



# US Treasury Portfolio Report

Schwab + HSBC | Data as of April 2, 2026 (Schwab) & March 31, 2026 (HSBC) | Report Date: April 3, 2026 (Good Friday - Markets Closed)

SCHWAB MARKET  
VALUE

**\$58.66M**

Face: \$61.30M | 53 positions,  
5 accounts

HSBC MARKET VALUE

**\$5.28M**

Face: \$5.48M | 14 positions, 2  
accounts

COMBINED PORTFOLIO

**\$63.94M**

Face: \$66.78M | 67 total  
positions

ANNUAL INCOME

**\$2.84M**

\$236,446/month coupon  
income

UNREALIZED G/L

**-\$1.80M**

Schwab -\$1.74M | HSBC  
-\$59K

10Y YIELD

**4.34%**

+24bp over past month


**Account Breakdown (Schwab - April 2, 2026)**

Account	Market Value	Unrealized G/L	% G/L	Positions	Annual Income
ESP Apartments LLC	\$31,052,406	-\$1,226,404	-3.95%	25	\$1,352,160
CBS Revocable Trust	\$13,715,275	-\$185,727	-1.35%	12	\$613,234
Quarantine Tech	\$11,546,504	-\$310,613	-2.69%	11	\$526,400
RAJR 2021	\$1,433,688	-\$17,780	-1.24%	2	\$77,760
Carlos Blanco S.	\$912,598	-\$4,350	-0.48%	3	\$39,180
<b>SCHWAB TOTAL</b>	<b>\$58,660,471</b>	<b>-\$1,744,875</b>	<b>-2.97%</b>	<b>53</b>	<b>\$2,608,734</b>
HSBC — ESP Apartments	\$2,459,713	-\$819	-0.03%	9	\$97,206
HSBC — CBS Trust	\$2,820,037	-\$58,264	-2.03%	5	\$131,407
<b>HSBC SUBTOTAL</b>	<b>\$5,279,750</b>	<b>-\$59,083</b>	<b>-1.11%</b>	<b>14</b>	<b>\$228,613</b>
<b>GRAND TOTAL</b>	<b>\$63,940,221</b>	<b>-\$1,803,958</b>	<b>-2.82%</b>	<b>67</b>	<b>\$2,837,347</b>

## HSBC Holdings Detail (March 31, 2026)

### ESP Apartments LLC (JB6-004457) — MV \$2,459,713

Security	Coupon	Maturity	Face	Market Value	UGL	Annual Income	Yield
UST Notes	3.500%	09/30/2027	\$220,000	\$218,918	-\$1,472	\$7,700	3.51%
UST Notes	3.625%	09/30/2030	\$220,000	\$217,294	-\$3,714	\$7,975	3.67%
UST Notes	3.875%	08/15/2033	\$626,000	\$614,826	+\$25,297	\$24,258	3.94%
UST Strip (Int)	0.000%	08/15/2033	\$100,000	\$73,451	+\$2,513	—	—
UST Strip (Int)	0.000%	11/15/2033	\$70,000	\$50,803	-\$977	—	—
UST Bonds	4.375%	05/15/2040	\$615,000	\$598,229	+\$4,523	\$26,906	4.49%
UST Strip (Prin)	0.000%	05/15/2043	\$90,000	\$38,732	-\$5,184	—	—
UST Bonds	4.625%	05/15/2044	\$354,000	\$344,017	-\$1,653	\$16,373	4.75%
UST Bonds	4.625%	02/15/2055	\$300,000	\$286,911	-\$20,151	\$13,875	4.83%
<b>ESP TOTAL</b>			<b>\$2,595,000</b>	<b>\$2,443,180</b>	<b>-\$819</b>	<b>\$97,086</b>	<b>—</b>

+ Cash/Money Market: \$16,533 | Total Account Value: \$2,459,713 | Accrued Interest: \$20,894

### CBS Revocable Trust (JB6-004606) — MV \$2,820,037

Security	Coupon	Maturity	Face	Market Value	UGL	Annual Income	Yield
UST Notes	4.500%	11/15/2033	\$320,000	\$326,774	+\$5,192	\$14,400	4.40%
UST Notes	4.250%	11/15/2034	\$505,000	\$505,157	+\$12,036	\$21,463	4.24%
UST Bonds	4.625%	11/15/2044	\$957,000	\$927,955	-\$13,869	\$44,261	4.76%
UST Bonds	4.625%	02/15/2055	\$1,050,000	\$1,004,189	-\$60,059	\$48,563	4.83%
UST Bonds	4.750%	02/15/2056	\$50,000	\$48,891	-\$1,564	\$2,375	4.85%
<b>CBS TOTAL</b>			<b>\$2,882,000</b>	<b>\$2,812,965</b>	<b>-\$58,264</b>	<b>\$131,061</b>	<b>—</b>

+ Cash/Money Market: \$7,072 | Total Account Value: \$2,820,037 | Accrued Interest: \$36,293

**HSBC Key Observations:** ESP account is nearly flat (-\$819, -0.03%) — well-timed purchases. CBS Trust shows -\$58K loss primarily from the \$1.05M 4.625% Feb 2055 bonds (-\$60K) bought near par in Feb/Mar 2025. HSBC combined generates \$228K/yr income on \$5.28M — a 4.33% blended yield.

The 3 Treasury STRIPS (\$260K face) in ESP provide discounted zero-coupon exposure maturing 2033-2043.



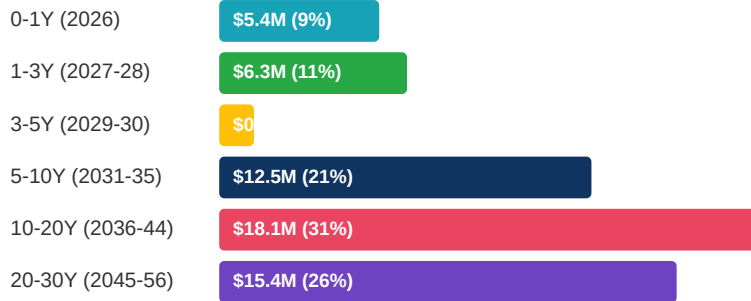
## Yield Curve (April 3, 2026)

Tenor	Yield	vs 1 Month Ago	Portfolio Positioning
Fed Funds	3.75%	Flat	—
1Y	3.67%	-8bp	\$5.4M maturing (6.5% coupon — above market!)
2Y	3.80%	-3bp	\$6.3M in 1-3Y bucket
5Y	3.95%	+5bp	\$0.4M (underweight)
7Y	4.13%	+3bp	Core intermediate allocation
10Y	4.34%	+24bp	\$12.5M in 5-10Y
20Y	4.90%	+15bp	\$18.1M in 10-20Y (largest bucket)
30Y	4.90%	+10bp	\$15.4M in 20-30Y

**Spreads:** 2s10s +54bp | 10s30s +56bp | 2s30s +110bp (normal, positively sloped)

**Key Insight:** Yields rose +24bp on the 10Y over the past month, driven by strong jobs data (+178K vs 60K expected) and elevated oil prices (\$109/bbl). However, the Fed at 3.75% with the 1Y at 3.67% signals the market still expects further easing. Your long-duration tilt benefits when cuts materialize.

### Maturity Ladder (Visual)



57.3% of portfolio is in 10Y+ bonds — this is the duration engine driving both income and rate-sensitivity.

### Coupon Income Schedule (Annual)

Account	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
ESP	\$17.5K	\$344.7K	\$3.0K	—	\$280.0K	\$6.0K	\$17.5K	\$344.7K	\$3.0K	—	\$319.7K	\$16.0K	\$1,352K
Trust	\$17.5K	\$232.4K	\$1.9K	—	\$54.5K	\$0.6K	\$17.5K	\$232.4K	\$1.9K	—	\$54.5K	—	\$613K
Quarantine	\$12.9K	\$175.7K	\$1.9K	—	\$72.5K	\$0.6K	\$12.9K	\$175.7K	\$1.9K	—	\$72.5K	—	\$526K
RAJR	\$8.3K	\$30.6K	—	—	—	—	\$8.3K	\$30.6K	—	—	—	—	\$78K
Carlos	—	\$6.4K	—	—	\$13.2K	—	—	\$6.4K	—	—	\$13.2K	—	\$39K
<b>TOTAL</b>	<b>\$56.2K</b>	<b>\$789.7K</b>	<b>\$6.8K</b>	<b>—</b>	<b>\$420.2K</b>	<b>\$7.2K</b>	<b>\$56.2K</b>	<b>\$789.7K</b>	<b>\$6.8K</b>	<b>—</b>	<b>\$459.9K</b>	<b>\$16.0K</b>	<b>\$2,609K</b>

**Income Concentration:** May (\$789.7K) and November (\$789.7K) are the big coupon months — together they deliver 61% of annual income. February (\$459.9K) and August (\$420.2K) are secondary peaks. Plan cash needs accordingly.

## \$7M Deployment Scenarios

Three strategies for deploying \$7M in additional capital, optimized for **maximum cash flow + equity buildup if rates decline**:

### Scenario A: Conservative (Income Maximizer)

Focus: Lock in highest current yields across 5-10Y sweet spot

Maturity	Allocation	Yield	Annual Income	Duration
2Y Notes	\$1.4M (20%)	3.80%	\$53,200	1.9 yrs
5Y Notes	\$2.1M (30%)	3.95%	\$82,950	4.5 yrs
7Y Notes	\$1.4M (20%)	4.13%	\$57,820	6.2 yrs
10Y Notes	\$2.1M (30%)	4.34%	\$91,140	8.1 yrs
<b>TOTAL</b>	<b>\$7.0M</b>	<b>4.07% avg</b>	<b>\$285,110</b>	<b>5.1 yrs avg</b>


**Rate Sensitivity:** If rates -100bp → +\$358K MV gain | If rates +100bp → -\$358K MV loss

### Scenario B: Balanced Barbell (RECOMMENDED)

Focus: Short-end liquidity + ultra-long duration for max rate-drop upside

Maturity	Allocation	Yield	Annual Income	Duration
1-2Y Notes (short)	\$2.8M (40%)	3.74%	\$104,720	1.5 yrs
10Y Notes (core)	\$1.4M (20%)	4.34%	\$60,760	8.1 yrs
20-30Y Bonds (long)	\$2.8M (40%)	4.90%	\$137,200	18.5 yrs
<b>TOTAL</b>	<b>\$7.0M</b>	<b>4.32% avg</b>	<b>\$302,680</b>	<b>9.2 yrs avg</b>

**Rate Sensitivity:** If rates -100bp → +\$644K MV gain | If rates +100bp → -\$644K MV loss

 **WHY BARBELL IS BEST:** The short end (40% in 1-2Y) rolls off quickly, giving you reinvestment flexibility if rates change. The long end (40% in 20-30Y at 4.90%) locks in the highest yields available AND provides maximum price appreciation if the Fed cuts rates. The 10Y core (20%) anchors the middle. Net result: \$302,680/year income PLUS potential \$644K+ in capital gains if rates fall 100bp. The short end also provides \$2.8M in near-term liquidity for opportunities.

### Scenario C: Aggressive Duration (Rate Bet)

Focus: Maximum equity buildup potential if rates decline 100-200bp

Maturity	Allocation	Yield	Annual Income	Duration
10Y Notes	\$2.1M (30%)	4.34%	\$91,140	8.1 yrs
20Y Bonds	\$2.1M (30%)	4.90%	\$102,900	14.2 yrs
30Y Bonds	\$2.8M (40%)	4.90%	\$137,200	19.8 yrs
<b>TOTAL</b>	<b>\$7.0M</b>	<b>4.73% avg</b>	<b>\$331,240</b>	<b>14.9 yrs avg</b>


**Rate Sensitivity:** If rates -100bp → +\$1.04M MV gain 🌟 | If rates +100bp → -\$1.04M MV loss ⚠️

### Scenario Comparison Summary

Metric	A: Conservative	B: Barbell 🌟	C: Aggressive
Annual Income	\$285,110	<b>\$302,680</b>	\$331,240
Monthly Income	\$23,759	<b>\$25,223</b>	\$27,603
Avg Duration	5.1 yrs	9.2 yrs	14.9 yrs
If Rates -100bp	<b>+\$358K</b>	<b>+\$644K</b>	<b>+\$1,040K</b>
If Rates -200bp	<b>+\$716K</b>	<b>+\$1,288K</b>	<b>+\$2,080K</b>
If Rates +100bp	<b>-\$358K</b>	<b>-\$644K</b>	<b>-\$1,040K</b>
Liquidity (1-2Y)	\$1.4M	<b>\$2.8M</b>	\$0
Risk Level	Low	<b>Medium</b>	High

## Combined Portfolio (est) After \$7M Deployment

Metric	Current Portfolio	+ \$7M (Barbell)	Change
Total Market Value	\$63.94M	<b>\$70.94M</b>	+\$7.0M
Annual Coupon Income	\$2,837,347	<b>\$3,140,027</b>	+\$302,680
Monthly Income	\$236,446	<b>\$261,669</b>	+\$25,223
Portfolio Yield	4.44%	<b>4.43%</b>	~flat
If Rates -100bp (MV gain)	+\$7.0M	<b>+\$7.6M</b>	+\$644K
If Rates -200bp (MV gain)	+\$14.0M	<b>+\$15.3M</b>	+\$1.3M






 **The Big Picture:** After deploying \$7M via the Barbell strategy, your combined portfolio generates **\$261,669/month** (~\$3.14M/year) in Treasury coupon income alone. If the Fed cuts rates by 200bp over the next 18 months (market-implied probability ~35%), the portfolio would gain **~\$15.3M in market value** on top of the income. That is the asymmetric bet: you get PAID to wait for rates to fall.

## ⚠ Risk Scenarios

Scenario	Probability	10Y Move	Portfolio Impact	Action
● Rates -100bp (easing)	30%	4.34% → 3.34%	+\$7.6M MV gain	Hold / trim ultra-longs above \$92 TLT
● Rates flat	35%	~4.34%	\$0 MV change, collect \$3.14M/yr	Hold and collect income
● Rates +50bp	20%	4.34% → 4.84%	-\$3.8M MV loss	Hold — paper loss recovers at maturity
● Rates +100bp (inflation)	10%	4.34% → 5.34%	-\$7.6M MV loss	Tax-loss harvest, hold for income
● Recession (-200bp)	5%	4.34% → 2.34%	+\$15.3M MV gain	Take profits on 30Y positions

**Biggest Risk:** Sustained inflation from oil (\$109/bbl) + tariffs pushing 10Y above 5%. The portfolio would show -\$7.6M in unrealized losses. However: (1) all bonds pay full face value at maturity, (2) coupon income of \$3.14M/yr continues regardless, (3) tax-loss harvesting opportunity exceeds \$1.8M already available.

## ✓ Action Recommendations

#	Action	Priority	Impact
1	<b>Deploy \$7M via Barbell:</b> 40% in 1-2Y / 20% in 10Y / 40% in 30Y	 HIGH	+\$302,680/yr income + rate-drop upside
2	<b>Plan Oct/Nov 2026 reinvestment:</b> \$5.4M rolling off (6.5% 11/26, 4.125% 10/26). Current 2Y yields at 3.80% — lock in 5Y or longer to avoid yield step-down	 HIGH	Prevent \$85K/yr income loss
3	<b>Tax-loss harvest evaluation:</b> \$1.74M in unrealized losses available. ESP Apartments (-\$1.23M) is the biggest candidate. Sell and rebuy similar maturities (different CUSIP) to crystalize losses	 MED	\$400-600K tax savings
4	<b>Monitor oil/inflation:</b> Oil at \$109 and Middle East tensions could push yields higher near-term. If 10Y breaks 4.50%, consider adding to long-end positions	 MED	Tactical entry point
5	<b>HSBC consolidation:</b> HSBC holds \$5.28M across 2 accounts with -\$59K UGL. Consider consolidating into Schwab for unified reporting and potentially better execution on future trades	 LOW	Operational simplicity

## Coupon Reinvestment Forecast: 3-Year & 5-Year Scenarios

Assumes **every coupon payment is reinvested into US Treasuries** at prevailing yields. Three rate scenarios modeled: rates flat, rates -100bp (easing), and rates +100bp (inflation). Starting portfolio: \$63.94M market value, \$2.84M/yr coupon income (\$66.78M face).

### Assumptions

**Base Case (Rates Flat):** Coupons reinvested at 4.3% avg yield (blended curve)




**Bull Case (Rates -100bp):** Reinvestment yield drops to 3.3% avg, but existing bonds appreciate ~\$7.6M in MV

**Bear Case (Rates +100bp):** Reinvestment yield rises to 5.3% avg, but existing bonds depreciate ~\$7.6M in MV

**Maturities:** Bonds maturing are reinvested at face value into new 5-10Y Treasuries at prevailing rates

**Compounding:** Semi-annual coupon payments reinvested at next available auction

### 3-Year Forecast (April 2026 → April 2029)

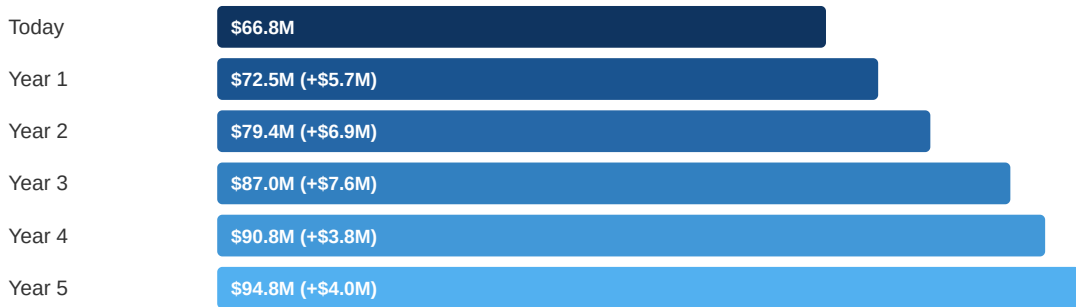
Metric	 Rates Flat	 Rates -100bp	 Rates +100bp
Starting Face Value	\$66.78M	\$66.78M	\$66.78M
Coupons Received (3 yrs)	\$8.51M	\$8.51M	\$8.51M
Maturities Received (face)	\$11.70M	\$11.70M	\$11.70M
Total Reinvested	\$20.21M	\$20.21M	\$20.21M
Reinvestment Yield	4.30%	3.30%	5.30%
New Income from Reinvestment	\$869K/yr	\$667K/yr	\$1,071K/yr
<b>Total Portfolio Face (Y3)</b>	<b>\$86.99M</b>	<b>\$86.99M</b>	<b>\$86.99M</b>
<b>Annual Income (Y3)</b>	<b>\$3.71M</b>	<b>\$3.51M</b>	<b>\$3.91M</b>
Monthly Income (Y3)	\$309K	\$292K	\$326K
Income Growth vs Today	+30.7%	+23.6%	+37.8%
Est. Market Value (Y3)	\$84.6M	\$91.2M	\$78.0M
MV Capital Gain/(Loss)	—	+\$6.6M	-\$6.6M
<b>Total Return (Income + MV)</b>	<b>\$8.5M + \$0 = \$8.5M</b>	<b>\$8.5M + \$6.6M = \$15.1M</b>	<b>\$8.5M - \$6.6M = \$1.9M</b>

### 5-Year Forecast (April 2026 → April 2031)

Metric	<span style="color: yellow;">●</span> Rates Flat	<span style="color: green;">●</span> Rates -100bp	<span style="color: red;">●</span> Rates +100bp
<b>Starting Face Value</b>	\$66.78M	\$66.78M	\$66.78M
Coupons Received (5 yrs)	\$15.89M	\$15.89M	\$15.89M
Maturities Received (face)	\$12.10M	\$12.10M	\$12.10M
Total Reinvested	\$27.99M	\$27.99M	\$27.99M
Reinvestment Yield (avg)	4.30%	3.30%	5.30%
Cumulative New Income from Reinvested	\$1.20M/yr	\$923K/yr	\$1.48M/yr
<b>Total Portfolio Face (Y5)</b>	<b>\$94.77M</b>	<b>\$94.77M</b>	<b>\$94.77M</b>
<b>Annual Income (Y5)</b>	<b>\$4.04M</b>	<b>\$3.76M</b>	<b>\$4.32M</b>
Monthly Income (Y5)	<b>\$337K</b>	<b>\$313K</b>	<b>\$360K</b>
Income Growth vs Today	+42.3%	+32.5%	+52.2%
Est. Market Value (Y5)	\$92.3M	\$99.4M	\$85.2M
MV Capital Gain/(Loss)	—	+\$7.1M	-\$7.1M
<b>Total Return (Income + MV)</b>	<b>\$15.9M + \$0 = \$15.9M</b>	<b>\$15.9M + \$7.1M = \$23.0M</b>	<b>\$15.9M - \$7.1M = \$8.8M</b>

 **Portfolio Growth: Face Value & Income Over Time**

**Face Value Growth (Reinvesting All Coupons + Maturities)**



**Annual Income Growth (Rates Flat Scenario)**



## Cumulative Coupon Income Collected

Year 1	\$2.84M
Year 2	\$5.92M
Year 3	\$8.51M (reinvested)
Year 4	\$12.02M
Year 5	\$15.89M (reinvested)

🎯 **The Compounding Power:** By reinvesting every coupon into Treasuries, your portfolio grows from **\$66.8M** → **\$94.8M face value** in 5 years — a **+\$28M increase** (42%) funded entirely by your own coupon income. Monthly income grows from **\$237K** → **\$337K** (+42%). Even in the worst case (rates +100bp), you still collect **\$15.9M in coupons** over 5 years. The bonds mature at par regardless of rate moves — unrealized losses are temporary, income is permanent.

⚡ **Key Insight — Income Snowball:** Each \$2.84M in annual coupons buys roughly \$2.84M more face value at par. Those new bonds generate ~\$122K/yr in additional coupons (at 4.3%), which ALSO get reinvested the following year. By Year 3, the "income on reinvested income" alone is worth ~\$35K/yr and accelerating. This is the Treasury compounding snowball — slower than equities, but risk-free and guaranteed by the US government.

📊 US Treasury Portfolio Report | Data: April 2, 2026 (Schwab positions) | Market data: April 3, 2026

Source: blanco\_portfolio\_april.xlsx (Schwab) + HSBC statements March 2026 + Trading Economics + US Treasury

CORRECTED — includes actual HSBC market values from March 31 statements

Good Friday — US equity markets closed, bond markets shortened session

This report is for informational purposes only. Consult your financial advisor before making investment decisions.