



Quarterly Investment Report

As of 12/31/2024



Executive Summary

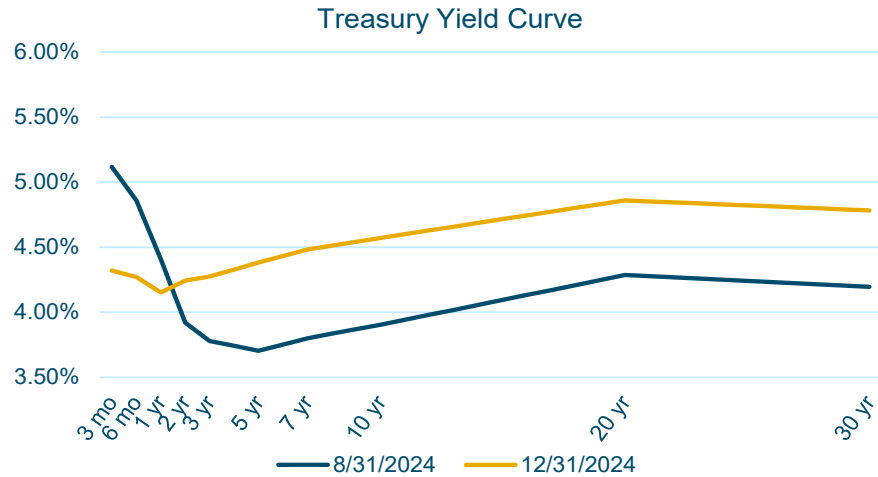
PORTFOLIO STATISTICS:		
Quarter Ending:	09/30/2024	12/31/2024
Tax-Equivalent Book Yield	4.47%	4.37%
Book Value	\$1,067,763	\$1,081,690
Projected Tax-Equivalent Annual Income	\$47,678	\$47,308
Unrealized Gain	\$20,943	\$4,978
YTD Realized Gain	\$0	\$0
Portfolio Duration	1.99	2.19
Average Credit Quality	AA+	AA+

PORTFOLIO ALLOCATION:		
Sector	09/30/2024	12/31/2024
Treasury	93%	94%
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	7%	6%

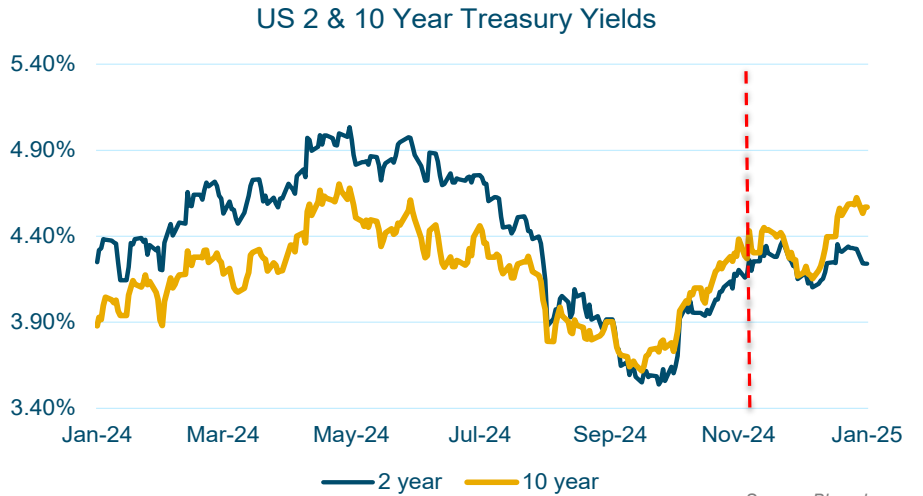
PERFORMANCE:			
Tax-equivalent Performance	Portfolio	Target/Benchmark	Difference
YTD Booked Income	\$50,542	\$49,879	\$663
QTD Total Return	-0.30%	-0.33%	0.03%
YTD Total Return	3.83%	3.92%	-0.09%

Economic Outlook

Treasury Yields and the Economy



Source: Federal Reserve



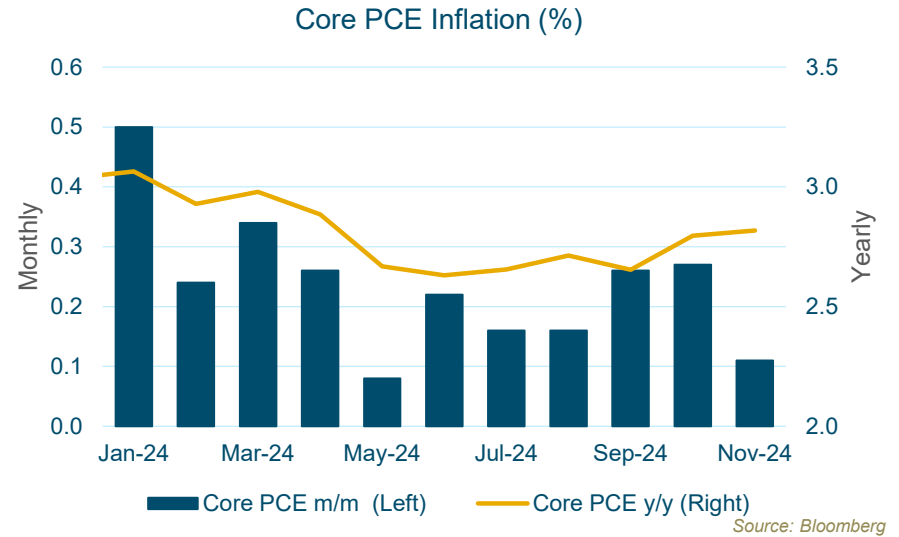
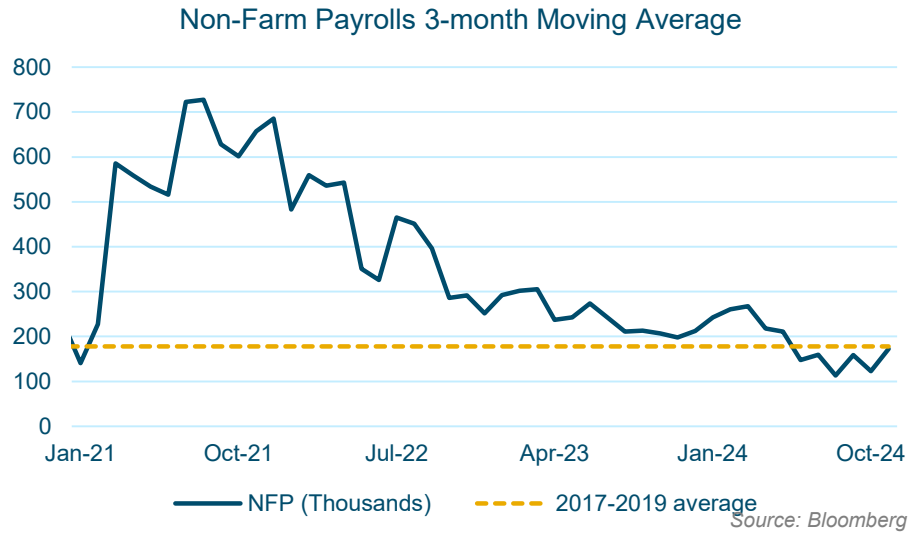
Source: Bloomberg

Treasury Yields and Fed Action

- Yields traded in a wide range in 2024 as the Treasury market was influenced primarily by expectations for Fed rate cuts.
 - Expectations for outsized rate cuts subsided by mid-year in response to stronger economic growth and lingering inflation concerns.
 - Early in Q3, the FOMC’s focus was pulled away from inflation by their perception of a weakening labor market, bringing with it renewed rate cut expectations. With the FOMC no longer welcoming “further cooling in labor market conditions”, softer employment numbers pushed rates lower from levels experienced in Q2.
 - In Q4, the markets experienced another shift as election results rekindled rate volatility. A “Red Wave” brought with it expectations of growth, while also renewing market inflation fears for 2025 and beyond.
- Ending 2024
 - This year, the FOMC has moved the Fed Funds rates lower by 1.0% to a target range of 4.25% to 4.50%, executing cuts of 50 bps in September and 25 bps at both the November and December meetings. As a result, the yield curve has shifted dramatically with short rates following the Fed lower, while longer rates have risen due to persistent inflation, rising debt concerns and the potential for inflationary shifts in policy.
 - Looking ahead, December’s FOMC Summary of Economic Projections median rate cut estimate for 2025 is 2 cuts (50 bps), down from previous expectations of 4 given upside inflationary concerns and uncertain federal policy outlook. Keep in mind, Fed decisions remain “data dependent”, so projections should be viewed as a reality check of current conditions versus a predetermined path of rates.
 - Ending the year, Treasury rates closed with 2-year at 4.24% (-1 bps YTD) and 10-year yields at 4.57% (+69 bps YTD).

Economic Outlook

Treasury Yields and the Economy



Labor Markets

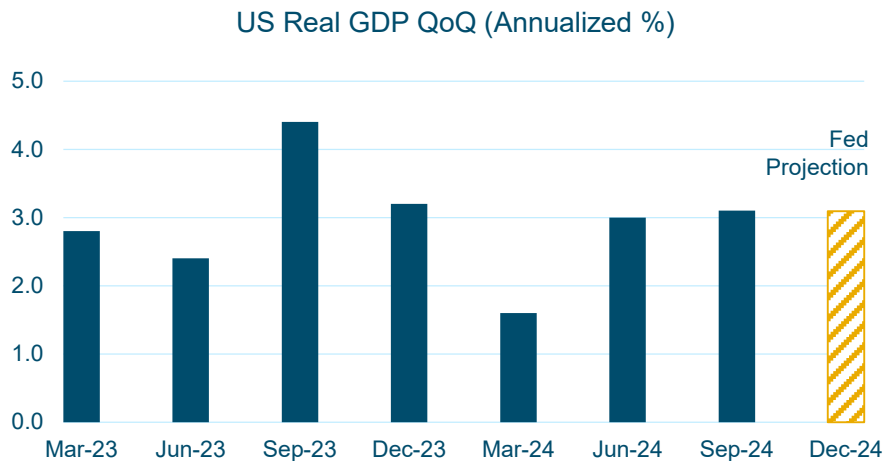
- Softening in the labor markets was the key impetus to the Fed's pivot in July and subsequent rate cut in September.
 - Since peaking in 2021, monthly non-farm payrolls have been on a downward trajectory over the past 3 years. While still positive, the 3-month average has now fallen below the levels experienced leading into the pandemic.
 - This softening, coupled with a rise in the unemployment rate from 3.4% to 4.3% in the last year and half, 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 labor force growth. Supporting this, weekly jobless and continuing claims remain near pre-pandemic levels and do not currently signal concern.
 - Longer term, weaker labor demand should ease wage pressures, supporting lower inflation.
 - After hitting highs of 5.9% in 2022, average hourly earnings have returned to a more moderate pace of just below 4%.

Inflation (Core PCE)

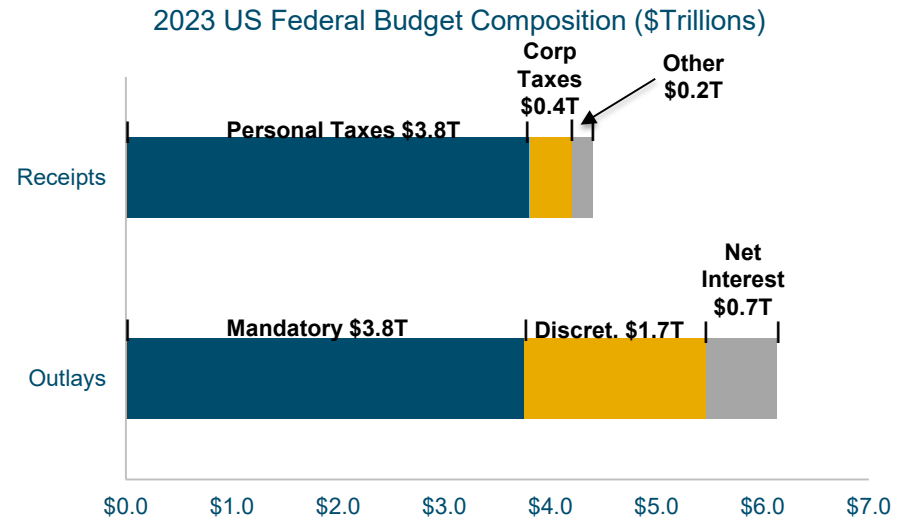
- In Q2 & Q3, inflation broke out of its Q1 stall, moderating to a pace of +0.2% m/m versus Q1's elevated rate of +0.4% m/m.
 - This decline provided necessary support for the Fed to begin the easing cycle at the September meeting.
- However, those improvements appear to have subsided, this fall as PCE core inflation drifted higher with the yearly rate rising from 2.6% to 2.8%.
 - Given this change, FOMC members will remain cautious on further cuts in 2025 until a downward trend toward their 2% goal is re-established.
 - The keys to lower inflation remain the labor and housing markets, as well as navigating policies implemented by the new administration regarding tariffs and immigration.

Economic Outlook

Market Indicators



Source: Bloomberg



Source: Bloomberg

GDP Growth

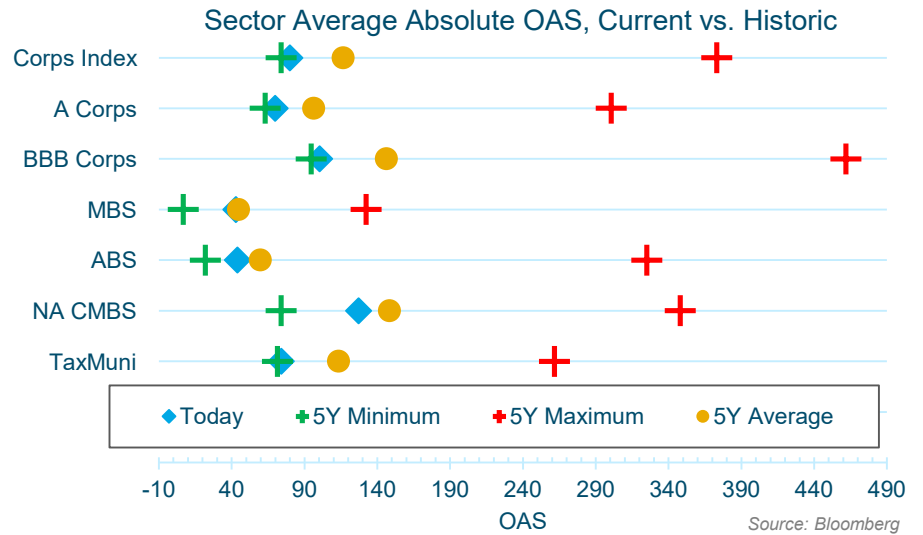
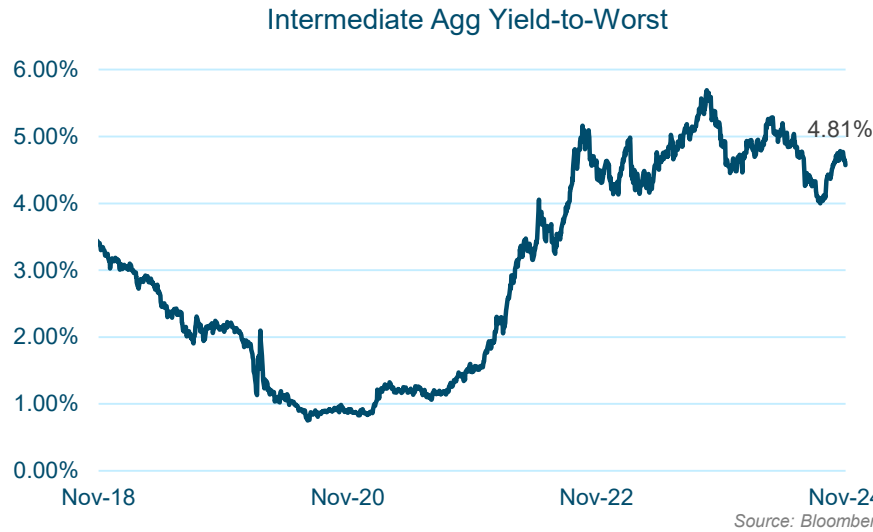
- After fighting off the highest levels of inflation in over 50 years, the Fed is attempting to lower rates and achieve a “soft landing” in the market. Current GDP numbers support their efforts.
 - Despite rising costs and aggressive rate hikes, consumer spending has remained strong, resulting in solid GDP growth in the mid-2% levels.
 - This growth has also been aided by aggressive fiscal stimulus, and business investments in AI and data centers.
 - Programs such as the Inflation Reduction, Infrastructure and Chips Acts have stimulated business investment and manufacturing construction at a time when rising rates should have resulted in the opposite reaction.
 - While additional fiscal stimulus is expected to be muted in the coming year, consumer spending projections will still push growth above the Fed’s long-term expectations of 2%.

Deficits and Rising Debt Load

- U.S. debt loads and annual deficits have exploded over the course of the last decade due to pandemic relief spending and the rising interest costs associated with financing that debt. As a result, Treasury issuance has also risen by nearly 30% in 2024 alone.
 - At the same time, foreign participation in Treasury purchases have fallen from highs of approximately 35% to 25%.
 - Rising yields have increased interest expense over the past year, pushing it to levels above annual defense spending for first time ever.
- Going forward, government spending is projected to outpace receipts, resulting in ongoing deficits. These shortfalls will be financed with additional Treasury supply coming to market, which is supportive of maintaining the current high-rate environment for Treasuries.
 - As a result, further cuts by the Fed may have a muted impact on yields for longer duration Treasuries (7-30 years).

Economic Outlook

Market Indicators



Investment Yields

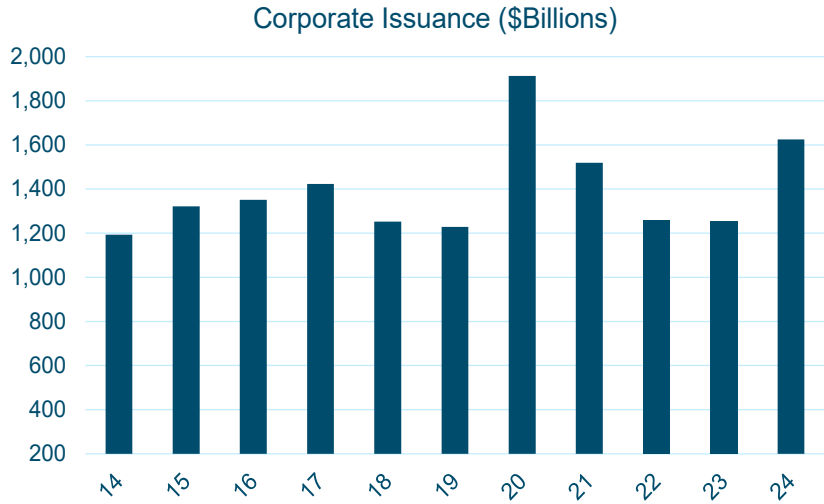
- Reinvestment yields, as measured by the Bloomberg Intermediate Aggregate index, rose in Q4 and ended the year higher by +24 bps.
 - After experiencing highs of 5.28% and lows of 4.0% in 2024, the yield closed out the year at 4.81%.
 - Yield on the intermediate aggregate index finished the year well above the average over the last decade of 2.75% and at some of the highest levels in 15+ years. As a result, 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.

Taxable Credit Spreads

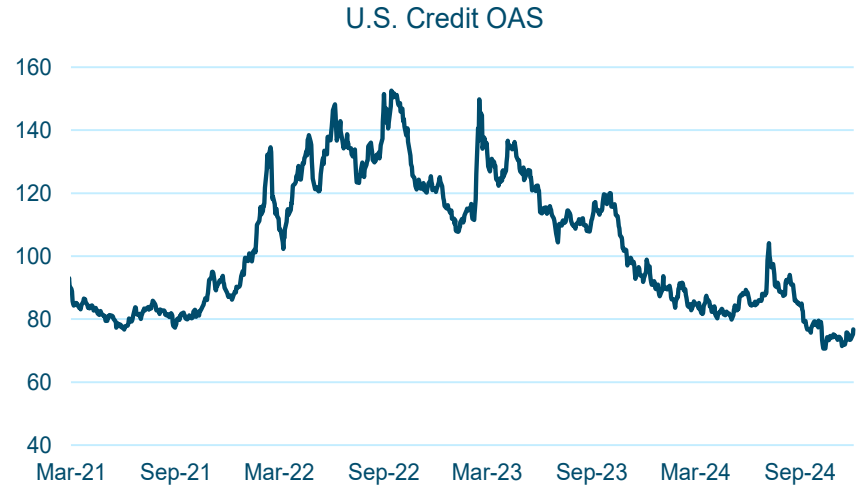
- Overall, markets have been experiencing spread tightening since the banking crisis of March 2023. Rising expectations of a “soft-landing” and attractive “all-in yield” levels have enticed fixed income buyers to lock-in relatively high yields prior to any potential rate cuts by the Fed. Impressively, this tightening has continued despite heavy new issuance in 2024 (second highest on record).
 - Spread tightening was not just limited to corporate credit, as all taxable sectors are trading inside their respective 5-year averages.
 - Investment grade corporate spreads stand nearly a full standard deviation below average, while the spread differential between A and BBB rated corporates have also tightened to historic levels.
 - As a result, we remain cautious on corporate credit exposure as spreads do not appear to be pricing in potential risks and headwinds of a slowing consumer in the coming year.
 - Alternatively, securitized products such as MBS, ABS and CMBS continue to offer relative value, trading more inline with their 5-year averages. These sectors also lend to an “up in quality” positioning as they are predominately AAA rated.

Economic Outlook

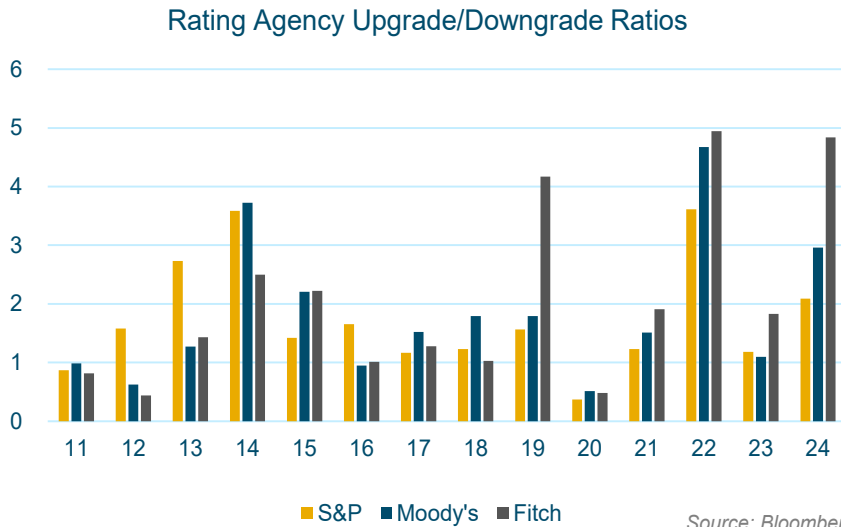
Corporates



Source: Bloomberg



Source: Bloomberg



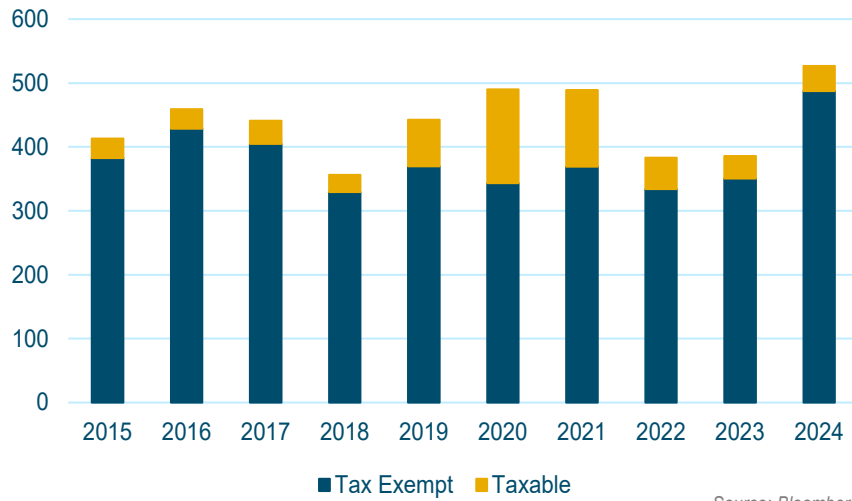
Source: Bloomberg

- IG credit spreads tightened 7bps to +77 in Q4'24, trading in a narrow 14bps range. Spreads closed the quarter 6bps off the YTD tight of +71 in early November, driven by optimism from the results of the presidential election and heightened expectations of a soft landing.
- Issuance ended 2024 at \$1.6 trillion, up 30% over 2023. 2024 was the second largest issuance year on record, trailing only 2020.
- Corporate credit fundamentals continue to slowly deteriorate, but balance sheet positions remain relatively solid.
- With the potential prospect of higher volatility from uncertain economic and trade policy, coupled with very tight spread levels, we retain a modest overweight to credit and continue to have an up-in-quality bias for the sector.

Economic Outlook

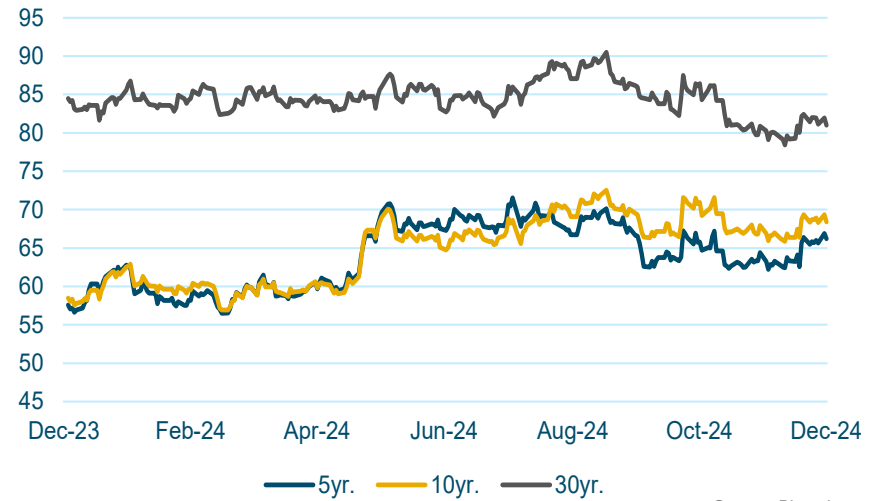
Municipals

Municipal Issuance (\$Billions)



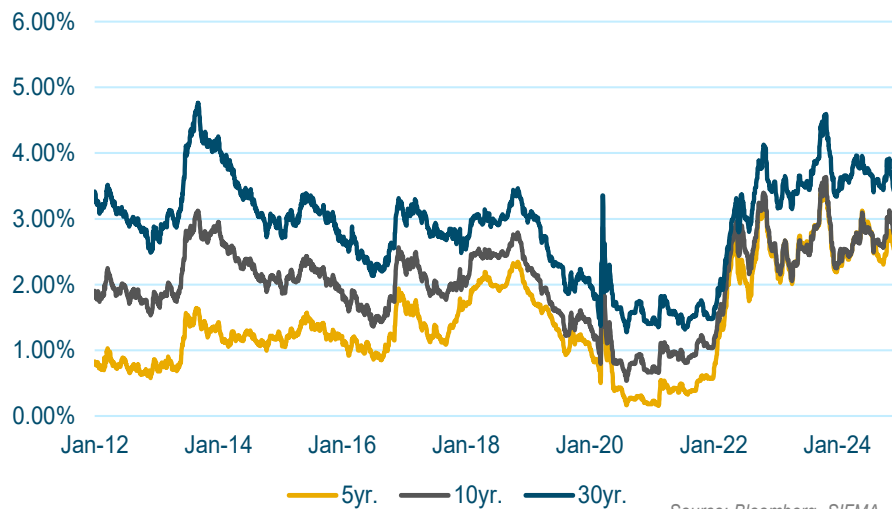
Source: Bloomberg

AAA Municipals / Treasury Yield Ratios (bps)



Source: Bloomberg

AAA Pre-Tax Municipal Yields

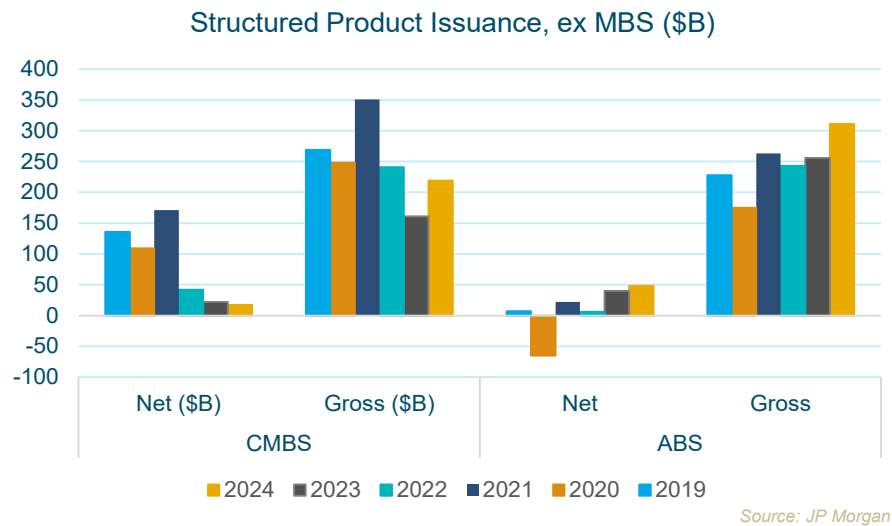
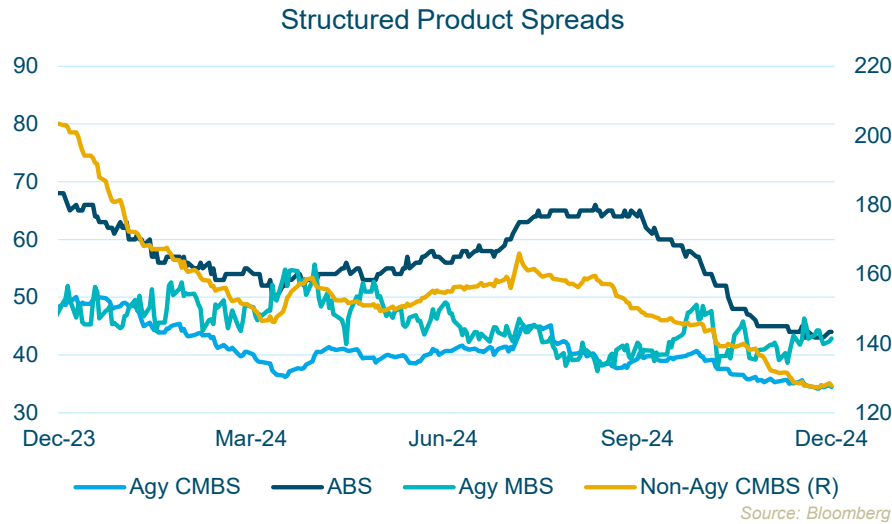


Source: Bloomberg, SIFMA

- Municipal new issue volume rose to a record \$504bn (\$463bn tax-exempt/\$40bn taxable) in 2024, narrowly surpassing the \$503bn recorded in 2020 (\$318bn tax-exempt/\$184bn taxable), driven by a surge in tax-exempt volume.
- For the full-year, HG muni yields rose by 30-59-78-48bps in 2-5-10-30yrs, respectively, in sympathy with Treasuries, which ended the year unchanged in the 2yr spot but higher by 56-72-76bps in 5-10-30yrs.
- For Munis, next year will be centered around policy and rates, as current valuations provide little cushion. We are not overly concerned about the potential loss of tax-exemption, but still see only limited upside due to heavy supply, rate volatility, rich ratios and spreads.

Economic Outlook

Structured Product



MBS

- Agency mortgages finished 2024 3bps tighter on the year.
- We maintain a neutral stance on MBS in our portfolios given current relative value. Historically, Fed cuts due to economic weakness have benefited MBS outperformance due to a “flight to quality trade” in markets, however the current macroeconomic strength doesn’t warrant aggressive cuts.

CMBS

- Non-agency CMBS tightened an impressive 76bps in 2024 and 22bps in the fourth quarter alone. Retreating recession expectations and the hunt for spread produced significant investor demand over the course of the year.
 - We remain neutral on the sector, given current spread levels and the expectation for collateral performance to weaken through 2025.
 - We prefer senior fixed rate non-agency CMBS deals that offer diversified exposure by loan, sector and geography.
- Agency CMBS spreads also narrowed over the year, tightening 13bps.
- Higher rates put a damper on CMBS supply in 2024, with only \$17B of net issuance, it was the lightest year since 2016.

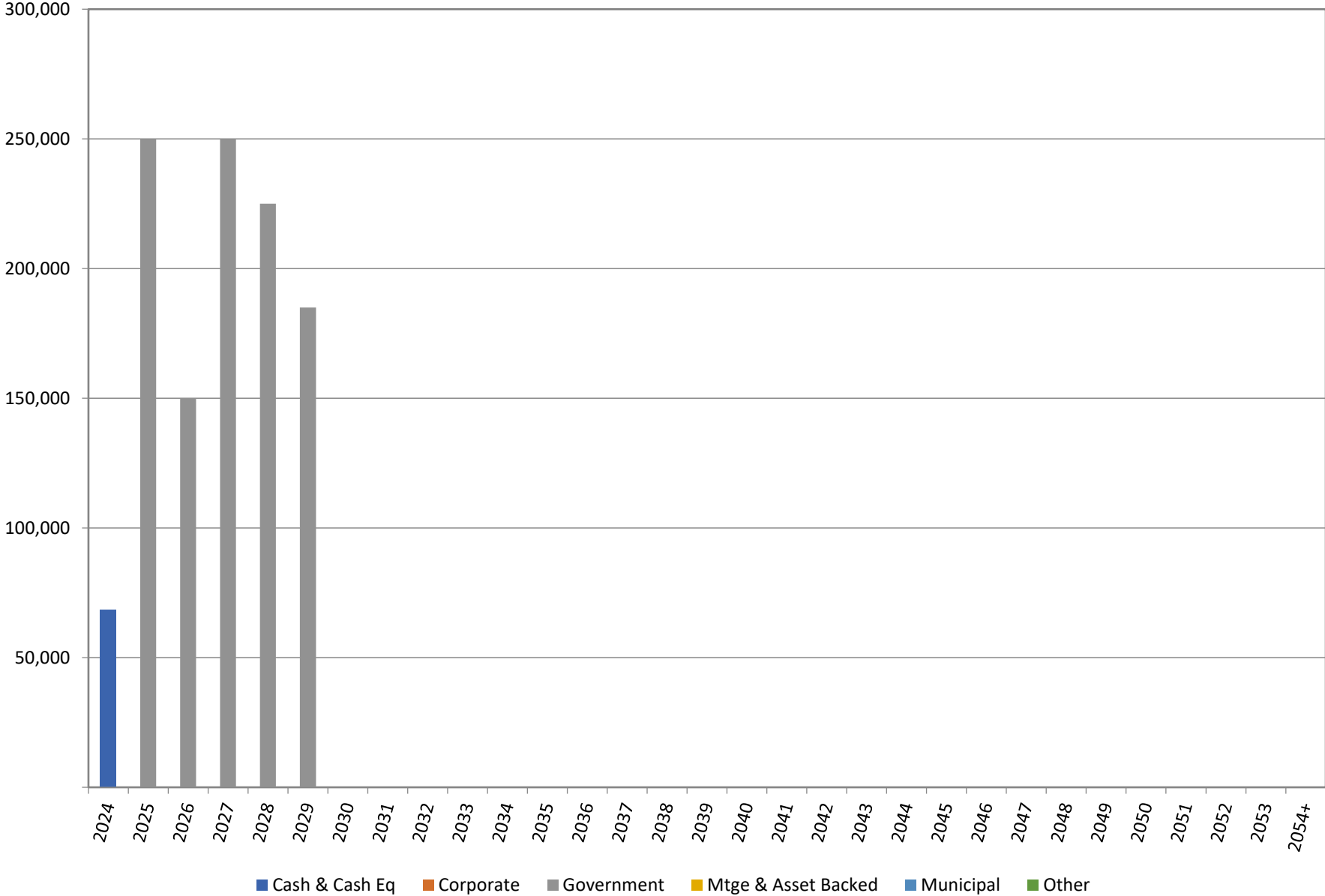
ABS

- ABS tightened 24bps in 2024 with 20bps of that happening in the fourth quarter. This reversed the trend from 3Q, when spreads widened in a risk-off move.
- We remain overweight ABS, which offers attractive spreads vs similar-duration and lower rated corporates.
- We continue targeting ABS with robust excess spread and credit enhancement for purchase.
- Supply was strong in ABS, with the heaviest year of gross issuance (\$311B) on record, and the largest net issuance (\$48B) year since 2018.

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	1,013,412	1,018,391	4,978	4.67	4.30	2.33	0.08	17	5,681	3	(702)
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	1,013,412	1,018,391	4,978	4.67	4.30	2.33	0.08	17	5,681	3	(702)
Short Term											
Sweep Money Market	68,277	68,277	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	68,277	68,277	0	0.00	0.00	0.00	0.00	0	0	0	0
Total Fixed Income & Short Term											
Total	1,081,690	1,086,668	4,978	4.37	4.03	2.19	0.08	17	5,681	3	(702)
Equity											
Common Stock	0	0	0					0	0	0	0
Total	0	0	0					0	0	0	0
Grand Total											
Total	1,081,690	1,086,668	4,978					17	5,681	3	(702)

Maturity Schedule By Weighted Average Life



Effective Maturity Schedule

Year	Book Value	Tax Equiv. Book Yield	% of Total Book Value
2024	0	0.00	0%
2025	248,840	5.05	25%
2026	143,898	4.72	14%
2027	238,036	4.65	24%
2028	208,589	4.47	21%
2029	174,048	4.34	17%
2030+	0	0.00	0%
Subtotal	1,013,412	4.67	100%
(inc. ABS, Agcy, CMBS, Corp, Muni, UST)			
MBS	0	0.00	0%
TOTAL	1,013,412	4.67	100%

Performance

**Tax-Equivalent Total Return
as of 12/31/2024
Inception Date: 08/01/2014**

	Portfolio	Benchmark	Difference
Quarter to Date	-0.30%	-0.33%	0.03%
Year to Date	3.83%	3.92%	-0.10%
Since Inception	1.82%	1.78%	0.04%

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
12/18/2024	US TREASURY N/B	Treasury	AA+	Aaa	2.750	05/31/2029	N/A	93.95	56,372	4.26	4.26
12/18/2024	US TREASURY N/B	Treasury	AA+	Aaa	3.125	08/31/2029	N/A	95.21	57,124	4.26	4.26
Total									113,496	4.26	4.26

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
10/31/2024	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.500	10/31/2024	10/31/2024	100.00	50,000	0	5.47	5.47
12/31/2024	Maturity	US TREASURY N/B	Treasury	AA+	Aaa	1.750	12/31/2024	12/31/2024	100.00	50,000	0	5.35	5.35
Total										100,000	0	5.41	5.41

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	10/31/2024			68,277	TD BK DEP	0.00			68,277	68,277	68,277	0	0.00	0.00	0.00	0.00	
Total Money Market				68,277					68,277	68,277	68,277	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	57,475	57,398	(76)	4.32	4.35	3.58	3.87	0.15
9128286B1	06/07/2024	AA+	Aaa	65,000	US TREASURY N/B	2.63	02/15/2029	02/15/2029	59,952	60,504	60,760	255	4.48	4.37	3.81	4.12	0.17
912828YQ7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	1.63	10/31/2026	10/31/2026	45,727	47,460	47,715	255	4.55	4.24	1.77	1.83	0.04
912828YU8	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	1.63	11/30/2026	11/30/2026	45,217	47,016	47,605	589	4.94	4.26	1.85	1.91	0.04
912828Z78	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	1.50	01/31/2027	01/31/2027	45,049	46,781	47,281	500	4.79	4.25	2.00	2.08	0.05
91282CAY7	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	0.63	11/30/2027	11/30/2027	42,414	44,495	45,023	529	4.72	4.29	2.83	2.91	0.09
91282CCE9	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	1.25	05/31/2028	05/31/2028	42,605	44,425	45,156	732	4.84	4.33	3.28	3.41	0.12
91282CCV1	08/31/2023	AA+	Aaa	65,000	US TREASURY N/B	1.13	08/31/2028	08/31/2028	55,512	57,787	57,962	175	4.44	4.35	3.51	3.66	0.14
91282CEN7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	2.75	04/30/2027	04/30/2027	47,104	48,108	48,336	228	4.48	4.26	2.21	2.33	0.06
91282CES6	12/18/2024	AA+	Aaa	60,000	US TREASURY N/B	2.75	05/31/2029	05/31/2029	56,372	56,399	56,091	(308)	4.26	4.39	4.08	4.41	0.19
91282CFJ5	12/18/2024	AA+	Aaa	60,000	US TREASURY N/B	3.13	08/31/2029	08/31/2029	57,124	57,145	56,827	(318)	4.26	4.39	4.23	4.66	0.21
91282CFM8	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	09/30/2027	09/30/2027	49,445	49,618	49,805	187	4.42	4.28	2.54	2.75	0.08
91282CFP1	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.25	10/15/2025	10/15/2025	49,385	49,766	50,012	245	4.86	4.21	0.77	0.79	0.01
91282CFU0	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	10/31/2027	10/31/2027	48,648	49,035	49,797	762	4.86	4.28	2.63	2.83	0.08
91282CFW6	10/03/2023	AA+	Aaa	50,000	US TREASURY N/B	4.50	11/15/2025	11/15/2025	49,375	49,736	50,090	354	5.13	4.28	0.85	0.87	0.01
91282CGA3	10/13/2023	AA+	Aaa	50,000	US TREASURY N/B	4.00	12/15/2025	12/15/2025	48,982	49,540	49,912	372	5.00	4.19	0.93	0.95	0.01
91282CGG0	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.13	01/31/2025	01/31/2025	49,273	49,957	49,986	29	5.20	4.38	0.08	0.08	0.00
91282CGT2	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	3.63	03/31/2028	03/31/2028	48,492	48,903	48,969	65	4.36	4.31	3.00	3.25	0.11
91282CGV7	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	3.75	04/15/2026	04/15/2026	48,854	49,422	49,682	259	4.69	4.26	1.23	1.28	0.02
91282CHD6	08/30/2023	AA+	Aaa	50,000	US TREASURY N/B	4.25	05/31/2025	05/31/2025	49,342	49,841	49,984	144	5.04	4.31	0.40	0.41	0.00
Total Treasury				1,060,000					995,856	1,013,412	1,018,391	4,978	4.67	4.30	2.33	2.52	0.08
Grand Total				1,128,277					1,064,134	1,081,690	1,086,668	4,978	4.37	4.03	2.19	2.36	0.08

Glossary of Terms

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

Glossary of Terms

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

Glossary of Terms

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

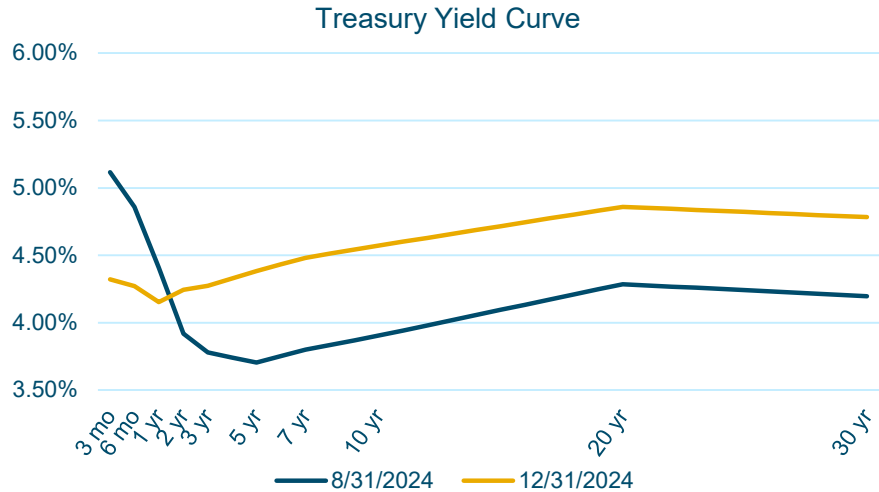
Appendix

Presentation Overview

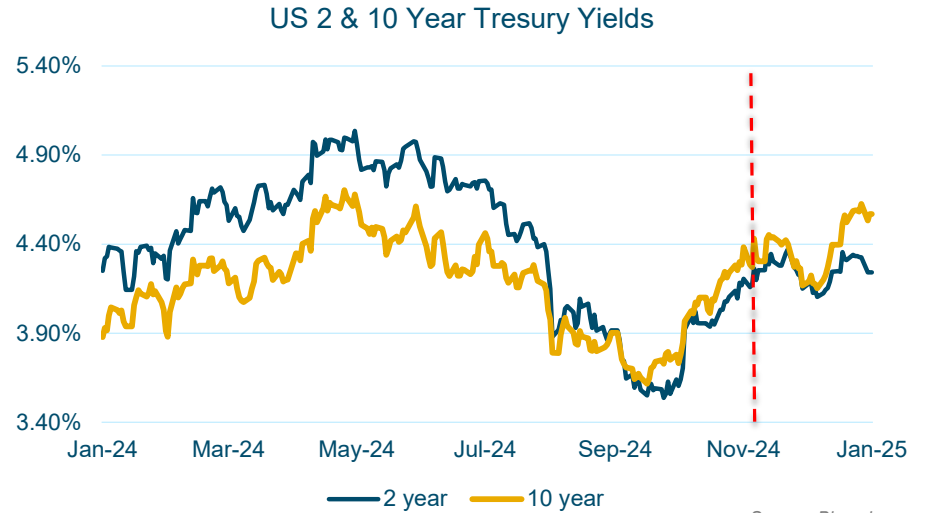
Overview

- Economic overview and market update
- Portfolio review
- Performance

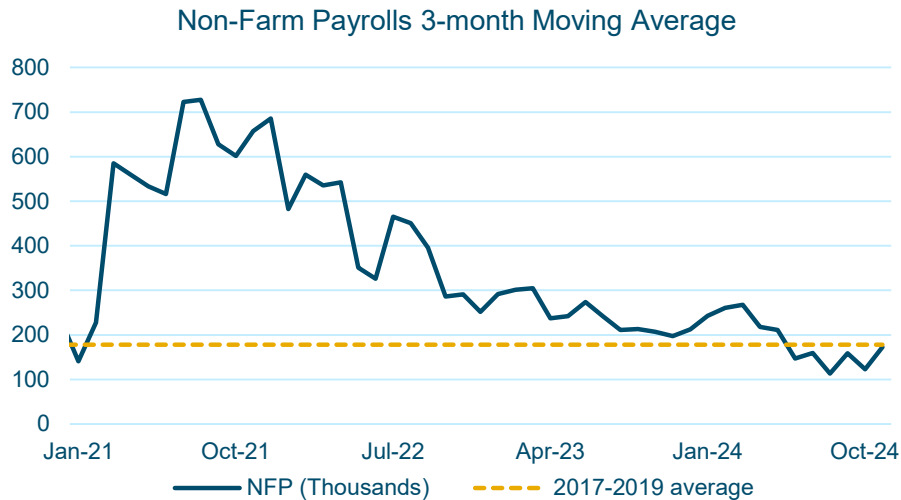
Treasury Yields and the Economy



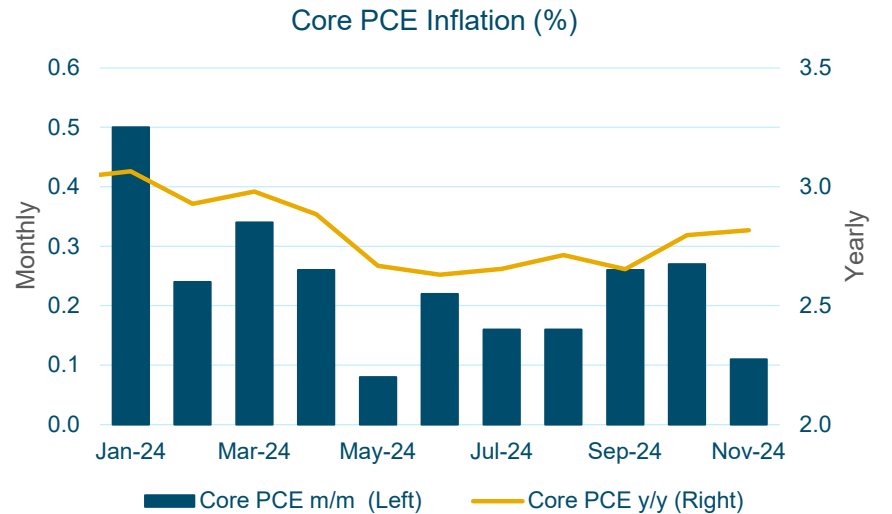
Source: Federal Reserve



Source: Bloomberg



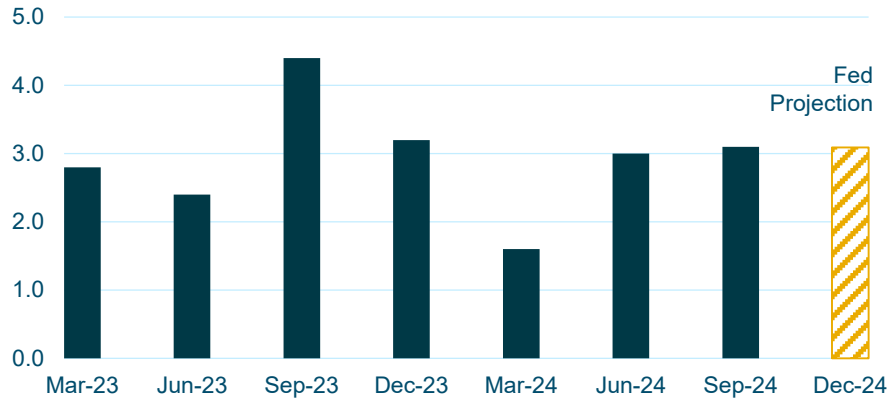
Source: Bloomberg



Source: Bloomberg

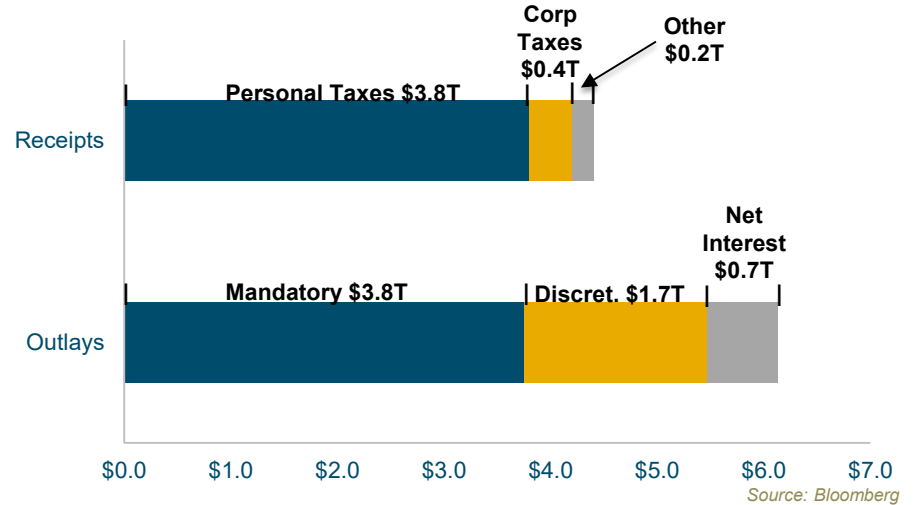
Market Indicators

US Real GDP QoQ (Annualized %)



Source: Bloomberg

2023 US Federal Budget Composition (\$Trillions)

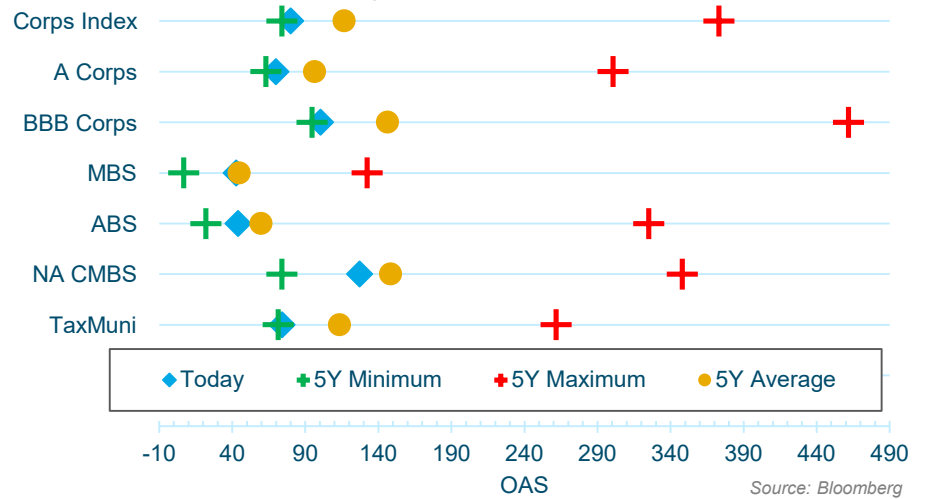


Source: Bloomberg

Intermediate Agg Yield-to-Worst



Sector Average Absolute OAS, Current vs. Historic



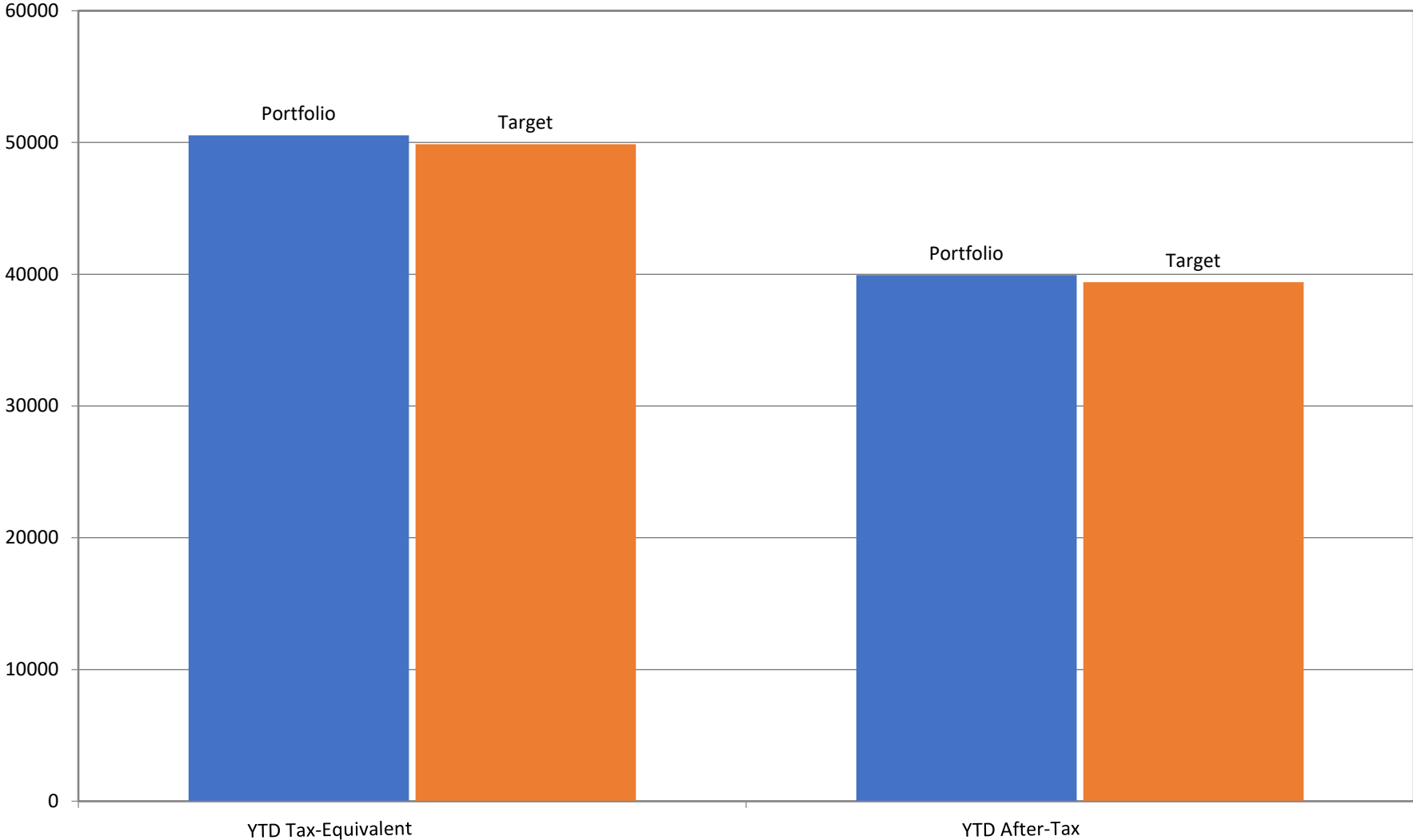
Source: Bloomberg

Portfolio Changes

Public Entity Joint Insurance Fund	12/31/2023	03/31/2024	06/30/2024	09/30/2024	12/31/2024
Treasury Yields					
2 yr Treasury Yield	4.25%	4.62%	4.72%	3.65%	4.25%
5 yr Treasury Yield	3.83%	4.20%	4.34%	3.56%	4.39%
10 yr Treasury Yield	3.86%	4.19%	4.37%	3.79%	4.58%
Book Statistics					
Tax-Equivalent Book Yield	4.83%	4.80%	4.74%	4.47%	4.37%
Book Value (\$)	1,034,611	1,041,772	1,057,631	1,067,763	1,081,690
Projected Tax-Equivalent Income, next 12 months (\$)	49,973	49,968	50,145	47,678	47,308
Unrealized Gains/(Losses) (\$)	15,200	5,104	1,545	20,943	4,978
YTD Realized Gains/(Losses) (\$)	0	0	0	0	0
Portfolio Risk Statistics					
Effective Duration	2.21	2.20	2.20	1.99	2.19
Convexity	0.08	0.08	0.08	0.07	0.08
Weighted Average Life	2.39	2.39	2.39	2.14	2.36
Average Rating	AA+	AA+	AA+	AA+	AA+
Portfolio Sector Allocation					
Treasury	98%	98%	98%	93%	94%
Agency	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	0%
Taxable Municipal	0%	0%	0%	0%	0%
Tax-exempt Municipal	0%	0%	0%	0%	0%
Mortgage Pass-Through	0%	0%	0%	0%	0%
CMOs	0%	0%	0%	0%	0%
ARMs	0%	0%	0%	0%	0%
Asset Backed	0%	0%	0%	0%	0%
CMBS	0%	0%	0%	0%	0%
Cash & Cash Equivalents	2%	2%	2%	7%	6%

Income Year to Date

Year to Date, as of 12/31/2024



Performance

**Tax-Equivalent Total Return
as of 12/31/2024
Inception Date: 08/01/2014**

	Portfolio	Benchmark	Difference
Quarter to Date	-0.30%	-0.33%	0.03%
Year to Date	3.83%	3.92%	-0.10%
Since Inception	1.82%	1.78%	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

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