

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

Docket No. 217-2003-EQ-00106

**In the Matter of the Liquidation of
The Home Insurance Company**

LIQUIDATOR'S EIGHTY-NINTH REPORT

I, Christopher R. Nicolopoulos, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), hereby submit this Eighty-Ninth Report on the liquidation of Home, as of June 14, 2023, in accordance with RSA 402-C:25 and the Order Concerning Liquidator's Reports issued January 19, 2005.

The Home Insurance Company

1. Home's background. Home, domiciled in New Hampshire, was declared insolvent on June 11, 2003, and is one of the largest property-casualty insurer insolvencies in United States history. The Company and its predecessors began operations in 1853. The Court entered the operative Order of Liquidation on June 13, 2003. The Liquidator has created a stand-alone liquidation operation which presently consists of 28 full and part time employees with offices in New York City (Home's former corporate headquarters) and Bedford, New Hampshire. From the start in 2003, the Liquidator has been engaged in marshalling assets, principally reinsurance, and determining claims.

Since the coronavirus outbreak, liquidation staff have been working remotely and communicating principally by email and telephone. Despite this shift, liquidation operations have continued without interruption.

2. Home's assets. Home's unrestricted liquid assets as of March 31, 2023 total approximately \$799 million as set forth on the March 31, 2023 financial statement attached as Exhibit A.

This figure does not include the \$681 million of net interim distributions paid to non-guaranty association claimants on allowed Class II claims or the net \$256 million paid to insurance guaranty associations in early access distributions through March 31, 2023. These amounts are discussed in greater detail below. As of March 31, 2023, the Liquidator has marshalled approximately \$1.79 billion in assets net of the expenses of the liquidation and Class I distributions. This total includes the interim distribution amounts paid to non-guaranty association claimants, the early access distribution amounts paid to guaranty associations, and special deposits held by states.

3. Coordination with guaranty associations. The Liquidator works closely with the state insurance guaranty associations established in every state to handle and pay certain claims under policies issued by insolvent insurers subject to statutory limitations as provided in the associations' respective statutes. See, e.g., RSA 404-B. The New Hampshire Insurers Rehabilitation and Liquidation Act ("Act") provides for so-called "early access" distributions to guaranty associations. See RSA 402-C:29, III. Through June 1, 2023, the Liquidator has made, with the Court's approval, early access net distributions totaling \$256 million. (See Section 12 below.)

As a condition for receiving early access distributions, the guaranty associations entered into "claw back" agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. In accordance with paragraph 4 of the Orders approving the interim distributions, a portion of early access distributions have become permanent and are no longer subject to claw back

by the Liquidator. The Liquidator has calculated the amount of early access distributions no longer subject to claw back to date, and has sent letters to the affected guaranty associations to apprise them of the amount of the early access distribution which is now deemed to be permanent. The Liquidator has also sent letters to those guaranty associations which have received reimbursement from special deposits in excess of the interim distribution percentage to advise them that previously paid early access distributions will not become permanent. (See Section 12 below.)

4. Proofs of claim. The claim filing deadline in the Home liquidation was June 13, 2004, and the Claim Amendment Deadline was January 26, 2023. Since the Claim Amendment Deadline has passed, the Liquidator is no longer accepting new claims. Based on ongoing review, the proofs of claim submitted by the Claim Amendment Deadline total 21,021. The proof of claim count includes as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of mass tort claimants against a single insured. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) those proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

5. Claim amendment deadline. As described below, a Claim Amendment Deadline of January 26, 2023 was established. In 2019, the Liquidator concluded that to move this proceeding toward closure and protect the interests of the creditors with allowed Class II claims it was necessary to establish a deadline by which claimants with open proofs of claim must finally amend their claims. The Liquidator accordingly filed a Motion for Approval of Claim Amendment Deadline on August 1, 2019 seeking to

establish a deadline for the amendment of claims. Claims filed after the claim amendment deadline and potential claims (claims that cannot be specifically identified by the deadline) would be barred.

After notice and a videoconference hearing on December 11, 2020, the Court issued orders approving a Claim Amendment Deadline dated January 28, 2021 (“CAD Orders”). An objector, Zurich Insurance Company, German Branch, ultimately pursued an interlocutory appeal.

On August 12, 2022, the New Hampshire Supreme Court issued its Opinion affirming the Superior Court’s CAD Orders. The Court issued its mandate on August 29, 2022, and the January 28, 2021 Order Approving Claim Amendment Deadline became effective that day.

The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date 150 days from the date of the Order, or January 26, 2023.

Since the Claim Amendment Deadline has passed, the Liquidator is not accepting new claims.

The Order Approving Claim Amendment Deadline, the Report Regarding Claim Amendment Deadline, as well as the motion papers, the objections, orders and further filings may be found on the Liquidation Clerk’s website, www.hicilclerk.org.

6. Claim determinations, reports and settlements. The process of determining proofs of claim continues. Since the last Liquidator’s report, the Liquidator has issued partial or final notices of determination addressing 37 proofs of claim pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005 (“Claims Procedures Order”). As of June 1, 2023, for all priority classes, the following table outlines activity from inception of the Liquidation:

| | <u>12/01/17</u> | <u>12/1/18</u> | <u>12/1/19</u> | <u>12/1/20</u> | <u>12/1/21</u> | <u>12/1/22</u> | <u>6/1/23</u> |
|--|-----------------|----------------|---------------------|----------------|----------------|----------------|---------------|
| Proofs of Claim | | | | | | | |
| Filed (by 1/26/23): | 20,768 | 20,775 | 20,802 | 20,834 | 20,936 | 20,962 | 21,021 |
| POCs Resolved | | | | | | | |
| (Court App'd) ^{1&2:} | 18,839 | 19,570 | 19,749 | 20,010 | 20,118 | 20,222 | 20,282 |
| Total \$ Court App'd | | | | | | | |
| Determinations: | \$2.8 b | \$3.0 b | \$3.1b ³ | \$3.2b | \$3.3b | \$3.4b | \$3.4B |
| Total \$ Class II | | | | | | | |
| Court App'd Det: | \$2.49b | \$2.6 b | \$2.73b | \$2.9 b | \$2.9b | \$3.0b | \$3.0B |
| Total Remaining | | | | | | | |
| Open POCs | 1,929 | 1,242 | 1,053 | 824 | 818 | 740 | 739 |

Breakdown of Open POC Count⁴

| | <u>12/01/17</u> | <u>12/01/18</u> | <u>12/1/19</u> | <u>12/1/20</u> | <u>12/1/21</u> | <u>12/1/22</u> | <u>6/1/23</u> |
|--|-----------------|-----------------|-----------------|----------------|----------------|----------------|---------------|
| i. Insureds ⁴ and Claimants | 1,668 | 979 | 792 | 593 | 584 | 529 | 543 |
| ii. Contribution Claims | 6 | 12 | 13 ⁵ | 4 | 6 | 4 | 4 |
| iii Guaranty Associations | 60 | 60 | 59 | 59 | 59 | 59 | 44 |
| iv. Insurer | 186 | 182 | 180 | 160 | 160 | 139 | 139 |
| v. Gov't/other | 9 ⁶ | 9 | 9 | 8 | 9 | 9 | 9 |
| Total | 1,929 | 1,242 | 1,053 | 824 | 818 | 740 | 739 |

1 POC counts include single POCs that may encompass multiple underlying claims and multiple POCs that may concern single underlying claims. Multiple determinations may be issued for individual POCs.

2 The number of POCs resolved includes POCs determined and approved by the Court as Class V determinations that are deferred as to amount. The number of deferred Class V determinations can change if a final determination as to amount is issued.

3 The allowance total was adjusted to reflect credits for offsets.

4 As of 6/1/23, the number of insureds with open POCs totaled 155 (based on ongoing review of POCs filed by the Claim Amendment Deadline). All entities falling within the coverage of the policy including the named insured, additional named insured and their successors are counted as one insured if they filed a consolidated POC or POCs. Where the insured, the additional named insured and/or the successors filed separate POCs, each of the entities is counted separately.

⁵ The number of open contribution POCs increased due to issuance of NODs on POCs that had not been counted as open in light of previous court-approved final determinations as to priority only.

⁶ In a review of open POCs, two were moved from another category to this category.

The Liquidator continues to file reports of claims and recommendations when a sufficient number of claim determinations have passed the 60-day period for objections under RSA 402-C:41, I. Since Liquidator's Eighty-Eighth Report on March 7, 2023, the Liquidator has submitted two reports of claims and recommendations to the Court reflecting a total of \$20,696,678 in determinations for all classifications. The Liquidator has also filed motions for approval of two settlements involving a total of \$36,700,000 in recommended allowances.

7. Late-filed claims. The Order of Liquidation established June 13, 2004 as the deadline for filing claims in Home's liquidation proceeding. Pursuant to the Act, claims filed after the claim filing deadline are allowed to participate in distributions of the estate provided the late filing of the claim is "excused" for good cause shown. See RSA 402-C:37, II. The Act provides a non-exclusive list of five examples of "good cause" for late filing to be excused, including that the "existence of a claim was not known to the claimant and that he filed within 30 days after he learned of it." Id. "Unexcused" late filed claims are not permitted to receive the first distribution from the estate, but may receive subsequent distributions. RSA 402-C:37, III. (In both cases, payment is permitted only if it will not "prejudice the orderly administration of the liquidation." RSA 402-C:37, II, III.)

All proofs of claim received by the Liquidator by the Claim Amendment Deadline are reviewed to determine whether the claim is timely filed or, if late, whether the late filing of the claim is to be "excused." Claimants with late filed claims which are found to be "unexcused" are informed of that determination and that they will not receive the first distribution in the Liquidator's notice of claim determination.

8. Requests for review and objections. A notice of determination is sent to a claimant when the Liquidator determines a claim. Each notice of determination includes instructions on how to dispute the determination under the New Hampshire statutes and the Claim Procedures Order. Since inception, 1,024 claimants have filed requests for review; 955 of these have been sent notices of redetermination or have withdrawn the request for review. Claimants have filed 61 objections with the Court to commence disputed claim proceedings. As of June 1, 2023, there is one disputed claim proceeding before the Referee which is presently inactive. The Claims Procedures Order provides for review of the Referee's reports by motion to recommit.

9. Financial reports. The unaudited March 31, 2023 financial statements are attached as Exhibit A to this report and the audited December 31, 2022 financial statements are attached as Exhibit B to this report. The March 31, 2023 and December 31, 2022 financial statements reflect \$798,223,020 and \$793,338,573 in net assets under the Liquidator's direct control and \$9,385,600 and \$31,330,357 in reinsurance collections, net investment income, and other receipts, and \$3,479,471 and \$15,895,695 in operating disbursements from January 1, 2023 through March 31, 2023 and January 1, 2022 through December 31, 2022 respectively.

10. 2023 Budget. A comparison of the actual and budgeted general and administrative expenses of the Home liquidation, on an incurred basis, through March 31, 2023 is attached as Exhibit C. As of March 31, 2023 actual expenses were above budget by \$38,793 or 1.5%. Below is a comparison of the annual budgeted and actual operating expenses (in millions) beginning January 1, 2004:

| Year | Budget | Actual |
|------|--------|--------|
| 2004 | \$33.8 | \$26.9 |
| 2005 | \$26.8 | \$26.2 |
| 2006 | \$25.6 | \$23.5 |
| 2007 | \$22.8 | \$21.5 |
| 2008 | \$21.4 | \$20.6 |
| 2009 | \$20.6 | \$20.0 |
| 2010 | \$19.9 | \$20.3 |
| 2011 | \$18.9 | \$18.2 |
| 2012 | \$18.6 | \$18.2 |
| 2013 | \$18.4 | \$17.7 |
| 2014 | \$17.6 | \$17.0 |
| 2015 | \$17.2 | \$16.2 |
| 2016 | \$15.7 | \$14.6 |
| 2017 | \$14.5 | \$13.7 |
| 2018 | \$14.0 | \$12.8 |
| 2019 | \$13.5 | \$12.7 |
| 2020 | \$13.2 | \$11.7 |
| 2021 | \$12.4 | \$11.1 |
| 2022 | \$11.2 | \$10.1 |
| 2023 | \$10.7 | |

The Liquidator filed a copy of the 2023 Budget on October 31, 2022 as Exhibit 6 to the Liquidator’s Filing Regarding Status Report. As of June 1, 2023, the liquidation staff is 28 in number, which includes four part time employees. In addition, there are four Information Technology consultants, and other consultants who periodically work for the estate.

11. Investment update. The Liquidator invests Home’s assets in accordance with the Fourth Revised Investment Guidelines approved December 10, 2012. A summary of Home’s holdings of bonds and short-term investments as of March 31, 2023 is attached as Exhibit D, and a report listing the individual holdings of Home as of that date is attached as Exhibit E (the groupings on Exhibit D differ from those on Exhibit E). The book value of Home’s bonds and short-term investments managed by Conning Asset Management (“Conning”) at March 31, 2023, was approximately \$789.7 million compared to their

market value of \$770.6 million. This represented an unrealized loss (market value below book value) of approximately \$19.1 million. Short-term holdings in the Conning-managed portfolio at March 31, 2023 were \$206.6 million at market value. The overall portfolio earned approximately \$14.6 million in net investment income during the year of 2022 and is expected to earn approximately \$22.7 million in 2023 based on holdings at March 31, 2023.

The average credit rating for the Conning-managed portfolio holdings is Aa3 by Moody's and AA- by S&P. All Home investments are now managed by Conning, and these assets, along with sweep bank accounts, will be used to fund operating requirements.

As of June 1, 2023, the Conning-managed portfolio had an unrealized loss of \$18.9 million, a \$0.2 million decrease in the unrealized loss from March 31, 2023 caused primarily by a minor drop in interest rates. A market value sensitivity analysis performed by Conning indicated that market values of the portfolio could potentially fluctuate \$11.2 million downwards and \$4.1 million upwards if interest rates increased or decreased 100 basis points, respectively, based on the portfolio values as of March 31, 2023. Consistent with the investment guidelines, the Liquidator and Conning continue to focus on (a) preservation of capital on investments, (b) maintaining a high quality portfolio, and (c) consistent with objectives (a) and (b), maximizing current income. As of June 1, 2023, the Liquidator and Conning believe that all securities in the portfolio will pay full amounts of principal in spite of fluctuating market values.

12. Guaranty Association early access distributions and determinations. The Liquidator made early access distributions to a total of 55 insurance guaranty associations from 2005 through 2016. The Liquidator makes an early access distribution only after obtaining approval from the Court and "claw back" agreements with the guaranty

associations requiring the return of any amounts advanced that are necessary to make distributions to creditors whose claims fall in the same or a higher priority class. *See* RSA 402-C:29, III.

Early access distributions are generally subject to deductions for deposits, deductible reimbursements, recoveries from guaranty association statutory net worth insureds, amounts ascribed Class I and Class V priority, questioned claim items, and an early access distribution cap of 40% of the association's paid loss and expense and case reserves. Given the large number of guaranty associations affected by the cap and the decreasing association claim volume over the last few years, the tenth and eleventh early access distributions also reflected an additional cap of 75% of the association's cumulative paid claims in accordance with the Court's approval orders. The eleventh early access distribution also applied a \$25,000 minimum payment threshold. A net total of \$256 million had been paid to guaranty associations in early access through March 31, 2023.

The Liquidator has issued final Notices of Determination to 30 Guaranty Associations which have either been approved by the Court or are pending before the Court. These determinations in the aggregate total \$16,850,558 in Class II allowances and \$2,959,228 in Class I allowances. From inception, the Class II allowances for these 30 Guaranty Associations now total \$93,712,496 and the Class I administrative expenses total \$14,815,996. The Liquidator is continuing to address the claims of the remaining Guaranty Associations.

13. Interim distributions. By Order dated March 13, 2012 (as amended July 2, 2012), the Court approved the first interim distribution of 15% to claimants with allowed Class II claims. The interim distribution was subject to receipt of a waiver of federal

priority claims from the United States Department of Justice (“US DOJ”), which was received on November 5, 2014. By Order dated November 16, 2015 (as amended March 7, 2016), the Court approved the second interim distribution of 10% to claimants with allowed Class II claims (for a cumulative interim distribution percentage of 25%). The second interim distribution was also subject to receipt of a waiver of federal priority claims from the US DOJ, which was received on July 18, 2016.

The Liquidator paid first interim distributions totaling \$258.3 million to creditors with allowed Class II claims on December 5, 2014 and thereafter through July 31, 2016. In August 2016, the Liquidator paid second interim distributions totaling \$183.3 million to creditors with allowed Class II claims. It also included 25% first and second distribution amounts for those recent Class II claimant-creditors who had not previously received the first interim distribution.

By Order dated October 18, 2018, the Court approved the third interim distribution of 5% to claimants with allowed Class II claims (for a cumulative interim distribution percentage of 30%). The third interim distribution was also subject to receipt of a waiver of federal priority claims from the US DOJ. The Liquidator entered a Release Agreement with the United States in conjunction with a Settlement Agreement between the Federal Claimants and the Liquidator. The two agreements were subject to Court approval, which was given by Order dated March 26, 2019, and other conditions which were satisfied on April 10, 2019, thereby making the Settlement Agreement and the Release Agreement effective. The Release Agreement provided the necessary waiver of federal priority claims allowing the third interim distribution to proceed.

In April 2019, the Liquidator paid the third interim distribution totaling \$119 million to creditors with allowed Class II claims. This included the 30% distribution

for recent Class II claimant-creditors who had not previously received the first and second interim distributions. As part of the interim distribution process, the Liquidator periodically issues distribution checks to claimants with newly allowed Class II claims after each December 31 and June 30 as provided in the interim distribution approval orders.

The net cumulative interim distributions to non-guaranty association Class II creditors total \$681 million through June 1, 2023 (excluding distribution checks outstanding of \$0.015 million). This total does not include the amounts of prior early access distributions to guaranty associations that are deemed interim distributions no longer subject to claw back pursuant to the interim distribution approval orders (which are included in the early access total in section 12). Certain guaranty associations have had claims satisfied from special deposits and, accordingly, have not received interim distributions from the Home estate.

14. Multiple claims. RSA 402-C:40, IV provides that in the event several claims founded on one policy are filed, and the aggregate allowed amount of all claims to which the same limit of liability in the policy is applicable exceeds that limit, then each claim as allowed shall be reduced in the same proportion so that the total equals the policy limit. This presents a potential risk for allowed claims under such policies in the event that other claims subject to the same policy limit are allowed, as the allowances subject to the same limit would need to be reduced on a pro rata basis to adjust the total of such allowances to the applicable policy limit. Distributions will be based on the reduced allowances. The Liquidator will be unable to finally determine the extent to which a claim allowance may be subject to proration until all claims against the policy have been determined. The Liquidator is tracking claims against policies and will further address this issue, if warranted, in any future application to increase the interim distribution percentage.

If at the time of a distribution there are allowed claims subject to the same limit that are required to be reduced pursuant to RSA 402-C:40, IV, the Liquidator will make the reductions and advise the claimants of the reasons for them.

15. Reinsurance. The collection of reinsurance is the principal remaining asset-marshaling task of the Liquidator. The Liquidator has billed and collected reinsurance throughout the liquidation, and he has entered into commutations with many reinsurers of Home to resolve relationships with those reinsurers for agreed payments.

The Liquidator reports, in accordance with the Court's December 23, 2004 order, that there were no commutations since the last report.

16. Distributions to Class I Creditors. In his reports and recommendations regarding claims, the Liquidator has recommended that the Court approve certain claims by guaranty associations for expenses which are Class I claims under RSA 402-C:44 pursuant to RSA 404-B:11, II, certain other Class I claims, and the 10% part of allowed guaranty fund defense expense payments assigned to Class I under the Settlement Agreement with 56 guaranty associations approved on July 15, 2013. The Court has approved the claim reports, and the Liquidator accordingly has at various times made distributions to the Class I creditors totaling \$108.6 million (after deduction of setoffs).

17. Asset dispositions (including compromises) and assumptions of obligations. In accordance with paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's Eleventh Report, the Liquidator submits an attached confidential appendix under seal reporting on asset dispositions (including compromises) and obligation assumptions since the last report.

18. New York Office; Manchester Office Lease Termination. The Lease Agreement for office space located at 61 Broadway in New York City, as amended, by its terms expires on January 31, 2026, but also provides the Liquidator with an option to extend the term of the Lease until January 31, 2031 to be effective upon twelve months prior written notice. The Manchester, New Hampshire office is located in Bedford, New Hampshire in space that has been let on a month-to-month basis.

19. Mailing Address: As reflected on the liquidation's website (www.hicilclerk.org), the mailing address for the liquidation is:

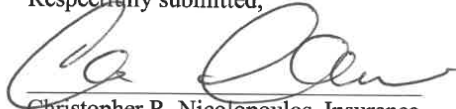
The Home Insurance Company in Liquidation
61 Broadway, 6th Floor
New York, New York 10006

20. Document Storage. The contract with Iron Mountain regarding storage of Home's records housed at Iron Mountain facilities as amended and approved by the Court on November 3, 2021, extends through November 30, 2026. The Liquidator has (i) an option to renew the agreement for another five year term from December 1, 2026 to November 30, 2031, and (ii) the right to terminate the agreement on the annual anniversary upon six month's notice. As of June 1, 2023, there are approximately 54,770 boxes of documents in storage at Iron Mountain, down from a high of 167,000 in 2004 when the record review process was commenced, resulting in considerable savings to Home's estate. Record destruction efforts remain ongoing so as to eliminate records which are no longer useful to the estate.

21. Ancillary proceedings in the United States and United Kingdom. Ancillary receiverships for Home remain pending in Oregon and New York. In addition, a provisional liquidation proceeding concerning Home's unincorporated branch in the United Kingdom ("UK Branch") remains pending. The Home's UK Branch wrote insurance and

reinsurance as a participating member of the American Foreign Insurance Association (“AFIA”), and a Scheme of Arrangement with AFIA creditors was approved by the UK court in November 2005.

Respectfully submitted,



Christopher R. Nicolopoulos, Insurance
Commissioner of the State of New
Hampshire, as Liquidator of the Home
Insurance Company

Dated: June 16, 2023

CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2023, a copy of the Liquidator’s Eighty-Ninth Report and its exhibits was served upon the persons named on the attached Service List, by first class mail, postage prepaid. The confidential appendix filed under seal was not so served.

/s/ Eric A. Smith

Eric A. Smith
NH Bar ID No. 16952

Exhibits:

- A - Unaudited Financial Statement as of 3/31/23
- B - Audited Financial Statement as of 12/31/22
- C - Comparison of actual and budgeted general and administrative expenses through 3/31/23
- D - Holdings of bonds and short-term investments as of 3/31/23
- E - Individual holdings report as of 3/31/23

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

**In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 217-2003-EQ-00106**

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EXHIBIT A

THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

March 31, 2023 and December 31, 2022
(Unaudited)

The Home Insurance Company In Liquidation

Statement of Restricted and Unrestricted Net Assets Excluding Certain Amounts (Modified-Cash Basis) (Unaudited)

| | <u>March 31,</u> <u>2023</u> | <u>December 31,</u> <u>2022</u> |
|--|----------------------------------|------------------------------------|
| Assets | | |
| Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost: | | |
| Fixed-income securities (Note 2) | \$ 584,894,505 | \$ 697,040,627 |
| Short-term investments | 157,882,985 | 89,696,047 |
| Cash and cash equivalents | <u>52,961,459</u> | <u>3,118,838</u> |
| Total unrestricted fixed-income, short-term investments, and cash and cash equivalents, at cost | \$ 795,738,948 | \$ 789,855,514 |
| Unrestricted liquid assets: | | |
| Interest income due and accrued | 2,856,163 | 4,180,599 |
| Other liquid assets | <u>2</u> | <u>2</u> |
| Total unrestricted liquid assets | \$ 798,595,113 | \$ 794,036,115 |
| Unrestricted illiquid assets: (Note 1) | | |
| Limited partnership interests | <u>454,354</u> | <u>463,829</u> |
| Total unrestricted illiquid assets | \$ 454,354 | \$ 463,829 |
| Restricted liquid assets: (Note 4) | | |
| Cash | <u>195,667</u> | <u>195,667</u> |
| Total restricted liquid assets | \$ 195,667 | \$ 195,667 |
| Total restricted and unrestricted assets, excluding certain amounts | \$ <u>799,245,134</u> | \$ <u>794,695,611</u> |
| Liabilities | | |
| Incurred but unpaid administrative expenses and investment expenses (Note 3) | \$ 746,104 | \$ 1,338,539 |
| Deductible reimbursements (Note 7) | 259,647 | - |
| Class I distribution checks outstanding (Note 8) | 1,322 | 10,254 |
| Class II distribution checks outstanding (Note 9) | <u>15,041</u> | <u>8,245</u> |
| Total liabilities | \$ <u>1,022,114</u> | \$ <u>1,357,038</u> |
| Restricted and unrestricted net assets, excluding certain amounts | \$ <u>\$798,223,020</u> | \$ <u>\$793,338,573</u> |

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Restricted and Unrestricted Cash Receipts and Disbursements
(Modified-Cash Basis)
(Unaudited)

| | January 1, 2023 To March 31, 2023 | January 1, 2022 To December 31, 2022 |
|---|---|--|
| Cash and marketable securities received: | | |
| Net investment income | \$ 4,454,063 | \$ 11,947,740 |
| Reinsurance collections - unrestricted | 831,509 | 6,460,454 |
| Agents' balances | 4,017,608 | 1,684,769 |
| Salvage, subrogation and other claim recoveries | 81,039 | (73,274) |
| Realized capital gains on sale of fixed-income securities (Note 1) | 616 | 3,737,969 |
| Miscellaneous income | 766 | 7,480,120 |
| All other | - | 92,580 |
| Total cash receipts | \$ 9,385,600 | \$ 31,330,357 |
| Cash operating disbursements: | | |
| Human resources costs (Note 3) | 2,139,043 | 5,798,445 |
| Consultant and outside service fees | 633,196 | 2,378,289 |
| General office and rent expense | 289,669 | 1,030,669 |
| Realized capital losses on sale of fixed-income securities (Note 1) | - | 4,780,154 |
| Investment expenses | 167,272 | 848,935 |
| Legal and audit fees | 134,824 | 518,826 |
| Computers and equipment cost | 51,108 | 251,343 |
| Administration costs | 47,871 | 182,434 |
| Loss expenses paid (Note 1) | 1,634 | 48,123 |
| Capital contribution | 10,500 | 49,800 |
| All other | 4,354 | 8,677 |
| Total cash operating disbursements | \$ 3,479,471 | \$ 15,895,695 |
| Excess of receipts over operating disbursements | \$ 5,906,129 | \$ 15,434,662 |
| Deductible reimbursements (Note 7) | - | - |
| Class I Distributions (Note 8) | - | 450,342 |
| Class II Distributions (Note 9) | 22,695 | 9,133,979 |
| Cash disbursements and distributions in excess of receipts | \$ 5,883,434 | \$ 5,850,340 |
| Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost | 790,051,182 | 784,200,842 |
| Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost | \$ 795,934,615 | \$ 790,051,182 |

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Changes in Restricted and Unrestricted Net Assets Excluding Certain Amounts (Modified-Cash Basis) (Unaudited)

| | <u>January 1, 2023 To March 31, 2023</u> | <u>January 1, 2022 To December 31, 2022</u> |
|--|--|---|
| Restricted and unrestricted net assets, excluding certain amounts, beginning of year | \$ 793,338,573 | \$ 786,281,013 |
| Cash operating disbursements in excess of unrestricted and restricted cash receipts | 5,883,434 | 5,850,340 |
| Other changes in restricted and unrestricted net assets: | | |
| Limited partnership interests, illiquid | (9,475) | (11,447) |
| Interest income due and accrued | (1,324,435) | 1,034,296 |
| Incurred but unpaid administrative and investment expenses (Note 3) | 592,435 | 73,878 |
| Deductible reimbursements (Note 7) | (259,647) | - |
| Class I distribution checks outstanding (Note 8) | 8,932 | 47,746 |
| Class II distribution checks outstanding (Note 9) | (6,796) | 62,747 |
| | <hr/> | <hr/> |
| Restricted and unrestricted net assets, excluding certain amounts, end of year | <u>\$ 798,223,020</u> | <u>\$ 793,338,573</u> |

See accompanying notes.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements
(Modified-Cash Basis)
(Unaudited)
March 31, 2023

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash and cash equivalents, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire Statute establishing creditor classes in insurer insolvencies, RSA 402-C: 44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states and the federal government, early access distributions, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

The amount shown for loss expenses paid primarily represents (1) loss expenses accorded administrative expense priority by the rehabilitation order and liquidation order, and (2) expenses relating to obtaining claim recoveries which also are entitled to administrative expense priority. Checks issued for such loss expenses that are not cashed are reflected as liabilities.

Unrestricted illiquid assets represent investments in common stock and limited partnership interests which are not liquid since these are not publicly traded.

Realized capital gains and losses on sale of bonds are calculated based on original cost of the bonds. Proceeds received above or below cost on maturity of bonds are included as part of net investment income.

Proceeds received above or below original cost are treated as a gain or loss upon disposition of common stock.

This statement does not include any assets of Home’s branches outside of the United States.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

2) Investments

The cost and estimated fair values of unrestricted fixed-income securities and common stock by major category are summarized as follows:

| | <u>March 31, 2023</u> | | | <u>Fair Value</u> |
|--------------------------|-----------------------|-------------------------------|--------------------------------|----------------------|
| | <u>Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | |
| Fixed-income securities: | | | | |
| U.S. Treasury notes | 87,462,601 | 157,632 | (2,736,087) | 84,884,146 |
| Government agencies | 18,601,272 | - | (509,146) | 18,092,125 |
| Corporate | 404,290,310 | 160,872 | (14,795,953) | 389,655,229 |
| Mortgage-backed | 40,219,299 | 74,085 | (2,188,148) | 38,105,235 |
| Asset-backed | <u>34,321,022</u> | <u>-</u> | <u>(1,030,580)</u> | <u>33,290,442</u> |
| Total | <u>\$ 584,894,505</u> | <u>392,589</u> | <u>\$ (21,259,915)</u> | <u>\$564,027,178</u> |
| Total Common Stock | \$ 1,628,052 | \$ - | \$ (1,628,050) | \$ 2 |

The amortized cost of unrestricted fixed-income securities is \$582,979,576 at March 31, 2023. Based on such amortized cost, gross unrealized gains are \$215,419 and gross unrealized losses are \$19,167,817.

| | <u>December 31, 2022</u> | | | <u>Fair Value</u> |
|--------------------------|--------------------------|-------------------------------|--------------------------------|----------------------|
| | <u>Cost</u> | <u>Gross Unrealized Gains</u> | <u>Gross Unrealized Losses</u> | |
| Fixed-income securities: | | | | |
| U.S. Treasury notes | 126,599,539 | 25,867 | (3,727,101) | 122,898,305 |
| Government agencies | 18,601,272 | - | (601,020) | 18,000,252 |
| Corporate | 469,281,547 | 65,902 | (18,762,464) | 450,584,984 |
| Mortgage-backed | 42,275,982 | 45,165 | (2,858,504) | 39,462,644 |
| Asset-backed | <u>40,282,287</u> | <u>-</u> | <u>(1,374,884)</u> | <u>38,907,404</u> |
| Total | <u>\$ 697,040,627</u> | <u>136,934</u> | <u>\$ (27,323,973)</u> | <u>\$669,853,588</u> |
| Total Common Stock | \$ 1,628,052 | \$ - | \$ (1,628,050) | \$ 2 |

The amortized cost of unrestricted fixed-income securities is \$693,986,665 at December 31, 2022. Based on such amortized cost, gross unrealized gains are \$63,099 and gross unrealized losses are \$24,196,176.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
 (Modified-Cash Basis)
 (Unaudited)

2) Investments (continued)

The cost and fair values of unrestricted fixed-income securities by contractual maturity are as follows:

Unrestricted fixed-income securities

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|-----------------------|-----------------------|
| March 31, 2023 | | |
| One year or less | \$ 144,677,811 | \$ 140,952,284 |
| Over one year through five years | 365,676,373 | 351,679,216 |
| Mortgage-backed | 40,219,299 | 38,105,235 |
| Asset-backed | <u>34,321,022</u> | <u>33,290,442</u> |
| Total | <u>\$ 584,894,505</u> | <u>\$ 564,027,178</u> |

Unrestricted fixed-income securities

| | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|-----------------------|-----------------------|
| December 31, 2022 | | |
| One year or less | \$ 216,463,734 | \$ 211,753,670 |
| Over one year through five years | 398,018,624 | 379,729,872 |
| Mortgage-backed | 42,275,982 | 39,462,644 |
| Asset-backed | <u>40,282,287</u> | <u>38,907,404</u> |
| Total | <u>\$ 697,040,627</u> | <u>\$ 669,853,588</u> |

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued expenses incurred in the normal course of Home’s liquidation, but unpaid as of March 31, 2023, are as follows:

| | | |
|---------------------------------------|----|----------------|
| Human resources costs | \$ | 212,687 |
| Consultant and outside service fees | | 218,146 |
| General office and rent expense | | 11,396 |
| Legal and auditing fees | | 69,471 |
| Other administration costs | | <u>65,736</u> |
| Total accrued administrative expenses | | <u>577,436</u> |
| Accrued investment expenses | | <u>168,667</u> |
| Total accrued expenses | \$ | <u>746,104</u> |

The amount of accrued expenses at December 31, 2022 was \$1,338,539 and net assets for 2023 increased by \$592,435 due to the increase in the accrual.

Various full-time employees of Home are covered by employee incentive plans, which were approved by the Liquidation Court on January 14, 2023. The costs of these plans are primarily payable in 2023, but are based on 2022 service and are being accrued over the service period in 2023. Accrued administrative expense includes \$212,687 of incentive plan costs.

4) Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) upon receiving notices of cancellation or notices of non-renewal from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled between the beneficial owner and the Liquidator. Restricted funds related to reinsurance recoveries total \$195,667 at March 31, 2023 and December 31, 2022, respectively.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

5) Securities on Deposit

Investments on deposit at the original cost with various states and the federal government were \$757,094, \$774,804, and \$73,947,287 at March 31, 2023, December 31, 2022 and June 13, 2003, respectively. The federal deposit is the only deposit still held at March 31, 2023, and as described in Note 1, the Liquidator does not record the amount of this asset as such amount has not been settled and agreed to with the federal government.

Various states have withdrawn such deposits and related interest for use by the related state guaranty associations. The market value of these withdrawals in the amount of \$56,260,423 may be offset against future distributions to such guaranty associations.

6) Early Access Distribution

The Liquidator has made early access distributions to insurance guaranty associations from 2005 through 2016. On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. The total of all early access payments through June 30, 2022 was \$256.0 million including other deemed early access payments.

As a condition for receiving early access distributions, the guaranty associations entered into “claw back” agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the “claw back” agreements, the Liquidator requested and received the return of \$5.9 million for the eleventh early access advance. Such returns of “claw back” amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association’s cumulative paid claims.

The Liquidator may periodically make additional early access distributions in the future, subject to the Liquidation Court’s approval. Early access distributions and related advances are not recorded as assets in the accompanying statements of restricted and unrestricted net assets, excluding certain amounts, although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions among members of the same class of creditor of the Liquidating Company.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

6) Early Access Distribution (continued)

The following summary represents early access distributions and related advances that are not reflected in the Statement of Net Assets.

| | |
|---|-----------------------|
| Early Access Distributions paid in cash | \$ 252,942,104 |
| Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 5) | 56,260,423 |
| Other deemed Early Access advances paid in cash | <u>3,148,212</u> |
| Total | <u>\$ 312,350,739</u> |

7) Home Deductible Policies - Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Home’s expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On April 6, 2023 the Liquidator paid \$259,647 after netting of the fee.

8) Allowed Claims

As of December 31, 2022, the Liquidator has allowed, and the Liquidation Court has approved, \$108,883,573 of Class I claims, \$2,971,645,630 of Class II claims, \$2,672,527 of Class III claims, \$376,975,434 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2022 were \$450,342 and in 2021 were \$555,686 for the thirteenth and for the twelfth distribution of Guaranty Associations’ administrative costs. It is management’s judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

9) Interim Distribution

On February 10, 2012, the Liquidator submitted a motion to the Liquidation Court seeking approval for a 15% interim distribution on allowed Class II claims. The interim distribution was approved by order of the Liquidation Court on March 13, 2012 (as amended July 2, 2012), and was subject to receipt of a waiver of federal priority claims from the United States Department of Justice. The waiver was received on November 5, 2014.

Additionally, on September 28, 2015, the Liquidator submitted a motion to the Liquidation Court seeking approval for a second interim distribution of 10% on allowed Class II claims. The Liquidation Court issued an order approving the motion on November 16, 2015 (the Order). On March 7, 2016, the Order was amended so that claimants who had not received the first interim distribution would be paid the second interim distribution coincident with the first interim distribution. The second interim distribution was subject to a waiver from the United States Department of Justice. The waiver was received on July 18, 2016.

On September 28, 2018, the Liquidator submitted a motion to the Liquidating Court seeking approval for a third interim distribution of 5% on allowed Class II claims. The Liquidation Court issued an order approving the motion on October 18, 2018 subject to a waiver from the United States Department of Justice. The waiver was received on April 10, 2019.

As of March 31, 2023, cash paid relating to the interim distributions in 2023 were \$22,695 and in 2022 totaled \$9,133,979, respectively, and \$15,041 remains outstanding as a payable at March 31, 2023 and \$8,245 remains outstanding in 2022, respectively. The total of all class II payments issued through March 31, 2023 was \$681,077,355.

10) Claim Amendment Deadline Motion

The Liquidator filed a Motion for Approval of a Claim Amendment Deadline on August 1, 2019 seeking to establish a deadline for the amendment and submission of claims. After receiving certain objections to the proposed Claim Amendment Deadline, and the Liquidator’s responses thereto, the Court held a hearing on December 11, 2020. The Court subsequently issued orders dated January 28, 2021 approving the Claim Amendment Deadline. On February 11, 2021 certain of the objectors filed motions to reconsider the orders granting the Liquidator’s Motion for Approval of Claim Amendment Deadline, together with a motion to stay the orders. On April 26, 2021, the Court denied the motion for reconsideration, but granted a stay of the Claim Amendment Deadline order pending the objectors seeking an interlocutory appeal. One objector and the Liquidator negotiated an interlocutory appeal statement, which two other objectors joined. The Superior Court approved the statement on May 12, 2021. The objector filed the interlocutory appeal statement with the New Hampshire Supreme Court on May 19, 2021. On February 10, 2022, the New Hampshire Supreme Court heard oral argument on the appeal of the Superior Court’s order approving the Claim Amendment Deadline, and on August 12, 2022, it issued its Opinion which affirmed the Superior Court’s orders. In its Opinion, the New Hampshire Supreme Court found that the Superior Court acted within its discretion in granting the Liquidator’s Motion and approving

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

10) Claim Amendment Deadline (continued)

the Claim Amendment Deadline, and in concluding that the Claim Amendment Deadline strikes a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims in accordance with NH RSA 402-C:46, I. The New Hampshire Supreme Court issued its mandate on August 29, 2022 which is the effective date of the New Hampshire Supreme Court’s decision. The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date 150 days from the date of the Order. That date is Thursday, January 26, 2023. In accordance with the Order Approving Claim Amendment Deadline, the Liquidator has mailed notices of the Claim Amendment Deadline in the approved form to all claimants who have an open proof of claim in the Home liquidation.

EXHIBIT B

FINANCIAL STATEMENTS
(MODIFIED-CASH BASIS)

The Home Insurance Company in Liquidation
Years Ended December 31, 2022 and 2021
With Report of Independent Auditors

Ernst & Young LLP



The Home Insurance Company in Liquidation

Financial Statements
(Modified-Cash Basis)

Years Ended December 31, 2022 and 2021

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Report of Independent Auditors

The Special Deputy Liquidator
The Home Insurance Company in Liquidation

Opinion

We have audited the financial statements of The Home Insurance Company in Liquidation (the Company), which comprise the statements of restricted and unrestricted net assets, excluding certain amounts (modified-cash basis) as of December 31, 2022 and 2021, and the related statements of restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis), for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts, of the Company at December 31, 2022 and 2021, and its statements of restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts, during the years then ended in accordance with the financial reporting provisions as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Modified Cash Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Company on a modified cash basis of accounting as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified-cash basis of accounting as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 15, 2023

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets,
Excluding Certain Amounts
(Modified-Cash Basis)

| | December 31 | |
|---|-----------------------|-----------------------|
| | 2022 | 2021 |
| Assets | | |
| Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost: | | |
| Fixed-income securities | \$ 697,040,627 | \$ 765,370,530 |
| Short-term investments | 89,696,047 | - |
| Cash and cash equivalents | 3,118,840 | 18,634,645 |
| Total unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost | <u>789,855,514</u> | 784,005,175 |
| Common stock, at fair value | 2 | 2 |
| Interest income due and accrued | 4,180,599 | 3,146,302 |
| Total unrestricted liquid assets | <u>794,036,115</u> | 787,151,479 |
| Unrestricted illiquid assets: | | |
| Unrestricted illiquid assets-limited partnership interest | 463,829 | 475,276 |
| Restricted liquid assets – cash | <u>195,667</u> | 195,667 |
| Total restricted and unrestricted assets, excluding certain amounts | <u>794,695,611</u> | 787,822,422 |
| Liabilities | | |
| Incurring but unpaid administrative expenses and investment expenses | 1,338,539 | 1,412,417 |
| Class I distribution checks outstanding | 10,254 | 58,000 |
| Class II distribution checks outstanding | 8,245 | 70,992 |
| Total liabilities | <u>1,357,038</u> | 1,541,409 |
| Restricted and unrestricted net assets, excluding certain amounts | <u>\$ 793,338,573</u> | <u>\$ 786,281,013</u> |

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted
Cash Receipts and Disbursements
(Modified-Cash Basis)

| | Year Ended December 31 | |
|---|-------------------------------|-----------------------|
| | 2022 | 2021 |
| Cash receipts: | | |
| Net investment income | \$ 11,947,740 | \$ 14,328,755 |
| Reinsurance collections | 6,460,454 | 6,055,076 |
| Agents' balances | 1,684,769 | 1,677,878 |
| Salvage, subrogation, and other claim recoveries | (73,274) | 2,624,197 |
| Realized capital gains on sale of fixed-income securities | 3,737,969 | 654,223 |
| Surplus distribution | 7,480,120 | - |
| Other | 92,577 | 232,714 |
| Total cash receipts | <u>31,330,355</u> | <u>25,572,843</u> |
| Cash operating disbursements: | | |
| Human resources costs | 5,798,445 | 6,324,457 |
| Consultant and outside service fees | 2,378,289 | 2,396,712 |
| Realized capital losses on sale of fixed-income securities | 4,780,154 | 333,027 |
| General office and rent expense | 1,030,669 | 1,182,060 |
| Legal and audit fees | 518,826 | 554,769 |
| Investment expenses | 848,935 | 513,941 |
| Computers and other equipment expense | 251,343 | 433,472 |
| Administration costs | 182,434 | 179,845 |
| Loss expenses paid | 48,123 | 109,178 |
| Other | 58,477 | 201,288 |
| Total cash operating disbursements | <u>15,895,695</u> | <u>12,228,749</u> |
| Excess of cash receipts over cash operating disbursements | 15,434,660 | 13,344,094 |
| Deductible reimbursements | - | (161,961) |
| Class I distributions | (450,342) | (555,686) |
| Class II distributions | (9,133,979) | (13,660,699) |
| Cash disbursements in excess of receipts | <u>5,850,339</u> | <u>(1,034,252)</u> |
| Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost | <u>784,200,841</u> | <u>785,235,093</u> |
| Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost | <u>\$ 790,051,180</u> | <u>\$ 784,200,841</u> |

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted
Net Assets, Excluding Certain Amounts
(Modified-Cash Basis)

| | Year Ended December 31 | |
|--|-------------------------------|----------------|
| | 2022 | 2021 |
| Restricted and unrestricted net assets, excluding certain amounts, beginning of year | \$ 786,281,013 | \$ 788,139,486 |
| Unrestricted and restricted cash disbursements in excess of receipts | 5,850,339 | (1,034,252) |
| Other changes in restricted and unrestricted net assets: | | |
| Limited partnership interest, illiquid | (11,447) | - |
| Interest income due and accrued | 1,034,297 | (806,530) |
| Incurred but unpaid administrative expenses and investment expenses | 73,878 | (17,764) |
| Class I distribution checks outstanding | 47,746 | (45,279) |
| Class II distribution checks outstanding | 62,747 | 45,352 |
| Restricted and unrestricted net assets, excluding certain amounts, end of year | \$ 793,338,573 | \$ 786,281,013 |

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements (Modified-Cash Basis)

December 31, 2022

1. Background and Significant Accounting Policies

The Home Insurance Company (the Company) was declared insolvent on June 11, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 11, 2003, The Home Insurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1995, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of determining claims under policies issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements, and collecting assets to distribute to creditors. On June 13, 2003, the Liquidation Court issued a revised Liquidation Order, which did not change the effective date of the insolvency.

The following represents the significant accounting policies affecting The Home Insurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements (modified-cash basis). These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified-cash basis of accounting, which differs from U.S. generally accepted accounting principles (GAAP). Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily liquid and illiquid investments, cash and cash equivalents, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies (Revised Statutes Section (RSA) 402-C:44), as discussed below under the caption "Priority of Claims and Distributions to Creditors." These financial statements (modified-cash basis) reflect the restricted and unrestricted net assets and the cash receipts, cash disbursements (including the interim distributions to Class II creditors described below and the early access distributions to state guarantee associations as described in Note 7), and other changes in net assets on the basis described above, which has been ordered and accepted by the Liquidation Court.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Under this basis of accounting, the Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverable, securities on deposit with various states, funds held, and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties or the Liquidation Court.

“Restricted” is a term used to denote certain assets held and managed by the Liquidating Company for parties at interest. The right of ownership to these assets is conditional upon future events. Accordingly, such amounts are shown separately where appropriate (see Note 5).

Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions by management that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates as more information becomes known.

Fixed-Income Securities

Fixed-income securities are carried at cost with no provision for amortization of premium or discount on purchase price. Amounts received over or under original cost are treated as a gain or loss upon disposition and are treated as net investment income at maturity. Fixed-income securities are generally held until maturity. The types of fixed-income securities that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. government agency securities and other high-credit-quality corporate, mortgage-backed, and asset-backed debt instruments. In 2012, the Liquidation Court approved revised guidelines for the Liquidating Company, allowing limited investments in high-yield and municipal debt investments. The Liquidating Company accrues interest income on fixed-income securities as the realization of such amounts is expected to occur.

Cash and Cash Equivalents

Cash equivalents are presented at cost, which approximates fair value. Cash equivalents consist principally of money market accounts and commercial paper.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are reported at cost, which approximates fair value, and consist primarily of U.S. Treasury bills with maturities at the date of acquisition between 90 days and one year.

Common Stock

Common stock is carried at fair value based upon the closing price in the over-the-counter market.

Limited Partnership Interest

Limited partnership interest is an illiquid asset that comprises an 18% investment in a partnership. The carrying value of this investment is equal to the percentage of equity owned as determined based on the most recently available K-1 partnership tax form.

Loss Expenses Paid

The amount shown for loss expenses paid in the statements of restricted and unrestricted cash receipts and disbursements (modified-cash basis), and changes in fixed-income securities, short-term investments, and cash and cash equivalents primarily represents: (1) loss expenses accorded administrative expense priority by the rehabilitation order and Liquidation Order, and (2) expenses relating to obtaining claim recoveries, which also are entitled to administrative expense priority. Checks issued for such loss expenses that are not cashed, if any, are reflected as liabilities.

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court. The costs incurred for these plans are based on the years of service but are paid in the subsequent year. The amount accrued in the liability for "Incurred but unpaid administrative expenses and investment expenses" was \$807,880 and \$878,125 at December 31, 2022 and 2021, respectively. The amount paid in 2022 and 2021 was \$807,892 and \$930,140, respectively, which is included in "Human resources costs."

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Reinsurance Recoveries

Reinsurance recoveries are recognized when collected.

Deductible Reimbursements

Deductible reimbursements, net of related fees, are recognized when paid.

Priority of Claims and Distributions to Creditors

The Liquidating Company will distribute funds to policyholders/creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company.

The RSA establishes the following classes of creditors:

- Class I:** Payment of all administration expenses of closing the business and liquidating the Company
- Class II:** Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant)
- Class III:** Claims of the federal government
- Class IV:** Debts due to employees for services performed
- Class V:** All other claims, including claims of any state or local government, not falling within other classes
- Class VI:** Claims based solely on judgments
- Class VII:** Interest on claims already paid
- Class VIII:** Miscellaneous subordinated claims

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies

Class X: The claims of shareholders or other owners

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying Class I (Administration Costs) creditors. In 2014, a 15% interim distribution was paid to Class II creditors and, in 2016, a second interim distribution of 10% was paid to such creditors. The Liquidator had submitted a motion to the Liquidation Court seeking approval for the 15% interim distribution on allowed Class II claims on February 10, 2012. The interim distribution was approved by order of the Liquidation Court on March 13, 2012 (as amended July 2, 2012), and was subject to receipt of a waiver of federal priority claims from the United States Department of Justice. The waiver was received on November 5, 2014. Additionally, on September 28, 2015, the Liquidator submitted a motion to the Liquidation Court seeking approval for a second interim distribution of 10% on allowed Class II claims. The Liquidation Court issued an order approving the motion on November 16, 2015 (the Order). On March 7, 2016, the Order was amended so that claimants who had not received the first interim distribution would be paid the second interim distribution coincident with the first interim distribution. The second interim distribution was subject to a waiver from the United States Department of Justice. The waiver was received on July 18, 2016.

On September 28, 2018, the Liquidator submitted a motion to the Liquidating Court, seeking approval for a third interim distribution of 5% on allowed Class II claims. The Liquidation Court issued an order approving the motion on October 18, 2018, subject to a waiver from the United States Department of Justice. The waiver was received on April 10, 2019.

As of December 31, 2022, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$681,047,864 as compared to \$671,976,632 as of December 31, 2021. Cash distributed in 2022 and 2021 totaled \$9,133,979 and \$13,660,699, respectively, and \$8,245 remains outstanding as a payable for outstanding checks as of December 31, 2022. In addition, \$70,992 remains outstanding as a payable for outstanding checks as of December 31, 2021.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

The Liquidating Company has advanced early access distributions to insurance guaranty associations (Guaranty Associations) for Class II claims, which will be credited against amounts payable to such Guaranty Associations when payments are made to all Class II creditors.

As of December 31, 2022, the Liquidator has allowed, and the Liquidation Court has approved, \$108,883,573 of Class I claims, \$2,959,720,907 of Class II claims, \$2,672,527 of Class III claims, \$375,345,663 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2022 and 2021 included \$450,342 and \$555,686 for the thirteenth and twelfth distribution, respectively, of Guaranty Associations' administrative costs. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

2. Investments

The carrying values and fair values of unrestricted fixed-income securities and common stock by major category are summarized as follows:

| | December 31, 2022 | | | | Fair Value Level |
|--------------------------|-----------------------|------------------------|-------------------------|-----------------------|------------------|
| | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | |
| Fixed-income securities: | | | | | |
| U.S. Treasury notes | \$ 126,599,539 | \$ 25,867 | \$ (3,727,101) | \$ 122,898,305 | 1 |
| Government agencies | 18,601,272 | – | (601,020) | 18,000,252 | 2 |
| Corporate | 469,281,547 | 65,902 | (18,762,464) | 450,584,985 | 2 |
| Mortgage-backed | 42,275,982 | 45,165 | (2,858,504) | 39,462,643 | 2 |
| Asset-backed | 40,282,287 | – | (1,374,884) | 38,907,403 | 2 |
| Short term investments: | 89,696,047 | 4,881,111 | – | 90,184,158 | 1 |
| Total | <u>\$ 786,736,674</u> | <u>\$ 625,045</u> | <u>\$ (27,323,973)</u> | <u>\$ 669,853,588</u> | |
| Common stock | <u>\$ 1,628,052</u> | <u>\$ –</u> | <u>\$ (1,628,050)</u> | <u>\$ 2</u> | 1 |

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

2. Investments (continued)

The amortized cost of unrestricted fixed-income securities is \$693,986,665 at December 31, 2022. Based on such amortized cost, gross unrealized gains are \$63,099 and gross unrealized losses are \$24,196,176.

| | December 31, 2021 | | | | |
|--------------------------|--------------------------|---------------------------------------|--|-----------------------|---------------------------------|
| | Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Fair Value Level |
| Fixed-income securities: | | | | | |
| U.S. Treasury notes | \$ 102,595,742 | \$ 307,656 | \$ (572,506) | \$ 102,330,892 | 1 |
| Government agencies | 18,601,272 | 486,936 | (66,396) | 19,021,812 | 2 |
| Corporate | 503,785,197 | 3,928,937 | (3,784,744) | 503,929,390 | 2 |
| Mortgage-backed | 55,171,708 | 1,816,262 | (47,255) | 56,940,715 | 2 |
| Asset-backed | 85,216,611 | 268,949 | (260,157) | 85,225,403 | 2 |
| Total | <u>\$ 765,370,530</u> | <u>\$ 6,808,740</u> | <u>\$ (4,731,058)</u> | <u>\$ 767,448,212</u> | |
| Common stock | \$ 1,628,052 | \$ - | \$ (1,628,050) | \$ 2 | 1 |

The amortized cost of unrestricted fixed-income securities is \$761,066,465 at December 31, 2021. Based on such amortized cost, gross unrealized gains are \$8,828,974 and gross unrealized losses are \$2,447,226.

The fair value measurements and disclosures topic of the Financial Accounting Standards Board Accounting Standards Codification with respect to financial statements prepared in accordance with GAAP clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements.

Various inputs are used in determining the fair value of the Liquidating Company's unrestricted investments. These inputs are summarized in three broad levels as follows:

- Level 1 inputs – Quoted prices in active markets for identical securities without adjustment. The Level 1 assets of the Liquidating Company include an investment in an exchange-traded common stock and would include the Liquidating Company's U.S. Treasury securities and short-term investments if reported at fair value in the statements of changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis).

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

2. Investments (continued)

- Level 2 inputs – Other significant observable inputs other than Level 1 inputs (including quoted prices for similar securities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data). The Level 2 assets of the Liquidating Company, if reported at fair value on a recurring basis, would include corporate and asset-backed fixed-income securities (including mortgage-backed fixed-income securities), and government agency debt. The fair value of these securities for purposes of financial statement disclosure is determined using pricing quotes from third-party pricing services. These third-party pricing services use pricing matrices with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 inputs – Significant unobservable inputs, including the Liquidating Company's own assumptions in determining the fair value of investments. At December 31, 2022 and 2021, the Liquidating Company has no Level 3 fixed-income securities or common stock investments. The limited partnership interest presented on the statements of restricted and unrestricted net assets, excluding certain amounts (modified-cash basis), if reported at fair value, would be classified as Level 3, and the fair value reported would be \$463,829 in 2022 and \$475,276 in 2021.

The Liquidating Company had net an unrealized loss of \$27,187,039 and a gain of \$2,077,682 on fixed-income securities at December 31, 2022 and 2021, respectively. Gross unrealized gains and gross unrealized losses are calculated based on cost and do not reflect adjustments for amortization. The net unrealized gain at December 31, 2022 was due to market conditions, including changes in the interest rate environment during 2022. At December 31, 2022, the securities in the fixed-income portfolio continued to be highly rated securities. Management has the ability and intent to hold fixed-income securities for a period of time sufficient for recovery.

As of December 31, 2022, disposals of certain fixed-income securities resulted in total proceeds of \$267,095,800 and gross realized gains and losses of \$54,125 and \$1,097,529, respectively. Securities were sold in 2022 primarily to fund purchases that enhanced yield in a low interest rate environment, and also to reduce exposure to BBB-rated corporate bonds. As of December 31, 2021, disposals of certain fixed-income securities resulted in total proceeds of \$148,585,713 and gross realized gains and losses of \$631,654 and \$82,645, respectively. Securities were sold in 2021 primarily to fund purchases that enhanced yield in a low interest rate environment, and also to reduce exposure to BBB-rated corporate bonds.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

2. Investments (continued)

The cost and fair values of unrestricted fixed-income securities by contractual maturity as of December 31, 2022 were as follows:

| | <u>Cost</u> | <u>Fair Value</u> |
|---|-----------------------|-----------------------|
| Unrestricted fixed-income securities | | |
| One year or less | \$ 216,463,734 | \$ 211,753,669 |
| Over one year through five years | 398,018,624 | 379,729,871 |
| Mortgage-backed | 42,275,982 | 39,462,644 |
| Asset-backed | 40,282,287 | 38,907,404 |
| Total | <u>\$ 697,040,627</u> | <u>\$ 669,853,588</u> |

Expected maturities may differ from contractual maturities, because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

3. Securities on Deposit

Investments on deposit at the original cost with the federal government were \$757,094 and \$774,804 as of December 31, 2022 and 2021, respectively. The federal deposit is still held at December 31, 2022. As described in Note 1, the Liquidator does not record the amount of these assets, as such amounts have not been settled and agreed to with the states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations, and the amounts withdrawn, including investment income thereon, may be offset against future distributions to such guaranty associations. Since June 11, 2003, deposits with market value of \$56,260,423 and par value of \$47,286,090 have been withdrawn for use by state guaranty associations.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

4. Class I Liabilities: Incurred But Unpaid Administrative Expenses and Investment Expenses

Class I liabilities represent accrued administrative expenses, including investment expenses, incurred in the normal course of the Liquidating Company, and consist of the following accruals at December 31, 2022 and 2021:

| | December 31 | |
|-------------------------------------|---------------------|---------------------|
| | 2022 | 2021 |
| Human resources costs | \$ 807,880 | \$ 878,125 |
| Consultant and outside service fees | 176,325 | 145,219 |
| Accrued investment expenses | 167,286 | 171,282 |
| Other administration costs | 63,838 | 63,541 |
| Legal and professional fees | 51,258 | 35,111 |
| General office and rent expense | 58,104 | 119,139 |
| Computers and equipment costs | 13,848 | - |
| | <u>\$ 1,338,539</u> | <u>\$ 1,412,417</u> |

Various full-time employees of the Liquidating Company are covered by employee incentive plans, which were approved by the Liquidation Court on January 14, 2022. The costs of these plans are primarily payable in 2022, but are based on 2021 service and are being accrued over the service period in 2022. Accrued administrative expense includes \$807,400 of incentive plan costs.

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOCs) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total \$195,667 at December 31, 2022 and 2021, respectively. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

6. Commitments

The Liquidating Company leases office space in New York City under an operating lease expiring on January 31, 2026, with an option to extend the lease another five years until January 31, 2031. Pursuant to the terms of the Lease Agreement, the Liquidator had a unilateral contraction option to surrender 7,500 square feet or approximately one-third of the Premises effective as of January 1, 2018. The Liquidator exercised the option and vacated the space on December 31, 2017. The Lease Agreement also provided the Liquidator with a second unilateral contraction option for approximately half of the remaining space, which the Liquidator exercised pursuant to an amendment to the Lease Agreement, dated January 11, 2021. The amendment revised the terms of the contraction option and provides for: (1) the surrender of a 5,492 rentable square foot portion of the Premises, effective October 31, 2021, which space was vacated as of that date; (2) the surrender of a 1,812 rentable square foot portion of the Premises at October 31, 2022, which space was vacated as of that date; and (3) the retention of a 196 rentable square foot portion of the space otherwise to be surrendered until the expiration of the Lease Agreement.

This second contraction option is reflected in the table of minimum future rental payments below.

The lease agreement for the Manchester, New Hampshire office space has been terminated, effective August 31, 2019, and the Liquidator has vacated the space. The office has been relocated to new quarters in Bedford, New Hampshire which space has been let on a month-to-month basis.

Minimum future rental payments on leases in effect as of December 31, 2022 for the next five years under non-cancelable operating leases having remaining terms are as follows:

| | |
|--------------------------|---------------------|
| Year ending December 31: | |
| 2023 | \$ 353,571 |
| 2024 | 360,646 |
| 2025 | 367,880 |
| 2026 | 93,810 |
| | <u>\$ 1,175,907</u> |

Rent expense incurred was \$503,171 and \$760,495 for the years ended December 31, 2022 and 2021, respectively.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

7. Early Access Distributions

On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. The total of all early access payments through December 31, 2022 and 2021 was \$256.1 million.

As a condition for receiving early access distributions, the Guaranty Associations entered into “claw back” agreements with the Liquidator, requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the claw back agreements, the Liquidator requested and has received the return of \$5.9 million for the eleventh early access advance as of December 31, 2017. Such returns of claw back amounts are netted against the related early access advances in the financial statements (modified-cash basis). The distribution caps are: (i) an amount equal to 40% of the total incurred costs projected by each Guaranty Association; and (ii) an amount equal to 75% of each Guaranty Association’s cumulative paid claims.

The Liquidator may periodically make additional early access distributions in the future, subject to the Liquidation Court’s approval. Early access distributions and related advances are not recorded as assets in the accompanying statements of restricted and unrestricted net assets (modified-cash basis), excluding certain amounts, although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions among members of the same class of creditor of the Liquidating Company. The following summary represents the cumulative early access distributions and related advances that are not reflected in the statements of restricted and unrestricted net assets (modified-cash basis), excluding certain amounts:

| | <u>2022</u> | <u>2021</u> |
|--|------------------------------|------------------------------|
| Early access distributions paid in cash | \$ 252,942,104 | \$ 252,942,104 |
| Assets withdrawn from special deposits held by states to pay Liquidating Company claims | 56,260,423 | 56,260,423 |
| Other deemed early access advances paid in cash | 3,148,212 | 3,148,212 |
| Total | <u>\$ 312,350,739</u> | <u>\$ 312,350,739</u> |

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

8. Home Deductible Policies – Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Liquidating Company's expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On March 25, 2021 and May 21, 2020, the Liquidator paid \$161,961 and \$212,843, respectively, after netting of the fee and, in 2022, no additional payments were made.

9. Claim Amendment Deadline Motion

The Liquidator filed a Motion for Approval of a Claim Amendment Deadline on August 1, 2019, seeking to establish a deadline for the amendment and submission of claims. After receiving certain objections to the proposed Claim Amendment Deadline, and the Liquidator's responses thereto, the Court held a hearing on December 11, 2020. The Court subsequently issued orders, dated January 28, 2021, approving the Claim Amendment Deadline. On February 11, 2021, certain of the objectors filed motions to reconsider the orders granting the Liquidator's Motion for Approval of Claim Amendment Deadline, together with a motion to stay the orders. On April 26, 2021, the Court denied the motion for reconsideration, but granted a stay of the Claim Amendment Deadline order pending the objectors seeking an interlocutory appeal. One objector and the Liquidator negotiated an interlocutory appeal statement, which two other objectors joined. The Superior Court approved the statement on May 12, 2021. The objector filed the interlocutory appeal statement with the New Hampshire Supreme Court on May 19, 2021. On February 10, 2022, the New Hampshire Supreme Court heard oral argument on the appeal of the Superior Court's order approving the Claim Amendment Deadline and, on August 12, 2022, it issued its Opinion which affirmed the Superior Court's orders. In its Opinion, the New Hampshire Supreme Court found that the Superior Court acted within its discretion in granting the Liquidator's Motion and approving the Claim Amendment Deadline, and in concluding that the Claim Amendment Deadline strikes a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims in accordance with NH RSA 402-C:46, I. The New Hampshire Supreme Court issued its mandate on August 29, 2022, which is the effective date of the New Hampshire Supreme Court's decision. The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date of 150 days from the date of the Order.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued)
(Modified-Cash Basis)

9. Claim Amendment Deadline Motion (continued)

That date is Thursday, January 26, 2023. In accordance with the Order Approving Claim Amendment Deadline, the Liquidator has mailed notices of the Claim Amendment Deadline in the approved form to all claimants who have an open proof of claim in the Home liquidation.

10. Subsequent Events

The Liquidating Company evaluated its financial statements (modified-cash basis) for subsequent events through June 15, 2023, the date the financial statements (modified-cash basis) were available to be issued. The Liquidating Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements (modified-cash basis).

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EXHIBIT C

The Home Insurance Company in Liquidation
 G&A Expenses (Actual vs Budget)
 March 31, 2023

| | YTD | | | Full Year Budget |
|---|------------------|------------------|---------------|-------------------|
| | Actual 2023 | Budget 2023 | Variance 2023 | |
| General & Administrative Expense | | | | |
| Salary and Benefits | 1,543,850 | 1,477,576 | 66,274 | 5,875,674 |
| Travel | 8,341 | 4,000 | 4,341 | 12,000 |
| Rent | 212,242 | 252,688 | (40,446) | 937,526 |
| Equipment | 37,692 | 28,750 | 8,942 | 115,000 |
| Printing and Stationery | 3,159 | 3,350 | (191) | 14,600 |
| Postage | 1,363 | 2,250 | (887) | 9,000 |
| Telephone | 26,193 | 28,750 | (2,557) | 115,400 |
| Outside Services, including Special Deputy | 681,627 | 631,925 | 49,702 | 2,496,700 |
| Legal and Auditing | 146,431 | 187,625 | (41,194) | 903,100 |
| Bank Fees | 40,997 | 33,750 | 7,247 | 150,000 |
| Corporate Insurance | - | - | - | 55,000 |
| Miscellaneous Income/Expenses | 63 | 12,500 | (12,437) | 50,000 |
| Total Expenses Incurred | 2,701,958 | 2,663,164 | 38,793 | 10,734,000 |

EXHIBIT D

The Home Insurance Company in Liquidation
Portfolio Summary Report- Bonds and Short Term Investments
Securities Held as of March 31, 2023
(000's)

| Conning Managed: | | Book Value | Market Value | Unrealized Gain (Loss) | Eff Mat (Years) | Book Yield | Average Credit Quality | Earned Income 3/31/23 |
|------------------|-----------------|------------|--------------|------------------------|-----------------|------------|------------------------|-----------------------|
| <u>% of BV</u> | | | | | | | | |
| Fixed Income | | | | | | | | |
| 26.2% | Short Term | 206,725 | 206,555 | (170) | 0.25 | 4.76 | Aaa | 1,523 |
| 2.3% | Agency | 18,446 | 18,092 | (354) | 1.16 | 3.23 | Aa3 | 158 |
| 11.1% | Government | 87,968 | 84,884 | (3,084) | 1.46 | 1.66 | Aaa | 497 |
| 51.0% | Corporate | 402,443 | 389,655 | (12,788) | 1.37 | 2.32 | A2 | 2,561 |
| 4.7% | Mortgage Backed | 37,420 | 35,851 | (1,568) | 3.52 | 2.72 | Aaa | 260 |
| 4.3% | Asset Backed | 34,327 | 33,290 | (1,036) | 0.79 | 1.31 | Aaa | 118 |
| 0.3% | CMBS | 2,375 | 2,254 | (121) | 3.01 | 2.78 | Aaa | 17 |
| 100.0% | Total | 789,704 | 770,582 | (19,122) | 1.15 | 2.88 | Aa3 | 5,133 |

(1) Investment balances do not include cash amounts invested in sweep accounts of Citizens Bank and investments in common stocks and limited partnerships.

(2) On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of March 31 2023, would be \$22.7 million over the next 12 months.

(3) US Treasury bills and notes previously managed separately from Conning are part of the Conning managed portfolio as of June 30, 2021.

EXHIBIT E

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2023**

| CUSIP | DESCRIPTION | CPN | MATURITY | QUANTITY | BOOK VALUE | MARKET VALUE |
|--|---------------------------------------|-------|------------|-----------------------|-----------------------|-----------------------|
| 31607A703 | FIDELITY INVT MMKT GOVT PORT INSTL CL | 3.070 | 04/15/2023 | 47,259,408.74 | 47,259,408.74 | 47,259,408.74 |
| TOTAL CASH EQUIVALENTS | | | | 47,259,408.74 | 47,259,408.74 | 47,259,408.74 |
| SHORT TERM (OVER 90 DAYS) | | | | | | |
| 11070KTC1 | PROVINCE OF BRITISH COLUMBIA | | 06/12/2023 | 9,775,000.00 | 9,678,300.99 | 9,677,815.09 |
| 37737QRS5 | GLAXOSMITHKLINE LLC | | 04/26/2023 | 5,830,000.00 | 5,810,362.92 | 5,809,578.81 |
| 44881MSW4 | HYDRO-QUEBEC | | 05/30/2023 | 17,000,000.00 | 16,864,311.83 | 16,862,368.00 |
| 45685RTL1 | ING (U.S.) FUNDING LLC | | 06/20/2023 | 15,250,000.00 | 15,078,135.12 | 15,077,156.50 |
| 50244MUL4 | LVMH MOET HENNESSY LOUIS VUITTON SE | | 07/20/2023 | 1,000,000.00 | 984,722.41 | 984,499.00 |
| 51843UTT4 | THE ESTEE LAUDER COMPANIES INC. | | 06/27/2023 | 3,000,000.00 | 2,963,389.73 | 2,962,869.00 |
| 90477ETL8 | UNILEVER CAPITAL CORPORATION | | 06/20/2023 | 17,000,000.00 | 16,817,171.64 | 16,812,235.00 |
| 912796CU1 | US TREASURY T-BILL | 0.000 | 04/18/2023 | 16,000,000.00 | 15,966,680.44 | 15,968,700.00 |
| 912796YJ2 | US TREASURY T-BILL | 0.000 | 10/05/2023 | 77,000,000.00 | 75,302,417.65 | 75,140,235.94 |
| 912796ZP7 | US TREASURY BILL | | 06/08/2023 | 775,000.00 | 767,818.12 | 767,818.12 |
| TOTAL SHORT TERM | | | | 162,630,000.00 | 160,233,310.85 | 160,063,275.46 |
| U S TREASURY | | | | | | |
| 912828D56 | US TREASURY | 2.375 | 08/15/2024 | 5,725,000.00 | 5,717,798.26 | 5,572,034.87 |
| 912828K74 | US TREASURY N/B | 2.000 | 08/15/2025 | 6,000,000.00 | 5,961,797.61 | 5,740,312.80 |
| 912828X70 | US TREASURY | 2.000 | 04/30/2024 | 15,050,000.00 | 14,632,175.18 | 14,631,421.88 |
| 912828ZH6 | US TREASURY N/B | 0.250 | 04/15/2023 | 21,750,000.00 | 21,748,504.53 | 21,719,415.15 |
| 91282CAJ0 | US TREASURY N/B | 0.250 | 08/31/2025 | 17,150,000.00 | 16,951,609.04 | 15,711,008.67 |
| 91282CAZ4 | US TREASURY N/B | 0.375 | 11/30/2025 | 17,150,000.00 | 16,961,565.80 | 15,644,015.63 |
| 91282CEK3 | US TREASURY | 2.500 | 04/30/2024 | 6,000,000.00 | 5,994,876.28 | 5,865,937.20 |
| TOTAL U S TREASURY | | | | 88,825,000.00 | 87,968,326.70 | 84,884,146.20 |
| TOTAL GOVERNMENT & AGENCIES | | | | 88,825,000.00 | 87,968,326.70 | 84,884,146.20 |
| PROVINCIAL | | | | | | |
| 87031CAA1 | SWEDISH EXPORT CREDIT | 5.184 | 05/25/2023 | 7,800,000.00 | 7,815,895.02 | 7,808,743.80 |
| TOTAL PROVINCIAL | | | | 7,800,000.00 | 7,815,895.02 | 7,808,743.80 |
| TAX MUNICIPAL | | | | | | |
| 646140DN0 | NEW JERSEY ST TURNPIKE AUTH TU | 0.897 | 01/01/2025 | 1,045,000.00 | 1,045,000.00 | 976,301.70 |
| 73358W4V3 | PORT AUTH OF NEW YORK & NEW JE | 1.086 | 07/01/2023 | 1,575,000.00 | 1,575,000.00 | 1,559,880.00 |
| 798170AH9 | SAN JOSE CA REDEV AGY SUCCESSO | 3.076 | 08/01/2025 | 4,000,000.00 | 4,000,000.00 | 3,861,080.00 |
| 91412GU94 | UNIV OF CALIFORNIA CA REVENUES | 3.063 | 07/01/2025 | 4,000,000.00 | 4,010,578.22 | 3,886,120.00 |
| TOTAL TAX MUNICIPAL | | | | 10,620,000.00 | 10,630,578.22 | 10,283,381.70 |
| CORPORATE | | | | | | |
| 00774MAU9 | AERCAP IRELAND CAP/GLOBA | 1.650 | 10/29/2024 | 3,250,000.00 | 3,247,892.03 | 3,029,731.25 |
| 00914AAL6 | AIR LEASE CORP | 0.700 | 02/15/2024 | 3,500,000.00 | 3,493,303.58 | 3,348,243.50 |
| 023135CD6 | AMAZON.COM INC. | 2.730 | 04/13/2024 | 3,700,000.00 | 3,700,000.00 | 3,625,674.40 |
| 025537AK7 | AMERICAN ELECTRIC POWER CO INC. | 2.031 | 03/15/2024 | 2,050,000.00 | 2,058,059.33 | 1,982,024.05 |

| CUSIP | DESCRIPTION | CPN | MATURITY | QUANTITY | BOOK VALUE | MARKET VALUE |
|-----------|------------------------------------|-------|------------|--------------|--------------|--------------|
| 02665WEA5 | AMERICAN HONDA FINANCE CORP | 1.500 | 01/13/2025 | 9,765,000.00 | 9,760,380.13 | 9,245,970.72 |
| 036752AC7 | ANTHEM INC | 3.350 | 12/01/2024 | 1,340,000.00 | 1,339,891.99 | 1,305,745.58 |
| 04685A2Q3 | ATHENE GLOBAL FUNDING | 1.200 | 10/13/2023 | 4,000,000.00 | 4,005,260.52 | 3,887,940.00 |
| 055451AY4 | BHP BILLITON FINANCE (USA) LIMITED | 4.875 | 02/27/2026 | 5,000,000.00 | 4,993,309.78 | 5,031,420.00 |
| 05578AAV0 | BPCE SA | 1.625 | 01/14/2025 | 3,700,000.00 | 3,693,213.10 | 3,449,809.70 |
| 059165EG1 | BALTIMORE GAS AND ELECTRIC COMPANY | 2.400 | 08/15/2026 | 5,300,000.00 | 5,094,506.25 | 4,904,503.40 |
| 05971KAK5 | BANCO SANTANDER | 0.701 | 06/30/2024 | 2,400,000.00 | 2,400,000.00 | 2,364,484.80 |
| 06051GGT0 | BANK OF AMERICA CORP | 3.093 | 10/01/2025 | 4,000,000.00 | 3,997,921.59 | 3,852,948.00 |
| 06051GGZ6 | BANK OF AMERICA CORP | 3.366 | 01/23/2026 | 3,000,000.00 | 3,000,000.00 | 2,889,810.00 |
| 06051GJY6 | BANK OF AMERICA CORP | 0.523 | 06/14/2024 | 2,200,000.00 | 2,200,000.00 | 2,178,704.00 |
| 06368EA36 | BANK OF MONTREAL | 0.450 | 12/08/2023 | 4,300,000.00 | 4,299,358.22 | 4,166,141.00 |
| 06368FAE9 | BANK OF MONTREAL | 1.500 | 01/10/2025 | 300,000.00 | 299,905.48 | 281,537.70 |
| 06368LAP1 | BANK OF MONTREAL | 4.250 | 09/14/2024 | 1,800,000.00 | 1,799,174.42 | 1,774,006.20 |
| 06417XAL5 | THE BANK OF NOVA SCOTIA | 5.250 | 12/06/2024 | 2,475,000.00 | 2,474,905.57 | 2,479,445.10 |
| 06675DCD2 | BANQUE FED CRED MUTUEL | 4.524 | 07/13/2025 | 6,625,000.00 | 6,625,000.00 | 6,509,440.13 |
| 09261HAB3 | BLACKSTONE PRIVATE CREDIT FUND | 1.750 | 09/15/2024 | 3,000,000.00 | 2,996,741.83 | 2,768,268.00 |
| 10921U2H0 | BRIGHTHOUSE FINANCIAL GLBL FUND | 1.750 | 01/13/2025 | 8,000,000.00 | 7,993,885.22 | 7,520,360.00 |
| 110122DT2 | BRISTOL-MYERS SQUIBB CO | 0.537 | 11/13/2023 | 4,490,000.00 | 4,490,000.00 | 4,373,866.15 |
| 12189LAQ4 | BURLINGTN NORTH SANTA FE | 3.850 | 09/01/2023 | 5,000,000.00 | 5,013,029.70 | 4,963,985.00 |
| 126650CV8 | CVS HEALTH CORP | 4.100 | 03/25/2025 | 1,760,000.00 | 1,754,637.02 | 1,740,599.52 |
| 13607HR46 | CANADIAN IMPERIAL BANK OF COMMERCE | 3.300 | 04/07/2025 | 7,650,000.00 | 7,647,195.33 | 7,379,595.45 |
| 13645RBD5 | CANADIAN PACIFIC RAILWAY | 1.350 | 12/02/2024 | 2,000,000.00 | 1,998,518.78 | 1,886,244.00 |
| 14912L6C0 | CATERPILLAR FINANCIAL SE | 3.300 | 06/09/2024 | 4,000,000.00 | 4,025,686.60 | 3,931,728.00 |
| 14913R2F3 | CATERPILLAR FINL SERVICE | 0.450 | 09/14/2023 | 1,925,000.00 | 1,924,801.59 | 1,883,229.43 |
| 14913R2P1 | CATERPILLAR FINL SERVICE | 0.600 | 09/13/2024 | 3,500,000.00 | 3,497,688.20 | 3,310,415.50 |
| 17252MAP5 | CINTAS CORP NO 2 | 3.450 | 05/01/2025 | 1,790,000.00 | 1,789,723.45 | 1,749,316.88 |
| 172967ND9 | CITIGROUP INC | 1.281 | 11/03/2025 | 2,055,000.00 | 2,055,000.00 | 1,920,872.21 |
| 225433AT8 | CRED SUIS GP FUN LTD | 3.800 | 06/09/2023 | 2,000,000.00 | 2,005,161.13 | 1,965,000.00 |
| 233851BW3 | DAIMLER FINANCE NA LLC | 3.300 | 05/19/2025 | 3,000,000.00 | 3,012,777.58 | 2,901,414.00 |
| 24422EVY2 | JOHN DEERE CAPITAL CORPORATION | 1.250 | 01/10/2025 | 640,000.00 | 639,821.62 | 605,166.08 |
| 24422EWB1 | JOHN DEERE CAPITAL CORPORATION | 2.125 | 03/07/2025 | 625,000.00 | 624,825.62 | 596,937.50 |
| 26875PAM3 | EOG RESOURCES INC. | 3.150 | 04/01/2025 | 3,700,000.00 | 3,762,645.82 | 3,575,831.70 |
| 29250NBK0 | ENBRIDGE INC. | 2.150 | 02/16/2024 | 3,500,000.00 | 3,498,699.67 | 3,400,554.50 |
| 29364WBK3 | ENTERGY LOUISIANA LLC | 0.950 | 10/01/2024 | 4,595,000.00 | 4,591,531.76 | 4,322,544.07 |
| 29449WAC1 | EQUITABLE FINANCIAL LIFE | 0.500 | 11/17/2023 | 4,700,000.00 | 4,698,616.27 | 4,556,288.10 |
| 29449WAJ6 | EQUITABLE FINANCIAL LIFE | 0.800 | 08/12/2024 | 4,600,000.00 | 4,599,810.77 | 4,338,747.60 |
| 30231GAF9 | EXXON MOBIL CORPORATION | 2.709 | 03/06/2025 | 5,000,000.00 | 5,005,445.76 | 4,854,960.00 |
| 30321L2E1 | F&G GLOBAL FUNDING | 5.150 | 07/07/2025 | 7,650,000.00 | 7,646,143.71 | 7,551,337.95 |
| 36143L2C8 | GA GLOBAL FUNDING TRUST | 0.800 | 09/13/2024 | 9,000,000.00 | 8,990,323.16 | 8,370,504.00 |
| 370334CF9 | GENERAL MILLS INC | 4.000 | 04/17/2025 | 2,250,000.00 | 2,249,299.33 | 2,224,413.00 |
| 38141GWQ3 | GOLDMAN SACHS GROUP INC | 3.272 | 09/29/2025 | 4,000,000.00 | 3,998,118.21 | 3,877,592.00 |
| 38141GYE8 | GOLDMAN SACHS GROUP INC | 0.657 | 09/10/2024 | 5,500,000.00 | 5,500,000.00 | 5,374,231.50 |
| 38141GV9 | THE GOLDMAN SACHS GROUP INC. | 5.700 | 11/01/2024 | 400,000.00 | 399,821.53 | 402,883.20 |
| 40394AA8 | HF SINCLAIR CORPORATION | 2.625 | 10/01/2023 | 3,600,000.00 | 3,599,346.72 | 3,545,949.60 |
| 404280BA6 | HSBC HOLDINGS PLC | 3.600 | 05/25/2023 | 3,000,000.00 | 3,005,905.70 | 2,984,139.00 |
| 437076CM2 | THE HOME DEPOT INC. | 2.700 | 04/15/2025 | 1,600,000.00 | 1,598,107.21 | 1,548,000.00 |
| 44891ABV8 | HYUNDAI CAPITAL AMERICA | 0.875 | 06/14/2024 | 3,600,000.00 | 3,599,912.66 | 3,414,175.20 |
| 46647PBK1 | JPMORGAN CHASE & CO. | 2.083 | 04/22/2026 | 1,500,000.00 | 1,421,542.21 | 1,412,244.00 |
| 46647PBY1 | JPMORGAN CHASE & CO | 0.563 | 02/16/2025 | 3,545,000.00 | 3,545,000.00 | 3,391,508.59 |
| 46647PCV6 | JPMORGAN CHASE & CO. | 2.595 | 02/24/2026 | 800,000.00 | 800,000.00 | 761,941.60 |
| 49177JAA0 | KENVUE INC. | 5.500 | 03/22/2025 | 3,320,000.00 | 3,318,771.60 | 3,378,026.96 |
| 49327M3E2 | KEYBANK NATIONAL ASSOCIATION | 4.150 | 08/08/2025 | 4,995,000.00 | 4,993,893.45 | 4,736,808.45 |
| 50220PAA1 | LSEGA FINANCING PLC | 0.650 | 04/06/2024 | 7,000,000.00 | 6,997,169.18 | 6,648,866.00 |
| 53944YAR4 | LLOYDS BANKING GROUP PLC | 3.511 | 03/18/2026 | 3,000,000.00 | 3,000,000.00 | 2,858,121.00 |
| 55608PBJ2 | MACQUARIE BANK LIMITED | 3.231 | 03/21/2025 | 7,500,000.00 | 7,500,000.00 | 7,270,185.00 |
| 55903VAE3 | MAGALLANES INC. | 3.638 | 03/15/2025 | 3,400,000.00 | 3,400,000.00 | 3,291,818.80 |
| 573874AL8 | MARVELL TECHNOLOGY INC | 4.200 | 06/22/2023 | 3,250,000.00 | 3,265,899.12 | 3,241,875.00 |
| 57629WCG3 | MASSMUTUAL GLOBAL FUNDIN | 2.950 | 01/11/2025 | 5,000,000.00 | 4,997,249.46 | 4,825,520.00 |
| 57636QAB0 | MASTERCARD INC | 3.375 | 04/01/2024 | 2,000,000.00 | 2,014,235.66 | 1,974,806.00 |

| CUSIP | DESCRIPTION | CPN | MATURITY | QUANTITY | BOOK VALUE | MARKET VALUE |
|-----------|--------------------------------------|-------|------------|--------------|--------------|--------------|
| 58989V2C7 | MET TOWER GLOBAL FUNDING | 0.700 | 04/05/2024 | 4,500,000.00 | 4,498,777.15 | 4,289,220.00 |
| 59217GFC8 | METROPOLITAN LIFE GLOBAL FUNDING I | 4.050 | 08/25/2025 | 3,300,000.00 | 3,298,964.38 | 3,244,025.40 |
| 595017BC7 | MICROCHIP TECHNOLOGY INCORPORATED | 0.983 | 09/01/2024 | 3,500,000.00 | 3,500,000.00 | 3,302,498.50 |
| 606822CQ5 | MITSUBISHI UFJ FINANCIAL GROUP INC. | 5.063 | 09/12/2025 | 8,700,000.00 | 8,700,000.00 | 8,644,937.70 |
| 60687YBJ7 | MIZUHO FINANCIAL GROUP INC. | 0.849 | 09/08/2024 | 3,700,000.00 | 3,659,240.44 | 3,618,311.40 |
| 60687YBM0 | MIZUHO FINANCIAL GROUP | 0.858 | 09/08/2024 | 5,775,000.00 | 5,775,000.00 | 5,717,284.65 |
| 6174468C6 | MORGAN STANLEY | 4.000 | 07/23/2025 | 4,000,000.00 | 4,056,864.79 | 3,921,272.00 |
| 63254AAY4 | NATIONAL AUSTRALIA BK/NY | 2.875 | 04/12/2023 | 4,000,000.00 | 3,999,927.52 | 3,995,084.00 |
| 63307A2M6 | NATIONAL BANK OF CANADA | 0.550 | 11/15/2024 | 5,150,000.00 | 5,146,963.36 | 5,019,715.30 |
| 641062AD6 | NESTLE HOLDINGS INC | 3.350 | 09/24/2023 | 2,200,000.00 | 2,212,188.62 | 2,178,391.60 |
| 65339KBP4 | NEXTERA ENERGY CAPITAL HOLDINGS INC. | 6.051 | 03/01/2025 | 1,000,000.00 | 1,002,500.00 | 1,016,247.00 |
| 666807BM3 | NORTHROP GRUMMAN CORP | 2.930 | 01/15/2025 | 3,500,000.00 | 3,499,935.68 | 3,395,206.50 |
| 67077MAV0 | NUTRIEN LTD | 1.900 | 05/13/2023 | 3,500,000.00 | 3,499,874.37 | 3,486,724.50 |
| 69349LAM0 | PNC BANK NA | 3.800 | 07/25/2023 | 5,000,000.00 | 5,020,239.40 | 4,970,080.00 |
| 69371RQ74 | PACCAR FINANCIAL CORP | 2.650 | 04/06/2023 | 1,015,000.00 | 1,014,997.51 | 1,014,849.78 |
| 69371RR73 | PACCAR FINANCIAL CORP. | 2.850 | 04/07/2025 | 6,600,000.00 | 6,598,837.58 | 6,372,781.80 |
| 717081EN9 | PFIZER INC | 3.200 | 09/15/2023 | 1,459,000.00 | 1,466,148.32 | 1,448,117.32 |
| 718172CQ0 | PHILIP MORRIS INTL INC | 1.125 | 05/01/2023 | 3,770,000.00 | 3,769,643.65 | 3,756,948.26 |
| 718172CT4 | PHILIP MORRIS INTERNATIONAL INC. | 5.125 | 11/15/2024 | 2,000,000.00 | 1,998,018.18 | 2,019,430.00 |
| 74256LEJ4 | PRINCIPAL LFE GLB FND II | 0.500 | 01/08/2024 | 8,000,000.00 | 7,998,416.73 | 7,704,424.00 |
| 74368CB89 | PROTECTIVE LIFE GLOBAL | 0.502 | 04/12/2023 | 8,500,000.00 | 8,500,000.00 | 8,487,292.50 |
| 74456QBH8 | PUBLIC SERVICE ELECTRIC | 3.150 | 08/15/2024 | 5,000,000.00 | 5,046,976.66 | 4,890,875.00 |
| 771196BT8 | ROCHE HOLDINGS INC. | 2.132 | 03/10/2025 | 1,400,000.00 | 1,400,000.00 | 1,337,701.40 |
| 776743AE6 | ROPER TECHNOLOGIES INC | 3.650 | 09/15/2023 | 3,500,000.00 | 3,504,748.41 | 3,467,737.00 |
| 78016E259 | ROYAL BANK OF CANADA | 3.375 | 04/14/2025 | 7,600,000.00 | 7,598,072.43 | 7,370,358.40 |
| 78016EZH3 | ROYAL BANK OF CANADA | 3.970 | 07/26/2024 | 900,000.00 | 900,000.00 | 886,985.10 |
| 79466LAG9 | SALESFORCE.COM INC | 0.625 | 07/15/2024 | 3,060,000.00 | 3,059,328.53 | 2,906,926.56 |
| 808513BM6 | CHARLES SCHWAB CORP | 0.510 | 03/18/2024 | 9,625,000.00 | 9,625,000.00 | 9,496,198.25 |
| 81412DAA1 | SECURITY BENEFIT GL FUND | 1.250 | 05/17/2024 | 3,775,000.00 | 3,774,454.42 | 3,576,710.58 |
| 817826AB6 | 7-ELEVEN INC | 0.800 | 02/10/2024 | 3,500,000.00 | 3,499,162.64 | 3,348,404.50 |
| 87020PAM9 | SWEDBANK AB | 0.850 | 03/18/2024 | 8,000,000.00 | 7,998,472.13 | 7,627,120.00 |
| 879360AB1 | TELEDYNE TECHNOLOGIES IN | 0.950 | 04/01/2024 | 3,500,000.00 | 3,498,646.96 | 3,353,857.50 |
| 89114QCJ5 | TORONTO-DOMINION BANK | 0.450 | 09/11/2023 | 3,100,000.00 | 3,099,340.21 | 3,034,323.40 |
| 89114TZL9 | THE TORONTO-DOMINION BANK | 1.450 | 01/10/2025 | 4,800,000.00 | 4,797,489.57 | 4,510,603.20 |
| 89236TJT3 | TOYOTA MOTOR CREDIT CORP | 1.450 | 01/13/2025 | 1,965,000.00 | 1,963,424.84 | 1,861,141.89 |
| 89788MAH5 | TRUIST FINANCIAL CORPORATION | 4.260 | 07/28/2026 | 5,530,000.00 | 5,530,000.00 | 5,328,652.70 |
| 902674YU8 | UBS AG LONDON BRANCH | 1.375 | 01/13/2025 | 4,000,000.00 | 3,994,432.26 | 3,726,808.00 |
| 90327QD48 | USAA CAPITAL CORP | 1.500 | 05/01/2023 | 1,555,000.00 | 1,554,945.92 | 1,549,314.92 |
| 91324PCP5 | UNITEDHEALTH GROUP INCORPORATED | 3.750 | 07/15/2025 | 4,200,000.00 | 4,338,906.82 | 4,153,774.80 |
| 929043AJ6 | VORNADO REALTY LP | 3.500 | 01/15/2025 | 3,500,000.00 | 3,496,091.49 | 3,160,314.50 |
| 96145DAB1 | WRKCO INC | 3.000 | 09/15/2024 | 2,600,000.00 | 2,598,395.60 | 2,526,128.80 |

TOTAL CORPORATE

402,424,000.00 402,443,491.19 389,655,228.78

MORTGAGE BACKED

| | | | | | | |
|------------|--------------------|-------|------------|--------------|--------------|--------------|
| 3128L0DF6 | FHLMC POOL A68202 | 6.000 | 11/01/2037 | 57,009.22 | 58,378.41 | 58,354.15 |
| 3128L0EF5 | FHLMC POOL A68234 | 6.000 | 11/01/2037 | 68,152.10 | 68,692.38 | 69,760.14 |
| 3128ME4A6 | FHLMC POOL G16017 | 3.000 | 12/01/2031 | 3,969,800.16 | 4,047,047.60 | 3,821,208.16 |
| 3128ME4T5 | FHLMC POOL G16034 | 2.500 | 01/01/2032 | 4,338,308.92 | 4,342,776.60 | 4,140,078.56 |
| 3128MJAD2 | FHLMC POOL G08003 | 6.000 | 07/01/2034 | 119,393.40 | 122,082.34 | 126,032.00 |
| 3128MJMC1 | FHLMC POOL G08354 | 5.000 | 07/01/2039 | 513,176.55 | 519,263.29 | 530,810.78 |
| 3128MMVZ3 | FHLMC POOL G18631 | 2.500 | 01/01/2032 | 3,851,016.85 | 3,854,285.18 | 3,617,899.41 |
| 3128PPYU36 | FHLMC POOL J18702 | 3.000 | 03/01/2027 | 979,954.00 | 994,122.80 | 946,704.26 |
| 31292JBR0 | FHLMC POOL C01848 | 6.000 | 06/01/2034 | 149,699.07 | 154,384.20 | 157,997.49 |
| 312944AF8 | FHLMC POOL A95406 | 4.000 | 12/01/2040 | 704,847.60 | 714,032.83 | 676,206.47 |
| 31297ECP9 | FHLMC POOL A2-6378 | 6.000 | 09/01/2034 | 10,485.90 | 10,784.86 | 10,551.46 |
| 31307AEK4 | FHLMC POOL J21938 | 2.500 | 01/01/2028 | 2,051,963.00 | 2,082,546.85 | 1,973,171.72 |
| 31307FJM4 | FHLMC POOL J26568 | 3.500 | 12/01/2028 | 1,338,150.33 | 1,373,625.53 | 1,316,592.73 |

| CUSIP | DESCRIPTION | CPN | MATURITY | QUANTITY | BOOK VALUE | MARKET VALUE | |
|------------------------------------|---------------------------|-------|------------|--------------|-----------------------|-----------------------|-----------------------|
| 31307GTQ2 | FHLMC POOL J27759 | 3.000 | 03/01/2029 | 1,969,579.23 | 2,000,658.38 | 1,905,418.41 | |
| 3132GDMF6 | FHLMC POOL Q00358 | 4.500 | 04/01/2041 | 1,211,546.10 | 1,273,728.74 | 1,230,754.70 | |
| 3132GFXD4 | FHLMC POOL Q02476 | 4.500 | 08/01/2041 | 1,106,166.30 | 1,163,081.69 | 1,123,657.78 | |
| 31335HSU3 | FHLMC POOL C90859 | 5.500 | 10/01/2024 | 36,003.30 | 36,187.89 | 36,394.91 | |
| 3136AX7E9 | FNA 2017-M12 A2 | 3.165 | 06/25/2027 | 2,356,342.64 | 2,374,636.00 | 2,253,755.49 | |
| 31371PC57 | FNMA POOL 257592 | 5.000 | 03/01/2039 | 159,882.84 | 161,646.84 | 165,311.25 | |
| 31376KEL6 | FNMA POOL 357539 | 5.500 | 04/01/2034 | 128,343.10 | 128,343.10 | 132,299.35 | |
| 3138A8KG0 | FNMA POOL AH6594 | 3.500 | 03/01/2026 | 541,670.08 | 549,700.24 | 529,278.78 | |
| 3138EM3Y5 | FN AL5314 | 3.500 | 03/01/2027 | 554,878.20 | 559,878.63 | 546,114.67 | |
| 3138NXE37 | FNMA POOL AR1053 | 2.500 | 01/01/2028 | 1,617,246.68 | 1,641,181.46 | 1,538,208.28 | |
| 3138YEP6 | FNMA POOL AY1329 | 3.000 | 03/01/2030 | 2,328,315.75 | 2,394,095.56 | 2,244,367.39 | |
| 3140J5GH6 | FNMA POOL BM1099 | 3.000 | 03/01/2032 | 2,283,465.52 | 2,336,187.84 | 2,208,787.52 | |
| 31413FGK2 | FNMA POOL 944002 | 6.000 | 08/01/2037 | 141,578.11 | 140,674.60 | 149,743.80 | |
| 31415Q4B9 | FNMA POOL 986518 | 5.000 | 06/01/2038 | 22,388.31 | 22,565.20 | 22,530.47 | |
| 31416XEL0 | FNMA POOL AB1938 | 3.500 | 12/01/2025 | 751,911.98 | 759,762.98 | 741,170.15 | |
| 31416YU89 | FNMA POOL AB3266 | 4.000 | 07/01/2041 | 1,182,387.90 | 1,209,660.34 | 1,171,093.14 | |
| 31419LD42 | FNMA POOL AE9122 | 4.000 | 07/01/2041 | 836,906.25 | 858,613.50 | 823,127.01 | |
| 31419LYR8 | FNMA POOL AE9719 | 3.500 | 12/01/2025 | 204,202.30 | 205,561.22 | 201,281.39 | |
| 36202D5C1 | GNMA 2M POOL 3543 | 4.500 | 12/01/2040 | 2,456,036.60 | 2,541,877.15 | 2,503,870.12 | |
| 36202EAK5 | GNMA 2M POOL 3610 | 5.000 | 04/20/2034 | 180,549.60 | 180,333.53 | 186,133.01 | |
| 36202EUT4 | GNMA 2M POOL 4194 | 5.500 | 09/20/2034 | 166,703.90 | 170,100.80 | 171,935.29 | |
| 36202EUU1 | GNMA 2M POOL 4195 | 5.500 | 07/20/2038 | 238,562.40 | 239,082.72 | 251,691.30 | |
| 36202EVN6 | GNMA 2M POOL 4221 | 6.000 | 07/20/2038 | 228,327.00 | 232,822.19 | 237,697.52 | |
| 36202EVP1 | GNMA 2M POOL 4222 | 5.500 | 08/20/2038 | 154,735.00 | 153,528.36 | 163,253.13 | |
| 36202EVP1 | GNMA 2M POOL 4222 | 6.000 | 08/20/2038 | 117,190.40 | 118,617.29 | 121,993.30 | |
| TOTAL MORTGAGE BACKED | | | | | 39,126,876.59 | 39,794,549.12 | 38,105,235.49 |
| ASSET BACKED | | | | | | | |
| 03063FAD6 | AMCAR 2021-1 B | 0.680 | 10/19/2026 | 7,750,000.00 | 7,749,450.29 | 7,413,798.80 | |
| 14315VAD4 | CARMX 2020-2 A3 | 1.700 | 11/15/2024 | 137,924.26 | 137,943.41 | 137,468.79 | |
| 14317JAD9 | CARMX 2021-4 A3 | 0.560 | 09/15/2026 | 1,565,000.00 | 1,564,928.90 | 1,487,073.33 | |
| 14687AAN8 | CRVNA 2020-P1 A3 | 0.440 | 06/09/2025 | 307,594.33 | 307,592.82 | 304,281.92 | |
| 22535BAA1 | CAALT 2021-4 A | 1.260 | 10/15/2030 | 2,955,000.00 | 2,954,816.53 | 2,829,499.97 | |
| 30167JAE4 | EART 2022 | 2.560 | 06/15/2028 | 1,975,000.00 | 1,971,544.56 | 1,896,616.20 | |
| 34533GAD1 | FORDO 2020-B A3 | 0.560 | 10/15/2024 | 719,797.67 | 719,791.03 | 714,263.44 | |
| 36262XAC8 | GMALT 2021-3 A3 | 0.390 | 10/21/2024 | 2,769,866.14 | 2,769,856.08 | 2,715,163.78 | |
| 43813VAC2 | HAROT 2019-4 A3 | 1.830 | 01/18/2024 | 31,867.49 | 31,877.66 | 31,820.75 | |
| 44891RAC4 | HART 2020-C A3 | 0.380 | 05/15/2025 | 1,595,412.54 | 1,595,341.34 | 1,558,756.19 | |
| 80285WAF4 | SDART 2020-3 C | 1.120 | 01/15/2026 | 454,148.89 | 454,146.62 | 451,717.42 | |
| 80286EAE6 | SDART 2 | 2.560 | 04/17/2028 | 930,000.00 | 929,949.93 | 894,949.51 | |
| 80287EAE5 | SDART 2021-3 C | 0.950 | 09/15/2027 | 2,935,000.00 | 2,934,894.59 | 2,853,077.99 | |
| 802918AC6 | SDART2 | 4.490 | 11/16/2026 | 1,545,000.00 | 1,544,970.59 | 1,530,162.28 | |
| 90943UAC8 | UACST 2021-1 C | 0.840 | 06/10/2026 | 180,302.80 | 180,302.39 | 180,077.90 | |
| 92348TAC8 | VZOT 2020-A B | 1.980 | 07/22/2024 | 3,000,000.00 | 2,999,967.82 | 2,991,048.30 | |
| 96042WAF4 | WLAKE 2022-1A C | 3.110 | 03/15/2027 | 2,110,000.00 | 2,109,894.08 | 2,026,249.67 | |
| 98163HAC3 | WOSAT 2021-A A3 | 0.530 | 03/15/2027 | 2,550,485.29 | 2,550,425.91 | 2,470,234.53 | |
| 98163WAC0 | WOART 2020-B A3 | 0.630 | 05/15/2025 | 819,051.03 | 819,040.97 | 804,181.15 | |
| TOTAL ASSET BACKED | | | | | 34,331,450.44 | 34,326,735.52 | 33,290,441.92 |
| TOTAL MARKETABLE SECURITIES | | | | | 745,757,327.03 | 743,212,886.62 | 724,090,453.35 |
| TOTAL MARKETABLE AND C/E | | | | | 793,016,735.77 | 790,472,295.36 | 771,349,862.09 |
| COMMON | | | | | | | |
| 34958N100 | FORTICELL BIOSCIENCE, INC | | | 1,926.00 | 1,627,706.00 | 1.93 | |

| CUSIP | DESCRIPTION | CPN | MATURITY | QUANTITY | BOOK VALUE | MARKET VALUE |
|--|-------------------------------|-----|----------|-----------------------|-----------------------|-----------------------|
| | RIMCO ROYALTY MANAGEMENT, INC | | | 346,302.00 | 346.30 | 0.00 |
| TOTAL COMMON | | | | <u>348,228.00</u> | <u>1,628,052.30</u> | <u>1.93</u> |
| TOTAL MARKETABLE , CASH, C/E AND COMMON | | | | <u>793,364,963.77</u> | <u>792,100,347.66</u> | <u>771,349,864.02</u> |
| EQUITY SECURITIES | | | | | | |
| 910585406 | UNITED MERCHANTS & MFR | | | 214,166.00 | 25,800.00 | 0.00 |
| 910858414 | UNITED MERCHANTS & MFR - WTS | | | 53,542.00 | 0.00 | 0.00 |
| 178789103 | CITIVEST INTERNATIONAL LTD | | | 12,000.00 | 855,131.00 | 730,675.00 |
| COMMON STOCKS | | | | <u>279,708.00</u> | <u>880,931.00</u> | <u>730,675.00</u> |
| | RIMCO ROYALTY PARTNERS, L.P. | | | 346,302.00 | 3,199,497.00 | 454,354.00 |
| LIMITED PARTNERS | | | | <u>346,302.00</u> | <u>3,199,497.00</u> | <u>454,354.00</u> |
| TOTAL EQUITY SECURITIES | | | | <u>626,010.00</u> | <u>4,080,428.00</u> | <u>1,185,029.00</u> |
| TOTAL | | | | <u>793,990,973.77</u> | <u>796,180,775.66</u> | <u>772,534,893.02</u> |