

# Citizens Investment Summary



**April 2018**

## EXECUTIVE SUMMARY

- Citizens' total portfolio market value for April 2018 was \$9.91 billion (prior month: \$10.00 billion) with an average duration of 4.00 years (prior month: 4.02 years) and average credit ratings of A/AA/AA (Feb 2018: A/AA/A).
  - 80% of the total portfolio is taxable, with a market value of \$7.96 billion.
  - 20% of the total portfolio is tax-exempt, with a market value of \$1.95 billion.
  - 88%, or \$8.74 billion of the total portfolio is managed by 14 external investment managers, with an average duration of 4.13 years and 12% is internally managed, or \$1.18 billion.
- Citizens' 1-year total return and income return was -0.63% and 2.42%, respectively, as compared to the average 1-year Treasury yield of 2.15% for April 2018.
- 4% of the portfolio matures in less than 90 days and 22% of the portfolio matures between 1 and 3 years.

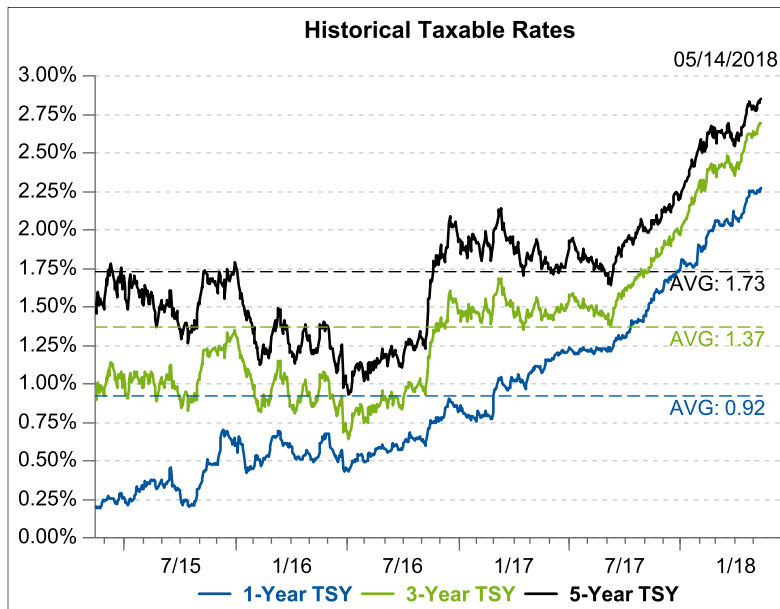
*Note: The legacy securities are not included in the taxable portfolio or total portfolio for the purpose of duration, average ratings and performance reporting in this report.*

# INTEREST RATES

## Taxable

- The 1 year US Treasury rate has increased 117 basis points over the 12-month period ending 5/14/2018.
- The 5 year US Treasury rate has increased 100 basis points over the 12-month period ending 5/14/2018.

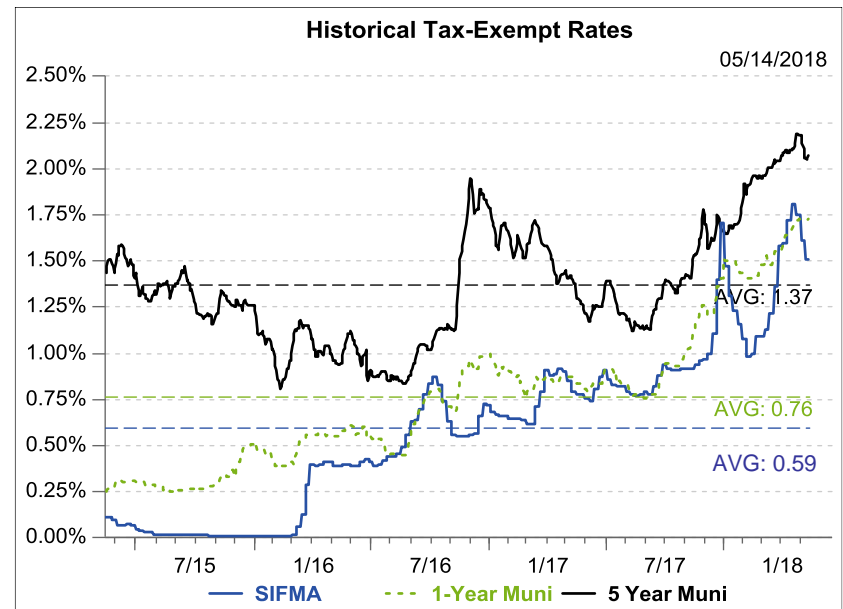
Taxable Rates	As Of 5/14/2018	3-Mos. Prior	1-Year Prior	3-Year Average
1-Yr TSY	2.28%	1.97%	1.11%	0.92%
3-Yr TSY	2.70%	2.40%	1.49%	1.37%
5-Yr TSY	2.85%	2.64%	1.85%	1.73%



## Tax-Exempt

- The short-term (SIFMA) rate has increased 72 basis points over the 12-month period ending 5/14/2018.
- The S&P 1-Yr AAA Municipal rate has increased 86 basis points over the 12-month period ending 5/14/2018.

Tax-Exempt Rates	As Of 5/14/2018	3-Mos. Prior	1-Year Prior	3-Year Average
SIFMA	1.51%	1.08%	0.79%	0.59%
S&P 1-Yr AAA Muni	1.73%	1.41%	0.87%	0.76%
S&P 5-Yr AAA Muni	2.07%	1.95%	1.38%	1.37%



# PORTFOLIO SUMMARY

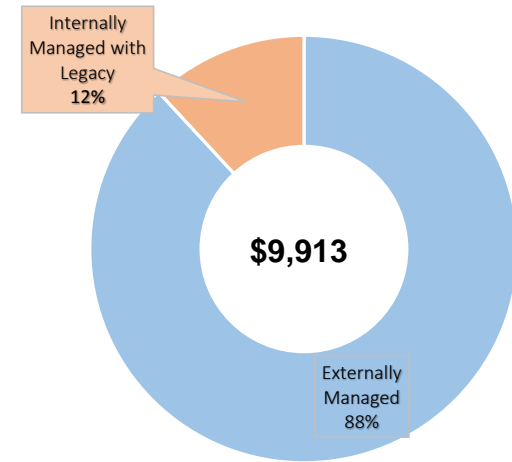
Security Description	Current Month Market Value	Prior Month Market Value	Month-to-Month Change	Current Month Weight (%)
<b>Total</b>	<b>\$9,913</b>	<b>\$10,000</b>	<b>(\$87)</b>	<b>100</b>
<b>Taxable with Legacy Securities</b>	7,963	8,047	(84)	80
Corporate Bonds, Commercial Paper, CDs, & Foreign Govt Securities	4,304	4,316	(12)	43
Treasury & Agency Securities	2,415	2,447	(32)	24
Money Market Funds & Cash	793	846	(53)	8
Municipal Bonds	300	292	8	3
ABS	104	99	5	1
Legacy Securities	47	47	0	0
<b>Tax Exempt</b>	1,950	1,952	(3)	20
Municipal Bonds	1,582	1,606	(24)	16
Treasury & Agency Securities	272	271	0	3
Money Market Funds & Cash	95	75	21	1

(\$ in Millions)

Notes:

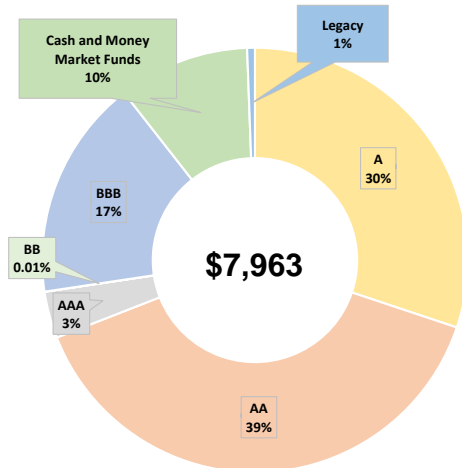
1. Month-to-month changes can be driven by transfers of funds from one category of securities to another.
2. Numbers may not add up due to rounding.

## Total Portfolio Composition



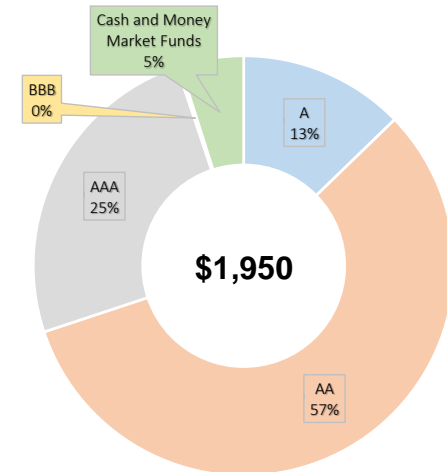
(\$ in Millions)

## Taxable Portfolio Credit Quality Distribution



(\$ in Millions)

## Tax-Exempt Portfolio Credit Quality Distribution



(\$ in Millions)

## PORTFOLIO RETURNS SUMMARY

- The total portfolio duration is 4.00 years.
- The 2-year annualized total return is 0.08% and income return is 2.03%.

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	1.66	AA	AA	AA	-0.22	-0.21	-0.08	0.24	0.67	0.35	1.07	3.89	2.54	2.05
Tax Exempt Externally Managed	1.94	AA	AA	AA	-0.22	-0.22	-0.14	0.21	0.65	0.35	1.07	4.06	2.63	2.11
Taxable Excluding Legacy Securities	4.61	A	A	AA	-0.50	-0.79	-0.38	0.25	0.78	0.20	0.59	2.23	2.00	1.76
Taxable Internally Managed Excluding Legacy Securities	--	AAA	AAA	AAA	0.05	0.11	0.28	0.44	0.35	0.04	0.11	0.29	0.42	0.34
<b>Total Excluding Legacy Securities</b>	<b>4.00</b>	<b>A</b>	<b>AA</b>	<b>AA</b>	<b>-0.50</b>	<b>-0.79</b>	<b>-0.63</b>	<b>0.08</b>	<b>0.64</b>	<b>0.20</b>	<b>0.59</b>	<b>2.42</b>	<b>2.03</b>	<b>1.75</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	2.52%	2.43%	2.19%	1.85%	1.51%
US Corporate Bond 3-5 Year	3.36%	3.24%	2.95%	2.67%	2.46%
SIFMA	1.66%	1.37%	1.27%	1.06%	0.84%
S&P 3-Yr AAA Muni	1.87%	1.75%	1.61%	1.33%	1.17%
US Corporate Bond 1 Year	2.98%	2.85%	2.58%	2.26%	1.98%
1-Year Treasury Yield	2.15%	2.05%	1.86%	1.55%	1.13%
1-Month LIBOR	1.90%	1.77%	1.60%	1.39%	1.02%