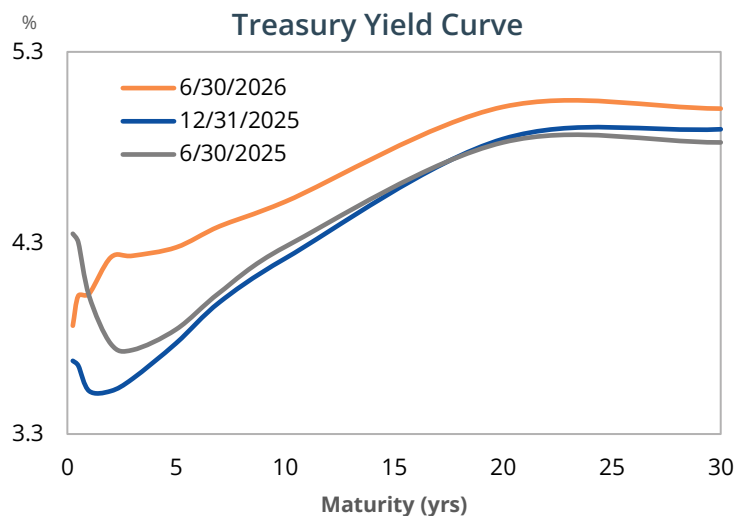


MARKET NEWS

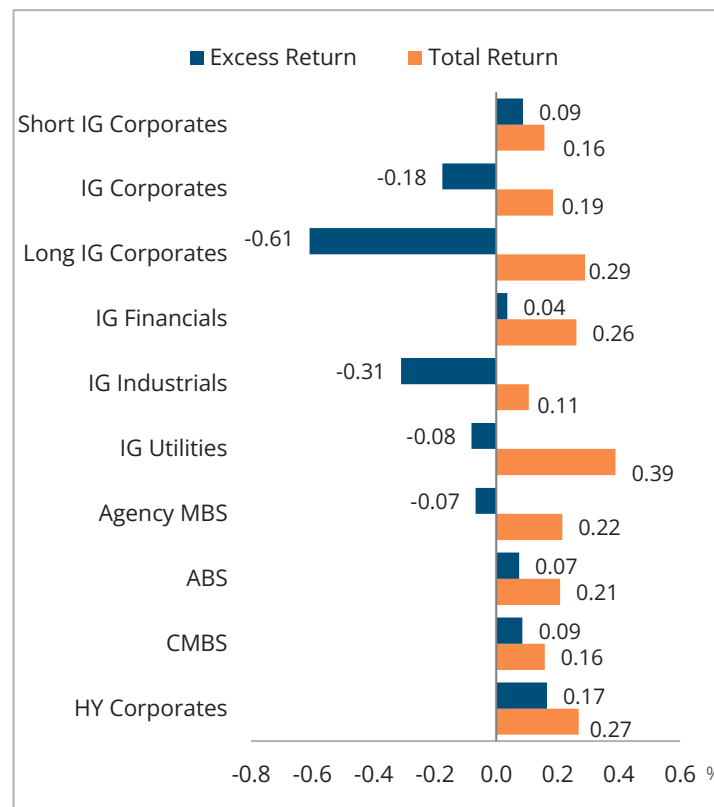
- Risk sentiment remained broadly constructive despite periodic volatility throughout June, as shifting geopolitical dynamics in the Middle East, resilient economic data, concerns over AI-driven capital spending, and evolving monetary policy expectations drove cross-asset performance
- The labor market demonstrated continued resilience with May non-farm payrolls increasing by 172k, above estimates of 88K, while the unemployment rate was unchanged at 4.3%
- Inflation remained elevated driven largely by higher energy prices, with CPI and PCE accelerating to 4.2% and 4.1% year-over-year, respectively, their fastest pace since April 2023
- The Federal Reserve (Fed) maintained its policy rate at 3.50%-3.75% during Chair Kevin Warsh's first meeting, while emphasizing elevated inflation and potential Fed reforms
 - The June dot plot indicated a growing number of policymakers expect at least one rate hike this year, while investors priced in a full interest rate hike by the October 2026 Fed meeting
- Treasury yields rose early in June amid strong economic data and inflation concerns before partially retracing on easing geopolitical tensions and risk-off sentiment; the curve flattened as the spread between the 2- and 10-year Treasury rates tightened 14bps to 29bps
- Investment-grade (IG) corporate spreads widened by 2bps to 74bps, while high-yield (HY) spreads widened by 13bps to 270bps amid geopolitical and AI-related concerns
 - The Finance Companies subsector outperformed other corporate sectors, while Communications and Technology lagged; higher-quality issuers outperformed lower-quality issuers, with BBs outperforming CCCs by 40bps
- Primary market activity remained robust despite bouts of volatility, with strong investor demand supporting elevated issuance across IG and HY markets, including several large jumbo deals
 - IG supply totaled \$199 billion, exceeding dealer forecasts, while HY issuance totaled \$34 billion
 - New issue concessions have averaged 3.6bps year-to-date, compared to 2025's average of 3.3bps
- Securitized sectors delivered mixed results, with asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) outperforming Treasuries, while agency mortgage-backed securities (MBS) underperformed amid higher interest rate volatility
- Municipal bonds outperformed Treasuries as muni/Treasury ratios fell across the curve

MARKET STATISTICS



Maturity	2-year	5-year	10-year	20-year	30-year
6/30/26	4.18	4.23	4.47	4.96	4.95
MTD Change	0.17	0.09	0.03	-0.01	-0.02
YTD Change	0.70	0.50	0.30	0.17	0.11

MTD Returns



As of 6/30/26. 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, accurateness, or completeness of any data or information relating to any IR+M product.