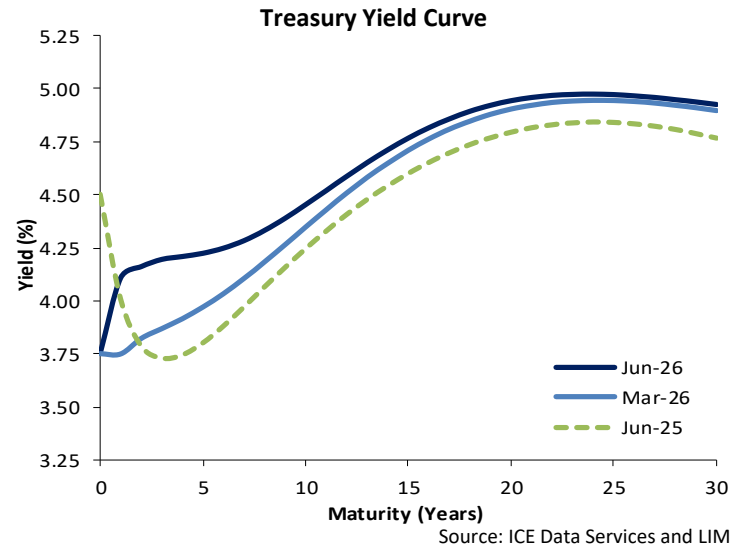
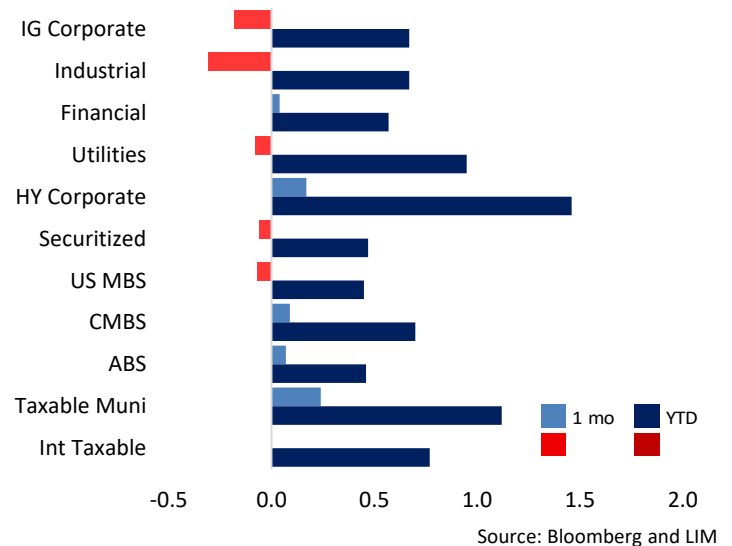


## Monthly Market Summary

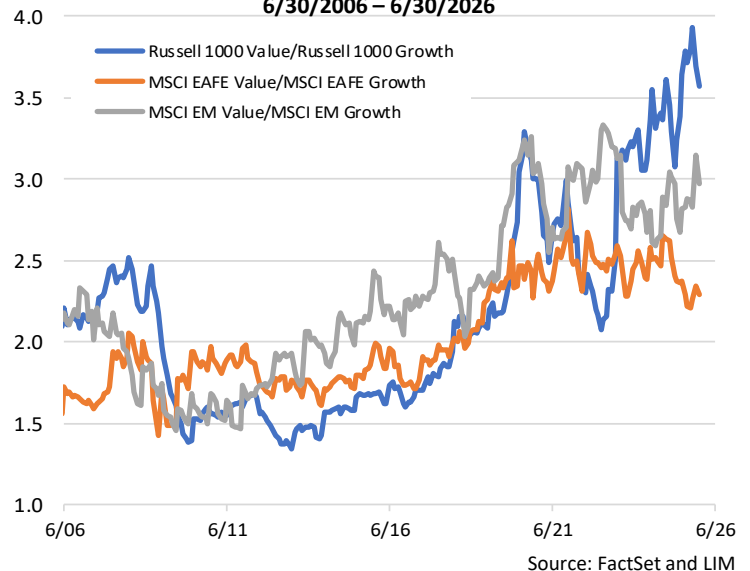
- A hawkish shift in the US rates curve pushed 10-year yields to 4.45% and 2-year yields to 4.16%. This front-end surge followed high inflation concerns, strong nonfarm payrolls (averaging 155k per month), and a steady 4.3% unemployment rate. Geopolitical tensions near the Strait of Hormuz initially spiked oil prices, but a subsequent peace deal eased fuel costs. Newly appointed Fed Chair Kevin Warsh removed the central bank's "rate-cutting bias" from policy statements and formed new task forces, potentially buying extra time for the Fed to evaluate new data. Consequently, nine Fed officials now project at least one interest rate hike by the end of 2026.
- Investment grade spreads widened to 74 bps, leaving it 3 bps wider than YTD and multi-year tightness.
  - Spread weakness in June was concentrated in just a few sectors like energy and longer-maturity industrials such as media, cable, and technology. This was due to a combination of corporate reorganizations and shrinking customer bases for cable in addition to the latest large new issue in technology.
- High-yield spreads widened to 270 bps, as lower-rated bonds underperformed. Lower-quality performance was due to a default in June, the second largest post-pandemic default.
  - Despite the widening, the high yield index had slightly positive total and excess returns for the month.
- Securitized spreads were mixed. ABS spreads were slightly tighter on continued demand and a robust supply calendar. CMBS spreads were modestly wider as supply picked up towards the end of the month. MBS spreads were modestly tighter, driven by the fall in volatility associated with peace talks with Iran.
- Tax-exempt municipals posted a positive total return for the month, outperforming Treasuries as robust demand continues to absorb record supply. Investors have been adding to munis steadily, seeing value in elevated tax-exempt yields and strong credit quality. Taxable municipals spreads tightened by 6 bps.
- US equity performance was mixed as investors assessed the Iran conflict, a reduction in oil prices, AI headlines, and the new Fed Chair. Small-cap and large-cap value were positive while large-cap growth underperformed. EAFE performance was flat while EM equity performance was negative. Valuation and income opportunities remain attractive in value stocks as seen in the nearby chart.
- Global M&A achieved a \$2.8tn record in the first half of 2026, the highest first half total since 1980 and fueled by a surge in \$10bn+ "mega deals" as companies capitalized on a more permissive regulatory backdrop to pursue once unlikely acquisitions.



### Excess Returns vs. Similar Duration Treasury



### Value to Growth Dividend Yield Ratios 6/30/2006 – 6/30/2026



Past performance is no guarantee of future results. See page 2 for important disclosures.

## Disclosures

*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.*

*ICE Data Indices, LLC, make no warranties whatsoever, either express or implied, as to merchantability, fitness for a particular purpose, or any other matter. Without limiting the foregoing, Intercontinental Exchange, Inc. and its affiliates, including ICE Data Indices, LLC or any of its affiliates make no representation or warranty that any data or information (including but not limited to evaluated pricing) supplied to or by it are complete or free from errors, omissions, or defects. In no event shall Intercontinental Exchange, Inc., ICE Data Indices, LLC and/or any of their affiliates be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the content.*

*BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg data. Bloomberg does not approve or endorse this material, nor guarantees the accuracy or completeness of any information herein, nor makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.*

*FactSet Research Systems Inc. ("FactSet" or the "Company") is a global provider of integrated financial information, analytical applications and services for the investment and corporate communities. Since inception, global financial professionals have utilized the Company's content and multi-asset class solutions across each stage of the investment process. Data is provided for informational purposes only.*

*This material may not be reproduced in any form or referred to in any publication without express written permission from LIM.*