

Muzinich & Co. Corporate Credit Snapshot | August 2025

Muzinich & Co.

KEY TAKEAWAYS

- Global credit generated positive returns across the board in August. US markets were supported by a risk-on environment due to expectations that the Federal Open Market Committee will loosen policy in September
- In Europe, the return of political uncertainty in France weighed on spreads and created European market volatility
- More hawkish European Central Bank comments and inflation concerns pushed rates higher
- Emerging market (EM) debt delivered strong positive returns with corporate credit outperforming its sovereign peers; investment-grade corporates benefitted from falling government yields at the front end of curves, while the high-yield segment gained from improved risk sentiment that supported spread tightening

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$1.1 billion in high yield inflows, US\$1.5 billion in leveraged loan retail inflows MTD (through 08.31)

HY New Issuance*	US	EUROPE	Main Market Driver
YTD	US\$208.7 bn	US\$90.2 bn	
MTD	US\$25.7 bn	US\$1.9 bn	
Loan New Issuance*	US	Default Rates (Dollar weighted)**	
YTD	US\$719.8 bn		
MTD	US\$76.7 bn		
		LTM	
		US	EUR
		1.8%	8.6%

US New Issuance Names (500 mn and above) MTD

LBM Acquisition, Level 3 Financing, Millrose Properties Inc., Icahn Enterprises, Freedom Mortgage, Travel & Leisure Co, Howard Midstream Energy, CHC Group, Match Group, Lindblad Expeditions, First Quantum Minerals, Ball Corp, Pennyman Fin Svcs Inc., Cloud Software, Snap Inc., WR Grace Holdings, Petsmart Inc, Novartis Corp.

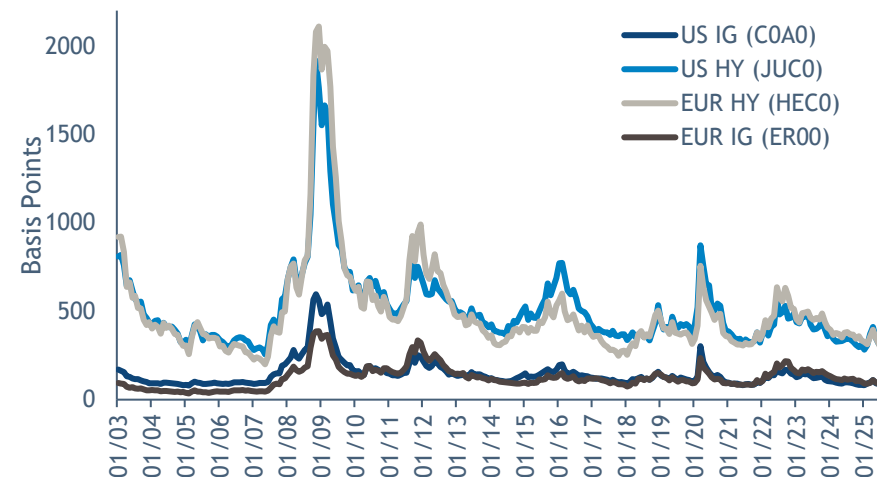
US New Issuance Pipeline (Announced)

N/A

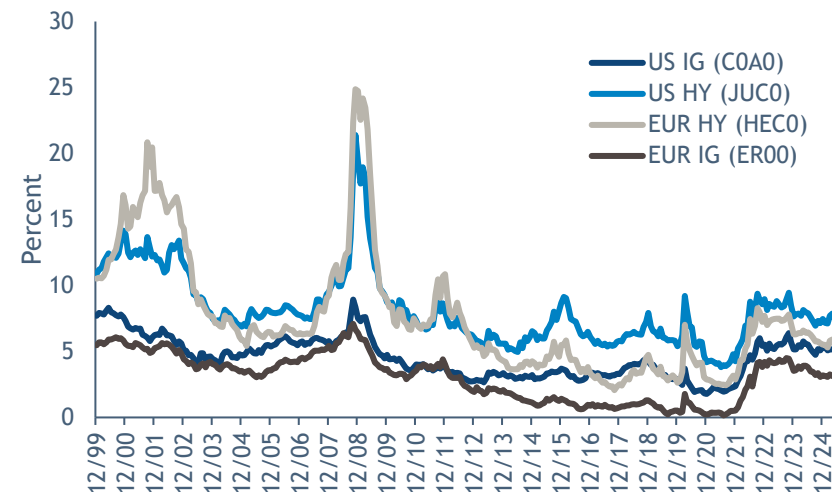
Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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 August 31st, 2025. Full information on indices is provided on page 5. *JP Morgan; European figures include non-Euro issues of European companies. **Moody's Default Report as of July 31st, 2025. Most recent data available used.

CORPORATE BOND SPREADS (STW) BY INDEX



CORPORATE BOND YIELDS (YTW) BY INDEX



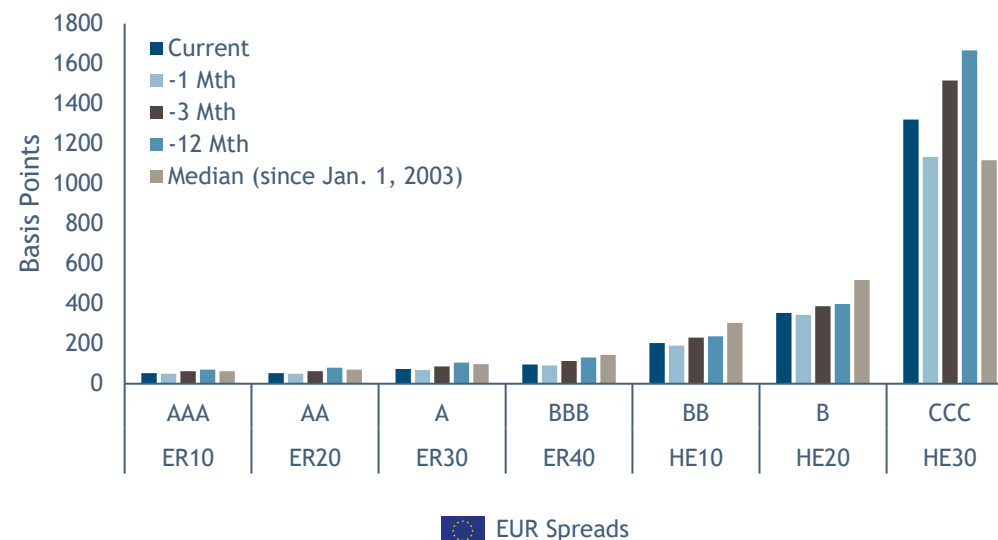
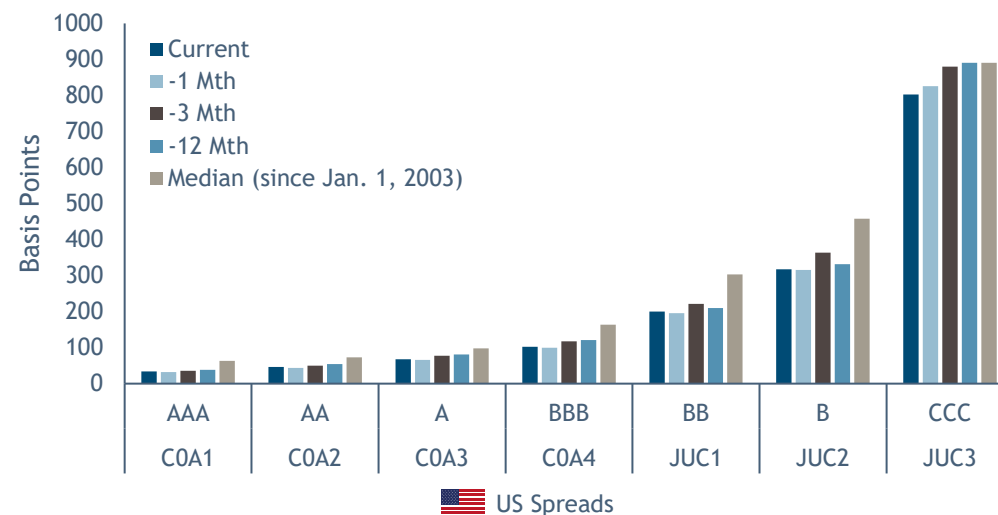
Muzinich & Co. Corporate Credit Snapshot | August 2025

Muzinich & Co.

CORPORATE BOND SPREADS (STW) - AUGUST 31, 2025

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	81	79	93	97	128
	JUC0	HY	300	302	348	341	438
	JUC4	BB/B	245	243	278	258	371
	COA1	AAA	34	32	36	38	63
	COA2	AA	46	44	50	54	73
	COA3	A	68	66	77	81	98
	COA4	BBB	102	100	117	121	164
	JUC1	BB	200	196	221	210	303
	JUC2	B	317	316	364	332	458
	JUC3	CCC	803	826	880	891	891
EM	EMCL	All	165	162	192	192	295
EUR	ER00	IG	83	78	97	116	115
	HEC0	HY	298	282	348	368	419
	ER10	AAA	53	49	62	71	63
	ER20	AA	53	50	63	80	71
	ER30	A	74	69	86	106	97
	ER40	BBB	96	91	113	132	144
	HE10	BB	204	191	230	237	304
	HE20	B	354	344	387	398	519
	HE30	CCC	1321	1133	1515	1666	1118

CORPORATE BOND SPREADS (STW)



MARKET PERFORMANCE % AND STATISTICS - AUGUST 31, 2025

		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	1.24	0.39	1.63	6.28	3.09	6.74	300	8.14	10.23	9.17	3.91	5.13
JC4N	US HY BB-B	1.20	0.26	1.46	6.15	3.14	6.22	247	7.09	9.37	8.45	3.49	4.44
HEC0	Euro HY	0.07	1.18	1.25	4.04	2.83	5.10	298	6.97	9.39	8.35	2.77	3.95
HEC5	Euro HY BB-B	0.18	1.17	1.35	4.16	2.81	4.57	244	7.15	9.31	8.39	2.82	3.81
Investment Grade													
COA0	US IG	1.06	0.15	1.21	5.46	6.46	4.91	81	4.23	6.81	4.82	-0.39	0.21
C4NF	US BBB Corporates	1.09	0.18	1.27	5.55	6.60	5.12	100	4.50	7.28	5.45	-0.32	0.59
ER00	Europe IG	0.02	0.50	0.53	2.38	4.41	3.09	83	4.47	5.89	4.22	-0.43	0.17
EN40	Europe BBB	0.07	0.57	0.63	2.45	4.43	3.17	92	4.68	6.25	4.59	-0.55	0.27
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	1.65	-0.57	1.08	6.46	7.11	4.09	1	2.93	4.49	1.68	-2.02	-2.19
G4L0	UK Gilts 7-10 Yrs	-0.69	-0.09	-0.78	2.82	7.42	4.62	1	0.11	3.67	-0.19	-3.81	-3.44
G4D0	German Fed Govt 7-10 Yrs	0.15	-0.24	-0.09	-0.25	7.64	2.59	0	-0.07	1.99	-0.45	-3.97	-3.18
Equities													
S&P	S&P 500 incl. Dividends	2.03	2.24	4.32	10.78				15.85	21.36	19.52	10.95	14.72
DAX	DAX Index	-0.68	0.65	-0.03	20.06				26.42	22.43	23.03	10.84	13.05
Syndicated Loans													
US	US Leveraged Loan Index	0.32	0.92	1.24	4.00				6.89	8.35	8.64	6.45	6.82
Europe	European Leveraged Loan Index	0.16	0.51	0.67	3.44				5.78	7.36	7.86	5.43	5.97

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 August 31st, 2025. Full information on indices is provided on page 5. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Muzinich & Co. Corporate Credit Snapshot | August 2025



CREDIT MARKET UPDATE

US:

US credit markets generated positive returns in August. Markets were supported by a risk-on environment due to expectations that the Federal Open Market Committee will loosen policy in September. US rates fell on significantly softer labor data at the start of the month, a move further compounded by Chairman Jerome Powell's dovish comments at the Jackson Hole symposium. Spreads were stable as investors absorbed a solid reporting season, steady issuance, and modest inflows. At month-end, the market is pricing a Federal Reserve (Fed) rate cut for September with a second cut widely anticipated before year-end. At the same time, core inflation increased in August, potentially complicating the Fed's path.

Europe:

European credit markets generated positive returns in August. At month-end, the market is pricing a US rate cut for September with a second cut widely anticipated before year-end. In Europe, the return of political uncertainty in France weighed on spreads and created market volatility. While European spreads outperformed during the first part of the August, they underperformed during the latter part of the month as expectations of a vote of no-confidence for the French government in September grew, and Federal Reserve messaging became increasingly dovish. Meanwhile, more hawkish European Central Bank comments and inflation concerns pushed rates higher. Primary markets were relatively quiet given the time of year, although we expect that September will be a busy month, particularly given that while spreads moved wider in August, they remain tight in a historical context.

EM:

Emerging markets (EM) debt delivered strong positive returns supported by a risk-on environment due to expectations that the US Federal Open Market Committee will loosen policy in September. US rates fell on significantly softer labor data at the start of the month, a move further compounded by Chairman Jerome Powell's dovish comments at the Jackson Hole symposium. EM corporate credit outperformed its sovereign peers; investment-grade corporates benefitted from falling government yields at the front end of curves, while the high-yield segment gained from improved risk sentiment that supported spread tightening. Within investment grade, Asia led performance, driven by technical support from limited supply. In high yield, EMEA (Europe, Middle East & Asia) outperformed expectations, buoyed by progress on peace talks in Ukraine and stable oil prices.

Outlook

Some common drivers of recent price movements include reasonable economic growth, anchored inflation, and the continued easing of global financial conditions—factors that have contributed to historically tight corporate credit spreads and supported commodity prices (excluding energy). Differentiation across markets has largely been driven by geopolitical factors including tariffs, fiscal concerns, and pressures on independent institutions or weak governments. Corporate credit spreads indicate that investors perceive somewhat limited near-term risk due to generally contained levels and decent fundamentals, while economists seem focused on the likelihood of the continued global easing of government policy through either rate cuts or fiscal measures. However, September has been a month long viewed as tricky for asset prices. Consequently, we are keeping our eye on potential catalysts including US tariffs, reconsideration of a US rate cut, political instability in Europe, and other geopolitical interferences. While capital markets keep grinding higher, we are prepared for September to be a possible rollercoaster month.

Muzinich views and opinions as of August 2025 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.

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;
C0A0 - ICE BofA US Corporate Index;
C0A1 - ICE BofA AAA US Corporate Index;
C0A2 - ICE BofA AA US Corporate Index;
C0A3 - ICE BofA Single-A US Corporate Index;
C0A4 - 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;
G4O2 - 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.
Bloomberg US Leveraged Loan Index - The Bloomberg US Leveraged Loan Index measures the performance of USD denominated, high-yield, floating-rate, institutional leveraged loan market. The US Loan Index was created in 2024, with history backfilled to January 1, 2019.

Bloomberg European Leveraged Loan Index - The Bloomberg European Leveraged Loan Index measures the performance of the EUR- and GBP- denominated, high-yield, floating-rate, institutional leveraged loan market. The index was created in 2025, with history backfilled to January 1, 2019.

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.

Muzinich & Co. Corporate Credit Snapshot | August 2025



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.

Muzinich & Co. Corporate Credit Snapshot | August 2025



Important Information

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. 2025-09-04-16877.