



## Endowment Fund



**American National  
Bank & Trust™**

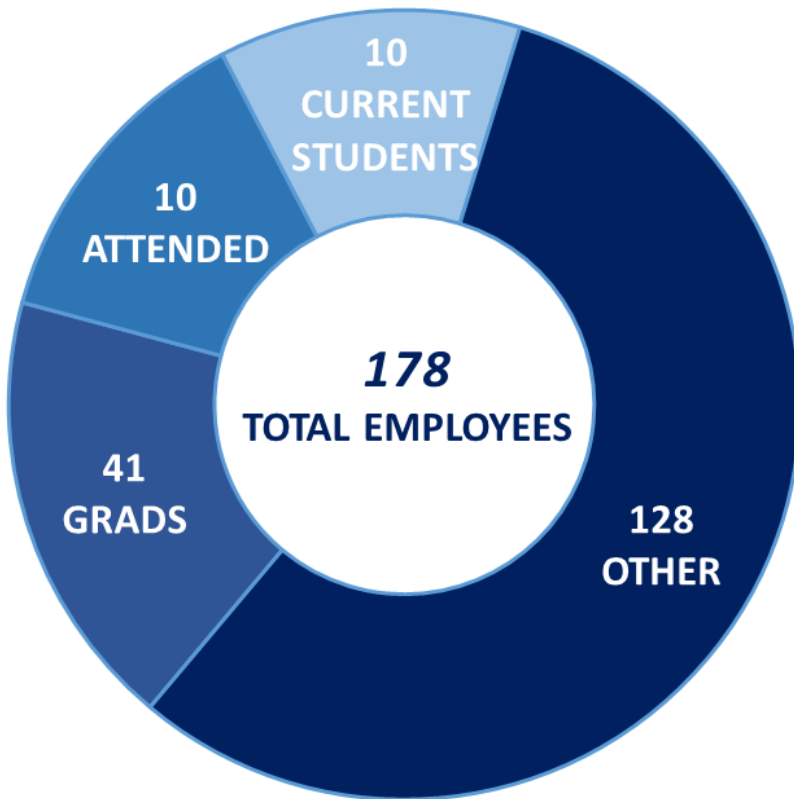
**Trust & Investment Services**

Administrative Officer  
Linda Wilson  
Senior Vice President

Investment Officer  
Jeffrey Schultz, CFA, CTFA  
Executive Vice President

May 11, 2018

# OUR RELATIONSHIP



**\$536,000**  
IN SCHOLARSHIPS  
AWARDED



**\$344,250**  
IN SCHOLARSHIPS  
FUNDED

In our internship program, we typically bring a graduating senior on as an intern, who is interested in commercial banking and wealth management.

# INVESTMENT PROCESS

## Portfolio Management Process

### Summary:

- Disciplined investment process for identifying and investing in positions
  - Technical & Fundamental analysis applied for sell decisions
  - Close monitoring of asset allocation
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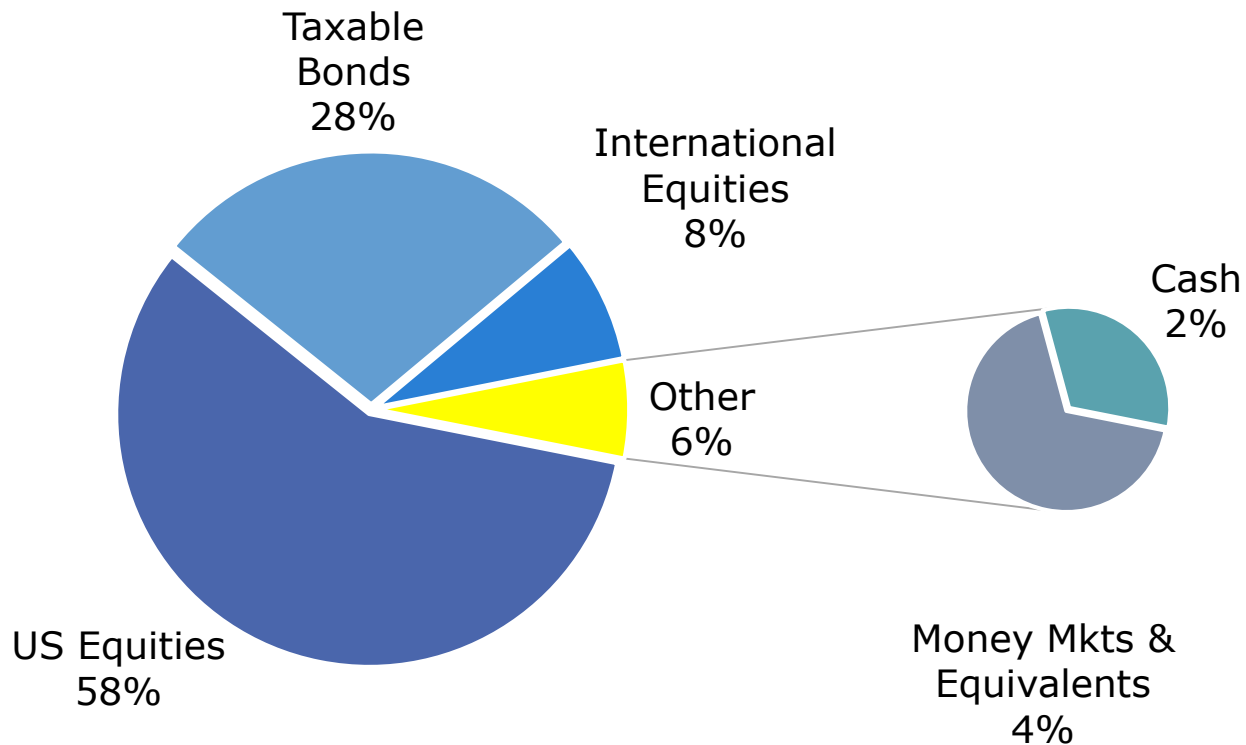
- Relatively concentrated equity portfolio (between 50-60 positions)
  - Focus on individual issues; Funds & ETF's for special market situations
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- Benchmark weights are considered; however, certain sectors will fluctuate between overweight and underweight due to market conditions
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- Total Return Focus
    - Capital Appreciation
    - Dividend Income
    - Bond Interest
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# INVESTMENT OBJECTIVE

Asset Allocation as March 31, 2018



Investment Objective:  
Growth with Income

Target Allocation:  
65% of funds invested in  
Equities

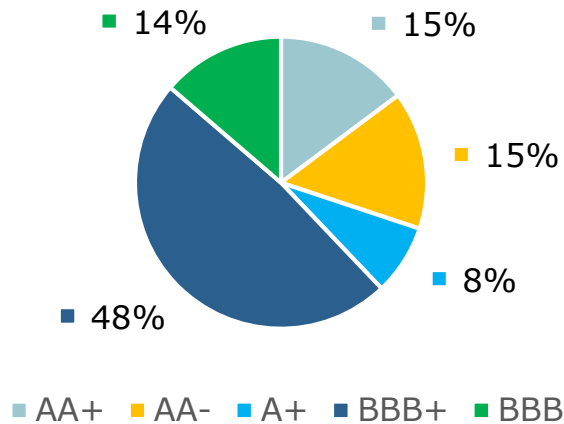
32% of funds invested in  
Fixed Income Securities

3% of funds held in Cash  
Equivalents

*Targets are bound within a  
range of 10% of each  
allocation*

# FIXED INCOME ANALYSIS

S&P Rating by Percentage



## Fixed Income Characteristics

Avg. Convexity	33.37
Avg. Coupon Rate	4.13%
Avg. Macaulay Duration	4.77
Avg. Modified Duration	4.61
Avg. Yield to Maturity	3.43%
Avg. Current Yield	4.05%

## **Impact of Rising Interest Rates**

Interest Rate Shock:

*The Impact of an Increase in Interest Rates by 0.25%*

Market Value as of 3/31/2018:	<u>\$2,761,068</u>
Market Value Change:	<u>-1.13%</u>
Approx. Market Value:	<u>\$2,729,604</u>

# PORTFOLIO ANALYSIS

## Equity Holdings Attributes as of March 31, 2018

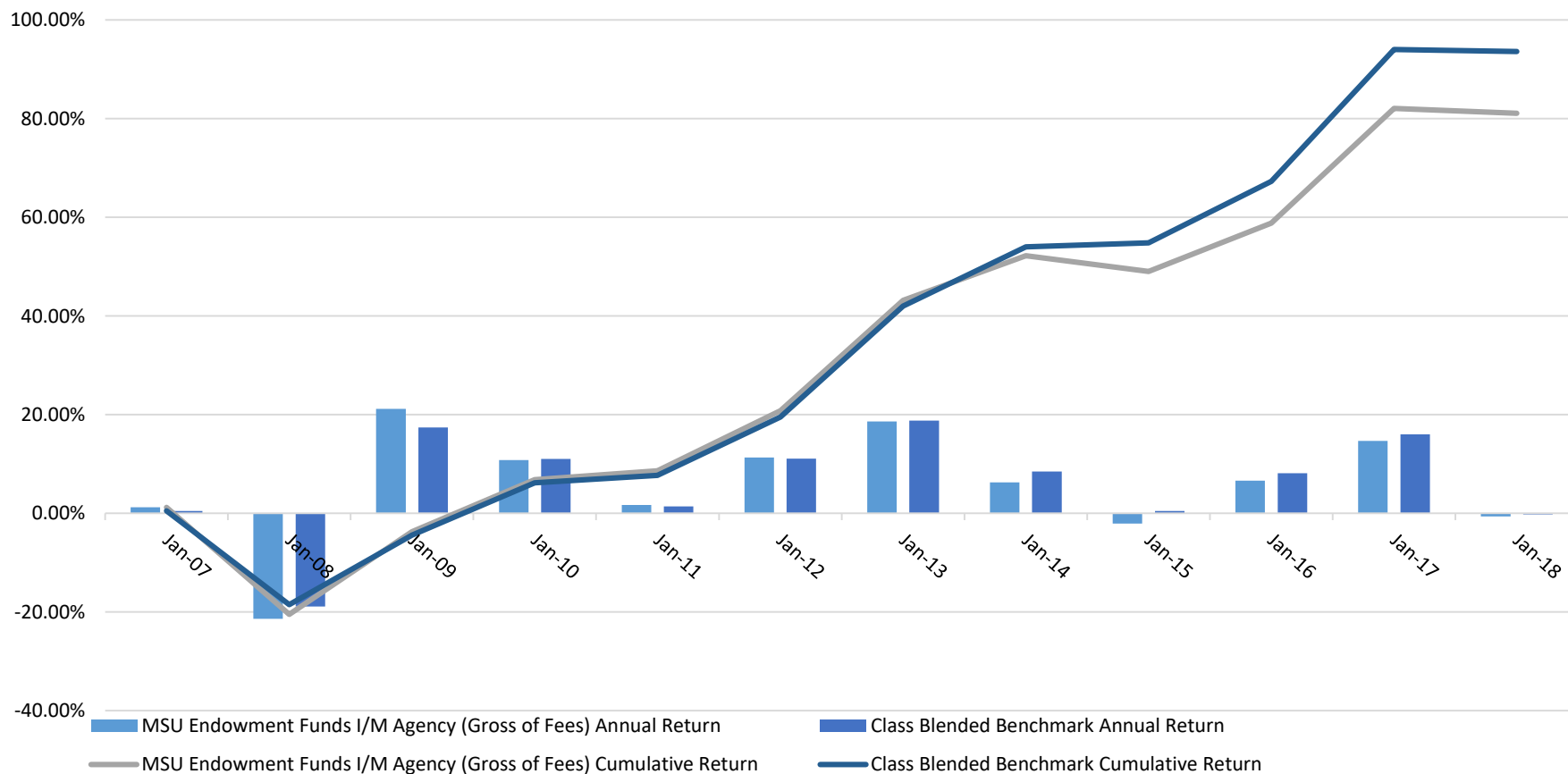
	MSU	S&P
Price/Cash Flow (P/CF)	11.08	13.85
Price/Earnings (P/E)	19.30x	20.80x
Price/Book (P/B)	2.65	3.16
Return on Assets (ROA)	3.91%	2.94%
Return on Equity (ROE)	14.79%	13.67%

	MSU	S&P
Dividend Yield (%)	1.79%	2.00%
Average Market Cap (\$bil)	\$191	\$198
Sharpe Ratio	1.00	1.30
Beta	1.02	1.00
Std. Deviation (Annualized)	7.10%	6.60%

# PORTFOLIO PERFORMANCE

	Last Month	Fiscal YTD	Last 12 Months	Report Period
MSU Endowment Fund	-1.9%	-0.5%	10.1%	5.9%
Class Blended Benchmark	-1.1%	-0.4%	9.8%	6.5%

Portfolio & Class Blended Benchmark Cumulative and Annual Return



Data as of 03/30/17

# FUTURE DIRECTION



**MIDWESTERN**  
STATE UNIVERSITY

## Endowment Fund



American National  
Bank & Trust™

Trust & Investment Services

### *Summary:*

- Continue emphasis for limiting downside exposure
- Monitor interest income to offset current low rate environment
- Maintain growth of capital as primary emphasis
- Focus on yield in fixed income holdings
- Maintain emphasis on high quality assets
- Sustain vigilance on the portfolio

Committed to  
**MIDWESTERN**  
STATE UNIVERSITY