

# Citizens Investment Summary

July 2024



## EXECUTIVE SUMMARY

- Citizens' total portfolio market value for July 2024 was \$10.74 billion (prior month: \$10.36 billion) with an average duration of 2.67 years (prior month: 2.70 years) and average credit ratings of AA-/Aa3/AA-.
  - 80% or \$8.61 billion of the total portfolio is managed by 9 external investment managers, with an average duration of 3.05 years.
  - 20% or \$2.13 billion is internally managed with an average duration of 0.19 years and average credit ratings of AAA/Aaa/AAA.
- 1-year income and total return of the total portfolio as of July 2024 is 3.45% and 5.97%, respectively. YTD average assets are \$9.9 billion.
- The portfolio provides sufficient liquidity to pay any potential claims with 30% or \$3.21 billion of the portfolio maturing within six months, 16% or \$1.67 billion in six months to one year, and an additional 20% or \$2.13 billion in one to three years.
- The 2020-2023 total portfolio's annualized net income return is summarized below. As of YTD July 2024, the net income return is 1.98%. We expect 2024 net income return to be approximately 3.6%.

Year	Total Investment Income (\$MM)	Net Income Return	Average Annual Assets (\$MM)
2020	\$261.0	2.96%	\$8,821.7
2021	\$260.4	2.84%	\$9,160.8
2022	\$214.0	2.21%	\$9,252.9
2023	\$298.8	3.00%	\$9,405.6

*Note: 2020-2021 total portfolio's income and income returns include interest income, amortization of premium bonds, accretion of discount bonds and realized gain/loss. They are net of investment manager fees and calculated using Citizens' financial statements. However, 2022-2023 income and income return are gross of investment manager fees and are calculated from Clearwater Investment Analytics System.*

## INTEREST RATES

From middle of August 2023 to middle of August 2024,

The 1-year, 2-year, 5-year, and 10-year US Treasury rates have decreased by 94, 101, 68, and 36 basis points, respectively.

Rates	As of 8/14/24	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change
1-Yr US Treasury	4.43	5.17	5.37	3.66	(0.74)
2-Yr US Treasury	3.96	4.82	4.97	3.53	(0.86)
5-Yr US Treasury	3.68	4.46	4.36	3.36	(0.78)
10-Yr US Treasury	3.83	4.44	4.19	3.37	(0.61)



## PORTFOLIO SUMMARY AS OF JULY 31, 2024

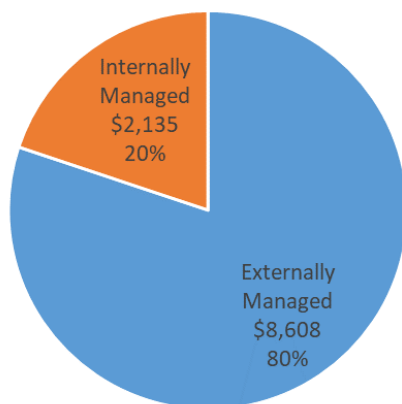
Security Description	Current Month Market Value	Prior Month Market Value	Month-to- Month Change	Current Month Weight (%)
<b>Total</b>	<b>\$10,743</b>	<b>\$10,359</b>	<b>\$385</b>	<b>100%</b>
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,722	4,677	45	44%
Treasury & Agency Securities	3,797	3,431	366	35%
Municipal Bonds	439	443	(4)	4%
Non-Agency MBS, CLO and ABS	487	468	19	5%
Money Market Funds and Cash	1,298	1,340	(42)	12%

(\$ in Millions)

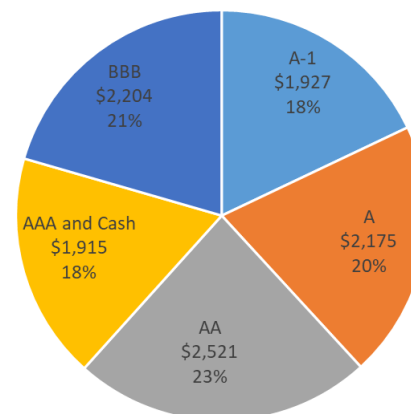
Notes:

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)



**Total Portfolio Credit Quality Distribution**  
(\$ in Millions)



## PORTFOLIO RETURNS SUMMARY AS OF JULY 31, 2024

- As of July 31, the total portfolio duration is 2.67 years. The 2023 year-end portfolio duration was 2.96 years.
- 1-year total return and income return is 5.97% and 3.45%, respectively.
- As of YTD July 31, the total return and income return is 2.47% and 1.98%, respectively.

Citizens Portfolio	Duration (Years)	S&P	Moody's	Fitch	Total Return (%)				Income Return (%)			
					1 month	3 months	1 Year	2 Years	1 month	3 months	1 Year	2 Years
Total	2.67	AA-	Aa3	AA-	1.17	2.84	5.97	2.90	0.30	0.87	3.45	2.99

Citizens Portfolio	Total Return (%)				Income Return (%)			
	2020	2021	2022	2023	2020	2021	2022	2023
Total	6.69	-1.19	-8.35	6.10	2.96	2.84	2.21	3.00

### Notes:

- The returns for the periods starting from 2022 have been calculated by Clearwater after we transitioned the system from FactSet. The income returns starting from 2022 include interest income, amortization of premium bonds, accretion of discount bonds and realized gain/loss. The total returns for all the periods and income returns starting from 2022 are gross of investment manager fees.
- 2020-2021 total portfolio's income returns include interest income, amortization of premium bonds, accretion of discount bonds and realized gain/loss. They are net of investment manager fees and calculated using Citizens' financial statements.
- The 2-year returns are annualized, and the remaining returns are actual for each reference period.

# **Citizens Investment Summary Report Appendix**

**July 2024**



## EXECUTIVE SUMMARY

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- 1-year income and total return of the total portfolio as of July 2024 is 3.45% and 5.97%, respectively. YTD average assets are \$9.9 billion.
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## PORTFOLIO SUMMARY AS OF JULY 31, 2024

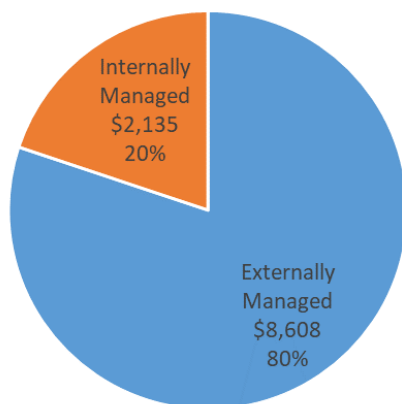
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<b>Total</b>	<b>\$10,743</b>	<b>\$10,359</b>	<b>\$385</b>	<b>100%</b>
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(\$ in Millions)

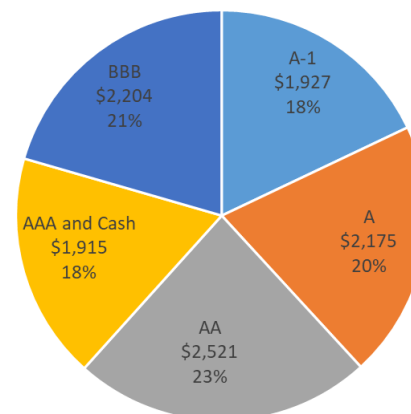
Notes:

1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
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**Total Portfolio Composition**  
(\$ in Millions)



**Total Portfolio Credit Quality Distribution**  
(\$ in Millions)



## INVESTMENT MANAGERS PORTFOLIO SUMMARY AS OF JULY 31, 2024

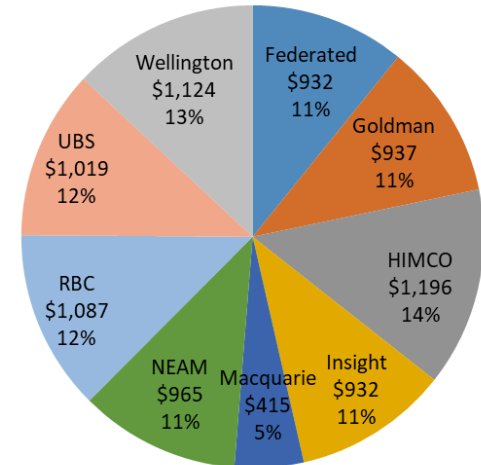
- \$8.61 billion is managed by 9 external investment managers.

Investment Manager	Liquidity Fund	Claims-Paying Fund	Total	Percentage of Total Portfolio
Federated	\$932	\$0	\$932	11%
Goldman	\$0	\$937	\$937	11%
HIMCO	\$1,196	\$0	\$1,196	14%
Insight	\$0	\$932	\$932	11%
Macquarie	\$0	\$415	\$415	5%
NEAM	\$0	\$965	\$965	11%
RBC	\$0	\$1,087	\$1,087	13%
UBS	\$0	\$1,019	\$1,019	12%
Wellington	\$529	\$595	\$1,124	13%
<b>Grand Total</b>	<b>\$2,658</b>	<b>\$5,950</b>	<b>\$8,608</b>	<b>100%</b>

(\$ in Millions)

Note: The Insight Claims-Paying fund includes the legacy securities from the original tax-exempt portfolio.

**Total Externally Managed Portfolio Composition**  
(\$ in Millions)



## PORTFOLIO RETURNS SUMMARY AS OF JULY 31, 2024

- As of July 31, the total portfolio duration is 2.67 years. The 2023 year-end portfolio duration was 2.96 years.
- 1-year total return and income return is 5.97% and 3.45%, respectively.
- As of YTD July 31, the total return and income return is 2.47% and 1.98%, respectively.

Citizens Portfolio	Duration (Years)	S&P	Moody's	Fitch	Total Return (%)				Income Return (%)			
					1 month	3 months	1 Year	2 Years	1 month	3 months	1 Year	2 Years
Total	2.67	AA-	Aa3	AA-	1.17	2.84	5.97	2.90	0.30	0.87	3.45	2.99

Citizens Portfolio	Total Return (%)				Income Return (%)			
	2020	2021	2022	2023	2020	2021	2022	2023
Total	6.69	-1.19	-8.35	6.10	2.96	2.84	2.21	3.00

### Notes:

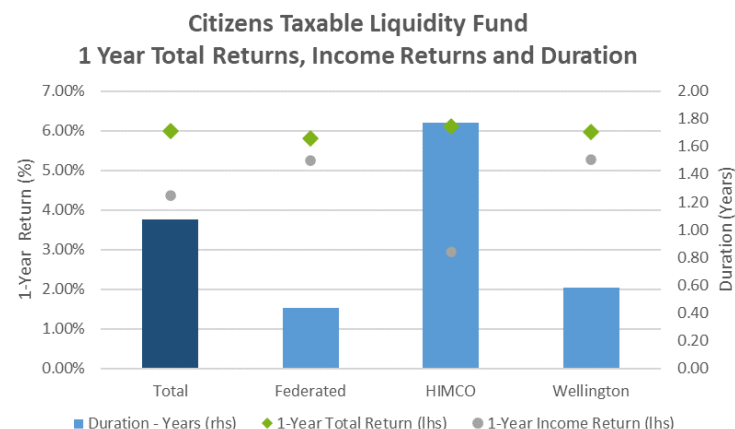
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- 2020-2021 total portfolio's income returns include interest income, amortization of premium bonds, accretion of discount bonds and realized gain/loss. They are net of investment manager fees and calculated using Citizens' financial statements.
- The 2-year returns are annualized, and the remaining returns are actual for each reference period.

## LIQUIDITY PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- As of July 31, the Liquidity portfolio duration is 1.08 years.
- 1-year total return and income return is 5.98% and 4.36%, respectively.
- As of YTD July 31, the total return and income return is 3.16% and 2.49%, respectively.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return (%)			
			1 month	3 months	1 Year	2 Years	1 month	3 months	1 Year	2 Years
Federated	0.43	932	0.53	1.43	5.80	4.51	0.43	1.27	5.24	4.13
HIMCO	1.77	1,196	1.00	2.38	6.11	3.23	0.27	0.79	2.94	2.61
Wellington	0.58	529	0.59	1.53	5.97	4.63	0.43	1.28	5.27	3.99
<b>Total</b>	<b>1.08</b>	<b>2,658</b>	<b>0.75</b>	<b>1.88</b>	<b>5.98</b>	<b>4.03</b>	<b>0.35</b>	<b>1.05</b>	<b>4.36</b>	<b>3.50</b>

Citizens Portfolio	Total Return (%)			
	2020	2021	2022	2023
Taxable Liquidity	2.67	0.04	-0.16	5.27



### Notes:

- From Jan 2022 to Jan 2024, HIMCO managed the Taxable Claims-Paying (TC) accounts. Federated and Wellington managed Taxable Liquidity (TL) accounts during this time. After account consolidations in Jan 2024, all these 3 managers manage the assets under the TL Investment Policy. The returns of the old TC/TL accounts and returns of the new TL accounts are linked together to calculate historical returns.
- 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.

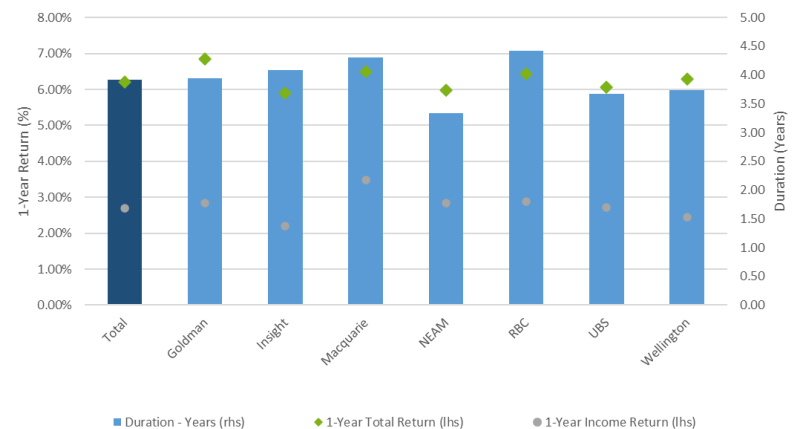
## CLAIMS-PAYING PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- As of July 31, the Claims-Paying portfolio duration is 3.91 years.
- 1-year total return and income return is 6.21% and 2.70%, respectively.
- As of YTD July 31, the total return and income return is 2.35% and 1.57%, respectively.

Investment Manager	Duration (Years)	Market Value (\$MM)	Total Return (%)				Income Return(%)			
			1 month	3 months	1 Year	2 Years	1 month	3 months	1 Year	2 Years
Goldman	3.95	937	1.61	3.82	6.86	3.40	0.23	0.69	2.84	2.65
Insight	4.09	932	1.58	3.60	5.89	2.62	0.22	0.58	2.19	2.00
Macquarie	4.30	415	1.65	3.91	6.49	2.91	0.29	0.86	3.48	3.06
NEAM	3.33	965	1.49	3.41	5.98	2.27	0.25	0.76	2.83	2.73
RBC	4.42	1,087	1.76	4.20	6.44	2.18	0.23	0.76	2.89	2.77
UBS	3.67	1,019	1.55	3.58	6.06	2.15	0.23	0.69	2.72	2.59
Wellington	3.73	595	1.61	3.72	6.29	2.27	0.21	0.60	2.45	2.31
<b>Total</b>	<b>3.91</b>	<b>5,950</b>	<b>1.60</b>	<b>3.74</b>	<b>6.21</b>	<b>2.39</b>	<b>0.23</b>	<b>0.70</b>	<b>2.70</b>	<b>2.56</b>

Citizens Portfolio	Total Return (%)			
	2020	2021	2022	2023
Taxable Claims	6.62	-1.19	-6.99	5.60

Citizens Taxable Claims-Paying Fund  
1 Year Total Returns, Income Returns and Duration



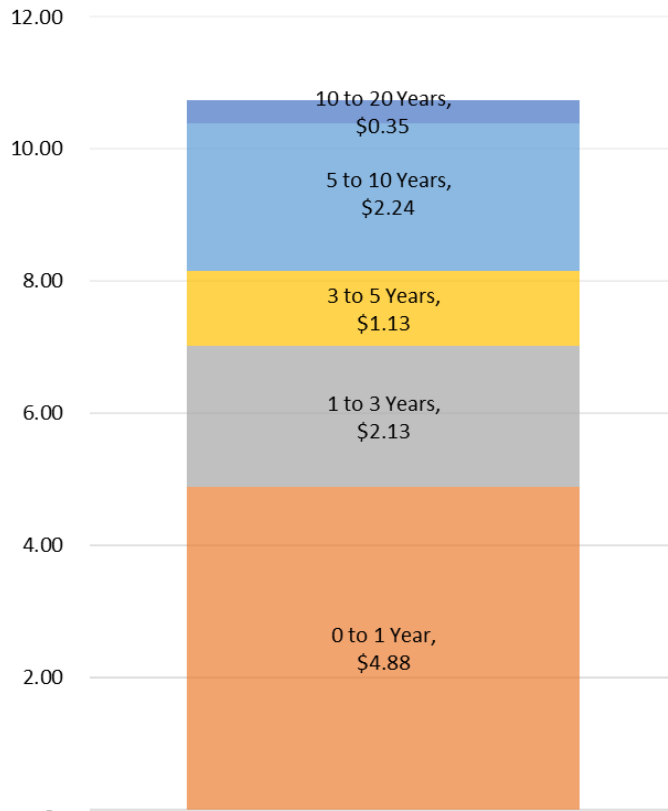
### Notes:

- From Jan 2022 to Jan 2024, all managers above managed Taxable Claims-Paying Long Duration (TCLD) accounts. Goldman and NEAM also managed Taxable Claims-Paying (TC) accounts during this time. After account consolidations in Jan 2024, all these 7 managers manage the assets under the TC Investment Policy. The returns of the old TCLD/TC accounts and returns of the new TC accounts are linked together to calculate historical returns.
- 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.

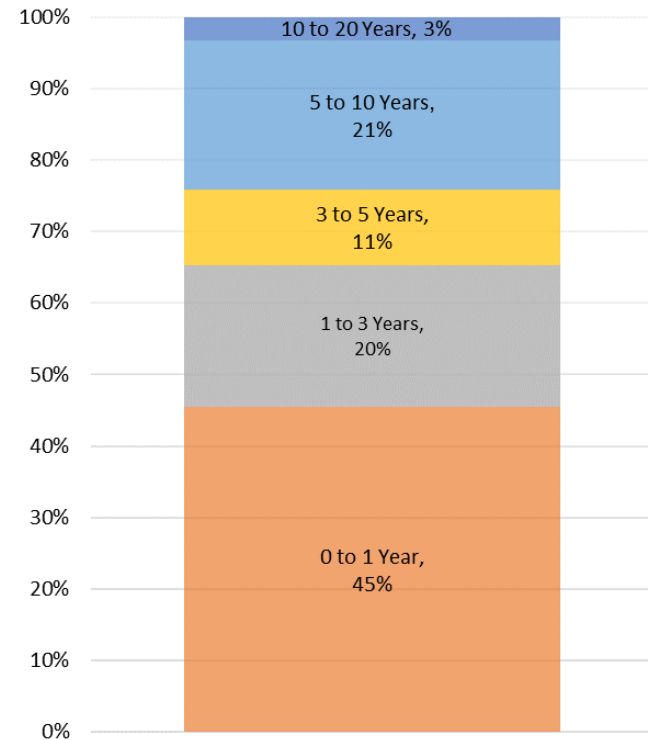
## PORTFOLIO MATURITY DISTRIBUTION

- Citizens' total portfolio is \$10.74 billion and average duration is 2.67 years.
- 45% of the portfolio, or \$4.88 billion, matures within 1 year.
- 20% of the portfolio, or \$2.13 billion, matures between 1 and 3 years.
- 11% of the portfolio, or \$1.13 billion, matures between 3 and 5 years.
- 21% of the portfolio, or \$2.24 billion, matures between 5 and 10 years.
- 3% of the portfolio, or \$0.35 billion, 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

As of 8/13/2024:

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
PARAMOUNT GLOBAL	01/15/2031	Wellington, Macquarie	Baa3	BB+	BBB-	3,303,648	2,737,060	(566,589)

The highlighted rating is out of compliance. The investment managers are not required to sell the securities. However, they may look to reduce or sell the positions based on market conditions or as directed by Citizens. They will continue to monitor the holdings.