

KEY TAKEAWAYS

- Global credit delivered mostly positive returns
- First quarter corporate earnings season started, with most reported earnings beating estimates as of month-end
- In the US, while the month's economic numbers painted a mixed picture for policy makers ahead of the Federal Reserve's (Fed's) rate decision in early May, the market's expectations that the Fed would increase by 25 basis points (bps) remained unchanged (and accurate)
- In Europe, market volatility—driven by interest rates—continued to be elevated this month. The market felt more confident through the first half of the month, turning more cautious later, as fears around the US regional banks returned. At the end of the month, the market anticipated (correctly) just 25 basis points (bps) of immediate hiking from the ECB, however with expectations that rates may further increase, reaching a peak of 3.75% in the second half of the year (Source: Financial Times, 4th May 2023)

CAPITAL AT RISK.

The value of investments and the income from them may fall as well as rise, and is not guaranteed. Investors may not get back the full amount invested.

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$6.2 billion in high yield inflows, US\$2.0bn billion in leveraged loan retail outflows MTD (through 04.30)

HY New Issuance*	US	EUROPE	Main Market Driver		
YTD	US\$59.3 bn	US\$18.4 bn	Macro: Mixed eco data, better than expected earnings, stability in the banking sector (first half of month)		
MTD	US\$18.8 bn	US\$2.9 bn			
Loan New Issuance*	US		Micro: Solid technical		
YTD	US\$89.3 bn		Default Rates**		
MTD	US\$19.0 bn				
			LTM	US	EUR
				2.7%	2.6%

US New Issuance Names (500 mn and above) MTD

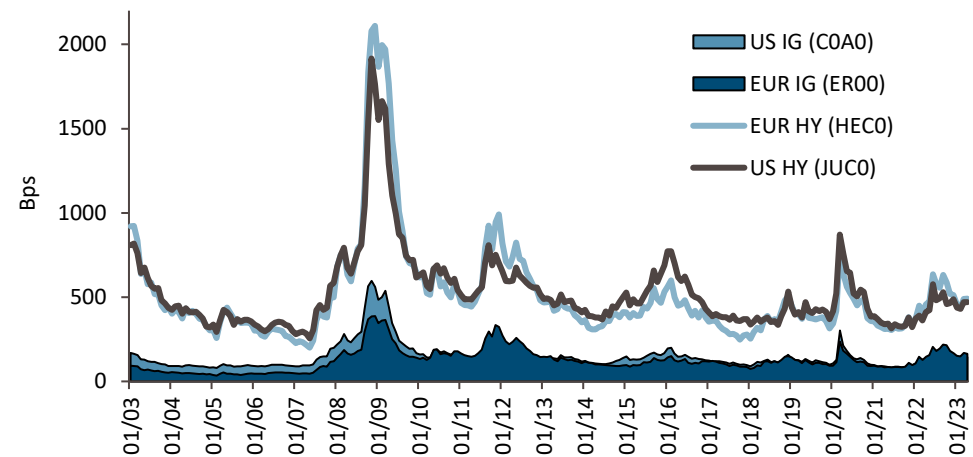
Macquarie Airfinance, Churchill Downs, Cleveland-Cliffs In, Baytex Energy Corp, CSC Holdings, Clarios Global, Kevlar SpA, Allwyn Entertainment, Trident TPI Holdings Inc, Six Flags International, Talen Energy Supply

US New Issuance Pipeline (Announced)

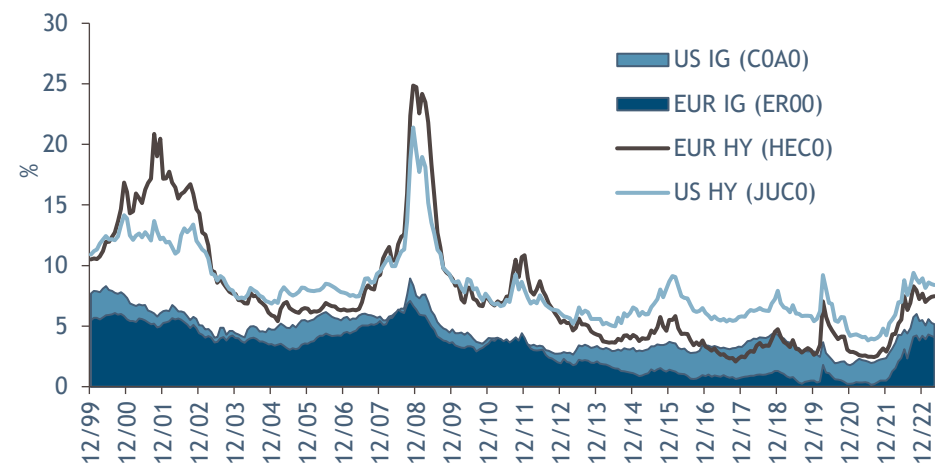
Navient Corp, VistaJet Malta, Tenet Healthcare Corp, EquipmentShare.com, Copeland, Heartland Dental

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.

CORPORATE BOND SPREADS (STW) BY INDEX



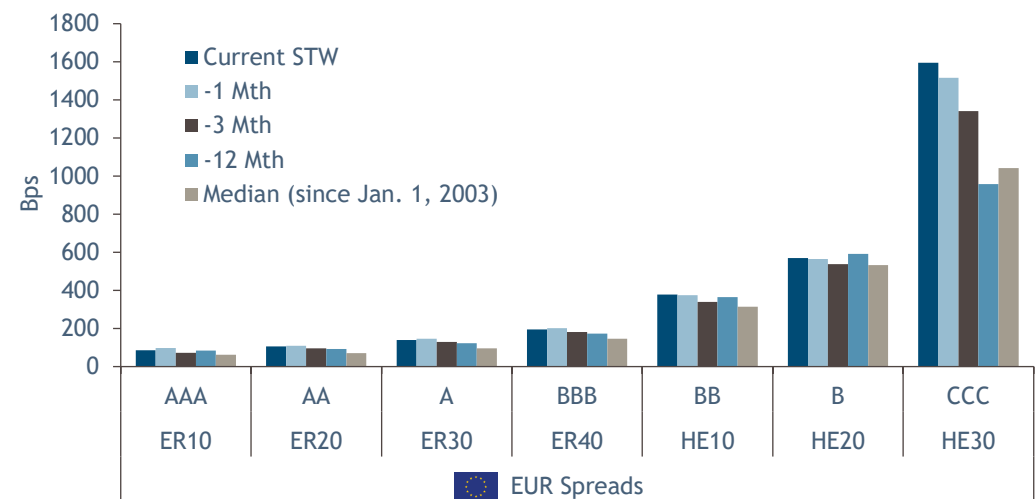
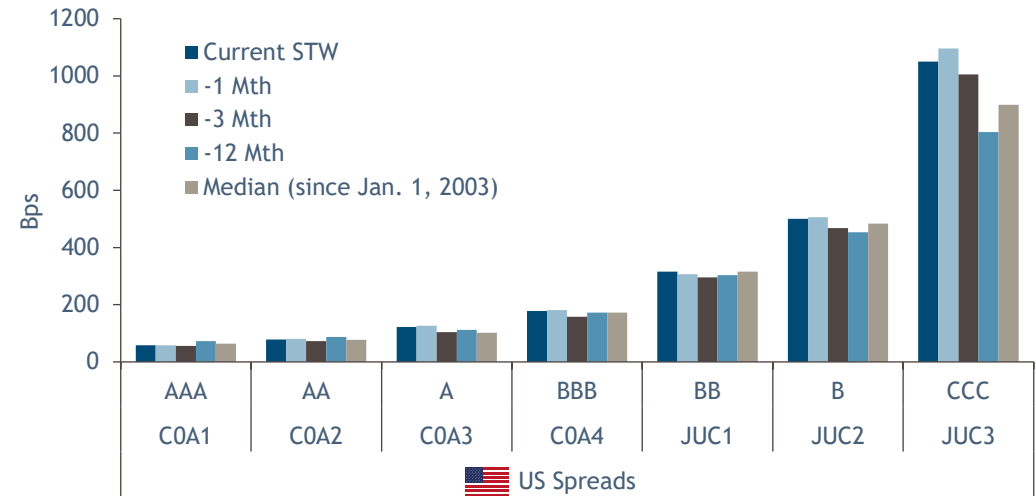
CORPORATE BOND YIELDS (YTW) BY INDEX



CORPORATE BOND SPREADS (STW) - April 30, 2023

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	144	148	127	139	132
	JUC0	HY	470	470	439	411	462
	JUC4	BB/B	398	397	371	365	392
	COA1	AAA	58	58	56	72	64
	COA2	AA	78	80	73	87	77
	COA3	A	122	126	104	112	102
	COA4	BBB	178	181	158	172	172
	JUC1	BB	315	307	295	303	315
	JUC2	B	500	506	468	453	484
	JUC3	CCC	1050	1096	1005	804	900
EM	EMCL	All	311	313	274	292	311
EUR	ER00	IG	163	170	153	146	115
	HEC0	HY	492	489	455	458	430
	ER10	AAA	86	97	73	84	62
	ER20	AA	105	109	95	93	70
	ER30	A	139	146	129	123	96
	ER40	BBB	195	201	182	173	146
	HE10	BB	378	375	340	364	314
	HE20	B	569	564	537	592	532
	HE30	CCC	1595	1515	1341	958	1042

CORPORATE BOND SPREADS (STW)



MARKET PERFORMANCE % AND STATISTICS - April 30, 2023

		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	0.97	1.11	0.97	4.67	4.06	8.39	470	1.13	-1.96	4.83	2.22	3.11
JC4N	US HY BB-B	0.82	1.55	0.82	4.45	4.16	7.63	396	1.53	-1.78	4.19	2.31	3.25
HEC0	Euro HY	0.48	-0.37	0.48	3.14	3.15	7.45	492	-1.23	-3.92	2.36	0.25	0.75
HEC5	Euro HY BB-B	0.44	0.22	0.44	3.49	3.29	6.78	426	-0.82	-3.73	1.83	-0.17	0.45
Investment Grade													
COA0	US IG	0.85	2.56	0.85	4.33	6.99	5.17	144	0.61	-4.92	-1.70	0.93	2.01
C4NF	US BBB Corporates	0.77	3.05	0.77	4.69	7.19	5.36	166	1.13	-5.09	-0.88	1.10	2.19
ER00	Europe IG	0.70	1.02	0.70	2.28	4.56	4.10	163	-4.45	-6.33	-2.77	-2.20	-1.18
EN40	Europe BBB	0.81	0.82	0.81	2.72	4.59	4.25	178	-4.47	-2.26	-1.51	-1.14	-0.91
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	0.86	3.67	0.86	4.43	7.54	3.41	0	-0.76	-4.78	-5.07	0.11	1.37
G4L0	UK Gilts 7-10 Yrs	-1.27	2.58	-1.27	1.39	7.38	3.63	-3	-10.01	-8.34	-6.91	-3.30	-1.85
G4D0	German Fed Govt 7-10 Yrs	0.18	2.88	0.18	2.42	7.81	2.27	0	-8.79	-8.80	-6.78	-4.21	-2.37
Equities													
S&P	S&P 500 incl. Dividends	1.56	3.66	1.56	9.16				-7.75	3.28	18.58	11.60	11.17
DAX	DAX Index	1.88	1.72	1.88	14.36	YTM (%)	Discount Margin		8.42	2.05	16.30	7.91	5.26
Loans								bps (3yr life)					
CS Leveraged Loan Index		0.95	-0.10	0.95	4.09	9.55		599	2.91	2.89	7.21	3.44	3.64
CS Western European Leveraged Loan Index		1.20	0.02	1.20	4.80	9.09		575	2.04	1.89	5.79	2.58	2.50

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future performance and should not be the sole factor of consideration when selecting a product or strategy.

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CREDIT MARKET UPDATE

US

US markets delivered positive returns in April. While the month's economic numbers painted a mixed picture for policy makers ahead of the Federal Reserve's (Fed's) rate decision in early May, the market's expectations that the Fed would increase by 25 basis points (bps) remained unchanged (and accurate). First quarter corporate earnings season started, with most reported earnings beating estimates as of month-end. It should be noted that many of the reporting S&P 500 companies are larger than many lower-rated (single-B and lower) high yield and leveraged loan issuers that have yet to report. In general, companies have been able to exhibit pricing power to maintain margins and cash flow while at the same time seeing certain 2022 issues (i.e., high labor costs) revert to more normalized levels. The general view is that this earnings season is moving forward at a better-than-expected pace, and if this holds, high yield credit metrics (e.g., leverage, interest coverage, etc.) will stay near historic best levels.

EUROPE

European credit markets delivered mostly positive returns in April. Market volatility—driven by interest rates—continued to be elevated this month as the market tried to price the policy rate trajectory (in both the US and Europe) for the rest of the year. In the absence of both Federal Open Market Committee and European Central Bank (ECB) meetings in April, plus a data-dependent approach confirmed by both Jerome Powell and Christine Lagarde in March, interest rates were volatile around data releases and headlines. The market felt more confident through the first half of the month and ECB speakers struck a more hawkish tone. Economic data was resilient, and the Credit Suisse crisis appeared to be contained. This mood turned more cautious later in the month as fears around the US regional banks returned. Investment grade credit spreads were supported by a flight to quality, a degree of normalization after March's risk-off move, and relatively quiet primary issuance over the month. Despite concerns related to a deteriorating outlook, we are not yet seeing significant pressure on corporate earnings and profitability; rating shifts continue to be relatively balanced outside of the more stressed parts of the market, such as real estate. At the end of the month, the market anticipated (correctly) just 25 basis points (bps) of immediate hiking from the ECB, however with expectations that rates may further increase, reaching a peak of 3.75% in the second half of the year (Source: Financial Times, 4th May 2023).

EM

Emerging Markets (EM) delivered mixed returns in April. China's reopening momentum continued as a reimposition of lockdowns seems unlikely (despite a modest COVID uptick) and

mobility continues to recover. Meanwhile, other tracking data has been volatile but broadly strengthening. Against this backdrop, China's Politburo (the top decision-making body that focuses on the economy and sets the tone for policy in the coming months) presented a pro-growth stance this month, saying the country's economic recovery requires continued forceful fiscal and monetary support, and reiterating support both for the private sector and for a high-level "opening up" to further attract foreign investment. In Japan, the BOJ (Bank of Japan) decided to leave their main policy settings unchanged but removed forward guidance for rates. They also announced a review of monetary policy that would take up to 1.5 years and revised inflation projections upwards. The combination of changes to forward guidance, monetary review, and upward revisions to inflation, suggests that the BOJ is readying itself for a policy adjustment in the coming months. In LatAm, a hawkish mood was maintained with Colombia's central bank hiking rates as political developments widened risk premia. Expectations are for Brazil's central bank to keep rates unchanged in May.

OUTLOOK

While we believe the recent banking headlines are largely related to issues facing the specific banks involved, global market concerns remain regarding potential systemic risks stemming from aggressive central bank tightening over the last year. More restrictive policies and higher interest rates have dampened the outlook for economic growth with debate still centered on the likelihood of near-term recessions in the US and Europe. While we do see signs of resiliency in the underlying economies and corporate balance sheets are generally on solid footing entering any potential downturn, we are working broadly to position portfolios for a slowdown. Markets will begin the month of May receiving a slew of economic releases starting with manufacturing, services, and jobs data. The market is anticipating that the Fed's May 3rd rate hike was likely the last increase, and any future indication that additional hikes are being considered could cause an increase in volatility. We believe diligence and discipline is warranted as we navigate this challenging period of quantitative tightening, higher rates, credit tightening, and competition for capital.

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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.

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