TD Global Investment Solutions

U.S. Fixed Income Talking Points

Commentary

2026 AUG

For the month ended August 2026

Fixed Income Outlook

TD Epoch emphasizes capital preservation in our active fixed income portfolios while seeking to maintain a yield advantage relative to the benchmark. Positive fiscal impulse, along with Artificial Intelligence (AI)-related business investment is providing an offset to headwinds impacting U.S. growth (real GDP) in 2026 related to disruptions in energy and agricultural supply chains and associated higher costs due to the Middle East conflict. Uncertainty remains as to the conflict's impact on growth expectations, with continued ebbs and flows around de-escalation. The labor market faces challenges but has shown signs of stabilization, and inflation should remain above the FOMC's target rate in 2026. We expect no change to the FOMC's policy rate during this heightened period of uncertainty; even with inflation well above the FOMC's target level of two percent. Based on valuations and fundamentals, we remain constructive toward corporate credit and are comfortable with our strategic credit positioning. We maintain our preference for high-quality investment grade corporates and continue to be positioned with an emphasis on liquidity and quality.

Focal Points

- Headline U.S. GDP expanded 1.5% on a SAAR basis in Q2 2026, vs 2.1% in the prior quarter. Growth in real final sales to private domestic purchasers was revised from 3.9% to 4.2% for Q2, while investment remained robust amidst significant AI investment in the U.S. economy. Government spending declined versus the prior quarter.
- The FOMC's federal funds target range is 3.50%-3.75%. U.S. Federal Reserve (the Fed) Chair Warsh used his Jackson Hole remarks to underscore the Fed's current inflation framework and commitment to return inflation to its 2% target.
- Treasury yields twist flattened with short to intermediate rates modestly higher and long end rates marginally lower as the market reacted to continued high oil prices due to Middle East conflict developments and clearer language from Fed Chair Warsh on the Fed's inflation commitment.
- Corporate bond spreads were little changed in August. The market continues to digest persistent conflict in the Middle East, concerns around AI-related financing and significant issuance related to hyperscalers and data centers, and potential weakness in certain sectors of private credit.

Investment Professionals:

Dennis Woessner, CFA, CAIA
Vice President & Director

Russell Wald, CFA
Vice President

Source: TD Asset Management, TD Economics & Bloomberg Financial L.P.; August 31, 2026

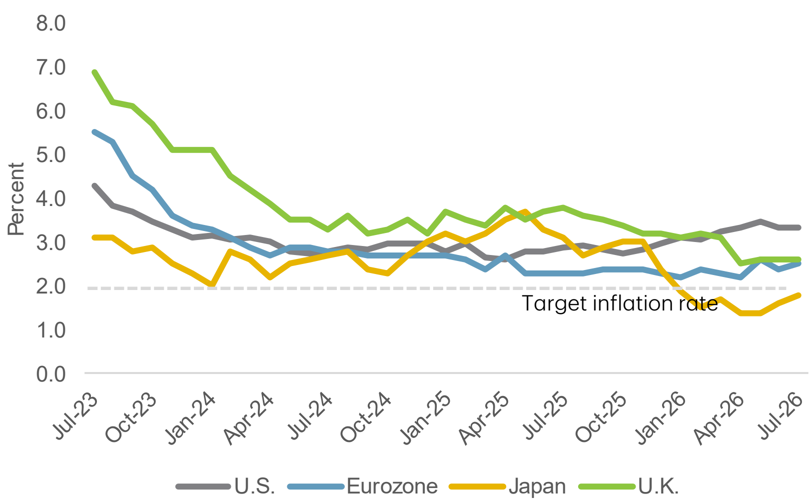
Macro Update

- Headline U.S. GDP expanded 1.5% on a SAAR basis in Q2 2026, vs 2.1% in the prior quarter. Consumer spending was revised higher vs the advance release while fixed investment remained robust amidst significant AI investment in the U.S. economy. Government spending declined from the prior quarter.
- Consumers have continued to provide support to the US economy throughout the first half of the year against the offsetting impacts of positive fiscal impulse of the One Big Beautiful Bill Act and higher energy prices from the prolonged Middle East conflict. Higher energy costs have increased inflation, led central banks to contemplate monetary tightening, and increased interest rates. The net result has been tighter financial conditions.

Our Long-Term Views:

- U.S. economic growth is expected to outpace other developed economies, especially in the Eurozone. Short-term interest rates globally likely remain in a higher for longer environment amidst commodity and supply chain disruptions.
- Fed policy is challenged by a second successive supply shock putting both the inflation and growth mandates in tension. Nominal and real interest rates may remain elevated as U.S. economic growth remains positive.
- Additional disinflation in developed markets may find some resistance due to higher wages, higher food prices, and elevated geopolitical risks.

Inflation



Source: Bloomberg Financial L.P.; August 31, 2026

Headline inflation in the U.S. and most major economies remain above target levels. Recent U.S. inflation data has shown some signs of disinflation, but inflation remains well above the FOMC's target. We expect inflation to remain elevated over the next twelve months due to tariffs and higher energy-related costs associated with the Middle East conflict.

Attaining and remaining at the FOMC's two-percent target rate on a sustained basis may be a challenge.

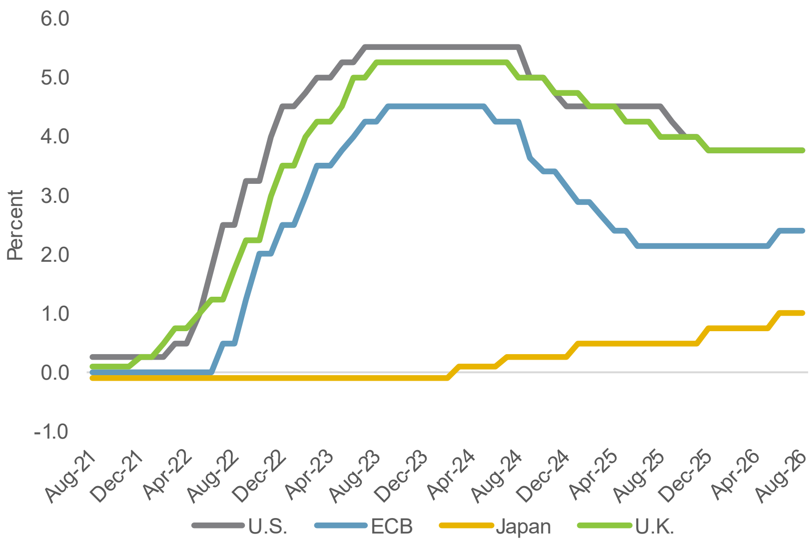
U.S. Central Bank Update

- The FOMC has maintained its policy rate range at 3.50%-3.75%. Uncertainty around the future path of monetary policy has increased as the labor market shows signs of stabilization alongside sticky and elevated inflation.
- New Fed Chair Kevin Warsh continues to refine his communication style since assuming the role as Chair of the FOMC. At Jackson Hole Chair Warsh attempted to push back on yield curve steepening following his July FOMC press conference by more clearly outlining the Fed's commitment to a 2.0% PCE target, as well as how the Fed is interpreting the state of the US economy and the present state of monetary policy. This clearer communication appears to have contributed to higher expectations for near-term monetary tightening.

Our Long-Term Views:

- The Fed funds effective rate is less restrictive as the FOMC has reduced interest rates. We expect limited change to the federal funds rate through 2026; however, Trump administration trade and fiscal policies, and uncertainty around the duration and magnitude of impact from the Middle East conflict are contributing to a higher for longer interest rate environment outlook and increasing the possibility of near-term monetary tightening.
- The FOMC is committed to its monetary framework and market facilities to support price stability, labor markets, and financial market liquidity.

Central Bank Policy Rates



Source: Bloomberg Financial L.P.; August 31, 2026

Major Central Bank policies are converging once again towards a higher for longer backdrop as global growth and inflation conditions are impacted by geopolitical events and the AI buildout. Central Banks remain data dependent when determining future policy decisions.

The Fed held the federal funds rate steady in July. The trajectory of the policy rate through 2026 and 2027 is more uncertain as the U.S. economy continues to expand and inflation remains above the Fed's target amidst supply shocks.

The upper bound of FOMC's policy range is 3.75% (as shown in graph).

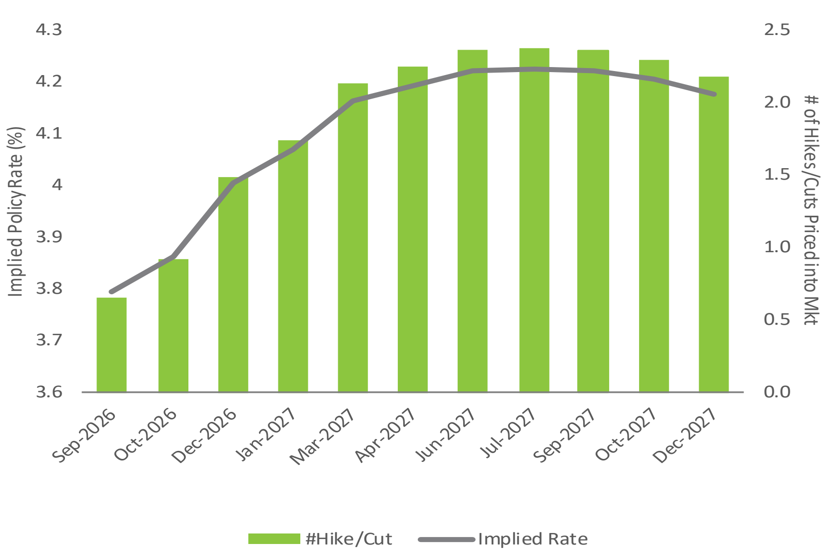
Cash/Short-term Market Update

- Short term yields moved higher in August as investors recalibrated their FOMC policy outlooks (potential rate increases in 2026) as sticky inflation, signs of labor market stability, and FOMC communication signal potential for a rate increase.
- During August, short-term credit spreads tightened 2 bps, to 44 bps, as technical demand remained strong amidst rising front end yields. The all-in yield on this cohort increased 5bps during the month to 4.80%. Yields remain attractive and corporate fundamentals are solid.
- Prime money fund assets increased $7.7 billion during the 3-month period ending August 2026. Total assets are $1.23 trillion (up 3.1% Year-over-Year (YoY)).

Current Positioning:

- Short and Short/Intermediate Government/ Credit models prefer high-quality investment grade corporate bonds and have a longer duration profile relative to their respective benchmark.

Number of Hikes/Cuts Priced into Market

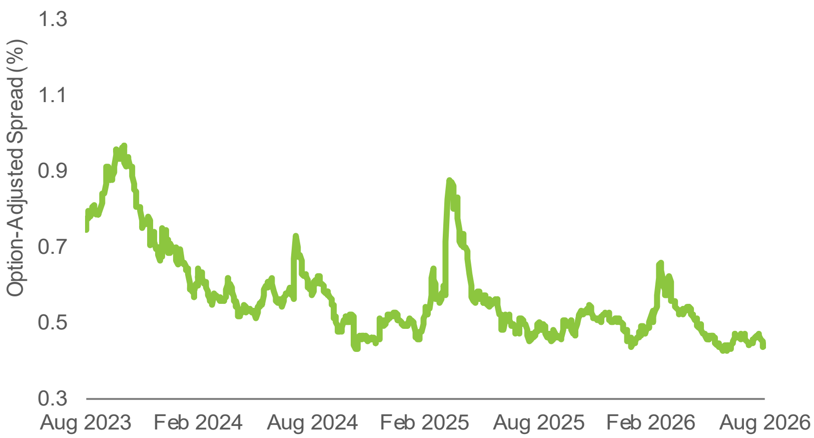


Source: Bloomberg Financial L.P.; August 31, 2026

The market now expects 1-2 rate increases in 2026. The FOMC's economic projections indicate inflation will remain higher for longer. It expects the PCE price index to reach the 2.0% target by year-end 2028.

The implied policy rate reached a peak rate of 5.3% in 2024. This rate is expected to increase from 3.62% to 4.00% by year end 2026. The FOMC expects elevated inflation, a stabilizing labor market, and above-trend economic growth. Uncertainty around this economic outlook remains elevated due to the Trump administration's trade policy and the Middle East conflict.

1-3 Year Corporate Option-Adjusted Spread (OAS)



Source: Bloomberg Financial L.P.; August 31, 2026

At 44 bps, the index OAS tightened 2 bps from last month end. Year-over-year, the index OAS is 6 bps tighter. Factors which may benefit spreads are trend GDP growth outlook, solid fundamentals, and attractive yields. Uncertainty pertaining to the Middle East conflict and monetary policy, trade and fiscal policies, increasing expectations for debt-financed capex from hyperscalers, and uncertainty around the creative destruction potential from AI implementation are contributing to spread volatility.

Corporate fundamentals are expected to slightly weaken from a strong base as economic growth slows to trend during the latter part of 2026 and into 2027. Financial conditions are not overly restrictive as the FOMC's policy rate is close to its neutral rate.

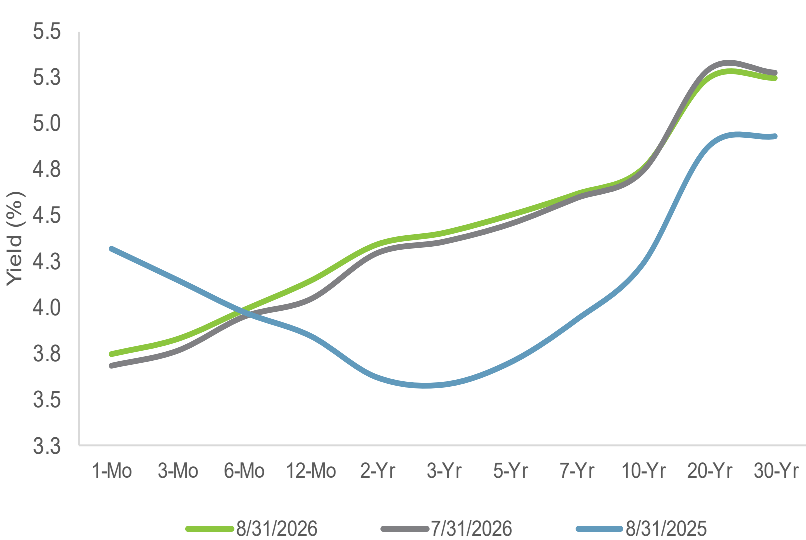
U.S. Treasury Market Update

- Treasury yields mostly increased in August amidst high oil prices impacted by conflict in the Middle East and more hawkish Fed commentary around inflation. The Treasury curve twist steepened over the month with 20+ year rates declining marginally as the market digested the U.S. Treasury's announcement of an increase in the size of liquidity buyback operations at the long end of the Treasury curve.
- The impact of the Trump administration's trade, tax, immigration, and regulatory policies on expected real economic growth, inflation, and fiscal deficits remains uncertain.

Current Positioning:

- Government models have longer duration profiles relative to their respective benchmark. We expect interest rates to be more volatile during this period of uncertain fiscal- and trade-related policies.

Treasury Yields



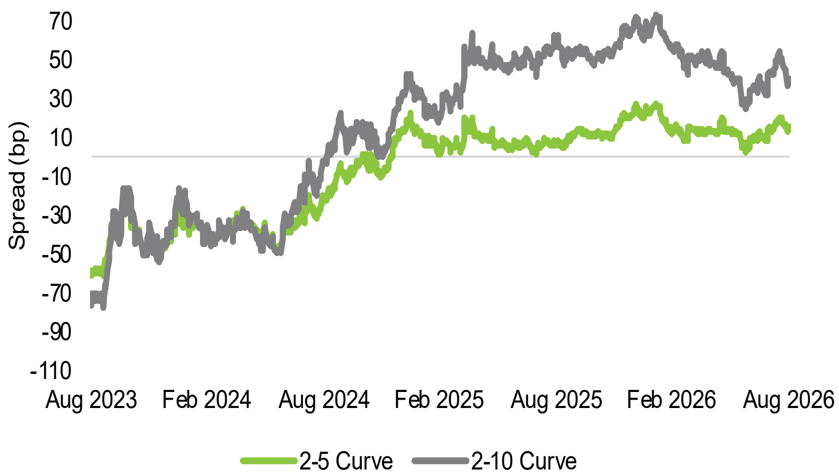
Source: Bloomberg Financial L.P.; August 31, 2026

Treasury yields mostly increased during August. The yield spread between 2- and 30-year maturities decreased 8 bps, to 90 bps. The yield gap between the 3-month T-Bill and 10-year Treasury at 91 bps, is 5 bps flatter since last month end.

We expect yields to be range-bound at current levels as slack in the labor market remains while economic growth remains solid and inflation sticky. Fiscal policy tailwinds and cyclical uplift from AI investment could contribute to growth in 2026 which may push longer-tenor yields higher. Prolonged supply disruptions and a possible restrictive shift in the monetary policy path could bias Treasury curves flatter. We expect interest rates to be more volatile during this period of uncertain fiscal- and trade-related policies.

A resolution to the Middle East conflict should help ease the recent spike in interest rate volatility.

Treasury Curves



Source: Bloomberg Financial L.P.; August 31, 2026

Yields in the belly of the Treasury curve increased during the month amidst expectations for a higher for longer interest rate environment. Continued high oil prices from prolonged conflict in the Middle East also contributed. The 2s10s curve flattened 3 bps, to 41 bps. The 2s5s curve, at 16 bps, was relatively unchanged.

Greater fiscal deficits may pressure term premiums higher over the medium and longer term.

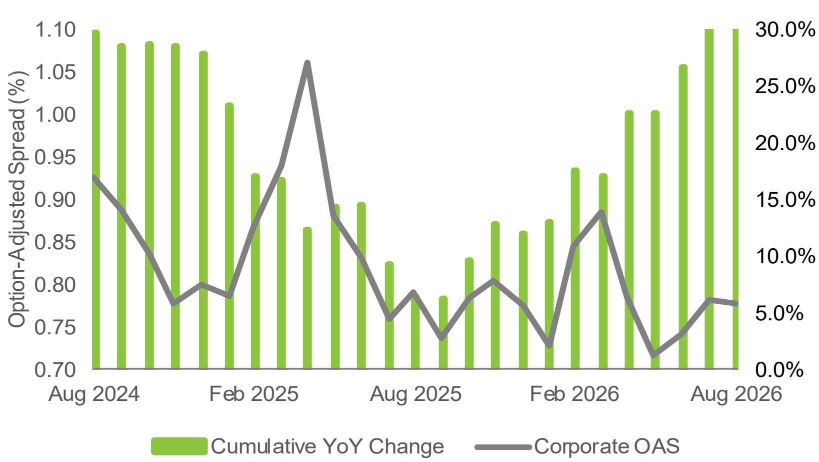
Investment Grade Credit Market Update

- Corporate bond spreads remained unchanged at 78 bps, and the credit curve steepened marginally over the month as investors weighed risks of a higher for longer rate environment and prolonged conflict in the Middle East alongside record corporate bond issuance. The yield on the Corporate Index rose 3 bps to 5.49% during the month.
- Financing expectations and profitability for AI-related investment continue to be topical, as the financing burden broadens beyond the hyperscalers. Potential sector-specific impacts of AI-driven creative destruction have also increased volatility.
- Looking forward, corporate fundamentals should remain solid but may continue to weaken from very strong levels. The U.S. economy has effectively weathered the trade-policy uncertainty so far.

Current Positioning:

- Government/Credit models remain overweight the corporate sector, mostly in the banking industry, and have longer duration profiles relative to their respective benchmark.

Corporate Spread & Issuance

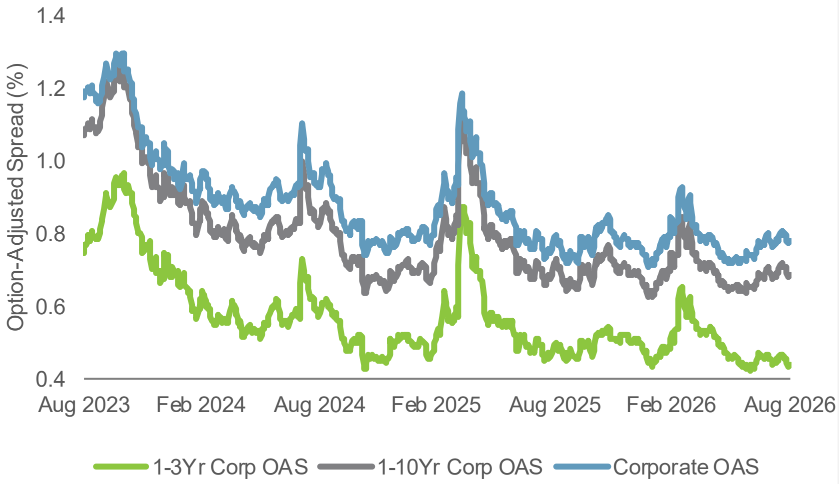


Source: Bloomberg Financial L.P.; August 31, 2026

For the month, corporate bond issuance was $189 billion, 74% higher from the same period last year. Year-to-date issuance is 37% higher than the same period last year. The cumulative 12-month change is 38%. The spread on the corporate bond index, at 78 bps is unchanged on the month.

Year-to-Date (YTD) corporate bond issuance is $1.587 trillion – a record for the first eight months of the year. Expected issuance for 2026 is ~$2.1 trillion with the YoY increase fueled by AI-related investment from hyperscalers such as Google, Amazon, Meta, Microsoft and Oracle.

Corporate Spreads by Maturity



Source: Bloomberg Financial L.P.; August 31, 2026

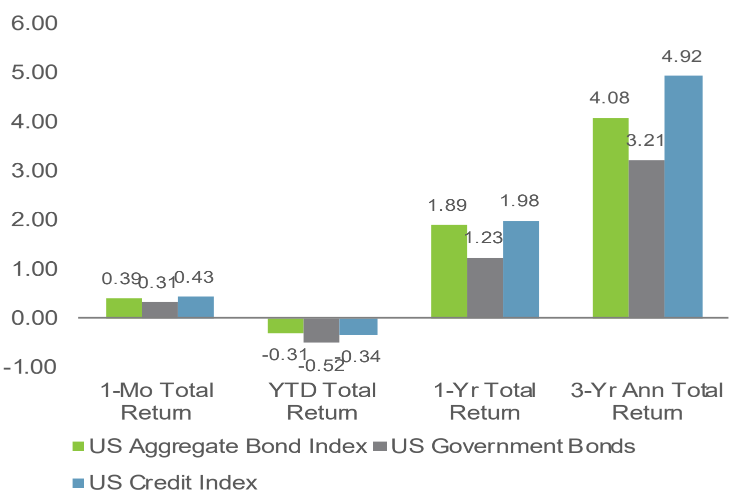
The Bloomberg U.S. Corporate Bond Index spread is 1 bps tighter during the past 12-months. Relatively attractive yields and record issuance continue to be two key themes within this sector. Factors which may benefit future spreads are trend GDP growth outlook, solid fundamentals, and attractive, elevated yields.

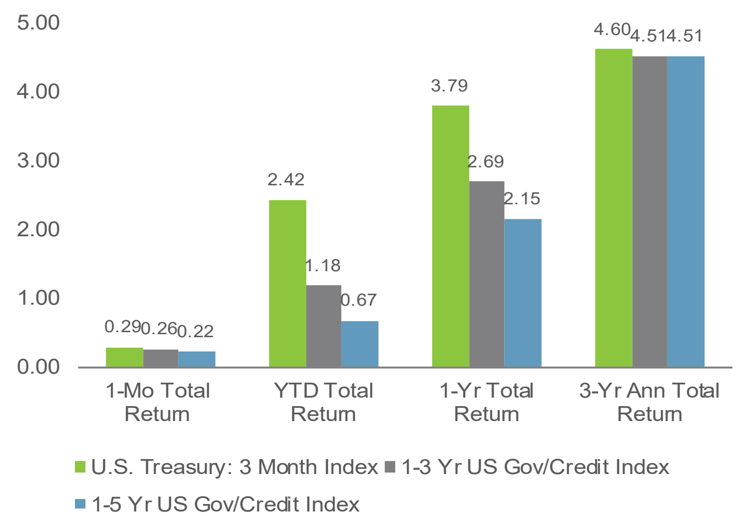
Large scale debt issuance from hyperscalers, sustainability and magnitude of AI related investment, and uncertainty around areas affected by creative destruction from AI technology continue to be areas of focus for investors.

The corporate bond index OAS is unchanged since last month end, currently 78 bps. The 1-10-year corporate bond index OAS, at 69 bps, is 1bps tighter, while the 1-3-year corporate bond index is 2 bps tighter, now 44 bps, for the month.

Charts & Tables

Fixed Income Indices





Economic Figures & Short-term Rates

Description	Current	3-mo Ago	1-yr Ago	Next Release
Fed Funds (%)	3.75	3.75	4.50	9/16/2026
CPI (YoY %)	3.40	3.80	2.70	9/11/2026
PCE (YoY %)	3.70	3.80	2.60	9/30/2026
Unemployment Rate (%)	4.10	4.30	4.30	9/4/2026
GDP (YoY %)	2.10	2.70	2.10	9/30/2026
Retail Sales (YoY %)	5.00	5.10	4.10	9/16/2026
Leading Indicators (YoY %)	-1.10	-1.60	-3.40	9/18/2026
Housing Starts (000s)	1,239	1,414	1,432	9/17/2026

Description	Current	3-mo Ago	1-yr Ago
Fed Funds (%)	3.75	3.75	4.50
3-Mo U.S. Treasury Bill	3.83	3.68	4.15
6-Mo U.S. Treasury Bill	3.99	3.75	3.97
USD O/N Govt. Repo	3.71	3.65	4.37
U.S. 30-Day Comm Paper*	3.72	3.67	4.26
U.S. 90-Day Comm Paper*	3.83	3.78	4.21

*A1/P1/F1 rated U.S. Commercial Paper

Source for all charts and tables: Bloomberg Financial L.P.; August 31, 2026

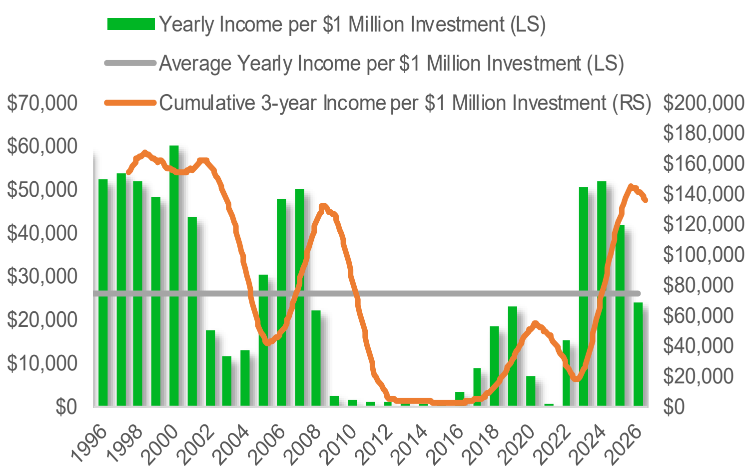
Charts & Tables - continued

Treasury Market

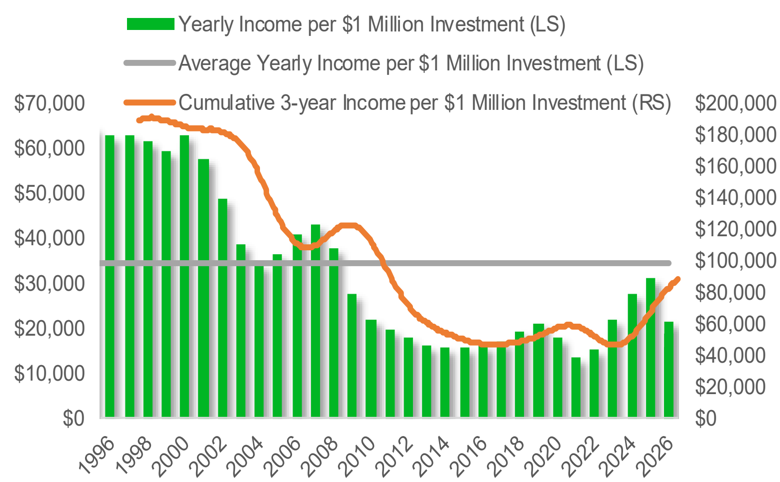
Change in Yield Curve (basis points)				
Maturity	Yield Curve (%)	1-Mo Ago	3-Mo Ago	1-Yr Ago
1-Mo	3.75	7	7	-57
3-Mo	3.83	7	16	-31
6-Mo	3.99	4	24	2
12-Mo	4.15	11	37	30
2-Yr	4.34	5	34	73
3-Yr	4.41	5	35	83
5-Yr	4.50	5	36	80
7-Yr	4.62	2	33	69
10-Yr	4.75	2	31	52
20-Yr	5.24	-5	28	37
30-Yr	5.24	-3	27	32

Investment Income per $1 Million Invested in Index (No reinvestment of income)

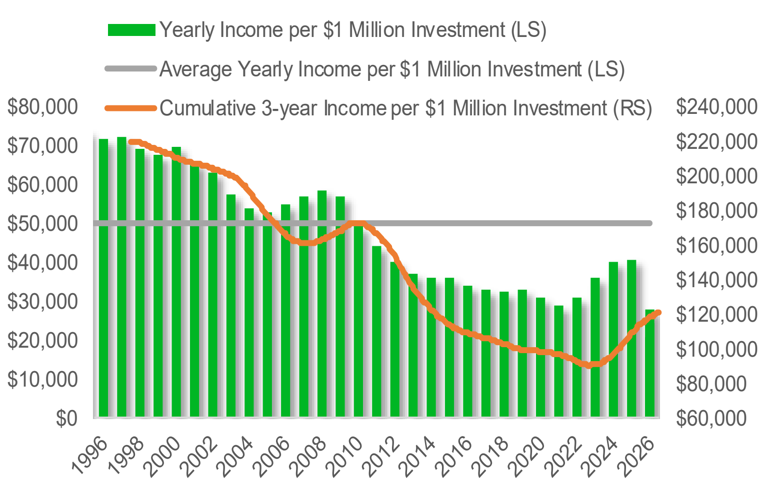
Bloomberg U.S. 3 Month Treasury Bill Index



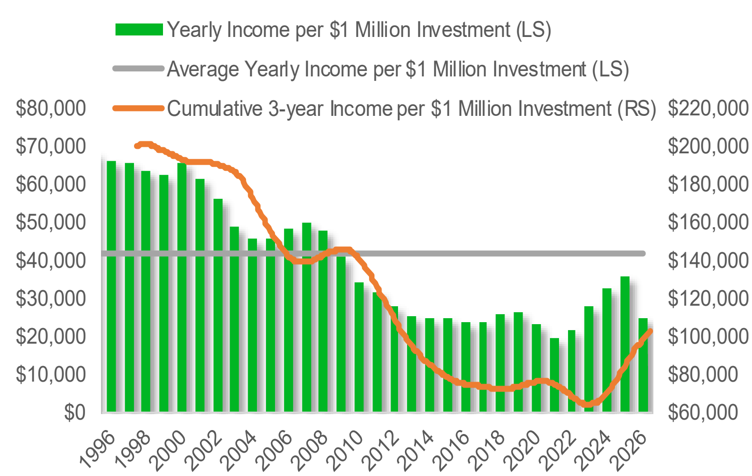
Bloomberg U.S. Treasury 1-5 Year Index



Bloomberg U.S. Corporate Bond 1-5 Year Index



Bloomberg U.S. Intermediate Government/Credit Index



Source for all charts and tables: Bloomberg Financial L.P.; August 31, 2026

Charts & Tables - continued

Fixed Income Model Characteristics – Summary Level

Ladder Models	TD 1-3 Year Treasury Bond Ladder Managed Account	Bloomberg US Treasury 1-3 Year Index	TD 1-5 Year Treasury Bond Ladder Managed Account	Bloomberg US Treasury 1-5 Year Index	TD 1-5 Year A Minimum Corporate Bond Ladder Managed Account	Bloomberg US Corporate Bond 1-5 Year Index	TD 1-5 Year BBB Minimum Corporate Bond Ladder Managed Account	Bloomberg US Corporate Bond 1-5 Year Index
MINIMUM ACCOUNT SIZE	$100,000	-	$100,000	-	$100,000	-	$100,000	-
YIELD TO WORST	4.34%	4.34%	4.39%	4.39%	4.75%	4.97%	4.88%	4.97%
YEARS TO MATURITY	2.0	2.0	3.0	2.8	2.8	3.0	2.9	3.0
DURATION	1.8	1.9	2.7	2.6	2.5	2.7	2.6	2.7
QUALITY	AA1	AA1	AA1	AA1	A2	A3	A3	A3
NUMBER OF HOLDINGS	8	96	17	153	46	3,361	49	3,361

Ladder Models	TD 1-10 Year Treasury Bond Ladder Managed Account	Bloomberg US Treasury 1-10 Year Index	TD 1-10 Year A Minimum Corporate Bond Ladder Managed Account	Bloomberg US Intermediate Corporate Bond Index	TD 1-10 Year BBB Minimum Corporate Bond Ladder Managed Account	Bloomberg US Intermediate Corporate Bond Index
MINIMUM ACCOUNT SIZE	$100,000	-	$100,000	-	$100,000	-
YIELD TO WORST	4.53%	4.45%	4.98%	5.20%	5.15%	5.20%
YEARS TO MATURITY	5.5	4.0	5.3	4.9	5.4	4.9
DURATION	4.8	3.5	4.5	4.1	4.5	4.1
QUALITY	AA1	AA1	A2	A3	BAA1	A3
NUMBER OF HOLDINGS	36	198	49	5,729	49	5,729

Active Models	TD Short Government/Corporate Bond (A Min) Managed Account Institutional	ICE BofA 1-3 Year AAA-A US Corporate & Government Index	TD Short/Intermediate Government Bond Managed Account	ICE BofA 1-5 Year US Treasury & Agency Index	TD Short/Intermediate Government/Corporate Bond Managed Account	ICE BofA 1-5 Year AAA-A US Corporate & Government Index	TD Short/Intermediate Government/Corporate Bond A2 Min No Foreign Restricted Managed Account	ICE BofA US Issuers 1-5 AAA-A US Corporate & Government Index
MINIMUM ACCOUNT SIZE	$250,000	-	$250,000	-	$250,000	-	$250,000	-
YIELD TO WORST	4.46%	4.40%	4.38%	4.38%	4.53%	4.48%	4.46%	4.44%
YEARS TO MATURITY	2.0	2.0	2.8	2.7	2.9	2.8	2.8	2.8
DURATION	1.9	1.9	2.6	2.5	2.6	2.6	2.6	2.6
QUALITY	AA3	AA2	AA1	AA1	AA3	AA2	AA2	AA2
NUMBER OF HOLDINGS	53	1,804	34	435	80	3,327	53	2,025

Active Models	TD Intermediate Government Bond Managed Account	Bloomberg U.S. Government Intermediate Bond Index	TD Intermediate Government/Credit A-Min Bond Managed Account	Bloomberg U.S. Intermediate Government/Credit A or Higher Bond Index	TD Intermediate Government/Corporate Bond Managed Account	Bloomberg U.S. Intermediate Government/Credit Bond Index	TD Long Government/Corporate Bond Managed Account	Bloomberg U.S. Government/Credit Bond Index
MINIMUM ACCOUNT SIZE	$250,000	-	$250,000	-	$250,000	-	$250,000	-
YIELD TO WORST	4.44%	4.45%	4.61%	4.57%	4.73%	4.69%	4.99%	4.92%
YEARS TO MATURITY	4.0	4.0	4.2	4.1	4.3	4.3	8.1	8.5
DURATION	3.5	3.5	3.7	3.6	3.8	3.7	6.0	6.0
QUALITY	AA1	AA1	AA2	AA1	A1	AA2	A1	AA2
NUMBER OF HOLDINGS	65	478	101	3,575	138	6,730	162	10,324

Institutional Model	TD Core Bond Managed Account Institutional	Bloomberg U.S. Aggregate Bond Index
MINIMUM ACCOUNT SIZE	$10,000,000	-
YIELD TO WORST	5.11%	5.01%
YEARS TO MATURITY	7.8	8.2
DURATION	5.9	5.8
QUALITY	A1	AA2
NUMBER OF HOLDINGS	150	14,227

Source for all charts and tables: Bloomberg Financial L.P.; August 31, 2026

Important Disclosures:

For institutional investors only. TD Global Investment Solutions represents TD Asset Management Inc. ("TDAM") and Epoch Investment Partners, Inc. ("TD Epoch"). TDAM and TD Epoch are affiliates and wholly owned subsidiaries of The Toronto-Dominion Bank. ®The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries. The information contained herein is distributed for informational purposes only and should not be considered investment advice or a recommendation of any particular security, strategy or investment product. The information is distributed with the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of the proposals and services described herein as well as any risks associated with such proposal or services. Nothing in this presentation constitutes legal, tax, or accounting advice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Certain information provided herein is based on third-party sources, and although believed to be accurate, has not been independently verified. Except as otherwise specified herein, TD Epoch is the source of all information contained in this document. TD Epoch assumes no liability for errors and omissions in the information contained herein. TD Epoch believes the information contained herein is accurate as of the date produced and submitted, but is subject to change. No assurance is made as to its continued accuracy after such date and TD Epoch has no obligation to any recipient of this document to update any of the information provided herein.

Bloomberg and Bloomberg.com are trademarks and service marks of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries. All rights reserved.

No portion of this material may be copied, reproduced, republished or distributed in any way without the express written consent of TD Epoch.

Past Performance: Any performance information referenced represents past performance and is not indicative of future returns. There is no guarantee that the investment objectives will be achieved.

To the extent the material presented contains information about specific companies or securities including whether they are profitable or not, they are being provided as a means of illustrating our investment thesis. Each security discussed has been selected solely for this purpose and has not been selected on the basis of performance or any performance-related criteria. Past references to specific companies or securities are not a complete list of securities selected for clients and not all securities selected for clients in the past year were profitable. The securities discussed herein may not represent an entire portfolio and in the aggregate may only represent a small percentage of a client's holdings. Clients' portfolios are actively managed and securities discussed may or may not be held in such portfolios at any given time.

Certain charts contained in this presentation illustrate index yields, income characteristics and market data for informational and illustrative purposes only. Estimated income figures are based on the yield characteristics of the referenced indices and assume a hypothetical investment amount. These illustrations do not represent the performance of any TD Asset Management, TD Epoch, or TD Global Investment Solutions portfolio, account or investment product. Actual income and investment results will vary based on market conditions, interest rates, portfolio composition, fees, expenses and other factors. Indexes are unmanaged, their returns do not reflect management fees, transaction costs or expenses, and they are not available for direct investment. Past performance is not indicative of future results

Projected or Targeted Performance: Any projections, targets, or estimates in this presentation are forward-looking statements and are based on TD Epoch's research, analysis, and its capital markets assumptions. There can be no assurances that such projections, targets, or estimates will occur and the actual results may be materially different. Additional information about capital markets assumptions is available upon request. Other events which were not taken into account in formulating such projections, targets, or estimates may occur and significantly affect the returns or performance of any accounts and/or funds managed by TD Epoch.

Forward-Looking Statements: Certain statements in this presentation may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable and may be incorrect in the future. FLS are not guarantees of future performance and actual events or results could differ materially from those expressed or implied in any FLS. Readers should not place undue reliance on FLS. TD Epoch undertakes no obligation to update any forward-looking statement contained herein.

Non-US Jurisdictions: This information is only intended for use in jurisdictions where its distribution or availability is consistent with local laws or regulations.

Australia: Epoch Investment Partners, Inc. (ABRN: 636409320) holds an Australian Financial Services Licence (AFS Licence No: 530587). The information contained herein is intended for wholesale clients and investors only as defined in the Corporations Act of 2001.

United Kingdom: Epoch Investment Partners UK, LTD is authorized and regulated by the Financial Conduct Authority of the United Kingdom (Firm Reference Number: 715988) .