

Midwestern State University Investment Overview

August 5, 2015



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The Texas A&M University System

Cash Concentration Pool

Investment Objective

Invest the funds in a manner as to achieve a reasonable balance of growing corpus and meeting the operating needs of the system, while maintaining the system's objective of the safety and preservation of capital.

Performance Periods Ended June 30, 2015

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>
Cash Concentration Pool	3.2%	7.2%	5.1%	5.2%
Balanced Index	2.0%	7.1%	4.8%	4.8%



The Texas A&M University System

Cash Concentration Pool

Asset Allocation

Asset Class	Target Allocation	6/30/2015 Allocation
Short Term Portfolio	8.0%	7.5%
Liquidity Portfolio	10.0%	10.0%
Fixed Income	22.0%	22.5%
Domestic Equity	20.0%	21.0%
International Equity	20.0%	18.7%
Absolute Return	20.0%	20.3%



The Texas A&M University System

Cash Concentration Pool

Midwestern State – Operating Funds

October 1, 2013 to June 30, 2015

Net Investment Transfers	\$21,000,000
Net Earnings Added Back*	<u>1,665,632</u>
Book Value as of June 30, 2015	\$22,665,632
Unrealized Appreciation	880,373
Market Value as of June 30, 2015	\$23,546,005

* Interest, dividends and realized gains, less fees



The Texas A&M University System

System Endowment Fund

Investment Objectives

Provide a continuing and dependable cash payout, stable and preferably growing in real terms.

Cause the total value of the fund to appreciate, over time, exclusive of growth derived from donations.

Performance Periods Ended June 30, 2015

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>
System Endowment Fund	5.0%	10.3%	6.5%	5.8%
Balanced Index	2.1%	8.0%	5.2%	4.6%



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System Endowment Fund

Asset Allocation

Asset Class	Target Allocation	6/30/2015 Allocation
Fixed Income	15.0%	15.9%
Domestic Equity	20.0%	20.2%
International Equity	20.0%	19.9%
Real Assets*	15.0%	11.8%
Absolute Return	15.0%	15.6%
Private Equity	15.0%	16.1%
Money Market	0%	0.5%

*Real Assets includes timber, real estate, and energy investments.



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System Endowment Fund

Midwestern State Endowment Accounts

May 31, 2015

Investment Transfers	\$11,905,678
Market Value	\$12,129,169
Units	1,903,550.49
3Q FY 2015 Payout	\$126,874
4Q FY 2015 Payout (estimated)	\$127,481
FY 2016 Quarterly Payout (estimated)	\$133,753



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System Endowment Fund

- Income is distributed to each endowment account on a quarterly basis in accordance with the spending policy outlined in the System Investment Policy.
- The quarterly payout is calculated on an annual basis and is the average of the quarterly market value for the 20 fiscal quarters ending the previous February, multiplied by 5.0% and divided by 4.
- The market value per unit as of **5/31/2015** was **\$6.37** and the values for the last five years are as follows:

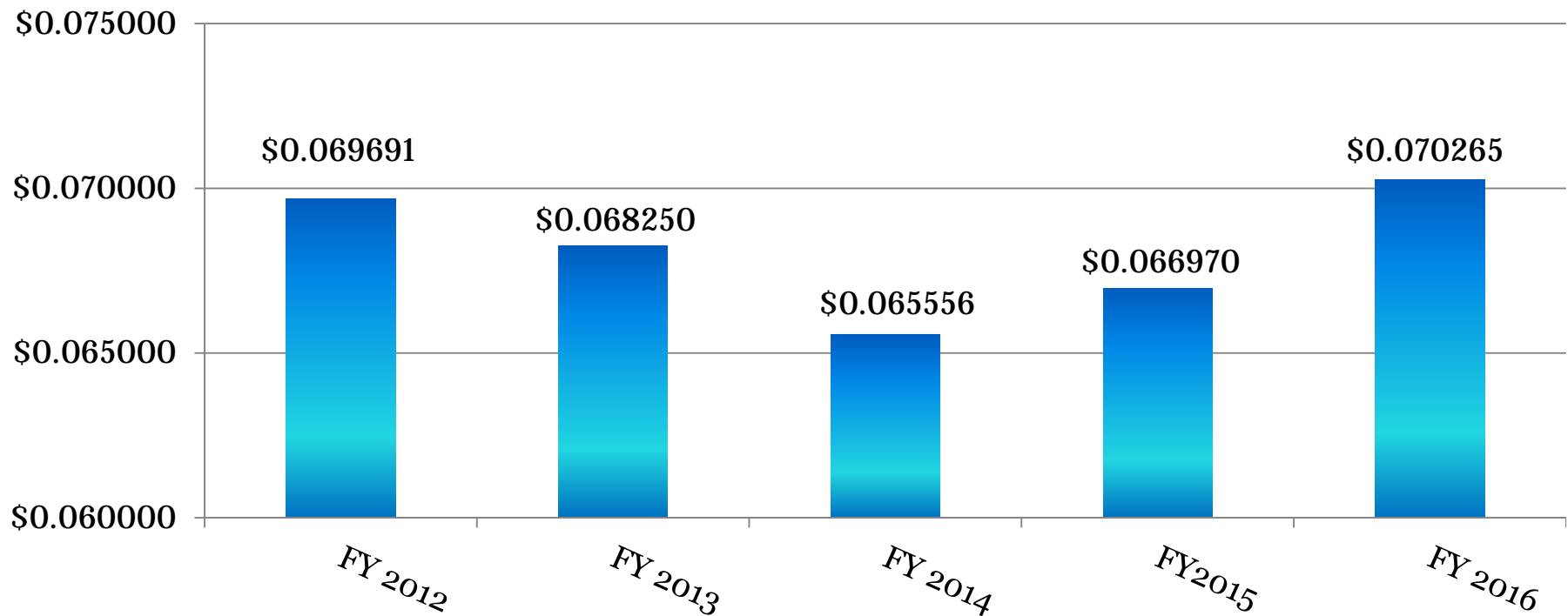
2/28/2011	\$5.62
2/29/2012	\$5.47
2/28/2013	\$5.57
2/28/2014	\$6.00
2/28/2015	\$6.25



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System Endowment Fund

Quarterly Endowment Spending Rate



The Texas A&M University System

Investment Pool Comparison

	Asset Class	CCP Target Allocation	SEF Target Allocation
CCP Objectives:	Short Term Portfolio	8.0%	-
	Liquidity Portfolio	10.0%	-
	Fixed Income	22.0%	15.0%
SEF Objectives:	Domestic Equity	20.0%	20.0%
	International Equity	20.0%	20.0%
	Absolute Return	20.0%	15.0%
	Real Assets	-	15.0%
	Private Equity	-	15.0%

- Grow corpus
- Meet operating needs
- Preserve capital

- Dependable payout
- Increase fund value

