

KEY TAKEAWAYS

- April saw elevated volatility across asset classes, primarily driven by US tariffs first announced on April 2nd, but adjusted throughout the month
- Following the initial announcement, US high yield spreads widened considerably. US Treasury yields rose as liquidity drained from Treasury markets and fear of a buyers' strike spread
- Although the administration announced a 90-day pause on most tariffs to give the US time to negotiate trade agreements, the 145% tariffs on China remained in place. However, once President Trump's "walk back" began, markets jumped; US high yield spreads tightened significantly, and Treasury yields declined
- We also saw divergence in central bank messaging. The European Central Bank cut rates by 25 basis points (bps), while the Federal Reserve (which did not meet in March), cautioned against rate cuts given current uncertainty, particularly regarding inflation

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$9.5 billion in high yield outflows, US\$10.3 billion in leveraged loan retail outflows
MTD (through 04.30)

HY New Issuance*	US	EUROPE	Main Market Driver
YTD	US\$76.9 bn	US\$23.8 bn	Macro: Tariff and Tariff Walk Back
MTD	US\$8.6 bn	US\$4.8 bn	Micro: HY and Loan Outflows; Light Issuance
Loan New Issuance*	US		Default Rates (Dollar weighted)**
YTD	US\$343.0 bn		US
MTD	US\$6.2 bn		EUR
			LTM
			1.7%
			1.9%

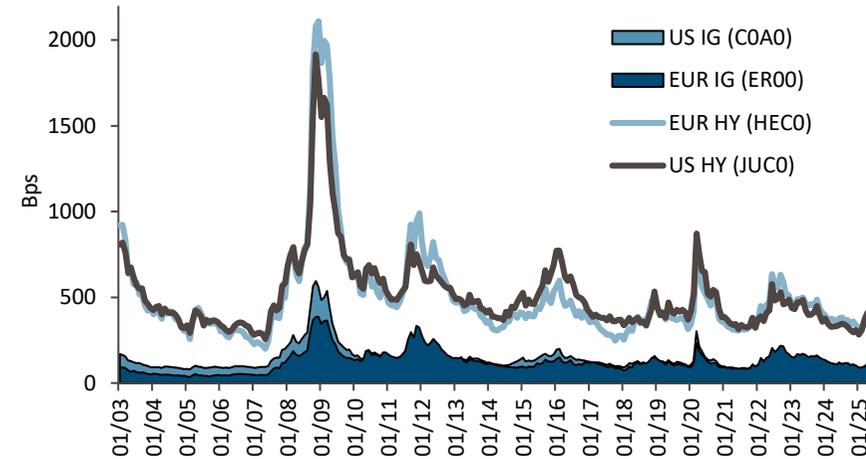
US New Issuance Names (500 mn and above) MTD

Venture Global, Excelebrate Energy, Jane Street, QXO Inc., Jefferson Capital Holdings

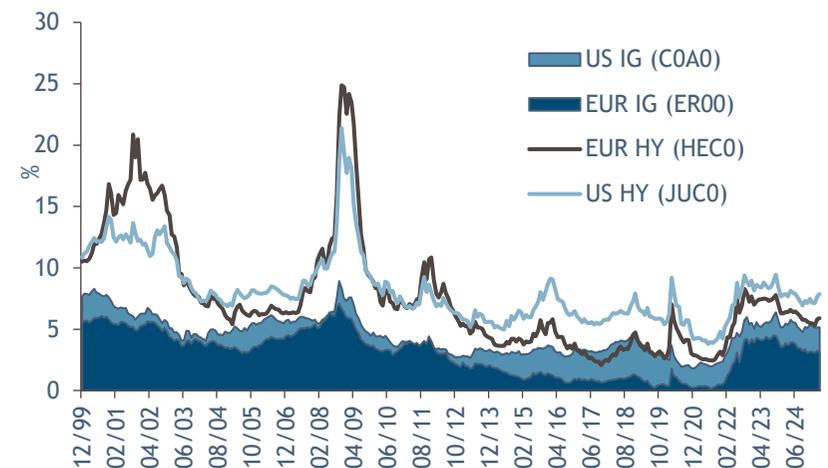
US New Issuance Pipeline (Announced)

IGT/Everi

CORPORATE BOND SPREADS (STW) BY INDEX



CORPORATE BOND YIELDS (YTW) BY INDEX



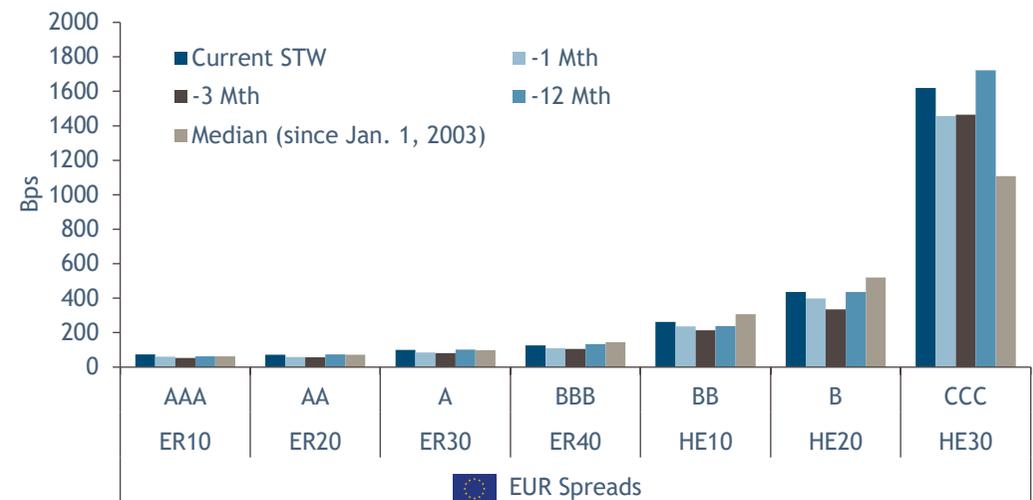
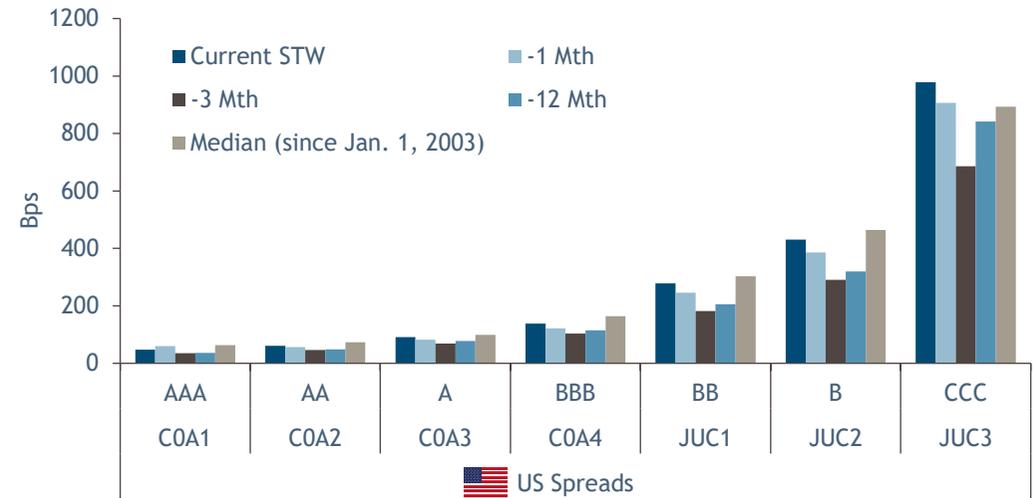
Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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 April 30th, 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 March 31st, 2025. Most recent data available used.
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CORPORATE BOND SPREADS (STW) - APRIL 30, 2025

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	110	98	82	92	128
	JUC0	HY	411	371	283	329	440
	JUC4	BB/B	338	301	226	254	371
	COA1	AAA	47	60	35	36	63
	COA2	AA	61	56	46	49	73
	COA3	A	91	82	69	78	99
	COA4	BBB	138	121	103	115	165
	JUC1	BB	278	246	182	205	303
	JUC2	B	431	386	290	320	465
	JUC3	CCC	978	906	686	842	893
EM	EMCL	All	221	191	173	194	298
EUR	ER00	IG	111	94	91	114	116
	HEC0	HY	394	355	326	372	420
	ER10	AAA	73	61	54	63	63
	ER20	AA	72	59	57	74	72
	ER30	A	100	85	81	102	98
	ER40	BBB	126	109	106	133	145
	HE10	BB	263	237	214	239	307
	HE20	B	436	399	336	436	520
HE30	CCC	1619	1457	1465	1722	1107	

CORPORATE BOND SPREADS (STW)



MARKET PERFORMANCE % AND STATISTICS - APRIL 30, 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	0.00	-1.07	0.00	0.97	3.35	7.87	411	8.61	8.72	6.13	3.24	6.37	
JC4N	US HY BB-B	0.02	-0.88	0.02	1.13	3.41	7.18	341	7.55	7.74	5.63	2.87	5.59	
HEC0	Euro HY	0.29	-0.99	0.29	0.94	2.87	5.91	394	7.90	9.11	5.55	2.39	5.01	
HEC5	Euro HY BB-B	0.45	-0.99	0.45	0.91	2.87	5.07	313	7.65	8.88	5.54	2.38	4.59	
Investment Grade														
COA0	US IG	-0.03	-0.28	-0.03	2.34	6.50	5.16	110	7.75	4.53	3.21	-0.30	0.75	
C4NF	US BBB Corporates	-0.26	-0.38	-0.26	2.01	6.69	5.43	134	7.73	4.85	3.60	-0.24	1.37	
ER00	Europe IG	0.91	-0.93	0.91	1.07	4.40	3.13	111	6.25	5.70	2.20	-0.50	0.53	
EN40	Europe BBB	0.89	-0.98	0.89	1.04	4.46	3.23	120	6.58	3.24	2.15	1.61	1.28	
Governments (7-10 Year Indices)														
G4O2	US Treasuries 7-10 Yrs	1.01	0.37	1.01	4.93	7.01	4.06	1	9.11	1.65	0.84	-1.62	-2.44	
G4L0	UK Gilts 7-10 Yrs	2.24	-0.70	2.24	3.17	7.11	4.29	0	4.74	2.05	-2.14	-3.28	-3.43	
G4D0	German Fed Govt 7-10 Yrs	2.38	-2.18	2.38	0.51	7.52	2.35	0	4.33	2.28	-1.55	-3.42	-3.26	
Equities														
S&P	S&P 500 incl. Dividends	-0.68	-5.63	-0.68	-4.93				12.07	17.24	12.16	9.04	15.59	
DAX	DAX Index	1.50	-1.72	1.50	13.00	YTM (%)	Discount Margin		25.46	18.87	16.86	10.42	15.68	
Loans														
								bps (3yr life)						
S&P UBS Leveraged Loan Index		-0.07	-0.26	-0.07	0.55	8.40		514	6.23	9.12	7.01	5.96	7.97	
S&P UBS Western European Leveraged Loan Index		-0.28	-0.51	-0.28	0.71	7.37		505	6.26	8.30	6.17	5.05	6.79	

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

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CREDIT MARKET UPDATE

US:

US credit markets saw elevated volatility across asset classes, primarily driven by US tariffs first announced on April 2nd, but adjusted throughout the month. Following the initial announcement, US high yield spreads widened considerably. US Treasury yields rose as liquidity drained from Treasury markets and fear of a buyers' strike spread. Although the administration announced a 90-day pause on most tariffs to give the US time to negotiate trade agreements, the 145% tariffs on China remained in place. However, once President Trump's "walk back" began, markets jumped. From April 9th to April 30th, the S&P 500 rose by 12%, high yield spreads tightened significantly, and Treasury yields declined. During the second half of April, the administration continued to claim that negotiations with China are underway, while the Chinese government denied that trade talks are happening.

Europe:

European credit markets generated positive returns in April. The month saw elevated volatility across asset classes, primarily driven by US tariffs first announced on April 2nd, but adjusted throughout the month. Spreads were wider across credit markets, with significant moves seen early in the month. Spreads then broadly recovered approximately half of their move by the month's end. In both the US and Europe, decompression caused spreads to widen between credits of different sectors. More defensive sectors—such as utilities—outperformed, while more cyclical and tariff-sensitive sectors underperformed (e.g., energy, chemicals and automotives & auto parts). While US rates initially rallied, concerns around government policy prompted a reverse move. The US 10-year Treasury yield was approximately unchanged on the month, while conversely the German Bund curve rallied through the month (yields fell). We also saw divergence in central bank messaging. The European Central Bank cut rates by 25 basis points (bps), while the Federal Reserve (which did not meet in March), cautioned against rate cuts given current uncertainty, particularly regarding inflation.

EM:

Emerging Market (EM) debt delivered mixed results in April. The month saw elevated volatility, primarily driven by US tariffs first announced on April 2nd, but adjusted throughout the month. EM sovereign debt outperformed corporate credit at the broad index level, driven by idiosyncratic events in the CCC rated segment (e.g., Ecuadorian bonds surged on election results, and Argentinian assets gained on news that the government would ease strict currency controls as part of a US\$20 billion IMF loan agreement). In contrast, the B/CCC rated corporate energy sector was negatively impacted by declining oil prices. April's elevated volatility led to a broad-based widening across credit rating buckets. Within corporate credit, this environment favored investment grade over high yield, while short-duration bonds outperformed their longer-duration counterparts. Regionally, EMEA (Europe, Middle East, and Africa) led performance, supported by declining European government yields, whereas Latin America underperformed, reflecting weakness in energy prices. Financials and real estate emerged as the top-performing sectors as they were not directly impacted by the US "Liberation Day" announcements, but did benefit from favorable yield and curve dynamics.

Outlook

US tariff announcements ignited volatility at the start of April, which calmed somewhat despite lingering uncertainty. Consequently, our outlook hinges heavily on impacts from US-China tensions and a broader trade war. We anticipate Chinese and US GDP to be most affected. US consumers may pay more for goods, supply chains could be disrupted, and inflation may rise. These factors could restrict the Federal Reserve's ability to cut interest rates—unless the job market weakens—given the Federal Reserve's dual mandate. Meanwhile, we note that OPEC has changed its stance on oil prices for the time being, and this could provide some respite for inflation-weary consumers in the US. Furthermore, 1Q GDP in the US showed a jump in imports to front-run tariffs and consumer spending on goods and services remained solid.

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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;
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.

S&P UBS Leveraged Loan Index - The S&P UBS 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.

S&P UBS Western European Leveraged Loan Index - The S&P UBS 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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