

Investment Review Second Quarter 2022

Prepared for the Management Committee

Mark Thompson, Director Treasury



August 10, 2022

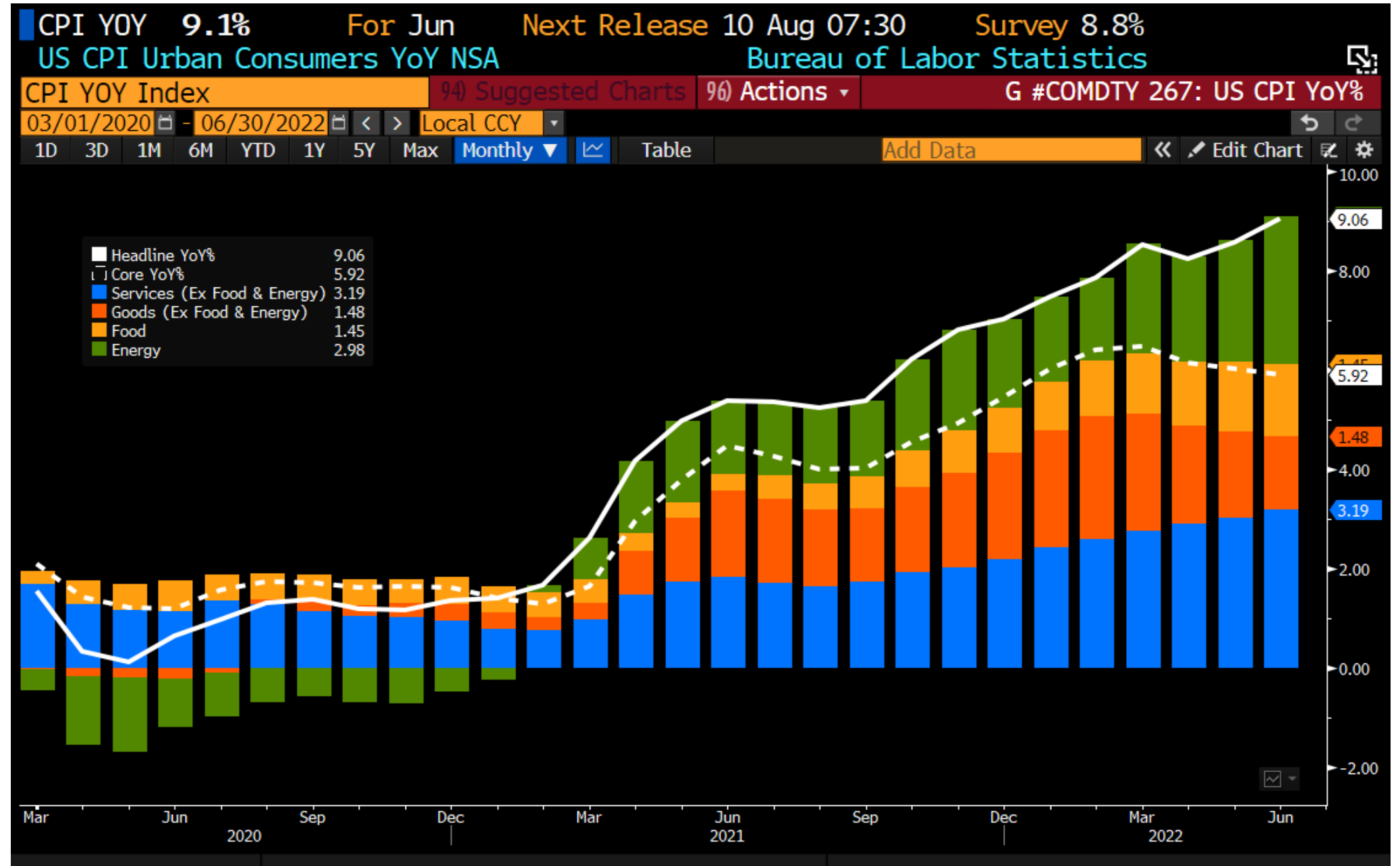
Second Quarter Economy



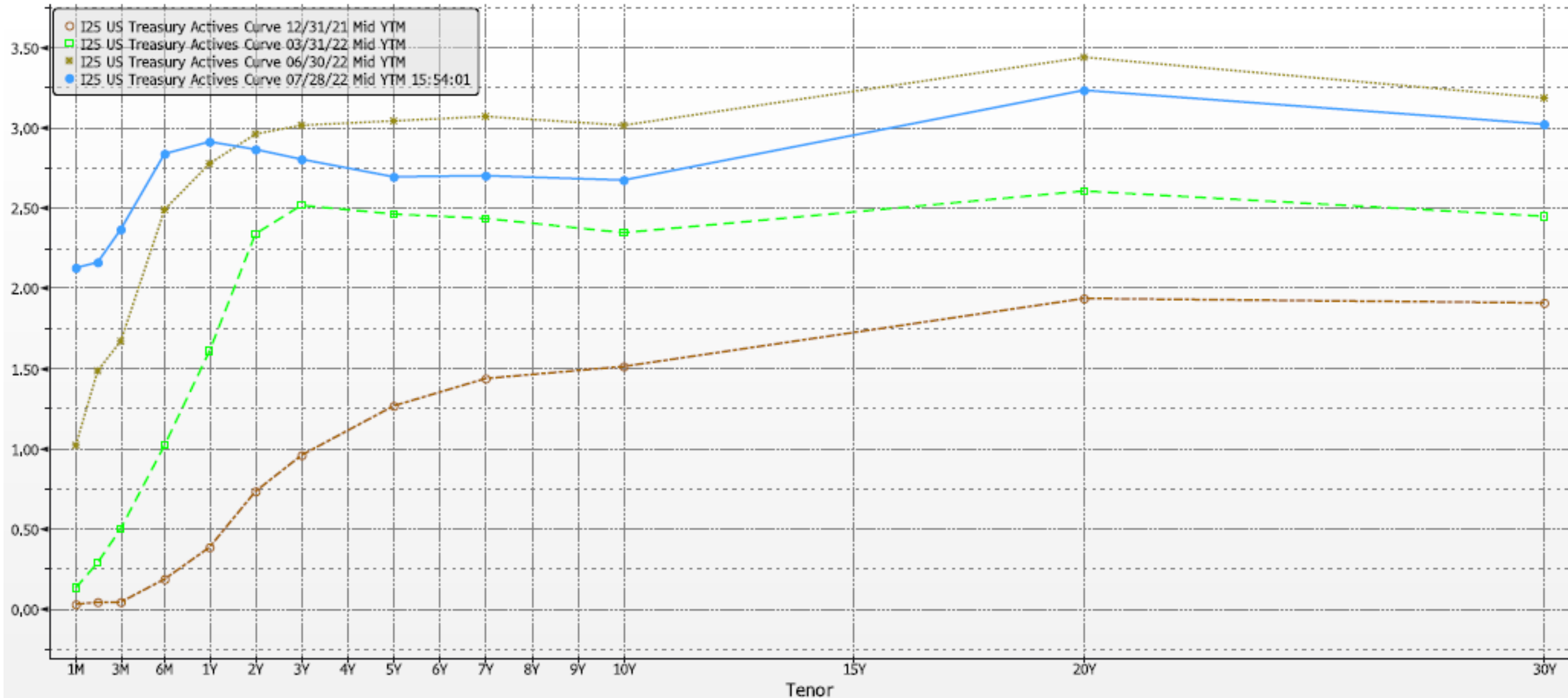
- Inflation Continues
- Fed Rate Hikes
- Recession Fears
- Equities take a Hit

Inflation

- Consumer Price Index
- Continued Higher in 2Q
- 8.3% April
- 8.6% May
- 9.1% June
- Fed's goal 2.0%



Treasury Yield Curve

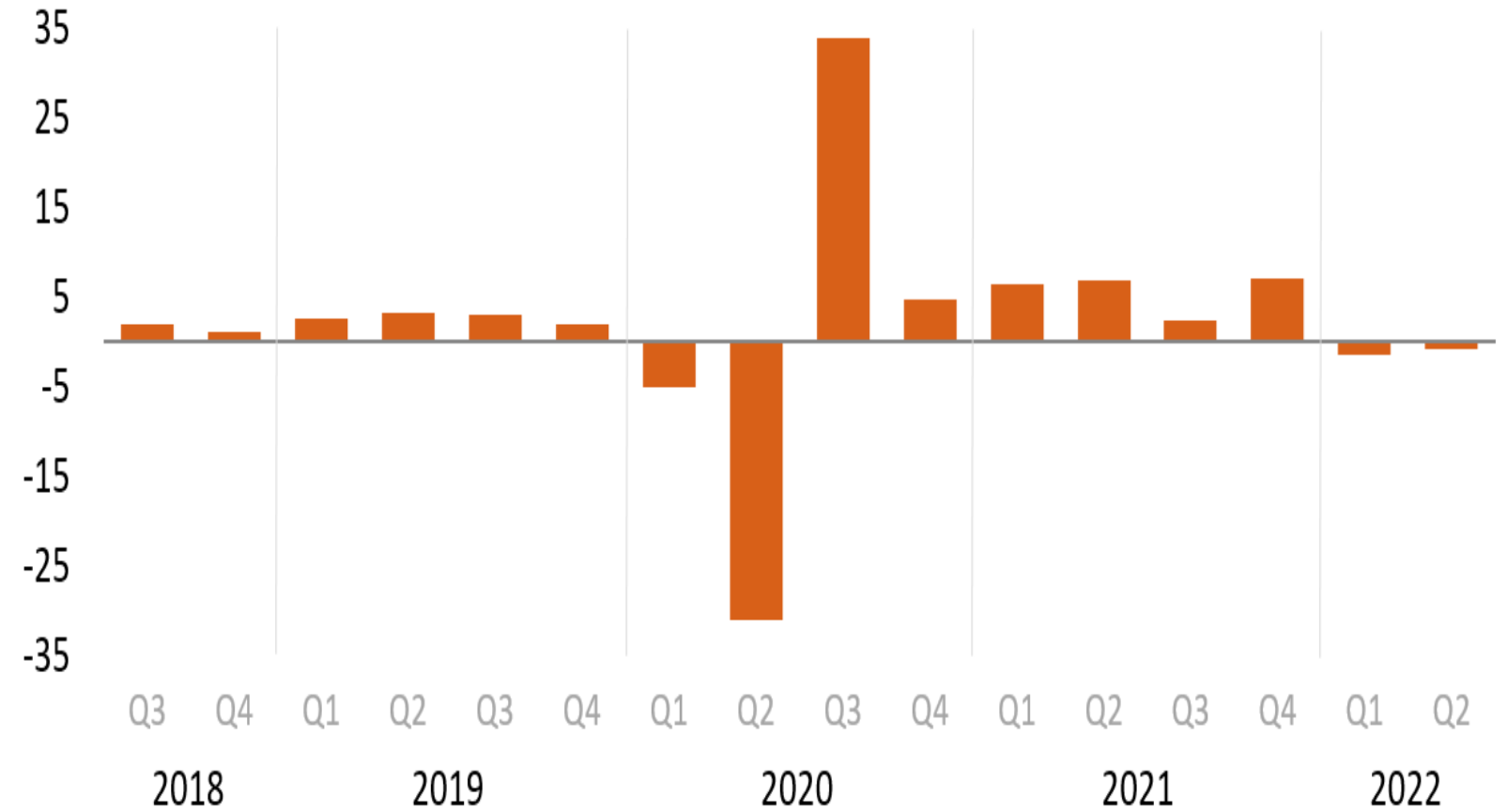


Source : Bloomberg

Gross Domestic Product (GDP)

- GDP **-0.9%** in 2Q, after **-1.6%** in 1Q
- **Advance Estimate**, two revisions to come
- **Decrease** in retail inventories, autos, real estate, and government spending
- **Growth** in exports, consumption of services
- **Recession?**

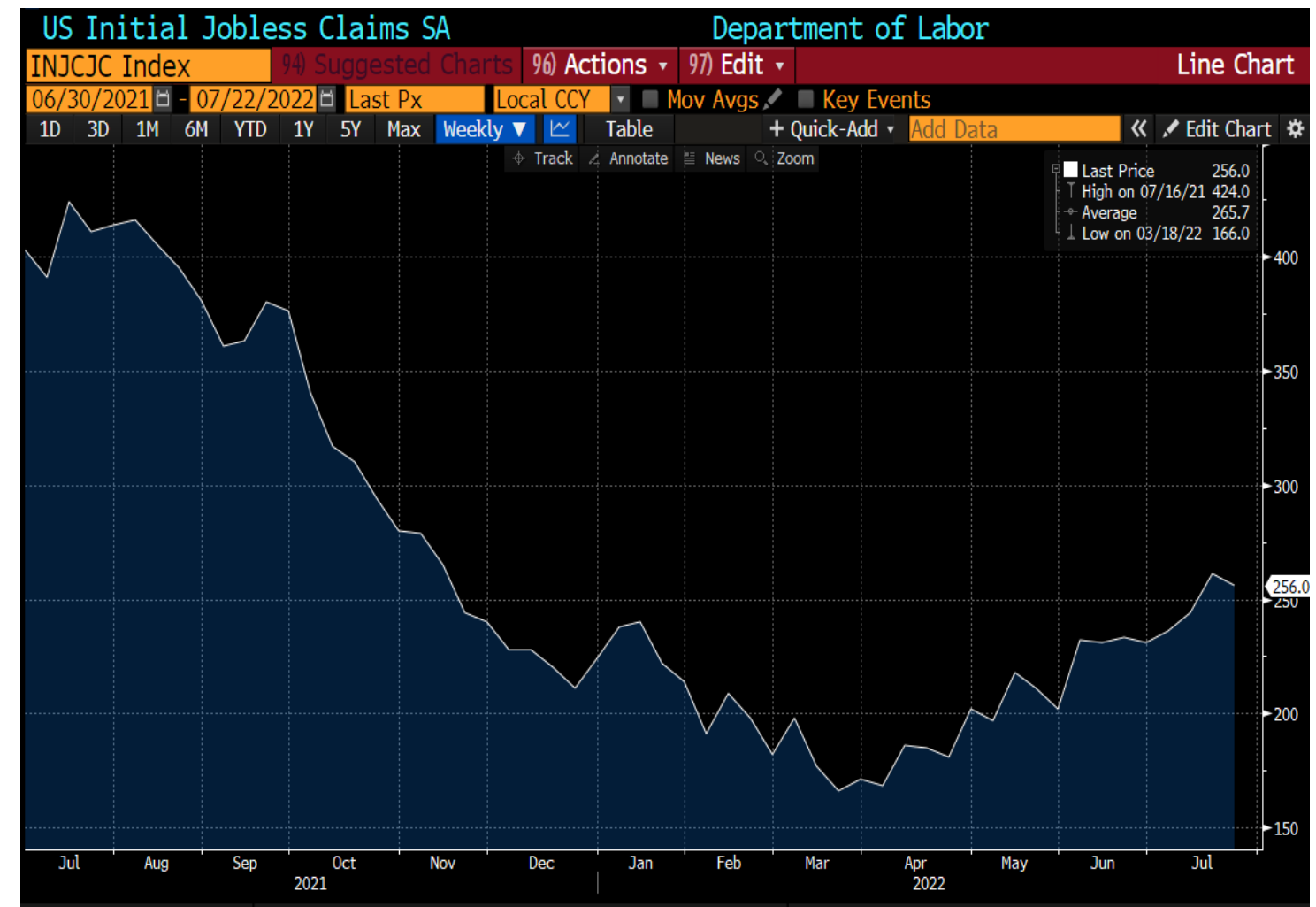
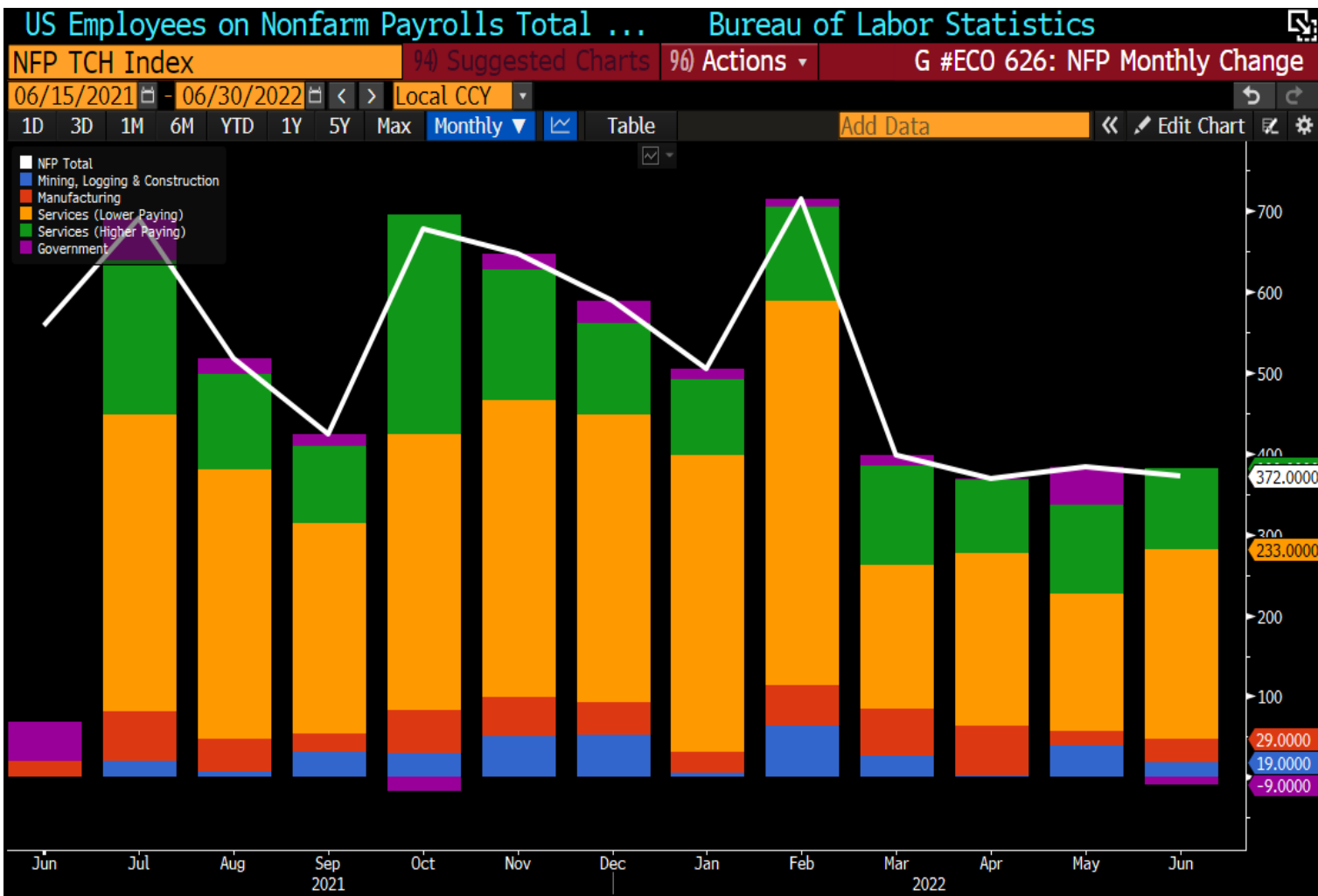
Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Labor Market

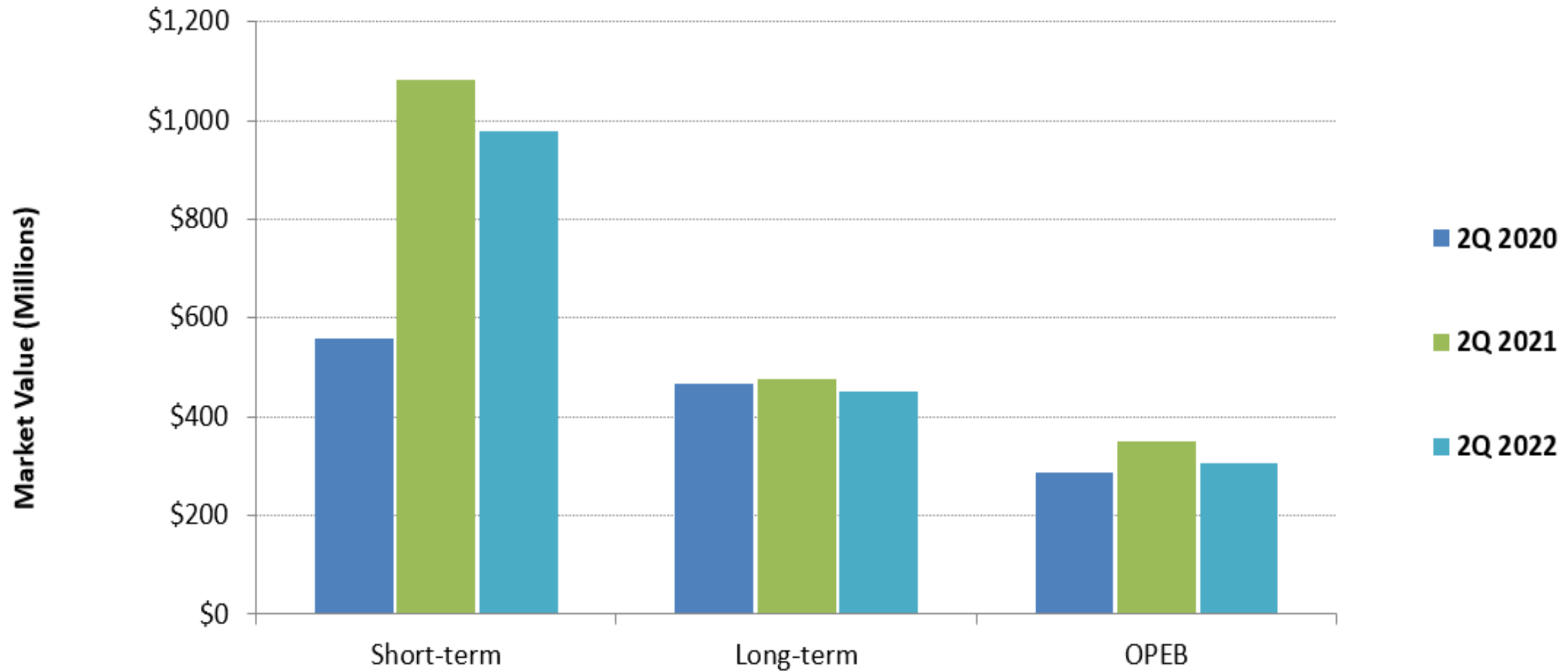


S&P 500 Index



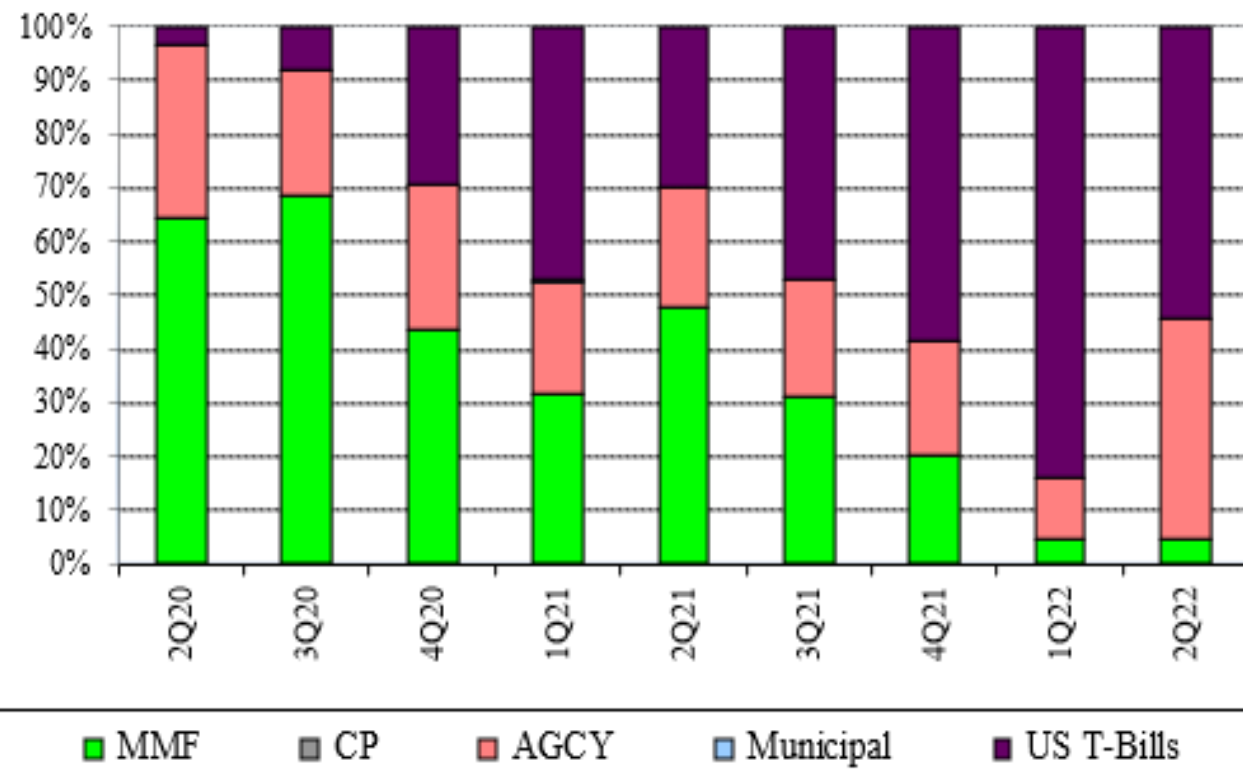
Holdings and Performance Second Quarter 2022

Investment Portfolio Balances



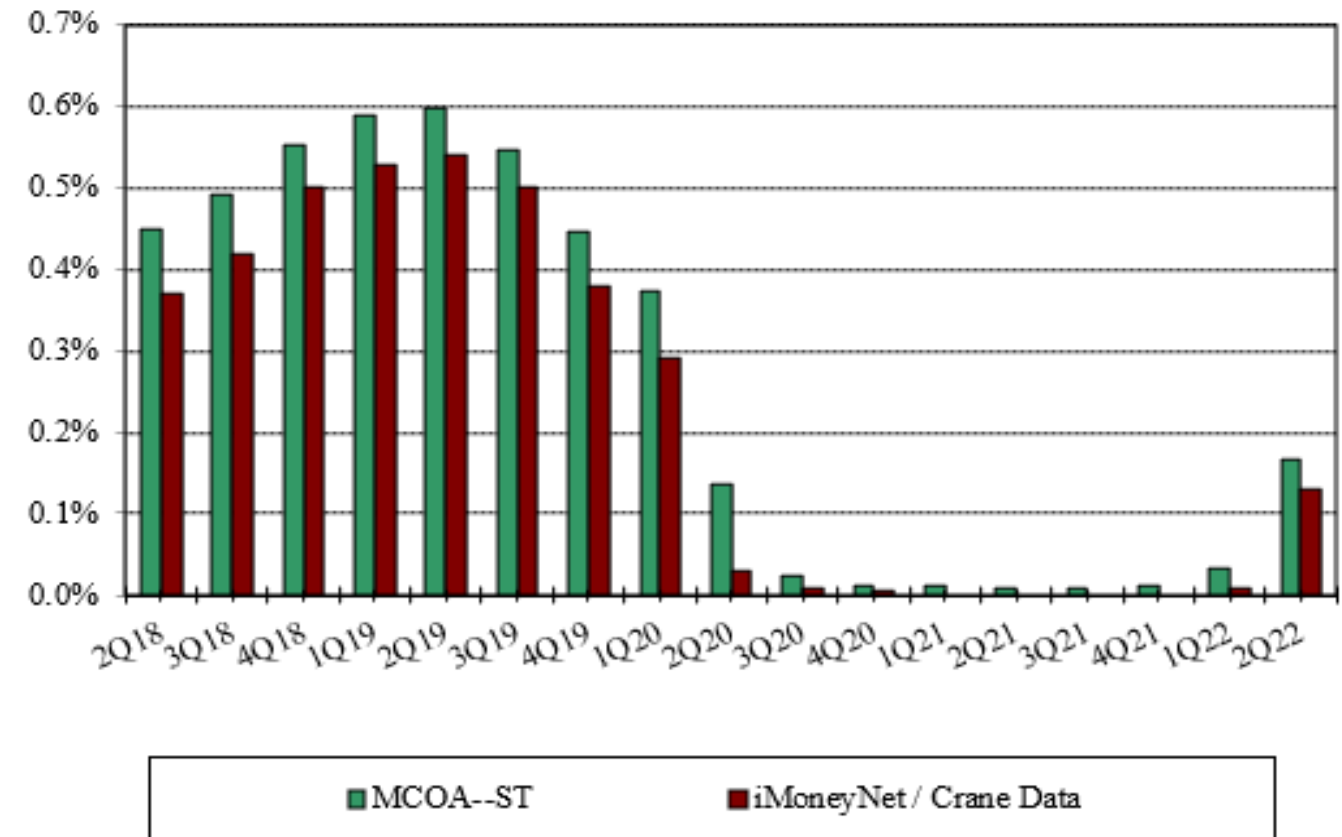
Short-term Portfolio

Sector Allocation



- \$976 million
- U.S. Treasury Bills (\$533 million, 54%)
Government Discount Notes (\$399 million, 41%)
Money Market (\$47 million, 5%)

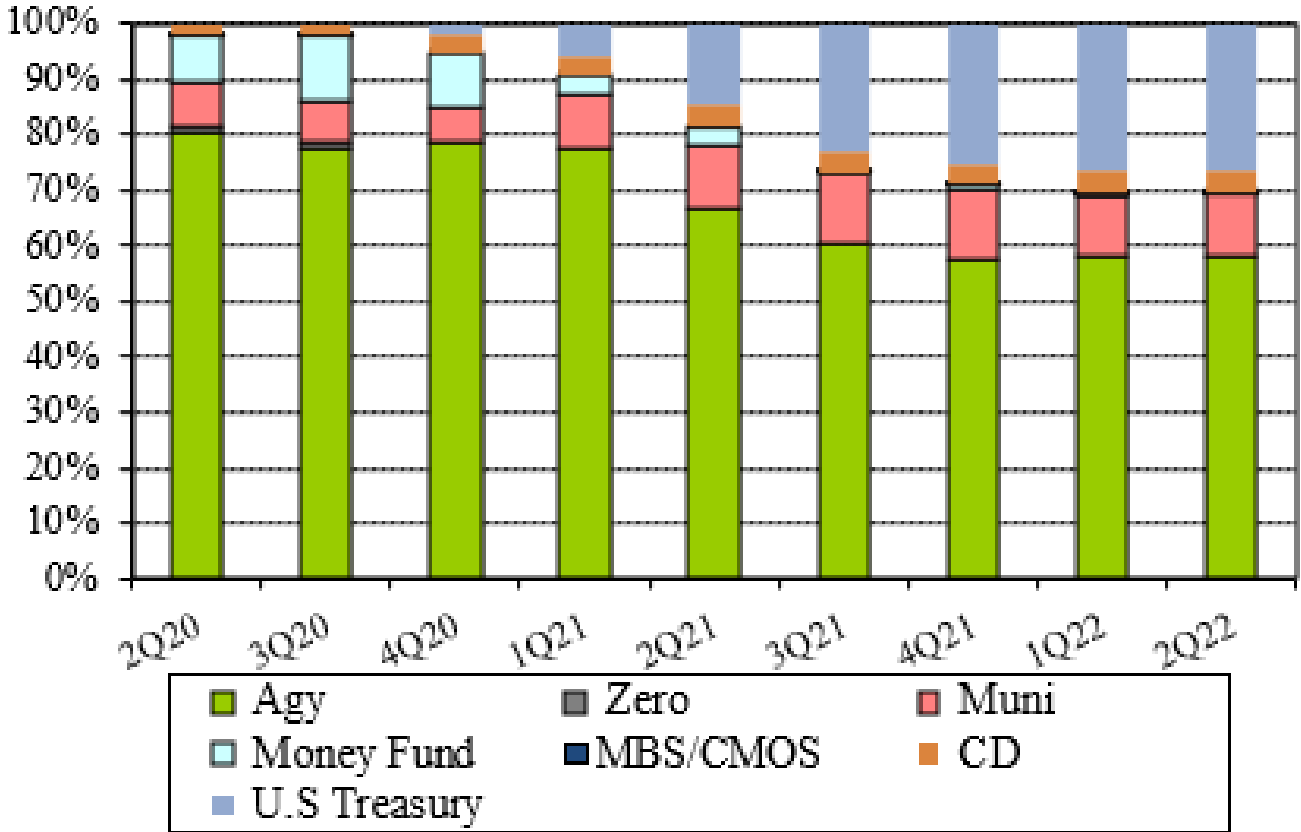
Total Return



- 2Q total return +.17% vs. benchmark .13%
- Average yield increased .29% to 1.20%

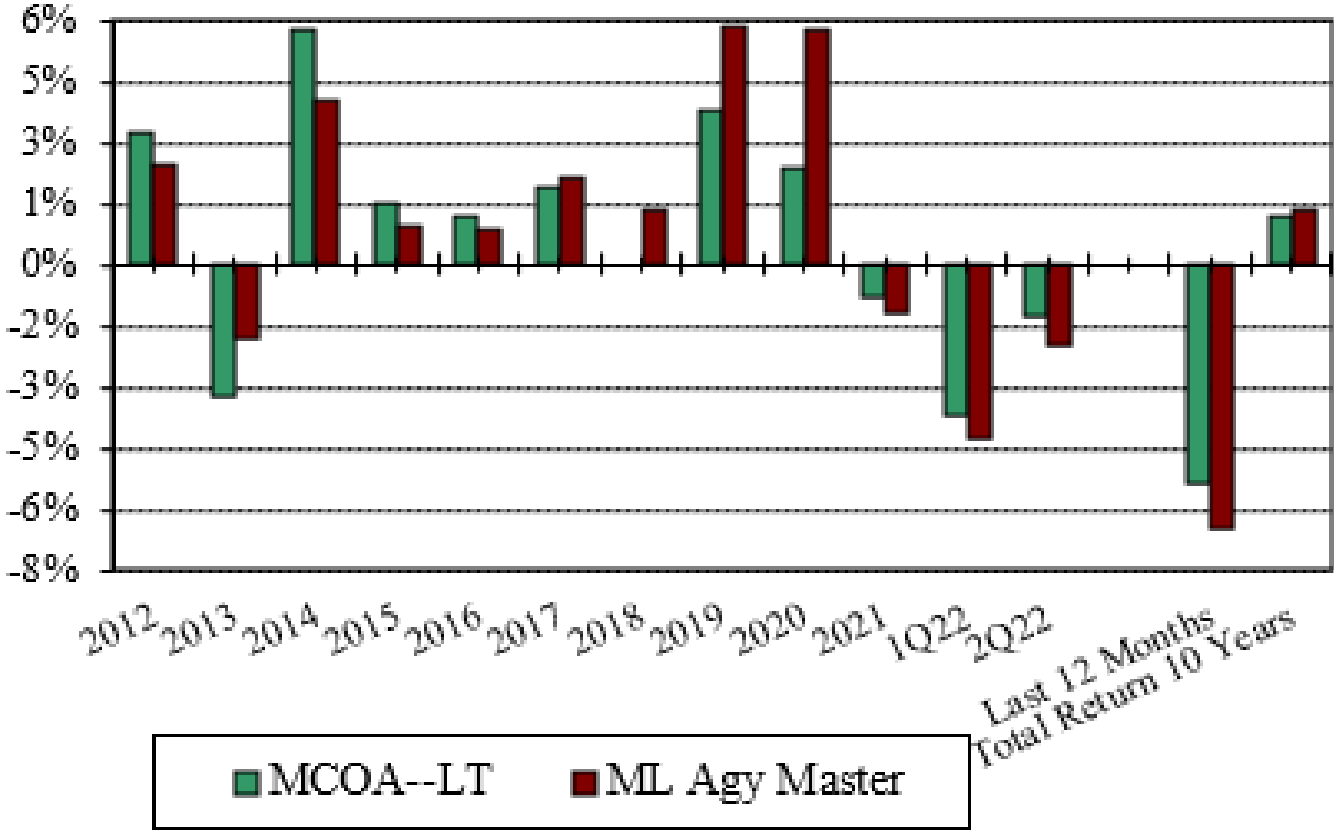
Long-Term Portfolio

Sector Allocation



- \$452 million
- U.S. Government Agency (\$267 million, 58%)
- U.S. Treasury Notes (\$121 million, 27%)
- Municipal Bonds (\$49 million, 11%)
- Certificate of Deposits (\$18.5 million, 4%)

Total Return



- Total Return -1.22% vs benchmark -1.98%
- Duration 2.24 years vs benchmark 3.77 years
- Average Yield .98%

OPEB Trust

- **Trust Value:**
 - 03-31-21 330.4 million
 - 06-30-21 348.9
 - 09-30-21 336.9
 - 12-31-21 361.2
 - 03-31-22 346.4
 - 06-30-22 306.9
 - 08-01-22 326.5
- **Total Return 2Q22 -11.40%**
- **65% Equity**
35% Fixed Income and Cash
- **Projected OPEB Liability Remains Fully Funded**

OPEB Trust Total Return



CD Program Status

Bank	Amount	Date Purchased	Maturity Date	Interest Rate
First Resource Bank	\$ 1,000,000	4/9/2020	4/10/2023	0.950%
Merchants Bank	\$ 6,000,000	4/30/2022	5/2/2023	1.100%
Maple Bank	\$ 1,000,000	4/28/2022	4/28/2023	1.000%
Riverland Bank	\$ 1,500,000	4/18/2022	4/18/2023	1.000%
21st Century	\$ 2,000,000	5/26/2022	5/25/2023	1.150%
Bremer Bank	\$ 5,000,000	12/22/2021	12/22/2022	0.350%
Drake Bank	\$ 2,000,000	6/23/2022	6/23/2023	0.900%
	<u>\$ 18,500,000</u>			

CD Program Improvement Project

Steps:

- Improve Program Marketing Materials (underway)
- Introduce Program to additional banks (underway)
 - First Independence Bank –July 2022
 - Spire Credit Union - July 2022
 - Have more prospects
- Fill goal of \$20-25 million (4th Quarter)
- Develop and communicate minimum reporting metrics (underway, 3Q)
 - Financial condition of institution
 - CRA Rating
 - Institutional lending metrics around location and the goals of the program
 - Institutional community involvement and volunteering
- Communicate an annual reporting due date (3Q)
- Standardize CD size parameters, align maturity dates to April/May (3Q)
- Develop process for reporting to Management Committee and OEE0 (2022)



Thank you



Mark Thompson, Director Treasury

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