



Quarterly Investment Report

As of 9/30/2019



SLC Management is the brand name used by Prime Advisors, Inc.

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Executive Summary

TRANSACTIONS:

Action	Total	Comments	Average Tax-Equivalent Yield
Sales, Calls, and Maturities	\$575,000	Three securities in the account matured during the quarter.	1.85%
Purchases	\$419,113	Proceeds were used to maintain the 1- 2 year maturity ladder and provide for operational cash needs.	1.80%

PORTFOLIO STATISTICS:

Quarter Ending:	06/30/2019	09/30/2019
Tax-Equivalent Book Yield	2.09%	2.02%
Book Value	\$5,345,828	\$5,379,469
Projected Tax-Equivalent Annual Income	\$111,525	\$108,484
Unrealized Gain	\$14,470	\$15,268
YTD Realized Gain	\$0	\$0
Portfolio Duration	0.96	0.86
Average Credit Quality	AAA	AAA

PORTFOLIO ALLOCATION:

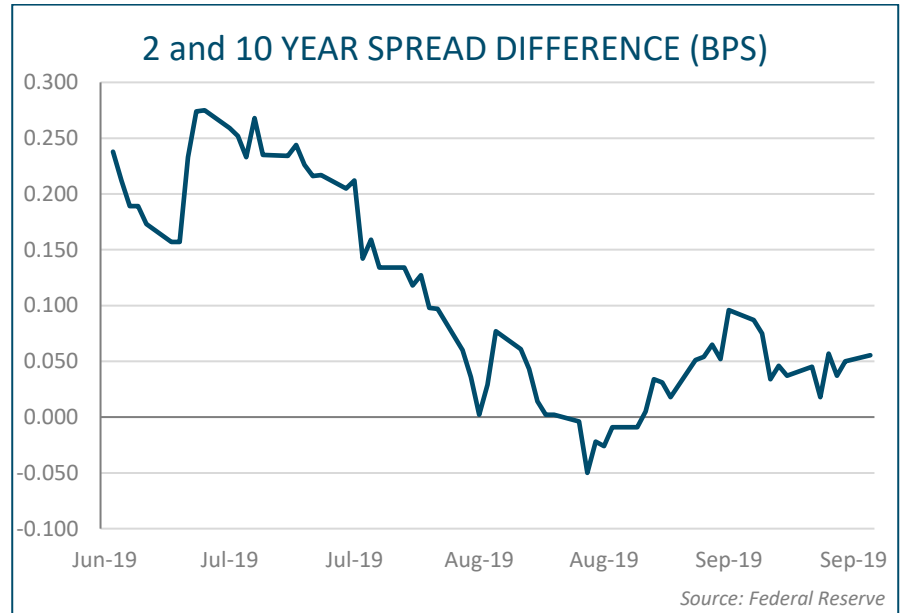
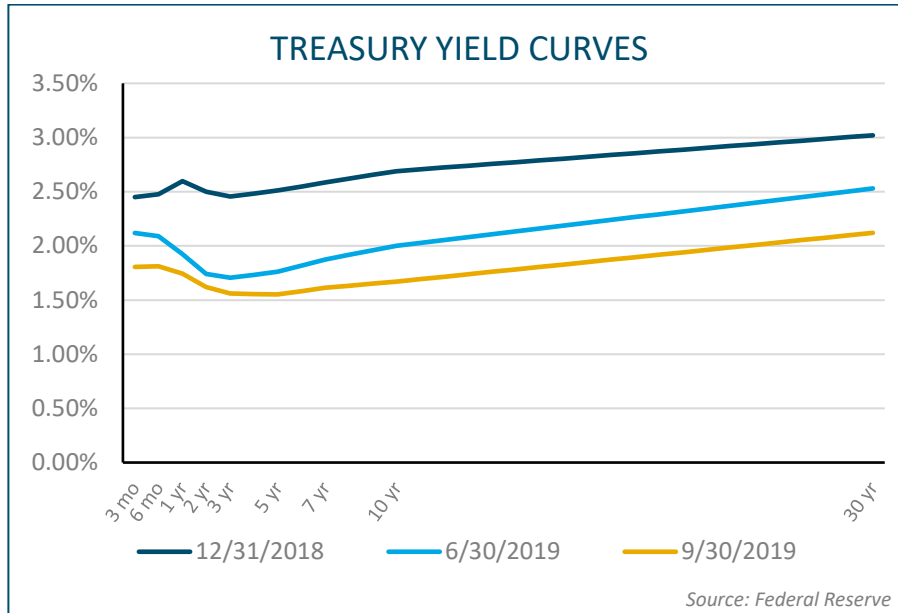
Sector	06/30/2019	09/30/2019
Treasury	96%	93%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	4%	7%

PERFORMANCE:

Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$70,565	\$70,511	\$54
QTD Total Return	0.55%	0.45%	0.10%
YTD Total Return	2.21%	2.18%	0.03%

Economic Outlook

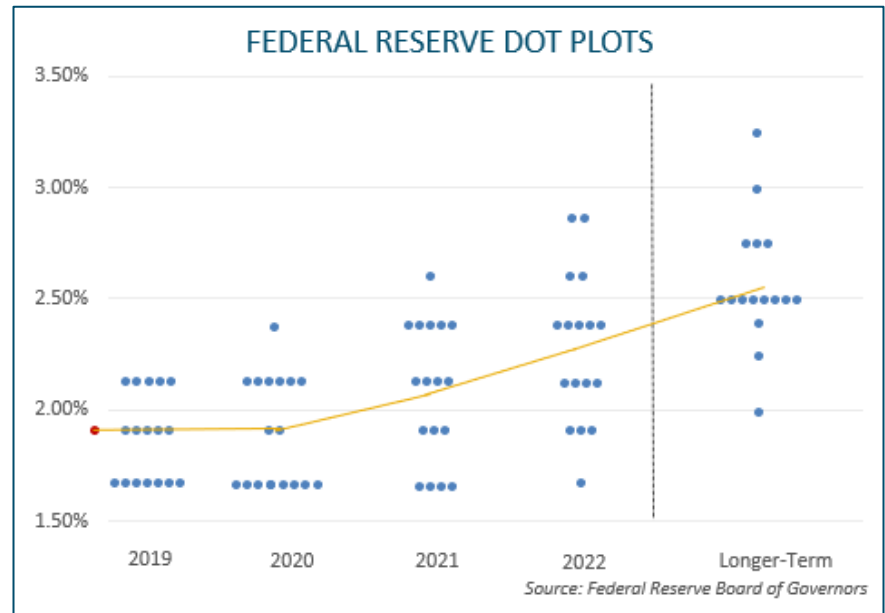
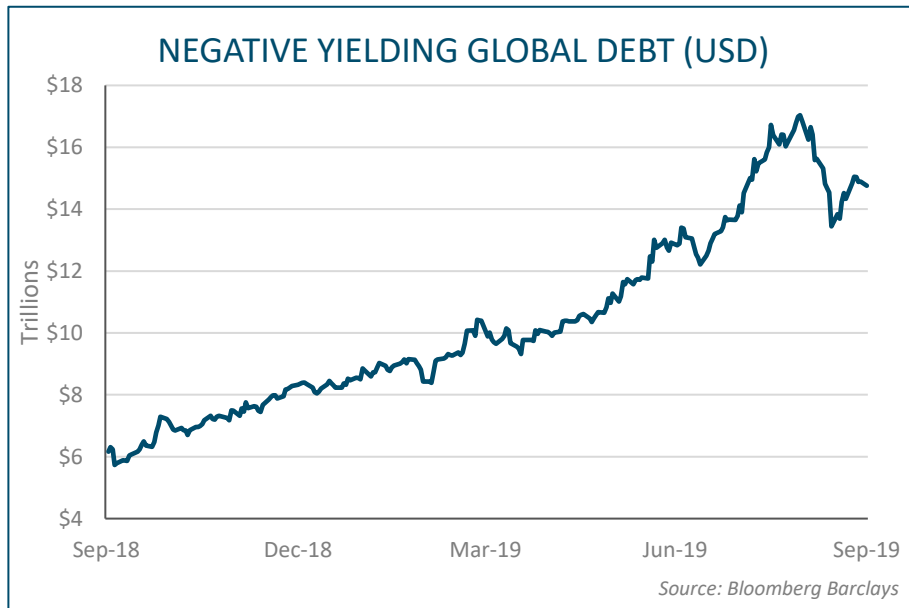
Treasury Yields



- Trade tensions and slowing global growth remained the headline driver of lower rates during the third quarter
 - 10-year bond yield volatility remained extremely high and traded in a very wide range during the quarter
 - Yields ranged from highs of 2.14% to lows of 1.43%, finally ending the quarter at 1.67%, a sizable decline from Q2
 - While U.S. data remained relatively positive throughout the quarter, deterioration in Europe and Asia provided ample investor demand for U.S. bonds, driving bond yields to the lowest levels experienced since 2016
 - As global growth concerns intensified, markets also experienced further flattening of the yield curve
 - In mid-August, the 2/10-year Treasury yield curve inverted briefly, however finished positive at +6 basis points
 - That said, Treasury yields between 3-7 years continue to yield less than the 2-year
 - Historically, this measure has been a precursor to recession, but has been widely debated given the current unprecedented demand from foreign buyers
- With the market facing many economic and geopolitical uncertainties, volatility will remain high for the remainder of 2019
 - Trade uncertainty continues to dampen business investment and will pressure global manufacturing lower in the coming months
 - Until resolved, this headwind will continue in Q4 and possibly 2020

Economic Outlook

Global Yields and Federal Reserve



GLOBAL YIELDS

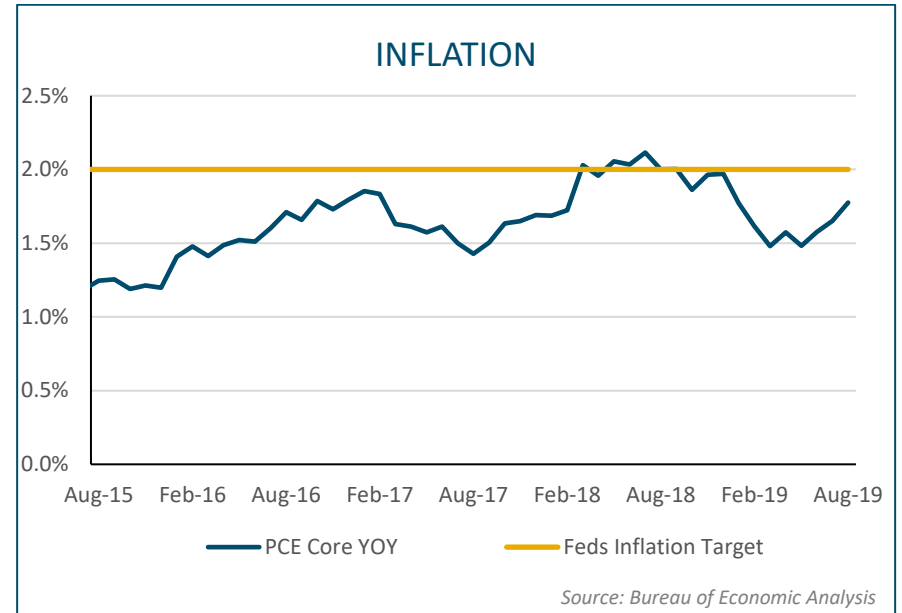
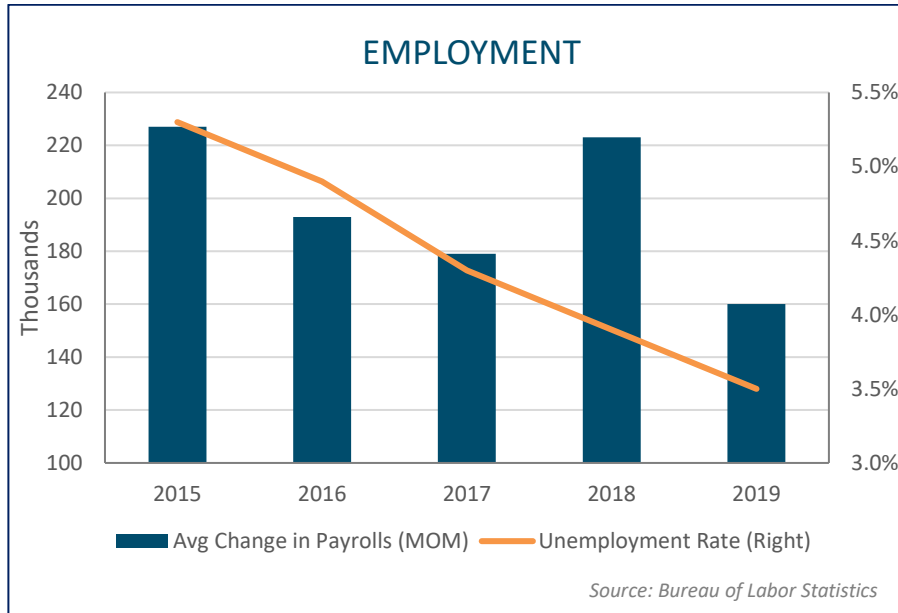
- Aggressive quantitative easing programs by the ECB and Bank of Japan, have resulted in a negative yield environment in many countries across Europe and Japan
- Negative yielding global debt reached record levels during Q3, representing roughly a quarter of global bonds outstanding
 - Negative yielding debt ended the quarter at \$14.8 trillion, after peaking at \$17.0 trillion in August

FEDERAL RESERVE

- During the quarter, the Fed reacted dovishly to ongoing global economic uncertainty
 - As a result, they actively cut rates twice by 25 basis points at both the July and September meetings
- In September, Chairman Powell reiterated the Fed does not have a pre-determined path for rates
 - They will "closely monitor" incoming economic data and will proactively cut rates if needed
 - Powell pointed to the uncertainty of global trade and the decline in inflation expectations as possible need for future adjustments
- Shifting of dot plot expectations point to the uncertainty FOMC members have over the future direction of rates
 - This is one of the first times since the crisis the committee has been so divided on future moves
 - Market expectations continue to price in more aggressive rate cuts than the Fed, anticipating two additional cuts before year end 2020

Economic Outlook

Employment and Inflation



EMPLOYMENT

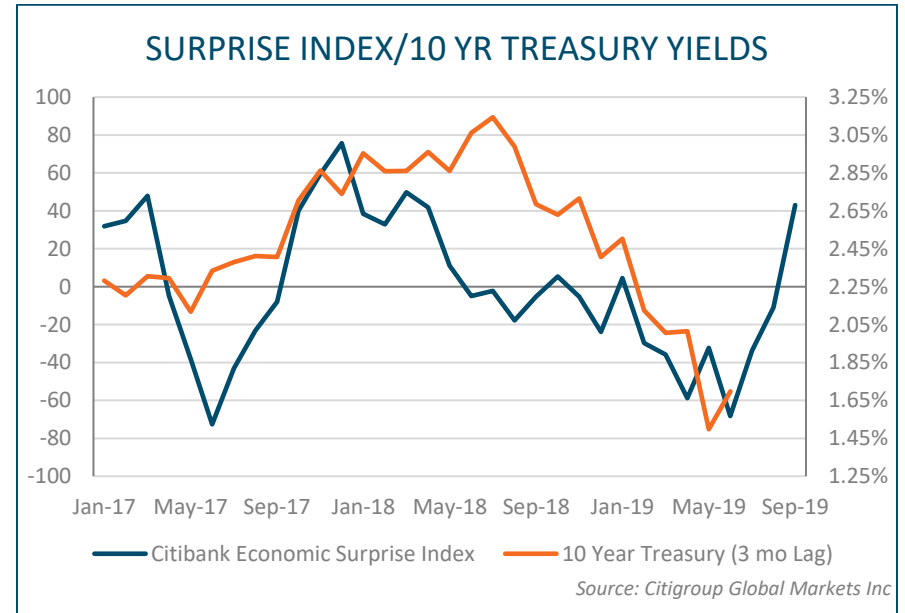
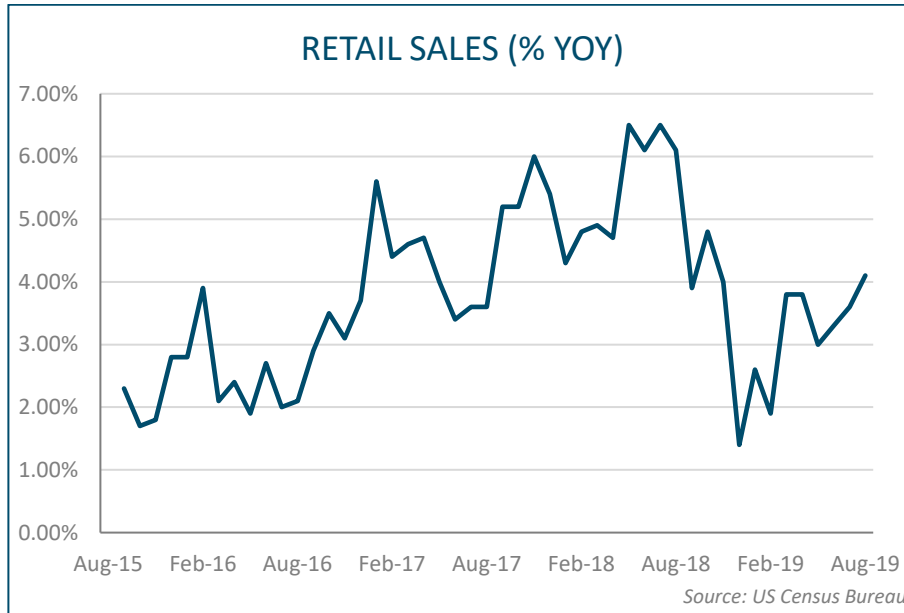
- The U.S. labor market continues to reflect a healthy economy with the unemployment rate at 3.5%, at the 50-year low
 - While job creation remains positive, there are signs of cooling as the market reaches "full employment"
 - Monthly nonfarm payrolls have averaged 161,000 year to date, running below 2018 average of 223,000 per month
- Despite tightness in labor markets wage inflation has increased modestly, averaging 2.9% over the past year
 - The wage component continues to be closely monitored as a potential catalyst for higher inflation

INFLATION

- U.S. inflation levels have softened and have remained persistently below "target" for many years
 - While tariffs have increased costs, companies have struggled to push higher costs on to consumers
 - This decline is widespread as global economies foresee reduced inflation expectations for coming years
- Outside the US, central banks also extended dovish policies, implemented rate cuts and restarted quantitative easing to drive additional growth and curtail deflation
 - The decline in global bond yields YTD are a result of these dovish policies being put in place to increase monetary supply, encourage spending, in hopes of pushing inflation higher

Economic Outlook

Retail Sales and Economic Surprise Index



RETAIL SALES

- While the market expects slowing in the U.S., growth is expected to remain positive, supported by the strong consumer and retail sales
 - Retail sales have shown upward growth of 4.1% (YOY) and remain above the 5-year average of 3.7%
 - Consumer confidence also remains above historic averages and should help support consumer demand
 - Consumer strength has been supported by the strong employment market, growing wages, and the increased personal wealth effect given rising asset prices

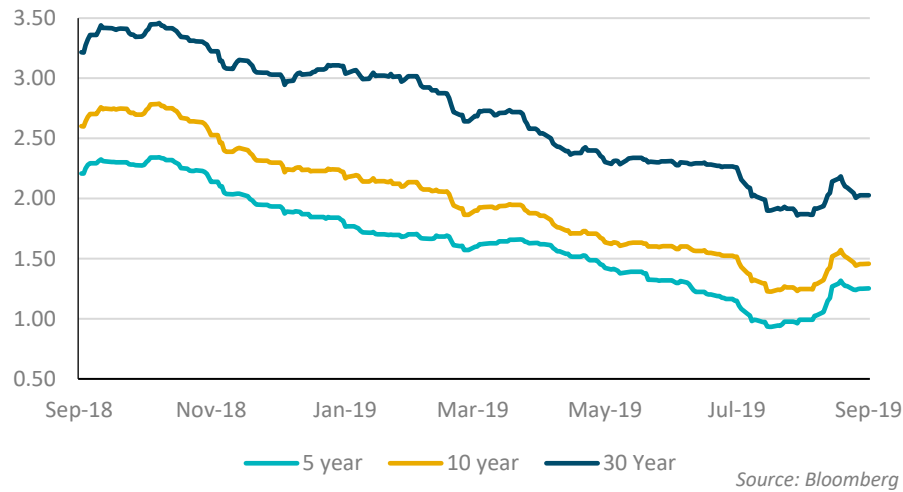
ECONOMIC SURPRISE INDEX

- Citibank Economic Surprise Index measures the difference between analyst forecasts and the published value of a given economic data releases
 - Since May the index has reversed its decline from previous years, moving back to the highest levels since mid-2018.
 - These readings indicate that the economic data is beating estimates by an unusually large margin
- Historically, 10-year yields have typically lagged this index by 3 months. Given the recent turn-around, it would signal that data has surprised to the high side of estimates and yields should follow suit by moving higher.
 - However, weakness in Europe could distort this relationship as the relative value of U.S. debt continues to attract foreign demand

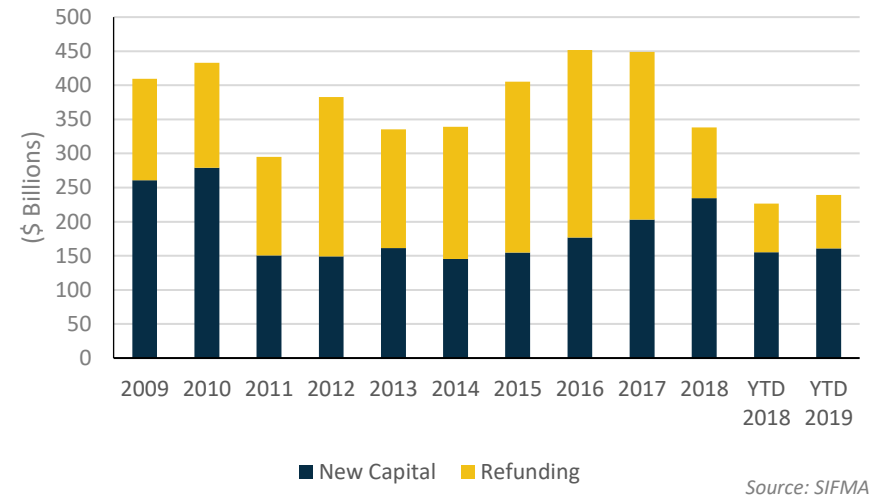
Economic Outlook

Municipals

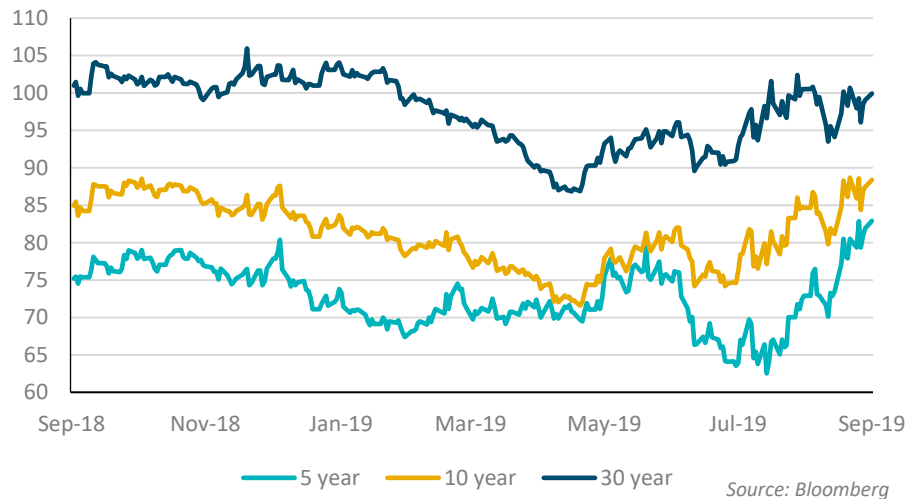
AAA MUNICIPAL YIELDS



TAX-EXEMPT MUNICIPAL ISSUANCE



AAA MUNICIPAL/TREASURY YIELD RATIOS

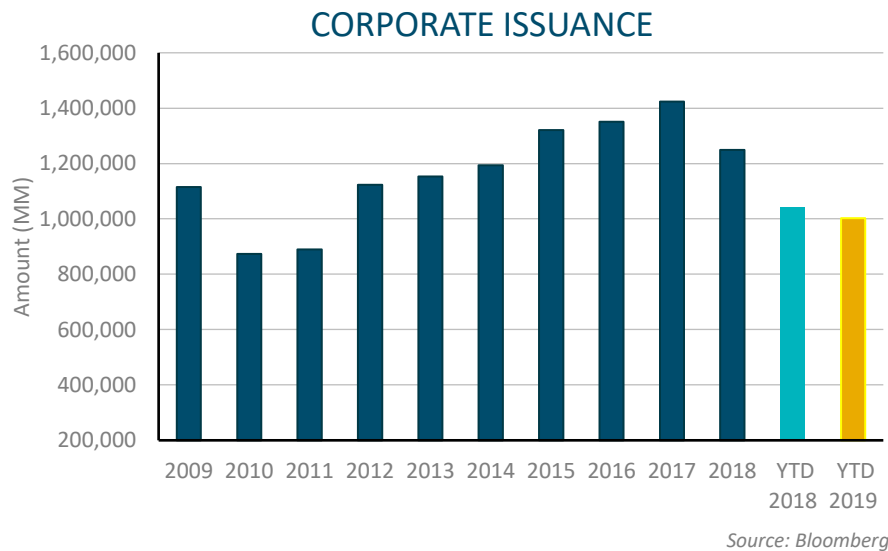
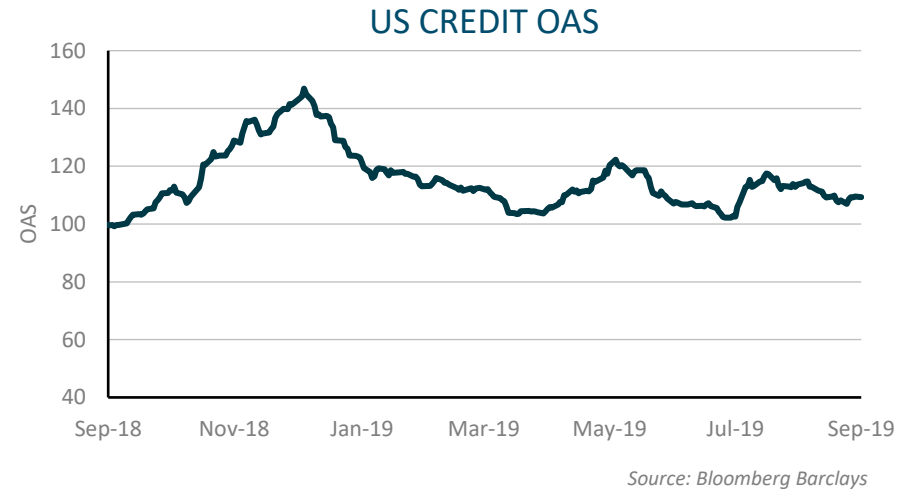
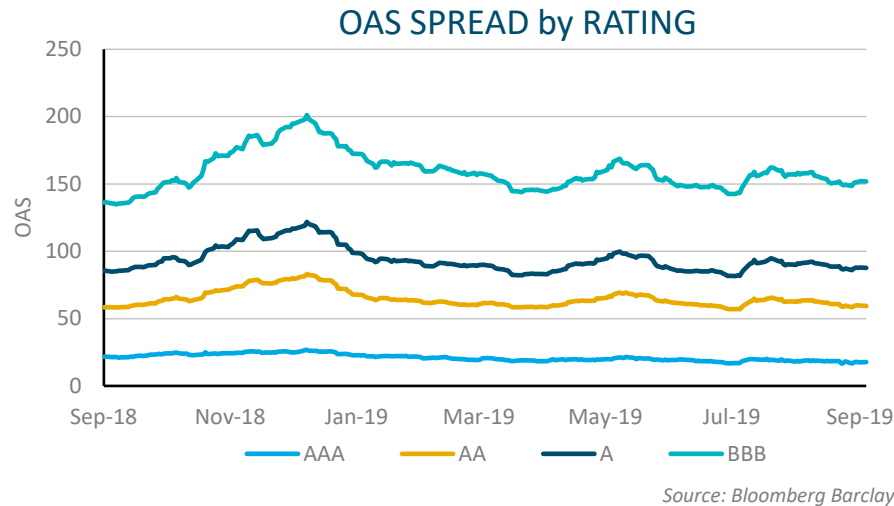


Comments

- During the third quarter, municipal yields touched new historic lows for longer maturity tenors, before retracing back to the previous quarter-end
- Record inflows, into municipal bond funds continued throughout the quarter, totaling \$67bn year to date
- Primary market issuance increased with the decrease in yields
 - Heavier issuance is expected to remain through year-end
- Although recording positive total returns of 1.58% over the quarter, tax-exempt municipals underperformed Treasuries
 - Bloomberg Barclays Municipal index has returned 6.75% YTD
- Ten and thirty-year Treasury ratios have rebounded, providing a more attractive entry point for investors
- We continue to direct most institutional cash to other asset classes

Economic Outlook

Corporates

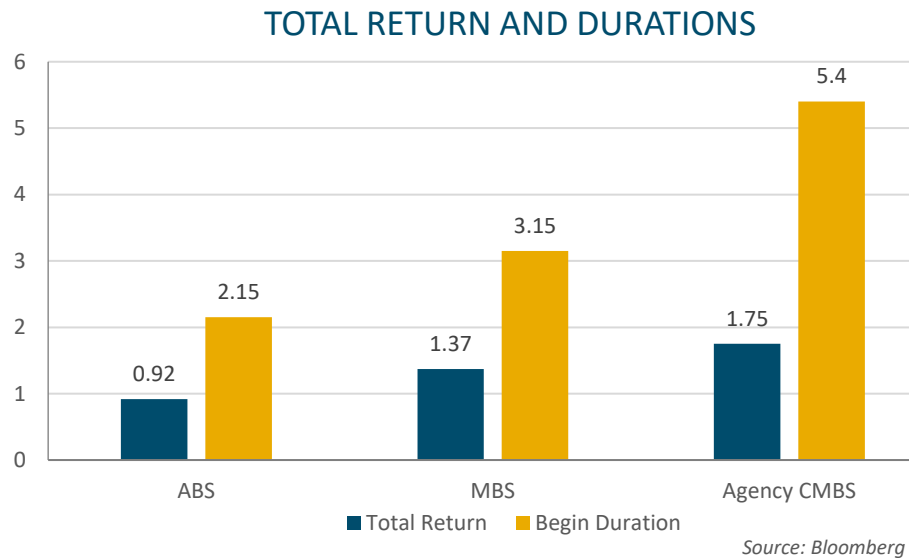
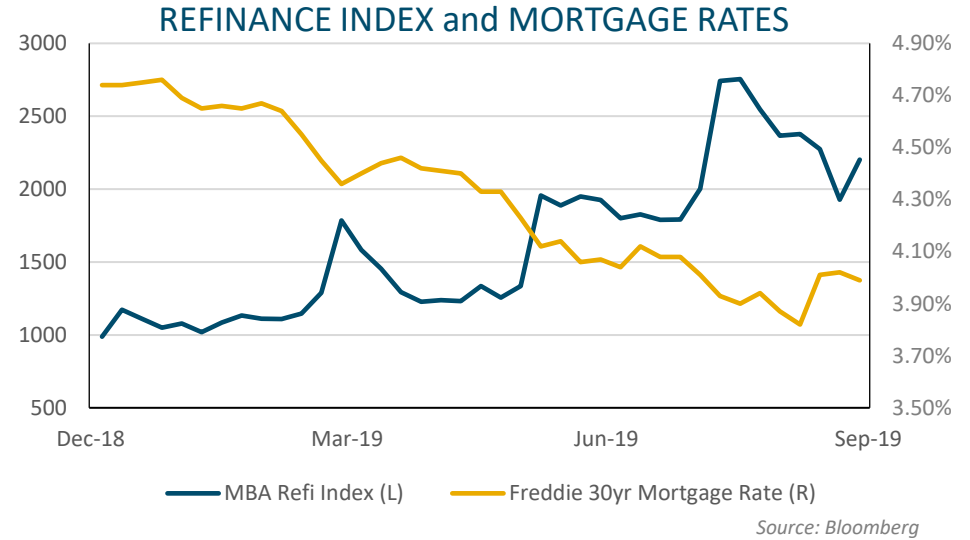
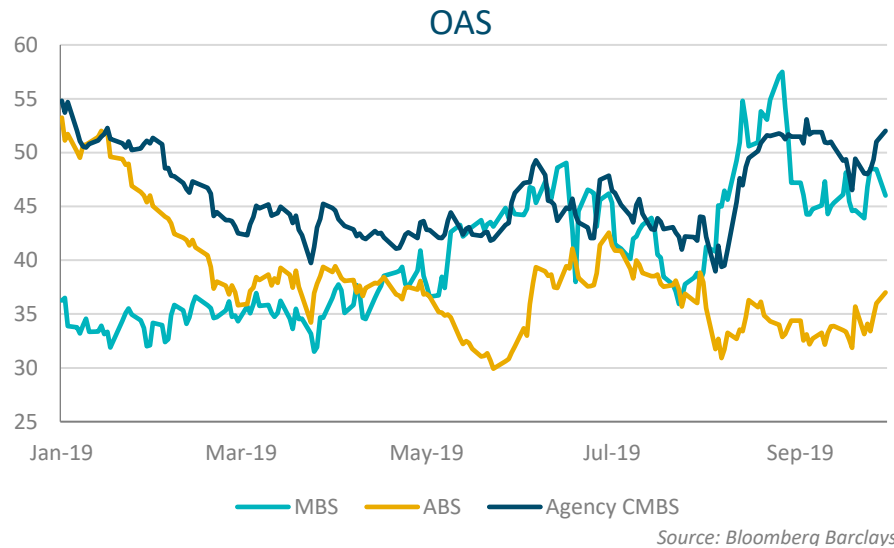


Comments

- As the inverted yield curve flashed recessionary signals, corporate credit spreads traded in a 16bps range during the third quarter
 - Spreads ranged from 102bps in late July to 118bps in August, and closed the quarter at 109
- Investment grade credit issuance surged 15% YOY in Q3 to \$353bn, bringing YTD issuance just shy of YTD 2018 levels of \$1,038bn
- September saw the largest ever IG weekly issuance at \$77bn and closed as the 3rd heaviest month on record at \$158bn
- Risks to corporate earnings remain front and center as second quarter earnings continued their slow deterioration
 - Although growth rates for revenue and EBITDA remain positive on a YOY basis (+3.4% and +3.8%), EBITDA declined for the 2nd straight quarter on a QOQ basis
- We retain our tactical overweight to corporates with a high-quality bias in the current macroeconomic and monetary environment

Economic Outlook

Mortgage and Asset Backed Securities (MBS and ABS)



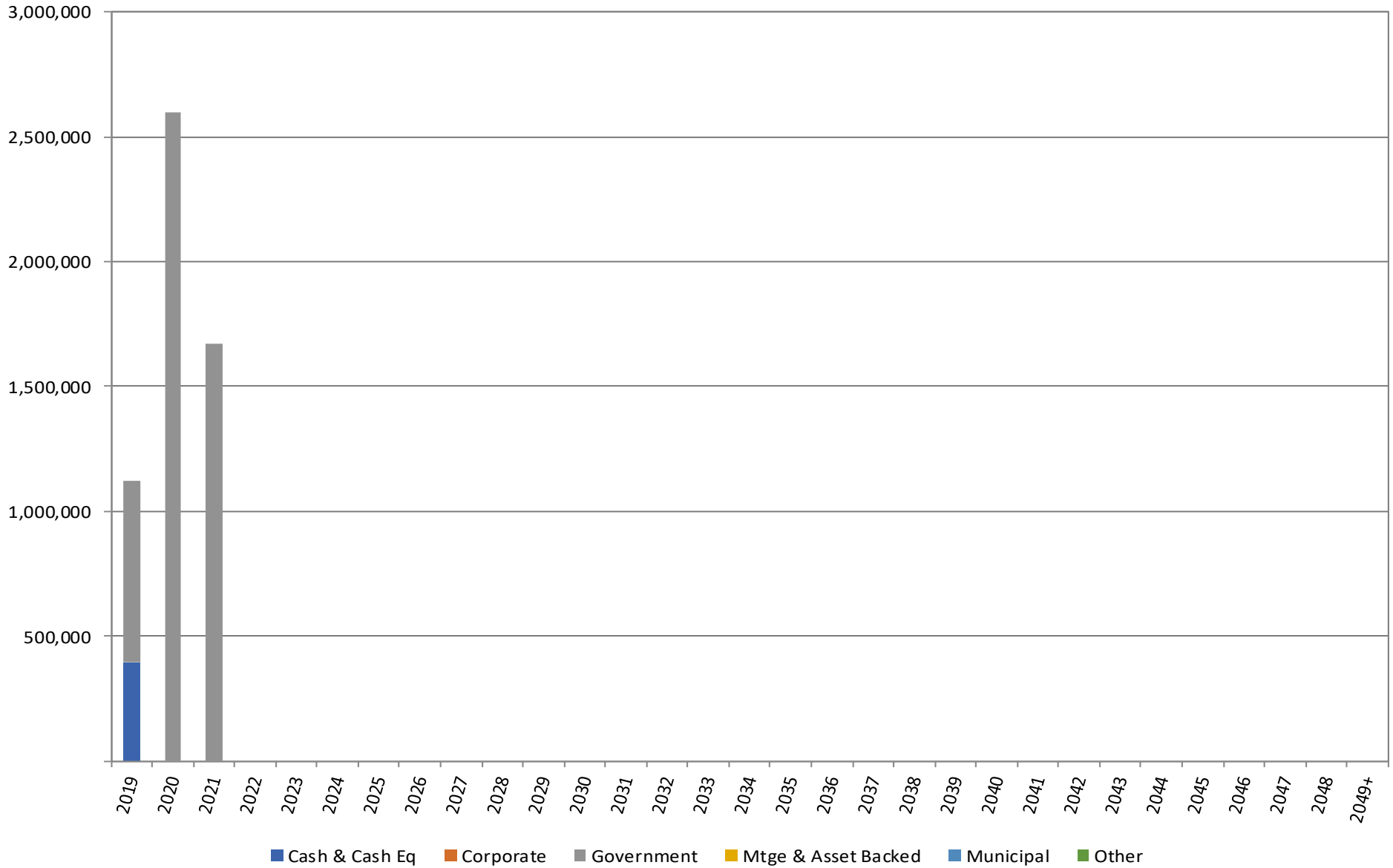
Comments

- The third quarter brought noticeable dispersion in structured product returns, primarily driven by duration
 - Longer duration sectors resulted in stronger performance as total return was led by price return with the fall in rates
- In addition to a divergence in return, direction of spreads also varied
 - MBS spreads spiked higher on prepay concerns with August refinances increasing to the widest levels seen since the 2013 Taper Tantrum
 - 50% of outstanding mortgages had at least a 50bp incentive to refinance
 - Agency CMBS spreads widened in sympathy with MBS, while ABS spreads tightened over the quarter, as investors chased higher yields, lower duration, and high-quality consumer debt
- We maintain our neutral to slightly overweight allocation to MBS and recommend allocations to high quality ABS and agency CMBS

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	4,984,776	5,000,044	15,268	2.18	1.83	0.93	0.02	22	15,268	0	0
Agency	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Corporate	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Taxable Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Tax-exempt Municipal	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Mortgage Pass-Through	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMOs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
ARMs	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Asset Backed	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
CMBS	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Other	0	0	0	0.00	0.00	0.00	0.00	0	0	0	0
Total	4,984,776	5,000,044	15,268	2.18	1.83	0.93	0.02	22	15,268	0	0
Short Term											
Sweep Money Market	394,693	394,693	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	394,693	394,693	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	5,379,469	5,394,737	15,268	2.02	1.70	0.86	0.01	22	15,268	0	0
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	5,379,469	5,394,737	15,268					22	15,268	0	0

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2019	724,584	2.12	15%
2020	2,594,151	2.37	52%
2021	1,666,042	1.90	33%
2022+	0	0.00	0%
Subtotal	4,984,776	2.18	100%
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	4,984,776	2.18	100%

Performance

**Tax-Equivalent Total Return
as of 09/30/2019
Inception Date: 08/01/2014**

	Prime	Benchmark	Difference
Quarter to Date	0.55%	0.45%	0.10%
Year to Date	2.21%	2.18%	0.03%
Since Inception	1.09%	1.11%	-0.02%

Benchmark Composition:

100.0% PEJIF 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
07/02/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.625	06/30/2021	N/A	99.71	199,414	1.78	1.78
08/01/2019	US TREASURY N/B	Treasury	AA+	Aaa	1.750	07/31/2021	N/A	99.86	219,699	1.82	1.82
Total									419,113	1.80	1.80

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
07/31/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.625	07/31/2019	07/31/2019	100.00	200,000	0	1.78	1.78
08/31/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.250	08/31/2019	08/31/2019	100.00	200,000	0	1.78	1.78
09/30/2019	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.750	09/30/2019	09/30/2019	100.00	175,000	0	2.03	2.03
Total										575,000	0	1.85	1.85

Appendix

Detailed Portfolio Report

Portfolio Holdings Report

Date Acquired	S&P Rating	Moody's Rating	Quantity	Description	Coupon	Effective Maturity	Maturity	Original Cost	Book Value	Market Value	Unrealized Gain/(Loss)	Book Yield	Market Yield	Effective Duration	Avg Life	Convexity
Money Market																
07/31/2019			394,693	BANK OF AMER/ML	0.00			394,693	394,693	394,693	0	0.00	0.00	0.00	0.00	
			394,693					394,693	394,693	394,693	0	0.00	0.00	0.00	0.00	
Treasury																
01/29/2018	AA+	Aaa	250,000	US TREASURY N/B	1.75	11/30/2019	11/30/2019	248,359	249,851	249,903	51	2.12	1.97	0.16	0.16	-0.01
06/04/2019	AA+	Aaa	250,000	US TREASURY N/B	1.88	12/15/2020	12/15/2020	249,482	249,590	250,235	645	2.01	1.80	1.18	1.20	0.02
02/01/2018	AA+	Aaa	225,000	US TREASURY N/B	1.88	12/31/2019	12/31/2019	223,884	224,853	224,964	111	2.14	1.93	0.25	0.25	0.00
06/04/2019	AA+	Aaa	250,000	US TREASURY N/B	2.00	01/15/2021	01/15/2021	250,029	250,025	250,673	647	1.99	1.79	1.26	1.29	0.02
02/05/2018	AA+	Aaa	250,000	US TREASURY N/B	2.00	01/31/2020	01/31/2020	249,512	249,917	250,068	150	2.10	1.91	0.33	0.33	0.00
06/07/2018	AA+	Aaa	250,000	US TREASURY N/B	2.38	04/30/2020	04/30/2020	249,375	249,806	250,723	916	2.51	1.87	0.57	0.58	0.00
06/11/2018	AA+	Aaa	110,000	US TREASURY N/B	2.50	05/31/2020	05/31/2020	109,957	109,985	110,447	461	2.52	1.88	0.65	0.66	0.01
05/17/2019	AA+	Aaa	200,000	US TREASURY N/B	2.75	11/30/2020	11/30/2020	201,461	201,116	202,148	1,032	2.26	1.81	1.13	1.16	0.02
07/02/2019	AA+	Aaa	200,000	US TREASURY N/B	1.63	06/30/2021	06/30/2021	199,414	199,485	199,782	297	1.78	1.69	1.71	1.74	0.04
08/01/2019	AA+	Aaa	220,000	US TREASURY N/B	1.75	07/31/2021	07/31/2021	219,699	219,724	220,326	602	1.82	1.67	1.79	1.83	0.04
06/10/2019	AA+	Aaa	250,000	US TREASURY N/B	2.25	03/31/2021	03/31/2021	251,455	251,214	251,845	631	1.92	1.75	1.47	1.50	0.03
01/29/2018	AA+	Aaa	250,000	US TREASURY N/B	1.50	10/31/2019	10/31/2019	247,441	249,879	249,893	13	2.10	2.00	0.08	0.08	0.00
07/05/2018	AA+	Aaa	250,000	US TREASURY N/B	2.63	08/15/2020	08/15/2020	250,244	250,104	251,670	1,566	2.58	1.85	0.86	0.87	0.01
06/10/2019	AA+	Aaa	250,000	US TREASURY N/B	1.13	02/28/2021	02/28/2021	246,592	247,191	247,833	642	1.93	1.75	1.39	1.41	0.03
06/10/2019	AA+	Aaa	250,000	US TREASURY N/B	1.38	04/30/2021	04/30/2021	247,588	247,973	248,633	660	1.90	1.73	1.54	1.58	0.03
06/18/2018	AA+	Aaa	150,000	US TREASURY N/B	1.88	06/30/2020	06/30/2020	147,961	149,237	150,012	775	2.57	1.86	0.74	0.75	0.01
07/05/2018	AA+	Aaa	250,000	US TREASURY N/B	2.00	07/31/2020	07/31/2020	247,148	248,838	250,273	1,435	2.57	1.87	0.82	0.83	0.01
07/16/2018	AA+	Aaa	200,000	US TREASURY N/B	2.00	09/30/2020	09/30/2020	197,289	198,756	200,368	1,612	2.64	1.81	0.98	1.00	0.02
02/05/2018	AA+	Aaa	250,000	US TREASURY N/B	1.38	02/15/2020	02/15/2020	246,270	249,303	249,473	170	2.13	1.94	0.37	0.38	0.00
03/05/2018	AA+	Aaa	200,000	US TREASURY N/B	1.63	03/15/2020	03/15/2020	197,516	199,431	199,766	335	2.26	1.88	0.45	0.45	0.01
03/13/2019	AA+	Aaa	240,000	US TREASURY N/B	1.75	10/31/2020	10/31/2020	237,103	238,067	239,842	1,775	2.51	1.81	1.06	1.08	0.02
06/10/2019	AA+	Aaa	250,000	US TREASURY N/B	2.00	05/31/2021	05/31/2021	250,508	250,430	251,173	742	1.89	1.71	1.62	1.66	0.03
			4,995,000					4,968,288	4,984,776	5,000,044	15,268	2.18	1.83	0.93	0.95	0.02
			5,389,693					5,362,981	5,379,469	5,394,737	15,268	2.02	1.70	0.86	0.88	0.01

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.

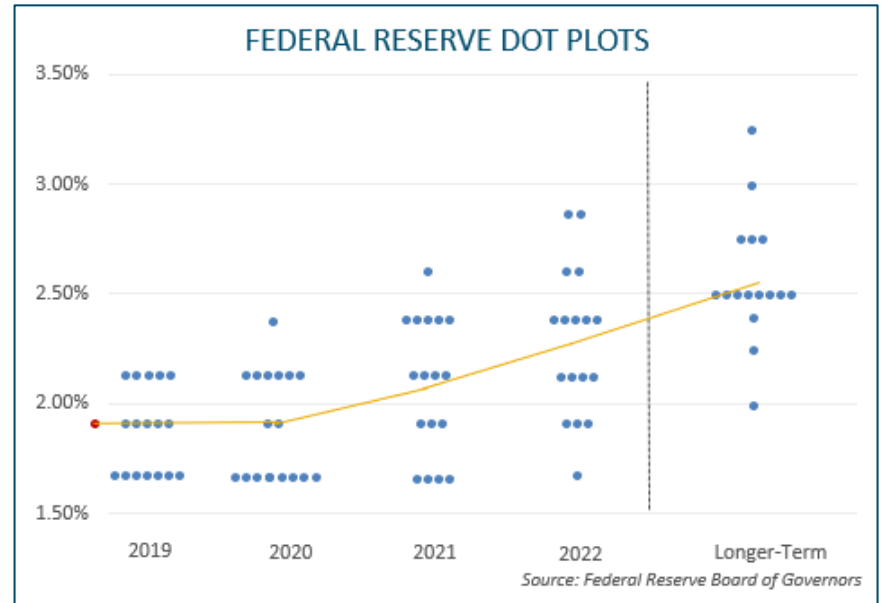
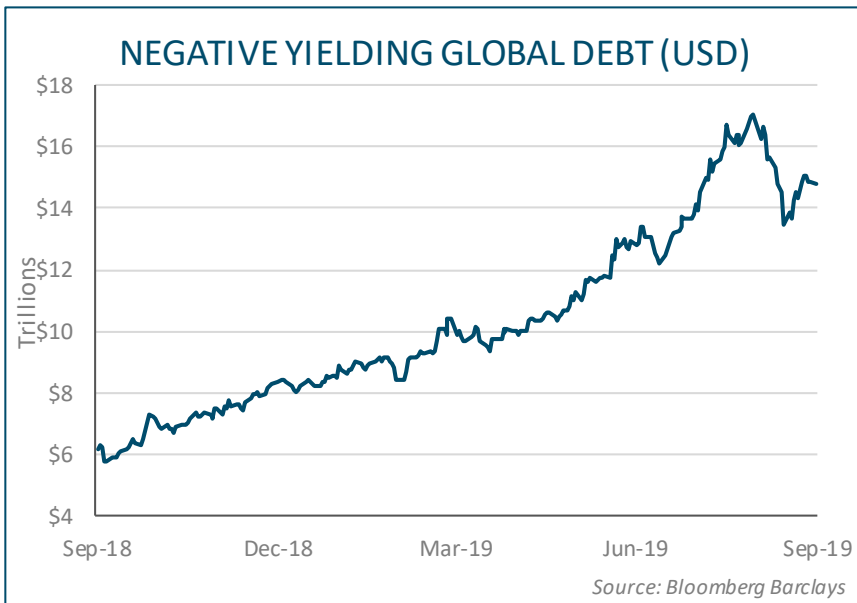
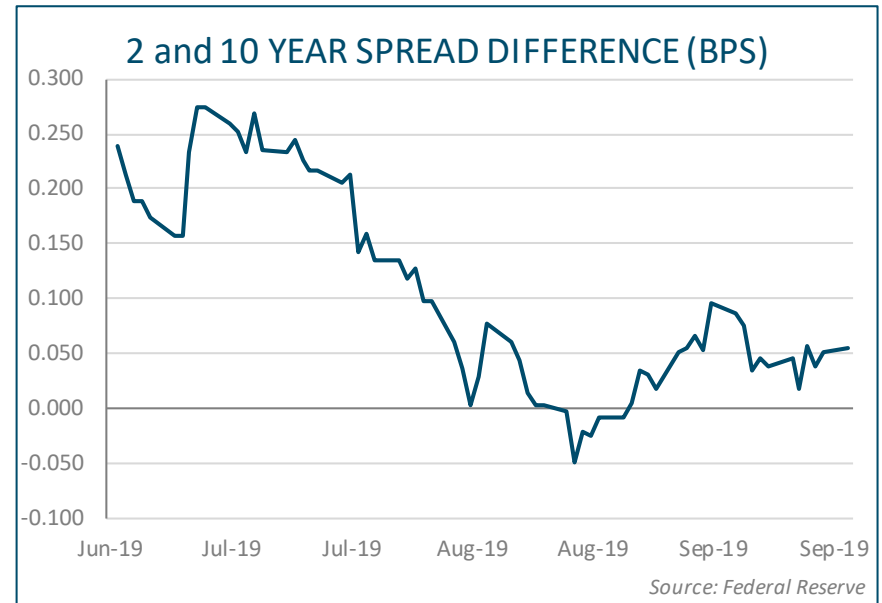
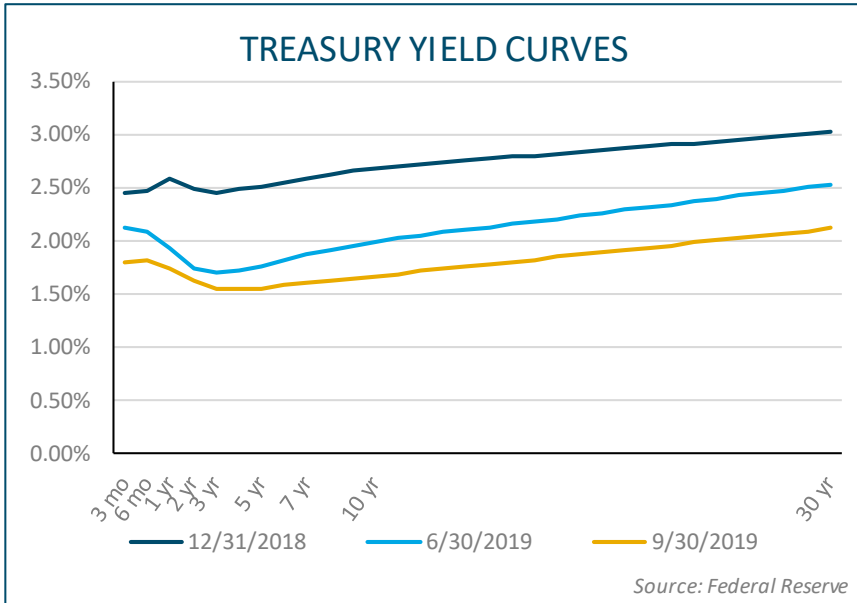
Appendix

Presentation Overview

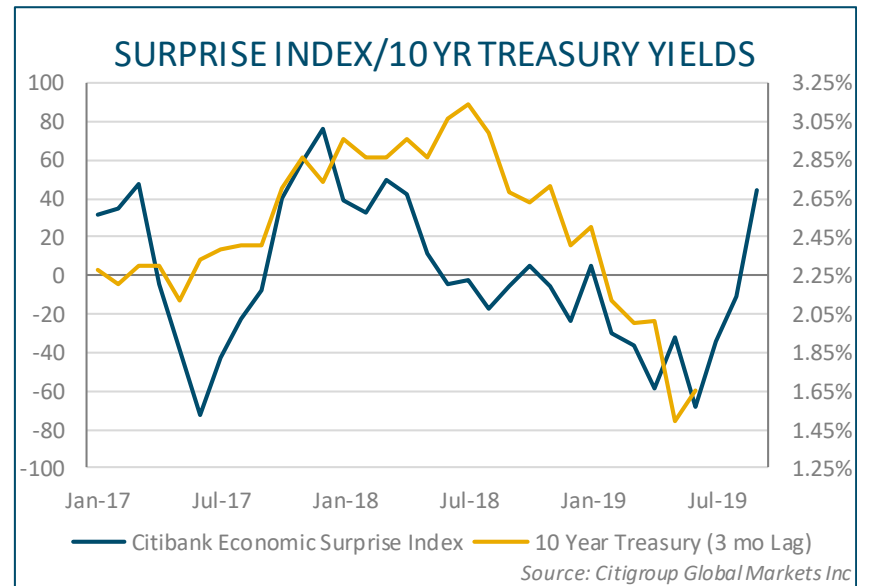
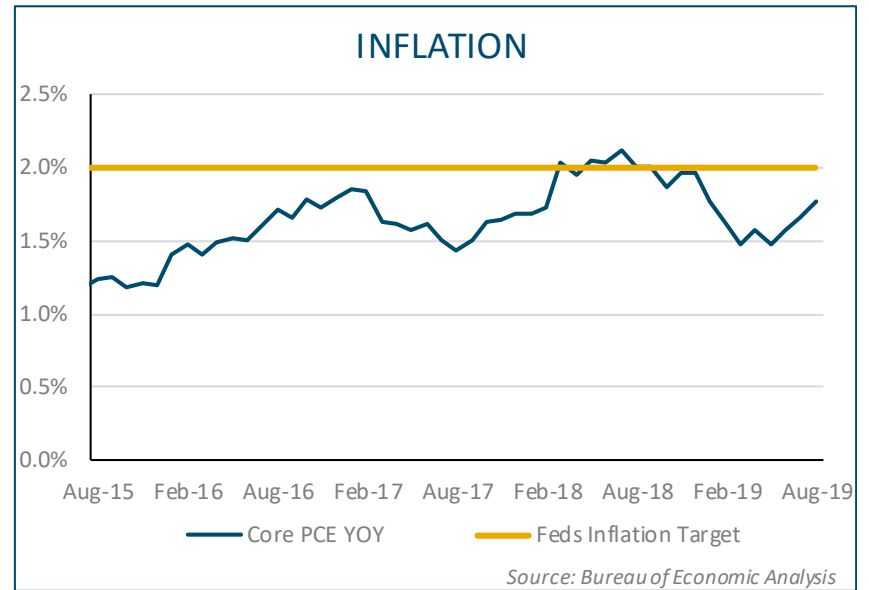
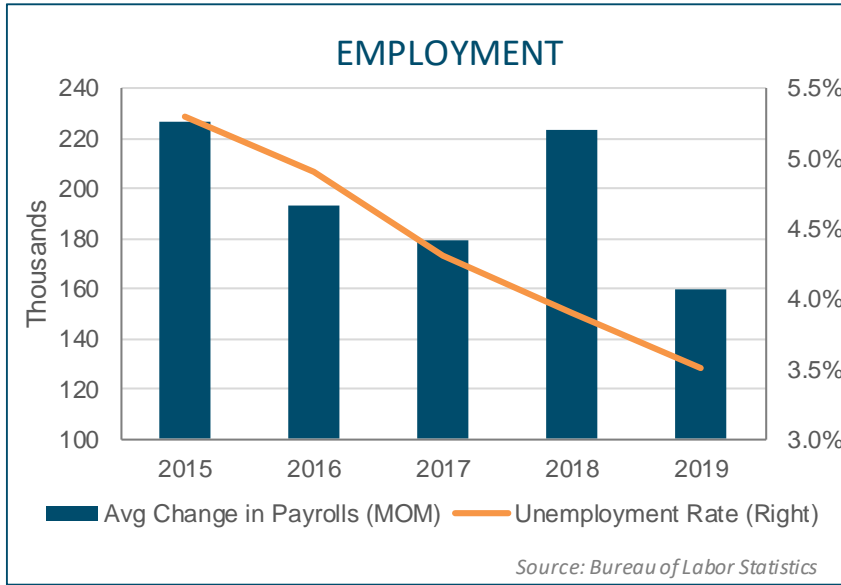
Overview

- Economic overview and market update
- Portfolio review
- Performance

Yields and the Fed



Market Indicators

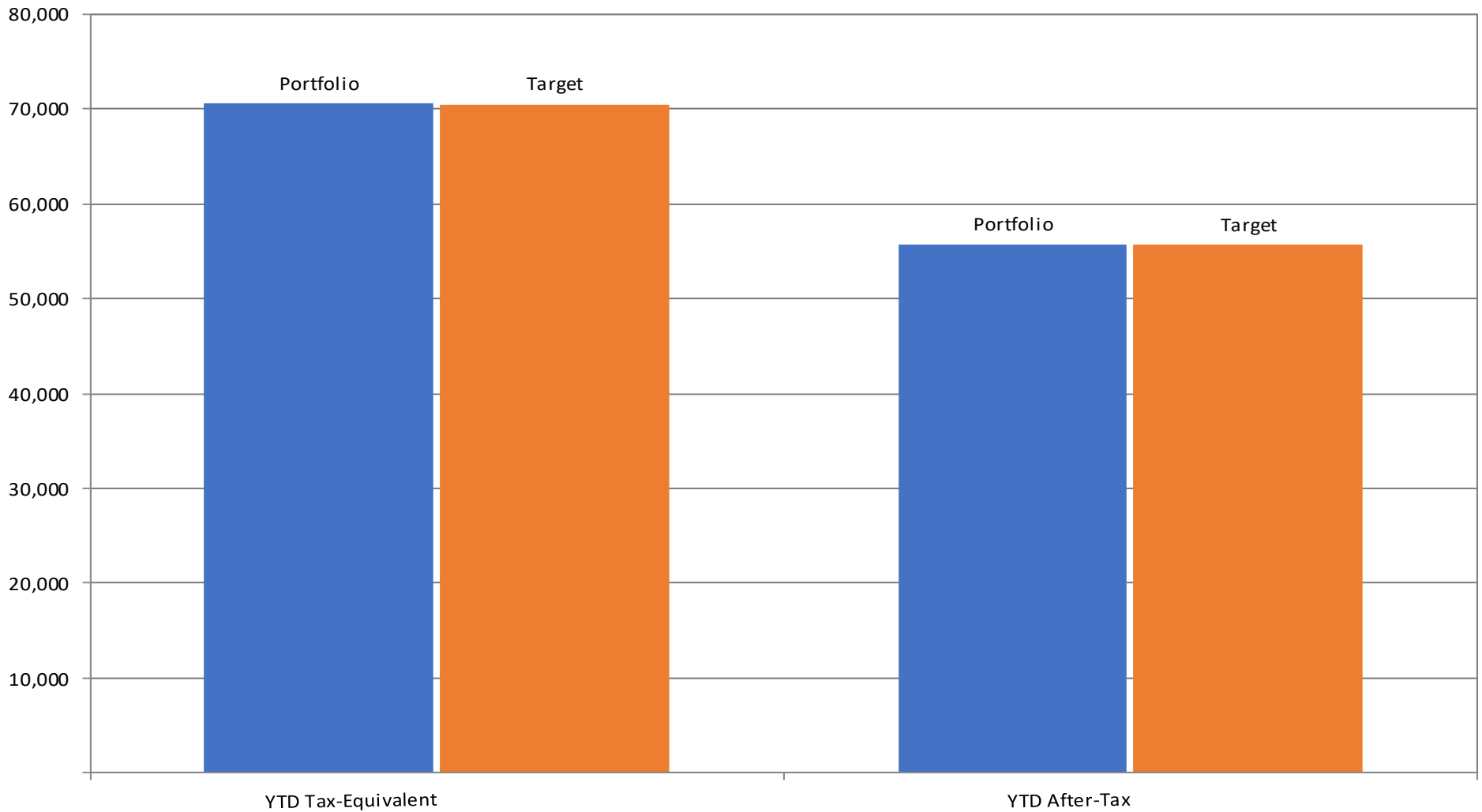


Portfolio Changes

Public Entity Joint Insurance Fund	09/30/2018	12/31/2018	03/31/2019	06/30/2019	09/30/2019
Treasury Yields					
2 yr Treasury Yield	2.82%	2.50%	2.29%	1.74%	1.62%
5 yr Treasury Yield	2.95%	2.51%	2.23%	1.76%	1.55%
10 yr Treasury Yield	3.06%	2.69%	2.41%	2.00%	1.67%
Book Statistics					
Tax-Equivalent Book Yield	2.03%	2.10%	2.23%	2.09%	2.02%
Book Value (\$)	4,381,467	3,812,873	3,831,970	5,345,828	5,379,469
Projected Tax-Equivalent Income, next 12 months (\$)	89,029	80,000	85,291	111,525	108,484
Unrealized Gains/(Losses) (\$)	(24,974)	(10,701)	(1,379)	14,470	15,268
YTD Realized Gains/(Losses) (\$)	(4,498)	(6,722)	0	0	0
Portfolio Risk Statistics					
Effective Duration	1.17	0.98	0.85	0.96	0.86
Convexity	0.02	0.02	0.01	0.02	0.01
Weighted Average Life	1.20	1.00	0.88	0.98	0.88
Average Rating	AAA	AAA	AAA	AAA	AAA
Portfolio Sector Allocation					
Treasury	99%	100%	100%	96%	93%
Agency	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%	0%
CMOs	0%	0%	0%	0%	0%
ARMs	0%	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%	0%
CMBS	0%	0%	0%	0%	0%
Cash & Cash Equivalents	1%	0%	0%	4%	7%

Income Year to Date

Year to Date, as of 09/30/2019



Performance

**Tax-Equivalent Total Return
as of 09/30/2019
Inception Date: 08/01/2014**

	Prime	Benchmark	Difference
Quarter to Date	0.55%	0.45%	0.10%
Year to Date	2.21%	2.18%	0.03%
Since Inception	1.09%	1.11%	-0.02%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury