

KEY TAKEAWAYS

-Global credit delivered mixed returns in February with spread tightening offset by interest rate pressure across the US, Europe, and Emerging Markets (EM)

-In the US, high yield continued to deliver positive performance supported by persistent demand, low supply, and attractive yields. Given rate pressure and a rising Treasury yield, investment grade risk assets and Treasuries posted negative returns

-In Europe, returns followed a similar trend as spreads moved tighter and rates trended higher with the market continuing to push back expectations around rate cuts from the European Central Bank (ECB), supported by hawkish comments from various ECB members

-Emerging Market (EM) debt outperformed US and European credit this month. Within Asia, policy support in China is building as fiscal initiatives have been accompanied by a large ongoing injection of liquidity. In Latin America, there are ample signals of growth for the region ahead

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$0.01 billion in high yield inflows, US\$0.74 billion in leveraged loan retail inflows MTD (through 02.29)

HY New Issuance*	US	EUROPE
YTD	US\$59.3 bn	US\$10.2 bn
MTD	US\$27.7 bn	US\$0.6 bn

Loan New Issuance*	US
YTD	US\$199.8 bn
MTD	US\$63.7 bn

Main Market Driver

Macro: Rate Volatility

Micro: Strong Technicals and Good Earnings

Default Rates**

	US	EUR
LTM	5.7%	3.9%

US New Issuance Names (500 mn and above) MTD

Copeland, Howden, Allied Universal, Post Holdings Inc., Nova Chemicals Corp, Crash Champions, Artera Services, Hillenbrand Inc, Assuredpartners Inc, WE Soda, Consolidated Energy, Amer Sports, Ardonagh Group Finance, Sally Holdings, Amwins Group Inc, Transdigm Inc., AAR Escrow Issuer LLC, StoneX Group Inc., Firstcash Inc., EQM Midstream Partners, Royal Caribbean Cruises, First Quantum Minerals, Builders Firstsource, Wesco Distribution Inc., Delek Logistics

US New Issuance Pipeline (Announced)

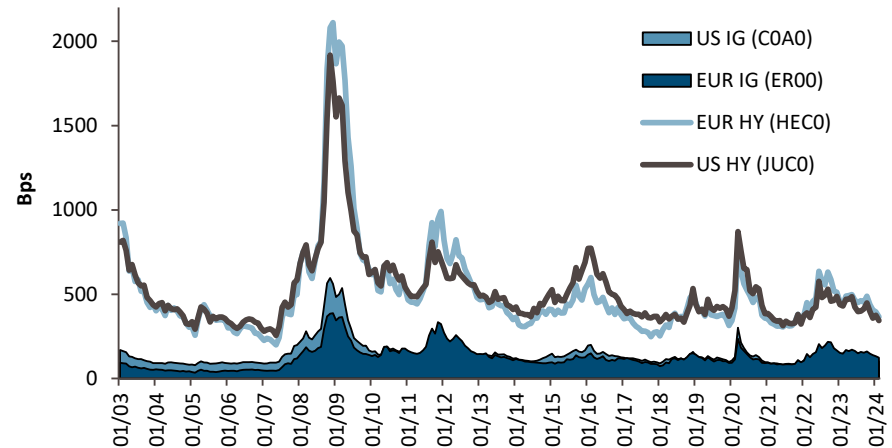
Clear Channel Outdoor

Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

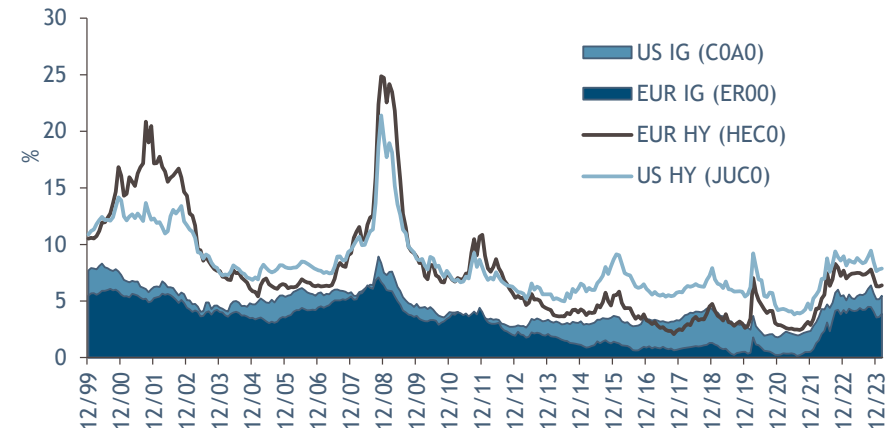
Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice. Unless stated all data figures are sourced from Bloomberg as of February 29th, 2024. Full information on indices is provided on page 5. *JP Morgan for U.S. and Credit Suisse for Europe; European figures include non-Euro issues of European companies. Data as of February 29th, 2024.

**Moody's Default Report as of January 31st, 2024. Most recent data available used.

CORPORATE BOND SPREADS (STW) BY INDEX



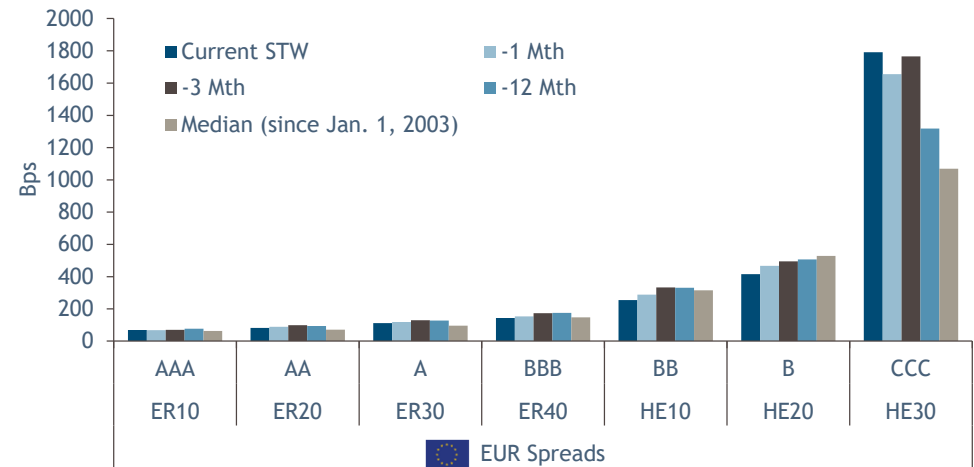
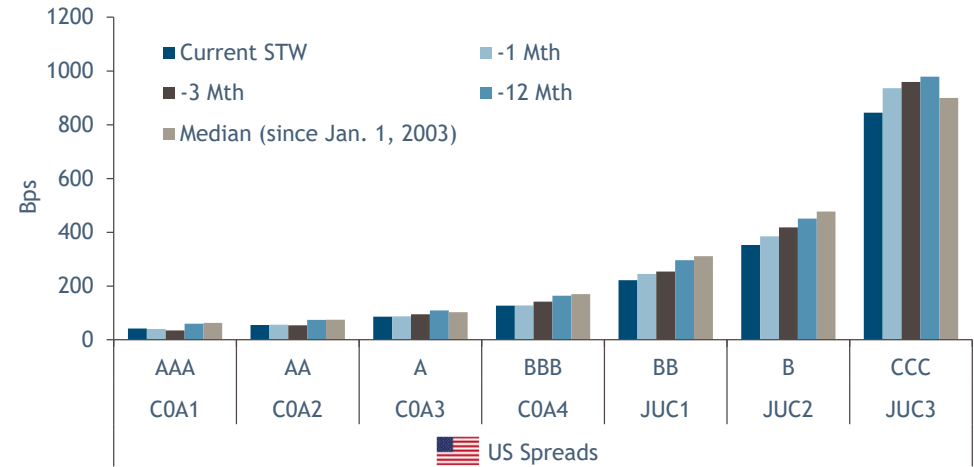
CORPORATE BOND YIELDS (YTW) BY INDEX



CORPORATE BOND SPREADS (STW) - FEBRUARY 29, 2024

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	102	103	113	132	130
	JUC0	HY	344	376	397	431	452
	JUC4	BB/B	279	309	328	366	385
	COA1	AAA	42	40	35	60	63
	COA2	AA	55	56	54	74	75
	COA3	A	86	87	95	109	103
	COA4	BBB	127	128	142	164	170
	JUC1	BB	222	245	254	296	311
	JUC2	B	353	385	418	451	477
	JUC3	CCC	845	936	959	979	900
EM	EMCL	All	213	245	255	276	305
EUR	ER00	IG	124	133	148	148	117
	HEC0	HY	366	395	438	436	432
	ER10	AAA	69	68	70	77	63
	ER20	AA	82	89	99	94	71
	ER30	A	112	119	130	128	97
	ER40	BBB	144	154	173	175	148
	HE10	BB	255	289	333	331	315
	HE20	B	416	467	495	507	529
	HE30	CCC	1792	1656	1766	1318	1070

CORPORATE BOND SPREADS (STW)



Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice. Unless stated otherwise all data is sourced by Bloomberg as of February 29, 2024. Full information on indices is provided on page 5.

MARKET PERFORMANCE % AND STATISTICS - FEBRUARY 29, 2024

		Performance Summary (%)				Characteristics			Performance History (% annualised)				
High Yield		MTD	Pr. Mth	QTD	YTD	DTW (yrs)	YTW (%)	STW (bps)	1 Year	2 Year	3 Year	4 Year	5 Year
JUC0	US HY	0.27	0.01	0.28	0.28	3.61	7.87	344	10.92	2.43	1.88	3.49	3.97
JC4N	US HY BB-B	0.04	0.06	0.10	0.10	3.67	7.22	279	10.28	2.27	1.66	3.21	3.85
HEC0	Euro HY	0.35	0.83	1.18	1.18	2.99	6.39	366	10.00	2.61	0.87	2.02	2.61
HEC5	Euro HY BB-B	0.31	0.69	1.00	1.00	3.07	5.73	303	10.22	2.66	0.85	1.77	2.14
Investment Grade													
COA0	US IG	-1.40	0.15	-1.25	-1.25	6.68	5.46	102	6.13	-2.27	-2.54	-1.29	1.88
C4NF	US BBB Corporates	-1.45	0.16	-1.29	-1.29	6.84	5.64	121	7.17	-2.07	-2.41	-1.06	2.25
ER00	Europe IG	-0.89	0.09	-0.80	-0.80	4.43	3.87	124	6.57	-2.03	-2.70	-1.81	-0.44
EN40	Europe BBB	-0.84	0.18	-0.66	-0.66	4.43	3.97	134	6.77	3.33	2.21	1.65	1.32
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	-2.05	0.02	-2.03	-2.03	7.31	4.27	2	1.39	-5.81	-4.52	-3.57	-0.12
G4L0	UK Gilts 7-10 Yrs	-1.78	-1.78	-3.53	-3.53	7.50	4.04	-3	1.79	-6.64	-5.49	-4.73	-2.33
G4D0	German Fed Govt 7-10 Yrs	-2.02	-0.64	-2.65	-2.65	7.88	2.36	0	4.43	-6.90	-5.67	-4.91	-2.88
Equities													
S&P	S&P 500 incl. Dividends	5.34	1.68	7.11	7.11				30.43	9.71	11.89	16.45	14.75
DAX	DAX Index	4.58	0.91	5.53	5.53	YTM (%)	Discount Margin		15.05	10.57	8.64	10.42	8.95
Loans													
								bps (3yr life)					
	CS Leveraged Loan Index	0.89	0.78	1.68	1.68	9.50		519	11.37	6.72	5.55	5.57	5.10
	CS Western European Leveraged Loan Index	0.51	1.32	1.84	1.84	8.18		483	10.63	5.58	4.45	4.51	4.07

Past performance is not a reliable indicator of current or future performance.

Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice. All performance, duration, yield and spread data sourced by Bloomberg as of February 29th, 2024. Full information on indices is provided on page 5. Index performance is for illustrative purposes only. You cannot invest directly in the index.

CREDIT MARKET UPDATE

US:

US fixed income credit delivered mixed returns in February with spread tightening offset by interest rate pressure. High yield continued to deliver positive performance supported by persistent demand, low supply, and attractive yields. Given rate pressure and a rising Treasury yield, investment grade risk assets and Treasuries posted negative returns. Confidence in the stability of growth increased this month—driven by strong inflation data and a PCE (Personal Consumption Expenditure) report that was in line with expectations—pointing to rates staying the same in March. At the same time, prices remain at discounts to par and yield levels remain well above the longer-term averages, providing a strong return catalyst.

Europe:

In Europe, credit markets delivered mixed returns in February. Rates trended higher with the market continuing to push back expectations around rate cuts from the European Central Bank (ECB), supported by hawkish comments from various ECB members. Spreads moved tighter; high yield continued to deliver positive performance supported by persistent demand, low supply, and attractive yields. Given rate pressure and rising government bond yields, investment grade and government bonds declined. This month, we saw limited performance dispersion across ratings and sectors with market attention firmly on macro-economic data—particularly inflation data at month-end and the timing of upcoming rate cuts. Interest in corporate credit remains robust with yields well above longer term averages, and both good carry and reasonable value on offer.

EM:

Emerging Market (EM) debt outperformed US and European credit this month. Within EM, high yield continued to deliver positive performance supported by persistent demand, low supply, and attractive yields. Given rate pressure and a rising US Treasury yield, investment grade EM debt and government bonds posted negative returns. Policy support in China is building as fiscal initiatives have been accompanied by a large ongoing injection of liquidity. In Japan, given the large gap between strong market momentum and softening economic activity, we believe the Bank of Japan's changes in its asset purchase programs will take precedence over rate hikes at the start of policy normalization. In Turkey, there was strong growth reported despite rate hikes as household consumption improved. In Latin America, growth continues for the region, despite a stall in Brazil's reported 4Q23 GDP growth. However, amidst expectations that Mexico's GDP growth will benefit this quarter from strong domestic demand and fiscal spending ahead of elections, and evidence of gains made across Chile's manufacturing, mining, and retail sectors, there are ample signals of 1Q24 recovery for the region.

Outlook

Looking ahead to March, we will have the Federal Reserve (Fed) and the European Central Bank meetings towards the beginning and end of the month, respectively. The Fed has clearly stated that their concern about bringing inflation down to their target still trumps their worries about staying restrictive for too long and slowing economic growth. We are hearing that the primary market in the US should slow after several large M&A transactions were funded in February, whereas activity in the European primary markets is likely to pick-up. We continue to see strong demand for credit from various corners of the market—investors coming out of cash and money-market funds as the fear of rate hikes fades, pension funds whose funding positions have improved and are consequently rotating from equities into credit, and insurance companies looking to lock in historically attractive yields. We therefore anticipate spreads to be supported at current levels driven by continued inflows, with ongoing tightening in higher-yielding parts of the market.

Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice.

This material is not intended to be relied upon as a forecast, research, or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed by Muzinich & Co. are as of February 2024 and may change without notice.

Important Information

The following indices referenced in the snapshot are ICE BofA indices:

JUC0 - ICE BofA US Cash Pay High Yield Constrained Index
JUC1 - ICE BofA BB US Cash Pay High Yield Constrained Index;
JUC2 - ICE BofA Single-B US Cash Pay High Yield Constrained Index;
JUC3 - ICE BofA CCC and Lower US Cash Pay High Yield Constrained Index;
JUC4 - ICE BofA BB-B US Cash Pay High Yield Constrained Index;
JC4N - ICE BofA BB-B US Non-Financial Cash Pay High Yield Constrained Index;
HEC0 - ICE BofA Euro High Yield Constrained Index;
HE10 - ICE BofA BB Euro High Yield Index;
HE20 - ICE BofA Single-B Euro High Yield Index;
HE30 - ICE BofA CCC & Lower Euro High Yield Index;
HEC5 - ICE BofA BB-B Euro Non-Financial High Yield Constrained Index;
COA0 - ICE BofA US Corporate Index;
COA1 - ICE BofA AAA US Corporate Index;
COA2 - ICE BofA AA US Corporate Index;
COA3 - ICE BofA Single-A US Corporate Index;
COA4 - ICE BofA BBB US Corporate Index;
C4NF - ICE BofA BBB US Non-Financial Corporate Index;
ER00 - ICE BofA Euro Corporate Index;
ER10 - ICE BofA AAA Euro Corporate Index;
ER20 - ICE BofA AA Euro Corporate Index;
ER30 - ICE BofA Single-A Euro Corporate Index;
ER40 - ICE BofA BBB Euro Corporate Index;
EN40 - ICE BofA BBB Euro Non-Financial Index;
G402 - ICE BofA 7-10 Year US Treasury Index
G4L0 - ICE BofA 7-10 Year UK Gilt Index
G4D0 - ICE BofA 7-10 Year German Government Index;
EMCL - ICE BofA US Emerging Markets Liquid Corporate Plus Index.

S&P 500 - The Standard & Poor's 500 Index (S&P 500) is an index of 500 stocks seen as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe, made up of companies selected by economists. DAX - The German Stock Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation.

CS Leveraged Loan Index - The CS Leveraged Loan Index is designed to mirror the investable universe of US dollar denominated leveraged loan market. The index is rebalanced monthly on the last business day of the month instead of daily. Qualifying loans must have a minimum outstanding balance of \$100 million for all facilities except TL A facilities (TL A facilities need a minimum outstanding balance of US\$1 billion), issuers domiciled in developed countries, at least one year long tenor, be rated "5B" or lower, fully funded and priced by a third party vendor at month-end.

CS Western European Leveraged Loan Index - The CS Western European Leveraged Loan Index is designed to mirror the investable universe of the Western European leveraged loan market. Loans denominated in US dollar or Western European Currencies are eligible for inclusion. The index is rebalanced monthly on the last business day of the month instead of daily. Qualifying loans must have minimum outstanding balance of \$100 million (in local currency), issuers with assets located in or revenues derived from Western Europe, at least one year long tenor, be rated "5B" or lower, fully funded and priced by a third party vendor at month-end.

All performance, duration, yield and spread data downloaded from Bloomberg. Markit iBoxx USD Leveraged Loan (IBOXLTRI), S&P 500 incl. Dividends, and DAX figures from Bloomberg. You cannot invest directly into an index.

Important Information

"Muzinich & Co.", "Muzinich" and/or the "Firm" referenced herein is defined as Muzinich & Co. Inc. and its affiliates. This material has been produced for information purposes only and as such the views contained herein are not to be taken as investment advice. Opinions are as of date of publication and are subject to change without reference or notification to you. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. The value of investments and the income from them may fall as well as rise and is not guaranteed and investors may not get back the full amount invested. Rates of exchange may cause the value of investments to rise or fall. Emerging Markets may be more risky than more developed markets for a variety of reasons, including but not limited to, increased political, social and economic instability; heightened pricing volatility and reduced market liquidity.

Any research in this document has been obtained and may have been acted on by Muzinich for its own purpose. The results of such research are being made available for information purposes and no assurances are made as to their accuracy. Opinions and statements of financial market trends that are based on market conditions constitute our judgment and this judgment may prove to be wrong. The views and opinions expressed should not be construed as an offer to buy or sell or invitation to engage in any investment activity, they are for information purposes only.

This document contains forward-looking statements, which give current expectations of future activities and future performance. Any or all forward-looking statements in this document may turn out to be incorrect. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Although the assumptions underlying the forward-looking statements contained herein are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurances that the forward-looking statements included in this discussion material will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation that the objectives and plans discussed herein will be achieved. Further, no person undertakes any obligation to revise such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The content of this document is for information purposes and is directed at institutional, professional and sophisticated investors able to understand and accept the risks involved. It has been prepared using publicly available information, internally developed data and other sources believed to be reliable. It does not constitute an offer or solicitation to any person in any jurisdiction to purchase or sell any investment, nor does it constitute investment advice.

The material in this document is directed only at entities or persons in jurisdictions or countries where access to and use of this information is not contrary to local laws or regulations. The views expressed and the information contained in this document may be subject to change at any time without notice. Opinions and statements of financial market trends that are based on market conditions constitute our judgment and are subject to change without notice. Historic market trends are not reliable indicators of actual future market behaviour. This document is intended for the sole use of the intended recipients and its content may not be copied, published or otherwise distributed. Muzinich does not warranty this information and does not accept liability of any type for actions taken or not taken as a result of this information.

United States: This material is for Institutional Investor use only - not for retail distribution. Muzinich & Co., Inc. is a registered investment adviser with the Securities and Exchange Commission (SEC). Muzinich & Co., Inc.'s being a Registered Investment Adviser with the SEC in no way shall imply a certain level of skill or training or any authorization or approval by the SEC.

Issued in the European Union by Muzinich & Co. (Ireland) Limited, which is authorized and regulated by the Central Bank of Ireland. Company registration No. 307511. Registered address: 32 Molesworth Street, Dublin 2, D02 Y512, Ireland. Issued in Switzerland by Muzinich & Co. (Switzerland) AG. Registered in Switzerland No. CHE-389.422.108. Registered address: Tödistrasse 5, 8002 Zurich, Switzerland. Issued in Singapore and Hong Kong by Muzinich & Co. (Singapore) Pte. Limited, which is licensed and regulated by the Monetary Authority of Singapore. Registered in Singapore No. 201624477K. Registered address: 6 Battery Road, #26-05, Singapore, 049909. Issued in all other jurisdictions (excluding the U.S.) by Muzinich & Co. Limited, which is authorized and regulated by the Financial Conduct Authority. Registered in England and Wales No. 3852444. Registered address: 8 Hanover Street, London W1S 1YQ, United Kingdom. 2024-03-06-13072