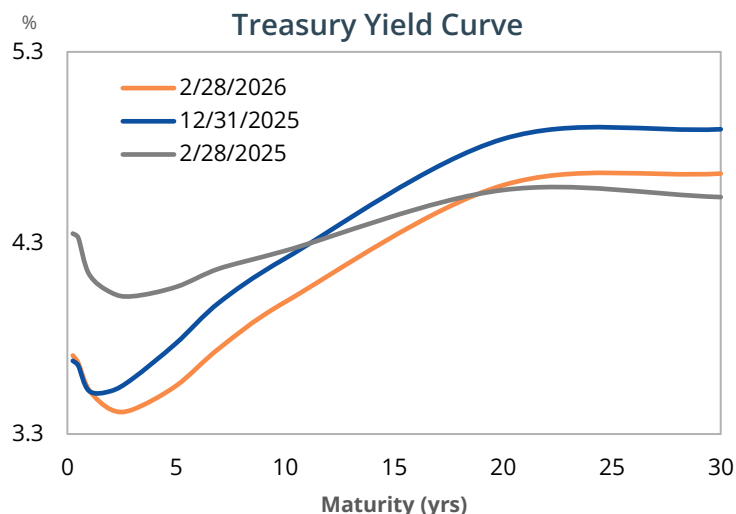


MARKET NEWS

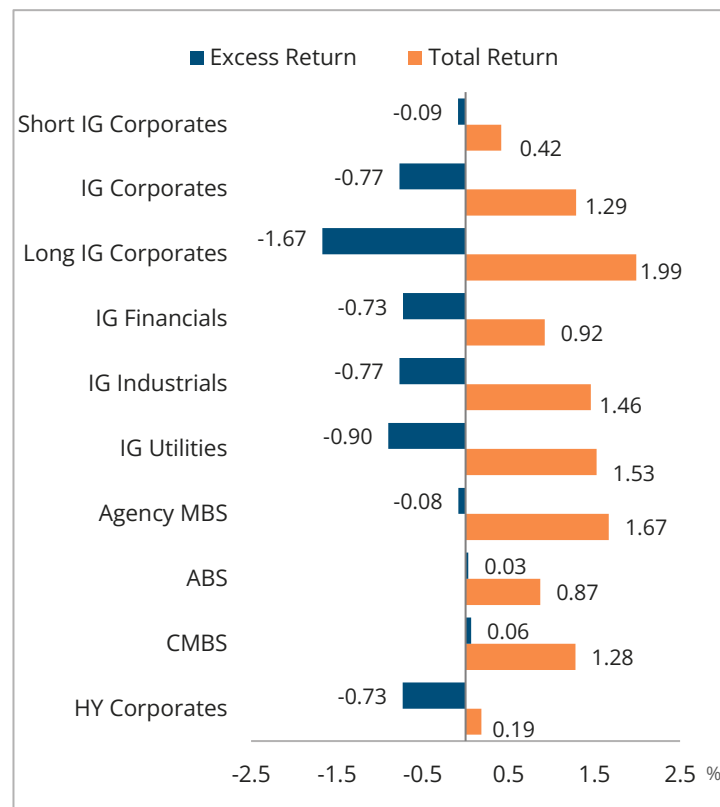
- Investors navigated a volatile February characterized by renewed geopolitical tensions and trade policy uncertainty
 - Negotiations between the US and Iran over Iran's nuclear program reached a breaking point when the US and Israel launched an attack on Iran (click [here](#) for IR+M's view)
 - The US Supreme Court struck down the Trump administration's global tariffs imposed under the International Emergency and Economic Powers Act, creating uncertainty around potential tariff refunds and the administration's next legal steps
- February's economic data pointed to easing inflation and a stabilizing labor market, potentially giving the Federal Reserve a path toward policy normalization later this year
 - CPI grew 2.4% year-over-year in January, below expectations of 2.5%; meanwhile, December's Core PCE rose to 3.0% year-over-year, above forecasts of 2.9%
 - January non-farm payrolls increased 130k, exceeding estimates, while the unemployment rate declined to 4.3%
- Fourth quarter GDP fell short of expectations – expanding at 1.4% annualized pace – weighed down by the record-long government shutdown and slower consumer spending
- Treasury yields were volatile in February, as tariff-related uncertainty and geopolitical risks drove yields lower; the spread between the 2- and 30-year rates tightened 12bps to 123bps
- Investment-grade (IG) and high-yield (HY) corporate spreads widened by 11bps and 26bps to 84bps and 291bps, respectively, due to volatility in software companies and AI-related concerns
 - Energy and Capital Goods were among the best performing sectors, while Technology lagged; higher-quality issuers outperformed lower-quality issuers, with BBs outperforming CCCs by 93bps
- IG and HY borrowers benefited from attractive funding levels and strong corporate earnings; IG issuance totaled nearly \$191 billion, narrowly beating dealer forecasts of \$190 billion, and HY supply totaled \$29 billion
 - New issue concessions have averaged 2.5bps year-to-date, compared to 2025's average of 3bps
- Commercial mortgage-backed securities (CMBS) outperformed other securitized sectors, despite spreads widening 1bp to 68bps; year-to-date issuance totaled \$31 billion, running 25% ahead of last year's pace of \$25 billion
- The AAA municipal bond curve steepened during the month, with the 2-year muni/Treasury ratio falling 3% to 60% and the 30-year ratio rising 2% to 88%

MARKET STATISTICS



Maturity	2-year	5-year	10-year	20-year	30-year
2/28/26	3.38	3.50	3.94	4.55	4.61
MTD Change	-0.15	-0.29	-0.30	-0.27	-0.26
YTD Change	-0.10	-0.22	-0.23	-0.24	-0.23

MTD Returns



As of 2/28/26. Sources: Bloomberg

Excess returns are the curve-adjusted excess return of a given index relative to a term structure-matched position in Treasuries. This is not a recommendation to purchase or sell the securities mentioned above. The views contained in this report are those of Income Research + Management ("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.