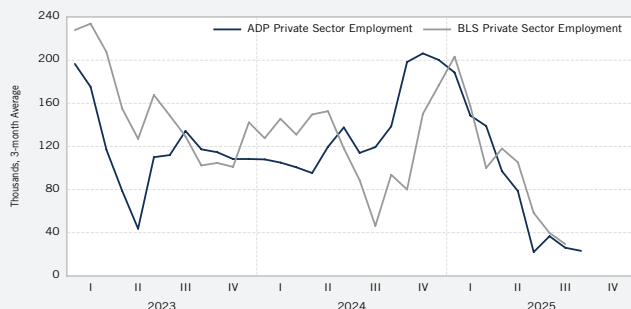


MACRO VIEWS

- With the government shutdown as of the time of writing, data delays, potentially substantial ones, appear likely to occur. That means that more focus will turn to private sector data, with the ADP report a substitute for the delayed employment report. ADP's September estimate showed a loss of 32k jobs. On a monthly basis though, ADP can be noisy. The three-month moving average for ADP sits at +23k, little changed from the last several months, and continues to point to anemic job growth. A large factor in that job growth remains the sharp slowdown in population growth due to immigration policy changes.
- Other private sector data are also pointing toward more of the same. In September, the Institute for Supply Management Indexes for both manufacturing and services were essentially in line with the readings from the early summer. For the services index, the September reading reversed a small move up and, for the manufacturing index, reversed a small move down. But more importantly, both currently sit at levels very close to their average from April to June.
- Much of the focus on the effects of tariffs has been on how imports have moved in response. But exports have also seen some wild swings, with a huge jump in early 2Q. Since then, however, exports have reverted back down meaningfully in both real and nominal terms. That provides a partial offset to other inputs into GDP, especially consumption, which has been stronger. Even with that partial offset, GDP in 3Q looks robust—our tracking is around 2½%.
- On the imports side, tariff revenue may have stabilized at around \$32 billion per month. The most recent daily data showed only a very small increase from August into September. That amount of revenue collection remains below estimates applying announced rates to previous import levels.

Exhibit 1: Without Government Data, ADP Points to Continued Slow Employment Growth



Analysis as of October 6, 2025 using the latest available data. Source: Bureau of Labor Statistics and Haver Analytics.

Exhibit 2: Both ISM Manufacturing and Services Indexes Point at Ongoing Middling Growth



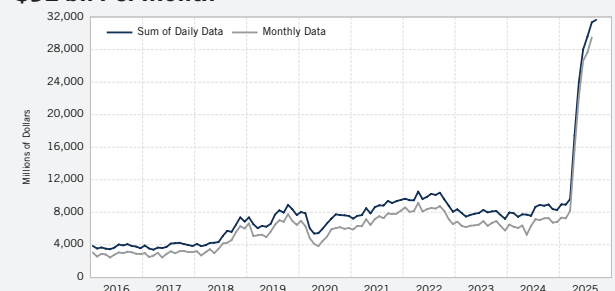
Analysis as of October 6, 2025 using the latest available data. Source: Institute for Supply Management and Haver Analytics.

Exhibit 3: Q3 Goods Exports Meaningfully Lower Than Q2



Analysis as of October 6, 2025 using the latest available data. Source: Census Bureau and Haver Analytics.

Exhibit 4: Tariff Revenue May Have Stabilized Around \$32 bn Per Month



Analysis as of October 6, 2025 using the latest available data. Source: U.S. Treasury and Haver Analytics.

SECTOR UPDATES

Securitized Debt

- Demand for securitized products kept spreads firm to slightly tighter on a month-over-month basis. The credit curve was flat as investor demand for subordinate securitized product matched that of senior tranches. Shorter-tenured U.S. Treasury rates rallied slightly in response to the Federal Open Market Committee's (FOMC) 25-basis point (bps) rate cut during the month, causing securitized products to produce positive total returns.
- Asset-Backed Securities (ABS): The unemployment rate ticked slightly higher over the month but remained low—a continued positive backdrop for consumer performance. That said, lower-income quintile borrower fundamentals are still weak as inflation and student loan repayments eat into their incomes.
- Mortgage-Backed Securities (MBS): MBS had a decent month, with positive excess and total returns. Current coupon spreads tightened over the month, benefiting from lower interest rate volatility. MBS yields remain attractive versus investment grade (IG) corporates as the IG yield advantage remains near 20-year tight.
- Residential Mortgage-Backed Securities (RMBS): A stable credit environment, positive returns for agency mortgages, and a steady, diversified issuance stream benefited the non-agency market. Both senior and subordinate RMBS tranches had positive performance across the various sub-sectors for the month.
- Commercial mortgage-backed securities (CMBS): CMBS spreads were unchanged for the month, with the hope of lower rates still driving optimism. Lower rates increase the likelihood of successfully refinancing. Office properties continue to weigh on the asset class as recent property appraisals show significantly diminished valuations from pre-pandemic years.

Securitized Returns and Spreads

	Total Return – MTD through 9/30/2025	Spreads – 9/30/2025
Asset-Backed Securities	0.55%	50 basis points (bps)
Commercial Mortgage-Backed Securities	0.40%	77 bps
Mortgage-Backed Securities	1.22%	79 bps

Past performance is not indicative of future results.

Source: Bloomberg U.S. Aggregate Bond Index. Data as of September 30, 2025.

Investment Grade Corporates

- Spreads ended September at their lowest levels since 1998. September offered few reasons to shake the optimism priced into the market, given ongoing fundamental improvements and a positively skewed technical. Despite a top-five all-time supply month, demand outstripped supply. Heading into the final quarter of the year, we expect supply to be much more modest. In October, we'll look for evidence of consumer or margin pressure, as tariff impacts should be more visible in third quarter earnings. Given the tight spread environment, we aim to adopt a more defensive posture.

	September 2025	YTD 2025
Total Returns	1.50%	6.88%
Excess Returns	0.48%	1.23%
Yield Δ	-0.10%	-0.52%
Spread Δ	-6	-7
Price Δ	\$1.12	\$3.52

Past performance is not indicative of future results.

Source: Bloomberg LP, Bloomberg U.S. Aggregate Corporate Index. Data as of September 30, 2025.

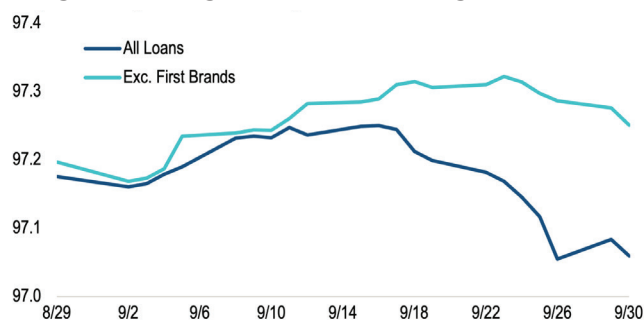
Municipal Bonds

- Early reads of monthly muni fund flows totaled roughly +\$5.5 billion for September, evenly balanced between ETFs/OEFs. Year-to-date, fund flows total \$31.6 billion (\$10.4 billion for mutual funds, \$21.2 billion for ETFs), according to Refinitiv data.
- Gross supply for September totaled \$47 billion, 18% above the trailing five-year average for the month (\$40 billion). Year-to-date tax-exempt issuance now stands at \$393 billion, exceeding the year-over-year by 15%.
- The Bloomberg Municipal Index posted an impressive total return of 2.32% for September, marking the strongest monthly total return since December 2023, and the best September performance in 16 years (2009, 3.59%). The High Yield Municipal Index was even stronger at 2.62%. Both high yield and IG munis outperformed the 10-year U.S. Treasuries and U.S. IG corporate bonds.

Bank Loans

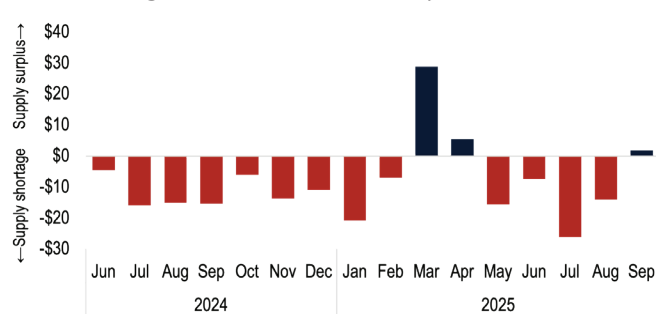
- September was marked by First Brands' sudden collapse and bankruptcy, Electronic Arts' record leveraged buyout, and a rate cut. First Brands pulled the loan market's weighted average loan bid down 12 bps to 97.06; excluding it, the bid would have been 97.25. Heavy repricing and refinancing volumes tightened spreads to post-Global Financial Crisis highs, improving borrower balance sheets, but at the expense of lower yield for investors. Retail outflows and slowing collateralized loan obligation issuance amid a pickup in new issuance tempered the year's gap between supply and demand. Loans gained 0.48% for the month (YTD: 4.69%)—on track to meet our original 2025 return forecast of 6-7%. For more on leveraged loans, read Newfleet's [Bank Loan Market Update](#).

Weighted Average Bid of U.S. Leveraged Loans



Sources: PitchBook | LCD; Morningstar LSTA US Leveraged Loan Index. Data through Sept. 30, 2025

U.S. Leveraged Loan Market, Supply vs Investor Demand (\$B)



Source: PitchBook | LCD. Data through Sept. 30, 2025. Based on (a) new issuance minus repayments minus (b) CLO issuance and Prime Fund inflows.

High Yield Corporates

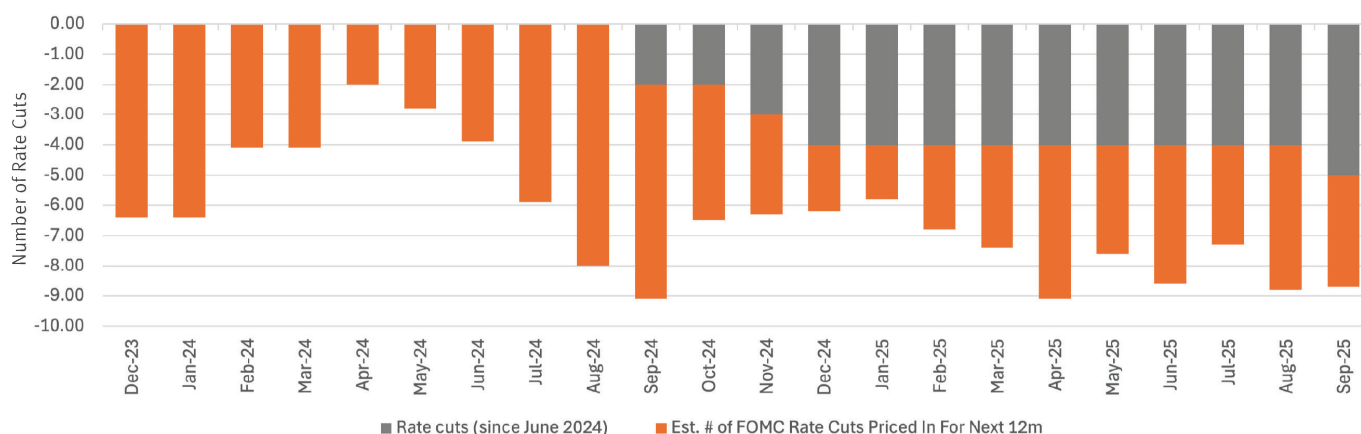
- The U.S. high yield market returned 0.82% due to stronger-than-expected economic growth, September's rate cut, and significant inflows. Market technicals remained strong with \$5.3 billion of fund inflows in September, increasing year-to-date inflows to \$24.1 billion. New issuance soared 129% from August, making September the third-highest monthly amount on record. Default rates remained steady, moving marginally lower on a par basis, with a larger decline on an issuer basis. For more on high yield bonds, read Newfleet's [High Yield Market Update](#).

Developed Markets

- Central banks were in focus throughout September as market participants sought guidance on the path forward for monetary policy. As generally expected, the European Central Bank (ECB) and Bank of England (BoE) kept their policy rates unchanged at 2.00% and 4.00%, respectively. During the press conference, ECB President Christine Lagarde reiterated that policy was "in a good place," suggesting an end to the rate-cutting cycle. Meanwhile, the FOMC resumed its rate cutting cycle and cut rates by 25 bps to 4.25%, with Federal Reserve (Fed) Chair Jerome Powell referring to the policy shift as a risk management exercise. The Bank of Japan (BoJ) kept its policy rate steady at 0.50%, as expected, and indicated the possibility of a rate hike in 4Q25.

- Government bonds oscillated throughout the month as yields uniformly fell across developed markets before diverging to end September on a mixed note. The yield on 10-year U.S. Treasuries traded 21 bps lower leading up to the FOMC rate decision before partially retracing to end the month 8 bps lower at 4.23%. Similarly, European government bond yields initially fell, but ended the month little changed. The yield on 10-year German Bunds eased 1 bp to 2.71% while 10-year U.K. Gilts fell 2 bps to 4.70%.
- The FOMC's latest Summary of Economic Projections (SEP) suggests a more robust outlook than the committee's June projections, with upward revisions to inflation and growth forecasts and expectations for unemployment to drift lower over time. At the same time, the Fed Funds rate is expected to fall further despite the stable backdrop. Our chart of the week revisits market expectations for monetary easing. After cutting 125 bps since the beginning of the current rate cutting cycle, are market expectations for another 125 bps in cuts warranted?

How Low Can You Go?



Source: Bloomberg LP, Newfleet Asset Management. Data as of September 30, 2025.

Emerging Markets Debt

- The EMBI Global Diversified Index returned 1.78% in September. The investment grade component returned 1.86%, while the high yield component underperformed with a 1.70% return. Spreads on the index tightened by 14 bps over the period to 284 bps.
- This month, local election losses for Argentine President Javier Milei's party proved worrisome and sent bonds lower. However, prices recovered somewhat when the U.S. indicated it would provide significant support of \$20 billion to the country, possibly via the purchase of external sovereign bonds. Midterm elections in the country will be held in October.
- Ecuador's President Daniel Noboa announced the removal of diesel subsidies, which triggered widespread protests as fuel prices soared and prompted Noboa to declare a state of emergency.
- EM corporates returned 0.95% in September. The investment grade component returned 1.07%, while the high yield component underperformed, with a 0.79% return.
- In Brazil, corporate bond markets were dominated by negative headlines from Ambipar and Braskem, which put pressure on the rest of the market.
- Local markets, while still strong, underperformed the broader EM market and returned 1.40%.
- We continued to see positive inflows into EM this month. The new issue market picked up in September, with sovereign issuance out of Kuwait, Bahrain, and Egypt.

SECTOR ALLOCATION AND STRATEGY

- We decreased our RMBS target by 1% in our core plus strategies and decreased our bank loan and CMBS targets by 1% in our multi-sector intermediate bond strategies.
- This was offset by an increase to our MBS target by 1% in our core plus strategies and an increase to cash and U.S. Treasury targets in our multi-sector intermediate bond strategies.
- We reduced bank loan exposure due to a reduction in bank loan coupons, expected rate cuts, our aim to reduce credit at tight spread levels, and a pickup in liquidity and quality. We reduced our CMBS and RMBS targets to align our allocations with actual portfolio holdings. We increased our exposure to MBS because we think the sector offers good value, supported by a current coupon at +143 bps, attractive yield, and strong liquidity.

	Securitized				Municipals		Credit			Non-U.S.		
	ABS	MBS	RMBS	CMBS	TAX-EX	TAXABLE	IG CORP	HY CORP	BANK LOANS	EM HY	EM IG	NON USD
Fundamentals	□	□	□	▣	□	□	▣	□	□	▣	▣	▣
Technicals	□	□	□	□	□	▣	▣	▣	▣	▣	▣	▣
Valuations	□	▣	▣	▣	□	▣	▣	▣	▣	□	▣	▣

Newfleet's assessments of non-government spread sectors as of September 30, 2025. Assessments are determined by analyzing a sector's fundamental data, technical indicators, and relative valuations. Sectors (l to r): **Credit:** Investment Grade (IG) Corporate Bonds, High Yield (HY) Corporate Bonds, Bank Loans. **Securitized Product:** Asset-Backed Securities (ABS), Agency Mortgage-Backed Securities (MBS), Non-Agency Residential MBS (RMBS), Non-Agency Commercial MBS (CMBS). **Non-U.S.:** Emerging Markets HY, Emerging Markets IG, Non-U.S. Dollar. **Municipals:** Tax-Exempt, Taxable.

CREDIT MARKET INDEXES

Index Name	Performance (%)				Analytics				
	MTD	QTD	YTD	12M	OAS (BPS)	YTW %	YTM %	Eff. Duration (YRS)	Spread Dur (YRS)
Bloomberg Global Credit Index	1.02	2.20	6.04	4.82	101	4.52	4.56	5.58	5.52
Bloomberg Intermediate Aggregate Index	0.66	1.79	6.02	3.82	24	4.20	4.21	4.31	4.21
Bloomberg U.S. Aggregate Corporate Index	1.50	2.60	6.88	3.63	73	4.80	4.80	6.85	6.74
Bloomberg U.S. Aggregate Index	1.09	2.03	6.13	2.88	27	4.36	4.37	6.00	5.83
Bloomberg U.S. HY 2% Issuer Capped Index	0.82	2.54	7.22	7.41	274	6.75	7.03	2.74	2.75
Bloomberg U.S. Securitized Index	1.16	2.38	6.70	3.49	32	4.70	4.70	5.61	5.29
S&P UBS Leveraged Loan Index	0.48	1.68	4.69	7.09	459	7.99	7.99	-0.07	2.96
ICE BofA 1-3Y BB U.S. Cash Pay High Yield Index	0.51	1.56	5.56	6.35	133	5.24	5.48	1.21	1.22
ICE BofA U.S. Corporate & Government 1-5 Year Index	0.29	1.29	4.87	4.17	17	3.86	3.86	2.52	2.53
JPM CEMBI B D	0.95	3.18	7.34	6.48	194	5.79	5.91	4.00	4.07
JPM EMBI G	1.62	4.39	10.11	7.78	186	5.85	5.86	6.64	6.50
JPM EMBI G D	1.78	4.75	10.66	8.52	209	6.10	6.10	6.58	6.45
JPM GBI EM G D	1.40	2.80	15.41	7.35	-	6.30	6.30	5.46	5.36
ML 3 Mo Libor	0.38	1.15	3.34	4.60	-	4.13	4.13	-	-

Past performance is not indicative of future results.

Data as of September 30, 2025. Source: Bloomberg LP, Newfleet Asset Management. For illustrative purposes only. See disclosures at end of material for additional information.

Authored by:

Newfleet Asset Management

Newfleet leverages the knowledge and skill of a team of investment professionals with expertise in every sector of the bond market, including evolving, specialized, and out-of-favor sectors. The team employs active sector rotation and disciplined risk management to portfolio construction.

This commentary is the opinion of Newfleet Asset Management. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities.

Bonds may offer a relatively stable level of income, although bond prices will fluctuate providing the potential for principal gain or loss. Intermediate-term, higher-quality bonds generally offer less risk than longer-term bonds and a lower rate of return. Generally, a portfolio's fixed income securities will decrease in value if interest rates rise and vice versa.

Bank loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be less liquid, and may trade infrequently on the secondary market. Bank loans settle on a delayed basis; thus, sale proceeds may not be available to meet redemptions for a substantial period of time after the sale of the loan.

Emerging markets securities may be more volatile, or more greatly affected by negative conditions, than those of their counterparts in more established foreign markets. Such securities may also be subject to Sanctions Risk.

The **Bloomberg Global Credit Index** (Hedged USD) tracks investment-grade government, corporate, agency, and mortgage-related bonds in markets outside the U.S. **Bloomberg U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. **Bloomberg U.S. Intermediate Aggregate Bond Index** measures securities in the intermediate maturity range of the U.S. investment grade fixed rate bond market. **Bloomberg U.S. Securitized Index** is a subset of the Bloomberg U.S. and includes mortgage-backed-securities (MBS), asset-backed securities (ABS), commercial mortgage-backed securities (CMBS) and covered assets. **Bloomberg U.S. Aggregate Corporate Index** is a broad-based benchmark that tracks the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market. The **CBOE Volatility Index**, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options. **ICE BofA 1-5 Year U.S. Corporate & Government Index** tracks the performance of U.S. dollar-denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, U.S. agency, foreign government, supranational and corporate securities. **J.P. Morgan GBI-EMGD** tracks total returns for local currency debt instruments issued by emerging markets sovereign and quasisovereign entities to which international investors can gain exposure. **J.P. Morgan CEMBI Index** tracks U.S. dollar-denominated debt issued by emerging market corporations. **J.P. Morgan EMBI Global Index** tracks the total return for the U.S. dollar-denominated emerging markets debt, including Brady bonds, Eurobonds, and loans. **The U.S. 3-Month LIBOR Index** represents the performance of the 3 Month London Interbank Offered Rate (LIBOR) Fixing for U.S. Dollar. The rate is an average derived from the quotations provided by the banks determined by the Intercontinental Exchange (ICE) Benchmark Administration. USD LIBOR is calculated on an ACT/360 basis. **The S&P UBS Leveraged Loan Index** is a market-weighted index that tracks the investable universe of the U.S. dollar denominated leveraged loans. **The Bloomberg U.S. High-Yield 2% Issuer Capped Bond Index** is a market capitalization-weighted index that measures fixed rate non-investment grade debt securities of U.S. and non-U.S. corporations. No single issuer accounts for more than 2% of market cap. **The ICE BofA US Cash Pay High Yield Index** tracks the performance of U.S. dollar-denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market. **The ICE BofA 1-3 Year BB US Cash Pay High Yield Index** is a subset of the ICE BofA US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. **The Bloomberg Pan-European High Yield Index** measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer. **The Bloomberg Municipal Bond Index** is a market capitalization-weighted index that measures the long-term tax-exempt bond market. The indexes are calculated on a total return basis. The indexes are unmanaged, returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment. The commentary is the opinion of Newfleet Asset Management. This material has been prepared using sources of information generally believed to be reliable; however, its accuracy is not guaranteed. Opinions represented are subject to change and should not be considered investment advice or an offer of securities.

A **basis point (bp)** is equal to 0.01%. **OAS (option-adjusted spread)** is the difference between the yield of a security that pays fixed interest payments and the current U.S. Treasury rates, which represents the rate of return on a risk-free investment. **Yield-to-worst (YTW)** is the lowest yield generated, given the potential stated calls prior to maturity. **Yield to maturity (YTM)** is the total return anticipated on a bond if the bond is held until it matures. **Duration** is the interest rate sensitivity of a fixed income fund. For example, if a fund's duration is five years, a 1% increase in interest rates would result in a 5% decline in the fund's price. Similarly, a 1% decline in interest rates would result in a 5% gain in the fund's price.

Investing is subject to risk, including the risk of possible loss of principal. Past performance is no guarantee of future results.