GSMJIF
Garden State Municipal Joint Insurance Fund

Quarterly Investment Report

As of 12/31/2023

SLC Management

Executive Summary

PORTFOLIO STATISTICS:

Quarter Ending:	09/30/2023	12/31/2023
Tax-Equivalent Book Yield	1.90%	1.98%
Book Value	$38,661,177	$27,892,327
Projected Tax-Equivalent Annual Income	$735,189	$552,189
Unrealized Gain	-$881,546	-$428,260
YTD Realized Gain	$0	-$2,482
Portfolio Duration	1.01	0.90
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:

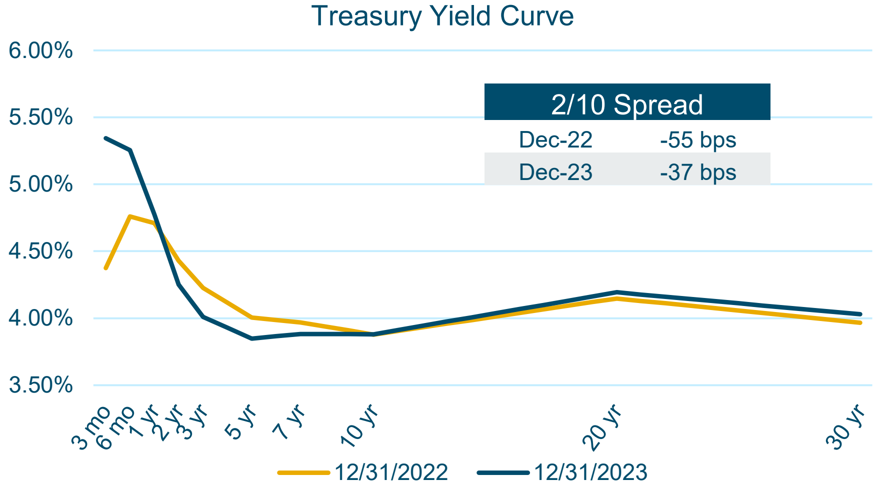
Sector	09/30/2023	12/31/2023
Treasury	96%	100%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	4%	0%

PERFORMANCE:

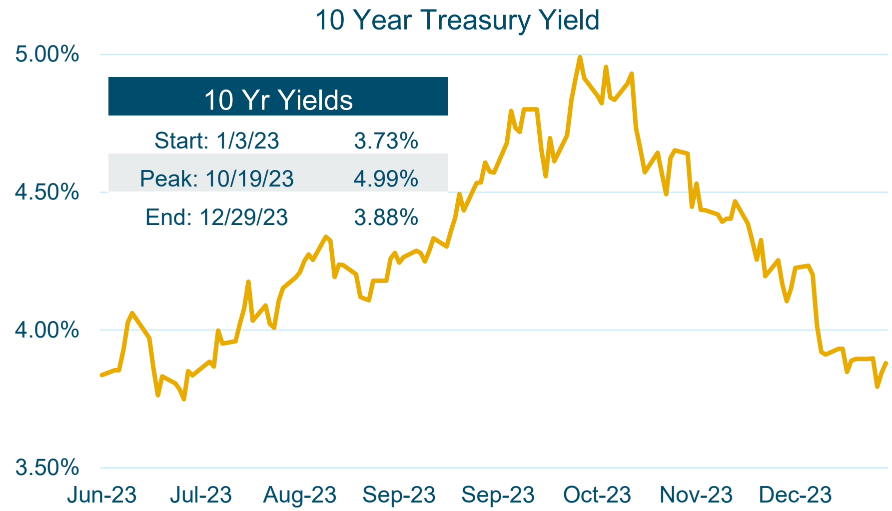
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	$618,061	$361,093	$256,968
QTD Total Return	1.96%	1.83%	0.13%
YTD Total Return	4.57%	4.40%	0.17%

Economic Outlook

Treasury Yields and the Economy



Source: Federal Reserve



Source: Bloomberg

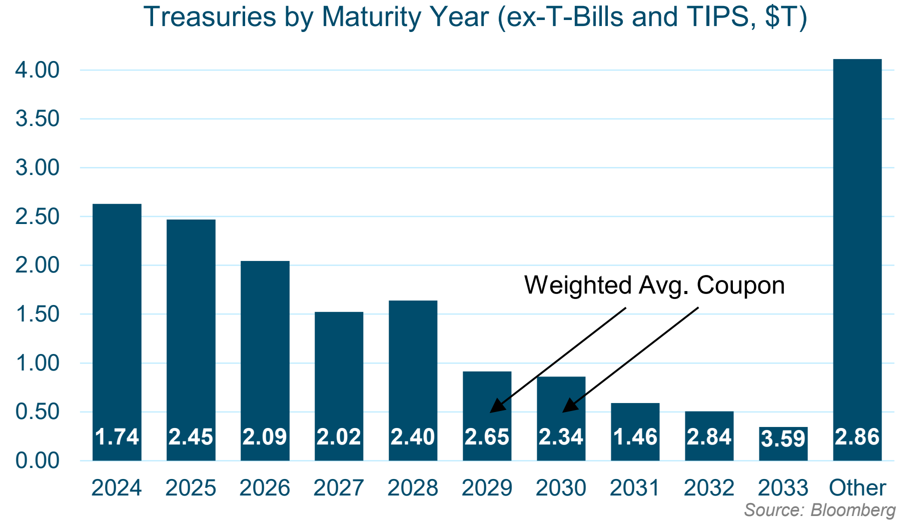
Yield Curve & Hike Expectations

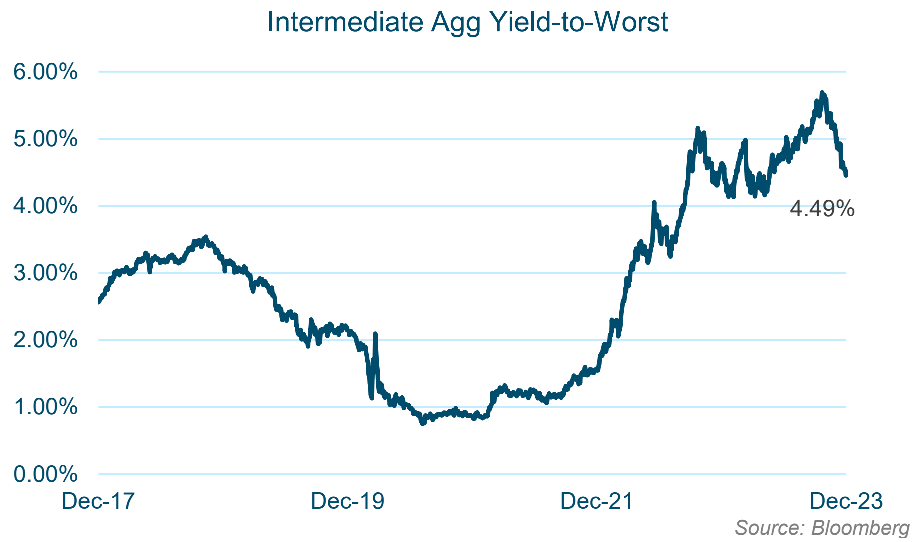
- During Q4, the yield curve shifted dramatically lower as a confluence of cooling inflation data and a perceived dovish tone from the FOMC led the markets to price in significant rate cuts for 2024.
- After raising rates 525 basis points over the past 18 months, the Fed decided it was appropriate to hold rates steady at both Q4 meetings.
  - The release of the December FOMC projections not only pulled a final rate hike off the table, but also increased rate cut expectations for 2024. The dot plot now projects 3 rate cuts over the course of 2024.
    - Powell noted that officials are prepared to hike again, but indicated rates are sufficiently restrictive.
  - Despite FOMC guidance, markets appear increasingly convinced that inflation is conquered and that the Fed will be looking to ease.
    - Since October 18th, 2-year Treasury yields have fallen 97 bps and 10-year yields have fallen 104bps
    - Market expectations are well ahead of the FOMC, expecting a total of 6 cuts (150 bps) in 2024 versus Fed's projection of 3 (75 bps).

- Treasury rates ended the quarter lower with 2-year Treasuries at 4.25% (-79 bps QTD) and 10-year rates at 3.88% (-69 bps QTD).
  - Despite the volatility in yields, 10-year Treasury yields end the year essentially where they started.
  - Volatility has fallen from March highs but remains elevated as markets price in an increased likelihood of a soft-landing.
  - While the Federal Reserve has acknowledged progress on the inflation front, it remains well above their 2% target.
    - As a result, we expect continued rate volatility into 2024.

Economic Outlook

Treasury Yields and the Economy





<u>Treasuries by Maturity Year (ex-T-Bills and TIPS, $T)</u>

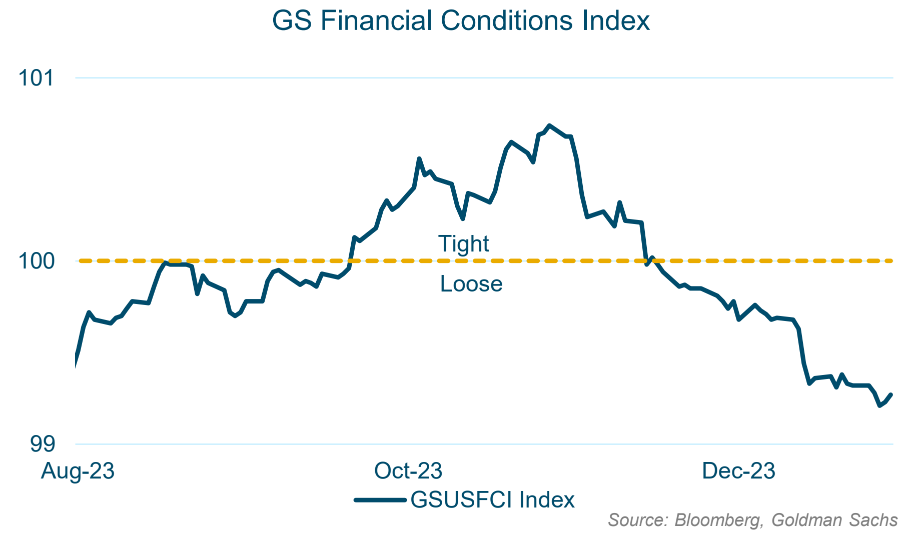
- In October, Treasury yields rose dramatically with ongoing concerns over the state of U.S. financial conditions. Rising rates, the lack of fiscal discipline, and the continued divide in Congress helped push long rates higher.
    - As a result, Fitch downgraded the U.S. rating to AA+, and Moody’s placed its rating on negative outlook.
- Looking ahead at U.S. Treasury debt by maturity, current rates indicate we will see a continued rise in interest costs over the coming decade.
    - Weighted average coupon on the entire fixed rate debt stack is 2.34% ($18.1 T), which will continue to rise given current refinancing levels.
        - Rolling the 2024 debt maturities into a 4.0% coupon would add ~$60 bn in interest expense per year moving forward.
        - Rolling the 2024/ 2025 debt maturities into a 4.0% coupon would add ~$97 bn in interest expense per year moving forward.
    - TIPS (floating) & T-bills (zero-coupon bonds) are excluded from this as they have largely adjusted to the higher interest rate environment.

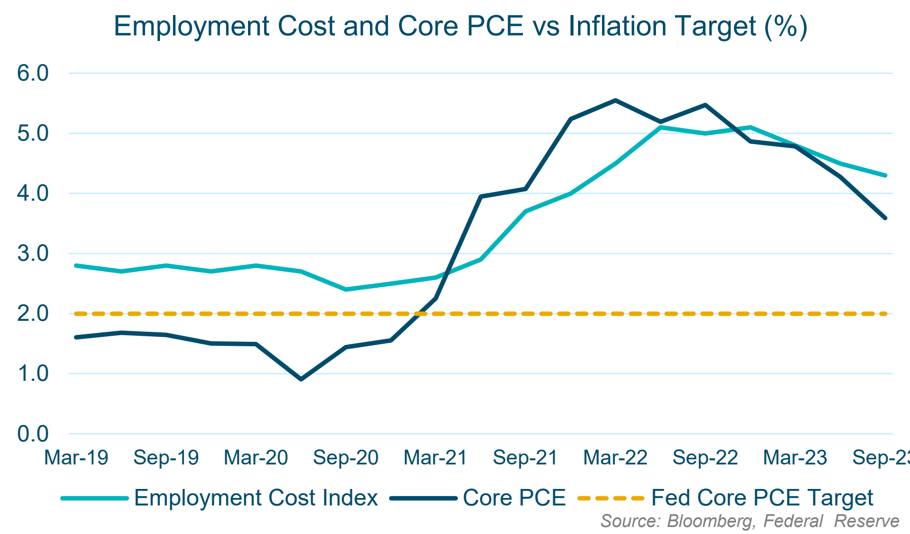
<u>Investment Yields</u>

- Reinvestment yields, as measured by the Bloomberg Intermediate Aggregate index, have declined alongside the rate rally over the past 6 weeks.
    - The yield for the Bloomberg Intermediate Aggregate index ended Q4 at 4.49%.
    - While we have seen yields decline from YTD highs, yield remain nearly double the average of 2.47% experienced over the past decade.

Economic Outlook

Market Indicators





Financial Conditions

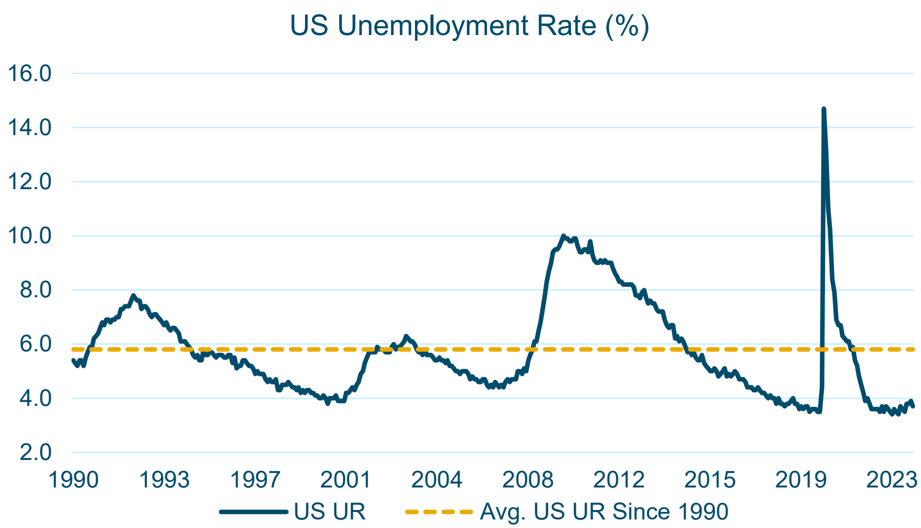
- US financial conditions tightened in Q3 and into November as long-end Treasury rates rose. However, that tightening was short lived as Treasury rates decreased dramatically in the second half of Q4.
  - Conditions above 100 are considered tight, which should lead to a slowing economy and lower inflation prospects. Conditions below 100 are considered loose, which should lead to hotter inflation prints and a stronger economy.
  - Given the Fed's stated commitment to bring inflation back down to 2%, they would prefer to see restrictive financial conditions.
    - The recent easing of financial conditions is counter to the Fed's stated goal and risks putting further upward pressure on inflation.

Inflation vs. Targets

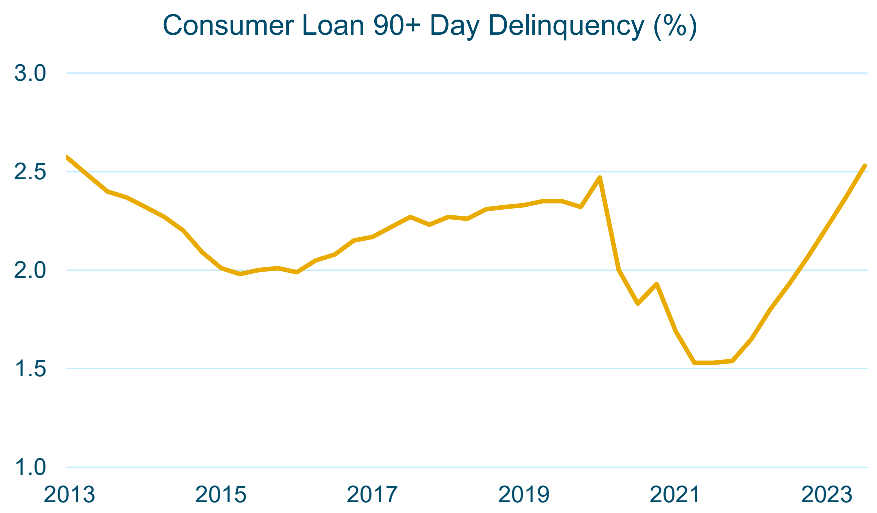
- Core PCE is slowing, but not fast enough to reach the Fed's 2% target in the short term. The Fed's December Summary of Economic Projections (SEP), shows that FOMC participants expect inflation to end 2024 at 2.4%.
  - Thus far, the decline in goods prices has helped lower inflation. However, core inflation has remained stubbornly high, driven by strong labor market demand and wage gains that have remained above 4% per annum.
  - Based on current projections, the market is anticipating that the Fed will cut rates in the first quarter, which assumes the Fed would be willing to ease financial conditions long before reaching their inflation goal.

Economic Outlook

Market Indicators



Source: Bloomberg



Source: Federal Reserve, Equifax

U.S. Unemployment Rate

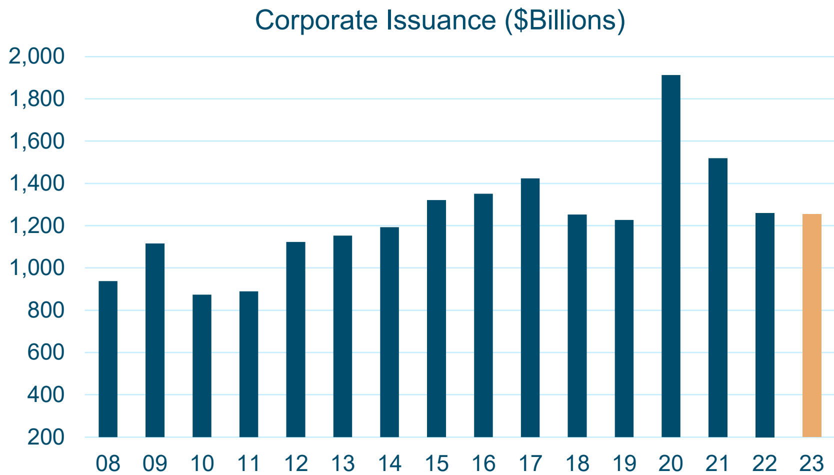
- Despite 525bps of rate hikes over the last 18 months, the unemployment rate remained at 50+ year lows throughout 2023, closing the year at 3.7%.
  - The average unemployment rate from 1990 to 2023 stands at 5.8%, with each recession during the period exceeding that level.
  - For unemployment to return to the 33-year average, ~3.5 million Americans would have to lose their jobs.
- Currently, labor market conditions remain supportive of wages, growth, and inflationary pressure.
  - In our opinion, these forces do not appear conducive to rate cuts at this time.

Consumer Delinquencies

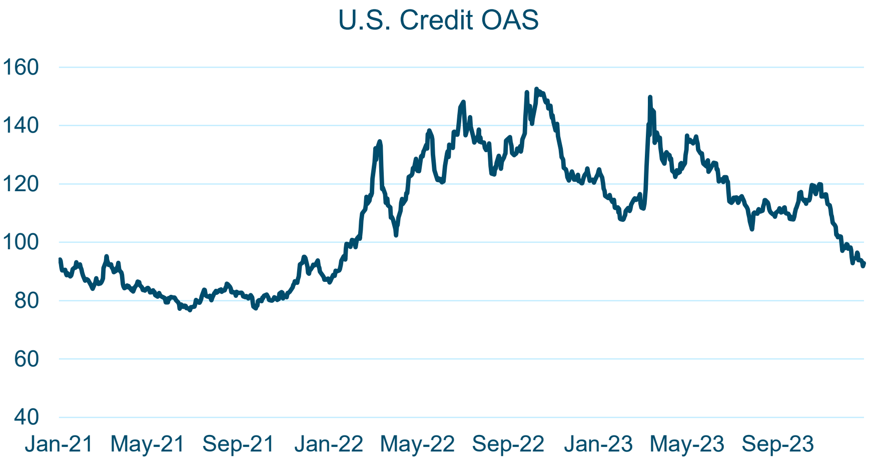
- Over 2022 and 2023, there has been a steady rise in consumer loan delinquencies, which are now above pre-pandemic levels.
  - This rise in delinquencies can be tied directly to the rise in rates experienced over the past two years.
    - The last time the market witnessed delinquencies reach these levels was in 2013. At that time, the unemployment rate was 7.5%, more than double what the metric is today.
  - While unemployment is historically low and wage gains have been solid, the rise in delinquent loans indicate there are cracks in the economy starting to show for the more economically sensitive borrowers in America.

Economic Outlook

Corporates



Source: Bloomberg



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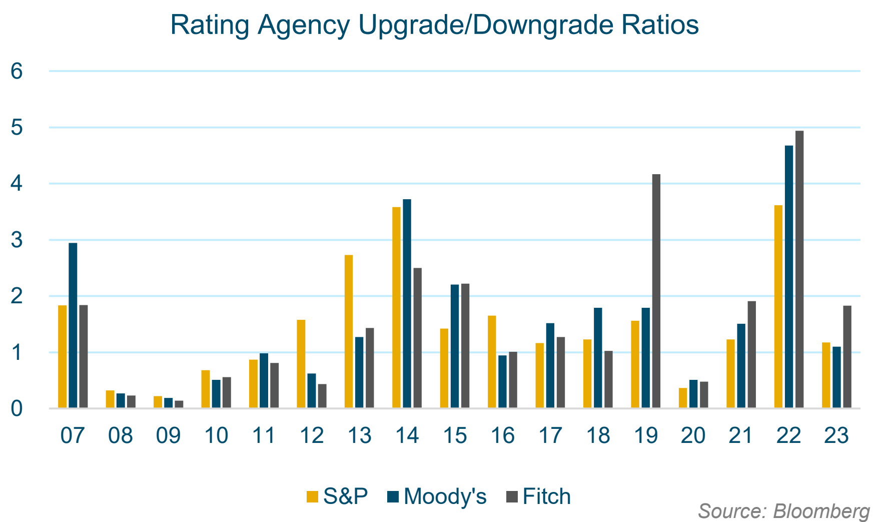
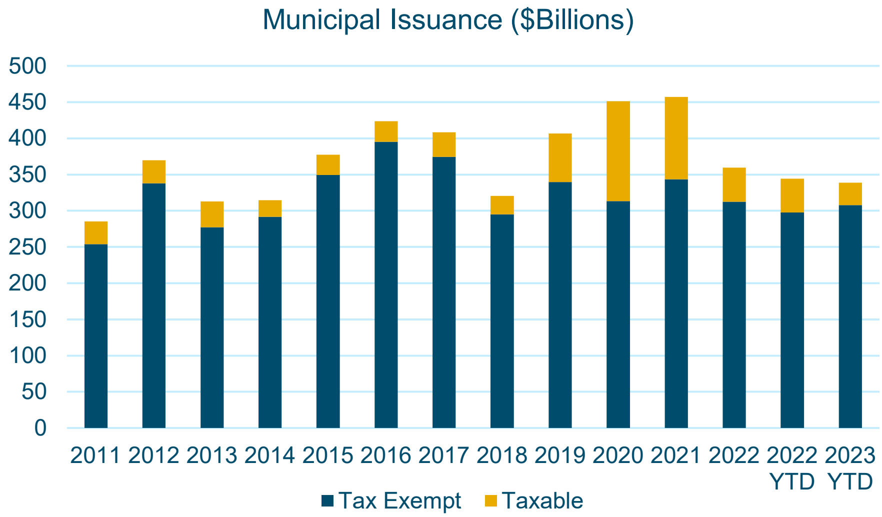


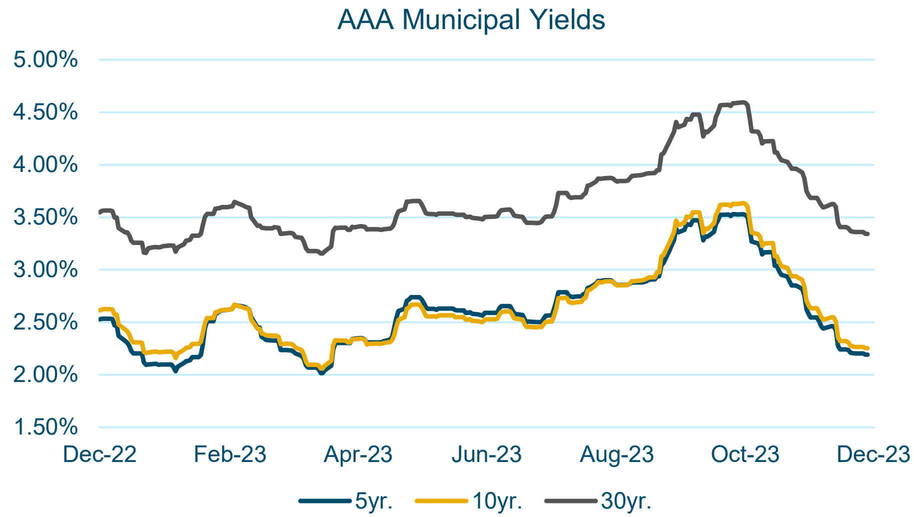
Source: Bloomberg

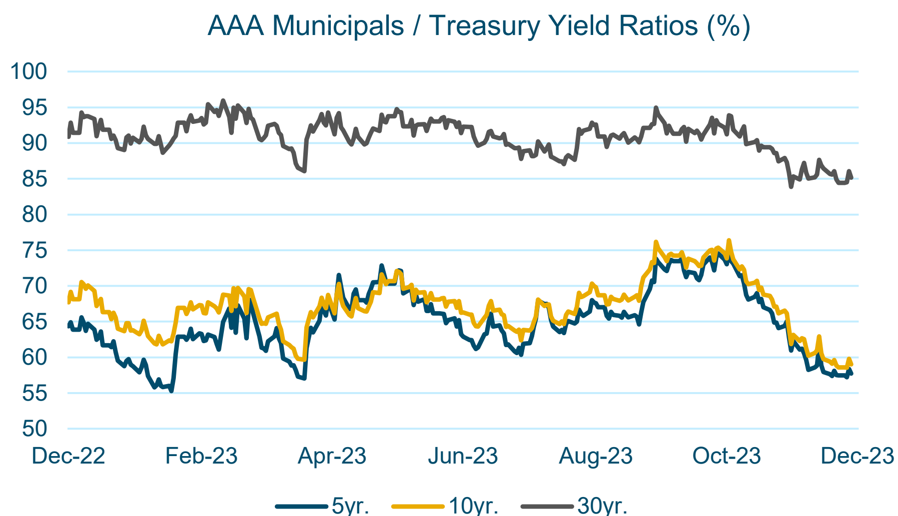
- IG credit spreads tightened 19 bps to +93 in Q4'23, while trading in a 28 bps range. Spreads closed the year 1bps off the YTD tights of +92 in late December after hitting wides of +150 in mid-March.
  - Issuance was flat Y/Y in 2023, at $1,254bn.
- Corporate credit fundamentals continue to deteriorate, albeit from strong levels. Given moderating economic growth and persistent inflationary headwinds, we would expect operating performance to continue to decline moving forward.
- Given our weakening outlook on the economy, coupled with tight spread levels, we have reduced our overweight to credit over the past year and retain an up-in-quality bias across credits.

Economic Outlook

Municipals







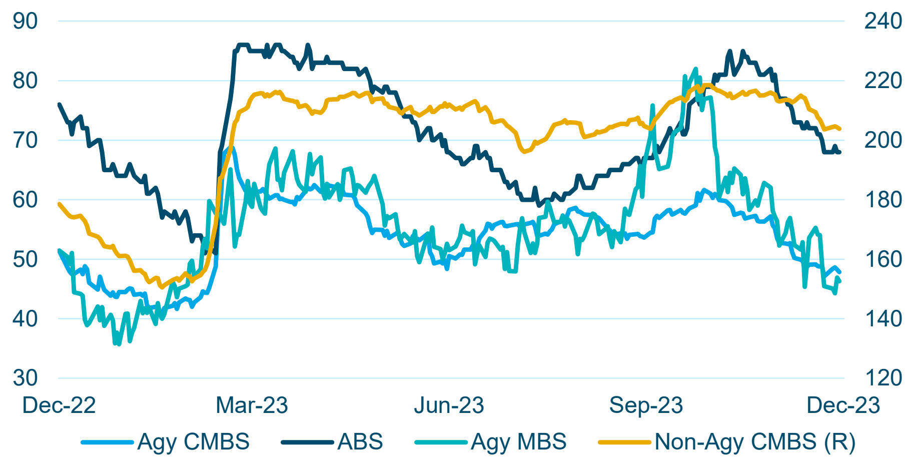
Source: Bloomberg

- The Bloomberg Municipal Index returned +7.89% during the quarter, led by strong November returns of +6.34%.
  - November was one of the best months in the last four decades.
- YTD municipals had a solid year, returning +6.40% and outperforming the Aggregate index by 87 bps.
  - As a result, the ratio of pre-tax yields to relative to Treasuries remained on the richer side of fair value throughout Q4.
- Municipals continue to be in a seasonal strong period. January performance has consistently generated positive returns since 2014, with five of the past 10 years posting outsize gains above 1%.
- While we see more value in taxable markets for insurance clients, we will continue to layer in purchases as ratios improve and additional new issue supply comes to market throughout the quarter.

Economic Outlook

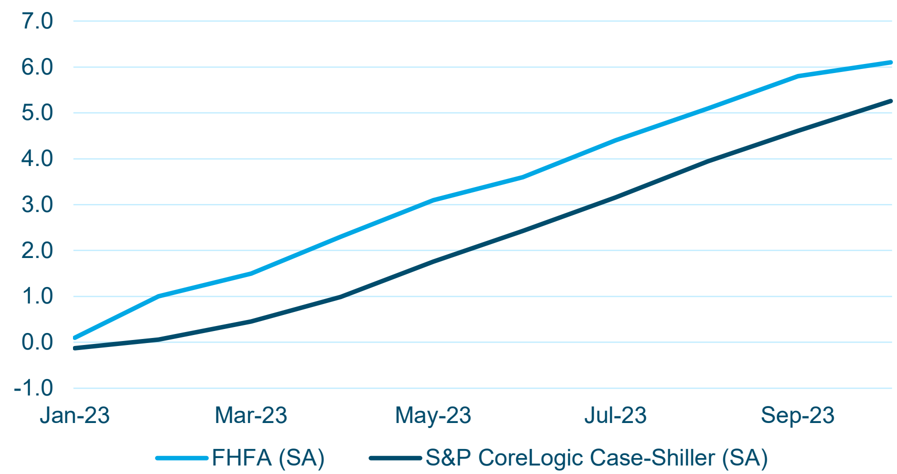
Structured Product

Structured Product Spreads



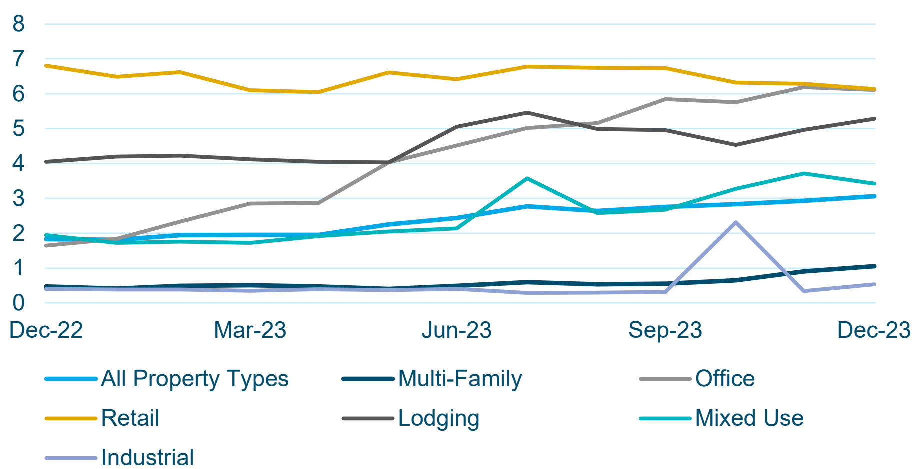
Source: Bloomberg

US MoM Home Price Appreciation (%)



Source: Bloomberg

CMBS Delinquency % by Selected Property Type



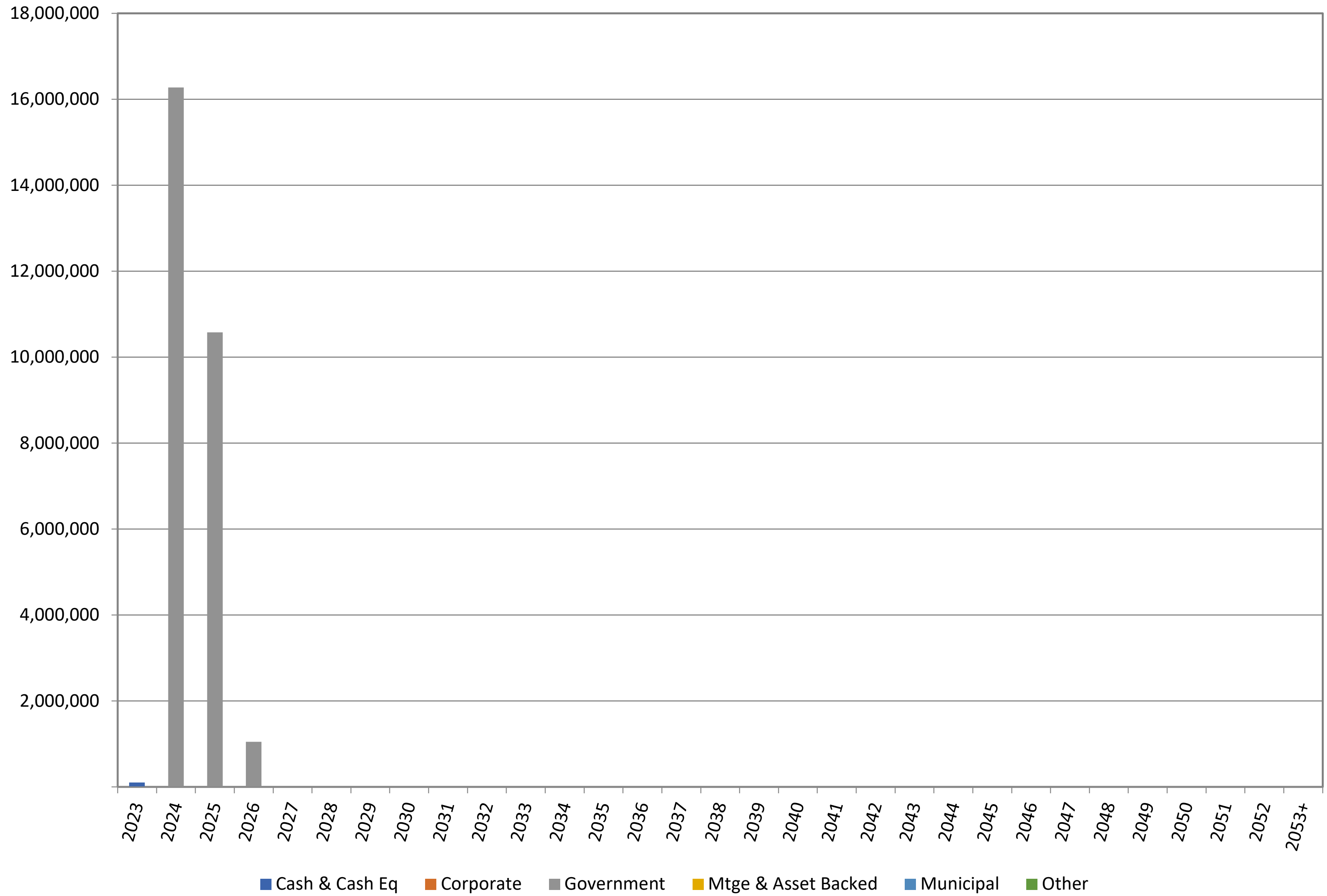
Source: Trepp

- After a rocky start to the quarter, agency MBS tightened in 20 bps (5 bps YoY) with investors anticipating an end to Fed rate hikes.
- Non-agency CMBS, spreads remained relatively flat over the quarter, but were 25 bps wider for the year given headwinds facing the CRE market.
    - CMBS delinquency rates increased 123bps over 2023, as higher rates affected both loan fundamentals and refinancing success.
- Conversely, Agency CMBS (multifamily) was 6 bps tighter QoQ and 3 bps tighter YoY, reflecting a more balanced supply-demand picture.
- ABS spreads ended the quarter unchanged, while 8 bps tighter on the year given strong investor demand.
- Strong demand and extremely low supply meant that home prices continued to climb over the year, with the latest data from both the FHFA and CoreLogic Case-Shiller showing mid-single digit increases through October. The potential for rate cuts in 2024 is likely to be one of several important factors influencing supply and demand in housing and, therefore, the trajectory of home prices for 2024.

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	27,799,106	27,370,847	(428,260)	1.99	4.85	0.90	0.02	2	15,305	20	(443,565)
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	**27,799,106**	**27,370,847**	**(428,260)**	**1.99**	**4.85**	**0.90**	**0.02**	**2**	**15,305**	**20**	**(443,565)**
Short Term											
Sweep Money Market	93,220	93,220	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	**93,220**	**93,220**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0**	**0**
Total Fixed Income & Short Term											
Total	**27,892,327**	**27,464,067**	**(428,260)**	**1.98**	**4.84**	**0.90**	**0.02**	**2**	**15,305**	**20**	**(443,565)**
Equity											
Common Stock	0	0	0					0	0	0	0
Total	**0**	**0**	**0**					**0**	**0**	**0**	**0**
Grand Total											
Total	**27,892,327**	**27,464,067**	**(428,260)**					**2**	**15,305**	**20**	**(443,565)**

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2023	0	0.00	0%
2024	16,273,683	0.79	59%
2025	10,493,690	3.57	38%
2026	1,031,734	4.78	4%
2027+	0	0.00	0%
Subtotal	**27.799.106**	**1.99**	**100%**
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	**27.799.106**	**1.99**	**100%**

Performance

Tax-Equivalent Total Return
as of 12/31/2023
Inception Date: 07/01/2010

	Portfolio	Benchmark	Difference
Quarter to Date	1.96%	1.83%	0.13%
Year to Date	4.57%	4.40%	0.16%
Since Inception	1.35%	1.17%	0.18%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury

Bond Purchases

There were no purchases during this period.

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
10/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.125	10/15/2023	10/15/2023	100.00	1,000,000	0	0.19	0.19
10/31/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.625	10/31/2023	10/31/2023	100.00	1,125,000	0	0.24	0.24
11/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.250	11/15/2023	11/15/2023	100.00	1,575,000	0	0.29	0.29
12/15/2023	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	0.125	12/15/2023	12/15/2023	100.00	1,650,000	0	0.25	0.25
12/21/2023	Sell	US TREASURY N/B	Treasury	AA+	Aaa	2.875	06/15/2025	06/15/2025	97.62	1,129,605	(6,963)	4.12	4.12
12/21/2023	Sell	US TREASURY N/B	Treasury	AA+	Aaa	3.000	07/15/2025	07/15/2025	97.74	1,222,140	(412)	4.49	4.49
12/21/2023	Sell	US TREASURY N/B	Treasury	AA+	Aaa	4.000	12/15/2025	12/15/2025	99.37	1,535,359	4,893	4.50	4.50
Total										**9,237,105**	**(2,482)**	**1.99**	**1.99**

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	12/22/2023			93,220	TD BK DEP	0.00			93,220	93,220	93,220	0	0.00	0.00	0.00	0.00	
Total Money Market				**93,220**					**93,220**	**93,220**	**93,220**	**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	994,869	978,320	(16,549)	2.88	4.94	0.81	0.83	0.01
9128283V0	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.50	01/31/2025	01/31/2025	989,883	995,962	976,563	(19,399)	2.88	4.74	1.04	1.08	0.02
9128283Z1	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.75	02/28/2025	02/28/2025	996,055	998,361	978,438	(19,923)	2.89	4.67	1.11	1.16	0.02
9128284M9	08/02/2022	AA+	Aaa	1,150,000	US TREASURY N/B	2.88	04/30/2025	04/30/2025	1,146,766	1,148,415	1,124,889	(23,526)	2.98	4.58	1.27	1.33	0.02
9128284Z0	03/27/2023	AA+	Aaa	1,050,000	US TREASURY N/B	2.75	08/31/2025	08/31/2025	1,022,561	1,030,934	1,022,232	(8,702)	3.89	4.41	1.59	1.66	0.03
9128285J5	05/16/2023	AA+	Aaa	1,400,000	US TREASURY N/B	3.00	10/31/2025	10/31/2025	1,371,672	1,378,651	1,367,570	(11,081)	3.87	4.33	1.74	1.83	0.04
912828V80	05/05/2021	AA+	Aaa	1,425,000	US TREASURY N/B	2.25	01/31/2024	01/31/2024	1,502,039	1,427,301	1,421,326	(5,975)	0.27	5.27	0.08	0.08	0.00
912828W48	06/02/2021	AA+	Aaa	1,475,000	US TREASURY N/B	2.13	02/29/2024	02/29/2024	1,550,479	1,479,475	1,467,164	(12,311)	0.25	5.34	0.16	0.16	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	1,510,581	1,479,902	(30,678)	0.29	5.29	0.40	0.41	0.00
912828XX3	04/22/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.00	06/30/2024	06/30/2024	983,320	996,114	984,336	(11,778)	2.79	5.21	0.48	0.49	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	1,499,676	1,485,059	(14,617)	0.36	5.13	0.20	0.20	0.00
91282CBV2	07/06/2021	AA+	Aaa	1,400,000	US TREASURY N/B	0.38	04/15/2024	04/15/2024	1,399,727	1,399,972	1,380,586	(19,386)	0.38	5.23	0.28	0.29	0.00
91282CCL3	08/17/2021	AA+	Aaa	1,450,000	US TREASURY N/B	0.38	07/15/2024	07/15/2024	1,449,037	1,449,821	1,413,863	(35,958)	0.40	5.11	0.52	0.54	0.01
91282CCT6	11/08/2021	AA+	Aaa	1,525,000	US TREASURY N/B	0.38	08/15/2024	08/15/2024	1,513,205	1,522,326	1,481,156	(41,170)	0.66	5.11	0.61	0.62	0.01
91282CCX7	10/06/2021	AA+	Aaa	1,625,000	US TREASURY N/B	0.38	09/15/2024	09/15/2024	1,617,383	1,623,167	1,573,584	(49,583)	0.54	4.99	0.69	0.70	0.01
91282CDH1	11/17/2021	AA+	Aaa	1,500,000	US TREASURY N/B	0.75	11/15/2024	11/15/2024	1,495,020	1,498,537	1,447,383	(51,155)	0.86	4.90	0.85	0.87	0.01
91282CDN8	02/01/2022	AA+	Aaa	875,000	US TREASURY N/B	1.00	12/15/2024	12/15/2024	865,635	871,844	843,760	(28,084)	1.38	4.87	0.93	0.95	0.01
91282CED9	07/07/2022	AA+	Aaa	950,000	US TREASURY N/B	1.75	03/15/2025	03/15/2025	918,754	935,714	918,086	(17,628)	3.03	4.64	1.16	1.20	0.02
91282CEQ0	08/16/2022	AA+	Aaa	1,000,000	US TREASURY N/B	2.75	05/15/2025	05/15/2025	987,695	993,737	976,094	(17,643)	3.22	4.56	1.32	1.37	0.02
91282CFK2	04/18/2023	AA+	Aaa	1,500,000	US TREASURY N/B	3.50	09/15/2025	09/15/2025	1,481,074	1,486,446	1,478,027	(8,419)	4.05	4.40	1.62	1.70	0.03
91282CFW6	06/15/2023	AA+	Aaa	1,525,000	US TREASURY N/B	4.50	11/15/2025	11/15/2025	1,525,536	1,525,469	1,530,302	4,833	4.48	4.30	1.76	1.87	0.04
91282CGE5	08/16/2023	AA+	Aaa	1,050,000	US TREASURY N/B	3.88	01/15/2026	01/15/2026	1,028,549	1,031,734	1,042,207	10,473	4.78	4.26	1.90	2.04	0.05
Total Treasury				**27,900,000**					**27,896,985**	**27,799,106**	**27,370,847**	**(428,260)**	**1.99**	**4.85**	**0.90**	**0.94**	**0.02**
Grand Total				**27,993,220**					**27,990,206**	**27,892,327**	**27,464,067**	**(428,260)**	**1.98**	**4.84**	**0.90**	**0.93**	**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	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℠	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.

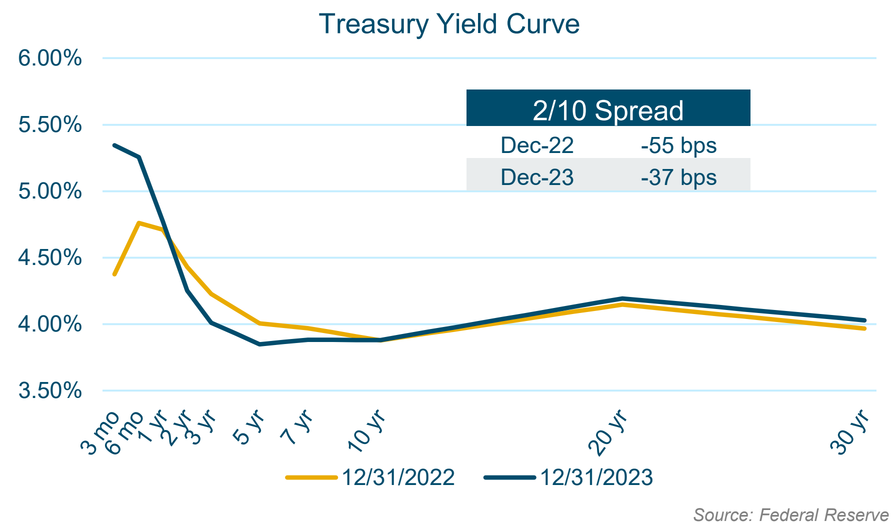
Appendix

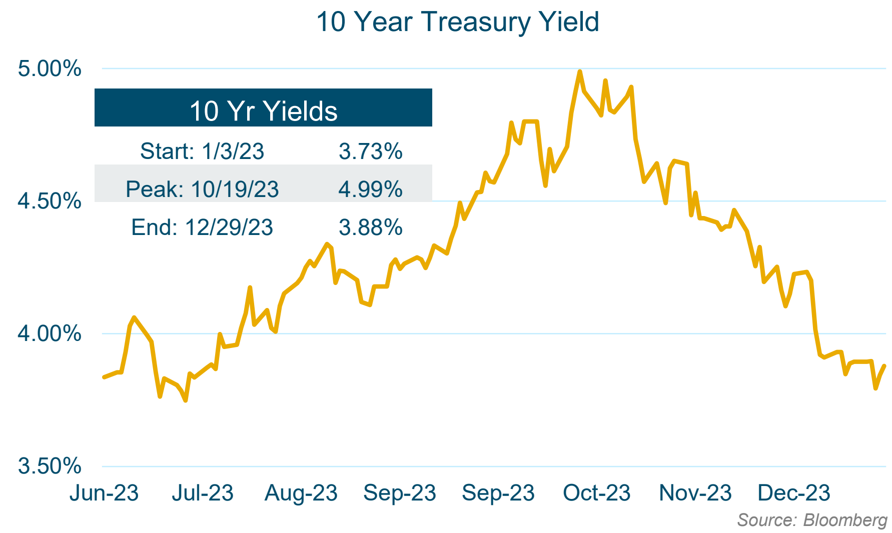
Presentation Overview

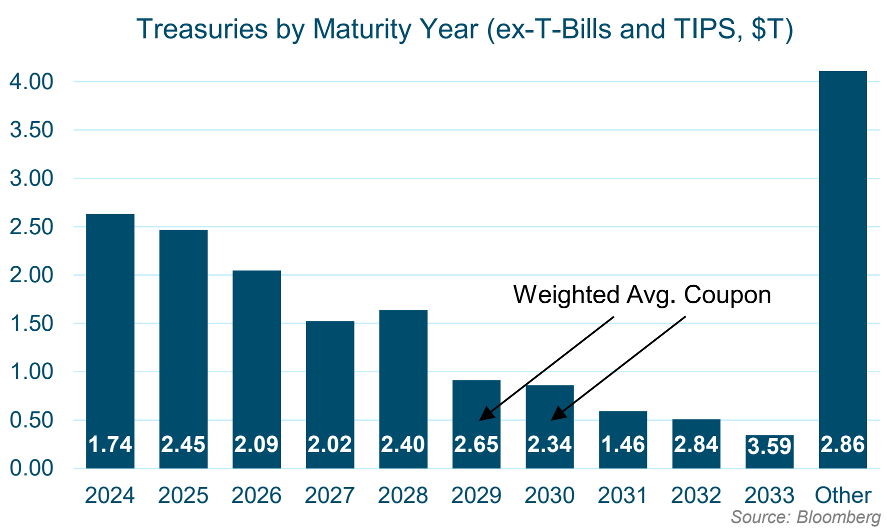
Overview

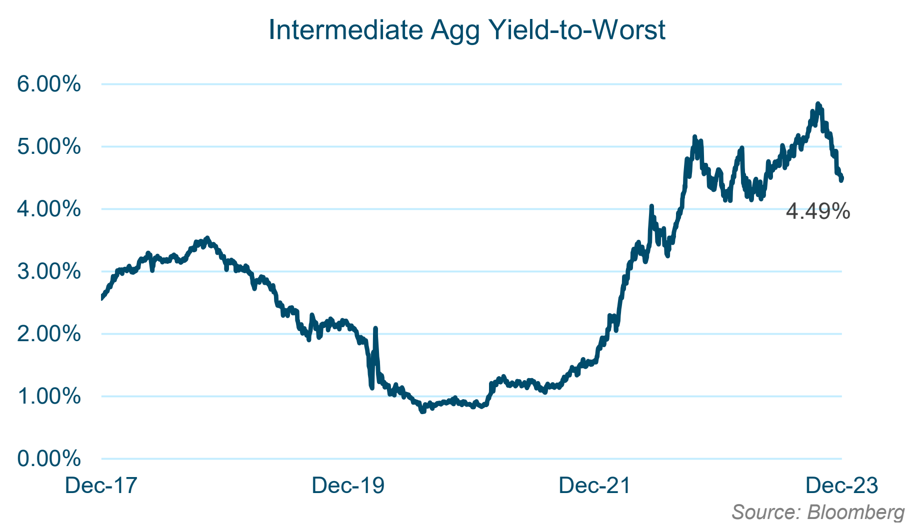
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and the Economy

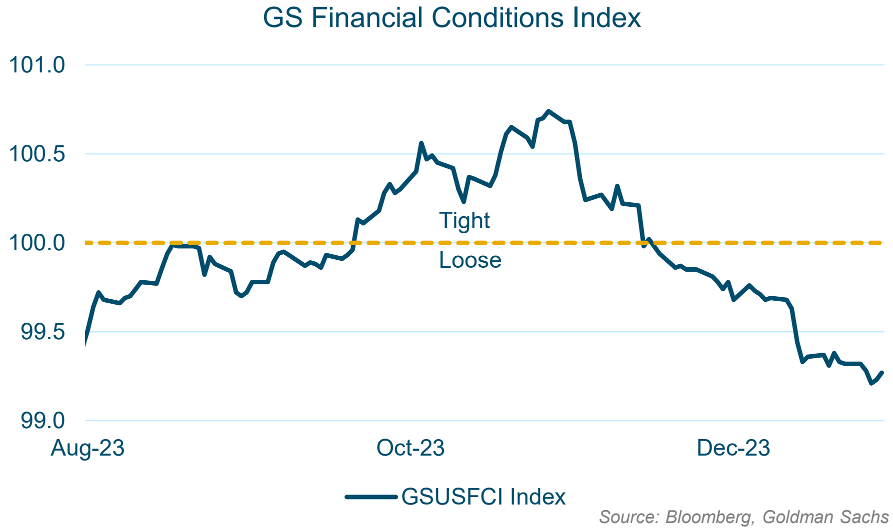


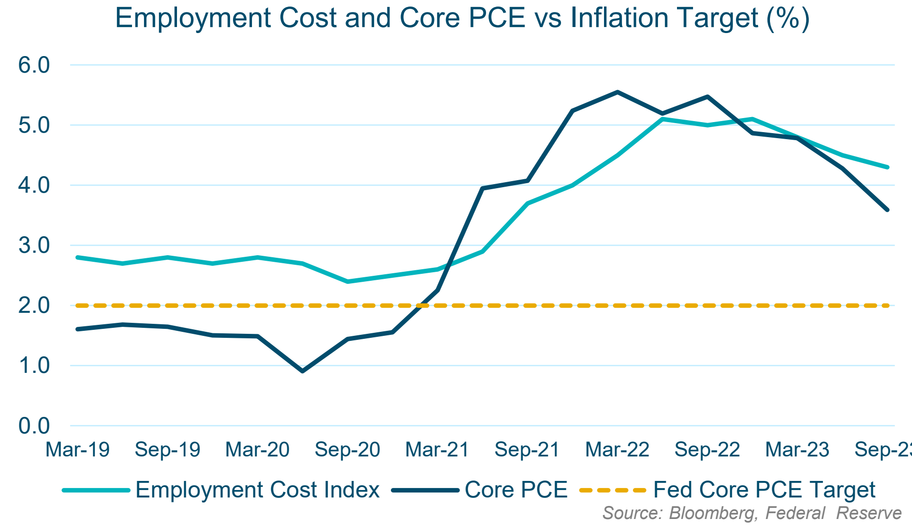


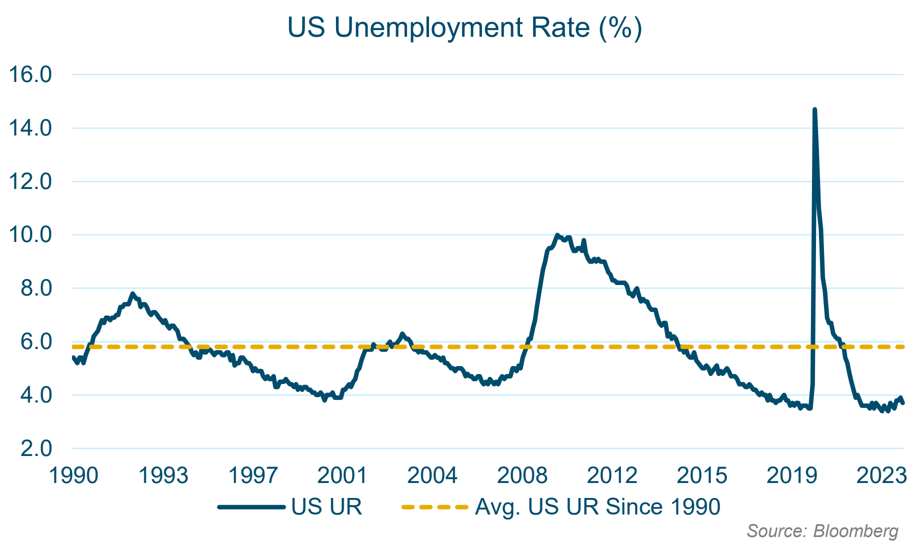


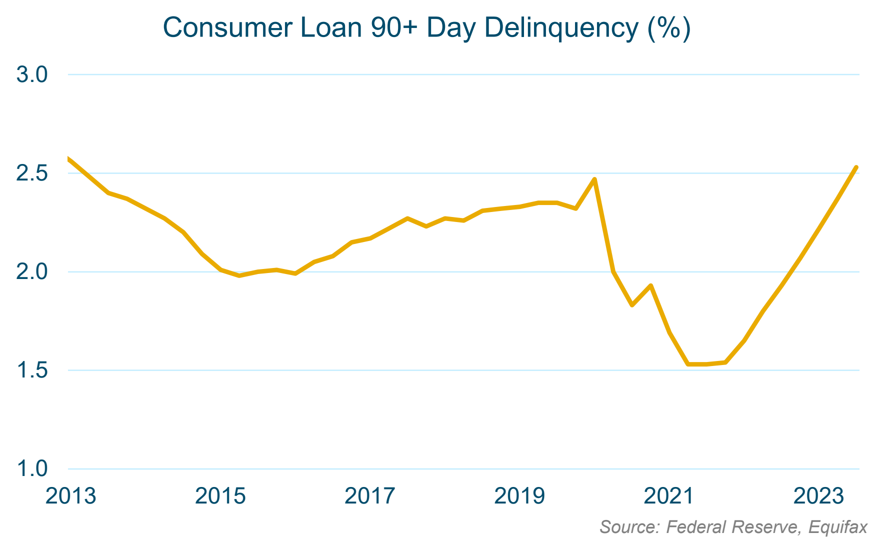


Market Indicators





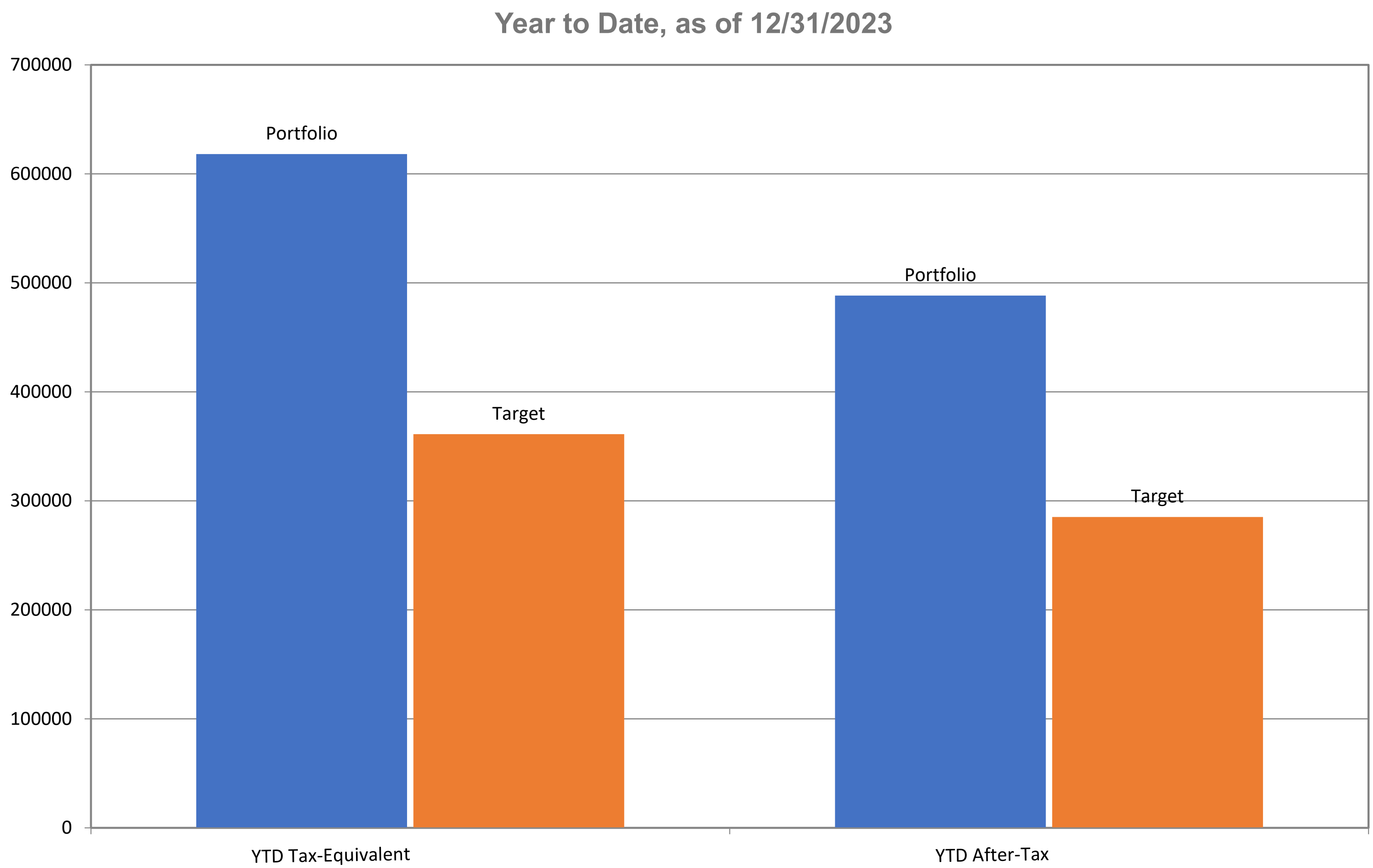




Portfolio Changes

Garden State Muni Joint Insurance Fund	12/31/2022	03/31/2023	06/30/2023	09/30/2023	12/31/2023
Treasury Yields					
2 yr Treasury Yield	4.40%	4.03%	4.87%	5.05%	4.25%
5 yr Treasury Yield	3.96%	3.59%	4.12%	4.61%	3.83%
10 yr Treasury Yield	3.83%	3.48%	3.81%	4.58%	3.86%
Book Statistics					
Tax-Equivalent Book Yield	0.85%	1.17%	1.62%	1.90%	1.98%
Book Value ($)	42,820,769	38,425,172	38,526,384	38,661,177	27,892,327
Projected Tax-Equivalent Income, next 12 months ($)	363,290	450,190	622,772	735,189	552,189
Unrealized Gains/(Losses) ($)	(1,415,412)	(1,029,668)	(1,098,180)	(881,546)	(428,260)
YTD Realized Gains/(Losses) ($)	20,388	0	0	0	(2,482)
Portfolio Risk Statistics					
Effective Duration	1.06	1.09	1.10	1.01	0.90
Convexity	0.02	0.02	0.02	0.02	0.02
Weighted Average Life	1.11	1.13	1.16	1.07	0.93
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	93%	100%	100%	96%	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	7%	0%	0%	4%	0%

Income Year to Date



Performance

Tax-Equivalent Total Return
as of 12/31/2023
Inception Date: 07/01/2010

	Portfolio	Benchmark	Difference
Quarter to Date	1.96%	1.83%	0.13%
Year to Date	4.57%	4.40%	0.16%
Since Inception	1.35%	1.17%	0.18%

Benchmark Composition:

100.0% Garden State Duration Matched Treasury