

Investment Review Fourth Quarter 2022

Prepared for Management Committee
Mark Thompson, Director Treasury

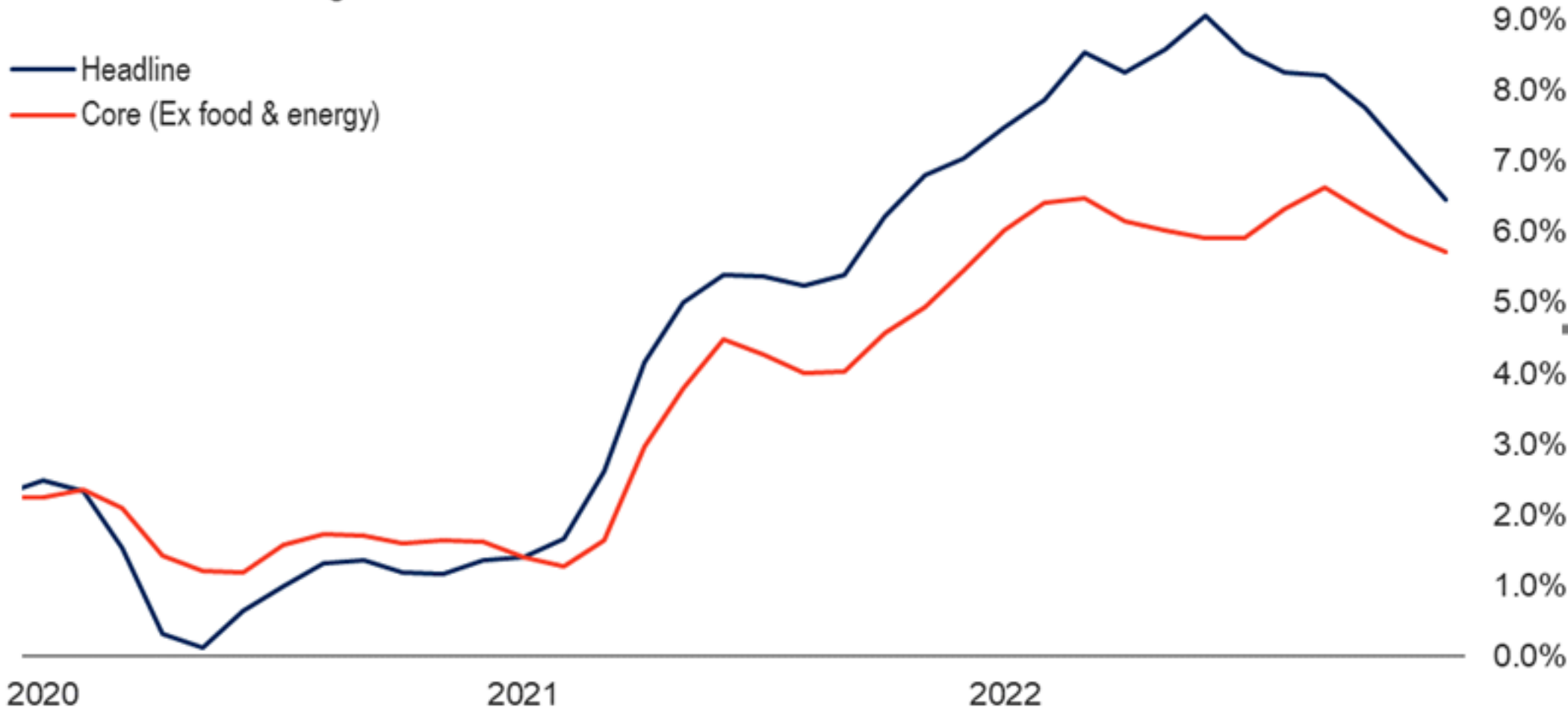


March 22, 2023

Inflation

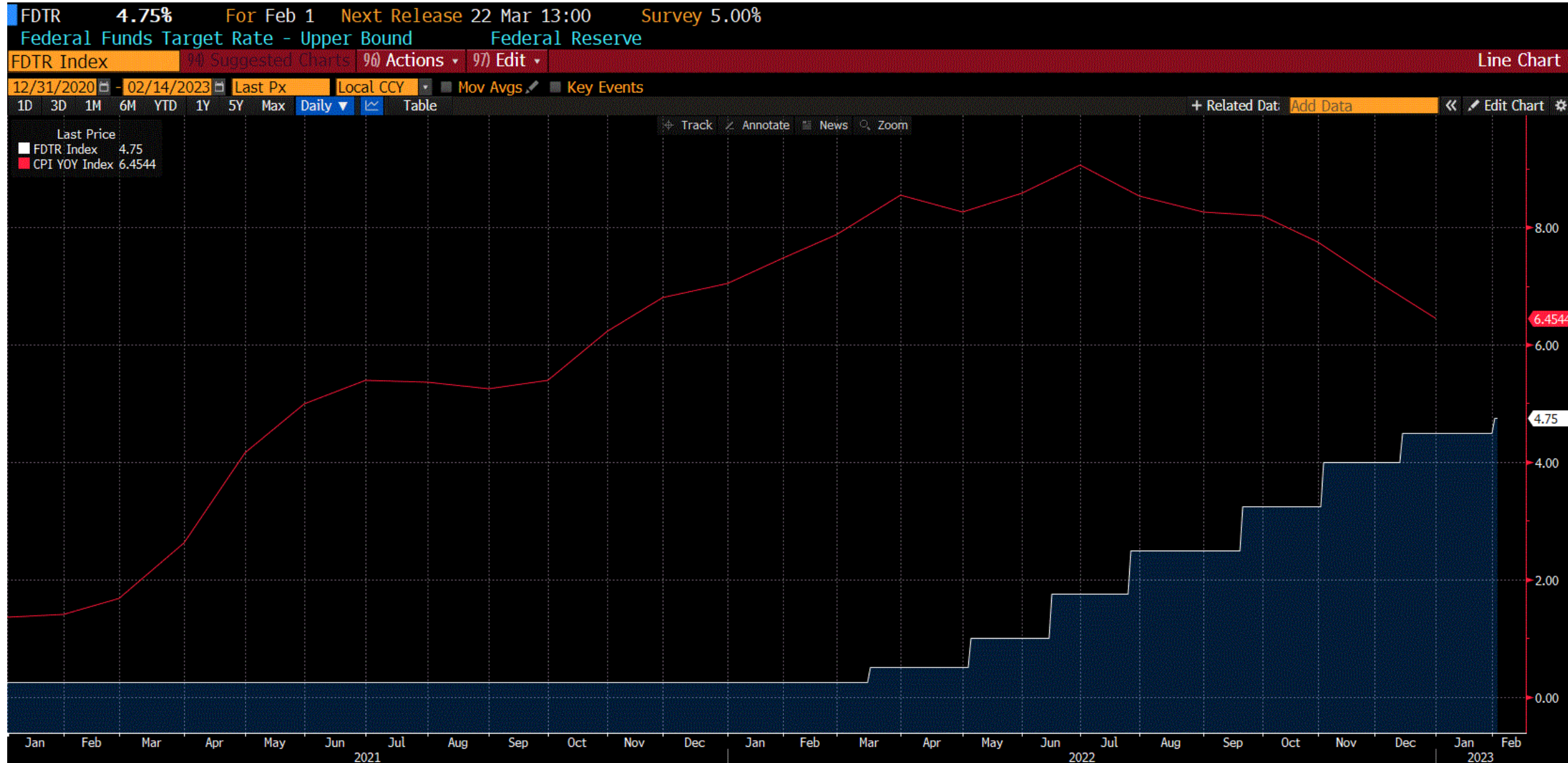
Consumer Price Index
Year-Over-Year % Change

— Headline
— Core (Ex food & energy)

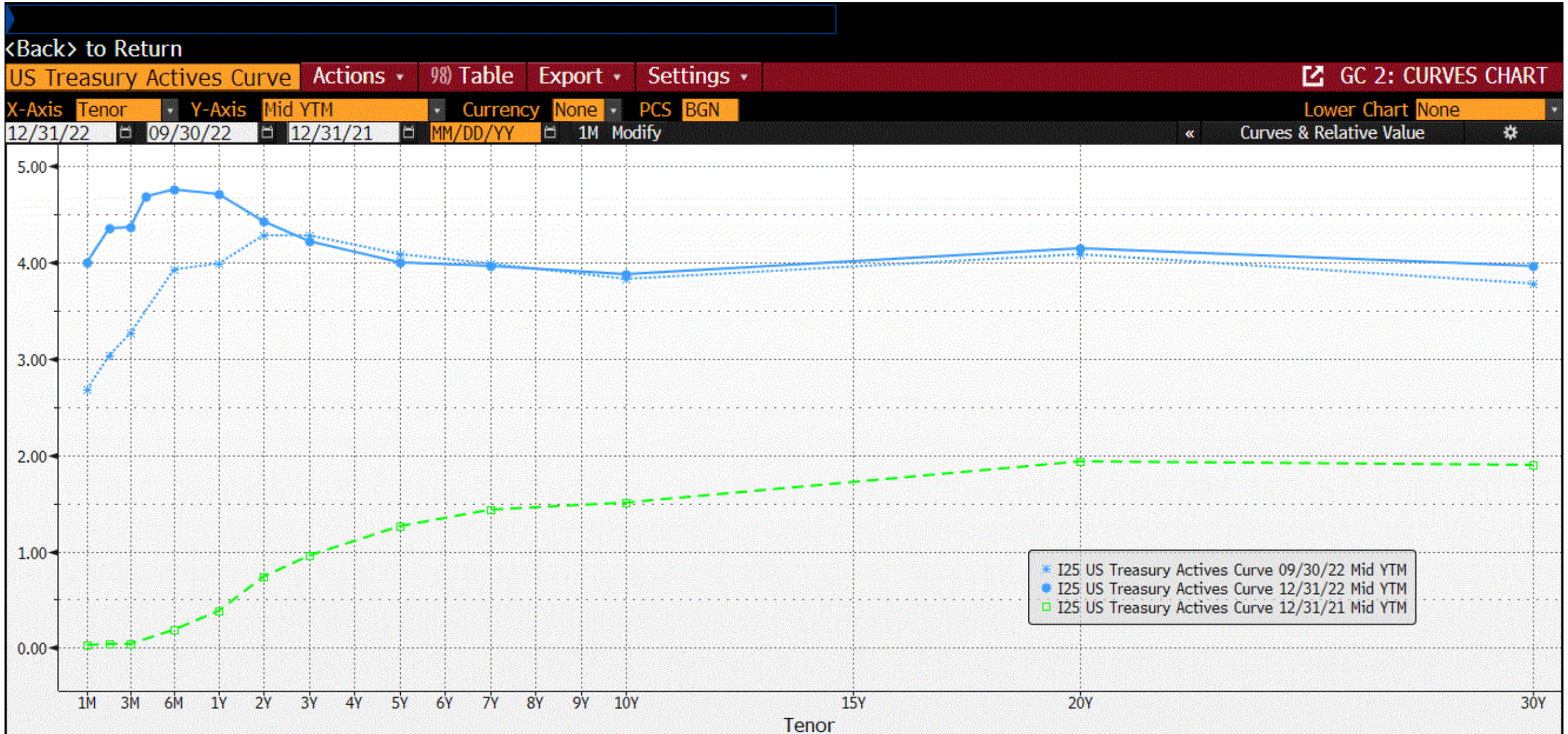


- 7.7% October
- 7.1% November
- 6.5% December
- Fed's goal 2.0%

Federal Reserve's Inflation Fight



Treasury Yield Curve



S&P 500 Index

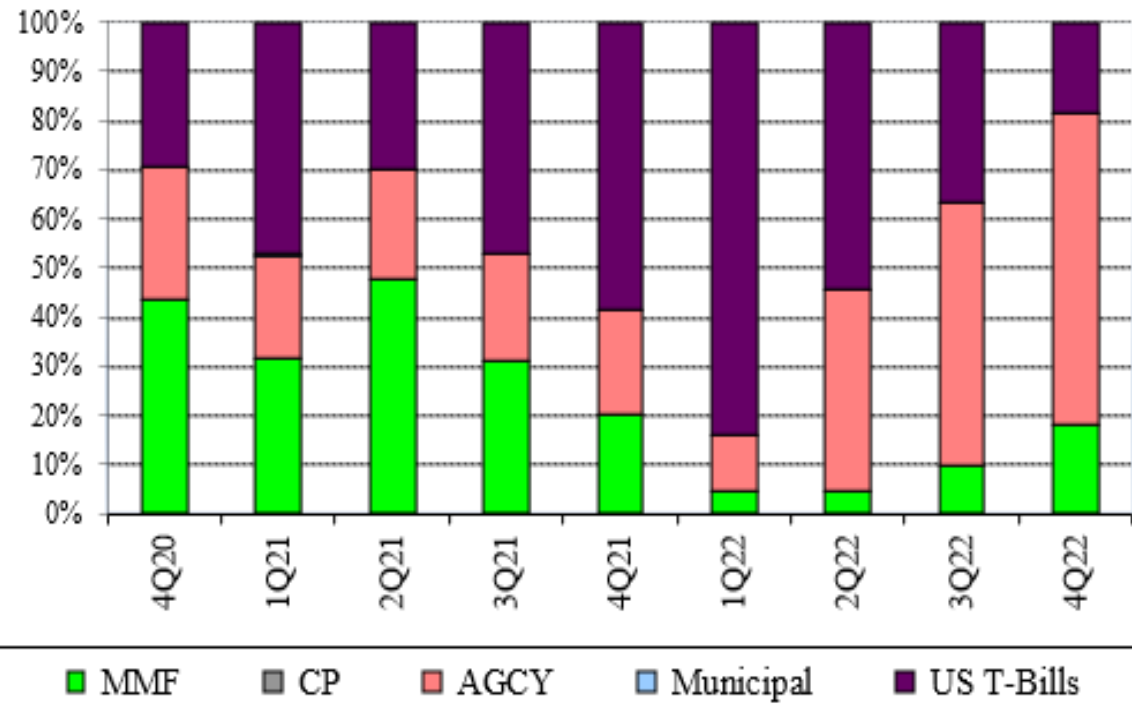
- OPEB Trust invests in S&P 500 pool at State Board of Investment
- Q4 Positive return of +7.55%
- Total return of -18.12% for full year 2022
- Energy sector was top performing sector
- Hurt by high inflation, rising interest rates and fear of recession
- High of 4796 on Jan 3
- Low of 3577 on Oct 12
- Finished year at 3839



| S&P 500 Total Returns by Month in 2022 | | | | | | | | | | | |
|--|--------|-------|--------|-------|--------|-------|--------|--------|-------|-------|--------|
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| -5.17% | -2.99% | 3.71% | -8.72% | 0.18% | -8.25% | 9.22% | -4.08% | -9.21% | 8.10% | 5.59% | -5.90% |

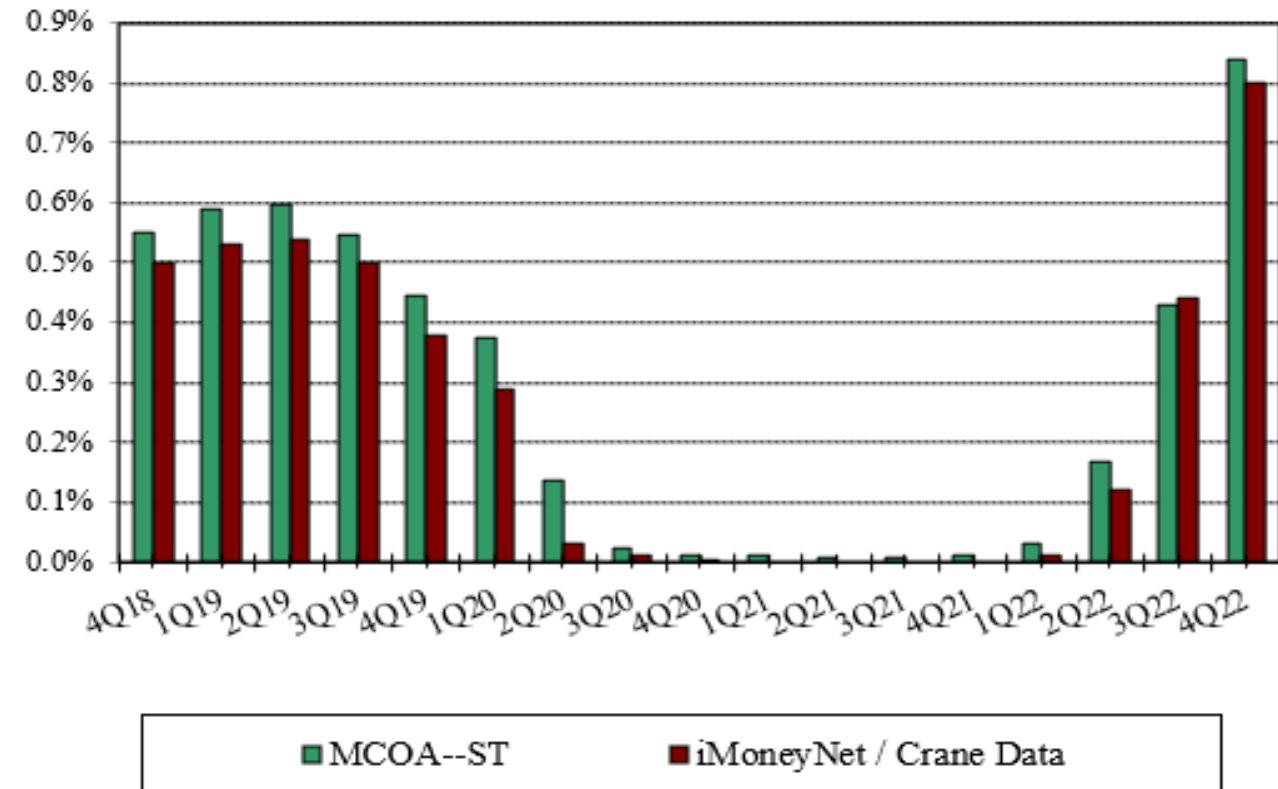
Short-term Portfolio

Sector Allocation



- \$1.07 billion
- U.S. Treasury Bills (\$198 million, 19%)
Government Discount Notes (\$675 million, 63%)
Money Market Fund (\$194 million, 18%)

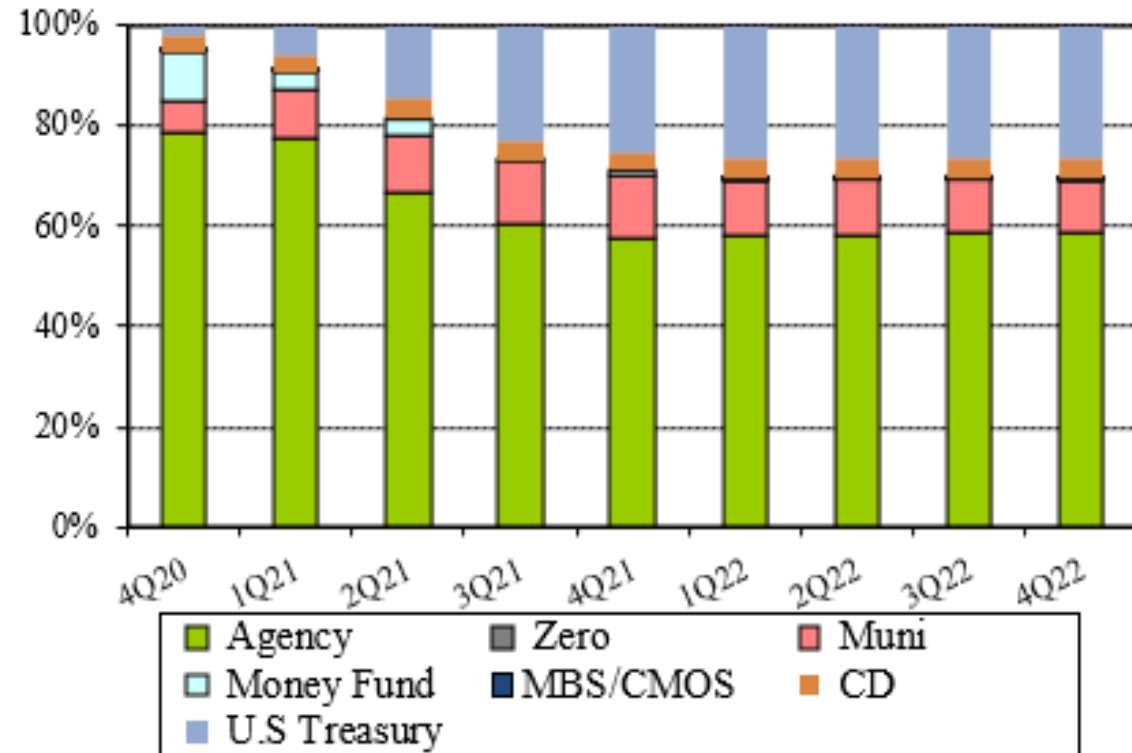
Total Return



- 4Q total return +.841% vs. benchmark .80%
- Average yield 4.124%, up from 2.49% in 3Q
- 4Q interest income \$8.9M vs 4.1M in 3Q

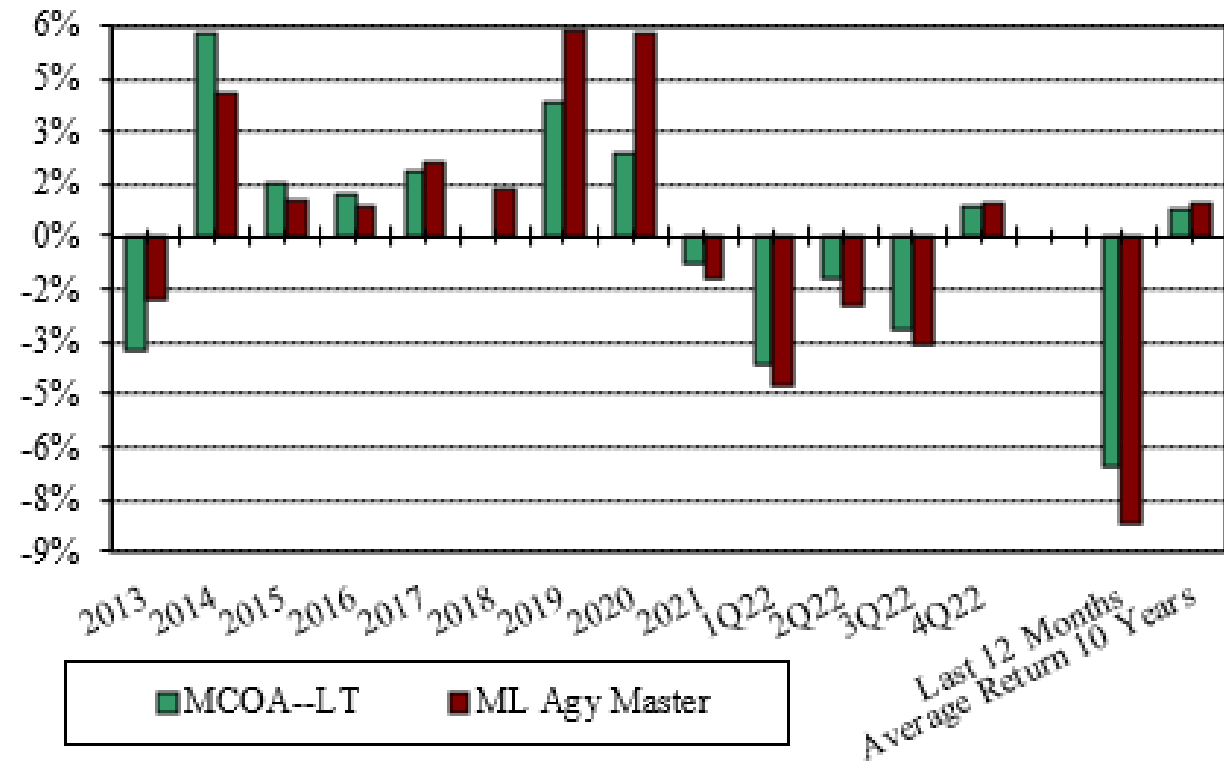
Long-Term Portfolio

Sector Allocation



- \$444 million
- U.S. Government Agency (\$260 million, 59%)
- U.S. Treasury Notes (\$116 million, 26%)
- Municipal Bonds (\$47 million, 11%)
- Certificate of Deposits (\$18.5 million, 4%)

Total Return

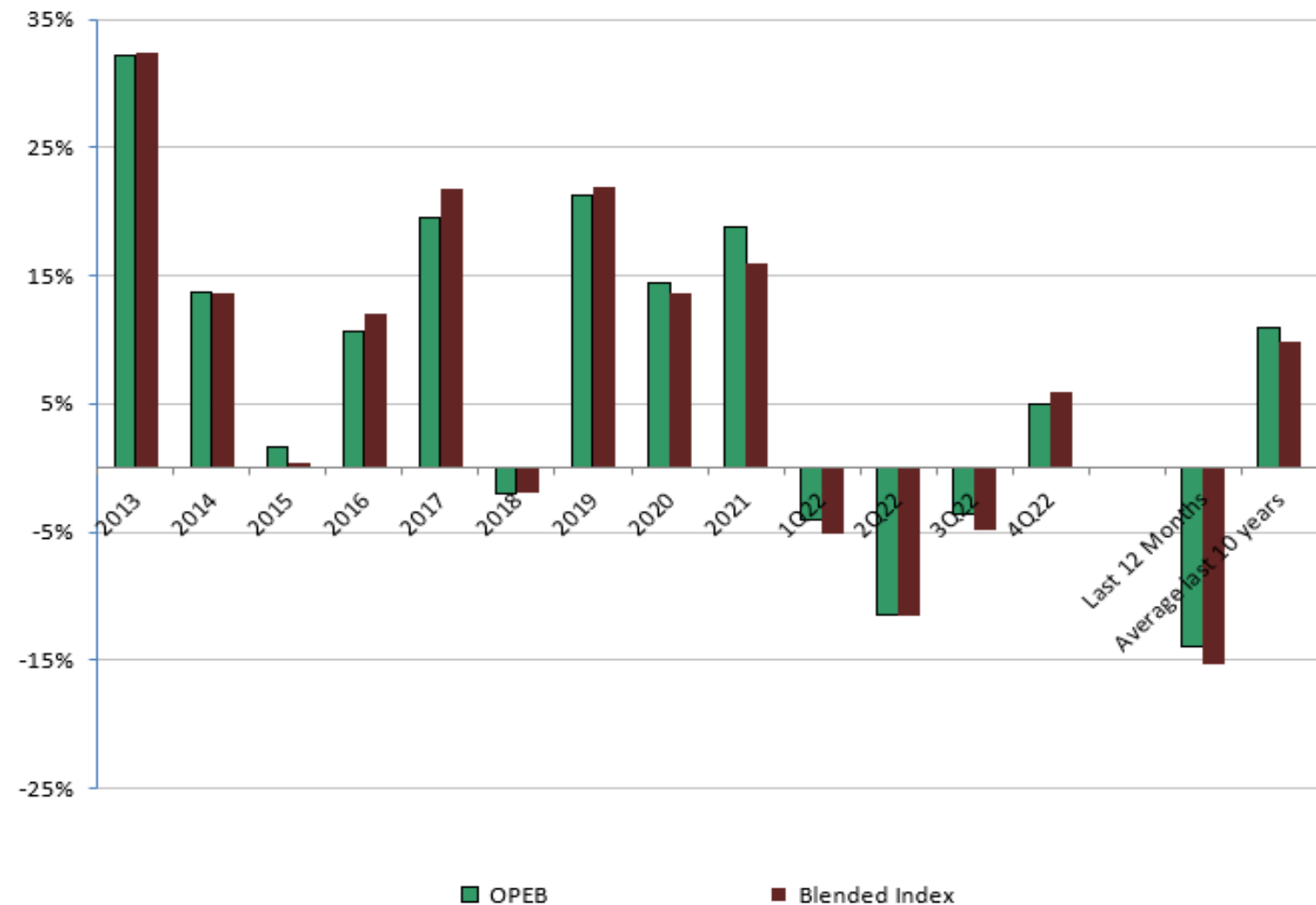


- Total Return .83% vs benchmark .92%
- Duration 1.90 years vs benchmark 3.57 years
- Average Yield 1.05% vs .99% in 3Q

OPEB Trust

- **Trust Value:**
 - 12-31-21 361.2 million
 - 03-31-22 346.4
 - 06-30-22 306.9
 - 09-30-22 282.5
 - 12-31-22 296.8
- **Total Return 4Q22 +5.03%**
- **Average Return: 6.59% over 5 years
10%+ over 10 years**
- **62% Equity
38% Fixed Income/Cash**
- **Projected OPEB Liabilities Fully Funded**

OPEB Trust Total Return





Thank you



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