

Investment Review Fourth Quarter 2024

Management Committee

Mark Thompson, Director Treasury



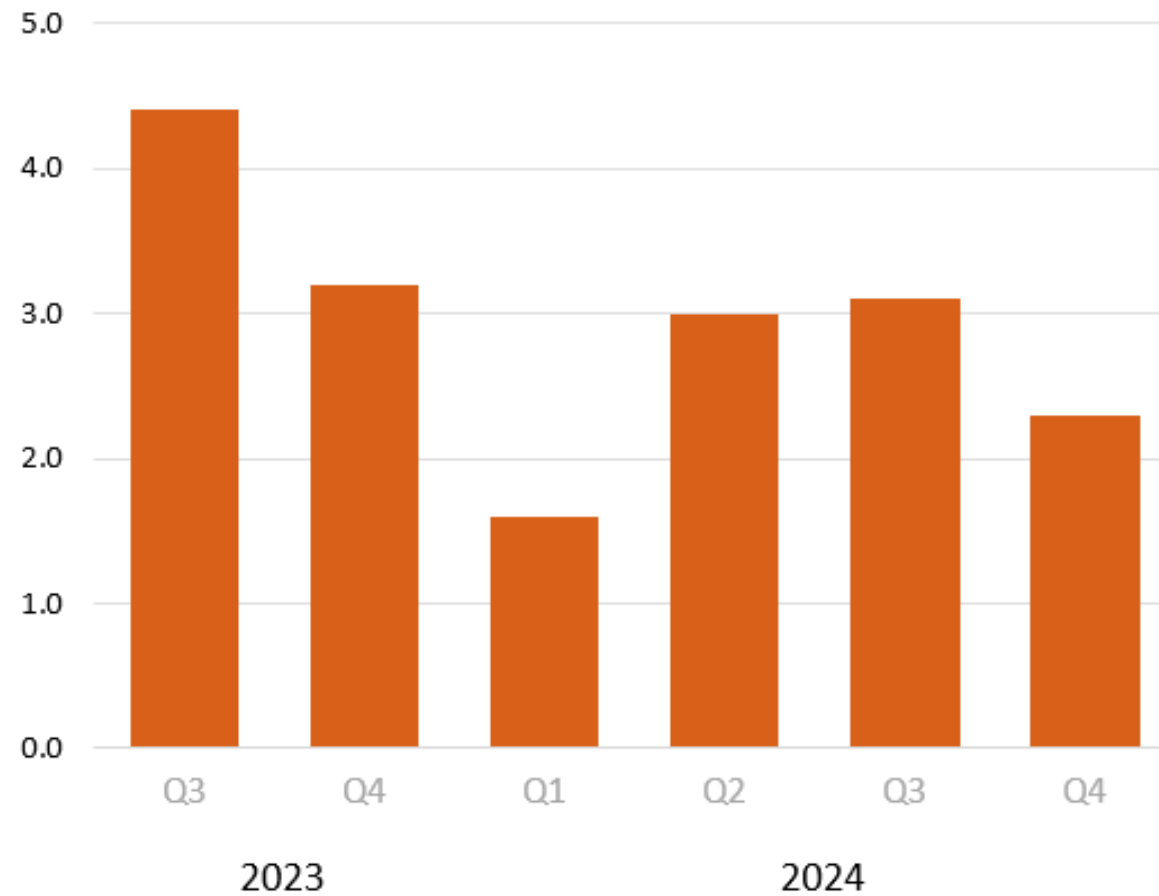
February 26, 2025

Economic Growth

- 3Q23 4.4%
- 4Q23 3.2
- 1Q24 1.6
- 2Q24 3.0
- 3Q24 3.1
- 4Q24 2.3

- Annual GDP
2024 – 2.80%
2023 – 2.90

Real GDP, Percent Change from Preceding Quarter

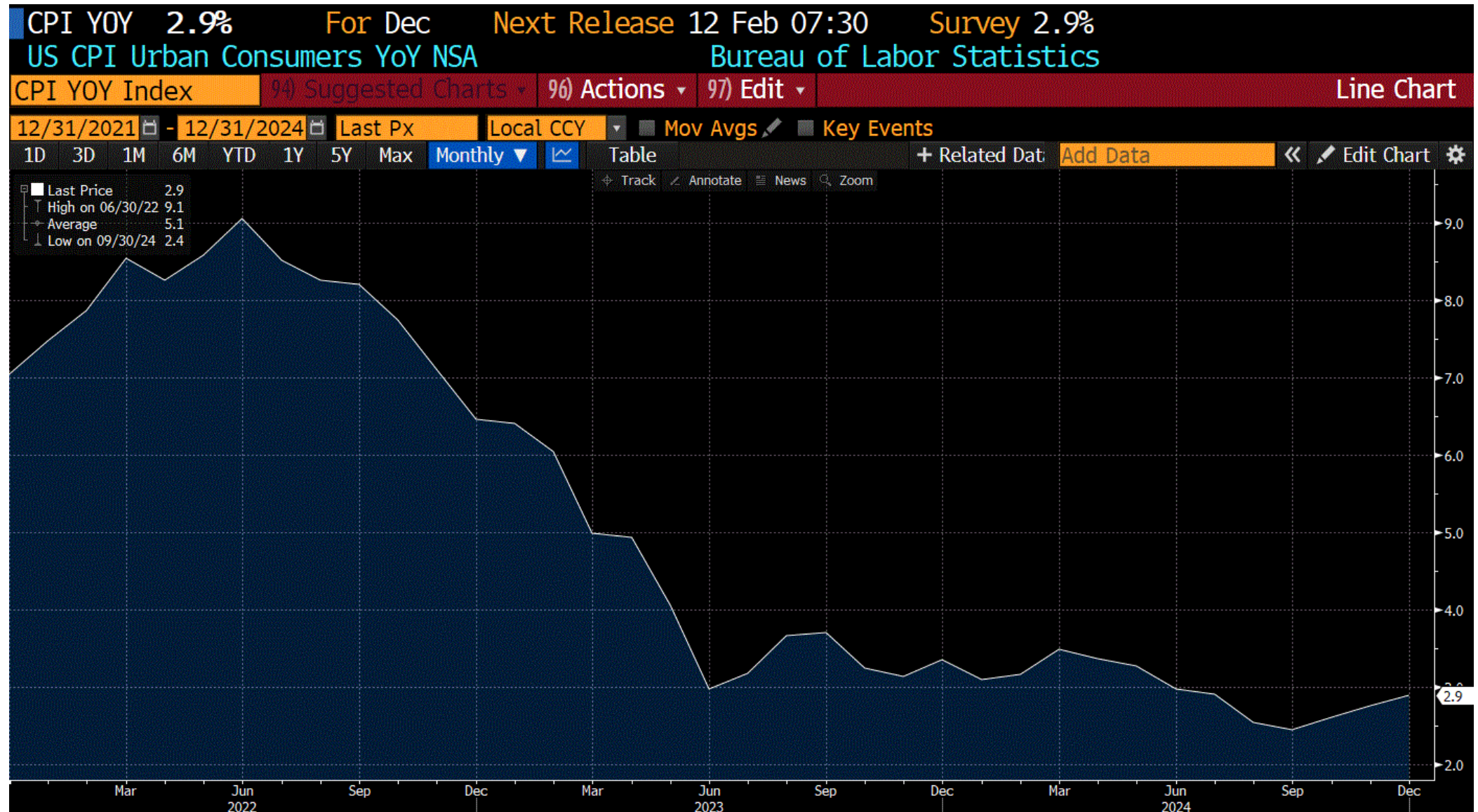


U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

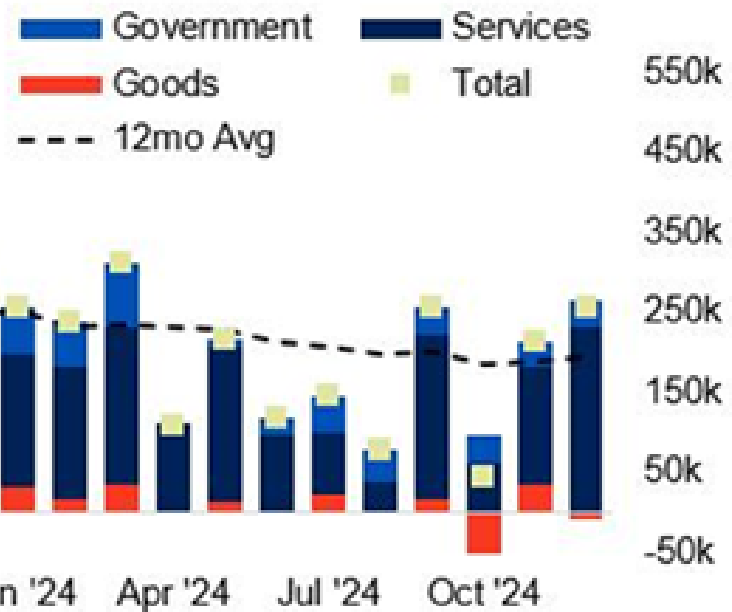
Inflation

- Fed's Goal 2.00%
- 4Q24 CPI 2.9%
- 4Q24 Core PCE 2.8%



Labor Market

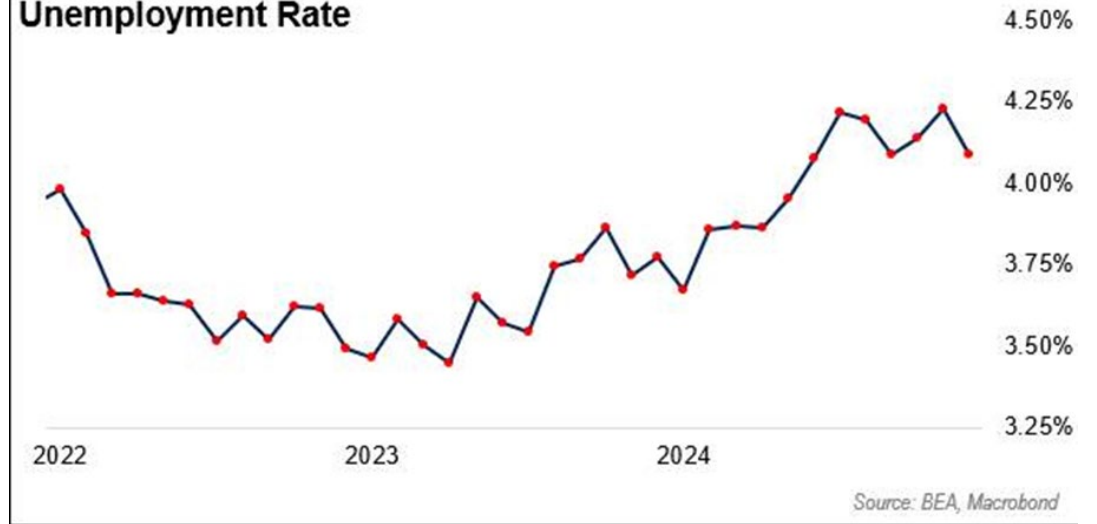
Change in Nonfarm Payrolls



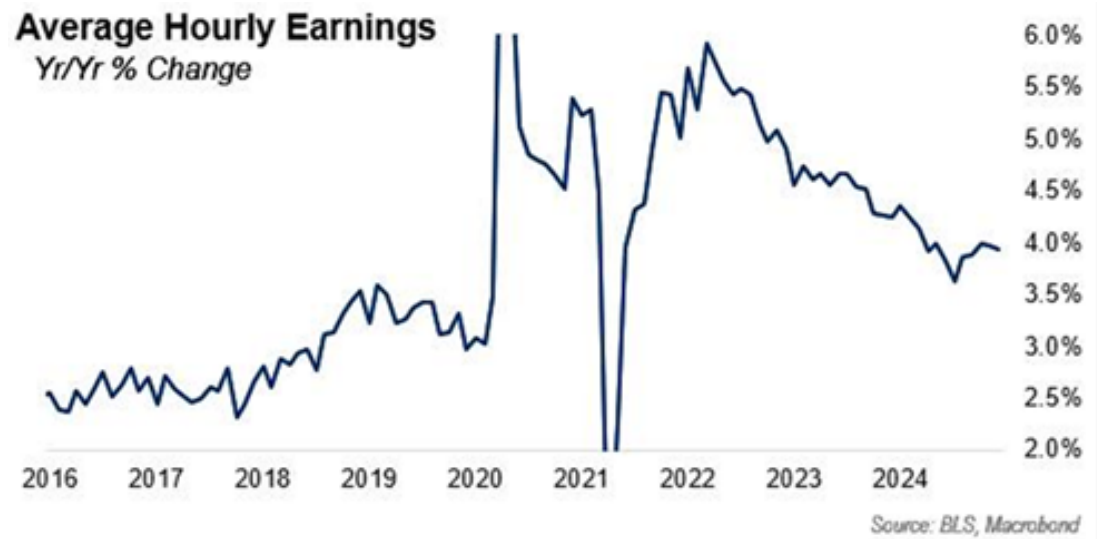
Source: BLS, Macrobond

Source: BLS, FHN Financial, Macrobond

Unemployment Rate

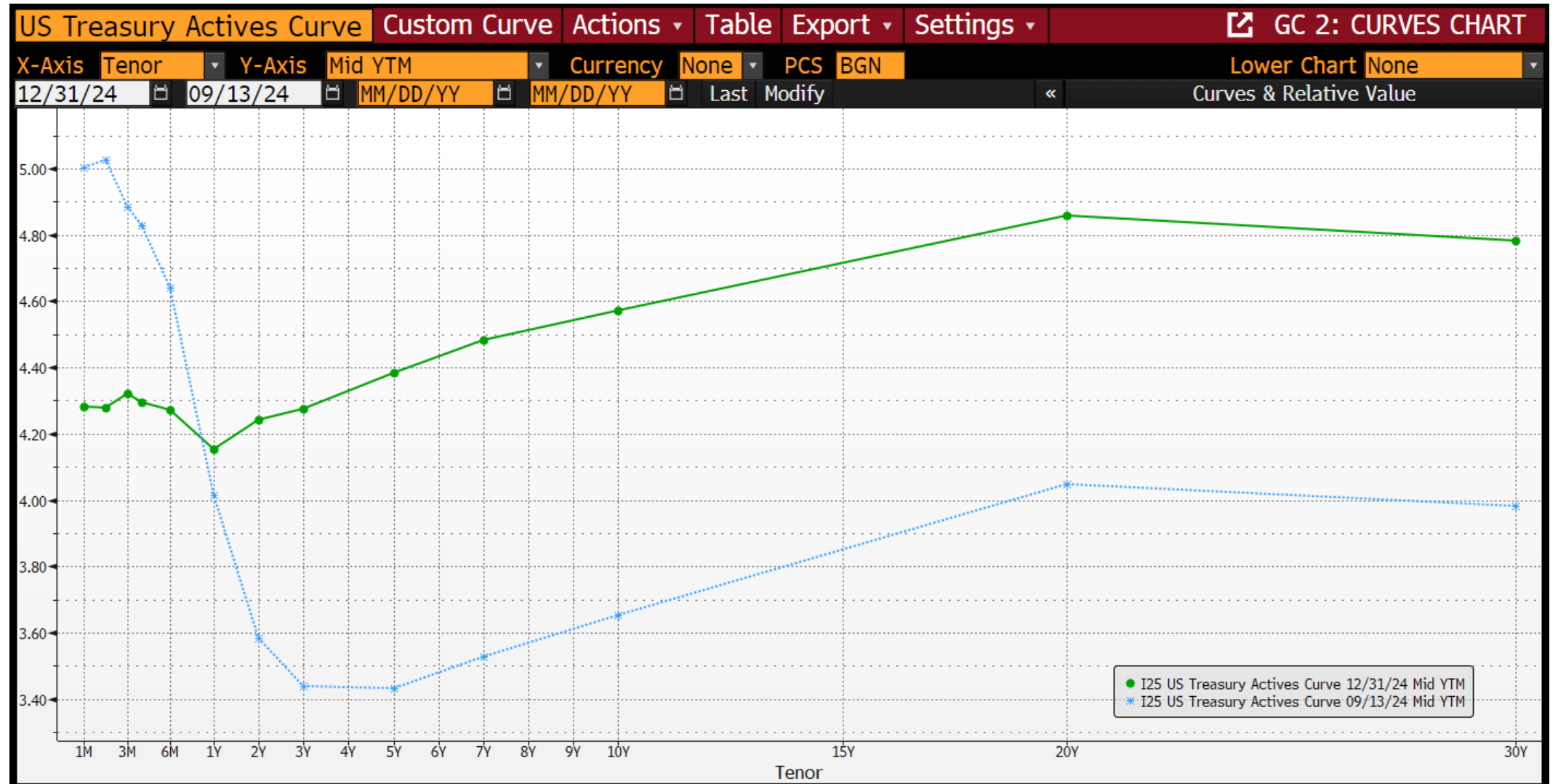


Average Hourly Earnings
Yr/Yr % Change



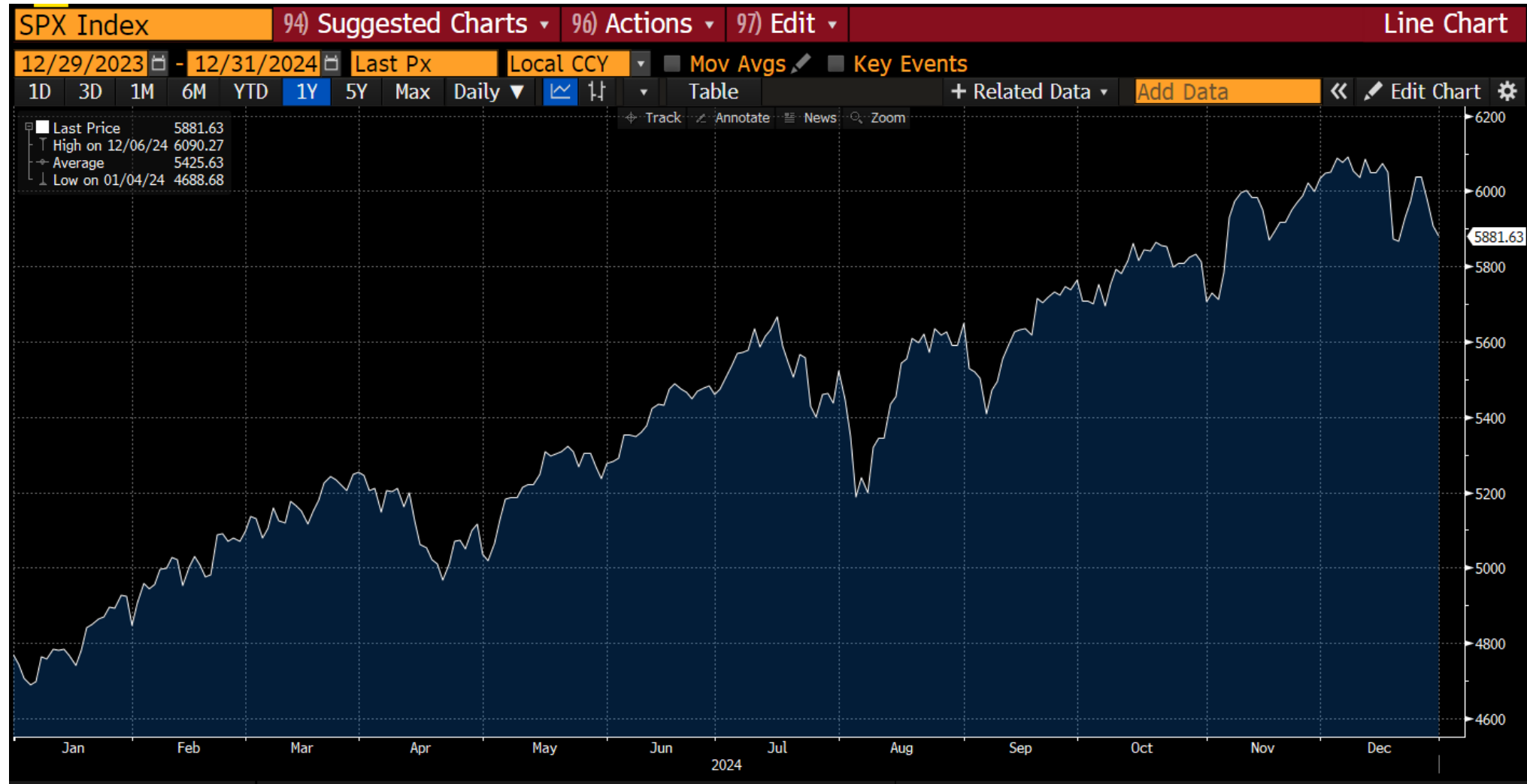
Treasury Yield Curve

	Announcement Date	Time	Rate (%)
1)	January 31	13:00	5.25 - 5.50
2)	March 20	13:00	5.25 - 5.50
3)	May 1	13:00	5.25 - 5.50
4)	June 12	13:00	5.25 - 5.50
5)	July 31	13:00	5.25 - 5.50
6)	September 18	13:00	4.75 - 5.00
7)	November 7	13:00	4.50 - 4.75
8)	December 18	13:00	4.25 - 4.50



S&P 500 Index

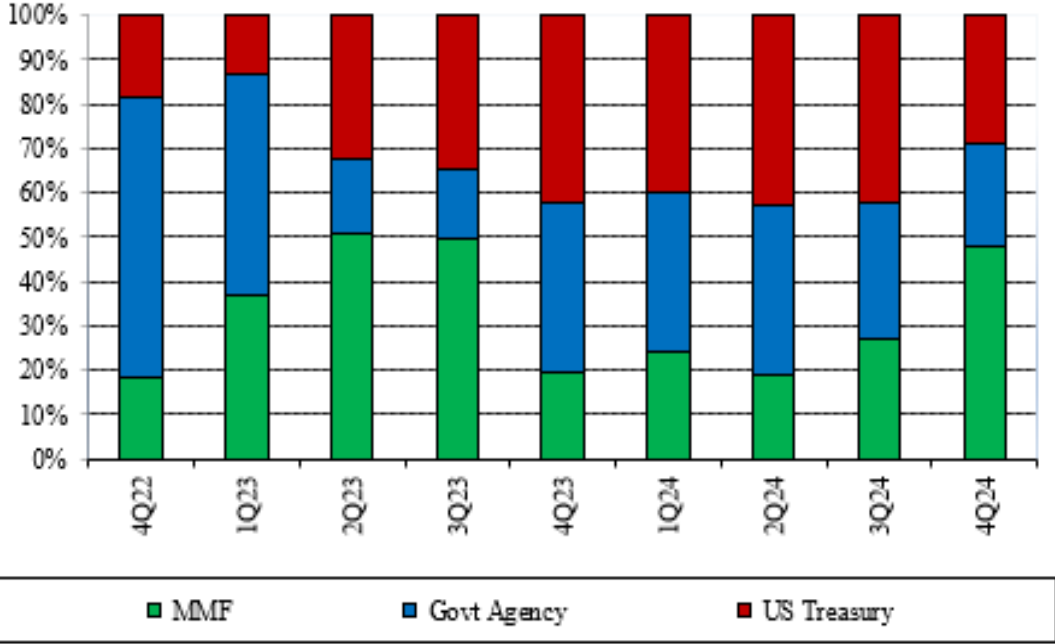
- 4Q total return 2.39%
- Started 4Q at 5762
- Finished 4Q at 5882
- 64% of OPEB Trust



Monthly S&P 500 Total Return											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1.7%	5.3%	3.2%	-4.1%	5.0%	3.6%	1.2%	2.4%	2.1%	-0.9%	5.9%	-2.4%

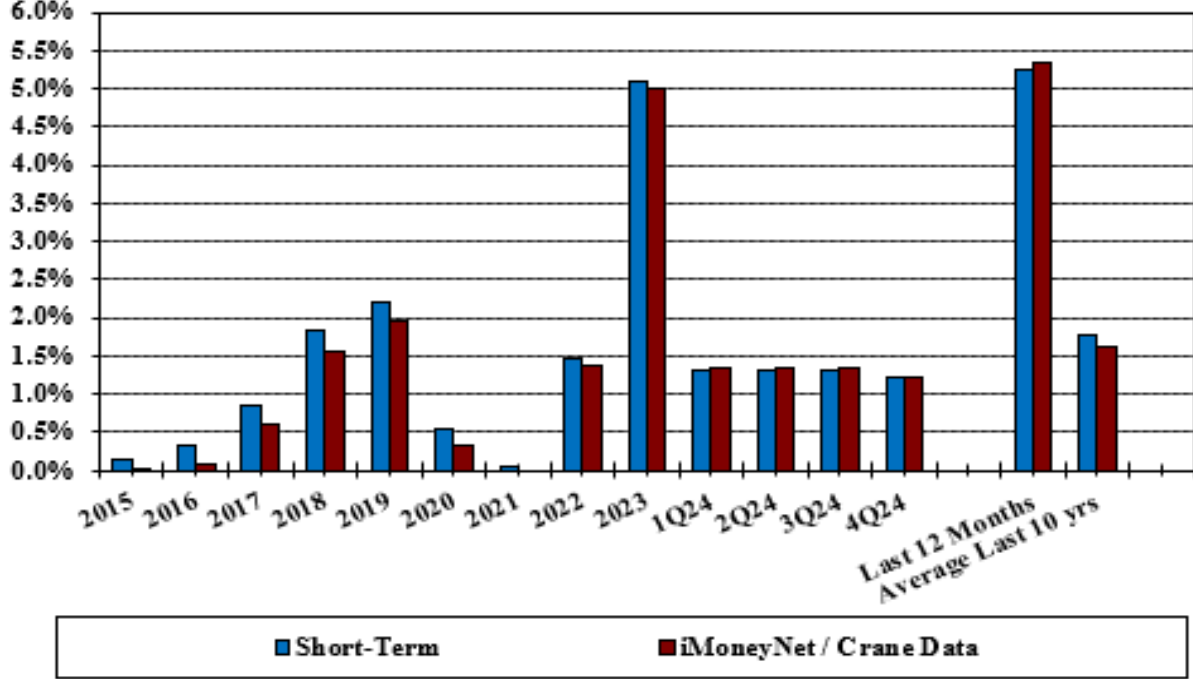
Short-term Portfolio

Sector Allocation



- \$1.43 billion
- U.S. Treasury Bills - \$418m, 29%
- Government Discount Notes - \$328m, 23%
- Money Market Funds - \$685m, 48%

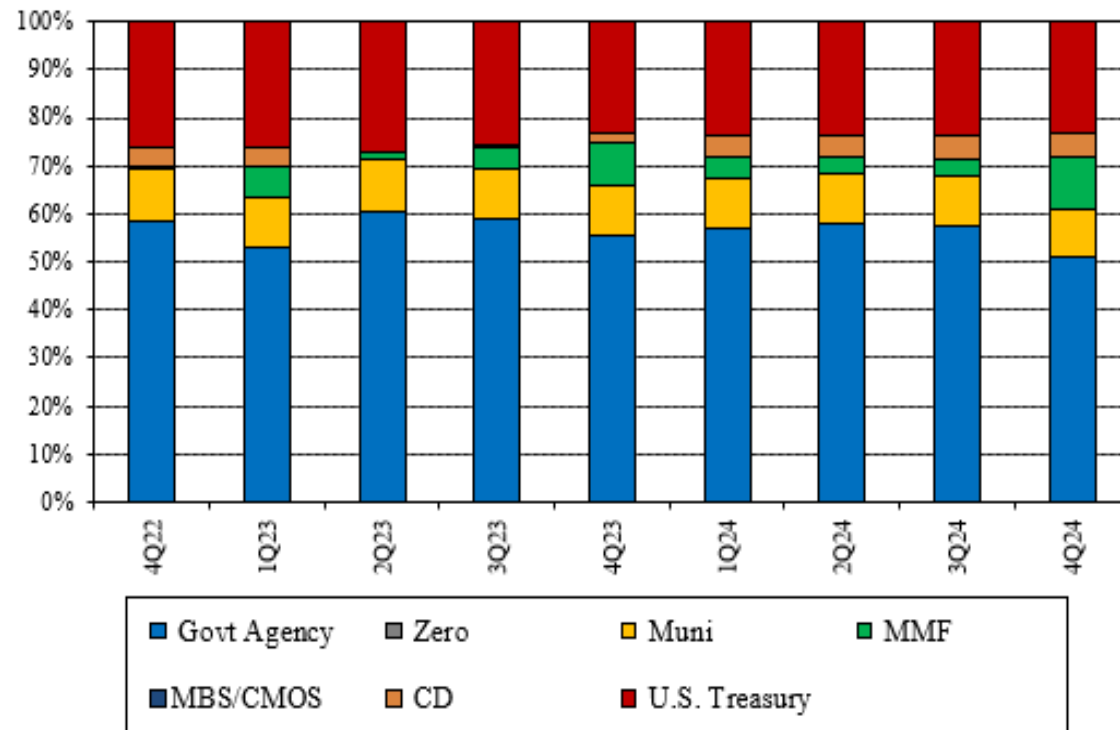
Total Return



- 4Q total return 1.21% vs. benchmark 1.23%
- Average yield 4.60% 4Q, 5.04% 3Q, 5.31% 2Q, 5.32% 1Q
- Interest income \$17.1m 4Q, \$18.7m 3Q, \$16.7m 2Q, \$16.8m 1Q
- 2024 income \$69 million, 2023 income \$55 million

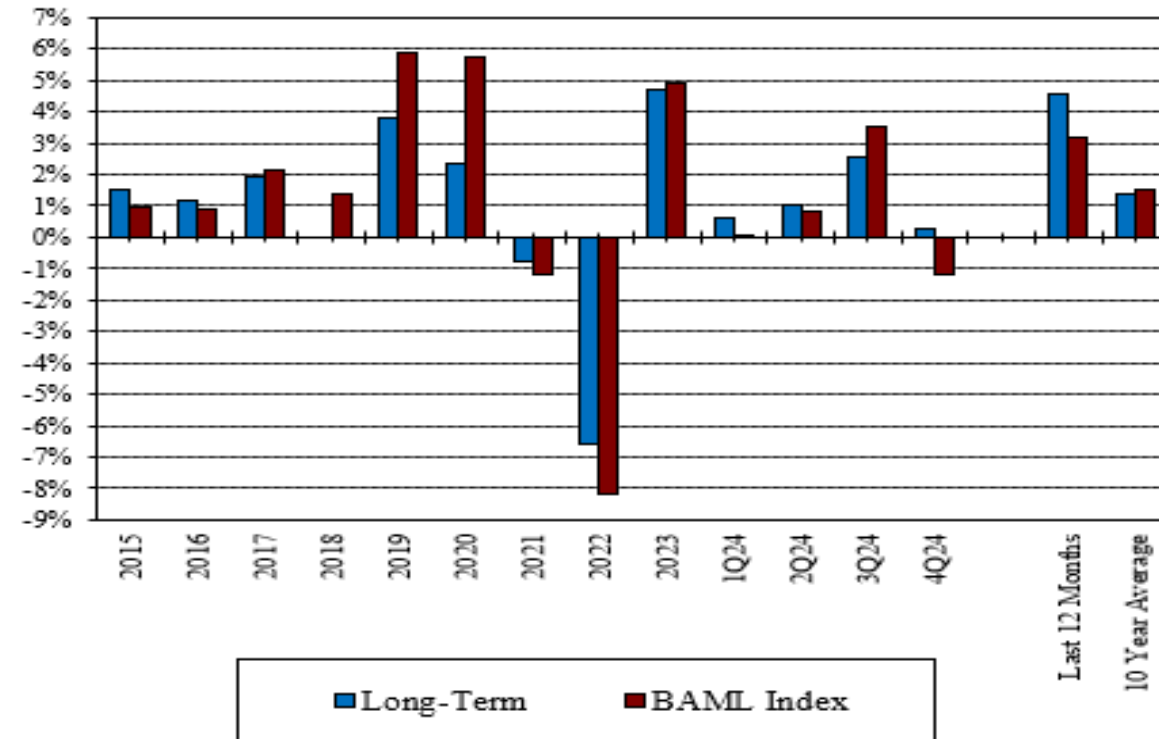
Long-term Portfolio

Sector Allocation



- \$483 million
- U.S. Government Agency - \$246m, 51%
- U.S. Treasury Notes - \$113m, 23%
- Municipal Bonds - \$49m, 10%
- Certificates of Deposit - \$24m, 5%
- Money Market Fund - \$51m, 11%

Total Return



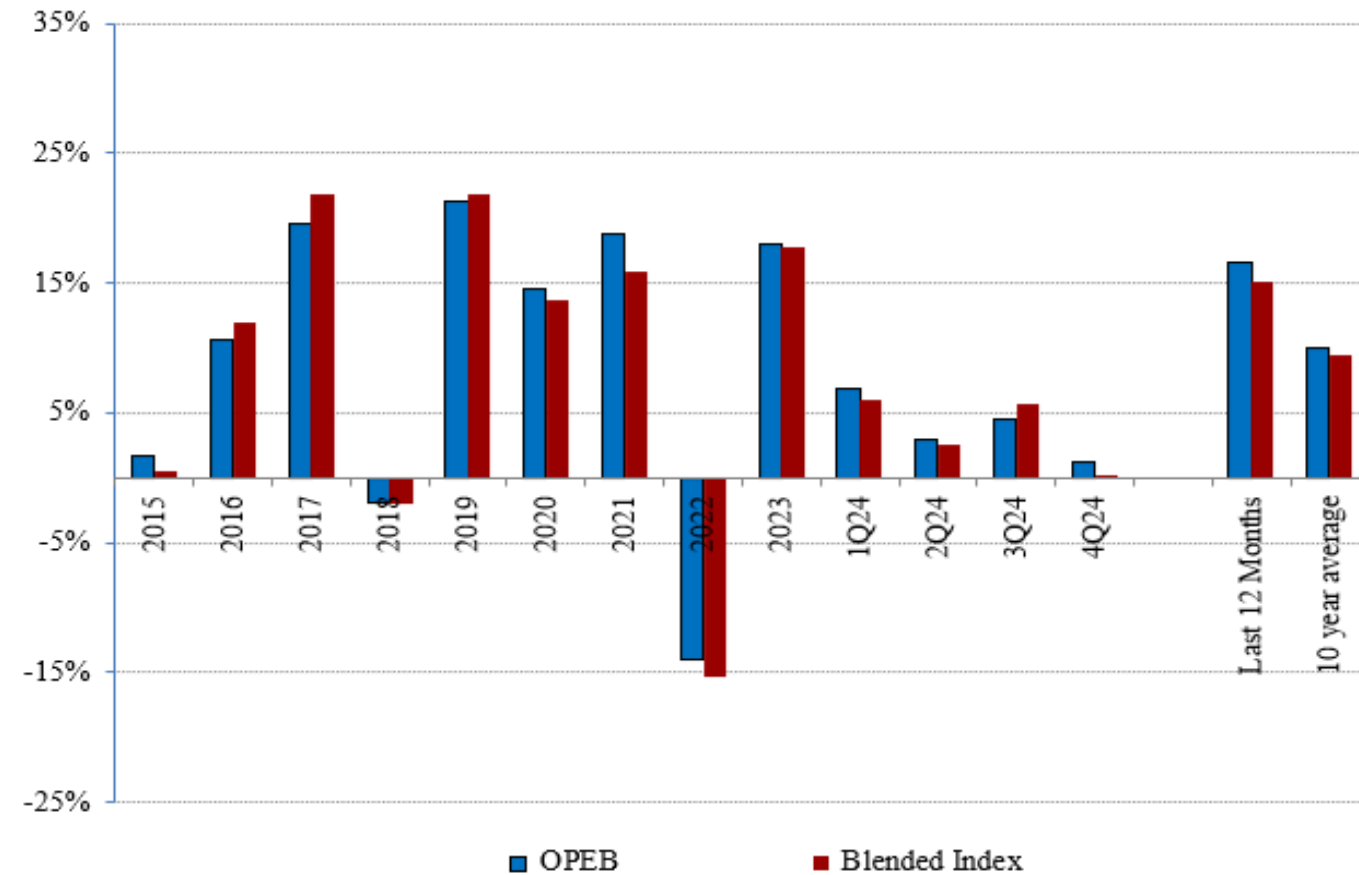
- 4Q total return .30% vs benchmark -1.21%
- Average book yield 2.48% 4Q vs 2.22% in 3Q
- Duration 1.31 years vs benchmark 3.43 years
- Interest income \$2.9m 4Q, \$2.7m 3Q, \$2.5m 2Q, \$2.2m 1Q
- 2024 income \$10.3 million, 2023 income \$6.2 million

OPEB Trust

- 4Q total return **1.29%**
- 2024 return **16.61%**
- Historical average returns: **9.97%** 5 years
9.92% 10 years
- Trust Value:

12-31-23	\$330.9 million
3-31-24	353.7
6-30-24	364.3
9-30-24	380.9
12-31-24	373.4
- Equity - \$238 million, 64%
- Fixed Income - \$124 million, 33%
- Cash Pool - \$11 million, 3%
- Projected OPEB Liabilities Remain Fully Funded

OPEB Trust Total Return





Thank you



Mark Thompson, Director Treasury

651-629-1629

mark.thompson@metc.state.mn.us