

Muzinich & Co. Corporate Credit Snapshot | December 2025

*Muzinich & Co*

## KEY TAKEAWAYS

-Global credit generated mixed returns in December. In the US, the Federal Reserve cut policy rates for the third time in a row but signaled more caution around further rate cuts. The European Central Bank (ECB) remained on hold once again, while ECB Executive Board Member Isabel Schnabel made hawkish comments which helped to push longer rates higher.

-Primary markets slowed down ahead of the Christmas holiday, although many market participants anticipate a heavy primary calendar in 2026, starting with a busy January. This is expected to be supported by increased AI-capex spending and a possible uptick in M&A activity.

-In general, spread premia continued to compress in December, with BBB rated credit outperforming single-As in investment grade, and higher beta markets—such as subordinated financials and high yield—outperforming.

-Emerging markets (EM) debt delivered positive returns this month. We have seen some key sources of uncertainty easing—including tariff disputes—while the US and China are showing some early indications of re-engagement. At the same time, cooling inflation and softer energy prices are enabling central banks to move gradually toward more neutral monetary stances.

## HIGH YIELD AND LEVERAGED LOAN TECHNICALS

## US Retail Fund Flows

US\$1.7 billion in high yield inflows, US\$1.8 billion in leveraged loan retail outflows  
MTD (through 12.31)

HY New Issuance*	US	EUROPE
YTD	US\$332.0 bn	US\$135.8 bn
MTD	US\$21.8 bn	US\$5.9 bn
Loan New Issuance*	US	
YTD	US\$984.3 bn	
MTD	US\$60.1 bn	

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

Hilton, Post Holdings, Herc Holdings, Brightstar Lottery, Celanese, Freedom Mortgage, Standard Building Solutions, OneMain Finance, Venture Global Plaquemines, National Mentor Holdings, Level 3 Financing, Antero Midstream, Asurion, Perimeter Holdings, Flash Compute

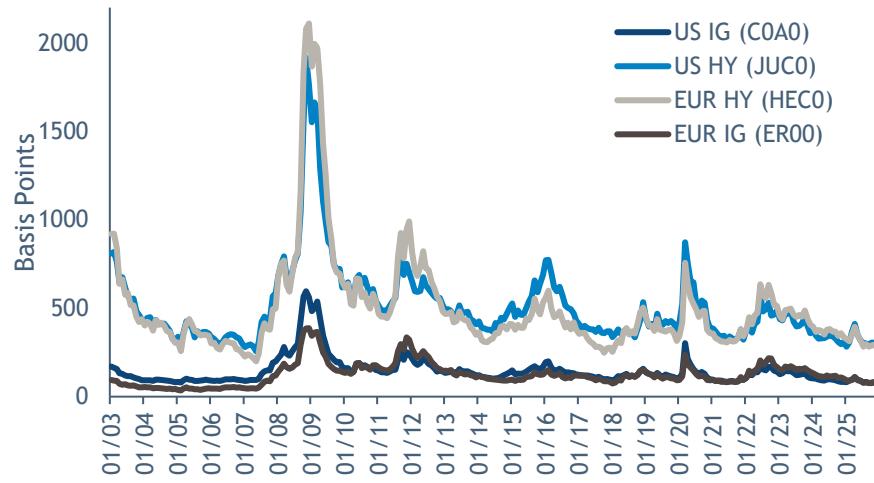
#### US New Issuance Pipeline (Announced)

55-1  
N/A

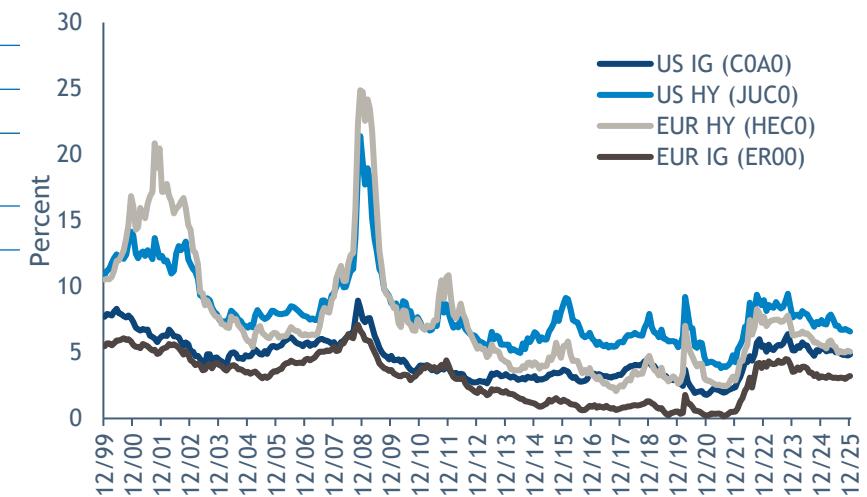
Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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 December 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 November 30<sup>th</sup>, 2025. Most recent data available used. [www.muzinich.com](http://www.muzinich.com) | [info@muzinich.com](mailto:info@muzinich.com)

## CORPORATE BOND SPREADS (STW) BY INDEX



## CORPORATE BOND YIELDS (YTW) BY INDEX



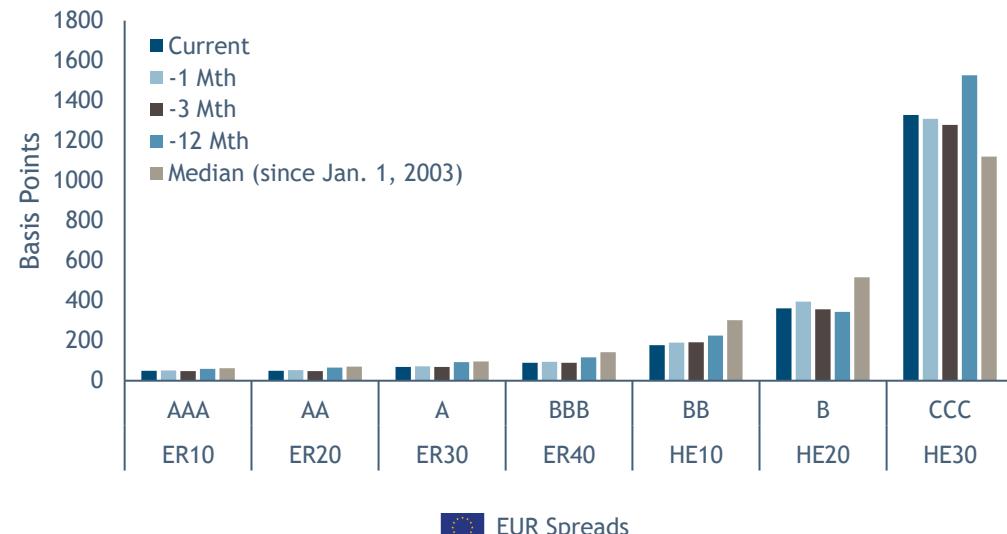
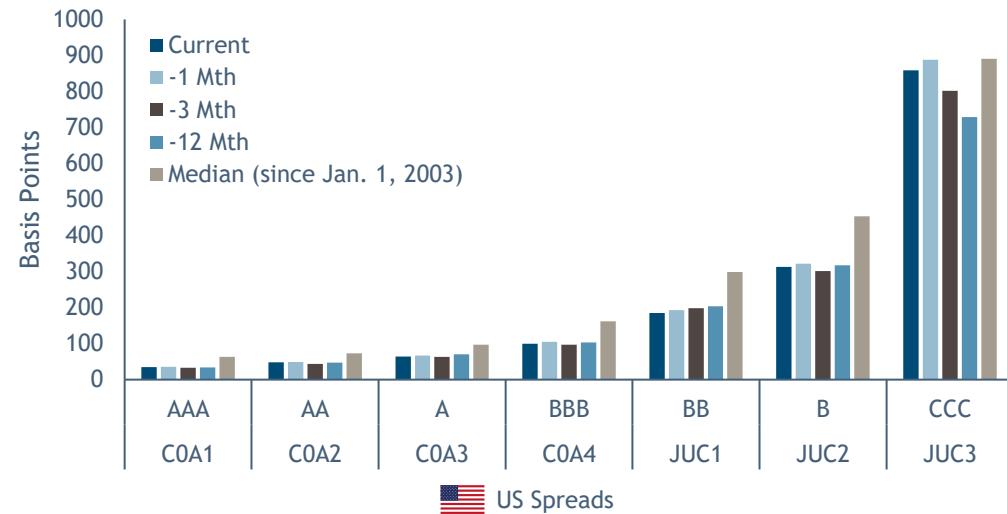
## Muzinich &amp; Co. Corporate Credit Snapshot | December 2025

Muzinich &amp; Co

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

Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0 IG	79	82	76	83	127
	JUC0 HY	291	304	296	309	437
	JUC4 BB/B	231	241	237	248	370
	COA1 AAA	35	36	33	34	63
	COA2 AA	48	49	44	47	73
	COA3 A	64	67	63	70	97
	COA4 BBB	100	105	97	103	162
	JUC1 BB	185	193	198	204	299
	JUC2 B	313	322	301	317	454
	JUC3 CCC	859	888	802	729	891
EM	EMCL All	167	176	159	179	295
EUR	ER00 IG	77	81	78	102	114
	HEC0 HY	276	293	283	335	415
	ER10 AAA	49	51	48	60	62
	ER20 AA	50	53	48	65	71
	ER30 A	69	72	69	93	96
	ER40 BBB	89	94	90	117	143
	HE10 BB	178	191	192	226	302
	HE20 B	362	395	357	344	517
	HE30 CCC	1329	1309	1278	1527	1120

## CORPORATE BOND SPREADS (STW)



## Muzinich &amp; Co. Corporate Credit Snapshot | December 2025



## MARKET PERFORMANCE % AND STATISTICS - DECEMBER 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	0.64	0.52	1.36	8.55	2.92	6.58	291	8.55	8.30	9.97	4.28	4.48
JC4N	US HY BB-B	0.61	0.65	1.53	8.66	2.96	5.98	231	8.66	7.66	9.21	3.92	4.05
HEC0	Euro HY	0.35	0.09	0.52	5.15	2.85	5.06	276	5.15	6.87	8.55	3.16	3.19
HEC5	Euro HY BB-B	0.39	0.05	0.72	5.57	2.82	4.53	224	5.57	6.96	8.67	3.27	3.19
Investment Grade													
C0A0	US IG	-0.31	0.64	0.77	7.78	6.48	4.84	79	7.78	5.24	6.28	0.38	0.11
C4NF	US BBB Corporates	-0.27	0.61	0.72	7.94	6.60	5.05	97	7.94	5.48	6.79	0.45	0.31
ER00	Europe IG	-0.20	-0.23	0.25	3.03	4.41	3.22	77	3.03	3.84	5.22	0.06	-0.16
EN40	Europe BBB	-0.15	-0.23	0.35	3.18	4.40	3.31	86	3.18	4.16	5.63	-0.03	-0.16
Governments (7-10 Year Indices)													
G402	US Treasuries 7-10 Yrs	-0.76	1.01	0.92	8.17	7.01	4.07	1	8.17	3.74	3.61	-1.31	-1.68
G4L0	UK Gilts 7-10 Yrs	0.15	0.08	2.76	6.08	7.15	4.40	0	6.08	1.39	2.78	-2.59	-3.03
G4D0	German Fed Govt 7-10 Yrs	-1.00	-0.23	-0.47	-0.56	7.35	2.76	0	-0.56	-0.27	1.97	-3.62	-3.45
Equities													
S&P	S&P 500 incl. Dividends	0.06	0.25	2.65	17.86				17.86	21.38	22.98	11.09	14.40
DAX	DAX Index	2.74	-0.51	2.55	23.01				23.01	20.91	20.71	11.43	12.29
Syndicated Loans						YTM (%)	3Y DM (bps)						
US	US Leveraged Loan Index	0.61	0.35	1.08	5.51	7.62	432	5.51	7.13	9.00	6.48	6.20	
Europe	European Leveraged Loan Index	0.54	0.52	0.85	4.77	7.13	482	4.77	6.52	8.36	5.45	5.33	

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 December 31<sup>st</sup>, 2025. Full information on indices is provided on page 5. Index performance is for illustrative purposes only. You cannot invest directly in the index.

# Muzinich & Co. Corporate Credit Snapshot | December 2025



## CREDIT MARKET UPDATE

### US:

US credit markets generated mixed returns in December. Given the holiday shortened month, we saw a seasonally quiet period with spreads mostly unchanged. The Federal Reserve cut policy rates for the third time in a row but signaled more caution around further rate cuts. Primary markets in both the US and Europe slowed down ahead of the Christmas holiday, although many market participants anticipate a heavy primary calendar in 2026, starting with a busy January. This is expected to be supported by increased AI-capex spending and a possible uptick in M&A activity. In general, spread premia in both the US and Europe continued to compress in December, with BBB rated credit outperforming single-As in investment grade, and higher beta markets—such as subordinated financials and high yield—outperforming.

### EM:

Emerging markets (EM) debt delivered positive returns in December. Given the holiday shortened month, we saw a seasonally quiet period with spreads mostly unchanged. Primary markets slowed down ahead of the Christmas holiday, although many market participants anticipate a heavy primary calendar in 2026, starting with a busy January. We believe the global macro environment is undergoing a meaningful reset following several years marked by major geopolitical volatility and tight monetary policy. We have seen some key sources of uncertainty easing—including tariff disputes—while the US and China are showing some early indications of re-engagement. At the same time, cooling inflation and softer energy prices are enabling central banks to move gradually toward more neutral monetary stances. In 2026, we believe EM could have a year defined by recalibration: steadier global growth, improving trade conditions, and a more balanced distribution of risks.

### Europe:

European credit markets generated mixed returns in December. Given the holiday shortened month, we saw a seasonally quiet period with spreads mostly unchanged. The European Central Bank (ECB) remained on hold once again, while ECB Executive Board Member Isabel Schnabel made hawkish comments which helped to push longer rates higher.

### Outlook

Looking ahead, we believe the global credit landscape remains fundamentally strong. Corporate earnings remain broadly solid, outside a few mostly idiosyncratic defaults, while supportive technicals effectively underpin historically tight spreads. As of year-end, we are broadly maintaining an overweight in higher yielding markets and seeking to take advantage of existing dispersion to enhance returns. On the investment grade side, we would look for more spread compensation to add risk. With stable or modestly lower short rates in Europe, we expect floating rate instruments to compete well with bonds, while barbell duration strategies could be more popular in USD credit.

## 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;  
G4Q2 - 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.

## Important Information | December 2025



"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 warranty 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.

**In the United Arab Emirates (UAE) (excluding the Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market (ADGM):** This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates ("UAE") and accordingly should not be construed as such. The Units are only being offered to a limited number of exempt Professional Investors in the UAE who fall under one of the following categories: federal or local governments, government institutions and agencies, or companies wholly owned by any of them. The Units have not been approved by or licensed or registered with the UAE Central Bank, the SCA, the Dubai Financial Services Authority, the Financial Services Regulatory Authority or any other relevant licensing authorities or governmental agencies in the UAE (the "Authorities"). The Authorities assume no liability for any investment that the named addressee makes as a Professional Investor. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

## Important Information | December 2025



**In the United Arab Emirates (UAE) (including the Dubai International Financial Centre and the Abu Dhabi Global Market):** This information does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient is an entity fully regulated by the ADGM Financial Services Regulatory Authority (FSRA), and acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority, the UAE Securities and Commodities Authority, the Financial Services Regulatory Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank, the Dubai Financial Services Authority, the UAE Securities and Commodities Authority or the Financial Services Regulatory Authority.

Issued in the European Union by Muzinich & Co. (Ireland) Limited, which is authorized and regulated by the Central Bank of Ireland. Company registration No. 307511. Registered address: 32 Molesworth Street, Dublin 2, D02 Y512, Ireland. Issued in Switzerland by Muzinich & Co. (Switzerland) AG. Registered in Switzerland No. CHE-389.422.108. Registered address: Tödistrasse 5, 8002 Zurich, Switzerland. Issued in Singapore and Hong Kong by Muzinich & Co. (Singapore) Pte. Limited, which is licensed and regulated by the Monetary Authority of Singapore. Registered in Singapore No. 201624477K. Registered address: 6 Battery Road, #26-05, Singapore, 049909. Issued in all other jurisdictions (excluding the U.S.) by Muzinich & Co. Limited, which is authorized and regulated by the Financial Conduct Authority. Registered in England and Wales No. 3852444. Registered address: 8 Hanover Street, London W1S 1YQ, United Kingdom. 2026-01-07-17593.