

Muzinich & Co. Corporate Credit Snapshot | September 2026

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KEY TAKEAWAYS

-September offered fixed income investors little room to hide, and global credit delivered negative returns as both short- and long-term rates moved higher.

-Renewed escalation in the Middle East, resurgent energy prices, strong economic data on both sides of the Atlantic, and rate hikes from the Federal Reserve (Fed) and the European Central Bank (ECB) all supported the case for higher rates, as markets came to view central banks as embarking on a full hiking cycle rather than merely fine-tuning policy.

-In the US, robust fundamentals and cost-push pressure from the conflict have kept inflation elevated, with Treasury yields rising to multi-year highs and the front end of the curve pricing in further tightening. Credit spreads were largely resilient for much of the month before widening across the board into month-end.

-In Europe, the widening partly reflected political uncertainty in France, while gas prices and the region's energy vulnerabilities continued to weigh on sentiment. Losses were broad-based, though short-duration strategies proved the most resilient given their limited rate sensitivity.

-EM debt also declined, with corporates outperforming sovereigns and Asia as the strongest performing region, supported by negative net supply.

HIGH YIELD AND LEVERAGED LOAN TECHNICALS

US Retail Fund Flows

US\$4.7 billion in high yield outflows, US\$4.7 billion in leveraged loan retail inflows
MTD (through 09.30)

HY New Issuance*	US	EUROPE
YTD	US\$283.3 bn	US\$98.0 bn
MTD	US\$51.7 bn	US\$16.8 bn
Loan New Issuance*	US	
YTD	US\$628.0 bn	
MTD	US\$83.6 bn	

Main Market Driver

Macro: Rates

Micro: Weaker High Yield Technicals

Default Rates (Dollar weighted)**

	US	EUR
LTM	2.3%	3.4%

US New Issuance Names (500 mn and above) MTD

Group 1 Automotive, Tenet Healthcare Corp, Iqvia Inc., USA Compression, Alcoa Nederland, Alumina, TTM Technologies, Wynn Resorts, Pattern Energy, Transdigm Inc., Novolex, Sabre Corp., Clean Harbors Inc., CSDC Finance, Osisko Gold Group, Millrose Properties, Solaris Energy, AMC Entertainment, Softbank Group Corp, Digital Drive, NCL Corp., Paramount Skydance Corp

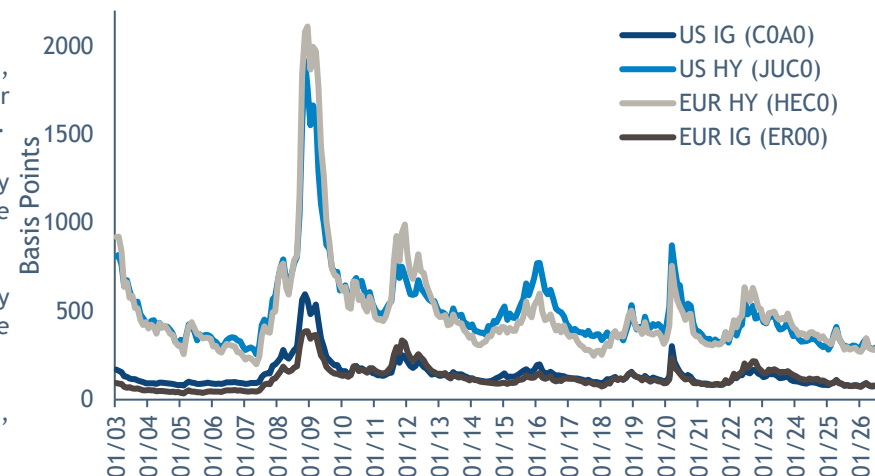
US New Issuance Pipeline (Announced)

McGraw-Hill Education

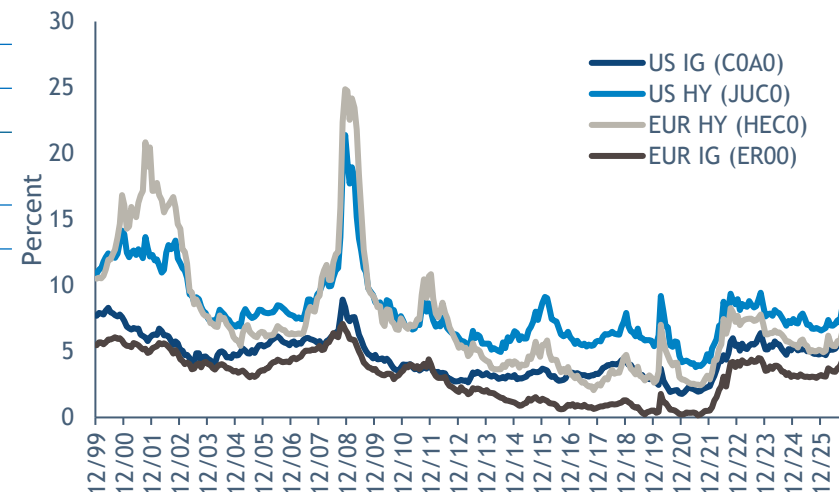
Note: Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

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CORPORATE BOND SPREADS (STW) BY INDEX



CORPORATE BOND YIELDS (YTW) BY INDEX



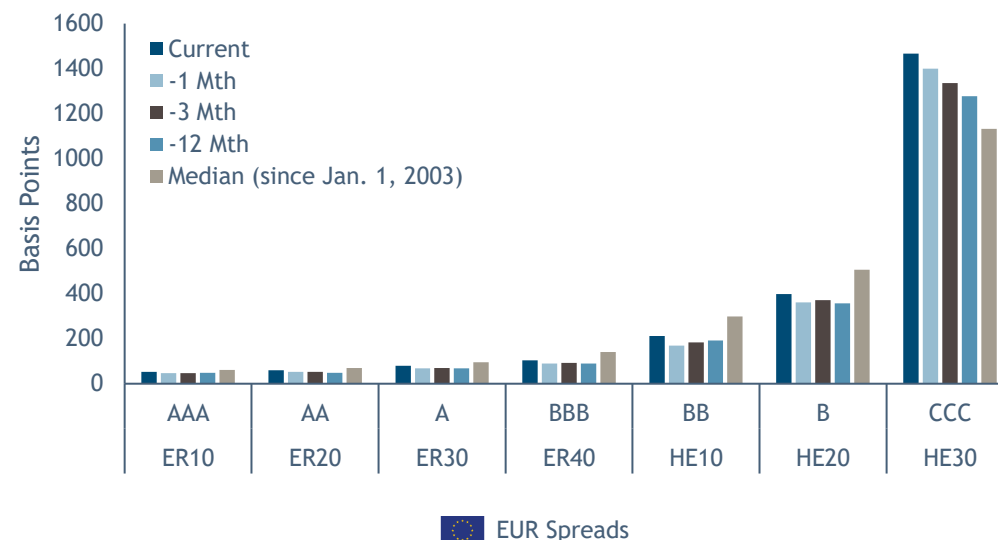
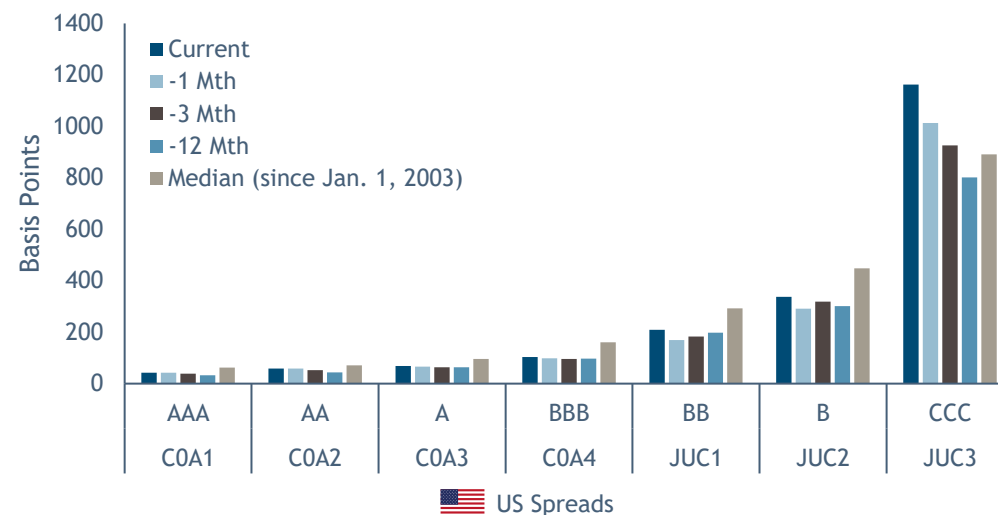
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CORPORATE BOND SPREADS (STW) - SEPTEMBER 30, 2026

	Index	Rating	Current STW	-1 Mth	-3 Mth	-12 Mth	Median (since Jan. 1, 2003)
US	COA0	IG	83	79	77	76	125
	JUC0	HY	323	275	290	296	431
	JUC4	BB/B	253	211	230	237	365
	COA1	AAA	42	43	39	33	62
	COA2	AA	59	59	52	44	71
	COA3	A	69	66	64	63	96
	COA4	BBB	103	98	96	97	161
	JUC1	BB	209	169	183	198	293
	JUC2	B	337	291	319	301	448
	JUC3	CCC	1162	1013	926	802	891
EM	EMCL	All	161	146	158	159	292
EUR	ER00	IG	89	77	79	78	112
	HEC0	HY	313	272	281	283	410
	ER10	AAA	52	47	47	48	61
	ER20	AA	60	52	52	48	70
	ER30	A	79	69	70	69	96
	ER40	BBB	104	90	92	90	141
	HE10	BB	212	170	184	192	299
	HE20	B	399	362	371	357	507
	HE30	CCC	1466	1400	1336	1278	1133

CORPORATE BOND SPREADS (STW)



MARKET PERFORMANCE % AND STATISTICS - SEPTEMBER 30, 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	-2.52	0.98	-1.84	0.00	3.47	8.26	323	1.36	4.25	7.89	8.47	3.55
JC4N	US HY BB-B	-2.38	1.03	-1.67	0.48	3.55	7.49	245	2.02	4.37	7.62	8.09	3.37
HEC0	Euro HY	-1.79	0.32	-1.81	0.06	3.20	6.44	313	0.59	3.48	6.45	7.59	2.46
HEC5	Euro HY BB-B	-1.79	0.45	-1.66	0.14	3.22	5.90	258	0.86	3.79	6.60	7.77	2.59
Investment Grade													
COA0	US IG	-2.63	0.40	-3.75	-2.79	6.15	6.04	83	-2.04	0.90	5.13	4.84	-0.23
C4NF	US BBB Corporates	-2.69	0.50	-3.79	-2.57	6.27	6.22	100	-1.88	1.16	5.53	5.46	-0.12
ER00	Europe IG	-1.37	-0.25	-2.57	-1.24	4.36	4.27	89	-1.00	1.28	3.97	3.90	-0.34
EN40	Europe BBB	-1.46	-0.18	-2.59	-1.24	4.36	4.39	101	-0.90	1.43	4.21	4.24	-0.41
Governments (7-10 Year Indices)													
G4O2	US Treasuries 7-10 Yrs	-3.33	0.14	-4.54	-4.51	6.86	5.24	3	-3.63	-0.72	3.01	1.77	-1.88
G4L0	UK Gilts 7-10 Yrs	-1.65	0.23	-2.91	-2.34	7.01	5.30	0	0.35	0.27	2.65	2.63	-2.46
G4D0	German Fed Govt 7-10 Yrs	-1.77	-0.64	-4.34	-3.04	7.49	3.52	0	-3.50	-2.43	1.03	-0.01	-3.55
Equities													
S&P	S&P 500 incl. Dividends	-0.35	2.72	2.30	12.73				15.72	16.64	22.86	22.54	13.77
DAX	DAX Index	-4.03	2.45	0.81	2.89				5.52	14.19	17.87	20.09	10.55
Syndicated Loans													
						YTM (%)	3Y DM (bps)						
US	US Leveraged Loan Index	0.30	0.96	2.06	3.38	9.48	496	4.50	5.55	6.84	8.20	6.01	
Europe	European Leveraged Loan Index	0.34	0.57	0.96	2.81	8.42	516	3.68	4.79	5.83	7.48	5.07	

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

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CREDIT MARKET UPDATE

US:

September offered fixed income investors little room to hide, and US credit delivered negative returns as both short- and long-term rates moved higher. Renewed escalation in the Middle East, rising energy prices, strong economic data, and a rate hike from the Federal Reserve (Fed) all supported the case for higher rates, as markets came to view central banks as embarking on a full hiking cycle rather than merely fine-tuning policy. Fundamentals remain robust, with solid growth driven by business investment and consumer spending, strong earnings from financial and cyclical sectors outside of energy, and manufacturing data pointing to a broad-based expansion. However, this growth picture, combined with cost-push pressure from the conflict, has kept inflation elevated and the market pricing in further hikes. Treasury yields rose to multi-year highs, and credit spreads, which had been largely resilient for much of the month, widened across the board into month-end. Technicals were also soft, as an unusually heavy new issue calendar coincided with outflows from fixed income amid a more restrictive Fed.

Europe:

European credit delivered negative returns as both short- and long-term rates moved higher. Renewed escalation in the Middle East, resurgent energy prices, strong economic data on both sides of the Atlantic, and rate hikes from the European Central Bank (ECB) and the Federal Reserve (Fed) all supported the case for higher rates, as markets came to view central banks as embarking on a full hiking cycle rather than merely fine-tuning policy. Against this backdrop, losses were broad-based across both long- and short-duration credit as yields reset higher. Spreads were largely resilient across investment grade and high yield for much of the month, before accelerating wider into month-end. The widening partly reflected rising political uncertainty in France ahead of the 2027 presidential election. Despite solid current data, the medium-term European growth outlook remains somewhat uncertain, with gas prices and the region's energy vulnerabilities continuing to weigh on sentiment.

EM:

Emerging markets (EM) debt delivered negative returns as markets came to view central banks as embarking on a full hiking cycle rather than merely fine-tuning policy. Higher rates threaten to deepen fiscal strain, while the AI boom has emerged as an unexpected competitor with sovereigns for capital. Corporate credit outperformed sovereigns, given the sovereign index's longer duration and sharper spread widening. Across ratings, high yield suffered from more aggressive spread widening and investment grade from rising government yields, leaving both with comparable drawdowns, while short-duration strategies proved the most resilient given their limited rate sensitivity. Regionally, Asian credit preserved capital best across both investment grade and high yield, supported by negative net supply, while Latin America declined due to its longer duration profile as US Treasury yields rose. Commodity-linked sectors such as energy and basic materials outperformed, while homebuilders and transportation lagged amid higher rates and energy prices. Technicals were broadly supportive, with issuance well below the historical average for September.

Outlook:

We are heading into October with event risk still elevated, as the Middle East conflict remains unresolved and higher energy prices (notably diesel) continue to reinforce a 'higher for longer' inflation narrative across major economies. We expect rate volatility to persist: further hikes from the Fed and the ECB appear largely priced in, but governments in the US and across Europe may find it challenging to rein in spending enough to put their budgets on a firmer footing. We remain constructive on corporate fundamentals globally, and we believe the US third-quarter earnings season should help refocus markets on underlying credit quality. While spreads widened into the end of September, we view this repricing—alongside elevated all-in yields—as one that may create more attractive entry points than those available after August's rally. We continue to find healthy yields offering potential income and downside defense, and we remain active in seeking out opportunities as they arise.

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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