



Office of the President
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To: MSU Board of Regents
Mr. Shawn Hessing, Chair
Mr. Michael Bernhardt
Mr. J. Kenneth Bryant
Mrs. Tiffany Burks
Mr. R. Caven Crosnoe
Dr. Lynwood Givens
Mr. Jeff Gregg
Ms. Nancy Marks
Mr. Samuel M. Sanchez
Ms. Shelby Davis, Student Regent

From: Jesse W. Rogers
President

Date: April 23, 2014

Subject: Quarterly Investment Reports

Attached are the Quarterly Investment Reports for the second quarter ended February 28, 2014.
Please feel free to contact me if you have any questions.

enclosures
JWR/rr

C: Debbie Barrow



Business Affairs and Finance
3410 Taft Boulevard Wichita Falls, Texas 76308-2099
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April 22, 2014

TO: The Board of Regents of Midwestern State University, and
Dr. Jesse Rogers, President

SUBJECT: Quarterly Investment Reports

Attached are the quarterly investment reports for the second quarter ended February 28, 2014, as required by the amended Public Funds Investment Act.

The investment portfolio is in compliance with Midwestern State University's investment policies. The portfolio is in compliance with the provisions of the Public Funds Investment Act as amended by the 75th Legislature. (HB 2799)

Chris Stovall
Controller

Dr. Marilyn Fowle'
Vice President, Business Affairs
and Finance

Unaudited

**Midwestern State University
Summary of Investments
(Pooled Investments)
At February 28, 2014**

	<u>Book Value</u>	<u>%</u>	<u>Market Value</u>	<u>%</u>
Long-term Securities:				
Equity Securities:				
U.S. Common Stock	<u>\$70,260</u>	<u>0.16%</u>	<u>\$182,544</u>	<u>0.42%</u>
Certificates of Deposit:				
GE Capital CD	245,000	0.57%	245,000	0.57%
Goldman Sachs Bank CD	<u>245,000</u>	<u>0.57%</u>	<u>245,000</u>	<u>0.57%</u>
	<u>490,000</u>	<u>1.14%</u>	<u>490,000</u>	<u>1.14%</u>
Debt Securities:				
U.S. Government Agencies (Non-Guaranteed):				
Mortgage-Backed	30,818	0.07%	32,202	0.07%
Other	<u>6,592,773</u>	<u>15.44%</u>	<u>6,212,937</u>	<u>14.37%</u>
Total U.S. Government Agencies	<u>6,623,591</u>	<u>15.52%</u>	<u>6,245,139</u>	<u>14.45%</u>
Total Long-term Securities	<u>7,183,851</u>	<u>16.83%</u>	<u>6,917,683</u>	<u>16.00%</u>
Short-term Securities:				
JPMorgan Chase MM Savings	10,661	0.02%	10,661	0.02%
TexPool	5,500,706	12.89%	5,500,706	12.73%
Logic	872	0.00%	872	0.00%
Texas A&M System Investment Pool	<u>25,300,169</u>	<u>59.27%</u>	<u>26,104,837</u>	<u>60.39%</u>
Total Short-term Securities	<u>30,812,407</u>	<u>72.18%</u>	<u>31,617,075</u>	<u>73.14%</u>
Total Investment Assets	<u>37,996,259</u>	<u>89.01%</u>	<u>38,534,758</u>	<u>89.15%</u>
Cash and Cash Equivalents:				
Cash Held at State Treasury	<u>4,692,211</u>	<u>10.99%</u>	<u>4,692,211</u>	<u>10.85%</u>
Total Cash and Cash Equivalents				
Total Cash and Investments	<u>\$42,688,470</u>	<u>100.00%</u>	<u>\$43,226,969</u>	<u>99.99%</u>
Total Rate of Return	2.88%			

Unaudited

Midwestern State University
Statement of Changes in Investment Assets
(Pooled Investments)
For the Second Quarter Ended February 28, 2014

	<u>Book</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Investment Assets - 11-30-2013	\$29,767,337	\$29,886,401
Principal Payments received	(5,992,167)	(5,992,167)
Investment Income	264,702	264,702
Distributions	(47,614)	(47,614)
Securities Purchased	14,004,000	14,004,000
Changes in Net Unrealized Appreciation/(Depreciation)	<u>419,436</u>	<u>419,436</u>
Investment Assets - 02-28-2014	<u><u>\$37,996,258</u></u>	<u><u>\$38,534,758</u></u>

Unaudited

Midwestern State University
Summary of Investments
(MSU Endowments at American Natl. Bank Trust Dept.)
At February 28, 2014

	<u>Book</u> <u>Value</u>	<u>%</u>	<u>Market</u> <u>Value</u>	<u>%</u>
Long-term Securities:				
Equity Securities:				
Common Stock and ETFs	\$4,045,192	58.17%	\$5,473,014	64.75%
Total Equity Securities	<u>4,045,192</u>	<u>58.17%</u>	<u>5,473,014</u>	<u>64.75%</u>
Other Securities:				
Municipal Bonds	300,000	4.31%	292,527	3.46%
U.S. Government Agencies	24,561	0.35%	26,335	0.31%
Corporate Bonds & Notes	2,033,580	29.24%	2,109,954	24.96%
Total Fixed Income Securities	<u>2,358,141</u>	<u>33.90%</u>	<u>2,428,815</u>	<u>28.73%</u>
Total Long-term Securities	<u>6,403,333</u>	<u>92.09%</u>	<u>7,901,829</u>	<u>93.49%</u>
Short-term Securities:				
U.S. Government Agencies	<u>0</u>	0.00%	<u>0</u>	0.00%
Total Short-term Securities	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>
Total Investment Assets	<u>6,403,333</u>	<u>92.09%</u>	<u>7,901,829</u>	<u>93.49%</u>
Cash and Cash Equivalents:				
Goldman Sachs - Cash Equivalent	550,301	7.91%	550,301	6.51%
Total Cash and Cash Equivalents	<u>550,301</u>	<u>7.91%</u>	<u>550,301</u>	<u>6.51%</u>
Total Cash and Investments	<u>\$6,953,633</u>	<u>100.00%</u>	<u>\$8,452,130</u>	<u>100.00%</u>

Unaudited

Midwestern State University
Statement of Changes in Investment Assets
(MSU Endowments at American Natl. Bank Trust Dept.)
For the Second Quarter Ended February 28, 2014

	<u>Book</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Investment Assets - 11-30-13	\$6,701,233	\$8,155,638
Principal Payments received	(445,800)	(445,800)
Investment Income	59,160	59,160
Realized Gain (Loss)	155,264	155,264
Management Fees	(5,001)	(5,001)
Distributions and other	(211,606)	(211,606)
Securities Purchased	700,382	700,382
Changes in Net Unrealized Appreciation/(Depreciation)	<u>44,092</u>	<u>44,092</u>
Investment Assets - 02-28-14	<u><u>\$6,953,633</u></u>	<u><u>\$8,452,130</u></u>

Unaudited

Midwestern State University
Summary of Investments
(Redwine Endowment Managed by Luther King Capital Management)
At February 28, 2014

	<u>Book</u> <u>Value</u>	<u>%</u>	<u>Market</u> <u>Value</u>	<u>%</u>
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$267,053	2.93%	\$267,053	2.32%
Total Cash and Cash Equivalents	<u>267,053</u>	<u>2.93%</u>	<u>267,053</u>	<u>2.32%</u>
Fixed Income/Debt Securities:				
U.S. Fixed Income Funds	3,035,000	33.27%	2,956,225	25.61%
Total Fixed Income/Debt Securities	<u>3,035,000</u>	<u>33.27%</u>	<u>2,956,225</u>	<u>25.61%</u>
Equity Securities:				
U.S. Equities	5,821,205	63.81%	8,318,577	72.07%
Total Equity Securities	<u>5,821,205</u>	<u>63.81%</u>	<u>8,318,577</u>	<u>72.07%</u>
Total Investments	<u>\$9,123,259</u>	<u>100.01%</u>	<u>\$11,541,855</u>	<u>99.99%</u>

Unaudited

Midwestern State University
Statement of Changes in Investment Assets
(Redwine Endowment Managed by Luther King Capital Management)
For the Second Quarter Ended February 28, 2014

	<u>Book Value</u>	<u>Market Value</u>
Investment Assets - 11-30-13	\$9,022,668	\$11,089,035
Principal Payments received	(346,511)	(346,511)
Investment Income	47,724	47,724
Realized Gain (Loss)	63,594	63,594
Management Fees	(10,728)	(10,728)
Distributions	(111,318)	(111,318)
Securities Purchased and Funds Transferred	457,829	457,829
Changes in Net Unrealized Appreciation/(Depreciation)	<u>352,229</u>	<u>352,229</u>
Investment Assets - 02-28-14	<u><u>\$9,123,259</u></u>	<u><u>\$11,541,855</u></u>

INVESTMENT PORTFOLIO ACTIVITY
"POOLED" INVESTMENTS
FOR THE SECOND QUARTER ENDED FEBRUARY 28, 2014

	Coupon	Stated Maturity	Book Value 11-30-13	Market Value 11-30-13	Unrealized Gain (Loss)	Purchases	Principal Payments Received/ Matured	Realized Gain (Loss)	Interest/ Dividends Earned For the Qtr.	Amortization/ Accretion of Prem./Disc.	Book Value 02-28-14	Market Value 02-28-14	Unrealized Gain (Loss)
U.S. Government Agencies:													
FHLB Collateralized Mortgage	4.81	08-20-15	32,429.79	34,060.59	1,630.80		1,760.41		372.65	(13.63)	30,655.75	32,027.33	1,371.58
FHLMC	1.25	02-17-17	502,063.74	504,562.34	2,498.60		503,500.00	1,436.26	1,857.64				
FNMA	1.00	08-23-17	499,060.69	495,687.94	(3,372.75)		494,100.00	(4,960.69)	1,332.64				
FNMA Callable	1.20	02-22-18	499,891.66	495,246.42	(4,645.24)		492,400.00	(7,491.96)	1,733.33				
FHLMC Fixed Note - callable	1.40	05-08-19	500,000.00	483,917.72	(16,082.28)				1,750.00		500,000.00	483,171.72	(16,828.28)
FNMA Fixed Note - callable	1.50	11-27-19	499,768.31	477,587.31	(22,181.00)				1,875.00	6.04	499,774.35	477,418.80	(22,355.55)
FFCB Fixed Note-callable	1.74	05-21-20	500,000.00	476,386.82	(23,613.18)				2,175.00		500,000.00	482,006.32	(17,993.68)
FNMA Fixed Note - callable	1.50	11-27-20	594,266.40	552,225.33	(42,041.07)				2,250.00	189.77	594,456.17	553,823.96	(40,632.21)
FNMA Step Up	2.00	07-16-21	499,770.34	466,906.42	(32,863.92)				2,500.00	7.34	499,777.68	468,494.02	(31,283.66)
FHLB Step Up	1.00-5.25	01-17-23	500,000.00	486,755.12	(13,244.88)				1,402.78		500,000.00	489,812.44	(10,187.56)
FHLB	1.25-5.00	05-27-25	500,000.00	473,722.59	(26,277.41)				1,562.50		500,000.00	478,389.74	(21,610.26)
FNMA Step Up	2.125-6.5	05-24-27	500,000.00	468,914.93	(31,085.07)				2,656.25		500,000.00	473,721.26	(26,278.74)
FNMA	2.25-6.5	09-27-27	499,426.67	424,882.37	(74,544.30)				2,812.50	37.50	499,464.17	430,667.94	(68,796.23)
FHLMC	3.00	09-28-27	499,289.64	441,275.70	(58,013.94)				3,750.00	10.88	499,300.52	447,052.36	(52,248.16)
FHLB	1.25	09-28-27	500,000.00	487,373.36	(12,626.64)				1,562.50		500,000.00	491,066.94	(8,933.06)
FNMA Step Up	3.00	12-27-27	499,963.89	448,591.43	(51,372.46)				3,027.78	36.11	500,000.00	454,757.25	(45,242.75)
FNMA Step Up	3.00	02-28-28	500,000.00	475,914.95	(24,085.05)				1,333.33		500,000.00	482,554.09	(17,445.91)
Total Agency Notes			8,125,931.13	7,694,011.34	(431,919.79)		1,491,760.41	(11,016.39)	33,953.90	274.01	6,623,428.64	6,244,964.17	(378,464.47)
U.S. Government Mortgage Backed Securities:													
FHLMC Pool #170177	9.500	07-01-16	69.92	75.86	5.94		9.58		1.48	(5.08)	55.26	59.57	4.31
FHLMC Pool #170177	9.500	07-01-16	135.66	146.83	11.17		18.54		2.87	(9.88)	107.24	115.29	8.05
Total Mortgage-Backed			205.58	222.69	17.11		28.12		4.35	(14.96)	162.50	174.86	12.36
U.S. Common Stock: (Donated)													
1,000 shares - Chesapeake Utilities (CPK)			18,200.00	58,180.00	39,980.00				385.00		18,200.00	59,240.00	41,040.00
10 shares - Citigroup (C) - reverse split			1,310.00	529.20	(780.80)						1,310.00	486.30	(823.70)
45 shares Calamos Conv. & High Inc. (CHY)			619.65	585.00	(34.65)				11.49		619.65	620.55	0.90
1,200 shares - CSX Corp. (CSX)			5,566.00	32,724.00	27,158.00				180.00		5,566.00	33,252.00	27,686.00
252 shares - Conoco Phillips - (CDP)			4,957.82	18,345.60	13,387.78				173.88		4,957.82	16,758.00	11,800.18
126 shares - Phillips 66 (PSX)			2,479.68	8,770.86	6,291.18				49.14		2,479.68	9,432.36	6,952.68
125 shares Berkshire (BRK-B)			2,631.05	14,566.25	11,935.20						2,631.05	14,472.50	11,841.45
856 shares - Wells Fargo (WFC)			24,824.00	37,681.12	12,857.12				256.80		24,824.00	39,735.52	14,911.52
124 shares-Manulife (MFC)			4,216.36	2,396.92	(1,819.44)				11.31		4,216.36	2,353.52	(1,862.84)
60 shares - Natl. Oil Well (NOV)			4,342.80	4,890.00	547.20				15.60		4,342.80	4,622.40	279.60
70 shares - Southwest Airlines (LUV)			1,112.30	1,301.30	189.00				2.80		1,112.30	1,570.80	458.50
Total Common Stock			70,259.66	179,970.25	109,710.59				1,086.02	259.05	70,259.66	182,543.95	112,284.29
Sub-Total - Securities			8,196,396.37	7,874,204.28	(322,192.09)		1,491,788.53	(11,016.39)	35,044.27		6,693,850.80	6,427,682.98	(266,167.82)

**INVESTMENT PORTFOLIO ACTIVITY
"POOLED" INVESTMENTS
FOR THE SECOND QUARTER ENDED FEBRUARY 28, 2014**

	<u>Coupon</u>	<u>Stated Maturity</u>	<u>Book Value 11-30-13</u>	<u>Market Value 11-30-13</u>	<u>Unrealized Gain (Loss)</u>	<u>Purchases</u>	<u>Principal Payments Received/ Matured</u>	<u>Realized Gain (Loss)</u>	<u>Interest/ Dividends Earned For the Qtr.</u>	<u>Amortization/ Accretion of Prem./Disc.</u>	<u>Book Value 02-28-14</u>	<u>Market Value 02-28-14</u>	<u>Unrealized Gain (Loss)</u>
Citibank Public Funds Mny	0.25		388.90	388.90			378.96		(9.94)				
GE Capital CD	1.50	10-28-14	245,000.00	245,000.00					906.16		245,000.00	245,000.00	
Goldman Sachs Bank CD	1.50	11-03-14	245,000.00	245,000.00					906.17		245,000.00	245,000.00	
JPMorgan Chase MM Savings	0.05		6,559.30	6,659.30		4,000.00		1.31			10,660.61	10,660.61	
TEXPOOL Investmnt Pool (1)	0.03	* Daily	1,000,432.41	1,000,432.41		9,000,000.00	4,500,000.00	273.15			5,500,705.56	5,500,705.56	
LOGIC Investment Pool (1)	0.08	* Daily	872.04	872.04				0.11			872.15	872.15	
TX A&M System Pool	3.38	* Variable	20,072,588.17	20,513,844.02	441,255.85	5,000,000.00			227,580.94		25,300,169.11	26,104,836.91	804,667.80
Total Investment Pool Cash			21,570,840.82	22,012,196.67		14,004,000.00	4,500,378.96		229,657.90		31,302,407.43	32,107,075.23	804,667.80
Total Investments			\$29,767,237.19	\$29,886,400.95	(\$322,192.09)	\$14,004,000.00	\$5,992,167.49	(\$11,016.39)	264,702.17	\$259.05	\$37,996,258.23	\$38,534,758.21	\$538,499.98

*As of February 28, 2014

(1) These investment pools are structured to maintain a constant dollar value

<u>Comparison to U.S. and State Treasuries</u>	<u>Book Accounting Yield</u>	<u>Average Three-Month U.S. Treasury Bill</u>	<u>State Treasury Yield</u>	<u>Basis Point Spread to U.S. Treasury</u>	<u>Basis Point Spread to State Treasury</u>
December, 2013	2.11	0.07	0.39	2.04	1.72
January, 2014	3.93	0.06	0.41	3.87	3.52
February, 2014	2.60	0.05	0.44	2.54	2.16

**MIDWESTERN STATE UNIVERSITY
INVESTMENT PORTFOLIO ACTIVITY
MSU ENDOWMENT INVESTMENTS - AMERICAN NATL. BANK TRUST DEPT. MANAGERS
FOR THE SECOND QUARTER ENDED FEBRUARY 28, 2014**

	Book Value 11-30-13	Market Value 11-30-13	Unrealized Gain (Loss)	Purchases	Principal Payments Received/ Matured	Realized Gain (Loss)	Interest/ Dividends Received (Fees Paid) In the Qtr.	Amortization/ Accretion of Prem./Disc.	Book Value 02-28-14	Market Value 02-28-14	Unrealized Gain (Loss)	Market Value Percentage Of Total
AMERICAN NATL. BANK TRUST DEPT.												
Cash and Cash Equivalents:												
Cash												
American Natl. Bank Fees							(\$5,000.72)					
Goldman Sachs	\$287,125.86	\$287,125.86		\$313,203.04	\$50,028.29		9.70		\$550,300.61	\$550,300.61		6.51%
Total Cash and Cash Equivalents	287,125.86	287,125.86		313,203.04	50,028.29		(4,991.02)		550,300.61	550,300.61		6.51%
Purchased Interest Receivable												
Fixed Income:												
U.S. Government Agencies	15,425.69	16,627.33	\$1,201.64	11,339.32	2,197.62	(\$10.48)	310.51	(\$6.62)	24,560.77	26,334.69	\$1,773.92	0.31%
Municipal Bonds	300,000.00	283,218.00	(\$16,782.00)				4,786.49		300,000.00	292,527.00	(7,473.00)	3.46%
Corporate Bonds & Notes	2,035,755.61	2,112,275.70	\$76,520.09				26,541.25	(2,175.50)	2,033,580.11	2,109,953.60	76,373.49	24.96%
Total Fixed Income Securities	2,351,181.30	2,412,121.03	60,939.73	11,339.32	2,197.62	(10.48)	31,638.25	(2,182.12)	2,358,140.88	2,428,815.29	70,674.41	28.74%
Common Stock - Equities:												
U.S. Equities	3,292,358.14	4,520,089.97	1,227,731.83	285,927.78	393,573.75	155,274.49	19,108.17		3,184,712.17	4,392,061.33	1,207,349.16	51.96%
Foreign Equities	87,217.03	106,158.57	18,941.54						87,217.03	143,753.82	56,536.79	1.70%
Equity ETFs	683,350.70	830,143.02	146,792.32	89,912.07			8,403.91		773,262.77	937,198.56	163,935.79	11.09%
Total Equities	4,062,925.87	5,456,391.56	1,393,465.69	375,839.85	393,573.75	155,274.49	27,512.08		4,045,191.97	5,473,013.71	1,427,821.74	64.75%
Total Endowment Investments at American National Bank Trust	\$6,701,233.03	\$8,155,638.45	\$1,454,405.42	\$700,382.21	\$445,799.66	\$155,264.01	\$54,159.31	(\$2,182.12)	6,953,633.46	\$8,452,129.61	\$1,498,496.15	100.00%
Dec, Jan, and Feb activity	Simple yield excluding mkt.value change: (Realized gain + Int.Div.Recvd. + Amort./Accr.) / (Average Book Value) =						12.14%	207,241.20	Market Value gain =	1,498,496.15	=	21.55%
						(Annualized)	6,827,433.25		6,953,633.46			

**MIDWESTERN STATE UNIVERSITY
INVESTMENT PORTFOLIO ACTIVITY
REDWINE ENDOWMENT INVESTMENTS - LUTHER KING CAPITAL MANAGEMENT
FOR THE SECOND QUARTER ENDED FEBRUARY 28, 2014**

	Book Value 11-30-13	Market Value 11-30-13	Unrealized Gain (Loss)	Purchases	Principal Payments Received/ Matured	Realized Gain (Loss)	Interest/ Dividends Received (Fees Paid) In the Qtr.	Amortization/ Accretion of Prem./Disc.	Book Value 02-28-14	Market Value 02-28-14	Unrealized Gain (Loss)	Market Value Percentage Of Total
							(\$10,728.00)					
LUTHER KING CAP MNGMT. FEES												
Cash and cash equivalents:												
U.S. Dollars												
U.S. Dollars	\$108,028.03	\$108,028.03		\$169,753.22			-		\$267,053.25	\$267,053.25		2.31%
Total Cash and cash equivalents	108,028.03	108,028.03		169,753.22			(10,728.00)		267,053.25	267,053.25		2.31%
Fixed Income:												
U.S. Fixed Income Funds	3,035,000.00	2,966,955.71	(\$68,044.29)			16,514.09	15,947.50		3,035,000.00	2,956,225.31	(78,774.69)	25.61%
Total Fixed Income	3,035,000.00	2,966,955.71	(68,044.29)			16,514.09	15,947.50		3,035,000.00	2,956,225.31	(78,774.69)	25.61%
Equities:												
Concentrated & Other Equity	5,879,639.95	8,014,051.22	2,134,411.27	288,076.03	\$346,510.52	\$47,080.26	31,776.88		5,821,205.46	8,318,576.84	2,497,371.38	72.07%
Total Equities	5,879,639.95	8,014,051.22	2,134,411.27	288,076.03	\$346,510.52	\$47,080.26	31,776.88		5,821,205.46	8,318,576.84	2,497,371.38	72.07%
Total Redwine Endowment Assets at Luther King Cap Mgmt	\$9,022,667.98	\$11,089,034.96	\$2,066,366.98	\$457,829.25	\$346,510.52	\$63,594.35	\$36,996.38		\$9,123,258.71	\$11,541,855.40	\$2,418,596.69	100.00%
Dec, Jan, and Feb activity	Simple yield excluding mkt.value change: (Realized gain + Int.Div.Recvd. + Amort./Accr.) / (Average Book Value) =						4.43%	100,590.73	Market Value gain =	2,418,596.69	=	26.51%
						(Annualized)	9,072,963.35		9,123,258.71			