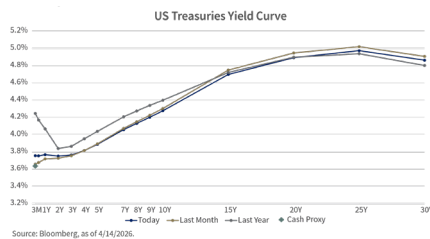


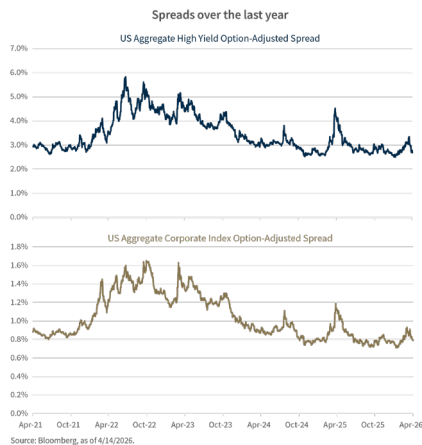
## Info at a glance

### Treasury curve



Click to enlarge

### Corporate spreads



Click to enlarge

### Muni-Treasury ratio

	Ratio (%) Today	Ratio (%) 12-month average
2-year AAA Muni vs. Tsy	60.62	65.89
5-year AAA Muni vs. Tsy	62.50	65.31
10-year AAA Muni vs. Tsy	67.81	70.11
30-year AAA Muni vs. Tsy	88.76	90.62

Source: Bloomberg, as of 4/14/2026

Click to enlarge

## Key takeaways

- Rates and volatility remain elevated: While fixed income yields remain relatively near the levels of two weeks ago, they are well above the levels prior to the war with Iran. Higher inflation pressures and expectations for Fed easing are pushed out and headline-driven volatility has continued.
- Macro environment shifts toward stagflation: Inflation is accelerating faster than growth is slowing. This creates a more volatile but not yet fully risk-off environment.
- Income remains a key buffer: Elevated yields continue to provide meaningful carry, improving the potential for capital return even as rates may continue to rise.

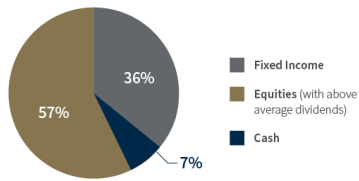
## Macro/policy review and outlook

- Inflation is rising: Headline Consumer Price Index (CPI) data in March accelerated on higher energy prices to 3.26% YoY, compared to 2.41% YoY in February, while underlying measures of broad-based inflation remain mixed. This suggests energy price shock is not likely to lead to “runaway” inflation like in 2022.
- Fed remains on hold amid competing risks: As policymakers face rising inflation and growing downside risks to growth, the bar stays high for both cuts and hikes.
- Growth holding up for now: Economic data still reflects pre-shock momentum, but softer sentiment and higher energy costs point toward moderation ahead.

## Sector performance

- Corporates across both investment grade and high yield outperformed Treasury at **1.13%** and **1.35%**, respectively. High yield continued to be supported by carry and shorter duration as well as spreads tightened by 49 bps. On the investment grade front, spreads also tightened by 10 bps and returned to near historically low levels.
- Structured products were modestly positive and rate driven, led by MBS at 0.77%, with CMBS at 0.58% and ABS at 0.40% close behind.
- Municipals saw improved valuations returning 0.99% following prior weakness from rates and technicals. Tax equivalent yields remain attractive.

## Income asset allocation



Source: Eagle Asset Management, as of 3/17/2026.

[Click to enlarge](#)

- Equities rebounded sharply last week and volatility remains elevated. Dividend-paying equities remain resilient as investors place a premium on durable cash flows, reasonable valuations and consistent capital return.

Index	YTW	Spread	MTD	YTD	T12
<b>FIXED INCOME</b>					
Corporate Bond Index	4.99	0.78	1.13%	0.71%	8.04%
High Yield Index	6.81	2.69	1.35%	1.23%	10.79%
Agency CMBS Index	4.17	0.27	0.58%	0.80%	6.04%
MBS Index	4.70	0.19	0.77%	1.20%	7.76%
ABS Index	4.37	0.53	0.40%	0.69%	5.25%
US Treasury Index	4.07	0.00	0.59%	0.50%	4.58%
US Aggregate Bond Index	4.47	0.26	0.77%	0.74%	6.30%
Municipal Bond Index	3.61	--	0.99%	1.04%	7.58%
<b>EQUITIES</b>					
S&P 500	1.15	--	6.00%	2.12%	30.46%
Dividend Aristocrats	2.56	--	1.53%	4.01%	13.15%

**YTW:** For Fixed Income, yield reflects the Yield To Worst of the given Index. For Equities, yield reflects the T 12 Dividend Yield of the given Index.

**S&P 500 Dividend Aristocrats** measure the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years.

**Source:** Eagle Research; Bloomberg. Data as of 4/14/26.

## Featured insights

Amid rising volatility, it's discipline first for long-term investors.

Volatility has reemerged across markets, driven by a clear shift in the macro backdrop and a transition away from the more stable environment in the months before the war. Inflation is moving higher, largely due to the recent energy shock, while growth expectations are beginning to soften. This sequencing – where inflation accelerates first and growth slows with a lag – is characteristic of an early-stage stagflationary environment and helps explain recent market behavior: higher rates, modest spread widening, and increased volatility without a full risk-off unwind.

Importantly, not all inflation is created equal. The recent rise in headline CPI has been heavily influenced by energy, which acts more like a tax on consumers than a catalyst for sustained, broad-based inflation. While headline readings may move higher in the near term, we expect the more important signal to come from the rest of the consumption basket. Early indications suggest underlying inflation remains mixed, and may begin to moderate in some areas as higher energy costs weigh on discretionary spending.

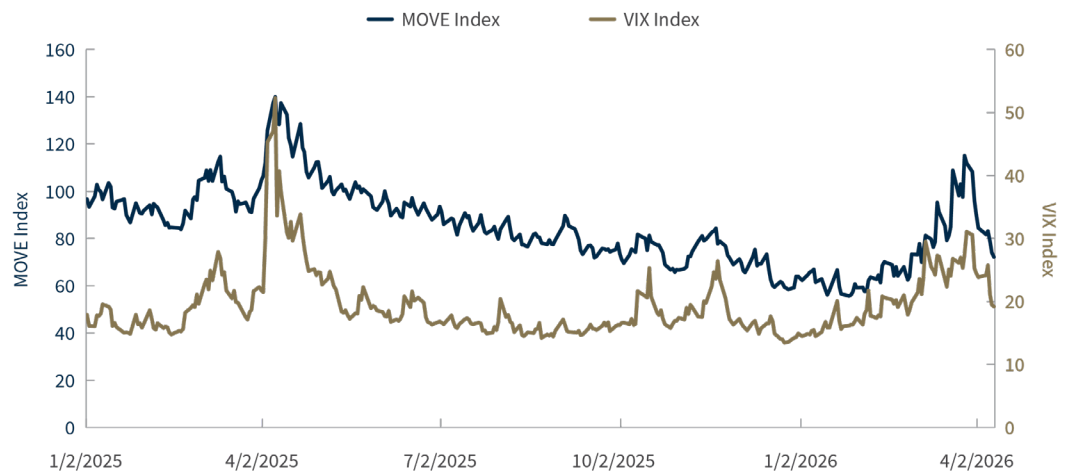
Against this backdrop, our core message remains unchanged: Investors should stay anchored to their strategic allocations. Periods of volatility are not a reason to step aside. In fixed income, higher yields are improving the starting point for future returns, and income continues to serve as a meaningful buffer against price volatility. For investors holding excess cash, gradually putting capital to

work can help capture these improved income levels while managing timing risk.

At the same time, volatility can create more actionable opportunities. As an example, within the Eagle Strategic Income Portfolio, this has long been a core part of our approach. We typically make tactical allocation adjustments four to six times per year (or more in times of significant volatility), often in 5% to 10% increments, as relative value shifts across asset classes and sectors. This framework allows us to respond to changing market conditions without disrupting the portfolio's long-term positioning. Periods of volatility can also create opportunities beyond asset allocation. Tactical repositioning may generate realized gains, but one of the benefits of a separately-managed account platform is that these gains can often be offset through disciplined tax-loss harvesting elsewhere in the portfolio – helping to enhance after-tax outcomes for clients.

The takeaway is clear: Stay the course strategically, but remain purposeful in execution. In a more volatile, stagflationary environment, income, selectivity, and flexibility play larger roles in driving outcomes.

### Measures of Implied Volatility



Source: Bloomberg as of 4/10/2026

## Additional insights



**James Camp, CFA,** explains the recent disagreement between two key measures of inflation – CPI and PCE.



**Dean Vrakas, CFA** on value in municipal bonds.



**Steve Chylinski, CFA** offers a quick look inside Eagle’s fixed income trading desk and processes.

## Let us help chart your course for income

Financial professional: 1.800.237.3101 | Investing public: contact your financial professional

### Disclosures

The opinions are those of the authors. This information is not intended to serve as investment, tax, legal, or accounting advice. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. No investment strategy

can guarantee success. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital. Information should not be considered a recommendation to engage in or refrain from taking a particular course of action and is not an endorsement, recommendation, or sponsorship of any securities, services, or other investment property. It has been prepared for information purposes only.