

Citizens Investment Summary Report Appendix



July 2019

EXECUTIVE SUMMARY

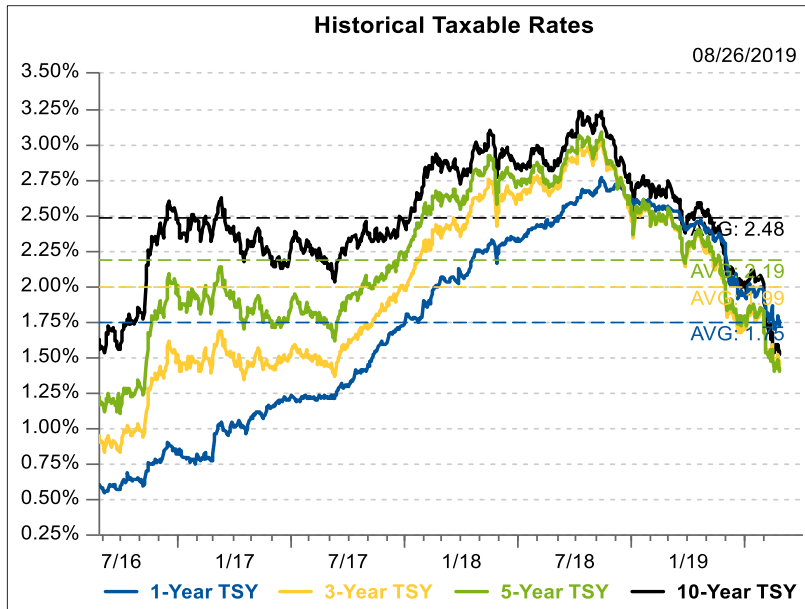
- Citizens' total portfolio market value for July 2019 was \$9.20 billion (prior month: \$9.21 billion) with an average duration of 4.04 years (prior month: 3.96 years) and average credit ratings of A+/Aa3/AA-.
 - 86% of the total portfolio is taxable, with a market value of \$7.91 billion.
 - 14% of 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.

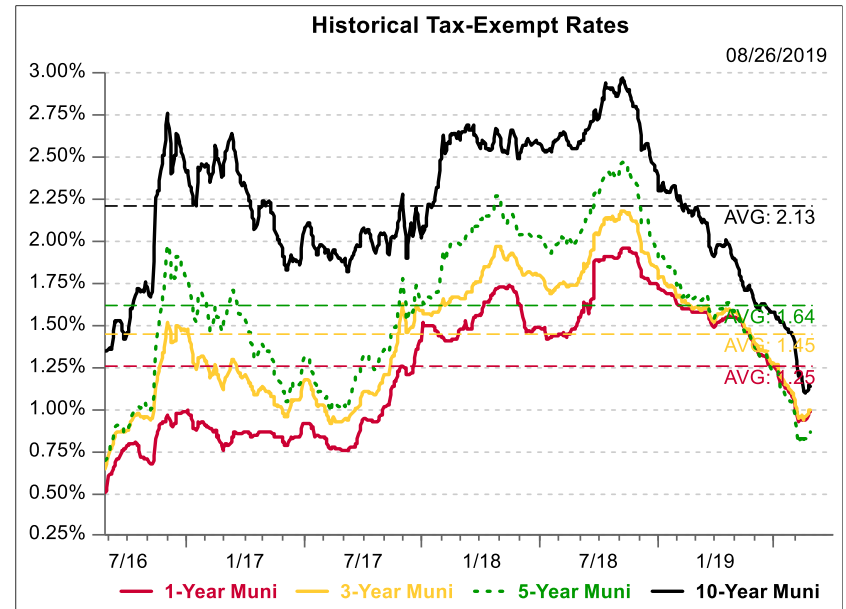
Taxable Rates	As Of 8/26/2019	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	1.76%	2.34%	2.44%	1.75%	(58)
3-Yr TSY	1.48%	2.11%	2.68%	1.99%	(63)
5-Yr TSY	1.43%	2.12%	2.72%	2.19%	(69)
10-Yr TSY	1.55%	2.32%	2.82%	2.48%	(77)



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

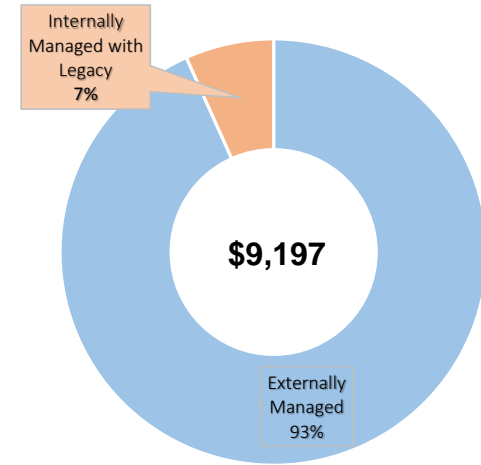
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$9,197	\$9,210	(\$13)	100
Taxable with Legacy Securities	7,907	7,925	(18)	86
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,438	4,416	22	48
Treasury & Agency 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
Tax Exempt	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:

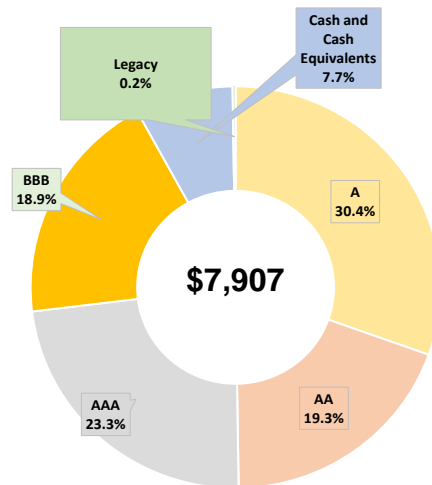
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

Total Portfolio Composition



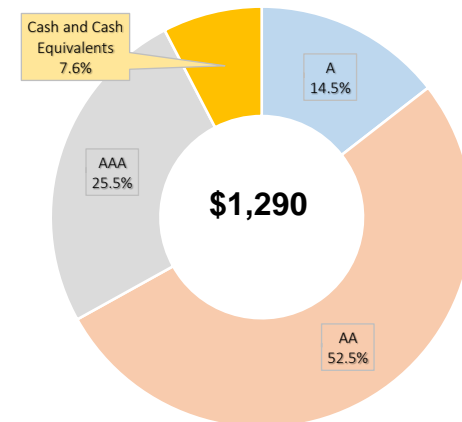
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

Tax-Exempt Portfolio Credit Quality Distribution

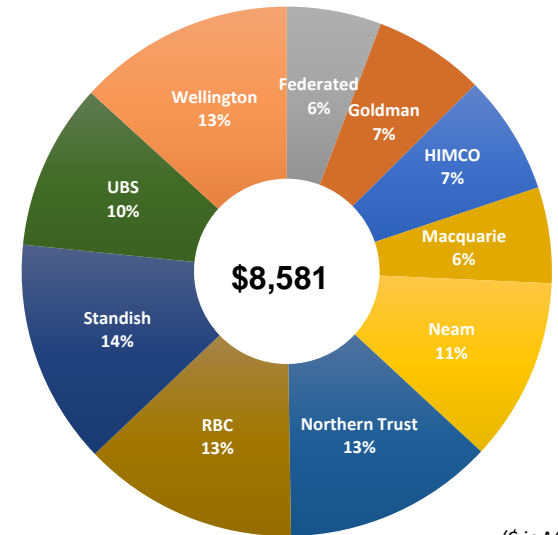


(\$ in Millions)

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	\$496	\$0	\$0	\$0	\$496	6%
Goldman	\$0	\$582	\$0	\$0	\$582	7%
HIMCO	\$0	\$627	\$0	\$0	\$627	7%
Macquarie	\$0	\$0	\$502	\$0	\$502	6%
Neam	\$0	\$300	\$661	\$0	\$960	11%
Northern Trust	\$0	\$0	\$1,101	\$0	\$1,101	13%
RBC	\$58	\$0	\$1,069	\$0	\$1,127	13%
Standish	\$0	\$0	\$0	\$1,178	\$1,178	14%
UBS	\$0	\$0	\$873	\$0	\$873	10%
Wellington	\$478	\$0	\$656	\$0	\$1,134	13%
Grand Total	\$1,032	\$1,508	\$4,862	\$1,178	\$8,581	100%



(\$ in Millions)

- 94% of the taxable portfolio, or \$7.40 billion, is managed by 9 external investment managers.
- 91% of the tax-exempt portfolio, or \$1.18 billion, is managed by an external investment manager.

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
Total (Excluding Legacy Securities and a Majority of Money Market Funds)	4.04	A+	Aa3	AA-	0.21	2.47	6.78	3.06	2.35	0.18	0.59	2.73	2.53	2.18

Note:

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

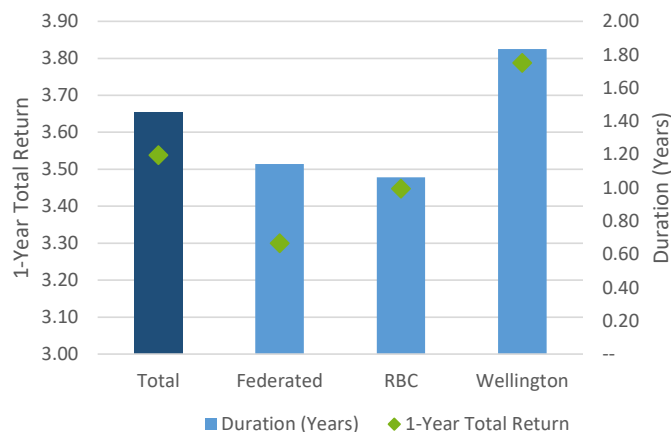
	1 Month	3 Month	6 Month	1 Year	2 Year
3-Year Treasury Yield	1.79%	1.92%	2.14%	2.46%	2.30%
US Corporate Bond 3-5 Year	2.58%	2.75%	2.96%	3.31%	3.13%
S&P 3-Yr AAA Muni	1.18%	1.34%	1.47%	1.70%	1.61%
US Corporate Bond 1 Year	2.43%	2.58%	2.77%	3.04%	2.80%
1-Year Treasury Yield	1.97%	2.12%	2.30%	2.45%	2.14%
1-Month LIBOR	2.31%	2.39%	2.44%	2.37%	1.99%

TAXABLE LIQUIDITY PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

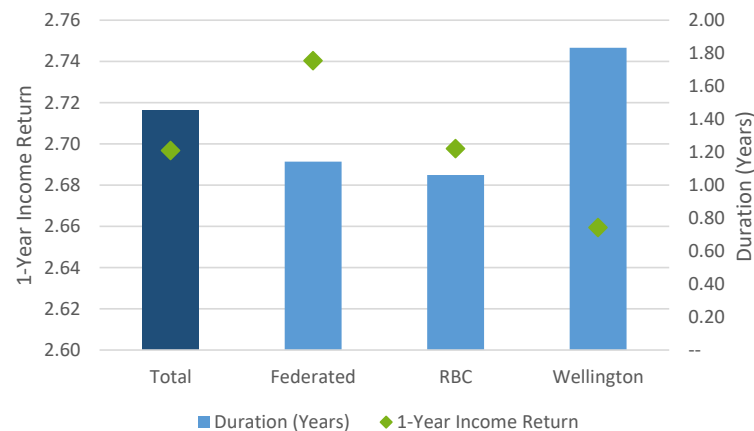
- The Taxable Liquidity portfolio duration is 1.45 years.
- The Taxable Liquidity portfolio 1-year total return is 3.54% and income return is 2.70%.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return (%)			
			1 month	3 month	1 Year	2 Year	1 month	3 month	1 Year	2 Year
Federated	1.14	496	0.08	0.93	3.30	2.17	0.19	0.61	2.74	2.38
RBC	1.06	58	0.11	0.95	3.45	2.16	0.20	0.62	2.70	2.34
Wellington	1.83	478	0.03	1.41	3.79	2.60	0.18	0.59	2.66	2.46
Total	1.45	1,032	0.06	1.15	3.54	2.35	0.19	0.60	2.70	2.40

Citizens Taxable Liquidity Fund -
1-Year Total Returns and Duration



Citizens Taxable Liquidity Fund -
1-Year Income Returns and Duration



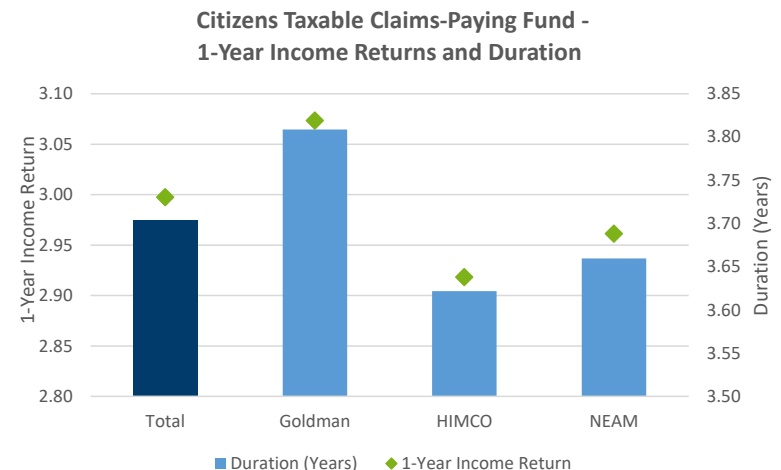
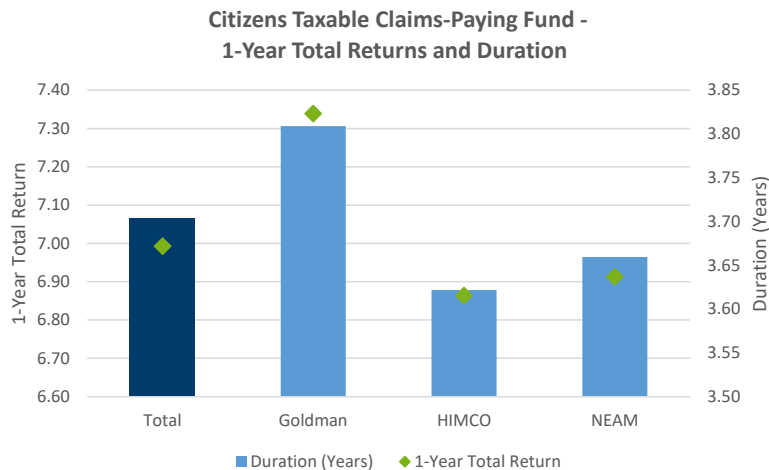
Notes:

- The Taxable Liquidity Portfolio is managed to a maximum dollar weighted average maturity of 548 days. The applicable policy governs the investment of funds that will be the first moneys used to pay claims after an event and is also used to pay operating expenses on an ongoing basis.
- The Wellington composite includes a portfolio which was a Taxable Claims-Paying portfolio prior to Apr 2019.
- The 2 Year returns are annualized, and the remaining returns are actual for each reference period.
- Returns in green font fall within +/-10% of the average return or higher. Returns in red font fall below -10% of the average return.

TAXABLE CLAIMS-PAYING PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Claims-Paying Fund portfolio duration is 3.70 years.
- The Taxable Claims-Paying Fund portfolio 1-year total return is 6.99% and income return is 3.00%.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return (%)			
			1 month	3 month	1 Year	2 Year	1 month	3 month	1 Year	2 Year
Goldman	3.81	582	0.12	2.46	7.34	3.08	0.20	0.64	3.07	2.93
HIMCO	3.62	627	0.10	2.26	6.86	3.02	0.19	0.60	2.92	2.77
NEAM	3.66	300	0.09	2.27	6.91	2.93	0.19	0.60	2.96	2.83
Total	3.70	1,508	0.10	2.34	6.99	3.03	0.19	0.61	3.00	2.86



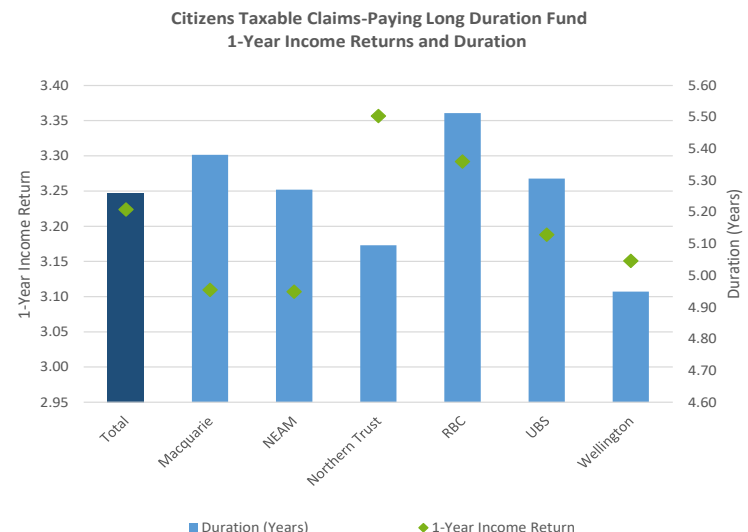
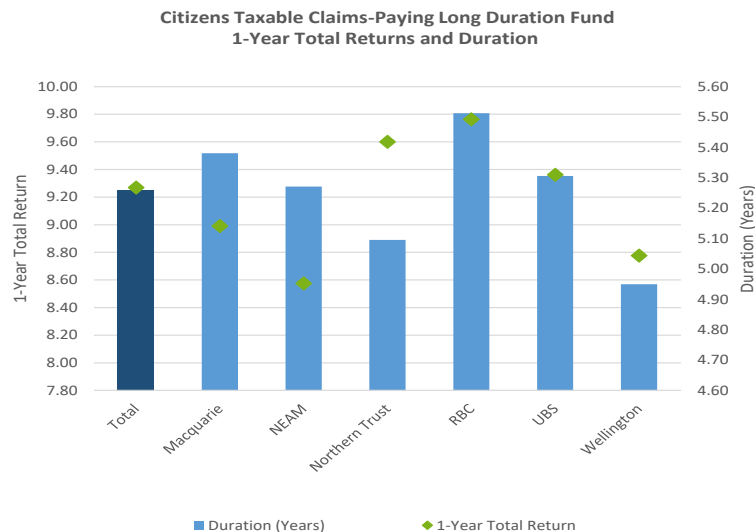
Notes:

- The Taxable Claims-Paying Portfolio is managed to a maximum dollar weighted average maturity of 6 years. The applicable policy governs the investment of funds that will be used to pay claims post-event after Citizens has expended all moneys in the Liquidity Fund.
- The historical returns of the portfolio currently managed by Goldman include the performance of previous managers.
- The 2 Year returns are annualized, and the remaining returns are actual for each reference period.
- Returns in green font fall within +/-10% of the average return or higher. Returns in red font fall below -10% of the average return.

TAXABLE CLAIMS-PAYING LONG DURATION PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Claims-Paying Long Duration Fund portfolio duration is 5.26 years.
- The Taxable Claims-Paying Long Duration Fund portfolio 1-year total return is 9.27% and income return is 3.22%.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return(%)			
			1 month	3 month	1 Year	2 Year	1 month	3 month	1 Year	2 Year
Macquarie	5.38	502	0.19	3.55	8.99	3.77	0.20	0.63	3.11	3.02
NEAM	5.27	661	0.20	3.13	8.58	3.59	0.20	0.64	3.11	2.99
Northern Trust	5.10	1,101	0.28	3.29	9.60	3.93	0.21	0.68	3.36	3.19
RBC	5.51	1,069	0.26	3.65	9.76	4.09	0.21	0.69	3.29	3.20
UBS	5.31	873	0.20	3.47	9.36	3.89	0.20	0.66	3.19	3.04
Wellington	4.95	656	0.19	3.18	8.78	3.57	0.20	0.65	3.15	3.07
Total	5.26	4,862	0.23	3.39	9.27	3.84	0.21	0.66	3.22	3.11



Notes:

- The Taxable Claims-Paying Long Duration portfolio is managed a maximum dollar weighted average maturity of 10 years. The applicable policy governs the investment of funds that will be used to pay claims post-event after Citizens has expended all moneys in the Claims-Paying Fund.
- The historical returns of the portfolio currently managed by Macquarie include the performance of a previous manager.
- The 2 Year returns are annualized, and the remaining returns are actual for each reference period.
- Returns in green font fall within +/-10% of the average return or higher. Returns in red font fall below -10% of the average return.

TAX-EXEMPT CLAIMS-PAYING PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Tax-Exempt Claims-Paying Fund portfolio duration is 1.75 years.
- The 1-year total return and income return of the Tax-Exempt Claims-Paying Fund portfolio managed by Standish is 3.15% and 1.72% respectively.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return (%)			
			1 month	3 month	1 Year	2 Year	1 month	3 month	1 Year	2 Year
Standish	1.75	1,178	0.46	1.28	3.15	1.59	0.10	0.35	1.72	1.62

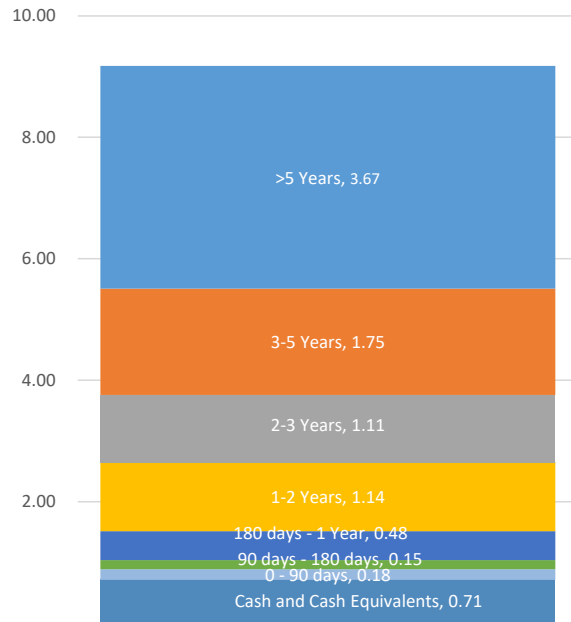
Notes:

- The Tax-Exempt Claims-Paying Portfolio is managed to a maximum dollar weighted average maturity of 3 years and 6 months for Series 2009 through 2012 Portfolio and a maximum dollar weighted average maturity of 4 years for any subsequent Series starting Series 2015 Portfolio. The applicable policy governs the investment of funds that are expected to be used to pay claims post-event once Citizens has expended moneys in the Liquidity Fund and/or Taxable Claims portfolio.
- The 2 Year returns are annualized, and the remaining returns are actual for each reference period.

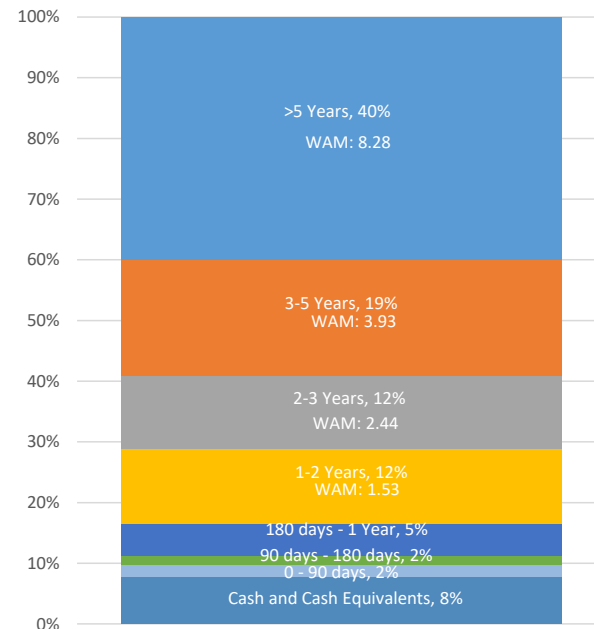
PORTFOLIO MATURITY DISTRIBUTION

- 2% of the portfolio matures in less than 90 days.
- 7% of the portfolio matures between 90 days and 1 year.
- 24% of the portfolio matures between 1 and 3 years.
- 19% of the portfolio matures between 3 and 5 years.
- 40% of the portfolio matures in greater than 5 years.

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



Citizens Investment Portfolio Maturity Distribution – Percent



Notes:

- 22% or \$0.04 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.
- 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

None as of 8/20/19.

Legacy Securities Currently Held										
Security	Maturity Date	Moody's		Fitch		S&P		\$ In Millions		
		Rating	Downgrade Date	Rating	Downgrade Date	Rating	Downgrade Date	Amortized Cost	Market Value	Unrealized Gain/Loss
Lehman Brothers Holdings	N/A	NP	9/16/2008	NR	9/16/2008	D	9/16/2008	0.0	0.4	0.4
Issuer Entity (Ottimo)	N/A	NP	11/9/2007	NR	11/9/2007	D	11/9/2007	7.7	3.8	(3.9)
Axon Financial Funding LLC	N/A	NP	11/27/2007	NR	11/27/2007	D	11/27/2007	20.6	14.4	(6.2)
Total								28.4	18.6	(9.7)

Note: Numbers may not add up due to rounding.

- 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 July 31, 2019, \$205.5 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 \$85.2 million. These legacy securities continue to pay residual principal and interest.