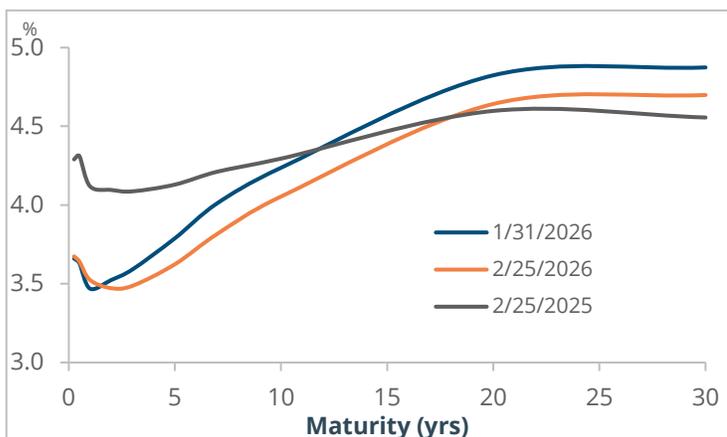


## Word on the IR+M Desk

IR+M attended the annual Structured Finance Association conference in Las Vegas this week, where the team met with over 40 different issuers across a variety of sectors. The securitized market continues to grow and evolve, with issuers expecting moderately higher issuance in 2026 (especially in digital infrastructure). Our team was excited to learn more about some inaugural issuers in the pipeline, specifically in whole business securitizations, which we more than welcome. Overall, the tone of the conference was constructive, with CLOs as the notable exception, as recent uncertainty surrounding the software sector has pressured performance, particularly lower in the capital structure.

- The US Supreme Court struck down global tariffs imposed by the Trump Administration that were made under the International Emergency and Economic Powers Act (IEEPA)
  - The Administration will explore other legal tools to impose tariffs, although the extent of potential refunds, which could total as much as \$170 billion, were not addressed
- Fourth quarter GDP missed expectations, growing at an annualized pace of 1.4% versus 2.8%, due to a drag from the record-long government shutdown and a deceleration in consumer spending to 2.4% year-over-year
  - Business investment grew by 3.7% annualized, driven by record setting investments in artificial intelligence data centers
- Core PCE rose 0.4% in December, the sharpest increase since February 2025, as spending in certain service categories, such as recreational services, offset the declining spending in goods categories most impacted by tariffs
- The Treasury curve continued to flatten as long-duration rates slid following President Trump's continued commitment to impose tariffs; the 10- and 30-year Treasury rates fell by 3bps and 1bp to 4.05% and 4.70%, respectively
- Investment-grade (IG) borrowers closed the month with a robust week of issuance, as supply totaled \$64 billion, surpassing dealers' forecast of \$50 billion
  - Investment-grade corporate spreads widened 2bps to 79bps, while yields remained unchanged at 4.76%
- High-yield (HY) issuance was relatively quiet, as borrowers priced four deals totaling \$3 billion for the week
  - Concerns over artificial intelligence and its potential disruption to industries and employment continued to pressure high-yield corporate spreads, as spreads widened 7bps week-over-week to 277bps
- Securitized sectors outperformed corporate counterparts this week as most sectors experienced a dramatic slowdown in issuance amid the Structured Financial Association conference
- Demand for municipal bonds remained strong as municipal bond funds reported \$1.9 billion of net inflows last week

### Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
2/25/26	3.47	3.62	4.05	4.64	4.70
MTD Change	(0.05)	(0.17)	(0.18)	(0.18)	(0.18)

### Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 2/26/26 unless otherwise noted. 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 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 Income Research + Management. "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, accurateness, or completeness of any data or information relating to any IR+M product.