

April 2026 Market Commentary



SUMMARY

- **U.S. Treasury Curve:** Treasury yields moved modestly higher in April, as markets responded to resilient economic data, elevated inflation readings, and higher energy prices.
- **Municipal Markets:** Municipal yields were mixed across the curve in April, while municipal issuance remained elevated at \$54.2 billion. Municipal/Treasury (M/T) ratios¹ ended the month lower.
- **Corporate Market:** Investment grade (IG) corporate spreads tightened 10 basis points (bps) to 78bps in April,² as strong earnings, robust demand, and continued inflows supported credit markets.
- **Securitized Market:** Mortgage-backed securities (MBS) generated positive returns in April, while asset-backed securities (ABS) benefited from tighter spreads and stable issuer fundamentals.
- **Equity Market:** The S&P 500 Index³ gained 10.49 percent in April, supported by strong earnings growth, a ceasefire in the Persian Gulf, and continued momentum in technology and growth-oriented sectors.

The following commentary is a summary of discussions among members of the Breckinridge Capital Advisors Investment Committee as they reviewed monthly activity in the markets and investment returns. The members of the Investment Committee, under the leadership of Co-Chief Investment Officers Matthew Buscone and Jeffrey Glenn, CFA, are Co-Heads of Research, Nicholas Elfner and Adam Stern, J.D., M.P.A.; and Portfolio Manager and Director, Corporate Research, Josh Perez, CFA.

1. The Municipal/Treasury (M/T) ratio compares yields of municipal bonds with those of U.S. Treasury bonds of the same maturity. M/T ratios can show the relative value of municipal bonds compared with taxable bonds, by indicating when yields for municipal bonds exceed the after-tax yields on taxable bonds.

2. As of April 30, 2026, as measured by the Bloomberg (BBG) U.S. Corporate Investment Grade Bond Index, an unmanaged market-value-weighted index of investment grade corporate fixed-rate debt issues with maturities of one year or more. You cannot invest directly in an index.

3. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. Performance is as of April 30, 2026. You cannot invest directly in an index.



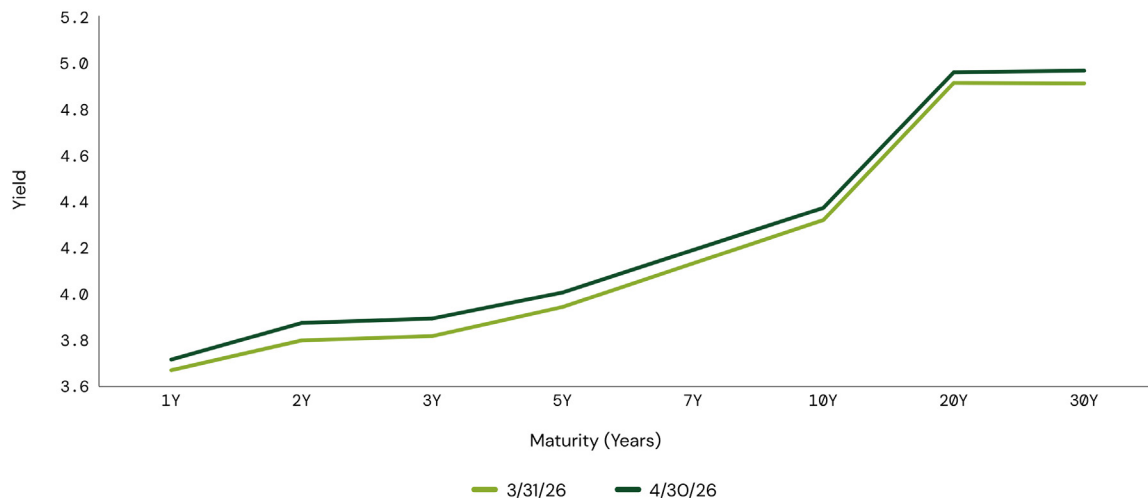
Market Review

Risk assets rallied sharply in April, as investors responded favorably to easing geopolitical tensions, resilient U.S. economic data, and strong corporate earnings results. A cease-fire agreement in Iran reduced near-term concerns despite elevated oil prices, with West Texas Intermediate crude ending the month near \$105 per barrel. Equity markets advanced significantly during the month, led by technology-oriented sectors and growth equities.

Economic data released during April pointed to continued resilience in the U.S. economy. First quarter 2026 gross domestic product (GDP) growth rebounded to 2 percent, following disruptions associated with the government shutdown earlier in the year. Consumer spending increased 1.6 percent, while business investment rose 10.4 percent, supported by continued artificial intelligence-related capex spending. Inflation remained above the Federal Reserve's (Fed) long-term target, with Core personal consumption expenditures (PCE) at 3.2 percent in March: the third consecutive month above 3 percent.

Treasury yields moved modestly higher across the curve in April. The 2-year Treasury yield rose 8bps while the 5-year, 10-year, and 30-year Treasury yields increased 6bps, 5bps, and 6bps, respectively (See Figure 1).⁴ The IC continues to expect the 10-year Treasury to remain within a 4 percent to 4.5 percent trading range, though nearer the upper end of the range given current inflation dynamics and elevated oil prices.

FIGURE 1: TREASURY YIELDS ROSE SLIGHTLY IN APRIL



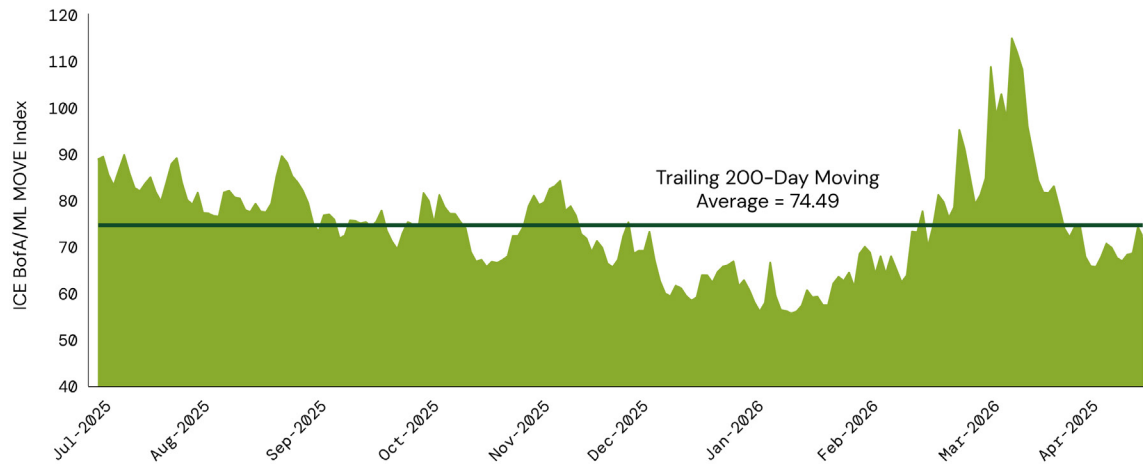
Source: U.S. Department of the Treasury, as of April 30, 2026.

Bond market volatility moderated during the month, as investor sentiment improved. The ICE Bank of America/Merrill Lynch (MOVE) Index⁵ declined from elevated levels reached earlier in the quarter, reflecting somewhat improved confidence regarding the path of interest rates and macroeconomic conditions (See Figure 2).

4. As of April 30, 2026, as measured by the Bloomberg (BBG) U.S. Treasury Bond Index, an unmanaged index of prices of U.S. Treasury bonds with maturities of 1 to 30 years. You cannot invest directly in an index.
5. The ICE BofA/ML Merrill Lynch Option Volatility Estimate (MOVE) Index measures U.S. interest rate volatility by tracking the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. Historically, the index rises as concerns grow that interest rates are moving higher. You cannot invest directly in an index.



FIGURE 2: BOND MARKET VOLATILITY CALMED IN APRIL



Source: Intercontinental Exchange, as of April 30, 2026.

The Federal Open Market Committee (FOMC) maintained a cautious stance during the month, as policymakers balanced resilient labor market conditions against persistently elevated inflation. Looking forward, the IC expects the Fed to keep rates unchanged over the near-to-medium term, given ongoing inflation pressures weighed against stable economic growth trends. Moderate economic growth, sticky inflation, and a mixed labor market backdrop support duration-neutral positioning across multi-sector strategies. Portfolio positioning continues to favor spread product relative to Treasuries, though valuations remain historically tight across many fixed income sectors. The IC also remains attentive to the potential inflationary effects of sustained higher energy prices, particularly across Europe and Asia, where imported energy costs could contribute to stagflationary risks.

Municipal Market Review

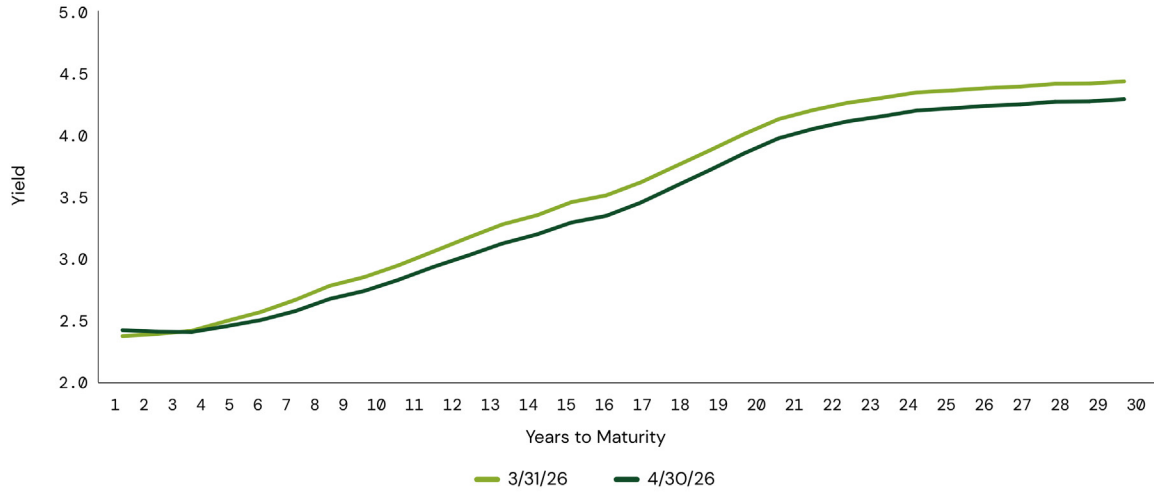
Municipal bonds rebounded in April and outperformed comparable Treasuries across much of the curve, as demand remained strong despite elevated new issue supply and seasonal tax-related pressures. The Bloomberg (BBG) Managed Money Short/Intermediate Municipal Index⁶ returned 0.60 percent during the month.

6. Municipal bond performance is as of April 30, 2026, as measured by the BBG Managed Money Short/Intermediate (1-10) Index, which measures the performance of the publicly traded municipal bonds that cover the USD-denominated short/intermediate term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is rules-based, and market-value weighted. You cannot invest directly in an index.



Municipal yields were mixed across maturities. Two-year municipal yields increased 2bps while 5-year, 10-year, and 30-year municipal yields declined 7bps, 13bps, and 15bps, respectively (See Figure 3). Outperformance was most pronounced in the 10- to 15-year portion of the curve.

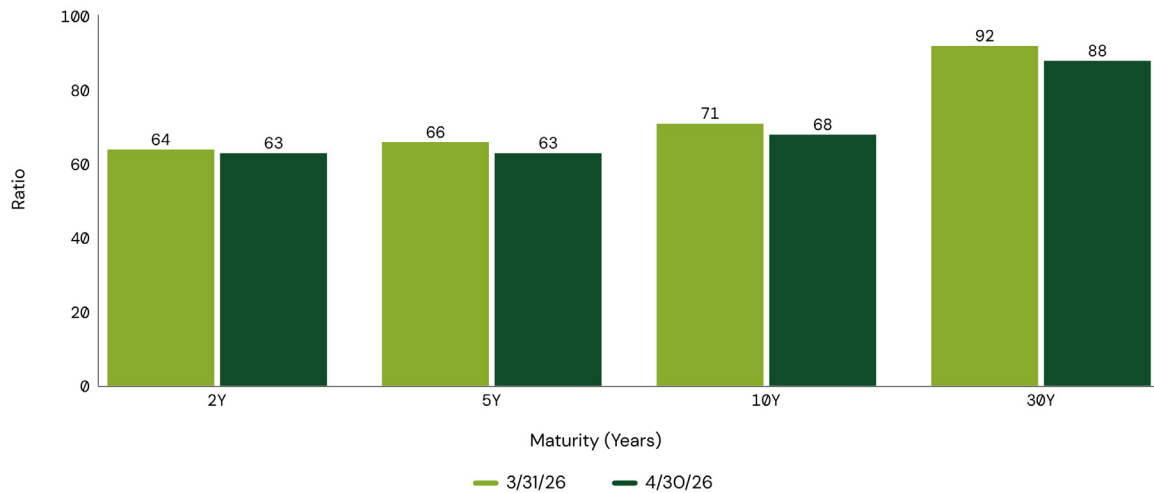
FIGURE 3: MUNICIPAL YIELDS FELL ACROSS MOST OF THE CURVE



Source: Bloomberg, as of April 30, 2026.

M/T ratios ended April at 63 percent in 2- and 5-years, 68 percent in 10-years, and 88 percent in 30-years (See Figure 4). The IC views current valuations as broadly fair, particularly given strong retail demand and limited after-tax alternatives for many investors.

FIGURE 4: M/T RATIOS FELL MOST IN INTERMEDIATE MATURITIES



Source: Bloomberg, as of April 30, 2026.



Municipal issuance totaled \$54.2 billion in April, sustaining the elevated issuance volumes seen to-date in 2026. Higher construction costs, ongoing infrastructure investment needs, and declining reserve balances continue to support elevated issuance trends.

Municipal bond fund flows remained positive during the month, with inflows totaling approximately \$151 million. Munis remain susceptible to a weaker technical environment, with positive net supply forecast through May and lower seasonal re-investment.

Corporate Market Review

The BBG U.S. Corporate Investment Grade Index⁷ returned 0.45 percent in April, as spreads tightened and investor demand remained strong. IG corporate spreads tightened 10bps during the month to 78bps. BBB-rated corporates outperformed higher quality segments, tightening 12bps versus 9bps for A-rated issuers.

Performance across sectors was mixed. Best performing sectors included Sovereigns, Health Insurance, Metals and Mining, Life Insurance, and Oil Field Services. Underperforming sectors included Supranationals, Foreign Agencies, Foreign Local Government issuers, Media Entertainment, and Environmental Services.

Corporate issuance in April totaled \$193.2 billion, higher than the same period last year, supported by open primary markets and favorable financing conditions, while lower than the \$228 billion issued in March 2026. Net issuance totaled approximately \$61 billion after accounting for \$132.2 billion in redemptions.

Credit fundamentals remained stable overall, supported by strong corporate earnings growth, resilient revenues, and continued cost discipline. Earnings before interest, taxes, depreciation, and amortization (EBITDA) margins improved modestly across many industrial sectors, while leverage metrics generally remained stable. However, the IC noted idiosyncratic risks are rising in sub-prime and non-bank lending sectors due to ongoing pressure on lower-income consumers.

Mutual fund and ETF flows remained supportive for corporate credit markets during April despite some volatility earlier in the year. Taxable bond inflows totaled approximately \$39 billion over the trailing 30-day period. The IC also observed increased merger and acquisition activity, supported by elevated equity valuations, deregulation trends, and accessible capital markets, though such activity may contribute to incremental credit pressure over time.

Securitized Market Review

MONTH-TO-DATE (MTD) & YEAR-TO-DATE (YTD) RETURNS THROUGH APRIL 30, 2026:

BBG Index	MTD Total Return (%)	MTD Excess Return (%)	YTD Total Return (%)	YTD Excess Return (%)
BBG MBS Index ⁸	0.07	0.24	0.47	0.39
BBG Agency CMBS Index ⁹	0.04	0.10	0.36	0.47
BBG Non-Agency CMBS Index ⁹	0.33	0.32	0.64	0.60
BBG ABS Auto Loan Index ¹⁰	0.31	0.11	0.79	0.27
BBG ABS Credit Card Index ¹⁰	0.16	0.04	0.47	0.17

Source: Bloomberg, as of April 30, 2026.

- As of April 30, 2026, as measured by the BBG U.S. Corporate Investment Grade Bond Index, an unmanaged market-value-weighted index of investment grade corporate fixed-rate debt issues with maturities of one year or more. You cannot invest directly in an index.
- The BBG MBS Index tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by government-sponsored enterprises (GSEs) Government National Mortgage Association (Ginnie Mae) (GNMA), Federal National Mortgage Association (Fannie Mae) (FNMA), and Federal Home Loan Mortgage Corporation (Freddie Mac) (FHLMC). The index is constructed by grouping individual pools into aggregates or generics based on program, coupon, and vintage. You cannot invest directly in an index.
- The BBG U.S. CMBS Investment Grade Index measures the market of U.S. Agency (GNMA, FNMA, and (FHLMC) and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn. You cannot invest directly in an index.
- BBG U.S. Asset-Backed Securities (ABS) Index is the ABS component of the Bloomberg U.S. Aggregate Bond Index, a flagship measure of the U.S. investment grade, fixed-rate bond market. The ABS index has three subsectors: credit and credit cards, autos, and utility. You cannot invest directly in an index.



Securitized sectors generated positive performance during April, as declining rate volatility and stable credit fundamentals supported spread tightening across many subsectors.

Agency MBS spreads tightened modestly with higher coupon securities outperforming lower coupons as Treasury yields rose in April. The sector overall benefited from lower rate volatility and generated modest positive excess returns during the month.

Commercial mortgage-backed securities (CMBS) continued to perform well, led by non-agency sectors. Agency CMBS total returns were 0.04 percent, while non-agency CMBS returned 0.33 percent.

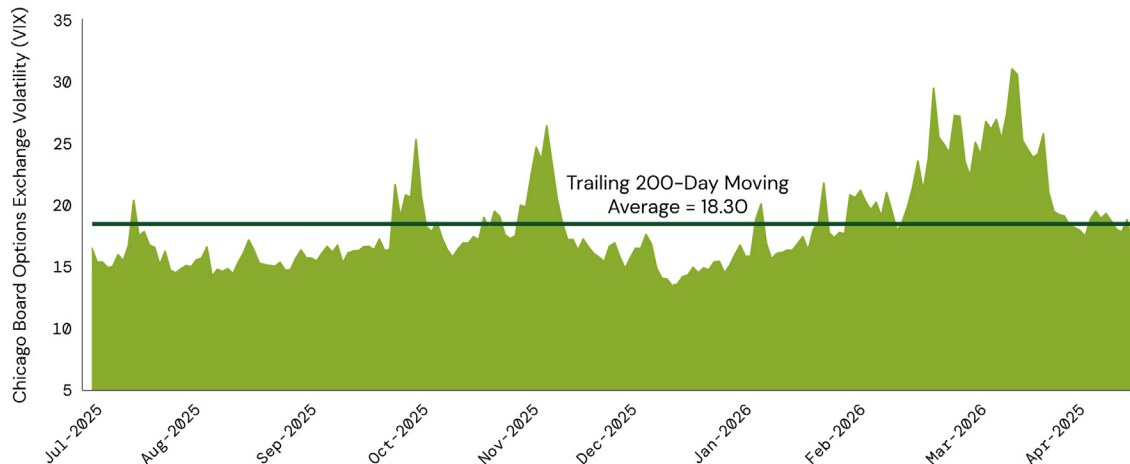
ABS also produced positive returns in April. ABS spreads tightened approximately 4bps overall, supported by stable earnings results from major issuers and continued investor demand for high quality spread product.

Equity Market Review

The S&P 500 advanced 10.49 percent in April, marking one of the strongest monthly gains of the past two decades. Equity markets benefited from easing geopolitical concerns, resilient economic data, and stronger-than-expected corporate earnings growth.

Equity market volatility declined during April alongside improving investor sentiment. The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) declined from elevated levels experienced earlier in the quarter, as risk appetite improved and equity markets approached record highs (See Figure 5).

FIGURE 5: EQUITY MARKET VOLATILITY DECLINED FROM Q1 HIGHS



Source: Chicago Board Options Exchange, as of April 30, 2026.

Performance leadership during the month was concentrated in growth-oriented sectors. Communication Services gained 18.54 percent while Information Technology advanced 17.47 percent and Consumer Discretionary rose 11.73 percent. Energy was the weakest performing sector, declining 3.46 percent despite elevated oil prices, while Health Care declined 0.45 percent and Utilities gained 2.09 percent.

From a factor perspective, high beta, high momentum, and high growth led, while low volatility, high value, and high dividend yield were the worst performers.



The Russell 1000 Value Index¹¹ lagged the S&P 500 Index, but gains were still strong at 8.16 percent. The Russell 1000 Growth Index¹² was up 11.9 percent.

Corporate earnings results remained supportive for equities. More than 60 percent of companies had reported first quarter earnings by month-end, with earnings growth tracking near 28 percent year-over-year.¹³ Strong results were concentrated in Materials, Consumer Discretionary, Communication Services, and Technology sectors. Bottom-up earnings estimates continued to move higher, with consensus expectations for earnings growth above 20 percent during 2026, per BBG.

11. The Russell 1000® Value Index is an unmanaged market capitalization-weighted index of value-oriented stocks of U.S. domiciled companies that are included in the Russell 1000 Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index.
12. The Russell 1000® Growth Index is an unmanaged market capitalization-weighted index of growth-oriented stocks of U.S. domiciled companies that are included in the Russell 1000 Index. Growth-oriented stocks tend to have higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index.
13. Breckinridge calculation based on Bloomberg data as of April 30, 2026

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Equity investments are volatile and can decline significantly in response to investor reception of the issuer, market, economic, industry, political, regulatory or other conditions.

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