Investment Management Presentation

Logan Circle Partners

Contents

Finance & Administration Committee Meeting

September 12, 2018

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SECTION I

Firm Overview

FIRM OVERVIEW

- MetLife has 49,000 employees worldwide with offices in more than 40 countries. Logan Circle Partners, L.P. is a MetLife, Inc. company and is part of MetLife Investment Management ("MIM").

- As of June 30, 2018, Logan Circle had $38.3 billion[1] in total assets under management.

[1] *Based on unaudited estimates and are subject to change. Fee paying assets under management as of 6/30/18.*

FIRM OVERVIEW

- Our partnership with OCTA dates back to 1995-2008 when the team was at Bear Stearns Asset Management. We were rehired at Logan Circle Partners in 2011-2015 to manage a Bond Proceeds mandate and again this year to oversee a 1-3 Year portfolio.

- We have a dedicated short duration team with portfolio managers and sub-sector specialists focused exclusively on the front-end of the maturity spectrum.

- The portfolio managers have been working together for over 20+ years and our research resources include 40 analysts (Credit, Municipals, Structured Finance) as well as 19 traders.

Wendy Kaszak
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Ms. Kaszak joined Logan Circle Partners in 2011 and is a member of the client services team. Prior to joining Logan Circle, she served as a senior project manager and deal administrator within the Mergers & Acquisitions group of BCMS Corporate LLC/BCMS Capital Advisors. From 2000-2007, she worked as a project team member supporting the Fortune 500 clients of Capgemini, a global business consulting corporation. Ms. Kaszak received a Bachelor of Arts with a major in Sociology/Anthropology from Denison University and an International Masters of Business Administration from the University of San Diego.

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Mr. Pavlak is a portfolio manager and the head of the short/intermediate duration team. Prior to joining Logan Circle Partners in 2008, he was a Senior Managing Director and head of fixed income at Bear Stearns Asset Management. He joined Bear Stearns & Co. in 1990 and BSAM in 1992, where he was responsible for BSAM's traditional strategies that included Cash, Enhanced Cash, Short-Term, Intermediate, Core and Core Plus. Prior to joining Bear Stearns, he was a Vice President and senior investment officer at Beechwood Securities. Mr. Pavlak received a Bachelor of Science degree in finance from Fairleigh Dickinson University, earned a Masters of Business Administration in finance and economics from the Stern School of Business at New York University. He holds the FINRA Series 7 (Registered Representative) license and is a CFA® charterholder.

SECTION II

Market Outlook

CURRENT THEMES

- **GDP**

Global growth diverges with the U.S. benefitting from tax reform-driven strength in consumer and business spending. Narrowing of the U.S. trade deficit occurring, despite dollar strength, as companies increase exports ahead of anticipated tariff implementation. These factors, combined with a pickup in government spending, will elevate 2Q GDP above our expected average 2018 real growth rate of 3%. A full-fledged trade war would dent consumer and business confidence and temper investment spending plans, which would be a drag on second-half GDP growth.

- **Consumer**

Consumer confidence remains elevated, especially the present situation component, despite higher interest rates and financial market volatility. Year-over-year personal income continues to accelerate, offering encouragement that weak early 2018 retail sales data was transitory. Continued low savings rate, currently at 3.2%, represents further evidence of consumer optimism. Early signs of deterioration of consumer health such as rising credit card delinquencies and tightened bank lending standards (credit cards, autos) bear watching.

- **Business**

Improved corporate fundamentals spurred by the new tax law, solid revenue growth and lighter regulatory burden. Tax reform has boosted business confidence indicators and spending plans and led to reduced corporate issuance activity, which should result in lower leverage metrics over the long run. A late-cycle spike in M&A activity, likely concentrated in several non-financial subsectors, would partially offset the drop in new issue volume. Potential for adverse outcomes arising from the evolving trade and tariff actions supports our preference for U.S.-centric issuers. Margin pressures from increased unit labor costs could slow second-half profit growth.

- **Employment**

Labor markets remain tight with the number of job openings exceeding job seekers for the first time which should translate into higher wages given the shallow pool of qualified workers. The seasonally-adjusted U.S. Quits Rate reaches a 17-year high, indicative of employee confidence in finding another job, a further sign of labor market strength. Pace of average weekly earnings growth for non-supervisory and production workers at highest levels since 2010. Upward movement in the labor force participation rate would be a positive, although it would ease the decline in the unemployment rate.

- **Inflation**

Recent firming in producer and consumer price data coupled with growth in wages point to gradual upward trend of U.S. inflation. Pressure building on several fronts including labor shortages and tariff induced price increases on imported goods. Decline in durable goods prices continues to be offset by the rise in service inflation. Year-over-year Core PCE has reached the Fed's 2% target. Base effects continue to provide a tailwind from the roll-off of lower wireless rate plan and physician's services components. In addition, higher public payer rates for physicians and hospital reimbursements will further underpin inflationary dynamics.

- **U.S. Monetary & Fiscal Policy**

Despite the Federal Reserve dot plot being adjusted at the June FOMC meeting to four interest rate increases this year as one participant shifted his or her view, the market continues to fully price in only three hikes in 2018. However, recent inflation data should make the Fed more comfortable continuing their gradual path of policy rate increases. Less accommodative U.S. monetary policy combined with stimulative fiscal policy remains positive for U.S. dollar with offshore flows/repatriation helping to strengthen the currency.

- **Residential / Commercial Real Estate**

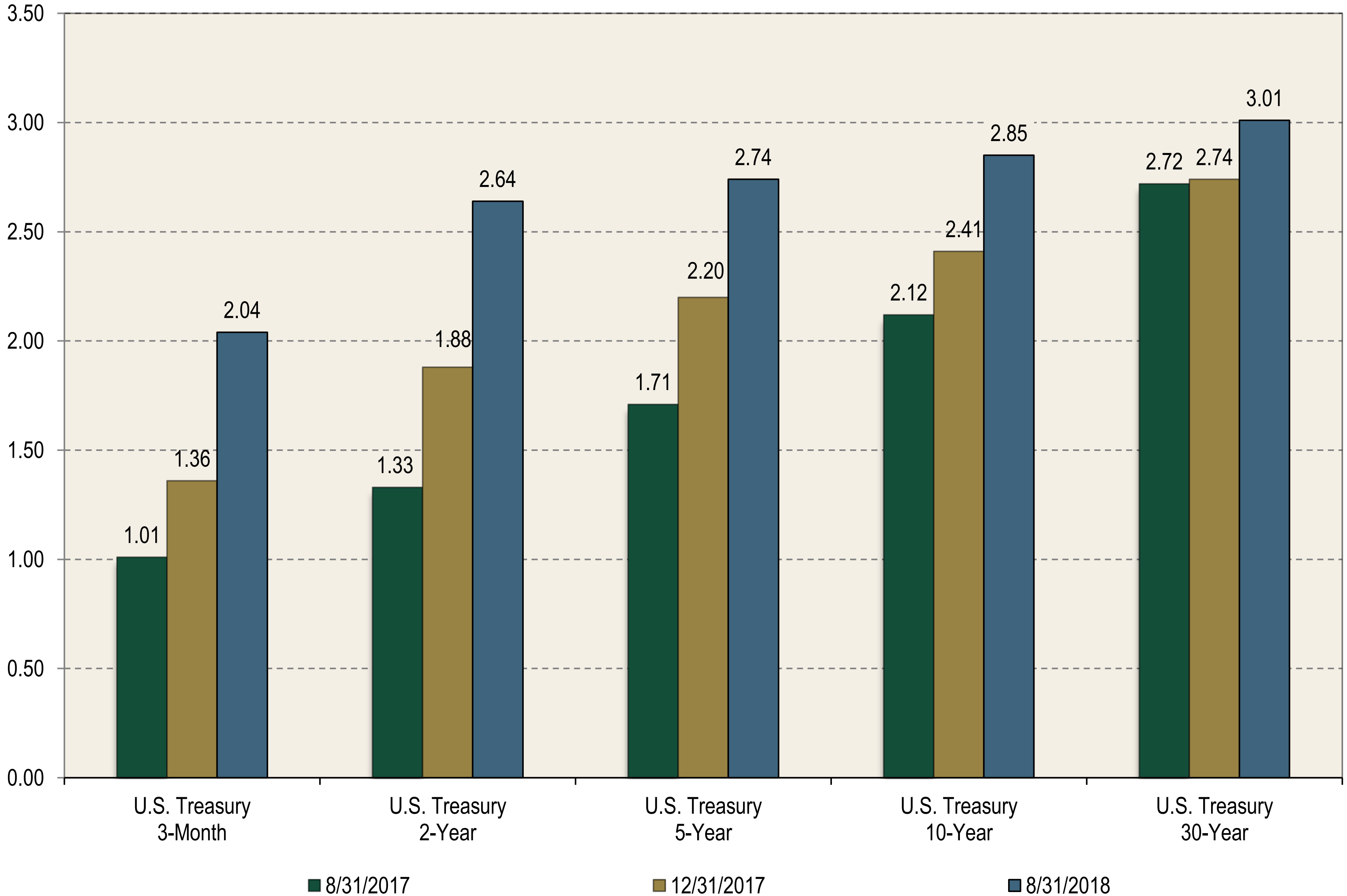
Single-family inventory remains below long-term average. Rising interest rates and recent tax law changes will weigh on affordability, particularly for first-time home buyers. This will create headwinds for existing home sales, particularly within regions with high state and local property taxes as their deductibility is capped under the new tax law. Despite the challenges, lower priced housing should benefit from increasing household formation among millennials and outperform higher-end properties. For commercial real estate, retail properties face headwinds from long-term secular changes in demographics and spending patterns. Rising supply should temper the pace of rent growth and raise vacancy rates for office, hotel and multi-family properties.

- **Central Banks / International**

ECB's Draghi orchestrates "dovish tightening" by laying out plan to wind down QE by year-end 2018 while pushing out expected timeframe on initial rate hike into summer 2019 at the earliest and raising the possibility that the ECB may reengage on QE should conditions warrant. Challenges in Europe mount as shifting political landscape faces stress from migration. Further U.S. dollar strength could intensify pressures on emerging markets with the potential for increased market volatility and capital flight, particularly for those economies with large amounts of USD-denominated debt. China undertaking measures to support economic growth as trade uncertainties rise and international growth diverges.

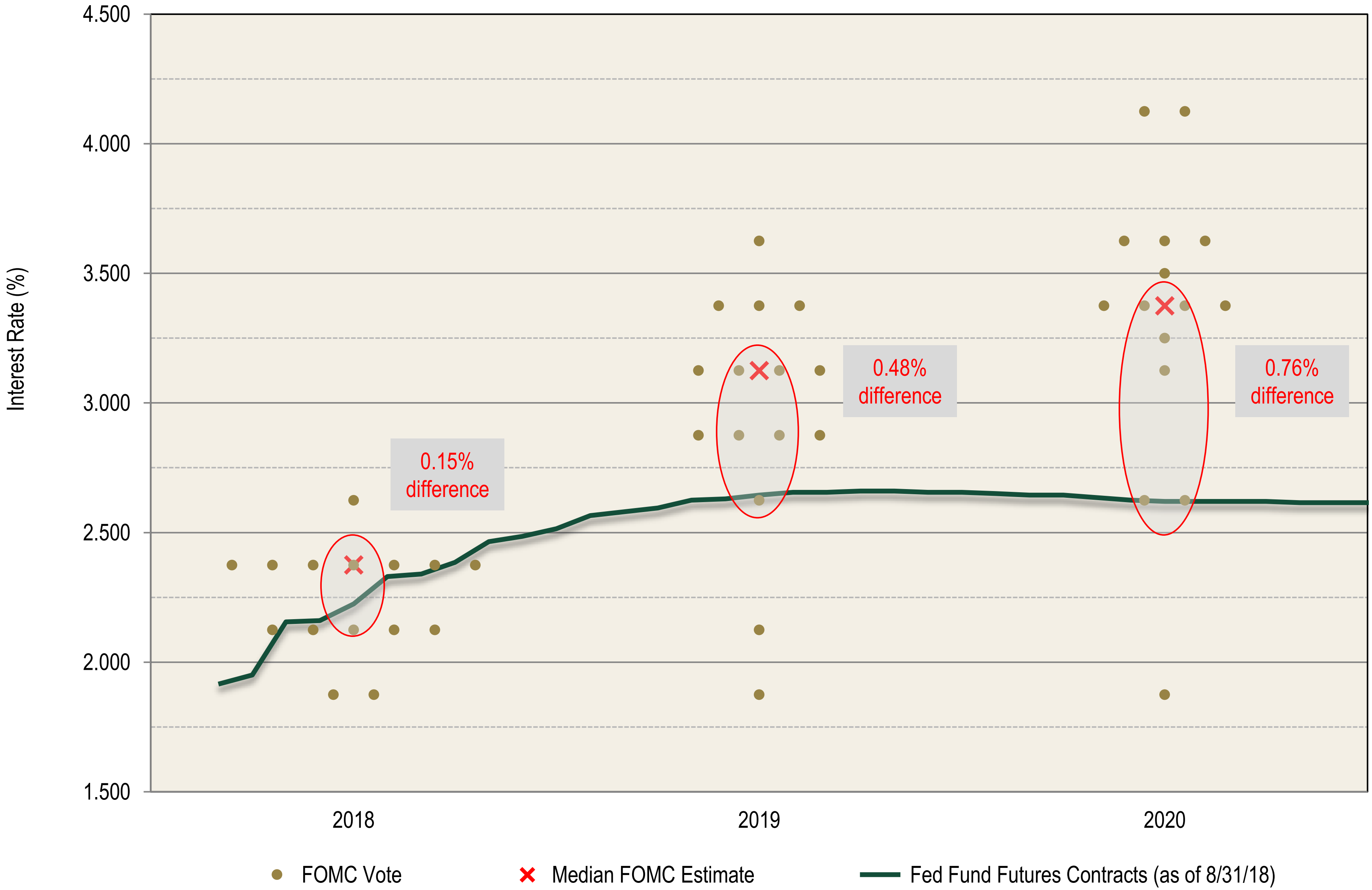
The views presented above are Logan Circle's only and are subject to change over time. There can be no assurance that the views expressed above will prove accurate and should not be relied upon as a reliable indicator of future events.

U.S. TREASURY YIELDS (%) – as of August 31, 2018



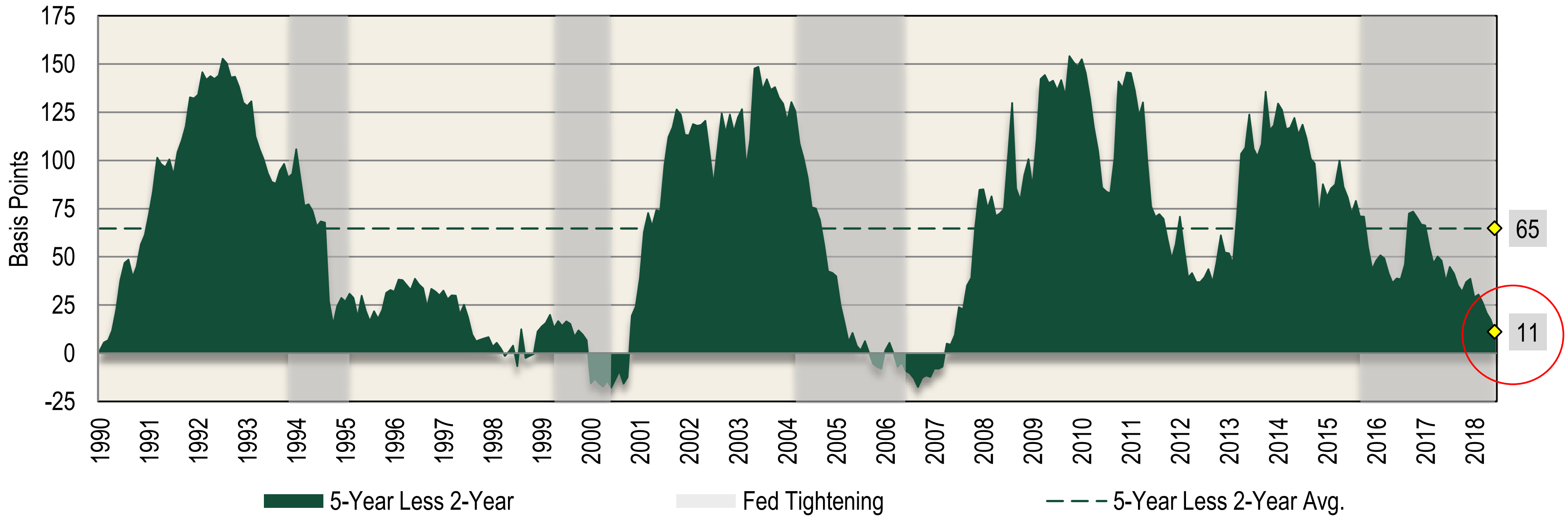
Source: Bank of America Merrill Lynch

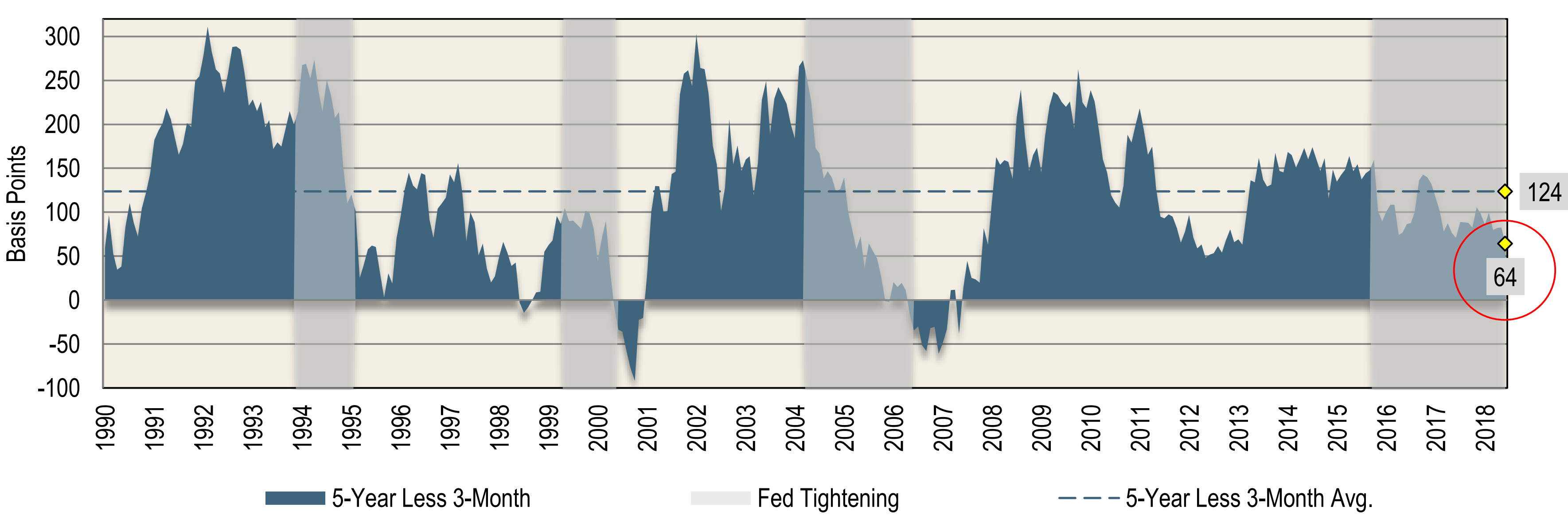
FEDERAL RESERVE – as of August 31, 2018



Source: Federal Reserve, Bloomberg

YIELD CURVES – as of August 31, 2018

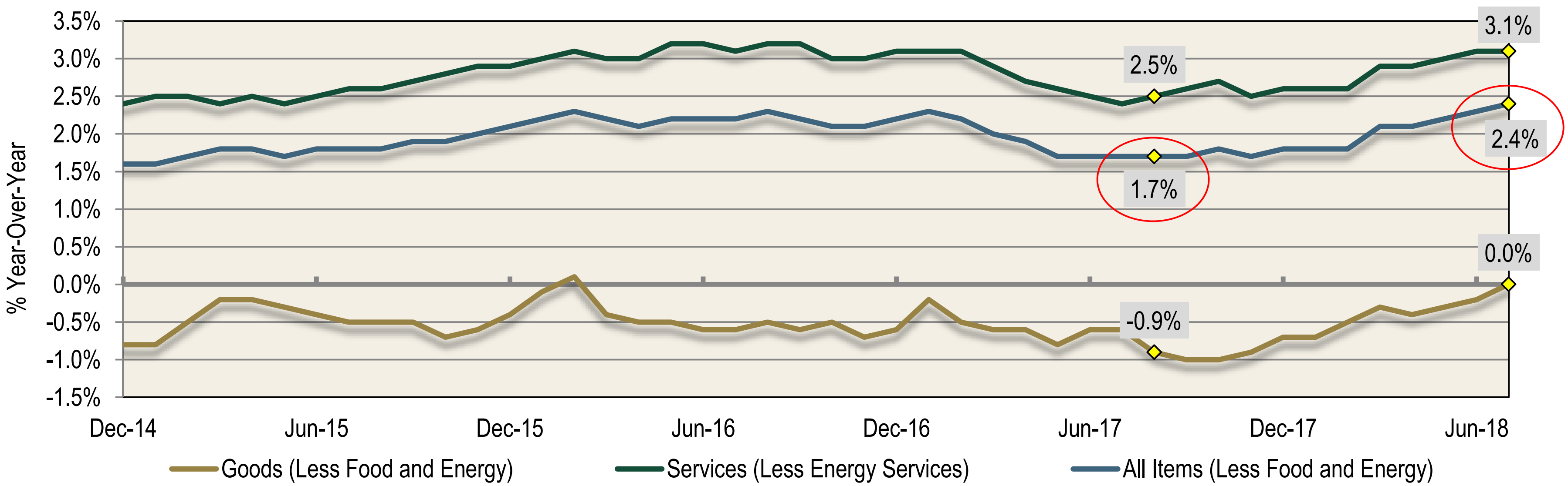




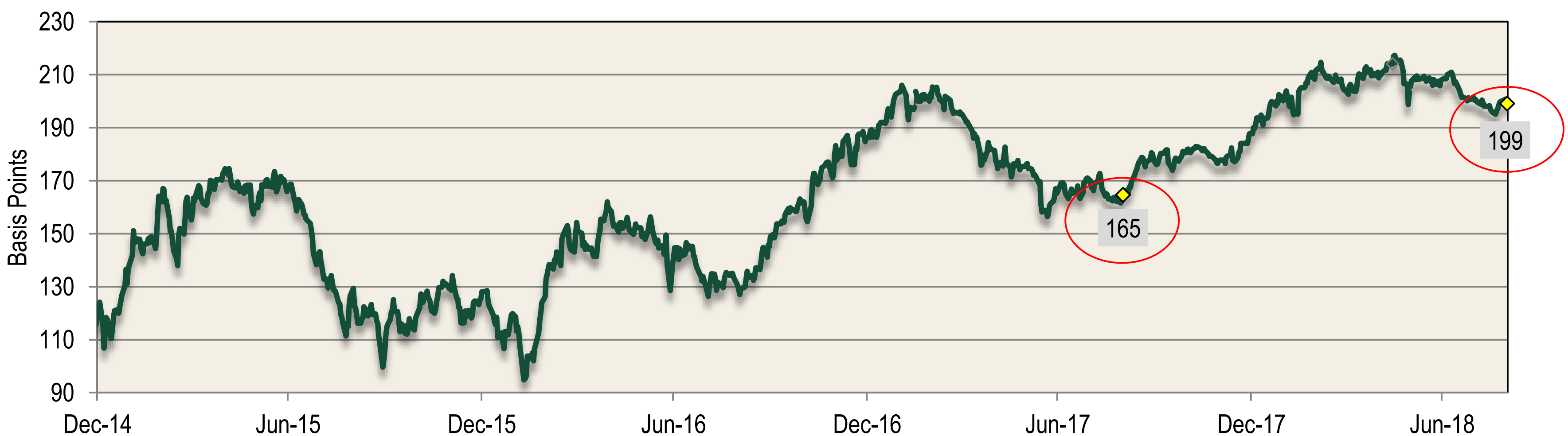
Source: Bloomberg

U.S. INFLATION – as of August 31, 2018

CPI Core Breakdown



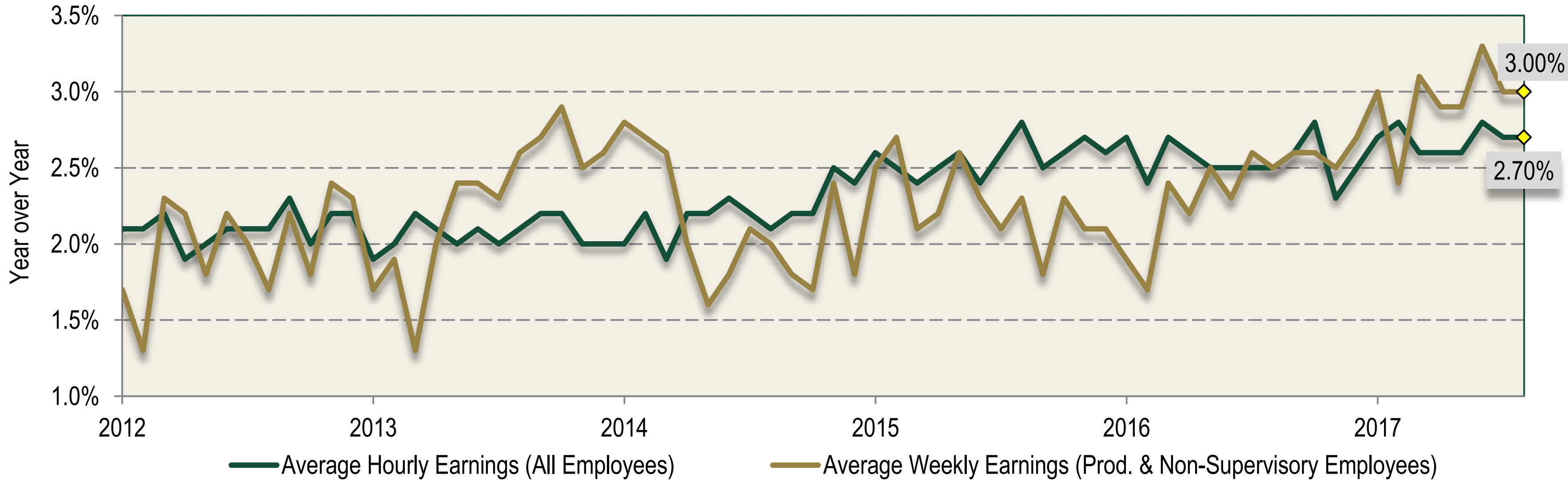
5-Year TIPS Breakeven Rate



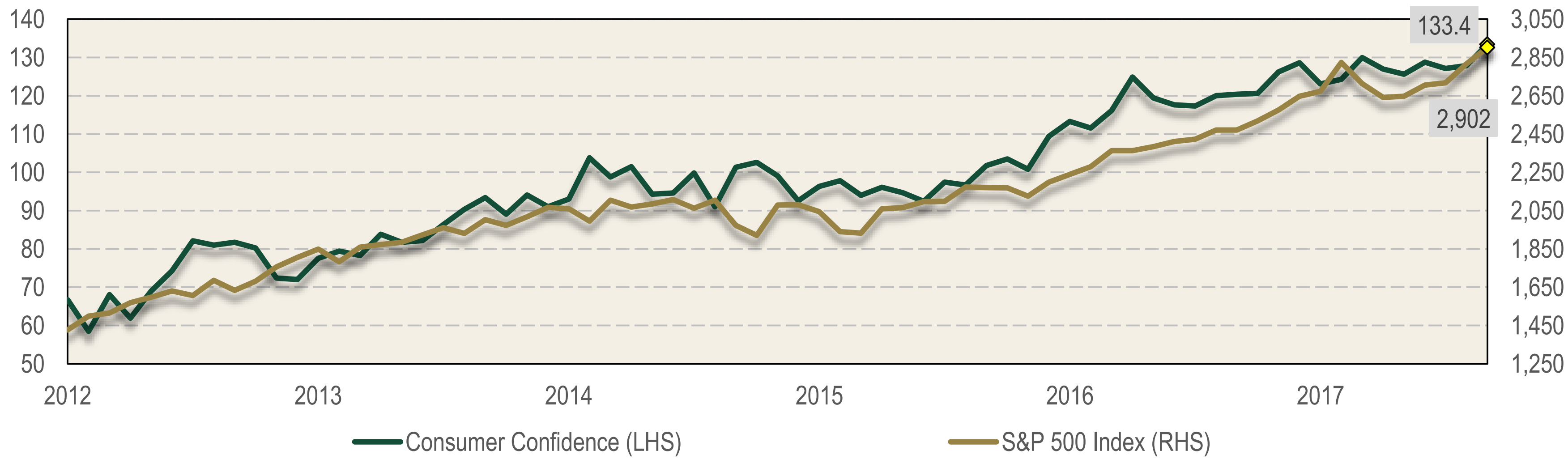
Source: Bureau of Labor Statistics, Bloomberg

U.S. EARNINGS & THE CONSUMER – as of August 31, 2018

U.S. Average Earnings

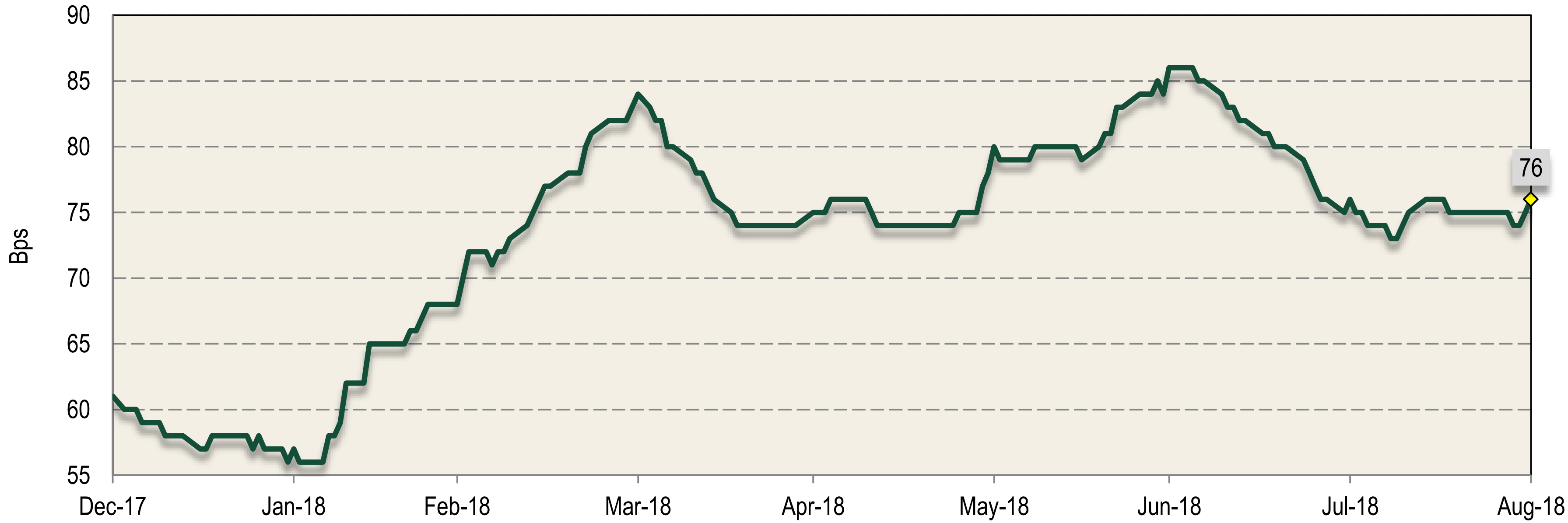


Consumer Confidence



Source: Bureau of Labor Statistics, The Conference Board, Bloomberg

ICE BofAML CORPORATE 1-5 YEAR INDEX – as of August 31, 2018



OAS *(bps)*	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Corporate (1–5)	**174**	**70**	**61**	**65**	**62**	**196**	**639**	**166**	**136**	**227**	**110**	**89**	**99**	**121**	**96**	**61**	**76**
Financial (1–5)	165	51	50	57	56	212	663	204	158	308	126	93	96	104	100	60	78
Industrial (1–5)	176	86	73	75	69	181	624	135	116	164	96	85	103	134	92	61	74
Utility (1–5)	236	79	63	73	71	175	576	155	131	169	110	99	89	120	101	64	85

Past performance is not indicative of future results.

Source: ICE Data Services

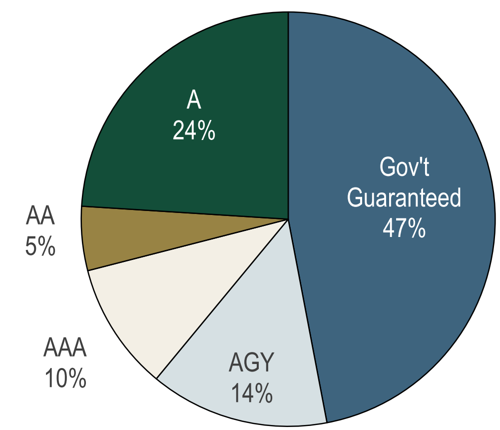
SECTION III

Portfolio Strategy / Positioning

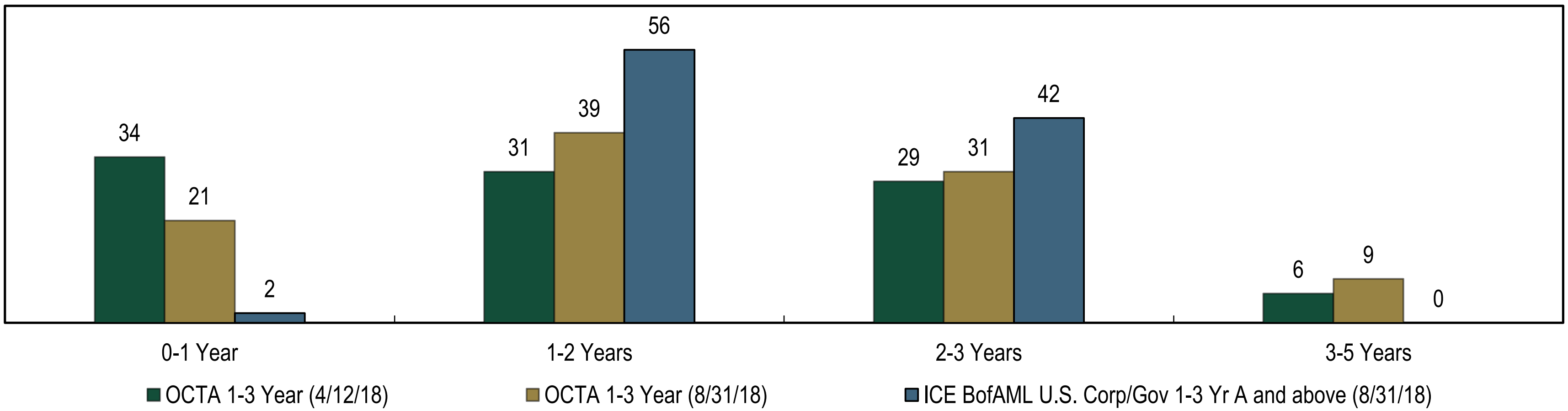
PORTFOLIO REVIEW – as of August 31, 2018

	OCTA 1-3 Year (4/12/18)	OCTA 1-3 Year (8/31/18)	ICE BofAML U.S. Corp/Gov 1-3 Year A and above[1] (8/31/18)
Yield to Maturity	2.41%	2.77%	2.72%
Duration	1.57 Years	1.73 Years	1.88 Years
Fixed / Floater	100% / 0%	92% / 8%	100% / 0%
Average Quality (Moody's)	Aa1	Aa2	Aa2

Quality Ratings Distribution



Duration Distribution (% Market Value)

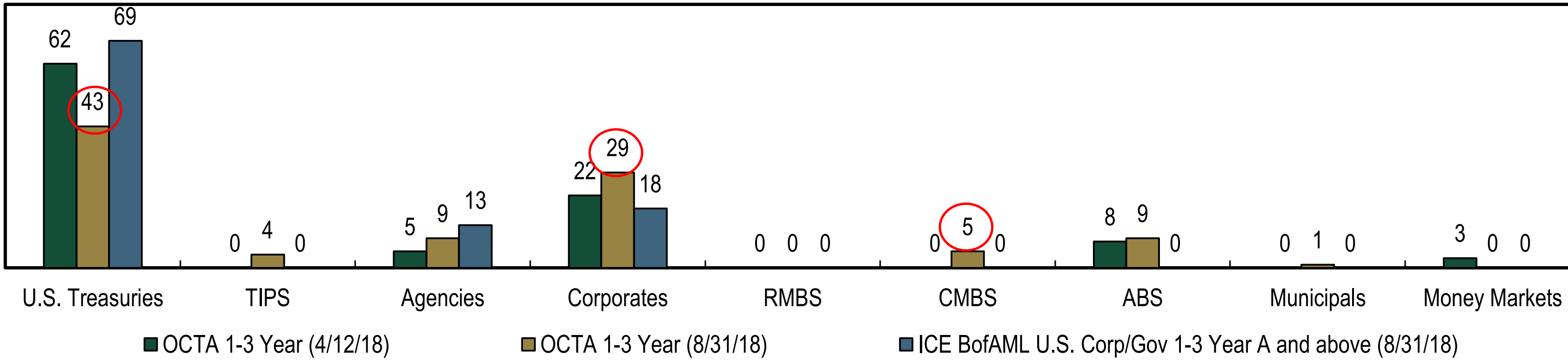


Past performance is not indicative of future results. Portfolio characteristics are preliminary and subject to change.

[1]The performance benchmark for the Orange County Transportation Authority portfolio is the ICE BofAML U.S. Corporate & Government 1-3 Year, A and above Index, which is a broad–based Index consisting of U.S. Corporate and Government securities with an outstanding par greater than or equal to $250 million and a maturity range from one to three years, and securities rated AAA through A3, inclusive reflecting total return, and is presented here for discussion purposes only.

PORTFOLIO REVIEW – as of August 31, 2018

Sector Distribution (% Market Value)



Treasury / Agency

- Lowered Treasury allocation to fund "spread" sectors
- Added 4% in Treasury Inflation Protected Securities (TIPS)
- Increased Agency exposure by adding callable and floating rate bonds

Corporates

- Focused on fixed-rate 2020 and 2021 maturities to capitalize on front-end yield curve steepness
- Added to the Banking (U.S. money centers and regional banks) and Insurance sub-sectors
- Reduced exposure to Consumer Non-cyclicals and Technology

Structured Products

- Diversified ABS exposure by adding to credit card and dealer floorplans
- Reduced exposure to equipment ABS and increased exposure to prime auto
- Added Fannie Mae and Freddie Mac Agency CMBS in the 0.9 to 1.5-year part of the maturity spectrum

Municipals

- Added State of California G.O.'s, San Bernardino and Burlingame School District
- Added San Francisco Redevelopment District bonds that have been pre-refunded and escrowed to maturity with U.S. Treasuries

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