For Professional/Wholesale Clients/Investors & Qualified/Institutional/Accredited Investors only.

Muzinich & Co. Corporate Credit Snapshot | May 2026

Muzinich & Co

KEY TAKEAWAYS

-Global credit delivered positive returns across the board in May. Risk sentiment was broadly positive throughout the month, supported by mounting hopes of a US-Iran peace deal which pushed oil prices lower and eased inflation concerns across regions

-In the US, spread tightening was the primary driver of performance; markets were more volatile earlier in the month, but conditions stabilized by month-end as Middle East headlines provided some relief and oil prices moved lower, underpinned by strong fundamentals

-In Europe, declining oil prices led investors to dial back expectations for European Central Bank rate hikes, though a June hike remains widely expected; rates outperformance was the primary driver, supported further by softer macro data, while elevated yields continued to drive demand for the asset class from insurance accounts and fixed maturity funds

-Emerging markets debt also gained, with sovereign debt modestly outperforming corporate debt; Asian high yield was a standout performer driven by Chinese property, while Middle Eastern financials rallied as the ceasefire held and prospects for a more durable peace agreement improved

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US$0.6 billion in high yield inflows, US$2.5 billion in leveraged loan retail inflows MTD (through 05.31)

HY New Issuance*	US	EUROPE
YTD	US$151.8 bn	US$51.9 bn
MTD	US$27.0 bn	US$13.5 bn
Loan New Issuance*	US	
YTD	US$359.7 bn	
MTD	US$108.1 bn	

Main Market Driver		
Macro: Strong fundamentals and hopes of de-escalation of war		
Micro: Stable technicals		
Default Rates (Dollar weighted)**	US	EUR
LTM	1.9%	7.4%

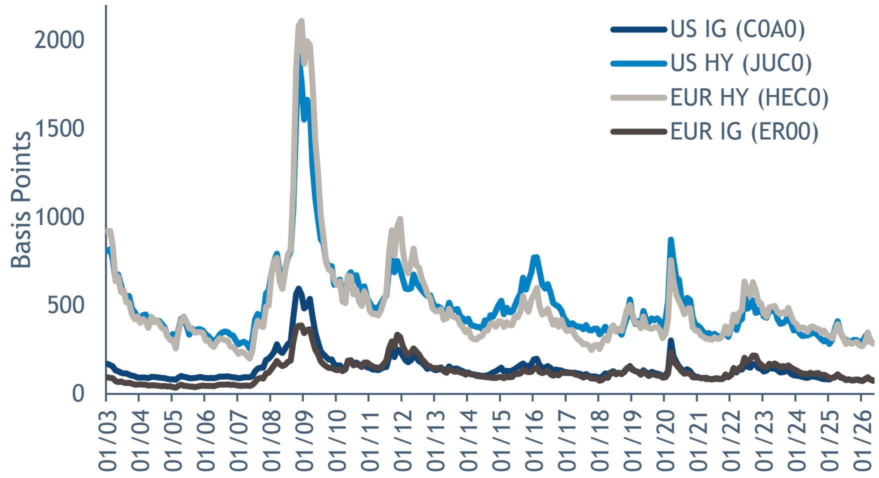
US New Issuance Names (500 mn and above) MTD

Bombardier Inc., Owens-Brockway, Delek Logistics, Academy LTD, Solaris Oilfield, MGM China Holdings, Level 3 Financing, Oceana Lux, PODS LLC, Harvest Midstream, Hilton, First Eagle Holdings, Alaska Airlines, Venetian Casino, BASF Coating, API Group, Yahoo, Starwood Property Trust, Travel + Leisure, Amerigas, Par Petroleum, Encore Capital Group, Rithm Capital Corp, Murphy Oil USA, Directv, Kennedy-Wilson Inc, Encompass Health Corp., Granite Construction, RR Donnelley, FMC Corp, PBF Holding Co, Navient Corp., Borr Drilling, Worthington Steel

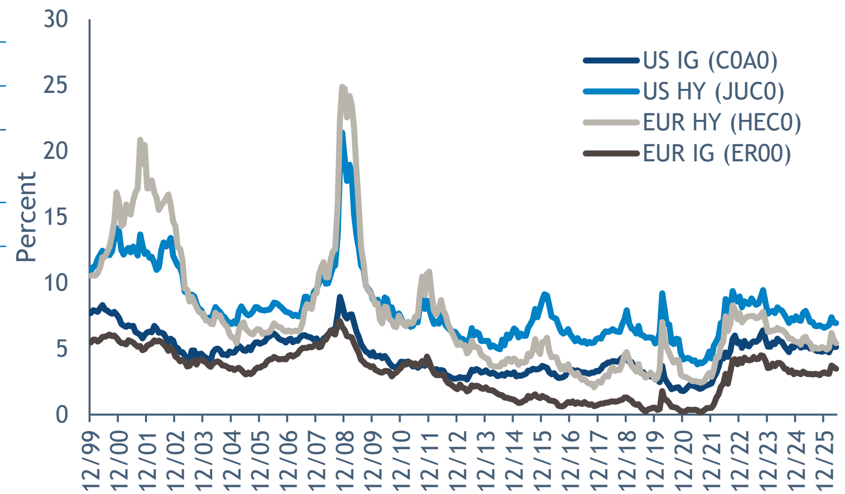
US New Issuance Pipeline (Announced)

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.

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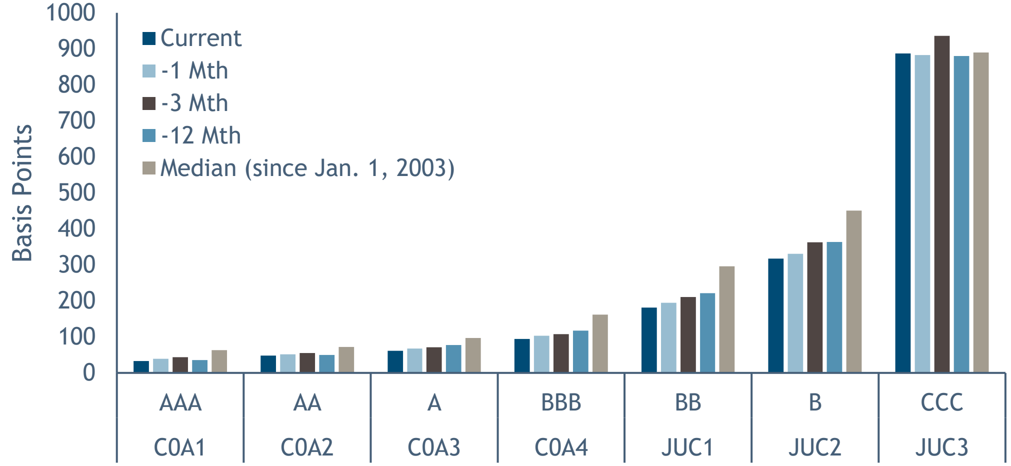
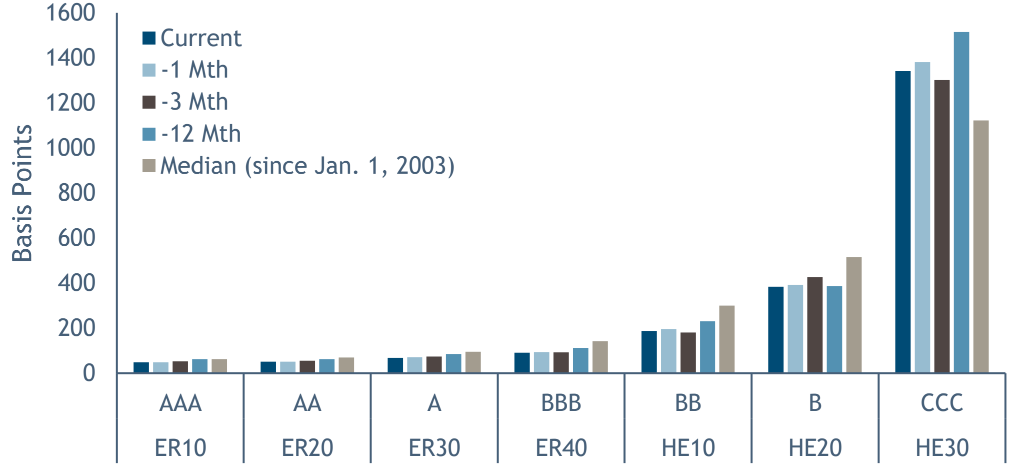
CORPORATE BOND SPREADS (STW) - MAY 31, 2026

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	C0A0	IG	74	82	86	93	126
	JUC0	HY	286	298	325	348	433
	JUC4	BB/B	228	242	263	278	369
	C0A1	AAA	33	39	44	36	63
	C0A2	AA	48	52	55	50	72
	C0A3	A	61	68	71	77	97
	C0A4	BBB	94	103	108	117	162
	JUC1	BB	181	195	211	221	296
	JUC2	B	317	331	363	364	451
	JUC3	CCC	887	883	936	880	890
EM	EMCL	All	158	162	170	192	294
EUR	ER00	IG	78	80	82	97	113
	HEC0	HY	284	293	291	348	412
	ER10	AAA	48	48	53	62	62
	ER20	AA	51	51	56	63	70
	ER30	A	69	71	74	86	96
	ER40	BBB	91	94	93	113	142
	HE10	BB	188	197	180	230	300
	HE20	B	384	393	427	387	515
	HE30	CCC	1342	1382	1302	1515	1122

CORPORATE BOND SPREADS (STW)



US Spreads



EUR Spreads

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MARKET PERFORMANCE % AND STATISTICS – MAY 31, 2026

		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	0.49	1.69	2.19	1.65	3.09	6.96	286	7.46	8.35	9.26	6.83	4.37
JC4N	US HY BB-B	0.58	1.53	2.12	1.93	3.14	6.33	223	7.87	7.95	8.66	6.41	4.12
HEC0	Euro HY	1.07	1.94	3.03	1.26	3.00	5.43	284	4.09	6.18	7.66	5.87	2.96
HEC5	Euro HY BB-B	0.99	1.89	2.90	1.17	3.00	4.97	238	4.50	6.29	7.68	5.95	3.03
Investment Grade													
C0A0	US IG	0.71	0.56	1.27	0.85	6.49	5.13	74	6.21	6.00	5.56	3.81	0.82
C4NF	US BBB Corporates	0.84	0.68	1.53	1.11	6.61	5.30	89	6.75	6.33	6.07	4.32	1.00
ER00	Europe IG	0.91	0.94	1.86	0.89	4.48	3.47	78	2.31	4.41	4.67	2.69	0.19
EN40	Europe BBB	0.94	0.98	1.93	0.89	4.41	3.56	88	2.53	4.67	4.95	2.96	0.13
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	-0.02	-0.11	-0.13	-0.22	7.05	4.38	1	4.09	5.01	2.55	1.17	-0.85
G4L0	UK Gilts 7-10 Yrs	1.90	-0.26	1.64	-0.10	7.13	4.71	0	3.93	3.33	3.31	-0.69	-2.20
G4D0	German Fed Govt 7-10 Yrs	1.05	0.16	1.21	0.67	7.57	2.86	0	-0.18	2.06	1.19	-0.92	-2.80
Equities													
S&P	S&P 500 incl. Dividends	5.26	10.49	16.31	11.25				29.74	21.35	23.58	18.05	14.13
DAX	DAX Index	3.34	7.11	10.69	2.51				4.61	16.50	17.03	14.93	10.24
Syndicated Loans							**YTM (%)**	**3Y DM (bps)**					
US	US Leveraged Loan Index	0.57	1.18	1.76	1.19		8.50	487	4.72	5.58	8.01	7.42	5.84
Europe	European Leveraged Loan Index	0.79	1.57	2.37	1.50		7.49	497	3.78	5.08	6.93	6.54	5.08

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

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CREDIT MARKET UPDATE

US:
US credit delivered positive returns across the board this month. Despite intramonth interest rate volatility and ongoing geopolitical uncertainty, corporate credit performed well. Yields rose mid-month but eased by month-end as Middle East headlines provided some relief and oil prices moved lower, leading both investment grade and high yield to deliver strong performance driven by spread tightening. Bond markets were more volatile earlier in the month given concerns regarding persistent inflation. By month-end, however, conditions had stabilized. Federal Reserve (Fed) Chairman Warsh was sworn in with the market in wait-and-see mode regarding the Fed's plans for short-term interest rates. Spreads proved resilient throughout, tightening into month-end, underpinned by strong fundamentals: a healthy tech sector, stable jobs market, strong earnings reports, a robust US energy sector, and historically strong credit quality in the US high yield bond market.

Europe
European credit markets delivered positive returns in May. Risk sentiment was broadly positive, driven by mounting hopes of a US-Iran peace deal. This led to declining oil prices, which in turn led investors to dial back the number of expected European Central Bank hikes—although a June hike is still widely expected as is a second hike by the end of the year. The Bank of England saw similar repricing with markets now expecting only one 25 basis point hike this year. European rates therefore outperformed their US counterparts, supported further by softer macro data out of Europe. Primary market activity was dominant; technology-related supply accounted for a significant share of corporate issuance which weighed on spreads, resulting in the sector being one of the worst performing year-to-date. In secondary markets, spreads proved sturdy despite the ongoing Middle East conflict and record primary issuance supply; this has been primarily supported by elevated yields which continue to drive demand for the asset class, with particular interest seen from insurance accounts and fixed maturity funds. In high yield, the market has been shrinking since its 2022 peak due to upgrades, however an uptick in new issuance and a slowdown in rising rates are bolstering renewed market growth. Looking ahead, Eurozone consumer prices, producer prices, and retail sales data will all be reported early in June.

EM:
Emerging markets (EM) debt gained in May. Within EM, sovereign debt, which benefitted from frontier and distressed exposure, modestly outperformed corporate debt; Ukraine and Egypt were strong performers, while Romanian sovereigns benefitted from falling government yields. Within EM corporate credit, high yield outperformed investment grade. Asian high yield was the top performer—driven by strong contributions from Chinese property as further evidence emerged that the sector's prices have troughed. Notable contributions also came from Indian commodity-linked securities. In EM investment grade, rate movements dominated total returns. Europe, Middle East & Africa (EMEA) outperformed given its close linkage to the European rates curve, while Latin American investment grade lagged its peers due to a longer US dollar duration profile. At the sector level, financials outperformed: Middle Eastern banks rallied as the ceasefire held and prospects for a more durable agreement improved, while Eastern European banks benefited from falling government yields. Transportation was the other sector winner, tracking the tailwind from declining energy prices.

Outlook:
Investor confidence seems to have largely returned, with risk appetite recovering as US-Iran negotiations ended the month tantalizingly close to a deal. The resolution of the Middle East conflict remains the dominant swing factor for energy prices, inflation, and, ultimately, central bank policy in the months ahead. Correspondingly, the question of whether elevated energy prices prove transitory or structural is becoming increasingly difficult to avoid. Central banks appear to be adjusting accordingly, and government bond curves have bear-flattened across the US, UK, and Germany, reflecting both higher neutral rate expectations and rising fiscal pressures. Against this backdrop, we see regional divergence persisting—European data softening while US fundamentals remain resilient—with credit spreads appearing to price in limited downside despite the uncertain macro environment. Consequently, we continue to favor short-duration credit where yields remain attractive in our view, while selectively adding higher-quality high yield where we believe fundamentals justify the spread. Demand for income should continue to underpin credit markets, though geopolitics and the evolving energy supply picture are likely to remain the dominant market drivers in the months ahead.

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.

Important Information| May 2026

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