MacKay Municipal Managers™
MMM Weekly Monitor

MMM
NOVEMBER 3, 2026

October Flashes Signs of Seasonality

KEY TAKEAWAYS

- Munis Buck Historical Trend
- Seasonality Finally Gets its Way
- Is Tax Loss Swapping Window Closed?

Relative Performance[1]

Municipals closed out October on a strong note, extending the impressive recovery from September's historic selloff. AAA BVAL yields declined 7 bps in 2s, nearly 9 bps in 5s, 10 bps in 10s, and roughly 6 bps in 30s. Treasuries also rallied, but the move was more pronounced at the front end, with yields falling 14 bps in 2s and 5s, nearly 11 bps in 10s, and roughly 5 bps in 30s.[1]

As such, Muni-to-Treasury ratios looked generally in line with the previous week. The long end saw a more modest adjustment, with the 30-year ratio declining to 91.58%. While Treasuries led the rally in shorter maturities, municipals continued to benefit from improving relative valuations following September's dramatic repricing. [1]

What's remarkable is how quickly the municipal market has recovered. Over the past month, AAA yields have declined roughly 77 bps in 2s, 80 bps in 5s, and 73 bps in 10s. [1] That's a substantial reversal in a relatively short period, and a reminder that the market doesn't always wait for investors to feel comfortable before moving higher.

The bigger takeaway is that the recovery has occurred alongside a broader Treasury rally, but municipal-specific demand has clearly played an important role. The significant cheapening in September brought absolute yields and tax-equivalent income back to levels that attracted buyers both traditional and non, and October has demonstrated how quickly those opportunities can narrow once eager capital returns to the market.

From a relative-value standpoint, the front and intermediate portions of the curve have already reclaimed much of their prior richness. The 10-year ratio has moved back below 70%, while the 30-year ratio remains above 91%, leaving the longer end comparatively attractive for investors willing to take additional duration exposure and a call back to one of our top 5 Insights for 2026.

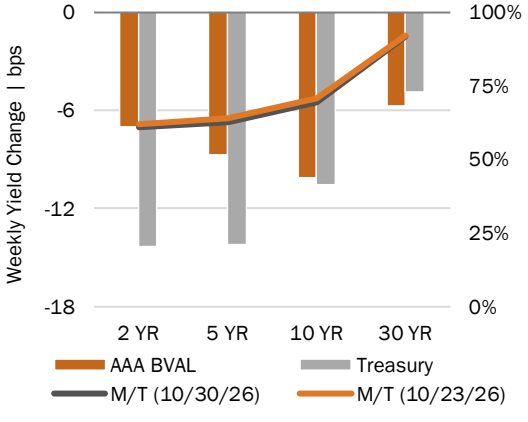
1. Source: Bloomberg

FIGURE 1: INDEX PERFORMANCE

	MTD	YTD	2025
Muni Bond 5-Year	3.12%	0.53%	5.03%
Muni Bond 10-Year	4.50%	-0.77%	5.92%
Muni Bond 15-Year	4.90%	-1.55%	5.31%
Muni Long Bond	3.91%	-1.30%	1.95%
Muni Managed Money	4.09%	-0.93%	3.94%

Data as of October 30, 2026.
Source: Bloomberg

FIGURE 2: MUNIS UNDERPERFORMED



Data as of October 30, 2026. Spot Muni, Spot AAA rates
AAA B VAL: AAA Municipal yield curve
M/T: Municipal/Treasury Yield Ratio - Bloomberg Municipal Bond Index yield / Bloomberg US Treasury Index yield.
Source: Bloomberg

Market Technicals

We've spent a lot of time this year discussing municipal market technicals, and for good reason. With issuance running near record levels, shifting Fed expectations and geopolitical volatility, the traditional seasonal playbook has been anything but reliable in 2026.

October may have finally given us a reminder of why seasonality still matters.

Take a look at the chart on the next page. Over the past 25 years, the Bloomberg Municipal Bond Index has averaged a negative 0.20% return in October. This year? Positive 3.85%, making it the strongest October in the 25-year history shown. That's more than a four-percentage-point swing relative to the historical average, and a remarkable reversal following September's 4.36% decline.

What's particularly interesting is how quickly the technical backdrop changed. September was a pretty good example of what happens when heavy new-issue supply, shifting rate expectations and investor selling all collide. Despite the attractive absolute yields available heading into the month, municipal technicals simply couldn't overcome the broader rates environment. The result was one of the most difficult months we've seen in years.

September's selloff pushed municipal yields and muni-to-Treasury ratios to levels that attracted a much broader pool of buyers. By the end of the month, 10-year ratios had approached 80%, while 30-year ratios moved toward 95%. Those valuations helped bring buyers back into the market, and October's recovery was swift. In many ways, the same volatility that overwhelmed technicals in September helped create the conditions for their recovery in October.

Now comes the part of the calendar that has historically been more favorable for municipals.

Over the past 25 years, November and December have averaged positive returns of 0.60% and 0.45%[1], respectively, compared with the negative average for October. That doesn't guarantee another two months of positive performance, particularly with inflation, Treasury yields and the upcoming elections still capable of moving markets. But we believe it does suggest that the seasonal backdrop could become more supportive as we move toward year-end.

Seasonality isn't an investment thesis by itself. We've seen throughout 2026 that macro forces can overwhelm even the strongest supply-and-demand dynamics. But when attractive starting yields, improving relative value and favorable seasonal patterns begin working together, the opportunity becomes considerably more interesting. October's rally wasn't simply a seasonal event. It was a valuation-driven recovery that happened to arrive just as the calendar was turning more favorable.

For investors who spent September waiting for the dust to settle, October was a pretty expensive reminder that markets don't always wait for confirmation. With the historically stronger November-through-January window now ahead of us, the question isn't whether seasonality guarantees another rally. It doesn't. The question is whether the combination of income, relative value and a potentially more supportive technical backdrop continues to justify municipal exposure, and we think it does.

1. Source: Bloomberg

FIGURE 3: BLOOMBERG MUNICIPAL BOND INDEX

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Yr Avg	0.77	0.18	-0.18	0.25	0.69	0.04	0.65	0.58	0.14	-0.20	0.60	0.45
2026	0.94	1.25	-2.32	1.15	0.37	0.96	-1.85	-0.23	-4.36	3.85	0.16	0.00
2025	0.50	0.99	-1.69	-0.81	0.06	0.62	-0.20	0.87	2.32	1.24	0.23	0.09
2024	-0.51	0.13	0.00	-1.24	-0.29	1.53	0.91	0.79	0.99	-1.46	1.73	-1.46
2023	2.87	-2.26	2.22	-0.23	-0.87	1.00	0.40	-1.44	-2.93	-0.85	6.35	2.32
2022	-2.74	-0.36	-3.24	-2.77	1.49	-1.64	2.64	-2.19	-3.84	-0.83	4.68	0.29
2021	0.64	-1.59	0.62	0.84	0.30	0.27	0.83	-0.37	-0.72	-0.29	0.85	0.16
2020	1.80	1.29	-3.63	-1.26	3.18	0.82	1.68	-0.47	0.02	-0.30	1.51	0.61
2019	0.76	0.54	1.58	0.38	1.38	0.37	0.81	1.58	-0.80	0.18	0.25	0.31
2018	-1.18	-0.30	0.37	-0.36	1.15	0.09	0.24	0.26	-0.65	-0.62	1.11	1.20
2017	0.66	0.69	0.22	0.73	1.59	-0.36	0.81	0.76	-0.51	0.24	-0.54	1.05
2016	1.19	0.16	0.32	0.74	0.27	1.59	0.06	0.13	-0.50	-1.05	-3.73	1.17
2015	1.77	-1.03	0.29	-0.52	-0.28	-0.09	0.72	0.20	0.72	0.40	0.40	0.70
2014	1.95	1.17	0.17	1.20	1.29	0.09	0.18	1.21	0.10	0.69	0.17	0.50
2013	0.42	0.30	-0.43	1.10	-1.22	-2.83	-0.88	-1.43	2.15	0.79	-0.21	-0.26
2012	2.31	0.10	-0.65	1.15	0.83	-0.11	1.59	0.11	0.60	0.28	1.65	-1.24
2011	-0.74	1.59	-0.33	1.79	1.71	0.35	1.02	1.71	1.03	-0.37	0.59	1.90
2010	0.52	0.97	-0.24	1.21	0.75	0.06	1.25	2.29	-0.16	-0.28	-2.00	-1.94
2009	3.66	0.52	0.02	2.00	1.06	-0.94	1.67	1.71	3.59	-2.10	0.83	0.34
2008	1.26	-4.58	2.86	1.17	0.61	-1.13	0.38	1.17	-4.69	-1.02	0.32	1.46
2007	-0.26	1.32	-0.25	0.30	-0.44	-0.52	0.77	-0.43	1.48	0.45	0.64	0.28
2006	0.27	0.67	-0.69	-0.03	0.45	-0.38	1.19	1.48	0.70	0.63	0.83	-0.35
2005	0.94	-0.33	-0.63	1.58	0.71	0.62	-0.45	1.01	-0.67	-0.61	0.48	0.86
2004	0.57	1.51	-0.35	-2.37	-0.36	0.36	1.31	2.00	0.53	0.86	-0.82	1.22
2003	-0.25	1.40	0.06	0.66	2.34	-0.43	-3.50	0.75	2.94	-0.50	1.04	0.83
2002	1.73	1.21	-1.96	1.95	0.61	1.06	1.29	1.20	2.19	-1.66	-0.42	2.11
2001	0.99	0.32	0.90	-1.08	1.08	0.67	1.48	1.65	-0.34	1.19	-0.84	-0.95

-6.35 6.35

Source: Bloomberg

Questions from the Field

Q With municipals having recovered so much of September's losses, does it still make sense to consider tax-loss harvesting, or has that window largely closed?

A This is where we believe investors need to separate the tax decision from the investment decision.

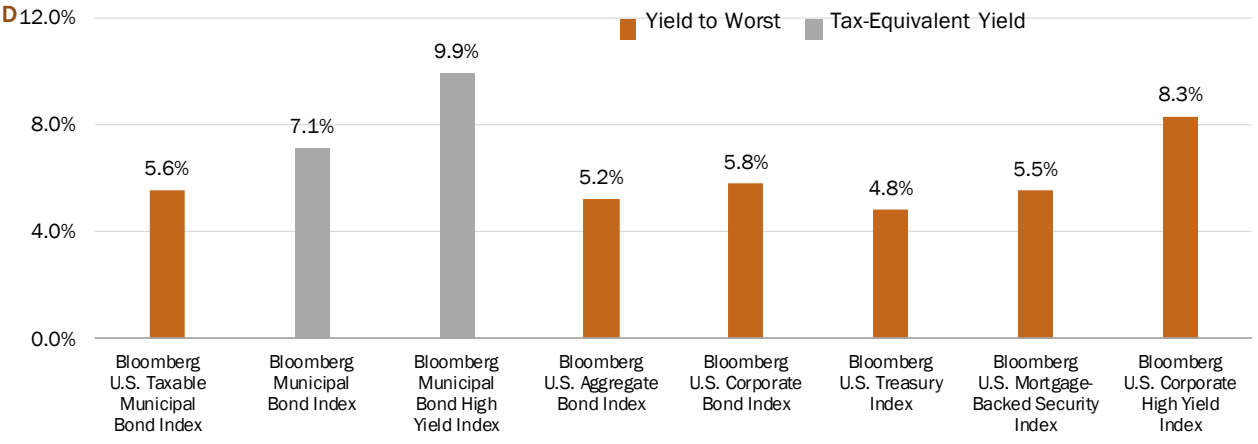
October's rally has certainly changed the economics of tax-loss harvesting. Bonds that were trading at meaningful discounts just a few weeks ago have recovered sharply, reducing some of the losses available to harvest. But that doesn't mean the opportunity has disappeared.

One of the things we emphasize is that tax efficiency shouldn't be a November or December exercise. It's an ongoing part of portfolio management. Even in a rallying market, seasoned holdings may still have embedded losses, particularly if they were purchased when yields were considerably lower. The question is whether we can realize those losses and reinvest into bonds offering better income, structure or relative value.

There's also an opportunity cost to waiting. We're hearing from advisors who want another backup in yields before putting cash to work or executing swaps. That's understandable, but October was a pretty good reminder of how quickly the market can move.

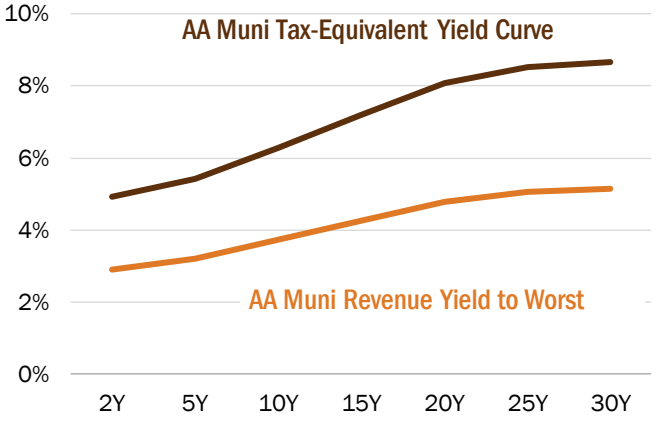
For us, the objective isn't simply to manufacture a tax loss. It's to improve the portfolio's after-tax outcome. If we can recognize a loss while maintaining appropriate market exposure and improving the income profile, that's a pretty compelling combination.

IND



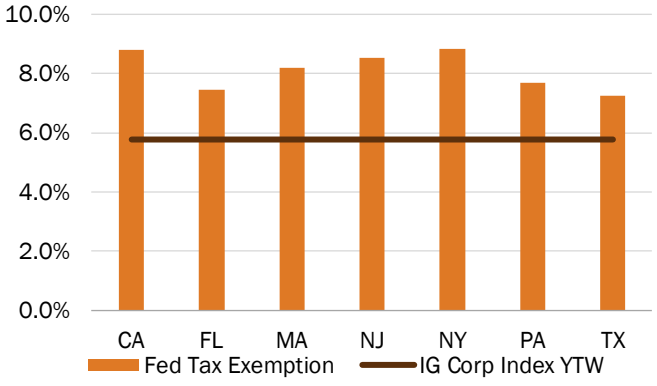
Data
1. Using 40.8% federal tax rate, including 3.8% Net Investment Income Tax.
Source: Bloomberg

AA MUNI TAX-EQUIVALENT YIELD CURVE



Data as of October 30, 2026
1. Using 40.8% federal tax rate, including 3.8% Net Investment Income Tax.
Source: Bloomberg

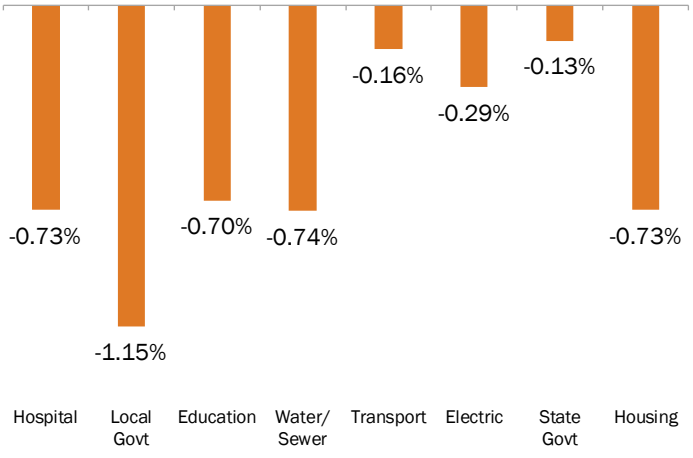
IN-STATE MUNI TAX-EQUIVALENT YTW



Data as of October 30, 2026
1. Using 40.8% federal tax rate, including 3.8% Net Investment Income Tax.
Source: Bloomberg

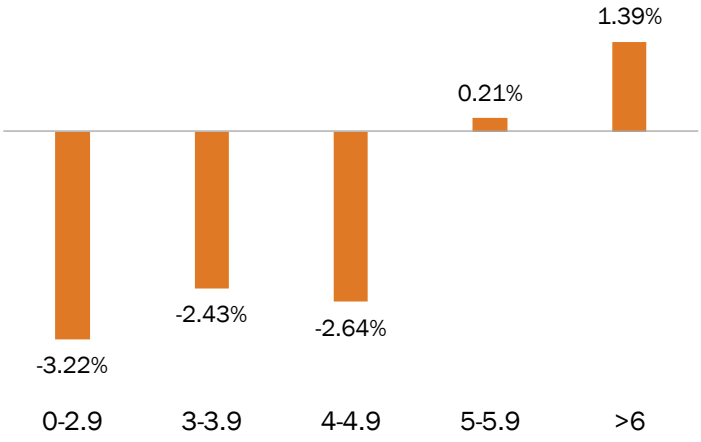
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YTD TOTAL RETURNS BY SECTOR



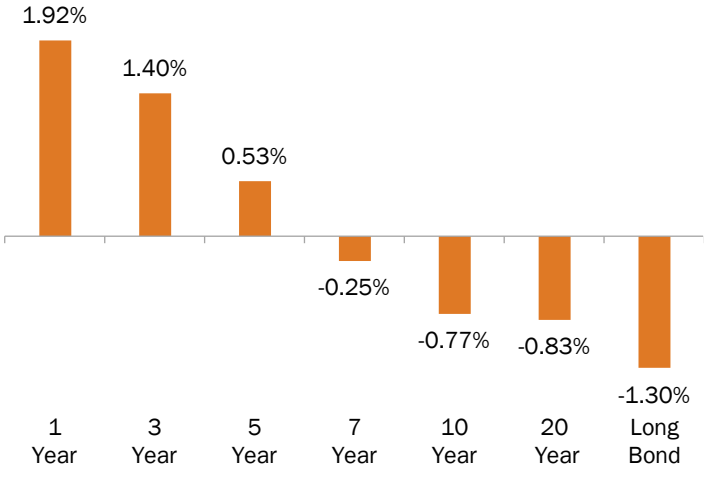
Data as of October 30, 2026
Source: Bloomberg Municipal Bond Index

YTD TOTAL RETURNS BY COUPON



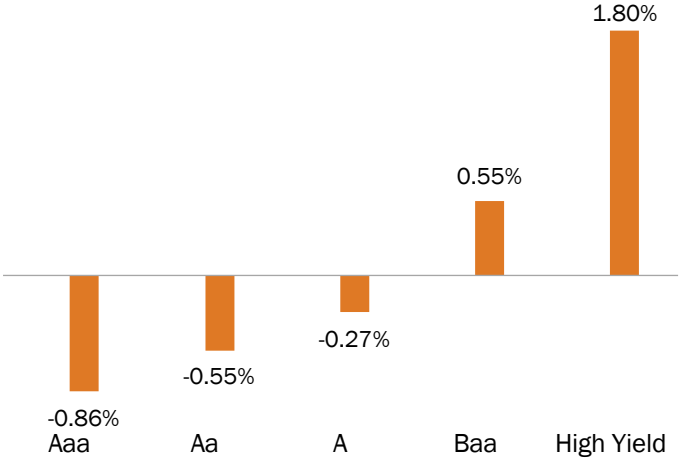
Data as of October 30, 2026
Source: Bloomberg Municipal Bond Index

YTD TOTAL RETURNS BY MATURITY



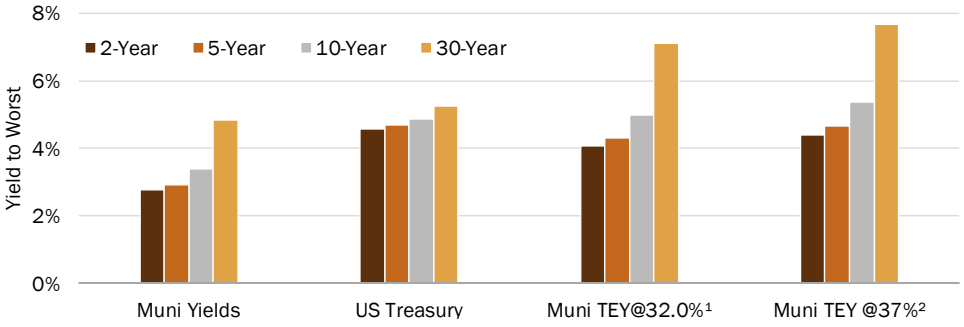
Data as of October 30, 2026
Source: Bloomberg Municipal Bond Index

YTD TOTAL RETURNS BY RATING CATEGORY



Data as of October 30, 2026
Source: Bloomberg Municipal Bond Index

TAX-ADJUSTED YIELDS OF MUNICIPAL BOND INDEX VS US TREASURY INDEX

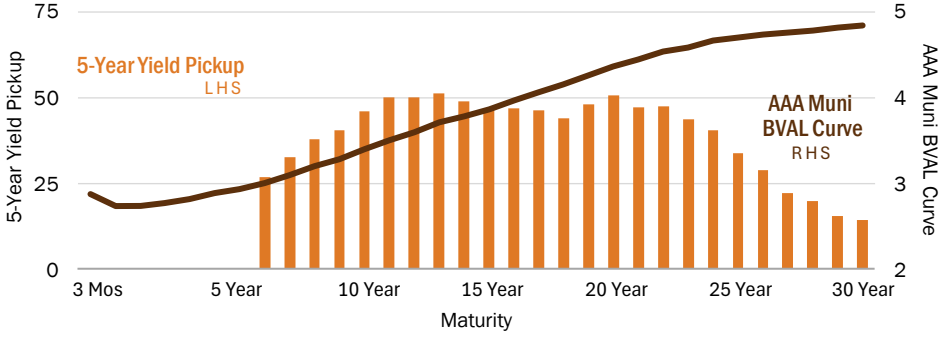


On a tax-adjusted basis munis handily lead across tenors

1. Tax Equivalent Yield is using 32% federal tax rate, including 3.8% Net Investment Income Tax.
2. Tax Equivalent Yield is using 37% federal tax rate, including 3.8% Net Investment Income Tax.

Data as of October 30, 2026.
Source: Bloomberg

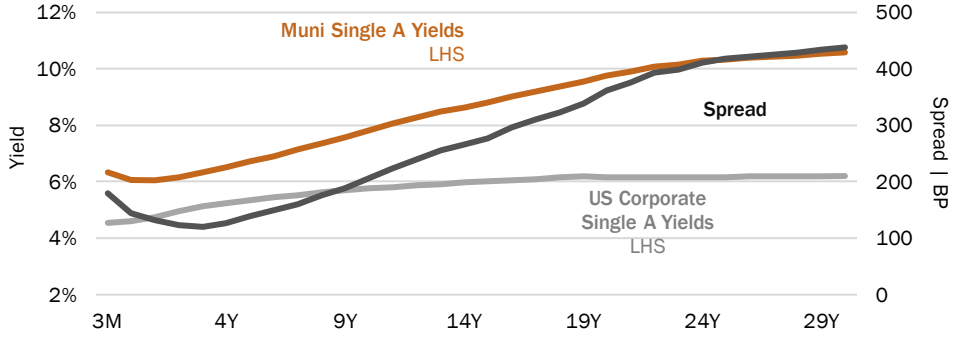
YIELD CURVE STEEPNESS



Our relative value lens focus on the area of the curve where steepness benefits returns

Data as of October 30, 2026.
Source: Bloomberg

MUNI EXCEEDS CORPORATE SPREADS

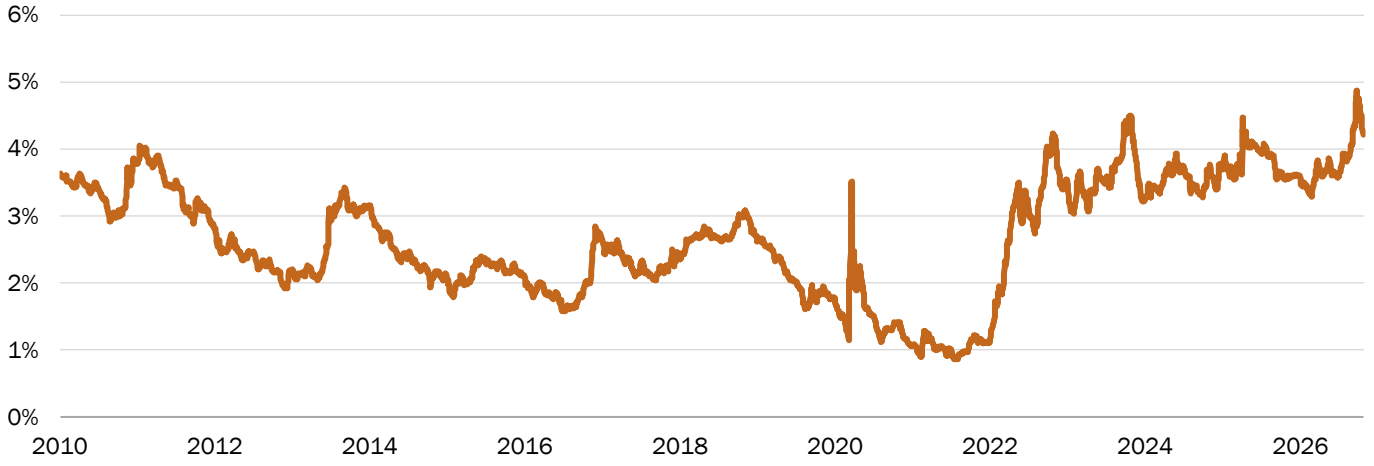


Tax equivalent munis continue to exceed corporate spread/yields

Data as of October 30, 2026.
Muni Single A Yields: Bloomberg Municipal Bond Index; US Corporate Single A Yields: Bloomberg Corporate Bond Index
Source: Bloomberg

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BLOOMBERG MUNICIPAL YIELD-TO-WORST



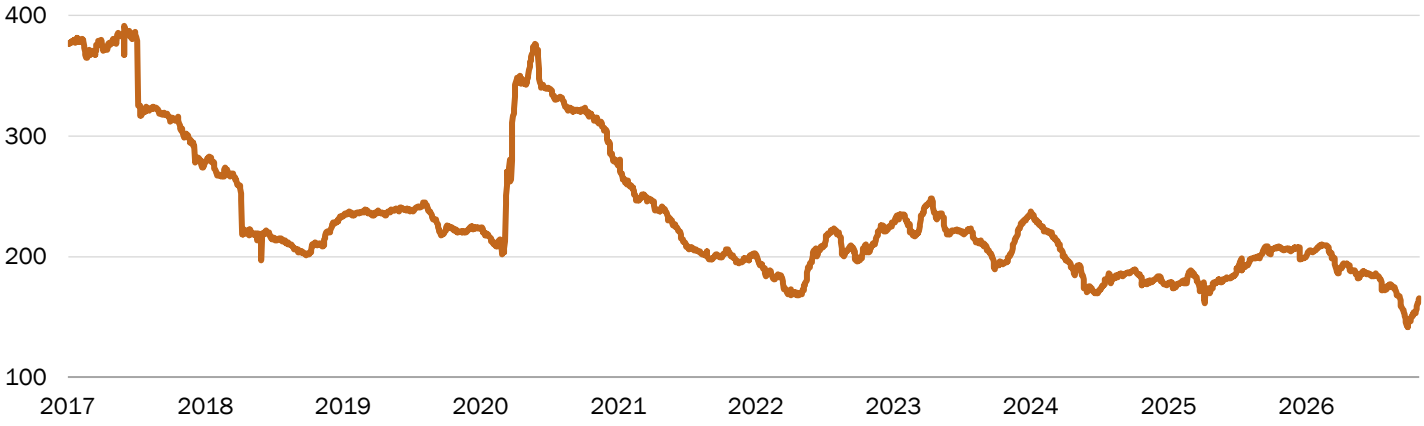
Data as of October 30, 2026
"Post GFC Average" measures the period from 1/1/2010 – 10/30/2026
Source: Bloomberg

MUNI YIELDS

Tenor	10/30/2026	10/23/2026	Change (+/-)
BLOOMBERG AAA MUNI KEY RATE YIELDS			
2 YEAR	2.79%	2.89%	-0.11%
5 YEAR	2.96%	3.07%	-0.12%
10 YEAR	3.42%	3.54%	-0.12%
30 YEAR	4.86%	4.90%	-0.04%
US TREASURY RATE YIELDS			
2 YEAR	4.56%	4.69%	-0.13%
5 YEAR	4.71%	4.82%	-0.11%
10 YEAR	4.94%	5.00%	-0.06%
30 YEAR	5.31%	5.33%	-0.02%
US TREASURY & AAA MUNI CURVE SLOPES[1]			
	2s10s	10s30s	2s30s
US TREASURY CURVE SLOPE	+ 38 bps	+ 37 bps	+ 75 bps
AAA MUNI CURVE SLOPE	+ 63 bps	+ 144 bps	+ 207 bps

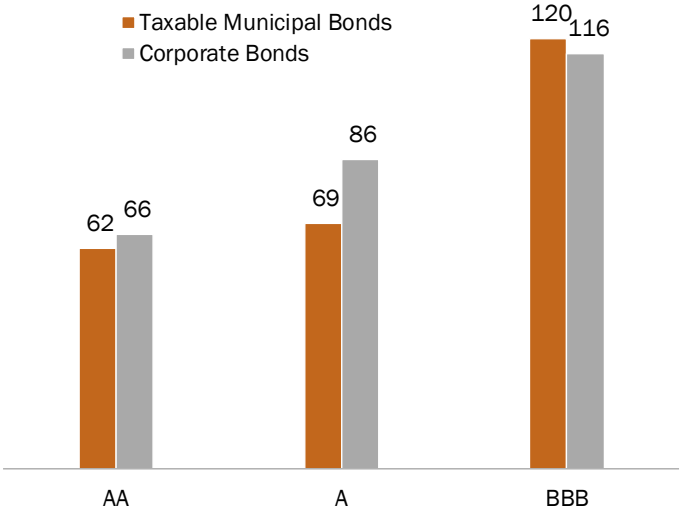
Data as of October 30, 2026
1. 2s10s – is spread between 10yr and 2yr yield; 10s30s – refers to spread between 30yr and 10yr yield; 2s30s – refers to spread between 30yr and 2yr yield
Source: Bloomberg

BLOOMBERG MUNICIPAL HIGH YIELD | AAA YIELD DIFFERENTIAL



Data as of October 30, 2026
Source: Bloomberg

TAXABLE MUNICIPAL AND CORPORATE CREDIT SPREADS



Data as of October 30, 2026
Source: Bloomberg

YIELD DIFFERENTIAL FOR NYL/MACKAY MUNICIPAL PRODUCTS

	Yield to Worst[1]		Change in YTW	TEY 10/30/26	Market Price	Duration to Worst
	10/30/26	6/30/26				
NYLIM MACKAY TAX FREE BOND FUND	4.63	4.04	0.59	7.76	97.59	7.0
NYLIM MACKAY HIGH YIELD MUNI BOND FUND	5.51	4.75	0.76	8.85	85.92	10.3
NYLIM MACKAY SHORT TERM MUNI FUND	3.64	3.32	0.32	5.84	101.06	2.4
NYLIM MACKAY STRATEGIC MUNI ALLOCATION FUND	4.44	3.75	0.69	7.46	100.04	5.4
NYLIM MACKAY U.S. INFRASTRUCTURE BOND FUND	5.47	4.88	0.59	5.51	95.44	5.5
NYLIM MACKAY MUNI ALLOCATION ETF	4.83	4.17	0.66	8.08	95.14	7.7
NYLIM MACKAY HIGH INCOME ETF	5.83*	--	--	9.96	89.43	10.0
NYLIM MACKAY MUNI INSURED ETF	4.63	4.13	0.50	7.83	97.57	7.5
NYLIM MACKAY MUNI INTERMEDIATE ETF	4.29	3.68	0.61	7.25	101.53	5.4
NYLIM MACKAY MUNI SHORT DURATION ETF	3.85	3.49	0.36	6.23	100.97	2.3
NYLIM MACKAY CALIFORNIA MUNI INTERMEDIATE ETF	4.00	3.36	0.64	6.76	102.72	5.5
NYLIM MACKAY CALIFORNIA MUNI FUND	4.51	3.79	0.72	7.53	100.95	6.6
NYLIM MACKAY NEW YORK MUNI FUND	4.91	4.36	0.55	8.13	93.98	8.4
NYLIM MACKAY ARIZONA MUNI FUND	4.20	3.45	0.75	7.03	99.62	5.5
NYLIM MACKAY COLORADO MUNI FUND	4.29	3.63	0.66	7.19	101.30	5.6
NYLIM MACKAY OREGON MUNI FUND	4.04	3.35	0.69	6.77	100.72	5.2
NYLIM MACKAY UTAH MUNI FUND	4.51	3.84	0.67	7.55	98.81	5.6
NYLIM MACKAY MUNI INCOME OPPORTUNITIES FUND	5.60	4.93	0.67	9.06	96.78	6.5
NYLIM MACKAY DEFINED TERM MUNI OPPORTUNITIES FUND	6.25	4.78	1.47	10.34	99.60	7.2

*6.00 when including cash (as fund is in ramp up, yield excludes cash and VRDN exposures)
Data as of October 30, 2026
Source: MacKay Shields

Click on the Fund Name to access current information about the fund , which includes the prospectus, investment objectives, performance, risk, and other essential information. Returns represent past performance, which is no guarantee of future results. Current performance may be lower or higher. Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Visit https://www.nylim.com/investment-products for the most recent month-end performance.

1. Yield to Worst (YTW) is the lowest potential yield that can be received on a bond without issuer default, assuming the bond is called, prepaid or otherwise retired at the earliest permitted date. Fund YTW reflects the yield to worst of the securities held in the portfolio. Tax-Equivalent YTW represents the taxable yield required to equal the stated YTW after federal income taxes, assuming a federal income tax rate of [XX.XX%], and will vary based on an investor's tax rate and individual circumstances. State and local taxes are not reflected unless otherwise indicated. YTW and Tax-Equivalent YTW are portfolio characteristics, are not guaranteed, and do not represent a Fund's distribution yield, SEC yield, total return or shareholder return.

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SOURCE INFORMATION

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DEFINITION OF TERMS

Option-Adjusted Spread

The option-adjusted spread (OAS) measures the spread between a bond's rate and the risk-free rate, while adjusting for any embedded options like callables or mortgage-backed securities.

Standard Deviation

Standard deviation is a statistical measurement that looks at how far discrete points in a dataset are dispersed from the mean of that set. It is calculated as the square root of the variance.

Tax Equivalent Yield

The tax-equivalent yield is the return a taxable bond needs to equal the yield on a comparable tax-exempt municipal bond. Investors use this calculation to compare the returns between a tax-free investment and a taxable alternative.

Tax Equivalent Yield to Worst

Tax Equivalent YTW is calculated by dividing the tax-exempt yield by one minus the marginal income tax. this is used to compare YTW on a tax-exempt investment to a taxable investment.

DEFINITION OF TERMS (CONT'D)

Volatility

Volatility is a measurement of how varied the returns of a given security or market index are over time. It is often measured from either the standard deviation or variance between those returns. In most cases, the higher the volatility, the riskier the security.

Yield to Worst

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures. YTW helps investors manage risks and may assist them in meeting specific income requirements even in adverse scenarios.

Additional Yield Definition

BVAL AA, A, BBB and BB Yields is calculated by Bloomberg and is representative of the average 2YR spot rate on respective Bloomberg Yield curves of corporate credits with the respective average credit rating that are valued by Bloomberg's valuation service.

INDEX DESCRIPTIONS

Bloomberg U.S. Taxable Municipal Bond Index

The Bloomberg U.S. Taxable Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term taxable bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies if all three rate the bond: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate and must be at least one year from their maturity date. Remarketed issues (unless converted to fixed rate), bonds with floating rates, and derivatives, are excluded from the benchmark.

Bloomberg Municipal AMT index

The Bloomberg Municipal AMT index refers to a specific Bloomberg municipal bond index that includes bonds subject to the Alternative Minimum Tax (AMT). Unlike most municipal bond indices, which exclude AMT-subject securities, these indices contain bonds that typically offer higher yields to individuals who are subject to the AMT.

Muni IG AMT ex Territories Index

The Muni IG ex. AMT and ex Territories Index is the Bloomberg Municipal Bond Index excluding AMT and US. Territory exposure.

INDEX DESCRIPTIONS (CONT'D)

Bloomberg Municipal Bond Index
A rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a date-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and pre-refunded bonds. Most of the index has historical data to January 1980. In addition, sub-indices have been created based on maturity, state, sector, quality, and revenue source, with inception dates later than January 1980.

Bloomberg 5-Year Muni Index
The Bloomberg 5 Year Municipal Bond Index is a capitalization weighted bond index created by Bloomberg intended to be representative of major municipal bonds of all quality ratings with an average maturity of approximately five years.

Morningstar U.S. Active Fund Muni National Intermediate
The Morningstar U.S. Active Fund Muni National Intermediate category contains mutual funds and exchange-traded funds (ETFs) that primarily invest in investment-grade municipal bonds issued by state and local governments with durations typically ranging between 4.5 and 7 years. Because they are actively managed, the fund managers dynamically adjust credit exposure, interest rate sensitivity, and yield curve positioning rather than tracking a static index.

Morningstar U.S. Passive Fund Muni National Intermediate
The Morningstar U.S. Passive Fund Muni National Intermediate category includes intermediate-term national municipal bond portfolios that invest in tax-exempt debt issued by state and local governments. Passive options and index ETFs in this group track broad municipal indexes to offer low-cost, tax-free income with moderate interest-rate risk.

ADDITIONAL DISCLOSURES

Investments in municipal securities are subject to market, interest-rate, credit and liquidity risks. Bond values generally decline as interest rates rise, and investors may lose money.

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the investment company. This and other important information are contained in the prospectus and, if available, the summary prospectus, which may be obtained by visiting https://dfinview.com/NYLIM or by contacting your financial professional. Investors should read the prospectus and, if available, the summary prospectus carefully before investing.

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