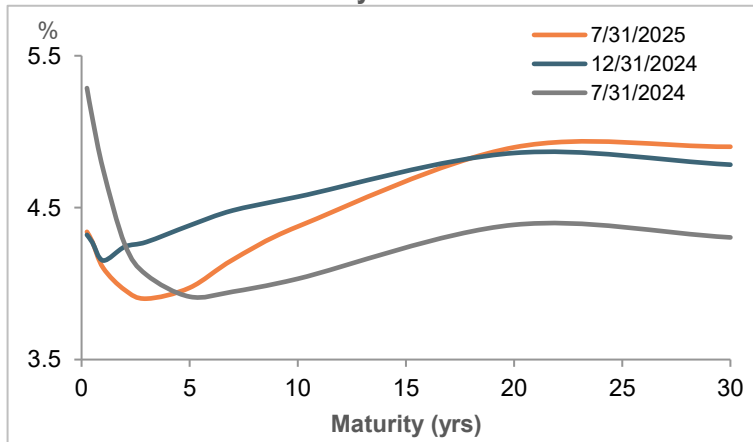


MARKET NEWS

- Investors received some clarity from the federal government on fiscal policy as the Trump administration signed an omnibus tax and spending bill into law early in the month and continued to strike tariff agreements with trading partners
 - The “One Big Beautiful Bill” extended the tax provisions from the Tax Cuts and Jobs Act from 2017, cut spending on entitlement programs and clean energy, and raised the debt ceiling by \$5tn to \$41.1tn; the Congressional Budget Office estimated that the bill would net increase the budget deficit by \$3.4tn through 2034
 - Although the federal government reported trade deals with major trading partners like Japan, the EU, and South Korea, agreements with Mexico, Taiwan, and Canada have yet to be reached as the broad reciprocal tariff policy goes into effect on August 1
- On the monetary policy front, President Trump continued to advocate for lower interest rates and briefly suggested firing Federal Reserve Chair Powell, causing a momentary shock to Treasury yields; at its July meeting, the Federal Open Market Committee kept the federal funds target rate range unchanged (4.25% - 4.50%)
 - Treasury yields rose during the month and the inversion in the front-end flattened; the 2-year tenor increased by 24bps to 3.96%, while 3- and 6-month T-Bill yields remained roughly unchanged
- Investment-grade (IG) corporate spreads continued to tighten for the third consecutive month as the \$81bn of supply fell slightly short of dealers’ monthly estimates; high-yield spreads decreased as well, declining by 12bps from 290bps to 278bps
 - The average spread of Bloomberg Corporate Index narrowed by 7bps to 76bps, just 2bps above the post-GFC low of 74bps, which was set in November 2024
 - The yield of the Bloomberg High Yield Index rose by 2bps from 7.06% to 7.08%; speculative-grade issuers continued to take advantage of the low borrowing costs and attractive market backdrop as July’s \$35bn of supply marked the second-busiest month of issuance since September 2021
- Asset-backed securities outperformed other securitized sectors, driven by spread tightening among long-duration, stranded-cost utility issues, which have rebounded following the LA wildfire-related underperformance in Q1
- The AAA municipal bond curve steepened during the month, and the 5-year muni/Treasury ratio dropped 7% to 64% while the 30-year ratio rose 1% to 96%

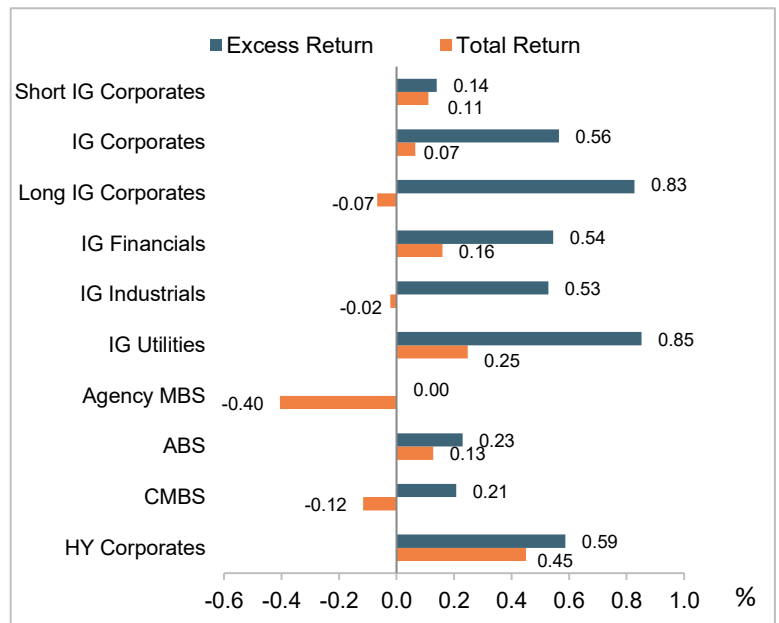
MARKET STATISTICS

Treasury Yield Curve



Maturity	2-year	5-year	10-year	20-year	30-year
7/31/25	3.96	3.97	4.38	4.90	4.90
MTD Change	0.24	0.18	0.15	0.12	0.13
YTD Change	-0.29	-0.41	-0.20	0.04	0.12

MTD Returns



As of: 7/31/25. 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.