New York Life Investments

Muni360

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Report updated: December 2025

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Top 5 Municipal Bond Market Insights for 2025: Mid-year Update

The Old Normal Is Back. Prepare for It with Meaningful Municipal Allocations

From MacKay Municipal Managers™

The minds behind munis

At the midpoint of 2025, we believe the municipal bond market continues to offer investors compelling reasons to allocate. Yields remain elevated by historical standards, and valuations are attractive relative to both taxable debt and even U.S. equities. A combination of durable tax-exempt income, solid credit fundamentals, and the potential to capture relative value supports the case for a larger role in investor portfolios. As investors recalibrate in a shifting environment, we believe active management — grounded in bottom-up credit research and focused on uncovering relative value — remains essential to unlocking the potential of this market heading into the second half of the year and beyond.

Top Five Municipal Bond Market Insights for 2025: Mid-year Update

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THEME	RATIONALE	PORTFOLIO IN ACTION	MID-YEAR STATUS
TRADITIONAL TAX-EXEMPTION PERSISTS, AND WE BELIEVE IT'S AS ATTRACTIVE AS EVER *(CONTINUED ON FOLLOWING PAGE)*	As the federal government battles a budget deficit, some think the traditional tax exemption of municipal bond income could become a casualty. But at a 2024 cost of just $33 billion,[1] it is a small line item compared to the $1.8 trillion deficit. Noise around this question will persist, but given the exemption's entrenched support in Washington and its purpose toward financing America's $3.7 trillion deficiency in infrastructure investment,[2] we believe that Congress will determine the usefulness of the exemption far outweighs its cost. With the continuation of this benefit, our opinion is that the investor community has an opportunity to correct their underweight exposure to municipals. The current market offers attractive tax-equivalent yields, which can act as a ballast to portfolios against risk assets such as equities, while capitalizing on a buyers' market stemming from a projected surplus of issuance.[3]	Our view has held up through the first half of the year. House Republicans have reached agreement on a tax package that, crucially, leaves the municipal exemption untouched. The proposed framework reinforces our belief that tax-exempt income remains a durable and attractive feature of municipal bonds. We expect this clarity to support ongoing investor interest. The same legislation also proposes maintaining a sharply reduced number of individuals subject to the Alternative Minimum Tax (AMT) — a key provision originally introduced in the 2017 Tax Cuts and Jobs Act. AMT-subject municipal bonds continue to trade at wider spreads, even though very few taxpayers are likely to be impacted. We have selectively identified value in this space where spreads remain dislocated relative to actual tax exposure. Additionally, the U.S. House of Representatives has passed legislation to increase the State and Local Tax (SALT) deduction cap to $40,000, though the Senate may opt for a lower level. Negotiations are ongoing at the time of this writing. Retaining or raising the deduction cap may further support municipal bond demand, particularly in high-tax states.	**On Target** • We believe it's a buyer's market. • At 3.96%, the yield-to-worst (YTW) of the Bloomberg Municipal Bond Index has only been higher 4.9% of the time over the last 10 years (Bloomberg as of 6/30/2025). • The spread between municipal taxable-equivalent yields and the S&P 500's earnings yield has reached its widest level since 2001–2002, now favoring municipals by +244 basis points. From 2010 to 2021, this relationship was mostly negative — so a positive spread of this size suggests that municipal bonds are trading at their most attractive relative value to equities in over two decades (Source: Bloomberg as of 6/30/2025).

	THEME	RATIONALE	PORTFOLIO IN ACTION	MID-YEAR STATUS
1	TRADITIONAL TAX-EXEMPTION PERSISTS, AND WE BELIEVE IT'S AS ATTRACTIVE AS EVER *(CONTINUED)*		While the direct impact on valuations is modest, past experience has shown that the existence of the SALT cap has had behavioral effects, including increased retail buying of municipals. We are also mindful of the potential credit implications of raising the cap — reduced pressure on state and local taxpayers may ease resistance to local tax measures, helping stabilize credit conditions in certain regions. As always, we continue to monitor tax policy closely, identifying pockets of relative value and positioning the portfolio to benefit from structural strengths that, in our view, remain underappreciated by the broader market.	**On Target** • Municipals look attractive relative to U.S. Treasuries. Pre-tax, a 30-year AAA municipal bond currently yields 94% of a 30-year U.S. Treasury — even as the Treasury hovers near 5%, a level last seen in 2023 and, before that, not since 2007. On a taxable-equivalent basis, that figure jumps to 158%. At these yield levels, that ratio reflects not only relative value, but also an opportunity to lock-in long-term tax-exempt income (Source: Bloomberg as of 6/30/2025).
2	CAPITALIZING ON THE SUPPLY WAVE WILL REQUIRE SEIZING INITIATIVE IN MULTIPLE WAYS	Many forecasters[3] have insisted that record levels of new bond issuance in 2024 appear likely to continue in 2025, especially in the first half of the year as the future of tax-exempt interest generates noise in federal budget negotiations. We agree with these issuance forecasts and welcome such a scenario because we expect that an especially heavy calendar of new deals would garner investor attention and cash flow. This would potentially leave esoteric deals, private offerings and secondary market inefficiencies to fly under the radar. We believe active and flexible investment managers have the opportunity to explore certain advantages in this environment by using those overlooked opportunities to allocate to favored credits and sectors, but doing so will require creativity and diligence. Managers who do not purposefully tread outside the well-beaten paths, even if they are equipped to do so, may not reap the same rewards.	In the primary market, our team was able to negotiate favorable terms, taking advantage of new issue concessions to purchase bonds at yield spreads we view as above long-term equilibrium levels. These entry points reflect the benefit of maintaining liquidity and being an active participant in periods of elevated supply. At the same time, we identified and acted on dislocations in the secondary market, where instances of headline-driven volatility led to forced selling and mispriced credits. By leveraging our relationships and due diligence process, we were able to access and underwrite transactions that others may have overlooked. Our disciplined credit process and agility enabled us to deploy capital into these pockets of inefficiency— potentially enhancing portfolio returns while maintaining our focus on quality and long-term income generation.	**On Target** • Tax-exempt municipal bond new issue supply through June 30, 2025, totaled $256 billion, a 16% increase year-over-year and a 49% increase over the five-year trailing average. This marks the highest issuance on record for the first half of any year, surpassing the previous peak set in 2007 by 9% (Source: JP Morgan as of 6/30/2025). • Municipal-to-Treasury ratios cheapened by 6 to 14 basis points (bps) across the 5- to 30-year range since the start of the year, mostly due to supply-driven pressures (Source: Bloomberg as of 6/30/2025).

	THEME	RATIONALE	PORTFOLIO IN ACTION	MID-YEAR STATUS
3	SELECTION COMES TO THE FORE OF THE INVESTMENT-GRADE MARKET	We believe state and local governments will return to a more normal budget environment as federal aid winds down. It is our view that this will create a bifurcation between municipal borrowers which spent that money prudently and those which will face financial headwinds. We expect state and local political and fiscal tensions to resume in this environment, creating volatility and potential opportunity. As the pace of rating upgrades is likely to slow, identifying opportunities will require a depth of experience, thorough understanding of borrower financials and relationships with issuer management teams in order to separate the wheat from the chaff. We believe that research-driven active managers will achieve that understanding before the average investor and will be able to allocate capital accordingly. We see this as an opportunity for alpha. Additionally, we anticipate favorable performance arising from the prepaid gas and housing sectors. In 2024, both sectors saw spreads widen to between +100 bps to +140 bps over the AAA scale[4] due primarily to technical factors. We expect those technical factors to continue in 2025, which would provide an attractive pair of areas for allocation.	We've remained cautious on issuers we believe may face structural budget pressures as federal aid winds down. Fiscal tensions are already emerging among certain borrowers, contributing to growing dispersion in credit spreads. Our research team continues to focus on detailed financial analysis to differentiate fundamentally strong credits from those more vulnerable to fiscal or political strain. Alongside this issuer-level positioning, we've also selectively added to sectors we view as temporarily dislocated by technical pressures, including prepaid gas and housing. These areas have traded at wide spreads to the AAA benchmark despite sound credit fundamentals.	**On Target** • After years of steady improvement, credit rating actions remain net positive, though they may have passed their peak. Year to date (YTD), General Obligation issuers have been upgraded 1.26 times for every downgrade; a decline from 2024, when the ratio for the full year was 2.13 (Source: Bloomberg, 6/30/2025). • Municipal credit remains fundamentally sound, but headlines can influence investor behavior, leading to temporary market dislocations and pockets of relative value. This is where continuous, 24/7 credit research and surveillance can provide a meaningful edge.
4	THE HIGH YIELD MARKET IS LIKELY TO OUTPERFORM INVESTMENT GRADES AGAIN, DESPITE HISTORICALLY TIGHT SPREADS *(CONTINUED ON FOLLOWING PAGE)*	While we expect certain issuers to face inflection points in their credit cycles, the overall quality of the high yield sector at large remains strong thanks to the health-giving effects of economic growth. At the same time, below-investment-grade debt has received a meager share of the boom in new municipal bond supply. These two trends have combined to squeeze high yield spreads down to some of their lowest historical levels.[4]	Our high yield portfolios have shifted toward a higher-quality posture, reflecting tight spreads and a lack of adequate compensation for deeper credit risk at present. We remain constructive on liquid high yield bonds and those offering meaningful investor protections — such as strong covenants. We are also seeking to take advantage of discounted structures that offer potential upside while providing a degree of downside protection.	**Pending** • So far this year the Bloomberg HY Municipal Index is outperforming the Bloomberg Municipal Index (IG) by 2 bps (Source: Bloomberg as of 6/30/2025).

	THEME	RATIONALE	PORTFOLIO IN ACTION	MID-YEAR STATUS
4	THE HIGH YIELD MARKET IS LIKELY TO OUTPERFORM INVESTMENT GRADES AGAIN, DESPITE HISTORICALLY TIGHT SPREADS *(CONTINUED)*	While this spread compression leaves less room for outperformance, we expect the strong credit fundamentals to continue and new issue supply to remain dominated by investment-grade issuers. We believe this should keep a lid on high yield spreads in 2025 and allow the sector to benefit from yield- driven outperformance. When allocating into this strength, it is our view that managers must use a research-driven approach to avoid the temptation of reaching for poorly secured deals with far greater risk, which has enticed some investors in the past but is counterproductive to long-term returns.	As always, we uphold rigorous underwriting standards and avoid yield-chasing behavior, which often involves overpaying for securities with limited protections and exposure to speculative, highly leveraged issuers.	**Pending** • The yield differential between the Bloomberg High Yield Municipal Index and the Bloomberg Investment Grade Municipal Index has been stable this year, only increasing from 177 bps to 186 bps, a level that is still historically tight. For context, the differential has been higher than 186 bps, 87% of the time over the past 10 years (Source: Bloomberg as of 6/30/2025).
5	THE FRONT END OF THE MUNICIPAL YIELD CURVE SHOULD OUTPERFORM CASH-LIKE INSTRUMENTS	As the Federal Reserve considers normalizing its interest rate policy through cuts to the federal funds rate, the savings deposits and money market funds in which American households are currently holding $14 trillion[5] may not be able to offer the incomes they produced in 2023 and 2024. This applies to both taxable and tax-exempt products. Yet, we believe reallocating those assets from cash products into bonds does not necessarily require adding undue risk. Returns from short-term municipal bond funds are generally much less sensitive to changes in interest rates than long-duration products while still offering the same tax-exemption and high credit quality. We believe short municipal funds will outperform cash products this year, and investors may wish to consider rotating into those funds early enough to outpace what could be a large wave of demand.	Short-term municipal bonds have outperformed cash-like instruments year-to-date — exceeding the returns of both tax-exempt money market funds outright, and taxable money market funds on an after-tax basis. This outperformance underscores the value of capitalizing on elevated short-term tax-exempt yields. Our broader market portfolios were well-positioned to take advantage. We took advantage of elevated short-term yield levels, while also deploying cash into longer-maturity bonds as the yield curve steepened throughout the first half of the year. This posture allowed us to generate attractive income, manage interest rate risk and enhance income durability.	**On Target** • Beware re-investment. Taxable and tax-free money market fund yields have declined in 2025, with taxable funds falling from an average of 4.16% at the start of the year to 3.90%, a drop of 26 bps. Tax-free fund yields fell from an average of 3.21% to 2.23%, a drop of 98 bps (Source: Morningstar as of 6/30/2025). • On a taxable-equivalent basis, the 3-Year Municipal Index yield-to-worst is 5.02%, offering a 112 bps advantage over taxable money market funds (Source: Bloomberg as of 6/30/2025). • The Bloomberg 3-Year (2–4 Year) Municipal Index has outperformed taxable money market securities on an after-tax basis by 114 bps year-to-date (YTD) (Source: Bloomberg, Morningstar as of 6/30/2025). • The 3-Year Municipal Index has also outperformed tax-free money market funds by 86 bps YTD (as of June 5, 2025) (Source: Bloomberg, Morningstar as of 6/30/2025).

1. Estimated by the Joint Committee on Taxation, as of December 2023.
2. According to the American Society of Civil Engineers' Report Card for America's Infrastructure, as of May 2024.
3. According to Lerner, J. Threats to tax-exemption the X factor in 2025 issuance projections, Bond Buyer, as of December 2024.
4. According to Municipal Market Data (MMD), as of December 2024.
5. According to Federal Reserve data, as of December 2024.

Municipal Market Monthly Update

Technical Backdrop

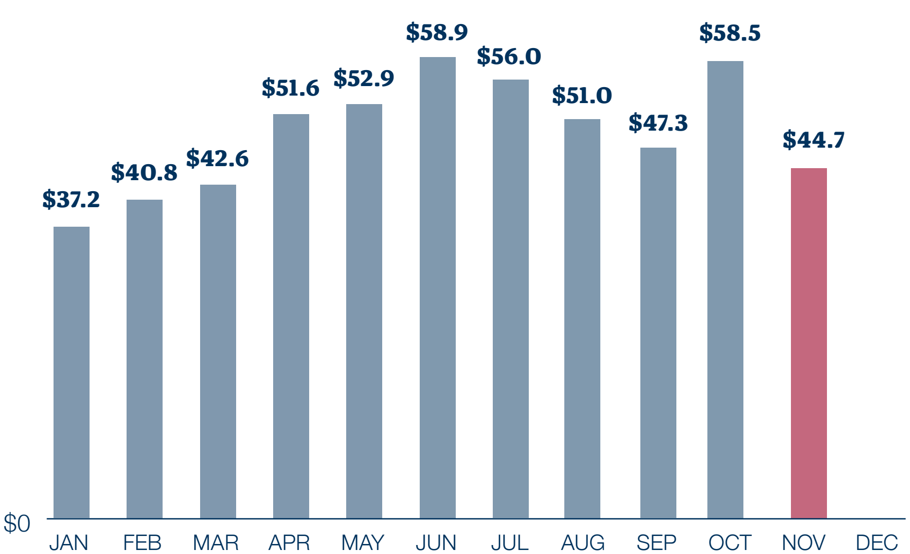
SUPPLY

- Muni issuance in November totaled $45 billion, down 23% month-over-month and up 75% year-over-year, with net issuance at $14 billion.
- Year-to-Date gross and net issuance through month-end was +$541 billion and +$227 billion, respectively.

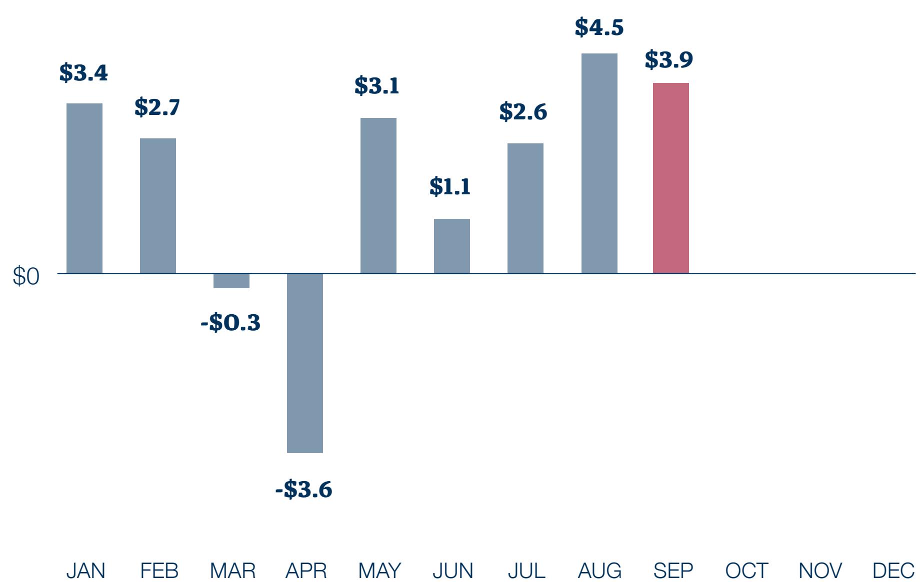
DEMAND

- Muni flows were positive in September, with inflows averaging about $1.0 billion per week.

2025 MONTHLY GROSS ISSUANCE ($B)

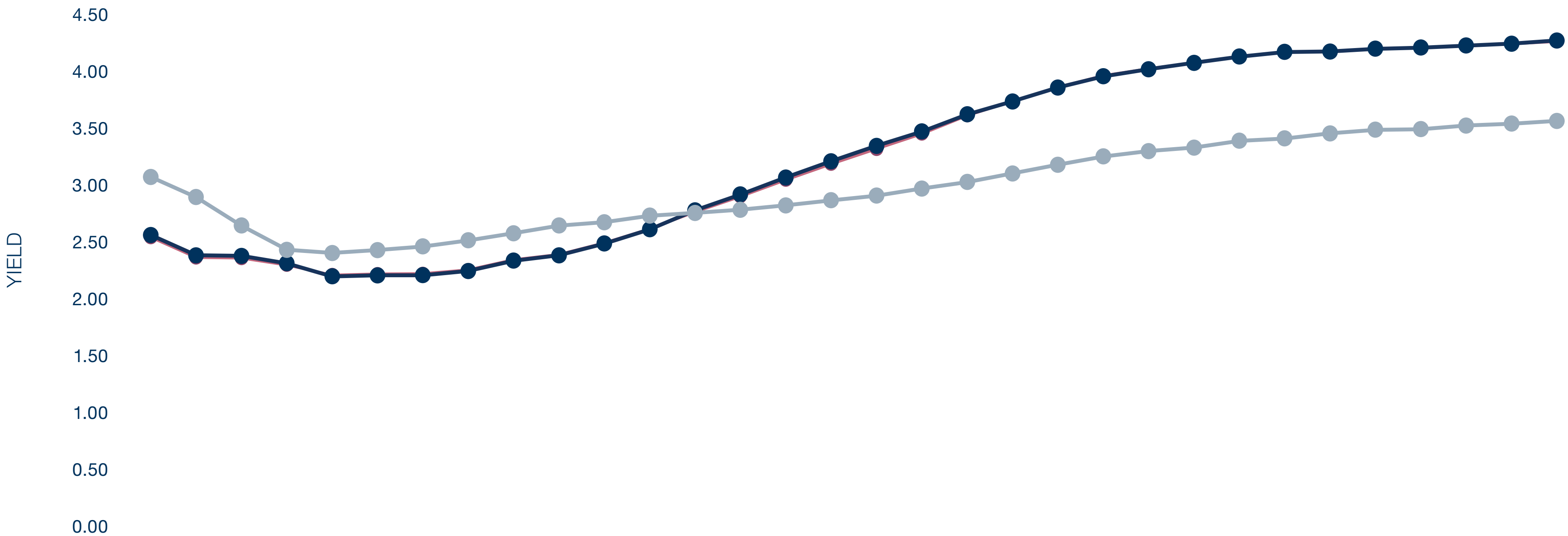


2025 MONTHLY MUNICIPAL FUND FLOWS ($B)



Source: SIFMA, Bloomberg, Barclays Research and Refinitiv., as of 11/30/25.

AAA-Rated Municipal Yield Curve (%)



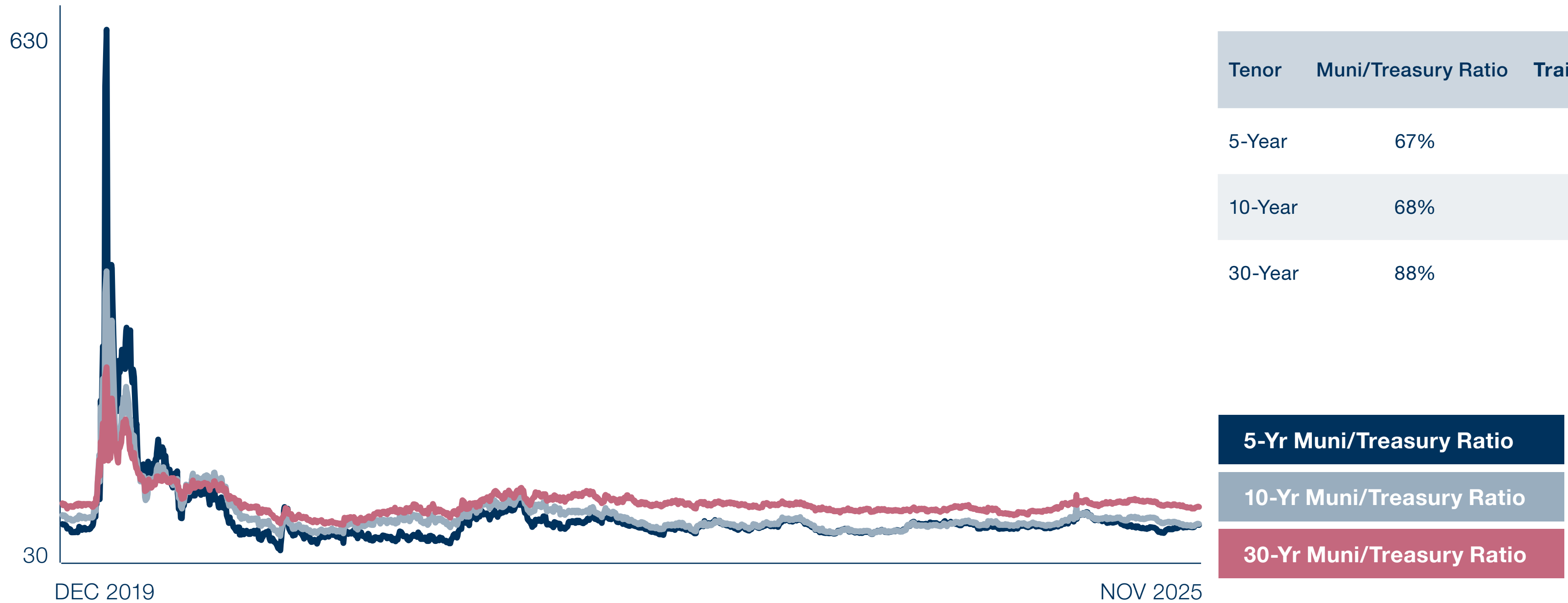
	3m	6m	1y	2y	3y	4y	5y	6y	7y	8y	9y	10y	11y	12y	13y	14y	15y
As of 11/30/25	2.68	2.53	2.52	2.47	2.40	2.41	2.41	2.44	2.51	2.55	2.63	2.74	2.86	2.97	3.10	3.21	3.32
As of 10/31/25	2.69	2.54	2.54	2.49	2.39	2.40	2.40	2.43	2.50	2.54	2.63	2.73	2.87	2.99	3.11	3.23	3.34
As of 11/30/24	3.12	2.97	2.76	2.58	2.56	2.58	2.61	2.65	2.71	2.76	2.79	2.83	2.85	2.88	2.91	2.95	2.98

	16y	17y	18y	19y	20y	21y	22y	23y	24y	25y	26y	27y	28y	29y	30y
As of 11/30/25	3.43	3.57	3.67	3.78	3.86	3.91	3.95	4.00	4.03	4.04	4.06	4.07	4.08	4.09	4.11
As of 10/31/25	3.45	3.58	3.67	3.77	3.85	3.91	3.95	4.00	4.03	4.04	4.06	4.06	4.08	4.09	4.12
As of 11/30/24	3.03	3.08	3.14	3.21	3.27	3.31	3.33	3.38	3.40	3.44	3.46	3.47	3.49	3.51	3.53

Source: Bloomberg, as of 11/30/25. The yield curve is a visual representation of the yield of AAA-Rated Municipal Bonds at varying maturities. AAA-Rated Municipal Bonds is represented by Bloomberg Municipal AAA Index.

Past performance is not indicative of future results. It is not possible to invest directly in an index.

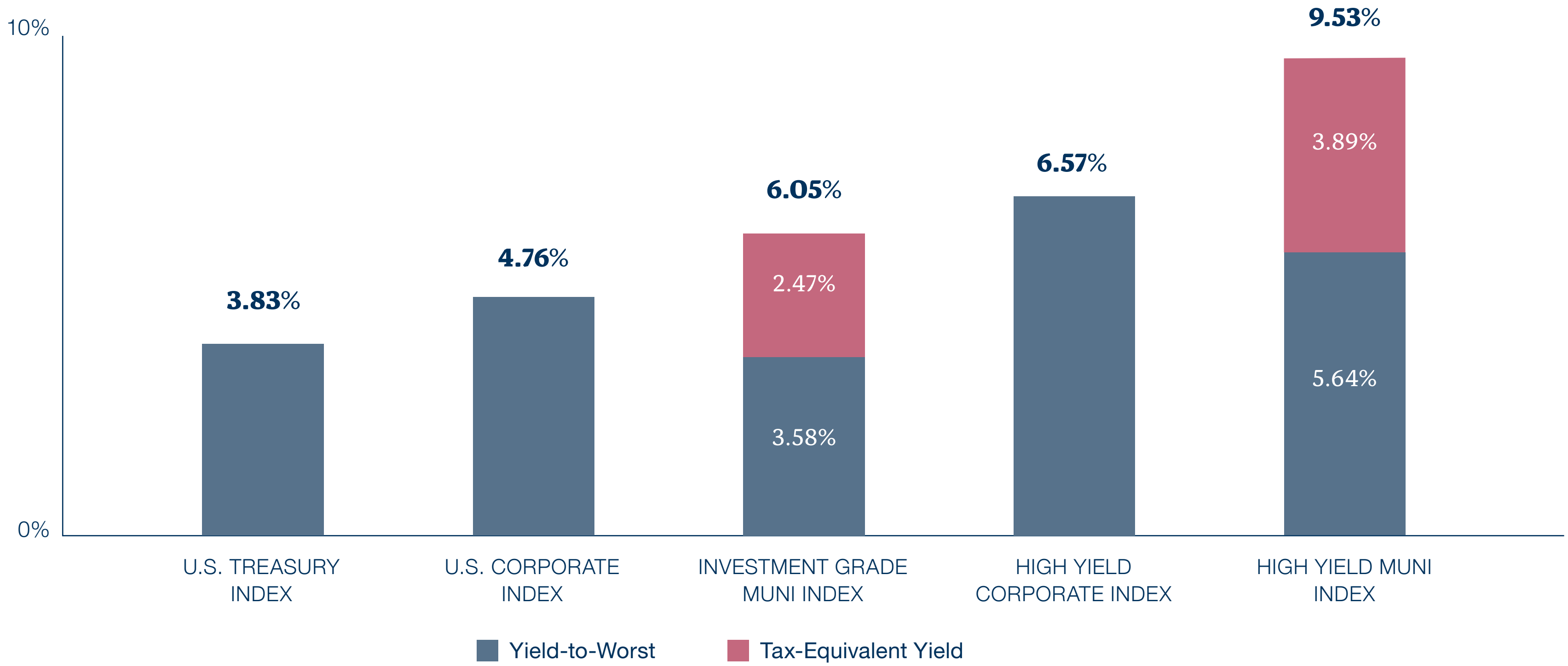
AAA-Rated Municipal/Treasury Yield Ratio (%)



Tenor	Muni/Treasury Ratio	Trailing 5-Yr Median
5-Year	67%	65%
10-Year	68%	69%
30-Year	88%	89%

Source: Bloomberg, as of 11/30/25. The Municipal/Treasury Ratio, M/T ratio or muni-Treasury ratio, as it is more commonly known, is a comparison of the current yield of municipal bonds to U.S. Treasuries. Representative indices: Bloomberg U.S. Treasury Index and Bloomberg U.S. Municipal Index. Treasury Securities are backed by the full faith and credit of the United States government as to payment of principal and interest if held to maturity. Interest income on these securities is exempt from state and local taxes. Past performance is not indicative of future results. An investment cannot be made in an index.

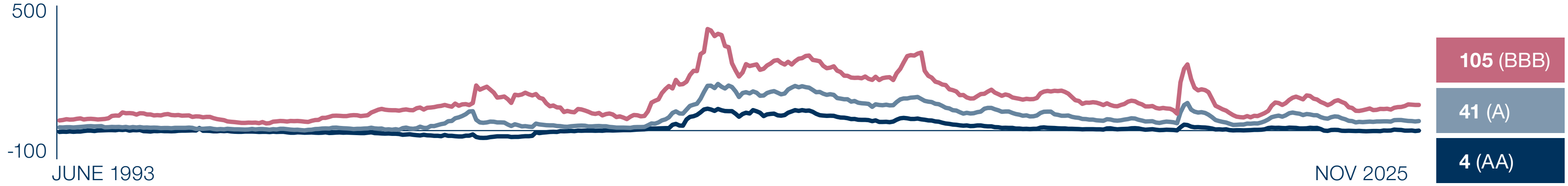
November 2025 Tax-Equivalent Yields



Source: Bloomberg, as of 11/30/25. Representative indices: Bloomberg U.S. Treasury Index, Bloomberg U.S. Corporate Bond Index, Bloomberg U.S. Municipal Index, Bloomberg U.S. High Yield Corporate Index, and Bloomberg High Yield Municipal Index. Assumes 37% federal tax rate and 3.8% net investment income tax. Yield to worst is computed by using the lower of either the yield to maturity or the yield to call on every possible call date. Past performance is not indicative of future results. An investment cannot be made in an index. Figures may not sum up due to rounding.

Investment Grade Municipal Market Spreads & Performance (as of 11/30/25)

AA-, A-, AND BBB-RATED MUNICIPAL INDEX YIELD SPREADS OVER AAA-RATED MUNICIPAL INDEX YIELD



RETURNS (%) AS OF 11/30/25

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
Municipal Bond Index	63,991	-0.14	0.37	0.23	3.82	5.16	4.15	2.64
1 Year (1-2)	3,459	-0.09	0.37	0.28	0.31	1.75	3.13	3.10
3 Year (2-4)	6,755	-0.12	0.36	0.24	0.24	2.36	3.74	3.37
5 Year (4-6)	6,656	-0.13	0.36	0.23	0.70	3.34	4.73	3.96
7 Year (6-8)	6,623	-0.19	0.36	0.16	1.79	4.34	5.46	4.43
10 Year (8-12)	12,931	-0.08	0.35	0.27	3.51	5.48	5.66	4.42
15 Year (12-17)	12,661	0.01	0.35	0.37	5.70	6.64	5.03	3.23
20 Year (17-22)	7,735	-0.16	0.37	0.21	6.37	6.65	3.32	1.24
Long Bond (22+)	7,171	-0.26	0.39	0.12	6.08	6.18	2.28	-0.27

MTD: Month to Date, Source: Bloomberg, as of 11/30/25. Representative indices: Bloomberg Municipal Index, Bloomberg Municipal 1 Yr 1-2, Bloomberg Municipal 3 Yr 2-4, Bloomberg Municipal 5 Yr 4-6, Bloomberg Municipal 10 Yr 8-12, Bloomberg Municipal 20 Yr 17-22, and Bloomberg Municipal Long 22+ Yr. Past performance is not indicative of future results. An investment cannot be made in an index.

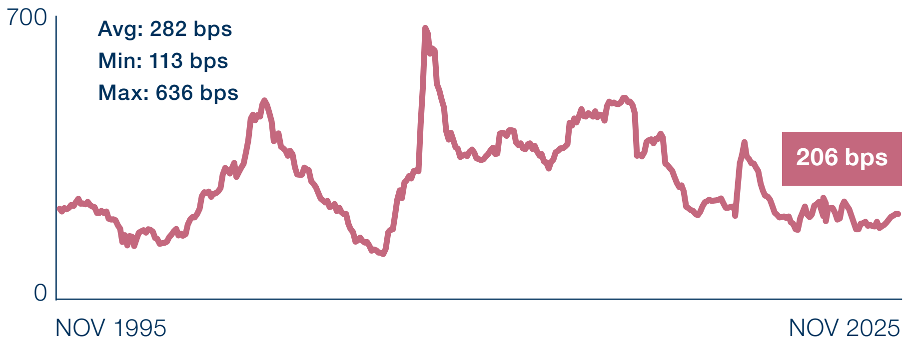
HIGH GRADE MUNICIPALS, RETURNS BY SECTOR

November 2025	(%)	Year-to-Date 2025	(%)
Tobacco	0.43	Housing	5.60
Resource Recovery	0.36	IDR/PCR	5.29
Education	0.34	Leasing	4.35
Leasing	0.32	Transportation	4.27
Transportation	0.27	Education	4.08
Housing	0.26	Tobacco	4.05
Water & Sewer	0.26	Water & Sewer	4.02
Hospital	0.25	Resource Recovery	3.70
Electric	0.22	Electric	3.61
IDR/PCR	0.17	Special Tax	3.56
Special Tax	0.09	Hospital	3.54

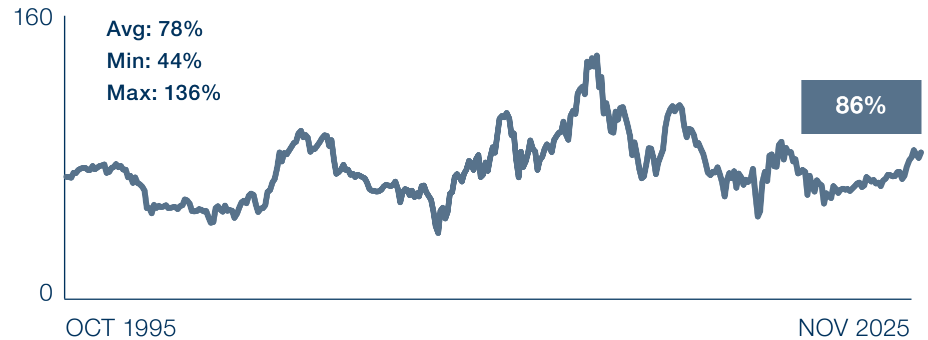
Source: Bloomberg as of 11/30/25. Monthly data. Representative indices: Bloomberg Municipal AAA Index, Bloomberg Municipal AA Index, Bloomberg Municipal A Index, and Bloomberg Municipal BBB Index. Past performance is not indicative of future results. An investment cannot be made in an index.

High Yield Municipal Market Spreads & Performance (as of 11/30/25)

HIGH YIELD MUNICIPAL INDEX YIELDS MINUS INVESTMENT GRADE MUNICIPAL INDEX YIELDS



RATIO OF HIGH YIELD MUNICIPAL INDEX TO CORPORATE HIGH YIELD INDEX YIELD-TO-WORST



RETURNS (%) AS OF 11/30/25

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
High Yield Muni	5,847	-0.02	0.41	0.39	4.07	3.65	2.71	1.00
High Yield Muni Ex-Puerto Rico	5,694	0.01	0.43	0.44	3.87	3.39	2.78	1.10
High Yield Muni Puerto Rico	65	-0.24	0.30	0.06	5.29	5.30	2.36	0.53

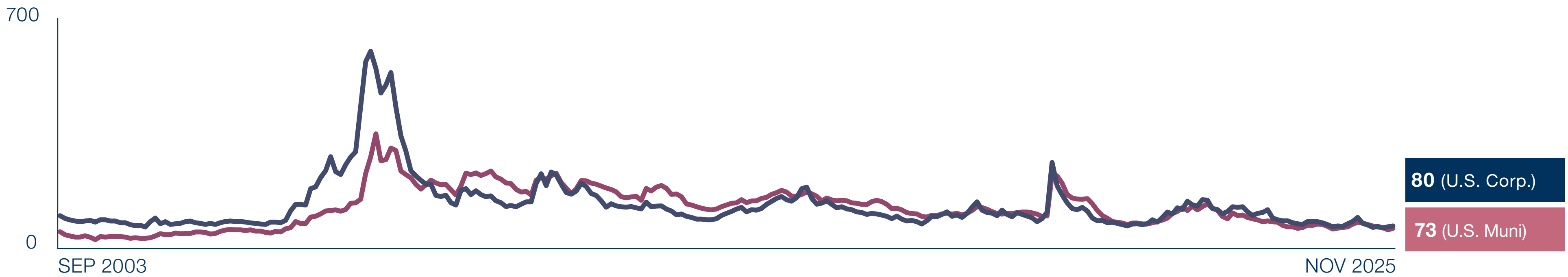
High Yield Municipal Index Yields Minus Investment Grade Municipal Index Yields chart: Source: Bloomberg, as of 11/30/25. Representative indices: High Yield Municipal Index: Bloomberg High Yield Municipal Index; Investment Grade Municipal Index: Bloomberg Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index. **Ratio of High Yield Municipal Index to Corporate High Yield Index Yield-to-Worst chart:** Source: Bloomberg, as of 11/30/25. Representative indices: High Yield Municipal Index: Bloomberg High Yield Municipal Index; Investment Grade Municipal Index: Bloomberg Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index. **Returns chart**: MTD: Month to Date, Source: Bloomberg, as of 11/30/25. Representative indices: Bloomberg High Yield Municipal Index, Bloomberg High Yield Municipal Ex-Puerto Rico Index, and Bloomberg High Yield Municipal Puerto Rico Index. Past performance is not indicative of future results. An investment cannot be made in an index. **High Yield Municipals, Returns by Sector chart:** Source: Bloomberg, as of 11/30/25. Representative indices: Municipal High Yield Index: Bloomberg High Yield Municipal Index; Corporate High Yield Index: Bloomberg U.S. Corporate High Yield Index. Past performance is not indicative of future results. An investment cannot be made in an index.

HIGH YIELD MUNICIPALS, RETURNS BY SECTOR

November 2025	(%)	Year-to-Date 2025	(%)
Transportation	0.67	Leasing	5.66
Hospital	0.65	Special Tax	4.69
Housing	0.52	Hospital	4.53
IDR/PCR	0.49	Electric	3.86
Electric	0.45	Housing	3.72
Special Tax	0.40	Water & Sewer	3.51
Leasing	0.40	Education	3.10
Education	0.13	Resource Recovery	0.00
Water & Sewer	0.08	IDR/PCR	-0.45
Resource Recovery	0.00	HY Tobacco	-3.95
HY Tobacco	-0.11	Transportation	-4.49

Taxable Municipal Market Spreads & Performance

TAXABLE MUNICIPAL INDEX OPTION-ADJUSTED SPREAD VS. U.S. CORPORATE INDEX OPTION-ADJUSTED SPREAD (BPS)



RETURNS (%) AS OF 11/30/25

	Number Issues	Price Return	Coupon Return	MTD Total Return	Past 3m	Past 6m	Year-to-Date	Past 12m
Taxable Muni	8,913	0.28	0.37	0.64	3.04	6.53	8.27	5.61

Taxable Municipal Market Spreads & Performance chart: Source: Bloomberg as of 11/30/25. Monthly data. Representative indices: Bloomberg Taxable Municipal Index and Bloomberg U.S. Corporate Index. The option-adjusted spread (OAS) is the measurement of the spread of a fixed income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Past performance is not indicative of future results. An investment cannot be made in an index. **Returns chart**: MTD: Month to Date, Source: Bloomberg, as of 11/30/25. Representative index: Bloomberg Taxable Municipal Index. Past performance is not indicative of future results. An investment cannot be made in an index. **Taxable Municipals, Returns by Sector chart:** Source: ICE Indices, as of 11/30/25. Representative index: ICE BofA U.S. Taxable Municipal Securities Plus Index (TXBL). Past performance is not indicative of future results. An investment cannot be made in an index.

TAXABLE MUNICIPALS, RETURNS BY SECTOR

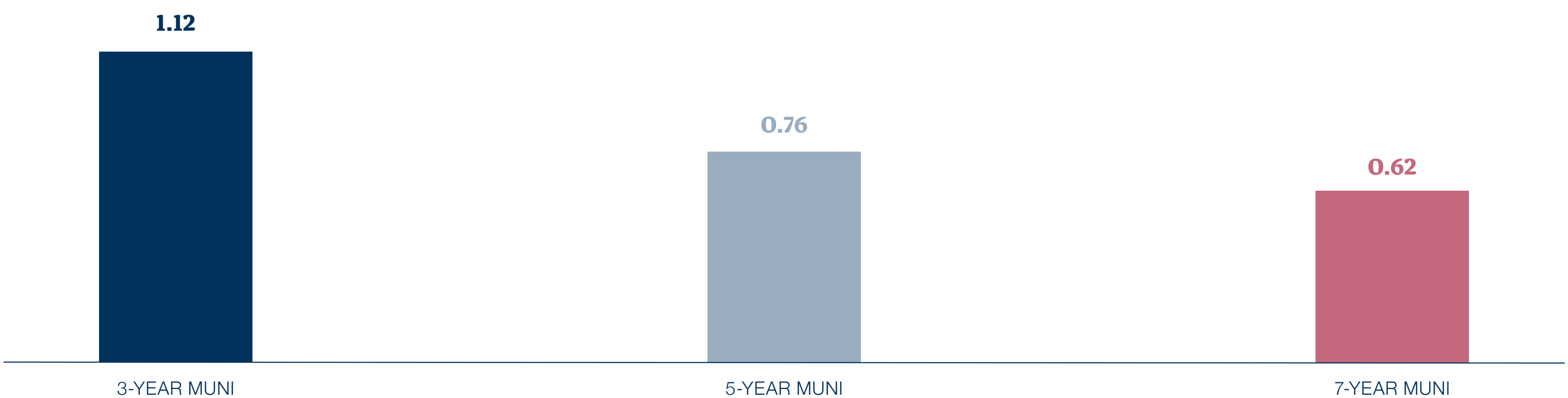
	November 2025 (%)	YTD 2025 (%)
GO - State	0.72	8.52
Leasing COPS & Appropriations	0.67	7.53
ETM	0.66	6.36
Power	0.65	8.11
Misc	0.62	8.48
Multi-Family Housing	0.60	9.43
Utilities - Other	0.60	8.66
Tax	0.56	8.26
Water & Sewer	0.53	8.95
Airport	0.53	8.31
Health	0.46	8.18

	November 2025 (%)	YTD 2025 (%)
Pollution Control	0.45	8.85
Hospitals	0.45	8.44
Single Family Housing	0.44	7.93
Pre-Refunded	0.44	6.13
Transportation	0.42	8.36
GO - Local	0.41	7.90
Toll & Turnpike	0.38	8.71
Tobacco	0.35	6.38
Industrial Development Revenue	0.30	8.36
Education	0.23	8.21

Short Term Muni Opportunity

Short-term municipal bonds can offer tax-exempt income while helping to manage interest rate risk.

YIELD PER DURATION RATIO



Municipal Index	Yield to Worst	Duration to Worst	Yield per Duration
3-Year Muni	2.63	2.35	1.12
5-Year Muni	2.78	3.64	0.76
7-Year Muni	2.99	4.80	0.62

Source: Bloomberg, Barclays, as of 09/30/25. The Yield per Duration Ratio measures how much yield a bond provides for each unit of interest rate risk. Yield per Duration is calculated by Yield to Worst (YTW) / Duration to Worst (DTW). Yield to Worst (YTW) is the lowest possible yield if the bond is called or matures early. Duration to Worst (DTW) is a measure of a bond's price sensitivity to interest rate changes, assuming the worst-case scenario (i.e., the bond is called or matures early). Navy represents Bloomberg 3-Year Municipal Index, Orange represents Bloomberg 5-Year Municipal Index, and Steel Blue represents Bloomberg 7-Year Municipal Index. Please note that the returns shown are based on past performance. Past performance is not indicative of future results. The current performance of the fund may be higher or lower than the performance data shown. The return on investment and the principal value of the fund will vary, and when shares are sold, they may be worth more or less than their original cost. For the most recent month-end performance data, please visit newyorklifeinvestments.com.

A Strong Fall Municipal Market with Opportunities

Municipal bonds have shown meaningful strength this fall, with performance building across the curve and investor sentiment improving. In this episode, **Chris Roberti** is joined by **Francis Adarkwa**, Research Analyst at MacKay Municipal Managers, for his debut appearance direct from the trading desk in Los Angeles. They discuss what's driving recent returns, how nontraditional buyers are influencing the long end of the curve, and why the team remains constructive even amid rate uncertainty and political headlines. Francis also breaks down the current credit landscape—highlighting healthcare systems as a key sector to watch—and explains where he's seeing attractive relative value opportunities today.

If you're evaluating positioning into year-end or thinking about re-allocating from cash-like instruments, this conversation provides timely perspective on where the market stands and where value may be forming next.

FRANCIS ADARKWA
Director and Research Analyst

MacKay Municipal Managers

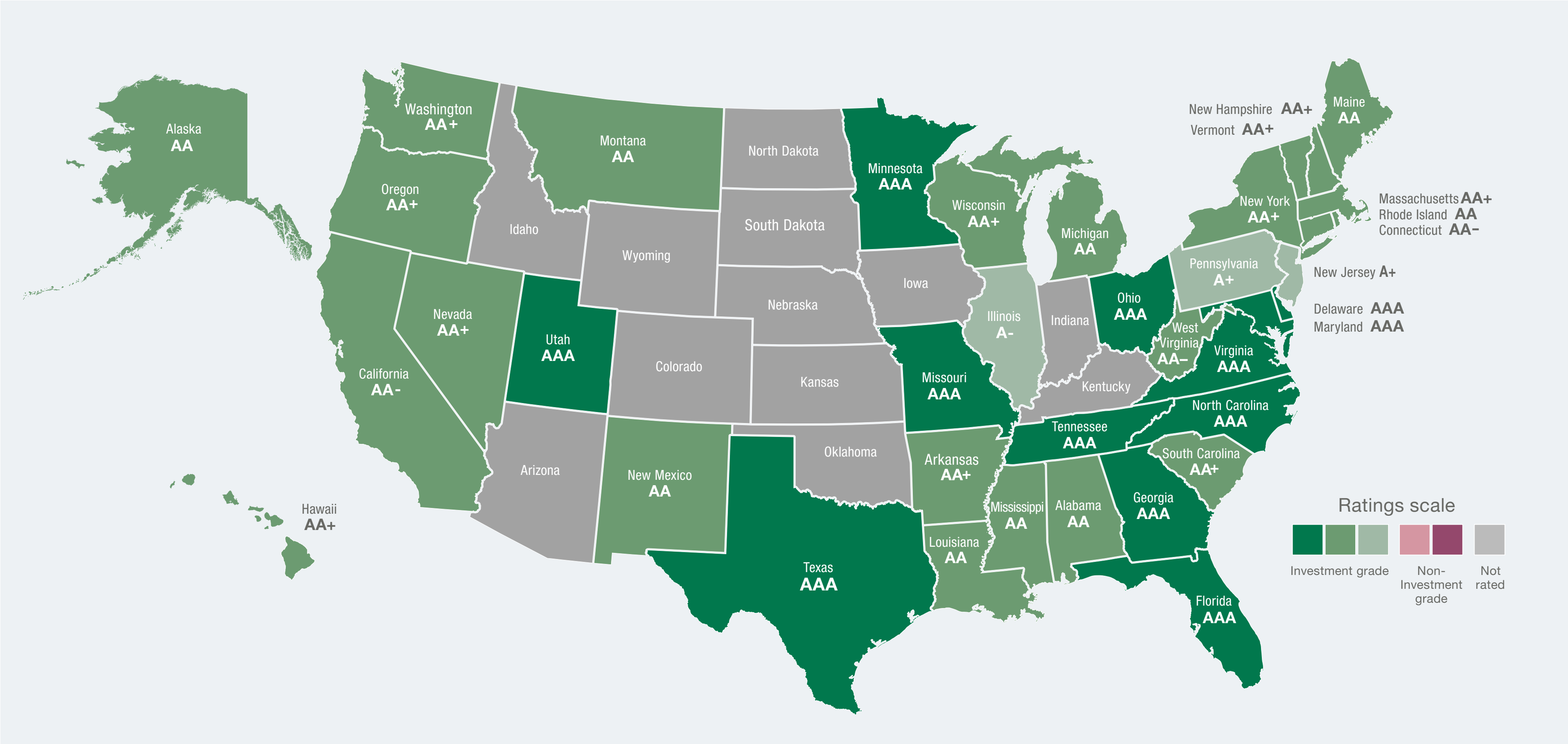
CHRIS ROBERTI
Senior Managing Director and Client Marketing Officer

MacKay Municipal Managers

Tune in to the full **Muni 360 Podcast** episode to hear more, and be sure to **e** wherever you listen to podcasts.

November 2025 State Overviews

State governments began the 2026 fiscal year from a position of broad stability, even as the post-pandemic fiscal expansion has matured into a slower, more normalized growth environment. State revenues for FY 2025 grew modestly on an aggregate basis, with most states seeing collections rise between 2% and 6%. Although the recent years' moderation compared with the revenue booms post-COVID made for some tight budget negotiations over the summer, state balance sheets remain strong. Rainy Day Funds collectively hover near record levels, and nearly every state reported increased reserve balances at the close of the fiscal year. The aggregate reserve ratio has therefore appeared to set a new standard, far above pre-pandemic norms, which continues to provide a



November 2025 State Overviews (Continued)

meaningful buffer against economic uncertainty. Consequently, the three major ratings agencies issued 13 state upgrades and only one downgrade in 2025 through November.[1] The comments accompanying the upgrades generally lauded healthy reserves and good economic performance. The overall ratings landscape therefore remains historically strong, with fourteen states holding at least one AAA rating. Thirteen of those states have at least two AAA ratings, which notably puts them on higher standing than the US Government.

Federal policy developments continue to be a key driver of state fiscal planning, as Federal grants account for over 30% of state budgets.[2] July's passage of the One Big Beautiful Bill Act will fundamentally change the way state budgets are crafted, primarily by limiting Medicaid enrollment. Being that Medicaid benefits are provided by the states with federal subsidy, states have begun planning on how to respond to the new limitations.

It is likely that most state budgets will shrink on both the revenue and expenditure sides as they reduce their Medicaid programs due to the new limitations. While some states may consider ways to support some of the lost benefits on their own, they have so far not shown willingness to create expenses they cannot afford. As a result, the changes in federal rules should not create significant financial stress for the states. In any event, states have until 2027 to make necessary adjustments.

States have also responded to other potential impacts of federal policy, such as reduced infrastructure grants or reductions in emergency assistance from FEMA. The response generally consists of a preference for conservative revenue forecasts and contingency reserves over new spending. Trade and tariff policy and climate-related events during 2025 have reinforced the importance of maintaining flexibility and were prominent topics in many state budget discussions earlier this year.

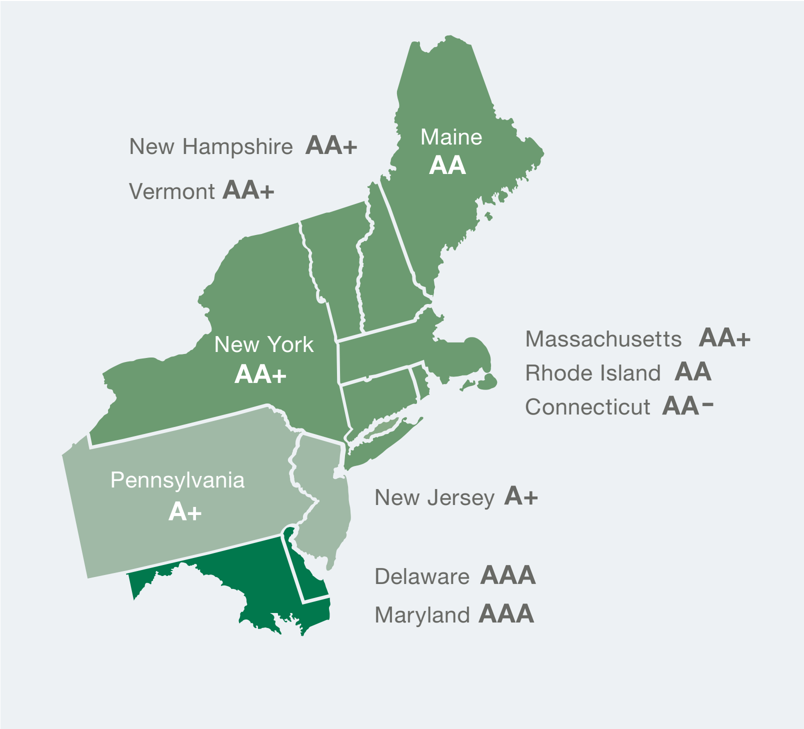
Looking ahead, a handful of states are entering new eras after the elections of November 5. Both New Jersey and Virginia elected new governors, with New Jersey electing a new Democrat and Virginia switching parties from Republican to Democrat. And elsewhere, voters considered $120 billion in aggregate bond measures, about 20% less than the total from 2024's on-cycle elections.[3] This year's bond elections were dominated by Texas school districts and utility districts, but large-scale infrastructure measures that passed include a multi-billion dollar package for water supply investment in Texas, $1.9 billion for various public improvements in Columbus, Ohio, and $950 million for the Vibrant Denver Infrastructure plan.[4]

References:

1. Moody's Ratings, S&P Ratings, Fitch Ratings
2. Census Bureau
3. Data from The Bond Buyer
4. Ballotpedia

North

In the Northeast, fiscal 2025 revenues generally improved on the back of personal income and sales taxes, with budgets centered on education, affordability/tax relief and pension paydowns. The region remains active on progressive revenue strategies, like Massachusetts' "Fair Share" surtax on high earners dedicated to education and transportation.



CONNECTICUT

Connecticut finished fiscal 2025 with General Fund collections up 5.8% to $26.5 billion, led by a 9.8% surge in personal income tax receipts ($12.96 billion), while sales and use taxes were essentially flat at +0.9% ($6.48 billion). The Budget Reserve Fund ended near its statutory cap at $4.26 billion (+3.7%), which is equal to 18.3% of General Fund spending. Revenue growth remains concentrated in personal income taxes, reflecting the state's high-income taxpayer profile. Connecticut ended fiscal 2025 with its seventh consecutive operating surplus, with a portion of this year's surplus supporting the state's new Early Childhood Education Endowment, which was seeded on July 1 with a $300 million transfer. While revenues are concentrated on personal income taxes and capital gains, Fitch upgraded the state's rating to AA citing materially stronger reserves and liquidity. Moody's upgraded the state to Aa2 from Aa3 with similar rationale.

MASSACHUSETTS

The Commonwealth of Massachusetts fiscal year 2025 collections increased 7.18% to $43.94 billion as income tax receipts advanced 10.77% ($26.76 billion) and sales and use taxes grew 3.42% ($9.72 billion). The Stabilization Fund ended at $8.23 billion, down 3.5% year-over-year but still about 16% of GF spending, one of the nation's larger reserve cushions. The voter-approved 4% "Fair Share" surtax on annual income above $1 million continues to be dedicated to education and transportation. These revenues will help stabilize MBTA operations, supporting operating costs and reserves.

NEW JERSEY

New Jersey revenues rose 6.24% to $46.85 billion, powered by gross income tax (+10.23% to $19.82 billion) and sales tax (+3.1% to $12.33 billion). The Surplus Revenue Fund reported a $0 balance at fiscal 2025 close, leaving the state relatively exposed to volatility. However, the state's undesignated fund balance is projected at $6.75 billion, or almost 12% of appropriations, for the end of fiscal year 2026. While the undesignated fund balance is down at the end of fiscal 2025 (to $7.79B from $9.14B), this surplus will allow the state to continue the sound pension contribution practices. Moody's recently upgraded their issuer rating to Aa3 from A1, citing the state's ability to maintain a budgetary surplus while providing full actuarial pension contributions. On November 4, Mikie Sherrill (D) won the governorship, succeeding Phil Murphy. Fiscal attention now turns to implementing the Corporate Transit Fee (2.5% surtax on firms with allocated taxable income over $10 million) and stabilizing NJ TRANSIT finances.

NEW YORK

New York's collections climbed 10.5% to $114.12 billion in fiscal 2025, with personal income tax up 13.7% ($61.2 billion) and sales and use up 2.1% ($19.1 billion). Statutory rainy-day reserves rose nearly 40% to about $8.8 billion (roughly 8% of spending), combined with unrestricted funds for "economic uncertainties" totaling about $12.3B, New York holds $21.1B in total reserves that creates flexibility as federal aid winds down. The state's Manhattan congestion pricing program, which finances the New York City MTA capital program, remains involved in federal-state litigation but remains active while the courts decide.

North (Continued)

PENNSYLVANIA

Pennsylvania collections increased 2.1% to $46.41 billion, paced by personal income tax (+3.4% to $7.78 billion) and sales and use (+6.2% to $18.96 billion). The Budget Stabilization Fund grew to a healthy $7.49 billion (15.6% of spending). Governor Josh Shapiro signed into law a $50.1 billion fiscal 2025-26 budget, 134 days past its deadline. The deal will restore the flow of state funding to school districts, county governments, and social service providers. The budget will raise spending by 5% over last year, but is roughly $1.4 billion less than what Shapiro called for earlier this year. The state will rely on surplus cash rather than new taxes, as proposals for legalizing and taxing recreational marijuana or regulating and taxing skill games were not included.

State	**Ratings (M/S/F)** GO Debt Ratings	**FY 2025 Collections** YoY % Change	**Major Revenue Sources** YoY % Change	**Pension Funded Ratio** (FY 24) change vs. FY23	**Rainy Day Fund Balance** (FY 25) % Change Over FY24	**RDF Balances** % of GF Spending (FY 2025)
CT	**Aa2 / AA- / AA** Upgraded by Fitch & Moody's	$26.5B (+5.8%)	Income Taxes: $12.96B (+9.8%) Sales & Use Tax: $6.48B (+0.89%)	63.5% (+5.7%)	$4.26B (+3.65%)	18.3%
MA	**Aa1 / AA+ / AA+**	$43.94B (+7.18%)	Income Taxes: $26.76B (+10.77%) Sales & Use Tax: $9.72B (+3.42%)	77.2% (+8.4%)	$8.23B (-3.48%)	16.0%
NJ	**Aa3 / A+ / A+** Upgraded by Moody's	$46.85B (+6.24%)	Gross Income Tax: $19.82B (+10.23%) Sales Tax: $12.33B (+3.1%)	56.6% (+3.1%)	$7.79B (-14.77%)**	0.0%
NY*	**Aa1 / AA+ / AA+**	$114.12B (+10.5%)	Personal Income Tax: $61.2B (+13.7%) Sales & Use Tax: $19.1B (+2.1%)	92.8% (+0.8%)	$8.76B (+39.96%)	8.4%
PA	**Aa2 / A+ (Pos) / AA**	$46.41B (+2.1%)	Personal Income Tax: $7.78B (+3.4%) Sales & Use Tax: $18.96B (+6.2%)	70.3% (+2.0%)	$7.49B (+17.52%)	15.6%

*Fiscal year ending March 31.

**Unassigned balance value. The Surplus Revenue Fund (Rainy Day) is $0.

References:
osc.ct.gov/drs/drsreport; mass.gov/doc/june-2025-blue-book; nj.gov/treasury/news/2025; tax.ny.gov/research; pa.gov/agencies/revenue/resources

State Profiles (as of 09/30/25)

Connecticut

Capitol: **Hartford** Governor: **Ned Lamont (D)**

Total issuance, as % of market issuance (YTD)[1]	1.51%
# of issuers[2]	464
Pension funded ratio (2023)[3]	57.8%
State GO ratings[4]	
Moody's	Aa2
S&P	AA-
Fitch	AA
Top marginal rates[5]	
State level	6.99%
Federal and state combined	43.99%
Tax equivalent yields[6]	
2%	3.83%
3%	5.75%
4%	7.66%
5%	9.58%

Delaware

Capitol: **Dover** Governor: **Matt Meyer (D)**

Total issuance, as % of market issuance (YTD)[1]	0.21%
# of issuers[2]	247
Pension funded ratio (2023)[3]	87.6%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	6.60%
Federal and state combined	43.60%
Tax equivalent yields[6]	
2%	3.80%
3%	5.70%
4%	7.60%
5%	9.51%

Maine

Capitol: **Augusta** Governor: **Janet Mills (D)**

Total issuance, as % of market issuance (YTD)[1]	0.23%
# of issuers[2]	370
Pension funded ratio (2023)[3]	87.2%
State GO ratings[4]	
Moody's	Aa1
S&P	AA
Fitch	—
Top marginal rates[5]	
State level	7.15%
Federal and state combined	44.15%
Tax equivalent yields[6]	
2%	3.84%
3%	5.76%
4%	7.68%
5%	9.61%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Maryland

Capitol: **Annapolis** Governor: **Wes Moore (D)**

Total issuance, as % of market issuance (YTD)[1]	1.43%
# of issuers[2]	474
Pension funded ratio (2023)[3]	80.8%
State GO ratings[4]	
Moody's	Aa1
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	5.75%
Federal and state combined	42.75%
Tax equivalent yields[6]	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%

Massachusetts

Capitol: **Boston** Governor: **Maura Healey (D)**

Total issuance, as % of market issuance (YTD)[1]	3.67%
# of issuers[2]	923
Pension funded ratio (2023)[3]	68.8%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	9.00%
Federal and state combined	46.00%
Tax equivalent yields[6]	
2%	3.98%
3%	5.98%
4%	7.97%
5%	9.96%

New Hampshire

Capitol: **Concord** Governor: **Kelly Ayotte (R)**

Total issuance, as % of market issuance (YTD)[1]	1.02%
# of issuers[2]	312
Pension funded ratio (2023)[3]	73.2%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

New Jersey

Capitol: **Trenton** Governor: **Phil Murphy (D)**

Total issuance, as % of market issuance (YTD)[1]	2.66%
# of issuers[2]	2,067
Pension funded ratio (2023)[3]	53.5%
State GO ratings[4]	
Moody's	Aa3
S&P	A+
Fitch	A+
Top marginal rates[5]	
State level	10.75%
Federal and state combined	47.75%
Tax equivalent yields[6]	
2%	4.13%
3%	6.19%
4%	8.26%
5%	10.32%

New York

Capitol: **Albany** Governor: **Kathy Hochul (D)**

Total issuance, as % of market issuance (YTD)[1]	12.66%
# of issuers[2]	3,739
Pension funded ratio (2023)[3]	92.0%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	10.90%
Federal and state combined	47.90%
Tax equivalent yields[6]	
2%	4.14%
3%	6.21%
4%	8.28%
5%	10.35%

Pennsylvania

Capitol: **Harrisburg** Governor: **Josh Shapiro (D)**

Total issuance, as % of market issuance (YTD)[1]	2.91%
# of issuers[2]	4,363
Pension funded ratio (2023)[3]	68.3%
State GO ratings[4]	
Moody's	Aa2
S&P	A+
Fitch	AA
Top marginal rates[5]	
State level	3.07%
Federal and state combined	40.07%
Tax equivalent yields[6]	
2%	3.56%
3%	5.34%
4%	7.13%
5%	8.91%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Rhode Island

Capitol: **Providence** Governor: **Daniel McKee (D)**

Total issuance, as % of market issuance (YTD)[1]	0.32%
# of issuers[2]	184
Pension funded ratio (2023)[3]	74.6%
State GO ratings[4]	
Moody's	Aa2
S&P	AA
Fitch	AA+
Top marginal rates[5]	
State level	5.99%
Federal and state combined	42.99%
Tax equivalent yields[6]	
2%	3.76%
3%	5.64%
4%	7.52%
5%	9.40%

Vermont

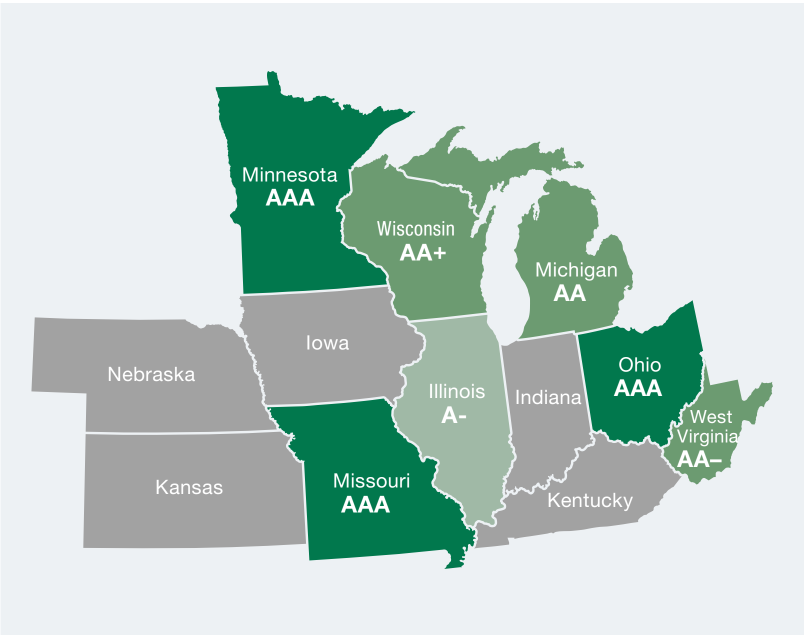
Capitol: **Montpelier** Governor: **Phil Scott (R)**

Total issuance, as % of market issuance (YTD)[1]	0.08%
# of issuers[2]	116
Pension funded ratio (2023)[3]	63.3%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	8.75%
Federal and state combined	45.75%
Tax equivalent yields[6]	
2%	3.96%
3%	5.95%
4%	7.93%
5%	9.91%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

Central

In the Midwest, state revenue growth in FY 2025 was solid across the board. While Rainy Day Fund balances are below the recommended mark of 15% of general fund spending for most of the states we highlight, in each of those cases, the balance grew in terms of dollar amount . The trend is clearly positive, as 2025 marks the second consecutive fiscal year in which we can make that statement.



ILLINOIS

Illinois led the region with total general fund collections rising 5.4% to $47.71 billion, driven largely by a 10.0% jump in individual income tax receipts to over $28 billion, offsetting a modest 1.0% increase in sales and use taxes. Importantly, the state's Rainy Day Fund also rose 11.7% to $2.35 billion, equivalent to about 4.3% of general fund spending. This is a smaller savings ratio than Illinois's peers, but the improvement in that fund balance plus the strong revenue performance was enough to earn the state a ratings upgrade from Moody's in October 2025. This was the state's tenth upgrade in five years. Policymakers built on this achievement by instituting new revenue measures and forecasting conservatively in the FY 2026 budget.

KENTUCKY

Kentucky presented some nuance to our overall assessment of the region, as it was the lone state to see one of its main tax items—in their case the individual income tax—decline in FY 2025. The state is working toward eliminating its income tax entirely, and has instituted a mechanism to do so incrementally when budget surpluses reach certain thresholds. The tax rate was lowered halfway through FY 2024, from 4.5% to 4.0%, which contributed to the decline in revenues between FY 2024 and FY 2025. Another tax cut is due to take effect on January 1, 2026, but revenues have been insufficient to allow another cut for 2027. Additionally, Kentucky is in the curious situation of having one of the nation's strongest rainy day reserves (28%) but one of the weakest pension funded ratios (54%).

MICHIGAN

Michigan's increase in individual income tax receipts led the region at 13.8%. This has been a trend for Michigan in recent years, which has helped it chart a course to an extremely solid financial position. Specifically, the state's Rainy Day Fund is now nearly full at 14% of general fund spending, and its pension funds are considered well-funded after a climb of seven percentage points to 80.9%. Governor Whitmer expressed concerns about her state's exposure to tariff increases, as Michigan has a large manufacturing sector. However, tax receipts indicate that it has more than weathered the volatile trade climate.

OHIO

Ohio's tax collections rose 4.6% to $29.22 billion with robust 9.9% growth in personal income taxes and 3.2% growth in sales taxes. The state's across-the-board AAA ratings likely remain secure, supported by a $3.92 billion Rainy Day Fund (up 3.6%) equal to 12.7% of spending. Over the summer, the state enacted a budget that slightly limited local governments' ability to levy new property taxes, but this was counteracted in part when voters approved a large statewide bond measure on election day. That measure authorizes the state to issue up to $2.5 billion in general obligation bonds over ten years to assist local governments with infrastructure projects.

WISCONSIN

Wisconsin's stellar pension funded ratio, which was already over 100%, rose further in FY 2025. In its enacted biennial budget from July, Governor Evers and the legislature negotiated a significant increase over the prior two-year period (12.5%). They used the budget to make significant investments in both K-12 and higher education.

Central (Continued)

State	Ratings (M/S/F) GO Debt Ratings	FY 2025 Collections YoY % Change	Major Revenue Sources YoY % Change	Pension Funded Ratio (FY 24) change vs. FY23	Rainy Day Fund Balance (FY 25) % Change Over FY24	RDF Balances % of GF Spending (FY 2025)
IL	**A2 / A- / A-** Upgraded by Moody's	$47.71B (+5.4%)	Individual Income Tax: $28.17B (+10.0%) Sales & Use Tax: $10.57B (+1.0%)	51.6% (+0.7%)	$2.35B (+11.71%)	4.3%
KY	**Aa3 / A / AA-** Appropriation, cannot issue GO debt	$15.7B (+0.8%)	Individual Income Tax: $5.32B (-8.4%) Sales & Use Tax: $5.82B (+0.3%)	54.1% (+4.0%)	$4.55B (-13.03%)	28.0%
MI	**Aa1 / AA / AA+**	$31.84B (+5.1%)	Individual Income Tax: $8.73B (+13.8%) Sales & Use Tax: $13.47B (+0.9%)	80.9% (+7.0%)	$2.15B (+7.61%)	14.0%
OH	**Aaa / AAA / AAA**	$29.22B (+4.6%)	Individual Income Tax: $10.46B (+9.9%) Sales & Use Tax: $14.15B (+3.2%)	81.2% (-0.1%)	$3.92B (+3.56%)	12.7%
WI*	**Aa1 / AA+ / AA+**	$22.36B (+4.8%)	Individual Income Tax: $10.45B (+7.5%) Sales & Use Tax: $7.83B (+3.2%)	102.1% (+1.9%)	$1.90B (+5.5%)	8.3%

*Operates on biennial budget; Rainy Day Fund Balances as of FY 2024.

References: :

office.illinoiscomptroller.gov/; osbd.ky.gov/; michigan.gov/budget/; obm.ohio.gov/; www.lsc.ohio.gov/assets/; doa.wi.gov/.

State Profiles (as of 09/30/25)

Illinois

Capitol: **Springfield** Governor: **J.B. Pritzker (D)**

Total issuance, as % of market issuance (YTD)[1]	2.55%
# of issuers[2]	4,797
Pension funded ratio (2023)[3]	50.9%
State GO ratings[4]	
Moody's	A3
S&P	A-
Fitch	A-
Top marginal rates[5]	
State level	4.95%
Federal and state combined	41.95%
Tax equivalent yields[6]	
2%	3.69%
3%	5.53%
4%	7.37%
5%	9.22%

Indiana

Capitol: **Indianapolis** Governor: **Mike Braun (R)**

Total issuance, as % of market issuance (YTD)[1]	1.25%
# of issuers[2]	4,205
Pension funded ratio (2023)[3]	78.1%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	3.00%
Federal and state combined	40.00%
Tax equivalent yields[6]	
2%	3.56%
3%	5.34%
4%	7.12%
5%	8.90%

Iowa

Capitol: **Des Moines** Governor: **Kim Reynolds (R)**

Total issuance, as % of market issuance (YTD)[1]	0.74%
# of issuers[2]	2,640
Pension funded ratio (2023)[3]	89.6%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	3.80%
Federal and state combined	40.80%
Tax equivalent yields[6]	
2%	3.61%
3%	5.42%
4%	7.22%
5%	9.03%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Kansas

Capitol: **Topeka** Governor: **Laura Kelly (D)**

Total issuance, as % of market issuance (YTD)[1]	0.68%
# of issuers[2]	2,328
Pension funded ratio (2023)[3]	76.5%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	5.58%
Federal and state combined	42.58%
Tax equivalent yields[6]	
2%	3.73%
3%	5.59%
4%	7.46%
5%	9.32%

Kentucky

Capitol: **Frankfort** Governor: **Andy Beshear (D)**

Total issuance, as % of market issuance (YTD)[1]	1.19%
# of issuers[2]	2,051
Pension funded ratio (2023)[3]	50.1%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	4.00%
Federal and state combined	41.00%
Tax equivalent yields[6]	
2%	3.62%
3%	5.43%
4%	7.25%
5%	9.06%

Michigan

Capitol: **Lansing** Governor: **Gretchen Whitmer (D)**

Total issuance, as % of market issuance (YTD)[1]	2.05%
# of issuers[2]	3,768
Pension funded ratio (2023)[3]	73.9%
State GO ratings[4]	
Moody's	Aa1
S&P	AA
Fitch	AA+
Top marginal rates[5]	
State level	4.25%
Federal and state combined	41.25%
Tax equivalent yields[6]	
2%	3.64%
3%	5.46%
4%	7.28%
5%	9.10%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Minnesota

Capitol: **St. Paul** Governor: **Tim Walz (D)**

Total issuance, as % of market issuance (YTD)[1]	1.19%
# of issuers[2]	3,723
Pension funded ratio (2023)[3]	75.2%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	9.85%
Federal and state combined	46.85%
Tax equivalent yields[6]	
2%	4.05%
3%	6.08%
4%	8.11%
5%	10.13%

Missouri

Capitol: **Jefferson City** Governor: **Mike Kehoe (R)**

Total issuance, as % of market issuance (YTD)[1]	1.18%
# of issuers[2]	3,787
Pension funded ratio (2023)[3]	80.5%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	4.70%
Federal and state combined	41.70%
Tax equivalent yields[6]	
2%	3.67%
3%	5.50%
4%	7.34%
5%	9.17%

Nebraska

Capitol: **Lincoln** Governor: **Jim Pillen (R)**

Total issuance, as % of market issuance (YTD)[1]	0.67%
# of issuers[2]	2,627
Pension funded ratio (2023)[3]	98.1%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	5.20%
Federal and state combined	42.20%
Tax equivalent yields[6]	
2%	3.70%
3%	5.56%
4%	7.41%
5%	9.26%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Ohio

Capitol: **Columbus** Governor: **Mike DeWine (R)**

Total issuance, as % of market issuance (YTD)[1]	1.93%
# of issuers[2]	3,530
Pension funded ratio (2023)[3]	81.3%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	3.50%
Federal and state combined	40.50%
Tax equivalent yields[6]	
2%	3.59%
3%	5.39%
4%	7.18%
5%	8.98%

West Virginia

Capitol: **Charleston** Governor: **Patrick Morisey (R)**

Total issuance, as % of market issuance (YTD)[1]	0.25%
# of issuers[2]	738
Pension funded ratio (2023)[3]	93.1%
State GO ratings[4]	
Moody's	Aa2
S&P	AA-
Fitch	AA
Top marginal rates[5]	
State level	4.82%
Federal and state combined	41.82%
Tax equivalent yields[6]	
2%	3.68%
3%	5.52%
4%	7.36%
5%	9.19%

Wisconsin

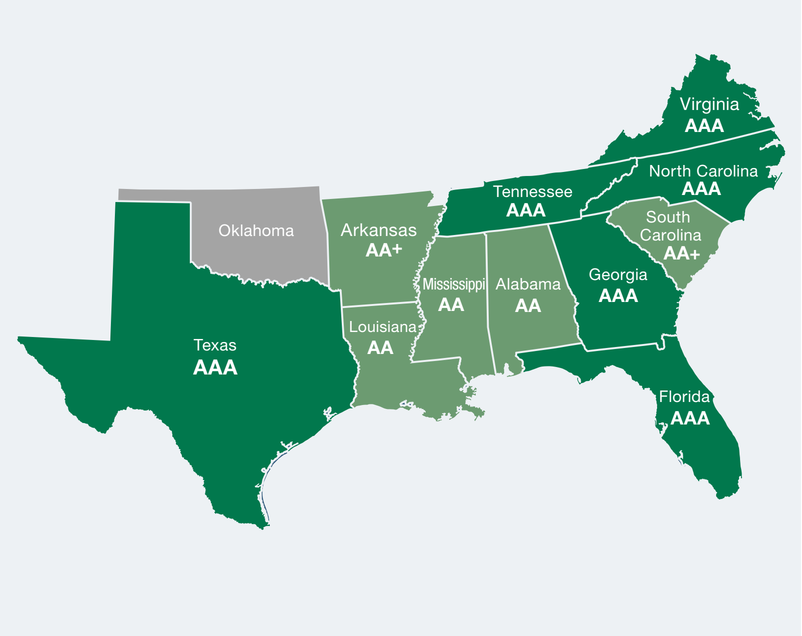
Capitol: **Madison** Governor: **Tony Evers (D)**

Total issuance, as % of market issuance (YTD)[1]	2.94%
# of issuers[2]	3,040
Pension funded ratio (2023)[3]	100.2%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	7.65%
Federal and state combined	44.65%
Tax equivalent yields[6]	
2%	3.88%
3%	5.82%
4%	7.76%
5%	9.70%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

South

Across the South, fiscal 2025 results remained positive but moderated from post-pandemic highs, with policy emphasis on tax relief and one-time capital and infrastructure spending. The region's population and employment growth remained supportive of sales-tax bases, but revenue sensitivity to fuel, corporate profits, and high-income taxpayers argue for caution.



FLORIDA

Florida general revenues totaled $50.41 billion (+2.9%), with sales tax the workhorse ($36.91 billion, +2.5%) and corporate income tax falling 3.5% to $5.81 billion. The Budget Stabilization Fund improved to $4.44 billion (+7.3%), about 7.6% of spending. There will be a 2026 ballot measure to raise the constitutional cap on the Budget Stabilization Fund from 10% to 25% of net general revenues, with required $750 million annual transfers to build the Fund. On local ballots, Homestead voters rejected a parks and recreation GO bond but approved roadway improvements, while Surfside voters rejected utility undergrounding and a gated community concept but approved several charter amendments, including a 60% voter-approval threshold for certain local spending.

GEORGIA

Georgia's fiscal 2025 tax collections rose 2.0% to $33.62 billion. Sales and use taxes grew 3.6% ($18.98 billion) while individual income taxes rose 1.3% ($16.24 billion) as the state stepped down to a 5.19% flat income tax rate mid-year (effective July 1 and retroactive to Jan 1). Georgia finished fiscal 2025 with total general fund reserves of $14.5 billion, including its Revenue Shortfall Reserve at $5.5 billion and about $9 billion in undesignated surplus. This gives the state flexibility to manage future tax rate reductions and capital expenditures.

LOUISIANA

Louisiana's total collections declined 2.3% to $12.35 billion as recently enacted tax changes shifted the revenue mix. Individual income (+2.8% to $4.82 billion) and general sales (+6.0% to $4.79 billion) advanced while other lines, notably corporate taxes, softened. Rainy-day resources ended around $1.07 billion (8.6% of spending), offering a meaningful buffer as tax policy changes phase in. The state recently lowered the individual income (flat 3%) and the corporate tax rates (from 7.5% to 5.5%) while relying more heavily on the sales tax base (increased to 5% for five years). On a local level, New Orleans voters will decide three city GO propositions totaling $510 million on Nov. 15, 2025. The projects will support streets/facilities, drainage/stormwater, and affordable housing. Passage would support an uptick in New Orleans' GO issuance.

TEXAS

Texas general revenue collections reached $86.08 billion (+2.75%). Sales taxes remained firm at +3.5% ($43.96 billion), while oil production taxes fell 14.6% ($5.38 billion). The Economic Stabilization Fund closed at about $24.8 billion, a record level and roughly the cap, equal to a very strong 28% of state spending. During November's elections, voters approved all 17 statewide constitutional amendments, including raising the standard homestead exemption to $140,000 (and to $200,000 for seniors/disabled via a companion measure), providing broad property-tax relief while the state continues to backfill school finance. Additionally, local ballots saw heavy activity across school districts and cities, with over $90 billion in proposed bond activity.

South (Continued)

State	Ratings (M/S/F) GO Debt Ratings	FY 2025 Collections YoY % Change	Major Revenue Sources YoY % Change	Pension Funded Ratio (FY 24) change vs. FY23	Rainy Day Fund Balance (FY 25) % Change Over FY24	RDF Balances % of GF Spending (FY 2025)
FL	Aaa / AAA / AAA	$50.41B (+2.9%)	Sales Tax: $36.91B (+2.5%) Corporate Income Tax: $5.81B (-3.5%)	83.8% (+2.0%)	$4.44B (+7.27%)	7.6%
GA	Aaa / AAA / AAA	$33.62B (+2.0%)	Sales & Use Tax: $18.98B (+3.6%) Individual Income Tax: $16.24B (+1.3%)	80.7% (+4.9%)	$5.47B (+1.5%)	15.0%
LA	Aa2 / AA / AA-	$12.35B (-2.3%)	Individual Income Tax: $4.82B (+2.77%) General Sales Tax: $4.79B (+5.97%)	78.0% (+3.8%)	$1.07B (+1.23%)	8.6%
TX*	Aaa / AAA / AAA	$86.08B (+2.75%)	Sales Taxes: $43.96B (+3.5%) Oil Production Tax: $5.38B (-14.6%)	82.4% (+5.5%)	$24.28B (+15.54%)	28.3%

*Fiscal year ending August 31.

References:
edr.state.fl.us/content/revenues/; dor.georgia.gov/; opb.georgia.gov/budget-information; treasury.la.gov/; comptroller.texas.gov/.

State Profiles (as of 09/30/25)

Alabama

Capitol: **Montgomery** Governor: **Kay Ivey (R)**

Total issuance, as % of market issuance (YTD)[1]	2.29%
# of issuers[2]	2,233
Pension funded ratio (2023)[3]	71.5%
State GO ratings[4]	
Moody's	Aa1
S&P	AA
Fitch	AA+
Top marginal rates[5]	
State level	5.00%
Federal and state combined	42.00%
Tax equivalent yields[6]	
2%	3.69%
3%	5.54%
4%	7.38%
5%	9.23%

Arkansas

Capitol: **Little Rock** Governor: **Sarah H Sanders (R)**

Total issuance, as % of market issuance (YTD)[1]	0.25%
# of issuers[2]	1,614
Pension funded ratio (2023)[3]	84.7%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	—
Top marginal rates[5]	
State level	3.90%
Federal and state combined	40.90%
Tax equivalent yields[6]	
2%	3.62%
3%	5.42%
4%	7.23%
5%	9.04%

Florida

Capitol: **Tallahassee** Governor: **Ron DeSantis (R)**

Total issuance, as % of market issuance (YTD)[1]	4.37%
# of issuers[2]	4,144
Pension funded ratio (2023)[3]	81.8%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Georgia

Capitol: **Atlanta** Governor: **Brian Kemp (R)**

Total issuance, as % of market issuance (YTD)[1]	2.35%
# of issuers[2]	2,078
Pension funded ratio (2023)[3]	75.8%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	5.39%
Federal and state combined	42.39%
Tax equivalent yields[6]	
2%	3.72%
3%	5.58%
4%	7.43%
5%	9.29%

Louisiana

Capitol: **Baton Rouge** Governor: **Jeff Landry (R)**

Total issuance, as % of market issuance (YTD)[1]	0.71%
# of issuers[2]	1,768
Pension funded ratio (2023)[3]	74.2%
State GO ratings[4]	
Moody's	Aa2
S&P	AA
Fitch	AA-
Top marginal rates[5]	
State level	3.00%
Federal and state combined	40.00%
Tax equivalent yields[6]	
2%	3.56%
3%	5.34%
4%	7.12%
5%	8.90%

Mississippi

Capitol: **Jackson** Governor: **Tate Reeves (R)**

Total issuance, as % of market issuance (YTD)[1]	0.22%
# of issuers[2]	1,319
Pension funded ratio (2023)[3]	66.3%
State GO ratings[4]	
Moody's	Aa2
S&P	AA
Fitch	AA
Top marginal rates[5]	
State level	4.40%
Federal and state combined	41.40%
Tax equivalent yields[6]	
2%	3.65%
3%	5.47%
4%	7.30%
5%	9.12%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

North Carolina

Capitol: **Raleigh** Governor: **Josh Stein (D)**

Total issuance, as % of market issuance (YTD)[1]	1.49%
# of issuers[2]	1,125
Pension funded ratio (2023)[3]	88.6%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	4.25%
Federal and state combined	41.25%
Tax equivalent yields[6]	
2%	3.64%
3%	5.46%
4%	7.28%
5%	9.10%

Oklahoma

Capitol: **Oklahoma City** Governor: **Kevin Stitt (R)**

Total issuance, as % of market issuance (YTD)[1]	1.04%
# of issuers[2]	1,769
Pension funded ratio (2023)[3]	80.0%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	4.75%
Federal and state combined	41.75%
Tax equivalent yields[6]	
2%	3.67%
3%	5.51%
4%	7.35%
5%	9.18%

South Carolina

Capitol: **Columbia** Governor: **Henry McMaster (R)**

Total issuance, as % of market issuance (YTD)[1]	1.30%
# of issuers[2]	912
Pension funded ratio (2023)[3]	59.9%
State GO ratings[4]	
Moody's	Aaa
S&P	AA+
Fitch	AAA
Top marginal rates[5]	
State level	6.20%
Federal and state combined	43.20%
Tax equivalent yields[6]	
2%	3.77%
3%	5.66%
4%	7.55%
5%	9.43%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Tennessee

Capitol: **Nashville** Governor: **Bill Lee (R)**

Total issuance, as % of market issuance (YTD)[1]	0.93%
# of issuers[2]	1,393
Pension funded ratio (2023)[3]	105.0%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

Texas

Capitol: **Austin** Governor: **Greg Abbott (R)**

Total issuance, as % of market issuance (YTD)[1]	13.40%
# of issuers[2]	7,444
Pension funded ratio (2023)[3]	76.9%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

Virginia

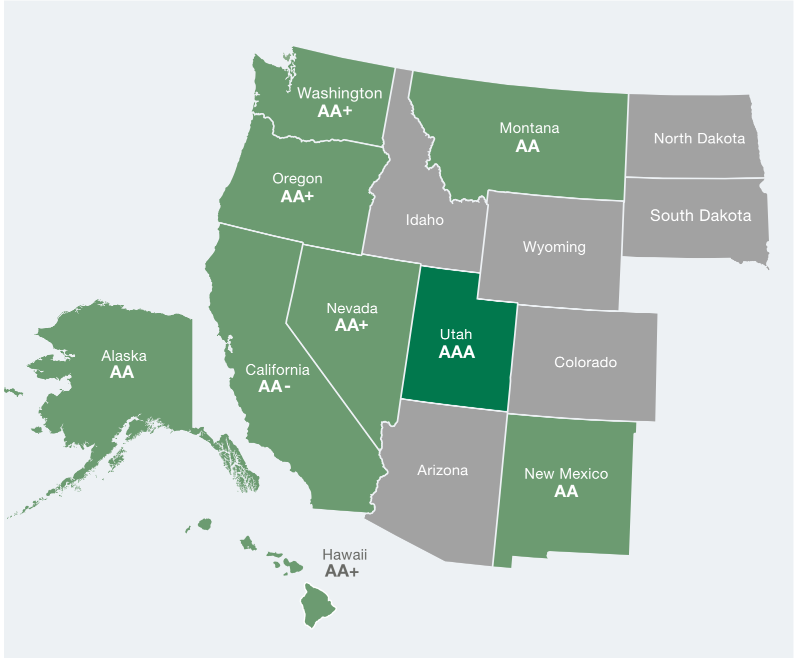
Capitol: **Richmond** Governor: **Glenn Youngkin (R)**

Total issuance, as % of market issuance (YTD)[1]	1.23%
# of issuers[2]	1,274
Pension funded ratio (2023)[3]	85.6%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	5.75%
Federal and state combined	42.75%
Tax equivalent yields[6]	
2%	3.74%
3%	5.61%
4%	7.48%
5%	9.35%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

West

Across the West, FY 2025 revenues reflected a mix of resilience and recalibration. Continued population growth, consumer spending, and high employment prevailed, but it was tempered in some states by fiscal tightening and revenue normalization following pandemic-era surpluses. Additionally, some notable policy and election developments are shaping the outlook heading into FY 2026.



ARIZONA

Arizona saw an extremely beneficial increase of 13.1% in its FY 2025 individual income tax receipts, after seeing a tax cut-related decrease of 7.5% in the prior year. This volatility of revenue due to the tax cuts has become a challenge for lawmakers, as its nation-leading school voucher program becomes more expensive to fund and its growing population requires infrastructure investment to maintain water supply. As a result of these pressures and the increasing dependence on sales taxes, S&P removed the "Positive" outlook from its AA rating on the state's appropriation debt, setting the new outlook at "Stable." However, reserves continue to grow, and the legislature and governor worked in June to pass an on-time budget addressing these pressures with bipartisan support.

CALIFORNIA

California's "big three" tax line items—individual income, corporate income, and sales taxes—rose by a combined 2.0% in FY 2025. And, importantly, they also beat budgeted estimates by about 1%. These outcomes are important at the moment, because the state is dealing with a multi-year structural budget shortfall. In addressing this shortfall, California has planned another large withdrawal from its Rainy Day Fund, which the non-partisan Legislative Analyst's Office endorsed as a reasonable tool to help close the budget gaps. In an earlier vote of confidence, Moody's raised California's outlook from "Negative" to "Stable" in December 2024, showing their confidence in the state's financial trajectory despite the reserve draws. California voters also approved Proposition 50 on election day this year, which is a statewide measure that allows the legislature to redraw U.S. House district maps that could affect federal representation and future fiscal dynamics around federal funding and delegation priorities.

COLORADO

Colorado has rigid state controls about how much income tax it is allowed to retain, collectively referred to as TABOR. This construct was the sole reason for Colorado's 2.7% decline in income tax revenue, as gross receipts before TABOR refunds showed a steep increase. These TABOR controls have created a tighter budget situation for Colorado, especially because the state was also contending in this budget cycle with a shortfall driven by Medicaid expenses. However, with gross revenues continuing to exceed statutory reserve requirements, lawmakers have tools at their disposal to address these shortfalls from a place of financial stability.

HAWAII

Hawaii has continued to set new records in reserve fund balances, even as the state funds housing, infrastructure, and disaster-related priorities. Its solid revenue performance, where total collections in FY 2025 grew 2.9% from the prior year, puts the state in a healthy position to keep pursuing these investments. The one area of investment that is slightly flagging is that in the pension system, which saw its funded ratio drop by 2.2 percentage points at last measure (FY 2024).

OREGON

Oregon's revenue surge (+35.1%, with +42.5% in individual income taxes) reflects a strong tax base, but more importantly reflects timing effects around the state's unique "kicker" rules. It will need to repay much of this gain in tax refunds thanks to those rules, but even amidst several years of kicker-re-

West (Continued)

lated volatility, it has been able to significantly increase its Rainy Day Fund balance. Those reserves now stand at over 17% of general fund spending, which is an extremely healthy level.

UTAH

Utah's fully funded pensions, conservative budgeting practices, and healthy tax collections continue to pay dividends. In its last budget, the state was able to increase tax credits for children and social security payments, while also increasing formula funding for K-12 education.

State	**Ratings (M/S/F)** GO Debt Ratings	**FY 2025 Collections** YoY % Change	**Major Revenue Sources** YoY % Change	**Pension Funded Ratio** (FY 24) change vs. FY23	**Rainy Day Fund Balance** (FY 25) % Change Over FY24	**RDF Balances** % of GF Spending (FY 2025)
AZ	**Aa2 / AA / NR** Appropriation, cannot issue GO debt	$16.43B (+6.3%)	Individual Income Tax: $5.48B (+13.1%) Sales & Use Tax: $8.15B (+2.7%)	76.3% (+3.1%)	$1.55B (4.60%)	9.4%
CA	**Aa2 / AA- / AA**	$212.39B (+2.5%)	Individual Income Tax: $126.42B (+4.5%) Sales & Use Tax: $33.71B (+1.4%)	80.7% (+0.9%)	$27.50B (-34.02%)	11.9%
CO	**Aa2 / AA- / NR** Appropriation, cannot issue GO debt	$17.43B (-2.5%)	Individual Income Tax: $10.22B (-2.7%) Sales & Use Tax: $4.76B (+1.4%)	74.5% (+3.1%)	$2.14B (-32.44%)	11.3%
HI	**Aa2 / AA+ / AA**	$10.8B (+2.9%)	Individual Income Tax: $3.29B (+0.2%) Sales & Use Tax: $4.63B (+3.3%)	63.2% (-2.2%)	$1.57B (+3.36%)	13.9%
OR	**Aa1/ AA+ / AA+ (Pos)**	$14.55B (+35.1%)	Individual Income Tax: $13.04B (+42.5%) Corporate Income Tax: $1.51B (-7.0%)	81.3% (-6.9%)	$2.92B (+25.26%)	17.3%
UT	**Aaa / AAA / AAA**	$12.82B (+4.8%)	Individual Income Tax: $6.62B (+6.3%) Sales & Use Tax: $3.48B (+4.0%)	104.2% (-2.8%)	$1.19B (+0%)	9.3%

References:
azjlbc.gov/mfhs/; sco.ca.gov/; cdor.colorado.gov/; tax.hawaii.gov/; oregon.gov/; treasurer.utah.gov/.

State Profiles (as of 09/30/25)

Alaska

Capitol: **Juneau** Governor: **Mike Dunleavy (R)**

Total issuance, as % of market issuance (YTD)[1]	0.22%
# of issuers[2]	155
Pension funded ratio (2023)[3]	76.5%
State GO ratings[4]	
Moody's	Aa2
S&P	AA
Fitch	AA-
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

Arizona

Capitol: **Phoenix** Governor: **Katie Hobbs (D)**

Total issuance, as % of market issuance (YTD)[1]	1.28%
# of issuers[2]	1,384
Pension funded ratio (2023)[3]	73.2%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	2.50%
Federal and state combined	39.50%
Tax equivalent yields[6]	
2%	3.53%
3%	5.29%
4%	7.05%
5%	8.82%

California

Capitol: **Sacramento** Governor: **Gavin Newsom (D)**

Total issuance, as % of market issuance (YTD)[1]	14.75%
# of issuers[2]	9,396
Pension funded ratio (2023)[3]	79.8%
State GO ratings[4]	
Moody's	Aa2
S&P	AA-
Fitch	AA
Top marginal rates[5]	
State level	13.30%
Federal and state combined	50.30%
Tax equivalent yields[6]	
2%	4.36%
3%	6.54%
4%	8.71%
5%	10.89%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Colorado

Capitol: **Denver** Governor: **Jared Polis (D)**

Total issuance, as % of market issuance (YTD)[1]	2.31%
# of issuers[2]	3,069
Pension funded ratio (2023)[3]	71.4%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	4.40%
Federal and state combined	41.40%
Tax equivalent yields[6]	
2%	3.65%
3%	5.47%
4%	7.30%
5%	9.12%

Hawaii

Capitol: **Honolulu** Governor: **Josh Green (D)**

Total issuance, as % of market issuance (YTD)[1]	0.56%
# of issuers[2]	71
Pension funded ratio (2023)[3]	65.4%
State GO ratings[4]	
Moody's	Aa2
S&P	AA+
Fitch	AA
Top marginal rates[5]	
State level	11.00%
Federal and state combined	48.00%
Tax equivalent yields[6]	
2%	4.15%
3%	6.22%
4%	8.30%
5%	10.37%

Idaho

Capitol: **Boise** Governor: **Brad Little (R)**

Total issuance, as % of market issuance (YTD)[1]	0.57%
# of issuers[2]	544
Pension funded ratio (2023)[3]	88.9%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	5.30%
Federal and state combined	42.30%
Tax equivalent yields[6]	
2%	3.71%
3%	5.57%
4%	7.42%
5%	9.28%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Montana

Capitol: **Helena**	Governor: **Greg Gianforte (R)**
Total issuance, as % of market issuance (YTD)[1]	0.13%
# of issuers[2]	804
Pension funded ratio (2023)[3]	73.0%
State GO ratings[4]	
Moody's	Aa1
S&P	AA
Fitch	AA+
Top marginal rates[5]	
State level	5.90%
Federal and state combined	42.90%
Tax equivalent yields[6]	
2%	3.75%
3%	5.63%
4%	7.50%
5%	9.38%

Nevada

Capitol: **Carson City**	Governor: **Joe Lombardo (R)**
Total issuance, as % of market issuance (YTD)[1]	0.63%
# of issuers[2]	282
Pension funded ratio (2023)[3]	81.8%
State GO ratings[4]	
Moody's	Aa1
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

New Mexico

Capitol: **Santa Fe**	Governor: **Michelle Lujan Grisham (D)**
Total issuance, as % of market issuance (YTD)[1]	0.50%
# of issuers[2]	665
Pension funded ratio (2023)[3]	65.4%
State GO ratings[4]	
Moody's	Aa2
S&P	AA
Fitch	—
Top marginal rates[5]	
State level	5.90%
Federal and state combined	42.90%
Tax equivalent yields[6]	
2%	3.75%
3%	5.63%
4%	7.50%
5%	9.38%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

	North Dakota	Oregon	South Dakota
Capitol	Bismarck	Salem	Pierre
Governor	Kelly Armstrong (R)	Tina Kotek (D)	Larry Rhoden (R)
Total issuance, as % of market issuance (YTD)[1]	0.09%	1.16%	0.29%
# of issuers[2]	886	1,226	596
Pension funded ratio (2023)[3]	67.4%	88.2%	100.0%
State GO ratings[4]			
Moody's	—	Aa1	—
S&P	—	AA+	—
Fitch	—	AA+	—
Top marginal rates[5]			
State level	2.50%	9.90%	0.00%
Federal and state combined	39.50%	46.90%	37.00%
Tax equivalent yields[6]			
2%	3.53%	4.06%	3.38%
3%	5.29%	6.09%	5.07%
4%	7.05%	8.11%	6.76%
5%	8.82%	10.14%	8.45%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

State Profiles (as of 09/30/25)

Utah

Capitol: **Salt Lake City** Governor: **Spencer Cox (R)**

Total issuance, as % of market issuance (YTD)[1]	1.12%
# of issuers[2]	963
Pension funded ratio (2023)[3]	107.0%
State GO ratings[4]	
Moody's	Aaa
S&P	AAA
Fitch	AAA
Top marginal rates[5]	
State level	4.55%
Federal and state combined	41.55%
Tax equivalent yields[6]	
2%	3.66%
3%	5.49%
4%	7.32%
5%	9.15%

Washington

Capitol: **Olympia** Governor: **Bob Ferguson (D)**

Total issuance, as % of market issuance (YTD)[1]	2.60%
# of issuers[2]	1,862
Pension funded ratio (2023)[3]	103.5%
State GO ratings[4]	
Moody's	Aaa
S&P	AA+
Fitch	AA+
Top marginal rates[5]	
State level	7.00%
Federal and state combined	44.00%
Tax equivalent yields[6]	
2%	3.83%
3%	5.75%
4%	7.66%
5%	9.58%

Wyoming

Capitol: **Cheyenne** Governor: **Mark Gordon (R**

Total issuance, as % of market issuance (YTD)[1]	0.04%
# of issuers[2]	313
Pension funded ratio (2023)[3]	93.6%
State GO ratings[4]	
Moody's	—
S&P	—
Fitch	—
Top marginal rates[5]	
State level	0.00%
Federal and state combined	37.00%
Tax equivalent yields[6]	
2%	3.38%
3%	5.07%
4%	6.76%
5%	8.45%

1. Bloomberg, September 2025. 2. Electronic Municipal Market Access (EMMA), September 2025. 3. Equable, January 2024. 4. Bloomberg, September 2025. 5. Tax Foundation, March 2025. 6. Tax equivalent yield assumes the current maximum state and federal income tax rate (for 2024) and the 3.8% Medicare surcharge. Tax treatment of Fund distributions vary; investors should consult a tax advisor with respect to the tax implications of an investment in a Fund that invests in tax-exempt securities.

ABOUT RISK

All investments are subject to market risk and will fluctuate in value.

A portion of a municipal fund's income may be subject to state and local taxes or the Alternative Minimum Tax. Investments in bonds are subject to interest-rate risk and can lose principal value when interest rates rise. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner. High-yield securities (commonly referred to as "junk bonds") are generally considered speculative because they present a greater risk of loss than higher-quality debt securities and may be subject to greater price volatility. High-yield municipal bonds may be subject to increased liquidity risk, as compared to other high-yield debt securities. Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes, which could affect the market for and value of municipal securities. Such uncertainties could cause increased volatility in the municipal securities market. Securities that are liquid at the time of purchase may subsequently become illiquid, due to events relating to the issuer of the securities, market events, economic conditions, or investor perceptions. The views and opinions expressed herein are solely those of the MacKay Municipal Managers™ team of MacKay Shields and are subject to change.

Neither New York Life Investment Management LLC, nor its affiliates or representatives provide tax, legal or accounting advice. Please contact your own professionals. Bloomberg Municipal Bond Index is considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year. High Yield Municipal Bond Blended Index consists of the Bloomberg High Yield Municipal Bond Index and the Bloomberg Municipal Bond Index weighted 60%/40% respectively which is believed to be a fair representation of the NYLI MacKay High Yield Muni Bond I Fund's* guidelines. Bloomberg New York Municipal Bond Index is a market value-weighted index of New York investment-grade, tax-exempt, fixed-rate municipal bonds with maturities of one year or more. Bloomberg California Municipal Bond Index is a market value-weighted index of California investment-grade, tax-exempt, fixed-rate municipal bonds with maturities of one year or more. Bloomberg 3-Year Municipal Bond Index is considered representative of the broad market for investment-grade tax-exempt bonds with a maturity range of 2-4 years. Index results assume the reinvestment of all capital gain and dividend distributions.

* Effective 8/28/24, MainStay High Yield Municipal Bond Fund was renamed NYLI High Yield Muni Bond Fund.

DEFINITIONS

Active management is the use of a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Active management strategies typically have higher fees than passive management. **Distribution yield** is the ratio of all the distributions a fund paid in the past 12 months divided by the current share price of the fund. **Muni Treasury ratio** is computed by dividing a given municipal bond's yield by the yield on a comparable maturity Treasury security. The yield ratio curve is an array of ratios for given maturities, typically 1 to 30 years. **Alpha** measures a fund's risk-adjusted performance and is expressed as an annualized percentage. **Credit spread** reflects the difference in yield between a treasury and corporate bond of the same maturity. **Duration** is a measure of the sensitivity of the price of a bond to a change in interest rates. **Interest rate risk** is the potential that a change in overall interest rates will reduce the value of a bond. **Modified Duration** is inversely related to the approximate percentage change in price for a given change in yield. **Duration-to-Worst** is the duration of a bond, computed using the bond's nearest call date or maturity, whichever comes first. This measure ignores future cash flow fluctuations due to embedded optionality. **Standard deviation** measures how widely dispersed returns have been over a specific period of time. A high standard deviation indicates that the range is wide, implying greater potential for volatility. **Spread** widening means that the difference between two bonds is increasing. **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 without defaulting. The yield-to-worst metric is used to evaluate the worst-case scenario for yield at the earliest allowable retirement date. **Coupon returns** refer to the annual interest provided by a bond. **Price returns** refer to returns generated by investments due to changes in price over a period of time. **MTD returns** refer to returns generated on monthly basis. **Credit ratings**: Moody's rates borrowers on a scale from Aaa through C. Aaa through Baa3 represent investment grade, while Ba1 through C represent non-investment grade. Standard & Poor's rates borrowers on a scale from AAA to D. AAA through BBB represent investment grade, while BB through D represent non-investment grade. Fitch rates borrowers on a scale from AAA to D. AAA to BBB represent investment grade, while BB through D represent non-investment grade. **Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasurys, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. **Bloomberg U.S. Corporate High Yield Index** represents the universe of fixed rate, non-investment grade debt. **Bloomberg Municipal Bond Index** is considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year. Bonds subject to the alternative minimum tax or with floating or zero coupons are excluded. **Bloomberg High Yield Municipal Index** is an unmanaged index of municipal bonds with the following characteristics: fixed coupon rate, credit rating of Ba1 or lower or non-rated using the middle rating of Moody's, S&P, and Fitch, outstanding par value of at least $3 million, and issued as part of a transaction of at least $20 million. In addition, the bonds must have a dated-date after December 31, 1990 and must be at least one year from their maturity date. The **Bloomberg 5-10 Year Taxable Municipal Bond Index** is the 5-10 year component of the Bloomberg Taxable Municipal Bond Index. The **Bloomberg Taxable Municipal Bond Index** is a rules-based, marker-value-weighted index engineered for the long-term taxable bond market. Index results assume the reinvestment of all capital gain and dividend distributions. The **Bloomberg U.S. Treasury Index** measures the public obligations of the US Treasury with a remaining maturity of one year or more. Must be a US Treasury security. Must have at least $300 million par amount outstanding. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. Must be fixed rate. Must be dollar-denominated and non-convertible. **Bloomberg U.S. Corporate Investment Grade Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. **Bloomberg Asset Backed Securities Index** is a subset of the Bloomberg U.S. Aggregate Bond Index and tracks asset-backed securities with maturities of at least one year. **Bloomberg U.S. MBS Index** measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA, and FHLMC. **Bloomberg AAA-, AA-, A-, and BBB-Rated Municipal Bond Indices** are sub-Indices of the Bloomberg Municipal Bond Index. **ICE BofA U.S. Corporate Index** tracks the performance of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market. **ICE BofA U.S. Taxable Municipal Securities Plus Index** tracks the performance of U.S. dollar denominated taxable municipal debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. **ICE BofA Broad U.S. Taxable Municipal Securities Index** tracks the performance of U.S. dollar denominated debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. The **Bloomberg Municipal Baa Index** uses a rule-based methodology. A well-defined set of rules has been established to minimize arbitrary exclusion of securities, assure that the issues included have reasonable trading availability, and allow for maintenance of complete market data. This approach ensures that the Baa Municipal Bond Index is consistent, objective, replicable, reliable, and that it is representative of the marketplace. The **Bloomberg Municipal Bond Long Term Index** is 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 ratings agencies: Moody's, S&P, Fitch. The **Bloomberg 1-3 Month U.S. Treasury Bill Index** (the "Index") is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

Consider the Funds' investment objectives, risks, charges, and expenses carefully before investing. The prospectus and summary prospectus include this and other information about the Funds and are available by visiting the Prospectus. Read the prospectus carefully before investing.

For more information

888-474-7725

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