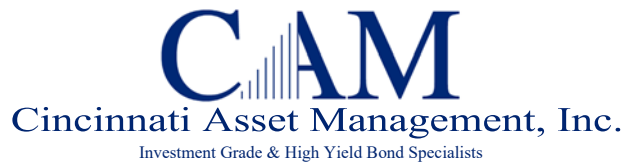
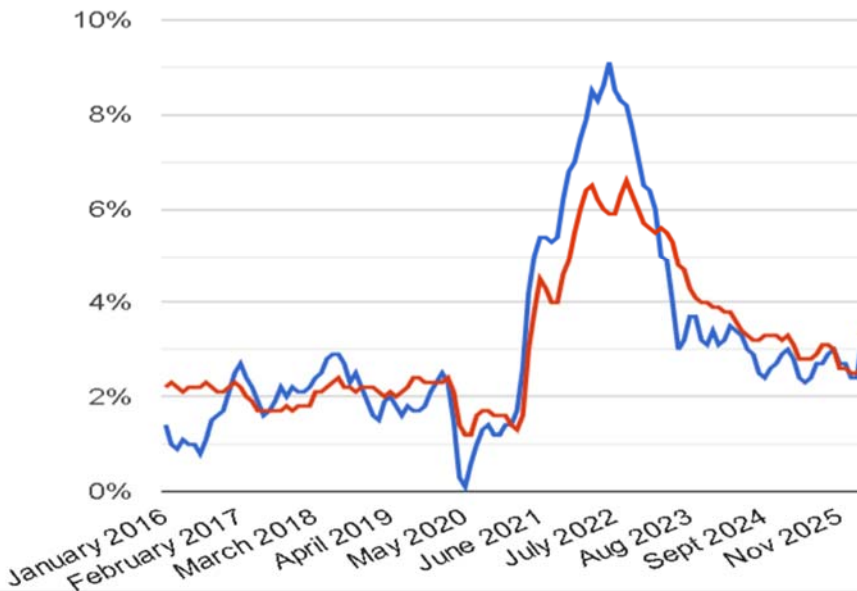


First Quarter 2026
Bond Market Review
and Outlook



“While we cannot predict how these risks and uncertainties will ultimately play out, they are significant.”
(Jamie Dimon, CEO J.P. Morgan Chase earnings release as reported in *The Wall Street Journal* 4/14/26)

12-Month Inflation: All Items vs. Core (2016-2026)



than their financial impacts (source: *Wall Street Journal* 4/14/26). The chart to the left shows core inflation (red), which excludes volatile food and energy prices and inflation (provided by “US Inflation Calculator” 4/10/26 by Coin News Media Group). Total 12-month inflation has moved up to 3.3% from 2.4%, while core inflation has moved to 2.6% from 2.5%.

The largest element of the increase in inflation, as shown on the graph on page three, is the surging cost of oil driven by the conflict in Iran. According to the Bureau of Labor Statistics except for energy prices the other elements remained relatively restrained. So a resolution in Iran should significantly lower energy costs and, in turn lower inflation.

Currently the 10-year Treasury bond yield reacted, rising to 4.47% on March 27th from a low of 3.97% on February 27, when markets were reacting to weak employment data. Yields have fallen back to 4.30% (source: Bloomberg closing price 4/13/26) as a resolution to the Iran conflict and the administration’s heightened efforts to reopen the Strait of Hormuz increase.

(Continued on page 3)

Market Review and Outlook

Jamie Dimon in the above quote is referring to “a complex set of risks, which include energy prices, geopolitical tensions, high fiscal deficits and elevated asset prices. While he believes the U.S. economy is in good shape, these risks

threaten economic growth prospects

Dimon has repeatedly stated that global politics and armed conflicts are the largest threat for J.P. Morgan Chase. He has endorsed the administration’s objectives in Iran and reasoned that the outcome of the major conflicts is more important

Yields[§] on 3/31/2026

Strategy	Yield*
CAM Broad Market (corporate core plus) Strategy (7.0 year maturity; 5.1 duration)	5.42%
CAM Investment Grade (100% corporate bonds) Strategy (7.5 year maturity; 5.9 duration)	4.98%
CAM High-Yield Strategy (only BA & B rated purchased) (5.8 year maturity; 3.3 duration)	6.29%
CAM Short Duration Strategy (2.7 year maturity; 2.1 duration; 50% IG & 50% HY)	5.14%
CAM Short Duration Investment Grade Strategy (2.7 year maturity; 2.3 duration)	4.51%
U.S. Treasury** (10 year maturity)	4.32%
U.S. Treasury** (5 year maturity)	3.94%
U.S. Treasury** (2 year maturity)	3.80%

* The lower of yield to maturity or yield to worst call date ** Source: Bloomberg

CAM’s Key Strategic Elements

- Bottom-up credit analysis determines value and risk.
- Primary objective is preservation of capital.
- Larger, more liquid issues preferred.
- Target is always intermediate maturity.
- No interest rate forecasting.
- All clients benefit from institutional trading platform and multi-firm competitive bids and offers.

Contact us: Artie Awe, Mike Lynch, & Bill Sloneker are always available to assist.

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CAM returns are after CAM's average management fee & all transaction costs but before any broker, custody or consulting fees. The indices are unmanaged and do not take into account fees, expenses, and transaction costs.	Total Return (%)	Annualized Returns (%)				
		IQ '26	YTD	1-YEAR	3-YEARS	5-YEARS
CAM Broad Market Strategy—Net 1/3 high yield, 2/3 investment grade	-0.29	-0.29	5.96	5.63	1.70	3.18
CAM High Yield “Upper Tier” Strategy—Net only purchase BB and B; no purchases of CCC & lower	0.00	0.00	7.04	7.40	3.08	4.61
Bloomberg US Corporate High Yield Index	-0.50	-0.50	7.01	8.60	4.23	6.13
CAM Investment Grade Strategy—Net 100% corporate bonds	-0.42	-0.42	5.42	4.86	1.06	2.52
Bloomberg US Corporate Index	-0.54	-0.54	4.78	4.70	0.76	2.81
CAM Short Duration Strategy—Net 1/2 investment grade, 1/2 high yield	0.29	0.29	5.22	5.82	2.65	3.55
CAM Short Duration Investment Grade Strategy—Net 100% corporate bonds	0.08	0.08	4.14	4.50	1.58	2.16

Insurance industries had the biggest positive impact on performance relative to the index with +26, +22, and +20 basis point contributions to excess return, respectively. CAM's credit quality positioning was a -55bp detriment to RTM performance versus the index driven primarily by CAM's exposure to BAA-rated credit (the index has no exposure).

Our **Broad Market Strategy (“BM”)** – a 67%/33% blend of the IG and HY strategies above – produced a gross total return of -0.23% for the quarter compared to -0.52% for the Index, a similar blend of Bloomberg IG and HY corporates. CAM has a structural underweight in the lower-rated credit tiers of HY and IG and its upper tier positioning yielded a +4bp benefit to its relative performance. The RTM return for the CAM Broad Market strategy was 6.23% compared to a blended Index return of 5.52%. CAM's positioning in the Media Entertainment, Banking, and Technology industries had the biggest positive impact on performance relative to the index with +20, +20, and +17 basis point contributions, respectively. As far as negative impact relative to the index was concerned, CAM's positioning within the Pharmaceuticals and Food and Beverage industry groups each yielded -5 basis point contributions to excess return, respectively.

Bloomberg Bond Indices Returns vs. CAM Gross (annualized %)

Periods ended 03/31/2026	10-yrs	20-yrs
U.S. Aggregate	1.70	3.28
U.S. Corporate	2.81	4.31
CAM Investment Grade Strategy (gross)	2.77	4.58
CAM Investment Grade Strategy (net)	2.52	4.34

Relative Performance Review 03/31/2026
CAM's **Investment Grade Strategy (“IG”)** produced a gross total return of -0.36% in the quarter ended March 31, 2026, compared to -0.54% for the Bloomberg U.S. Corporate Index. CAM always positions a majority of the portfolio within intermediate maturities. Longer dated maturities (10+ years) underperformed the broader index during the quarter. Shorter dated maturities (1-3 years) were the best performers, generating the only positive returns for the period. CAM's overall positioning and focus on intermediate maturities was a cumulative -6bp detriment to relative performance. Additionally, BAA quality credit performed in line with the broader index during the quarter. CAM's positioning and underweight vs. the index concentration of 45.1% was a +1bp benefit to relative performance. CAM's positioning within the Independent Energy, Cable/Satellite, and Airlines industries made the largest positive impact to performance, with +5, +3, and +2 basis point contributions to excess return, respectively. The RTM return for the CAM IG strategy was

5.67%, outperforming the Index return of 4.78%. CAM's positioning within the Technology industry was the largest positive impact to performance, with a +18 basis point contribution to excess return. Our positioning within the Chemicals was the largest negative contributor, with a -5 basis point contribution to excess return.

The **High Yield Strategy (“HY”)** delivered a gross total return of +0.07% in Q1 while the Bloomberg US Corporate High Yield Index returned -0.50%. CAM's overweight and security selection within the Media Entertainment, Retailers, and Finance Companies industries had the largest positive impact on performance relative to the index with +26, +11, and +10 basis point contributions to excess return during the quarter. For negative impact relative to the index, CAM's positioning and security selection within the Automotive, Midstream, and Oil Field Services provided -14, -7, and -6 basis point contributions to excess return, respectively. The HY RTM return was 7.35% while the Index returned 7.01%. CAM's overweight and security selection in the Retailers, Technology, and Property & Casualty

Better Asset Allocation Might Result from More Exacting Analysis

CAM looks to minimize the overall volatility of our High Yield strategy by focusing on the upper tier of High Yield credit (BA-B), as well as the conservative portion of a firm's capital structure. The chart to the right indicates 5, 10, and 20-year performance for the High Yield credit quality cohorts. While the CAA-rated cohort outperformed BA and B-rated bonds for the more recent 5 and 10-year periods, higher quality BA-rated bonds exceeded CAA-rated returns over the longer 20-year period. Not shown in the table is the pronounced volatility that has characterized the CAA-rated and lower subsectors. For example, the CAA credit tier returned -20.55% in Q1-2020 (i.e. start of the COVID pandemic) versus -12.69% for the HY Index as a whole. In fact, over the 20-year period the standard deviation of the CAA credit tier has been approximately 61% greater than the broader Bloomberg US Corporate HY Index (16.54% versus 10.30%). This shows investors may not be rewarded for the additional volatility and risk of the CAA-rated and lower subsectors.

Upper tier High Yield credit (BA-B) has also outperformed the Bloomberg US Aggregate Index (the “Agg”) for all periods, indicating these credit quality stripes have also kept better pace with inflation.

The above points suggest that upper tier High Yield bonds deserve consideration as a core holding over a complete market cycle.

Total Return of High-Yield Bonds by Credit Quality
(periods ended 3/31/2026) Source: Bloomberg US Corporate Indices (annualized %)

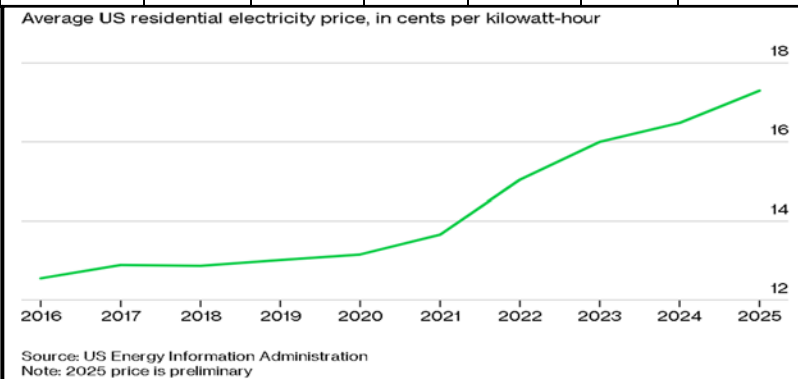
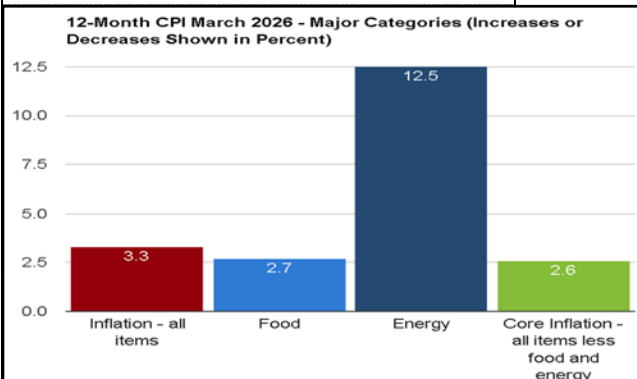
High-Yield Bond Sectors	5-years	10-years	20-years
BA-rated bonds	3.80	5.70	6.72
B-rated bonds	4.13	5.85	5.78
CAA-rated bonds	5.29	7.27	6.38
CA & D-rated bonds	8.57	13.26	3.12

Performance of Other Asset Classes
(periods ended 3/31/2026) Source: Bloomberg & Lipper

S & P 500 Stocks	12.07	14.16	10.51
Bloomberg U.S. Aggregate	0.31	1.70	3.28

The March 31 spread levels (shown at the right) enhance the value of corporate bonds versus U.S. Treasuries. Credit spreads of all cohorts have widened since December 31, 2025. Yields remain elevated, helping provide a margin of safety for credit investors, even as credit spreads are tighter than 20-year historical averages. We never like to post a negative quarter of performance but we were encouraged by the behavior of IG credit during the quarter amid an environment of extreme volatility. A better starting point leads to more downside protection and the potential for greater returns on the upside.

Credit Rating	20-Year Average Spread (as of 12/31/25)	3/31/26	12/31/25	12/31/24	12/31/23	12/31/22	Tightest This Decade (as of 12/31/25)
A	1.27%	0.74%	0.64%	0.68%	0.85%	1.09%	0.61%
BAA	1.87%	1.10%	0.97%	0.97%	1.21%	1.59%	0.92%
BA	3.45%	1.97%	1.65%	1.79%	2.01%	2.95%	1.56%
B	4.85%	3.45%	2.68%	2.77%	3.10%	4.89%	2.50%
CAA	9.02%	8.41%	7.29%	7.03%	8.09%	11.54%	4.91%



(Continued from page 1)

A similar slide in oil has occurred. OW-TI crude oil has fallen from the April 7 peak of \$112.95/barrel to \$99.08 as of 4/13/26 close. Indicative of oil's price volatility it is now trading on 4/14/26 at \$93.41 (source: Bloomberg) compared to \$66.89/barrel one day prior to the beginning of the conflict on February 28th. The movement of Treasury yields and oil prices seems to portend a significant decline as a resolution to the conflict in Iran takes hold. Another element of energy which has gained newsworthy status recently is domestic electricity prices. The above

chart shows the significant increase since 2020. Many are now laying the blame on the growth in data centers. But that would appear to be a more recent development. Clean energy mandates have driven electric rates higher. States with clean energy mandates have sought rate increases 32% higher than states without mandates (source: Energy Bad Boys 11/29/25). The mandate states rates are growing at double the rate of those of non-mandate states. So, policy decisions matter and impact inflation. The nascent backlash by consumers may well result in more subdued green initiatives and policies designed to require the new large data center users

to build their own dedicated power plants. The geopolitical risks Dimon cites would include the Ukraine war and Russia, China and other destabilizing actors. The removal of Maduro has certainly altered the South American landscape. Donald Trump told the New York Times that U.S oversight of Venezuela and it's oil could last for years (source: Firstpost 1/9/26). A logical development is Chevron's signing of a deal with Venezuela increasing its stake in PDVSA, the state oil company and projecting \$100 million in expenditures to expand capacity (source: France 24 4/14/26).

(Continued on page 4)

Footnotes and Disclosure

Advisory services are offered through Cincinnati Asset Management, Inc., ("CAM") an investment adviser registered with the U. S. Securities and Exchange Commission. The CAM High Yield, Investment Grade, Broad Market, Short Duration, and Short Duration-Investment Grade composites consist of all discretionary portfolios under management, including all securities and cash held in the portfolios, and have been appropriately weighted for the size of the account. All accounts are included after they are substantially invested.

Returns are calculated monthly in U.S. dollars and include reinvestment of dividends and interest. Figures for periods of less than one year are cumulative returns. All other figures represent annualized returns. Past performance is no guarantee of future results.

When compared to indices' performance, CAM results are after deduction of all transaction costs and CAM advisory fees. CAM advisory fees used are the actual composite averages. Accounts managed through brokerage firm programs usually will include additional fees. "Net of fees" herein refers only to CAM's management fee. The indices and information shown for comparative purposes are based on or derived from information generally available to the public from sources believed to be reliable. No representation is made to its accuracy or completeness. The Indices are referred to for informational purposes only and the composition of the Index is different from the composition of the accounts included in the performance shown above. Index returns do not reflect the deduction of fees, trading costs or other expenses.

This material was not intended or written to be used, and it cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.

This information is intended solely to report on investment strategies and opportunities identified by CAM. Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. This material is not intended as an offer or solicitation to buy, hold or sell of any financial instrument. References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

High yield bonds may not be suitable investments for all individuals. Before investing a thorough reading of all materials and consultation with an independent third party financial consultant may be appropriate. Fixed Income securities may be sensitive to changes in prevailing interest rates. When rates rise the value generally declines. For a depository institution, there is also risk that spread income will suffer because of a change in interest rates. Additional disclosures on the material risks and potential benefits of investing in corporate bonds are available on our website: <https://www.cambonds.com/disclosure-statements/>

(Continued from page 3)

The production increase in Venezuela and Exxon's robust fields expanding in neighboring Guyana which is currently producing 900,000 barrels per day and forecasting an increase to 1.7 million by 2030 are reshaping regional oil supply (source: Council on Foreign Relations article "How Guyana's Oil Boom will Reshape Energy Security" 2/11/26). For comparison, Saudi Arabia produces 8 million barrels per day and the U.S. produces 20 million barrels per day (source: World Population Review: Oil Producing Countries 2026).

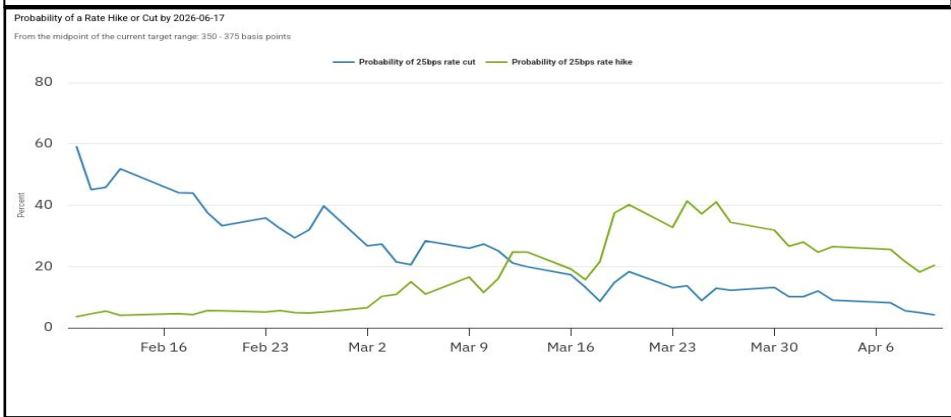
China, the world's second largest economy has seen GDP growth slow recently. The IMF now forecasts 4.4% in 2026 and slowing to 4% in 2027 (source: *South China Morning Post* 4/14/26) It averaged around 10% for many years until 2010 when it started its persistent decline to today's levels (source: World Bank). The major impediments are a decaying housing sector now in its 5th year of decline in asset values, a declining labor force, slower productivity growth and lower returns on investment (source: *South China Morning Post* 4/14/26).

China's Belt and Road global domination plans have been significantly disrupted by the events in both Venezuela and Iran where they had cordial relations and economic interests, especially in oil exports. The developments could put more downward pressure their economy. China still is able to exert leverage over many coun-

Sharpe Ratios (risk & reward relative value) Inception-Q1 2026

- CAM Investment Grade Strategy 0.32**
Bloomberg U.S. Corp Bonds 0.28
- CAM High Yield Strategy 0.48**
Bloomberg High Yield Corp Bonds 0.47
- CAM Short Duration 0.43**
Bloomberg Weighted Benchmark (1/2 Inter. HY & 1/2 U.S. Corporate I-5) 0.51
- CAM Short Duration IG Strategy 0.72**
Bloomberg U.S. Corporate I-5 Yr 0.75
- CAM Broad Market Strategy 0.53**
Bloomberg Weighted Benchmark (2/3 Corporate and 1/3 High Yield) 0.54

An important objective for all Cincinnati Asset Management investment strategies is to deliver superior risk-weighted returns versus the benchmark. A quantitative indication of our success is the Sharpe Ratio that calculates total return per unit of risk. The data on the left indicates we have largely been successful. The Sharpe Ratio of the Investment Grade Strategy exceeded its respective benchmark by 14.3%! The High Yield Sharpe Ratio exceeded its benchmark by 2.1%, and the Short Duration Investment Grade and Broad Market strategies fell modestly short of their respective benchmarks.

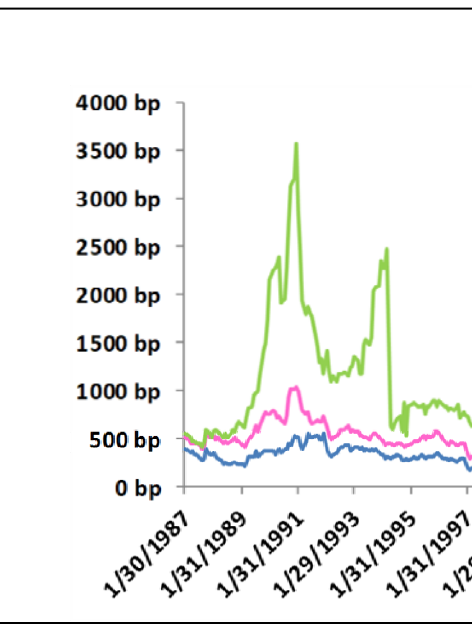


tries through it's dominant position in the production of many critical materials. For example, their position as the major producer of rare earth minerals, a necessary element in the manufacture of magnets and microprocessors used in a plethora of goods from smartphones to automobiles forced the U.S. to reverse course on tariff threats.

Their problems at home may lead them

to be more aggressive abroad. Current rumors of supplying air defense systems to Iran is one example.

All of these considerations result in the declining probability for a rate cut by the FED in June, as shown in the chart above. But the probability can reverse quickly in these tumultuous times. Please contact us at any time if we may be of assistance.



Rating	BA	B	CAA
Avg Spread	343	496	936
Std. Dev.	165	220	398
03/31/2026	197	345	841
Lowest Spread	151	228	378

Spreads to Treasuries by Credit Rating show significantly lower risk of BA and B rated bonds. Source: Bloomberg, Barclays Research (12/31/99 to 03/31/2026)