

Citizens Investment Summary Report Appendix



February 2018

EXECUTIVE SUMMARY

- Citizens' total portfolio market value for February 2018 was \$10.02 billion (prior month: \$10.13 billion) with an average duration of 4.05 years (prior month: 4.08 years) and average credit ratings of A/AA/A (Oct 2017: A/AA/AA).
 - 81% of the total portfolio is taxable, with a market value of \$8.07 billion.
 - 19% of the total portfolio is tax-exempt, with a market value of \$1.95 billion.
 - 88%, or \$8.81 billion of the total portfolio is managed by 14 external investment managers, with an average duration of 4.16 years and 12% is internally managed, or \$1.21 billion.
- Citizens' 1-year total return and income return was 0.11% and 2.31%, respectively, as compared to the average 1-year Treasury yield of 1.95% for February 2018.
- 3% of the portfolio matures in less than 90 days and 21% of the portfolio matures between 1 and 3 years.

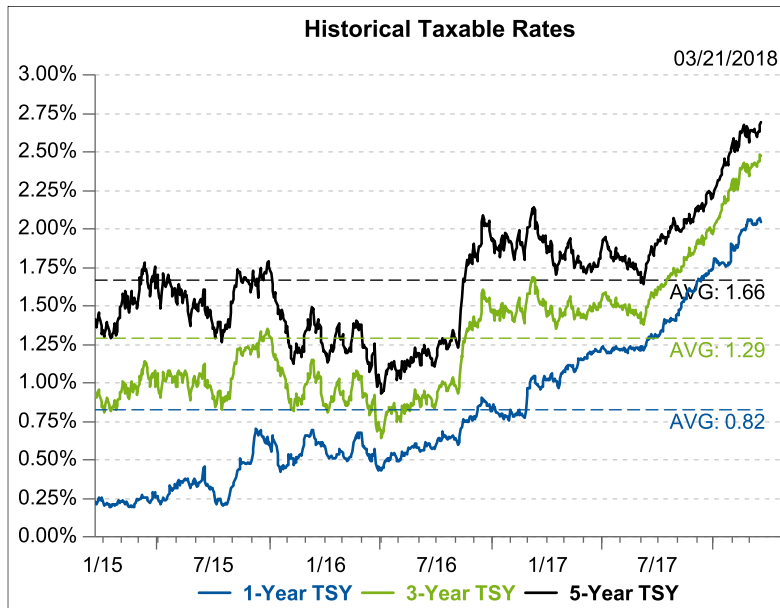
Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.

INTEREST RATES

Taxable

- The 1 year US Treasury rate has increased 107 basis points over the 12-month period ending 3/21/2018.
- The 5 year US Treasury rate has increased 76 basis points over the 12-month period ending 3/21/2018.

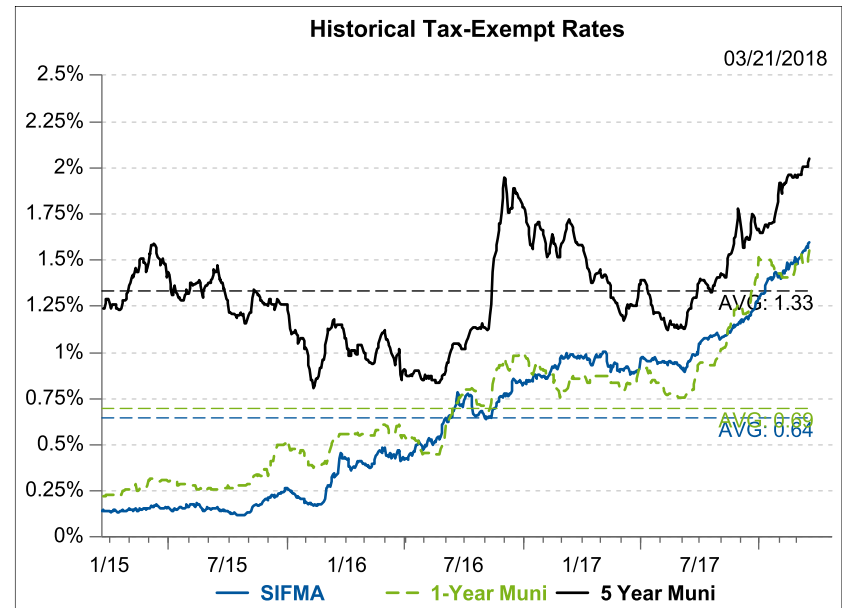
Taxable Rates	As Of 3/21/2018	3-Mos. Prior	1-Year Prior	3-Year Average
1-Yr TSY	2.05%	1.72%	0.98%	0.82%
3-Yr TSY	2.48%	1.99%	1.53%	1.29%
5-Yr TSY	2.70%	2.24%	1.94%	1.66%



Tax-Exempt

- The short-term (SIFMA) rate has increased 56 basis points over the 12-month period ending 3/21/2018.
- The S&P 1-Yr AAA Municipal rate has increased 69 basis points over the 12-month period ending 3/21/2018.

Tax-Exempt Rates	As Of 3/21/2018	3-Mos. Prior	1-Year Prior	3-Year Average
SIFMA	1.46%	1.12%	0.90%	0.64%
S&P 1-Yr AAA Muni	1.55%	1.36%	0.86%	0.69%
S&P 5-Yr AAA Muni	2.05%	1.74%	1.66%	1.33%



PORTFOLIO SUMMARY

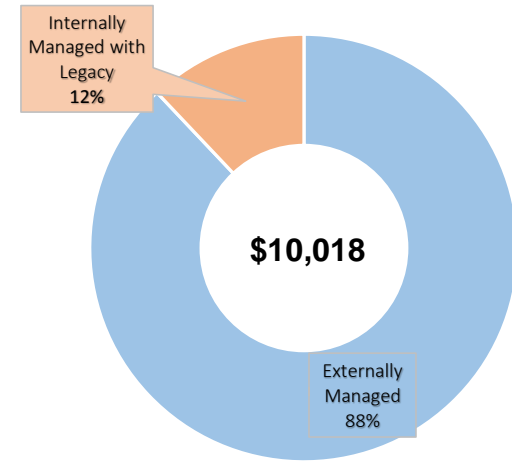
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$10,018	\$10,132	(\$115)	100
Taxable with Legacy Securities	8,065	8,181	(116)	81
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,274	4,277	(3)	42
Treasury & Agency Securities	2,469	2,510	(41)	25
Money Market Funds & Cash	901	969	(68)	10
Municipal Bonds	278	283	(5)	3
ABS	95	94	1	1
Legacy Securities	48	48	(1)	0
Tax Exempt	1,953	1,952	1	19
Municipal Bonds	1,641	1,648	(7)	16
Treasury & Agency Securities	251	227	24	2
Money Market Funds & Cash	60	77	(16)	1

(\$ in Millions)

Notes:

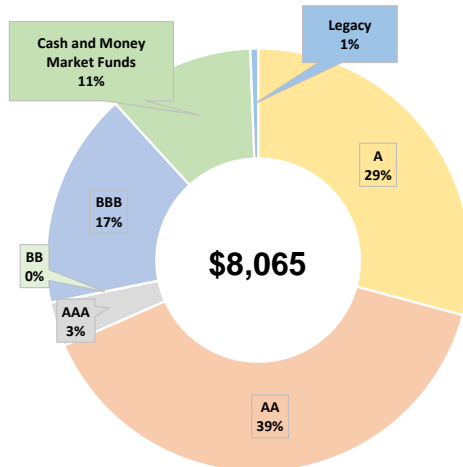
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

Total Portfolio Composition



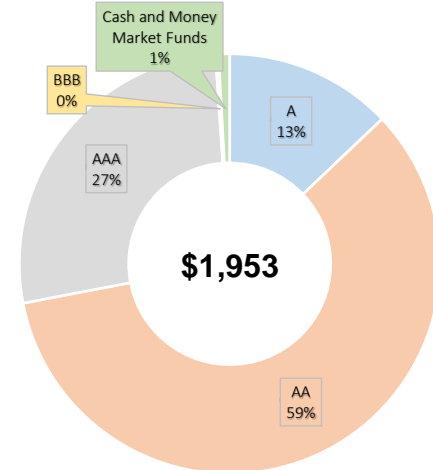
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

Tax-Exempt Portfolio Credit Quality Distribution

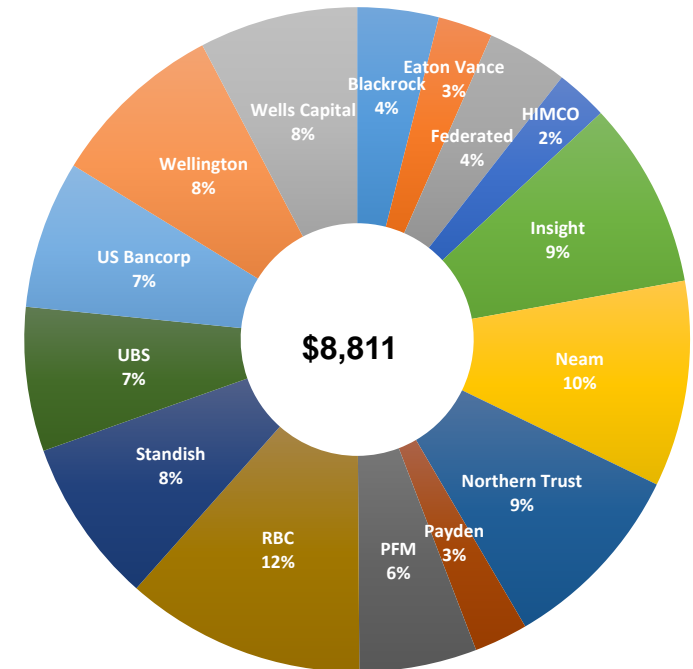


(\$ in Millions)

INVESTMENT MANAGERS PORTFOLIO SUMMARY

Investment Manager	Taxable Liquidity Fund	Taxable Claims-Paying Fund	Taxable Claims Long Duration Fund	Tax-Exempt Claims-Paying Fund	Grand Total	% of Total Portfolio
Blackrock	\$171	\$0	\$0	\$177	\$348	4%
Eaton Vance	\$0	\$234	\$0	\$0	\$234	3%
Federated	\$164	\$0	\$0	\$183	\$347	4%
HIMCO	\$0	\$223	\$0	\$0	\$223	3%
Insight	\$0	\$190	\$484	\$127	\$801	9%
Neam	\$0	\$196	\$605	\$82	\$883	10%
Northern Trust	\$0	\$0	\$828	\$0	\$828	9%
Payden	\$0	\$230	\$0	\$0	\$230	3%
PFM	\$288	\$215	\$0	\$0	\$503	6%
RBC	\$56	\$0	\$970	\$0	\$1,026	12%
Standish	\$0	\$0	\$0	\$707	\$707	8%
UBS	\$0	\$0	\$499	\$118	\$618	7%
US Bancorp	\$0	\$339	\$296	\$0	\$634	7%
Wellington	\$151	\$0	\$601	\$0	\$751	9%
Wells Capital	\$0	\$422	\$0	\$257	\$678	8%
Grand Total	\$830	\$2,048	\$4,283	\$1,650	\$8,811	100%

Total Externally Managed Portfolio Composition



(\$ in Millions)

- 89% of the taxable portfolio, or \$7.16 billion, is managed by 14 external investment managers.
- 85% of the tax-exempt portfolio, or \$1.70 billion, is managed by 7 external investment managers.

PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 4.05 years.
- The 2-year annualized total return is 0.47% and income return is 1.94%.

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	1.80	AA	AA	A	0.04	0.36	0.41	0.36	0.71	0.32	1.05	3.33	2.25	1.85
Tax Exempt Externally Managed	2.06	AA	AA	AA	0.04	0.36	0.36	0.34	0.70	0.32	1.05	3.51	2.34	1.92
Taxable Excluding Legacy Securities	4.65	A	A	A	-0.61	-1.29	0.46	0.76	0.95	0.18	0.55	2.16	1.92	1.68
Taxable Internally Managed Excluding Legacy Securities	--	AAA	AAA	AAA	0.03	0.05	0.34	0.43	0.32	0.03	0.05	0.36	0.42	0.31
Total Excluding Legacy Securities	4.05	A	AA	A	-0.61	-1.30	0.11	0.47	0.81	0.18	0.57	2.31	1.94	1.68

Note:

- The 2 Year and 3 Year returns are annualized, and the remaining returns are actual for the period.
- The taxable internally managed portfolio (excluding legacy securities) is mainly invested in money market funds. The duration data for these funds is not available in the FactSet system.

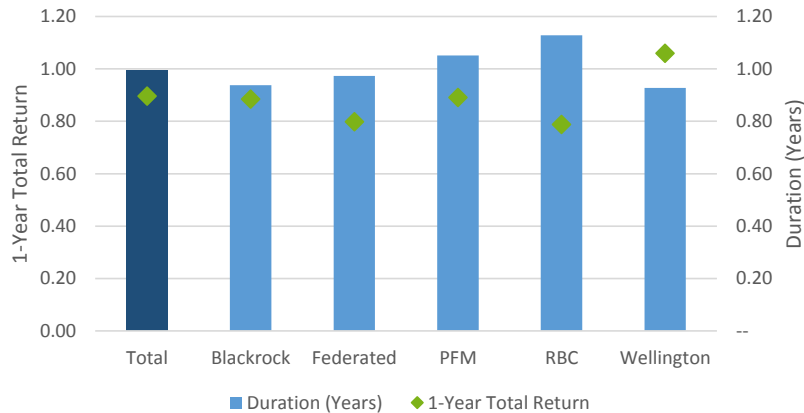
	1 Month	3 Month	6 Month	1 Year	2 Year
3-Year Treasury Yield	2.35%	2.14%	1.90%	1.69%	1.38%
US Corporate Bond 3-5 Year	3.09%	2.85%	2.65%	2.54%	2.37%
SIFMA	1.42%	1.29%	1.16%	1.06%	0.82%
S&P 3-Yr AAA Muni	1.65%	1.59%	1.37%	1.22%	1.08%
US Corporate Bond 1 Year	2.67%	2.47%	2.25%	2.09%	1.87%
1-Year Treasury Yield	1.95%	1.81%	1.60%	1.36%	1.00%
1-Month LIBOR	1.60%	1.55%	1.40%	1.24%	0.90%

TAXABLE LIQUIDITY PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Liquidity portfolio duration is 0.99 years.
- The Taxable Liquidity portfolio 1-year total return is 0.90% and income return is 1.70%.

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
Blackrock	0.94	171	0.00	0.06	0.88	0.97	0.13	0.43	1.59	1.33
Federated	0.97	164	-0.02	0.04	0.80	0.85	0.17	0.53	1.79	1.42
PFM	1.05	288	-0.02	0.05	0.89	1.08	0.13	0.44	1.72	1.41
RBC	1.13	56	-0.09	-0.08	0.79	1.09	0.14	0.45	1.67	1.40
Wellington	0.93	151	0.01	0.16	1.06	1.14	0.15	0.49	1.68	1.37
Total	0.99	830	-0.02	0.06	0.90	1.02	0.14	0.46	1.70	1.39

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



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



Notes:

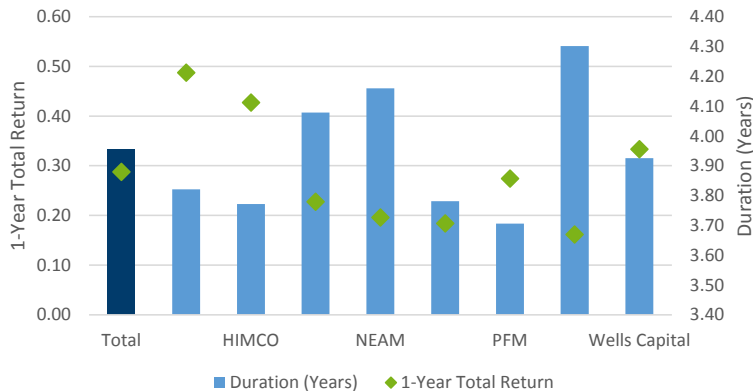
- The Taxable Liquidity Portfolio is managed to a maximum dollar weighted average maturity of 548 days. The applicable policy governs the investment of funds that will be the first moneys used to pay claims after an event and is also used to pay operating expenses on an ongoing basis.
- The 2 Year returns 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 FUND PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

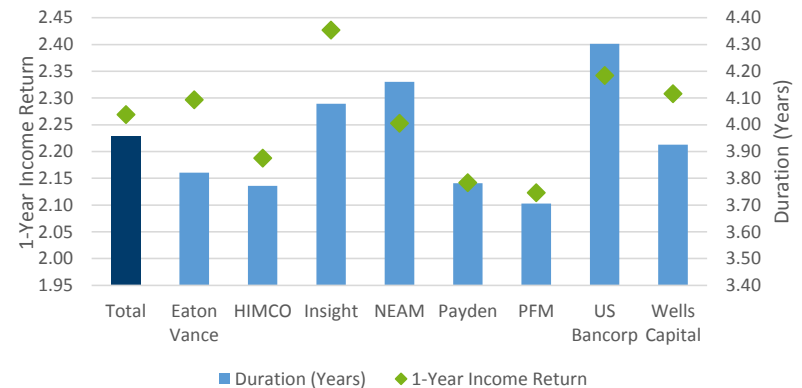
- The Taxable Claims-Paying Fund portfolio duration is 3.96 years.
- The Taxable Claims-Paying Fund portfolio 1-year total return is 0.29% and income return is 2.27%.

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
Eaton Vance	3.82	234	-0.49	-1.17	0.49	0.57	0.19	0.60	2.30	2.05
HIMCO	3.77	223	-0.56	-1.19	0.43	0.86	0.17	0.55	2.19	2.01
Insight	4.08	190	-0.58	-1.28	0.23	0.65	0.20	0.62	2.43	2.17
NEAM	4.16	196	-0.59	-1.34	0.20	0.58	0.18	0.57	2.25	1.98
Payden	3.78	230	-0.49	-1.09	0.18	0.66	0.18	0.57	2.14	1.95
PFM	3.71	215	-0.53	-1.19	0.27	N/A	0.17	0.55	2.12	N/A
US Bancorp	4.30	339	-0.65	-1.44	0.16	0.92	0.19	0.61	2.34	2.13
Wells Capital	3.93	422	-0.49	-1.17	0.33	0.79	0.18	0.60	2.31	2.17
Total	3.96	2,048	-0.55	-1.24	0.29	0.71	0.18	0.58	2.27	2.04

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



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



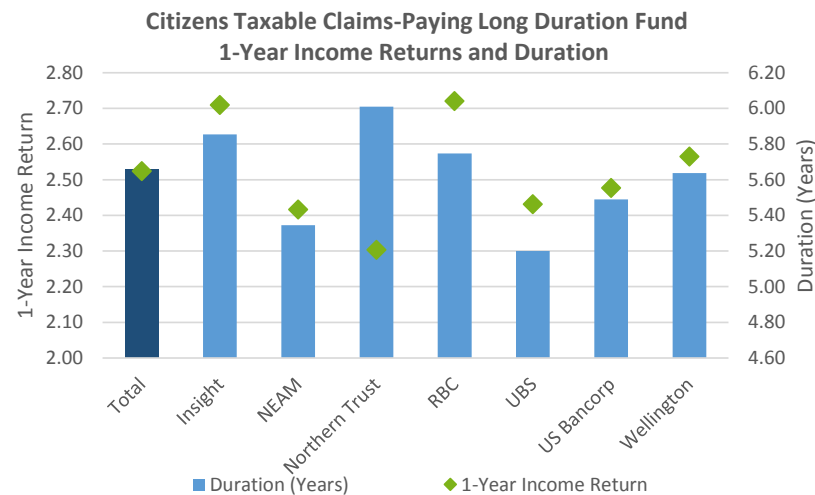
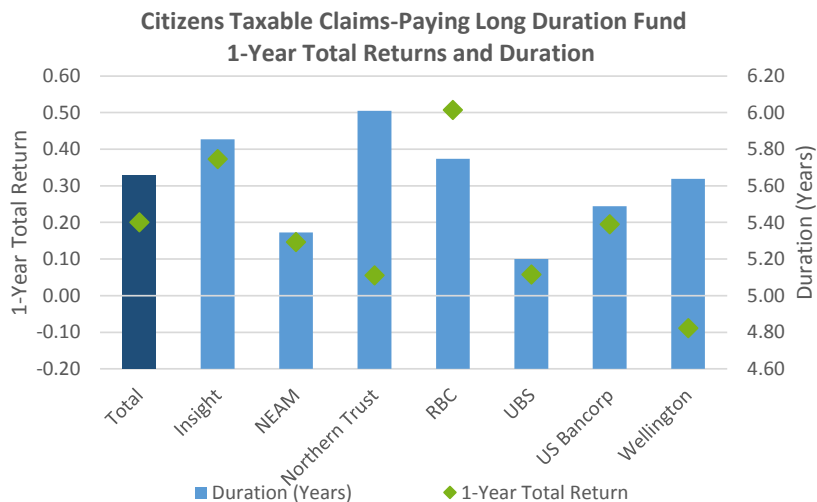
Notes:

- 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.
- PFM started managing claims paying fund in May 2016.

TAXABLE CLAIMS-PAYING LONG DURATION FUND PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Claims-Paying Long Duration Fund portfolio duration is 5.66 years.
- The Taxable Claims-Paying Long Duration Fund portfolio 1-year total return is 0.20% and income return is 2.52%.

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
Insight	5.85	484	-0.76	-1.73	0.37	0.71	0.21	0.67	2.71	2.26
NEAM	5.35	605	-0.80	-1.80	0.15	0.61	0.20	0.62	2.42	2.07
Northern Trust	6.01	828	-1.00	-1.87	0.05	0.75	0.21	0.62	2.30	2.14
RBC	5.75	970	-0.95	-1.88	0.51	0.86	0.22	0.69	2.72	2.35
UBS	5.20	499	-0.84	-1.78	0.06	0.45	0.21	0.64	2.43	2.10
US Bancorp	5.49	296	-0.91	-1.88	0.20	0.59	0.20	0.64	2.48	2.07
Wellington	5.64	601	-0.85	-1.88	-0.09	0.43	0.21	0.68	2.56	2.23
Total	5.66	4,283	-0.89	-1.84	0.20	0.66	0.21	0.65	2.52	2.19



Notes:

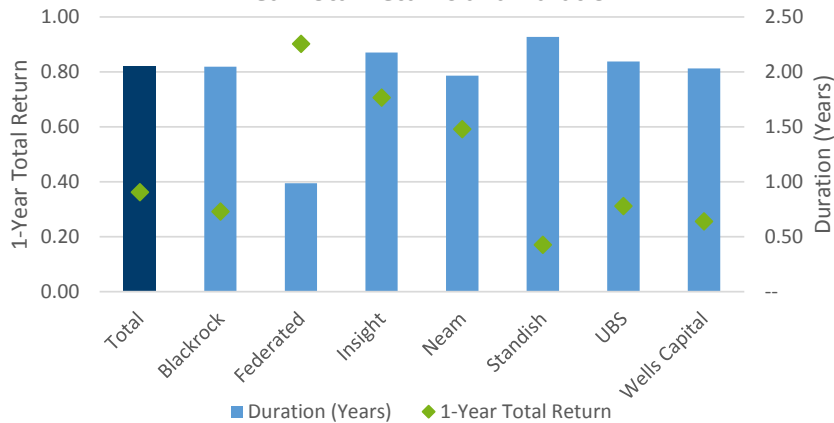
- The Taxable Claims-Paying Long Duration portfolio is managed a maximum dollar weighted average maturity of 10 years. The applicable policy governs the investment of funds that will be used to pay claims post-event after Citizens has expended all moneys in the Claims-Paying Fund.
- The 2 Year returns 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 FUND PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

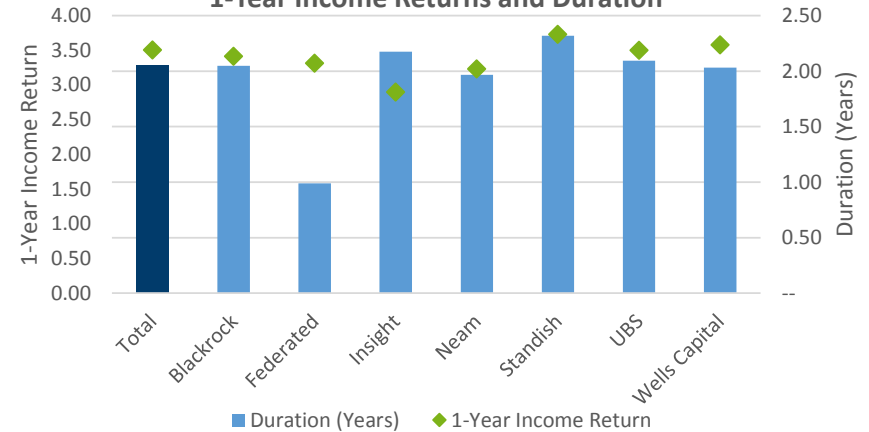
- The Tax-Exempt Claims-Paying Fund portfolio duration is 2.05 years.
- The Tax-Exempt Claims-Paying Fund portfolio 1-year total return is 0.36% and income return is 3.51%.

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
Blackrock	2.05	177	0.02	0.34	0.29	0.21	0.31	1.05	3.41	2.24
Federated	0.99	183	0.11	0.44	0.90	0.73	0.31	1.01	3.32	2.21
Insight	2.18	127	0.03	0.38	0.71	0.59	0.26	0.83	2.90	2.10
Neam	1.97	82	0.10	0.42	0.59	0.53	0.30	0.96	3.23	2.23
Standish	2.32	707	0.01	0.35	0.17	0.19	0.34	1.11	3.73	2.49
UBS	2.10	118	0.03	0.34	0.31	0.40	0.33	1.07	3.50	2.32
Wells Capital	2.03	257	0.07	0.36	0.26	0.27	0.33	1.08	3.58	2.33
Total	2.05	1,650	0.04	0.36	0.36	0.34	0.32	1.05	3.51	2.34

Citizens Tax-Exempt Claims-Paying Fund - 1-Year Total Returns and Duration



Citizens Tax-Exempt Claims-Paying Fund - 1-Year Income Returns and Duration



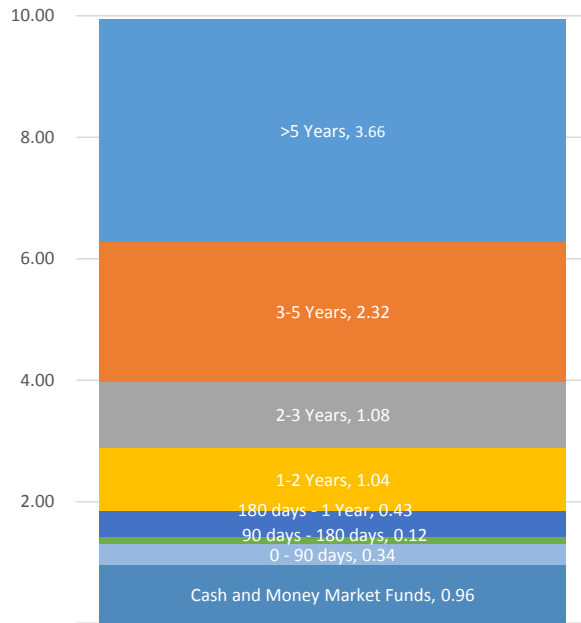
Notes:

- 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.
- Returns in green font fall within +/-10% of the average return or higher. Returns in red font fall below -10% of the average return.

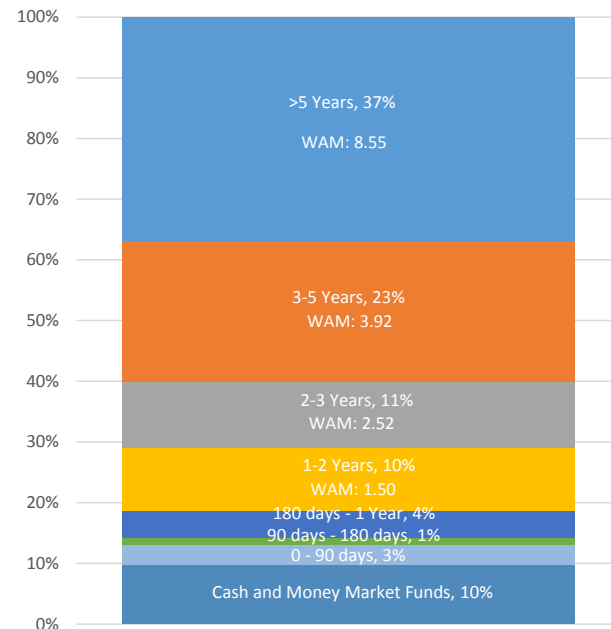
PORTFOLIO MATURITY DISTRIBUTION

- 3% of the portfolio matures in less than 90 days.
- 6% of the portfolio matures between 90 days and 1 year.
- 21% of the portfolio matures between 1 and 3 years.
- 23% of the portfolio matures between 3 and 5 years.
- 37% of the portfolio matures in greater than 5 years.

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



Citizens Investment Portfolio Maturity Distribution – Percent



Notes:

1. 26% or \$0.09 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.
2. The legacy securities are not included in the percent calculations or the distribution charts.

DOWNGRADED SECURITIES AND LEGACY SECURITIES

Security Name and Maturity Date	Moody's Rating	S&P Rating	Fitch Rating	Market Value	Amortized Cost	Unrealized Gain/Loss
Mattel, Inc. 2.35% 15-aug-2021	Ba3	BB-	B+	912,300	999,173	(86,873)
New Jersey Bldg Auth St Bldg Rev 5.0% 15-jun-2018	Baa1	BBB+	--	2,542,151	2,544,822	(2,671)
New Jersey St Edl Facs Auth Rev 5.0% 01-jun-2018	Baa1	BBB+	A-	2,015,180	2,018,642	(3,462)
Total				\$5,469,631	\$5,562,636	-\$93,005

Note: Mattel was downgraded to B2 by Moody's on 3/16/18.

- Citizens has the option of immediately reducing these positions to achieve compliance. After consulting with the investment managers, the decision at this point is to hold these securities.

Legacy Securities Currently Held										
Security	Maturity Date	Moody's		Fitch		S&P		Amortized Cost	Market Value	Unrealized Gain/Loss
		Rating	Downgrade Date	Rating	Downgrade Date	Rating	Downgrade Date			
Lehman Brothers Holdings	N/A	NP	9/16/2008	NR	9/16/2008	D	9/16/2008	0	1,073,250	1,073,250
Issuer Entity (Ottimo)	N/A	NP	11/9/2007	NR	11/9/2007	D	11/9/2007	7,841,805	19,112,593	11,270,788
Axon Financial Funding LLC	N/A	NP	11/27/2007	NR	11/27/2007	D	11/27/2007	23,528,536	27,351,270	3,822,734
Total								\$31,370,342	\$47,537,113	\$16,166,772

- 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 Feb 28, 2018, \$202.3 million of total principal has been recovered, as these securities continue to pay principal and interest. The total principal recovered directly offsets the original write-down amount of \$290.7 million, resulting in a net current write-down amount of \$88.4 million.