

Citizens Investment Summary Report Appendix



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.

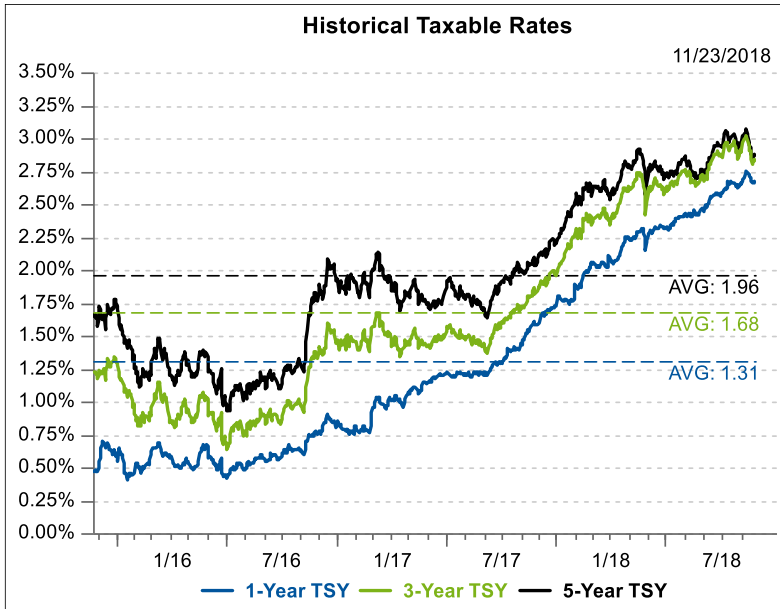
Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.

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.

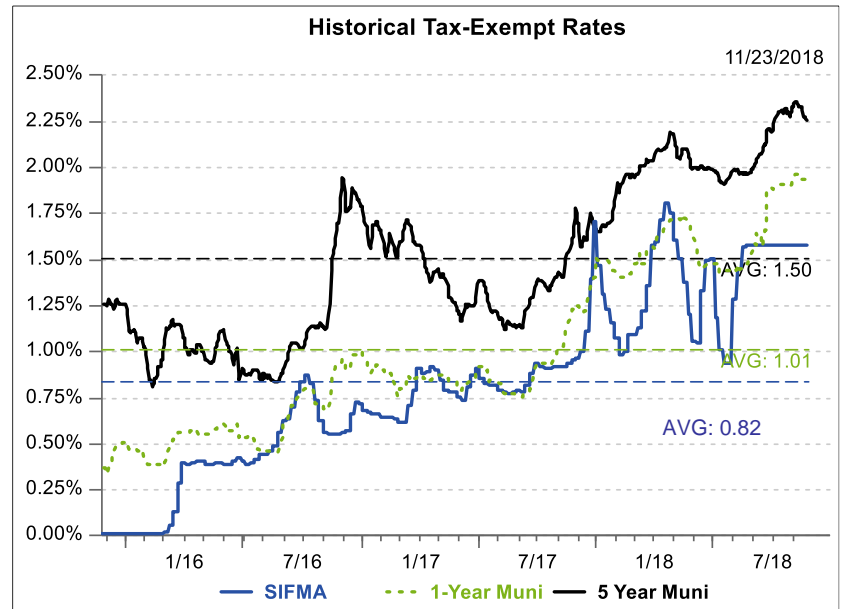
Taxable Rates	As Of 11/13/2018	3-Month Prior	1-Year Prior	3-Year Average	3-Month Change (bps)
1-Yr TSY	2.74%	2.42%	1.55%	1.28%	33
3-Yr TSY	2.95%	2.69%	1.82%	1.67%	26
5-Yr TSY	2.98%	2.74%	2.07%	1.95%	24



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

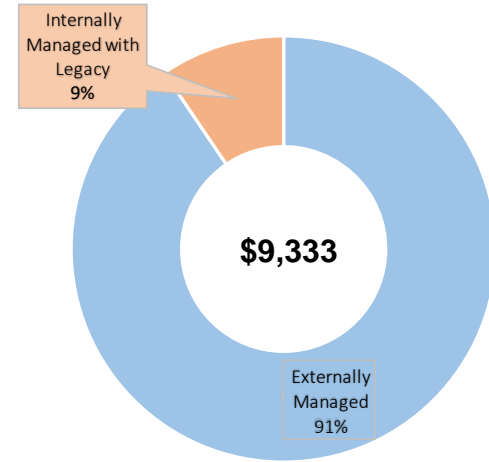
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
Total	\$9,333	\$9,432	(\$99)	100
Taxable with Legacy Securities	7,672	7,771	(99)	82
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,264	4,304	(40)	46
Treasury & 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:

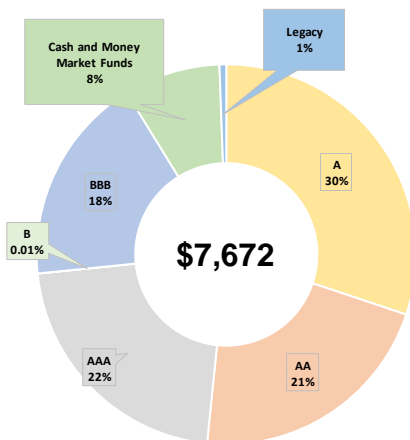
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

Total Portfolio Composition



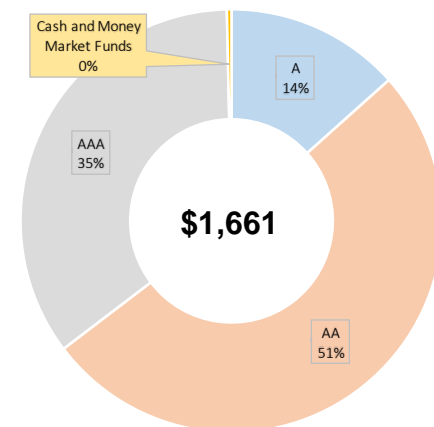
(\$ in Millions)

Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

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	\$174	\$0	\$0	\$98	\$271	3%
Eaton Vance	\$0	\$235	\$0	\$0	\$235	3%
Federated	\$166	\$0	\$0	\$174	\$341	4%
HIMCO	\$0	\$224	\$0	\$0	\$224	3%
Insight	\$0	\$191	\$459	\$116	\$767	9%
Neam	\$0	\$187	\$608	\$61	\$857	10%
Northern Trust	\$0	\$0	\$812	\$0	\$812	10%
Payden	\$0	\$232	\$0	\$0	\$232	3%
PFM	\$242	\$191	\$0	\$0	\$434	5%
RBC	\$57	\$0	\$970	\$0	\$1,027	12%
Standish	\$0	\$0	\$0	\$622	\$622	7%
UBS	\$0	\$0	\$500	\$106	\$606	7%
US Bancorp	\$0	\$340	\$296	\$0	\$636	8%
Wellington	\$153	\$0	\$602	\$0	\$754	9%
Wells Capital	\$0	\$399	\$0	\$230	\$629	7%
Grand Total	\$792	\$2,001	\$4,248	\$1,407	\$8,447	100%

Total Externally Managed Portfolio Composition



(\$ in Millions)

- 92% of the taxable portfolio, or \$7.04 billion, is managed by 14 external investment managers.
- 85% of the tax-exempt portfolio, or \$1.41 billion, is managed by 7 external investment managers.

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.

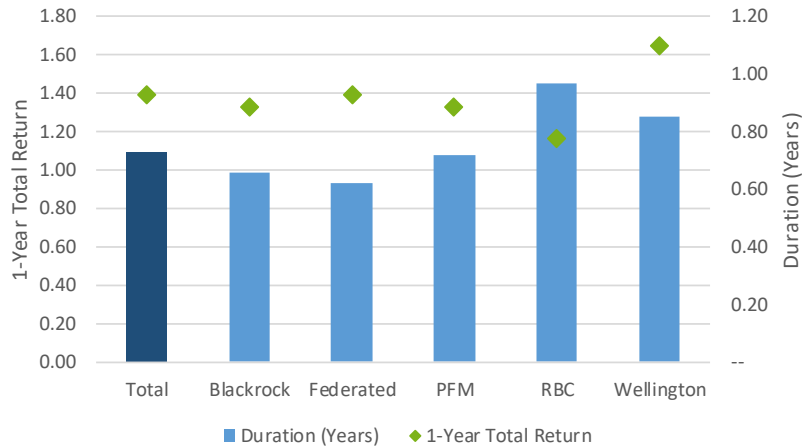
	1 Month	3 Month	6 Month	1 Year	2 Year
3-Year Treasury Yield	2.93%	2.82%	2.74%	2.47%	1.98%
US Corporate Bond 3-5 Year	3.73%	3.59%	3.55%	3.26%	2.86%
SIFMA	1.58%	1.55%	1.41%	1.33%	1.05%
S&P 3-Yr AAA Muni	2.12%	1.92%	1.87%	1.75%	1.45%
US Corporate Bond 1 Year	3.36%	3.25%	3.19%	2.88%	2.40%
1-Year Treasury Yield	2.65%	2.55%	2.43%	2.15%	1.60%
1-Month LIBOR	2.29%	2.18%	2.10%	1.86%	1.42%

TAXABLE LIQUIDITY PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

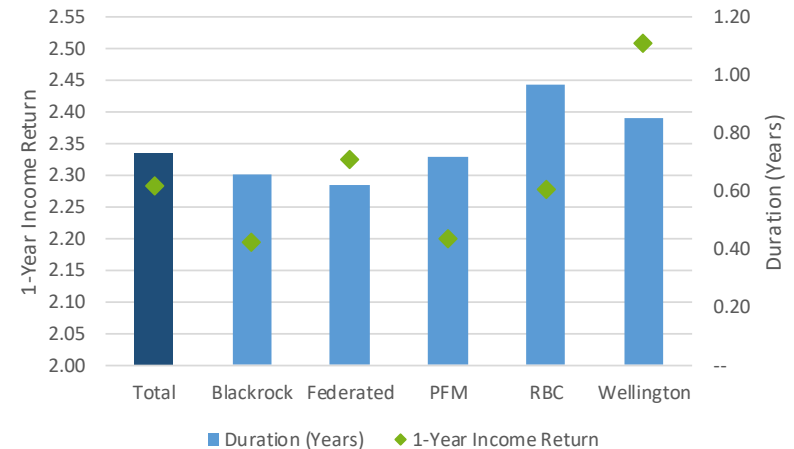
- The Taxable Liquidity portfolio duration is 0.73 years.
- The Taxable Liquidity portfolio 1-year total return is 1.39% and income return is 2.28%.

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	0.66	174	0.15	0.52	1.33	1.18	0.22	0.62	2.19	1.70
Federated	0.62	166	0.13	0.54	1.39	1.19	0.23	0.66	2.33	1.77
PFM	0.72	242	0.14	0.53	1.33	1.25	0.22	0.63	2.20	1.73
RBC	0.97	57	0.12	0.53	1.16	1.23	0.22	0.65	2.28	1.79
Wellington	0.85	153	0.15	0.58	1.65	1.44	0.23	0.70	2.51	1.92
Total	0.73	792	0.14	0.54	1.39	1.25	0.22	0.65	2.28	1.77

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



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



Notes:

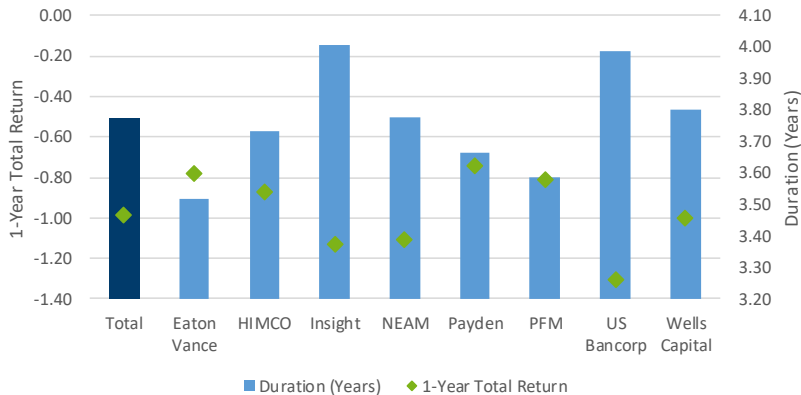
- The Taxable Liquidity Portfolio is managed to a maximum dollar weighted average maturity of 548 days. The applicable policy governs the investment of funds that will be the first moneys used to pay claims after an event and is also used to pay operating expenses on an ongoing basis.
- The 2 Year returns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

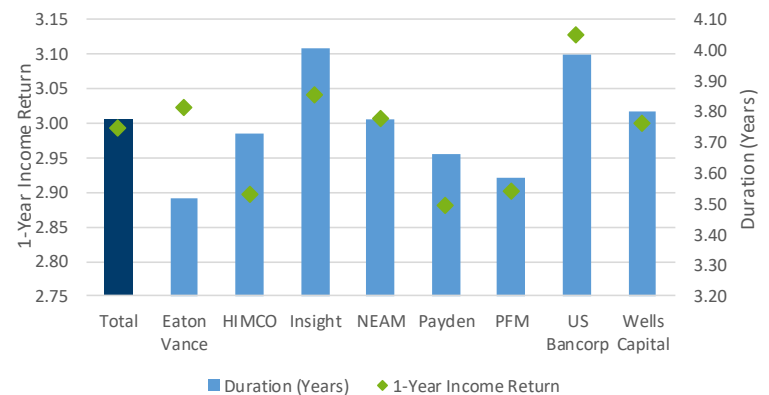
- The Taxable Claims-Paying Fund portfolio duration is 3.77 years.
- The Taxable Claims-Paying Fund portfolio 1-year total return is -0.98% and income return is 2.99%.

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	3.52	235	-0.22	0.16	-0.78	0.32	0.29	0.82	3.02	2.49
HIMCO	3.73	224	-0.19	0.10	-0.87	0.46	0.28	0.79	2.90	2.40
Insight	4.01	191	-0.31	-0.03	-1.13	0.11	0.29	0.83	3.04	2.51
NEAM	3.78	187	-0.17	0.11	-1.11	0.25	0.29	0.81	3.01	2.47
Payden	3.66	232	-0.11	0.18	-0.74	0.15	0.28	0.78	2.88	2.34
PFM	3.58	191	-0.21	0.06	-0.81	0.34	0.28	0.79	2.90	2.30
US Bancorp	3.99	340	-0.19	0.13	-1.31	0.26	0.30	0.84	3.13	2.58
Wells Capital	3.80	399	-0.20	0.06	-1.00	0.11	0.29	0.82	3.00	2.54
Total	3.77	2,001	-0.20	0.10	-0.98	0.24	0.29	0.81	2.99	2.47

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



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



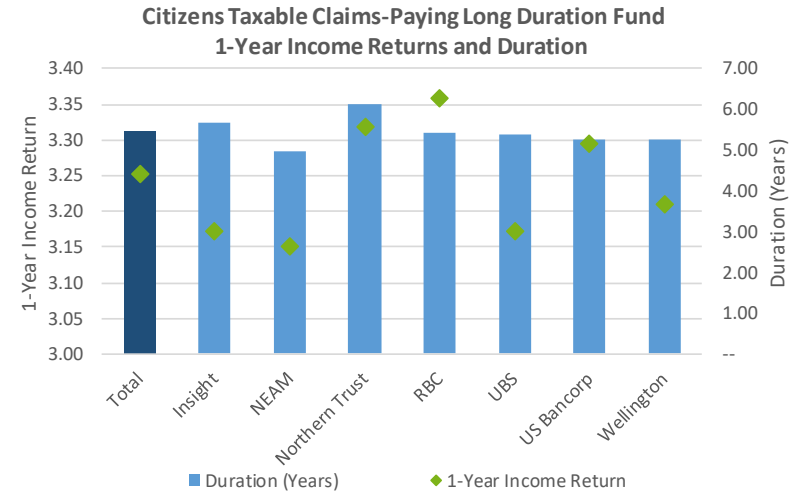
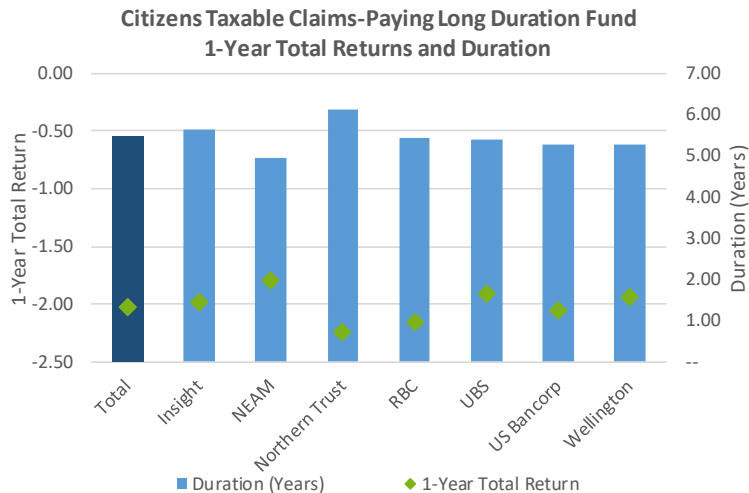
Notes:

- 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.

TAXABLE CLAIMS-PAYING LONG DURATION PORTFOLIO INVESTMENT MANAGER RETURNS SUMMARY

- The Taxable Claims-Paying Long Duration Fund portfolio duration is 5.48 years.
- The Taxable Claims-Paying Long Duration Fund portfolio 1-year total return is -2.03% and income return is 3.25%.

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	5.66	459	-0.50	-0.32	-1.98	0.12	0.30	0.86	3.17	2.65
NEAM	4.95	608	-0.35	-0.13	-1.79	0.18	0.29	0.84	3.15	2.58
Northern Trust	6.12	812	-0.59	-0.42	-2.25	-0.32	0.32	0.90	3.32	2.69
RBC	5.44	970	-0.56	-0.30	-2.15	0.34	0.31	0.89	3.36	2.84
UBS	5.38	500	-0.46	-0.23	-1.92	-0.05	0.30	0.86	3.17	2.58
US Bancorp	5.25	296	-0.39	-0.15	-2.06	0.14	0.31	0.89	3.30	2.72
Wellington	5.27	602	-0.43	-0.17	-1.95	-0.20	0.30	0.85	3.21	2.65
Total	5.48	4,248	-0.49	-0.27	-2.03	0.03	0.31	0.87	3.25	2.69



Notes:

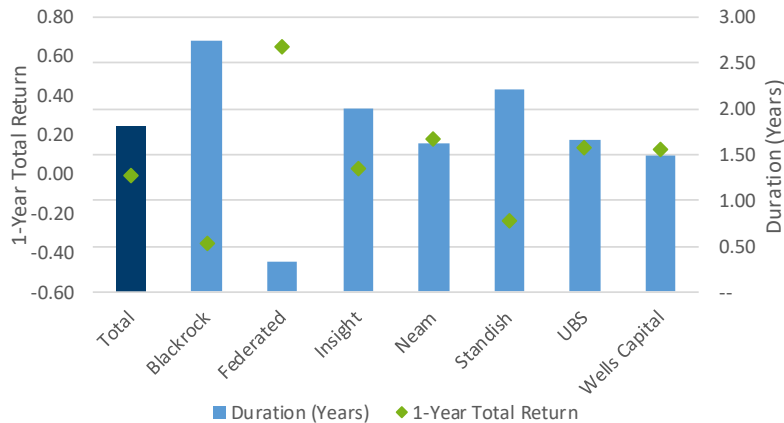
- The Taxable Claims-Paying Long Duration portfolio is managed a maximum dollar weighted average maturity of 10 years. The applicable policy governs the investment of funds that will be used to pay claims post-event after Citizens has expended all moneys in the Claims-Paying Fund.
- The 2 Year returns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

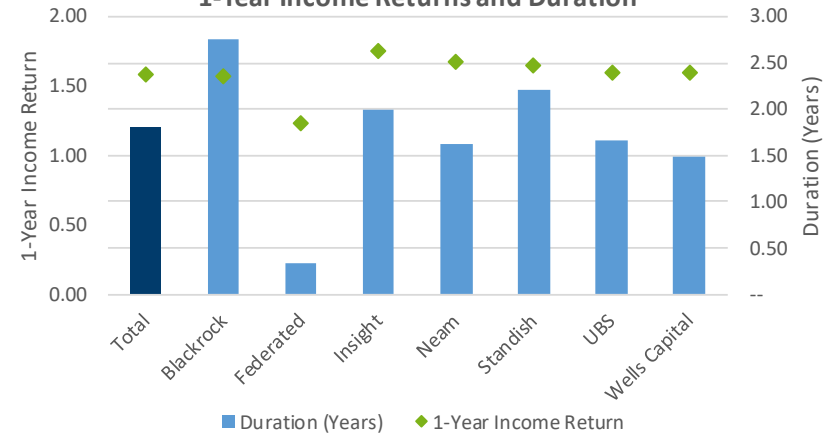
- The Tax-Exempt Claims-Paying Fund portfolio duration is 1.81 years.
- The Tax-Exempt Claims-Paying Fund portfolio 1-year total return is -0.01% and income return is 1.59%.

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	2.75	98	-0.21	-0.58	-0.35	-0.10	0.16	0.43	1.57	1.26
Federated	0.34	174	0.18	0.28	0.65	0.62	0.12	0.33	1.23	1.06
Insight	1.99	116	-0.03	-0.29	0.03	0.39	0.17	0.46	1.75	1.45
Neam	1.63	61	0.01	-0.19	0.18	0.23	0.16	0.43	1.67	1.36
Standish	2.22	622	-0.09	-0.43	-0.24	-0.09	0.17	0.44	1.64	1.36
UBS	1.66	106	0.02	-0.21	0.14	0.15	0.17	0.44	1.60	1.26
Wells Capital	1.49	230	0.04	-0.19	0.13	0.15	0.16	0.42	1.59	1.24
Total	1.81	1,407	-0.03	-0.27	-0.01	0.12	0.16	0.42	1.59	1.29

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



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



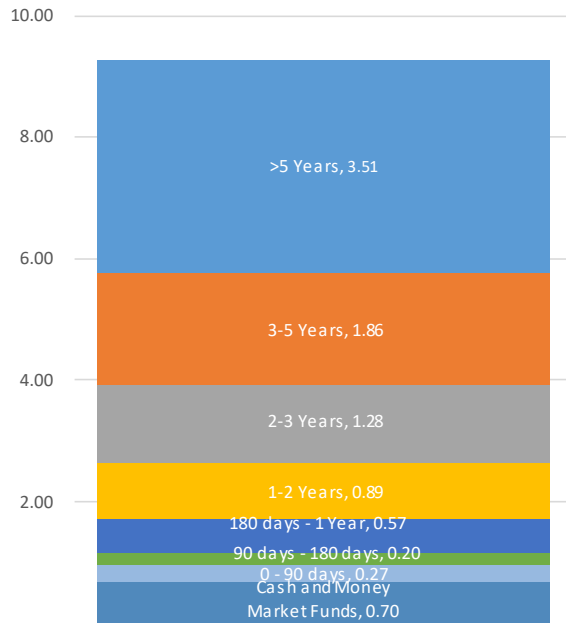
Notes:

- 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.

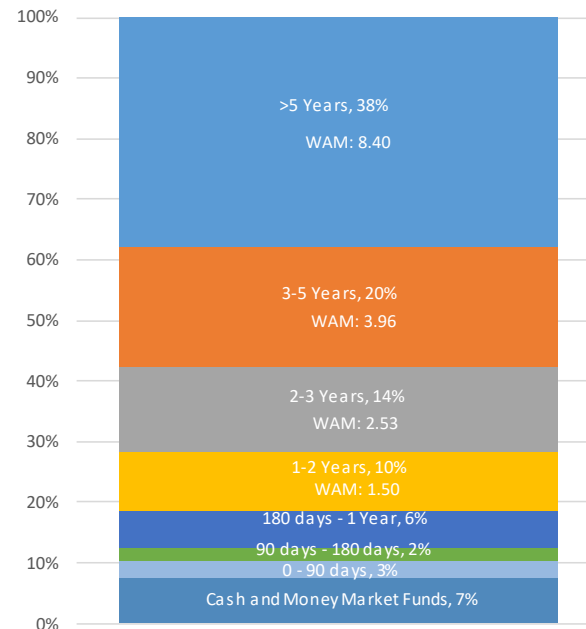
PORTFOLIO MATURITY DISTRIBUTION

- 3% of the portfolio matures in less than 90 days.
- 8% of the portfolio matures between 90 days and 1 year.
- 23% of the portfolio matures between 1 and 3 years.
- 20% of the portfolio matures between 3 and 5 years.
- 38% 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. 48% or \$0.13 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	B3	B+	CCC+	897,500	999,329	(101,829)

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

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	537,950	537,950
Issuer Entity (Ottimo)	N/A	NP	11/9/2007	NR	11/9/2007	D	11/9/2007	7,764,450	18,498,243	10,733,793
Axon Financial Funding LLC	N/A	NP	11/27/2007	NR	11/27/2007	D	11/27/2007	22,074,319	25,314,588	3,240,269
Total								\$29,838,770	\$44,350,781	\$14,512,012

- 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 October 31, 2018, \$204.0 million of principal amount has been recovered from the original write down amount of \$290.7 million resulting in a remaining current write down amount of \$86.7 million, nonetheless, these legacy securities continue to pay principal and interest.