



Bermuda



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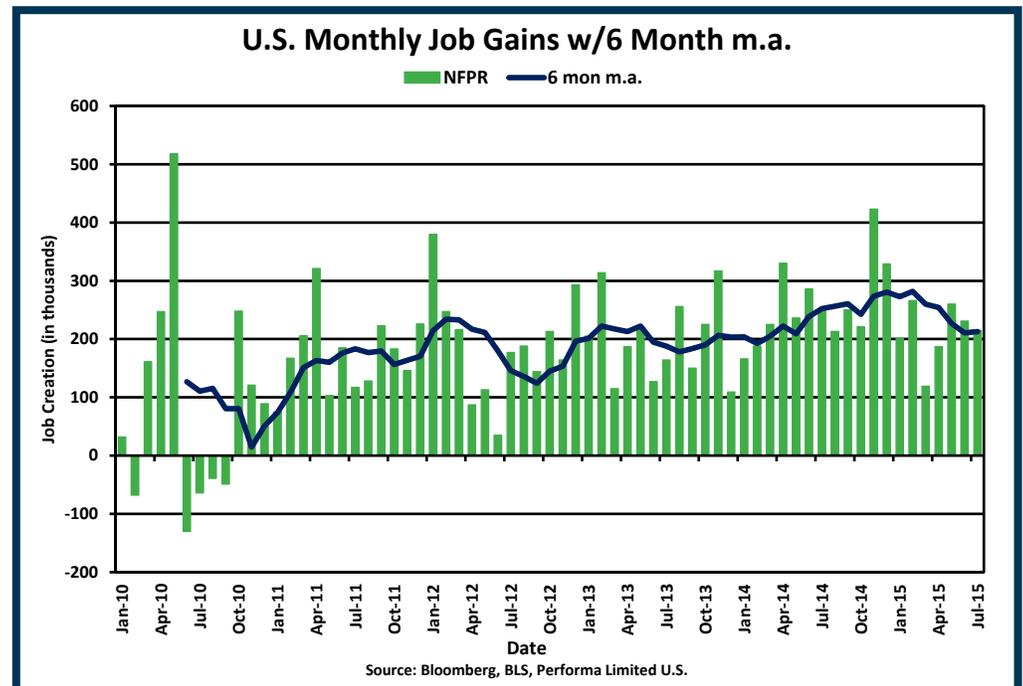
Flash Market Update

August 7, 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.

The July Jobs Report

The U.S. Labor Department released monthly payroll numbers at 8:30 a.m. this morning. The data showed that the U.S. economy preliminarily added 215,000 jobs in July, right on top of the six-month average of 213,000 jobs (see chart below).



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The July data suggests that job creation was spread across the major sectors of the economy (see table below).

JOB CREATION BY SECTOR

	Retail	Business Services	Education/Health	Leisure/Hospitality	Manufacturing	Construction	Government
Jobs Created in July	36,000	40,000	37,000	30,000	15,000	6,000	5,000

Source: Bloomberg and B.L.S

The labor report also indicated that the unemployment rate held steady at 5.3% and workers’ hours increased. Both items are positive for growth going forward. Meanwhile, the labor force participation rate was unchanged at 62.6%. We were surprised that we didn’t see a small bounce higher after falling 0.3% the prior month.

Performa Analysis

Ever since the “Taper Tantrum” in 2013, markets have focused on the catalyst and timing of when the U.S. Federal Reserve would begin raising short-term interest rates. Barring a catastrophe in next month’s employment report, we feel the Fed has all the ammunition it needs to begin the hiking cycle at their September 17th meeting. This action would represent the first increase since 2004 and come after seven years of extraordinarily accommodative monetary policy by the Central Bank.

In our latest monthly we highlighted our view that the Fed was two solid job reports away from a rate hike in September. After today, there is only one left to judge. Today’s report reaffirms our view of a September lift-off. As for the timing and magnitude of further Fed rate hikes, we believe future inflation measures and expectations will have greater significance going forward.

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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 and active fixed income 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 \$2.8 billion in assets worldwide. 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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