Quarterly Investment Report

As of 9/30/2024

Executive Summary

PORTFOLIO STATISTICS:

Quarter Ending:	06/30/2024	09/30/2024
Tax-Equivalent Book Yield	4.74%	4.47%
Book Value	$1,057,631	$1,067,763
Projected Tax-Equivalent Annual Income	$50,145	$47,678
Unrealized Gain	$1,545	$20,943
YTD Realized Gain	$0	$0
Portfolio Duration	2.20	1.99
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:

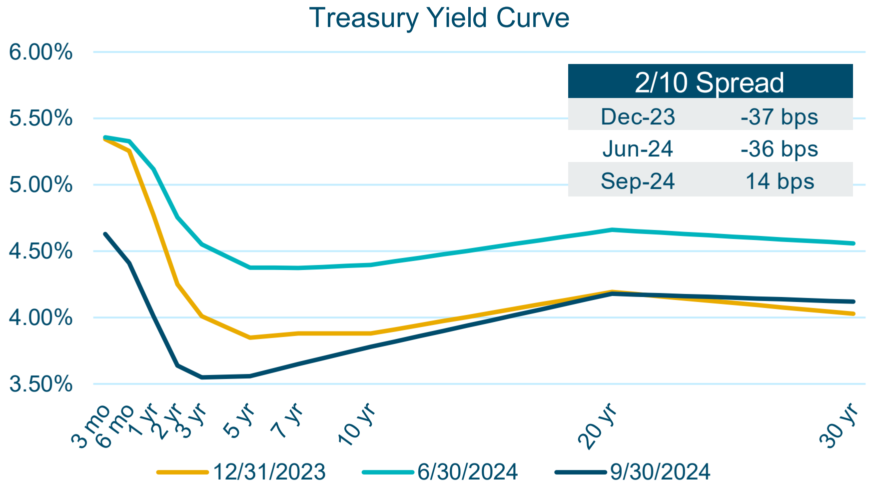
Sector	06/30/2024	09/30/2024
Treasury	98%	93%
Agency	0%	0%
Credit	0%	0%
Exempt Muni	0%	0%
Taxable Muni	0%	0%
MPT	0%	0%
CMO	0%	0%
ABS	0%	0%
CMBS	0%	0%
Short-Term	2%	7%

PERFORMANCE:

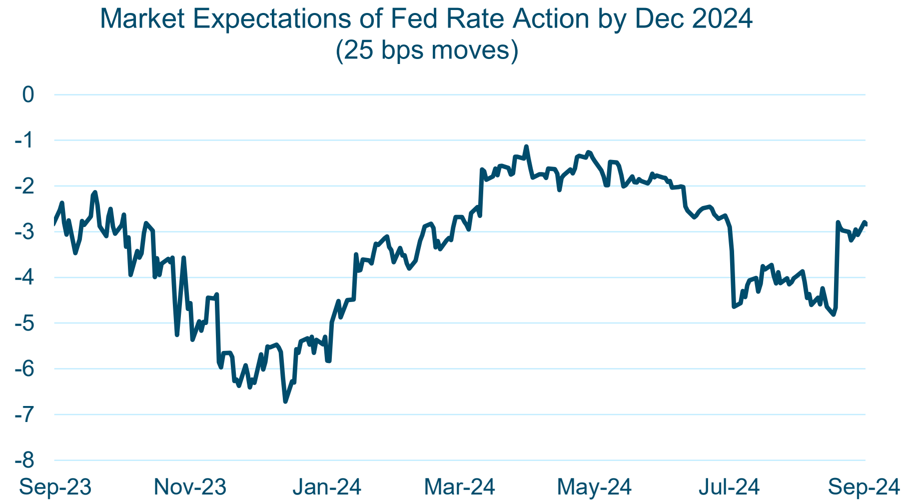
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	$37,845	$37,441	$404
QTD Total Return	3.00%	3.19%	-0.19%
YTD Total Return	4.14%	4.27%	-0.13%

Economic Outlook

Treasury Yields and the Economy



Source: Federal Reserve



Source: Bloomberg

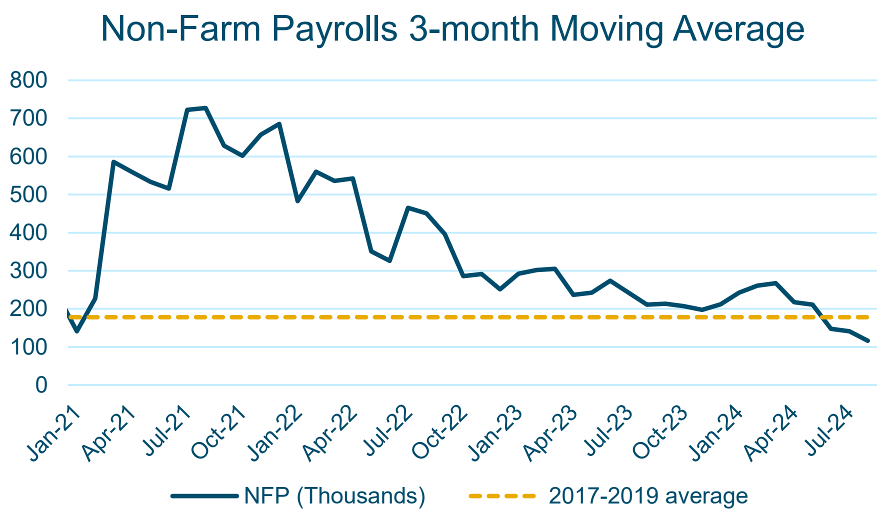
<u>Yield Curve & Hike Expectations</u>

- In the third quarter, rates reversed their YTD upward trend as easing inflation and employment brought significant rate cut expectations back into play.
  - Despite taking no action at the July FOMC meeting, rate volatility picked up dramatically in the aftermath as Chairman Powell announced the dual mandate was no longer one sided.
    - After two years of being solely focused on inflation, the Fed expressed their concern over softening in the labor markets along with the rise in the unemployment rate.
    - At that meeting, Powell stated: the Fed does “not seek or welcome further cooling in labor market conditions”.

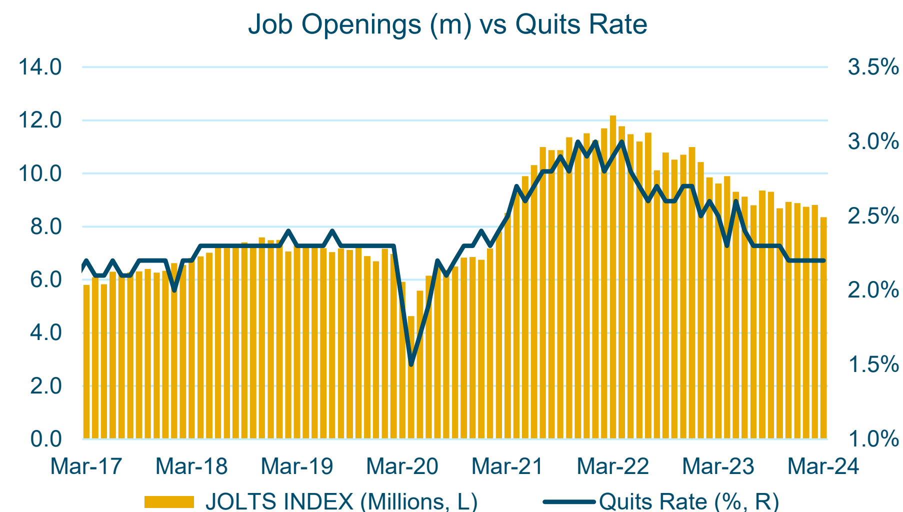
- From the July FOMC on, markets shifted focus to any sign of weakening employment as extensive rate cuts were priced back into the yield curve.
  - Market expectations that ended Q2 at 2 rate cuts (50 bps) accelerated to 4 ½ cuts (100+ bps) leading into the September FOMC meeting.
    - As a result, the yield curve has now shifted lower on a YTD basis led by the front end of the curve.
    - Treasury rates ended Q3 lower with 2-year Treasuries at 3.64% (-61 bps YTD) and the 10-year yields fell to 3.78% (-10 bps YTD).
  - At the September meeting, the FOMC did not disappoint as they lowered the Fed Funds rate by -50 bps. Their comments acknowledged confidence on the inflation front (despite remaining above their 2% target) while trying to stay ahead of further deterioration in labor markets.
  - The quarterly Summary of Economic Projections signaled expectations for additional cuts in the final two meetings of the year totaling -50 bps, whereas the market ended Q3 pricing in roughly -75 bps.

Economic Outlook

Treasury Yields and the Economy



Source: Bloomberg



Source: Bloomberg

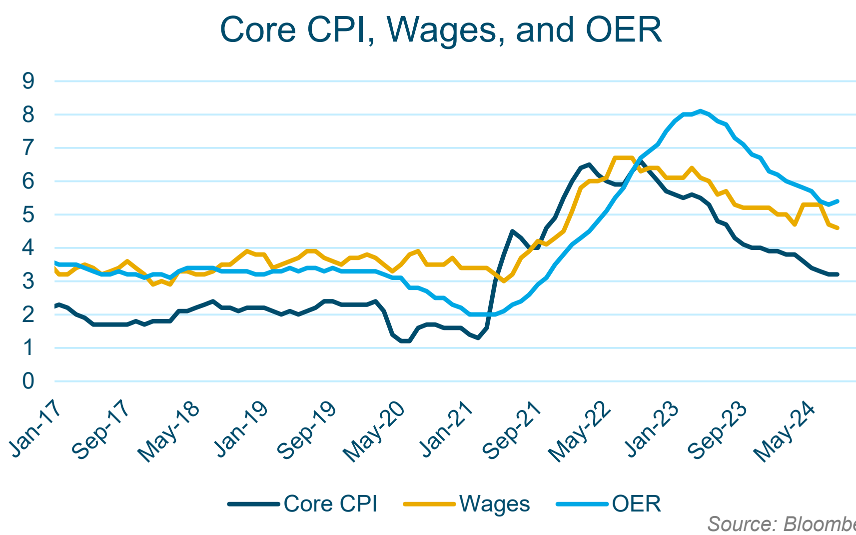
<u>Labor Markets</u>

- Softening in the labor markets was the key impetus to the Fed's pivot in July and subsequent rate cut in September.
    - Since peaking in 2021, monthly non-farm payrolls have been on a downward trajectory over the past 3 years. While still positive, the 3-month average has now fallen below the levels experienced leading into the pandemic.
    - With the unemployment rate rising from a low of 3.4% to 4.3% over the last 18 months, it prompted quick action by the FOMC.
        - On a positive note, layoffs have remained subdued as a large part of the uptick in unemployment has been attributed to immigration.
        - The JOLTS layoffs gauge has average 1.62 million per month this year, well below the 2017-2019 average of approximately 1.8 million per month.

- Overall, employment demand is cooling as indicated by the job openings index (JOLTS) which is returning to pre-pandemic levels.
    - After hitting a peak of 2 openings for every job seeker in the spring of 2022, the ratio has fallen back in-line with historic norms of roughly 1.2 per looker.
        - This softening has eased employee confidence and slowed job hopping. As a result, the quits rate has fallen from historic highs of 3% (late 2021-early 2022) toward normalized levels of ~2.0%.
    - Easing labor demand should lead to a reduction in wage pressure, providing momentum for lower inflation.
        - After hitting highs of 5.9% in 2022, average hourly earnings have returned to a more moderate pace just below 4%.
        - While easing wages should help reduce inflation pressures, it could also result in a pullback in consumer spending.

Economic Outlook

Market Indicators



Source: Bloomberg

Recession Indicators	
Yield Curve	
Leading Economic Indicators	
Housing Affordability	
Consumer Loan Delinquencies	
Real Ave Earnings	
GDP Now	
Consumer Spending/Retail Sales	
GS Financial Conditions	

Source: Bloomberg

<u>Core CPI</u>

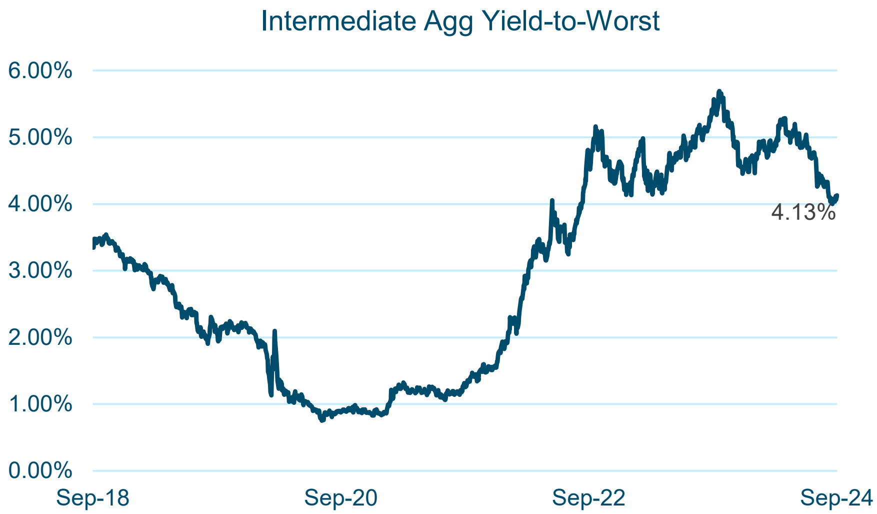
- In Q2 & Q3, inflation broke out of its Q1 stall, moderating to a pace of +0.2% m/m versus Q1's elevated rate of +0.4% m/m.
  - This decline provided the necessary support for the Fed to lower rates at the September meeting. At the current pace, the FOMC is confident that inflation will continue to move toward its 2% target over the course of the coming year.
- The keys to lower inflation remain the labor and housing markets as these sticky measures have been slow to recede.
  - As previously stated, easing wages should follow the recent softening in labor markets.
  - Housing inflation however will remain more difficult to tame due to falling mortgage rates.
    - While interest cost for new borrowers will provide relief, lower mortgage rates will continue to support record high home prices given the supply/demand imbalances in the market.

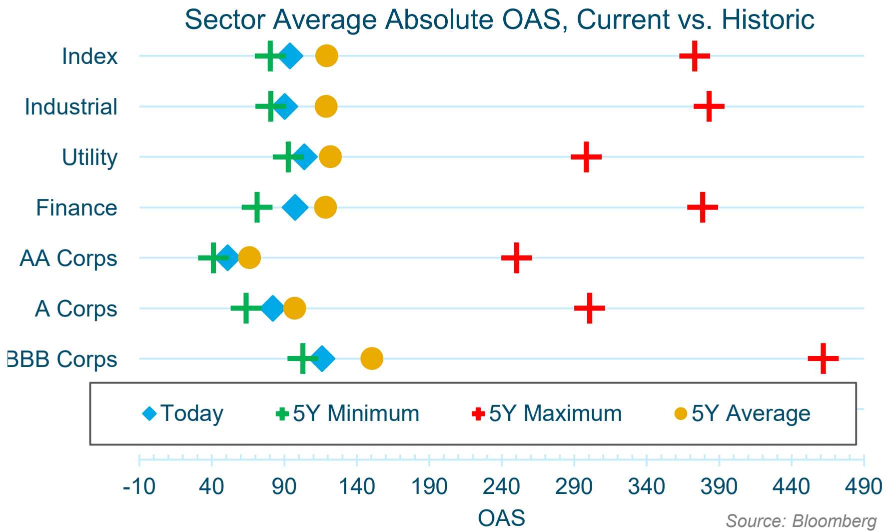
<u>Recession Indicators</u>

- After fighting off the highest levels of inflation in over 50 years, the Fed is attempting to lower rates and achieve a "soft landing" in the market. Current market recession indicators provide a mixed message as to whether or not that can be achieved.
  - Once reliable measures such as the inverted yield curve and declining leading economic indicators (precursors to slowdowns) have been flashing recession concern for some time.
  - However, despite rising costs and aggressive rate hikes, consumer spending has remained strong and driven solid GDP growth.
  - Going forward, slower wage growth and rising loan delinquencies foreshadow a potential slowdown in consumer spending.

Economic Outlook

Market Indicators





<u>Investment Yields</u>

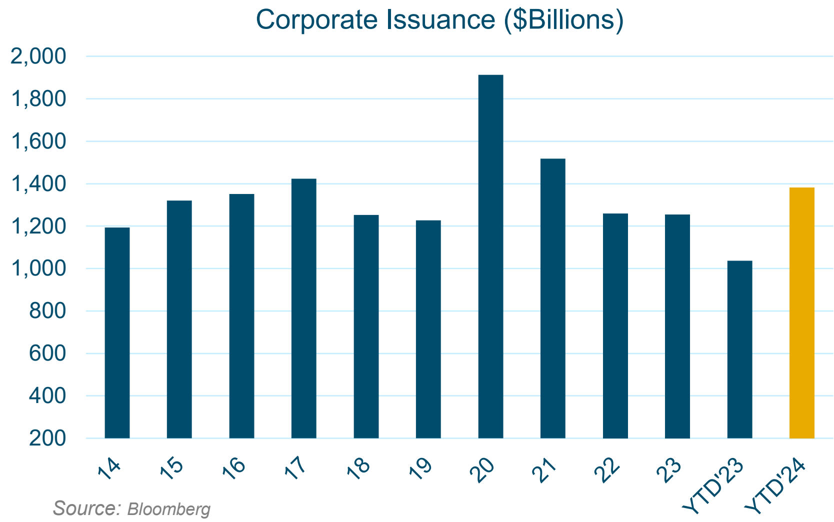
- Reinvestment yields, as measured by the Bloomberg Intermediate Aggregate index, moved lower in Q3 with increasing expectations of rate cuts and the subsequent fall in Treasury yields.
  - The yield on the index ended Q3 at 4.13%, down from 4.96% at the end of Q2.
    - Despite the decline QTD, yield on the intermediate aggregate index remains well above the average over the last decade of 2.68%.
  - This year, multi-decade high investment yields have increased demand for fixed income securities and provided a catalyst for spreads to ratchet tighter across all asset classes.

<u>Corporate Spreads</u>

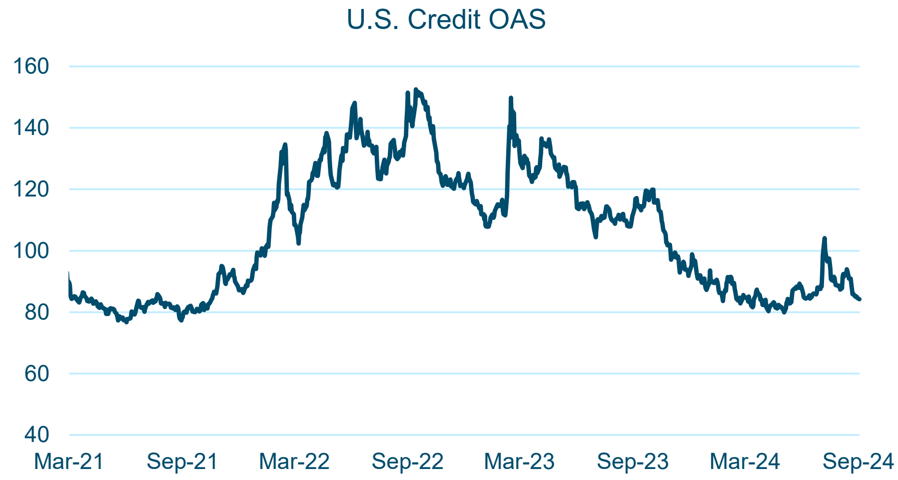
- While we expect cost pressures and slowing employment to impact consumer spending and corporate profitability, credit spreads do not reflect this risk.
  - Corporate credit spreads continue to trade tight across every sector and rating category, inside 5-year averages and near 5-year tights.
  - Investment grade credit spreads hover near a full standard deviation below average and the spread differential between A and BBB rated corporates have also tightened to near-historic levels.
- Overall, markets have been experiencing spread tightening since the banking crisis of March 2023. Rising expectations of a “soft-landing” and attractive “all-in yield” levels have enticed fixed income buyers to lock-in relatively high yields prior to any potential rate cuts by the Fed.
  - This tightening has also continued despite near record new issuance in 2024. As a result, we remain cautious on credit exposure as spreads do not appear to be pricing in potential risks and headwinds of a slowing consumer in the coming year.

Economic Outlook

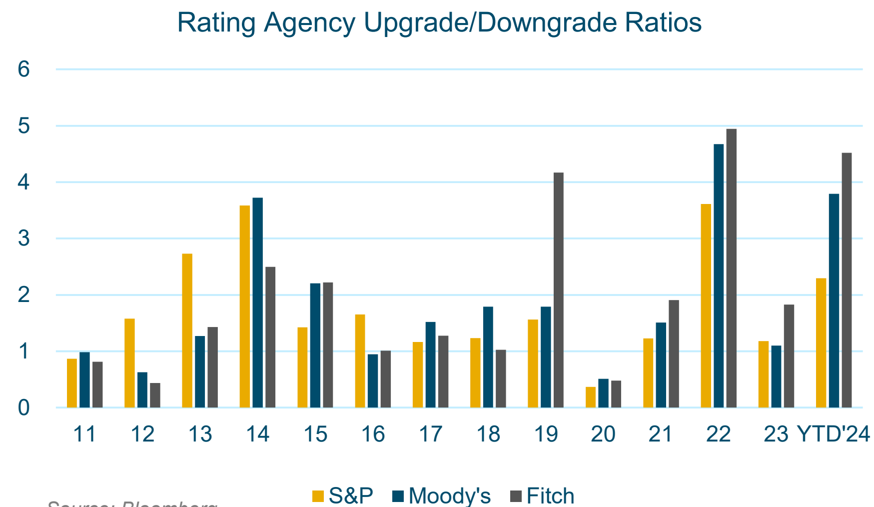
Corporates



Source: Bloomberg



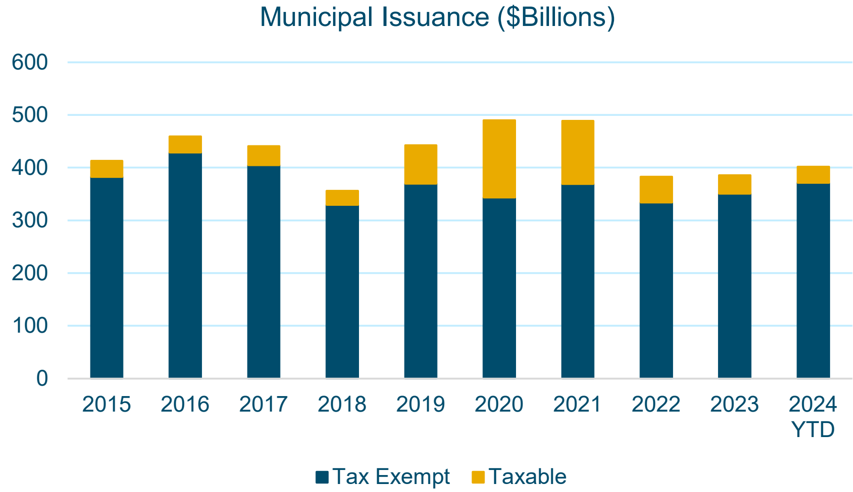
Source: Bloomberg



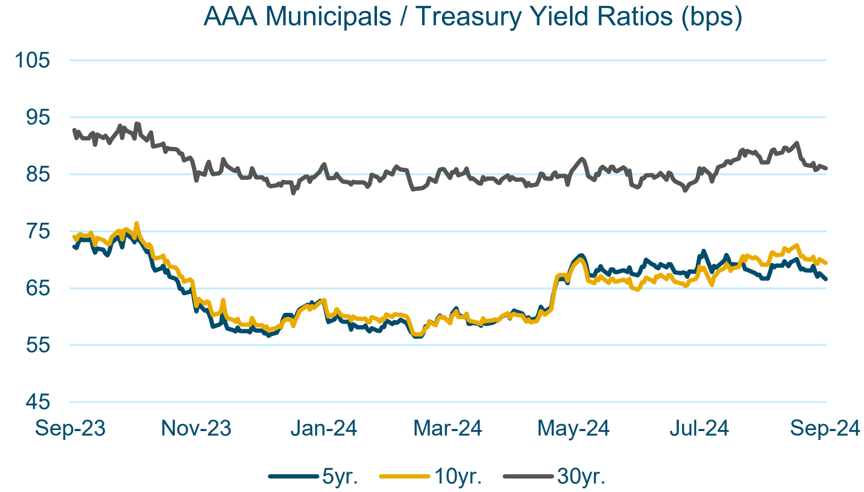
Source: Bloomberg

- IG credit spreads tightened 2bps to +84 in Q3'24, while trading in a 20bps range over the quarter. Spreads closed the quarter 4bps off the YTD tights of +80 achieved in late May, driven by a rally in Treasuries and expectations of a soft landing.
- Issuance was significantly higher YoY in Q3'24 (+52%) and closed higher by 33% YTD over 2023, leaving it on pace to be the largest issuance year since 2020. Corporate credit fundamentals continue to slowly deteriorate, but balance sheets remain solid.
- Given moderating economic growth and rising unemployment, we would expect operating performance to continue to weaken moving forward.
- With the potential prospect of pre-election volatility coupled with very tight spread levels, we retain a lower overweight to credit and continue to have an up-in-quality bias for the sector.

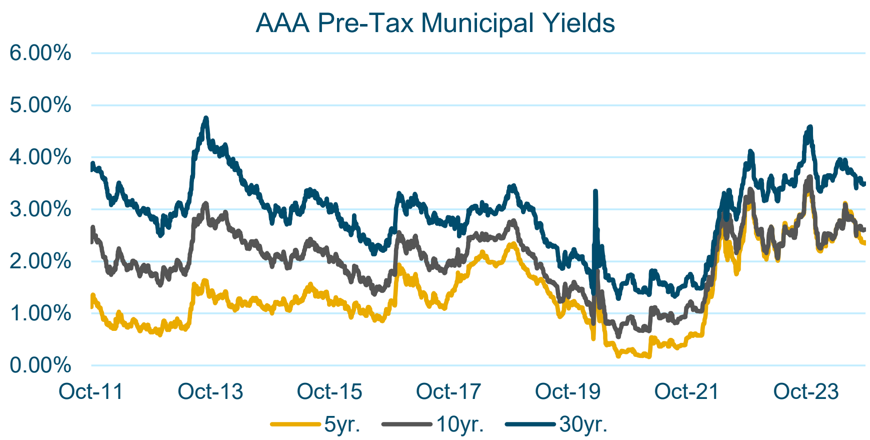
Municipals



Source: Bloomberg, SIFMA



Source: Bloomberg, SIFMA

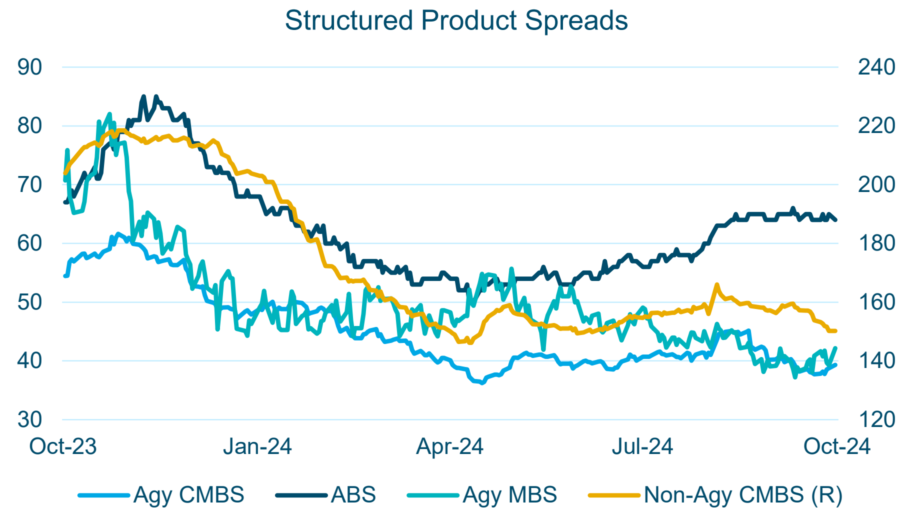


Source: Bloomberg, SIFMA

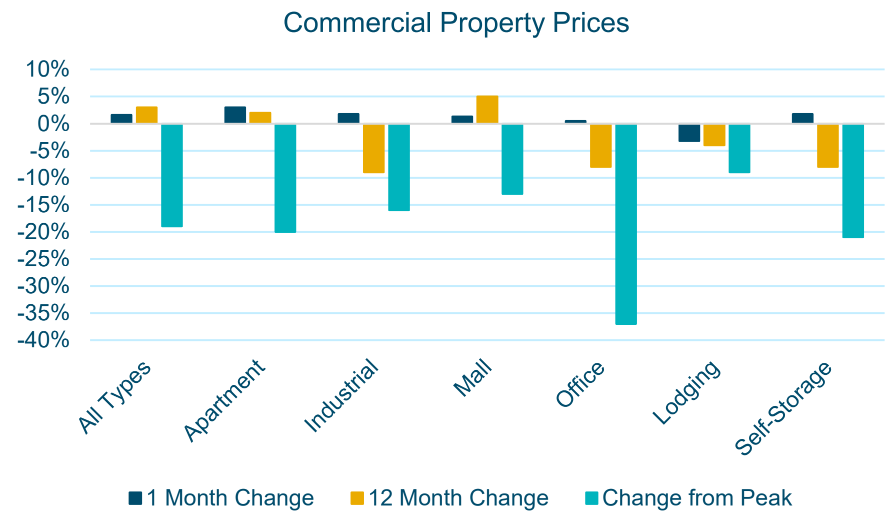
- Year-to-date municipal gross issuance now totals $401bn ($371bn tax-exempt/$30.5bn taxable), up 39% over the same period in 2023.
- Anticipated tax-exempt net-supply will be an evolving headwind as we move through the fall. When we consider the expected municipal market cheapening in the fall, coupled with the view that absolute rates will drop over the Fed easing cycle, we expect that the next two months could offer the opportunity to buy tax-exempt bonds at attractive valuations.
- It is too difficult at this point to see a clear frontrunner for control of the White House, the Senate and House of Representatives. Whichever party prevails in either chamber, we expect it be by a slim margin.
    - Control will be important given the differences in the candidates' tax policies and the Tax Cuts and Jobs Act's expiration at the end of 2025.

Economic Outlook

Structured Product



Source: Bloomberg



Source: Green Street

MBS

- Agency mortgages tightened in 6bps on the quarter thanks in large part to Fed policy, which officially kicked off the easing cycle in the September meeting.
- We maintain a neutral stance on MBS in our portfolios given current relative value despite our expectation of a soft landing. Historically, Fed cuts due to economic weakness has benefited MBS outperformance due to a "flight to quality trade" in markets.

CMBS

- Non-agency CMBS continued its tightening trend in the third quarter, coming in an additional 5bps, and bringing the YTD total to -54bps.
  - We remain neutral on the sector, given that the commercial real estate market continues to experience fundamental challenges, especially in the office sector and for floating-rate collateral.
  - We prefer senior fixed rate non-agency CMBS deals that offer diversified exposure by loan, sector and geography.
- Agency CMBS spreads tightened 1bp on the quarter. While Agency CMBS typically moves directionally with MBS, its traditional buyer-base, banks, have yet to return the market in a meaningful way. Thus, tightening was more muted in the third quarter than it was for mortgages.
- The commercial real estate market is showing early signs of recovery after many months of headwinds such as higher interest rates. While it is too early to call the bottom, property prices in most sectors are off their lows while the overall market is still down ~19% from its previous high.

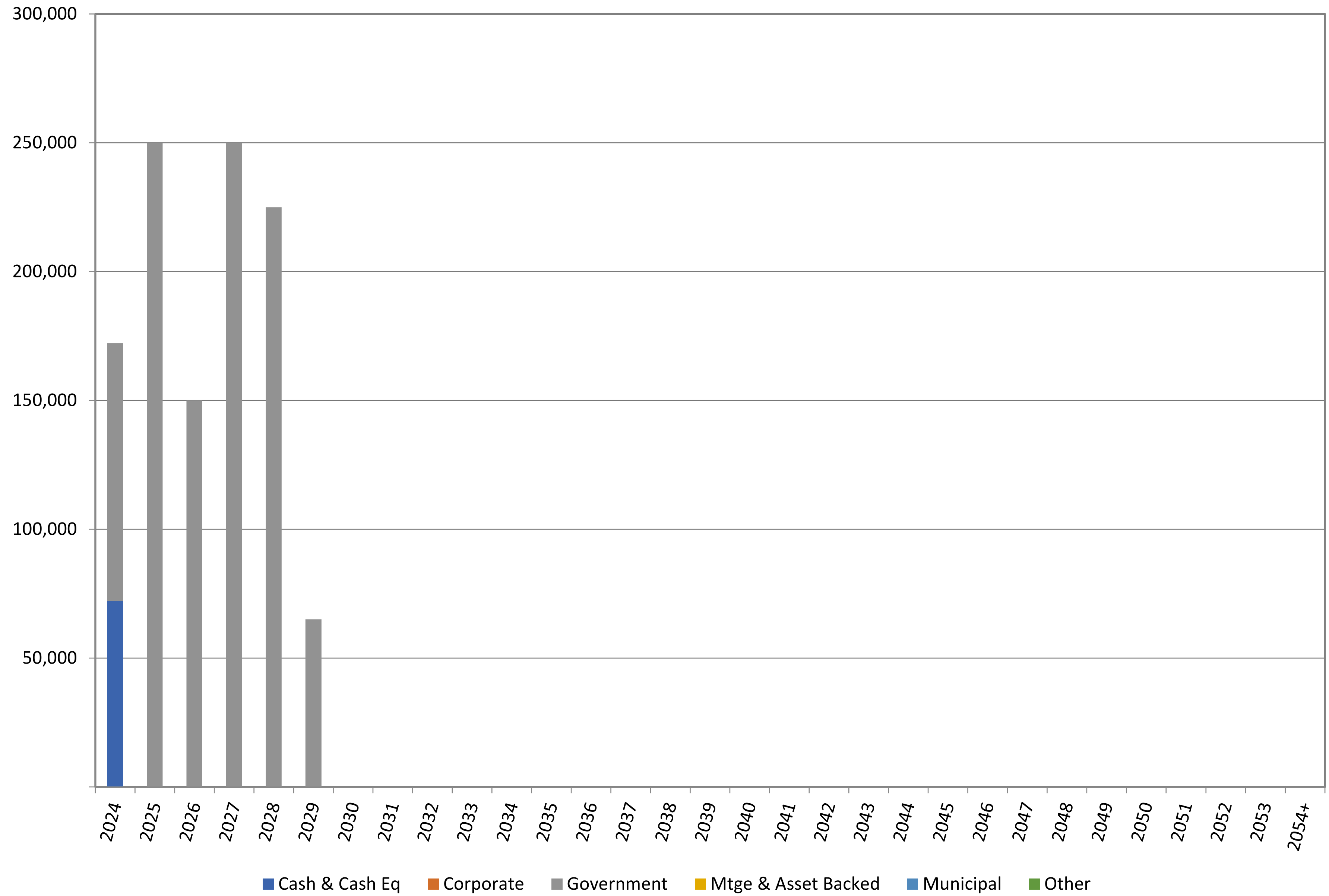
ABS

- ABS spreads widened 7bps for Q3, reflecting a risk-off move in early August that was prompted by recession fears after a wave of weaker-than-expected economic data that month.
- We remain overweight ABS, which offers attractive spreads vs similar-duration and lower rated corporates.
- Lenders continue to tighten credit standards and weighted average FICO scores for collateral pools have been climbing. Excess spread and credit enhancement remain robust for the securities we purchase.

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	995,540	1,016,483	20,943	4.79	3.85	2.13	0.07	20	20,943	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	**995,540**	**1,016,483**	**20,943**	**4.79**	**3.85**	**2.13**	**0.07**	**20**	**20,943**	**0**	**0**
Short Term											
Sweep Money Market	72,224	72,224	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	**72,224**	**72,224**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	**0**	**0**	**0**	**0**
Total Fixed Income & Short Term											
Total	**1,067,763**	**1,088,707**	**20,943**	**4.47**	**3.60**	**1.99**	**0.07**	**20**	**20,943**	**0**	**0**
Equity											
Common Stock	0	0	0					0	0	0	0
Total	**0**	**0**	**0**					**0**	**0**	**0**	**0**
Grand Total											
Total	**1,067,763**	**1,088,707**	**20,943**					**20**	**20,943**	**0**	**0**

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2024	99,409	5.41	10%
2025	248,348	5.05	25%
2026	143,080	4.72	14%
2027	236,922	4.65	24%
2028	207,523	4.47	21%
2029	60,257	4.48	6%
2030+	0	0.00	0%
Subtotal (inc. ABS, Agcy, CMBS, Corp, Muni, UST)	**995.540**	**4.79**	**100%**
MBS	0	0.00	0%
TOTAL	**995,540**	**4.79**	**100%**

Performance

Tax-Equivalent Total Return
as of 09/30/2024
Inception Date: 08/01/2014

	Portfolio	Benchmark	Difference
Quarter to Date	3.00%	3.19%	-0.19%
Year to Date	4.14%	4.27%	-0.13%
Since Inception	1.90%	1.86%	0.04%

Benchmark Composition:

100.0% PEJIF 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
08/31/2024	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	3.250	08/31/2024	08/31/2024	100.00	50,000	0	5.40	5.40
Total										**50,000**	**0**	**5.40**	**5.40**

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	05/31/2024			72,224	TD BK DEP	0.00			72,224	72,224	72,224	0	0.00	0.00	0.00	0.00	
Total Money Market				**72,224**					**72,224**	**72,224**	**72,224**	**0**	**0.00**	**0.00**	**0.00**	**0.00**	
Treasury																	
9128285M8	03/01/2024	AA+	Aaa	60,000	US TREASURY N/B	3.13	11/15/2028	11/15/2028	56,984	57,324	58,955	1,631	4.32	3.58	3.78	4.12	0.17
9128286B1	06/07/2024	AA+	Aaa	65,000	US TREASURY N/B	2.63	02/15/2029	02/15/2029	59,952	60,257	62,496	2,239	4.48	3.58	4.06	4.37	0.19
912828YM6	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	1.50	10/31/2024	10/31/2024	47,955	49,842	49,852	9	5.47	5.01	0.08	0.08	0.00
912828YQ7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	1.63	10/31/2026	10/31/2026	45,727	47,124	47,988	864	4.55	3.65	2.00	2.08	0.05
912828YU8	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	1.63	11/30/2026	11/30/2026	45,217	46,644	47,922	1,278	4.94	3.64	2.08	2.16	0.05
912828YY0	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	1.75	12/31/2024	12/31/2024	47,922	49,566	49,635	68	5.35	4.69	0.25	0.25	0.00
912828Z78	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	1.50	01/31/2027	01/31/2027	45,049	46,416	47,656	1,240	4.79	3.61	2.25	2.33	0.06
91282CAY7	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	0.63	11/30/2027	11/30/2027	42,414	44,053	45,617	1,564	4.72	3.58	3.07	3.16	0.11
91282CCE9	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	1.25	05/31/2028	05/31/2028	42,605	44,048	46,020	1,971	4.84	3.59	3.50	3.66	0.14
91282CCV1	08/31/2023	AA+	Aaa	65,000	US TREASURY N/B	1.13	08/31/2028	08/31/2028	55,512	57,327	59,206	1,879	4.44	3.58	3.76	3.92	0.16
91282CEN7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	2.75	04/30/2027	04/30/2027	47,104	47,914	48,973	1,059	4.48	3.59	2.43	2.58	0.07
91282CFM8	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	09/30/2027	09/30/2027	49,445	49,584	50,805	1,220	4.42	3.55	2.80	3.00	0.09
91282CFP1	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.25	10/15/2025	10/15/2025	49,385	49,693	50,148	456	4.86	3.95	0.99	1.04	0.01
91282CFU0	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	10/31/2027	10/31/2027	48,648	48,955	50,797	1,842	4.86	3.57	2.82	3.08	0.10
91282CFW6	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	4.50	11/15/2025	11/15/2025	49,375	49,662	50,320	659	5.13	3.91	1.07	1.12	0.02
91282CGA3	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	4.00	12/15/2025	12/15/2025	48,982	49,422	50,076	654	5.00	3.87	1.15	1.21	0.02
91282CGG0	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	01/31/2025	01/31/2025	49,273	49,826	49,908	82	5.20	4.65	0.33	0.33	0.00
91282CGT2	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	3.63	03/31/2028	03/31/2028	48,492	48,824	50,105	1,282	4.36	3.56	3.25	3.50	0.13
91282CGV7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	3.75	04/15/2026	04/15/2026	48,854	49,312	49,996	684	4.69	3.75	1.45	1.54	0.03
91282CHD6	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.25	05/31/2025	05/31/2025	49,342	49,745	50,008	263	5.04	4.22	0.64	0.66	0.01
Total Treasury				**1,040,000**					**978,237**	**995,540**	**1,016,483**	**20,943**	**4.79**	**3.85**	**2.13**	**2.28**	**0.07**
Grand Total				**1,112,224**					**1,050,461**	**1,067,763**	**1,088,707**	**20,943**	**4.47**	**3.60**	**1.99**	**2.14**	**0.07**

Glossary of Terms

Security Types

Adjustable Rate Mortgage (ARM)	A mortgage in which the interest rate is changed at regular intervals to reflect fluctuations in market interest rates. Because the borrower takes some of the risk of rising interest rates, the initial rate may be lower than that on a fixed-rate mortgage. There are often limitations on the interest rate change from one period to the next, with a rate cap for the life of the loan.
Agency	A fixed income security issued by a government-sponsored agency, such as Ginnie Mae, Freddie Mac, or the Tennessee Valley Authority. Depending on the issuer, these bonds may or may not be backed by the full faith and credit of the U.S. government.
Asset-Backed Security (ABS)	A fixed income security backed by the cash flows from loans or leases. Auto loans, home equity loans, and credit card receivables are the most common assets backing these securities. Principal and interest payments made by borrowers are redirected to owners of ABS to meet the scheduled coupon and principal payments.
Collateralized Mortgage Obligation (CMO)	A security similar to a mortgage-pass through. In a CMO, the principal and interest received from borrowers is split into different classes called tranches. The structure of CMO payment tranches makes the timing of cash flows more certain for owners of some tranches and less certain for owners of other tranches. More uncertain tranches typically provide higher yields.
Commercial Mortgage-Backed Security (CMBS)	A fixed income security backed by the cash flows from commercial real estate mortgages. All principal and interest from the mortgages flow to bond holders in a defined sequence. Common types of real estate involved are apartment buildings, office and retail space, hotels, and health care facilities.
Corporate (Corp)	A fixed income security issued by a private corporation.
Mortgage Pass-Through (MPT)	A fixed income security backed by the cash flows from residential mortgages. Monthly principal and interest payments made by borrowers are redirected to owners of MPTs as they are received. Because borrowers may prepay their mortgages (perhaps due to refinancing or selling the house), the timing of cash flows on these securities is uncertain.
Preferred Stock (Preferred)	Capital stock having priority over a corporation's common stock in the distribution of dividends. In the event of a liquidation, preferred stock's claim on assets ranks above that of common stock but below that of bank loans or corporate bonds.
Tax-exempt Municipal (ExMuni)	A fixed income security, issued by a state or municipality, paying interest that is exempt from federal income tax. Interest may or may not be exempt from state and local tax.
Taxable Municipal (TaxMuni)	A fixed income security, issued by a state or municipality, paying interest that is subject to federal income tax. Typically issued much less commonly than tax-exempt municipals.
Treasury	A marketable fixed income security issued by the U.S. Department of the Treasury and backed by the full faith and credit of the U.S. government.

Glossary of Terms

Definitions

Average Life	The dollar-weighted average time to maturity of a stream of principal cash flows. Also referred to as "weighted average life" or "WAL".
Basis Point (bp)	1/100 of 1% (or equivalently .0001).
Benchmark	An index against which performance can be measured. Attributes of a good benchmark include: *Objective*: The index should be identified ahead of the time, it should be easily understood, and the construction rules should be clearly defined. *Replicable*: The manager should be able to replicate the returns passively. *Relevant*: The index should represent the manager's neutral position. In other words, without the manager's input, the index should represent a reasonable portfolio the company would purchase. *Tax Adjusted*: The benchmark should adjust for the different tax rates on various security types
Book Income	Dollars of investment income that flow through an insurance company's income statement. This is equal to coupon received plus any accretion/(amortization) of book value. It can also include any realized gains or losses in the portfolio.
Book Value	The value of a security that is reflected on an insurance company's balance sheet. For fixed income securities on a statutory and tax basis this is the amortized value. The amortized value periodically writes up any accrual of purchase discount (or writes down amortization of premium) over the life of the security. The amortized value holds the underlying "book yield" constant and therefore does not swing with movements in the market.
Book Yield	The average annual yield which a bond purchased and held to maturity will earn over the period it is owned. This is generally fixed at the time of purchase of the security. The book yield can be used to calculate the book value of the security at any time between purchase and maturity.
Cash Flow	Interest and principal payments from the securities in a fixed income portfolio. A bullet (non-callable) bond will typically pay a coupon payment every 6 months, with a return of principal at maturity. For mortgage-backed securities and asset-backed securities, cash flows generally arrive monthly from both interest and principal. This principal portion contains both the planned return of principal and prepayment of principal due to reasons such as mortgage refinancing.
Convexity	Describes the sensitivity of a bond's duration to a change in yield. As yields decrease, duration increases on bonds with positive convexity and decreases on bonds with negative convexity. This causes bonds with negative convexity to underperform when yields increase or decrease by large amounts.
Credit Risk	The risk that the issuer of a fixed income security may default and be unable to make timely interest and principal payments on the security.
Duration	The sensitivity of a bond's price to a change in yield. Duration generally increases for bonds with longer maturities, meaning these bonds are more sensitive to yield changes. Bond price and yield move in opposite directions. Example: A bond with a duration of 5.0 would experience a price decrease of 5% for every 1% (100 bps) increase in interest rates.

Glossary of Terms

Definitions (cont.)

DYCARR[SM]	A proprietary model designed specifically for P/C insurance companies to maximize investment income while managing interest rate risk (see definition.) The model applies stress tests to projected operational cash flow and finds the likelihood that bonds in the portfolio will need to be liquidated in order to meet cash flow needs (such as the payment of losses). This may allow a company to invest in longer duration securities with higher yields.
FICO Score	A generic credit score developed by Fair, Isaac and Company, Inc., designed to predict the likelihood of borrowers becoming delinquent in their credit obligations.
Gross Domestic Product (GDP)	The total market value of all final goods and services produced in a country in a given year; it is equal to total consumer, investment, and government spending, plus exports, minus imports.
Interest Rate Risk	The risk to a bondholder that an increase in interest rates will cause bond prices to fall. Interest rates and market prices for fixed income securities generally move in opposite directions. Interest rate changes are the largest cause of changes in the market value of a bond portfolio.
Loan to Value (LTV)	A lending risk assessment ratio used in mortgage lending. LTV is calculated by dividing the mortgage amount by the lesser of appraised value or selling price. Residential mortgage loans conforming to agency guidelines have LTV ratios of 80% or lower at origination. Lenders will frequently require lower LTV ratios for commercial or investment properties.
Market Value	Estimated value of the bond based on current market price. This value fluctuates continually with interest rates and perceived risk of the issuer. Reflects the amount that could be received by selling the bond.
Option Adjusted Spread (OAS)	The portion of a bond's yield which is attributable to the credit risk of a bond as perceived by the market. This allows for comparison between bonds with or without embedded options such as calls, puts, and prepayment features.
Realized Gain/(Loss)	Difference between market and book value when a bond is sold. If market is greater than book value the bond was sold at a realized capital gain. Realized capital gains/(losses) flow through an insurer's income statement.
Tax Equivalent Yield	Yield adjusted for taxes, which allows for comparison of taxable bonds to tax-exempt bonds. Calculated by dividing after-tax yield by 0.65 (1 minus 35%).
Total Return	The return on a security or portfolio that reflects both income and price change. Assumes that the security or portfolio is priced using fair value at the end of the evaluation period.
Unrealized Gain/(Loss)	The difference between market value and book value on a bond. If market value is greater than book value the bond is at an unrealized gain. Under statutory accounting rules, changes in unrealized gain/(loss) do not affect income.
Volatility Adjusted Duration	A portfolio duration which has been adjusted for the lower observed price volatility seen in tax-exempt municipal bonds. Historically municipals appear to have about 15% lower price volatility than their stated durations suggest; this measure takes that observance into account.
Whole Loan	An original residential mortgage loan; distinct from a pooled pass-through which contains multiple loans. Non-agency CMOs use whole loans as collateral. They usually include jumbo mortgages and other mortgages which do not conform to the standards required for securitization by the agencies (GNMA, FNMA, FHLMC).
Yield	The implied return achievable for purchasing a bond at a given price.

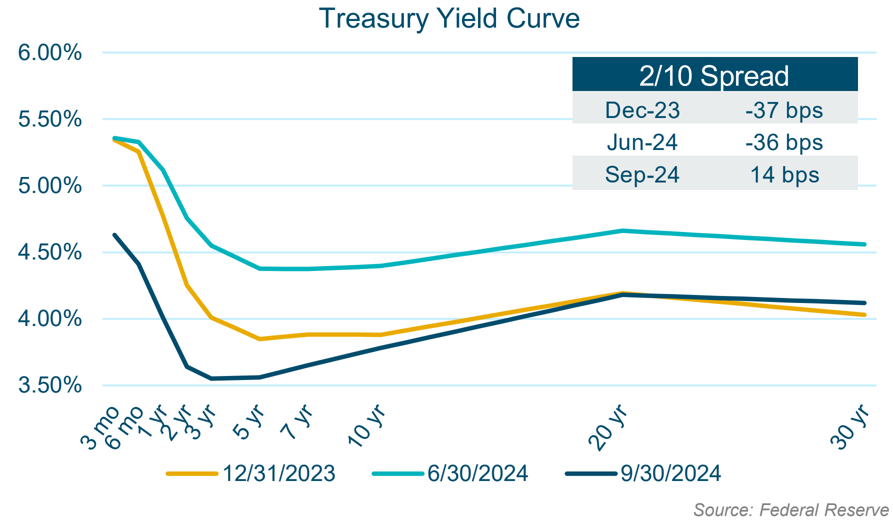
Appendix

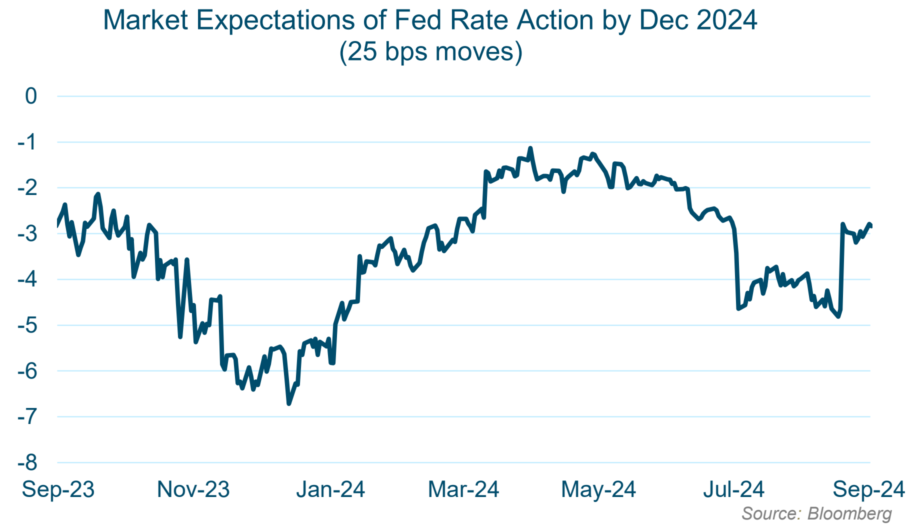
Presentation Overview

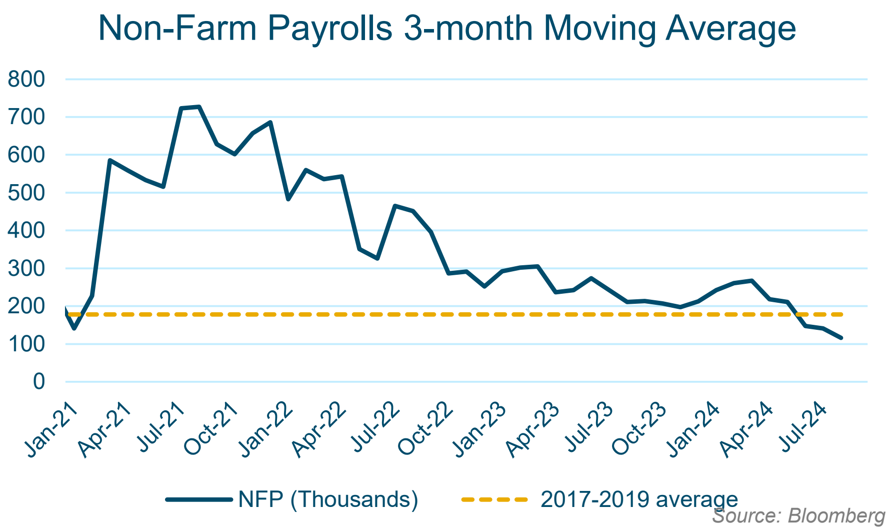
Overview

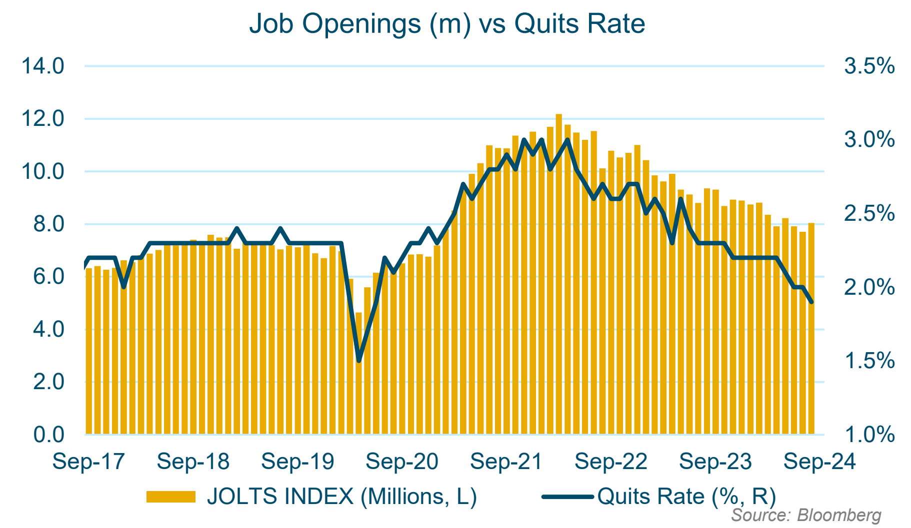
- Economic overview and market update
- Portfolio review
- Performance

Treasury Yields and the Economy



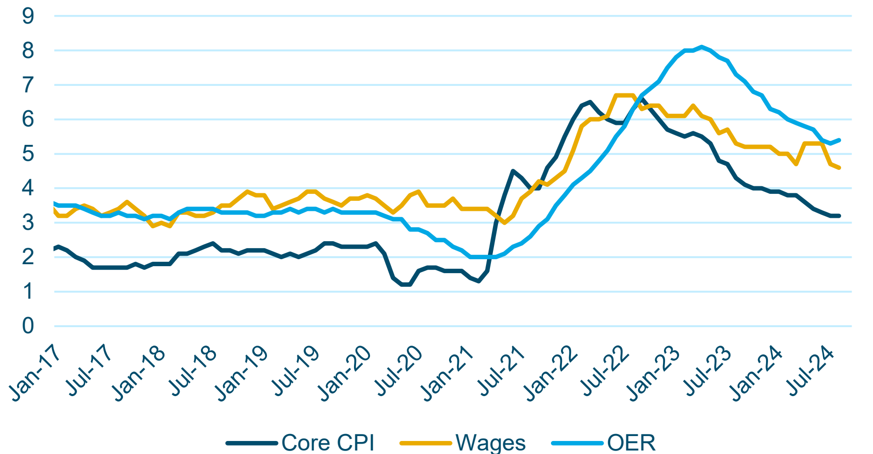






Market Indicators

Core CPI, Wages, and Owners Equivalent Rent (%)



Source: Bloomberg

Recession Indicators

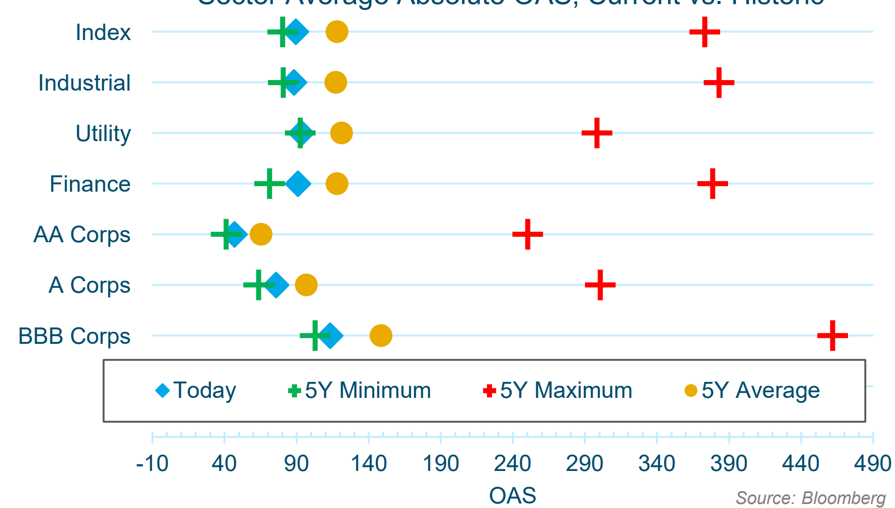
- **Yield Curve**
- **Leading Economic Indicators**
- **Housing Affordability**
- **Consumer Loan Delinquencies**
- **Real Ave Earnings**
- **GDP Now**
- **Consumer Spending/Retail Sales**
- **GS Financial Conditions**

Source: Bloomberg

Intermediate Agg Yield-to-Worst

Source: Bloomberg

Sector Average Absolute OAS, Current vs. Historic

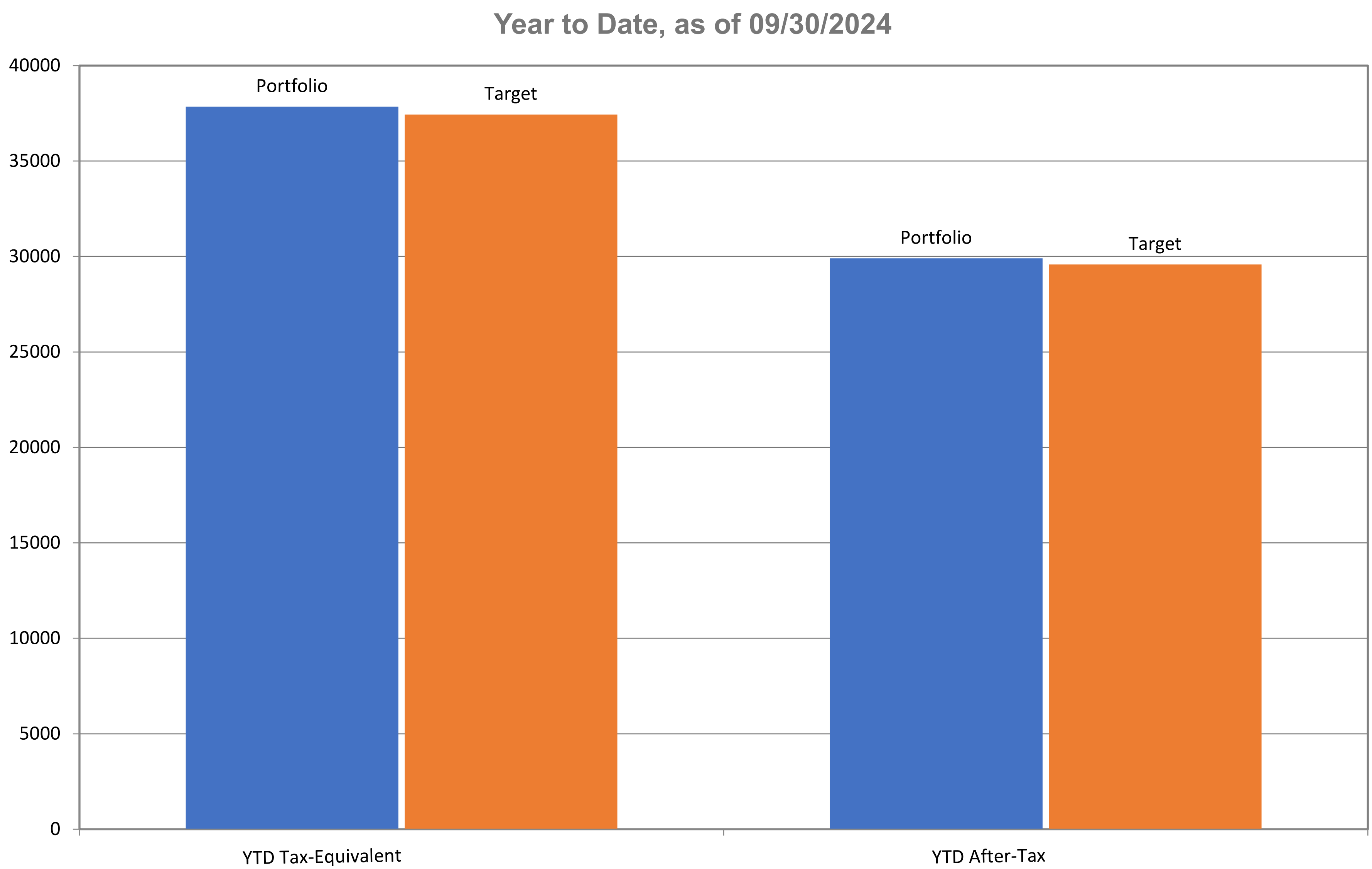


Source: Bloomberg

Portfolio Changes

Public Entity Joint Insurance Fund	09/30/2023	12/31/2023	03/31/2024	06/30/2024	09/30/2024
Treasury Yields					
2 yr Treasury Yield	5.05%	4.25%	4.62%	4.72%	3.65%
5 yr Treasury Yield	4.61%	3.83%	4.20%	4.34%	3.56%
10 yr Treasury Yield	4.58%	3.86%	4.19%	4.37%	3.79%
Book Statistics					
Tax-Equivalent Book Yield	3.25%	4.83%	4.80%	4.74%	4.47%
Book Value ($)	769,665	1,034,611	1,041,772	1,057,631	1,067,763
Projected Tax-Equivalent Income, next 12 months ($)	25,045	49,973	49,968	50,145	47,678
Unrealized Gains/(Losses) ($)	(3,112)	15,200	5,104	1,545	20,943
YTD Realized Gains/(Losses) ($)	0	0	0	0	0
Portfolio Risk Statistics					
Effective Duration	1.60	2.21	2.20	2.20	1.99
Convexity	0.06	0.08	0.08	0.08	0.07
Weighted Average Life	1.77	2.39	2.39	2.39	2.14
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	67%	98%	98%	98%	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	33%	2%	2%	2%	7%

Income Year to Date



Performance

Tax-Equivalent Total Return
as of 09/30/2024
Inception Date: 08/01/2014

	Portfolio	Benchmark	Difference
Quarter to Date	3.00%	3.19%	-0.19%
Year to Date	4.14%	4.27%	-0.13%
Since Inception	1.90%	1.86%	0.04%

Benchmark Composition:

100.0% PEJIF Duration Matched Treasury

Disclosures

Past performance of the account is not indicative of future results. The performance above is gross of all fees and expenses for the stated period and assumes reinvestment of dividends and other earnings. Risk Return characteristics are based on returns from inception of the account through the stated date and do not reflect the deduction of advisory fees. An advisory fee reduces the investor's return and any other expenses Sun Life Capital Management (U.S.) LLC may incur managing the investment advisory account. The investment advisory fees are described in Part 2 of the Sun Life Capital Management (U.S.) LLC Form ADV. The investment advisory fee charged to each investor causes their return to be lower than the gross returns presented above. For example, on a $100,000,000 investment, an investment advisory fee of $170,000 per year is deducted from the account. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual advisory fee of 0.17%, this increase would be 155%. All returns are calculated net of transaction costs, and gross of taxes on dividends and interest. Performance results are based on US dollar returns. Investment results may vary. No assurance can be given that the investment objective will be achieved, and an investor may lose money. Due to current market volatility, current performance may be lower than that of the figures shown. This material is intended for informational purposes only and does not constitute investment advice, a recommendation, or an offer or solicitation to purchase or sell any security or other instrument. The Account's total return will fluctuate over a wider range than money market investments due to greater sensitivity to (i) interest rates, (ii) market conditions, (iii) and maturities. The Barclays Aggregate Index is comprised of domestic investment grade fixed income securities with maturities of 1 to 30 years. Pursuant to the rules of the Index, the Index's portfolio must (i) have at least one year to final maturity, (ii) have at least $100 million par amount outstanding, (iii) be fixed rate, (iv) be U.S. Dollar denominated and non-convertible, (v) and be publicly issued. Indexes are unmanaged and are not subject to transaction charges or expenses. An investor may not invest directly in an index. The term "modified duration" is derived from the duration of any security or series of securities and provides a measure of the risk with which the sensitivity of bonds or bond portfolios to interest rate changes can be estimated. A 1% increase (or decrease) in the interest rate accordingly produces a percentage fall (or rise) in the price in proportion to the modified duration. For example, assume that the modified duration of a bond portfolio is 4.5 years and the theoretical YTW is 5.3%. If the interest rate drops by 1% to 4.3%, the portfolio price increases by approximately 4.5%.

Please note: This presentation does not claim Compliance with GIPS