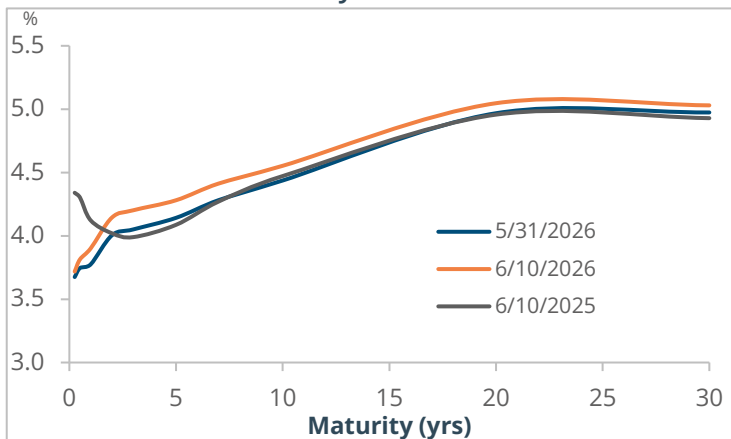


Word on the IR+M Desk

While investors focus on headline events ranging from the World Cup to a potential record-setting SpaceX IPO, credit markets are increasingly focused on financing the AI buildout. This week alone, issuance spanned the high-yield, investment-grade, and securitized markets, highlighting how rapidly AI-related borrowing is expanding across fixed income sectors. Developers continue to tap a diverse mix of debt and equity capital to fund unprecedented infrastructure spending. While a broader funding base should help absorb near-term supply, AI is also blurring traditional market boundaries and changing how investors assess risk. In this environment, cross-sector collaboration, flexible relative-value analysis, and disciplined risk management have become increasingly important as financing structures continue to evolve.

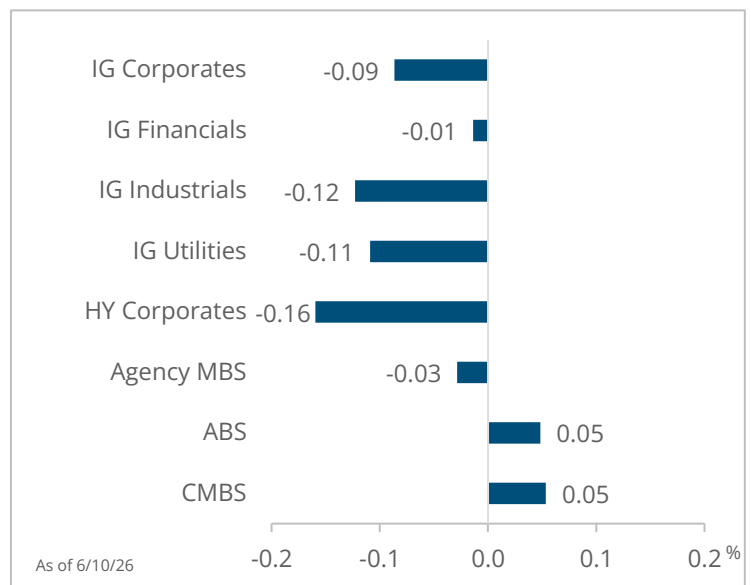
- Markets experienced heightened volatility as stronger-than-expected US economic data and rising Middle East tensions contributed to a rate selloff, while uncertainty surrounding capital expenditures related to AI weighed on risk assets; US equity indices fell between 1.5% and 6% on the week
- Recent economic data showed signs of strength within the labor market and evidence of rising inflation, possibly leading the Federal Reserve (Fed) to evaluate a rate hike this year, as investors are pricing in a full interest rate hike by year-end
 - Non-farm payrolls increased by 172k in May, exceeding expectations by 84k, while the unemployment rate and labor force participation rate remained unchanged at 4.3% and 61.8%, respectively; hiring gains were concentrated in the leisure and hospitality sector, though some economists noted that World Cup-related activity may have provided a modest boost to employment
 - Headline CPI rose 0.5% month-over-month in May and 4.2% year-over-year, the highest reading since April 2023, with energy prices accounting for more than half of the monthly increase
- Treasury yields moved higher across the curve as investors repriced the expected path of monetary policy amid rising geopolitical tensions and firm labor market; the curve flattened modestly, with the spread between 2- and 30-year Treasury yields narrowing 3bps to 88bps
- Investment-grade (IG) supply fell short of dealer forecasts, totaling \$27 billion for the week, as several borrowers delayed issuance amid the softer tone; High-yield (HY) issuance followed a similar pattern, totaling just under \$5 billion
- IG corporate spreads were unchanged on the week at 73bps, while HY corporate spreads widened by 12bps to 275bps, with CCCs underperforming
- Data center funding continues to expand into the commercial mortgage-backed securities (CMBS) sector, as evidenced by this week's \$531 million single-asset single-borrower (SASB) deal
- Municipals outperformed Treasuries as muni/Treasury ratios declined across the curve; municipal bond funds reported over \$1 billion of net inflows last week, marking the seventh consecutive week of net inflows exceeding \$1 billion

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
6/10/26	4.15	4.28	4.55	5.05	5.03
MTD Change	0.14	0.14	0.12	0.08	0.06

Month-to-Date Excess Returns



Sources: Bloomberg and Bloomberg Index Services Limited. All commentary and data as of 6/11/26 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, accuracy, or completeness of any data or information relating to any IR+M product.