



Quarterly Investment Report

As of 3/31/2019



Table of Contents

Executive Summary	3
Economic Outlook	4
Portfolio Statistics	11
Performance	14
Bond Purchases	15
Bond Sales, Calls & Maturities	16
Appendix	17
<i>Detailed Portfolio Holdings Report</i>	18
Glossary of Terms	20
Appendix	23
<i>Presentation Overview</i>	24
<i>Portfolio Changes</i>	27

Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities	\$2,500,000	3 bonds matured during the quarter.	0.96%
Purchases	\$4,721,316	Proceeds from maturities and cash were used to purchase bonds that maintained the target laddered maturity structure.	2.54%

PORTFOLIO STATISTICS:

Quarter Ending:	12/31/2018	03/31/2019
Tax-Equivalent Book Yield	1.86%	1.98%
Book Value	\$45,654,180	\$47,795,788
Projected Tax-Equivalent Annual Income	\$850,199	\$946,751
Unrealized Gain	-\$243,042	-\$20,726
YTD Realized Gain	-\$18,760	\$0
Portfolio Duration	1.79	1.62
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:

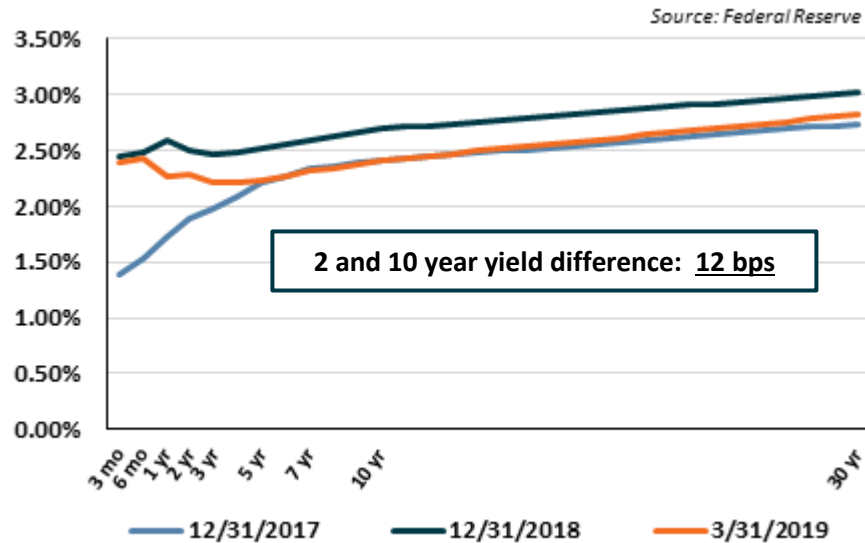
Sector	12/31/2018	03/31/2019
Treasury	100%	100%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	0%	0%

PERFORMANCE:

Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$222,663	\$220,032	\$2,631
QTD Total Return	0.95%	0.90%	0.05%
YTD Total Return	0.95%	0.90%	0.05%

Economic Outlook

Treasury Yield Curves



Treasury Yields

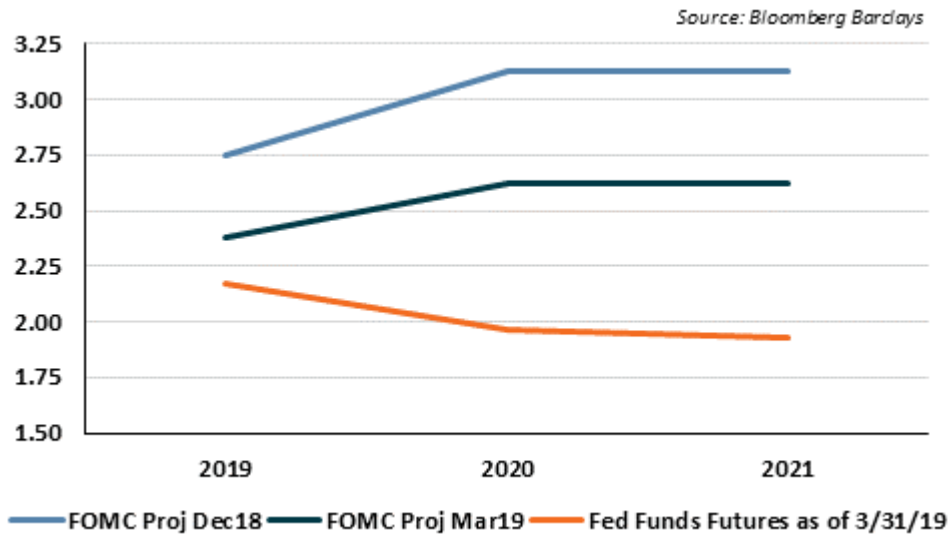


- Treasury yields experienced a tight trading range for most of the first quarter after a volatile Q418
 - Positive news for the US economy was met with concerns of global slowdown, trade tensions and geopolitical risks, which included:
 - Slow progress on a US/China trade resolution
 - Ongoing Brexit negotiations dampened the outlook for Europe as an agreement has not been met
 - Widespread global slowdown in economic data, including China, Japan and across Europe
 - 34-day US government shutdown over budget impasse due to lack of wall funding
- Prior to the March Fed meeting, markets expected the Fed to pause on additional rate hikes in 2019
 - Post meeting, Treasury yields declined on the Fed's rate pause confirmation and reduced hike outlook for coming year
 - Yields across the curve ended lower on the quarter: -23 basis points in 2 years, -28 bps in 10 years, and -20 bps in 30 years

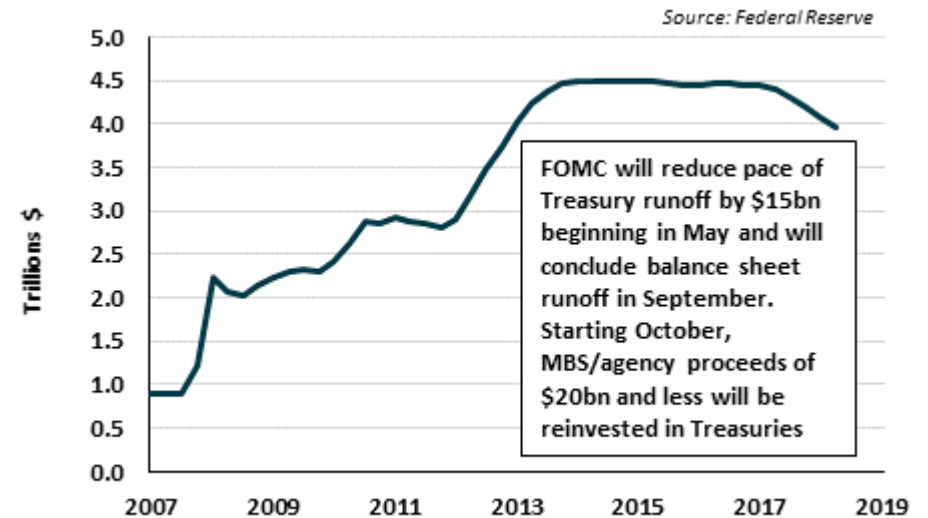
Economic Outlook

Federal Reserve

Federal Reserve Dot Plot



Federal Reserve Balance Sheet

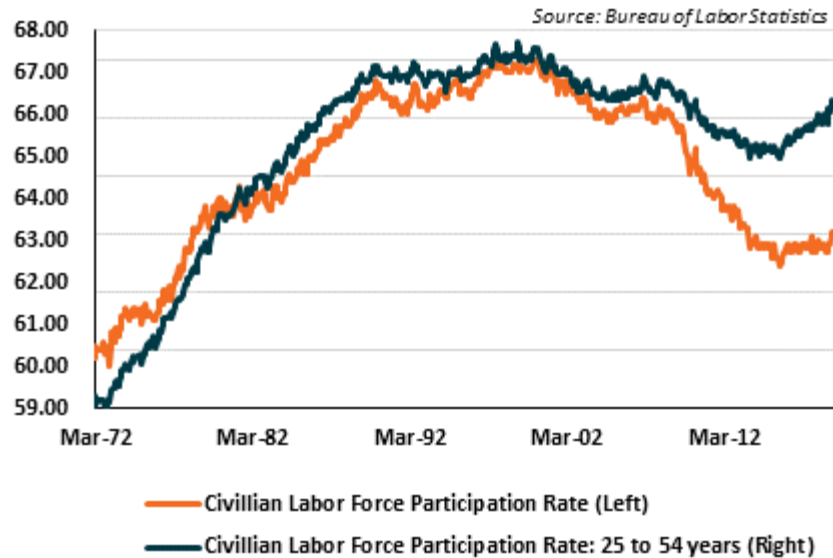


- At the end of 2018, the Fed had indicated two rate hikes in 2019 and continued reduction of the balance sheet
- At the most recent FOMC meeting in March, Chairman Powell stated that the economy is in good place, and the Fed's outlook remains favorable, inflation is muted and that the current rate policy is appropriate given conditions
 - The Fed removed all rate hike expectations for 2019, citing one possible rate hike in 2020
 - They also laid out plans to halt balance sheet reductions in September with mortgage paydowns being reinvested back into Treasury securities (up to \$20 billion/month)
 - Estimates indicate balance sheet holdings are expected to hold at approximately \$3.8 trillion for the foreseeable future
- Fed cited several reasons for the downward adjustments including:
 - Recent weakness in inflation indicators, demonstrating a lack of inflation pressure
 - Recent signs of economic slowdown on a global basis
 - Signs of tightening financial conditions, exhibited by weakening numbers for interest rate sensitive sectors (housing and autos)
 - Continued flattening of the yield curve indicating the market believes the Fed is running a highly restrictive policy

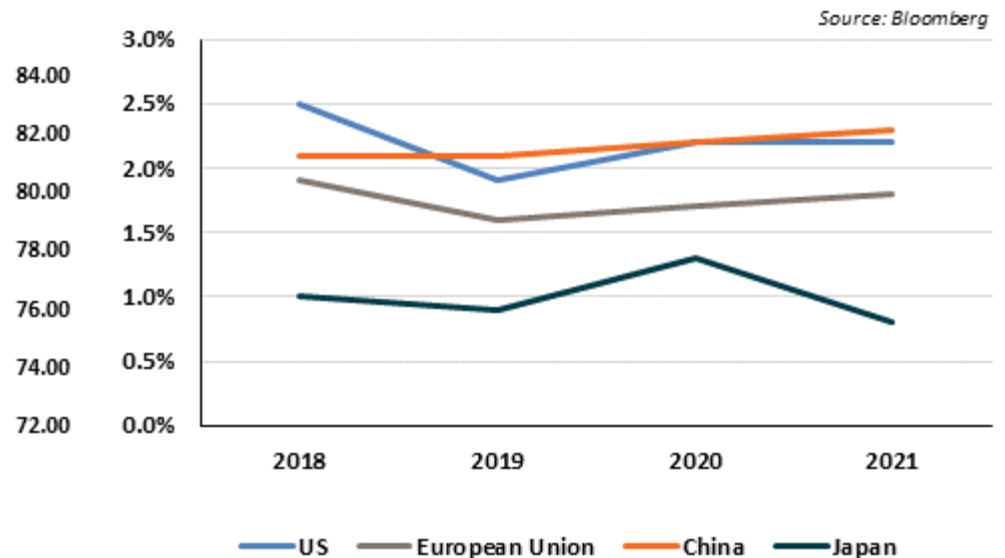
Economic Outlook

Employment and Inflation Expectations

Job Participation Rates



Inflation Forecasts

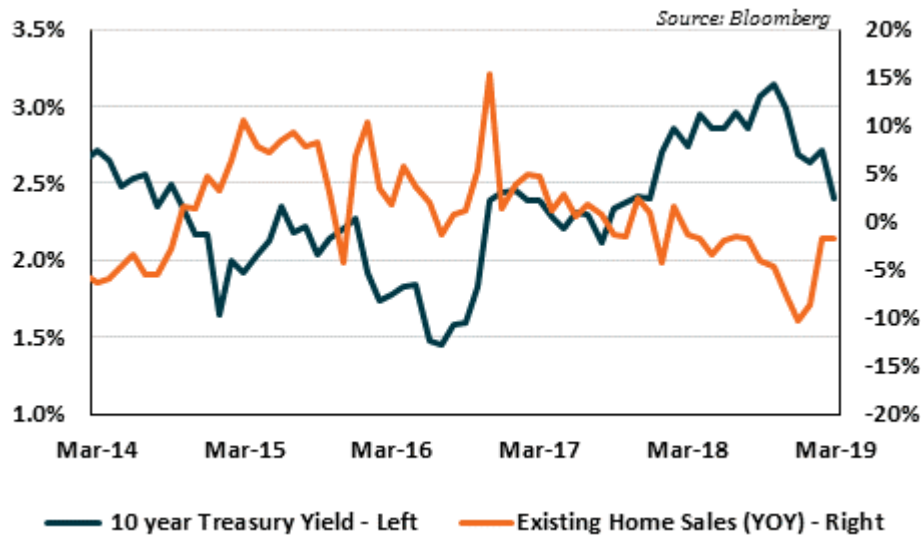


- U.S. economy continues to experience strong employment and controlled inflation
 - Job strength is evident given monthly employment gains and the decline of the unemployment rate to sub-4% levels
 - While wage inflation increased to 3.4%, wages have not led to higher overall inflation pressures throughout the economy
 - As the job market tightens, the wage component will be closely monitored as a potential catalyst for higher inflation
 - Labor force participation has also trended to the highest levels experienced over the past 5 years
 - U.S. inflation levels remain moderate and have remained persistently below “target” for many years
 - While higher interest rates and tariffs have increased costs, lower commodity prices have offset much of the inflationary impact
 - This decline is also being felt globally as other major economies have reduced inflation expectations for coming years
 - Central Banks across the globe are abandoning tight monetary policies in favor of more dovish ones, to drive additional growth
 - With the decline in rates during Q1, financial conditions are easing, which could push inflation (and rates) higher for 2019

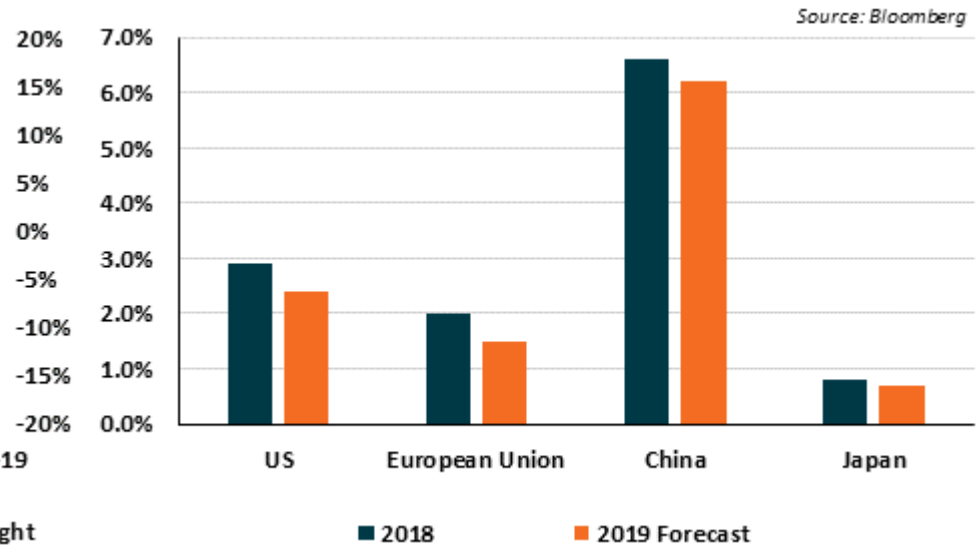
Economic Outlook

Housing and GDP Expectations

Housing and Rates



GDP Forecasts



Housing

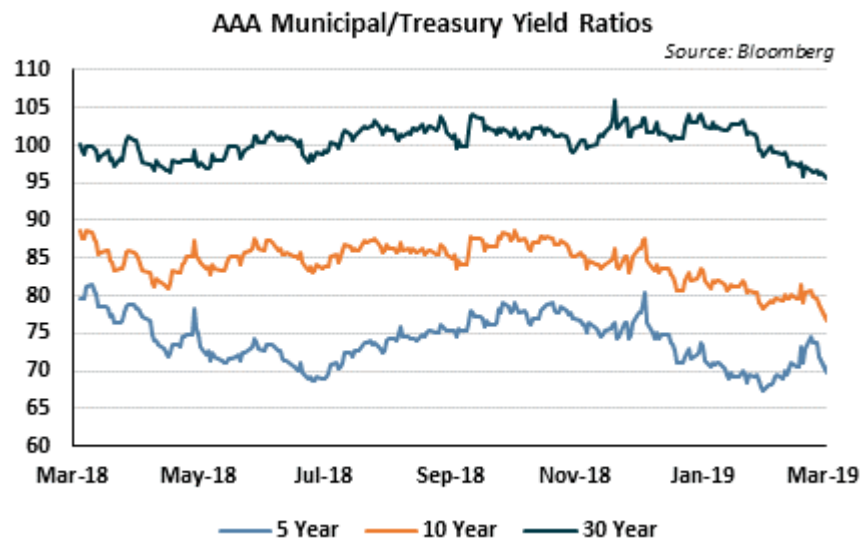
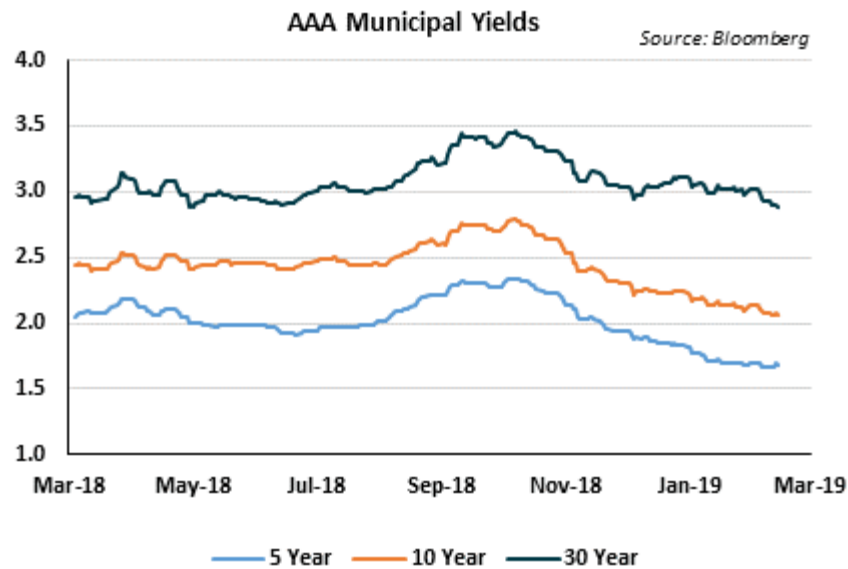
- With rates moving higher in 2018, interest rate sensitive sectors such as the housing market began to experience a pullback
 - Given this rate sensitivity, housing weakness is a strong indicator of the impact that the Fed hikes have on the broader economy
 - With roughly 2/3 of the U.S. GDP reliant on consumer spending, large ticket items such as housing and autos play an important role in growth
- The housing market will continue to be affected by swings in interest rates
 - While affordability continues to be an issue, the housing market should stabilize with the recent decline in rates, favorable job market and increased wage growth

GDP

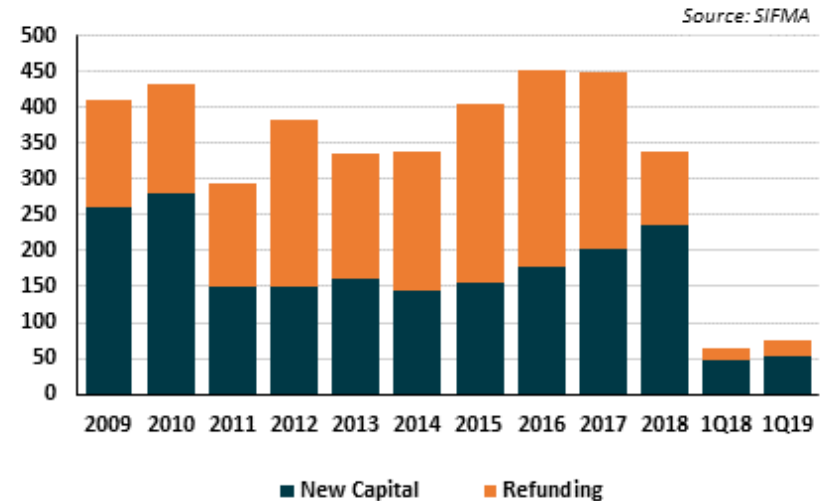
- Markets are expecting a YOY decline in global growth in 2019
- In early March, the Organization for Economic Co-operation and Development (OECD) lowered the growth outlook for the group of 20 nations
 - OECD predicts global growth of 3.3% in 2019 down from 3.6% in 2018
 - The report sited trade tensions, slowing growth in China and political uncertainty (Brexit) crushing confidence particularly in Europe
 - While global PMI indicators have slowed in the US, China and Europe, they currently remain in expansion territory
- While a recession in the US is unlikely this year, a slowdown is expected given the global landscape and fading stimulus from last year's tax reform

Economic Outlook

Municipals



Tax-Exempt Municipal Issuance (\$Billions)

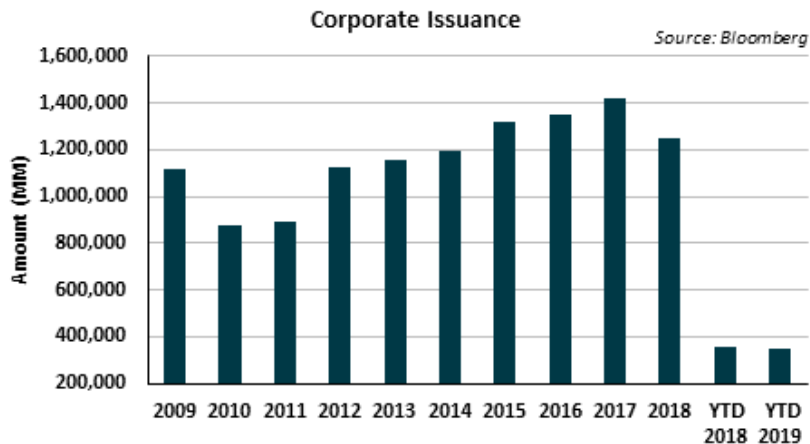
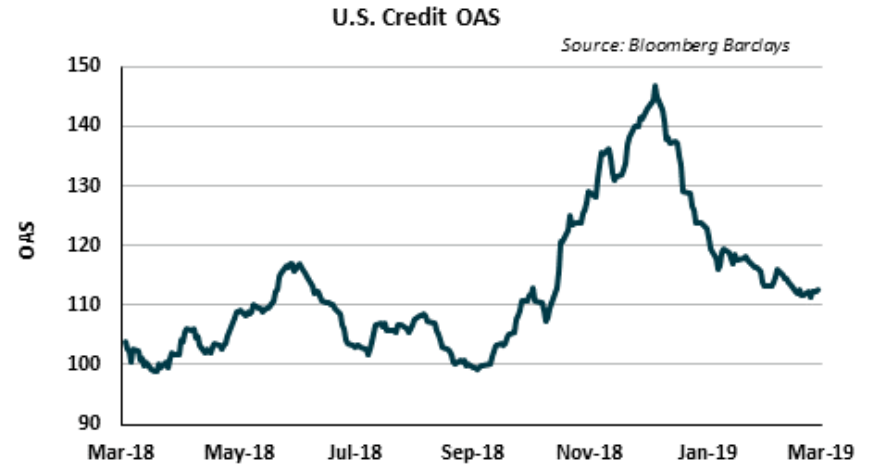
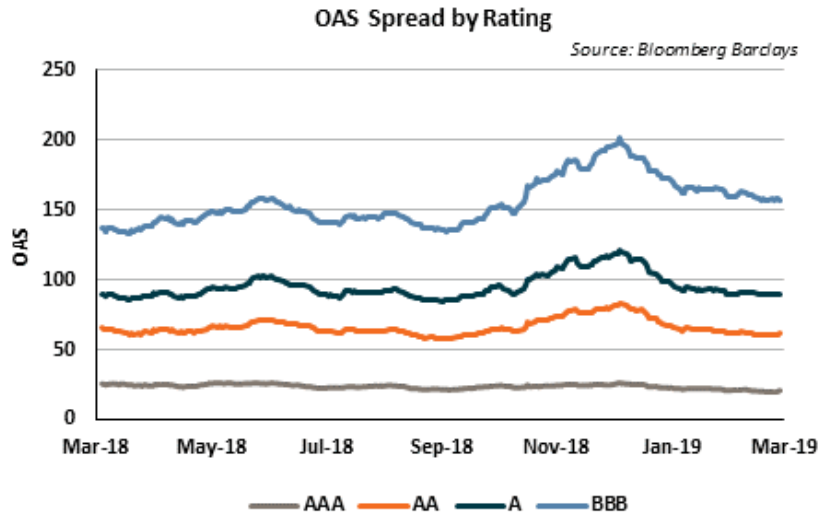


Comments

- Municipal yields followed rates lower in Q1, with yields dropping roughly 30 basis points for maturities five years and longer
- Treasury ratios tightened over the quarter across most tenors
 - 10-year ratios finished the quarter around 76%, and considered unattractive from an historical perspective
- Primary market issuance for Q119 was \$76bn, almost \$10bn less than the 5-year average
- Lighter primary market supply and record inflows into muni bond funds were the main drivers of performance for the quarter
- With the decline in yields, longer maturity tenors were the best performers and the municipal sector did well relative to other asset classes
- Since tax reform, municipals remain attractive for individuals, but for institutions Prime continues to direct cash to other asset classes that offer better relative value on an after-tax basis

Economic Outlook

Corporates (Full Index: 1-30yrs)

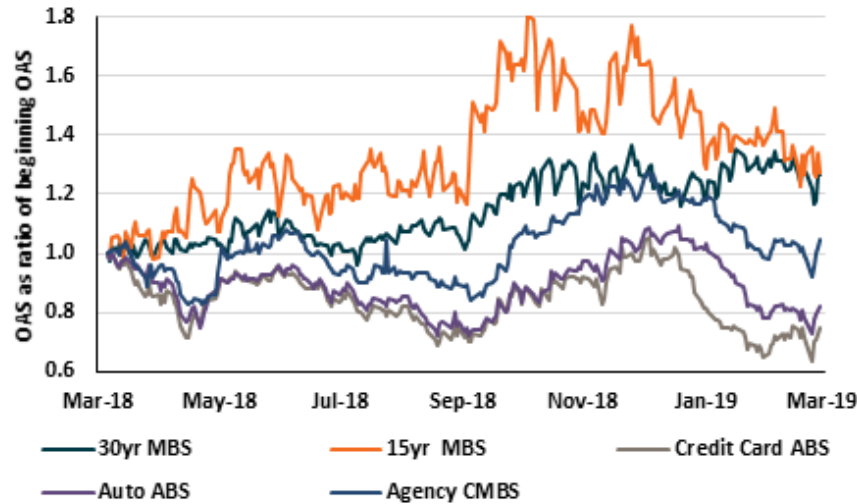


Comments

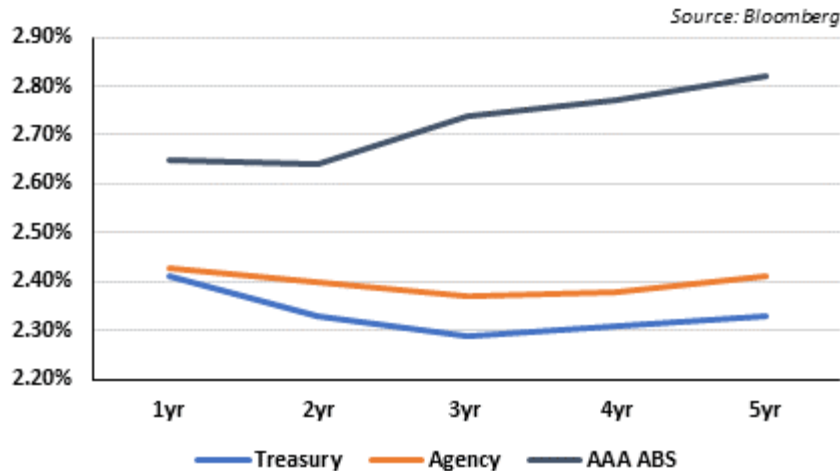
- The dominant theme of Q1 was risk on as the Fed became increasingly dovish
- When combined with attractive IG valuations and technical tailwinds, this Fed pivot sparked a significant rally in spreads
 - The move tighter in credit spreads erased roughly 70% of Q4'18s widening (-30bps in Q1'19 vs. +43bps in Q4'18)
- Q1'19 IG issuance fell -3% y/y to \$349bn vs. \$360bn in Q1'18
- From a fundamental perspective, Q4'18 corporate earnings not as negative as some in the market had feared.
 - However softer growth trends, trade uncertainty (US/China), rising wage growth, and the general inability of firms to raise prices all represent risks to future earnings.
- We retain our tactical overweight to corporates with a high-quality bias which underscores the importance of credit selection and fundamental credit analysis

Economic Outlook

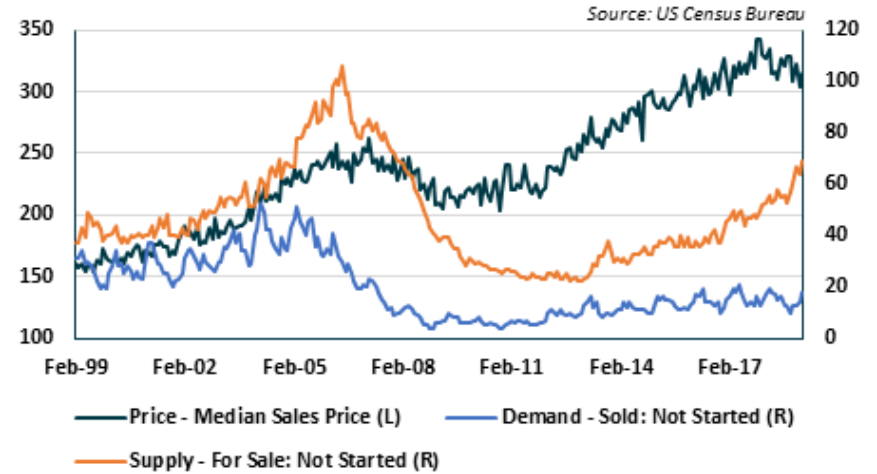
Mortgage and Asset Backed Securities (MBS and ABS)



ABS Spreads



New Single Family Homes



Comments

- Securitized products outperformed Treasuries
 - CMBS performance was especially positive at 2.8% total return given strong fundamentals of the sector, 2.8% total return compared to 2.17% in MBS and 1.48% in ABS
 - We remain favorable on consumer debt and therefore maintain an overweight to consumer ABS and remain neutral to MBS as the recent rally in Treasuries may elevate prepay risks
 - There are relative value opportunities in Agency CMBS given the strong fundamentals in multifamily housing and favorable bond structure

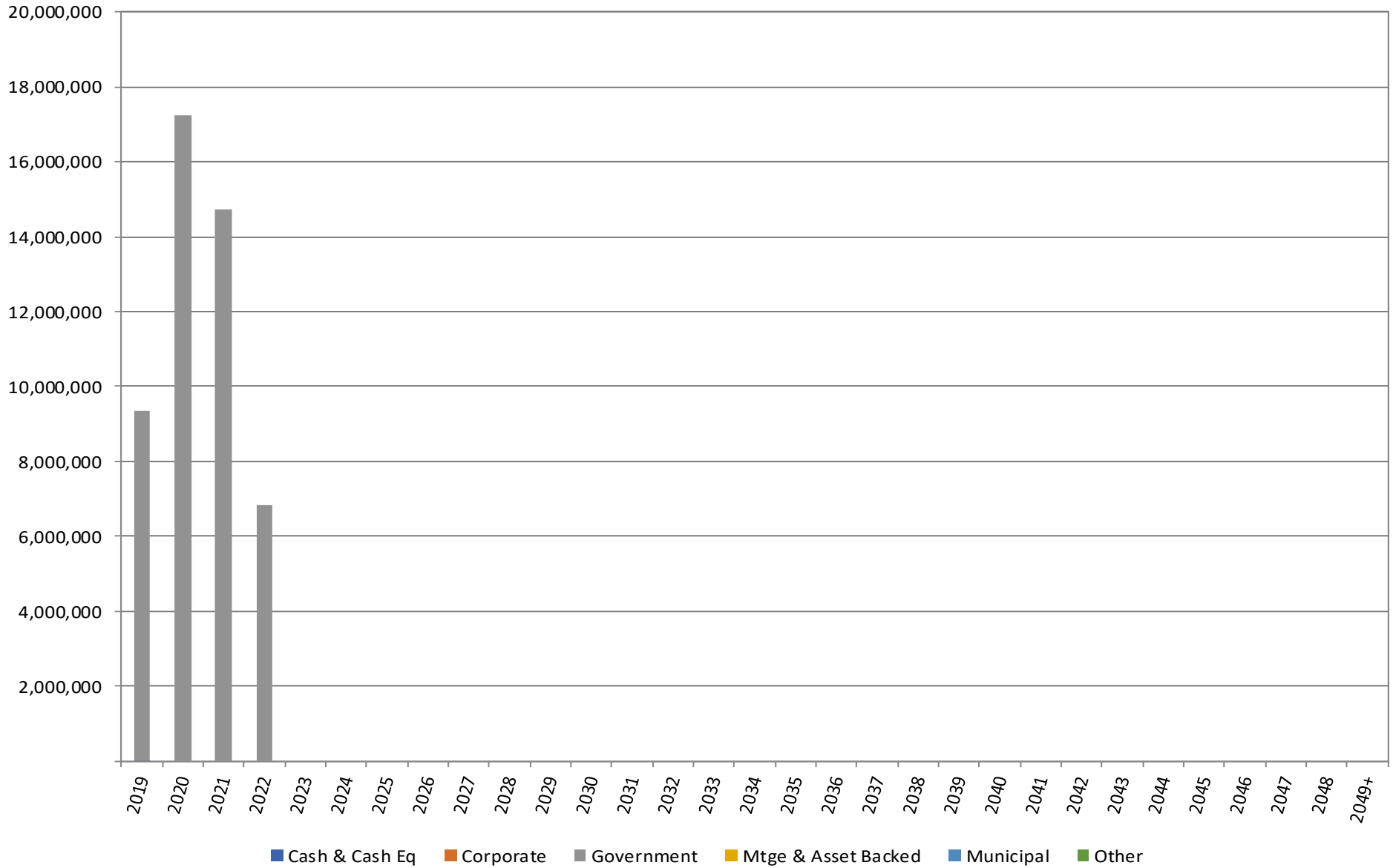
Housing

- The outlook for new homes in the US faces some headwinds as the supply/demand technicals are negatively impacting home price appreciation
- Supply of new homes continues to rise at a steeper pace while the demand has faded lower from the peaks seen in 2017
 - Median home price fell from \$343K to \$315K, 8.1% decline

Portfolio Statistics

Security Type	Book Value	Market Value	Gain / (Loss)	Tax-Equivalent Book Yield	Tax-Equivalent Market Yield	Effective Duration	Convexity	Securities at Gain		Securities at Loss	
								#	Amount	#	Amount
Fixed Income											
Treasury	47,785,950	47,765,224	(20,726)	1.98	2.34	1.62	0.04	15	165,897	22	(186,622)
Agency	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Corporate	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Taxable Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Tax-exempt Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Mortgage Pass-Through	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMOs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
ARMs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Asset Backed	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMBS	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Other	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	47,785,950	47,765,224	(20,726)	1.98	2.34	1.62	0.04	15	165,897	22	(186,622)
Short Term											
Sweep Money Market	9,838	9,838	0	0.00	0.00	0.00	0.00	0	0	0	0
Commercial Paper	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
(Payable)/Receivable	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	9,838	9,838	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	47,795,788	47,775,062	(20,726)	1.98	2.34	1.62	0.04	15	165,897	22	(186,622)
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	47,795,788	47,775,062	(20,726)					15	165,897	22	(186,622)

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2019	9,347,292	1.11	20%
2020	17,179,485	1.78	36%
2021	14,582,945	2.46	31%
2022	6,676,228	2.69	14%
2023+	0	0.00	0%
Subtotal	47,785,950	1.98	100%
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	47,785,950	1.98	100%

Performance

**Tax-Equivalent Total Return
as of 03/31/2019
Inception Date: 07/01/2010**

	Prime	Benchmark	Difference
Quarter to Date	0.95%	0.90%	0.05%
Year to Date	0.95%	0.90%	0.05%
Since Inception	1.34%	1.10%	0.25%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury

Bond Purchases

Trade Date	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Maturity Date	Call Date	Price	Cost	Pre-Tax Book Yield	Tax-Equivalent Book Yield
01/16/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.375	03/31/2020	N/A	98.58	542,180	2.58	2.58
01/16/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.375	08/31/2020	N/A	98.09	490,430	2.59	2.59
01/16/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.500	06/15/2020	N/A	98.50	541,750	2.59	2.59
02/15/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.250	10/31/2019	N/A	99.13	396,500	2.53	2.53
02/15/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.500	05/15/2020	N/A	98.73	394,938	2.55	2.55
02/20/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.375	04/30/2020	N/A	98.66	493,301	2.53	2.53
02/20/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.375	09/30/2020	N/A	98.21	491,035	2.52	2.52
02/20/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.375	10/31/2020	N/A	98.12	490,586	2.52	2.52
02/20/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.750	12/31/2020	N/A	98.67	493,340	2.49	2.49
03/18/2019	US TREASURY N/B	Treasury	AA+	Aaa	2.125	06/30/2021	N/A	99.30	387,258	2.44	2.44
Total									4,721,316	2.54	2.54

Bond Sales, Calls & Maturities

Trade Date	Trade Type	Description	Security Type	S&P Rating	Moody's Rating	Coupon	Effective Maturity	Maturity Date	Price	Book Value	Realized Gain/(Loss)	Pre-Tax Book Yield	Tax-Equivalent Book Yield
01/15/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.125	01/15/2019	01/15/2019	100.00	1,500,000	0	0.99	0.99
02/15/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.750	02/15/2019	02/15/2019	100.00	700,000	0	1.00	1.00
03/15/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.000	03/15/2019	03/15/2019	100.00	300,000	0	0.72	0.72
Total										2,500,000	0	0.96	0.96

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

Date Acquired	S&P Rating	Moody's Rating	Quantity	Description	Coupon	Effective Maturity	Maturity	Original Cost	Book Value	Market Value	Unrealized Gain/(Loss)	Book Yield	Market Yield	Effective Duration	Avg Life	Convexity
Money Market																
12/31/2018			9,838	BANK OF AMER/MERRILL LYNCH	0.00			9,838	9,838	9,838	0	0.00	0.00	0.00	0.00	
			9,838					9,838	9,838	9,838	0	0.00	0.00	0.00	0.00	
Treasury																
07/18/2017	AA+	Aaa	1,250,000	US TREASURY N/B	1.50	07/15/2020	07/15/2020	1,249,268	1,249,680	1,236,113	(13,568)	1.52	2.38	1.26	1.30	0.02
01/05/2018	AA+	Aaa	1,250,000	US TREASURY N/B	2.00	02/28/2021	02/28/2021	1,243,574	1,245,988	1,242,888	(3,101)	2.17	2.30	1.86	1.92	0.04
01/19/2018	AA+	Aaa	1,500,000	US TREASURY N/B	2.25	03/31/2021	03/31/2021	1,499,102	1,499,434	1,499,265	(169)	2.27	2.28	1.94	2.00	0.05
05/21/2018	AA+	Aaa	1,075,000	US TREASURY N/B	2.13	09/30/2021	09/30/2021	1,055,406	1,060,234	1,071,528	11,294	2.70	2.26	2.42	2.51	0.07
06/07/2018	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	10/31/2021	10/31/2021	976,875	982,241	993,580	11,339	2.72	2.26	2.48	2.59	0.08
01/30/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.50	11/30/2019	11/30/2019	1,502,531	1,500,613	1,490,805	(9,808)	1.44	2.43	0.66	0.67	0.01
06/18/2018	AA+	Aaa	1,050,000	US TREASURY N/B	2.13	12/31/2021	12/31/2021	1,028,836	1,033,345	1,046,619	13,274	2.73	2.25	2.64	2.76	0.08
02/17/2017	AA+	Aaa	1,250,000	US TREASURY N/B	1.63	12/31/2019	12/31/2019	1,255,957	1,251,588	1,242,463	(9,125)	1.45	2.44	0.74	0.76	0.01
06/02/2017	AA+	Aaa	1,550,000	US TREASURY N/B	1.38	03/31/2020	03/31/2020	1,541,867	1,543,382	1,534,407	(8,975)	1.81	2.40	0.98	1.00	0.01
06/16/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.38	04/30/2020	04/30/2020	1,490,684	1,492,905	1,483,800	(9,105)	1.82	2.39	1.06	1.09	0.02
07/19/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.38	08/31/2020	08/31/2020	1,485,234	1,489,230	1,479,195	(10,035)	1.89	2.38	1.39	1.42	0.03
07/19/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.38	09/30/2020	09/30/2020	1,485,059	1,488,793	1,478,280	(10,513)	1.88	2.36	1.47	1.51	0.03
07/27/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.38	10/31/2020	10/31/2020	1,484,141	1,488,015	1,477,410	(10,605)	1.89	2.35	1.54	1.59	0.03
09/05/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.63	11/30/2020	11/30/2020	1,496,406	1,497,441	1,482,690	(14,751)	1.73	2.33	1.62	1.67	0.03
10/03/2017	AA+	Aaa	1,500,000	US TREASURY N/B	1.75	12/31/2020	12/31/2020	1,495,020	1,494,644	1,485,330	(9,314)	1.96	2.32	1.70	1.76	0.04
12/01/2017	AA+	Aaa	1,250,000	US TREASURY N/B	1.38	01/31/2021	01/31/2021	1,223,643	1,234,091	1,228,975	(5,116)	2.09	2.32	1.79	1.84	0.04
07/19/2016	AA+	Aaa	1,400,000	US TREASURY N/B	0.88	05/15/2019	05/15/2019	1,402,461	1,400,107	1,397,340	(2,767)	0.81	2.40	0.12	0.13	0.00
05/01/2018	AA+	Aaa	1,400,000	US TREASURY N/B	2.13	08/15/2021	08/15/2021	1,375,063	1,381,797	1,395,226	13,429	2.69	2.27	2.29	2.38	0.06
06/11/2018	AA+	Aaa	1,050,000	US TREASURY N/B	2.00	11/15/2021	11/15/2021	1,025,637	1,031,143	1,043,469	12,326	2.71	2.24	2.52	2.63	0.08
07/29/2016	AA+	Aaa	1,000,000	US TREASURY N/B	0.75	07/15/2019	07/15/2019	999,336	999,934	995,060	(4,874)	0.77	2.45	0.29	0.29	0.00
07/05/2018	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	02/15/2022	02/15/2022	977,266	981,731	993,600	11,869	2.66	2.23	2.77	2.88	0.09
08/02/2016	AA+	Aaa	1,295,000	US TREASURY N/B	1.00	08/31/2019	08/31/2019	1,300,518	1,295,752	1,287,269	(8,483)	0.86	2.45	0.41	0.42	0.00
08/05/2016	AA+	Aaa	1,500,000	US TREASURY N/B	1.00	09/30/2019	09/30/2019	1,504,980	1,500,800	1,489,245	(11,555)	0.89	2.45	0.49	0.50	0.00
10/05/2016	AA+	Aaa	1,400,000	US TREASURY N/B	1.25	10/31/2019	10/31/2019	1,403,961	1,398,498	1,390,396	(8,102)	1.44	2.44	0.57	0.59	0.01
02/27/2017	AA+	Aaa	1,250,000	US TREASURY N/B	1.38	01/15/2020	01/15/2020	1,247,598	1,249,330	1,239,788	(9,542)	1.44	2.42	0.78	0.80	0.01
06/25/2018	AA+	Aaa	1,050,000	US TREASURY N/B	1.88	01/31/2022	01/31/2022	1,020,592	1,026,605	1,039,427	12,821	2.70	2.24	2.73	2.84	0.09
03/06/2017	AA+	Aaa	1,250,000	US TREASURY N/B	1.38	02/15/2020	02/15/2020	1,242,529	1,247,744	1,238,788	(8,957)	1.58	2.41	0.86	0.88	0.02
07/05/2018	AA+	Aaa	1,000,000	US TREASURY N/B	1.88	03/31/2022	03/31/2022	971,367	976,812	989,930	13,118	2.69	2.22	2.89	3.00	0.10
01/26/2018	AA+	Aaa	1,600,000	US TREASURY N/B	2.25	04/30/2021	04/30/2021	1,597,094	1,598,128	1,599,008	880	2.31	2.28	2.00	2.09	0.05
02/05/2018	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	05/31/2021	05/31/2021	988,906	992,666	994,160	1,494	2.35	2.28	2.09	2.17	0.05
03/05/2018	AA+	Aaa	1,390,000	US TREASURY N/B	2.13	06/30/2021	06/30/2021	1,375,853	1,379,064	1,385,608	6,544	2.49	2.27	2.17	2.25	0.06
04/03/2018	AA+	Aaa	1,150,000	US TREASURY N/B	2.25	07/31/2021	07/31/2021	1,142,678	1,144,813	1,149,448	4,635	2.45	2.27	2.25	2.34	0.06
07/06/2018	AA+	Aaa	1,100,000	US TREASURY N/B	1.88	04/30/2022	04/30/2022	1,067,430	1,073,430	1,088,175	14,745	2.70	2.24	2.95	3.09	0.10

Portfolio Holdings Report

Date Acquired	S&P Rating	Moody's Rating	Quantity	Description	Coupon	Effective Maturity	Maturity	Original Cost	Book Value	Market Value	Unrealized Gain/(Loss)	Book Yield	Market Yield	Effective Duration	Avg Life	Convexity
06/16/2017	AA+	Aaa	1,400,000	US TREASURY N/B	1.50	05/15/2020	05/15/2020	1,395,914	1,395,781	1,386,532	(9,249)	1.77	2.37	1.10	1.13	0.02
07/16/2018	AA+	Aaa	1,350,000	US TREASURY N/B	1.88	05/31/2022	05/31/2022	1,308,287	1,315,601	1,335,231	19,630	2.72	2.23	3.03	3.17	0.11
08/20/2018	AA+	Aaa	1,325,000	US TREASURY N/B	2.13	06/30/2022	06/30/2022	1,297,931	1,302,049	1,320,548	18,499	2.69	2.23	3.10	3.25	0.11
06/30/2017	AA+	Aaa	1,550,000	US TREASURY N/B	1.50	06/15/2020	06/15/2020	1,540,813	1,542,539	1,533,632	(8,907)	1.90	2.39	1.18	1.21	0.02
			48,135,000					47,699,813	47,785,950	47,765,224	(20,726)	1.98	2.34	1.62	1.68	0.04
			48,144,838					47,709,651	47,795,788	47,775,062	(20,726)	1.98	2.34	1.62	1.68	0.04

Glossary of Terms

Security Types	
Adjustable Rate Mortgage (ARM)	A mortgage in which the interest rate is changed at regular intervals to reflect fluctuations in market interest rates. Because the borrower takes some of the risk of rising interest rates, the initial rate may be lower than that on a fixed-rate mortgage. There are often limitations on the interest rate change from one period to the next, with a rate cap for the life of the loan.
Agency	A fixed income security issued by a government-sponsored agency, such as Ginnie Mae, Freddie Mac, or the Tennessee Valley Authority. Depending on the issuer, these bonds may or may not be backed by the full faith and credit of the U.S. government.
Asset-Backed Security (ABS)	A fixed income security backed by the cash flows from loans or leases. Auto loans, home equity loans, and credit card receivables are the most common assets backing these securities. Principal and interest payments made by borrowers are redirected to owners of ABS to meet the scheduled coupon and principal payments.
Collateralized Mortgage Obligation (CMO)	A security similar to a mortgage-pass through. In a CMO, the principal and interest received from borrowers is split into different classes called tranches. The structure of CMO payment tranches makes the timing of cash flows more certain for owners of some tranches and less certain for owners of other tranches. More uncertain tranches typically provide higher yields.
Commercial Mortgage-Backed Security (CMBS)	A fixed income security backed by the cash flows from commercial real estate mortgages. All principal and interest from the mortgages flow to bond holders in a defined sequence. Common types of real estate involved are apartment buildings, office and retail space, hotels, and health care facilities.
Corporate (Corp)	A fixed income security issued by a private corporation.
Mortgage Pass-Through (MPT)	A fixed income security backed by the cash flows from residential mortgages. Monthly principal and interest payments made by borrowers are redirected to owners of MPTs as they are received. Because borrowers may prepay their mortgages (perhaps due to refinancing or selling the house), the timing of cash flows on these securities is uncertain.
Preferred Stock (Preferred)	Capital stock having priority over a corporation's common stock in the distribution of dividends. In the event of a liquidation, preferred stock's claim on assets ranks above that of common stock but below that of bank loans or corporate bonds.
Tax-exempt Municipal (ExMuni)	A fixed income security, issued by a state or municipality, paying interest that is exempt from federal income tax. Interest may or may not be exempt from state and local tax.
Taxable Municipal (TaxMuni)	A fixed income security, issued by a state or municipality, paying interest that is subject to federal income tax. Typically issued much less commonly than tax-exempt municipals.
Treasury	A marketable fixed income security issued by the U.S. Department of the Treasury and backed by the full faith and credit of the U.S. government.

Glossary of Terms

Definitions	
Average Life	The dollar-weighted average time to maturity of a stream of principal cash flows. Also referred to as “weighted average life” or “WAL”.
Basis Point (bp)	1/100 of 1% (or equivalently .0001).
Benchmark	<p>An index against which performance can be measured. Attributes of a good benchmark include:</p> <p><i>Objective:</i> The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined.</p> <p><i>Replicable:</i> The manager should be able to replicate the returns passively.</p> <p><i>Relevant:</i> The index should represent the manager’s neutral position. In other words, without the manager’s input, the index should represent a reasonable portfolio the company would purchase.</p> <p><i>Tax Adjusted:</i> The benchmark should adjust for the different tax rates on various security types</p>
Book Income	Dollars of investment income that flow through an insurance company’s income statement. This is equal to coupon received plus any accretion/ (amortization) of book value. It can also include any <u>realized</u> gains or losses in the portfolio.
Book Value	The value of a security that is reflected on an insurance company’s balance sheet. For fixed income securities on a statutory and tax basis this is the amortized value. The amortized value periodically writes up any accrual of purchase discount (or writes down amortization of premium) over the life of the security. The amortized value holds the underlying “book yield” constant and therefore does not swing with movements in the market.
Book Yield	The average annual yield which a bond purchased and held to maturity will earn over the period it is owned. This is generally fixed at the time of purchase of the security. The book yield can be used to calculate the book value of the security at any time between purchase and maturity.
Cash Flow	Interest and principal payments from the securities in a fixed income portfolio. A bullet (non-callable) bond will typically pay a coupon payment every 6 months, with a return of principal at maturity. For mortgage-backed securities and asset-backed securities, cash flows generally arrive monthly from both interest and principal. This principal portion contains both the planned return of principal and prepayment of principal due to reasons such as mortgage refinancing.
Convexity	Describes the sensitivity of a bond’s duration to a change in yield. As yields decrease, duration increases on bonds with positive convexity and decreases on bonds with negative convexity. This causes bonds with negative convexity to underperform when yields increase or decrease by large amounts.
Credit Risk	The risk that the issuer of a fixed income security may default and be unable to make timely interest and principal payments on the security.
Duration	The sensitivity of a bond’s price to a change in yield. Duration generally increases for bonds with longer maturities, meaning these bonds are more sensitive to yield changes. Bond price and yield move in opposite directions. Example: A bond with a duration of 5.0 would experience a price decrease of 5% for every 1% (100 bps) increase in interest rates.

Glossary of Terms

Definitions (cont.)	
DYCARRSM	A proprietary model designed specifically for P/C insurance companies to maximize investment income while managing interest rate risk (see definition.) The model applies stress tests to projected operational cash flow and finds the likelihood that bonds in the portfolio will need to be liquidated in order to meet cash flow needs (such as the payment of losses). This may allow a company to invest in longer duration securities with higher yields.
FICO Score	A generic credit score developed by Fair, Isaac and Company, Inc., designed to predict the likelihood of borrowers becoming delinquent in their credit obligations.
Gross Domestic Product (GDP)	The total market value of all final goods and services produced in a country in a given year; it is equal to total consumer, investment, and government spending, plus exports, minus imports.
Interest Rate Risk	The risk to a bondholder that an increase in interest rates will cause bond prices to fall. Interest rates and market prices for fixed income securities generally move in opposite directions. Interest rate changes are the largest cause of changes in the market value of a bond portfolio.
Loan to Value (LTV)	A lending risk assessment ratio used in mortgage lending. LTV is calculated by dividing the mortgage amount by the lesser of appraised value or selling price. Residential mortgage loans conforming to agency guidelines have LTV ratios of 80% or lower at origination. Lenders will frequently require lower LTV ratios for commercial or investment properties.
Market Value	Estimated value of the bond based on current market price. This value fluctuates continually with interest rates and perceived risk of the issuer. Reflects the amount that could be received by selling the bond.
Option Adjusted Spread (OAS)	The portion of a bond's yield which is attributable to the credit risk of a bond as perceived by the market. This allows for comparison between bonds with or without embedded options such as calls, puts, and prepayment features.
Realized Gain/(Loss)	Difference between market and book value when a bond is sold. If market is greater than book value the bond was sold at a realized capital gain. Realized capital gains/(losses) flow through an insurer's income statement.
Tax Equivalent Yield	Yield adjusted for taxes, which allows for comparison of taxable bonds to tax-exempt bonds. Calculated by dividing after-tax yield by 0.65 (1 minus 35%).
Total Return	The return on a security or portfolio that reflects both income and price change. Assumes that the security or portfolio is priced using fair value at the end of the evaluation period.
Unrealized Gain/(Loss)	The difference between market value and book value on a bond. If market value is greater than book value the bond is at an unrealized gain. Under statutory accounting rules, changes in unrealized gain/(loss) do not affect income.
Volatility Adjusted Duration	A portfolio duration which has been adjusted for the lower observed price volatility seen in tax-exempt municipal bonds. Historically municipals appear to have about 15% lower price volatility than their stated durations suggest; this measure takes that observance into account.
Whole Loan	An original residential mortgage loan; distinct from a pooled pass-through which contains multiple loans. Non-agency CMOs use whole loans as collateral. They usually include jumbo mortgages and other mortgages which do not conform to the standards required for securitization by the agencies (GNMA, FNMA, FHLMC).
Yield	The implied return achievable for purchasing a bond at a given price.

Appendix

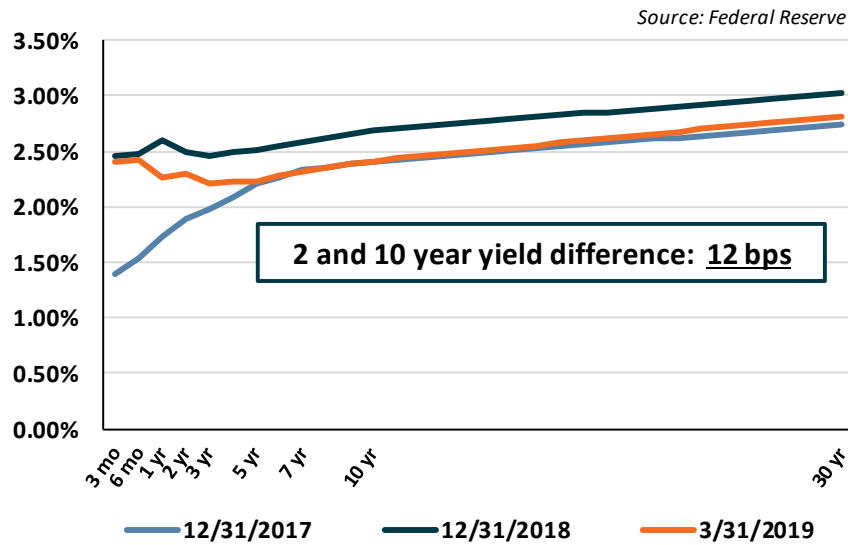
Presentation Overview

Overview

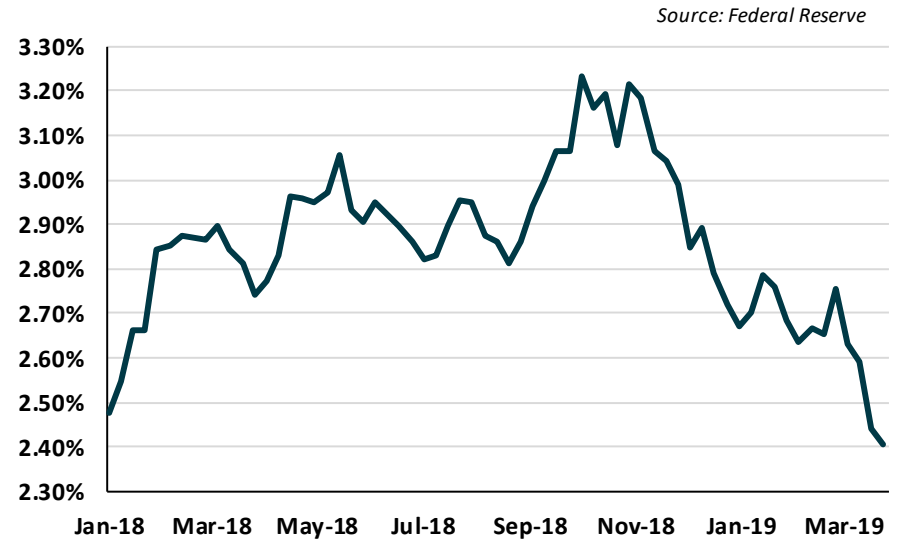
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and the Fed

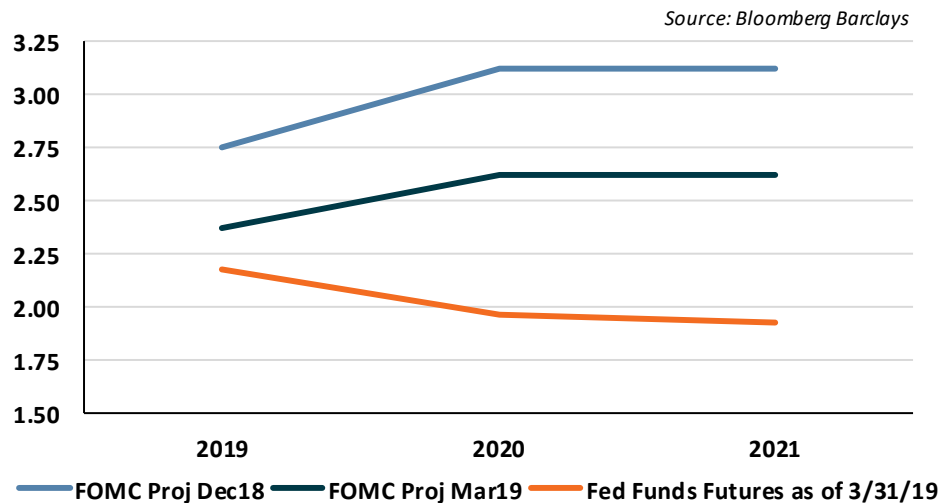
Treasury Yield Curves



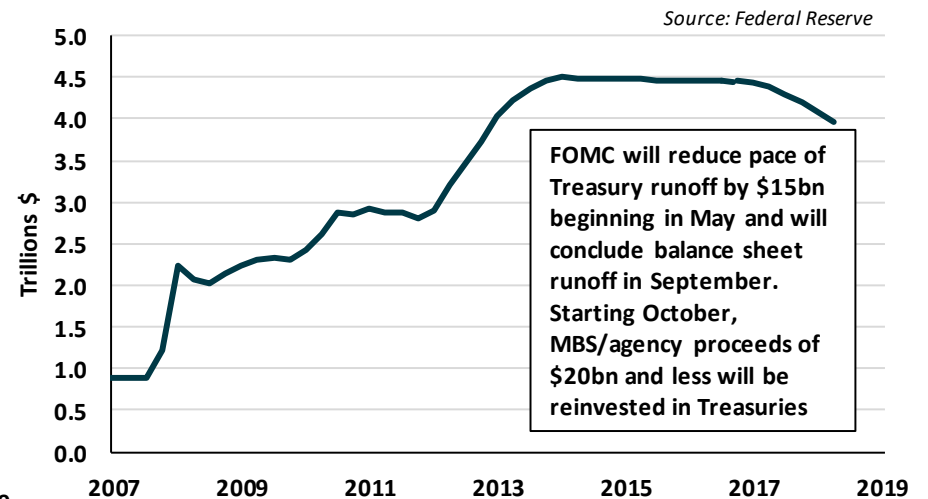
10 Year Treasury Yields



Federal Reserve Dot Plot



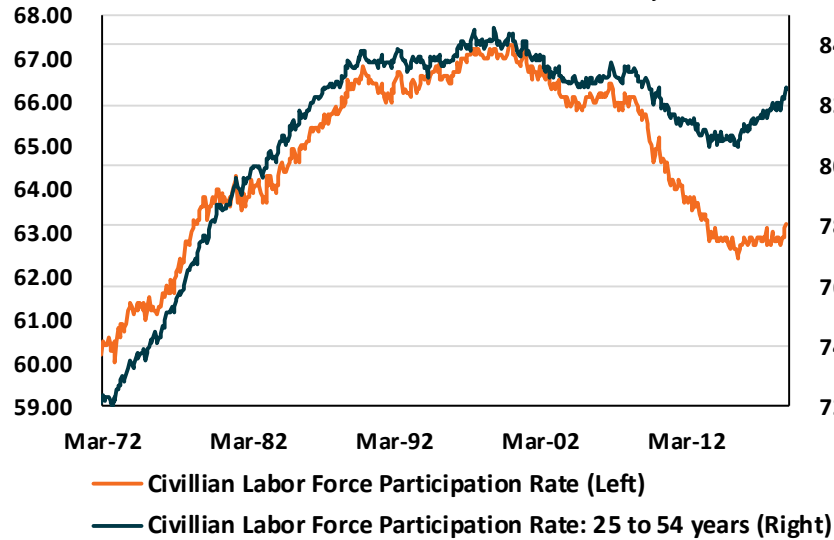
Federal Reserve Balance Sheet



Market Indicators

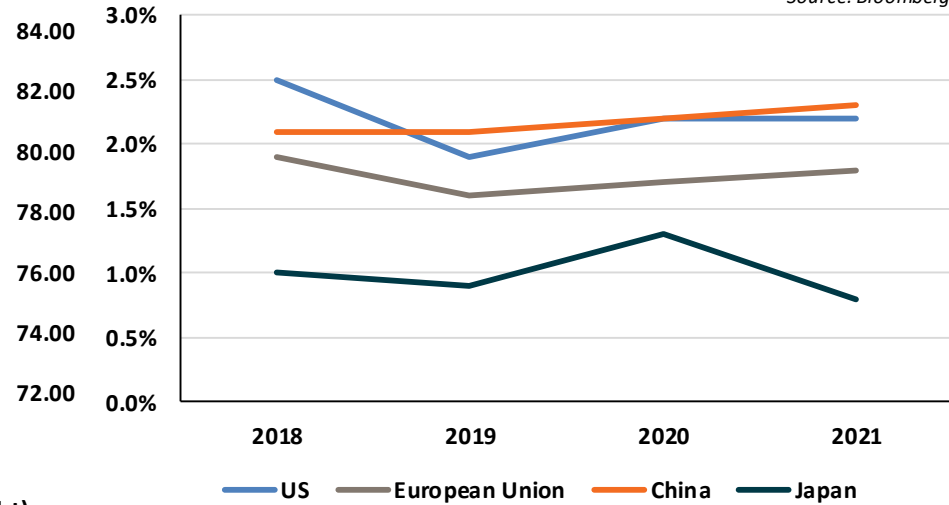
Participation Rate

Source: Bureau of Labor Statistics



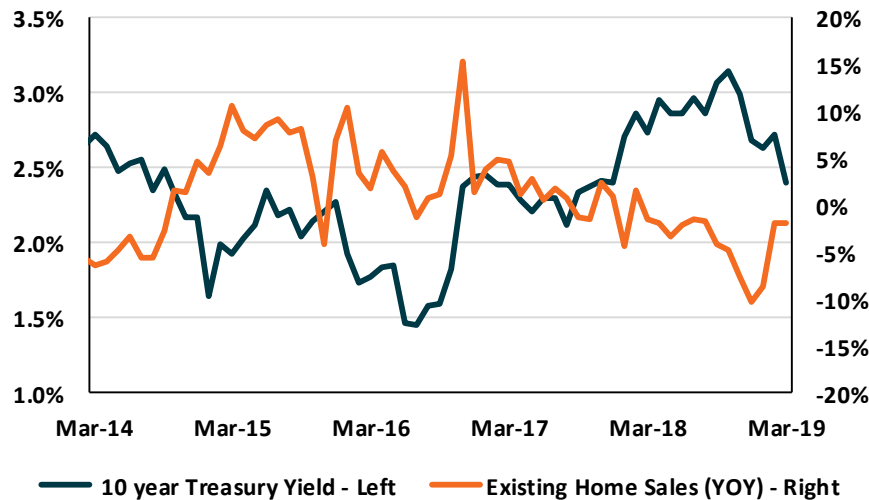
Inflation: Actual/Forecasts

Source: Bloomberg



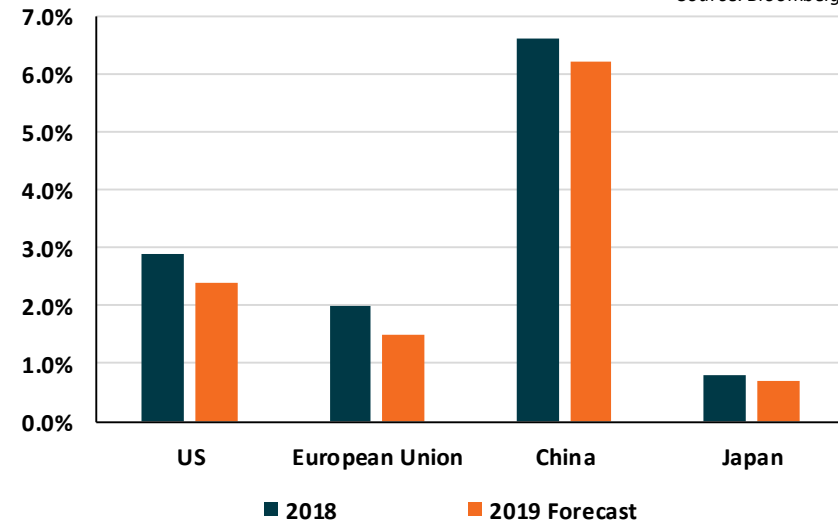
Housing

Source: Bloomberg



GDP: Actual/Forecasts

Source: Bloomberg



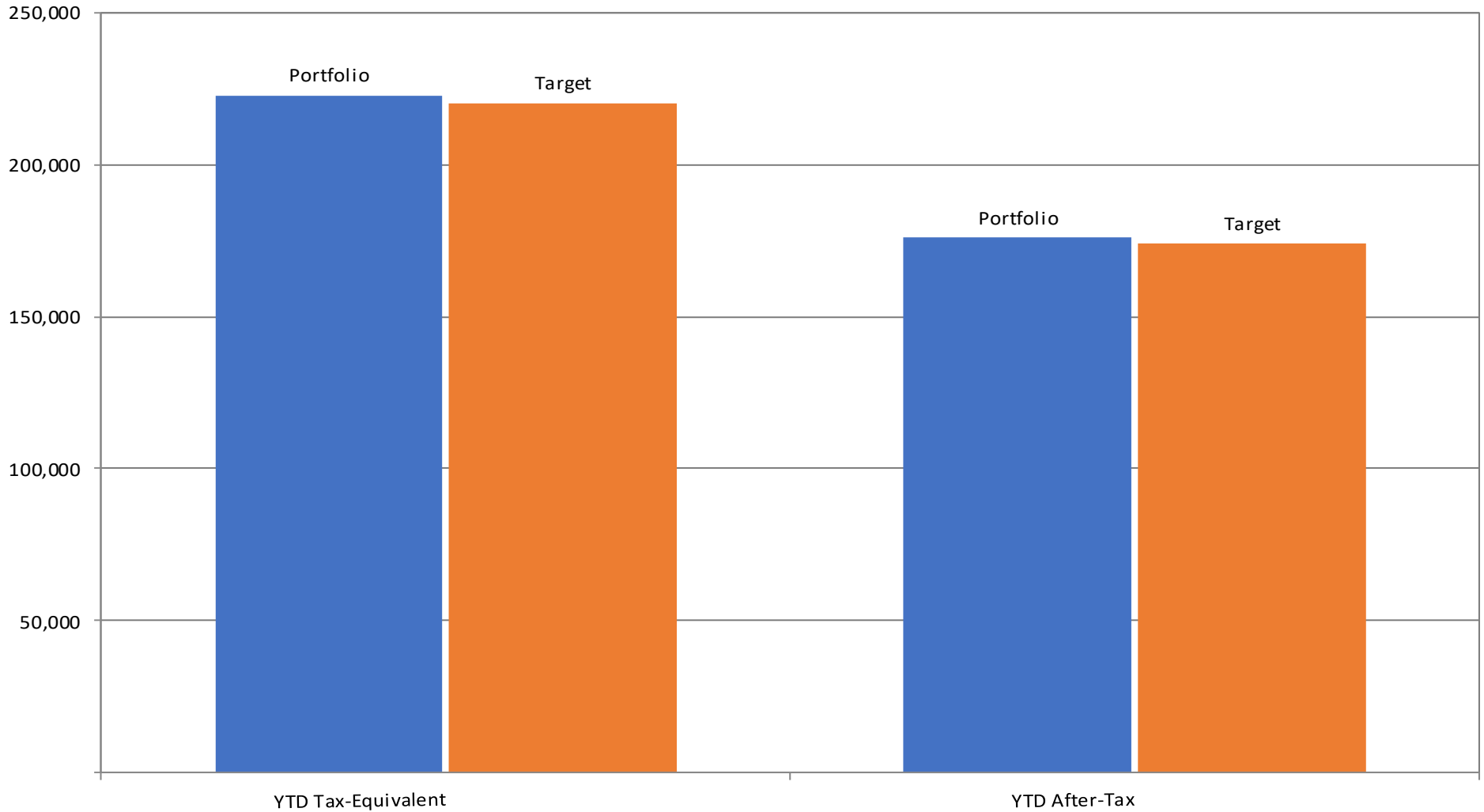
Portfolio Changes

Garden State Muni Joint Insurance Fund	03/31/2018	06/30/2018	09/30/2018	12/31/2018	03/31/2019
Treasury Yields					
2 yr Treasury Yield	2.27%	2.53%	2.82%	2.50%	2.29%
5 yr Treasury Yield	2.57%	2.73%	2.95%	2.51%	2.23%
10 yr Treasury Yield	2.74%	2.85%	3.06%	2.69%	2.41%
Book Statistics					
Tax-Equivalent Book Yield	1.34%	1.61%	1.80%	1.86%	1.98%
Book Value (\$)	45,303,491	47,924,950	48,604,637	45,654,180	47,795,788
Projected Tax-Equivalent Income, next 12 months (\$)	606,430	773,132	876,053	850,199	946,751
Unrealized Gains/(Losses) (\$)	(486,266)	(518,810)	(641,295)	(243,042)	(20,726)
YTD Realized Gains/(Losses) (\$)	0	0	(6,508)	(18,760)	0
Portfolio Risk Statistics					
Effective Duration	1.57	1.77	1.92	1.79	1.62
Convexity	0.04	0.05	0.06	0.05	0.04
Weighted Average Life	1.62	1.84	2.01	1.85	1.68
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	97%	100%	100%	100%	100%
Agency	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%	0%
CMOs	0%	0%	0%	0%	0%
ARMs	0%	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%	0%
CMBS	0%	0%	0%	0%	0%
Cash & Cash Equivalents	3%	0%	0%	0%	0%

Note: The tax-equivalent yield calculation has changed after 12/31/17 due to the passing of the Tax Cuts and Jobs Act in December 2017. Tax-equivalent yield grosses up tax-exempt municipal yields so they are comparable to taxable bonds. The factor for 12/31/17 and prior was 1.46 $[(1 - 5.25\%) / (1 - 35\%)]$. The new factor is 1.20 $[(1 - 5.25\%) / (1 - 21\%)]$.

Income Year to Date

Year to Date, as of 03/31/2019



Performance

**Tax-Equivalent Total Return
as of 03/31/2019
Inception Date: 07/01/2010**

	Prime	Benchmark	Difference
Quarter to Date	0.95%	0.90%	0.05%
Year to Date	0.95%	0.90%	0.05%
Since Inception	1.34%	1.10%	0.25%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury