



GENTER
CAPITAL MANAGEMENT

Muni Market Update

February 2026

MUNI MARKET HIGHLIGHTS

- Tax-exempt yield curve bull steepener in January.
- Our yield advantage and front-end barbell weighting benefited us in the month.
- Strong technical factors remain supportive of the tax-exempt market.

MARKET OBSERVATIONS & STRATEGY

The tax-exempt curve experienced a rally to start the year, with AAA benchmark yields falling most inside 15 years. There was a modest yield drift on the longer end of the curve. In January 2026, like most of 2025, short to intermediate maturities were the best performing parts of the curve.

Our modified barbell structure, with higher weightings to the short end added performance for the month. The 10-15 maturity tenors of our intermediate portfolio structure performed for the period as well. We have tactically shifted more weight to that part of the curve on an opportunistic basis, and it has worked well for our client portfolios to start the year.

The new issue market continues to provide attractive alpha opportunities in the tax-exempt bond market. January issuance got off to a surprisingly slow start, but since we are coming off a record year in 2025, it should not come as much of a shock. Primary market issuance in January was \$36 billion versus the \$39 billion we saw in January 2025.

This kind of imbalance between supply and demand is exactly the positive technical factor which we have discussed in past market updates. The tailwind for the tax-exempt market played out with positive performance for the month across all maturities. Cash flow from maturities, calls, and coupon payments on January 1st are some of the highest we will see all year, but it remains to be seen if reinvestment demand will continue to outpace new supply.

AAA benchmark curve changes for the month of January.*

	AAA Curve 12/31/2025	AAA Curve 10/30/2026	Change bps
2026 (1yr)	2.49	2.25	(24)
2027 (2yr)	2.44	2.22	(22)
2028 (3yr)	2.38	2.19	(19)
2029 (4yr)	2.39	2.21	(18)
2030 (5yr)	2.39	2.24	(15)
2032 (7yr)	2.50	2.38	(12)
2035 (10yr)	2.73	2.62	(11)
2040 (15yr)	3.32	3.24	(8)
2045 (20yr)	3.94	3.96	2
2050 (25yr)	4.12	4.15	3
2055 (30yr)	4.19	4.21	2

HIGHLIGHTED NEW ISSUE PURCHASES IN JANUARY (SPREADS QUOTED AS OF TRADE DATE TO AAA)

NATIONAL

- Steel Valley PA School District GO (BAM) - 4.65% 2051 @ **4.65%** AA (**+61** to AAA)
- Sout Manvel TX Development Auth (AGM) - 4.50% 2046 @ **4.82%** AA (**+91** to AAA)
- Nashville TN Airport RV - 5.00% 2041 @ **3.91%** AA- (**+69** to AAA)

CA

- Indio CA Community Fac District (AGM) - 5.00% 2033 @ **2.71%** AA (**+33** to AAA)
- Los Angeles CA Dept Wtr & Pwr RV - 5.00% 2041@ **3.65%** AA2 (**+37** to AAA)
- CA Statewide Cmty Development (AGM) - 5.00% 2042 @ **3.71%** AA (**+21bp** to AAA)

GENTER PORTFOLIO STATS AS OF 02/04/26*

- Municipal Quality Intermediate - California: **Yield** 2.78%, **Duration** 3.74
- Municipal Quality Intermediate - National **Yield** 3.06%, **Duration** 3.79
- Average credit quality in both strategies: **AA-**