Quarterly Investment Report

As of 6/30/2022

Executive Summary

PORTFOLIO STATISTICS:

Quarter Ending:	03/31/2022	06/30/2022
Tax-Equivalent Book Yield	0.57%	0.73%
Book Value	$39,584,825	$43,634,485
Projected Tax-Equivalent Annual Income	$227,019	$319,442
Unrealized Gain	-$943,128	-$1,154,713
YTD Realized Gain	$20,388	$20,388
Portfolio Duration	1.44	1.28
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:

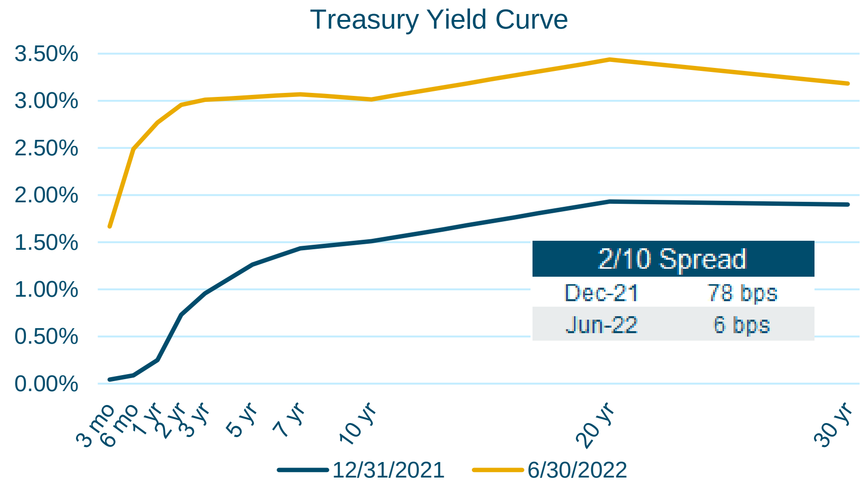
Sector	03/31/2022	06/30/2022
Treasury	100%	98%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	0%	2%

PERFORMANCE:

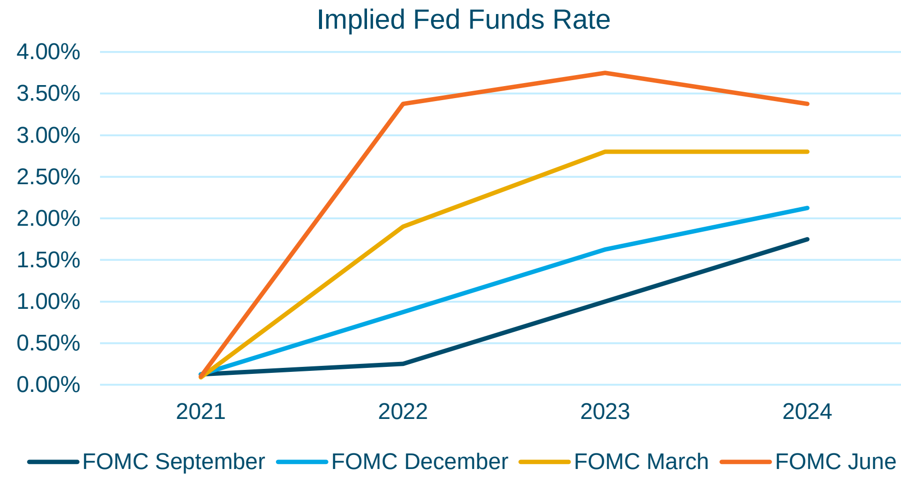
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	$171,617	$195,900	-$24,283
QTD Total Return	-0.36%	-0.44%	0.08%
YTD Total Return	-2.09%	-2.27%	0.18%

Economic Outlook

Treasury Yields and the Economy



Source: Federal Reserve



Source: Federal Reserve Board of Governors

Yield Curve & Hike Expectations

- Yield levels continued to push higher in Q2 in response to increasing inflationary pressures and the Federal Reserve's aggressive actions to contain it
- With Chairman Powell stating the Fed will do "whatever it takes" to restore price stability, 2-year Treasury yields have risen +221 bps YTD to 2.95%, in response to expectations of the Fed increasing the funds rate to nearly 3.5% by year-end 2022
  - 10-year Treasury yields have risen as well, but to a lesser extent, as the implications of higher inflation and geopolitical risks stemming from the Russian invasion of Ukraine weigh on growth expectations. 10-year yields have increased by +150 bps to 3.01% YTD
  - This acceleration of hikes has caused the yield curve to flatten over the first half of 2022. Currently, the difference between the 2 and 10-year yields has fallen from +78 bps at year-end to only +6 bps ending Q2
- U.S. equities have also struggled YTD as the markets respond to rate hikes and the building potential for a recession in the coming year. The S&P is lower by -20.6% and the Dow is down -15.3% on the year
- Moving forward, rate volatility will remain high as the markets adjust to the swift removal of accommodation by global central banks in 2022
  - For the FOMC, the speed and size of potential rate hikes will be "flexible" and "data dependent" on how quickly inflationary pressures subside
  - While curtailing inflation remains a top priority for the Fed, a policy misstep that reduces growth too quickly could ultimately lead the Fed to pause or reverse their proposed course of action. This concern is a major factor playing into the flatness of the yield curve

Economic Outlook

Treasury Yields and the Economy

FOMC Summary Economic Projections Inflation (Core PCE)			
	2022	2023	2024
Jun-22	4.3%	2.7%	2.3%
Mar-22	4.1%	2.6%	2.3%
Dec-21	2.7%	2.3%	2.1%
Sep-21	2.3%	2.2%	2.1%
GDP			
	2022	2023	2024
Jun-22	1.7%	1.7%	1.9%
Mar-22	2.8%	2.2%	2.0%
Dec-21	4.0%	2.2%	2.0%
Sep-21	3.8%	2.5%	2.0%

Source: Federal Reserve Board of Governors

Intermediate Agg Yield-to-Worst

Source: Bloomberg

FOMC Projections

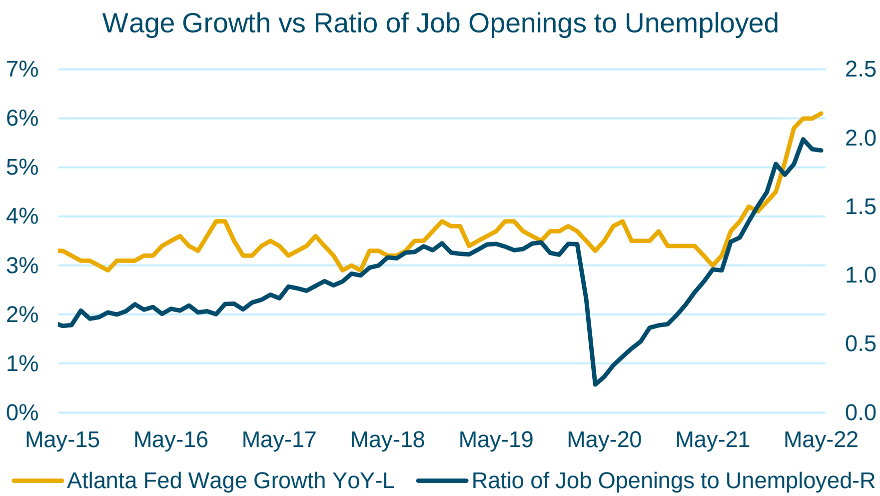
- At the June FOMC meeting, the Fed released their latest Summary of Economic Projections (SEP) which has consistently followed the same pattern over the course of the last year, signaling higher inflation (slower recovery) and lower growth
- With inflation pressures remaining stubbornly high the Fed sees no choice but to raise rates aggressively, even if it means reducing growth and higher unemployment levels over the next couple of years
- In the June release:
  - GDP: The FOMC cut 2022 growth projections from December's anticipated +4.0% level to +1.7% in June
  - Inflation: Given ongoing global supply chain disruptions, labor market and commodity shortages, the FOMC has further delayed the inflation recovery to the target levels of mid-2% until late 2024
  - Dot Plot: The Fed has projected an accelerated pace of rate hikes in 2022. The median Fed expectations are for an additional 7 rate hikes (25 bps, totaling +1.75%) in the second half of 2022, taking the Fed Funds rate to approximately 3.4% at year-end

Investment Yields

- On a positive note, rising market yields will continue to provide better reinvestment opportunities and help mitigate pressures on portfolio book yields. The yield to worst for the Bloomberg Intermediate Aggregate ended Q2 at 3.60%, which is well above its average of 2.04% over the past decade

Economic Outlook

Market Indicators



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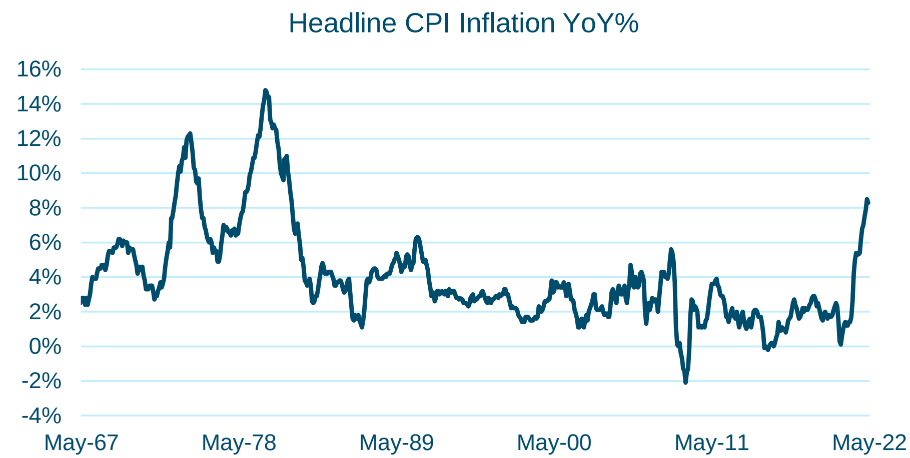


Source: Bloomberg

<u>Employment & Wages</u>

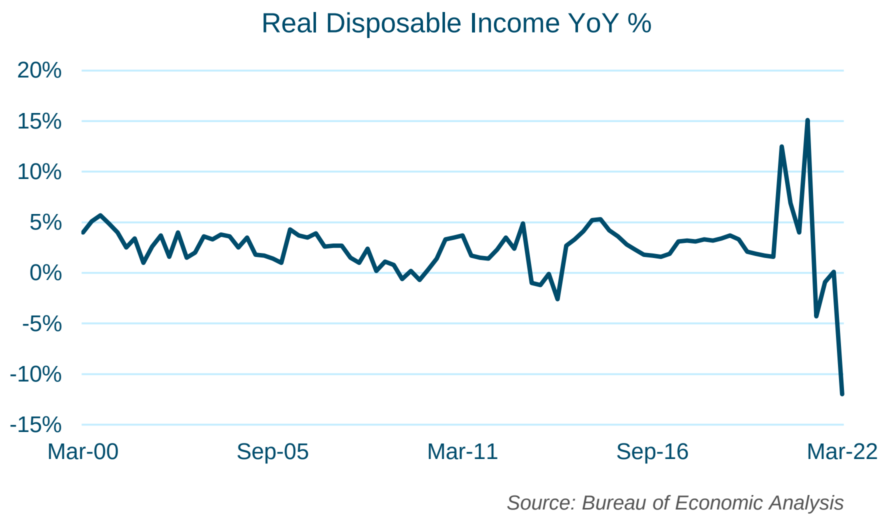
- Employment demand continues to outweigh supply as depicted by the ratio of job openings relative to job seekers
  - This ratio remains at its highest levels on record, with roughly 2 job openings per person actively looking for work
- With labor market conditions at extremely tight levels, it has made it increasingly difficult for businesses to retain workers without increasing wages and benefit packages, ultimately pressuring costs higher and adding to inflation
  - The labor shortfall has put upward pressure on wages, which is now growing at an annual rate above 6.1%
- While it is expected that labor growth and participation levels will continue to improve slowly as higher wages bring more candidates back to the labor pool, the existing supply shortage will take time to ease, further supportive of wages and inflationary pressures

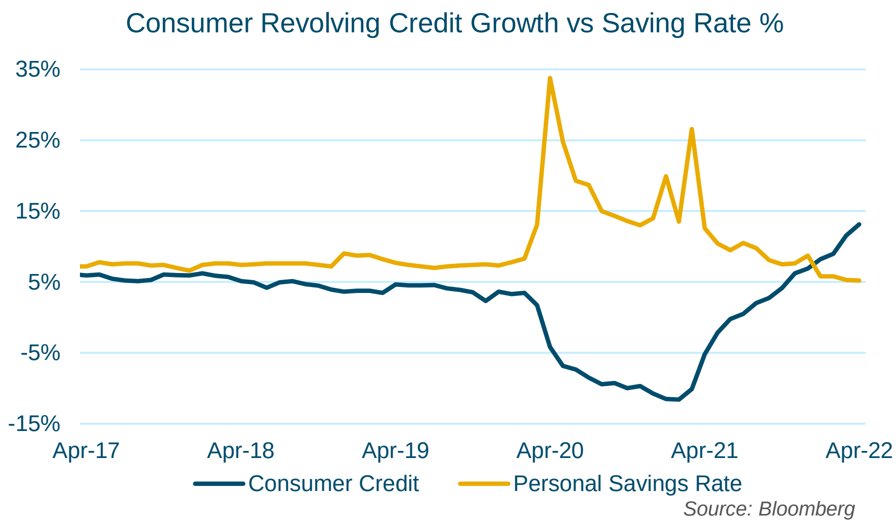
<u>CPI Inflation</u>

- While core inflation measures strip out food and energy prices given their volatility, there has been a noticeable rise in costs over the past two years in every inflation category
  - Year over year, headline CPI has risen to 41-year highs at +8.6% (through May-22), well through average wage increases of +6.1%
  - This inflationary rise has increased the hardship felt by consumers as real wages have been on the decline and will eventually lead to reduced consumer spending

Economic Outlook

Market Indicators





<u>Real Disposable Income</u>

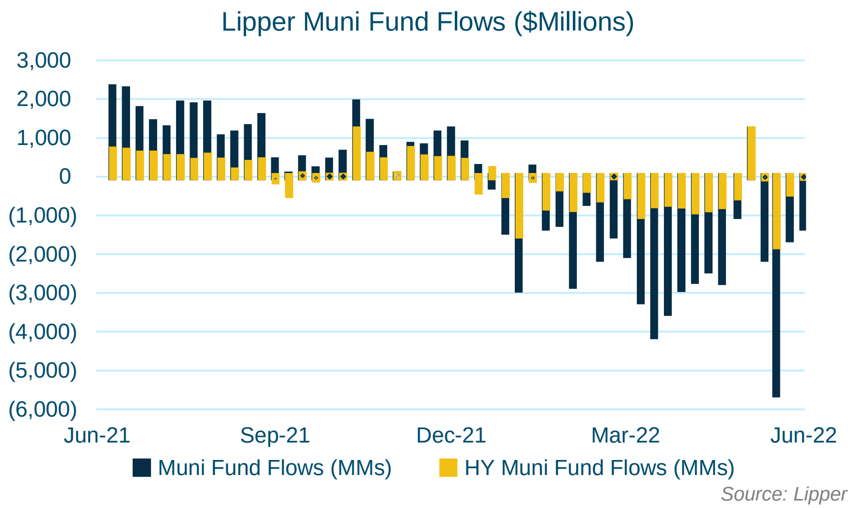
- Given the recent rise in inflation and the reduction in fiscal stimulus, real disposable income over the course of the past year has declined substantially
- Price increases in consumers largest outlays including housing, food and energy have exceeded the growth in both personal income and wages
  - This decline in real disposable income has been a contributing factor to consumer confidence falling to all-time lows

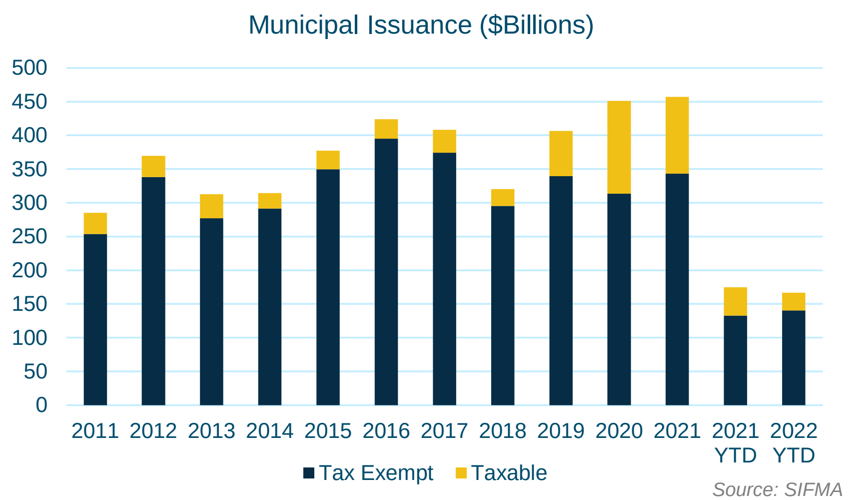
<u>Consumer Credit and Savings</u>

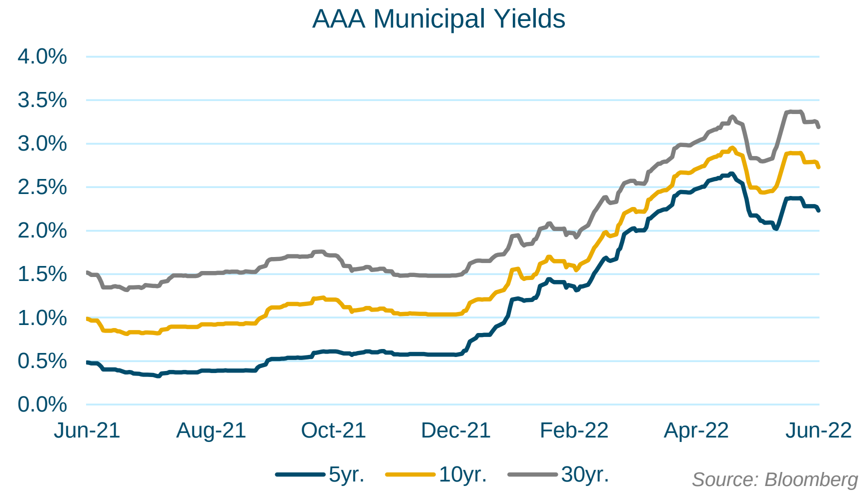
- While retail sales continues to show resiliency, data shows that consumers have dipped into savings and expanded credit to support spending habits
  - This condition is not sustainable over the long-run as consumers will be forced to prioritize non-discretionary over discretionary spending
- With U.S. GDP driven by consumer spending, an inflation induced slowdown in growth appears to be on the horizon as projected by the FOMC
- While still in expansion territory, U.S. ISM and PMI measures have been easing and are reflecting the outlook of reduced future demand
  - Manufacturing and Service PMIs in June showed new orders and new business measures falling from mid-50 levels in April to 48.4 and 47.2, respectively in May
  - These are the lowest readings since May of 2020 and signals contraction (<50) in expected future growth
- The positive implications of reduced demand and slower growth should be supportive of reigning in inflation long-term

Economic Outlook

Municipals



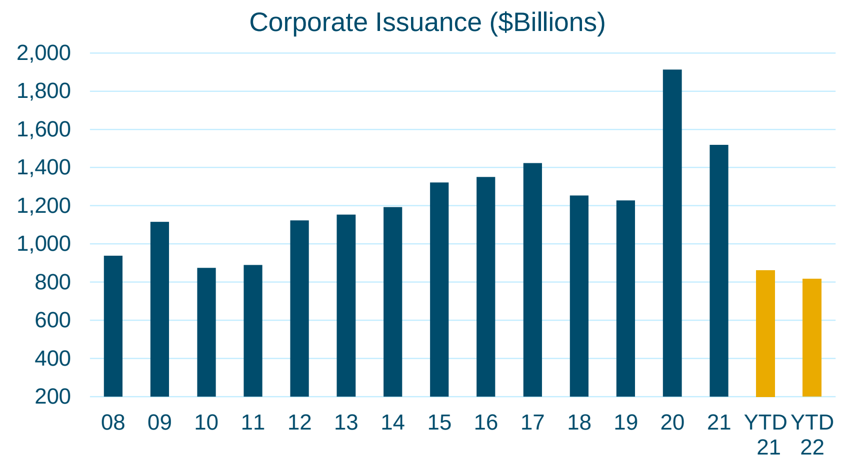




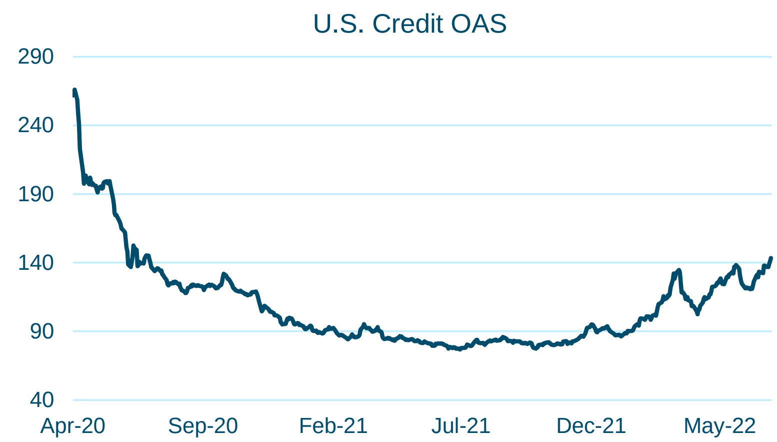
- In sympathy with Treasuries, tax-exempt yields continued to climb during the quarter, but at a much more gradual pace than Q1
- Unlike portions of the Treasury curve that remain inverted, the municipal curve remains positively sloped. This positive slope allows for attractive extension swaps within portfolios. Investors can pick up over 75 basis points in yield by extending from two to ten years versus the 5 bps pickup by extending from a 2-year to a 10-year Treasury
- The ratio of pre-tax yields to similar maturity Treasuries remained elevated throughout much of the quarter, and we continue to layer in purchases across many of the portfolios we manage. Along with providing better relative value in the current fixed income marketplace, municipal balance sheets remain in good shape post COVID stimulus and should weather an economic slowdown better than many other asset classes

Economic Outlook

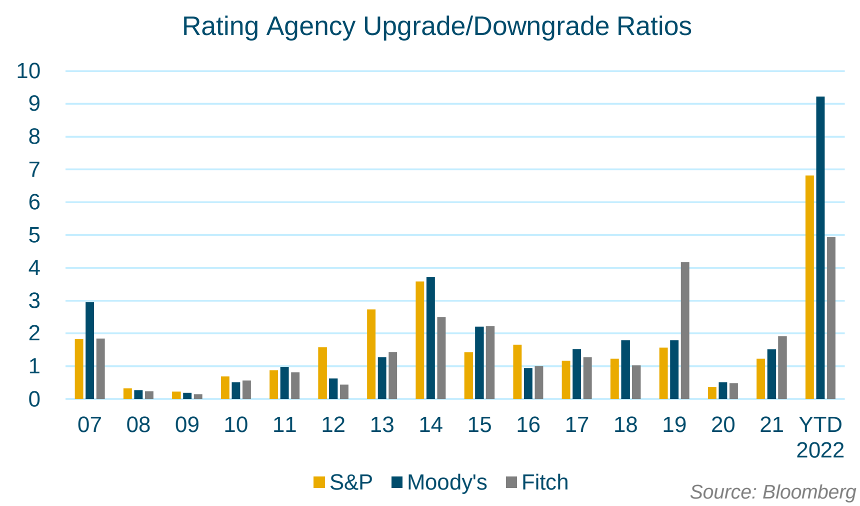
Corporates



Source: Bloomberg



Source: Bloomberg

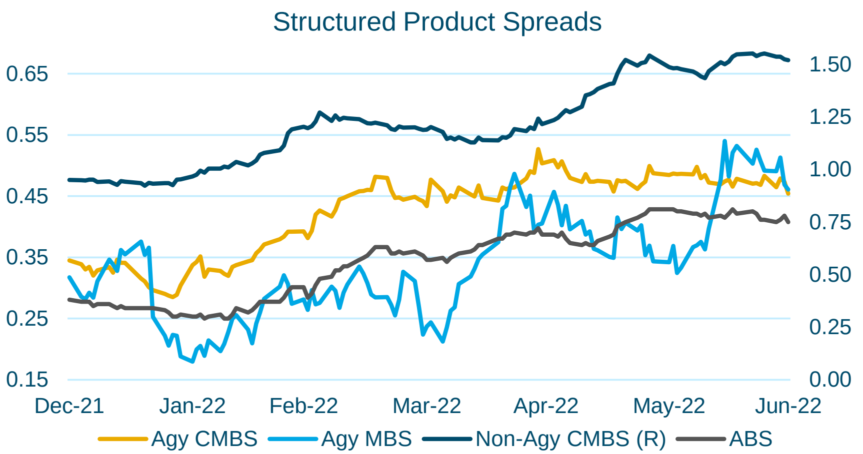


Source: Bloomberg

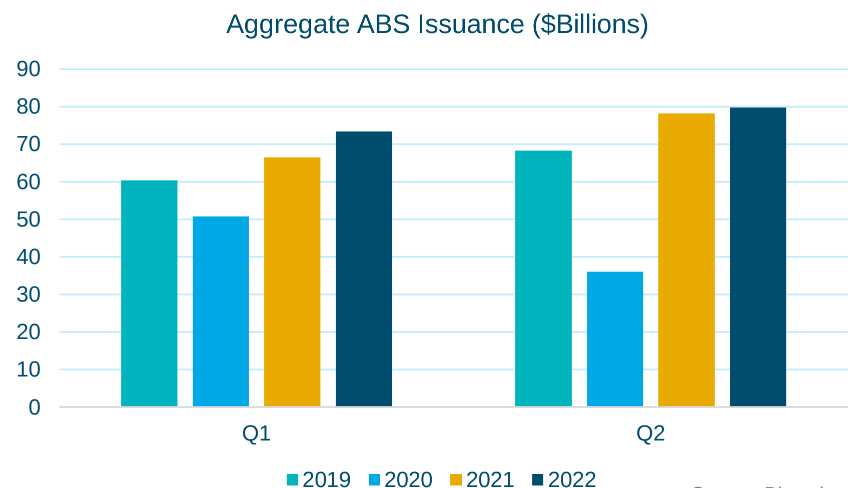
- IG spreads continued to widen in Q2'22, trading in a volatile 41bps range. Spreads closed the quarter +35bps wider at +143, marking the YTD wides on increasing fears of a recession as the Fed seeks to aggressively fight inflation
- Q2'22 IG issuance slowed dramatically, falling 11% y/y (-20% q/q) to $362bn. A hawkish Fed, interest rate volatility, and increasing recessionary fears frequently left issuers on the sidelines
- Corporate fundamentals remained strong, although revenue and EBITDA growth rates decelerated, and margins declined from very strong levels as inflation pressures have set in
- We retain our tactical overweight to corporates with an up in quality bias

Economic Outlook

Structured Products



Source: Bloomberg



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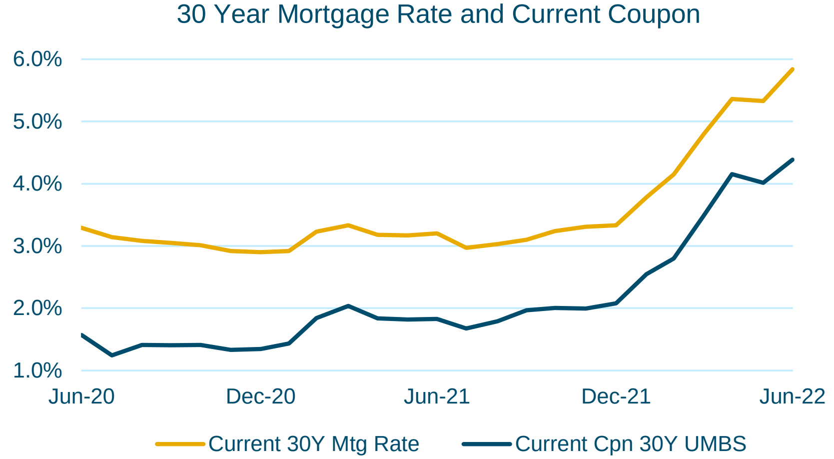


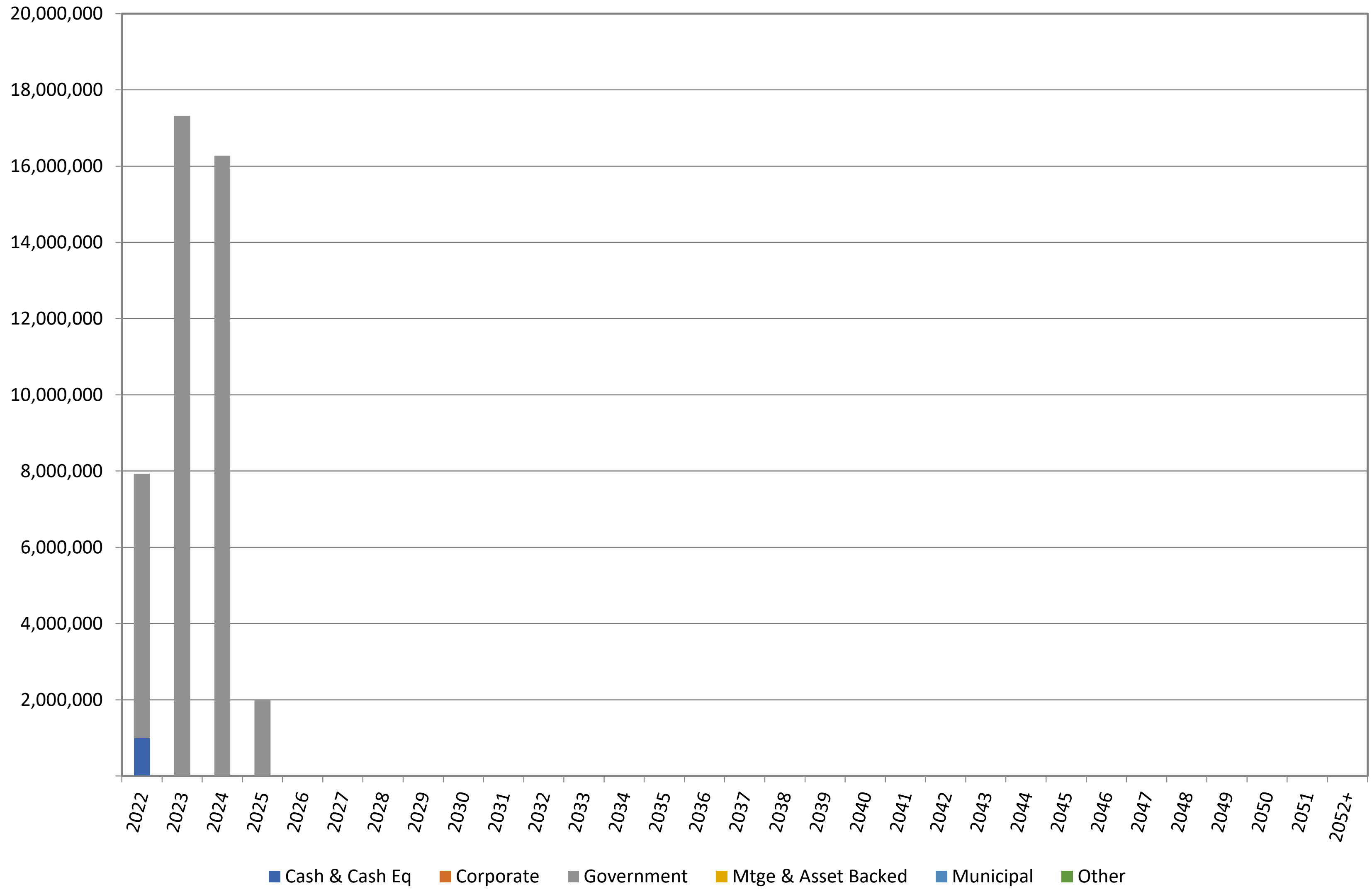
Source: Bloomberg

- MBS finished the quarter just +2bps wider after experiencing a fair amount of intra-quarter volatility driven by uncertainty over possible future sales from the Fed's MBS portfolio and building recessionary fears
- ABS issuance remained strong in in the second quarter as the street to adjusted expected issuance for the year higher. Auto issuance is currently ahead of 2021 by +5.89%. Card issuance has improved in 2022 issuing $16.5 billion
- ABS Spread performance was volatile throughout the quarter but traded within a much narrower band than broader markets. Despite volatility, investors favored the strong fundamentals and short duration profile of high-quality ABS issuers. AAA cards ended the quarter +8bps wider while AAA rated autos ended the quarter +16bps wider

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	42,641,291	41,486,579	(1,154,713)	0.75	2.74	1.31	0.03	2	872	31	(1,155,584)
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	**42,641,291**	**41,486,579**	**(1,154,713)**	**0.75**	**2.74**	**1.31**	**0.03**	**2**	**872**	**31**	**(1,155,584)**
Short Term											
Sweep Money Market	993,194	993,194	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	**993,194**	**993,194**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0**	**0**
Total Fixed Income & Short Term											
Total	**43,634,485**	**42,479,772**	**(1,154,713)**	**0.73**	**2.68**	**1.28**	**0.03**	**2**	**872**	**31**	**(1,155,584)**
Equity											
Common Stock	0	0	0					0	0	0	0
Total	**0**	**0**	**0**					**0**	**0**	**0**	**0**
Grand Total											
Total	**43,634,485**	**42,479,772**	**(1,154,713)**					**2**	**872**	**31**	**(1,155,584)**

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2022	6,950,221	1.39	16%
2023	17,349,466	0.22	41%
2024	16,354,747	0.78	38%
2025	1,986,857	2.89	5%
2026+	0	0.00	0%
Subtotal	**42,641,291**	**0.75**	**100%**
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	**42,641,291**	**0.75**	**100%**

Performance

Tax-Equivalent Total Return
as of 06/30/2022
Inception Date: 07/01/2010

	Portfolio	Benchmark	Difference
Quarter to Date	-0.36%	-0.44%	0.09%
Year to Date	-2.09%	-2.27%	0.18%
Since Inception	1.16%	0.98%	0.18%

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
04/22/2022	US TREASURY N/B	Treasury	AA+	Aaa	2.250	10/31/2024	N/A	98.48	984,805	2.88	2.88
04/22/2022	US TREASURY N/B	Treasury	AA+	Aaa	2.500	01/31/2025	N/A	98.99	989,883	2.88	2.88
04/22/2022	US TREASURY N/B	Treasury	AA+	Aaa	2.750	02/28/2025	N/A	99.61	996,055	2.89	2.89
04/22/2022	US TREASURY N/B	Treasury	AA+	Aaa	2.000	06/30/2024	N/A	98.33	983,320	2.79	2.79
Total									**3,954,063**	**2.86**	**2.86**

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
06/30/2022	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	2.125	06/30/2022	06/30/2022	100.00	775,000	0	2.69	2.69
Total										**775,000**	**0**	**2.69**	**2.69**

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

CUSIP	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																	
99C001734	04/21/2022			993,194	BANK OF AMER/ML	0.00			993,194	993,194	993,194	0	0.00	0.00	0.00	0.00	
Total Money Market				**993,194**					**993,194**	**993,194**	**993,194**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	
Treasury																	
9128283D0	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.25	10/31/2024	10/31/2024	984,805	985,877	984,020	(1,857)	2.88	2.96	2.25	2.33	0.06
9128283V0	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.50	01/31/2025	01/31/2025	989,883	990,549	987,770	(2,779)	2.88	2.99	2.46	2.58	0.07
9128283Z1	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.75	02/28/2025	02/28/2025	996,055	996,308	993,750	(2,558)	2.89	2.99	2.53	2.66	0.08
912828L57	07/02/2019	AA+	Aaa	1,050,000	US TREASURY N/B	1.75	09/30/2022	09/30/2022	1,050,861	1,050,068	1,049,832	(236)	1.72	1.81	0.25	0.25	0.00
912828M49	07/16/2019	AA+	Aaa	1,025,000	US TREASURY N/B	1.88	10/31/2022	10/31/2022	1,025,721	1,025,076	1,024,129	(947)	1.85	2.12	0.33	0.33	-0.01
912828T91	11/09/2020	AA+	Aaa	1,125,000	US TREASURY N/B	1.63	10/31/2023	10/31/2023	1,169,374	1,145,734	1,106,100	(39,634)	0.24	2.92	1.30	1.33	0.02
912828TJ9	06/24/2019	AA+	Aaa	1,000,000	US TREASURY N/B	1.63	08/15/2022	08/15/2022	997,305	999,891	1,000,220	329	1.71	1.44	0.12	0.12	0.00
912828TY6	01/22/2020	AA+	Aaa	1,275,000	US TREASURY N/B	1.63	11/15/2022	11/15/2022	1,278,287	1,275,444	1,271,813	(3,632)	1.53	2.29	0.37	0.38	0.01
912828V80	05/05/2021	AA+	Aaa	1,425,000	US TREASURY N/B	2.25	01/31/2024	01/31/2024	1,502,039	1,469,613	1,409,867	(59,747)	0.27	2.94	1.53	1.59	0.03
912828W48	06/02/2021	AA+	Aaa	1,475,000	US TREASURY N/B	2.13	02/29/2024	02/29/2024	1,550,479	1,520,917	1,455,987	(64,930)	0.25	2.92	1.61	1.67	0.03
912828XQ8	06/19/2019	AA+	Aaa	1,065,000	US TREASURY N/B	2.00	07/31/2022	07/31/2022	1,072,425	1,065,203	1,065,746	543	1.77	1.17	0.08	0.08	0.00
912828XT2	08/04/2021	AA+	Aaa	1,500,000	US TREASURY N/B	2.00	05/31/2024	05/31/2024	1,572,070	1,549,019	1,474,095	(74,924)	0.29	2.93	1.86	1.92	0.04
912828XX3	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	06/30/2024	06/30/2024	983,320	984,711	981,840	(2,871)	2.79	2.94	1.94	2.00	0.05
912828YW4	03/10/2020	AA+	Aaa	1,525,000	US TREASURY N/B	1.63	12/15/2022	12/15/2022	1,576,365	1,534,539	1,519,586	(14,953)	0.25	2.41	0.45	0.46	0.00
912828Z29	06/24/2020	AA+	Aaa	1,500,000	US TREASURY N/B	1.50	01/15/2023	01/15/2023	1,549,570	1,510,472	1,491,675	(18,797)	0.20	2.54	0.53	0.54	0.01
912828Z86	04/22/2020	AA+	Aaa	1,175,000	US TREASURY N/B	1.38	02/15/2023	02/15/2023	1,211,804	1,183,379	1,165,682	(17,696)	0.23	2.66	0.62	0.63	0.01
912828ZD5	05/15/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.50	03/15/2023	03/15/2023	1,008,984	1,002,252	984,490	(17,762)	0.18	2.72	0.70	0.70	0.01
912828ZH6	05/05/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	04/15/2023	04/15/2023	1,500,449	1,500,125	1,469,595	(30,530)	0.24	2.86	0.78	0.79	0.01
912828ZP8	05/15/2020	AA+	Aaa	1,290,000	US TREASURY N/B	0.13	05/15/2023	05/15/2023	1,287,179	1,289,164	1,259,569	(29,595)	0.20	2.87	0.86	0.87	0.01
912828ZU7	06/16/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	06/15/2023	06/15/2023	1,500,527	1,500,169	1,462,440	(37,729)	0.24	2.92	0.94	0.96	0.01
912828ZY9	07/16/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.13	07/15/2023	07/15/2023	1,498,066	1,499,328	1,457,340	(41,988)	0.17	2.92	1.02	1.04	0.02
91282CAF8	08/13/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	08/15/2023	08/15/2023	998,625	999,472	968,790	(30,682)	0.17	2.96	1.11	1.12	0.02
91282CAK7	10/02/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.13	09/15/2023	09/15/2023	1,498,184	1,499,255	1,450,545	(48,710)	0.17	2.92	1.19	1.21	0.02
91282CAP6	12/07/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	10/15/2023	10/15/2023	998,047	999,115	964,650	(34,465)	0.19	2.93	1.27	1.29	0.02
91282CAW1	04/05/2021	AA+	Aaa	1,575,000	US TREASURY N/B	0.25	11/15/2023	11/15/2023	1,573,277	1,574,092	1,518,710	(55,383)	0.29	2.92	1.36	1.38	0.02
91282CBA8	05/03/2021	AA+	Aaa	1,650,000	US TREASURY N/B	0.13	12/15/2023	12/15/2023	1,644,457	1,646,909	1,584,330	(62,579)	0.25	2.93	1.44	1.46	0.03
91282CBR1	07/06/2021	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	03/15/2024	03/15/2024	1,495,723	1,497,282	1,433,325	(63,957)	0.36	2.94	1.68	1.71	0.04
91282CBV2	07/06/2021	AA+	Aaa	1,400,000	US TREASURY N/B	0.38	04/15/2024	04/15/2024	1,399,727	1,399,824	1,337,546	(62,278)	0.38	2.95	1.76	1.79	0.04
91282CCL3	08/17/2021	AA+	Aaa	1,450,000	US TREASURY N/B	0.38	07/15/2024	07/15/2024	1,449,037	1,449,324	1,376,601	(72,723)	0.40	2.95	2.00	2.04	0.05
91282CCT6	11/08/2021	AA+	Aaa	1,525,000	US TREASURY N/B	0.38	08/15/2024	08/15/2024	1,513,205	1,515,916	1,443,931	(71,985)	0.66	2.97	2.08	2.12	0.05
91282CCX7	10/06/2021	AA+	Aaa	1,625,000	US TREASURY N/B	0.38	09/15/2024	09/15/2024	1,617,383	1,619,271	1,535,121	(84,150)	0.54	2.98	2.17	2.21	0.06
91282CDH1	11/17/2021	AA+	Aaa	1,500,000	US TREASURY N/B	0.75	11/15/2024	11/15/2024	1,495,020	1,496,041	1,423,470	(72,571)	0.86	2.99	2.32	2.37	0.07
91282CDN8	02/01/2022	AA+	Aaa	875,000	US TREASURY N/B	1.00	12/15/2024	12/15/2024	865,635	866,952	834,015	(32,937)	1.38	2.99	2.40	2.46	0.07

Portfolio Holdings Report

CUSIP	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
Total Treasury				**42,530,000**					**42,853,887**	**42,641,291**	**41,486,579**	**(1,154,713)**	**0.75**	**2.74**	**1.31**	**1.35**	**0.03**
Grand Total				**43,523,194**					**43,847,081**	**43,634,485**	**42,479,772**	**(1,154,713)**	**0.73**	**2.68**	**1.28**	**1.32**	**0.03**

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	An index against which performance can be measured. Attributes of a good benchmark include: *Objective*: The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined. *Replicable*: The manager should be able to replicate the returns passively. *Relevant*: 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. *Tax Adjusted*: The benchmark should adjust for the different tax rates on various security types
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 realized 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.)

DYCARR[SM]	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.

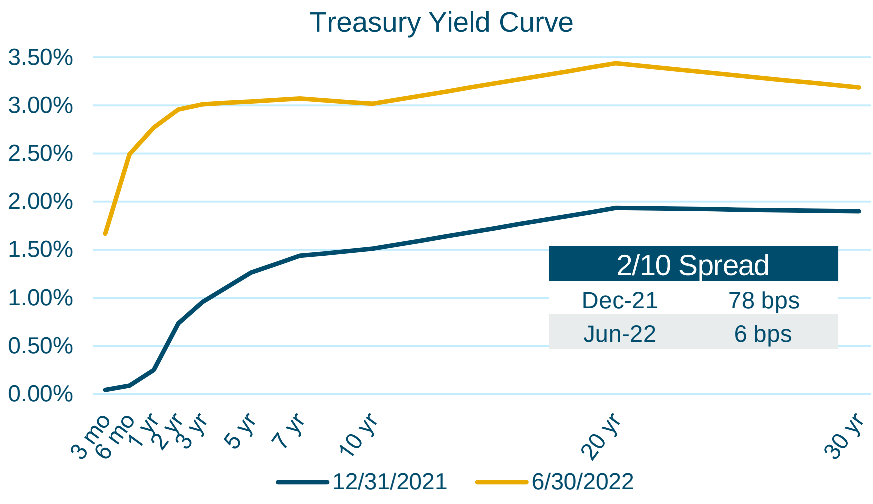
Appendix

Presentation Overview

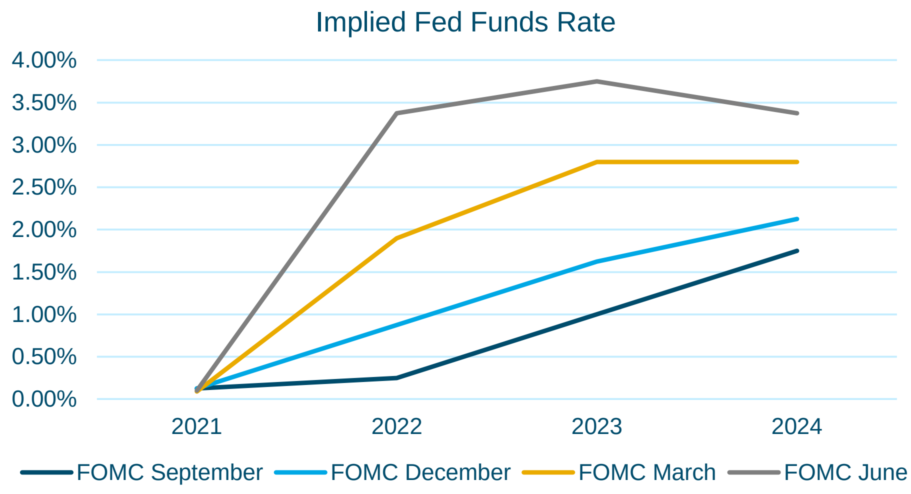
Overview

- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and the Economy



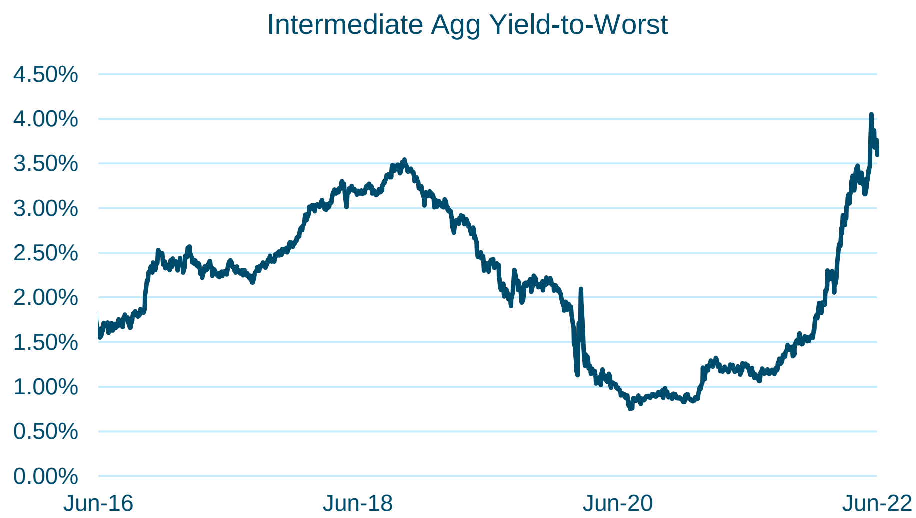
Source: Federal Reserve



Source: Federal Reserve Board of Governors

FOMC Summary Economic Projections Inflation (Core PCE)			
	2022	2023	2024
Jun-22	4.3%	2.7%	2.3%
Mar-22	4.1%	2.6%	2.3%
Dec-21	2.7%	2.3%	2.1%
Sep-21	2.3%	2.2%	2.1%
GDP			
	2022	2023	2024
Jun-22	1.7%	1.7%	1.9%
Mar-22	2.8%	2.2%	2.0%
Dec-21	4.0%	2.2%	2.0%
Sep-21	3.8%	2.5%	2.0%

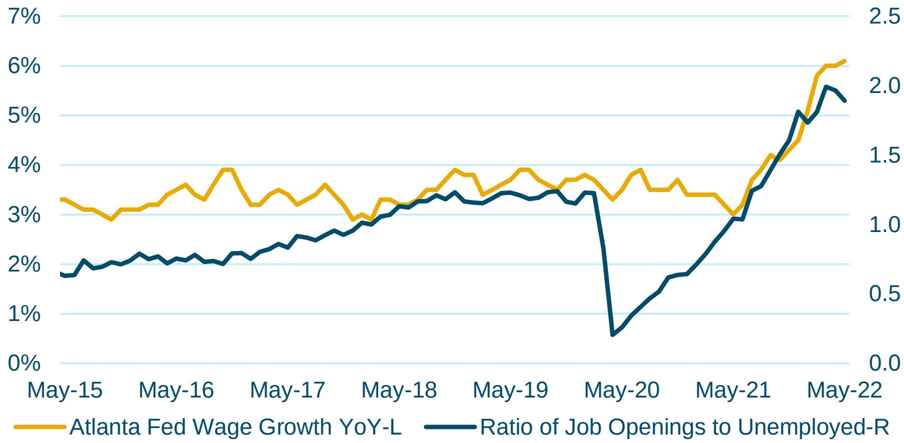
Source: Federal Reserve Board of Governors



Source: Bloomberg

Market Indicators

Wage Growth vs Ratio of Job Openings to Unemployed

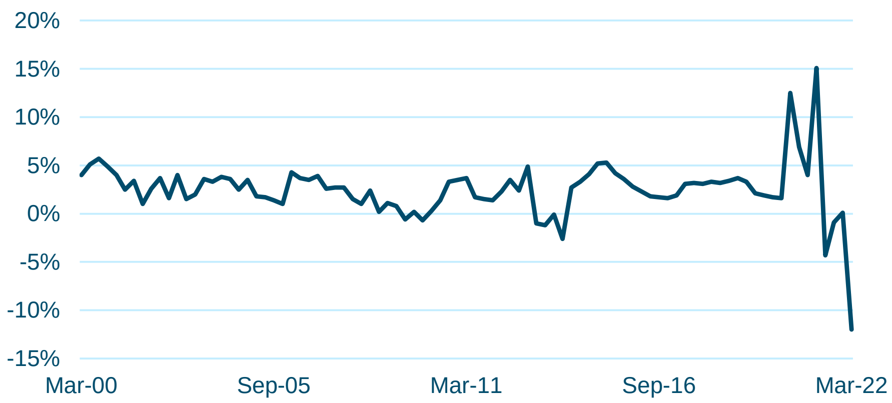


Source: Bloomberg

Headline CPI Inflation YoY%

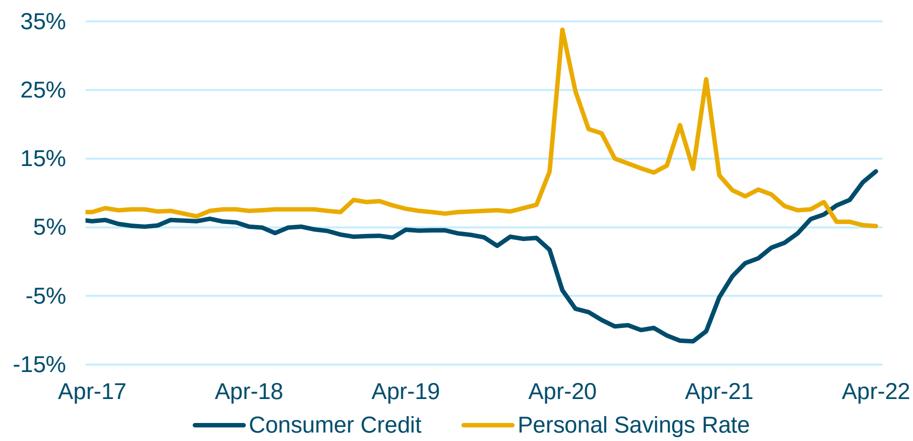
Source: Bloomberg

Real Disposable Income YoY %



Source: Bureau of Economic Analysis

Consumer Revolving Credit Growth vs Saving Rate %

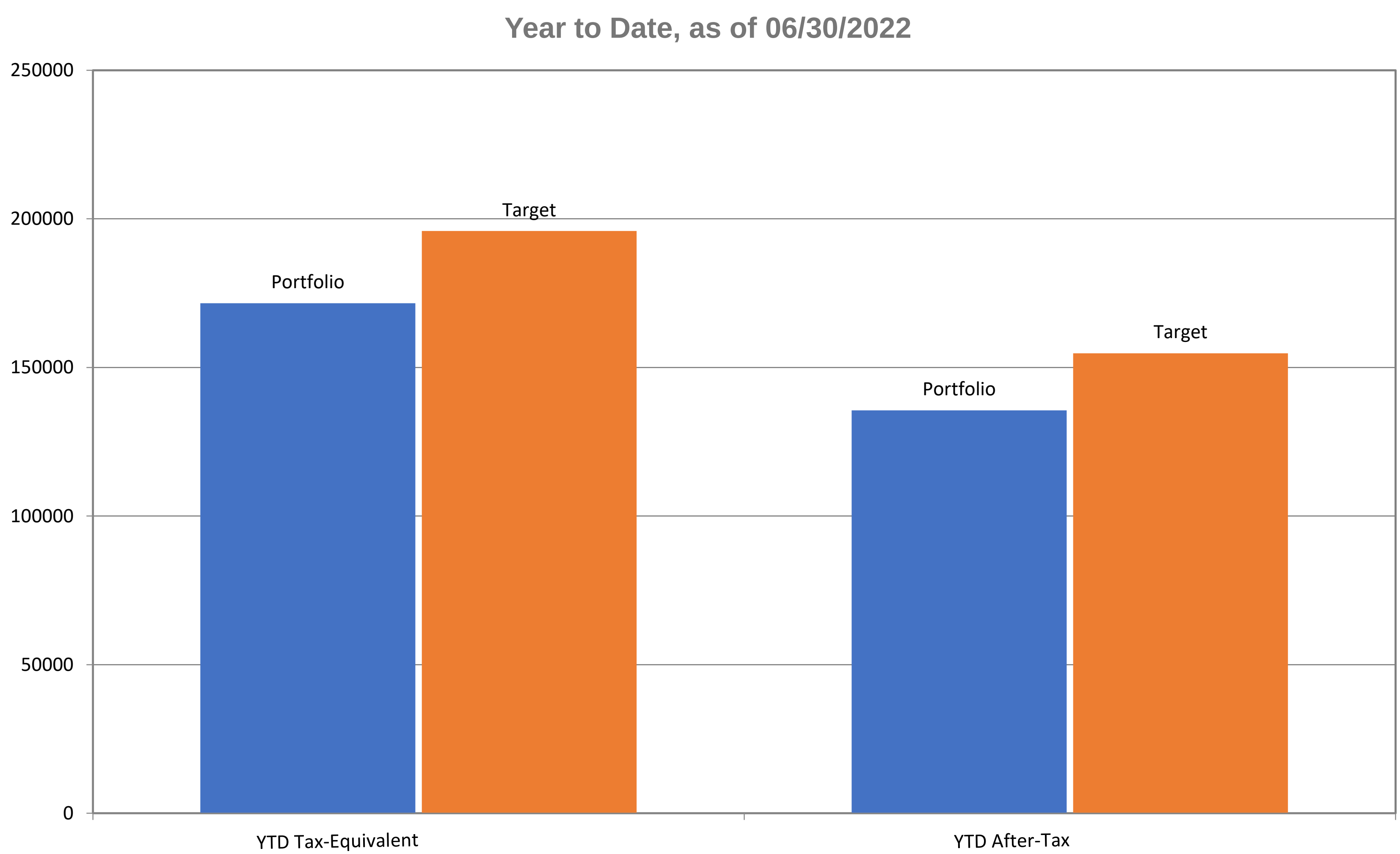


Source: Bloomberg

Portfolio Changes

Garden State Muni Joint Insurance Fund	06/30/2021	09/30/2021	12/31/2021	03/31/2022	06/30/2022
Treasury Yields					
2 yr Treasury Yield	0.25%	0.29%	0.73%	2.32%	2.97%
5 yr Treasury Yield	0.88%	0.98%	1.26%	2.45%	3.04%
10 yr Treasury Yield	1.45%	1.52%	1.50%	2.33%	3.01%
Book Statistics					
Tax-Equivalent Book Yield	1.21%	0.97%	0.84%	0.57%	0.73%
Book Value ($)	44,361,024	45,852,684	44,658,023	39,584,825	43,634,485
Projected Tax-Equivalent Income, next 12 months ($)	538,635	446,816	375,465	227,019	319,442
Unrealized Gains/(Losses) ($)	279,613	171,213	(122,516)	(943,128)	(1,154,713)
YTD Realized Gains/(Losses) ($)	0	0	1,282	20,388	20,388
Portfolio Risk Statistics					
Effective Duration	1.33	1.40	1.48	1.44	1.28
Convexity	0.03	0.03	0.04	0.03	0.03
Weighted Average Life	1.34	1.41	1.50	1.47	1.32
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	96%	96%	100%	100%	98%
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	4%	4%	0%	0%	2%

Income Year to Date



Performance

Tax-Equivalent Total Return
as of 06/30/2022
Inception Date: 07/01/2010

	Portfolio	Benchmark	Difference
Quarter to Date	-0.36%	-0.44%	0.09%
Year to Date	-2.09%	-2.27%	0.18%
Since Inception	1.16%	0.98%	0.18%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury