

Global Market Outlook

With peace talks resuming for the third time, markets are pricing normalisation with the S&P 500 returning to all-time highs. Although headline shocks may fade, the structural pressures they exposed may continue to weigh on the global economy; energy prices remain elevated, supply-chain frictions persist, and G20 inflation is now projected at 4.0% for 2026².

The U.S. was already slowing before the war began, and if not for the once-in-a-lifetime surge in AI-related tech capex throughout 2025, the economy would be in modestly worse shape. Annual real GDP growth was 2.1% in 2025³, but momentum collapsed into year-end where Q4 alone grew just 0.5% annualised³, and the Atlanta Fed's GDPNow has trimmed Q1 2026 to 1.3%⁴, revised down from 2.0% over the course of April.

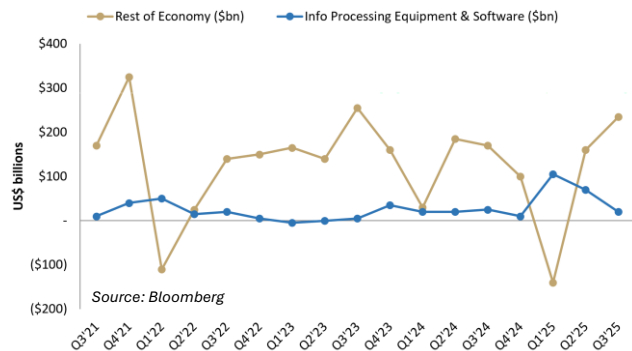


Figure 1 - Quarter contributions to real GDP growth¹

Moreover, the March FOMC minutes raised near-term inflation projections as headline CPI hit 3.3% y/y⁵ and consumer inflation expectations surged to 4.8%⁶, amid a softening labour market with wage growth cooling to a four-year low of 3.5%⁷. Tariffs, reshoring, and AI-driven electricity demand are keeping goods and services inflation sticky even as demand weakens, leaving the Fed to balance taming inflation and supporting growth. Key catalysts include:

- **Ongoing political tensions:** The Israel-US-Iran war continues to inject volatility into global markets and widen the range of potential outcomes for the economy and financial markets
- **Deglobalisation:** Geopolitical fragmentation is disrupting supply chains, raising trade and input costs, and further undermining the efficiency of the global markets

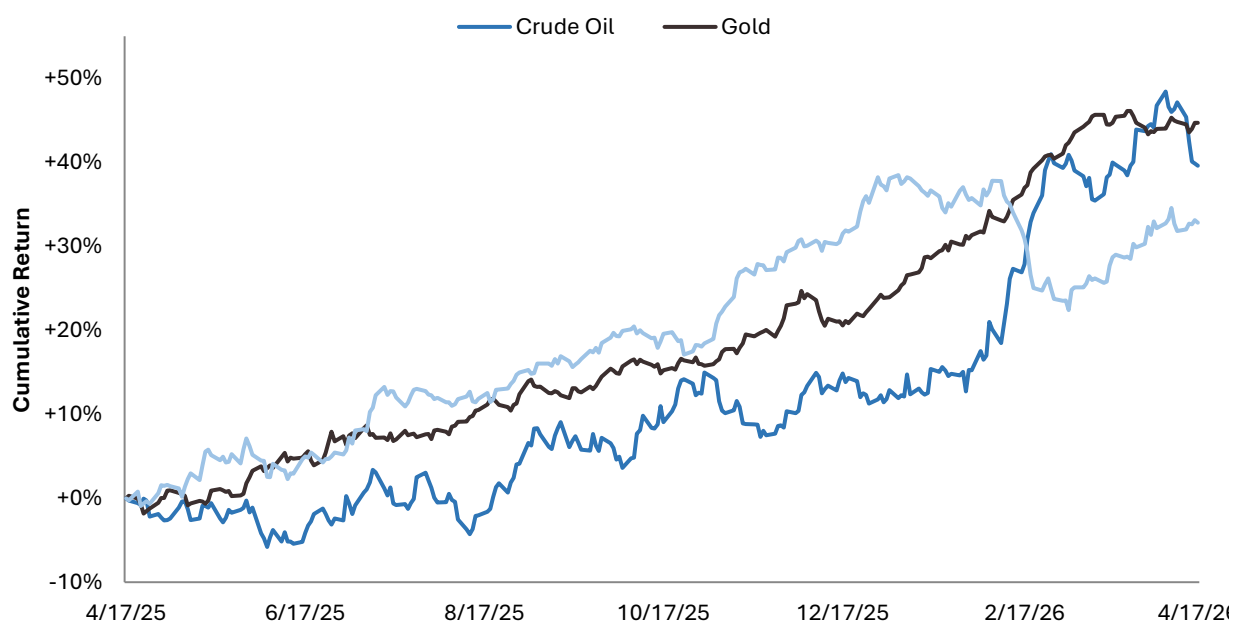


Figure 2 - One Year Performance of Core Assets¹

*Fiscal dominance weakens traditional diversification leaving room for alternatives***Trade Rationale**

As geopolitical tensions persist and energy prices remain elevated, CPI is expected to rise alongside a shift toward a more hawkish Fed. This trend towards fiscal dominance poses risk to investors as inflation is considered the biggest problem for bondholders as it reduces their real return. Moreover, the “safe haven” nature of bonds is further undermined by bond-equity correlations having turned more positive⁸.

Catastrophe bonds offer an orthogonal, event-driven fixed income exposure. Issued by insurers and reinsurers to transfer natural-disaster risk to capital markets, they pay high floating-rate coupons in exchange for insured-event risk. As a result, they provide a defensive income stream driven more by catastrophe outcomes than by GDP or Fed policy, making them a strong allocation when traditional safe havens fail to diversify.

Catalysts**Inflation remains non-transitory forcing delayed cuts:**

- The Strait of Hormuz carries roughly a quarter of seaborne oil trade and about 20% of global LNG⁹. If conflict continues to push energy prices higher, headline CPI could rise materially
- Markets had been pricing cuts by September, but sticky inflation has shifted expectations toward either a prolonged hold or a token cut

Diversification continues to remain difficult:

- With CBO projecting a \$1.9 trillion FY2026 federal deficit¹⁰ and no natural marginal buyer for the resulting issuance, sticky inflation limits the Fed’s ability to cut rates and cap real yields. Stocks and bonds are increasingly repricing off the same fiscal driver
- Gold is already pricing in equity downside and fiscal stress, while higher oil is keeping inflation elevated, increasing the chance the Fed is eventually forced toward synthetic easing through asset purchases

Cat bonds enter Atlantic season cheap with spreads set to tighten:

- Cat bond spreads are seasonal, typically widening into Atlantic risk and tightening after a benign season, which supports an April entry and November exit
- Historically, the Swiss Re Cat Bond Index has posted positive returns in 10 of the last 11 years since 2015¹¹, with positive monthly returns 89.5% of the time since 2002¹¹
- After recent loss activity, spreads remain wide, leaving room for carry and price upside if the season is benign

Summary

Trade	Long Brookmont Insurance-Linked Securities ETF
Client	Family Office (long-horizon, capital preservation mandate)
Timeline	9 months
Catalysts	Non-transitory inflation alongside increasing fiscal risk means diversification is difficult
Risks	Catastrophe occurs, Geopolitical tensions ease, Aggressive Fed pivot
Mitigations	Diversified portfolio with no bond making up more than 4% Stop loss at 5% below entry price
Return	7.8% over holding period

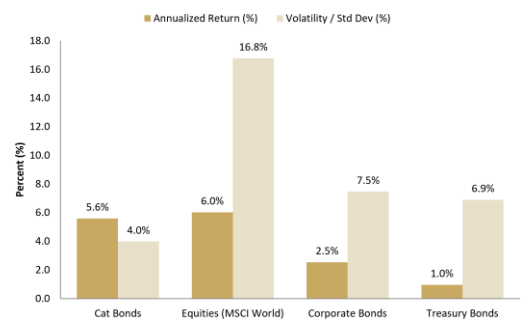


Figure 3: equity-like returns with bond-like volatility¹

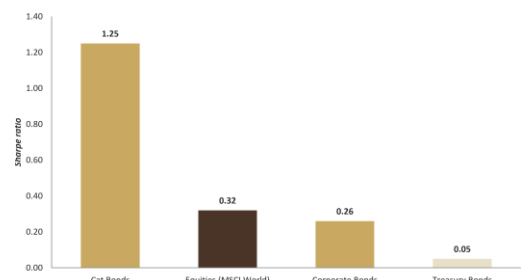


Figure 4: Cat bonds deliver superior risk-adjusted returns¹

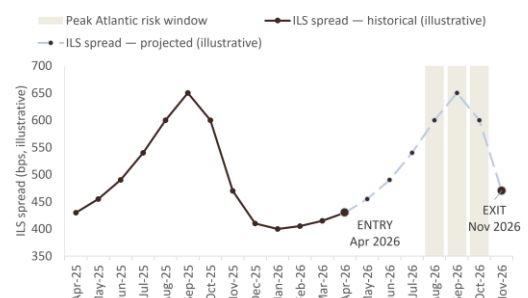


Figure 5: ILS seasonality alongside entry and exit recommendations¹

Helium shock exposes hidden fragility in medtech**Trade Rationale**

In 2025, China tightened rare-earth export controls in response to US tariffs¹⁴, worsening an already fragile global supply backdrop for medical technology companies dependent on scarce, concentrated inputs. Then, following the 2 March 2026 strike on Ras Laffan, Qatar declared force majeure on 4 March on production at the facility, which supplies about 30% of global medical- and semiconductor-grade helium¹², causing prices to more than double with no restart date in sight. For MRI, CT, and PET manufacturing, the backdrop is now a commodity-driven cost squeeze, with medtech manufacturers competing for critical inputs against hyperscalers and semiconductor end markets with greater purchasing power and far less price sensitivity.

GEHC is a leading global healthcare provider of advanced imaging technology and software solutions with the majority of its revenue and manufacturing operations set up overseas in regions such as China and EMEA. It earns ~61% of revenue from its Imaging segment¹³, which also has the weakest margins, whose customer base is long-cycle hospital capex buyers anchored in multi-year service contracts. Despite management seeming to lean on its recently-approved low-helium magnet as a structural fix, the market is overstating its defensibility. This trade capitalises on the misguided consensus that GEHC is insulated by its US listing, when its revenue, manufacturing, and critical inputs sit offshore.

Catalysts**Continued closure of the Strait of Hormuz and Middle Eastern conflict:**

- Ras Laffan supplies about 30% of global medical-grade helium¹². With US BLM reserve draws already below contract minimums, each additional week of disruption keeps helium tight and extends input-cost pressure.
- A longer outage raises the risk of a margin-driven repricing in GEHC's Imaging segment

First Quarter 2026 Earnings Conference:

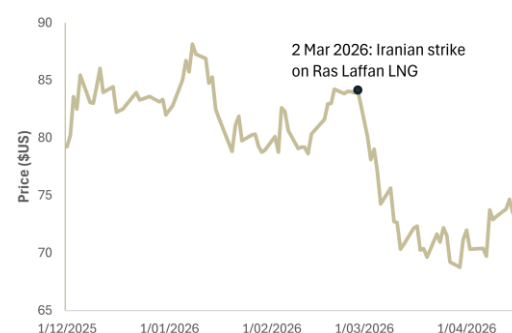
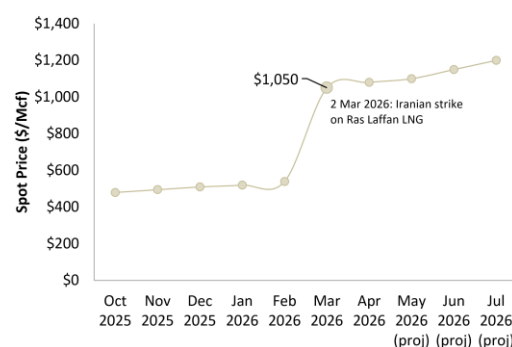
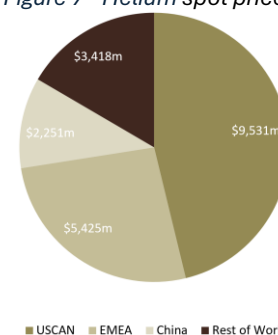
- On top of management's warning that Q1 will be the worst tariff-impact quarter of the year, it is expected that with the majority of GEHC's manufacturing footprint anchored to Middle Eastern helium supply, any evidence that higher costs cannot be passed through cleanly should break the “defensive backlog” narrative and force a reset in investor expectations

Helium competition from semiconductor buyers

- As their helium stockpile runs out, semiconductor customers tighten procurement into an already constrained helium market, GEHC faces both higher costs and weaker access to supply.

Summary

Trade	Short GE HealthCare (GEHC)
Client	L/S hedge fund
Timeline	6 months
Catalysts	Helium disruption exposes GEHC margin risk, earnings may reveal input-cost pressure, supply shock breaks defensive backlog narrative
Risks	Rapid helium restart at Ras Laffan reducing pressure on supply Q1 beat or guide-hold driven by service mix and cost discipline
Mitigations	Stop loss at \$78.10 (~5% loss)
Return	Price: \$74.38; Target: \$63.00 Payoff: ~15% (gross); ~14.5% (net with ~50 bps borrowing fee)

Figure 6 - GEHC stock price¹Figure 7 - Helium spot prices¹Figure 8 - Revenue by market¹