

# Muzinich & Co. Corporate Credit Snapshot | June 2025

*Muzinich & Co.*

## KEY TAKEAWAYS

-Global credit generated positive returns across the board in June

-In US investment grade, a strong rally in US rates helped yields decline, while Eurozone yields moved higher

-We continue to see differing signals from the Federal Reserve (Fed) and European Central Bank (ECB). The Fed's Jerome Powell struck a more dovish tone this month, indicating that cuts could come "sooner rather than later." By contrast, the ECB's Christine Lagarde suggested that the ECB is now "getting to the end of a monetary policy cycle"

-Emerging market (EM) debt delivered positive results in June. EM sovereigns gained strongly, led by frontier markets and long-dated securities

## HIGH YIELD AND LEVERAGED LOAN TECHNICALS

### US Retail Fund Flows

US\$4.2 billion in high yield inflows, US\$1.1 billion in leveraged loan retail inflows MTD (through 06.30)

HY New Issuance*	US	EUROPE
YTD	US\$145.6 bn	US\$70.1 bn
MTD	US\$36.7 bn	US\$26.7 bn
Loan New Issuance*	US	
YTD	US\$440.7 bn	
MTD	US\$66.2 bn	

### Main Market Driver

Macro: Reduced Geopolitical Fears

Micro: Strong HY technicals

### Default Rates (Dollar weighted)\*\*

	US	EUR
LTM	1.8%	2.1%

### US New Issuance Names (500 mn and above) MTD

Allied Universal, Iqvia Inc., JH North America Holdings Inc., Ascent Resources, Compass Minerals, Cogent Comms, Rivian Holdings, Rocket Cos. Inc., Acrisure, Whirlpool Corp, Uniti Group, Level 3 Financing, Unisys Corp, Rithm Capital Corp, Beacon Mobility Corp, Phoenix Aviation, Anywhere Real Estate, Crescent Energy, StoneX, Tidewater Inc., Azorra Finance Ltd, Sizzling Platters, Delek Logistics, Skechers, Champion Iron, Radiology Partners Inc., Vail Resorts Inc., Venture Global

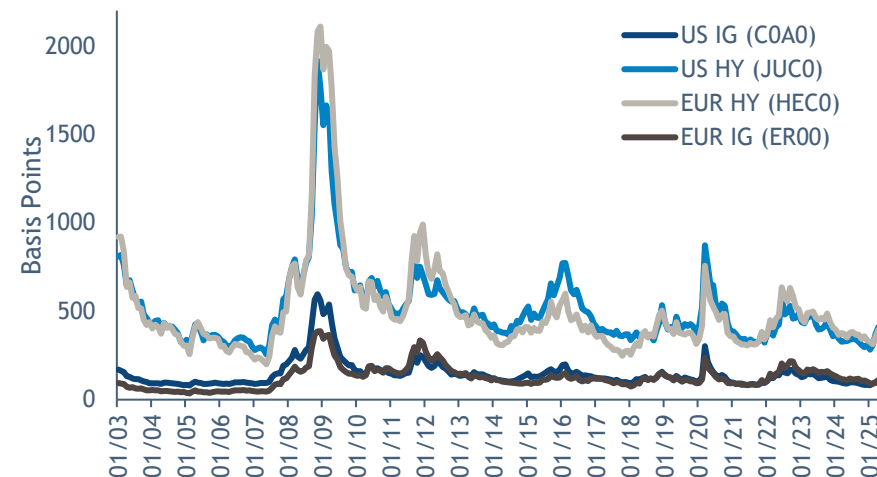
### US New Issuance Pipeline (Announced)

Highpeak Energy, Arbor Realty SR

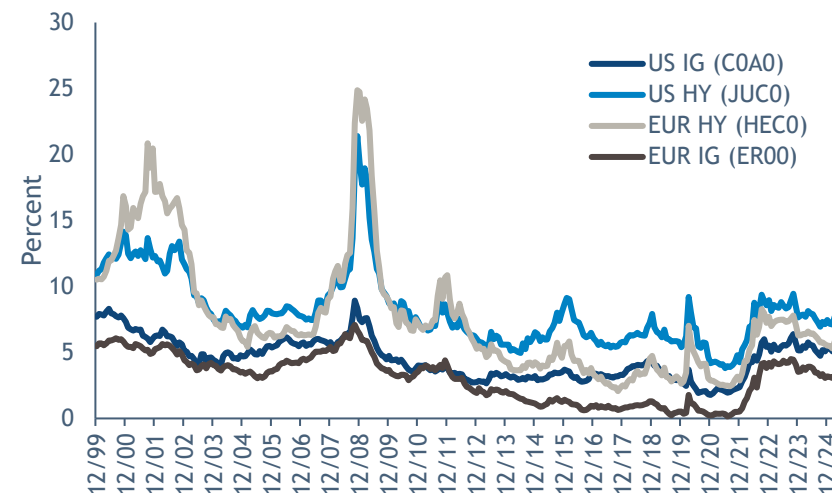
**Note:** Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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## CORPORATE BOND SPREADS (STW) BY INDEX



## CORPORATE BOND YIELDS (YTW) BY INDEX



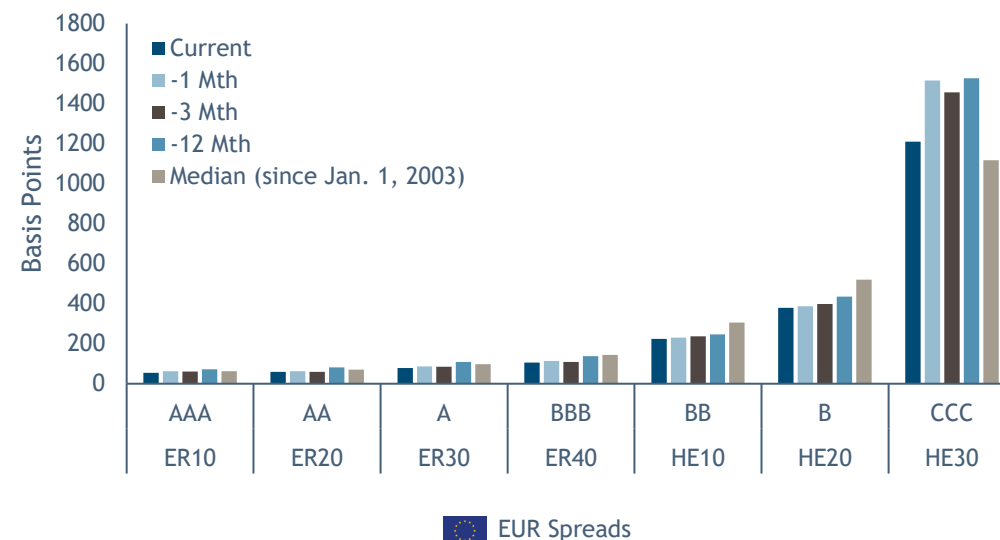
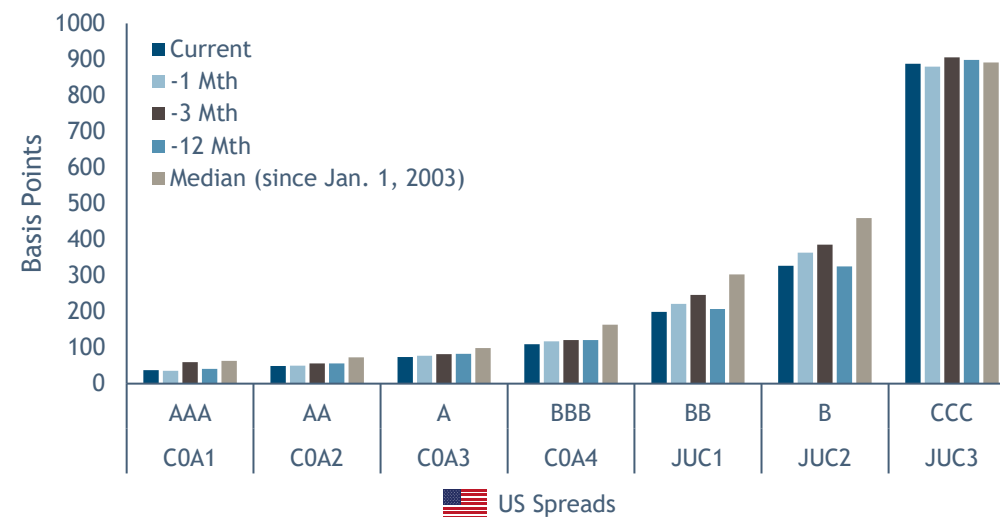
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## CORPORATE BOND SPREADS (STW) - JUNE 30, 2025

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	88	93	98	98	128
	JUC0	HY	318	348	371	339	439
	JUC4	BB/B	249	278	301	255	371
	COA1	AAA	37	36	60	41	63
	COA2	AA	49	50	56	56	73
	COA3	A	74	77	82	83	99
	COA4	BBB	109	117	121	121	164
	JUC1	BB	199	221	246	207	303
	JUC2	B	327	364	386	325	460
	JUC3	CCC	888	880	906	899	892
EM	EMCL	All	183	192	191	193	297
EUR	ER00	IG	90	97	94	120	116
	HEC0	HY	318	348	355	378	419
	ER10	AAA	55	62	61	72	63
	ER20	AA	59	63	59	82	71
	ER30	A	79	86	85	109	97
	ER40	BBB	105	113	109	138	144
	HE10	BB	224	230	237	247	306
	HE20	B	379	387	399	435	520
	HE30	CCC	1210	1515	1457	1527	1117

## CORPORATE BOND SPREADS (STW)



## MARKET PERFORMANCE % AND STATISTICS - JUNE 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	1.85	1.68	3.57	4.57	3.07	7.02	318	10.22	10.29	9.82	3.73	5.97
JC4N	US HY BB-B	1.89	1.53	3.47	4.62	3.11	6.37	252	8.95	9.36	9.10	3.36	5.28
HEC0	Euro HY	0.45	1.34	2.09	2.75	2.88	5.42	318	8.21	9.44	9.24	2.64	4.35
HEC5	Euro HY BB-B	0.56	1.28	2.30	2.77	2.89	4.75	268	8.21	9.26	9.40	2.66	4.18
Investment Grade													
COA0	US IG	1.82	0.00	1.79	4.20	6.51	5.01	88	7.03	6.03	4.47	-0.44	0.36
C4NF	US BBB Corporates	1.96	0.22	1.91	4.23	6.67	5.22	106	7.26	6.48	5.18	-0.37	0.81
ER00	Europe IG	0.24	0.52	1.69	1.84	4.49	3.09	90	6.02	6.23	4.11	-0.38	0.39
EN40	Europe BBB	0.27	0.49	1.66	1.81	4.54	3.20	101	6.24	6.53	4.60	-0.51	0.54
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	1.58	-1.18	1.40	5.33	7.08	4.13	1	6.25	3.24	1.02	-1.92	-2.40
G4L0	UK Gilts 7-10 Yrs	1.63	-1.16	2.70	3.63	7.22	4.38	0	3.10	4.72	-1.33	-3.42	-3.46
G4D0	German Fed Govt 7-10 Yrs	-0.44	-0.22	1.70	-0.16	7.53	2.50	0	2.26	2.20	-0.75	-3.66	-3.27
Equities													
S&P	S&P 500 incl. Dividends	5.08	6.29	10.94	6.20				15.14	19.75	19.69	11.26	16.62
DAX	DAX Index	-0.37	6.67	7.88	20.09				31.12	21.68	23.21	11.39	14.20

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 returns in June across the board. Geopolitical risks took center stage as Israel and Iran entered direct military confrontation, drawing in the US and raising widespread concerns about potential global contagion. We continue to see divergent signals from the Federal Reserve (Fed) and European Central Bank (ECB). The Fed's Jerome Powell struck a more dovish tone this month, indicating that cuts could come "sooner rather than later." By contrast, the ECB's Christine Lagarde suggested that the ECB is now "getting to the end of a monetary policy cycle." Aligned with this, we continue to see a divergence in US and European rate movements. For US investment grade, a strong rally in US rates helped yields to decline, while Eurozone yields moved higher. Should these trends continue over the next 12 months, we would anticipate lower currency hedging costs for European owners of USD denominated assets. This could lend further support to US credit markets.

### Europe:

European credit markets generated positive returns across the board in June. Geopolitical risks took center stage as Israel and Iran entered direct military confrontation, drawing in the US and raising widespread concerns about potential global contagion. This month, Eurozone activity consistently surprised to the upside, while US data fell short of expectations. Consequently, we continue to see a divergence in US and European rate movements. In US investment grade, a strong rally in US rates helped yields decline, while Eurozone yields moved higher. We continue to see differing signals from the Federal Reserve (Fed) and European Central Bank (ECB). The Fed's Jerome Powell struck a more dovish tone this month, indicating that cuts could come "sooner rather than later." By contrast, ECB's Christine Lagarde suggested that the ECB is now "getting to the end of a monetary policy cycle."

### EM:

Emerging market (EM) debt delivered positive results in June. Geopolitical risks took center stage as Israel and Iran entered direct military confrontation, drawing in the US and raising widespread concerns about potential global contagion. EM sovereigns gained strongly in June, led by frontier markets and long-dated securities. Sentiment improved significantly following the announcement of an Israel-Iran ceasefire, triggering broad-based spread tightening and giving high yield (HY) an edge for the month. Combined with falling US Treasury yields, the environment was particularly favorable for BB-rated credit—the proverbial "sweet spot," in our view—which benefitted from both spread compression and sensitivity to falling government yields. At a regional level, Latin American credit was the top-performer this month (outpacing its US credit peer across both HY and investment grade (IG) segments). In the IG space, long-dated Mexican securities were key contributors, while in Latin American, HY benefitted from the tailwind of rising oil prices.

### Outlook

In general, we believe global credit markets remain healthy and are functioning well. Busy primary calendars ahead of the summer lull were easily absorbed in June, with market sentiment additionally helped by improvements in trade talks between the US and other countries. While pressures in the Middle East temporarily derailed that positive sentiment, a relatively quick ceasefire helped to ease tensions, as did renewed commitments by NATO member countries. By month-end all eyes were on the potential passage of the "Big Beautiful Bill" in the US. While passage was not a certainty at month-end, we do not foresee the bill's expected increase in fiscal deficits to create a near term negative drag on markets. We do see the passage of the bill as having the potential to extend tax cuts for corporations and maintain lower rates for consumers and businesses, keeping the market stable.

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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;  
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.

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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