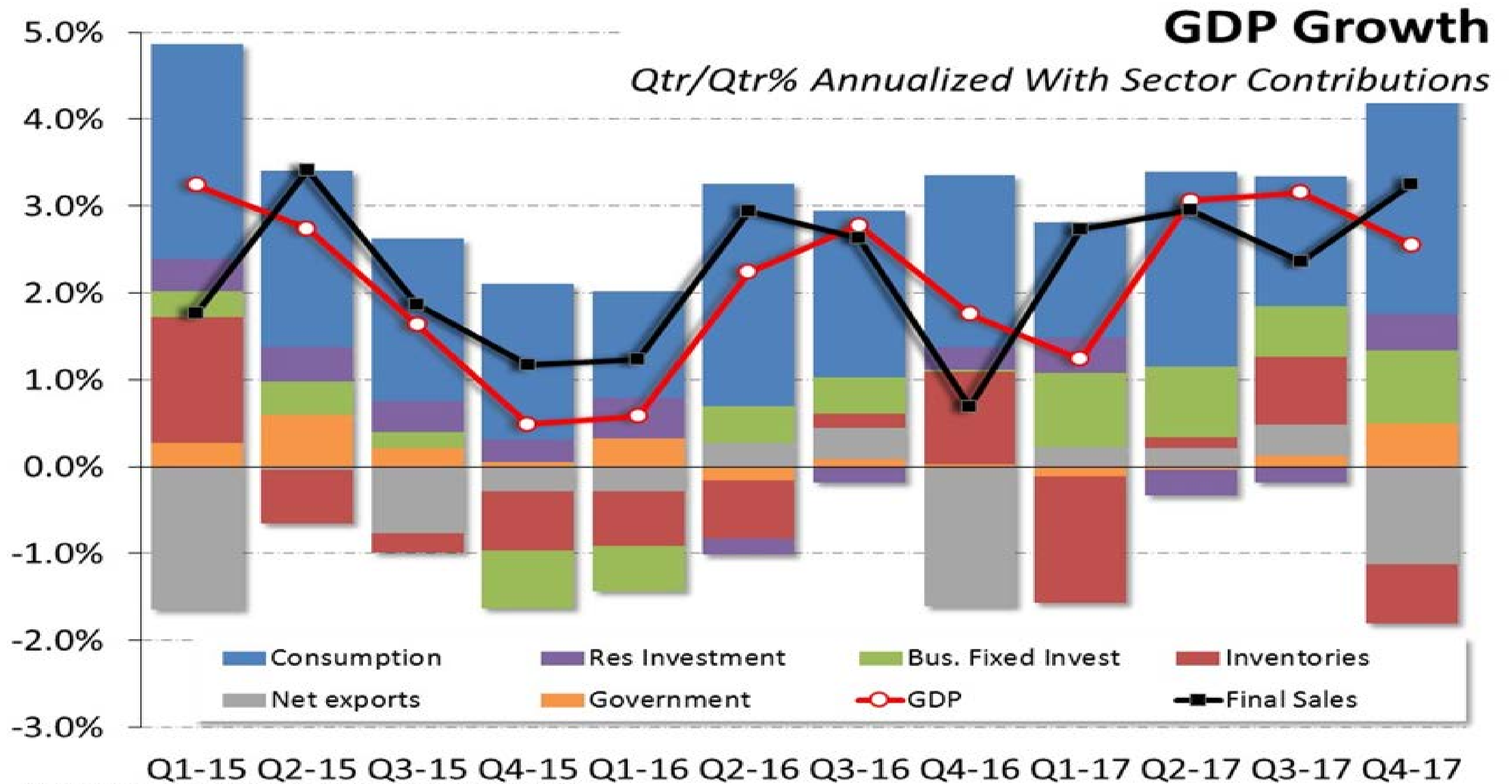


# **4Q17 Investment Results for the Management Committee**

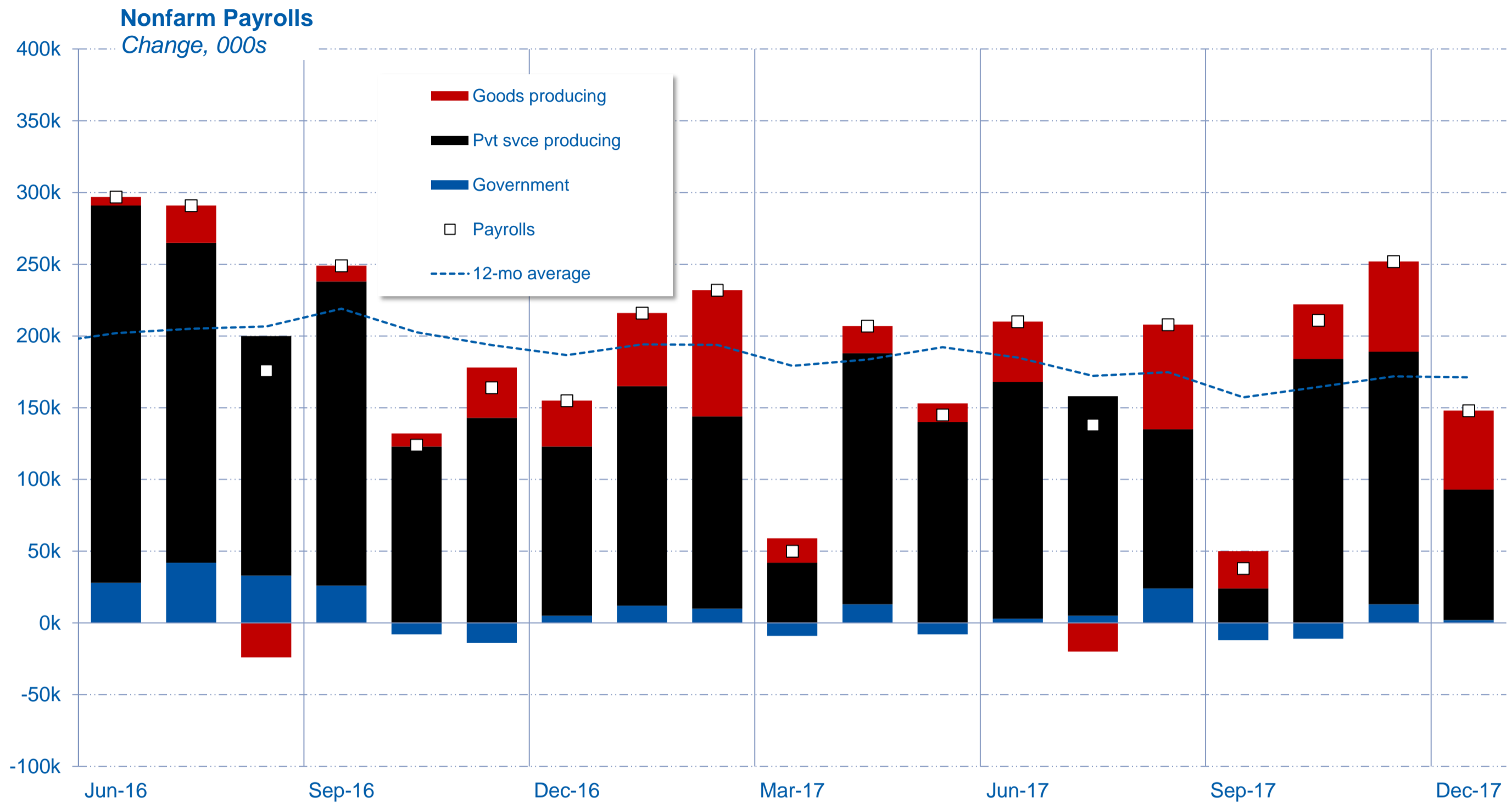
**2-28-18**

# Economic Review: Real GDP



Source: Bureau of Economic Analysis and FTN Financial

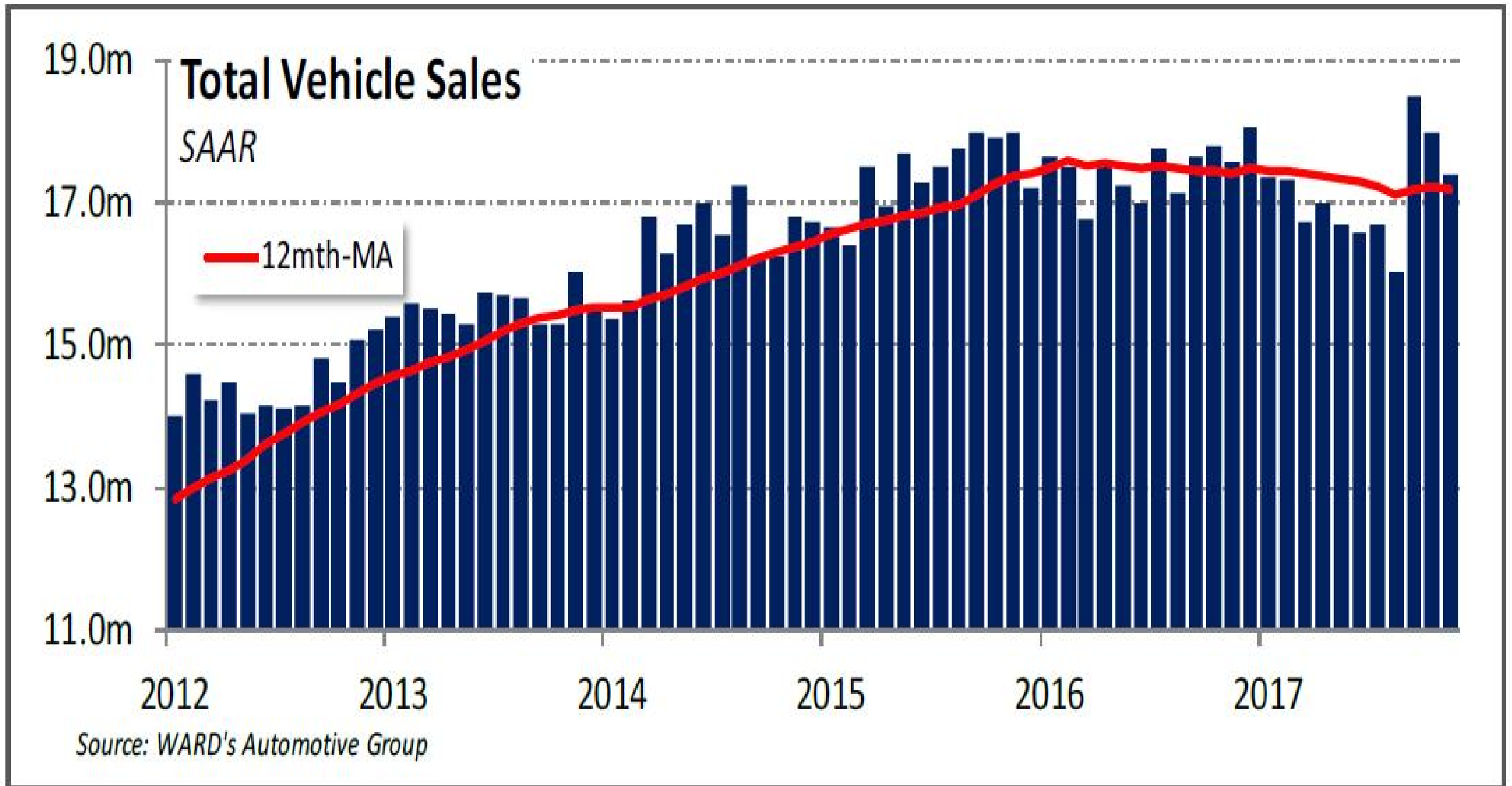
# US Nonfarm Payrolls



Source: Bureau of Labor Statistics and FTN Financial

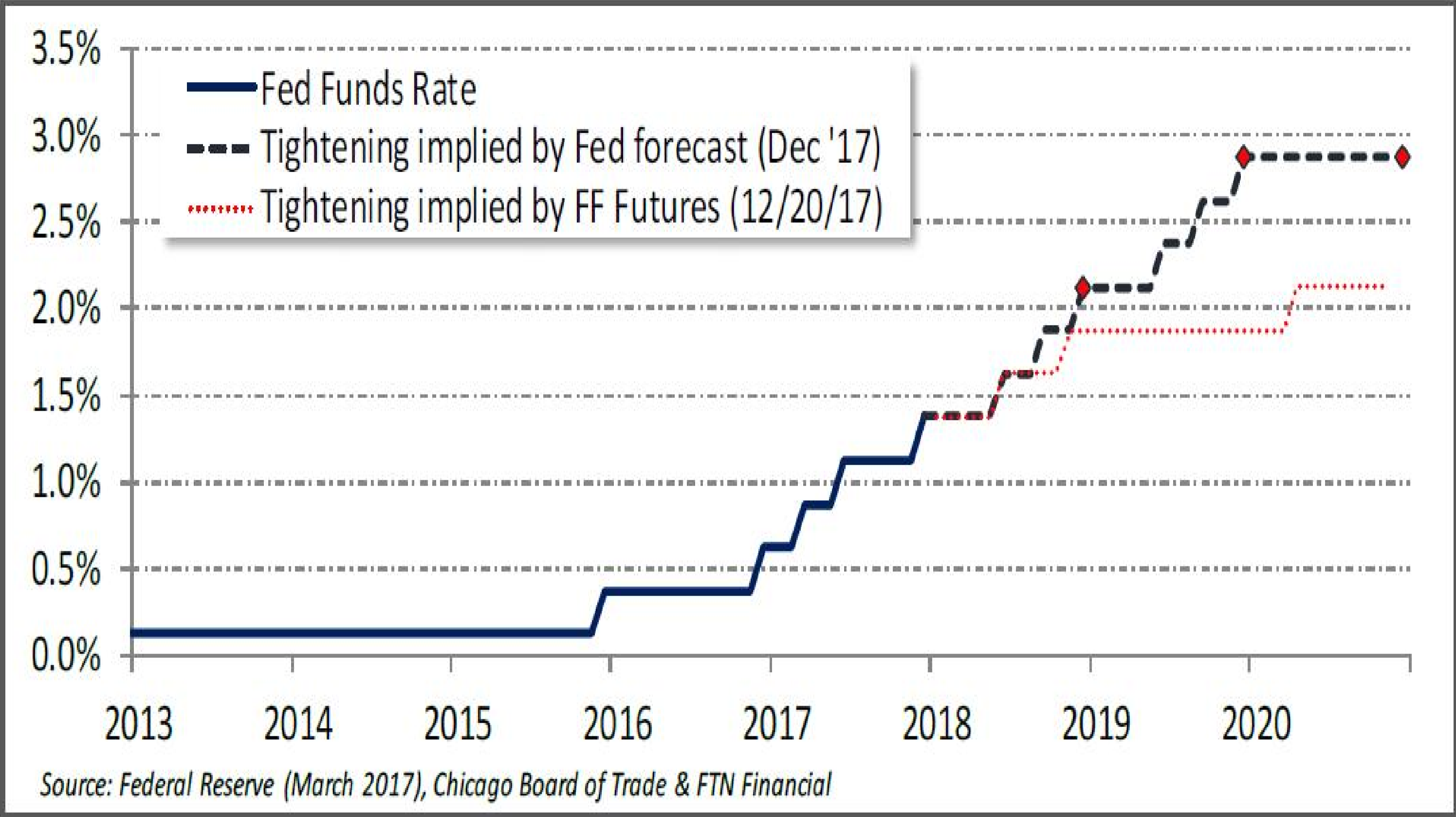
Source: Bureau of Labor Statistics and FTN Financial

# Total Vehicle Sales



Source: WARD's Automotive Group

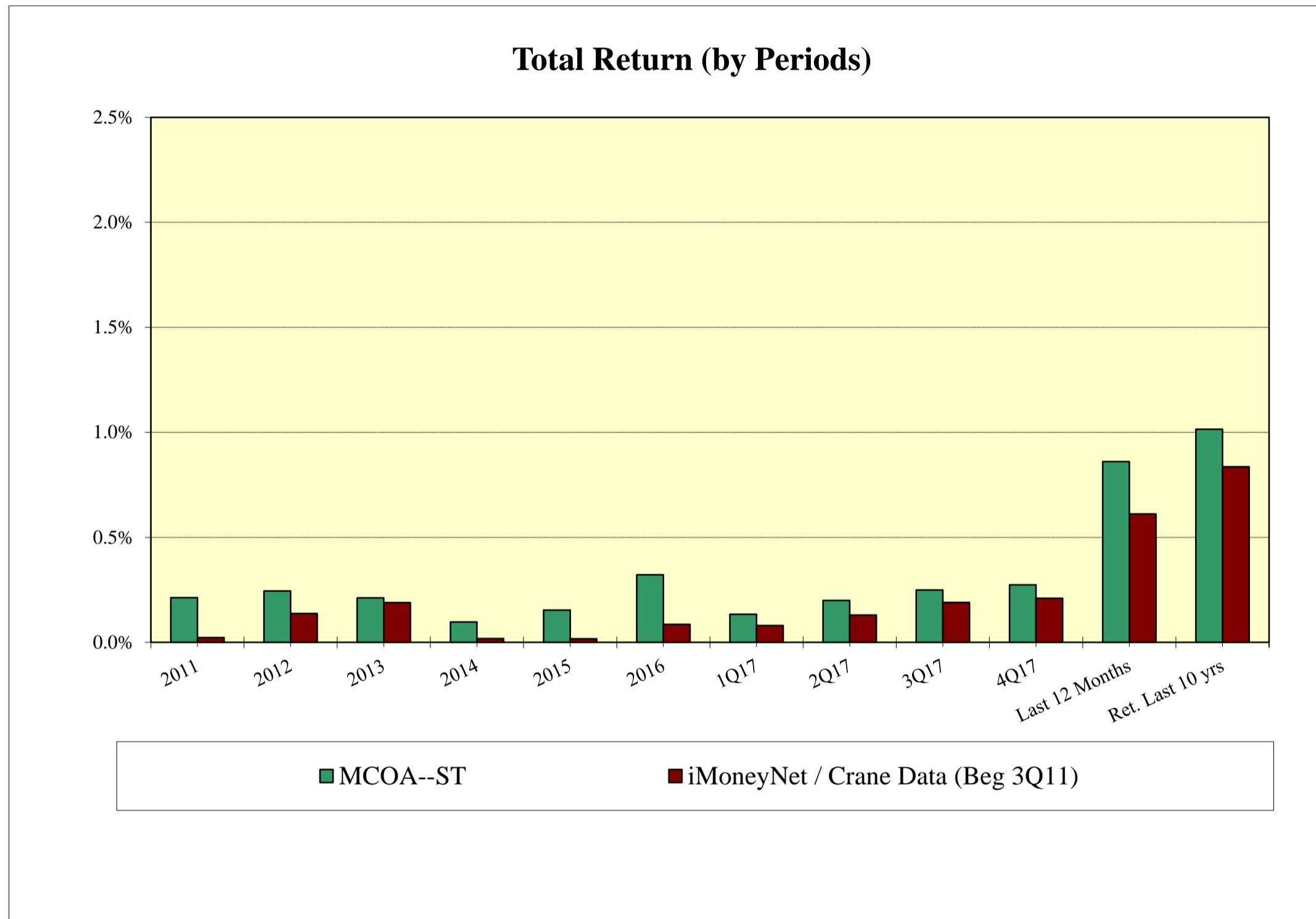
# Fed Rate Hike Probability



Source: Federal Reserve, Chicago Board of Trade & FTN Financial



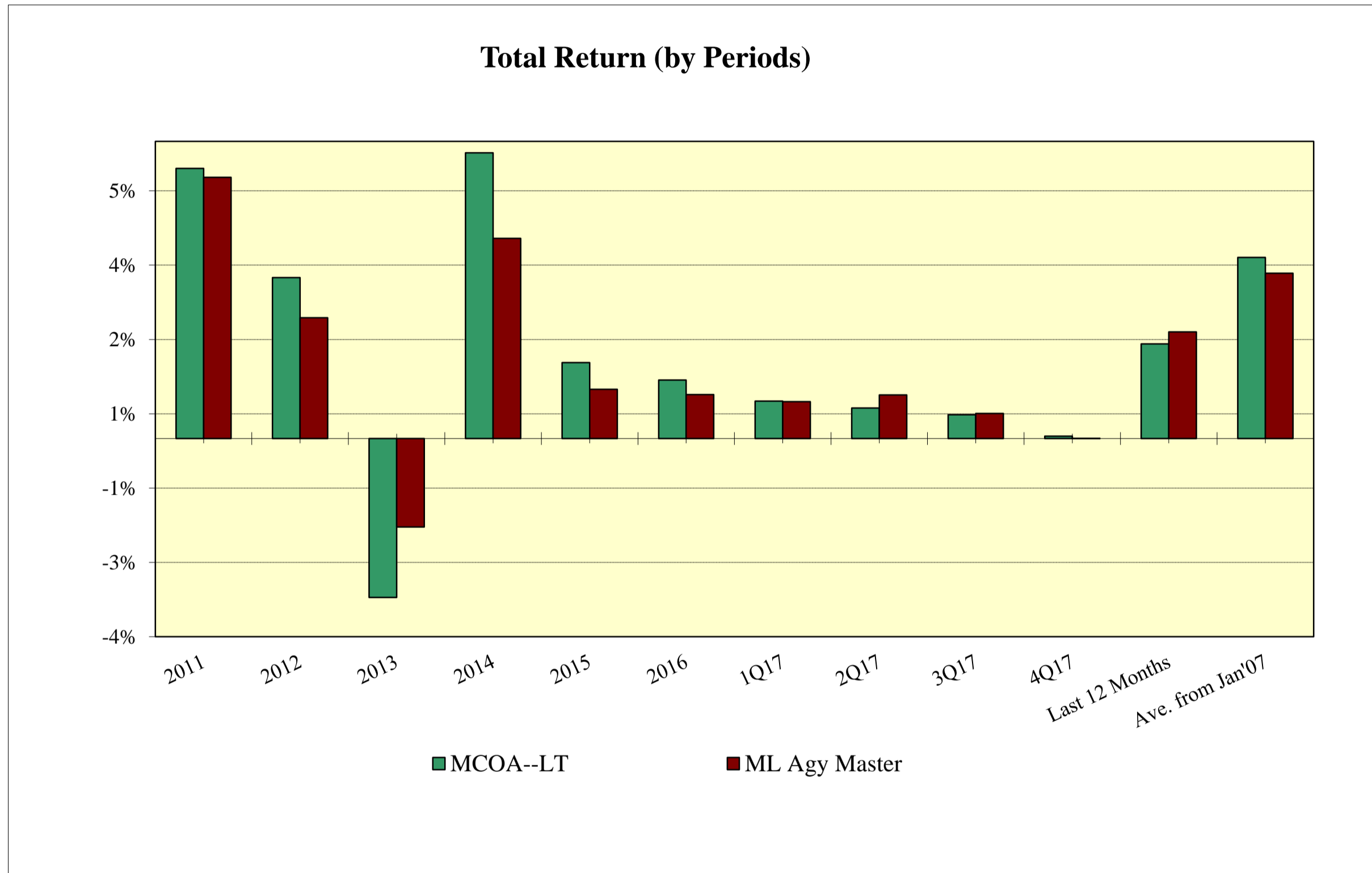
# Total Return, ST Portfolio



- +6 bps (above) Index in 4Q17
- +18 bps/year ave. over the last 10 years

Source: Metropolitan Council, Bloomberg

# Total Return, LT Portfolio



- 4 bps (above) Index in 4Q17
- +32 bps/year ave. over the last 10 years

Source: Metropolitan Council, Bloomberg

# Investment Plans for Long-term Portfolio

- Use cash balances to maintain effective duration within a range of 2 - 6.
- Cash can be utilized to purchase high yielding securities should rates rise in the near future.
- With yields rising, expect duration to increase and experience unrealized losses.



# S&P 500 Index



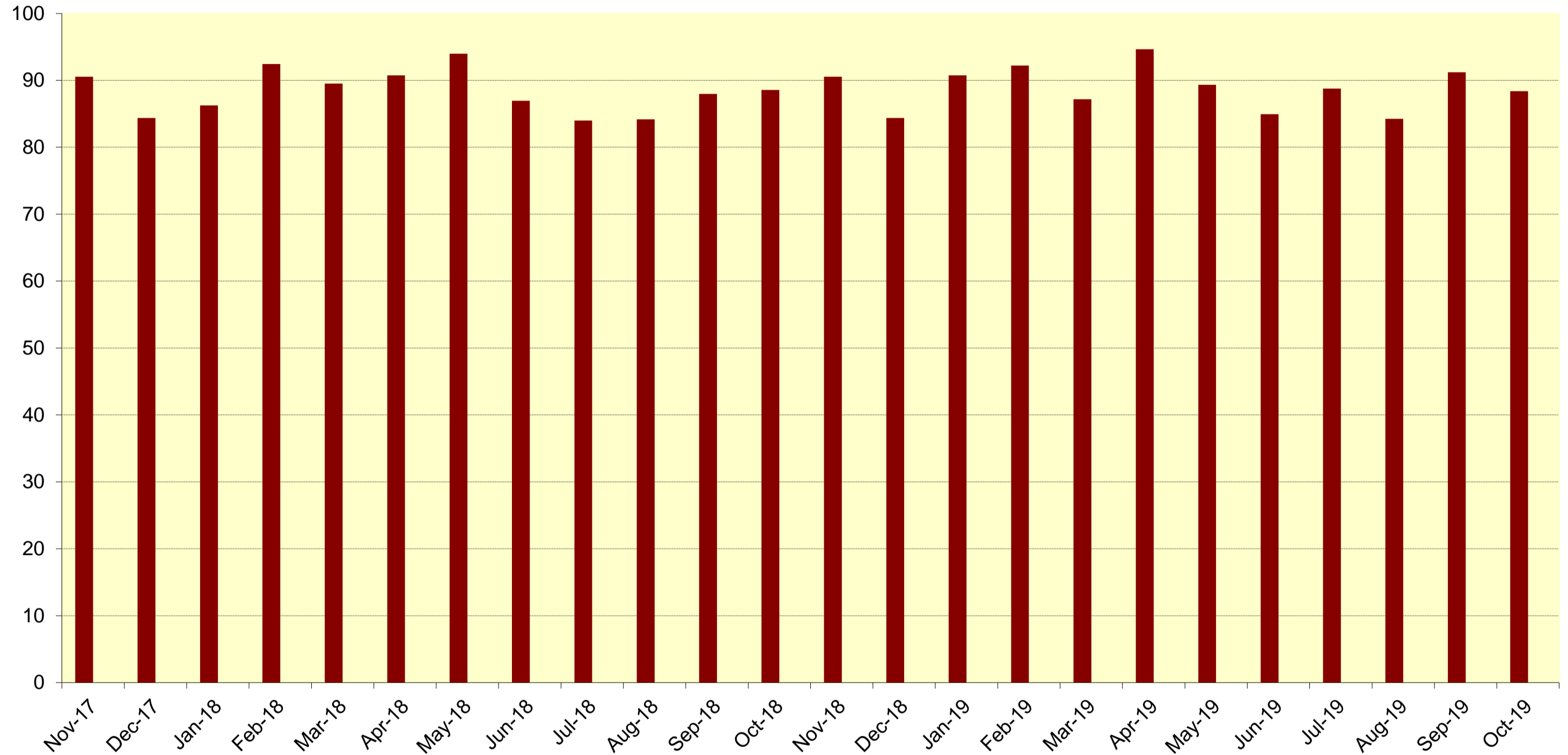
Source: Bloomberg

# OPEB 4Q17 Results

- OPEB @ 5.96% ; S&P 500 Index @ 6.64%
- 4Q17 unrealized gain is \$ 15.4M

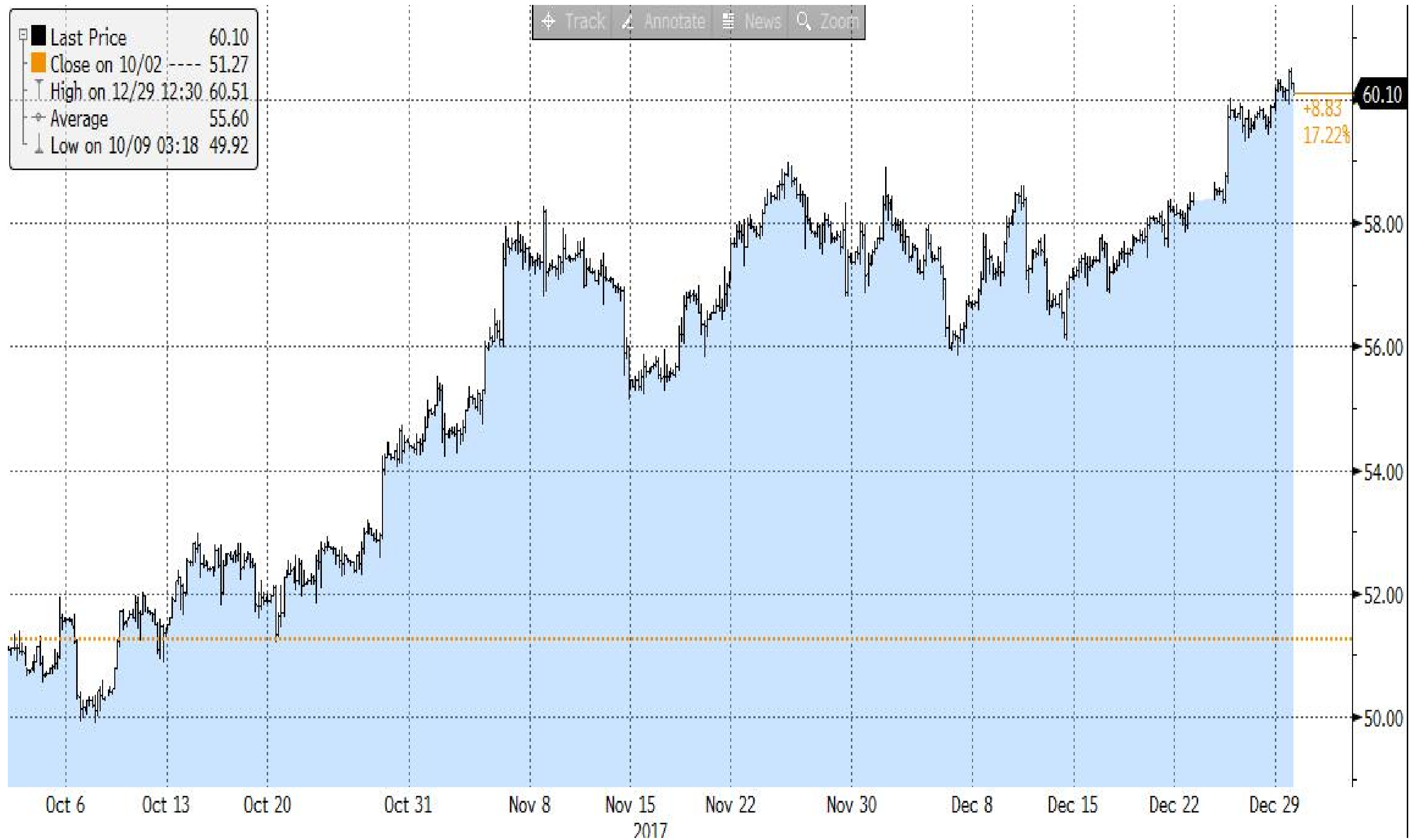
			<u>Total</u>
• Value:		03-31-17:	\$242.3 MM
	Internal	03-31-17:	\$ 7.8 MM
		06-30-17:	\$249.1 MM
	Internal	06-30-17:	\$ 5.2 MM
		09-30-17:	\$259.2 MM
	Internal	09-30-17:	\$ 2.5 MM
		12-30-17:	\$274.6 MM
	Internal	12-30-17:	\$ (1.9 MM)
			\$272.7 MM

# Diesel Hedging Program



Source: Metropolitan Council

# Crude Oil: What's Happening



Source: Bloomberg

# Questions

