



PERFORMA



THE ECONOMIC LANDSCAPE

PRESENTER

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BERMUDA

| SOUTH CAROLINA

| VERMONT

AGENDA

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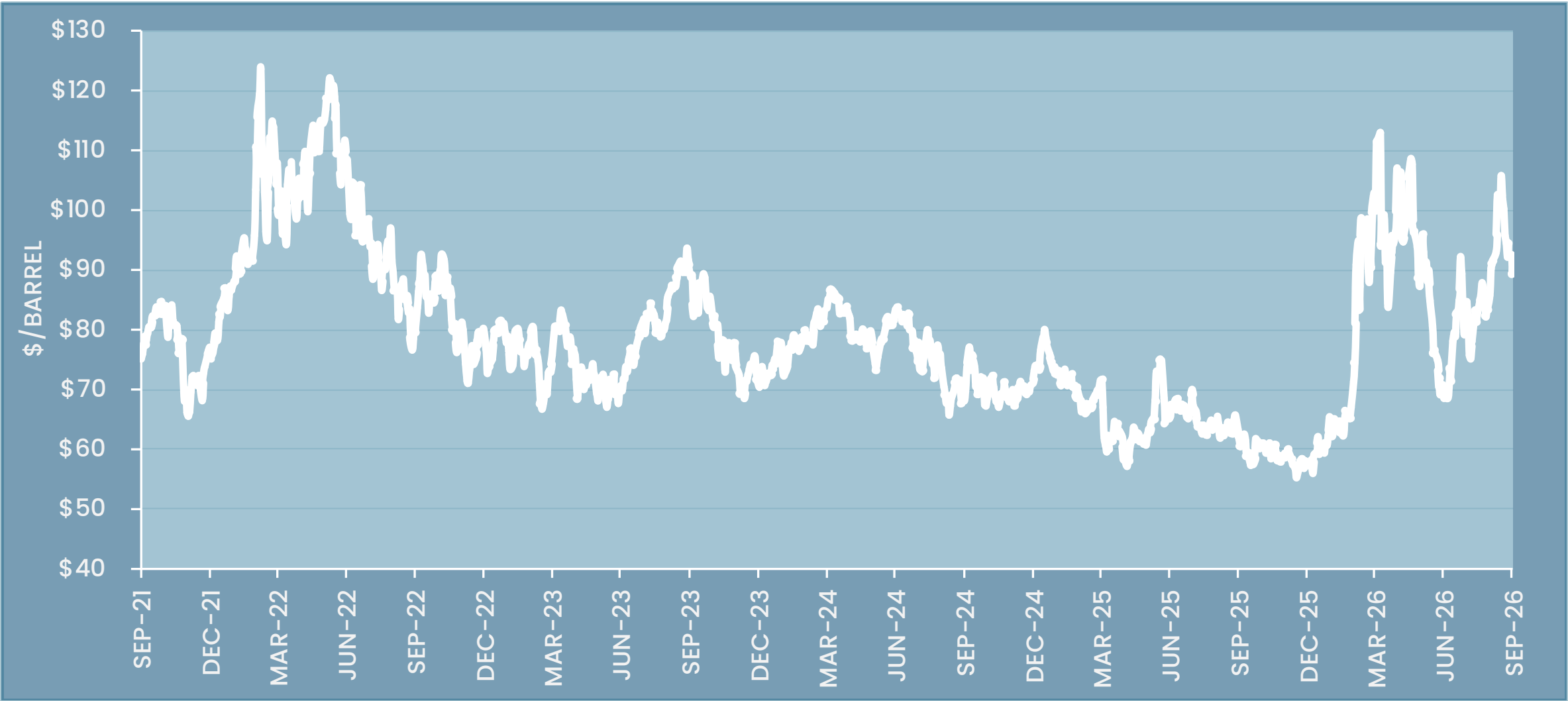


SECTION I

KEY MACRO VARIABLES

I. KEY MACRO VARIABLES

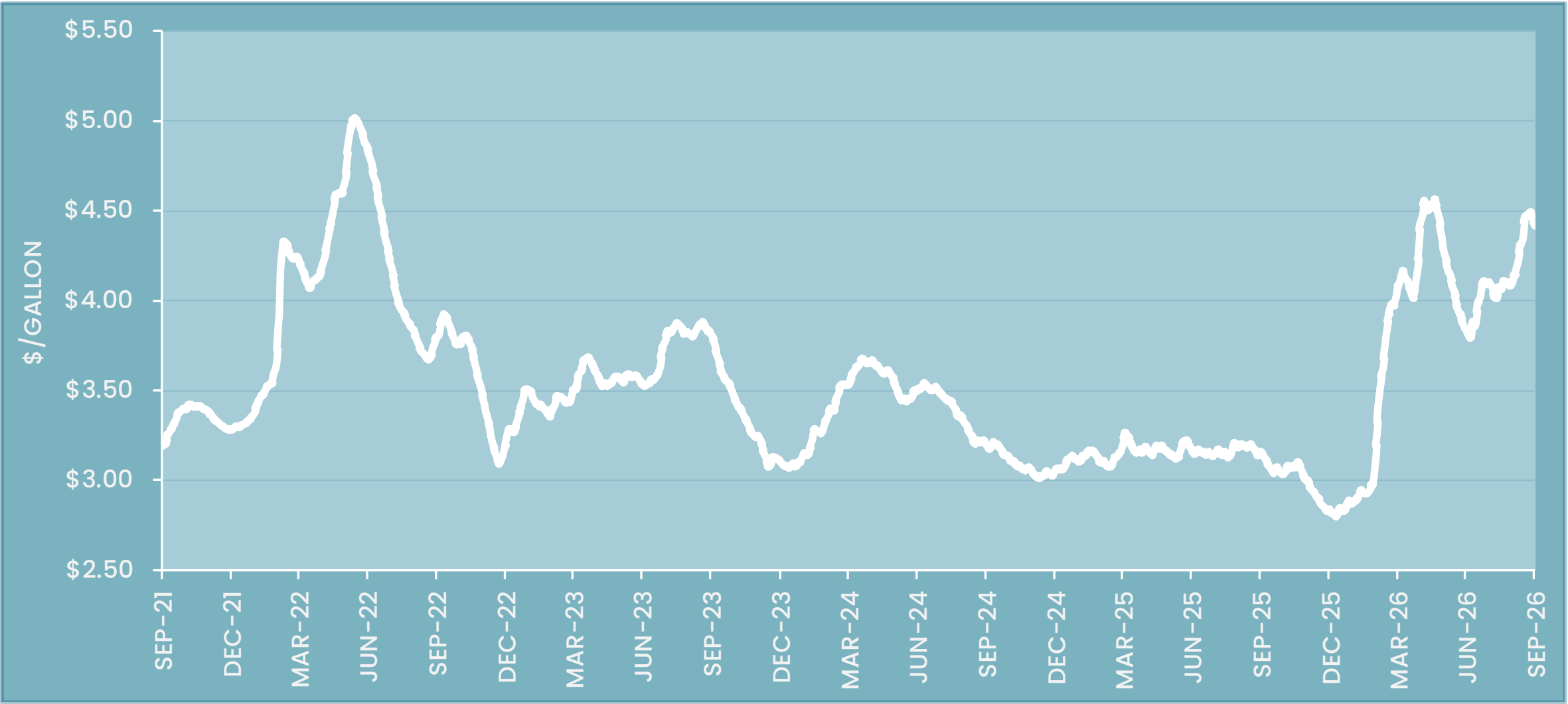
OIL | GEOPOLITICAL RISK HAS KEPT A HIGHER FLOOR UNDER PRICES



SOURCE: BLOOMBERG, PERFORMA, WTI CRUDE FUTURES PRICE

I. KEY MACRO VARIABLES

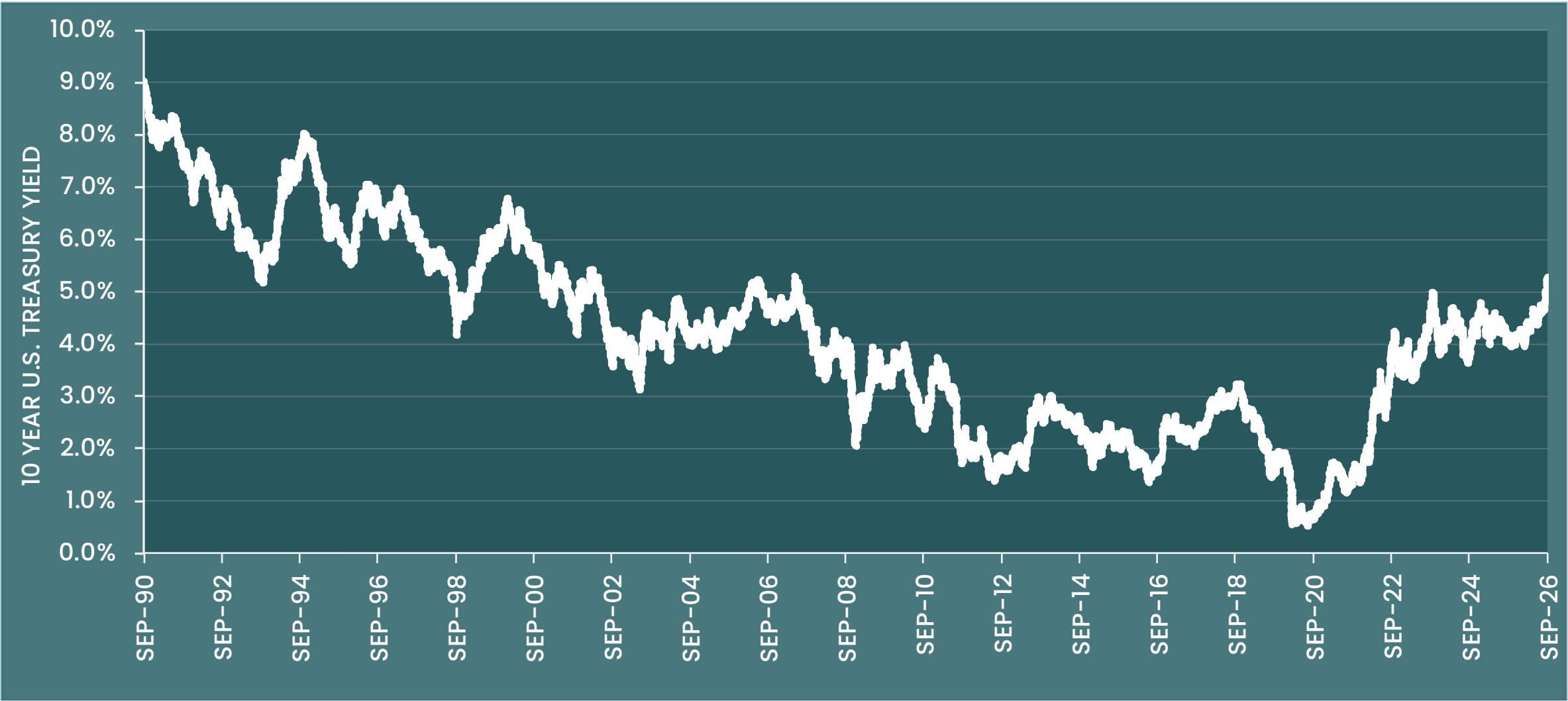
GAS PRICES | ABOVE \$4 FOR THE BETTER PART OF SIX MONTHS



SOURCE: BLOOMBERG, PERFORMA, AMERICAN AUTOMOBILE ASSOCIATION | DAILY NATIONAL AVERAGE GASOLINE PRICE

I. KEY MACRO VARIABLES

10-YR UST | HIGHER RATES ON INFLATION CONCERNS



SOURCE: BLOOMBERG, PERFORMA, USGG10YR INDEX

I. KEY MACRO VARIABLES

BIG MOVE IN RATES | LOTS OF FACTORS IN PLAY

1.



A RESILIENT U.S.
ECONOMY,
CURRENT
EXPANSION 6+
YEARS

2.



STUBBORN AND
ABOVE-TARGET
INFLATION

3.



GEOPOLITICAL
UNCERTAINTY

4.



EXCESSIVE
AMOUNT OF U.S.
DEBT

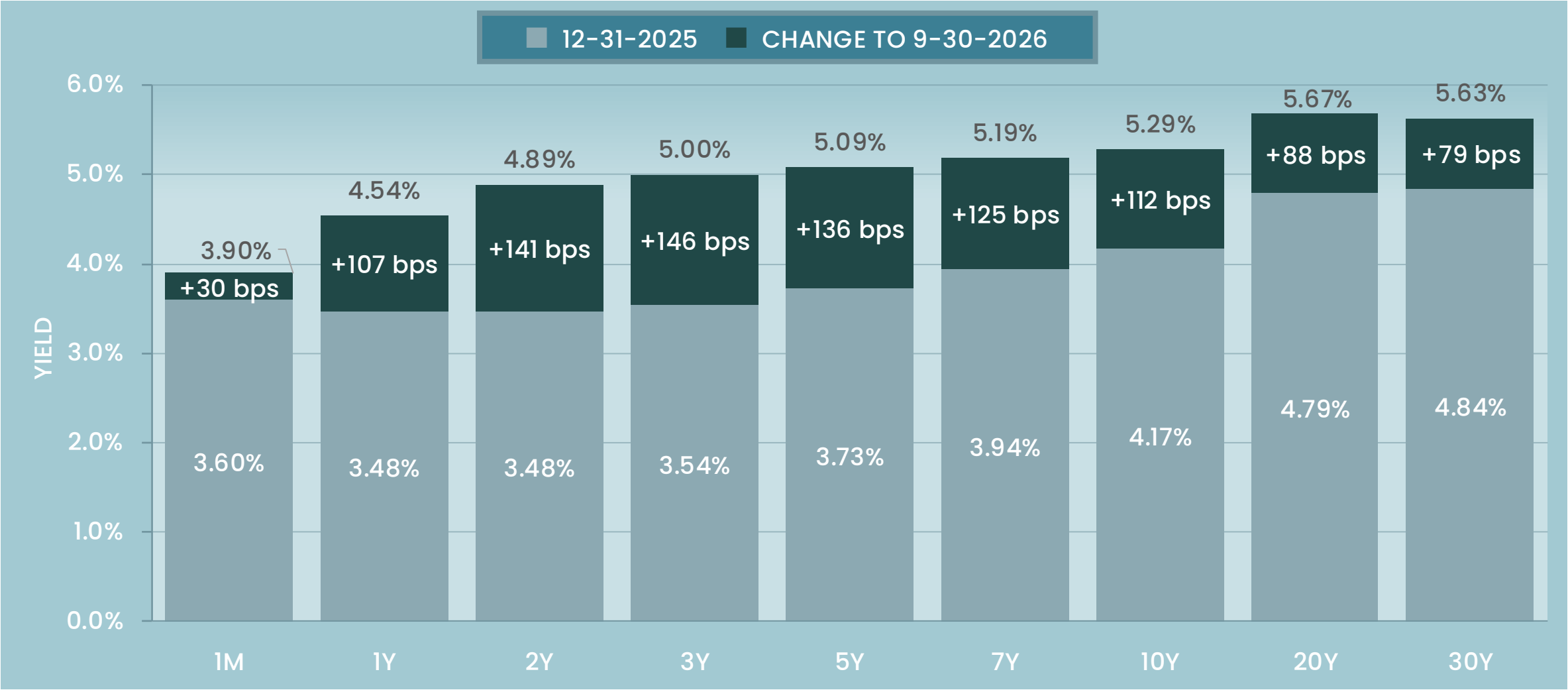
5.



HEAVY CORPORATE
ISSUANCE

I. KEY MACRO VARIABLES

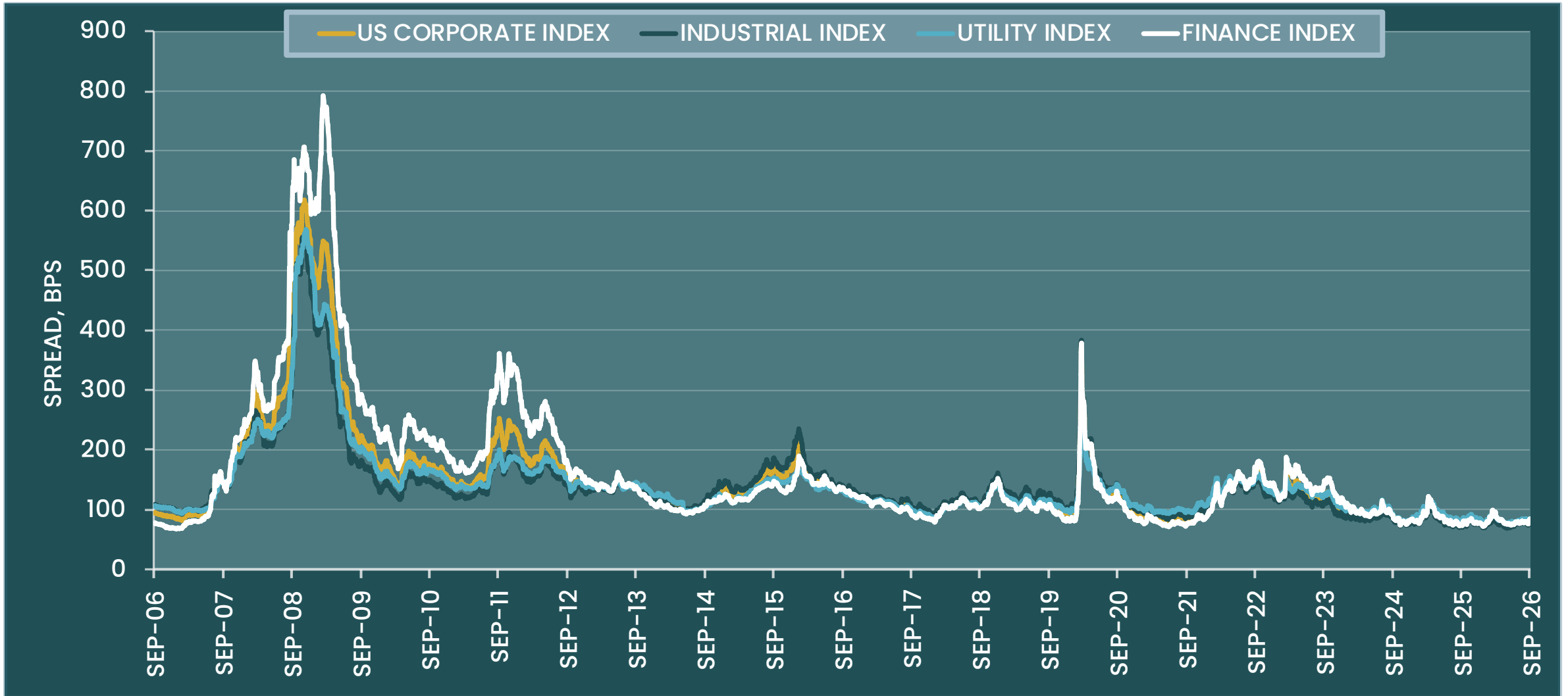
NOT ONLY 10S | U.S. TREASURY CURVE: 12-31-2025 VS 9-30-2026 | LOTS OF ACTION



SOURCE: BLOOMBERG, PERFORMA

I. KEY MACRO VARIABLES

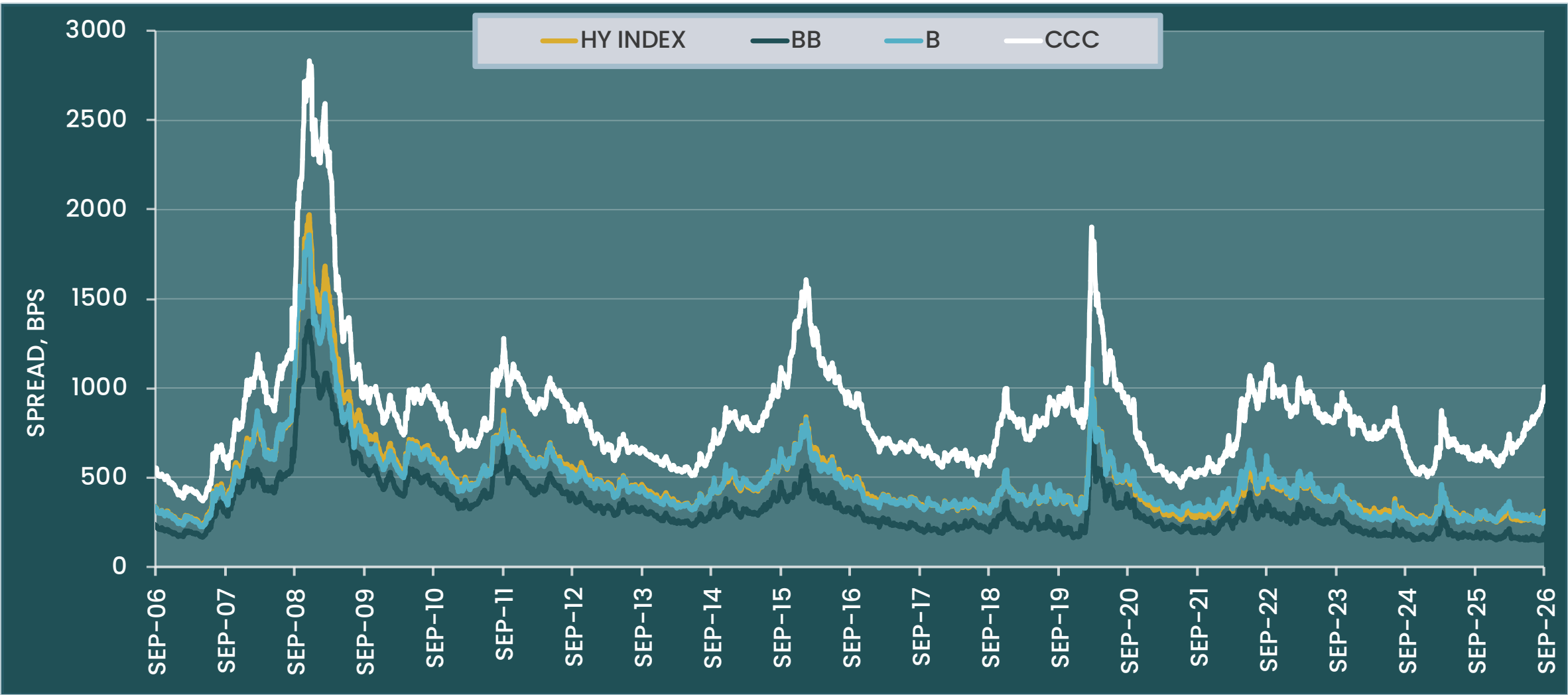
IG CORPORATE SPREADS | HISTORICALLY LOW – PERCEIVED DEFAULT RISK LOW



SOURCE: BLOOMBERG, PERFORMA, US CORPORATE BOND INDEX, US AGG INDUSTRIAL INDEX, US AGG UTILITY INDEX, US AGG FINANCE INDEX

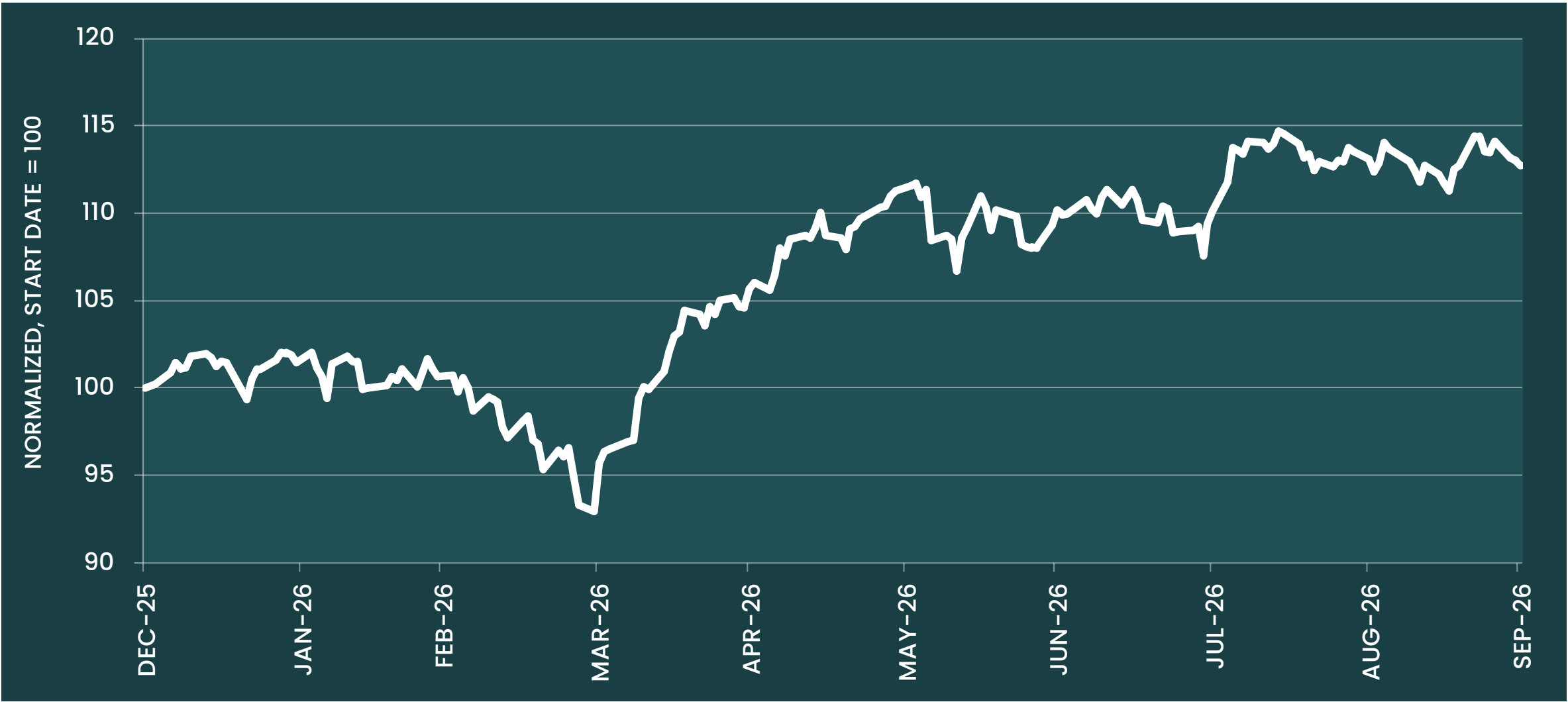
I. KEY MACRO VARIABLES

HY SPREADS | HISTORICALLY LOW – PERCEIVED DEFAULT RISK LOW



I. KEY MACRO VARIABLES

YTD S&P 500 | CEASEFIRE PLUS AI FOMO -> AI FOMO

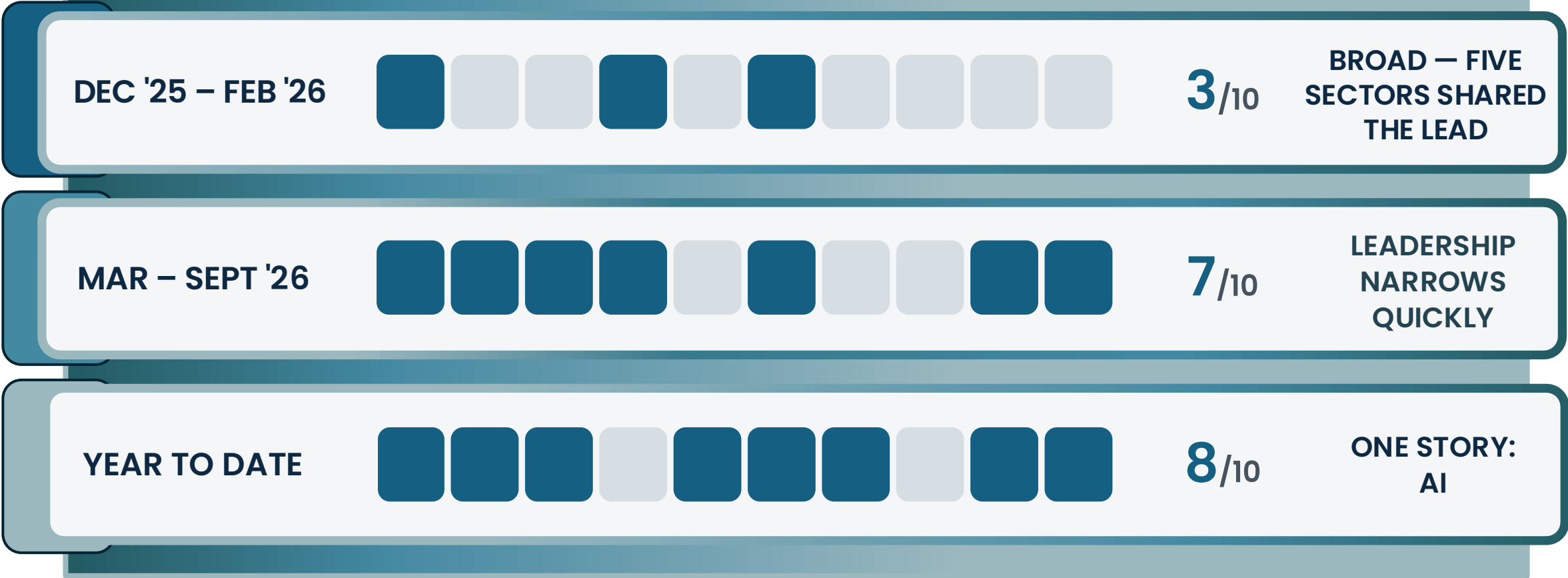


SOURCE: BLOOMBERG, PERFORMA, S&P 500 INDEX

I. KEY MACRO VARIABLES

MARKET LEADERSHIP | AI FOMO NARROWS THE FIELD

SECTORS OF THE S&P 500'S TOP-10 CONTRIBUTORS. INFORMATION TECHNOLOGY (TEAL) VERSUS ALL OTHER SECTORS (GRAY), ACROSS THREE WINDOWS OF 2026.



I. KEY MACRO VARIABLES

DISRUPTION BUT NOT DERAILED | SUMMARY

I.

OIL PRICES ARE UP YTD BUT ARE OFF THE HIGHS.

II.

INFLATION HAS JUMPED ON HIGHER ENERGY PRICES, PUTTING UPWARD PRESSURE ON INTEREST RATES.

III.

INVESTMENT GRADE AND HIGH YIELD SPREADS ARE HISTORICALLY TIGHT, LEAVING LITTLE CUSHION FOR INVESTORS.

IV.

THE IRAN WAR DENTED RISK ASSETS, BUT THE DAMAGE WAS TEMPORARY AND THE REBOUND WAS BOTH OVERPOWERING AND VERY ONE-DIMENSIONAL (AI).



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SECTION II

CHANGES AT THE FEDERAL RESERVE

II. CHANGES AT THE FEDERAL RESERVE

NEW BOSS, SAME AS THE OLD BOSS? | THE KEVIN WARSH FED



- ON MAY 22, 2026, WARSH BECAME THE 17TH CHAIR OF THE FED.
- FROM 2006 TO 2011 HE SERVED ON THE FEDERAL RESERVE BOARD OF GOVERNORS.
- PREVIOUSLY, HE HAD A SOMEWHAT HAWKISH REPUTATION, CITING CONCERNS OVER THE POTENTIALLY INFLATIONARY IMPACT OF ASSET PURCHASES.
- AHEAD OF HIS CONFIRMATION, WARSH DISCUSSED LOWERING INTEREST RATES, DECREASING/CHANGING ASSET HOLDINGS, AND DECREASING FED COMMUNICATIONS.
- THE IMPORTANT THING TO REMEMBER IS THAT THE FOMC IS A COMMITTEE AND HE WILL NEED A MAJORITY TO IMPLEMENT POLICY CHANGES.

II. CHANGES AT THE FEDERAL RESERVE

TASK FORCES | 5, TO BE CONCLUDED BY YEAR END



FED COMMUNICATIONS

POLICY STATEMENT, SEP, PRESSER, SPEECHES.



BALANCE SHEET

SIZE, COMPOSITION, SALES, REINVESTMENT.



DATA

SOURCES, QUALITY, ALTERNATIVES.



PRODUCTIVITY AND JOBS

THINK AI.



INFLATION

WARSH HAS EXPRESSED HIS COMMITMENT TO 2%. HE WANTS A NEW INFLATION FRAMEWORK. FEW DETAILS THUS FAR.

II. CHANGES AT THE FEDERAL RESERVE

COMMUNICATIONS, WE'VE SEEN DIFFERENCES ALREADY | A LOT LESS



SIGNIFICANTLY LESS FED COMMUNICATION



WARSH DOES NOT LIKE THE DOT PLOT



FEWER POST-MEETING PRESS CONFERENCES



FEWER REGIONAL BANK PRESIDENT SPEECHES



EXCESSIVE COMMUNICATION SEEN AS RESTRICTIVE

II. CHANGES AT THE FEDERAL RESERVE

COMMUNICATIONS SEEING DIFFERENCES ALREADY | LEFT COLUMN: WARSH, RIGHT COLUMN: POWELL

June 17, 2026

The Federal Open Market Committee approved the following statement for release by a 12 - 0 vote:

The Committee decided to maintain the target range for the federal funds rate at 3½ to 3¾ percent, in support of the Federal Reserve's dual mandate. The Committee reaffirmed its policy of maintaining ample reserves in the banking system.

Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability.

SOURCE: Federal Reserve Board

April 29, 2026

Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, on average, and the unemployment rate has been little changed in recent months. Inflation is elevated, in part reflecting the recent increase in global energy prices.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Developments in the Middle East are contributing to a high level of uncertainty about the economic outlook. The Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3½ to 3¾ percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

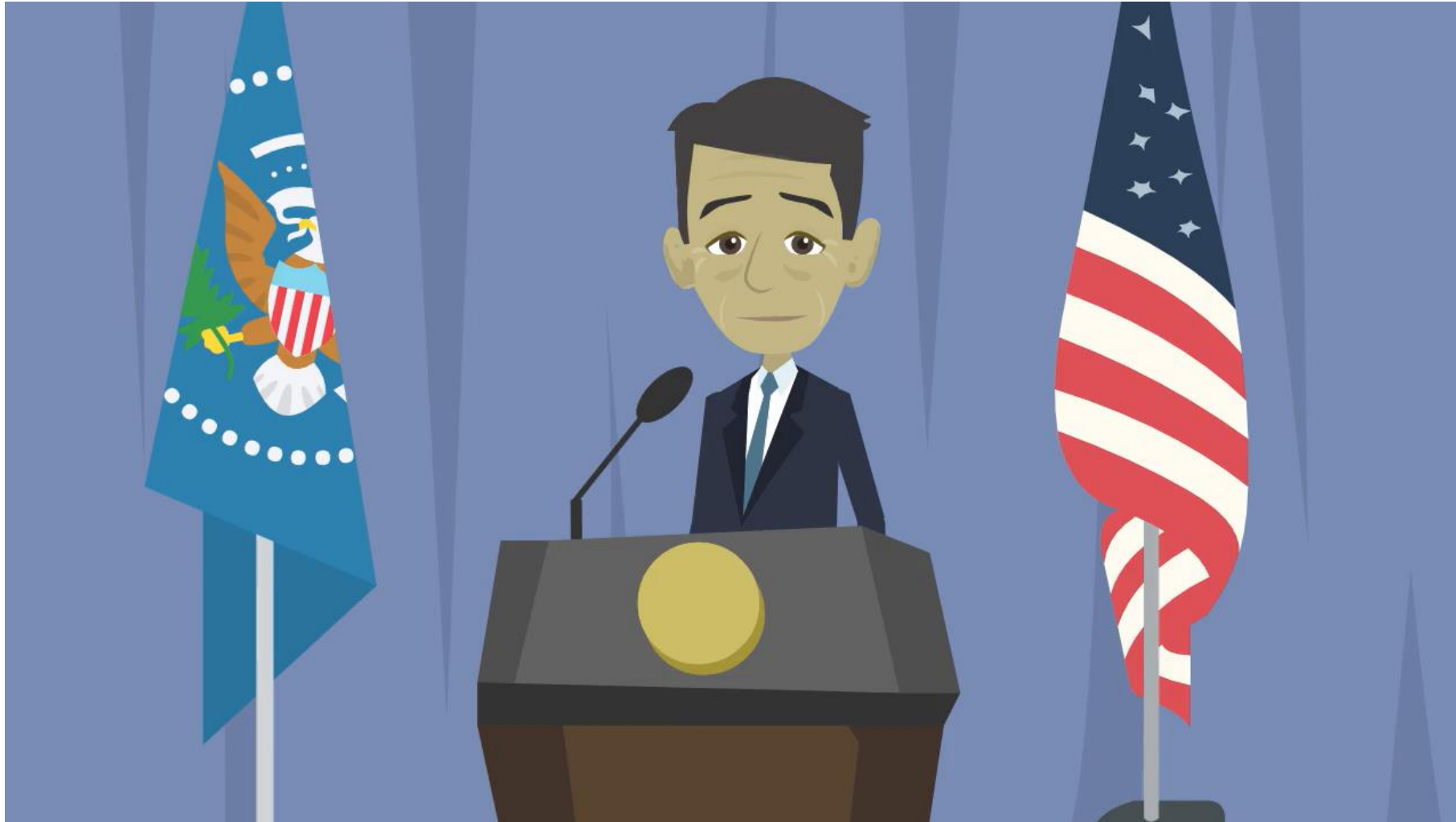
In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Lisa D. Cook; Philip N. Jefferson; Anna Paulson; and Christopher J. Waller. Voting against this action were Stephen I. Miran, who preferred to lower the target range for the federal funds rate by 1/4 percentage point at this meeting; and Beth M. Hammack, Neel Kashkari, and Lorie K. Logan, who supported maintaining the target range for the federal funds rate but did not support inclusion of an easing bias in the statement at this time.

SOURCE: Federal Reserve Board

II. CHANGES AT THE FEDERAL RESERVE

HAWK OR DOVE? | HAWKISH, DOVISH, AND BACK TO HAWKISH



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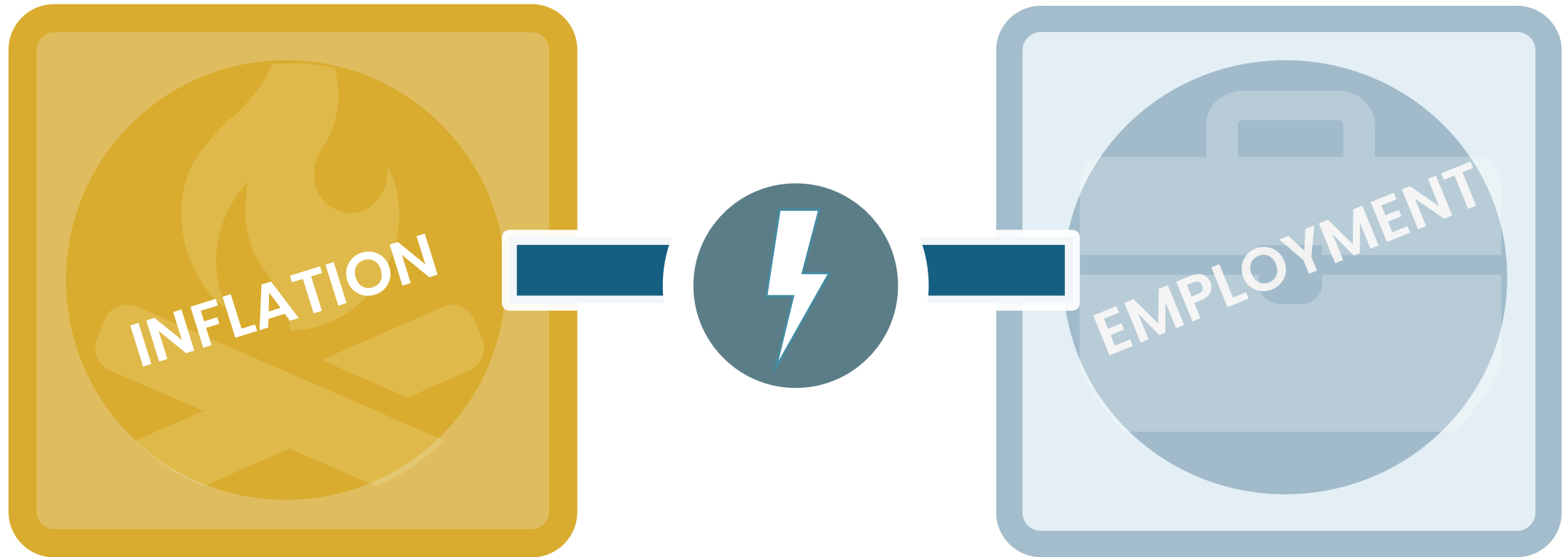
SECTION III

ECO DATA

III. ECO DATA

FED POLICY GOALS | INFLATION & EMPLOYMENT

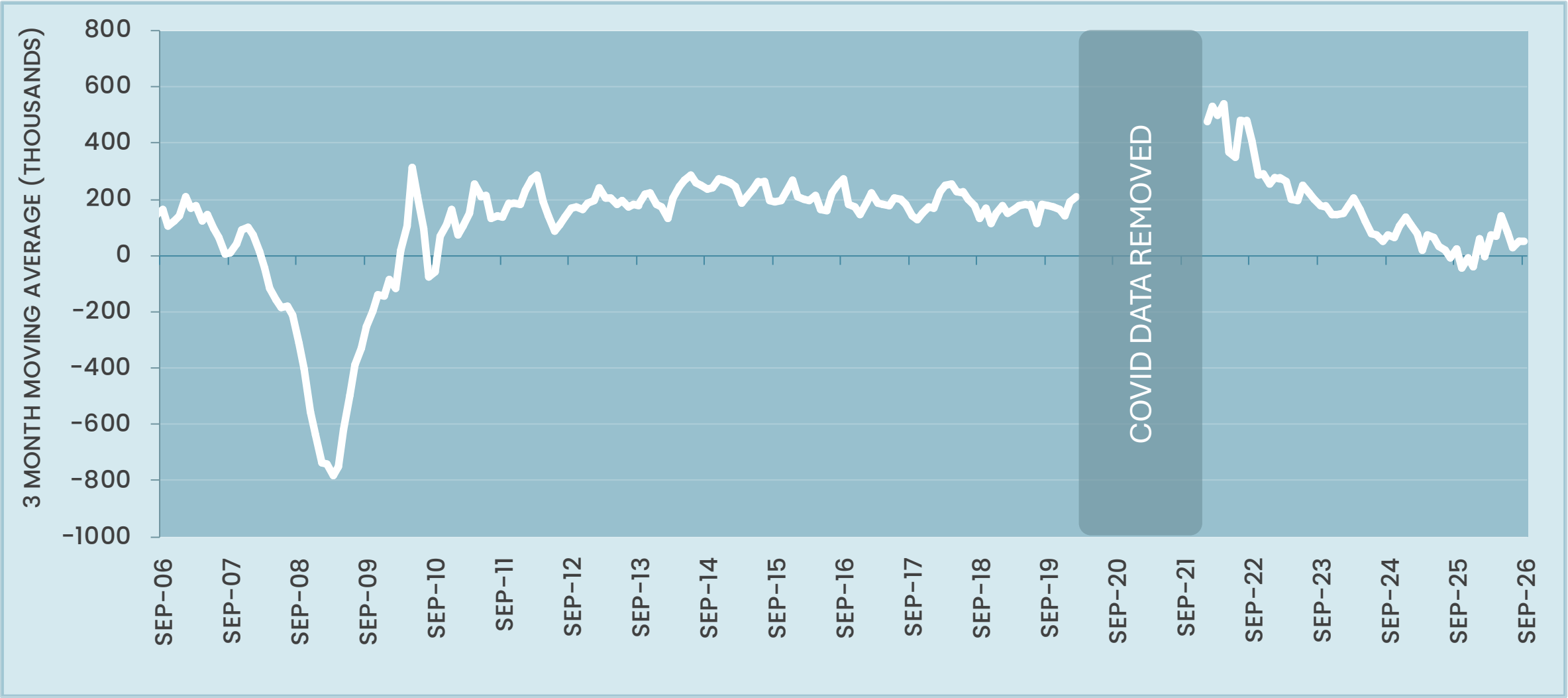
WHEN THE FED SETS POLICY, IT HAS ITS DUAL MANDATE IN MIND:



LET'S START THERE...

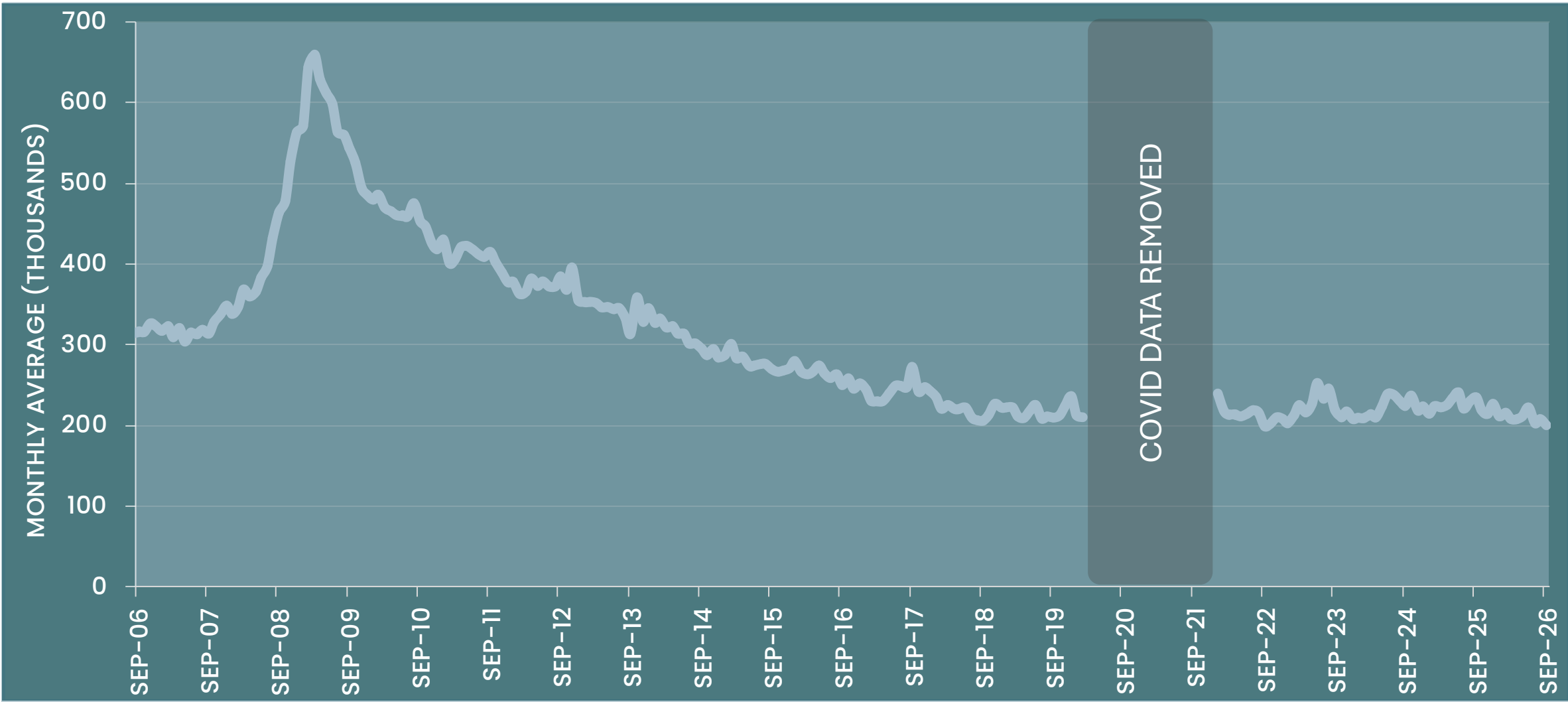
III. ECO DATA

EMPLOYMENT GOAL | JOB CREATION, MARGINAL IMPROVEMENT (THE BAR WAS LOW)



III. ECO DATA

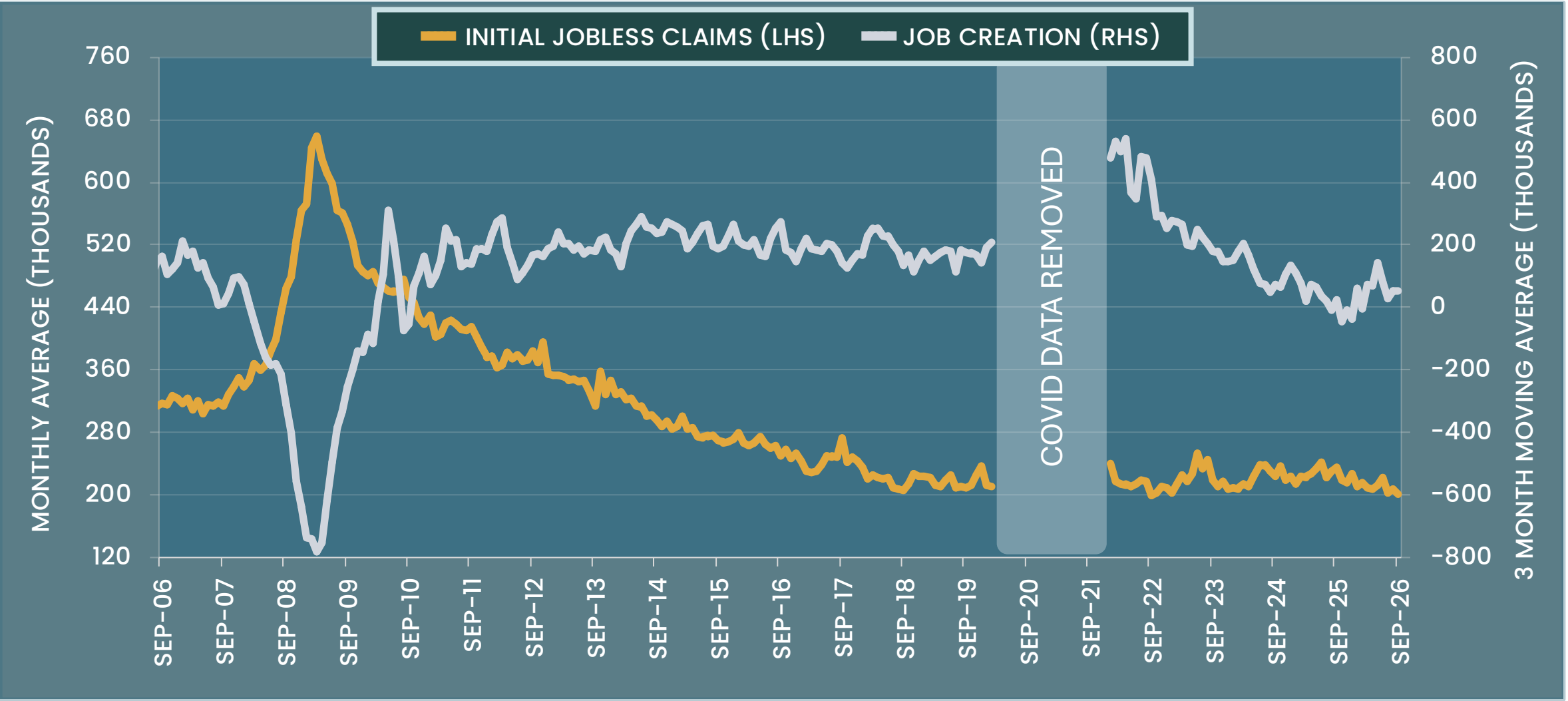
EMPLOYMENT GOAL | INITIAL CLAIMS, FIRINGS REMAIN HISTORICALLY LOW



SOURCE: BLOOMBERG, PERFORMA, DEPARTMENT OF LABOR

III. ECO DATA

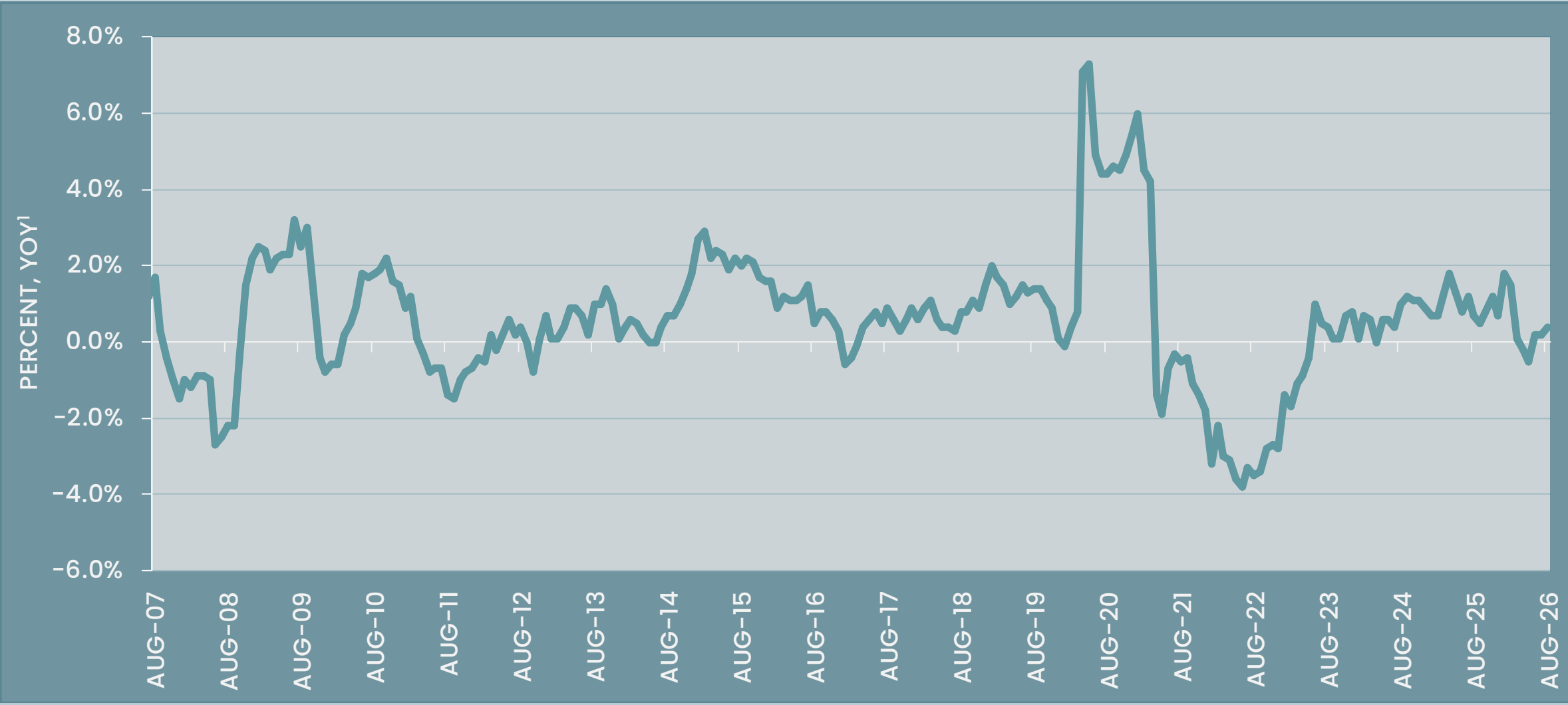
EMPLOYMENT GOAL | ALL TOGETHER, RESILIENT LABOR MARKET



SOURCE: BLOOMBERG, PERFORMA, DEPARTMENT OF LABOR, BLS

III. ECO DATA

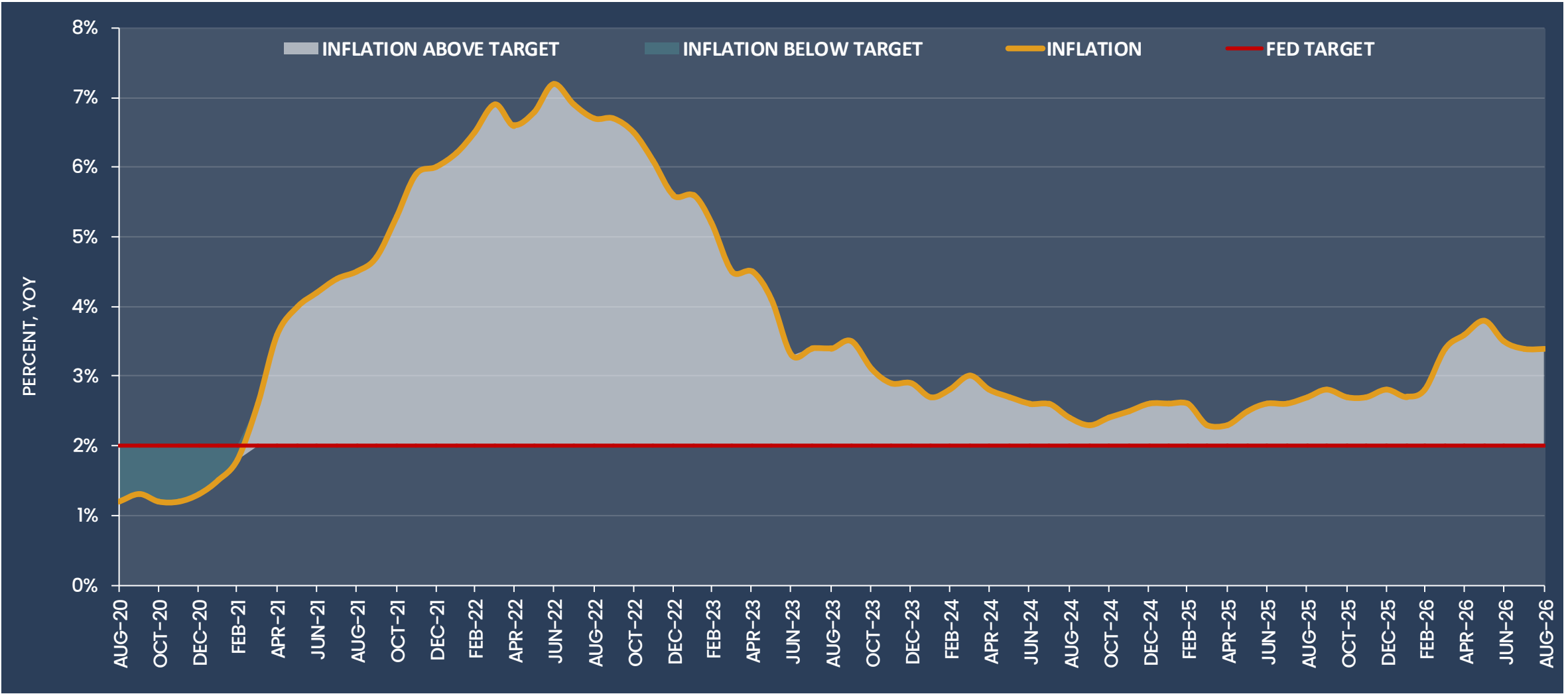
EMPLOYMENT GOAL | REAL WAGES, INFLATION TAKING A BITE



SOURCE: BLOOMBERG, PERFORMA, BLS | ¹US REAL AVERAGE WEEKLY EARNINGS YOY SA

III. ECO DATA

IRAN WAR | HIGHER INFLATION DRIVEN BY ENERGY

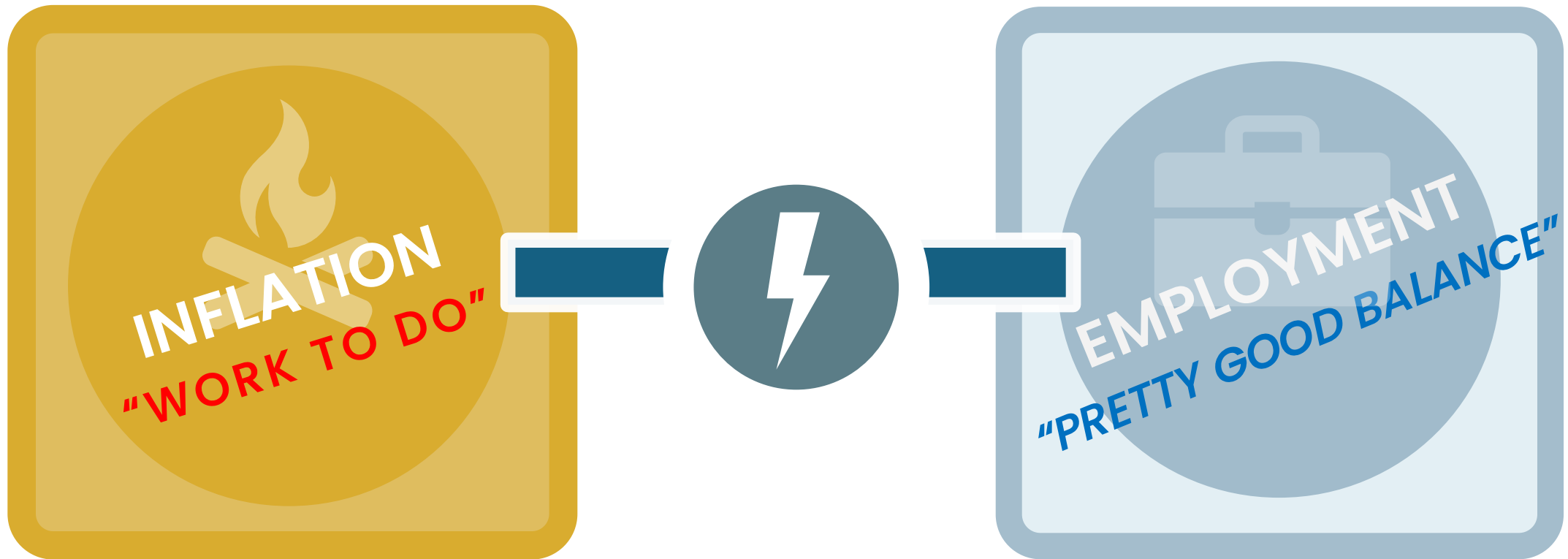


SOURCE: BLOOMBERG, PERFORMA, BUREAU OF ECONOMIC ANALYSIS | ¹ U.S. PCE, YEAR OVER YEAR, SEASONALLY ADJUSTED

III. ECO DATA

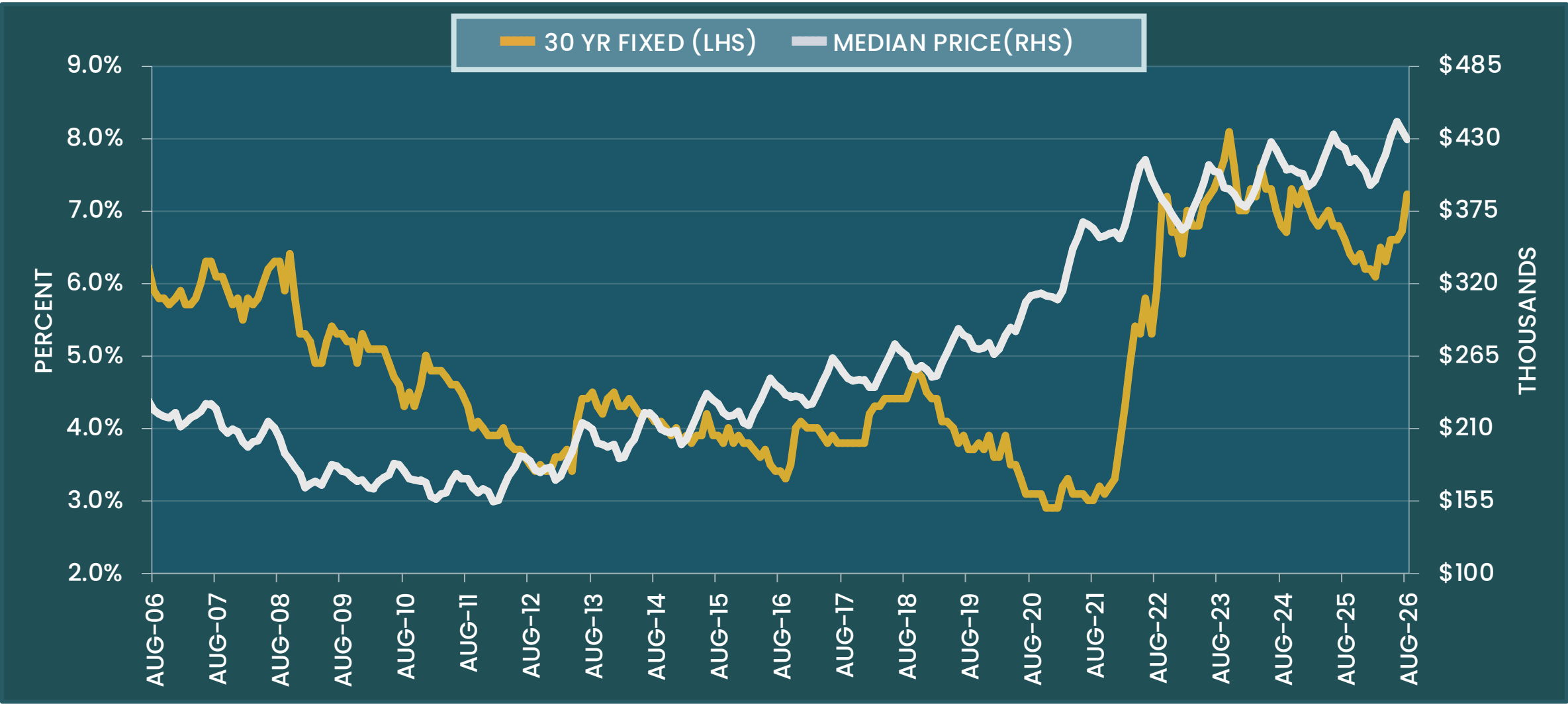
FED POLICY GOALS | INFLATION & EMPLOYMENT

WARSH'S WORDS:



III. ECO DATA

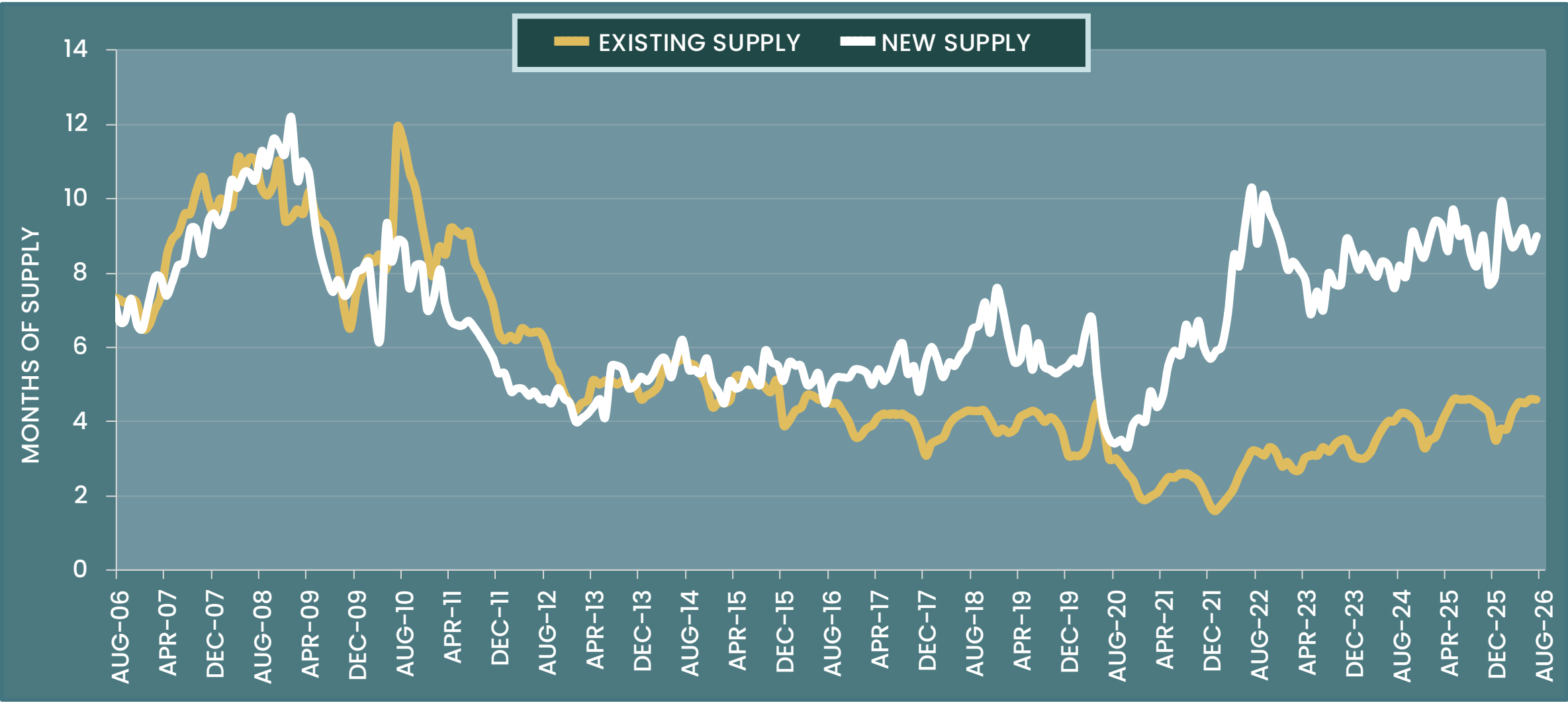
PRICES AND MORTGAGE RATES | AFFORDABILITY IN ONE PICTURE



SOURCE: BLOOMBERG, PERFORMA, BANKRATE, NATIONAL ASSOCIATION OF REALTORS

III. ECO DATA

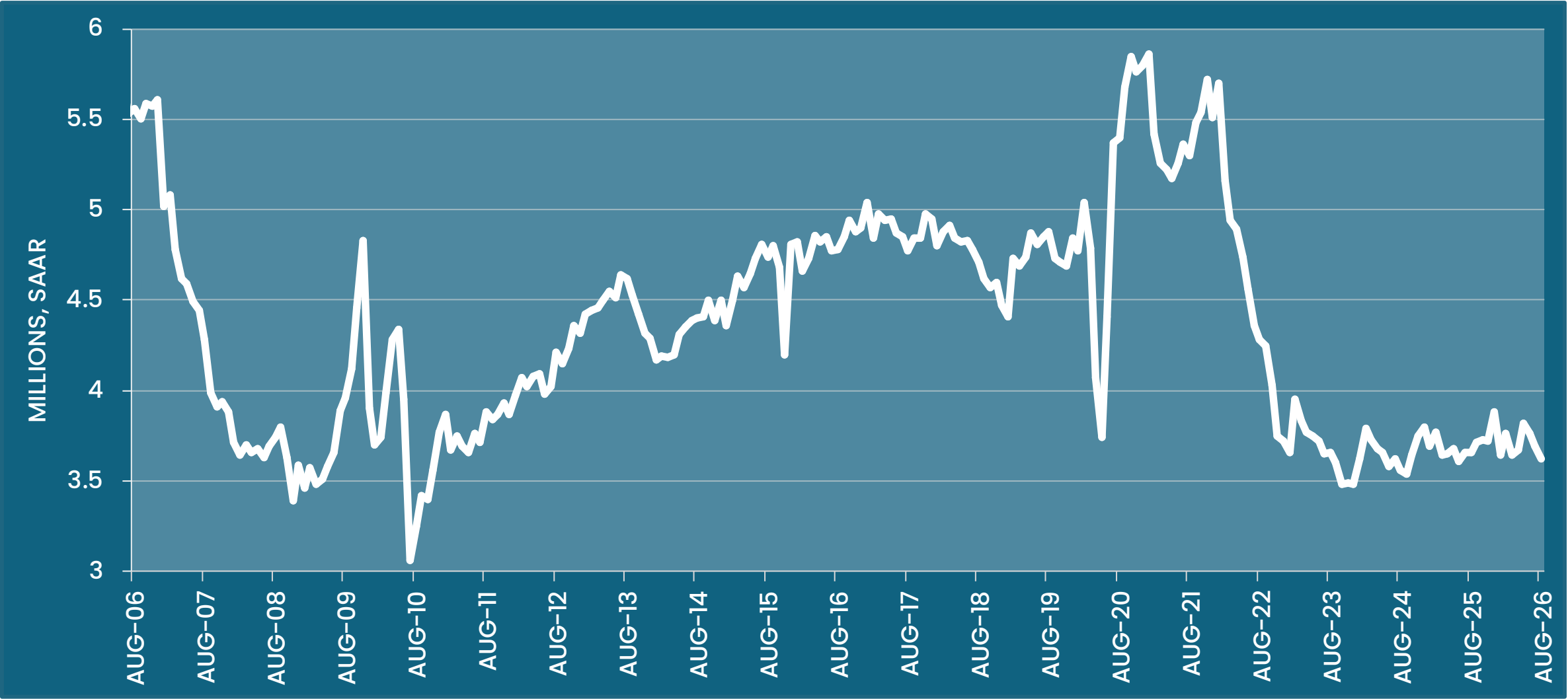
HOUSING SUPPLY | SUPPLY WAS AN ISSUE, LESS SO NOW



SOURCE: BLOOMBERG, PERFORMA, NATIONAL ASSOCIATION OF REALTORS, US CENSUS BUREAU

III. ECO DATA

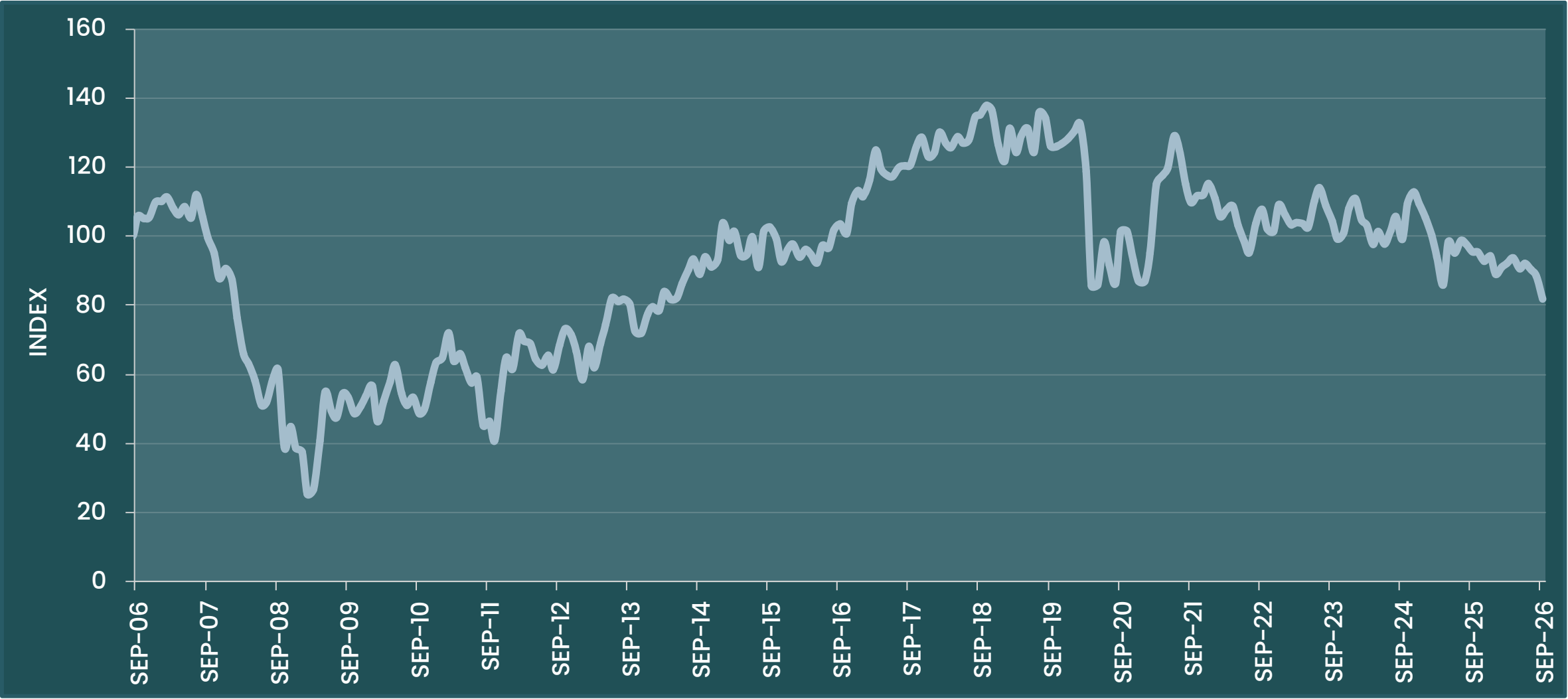
EXISTING HOME SALES | AFFORDABILITY HAS KEPT A LID ON ACTIVITY



SOURCE: BLOOMBERG, PERFORMA, NATIONAL ASSOCIATION OF REALTORS

III. ECO DATA

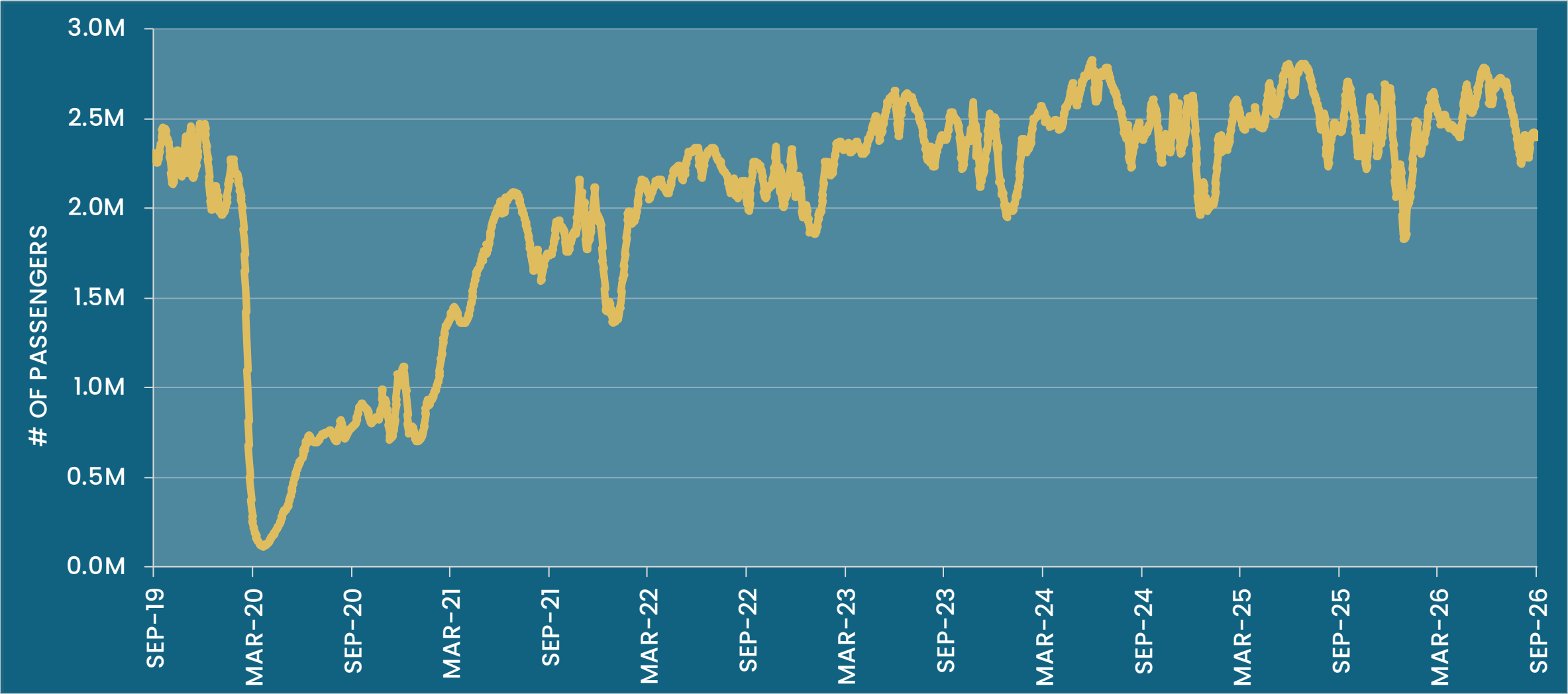
CONSUMER SENTIMENT | SENTIMENT STUCK AT COVID LOWS ON AFFORDABILITY CONCERNS



SOURCE: BLOOMBERG, PERFORMA, CONFERENCE BOARD CONSUMER CONFIDENCE

III. ECO DATA

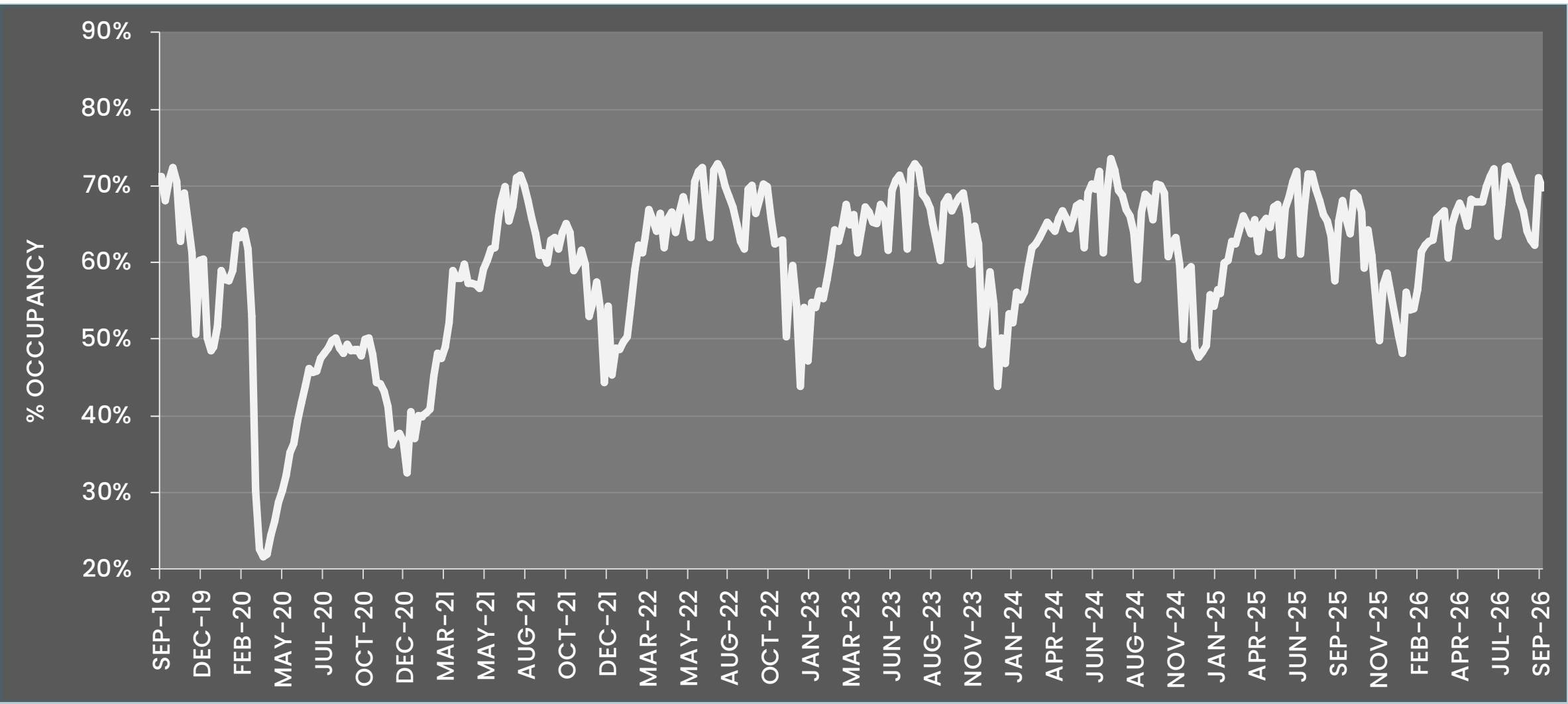
U.S. AIR PASSENGER TRAFFIC 7-DMA | TRAVEL DEMAND STRONG DESPITE HIGH TICKET PRICES



SOURCE: BLOOMBERG, PERFORMA, TRANSPORTATION SECURITY ADMINISTRATION, 7-DAY MOVING AVERAGE

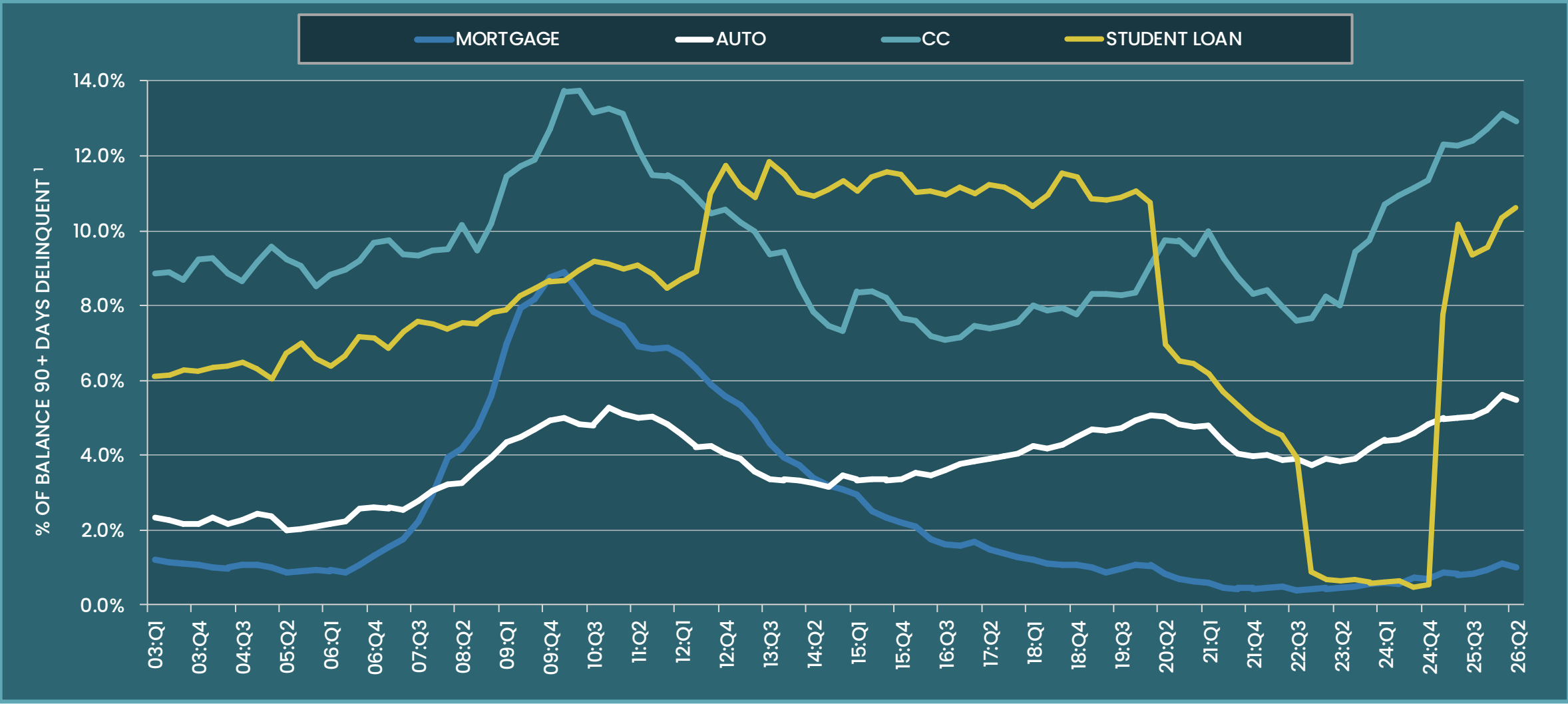
III. ECO DATA

HOTEL OCCUPANCY | OCCUPANCY AROUND SEASONAL NORMS



III. ECO DATA

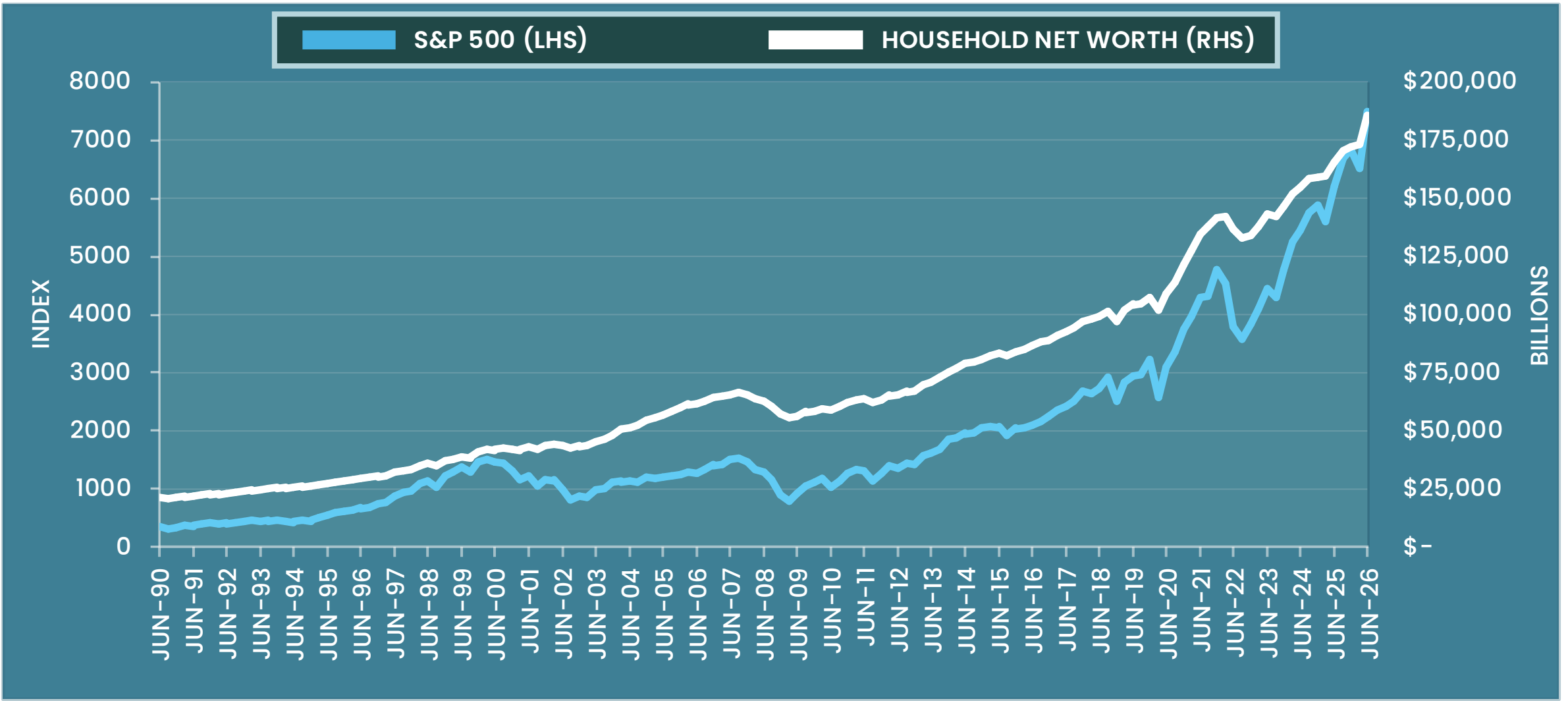
CONSUMER DELINQUENCY RATES | WEAKNESS IS ALREADY VISIBLE



¹SOURCE: NEW YORK FED CONSUMER CREDIT PANEL/EQUIFAX, PERFORMA

III. ECO DATA

STOCKS AND HH NET WORTH | NOTICE THE SLOPES, NOT THE LEVELS



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SECTION IV

LOOKING AHEAD

IV. LOOKING AHEAD

FED PROJECTIONS | IF RIGHT, A DECENT LOOKING PICTURE

VARIABLE	SEPTEMBER PROJECTION	JUNE PROJECTION	CHANGE
ECONOMIC ACTIVITY ¹	2.3%	2.2%	+0.1%
UNEMPLOYMENT RATE	4.1%	4.3%	-0.2%
INFLATION ²	3.7%	3.6%	+0.1%
FEDERAL FUNDS RATE	4.1%	3.8%	+0.3%

IV. LOOKING AHEAD

EXPECTATIONS FOR YEAR-END 2027 | MARKET EXPECTING HIKES



IV. LOOKING AHEAD

SUMMARY | ECO DATA



WHILE LACKLUSTER, LABOR MARKET DATA HAS NOT GOTTEN WORSE TO START 2026; JOB LOSSES REMAIN HISTORICALLY LOW AND JOB CREATION HAS IMPROVED MODESTLY.



THE MARKET CONTINUES TO EVALUATE DEVELOPMENTS IN THE MIDDLE EAST.



THE RISE IN INFLATION LEAVES THE FED FURTHER FROM ITS 2% TARGET. THE FED HIKED INTEREST RATES IN SEPTEMBER AND SIGNALLED ONE ADDITIONAL MOVE TO FOLLOW.



HIGH-FREQUENCY ECONOMIC DATA REMAINS ROBUST DESPITE ONGOING AFFORDABILITY CONCERNS.



MIDTERM ELECTIONS LOOM. CAN AI ENTHUSIASM LAST? CAN THE CONSUMER HOLD UP?

IV. LOOKING AHEAD

INVESTMENT PROGRAMS | MARKETS

- REMEMBER THAT THE INVESTMENT PROGRAM IS THERE TO SUPPORT THE OVERALL HEALTH OF THE CAPTIVE.
- THE PROGRAM SHOULD FOCUS ON LIQUIDITY, CAPITAL PRESERVATION AND INCOME GENERATION WITH AN EYE TOWARD BUILDING SURPLUS OVER TIME.
- TAKE WHAT THE MARKET IS GIVING YOU AND DON'T CHASE.
- TREASURY YIELDS ARE COMPELLING AND RISK SHOULD BE CLOSELY MONITORED.
- WE WOULD EXPECT TO SEE A RISK-OFF EVENT IF INTEREST RATES CONTINUE THEIR ASCENT, BUT THAT PAIN THRESHOLD WAS NOT REACHED IN SEPTEMBER.



LOOKING AHEAD

OPEN QUESTIONS

