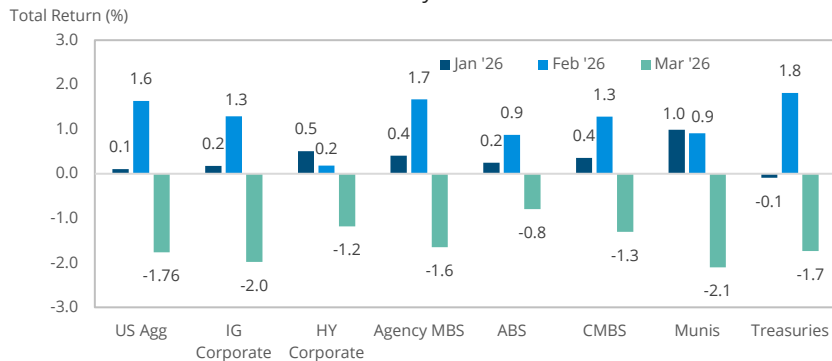
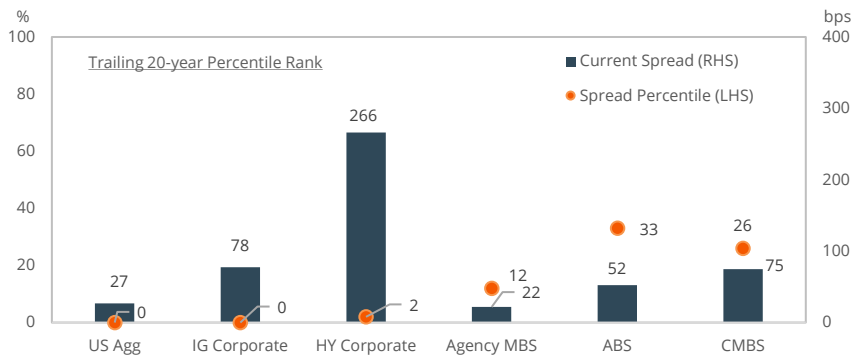


## 1Q26 Market Themes + Outlook

- Investors have been forced to navigate AI fears, private credit concerns, and the ongoing US-Iran conflict in 1Q.
- Resulting volatility was felt more in interest rates, which have moved higher, than in spreads.
- The labor market has been firm, and inflation has been well-anchored, although oil prices have risen meaningfully.
- FOMC projections imply one rate cut in 2026, however, the market has lost some confidence that the Fed will ease this year.

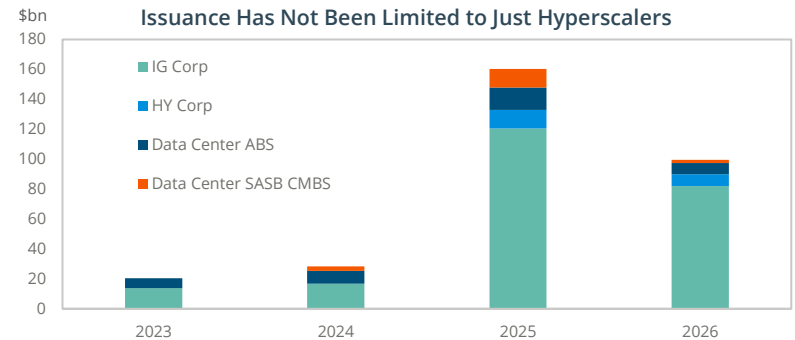


Yield (%)	4.57	5.14	7.40	4.83	4.40	4.65	3.17	4.14
After-Tax Yield (%)	2.70	3.04	4.38	2.86	2.61	2.75	3.17	2.45



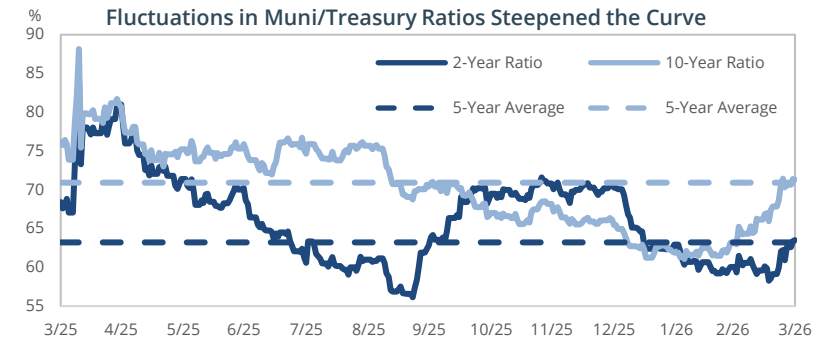
## Taxable Market Insights

- Investment-grade credit saw rising dispersion amid macro uncertainty – energy issuers benefited from surging oil prices and software/AI lagged on obsolescence concerns. Despite volatility, record first quarter issuance and strong inflows supported demand, with spreads ending modestly wider (+10bps to 61bps).
- Securitized assets outperformed Corporates and Treasuries, benefiting from relative insulation to macro risks; while agency MBS lagged on rate volatility, ABS issuance was robust, with continued growth in non-traditional sectors like data centers and infrastructure-backed deals.



## Tax-Exempt Market Insights

- Municipal valuations improved in 1Q, with March's sell-off pushing yields higher and creating attractive entry points versus Treasuries and Corporates, particularly in longer-duration, high-quality tax-exempt bonds.
- Heavy issuance and volatility widened spreads, creating selective opportunities in sectors such as Gas Prepay, Health Care, Housing, and certain GO bonds, where fundamentals remained sound.



Sources: Bloomberg and J.P. Morgan Research as of 3/31/26, unless otherwise noted. Top left chart/table: Returns, yields, and spreads are from the respective Bloomberg indices as of 3/31/26. After-tax yields assume the highest federal marginal tax rate of 40.8%. Bottom left chart: Percentile calculated using monthly spread going back 20 years. 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 but IR+M makes no guarantee as to the accuracy or completeness of the underlying third-party data used to form IR+M's views and opinions. 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 IR+M. "Bloomberg®" and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by IR+M. Bloomberg is not affiliated with IR+M, and Bloomberg does not approve, endorse, review, or recommend the products described herein. Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to any IR+M product.