



Q2 2026 · MEMBER WEBINAR

VERMONT CAPTIVE INSURANCE ASSOCIATION

Navigating the Macro Landscape

Investment Strategy for Captive Insurance Programs

DATE

May 14, 2026

TIME

2:00 PM ET

Presenters



Karissa McDonough

Chief Investment Officer

Ledyard Bank

MODERATOR



Carl Terzer

Chief Investment Strategist

CapVisor Associates, LLC



Rajeev Sharma

Managing Director, Fixed
Income

Key Wealth



Jack Meskunas

Managing Director,
Investments

Oppenheimer

What you will take away from this session

01

MACRO INDICATORS

Read the signals.

Identify key **economic indicators** that influence investment decisions and captive insurance performance.

02

INTEREST RATES

Translate rates into action.

Analyze the implications of **current interest rate trends** on fixed income market conditions for captive portfolios.

03

PORTFOLIO CONSTRUCTION

Build for what's next.

Evaluate effective **portfolio construction strategies** that align with evolving macroeconomic scenarios and objectives.

01

PART ONE

Setting the Macro Stage

Understanding current US and global economic trends is essential for effective investment strategies in captive programs.

Carl Terzer

Chief Investment Strategist, CapVisor Associates, LLC



THE 2025–2026 BACKDROP

Macro Risks Ahead

2026 Economic and Market Risk Dashboard

Probabilities estimated 1/1/26 vs. actual direction through 5/1/26.

RISK / ISSUE	1/1/26 PROBABILITY (12 MO.)	DIRECTION (AS OF 5/1/26)
Recession (U.S.)	30–50%	↘ Slightly lower
Inflation re-acceleration	20–30%	↔ Stable
Hard landing (labor shock)	15–25%	↘ Lower
Financial system stress event	10–20%	↘ Lower
Equity market concentration / AI bubble	Moderate–High	↗ Higher

2026 Economic and Market Risk

Current probabilities for the remainder of 2026 as of 5/1/26.

RISK / ISSUE	CURRENT PROBABILITY (REST OF 2026)
Delayed recession (late 2026)	35–50%
Inflation persistence (above target)	30–40%
Term premium / bond market shock	30–45%
Equity concentration unwind	25–35%
Credit cycle deterioration	25–40%
Geopolitical escalation	30–50%
Policy misstep (Fed or fiscal)	20–30%
Liquidity shock (market structure)	15–25%

Captive Investment Programs

Investment Program Design/Redesign

- Investment policy statement
- Investment guidelines
- Rebalancing, etc.

Manager(s) Evaluation

- Nominal and *"Risk-Adjusted"* returns
- Peer ranking

Strategic Asset Allocation (SAA)

- Updated and optimized to risk/reward

Analytic Review of Results and Future Considerations

- Overall program results vs aggregated benchmarks
- Correlate and recalibrate program with underwriting results

AUDIENCE POLL

01

Which of the following macroeconomic indicators is most directly relevant when setting the duration target of a captive insurance investment portfolio?

02

PART TWO

Fixed Income Markets

A practitioner's view of the current fixed income opportunity set

Rajeev Sharma

Managing Director of Fixed Income, Key Wealth



Yields Higher Across the Curve

30Y holding near 4.95% — the bear-steepening signal investors have been watching.

■ 2-Year 3.8930 ■ 5-Year 4.0130 ■ 10-Year 4.3630 ■ 30-Year 4.9450



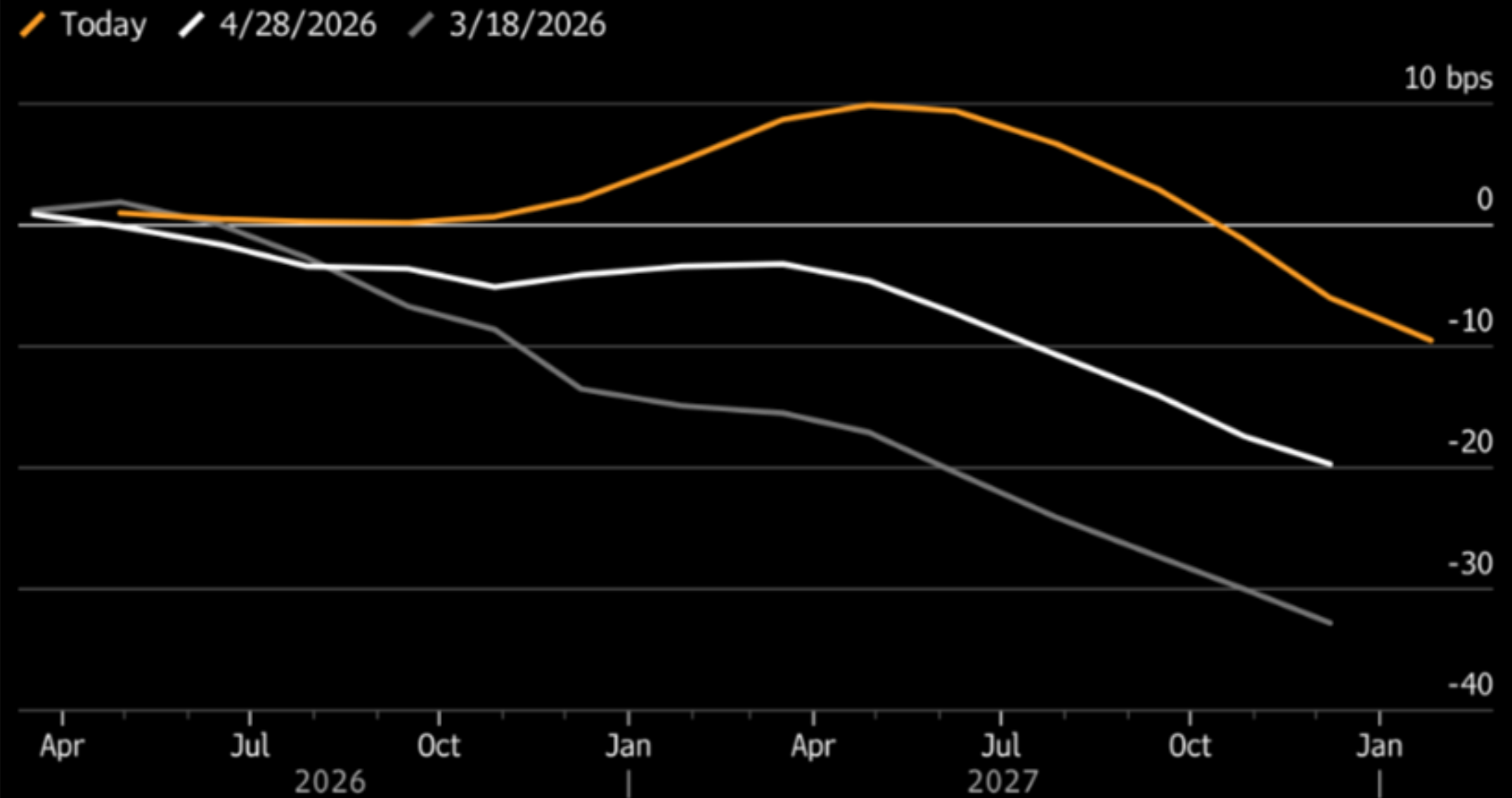
The Iran War has Pushed Long-End Yields to Rise

UK 10Y up ~80 bps;
US, Germany, Japan
all repriced in sync.



Rates Traders See a More Hawkish FOMC Ahead

Today's curve is well above the path priced in March — **fewer cuts in 2026/27.**

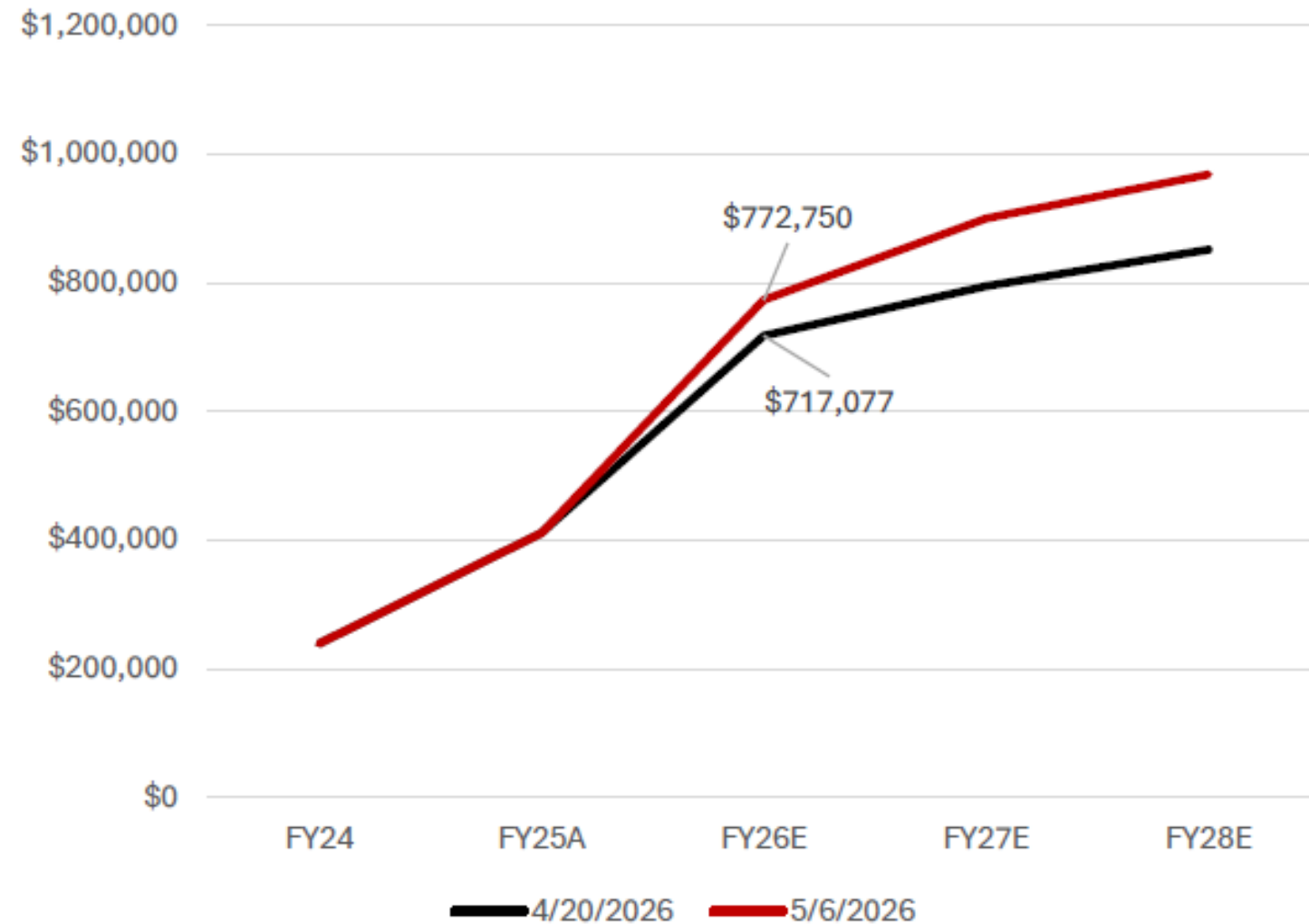


IG/HY Credit Spreads: Stable on the Week

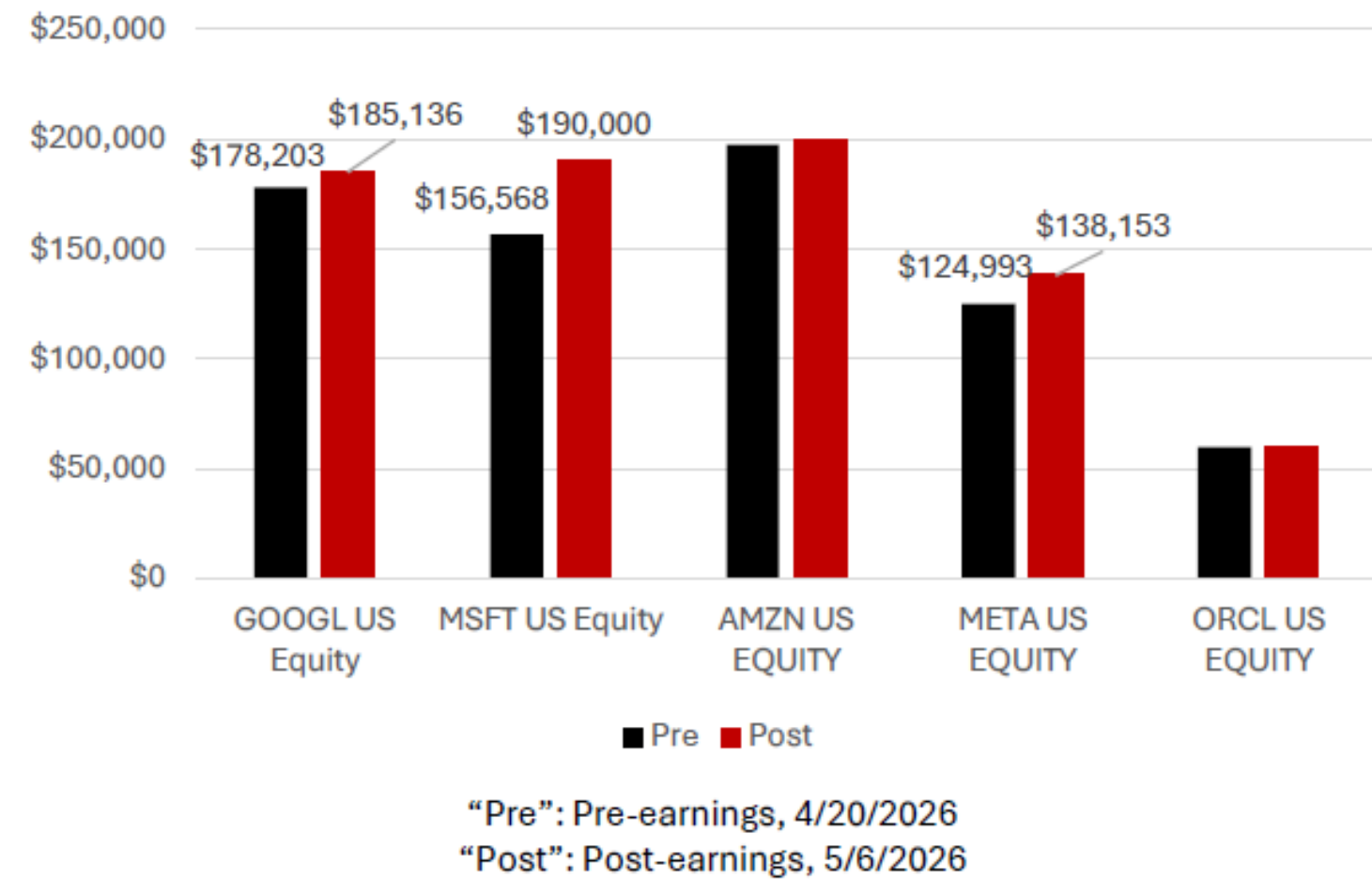


AI Hyperscalers: Jumbo Debt Issuance Anticipated

Aggregate Capex Estimates



Pre/Post-Earnings FY26 Capex Estimates



AUDIENCE POLL

02

A captive insurance company anticipates higher claims activity over the next 12–18 months. Which portfolio adjustment best reflects sound asset-liability management under this scenario?

03

PART THREE

Investment Management Strategy for Captive Programs

Adapting investment policies to current macro
conditions

Jack Meskunas

Managing Director of Investments, Oppenheimer



Tailoring the IPS to Current Macro Realities

An IPS is more than a *plan* — it should be a *strategy* for preparing for ALM, both certain and uncertain, while allowing flexibility in asset allocation that respects current and anticipated market conditions.

STRATEGY > PLAN

Three IPS shifts to consider.

- Broaden permissible ranges; tighten review cadence
- Define explicit triggers for rebalancing under stress
- Tie allocation flexibility to ALM duration targets

Balancing Yield Enhancement with Market Realities

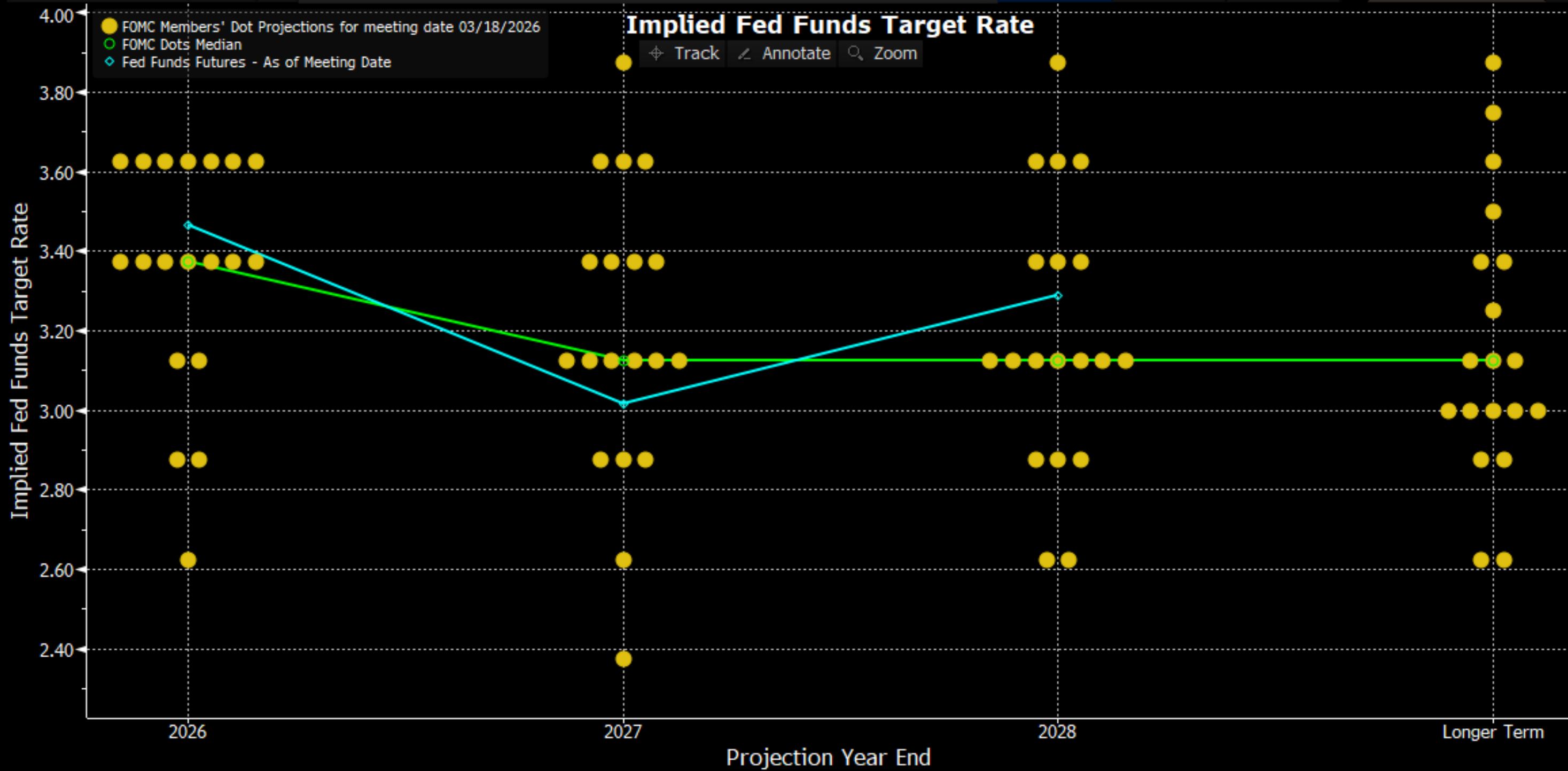


View ● Projection ● Historical

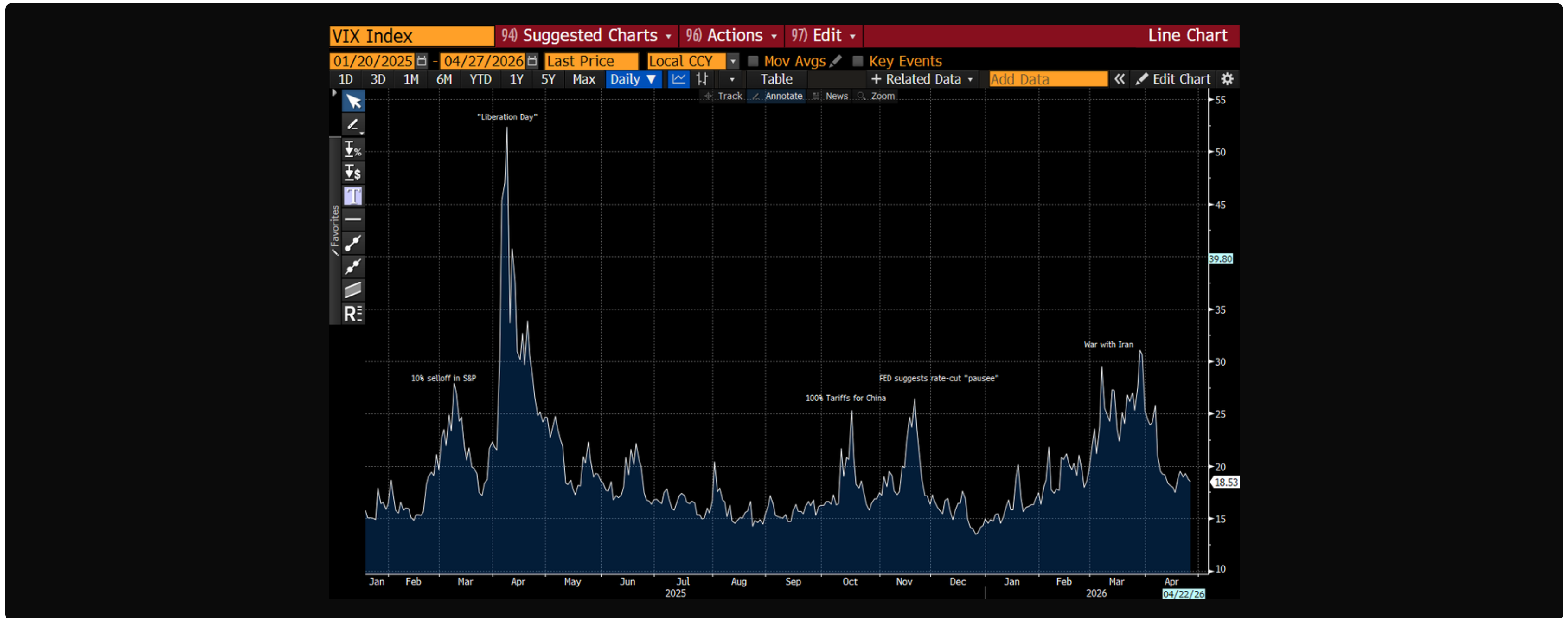
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Chart Table

BE Fed Spectrometer >> Compare with None Previous Custom ▾



How Macro Volatility is Influencing Captive Board-Level Conversations



Practical Portfolio Adjustments to be Making Now



Look forward, not backward.

Past performance is not a predictor of the future, and the “winners” and themes going forward can and do change. Build your portfolio for the future.



The winners of 2023–2025 may not lead 2026–2027.

Index fund overconcentration in mega-cap growth has increased risk and volatility due to market-cap weighting. Active investing beat passive as accounts are more balanced.



AI is boosting earnings faster than revenue growth.

Improving profitability raises the quality and credit-ratings of corporate debt - an underappreciated tailwind for both IG and HY bond holders.

AUDIENCE POLL

03

In a higher-for-longer interest rate environment, which strategy is most appropriate for managing reinvestment risk in a captive's fixed income portfolio?

Q & A



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Thank you.

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