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Flash Market Update

November 9, 2015

Performa is an independent, employee-owned investment management firm, founded in 1992. We combine more than 20 years of experience in the captive industry with the institutional expertise of our investment team to provide our clients with tailored investment solutions.

2016 Presidential Election: Trump Wins

In an upset of indescribable proportions, Donald J. Trump is the new U.S. President-elect. Fairly early in the evening it was clear that Hillary Clinton, the heavy favorite according to polls and pundits, was in for more than she bargained for. By the wee hours of the morning, her worst nightmare had become a reality.

Trump's campaign was unconventional from the start. He used less than traditional talking points and negative rhetoric to whip up his suffering base. Trump flipped multiple key states on his way to accumulating the necessary 270 electoral votes to solidify his position as the 45th president of the United States of America.

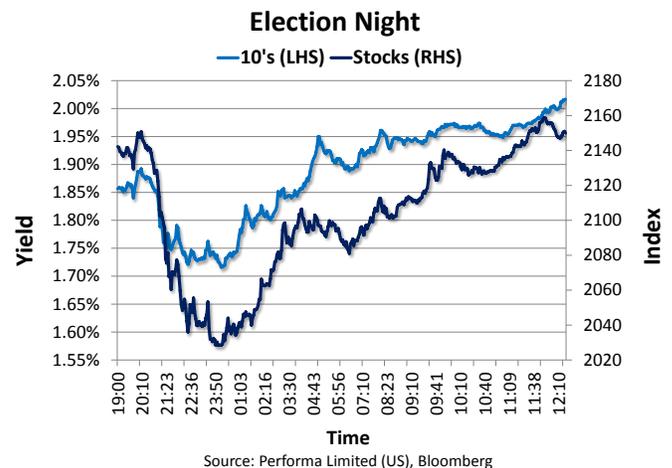
What do we know about Trump's platform and potential focus as President? He has made it crystal clear that he hates Obamacare, Dodd-Frank, and regulation in general. What does he like? Infrastructure spending, tax-reform, tax cuts and protectionist economic and immigration policies have been the cornerstone of multiple speeches. How successful President Trump will be in implementing change and new policies remains to be seen, but with Republicans

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maintaining their House and Senate majorities, it would seem to be an easier path than many thought. What those outside of the U.S. will be watching closely is whether Trump will attempt to pull the country away from the world stage. Financial markets will be digesting it all, especially his call to implement the types of pro-growth (and inflationary) policies that he promised Americans.

Since 8PM EST last night, the world's stock and bond markets have been extremely volatile. As we write this piece around noon on Wednesday, the S&P 500 has fully round tripped an almost 6% loss from around midnight. However, the bond market has been taking it on the chin. Specifically, the longer end of the yield curve has steepened dramatically. What started off as a bond market rally has turned into a rout with 10-year rates cracking 2% and 30-year bonds near 2.8% (both are levels we haven't seen since January), the largest one day sell-off since July 2013.

The equity markets have recovered on the backs of those companies and sectors that had been in the cross hairs in the event of a Clinton win. Beaten down healthcare, pharmaceuticals, and financials have led the way with an assist from defense companies. The U.S. Dollar has survived and, as many would suspect, the Mexican Peso has sold-off, reaching all-time lows against the greenback.



Amid all the market volatility, client portfolios have fared well. The defensive, short duration positioning within our fixed income strategies has benefited our clients in this rising interest rate environment.

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ABOUT PERFORMA

Combining our extensive knowledge of the insurance industry with the institutional expertise of our investment team, Performa has been managing assets on behalf of captive and other insurance clients for over 20 years.

Our capabilities include asset allocation, active fixed income and equity management through diversified mutual funds or separate account portfolios. With offices in the world’s largest captive domiciles, including Bermuda, Vermont and South Carolina, we are focused on delivering customized solutions to meet the unique investment objectives and liquidity requirements of our investors.

We are 100% employee-owned and currently manage over \$3.46 billion in assets worldwide representing more than 65 captive client relationships as of September 30, 2016. Our investment philosophy is value driven and long-term in nature. Whether approaching asset allocation, fixed income or equities, our ability to be nimble, contrarian and decisive sets us apart from our peers and promotes capital preservation.

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