

# 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	Macro: Risk-on; prospect of declining Fed rates
MTD	US\$25.7 bn	US\$1.9 bn	Micro: Solid HY technicals
Loan New Issuance*	US		Default Rates (Dollar weighted)**
YTD	US\$719.8 bn		US
MTD	US\$76.7 bn		EUR
			LTM
			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, Lindbald Expeditions, First Quantum Minerals, Ball Corp, Pennyman Fin Svcs Inc., Cloud Software, Snap Inc., WR Grace Holdings, Petsmart Inc, Novelis Corp.

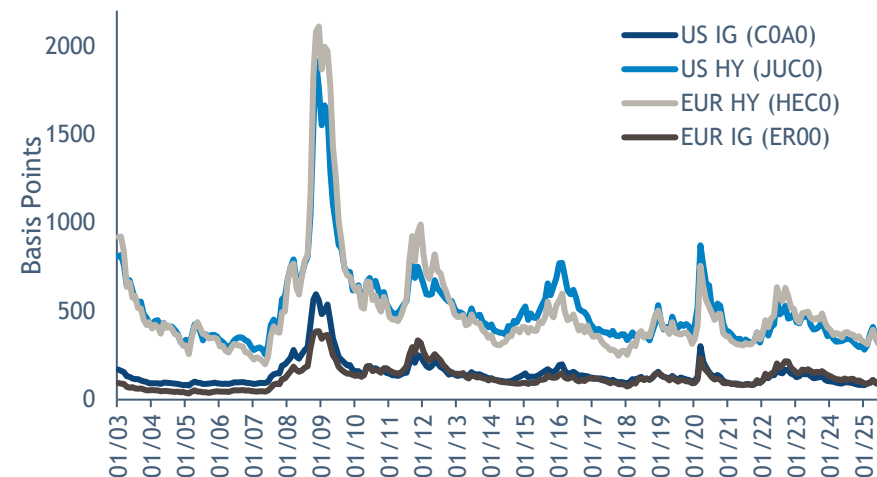
### US New Issuance Pipeline (Announced)

N/A

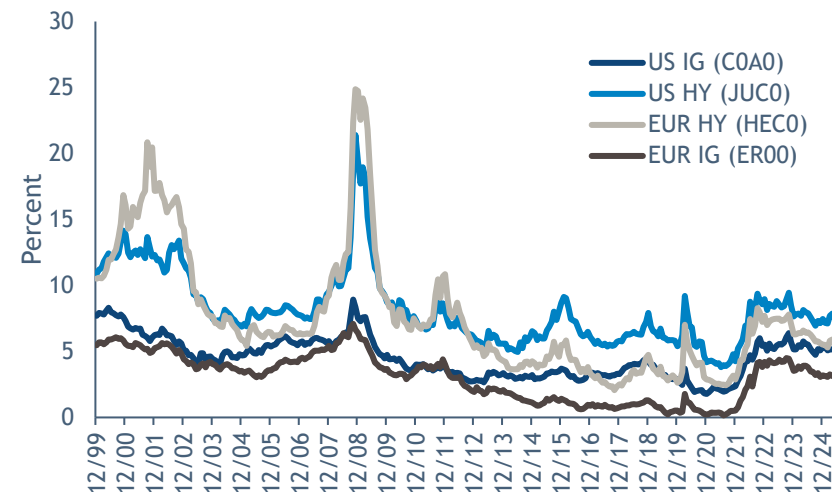
**Note:** Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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 31<sup>st</sup>, 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 31<sup>st</sup>, 2025. Most recent data available used.

## CORPORATE BOND SPREADS (STW) BY INDEX



## CORPORATE BOND YIELDS (YTW) BY INDEX



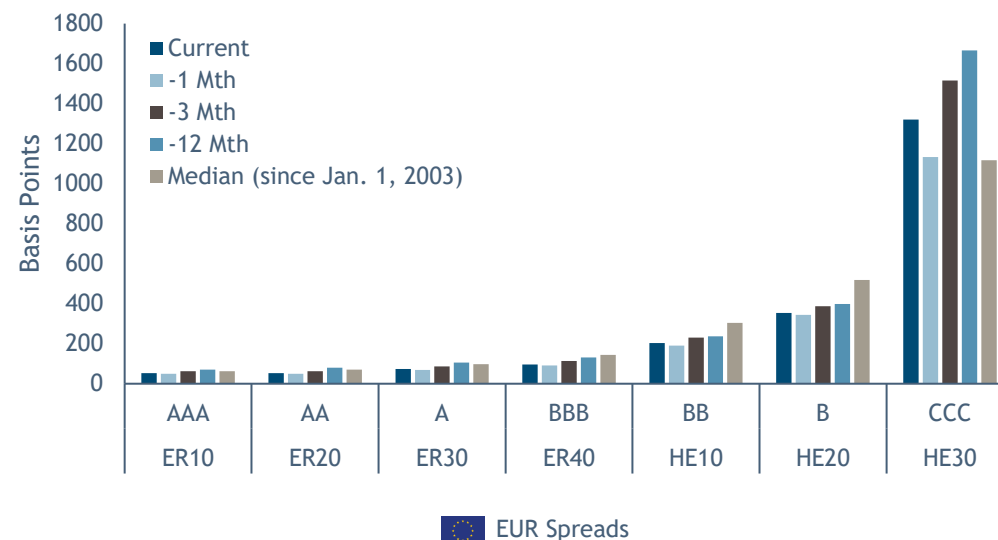
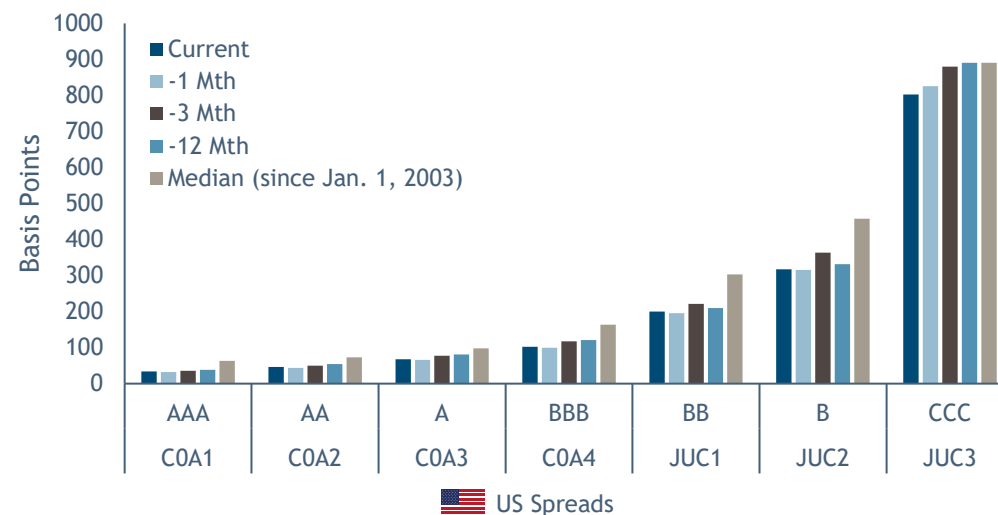
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## CORPORATE BOND SPREADS (STW) - AUGUST 31, 2025

	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.

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## 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.

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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.  
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.

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