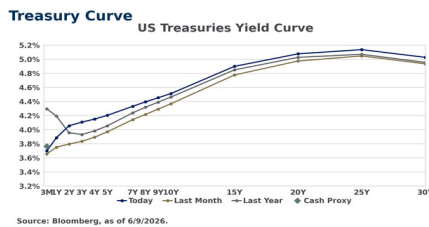


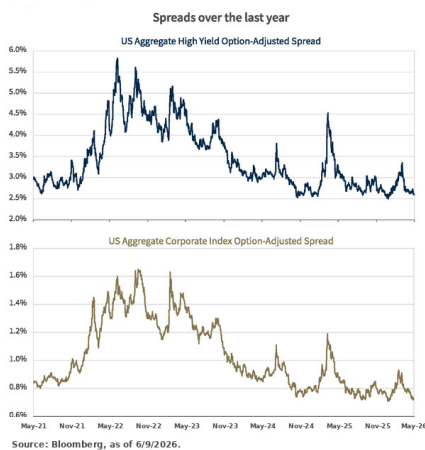
Info at a glance

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	58.11	63.86
5-year AAA Muni vs. Tsy	59.94	63.22
10-year AAA Muni vs. Tsy	64.78	68.59
30-year AAA Muni vs. Tsy	85.36	89.84

Source: Bloomberg, as of 6/9/2026

[Click to enlarge](#)

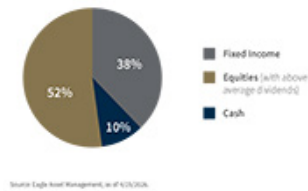
Key takeaways

- Year-to-date performance across most US fixed income sectors has remained positive despite month-to-date pressure as Treasury yields moved higher. The market has repriced resilient growth, inflation risk, and Federal Reserve (Fed) policy expectations toward potential tightening.
- Credit has remained resilient despite rising rates, with both investment-grade and high-yield spreads staying tight relative to historical levels. This reflects continued confidence in fundamentals, strong earnings momentum, and persistent demand for income. However, valuations leave less room for disappointment, and we believe having a disciplined credit selection process is paramount.
- With the broader curve positively sloped, the value of income and roll-down, even as rate volatility persists, reinforces the case for staying invested rather than holding excess cash. As starting yields are doing more work, even when price returns are pressured by higher rates, coupon income has continued to provide a meaningful buffer.

Macro/policy review and outlook

- Baked in elevated inflation coupled with economic data that continue to point to solid near-term growth and the Eagle Income team’s expectations for the rest of the second quarter reinforce the “Upturn” macro environment (i.e., higher nominal growth).
- Growth is supported by artificial intelligence (AI)-related capital investment, manufacturing activity, defense production, and still-resilient consumer spending. However, the risk of a second-half slowdown remains driven by more challenging base effects, potential giveback dynamics, and persistent inflation chipping away at household demand.
- With a May jobs report that reinforced the “higher for longer” narrative, inflation remains the key constraint for policymakers. Energy has been the primary driver of pressure, but there are signs of inflation broadening across food, services, and producer prices. This is expected to keep the Fed cautious, particularly with the growth engine still running.
- As a result, markets are increasingly focused on a potential Fed rate hike later this year. We still believe the threshold for rate hikes remains high, given the risks of tightening into a potentially delayed, inflation-driven slowdown; however, that view appears increasingly challenged the longer growth accelerates and remains well ahead of consensus expectations.

Income asset allocation



Click to enlarge

Sector performance

- Corporate bond returns have been driven primarily by Treasury volatility and coupon carry, while spreads have remained near historically tight levels in both investment grade and high yield.
- Securitized sectors continue to offer carry and diversification. We lean toward higher-quality ABS, agency MBS, and select CMBS structures backed by strong collateral and seasoned cash flows, while remaining cautious on lower-quality consumer and commercial real estate exposures where refinancing risk is more pronounced.
- Municipals continue to outperform taxable sectors, remaining a bright spot. We believe June reinvestment demand could be significant alongside healthy fund flows and elevated yields, creating a constructive technical backdrop.
- The period included a severe pullback last Friday in a narrow set of tech names but the “buy-the-dip” effect kept further declines mostly at bay for now. Recent market action has shown some rotation toward value and dividend aristocrats with month to date performance of 3.07% for Dividend Aristocrats versus -2.76 for the broader S&P 500.

Index	YTW	Spread	MTD	QTD	YTD	T12
FIXED INCOME						
Corporate Bond Index	5.18	0.76	0.05%	--	-0.04%	6.36%
High Yield Index	7.06	2.67	-0.09%	0.01%	1.10%	7.35%
Agency CMBS Index	4.40	0.26	-0.16%	--	0.20%	5.31%
MBS Index	4.95	0.21	-0.15%	--	0.32%	6.81%
ABS Index	4.52	0.47	-0.01%	--	0.60%	5.02%
US Treasury Index	4.30	--	-0.23%	--	-0.34%	3.93%
US Aggregate Bond Index	4.69	0.26	-0.14%	--	-0.07%	5.32%
Municipal Bond Index	3.70	--	0.03%	--	1.00%	6.19%
EQUITIES						
S&P 500	1.08	--	2.70%	0.01%	8.54%	28.17%
Dividend Aristocrats	2.62	--	-1.67%	0.01%	3.13%	8.75%

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 6/9/26.

Featured insights

Why move out of cash and into short-to-intermediate bonds?

Cash has played an important role in recent years as money market yields became meaningful again. However, investors maintaining excess cash may now face a different kind of risk: reinvestment risk. With higher rates and a positively sloped yield curve, investors are no longer being clearly compensated for staying at the very front end of the curve.

A useful rule of thumb is that duration approximates price sensitivity: A bond or bond portfolio with a duration of 4 years typically would be expected to decline about 4% if yields rise 1 percentage point, and gain about 4% if yields fall by the same amount. The starting yield helps offset that volatility. For example, a high-quality bond portfolio yielding around 4.5% with a 4-year duration provides a meaningful income cushion against moderate rate moves over a 1-year horizon. In this case, a \$1,000 starting investment would generate \$45 of income. If yields rose 1%, the price would decline by roughly \$40 (duration multiplied by the change in rates), resulting in a net gain of about \$5.

Another useful heuristic is to separate cash into “spending cash” and “investment cash.” “Spending cash” needed over the next 6 to 12 months should generally remain liquid. But “investment cash” that is not needed for 12 months or longer can often be put to work in short-to-intermediate bonds, where

investors can “lock-in” higher yields for a longer period while reducing the reinvestment risk associated with money market funds and savings accounts.

The opportunity is not about reaching for risk. With investment-grade and high-yield corporate spreads still historically tight, there’s a strong case for high-quality duration rather than aggressive credit extension (e.g., B-rated or CCC-rated bonds or private credit). We believe all-in yields provide improved opportunities for investors and continue to support carry-oriented fixed income positioning, while also underscoring the importance of discipline in duration and credit selection. In holding cash, investors are choosing reinvestment risk over duration risk. Given today’s attractive yields, we favor taking on duration risk to lock in income, diversify maturities, and reduce the risk that future cash yields reset lower.

The practical message for clients is simple: Cash is useful for liquidity, but it is not a long-term income strategy.

For investors with excess cash beyond near-term spending reserves, short-to-intermediate bonds can help convert idle liquidity into durable income while maintaining flexibility across a range of rate outcomes.

Additional insights



Strategic Income Playbook

How we balance income and risk as market conditions evolve.



Alexandria White, CFA

Hear the bigger picture: higher starting yields can help cushion volatility.

Let us help chart your course for income

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

Definitions

Corporate Bond Index - Tracks the performance of investment-grade corporate bonds issued by U.S. companies. These bonds typically offer higher yields than government securities but carry credit risk.

High Yield Index - Measures the performance of below-investment-grade corporate bonds. These bonds provide higher yields due to greater credit risk and default probability.

Agency CMBS Index - Represents bonds backed by pools of commercial real estate mortgages, often associated with government-related entities. Reflects commercial real estate market conditions.

MBS Index - Tracks securities backed by residential mortgage pools, typically issued by entities like Fannie Mae and Freddie Mac. Performance is influenced by interest rates and prepayment behavior.

ABS Index - Measures securities backed by pools of debt such as auto loans, credit card receivables, or student loans. Returns depend on borrower credit quality.

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

U.S. Treasury Index - Tracks U.S. government-issued debt securities, including Treasury bills, notes, and bonds. Considered low-risk and influenced by interest rate movements.

U.S. Aggregate Bond Index - A broad benchmark representing the U.S. investment-grade bond market, including Treasuries, corporate bonds, MBS, ABS, and CMBS.

Municipal Bond Index - Measures bonds issued by state and local governments. Interest income is often tax-exempt, making them attractive to certain investors.

S&P 500 - A market-cap-weighted index of 500 leading U.S. companies, widely used as a benchmark for the overall stock market.

Dividend Aristocrats - Includes companies in the S&P 500 that have increased dividends for at least 25 consecutive years, representing financial stability and consistent shareholder returns.

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.