

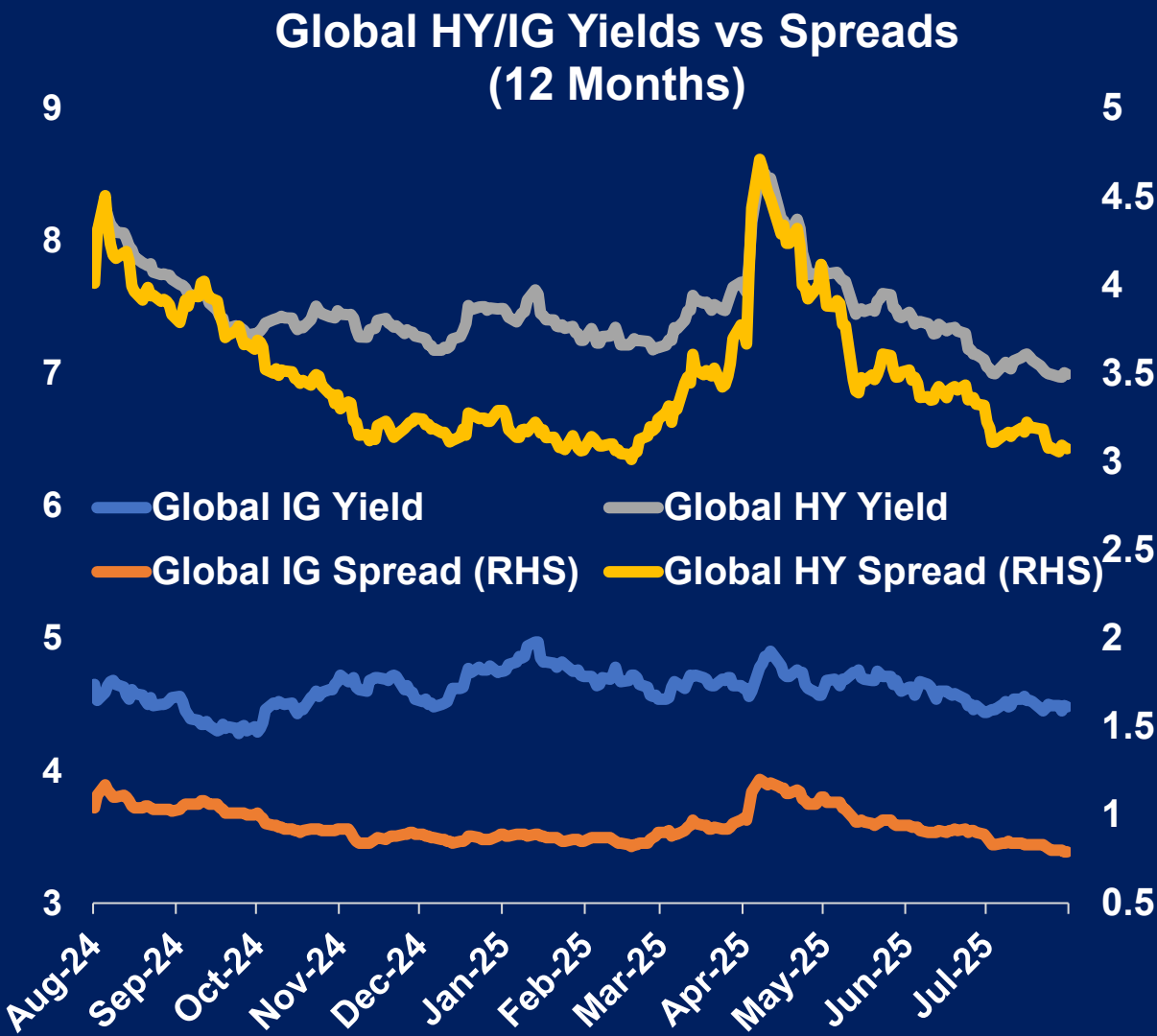
# Rubrics Credit Market Overview

27 March 2025

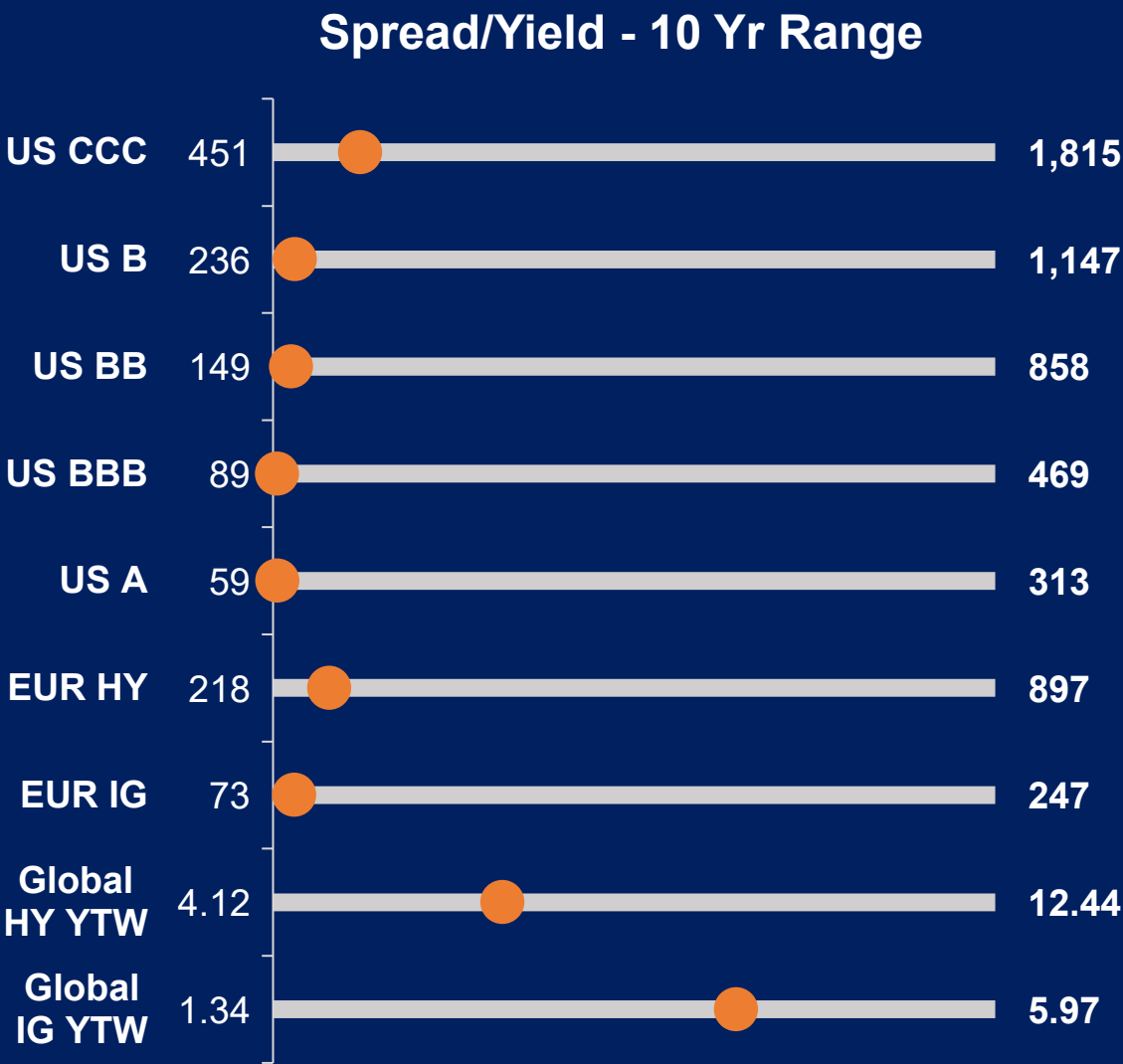
- Favourable backdrop as yields fall and spreads hit multi decade tight.
- Higher beta/higher yield continues to outperform on year-to-date basis.
- Limited room for continued outperformance given compressed spreads

| Index Performance (USD Hedged) | 1 Month | 3 Month | YTD  | 12 Month |
|--------------------------------|---------|---------|------|----------|
| Bloomberg US HY                | 0.82    | 2.54    | 7.22 | 7.41     |
| Bloomberg EUR HY               | 0.69    | 2.47    | 6.18 | 8.55     |
| Bloomberg USD IG Corp          | 1.50    | 2.60    | 6.88 | 3.63     |
| Bloomberg EUR IG Corp          | 0.89    | 0.75    | 4.25 | 3.92     |
| Bloomberg GBP IG Corp          | 0.39    | 0.94    | 2.76 | 3.65     |
| Banks AT1                      | 1.42    | 3.84    | 9.42 | 11.04    |
| Leveraged Loans                | 0.65    | 2.03    | 5.31 | 7.93     |
| Corporate Hybrids              | 0.94    | 2.51    | 6.40 | 8.93     |
| EM Hard Currency               | 1.11    | 3.40    | 8.51 | 6.91     |
| US A                           | 1.46    | 2.52    | 6.85 | 3.31     |
| US BBB                         | 1.52    | 2.71    | 7.03 | 4.26     |
| US BB                          | 0.82    | 2.31    | 7.40 | 6.88     |
| US B                           | 0.83    | 2.28    | 6.76 | 7.10     |
| US CCC                         | 0.98    | 4.37    | 8.07 | 10.52    |

Source: Bloomberg as at 30/09/25



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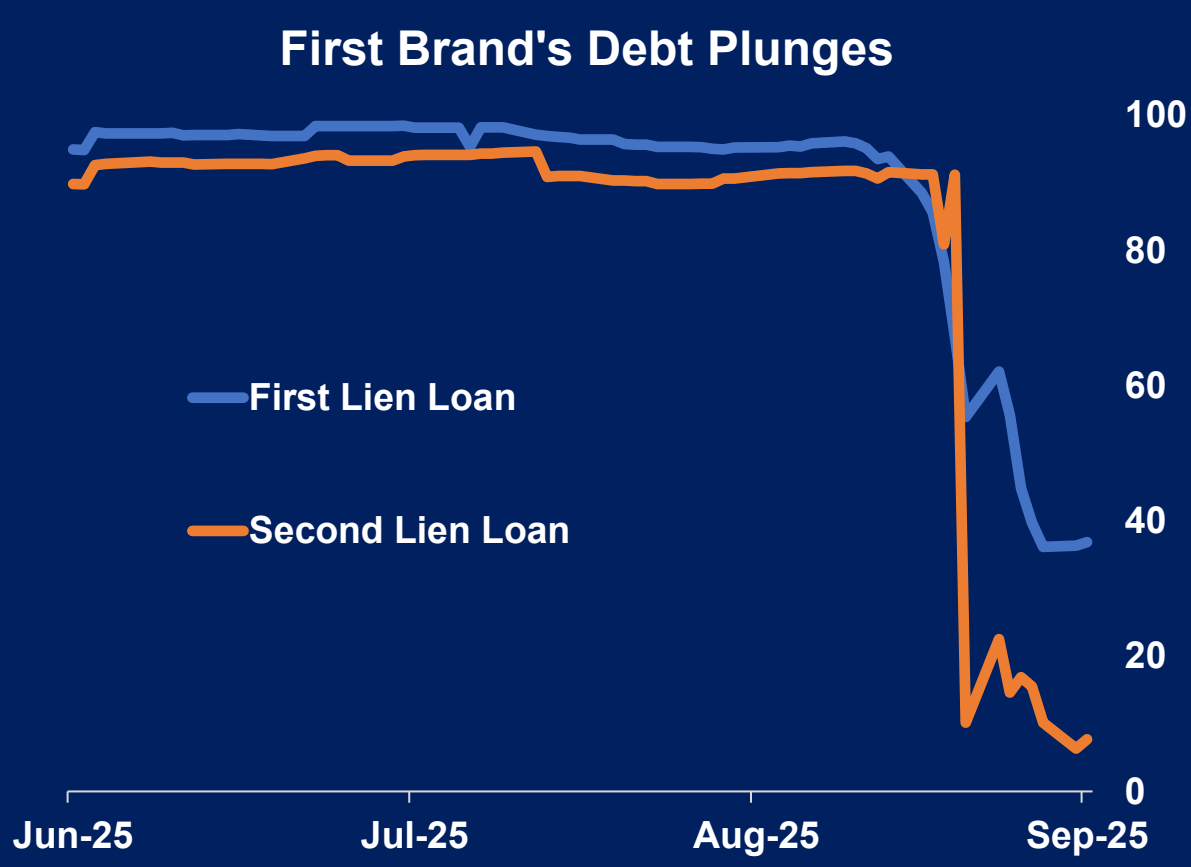
Source: Bloomberg as at 30/09/25



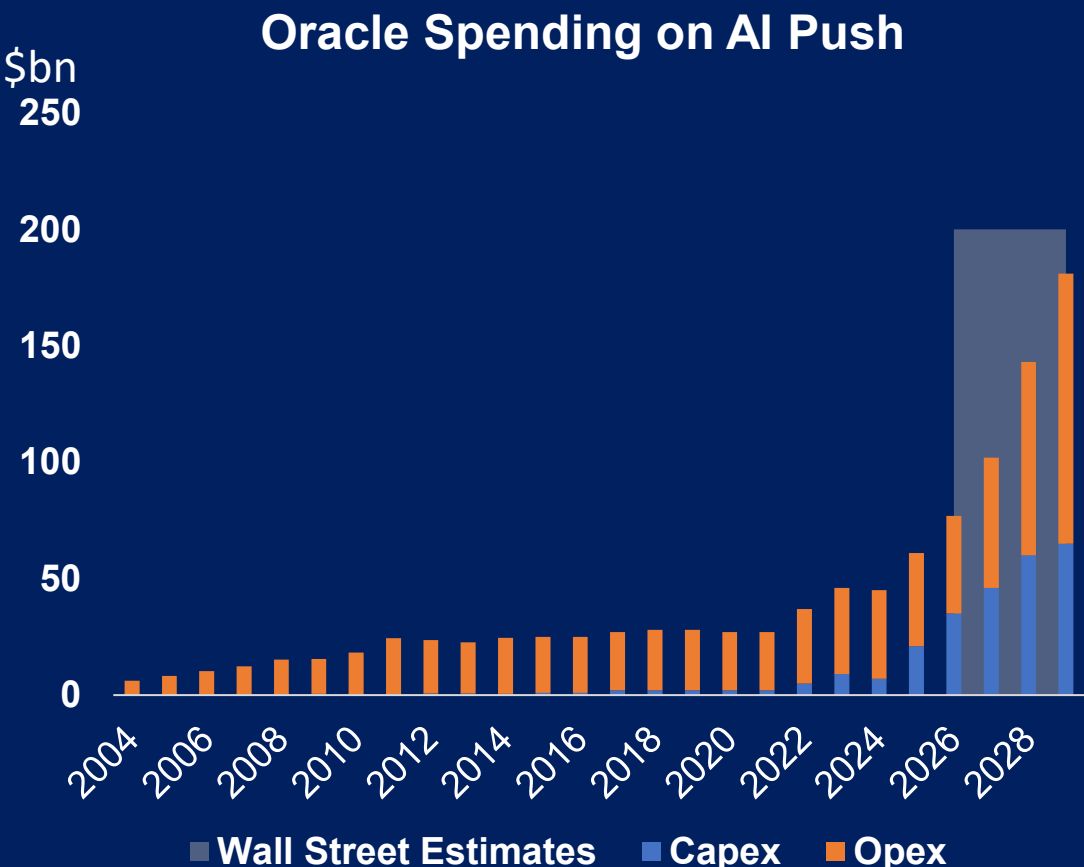
**Auto Distress** - The U.S. automotive sector has been hit hard by the combination of higher interest rates, elevated tariffs, and deteriorating conditions among lower-income consumers. September brought several notable warning signs: CarMax, the country’s largest used-car retailer, saw its stock plunge after reporting weak sales and profits; Tricolor, a subprime auto lender and dealer, filed for bankruptcy amid allegations of fraud; and auto-parts supplier First Brands Group filed for Chapter 11, sending its loans sharply lower.

**AI Boom** - In contrast, credit markets also showed signs of resilience. Oracle raised \$18bn in the second-largest corporate deal of the year as the company increased spending to keep pace with the AI boom. With its equity value having nearly doubled year-to-date, creditors welcomed the new issuance, which drew peak demand of more than \$88bn.

**Largest LBO** - Other notable developments in September included Kraft Heinz’s decision to split into two separate companies, effectively unwinding the decade-old merger that created the group. Meanwhile, the largest leveraged buyout in history — a \$55bn acquisition of Electronic Arts, including a \$20bn debt commitment — pushed the company’s bonds higher on expectations that a change-of-control covenant would be triggered.



Source: Bloomberg as at 30/09/25



Source: Oracle, Bloomberg estimates