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SHAFE BOARD OF INVESTMENT

1964 REPORT

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THE PRECONNE SECRETARY

Office of the Executive Secretary Rom 115, State Capital Saint Rail, Minesota 55101

June 1, 1965

MEMBERS

of the

STATE BOARD OF INVESTMENT

HON. KARL F. ROLVAAG, GOVERNOR HON. STAFFORD KING, STATE AUDITOR HON. VAL BJÖRNSON, STATE TREASURER HON. JOSEPH L. DONOVAN, SECRETARY OF STATE HON. ROBERT W. MATTSON, ATTORNEY GENERAL HON. WALTER F. MONDALE. ATTORNEY GENERAL *

* Attorney General Robert W. Mattson replaced Attorney General Walter F. Mondale on the Board on December 30, 1964.

Investment Department Personnel

Robert E. Blixt, M.S., LL.B. Executive Secretary

Edmund H. Kase, Jr., Ph. D., LL.D. Senior Financial Analyst

Vernon E. Rude, B.S.B. Senior Securities Analyst Roger A. Derksen, B.B.A. Senior Securities Analyst

Virginia M. Hayden - Stenographer-Accountant Frances R. Connolly - Clerk-Stenographer Ethel C. Larsen - Clerk-Typist



t ROBERT E. BLIXT EXECUTIVE SECRETARY

GOVERNOR KARL F. ROLVAAG STATE AUDITOR STAFFORD KING STATE TREASURER VAL BJÖRNSON SECRETARY OF STATE JOSEPH L. DONGVAN ATTORNEY GENERAL ROBERT W. MATTSON

MEMBERS OF BOARD:

STATE OF MINNESOTA STATE BOARD OF INVESTMENT 115 STATE CAPITOL SAINT PAUL 55101

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June 1, 1965

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Members of the Legislature of the State of Minnesota

Gentlemen:

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During the five years since the Investment Department was established in April 1960, the Legislature has changed many of the statutes applicable to the work of the State Board of Investment and the investment media authorized for use in the various funds. This report, the fifth to be submitted, reviews the work of the Board during the calendar year 1964. We hope that this report, which is being sent to those firms conducting securities transactions with the State, as well as to legislators and public officials interested in our investment program, will answer many of the questions that are asked by investment dealers, brokers, and research organizations concerning the securities transactions and investment policies of the Board.

The 1965 Legislature, in Laws of Minnesota 1965, Chapter 113, revised the investment statutes applicable to the retirement funds by increasing the maximum participation in common stocks from 25 percent to 30 percent of the book value of the funds and by making possible the use of various additional types of fixed-income securities, including finance company bonds and debt guaranteed by parent corporations. This statute also authorizes the use of short-term corporate notes in other funds managed by the Investment Board. The 1965 Legislature, in addition, codified our procedures for purchasing securities and made possible more direct comparisons of investment results from a yield standpoint by prescribing more uniform accounting procedures for the various retirement funds.

Since the passage of a 1959 statute, which established the office of the Executive Secretary, the Legislature has rewritten most of Minnesota's investment laws. The 1961 Legislature passed a basic investment statute applicable to the retirement funds; this was revised in 1963 and 1965. A constitutional amendment applicable to the Permanent School Fund, initiated by the 1961 Legislature, was passed by the electorate in 1962, with implementing statutes provided by the 1963 Legislature. The Permanent School Fund is now authorized to hold 40 percent of its assets in corporate bonds and 20 percent in common stocks.

All investment policies pertaining to the various State funds are determined by the State Board of Investment, consisting of the Governor, State Auditor, State Treasurer, Secretary of State, and Attorney General. The Executive Secretary advises the Board, recommends policies, and is responsible for handling the securities transactions. He has a staff of six members to aid in securities analysis, accounting, and secretarial work.

A résumé of investment transactions and policies during the years 1960, 1961, 1962, and 1963 may be found in the annual reports for those years.

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THE PERMANENT TRUST FUNDS

The State's Permanent Trust Funds showed their greatest rate of growth during the 1940's and 1950's. Until a constitutional amendment was passed in 1956, half of the receipts from the iron ore occupation tax accrued to the principal of the Permanent Trust Funds, which were invested for the benefit of the schools, the University of Minnesota, and other State institutions. In recent years, the entire receipts from this tax have been applied directly toward meeting the current needs of the State's educational institutions.

The 1963 Legislature provided for the return of the investment management of the Permanent University Fund to the Regents of the University of Minnesota. The assets of this fund, approximating \$47 million in book value, were transferred to the University in July 1963.

Under the terms of the 1962 constitutional amendment, the assets of the Permanent School Fund and the Swamp Land Fund were combined into one \$264-million fund known as the Permanent School Fund. The State Board of Investment was given new latitude as to the media to be used in managing these assets. The Internal Improvement Land Fund, a comparatively small fund restricted to the use of government obligations, also remains under the jurisdiction of the State Board of Investment.

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The following schedule reviews the composition of the trust funds managed by the State Board of Investment on December 31, 1964:

	Permanent Schoo	1 Fund	Internal Impr Land Fund	
Type of Security	Book Value	%	Book Value	%
U.S. Treasury obligations	\$177,046,500.00	66.88%	\$420,000.00	99.83%
U.S. Government-guaranteed obligations	1,000,000.00	.38	-	
Minnesota State obligations	157,500.00	.06	а —	
Obligations of Minnesota subdivisions	,4,206,600.00	· 1.59,	. - ,	t
Corporate debt obligations	64,242,609.98	24.27		
Common stocks	17,954,552.35	6.78	•• . · · ·	•
Cash	96,389.12	.04	700.62	17_
Totals	\$264,704,151.45	100.00%	\$420,700.62	100.00%
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COMPOSITION OF TRUST FUNDS December 31, 1964

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The trust funds managed by the State Board of Investment were worth approximately \$93.23 per \$100 invested on December 31, 1964. The market valuations of U.S. Treasury securities, corporate bonds, and common stocks were taken from yearend quotations on these securities. The estimated market values of obligations of the State of Minnesota and its subdivisions are based on the investment worth to the trust funds. The securities are valued at less than cost or face value because they carry interest rates lower than the general levels now prevailing. The current worth of the various classifications of securities owned by the trust funds on December 31, 1964 was as follows:

APPROXIMATE	MARKET	VALUE	OF	COMBINED	TRUST	FUNDS	INVESTMENTS

Type of Security	Face Value or Cost	Market Value	Value per \$100 invested
U.S. Treasury and U.S. Government- guaranteed obligations	\$178,466,500.00	\$159,811,258.93	\$ 89.55
Minnesota State obligations	157,500.00	152,775.00	97.00
Obligations of Minnesota subdivision	ns 4,206,600.00	3,891,105.00	92,50
Corporate debt obligations	64,242,609.98	64,403,216.50	100.25
Common stocks	17,954,552.35	18,828,913.38	104.87
Totals and average value	\$265,027,762.33	\$247,087,268.81	\$ 93.23

During 1964, a portion of the U.S. Treasury obligations was sold, with reinvestments made in corporate bonds and common stocks. Many of these Treasury obligations consisted of short-term bills which had been purchased specifically for this purpose. Approximately \$38 million of Minnesota State obligations held by the trust funds was invested in short-term U.S. Treasury obligations, which, in turn, were sold during 1964 to make payment for permanent investments.

One factor which may contribute to a rather slow and gradual conversion of the assets in the Permanent School Fund is the fact that most of the Treasury securities still held by that fund consist of comparatively low-coupon issues maturing after 1980. These issues sell at a low price and provide a yield, based on the present market price, in excess of 4 percent. The low coupon and accompanying low price mean that these issues carry a substantial amount of call or refunding protection.

Because of the concentration in these issues, our sales of U.S. Treasury securities have been made to balance our maturity schedules and to eliminate some of the shorter issues, which may be converted to a greater yield advantage. We have also sold certain issues that are fully priced on the market because of institutional demand or particular tax considerations.

THE HIGHWAY FUNDS

Under the terms of a 1963 statute, modified by the 1965 Legislature, the State

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Board of Investment may invest the highway funds in those bonds eligible for purchase by the Permanent School Fund and in commercial paper eligible for use in the retirement funds. At present, highway funds are invested in short-term U.S. Treasury securities and repurchase contracts. The Commissioner of Highways certifies the amounts not needed in the immediate future, and these sums are invested in maturities approximating the expected disbursement schedule of the highway department. Because of the time necessary for planning, purchase of right-of-way; and construction of highways, funds are available for investment for considerable periods. The amount of highway funds investments fluctuates throughout the year, but totaled \$85.8 million in face value on December 31, 1964.

During recent years, the highway department has carefully estimated its disbursement needs so as to keep its funds more fully invested. This has resulted in an increase in earnings, for all accounts, from \$1,663,323.05 as recently as fiscal 1958 to a total of \$2,771,427.08 in fiscal 1964.

INVESTED TREASURER'S CASH FUND

Accumulations in the treasurer's cash account have been invested in U.S. Treasury securities since 1949, when a statute was passed authorizing such an investment program. The earnings from the Invested Treasurer's Cash Fund were particularly significant during the period when there was a surplus in the two major State funds, the Income Tax School Fund and the General Revenue Fund. There have also been sizable earnings during recent years, primarily because of the investment of the proceeds from the sale of Minnesota debt issues. These proceeds are invested in short-term U.S. Treasury securities until the building projects are completed. The investments in the Invested Treasurer's Cash Fund are very substantial during the period from late spring until school aid payments are made during the late autumn months.

Securities held in the Invested Treasurer's Cash Fund totaled \$75.0 million on December 31, 1963 and \$51.6 million on December 31, 1964. These investments reached \$142.9 million at fiscal yearend, June 30, 1964, before payment of the initial school aid distribution.

Members of the State Board of Investment and legislators have recently expressed renewed interest in maximizing the earnings from this source. The investment staff has increased the use of U.S. Treasury repurchase agreements in this account during recent months, so that income can be earned on money available for only a few days.

Except for the securities held for the State's building program, practically all the U.S. Treasury obligations held in the Invested Treasurer's Cash Fund mature in less than 9 months from date of purchase. The statute requires that these investments mature within 3 years.

STATE COLLEGES, WELFARE, AND DEPARTMENT OF CORRECTIONS

The State Board of Investment is responsible for the investment of individual endowment accounts applicable to scholarships and the support of State institutions, certain funds designated for welfare purposes, and patient and inmate accounts in both welfare and correction institutions. During 1963, a pooled fund was established for the patients of the various welfare at institutions: As a result of this pooling arrangement, it was possible to increase substantially the percentage of these funds which could be invested. Although some municipal securities have been used in these funds in the past, we are limiting present are purchases to U.S. Treasury obligations.

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THE RETIREMENT FUNDS

Investments in various State retirement funds totaled approximately \$283.5 million in book value on December 31, 1964. These funds have been accumulated, for the most part, through payroll deductions affecting employees of the State, subdivisions of the --State, and school districts. In recent years, however, the Legislature has greatly increased the contributions to these funds by the employers - - the governmental units. As the result of a 1965 law, contributions to these funds will be substantially higher than in the past because of the raising of the maximum salary limits on which these contributions are paid. The basic investment law for retirement funds, passed in 1961, was revised by the 1963 and 1965 Legislatures so as to permit an increased percentage

Although State; municipal, and school district bonds once accounted for approximation mately 70 percent of the total investments in these retirement accounts, such holdings were reduced to approximately 25.5 percent of the total by December 31, 1964. This percentage decline was due primarily to the placement of all new money-in other securities, but was partly accounted for by the sale of tax-exempt bonds during the past 4 years. Sales of such securities totaled \$4,167,000 in 1964. Although these taxexempt bond sales will continue in future years, it appears that a large portion of " the present holdings may be held until maturity. The remaining "municipals" consist primarily of small odd lots that carry either no rating or rating of "Ba" (or "BB") by the leading services. The municipal bond dealers and fiscal agents of the upper Midwest area have been most helpful in completing the sale of these securities. The refunding of certain of these issues, made possible by action of the 1963 Minnesota Legislature, has increased the value of the affected holdings and may make, them more marketable. Set n' stall i set a

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Corporate debt obligations now constitute the leading classification of securities in the retirement funds, accounting for 46.6 percent of total investments on a book-value basis. All these securities have been purchased since 1960 and were rated "A" or better, tat the time of purchase, by at least one of the nationally recognized rating services - Fitch, Moody's, or Standard & Poor's. These corporate fixed-income -, investments, yielding 4.67 percent, provide a higher return to the retirement accounts than any other securities category.

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The use of common stocks in the retirement funds was authorized by the 1961 Legislature. Under revised provisions passed in 1965, the State Board of Investment may purchase common stocks up to a maximum of 5 percent of the fund's book value in each of the years following 1961, until a maximum of 30 percent in common stocks is reached. By April 14, 1964, the third anniversary of the investment law, such investment accounted for almost 15 percent of the total value of each fund; this percentage increased to nearly 20 percent by April 14, 1965.

On December 31, 1964, the retirement funds held \$179.0 million of corporate secu- i a

rities, providing an average yield, at cost, of 4.35 percent. The current yield on investments purchased in 1964 decreased somewhat from that obtained during the early 1960's, because of the continuing high level of investment in common stocks. Bonds purchased during 1964 provided a somewhat higher yield than those purchased during the previous year.

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The following schedule gives an approximate market valuation of the securities in the combined retirement accounts as of December 31, 1964:

APPROXIMATE	MARKET	VALUE (OF	COMBINED	RETIREMENT	FUNDS	INVESTMENTS
-		È De	ece	ember 31,	1964		*

Type of Security	Face Value or Cost	<u>Market Value</u>	Value per \$100 invested
U.S. Treasury and U.S. Government- guaranteed obligations	\$ 32,226,170.22	\$ 30,915,805.54	\$ 95.93
State College Board obligations	10,152,000.00*	9,441,360.00	93.00
Obligations of Minnesota subdivision	s 62,133,500.00	57,473,487.50	92.50
Corporate debt obligations	132,119,162.53	135,091,843.69	102.25
Common stocks	46,833,002.39	54,475,440.27	116.32
Totals and average value	\$283,463,835.14	\$287,397,937.00	\$101.39

* Total includes small quantity of bonds of other states and their subdivisions.

The U.S. Treasury obligations have a market value less than cost because they were purchased during the period of lower interest rates in the late 1940's and early 1950's. The Minnesota State college securities are revenue issues sold to the retirement funds in connection with the financing of dormitories. These securities are listed at an estimated value based on their worth to the State retirement funds; they are not public issues and are not negotiable. The low market value assumed for these securities is due to their comparatively low interest rates. The 1965 Legislature provided for the refunding of the State college revenue issues presently held in the retirement funds. Such an arrangement could result in somewhat lower interest costs for the State College Board and would substantially increase income to the retirement funds.

The market value assigned to the municipal holdings is merely an estimate because of the impossibility of valuing this portfolio, which consists of numerous small holdings and hundreds of individual issues. If an attempt were made to sell these bonds in a short period of time, the price received would be substantially lower than that indicated, because of the difficulty of marketing, in a limited period, such a large number of municipal securities from a comparatively small geographical area. Most of these holdings were purchased in the mid-1950's and carry interest rates somewhat below those prevailing more recently.

The average yield of 4.67 percent provided by the corporate bond holdings is above the rate that could be obtained on comparable investments on December 31, 1964. For the most part, the market value of such securities can only be estimated, because many were issued in the form of private placements. The book profit in the corporate bond accounts reflects the lower interest rates prevailing at yearend 1964 than at

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the times most of these bonds were purchased. The listed common stocks were valued from closing prices on the New York Stock Exchange. The prices of unlisted stocks were based on the bid prices appearing in the Wall Street Journal or in other leading financial publications.

REVIEW OF ACCOMPANYING SCHEDULES

Schedule I summarizes the composition of the Permanent School Fund and the retirement funds on December 31, 1964. The rearrangement of the securities in the Permanent School Fund was initiated in mid-1963; under the provisions in the 1962 constitutional amendment and 1963 legislation, this fund will eventually hold approximately 60 percent of its book value in corporate securities. Although the percentage of common stocks in this fund may eventually increase to 20 percent of total book value, the major portion of the account will continue to be invested in fixed-income securities.

The retirement funds now consist primarily of corporate bonds and stocks. Insofar as the flow of incoming cash permits, an attempt is made to maintain an approximately equal diversification among the six retirement funds.

Schedule II shows the yield received on the three largest retirement funds during the past 7 years and emphasizes the increased income earned because of higher interest rates and the use of corporate securities. Since 1958, retirement fund yields have increased from approximately 2.9 percent to nearly 4 percent. It is believed that yield has not been unduly emphasized since 1960. Quality has been stressed in the purchase of bonds, and long-term growth potential in the making of common stock commitments. A continuation of the present purchase program would indicate a temporary plateau of yields at an approximate 4% level. Although high-quality corporate bonds provide a yield considerably higher than this figure, new commitments of common stocks offering a low current yield of approximately 3 percent. The use of certain stocks have already indicated their future value to the retirement funds and an eventual favorable impact on yield figures.

The different rates of growth experienced by the three major retirement funds account for the variance in the current yields on these funds. The Public Employees Retirement Fund and the Teachers' Retirement Fund have shown a growth rate considerably higher than that of the State Employees Retirement Fund in recent years. A larger part of the investments of the State Employees fund was purchased during the 1950's, at a time of lower bond yields. Future sales programs of Minnesota school and municipal bonds will emphasize the disposition of these securities held by the State Employees Retirement Fund so as to bring this account more in line with the investment diversification shown by the other major retirement funds. The higher percentage of municipal securities owned by the State Employees account has meant a smaller percentage to be invested in the higher yielding corporate fixed-income securities,

Another possible reason for the apparent variance in progress of the three funds during individual years may be the differing accounting procedures used by these associations. In each instance, the schedule shows the figures provided by the retirement fund administrations.

The basic investment policies regarding these three accounts have been identical

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since 1960, but purchases of individual securities have varied because of the amounts of cash available and the timing of the contributions to the individual funds.

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Schedule III provides a summary of the holdings of U.S. Treasury obligations in the major State accounts on December 31, 1964. Of the funds listed, the Invested Treasurer's Cash Fund is the most liquid; the securities in it must be available for conversion into cash at any time so as to meet the payment of State obligations. A portion of the highway funds must be comparatively liquid, but the remainder is held for construction projects in progress, but which may take a period of years for completion. Most of the Treasury obligations in the retirement funds and the Permanent School Fund may be regarded as permanent investments. A portion of these securities, particularly those in the Permanent School Fund, however, are being sold so as to provide a higher ultimate yield to the funds.

Schedule IV lists the corporate bond holdings of the Permanent School Fund on December 31, 1964. At the time this report is being written, on June 1, 1965, corporate bond purchases and commitments total \$77,759,788 and provide an average yield to maturity of 4.52 percent.

Schedule V lists the corporate bond holdings of the retirement funds on December 31, 1964. Except for the nominal amount of railroad bonds previously owned, these securities were purchased since March 1960. On June 1, 1965 corporate bond purchases and commitments total \$141,557,738 and provide an average yield to maturity of 4.66 percent.

Most of the bonds listed as holdings in the retirement funds were purchased at the time of original offering, or soon thereafter, from members of the underwriting syndicates. During the past 2 years, however, both the Permanent School Fund and the retirement funds have purchased an increasing number of private placements, or issues purchased directly from the borrowing corporations by a group of institutional buyers. including public retirement funds and trust funds, insurance companies, and bank trust departments. The State Board of Investment has followed the policy of buying only those private placements that are of sufficient size to be purchased by several buyers, so that the investment department is not in the position of setting the interest rate on any particular issue. Commitments are made for privately placed issues only after they have been reviewed by both the Minnesota investment staff and at least one of the three nationally recognized rating agencies, and have been declared to be of "A" quality or above. During 1964, several bond issues were purchased on the secondary market. These issues were used primarily in the Permanent School Fund, where the added'diversity of maturities and the call protection inherent in low-coupon issues were particularly desirable.

Schedule VI details the types of corporate debt obligations owned by the Permanent School Fund and the various retirement funds on December 31, 1964, as well as the redemption features of the securities. Because the Permanent School Fund will not evidence the growth expected in the retirement funds during the next few years, and because the U.S. Treasury securities presently owned by the Permanent School Fund are of very long maturities, a greater emphasis is expected on railroad equipment obligations and secondary market bonds of comparatively short maturity in the Permanent School account. The continuing flow of incoming cash into the retirement funds justifies the somewhat longer average maturity in those funds.

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The Board has emphasized call protection on all bonds purchased during the past 5 years. Those securities listed as having call or refunding protection of less than 5 years were purchased prior to 1964 but had 5 or more years of such protection on the purchase date. Over 80 percent of the purchases since 1960 have been of securities that either are noncallable or had at least 5 years of call or refunding protection. Because of these noncallable or nonrefundable features, the portfolio appears to be adequately protected against anticipated fluctuations in interest rates.

The investment staff has been particularly cognizant of the redemption feature problem in the purchase of securities for the Permanent School Fund. Because of the inherent call protection existing in the present holdings of long-term low-coupon U.S. Treasury obligations, it is believed advisable that a degree of such protection be continued in the new securities purchased. It is to be noted, that, as of yearend 1964, all bonds purchased for the Permanent School Fund were protected against call or refunding to a degree in excess of the payment of 1 year's interest at the time of such call or refunding.

Schedule VII lists the common stock holdings in the Permanent School Fund and in the various retirement funds on December 31, 1964. All these securities meet the requirements stated in the applicable statutes and have been approved by the Advisory Committee on Common Stocks. This committee, which was appointed by the State Board of Investment in May 1961, has now served for 4 years and has made a significant contribution to the investment program of the State. The group meets for one afternoon every two months and reviews in detail the equity programs being followed in the Permanent School Fund and the retirement funds. The members of the Board and the staff of the investment department are very appreciative of the time and advice that have been contributed by the 10 members chosen from among the State's leading investment managers. The members of this advisory committee are as follows:

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Hermon J. Arnott	President	Farmers & Mechanics Savings Bank of Minneapolis
Franklin Briese	Executive Vice President	The The Minnesota Mutual Life Insurance Company
Robert S. Davis	Vice President and Investment Officer	St. Paul Fire & Marine Insurance Company
Gaylord W. Glarner	Vice President	First Trust Company of St. Paul
James C. Harris	Vice President	Northwestern National Bank of Minneapolis
John M. Harris	Trust Investment Officer	Northern City National Bank, Duluth
Francis H. Hassing	Investment Counsel	University of Minnesota
Maxwell B. Hight	Investment Section	Mayo Foundation, Rochester

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Donald E. Jondahl

Vice President - Finance Northwestern National Life Insurance Company

Norman Terwilliger

Executive Secretary, Minneapolis Teachers Retirement Association >

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Schedule VII indicates that at yearend 1964 the equities in the Permanent School Fund, costing \$17,939,362.51 had a value of \$18,828,913.38; by May 28, 1965, the equities in this account showed a total net cost of \$26,363,772.59 and had a market. value of \$28,283,901.49, or a gain of 7.28 percent. This schedule also indicates that on December 31, 1964, the retirement funds owned common stocks costing \$46,833,002.39 and having a market value of \$54,475,440.27. By May 28, 1965, the stocks in the combined retirement funds portfolio had a market value of \$67,562,525.72, compared with a net investment in equities of \$59,043,667.63, thereby showing a gain of 14.43 percent.

It is anticipated that the equities now owned in the Permanent School Fund and the retirement funds will show substantial market fluctuations during future years. A1though sales are being made from these accounts, the Board does not intend to use these funds as trading media, but hopes to establish a solid investment in American industry that will provide future income to the accounts. The recent high level of the stock market tends to emphasize the necessity of accepting market and economic downturns along with the more favorable trends, and of basing any stock purchase program on longterm earnings expectations. The stocks purchased for the retirement funds in 1961. which provided at the time of purchase a yield of less than 2.7 percent, now provide a yield of over 3.5 percent on the original cost basis, owing to dividend increases since the time of acquisition. The dividend increases declared during 1964 provided additional income of \$159,737.67 on the stocks owned by the funds during the past year. A comparable increase in income, though perhaps to a somewhat lesser degree, may be anticipated over a period of years as the nation's economy continues to grow.

The Advisory Commtttee on Common Stocks and the State Board of Investment have emphasized such considerations as management factors and long-term growth potential, as well as current yield, in the selection of equity securities. All stocks suggested for inclusion in these funds are first discussed and approved by the Advisory Committee and then brought before the members of the State Board of Investment. The actual purchase program is subject to continuing advice and suggestions by the Advisory Committee on Common Stocks.

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A review of policies concerning the placement of business, together with a summary of transactions completed during 1964, follows the schedules described above.

New legislation passed in 1961, 1963, and 1965 provides the framework around which successful investment portfolios may be built in the future. As yet, there remains a considerable amount of work to be done in the implementation of the statutes. As in the past, the investment department will cooperate with the Public Employees Retirement Systems Interim Commission and with the various fund administrations in arranging investment programs that will be most beneficial to the retirement fund members.

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The State Board of Investment and the staff of the investment department appreciate the cooperation received from the Legislature in effecting investment changes that have resulted in improved portfolio balance and noticeably higher income during the past 5 years. Comments, suggestions, and criticisms from other public fund managers and members of the securities industry have also been helpful in managing the State's portfolios.

Respectfully submitted,

Robert E. Blixt Executive Secretary

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COMPOSITION OF THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS December 31, 1964

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PERMANENT SCHOOL FUND	· · · ·												
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		Total	Public Emplo	¥000		Distribution Wit	hin Variou						
		Retirement Funds	Retirement H	•	ate Employees	Teachers		Public Employee:		State Police Of		Highway Patrolme	
Book Value %	Type of Security	Book Value %	Book Value		tirement Fund	Retirement Fun	ıd	Police & Fire Fu	ind	Retirement Fund		Retirement Fund	
				<u></u>	ok Value 🛛 🔏	Book Value	%	Book Value	%	Book Value	%	Book Value	%
	FIXED-INCOME OBLIGATIONS			,									
\$177,046,500.00 66.9%	U.S. Treasury	\$ 28,057,000.00 9	.9% \$ 10,072,000.00	10.0% 0 (7)									
1,000,000.00 0.4	U.SGuaranteed Merchant Marine Bonds				45,000.00 8.9%	\$ 9,515,000.00	9.5%	\$1,535,000.00	30.7%	\$ 10,000.00	1.0%	\$ 180,000.00	6.1%
\$178,046,500.00 67.3%	Total Federal Obligations	\$ 32,236,000.00 11	<u>.5</u> <u>3,790,000.00</u> 4% \$ 13,862,000.00	3.8				389,000.00	7.8 38.5%	_			-
		0 02,200,000.00 11	.4% \$ 13,862,000.00	14.0% \$ 6,74	45,000.00 8.9%	\$ 9,515,000.00	9.5%	\$1,924,000.00	38.5%	\$ 10,000.00	1.0%	\$ 180,000.00	6.1%
\$ 157,500.00 0.1%	Minnesota State	\$ 9,254,000.00 * 3	.3% \$ 3,095,000.00	3.1% \$ 2.50	03,000.00 3.3%	1 2 (F(000 00	0 6 7						
4,206,600.00 1.6	Minnesota Subdivisions	62,133,500.00 21				\$ 3,656,000.00	3.6%	-	-	-	-	-	-
	Other States & Subdivisions	898,000.00 0				22,656,500.00	22.6		-	\$416,000.00	42.5%	\$ 776,000.00	26.5%
\$ 4,364,100.00 1.7%	Total State & Municipal Obligations	\$ 72,285,500.00 25	5% \$ 20,574,000.00		$\frac{72.000.00}{07,000.00} \qquad \frac{0.5}{31.8\%}$	200,000.00	0.2			-		-	<u> </u>
		·	• 20,01 2,000,00		J, 000.00 31.8%	\$ 26,512,500.00	20.4%	-	-	\$416,000.00	42.5%	\$ 776,000.00	26.5%
	Corporate Obligations:					17 - 17 - 17 - 17 - 17 - 17 - 17 - 17 -		1					
	Public Utility							1					
\$ 18,028,000.00 6.8%	Electric	\$ 36,117,000.00 12	7% \$ 13,101,000.00	13.3% \$ 7,96	59,000.00 10.6%	\$ 13,808,000.00	13.7%	\$ 676,000.00	10 5%	¢120,000,00	10.0	A / A A A A A A A A A A A A A A A A A A	11 01
6,100,000.00 2.3	Gas	25,753,000.00 9		• •	L3,000.00 8,2	8,814,000.00	8.8	388,000.00	13.5%	\$130,000.00	13.3	\$ 433,000.00	14.8%
5,500,000.00 2.0	Telephone	7,160,000.00 2.			0,000.00 1.3	2,300,000.00	2.3	210,000.00	7.8 4.2	172,000.00	17.6	398,000.00	13.6
	Water							210,000.00	4.2	-	-	100,000.00	3.4
\$ 29,628,000.00 11.1%	Total Public Utility	<u>1,000,000.00</u> 0. \$ 70,030,000.00 24	7% \$ 26,819,000.00		$0.00.00 \\ 0.4 \\ 0.5\%$	\$ 25,222,000.00	<u> 0.3</u> 25.1%	\$1,274,000.00	25.5%	\$302,000.00	30.9%	<u> </u>	31.8%
· · · · · · · · · · · · · · · · · · ·					2013/3	<i>v 23,222,000.00</i>	#J + 1/0	\$1,274,000.00	23.3%	\$302,000,00	30.9%	\$ 931,000.00	31.8%
\$ 2,200,000.00 0.9%	Finance	\$ 2,975,000.00 1.	1% \$ 1,000,000.00	1.0% \$ 80	00,000.00 1.1%	\$ 1,100,000.00	1.1%	\$ 75,000.00	1.5%	-	_	-	_
17,400,000.00 6.5	Industrial	28,050,000.00 9.	9 7 9,122,500.00		30,000.00 9.6	11,150,000.00	11.1	322,500.00	6.5	-	-	\$ 175,000.00	6.0%
4,700,000.00 1.8	Transportation (excluding equipment)	10,019,000.00% 3.	5 3,288,000.00	3.3 2.43	34,000.00 3.3	3,723,000.00	3.7	250,000.00	5.0	\$100,000.00	10.2%	224,000.00	7.7
10.314.609.98 3.9	Railroad Equipment		4 7.873.680.64	8.0 5.59		7,213,513,59		235,000.00		-	-	127,000.00	
\$ 64,242,609.98 24.2%	Total Corporate Obligations	\$132,119,162.53 46.	6% \$ 48,103,180.64	<u>8.0</u> <u>5.59</u> 48.7% \$ 31,59	5.968.30 7.4 7.4 7.4 7.4 7.4	\$48,408,513,59	7.2 48.2%	\$2,156,500.00	4.7 43.2%	\$402,000.00	41.1%	\$1,457,000.00	4.3 49.8%
· - ·	Proformal Charles (alfa)			•	•					<i>v,</i>		v1,107,000.00	
	Preferred Stock (gift)	700.00				700.00	-	-	-	-	-	-	-
\$246,653,209.98 93.2%	TOTAL FIXED-INCOME OBLIGATIONS	\$236,641,362.53 83.	59 6 00 570 100 04	07 64 4 40 74		A							
		\$236,641,362.53 83.	5% \$ 82,539,180.64	53.5% 562,34	3,968.30 82.6%	\$ 84,436,713.59	84.1%	\$4,080,500.00	81.7%	\$828,000.00	84.6%	\$2,413,000.00	82.4%

	COMPON STOCKS									2					
$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$	CONSUMER-ORIENTED STOCKS: Utilities Electric Gas Telephone Total Utilities	\$ 10,496,022.45 1,861,083.82 <u>1,258,721.40</u> \$ 13,615,827.67	3.7% 0.6 <u>0.5</u> 4.8%	\$ 3,594,203.86 662,381.93 <u>415,932.46</u> \$ 4,672,518.25	0.7	2,876,874.35 522,562.55 387,937.58 3,787,374.48	3.8% 0.7 <u>0.5</u> 5.0%	\$ 3,675,220.23 603,046.21 <u>395,644.40</u> \$ 4,673,910.84	3.7% 0.6 4 4.7%	\$ 189,431.07 40,323.17 <u>38,469.65</u> \$ 268,223.89	3.8% 0.8 <u>0.8</u> 5.4%	\$ 22,474.94 10,525.07 <u>2,745.00</u> \$ 35,745.01	2.3% 1.1 	\$ 137,818.00 22,244.89 <u>17,992.31</u> \$ 178,055.20	4.7% 0.8 <u>0.6</u> 6.1%
\$ 2,082,831.10 180,778.33 <u>995,850.00</u> \$ 3,259,459.43 0.8% 0.4 1.3%	Financial Services Banks Finance Insurance Total Financial Services	\$ 4,474,812.39 817,598.31 2,294,426.33 \$ 7,586,837.03	1.6% 0.3 <u>0.8</u> 2.7%	\$ 1,582,698.14 274,212.56 <u>819,039.33</u> \$ 2,675,950.03	0.3	1,206,038.59 227,552.68 594,391.23 2,027,982.50	1.6% 0.3 <u>0.8</u> 2.7%	\$ 1,572,243.61 275,893.47 <u>816,880.77</u> \$ 2,665,017.85	1.6% 0.3 <u>0.8</u> 2.7%	\$ 68,289.14 28,639.60 <u>29,550.00</u> \$ 126,478.74	1.4% 0.5 <u>0.6</u> 2.5%	\$ 11,119.10 - \$ 11,119.10	1.1% 	\$ 34,423.81 .11,300.00 <u>34,565.00</u> \$ 80,288.81	1.2% 0.4 <u>1.1</u> 2.7%
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Consumers Goods Containers Food-Beverage Printing & Publishing Retail Trade Miscellaneous Total Consumers Goods	<pre>\$ 507,175.91 1,973,242.31 1,275,875.69 1,624,467.75; 1,027,049.23 \$ 6,407,810.89</pre>	0.2% 0.7 0.5 0.6 <u>0.3</u> 2.3%	<pre>\$ 194,286.15 680,595.84 422,484.10 546,400.26 343,765.95 \$ 2,187,532.30</pre>	$\begin{array}{c} 0.2\% & \$ \\ 0.7 \\ 0.4 \\ 0.6 \\ 0.4 \\ \hline 2.3\% & \$ \end{array}$	140,845.83 527,301.67 382,043.76 448,001.76 268,989.07 1,767,182.09	0.2% 0.7 0.5 0.6 <u>0.3</u> 2.3%	<pre>\$ 163,388.05 686,194.92 441,518.25 549,389.22 <u>365,017.61</u> \$ 2,205,508.05</pre>	0.2% 0.7 0.4 0.5 <u>0.3</u> 2.1%	\$ 8,655.88 7 56,335.21 29,829.58 54,950.30 <u>21,432.55</u> \$ 171,203.52	0.2% 1.1 0.6 1.1 <u>0.4</u> 3.4%	\$ 5,094.05 7,748.06 <u>4,323.80</u> \$ 17,165.91	0.5% - 0.8 <u>0.5</u> 1.8%	\$ 17,720.62 17,978.15 23,520.25 \$ 59,219.02	0.6% 0.6 0.8 2.0%
\$ 10,374,623.81 4.0%	Total Consumer-Oriented Stocks	\$ 27,610,475.59	9.8%	\$ 9,536,000.58	9.8% \$	7,582,539.07	10.0%	\$ 9,544,436.74	9.5%	\$ 565,906.15	11.3%	\$ 64,030.02	6.6%	\$ 317,563.03	10.8%
\$ 1,679,656.64 0.6% 321,606.25 0.1 407,368.98 0.2	RESEARCH STOCKS: Chemical & Drug Office Equipment Miscellaneous	\$ 4,401,391.08 913,463.95 <u>891,244.88</u>	1.5% 0.3 <u>0.3</u>	\$ 1,578,926.21 301,509.20 281,695.18	1.6% \$ 0.3 <u>0.3</u>	1,273,557.06 277,793.75 257,781.34	1.7% 0.4 3	\$ 1,422,074.51 297,743.75 329,324.94	1.4% - 0.3 3	\$ 74,391.97 21,735.75 15,022.04	1.5% 0.4 3	\$ 12,779.82 4,906.50	1.3% 0.5	\$ 39,661.51 9,775.00 7,421.38	1.3% 0.3 3
\$ 2,408,631.87 0.9%	Total Research Stocks	\$ 6,206,099.91	2.1%	\$ 2,162,130.59	2.2% \$	1,809,132.15	2.4%	\$ 2,049,143.20	2.0%	\$ 111,149.76	2.2%	\$ 17,686.32	1.8%	\$ 56,857.89	1.9%
<u>\$ 1,996,068.98 0.7%</u> \$ 1,996,068.98 0.7%	NATURAL-RESOURCES STOCKS: Petroleum Total Natural-Resources Stocks	<u>\$ 4,436,769.75</u> \$ 4,436,769.75	<u> </u>	\$ 1,508,720.23 \$ 1,508,720.23		1,271,041.02 1,271,041.02	<u> 1.7</u> % 1.7%	\$ 1,500,689.68 \$ 1,500,689.68	<u>1.5</u> % 1.5%	\$ 82,763.79 \$ 82,763.79	<u> 1.7</u> % 1.7%	<u>\$ 18,596.16</u> \$ 18,596.16	<u> 1.9</u> % 1.9%	\$ 54,958.87 \$ 54,958.87	<u> </u>
\$ 710,586.83 0.3% 418,497.88 0.2 569,395.38 0.2 573,060.66 0.2 364,715.83 0.1 280,990.63 0.1 257.980.48 0.1 \$ 3,175,227.69 1.2%	DURABLES STOCKS: Automobiles Electrical & Electronic Equipment Machinery Railroads Railroad Equipment Steel Miscellaneous Total Durables Stocks	\$ 2,214,682.92 1,042,799.58 1,020,175.65 1,929,630.06 894,567.36 845,042.85 632,758.72	0.8% 0.4 0.3 0.7 0.3 0.3 0.2 3.0%	\$ 722,494.50 343,221.47 347,676.67 692,460.30 326,213.57 306,501.19 188,757.96	0.7% \$ 0.4 0.4 0.7 0.3 0.3 0.2	712,264.79 266,905.37 311,844.05 543,493.94 256,997.98 233,762.10 153,618.36	1.0% 0.4 0.4 0.7 0.3 0.3 0.2	\$ 706,796.18 385,781.63 325,327.65 640,529.14 282,914.00 276,606.31 264,247.36	0.7% 0.4 0.3 0.6 0.3 0.3 0.3	\$ 32,897.37 19,268.96 30,597.34 24,478.32 10,031.63 22,140.76 14,308.28	0.7% 0.4 0.6 0.5 0.2 0.4 0.3	\$ 11,667.81 3,691.53 4,729.94 9,267.44 7,449.88 6,032.49 7,141.50	1.2% 0.4 0.5 0.9 0.8 0.6 0.7	\$ 28,562.27 23,930.62 19,400.92 10,960.30 4,685.26	1.0% 0.8 0.7 0.4
\$ 17,954,552.35 6.8%	TOTAL COMMON STOCKS	<u>\$ 8,579,657.14</u>	3.0%	\$ 2,927,325.66		2,478,886.59	3.3%	\$ 2,882,202.27	2.9%	\$ 153,722.66	3.1%	\$ 49,980.59	5.1%	\$ 87,539.37	3.0%
	TOTAL COMPON BIOCKS	\$ 46,833,002.39	16.5%	\$ 16,134,177.06	16.5% \$ 1	3,141,598.83	17.4%	\$ 15,976,471.89	15.9%	\$ 913,542.36	18.3%	\$150,293.09	15.4%	\$ 516,919.16	17.6%
\$264,607,762.33 100.08	TOTAL	\$283,474,364.92	100.0%	\$ 98,673,357.70	100.0% \$ 7	5,485,567.13	100.0%	\$100,413,185.48	100.0%	\$4,994,042.36	100.0%	\$978,293.09	100.0%	\$2,929,919.16	100.0%
+ Minnosota Stata Caller					•					- T					

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* Minnesota State College Board obligations.

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Schedule II

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS IN THE THREE LARGEST RETIREMENT FUNDS

December 31, 1964

	PUBLIC	EMPLOYEES RET	IREMENT FUND			STATE EMPLOYE	' Es retirement fu	ND		TEACHERS ! RE	TIREMENT FUND	
	Book Value	Average Book Value for Year Ending (2)	Income for Year Ending (3)	Yield (4)	Book Value	Average Book Value for Year Ending (2)	Income for Year Ending (3,5)	Yield (4)	Book Value	Average Book Value for Year Ending (2)	Income for Year Ending (3)	Yield (4)
June 30, 1956	\$ 17,357,500	-	-	-	\$32,872,500	-	-	-	\$ 27,471,100	-	-	-
December 31, 1956	\$ 18,286,750		-	-	\$34,910,000	-	-	-	\$ 29,748,400	-	-	-
June 30, 1957	\$ 19,301,750	-	-	-	\$36,797,000	\$34,859,833	\$1,016,556.48	2.92%	\$ 31,853,900	-	-	-
December 31, 1957	\$ 20,588,750	-	-	-	\$39,577,500	-	-	-	\$ 34,149,700	-	-	-
June 30, 1958	\$ 23,625,000	\$21,171,833	\$ 614,096.77	2.90%	\$39,715,500	-	-	-	\$ 37,242,200	\$34,415,267	\$1,018,014.26	2.90%
December 31, 1958	\$ 27,515,000	-	-	-	\$41,985,500	\$40,426,167	\$1,225,833.46	3.03%	\$ 42,777,200		-	-
June 30, 1959	\$ 31,563,000	\$27,567,667	\$ 880,223,48	3.1%	\$44,659,000	-	-	-	\$ 48,523,300	\$42,847,567	\$1,409,995.45	3.29%
December 31, 1959	\$ 35,414,500	-	-	-	\$46,911,500	\$44,518,667	\$1,378,022.98	3.10%	\$ 54,313,000	-	-	-
June 30, 1960	\$ 41,548,500	\$36,175,333	\$1,211,061.33	3.35%	\$49,816,500	-	-	-	\$ 55,243,300	\$52,693,300	\$1,823,482.03	3.46%
December 31, 1960	\$ 46,935,500	-	-	-	\$51,967,000	\$49,565,000	\$1,631,458.61	3.29%	\$ 59,160,300	-	-	-
June 30, 1961	\$ 54,183,680	\$47,555,893	\$1,753,679.00	3.69%	\$54,499,050	-	-	-	´\$ 63 , 098,540	\$59,167,380	\$2,140,761.22	3.62%
December 31, 1961	\$ 61,433,745	-	-	-	\$56,830,438	\$54,432,163	\$1,885,692.64	3.46%	\$ 67,775,429	-	-	-
June 30, 1962	\$ 68,132,958	\$61,250,128	\$2,340,665.00	3.82%	\$59 ,8 43,686	-	-		\$ 73,187,108	\$68,020,359	\$2,587,612.53	3.80%
December 31, 1962	\$ 75,195,593	-	-	-	\$62,517,119	\$59,730,414	\$2,168,821.46	3.63%	\$ 77,813,737	-	-	-
June 30, 1963	\$ 81,436,890	\$74,921,814	\$2, <u>9</u> 90,070.00	3.99%	\$65,432,932	-	-	-	\$ 82,990,550	\$77,997,132	\$3,011,190.37	3.86%
December 31, 1963	\$ 92,347,700	-	- ·	-	\$68,922,451	\$65,624,167	\$2,466,206.57	3.76%	\$ 88,480,685	-		-
June 30, 1964	\$ 96,311,091	\$90,031,894	\$3,613,002.65	4.01%	\$72,100,574	-	-	-	\$ 96,529,180	\$89,333,472	\$3,546,799.82	3.97%
December 31, 1964	\$103,667,519	-	-	_	\$75,485,635	\$72,169,553	\$2,771,915.82	3.84%	\$100,413,219	-	-	-

Book value figures based on those shown on Treasurer's General Report on State Finances on date listed, (1) with adjustments for investments committed for but not yet received.

- Computed by averaging book value of fund on last three report dates, ending with the date listed. (2)
- Income figures obtained from the secretaries of the respective retirement funds.

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- (3) (4) Computed by dividing income of fund for fiscal period by average book value of fund during period.
- (5) In 1957, State Employees Retirement Fund changed from a fiscal-year to a calendar-year basis.
- Includes the Public Employees Police & Fire Fund for periods after July 1, 1960, when it was established. (6)

Schedule III

U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS December 31, 1964

	INVESTED TREASURER'S CASH FUND	TRUNK	HIGHWAY FUNDS COUNTY STATE AID	MUNICIPAL STATE AID	PERMANENT SCHOOL FUND	COMBINED RETIREMENT FUNDS
U.S. TREASURY SECURITIES			ł			
BILLS						
Maturity less than 30 days Maturity 30-90 days Maturity 3-6 months Maturity 6-12 months	\$19,300,000 2,000,000 1,000,000	\$ 600,000 14,200,000 - 16,300,000	\$ 6,400,000 3,200,000	\$ 1,900,000 700,000 300,000	\$ 300,000	\$ 2,460,000 1,125,000 -
Total Bills	\$22,300,000	\$31,100,000	\$ 9,600,000	\$ 2,900,000	\$ 300,000	\$ 3,585,000
REPURCHASE AGREEMENTS Maturity less than 30 days	- -	<u>-</u>		_	- -	\$ 890,000*
metericy ress than so days						÷ 0,0,000
NOTES AND BONDS						
Maturity less than 1 year Maturity 1-3 years Maturity 3-5 years Maturity 5-10 years Maturity more than 10 years	\$23,093,000 6,200,000 - - -	\$ 6,500,000 - 7,500,000 9,500,000	\$ 1,850,000 - 4,350,000 4,500,000 -	\$ 2,300,000 2,700,000 3,000,000	\$ 182,000 3,660,000 15,202,500 41,984,500 115,717,500	\$ 1,420,000 1,387,000 4,545,000 12,495,000 3,735,000
Total Notes and Bonds	\$29,293,000	\$23,500,000	\$10,700,000	\$ 8,000,000	\$176,746,500	\$23,582,000
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT						·
Average maturity about 11 years	-	-	-, t	-	\$ 1,000,000	\$ 4,179,000
Total U.S. Government Obligations	\$51,593,000	\$54,600,000	\$20,300,000	\$10,900,000	\$178,046,500	\$32,236,000

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* Face value of securities subject to repurchase agreements.

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Schedule IV

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND December 31, 1964

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I	SSUE				
			Coupon	Average	Total
		Maturity	Rate	Yield	Amour
Company	Type of Security	<u>Date (1)</u>	%	%	(000
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Florida Power & Light Co.	First Mortgage	4-1-94	4 5/8	4.50	\$ 1,2
Gulf Power Co.	First Mortgage	9-1-71	3 1/8	4.55	1,3
Hawaiian Electric Co., Ltd.	First Mortgage	7-1-93	4.45	4.45	1,0
Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4 3/8	4.42	1,0
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	1,0
Iowa Power & Light Co.	S/F Debenture	4-1-89	4 5/8	4.57	1,2
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	. 9
Massachusetts Electric Co.	First Mortgage	12-1-93	4 5/8	4.55	1,1
Montana-Dakota Utilities Co.	S/F Bond	7-1-84	4 5/8	4.615	1,0
Northern States Power Co.	First Mortgage	9-1-93	4 3/8	4.375	1,0
Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.60	1,0
Potomac Edison Co.	First Mortgage	3-1-94	4 5/8	4.55	1,2
Public Convision Co. of Indiana	& Coll. Trust	7-1-92	2 2/0	1. 20	
Public Service Co. of Indiana Public Service Electric & Gas Co.	First Mortgage First & Refunding	7-1-82	3 3/8 4 5/8	4.38 4.53	
FUDILE SELVICE ELECTRIC & GAS CO.	0	9-1-94	4 3/8	4,00	1,2
Southern California Edison Co.	Mortgage	3-1-80	1 210	h h h	1 6
Souchern carriornia Eurson co.	First & Refunding Mortgage	3-1-89	4 3/8	4.44	1,5
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	1,2
Total Electric Utility Obligation	• •	2 2 34	4 1/2	4.50%	\$18,0
GAS					
Columbia Gas System, Inc.	Debenture	5-1-89	4 5/8	4.64	\$ 1,2
Michigan Consolidated Gas Co.	First Mortgage	6 ~ 1-89	4 3/4	4.60	1,2
Panhandle Eastern Pipe Line Co.	Debenture	2-1-84	4.60	4.60	1,2
Peoples Gas Light & Coke Co.	First & Refunding	8-1-66	3 1/4	4.15	1,5
respice ous argue a cone cor	Mortgage	0 1 00	5 1/4	4413	- ,,,
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	1.0
Total Gas Utility Obligations	···· • • •			4.54%	\$ 6,1
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TELEPHONE					
American Telephone & Telegraph Co.	Debenture	9-15-84	3 1/4	4.40	\$ 1,0
American Telephone & Telegraph Co.	Debenture	5-1-99	4 3/8	4,365	1,5
New York Telephone Co.	Refunding Mortgage	1-1-2004	4 5/8	4.53	1,5
Pacific Northwest Bell Telephone Co		12-1-2000	4 1/2	4.49	_1,5
Total Telephone Utility Obligatio	ns			4.45%	\$ 5,5
Total Public Utility Obligations				4.50%	\$29,6
FINANCE OBLIGATIONS					
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	<u>\$ 1,0</u>
Total Finance Obligations				4.60%	\$ 1,0
INSURANCE OBLIGATIONS					
Gulf Life Insurance Co.	Capital Note	6-1-89	4 3/4	4.75	<u>\$ 1,2</u>
Total Incurrence Obligations				1 750	610
Total Insurance Obligations				4.75%	\$ 1,2

Schedule IV

ISSUE Coupon Average Total Maturity Rate Yield Amount Type of Security Date (1) 2 % (000) Company INDUSTRIAL OBLIGATIONS 4.70 **Promissory** Note 10-1-84 4.70 \$ 1.000 American Greetings Corp. 4.50 4.50 1,000 American Metal Climax, Inc. Note 8-1-88 Debenture 7-1-88 4 1/2 4.53 1,000 Burroughs Corp. 5-1-89 4.65 4.65 1,200 Diamond Alkali Corp. Note Dow Chemical Co. Debenture 9-15-88 4.35 4.35 1,000 1-1-89 4 1/2 4.50 1,000 General Cable Corp. Note 9-1-89 4.65 4.65 1,200 Kern County Land Co. **Promissory Note** 4 1/4 4.45 1,400 Mead Corp. Note 6-1-78 5-1-84 4 5/8 4.625 1,200 Mead Johnson & Co. Promissory Note 4 3/8 4.40 1,000 Pillsbury Co. Promissory Note 12-1-88 12-15-88 4.60 4.60 1,200 Sinclair Oil Corp. S/F Debenture 9-1-88 4 3/8 4.40 1,000 Sprague Electric Co. S/F Debenture Standard Oil Co. of Indiana 2.90 4.67 1,500 Promissory Note 4-1-65/79 12-15-89 4 1/2 4.50 1,500 Note Texaco Inc. Witco Chemical Co., Inc. 12-1-84 4.65 4.65 1,200 Note 4.55% \$17,400 Total Industrial Obligations TRANSPORTATION DEBT OBLIGATIONS General Gold 4's 12-12-95 4.40 \$ 1,500 Atchison, Topeka & Santa Fe 4 Railway Co. Senior Note 5-15-84 4 5/8 4.625 1,200 The Greyhound Corp. First Mortgage 12-1-88 4 5/8 4.65 1.000 Seaboard Air Line Railroad Co. 6-1-88 4 5/8 4.625 1,000 First Mortgage Southern Railway Co. \$ 4,700 4.56% Total Transportation Debt Obligations RAILROAD EQUIPMENT OBLIGATIONS \$ 1.338^b 4.40 Cond. Sale 6-1-65/78 4.40 Chesapeake & Ohio Railway Co. 1,500 General American Transportation Equipment Trust 7-18-84 4.5/8 4.59 Corp. 984^C 4.35 Kansas City Southern Railway Co. Cond. Sale 1-15-69/ 4.35 7-15-73 492^d 4.45 4.45 Kansas City Southern Railway Co. Cond. Sale 1-15-74/ 7-15-78 Cond. Sale 12-15-70/79 4.50 4.50 1.500 Norfolk & Western Railway Co. 4.55 4.55 500 Equipment Trust 9-1-69/73 North American Car Corp. Equipment Trust 9-1-74/78 4.65 4.65 1.000 North American Car Corp. 4-15-71/75 4 1/4 4.45 1,500 Seaboard Air Line Railroad Co. Equipment Trust Equipment Trust 4-1-71/73 4 1/4 4.45 1,500 Southern Pacific Co. \$10,314 Total Railroad Equipment Obligations 4.46% 4.52% \$64,242

TOTAL CORPORATE OBLIGATIONS

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t:

- b. Figure shown is rounded to the nearest thousand; actual holding is as follows: \$1,337,921.20. c. Figure shown is rounded to the nearest thousand; actual holding is as follows: 984,459.19. \$
- d. Figure shown is rounded to the nearest thousand; actual holding is as follows: \$ 492,229.59.

a. Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.

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CORPORATE BOND HOLDINGS - RETIREMENT FUNDS

December 31, 1964 '

							December 31, 1964	4				
		ISSUE		Coupon	Average	Total	Public Employees	State Employees	Teachers'	Public Employees	State Police Officers	Highway Patrolmen's
	Company	Type of Security	Maturity Date (1)	Rate Z	Yield X	Amount (000)	Retirement Fund (000)			Police & Fire Fund (000)	Retirement Fund	Retirement Fund (000)
PU	BLIC UTILITY OBLIGATIONS	Type of occurry	Date (1)	<u></u>						(000)	(000)	
	ELECTRIC											
	Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 586	\$ 169	\$ 117	\$ 300	-	-	_
	Alabama Power Co.	First Mortgage	3-1-91	4 1/2	4.40	850	350	300	150	-	-	\$ 50
	Atlantic City Electric Co.	First Mortgage	3-1-91	4 1/2	4.37	1,200	600	-	600	-	-	-
	California Electric Power Co.	First Mortgage	5-1-90	5 1/8	5.10	1,240	400	300	500	-	\$ 40	-
	Carolina Power & Light Co.	First Mortgage	4-1-90	4 7/8	4.85	850	350	-	500	-	-	-
	Central Illinois Light Co.	First Mortgage	3-1-90	4 7/8	4.90	1,000	250	250	500	-	-	-
	Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	687	-	295	295	\$ 58	-	39
	Citizens Utilities Co.	First Mortgage	12-31-91	4.80	4.80	1,000	600	400	-	÷ 30	-	-
	Citizens Utilities Co.	Coll. Trust &	10-1-92	4 5/8	4.625	600	-	-	600	-	-	-
		First Mortgage	•• • • • •		•••==				~~~	_		
	Consolidated Edison Co.	First & Refunding	12-1-93	4 5/8	4.54	800	700	-	-	_	-	-
		Mortgage	** * **	- <i>2</i> , -	7		,					
	Dayton Power & Light Co.	First Mortgage	6-1-93	4.45	4.45	1,500	500	400	600	-	-	
	Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.875	800	500	200	-	60	-	40
	Hawaiian Electric Co., Ltd.	First Mortgage	4-1-91	4.65	4.65	1,550	600	450	500	-	-	-
	Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4 3/8	4.42	1,600	600	400	600	-		-
	Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	1,000	-	400	500	50	-	50
	Iowa-Illinois Gas & Electric Co.	First Mortgage	4-15-90	5	4.93	495	-	400	495	-	-	-
	Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	1,690	588	392	588	73	-	49
	Kansas Gas & Electric Co.	First Mortgage	4-1-70	3 3/8	4.50	1,000	-	500	500	-	-	-
	Lake Superior District Power Co.	First Mortgage	2-1-91	4 5/8	4.60	500	500	-	-	-	-	-
	Long Island Lighting Co.	First Mortgage	4-1-93	4.40	4.40	1.000	500	· -	500	-	-	-
	Louisiana Power & Light Co.	First Mortgage	4-1-90	5	5.01	1,050	350	200	500	-	-	-
	Metropolitan Edison Co.	First Mortgage	5-1-90	5	4.95	1,050	350	200	500	-	-	-
	Montana-Dakota Utilities Co.	S/F Bond	7-1-84	4 5/8	4.605	1,200	550	-	550	- 50	-	50
	Orange & Rockland Utilities, Inc.	First Mortgage	4-15-91	4 7/8	4.80	1,400	500	350	550	50	-	-
	Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	839	494	295	-	- 50	-	
	Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.625	225	200	-	-	25	-	· _
	Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.69	1,050	500	-	400	60	40	50
	Public Service Co. of New Hampshire	First Mortgage	7-1-92	4 5/8	4.54	650	300	350	400	-		-
	Public Service Electric & Gas Co.	First & Refunding		4 5/8	4.53	1,215	500	400	200	40		75
		Mortgage		- 210	4.55		200	700	200	40	_	
	Public Service Electric & Gas Co.	First & Refunding	9-1-90	4 3/4	4.73	560	-	-	500	60	-	-
		Mortgage	, _ ,0	- 27-	4475	500		1	200	00		
	Puget Sound Power & Light Co.	First Mortgage	2-1-91	4 5/8	4.60	500	250	250	-	-	-	-
	Puget Sound Power & Light Co.	First Mortgage	11-1-93	4 5/8	4.60	1,200	350	250	600	- 	-	-
	Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	1,430	400	500	430	50	50	-
	Southern California Edison Co.	First & Refunding		4 3/8	4.43	1,260	500	260	500	-	- /	-
		Mortgage		,.		-,	200	200	500	— ·		
	Southern California Edison Co.	First & Refunding	4-1-86	4 1/2	4.42	550	150	250	150	-	-	-
		Mortgage		, _			200	230	130			
	Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	700	_	-	700	_	_	_
	Utah Power & Light Co.	First Mortgage	9-1-90	4 7/8	4.80	1,290	500	260	500	_	-	30
	Total Electric Utility Obligations			,.		\$36,117	\$13,101	\$7,969	\$13,808	\$676	\$130	<u>30</u> \$433
					4.00%	<i>450,111</i>	415,101	<i>v, , , , , , , , , , , , , , , , , , , </i>	¥13,000	2010	4150	† 135
	GAS											
	Arkansas Louisiana Gas Co.	First Mortgage	4-1-83	4 3/8	4.45	\$ 1,400	\$ 500	\$ 400	\$ 500	_	-	-
	Columbia Gas System, Inc.	Debenture	1-1-88	4 3/8	4.375	1,650	600	400	600	_	-	\$ 50
	Gas Service Co.	First Mortgage	5-1-83	4.40	4.40	1,372	441	392	441	-	\$ 49	49
	Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	478	237	195	****	s 46	-	-
	Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	1,550	500	500	400	100	-	50
	Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	1,275	-	400	700	74	50	50
	Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.00	1,475	500	400	500	74 75	-	-
	Milwaukee Gas Light Co.	First Mortgage	5-15-87	4 5/8	4.70	539	-	400	489	15	-	50
	Mountain Fuel Supply Co.	Debenture	9-1-86	4 7/8	4.50	1,250	600	-	489 600	-	-	50
	Natural Gas Pipeline Co. of America	First Mortgage	10-1-80	4 //o 5	5.00	904	452	226	226	-	-	-
	see appende of or imerica		10 1 00	2	2.00	504	434	440	220	-	-	-

Schedule V

CORPORATE BOND HOLDINGS - RETIREMENT FUNDS - December 31, 1964

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	TOOLE						DS - December 31, 1				(conti
		Maturity	Coupon Rate %	Yield	Total Amount (000)			Teachers' Retirement Fund (000)		State Police Officers Retirement Fund (000)	Highway Patrolm Retirement Fu (000)
mpany Company GAS (continued)	Type of Security	<u>Date (1)</u>		%	(000)	(000)	1 (000)	(000)	(000)	(000)	
-	- •	11-1-81	4 7/8	4 80	1,002	488		490	_	24	-
		11-1-81	4 //8 4 3/4	4.80 4.72	1,002	488 600	400	490 600	-	-	-
		2-1-84	4 3/4		\$ 650	\$ 600	-	-	-	-	\$ 50
Southern Counties Gas Co. of California		2-1-84 8-1-85	4.60	4.60	\$ 650 1,165	\$ 800 397	s 240	492	\$ 36	-	-
		12-1-81	4 3/4	4.80	1,260	484	388	\$ 388	÷ 50		-
		10-1-86	4.80	4.75	1,200	600		600	-	- .	-
		1-15-87	4.00	4.875		495	297	-	-	-	-
-1		12-30-84	4 7/8	4.875		600	400	-	-	-	-
		12-1-81	4 7/8	4.915		385	385	481	-	-	-
	0 U	11-1-81	5	5.08	1,481	518	425	538	-	-	-
		11-1-82	4 7/8	4.82	1,031	295	289	293	56	\$ 49	49
		1-1-82	5	5.00	1,428	476	476	476	-	· _	-
Total Gas Utility Obligations		-	-		\$25,753	\$ 9,768	\$ 6,213	\$ 8,814	\$388	\$172	\$398
ELEPHONE							a.				
	Debenture	10-1-96	4 3/8	4.30	\$ 1,650	\$ 500	\$ 400	\$ 600	\$100	-	\$ 50
		5-1-93	4 1/2	4.50	1,000	500	-	500	-	-	,
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4 7/8	4.75	500	250	200	-	50	-	-
New York Telephone Co.	Refunding Mortgage		4 5/8	4.57	500	500		-	-	-	-
	Refunding Mortgage		4 5/8	4.53	1,400	700	-	700	-	-	-
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000) 4 1/2	4.49	1,000	600	400	-	-	-	-
		9-1-93	4 3/4	4.70	1,110	500	· -	500	<u>60</u> \$210	·	<u>50</u> \$100
Total Telephone Utility Obligations				4.50%	\$ 7,160	\$ 3,550	\$ 1,000	\$ 2,300	\$210	-	\$100
ITER							ł .				
	First Mortgage	1-1-92	4 3/4	4.70	<u>\$ 1,000</u>	<u>\$ 400</u>	<u>\$ 300</u>	<u>\$ 300</u>	<u> </u>		·
Total Public Utility Obligations				4.67%	\$70,030	\$26,819	\$15,482	\$25,222	\$1,274	\$302	\$931
ANCE OBLIGATIONS	-	- 1 00	1 (0	1 60	- 1 /76	* 500	r 7 (00	÷	A 75		
	Note Promissory Note	3-1-89	4.60		\$ 1,475	\$ 500 500	\$ 400	\$ 500	\$ 75	-	-
General Electric Credit Corp.	Promissory Note	10-8-82	4 5/8	4.023	1,500	500	400	600	-		<u> </u>
Total Finance Obligations				4.61%	\$ 2,975	\$ 1,000	\$ 800 1	\$ 1,100	\$ 75	-	-
STRIAL OBLIGATIONS	B-indeserv Note	7-21-88	4 3/8	4 375	<u>^ 1 500</u>	\$ 500	\$ 400	\$ 600	_	_	-
		3-31-88	4 3/8		\$ 1,500	\$ 500	\$ 400 -		-	-	-
• • • • • • • • • • • • • • • • • • • •	Note	8-1-88 8-1-77	4.50 4 7/8	4.50	600 750	- 350	400	600 -	-	-	-
	Note Promissory Note	8-1-//	4 //8 4 3/8	4.875 4.39	1,750	350	400	650	-	-	-
	S/F Debenture	2-15-88	4 3/8	4.39	1,500	500	400	600	-	-	-
	S/F Debenture Debenture	2-15-88 7-1-88	4.35	4.35	1,500	500	400	500	-		_
	S/F Debenture	8-1-87	4 1/2	4.53	1,400	350	400	600	\$ 50	-	-
	Note	5-1-83	4.60	4.60	950	522.5	2 380	-	47.5		-
	S/F Debenture	6-1-81	5	5.08	500	500	-	- ·		-	-
•	Note	3-1-88	4 1/2	4.50	1,000	500	" -	500	-	-	-
	Promissory Note	9-1-89	4.65	4.65	1,600	600	400	600	-	-	-
	Note	10-1-81	4.80	4.80	1,500	500	400	600	-	-	-
	Note	6-1-78	4 1/4	4.45	1,100	-	500	600	-	-	-
		5-1-84	4 5/8	4.625		-		600	50	-	\$ 50
	Promissory Note	12-1-88	4 3/8	4.40	600	-	· · ·	600	-	-	· -
Shamrock 011 & Gas Corp.	Promissory Note	11-15-87	4 1/2	4.50	1,500	500	ب <mark>400</mark>	500	100	-	-
	S/F Debenture	12-15-88		4.60	1,000		400	-	-	-	-
• • •	S/F Debenture	9-1-88	4 3/8	4.40	600	-	-	550	-	-	50
Standard Oil Co. (Indiana)	Promissory Note	4-1-65/79		4.67	1,000		450	550	-	-	-
Swift & Co.	Debenture	6-1-86	4 7/8	4.875			400	500	-	-	-
	S/F Debenture	8-1-86	5	5.00	1,300		400	400	-	-	-
	S/F Debenture	4-15-86	4 1/2	4.55	1,400		400	500	-	-	-
	Note	12-1-84	4.65	4.65	1,800	650	400	600	75	-	75
	Note	7-1-81	5	5.00	1,200		300	500	<u> </u>		-
Total Industrial Obligations				4.61%	\$28,050	\$ 9,122.5	\$ 7,280	\$11,150	\$322.5	-	\$175

Schedule V (continued)

CORPORATE BOND HOLDINGS - RETIREMENT FUNDS - December 31, 1964

c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$690,000.00 State Employees Retirement Fund \$640,166.67 Teachers' Retirement Fund \$690,000.00 Total \$2,020,166.67

		TOCHE						1				(conti
TRANSPORTING BEST EXILATIONS	Company	ISSUE		Rate	Yield	Amount	Retirement Fund	Refirement Fund	Retirement Fund	Police & Fire Fund	Retirement Fund	Highway Patrolm Retirement Fu (000)
Attantic Cost Line Nulleval Co.First Nortgage The Grynne Gamma Gamma Line Grynne Gamma Gamma Secher Line Gamma Gamma Secher Line Gamma Cost Control Law Co.First Nortgage The Grynne Gamma 		<u>.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>	<u></u>	<u> </u>				1		(000)		(000/
Atlantic Gost Like National Grap. First Rortgage 10-1-88 4 3/4 4,171 488 392 488 - - In Graphic Cost The Charge Cost The Charge Cost 400		. General Gold 4's	12-12-95	4	4.40	\$ 500	-	š –	\$ 500	-	-	-
The Greybound Gerg. Secier Nota 5-15-84 4 5/6 4.623 1.600 600 400 600				4 3/4			488	I. 392		-	-	\$ 49
Louisvile & Kanville Raifend Co. Sensered ALL Les Raifend Co. First Nortgage First Nortgage			5-15-84				600			-	-	-
Seaberd Air Line Saltrond Co. First Mortgage 12-1-88 4.578 4.653 1.725 600 400 600 75 - Seathers Allinged Co. First Mortgage 12-1-88 4.578 4.653 1.725 600 400 533 50 <										\$ 50	\$ 50	50
Southern Railway Co. Western Arrivad Railway Co. Western Arrivad Railway Co. Western Arrivad Railway Co. Marina Kurwy Co. Arrivad Kailway Co. Arrivad Kailway Co. Chespesse Railway Co. Chespesse Railway Co. Fuel Convergence Raperse Co. Fuel Southern Rainers Kallway Co. Fuel Southern Rainers Kallway Co. Fuel Southern Rainers Kallway Co. Fuel Southern Rainers Kallway Co. Fuel Southern Fuel Southern Rainers Kallway Co. Fuel Southern Fuel Southern Rainers Kallway Co. Fuel Sout											• -	50
Waterin Maryland Railowy Co. First Nortage 10-1-89 4.85 1.550 500 400 500 75 - Zolal Trensportation Dath Obligations 4.70 \$10,019 \$ 3,288 \$2,544 \$ 3,783 \$250 \$100 ALLEACO EQUIPMENT ONLIATIONS Equipment Trust 11-45/77 \$1/4 4.75 \$1.485 \$550 - </td <td>Southern Railway Co.</td> <td></td> <td>6-1-88</td> <td></td> <td></td> <td>1,685</td> <td>600</td> <td>400</td> <td></td> <td></td> <td>50</td> <td>-</td>	Southern Railway Co.		6-1-88			1,685	600	400			50	-
Miscillanesis Relifered Boods Bood Various Various 4,21 42 - 42* - - - - Total Transportation Rabit Obligations 4,70 510,019 5 3,288 5,464 5 3,723 \$250 \$100 ACT Industries, Inc. Bestpment Trust 11-463/71 4,17 5,168 550 -			10-1-89				500	400		75		75
ALLAOD PQUIFERT OblicAtions Equipment Truet 1-1-63/75 4.75 1.465 9 500		Bond	Various	Various	4.31			42*				
A.F. Industries, Inc. Equipment Trust 11-55/75 4.74 4.75 5.50 3.85 5.50 - - - Chesspeake 5 Ohlo Railuy Co. Cond. Sale 11-55/75 4.35 1.76 6.63 4.62 - <t< td=""><td>Total Transportation Debt Obligations</td><td></td><td></td><td></td><td>4.70%</td><td>\$10,019</td><td>\$ 3,288</td><td>\$ 2,434</td><td>\$ 3,723</td><td>\$250</td><td>\$100</td><td>\$224</td></t<>	Total Transportation Debt Obligations				4.70%	\$10 , 019	\$ 3,288	\$ 2,434	\$ 3,723	\$250	\$100	\$224
ACF Industries, Inc. Equipment Trust 11-1-55/73 4 3/4 4,75 \$ 1,635 \$ 550 385 \$ 550 - - ACF Industries, Inc. Equipment Trust 11-1-55/73 4/3 4,75 \$ 1,853 \$ 1,770 6328 462 - - Cheaspeake 6 Okto Railuy Co. Cond. Sale 11-1-55/73 4/4 4,55 1,732 6328 462 - - - Cheaspeake 50. Equipment Trust 31-1-55/73 4/4 4,55 1,732 650 - 75 -	RAILROAD EQUIPMENT OBLIGATIONS)				
AFT industries, Inc. Equipment Trust 1-1-5-5/77 4/8 4/875 684 4/22 -		Equipment Trust	11-1-65/75	4 3/4	4.75	\$ 1,485	\$ 550	\$ 385	\$ 550	-	-	
Chesspeak 6 Obio Railway Co. Chicago, Misauke, St. Paul 6 Pacific Railroad Co. Fruit Growers Express Co. Equipment Trust 5-1-65/67 4,40 4.40 150 75 - Fruit Growers Express Co. Equipment Trust 5-1-65/67 4,40 4.40 150 75 - Fruit Growers Express Co. Equipment Trust 5-1-65/77 4,70 4.70 500 230 - Fruit Growers Express Co. Equipment Trust 5-1-66/77 4,70 4.70 500 230 - Fruit Growers Express Co. Equipment Trust 5-1-66/77 4,70 4.70 500 230 - Fruit Growers Express Co. Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,675 675 400 600 - Equipment Trust 7-18-54 4.5/8 4.59 1,600 690 450 - Fruit Grower Satte 11-15-77 4.55 4.55 1,50 - New York Central Railroad Co. Equipment Trust 7-15 4.7/8 4.7/8 5.15 50 - New York Central Railroad Co. Equipment Trust 7-157 4.7/8 4.50 1,200 400 170 200 30 - North American Car Corp. Equipment Trust 1-15-77 4.50 4.50 1,200 400 300 400 60 - St. Louis-San Francisco Railway Co. Cond. Sate 157/7 4.1/4 4.50 957 ^d 255 ^d 4.50 1,202 500 - St. Louis-San Francisco Railway Co. Cond. Sate 157/7 4.1/4 4.50 957 ^d 255 ^d 4.50 1,202 500 - St. Louis-San Francisco Railway Co. Cond. Sate 157/7 4.1/4 4.50 957 ^d 255 ^d 4.50 1,202 500 - St. Louis-San Francisco Railway Co. Cond. Sate 157/7 4.1/4 4.50 957 ^d 255 ^d 4.50 1,202 500 - St. Louis-San Francisco Railway Co. Cond. Sate 157/7 4.1/4 4.50 957 ^d 255 ^d 4.50 - Southern Fruit Express Co. Equipment Trust 1-1-63/7 4.45 4.50 948 5.50 - Total Railroad Co. State Employees Retirement Fund 5623,333.33 State Employees Retirement Fund 5623,032.57 Fublic Employees Retirement Fund 5624,016.57 Fublic Employees Retirement Fund 5624,016.57 Fublic Employe		• •							-	-	-	-
Chicago, Milesukes, St. Paul 6 Pacific Railroad Co. Pruit Growers Express Co. Pruit Growers Express Co. Full Growers Express Co. Full Growers Express Co. Full Growers Express Co. Full Growers Express Co. Gaugement Trust $5-1-63/67$ 4,40 4,40 150 73 75-65/4 3/4 4,75 1,537 450 450 450 450 450 9100 General American Transportation Corp. General American Transportation Corp. General American Transportation Corp. General American Transportation Corp. We York Chicago and St. Louis Railroad Co. New York Chicago and St. Louis Railroad Co. New York Chicago and St. Louis Railroad Co. St. Louis-Sam Francisco Railway Co. Genderal American Carp. Sequement Trust $2-15-63/4$ 1/2 4,50 4,50 4,50 4,50 4,50 4,50 - 1-2-15-79 4,50 4,50 4,50 4,50 4,50 4,50 4,50 4,50						1.767 ^a	653 ^a		653 ^a		-	-
Prict Crovers Express Co. Fruit Crovers Express Co. Equipment Trust 5-1-65/4 3/4 4,70 500 250 - 250	Chicago, Milwaukee, St. Paul									-	-	-
Pruit Crowers Express Co. Equipment Trust 5-1-68/77 4.70 4.70 500 250 - </td <td></td> <td>Equipment Trust</td> <td>5-1-65/67</td> <td>4.40</td> <td>4.40</td> <td>150</td> <td>75</td> <td></td> <td>75</td> <td>-</td> <td>-</td> <td>-</td>		Equipment Trust	5-1-65/67	4.40	4.40	150	75		75	-	-	-
Fruit Crovers Express Co. Equipment Trust 12-15-65/ 4 3/4 4.75 1,537 450 450 \$110 - General American Transportation Corp. Equipment Trust 7-18-64 4 5/8 4.59 1,675 675 600 600 - <td></td> <td>• • •</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td>-</td>		• • •						-		-	-	-
Kanase City Southern Railway Co. Cond. Sale $1-2-5-63/{1/2}$ 4.50 $2,020^{\circ}$ 690° 640° 690° $ -$ New York Central Railroad Co. Equipment Trust $2-15-71$ 4.75 5.00 950 500 450 $ -$ <th< td=""><td></td><td></td><td>12-15-65/</td><td></td><td></td><td></td><td></td><td>450</td><td></td><td>\$110</td><td>-</td><td>\$77</td></th<>			12-15-65/					450		\$110	-	\$77
New York Central Railroad Co. Equipment Trust 2-15-76 72,74 5.00 950 500 450 - <td>General American Transportation Corp.</td> <td>Equipment Trust</td> <td>7-18-84</td> <td>4 5/8</td> <td>4.59</td> <td>1,675</td> <td>675</td> <td>400</td> <td>600</td> <td>-</td> <td>-</td> <td>-</td>	General American Transportation Corp.	Equipment Trust	7-18-84	4 5/8	4.59	1,675	675	400	600	-	-	-
New York Cantral Railroad Co. Equipment Trust $72/74$ 175 510 500	Kansas City Southern Railway Co.	Cond. Sale		4 1/2	4.50	2,020 ^c	690 ^c	640 ^c	690 ^c	-	-	-
New York, Chicago and St. Louis Railroad Co. Cond. Sale 11-15-69/ 5-15-73 4.55 1,800 690 420 690 - - North American Car Corp. Equipment Trust 4-15-68/ 10-15-73 4.40 4.40 600 200 170 200 30 - North American Car Corp. Equipment Trust 4-15-73/ 4-15-73 4.50 1,200 400 340 400 60 - St. Louis-San Francisco Railway Co. St. Louis-San Francisco Railway Co. Cond. Sale Cond. Sale 1-2-73/ 12-257 4.3/4 4.75 1,623° 600° 425° 598° - - Southern Pacific Co. Western Fruit Express Co. Total Railmond Equipment Trust 2-1-71/73 4.25 4.85 4.85 1.130 330 - 220 580 -	New York Central Railroad Co.	Equipment Trust	72,74				500	450		-	₹.	-
Railroad Co. $5-15-79$ North American Car Corp.Equipment Trust $4-15-68/$ 4.40 600 200 170 200 30 $-$ North American Car Corp.Equipment Trust $4-15-73/$ 4.50 $1,200$ 400 340 400 60 $-$ St. Louis-San Francisco Railway Co.Cond. Sale $1-2-65//$ $43/4$ 4.75 $1,623^{e}$ 600^{e} 295^{d} 369^{d} $ -$ Southern Pacific Co.Equipment Trust $2-1-71/73$ 4.25 4.50 985 450 $ 500$ 35 $-$ Southern Pacific Co.Equipment Trust $2-1-71/73$ 4.25 4.50 985 450 $ 500$ 35 $-$ Total Railroad Equipment Obligations $4.15-31/4$ 4.55 4.20^{e} 5.596^{e} $57,223$ $$2235$ $-$ Total CorPoRATE OBLIGATIONS 4.667 $$132,119$ $$44,010.5$ $$31,592$ $$48,408$ $$2,156.5$ $$402$	New York Central Railroad Co.	Equipment Trust	6-1-73	4 7/8	5.15	50	-	X -	-	-	-	50
North American Car Corp. Equipment Trust $4-15-77$ 4.50 4.50 1,200 400 340 60 - 10-15-77 4.50 4.50 1,200 400 340 60 - St. Louis-San Francisco Railway Co. Cond. Sale $6-1-65/72$ 41/4 4.50 957 ^d 295 ^d 295 ^d 295 ^d 295 ^d 368 ^d - 1-2-77 5 200 598 ^c - Southern Pacific Co. Equipment Trust $2-1-71/73$ 4.25 4.50 985 450 - Western Fruit Express Co. Equipment Trust $1-1-63/7$ 4.85 4.85 1.130 330 200 580 - Total Railroad Equipment Obligations 4.662 \$132,119 \$48,103.5 \$31,592 \$48,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5653,333.36}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5653,333.36}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5653,333.36}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5653,333.36}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{Total $1,766,818.25}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{592,686.21}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{592,686.21}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{592,636.21}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{592,686.21}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund $\frac{5623,686.21}{592,686.21}$ c. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retire	Railroad Co.	Cond. Sale	5-15-79		4.55	1,800	690	420	690		-	
North American Car Corp. Equipment Trust 4-15-73/ 10-15-77 4.50 1,200 400 340 400 60 - St. Louis-San Francisco Railway Co. St. Louis-San Francisco Railway Co. St. Louis-San Francisco Railway Co. St. Louis-San Francisco Railway Co. Cond. Sale Cond. Sale 61-65/72 4 1/4 4.50 957 ^d 295 ^d 295 ^d 295 ^d 368 ^d - -	North American Car Corp.	Equipment Trust		4.40	4.40	600	200	170	200	30	-	-
St. Louis-San Francisco Railway Co. Cond. Sale 1-2-63/ 1-2-77 4.3/4 4.75 1,623 ^e 600 ^e 425 ^e 598 ^e - - Southern Pacific Co. Equipment Trust 2-1-71/73 4.25 4.50 985 450 - 500 35 - Western Fruit Express Co. Equipment Trust 1-1-63/ 1-1-63/ 7-1-75 4.85 4.85 1,130 330 220 580 - - - Total Railroad Equipment Obligations 4.71% \$21,045 \$7,874 \$5,596 \$7,213 \$235 - TOTAL CORPORATE OBLIGATIONS 4.662 \$132,119 \$48,103.5 \$31,592 \$48,408 \$2,156.5 \$402	North American Car Corp.	Equipment Trust	4-15-73/	4.50	4.50	-				60	- '.	
Southern Pacific Co. Equipment Trust 2-1-71/73 4.25 4.50 985 450 - 500 35 - Western Fruit Express Co. Equipment Trust 1-1-63/ 4.85 1,130 330 - 220 580 - <t< td=""><td></td><td></td><td></td><td></td><td></td><td>957^d</td><td></td><td></td><td></td><td>-</td><td>-</td><td>-</td></t<>						957 ^d				-	-	-
Western Fruit Express Co. Equipment Trust 1-1-63/ 7-1-75 4.85 4.85 1,130 330 1 220 580 - - Total Railroad Equipment Obligations 4.85 1,130 330 1 220 580 - - - Total Railroad Equipment Obligations 4.71% \$21,045 \$7,874 \$5,596 \$7,213 \$235 - TOTAL CORFORATE OBLIGATIONS 4.66% \$132,119 \$48,103.5 \$31,592 \$448,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: 4. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$294,791.10 \$294,791.10 \$294,791.08 \$294,791.08 \$294,791.08 \$367,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$402 \$367,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 \$37,730.25 </td <td></td> <td></td> <td>1-2-77</td> <td>-</td> <td></td> <td></td> <td></td> <td>425^e</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>			1-2-77	-				425 ^e	-	-	-	-
Total Railroad Equipment Obligations 7-1-75 4.713 \$21,045 \$7,874 \$5,596 \$7,213 \$235 \$- 4.713 \$21,045 \$7,874 \$5,596 \$7,213 \$235 \$- TOTAL CORPORATE OBLIGATIONS a. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$653,333.33 \$- State Employees Retirement Fund \$653,333.43 \$- Total \$1,766,818.25 \$- b. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$653,333.43 \$- Total \$1,766,818.25 \$- b. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$623,686.21 \$-								220			-	-
TOTAL CORPORATE OBLIGATIONS 4.66% \$132,119 \$48,103.5 \$31,592 \$48,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: 948,103.5 \$31,592 \$48,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: 948,103.5 \$31,592 \$48,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: 948,103.5 \$31,592 \$48,408 \$2,156.5 \$402 a. Rounded to nearest thousand; actual holdings are as follows: 9460,151,58 940110 \$294,791.10 \$294,791.08 State Employees Retirement Fund \$653,333.34 Teachers' Retirement Fund \$367,730.51 \$367,730.51 Total \$1,766,818.25 Total \$957,312.69 \$957,312.69 b. Rounded to nearest thousand; actual holdings are as follows: 9ublic Employees Retirement Fund \$424,910.00 b. Rounded to nearest thousand; actual holdings are as follows: 9ublic Employees Retirement Fund \$424,910.00		Equipment Ilust		4.05	940.1			1			<u> </u>	
a. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$653,333.33 State Employees Retirement Fund \$460,151.58 Teachers' Retirement Fund <u>\$653,333.34</u> b. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund <u>\$653,333.34</u> Total \$1,766,818.25 b. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$623,686.21 b. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$623,686.21 Fublic Employees Retirement Fund \$623,686.21	Total Railroad Equipment Obligations				<u>4.71</u> %	\$21,045	\$ 7,874	<u>\$ 5,596</u>	\$ 7,213	\$235	_	\$127
Public Employees Retirement Fund \$653,333.33 Public Employees Retirement Fund \$294,791.10 State Employees Retirement Fund \$460,151.58 State Employees Retirement Fund \$294,791.08 Teachers' Retirement Fund \$653,333.34 Teachers' Retirement Fund \$294,791.08 Teachers' Retirement Fund \$253,333.34 Teachers' Retirement Fund \$367,730.51 Total \$1,766,818.25 Total \$957,312.69 b. Rounded to nearest thousand; actual holdings are as follows: e. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$423,686.21 Public Employees Retirement Fund \$424,910.00	TOTAL CORPORATE OBLIGATIONS				4.66%	\$132,119	\$48,103.5	\$31,592	\$48,408	\$2,156.5	\$402	\$1,457
Public Employees Retirement Fund \$653,333.33 Public Employees Retirement Fund \$294,791.10 State Employees Retirement Fund \$460,151.58 State Employees Retirement Fund \$294,791.08 Teachers' Retirement Fund \$653,333.34 Teachers' Retirement Fund \$294,791.08 Teachers' Retirement Fund \$294,791.08 \$294,791.08 Teachers' Retirement Fund \$297,730.51 Total \$1,766,818.25 Total b. Rounded to nearest thousand; actual holdings are as follows: e. Rounded to nearest thousand; actual holdings are as follows: Public Employees Retirement Fund \$623,686.21 Public Employees Retirement Fund				4								
State Employees Retirement Fund \$460,151.58 State Employees Retirement Fund \$294,791.08 Teachers' Retirement Fund \$653,333.34 Teachers' Retirement Fund \$367,730.51 Total \$1,766,818.25 Total \$957,312.69 b. Rounded to nearest thousand; actual holdings are as follows: e. Rounded to nearest thousand; actual holdings are as follows: public Employees Retirement Fund \$424,910.00				d								
Public Employees Retirement Fund \$623,686.21 Public Employees Retirement Fund \$424,910.00	State Employees Retirement Fund Teachers' Retirement Fund	\$460,151.58 \$653,333.34			5	State Emplo	oyees Retirement F Retirement Fund	und \$294 \$367	791.08 730.51			,
Teachers' Retirement Fund \$609,329.74 Teachers' Retirement Fund \$598,120.00 Total \$1,731,964.92 Total \$1,622,900.00	Public Employees Retirement Fund State Employees Retirement Fund Teachers' Retirement Fund	\$623,686.21 \$498,948.97 <u>\$609,329.74</u>		e	H	Public Empl State Emplo	loyees Retirement : oyees Retirement F Retirement Fund	Fund \$424, und \$599, \$598,	,910.00 ,870.00 ,120.00	·		

* Purchased 1930-1951.

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Schedule V (continued)

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Schedule VI

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND AND RETIREMENT FUNDS December 31, 1964

PERMANENT SCHO	OL FUND		RETIREMENT F	UNDS
Dollar Amount (000)	%	CLASSIFICATION BY CORPORATE TYPE	Dollar Amount (000)	%
		Public Utility Obligations		
\$18,028	28.06%	Electric	\$ 36,117	27.
6,100	9.50	Gas pipeline & distribution	25,753	19.
5,500	8.56	Telephone	7,160	5.
		Water	1,000	0.
\$29,628	46.12%	Total Public Utility Obligations	\$ 70,030	53.
		Other Obligations		
\$ 2,200	3.43%	Finance	\$ 2,975	2.
17,400	27.08	Industrial	28,050	21.
4,700	7.32	Transportation	10,019	7.
10,315	16.05	Railroad equipment	21,045	15.
\$34,615	53.88%	Total Other Obligations	\$ 62,089	46.
\$64,243	100.00%	TOTALS	\$132,119	100.
		DISTRIBUTION BY REDEMPTION FEATURE		
\$10,315	16.06%	Noncallable	\$ 20,370	15.
23,200	36.11	5-year or more call or refunding protection	19,960	15.
10,000	15.57	l-year to 5-year call or refunding protection	58,194	44.
20,728	32.26	More than coupon at time of purchase	16,418	12.
		Coupon at time of purchase	16,995	12.
	خم 	Less than coupon at time of purchase and miscellaneous	182	•
\$64,243	100.00%	TOTALS	\$132,119	100.

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COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS

December 31, 1964

PERMANENT	SCHOOL	FUND
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RETIREMENT FUNDS

	MI SCHOOL FUND	,					THI LONDS			
Shares	Cost	Company	Total shares	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund	Public Employees Police & Fire Fund	State Police Officer's Retirement Fund	Highway Patrolmen's Retirement Fund	Total Cost
		CONSUMER-ORIENTED STOCKS								
		Utilities						20 . 1		
		Electric								
6000	\$ 159,646.44	Allegheny Power System	13300	4500	3800	5000	-) -	-	\$ 332,487.28
4030	164,606.90	American Electric Power	9577	3354	2354	3869	-	<u>∦</u> –	-	342,922.06
3000	135,081.25	Central & South West	7800	2500	2500	2500	200	100	-	332,464.51
6000	158,500.00	Cincinnati Gas & Electric	13000	4000	4000	5000	. –		-	317,709.63
3045	146,013.54	Commonwealth Edison	11514	3875	3565	3872	202	r -	-	521,208.93
1800	153,305.07	Consolidated Edison	. 6100	2000	1900	2000	200	-	-	497,965.26
3000	148,429.97	Consumers Power	9100	3500	2200	3200	200	-	-	402,053.54
4500	150,125.00	Detroit Edison	8900	3000	2500	3000	-		400	274,189.58
3000	219,906.19	Florida Power & Light	5700	2000	1500	2000	200	∦ −	-	406,245.95
3500	117,812.50	General Public Utilities	10412	3600	3000	3500	-	₩ -	312	328,363.45
3000	137,517.50	Houston Lighting & Power	8700	2800	2300	3600	-	-	-	324,023.92
4000	137,250.00	Indianapolis Power & Light	8200	3000	2200	3000	-	- ·	-	259,333.35
4500	117,562.50	Interstate Power	8832	3088	2088	3133	314	209	— ,	218,009.93
3500	151,268.80	Kansas City Power & Light	9500	3500	3000	3000	-	1 -	-	386,919.50
4000	147,250.00	Louisville Gas & Electric	7500	2500	2000	3000	-	¥ -	-	244,547.13
4500	194,270.00	Middle South Utilities	8100	3000	2000	2500	400	100	100	326,708.55
2000	84,047.70	Minnesota Power & Light	6800	2000	2000	2500	-	-	300	284,145.90
4500	161,313.32	Northern States Power	9100	3000	2500	2800	300	100 .	400	302,889.86
2500	125,546.30	Ohio Edison	6700	2500	1700	2500	-	∮ –	-	327,381.91
-	-	* Otter Tail Power	10800	3800	2600	3900	500		-	262,512.50
4500	144,753.80	Pacific Gas & Electric	11100	3500	3000	4000	600	- 1	-	359,503.93
4175	121,170.00	Public Service of Colorado	. 9715	3125	2625	3650	-	- 1	315	266,327.09
3600	152,364.63	Public Service of Indiana	6000	2000	1400	2300	-	- 1	300	235,992.15
4500	145,832.98	Southern California Edison	11900	4000	3000	4000	400	» –	500	370,565.89
2500	140,750.00	Southern Company	7500	2500 [°]	2000	2500	200	100	200	403,404.83
3000	174,323.50	Texas Utilities	7000	2300	2000	2500	200	<u> </u>	-	360,559.42
-	_ -	* Tucson Gas & Electric	12400	4400	3200	4400	400	-	-	271,308.02
3500	135,812.50	Utah Power & Light	8500	3000	2200	3000	-		300	313,873.80
5000	226,106.72	Virginia Electric & Power	11000	3500	3300	3750	150	-	300	461,424.89
-	· -	* Washington Water Power	8600	3000	2600	3000	-	-	-	211,121.39
-		* Wisconsin Power & Light	10500	4000	2500	4000	-		_ ·	247,618.50
8000	180,625.00	Wisconsin Public Service	14200	5000	4000	4200	500	-	500	302,239.80
	\$4,231,192.11	Total Electric						1		\$10,496,022.45

PERMANENT SCHOOL FUND

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RETIREMENT FUNDS

Shares	Cost	Company	Total Shares	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund	Public Employées Police & Fire Fund	State Police Officers Retirement Fund	Highway Patrolmen's Retirement Fund	Total Cost
1300	\$ 46,086.00	<u>Gas</u> Arkansas Louisiana Gas	3500	1500	1000	1000	_1	-	-	\$ 132,357.50
_	-	* Minneapolis Gas	7500	2500	2000	2600	200	100	100	284,151.00
2000	141,273,17	Panhandle Eastern Pipe Line	3824	1500	1107	1012	200 205	-	_	272,841.16
3125	132,619.12	Peoples Gas Light & Coke	7000	2500	1875	2500		-	125	293,997.63
-		* Tennessee Gas Transmission	15769	4886	4575	4886	507	305	610	335,430.37
-	-	* Transcontinental Gas Pipe Line	11000	4000	3000	4000	-1	-	-	221,125.00
2000	71,746.90	United Gas	8700	3000	2500	3000	200	-	-	321,181.16
	\$ 391,725.19	Total Gas	k s Nji L				Į.			\$ 1,861,083.82
		Telephone-Telegraph								
4100	\$ 276,972.61	American Telephone & Telegraph	16862	5510	5150	5510	336 500	42	314	\$ 1,049,531.68
2500	91,358.44	General Telephone & Electronics	3400	900	1000	1000	50 ⁰ 0	. –	-	125,002.22
-	-	* Western Power & Cas	2010	1005	500	505		-	-	84,187.50
	\$ 368,331.05	Total Telephone-Telegraph					-			\$ 1,258,721.40
	\$4,991,248.35 \$4,991,248.35	Total Utilities	and an and and and and and and and and a						·	\$13,615,827.67
		Financial Services	1							
		Banks	4							
2700	\$ 179,372.50	Chase Manhattan	6350	2300	1950	2100	-1	-		\$ 333,940.00
1400	117,700.00	Citizens & Southern National	4300	1600	1100	1600	-1	-	-	332,100.00
3500	150,750.00	Continental Illinois National	7100	2900	1300	2700	200	-	-	310,675.00
6000	229,680.00	First Bank Stock	<u>ı</u> 13500	4600	3400	4700	400	200	200	442,304.02
_	-	First National (Boston)	2700	1000	700	1000	-)	-	-	241,185.00
1814	207,117.50	First National City (N.Y.)	2754	1020	714	1020		-	-	294,100.00
1500	171,287.50	Morgan Guaranty Trust	1940	750	440	750		-	-	224,269.96
2480	136,292.50	National City (Cleveland)	5170	1573	1210	2057	330	100	-	251,374.00
4400	216,122.81	Northwest Bancorporation	10500	3400	3100	3400	300	100	200	469,257.67 387,133.92
2100	172,757.50	Security First National (L.A.)	5180	1772	1536	1872	_	-	118	318,792,54
2000	126,795.45	Valley National (Arizona)	6075	2087	1833	2037	1	-	-	384,725.58
3375	168,456.43	Wells Fargo	9550	3125	3100	3325	-	_	300	484,954.70
5000	206,498.91 \$2,082,831.10	Western Bancorporation Total Banks	12800	4500	3500	4000	500		300	\$ 4,474,812.39
		Finance	ŧ.				220	_ ,	-	\$ 340,965.81
2/50	¢ 190 779 22	<u>Finance</u> Beneficial Finance	6450	2150	1930	2150	220 300	-	200	476,632.50
3450	\$ 180,778.33	* Investors Diversified Services "A"	8800	3000	2300	3000	300		200	\$ 817,598.31
-	\$ 180,778.33	* Investors Diversified Services A Total Finance		5000	2500					. ,

PERMANENT SCHOOL FUND

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Public State Pub Employees Employees Teachers' Emp1 Poli Total Retirement Retirement Retirement Shares Fire Cost Company Fund Fund Fund Shares Insurance Continental Casualty 2800 \$ 224,000.00 2000 1500 2000 5820 1100 150,312.50 General America 2700 1000 700 1000 104,062.50 3305 1500 1224 1020 1010 Hartford Fire 2200 800 900 500 47,000.00 Insurance Co. of North America 500 137,325.00 3000 Northwestern National Life 5800 2000 1300 2000 2500 165,100.00 St. Paul Fire & Marine 7825 2900 2000 2575 3500 168,050.00 Travelers 8500 2800 2500 3200 995,850.00 Total Insurance Ŝ \$3,259,459.43 Total Financial Services Consumers Goods Containers 1500 66.740.70 4600 2000 1100 1500 American Can Ś 2500 2000 2300 2000 7000 90,025.96 Continental Can 156,766.66 Total Containers \$ Food-Beverage Campbell Soup 8500 3500 1800 3000 3200 \$ 123,062.08 1200 1300 154,203.89 3200 1200 800 Coca-Cola 2500 2200 2300 145,887.31 Corn Products 6700 2000 1000 3500 1000 1000 1500 60,899.10 Frito-Lay 1000 1200 1300 3500 900 109,365.75 General Foods * Green Giant 7000 2500 2000 2500 2300 2100 2500 138,349.80 Pepsi-Cola 6600 1900 \$ 731,767.93 Total Food-Beverage Printing-Publishing 12239 4151 3631 4151 4630 132,299.01 Donnelley (R. R.) 1700 1500 1700 4900 * Dun & Bradstreet 2500 75,902.27 Prentice-Hall 10000 3400 2900 3400 4500 * Western Publishing 12700 4000 3700 208,201.28 Total Printing-Publishing S

Schedule VII (continued)

RETIREMENT FUNDS

olic loyees ice & 2 Fund	State Police Officers Retirement Fund	Highway Patrolmen's Retirement Fund	Total Cost
200 51 200	- - - - -	120 - - 500 150 -	\$ 474,872.50 342,137.50 221,525.00 186,814.28 262,275.00 462,027.25 344,774.80 \$2,294,426.33
_ 200	-	-	\$7,586,837.03 \$201,999.63 <u>305,176.28</u> \$507,175.91
200 - 500 200 - 200		200	<pre>\$ 261,880.90 319,578.60 350,619.64 149,920.12 291,604.84 256,875.00 342,763.21 \$1,973,242.31</pre>
306 - 300 500	-	- - - -	\$ 285,634.67 305,525.00 300,291.02 <u>384,425.00</u> \$1,275,875.69

PERMANENT SCHOOL FUND

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RETIREMENT FUNDS

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Shares		Company Retail Trade	Total Shares	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund	Public Employees Police & Fire Fund	State Police Officers Retirement Fund	Highway Patrolmen's Retirement Fund	Total Cost
3200 1000	\$ 120,996.46	Great Atlantic & Pacific Tea	4117	1236	1030	1545	-	100	206	\$ 172,674.59
3500	39,761.90 181,801.00	Montgomery Ward	-	-	-	-	- 1	-	-	-
4100	102,868.33	Penney (J. C.) Red Owl Stores	6500	2000	1500	2500	300	-	200	321,318.47
2500	257,970.27	Sears, Roebuck	10400 . 6350	4000 2200	3000	3000	400	-	-	263,478.31 554,766.38
	-	* Super Valu	ده ده ۱۱۵۵۵ د	3500	1800 3500	2100 3800	200 500	50 -	-	312,230.00
	\$ 703,397.96	Total Retail Trade	11300	3300	3300	3800	200	-		\$ 1,624,467.75
4500 1500 1500	\$ 142,715.65 121,360.90 59,705.65 \$ 323,782.20	<u>Miscellaneous</u> Cillette Procter & Gamble Scott Paper Total Miscellaneous	10500 4800 7800	3500 1600 2500	2600 1500 2000	3500 1600 3000	300 - 300	- 50 -	600 50 -	\$ 369,993.50 382,190.70 <u>274,904.63</u> \$ 1,027.049.23
	\$ 2,123,916.03	Total Consumers Goods								\$ 6,407,810.89
	\$10,374,623.81	TOTAL CONSUMER-ORIENTED STOCKS								\$27,610,475.59
2000	\$ 185,480.93	RESEARCH STOCKS Chemical & Drug								. •
3000 2000	126,523.99	American Cyanamid American Home Products	6900	2100	2200	2300	300	-	-	\$ 411,580.67
1500	107,085.15	American Home Products Dow Chemical	5400	2000	1500	1900	-	100	200	334,484.54 271,248.74
600	134,898.81	Du Pont (E. I.) De Nemours	3700 2640	1100 900	1000 900	1300 700	- 60	30	200 50	508,736.50
1225	145,932.92	Eastman Kodak	÷ 4540	1850	1240	1450	-	-	-	492,333.93
3500	148,944.41	Hercules Powder	7500	2300	1900	2600	300	-	400	327,589.07
2700	90,038.00	Merck	10500	3900	2400	3900	300	-	-	339,793.92
2468	149,988.49	Monsanto	8137	2926	2080	2927	204	-	-	395,039.99
2500	123,887.52	Pfizer (Chas.)	8200	3000	2500	2500	200	-	-	395,170.02
1500	92,452.56	Searle (G. D.)	1500	500	500	500	- 1	-	-	91,200.52
1800	212,692.78 151,731.08	Union Carbide	4000	1600	1100	1300	- 1	-	-	461,961.62
3000	\$ 1,679,656.64	Upjohn Total Chemical & Drug	8500	3000	2500	3000	-)		-	372,251.56 \$ 4,401,391.08
750	\$ 321,606.25 \$ 321,606.25	Office Equipment International Business Machines Total Office Equipment	2368	800	700	775	56	12	25	\$ 913,463.95 \$. 913,463.95

PERMANENT SCHOOL FUND

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RETIREMENT FUNDS

<u>Shares</u> 1000 3000	<u>Cost</u> \$ 217,712.11 <u>189,656.87</u> \$ 407,368.98	<u>Company</u> <u>Miscellaneous</u> Corning Glass Works Minnesota Mining & Manufacturing Total Miscellaneous	Total <u>Shares</u> 2400 7650	Public Employees Retirement Fund 800 2300	State Employees Retirement Fund 600 2500	Teachers' Retirement Fund 1000 2500	Public Employees Police & Fire Fund - 250	State Police Officers Retirement Fund -	Highway Patrolmen's Retirement Fund 100	Total Cost \$ \$432,399.56 458,845.32 \$ \$891,244.88
	\$2,408,631.87	TOTAL RESEARCH STOCKS)							\$6,206,099.91
4800 1500 4000 4100 2600 8500 3608 5200	<pre>\$ 255,586.32 97,043.89 173,332.42 315,542.14 161,622.55 300,812.49 297,235.40 394,892.77</pre>	Petroleum Gulf Oil Kern County Land Louisiana Land & Exploration Socony Mobil Oil Standard Oil (California) Standard Oil (Indiana) Standard Oil (New Jersey) Texaco	12000 4400 8800 12400 7510 18200 10822 11765	4000 1600 2600 4500 2600 6000 3508 4050	3500 1300 3200 3000 2100 5500 2708 3620	4000 1500 2800 4400 2810 6000 4006 3675	300 - - 300 - 400 300 210	200 100 - 100	200 ² - 100 - 300 200 210	<pre>\$ 548,712.87 301,653.18 341,375.44 736,267.86 470,084.09 608,382.36 642,450.11 787,843.84</pre>
	\$1,996,068.98	TOTAL NATURAL-RESOURCES STOCKS								\$4,436,769.75
1720 3500 4000 2500	<pre>\$ 105,079.36 188,164.00 322,550.72 94,792.75 \$ 710,586.83</pre>	DURABLES STOCKS <u>Automobiles & Automobile Parts</u> Chrysler Ford Motor General Motors Gould-National Batteries Total Automobiles & Automobile Parts	2964 13600 16725 7500	920 4500 5500 2500	1020 4300 5000 2500	920 4300 5500 2500	104 200 300 -	- 100 125 -	200 300	\$ 174,566.73 640,348.14 1,088,989.75 <u>310,778.30</u> \$2,214,682.92
3300 1000	\$ 283,456.38 135,041.50 \$ 418,497.88	<u>Electrical & Electronic Equipment</u> General Electric Honeywell Total Electrical & Electronic Equipment	8200 3500	2500 1200	2300 800	2900 1400	250 -	50 -	200 100	\$ 640,161.52 402,638.06 \$1,042,799.58
6000 2000 3000 2500	<pre>\$ 170,624.43 102,184.59 131,067.55 165,518.81 \$ 569,395.38</pre>	<u>Machinery</u> Caterpillar Tractor Clark Equipment Deere International Harvester Total Machinery	12200 2800 6200 5500	4000 1000 2000 2000	3800 1000 2000 1500	4000 500 2000 2000	200 300 200 -	200	- - -	\$ 333,245.33 144,488.61 271,948.74 <u>270,492.97</u> \$1,020,175.65

Schedule VII (continued)

PERMANENT SCHOOL FUND

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RETIREMENT FUNI

Shares	Cost	Company	Total Share		State Employees Retirement Fund	Teachers' Retirement Fund	Public Employees Police & Fire Fund	State Police Officers Retirement Fund	Highway Patrolmen's Retirement Fund	Total Cost
3100 900 2500 3000	<pre>\$ 187,676.59 106,907.48 157,938.99 <u>120,537.60</u> \$ 573,060.66</pre>	Railroads Great Northern Norfolk & Western Southern Railway Union Pacific Total Railroads	* 7900 4900 9600 12600	1700 3500	2300 1300 3000 3500	2400 1800 3000 4300	100 100 200	100 100	100 400	\$ 481,340.07 494,302.95 514,286.45 439,700.59
1700 1400 3500	\$ 123,714.06 104,875.24 <u>136,126.53</u> \$ 364,715.83	Railroad Equipment ACF Industries General American Transportation Union Tank Car Total Railroad Equipment	3500 4700 9400	1500 1600 3100	1000 1300 2700	1000 1600 3100		200	200	\$ 1,929,630.06 \$ 251,461.84 336,467.34 <u>306,638.18</u> \$ 894,567.36
3500 1000	\$ 237,108.25 <u>43,882.38</u> \$ 280,990.63	<u>Steel</u> Armco Inland Total Steel	6800 9700	2500 3500	2000 2500	2000 3500	200 200	100 _	- - -	\$ 446,291.65 <u>398,751.20</u> \$ 845,042.85
5000 1900	\$ 116,765.20 <u>141,215.28</u> \$\$ 257,980.48	<u>Miscellaneous</u> Ideal Cement National Lead Total Miscellaneous	11100 5200	3500 1500	3000 1200	3500 2500	600	300	200	\$ 257,443.48 375,315.24 \$ 632,758.72
	\$ 3,175,227.69 \$17,954,552.35 15,189.84 \$17,939,362.51 1	TOTAL DURABLES STOCKS TOTAL COMMON STOCKS Less profit on stocks sold Net cost								\$ 8,579,657.14 \$46,833,002.39 \$46,833,002.39±

* These stocks have not been approved for investment in the Permanent School Fund.

+ Market valuation, as of 12-31-64, \$18,828,913.38.

<u>±</u> Market valuation, as of 12-31-64, \$54,475,440.27.

Schedule VII (continued)

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STATE OF MINNESOTA STATE BOARD OF INVESTMENT 115 State Capitol St. Paul, Minnesota 55101

June 1, 1965

SUPPLEMENT TO 1964 ANNUAL REPORT DISTRIBUTION OF SECURITIES BUSINESS

To: Members of the Minnesota Legislature and Investment Underwriters, Brokers, and Dealers

Robert E. Blixt, Executive Secretary' -From:

This supplement to the 1964 Annual Report is being included with a review of our investment operations because of interest in our placement of securities business expressed both by many legislators and numerous individuals associated with securities firms. Details concerning each transaction are provided to Board members and representatives of the press at each monthly meeting. The attached schedules list the firms doing business with the State. Accompanying descriptions review general policies followed by the investment department.

Discussions with various public fund managers have indicated that the distribution of securities business is a major problem to all public investment departments. It appears' that the ultimate recipients of the retirement funds and the beneficiaries of the State's school aids will be best served through the distribution of business on a price basis - - meaning the acceptance of competitive offerings and bids, on securities to be purchased or sold, from dealers known to be prime markets or to position these securities in the quantities desired by the State funds. During 1964 and early 1965, price has been the dominant factor in the distribution of our business in U.S. Treasury securities, all unlisted stocks, all corporate bonds purchased after the termination of underwriting syndicates, and a significant percentage of our listed stocks.

There are many types of securities transactions, however, in which a large number of dealers may provide the same merchandise at identical prices. This applies particularly to corporate bonds still in syndicate and to stocks that are purchased over-a major exchange. Factors involved in the placement of these orders include the size of participation by various dealers in the bond syndicates, the location of the offices of syndicate members (Minnesota dealers getting some preference), and the utility of research material provided by the various firms.

It is to be emphasized that the mention of any securities firm on a schedule in this supplement in no way signifies approval, endorsement, or license of such firm by any State agency. The regulation of securities and securities dealers in Minnesota is handled by the Securities Division, Department of Commerce, not by the State Board of Investment. This supplement is simply a listing of those firms with which the State conducted securities transactions during 1964.

We have been questioned concerning the possible loss which could result from the bankruptcy of any firm dealing with the State. It is presumed that the accounts would be protected in such an instance because the State pays for securities only after they are received, in good form, by banks in either New York or St. Paul for the State of Minnesota.

Brief résumés of our policies regarding transactions detailed in the accompanying schedules are as follows:

Schedule 1. U.S. Treasury Securities Transactions

During 1964, all purchases of U.S. Treasury securities were made on a competitive basis. Competitive offerings from the two largest St. Paul banks were re-

ceived on all U.S. Treasury securities purchase transactions of small-to-moderate size and of short maturity. Since mid-1964, sales have been handled on a comparable basis. In transactions of larger size and longer maturity, in which cases it is probable that Minnesota banks do not position the securities in appropriate quantities, competitive offerings or bids are sought from one of several Minnesota bank dealers and from prime market dealers, including two that now have offices in Minnesota. It is our usual policy to request offerings and bids from the bank which holds the funds to be invested or where the funds will be needed; therefore, the State's major depository bank is called in most instances. If the Minnesota bank contacted is able to equal the best price quoted by any other dealer, the transaction is completed through the Minnesota bank.

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Schedule 2. Private Placements of Fixed-Income Securities

These private placements, all of which must have received a rating of "A" or better by a recognized service, and which must meet definite statutory requirements, are negotiated and purchased through various investment bankers and dealers who are able to offer attractive issues. Such purchases must be made through the investment firms handling the placement for the particular corporation desiring the funds.

Schedule 3. Corporate Bonds Purchased at Time of Offering on a Designated Basis

Bonds in the amounts indicated on this schedule were purchased at times when the issues were readily available from the members of the winning syndicate or from those firms handling a negotiated issue. The right to sell most of these issues was won on a competitive basis; our orders were placed with those firms that took the underwriting risk and owned the bonds. Our allocations among these dealers were based on the usable research materials and other services provided the State's investment department, including the offerings of acceptable private placements, somewhat larger orders being placed with major participants in the syndicates, and with firms having offices in Minnesota.

Schedule 4. Corporate Bonds Purchased at or After Time of Offering Through Dealers Having Bonds Available

This schedule includes a listing of orders for bonds placed on the basis of availability, with consideration, when possible, of the factors mentioned in the previous paragraph. In certain instances, such purchases were of issues in great demand by institutional investors; in other cases, we decided to buy the bonds after a large portion had been sold by the members of the syndicate. These purchases were made on the basis of teletype offerings to our department or through firms that were known to have unsold balances of the issues involved.

Schedule 5. Corporate Bonds Purchased After Termination of Underwriting Syndicate

In purchasing bonds in the amounts indicated on this schedule, price was the sole determining factor. Upon the termination of the syndicates in question, the price of the bonds dropped to a level determined by the free market. We attempted to contact firms having sizable unsold balances, and purchased the bonds offered at the lowest price. Upon learning of the termination of a syndicate, we contacted the leading underwriters and members of the syndicate that had offices in the State of Minnesota. Other offerings were often solicited before the actual purchases were made.

Schedule 6. Corporate Bonds Purchased Through Secondary Offerings

These issues were purchased on the basis of offerings made to the State Board

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of Investment. In each instance, the offerings were checked as to price with other firms known to maintain a market in the same securities.

Schedule 7. Common Stock Purchases Allocated by Investment Department

These purchases, all of which were made over a major exchange or were completed in a secondary distribution, were allocated on the basis of service received by the State's investment department. In the placement of these orders, we favored those firms that provided research material most beneficial to our department or that furnished attractive private placements. During the past 4 years, we have been placed on the mailing list of practically every major investment banker and brokerage house in the United States. It is apparent that we do not have the time to evaluate, file. or read all this material; we have found it necessary to confine attention primarily to the reports from those firms that have provided particularly valuable information on a continuing basis during the past few years. Because the department is not of a size sufficient to handle the volume of incoming telephone calls that many investment firms would like to place, it has been necessary to discourage these calls and to place business on the basis of written and teletyped material and discussions with analysts. Orders are placed with smaller Minnesota firms and with certain securities dealers throughout the nation on the basis of specialized research materials and market information that appear to be of value to our program.

We should like to emphasize that the distribution of business listed under Schedule 7 does not indicate any future breakdown of common stock orders. As we compiled this listing, it was again apparent that several firms had not been adequately compensated for their services. We intend that future orders shall remedy these inequities.

Schedule 8. Common Stock Purchases Negotiated or Ordered on the Basis of Lowest Available Price

During 1964, no purchases were made of over-the-counter stocks until the offerings had been checked with two or more dealers. In handling these transactions, we attempted to contact organizations specializing in the particular stocks to be purchased.

This listing also includes several transactions that were executed on a major exchange. In these instances, we were notified of a particular block available at what appeared to be an attractive price and agreed to buy at a predetermined level.

The State funds also purchased substantial blocks of stocks from several large firms that buy and sell securities at a negotiated net price, usually at a definite saving to the customer when compared with the latest quotations on the major exchanges, including the standard commissions. This off-board, or "third" market, has proved to be very helpful, particularly in obtaining stocks that show comparatively low trading activity on the major exchanges. Our experience during 1964 and early 1965 indicates that savings on these transactions may approximate 3/8 of a point per share, or approximately \$375 per thousand shares. We realize that one reason for this may be the upward trend the market has experienced during 1964 and early 1965, with an accompanying tendency for stock orders to be executed at ever-increasing prices when placed on a major exchange. The indicated saving may not hold at a time of falling stock prices.

These off-board trades are handled on a competitive basis, 2-4 dealers being contacted simultaneously. We have noted that the dealers are practically always able to make markets in those stocks in which they specialize in the size needed by our State funds.

Another advantage of off-board transactions is that they allow the State to buy blocks of stock of appropriate size at one predetermined net price for all the various accounts. Because the State Board of Investment buys for the Permanent School Fund and six retirement funds, it is obviously advantageous to buy securities for several or all these funds at the same price. These transactions have also resulted in a saving in certain accounting procedures by minimizing the number of separate trades.

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Although most of our common stock transactions will undoubtedly be placed with firms that are members of major exchanges, in return for the many investment services we receive, we intend to continue the use of the third market in those instances where a distinct price advantage is apparent. We believe this demonstrates our desire to gain, for the State funds, some of the price considerations other institutional buyers get through reciprocity, which apparently has become so prevalent in the securities business. We have attempted to avoid personal or political favoritism by compensating those firms that have provided us with a definite service and by placing the remainder of the orders on the basis of price.

Schedule 9. Common Stock Sales

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The bank stock was sold on the basis of highest competitive price. The publishing stocks were sold on a designated basis.

Schedule 10. Minnesota Subdivision Bonds Sold

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The municipal bonds listed on this schedule were sold on the basis of competitive bids after the blocks for sale were advertised in a national and a local financial publication.

We are continuing to review our policies regarding the purchase and sale of securities, so as to make them more equitable. On the basis of an analysis of our departmental operations by a Legislative Interim Commission on Public Employee Retirement Funds, the 1965 Legislature passed a bill (Laws of Minnesota 1965, Chapter 306), which reads as follows:

"All securities purchased or sold by the state board of investment, except stocks listed or traded on a major United States stock exchange, securities bound by underwriting restrictions, or securities classified as private placements and offered only to a limited number of institutional investors, shall be purchased or sold on the basis of competitive offerings or bidsgreeeived from at least two firms known to specialize in the securities being traded and likely to position these securities in relevant quantities."

We welcome suggestions by legislators and by other public fund managers regarding the equitable distribution of our securities business. The members of the State Board of Investment, acting through the investment department, are trustees for the ultimate beneficiaries of the retirement funds, for the State's educational institutions, and for the citizenry of Minnesota. The ultimate good of these parties must be placed ahead of all other considerations.

Respectfully submitted,

Robert E. Blixt, Executive Secretary 🕾

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PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS January 1 - December 31, 1964

A. PURCHASES (in thousands)

Dealer	<u>1-30 days</u>	<u>31-90 days</u>	91 days- <u>1 year</u>	Over <u>1 year</u>	<u>Total</u>
American National Bank, St. Paul	\$ 2,325.0	\$ 6,190.0	\$ 8,725.0	\$ 210.0	\$ 17,450.0
Bankers Trust Co.	19,200.0	16,500.0	10,600.0	-	46,300.0
Blyth & Co., Inc.	-	8,000.0	21,600.0	3,000.0	32,600.0
Briggs & Schaedle	-	-	5,000.0	-	5,000.0
C. F. Childs & Co., Inc.	-	2,000.0	-	-	2,000.0
Discount Corp.	-	3,600.0	3,500.0	· 🗕	7,100.0
First American National Bank, Duluth	-	-	3,000.0b	-	3,000.0
First Boston Corp.	· –	-	9,700.0	-	9,700.0
First National Bank, Minneapolis	6,400.0	-	-	-	6,400.0
First National Bank, St. Paul	46,320.0	51,625.0	55,260.0	598.5	153,803.5
First National City Bank	-	10,500.0	-	80.0	10,580.0
Aubrey G. Lanston & Co., Inc.	1,050.0	9,675.0	6,500.0	-	17,225.0
Marquette National Bank, Minneapolis	-	1,500.0	125.0	. 🗕	1,625.0
Merrill Lynch, Pierce, Fenner & Smith Inc.	-	900.0	6,000.0 ^a	-	6,900.0
Morgan Guaranty Trust Co.	-	1,600.0	11,600.0	-	13,200.0
New York Hanseatic Corp.	1,700.0	3,000.0	5,500.0	3,500.0	13,700.0
Northern City National Bank, Duluth	-	-	3,000.0 ^b	-	3,000.0
Salomon Brothers & Hutzler	-	18,180.0	23,200.0	· _	41,380.0
Second District Securities Corp.	م 	3,500.0	1,800.0	-	5,300.0
Totals	\$ 76,995.0	\$136,770.0	\$175,110.0	\$7,388.5	\$396,263.5

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a. Including \$1-million purchase from C. J. Devine & Co. before the merger of this firm with Merrill Lynch, Pierce, Fenner & Smith Inc.

b. Purchase made through weekly auction of Bills conducted by U.S. Treasury.

Purchases and sales of U.S. Treasury obligations

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Schedule 1 (continued)

B. SALES (in thousands)

Dealer	<u>1-30 days</u>	<u>31-90 days</u>	91 days- <u>1 year</u>	Over <u>1 year</u>	Total
American National Bank, St. Paul	\$ 7,300.0	\$ 2,000.0	-	-	\$ 9,300.0
Bankers Trust Co.	100.0	21,000.0	-	-	21,100.0
Blyth & Co., Inc.	10,000.0	-	-	\$ 400.0	10,400.0
First National Bank, St. Paul	116,788.0	35,940.0	\$ 14,331:0	7,742.0	174,801.0
First National City Bank	2,200.0	7,200.0	-	1,100.0	10,500.0
Aubrey G. Lanston & Co., Inc.	-	-	8,000.0	-	8,000.0
Merrill Lynch, Pierce, Fenner & Smith Inc.	1,800.0	15,000.0	-	3,200.0	20,000.0
Morgan Guaranty Trust Co.	10,400.0	5,000.0	-	-	15,400.0
New York Hanseatic Corp.	1,500.0	-	4,000.0	500.0	6,000.0
Salomon Brothers & Hutzler	3,000.0	-	2,000.0	3,300.0	8,300.0
Second District Securities Corp.	6,000.0	-	_ 		6,000.0
Totals	\$159,088.0	\$ 86,140.0	\$ 28,331.0	\$16,242.0	\$289,801.0

C. REPURCHASE AGREEMENTS (in thousands)

Dealer	<u>1-30 days</u>	<u>31-90 days</u>	91 days- <u>1 year</u>	Over <u>1 year</u>	<u>Total</u>
Blyth & Co., Inc.	\$ 10,000.0	-	-	-	\$ 10,000.0
First National Bank, St. Paul	15,189.0	\$ 299.0	-	-	15,488.0
First National City Bank	7,996.0	-	-	-	7,996.0
Morgan Guaranty Trust Co.	10,000.0		<u> </u>		10,000.0
Totals	\$ 43,185.0	\$ 299.0	~	-	\$ 43,484.0

PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES Purchased January 1 - December 31, 1964

Face amount	Company	Type of	Int. <u>rate</u>	Maturity	Negotiated through
\$1,000,000	American Greetings Corp.	Promissory note	4.70%	10-1-84	Goldman, Sachs & Co.; McDonald & Co.
\$1,893,020 ^a	Chesapeake & Ohio Railway Co.	Conditional sale	4.55%	11-1-64/78	Salomon Brothers & Hutzler
\$1,200,000	Diamond Alkali Co.	Note	4.65%	5-1-89	The First Boston Corp.
\$2,250,000	Dow Chemical Co.	Note	4 1/2%	1-15-90	Smith, Barney & Co., Inc.
\$1,000,000	General Cable Corp.	Note	4 1/2%	1-1-89	Kidder, Peabody & Co., Inc.; Paine, Webber, Jackson & Curtis
\$2,800,000	Greyhöund Corp.	Senior note	4 5/8%	5-15-84	Lehman Brothers
\$1,200,000	Gulf Life Insurance Co.	Capital note	4 3/4%	6-1-89	Courts & Co.
\$2,800,000	Kern County Land Co.	Promissory note	4.65%	9-1-89	Morgan Stanley & Co.; Dean Witter & Co.
\$1,900,000	Mead Johnson & Co.	Promissory note	4 5/8%	5-1-84	Coldman, Sachs & Co.
\$1,800,000	New York, Chicago & St. Louis Railroad Co.	Conditional sale	4.55%	11-15-69 /5-15-79	Halsey, Stuart & Co.
\$1,500,000 ^b	Norfolk & Western Railway Co.	Conditional sale	4 1/2%	12-15-70/79	R. W. Pressprich & Co.
\$2,000,000	Suburban Propane Gas Corp.	Note	4 7/8%	12-30-84	Eastman Dillon, Union Securities & Co.
\$1,500,000	Texaco Inc.	Note	4 1/2%	12-15-89	Morgan Stanley & Co.
\$1,550,000	Western Maryland Railway Co.	First mortgage	4.85%	10-1-89	R. W. Pressprich & Co.
\$3,000,000	Witco Chemical Co., Inc.	Note	4.65%	12-1-84	Smith, Barney & Co., Inc.; Goldman, Sachs & Co.

a. Rounded to nearest dollar; actual amount \$1,893,019.55.

b. An additional commitment of \$2 million was settled in 1965.

CORPORATE BONDS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS January 1 - December 31, 1964

Fac	unt		amo	unt 000)	Underwriting dealer
_(00	00)	Underwriting dealer		00)	Underwritting dealer
Ş	50	American Securities Corp.	\$	25	W. C. Langley & Co.
•	50	Bache & Co.		200	Lee Higginson Corp.
1	125	J. Barth & Co.		30	Legg & Co.
	80	A. G. Becker & Co., Inc.		25	Lehman Brothers
	25	William Blair & Co.		55	Irving Lundborg & Co.
	550	Blyth & Co., Inc.		95	McDonnell & Co.
	35	Burnham & Co.		175	Merrill Lynch, Pierce, Fenner & Smith
	75	Caldwell Phillips, Inc.			Inc.
1	115	Clark, Dodge & Co., Inc.		300	The Milwaukee Co.
	50	J. M. Dain & Co., Inc.		65	Model, Roland & Co.
	30	Shelby Cullom Davis & Co.		200	Morgan Stanley & Co.
	25	Dick & Merle-Smith		30	Pacific Northwest Co.
:	200	Dominick & Dominick		200	Paine, Webber, Jackson & Curtis
	340	Drexel & Co.		40	Paribas Corp.
	300	Eastman Dillon, Union Securities & Co.		200	Piper, Jaffray & Hopwood
	25	Equitable Securities Corp.		75	R. W. Pressprich & Co.
	75	Estabrook & Co.		200	Reynolds & Co.
	100	Faulkner, Dawkins & Sullivan		55	L. F. Rothschild & Co.
	400	The First Boston Corp.		925	Salomon Brothers & Hutzler
:	325	Francis I. duPont, A. C. Allyn, Inc.		50	Shearson, Hammill & Co.
	75	Glore, Forgan & Co.		50	Shields'& Co.
	300	Goldman, Sachs & Co.		225	Smith, Barney & Co., Inc.
-	80	Halle & Stieglitz		650	F. S. Smithers & Co.
	100	Halsey, Stuart & Co., Inc.		25	Spencer Trask & Co.
	75	Harriman Ripley & Co., Inc.		25	William R. Staats & Co.
	125	Hayden, Stone & Co.		100	Stone & Webster Securities Corp.
	175	Hemphill, Noyes & Co.		25	Tucker, Anthony & R. L. Day
	80	Hornblower & Weeks		50	Walston & Co., Inc.
	150	Kalman & Co., Inc.		400	White, Weld & Co., Inc.
	350	Kidder, Peabody & Co.		700	Dean Witter & Co.
	25	Kuhn, Loeb & Co.		70	Wood, Struthers & Winthrop

Schedule 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED AT OR AFTER TIME OF OFFERING THROUGH DEALERS HAVING BONDS AVAILABLE January 1 - December 31, 1964

amo	ace Dunt D00)	Dealer	Face amount (000)	Dealer
s	140	Allison-Williams Co.	\$ 172	Lee Higginson Corp.
•	36	American Securities Corp.	292	Lehman Brothers
	6	Bache & Co.	75	McMaster, Hutchinson & Co.
	25	Bacon, Whipple & Co.	176	Merrill Lynch, Pierce, Fenner & Smith
	165	J. Barth & Co.		Inc.
	787	Bear, Stearns & Co.	70	The Milwaukee Co.
	76	A. G. Becker & Co.	25	Model, Roland & Co.
	40	Blair & Co., Granbery, Marache, Inc.	104	Morgan Stanley & Co.
	25	William Blair & Co.	165	Pacific Northwest Co.
	69	Blyth & Co.	330	Paine, Webber, Jackson & Curtis
	40	Burnham & Co.	70	Piper, Jaffray & Hopwood
	50	Coffin & Burr	10	Wm. E. Pollock & Co., Inc.
	35	J. M. Dain & Co., Inc.	252	R. W. Pressprich & Co.
	50	Dempsey-Tegeler & Co., Inc.	50	Rauscher, Pierce & Co., Inc.
	300	R. S. Dickson & Co., Inc.	70	Reynolds & Co.
	715	Dillon, Read & Co., Inc.	40	L. F. Rothschild & Co.
	161	Eastman Dillon, Union Securities & Co.	370	Salomon Brothers & Hutzler
	280	Equitable Securities Corp.	6	Schwabacher & Co.
	104	The First Boston Corp.	100	Shaughnessy & Co., Inc.
	282	Francis I. duPont, A. C. Allyn, Inc.	241	Shearson, Hammill & Co.
	76	Glore, Forgan & Co.	177	Shields & Co.
	201	Goldman, Sachs & Co.	219	Smith, Barney & Co., Inc.
	6	Goodbody & Co.	40	F. S. Smithers & Co.
	62	Hallgarten & Co.	40	Spencer Trask & Co.
1	,890	Halsey, Stuart & Co., Inc.	106	William R. Staats & Co.
	96	Harriman, Ripley & Co.	40	Stone & Webster Securities Corp.
	172	Hemphill, Noyes & Co.	275	Walston & Co., Inc.
	16	Kidder, Peabody & Co.	315	Weeden & Co., Inc.
	675	Kuhn, Loeb & Co.	16	Wertheim & Co.
	100	Ladenburg, Thalmann & Co.	616	White, Weld & Co., Inc.
	137	W. C. Langley & Co.	106	Dean Witter & Co.
	80	Lazard Freres & Co.	25	Woodard-Elwood & Co.

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CORPORATE BONDS PURCHASED AFTER TERMINATION OF UNDERWRITING SYNDICATES (PURCHASES MADE ON THE BASIS OF OFFERINGS AT A REDUCED COMMISSION OR LOSS TO THE UNDERWRITING DEALERS) January 1 - December 31, 1964

Face Face amount amount (000) Dealer (000) Dealer \$1,400 Bear, Stearns & Co. 820 \$ Lehman Brothers 100 Dick & Merle-Smith 500 McDonnell & Co. R. S. Dickson & Co., Inc. 250 50 McMaster, Hutchinson & Co. 400 Francis I. duPont, A. C. Allyn, Inc. 1,300 Merrill Lynch, Pierce, Fenner & Smith 500 Eastman Dillon, Union Securities & Co. Inc. 50 Freeman & Co. 50 New York Hanseatic Corp. 875 Halsey, Stuart & Co., Inc. 100 R. W. Pressprich & Co. 200 Hemphill, Noyes & Co. 50 Wm. E. Pollock & Co., Inc. 130 Kalman & Co. 50 L. F. Rothschild & Co. 400 Ladenburg, Thalmann & Co. 200 Shearson, Hammill & Co. 300 Weeden & Co., Inc.

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

Schedule 6

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS January 1 - December 31, 1964

Face amount	
_ <u>(000)</u>	Dealer
\$2,000	Bear, Stearns & Co.
250	The First Boston Corp.
250	New York Hanseatic Corp.
6,948	Salomon Brothers & Hutzler
3,500	F. S. Smithers & Co.

Schedule 5

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT January 1 - December 31, 1964

	Total <u>shares</u>	Issue and vendor	Total <u>shares</u>	Issue and Vendor	Total <u>shares</u>	Issue and vendor
	CONSUME	R-ORIENTED STOCKS	2700	Southern Calif. Edison 1000 Piper, Jaffray	FINANC <u>Banks</u>	IAL SERVICES
	UTILIT	IES		1200 Reynolds 500 White, Weld	1700	Nowthwest Reservestion
•	Electr	ic	2500	Southern Company	1700	Northwest Bancorporation 200 Merrill Lynch
			2000	500 Lee Higginson		500 Piper, Jaffray
	1000	Allesherry Deven Greeker	1	500 Paine, Webber		1000 White, Weld
	1300	Allegheny Power System		500 Reynolds	6000	Western Bancorporation
		800 Bear, Stearns 500 Dominick & Dominick		500 Shaughnessy		100 Bache
	1500	American Electric Power		500 Shearson, Hammill		1000 Blyth
	1300	1500 Smith, Barney	3000	Texas Utilities		2500 Brown Brothers
	1500	Central & South West	-	500 Clark, Dodge		200 Caldwell Phillips
	1,000	500 Donaldson, Lufkin		500 Dempsey-Tegeler		200 J. M. Dain
		1000 Reynolds	÷.	1000 Donaldson, Lufkin		100 Dean Witter
	1500	Commonwealth Edison		500 Kidder, Peabody		100 Dempsey-Tegeler
	1900	500 A. G. Becker		500 Merrill Lynch		100 Francis I. duPont
		500 Brown Brothers	1000	Virginia Electric & Power	:	100 Hemphill, Noyes
		500 Smith, Barney		1000 Harris, Upham		100 Lee Higginson
	2300	Consolidated Edison	1000	Wisconsin Public Service		100 Kidder, Peabody
		1000 Drexel		500 Lamson Brothers		100 Merrill Lynch
		800 Smith, Barney	~	500 White, Weld		100 Paine, Webber
		500 Van Alstyne	Gas			200 Piper, Jaffray
	3100	Consumers Power	1800	Arkansas Louisiana Gas		100 Milwaukee Co.
		500 Eastman Dillon		1800 A. G. Becker		100 Reynolds
		1000 Model, Roland	4800	Panhandle Eastern P.L.		300 Shearson, Hammill 100 Smith, Barney
		500 Smith, Barney		1000 Dean Witter		100 Walston
		1100 White, Weld		800 Harris, Upham		100 White, Weld
	900	Florida Power & Light		1000 Kidder, Peabody		200 Woodard-Elwood
		200 Goldman, Sachs		1400 R. W. Pressprich 600 Smith, Barney		200 0000020 020000
	500	700 Shearson, Hammill General Public Utilities	1500	Peoples Gas Light & Coke		
	500 -	500 Clark, Dodge	1,000	500 Dominick & Dominick	Financ	e
	1500	Houston Lighting & Power	•	1000 Van Alstyne		_
	1500	1500 Glore, Forgan	1000	United Gas	5800	Beneficial Finance
	500	Kansas City Power & Light		1000 Reynolds		500 Bache
	200	500 Bear, Stearns				1000 Dominick & Dominick
	1500	Middle South Utilities	Teleph	one-Telegraph		2000 Francis I. duPont
		1000 Paine, Webber				1000 Reynolds
		500 Woodard-Elwood	3800	American Tel. & Tel.		800 Salomon Brothers
	500	Minnesota Power & Light		1000 Clark, Dodge		500 Van Alstyne
		500 Brown Brothers		200 Francis I. duPont		
	1000	Northern States Power		1000 Lee Higginson		
		1000 Kalman	1000	1600 H. C. Wainwright		RS GOODS
	4000	Pacific Gas & Electric	4900	General Tel. & Elec.	<u>Contai</u>	ners
		1000 A. G. Becker		1000 Caldwell Phillips	500	
	2500	3000 Eastman Dillon		1000 Estabrook	500	American Can
	3500	Public Serv. Co. (Colo.)		500 Kidder, Peabody	2000	500 A. G. Becker
		1500 Donaldson, Lufkin 2000 Hayden, Stone	Ŧ	500 Lamson Brothers 400 Piper, Jaffray	2000	Continental Can 500 Hayden, Stone
	100	Public Serv. Co. (Ind.)		500 Thomson & McKinnon		1000 W. C. Langley
	100	100 Paine, Webber		1000 H. C. Wainwright		500 McDonnell
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Common stock purchases, etc. (continued)

500 Thomson & McKinnon

1000 H. C. Wainwright

Total <u>shares</u>	Issue and vendor	Total shares	Issue and vendor	Total <u>shares</u>
Food-B	everage	2400	Sears, Roebuck	2500
2000	G		600 Milwaukee Co.	
2900	Campbell Soup		300 Piper, Jaffray	
	400 Bache		1500 Smith, Barney	
	1000 Bear, Stearns		laneous	2600
	1000 Milwaukee Co.	3000	Gillette	
4500	500 R. W. Pressprich		1500 A. G. Becker	
4500	Corn Products 500 Brown Brothers		500 Francis I. duPont	
	800 Drexel		1000 Goldman, Sachs	
	500 Francis I. duPont	2000	Procter & Gamble 1500 Dean Witter	•
			500 Drexel	
	700 Harris, Upham 500 Kidder, Peabody	1900		4900
		1800	Scott Paper	
	1000 W. C. Langley 500 Lehman Brothers	**	500 Faulkner, Dawkins	
5000	Frito-Lay	RESEARCI	1300 H. C. Wainwright H STOCKS	
3000		Chemic	al & Drug	
	3000 Eppler, Guerin 1000 Faulkner, Dawkins	5900	American Cyanamid	
			700 Bache	
500	1000 Piper, Jaffray General Foods		500 Caldwell Phillips	Office
500			1500 J. M. Dain	
300	500 Piper, Jaffray Coca-Cola		1000 Ebin, Robertson	1100
200	300 Courts		400 R. W. Pressprich	
3700	Pepsi-Cola		1800 Smith, Barney	
3700	2000 Blyth	2500	American Home Products	
	500 Merrill Lynch		1500 J. Barth	
	200 Piper, Jaffray		1000 H. C. Wainwright	
	1000 R. W. Pressprich	4400	Dow Chemical	
	1000 K. W. Hesspilen		500 Bache	
Printi	ng-Publishing		500 Glore, Forgan	<u>Miscel</u>
2000	P. P. D		400 E. F. Hutton	
3800	R. R. Donnelley		1000 Kalman	1500
	1000 Bache		1500 Lee Higginson	
	1300 A. G. Becker		500 Salomon Brothers	
	1000 Francis I. duPont	600	duPont (E. I.) deNemours	
4200	500 Piper, Jaffray		600 A. G. Becker	
4200	Prentice-Hall	1500	Eastman Kodak	
	2200 Eastman Dillon		300 Bache	1500
	2000 White, Weld		800 Brown Brothers	
<u>Retail</u>	Trade	•	400 E. F. Hutton	
		4000	Hercules Powder	
2200	Great A. & P. Tea		500 Caldwell Phillips	NATURAL
	1000 Merrill Lynch		1500 Donaldson, Lufkin	Petrol
3500	1200 Salomon Brothers Red Owl Stores		1000 McDonnell	6500
3200			1000 Reynolds	
	100 Dean Witter 400 Goldman, Sachs	2500	Monsanto	
	-		500 J. M. Dain	
	2000 Piper, Jaffray		500 Francis I. duPont	
1000	1000 Shearson, Hammill		200 Piper, Jaffray	
1000	Montgomery Ward 1000 Paine, Webber		600 H. C. Wainwright	1000
2500		E100	700 Woodard-Elwood	1000
2000	Penney (J. C.) 500 Kidder, Peabody	5100	Pfizer (Chas.)	1000
	500 Reynolds		1100 Courts	4000
	500 Reynolds		1000 J. M. Dain	

1000 Eastman Dillon

2000 Merrill Lynch

2500	Searle (G. D.)
	500 Eastman Dillon
	1000 Merrill Lynch
	1000 White, Weld
2600	Union Carbide
	300 Bache
	400 Brown Brothers
	400 Harris, Upham
•	500 Lamson Brothers
	600 Walston
	400 Woodard-Elwood
4900	Upjohn
	1000 A. G. Becker
	1600 Brown Brothers
	1000 Clark, Dodge
	500 Harris, Upham
	800 H. C. Wainwright
Office	Equipment
1100	International Bus. Mach.
1100	100 Bache
	500 Francis I. duPont
	100 Goldman, Sachs
	100 Hemphill, Noyes
	100 Merrill Lynch
	200 J. W. Sparks
	200 01 at Sparkb
Miscel	laneous

	r
500	Corning Glass Works
	200 Bache
	500 J. M. Dain
	400 llayden, Stone
	200 Hemphill, Noyes
	200 Lee Higginson
500	Minnesota Mining & Mfg.
	500 Merrill Lynch
	1000 Milwaukee Co.

TURAL-RESOURCES STOCKS

etrol	eum
500	Gulf 0il
	1000 Dean Witter
	1400 Hemphill, Noyes
	500 Piper, Jaffray
	600 Thomson & McKinnon
	2500 H. C. Wainwright
	500 Woodard-Elwood
000	Kern County Land
	1000 Milwaukee Co.
000	Louisiana Land
	500 A. G. Becker
	3000 Clark, Dodge
	500 H. C. Wainwright

Issue and vendor

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Common stock purchases, etc. (continued)

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Total shares	Issue and vendor	Total shares	Issue and vendor	Total <u>shares</u>	Issue and vendor
4500	Socony Mobil 1500 Loeb Rhoades 500 Kalman	2000	Gould-National Batteries 2000 Clark, Dodge	900	Norfolk & Western Ry. 400 A. G. Becker 500 Milwaukee Co.
	1000 W. C. Langley	Electr	ical & El. Equip.	4100	Southern Railway
•. • <u>•</u>	500 Lehman Brothers 500 Merrill Lynch 500 Smith, Barney	<u>4400</u>	General Electric 500 Bache	4100	1000 Donaldson, Lufkin 500 W. C. Langley 1000 R. W. Pressprich
3000	Standard Oil (Calif.) 500 Kalman 1000 McDonnell		1000 Drexel 1000 Eastman Dillon 500 Estabrook	2000	500 H. C. Wainwright Union Pacific Railroad 1000 Brown Brothers
6700	1500 H. C. Wainwright Standard Oil (Ind.)	1300	1000 Piper, Jaffray 400 L. F. Rothschild Honeywell		500 Kidder, Peabody 500 Reynolds
	1000 Brown Brothers 1000 Goldman, Sachs 1500 Reynolds	1500	200 Harris, Upham 400 Lamson Brothers	Railro	ad Equipment
4400	2500 H. C. Wainwright 700 White, Weld		300 Shearson, Hammill 400 Smith, Barney	5200	ACF Industries 500 Brown Brothers
4400	Standard Oil (N.J.) 500 Brown Brothers 500 H. M. Byllesby	<u>Machir</u> 5500	ery Caterpillar Tractor		1000 Courts 500 Harris, Upham 1000 Smith, Barney
	1000 Glore, Forgan 1000 Lee Higginson		1500 Donaldson, Lufkin 1000 Faulkner, Dawkins	1200	2200 F. S. Smithers General Amer. Trans.
	1000 Paine, Webber 400 Smith, Barney		1000 Merrill Lynch 500 L. F. Rothschild		600 Harris, Upham 600 H. C. Wainwright
6500	Texaco 1000 Dominick & Dominick 1000 Glore, Forgan 1000 Morgan Stanley	4800	1500 Smith, Barney Clark Equipment 300 Lamson Brothers 1000 Lehman Brothers	2000	Union Tank Car 500 Dick & MSmith 500 Salomon Brothers 1000 Shearson, Hammill
	1500 Salomon Brothers 500 Thomson & McKinnon 500 H. C. Wainwright		1000 Merrill Lynch 500 Salomon Brothers 1000 Smith, Barney	<u>Steel</u>	
DURABLE	1000 Walston S STOCKS	5600	1000 Spencer Trask Deere	2000	Armco Steel 1000 Clark, Dodge
Automol	oiles & Auto Parts		100 Clark, Dodge		500 Piper, Jaffray
3900	Chrysler 500 J. Barth 1000 Goldman, Sachs 600 Kalman 800 Kuhn Loeb		1000 J. M. Dain 500 Drexel 800 Merrill Lynch 1300 J. W. Sparks 400 L. F. Rothschild	2000	500 Salomon Brothers Inland Steel 1000 A. G. Becker 1000 Salomon Brothers
	500 Walston		500 Salomon Brothers 1000 White, Weld	<u>Miscel</u>	laneous
5200	500 White, Weld Ford 1500 A. G. Becker	Railro		7300	Ideal Cement 500 Goldman, Sachs
	1000 Coffin & Burr 700 Goldman, Sachs	11000	Great Northern Railway		500 Salomon Brothers 6300 Smith, Barney
	1000 Smith, Barney		2000 A. G. Becker	1700	National Lead
5564	1000 White, Weld Ceneral Motors 292 Allison-Williams 500 Brown Brothers 500 Burnham 776 Caldwell Phillips 548 Kalman 1500 Lehman Brothers 1000 Shearson, Hammill		500 Brown Brothers 1000 Clark, Dodge 300 J. M. Dain 2500 Dick & MSmith 1000 Francis I. duPont 500 Goldman, Sachs 500 Paine, Webber 700 Piper, Jaffray 1000 R. W. Pressprich		500 W. C. Langley 500 Salomon Brothers 700 Van Alstyne
	448 Woodard-Elwood		1000 F. S. Smithers		

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Schedule 8

COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF LOWEST AVAILABLE PRICE January 1 - December 31, 1964

Total shares	Issue and vendor	Total <u>shares</u>	Issue and vendor	Total <u>shares</u>	Issue and vendor
CONSUME	R-ORIENTED STOCKS	5000	Middle South Utilities	7500	Wisconsin Public Service
UTILITIES		5000	2500 American Securities		1000 American Securities
			1000 First Boston		6500 Weeden
Electric			1500 Weeden	Gas	
3000	Allegheny Power	500	Minnesota Power & Light	3000	Arkansas Louisiana Gas
3000	2500 American Securities		500 Harriman Ripley	2000	1000 J. S. Strauss
	500 Weeden	1500	Northern States Power		2000 Veeden
5000	American Electric Power		1500 Weeden	500	
5000	2000 American Securities	4000	Ohio Edison	500	Peoples Gas Light & Coke 500 Weeden
	1000 First Boston		500 American Securities	2500	United Gas
	2000 Weeden		2000 Blyth	2500	2000 Blyth
1500	Central & South West		1000 First Boston		500 Weeden
	500 First Boston		500 Weeden		500 400000
	1000 Weeden	5500	Otter Tail Power	<u>Teleph</u>	one-Telegraph
9000	Cincinnati Gas & El.		5500 J. M. Dain		
	1000 American Securities	2600	Pacific Gas & Electric		
	1000 Blyth		500 J. S. Strauss	1000	American Tel. & Tel.
	1000 First Boston		2100 Weeden		1000 Weeden
	6000 Weeden	2500	Public Service (Colo.)	1000	General Tel. & El.
2000	Commonwealth Edison		1000 First Boston		1000 New York Hanseatic
	1000 American Securities		1500 Weeden	2000	Western Power & Gas
	1000 Weeden	5300	Public Service (Ind.)		1000 Eastman Dillon
600	Consolidated Edison		1000 American Securities		500 Paine, Webber
	600 Weeden		2300 First Boston		500 G. A. Saxton
5500	Detroit Edison		2000 Weeden		IAL SERVICES
	3000 American Securities	6700	Southern Calif. Edison	Banks	
	1000 First Boston		1000 American Securities		
	1500 Weeden		500 Blyth 200 First Boston	2000	Chase Manhattan
3100	Florida Power & Light		1000 J. S. Strauss		500 Salomon Brothers
	1000 American Securities		4000 Weeden	2400	1400 M. A. Schapiro Citizens & Southern N.B.
	500 First Boston 1600 Weeden	1500	Southern Company	2400	1000 Keefe, Bruyette
4500	General Public Utilities	1900	1000 Blyth		1400 M. A. Schapiro
4300	3000 American Securities		500 Weeden	7000	Continental Illinois N.B.
	500 Blyth	2000	Texas Utilities	,	3000 Keefe, Bruyette
	1000 Weeden		2000 Weeden		500 Merrill Lynch
2600	Houston Lighting & Power	4500	Tucson Gas & Electric		3500 M. A. Schapiro
2000	600 American Securities		4000 Blyth	4000	First Bank Stock
	2000 Weeden		500 First Boston	-	500 Blyth
5500	Indianapolis P. & L.	2000	Utah Power & Light		600 Keefe, Bruyette
	1000 American Securities		2000 Weeden		1000 Merrill Lynch
	4500 Weeden	8000	Virginia El. & Pwr.		1500 Piper, Jaffray
3500	Interstate Power		5500 American Securities		400 M. A. Schapiro
	3500 Weeden		500 Blyth	1700	First N.B. (Boston)
5500	Kansas City P. & L.		500 Piper, Jaffray		500 Keefe, Bruyette
	3000 American Securities		1500 Weeden		1200 M. A. Schapiro
	2500 Weeden	1000	Washington Water Power	2100	First Nat. City Bk.(N.Y.)
4500	Louisville Gas & El.	Ar	1000 American Securities		800 Blyth
	1000 American Securities	2500	Wisconsin Power & Light		1000 Keefe, Bruyette
	3500 Weeden		2500 Blyth		300 M. A. Schapiro

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Total	7))	Total	Tanua and mandam	Total	Taqua and you last
shares	Issue and vendor	shares	Issue and vendor	<u>shares</u>	Issue and vendor
1900	Morgan Guaranty Trust	500	Insurance Co. of N. Am.	Miscel	laneous
1900	500 First Boston		500 First Boston		
	500 Keefe, Bruyette	5600	Northwestern Nat. Life	2500	Gillette
	500 Salomon Brothers		1200 Burnham		2500 Weeden
	400 M. A. Schapiro		900 Cartwright, Valleau	1000	Procter & Gamble
2600	Nat. City Bank (Cleve.)		300 J. M. Dain	1 5 0 0	1000 J. S. Strauss
	500 First Boston		1000 R. S. Dickson	1500	Scott Paper
	1500 Keefe, Bruyette	1500	2200 Piper, Jaffray		500 J. S. Strauss 1000 Weeden
•	600 M. A. Schapiro	1500	St. Paul Fire & Marine		1000 weeden
3900	Northwest Bancorporation		500 Blyth 1000 Merrill Lynch	DECEADO	U STOCKS
2000	3900 Weeden	2800	Travelers	the second s	H STOCKS al & Drug
3000	Secur. First N.B. (L.A.) 500 First Boston	2000	500 Blyth	onemic	at a blug
	1500 Keefe, Bruyette		800 Goldman, Sachs	500	American Home Prod.
	1000 M. A. Schapiro		1000 New York Hanseatic	200	500 Weeden
1900	Valley N.B. (Ariz.)		500 Van Alstyne	800	Dow Chemical
2,00	1100 Blyth	CONSUME	RS GOODS		800 Weeden
	800 M. A. Schapiro	Contai		800	Eastman Kodak
4700	Wells Fargo	1000	Continental Can		800 Weeden
	1200 J. Barth		1000 American Securities	1750	Merck
	1000 Blyth	Food-B	everage		300 Coldman, Sachs
	1000 Keefe, Bruyette	500	Campbell Soup		1450 Weeden
	500 New York Hanseatic	500	500 New York Hanseatic	500	Pfizer (Chas.)
25.00	1000 M. A. Schapiro	500	Corn Products	500	500 Weeden Searle (G. D.)
3500	Western Bancorporation		500 Weeden	200	500 New York Hanseatic
	500 M. A. Schapiro 2000 J. S. Strauss	2100	Green Giant	1000	Union Carbide
	1000 Weeden		1000 J. M. Dain		1000 Weeden
			400 C. D. Mahoney	1500	Upjohn
Financ	e		200 New York Hanseatic		1500 Weeden
	The second Hall	1/00	500 Piper, Jaffray Coca-Cola		
7200	Investors Div. Serv. "A" 3800 J. M. Dain	1400	1400 Weeden	<u>Office</u>	Equipment
	600 Goldman, Sachs	Destant			
	500 Merrill Lynch		ng-Publishing	25	Int. Bus. Machines 25 Weeden
	500 New York Hanseatic	500	Donnelley (R. R.)		25 weeden
	1800 Piper, Jaffray	1500	500 Weeden	Miscel	laneous
		1500	Dun & Bradstreet 500 First Boston		
Insura	ince		1000 Shields	1000	Minnesota Mining
		800	Prentice-Hall		1000 Weeden
.4000	Continental Casualty	000	800 Eastman Dillon		
·	700 Blyth	2500	Western Publishing	NATURAL	-RESOURCES STOCKS
	200 Burnham		1500 Goldman, Sachs	Petrol	eum
	1200 Cartwright, Valleau 300 First Boston		1000 G. A. Saxton		
	300 Kalman	Retail	Trade	500	Gulf_Oil
	300 Merrill Lynch				500 New York Hanseatic
	1000 New York Hanseatic	1100	Great A. & P. Tea	1000	Socony Mobil
1200	General America Corp.		1100 J. S. Strauss		1000 Weeden
	300 Cartwright, Valleau	. 500	Penney (J. C.)	500	Standard Oil (Calif.)
	500 Kalman		500 Merrill Lynch	1000	500 Bache
	200 Merrill Lynch	900	Sears, Roebuck	1000	Standard Oil (Ind.)
	200 Pacific Northwest	1200	900 Weeden	700	1000 Weeden Standard Oil (N.J.)
2000	Hartford Fire	4300	Super Valu 1000 J. M. Dain	700	700 New York Hanseatic
	700 Blyth 800 Cartwright, Valleau		2800 Piper, Jaffray	1000	Texaco
	500 New York Hanseatic		500 Smith, Barney	2000	1000 New York Hanseatic
	JOU NEW TOLK Hausealle		Jos omaling burney	•	

Common stock purchases, etc.

Schedule 8 (continued)

Total <u>shares</u>	Issue and vendor	Total <u>shares</u>	Issue and vendor	Total shares	Issue and vendor
DURABLES STOCKS Automobiles & Auto Parts 700 Chrysler		<u>Machir</u> 1000	nery Caterpillar Tractor 1000 Weeden	1000 <u>Steel</u>	Union Pacific 1000 American Securities
500	700 Weeden Ford 500 Weeden rical & El. Equip.	3600 1500	Deere 3100 New York Hanseatic 500 Weeden International Harvester 500 J. S. Strauss 1000 Weeden	2500 700	Armco Steel 1000 New York Hanseatic 1500 Weeden Inland Steel 700 Weeden
600	General Electric 600 Weeden	Railroads		Miscellaneous	
600	Honeywell 600 Weeden	1000	Southern Railway 1000 Weeden	2000	National Lead 2000 Weeden

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK SALES January 1 - December 31, 1964

Total
sharesName of issue and dealerBANKS1500First National Bank of Boston
1500 M. A. SchapiroPRINTING-PUBLISHING750*Charles E. Merrill Books, Inc.
750 Merrill Lynch750*Wadsworth Publishing Co., Inc.
750 Merrill Lynch

*Received in a stock distribution from Prentice-Hall, Inc.

Schedule 9

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I.S.D. No. 271 (Bloomington, Minnesota); \$715,000 face value of bonds, 3.10% - 3.30%, due 1969-85, sold at \$93.38 on December 8, 1964. Purchasing syndicate:

Paine, Webber, Jackson & Curtis, ManagerAllison-Williams Co.Kalman & Co.American National Bank of St. PaulMerrill Lynch, Pierce, Fenner & Smith Inc.Caldwell Phillips, Inc.Piper, Jaffray & HopwoodJ. M. Dain & Co., Inc.E. J. Prescott & Co.Francis I. du Pont & Co.Shaughnessy & Co., Inc.Juran & Moody, Inc.Woodard-Elwood & Co.

I.S.D. No. 621 (Mounds View, Minnesota); \$1,065,000 face value of bonds, 3.00% - 3.10%, due 1969-80, sold at \$91.36 on December 8, 1964. Purchasing syndicate:

> Juran & Moody, Inc., Manager Other syndicate members same as above.

I.S.D. No. 281 (Robbinsdale, Minnesota); \$1,137,000 face value of bonds, 3.10% - 3.40%, due 1970-86, sold at \$95.39 on December 8, 1964. Purchasing syndicate:

> American National Bank of St. Paul, Manager Other syndicate members same as above.

I.S.D. No. 623 (Roseville, Minnesota); \$1,125,000 face value of bonds, 3.25%, due 1973-82, sold at \$103.90 on December 8, 1964. Purchasing syndicate:

> Kalman & Co., Inc., Manager Other syndicate members same as above.

Village of Hampton, Minnesota; \$40,000 face value of bonds, 5%, due 1976-79, sold at \$105.75 on December 9, 1964.

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Sold to Village of Hampton, Minnesota.