



# FMTAC Board Presentation

BlackRock managed portfolios for First Mutual Transportation Assurance Company include:

- FMTAC Ace American Trust
- FMTAC Discovery Re Trust
- FMTAC Excess Loss Fund
- FMTAC General Operating Account
- FMTAC Liberty Trust East Side Access
- FMTAC Liberty Trust '06 NY Transit Authority
- FMTAC Master Builders' Risk
- FMTAC Star Indemnity

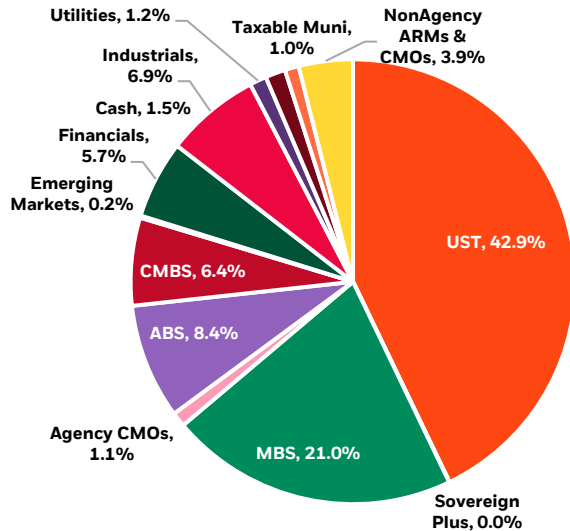
# FMTAC Aggregate Portfolio

FMTAC-AGG

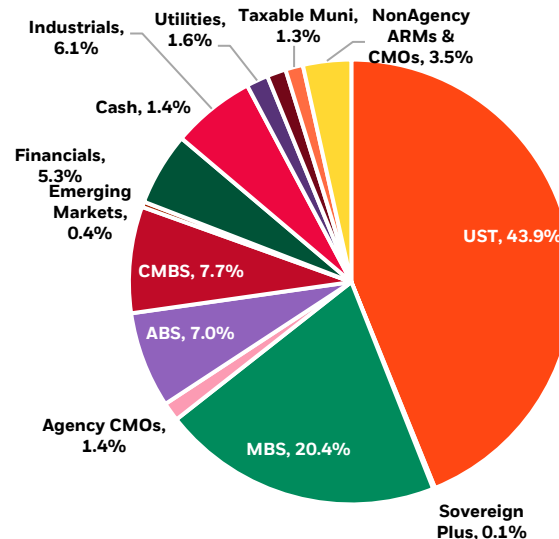
# Total Portfolio: Sector Positioning & Characteristics

## Portfolio Change

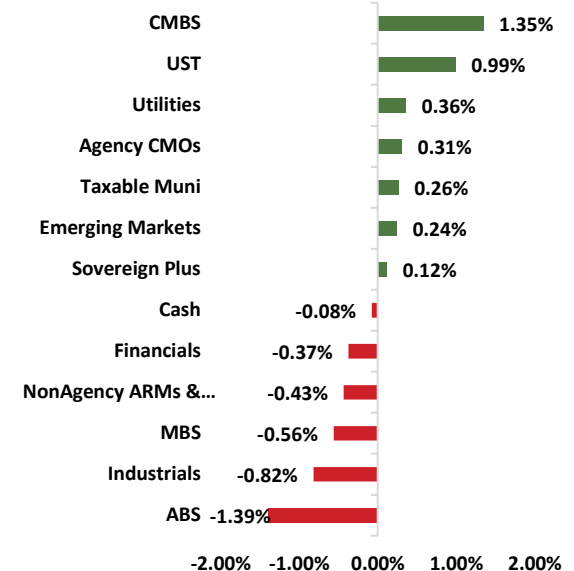
As of December 31, 2023



As of December 31, 2024



Portfolio Change 12/31/2023 vs. 12/31/2024



	Portfolio
Duration	4.52
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.65
Book Yield (excl. Cash)	3.59
YTD Interest Income (\$000)	24,031
Net Asset Value (\$000)	880,337

	Portfolio
Duration	4.43
Avg. Moody's/S&P Rating	Aa1/AA
Market Yield	4.86
Book Yield (excl. Cash)	4.01
YTD Interest Income (\$000)	30,513
Net Asset Value (\$000)	909,103

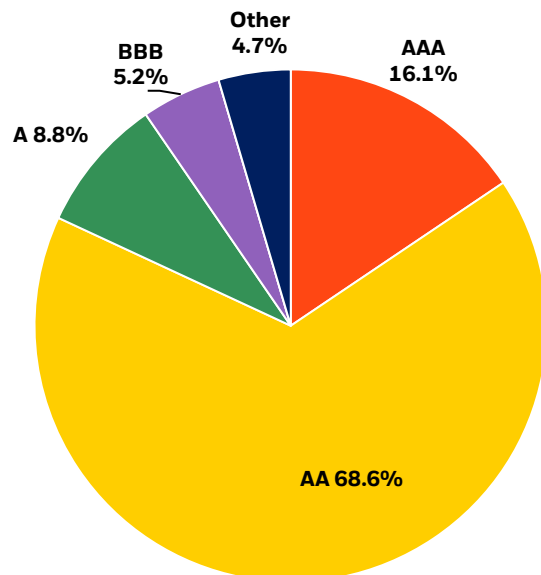
Portfolio Change 12/31/2023 vs. 12/31/2024	
Chg. in Active Duration	-9 bps
Avg. Moody's/S&P Rating	No Change
Active Market Yield	+21 bps
Book Yield (excl. cash)	+42 bps
Net Assets Value(\$000)	28,766
Unrealised G/L(\$000)	-3,826

**Note:** MBS above consists of 30YR & 15 YR passthroughs, agency ARM's & CMO's. Other credit includes HY, EM, and sovereign plus  
**Benchmark:** No Benchmark

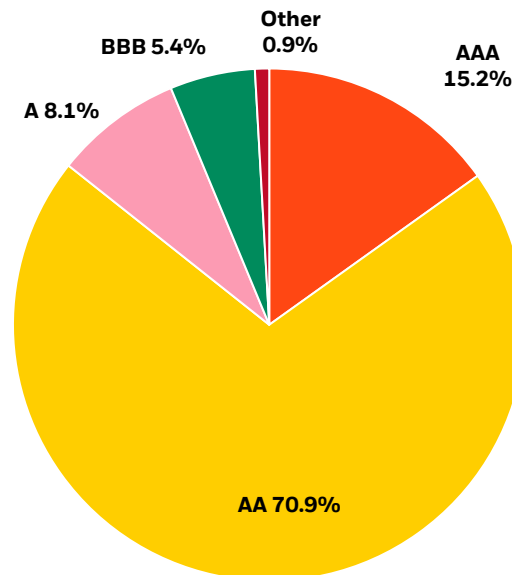
# Total Portfolio: Ratings & Key Rate Duration

## Portfolio Change

**As of December 31, 2023**



**As of December 31, 2024**



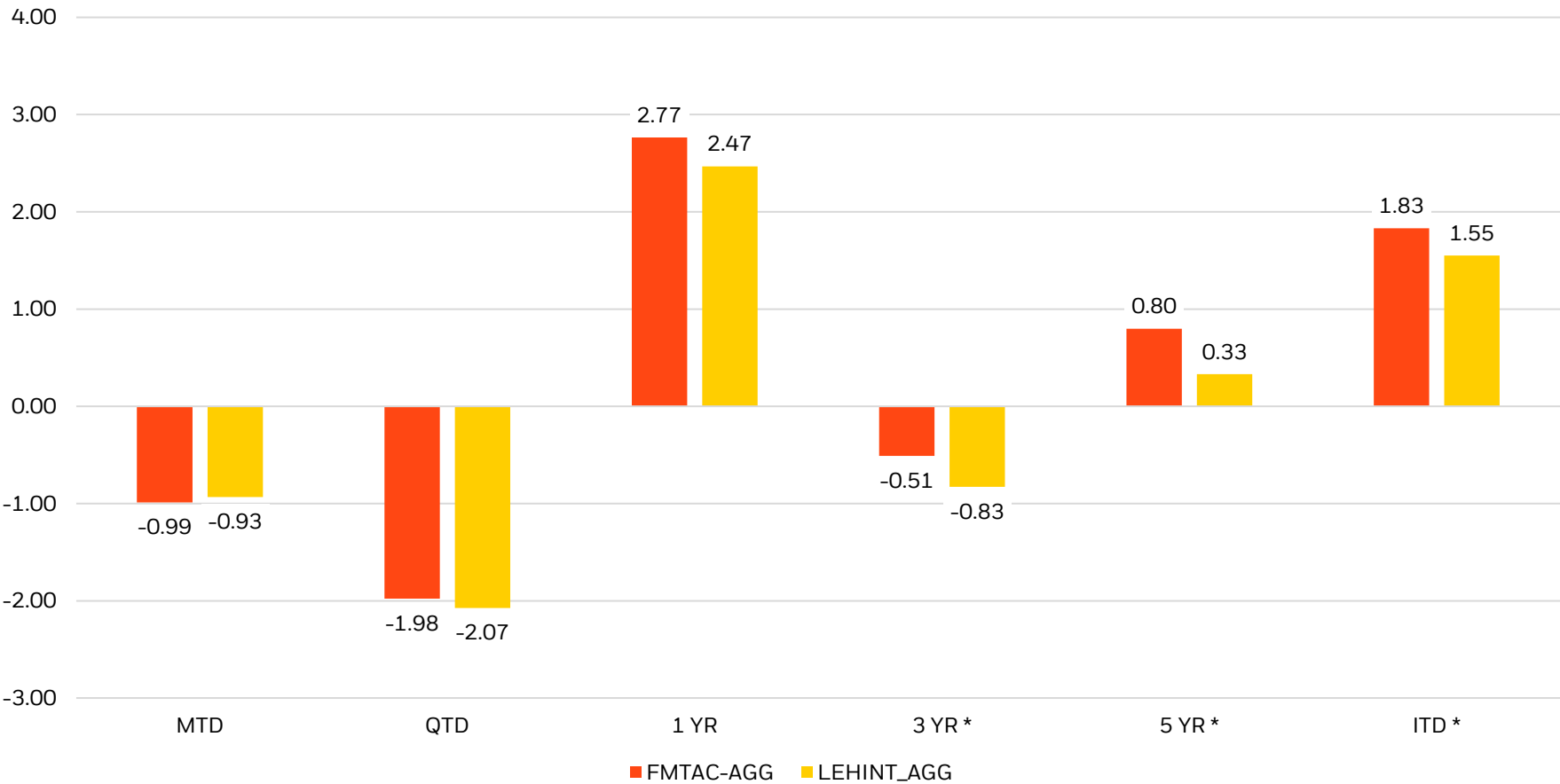
## Effective Durations Buckets as of December 31, 2024

	Total	<1Y	1Y-5Y	5Y-10Y	10Y-20Y	20Y+
Duration	4.43	0.40	3.19	6.15	14.41	-
Market Value%	100%	12.40%	48.80%	33.50%	5.30%	-

Standard Barclays Rating  
**Benchmark:** No Benchmark

# Aggregate Portfolio Performance (%)

## As of December 31, 2024

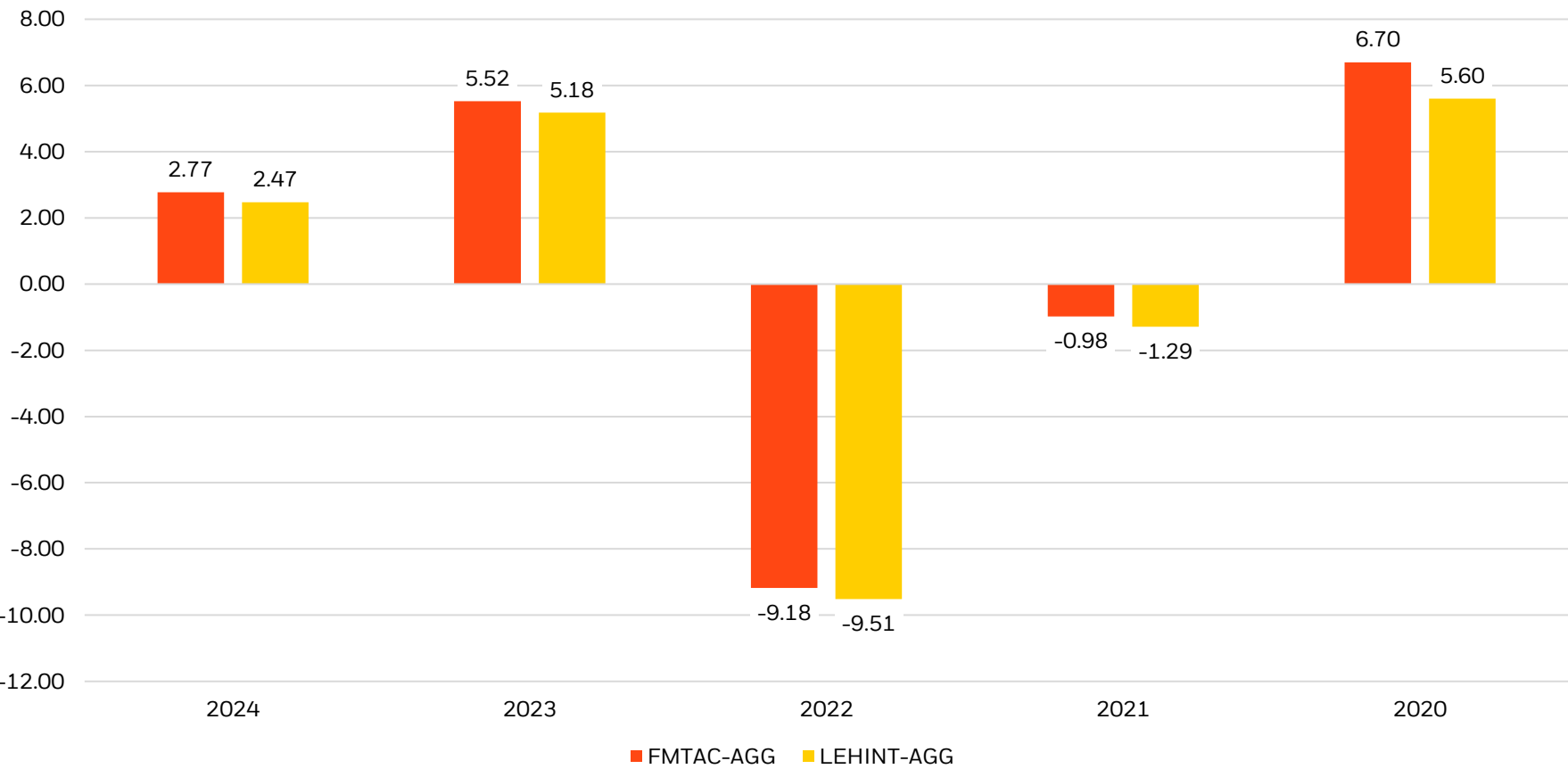


\*Annualized Performance

• LEHINT-AGG = BBG Intermediate Aggregate Index  
-The Aggregate Portfolio is not managed to an official benchmark  
-The listed index is for illustrative purposes at the request of FMTAC but is not an official contracted benchmark to the Aggregate Portfolio. This index was selected as it has comparable asset classes and duration to the Aggregate Portfolio.  
-Official performance is measured at the individual portfolio level  
Inception date: 2/23/2018, BM tracking as of Inception

# Aggregate Portfolio Performance (%)

## Annual Performance 2020-2024



\*Annualized Performance

- LEHINT\_AGG = BBG Intermediate Aggregate Index
- The Aggregate Portfolio is not managed to an official benchmark
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- Official performance is measured at the individual portfolio level

Inception date: 2/23/2018, BM tracking as of Inception

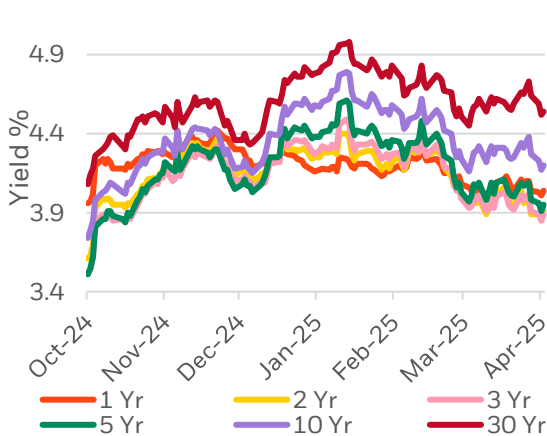
# Macro Outlook

# Current Market Environment



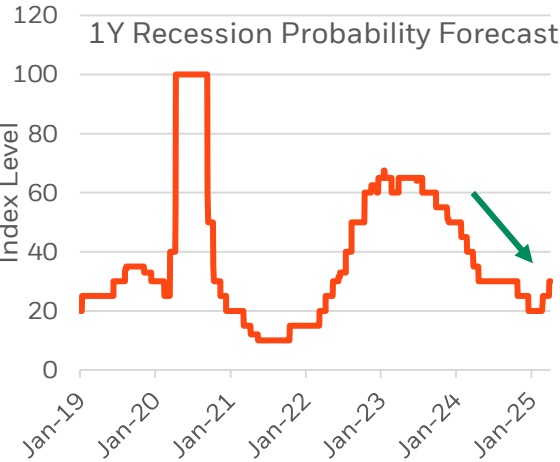
# March 2025: Q1 Closes on the Brink of Tariff Announcements

**Rates were rangebound, reacting to persistent themes of economic data, tariffs, and the Fed**



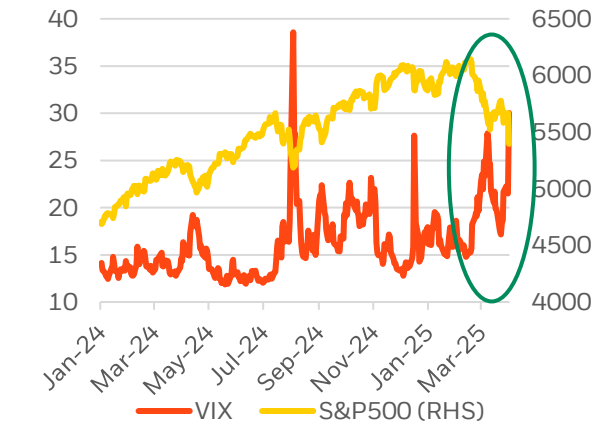
Source: The US Treasury. Data as of April 3, 2025.

**Expectations for a US Recession within a year have increased due to slowing growth worries**



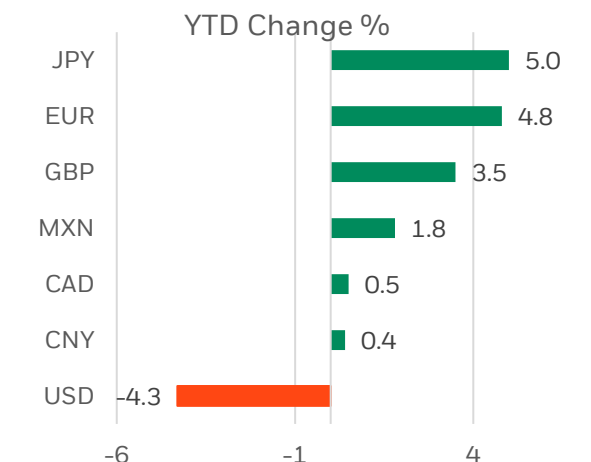
Source: Bloomberg. Data as of April 2, 2025. Forecasts are based on estimates and assumptions, there is no guarantee that they will come to pass. It is not possible to invest directly in an index.

**Volatility increased and equities suffered as evolving trade policy damped economic outlook**



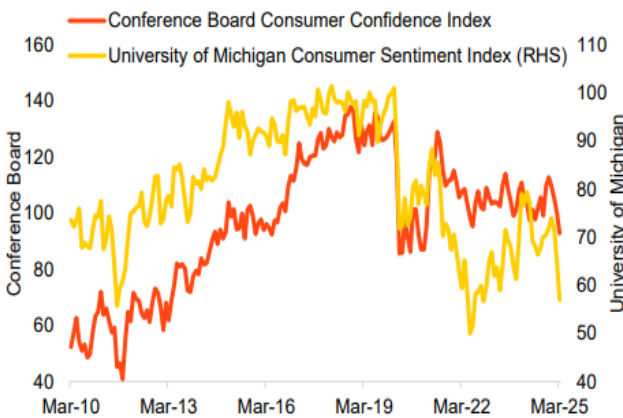
Source: Bloomberg. April 3,, 2025. It is not possible to invest directly in an index.

**The USD has suffered vs major world currencies as tariffs could be detrimental for the USA**



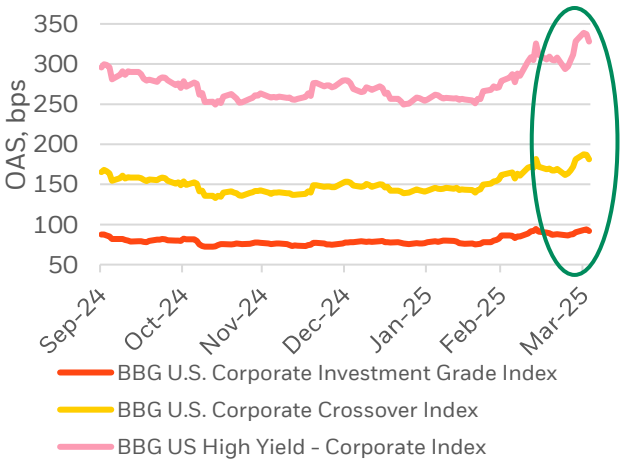
Source: Bloomberg. Data as of April 3, 2025.

**US Consumers (responsible for 2/3 of GDP) showed increasing concern of a challenging growth climate**



Source: Conference Board, University of Michigan, Bloomberg, BlackRock. As of March 31, 2025

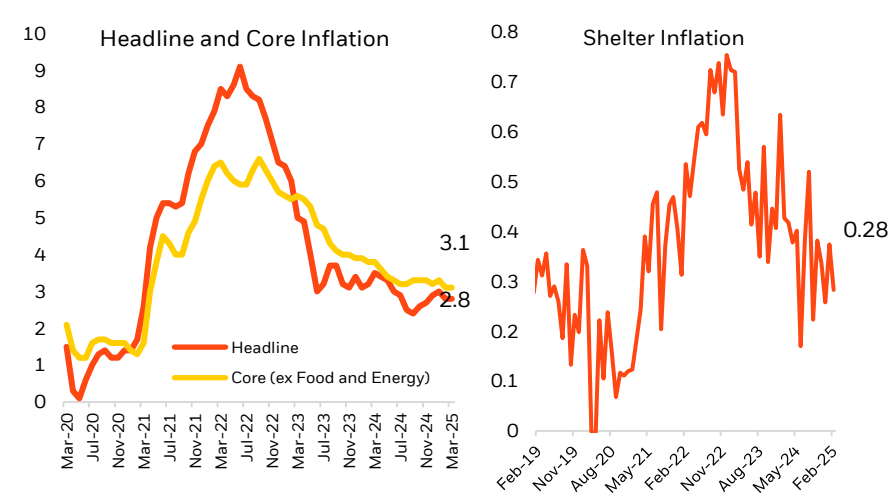
**Credit spreads widened as tariff and consumer sentiment worries continued to persist**



Source: Bloomberg. Data as of April 2, 2025. It is not possible to invest directly in an index.

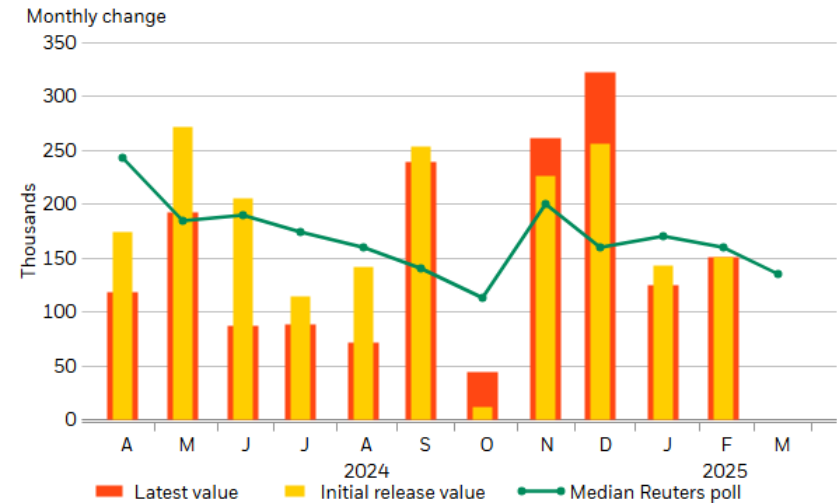
# US Macro Overview

U.S. disinflation slows, but shelter inflation remains a bright spot



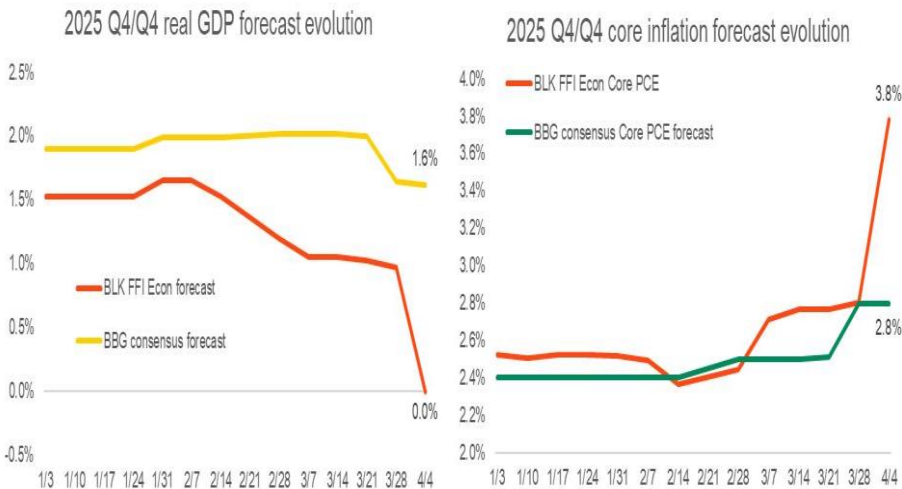
Source: Bloomberg. Data as of March 31, 2025.

March non-farm payrolls added 228k jobs vs. 140k expected, while unemployment edged up slightly to 4.2%



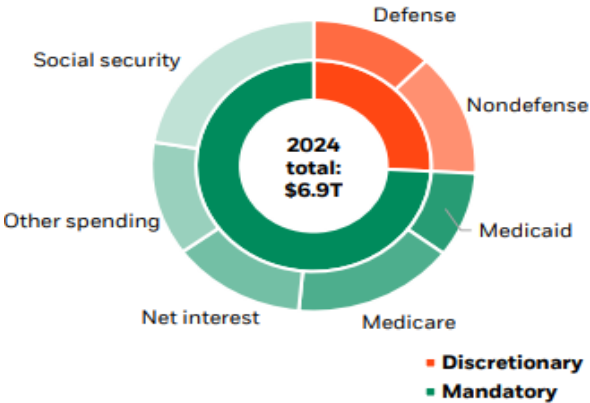
Source: Bureau of Labor Statistics and Haver Analytics, Data as of April 3, 2025.

GDP was revised sharply lower amid weakening data and rising trade war uncertainty, while tariff-driven inflation raises stagflation concerns



Source: BlackRock. Data as of April 4, 2025.

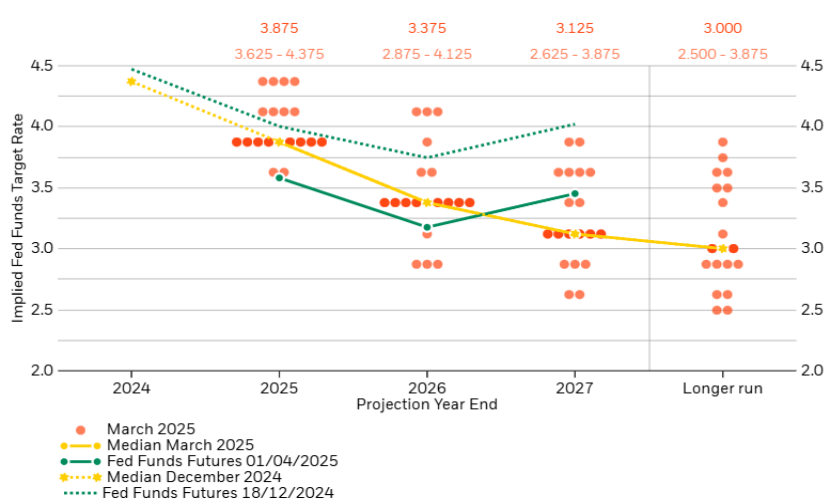
Meaningful deficit reduction will demand difficult cuts across core spending areas



Source: BlackRock Investment Institute, CBO, data as of March 2025. Notes: Discretionary spending is set annually by Congress through the appropriations process (defense, education). Non-discretionary (mandatory) spending is required by law and occurs automatically (e.g. social security, Medicare). Mandatory spending is projected to rise further by 2030, mainly due to population aging.

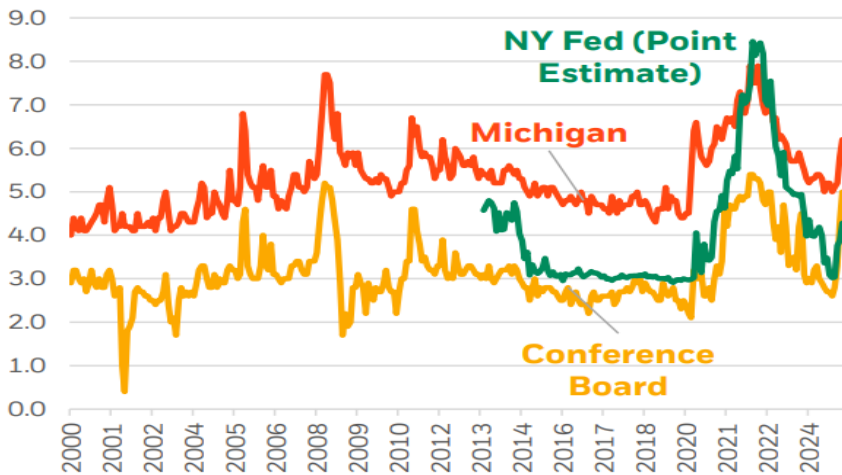
# Fed and US Rates Overview

The updated dot plot reflects median FOMC projection of the fed funds rate to fall 50 basis points in 2025 and 50 basis points in 2026



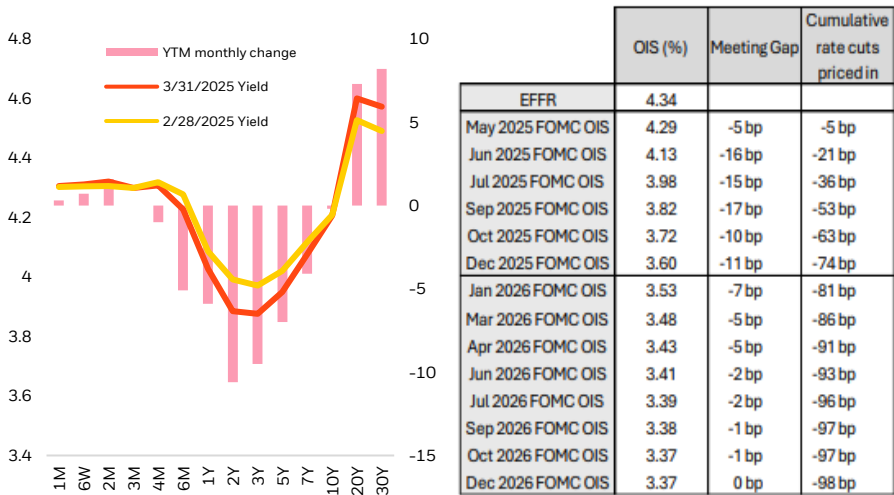
Source: BlackRock. Data as of April 2, 2025.

Consumer inflation expectations surveys have surged higher amid ongoing policy uncertainty...



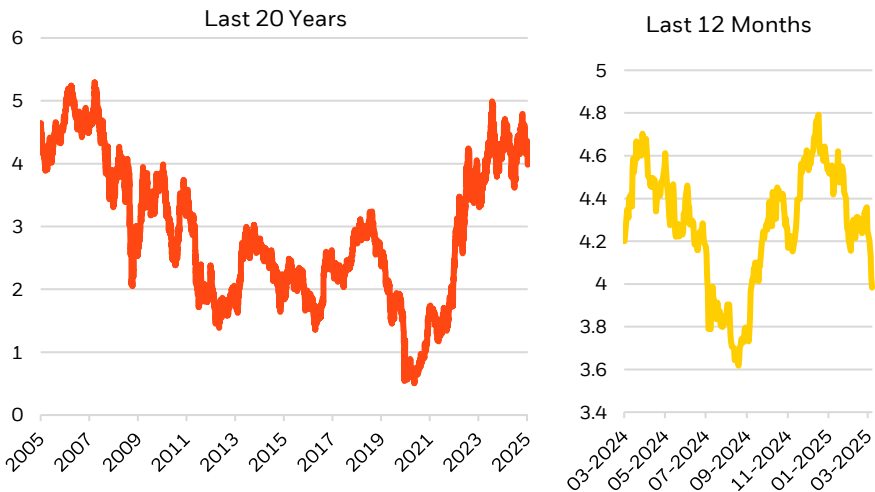
Source: BlackRock Investment Institute. Data as of April 1, 2025.

The rate trajectory reflects a market recalibration of Fed cut expectations amid growing recession risks



Source: BLS and BBG., data as of April 1, 2025.

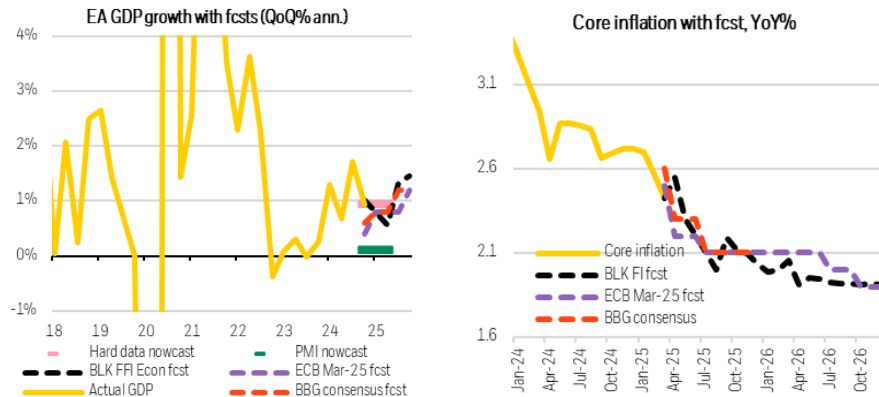
The 10-year government bond yield curves drops recently due to market volatility, tariff, and policy uncertainty



Source: BBG, BlackRock Investment Institute. Data as of April 4, 2025

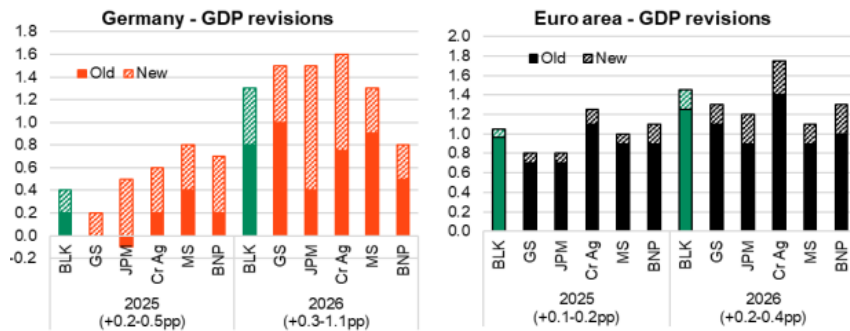
# Global Macro Overview

**Prior to the recent tariff announcement, Euro area (EA) growth was expected to trend higher, while inflation continued to moderate**



Source: BlackRock. Data as of March 31, 2025.

**Germany and EU commission announced major defense spending which may boost economic activity in the region**



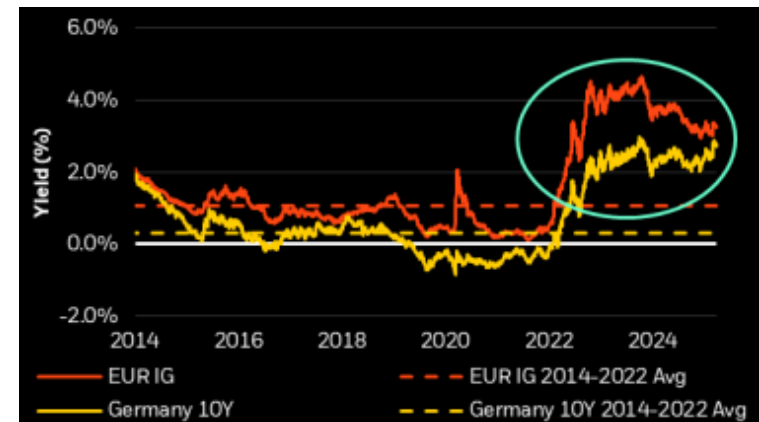
Source: BlackRock. Data as of March 31, 2025.

**President Trump looks to add a 10% baseline tax on all US imports and additional tariffs on trading partners with large trade deficits**

Country	Tariffs Charged to the U.S.A. (as of 10/1/2024)	U.S.A. Discounted Reciprocal Tariff
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%
Pero	10%	10%
Nicaragua	36%	18%
Norway	30%	15%
Costa Rica	17%	10%
Jordan	40%	20%
Dominican Republic	10%	10%
United Arab Emirates	10%	10%
New Zealand	20%	10%
Argentina	10%	10%
Ecuador	12%	10%
Guatemala	10%	10%
Honduras	10%	10%
Madagascar	93%	47%
Myanmar (Burma)	88%	44%
Tunisia	53%	28%
Kazakhstan	54%	27%
Serbia	74%	37%
Egypt	10%	10%
Saudi Arabia	10%	10%
El Salvador	10%	10%
Côte d'Ivoire	41%	21%
Lao	95%	48%
Botswana	74%	37%
Trinidad and Tobago	12%	10%
Morocco	10%	10%

Source: White House as of April 2, 2025.

**Yields in Europe sold off bringing investment grade credit to attractive levels, paired with strong growth in the region may drive spreads lower**

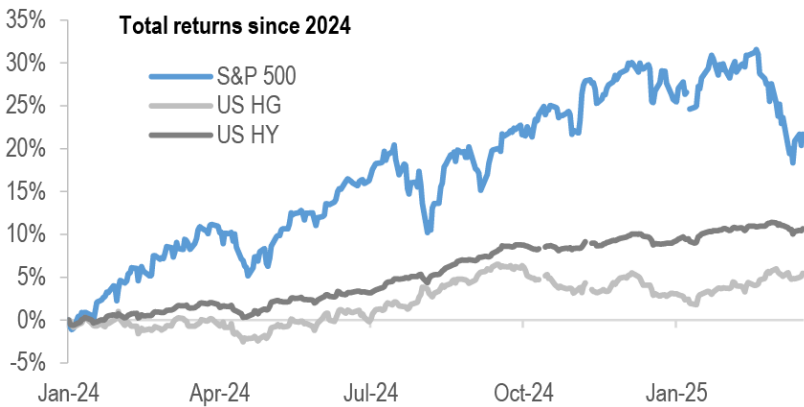


Source: BlackRock. Data as of March 31, 2025.

# Fixed Income Sector Reviews

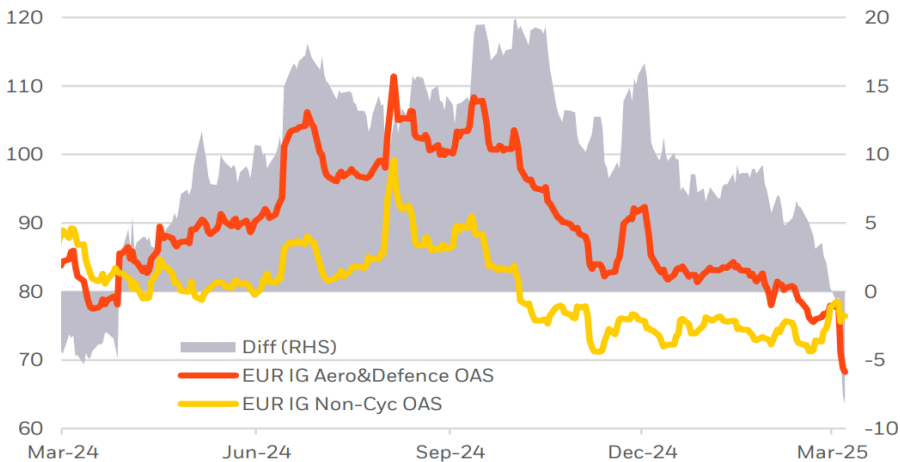
# Global Investment Grade Credit

Throughout Q1, US IG returns have provided stability over equities, indicating IG's potential resilience from tariff-related vol



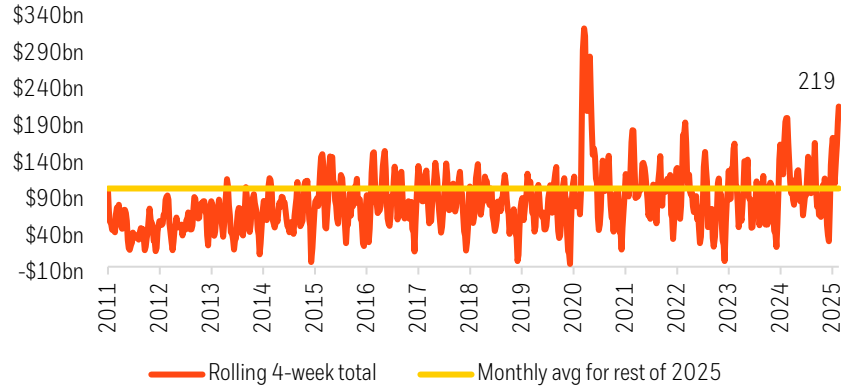
Left Source: JPM, BlackRock. Data as of March 20, 2025

Amidst increased defense spending across the EU, and specifically Germany, EUR IG Aerospace and Defense names have outperformed



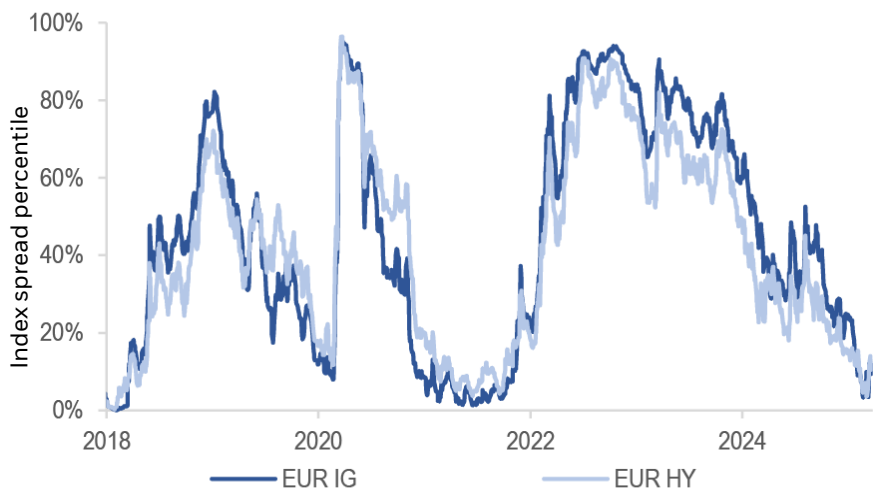
Source: Bloomberg, BlackRock. Data as of March 11, 2025

Due to current rate levels, US IG monthly supply reached its highest levels since COVID; however, issuance is expected to moderate



Source: BlackRock. Data as of March 18, 2025. Any opinions, forecasts represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

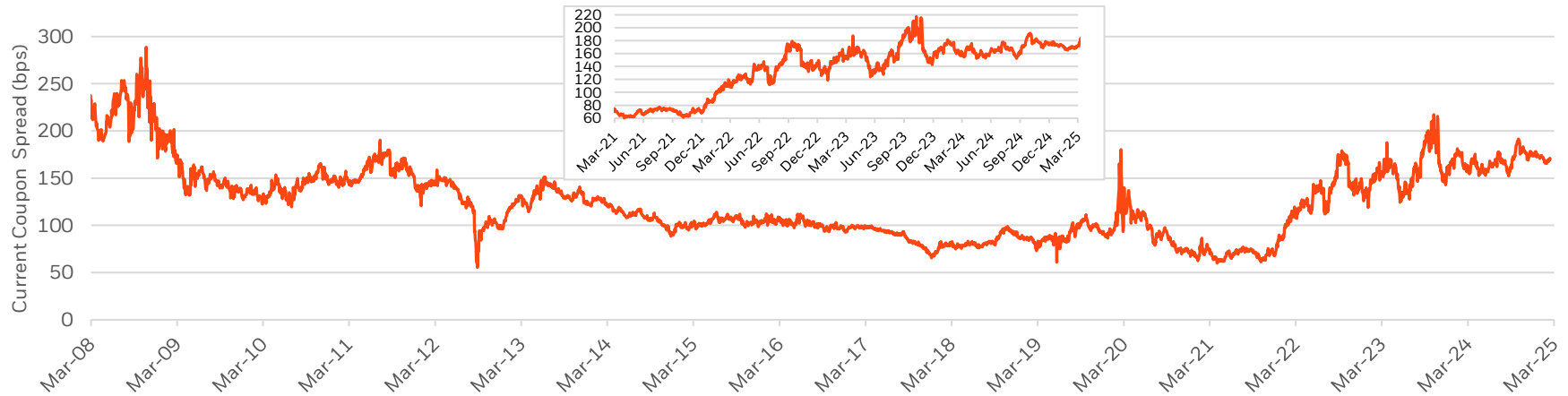
Despite EUR IG continuing to trade at tight levels amidst geopolitical uncertainty and tariff policy, all-in yields remain attractive



Source: JPM. Data as of March 28, 2025

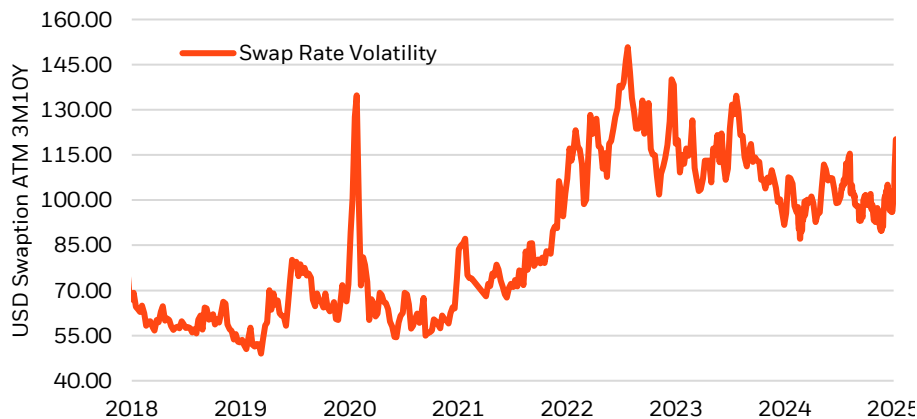
# Agency MBS

## Current coupon mortgage spread



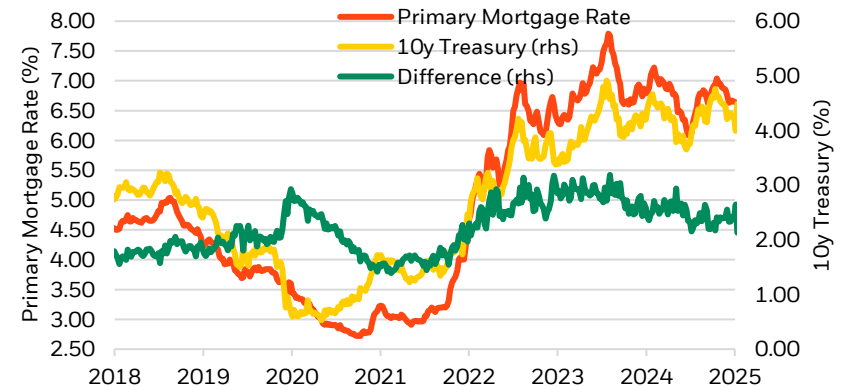
Source: Credit Suisse FN30 Current Coupon Agency MBS, Bloomberg as of March 31, 2025

## Implied interest rate volatility



Source: Bloomberg as of March 31, 2025

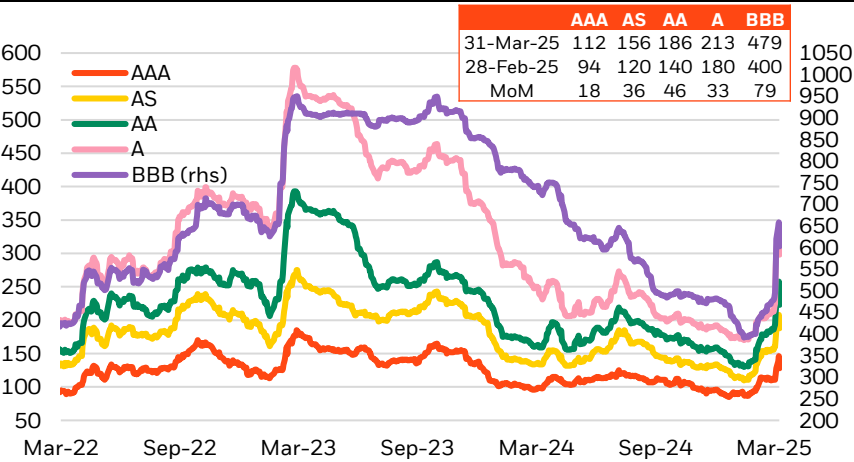
## Primary mortgage rate



Source: Morgan Stanley, Freddie Mac as of March 31, 2025

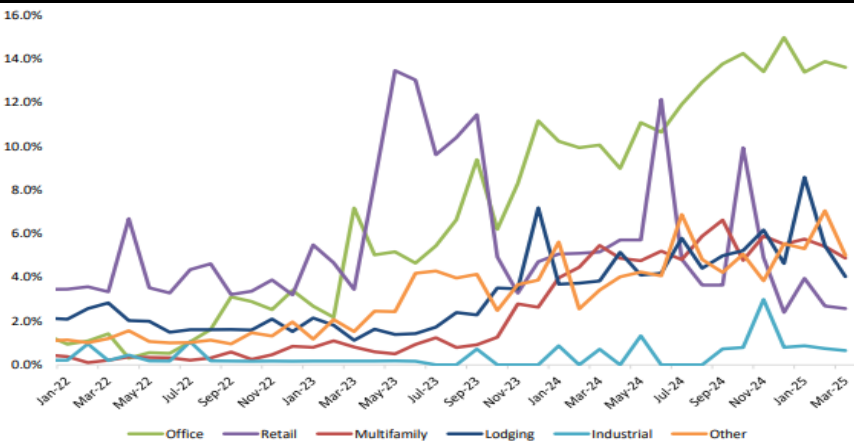


CMBS conduit index spread by rating



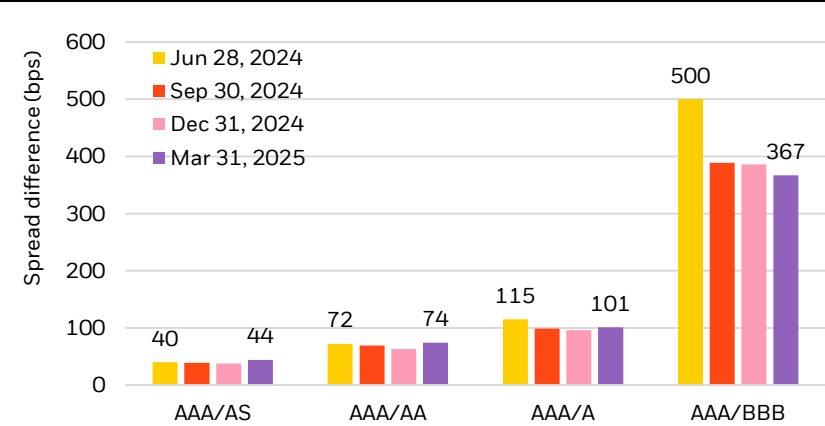
Source: JP Morgan as of March 31, 2025. JP Morgan CMBS Index

March remittance: 30-day+ delinquency rate



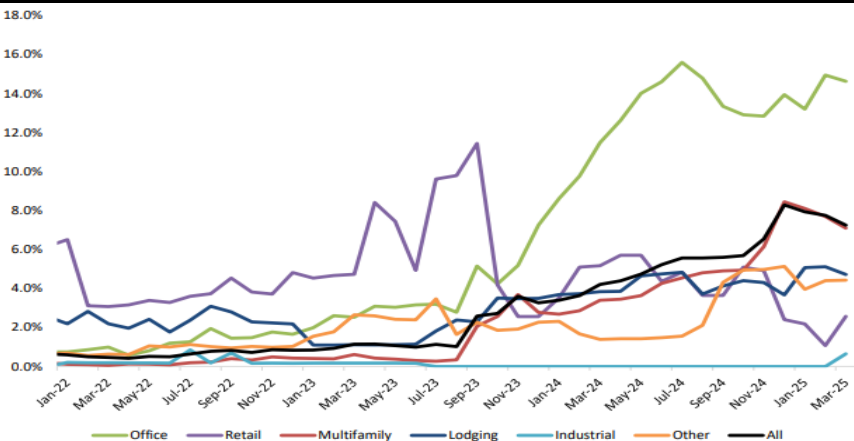
Source: Trepp, Morgan Stanley Research as of April 11, 2025

CMBS conduit index credit curve



Source: JP Morgan as of March 31, 2025. JP Morgan CMBS Index

March remittance: special servicing



Source: Trepp, Morgan Stanley Research as of April 11, 2025



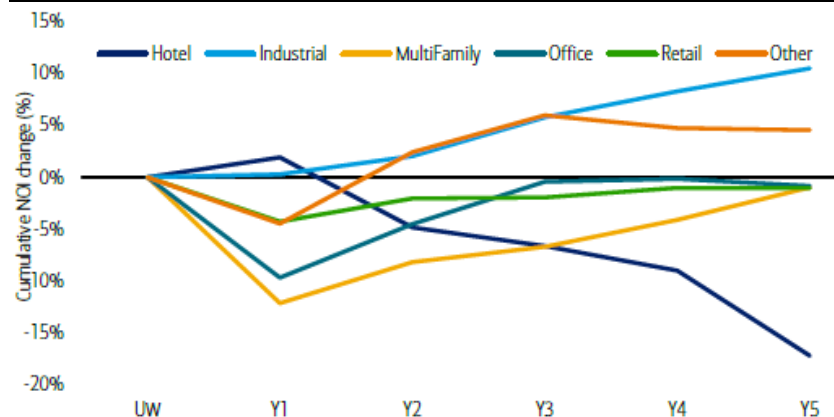
# Commercial Real Estate (CRE) Fundamentals

## CRE transaction volume



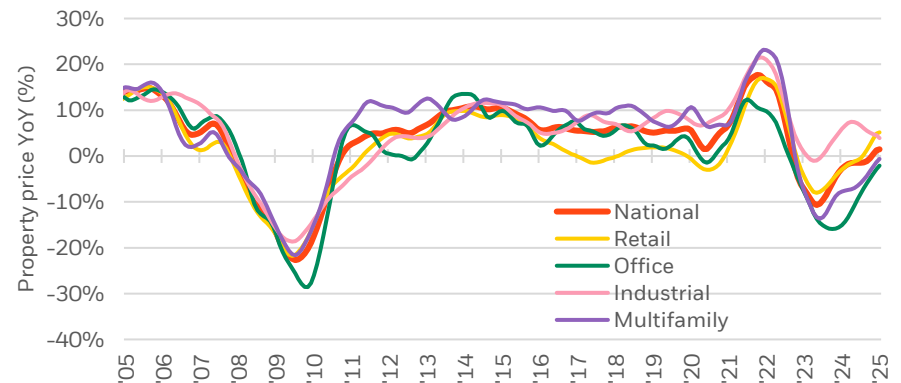
Source: RCA, BofA Global Research as of April 04, 2025

## Y-o-Y change in NOI between underwriting and the end of the fifth year



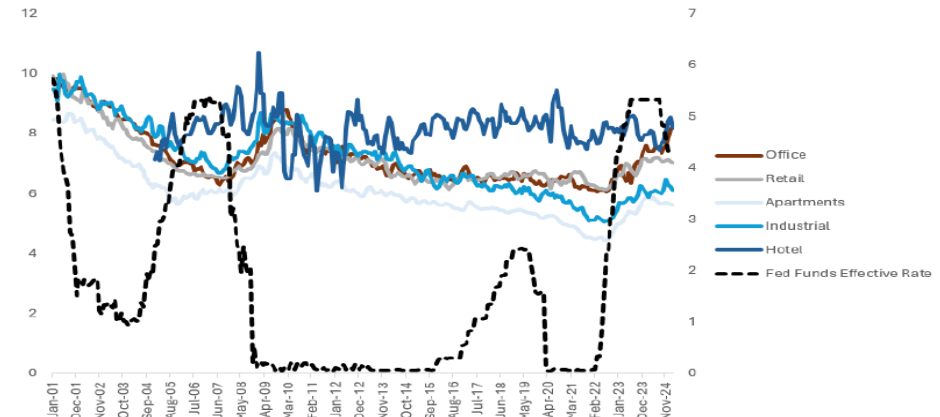
Source: Intex, BofA Global Research as of April 04, 2025

## National CRE property prices modestly rose in January



Source: Real Capital Analytics, Bloomberg as of March 31, 2025

## National cap rates by property type vs effective fed funds rate



Source: Real Capital Analytics, Bloomberg, Federal Reserve Bank, Goldman Sachs Research as of April 11, 2025

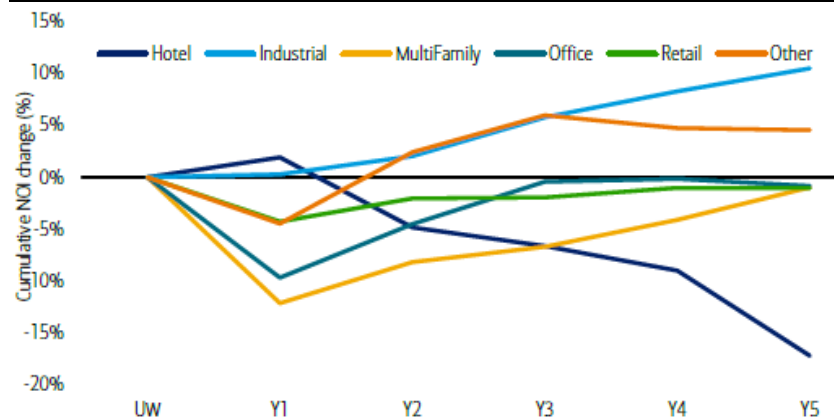
# Commercial Real Estate (CRE) Fundamentals

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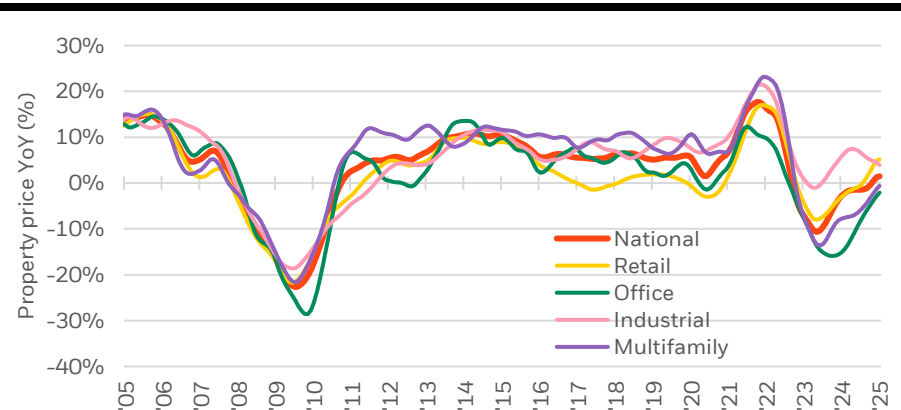
Source: RCA, BofA Global Research as of April 04, 2025

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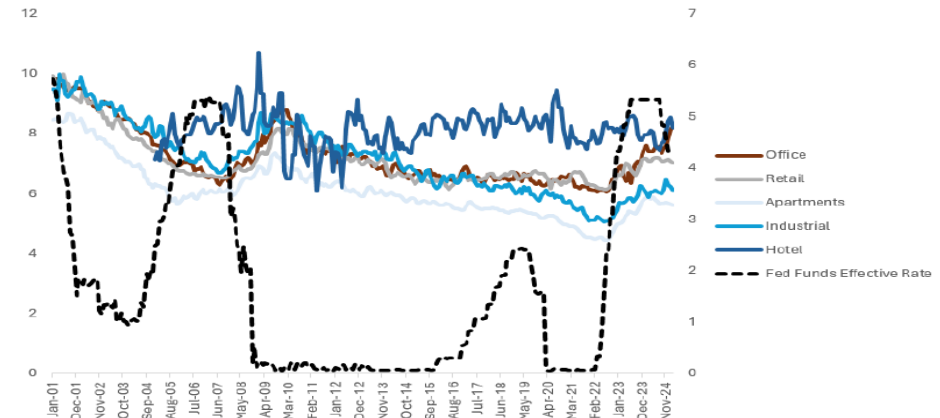
Source: Intex, BofA Global Research as of April 04, 2025

## National CRE property prices modestly rose in January



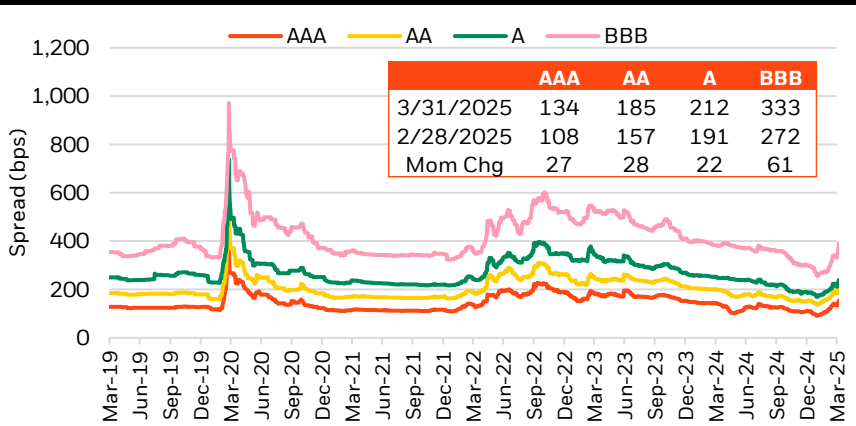
Source: Real Capital Analytics, Bloomberg as of March 31, 2025

## National cap rates by property type vs effective fed funds rate



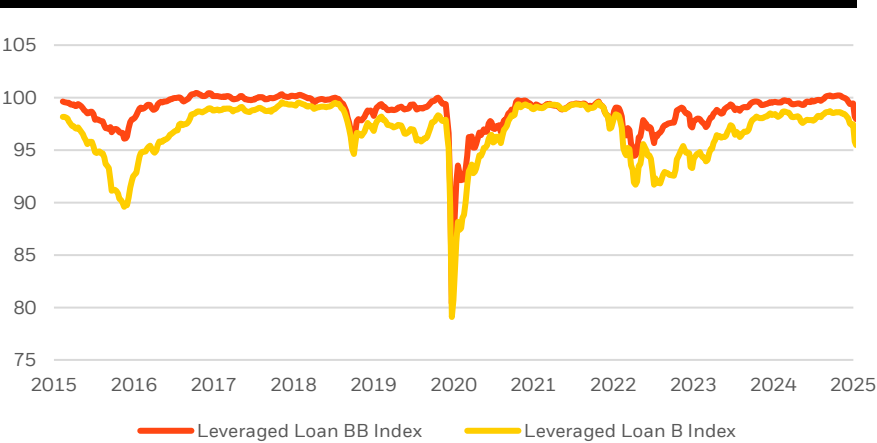
Source: Real Capital Analytics, Bloomberg, Federal Reserve Bank, Goldman Sachs Research as of April 11, 2025

CLO index spreads by rating



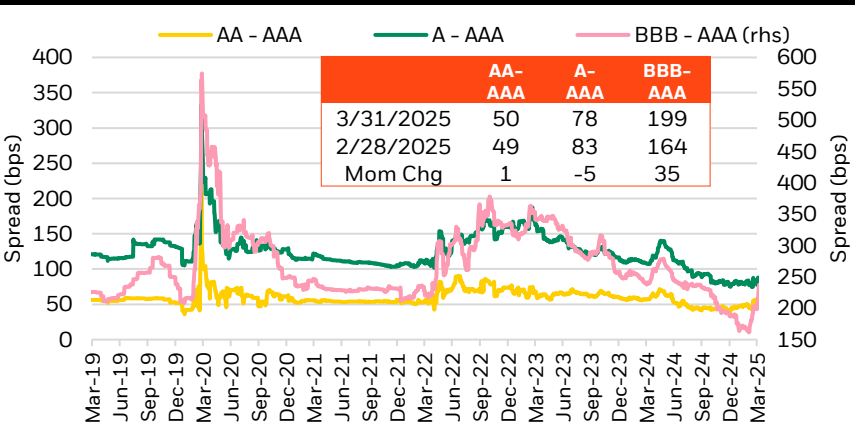
Source: Bloomberg as of March 31, 2025. JPM CLOIE Index

BB vs B bank loan prices



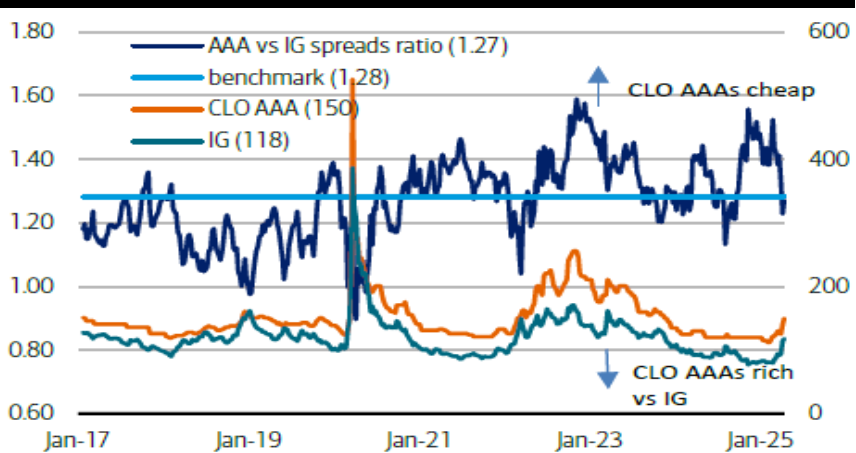
Source: Bloomberg as of March 31, 2025  
S&P/LSTA Leveraged BB Loan Index, S&P/LSTA Leveraged B Loan Index

CLO credit curve



Source: Bloomberg as of March 31, 2025. JPM CLOIE Index

Relative Value: CLO vs Corporates



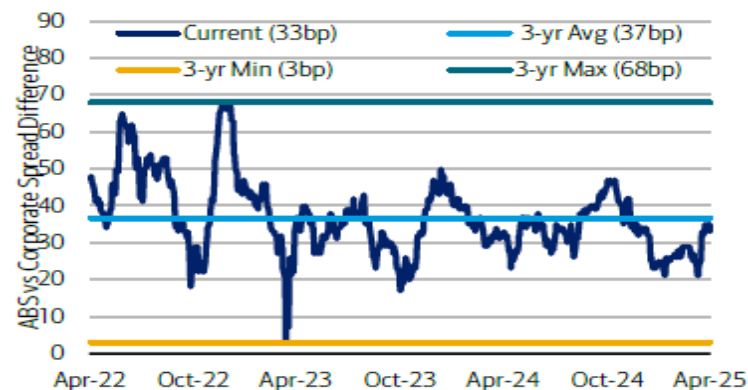
Source: BofA Global Research, Bloomberg, LCD as of April 11, 2025

## ABS Supply

\$bn	2021	2022	2023	2024	2024 YTD	2025 YTD
Credit Cards	17	32	23	19	6.4	3.7
Bank/Charge	17	30	21	17	5.6	2.9
Retail	0	2	2	3	0.8	0.8
Autos	132	110	146	163	53.4	49.2
Prime Loan	50	50	73	77	25.6	22.3
Non-prime Loan	43	33	34	40	11.5	14.0
Lease	27	16	23	30	11.7	9.1
Fleet & other	13	11	16	16	4.6	3.9
Student Loans	26	7	7	8	2.1	1.6
FFELP	8	0	0	1	0.0	0.0
Private Credit	18	7	7	8	2.1	1.6
Equipment	19	22	21	26	7.2	8.6
Floorplan	1	1	4	8	2.9	1.1
Unsecured Consumer	17	16	14	20	4.2	7.4
MPL	8	9	8	7	2.1	3.9
Branch & other	9	7	7	13	2.1	3.5
Other	55	56	41	66	15.7	17.3
Total ABS	267	244	256	312	91.8	88.0
% 144A	61%	50%	56%	62%	61%	60%
% Floating-rate	5%	4%	7%	8%	9%	7%

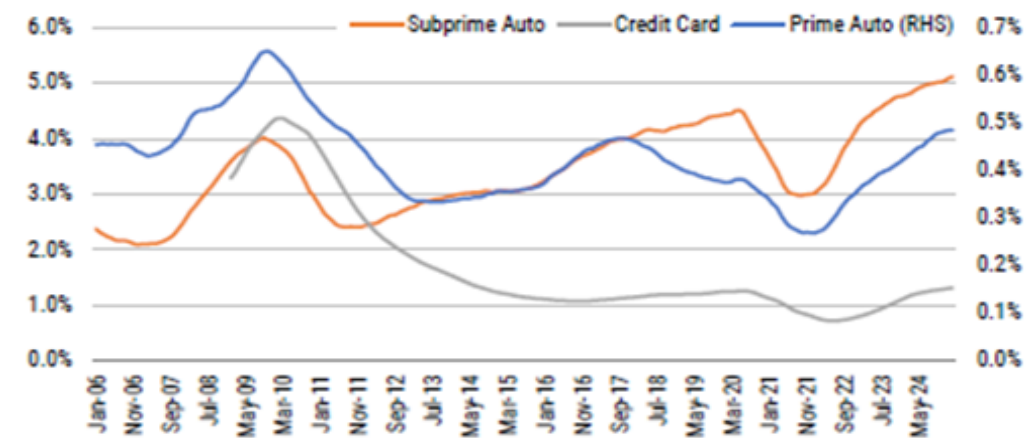
Source: JP Morgan as of April 04, 2025

## Relative Value: ABS vs Corporates



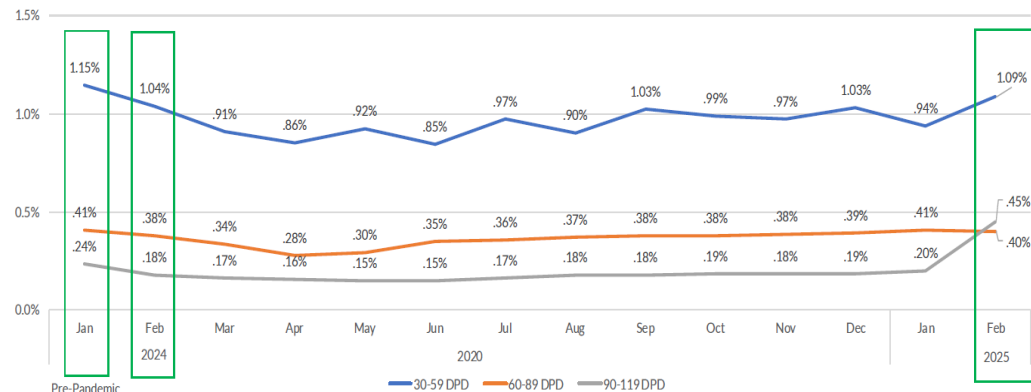
Source: BofA Global Research, ICE Data Indices, LLC as of April 04, 2025

## 60+ delinquencies have been moving higher across consumer products, but at substantially different paces



Source: Intex, Morgan Stanley Research as of March 31, 2025

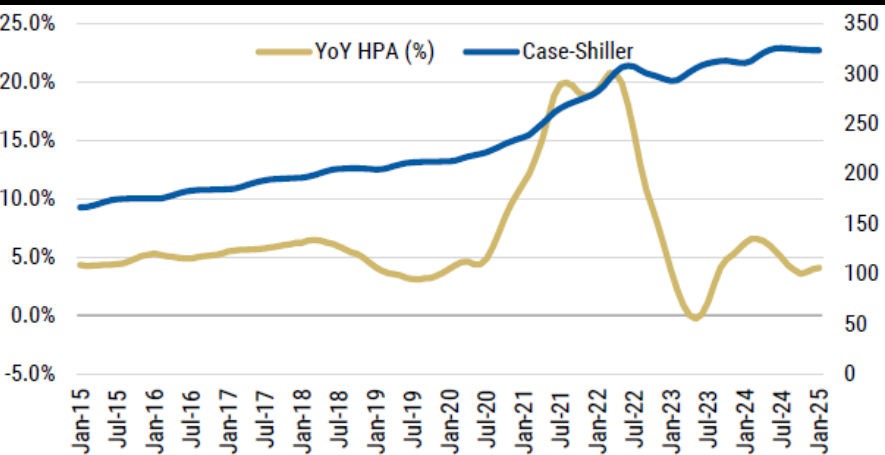
## Student ABS: 90+ days delinquency rates rose sharply, driven mainly by resumption of the Federal student loan reporting



Source: Equifax, Experian, TransUnion, VantageScore as of March 31, 2025

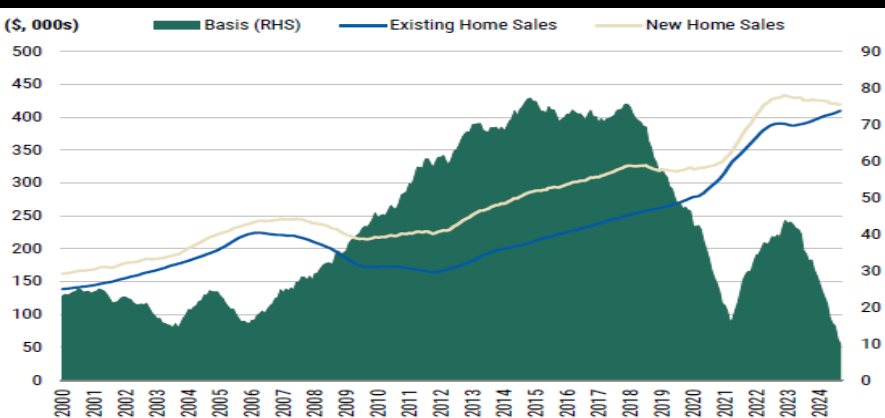
# Non-Agency RMBS

## Case-Shiller's national home price index



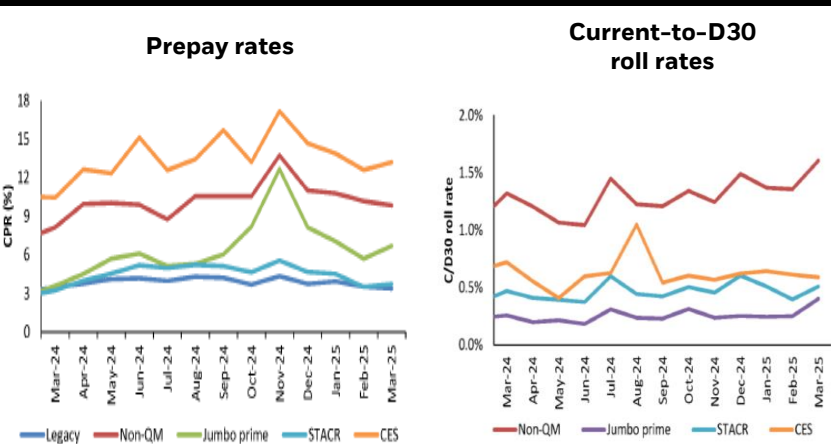
Source: Morgan Stanley Research, Case-Shiller as of April 03, 2025

## Basis between new and existing home sales continues to close



Source: NAR, US Census Bureau, Morgan Stanley Research as of March 28, 2025

## March remits across sectors



Source: CoreLogic, Freddie Mac, Nomura as of March 27, 2025

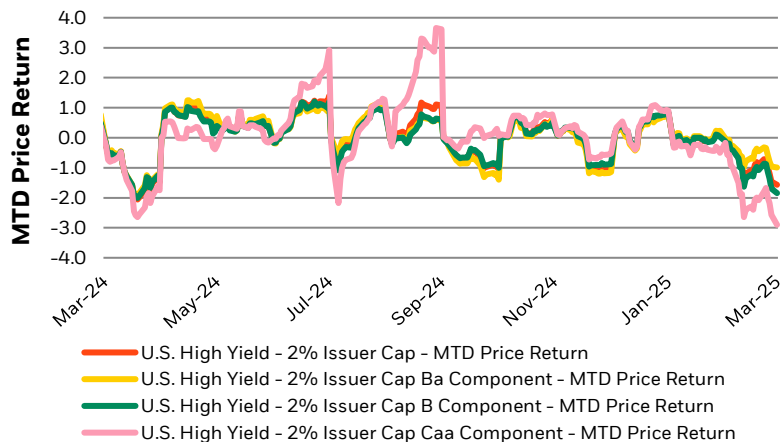
## Non-QM AAA bonds are cheap vs IG based on historical spreads



Source: Bofa Global Research, Bloomberg as of April 04, 2025

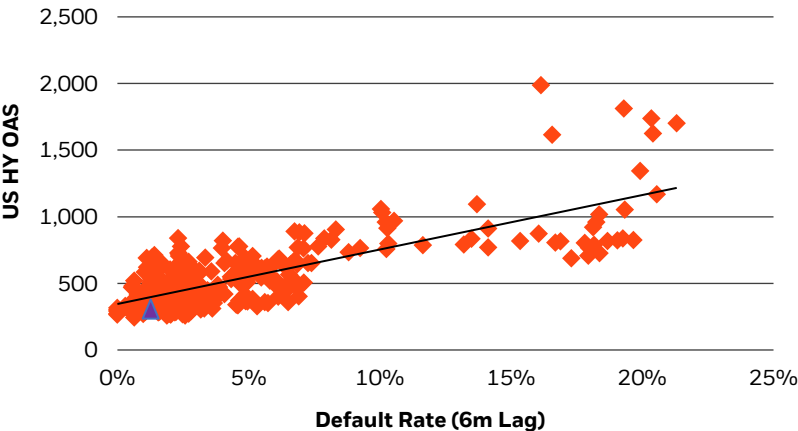
# Global High Yield (HY) Credit

Though the US HY was down -1.10% as CCCs underperformed amidst rising growth concerns...



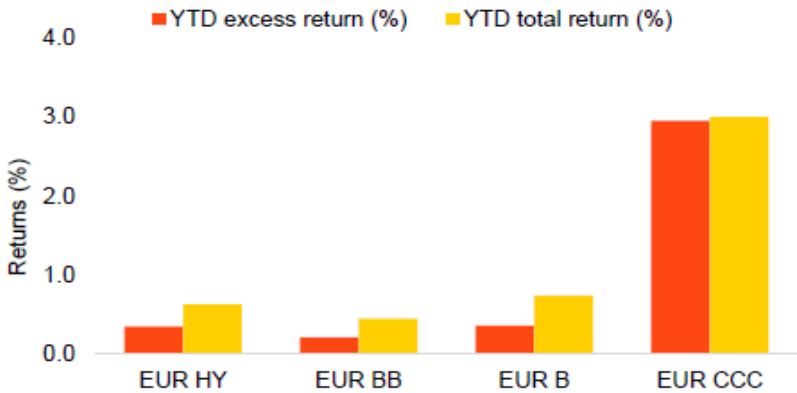
Source: Barclays Live. Data as of March 31, 2025. Past performance is not indicative of future results.

US HY spread levels have remained near all-time tights as overall defaults and distress remain at historical lows



Source: BofA Global Research. Data as of January 31, 2025.

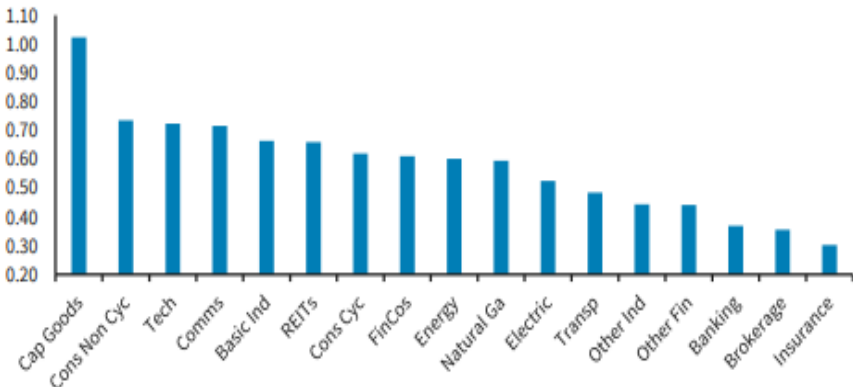
...EUR HY's has seen positive YTD performance, driven by lower quality areas given higher growth expectation has led to risk-on sentiment



Source: Bloomberg, BlackRock. Data as of April 2, 2025.

At the sector level, dispersion has remained elevated across as the risk of geopolitical trade uncertainty has risen

Sector-Level Dispersion (3/25/25)

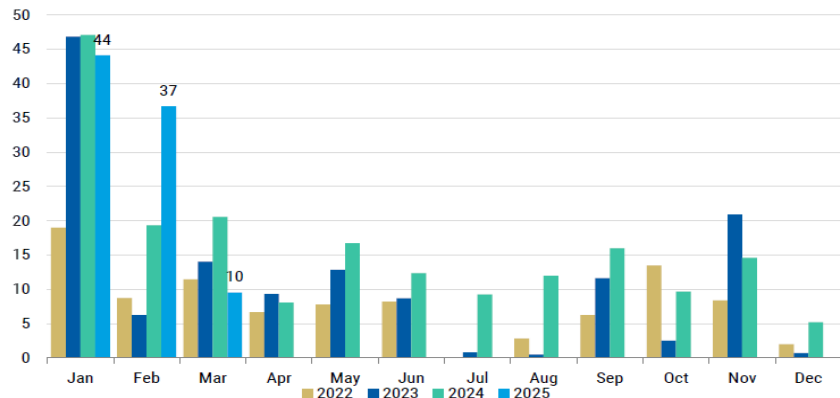


Source: Bloomberg, Barclays Research. Data as of March 25, 2025.

# Emerging Market Debt

## Large EM sovereign supply in Feb has been well-absorbed...

EM Sovereign credit monthly issuance (US\$ billions)



Source: Morgan Stanley Research, March 2025

## EM local debt has becoming more tactically attractive as Central Banks might have more space to cut rates than markets are currently pricing...

Market pricing for rate cuts in EM

	Market Pricing, %*					BNPP forecast, %		Difference, bp		
	Mar 25	Jun 25	Sep 25	Dec 25	Dec 26	2025	2026	2025	2026	
Poland	5.82	5.67	5.27	4.89	4.33	4.00	3.50	-89	-83	
Czech Rep	3.70	3.52	3.36	3.31	3.40	3.00	2.50	-31	-90	
Hungary	6.51	6.57	6.52	6.30	6.13	5.75	4.50	-55	-163	
South Africa	7.49	7.40	7.36	7.33	7.40	7.00	6.50	-33	-90	
Türkiye	42.4	37.8	33.8	31.0	27.2	27.50	20.00	-352	-720	
CEEMEA**								-52	-106	
Brazil	14.02	15.50	14.97	15.10	14.08	15.00	13.50	-10	-58	
Mexico	9.77	8.97	8.28	8.11	8.07	8.25	7.75	14	-32	
Colombia	9.24	8.86	8.49	8.21	8.32	7.75	6.50	-46	-182	
Chile	5.21	5.14	5.00	4.92	5.13	5.00	4.50	8	-63	
Latam								-9	-84	
Thailand	1.99	1.85	1.70	1.61	1.58	1.75	1.75	14	17	
S. Korea	2.85	2.68	2.54	2.50	2.41	2.50	2.50	0	9	
India	6.45	5.99	5.85	5.77	5.72	5.75	5.75	-2	3	
Malaysia	3.66	3.56	3.54	3.46	3.37	3.00	2.75	-46	-62	
Asia								-9	-8	

\*Calculated as the fwd key rate equals policy rate

\*\*Excluding Türkiye

Positive: BNPP forecast is higher  
Negative: BNPP forecast is lower

Source: National Sources and J.P. Morgan, March 2025

## ...with strong interest in EM from crossover investors

Overall EM Credit Supply (US\$bn)	Total		Green		Social		Sustainable		Sustainability-linked	
	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD	WTD	YTD
EM sovereign supply	7.8	90.3	-	2.6	-	1.8	-	2.6	-	-
Asia	-	7.2	-	-	-	-	-	2.0	-	-
CEEMEA ex-MENA	5.6	33.4	-	1.0	-	-	-	0.5	-	-
MENA	2.2	28.0	-	1.6	-	-	-	-	-	-
LatAm	-	21.7	-	-	-	1.8	-	-	-	-
EM corporate supply	20.8	154.6	1.1	8.3	0.2	2.6	0.1	8.2	-	1.1
Asia	20.6	78.8	1.1	4.2	0.2	2.6	0.1	3.8	-	-
CEEMEA	-	42.9	-	2.9	-	-	-	2.0	-	0.3
LatAm	-	27.7	-	1.3	-	-	-	2.4	-	0.8
Total	28.6	244.9	1.1	10.9	0.2	4.4	0.1	10.8	-	1.1

Source: Morgan Stanley Research, March 2025

## ...and EM Local yield converted to USD is at historically attractive levels



Source: J.P. Morgan, March 2025

# Multi-Sector Positioning Overview



# March 2025 FIG Multi-Sector Positioning Overview

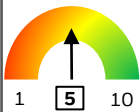
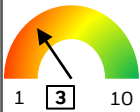
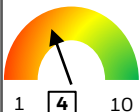
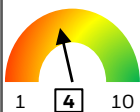
## Financial Institutions Group Unconstrained Positioning\*

Sector	Current Position	Sector focus & trade activity
Rates/Curve		<ul style="list-style-type: none"> <li>➤ 2s10s was volatile over the month closing at approximately 32bps, 12bp higher than its February open. The 5s30s curve increased by approximately 13bps throughout the month, ending the period at 62bps as term premiums expanded steadily over the period.</li> <li>➤ We held a neutral duration position in the backdrop of higher inflation expectations, slower growth and uncertainty in the FED policy rates.</li> <li>➤ As the administration imposes more policies, we will await to see the impact of tariffs on inflation and growth, potential impacts of DOGE, treasury funding impacts, longer-term fiscal budget conversation</li> </ul>
Agency Mortgages		<ul style="list-style-type: none"> <li>➤ We remain overweight to CMO's as they continue to look compelling in the current market environment. As a core position Agency PT's are favorable relative to other sectors but have found more value in 15's and CMOs. Additionally, the asset class provides a diversified return profile.</li> <li>➤ The Bloomberg MBS Index underperformed similar duration Treasuries by 27bps in March. Higher mortgage rates paired with weaker purchase seasons typical of the start of the year have resulted in subdued prepayment activity.</li> </ul>
CLO		<ul style="list-style-type: none"> <li>➤ We continue to maintain a neutral positioning for CLOs as the spreads have shown their resiliency in an otherwise spread widening environment.</li> <li>➤ Credit curve was flat to wide month over month in March. We have been active in trading in the secondary market, mainly selling low spread AAA paper which is sensitive to gap risk. We have largely been staying away from generic BBs which continue to hover around record tight spread levels since the GFC, preferring select trades CLO equity and bespoke or private opportunities. We also have been optimizing our existing CLO equity control positions, monetizing more seasoned positions post-reset, and in redeploying into cleaner, higher cash-on-cash, and longer profiles in both new issue and secondary</li> </ul>
ABS		<ul style="list-style-type: none"> <li>➤ We have seen robust issuance come to market to the market. Currently the market is choppy and is in price discovery mode. Spreads moved to wider levels with most sectors moving beyond 12-month minimums but not 36-month maximums.</li> <li>➤ Delinquencies have inched higher, especially in subprime auto, moving closer to pre-pandemic levels.</li> </ul>
CMBS		<ul style="list-style-type: none"> <li>➤ We maintain a neutral positioning for CMBS as conduit credit continued to steepen in March and spreads were wider. Both primary and secondary market participation remained muted, reflecting a cautious investor stance and a growing recognition that the bid/offer dynamic may deteriorate further in the event of prolonged volatility.</li> <li>➤ The Bloomberg Barclays CMBS Index posted an excess return of -25bps vs duration-adjusted Treasuries with a total return of 26bps in March, bringing year to date excess return to -7bps and YTD total return to 257bps.</li> </ul>
NA RMBS		<ul style="list-style-type: none"> <li>➤ Overall, volumes have normalized while demand remains strong. The relatively low housing supply still provides a fundamentally strong backdrop.</li> <li>➤ The asset class has experienced a continued positive tone and is still offering attractive relative valuation among short dated assets.</li> </ul>

\* Please note, the sector strategies described above are shown for illustrative purposes only and are reflective of unconstrained mandates only and may not reflect the strategy employed in all portfolios. KRD refers to key rate durations. Green shaded area indicates an overweight, yellow shaded area indicates neutral, red shaded area indicates an underweight. Source: Bloomberg for market data and BlackRock for positioning as of March 31, 2025. Past performance is not indicative of future results. Forecasts are based on estimates and assumptions. There is no guarantee that they will be achieved.

# March 2025 FIG Multi-Sector Positioning Overview

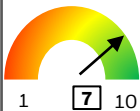
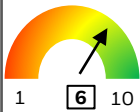
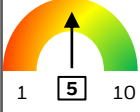
## Financial Institutions Group Unconstrained Positioning\*

Sector	Current Position	Sector focus & trade activity
EM / Sovereign		<ul style="list-style-type: none"> <li>➤ The reciprocal tariffs surprised the EM markets as well, particularly the Asia region. By contrast LatAm fared relatively better than expectation, particularly Mexico. China is obviously a key driver of EM growth dynamics, so the growing risk of a significant US-China confrontation is concerning. Slowing global growth expectations in the DM world have a pass thru to EM expectations as well. On the positive side, there is a chance that the tariff announcement marked the peak in USD strength, which has positive implications for EM and opens door for more monetary policy easing in EM in response to slower growth</li> <li>➤ EM assets held in remarkably well through the first leg of the widening this year, but did ultimately sell off alongside broader risk markets in early April. That said, EM betas to DM are still significantly outperforming.</li> </ul>
Corporates		<ul style="list-style-type: none"> <li>➤ The unexpected sharp weakening of the US Growth outlook on the back of the harsher than expected reciprocal tariffs has highlighted the asymmetric risk for spread assets when volatility and valuations are compressed. Risk of stagflation damaging corporate earnings, plus tying the hands of monetary policy authorities has led to a material repricing of credit risk. Even with the 90-day tariff pause, uncertainty remains extremely elevated, demanding greater risk premiums. While we do see scope for a tactical bounce in risk assets, we think that the damage has been done to both consumer and corporate confidence, which will deteriorate growth and lead to a likely shallow recession later in 2025. Despite the widening, credit spreads do not reflect this potential outcome.</li> <li>➤ Supply has slowed to very low levels given the volatility in markets, but fund flows have turned negative, hurting liquidity and raising bid-offer. While the yield-based buying remains strong out the curve, the market remains on edge and liquidity is poor. IG valuations touched longer term medians ahead of the tariff pause but have already retraced about half the weakness since Liberation Day. At +1.15, we still think risk is asymmetrically skewed to the downside. While we have covered much of our underweight into the widening, we are looking for more attractive levels before adding any additional risk.</li> </ul>
High Yield		<ul style="list-style-type: none"> <li>➤ Leverage is creeping higher off a low base as earnings decline. Interest Coverage ticked up but is still declining from the highest level in over a decade as the impact of higher rates starts to be felt. In March rising stars outpaced falling angels and upgrades exceeded downgrades in all rating cohorts except CCCs. Default rates appear to be troughing at levels that are low by historical standards at 1.3%. The environment is likely to get far more challenging looking forward. The trade war is likely to lead to a recessionary growth backdrop with inflation remaining elevated. This will challenge the earnings for HY and lead to weakening credit metrics and a likely rise in default rates as the year progresses. With the Fed likely constrained with how much they can cut rates; lower quality credits may encounter renewed pressure as yields potentially stay higher for longer. While spreads have significantly widened out since the tariff announcements, the HY market is still not sufficiently pricing in a recession. HY spreads continue to trade tight relative to IG spreads on a long run basis. During the recent volatility, BB spreads have widened to 287 and spread ratios to BBB spreads have widened to 2.15x. With the recent widening, this relationship remains on par to the 5-year historical spread ratio of 2.19x. With an uncertain outlook on US growth, we continue to approach the asset class cautiously. While HY can likely continue to earn attractive income, we are likely to see wider spreads and better entry points over time.</li> </ul>
Municipals		<ul style="list-style-type: none"> <li>➤ The Bloomberg Taxable Municipal (U.S. Aggregate Eligible) Index returned -0.71% with -62 basis points of excess performance, bringing the year-to-date total return to 2.83% with -99 basis points of excess performance. Issuance totaled \$2.0 billion, a 24% decrease month-over-month. The Bloomberg Municipal Bond Index returned -1.69%, bringing the year-to-date total return to -0.22%. The front-end of the yield curve, high yield credits, prerefunded bonds, and the industrial development revenue and pollution control revenue (IDR/PCR) sector performed best. Supply-and-demand dynamics acted as a headwind. At the same time, issuance remained robust at \$43 billion, 9% above the five-year average, bringing the year-to-date total to \$120 billion, up 23% year-over-year.</li> </ul>

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# March 2025 FIG Multi-Sector Positioning Overview

## Financial Institutions Group Unconstrained Positioning\*

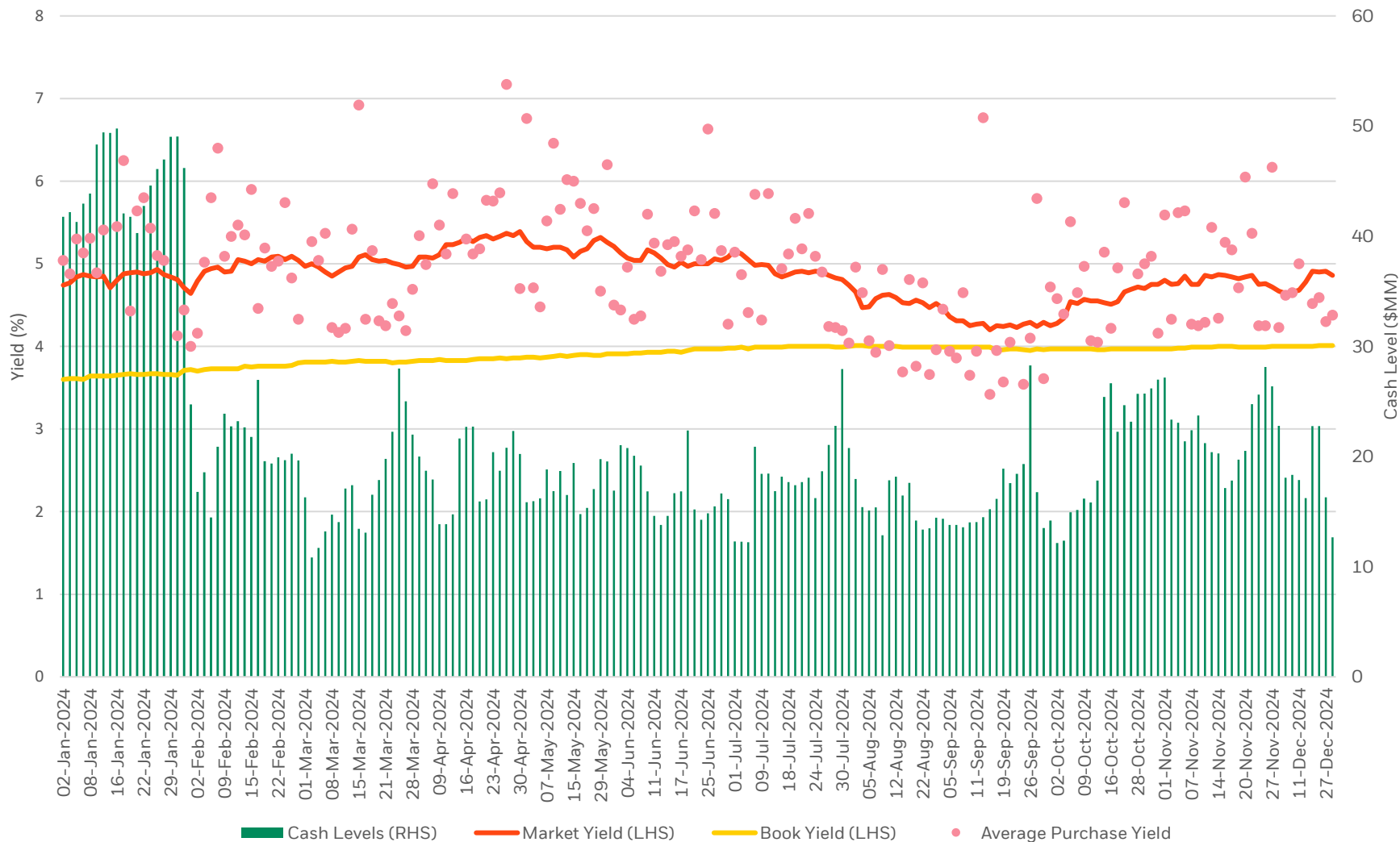
Sector	Current Position	Sector focus & trade activity
Private Structured		<ul style="list-style-type: none"> <li>➤ Structured Credit continues to provide an attractive source of relative value with deals offering spread premium to public comparables and strong structural protections. The ability to structure these deals additionally creates an opportunity to tailor them for insurers.</li> <li>➤ We continue to see diversified opportunity set across Structured Finance. Asset Backed and Real Estate Backed sectors remain as sources of great relative value, supported by continued growth of the vertical strip securitization opportunity set within sub-sectors such as Consumer. Within Real Estate Backed - Commercial Mortgage Loans and Private CMBS sub-sectors offer attractive spread premiums. IG Structured Credit currently supports a wide range of tenors from 1yr to 30yrs and spreads between 150bps to 400bps.</li> </ul>
Infrastructure Debt		<ul style="list-style-type: none"> <li>➤ Insurers continue to look to infrastructure debt as a growing part of their SAA, as both an ALM and total return play across IG and HY opportunities. Additionally, Higher all-in yields are likely to boost demand for infrastructure debt, particularly among insurers. Broadly issuance has been scarce.</li> <li>➤ Infrastructure debt can provide macro risk diversification and 50-300 bps of income enhancement relative to comparable public corporates with limited liquidity give-up</li> </ul>
IG Private Placements		<ul style="list-style-type: none"> <li>➤ The Private Placement ("PP") market continues to exhibit robust activity. The PP market has priced 105 transactions through Q2 for a total of \$51bn in transaction value. The quarter saw a consistent flow of deals, with the \$19bn of supply priced in June, the highest one-month total in over 42 months+. Issuers have stayed active through the summer as spreads continue to bounce around multi-year tights, and issuers look to take advantage of current market conditions before attention shifts to the US Presidential Election at the back end of the year.</li> <li>➤ The Private Placement market continues to provide a steady stream of supply across a diverse set of tenors to satisfy a variety of liability investors</li> <li>➤ While the spreads are currently unfavorable, there are some idiosyncratic opportunities that can be looked at.</li> </ul>

\* Please note, the sector strategies described above are shown for illustrative purposes only and are reflective of unconstrained mandates only and may not reflect the strategy employed in all portfolios. KRD refers to key rate durations. Green shaded area indicates an overweight, yellow shaded area indicates neutral, red shaded area indicates an underweight. Source: Bloomberg for market data and BlackRock for positioning as of March 31, 2025. Past performance is not indicative of future results. Forecasts are based on estimates and assumptions. There is no guarantee that they will be achieved.

# Appendix

# **Performance and Attribution**

# Yield and Cash Level Summary



# First Mutual Transportation Assurance Company – Performance Review

## Performance Summary by Portfolio – December 31, 2024

Portfolio Full Name	1 Month			3 Month			1 YR			3 YR *			5 YR *			ITD *		
	Port	Index	Active	Port	Index	Active	Port	Index	Active	Port	Index	Active	Port x	Inde	Active	Port	Index	Active
General Operating Account	-1.62	-1.64	0.02	-2.88	-3.06	0.18	1.91	1.25	0.66	-2.16	-2.41	0.25	0.31	-0.33	0.64	1.86	1.27	0.59
Excess Loss Fund	-0.91	-0.93	0.02	-1.95	-2.07	0.13	3.07	2.47	0.61	-0.51	-0.83	0.32	0.76	0.33	0.43	1.89	1.47	0.42
Ace American Trust	-0.59	-0.59	0.00	-1.55	-1.65	0.09	2.90	2.74	0.17	0.05	-0.30	0.35	1.04	0.69	0.35	2.01	1.72	0.29
Liberty Trust '06 NY Transit Authority	-0.59	-0.58	-0.02	-1.44	-1.62	0.18	3.24	2.84	0.40	0.29	-0.28	0.57	1.34	0.72	0.61	2.27	1.75	0.52
Star Indemnity	-0.58	-0.59	0.01	-1.60	-1.65	0.05	2.71	2.74	-0.03	0.06	-0.30	0.36	0.96	0.69	0.27	1.89	1.72	0.17
Liberty Trust East Side Access	-0.60	-0.58	-0.03	-1.44	-1.62	0.18	3.17	2.84	0.34	0.20	-0.28	0.48	1.22	0.72	0.49	2.18	1.75	0.43
Master Builders' Risk	-1.55	-1.64	0.08	-2.77	-3.06	0.29	2.06	1.25	0.81	-2.06	-2.41	0.34	0.21	-0.33	0.53	1.77	1.28	0.49
Discovery Re Trust	0.42	0.45	-0.03	0.96	0.70	0.26	5.38	4.75	0.64	3.70	2.82	0.89	2.41	2.03	0.38	2.39	2.17	0.22

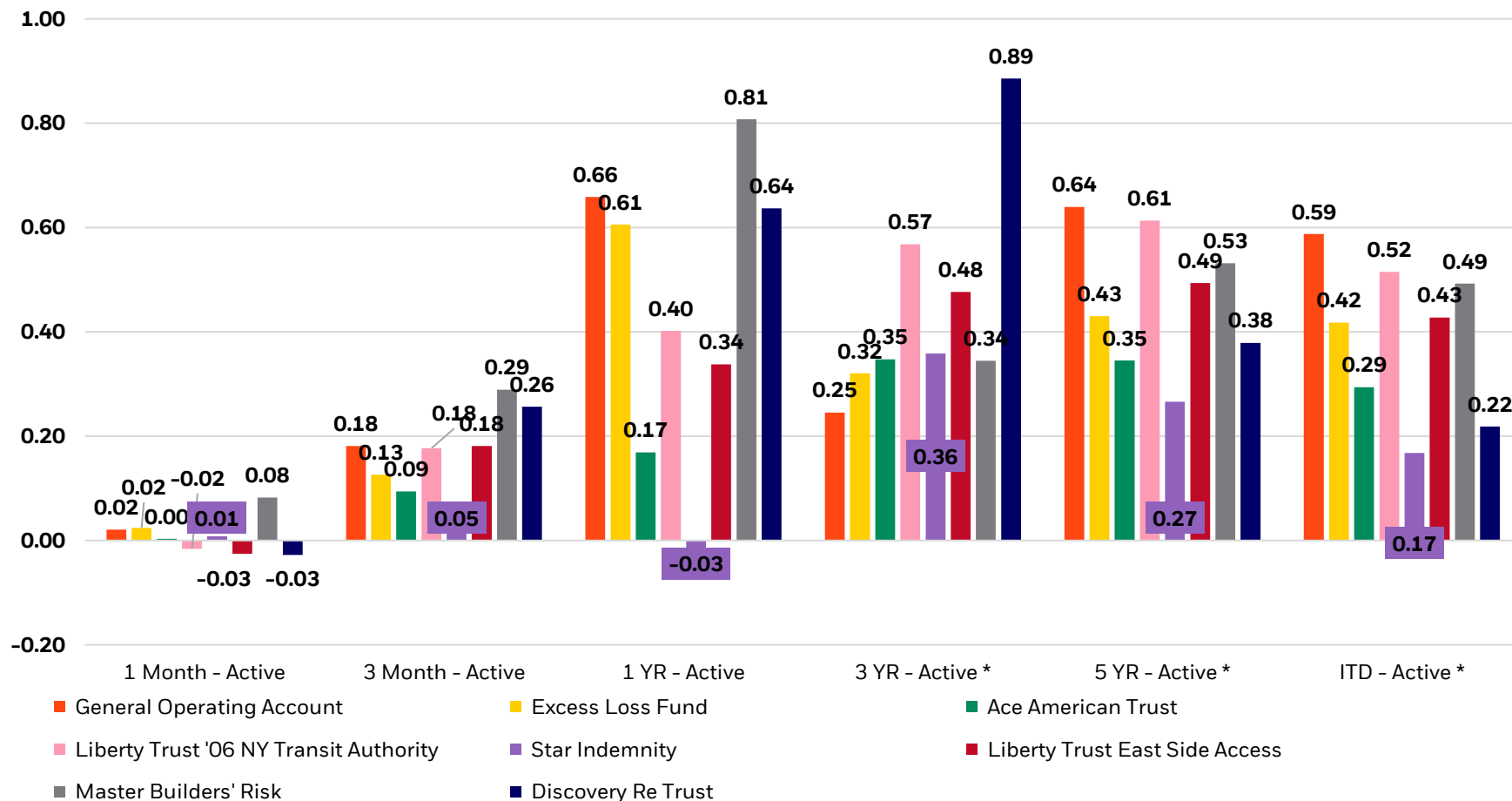
## Portfolio and Benchmark Summary – December 31, 2024

Portfolio	NAV	Portfolio Full Name	Index Full Name	Primary Objective
FMT-GOA	\$288,016,972	General Operating Account	BBG U.S. Aggregate Index	Total Return
FMT-ELF	\$195,064,426	Excess Loss Fund	BBG Intermediate Aggregate Index	Total Return
FMT-AAT	\$114,749,207	Ace American Trust	BBG Intermediate Gov/Credit A or Higher Index	Book Yield / Income
FMT-LTNY	\$20,427,139	Liberty Trust '06 NY Transit Authority	BBG US Aggregate Intermediate A3/A- or better Index	Book Yield / Income
FMT-STAR	\$76,912,864	Star Indemnity	BBG Intermediate Gov/Credit A or Higher Index	Book Yield / Income
FMT-LTESA	\$89,851,754	Liberty Trust East Side Access	BBG US Aggregate Intermediate A3/A- or better Index	Book Yield / Income
FMT-MBR	\$67,183,194	Master Builders' Risk	BBG U.S. Aggregate Index	Total Return
FMT-DRT	\$56,888,355	Discovery Re Trust	ICE BofA 1 Yr US Treasury Note Index	Cash Sleeve / Principal Protection
Total	\$909,093,912	FMTAC-AGG		

- Data as of 12/31/2024 and numbers may not tie due to rounding
- Performance holiday: 02/23/18 - 04/30/18
- \* Performance for 3 YR, 5 YR, and ITD (Inception to Date) are annualized
- Inception date: 2/23/2018
- Source: BlackRock Aladdin

# Active Performance Summary as of 12/31/2024

## Active Performance Summary

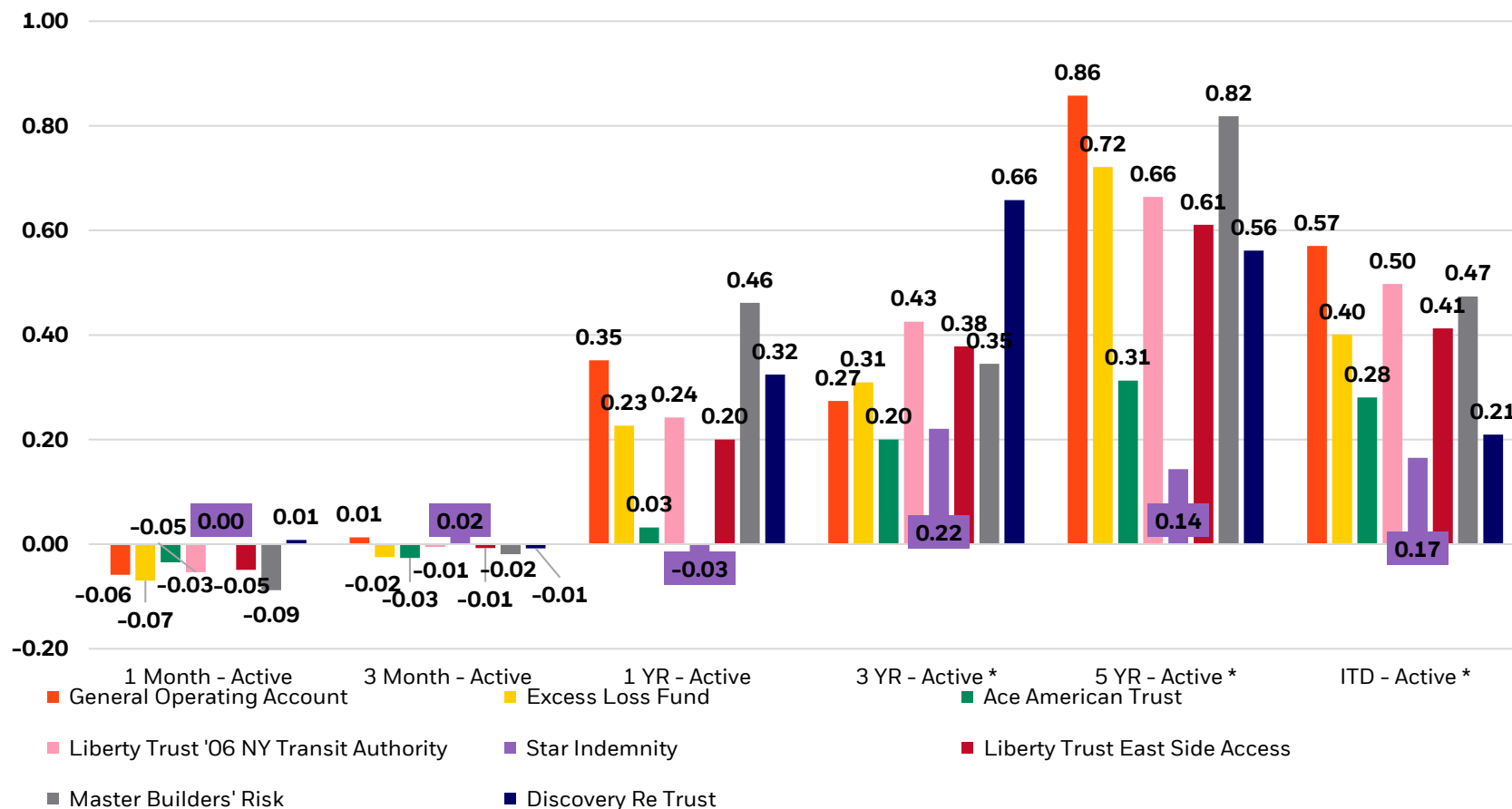


- Data as of 12/31/2024 and numbers may not tie due to rounding
- Performance holiday: 02/23/18 - 04/30/18
- \* Performance for 3 YR and ITD (Inception to Date) are annualized
- Inception date: 2/23/2018
- Source: BlackRock Aladdin



# Active Performance Summary as of 3/31/2025

## Active Performance Summary



- Data as of 3/31/2025 and numbers may not tie due to rounding
- Performance holiday: 02/23/18 - 04/30/18
- \* Performance for 3 YR and ITD (Inception to Date) are annualized
- Inception date: 2/23/2018
- Source: BlackRock Aladdin

# Important Notes

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