

Citizens Investment Summary



Oct 2017

EXECUTIVE SUMMARY

- Citizens' total portfolio market value for October 2017 was \$11.11 billion (prior month: \$11.30 billion) with an average duration of 3.96 years (prior month: 3.98 years) and average credit ratings of A/AA/AA (prior month: A/AA/AA).
 - 79% of the total portfolio is taxable, with a market value of \$8.75 billion.
 - 21% of the total portfolio is tax-exempt, with a market value of \$2.36 billion.
 - 85%, or \$9.41 billion of the total portfolio is managed by 14 external investment managers, with an average duration of 4.02 years and 15% is internally managed, or \$1.70 billion.
- Citizens' gross total 3-year return was 13 basis point below the 3-year Treasury yield.

Portfolio	1-Month	1-Year	3-Year
Taxable	0.10%	1.43%	1.62%
Tax-Exempt	-0.06%	1.03%	0.92%
Total	0.10%	1.45%	1.54%

- For October 2017, the average 1-year Treasury yield was 1.38%, 3-year Treasury yield was 1.67%, and 5-year Treasury yield was 1.97%.
- 4% of the portfolio matures in less than 90 days and 19% of the portfolio matures between 1 and 3 years.

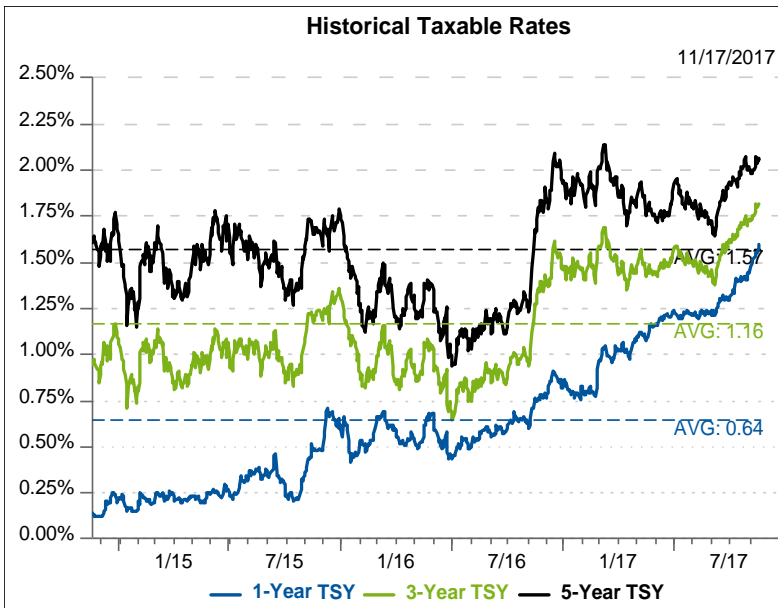
Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.

INTEREST RATES

Taxable

- The 1 year US Treasury rate has increased 84 basis points over the 12-month period ending 11/17/2017.
- The 5 year US Treasury rate has increased 32 basis points over the 12-month period ending 11/17/2017.

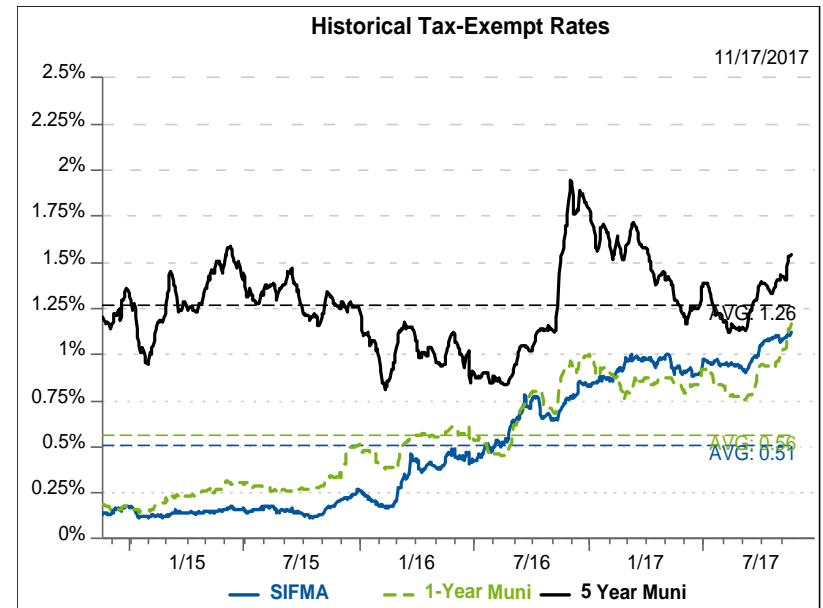
Taxable Rates	As Of 11/17/2017	3-Mos. Prior	1-Year Prior	3-Year Average
1-Yr TSY	1.60%	1.23%	0.76%	0.64%
3-Yr TSY	1.82%	1.46%	1.32%	1.16%
5-Yr TSY	2.06%	1.76%	1.74%	1.57%



Tax-Exempt

- The short-term (SIFMA) rate has increased 37 basis points over the 12-month period ending 11/17/2017.
- The S&P 1-Yr AAA Municipal rate has increased 28 basis points over the 12-month period ending 11/17/2017.

Tax-Exempt Rates	As Of 11/17/2017	3-Mos. Prior	1-Year Prior	3-Year Average
SIFMA	1.08%	0.96%	0.71%	0.51%
S&P 1-Yr AAA Muni	1.17%	0.78%	0.89%	0.56%
S&P 5-Yr AAA Muni	1.54%	1.16%	1.55%	1.26%



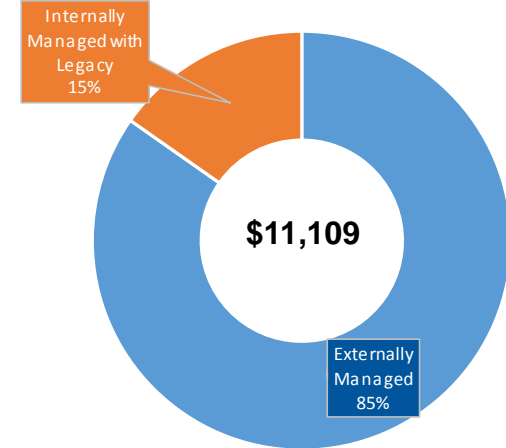
PORTFOLIO SUMMARY

Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$11,109	\$11,296	(\$187)	100
Taxable with Legacy Securities	8,751	8,936	(185)	79
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,316	4,389	(73)	39
Treasury & Agency Securities	2,563	2,479	84	22
Money Market Funds & Cash	1,471	1,670	(199)	15
Municipal Bonds	264	257	7	2
ABS	87	90	(3)	1
Legacy Securities	50	50	0	0
Tax Exempt	2,358	2,360	(2)	21
Municipal Bonds	2,071	2,160	(89)	19
Treasury & Agency Securities	174	147	27	1
Money Market Funds & Cash	114	54	60	0

(\$ in Millions)

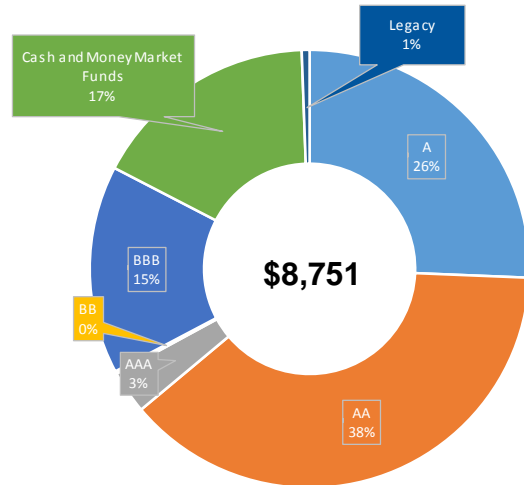
Note: Month-to-month changes can be driven by transfers of funds from one category of securities to another.

Total Portfolio Composition



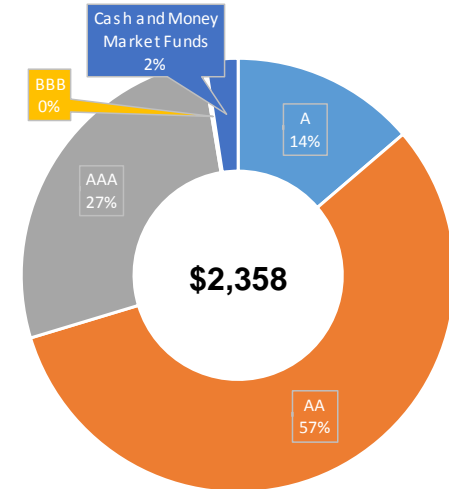
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



in Millions)

Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millio

PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 3.96 years.
- The 1-year total return is 1.45% and income return is 2.00%.
- The 2-year annualized total return is 1.66% and income return is 1.71%.

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
Tax Exempt	1.79	AA	AA	AA	-0.06	-0.02	1.03	0.91	0.92	0.36	1.05	2.34	1.74	1.51
Tax Exempt Externally Managed	1.91	AA	AA	AA	-0.06	-0.01	1.00	0.89	0.91	0.36	1.07	2.52	1.83	1.57
Taxable Excluding Legacy Securities	4.63	A	AA	AA	0.10	0.42	1.43	1.85	1.62	0.18	0.53	2.06	1.79	1.56
Taxable Internally Managed Excluding Legacy Securities	0.25	AAA	AAA	AAA	0.02	0.02	0.49	0.43	0.30	0.02	0.03	0.49	0.42	0.29
Total Excluding Legacy Securities	3.96	A	AA	AA	0.10	0.42	1.45	1.66	1.54	0.18	0.53	2.00	1.71	1.50

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	1.67%	1.55%	1.52%	1.48%	1.23%
US Corporate Bond 3-5 Year	2.45%	2.38%	2.39%	2.46%	2.32%
SIFMA	1.02%	0.99%	0.97%	0.94%	0.68%
S&P 3-Yr AAA Muni	1.12%	1.02%	1.04%	1.15%	0.98%
US Corporate Bond 1 Year	2.01%	1.94%	1.95%	1.92%	1.77%
1-Year Treasury Yield	1.38%	1.29%	1.23%	1.05%	0.81%
1-Month LIBOR	1.24%	1.24%	1.18%	0.99%	0.71%