

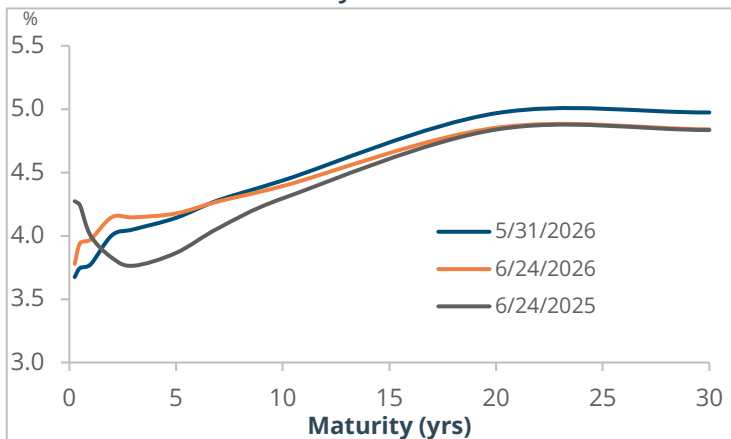
Word on the IR+M Desk



While much of the attention surrounding SpaceX centered on its record-setting IPO, the company's \$25 billion bond offering may prove just as important. The deal attracted more than \$89 billion in orders, underscoring investors' willingness to fund compelling growth stories despite persistent uncertainty around interest rates. Since issuance, spreads have widened meaningfully, with the 5- and 7-year tranches outperforming the longer-dated bonds. The recent weakness in SpaceX's bonds is noteworthy - the AI infrastructure buildout depends heavily on continued access to capital markets, and if financing conditions tighten, the pace of investment could slow. At IR+M, we have favored shorter-duration investments in the sector given the longer-term risks and uncertainty. In our view, the recent spread widening is a reminder to remain disciplined - focusing on credit quality and relative value even when well-known issuers command significant investor interest.

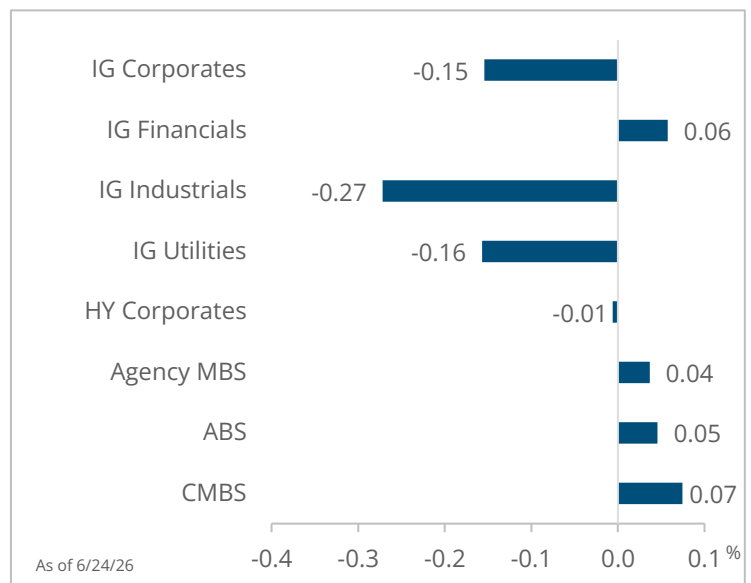
- Markets opened the week with heightened volatility, as concerns over AI-driven growth weighed on risk assets and easing geopolitical tensions drove oil prices lower
- May PCE rose 0.4%, modestly below the 0.5% consensus forecast, while personal income and personal spending each rose 0.7% month-over-month; inflation accelerated to its fastest annual pace since April 2023, reinforcing expectations that the Federal Reserve may need to raise rates later this year
- First-quarter GDP growth was revised up to an annualized 2.1%, primarily due to a sharper decline in imports, offsetting a downward revision to personal consumption growth from 1.4% to 0.5%
- Initial jobless claims decreased to 215,000, below expectations of 225,000, while continuing claims increased to 1.82 million but stayed below year-ago levels, suggesting labor market conditions remain stable
- Treasury yields fell across the curve amid risk asset volatility and declining oil prices; the curve flattened, with the 2- and 10-year Treasury yields falling by 4bps and 10bps, respectively, to 4.15% and 4.39%
- Investment-grade (IG) supply totaled \$54 billion, surpassing expectations of \$50 billion, bolstered by SpaceX's \$25 billion jumbo deal; investor demand was robust with orders exceeding \$89 billion, with the 5- and 7- year tranches oversubscribed by 3.4x and 2.8x, respectively
 - High-yield (HY) issuance reached \$5 billion on the week
- IG corporate spreads widened by 1bp to 74bps in response to the week's wave of supply; AI-related market volatility was a headwind to HY corporate spreads, which widened 14bps to 277bps
- Agency mortgage-backed securities (MBS) outperformed other securitized sectors, supported by declining interest rates and tightening MBS spread, which narrowed 2bps to 22bps
- Municipals underperformed Treasuries as muni/Treasury ratios rose across the curve; municipal bond funds reported \$1.2 billion of net inflows last week, marking the ninth consecutive week of net inflows exceeding \$1 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/24/26	4.15	4.18	4.39	4.85	4.84
MTD Change	0.14	0.03	-0.04	-0.12	-0.13

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 6/25/26 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.