

## Income Research & Management (IR+M)

Core Fixed: BB Gov/Credit Bond Index

For the month of:		May	2025		
Manager Performance Calculations					* Annualized returns
	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
IR+M	-0.57%	-0.29%	5.56%	2.12%	-0.27%
BB Gov/Credit	-0.66%	-0.20%	5.26%	1.57%	-0.94%

### Performance Attribution & Strategy Comments

The PERSI portfolio outperformed the Bloomberg G/C Index, returning (0.57)% versus (0.66)%. The portfolios underweight to Treasuries (TSYs) and overweight to Financials and security selection within ABS aided performance. The portfolio's out of benchmark allocation to ABS and selection within Industrials detracted. Investors continued to digest the impact of the Trump administration's evolving trade policy, while the US' fiscal outlook was spotlighted after another US downgrade and the passage of a sweeping budget package by the House of Representatives. Recession fears waned as ongoing trade negotiations with both China and the EU improved; however, the US Court of International Trade later ruled that tariffs on dozens of countries were illegal. Although the downgrade did not come as a surprise, Moody's downgrade of the US from Aaa to Aa1 reflects the rise in government debt and interest rate payments relative to similarly-rated sovereigns. Currently with the Senate to review and vote on this summer, the budget package extends the TCJA tax cuts, while also increasing the debt ceiling by \$4 billion, pressuring long-end yields. TSY yields rose across the curve, with the 2-year rate rising 30bps month-over-month to 3.90% and the 30-year rate rising by 25bps month-over-month to 4.93%. The Fed maintained its wait-and-see approach driven by recent policy shifts and economic uncertainty; April inflation data was relatively benign with CPI growing 2.3% year-over-year versus expectations of 2.4%. Investors lowered their forecasts from 4 to 2, 25bp rate cuts in 2025 and will be looking ahead to a range of hard data in June, particularly the jobs report, for signs of a weakening labor market due to trade policy uncertainty. IG corporate spreads ended the month at 88bps, 18bps tighter month-over-month and just inside pre- 'Liberation Day' levels; similarly, HY spreads tightened 69bps to 315bps. Energy was one of the best performing sectors across both IG and HY as oil prices recovered, while lower-quality issuers outperformed higher-quality, with CCCs outperforming TSYs by 281bps. IG supply surpassed expectations with its busiest May since the pandemic, totaling \$152 billion; the HY market was similarly active with over \$31 billion of issuance. MBS underperformed other securitized sectors, driven primarily from weaker demand resulting from increased rate volatility and GSE privatization discussions.

### Organizational/Personnel Changes

N/A

### Manager Style Summary

IR+M's investment philosophy is based on the belief that careful security selection and active portfolio risk management provide superior returns over the long term. Utilizing a disciplined, bottom-up investment approach, IR+M adds value through security selection by seeking attractive, overlooked, and inefficiently priced issues.

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### Portfolio Guideline Compliance

Portfolio Guideline:	IR+M	BB G/C	Min	Max	Compliance
B2. Effective Duration:	6.2	6.2	5.7	6.7	ok
B3. Sector Diversification:					
Government	40%	62%	32%	92%	ok
Treasuries	37%	61%	31%	91%	ok
Agencies	0%	1%	0%	6%	ok
Govt Guaranteed	3%	0%	0%	10%	ok
Credit	41%	37%	17%	57%	ok
Financial	15%	11%	0%	26%	ok
Industrial	20%	19%	4%	34%	ok
Utility	5%	3%	0%	13%	ok
Non-Corporate	0%	4%	0%	14%	ok
Securitized					
RMBS	1%	0%	0%	10%	ok
ABS	8%	0%	0%	10%	ok
CMBS	6%	0%	0%	10%	ok
Agency CMBS	2%	0%	0%	5%	ok
Municipals	1%	1%	0%	11%	ok
B4. Issuer Concentration: <=5% all corporate issuers				5%	ok
B5. Number of positions	304		100	350	ok
B6. Non-Investment Grade alloc	0%			5%	ok
E2. Annual Turnover	48%		25%	75%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines				<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Manager Explanations for Deviations from Portfolio Guidelines

There were no deviations.

### Total Firm Assets Under Management (\$m) as of:

Qtr 1 \$ 118,699

### Account Turnover

Gained:	Number of Accounts:	0	Total Mkt Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Mkt Value (\$m):	\$	-

Reason(s) for loss: IR+M did not lose any accounts in the G/C Strategy this month.