Muzinich & Co. Corporate Credit Snapshot | October 2025

KEY TAKEAWAYS

-Global credit generated positive returns across the board in October, although the month was anything but straightforward as spreads in most markets made a round trip

-Various headlines early in the month pushed spreads wider, including President Trump threatening 100% tariffs on Chinese goods and casting doubts over his meeting with President Xi. The market also reacted to news of two high-profile US bankruptcies, Jamie Dimon's 'cockroach' comments about a perceived deterioration in lending standards, new US-Russian sanctions, and losses at US regional banks

-Spreads rallied at the end of the month on positive trade developments between the US and China, a Federal Reserve (Fed) rate cut, and the widespread view that the month's credit events seemed idiosyncratic

-The European Central Bank stayed on hold and confirmed its data-dependent approach going forward. Emerging markets (EM) debt delivered strong positive excess returns this month. Two major EM headlines included Japan's appointment of a new Prime Minister, Sanae Takaichi, while in Argentina, President Javier Milei's libertarian party scored a major victory in the midterm legislative elections

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US$2.1 billion in high yield inflows, US$1.6 billion in leveraged loan retail outflows MTD (through 10.31)

HY New Issuance*	US	EUROPE
YTD	US$286.2 bn	US$120.1 bn
MTD	US$18.7 bn	US$10.5 bn
Loan New Issuance*	US	
YTD	US$874.9 bn	
MTD	US$61.9 bn	

Main Market Driver		
Macro: Fed cut, Govt Shutdown, Positive Corp. Fundamentals		
Micro: Balanced HY technical; Idiosyncratic credits		
Default Rates (Dollar weighted)**	US	EUR
LTM	1.8%	8.7%

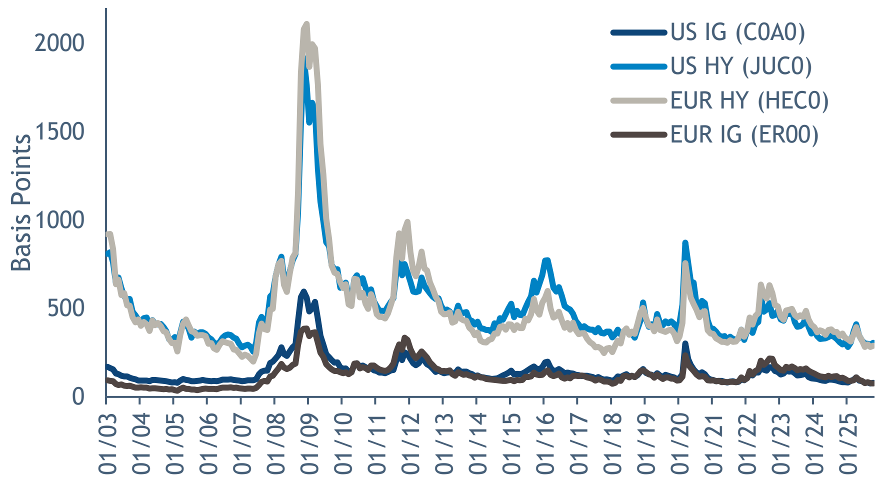
US New Issuance Names (500 mn and above) MTD

Alpha Generation, Jane Street, Ziggo, Getty Images Inc., Virgin Media O2, Danaos Corp, Talen Energy, TeraWulf, Ferrellgas, Albertsons Cos Inc., Versant Media Group, Kaiser Aluminium Corp, White Cap Supply Holdings, VoltaGrid LLC, Bread Financial, William Carter co

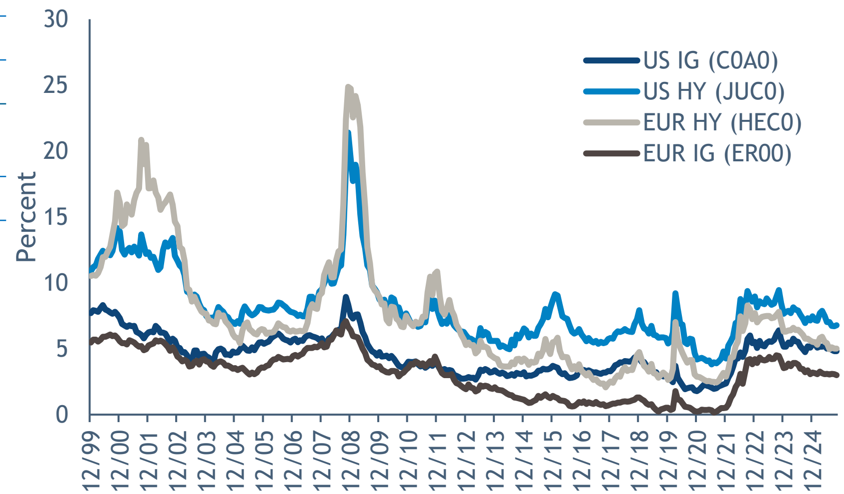
US New Issuance Pipeline (Announced)

N/A

CORPORATE BOND SPREADS (STW) BY INDEX



CORPORATE BOND YIELDS (YTW) BY INDEX



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 October 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 September 30th, 2025. Most recent data available used.

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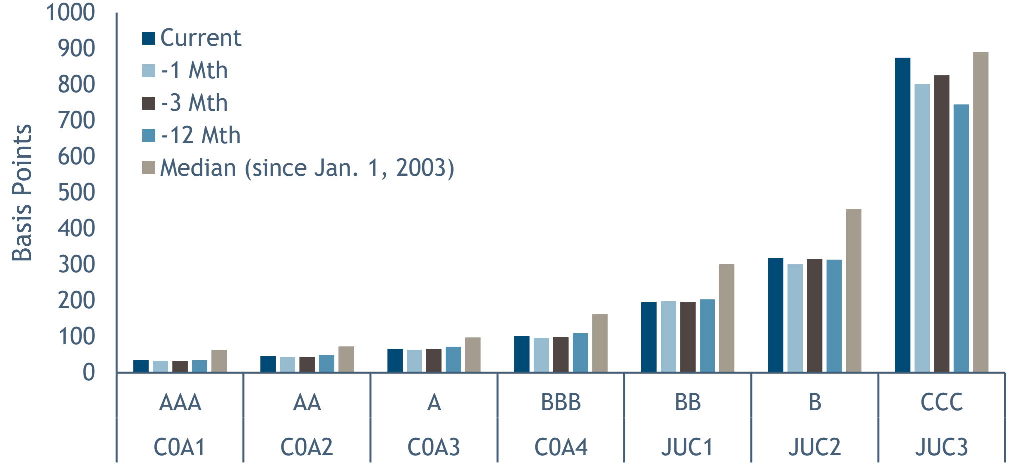
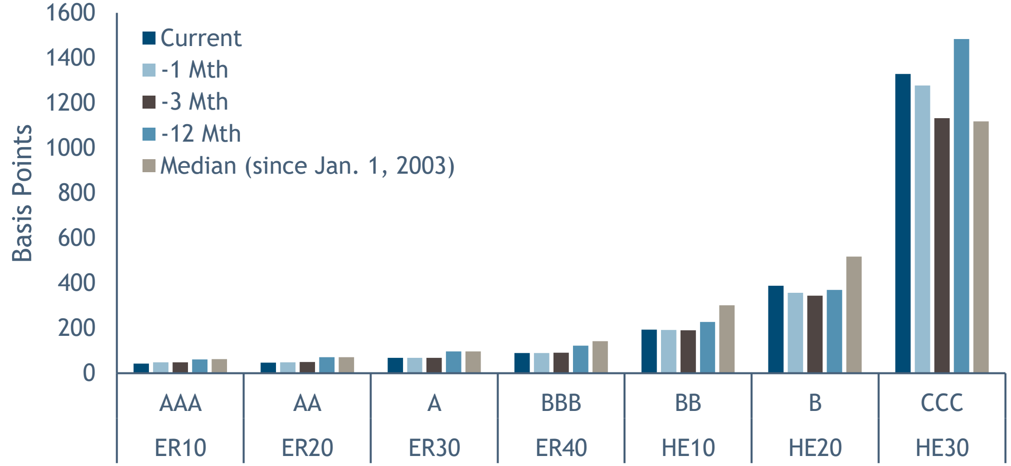
CORPORATE BOND SPREADS (STW) – OCTOBER 31, 2025

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	C0A0	IG	80	76	79	87	128
	JUC0	HY	306	296	302	310	437
	JUC4	BB/B	242	237	243	247	370
	C0A1	AAA	36	33	32	35	63
	C0A2	AA	46	44	44	49	73
	C0A3	A	66	63	66	72	98
	C0A4	BBB	102	97	100	109	163
	JUC1	BB	196	198	196	204	301
	JUC2	B	318	301	316	314	456
	JUC3	CCC	875	802	826	745	891
EM	EMCL	All	161	159	162	176	295
EUR	ER00	IG	76	78	78	106	115
	HEC0	HY	290	283	282	344	417
	ER10	AAA	43	48	49	61	62
	ER20	AA	47	48	50	71	71
	ER30	A	68	69	69	97	97
	ER40	BBB	89	90	91	122	143
	HE10	BB	193	192	191	227	302
	HE20	B	388	357	344	370	518
	HE30	CCC	1329	1278	1133	1484	1118

CORPORATE BOND SPREADS (STW)



US Spreads



EUR Spreads

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MARKET PERFORMANCE % AND STATISTICS – OCTOBER 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	0.20	0.76	0.20	7.30	3.08	6.78	306	8.05	12.12	9.97	4.20	5.45
JC4N	US HY BB-B	0.26	0.82	0.26	7.30	3.15	6.15	242	7.83	11.21	9.19	3.82	4.84
HEC0	Euro HY	0.09	0.54	0.09	4.69	2.89	5.02	290	5.90	9.71	9.45	3.12	4.16
HEC5	Euro HY BB-B	0.27	0.63	0.27	5.10	2.86	4.52	241	6.47	9.88	9.54	3.24	4.09
Investment Grade													
C0A0	US IG	0.45	1.42	0.45	7.44	6.57	4.82	80	6.79	10.16	7.81	0.28	0.67
C4NF	US BBB Corporates	0.38	1.53	0.38	7.58	6.69	5.02	98	7.04	10.71	8.44	0.34	1.05
ER00	Europe IG	0.69	0.39	0.69	3.48	4.44	3.00	76	4.74	6.70	5.76	0.18	0.16
EN40	Europe BBB	0.74	0.36	0.74	3.58	4.44	3.09	85	4.91	7.09	6.32	0.07	0.19
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	0.69	0.68	0.69	7.92	6.97	4.00	0	6.53	7.91	4.37	-1.19	-1.72
G4L0	UK Gilts 7-10 Yrs	2.51	0.40	2.51	5.83	7.32	4.33	0	5.68	5.23	2.61	-2.47	-2.97
G4D0	German Fed Govt 7-10 Yrs	0.76	0.16	0.76	0.67	7.47	2.53	0	1.38	3.46	1.49	-3.14	-3.32
Equities													
S&P	S&P 500 incl. Dividends	2.34	3.64	2.34	17.50				21.43	29.44	22.65	12.03	17.62
DAX	DAX Index	0.32	-0.09	0.32	20.34				25.58	27.19	21.82	11.16	15.70
Syndicated Loans							**YTM (%)**	**3Y DM (bps)**					
US	US Leveraged Loan Index	0.11	0.37	0.11	4.50		7.68	442	5.84	8.05	9.28	6.35	6.70
Europe	European Leveraged Loan Index	-0.22	0.43	-0.22	3.66		6.98	488	4.99	7.07	9.08	5.33	5.76

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

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CREDIT MARKET UPDATE

US:
US credit markets generated positive excess returns across the board in October. The month was anything but straightforward for investors as spreads in most markets made a round trip. Various headlines early in the month pushed spreads wider, including President Trump threatening 100% tariffs on Chinese goods and casting doubts over his meeting with President Xi. The market also reacted to news of two high-profile US bankruptcies, Jamie Dimon's 'cockroach' comments about a perceived deterioration in lending standards, new US-Russian sanctions, and losses at US regional banks that triggered some concerns of systemic risk. However, spreads rallied at the end of the month on positive trade developments between the US and China, a Federal Reserve (Fed) rate cut, and the widespread view that the month's credit events seemed idiosyncratic. The Fed's cut was considered hawkish by the market, with Jerome Powell stating that a December cut was not a foregone conclusion. Rates started October in a broadly risk-off environment but moved higher after the central bank meeting. We finished the month with 10-year rates slightly lower in both the US and Europe.

Europe:
European credit markets generated positive excess returns across the board in October. As alluded to in the US commentary, the month was anything but straightforward for investors as spreads in most markets made a round trip. The European Central Bank stayed on hold and confirmed its data-dependent approach going forward.

EM:
Emerging markets (EM) debt delivered strong positive excess returns this month. As alluded to in the US commentary, the month was anything but straightforward for investors as spreads in most markets made a round trip. Japan appointed a new Prime Minister, Sanae Takaichi, who is expected to pursue an Abenomics-style agenda centered on monetary easing, fiscal stimulus and structural reform. In Argentina, President Javier Milei's libertarian party scored a major victory in the midterm legislative elections, providing renewed momentum for his free-market reform program. We believe the macro backdrop of easing global financial conditions, coupled with a string of positive geopolitical developments, has put EM back in favor with investors and prompted some investor efforts to ameliorate EM portfolio underweights.

Outlook
There are plenty of headlines recently concerning tight spreads and deteriorating credit quality fueled by a lack of underwriting standards. We do not observe a broad-based deterioration of underwriting standards. While spreads remain at historically tight levels, we see this as justified; companies are mostly reporting strong earnings with solid interest coverage. We remain committed to our time-tested credit assessment methodology to ascertain company credit worthiness. We do not see systemic credit risk, rather we see a few highly publicized defaults caused by idiosyncratic risk. In a market that is preoccupied by a potential bubble bursting, we believe that at current yields credit still offers good protection against potential downside volatility.

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, hig-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.

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