



Navigating U.S. Trade Policy with Puerto Rico Impacts

Supreme Court Ruling on Tariffs, Markets, and Client Confidence

Francisco Rodríguez-Castro, President & CEO

March 17, 2026

Welcome Message



“Markets are living conversations, expressed in numbers. Data gives them voice — revealing how they feel, where they move, and how they behave. From uncertainty, we distill insight; from strategy, foresight. We speak this language fluently.”

Francisco Rodríguez-Castro
President & CEO

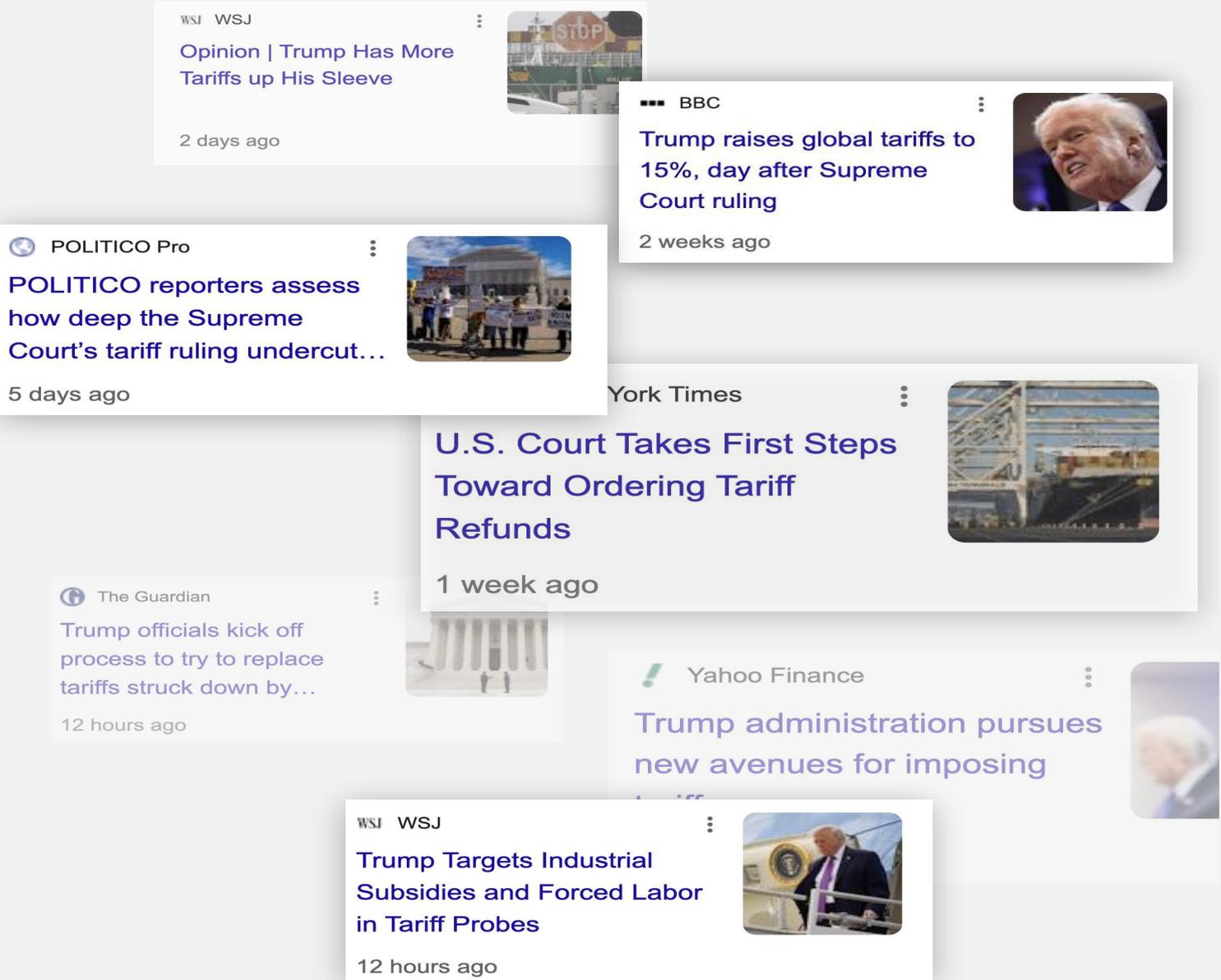
Tariff Turmoil Returns

Key Takeaway:

The Supreme Court has ruled that key tariffs enacted under emergency authorities were unlawful, materially altering the current trade policy landscape.

The Big Picture:

This is no longer just political rhetoric. It is a structural change to trade policy authority that introduces a new layer of uncertainty.



The collage features several news snippets:

- WSJ WSJ**: Opinion | Trump Has More Tariffs up His Sleeve (2 days ago)
- BBC**: Trump raises global tariffs to 15%, day after Supreme Court ruling (2 weeks ago)
- POLITICO Pro**: POLITICO reporters assess how deep the Supreme Court's tariff ruling undercut... (5 days ago)
- The New York Times**: U.S. Court Takes First Steps Toward Ordering Tariff Refunds (1 week ago)
- The Guardian**: Trump officials kick off process to try to replace tariffs struck down by... (12 hours ago)
- Yahoo Finance**: Trump administration pursues new avenues for imposing... (12 hours ago)
- WSJ WSJ**: Trump Targets Industrial Subsidies and Forced Labor in Tariff Probes (12 hours ago)

How Did We Get Here? *As Framed by President Trump*



Policy Origin June 2016

Trump's first presidential campaign

"Any country that takes unfair advantage of the United States will be met with sharply. And that includes tariffs and taxes."

Déjà Vu September 2024

Tariffs were again a major policy promise throughout Trump's 2024 campaign

"We're going to be a tariff nation. It's not going to be a cost to you. It's going to be a cost to another country"

Legal Action September 2025

Learning Resources, Inc. v. Trump opened

"One of the most important cases in the history of our country"

Steel & Aluminum March 2018

Tariffs of 25% on steel and 10% on aluminum, in an effort to protect domestic industries

"Now we're finally taking action to correct this long overdue problem."

Liberation Day April 2025

Sweeping global tariffs enacted under IEEPA

"Chronic trade deficits are no longer merely an economic problem. They're a national emergency"

Court Ruling February 2026

The SCOTUS rules IEEPA tariffs unlawful, Chief Justice John Roberts states:

"When Congress grants the power to impose tariffs, it does so clearly and with careful constraints"

Four Scenarios: Tariff Rates for Top 20 US Import Sources

Connected dots show the range. Top 20 by 2024 US import value.



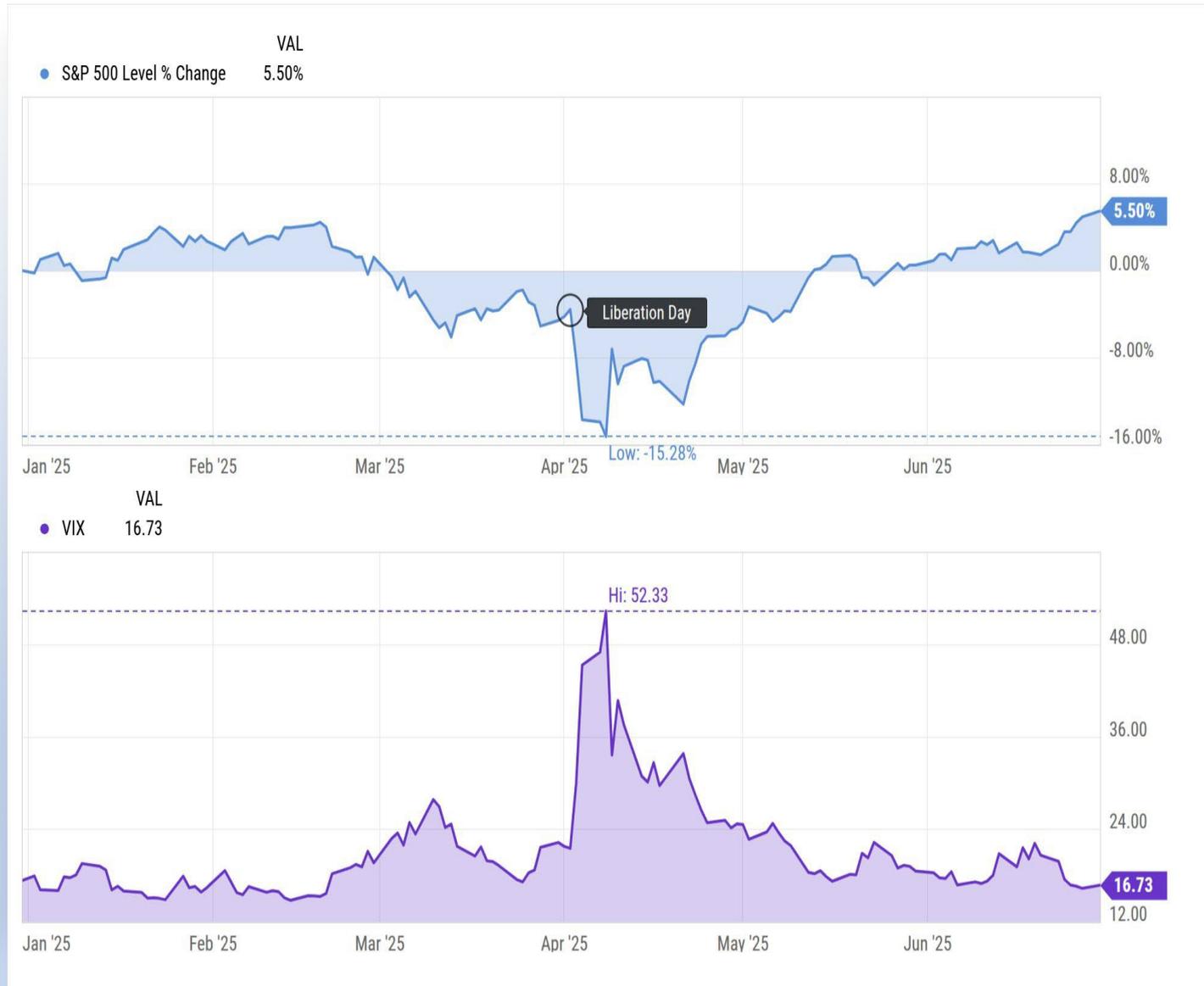
Source: Global Trade Alert, USITC DataWeb, 2024 Imports, HS 8-Digit Level

The Current Snapshot

Latest Developments as of 3/16:

- A new 10% global import tariff under Section 122 of the Trade Act of 1974 is now in effect, with authority to rise to 15%.
- At least 1,800 companies have filed lawsuits in the U.S. Court of International Trade seeking tariff refunds.
- U.S. Customs and Border Protection is developing an automated tariff refund process that could be operational within 45 days.

Initial Market Reaction to Tariff Implementation



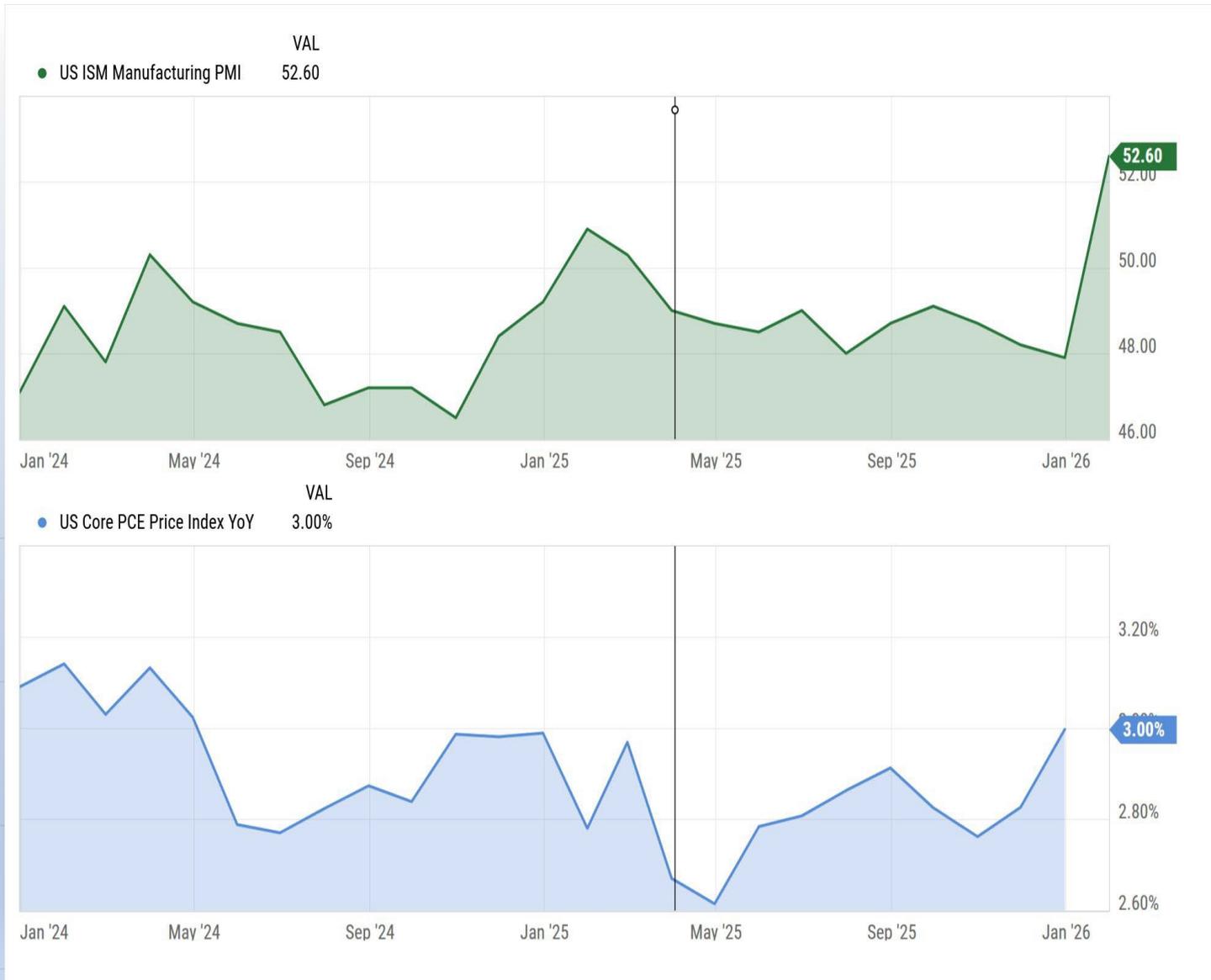
Key Takeaway:

Despite the shock of Liberation Day extremes, subsequent pauses, extensions, and negotiations contributed to the second fastest bear market recovery since the 1950's.

The Big Picture:

Investors increasingly recognized tariffs as a policy variable within an existing macro cycle rather than a standalone economic regime shift.

Did Tariffs Change the Macro Trend?



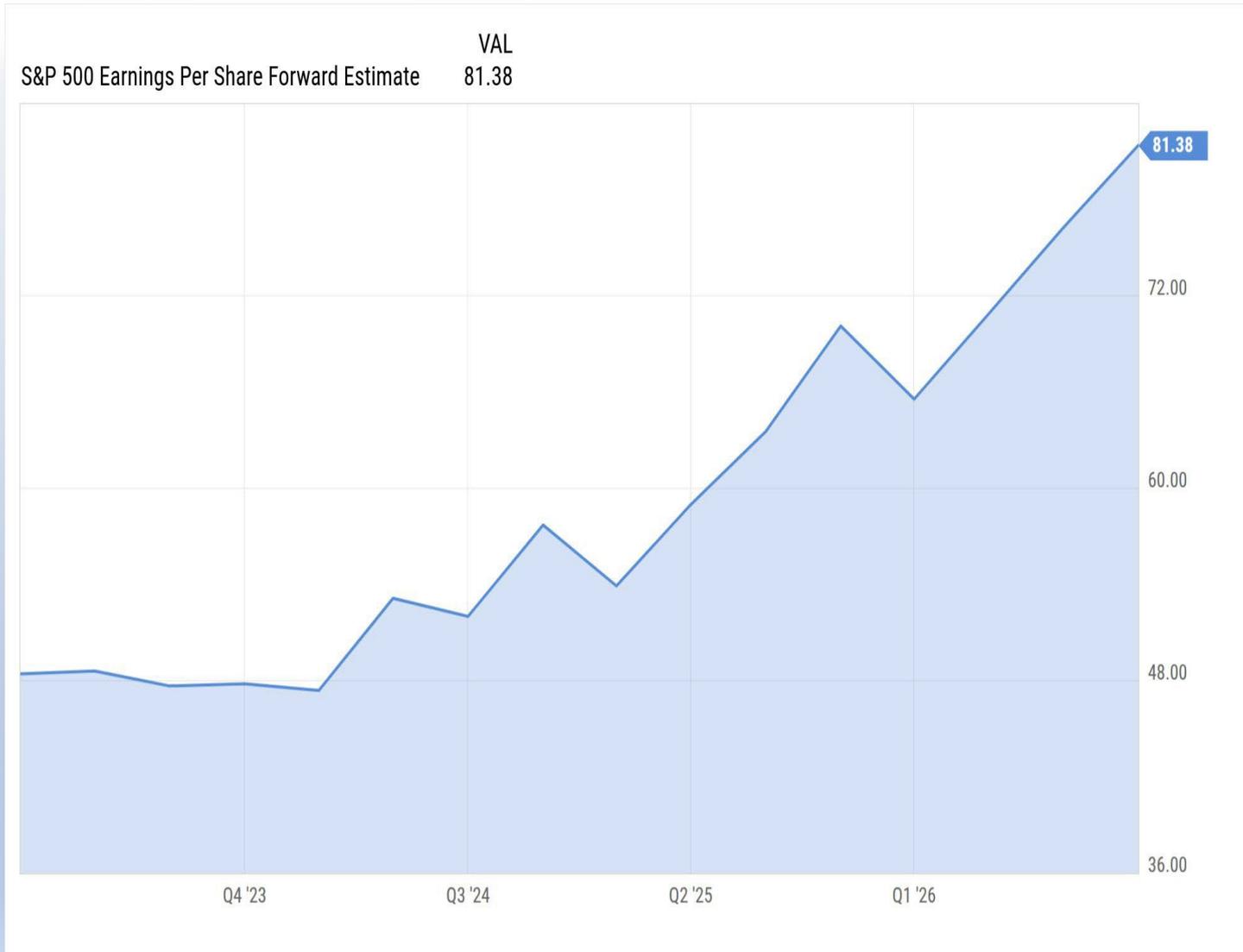
Key Takeaway:

Regardless of the market's aggressive trade actions, inflation and manufacturing activity largely followed pre-existing macro trajectories.

The Big Picture:

Tariffs influenced investor sentiment, but inflation trends remained primarily driven by broader macro forces, including wage growth and monetary policy, while manufacturing activity continued responding to global demand cycles.

What Clients Hear vs What Markets Price



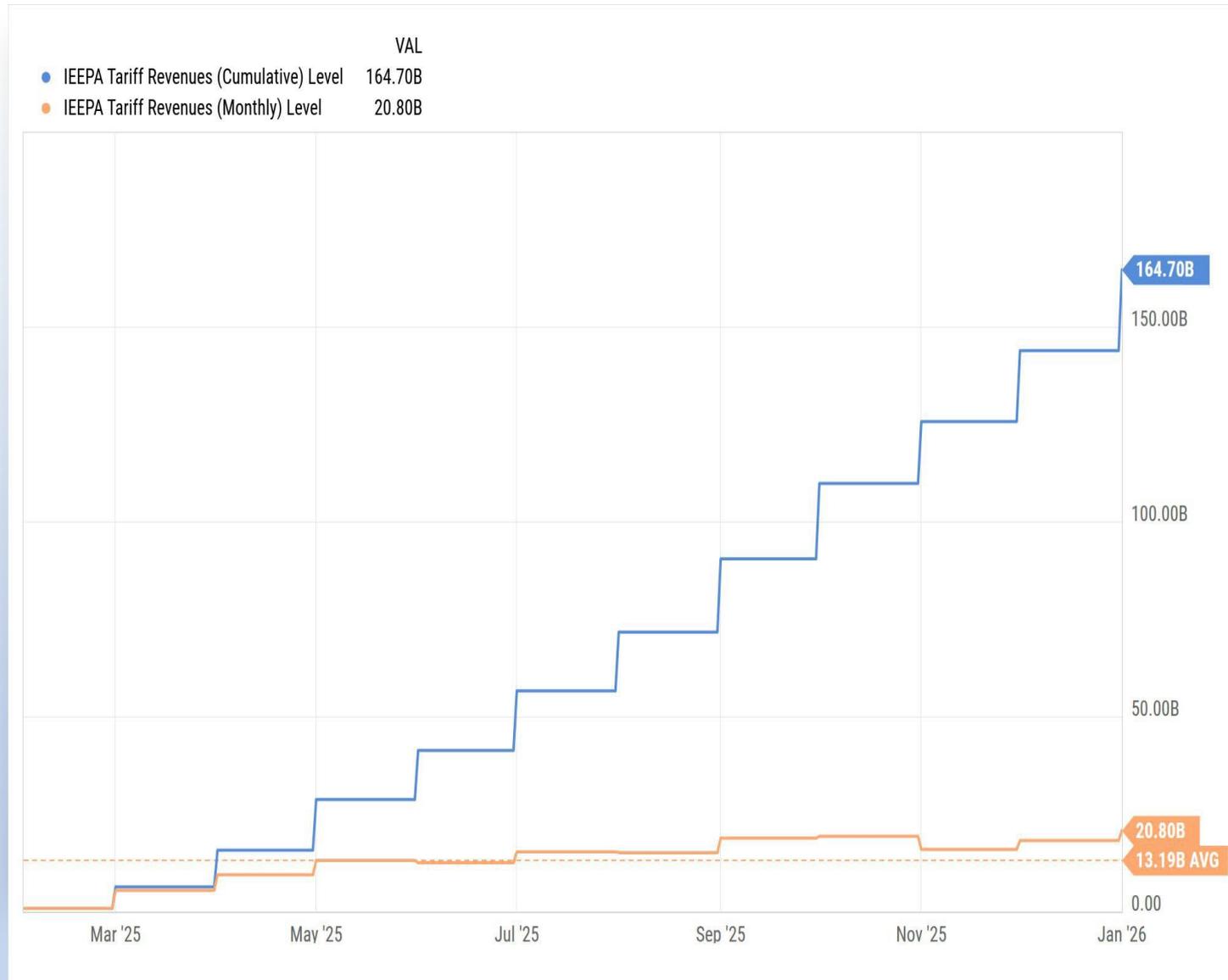
Key Takeaway:

Clients often interpret legal rulings as immediate economic changes. Markets instead ask whether corporate margins, supply chains, or pricing power materially change.

The Big Picture:

A ruling that alters implementation timing can still produce volatility without meaningfully changing long-term growth expectations.

The \$165 Billion Question



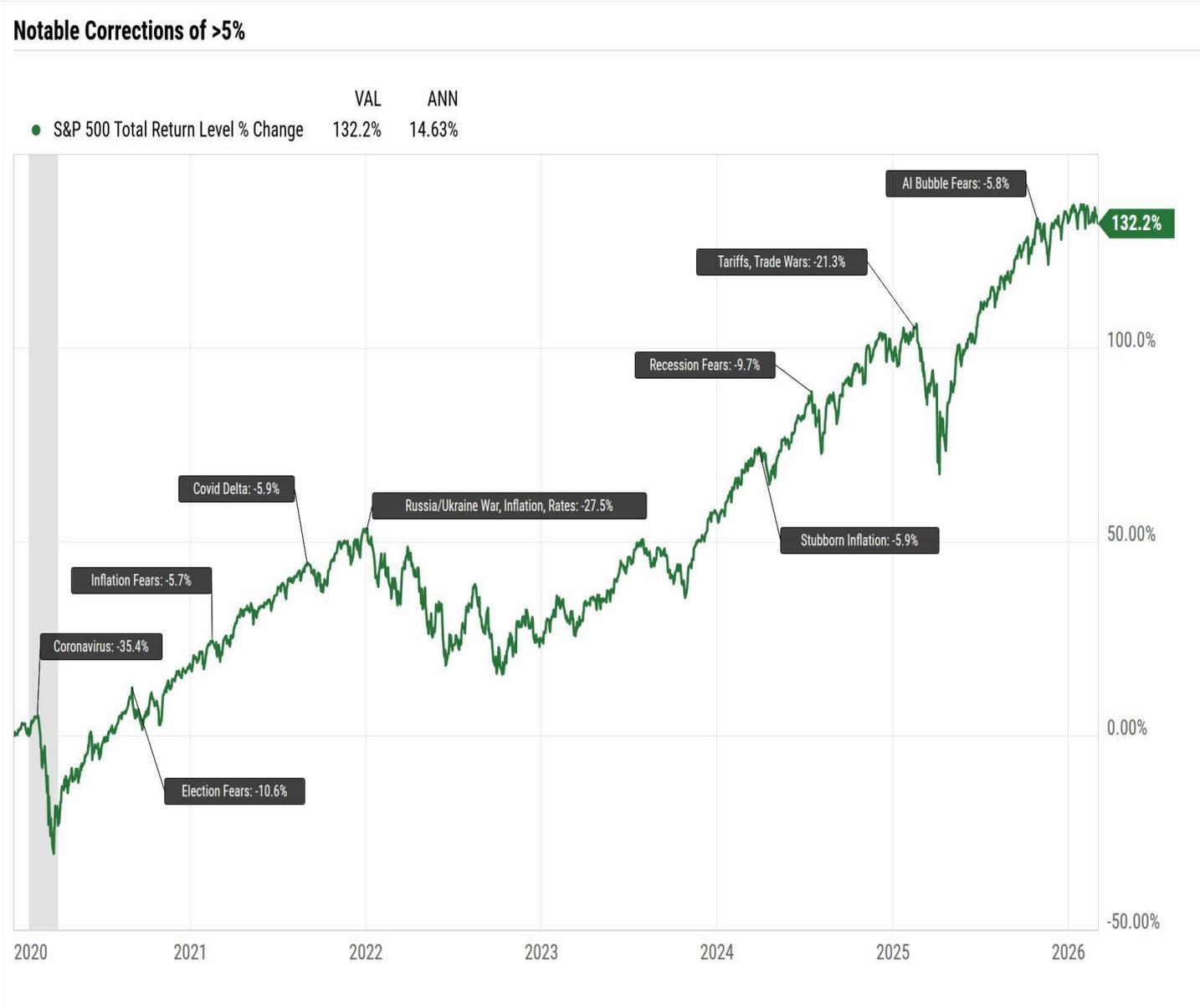
Key Takeaway:

The central uncertainty now surrounds the status of funds already collected under IEEPA-imposed tariffs and how potential repayment structures could affect fiscal balances, businesses, and consumers. The pathway for any refunds will shape how those impacts filter through the broader economy.

“My sense is that could be dragged out for weeks, months, years”

- Treasury Secretary Scott Bessent on refunds

Examining the Historical Context



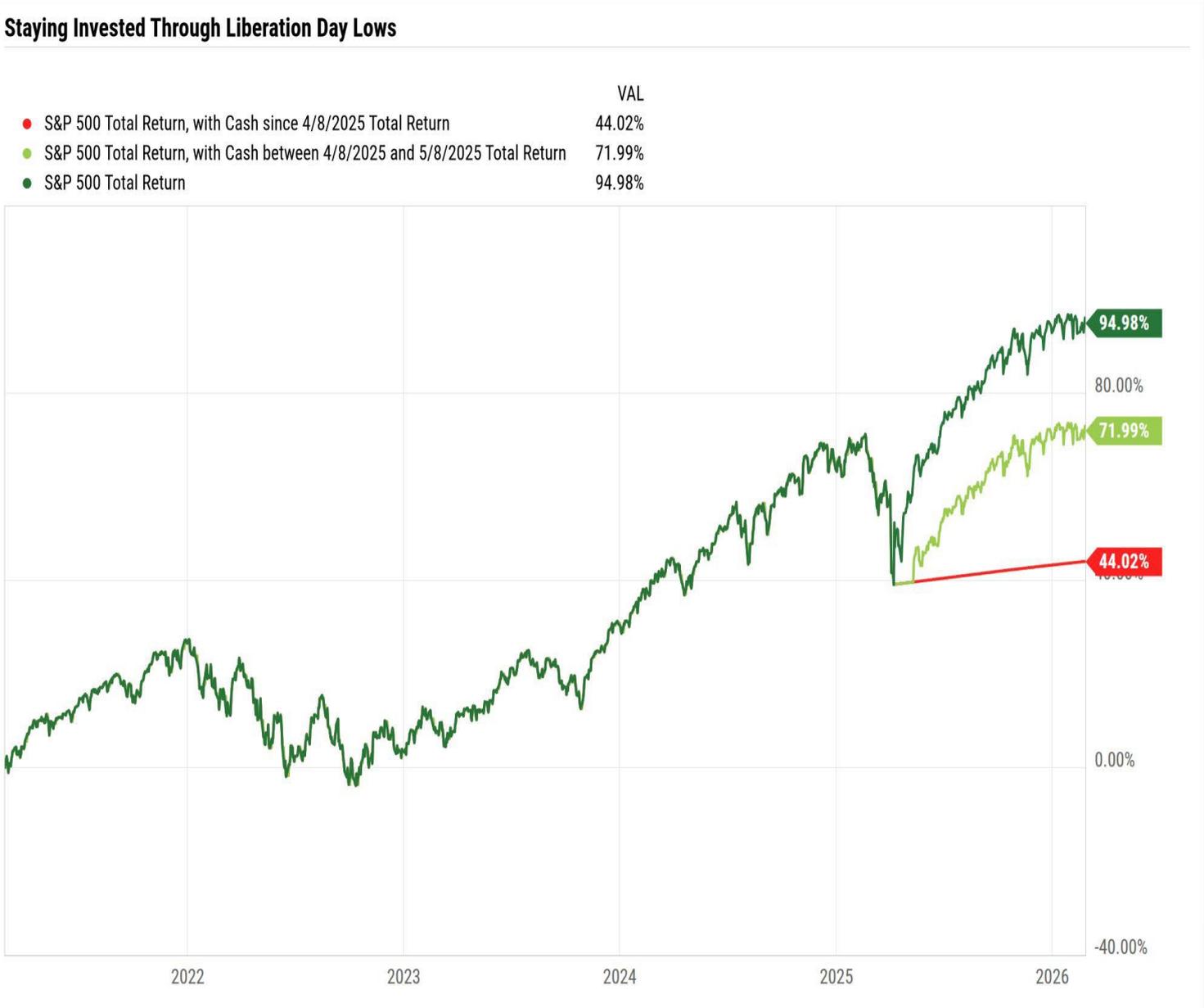
Key Takeaway:

In the average year, there are more than three market corrections of more than 5%. Despite the severity or reason, markets have recovered and pushed higher every single time.

The Big Picture:

You may not know when the next period of volatility will arrive or what will cause it, but history suggests it eventually will. An advisor's value is not in predicting the next shock but in helping clients maintain perspective and stay disciplined when it occurs.

Staying Invested is Part of the Investment Plan



Key Takeaway:

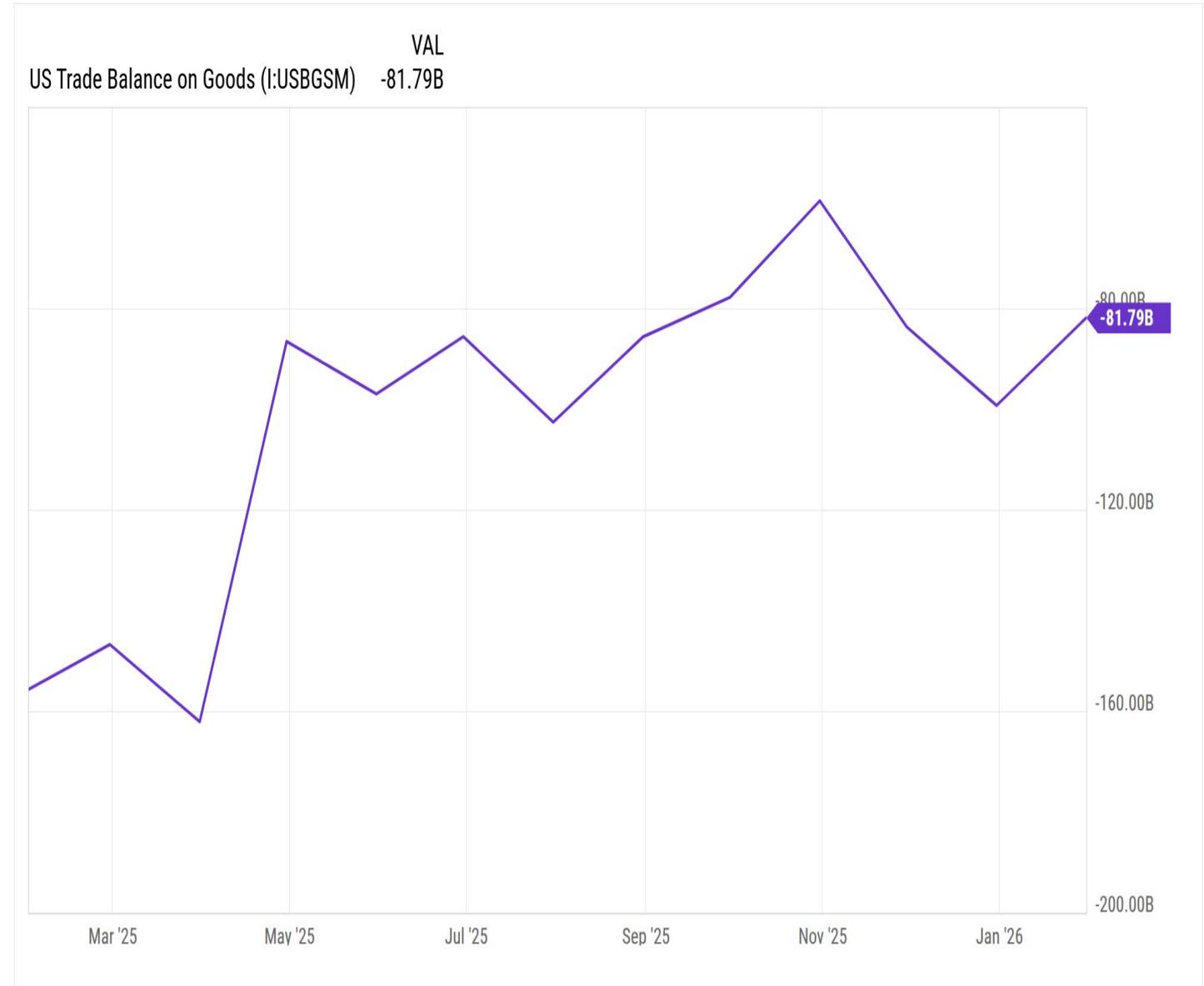
Periods of policy uncertainty test investor behavior, and those who moved to cash during peak tariff volatility missed a historically rapid return to new highs.

The Big Picture:

Investors who react to fear often underperform those who stick to a disciplined plan. Staying invested through policy shocks has proven to be quantifiably valuable in the long-term.

Big Picture:

- Tariffs have been part of market cycles for decades, and long-term investors who stayed the course were rewarded for their patience.
- Since Trump's first tariff proposals in 2016, the S&P 500 has delivered annualized returns of more than 12.5%.
- Volatility is part of investing. But historically, those who remained invested emerged stronger on the other side.



US Economic Highlights

The Federal Reserve Bank of Atlanta

GDPNow Forecast for the First Quarter 2026



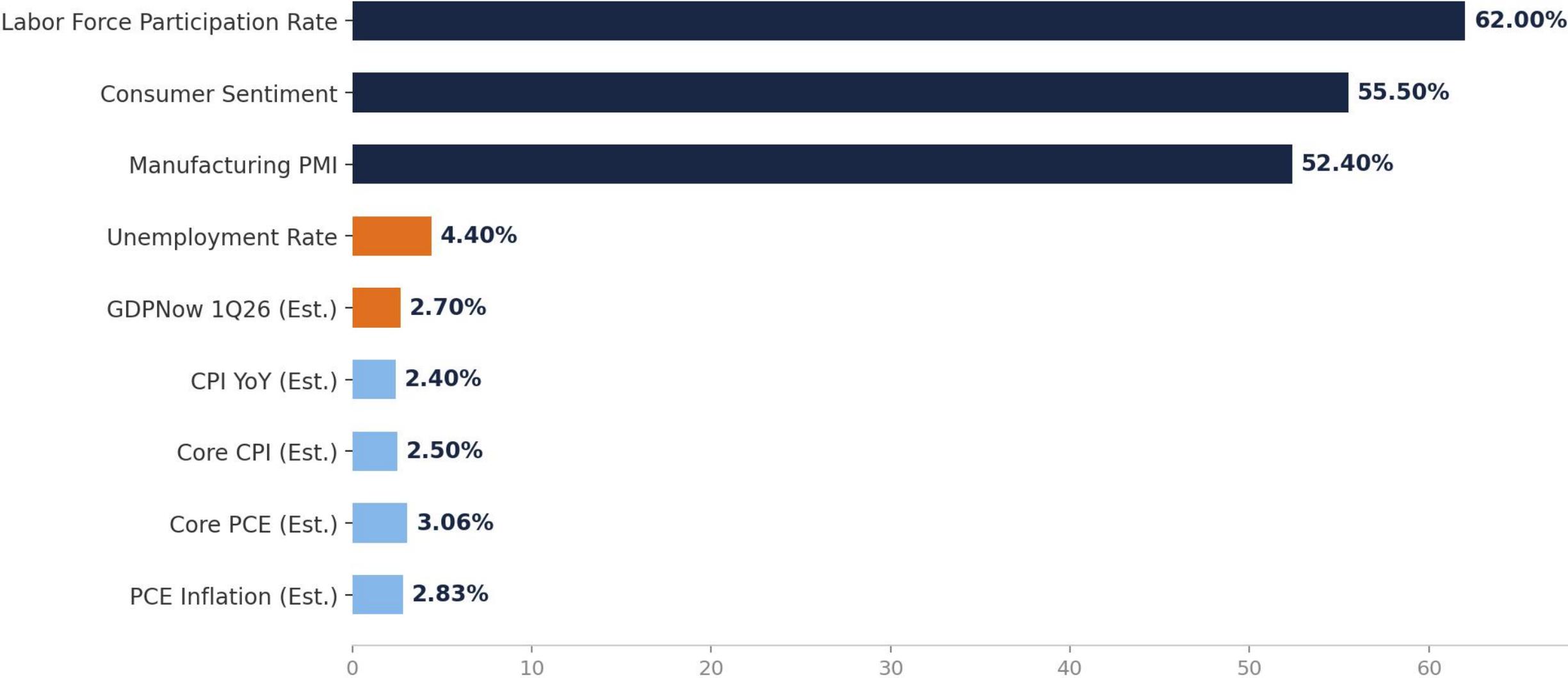
Date	GDPNow 1Q26	Change
2/20/2026	3.10%	Initial Forecast
2/24/2026	3.10%	0.00%
2/27/2026	3.00%	-3.23%
3/2/2026	3.00%	0.00%
3/12/2026	2.70%	-10.00%
3/13/2026	2.70%	0.00%

The latest GDPNow for 1Q2, reported on March 13, is at 2.70%, unchanged from 2.70%.

Key US Economic Data



U.S. Economic, Inflation and Labor Data (As of 3/17/2026)



Value

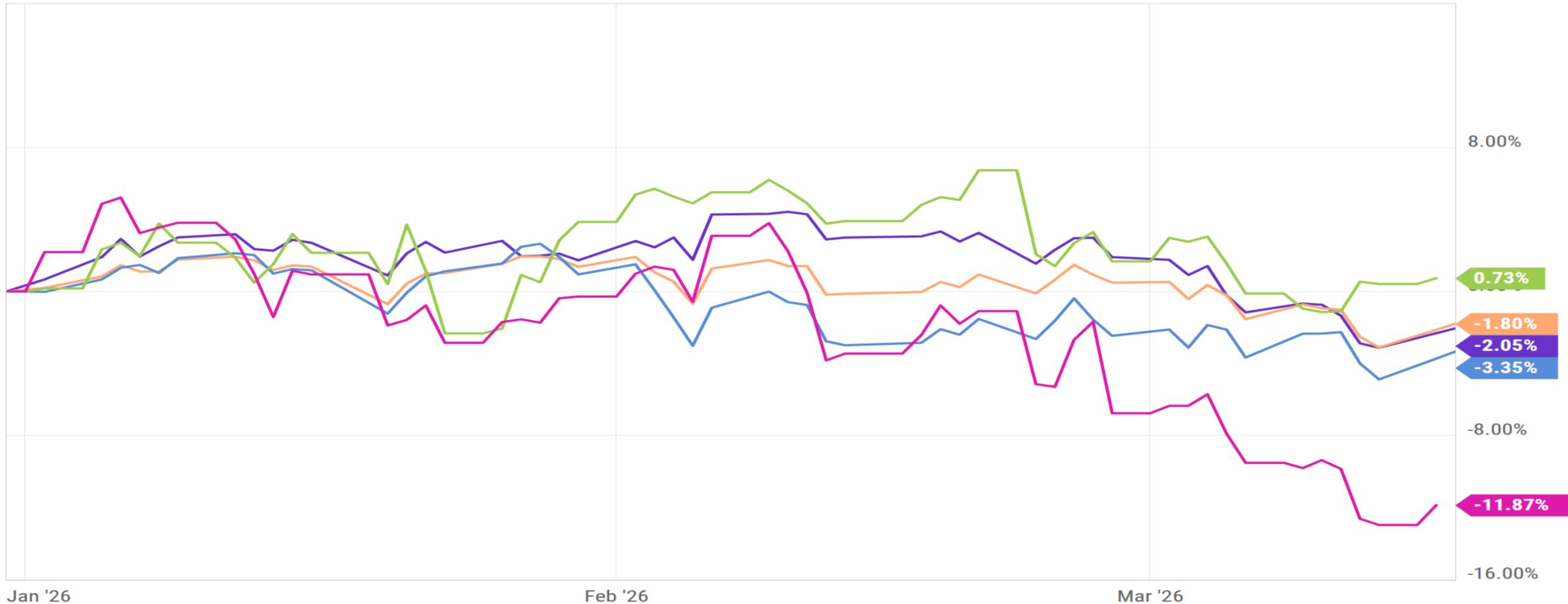
Source: User-provided figures | Birling-style visualization

Market Overview

Key Stock Market Index Performance

Dow Jones, S&P 500, Nasdaq Composite, Birling Capital Puerto Rico Stock Index & Birling Capital US Bank Index YTD 3.16.25

	VAL
Dow Jones Industrial Average Level % Change	-2.05%
S&P 500 Level % Change	-1.80%
Nasdaq Composite Level % Change	-3.35%
Birling Capital Puerto Rico Stock Index Level % Change	0.73%
Birling Capital U.S. Bank Index Level % Change	-11.87%





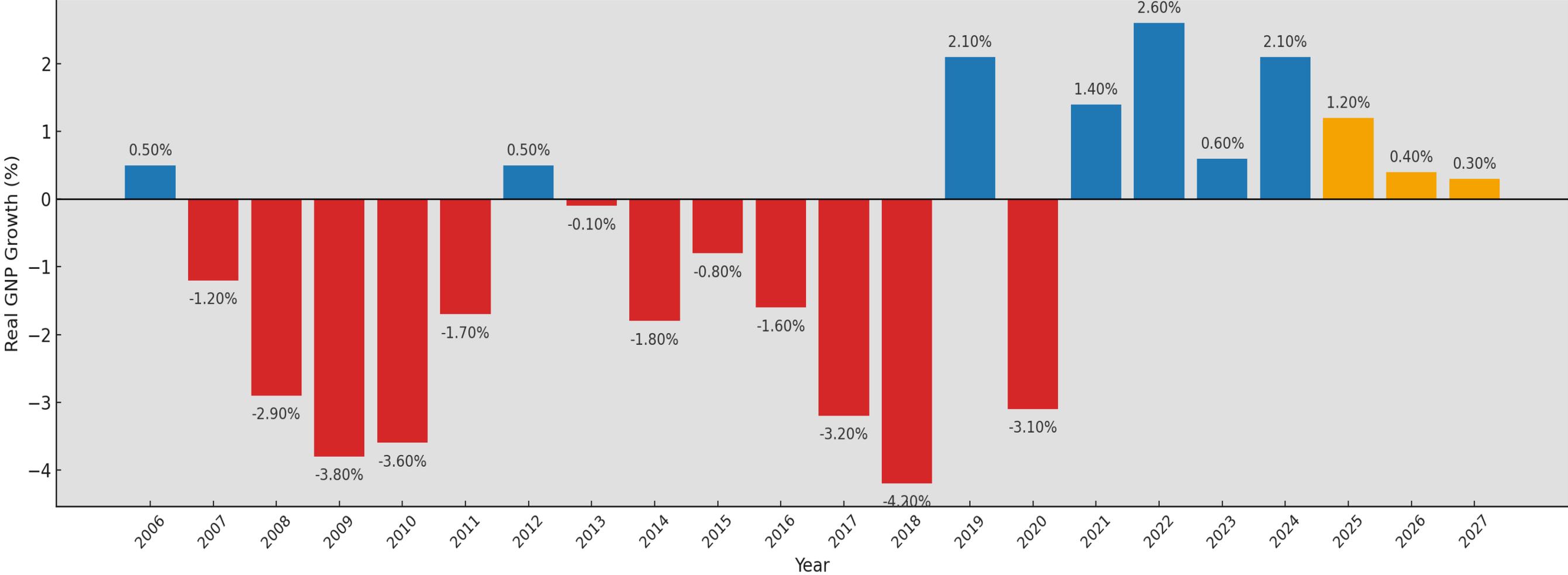
Puerto Rico Economic Update

Puerto Rico Economic Growth Perspectives



2006-2027

Puerto Rico Real GNP Growth 2006-2027
(2025-2027 are forecasts)

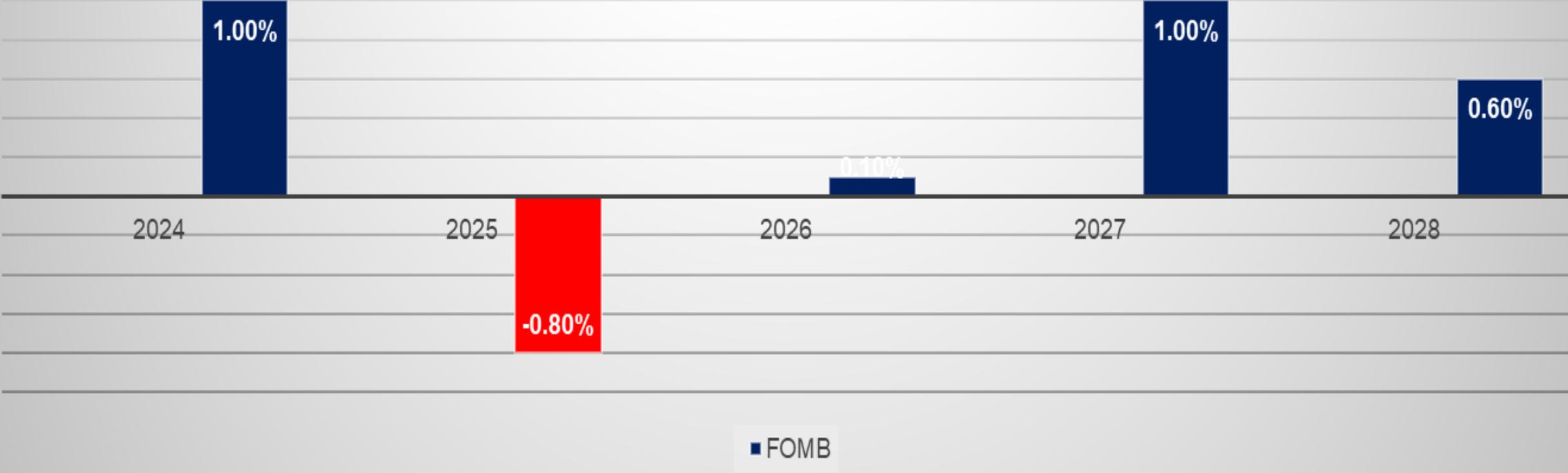


Financial Oversight & Management Board

Economic Growth Perspectives for Puerto Rico 2024-2028

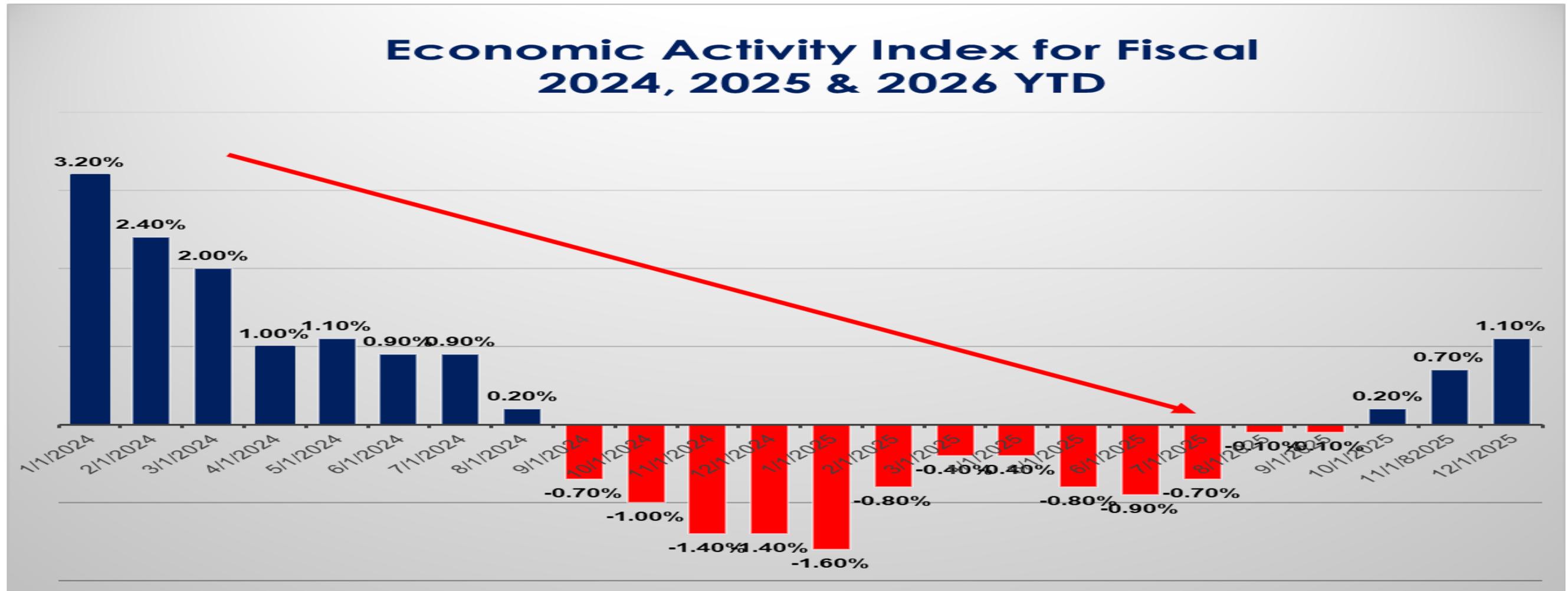


Financial Oversight & Management Board Forecast for the Puerto Rico Economy for 2024-2028



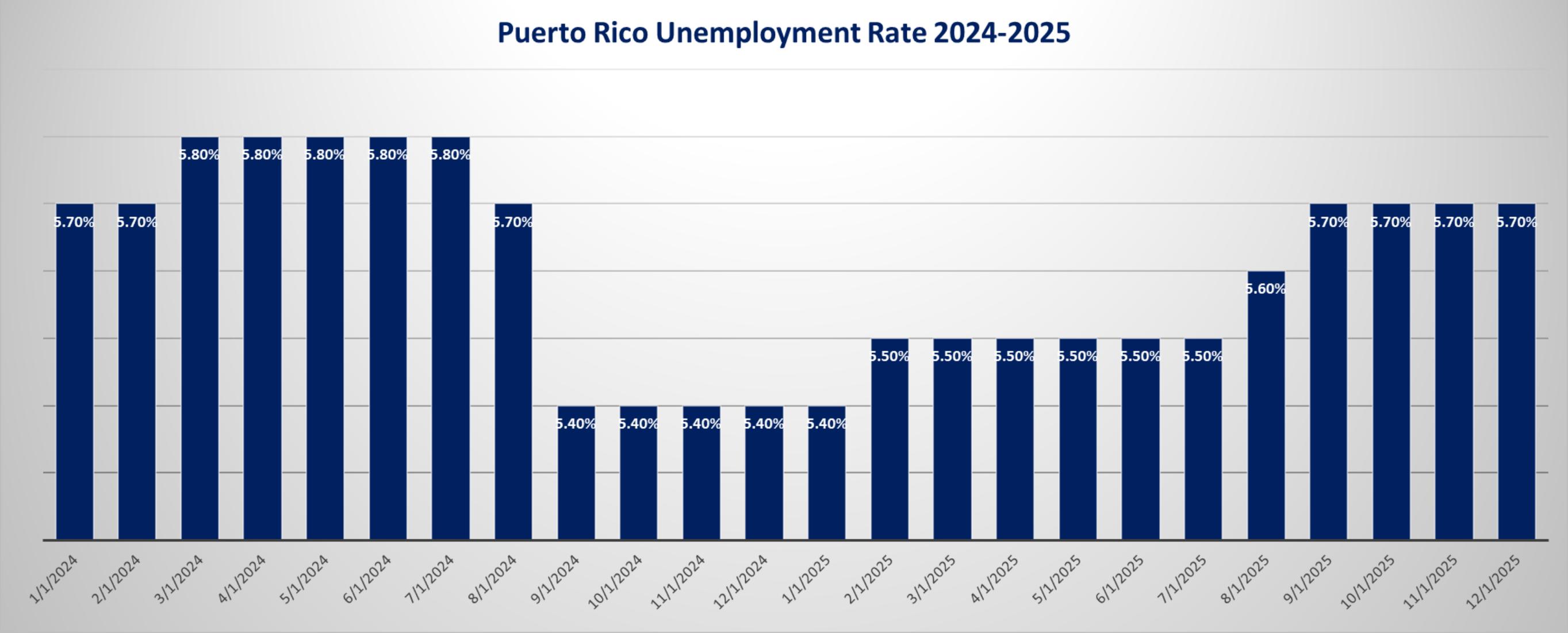
Economic Activity Shifts to Growth

The Economic Activity Index showed a consistent recovery trend, with contraction moderating through the third quarter before transitioning into positive territory in October, and strengthening to **+1.10% by year-end**, marking a clear shift toward expansion.



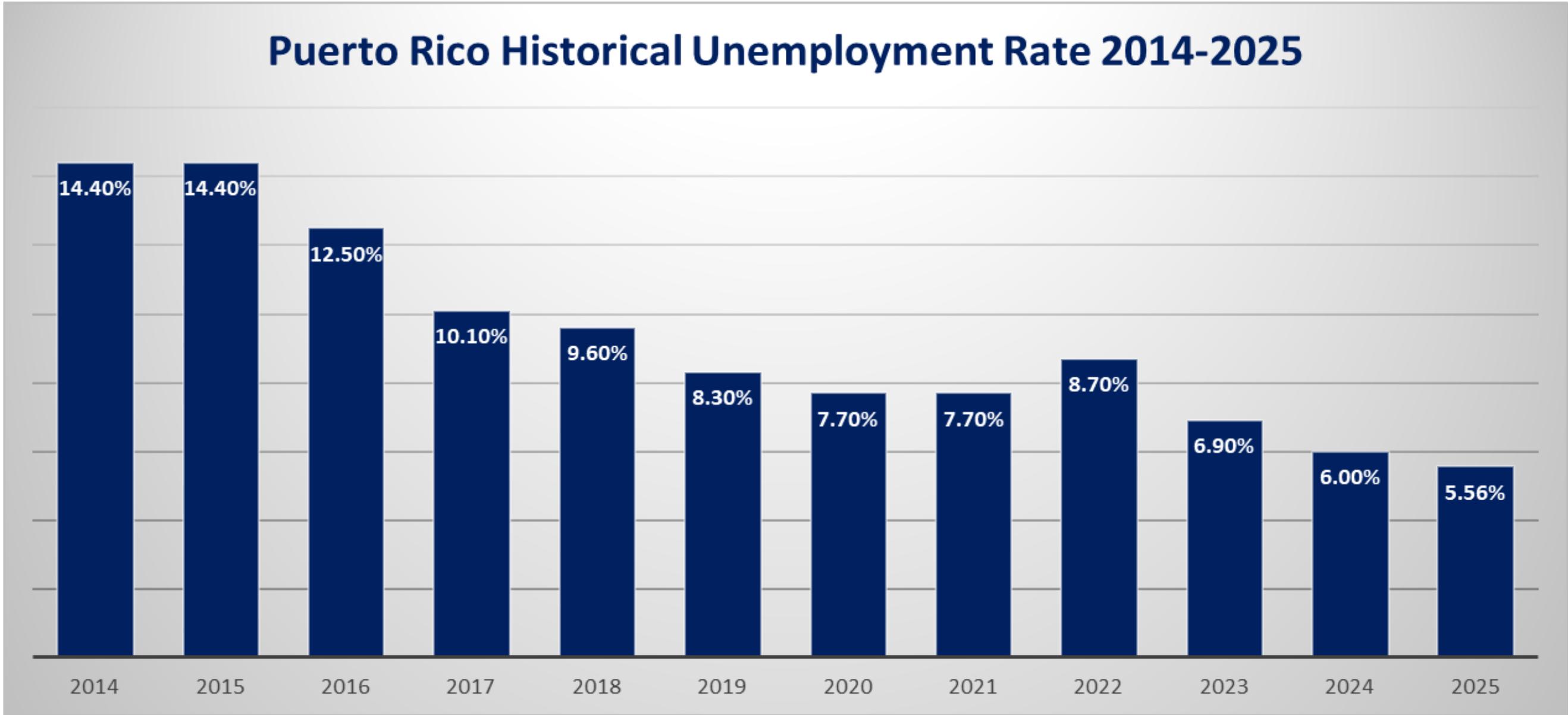
Puerto Rico Labor Markets is robust

The Unemployment rate is unchanged at **5.70%** in December 2025



Puerto Rico Labor Markets is robust

Puerto Rico's Historical Unemployment Rate Fell from 14.40% in 2014 to 5.65% in 2025, a 61.38% Decrease



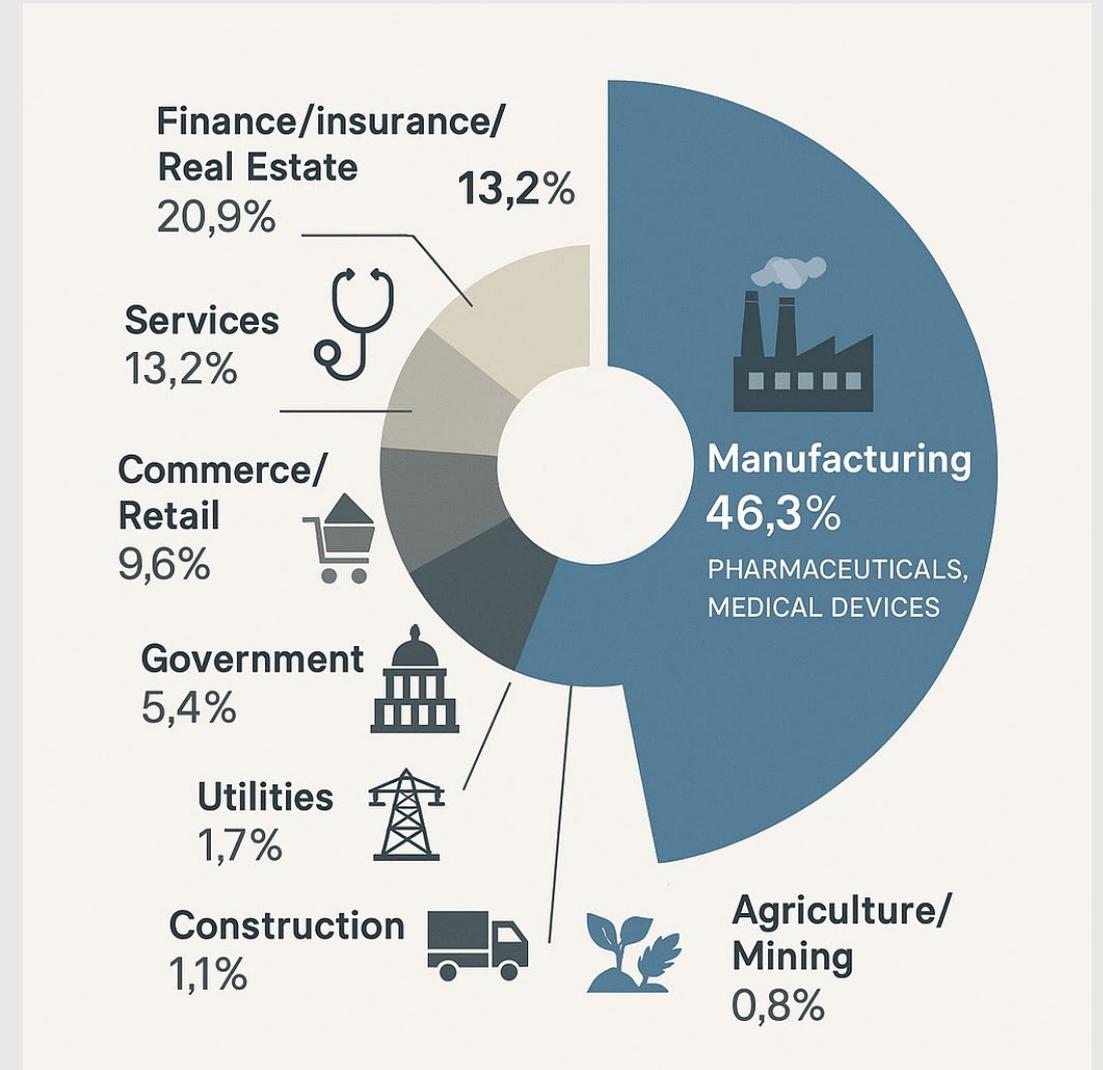
Puerto Rico, USA Manufacturing Sector Firing in all Cylinders

Puerto Rico GDP by Sector – 2024-2025

Puerto Rico's economy in 2024 and YTD 2025 continues to be anchored by **manufacturing, which represents 46.3% of GDP**, led by the **pharmaceutical and medical device industries**, the island's most significant exporters. **The finance, insurance, and real estate sector** follows with **20.9%**, underscoring the island's solid financial infrastructure and expanding property market supported by sustained investment inflows.

The **services sector** accounts for **13.2%**, reflecting growth in tourism, health, and professional services that continue to strengthen domestic consumption and employment.

Commerce and retail trade contribute 9.6%, highlighting the island's vital consumer-driven segment and strong retail network. The **government sector** represents **5.4%**, while **utilities 1.7%**, **construction 1.15%**, **logistics 0.92%**, and **agriculture and mining 0.83%** complete the economic structure with smaller but essential contributions to the island's overall productivity. Overall, **Puerto Rico remains manufacturing-driven**, yet increasingly diversified across finance, services, and innovation, positioning the island as the most advanced and resilient economy in the Caribbean.



Investment Momentum and the Trump Tariff Advantage

These projects reflect a **reconfigured industrial geography** shaped by President Trump's 2025 tariff policy.

The imposition of a **10% universal import tariff—alongside higher rates on Chinese industrial goods—has accelerated the reallocation of production toward U.S. jurisdictions**, reinforcing domestic manufacturing competitiveness.

Puerto Rico, with **tariff-free access to the U.S. mainland and an established high-value manufacturing base**, is well positioned to capture a meaningful share of this shift.

Recent data suggests that while **manufacturing activity has moderated toward the expansion threshold**, the sector continues to demonstrate **relative resilience and structural strength compared to the mainland**, indicating that the investment cycle remains intact rather than reversing.

Maintaining this policy momentum is critical, as Puerto Rico has the potential to **significantly expand industrial output by 2030 and contribute over \$1.5 billion in incremental annual GDP**, representing a tangible dividend from strategic industrial alignment and sustained capital investment.

Manufacturing Revival: “Made in Puerto Rico, USA”

Puerto Rico’s manufacturing legacy remains one of its most valuable assets —The new national initiative, “**Made in Puerto Rico, USA**”, aims to position the Island as a **trusted U.S. production hub** — offering jurisdictional security, economic flexibility, and proximity to both North and Latin America.

Success will depend on:

- **Incentivizing reshoring** from higher-cost foreign jurisdictions.
- **Developing logistics and supply-chain hubs** that integrate manufacturing, packaging, and distribution.
- **Lowering energy costs** through renewables and efficiency programs.
- **Aligning workforce training** with advanced manufacturing needs.

Puerto Rico Manufacturing Status

Puerto Rico Manufacturing PMI: 11/2025

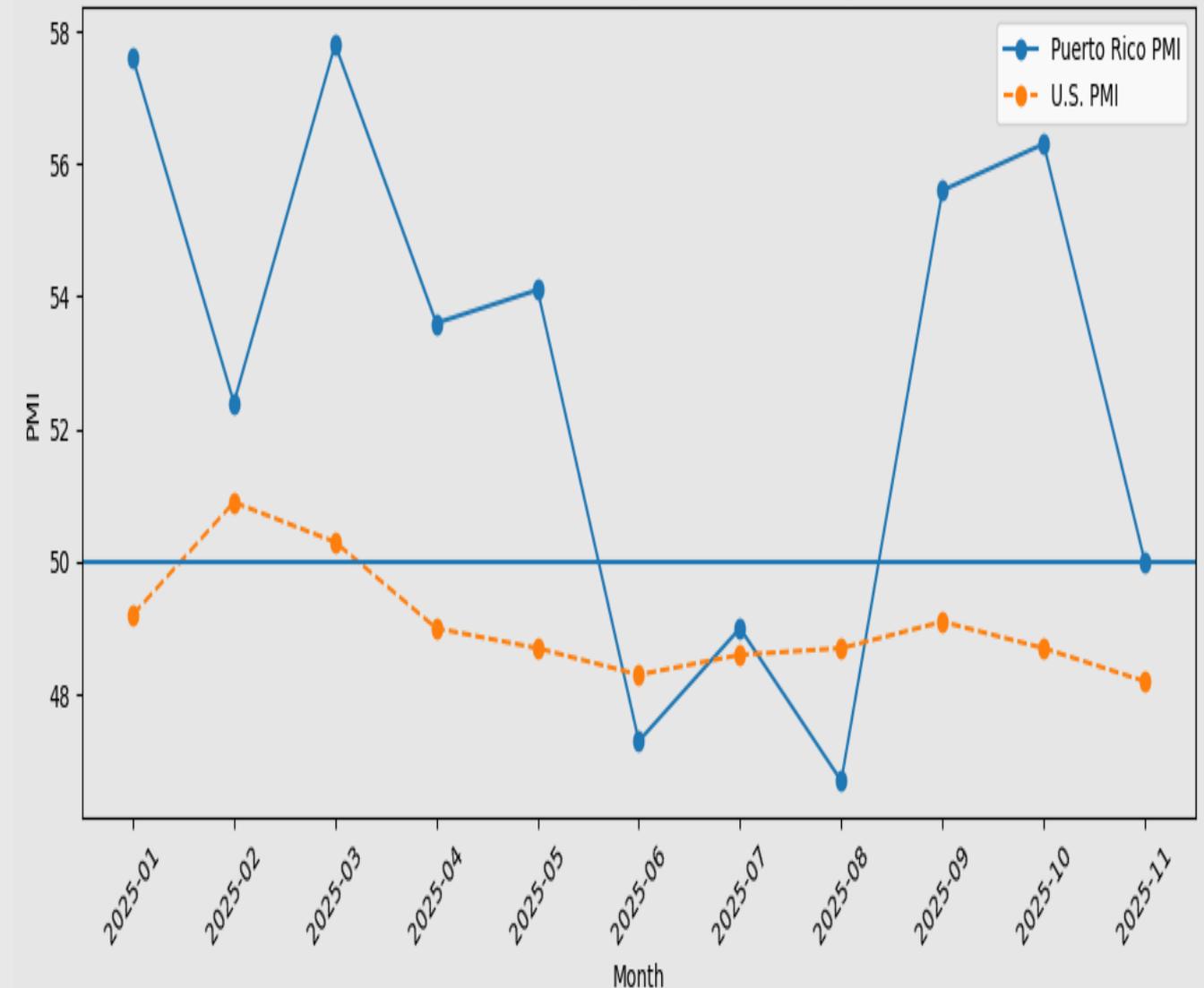
Puerto Rico's Manufacturing PMI has demonstrated **greater volatility but stronger upside momentum** relative to the U.S. benchmark. The divergence remains evident, with Puerto Rico **frequently exceeding the expansion threshold of 50**, signaling periods of solid industrial growth, while the U.S. PMI has **remained largely in contraction territory**.

However, the most recent data indicates a **moderation in momentum**, with Puerto Rico's PMI **easing to 50 in November**, signaling a return to the expansion threshold after several months of stronger readings above 55. Despite this normalization, Puerto Rico continues to **outperform the mainland's industrial pace**, reflecting a more dynamic and responsive manufacturing base.

This relative strength has been supported by:

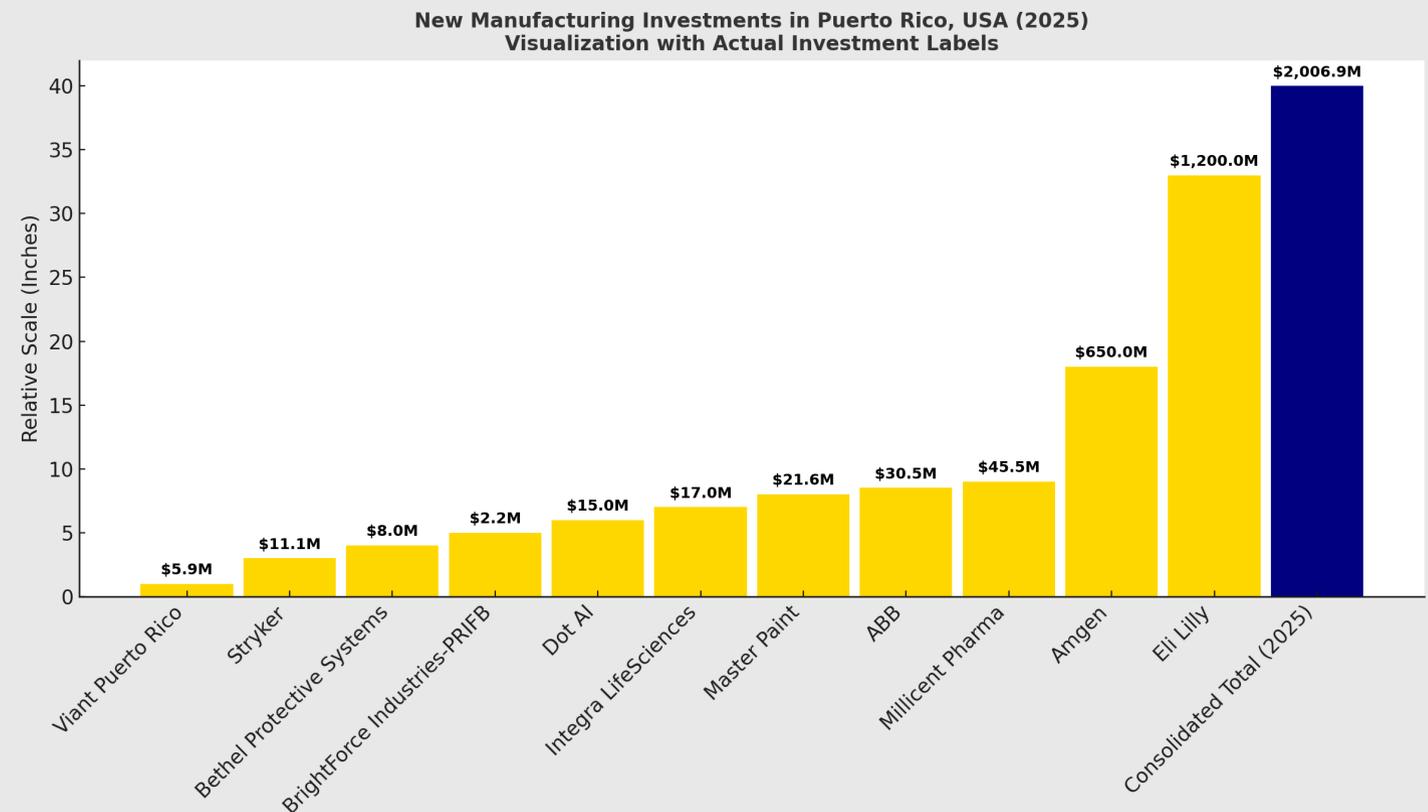
- **Robust pharmaceutical and medical device production**, anchoring industrial output
- **Sustained investment in local manufacturing capacity**, particularly in high-value sectors
- **Ongoing reconstruction and infrastructure activity**, supporting baseline demand

Puerto Rico vs U.S. Manufacturing PMI (Updated through Nov 2025)



Investment Momentum and the Trump Tariff Advantage

- **Puerto Rico has attracted from February to October 2025 a Total of \$2.06 billion** in new and expanded investments — the largest wave of industrial capital since the 1990s.
- Major commitments include:
 - **Eli Lilly \$1.2 B,**
 - **Amgen \$650 M,**
 - **Millicent Pharma \$45.5 M**
 - **ABB Arecibo \$35.5 M**
 - **Master Paints \$21.6 m**
 - **Integra Life Sciences \$17.0 m**



The Trump Tariff Advantage and the Reshoring Wave

- These projects reflect a **reconfigured industrial geography shaped by President Trump's 2025 tariff policy**.
- The imposition of a **10% universal import tariff—alongside higher rates on Chinese industrial goods—has accelerated the reallocation of production toward U.S. jurisdictions**, reinforcing domestic manufacturing competitiveness.
- Puerto Rico, with **tariff-free access to the U.S. mainland and an established high-value manufacturing base, is well positioned to capture a meaningful share of this shift**.
- Recent data indicates that while **manufacturing activity has moderated toward the expansion threshold**, the sector continues to demonstrate **relative resilience and structural strength compared to the mainland**, suggesting that the investment cycle remains intact rather than reversing.
- Maintaining this policy momentum is critical, as Puerto Rico has the potential to **meaningfully expand industrial output by 2030 and contribute more than \$1.5 billion in incremental annual GDP**, representing a tangible dividend of **strategic industrial alignment and sustained capital investment**.



Birling Capital Overview

Birling Capital Overview



Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

Over the past two decades, our firm's principals have advised on more than \$10 Billion in transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

Our value proposition has been implemented with three critical ingredients for success:

- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise



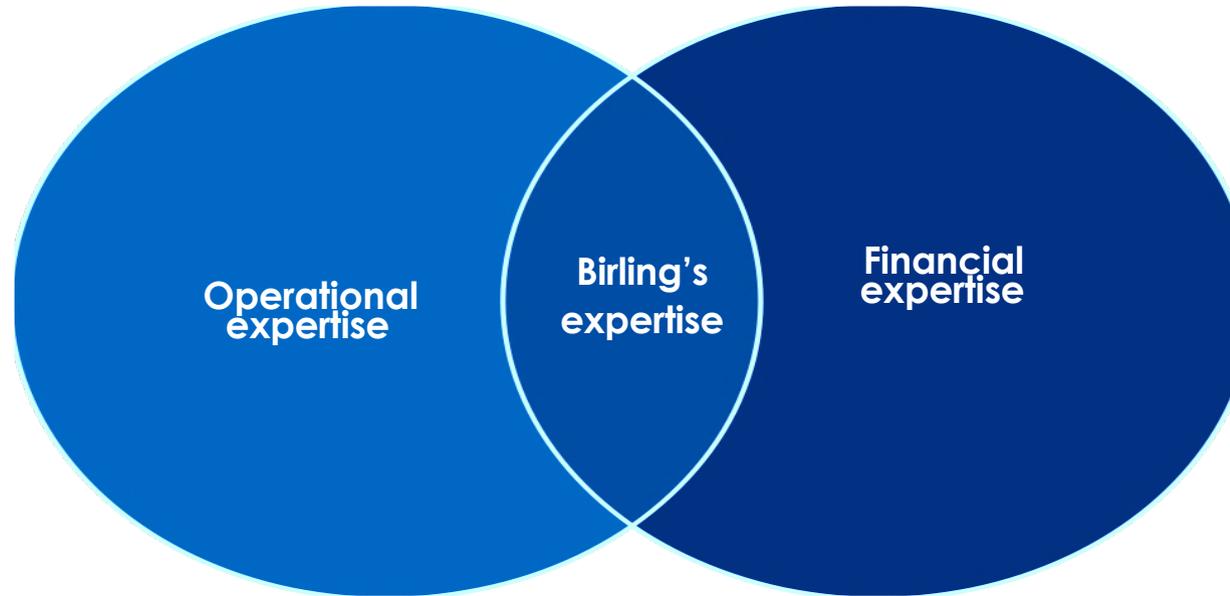
Corporate Financial Planning (CFP)



Birling Capital's holistic service approach

Birling Capital's Integrated Approach

- Revenue and profit improvement
- SG&A and cost reduction strategies
- Asset base analysis and optimization
- Corporate simplification
- Finance function transformation
- Interim management including CEO, CFO, COO and CRO



- Project management and delivery
- Lead advisor to creditor groups, management teams, and other stakeholders

- Crisis management stabilization
- Working capital improvement
- Business review and business planning
- Cashflow management, liquidity review, stabilization, and optimization
- Stakeholder negotiation involving covenant resets, refinancing, and debt restructuring

Our Core Services for Rural Healthcare Centers 330

Corporate Financial Planning & Institutional Liquidity

- Corporate Financial Planning (CFP) engagements
- Financial projections and scenario analysis
- Sustainability and growth strategies
- Asset-liability optimization
- Stress Testing

Our Core Services for Rural Healthcare Centers 330

Corporate Financial Planning & Institutional Liquidity

- 13-week cash flow forecasting & liquidity diagnostics
- Revenue cycle stress testing (Medicare, Medicaid, managed care mix) Working capital optimization
- Cost structure & SG&A rationalization

Outcome

- Improved days cash on hand
- Reduced financial volatility
- Clear liquidity runway for management & boards

Investment Policy Statement (IPS)

- We help clients build the Foundation for Sound Investment Decisions by drafting and updating Investment Policy Statements (IPS), which define:
 - Investment objectives
 - Time horizon and liquidity needs
 - Target asset allocation
 - Risk tolerance
- Reporting and performance evaluation guidelines
- The IPS serves as a roadmap for disciplined investment execution and oversight.

Investment Governance Framework

At Birling Capital, we advise institutional clients and family offices in developing and strengthening their investment governance frameworks to align with their mission, financial objectives, and regulatory requirements.

Our consulting approach includes:

- Designing strategic asset allocation models that reflect long-term goals and risk appetite.
- Establishing risk-adjusted performance benchmarks for accountability and measurement.
- Supporting compliance with fiduciary standards, investment policies, and regulatory mandates.
- Developing governance structures for investment committees, including roles, charters, and oversight tools.

Products & Services

Investment Governance Framework

Our consulting approach includes:

- Conducting customized educational seminars and workshops to equip board members and senior management with the knowledge needed to fulfill their fiduciary and strategic investment responsibilities.
- Our goal is to empower clients to implement policies and frameworks that deliver capital preservation, sustainable growth, and disciplined execution.

Products & Services



Capital Strategy, Debt Advisory & Infrastructure Financing

Services

- Capital needs assessment (facilities, IT, equipment)
- Debt restructuring and refinancing advisory
- USDA, HHS, HRSA, AFICA-style conduit financing guidance
- Public-private partnership structuring
- Board-ready capital planning models

Outcome

- Lower cost of capital
- Improved debt service coverage
- Financeable long-term infrastructure plans

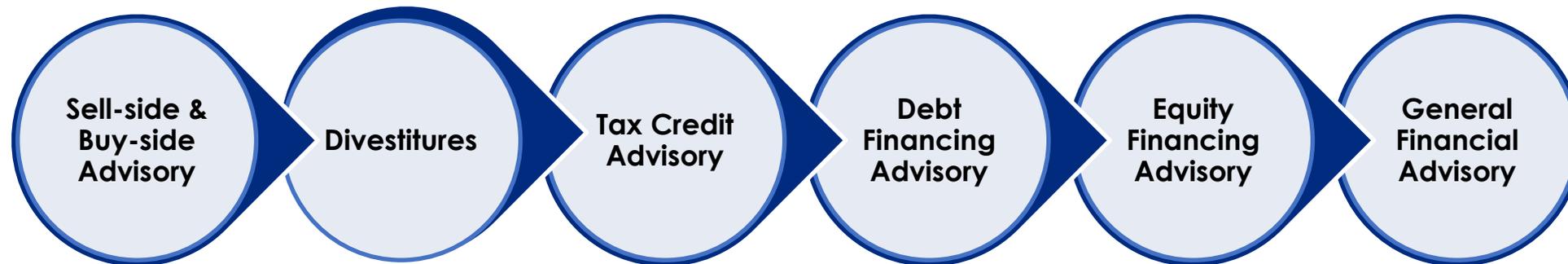
Products and Services



MERGERS AND ACQUISITIONS

Birling assists clients in developing and executing value-maximizing merger and acquisition strategies. We advise corporate, middle-market and family companies on sell-side and buy-side M&A advisory assignments, as well as corporate carve-outs and divestitures. We leverage our industry expertise, operational insight, and transaction execution proficiency to help clients understand their strategic alternatives, assess their business positioning, and navigate the complexities of the M&A process. Through years of dedication to specific markets and their constituent stakeholders, our access to acquirers and investors within the corporate, middle-market and family corporations provides a value added proposition to our clients.

EXPERTISE



Products and Services

CAPITAL RAISING

Birling supports clients in evaluating their **short-term and long-term capital requirements**. We advise clients in securing financing to accommodate their most critical strategic growth and recapitalization initiatives, including business acquisitions, shareholder buyouts, working capital needs, and other crucial growth activities. Our partners are experts at assisting clients in securing financing from private investors through the issuance of debt or equity and obtaining senior debt, mezzanine, and equity financing from institutional lenders and private equity groups.

EXPERTISE



Products and Services

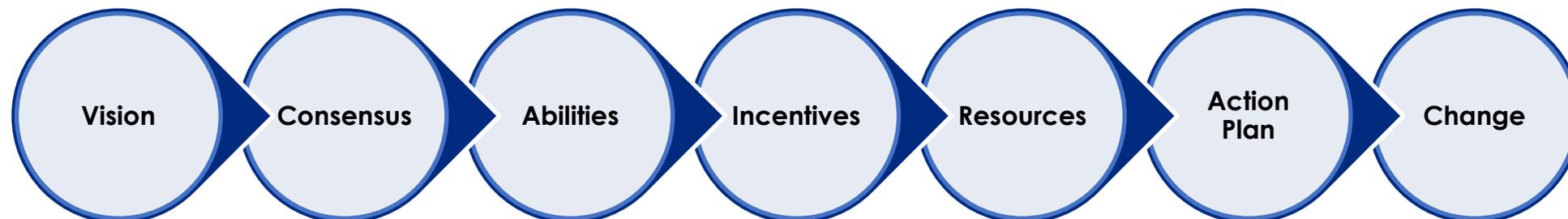
Strategic Advisory Services

Key financial data is fundamental to our insights.

Information is power, when it comes to identifying and assessing the potential of companies. The most reliable research depends upon access to verifiable financial analytics.

Our expertise, including analytics and understanding of impactful macroeconomic factors, can be leveraged by institutions and companies to assist in strategic decisions.

Managing the power of Change

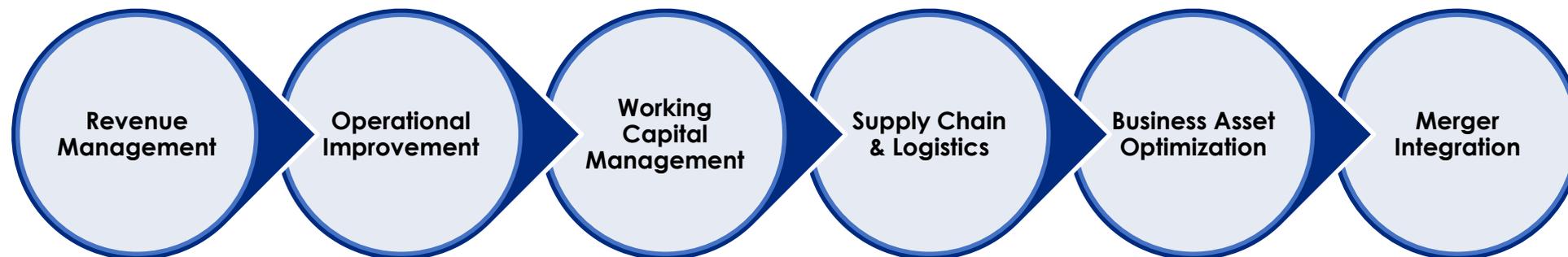


Products and Services

Performance Improvement

Birling sets the basis to improve the efficiency and effectiveness of clients' operations with a balanced approach, focused on increasing revenues and cutting costs. We help clients align business activities to a "core" priorities and develop a balance between short-term and long-term goals. Using external metrics and deploying best practices, we accelerate clients' growth and increase effectiveness. Our systemic changes lead to sustainable results.

EXPERTISE



Products and Services

VALUATION

Birling leverages its deep knowledge of market dynamics and relevant industry trends to provide corporations, business owners, and investors with insightful valuation advice and guidance. Birling believes that every corporation should understand its current value as well as those areas that reduce the value of a going concern.

VALUATION

- Income Approach
- Market Approach
- Net Asset Approach





Consulting and Advisory Practice

Birling Capital Overview: Products and Services



Consulting and Advisory Practice Approach

- Financial institutions and Credit Unions
- Family Business & Family Offices
- Healthcare and Pharma
- Higher education Hotels & Commercial real estate
- Government
- Tax Credits Monetization and Consulting
- Investment Policies Development & Portfolio Design
- Media and Advertising Companies
- Insurance companies
- Manufacturing and industrial operations
- Retail & Consumer Products
- Distribution and services
- Act 60 Advice
- Technology & FinTech Practice



Transaction Tax Advisory and Consulting



Tax Credit Advisory and Consulting:

Our team has advised clients in connection with:

- Act No. 73 Economic Development Incentives Act**
- Act No. 20 Export Service Promotion Act**
- Act No. 22 Individual Investors Act”**
- Act No. 27 Film Industry Economic Incentives Act”**
- Act No. 83 Green Energy Incentives Act**
- Act No. 74 Tourism Development Act**
- Act No. 60 Puerto Rico’s Incentives Tax Code**



Working with all of Puerto Rico’s tax credit and tax incentives programs. We have successfully negotiated and monetized more than \$150 million in Tax Credits per year.

Client roster includes Fortune 500 companies, Top 400 Local Business, Top Insurance Companies, Banks, and Ultra-High Net worth Individuals.

Products and Services

□ Board of Directors

Strong corporate governance is becoming increasingly important, especially with corporations facing a significant increase in regulatory scrutiny and raised expectations regarding risk management.

□ Board Effectiveness

We help boards run smoothly and effectively. Our Advisory **consultants** provide services to boards on areas such as strategic alignment among the board and management, board culture, director effectiveness and engagement, board and committee processes and structure,

□ Board Culture and Performance

We help companies shape their culture for better performance.

We believe that the culture and chemistry of a board are directly linked to its effectiveness. We work closely with boards to define and shape a culture that ensures the board is performing at a high level and directors are fully contributing.

□ Corporate governance for family-controlled firms.

Advisory consultants partner with family firms in their journey starting with hiring an independent directors and committee chairman.





BIRLING

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