



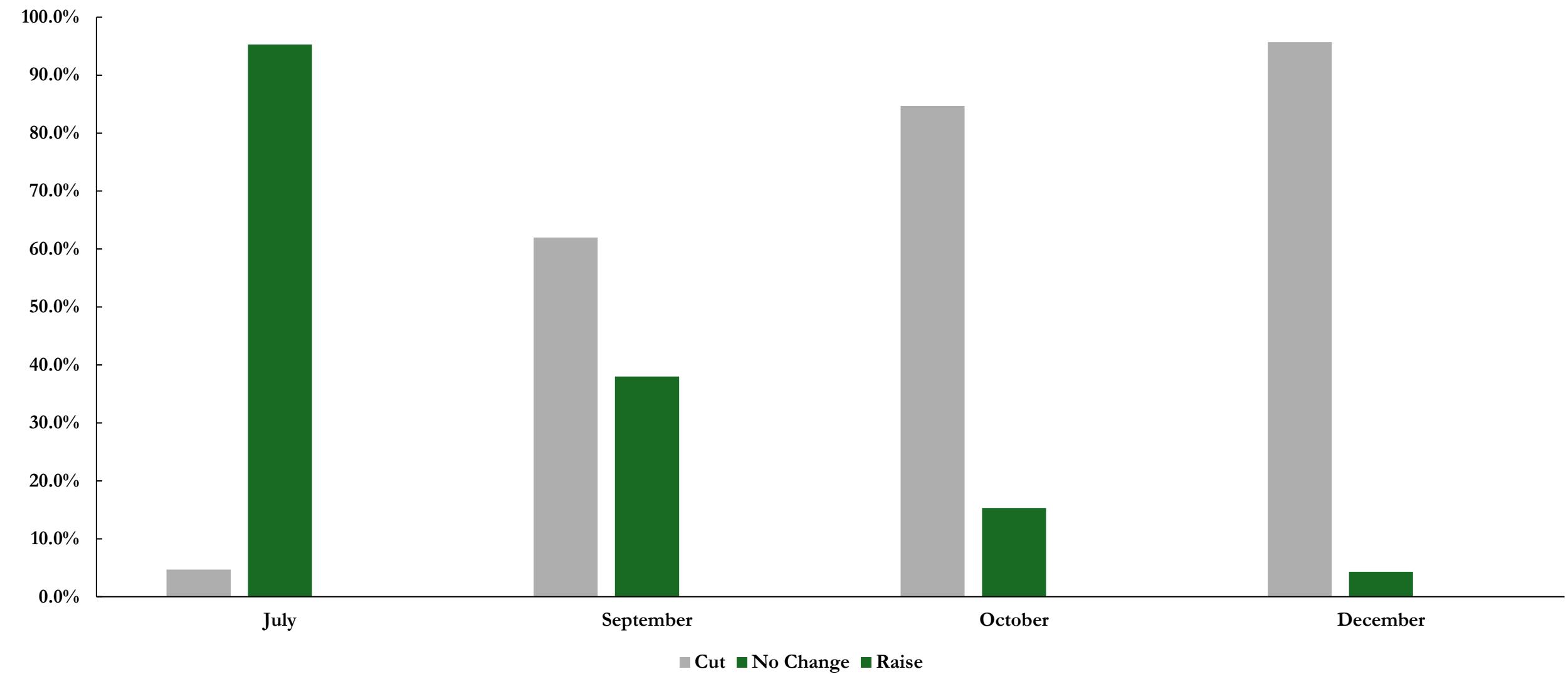
Selling/Buying Securities



Macro News

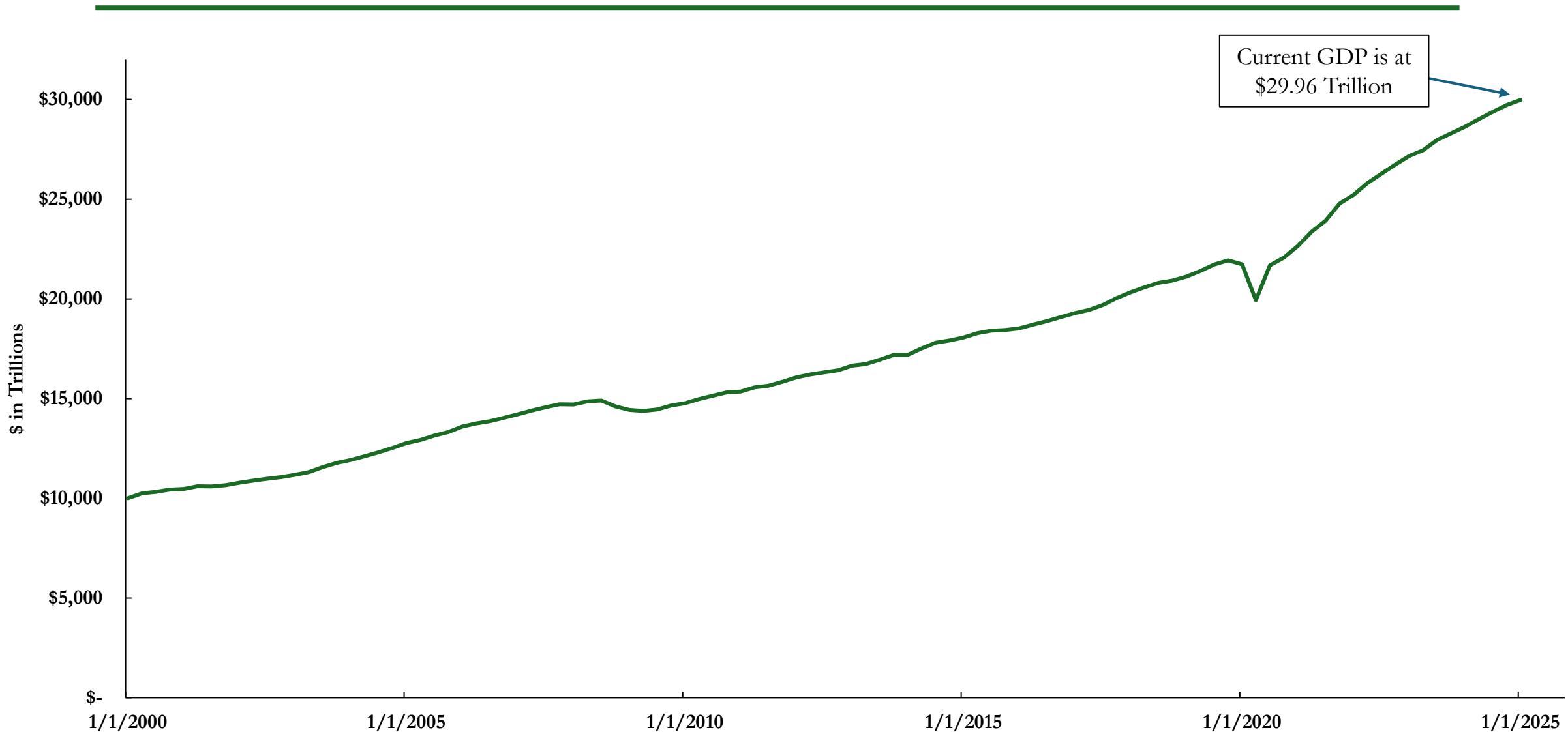


Predicted Fed Rate Cuts



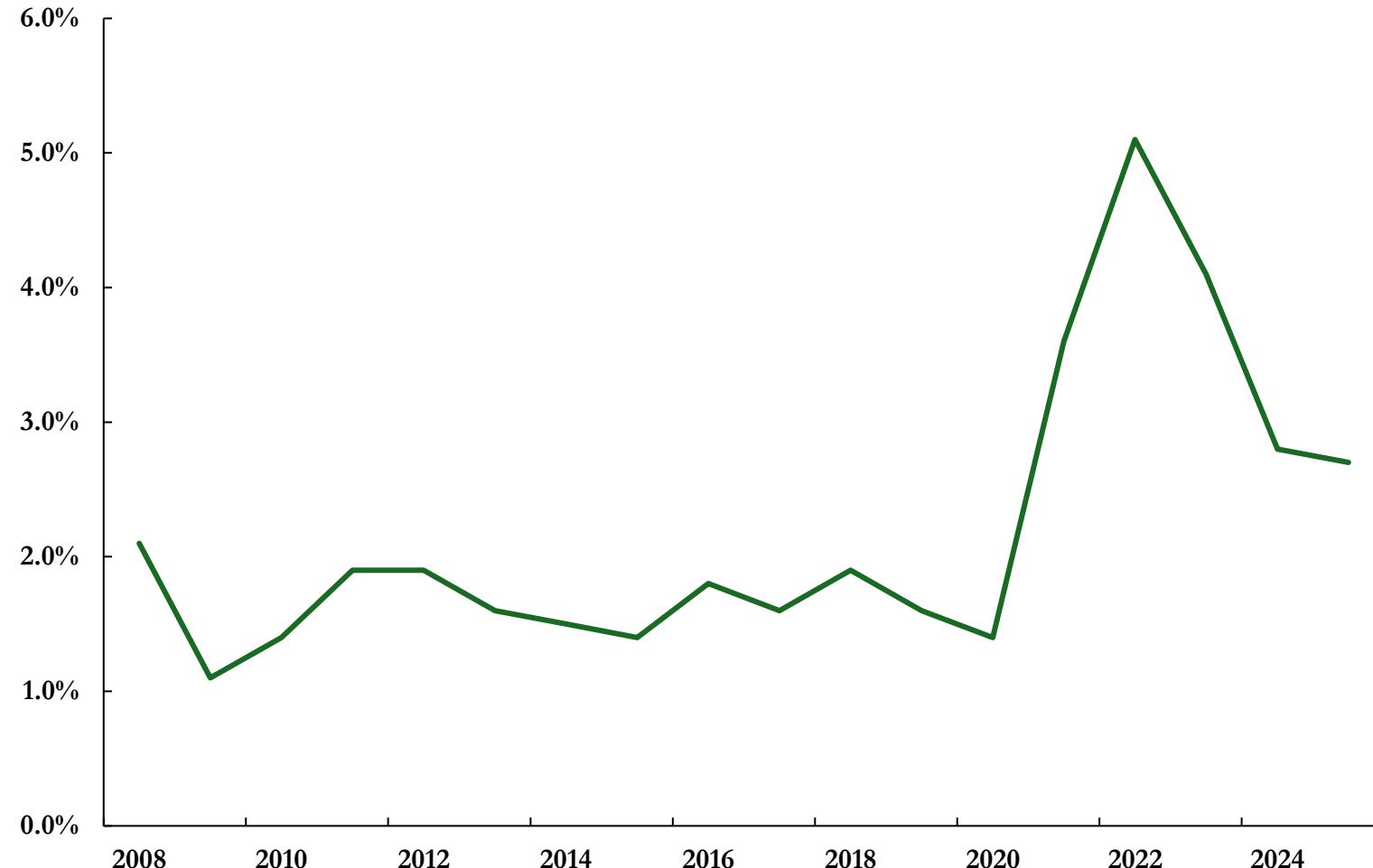


GDP



Core PCE YoY

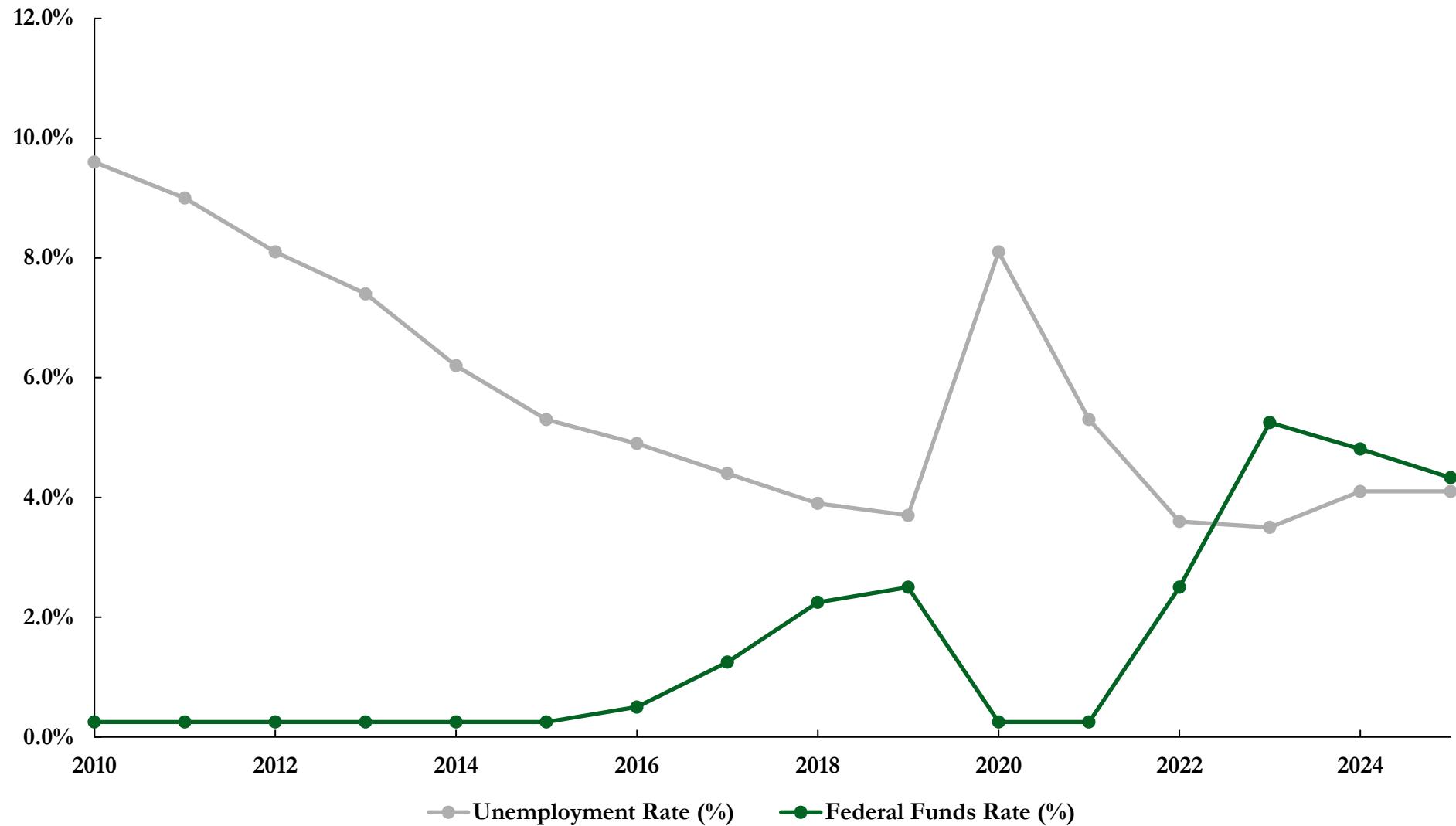
- The current PCE is at 2.7%
- The Feds goal is around 2%
- Cooling Core PCE increases the likelihood of rate cuts.
- Core PCE reflects consumer behavior and is less volatile than CPI
- Core PCE excludes food and energy, unlike regular PCE





Unemployment Rate Vs. Fed Fund Rate

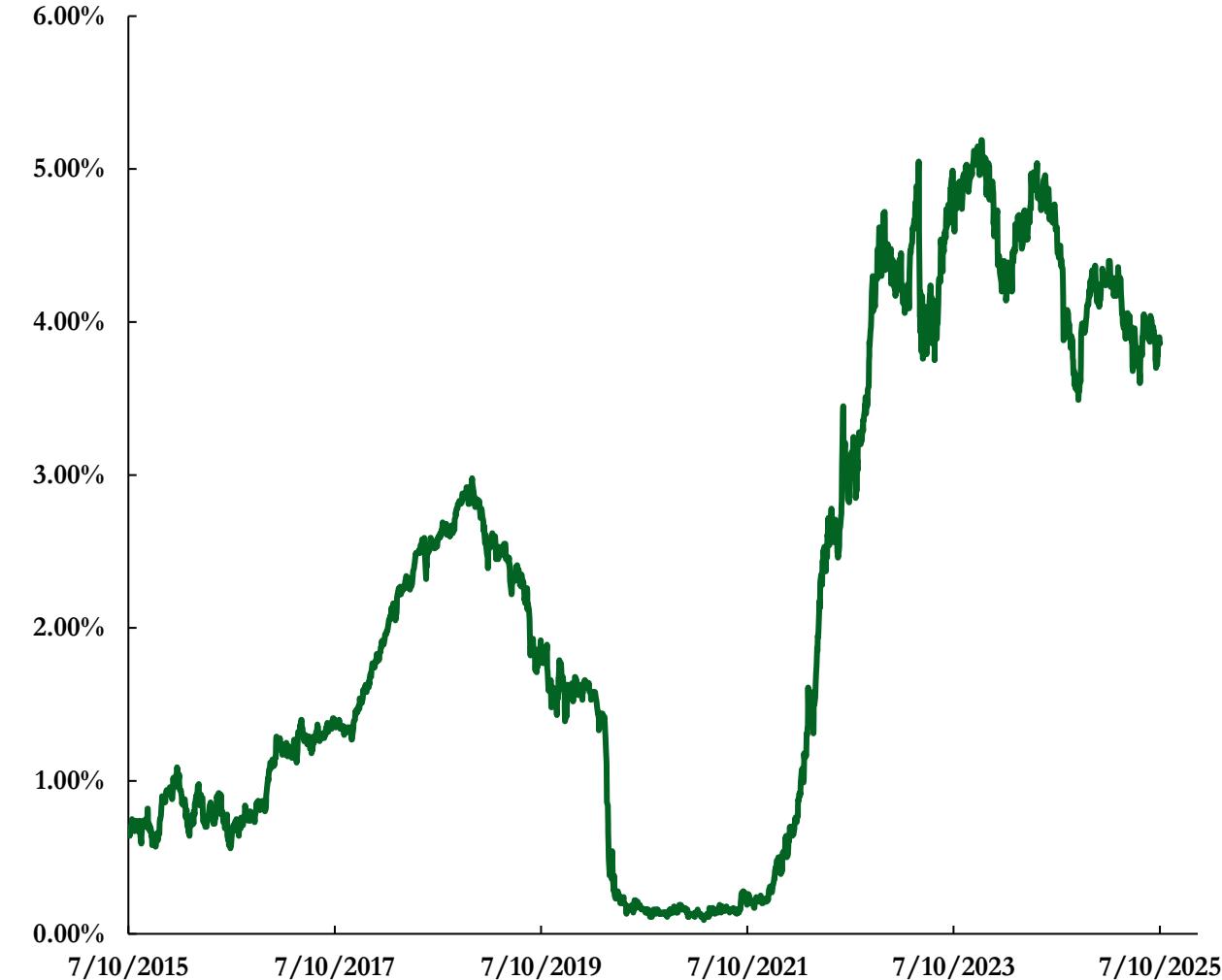
- The current Unemployment Rate is 4.1%
- The current Fed Rate is between 4.25% - 4.50%
- The Fed typically wants the Unemployment rate around 4%
- The Fed neutral rate is estimated to be around 2.5%





2 Yr & 10 Yr Treasury

2 Yr



10 Yr





Securities



Municipal

- New York, NY – Market Value: \$457,985.00
 - Unrealized Gain/Loss : \$(956.00)
- Grossmont Cuyamaca, CA – Market Value: \$682,705.00
 - Unrealized Gain/Loss: \$19,776.58
- Orange County, FL - Market Value: \$920,850.00
 - Unrealized Gain/Loss: \$(54,492.50)
- Mahoning County, OH - Market Value: \$436,995.00
 - Unrealized Gain/Loss: \$(55,616.31)
- Fairfield Ohio School District, OH 30 - Market Value: \$746,940.00
 - Unrealized Gain/Loss: \$(60,820.00)

Total Market Value: \$3,245,475.00

Total Unrealized Gain/Loss: \$(152,108.90)



Mortgage-Backed Securities (MBS)

- SBAP 2024-25B – Market Value: \$4,190,539.00
 - Unrealized Gain/Loss: \$35,469.00
- GNM 23113 FD - Market Value: \$2,090,623.00
 - Unrealized Gain/Loss: \$6,009.00
- FHL 5397 JF - Market Value: \$1,745,710.00
 - Unrealized Gain/Loss: \$(3,040.00)
- GNM 22087 CV - Market Value: \$860,069.00
 - Unrealized Gain/Loss: \$(34,979.00)
- SBAP 2013-20I - Market Value: \$880,664.00
 - Unrealized Gain/Loss: \$(30,695.00)
- FHL 5223 EA - Market Value: \$693,241.00
 - Unrealized Gain/Loss: \$(24,040.00)
- FHLMC SB8115 - Market Value: \$1,216,308.00
 - Unrealized Gain/Loss: \$(104,563.00)

Total Market Value: \$11,677,153.00

Total Unrealized Gain/Loss: \$(155,839.00)



Overall Unrealized Gain/Loss



Total Municipal Market Value: \$3,245,475.00

Total MBS Market Value: \$11,677,153.00

Market Value= \$14,922,628.00



Total Municipal Unrealized Gain/Loss: \$(152,108.90)

Total MBS Unrealized Gain/Loss: \$(155,839.00)

Unrealized Gain/Loss = \$(307,947.90)



Strategy

Best Option

Barbell + Hedge
Approach



Barbell + Hedge Approach

How it Works

1. Sell the Securities
2. Split the proceeds into 57.00% Short-Term High-Quality Bonds and 30.16% Long-Term High Duration Bonds
 - Short-term bonds will provide more stability and liquidity
 - Long-term bonds will be more sensitive to rate movements
3. Overlay with a Treasury Future Hedge with 10.05% of proceeds
 - Will add rate sensitivity without tying up capital

Pros

- Risk Management
 - Diversification
 - Flexibility
- Upside potential

Cons

- Hedging Costs
 - Yield Drag
 - Basis Risk



Position #1 Overview (Short Term)

Sell Securities	
Get \$ 14,922,628.00	
Lose \$ 307,947.90	
Keep \$422,628.00	

Short Term Investments	
Invest 57.00%	\$8,500,000.00

Why These Securities	
<ul style="list-style-type: none"> Bullet & Treasury: Anchors the short side with safety and ultra-low duration. CD: Adds yield and diversity without extending duration too far. CMO: Tightly structured, good yield, low price sensitivity, and a nod to the reinvestment flexibility. 	

Amount %	Type	Ticker	Time Frame	Approx Price	Coupon	Effective Duration	Base Yield	WAL
30%	Bullet	FFCB 4 3/8 06/23/26	1 Year	\$100.33	4.38%	0.9	4.02%	1
25%	Treasury	B 06/11/26	1 Year	\$96.35	0.00%	0.9	4.00%	0.9
20%	CD	UNTY 4 01/11/27	18 Month	\$100.00	4.00%	1.4	4.00%	1.5
25%	CMO	5.0% SEQ x G2SF 6% (0.6/1.5/6.4)	N/A	\$99.72	5.00%	2.2	5.07%	1.5



Position #1 Overview (Long Term)

Sell Securities	Long Term Investments
Get \$ 14,922,628.00	Invest 30.16% \$4,500,000.00
Lose \$ 307,947.90	Keep \$422,628.00

Why These Securities
<ul style="list-style-type: none"> Rate-cut play: 10-year and long-WAL issues maximize duration gains. Spread uplift: BANK 2025 and BVCCVC10 deliver extra carry. Sector mix: Treasury, financial, industrial, multi-family smooths volatility. High-quality collateral: private and multi-family tranches limit liquidity/prepay risk.

Amount %	Type	Ticker	Time Frame	Approx Price	Coupon	Effective Duration	Base Yield	WAL
20%	Private	BANK 2025-BNK49 A5	10 Year	\$104.80	5.62%	7.2	5.09%	9.4
20%	Corporate Financial	BVCVOC10 BVLI Index	10 Year	\$100.00	5.04%	7.9	5.04%	10
20%	Multi Family	FN BZ3724	10 Year	\$97.84	4.40%	7.8	4.75%	9.9
25%	Treasury	T 4 1/4 05/15/35	10 Year	\$99.57	4.30%	8	4.30%	9.9
15%	Corporate Industrial	BVCSUP10 BVLI Index	10 Year	\$100.00	4.94%	7.9	4.94%	10



Position #1 Overview (Hedge)

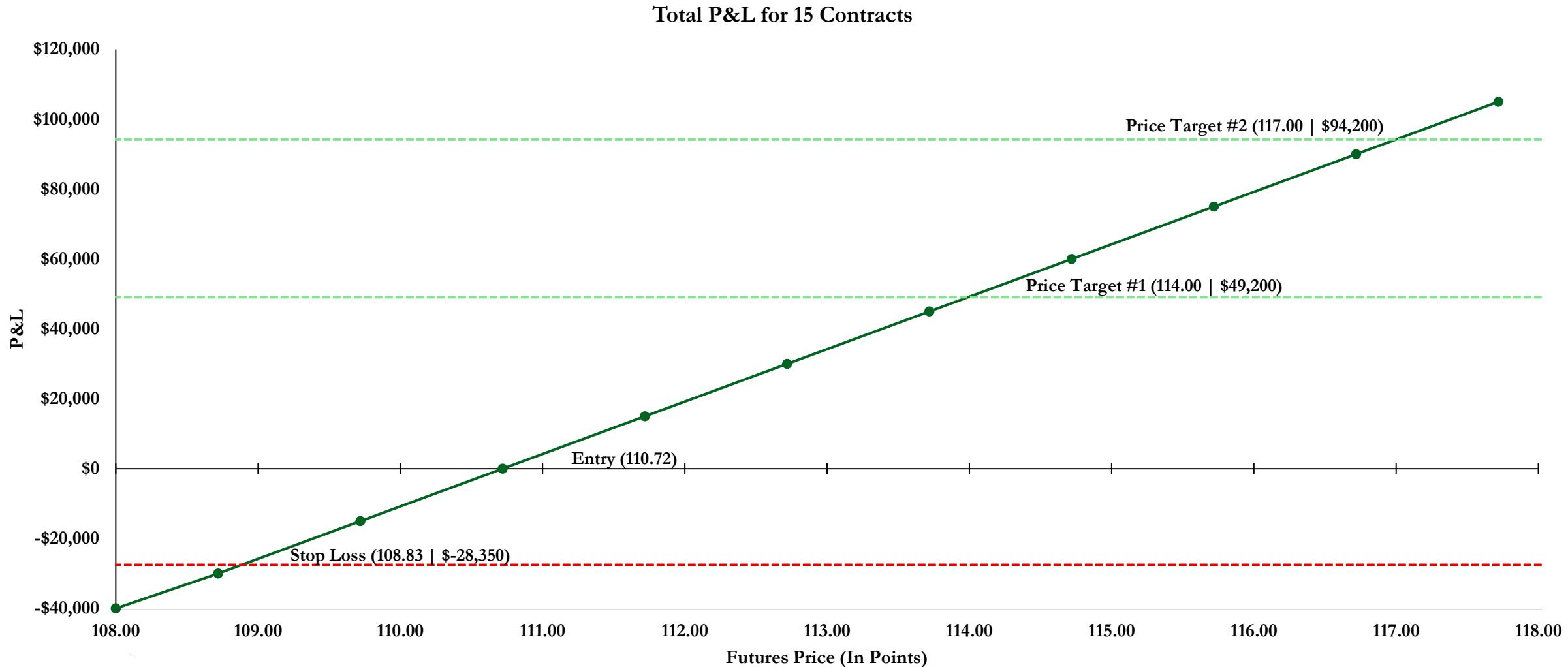
Sell Securities
Get \$ 14,922,628.00
Lose \$ 307,947.90
Keep \$422,628.00

Treasury Future	
<u>Invest 10.05%</u> \$1,500,000.00	<u>Maintenance Margin Per Contract</u> \$3,000
<u>Instrument</u> 10 Yr Treasury Note Future (ZNM26)	<u>Initial Margin Per Contract</u> \$3,300
<u>Contract Value</u> \$100,000.00	<u>Total Initial Margin</u> \$49,500
<u>Position</u> Long 15 Contracts	<u>Tick Size & Value</u> 1 Tick=\$31.25
<u>Maturity Date</u> June 19, 2026	<u>Current Price</u> \$110,718.75 per \$100,000 Contract
<u>Entry Price</u> March 20, 2026	<u>Duration (Effective)</u> 8.5 Years

10 Yr Treasury typically moves 2.0-2.5 points upward for every 25-bps cut from the fed rate



Position #1 Overview (Hedge)





Thank you – Q&A
