

Citizens Investment Summary Report Appendix



April 2019

EXECUTIVE SUMMARY

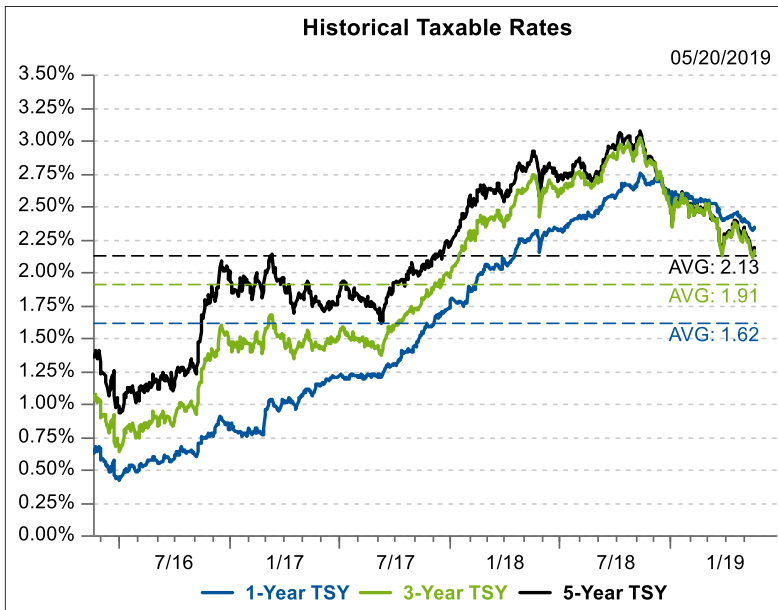
- Citizens' total portfolio market value for April 2019 was \$9.32 billion (prior month: \$9.38 billion) with an average duration of 3.82 years (prior month: 3.82 years) and average credit ratings of A/A/AA.
 - 82% of the total portfolio is taxable, with a market value of \$7.67 billion.
 - 18% of the total portfolio is tax-exempt, with a market value of \$1.65 billion.
 - 90%, or \$8.42 billion of the total portfolio is managed by 10 external investment managers, with an average duration of 3.99 years and 10% is internally managed, or \$0.90 billion.
- The 1-year total return and income return of Citizens' total portfolio excluding legacy securities and a majority of the money market funds was 4.92% and 2.85%.
- 6% of the portfolio matures in less than 90 days and 25% of the portfolio matures between 1 and 3 years.

INTEREST RATES

Taxable

- The 1 year US Treasury rate has increased 4 basis points over the 12-month period ending 5/20/2019.
- The 5 year US Treasury rate has decreased 69 basis points over the 12-month period ending 5/20/2019.

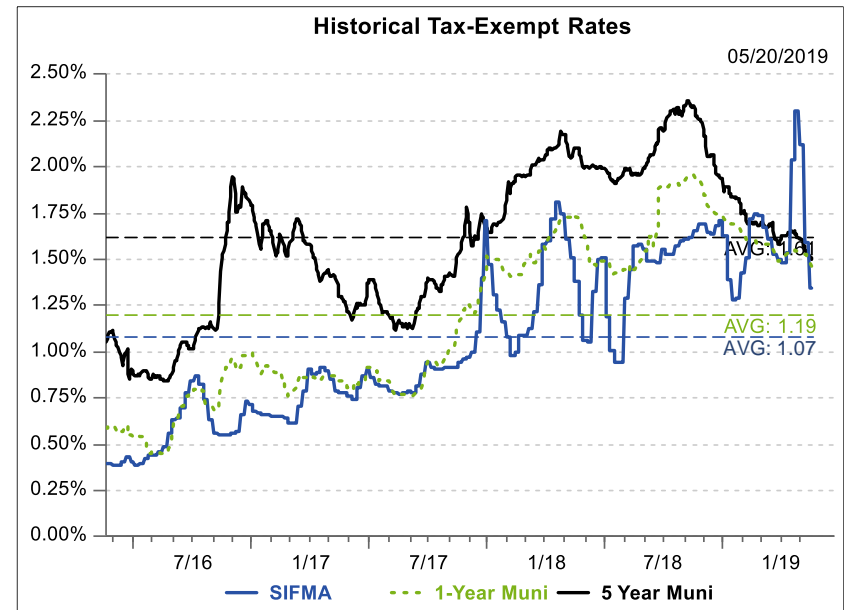
Taxable Rates	As Of 5/20/2019	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	2.35%	2.55%	2.31%	1.62%	(19)
3-Yr TSY	2.17%	2.47%	2.72%	1.91%	(30)
5-Yr TSY	2.20%	2.47%	2.89%	2.13%	(27)



Tax-Exempt

- The short-term (SIFMA) rate has decreased 3 basis points over the 12-month period ending 5/20/2019.
- The S&P 1-Yr AAA Municipal rate has decreased 27 basis points over the 12-month period ending 5/20/2019.

Tax-Exempt Rates	As Of 5/20/2019	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
SIFMA	1.35%	1.43%	1.38%	1.07%	(8)
S&P 1-Yr AAA Muni	1.46%	1.60%	1.73%	1.19%	(14)
S&P 5-Yr AAA Muni	1.51%	1.69%	2.10%	1.61%	(18)



PORTFOLIO SUMMARY

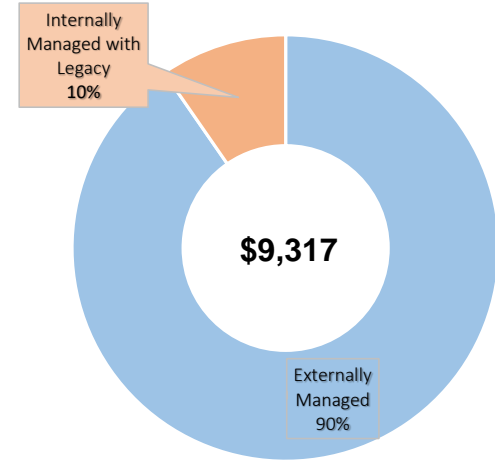
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$9,317	\$9,383	(\$66)	100
Taxable with Legacy Securities	7,667	7,734	(67)	82
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,334	4,361	(26)	46
Treasury & Agency Securities	2,376	2,414	(39)	26
Money Market Funds & Cash	530	524	6	6
Municipal Bonds	313	308	5	3
ABS	95	86	9	1
Legacy Securities	20	42	(22)	0
Tax Exempt	1,650	1,649	1	18
Municipal Bonds	1,272	1,306	(34)	14
Treasury & Agency Securities	306	278	28	3
Money Market Funds & Cash	72	65	6	1

(\$ in Millions)

Notes:

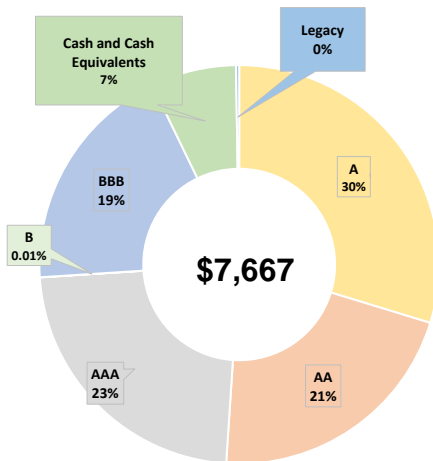
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

Total Portfolio Composition



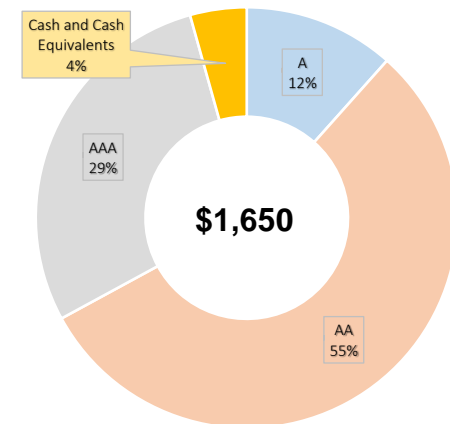
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

Tax-Exempt Portfolio Credit Quality Distribution

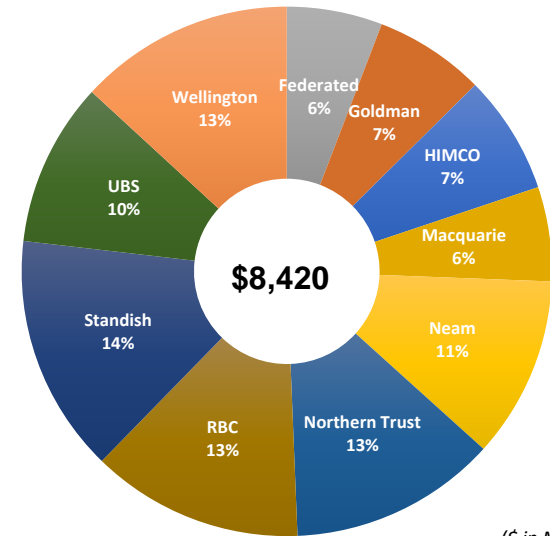


(\$ in Millions)

INVESTMENT MANAGERS PORTFOLIO SUMMARY

Total Externally Managed Portfolio Composition

Investment Manager	Taxable Liquidity Fund	Taxable Claims-Paying Fund	Taxable Claims Long Duration Fund	Tax-Exempt Claims-Paying Fund	Total	% of Total Portfolio
Federated	\$491	\$0	\$0	\$0	\$491	6%
Goldman	\$0	\$568	\$0	\$0	\$568	7%
HIMCO	\$0	\$613	\$0	\$0	\$613	7%
Macquarie	\$0	\$0	\$485	\$0	\$485	6%
Neam	\$0	\$293	\$641	\$0	\$934	11%
Northern Trust	\$0	\$0	\$1,066	\$0	\$1,066	13%
RBC	\$58	\$0	\$1,031	\$0	\$1,089	13%
Standish	\$0	\$0	\$0	\$1,224	\$1,224	15%
UBS	\$0	\$0	\$843	\$0	\$843	10%
Wellington	\$471	\$0	\$636	\$0	\$1,107	13%
Grand Total	\$1,020	\$1,473	\$4,702	\$1,224	\$8,420	100%



(\$ in Millions)

- 94% of the taxable portfolio, or \$7.20 billion, is managed by 9 external investment managers.
- 74% of the tax-exempt portfolio, or \$1.22 billion, is managed by an external investment manager.

PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 3.82 years.
- The 2-year annualized total return and income return was 2.25% and 2.49%.

Citizens Portfolio	Duration (Years)	S&P	Moody's	Fitch Credit	Total Return (%)					Income Return (%)				
					1 month	3 month	1 Year	2 Year	3 Year	1 month	3 month	1 Year	2 Year	3 Year
Tax Exempt	1.36	AA	AA	AA	0.01	0.54	2.63	1.20	0.85	0.13	0.42	1.78	1.56	1.23
Tax Exempt Externally Managed	1.78	AA	AA	AA	0.01	0.58	2.69	1.23	1.00	0.13	0.41	1.79	1.57	1.41
Taxable (Excluding Legacy Securities and a Majority of Money Market Funds)	4.36	A	A	AA	0.22	1.92	5.37	2.46	2.13	0.22	0.70	3.05	2.68	2.34
Total (Excluding Legacy Securities and a Majority of Money Market Funds)	3.82	A	A	AA	0.19	1.68	4.92	2.25	1.88	0.21	0.65	2.85	2.49	2.10

Note:

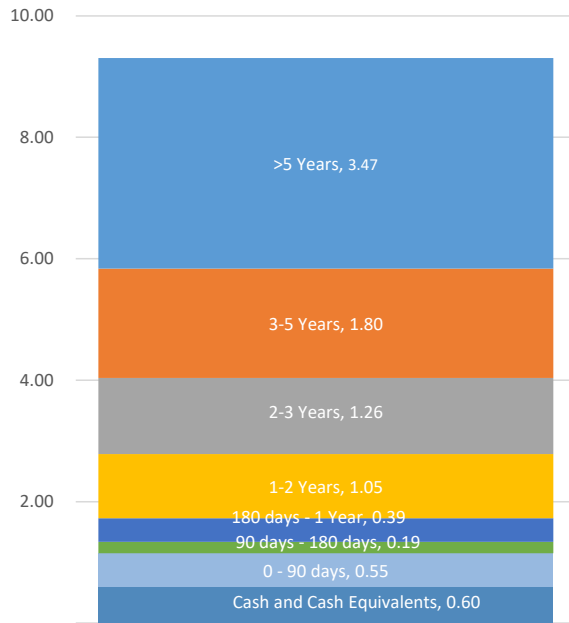
- The 2 Year and 3 Year returns are annualized, and the remaining returns are actual for the period.

	1 Month	3 Month	6 Month	1 Year	2 Year
3-Year Treasury Yield	2.31%	2.38%	2.55%	2.64%	2.25%
US Corporate Bond 3-5 Year	3.06%	3.18%	3.45%	3.50%	3.09%
SIFMA	1.80%	1.70%	1.64%	1.52%	1.28%
S&P 3-Yr AAA Muni	1.58%	1.60%	1.77%	1.82%	1.57%
US Corporate Bond 1 Year	2.87%	2.96%	3.18%	3.18%	2.72%
1-Year Treasury Yield	2.44%	2.50%	2.58%	2.50%	2.03%
1-Month LIBOR	2.48%	2.49%	2.46%	2.28%	1.84%

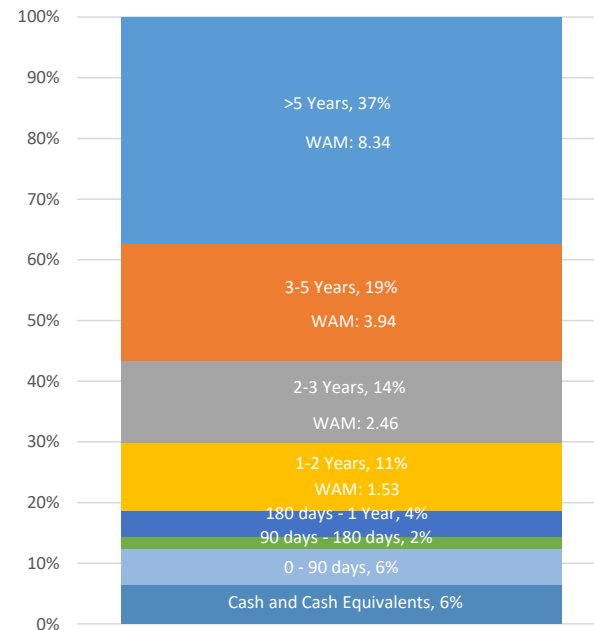
PORTFOLIO MATURITY DISTRIBUTION

- 6% of the portfolio matures in less than 90 days.
- 6% of the portfolio matures between 90 days and 1 year.
- 25% of the portfolio matures between 1 and 3 years.
- 19% of the portfolio matures between 3 and 5 years.
- 37% of the portfolio matures in greater than 5 years.

Citizens Investment Portfolio Maturity Distribution – Amount (\$ in Billions)



Citizens Investment Portfolio Maturity Distribution – Percent



Notes:

1. 20% or \$0.11 billion of the 0-90 day maturity bar consists of VRDN's with longer stated maturities, which are included in the 0-90 day bar because the inherent put feature generally allows almost instant liquidity at par within 7 days.
2. The legacy securities are not included in the percent calculations or the distribution charts.

DOWNGRADED SECURITIES AND LEGACY SECURITIES

Securities Downgraded Below Minimum Ratings and/or Minimum Average Ratings						
Security Name and Maturity Date	Moody's Rating	S&P Rating	Fitch Rating	Market Value	Amortized Cost	Unrealized Gain/Loss
MATTEL INC 8/15/2021	B3	B+	CCC+	957,500	999,445	(41,945)
CA INC 8/15/2022	WR	BBB-	BBB-	1,394,889	1,379,938	14,951
CA INC 3/15/2027	WR	BBB-	BBB-	996,680	1,054,716	(58,036)
CA INC 12/1/2019	WR	BBB-	BBB-	1,604,717	1,609,124	(4,407)
EDISON INTERNATIONAL 4/15/2020	Baa3	BBB-	BBB-	986,790	999,811	(13,021)
Total				\$5,940,576	\$6,043,033	(\$102,457)

- Citizens has the option of immediately selling these positions to achieve compliance. After consulting with the investment managers, the current decisions are to hold these securities.

Legacy Securities Currently Held										
Security	Maturity Date	Moody's		Fitch		S&P		Amortized Cost	Market Value	Unrealized Gain/Loss
		Rating	Downgrade Date	Rating	Downgrade Date	Rating	Downgrade Date			
Lehman Brothers Holdings	N/A	NP	9/16/2008	NR	9/16/2008	D	9/16/2008	0	455,800	455,800
Issuer Entity (Ottimo)	N/A	NP	11/9/2007	NR	11/9/2007	D	11/9/2007	7,730,276	4,060,067	(3,670,209)
Axon Financial Funding LLC	N/A	NP	11/27/2007	NR	11/27/2007	D	11/27/2007	21,063,854	15,181,822	(5,882,033)
Total								\$28,794,131	\$19,697,689	(\$9,096,442)

- The total write-down amount of all the legacy securities was \$290.7 million - the write-downs were taken on 12/31/07, 9/30/08, and 12/31/08 in the amount of \$88.5 million, \$117.8 million, and \$84.3 million, respectively. The legacy securities were purchased by the former investment manager.
- As of April 30, 2019, \$205.1 million of principal amount has been recovered from the original write down amount of \$290.7 million resulting in a remaining current write down amount of \$85.6 million. These legacy securities continue to pay residual principal and interest.