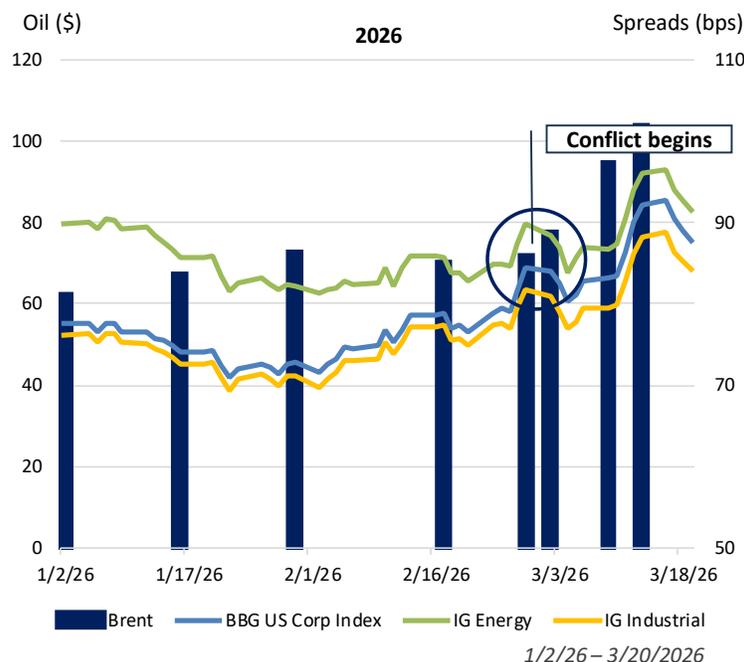
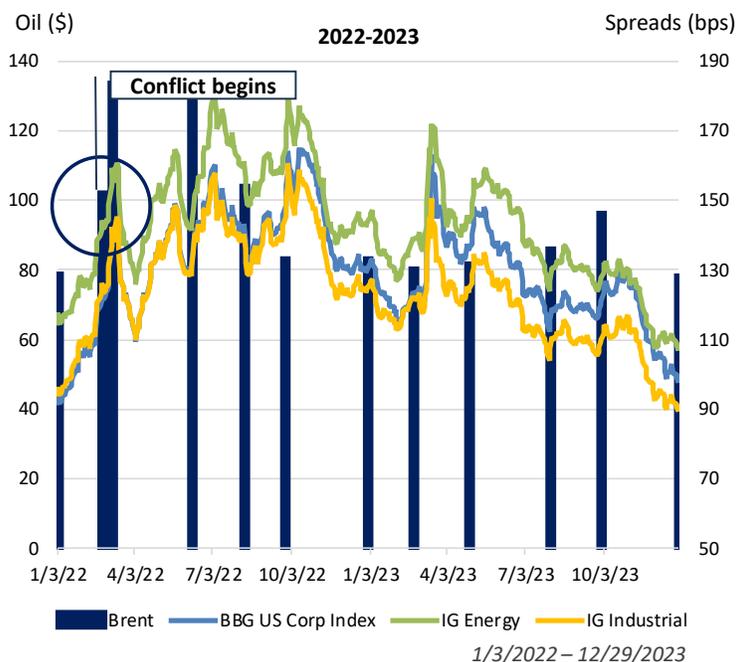


Oil Prices and Corporate Spreads: It's a Sign of the Times

When conflict disrupts, markets stay volatile. Geopolitical conflicts can inflict short-term pain across equities and fixed income markets, but supply disruptions can cause sustained volatility despite coordinated efforts to contain the impact. When the Russia-Ukraine conflict started in February 2022, spreads widened and oil reached the highest levels since 2014. Despite the International Energy Agency's (IEA) immediate release of reserves aimed to stabilize the markets, elevated oil prices and spreads persisted into the second half of the year.



We've been here before. Since the start of the Iranian conflict, oil prices have jumped to the highest level since 2022. Credit spreads have widened and equities have fallen on fears that the conflict could cause another supply disruption. The IEA announced the largest release of reserves in the agency's history to combat price spikes; however, oil prices remain elevated as the conflict continues.

Understanding the risks is paramount. Navigating a volatile market driven by a supply shock requires flexibility, nimbleness, and prudence with security selection. At LIM, we remain defensively positioned amid tight credit spreads and continue to look for attractively priced opportunities with favorable fundamentals that we believe can provide compelling risk-adjusted returns. We will continue to monitor the situation as it unfolds.

Sources: Bloomberg Finance L.P., US Energy Information Administration, Crude Oil Prices: Brent - Europe [DCOILBRETEU], from FRED, Federal Reserve Bank of St. Louis; fred.stlouisfed.org/series/DCOILBRETEU, 3/20/26. Index: Bloomberg US Corporate Index. The opinions contained herein are those of Longfellow Investment Management Co., LLC (LIM) at time of publication and may vary as market conditions change. They are based on information obtained by LIM from sources deemed to be accurate and reliable. However, accuracy is not guaranteed. It is in the sole discretion of the reader whether to rely upon the opinions contained herein. The information provided does not constitute investment advice, is not a recommendation, offer, or solicitation to buy or sell securities, or to adopt any investment strategy and should not be relied upon as such. It does not take into account an individual investor's particular investment objectives, strategies, tax status, or investment horizon. There is no guarantee that any forecasts, if any contained herein will come to pass. Stock markets are volatile and can fluctuate significantly in response to the company, industry, political, regulatory, market, or economic developments. Investing in stocks and bonds involves risk, including the loss of principal. Fixed income investments involve risks such as interest rate risk, credit risk, and market risk, including the possible loss of principal. Interest rate risk is the risk that interest rates will rise, causing bond prices to fall. Past performance does not guarantee future results and the opinions presented cannot be viewed as an indicator of future performance. "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 LIM. Bloomberg is not affiliated with LIM, 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 LIM product. This material may not be reproduced in any form or referred to in any publication without express written permission from LIM.