

Investment Review Second Quarter 2023

Management Committee Information Item

Mark Thompson, Director Treasury

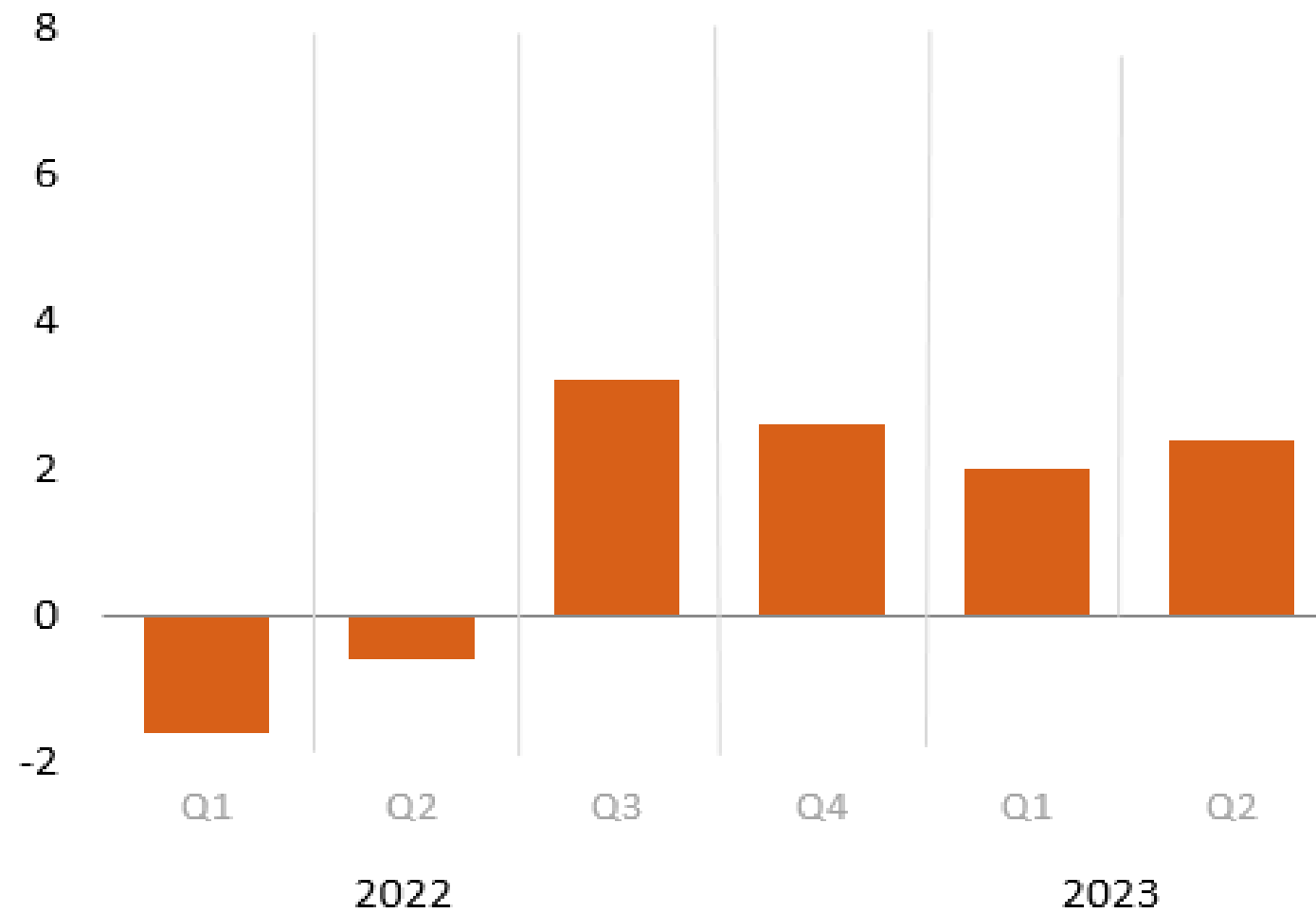


August 9, 2023

Economic Growth

Real GDP: Percent change from preceding quarter

- 1Q22 -1.6%
- 2Q22 -0.6%
- 3Q22 3.2%
- 4Q22 2.6%
- 1Q23 2.0%
- 2Q23 2.4%

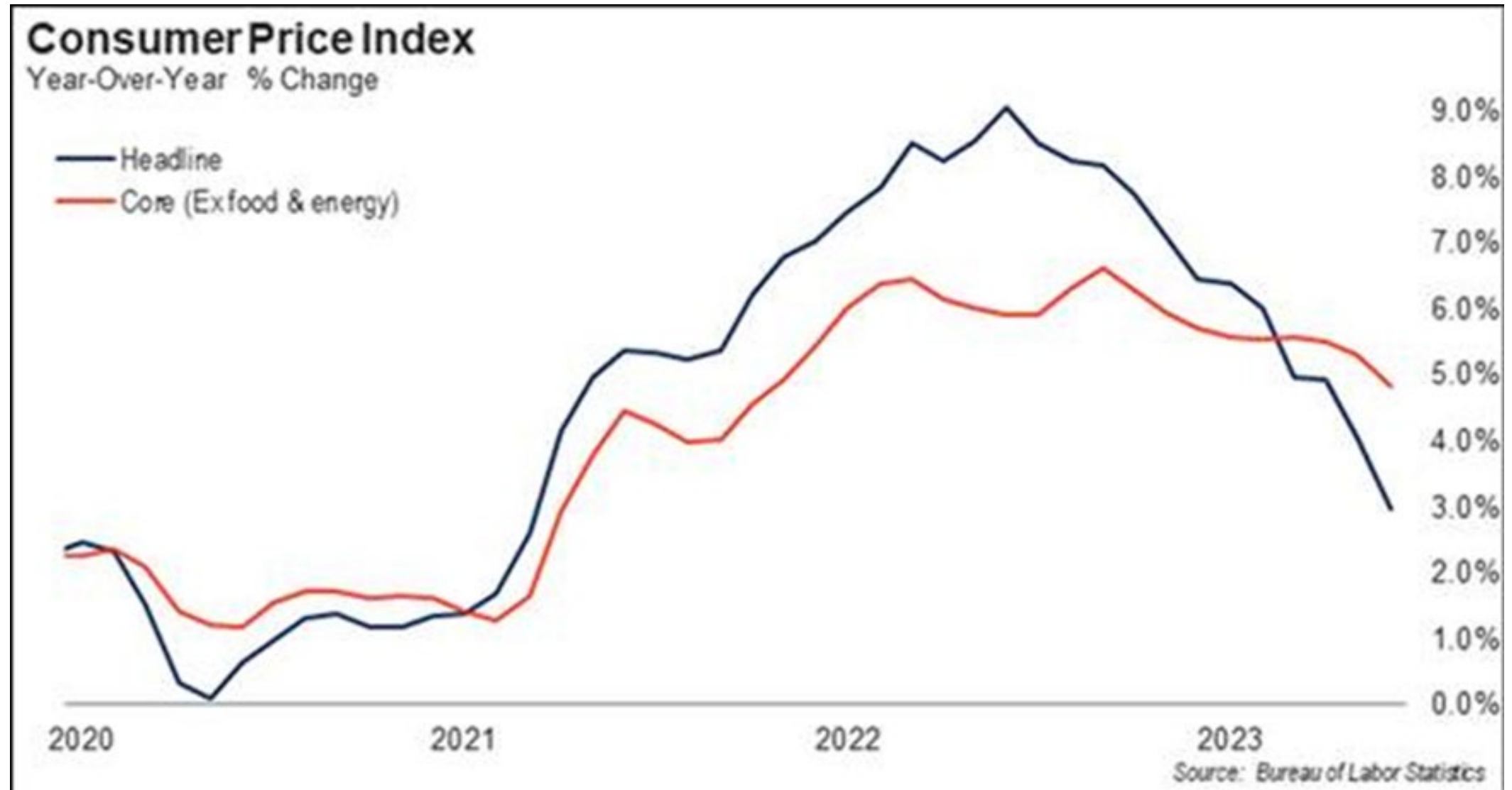


U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Inflation

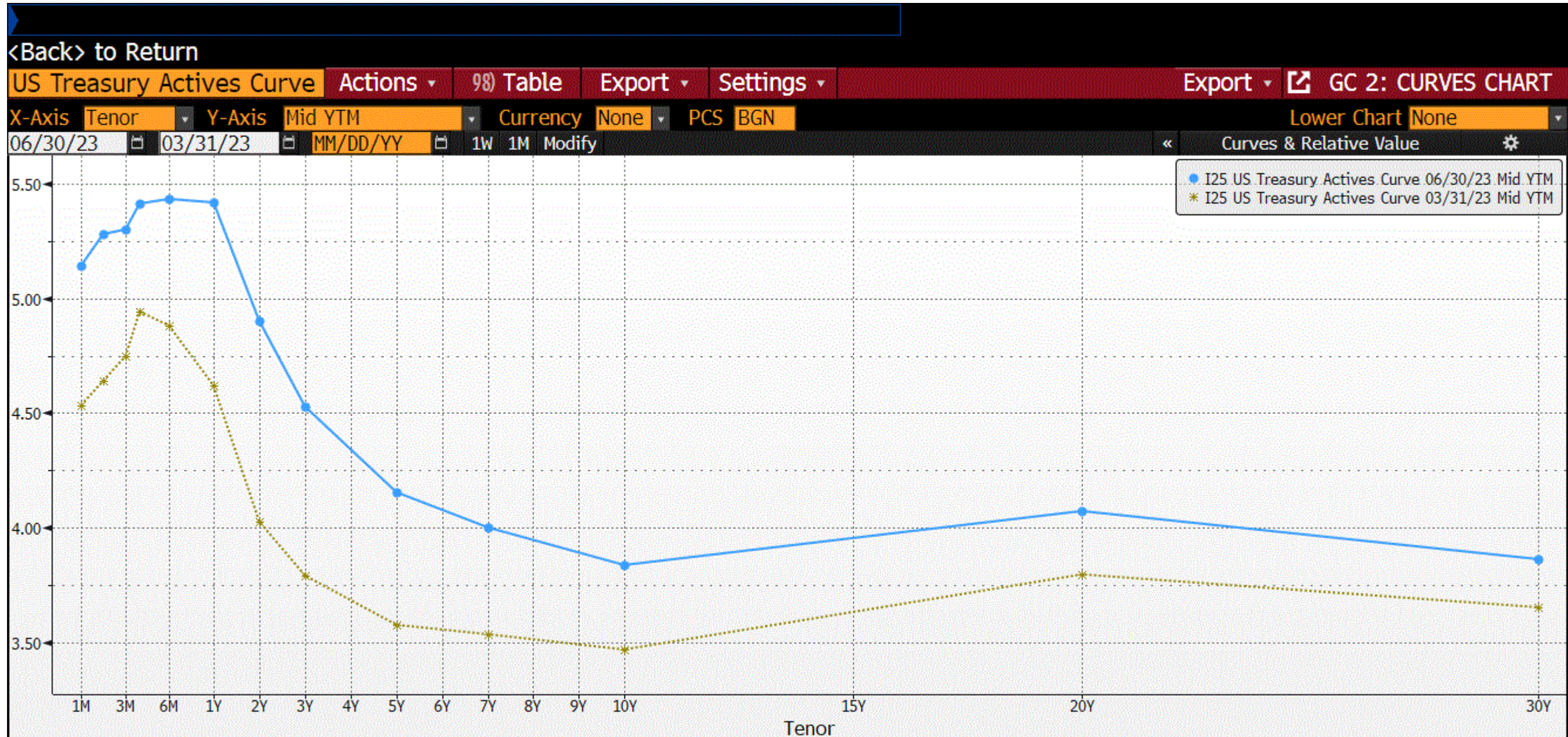
- 5.0% March
- 4.9% April
- 4.0% May
- 3.0% June
- Fed's goal 2.0%



Federal Reserve Rate Hikes

- **11 rate hikes, 1.5 years**
- **Target rate from 0% to 5.25% to 5.50%**
- **Paused in June**
- **Resume in September?**

Treasury Yield Curve



S&P 500 Index

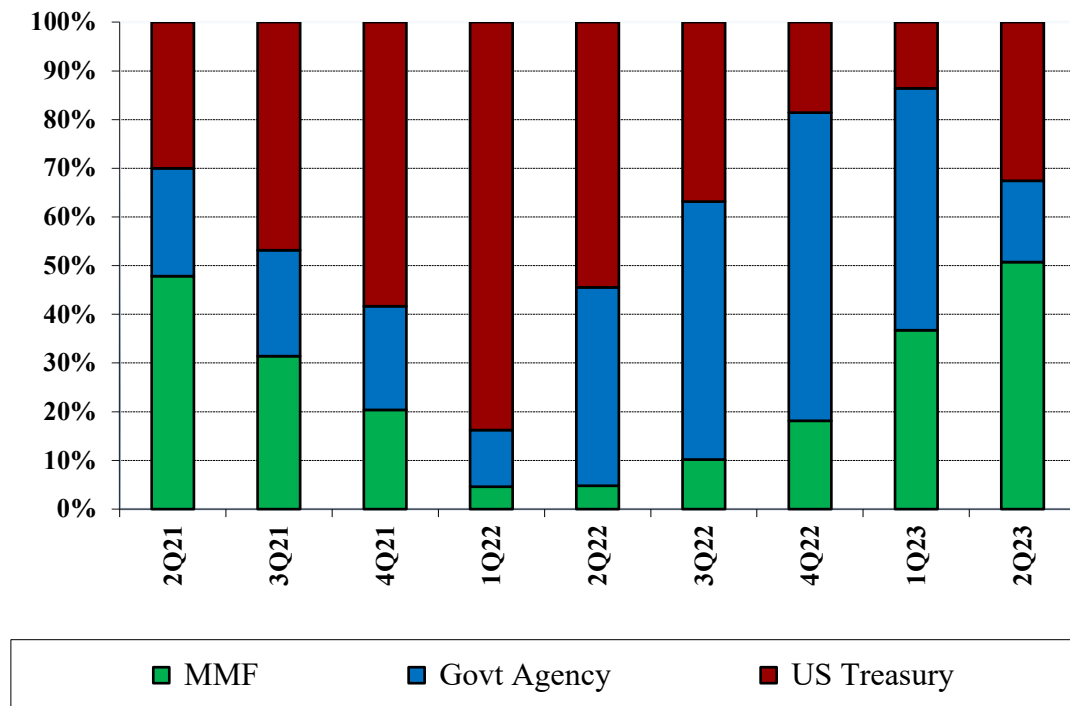
- OPEB Trust - S&P 500 pool
- Started 2Q at 4109
- Finished 2Q at 4450
- 2Q total return +8.7%



S&P 500 Total Returns by Month											
Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
9.2%	-4.1%	-9.2%	8.1%	5.6%	-5.9%	6.3%	-2.5%	3.7%	1.6%	0.4%	6.6%

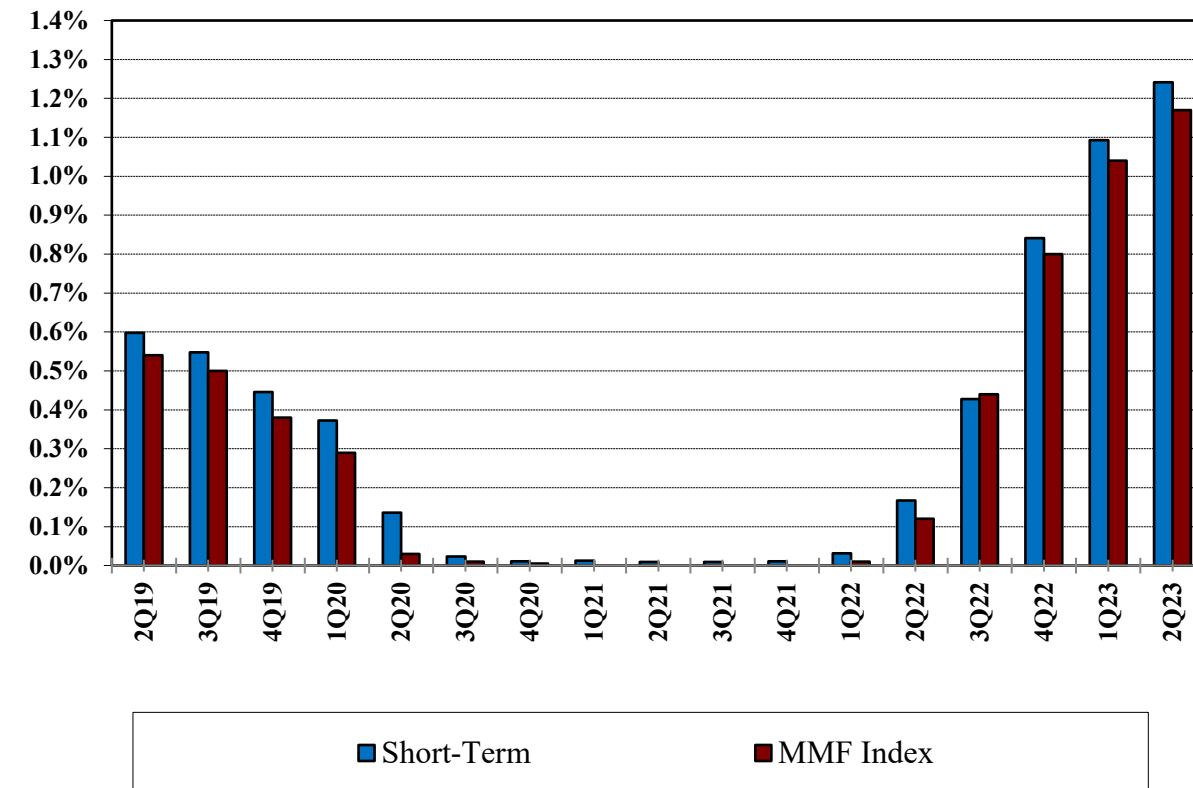
Short-term Portfolio

Sector Allocation



- **\$1.094 Billion**
- **U.S. Treasury Bills (\$356m, 32%)**
Government Discount Notes (\$183m, 17%)
Money Market Fund (\$555m, 51%)

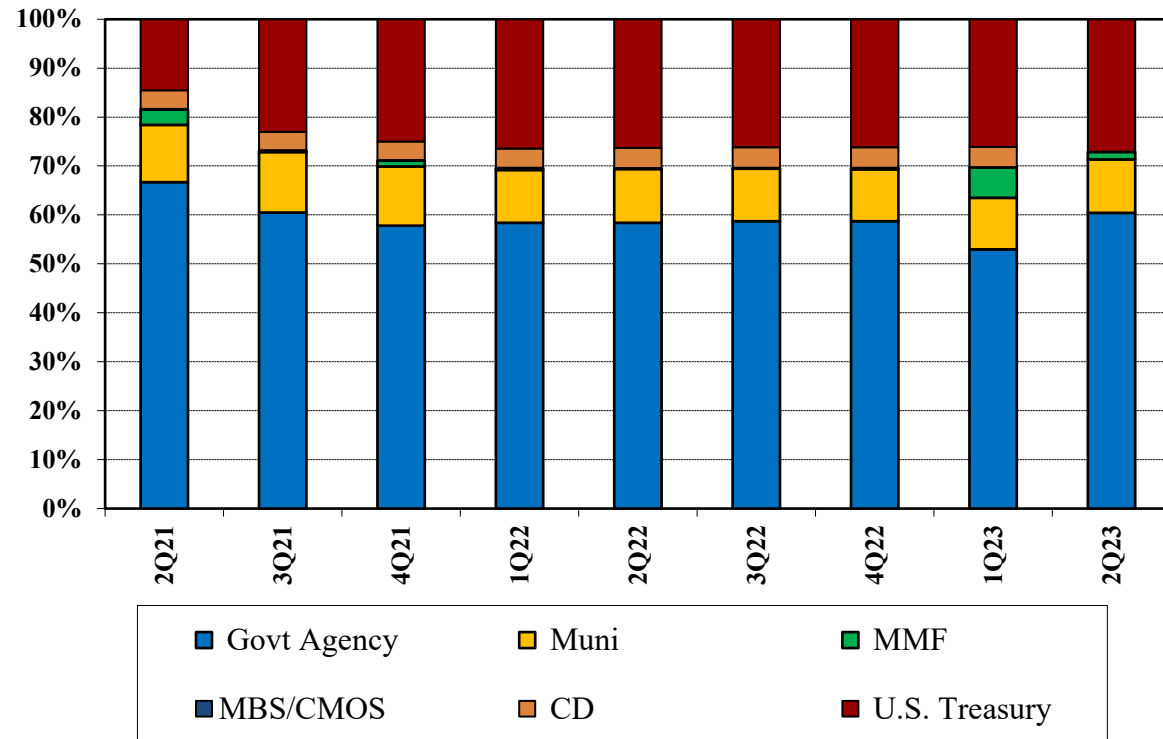
Total Return



- **2Q total return 1.24% vs. benchmark 1.17%**
- **Average yield 5.14%, 4.77% 1Q**
- **2Q interest income \$11.8m vs \$10.8m 1Q**

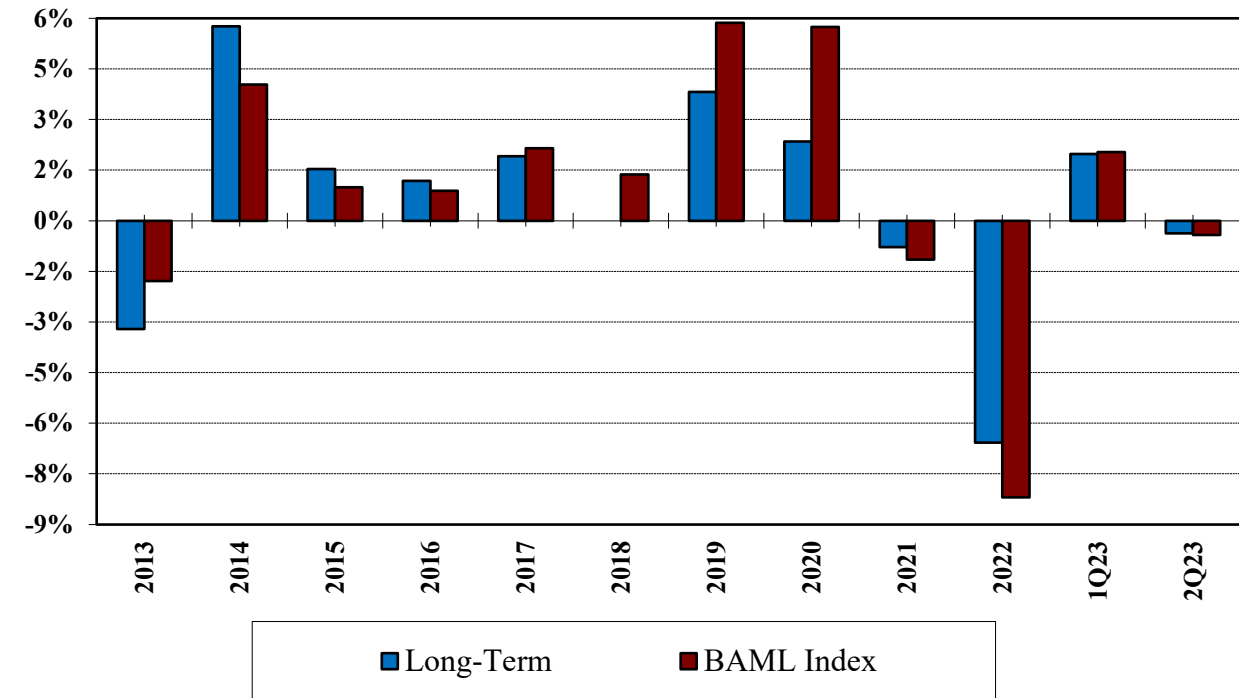
Long-Term Portfolio

Sector Allocation



- \$432 million
- U.S. Government Agency (\$260 million, 60%)
- U.S. Treasury Notes (\$117 million, 27%)
- Municipal Bonds (\$47 million, 11%)
- Money Market Fund (\$6 million, 2%)

Total Return

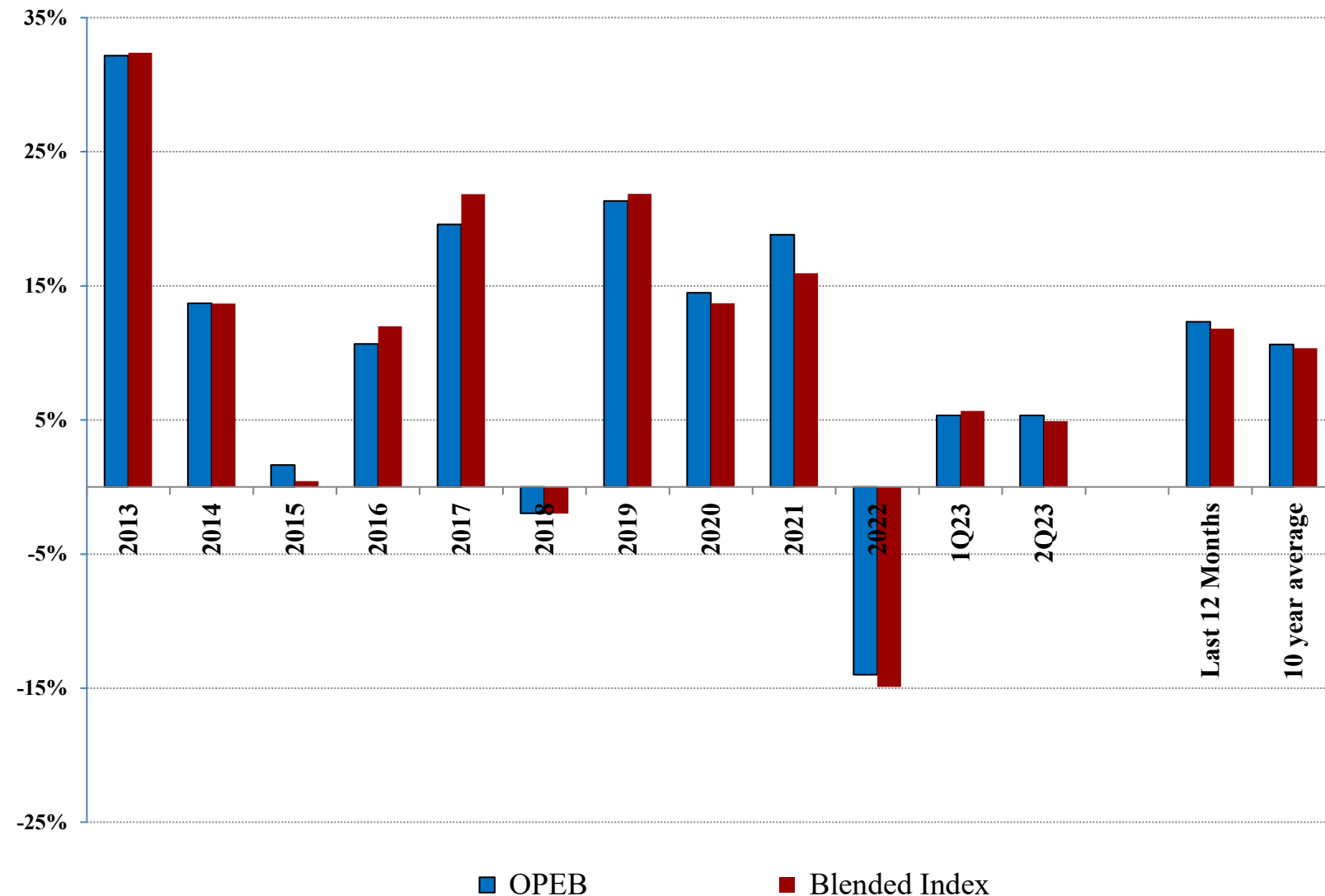


- Total return **-.375%** vs benchmark **-.425%**
- 2Q average yield **1.21%** vs **1.21%** in 1Q
- Duration **1.71 years** vs benchmark **3.36 years**
- 2Q interest income **\$1.51m** vs **\$1.44m** 1Q

OPEB Trust

- **Trust Value:**
 - 6-30-22 \$306.9 million
 - 9-30-22 282.5
 - 12-31-22 296.8
 - 3-31-23 308.5
 - 6-30-23 324.9
- **Equity (\$212.3m, 65%)**
Fixed Income (\$99.6m, 31%)
Cash Pool (\$13.0m, 4%)
- **Total Return 2Q** **5.33% vs**
Benchmark 4.91%
- **YTD Return** **10.94%**
- **Average Return:** **8.57% 5 years**
10.62% 10 years
- **Projected OPEB Liabilities Fully Funded**

OPEB Trust Total Return





Thank you



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