# Investment Review
# Second Quarter 2026

**Management Committee Update**

**Mark Thompson, Director Treasury**

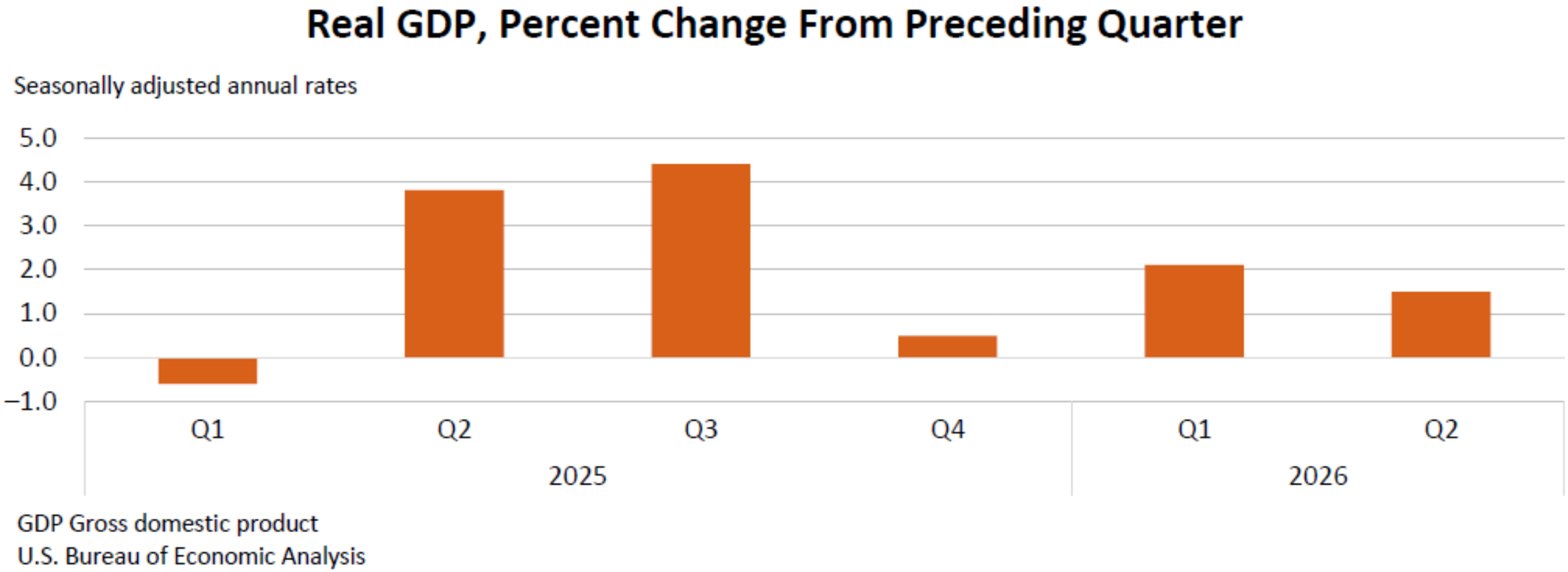
METROPOLITAN COUNCIL

August 12, 2026

# Economy

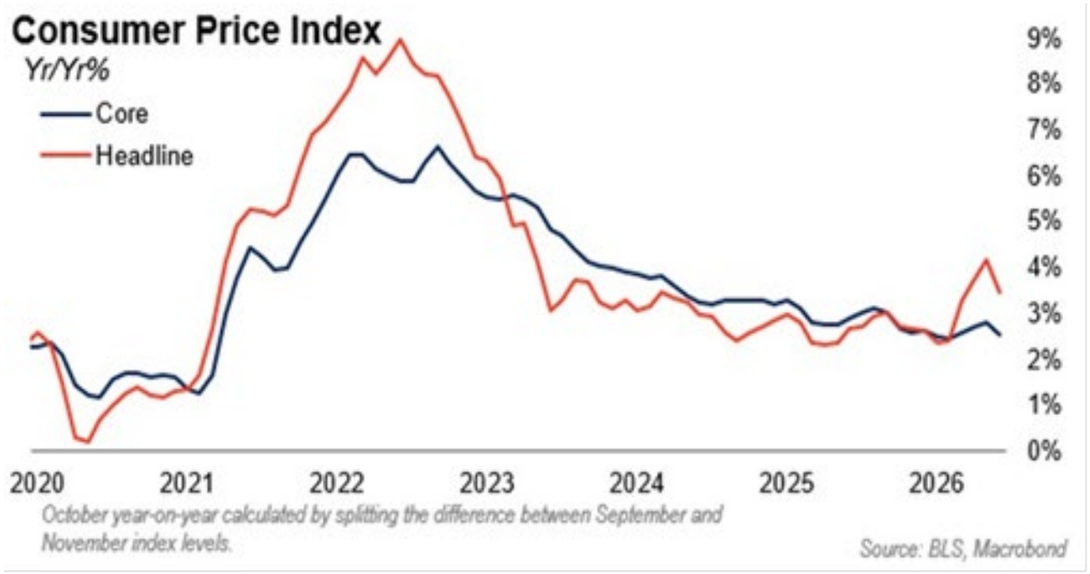
| | 4Q 2025 | 1Q 2026 | 2Q 2026 |
|---|---|---|---|
| Growth - GDP | 0.5% | 2.1% | 1.5% Est. |
| Inflation - Consumer Price Index | 2.70% | 3.30% | 3.50% |
| Jobs - Non-farm Payrolls 3-mo Average | -22,000 | 6,000 | 111,000 |
| Jobs - Unemployment Rate | 4.40% | 4.30% | 4.20% |
| Federal Reserve Target Rate | 3.50-3.75% | 3.50-3.75% | 3.50-3.75% |
| Equity Markets - S&P 500 Qrtly. Total Return | 2.65% | -4.35% | 15.20% |

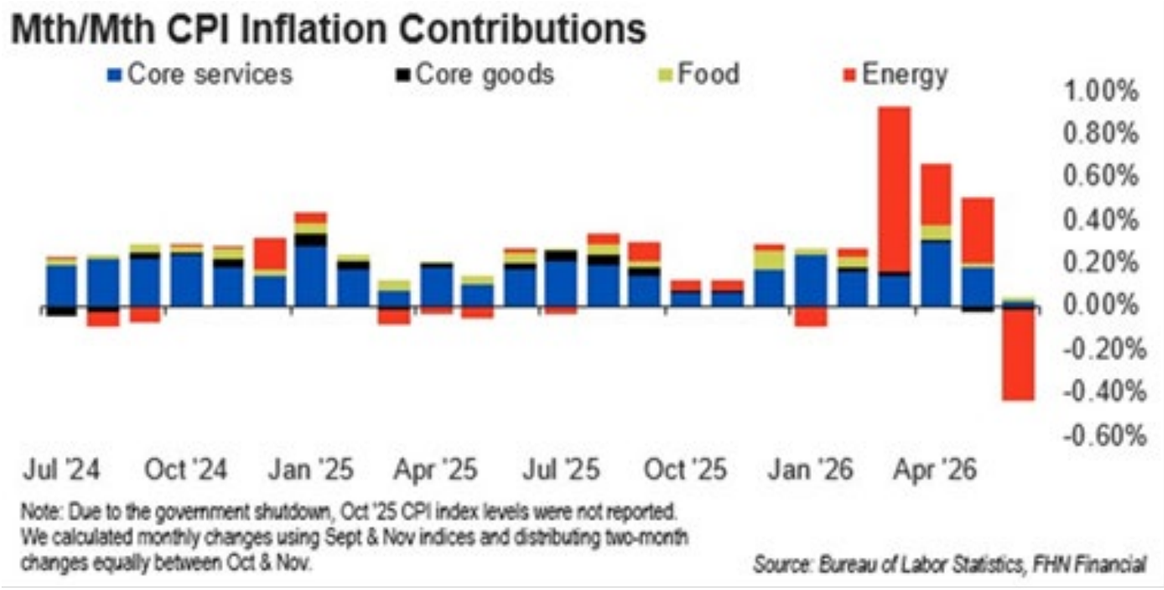
# Economic Growth



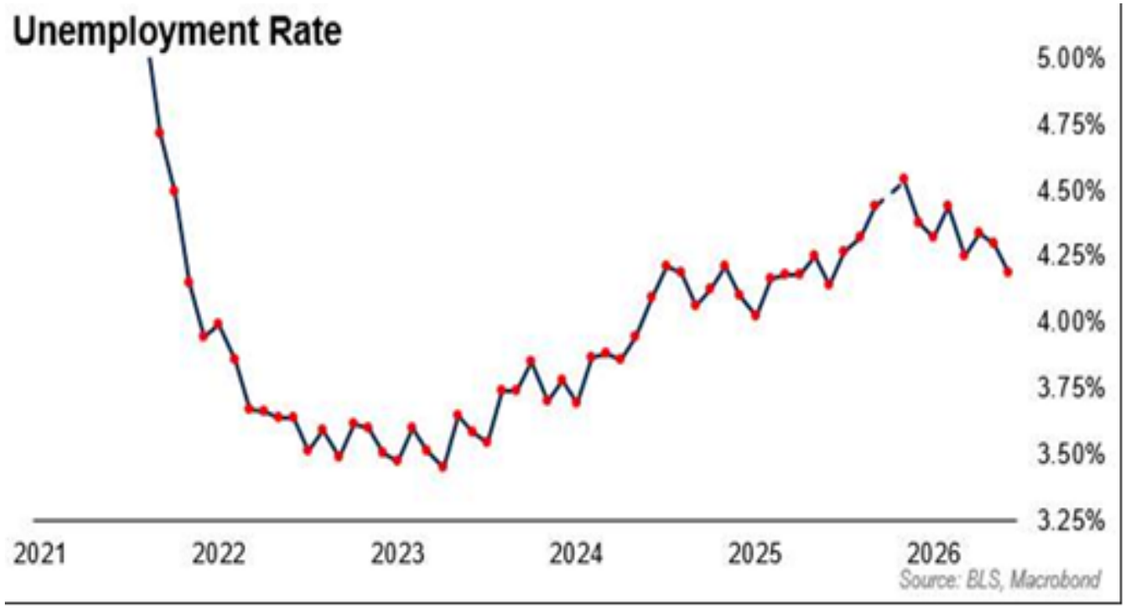

GDP Gross domestic product
U.S. Bureau of Economic Analysis

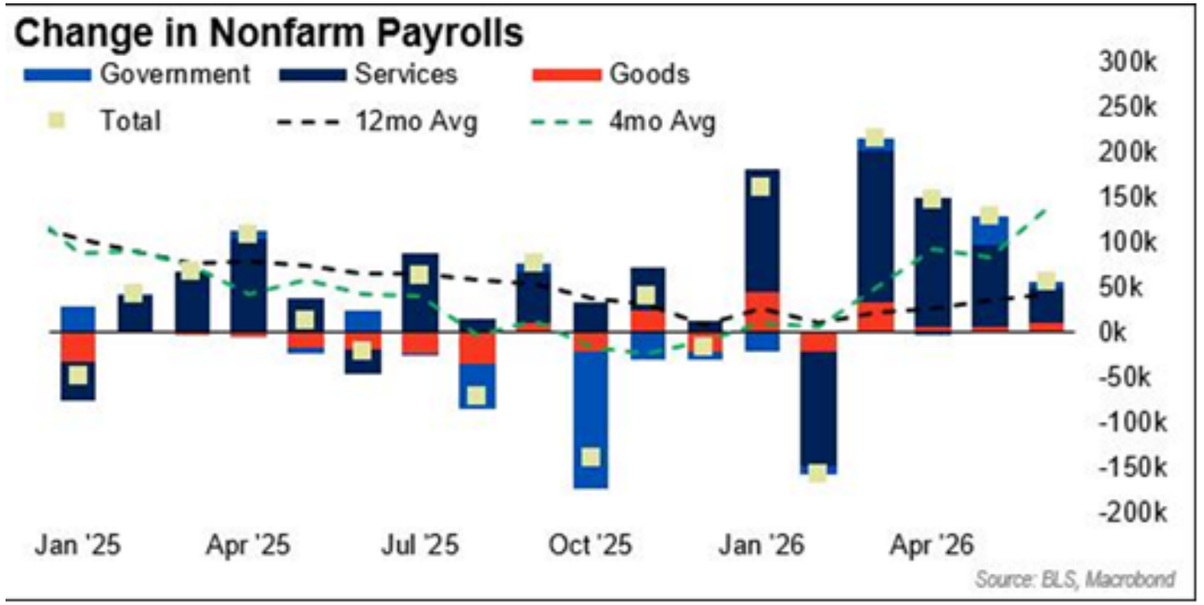
# Inflation


Consumer Price Index
Yr/Yr%
Core
Headline
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
2020
2021
2022
2023
2024
2025
2026
October year-on-year calculated by splitting the difference between September and November index levels.
Source: BLS, Macrobond


Mth/Mth CPI Inflation Contributions
Core services
Core goods
Food
Energy
1.00%
0.80%
0.60%
0.40%
0.20%
0.00%
-0.20%
-0.40%
-0.60%
Jul '24
Oct '24
Jan '25
Apr '25
Jul '25
Oct '25
Jan '26
Apr '26
Note: Due to the government shutdown, Oct '25 CPI index levels were not reported.
We calculated monthly changes using Sept & Nov indices and distributing two-month changes equally between Oct & Nov.
Source: Bureau of Labor Statistics, FHN Financial

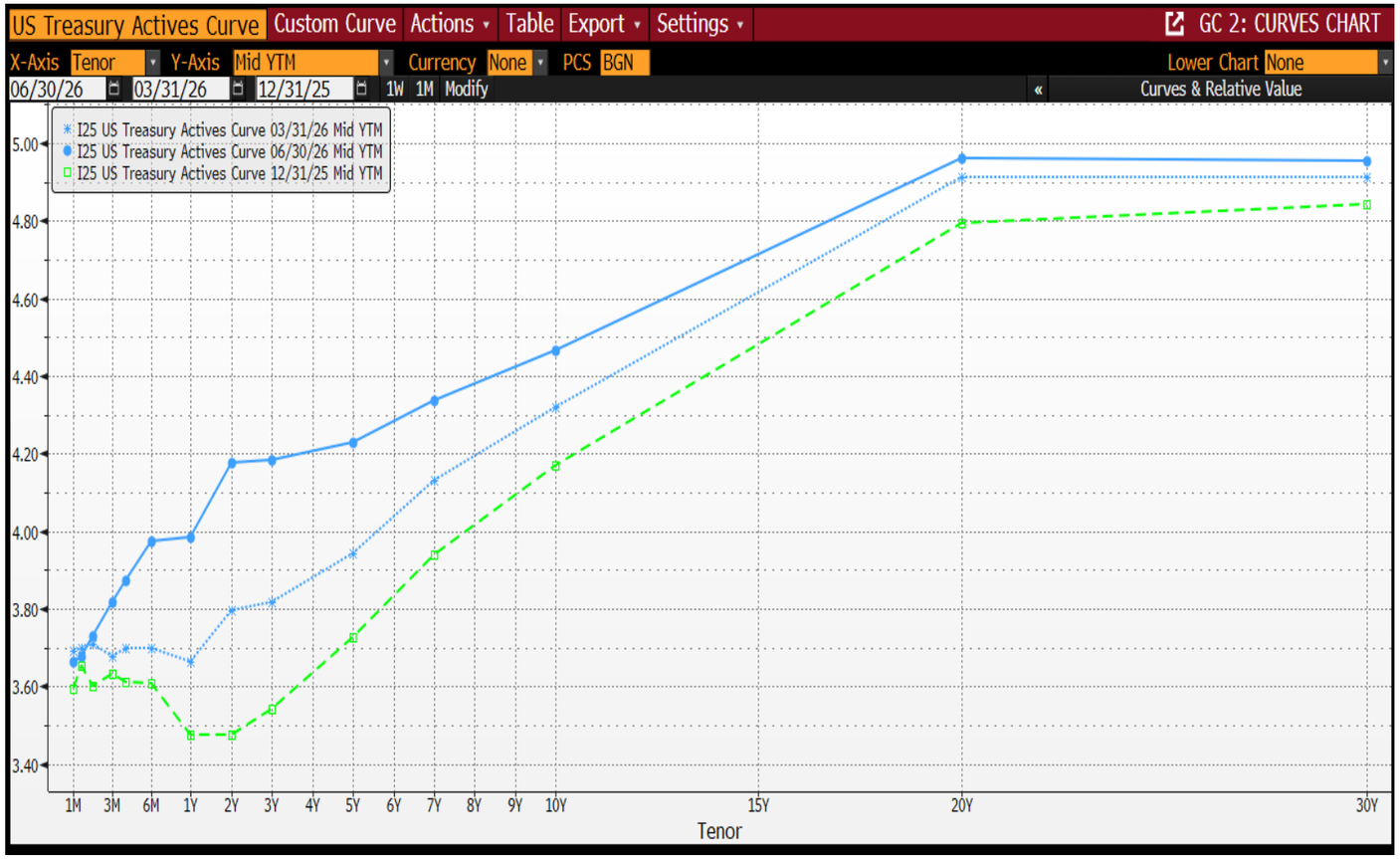
# Labor Market



# Treasury Yields

| | 4Q 2025 | 1Q 2026 | 2Q 2026 |
|---|---|---|---|
| Fed Funds | 3.50-3.75% | 3.50-3.75% | 3.50-3.75% |
| 2-Year | 3.48% | 3.79% | 4.18% |
| 5-Year | 3.73% | 3.94% | 4.23% |
| 10-Year | 4.17% | 4.31% | 4.47% |
| 30-Year | 4.85% | 4.91% | 4.95% |

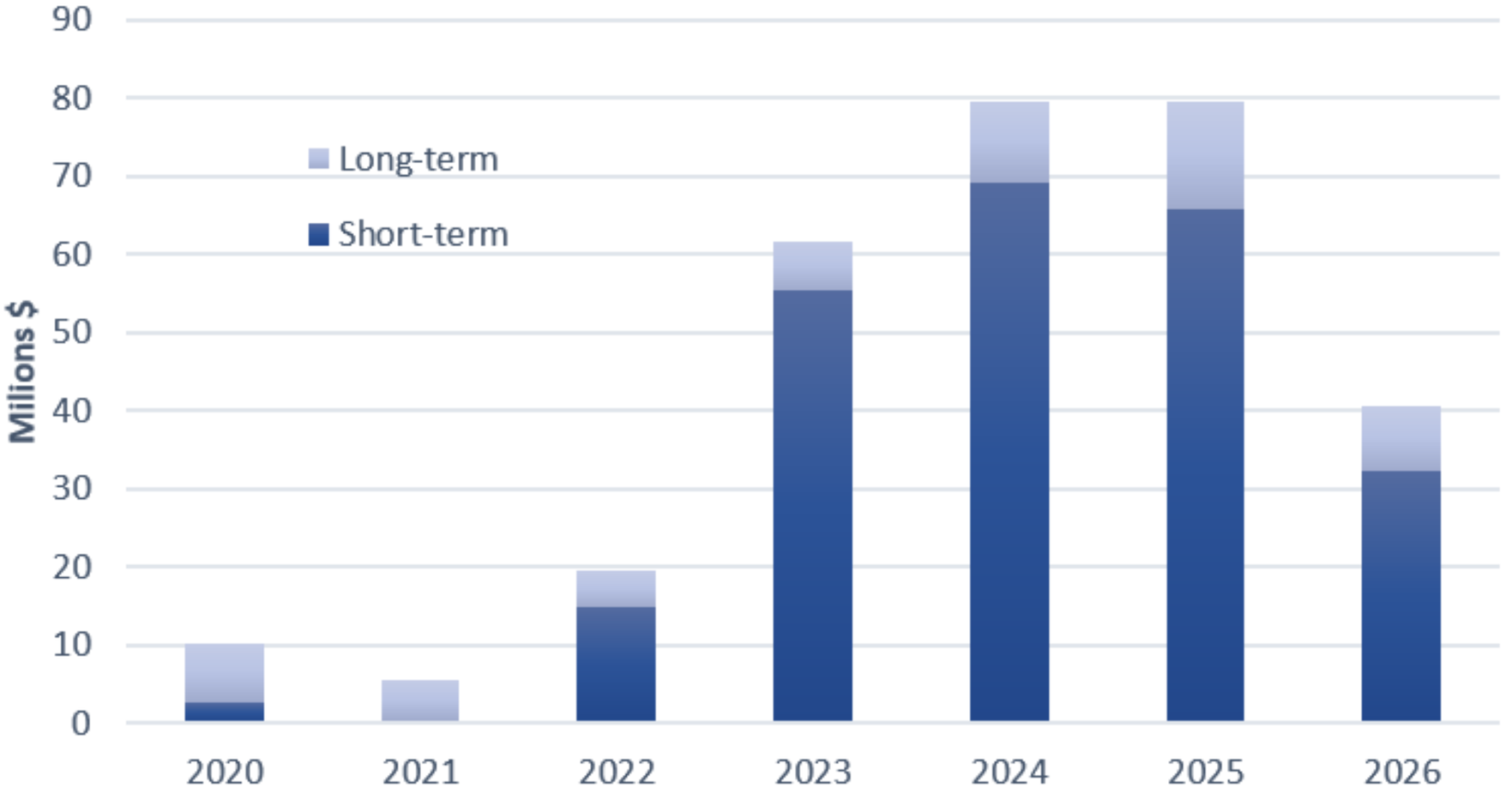



Source : Bloomberg

# S&P 500

| S&P 500 Monthly Total Returns | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Jul '25 | Aug '25 | Sep '25 | Oct '25 | Nov '25 | Dec '25 | Jan '26 | Feb '26 | Mar '26 | Apr '26 | May '26 | Jun'26 |
| 2.2% | 2.0% | 3.6% | 2.3% | 0.2% | 0.6% | 1.4% | -0.8% | -5.0% | 10.5% | 5.4% | -0.9% |

# Investment Earnings



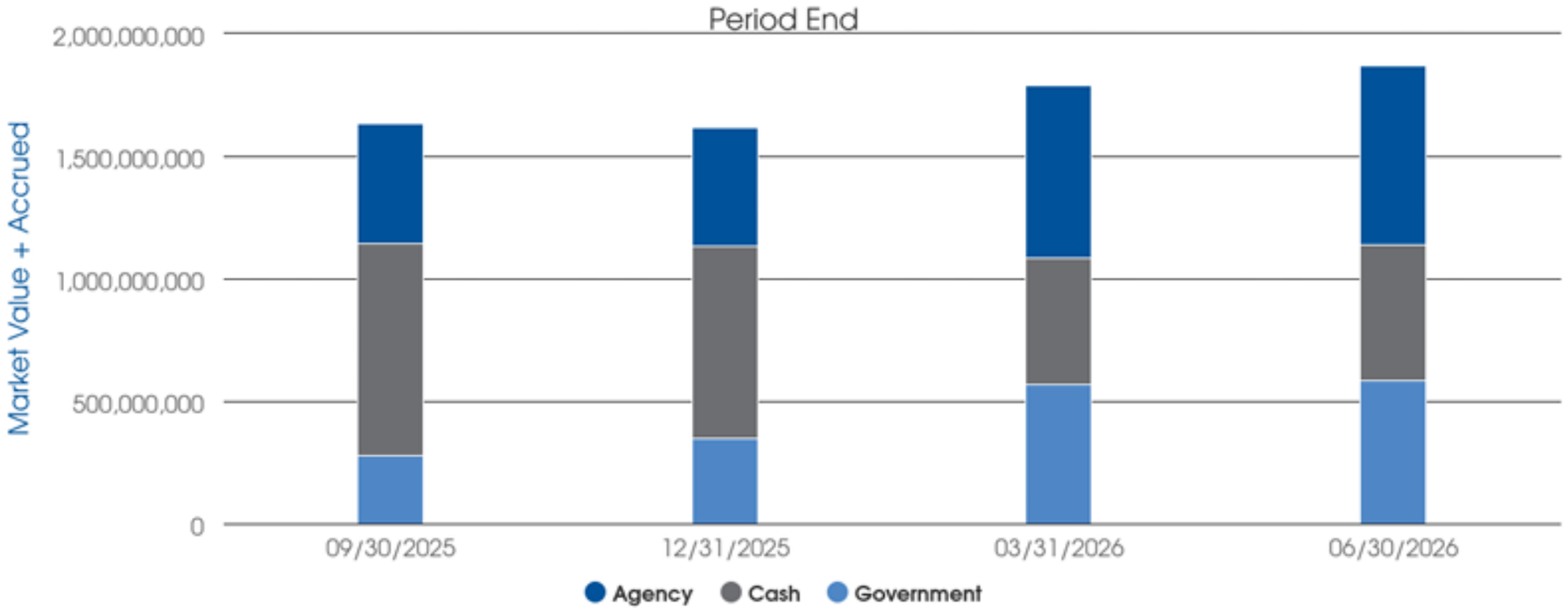
# Short-term Portfolio

## Historical Exposure Report

07/01/2025 - 06/30/2026

Met Council Short Term Agg (485181)

Dated: 07/26/2026




| *Period End* | *Average Credit Rating* | *Market Value + Accrued* | *GASB Book Yield* | *Years to Final Maturity* |
|---|---|---|---|---|
| 09/30/2025 | AAA | 1,635,158,227.24 | 3.876 | 0.055 |
| 12/31/2025 | AAA | 1,620,618,015.80 | 3.483 | 0.117 |
| 03/31/2026 | AAA | 1,792,190,410.98 | 3.421 | 0.172 |
| 06/30/2026 | AAA | 1,871,260,265.86 | 3.482 | 0.188 |
| **---** | **AAA** | **1,729,806,729.97** | **3.560** | **0.136** |

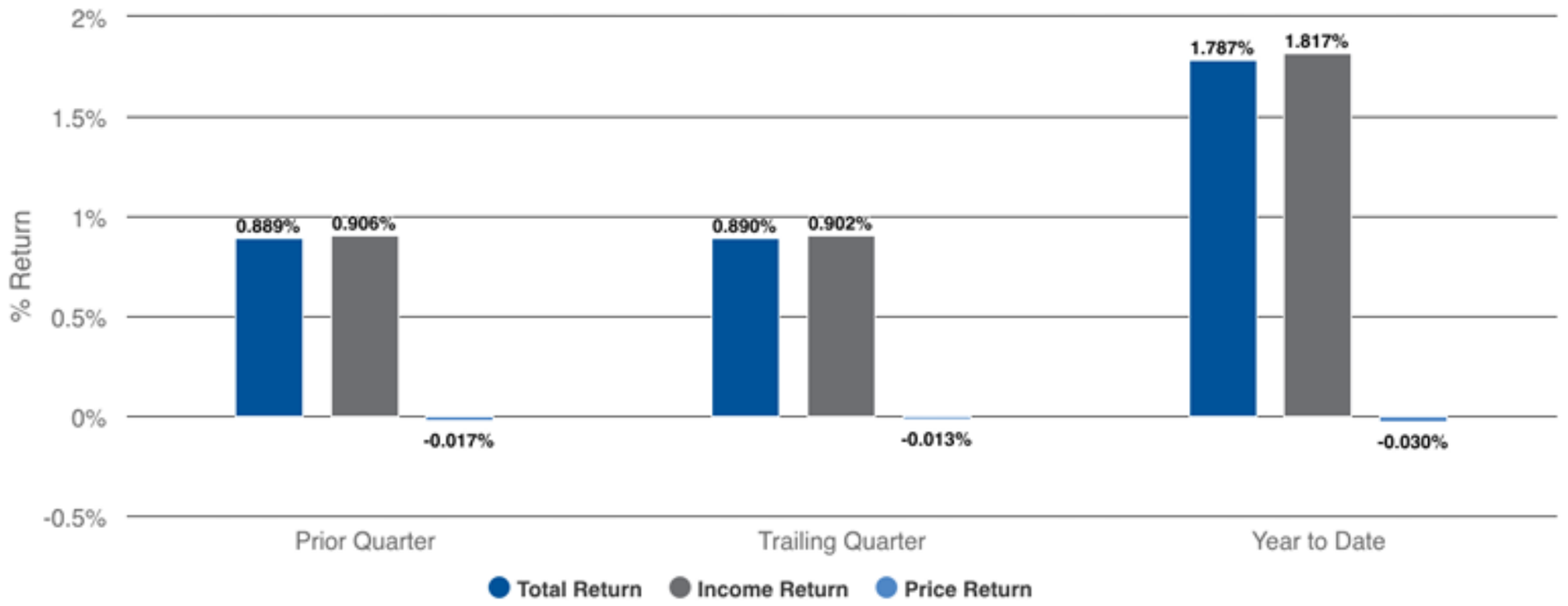
# Short-term Portfolio

## Total Return Chart

As of 06/30/2026

Met Council Short Term Agg (485181)

Dated: 07/26/2026




| *Period* | *Period Begin* | *Period End* | *Total Return* | *Income Return* | *Price Return* |
|---|---|---|---|---|---|
| Prior Quarter | 01/01/2026 | 03/31/2026 | 0.889% | 0.906% | -0.017% |
| Trailing Quarter | 04/01/2026 | 06/30/2026 | 0.890% | 0.902% | -0.013% |
| Year to Date | 01/01/2026 | 06/30/2026 | 1.787% | 1.817% | -0.030% |

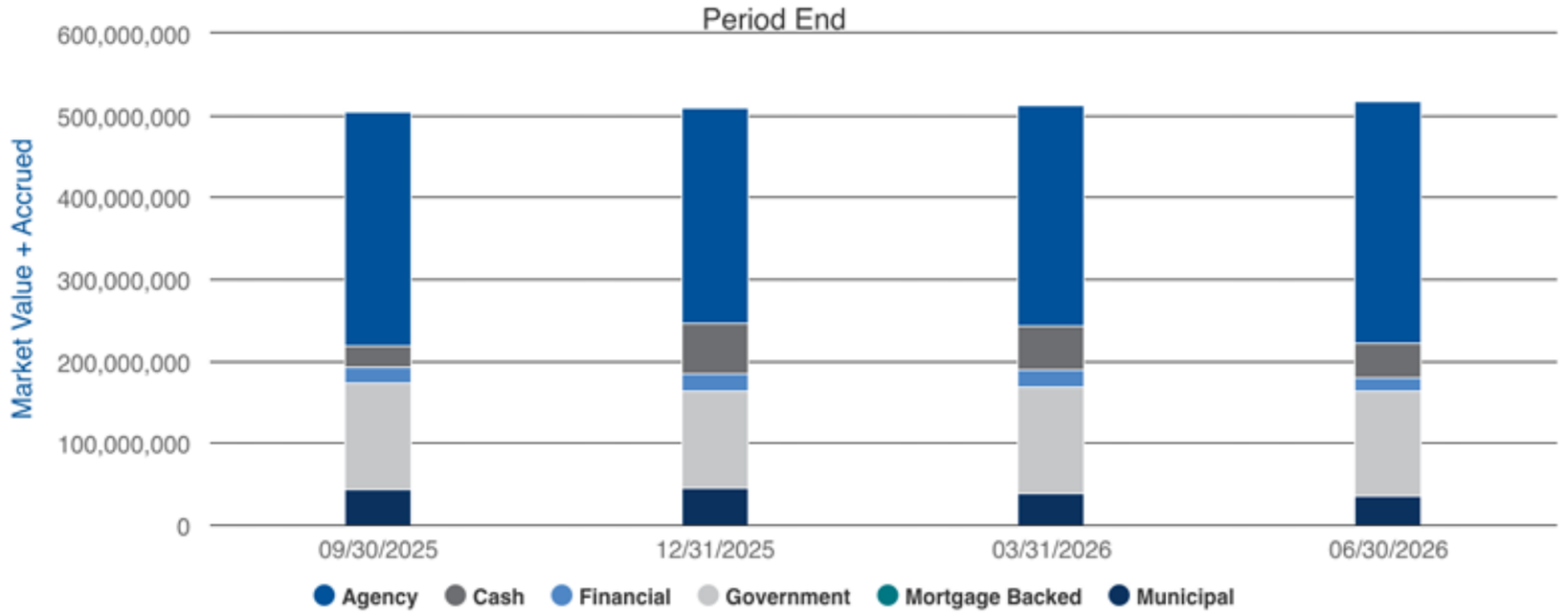
# Long-term Portfolio

## Historical Exposure Report

07/01/2025 - 06/30/2026

Met Council Long Term Agg (485183)

Dated: 07/26/2026




| *Period End* | *Average Credit Rating* | *Market Value + Accrued* | *GASB Book Yield* | *Years to Final Maturity* |
|---|---|---|---|---|
| 09/30/2025 | AA+ | 504,401,164.69 | 2.931 | 2.541 |
| 12/31/2025 | AA+ | 509,739,986.08 | 3.053 | 2.535 |
| 03/31/2026 | AA+ | 512,299,040.50 | 3.334 | 3.279 |
| 06/30/2026 | AA+ | 516,627,469.20 | 3.502 | 3.784 |
| **---** | **AA+** | **510,766,915.12** | **3.207** | **3.039** |

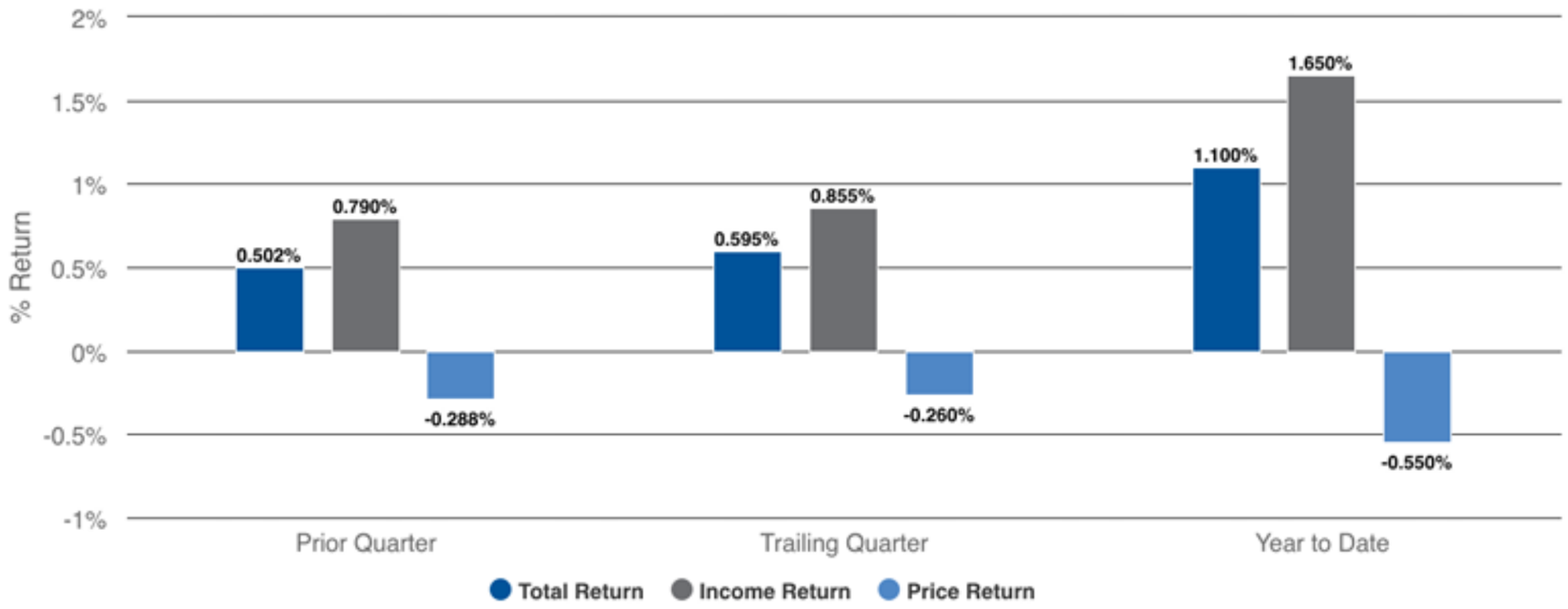
# Long-term Portfolio

## Total Return Chart

As of 06/30/2026

Met Council Long Term Agg (485183)

Dated: 07/26/2026




| *Period* | *Period Begin* | *Period End* | *Total Return* | *Income Return* | *Price Return* |
|---|---|---|---|---|---|
| Prior Quarter | 01/01/2026 | 03/31/2026 | 0.502% | 0.790% | -0.288% |
| Trailing Quarter | 04/01/2026 | 06/30/2026 | 0.595% | 0.855% | -0.260% |
| Year to Date | 01/01/2026 | 06/30/2026 | 1.100% | 1.650% | -0.550% |

# OPEB Trust

- **Trust Value:**

| | |
|---|---|
| 2Q 2026 | $437.6 million |
| 1Q 2026 | 400.1 |
| 4Q 2025 | 410.6 |
| 3Q 2025 | 414.8 |

- **Equity - $278 million, 64%**
  **Fixed Income - $132 million, 30%**
  **Cash Pool - $27 million, 6%**

- **Projected Liabilities Remain Fully Funded**

Investment Performance As Of 6/30/2026

MTC OPEB

| | 1 Month | 3 Month | Fiscal YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|---|
| Met Council Laddered Fixed Income Fund | 0.12% | 0.31% | 0.54% | 3.08% | 4.39% | 1.52% |
| Non-Retirement Equity Fund | (0.95%) | 15.19% | 10.19% | 22.30% | 20.57% | 13.39% |
| Non-Retirement Money Market Fund | 0.31% | 0.95% | 1.90% | 4.12% | 4.89% | 3.77% |

| | 1 Month | 3 Month | Fiscal YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|---|
| Total Performance | (0.56%) | 9.35% | 6.57% | 15.23% | 14.52% | 9.04% |

# Thank you

METROPOLITAN COUNCIL

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