

Q4 | October - December 2025

▶ Market Review & Outlook

US & TT Perspectives



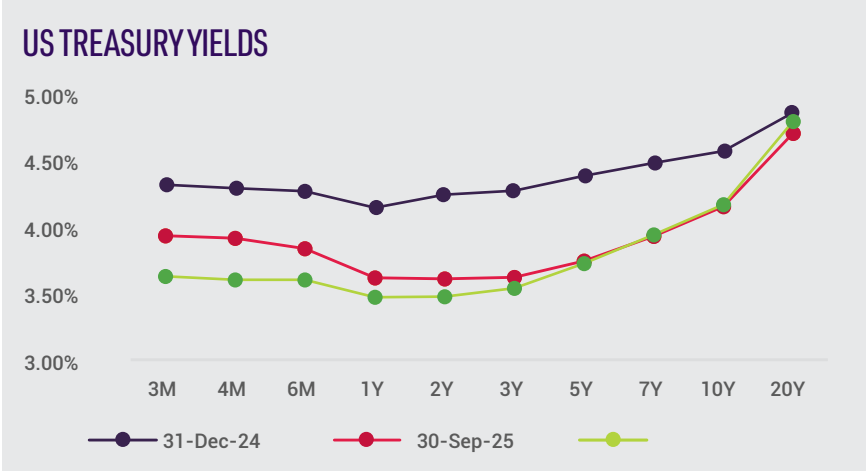
As 2025 concluded, the U.S. economy demonstrated resilience amid policy shifts and evolving global conditions. Real GDP is anticipated to have grown at an annualized pace of approximately 1.8% in Q4, contributing to full-year growth of approximately 2.8%, supported by steady consumer spending and business investment.

ECONOMIC INDICATORS						
	Q1 2025 _A	Q2 2025 _A	Q3 2025 _A	Q4 2025 _P	CY 2024 _A	CY 2025 _P
Real GDP (YoY%)	2.00	2.10	2.30	1.80	2.80	2.00
CPI (YoY%)	2.70	2.40	2.90	3.00	3.00	2.80
Housing Starts ('000s monthly avg.)	1,401	1,354	1,343	1,324	1,371	1,375
Unemployment (%)	4.10	4.20	4.30	4.50	4.00	4.30
Interest Rate - Fed Res. (%)	4.50	4.50	4.25	3.75	4.50	3.75

(A) Actual (P) Preliminary (F) Forecast

CPI ended 2025 at roughly 2.8% year-over-year, signalling continued disinflation, though core inflation pressures in services remained noticeable. Against this backdrop, the Federal Reserve shifted to an easing bias after holding rates steady for much of the year. Policymakers delivered rate cuts in September and December, lowering the policy range to 3.50%–3.75%, the first substantive easing since early 2022. These adjustments reflected a data-dependent approach aimed at balancing inflation progress with growth momentum. The labor market softened modestly in Q4, with the unemployment rate moving toward 4.5%. Payroll growth slowed compared with the strong pace seen earlier in the cycle, and wage growth moderated, particularly in traditionally high-growth sectors. Consumer confidence, while improving late in the quarter, remained cautious amid cost-of-living pressures.

Housing activity showed tentative signs of stabilization. Mortgage rates, which climbed to a high of 6.95% mid-year, eased to approximately 6.25% by quarter-end, helping marginally to boost buyer interest. Housing starts improved to an annualized pace near 1.37 million units, while existing home sales posted slight gains. However, building permits remained below historical averages, reflecting ongoing affordability constraints and cautious builder sentiment.



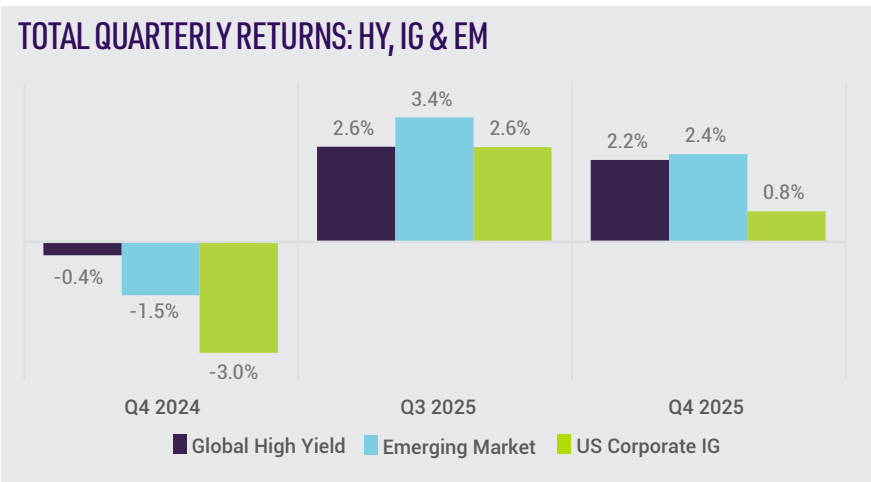
The bond market delivered steady but measured gains in Q4 on the back of moderating yields and credit market stabilization. The decline in interest rates late in the year boosted bond prices across sectors. Short to medium term yields were more reactive with the 6-month Treasury Yield declining 24 basis points in the quarter, while the 2-year Treasury Yield fell to 3.47% from 3.61% at the start of the quarter. Further along the curve, investors requested marginally higher yields quarter on quarter.

INVESTOR OUTLOOK

The year ahead presents a dynamic yet investable landscape. While the U.S. economy has demonstrated resilience, tailwinds from disinflation and accommodative central banks are now met with a more complex backdrop, one shaped by persistent geopolitical tensions, slower global growth, and the aftershocks of a high-rate environment.

Central banks, led by the Federal Reserve, are expected to maintain a cautious stance. While markets entered 2025 anticipating several rate cuts, inflation has remained sticky. With the Fed’s preferred inflation metrics still hovering above 2%, the pace and extent of policy easing in 2026 may fall short of earlier expectations. Investors should anticipate modest cuts, if any, and maintain flexibility in portfolio positioning.

In the equity space, valuation discipline will be critical. While broad indices have rallied sharply in 2025, we believe the most attractive opportunities in 2026 lie beneath the surface. Long-term themes such as cybersecurity, 5G infrastructure and generative AI continue to offer compelling secular growth narratives, but selectivity is key. We encourage investors to harvest gains in richly valued names while redeploying into businesses with strong cash flows, pricing power, and exposure to long-duration trends.



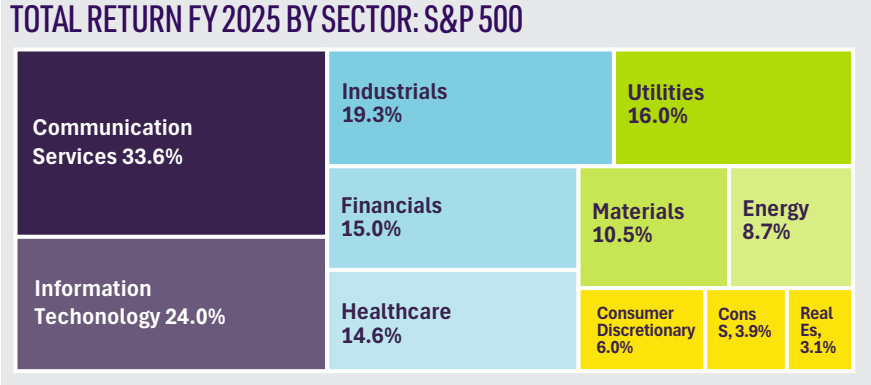
Investment-Grade Corporate Bonds delivered approximately 0.8% in Q4 and finished the year up 7.8%, reflecting spread tightening and solid credit fundamentals. High-Yield Bonds posted roughly a 2.2% gain in Q4 and returned +12.1% for 2025, supported by resilient corporate profits and attractive carry.

Emerging Market Debt returned approximately +2.4% in Q4 and +11.1% for the year, benefiting from a softer U.S. dollar and robust investor demand for yield.

For the full year 2025, sector performance reflected both thematic strength and cyclical divergence. Communication Services led the 11 sectors, spurred by Alphabet’s out-performance. Google’s parent company raced passed its Mag 7 counterparts as Berkshire purchased nearly 2 million of its shares and the launch of Gemini 3 propelled hopes for AI monetization growth. Information Technology, delivered returns of 24% supported by sustained demand for artificial intelligence platforms, cloud infrastructure, and semiconductor advancements. Industrials logged a total return of +19% as defense majors benefited from elevated geopolitical tensions, and increased spending from the US Department of Defense. Financials followed with gains near +15%, benefiting from resilient net interest margins and improving credit conditions, while Healthcare returned about +15%, attracting capital for its defensive earnings profile and steady growth. Real Estate lagged with roughly +3%, reflecting elevated financing costs and structural shifts in property utilization.

In Q4 2025, sector performance exhibited similar divergence. Investors piled into the Healthcare stocks in the fourth quarter, positioning it as the best performing sector in the fourth quarter up ~12%, as the weight loss trade regained some momentum. Sentiment around AI and the Netflix-Paramount bidding war for Warner Brothers, propelled a 7% expansion of the Communication Services. In contrast, Utilities declined approximately 1% in Q4, as it grappled with the threat of rising power prices, linked to tariffs and early expiration of solar and wind tax credits. Real Estate lost 3%, hampered by ongoing financing and valuation concerns.

Collectively, these sector returns underscore that 2025 was characterized by broad equity market participation, but with meaningful leadership differentials between secular growth themes and sectors tied to traditional cyclical drivers.



Geopolitical risks remain a key consideration. Rising tensions in the Middle East, U.S.-China tech rivalry, and fragmented global trade frameworks could drive volatility. However, history shows that markets tend to recalibrate and resume their upward trajectory after geopolitical shocks, provided portfolios are anchored in quality, discipline, and diversification. For instance, during past periods such as the Gulf War, Cold War sanctions, and the 2018 trade war, resilient sectors like defense, energy infrastructure, and certain tech enablers outperformed. Investors should approach this environment not with fear, but with focus, seeking opportunity in dislocation.

In fixed income, the repricing of rate expectations and slowing inflation may create attractive entry points for high-quality bonds. We maintain a bias toward investment-grade corporates and select structured credit, all offering favourable real yields without excessive credit risk. Emerging markets with improving external balances may also provide tactical upside, but only for mandates with higher risk tolerance.

As always, we emphasize discipline over reaction, process over prediction. Successful investing in 2026 will require filtering noise, staying rooted in fundamentals, and adjusting tactically while remaining aligned to long-term goals.

Contact us to find out more about opportunities for investment and growing your wealth.

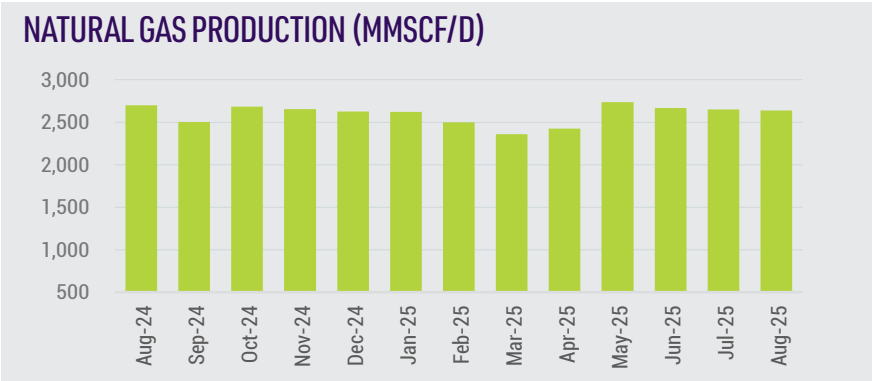
Preliminary data suggest an economy in transition, stabilizing after earlier shocks but still facing underlying vulnerabilities. Central Statistical Office figures indicate modest economic growth of 2.6% in the second quarter of 2025, measured at producer prices. Petroleum and chemical products rebounded during the quarter, while food, beverage and tobacco manufacturing, along with the transport and storage sectors, recorded strong growth. However, the recovery remains uneven, as supply constraints in the energy sector continue to weigh on output contributing to foreign exchange pressures.

ECONOMIC STATISTICS						
	Q3 2024 _A	Q4 2024 _A	Q1 2025 _A	Q2 2025 _A	CY 2024 _A	CY 2025 _F
Real GDP (YoY)	2.0%	3.4%	-2.1%	2.6%	2.5%	1.0%
CPI Growth (YoY)	0.30%	0.5%	0.2%	0.5%	0.5%	1.5%
Debt/GDP	83.3%	82.6%	83.5%	85.1%	83.3%	85%
Unemployment	4.10%	5.50%	4.90%	3.80%	5.0%	4.9%
Labour Participation	55.1%	55.9%	54.3%	55.1%	55.1%	N/A

(A) Actual (F) Forecast Data via S&P Global Ratings

Preliminary estimates suggest GDP expanded by around 0.3% in Q3, consistent with the muted growth pattern seen since early 2024. Non-energy activity, including retail, services, and construction, provided limited support, while the energy sector continued to struggle with constrained natural gas output averaging just under 2.5 billion cubic feet per day. Petrochemical exports declined modestly compared to a year earlier.

The headline development was the signing of a deep-water exploration deal with ExxonMobil, covering ultra-deep blocks off the country's east coast. The agreement represents one of the most significant foreign investment commitments in recent years, with exploratory work expected to begin in the near term. Although production is years away, the deal sends an important signal to global investors that Trinidad remains attractive for long-term energy development.



Inflation remained contained over the year, with headline inflation holding below 2%. Food price volatility eased, while core inflation remained stable, supported by subdued domestic demand. Labour market conditions showed gradual improvement, as the unemployment rate dipped to 3.8% in the second quarter of 2025, shifting lower from 4.9% in the preceding quarter.

The external environment remained strained. Despite slight gains in non-energy export earnings, foreign exchange supply remained tight, due primarily to continued softness in gas production and petrochemical exports. Official gross reserves continued to trek lower, hitting below US\$5 billion and coming in just shy of 6 months import cover as of November. The Central Bank maintained interventions to support private sector demand, though access to foreign currency remained constrained for many businesses.

A key development during the latter half of the year was the operational finalisation of a deep-water exploration agreement between Trinidad and Tobago and ExxonMobil. The ultra-deep block, located off the east coast, is

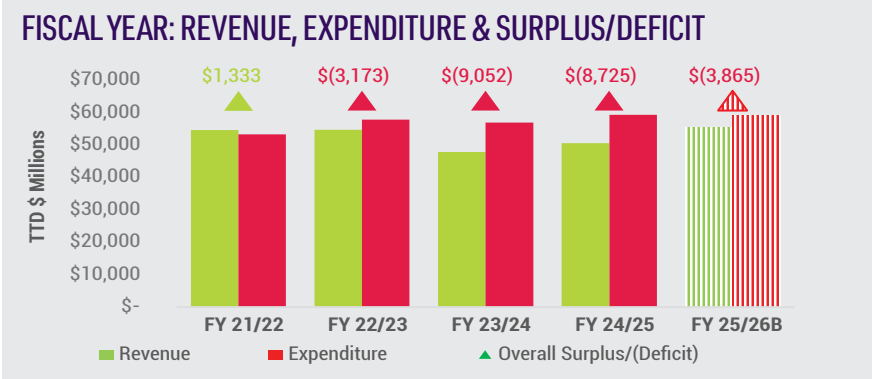
expected to usher in a new phase of offshore exploration. While commercial output remains years away, the deal represents an important signal of renewed investor interest in Trinidad's upstream portfolio.

Separately, the long-delayed Dragon gas project intended to deliver natural gas from Venezuelan waters re-entered public discourse after the United States issued a revised license permitting Trinidad to negotiate with Venezuela under certain conditions. However, diplomatic tensions between Trinidad and Caracas escalated shortly after, with the Venezuelan government expressing dissatisfaction over Trinidad's perceived alignment with U.S. policy in the region. As a result, progress on Dragon remains uncertain, potentially delaying new gas supply to the domestic system.

The 2026 National Budget was presented to Parliament in October under the theme "T&T First: Building Economic Fairness Through Accountable Fiscal Policies." The government projected total expenditure of approximately TT\$59.2 billion, with revenues estimated at TT\$55.4 billion, resulting in a fiscal deficit of about 2.2% of GDP.

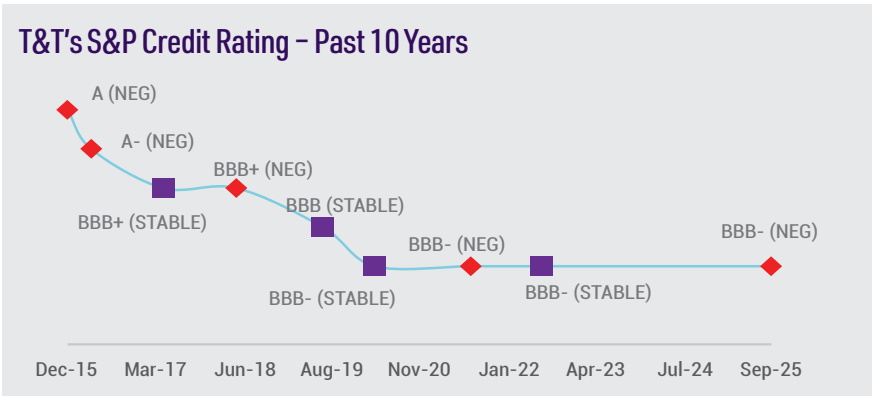
Key elements of the budget included:

- A five-pillar reform agenda focused on revenue mobilisation, expenditure efficiency, public sector transformation, social support, and governance.
- Planned enhancement of tax compliance and a review of VAT administration.
- Commitments to strengthening oversight through a new Financial Oversight and Appropriations Committee.
- Continued investments in education, infrastructure, and health.



S&P Global Ratings reaffirmed Trinidad and Tobago's investment-grade rating (BBB-), but altered its outlook to negative, citing structural revenue challenges and the slow pace of economic diversification. The government's medium-term fiscal strategy and its ability to execute reforms effectively will be key to maintaining market confidence and avoiding downward revisions.

Domestic credit growth remained subdued in Q4, with commercial banks reporting flat lending activity across consumer and mortgage segments. Higher import costs, cautious sentiment, and slower income growth weighed on new housing demand. However, some resilience was observed in commercial real estate activity, especially in warehousing and logistics.



INVESTOR OUTLOOK

Trinidad and Tobago is expected to register modest growth in 2026, with real GDP projected between 1.0% and 1.2%, assuming relative stability in global energy prices and incremental improvements in domestic production. The non-energy sector is likely to drive much of the growth, supported by construction, services, and digital economy initiatives. However, meaningful acceleration will depend on tangible progress in energy sector investment and gas supply security.

The ExxonMobil deep-water project, although still in its exploratory stage, could enhance investor sentiment and catalyse broader upstream interest. Any breakthrough in Dragon negotiations if geopolitical tensions ease could also support medium term energy security.

The 2026 fiscal framework aims to balance public investment with debt sustainability. Still, challenges persist:

- Energy revenues remain volatile and below historic norms.
- Non-energy revenue mobilisation is improving, but not yet robust enough to significantly reduce fiscal reliance on energy.
- The public sector wage bill and transfers continue to consume a large share of the budget.

Key reforms in tax policy, expenditure oversight, and procurement efficiency will be critical to strengthening fiscal buffers and restoring credit space.

Regional geopolitical dynamics will play a crucial role in shaping the external outlook. The Trinidad and Tobago government's public support of U.S.-led initiatives in the hemisphere has generated friction with Venezuela, raising concerns about the viability of cross-border energy projects. While alignment with the U.S. may yield diplomatic and strategic benefits, it also introduces risk to regional economic cooperation and energy diplomacy.

In light of this, the government has intensified its external outreach, including high-level visits to Middle Eastern and Asian countries aimed at attracting investment in infrastructure, logistics, and renewable energy. These efforts, if sustained, could provide important non-traditional financing and development partnerships.

Foreign exchange management will remain a key policy focus. Sustained reserve adequacy will depend on improvements in energy export performance, diversification of FX inflows, and potentially, new bilateral or multilateral financing arrangements. The Central Bank is expected to continue calibrated interventions to support the FX market, while maintaining a cautious monetary policy stance in line with global trends.

Private sector participation is central to the country's economic strategy. The government has committed to improving the ease of doing business, streamlining approvals, and fostering entrepreneurship. However, meaningful traction will depend on reducing bureaucratic bottlenecks, enhancing public service delivery, and stabilising FX availability.

The road ahead is not without challenges:

- Fiscal consolidation must be carefully balanced with growth and equity considerations.
- Geopolitical uncertainty may disrupt regional energy strategies.
- Investment execution and project delivery need substantial improvement.
- Revenue reform and expenditure prioritisation are essential for sustainability.

To overcome these challenges, Trinidad and Tobago must do things differently, embracing innovation, transparency, and partnerships as central tools for rebuilding competitiveness and resilience.

Contact us to find out more about opportunities for investment and growing your wealth.



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