

# Citizens Investment Summary

**May 2022**



## EXECUTIVE SUMMARY

- Citizens' total portfolio market value for May 2022 was \$9.29 billion (prior month: \$9.09 billion) with an average duration of 4.08 years (prior month: 4.24 years) and average credit ratings of A+/Aa3/AA-.
  - 95% of the total portfolio is taxable, with a market value of \$8.84 billion.
  - 5% of the total portfolio is tax-exempt, with a market value of \$0.45 billion.
  - 89%, or \$8.30 billion of the total portfolio is managed by 10 external investment managers, with an average duration of 4.55 years and 11% or \$0.99 billion is internally managed.
- The 3-year and 1-year annualized total return of Citizens' total portfolio is 0.54% and -6.26%. The 3-year and 1-year annualized income return is 1.55% and 1.58%.
- 23% of the portfolio matures within a year. 17% of the portfolio matures between 1 and 3 years.

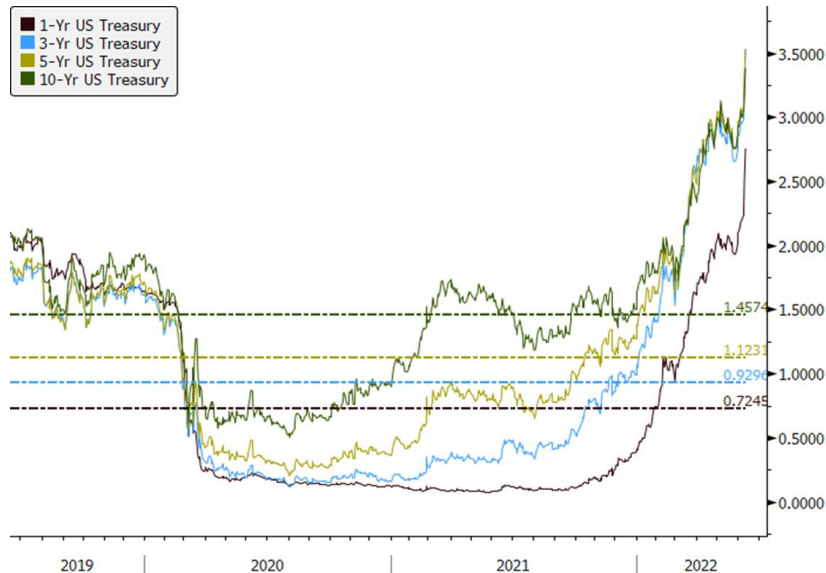
# INTEREST RATES

## Taxable

From June 2021 to June 2022

- The 1-year US Treasury rate has increased 266 basis points.
- The 5-year US Treasury rate has increased 274 basis points.

Taxable Rates (in %)	As of 6/13/22	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change
1-Yr US Treasury	2.75	1.28	0.09	0.72	1.47
3-Yr US Treasury	3.53	2.08	0.34	0.93	1.45
5-Yr US Treasury	3.53	2.14	0.79	1.12	1.40
10-Yr US Treasury	3.38	2.15	1.51	1.46	1.23



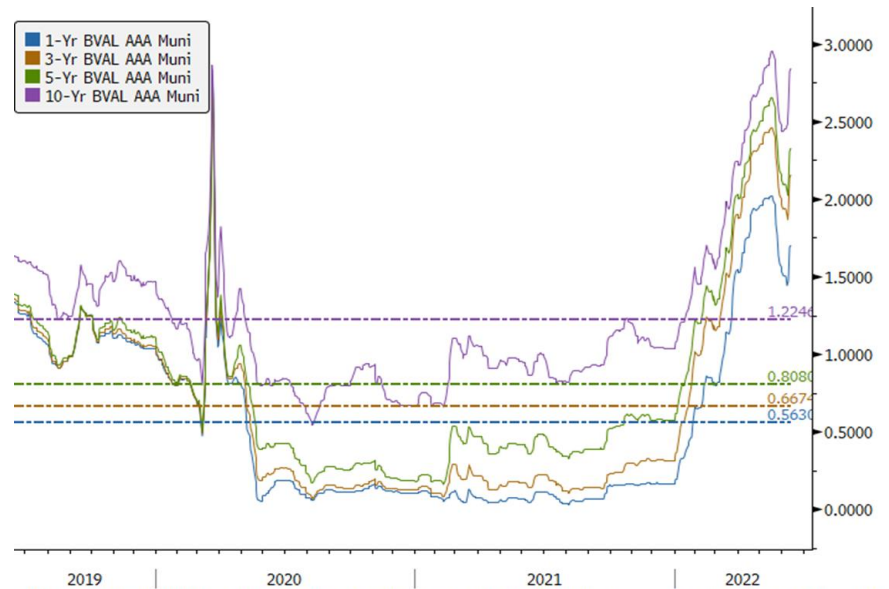
C0821Y Index (BFV USD US Treasury Bonds/Notes 1 Year) Treasury Index Trend Daily 14JUN2019-13JUN2022 Copyright© 2022 Bloomberg Finance L.P. 14-Jun-2022 09:52:10

## Tax-Exempt

From June 2021 to June 2022

- The 1-year BVAL AAA Muni rate has increased 164 basis points.
- The 5-year BVAL AAA Muni rate has increased 195 basis points.

Tax-Exempt Rates (in %)	As of 6/13/22	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change
1-Yr BVAL AAA Muni	1.69	1.10	0.05	0.56	0.58
3-Yr BVAL AAA Muni	2.13	1.48	0.14	0.67	0.65
5-Yr BVAL AAA Muni	2.31	1.64	0.36	0.81	0.66
10-Yr BVAL AAA Muni	2.82	1.93	0.86	1.22	0.89



CAAA01YR BVLI Index (BVAL Muni AAA Yld Callable Crv) BVAL Muni Index Trend Daily 14JUN2019-13JUN2022 Copyright© 2022 Bloomberg Finance L.P. 14-Jun-2022 10:12:26

# PORTFOLIO SUMMARY AS OF MAY 31, 2022

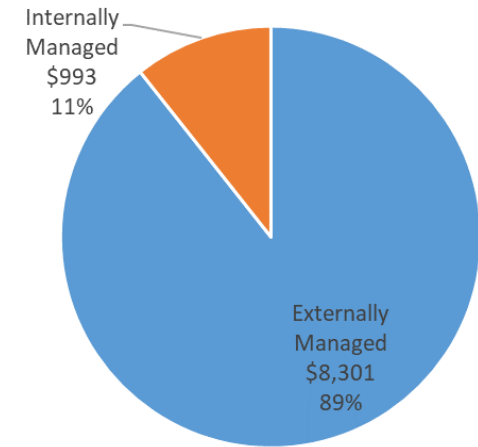
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
<b>Total</b>	<b>\$9,294</b>	<b>\$9,088</b>	<b>\$206</b>	<b>100%</b>
<b>Taxable</b>	8,844	8,643	201	95%
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,922	4,911	11	53%
Treasury & Agency Securities	2,504	2,533	(29)	27%
Money Market Funds & Cash	896	720	176	10%
Municipal Bonds	322	324	(2)	3%
Non-Agency MBS, CLO and ABS	200	154	46	2%
<b>Tax Exempt</b>	450	445	5	5%
Municipal Bonds	268	267	1	3%
Treasury & Agency Securities	0	161	(161)	0%
Money Market Funds & Cash	183	17	165	2%

(\$ in Millions)

Notes:

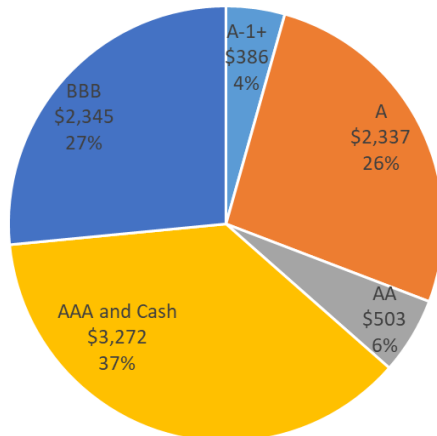
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

## Total Portfolio Composition



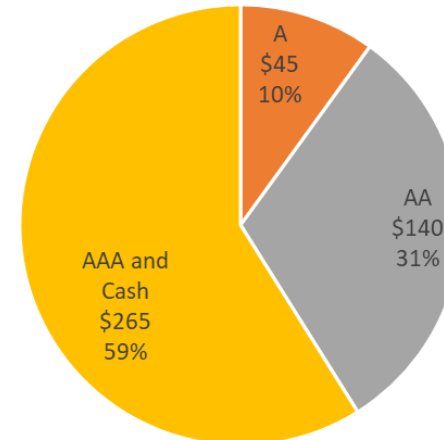
(\$ in Millions)

## Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

## Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

## PORTFOLIO RETURNS SUMMARY AS OF MAY 31, 2022

- The total portfolio duration is 4.08 years.
- The 2-year total return and income return is -2.61% and 1.31%.

Citizens Portfolio	Duration (Years)	S&P	Moody's	Fitch	Total Return (%)					Income Return (%)				
					1 month	3 month	1 Year	2 Year	3 Year	1 month	3 month	1 Year	2 Year	3 Year
Taxable	4.22	A+	A1	AA-	0.54	-4.38	-6.46	-2.68	0.73	0.18	0.51	1.65	1.38	1.64
Tax Exempt	1.36	AA+	Aa1	AA+	0.66	-0.85	-2.16	-0.80	0.21	0.05	0.14	0.47	0.44	0.67
<b>Total</b>	<b>4.08</b>	<b>A+</b>	<b>Aa3</b>	<b>AA-</b>	<b>0.54</b>	<b>-4.22</b>	<b>-6.26</b>	<b>-2.61</b>	<b>0.54</b>	<b>0.18</b>	<b>0.50</b>	<b>1.58</b>	<b>1.31</b>	<b>1.55</b>

*Notes:*

- The 2 Year and 3 Year returns are annualized, and the remaining returns are actual for the period.
- The returns for the periods from Oct 2021 to present were calculated by Clearwater after we transitioned the system from FactSet.

Reference Rates - Average Yield	1 Month	3 Month	6 Month	1 Year	2 Year
Bloomberg "A" Corporate 5-Year	3.67	3.29	2.65	1.96	1.46
3-Year Treasury	2.82	2.56	1.93	1.23	0.73
Bloomberg "A" Corporate 3-Year	3.34	2.99	2.29	1.51	1.03
3-Year BVAL AAA Muni	2.34	1.98	1.34	0.77	0.47
Bloomberg "A" Corporate 1-Year	2.34	2.03	1.42	0.85	0.58
1-Year Treasury	2.00	1.70	1.16	0.64	0.39

# **Citizens Investment Summary Report Appendix**

**May 2022**



## EXECUTIVE SUMMARY

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- The 3-year and 1-year annualized total return of Citizens' total portfolio is 0.54% and -6.26%. The 3-year and 1-year annualized income return is 1.55% and 1.58%.
- 23% of the portfolio matures within a year. 17% of the portfolio matures between 1 and 3 years.

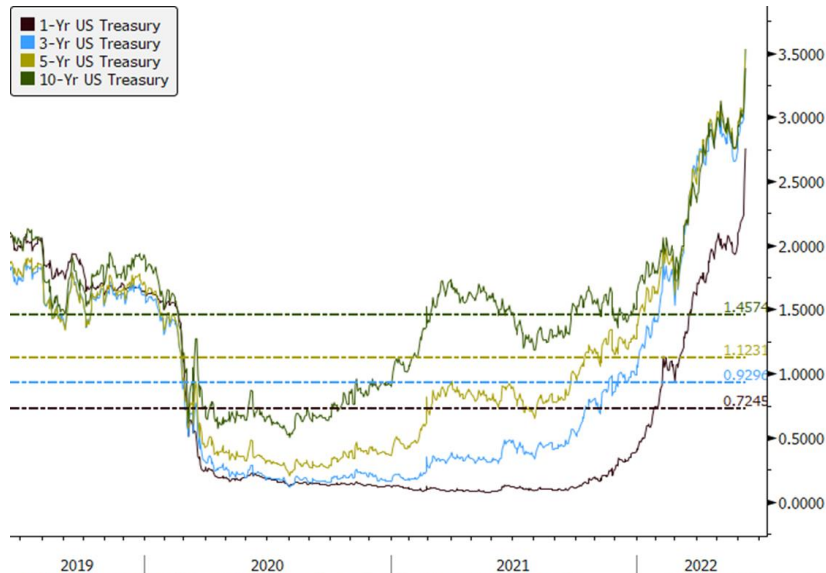
# INTEREST RATES

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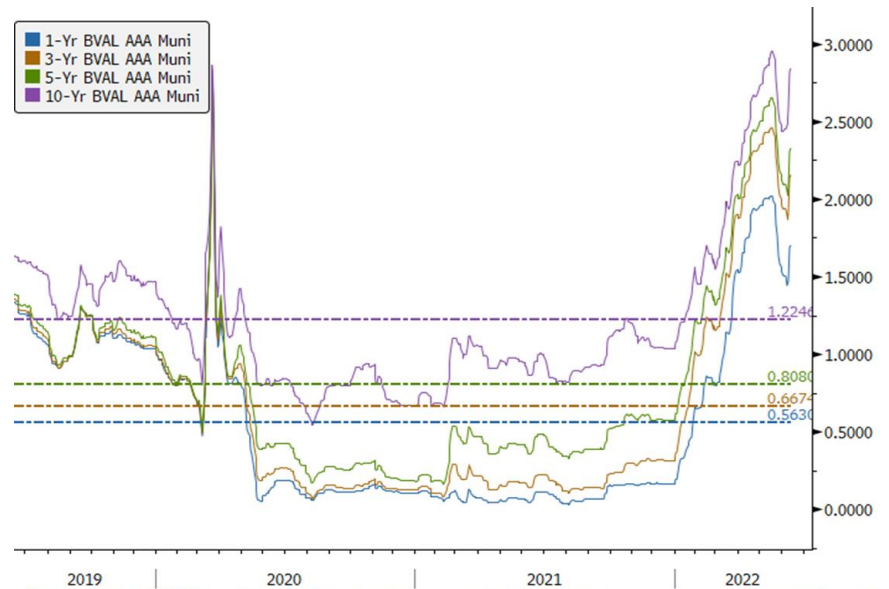
C0821Y Index (BFV USD US Treasury Bonds/Notes 1 Year) Treasury Index Trend Daily 14JUN2019-13JUN2022 Copyright© 2022 Bloomberg Finance L.P. 14-Jun-2022 09:52:10

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CAAA01YR BVLI Index (BVAL Muni AAA Yld Callable Crv) BVAL Muni Index Trend Daily 14JUN2019-13JUN2022 Copyright© 2022 Bloomberg Finance L.P. 14-Jun-2022 10:12:26



# PORTFOLIO SUMMARY AS OF MAY 31, 2022

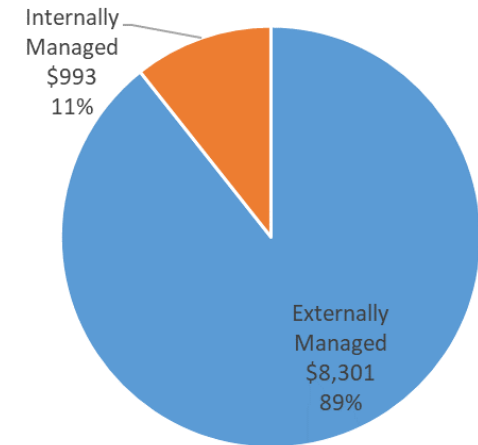
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<b>Taxable</b>	8,844	8,643	201	95%
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(\$ in Millions)

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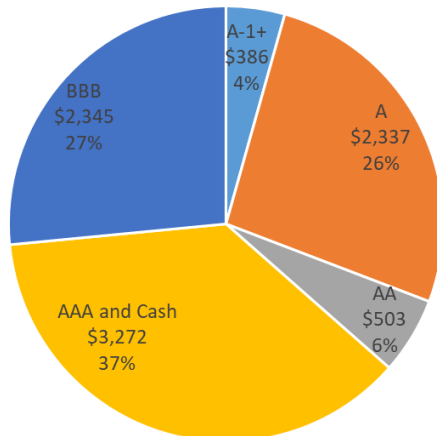
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## Total Portfolio Composition



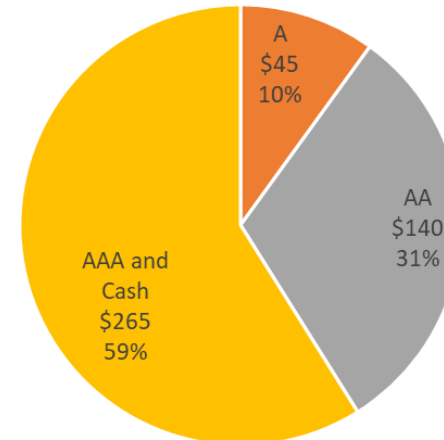
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## Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

## Tax-Exempt Portfolio Credit Quality Distribution

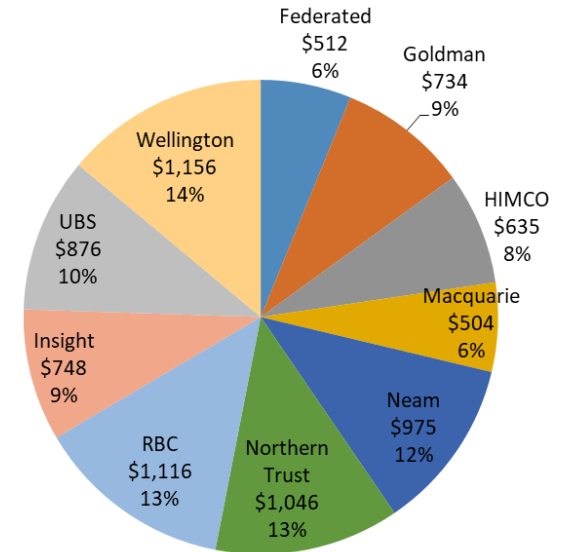


(\$ in Millions)

# INVESTMENT MANAGERS PORTFOLIO SUMMARY AS OF MAY 31, 2022

## 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	\$512	\$0	\$0	\$0	\$512	6%
Goldman	\$0	\$592	\$142	\$0	\$734	9%
HIMCO	\$0	\$635	\$0	\$0	\$635	8%
Macquarie	\$0	\$0	\$504	\$0	\$504	6%
NEAM	\$0	\$304	\$671	\$0	\$975	12%
Northern Trust	\$0	\$0	\$1,046	\$0	\$1,046	13%
RBC	\$60	\$0	\$1,056	\$0	\$1,116	13%
Insight	\$0	\$0	\$481	\$266	\$748	9%
UBS	\$0	\$0	\$876	\$0	\$876	11%
Wellington	\$494	\$0	\$662	\$0	\$1,156	14%
<b>Grand Total</b>	<b>\$1,066</b>	<b>\$1,531</b>	<b>\$5,438</b>	<b>\$266</b>	<b>\$8,301</b>	<b>100%</b>



(\$ in Millions)

- 91% of the taxable portfolio, or \$8.04 billion, is managed by 10 external investment managers.
- 59% of the tax-exempt portfolio, or \$0.27 billion, is managed by an external investment manager.

## PORTFOLIO RETURNS SUMMARY AS OF MAY 31, 2022

- The total portfolio duration is 4.08 years.
- The 2-year total return and income return is -2.61% and 1.31%.

Citizens Portfolio	Duration (Years)	S&P	Moody's	Fitch	Total Return (%)					Income Return (%)				
					1 month	3 month	1 Year	2 Year	3 Year	1 month	3 month	1 Year	2 Year	3 Year
Taxable	4.22	A+	A1	AA-	0.54	-4.38	-6.46	-2.68	0.73	0.18	0.51	1.65	1.38	1.64
Tax Exempt	1.36	AA+	Aa1	AA+	0.66	-0.85	-2.16	-0.80	0.21	0.05	0.14	0.47	0.44	0.67
<b>Total</b>	<b>4.08</b>	<b>A+</b>	<b>Aa3</b>	<b>AA-</b>	<b>0.54</b>	<b>-4.22</b>	<b>-6.26</b>	<b>-2.61</b>	<b>0.54</b>	<b>0.18</b>	<b>0.50</b>	<b>1.58</b>	<b>1.31</b>	<b>1.55</b>

*Notes:*

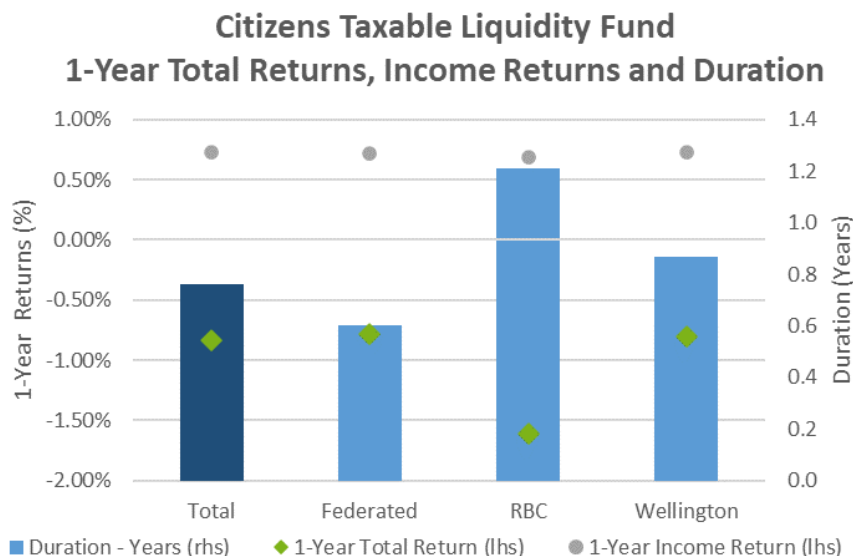
- The 2 Year and 3 Year returns are annualized, and the remaining returns are actual for the period.
- The returns for the periods from Oct 2021 to present were calculated by Clearwater after we transitioned the system from FactSet.

Reference Rates - Average Yield	1 Month	3 Month	6 Month	1 Year	2 Year
Bloomberg "A" Corporate 5-Year	3.67	3.29	2.65	1.96	1.46
3-Year Treasury	2.82	2.56	1.93	1.23	0.73
Bloomberg "A" Corporate 3-Year	3.34	2.99	2.29	1.51	1.03
3-Year BVAL AAA Muni	2.34	1.98	1.34	0.77	0.47
Bloomberg "A" Corporate 1-Year	2.34	2.03	1.42	0.85	0.58
1-Year Treasury	2.00	1.70	1.16	0.64	0.39

## TAXABLE LIQUIDITY PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Liquidity portfolio duration is 0.76 years.
- The 1-year and 2-year total return is -0.84% and 0.05%. The 1-year and 2-year income return is 0.72% and 0.56%.

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	0.60	512	0.19	-0.31	-0.78	0.14	0.09	0.23	0.72	0.53
RBC	1.21	60	0.36	-0.70	-1.61	-0.35	0.09	0.23	0.69	0.53
Wellington	0.87	494	0.25	-0.30	-0.80	0.04	0.10	0.26	0.73	0.59
<b>Total</b>	<b>0.76</b>	<b>1,066</b>	<b>0.23</b>	<b>-0.32</b>	<b>-0.84</b>	<b>0.05</b>	<b>0.10</b>	<b>0.24</b>	<b>0.72</b>	<b>0.56</b>



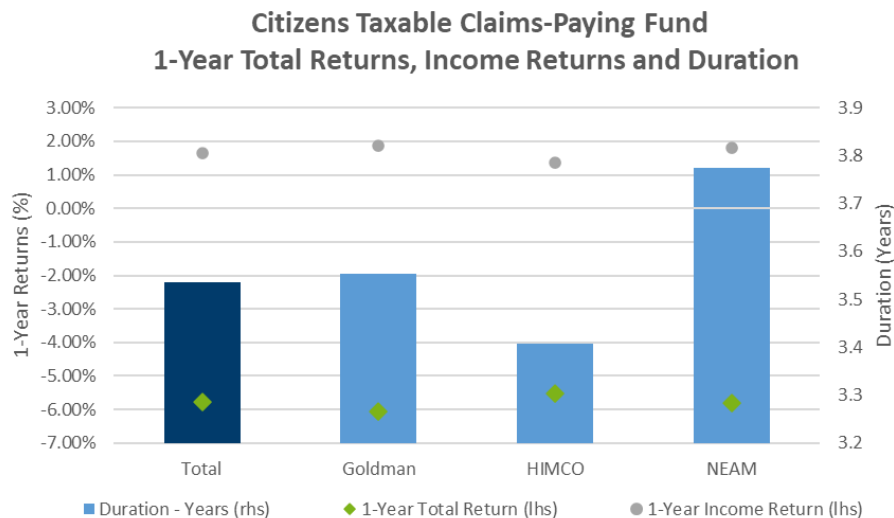
**Notes:**

- 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 can be used to pay operating expenses on an ongoing basis.
- 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 portfolio duration is 3.54 years.
- The 1-year and 2-year total return is -5.78% and -2.22%. The 1-year and 2-year income return is 1.66% and 1.30%.

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	3.55	592	0.58	-3.70	-6.05	-2.06	0.20	0.59	1.88	1.50
HIMCO	3.41	635	0.68	-3.27	-5.52	-2.30	0.15	0.42	1.38	1.09
NEAM	3.77	304	0.69	-3.48	-5.80	-2.29	0.20	0.56	1.80	1.36
<b>Total</b>	<b>3.54</b>	<b>1,531</b>	<b>0.64</b>	<b>-3.48</b>	<b>-5.78</b>	<b>-2.22</b>	<b>0.18</b>	<b>0.52</b>	<b>1.66</b>	<b>1.30</b>



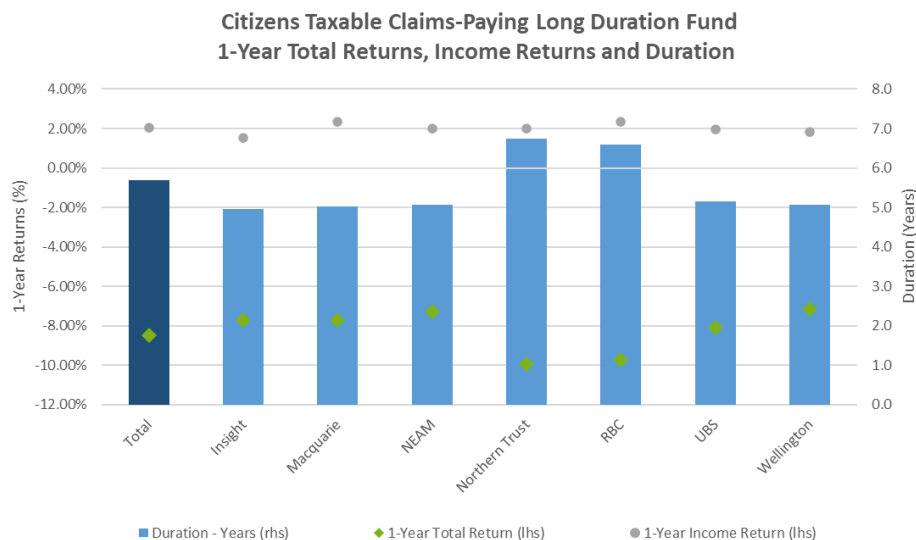
**Notes:**

- 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 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 duration of the Taxable Claims-Paying Long Duration portfolio is 5.68 years.
- The 1-year and 2-year total return is -8.50% and -3.68%. The 1-year and 2-year income return is 2.06% and 1.72%.

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	5.05	142	0.65	-5.12			0.20	0.61		
Insight	4.95	481	0.56	-4.96	-7.74		0.17	0.47	1.52	
Macquarie	5.02	504	0.49	-5.26	-7.73	-3.42	0.26	0.72	2.35	1.82
NEAM	5.07	671	0.61	-5.06	-7.30	-2.85	0.22	0.62	1.99	1.66
Northern Trust	6.75	1,046	0.57	-6.88	-9.97	-4.05	0.23	0.63	2.01	1.78
RBC	6.58	1,056	0.75	-6.73	-9.76	-4.61	0.26	0.64	2.33	1.95
UBS	5.15	876	0.78	-5.16	-8.09	-3.63	0.21	0.61	1.97	1.55
Wellington	5.07	662	0.61	-5.11	-7.15	-3.08	0.20	0.56	1.85	1.58
<b>Total</b>	<b>5.68</b>	<b>5,438</b>	<b>0.64</b>	<b>-5.77</b>	<b>-8.50</b>	<b>-3.68</b>	<b>0.23</b>	<b>0.61</b>	<b>2.06</b>	<b>1.72</b>



**Notes:**

- The Taxable Claims-Paying Long Duration portfolio is managed to 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 Taxable Claims-Paying Fund.
- The performance inception date for the Insight CLA portfolio is 10/1/20. The performance inception date for the Goldman CST portfolio and Insight PLA portfolio is 3/1/2022.
- 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 portfolio duration is 2.31 years.
- The 1-year and 2-year total return is -3.26% and -1.39%. The 1-year and 2-year income return is 0.59% and 0.47%.

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
<b>Insight</b>	2.31	266	1.09	-1.34	-3.26	-1.39	0.06	0.19	0.59	0.47

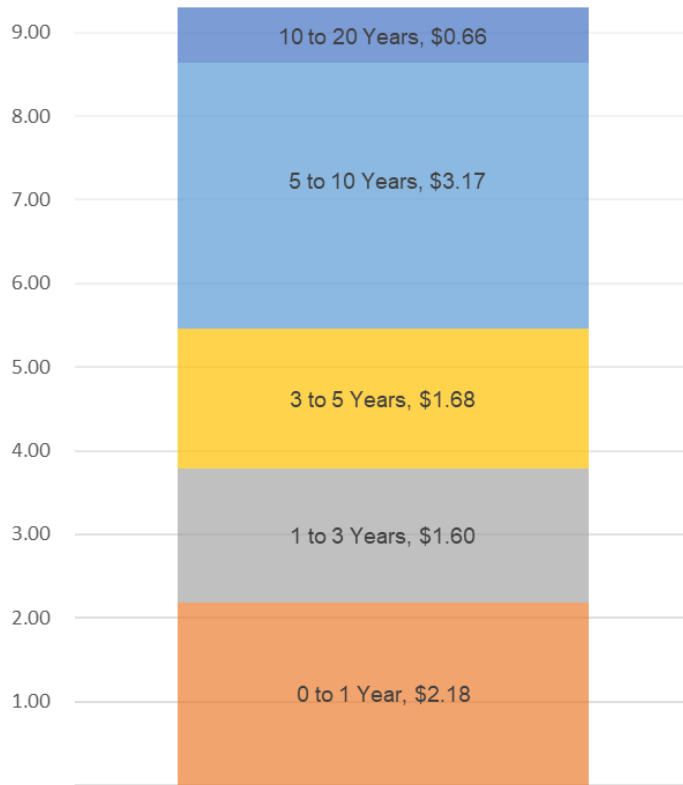
**Notes:**

- The Tax-Exempt Claims-Paying Portfolio is managed to a maximum dollar weighted average maturity of 4 years. The applicable policy governs the investment of funds that are expected to be used to pay claims post-event typically after Citizens has spent all funds in the Tax-Exempt Liquidity Fund and all taxable funds.
- The 2 Year returns are annualized, and the remaining returns are actual for each reference period.

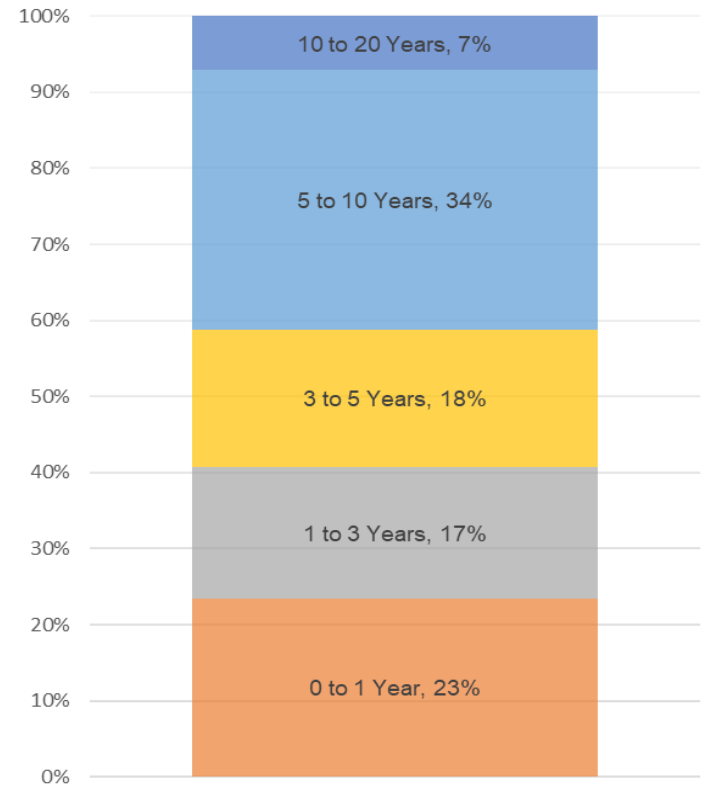
# PORTFOLIO MATURITY DISTRIBUTION

- 23% of the portfolio matures in less than 1 year.
- 17% of the portfolio matures between 1 and 3 years.
- 18% of the portfolio matures between 3 and 5 years.
- 34% of the portfolio matures between 5 and 10 years.
- 7% of the portfolio matures between 10 and 20 years.

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



Citizens Investment Portfolio Maturity Distribution – Percent



Note: The 0 to 1 Year group includes cash and money market funds.



## DOWNGRADED SECURITIES

Current Holdings Downgraded Below Minimum Required Ratings								
Security	Effective Maturity	Investment Manager	Moody's Rating	S&P Rating	Fitch Rating	Amortized Cost	Market Value	Unrealized Gain/Loss
HCA INC	06/15/2029	Insight	Baa3	BBB-	BB+	344,869	300,607	(\$44,262)
HCA INC	07/15/2031	Northern Trust, Insight	Baa3	BBB-	BB+	7,211,767	6,133,818	(\$1,077,949)
<b>Total</b>						<b>\$7,556,636</b>	<b>\$6,434,425</b>	<b>(\$1,122,211)</b>

The investment managers are not required to sell these securities. However, they may look to reduce or sell the positions as they continue to monitor the holdings.