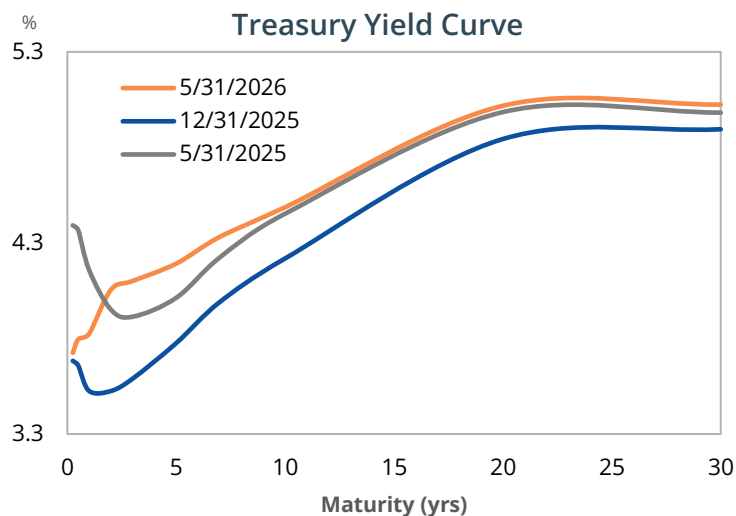


MARKET NEWS

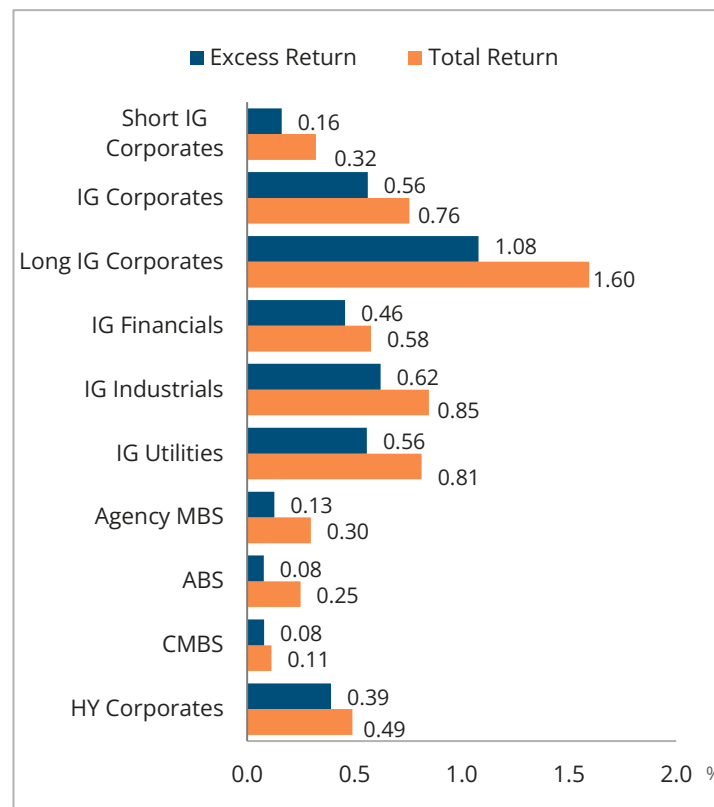
- Markets navigated heightened geopolitical uncertainty throughout May as negotiations between the US and Iran evolved, while persistent inflation pressures contributed to a global bond sell-off
- Kevin Warsh was confirmed as Federal Reserve (Fed) Chair by the narrowest Senate margin on record, assuming leadership as markets weigh conflicting economic signals and the future direction of monetary policy
- Higher energy prices tied to the US-Iran conflict kept inflation pressures elevated; CPI increased 0.6% in April, in line with expectations, while PPI rose 1.4%, well above forecasts and marking the largest monthly increase since 2022
 - Markets increasingly priced in a more restrictive monetary policy outlook, with the market-implied probability of a Fed rate hike by 2027 rising to 67%
- The labor market showed continued signs of stabilization as non-farm payrolls increased by 115k in April, well above estimates, while the unemployment rate was unchanged at 4.3%
- Treasury yields were volatile, rising sharply mid-month amid inflation concerns before partially retracing as geopolitical tensions eased; the curve flattened, as the spread between the 2- and 10-year Treasury rates tightened 7bps to 43bps
- Credit markets were resilient as investment-grade (IG) and high-yield (HY) corporate spreads tightened by 6bps and 11bps, respectively, to 72bps and 257bps; both sectors ended the month at their tightest spread levels since 1998 and 2007, respectively
 - Technology and Insurance were among the best performing sectors, while Banking lagged; higher-quality issuers outperformed lower-quality issuers, with BBs outperforming CCCs by 31bps
- Investors easily absorbed another \$164 billion of IG corporate supply, although the total fell short of dealer forecasts of \$175 billion
 - New issue concessions have averaged 3.7bps year-to-date, compared to 2025's average of 3.3bps
- HY corporate issuance benefitted from attractive funding levels, totaling just under \$27 billion, despite periods of weaker market sentiment
- Asset-backed securities (ABS) underperformed other securitized sectors as issuance of \$38 billion – the busiest month of the year – provided a headwind
- Municipal bonds outperformed Treasuries as muni/Treasury ratios fell across the curve, supported by favorable technicals and robust demand

MARKET STATISTICS



Maturity	2-year	5-year	10-year	20-year	30-year
5/31/26	4.01	4.14	4.44	4.97	4.97
MTD Change	0.12	0.12	0.05	-0.01	-0.01
YTD Change	0.53	0.42	0.27	0.17	0.13

MTD Returns



As of 5/31/26. 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.