Muzinich & Co. Corporate Credit Snapshot | October 2026

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KEY TAKEAWAYS

-October was a volatile month, with global credit delivering mostly positive returns. Equities sold off as mixed results from the largest technology companies—and disappointment over their cash flow amid heavy AI spending—weighed on sentiment

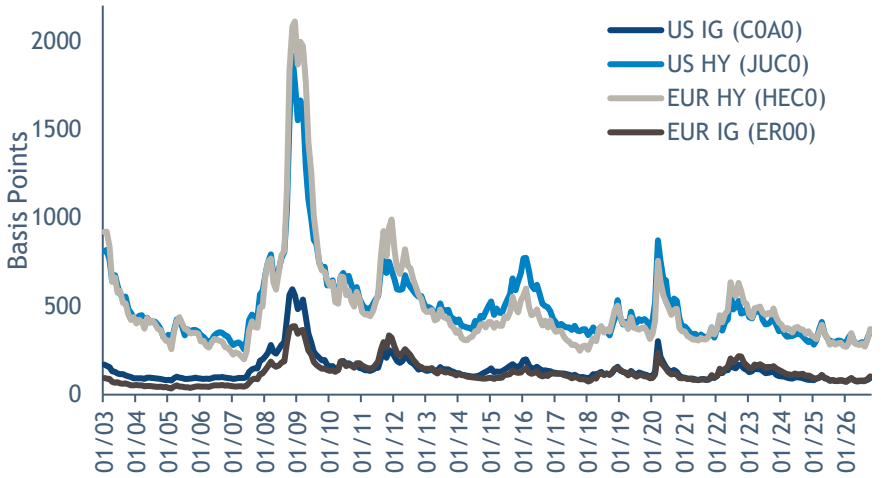
-US credit generated positive performance across the board, driven by a sharp rally in Treasury yields that more than offset spread widening in high yield (HY)

On the surface, fundamentals remain robust, with solid growth, a stable labor market, and third-quarter earnings comfortably ahead of expectations. Beneath the surface, however, the picture is increasingly uneven, and spread dispersion is rising meaningfully

-In Europe, spreads came under pressure throughout the month, driven by several factors including political turmoil in France, before retracing some of the widening by month-end. Demand for safe-haven assets supported a rally in government bonds. In investment grade, this was enough to offset wider spreads and the asset class posted gains; in HY, spreads widened too far for the Bund rally to compensate, and returns were negative

-Emerging markets (EM) investors reacted negatively to the prospect of continued expansive social spending in Brazil following President Lula's surprise re-election. Spreads widened for both EM corporates and sovereigns, leaving lower US Treasury yields as the main driver of returns

CORPORATE BOND SPREADS (STW) BY INDEX



HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US$0.4 billion in high yield outflows, US$3.4 billion in leveraged loan retail inflows MTD (through 10.31)

HY New Issuance*	US	EUROPE
YTD	US$297.9 bn	US$108.8 bn
MTD	US$14.6 bn	US$10.8 bn

Loan New Issuance*	US
YTD	US$670.1 bn
MTD	US$42.1 bn

Main Market Driver
Macro: Rates, higher oil, AI funding worries
Micro: Supportive High Yield Technicals

Default Rates (Dollar weighted)**	US	EUR
LTM	2.5%	3.4%

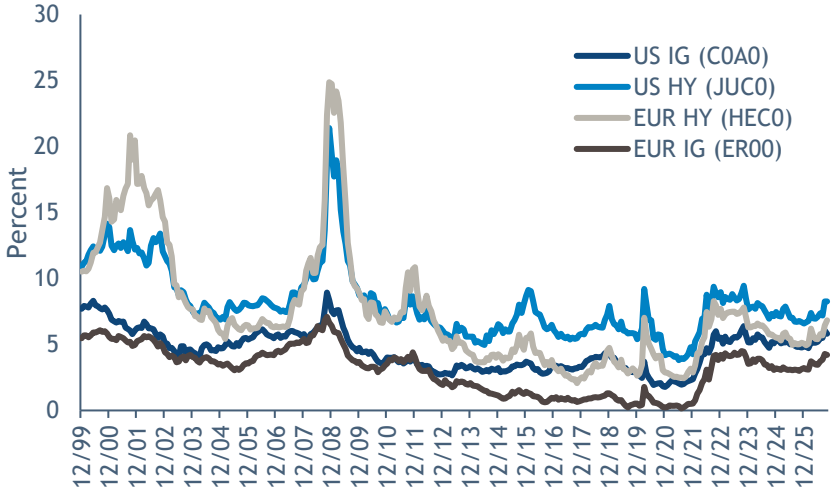
US New Issuance Names (500 mn and above) MTD

Eclipse Acquisitions, Live Nation Entertainment, H.B. Fuller, Apex Escrow Issuer, Buckeye Partners, Select Water Solutions, PLS Group, Amwins Group Inc., Grant Thornton Advisors, Bison Oil & Gas, ZF NA Capital, Bending Spoons

US New Issuance Pipeline (Announced)

N/A

CORPORATE BOND YIELDS (YTW) BY INDEX



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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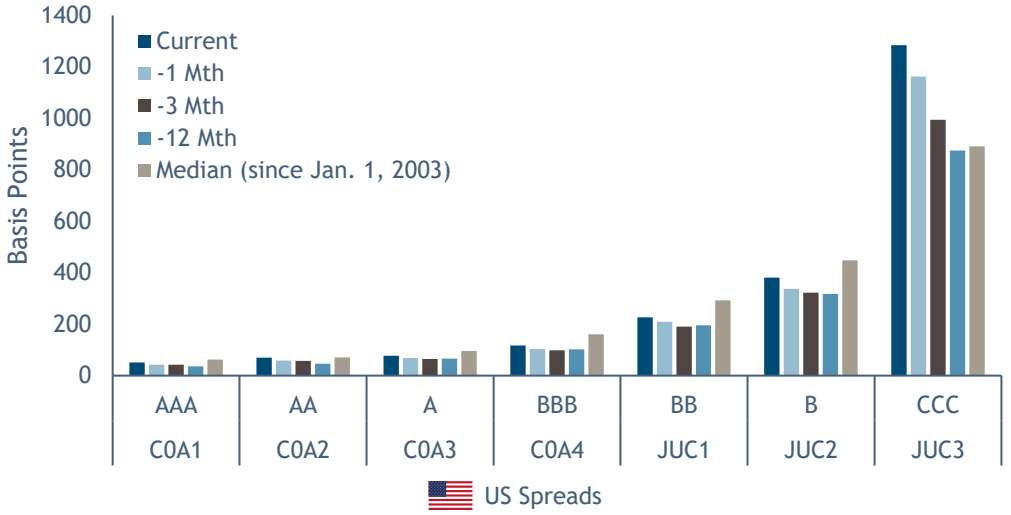
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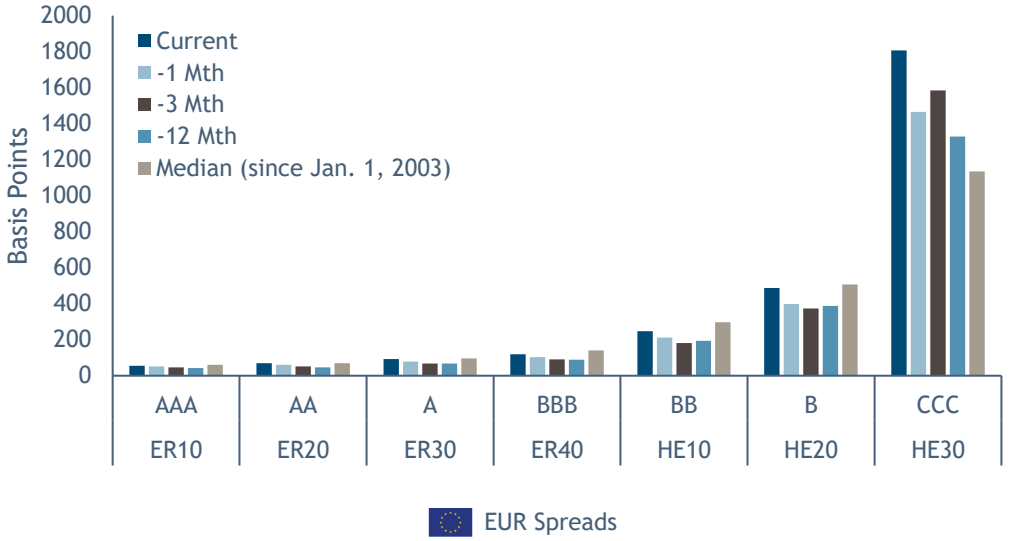
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CORPORATE BOND SPREADS (STW) - OCTOBER 31, 2026

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	C0A0	IG	94	83	79	80	125
	JUC0	HY	356	323	298	306	431
	JUC4	BB/B	281	253	236	242	365
	C0A1	AAA	51	42	42	36	62
	C0A2	AA	70	59	58	46	71
	C0A3	A	77	69	65	66	96
	C0A4	BBB	117	103	99	102	161
	JUC1	BB	227	209	191	196	293
	JUC2	B	381	337	323	318	448
	JUC3	CCC	1284	1162	995	875	891
EM	EMCL	All	190	161	153	161	292
EUR	ER00	IG	104	89	77	76	112
	HEC0	HY	371	313	290	290	410
	ER10	AAA	55	52	46	43	61
	ER20	AA	70	60	51	47	70
	ER30	A	93	79	68	68	96
	ER40	BBB	120	104	90	89	141
	HE10	BB	248	212	181	193	298
	HE20	B	487	399	374	388	507
	HE30	CCC	1806	1466	1585	1329	1135

CORPORATE BOND SPREADS (STW)





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MARKET PERFORMANCE % AND STATISTICS – OCTOBER 31, 2026

		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	0.33	-2.52	0.33	0.32	3.33	8.25	356	1.49	4.72	8.46	7.79	3.65
JC4N	US HY BB-B	0.56	-2.38	0.56	1.04	3.39	7.42	273	2.32	5.04	8.17	7.43	3.52
HEC0	Euro HY	-1.00	-1.79	-1.00	-0.94	3.19	6.84	371	-0.51	2.64	6.19	6.87	2.38
HEC5	Euro HY BB-B	-0.74	-1.79	-0.74	-0.61	3.21	6.21	307	-0.17	3.10	6.42	7.03	2.55
Investment Grade													
C0A0	US IG	2.03	-2.63	2.03	-0.81	6.19	5.81	94	-0.49	3.08	6.49	5.67	0.12
C4NF	US BBB Corporates	1.86	-2.69	1.86	-0.76	6.28	6.02	114	-0.43	3.24	6.86	6.15	0.19
ER00	Europe IG	0.76	-1.37	0.76	-0.49	4.33	4.20	104	-0.92	1.87	4.09	4.05	-0.05
EN40	Europe BBB	0.72	-1.46	0.72	-0.54	4.34	4.33	116	-0.92	1.96	4.35	4.46	-0.12
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	3.05	-3.33	3.05	-1.60	6.86	4.86	3	-1.37	2.50	4.73	2.90	-1.23
G4L0	UK Gilts 7-10 Yrs	1.22	-1.65	1.22	-1.15	6.97	5.19	0	-0.91	2.33	3.14	1.71	-2.16
G4D0	German Fed Govt 7-10 Yrs	2.20	-1.77	2.20	-0.91	7.43	3.26	0	-2.13	-0.39	1.56	0.57	-2.94
Equities													
S&P	S&P 500 incl. Dividends	-0.87	-0.35	-0.87	11.75				12.09	16.66	23.38	19.92	12.04
DAX	DAX Index	2.46	-4.03	2.46	5.42				7.76	16.33	20.35	18.14	10.48
Syndicated Loans							**YTM (%)**	**3Y DM (bps)**					
US	US Leveraged Loan Index	-0.25	0.30	-0.25	3.12		9.31	518	4.11	4.97	6.72	7.97	5.90
Europe	European Leveraged Loan Index	-1.13	0.34	-1.13	1.65		8.72	571	2.74	3.86	5.61	7.46	4.81

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

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Muzinich & Co. Corporate Credit Snapshot | October 2026

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CREDIT MARKET UPDATE

US:
US credit delivered positive returns in October, despite a volatile month. Equities sold off as mixed results from the largest technology companies—and disappointment over their cash flow amid heavy AI spending—weighed on sentiment. In a flight to quality, Treasury yields fell sharply. Higher ratings were rewarded, with BBs outperforming as CCCs declined. On the surface, fundamentals remain robust, with solid growth, a stable labor market, and third-quarter earnings comfortably ahead of expectations. Beneath the surface, however, the picture is increasingly uneven. Many high yield issuers face input-cost inflation and high interest rates that are squeezing margins, with a stretched consumer reluctant to absorb higher prices. Others are benefiting directly from AI demand that continues to outstrip supply, while the resulting wealth effect has kept higher-income consumers spending. In our view, this divergence is visible in valuations, with spread dispersion rising meaningfully. Looking ahead, the midterm elections are the immediate focus, after which attention will return to whether the Federal Reserve (Fed) hikes again in December.

Europe
October was a volatile month, with European credit delivering mixed returns; investment grade gained while high yield (HY) declined, underperforming US HY and offering potentially attractive entry points. Equities sold off as mixed results from the largest technology companies—and disappointment over their cash flow amid heavy AI spending—weighed on sentiment. Investor apprehension spilled over into broader risk markets, compounded by higher oil prices as the Middle East stalemate remained unresolved. Spreads came under pressure throughout the month, driven by several factors including political turmoil in France, before retracing some of the widening by month-end. Lower core government bond yields helped offset wider spreads, as demand for safe-haven assets supported a rally in rates. The European Central Bank (ECB) and the Federal Reserve (Fed) both kept rates unchanged at the end of October, following hikes in September. Inflation data continued to point to persistent upward pressure, while growth remained robust.

EM:
Emerging markets (EM) debt delivered mixed returns, with sovereigns and investment grade (IG) corporates posting gains, while high yield (HY) corporates declined on wider spreads. Investors reacted negatively to the prospect of continued expansive social spending in Brazil following President Lula's surprise re-election. With spreads wider across corporates and sovereigns, lower US Treasury yields were the main driver of returns. Latin America was the best-performing region in both IG and HY, led by Mexico, Chile, and Argentina. Conversely, Asia lagged in HY and Eastern Europe in IG. Spreads decompressed by rating: CCC-rated spreads widened the most, followed by single-B, then BB. At the sector level, EM financials outperformed while homebuilders underperformed. In the primary market, demand softened in October, ending a period in which borrowers across the spectrum could raise debt in any size. EM issuance was well below average, with approximately 80% from IG issuers. Latin America was the only region where volumes matched historical averages. Financials accounted for around half of supply, while energy led among non-financial corporates.

Outlook:
November opens with the macro backdrop still unsettled. The Middle East conflict remains unresolved, sustaining upward pressure on energy prices and inflation, while political and fiscal strains in France continue to weigh on European sentiment. With inflation persistent and growth robust, markets are pricing a December hike from both the Fed and the ECB. Expectations for ECB tightening have moderated since September, and we view current pricing as more realistic. We expect rate volatility to persist. October also showed how sensitive markets have become to the AI investment cycle, which is supporting some sectors while weighing on others. Dispersion across issuers, sectors, and ratings has already risen substantially, and investors have become more discerning. In our view, this environment creates select opportunities that reward careful management. We remain constructive on corporate fundamentals globally, and we believe October's spread widening and elevated all-in yields offer potentially favorable entry points. Against this backdrop, we see current yield levels as a source of both income and resilience, and we continue to position portfolios to capitalize on dislocations as they emerge.

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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, 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.

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