



# Quarterly Investment Report

As of 12/31/2020



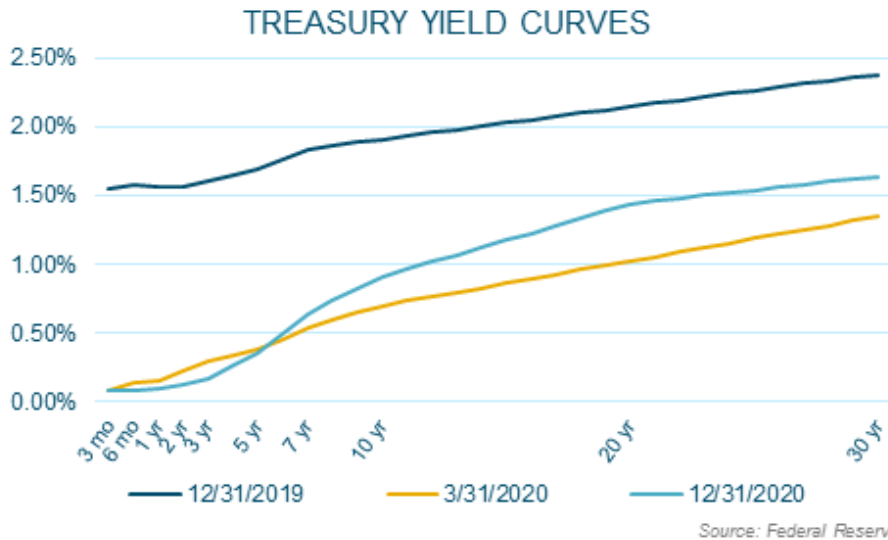
# Executive Summary

PORTFOLIO STATISTICS:		
Quarter Ending:	09/30/2020	12/31/2020
Tax-Equivalent Book Yield	1.61%	1.53%
Book Value	\$50,358,925	\$48,313,018
Projected Tax-Equivalent Annual Income	\$812,485	\$737,169
Unrealized Gain	\$785,384	\$607,591
YTD Realized Gain	\$0	\$0
Portfolio Duration	1.28	1.32
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:		
Sector	09/30/2020	12/31/2020
Treasury	94%	97%
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	6%	3%

PERFORMANCE:			
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$891,827	\$929,832	-\$38,005
QTD Total Return	0.04%	0.04%	0.00%
YTD Total Return	2.30%	2.38%	-0.08%

# Economic Outlook

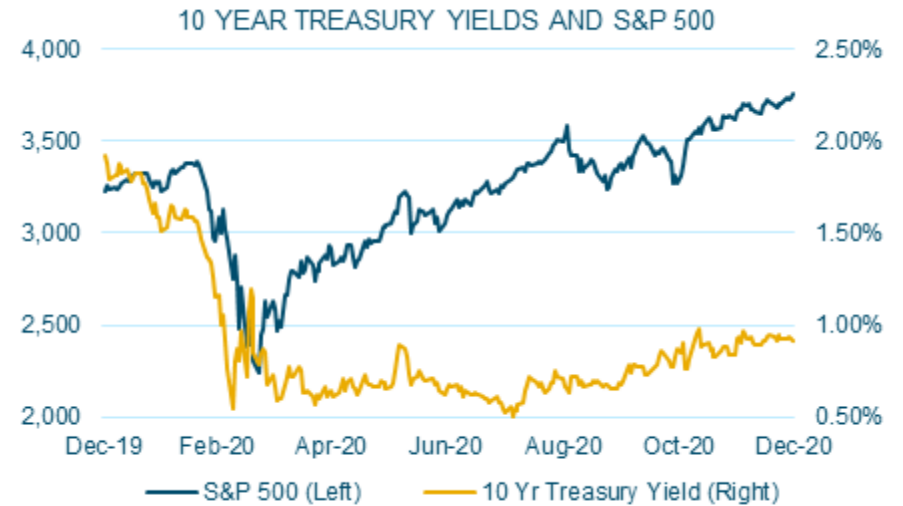


- Treasury yields across the curve remain depressed as a result of global central bank actions to combat the economic fallout due to the pandemic
  - 10-year Treasury yields began 2020 at 1.92%, ended Q1 at 0.67%, and closed Q4 at 0.91%
- While vaccinations provide optimistic support for the coming year, the Federal Reserve vowed to provide continued support to the economy through monetary stimulus until it sees “substantial further progress” in their employment and inflation objectives
  - Fed Funds rate has remained near zero since March and it's the Fed's intention to remain there through at least 2023
  - The Fed also plans to keep its quantitative easing purchase plan in place, purchasing at a pace of \$120 billion per month
    - This support has provided liquidity to the markets, as record issuance has been met with ample investor demand
- Yield curve has steepened from the lows experienced at the end of Q1, as the yield differential between 2 and 10 year Treasuries closed at 79 bps
  - Yields inside 3 years remain held down by Fed action, while longer rates, 7+ years, have risen with optimism of the vaccine and the substantial amount of Treasury supply issued to finance recovery efforts
  - Depending on the outcome of the Senate and economic recovery in the new year, expectations are for further steepening of the curve
  - While rates have been very accommodative for growth, further steepening could prompt Fed officials to consider changes to QE purchases to maintain the accommodative low rate environment

# Economic Outlook



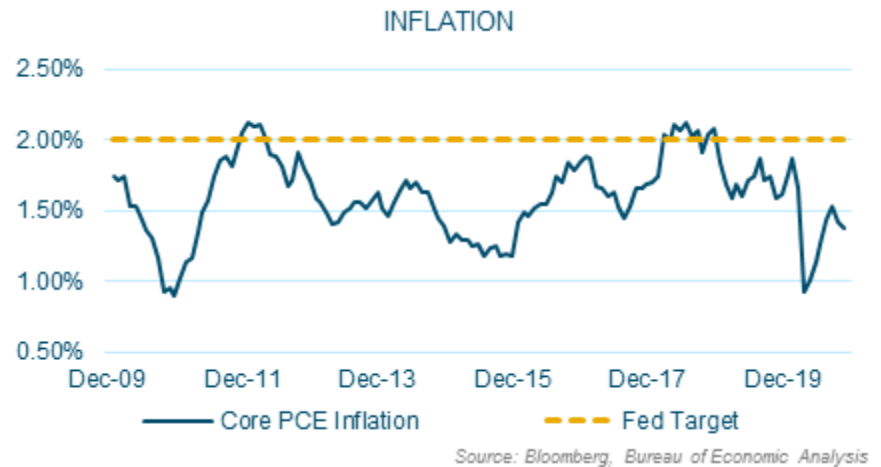
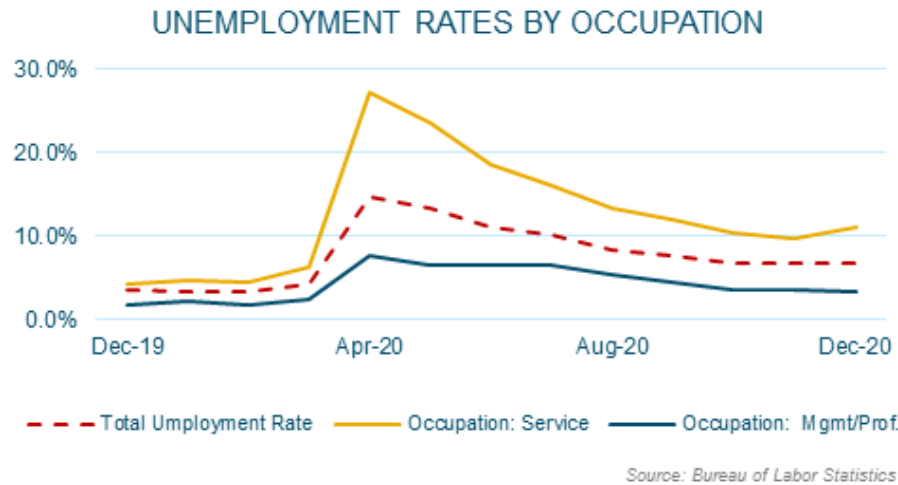
Source: Bloomberg Barclays



Source: Federal Reserve, S&P

- Negative yielding debt in the market has increased globally to highs of \$18 Trillion
  - As the global pandemic sent economies into a tailspin, major central banks injected significant amounts of monetary stimulus to lower rates and combat the recessionary impacts of the virus
    - As each implemented large scale bond purchase programs, it resulted in many countries having negative yielding debt
- After experiencing a solid rebound in Q2 and Q3, equity markets pushed even higher in Q4 reaching all-time highs in December, as political uncertainty subsided post-election, positive vaccine news sparked optimism for recovery and Congress passed a second stimulus relief package
  - Equity levels were aided by the Federal Reserve's commitment to low rates and facilitating ample liquidity to borrowers
    - All three indexes closed substantially higher YTD: S&P +16.26%, Dow +7.25% & NASDAQ +43.64%

# Economic Outlook



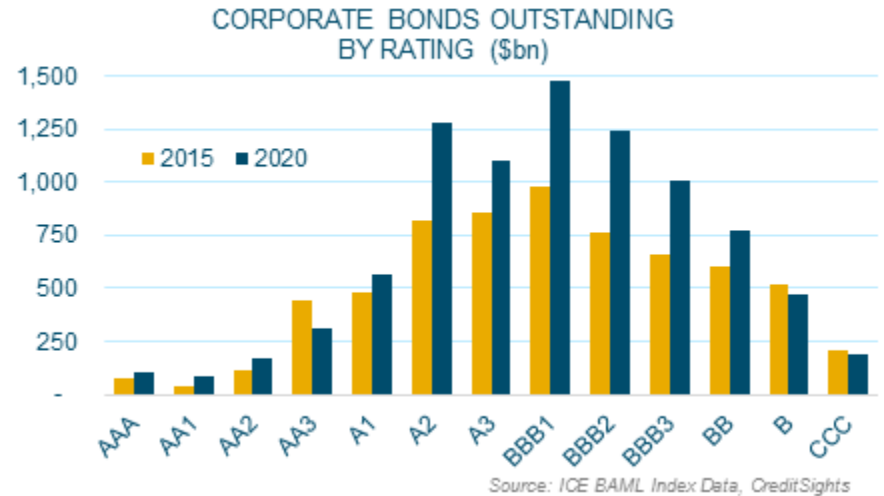
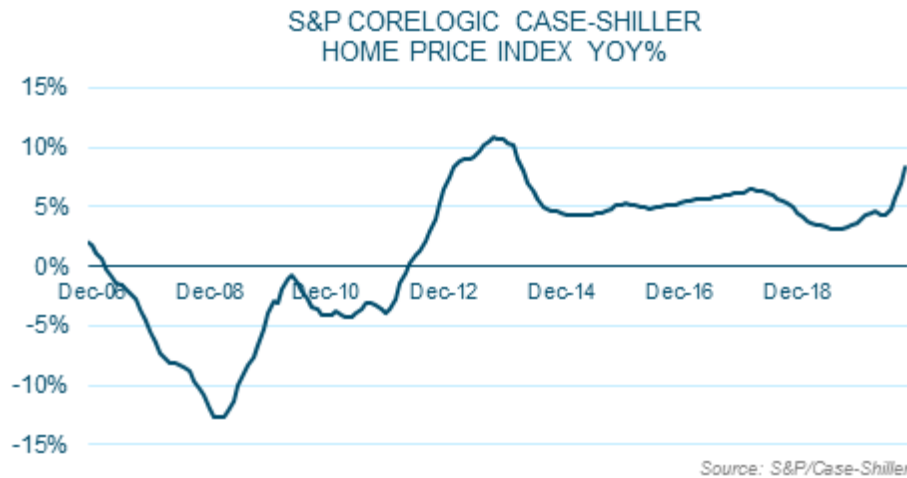
## Employment

- US labor markets were very strong to start the year, with ample job openings and unemployment printing at 50-year lows of 3.5%, but as the pandemic hit, unemployment rates soared to 14.7% and jobless claims skyrocketed to approximately 23 million
  - Additionally, while the job losses during the GFC were mainly concentrated in the higher earning job categories, the job losses during this lockdown induced recession have overwhelmingly occurred in the lower earning segments.
  - Employment has gradually improved, as unemployment rates declined to 6.7% and jobless claims eased to 10.7 million
  - However, improvements in the labor markets have been slowing in recent months with rising infections and states implementing further restrictions to stem the recent wave of infections
  - While vaccinations should improve employment in 2021 & 2022, many industries will face severe long-term job losses given record closures of small businesses and the damage to the service sectors of the economy

## Inflation

- While inflation measures remain below target, aggressive monetary policy and dovish Fed policy have reduced the risk of deflation from concerns earlier in the year
- In recent months, inflation levels have improved with the Fed's decision to move to Average Inflation Targeting, allowing inflation to exceed their 2% target until labor markets return to full employment
- Inflation is projected to remain below target until 2023 when improving labor conditions should begin to pressure wages higher

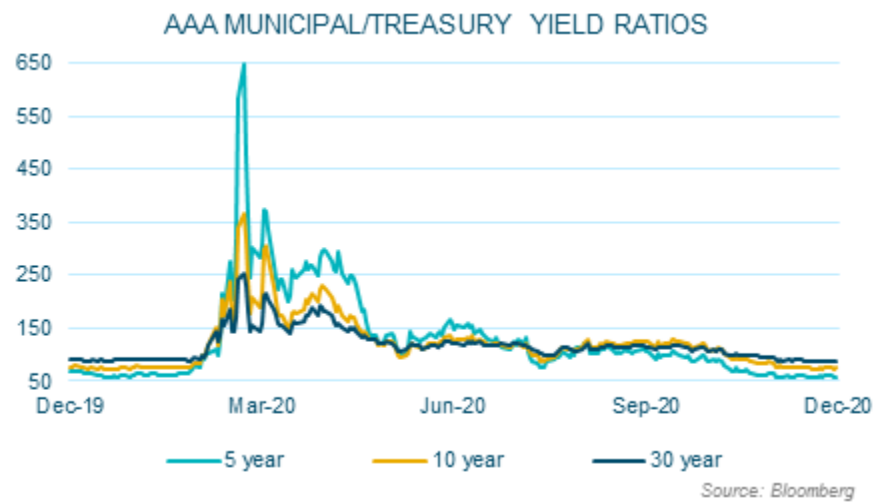
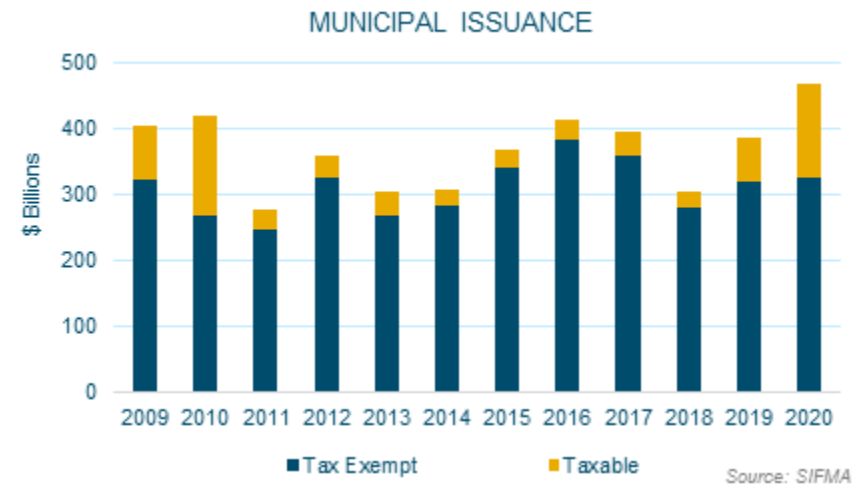
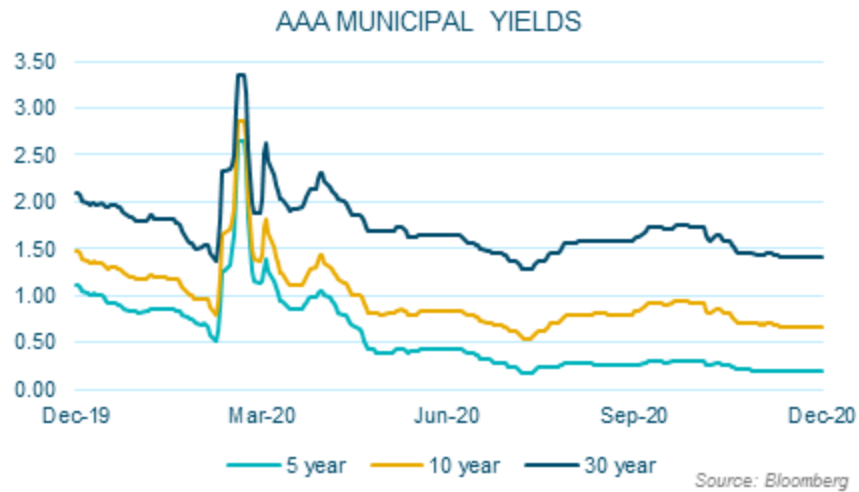
# Economic Outlook



- Over the course of 2020, the strength of the housing market has been a positive contributor to recovery in the U.S.
  - Aided by historically low mortgage rates and the desire for larger homes given the continued WFH environment, new home sales have reached 13-year highs (through November) and national home prices have increased +7.95% YTD (through October)
  - With strong demand, NAHB Home Builder Optimism also hit all-time highs and construction job demand remains strong
- Housing data will be closely watched in coming months given concerns of softening when forbearance measures expire
  - While this could result in a wave of foreclosures hitting the market, low levels of home availability could offset additional supply
- The corporate bond market has seen significant growth over the past 5 years with rates at historic lows
  - 2020 new issue corporate supply set a new record at \$1.9 Trillion issued, equating to over \$1.0 trillion in net supply
    - Increased supply and weakening credit fundamentals due to the pandemic increased concentrations of BBB's and high yield securities as a percentage of the outstanding market
      - BBB-rated credits currently make up 51% of the index versus 46% in 2015
- Taking advantage of the low rates, corporations have issued longer maturities
  - Duration of the index extended by 1.75 years

# Economic Outlook

## Municipals



### Comments

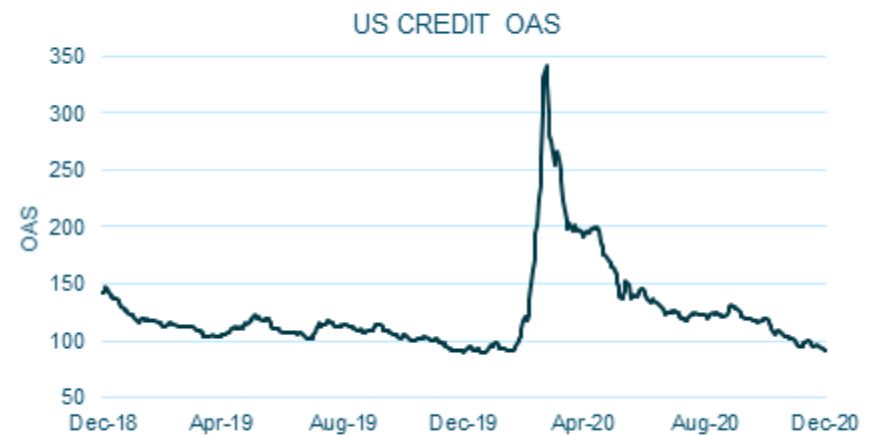
- The Bloomberg Barclays Municipal Index returned 1.82% over the quarter, bringing YTD returns to 5.21%
  - The taxable municipal index returned 1.43% in Q4 and 10.52% YTD
- Tax exempt municipal yields rose during the quarter from the historic lows experienced earlier in the year
  - 10 year pre-tax yields finished the year at 0.71%, with 30 year yields finished at 1.39%
- With historic low interest rates following the global pandemic, the municipal market saw record issuance as participants flooded the market with refinancing.
  - Roughly one third of 2020 municipal supply was issued as taxable debt
- Heading into 2021, barring changes to 2017 tax reform, taxable municipals offer better relative value than tax-exempts for institutional accounts

# Economic Outlook

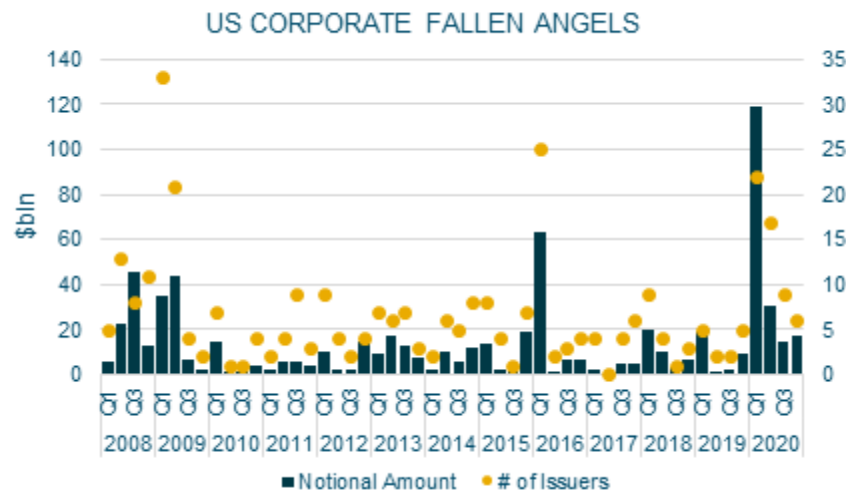
## Corporates



Source: Bloomberg



Source: Bloomberg Barclays



Source: Bloomberg Barclays

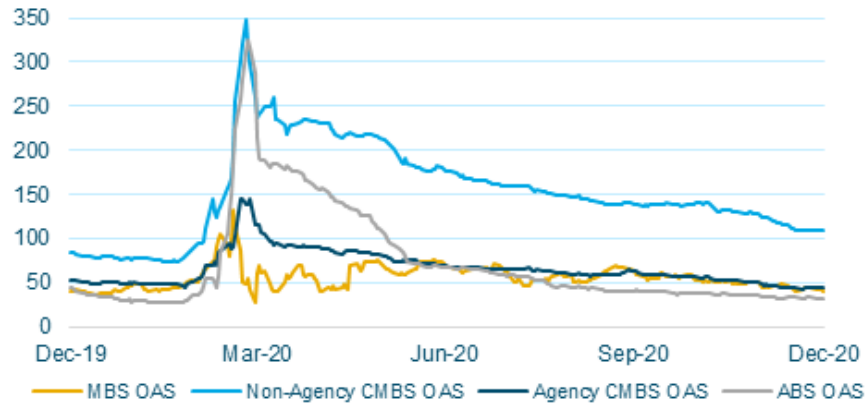
### Comments

- Q4 corporate performance benefited from continued Fed support, minimal interest rate volatility and continued demand for yield in the low rate environment
- Spreads tightened 36bps during the quarter, closing the year at +92
- Corporate issuance in 2020 increased 56% to \$1.9 trillion, well above 2019's \$1.3 trillion in issuance
  - Corporations continued to focus on terming out near dated maturities, and refinancing higher coupon bonds given the low rate environment.
- Fallen Angels remained elevated in Q4'20, but well below Q1 and Q2 levels.
  - While credit metrics may deteriorate further, rating agencies have been lenient
- We retain our tactical overweight to corporates with a higher quality bias, as risks of potential COVID spikes remain

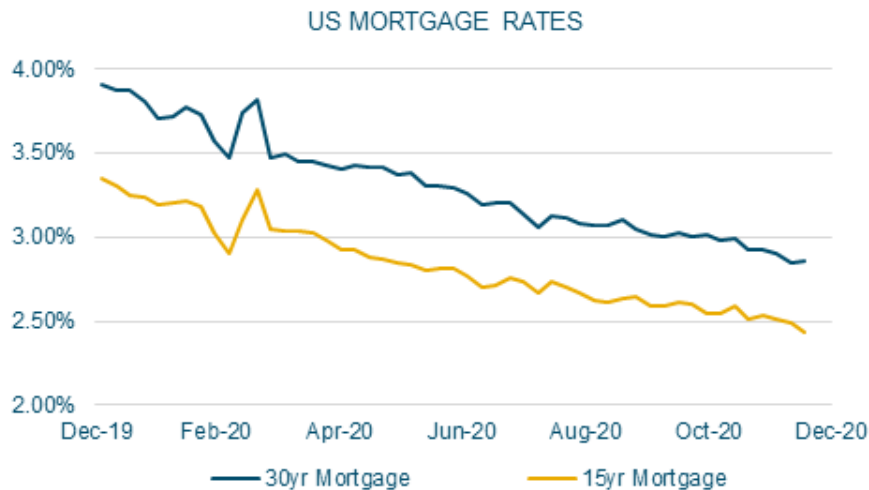


# Economic Outlook

## Mortgage and Asset Backed Securities (MBS and ABS)

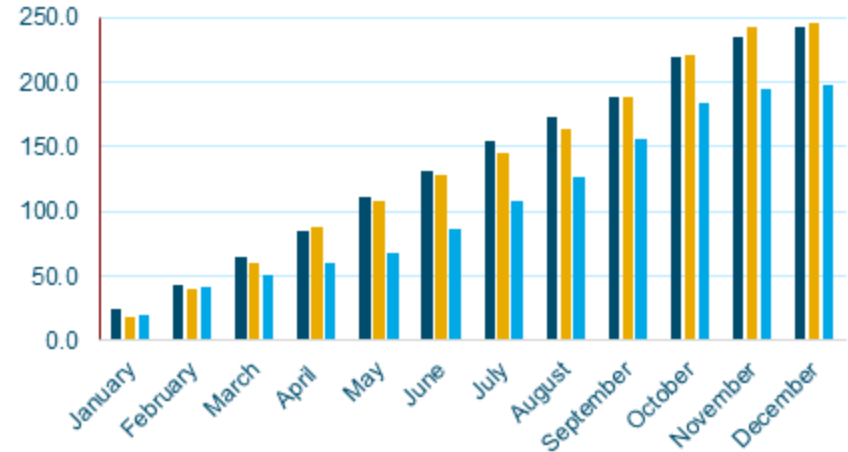


Source: Bloomberg Barclays



Source: Mortgage Bankers Association

## 2020 ABS ISSUANCE



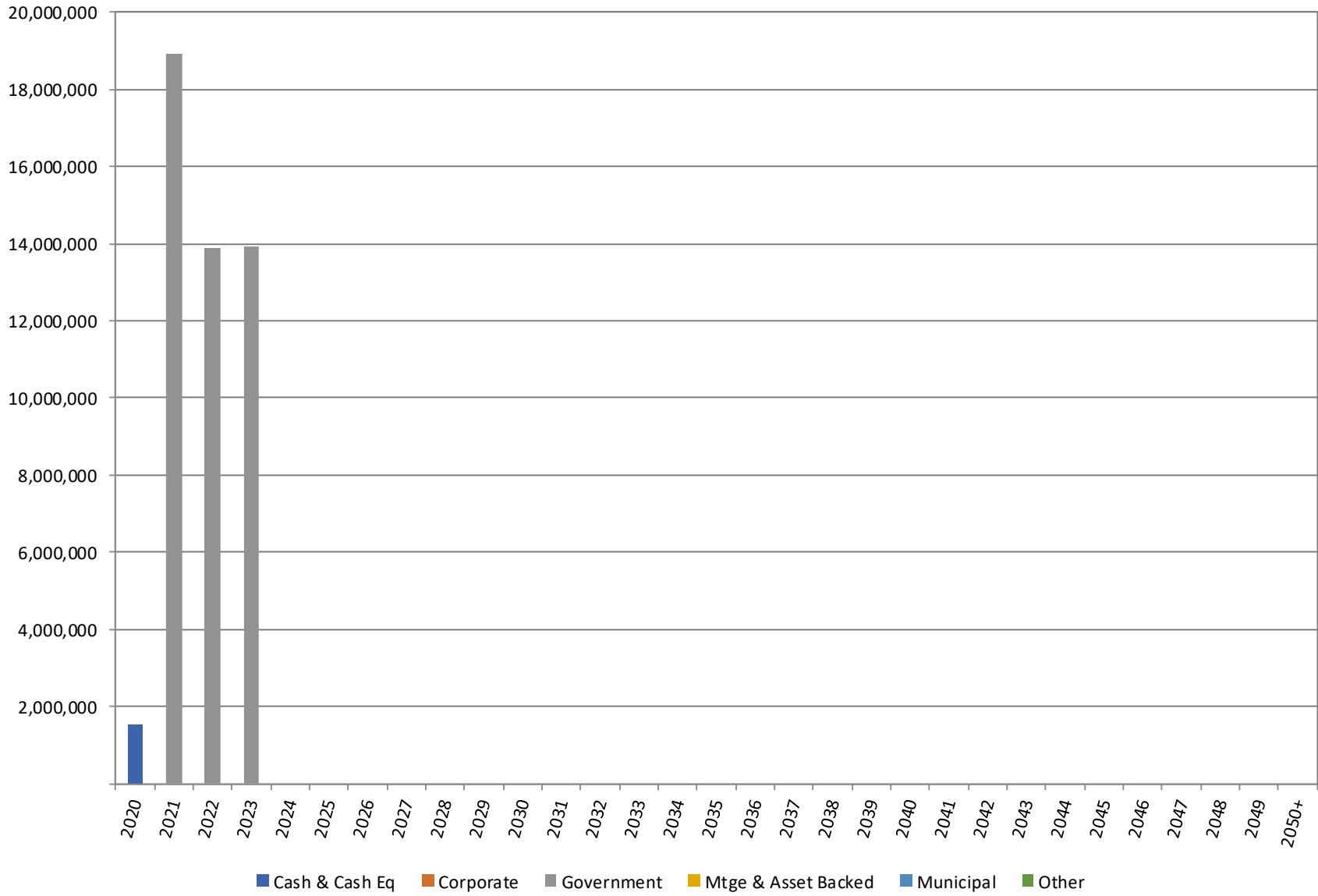
### Comments

- Structured product continued to improve in the fourth quarter as hopes for a COVID-19 vaccine and a second round of stimulus carried risk-assets
  - Agency MBS spreads tightened 22bps during the quarter and finished the year with spreads where they started at 39bps OAS
  - Agency CMBS tightened 19bps despite being considered “rich” before the quarter began, finishing the year 9bps tighter
  - Non Agency CMBS finished the fourth quarter 30bps tighter but remained 24bps wider on the year
- Despite a global pandemic, the housing market was surprisingly unscathed and became a lone bright spot in the economy
  - The most watched housing statistic for MBS investors was the continued decline of mortgage rates
  - During 2020 both 30yr and 15yr fixed mortgage rates fell around 1%, a boon for both buyers and those looking to refinance
- ABS spreads tightened 7bps during the quarter and finished the year 11bps tighter on limited supply
  - ABS issuance ended the year down 19.33% versus 2019
  - 2021 ABS issuance is expected to be in line with 2020

# 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
<b>Fixed Income</b>											
Treasury	46,791,652	47,399,244	607,591	1.58	0.17	1.37	0.03	36	607,591	0	0
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
<b>Total</b>	<b>46,791,652</b>	<b>47,399,244</b>	<b>607,591</b>	<b>1.58</b>	<b>0.17</b>	<b>1.37</b>	<b>0.03</b>	<b>36</b>	<b>607,591</b>	<b>0</b>	<b>0</b>
<b>Short Term</b>											
Sweep Money Market	1,521,366	1,521,366	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
<b>Total</b>	<b>1,521,366</b>	<b>1,521,366</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Fixed Income &amp; Short Term</b>											
<b>Total</b>	<b>48,313,018</b>	<b>48,920,610</b>	<b>607,591</b>	<b>1.53</b>	<b>0.16</b>	<b>1.32</b>	<b>0.03</b>	<b>36</b>	<b>607,591</b>	<b>0</b>	<b>0</b>
<b>Equity</b>											
Common Stock	0	0	0					0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>											
<b>Total</b>	<b>48,313,018</b>	<b>48,920,610</b>	<b>607,591</b>					<b>36</b>	<b>607,591</b>	<b>0</b>	<b>0</b>

# Maturity Schedule By Weighted Average Life



## Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2020	0	0.00	0%
2021	18,886,197	2.26	40%
2022	13,886,422	2.03	30%
2023	14,019,033	0.20	30%
2024+	0	0.00	0%
<b>Subtotal</b>	<b>46,791,652</b>	<b>1.58</b>	<b>100%</b>
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
<b>TOTAL</b>	<b>46,791,652</b>	<b>1.58</b>	<b>100%</b>

# Performance

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**Tax-Equivalent Total Return  
as of 12/31/2020  
Inception Date: 07/01/2010**

	<b>Portfolio</b>	<b>Benchmark</b>	<b>Difference</b>
Quarter to Date	0.04%	0.04%	0.00%
Year to Date	2.30%	2.38%	-0.08%
Since Inception	1.57%	1.37%	0.20%

**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
10/02/2020	US TREASURY N/B	Treasury	AA+	Aaa	0.125	08/15/2023	N/A	99.90	599,391	0.16	0.16
10/02/2020	US TREASURY N/B	Treasury	AA+	Aaa	0.125	09/15/2023	N/A	99.88	1,498,184	0.17	0.17
11/09/2020	US TREASURY N/B	Treasury	AA+	Aaa	1.625	10/31/2023	N/A	104.09	988,816	0.24	0.24
12/07/2020	US TREASURY N/B	Treasury	AA+	Aaa	0.125	10/15/2023	N/A	99.80	998,047	0.19	0.19
<b>Total</b>									<b>4,084,438</b>	<b>0.19</b>	<b>0.19</b>

## 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
10/31/2020	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.375	10/31/2020	10/31/2020	100.00	1,500,000	0	1.89	1.89
11/30/2020	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.625	11/30/2020	11/30/2020	100.00	1,500,000	0	1.73	1.73
12/31/2020	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.750	12/31/2020	12/31/2020	100.00	1,500,000	0	1.96	1.96
<b>Total</b>										<b>4,500,000</b>	<b>0</b>	<b>1.86</b>	<b>1.86</b>

# ***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
<b>Money Market</b>																
12/15/2020			1,521,366	BANK OF AMER/ML	0.00			1,521,366	1,521,366	1,521,366	0	0.00	0.00	0.00	0.00	
			<b>1,521,366</b>					<b>1,521,366</b>	<b>1,521,366</b>	<b>1,521,366</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Treasury</b>																
03/02/2020	AA+	Aaa	1,425,000	US TREASURY N/B	2.00	01/15/2021	01/15/2021	1,437,357	1,425,543	1,425,784	241	0.99	0.64	0.04	0.04	0.00
01/05/2018	AA+	Aaa	1,650,000	US TREASURY N/B	2.00	02/28/2021	02/28/2021	1,641,996	1,649,515	1,654,703	5,187	2.19	0.25	0.16	0.16	0.01
01/19/2018	AA+	Aaa	1,500,000	US TREASURY N/B	2.25	03/31/2021	03/31/2021	1,499,102	1,499,929	1,507,500	7,571	2.27	0.23	0.24	0.24	0.00
05/21/2018	AA+	Aaa	1,575,000	US TREASURY N/B	2.13	09/30/2021	09/30/2021	1,561,129	1,572,582	1,598,373	25,791	2.33	0.14	0.74	0.75	0.01
06/07/2018	AA+	Aaa	1,500,000	US TREASURY N/B	2.00	10/31/2021	10/31/2021	1,481,621	1,496,014	1,523,205	27,191	2.33	0.14	0.82	0.83	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	1,043,812	1,070,874	27,062	2.73	0.13	0.99	1.00	0.01
07/02/2019	AA+	Aaa	1,050,000	US TREASURY N/B	1.75	09/30/2022	09/30/2022	1,050,861	1,050,474	1,079,568	29,094	1.72	0.14	1.72	1.75	0.04
07/16/2019	AA+	Aaa	1,025,000	US TREASURY N/B	1.88	10/31/2022	10/31/2022	1,025,721	1,025,412	1,057,595	32,183	1.85	0.14	1.80	1.83	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	1,249,283	1,251,075	1,792	2.09	0.35	0.08	0.08	0.01
05/01/2018	AA+	Aaa	1,400,000	US TREASURY N/B	2.13	08/15/2021	08/15/2021	1,375,063	1,395,123	1,417,332	22,209	2.69	0.14	0.61	0.62	0.01
06/11/2018	AA+	Aaa	1,425,000	US TREASURY N/B	2.00	11/15/2021	11/15/2021	1,404,416	1,420,113	1,448,213	28,100	2.40	0.13	0.87	0.87	0.01
07/05/2018	AA+	Aaa	1,140,000	US TREASURY N/B	2.00	02/15/2022	02/15/2022	1,116,478	1,132,382	1,163,917	31,536	2.61	0.13	1.11	1.12	0.02
11/09/2020	AA+	Aaa	950,000	US TREASURY N/B	1.63	10/31/2023	10/31/2023	988,816	986,946	989,558	2,612	0.24	0.15	2.77	2.83	0.09
06/24/2019	AA+	Aaa	1,000,000	US TREASURY N/B	1.63	08/15/2022	08/15/2022	997,305	998,594	1,024,260	25,666	1.71	0.13	1.60	1.62	0.03
01/22/2020	AA+	Aaa	1,275,000	US TREASURY N/B	1.63	11/15/2022	11/15/2022	1,278,287	1,277,209	1,310,458	33,249	1.53	0.14	1.85	1.87	0.04
06/25/2018	AA+	Aaa	1,050,000	US TREASURY N/B	1.88	01/31/2022	01/31/2022	1,020,592	1,040,864	1,069,856	28,991	2.70	0.13	1.07	1.08	0.02
07/05/2018	AA+	Aaa	1,000,000	US TREASURY N/B	1.88	03/31/2022	03/31/2022	971,367	990,153	1,021,760	31,607	2.69	0.13	1.23	1.24	0.02
01/26/2018	AA+	Aaa	1,600,000	US TREASURY N/B	2.25	04/30/2021	04/30/2021	1,597,094	1,599,699	1,610,992	11,293	2.31	0.18	0.33	0.33	0.00
02/05/2018	AA+	Aaa	1,500,000	US TREASURY N/B	2.00	05/31/2021	05/31/2021	1,486,953	1,498,173	1,511,430	13,257	2.30	0.16	0.41	0.41	0.00
03/05/2018	AA+	Aaa	1,390,000	US TREASURY N/B	2.13	06/30/2021	06/30/2021	1,375,853	1,387,529	1,403,636	16,107	2.49	0.16	0.49	0.49	0.00
04/03/2018	AA+	Aaa	1,650,000	US TREASURY N/B	2.25	07/31/2021	07/31/2021	1,643,420	1,648,882	1,670,312	21,429	2.37	0.14	0.57	0.58	0.01
07/06/2018	AA+	Aaa	1,100,000	US TREASURY N/B	1.88	04/30/2022	04/30/2022	1,067,430	1,088,273	1,125,520	37,247	2.70	0.13	1.31	1.33	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	1,334,290	1,383,386	49,096	2.72	0.12	1.40	1.41	0.03
08/20/2018	AA+	Aaa	1,325,000	US TREASURY N/B	2.13	06/30/2022	06/30/2022	1,297,931	1,314,172	1,364,538	50,366	2.69	0.13	1.48	1.49	0.03
06/19/2019	AA+	Aaa	1,065,000	US TREASURY N/B	2.00	07/31/2022	07/31/2022	1,072,425	1,068,833	1,096,407	27,574	1.77	0.14	1.55	1.58	0.03
03/10/2020	AA+	Aaa	1,525,000	US TREASURY N/B	1.63	12/15/2022	12/15/2022	1,576,365	1,565,766	1,569,561	3,794	0.25	0.13	1.93	1.95	0.05
06/24/2020	AA+	Aaa	1,500,000	US TREASURY N/B	1.50	01/15/2023	01/15/2023	1,549,570	1,539,562	1,541,715	2,153	0.20	0.13	2.00	2.04	0.05
04/22/2020	AA+	Aaa	1,175,000	US TREASURY N/B	1.38	02/15/2023	02/15/2023	1,211,804	1,203,435	1,205,844	2,409	0.23	0.14	2.09	2.12	0.05
05/15/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.50	03/15/2023	03/15/2023	1,008,984	1,007,010	1,008,050	1,040	0.18	0.13	2.19	2.20	0.06
05/05/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	04/15/2023	04/15/2023	1,500,449	1,500,360	1,503,750	3,390	0.24	0.14	2.28	2.28	0.06
05/15/2020	AA+	Aaa	1,290,000	US TREASURY N/B	0.13	05/15/2023	05/15/2023	1,287,179	1,287,732	1,289,600	1,868	0.20	0.14	2.36	2.37	0.07
06/16/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	06/15/2023	06/15/2023	1,500,527	1,500,432	1,503,870	3,438	0.24	0.14	2.44	2.45	0.07
07/16/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.13	07/15/2023	07/15/2023	1,498,066	1,498,361	1,499,175	814	0.17	0.15	2.53	2.53	0.08

# 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
08/13/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	08/15/2023	08/15/2023	998,625	998,771	999,380	609	0.17	0.15	2.61	2.62	0.08
10/02/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.13	09/15/2023	09/15/2023	1,498,184	1,498,333	1,498,830	497	0.17	0.15	2.70	2.70	0.09
12/07/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	10/15/2023	10/15/2023	998,047	998,090	999,220	1,130	0.19	0.15	2.78	2.79	0.09
			<b>46,735,000</b>					<b>46,579,782</b>	<b>46,791,652</b>	<b>47,399,244</b>	<b>607,591</b>	<b>1.58</b>	<b>0.17</b>	<b>1.37</b>	<b>1.38</b>	<b>0.03</b>
			<b>48,256,366</b>					<b>48,101,148</b>	<b>48,313,018</b>	<b>48,920,610</b>	<b>607,591</b>	<b>1.53</b>	<b>0.16</b>	<b>1.32</b>	<b>1.33</b>	<b>0.03</b>

# Glossary of Terms

Security Types	
<b>Adjustable Rate Mortgage (ARM)</b>	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.
<b>Agency</b>	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.
<b>Asset-Backed Security (ABS)</b>	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.
<b>Collateralized Mortgage Obligation (CMO)</b>	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.
<b>Commercial Mortgage-Backed Security (CMBS)</b>	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.
<b>Corporate (Corp)</b>	A fixed income security issued by a private corporation.
<b>Mortgage Pass-Through (MPT)</b>	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.
<b>Preferred Stock (Preferred)</b>	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.
<b>Tax-exempt Municipal (ExMuni)</b>	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.
<b>Taxable Municipal (TaxMuni)</b>	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 municipalities.
<b>Treasury</b>	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	
<b>Average Life</b>	The dollar-weighted average time to maturity of a stream of principal cash flows. Also referred to as “weighted average life” or “WAL”.
<b>Basis Point (bp)</b>	1/100 of 1% (or equivalently .0001).
<b>Benchmark</b>	<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>
<b>Book Income</b>	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.
<b>Book Value</b>	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.
<b>Book Yield</b>	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.
<b>Cash Flow</b>	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.
<b>Convexity</b>	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.
<b>Credit Risk</b>	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.
<b>Duration</b>	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.)	
<b>DYCARR<sup>SM</sup></b>	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.
<b>FICO Score</b>	A generic credit score developed by Fair, Isaac and Company, Inc., designed to predict the likelihood of borrowers becoming delinquent in their credit obligations.
<b>Gross Domestic Product (GDP)</b>	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.
<b>Interest Rate Risk</b>	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.
<b>Loan to Value (LTV)</b>	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.
<b>Market Value</b>	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.
<b>Option Adjusted Spread (OAS)</b>	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.
<b>Realized Gain/(Loss)</b>	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.
<b>Tax Equivalent Yield</b>	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%).
<b>Total Return</b>	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.
<b>Unrealized Gain/(Loss)</b>	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.
<b>Volatility Adjusted Duration</b>	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.
<b>Whole Loan</b>	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).
<b>Yield</b>	The implied return achievable for purchasing a bond at a given price.

# ***Appendix***

## Presentation Overview

## *Overview*

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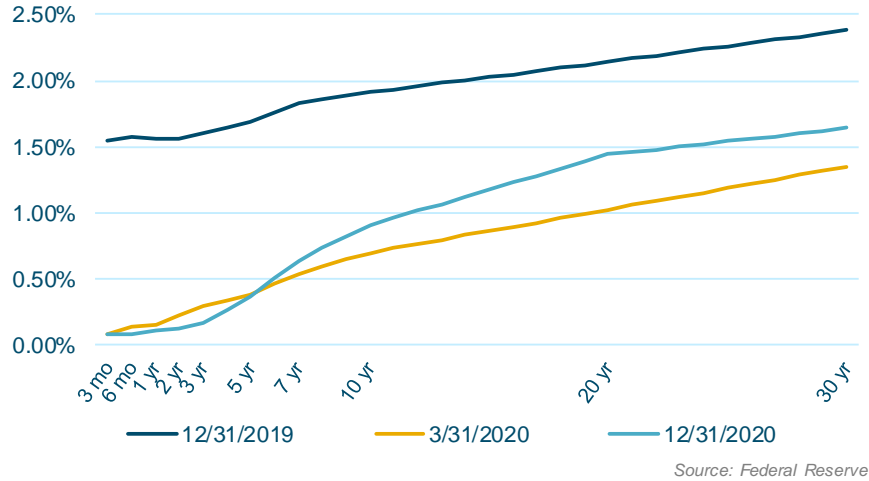
Economic overview and market update

Portfolio review

Performance

# Treasury Yields, Global Yields and Equities

### TREASURY YIELD CURVES



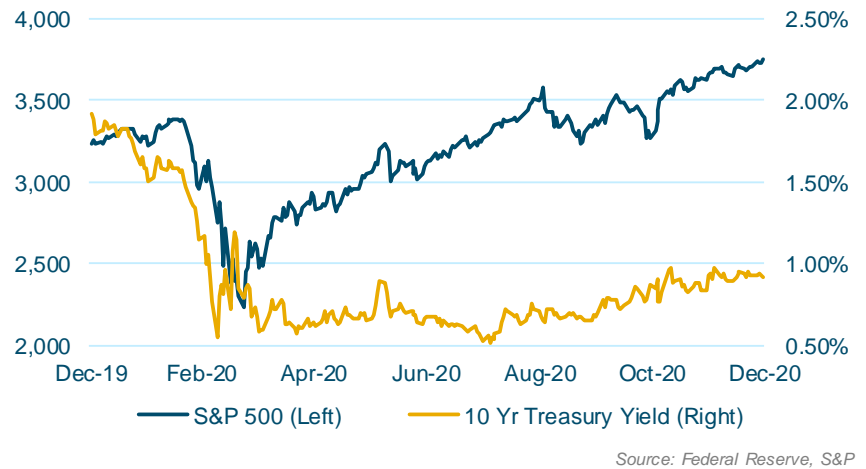
### 2 and 10 YEAR YIELD DIFFERENCE



### NEGATIVE YIELDING GLOBAL DEBT (USD)



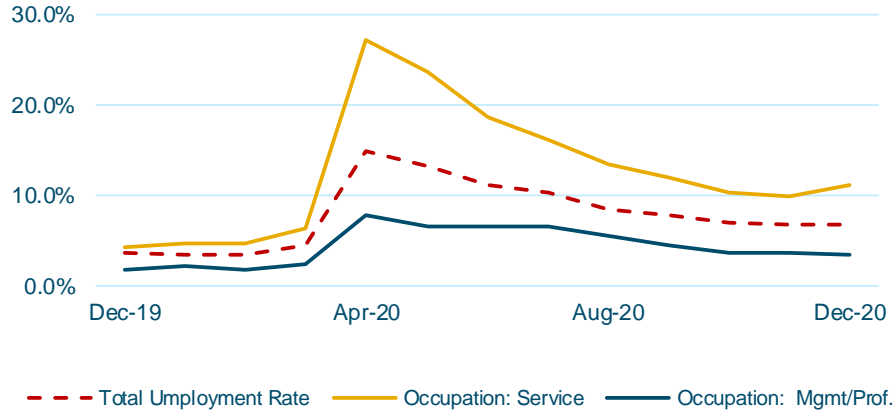
### 10 YEAR TREASURY YIELDS AND S&P 500





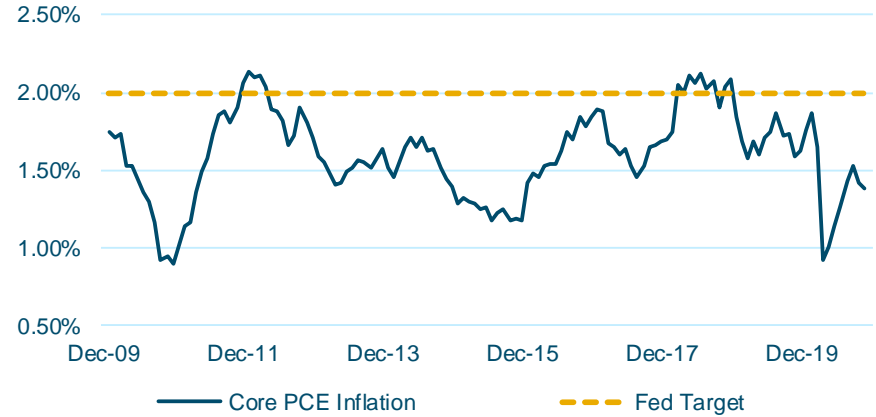
# Market Indicators

### UNEMPLOYMENT RATES BY OCCUPATION



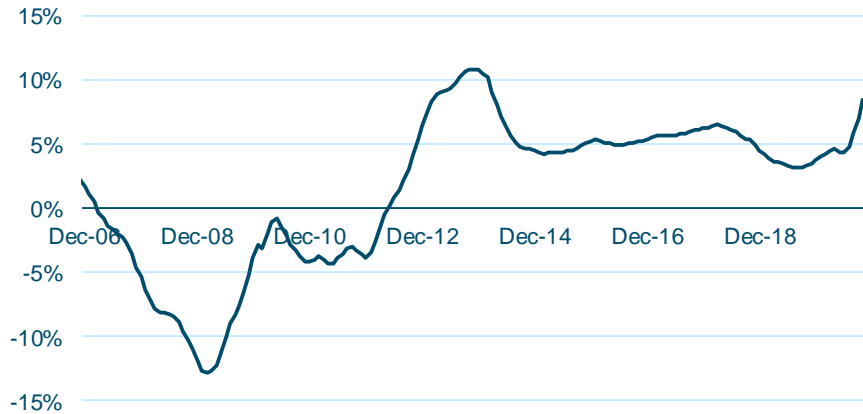
Source: Bureau of Labor Statistics

### INFLATION



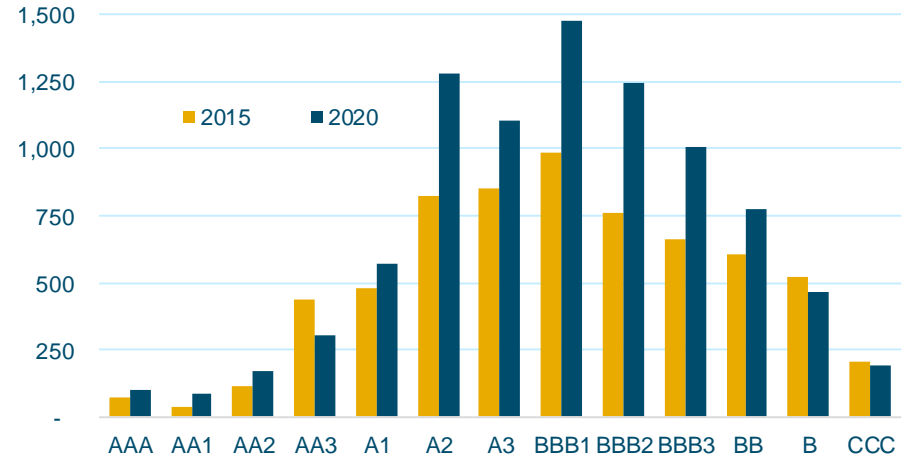
Source: Bloomberg, Bureau of Economic Analysis

### S&P CORELOGIC CASE-SHILLER HOME PRICE INDEX YOY%



Source: S&P/Case-Shiller

### COPORATE BONDS OUTSTANDING (\$bn)



Source: ICE BAML Index Data, CreditSights

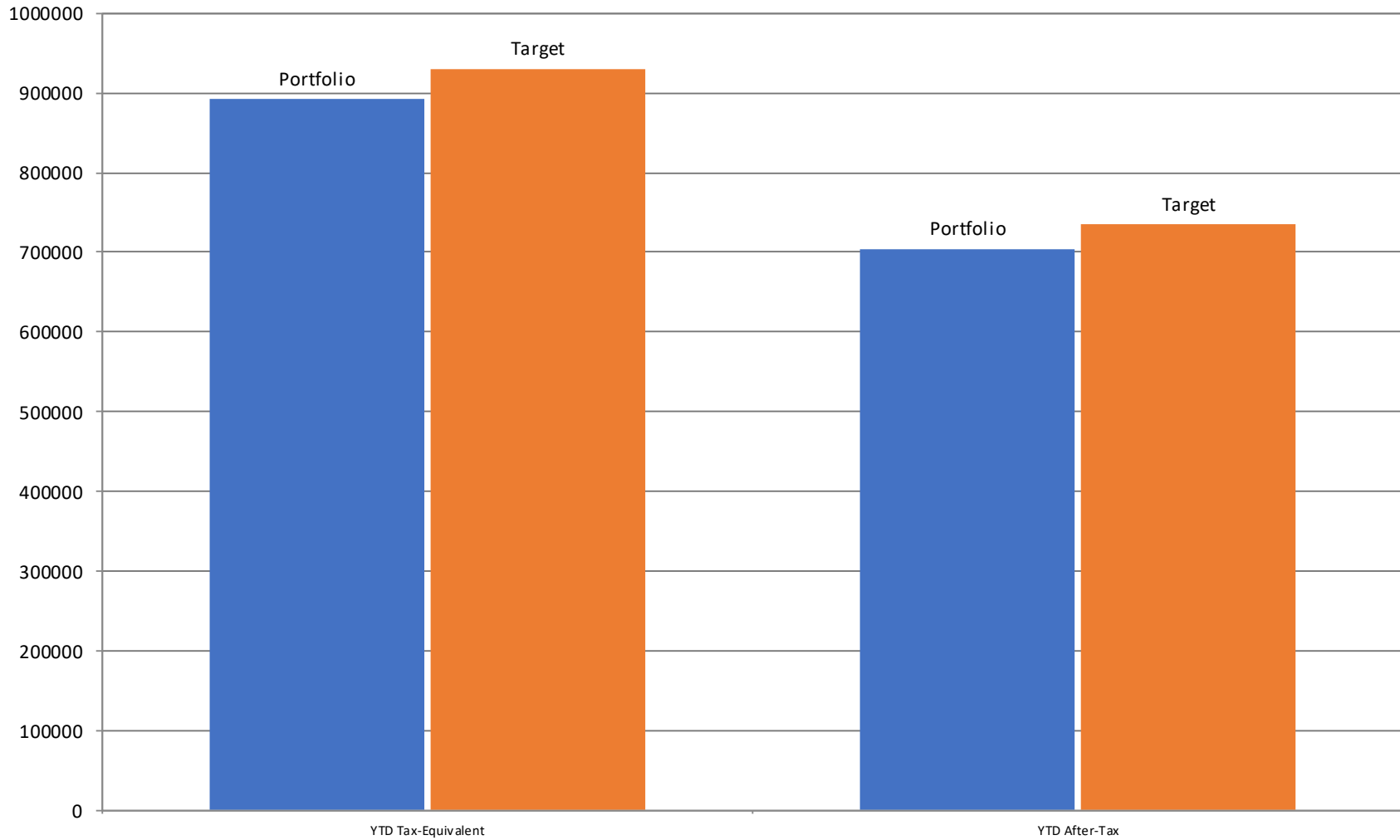
# Portfolio Changes

Garden State Muni Joint Insurance Fund	12/31/2019	03/31/2020	06/30/2020	09/30/2020	12/31/2020
<b>Treasury Yields</b>					
2 yr Treasury Yield	1.56%	0.23%	0.15%	0.13%	0.12%
5 yr Treasury Yield	1.68%	0.38%	0.29%	0.27%	0.36%
10 yr Treasury Yield	1.91%	0.70%	0.65%	0.68%	0.91%
<b>Book Statistics</b>					
Tax-Equivalent Book Yield	2.11%	2.02%	1.80%	1.61%	1.53%
Book Value (\$)	46,108,806	47,894,997	50,127,927	50,358,925	48,313,018
Projected Tax-Equivalent Income, next 12 months (\$)	974,710	965,742	902,407	812,485	737,169
Unrealized Gains/(Losses) (\$)	409,946	1,102,386	956,528	785,384	607,591
YTD Realized Gains/(Losses) (\$)	(216)	0	0	0	0
<b>Portfolio Risk Statistics</b>					
Effective Duration	1.33	1.20	1.37	1.28	1.32
Convexity	0.03	0.03	0.03	0.03	0.03
Weighted Average Life	1.36	1.21	1.38	1.29	1.33
Average Rating	AA+	AA+	AA+	AA+	AA+
<b>Portfolio Sector Allocation</b>					
Treasury	99%	97%	100%	94%	97%
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	1%	3%	0%	6%	3%

# Income Year to Date

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Year to Date, as of 12/31/2020



# Performance

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**Tax-Equivalent Total Return  
as of 12/31/2020  
Inception Date: 07/01/2010**

	<b>Portfolio</b>	<b>Benchmark</b>	<b>Difference</b>
Quarter to Date	0.04%	0.04%	0.00%
Year to Date	2.30%	2.38%	-0.08%
Since Inception	1.57%	1.37%	0.20%

**Benchmark Composition:**

100.0% Garden State Duration Matched Treasury