# Muzinich & Co. Corporate Credit Snapshot | September 2025

## KEY TAKEAWAYS

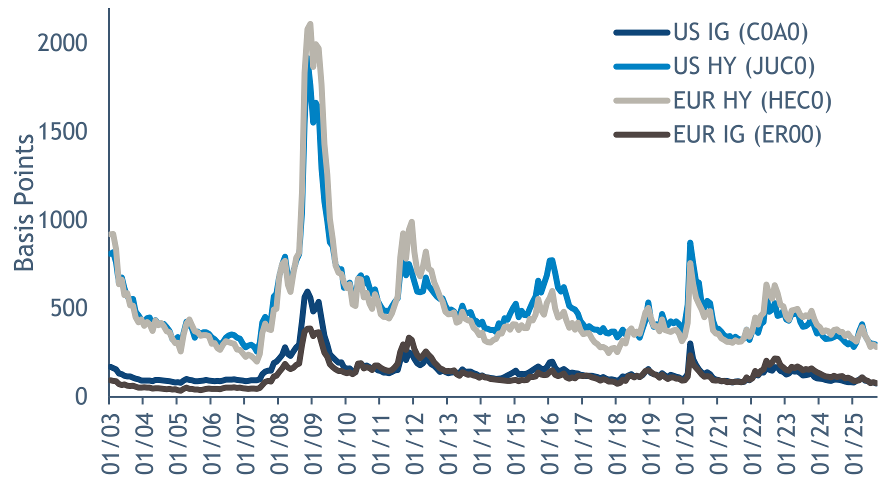
-Global credit generated positive returns across the board in September

-The main macro driver for markets was a flattening of the US government bond curve, with 30-year US Treasury yields falling by more than 20 basis points. Total return was strongest in the longest-duration segments—those universes with the highest exposure to 30-year duration securities

-As widely expected, the Federal Reserve (Fed) cut rates in September, marking the first rate cut since December 2024. Even so, Fed Chair Jerome Powell confirmed a data-dependent approach with no certain path ahead for policy rates. In Europe, the European Central Bank kept rates unchanged, as expected

-Emerging markets (EM) debt delivered positive excess returns this month. EM investment grade outperformed high yield, consistent with the decline in US government yields

## CORPORATE BOND SPREADS (STW) BY INDEX




## HIGH YIELD AND LEVERAGED LOAN TECHNICALS

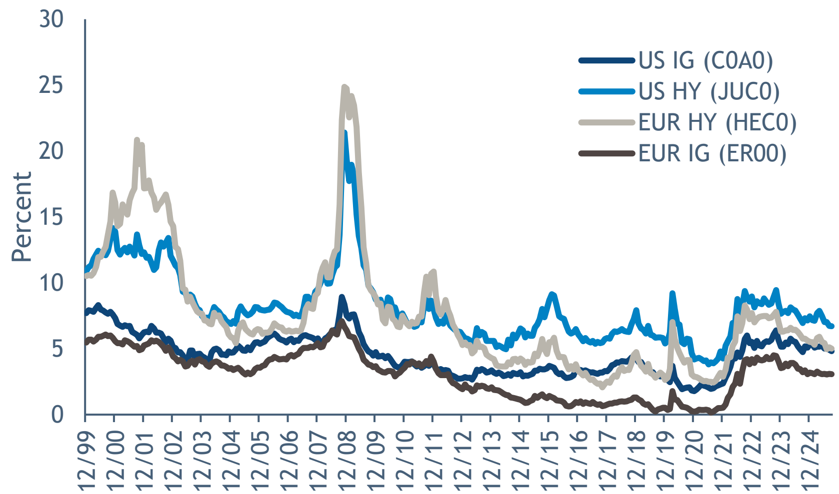
US Retail Fund Flows

US$1.7 billion in high yield inflows, US$0.1 billion in leveraged loan retail inflows MTD (through 09.30)

| HY New Issuance* | US | EUROPE |
|---|---|---|
| YTD | US$267.5 bn | US$109.6 bn |
| MTD | US$58.8 bn | US$19.4 bn |
| **Loan New Issuance*** | US | |
| YTD | US$813.0 bn | |
| MTD | US$93.1 bn | |

| Main Market Driver | | |
|---|---|---|
| Macro: Flattening of the US government bond curve | | |
| Micro: Balanced HY technicals | | |
| **Default Rates (Dollar weighted)**** | US | EUR |
| LTM | 1.9% | 8.7% |

## CORPORATE BOND YIELDS (YTW) BY INDEX




US New Issuance Names (500 mn and above) MTD

Kodiak Gas Services, Cleveland-Cliffs Inc, Clarios Global, OneMain Finance, Lithia Motors Inc., Century Communities, Tallgrass, Level 3 Financing, Sunoco, Marriott Ownership Resorts, NCL Corp, Amkor Technology, Millrose Properties Inc., Antero Midstream, UWM Holdings, Light & Wonder, Global Medical Response, Hawaiian Electric Co., TopBuild, USA Compression, Service Properties Trust, Forvia, Melco Resorts, ZF NA Capital, Chord Energy Corp., Solstice Advanced Materials, Lucky Strike, Directv, American Axle, Mineral Resources, Northern Oil & Gas, Starwood Property Trust, Science Applications Int, Weatherford, Crosscountry, Nickel Industries, BKV Upstream Midstream, NRG Energy Inc., Encore Capital Group, Rivers Enterprise, Nissan Motor Acceptance, Park River Holdings Inc., Solenis, Windstream Services, Clean Harbors, Viking Cruises, SESI LLC< Waterbridge, ION Platform Finance.

US New Issuance Pipeline (Announced)

Getty Images, Ziggo

**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.**

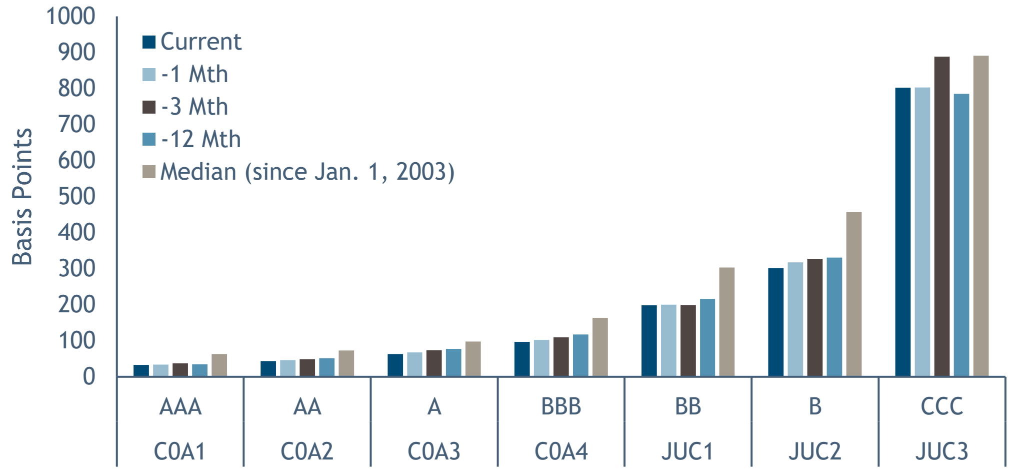
Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice. Unless stated all data figures are sourced from Bloomberg as of September 30th, 2025. Full information on indices is provided on page 5. *JP Morgan; European figures include non-Euro issues of European companies. **Moody's Default Report as of August 31st, 2025. Most recent data available used.

# Muzinich & Co. Corporate Credit Snapshot | September 2025

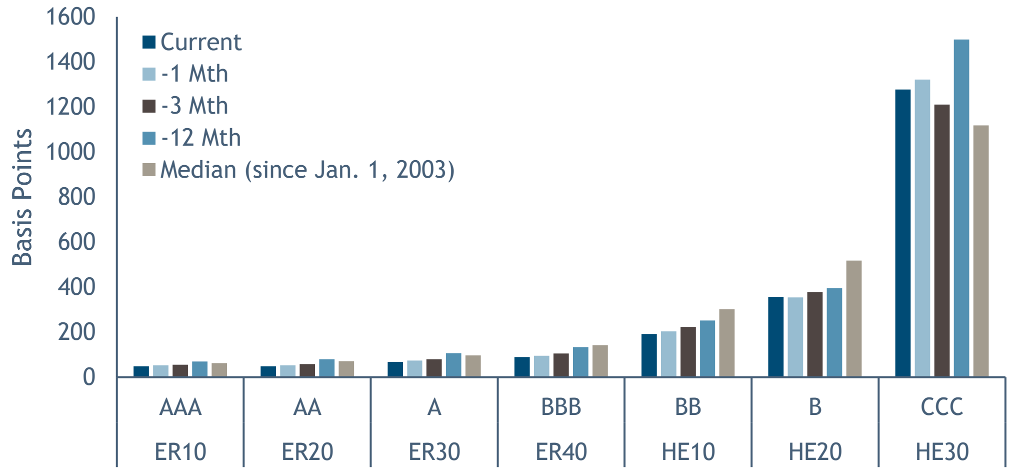
## CORPORATE BOND SPREADS (STW) - SEPTEMBER 30, 2025

| | Index | Rating | Current STW | -1 Mth | -3 Mth | -12 Mth | Median (since Jan. 1, 2003) |
|---|---|---|---|---|---|---|---|
| **US** | C0A0 | IG | 76 | 81 | 88 | 93 | 128 |
| | JUC0 | HY | 296 | 300 | 318 | 328 | 437 |
| | JUC4 | BB/B | 237 | 245 | 249 | 261 | 370 |
| | C0A1 | AAA | 33 | 34 | 37 | 35 | 63 |
| | C0A2 | AA | 44 | 46 | 49 | 52 | 73 |
| | C0A3 | A | 63 | 68 | 74 | 77 | 98 |
| | C0A4 | BBB | 97 | 102 | 109 | 117 | 164 |
| | JUC1 | BB | 198 | 200 | 199 | 216 | 303 |
| | JUC2 | B | 301 | 317 | 327 | 331 | 457 |
| | JUC3 | CCC | 802 | 803 | 888 | 785 | 891 |
| **EM** | EMCL | All | 159 | 165 | 183 | 187 | 295 |
| **EUR** | ER00 | IG | 78 | 83 | 90 | 117 | 115 |
| | HEC0 | HY | 283 | 298 | 318 | 367 | 419 |
| | ER10 | AAA | 48 | 53 | 55 | 70 | 62 |
| | ER20 | AA | 48 | 53 | 59 | 79 | 71 |
| | ER30 | A | 69 | 74 | 79 | 107 | 97 |
| | ER40 | BBB | 90 | 96 | 105 | 134 | 143 |
| | HE10 | BB | 192 | 204 | 224 | 252 | 302 |
| | HE20 | B | 357 | 354 | 379 | 395 | 518 |
| | HE30 | CCC | 1278 | 1321 | 1210 | 1499 | 1118 |

## CORPORATE BOND SPREADS (STW)




US Spreads




EUR Spreads

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

# Muzinich & Co. Corporate Credit Snapshot | September 2025

## MARKET PERFORMANCE % AND STATISTICS – SEPTEMBER 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 | 0.76 | 1.24 | 2.41 | 7.09 | 3.07 | 6.70 | 296 | 7.23 | 11.31 | 10.94 | 4.10 | 5.50 |
| JC4N | US HY BB-B | 0.82 | 1.20 | 2.29 | 7.02 | 3.13 | 6.13 | 237 | 6.77 | 10.54 | 10.19 | 3.71 | 4.88 |
| HEC0 | Euro HY | 0.54 | 0.07 | 1.80 | 4.60 | 2.87 | 5.00 | 283 | 6.45 | 9.51 | 10.03 | 2.94 | 4.19 |
| HEC5 | Euro HY BB-B | 0.63 | 0.18 | 1.99 | 4.81 | 2.85 | 4.52 | 235 | 6.81 | 9.60 | 10.17 | 3.03 | 4.11 |
| **Investment Grade** | | | | | | | | | | | | | |
| C0A0 | US IG | 1.42 | 1.06 | 2.65 | 6.96 | 6.57 | 4.82 | 76 | 3.92 | 8.91 | 7.24 | 0.23 | 0.55 |
| C4NF | US BBB Corporates | 1.53 | 1.09 | 2.82 | 7.17 | 6.72 | 5.02 | 94 | 4.29 | 9.44 | 8.02 | 0.32 | 0.96 |
| ER00 | Europe IG | 0.39 | 0.02 | 0.91 | 2.77 | 4.43 | 3.08 | 78 | 3.61 | 6.55 | 5.59 | -0.17 | 0.18 |
| EN40 | Europe BBB | 0.36 | 0.07 | 0.99 | 2.82 | 4.44 | 3.18 | 88 | 3.81 | 6.86 | 6.01 | -0.29 | 0.26 |
| **Governments (7-10 Year Indices)** | | | | | | | | | | | | | |
| G4O2 | US Treasuries 7-10 Yrs | 0.68 | 1.65 | 1.76 | 7.18 | 7.03 | 4.05 | 0 | 2.28 | 6.51 | 3.63 | -1.44 | -2.11 |
| G4L0 | UK Gilts 7-10 Yrs | 0.40 | -0.69 | -0.38 | 3.24 | 7.34 | 4.60 | 0 | 0.20 | 3.82 | 3.40 | -3.14 | -3.49 |
| G4D0 | German Fed Govt 7-10 Yrs | 0.16 | 0.15 | 0.07 | -0.09 | 7.54 | 2.60 | 0 | -1.34 | 3.38 | 1.18 | -3.57 | -3.31 |
| **Equities** | | | | | | | | | | | | | |
| S&P | S&P 500 incl. Dividends | 3.64 | 2.03 | 8.11 | 14.81 | | | | 17.56 | 26.60 | 24.91 | 13.29 | 16.45 |
| DAX | DAX Index | -0.09 | -0.68 | -0.12 | 19.95 | | | | 23.57 | 24.58 | 25.39 | 11.85 | 13.35 |
| **Syndicated Loans** | | | | | | | **YTM (%)** | **3Y DM (bps)** | | | | | |
| US | US Leveraged Loan Index | 0.37 | 0.32 | 1.61 | 4.38 | | 7.66 | 438 | 6.62 | 8.04 | 9.47 | 6.39 | 6.70 |
| Europe | European Leveraged Loan Index | 0.43 | 0.16 | 1.10 | 3.89 | | 6.88 | 470 | 5.92 | 6.93 | 8.78 | 5.43 | 5.87 |

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

Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice. All performance, duration, yield and spread data sourced by Bloomberg as of September 30th, 2025. Full information on indices is provided on page 5. Index performance is for illustrative purposes only. You cannot invest directly in the index.

## CREDIT MARKET UPDATE

**US:**
US credit markets generated excess returns across the board in September. The main macro driver for markets was a flattening of the US government bond curve, with 30-year US Treasury yields falling by more than 20 basis points. Total return was strongest in the longest-duration segments—those universes with the highest exposure to 30-year duration securities—which particularly benefitted US investment grade. As widely expected, the Federal Reserve (Fed) cut rates in September, marking the first rate cut since December 2024. Even so, Fed Chair Jerome Powell confirmed a data-dependent approach with no certain path ahead for policy rates. For US high yield, extremely high new issuance continues to signal sustained demand for the asset class.

**Europe:**
European credit markets generated excess returns across the board in September. Primary markets re-opened after the summer break with notable activity from a wide range of issuers. As widely expected, the European Central Bank kept rates unchanged, while the Federal Reserve (Fed) cut rates in September, marking the first rate cut since December 2024. Even so, Fed Chair Jerome Powell confirmed a data-dependent approach with no certain path ahead for policy rates. Spreads rallied back in September after the widening in August, with European investment grade spreads returning to year-to-date tight levels mid-month. However, spreads shifted wider once again towards the end of the month driven by stresses from the US, including a looming US government shutdown and the resurfacing of US-Russian political tensions. The technical demand for credit remained strong as the asset class continues to see inflows.

**EM:**
Emerging markets (EM) debt delivered positive excess returns this month. The main macro driver for markets was a flattening of the US government bond curve, with 30-year US Treasury yields falling by more than 20 basis points. Total return was strongest in the longest-duration segments—those universes with the highest exposure to 30-year duration securities—which particularly benefitted US investment grade and EM hard currency government debt. EM investment grade outperformed high yield, consistent with the decline in US government yields. Within the EM investment grade universe, Latin America led the way, driven by Mexican corporate exposure at the long end of the curve. In the EM high-yield segment, Eastern Europe, Middle East, and Asia stood out, supported by basic industry names. At the sector level, energy was a notable outperformer, despite the decline in oil prices. This month, the sweet spot in terms of ratings was the BBB rated bucket, benefitting from a sensitivity to falling interest rates and credit tightening.

**Outlook**
Following September's solid performance, we maintain a constructive outlook for October as issuance moderates and demand driven by reinvestment flows and fund inflows is expected to play a more dominant role in performance. We anticipate continued resilient flows into risk assets, supported by a constructive macro backdrop and potential central bank easing—the Federal Reserve is expected to continue easing, while the European Central Bank and Bank of England are expected to remain unchanged, and the Bank of Japan more likely to raise rates.

## 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

"Muzinich & Co.", "Muzinich" and/or the "Firm" referenced herein is defined as Muzinich & Co. Inc. and its affiliates. This material has been produced for information purposes only and as such the views contained herein are not to be taken as investment advice. Opinions are as of date of publication and are subject to change without reference or notification to you. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. The value of investments and the income from them may fall as well as rise and is not guaranteed and investors may not get back the full amount invested. Rates of exchange may cause the value of investments to rise or fall. Emerging Markets may be more risky than more developed markets for a variety of reasons, including but not limited to, increased political, social and economic instability; heightened pricing volatility and reduced market liquidity.

Any research in this document has been obtained and may have been acted on by Muzinich for its own purpose. The results of such research are being made available for information purposes and no assurances are made as to their accuracy. Opinions and statements of financial market trends that are based on market conditions constitute our judgment and this judgment may prove to be wrong. The views and opinions expressed should not be construed as an offer to buy or sell or invitation to engage in any investment activity, they are for information purposes only.

This document contains forward-looking statements, which give current expectations of future activities and future performance. Any or all forward-looking statements in this document may turn out to be incorrect. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Although the assumptions underlying the forward-looking statements contained herein are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurances that the forward-looking statements included in this discussion material will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation that the objectives and plans discussed herein will be achieved. Further, no person undertakes any obligation to revise such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The content of this document is for information purposes and is directed at institutional, professional and sophisticated investors able to understand and accept the risks involved. It has been prepared using publicly available information, internally developed data and other sources believed to be reliable. It does not constitute an offer or solicitation to any person in any jurisdiction to purchase or sell any investment, nor does it constitute investment advice.

The material in this document is directed only at entities or persons in jurisdictions or countries where access to and use of this information is not contrary to local laws or regulations. The views expressed and the information contained in this document may be subject to change at any time without notice. Opinions and statements of financial market trends that are based on market conditions constitute our judgment and are subject to change without notice. Historic market trends are not reliable indicators of actual future market behaviour. This document is intended for the sole use of the intended recipients and its content may not be copied, published or otherwise distributed. Muzinich does not warrant this information and does not accept liability of any type for actions taken or not taken as a result of this information.

**United States:** This material is for Institutional Investor use only – not for retail distribution. Muzinich & Co., Inc. is a registered investment adviser with the Securities and Exchange Commission (SEC). Muzinich & Co., Inc.'s being a Registered Investment Adviser with the SEC in no way shall imply a certain level of skill or training or any authorization or approval by the SEC.

### Important Information