

# Citizens Investment Summary



July 2018

## EXECUTIVE SUMMARY

- Citizens' total portfolio market value for July 2018 was \$9.56 billion (prior month: \$9.59 billion) with an average duration of 4.01 years (prior month: 4.04 years) and average credit ratings of A/A/AA.
  - 83% of the total portfolio is taxable, with a market value of \$7.89 billion.
  - 17% of the total portfolio is tax-exempt, with a market value of \$1.66 billion.
  - 91%, or \$8.66 billion of the total portfolio is managed by 15 external investment managers, with an average duration of 4.06 years and 9% is internally managed, or \$0.90 billion.
- 1-year total return and income return of Citizens' total portfolio was -0.88% and 2.44%, respectively, as compared to the average 1-year Treasury yield of 2.38% for July 2018.
- 3% of the portfolio matures in less than 90 days and 22% of the portfolio matures between 1 and 3 years.

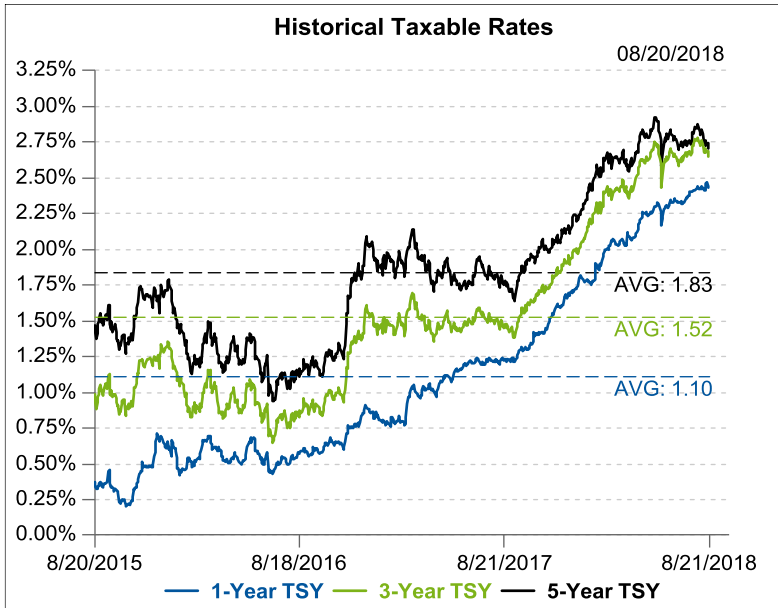
*Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.*

# INTEREST RATES

## Taxable

- The 1 year US Treasury rate has increased 121 basis points over the 12-month period ending 8/20/2018.
- The 5 year US Treasury rate has increased 93 basis points over the 12-month period ending 8/20/2018.

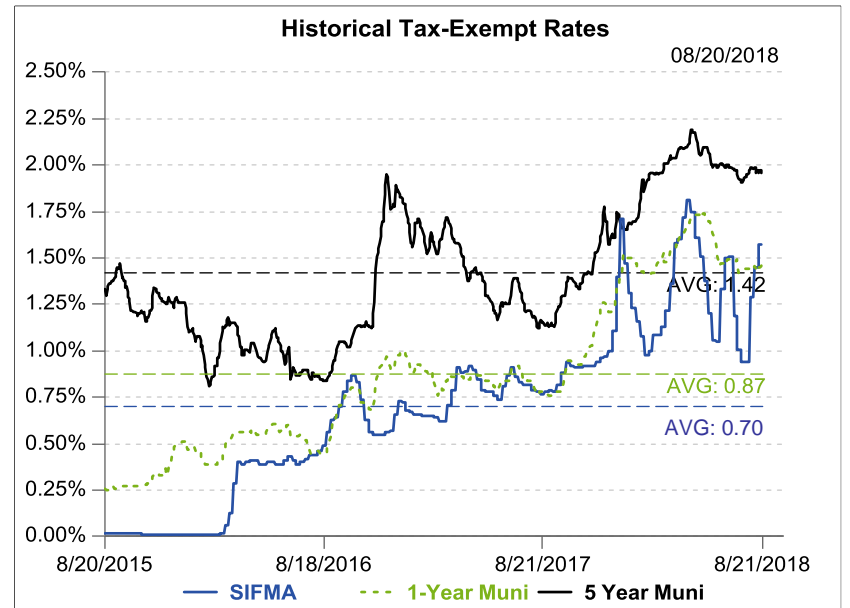
Taxable Rates	As Of 8/20/2018	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	2.43%	2.31%	1.22%	1.10%	13
3-Yr TSY	2.65%	2.72%	1.46%	1.52%	(7)
5-Yr TSY	2.70%	2.89%	1.77%	1.83%	(19)



## Tax-Exempt

- The short-term (SIFMA) rate has increased 80 basis points over the 12-month period ending 8/20/2018.
- The S&P 1-Yr AAA Municipal rate has increased 71 basis points over the 12-month period ending 8/20/2018.

Tax-Exempt Rates	As Of 8/20/2018	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
SIFMA	1.57%	1.75%	0.77%	0.70%	(18)
S&P 1-Yr AAA Muni	1.48%	1.73%	0.77%	0.87%	(25)
S&P 5-Yr AAA Muni	1.96%	2.10%	1.15%	1.42%	(14)



# PORTFOLIO SUMMARY

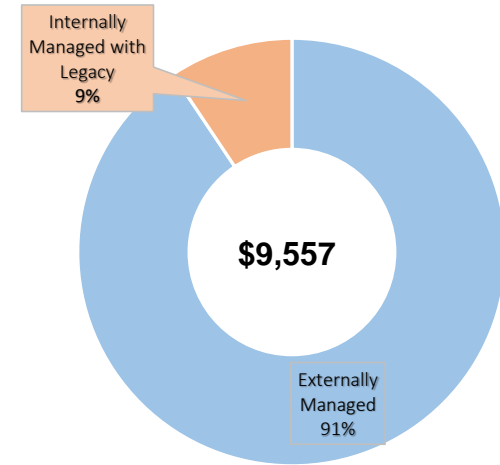
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
<b>Total</b>	<b>\$9,557</b>	<b>\$9,589</b>	<b>(\$31)</b>	<b>100</b>
<b>Taxable with Legacy Securities</b>	7,894	7,928	(34)	83
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,357	4,386	(29)	46
Treasury & Agency Securities	2,338	2,358	(20)	25
Money Market Funds & Cash	735	724	11	8
Municipal Bonds	312	308	4	3
ABS	106	106	0	1
Legacy Securities	46	46	(1)	0
<b>Tax Exempt</b>	1,664	1,661	3	17
Municipal Bonds	1,485	1,541	(56)	16
Treasury & Agency Securities	114	90	24	1
Money Market Funds & Cash	64	30	35	0

(\$ in Millions)

Notes:

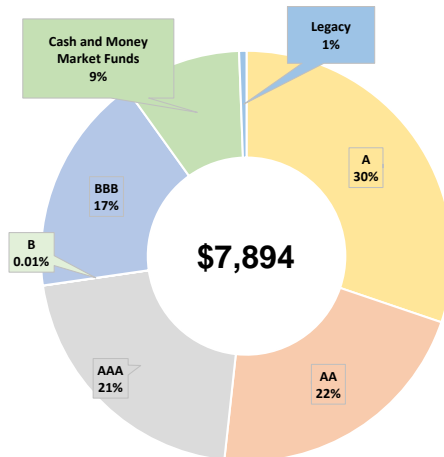
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

## Total Portfolio Composition



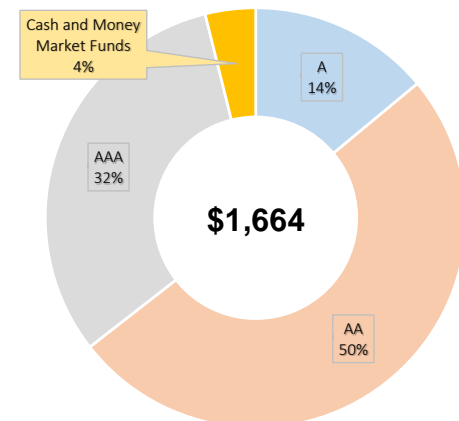
(\$ in Millions)

## Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

## Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

## PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 4.01 years.
- The 2-year annualized total return is -0.08% and income return is 2.02%.

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	1.76	AA	AA	AA	0.21	0.97	0.25	0.00	0.60	0.13	0.42	1.41	1.22	1.18
Tax Exempt Externally Managed	1.86	AA	AA	AA	0.22	0.98	0.26	0.01	0.61	0.13	0.42	1.41	1.23	1.19
Taxable Excluding Legacy Securities	4.52	A	A	AA	0.15	0.61	-0.70	0.15	1.09	0.25	0.75	2.51	2.14	1.89
Taxable Internally Managed Excluding Legacy Securities	--	AAA	AAA	AAA	0.02	0.08	0.26	0.39	0.35	0.02	0.07	0.25	0.38	0.34
<b>Total Excluding Legacy Securities</b>	<b>4.01</b>	<b>A</b>	<b>A</b>	<b>AA</b>	<b>0.15</b>	<b>0.61</b>	<b>-0.88</b>	<b>-0.08</b>	<b>0.84</b>	<b>0.25</b>	<b>0.75</b>	<b>2.44</b>	<b>2.02</b>	<b>1.78</b>

*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	2.69%	2.66%	2.55%	2.15%	1.74%
US Corporate Bond 3-5 Year	3.53%	3.52%	3.38%	2.95%	2.65%
SIFMA	1.22%	1.29%	1.31%	1.16%	0.94%
S&P 3-Yr AAA Muni	1.73%	1.82%	1.78%	1.51%	1.30%
US Corporate Bond 1 Year	3.18%	3.13%	2.99%	2.55%	2.18%
1-Year Treasury Yield	2.38%	2.32%	2.19%	1.83%	1.36%
1-Month LIBOR	2.08%	2.03%	1.90%	1.62%	1.21%