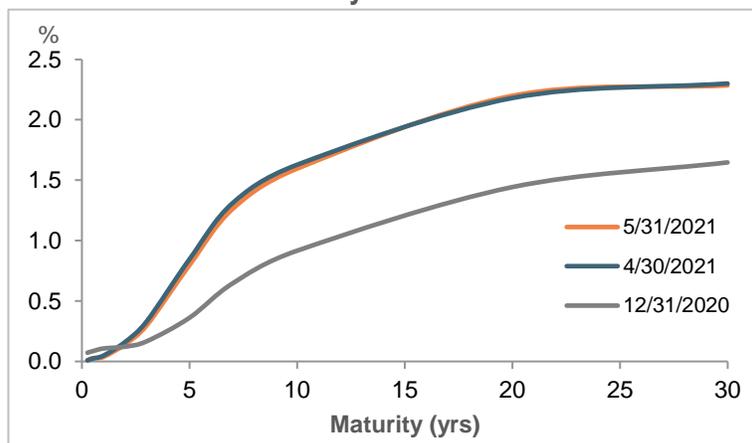


MARKET NEWS

- Market sentiment ended May on a high-note after see-sawing throughout the month, as investors had to digest mixed economic data, FOMC meeting minutes from April, and a growing optimism surrounding the reopening of the economy
 - April CPI increased 4.2% year-over-year, above expectations of 3.6%; however, Federal Reserve (Fed) officials reiterated inflationary pressures were transitory
 - Despite job openings at a record high, US non-farm payroll in April underwhelmed with 266,000 jobs added versus expectations of 1 million
- The 10-year and 30-year Treasury rate fell by 3bps and 2bps respectively, however, the 20-year Treasury yield increased by 2bps month-over-month to 2.2%; although the 20-year Treasury became the official benchmark for 20-year corporates on May 1st, the tenor underperformed other long-maturities as market sponsorship is still relatively light
- Investment-grade corporate spreads were range-bound, with spread moves limited to 1bp or less day-over-day, but eventually closed 4bps tighter, from 88bps to 84bps, the tightest levels since early 2007
 - Issuance totaled roughly \$136 billion, behind expectations of \$150 billion; the year-to-date total of \$684 billion is 30% behind 2020's pace, but more than 30% ahead of 2019's
- High-yield corporate spreads widened 5bps, from 291bps to 296bps, in sympathy with periods of equity market volatility; lower-quality outperformed higher-quality, with the average CCC-rated issuer outperforming Treasuries by 55bps
 - Despite some equity market weakness, the high-yield corporate market continued its record-setting pace and priced another \$47 billion of new bonds, the highest total during the month of May on record
 - Year-to-date issuance of \$244 billion is well-ahead of the \$152 billion priced by this time in 2020
- Agency mortgage-backed securities (MBS) underperformed Treasuries, as the potential tapering of asset purchases by the Fed – which totaled over \$113 billion of MBS in May – garnered increased attention
- Muni/Treasury ratios hovered near historically low levels, despite shorter-maturity municipals underperforming Treasuries; less than \$7 billion of supply is expected next month, a tailwind that could potentially anchor ratios at these low levels

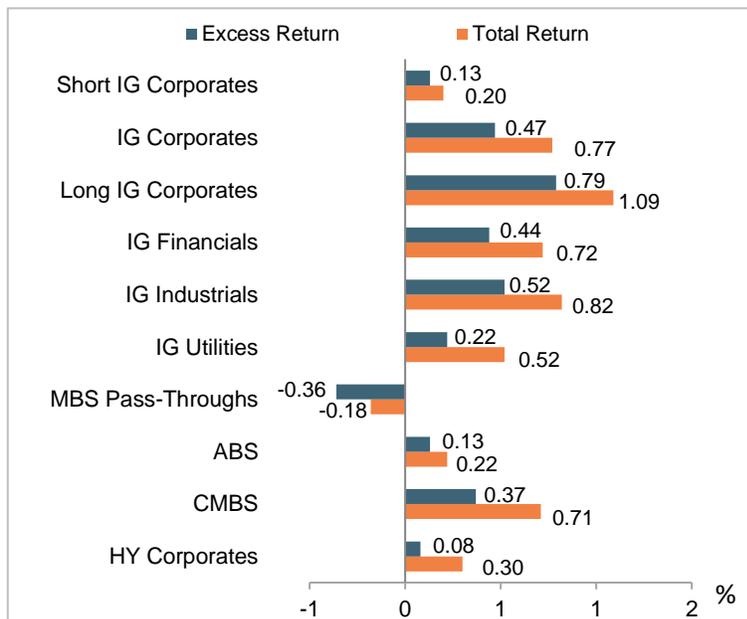
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
5/31/2021	0.14	0.80	1.60	2.20	2.28
MTD Change	-0.02	-0.05	-0.03	0.02	-0.02
YTD Change	0.02	0.44	0.68	0.76	0.63

MTD Returns



As of: 5/31/21. Sources: Bloomberg, Bloomberg Barclays.

Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries. The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research + Management. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.