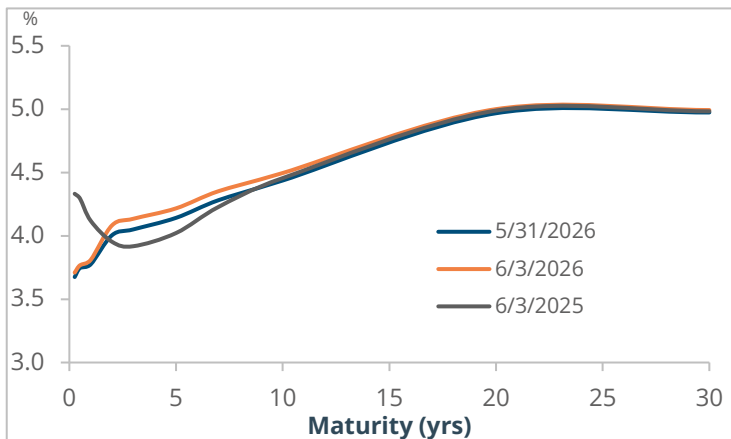


Word on the IR+M Desk

Since the US-Iran conflict began in March, investors have navigated a recurring cycle of escalation and de-escalation, making it increasingly difficult to maintain conviction around any single headline. While geopolitical risks can influence markets, history suggests the most significant dislocations often stem from unexpected developments. Rather than attempting to predict the next event, we believe investors should focus on maintaining sufficient liquidity and portfolio flexibility. Liquidity can provide a valuable source of optionality during periods of market stress, allowing investors to take advantage of dislocations when valuations become more compelling. In our view, preparation often matters more than prediction when navigating geopolitical uncertainty.

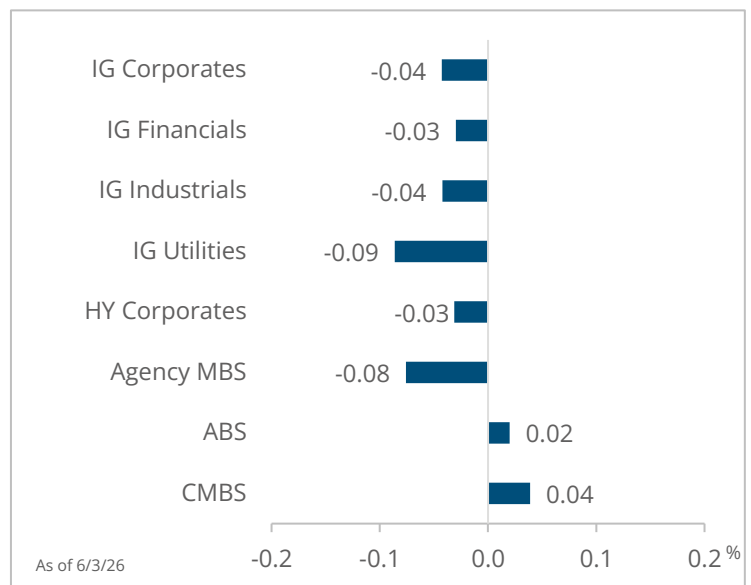
- A series of stronger-than-expected labor market data releases supported risk sentiment early in the week, though renewed strikes across the Gulf later shifted investor focus toward geopolitical risks and weighed on markets
 - Risk assets remained resilient despite geopolitical volatility, with the S&P 500, Dow Jones, and NASDAQ reaching new all-time highs on Tuesday, marking only the second such occurrence since 1992
- The labor market showed more signs of resilience despite ongoing policy uncertainty and elevated energy prices stemming from Middle East tensions
 - April job openings rose to 731k, the highest level in nearly two years, while layoffs moderated to 1.7 million
 - The private sector added 122k jobs in May, above forecasts and marking the strongest monthly gain since January 2025
- Treasury rates rose this week, particularly in the intermediate part of the curve, as stronger labor market data lowered expectations for near-term rate cuts
 - Despite the recent rise, the 10-year Treasury yield remains 19bps below the year-to-date highs of 4.69%
 - The market-implied probability of a rate hike by year-end increased from 57% to over 80%
- Investment-grade (IG) and high-yield (HY) corporate spreads widened as tensions in the Middle East escalated
 - IG corporate spreads widened by 1bp to 73bps, while HY spreads rose by 6bps to 257bps
- Despite modestly wider spreads and higher yields, issuers remained active in the primary market
 - Investment-grade and high-yield companies issued over \$50 billion and \$13 billion, respectively
- Securitized sectors such as asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) were largely insulated from the geopolitical volatility, outperforming Treasuries and other spread sectors
- Municipals outperformed Treasuries as muni/Treasury ratios declined across the curve; the 10-year muni/Treasury ratio fell to 65%, below the trailing five-year average of 71%

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/3/26	4.08	4.22	4.50	5.00	4.99
MTD Change	0.08	0.08	0.06	0.03	0.02

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 6/3/26 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.