

Citizens Investment Summary



October 2018

EXECUTIVE SUMMARY

- Citizens' total portfolio market value for October 2018 was \$9.33 billion (prior month: \$9.43 billion) with an average duration of 3.94 years (prior month: 3.96 years) and average credit ratings of A/A/AA.
 - 82% of the total portfolio is taxable, with a market value of \$7.67 billion.
 - 18% of the total portfolio is tax-exempt, with a market value of \$1.66 billion.
 - 91%, or \$8.45 billion of the total portfolio is managed by 15 external investment managers, with an average duration of 4.02 years and 9% is internally managed, or \$0.89 billion.
- 1-year total return and income return of Citizens' total portfolio was -1.26% and 2.76%, respectively, as compared to the average 1-year Treasury yield of 2.65% for October 2018.
- 3% of the portfolio matures in less than 90 days and 23% of the portfolio matures between 1 and 3 years.

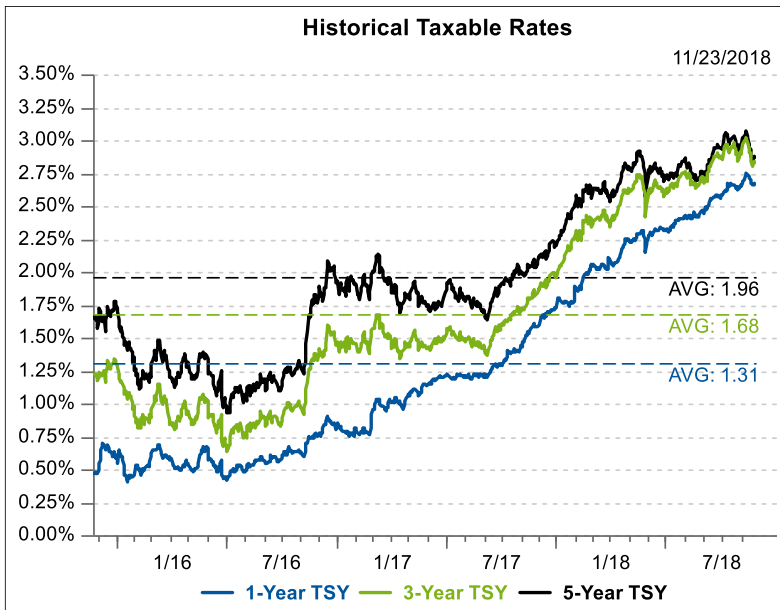
Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.

INTEREST RATES

Taxable

- The 1 year US Treasury rate has increased 119 basis points over the 12-month period ending 11/13/2018.
- The 5 year US Treasury rate has increased 91 basis points over the 12-month period ending 11/13/2018.

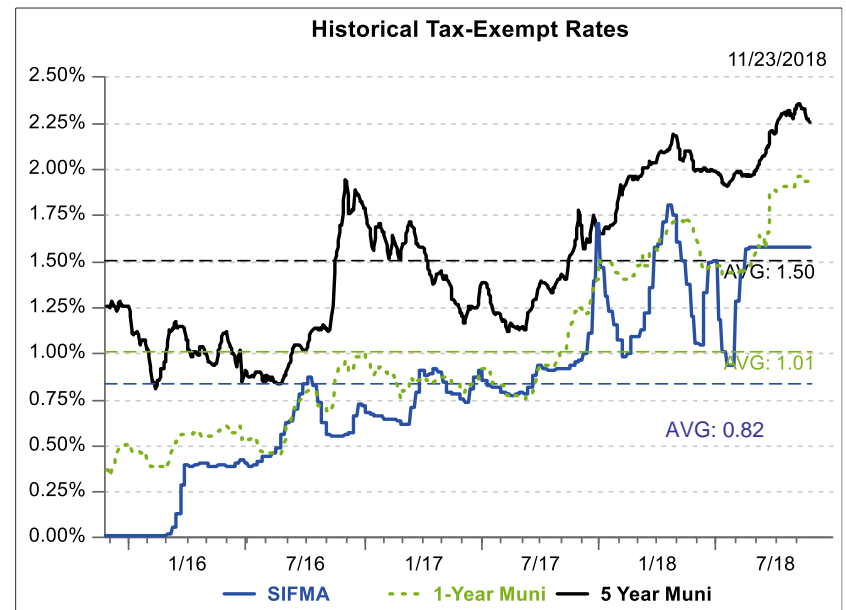
Taxable Rates	As Of 11/13/2018	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	2.74%	2.42%	1.55%	1.28%	33
3-Yr TSY	2.95%	2.69%	1.82%	1.67%	26
5-Yr TSY	2.98%	2.74%	2.07%	1.95%	24



Tax-Exempt

- The short-term (SIFMA) rate has increased 66 basis points over the 12-month period ending 11/13/2018.
- The S&P 1-Yr AAA Municipal rate has increased 84 basis points over the 12-month period ending 11/13/2018.

Tax-Exempt Rates	As Of 11/13/2018	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
SIFMA	1.58%	0.94%	0.92%	0.82%	64
S&P 1-Yr AAA Muni	1.96%	1.45%	1.12%	0.99%	51
S&P 5-Yr AAA Muni	2.33%	1.97%	1.51%	1.49%	36



PORTFOLIO SUMMARY

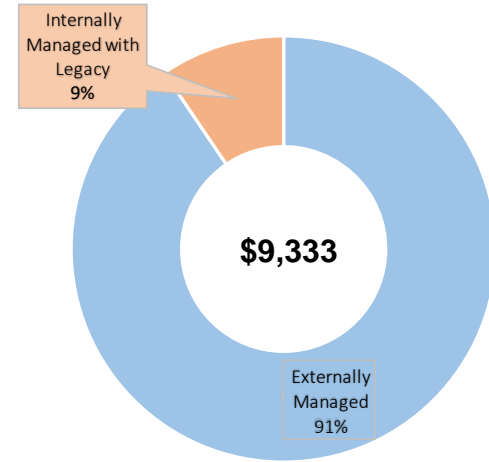
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$9,333	\$9,432	(\$99)	100
Taxable with Legacy Securities	7,672	7,771	(99)	82
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,264	4,304	(40)	46
Treasury & Agency Securities	2,350	2,372	(21)	25
Money Market Funds & Cash	631	661	(30)	7
Municipal Bonds	303	307	(4)	3
ABS	80	83	(3)	1
Legacy Securities	44	45	(1)	0
Tax Exempt	1,661	1,661	0	18
Municipal Bonds	1,407	1,412	(5)	15
Treasury & Agency Securities	189	168	21	2
Money Market Funds & Cash	64	81	(16)	1

(\$ in Millions)

Notes:

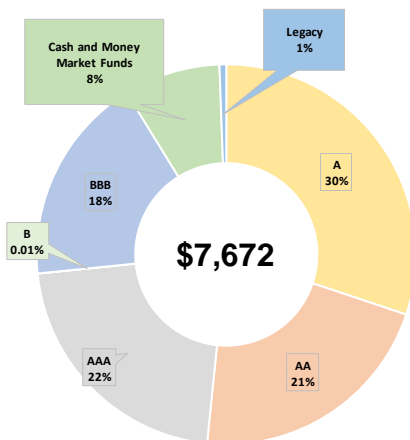
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

Total Portfolio Composition



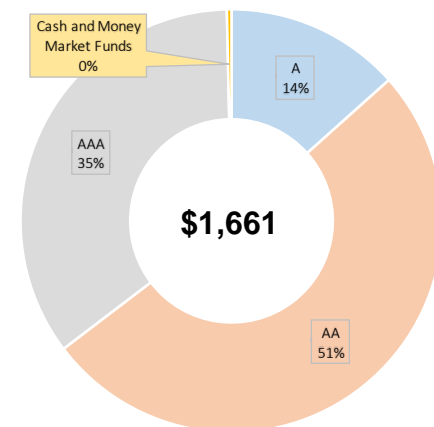
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 3.94 years.
- The 2-year annualized total return is 0.10% and income return is 2.21%.

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	1.64	AA	AA	AA	-0.02	-0.26	0.00	0.12	0.34	0.16	0.42	1.58	1.28	1.24
Tax Exempt Externally Managed	1.82	AA	AA	AA	-0.03	-0.27	-0.01	0.12	0.34	0.16	0.42	1.59	1.29	1.24
Taxable Excluding Legacy Securities	4.47	A	A	AA	-0.30	-0.06	-1.16	0.32	0.96	0.27	0.76	2.78	2.32	2.05
Taxable Internally Managed Excluding Legacy Securities	--	AAA	AAA	AAA	0.03	0.07	0.30	0.36	0.36	0.04	0.07	0.30	0.36	0.36
Total Excluding Legacy Securities	3.94	A	A	AA	-0.30	-0.06	-1.26	0.10	0.69	0.27	0.76	2.76	2.21	1.94

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	2.93%	2.82%	2.74%	2.47%	1.98%
US Corporate Bond 3-5 Year	3.73%	3.59%	3.55%	3.26%	2.86%
SIFMA	1.58%	1.55%	1.41%	1.33%	1.05%
S&P 3-Yr AAA Muni	2.12%	1.92%	1.87%	1.75%	1.45%
US Corporate Bond 1 Year	3.36%	3.25%	3.19%	2.88%	2.40%
1-Year Treasury Yield	2.65%	2.55%	2.43%	2.15%	1.60%
1-Month LIBOR	2.29%	2.18%	2.10%	1.86%	1.42%