

Florida Insurance Guaranty Association Finance and Audit Committee Meeting

April 10, 2024

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Economy & Market Review

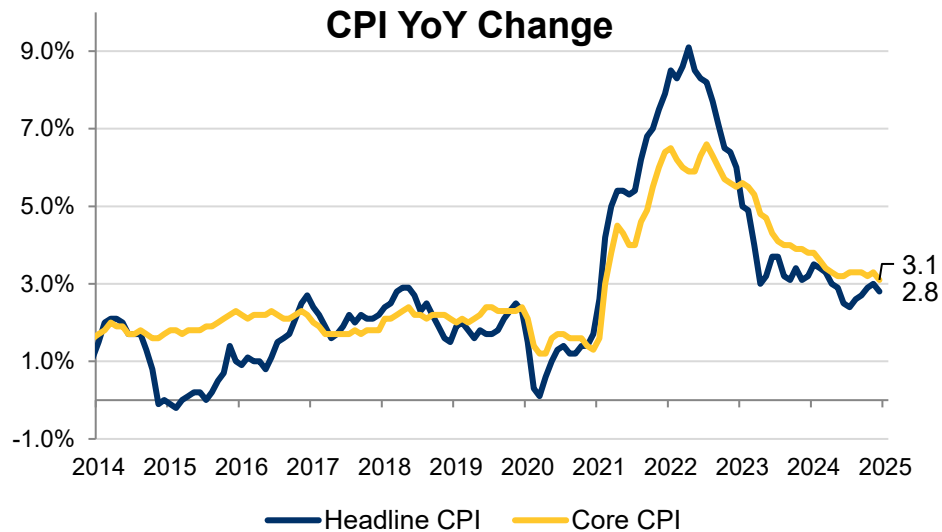
Outlook

Trade War, Small Government and Rapid Change

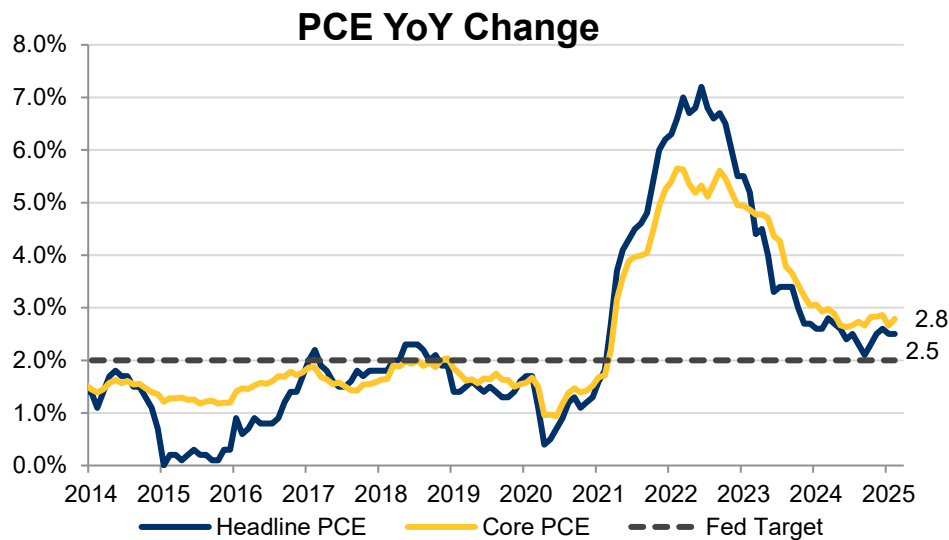
- Ongoing trade war amid announcement of Trump tariffs
- Re-shore and privatize
 - Trade war encourages re-shoring and increases revenue while privatization decreases spending
 - DOGE changes could be transformative: perhaps 500,000 jobs cut at Federal level along with programs left to the states or private sector
- Great deal of uncertainty exists – increased volatility
- Recent survey and sentiment-based data has been trending weaker
- Consumer and Industrial “hard data” had been stable but perhaps cracking
- Inflation had been moderating around 3%, but likely headed back to 4.5%
 - Prices will be on the rise depending on level and duration of tariffs and unclear immigration affects
 - Dilemma for the Fed and while “transitory” in the lexicon will likely sit tight initially
 - Market pricing in 3-4 rate cuts for 2025 though Future cuts in 2025 dependent on the effects of Trump policies
- Higher stagflation risk owing to weaker employment data
- We have been de-risking given the cautious outlook and positioning defensively
 - Shorter duration securities are compelling as they combine attractive yields with lower vulnerability to Treasury price shocks further out the curve
 - Over the medium to long-term we have a positive outlook on credit due to strong fundamentals, a robust consumer-supported US economy, and a favorable technical backdrop

As of 4.3.25
Source: Bloomberg

US Inflation

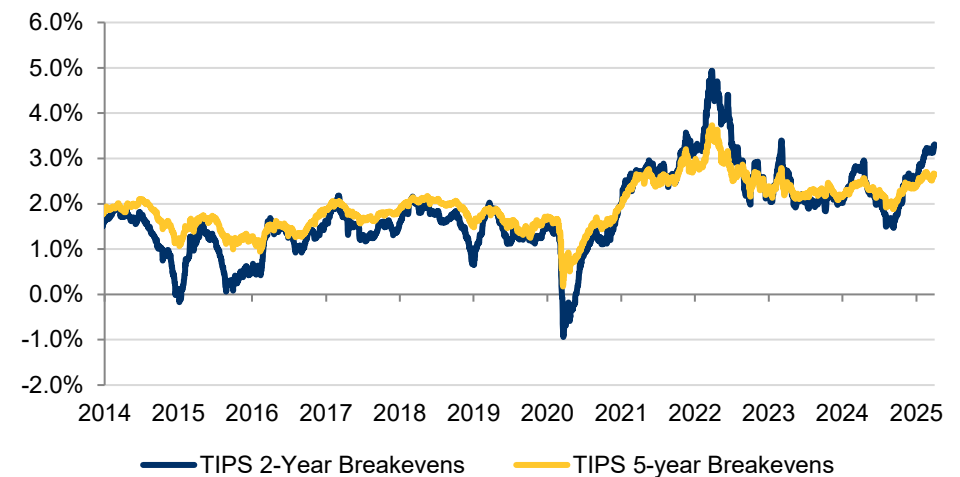


- Headline CPI eased to 2.8% in February, lower than expected
- Core CPI also showed signs of cooling, ticking down to 3.1% YoY
- While the February report showed progress, looming tariffs create uncertainty as their impact on inflation is still unknown



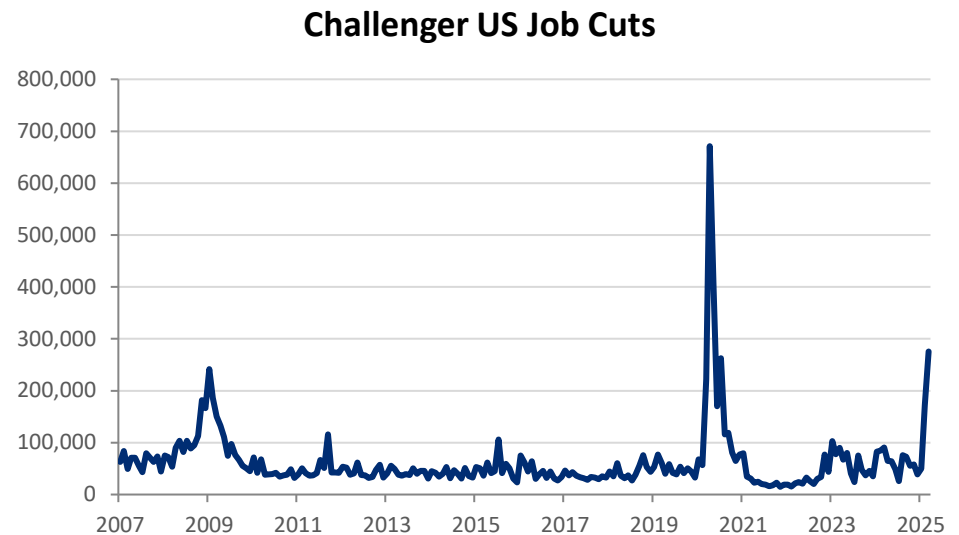
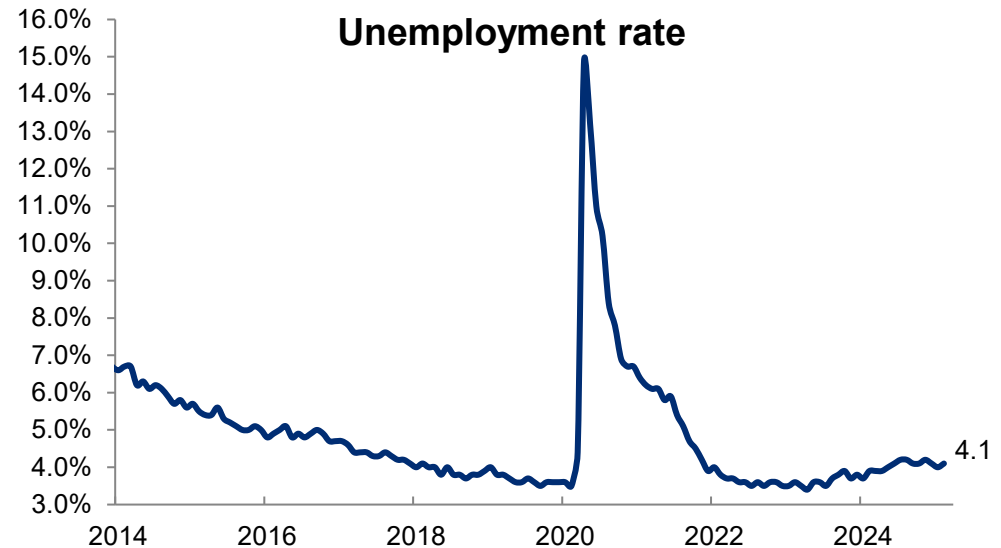
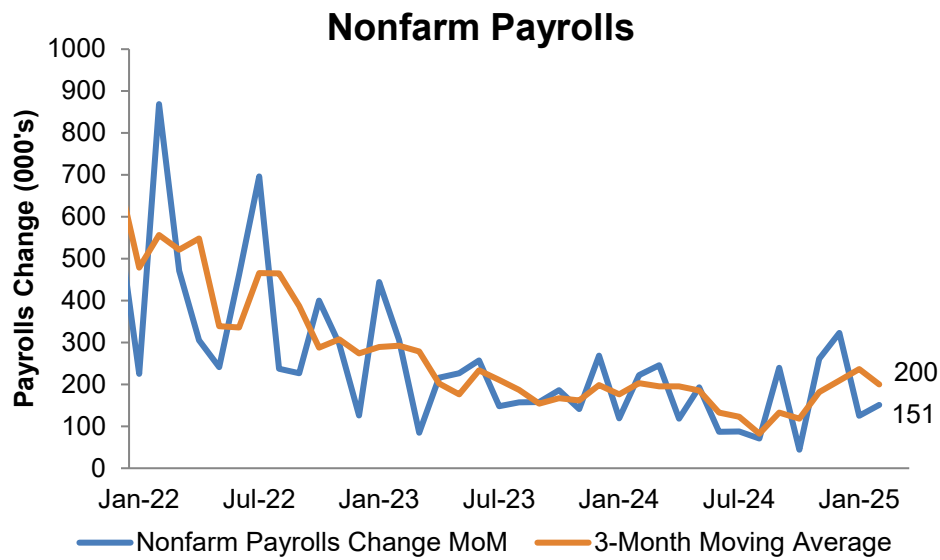
As of 3.31.25
Source: Bloomberg

US Inflation Expectations



Employment

- 151k jobs were added in February, below expectations
- The unemployment rate ticked back up slightly, to 4.1%
- Federal job cuts captured in Challenger but not yet in the hard data

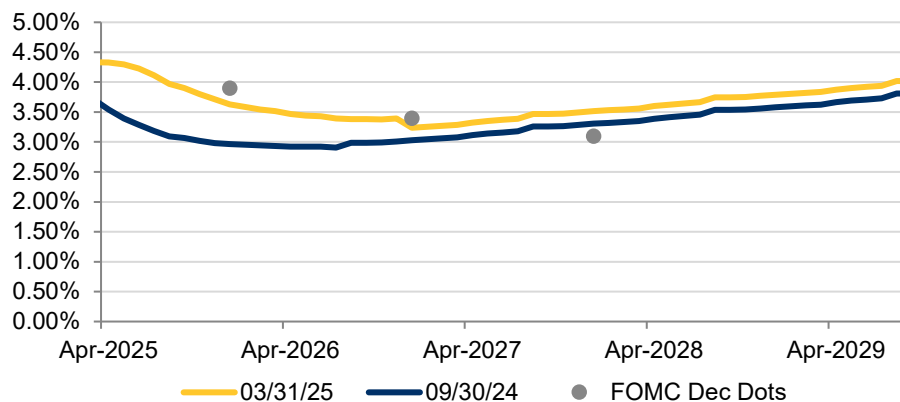


As of 3.31.25
Source: Bloomberg

The Federal Reserve

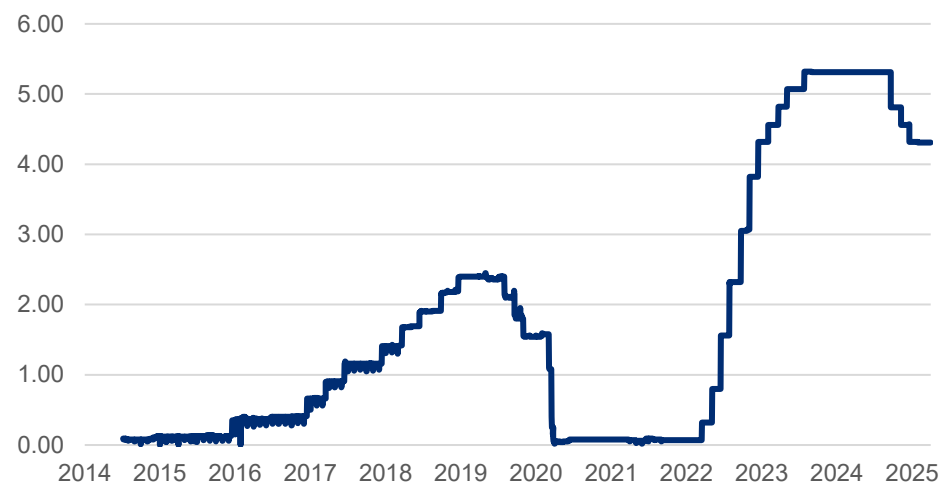
- The Fed held rates steady again at the February meeting and is in no hurry to cut
- Most likely to see pause in the near-term
- Future cuts in 2025 are dependent on the effects of Trump policies

Market Expectations of Fed Cuts

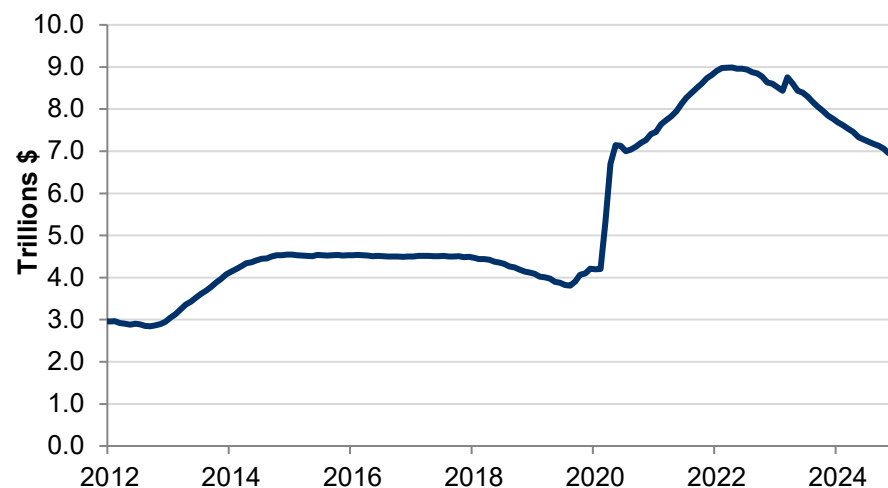


As of 3.31.25
Source: Bloomberg, Federal Reserve

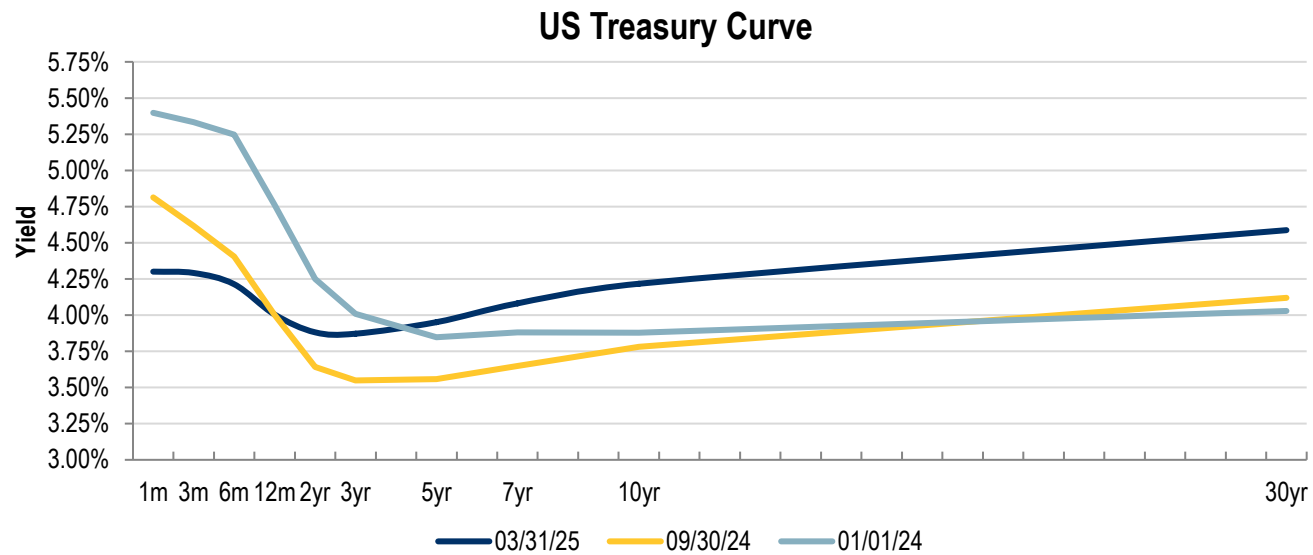
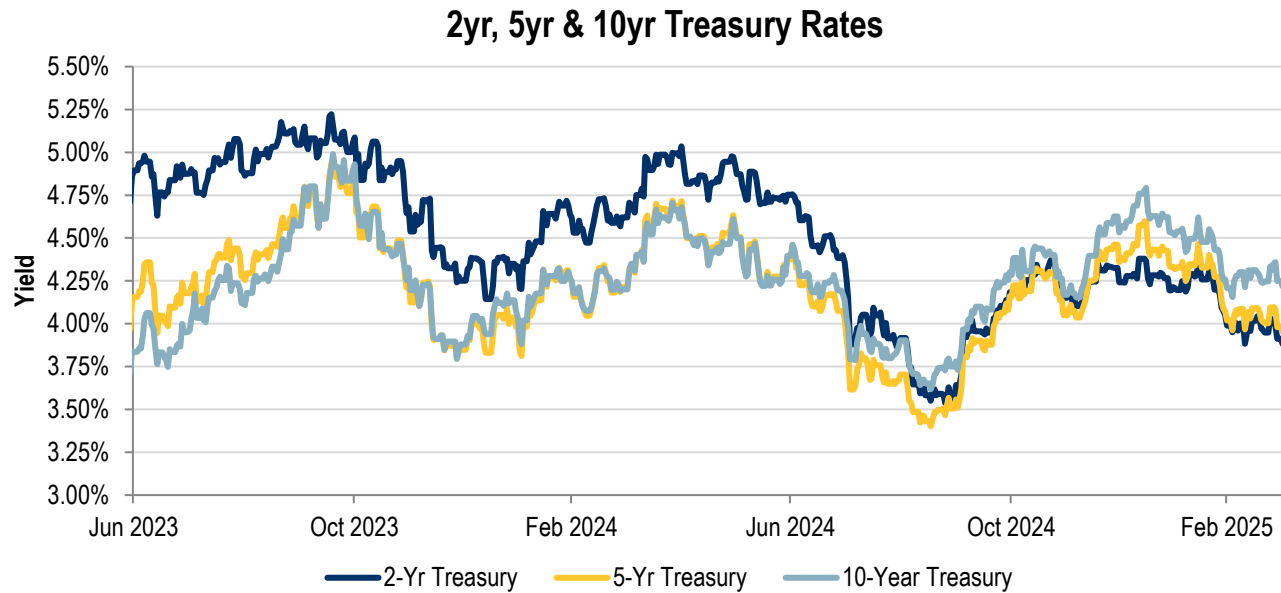
Fed Funds Rate



Fed Balance Sheet



U.S. Treasury Rates



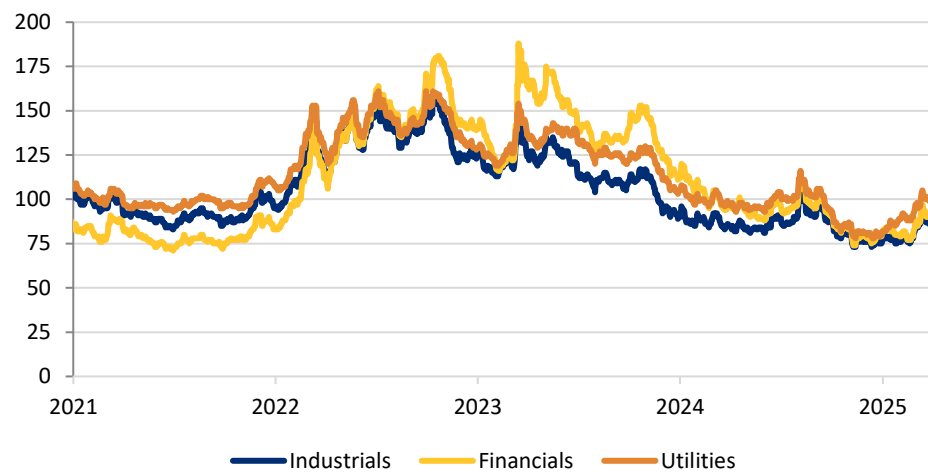
As of 3.31.25
Source: Bloomberg

Risk assets – IG Corporate Spreads

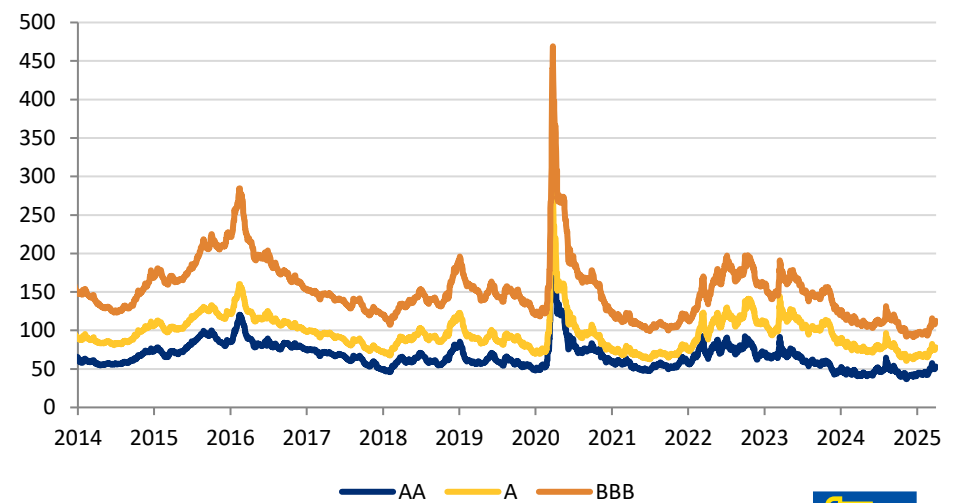
US IG Corporate Spreads



US IG Corporate Spreads by Sector



US IG Corporate Spreads by Credit Quality



As of 3.31.25
Source: Bloomberg

Portfolio Review

Portfolio Performance

Florida Insurance Guaranty Association

	Jan 2025	Feb 2025	YTD 2025	1 Year	3 Year	5 Year	10 Year	Since Inception (5.1.11)
Total Portfolio (Gross of Fees)	0.38	0.35	0.73	5.14	3.57	2.28	2.05	1.61
Total Portfolio (Net of Fees)	0.38	0.34	0.72	5.06	3.49	2.20	1.98	1.54
Principal Return	0.37	0.34	0.71	4.81	2.73	1.12	0.66	0.46
Income Return	0.01	0.01	0.03	0.31	0.82	1.14	1.39	1.15
Blended Benchmark*	0.45	0.66	1.12	5.37	3.00	1.85	1.73	1.36

***Linked Benchmark History:**

6.1.19 – Current

50% ICE BofAML 1-5 Yr AAA-AA US Corporate & Government

25% ICE BofAML 0-1 Yr AAA-A US Corporate

25% ICE BofAML 0-3 month Treasury Bill

5.1.16 – 5.31.19

50% ICE BofAML 1-3 Yr Corporate & Government AA & Higher

50% ICE BofAML 3 month LIBOR

5.1.11 - 4.30.16

50% ICE BofAML 1-3 Yr Government

50% ICE BofAML 3 month LIBOR

As of 2.28.25; Source: RBC GAM, ICE Data Services

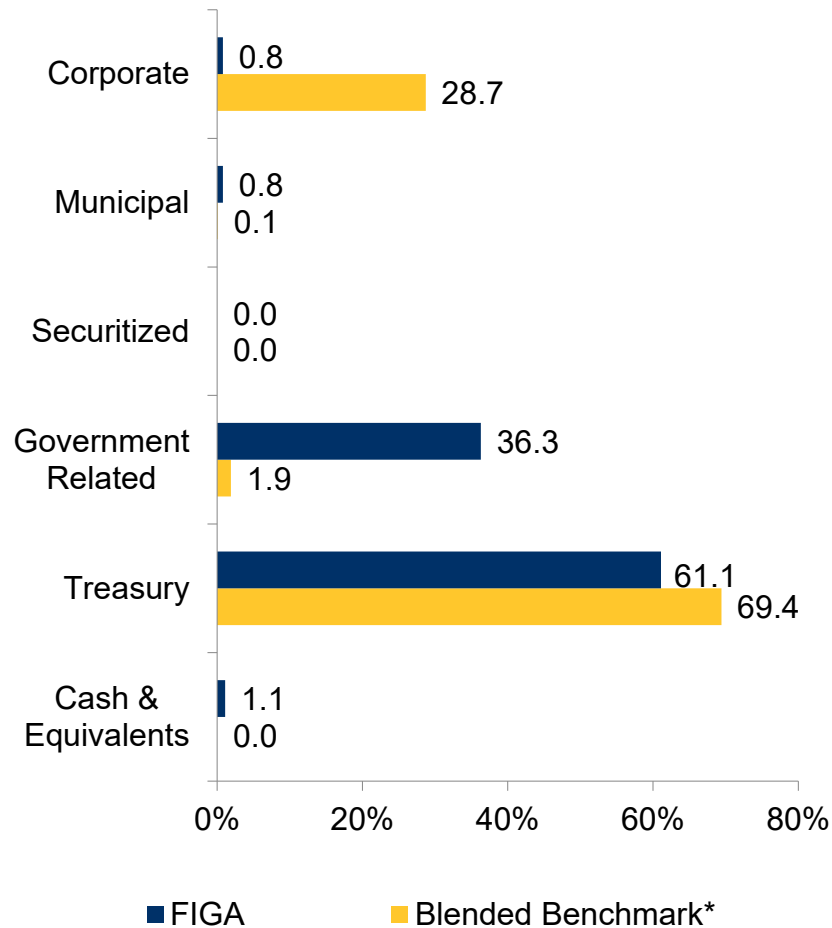
All returns for periods greater than one year are shown on an annualized basis. Past performance is not indicative of future results.

Portfolio Characteristics

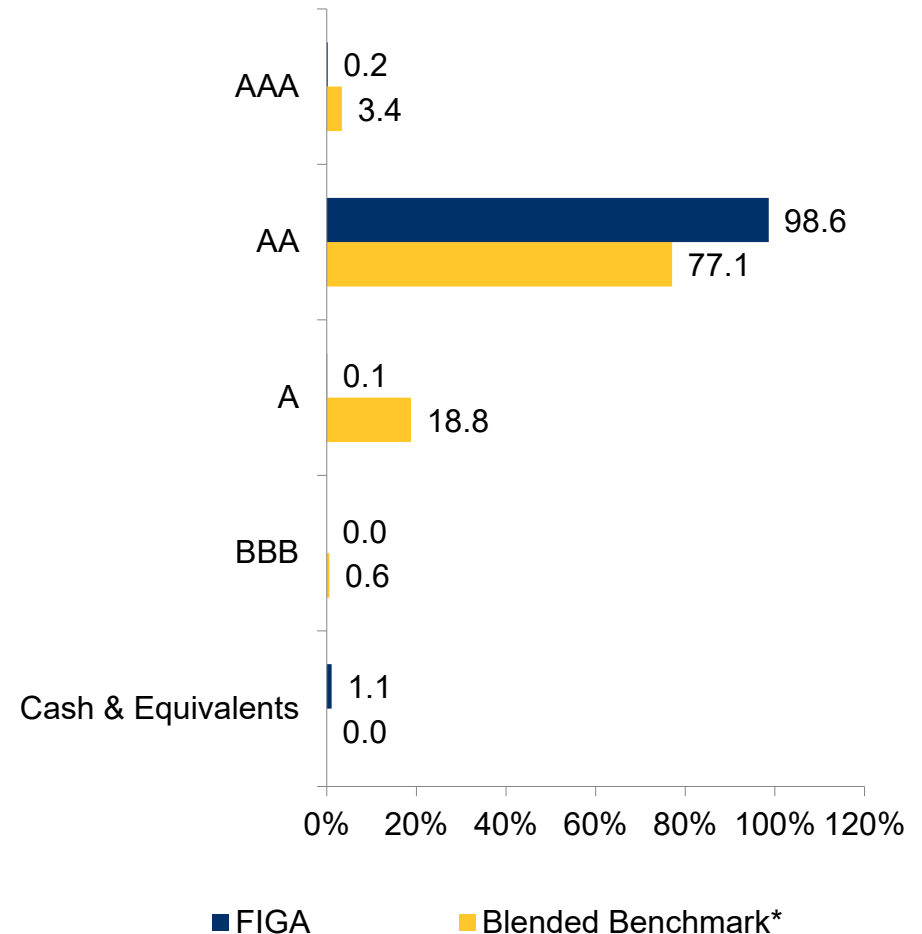
Florida Insurance Guaranty Association

Market Value: \$166,503,681

Sector Distribution



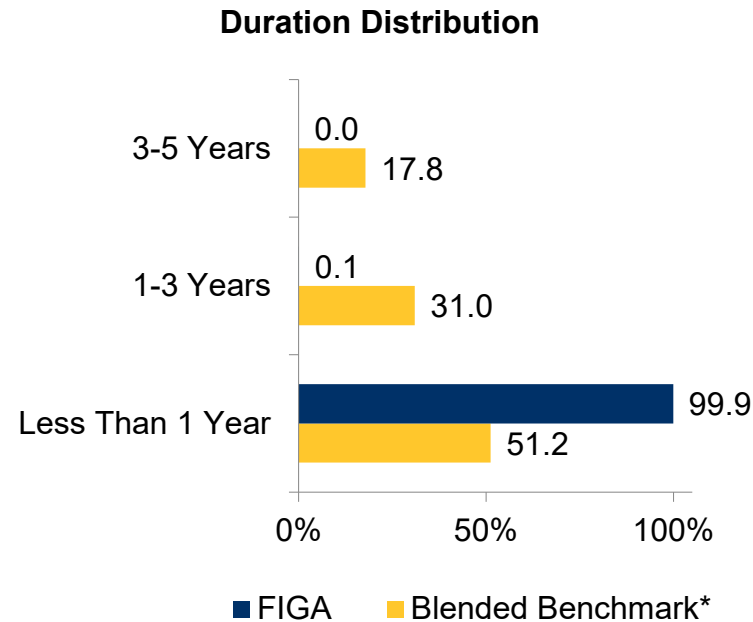
Credit Quality Distribution



*Blended Benchmark is based on a blend of 50% of ICE BofAML 1-5 Yr AAA-AA US Corporate & Government, 25% ICE BofAML 0-1 Yr AAA-A US Corporate, 25% ICE BofAML 0-3 Month US Treasury Bill As of 2.28.25; Source: RBC GAM, ICE Data Services

Portfolio Characteristics

Florida Insurance Guaranty Association



Characteristics	FIGA	Blended Benchmark*
Effective Duration	0.05 years	1.44 years
Market Yield	4.60%	4.13%
Average Quality	AA+	AA

**Blended Benchmark is based on a blend of 50% of ICE BofAML 1-5 Yr AAA-AA US Corporate & Government, 25% ICE BofAML 0-1 Yr AAA-A US Corporate, 25% ICE BofAML 0-3 Month US Treasury Bill
As of 2.28.25; Source: RBC GAM, ICE Data Services*

Stress Test Analysis – February 2025

Florida Insurance Guaranty Association

		Instantaneous Interest Rate Increases					
Market Value	Eff. Duration	25 bp Rate Shock (%)	25 bp Rate Shock (\$)	50 bp Rate Shock (%)	50 bp Rate Shock (\$)	100 bp Rate Shock (%)	100 bp Rate Shock (\$)
166,489,722	0.05	-0.01%	-22,332.59	-0.03%	-44,665	-0.05%	-89,330

Spreads Widen				
Spread Duration	25 bp Spread Shock (%)	25 bp Spread Shock (\$)	50 bp Spread Shock (%)	50 bp Spread Shock (\$)
0.02	0.00%	-6,303	-0.01%	-12,606

Liquidation Gain/Loss				
Realized G/L	25 bp Curve (Realized G/L)	50 bp Curve (Realized G/L)	25 bp Spread Shock (Realized G/L)	50 bp Spread Shock (Realized G/L)
-8,349	-30,682	-53,014	-14,652	-20,955

Notes: The first portion of the report reflects instantaneous interest rate changes of 25, 50, and 100 basis points and the impact of those changes on the valuation of the portfolio vs. current market value. The second section of the report reflects changes in spreads of 25 and 50 basis points. The third section reflects a full liquidation at current market valuations as well as immediately after a 25 and 50 basis point upward shift in interest rates and spreads.

Compliance Summary

Compliance Summary

Florida Insurance Guaranty Association

- The portfolio managed by RBC GAM was in compliance with FIGA's investment policy as of February 28, 2025.

Detailed Compliance Report

Florida Insurance Guaranty Association



Account Compliance Summary

Test Account	IGSF121TOP Florida Insurance Guaranty Association - Top A/C (USD)	Total Assets	166,505,357.43
Manager	DUMMY_MANAGER	Market Value	166,505,357.43
		Net Assets	166,505,357.43

Test Concentrations

Category - Test - Bucket	Results Based on Positions plus Open Orders			Actual	Severity
Issuer, Obligor, Guarantor, Counterparty					
Maximum % of portfolio invested per Issuer of Commercial Paper (Upr Lmt:5.0)					
Zero Concentration				0.000	%
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43		
Maximum % of portfolio invested per Issuer of Municipal Debt (Upr Lmt:5.0)					
California Health Facilities Financing Authority				0.343	%
Position / Order Market Value	571,628.80	Acct Market Value	166,505,357.43		
New York State Dormitory Authority				0.301	%
Position / Order Market Value	501,891.05	Acct Market Value	166,505,357.43		
Bay Area Toll Authority				0.108	%
Position / Order Market Value	179,027.76	Acct Market Value	166,505,357.43		
Maximum % of portfolio invested per Issuer of Bankers Acceptance (Upr Lmt:10.0)					
Zero Concentration				0.000	%
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43		
Maximum % of portfolio invested per Issuer of Corporate Obligations and Other Taxable Securities (Upr Lmt:3.0)					
ANZ Group Holdings Ltd				0.302	%
Position / Order Market Value	503,268.42	Acct Market Value	166,505,357.43		
Texas Instruments Inc				0.227	%
Position / Order Market Value	377,164.27	Acct Market Value	166,505,357.43		
Apple Inc				0.210	%
Position / Order Market Value	348,910.91	Acct Market Value	166,505,357.43		
Public Storage/new				0.058	%
Position / Order Market Value	95,837.32	Acct Market Value	166,505,357.43		

Detailed Compliance Report

Florida Insurance Guaranty Association

Maximum % of portfolio invested per Issuer of Certificates of Deposit (Upr Lmt:5.0)

Zero Concentration			0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43

Maximum % of portfolio invested per Issuer of Mortgage Backed Securities (Upr Lmt:5.0)

Zero Concentration			0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43

Maximum % of portfolio invested per Issuer of Bank Notes (Upr Lmt:5.0)

Zero Concentration			0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43

Margins & Premiums

Prohibited Strategy: Margin (Upr Lmt:0.0)

Zero Concentration			0.000 Value
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Maturity, Average Life

Maximum weighted average maturity of the portfolio: 730 Days (Use Resets and Puts to Shorten) (Upr Lmt:730.0)			23.773 Days
Maturity - Days	3,958,334,579.83	Position / Order Market Value	166,505,155.61
Maximum weighted average maturity of the portfolio: 910 Days (Use Puts to Shorten) (Upr Lmt:910.0)			23.773 Days
Maturity - Days	3,958,334,579.83	Position / Order Market Value	166,505,155.61

Other Security Attribute

Maximum % of portfolio invested in Variable Rate Obligations without Demand Features (Upr Lmt:25.0)

Zero Concentration			0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43

Security

Affiliated underwriting data test (Upr Lmt:0.0)

Zero Concentration			0.000 Value
Position / Order Market Value	0.00		

Security Types, Investment Classes

Maximum % of portfolio invested in Corporate Securities (Upr Lmt:50.0)

			0.798 %
Position / Order Market Value	1,325,180.92	Acct Market Value	166,505,357.43

Maximum % of portfolio invested in Asset Backed Securities (Upr Lmt:15.0)

Zero Concentration			0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43

Detailed Compliance Report

Florida Insurance Guaranty Association

Maximum % of portfolio invested in Municipal Debt Securities (Upr Lmt:15.0)

Position / Order Market Value	1,252,547.61	Acct Market Value	166,505,357.43	0.752 %
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Maximum % of portfolio invested in Commercial Paper (Upr Lmt:25.0)

Zero Concentration				0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43	

Maximum % of portfolio invested in Bankers Acceptance and Certificates of Deposit (Upr Lmt:15.0)

Zero Concentration				0.000 %
Amortized Cost	0.00	Acct Market Value	166,505,357.43	

Maximum % of portfolio invested in Money Market Funds (Upr Lmt:25.0)

Zero Concentration				0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43	

Minimum % of portfolio invested in U.S. Treasuries and Explicitly / Implicitly Backed Agencies (Lwr Lmt:20.0)

Position / Order Market Value	162,063,056.75	Acct Market Value	166,505,357.43	97.332 %
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Maximum % of portfolio invested in Sovereign, Foreign Government, or Supranational (Upr Lmt:15.0)

Zero Concentration				0.000 %
Position / Order Market Value	0.00	Acct Market Value	166,505,357.43	

CFTC Monitoring for Regulatory Compliance (Upr Lmt:10.0)

Zero Concentration				0.000 %
Absolute Market Value	0.00	Acct Market Value	166,505,357.43	

Exclusion Tests

Category - Test - Security	Restricted Security	Violation Source	Severity
Broker			
Prohibited Broker: RBC Capital Markets and affiliates			
Country, Exchange, Foreign, Region			
Reputational Risk: Country on RBC's Restricted or High Risk List			
Prohibited Country: OFAC Restricted List			
Conditionally Approved: OFAC Sanctioned - RUSSIA & UKRAINE -			
Prohibited Country: RUSSIA			
CPL Broker Test			
PLACEMENT: UK Traders are not permitted to trade on Venue for RBC GAM US Accounts			
UK Traders are not permitted to trade on RBC GAM US Accounts			
Only IGUBS can trade on FXALL-UBS			

Detailed Compliance Report

Florida Insurance Guaranty Association

Exclusion Tests

Category - Test - Security	Restricted Security	Violation Source	Severity
CPL Broker Test			
PLACEMENT: UK Traders are not permitted to trade on Venue for RBC GAM US Accounts			
UK Traders are not permitted to trade on RBC GAM US Accounts			
Only IGUBS can trade on FXALL-UBS			
CPL Country Test			
Not permitted to invest in companies whose operations originated on the US Treasury OFAC Prohibited Countries List: Cuba, Iran, North Korea, Sudan and Syria			
CPL Issuer/Security: Eligibility Test			
COMPLIANCE TEST: Not permitted to invest in an RBC provided list of prohibited companies which are involved in Controversial Weapons production (Cluster Munitions and Land Mines)			
MIFID Pre Trade Fair Price must be provided for all in-scope orders			
Not permitted to invest in RBC or Affiliates			
Not permitted to trade Security IDs [Remove only when adjustments have been made]			
Not permitted to trade CUSIP			
CPL Security Type: Eligibility Test			
Not a BlueBay Approved Instrument			
Illiquid, 144a, Private Placement, Restricted, et. al.			
Prohibited Investment: 4(2) Commercial Paper			
Prohibited Investment: 144A Securities or 3(c)(7) Commercial Paper (Client is not a Certified Qualified Institutional Buyer)			
Prohibited Investment: Illiquid Securities			
Issuer, Obligor, Guarantor, Counterparty			
Instruments of domestic or foreign banks and S&Ls must i) have capital, surplus, and undivided profits of over \$100M or ii) the principal amount of the instrument is insured by the BIF			
Prohibited Issuer: Communist Chinese Military Companies			
BlueBay Restricted Issuer			
Prohibited Issuer: Royal Bank of Canada			
Maturity, Average Life			
Maximum maturity for Bankers Acceptance and Certificates of Deposit: 1 Year			
Maximum maturity for Commercial Paper: 270 Days			
Maximum maturity for Any Security: 61 months			
Maximum maturity for New Purchases: 90 days			
Other Security Attribute			
Prohibited Investment: Z-Tranches			
Prohibited Investment: Principal Only & Interest Only Securities			
Notice of pending expiration of LOC			

Detailed Compliance Report

Florida Insurance Guaranty Association

Rating - Credit Quality

Minimum rating for Short Term Securities: A-1 (minimum 2 NRSO ratings)

Minimum rating for Long Term Securities: A (minimum 2 NRSO ratings) (F121 only)

Minimum rating for Agency Securities: AA- (minimum 2 NRSO ratings)

Security

Purchase of this security is prohibited

Purchase of this security is prohibited without approval from Sarah Jaimet or Mike Lee

Affiliated underwriting data test2 Test

Affiliated underwriting data test4 Test

Security Types, Investment Classes

Prohibited Investment: Venture Capital

Prohibited Investment: Limited Liability Companies (LLC) and Limited Partnerships (LP)

Prohibited Investment: Real Estate

Prohibited Investment: CBO, CDO, CLO or SIV

Prohibited Investment: TBAs

Prohibited Investment: Derivatives

Allowed Investments: US Government and Agency Issues, BA, BN, CD, CP, Corporate Debt, Money Market Funds, Municipals, Repurchase Agreements

Conditionally Approved Investment: Repurchase Agreements (No Signed Agreement)

Prohibited Investment: Asset Backed Securities (Except Agency Pass-throughs and SBA issued securities)

Conditionally Approved Investment: Money Market Mutual Funds

Trades in swaps are prohibited. This would require a new "swap firm" designation with the NFA/CFTC

New derivative types must be approved by Fixed Income Co-Heads. Inform Regulatory Compliance

Trade Attribute

GAM - No overselling

GAM - No Selling of Segregated Quantities

Order quantity is below the Minimum Increment for this security

Order quantity is below the Minimum Denomination for this security

Cross trade transactions must be reviewed and meet certain qualifications for the exemption of 17(a)7/ cross requirements. No cross trades allowed without RBC GAM US CCO approval.

Prohibited Strategy: Short Sales

Manual Tests

Category - Test	Severity
Rating - Credit Quality	
IGSF121TOP	
Downgrade Notification: If a security is downgraded after purchase, the position should be liquidated in a timely fashion and a written recommendation given to the client, immediate sale in a depressed market is not mandated. Within 5 days Workers Co	
Security Types, Investment Classes	
IGSF121TOP	
Prohibited Investment: Auction Rate Securities (Manual)	

Disclosures

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Sources of Information: Bloomberg, FT Interactive Data, State Street Bank and Trust Company, Intex, Yieldbook, ICE Data Indices, MSCI and various other sources from time to time, as may be referenced on the report page of their use.

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