



Quarterly Investment Report

As of 6/30/2023



Executive Summary

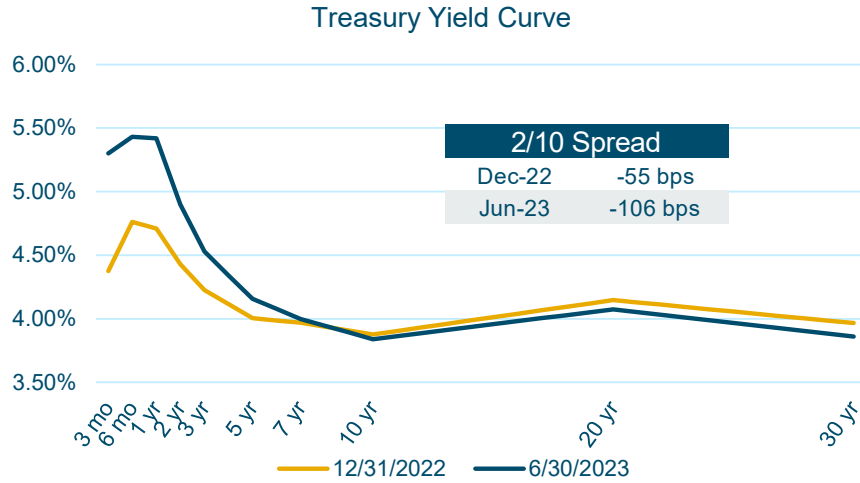
PORTFOLIO STATISTICS:		
Quarter Ending:	03/31/2023	06/30/2023
Tax-Equivalent Book Yield	1.17%	1.62%
Book Value	\$38,425,172	\$38,526,384
Projected Tax-Equivalent Annual Income	\$450,190	\$622,772
Unrealized Gain	-\$1,029,668	-\$1,098,180
YTD Realized Gain	\$0	\$0
Portfolio Duration	1.09	1.10
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:		
Sector	03/31/2023	06/30/2023
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%

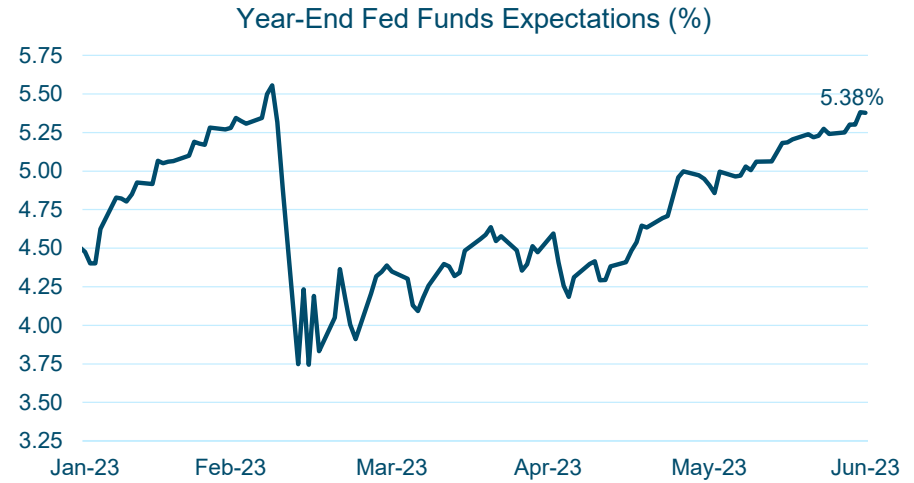
PERFORMANCE:			
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$240,226	\$198,069	\$42,157
QTD Total Return	0.17%	-0.01%	0.18%
YTD Total Return	1.49%	1.33%	0.16%

Economic Outlook

Treasury Yields and the Economy



Source: Federal Reserve



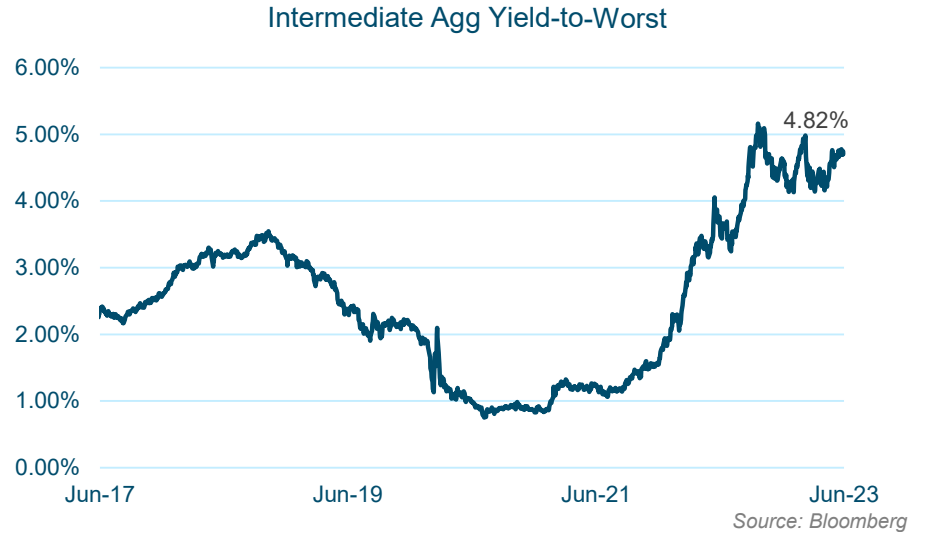
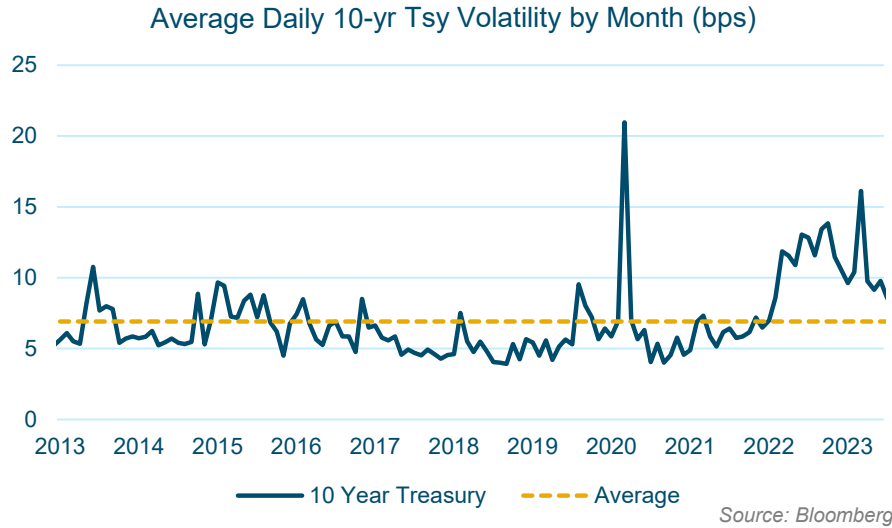
Source: Bloomberg

Yield Curve & Hike Expectations

- The looming debt ceiling dominated day to day market action during the first two months of the second quarter. Once resolved, focus returned squarely on inflation, potential Fed moves, and the impacts on the business cycle.
- FOMC actions during the second quarter included one additional rate hike in May, which took Fed Funds to 5.25%, followed by a "hawkish skip" in June.
 - After raising rates 500 basis points over the past 14 months, the Fed decided it was appropriate to hold rates steady at the June meeting.
 - While the rationale for "the skip" was to give the committee more time to assess the lagged impact of previous rate hikes on the economy, the updated FOMC projections set the table for an additional one or two 25bps hikes later this year. These projections indicate that the committee does not yet believe rates are restrictive enough to quell inflation.
 - Market pricing that had been signaling significant rate cuts by year-end shifted dramatically, with the market now expecting the Fed to remain at restrictive levels for the remainder of 2023.
- As a result, Treasury rates ended the quarter higher with 2-year Treasuries at 4.90% (+87 bps QTD) and 10-year rates at 3.84% (+37 bps QTD).

Economic Outlook

Treasury Yields and the Economy



Interest Rate Volatility

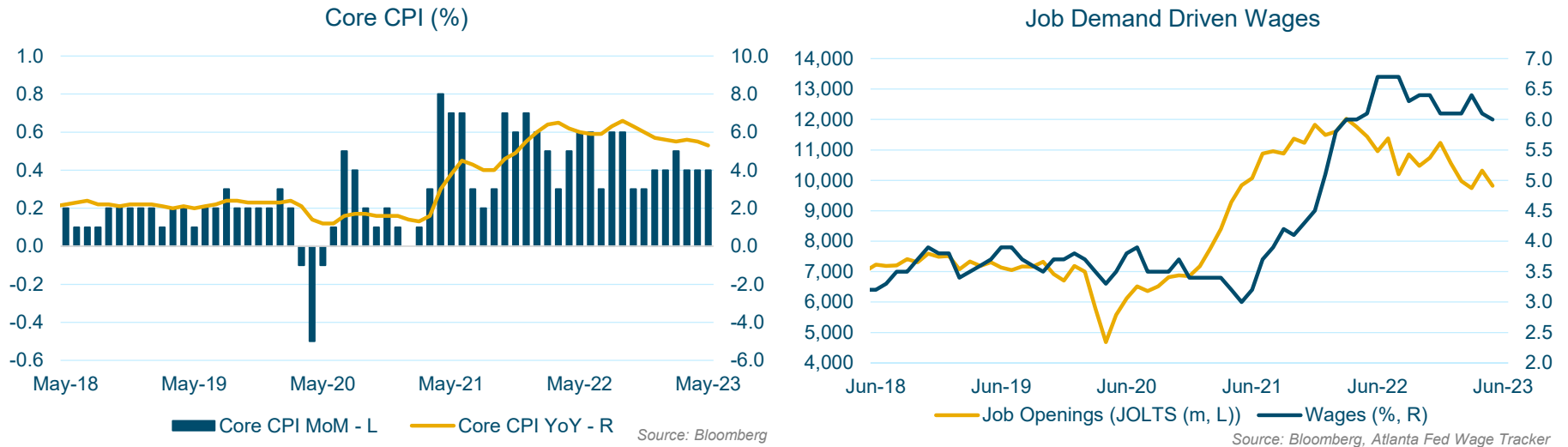
- With the Fed taking a flexible, “data dependent”, approach to monetary policy, markets have experienced extremely high interest rate volatility over the past year. This is exemplified by daily volatility of 10-year Treasury yields that continue to trade at levels not experienced since the onset of the pandemic and the Great Financial Crisis in 2008.
 - Daily yield change experienced since the start of the FOMC tightening cycle has traded at levels more than double the past decade’s average.
- This year, volatility has intensified with the troubles experienced in the banking sector and the debt ceiling crisis.
 - Year to date, 2-year Treasury yields have traded in a wide range of 131 bps, with a high of 5.08% and a low of 3.77%. 10-year yields spanned 75 bps, from a high of 4.06% to a low of 3.31%.
 - With the Federal Reserve determined to defeat inflation and the dot plot still showing additional hikes to come, we do not expect to see this volatility decline anytime soon.

Investment Yields

- Reinvestment yields, as measured by the Bloomberg Intermediate Aggregate index, improved on the quarter and remain supportive of increasing portfolio book yields and growing investment income.
- The yield to worst for the Bloomberg Intermediate Aggregate index ended Q2 at 4.82%, well above its average of 2.32% over the past decade.

Economic Outlook

Market Indicators



Inflation

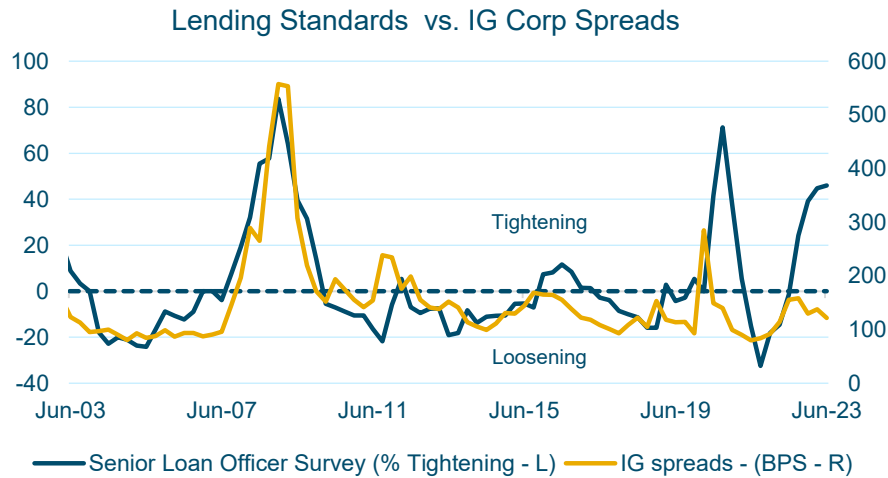
- While CPI inflation has eased from highs experienced last year, core measures remain stubbornly elevated and well above the Fed's 2% target.
 - Unfortunately, the downtrend in core inflation has stalled, with month over month measures rising at approximately +0.4% per month for the past six months, equating to an annualized rate of ~4.9%.
- Core CPI inflation remains resilient given heavy exposure to sticky components such as shelter and wages.
 - Given the longer lasting nature of these components, the Fed is not confident that inflation will recover to target levels on its own, further supporting tighter monetary policy moving forward.

Wages

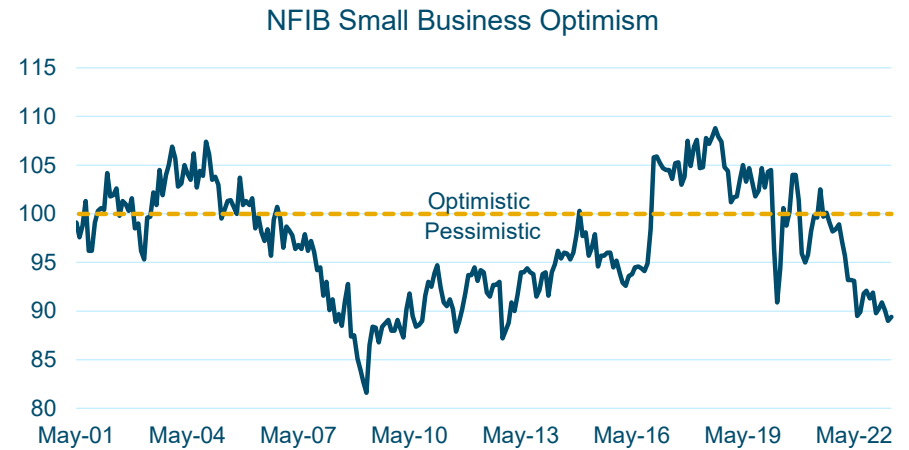
- Tight labor market conditions are one of the key forces driving ongoing inflationary pressures within the U.S. economy. As a result, wage growth remains at historically high levels as demand for workers continues to exceed available supply.
 - While job openings have modestly fallen, hiring remains resilient and exceeds the 3-year average monthly growth experienced prior to the pandemic.
 - With the unemployment rate near 50-year lows and job openings close to all-time highs, wage pressures will continue to be a challenge for the Fed as they strive to lower inflation in 2023.
- The Atlanta Fed Wage measure continues to show wage growth above 6% levels, which is more than double the rate consistent with 2% inflation.

Economic Outlook

Market Indicators



Source: Bloomberg



Source: Bloomberg

Lending Standards lead to Wider Spreads

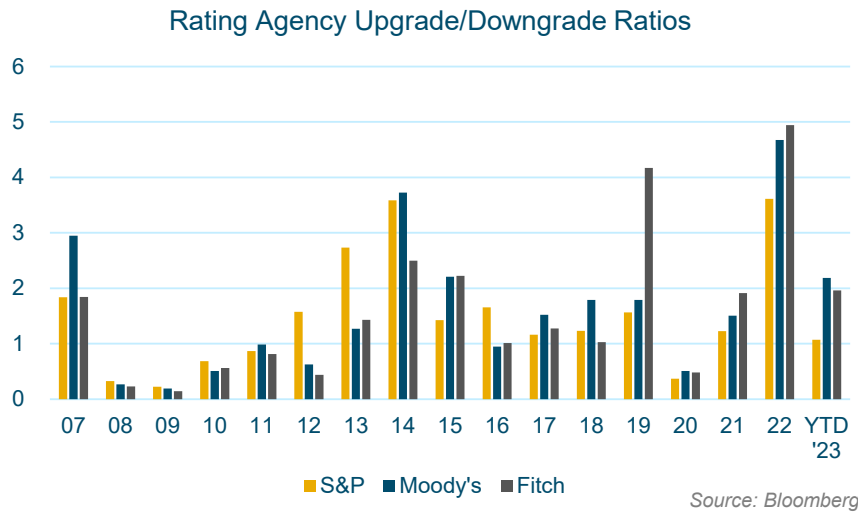
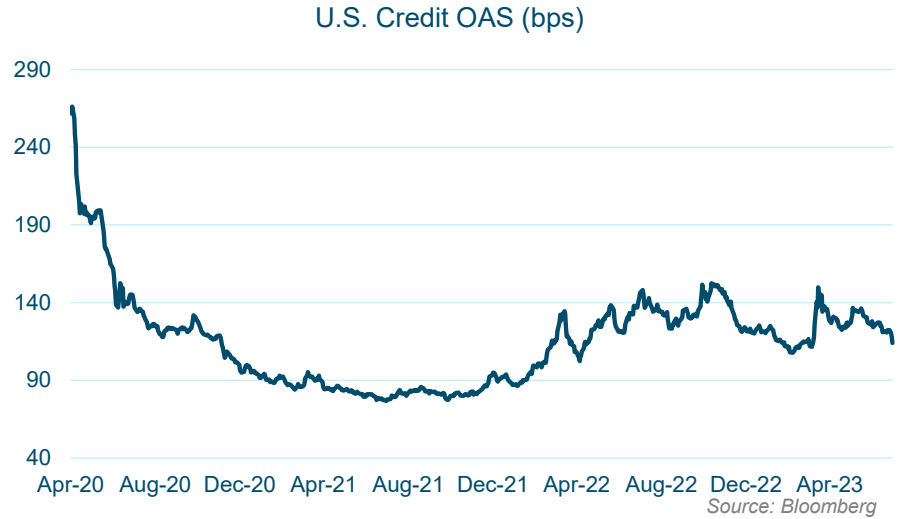
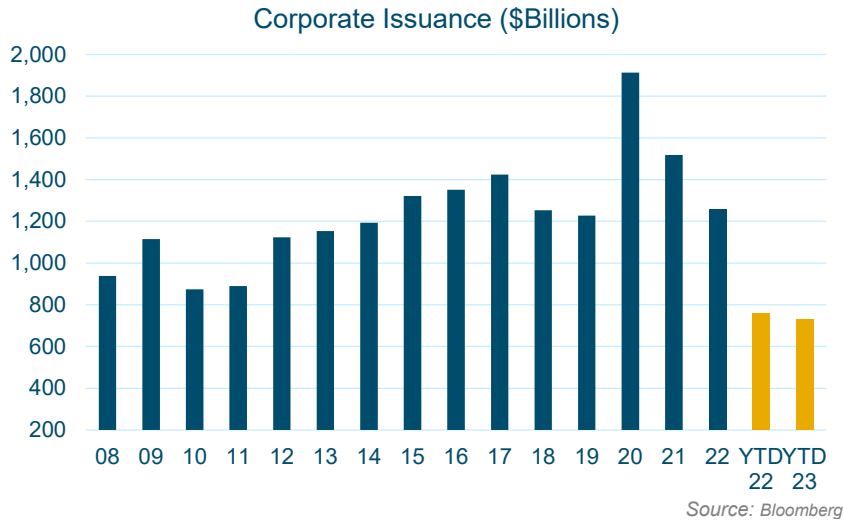
- In the wake of the March banking crisis, financial conditions and lending standards are tightening as lenders retrench.
- Historically as lending standards tighten, both investment grade and high yield spreads widen given challenging refinancing conditions and the increased likelihood of an economic slowdown. In the current environment, however, that has yet to occur and implies that spreads are poised for widening going forward.

Borrower Haves and Have Nots

- While larger institutions can access funding through the capital markets, small business are reliant on local and regional banks for their borrowing.
 - Unfortunately, these smaller businesses have been disproportionately affected by the tightening in lending standards due to the banking crisis.
- Consequently, small business confidence levels have fallen to their lowest levels in a decade.
 - Small businesses (<500 employees) have a big impact on economic growth, representing nearly 44% of the U.S. economy as well as being a significant contributor to current strong labor market conditions.
 - Weakness in this segment should lead to deterioration in the labor markets, which is ultimately what the Fed is trying to achieve in their attempt to slow inflation
- Given these potential headwinds, we advocate moving up in credit quality to insulate portfolios from credit disruptions until spreads provide better compensation for risk.

Economic Outlook

Corporates

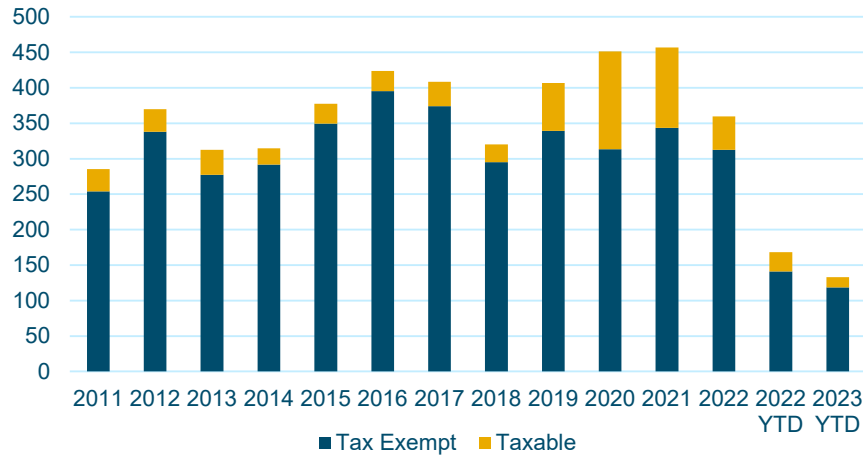


- As the fear of the banking crisis eased, corporate IG spreads tightened second quarter by 15 basis points (bps) to +114 bps. For context, spreads reached YTD tight of +108 in early February and wided of +150 in mid-March.
- Issuance for Q2'23 increased by 15% Y/Y as fears of a potential banking crisis receded, but YTD issuance remains lower by 3.7% compared to 2022.
- Corporate credit fundamentals continue to deteriorate slowly, albeit from strong levels. Given slowing economic growth and persistent inflationary headwinds, we would expect operating performance to continue to decline moving forward.
- Given our weakening outlook on the economy, we have reduced our overweight to credit over the past year and retain an up-in-quality bias across credits.

Economic Outlook

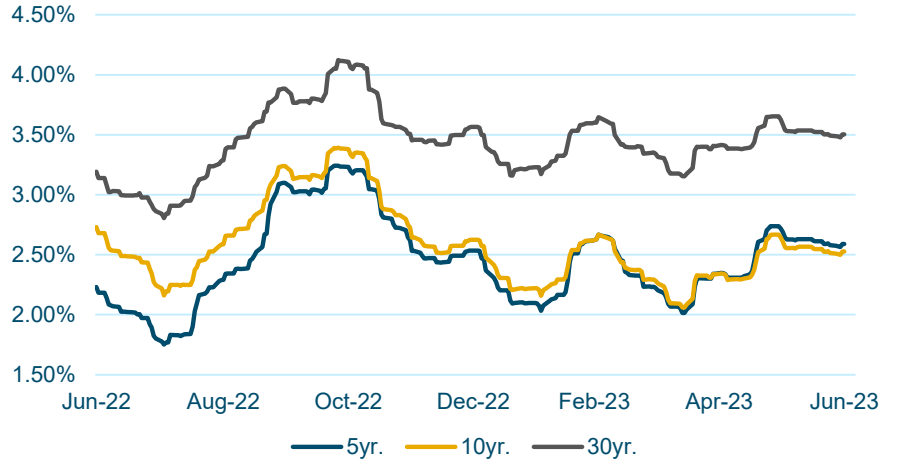
Municipals

Municipal Issuance (\$Billions)



Source: Bloomberg

AAA Municipal Yields



Source: Bloomberg

AAA Municipals / Treasury Yield Ratios (bps)



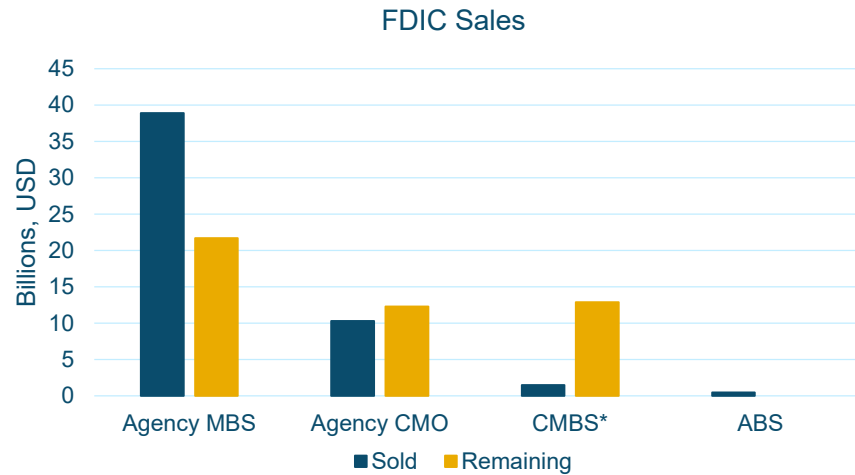
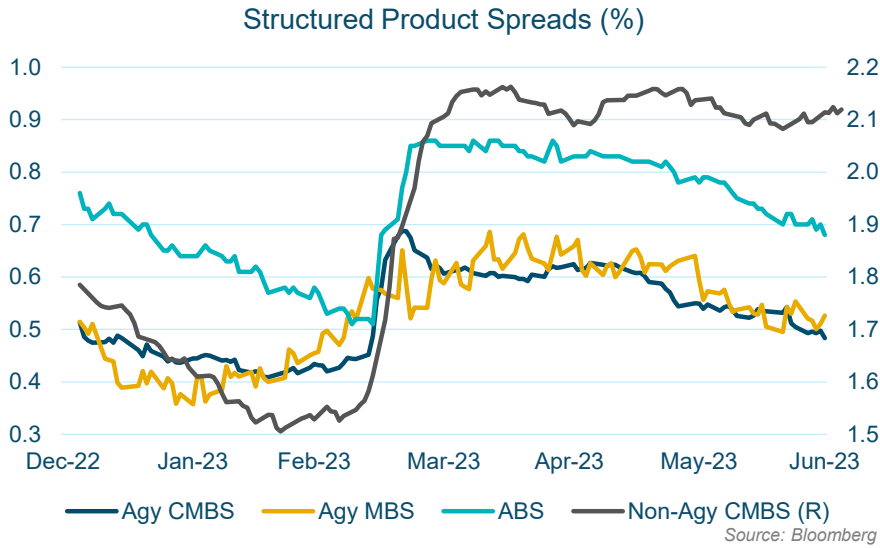
Source: Bloomberg, SIFMA

Source: Bloomberg

- Over the quarter, returns on the Bloomberg Municipal Index were essentially flat. Year to date, municipals have returned +2.67% and is outperforming the Aggregate index at 2.09%.
- The ratio of pre-tax yields to similar maturity Treasuries remained on the richer side of fair value throughout quarter, as market valuations have been supported by lower issuance in 2023.
 - This year, long-term municipal issuance fallen 15% compared to same period last year.
- For insurance clients looking to maintain current allocations to exempts in their benchmarks, we will continue to layer in purchases as ratios improve and as additional new issue supply comes to market third quarter.

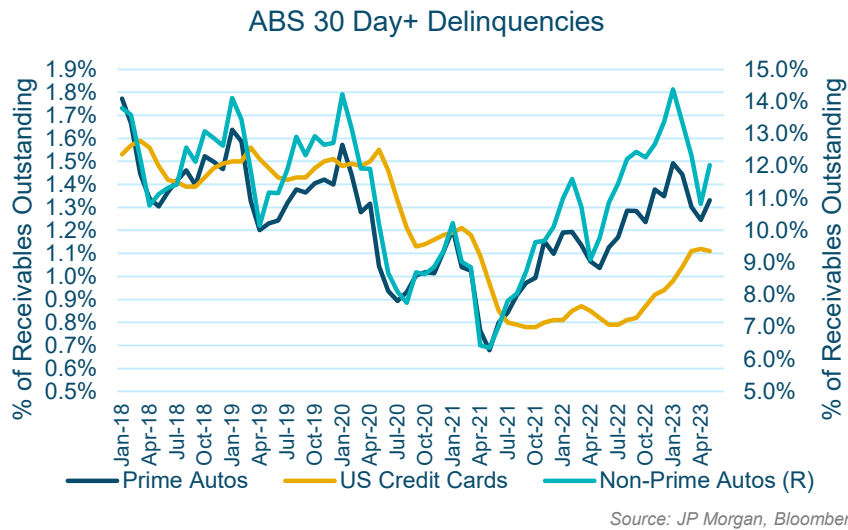
Economic Outlook

Structured Product



* The FDIC has announced that they do not intend to sell the remaining CMBS positions at this time

Source: Bank of America, FDIC

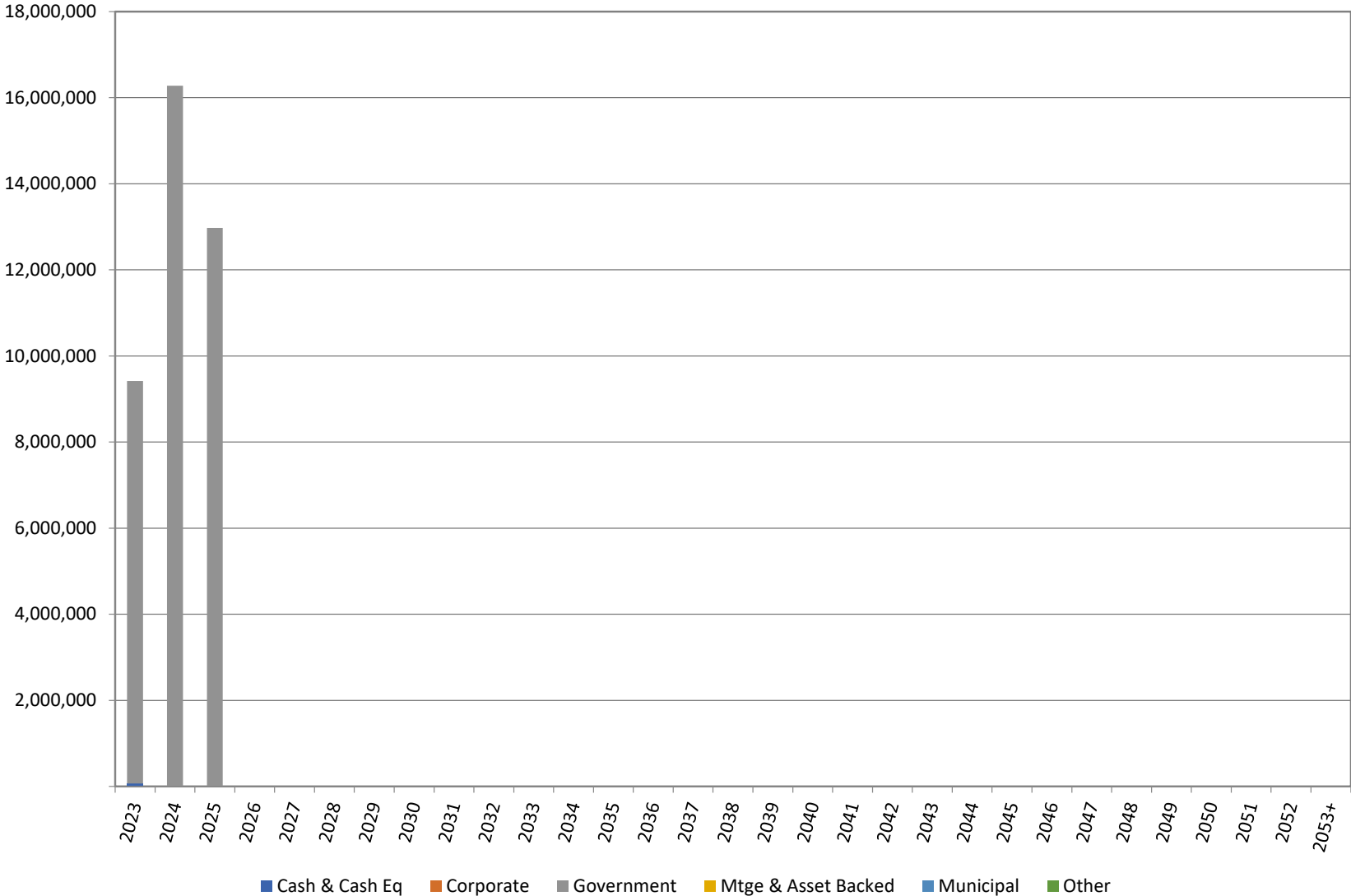


- During the quarter, spreads across most structured products moved markedly tighter after the market upheaval caused by bank failures in March. Non-Agency CMBS was the exception, where spreads remained relatively range-bound due to on-going concerns about the state of the commercial real estate market. Despite billions of dollars of sales from the FDIC, Agency MBS and CMBS both moved 12 bps tighter Q/Q. ABS tightened 15 bps on strong investor demand as fears of recession were pushed out. Non-Agency CMBS ended only 3 bps tighter Q/Q.
- As of 06/28/2023, the FDIC has liquidated 64% of the Agency MBS portfolio and 46% of the CMO portfolio acquired as a result of the failures of SBNY and SVB. Approximately \$34B of securities remain to be sold, and most analysts anticipate the sales will be completed by the end of 3Q.
- Despite moving upward over the past 2 years, 30 day+ delinquencies in ABS continue to trend below pre-pandemic levels, illustrating the continued strength of the US consumer.

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	38,459,247	37,361,067	(1,098,180)	1.62	5.13	1.10	0.02	0	0	30	(1,098,180)
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	38,459,247	37,361,067	(1,098,180)	1.62	5.13	1.10	0.02	0	0	30	(1,098,180)
Short Term											
Sweep Money Market	67,138	67,138	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	67,138	67,138	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	38,526,384	37,428,205	(1,098,180)	1.62	5.12	1.10	0.02	0	0	30	(1,098,180)
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	38,526,384	37,428,205	(1,098,180)					0	0	30	(1,098,180)

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2023	9,353,542	0.22	24%
2024	16,300,745	0.79	42%
2025	12,804,960	3.70	33%
2026+	0	0.00	0%
Subtotal	38,459.247	1.62	100%
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	38,459.247	1.62	100%

Performance

**Tax-Equivalent Total Return
as of 06/30/2023
Inception Date: 07/01/2010**

	Portfolio	Benchmark	Difference
Quarter to Date	0.17%	-0.01%	0.18%
Year to Date	1.49%	1.33%	0.16%
Since Inception	1.17%	0.98%	0.19%

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
04/18/2023	US TREASURY N/B	Treasury	AA+	Aaa	3.500	09/15/2025	N/A	98.74	1,481,074	4.05	4.05
05/16/2023	US TREASURY N/B	Treasury	AA+	Aaa	3.000	10/31/2025	N/A	97.98	1,371,672	3.87	3.87
06/15/2023	US TREASURY N/B	Treasury	AA+	Aaa	4.500	11/15/2025	N/A	100.04	1,525,536	4.48	4.48
Total									4,378,282	4.15	4.15

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
04/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.250	04/15/2023	04/15/2023	100.00	1,500,000	0	0.24	0.24
05/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.125	05/15/2023	05/15/2023	100.00	1,290,000	0	0.20	0.20
06/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.250	06/15/2023	06/15/2023	100.00	1,500,000	0	0.24	0.24
Total										4,290,000	0	0.23	0.23

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																	
711990333	06/15/2023			67,138	TD BK DEP	0.00			67,138	67,138	67,138	0	0.00	0.00	0.00	0.00	
Total Money Market				67,138					67,138	67,138	67,138	0	0.00	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	991,821	960,900	(30,921)	2.88	5.32	1.28	1.33	0.02
9128283V0	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.50	01/31/2025	01/31/2025	989,883	994,131	959,570	(34,561)	2.88	5.19	1.51	1.58	0.03
9128283Z1	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.75	02/28/2025	02/28/2025	996,055	997,667	963,240	(34,427)	2.89	5.07	1.58	1.66	0.03
9128284M9	08/02/2022	AA+	Aaa	1,150,000	US TREASURY N/B	2.88	04/30/2025	04/30/2025	1,146,766	1,147,832	1,107,140	(40,693)	2.98	5.03	1.74	1.83	0.04
9128284Z0	03/27/2023	AA+	Aaa	1,050,000	US TREASURY N/B	2.75	08/31/2025	08/31/2025	1,022,561	1,025,381	1,005,659	(19,722)	3.89	4.82	2.04	2.17	0.05
9128285J5	05/16/2023	AA+	Aaa	1,400,000	US TREASURY N/B	3.00	10/31/2025	10/31/2025	1,371,672	1,373,034	1,346,296	(26,738)	3.87	4.75	2.20	2.33	0.06
912828T91	11/09/2020	AA+	Aaa	1,125,000	US TREASURY N/B	1.63	10/31/2023	10/31/2023	1,169,374	1,130,168	1,111,646	(18,522)	0.24	5.22	0.33	0.33	0.00
912828V80	05/05/2021	AA+	Aaa	1,425,000	US TREASURY N/B	2.25	01/31/2024	01/31/2024	1,502,039	1,441,449	1,399,122	(42,327)	0.27	5.44	0.57	0.59	0.01
912828W48	06/02/2021	AA+	Aaa	1,475,000	US TREASURY N/B	2.13	02/29/2024	02/29/2024	1,550,479	1,493,374	1,443,715	(49,658)	0.25	5.39	0.65	0.67	0.01
912828XT2	08/04/2021	AA+	Aaa	1,500,000	US TREASURY N/B	2.00	05/31/2024	05/31/2024	1,572,070	1,523,459	1,454,235	(69,224)	0.29	5.45	0.89	0.92	0.01
912828XX3	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	06/30/2024	06/30/2024	983,320	992,260	966,990	(25,270)	2.79	5.44	0.97	1.00	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	1,499,975	1,497,510	(2,465)	0.17	4.14	0.04	0.04	0.01
91282CAF8	08/13/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	08/15/2023	08/15/2023	998,625	999,942	993,940	(6,002)	0.17	4.92	0.12	0.12	0.00
91282CAK7	10/02/2020	AA+	Aaa	1,500,000	US TREASURY N/B	0.13	09/15/2023	09/15/2023	1,498,184	1,499,872	1,484,685	(15,187)	0.17	5.05	0.21	0.21	0.01
91282CAP6	12/07/2020	AA+	Aaa	1,000,000	US TREASURY N/B	0.13	10/15/2023	10/15/2023	998,047	999,801	985,550	(14,251)	0.19	5.14	0.29	0.29	0.00
91282CAW1	04/05/2021	AA+	Aaa	1,575,000	US TREASURY N/B	0.25	11/15/2023	11/15/2023	1,573,277	1,574,753	1,545,957	(28,796)	0.29	5.26	0.37	0.38	0.00
91282CBA8	05/03/2021	AA+	Aaa	1,650,000	US TREASURY N/B	0.13	12/15/2023	12/15/2023	1,644,457	1,649,030	1,612,430	(36,601)	0.25	5.20	0.45	0.46	0.00
91282CBR1	07/06/2021	AA+	Aaa	1,500,000	US TREASURY N/B	0.25	03/15/2024	03/15/2024	1,495,723	1,498,873	1,446,975	(51,898)	0.36	5.40	0.69	0.71	0.01
91282CBV2	07/06/2021	AA+	Aaa	1,400,000	US TREASURY N/B	0.38	04/15/2024	04/15/2024	1,399,727	1,399,922	1,345,638	(54,284)	0.38	5.45	0.77	0.79	0.01
91282CCL3	08/17/2021	AA+	Aaa	1,450,000	US TREASURY N/B	0.38	07/15/2024	07/15/2024	1,449,037	1,449,655	1,376,819	(72,836)	0.40	5.42	1.01	1.04	0.02
91282CCT6	11/08/2021	AA+	Aaa	1,525,000	US TREASURY N/B	0.38	08/15/2024	08/15/2024	1,513,205	1,520,177	1,442,376	(77,801)	0.66	5.39	1.09	1.12	0.02
91282CCX7	10/06/2021	AA+	Aaa	1,625,000	US TREASURY N/B	0.38	09/15/2024	09/15/2024	1,617,383	1,621,859	1,531,254	(90,606)	0.54	5.37	1.18	1.21	0.02
91282CDH1	11/17/2021	AA+	Aaa	1,500,000	US TREASURY N/B	0.75	11/15/2024	11/15/2024	1,495,020	1,497,700	1,410,525	(87,175)	0.86	5.30	1.33	1.37	0.02
91282CDN8	02/01/2022	AA+	Aaa	875,000	US TREASURY N/B	1.00	12/15/2024	12/15/2024	865,635	870,196	823,393	(46,804)	1.38	5.25	1.41	1.46	0.03
91282CED9	07/07/2022	AA+	Aaa	950,000	US TREASURY N/B	1.75	03/15/2025	03/15/2025	918,754	929,887	898,491	(31,396)	3.03	5.10	1.63	1.70	0.03
91282CEQ0	08/16/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.75	05/15/2025	05/15/2025	987,695	991,512	960,350	(31,162)	3.22	4.99	1.78	1.87	0.04
91282CEU1	10/04/2022	AA+	Aaa	1,150,000	US TREASURY N/B	2.88	06/15/2025	06/15/2025	1,113,748	1,123,317	1,106,070	(17,247)	4.12	4.94	1.86	1.95	0.04
91282CEY3	02/16/2023	AA+	Aaa	1,250,000	US TREASURY N/B	3.00	07/15/2025	07/15/2025	1,207,861	1,214,076	1,204,538	(9,539)	4.49	4.89	1.91	2.04	0.05
91282CFK2	04/18/2023	AA+	Aaa	1,500,000	US TREASURY N/B	3.50	09/15/2025	09/15/2025	1,481,074	1,482,590	1,459,215	(23,375)	4.05	4.81	2.06	2.21	0.05
91282CFW6	06/15/2023	AA+	Aaa	1,525,000	US TREASURY N/B	4.50	11/15/2025	11/15/2025	1,525,536	1,525,533	1,516,841	(8,692)	4.48	4.74	2.20	2.38	0.06
Total Treasury				38,600,000					38,570,076	38,459,247	37,361,067	(1,098,180)	1.62	5.13	1.10	1.16	0.02
Grand Total				38,667,138					38,637,214	38,526,384	37,428,205	(1,098,180)	1.62	5.12	1.10	1.16	0.02

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.

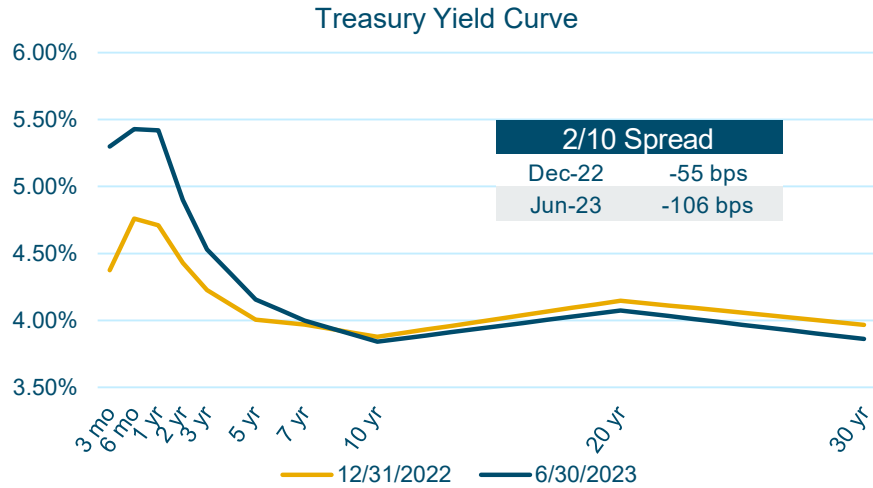
Appendix

Presentation Overview

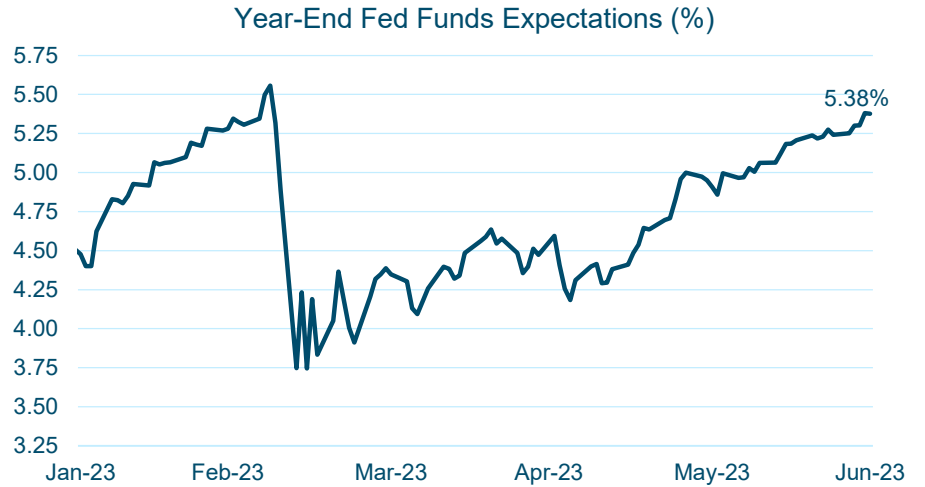
Overview

- Economic overview and market update
- Portfolio review
- Performance

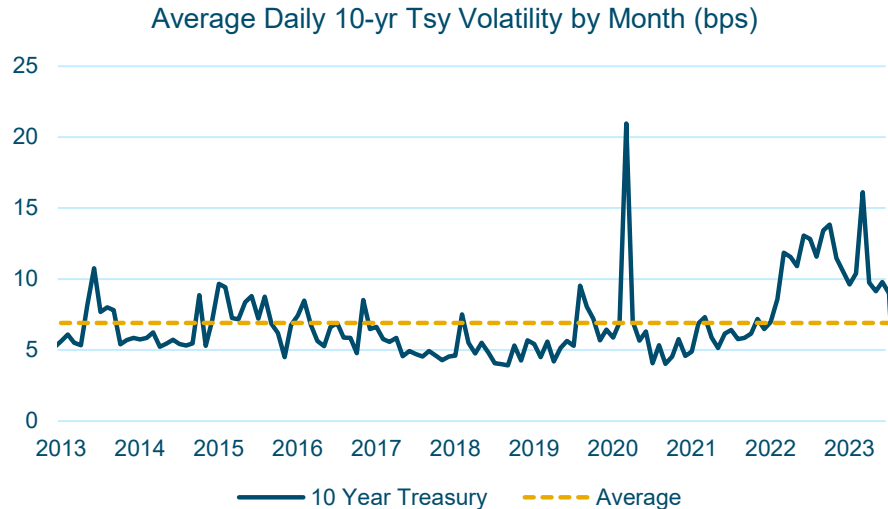
Treasury Yields and the Economy



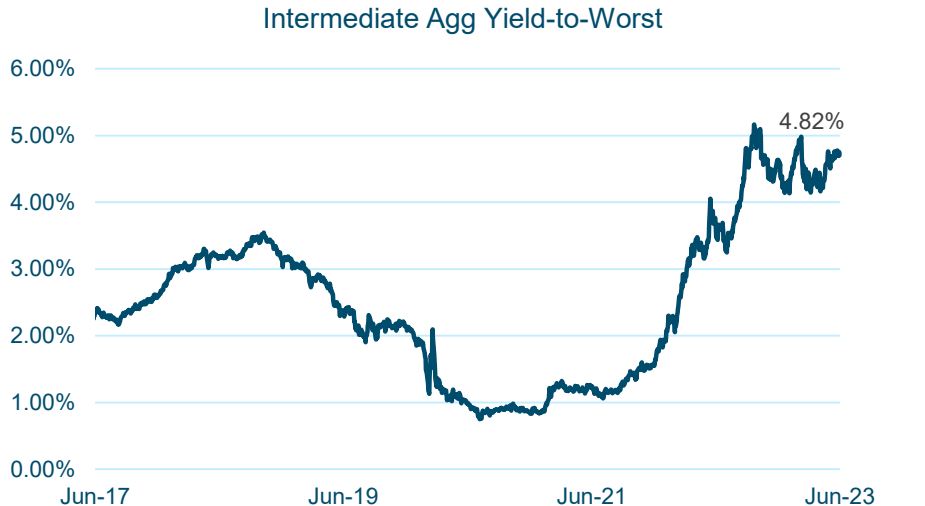
Source: Federal Reserve



Source: Bloomberg



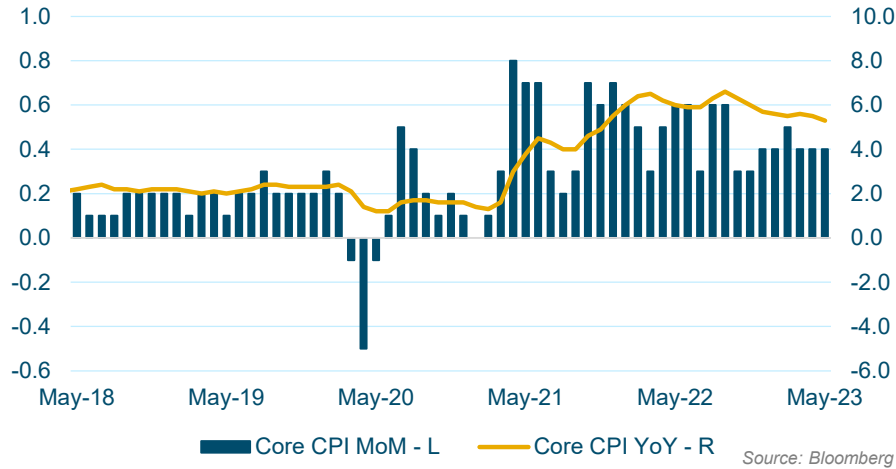
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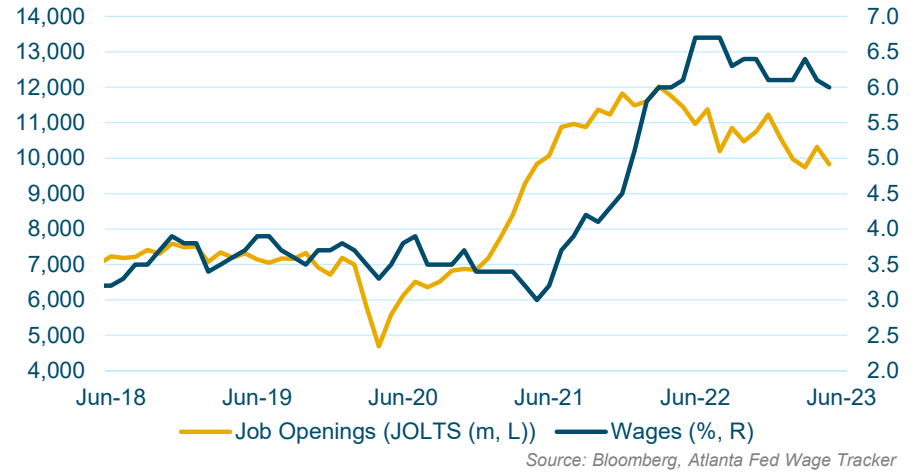
Source: Bloomberg

Market Indicators

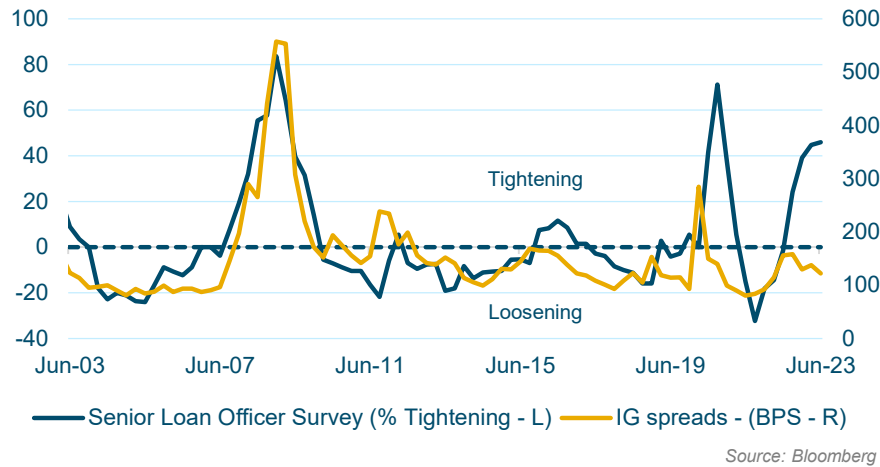
Core CPI (%)



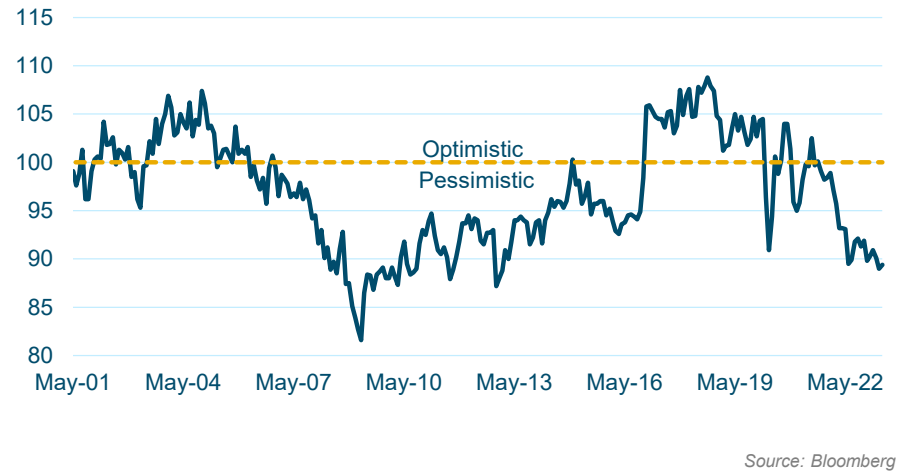
Job Demand Driven Wages



Lending Standards vs. IG Corp Spreads



NFIB Small Business Optimism

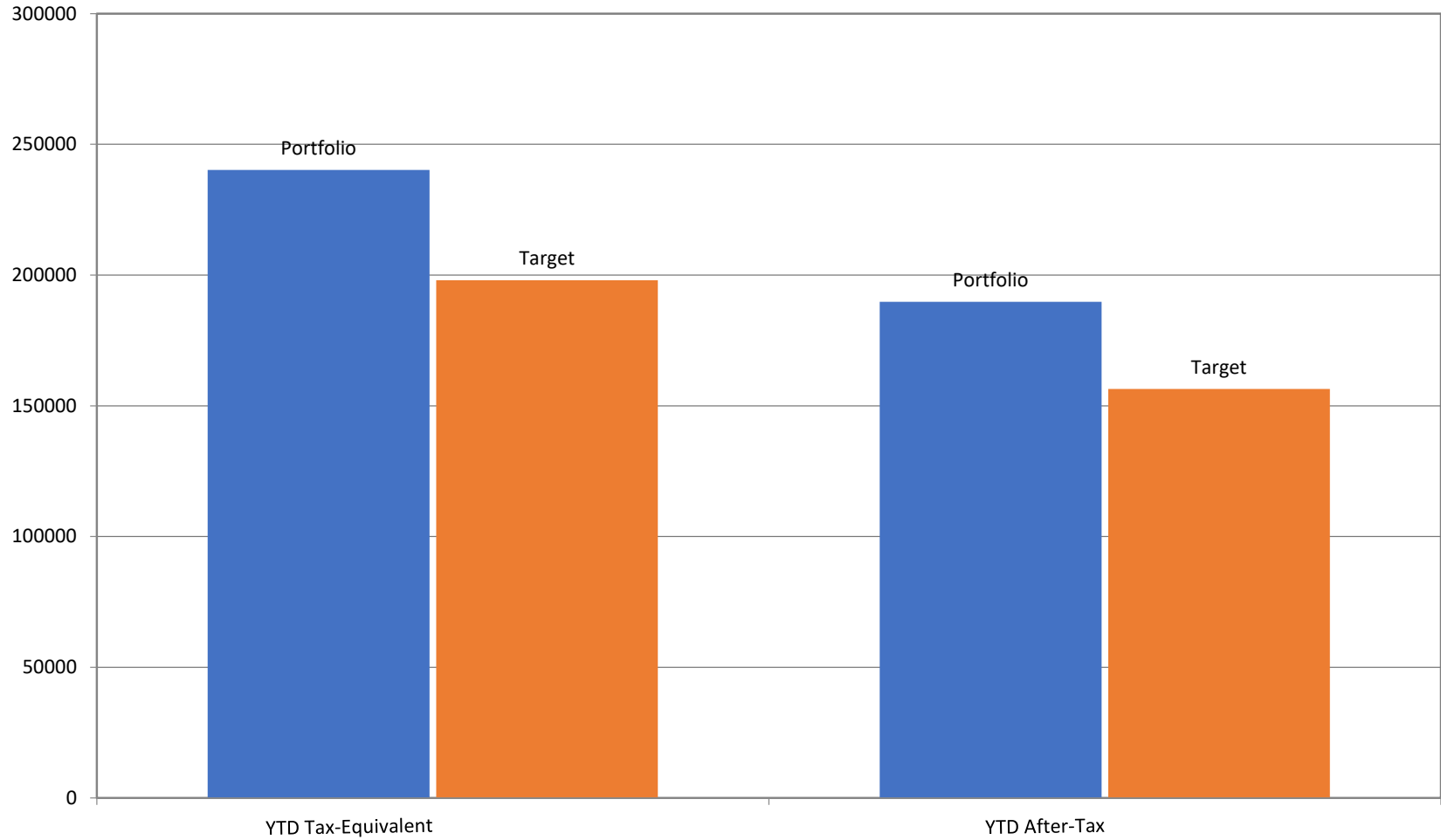


Portfolio Changes

Garden State Muni Joint Insurance Fund	06/30/2022	09/30/2022	12/31/2022	03/31/2023	06/30/2023
Treasury Yields					
2 yr Treasury Yield	2.97%	4.23%	4.40%	4.03%	4.87%
5 yr Treasury Yield	3.04%	4.05%	3.96%	3.59%	4.12%
10 yr Treasury Yield	3.01%	3.79%	3.83%	3.48%	3.81%
Book Statistics					
Tax-Equivalent Book Yield	0.73%	0.82%	0.85%	1.17%	1.62%
Book Value (\$)	43,634,485	43,716,523	42,820,769	38,425,172	38,526,384
Projected Tax-Equivalent Income, next 12 months (\$)	319,442	359,411	363,290	450,190	622,772
Unrealized Gains/(Losses) (\$)	(1,154,713)	(1,611,069)	(1,415,412)	(1,029,668)	(1,098,180)
YTD Realized Gains/(Losses) (\$)	20,388	20,388	20,388	0	0
Portfolio Risk Statistics					
Effective Duration	1.28	1.21	1.06	1.09	1.10
Convexity	0.03	0.03	0.02	0.02	0.02
Weighted Average Life	1.32	1.26	1.11	1.13	1.16
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	98%	97%	93%	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	2%	3%	7%	0%	0%

Income Year to Date

Year to Date, as of 06/30/2023



Performance

**Tax-Equivalent Total Return
as of 06/30/2023
Inception Date: 07/01/2010**

	Portfolio	Benchmark	Difference
Quarter to Date	0.17%	-0.01%	0.18%
Year to Date	1.49%	1.33%	0.16%
Since Inception	1.17%	0.98%	0.19%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury