KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER — PINELLAS COUNTY, FLORIDA

Clerk of the County Court
Recorder of Deeds
Clerk and Accountant of the Board of County Commissioners
Custodian of County Funds
County Auditor

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TO: The Honorable Chair and Members of the
Pinellas County Board of County Commissioners

FROM: Ken Burke, CPA
Clerk of the Circuit Court and Comptroller

SUBJECT: Quarterly Investment Report for the Period Ended March 31, 2026

DATE: June 4, 2026

We are pleased to provide you with the enclosed Quarterly Report for the period ended March 31, 2026.

We welcome your feedback. If you have any recommendations or comments regarding the report, feel free to contact me at 727-464-3341 or Jeanette Staveley, Chief Deputy Director, Finance Division at 727-464-8300.

CC: Jeanette L. Staveley, CPA, CGFO, Chief Deputy Director, Finance Division
Jewel White, County Attorney
Barry A. Burton, County Administrator
Board Records

Pinellas County Board of County Commissioners Quarterly Investment Report

For the Period Ended March 31, 2026

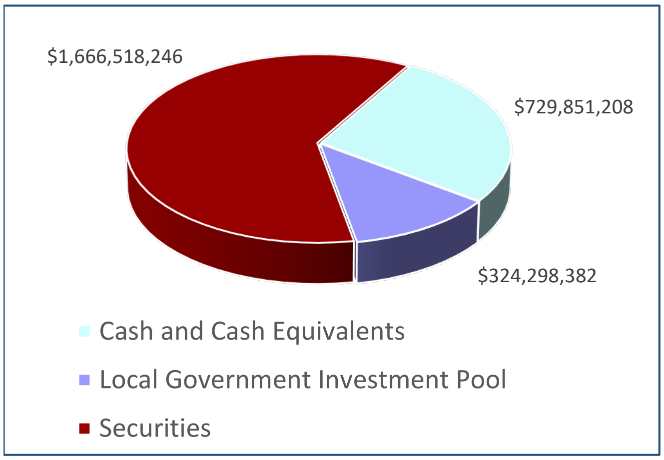
Section 218.415, Florida Statutes authorizes the governing body of a local government to adopt a written investment plan to govern investment activity. The Board of County Commissioners (Board) adopted Section 2-144 of the Pinellas County Code, Investment of Surplus Public Funds, establishing policies for investing all County surplus funds controlled by the Board. All investment activity is conducted in accordance with Code Section 2-144 and additional written policies and procedures.

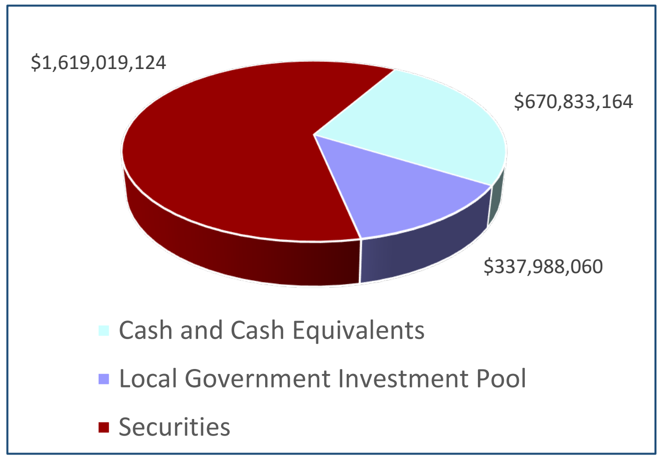
KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

Portfolio Balances

As of March 31, 2025 - $2,720,667,836

As of March 31, 2026 - $2,627,840,348





Portfolio Quarter-End Statistics	3/2025	6/2025	9/2025	12/2025	3/2026
Total Portfolio - book value	$2,720,667,836	$2,583,206,102	$2,419,679,470	$2,761,195,947	$2,627,840,348
Securities weighted average maturity (WAM)	1.62 years	1.49 years	1.38 years	1.87 years	1.73 years
Realized investment income	$30,279,653	$28,157,384	$26,595,780	$25,184,972	$26,446,456
Composite Yields (3-month daily average)					
Short Term Portfolio *	4.30%	4.28%	4.24%	3.91%	3.62%
Benchmark (3-month T-Bill)	4.34%	4.37%	4.26%	3.87%	3.69%
Long Term Portfolio	4.31%	4.26%	4.26%	4.23%	4.17%
Benchmark **	4.15%	3.86%	3.72%	3.67%	3.77%
Portfolio Overall	4.30%	4.27%	4.25%	4.11%	3.96%

* The three-month Treasury may exceed the actual short-term portfolio yield due to a fluctuating rate environment.
** In the quarter ending December 2025, Pinellas County transitioned its investment strategy to a 0–5 year laddered structure, prompting a change in the benchmark used for performance evaluation. Benchmark percentages shown for prior quarters reflect the 2-year Treasury Bill benchmark in place at the time.

Market and Economy

The County's investment strategy reflects a deliberate balance between liquidity, stability, and long-term financial stewardship. Investments are held to maturity. The following pages list the County's investment holdings and demonstrate the investment strategy. This approach is informed by ongoing economic analysis from our financial advisors, Public Treasury Management Advisory (PTMA), whose commentary provides essential context on market conditions, interest rate trends, and revenue sensitivities. Together, these insights guide the County's allocation decisions and support a disciplined framework for managing public funds responsibly through evolving economic cycles.

The County utilizes a multi-duration investment program that includes daily liquidity investments for short-term and ongoing expenses and a core portfolio of fixed-income securities for reserves and longer-term expenditures. The County's daily liquidity investments include bank deposits, the FLCLASS Prime-style investment pool, the Florida Trust Day to Day fund, and SEC-registered money market funds. The Wells Fargo operating accounts are sweep accounts. Nightly, the collected balances are transferred into a fully collateralized sweep account where they earn interest until required for operational use. These accounts allow the County to enhance yield on idle cash balances while maintaining a high level of liquidity. The County also has an SEC-registered money market fund associated with the custodial safekeeping account for the securities portfolio at UMB Bank. When funds are transferred to UMB Bank for security purchases that settle the next day, dividends are earned on the overnight balances. All daily liquidity investments have a $1.00 stable net asset value (NAV). The FLCLASS Enhanced Cash (EC) account provides weekly liquidity, has a targeted duration of one year, and has a floating NAV, meaning the net asset value of the account can fluctuate based on market conditions. The EC's longer-duration strategy complements the daily liquidity investment program by providing a higher yield over time than a daily liquidity investment.

The Clerk of the Circuit Court & Comptroller's Finance Division monitors the impact of economic conditions on revenue sources, including state-shared revenues, tourist taxes, sales taxes, gas taxes, and investment income. In addition, our investment approach and the duration of new investments will be influenced by potential significant capital outlays, notably the anticipated expenditures associated with developing a new government complex. The County's core fixed income portfolio average maturity and asset allocation structure is structured around the ICE BofA 0–5 Year U.S. Treasury Index. This represents a transition, effective in the quarter ending December, 2025, from the prior benchmark, the ICE BofA 0–3 Year U.S. Treasury Index. At the same time, maintaining financial flexibility to manage the County's funds through rising and declining interest rate cycles is imperative. Given the County's buy and hold strategy, the portfolio will reflect recent rate changes as we reinvest laddered maturities in higher-yielding securities.

Please see the addendum for additional Market and Economy information prepared by PTMA Asset Management.

Pinellas County Board of County Commissioners
Quarterly Investment Report
For the Period Ended March 31, 2026

Pinellas County Board of County Commissioners
Portfolio Summary

Investments	- - - - March 31, 2025 - -- - Book Value	% of Portfolio	- - - - March 31, 2026 - -- - Book Value	Market Value	% of Portfolio	Portfolio Maximum	Issuer Limitation	Compliant
Cash and Cash Equivalents	**$ 729,851,208**	**26.83%**	**$ 670,833,164**	**$ 670,833,164**	**25.53%**	50%	N/A	Yes
Local Government Investment Pools	**324,298,382**	**11.92%**	**337,988,060**	**337,988,060**	**12.86%**	50%	N/A	Yes
U.S. Government-Sponsored Enterprise (GSE)								
Federal Farm Credit Bank	455,521,610	16.74%	436,415,151	437,779,823	16.61%		50%	Yes
Federal Home Loan Bank	204,710,436	7.52%	151,803,497	152,366,038	5.78%		50%	Yes
Federal Home Loan Mortgage Corp.	39,430,430	1.45%	-	-	0.00%		50%	Yes
Federal National Mortgage Association	79,210,179	2.91%	45,161,480	44,824,200	1.72%		50%	Yes
Subtotal GSE's	778,872,655	28.62%	633,380,128	634,970,061	24.11%	75%		Yes
Treasury Notes	**887,645,591**	**32.63%**	**985,638,996**	**985,486,800**	**37.50%**	100%	N/A	Yes
Subtotal Securities	**1,666,518,246**	**61.25%**	**1,619,019,124**	**1,620,456,861**	**61.61%**			
Total Portfolio Book Value	**$ 2,720,667,836**	**100.00%**	**$ 2,627,840,348**	**$ 2,629,278,085**	**100.00%**			

Note: The percent of portfolio, portfolio maximum, and issuer limitation are based on book value.

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Pinellas County
Portfolio Holdings by Security Type
As of 03/31/2026

Description	CUSIP/Ticker	Settlement Date	Maturity Date	Face Amount/Shares	Book Value	Market Value	Coupon Rate	YTM @ Book	Days To Maturity
Cash and Cash Equivalents									
BankUnited MM	BANKUNITED	8/13/2018	N/A	174,813,724	174,813,724	174,813,724	3.600	3.600	1
Synovus MM	SYNOVUS	8/3/2023	N/A	113,613,539	113,613,539	113,613,539	3.700	3.700	1
Wells Fargo Sweep - Preferred MM	94975H296	11/1/2023	N/A	382,343,965	382,343,965	382,343,965	3.600	3.600	1
UMB Custodial Sweep-Goldman Sachs MM	38141W273	8/31/2023	N/A	61,937	61,937	61,937	3.500	3.500	1
Sub Total / Average				**670,833,164**	**670,833,164**	**670,833,164**	**3.617**	**3.617**	**1**
Local Government Investment Pool									
FLCLASS LGIP	FLCLASS-0001	7/15/2015	N/A	248,381,330	248,381,330	248,381,330	3.716	3.716	1
FLCLASS-ENHANCED CASH LGIP	FLCLASS-EC	5/20/2021	N/A	23,645,946	23,645,946	23,645,946	3.849	3.849	1 *
FLGIT-DAY TO DAY FUND LGIP	FLGIT-0338	9/29/2009	N/A	65,960,784	65,960,784	65,960,784	3.740	3.740	1
Sub Total / Average				**337,988,060**	**337,988,060**	**337,988,060**	**3.730**	**3.730**	**1**
FFCB Bond									
FFCB 2.5 4/9/2026	3133EEXX3	5/19/2023	4/9/2026	9,500,000	9,496,958	9,497,340	2.500	4.040	9
FFCB 3.5 12/3/2029	3133ET2T3	12/3/2025	12/3/2029	20,000,000	19,993,141	19,752,600	3.500	3.510	1,343
FFCB 3.75 4/13/2026	3133EPFT7	5/18/2023	4/13/2026	20,000,000	19,998,646	19,999,800	3.750	3.966	13
FFCB 3.75 7/3/2028	3133ETNU7	7/25/2025	7/3/2028	20,000,000	19,939,722	19,978,400	3.750	3.892	825
FFCB 3.75 8/16/2027	3133ERPV7	8/28/2024	8/16/2027	16,070,000	16,059,201	16,073,375	3.750	3.802	503
FFCB 3.875 3/7/2028	3133ER5X5	3/7/2025	3/7/2028	20,000,000	19,967,672	19,993,800	3.875	3.965	707
FFCB 4 5/20/2027	3133EPP66	12/20/2023	5/20/2027	12,690,000	12,676,525	12,723,248	4.000	4.102	415
FFCB 4.125 1/25/2027	3133EPX91	1/25/2024	1/25/2027	20,000,000	19,987,388	20,060,400	4.125	4.208	300
FFCB 4.125 11/12/2027	3133ERA92	11/25/2024	11/12/2027	20,000,000	19,940,478	20,106,600	4.125	4.323	591
FFCB 4.125 12/10/2027	3133ERJ51	12/10/2024	12/10/2027	20,000,000	20,005,044	20,086,200	4.125	4.109	619
FFCB 4.125 2/12/2027	3133EP2T1	2/12/2024	2/12/2027	20,000,000	19,984,289	20,061,600	4.125	4.223	318
FFCB 4.25 1/14/2028	3133ERT84	1/14/2025	1/14/2028	20,000,000	19,965,991	20,106,800	4.250	4.353	654
FFCB 4.375 12/7/2026	3133EPK79	12/7/2023	12/7/2026	20,000,000	20,000,364	20,076,800	4.375	4.372	251
FFCB 4.375 6/23/2026	3133EPNG6	6/23/2023	6/23/2026	20,000,000	20,000,537	20,026,800	4.375	4.362	84
FFCB 4.375 7/6/2026	3133EPPE9	9/6/2023	7/6/2026	20,000,000	19,979,859	20,035,000	4.375	4.785	97
FFCB 4.5 3/26/2027	3133EP6K6	3/26/2024	3/26/2027	20,000,000	19,997,137	20,133,400	4.500	4.516	360
FFCB 4.5 5/20/2027	3133ERFJ5	5/20/2024	5/20/2027	20,000,000	19,970,837	20,159,200	4.500	4.639	415
FFCB 4.5 8/14/2026	3133EPSW6	10/11/2023	8/14/2026	13,500,000	13,485,955	13,529,160	4.500	4.802	136
FFCB 4.75 7/8/2026	3133EPVP7	9/8/2023	7/8/2026	20,000,000	19,998,422	20,053,200	4.750	4.784	99
FFCB 4.75 9/1/2026	3133EPUW3	9/1/2023	9/1/2026	20,000,000	19,994,309	20,081,000	4.750	4.824	154
FFCB 4.875 10/20/2026	3133EPZA6	10/20/2023	10/20/2026	25,000,000	24,974,659	25,139,500	4.875	5.075	203
FFCB 4.875 4/20/2026	3133EPWD3	9/20/2023	4/20/2026	20,000,000	19,999,899	20,011,200	4.875	4.887	20
FFCB 4.875 8/28/2026	3133ERFT3	5/28/2024	8/28/2026	20,000,000	19,998,115	20,094,400	4.875	4.890	150
Sub Total / Average				**436,760,000**	**436,415,151**	**437,779,823**	**4.253**	**4.385**	**367**
FHLB Bond									
FHLB 1.25 12/21/2026	3130AQF65	11/21/2023	12/21/2026	14,800,000	14,459,246	14,537,300	1.250	4.712	265
FHLB 3.625 9/4/2026	3130B2PJ8	9/13/2024	9/4/2026	20,000,000	19,992,292	19,987,600	3.625	3.720	157

*The Enhanced Cash account's monthly distribution yield in March 2026 is 3.849%.
The quarter-to-date and life-to-date unrealized gain/(loss) on the investment is ($47,279.52) and ($61,804.99), respectively.

Pinellas County
Portfolio Holdings by Security Type
As of 03/31/2026

Description	CUSIP/Ticker	Settlement Date	Maturity Date	Face Amount/Shares	Book Value	Market Value	Coupon Rate	YTM @ Book	Days To Maturity
FHLB 4.125 9/10/2027	3130ATHW0	8/28/2024	9/10/2027	20,000,000	20,086,485	20,105,000	4.125	3.804	528
FHLB 4.25 12/10/2027	3130ATUS4	12/6/2024	12/10/2027	20,000,000	20,034,917	20,142,200	4.250	4.139	619
FHLB 4.375 6/12/2026	3130AWGR5	6/21/2023	6/12/2026	20,000,000	20,000,820	20,021,600	4.375	4.353	73
FHLB 4.625 11/17/2026	3130AXU63	11/17/2023	11/17/2026	20,000,000	19,992,592	20,108,400	4.625	4.689	231
FHLB 4.625 9/11/2026	3130AWTQ3	10/25/2023	9/11/2026	20,000,000	19,966,301	20,077,800	4.625	5.032	164
FHLB 4.875 12/11/2026	3130AXQL5	11/21/2023	12/11/2026	17,255,000	17,270,843	17,386,138	4.875	4.728	255
Sub Total / Average				**152,055,000**	**151,803,497**	**152,366,038**	**4.045**	**4.380**	**288**
FHLMC Bond									
Sub Total / Average				**-**	**-**	**-**	**0.000**	**0.000**	**0**
FNMA Bond									
FNMA 7.125 1/15/2030	31359MFJ7	12/3/2025	1/15/2030	20,000,000	22,432,559	22,241,200	7.125	3.638	1,386
FNMA 7.25 5/15/2030	31359MFP3	11/5/2025	5/15/2030	20,000,000	22,728,921	22,583,000	7.250	3.630	1,506
Sub Total / Average				**40,000,000**	**45,161,480**	**44,824,200**	**7.188**	**3.634**	**1,446**
Treasury Note									
T-Note 0.375 7/31/2027	91282CAD3	12/4/2024	7/31/2027	20,000,000	19,056,092	19,107,800	0.375	4.143	487
T-Note 0.375 9/30/2027	91282CAL5	11/25/2024	9/30/2027	20,000,000	18,901,462	18,999,200	0.375	4.302	548
T-Note 0.5 10/31/2027	91282CAU5	12/6/2024	10/31/2027	20,000,000	18,924,456	18,982,000	0.500	4.133	579
T-Note 0.5 4/30/2027	912828ZN3	12/13/2023	4/30/2027	20,000,000	19,223,764	19,312,400	0.500	4.398	395
T-Note 0.5 6/30/2027	912828ZV5	12/21/2023	6/30/2027	20,000,000	19,187,019	19,198,400	0.500	4.021	456
T-Note 0.5 8/31/2027	91282CAH4	12/13/2024	8/31/2027	20,000,000	19,032,180	19,086,800	0.500	4.143	518
T-Note 0.625 11/30/2027	91282CAY7	11/25/2024	11/30/2027	20,000,000	18,860,720	18,971,800	0.625	4.302	609
T-Note 0.625 3/31/2027	912828ZE3	12/6/2023	3/31/2027	20,000,000	19,318,780	19,400,600	0.625	4.318	365
T-Note 0.625 3/31/2027	912828ZE3-A	12/20/2023	3/31/2027	20,000,000	19,357,029	19,400,600	0.625	4.093	365
T-Note 0.75 1/31/2028	91282CBJ9	12/11/2024	1/31/2028	20,000,000	18,850,470	18,918,000	0.750	4.116	671
T-Note 1.125 2/29/2028	91282CBP5	12/11/2024	2/29/2028	20,000,000	18,934,641	19,013,200	1.125	4.120	700
T-Note 1.25 3/31/2028	91282CBS9	12/12/2024	3/31/2028	20,000,000	18,939,330	19,020,400	1.250	4.110	731
T-Note 1.25 4/30/2028	91282CBZ3	12/12/2024	4/30/2028	20,000,000	18,895,183	18,980,400	1.250	4.115	761
T-Note 1.25 6/30/2028	91282CCH2	2/26/2025	6/30/2028	20,000,000	18,808,795	18,903,200	1.250	4.107	822
T-Note 1.5 1/31/2027	912828Z78	11/30/2023	1/31/2027	20,000,000	19,554,080	19,635,800	1.500	4.380	306
T-Note 1.5 8/15/2026	9128282A7	7/30/2024	8/15/2026	20,000,000	19,795,228	19,830,400	1.500	4.381	137
T-Note 1.625 5/15/2026	912828R36	4/29/2024	5/15/2026	20,000,000	19,922,571	19,946,800	1.625	4.965	45
T-Note 1.875 2/28/2027	91282CEC1	11/30/2023	2/28/2027	20,000,000	19,576,692	19,664,000	1.875	4.380	334
T-Note 2.25 2/15/2027	912828V98	12/6/2023	2/15/2027	20,000,000	19,663,906	19,740,400	2.250	4.318	321
T-Note 2.625 5/31/2027	91282CET4	12/20/2023	5/31/2027	20,000,000	19,684,648	19,729,000	2.625	4.087	426
T-Note 2.75 2/15/2028	9128283W8	12/20/2024	2/15/2028	20,000,000	19,449,641	19,616,400	2.750	4.332	686
T-Note 2.75 4/30/2027	91282CEN7	12/13/2023	4/30/2027	20,000,000	19,673,401	19,783,400	2.750	4.389	395
T-Note 2.75 7/31/2027	91282CFB2	12/21/2023	7/31/2027	20,000,000	19,686,503	19,719,600	2.750	4.023	487
T-Note 3.125 8/31/2027	91282CFH9	12/13/2024	8/31/2027	20,000,000	19,728,030	19,804,000	3.125	4.147	518
T-Note 3.125 8/31/2029	91282CFJ5	12/12/2025	8/31/2029	20,000,000	19,693,182	19,529,000	3.125	3.608	1,249
T-Note 3.25 6/30/2029	91282CEV9	12/16/2025	6/30/2029	20,000,000	19,786,108	19,636,800	3.250	3.603	1,187
T-Note 3.375 9/15/2027	91282CLL3	12/13/2024	9/15/2027	20,000,000	19,790,555	19,869,600	3.375	4.140	533
T-Note 3.5 4/30/2028	91282CHA2	12/12/2024	4/30/2028	20,000,000	19,763,632	19,873,400	3.500	4.112	761
T-Note 3.5 9/30/2029	91282CLN9	12/10/2025	9/30/2029	20,000,000	19,876,356	19,759,400	3.500	3.690	1,279

Pinellas County
Portfolio Holdings by Security Type
As of 03/31/2026

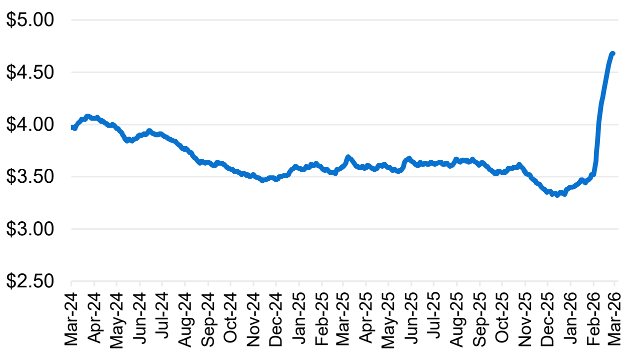
Description	CUSIP/Ticker	Settlement Date	Maturity Date	Face Amount/Shares	Book Value	Market Value	Coupon Rate	YTM @ Book	Days To Maturity
T-Note 3.625 3/31/2028	91282CGT2	12/20/2024	3/31/2028	20,000,000	19,739,501	19,927,400	3.625	4.328	731
T-Note 3.625 5/15/2026	91282CHB0	10/18/2023	5/15/2026	20,000,000	19,967,499	19,995,600	3.625	5.045	45
T-Note 3.625 8/31/2029	91282CLK5	12/12/2025	8/31/2029	20,000,000	20,000,719	19,846,800	3.625	3.623	1,249
T-Note 3.75 4/15/2026	91282CGV7	5/19/2023	4/15/2026	20,000,000	19,998,731	19,999,800	3.750	3.914	15
T-Note 3.875 10/15/2027	91282CLQ2	12/6/2024	10/15/2027	20,000,000	19,925,779	20,012,600	3.875	4.131	563
T-Note 3.875 11/30/2029	91282CFY2	12/5/2025	11/30/2029	20,000,000	20,174,719	19,995,400	3.875	3.617	1,340
T-Note 3.875 4/30/2030	91282CMZ1	11/24/2025	4/30/2030	20,000,000	20,206,619	19,978,200	3.875	3.599	1,491
T-Note 4 10/31/2029	91282CFT3	12/10/2025	10/31/2029	20,000,000	20,196,621	20,079,600	4.000	3.702	1,310
T-Note 4 2/28/2030	91282CGQ8	12/3/2025	2/28/2030	20,000,000	20,271,358	20,075,800	4.000	3.622	1,430
T-Note 4 2/29/2028	91282CGP0	12/20/2024	2/29/2028	20,000,000	19,882,746	20,065,600	4.000	4.329	700
T-Note 4 3/31/2030	91282CMU2	11/24/2025	3/31/2030	20,000,000	20,293,977	20,071,800	4.000	3.599	1,461
T-Note 4 7/31/2029	91282CLC3	12/12/2025	7/31/2029	20,000,000	20,249,543	20,089,000	4.000	3.597	1,218
T-Note 4 7/31/2030	91282CHR5	11/5/2025	7/31/2030	20,000,000	20,249,633	20,063,200	4.000	3.683	1,583
T-Note 4.125 10/31/2029	91282CLR0	12/10/2025	10/31/2029	20,000,000	20,278,726	20,164,000	4.125	3.703	1,310
T-Note 4.125 11/30/2029	91282CMA6	12/5/2025	11/30/2029	20,000,000	20,344,405	20,165,600	4.125	3.617	1,340
T-Note 4.125 8/31/2030	91282CHW4	10/29/2025	8/31/2030	20,000,000	20,403,900	20,154,000	4.125	3.622	1,614
T-Note 4.375 7/15/2027	91282CKZ3	12/4/2024	7/15/2027	20,000,000	20,055,601	20,136,000	4.375	4.144	471
T-Note 4.5 5/31/2029	91282CKT7	12/16/2025	5/31/2029	20,000,000	20,535,754	20,387,600	4.500	3.593	1,157
T-Note 4.625 10/15/2026	91282CJC6	11/17/2023	10/15/2026	20,000,000	20,003,492	20,090,400	4.625	4.589	198
T-Note 4.625 6/15/2027	91282CKV2	12/4/2024	6/15/2027	20,000,000	20,108,996	20,187,600	4.625	4.145	441
T-Note 4.625 9/30/2030	91282CHZ7	10/29/2025	9/30/2030	20,000,000	20,816,225	20,568,000	4.625	3.626	1,644
Sub Total / Average				**1,000,000,000**	**985,638,996**	**985,486,800**	**2.703**	**4.056**	**760**
Sub Total Securities				**1,628,815,000**	**1,619,019,124**	**1,620,456,861**			
Total / Average				**2,637,636,224**	**2,627,840,348**	**2,629,278,085**	**3.469**	**3.969**	**388**

FFCB: Federal Farm Credit Bank	**T-Note:** U.S. Treasury Note
FHLB: Federal Home Loan Bank	**FLCLASS LGIP:** The Florida Cooperative Liquid Assets Securities System - Daily Liquidity
FHLMC: Federal Home Loan Mortgage Corporation	**FLCLASS-ENHANCED CASH LGIP:** The Florida Cooperative Liquid Assets Securities System - Short-Term Liquidity
FNMA: Federal National Mortgage Association	**FLGIT**: Florida Local Government Investment Trust

Economic Commentary

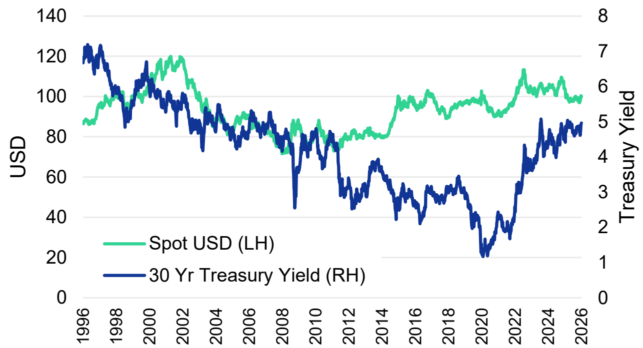
January 1 - March 31, 2026

AVERAGE U.S. GAS PRICE PER GALLON



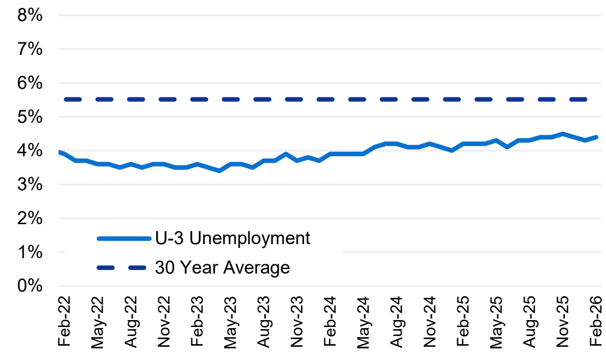
Source: Bloomberg, PTMA, Data as of 3/27/26

U.S. DOLLAR VS. 30-YEAR TREASURY



Source: Bloomberg, PTMA, Data as of 3/27/26

U.S. UNEMPLOYMENT RATE



Source: Bloomberg, Bureau of Labor Statistics, PTMA, Data as of 2/28/26

Due to recent conflict in the Middle East, oil is now trading near $100 per barrel, up sharply from earlier this year, with gas prices also rising above $4.00 per gallon nationwide ahead of the summer travel season. This initial increase is likely to create near-term price pressure as higher transportation and electricity costs flow through supply chains into other goods and services. While this first-order effect may prove temporary, broader spillovers into sectors reliant on energy inputs would be more persistent and challenging for the economy to absorb.

The duration of the conflict will be a key factor in the months ahead. In a shorter scenario where oil prices ease, the increase may be viewed as a one-time adjustment rather than the start of a sustained inflationary cycle. However, a prolonged conflict could have more meaningful implications for inflation and consumer spending. Elevated energy costs pose particular challenges for lower- and middle-income households, who spend a larger share of income on necessities. We are closely monitoring whether these pressures begin to weigh on broader consumption, and ultimately, employment and growth.

Over the past several years, longer-term Treasury yields have moved higher, with the 30-year rate normalizing after reaching historically low levels during 2020. While this adjustment is often characterized as a "selloff," the upward move in yields began from unusually depressed levels and reflects a broader shift back toward more typical nominal rate conditions. As growth, inflation, and policy expectations evolved, longer-term yields have repriced to better align with underlying economic fundamentals.

At the same time, the U.S. dollar has remained firm and broadly in line with its long-term average over the past three decades. While some observers have pointed to lower Treasury prices representing lower demand, the resilience of the dollar suggests continued relative strength in U.S. assets and macro conditions. We are monitoring whether this combination of elevated yields and a stronger dollar begins to tighten financial conditions further, with potential implications for capital flows, economic activity, and global markets.

The first quarter of 2026 began on a positive note as the end of the government shutdown was followed by a stronger than expected jobs report. Unemployment dipped slightly to 4.3% as new jobs rose. The positive news was short-lived as job creation was negative in February and the unemployment rate returned to 4.4%.

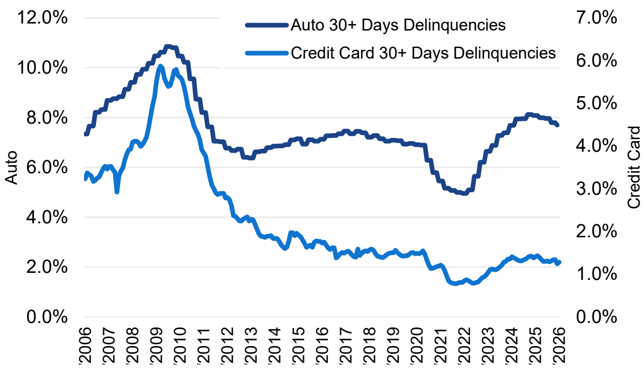
A closer examination of January's employment report showed a decrease in the labor force of over 1 million workers. January data also revealed a decrease in the labor force participation rate. Together, these factors reduced any initial positive view of the January data. The labor force and participation rate remained nearly steady in February.

A low-hire, low-fire employment landscape is expected to continue into 2026 as uncertainty remains elevated. Rapid changes in artificial intelligence, the conflict in the Middle East and evolving U.S. policy on multiple fronts are primary sources of the soft labor market.

Economic Commentary

January 1 - March 31, 2026

AUTO AND CREDIT CARD 30+DAY DELINQUENCIES



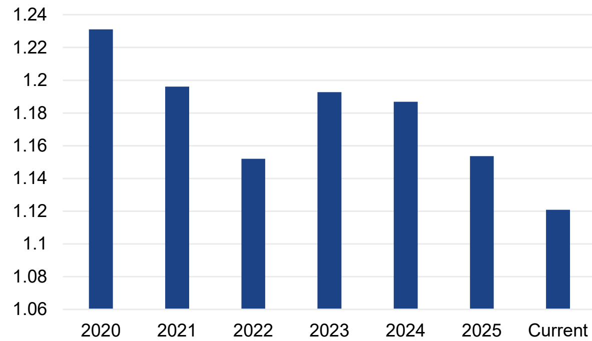
Source: Bloomberg, Bureau of Labor Statistics, PTMA, Data as of 1/31/26

Consumers remain resilient in the first quarter 2026. Delinquency rates, albeit off lows, are still below historic averages.

Despite stable delinquency rates, uncertainty with shifting policy, geopolitical events and elevated inflation are expected to impact the spending habits of consumers. Most recently with gas prices over $4/gallon, lower-income households are feeling impacts of these events disproportionately. Markets continue to watch what is being called a K-shaped economy unfold. Strong spending amongst a small group of high-income consumers drive outsized spending data while lower income consumers continue to pull back.

Although incoming consumer data remains stable, markets are increasingly cautious about underlying emerging trends.

AVERAGE S&P 500 DEBT / EQUITY



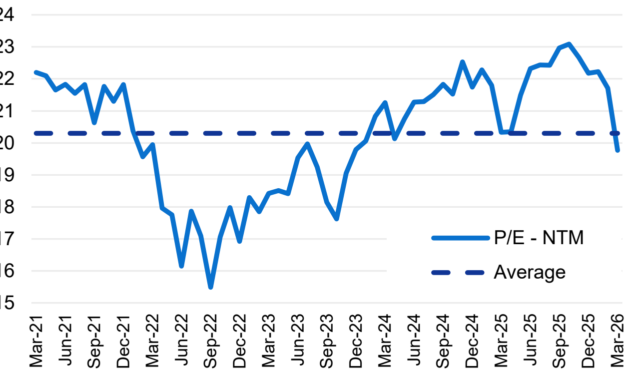
Source: Bloomberg, PTMA, Data as of 3/27/26

Debt-to-Equity ratios (D/E) vary by sector, impacted by industry characteristics. Utilities and Real Estate Investment Trusts (REITs) typically have higher D/E ratios as high debt is needed to finance infrastructure and properties. Information Technology often has a lower ratio as the significant cash flows help companies finance projects through other means than debt.

D/E ratios can also shift quickly based on market conditions and quarterly earnings. However, the sustained, downward-trending D/E has signified continued improvement in general financial risk across the Index over the last several years. Companies have reduced their reliance on debt to fund growth, providing for additional financial flexibility, a positive in a higher volatility market.

The recent large capital expenditures announced by several companies raised market concern that debt may increase, and more importantly that potential debt increases may not be offset by corresponding earnings growth. However, that has not yet occurred, and debt-to-equity ratios continue to fall.

S&P FORWARD PRICE / EARNINGS



Source: FactSet, PTMA

The forward 12-month Price to Earnings (Forward P/E) ratio has trended down in 2026. Changes to both market price and earnings estimates have impacted this key valuation ratio.

Prices have decreased in 2026 due to market deterioration and volatility. Early year depreciation was spurred by concerns over AI and tech market valuations; however, the conflict in the Middle East, disruptions to global trade and oil transport, and persistence of inflation have all converged to cause further market price declines.

In contrast, earnings expectations for 2026 have increased. More companies have issued positive Earnings Per Share (EPS) guidance for the first quarter, and the estimated year-over-year earnings growth rate for the first quarter of 2026 is 13.0%. If companies meet these forecasts, it will mark the sixth consecutive quarter of double-digit earnings growth for companies listed on the S&P 500 index. Forward P/E ratios are now under 20 and are approaching the 10-year average.