TD Global Investment Solutions

Talking Points

Commentary

2026 JUN

For the month ended June 2026

Fixed Income Outlook

TD Epoch emphasizes capital preservation in our active fixed income portfolios while seeking to maintain a higher yield advantage relative to the benchmark. Positive fiscal impulse, along with AI-related business investment is providing an offset to headwinds impacting U.S. growth (real GDP) in 2026 related to supply disruptions within the energy and agriculture sectors and higher costs due to the Middle East conflict. Uncertainty remains as to the impact on future U.S. and global growth expectations, though progress in de-escalation has been made. 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 2.1% on a SAAR basis in Q1 2026, vs 0.5% in the prior quarter. Consumer spending declined compared to prior quarters while fixed investment remained robust amidst significant Artificial Intelligence (AI) investment in the U.S. economy. Government spending contributed mechanically due to the reversal of shutdown effects from the prior quarter.
- The FOMC's federal funds target range is 3.50%-3.75%. New Fed Chair Warsh used his first FOMC meeting to shorten the statement and remove forward guidance around the Fed's policy path and reaction function. The Fed has recently emphasized price stability amidst signs of stabilization in the labor market.
- Treasury yields increased in June despite a significant decline in oil prices as expectations of a potential rate hike increased. The yield curve continued to bear flatten over the month, as inflation expectations declined alongside more hawkish rhetoric from the Fed.
- Corporate bond spreads widened marginally in June as the prospect of tighter monetary policy offset potential benefits from de-escalation in the Middle East. Concerns around AI-related disruption, potential weakness in certain sectors of private credit, and lingering supply disruptions from the Middle East conflict remain a focus.

Investment Professionals:

Dennis Woessner, CFA, CAIA
Vice President & Director

Russell Wald, CFA
Vice President

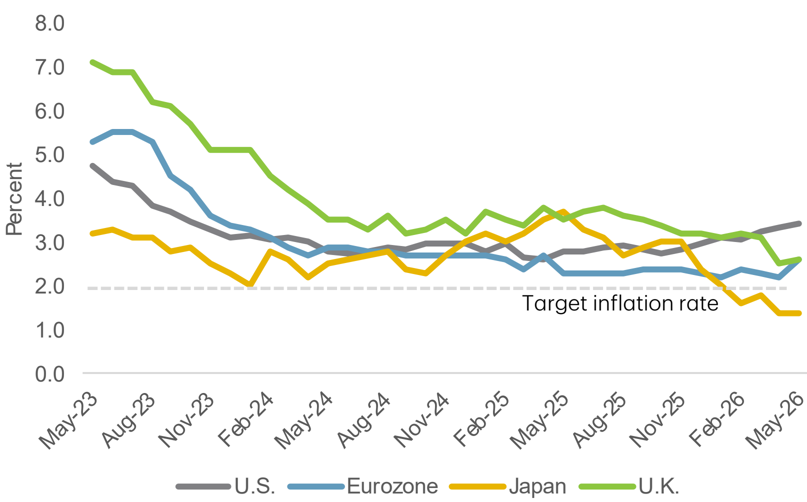
Macro Update

- Headline U.S. GDP expanded 2.1% on a SAAR basis in Q1 2026, vs 0.5% in the prior quarter. Consumer spending declined compared to prior quarters while fixed investment remained robust amidst significant AI investment in the U.S. economy. Government spending contributed mechanically due to the reversal of shutdown effects from the prior quarter.
- The impact of the Middle East conflict appears to be an offset to positive fiscal impulse of the One Big Beautiful Bill Act as higher energy prices feed through the economy. Higher energy-related costs have increased inflation, led central banks to contemplate monetary tightening, and increased interest rates. The net result being tighter financial conditions. Recent de-escalation and meaningful declines in energy prices provide signs for optimism.

Long-Term Views:

- U.S. economic growth is expected to outpace other developed economies, especially in the Eurozone. Short-term interest rates can continue to diverge in developed markets as growth and inflation paths deviate globally amidst commodity and supply chain disruptions.
- Federal Reserve 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.; June 30, 2026

Headline inflation in the U.S. and most major economies remain above target levels. US inflation is increasing while already above the FOMC's target. We expect inflation to remain elevated over the next twelve months due tariffs and higher energy-related costs due to the Middle East conflict.

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

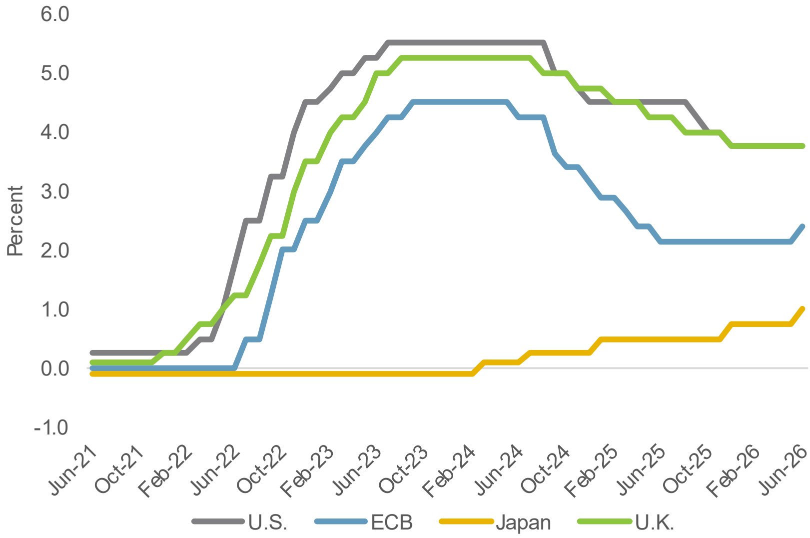
U.S. Central Bank Update

- 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.
- FOMC member rate projections showed increased probability of a rate increase in 2026 as the committee split evenly between members expecting a policy increase vs a hold in 2026.
- New Fed Chair Kevin Warsh has shown a preference for more limited communication, shortening the statement considerably and providing little information with respect to the Fed's reaction function. Chair Warsh announced the creation of several task forces to re-assess and re-underwrite many aspects of how the Fed conducts itself.

Long-Term Views:

- The federal funds effective rate is less restrictive as the FOMC has reduced interest rates. We expect limited change to the federal funds rate through 2026 and into 2027; however, this outcome is highly uncertain due to the Trump administration's trade and fiscal policies, and uncertainty around the duration and magnitude of impact from the Middle East conflict.
- 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.; June 30, 2026

Major Central Bank policies are diverging as global economic conditions deviate around growth, geopolitical events, and inflation conditions. Central Banks remain data dependent when determining future policy decisions.

The Federal Reserve held the federal funds steady in June. 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).

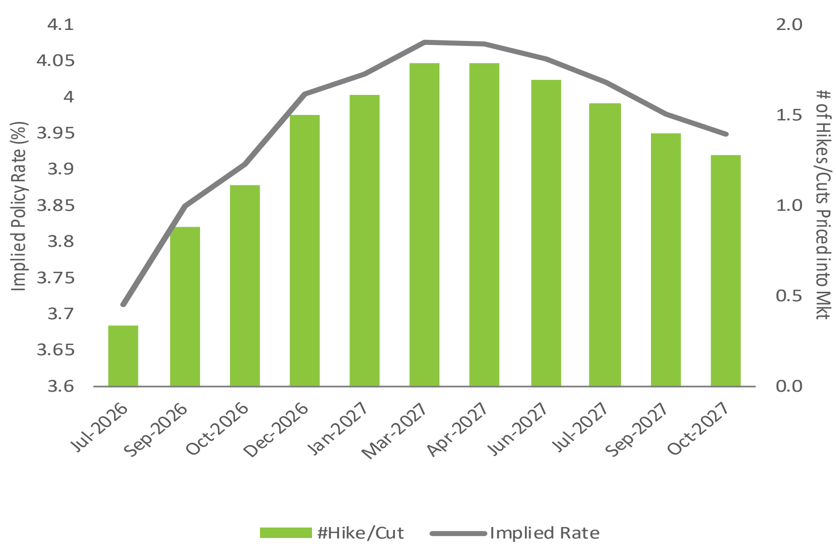
Cash/Short-term Market Update

- Short term yields rose in June as investors recalibrated their FOMC policy outlooks (potential rate increases in 2026) as sticky inflation, signs of labor market improvement, and FOMC communication signal potential for a rate increase.
- During June, short-term credit spreads tightened 4 basis points (bps), to 42 bps, due to a de-escalation in Middle East risk and strong technical demand. The all-in yield on this cohort increased 13bps during the month to 4.61%. Yields remain attractive and corporate fundamentals are solid.
- Prime money fund assets decreased $18.2 billion during the 3-month period ending June 2026. Total assets are $1.22 trillion (up 5.7% 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

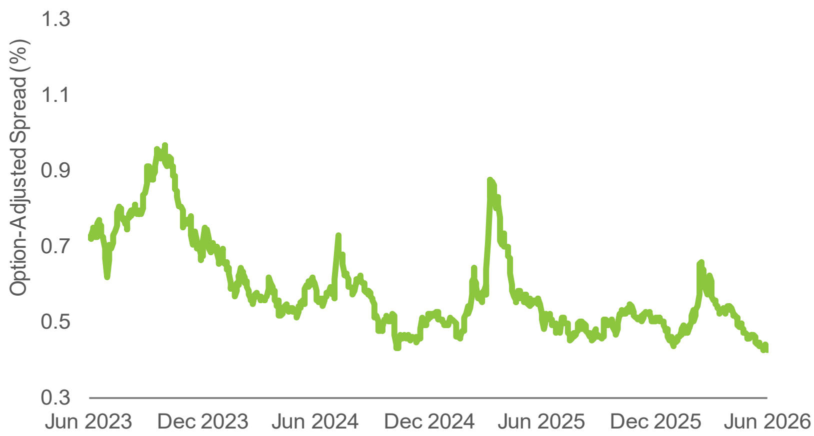


Source: Bloomberg Financial L.P.; June 30, 2026

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.; June 30, 2026

At 42 bps, the index OAS tightened 4 bps from last month end. Year-over-year, the index OAS is 10 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.

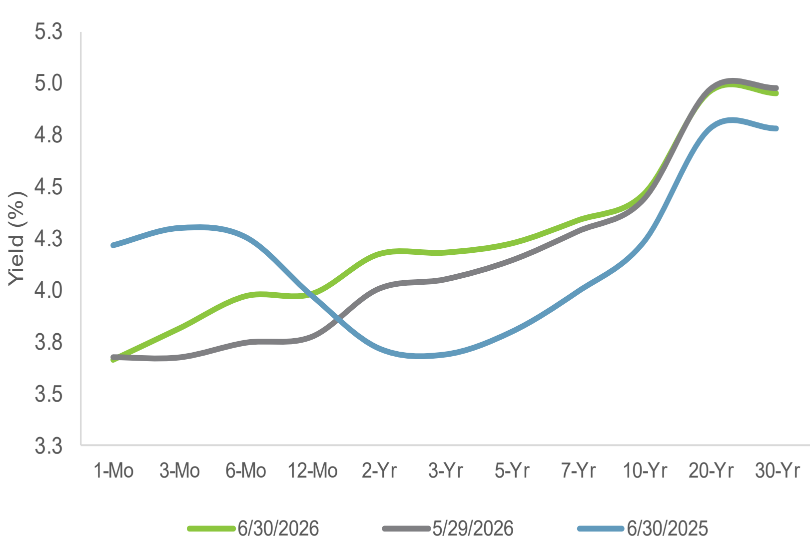
U.S. Treasury Market Update

- Treasury yields increased in June as increasing expectations for Fed rate increases offset declines in oil prices stemming from de-escalation in the Middle East. The market has shifted from two interest rate cuts in 2026 by the FOMC to a higher-for-longer outlook and possible increases to the policy rate. This change has caused the yield curve to bear flatten – short-end yields increased more than long-end yields
- 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



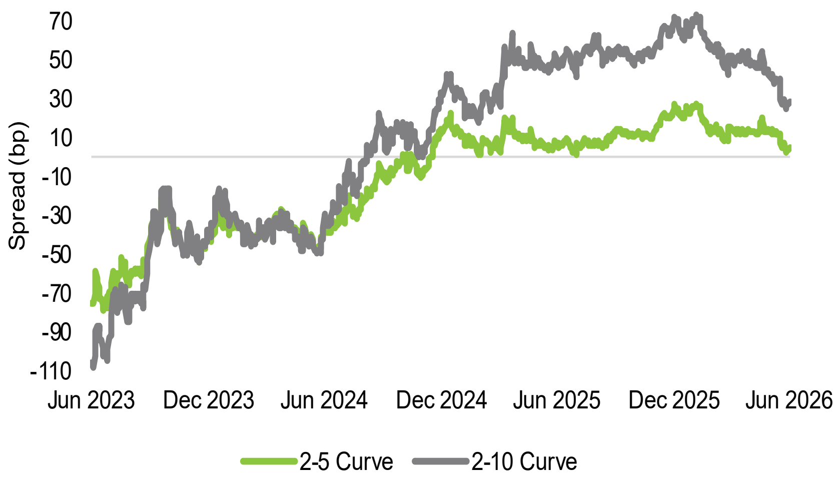
Source: Bloomberg Financial L.P.; June 30, 2026

Treasury yields increased during June. The yield spread between 2- and 30-year maturities decreased 19 bps, to 77 bps. The yield gap between the 3-month T-Bill and 10-year Treasury at 64 bps, is 11 bps flatter since last month end.

We expect yields to be range-bound at current levels as the labor market remains fragile while economic growth remains solid and inflation sticky. Fiscal policy tailwinds and cyclical uplift from AI investment will 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.; June 30, 2026

Yields in the belly of the Treasury curve increased during the month as the FOMC continued to lean hawkish and the dot plot reflecting increasing probability of a rate increase. De-escalation in the Middle East conflict and subsequently lower oil prices provided some offset to the central bank hawkishness. The 2s10s curve decreased 14 bps, to 29 bps. The 2s5s curve, at 5 bps, was 8bps flatter.

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

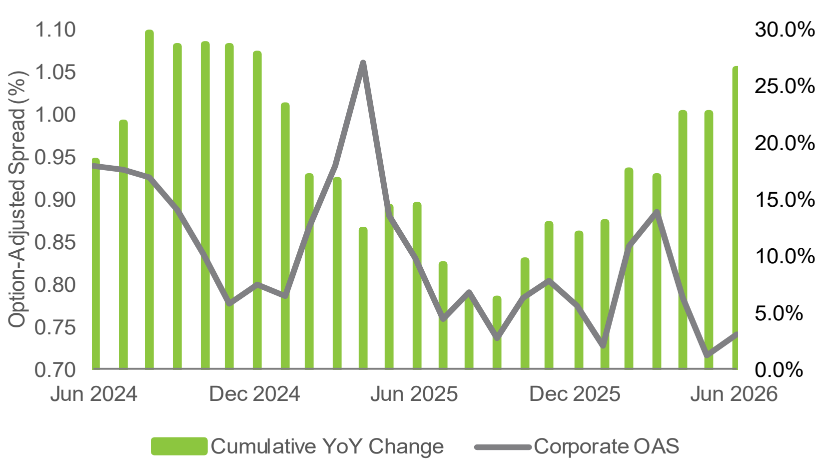
Investment Grade Credit Market Update

- Corporate bond spreads increased 2 bps, to 74 bps, and the credit curve steepened relative to last month as investors weighed risks of more hawkish central bank policy and de-escalation of Middle East conflict alongside record corporate bond issuance. The yield on the Corporate Index rose 10 bps to 5.23% during the month.
- AI remains an area of focus for investors. Financing expectations and profitability for AI-related investment as it relates to economic growth and corporate earnings continues to be topical. Potential sector specific impacts of AI driven creative destruction has also increased volatility.
- Looking forward, we believe corporate fundamentals will likely 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

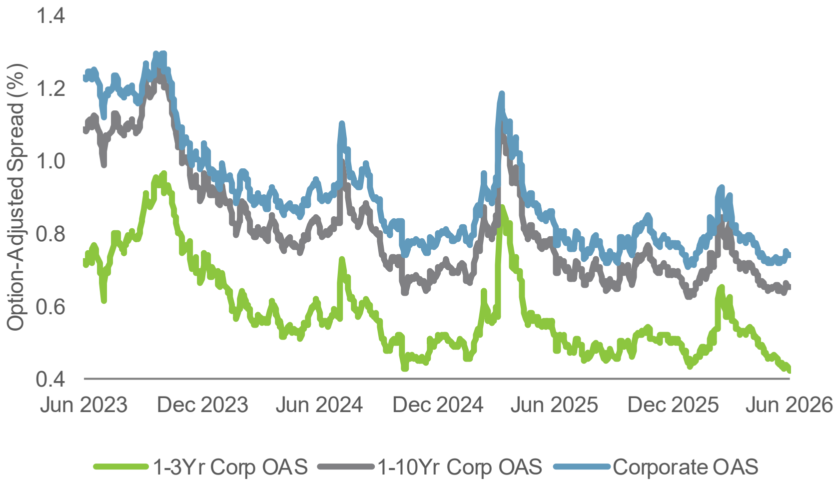


Source: Bloomberg Financial L.P.; June 30, 2026

For the month, corporate bond issuance was $206 billion, 65% higher from the same period last year. Year-to-date issuance is 30% higher than the same period last year. The cumulative 12-month change is 26%. The spread on the corporate bond index, at 74 bps, is 2 bps wider for the month.

Year to Date (YTD) corporate bond issuance is $1.248 trillion – a record for the first 6 months. Expected issuance for 2026 is ~$1.85 trillion with the YoY increase fueled by AI-related investment from hyperscalers such as Google, Amazon, Meta, Microsoft and Oracle while bank issuance is expected to decline.

Corporate Spreads by Maturity



Source: Bloomberg Financial L.P.; June 30, 2026

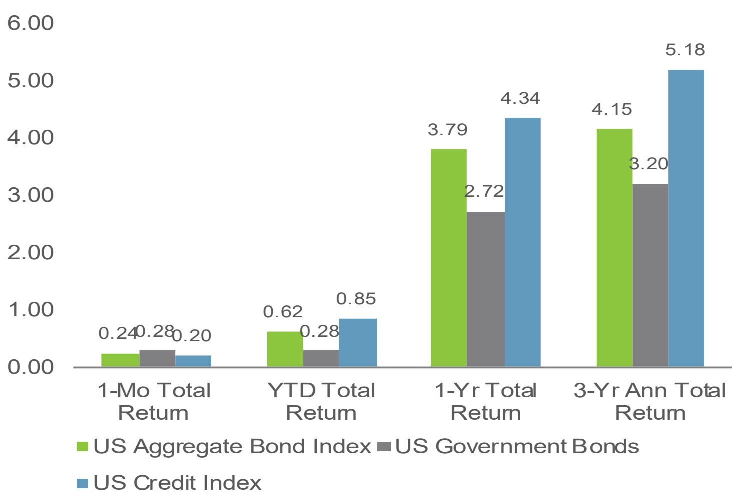
The Bloomberg U.S. Corporate Bond Index spread is 9 bps tighter during the past 12-months. Relatively attractive yields and record issuance continue to be two key themes within this sector. Factors which may benefit future spreads are trend GDP growth outlook, solid fundamentals, and attractive, elevated yields.

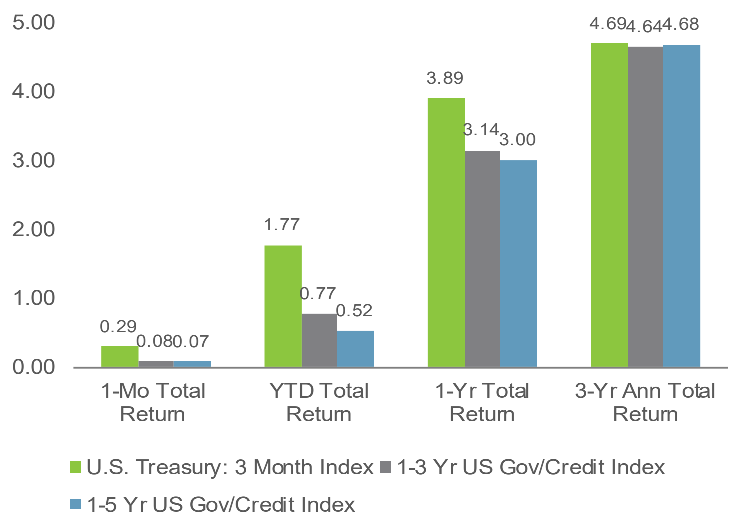
Large scale debt issuance from hyperscalers, sustainability and magnitude of AI related investment, and uncertainty around areas affected by creative destruction from AI technology continue to be areas of focus for investors.

The corporate bond index OAS is 2 bps wider since last month end, currently 74 bps. The 1-10-year corporate bond index OAS, at 65 bps, is little changed while the 1-3-year corporate bond index is 4 bps tighter, now 42 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	7/29/2026
CPI (YoY %)	4.20	2.40	2.40	7/14/2026
PCE (YoY %)	4.10	2.90	2.50	7/30/2026
Unemployment Rate (%)	4.30	4.40	4.30	7/2/2026
GDP (YoY %)	2.70	2.00	2.00	7/30/2026
Retail Sales (YoY %)	6.90	4.20	3.10	7/16/2026
Leading Indicators (YoY %)	-1.50	-3.10	-3.70	7/20/2026
Housing Starts (000s)	1,177	1,346	1,289	7/17/2026

Description	Current	3-mo Ago	1-yr Ago
Fed Funds (%)	3.75	3.75	4.50
3-Mo U.S. Treasury Bill	3.82	3.68	4.30
6-Mo U.S. Treasury Bill	3.97	3.70	4.25
USD O/N Govt. Repo	3.67	3.73	4.49
U.S. 30-Day Comm Paper*	3.71	3.71	4.33
U.S. 90-Day Comm Paper*	3.84	3.86	4.36

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

Source for all charts and tables: Bloomberg Financial L.P.; June 30, 2026

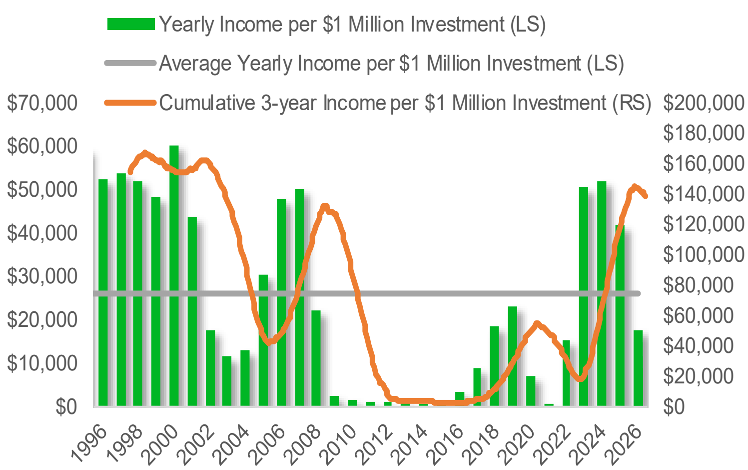
Charts & Tables - continued

Treasury Market

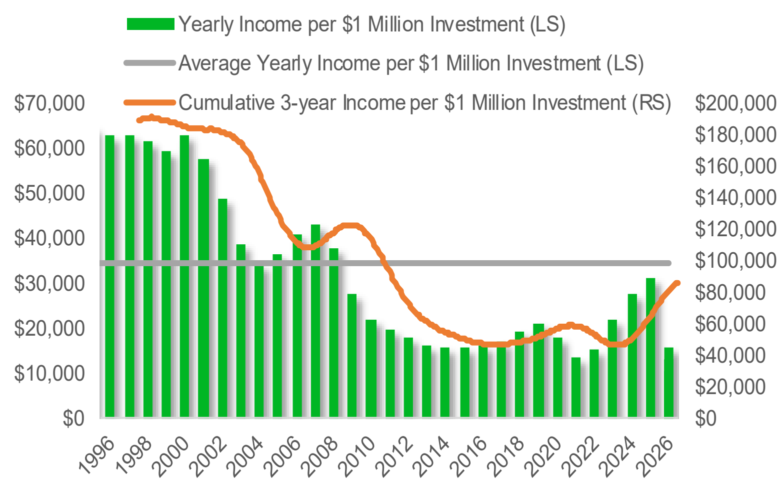
Change in Yield Curve (basis points)				
Maturity	Yield Curve (%)	1-Mo Ago	3-Mo Ago	1-Yr Ago
1-Mo	3.67	-1	-3	-55
3-Mo	3.82	14	14	-48
6-Mo	3.97	23	27	-28
12-Mo	3.98	21	32	1
2-Yr	4.18	17	38	45
3-Yr	4.18	13	37	49
5-Yr	4.23	9	28	43
7-Yr	4.34	6	21	35
10-Yr	4.47	3	15	24
20-Yr	4.96	-1	5	19
30-Yr	4.95	-2	4	18

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

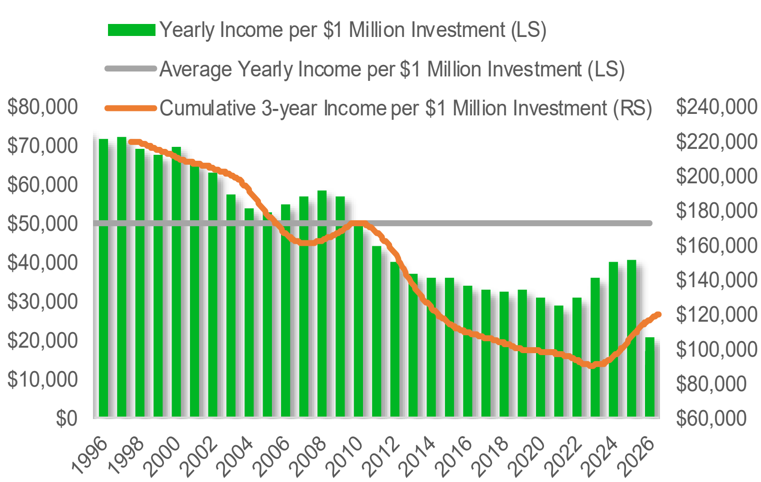
Bloomberg U.S. 3 Month Treasury Bill Index



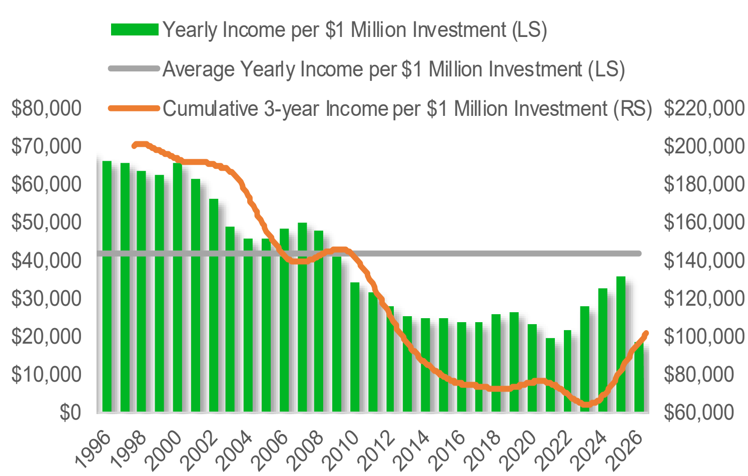
Bloomberg U.S. Treasury 1-5 Year Index



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.; June 30, 2026
See final page for additional chart and index disclosures

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	4.16%	4.16%	4.16%	4.17%	4.53%	4.73%	4.64%	4.73%
YEARS TO MATURITY	1.9	2.0	2.9	2.8	3.0	3.0	2.9	3.0
DURATION	1.8	1.9	2.6	2.6	2.7	2.7	2.6	2.7
QUALITY	AA1	AA1	AA1	AA1	A2	A3	A3	A3
NUMBER OF HOLDINGS	8	96	17	154	46	3,319	49	3,319

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	4.26%	4.22%	4.72%	4.91%	4.88%	4.91%
YEARS TO MATURITY	5.5	4.0	5.5	4.9	5.5	4.9
DURATION	4.7	3.6	4.6	4.1	4.6	4.1
QUALITY	AA1	AA1	A2	A3	BAA1	A3
NUMBER OF HOLDINGS	36	199	49	5,646	49	5,646

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	4.29%	4.22%	4.17%	4.17%	4.30%	4.26%	4.23%	4.23%
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	55	1,791	31	439	77	3,290	52	2,007

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	4.21%	4.22%	4.35%	4.33%	4.46%	4.43%	4.70%	4.66%
YEARS TO MATURITY	4.0	4.0	4.2	4.2	4.3	4.3	8.2	8.7
DURATION	3.6	3.5	3.7	3.7	3.8	3.7	6.1	6.1
QUALITY	AA1	AA1	AA2	AA1	A1	AA2	A1	AA2
NUMBER OF HOLDINGS	62	482	99	3,537	137	6,650	160	10,235

Institutional Model	TD Core Bond Managed Account Institutional	Bloomberg U.S. Aggregate Bond Index
MINIMUM ACCOUNT SIZE	$10,000,000	-
YIELD TO WORST	4.81%	4.73%
YEARS TO MATURITY	7.7	8.2
DURATION	5.9	5.9
QUALITY	A1	AA2
NUMBER OF HOLDINGS	149	14,173

Source for all charts and tables: Bloomberg Financial L.P.; June 30, 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.

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) .