

# Midwestern State University Investment Overview

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August 4, 2016



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Executive Director, Risk Management

# The Texas A&M University System

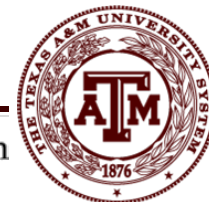
## Cash Concentration Pool

### 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, 2016

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>
<b>Long Term Cash Concentration Pool</b>	-2.6%	4.4%	4.7%	5.1%
Long Term Balanced Index	-1.2%	4.5%	4.3%	4.9%



# The Texas A&M University System

## Cash Concentration Pool

### Asset Allocation

<b>Asset Class</b>	<b>Target Allocation</b>	<b>6/30/2016 Allocation</b>
Short Term Portfolio	8.0%	7.7%
<b>Long Term Portfolio</b>		
Liquidity Portfolio	10.0%	9.6%
Fixed Income	22.0%	22.3%
Domestic Equity	20.0%	20.3%
International Equity	20.0%	21.3%
Absolute Return	20.0%	18.8%



# The Texas A&M University System

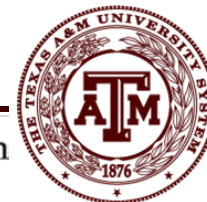
## Cash Concentration Pool

### Midwestern State – Operating Funds

October 1, 2013 to June 30, 2016

Net Investment Transfers	\$24,000,000
Net Earnings Added Back*	<u>2,327,458</u>
Book Value as of June 30, 2016	\$26,327,458
Unrealized Appreciation	-277,204
Market Value as of June 30, 2016	\$26,050,254

\* Interest, dividends and realized gains, less fees



# The Texas A&M University System

## System Endowment Fund

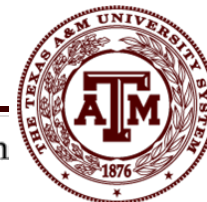
### Investment Objectives

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, 2016

	<u>1-YR</u>	<u>5-YR</u>	<u>10-YR</u>	<u>15-YR</u>
<b>System Endowment Fund</b>	-1.1%	5.9%	5.2%	5.7%
Balanced Index	-.5%	4.4%	4.2%	4.9%



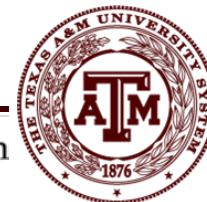
# The Texas A&M University System

## System Endowment Fund

### Asset Allocation

<b>Asset Class</b>	<b>Target Allocation</b>	<b>6/30/2016 Allocation</b>
Fixed Income	15.0%	15.1%
Domestic Equity	20.0%	20.0%
International Equity	20.0%	18.8%
Real Assets*	15.0%	10.4%
Absolute Return	15.0%	15.2%
Private Equity	15.0%	19.9%
Money Market	0%	0.6%

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



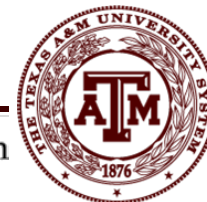
# The Texas A&M University System

## System Endowment Fund

### Midwestern State Endowment Accounts

May 31, 2016

Investment Transfers	\$11,926,628
Market Value	\$11,423,977
Units	1,906,977.46
FY 2015 Payout (3 <sup>rd</sup> & 4 <sup>th</sup> Qtrs)	\$254,355
FY 2016 Payout (estimated)	\$535,849
FY 2017 Payout (estimated)	\$552,093



# The Texas A&M University System

## 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 **5/31/2016** was **\$5.99** and the values for the last five years are as follows:

2/29/2012	\$5.47
2/28/2013	\$5.57
2/28/2014	\$6.00
2/28/2015	\$6.25
2/28/2016	\$5.76

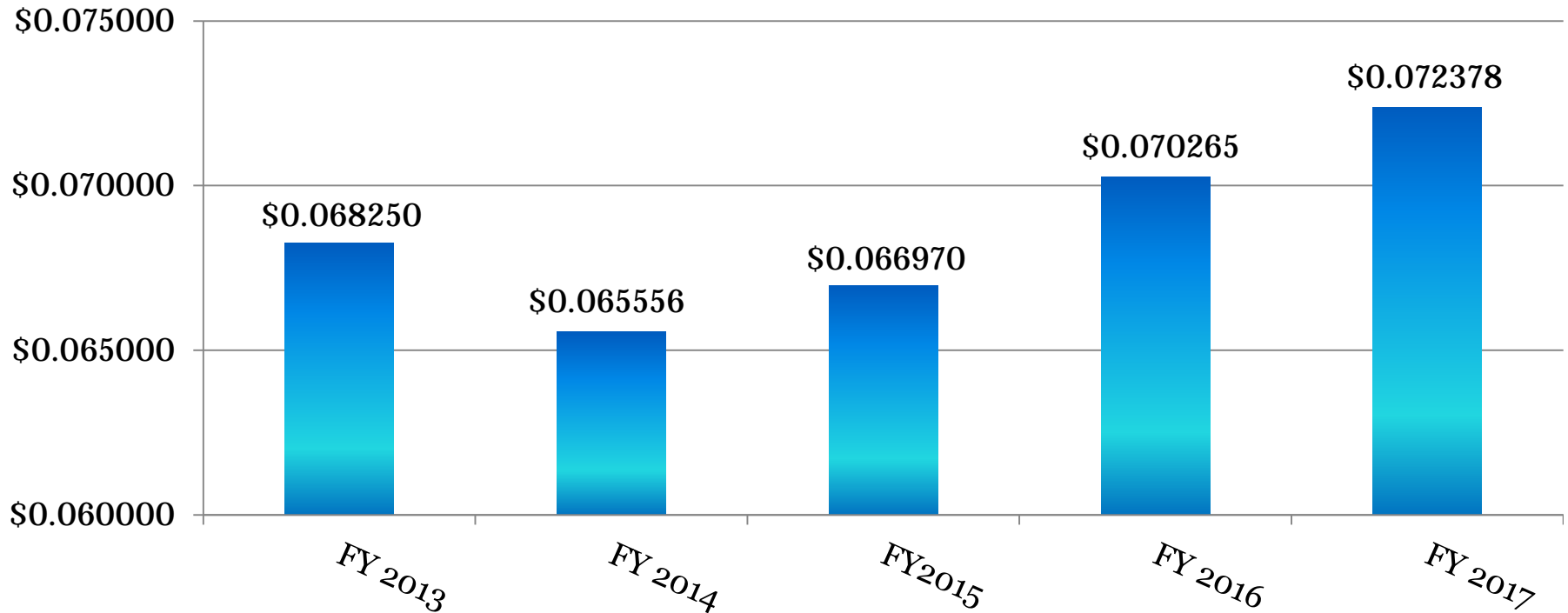




# The Texas A&M University System

## System Endowment Fund

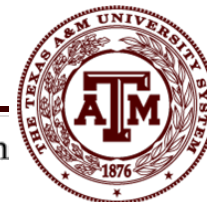
### Quarterly Endowment Spending Rate



# The Texas A&M University System

## Investment Pool Comparison

	<b>Asset Class</b>	<b>CCP Target Allocation</b>	<b>SEF Target Allocation</b>
<b>CCP Objectives:</b>	Short Term Portfolio	8.0%	-
	Liquidity Portfolio	10.0%	-
	Fixed Income	22.0%	15.0%
<b>SEF Objectives:</b>	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%



# The Texas A&M University System

## Portfolio Repositioning

### July 2016

- New manager – William Blair – Emerging Markets Fund
- Reallocations to fund new manager:
  - DFA Emerging Markets Value (full redemption)
  - DFA Emerging Markets Small Cap (20% reduction for CCP and 40% reduction for SEF)

### August 2016

- Loomis Sayles – transition from Senior Loan Fund to a more diversified fund which includes bank loans and high yield

