

# Investment Review First Quarter 2023

Investment Review Advisory Committee

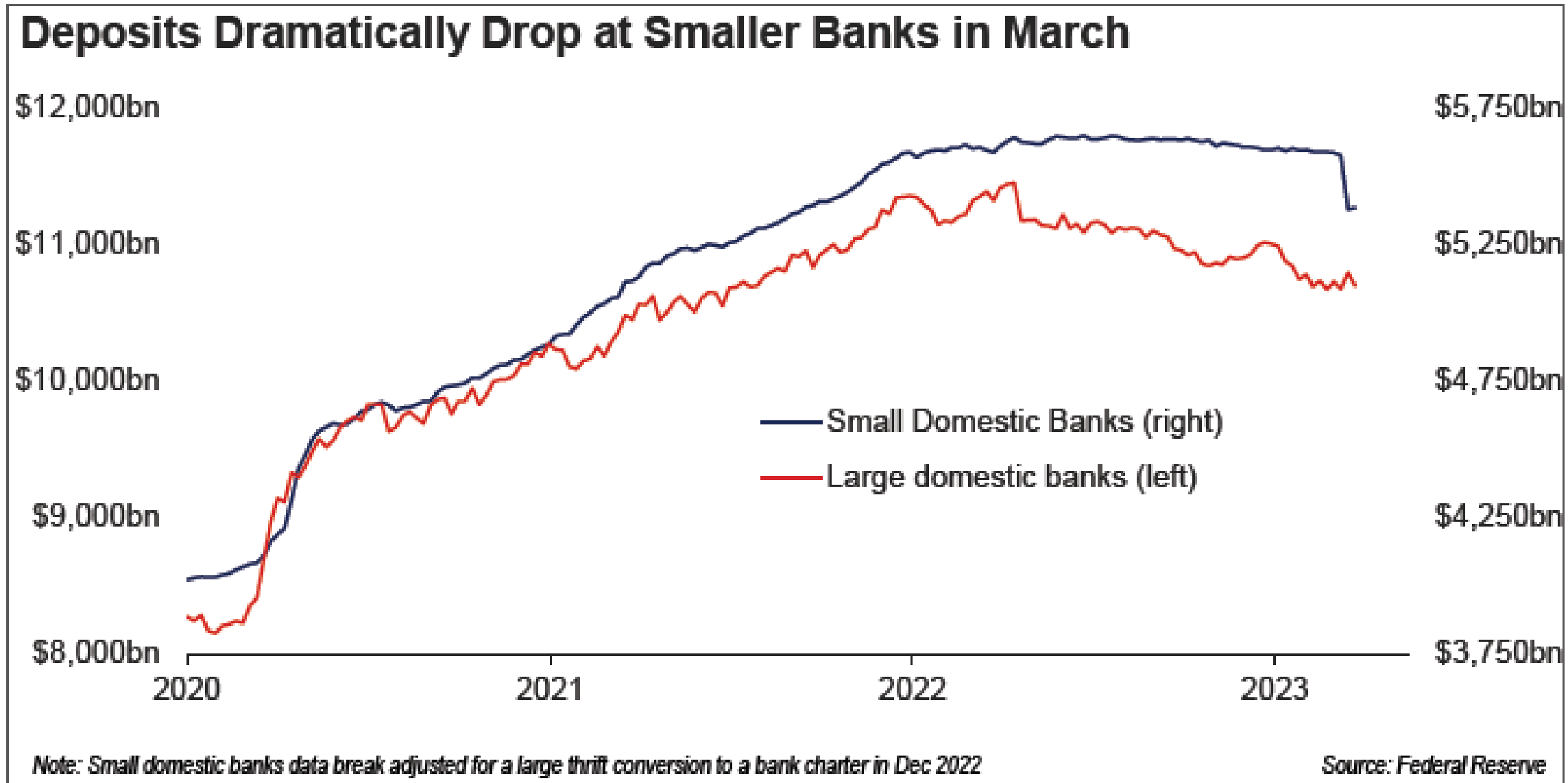
Mark Thompson, Director Treasury



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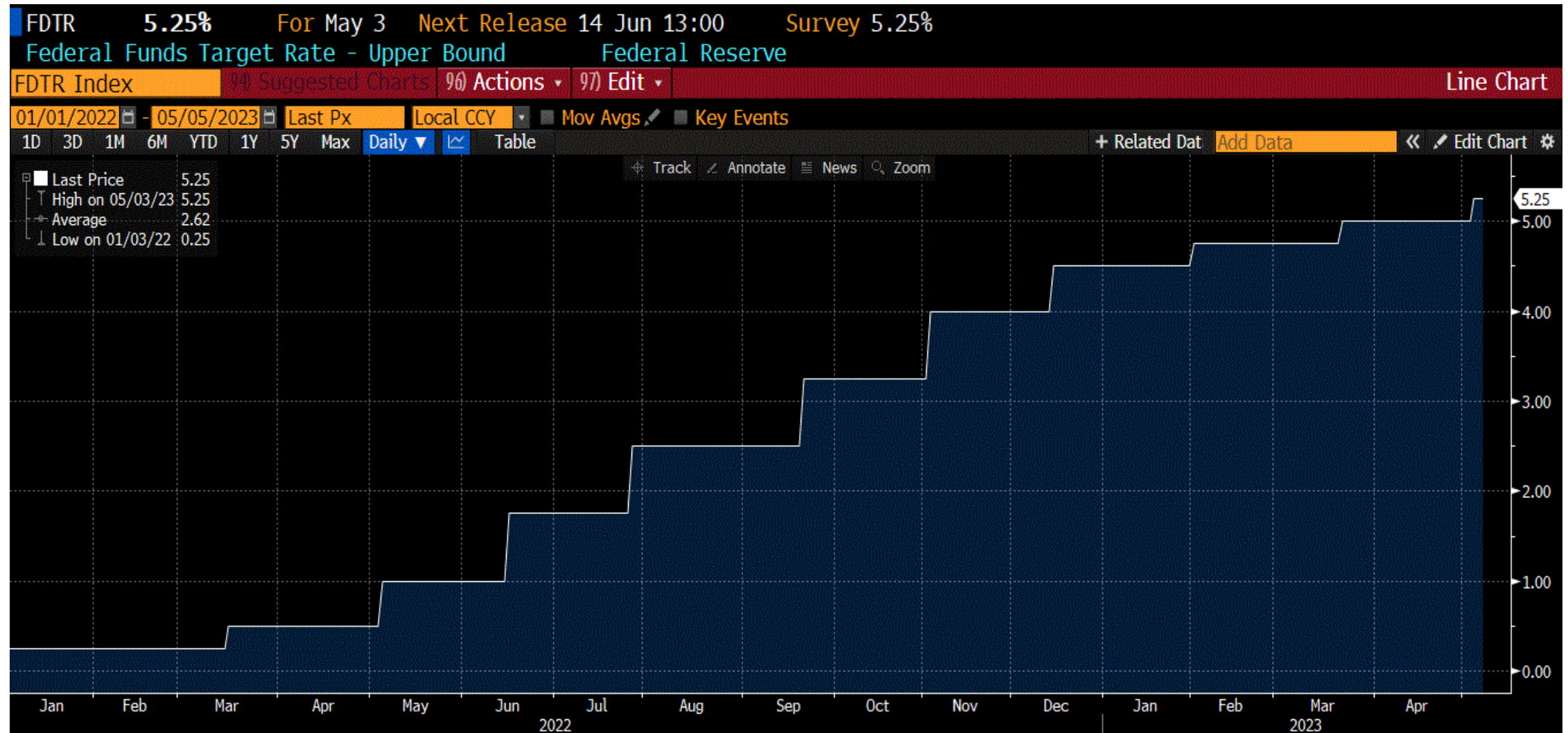
May 9, 2023

# Banking Sector Turmoil



# Federal Reserve Rate Hikes

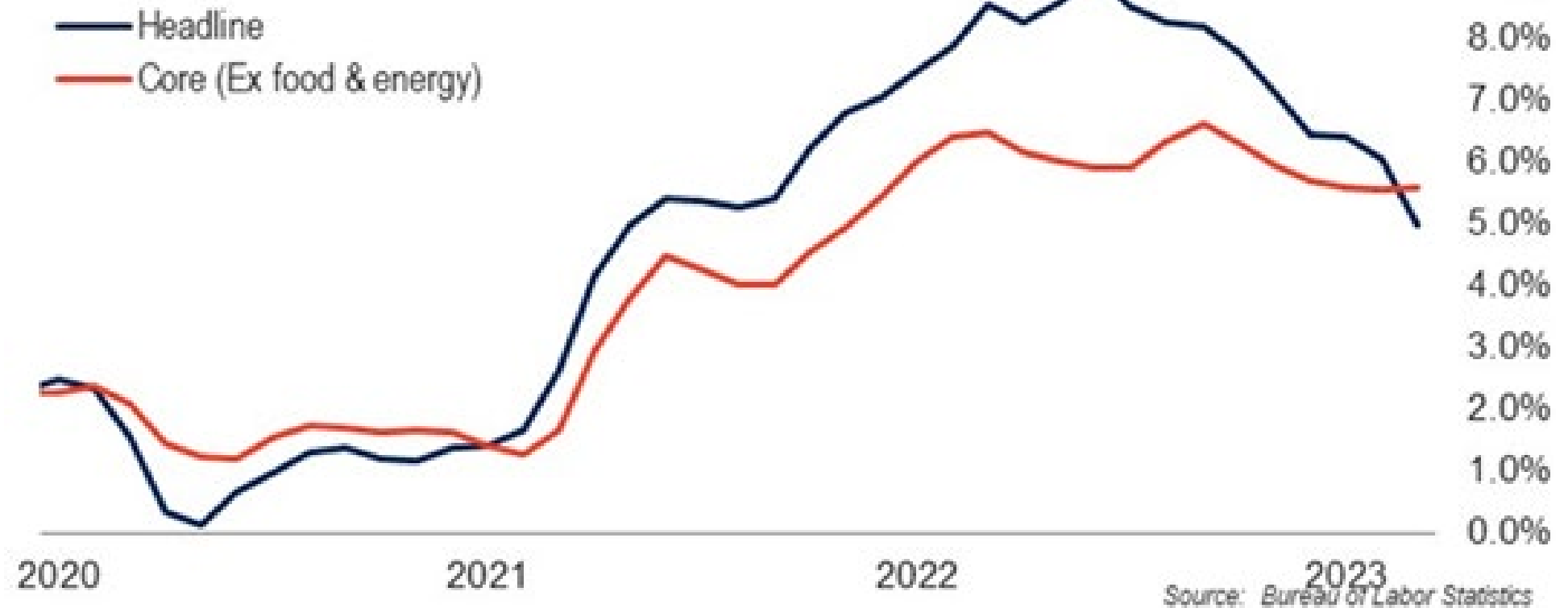
- 10 rate hikes in 1.25 years
- Target rate .25% to 5.25%
- Pause in June?



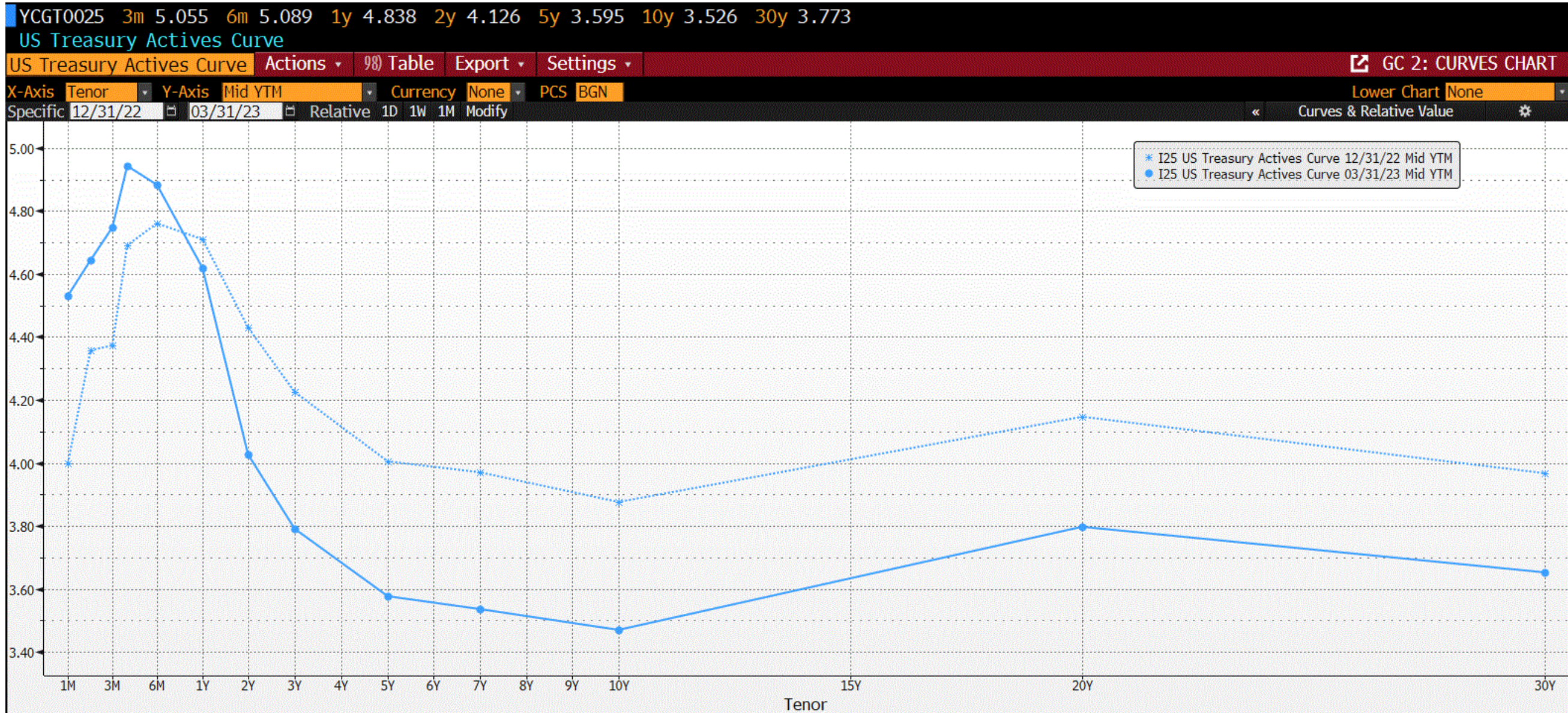
# Inflation

- 6.5% December
- 6.4% January
- 6.0% February
- 5.0% March
- Fed's goal 2.0%

**Consumer Price Index**  
Year-Over-Year % Change



# Treasury Yield Curve



# S&P 500 Index

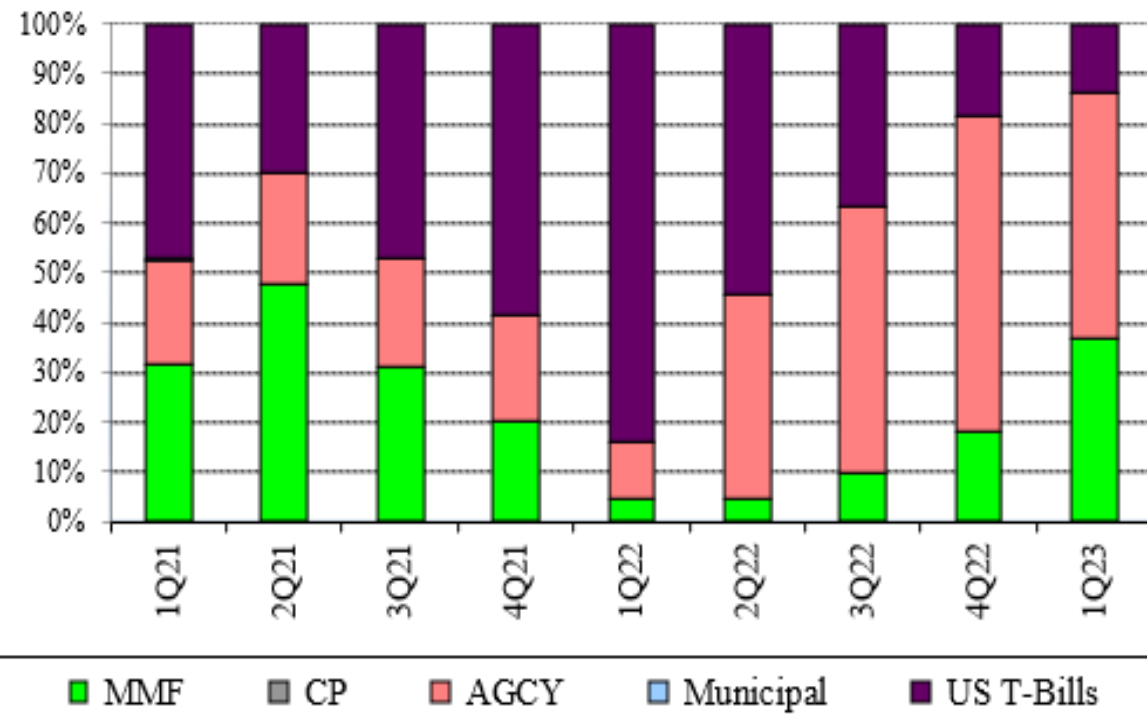
- OPEB Trust in State Board of Investment S&P 500 pool
- Started 1Q at 3839
- High of 4179 on February 2
- Finished 1Q at 4109
- Q1 positive return of +7.48%



S&P 500 Total Returns by Month											
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
-8.72%	0.18%	-8.25%	9.22%	-4.08%	-9.21%	8.10%	5.59%	-5.90%	6.28%	-2.45%	3.67%

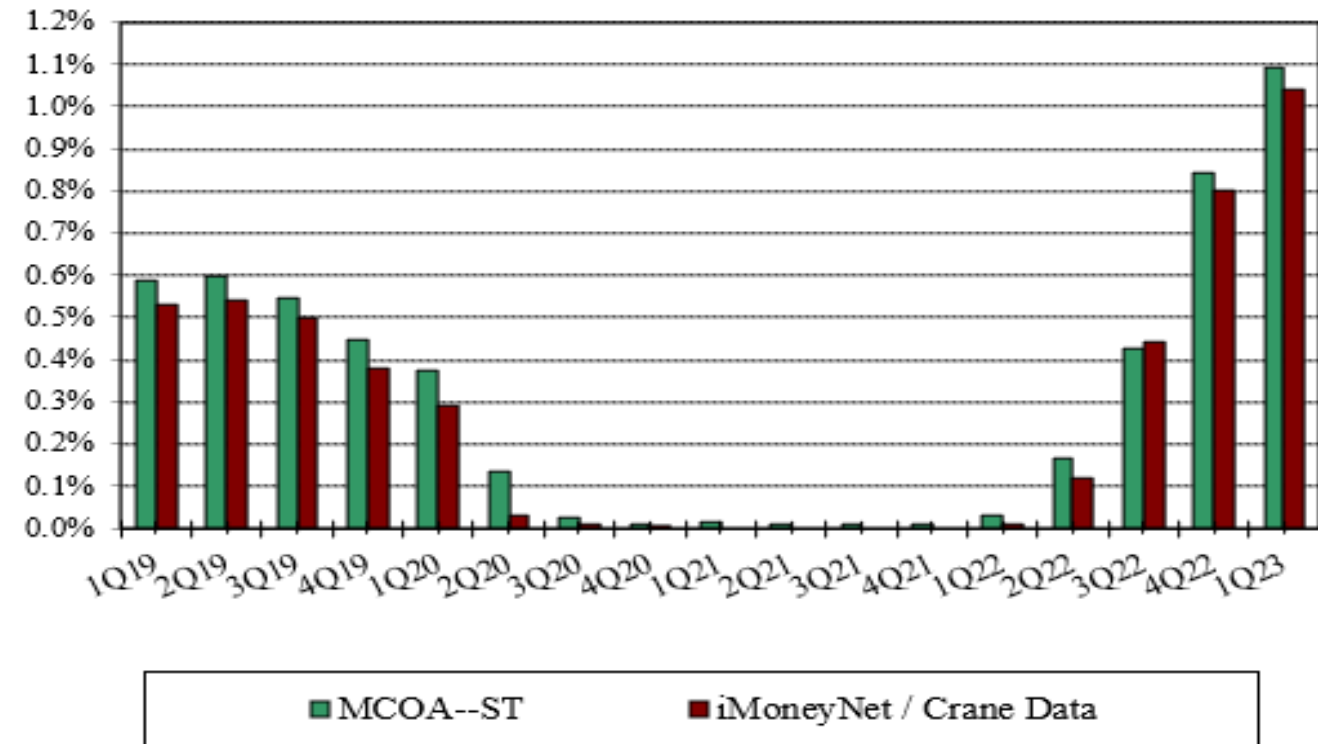
# Short-term Portfolio

Sector Allocation



- \$878.1 million
- U.S. Treasury Bills (\$119 million, 13%)  
Government Discount Notes (\$436 million, 50%)  
Money Market Fund (\$322 million, 37%)

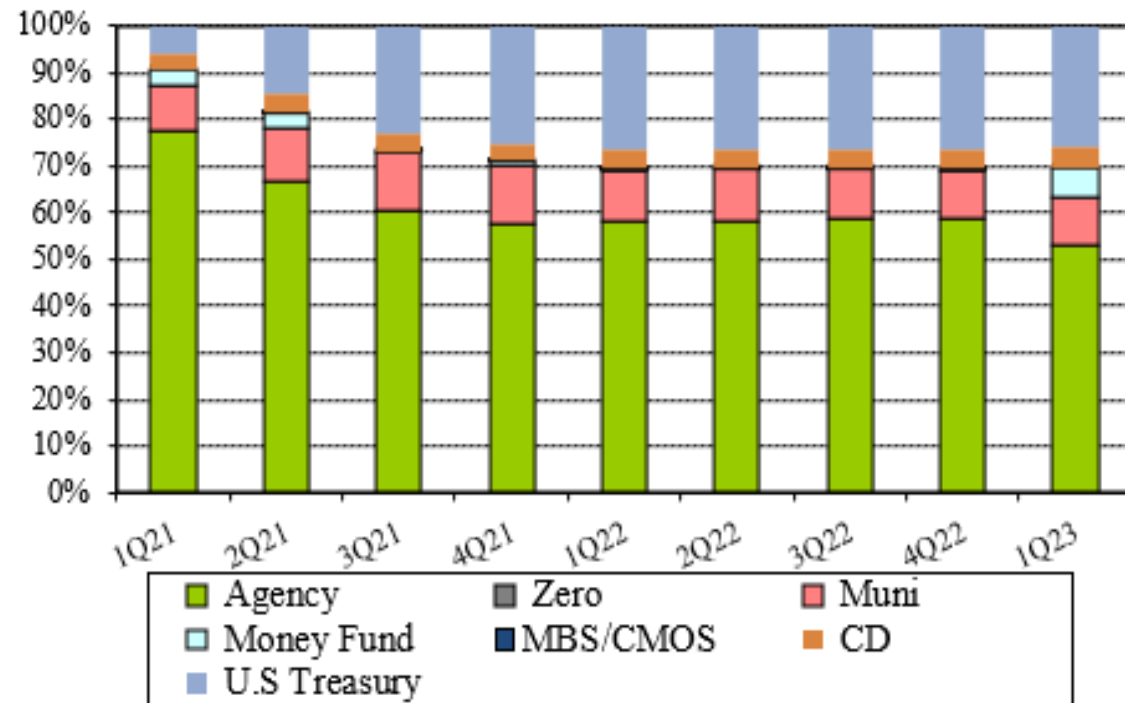
Total Return



- 1Q total return 1.09% vs. benchmark 1.04%
- Average yield 4.77%, was 4.19% in 4Q22
- 1Q interest income \$10.8M vs 8.9M in 4Q22

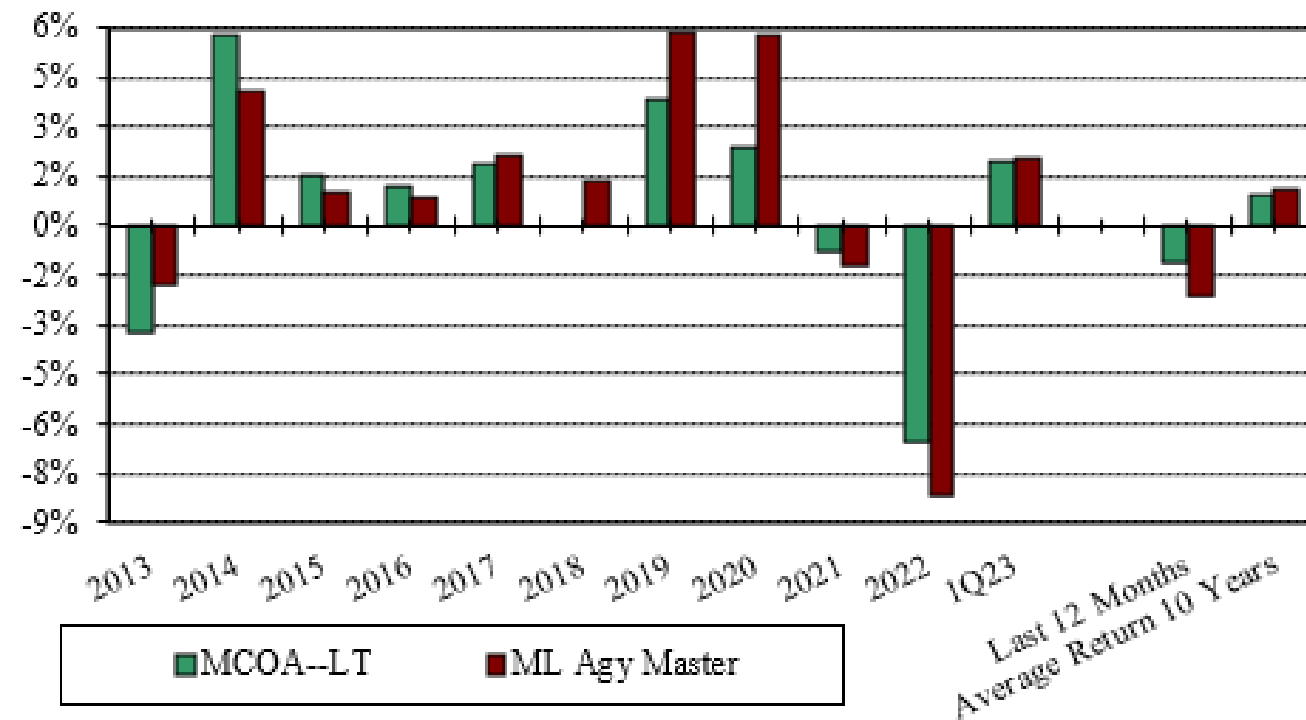
# Long-Term Portfolio

**Sector Allocation**



- \$452 million
- U.S. Government Agency (\$240 million, 59%)  
U.S. Treasury Notes (\$118 million, 26%)  
Municipal Bonds (\$47 million, 11%)  
Certificate of Deposits (\$18.5 million, 4%)

**Total Return**

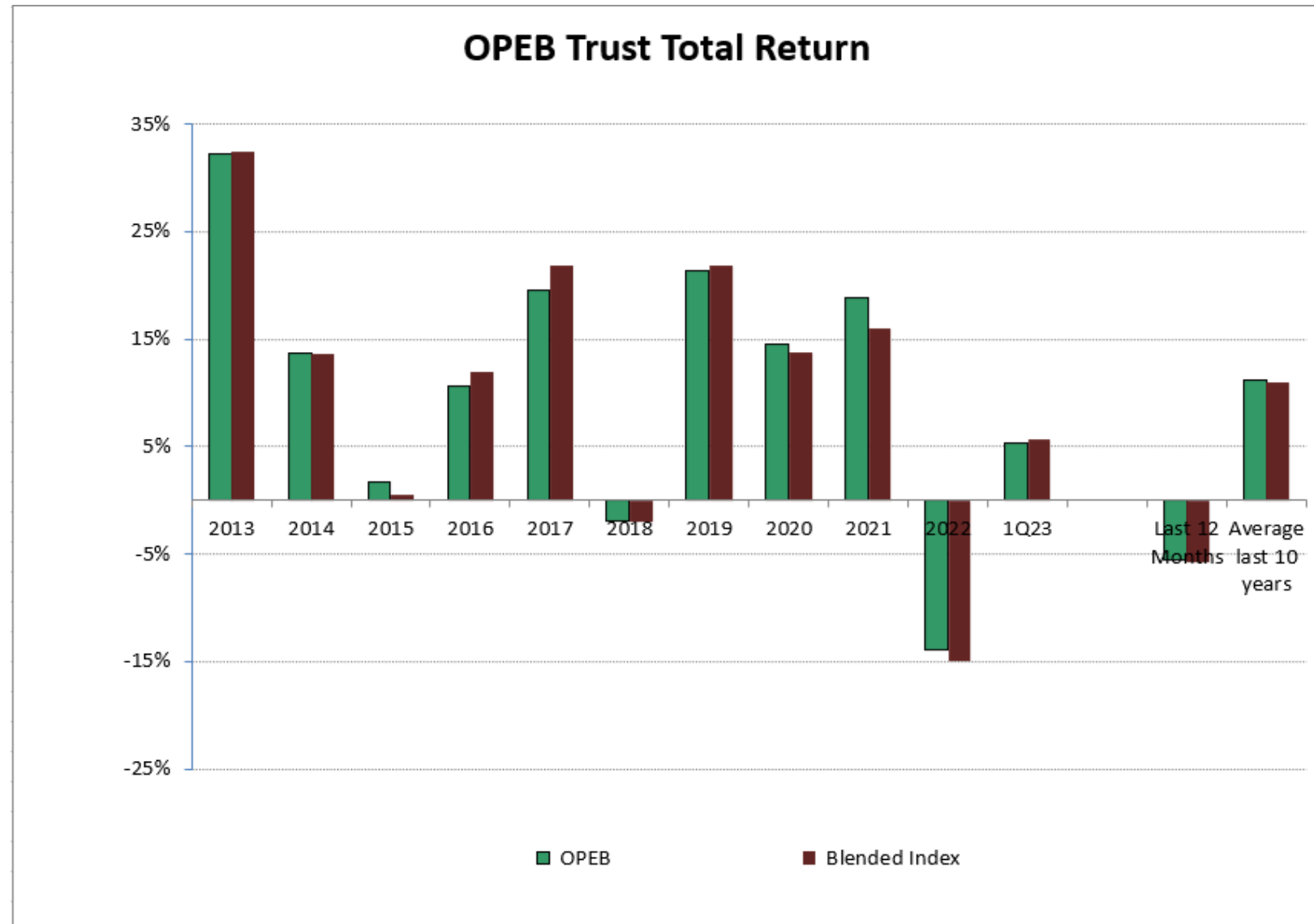


- Total Return 1.98% vs benchmark 2.04%
- Duration 1.81 years vs benchmark 3.41 years
- Average Yield 1.21% vs 1.03% in 4Q22



# OPEB Trust

- **Trust Value:**
  - 3-31-22 346.4 million
  - 6-30-22 306.9
  - 9-30-22 282.5
  - 12-31-22 296.8
  - 3-31-23 308.5
- **Total Return 1Q23 5.33%**
- **Average Return: 7.94% 5 years**  
**10%+ 10 years**
- **63% Equity**  
**37% Fixed Income/Cash**
- **Projected OPEB Liabilities Fully Funded**





Thank you



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