

KEY TAKEAWAYS

- Global credit generated positive returns across the board in July. The key driving factor was a rally in rates as investors found increased confidence that the FOMC (Federal Open Market Committee) would begin reducing rates by September based on economic data
- Investment grade outperformed this month as government yields pushed lower, the front-end dropping most (bull steepener), as investors began to price in Q3 interest cuts in the US
- Throughout the month, the US 10 year Treasury yield and the German 10 year Bund yield both moved lower, with more movement from the US
- Emerging Market (EM) debt generated positive returns this month with high yield slightly outperforming investment grade

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$4.5 billion in high yield inflows, US\$2.6 billion in leveraged loan retail inflows MTD (through 07.31)

HY New Issuance*	US	EUROPE
YTD	US\$185.0 bn	US\$70.1 bn
MTD	US\$19.5 bn	US10.9 bn

Loan New Issuance*	US
YTD	US\$785.3 bn
MTD	US\$82.7 bn

Main Market Driver

Macro: Declining Treasury Yields

Micro: High Yield Inflows

Default Rates (Dollar weighted)**	US	EUR
LTM	2.2%	2.2%

US New Issuance Names (500 mn and above) MTD

Watco Companies, Cinemark USA Inc., Resideo Funding, Summit Midstream Holdings, Nabors Industries, SM Energy Company, Garda World Security Corp, Venture Global, Kraken Oil & Gas, Group 1 Automotive Inc., Wilsonart LLC, Novolex, Nationstar Mortgage Holdings Inc., Permian Resources, Royal Caribbean Cruises, Amentum, Standard Industries, Enova International, RR Donnelley & Sons Co, Cornerstone Building Brands Inc

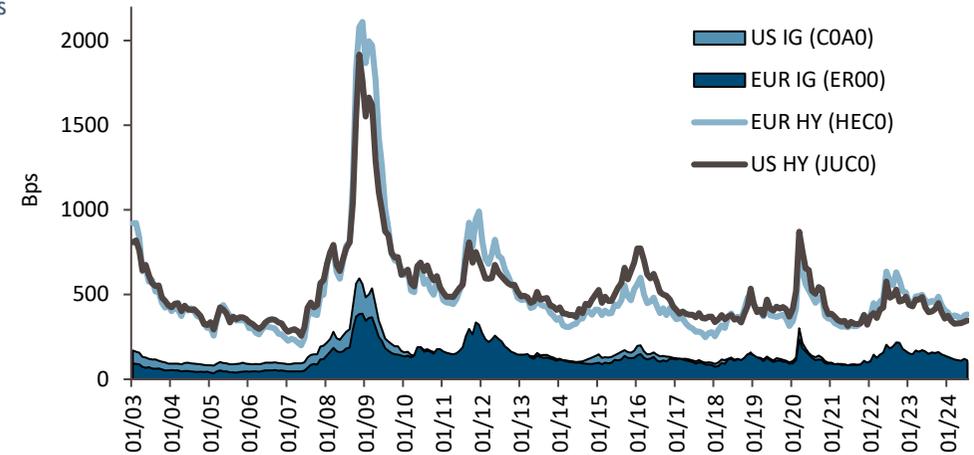
US New Issuance Pipeline (Announced)

McGraw-Hill Education Inc., Allied Universal

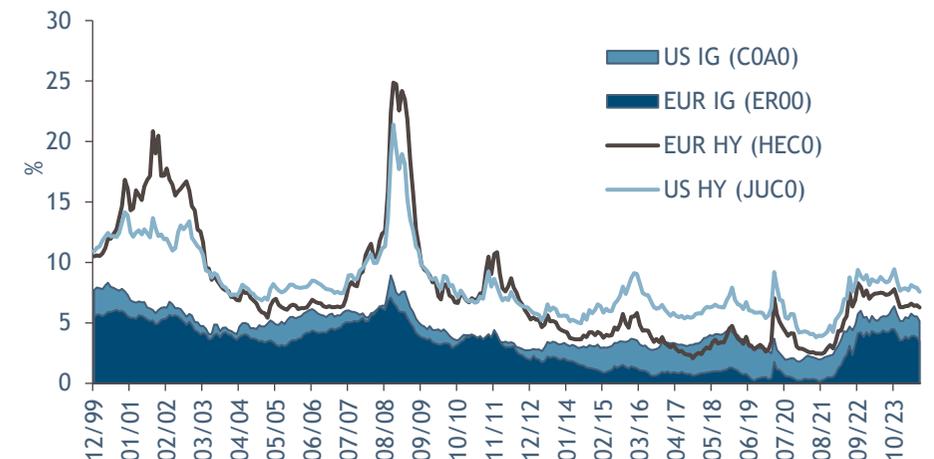
Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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 July 31st, 2024. Full information on indices is provided on page 5. *JP Morgan for U.S. and Credit Suisse for Europe; European figures include non-Euro issues of European companies. Data as of July 31st, 2024. **Moody's Default Report as of June 30th, 2024. Most recent data available used.

CORPORATE BOND SPREADS (STW) BY INDEX



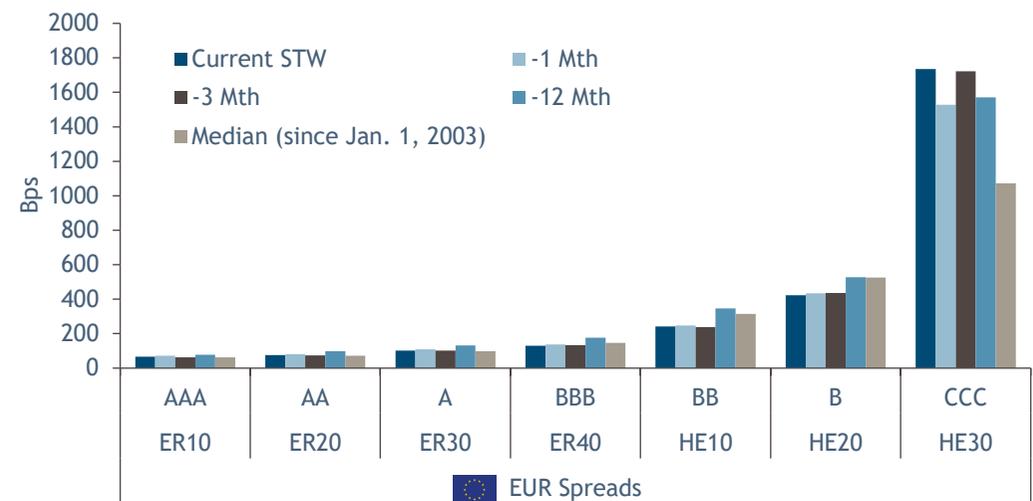
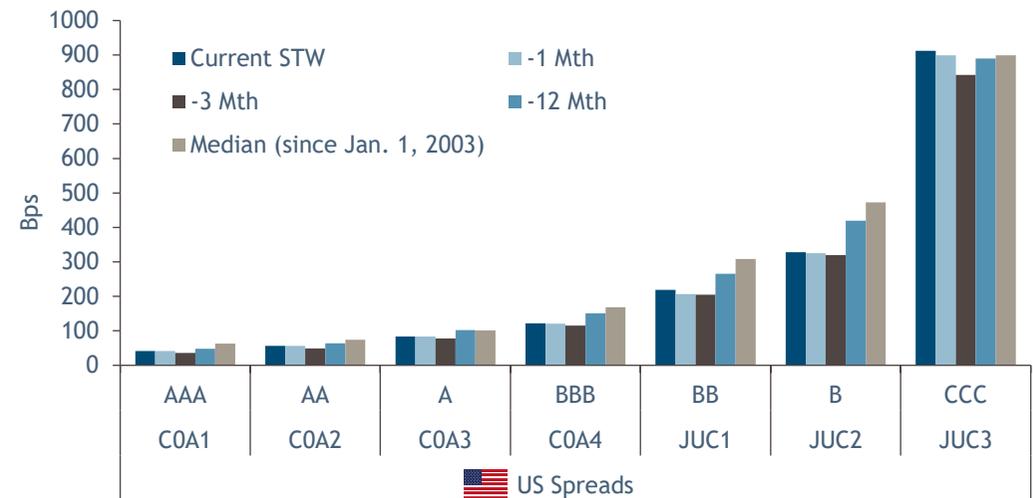
CORPORATE BOND YIELDS (YTW) BY INDEX



CORPORATE BOND SPREADS (STW) - JULY 31, 2024

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	98	98	92	121	129
	JUC0	HY	347	339	329	397	450
	JUC4	BB/B	263	255	254	332	381
	COA1	AAA	41	41	36	48	63
	COA2	AA	56	56	49	64	74
	COA3	A	83	83	78	102	101
	COA4	BBB	122	121	115	151	168
	JUC1	BB	219	207	205	265	308
	JUC2	B	328	325	320	419	473
	JUC3	CCC	912	899	842	890	899
EM	EMCL	All	201	193	194	253	304
EUR	ER00	IG	112	120	114	150	117
	HEC0	HY	382	378	372	451	428
	ER10	AAA	67	72	63	77	63
	ER20	AA	76	82	74	99	72
	ER30	A	101	109	102	132	98
	ER40	BBB	129	138	133	176	147
	HE10	BB	241	247	239	346	314
	HE20	B	422	435	436	528	526
	HE30	CCC	1735	1527	1722	1571	1073

CORPORATE BOND SPREADS (STW)



MARKET PERFORMANCE % AND STATISTICS - JULY 31, 2024

		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	1.95	0.94	1.95	4.51	3.47	7.58	347	10.92	7.49	2.19	4.23	3.99
JC4N	US HY BB-B	1.66	1.02	1.66	4.12	3.51	6.74	263	10.23	6.79	1.98	3.59	3.79
HEC0	Euro HY	1.25	0.54	1.25	4.41	2.97	6.27	382	10.85	7.74	1.13	3.27	2.41
HEC5	Euro HY BB-B	1.19	0.47	1.19	4.15	3.02	5.37	294	10.37	7.61	1.13	3.03	2.03
Investment Grade													
COA0	US IG	2.36	0.64	2.36	2.40	6.74	5.17	98	7.06	2.92	-2.45	-1.43	1.12
C4NF	US BBB Corporates	2.37	0.66	2.37	2.53	6.91	5.36	118	7.67	3.69	-2.45	-0.97	1.37
ER00	Europe IG	1.71	0.75	1.71	2.26	4.53	3.49	112	7.18	1.70	-2.25	-0.92	-0.80
EN40	Europe BBB	1.77	0.86	1.77	2.56	4.54	3.58	121	7.60	3.73	2.47	1.85	1.48
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	2.89	1.27	2.89	1.47	7.13	4.02	2	3.83	-1.53	-4.17	-3.97	-0.66
G4L0	UK Gilts 7-10 Yrs	1.86	1.28	1.86	-0.79	7.18	3.89	-2	6.98	-4.10	-5.30	-4.72	-2.86
G4D0	German Fed Govt 7-10 Yrs	1.79	1.60	1.79	-0.61	7.65	2.23	0	4.12	-3.66	-5.58	-4.29	-3.40
Equities													
S&P	S&P 500 incl. Dividends	1.22	3.59	1.22	16.69				22.13	17.47	9.58	15.75	14.98
DAX	DAX Index	1.50	-1.42	1.50	10.49	YTM (%)	Discount Margin		12.54	17.16	5.99	10.73	8.71
Loans								bps (3yr life)					
CS Leveraged Loan Index		0.73	0.27	0.73	5.21	9.04		500	10.42	9.95	6.22	7.06	5.35
CS Western European Leveraged Loan Index		0.97	0.09	0.97	5.14	7.96		471	9.59	9.47	5.14	6.02	4.44

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 July 31st, 2024. 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:

In the US, risk assets delivered positive returns across the board in July. The key driving factor was a rally in rates as investors found increased confidence that the FOMC (Federal Open Market Committee) would begin reducing rates by September based on economic data. Investment grade outperformed this month as government yields pushed lower, the front-end dropping most (bull steepener), as investors began to price in Q3 interest cuts in the US. High yield market spreads were essentially flat until the last day in July, benefitting for much of the month from positive sentiment. New issuance was manageable, with a slight acceleration in activity towards the end of the month with the start of reported corporate earnings ahead of the August lull.

Europe:

In Europe, credit markets generated positive returns across the board in July. The key driving factor was a rally in US rates as investors found increased confidence that the FOMC (Federal Open Market Committee) would begin reducing rates by September based on economic data. Throughout the month, the US 10 year Treasury yield and the German 10 year Bund yield both moved lower, with more movement from the US. US spreads underperformed European spreads, but this was largely due to a recovery of European spreads after the French elections at the end of June. This month investment grade outperformed high yield due to its longer duration profile. Corporate earnings were in focus as issuers released their Q2 results. In general, earnings were relatively robust, although we saw some underperforming surprises in select cyclical sectors such as retail, automotives, and airlines.

EM:

Emerging Market (EM) debt generated positive returns this month with high yield slightly outperforming investment grade. The Asian property sector outperformed, benefitting from support expressed by policy makers for regional growth. Following China's Third Plenum Meeting mid-month, there was a series of surprise rate cuts indicating government willingness to provide near-term support to the economy with funds from the issuance of ultra-long bonds allocated towards equipment upgrades and consumer goods trade-in programs. In Latin America, the telecommunications sector continued to recover in line with the high yield primary market reopening in the region. Within the frontier markets, Ukrainian credit outperformed this month following a favorable sovereign debt exchange. Central banks in both Turkey and Brazil kept rates unchanged.

Outlook

The market has recently absorbed a great deal of uncertainty from various headlines, including the conclusion of the French elections at the end of June, the assassination attempt on Donald Trump, Joe Biden's withdrawal as a US presidential candidate, and mixed corporate earnings. Against this background, we continue to see inflows to corporate credit, keeping the technical environment supportive. This month was the third consecutive month of high yield inflows, demonstrating that investors have clearly seen value in the asset class since the April rate spike. It will be interesting to see if spread buyers step up now that spreads are wider while yields stay relatively rangebound due to falling Treasury rates. In our view, any spread volatility and widening over the summer and fall is likely to be a buying opportunity for investors who can look to early 2025.

Muzinich views and opinions are for illustrative purposes only and not to be construed as investment advice.

This material is not intended to be relied upon as a forecast, research, or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed by Muzinich & Co. are as of July 2024 and may change without notice.

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;
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.

CS Leveraged Loan Index - The CS 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.

CS Western European Leveraged Loan Index - The CS 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.

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 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.

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. 2024-08-06-14187.