PES	27,330	—	2,071	—	2,071	—	—	—	29,402
Kuhlman, William Optometry	28,482	—	2,273	—	2,273	1,404	—	1,404	29,351
McCracken, Harold & Debra	27,280	—	2,068	—	2,068	—	—	—	29,347
The Women's Club	27,261	—	2,066	—	2,066	—	—	—	29,327
Claridge, Hester	28,369	—	2,265	—	2,265	1,398	—	1,398	29,236
Choate, Gary & Palmer, Marc	28,398	—	2,153	—	2,153	1,348	—	1,348	29,202
MCI Telecommunications	28,319	—	2,261	—	2,261	1,396	—	1,396	29,184
Turner, Sylvester	18,169	8,965	1,934	1,254	12,153	1,254	—	1,254	29,068
Hopping, Dr. Desiree PES	27,001	—	2,046	—	2,046	—	—	—	29,047
Fndn for Educ & Research in Visn.	27,001	—	2,046	—	2,046	—	—	—	29,047
Irene Smith Buckner Schol	24,957	2,000	2,090	—	4,090	—	—	—	29,047
Howard Family "Inspiring Excellence" End	10,017	17,000	2,417	—	19,417	401	—	401	29,033
Benito Torres Endowed Scholarship in CMAS	25,543	2,500	2,226	—	4,726	1,259	—	1,259	29,010
Armistead Presidential	26,922	—	2,041	—	2,041	—	—	—	28,963
Kripp, Robert PES Engnr	26,917	—	2,038	—	2,038	—	—	—	28,955
Watts, Karele Maresh PES	26,869	—	2,036	—	2,036	—	—	—	28,905
Head, Jeremy	27,183	500	2,225	—	2,725	1,327	—	1,327	28,582
Maresh, Harlan Renan	26,538	—	2,011	—	2,011	—	—	—	28,549
Wyatt, Earle	27,571	—	2,202	—	2,202	1,359	—	1,359	28,414
Celco & Martina Cuellar Pres.	25,066	1,250	2,010	—	3,260	—	—	—	28,327
Burke, Jack & D'Ann	27,480	—	2,194	—	2,194	1,355	—	1,355	28,319
McBride, Rosemary Summers	23,252	3,000	2,035	—	5,035	—	—	—	28,287
Herbert & Faye Lum Schol End	24,306	2,000	1,974	—	3,974	—	—	—	28,280
Scholes	27,390	—	2,187	—	2,187	1,350	—	1,350	28,227
Cemo Foundation PES CLASS	26,217	—	1,987	—	1,987	—	—	—	28,204
Cemo Foundation, PES Business	26,217	—	1,987	—	1,987	—	—	—	28,204
Cemo Foundation, PES Business	26,217	—	1,987	—	1,987	—	—	—	28,204
Mason, Lynn & Marcel	26,172	—	1,984	—	1,984	—	—	—	28,156
Shulman, Lanny & Molly Scholarship	26,172	—	1,981	—	1,981	—	—	—	28,153
Smith, Elva PES	26,173	—	1,966	—	1,966	—	—	—	28,138
Friends of the Library	25,137	2,000	2,177	—	4,177	1,203	—	1,203	28,111

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Dobson, Harmon	27,043	—	2,050	—	2,050	—	—	—	27,043
TBA Red Rose Scholarship	25,704	—	1,948	—	1,948	1,284	—	1,284	27,809
James Lyle Scholarship Endow	26,686	—	2,131	—	2,131	—	—	—	27,652
Leadership Passport	26,608	—	2,153	—	2,153	1,315	—	1,315	27,502
Hayden, Carlos	26,665	—	2,119	—	2,119	1,284	—	1,284	27,477
Patterson, Claire North Scholarship	25,420	—	1,927	—	1,927	1,311	—	1,311	27,473
Ferguson, Noel	26,430	—	2,110	—	2,110	—	—	—	27,346
ABPW/Warren Scholarship	24,350	1,900	2,034	—	3,934	1,303	—	1,303	27,237
Italy In America Endow	25,223	—	1,910	—	1,910	1,114	—	1,114	27,170
Passarelli Hurtado, Diana Jo	25,216	—	1,911	—	1,911	—	—	—	27,134
Bohner, Roswell	26,321	—	2,102	—	2,102	—	—	—	27,128
Kierstead, Fred	24,106	1,000	2,014	—	3,014	1,298	—	1,298	27,125
Golden Brothers Presidential Endowed Fellowship	24,201	1,000	1,914	—	2,914	—	—	—	27,120
Rodd, Frank R.	21,822	3,300	1,956	—	5,256	—	—	—	27,114
American Chapter of the Amer Concrete Inst Endowed Schol	—	25,000	1,914	—	26,914	—	—	—	27,078
Bell, Kate Pres.	25,005	—	1,895	—	1,895	—	—	—	26,914
Techtrans International Scholarship Endowment	—	25,000	1,886	—	26,886	—	—	—	26,900
Debbie Haley Mem Schol Quasi Endow in African Amer Studies	—	25,000	1,851	—	26,851	—	—	—	26,886
Omron Fdn, Inc. Endowed Sch in Electrical Engineering	—	25,000	1,808	—	26,808	—	—	—	26,851
Hirsh, Albert	25,964	—	2,066	—	2,066	—	—	—	26,808
Prithvipal & Manmeet Likhari "Inspiring Excellence"	24,743	—	1,981	—	1,981	1,277	—	1,277	26,753
The Howie and Jamie Lorch Scholarship Endowment	25,907	—	2,069	—	2,069	—	—	—	26,723
Barnes & Noble Sch Quasi End	21,562	3,085	1,951	—	5,036	1,277	—	1,277	26,698
Emerging Technology Growth Fund Endowment	18,440	5,500	2,510	738	8,748	—	—	—	26,598
Lerner, Jane & Ronald	24,499	—	1,857	—	1,857	738	—	738	26,450
Nat Hart	24,459	—	1,854	—	1,854	—	—	—	26,356
Bexar Cty Pharm Assoc Pres	\$ 24,433	—	1,852	—	1,852	—	—	—	26,313
Peck, Lora Presidential	24,270	—	1,840	—	1,840	—	—	—	26,285
Link Staffing Services Sch End	19,048	5,000	1,958	—	6,958	—	—	—	26,110
Keeland, Burdette PES	24,155	—	1,831	—	1,831	—	—	—	26,006
Likhari Presidential	24,143	—	1,830	—	1,830	—	—	—	25,986
Fowler, Billie Scholarship	24,068	—	1,902	—	1,902	—	—	—	25,973
Cheung, Edson	24,119	—	1,828	—	1,828	—	—	—	25,970
Gee, Wallace	25,079	—	2,002	—	2,002	—	—	—	25,947
Turner, Michelle & Dale Pres	23,964	—	1,816	—	1,816	1,228	—	1,228	25,853
UHCL Veterans Scholarship Endowment	14,434	9,545	1,795	—	11,340	—	—	—	25,780
Mareah, Thelma Burnett	23,920	—	1,813	—	1,813	—	—	—	25,774
Pledger, Rosemary	22,836	1,800	1,953	—	3,753	—	—	—	25,733
Schiffick Endow	23,663	—	1,794	—	1,794	1,111	—	1,111	25,478
John P. & May Gee Sch End	13,509	10,000	1,940	—	11,940	—	—	—	25,457
Joan Hohlt & Roger Wich Endowment	13,682	10,000	1,761	—	11,761	—	—	—	25,449
Shipnes	24,455	—	1,984	—	1,984	—	—	—	25,443
Lay Presidential	23,422	—	1,774	—	1,774	1,029	—	1,029	25,410
Hadad, Daniel	24,411	—	1,949	—	1,949	—	—	—	25,196
Kmart Endow	23,353	—	1,770	—	1,770	1,203	—	1,203	25,157
Jesse H & M Gibbs Jones	23,319	—	1,766	—	1,766	—	—	—	25,124
History	24,318	—	1,942	—	1,942	—	—	—	25,086
Andy & Barbara Gessner "Inspiring Excellence"	22,993	—	1,967	—	1,967	1,199	—	1,199	25,061
Cameron "Inspiring Excellence" Sch End	22,993	—	1,967	—	1,967	—	—	—	24,961
Petty Presidential Schol	23,164	—	1,756	—	1,756	—	—	—	24,961
President's Students Come First	20,334	2,768	1,788	—	4,556	—	—	—	24,920
Cook-Price, Elaine	21,823	2,004	1,846	—	3,850	—	—	—	24,890
Piper, Martha	23,934	—	1,910	—	1,910	952	—	952	24,721
Lasso	23,915	—	1,910	—	1,910	1,179	—	1,179	24,664
Phillip G Hoffman Presdntl	22,739	—	1,722	—	1,722	1,179	—	1,179	24,646
James H Pickering Presdntl	22,739	—	1,722	—	1,722	—	—	—	24,461

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions				Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal	Total additions	Income distribution	Institutional advancement	Total reductions	
Charles Saunders Sr Mem Sch in Entrepreneurship End	7,747	15,000	1,980	—	16,980	310	—	310	24,417
Architectural Alumni Pres.	22,639	—	1,716	—	1,716	—	—	—	24,354
The Thelma Hearn Scholarship	22,612	—	1,713	—	1,713	—	—	—	24,324
CL Knapp/Chilton Mgmt Sch	22,589	—	1,712	—	1,712	—	—	—	24,302
GTF Ajay & Laxmi Aggarwal End	22,593	—	1,693	—	1,693	—	—	—	24,286
GTF Brij & Sunita Agrawal End	22,593	—	1,693	—	1,693	—	—	—	24,286
McNeese, Bill & Gail	23,581	—	1,787	—	1,787	1,118	—	1,118	24,251
Dewan Scholarship	21,973	400	1,750	—	2,150	—	—	—	24,123
The Lau & Lau UHCop Growth Fund End	19,220	3,200	2,413	—	5,613	769	—	769	24,064
Holton, Mary Ann	23,090	50	1,861	—	1,911	1,127	—	1,127	23,874
Bhatia, Chhavi Scholarship	22,129	—	1,676	—	1,676	—	—	—	23,805
Mendenhall Fdn Pres. End	22,044	—	1,671	—	1,671	—	—	—	23,715
Hardy, Scott	22,860	—	1,825	—	1,825	1,120	—	1,120	23,565
Staples, Bonnie	19,337	2,500	1,706	—	4,206	—	—	—	23,544
English Scholarships Quasi	22,840	—	1,824	—	1,824	1,126	—	1,126	23,538
Morgan Dunn O' Connor Endowed Scholarship	—	21,800	1,704	—	23,504	—	—	—	23,504
Gupta, Anant Presidential	21,816	—	1,654	—	1,654	—	—	—	23,469
Wilson, Richard	20,134	1,550	1,737	—	3,287	—	—	—	23,421
Randall's Endowment Schol	21,764	—	1,648	—	1,648	—	—	—	23,412
Gonzalez, Jesse Schol Endow Engr	21,709	—	1,645	—	1,645	—	—	—	23,355
Calderon, Elizabeth	22,520	—	1,707	—	1,707	1,069	—	1,069	23,157
Keys A. & Joan F. Curry Endowed Excellence Fund	11,532	10,000	2,047	—	12,047	461	—	461	23,118
Honors Class of 1989 Schol	21,367	—	1,713	—	1,713	—	—	—	23,080
Steven Hecht & Deborah Brochstein Sch End	13,889	7,500	1,674	—	9,174	—	—	—	23,063
Ruth, Donna A Library Excellence	21,416	—	1,623	—	1,623	—	—	—	23,039
Walker, Hap	22,289	—	1,780	—	1,780	1,099	—	1,099	22,970
Furman, Larry Scholarship	22,268	—	1,681	—	1,681	1,055	—	1,055	22,893
Sch of Ed. Program Enhancement	19,258	2,000	1,586	—	3,586	—	—	—	22,844
Sutherland, J.P.	\$ 22,076	—	1,763	—	1,763	1,088	—	1,088	22,751
Engineering Alumni Assoc.	21,130	—	1,598	—	1,598	—	—	—	22,728
Kyle, Beverly	21,520	—	1,925	—	1,925	731	—	731	22,714
Miles, Edwin Library	19,975	1,000	1,597	—	2,597	—	—	—	22,571
Gretta Stalsby Basketball End Schol	21,892	—	1,748	—	1,748	1,079	—	1,079	22,561
Hyman Sofer Memorial Scholarship Endowment	20,558	500	1,488	—	1,988	—	—	—	22,547
Eichhorn, Patricia	21,840	—	1,655	—	1,655	1,037	—	1,037	22,459
Musa & Khaleida Dakri Endow	20,831	—	1,583	—	1,583	—	—	—	22,414
Hispanic Bus Student Assoc	20,560	200	1,552	—	1,752	—	—	—	22,312
Mikela D. Kwan Scholarship Endowment	9,155	11,390	1,749	366	13,505	366	—	366	22,294
Bverett J. & Mary Lee Lanik Sch End	20,594	—	1,695	—	1,695	1,066	—	1,066	22,278
Latin Amer Schol Quasi	21,618	—	1,726	—	1,726	979	—	979	22,198
Faculty Development	21,240	291	1,645	—	1,936	—	—	—	21,963
Franzheim, Melita	20,416	—	1,547	—	1,547	—	—	—	21,870
Sanchez Family Found End	20,324	—	1,547	—	1,547	—	—	—	21,851
Kroger Pharmacy Endow Sc	20,313	—	1,539	—	1,539	—	—	—	21,831
Morton, Shelby	19,510	770	1,551	—	2,321	—	—	—	21,822
GPA Improvement	21,170	—	1,689	—	1,689	1,037	—	1,037	21,821
Mexican Women's Initiative End	14,213	6,000	1,608	—	7,608	—	—	—	21,812
College Of Educ Alumni Endow	20,275	—	1,536	—	1,536	—	—	—	21,807
Saunders, Betti & Charles	20,272	—	1,535	—	1,535	—	—	—	21,755
Nelson Esther Marion	21,110	—	1,686	—	1,686	1,041	—	1,041	21,713
Stafford Outstanding CIS Graduate	20,183	—	1,530	—	1,530	—	—	—	21,678
Margaret & James Elkins	20,151	—	1,527	—	1,527	—	—	—	21,678
Linda & Ken Lay Family End	20,151	—	1,527	—	1,527	—	—	—	21,661
Marilyn & R.E. Reamer End	20,151	—	1,527	—	1,527	—	—	—	21,567
Castillo, Alicia S Memorial Schol	20,120	—	1,540	—	1,540	1,032	—	1,032	
Nicholson, Charles	20,928	—	1,671	—	1,671	—	—	—	

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Lena & Marc Malacoff Sch End	19,971	—	1,521	—	1,521	—	—	—	21,491
Douthitt, Helen Scholarship	20,831	—	1,663	—	1,663	1,027	—	1,027	21,468
College of NSM Growth Fund End	17,616	2,500	2,035	—	4,535	705	—	705	21,446
Silver Anniversary Schol.	19,925	—	1,510	—	1,510	—	—	—	21,435
Zipper, Robert	20,780	—	1,657	—	1,657	1,024	—	1,024	21,413
Lepow, Dr. Ronald	20,707	—	1,653	—	1,653	1,021	—	1,021	21,339
Huggins, Sara	20,682	—	1,652	—	1,652	1,019	—	1,019	21,314
Anderson, Pat	20,673	—	1,650	—	1,650	1,019	—	1,019	21,304
Kirkpatrick, C. V. Engineering	19,742	—	1,496	—	1,496	—	—	—	21,239
Look, Garret Dawson "Sonny"	19,702	—	1,493	—	1,493	—	—	—	21,195
Druary, John Scholarship	20,346	—	1,681	—	1,681	917	—	917	21,110
Vince & Louise Foster Faculty Award Endow	19,551	—	1,494	—	1,494	—	—	—	21,045
Hong Kong City Mall/Hai Du Duong	19,346	—	1,465	—	1,465	—	—	—	20,810
Hall, George	19,343	—	1,465	—	1,465	—	—	—	20,808
Galveston Musical	20,176	—	1,611	—	1,611	995	—	995	20,792
FKP Architects/Charles Sundin Sch	19,268	—	1,514	—	1,514	—	—	—	20,782
J. Scott Chase Endowment in Opera	19,481	—	2,079	—	2,079	779	—	779	20,781
West Endowment Scholarship	19,205	—	1,560	—	1,560	—	—	—	20,766
John D. & Susan K. Thompson Family Sch End	19,257	—	2,182	—	2,182	770	—	770	20,670
Ted L. Estess Faculty Award Endowment	19,220	—	2,178	—	2,178	769	—	769	20,628
Honorable Russell P. Austin End for Legal Studies	18,873	—	2,435	—	2,435	755	—	755	20,553
Richard & Dawn Rawson Sch End	19,008	—	2,049	—	2,049	523	—	523	20,534
JPMorgan Chase End for Excellence in CMAS	19,119	—	1,384	—	1,384	—	—	—	20,503
Simmons, Lonnie Scholarship	19,046	—	1,444	—	1,444	—	—	—	20,490
Tarrant County Pharmacy Assoc.	19,007	—	1,471	—	1,471	—	—	—	20,478
Winius/Brandon/Blumberg	19,813	—	1,582	—	1,582	977	—	977	20,418
Fitsimmons, Charles	18,797	—	1,424	—	1,424	—	—	—	20,221
Earl Monk UH TierOne Scholarship Endowment - Business	—	18,750	1,415	—	20,165	—	—	—	20,165
Earl Ray Monk UH TierOne Scholarship Endowment - Class	—	18,750	1,415	—	20,165	—	—	—	20,165
Charles & Betti Saunders End	18,770	—	1,386	—	1,386	—	—	—	20,156
Dr. Walter Cubberly Memorial Fellowship Endowment	\$ —	18,660	1,411	—	20,071	—	—	—	20,071
Lentz Scholarship	19,394	50	1,547	—	1,597	941	—	941	20,050
Marlatt E.E.	19,428	—	1,551	—	1,551	958	—	958	20,021
Assn of Well Head Equip Manufacturing Sch End	18,343	—	2,351	—	2,351	734	—	734	19,960
Ctr for Mexican American Studies	17,436	1,100	1,417	—	2,517	—	—	—	19,953
Lack, Jean Preston	19,331	—	1,543	—	1,543	947	—	947	19,927
Ray A. Kroc Schol Endow	18,471	—	1,400	—	1,400	—	—	—	19,871
Speech Scholarship Quasi	19,232	—	1,536	—	1,536	948	—	948	19,819
Soliz, Olga MAS	18,396	—	1,393	—	1,393	—	—	—	19,789
Hopkin End Schol	18,344	35	1,393	—	1,428	—	—	—	19,773
Literature Scholarship	17,314	1,000	1,407	—	2,407	—	—	—	19,721
Axtmann, Terry & Christina	18,328	—	1,389	—	1,389	—	—	—	19,718
McCary, John Leslie	19,111	—	1,526	—	1,526	942	—	942	19,695
Elden Schol Endow	18,172	100	1,411	—	1,511	—	—	—	19,683
Faculty Special	19,042	—	1,521	—	1,521	939	—	939	19,623
Society of Iranian American Women for Education	8,130	10,000	1,445	—	11,445	—	—	—	19,575
Dr. Victor A. Zaloom Scholarship Endowment	8,130	10,000	1,445	—	11,445	—	—	—	19,575
Siegel, Stanley TX History	18,170	—	1,377	—	1,377	—	—	—	19,547
Dennis Allen Mem Sch End	13,136	5,025	1,364	—	6,389	—	—	—	19,525
Jerri Lee Pledger Scholarship Endowment	17,775	—	1,704	—	1,704	—	—	—	19,478
Mindiola, Tacho & Cindy	17,881	—	1,355	—	1,355	—	—	—	19,236
Virginia Collier Mem Endow	14,918	2,961	1,350	—	4,311	—	—	—	19,229
Roger & Linda Bilstein End	16,160	1,625	1,403	—	3,028	—	—	—	19,189
Loomis, Carol & Scott Scholarship	17,768	—	1,327	—	1,327	—	—	—	19,096
Mason, Lynn & Marcel HRM	17,344	362	1,364	—	1,726	—	—	—	19,069
Bombaywala, Ghulam	18,470	—	1,475	—	1,475	910	—	910	19,035

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Mitchell, Robert Scholar	17,680	—	1,340	—	1,340	—	—	—	19,020
Robert J. Mitchell Sch for Math & Phy Sci	7,688	10,000	1,611	—	11,611	308	—	308	18,991
Tilman Fertitta Schol Endow	18,364	—	1,466	—	1,466	905	—	905	18,925
Jack E Wilson Endowment	10,696	6,733	1,495	—	8,228	—	—	—	18,924
CVS Caremark Scholarship Endowment	17,582	—	1,333	—	1,333	—	—	—	18,916
Bristol Hotel	17,562	—	1,331	—	1,331	—	—	—	18,893
Cheryl M. Carlucci Scholarship Endowment	17,185	—	1,677	—	2,364	687	—	687	18,862
Friends Of UH Victoria	17,501	—	1,325	687	1,325	—	—	—	18,826
Asian Amer Immigrant	18,187	—	1,452	—	1,452	897	—	897	18,742
Wallace, Jack & Anne	17,394	—	1,292	—	1,292	—	—	—	18,685
Lehrman/Kolbe Quasi	17,300	—	1,311	—	1,311	—	—	—	18,611
Phi Beta Delta	16,101	1,100	1,328	—	2,428	—	—	—	18,529
Cain Chemical	17,897	—	1,428	—	1,428	882	—	882	18,443
Sophie Pledger UH TierOne Schol Endow	—	17,100	1,292	—	18,392	—	—	—	18,392
Wheless, Leslie And Kim	17,089	—	1,294	—	1,294	—	—	—	18,383
Voelkel, Stanley	17,778	—	1,420	—	1,420	876	—	876	18,322
Smith-Wensveen Fellowship Endowment	—	17,000	1,292	—	18,292	—	—	—	18,292
School of Education Alumni Scholarship Endowment	—	16,941	1,273	—	18,214	—	—	—	18,214
Todd B. Colvin Schol End	16,905	25	1,283	—	1,308	—	—	—	18,211
Crouch, Pauline Moss	17,569	—	1,402	—	1,402	860	—	860	18,214
Alkek Schol Endow	16,814	—	1,274	—	1,274	—	—	—	18,088
Zimmer, Bill & Helen	17,493	—	1,397	—	1,397	862	—	862	18,027
State Farm - Ctr Mex Amer.	16,744	—	1,270	—	1,270	—	—	—	18,014
Barrios, Robinson Schol Endow	13,800	2,800	1,410	—	4,210	—	—	—	18,009
Cooper, Sara	17,472	—	1,395	—	1,395	861	—	861	18,006
Goodrich, Ann Schol Endow	16,727	—	1,269	—	1,269	—	—	—	17,996
Croft, John	17,426	—	1,392	—	1,392	859	—	859	17,958
Hill, Laurita & John	17,314	—	1,383	—	1,383	853	—	853	17,843
Day, Martin & Betty	17,299	—	1,381	—	1,381	853	—	853	17,827
Phyllis & Mudge Miller Endow	16,517	—	1,256	—	1,256	—	—	—	17,773
Michelle & Ed Noack Sch End	11,192	5,000	1,426	—	6,426	—	—	—	17,618
Family Therapy	16,346	—	1,240	—	1,240	—	—	—	17,586
Joe Martin Scholarship End	\$ 15,287	1,000	1,271	—	2,271	—	—	—	17,558
Houston, Robert	15,872	400	1,284	—	1,684	—	—	—	17,556
Gupta Academic Award End	16,265	—	1,210	—	1,210	—	—	—	17,475
Warner, Dr. Allen R.	13,176	3,000	1,272	—	4,272	—	—	—	17,449
Fredric A & Betsy C Weber Sch	16,185	—	1,231	—	1,231	—	—	—	17,416
Educ Leadership	16,163	—	1,225	—	1,225	—	—	—	17,388
Larry & Phyllis Hughes	15,050	1,073	1,228	—	2,301	—	—	—	17,351
Faculty Senate Enhancement Endowment	14,767	1,440	1,632	—	3,072	591	—	591	17,248
Breedlove, rote	15,573	1,000	1,335	—	2,335	723	—	723	17,185
Lockheed Martin Scholarship	16,667	—	1,263	—	1,263	791	—	791	17,140
Robin French Family Scholarship Endowment	10,809	5,000	1,307	—	6,307	—	—	—	17,115
Delta Sigma Pi	16,002	500	1,340	—	1,840	760	—	760	17,082
Den B. Chin & May K. Chin End	15,872	—	1,195	—	1,195	—	—	—	17,068
Brezina/Visd Golf	16,596	—	1,258	—	1,258	788	—	788	17,066
Foley, Kathryn Quasi	16,543	—	1,322	—	1,322	811	—	811	17,054
Glazer's Endowment	15,784	—	1,195	—	1,195	—	—	—	16,979
Mieszkowski, Gretchen	15,905	525	1,265	—	1,790	733	—	733	16,962
Silin, Charles	16,426	—	1,311	—	1,311	809	—	809	16,928
Class Quasi Scholarship Endowment	15,717	—	1,197	—	1,197	—	—	—	16,914
Capobianco, Rudolph	16,404	—	1,310	—	1,310	809	—	809	16,905
Douthitt, Helen Library	16,403	—	1,310	—	1,310	809	—	809	16,904
First Capital Bank	16,398	—	1,308	—	1,308	808	—	808	16,898
Bobby Bizzell Memorial Scholarship Endowment	15,717	—	1,152	—	1,152	—	—	—	16,870
Bumgardner	16,351	—	1,306	—	1,306	806	—	806	16,851

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
John Moores Humanitarian Sch	15,611	—	1,163	—	1,163	—	—	—	16,774
Sylvester Turner Public Service Sch	15,611	—	1,163	—	1,163	—	—	—	16,774
Bettencourt, Dorothy	15,614	—	1,159	—	1,159	—	—	—	16,773
Harrison Waldron & Wherek	16,258	—	1,297	—	1,297	801	—	801	16,754
Int'l Bank of Commerce	16,250	—	1,298	—	1,298	801	—	801	16,747
Sloan, Bverett	16,219	—	1,287	—	1,287	777	—	777	16,730
Linda Bell Endowed Scholarship	15,583	—	1,142	—	1,142	—	—	—	16,726
Smith, Judge Shern	16,193	—	1,293	—	1,293	798	—	798	16,688
Fitzsimmons, Dana S.	14,479	1,000	1,204	—	2,204	—	—	—	16,683
Benbrook/Foerster	16,117	—	1,287	—	1,287	794	—	794	16,610
Carole Hegenbarth Scholarship Endowment	15,529	—	1,684	—	1,684	621	—	621	16,592
New York Life	16,068	—	1,282	—	1,282	792	—	792	16,558
Houston Office Leasing Ass.	15,316	—	1,160	—	1,160	—	—	—	16,476
Waskey, Ted	15,945	—	1,280	—	1,280	780	—	780	16,445
Brookshire Brothers Pharmacy Endowed Scholarship	15,224	—	1,195	—	1,195	—	—	—	16,419
Bill & Sue McMahon Rem Ed Bar	15,235	—	1,161	—	1,161	—	—	—	16,396
Smith, June D.	15,217	—	1,176	—	1,176	—	—	—	16,392
Citizens National Bank	15,900	—	1,269	—	1,269	783	—	783	16,386
Anne & Edgar Lackner Quasi Endow to support MD Anderson Lib	—	15,229	1,149	—	16,378	—	—	—	16,378
Walker, Kay Kerr	15,213	—	1,153	—	1,153	—	—	—	16,366
Powers Brown Architecture Scholarship Endow	15,272	—	1,068	—	1,068	—	—	—	16,340
David D. Red Scholarship Endowment	15,087	—	1,123	—	1,123	—	—	—	16,211
Columbia Healthcare	15,726	—	1,192	—	1,192	746	—	746	16,172
Luchsinger, Amy & John	15,033	—	1,139	—	1,139	—	—	—	16,172
Williams, Louis Awards	12,936	2,050	1,173	—	3,223	—	—	—	16,159
Andrews Foundation Scholarship	15,011	—	1,140	—	1,140	—	—	—	16,151
Max Castillo President's Scholarship Endowment	—	15,000	1,148	—	16,148	—	—	—	16,148
Dr. Diana Chow Grad Fellowship End in Pharmaceutics	—	15,000	1,109	—	16,109	—	—	—	16,109
Tapp, Teresa Quasi	14,832	—	1,117	—	1,117	—	—	—	15,948
UH Communications Disorders	14,813	—	1,121	—	1,121	—	—	—	15,934
Boeing Company	15,437	—	1,231	—	1,231	760	—	760	15,909
McMillian/Gerstacker Schol	11,765	3,000	1,118	—	4,118	—	—	—	15,883
Stewart, Josephine	15,338	—	1,225	—	1,225	756	—	756	15,806
Frede, Ralph	15,287	—	1,221	—	1,221	754	—	754	15,754
Gunter, Thomas Robert	\$ 15,271	—	1,219	—	1,219	753	—	753	15,738
Lattin, Gerald	15,249	—	1,216	—	1,216	748	—	748	15,717
Perkin Elmer Corp.	15,250	—	1,218	—	1,218	752	—	752	15,716
Marshall, Faith Gladstone	15,013	225	1,215	—	1,440	740	—	740	15,714
Christy Drennan Memorial Sch End	14,500	—	1,105	—	1,105	—	—	—	15,605
Loya, Miguel & Ana	14,483	—	1,093	—	1,093	—	—	—	15,576
Wiley, Mary	15,092	—	1,205	—	1,205	744	—	744	15,553
Pia Excellence	15,053	—	1,201	—	1,201	742	—	742	15,512
Harper, Mabel Jewel	14,631	200	1,192	—	1,392	709	—	709	15,313
Tipton, Rose & Taylor	14,233	—	1,079	—	1,079	—	—	—	15,312
Palacios, Ctr for Mex. Amer Studies	14,072	—	1,060	—	1,060	—	—	—	15,133
Barnstone, Howard	14,609	—	1,166	—	1,166	715	—	715	15,060
Richard L. Nelson Excellence Writing Award End	9,335	4,500	1,145	—	5,645	—	—	—	14,980
Jones, Benjamin Scott	12,369	1,500	1,104	—	2,604	—	—	—	14,972
Kohler, Dave	12,688	1,200	1,047	—	2,247	—	—	—	14,935
Perez, Frank Scholarship	12,779	1,000	1,067	—	2,067	—	—	—	14,846
Tomac, Peter J. for HRM	14,386	—	1,148	—	1,148	705	—	705	14,829
Olga & Gerardo Balboa Scholarship Endowment	3,752	9,825	1,217	150	11,192	150	—	150	14,794
Shaw, Betty	14,252	—	1,138	—	1,138	703	—	703	14,687
Bermudez, Peter	13,647	—	1,035	—	1,035	—	—	—	14,682
Prichard, C Victor	14,232	—	1,136	—	1,136	697	—	697	14,671
Sterns Sociology Schol Endow	13,414	—	1,017	—	1,017	—	—	—	14,431

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Morgan, Jeanette	13,999	—	1,118	—	1,118	690	—	690	14,426
Rohm & Haas	13,984	—	1,116	—	1,116	687	—	687	14,413
Nikolaïdi, Elena	13,906	—	1,110	—	1,110	685	—	685	14,331
UHCL Quasi Endowment Growth Fund	9,186	4,000	1,363	—	5,363	367	—	367	14,182
Dept of Chem & Biomolecular Engr Founders' Sch	13,008	—	1,127	—	1,127	—	—	—	14,135
BP Chemicals	13,659	—	1,090	—	1,090	673	—	673	14,076
TX Assoc of Environ. Prof	13,078	—	987	—	987	—	—	—	14,065
Massad Family Scholarship	12,874	—	1,107	—	1,107	—	—	—	13,981
Charles & Margie Denson Sch End	12,949	—	986	—	986	—	—	—	13,935
Matthew B. & Tamara Steele Faculty Award End	7,679	5,000	1,249	307	6,556	307	—	307	13,927
Fiesta Mart Endow-MAS	7,774	5,000	1,090	—	6,090	—	—	—	13,865
Pelton, Barry C.	13,420	—	1,072	—	1,072	662	—	662	13,829
Barr, Betty Scholarship	13,401	—	1,016	—	1,016	636	—	636	13,781
Zawadski, Robert	12,764	—	972	—	972	—	—	—	13,735
Houston Area Corps of Cadets/MOAA	10,829	1,780	1,017	—	2,797	—	—	—	13,626
Mechanical Engineering Tech Excellence Fund End	2,500	10,050	1,036	100	11,186	100	—	100	13,586
Susan Speight Fam Ther End	11,601	1,000	982	—	1,982	—	—	—	13,582
Jerry & Marge Crum Football Scholarship End	13,125	—	1,048	—	1,048	647	—	647	13,526
Bobbitt McCall, Donna Schol.	12,384	—	1,086	—	1,086	—	—	—	13,471
Schissler Fdn UH TierOne Scholarship Endowment	—	12,500	957	—	13,457	—	—	—	13,457
Mike and Teresa Baker Volleyball Sch End	12,495	—	944	—	944	—	—	—	13,439
Center For Children	13,032	—	1,041	—	1,041	642	—	642	13,431
Okumura, Roy	13,020	—	1,040	—	1,040	642	—	642	13,418
Lawson, French W.	12,948	—	1,034	—	1,034	638	—	638	13,343
Bullard Schol Endow	12,380	—	932	—	932	—	—	—	13,312
Administaff	12,903	—	1,030	—	1,030	636	—	636	13,297
Early Childhood Education	11,210	1,025	1,019	—	2,044	—	—	—	13,254
Andre Ware Scholarship Endow	12,836	—	1,025	—	1,025	629	—	629	13,232
Becky & Truman Arnold Sch	12,284	—	930	—	930	—	—	—	13,214
Gerald W. McElvy UH TierOne Scholarship Endowment	—	12,250	913	—	13,163	—	—	—	13,163
Chambers, Velma	12,233	—	928	—	928	—	—	—	13,161
McCollum Eleanor	12,165	—	921	—	921	—	—	—	13,087
Lonnie Simmons Sch Quasi End	12,149	—	925	—	925	—	—	—	13,074
Blaffer, Sarah Cambell Schol	12,670	—	1,012	—	1,012	625	—	625	13,056
Strahan, Richard	12,494	—	947	—	947	593	—	593	12,848
Monsignor George	12,447	—	943	—	943	591	—	591	12,799
Akin, Ted Scholarship	\$ 11,871	—	900	—	900	—	—	—	12,771
Hodge Res Sch Endow	11,757	—	891	—	891	—	—	—	12,649
McClellan, LaVerne	9,496	2,167	907	—	3,073	—	—	—	12,569
Wertheimer, Henry Scholarship	11,660	—	884	—	884	—	—	—	12,543
Berry, Frank Jr Quasi Int Design	11,653	—	883	—	883	—	—	—	12,536
Amegy Bank of Texas Endowment	11,382	—	1,038	—	1,038	—	—	—	12,421
Brown, Robert Scholarship	11,948	100	960	—	1,060	588	—	588	12,420
Engineering Tech Excel Fund	11,520	—	872	—	872	—	—	—	12,392
University Libraries	12,014	—	959	—	959	592	—	592	12,382
G B Tech Inc. Res. Asst.	11,839	—	945	—	945	584	—	584	12,201
Rauscher, Pierce, Refines Ath Scholarship End	11,721	—	936	—	936	578	—	578	12,079
Pieratt, Harold & Doris	11,224	—	851	—	851	—	—	—	12,074
Neumann Cultural Quasi	11,648	—	930	—	930	574	—	574	12,004
Monsanto End/Honor	11,522	110	928	—	1,038	568	—	568	11,992
Gourmet Night	11,613	—	927	—	927	572	—	572	11,968
Coastal Corp Schol Endow	11,102	—	842	—	842	—	—	—	11,943
Miller, Michel Scholarship	11,573	(500)	837	—	337	—	—	—	11,910
Porter, Mattie	11,020	—	880	—	880	—	—	—	11,900
Belgacem Lies Baghdadi Memorial Scholarship	10,979	—	919	—	919	—	—	—	11,898
Wilford Weber Memorial Scholarship End	10,472	414	1,328	—	1,742	419	—	419	11,795

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Barbara Samuels Educational End	9,957	1,000	825	—	1,825	—	—	—	11,782
Hobby, William	10,926	—	828	—	828	—	—	—	11,754
Goldman, Ruthmary	10,891	—	825	—	825	—	—	—	11,716
Andries Lott Schol Endow	10,388	500	828	—	1,328	—	—	—	11,716
Dr. Asghar Nazemzadeh Memorial Sch Endowment	10,850	—	1,262	—	1,262	434	—	—	11,678
Robert J. Jones Endow	11,330	—	859	—	859	538	—	434	11,651
Hall, George & MyraJane Ind Engr	8,742	2,000	819	—	2,819	—	—	538	11,560
Robinson, Donald	10,732	—	813	—	813	—	—	—	11,546
Goerke, Glenn & Joyce	10,732	—	813	—	813	—	—	—	11,545
Wayne & Dolores Gentsch	8,185	2,500	829	—	3,329	—	—	—	11,514
Environmental Mgmt Scho	10,481	200	815	—	1,015	—	—	—	11,496
Chiappetta, Dr. Eugene	10,642	—	807	—	807	—	—	—	11,448
Harcrow, Stephen	10,585	—	802	—	802	—	—	—	11,387
Czarnek And Patalik Music	7,705	2,795	795	—	3,590	—	—	—	11,295
Roger & Victoria Berry UH TierOne Scholarship Endowment	—	10,500	774	—	11,274	—	—	—	11,274
Eve Mieszkuc	10,893	—	869	—	869	537	—	537	11,225
HARLIC Endow MD Anderson Lib	—	10,426	787	—	11,212	—	—	—	11,212
Bryce and Jan Scott Endowed Scholarship	—	10,400	770	—	11,170	—	—	—	11,170
Univ Community Sch End Honors	10,275	—	856	—	856	—	—	—	11,131
Raymond Oeland McCall Sch End	9,951	375	786	—	1,161	—	—	—	11,112
Donald & Jane McClelland Library Endowment	—	10,340	765	—	11,105	—	—	—	11,105
Pan American Golf Assn of Victoria Endowed Scholarship	—	10,310	768	—	11,078	—	—	—	11,078
Phi Kappa Phi Scholarship	10,750	—	815	—	815	510	—	510	11,055
Smith, Arthur K.	10,252	—	799	—	799	—	—	—	11,051
Ellen & Jim Seigler Endowment	7,688	2,500	1,056	—	3,556	308	—	308	10,936
Foerster, Cecile	10,134	—	768	—	768	—	—	—	10,902
Verghese Fellowship Endowment	10,536	—	841	—	841	519	—	519	10,858
Hollingsworth, Marcile Science Educ.	10,089	—	765	—	765	—	—	—	10,854
Martinez, George & Kathryn	10,055	—	761	—	761	—	—	—	10,816
Barbara Hopmann Quasi	10,513	—	797	—	797	499	—	499	10,810
Marvin & Joan Kaplan UH TierOne Scholarship Endow	10,019	10	760	—	770	—	—	—	10,789
Carlo & Kristen Pippolo UH TierOne Scholarship Endowment	—	10,000	754	—	10,754	—	—	—	10,754
Ed & Sue Clark UH TierOne Scholarship Endowment	—	10,000	734	—	10,734	—	—	—	10,734
Rizk, Fred Quasi	—	10,000	723	—	10,723	—	—	—	10,723
Lopez, Joe Scholarship	10,378	—	828	—	828	511	—	511	10,695
Phillips, Anne Reynolds	10,399	—	788	—	788	494	—	494	10,693
Countryman, Mark Scholarship	10,357	—	827	—	827	511	—	511	10,668
Robert L. Boblitt	9,328	600	740	—	1,340	—	—	—	10,647
Hamilton, Elmer Schol.	\$ 10,354	—	785	—	785	491	—	491	10,646
Blessan Samuel Memorial Sch Endow	9,896	—	750	—	750	—	—	—	10,641
Joanna Friesen Endow Sch	9,908	—	733	—	733	—	—	—	10,635
Laura E Swails Schol End	9,766	100	768	—	868	—	—	—	10,599
Snyder, Carol Lynn	9,855	—	745	—	745	—	—	—	10,563
Torres, Rosemary Segovia Scholarship	10,272	—	778	—	778	487	—	487	10,537
Hall, George & MyraJane Schol.	9,795	—	742	—	742	—	—	—	10,499
Smith, June Duhar Schol. Quasi	9,757	—	742	—	742	—	—	—	10,487
Roy Weise Jr Schol	10,176	—	812	—	812	501	—	501	10,466
Coastal Securities - Honors	9,729	—	737	—	737	—	—	—	10,460
Dr. Ted Leibfried Legacy Scholarship Endow	10,172	—	771	—	771	483	—	483	10,452
Texas Pharmacy Foundation Sch End	9,722	—	730	—	730	—	—	—	10,392
Mezzino, Michael Mathematics	9,634	—	757	—	757	—	—	—	10,382
Handal, Suzanne May Scholar.	9,650	—	731	—	731	—	—	—	10,381
Art Education Endow	9,649	—	731	—	731	—	—	—	10,352
Air Products	9,598	25	729	—	754	—	—	—	10,352
Baldwin, Mike	10,025	—	801	—	801	494	—	494	10,322
	9,594	—	727	—	727	—	—	—	10,322

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Albright, Frell	9,996	—	798	—	798	—	—	—	10,304
Cohen, Prudence Scholarship	9,568	—	725	—	725	490	—	490	10,293
Hill, Margaret & Alan	8,831	700	749	—	1,449	—	—	—	10,280
Bettencourt, Sara	9,521	—	722	—	722	—	—	—	10,243
Harris, DeYossie	9,467	50	724	—	774	—	—	—	10,242
Florence Nightingale Mem Schol	9,511	—	722	—	722	—	—	—	10,233
L. Green & B. Schachtel-Green	8,210	1,250	757	—	2,007	—	—	—	10,217
Wells Fargo Scholarship	9,494	—	720	—	720	—	—	—	10,214
Andrea L Smesny Schol Endow	7,819	1,563	829	—	2,392	—	—	—	10,210
Rodriguez, Robert	9,468	—	718	—	718	—	—	—	10,185
Meat Science	9,857	—	786	—	786	486	—	486	10,158
Susan & Tom Williams Graduate Sch End	4,000	5,470	687	—	6,157	—	—	—	10,157
Sterling Chemical	9,844	—	786	—	786	485	—	485	10,145
Magner, George	9,431	—	710	—	710	—	—	—	10,141
Gore-Laird & Liberman Scholarship	8,813	619	692	—	1,311	—	—	—	10,124
Nollie Mayo 8-12 Teacher Educ	9,410	—	711	—	711	—	—	—	10,121
Adair, Wendy Scholarship	9,405	—	705	—	705	—	—	—	10,110
Hooker, Dr. Richard Endow	9,385	—	711	—	711	—	—	—	10,096
Sterr, Margie Scholarship	9,375	—	711	—	711	—	—	—	10,087
Bove, Frank	9,377	—	701	—	701	—	—	—	10,078
Haynes & Nickelson Quasi	9,363	—	709	—	709	—	—	—	10,073
Marjorie Gurasich Endow	9,844	(500)	720	—	220	—	—	—	10,064
Medh, Urvish	9,318	—	718	378	1,096	378	—	378	10,036
Smith, June Early Childhood Dev	9,221	—	699	—	699	—	—	—	9,919
Hayes Scholarship	9,629	—	726	—	726	452	—	452	9,902
Victoria Sunrise Rotary Schol	9,191	—	707	—	707	—	—	—	9,898
Social Sciences Alumni Quasi	9,592	—	766	—	766	473	—	473	9,885
Bill Yeoman Athletic Scholarship Endow	9,609	—	728	—	728	456	—	456	9,881
Bowers Endowment	9,133	—	691	—	691	—	—	—	9,824
Kenneth & Patty Korthauer Endowed Scholarship	4,065	5,000	731	—	5,731	—	—	—	9,796
Bruce & Ann Biundo End Sch	5,502	3,500	755	—	4,255	—	—	—	9,757
Stern, David O. in LASS	9,045	—	685	—	685	—	—	—	9,731
Meier, Wilber & Judy	9,424	—	752	—	752	465	—	465	9,711
Annual Fund Endow	9,016	—	683	—	683	—	—	—	9,700
Leslie & Alan Ma Wong Scholarship End	3,901	5,000	797	156	5,953	156	—	156	9,698
Rose & William B. Calhoun UH TierOne Sch End	—	9,000	675	—	9,675	—	—	—	9,675
Congressman Gene Green MAS	8,982	—	674	—	674	—	—	—	9,656
June L. Chin Presidential Endowed Fellowship	—	9,000	655	—	9,655	—	—	—	9,655
Betty & Harry Jukes End	8,968	—	679	—	679	—	—	—	9,647
Disney, Brian & Lisa Track Endow	8,967	—	680	—	680	—	—	—	9,647
Hamilton, Allie Scholarship	\$ 8,946	—	678	—	678	—	—	—	9,624
Fowles Family Schol	8,902	30	683	—	713	—	—	—	9,616
Hernandez, Dr. Mary Lou	8,942	—	674	—	674	—	—	—	9,615
Mom's Pharmacy Schol Endow	8,892	—	674	—	674	—	—	—	9,566
Peek Family Scholarship Endowment	3,862	5,000	703	—	5,703	—	—	—	9,565
Adams, Martin	8,877	—	673	—	673	—	—	—	9,549
Kuriger, Richard Charles	8,859	—	671	—	671	—	—	—	9,530
NCMA Space City	8,858	—	671	—	671	—	—	—	9,530
Willis & Patsy Johnson Sch End	8,869	—	653	—	653	—	—	—	9,521
Leland F. Zatopek Memorial Sch End	8,840	—	662	—	662	—	—	—	9,502
Pascoe, Kathleen	8,834	—	668	—	668	—	—	—	9,502
Patel, Nilkanth & Yamini	8,770	—	655	—	655	—	—	—	9,502
Kenton Lloyd Smith Pharmacy Ethics	8,733	—	640	—	640	—	—	—	9,425
Union Pacific for Mex. Amer Studies	8,712	—	660	—	660	—	—	—	9,373
George L. & Myra Jane E Hall Sch	8,664	—	656	—	656	—	—	—	9,373
John S & Elena M Zaccaria Scholarship Endow	8,620	—	671	—	671	—	—	—	9,319
									9,291

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Alton & Sandra Kanak Endowed Scholarship	4,637	4,000	813	—	4,813	185	—	185	9,265
Joseph Schatz Scholarship End	8,597	—	641	—	641	—	—	—	9,239
Miller, Clyde & Susan Scholarship	8,576	—	650	—	650	—	—	—	9,226
Spacehab End Sch-Chet Lee	8,497	—	647	—	647	—	—	—	9,144
The Val Link Endowed Scholarship in Art	8,475	—	668	—	668	—	—	—	9,143
James & Elena Hesbrook End Sch	6,432	2,000	697	—	2,697	—	—	—	9,130
Verghese Excel Endow-Tech	8,452	—	652	—	652	—	—	—	9,104
Steven Ronald Martin Sch End	8,448	—	643	—	643	—	—	—	9,091
Texas German Studies	8,801	—	703	—	703	—	—	—	9,074
W. Benjamin Fry Rio Grande Valley Endowed Sch	6,168	2,083	761	170	3,014	431	—	431	9,012
Wells Fargo Scholars Community	8,375	—	636	—	636	170	—	170	9,012
Franklin & Virginia Law Sch End	8,332	—	633	—	633	—	—	—	8,965
Houston Area Pharmacist Association End Sch	8,283	—	617	—	617	—	—	—	8,900
O'Neill, Michael & Donna	8,226	—	655	—	655	—	—	—	8,880
Georgeanna Stanton	8,244	—	625	—	625	—	—	—	8,869
Ameena Colombowala Mem	8,236	—	624	—	624	—	—	—	8,859
Dwight E. Davis Sch End	8,209	—	626	—	626	—	—	—	8,835
Corisman Excellence Presidential Endowed Fellowship	3,104	5,000	718	124	5,842	124	—	124	8,822
Lynn & Bill Simpson Sch End	8,187	—	623	—	623	—	—	—	8,810
Larry Gatlin Music End	8,171	—	619	—	619	—	—	—	8,790
Mortar & Pedal Ride Scholarship Endowment	8,149	—	629	—	629	—	—	—	8,779
Goel Academic Achievement	8,142	—	617	—	617	—	—	—	8,758
Forkner, William	8,481	—	677	—	677	—	—	—	8,740
Alam, Dr. Maktoob	8,113	—	615	—	615	418	—	418	8,728
Dean Joseph P. Buckley End	7,610	500	617	—	1,117	—	—	—	8,727
Martin Antonio Flores Sch End	8,070	—	614	—	614	—	—	—	8,685
The Red White & Blue Schol End	8,067	—	614	—	614	—	—	—	8,681
Dorff, Linda Scholarship	8,062	—	611	—	611	—	—	—	8,672
Wilheimina R. Morian End	8,060	—	611	—	611	—	—	—	8,671
Charlene & Phillip Carrol	8,060	—	611	—	611	—	—	—	8,671
Stevens, Barksdale	8,371	—	668	—	668	413	—	413	8,627
UH College of Pharmacy Dean's Executive Council	7,734	340	857	—	1,197	309	—	309	8,622
Clay Hoster UH TierOne Scholarship Endowment	—	8,000	605	—	8,605	—	—	—	8,605
Ohia-Edet Memorial Endow	8,016	—	579	—	579	—	—	—	8,596
Suzanne Woo Honorary Sch Endow	7,588	313	691	—	1,003	—	—	—	8,591
Louise Woestemeyer Sch End	7,956	—	592	—	592	—	—	—	8,548
Seaver	7,920	—	600	—	600	—	—	—	8,519
Claud J. Jacobs Baseball End	7,899	—	602	—	602	—	—	—	8,501
Henry and Tanya Matula Endowment	7,758	—	728	—	728	—	—	—	8,486
Henry & Charlene McClain Endowed Scholarship	7,801	—	679	—	679	—	—	—	8,481
Horizon Capital Bank	8,219	—	657	—	657	405	—	405	8,471
Adamo, Joseph	7,883	—	563	363	926	363	—	363	8,446
Duangploy Memorial Scholarship Endowment	\$ 7,862	—	569	—	569	—	—	—	8,431
Gary K. and Linda B. Rice Sch End	7,770	—	656	—	656	—	—	—	8,426
Strane, Miriam	7,859	—	561	362	923	362	—	362	8,420
Matthews, Frank & Dorothy	7,817	—	593	—	593	—	—	—	8,410
Bauer Alumni Assn Scholarship Endowment	7,433	—	967	297	1,264	297	—	297	8,400
Counseling & Psych.Serv. Quasi	7,790	—	591	—	591	—	—	—	8,381
Johnnie Fadal Endowed Scholarship	7,691	—	846	—	846	173	—	173	8,365
Paul R. & Nancy G. Borneman Scholarship End	7,792	—	571	—	571	—	—	—	8,363
Kai-King Chow & Cheng-Yok Chow End Sch	7,792	—	571	—	571	—	—	—	8,363
Blanton, Jack	7,769	—	588	—	588	—	—	—	8,357
Mark Shadle Scholarship Endowment	7,772	—	582	—	582	—	—	—	8,354
Elena, Veronica, and Johnny Guerra Sch End	7,580	—	889	—	889	170	—	170	8,299
Stephen Harbachick End	7,708	—	584	—	584	—	—	—	8,292
Weltzien Endowed Scholarship	7,641	—	889	—	889	306	—	306	8,224

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**
Schedule of Changes in Net Assets by Endowment
Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
George LeRoy & Myrajane Ereckson Hall	7,640	—	575	—	575	—	—	—	8,215
Scholz Family Endowment	7,636	—	560	—	560	—	—	—	8,196
Kagen, Norman	7,591	—	575	—	575	—	—	—	8,166
Sharon Sanders Hoover Mem End	7,574	—	585	—	585	—	—	—	8,159
Henry W. Graham End Sch	7,579	—	577	—	577	—	—	—	8,156
Kelsey-Seybold Scholarship Endowment	7,574	—	577	—	577	—	—	—	8,151
JD Field & Co Inc Schol End	7,562	—	573	—	573	—	—	—	8,135
Hagen, John L.	7,904	—	598	—	598	375	—	375	8,127
Donna R. Fox End for Faculty Support	7,549	—	575	—	575	—	—	—	8,124
UHAO-Victoria Chapter Endowed Scholarship	7,433	—	967	—	967	297	—	297	8,103
Smallman, William R.	7,527	—	570	—	570	—	—	—	8,097
Houston Marketing Prof Sch End	7,540	—	549	—	549	—	—	—	8,089
Friends of Paul J. Rice Memorial Scholarship End	4,580	2,750	703	120	3,573	120	—	120	8,033
William Cunningham End - Hawes	7,450	—	571	—	571	—	—	—	8,021
William Cunningham End - Young	7,450	—	571	—	571	—	—	—	8,021
Goodman Scholarship	7,438	—	563	—	563	—	—	—	8,001
Jaska Matthew	7,435	—	564	—	564	—	—	—	7,999
American Advertising Federation - Victoria End Sch	5,619	1,500	822	225	2,547	225	—	225	7,941
Saenz/Cantu Scholarship Endowment	7,360	—	561	—	561	—	—	—	7,921
Loleet Usener Eckel Sch Endow	7,345	—	559	—	559	—	—	—	7,904
Castaneda, Cris Scholarship	7,346	—	557	—	557	—	—	—	7,903
Henry, William G., Jr.	7,279	—	552	—	552	—	—	—	7,831
John Ashford Memorial Fund Endowment	2,875	4,193	694	115	5,002	115	—	115	7,762
Webb, Sandra Pharmacy Quasi	7,199	—	543	—	543	—	—	—	7,742
Gunasekera Int'l Sch End	6,824	300	513	—	813	—	—	—	7,637
Structural Consulting/Monteith	6,664	—	498	—	498	—	—	—	7,162
Moreno, Rosanna & Carlos Family	6,613	—	485	278	763	278	—	278	7,097
Bhattacharya Family Sch End	6,568	—	469	—	469	—	—	—	7,037
Lourdes M. & Nicanora C. Cuellar Presidential End	—	6,500	499	—	6,999	—	—	—	6,999
Fischer, Jo	6,681	—	533	—	533	329	—	329	6,885
Johnson, Harvey L.	6,671	—	506	—	506	317	—	317	6,859
Scardino, Dickie	6,305	—	504	—	504	309	—	309	6,500
Sai Hoon Lim Scholarship Endowment	—	6,000	444	—	6,444	—	—	—	6,444
H.P. "Buddy" Clarke Scholarship Endowment	2,478	3,334	578	99	4,011	99	—	99	6,389
Wilson & Jeter Endowment	5,838	—	417	—	417	—	—	—	6,255
Library	6,009	—	480	—	480	294	—	294	6,195
Fiction Collective Two Endowment	2,322	3,200	503	93	3,796	93	—	93	6,024
The Burch Family UH TierOne Scholarship Endowment	—	5,500	414	—	5,914	—	—	—	5,914
McInnis, Bayliss	5,447	—	389	251	640	251	—	251	5,836
Anthis-Callicutt Gore Quasi	5,664	—	429	—	429	269	—	269	5,824
Flaherty, Pat	5,544	—	442	—	442	273	—	273	5,714
College of Education Alumni Assn Sch End #2	758	4,500	431	30	4,961	30	—	30	5,689
Kent, Herb	5,210	—	372	240	612	240	—	240	5,582
Truman & Becky Arnold UH TierOne Scholarship Endowment	—	5,000	383	—	5,383	—	—	—	5,383

**UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT FUND**

Schedule of Changes in Net Assets by Endowment

Year ended August 31, 2010

Endowment Name	Net Assets beginning of year	Additions			Total additions	Reductions			Net assets, end of year
		Contributions received	Net return on investments	Return to principal		Income distribution	Institutional advancement	Total reductions	
Nicky R. & Lisa K. Holdeman Presidential End Fellowship – OPT	\$ —	5,000	378	—	5,378	—	—	—	5,378
Pamela & Patrick Newman UH TierOne Schol Endow	—	5,000	377	—	5,377	—	—	—	5,377
Gonzalez, Irma Diaz & Roberto	4,846	—	346	—	346	—	—	—	5,192
Men's Athletics Scholarship Endow	4,894	—	391	—	391	240	—	240	5,045
Shara L. Zatopek Endowed Scholarship	1,841	2,775	392	74	3,241	74	—	74	5,008
Love, John W.	4,772	—	381	—	381	235	—	235	4,918
Honors Student Govt Board End	2,032	2,230	350	—	2,580	—	—	—	4,612
Gaynelle Brock & Prem Bhushan Dewan Gadihoke UH TierOne End	—	4,280	322	—	4,602	—	—	—	4,602
Williams Group Inspiring Excellence Sch End	4,018	—	370	—	370	—	—	—	4,388
Quinones, Charles John Schol.	4,052	—	289	—	289	—	—	—	4,342
Dukler, Abraham	3,757	—	300	—	300	185	—	185	3,872
UH Student Excell.	3,427	—	245	158	403	158	—	158	3,672
H. David Kaplan Endowment	2,352	1,000	279	—	1,279	—	—	—	3,631
Sarah & Geoffrey Scholarship	3,232	—	245	—	245	—	—	—	3,477
McNeill, Charles	3,290	—	263	—	263	162	—	162	3,391
Maud & Timothy Maurin	2,886	—	206	133	339	133	—	133	3,093
Underwood, Walter Quasi	2,765	—	221	—	221	136	—	136	2,850
Babbara S. & Glen C. Farber UH TierOne Sch Endowment	—	2,500	189	—	2,689	—	—	—	2,689
Barbara A Britt UH TierOne Scholarship Endowment	—	2,500	189	—	2,689	—	—	—	2,689
Justin Pitts	2,337	—	167	108	275	108	—	108	2,504
Residence Halls	2,276	—	163	105	268	105	—	105	2,439
Shanfield, Henry	2,020	—	144	—	144	—	—	—	2,164
Women's Athletics Scholarship Endow	2,060	—	156	—	156	97	—	97	2,119
UH Faculty Excell.	1,962	—	140	90	230	90	—	90	2,102
Dr Wallace Lee Anderson Schol Endow in Electrical Engrn	—	1,805	134	—	1,939	—	—	—	1,939
UH Comm Sciences & Disorders	1,573	—	117	—	117	—	—	—	1,690
Rhonda J. Sweeney UH TierOne Scholarship Endowment	—	1,250	90	—	1,340	—	—	—	1,340
Computing Center	1,254	—	100	—	100	61	—	61	1,293
Stewart, Josephine Quasi	1,158	—	83	53	136	53	—	53	1,241
Nancy & Carter Hixon UH TierOne Scholarship Endowment	—	1,000	72	—	1,072	—	—	—	1,072
UH Facilities Excel.	997	—	71	46	117	46	—	46	1,069
Hawkins Family Endowed Scholarship	750	—	94	30	124	30	—	30	844
Rockwell Ctr for Ethics & Ldrshp	695	—	149	40	189	40	—	40	844
Dow Employees Schol	701	—	56	—	56	35	—	35	722
Greeman Petty Quasi	17,009	(17,009)	—	—	(17,009)	—	—	—	—
Oberholtzer Quasi	8,348	(8,348)	—	—	(8,348)	—	—	—	—
Borish Quasi	146,375	(146,375)	—	—	(146,375)	—	—	—	—
White Quasi	14,009	(14,009)	—	—	(14,009)	—	—	—	—
Turner, Sylvester Quasi	8,965	(8,965)	—	—	(8,965)	—	—	—	—
Wolff, Cyvia & Melvin	26,619	(26,619)	—	—	(26,619)	—	—	—	—
Dr Cynthia Norris Educ Leaders	973	(973)	—	—	(973)	—	—	—	—
Cyvia & Melvin Wolff End #2	28,881	(28,881)	—	—	(28,881)	—	—	—	—
Cyvia & Melvyn Wolff End #3	25,812	(25,812)	—	—	(25,812)	—	—	—	—
Thomas H. Mayor Faculty End – Economics	77,873	(77,873)	—	—	(77,873)	—	—	—	—
Total	\$ 414,690,258	10,153,417	32,910,068	33,207	43,096,692	12,009,138	3,495,757	15,504,895	442,282,055

See accompanying independent auditors' report.