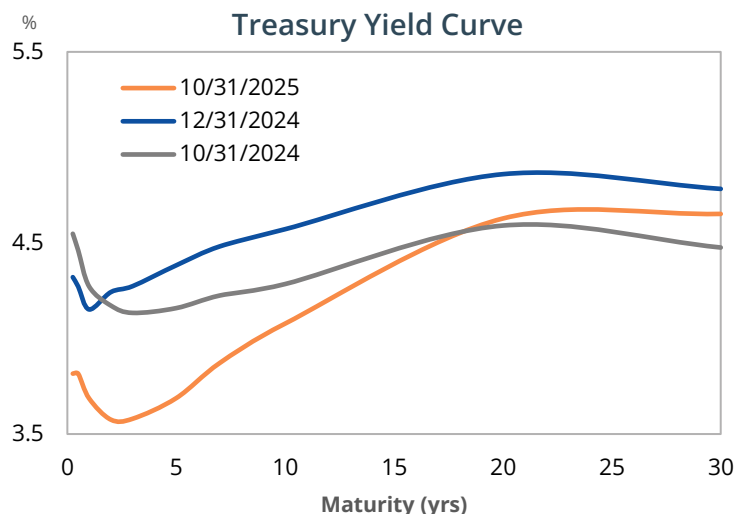


MARKET NEWS

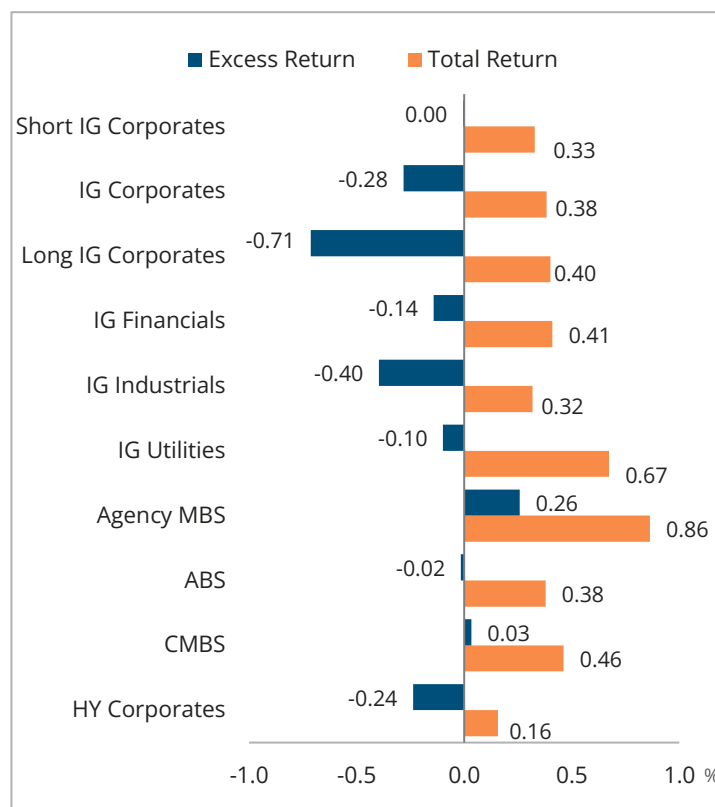
- On the heels of September's rate cut, the Federal Reserve (Fed) delivered another 25bps reduction at its October FOMC meeting, bringing the fed funds target range to 3.75%-4.00%
 - The cut was intended to protect against downside employment risks; Chair Jerome Powell did not commit to another decrease in December, but investors are pricing in a 68% chance of a cut
 - The Fed also announced that further reductions in the size of its balance sheet would end on December 1st, with the proceeds from Treasury and agency-backed maturities being reinvested into Treasuries
- Inflation remained on an uptrend, although softer than expected, with CPI growing 0.3% in September; the US government shutdown, which began on October 1st, may delay October's CPI release due to data collection issues
- The Treasury curve flattened as investors lowered the probability of a December rate cut after Chair Powell's non-committal comments
 - Leading up to the Fed meeting, the 2-year Treasury yield declined to 3.42% before climbing to 3.58% thereafter, finishing 3bps lower MoM
- Investment-grade (IG) and high-yield (HY) corporate spreads widened by 4bps and 14bps to 78bps and 281bps, respectively
 - Technology and communications were two of the worst performing sectors this month, while the natural gas and banking sectors were relatively insulated from broader market volatility; higher-quality issuers outperformed lower-quality issuers, with BBs outperforming CCCs by 69bps
 - October saw record IG issuance led by an internet company's \$30 billion deal – the largest IG deal this year – bringing the month's total supply to \$132 billion
 - HY borrowers, which were rather quiet due to the anticipated rate cut, brought \$18 billion in total supply
- Asset-backed securities (ABS) underperformed other securitized sectors amid credit concerns, particularly within the auto ABS sector; ABS spreads widened 6bps to 55bps, while auto ABS underperformed by 13bps
- The AAA municipal bond curve flattened during the month, as the 2-year muni/Treasury ratio rose 6% to 69%, and the 30-year ratio declined 3% to 88%
 - In October, Municipal bond issuance was robust as supply totaled just under \$55 billion – the third largest month year-to-date

MARKET STATISTICS



Maturity	2-year	5-year	10-year	20-year	30-year
10/31/25	3.58	3.58	3.69	3.87	4.08
MTD Change	-0.03	-0.05	-0.07	-0.08	-0.08
YTD Change	-0.67	-0.70	-0.49	-0.23	-0.13

MTD Returns



As of 10/31/25. 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, accurateness, or completeness of any data or information relating to any IR+M product.