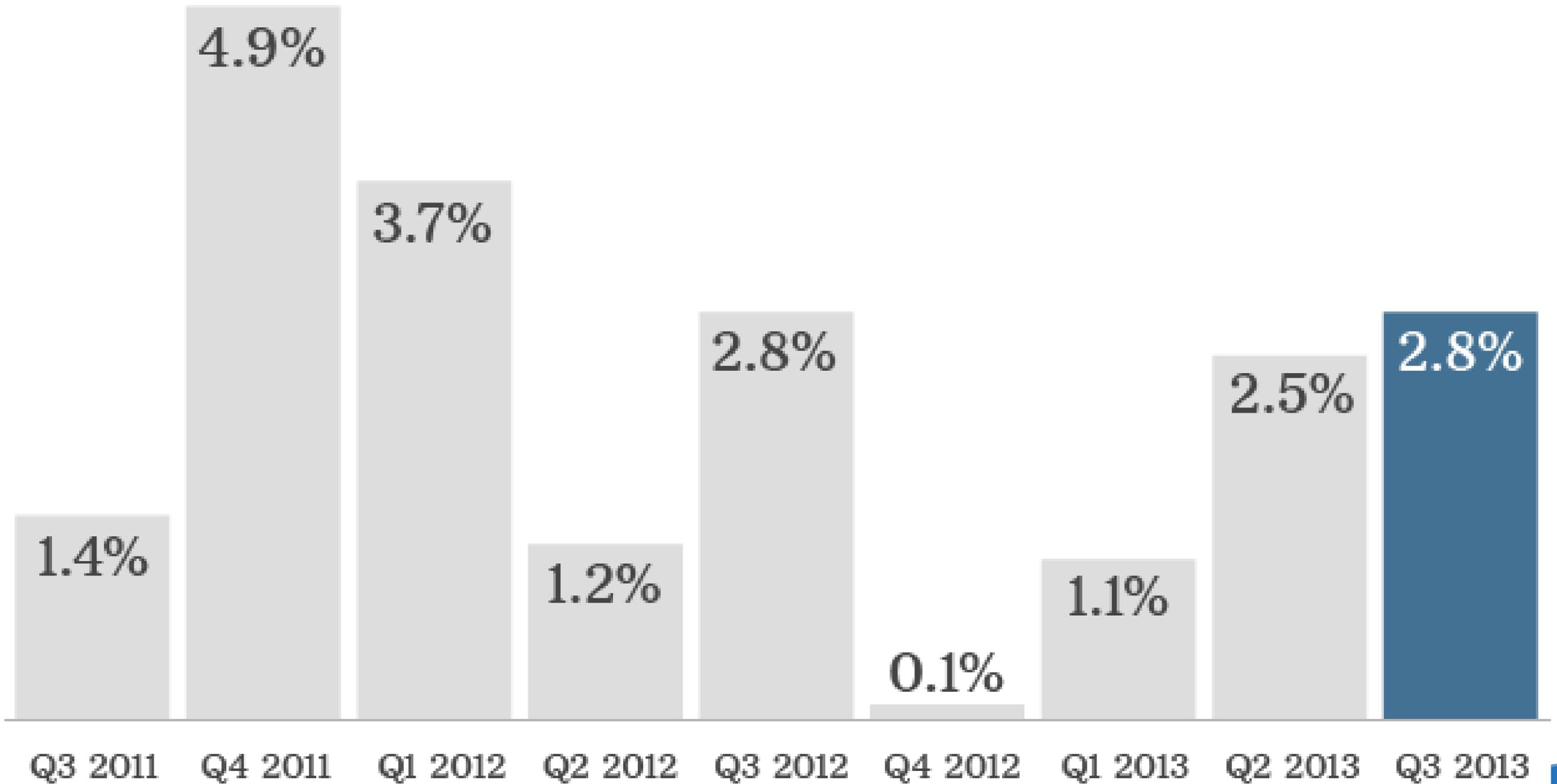


# **3Q13 Investment Results for the Management Committee**

**11-13-13**

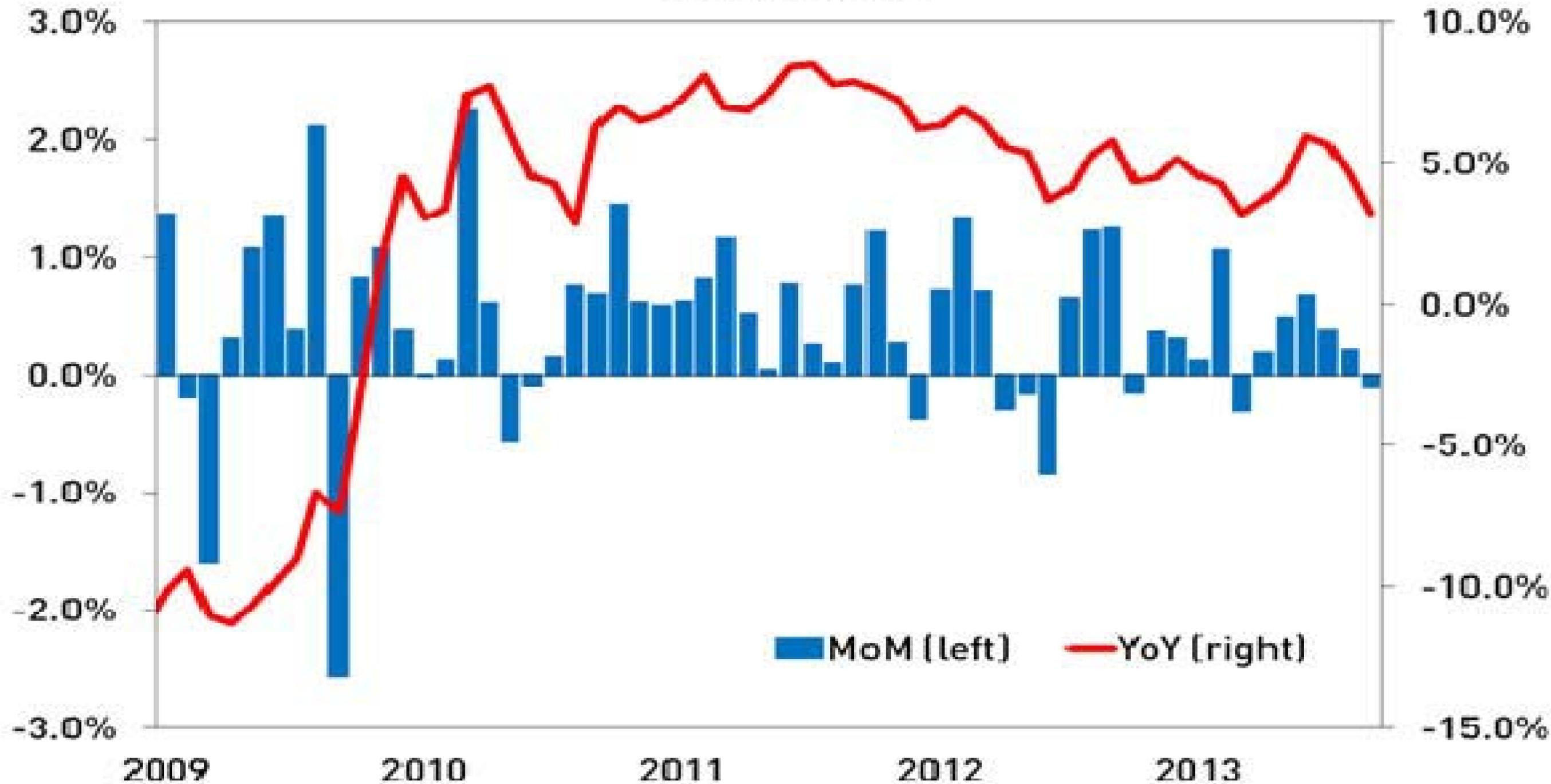
# Gross Domestic Product



NOTE: GDP % QUARTERLY CHANGE, SEASONALLY ADJUSTED AT ANNUAL RATES; SOURCE: BUREAU OF ECONOMIC ANALYSIS

# Consumer Spending

## Retail Sales

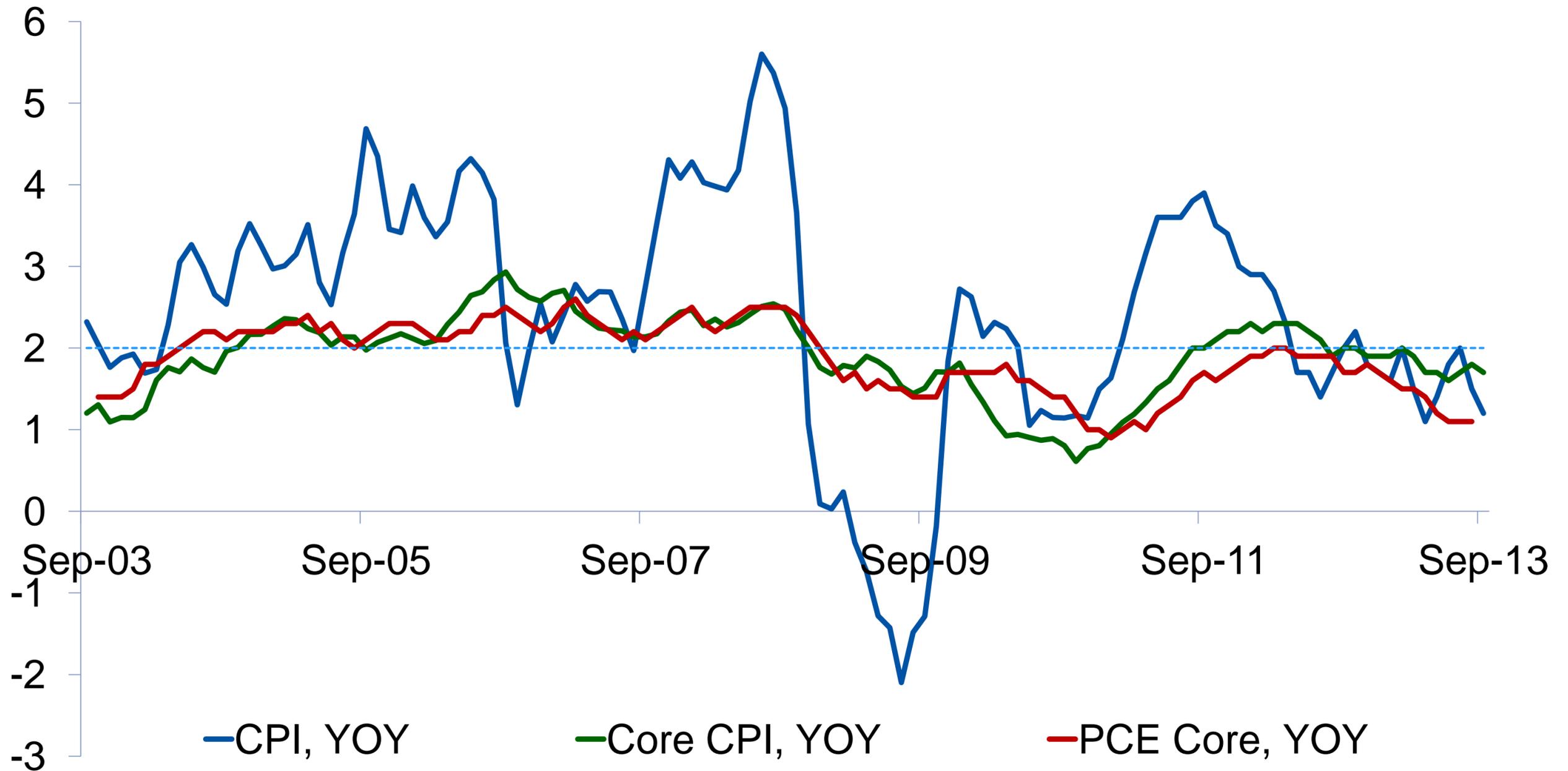


Source: U.S. Census Bureau

Source: Metropolitan Council, Bloomberg

# Inflation

## Consumer Price Index



Source: Metropolitan Council, Bloomberg

# Future Economic Environment

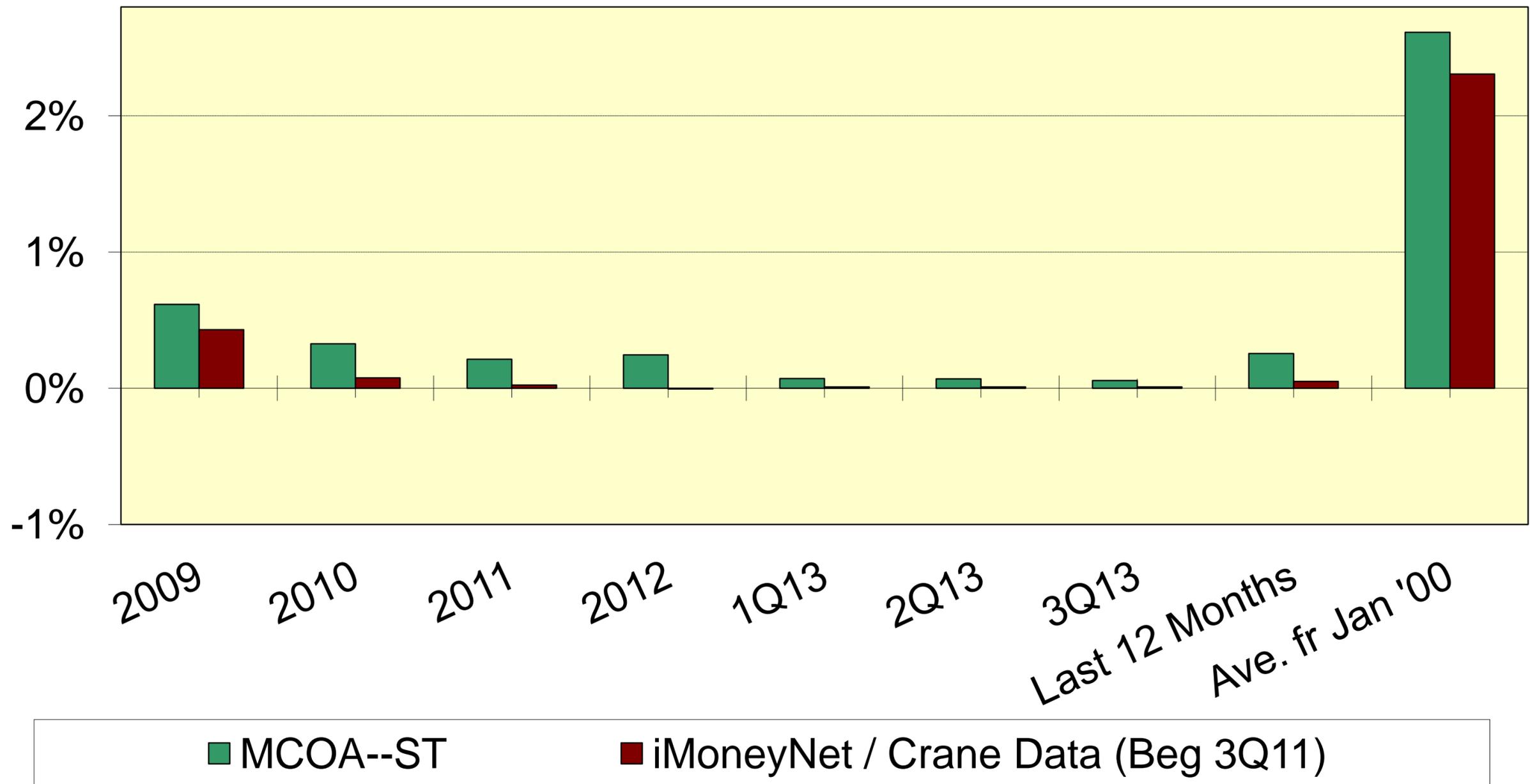
- LT rates have moved up a bit and may continue to rise but will be constrained by the economy's anemic demand.

- Headline risk:

US fiscal uncertainty, slow global economic growth.

# Total Return, ST Portfolio

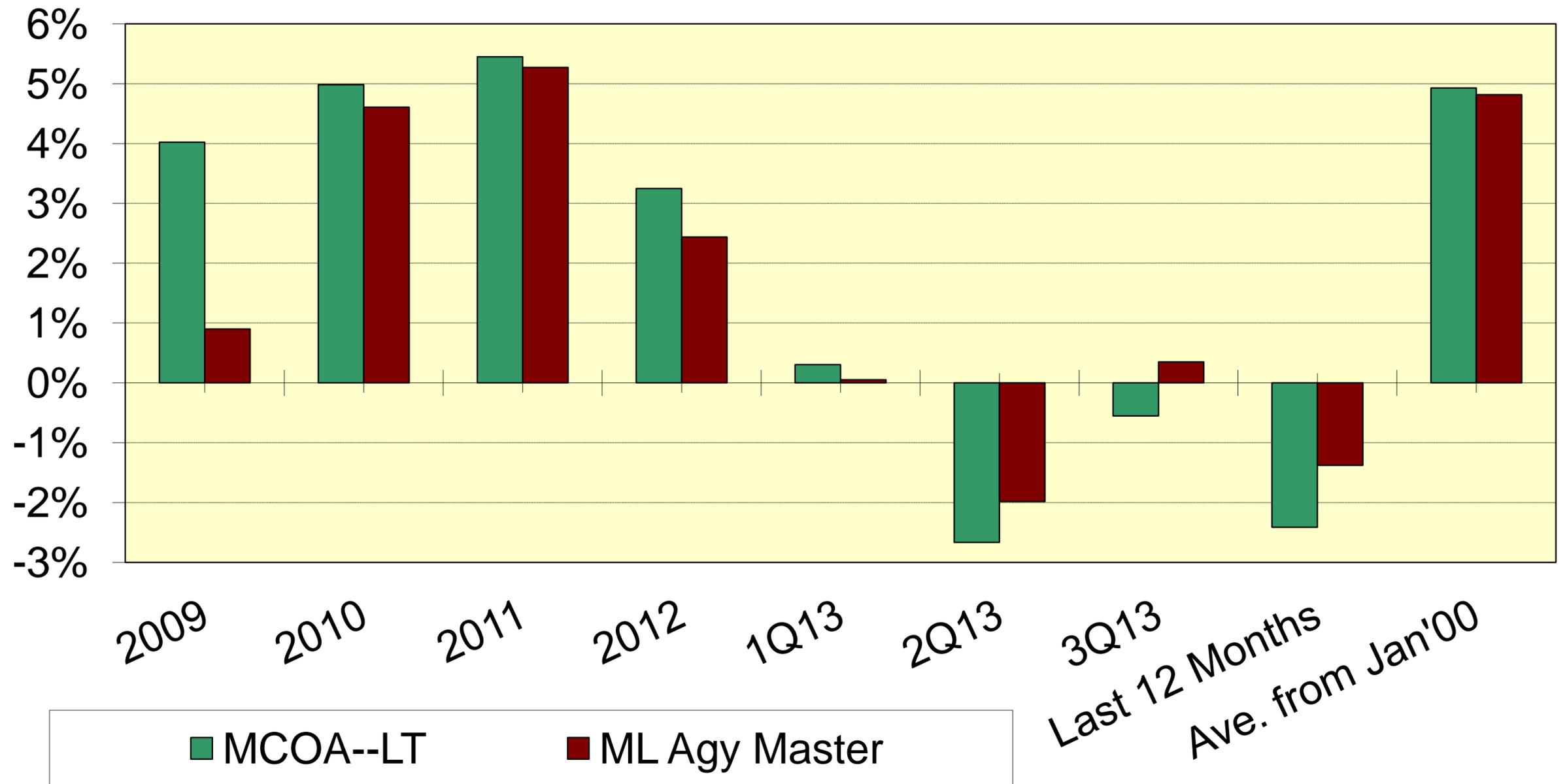
## Total Return (by Periods)



Source: Metropolitan Council, Bloomberg

# Total Return, LT Portfolio

## Total Return (by Periods)



Source: Metropolitan Council, Bloomberg

# Plans for Long-term Port.

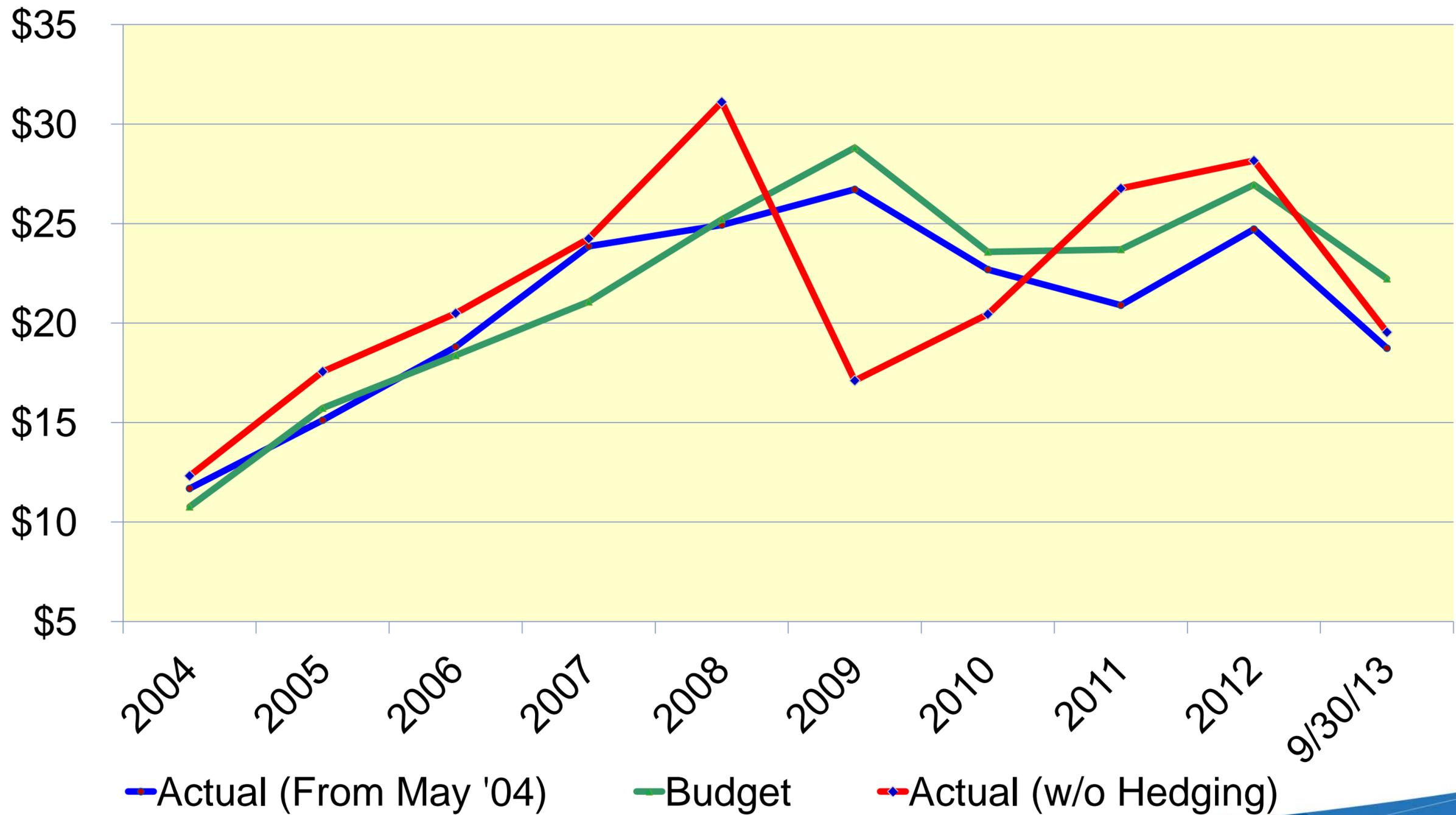
- Maintain liquid holdings to counter-balance longer holdings and thereby meet our duration target.
- As rates rise, invest in some mortgage backed securities, CP and good credit quality municipal bonds.

# OPEB 3Q13 Port Results

- S&P 500 Index @ 5.24%; OPEB @ 5.21%
- 3Q13 unrealized gain is \$ 7.2M
- Value: 06-30-13: \$ 151.5MM  
09-30-13: \$ 160.7MM  
11-06-13: \$ 169.8MM
- 100% allocation to equities.
- Portfolio has doubled in value in past 3 yrs due to contributions and growth in stock values.

# Diesel Hedging Impact on Budget

(in Millions)



Source: Metropolitan Council

# Questions

