

# Citizens Investment Summary



July 2019

## EXECUTIVE SUMMARY

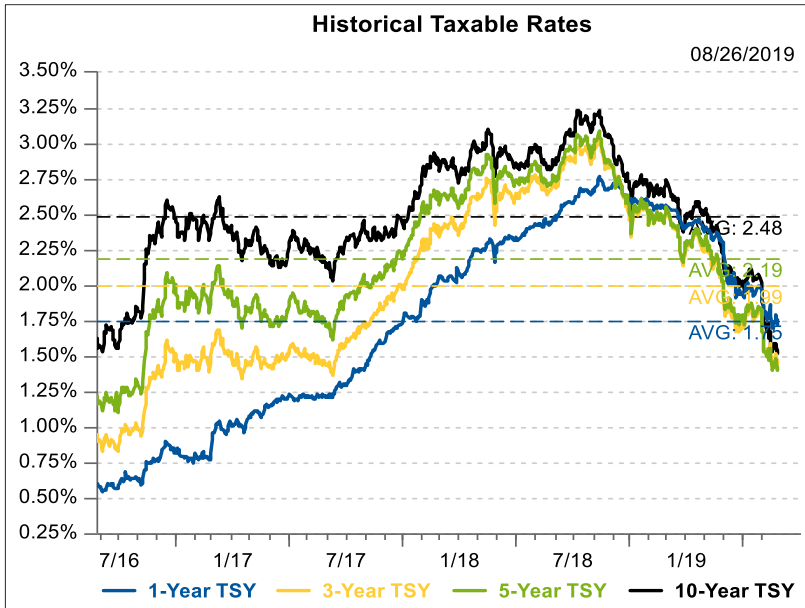
- Citizens' total portfolio market value for July 2019 was \$9.20 billion (prior month: \$9.21 billion) with an average duration of 4.04 years (prior month: 3.96 years) and average credit ratings of A+/Aa3/AA-.
  - 86% of the total portfolio is taxable, with a market value of \$7.91 billion.
  - 14% of the total portfolio is tax-exempt, with a market value of \$1.29 billion.
  - 93%, or \$8.58 billion of the total portfolio is managed by 10 external investment managers, with an average duration of 4.06 years and 7% is internally managed, or \$0.62 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 6.78% and 2.73%.
- 2% of the portfolio matures in less than 90 days and 24% of the portfolio matures between 1 and 3 years.

# INTEREST RATES

## Taxable

- The 1 year US Treasury rate has decreased 68 basis points over the 12-month period ending 8/26/2019.
- The 5 year US Treasury rate has decreased 129 basis points over the 12-month period ending 8/26/2019.

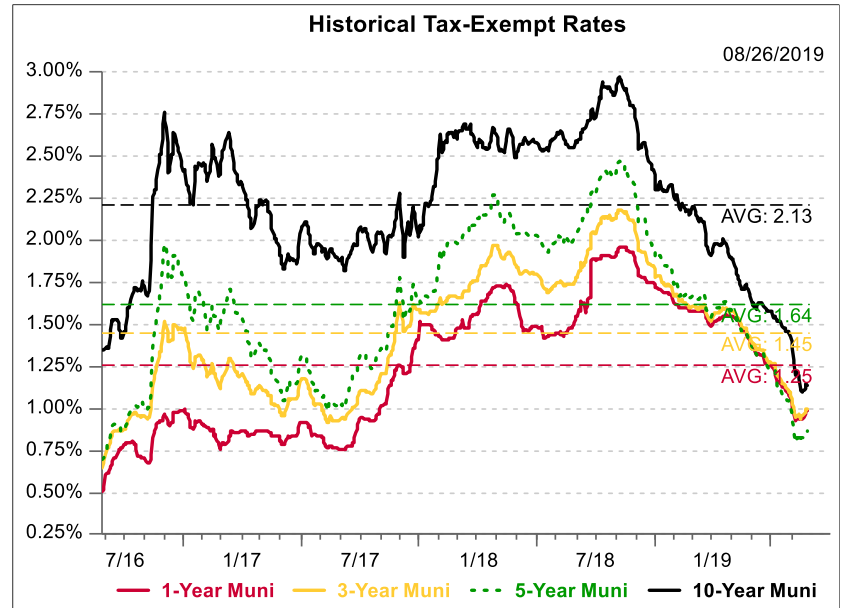
Taxable Rates	As Of 8/26/2019	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	1.76%	2.34%	2.44%	1.75%	(58)
3-Yr TSY	1.48%	2.11%	2.68%	1.99%	(63)
5-Yr TSY	1.43%	2.12%	2.72%	2.19%	(69)
10-Yr TSY	1.55%	2.32%	2.82%	2.48%	(77)



## Tax-Exempt

- The S&P 1-Yr AAA Municipal rate has decreased 50 basis points over the 12-month period ending 8/26/2019.
- The S&P 5-Yr AAA Municipal rate has decreased 94 basis points over the 12-month period ending 8/26/2019.

Tax-Exempt Rates	As Of 8/26/2019	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
S&P 1-Yr AAA Muni	0.99%	1.42%	1.49%	1.25%	(43)
S&P 3-Yr AAA Muni	1.00%	1.44%	1.74%	1.45%	(44)
S&P 5-Yr AAA Muni	1.02%	1.48%	1.96%	1.64%	(46)
S&P 10-Yr AAA Muni	1.24%	1.72%	2.43%	2.13%	(48)



# PORTFOLIO SUMMARY

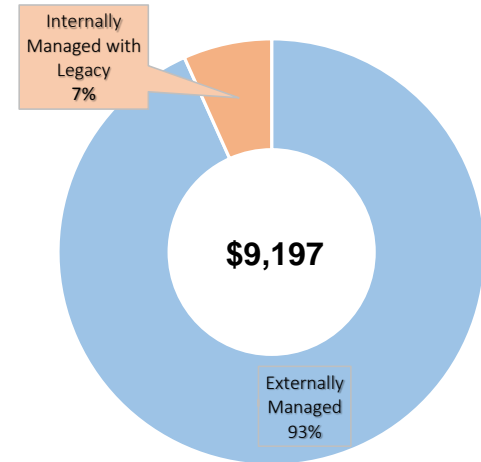
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
<b>Total</b>	<b>\$9,197</b>	<b>\$9,210</b>	<b>(\$13)</b>	<b>100</b>
<b>Taxable with Legacy Securities</b>	7,907	7,925	(18)	86
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,438	4,416	22	48
Treasury & Agency Securities	2,411	2,470	(59)	26
Money Market Funds & Cash	612	598	15	7
Municipal Bonds	314	314	0	3
ABS	112	107	5	1
Legacy Securities	19	19	(1)	0
<b>Tax Exempt</b>	1,290	1,285	6	14
Municipal Bonds	1,137	1,190	(53)	12
Money Market Funds & Cash	98	67	31	1
Treasury & Agency Securities	55	27	28	1

(\$ in Millions)

Notes:

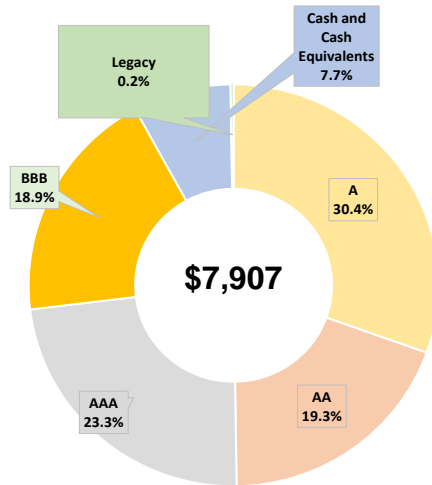
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

## Total Portfolio Composition



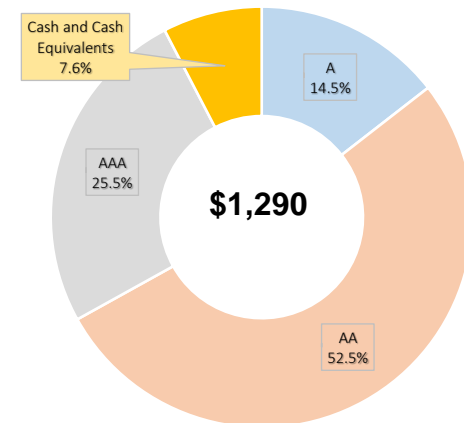
(\$ in Millions)

## Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

## Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

## PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 4.04 years.
- The 2-year annualized total return and income return was 3.06% and 2.53%.

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	1.68	AA	Aa2	AA	0.42	1.25	2.89	1.57	1.07	0.10	0.48	1.80	1.66	1.29
Tax Exempt Externally Managed	1.75	AA	Aa2	AA	0.46	1.28	2.98	1.62	1.22	0.10	0.35	1.69	1.61	1.43
Taxable (Excluding Legacy Securities and a Majority of Money Market Funds)	4.42	A+	Aa3	AA-	0.17	2.71	7.56	3.35	2.64	0.19	0.61	2.91	2.71	2.41
<b>Total (Excluding Legacy Securities and a Majority of Money Market Funds)</b>	<b>4.04</b>	<b>A+</b>	<b>Aa3</b>	<b>AA-</b>	<b>0.21</b>	<b>2.47</b>	<b>6.78</b>	<b>3.06</b>	<b>2.35</b>	<b>0.18</b>	<b>0.59</b>	<b>2.73</b>	<b>2.53</b>	<b>2.18</b>

*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	1.79%	1.92%	2.14%	2.46%	2.30%
US Corporate Bond 3-5 Year	2.58%	2.75%	2.96%	3.31%	3.13%
S&P 3-Yr AAA Muni	1.18%	1.34%	1.47%	1.70%	1.61%
US Corporate Bond 1 Year	2.43%	2.58%	2.77%	3.04%	2.80%
1-Year Treasury Yield	1.97%	2.12%	2.30%	2.45%	2.14%
1-Month LIBOR	2.31%	2.39%	2.44%	2.37%	1.99%