Second Quarter 2026

Bond Market Commentary

The U.S. investment grade fixed income market generated broadly positive results in the second quarter, though returns varied meaningfully across sector and maturity. Ongoing military engagement in the Middle East remained a primary driver of interest rate behavior during the quarter.

U.S. Treasury yields drifted higher into May, ultimately settling below their respective peaks. Short maturities closed the quarter with the most pronounced yield increase, extending the trend of yield curve flattening since February 28th. Any negative price impact from rate increases across the curve was largely offset by income accruals. The quarter-over-quarter change in the U.S. Treasury yield curve largely reflects the market's reassessment of policy stance that has negated any previously existing accommodative tilt.

U.S. Tax-Exempt Municipal yields fluctuated over the period, dipping initially and then drifting higher into May; ultimately, they settled below where they began. Longer maturities closed the quarter with the most pronounced yield decline and produced the best outcome quarter to date.

Broadly, markets appear to be priced for perfection, especially as it relates to spread products within specific fixed income sectors. Investment grade credit spreads are trading near historically tight levels. The Bloomberg Aggregate option adjusted spread index, a measure that encompasses all domestic investment grade credit, is the lowest it’s been since 1998. Municipal yield-to-Treasury ratios remain compressed as well, with new issue supply continuing to lag redemptions and demand. Cyclically and seasonally, we see conditions as sub-optimal for incremental risk taking.

Still, absolute yields remain compelling when compared to the prior market cycle, despite spread products providing poor relative value in most cases. Against this backdrop, we view high-quality investment grade fixed income as attractive, with further opportunity to selectively rotate into better value in certain sectors when conditions improve.

Index Returns (%) As of 6/30/2026	Performance Period		
Index	3 Month	6 Month	1 Year
Bloomberg U.S. Treasury Intermediate	0.18	0.23	2.67
Bloomberg Govt/Credit Intermediate	0.43	0.40	3.14
Bloomberg Intermediate Aggregate	0.47	0.59	3.76
Bloomberg U.S. Treasury	0.32	0.28	2.72
Bloomberg Govt/Credit	0.70	0.49	3.32
Bloomberg Aggregate	0.67	0.62	3.79
Bloomberg U.S. Treasury 20+ Year	0.88	0.58	2.54
Bloomberg Corporate	1.40	0.86	4.34
Bloomberg Corporate Intermediate	0.98	0.75	4.13
Bloomberg Corporate High Yield	2.47	1.96	5.91
Bloomberg Credit AAA	0.75	0.04	2.77
Bloomberg Credit AA	0.73	0.28	3.06
Bloomberg Credit A	1.27	0.72	4.21
Bloomberg Credit BAA	1.67	1.12	4.73
Bloomberg MBS	0.58	0.99	5.21
Bloomberg TIPS	0.89	1.15	3.42
Bloomberg Inter-Short Muni	1.22	1.08	4.12

Daily Generic Municipal Bond Yields (%) as of 6/30/2026

Term	Maturity	AAA	AA	A	BAA
1 Yr.	2027	2.57	2.64	2.87	3.15
2 Yr.	2028	2.59	2.65	2.89	3.16
3 Yr.	2029	2.64	2.70	2.92	3.21
4 Yr.	2030	2.65	2.73	2.95	3.25
5 Yr.	2031	2.70	2.80	3.02	3.33
7 Yr.	2033	2.86	3.03	3.23	3.58
9 Yr.	2035	3.08	3.31	3.50	3.85
10 Yr.	2036	3.19	3.45	3.64	3.99
12 Yr.	2038	3.37	3.68	3.85	4.19
14 Yr.	2040	3.60	3.98	4.12	4.45
15 Yr.	2041	3.71	4.14	4.27	4.59
17 Yr.	2043	3.88	4.30	4.42	4.71
19 Yr.	2045	4.03	4.49	4.60	4.88
20 Yr.	2046	4.11	4.57	4.67	4.94
25 Yr.	2051	4.36	4.82	4.90	5.18
30 Yr.	2056	4.47	4.93	5.01	5.29

Data Source: Bloomberg

Curi. CAPITAL

10361 W. Innovation Drive, Suite 350, Milwaukee, WI 53226 P 262.439.2100
curirmbcapital.com/asset-management

Index Descriptions:

Bloomberg U.S. Intermediate Treasury Index: Unmanaged index includes all domestic publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to 1 year and less than 10 years, are rated investment grade, and have $250 million or more of outstanding face value.

Bloomberg Intermediate Government/Credit Index: Broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index with less than 10 years to maturity. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg Intermediate Aggregate Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market with less than 10 years to maturity. The securitized sector is wholly included. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

Bloomberg U.S. Treasury Bond Index: Is part of the Bloomberg global family of domestic government bonds indices. The index measures the performance of the U.S. Treasury bond market, using market capitalization weighting and a standard rule-based inclusion methodology.

Bloomberg U.S. Government/Credit Bond Index: Broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg U.S. Treasury 20+ Year Index: Measures U.S. dollar-denominated, fixed-rate nominal debt issues by the U.S. Treasury with 20+ years to maturity. **Bloomberg U.S. Credit Index:** Composed of all domestic publicly issued, fixed-rate, nonconvertible, and investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included.

Bloomberg U.S. Intermediate Credit Index: Measures the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related bond markets. The index only includes domestic securities with maturity between one and ten years. It is composed of the Bloomberg Barclays U.S. Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg U.S. Corporate High Yield Index: Unmanaged index that is comprised of domestic issues that meet the following criteria: at least $150 million par value outstanding, maximum credit rating of Ba1 (including defaulted issues) and at least one year to maturity.

Bloomberg Aaa Corporate Index: Measures the Aaa-rated, fixed-rate, taxable domestic corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Aa Corporate Index: Measures the Aa-rated, fixed-rate, taxable domestic corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Government/Credit A+ Bond Index: Unmanaged index that tracks the performance of U.S. Government and corporate domestic bonds rated investment grade or better, with maturities of at least one year with a security rating of A or better.

Bloomberg Baa Corporate Index: Measures the Baa-rated, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Mortgage-Backed Securities Index: Unmanaged index that tracks domestic agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by GNMA, FNMA, and FHLM.

Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) Index: Represents domestic securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in U.S. currency, and have more than one year to maturity, and, as a portion of the index, total a minimum amount outstanding of 100 million U.S. dollars.

Bloomberg Municipal Bond Inter-Short 1-10 Year Index: Unmanaged index of municipal bonds traded in the U.S. with maturities ranging from 1-10 years.

An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not bear fees, taxes, or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by the strategies. The benchmarks are shown for comparison purposes and are fully invested and include the reinvestment of income.