

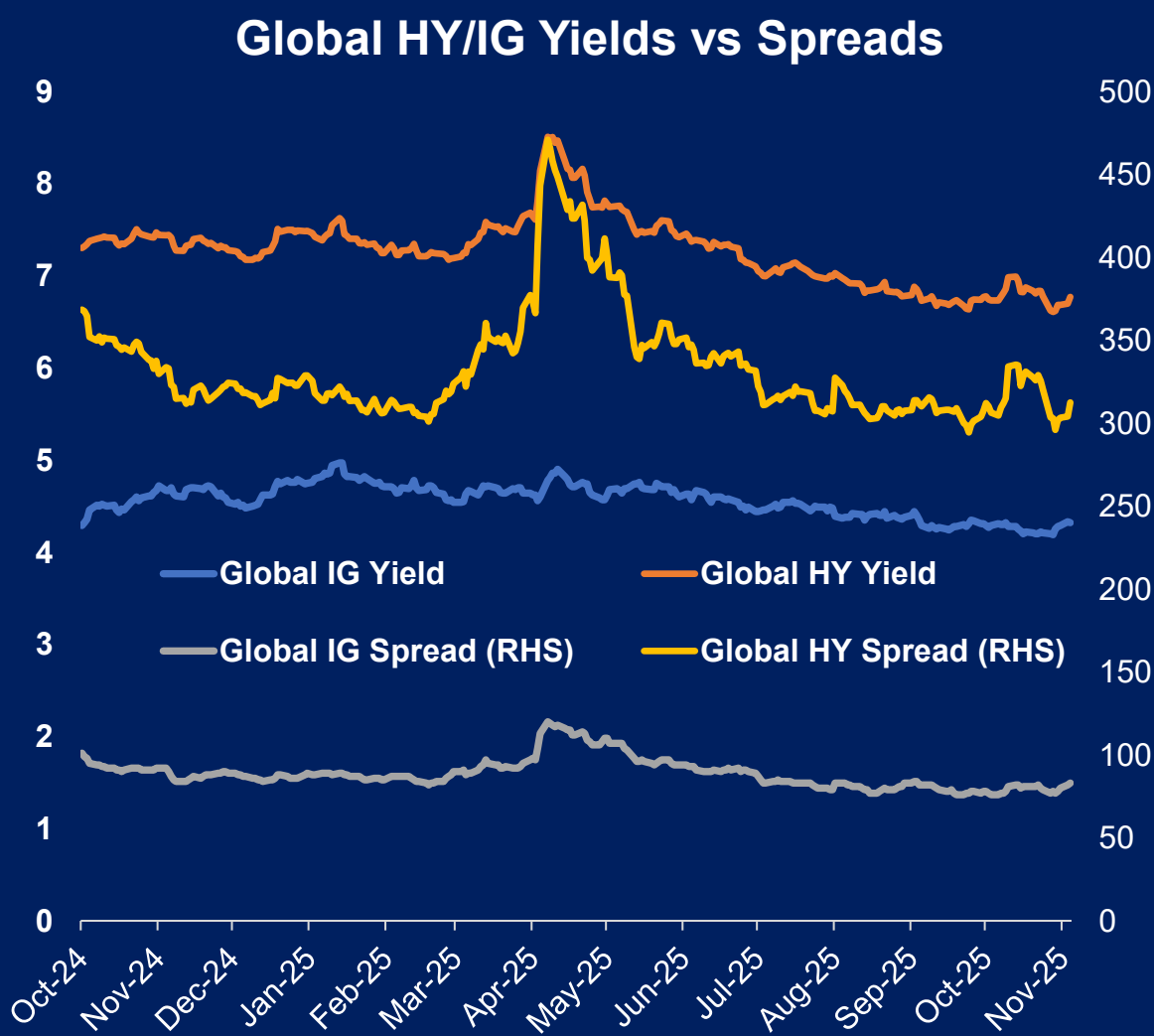
Rubrics Credit Market Overview

27 March 2025

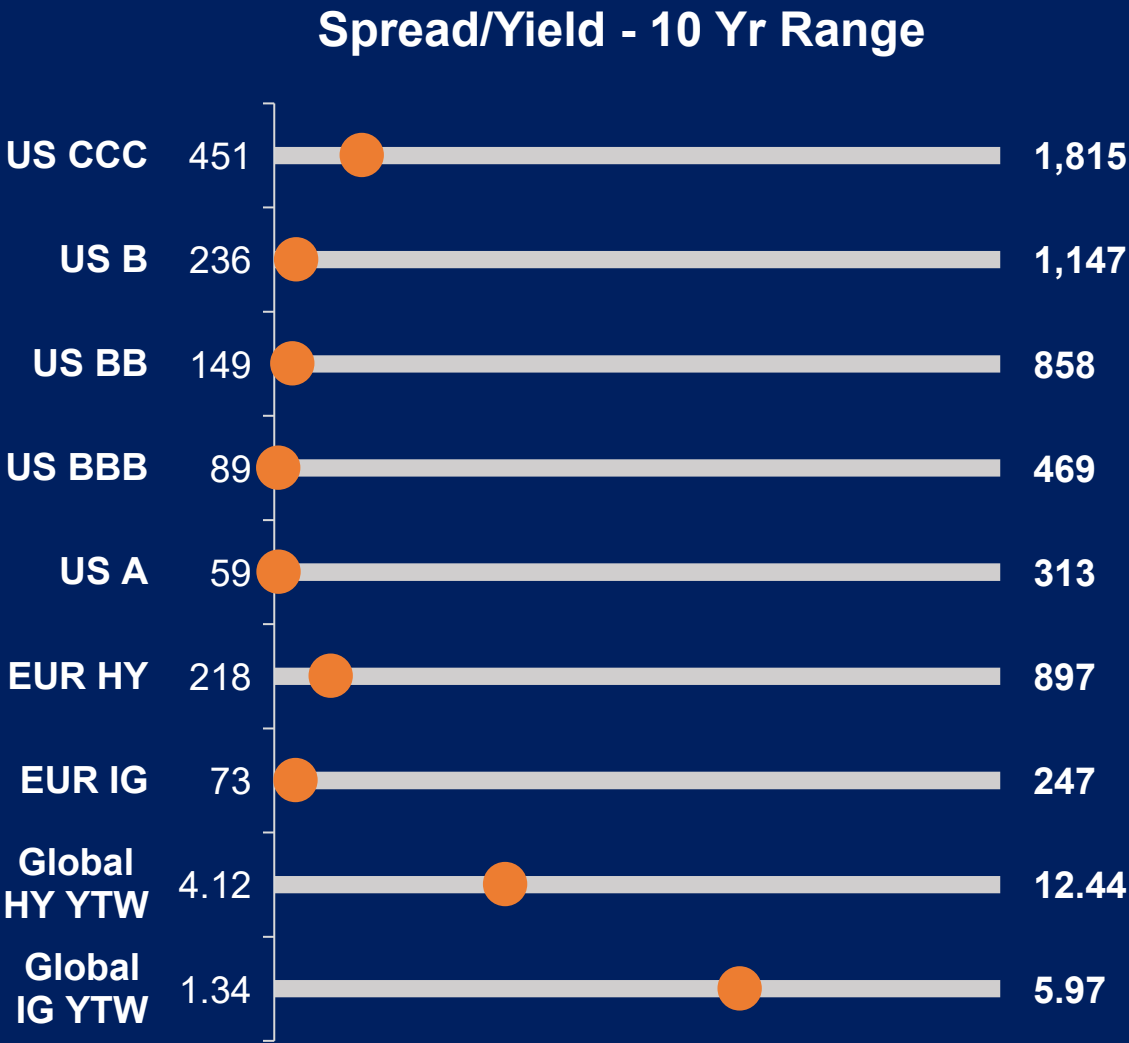
- Tight starting credit spreads led to moderate spread widening
- Falling government bond yields drove positive returns, led by higher quality
- Higher beta/higher yield continues to outperform on year-to-date basis

Index Performance (USD Hedged)	1 Month	3 Month	YTD	12 Month
Bloomberg US HY	0.16	2.24	7.39	8.16
Bloomberg EUR HY	0.28	1.38	6.48	8.06
Bloomberg USD IG Corp	0.38	2.92	7.29	6.62
Bloomberg EUR IG Corp	0.70	1.11	3.48	4.70
Bloomberg GBP IG Corp	2.20	2.60	6.54	7.54
Banks AT1	0.68	2.73	10.17	12.06
Leveraged Loans	0.46	1.67	5.79	7.39
Corporate Hybrids	0.98	2.10	7.45	9.21
EM Hard Currency	1.72	4.22	10.37	10.27
US A	0.47	2.95	7.35	6.49
US BBB	0.31	2.90	7.35	6.95
US BB	0.43	2.54	7.87	8.34
US B	-0.06	1.89	6.69	7.51
US CCC	-0.29	2.56	7.76	9.37

Source: Bloomberg as at 31/10/25



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Private Credit Problems - Distress in the subprime auto market that emerged in September spilled over into both liquid and private credit markets in October. Increased scrutiny fell on lower-quality borrowers as well as their lenders after JPMorgan CEO Jamie Dimon cautioned, “When you see one cockroach, there are probably more.” Among those affected by the collapses of First Brands and Tricolor were business development companies (BDCs) such as Blue Owl Credit Income, which saw credit spreads on recently issued debt widen by 50bps during the month. Listed BDCs in aggregate continue to struggle under the weight of growing concern with many showing negative returns on ytd basis.

Bubble Fears - Focus on credit deterioration as well as talk of an AI bubble overshadowed what was a strong period of earnings announcements from the major US banks. Banks posted record quarters for both trading revenue and banking activity driven in part due to the AI boom but many cautioned of over-exuberance and froth in the space. October also saw quarterly earnings releases and updated outlooks from non-financials. Grabbing the market’s attention in particular was Fiserv, the payments and fintech company, who saw it’s share price plummet 47% as earnings missed expectations and the company cut its outlook. Commensurate with the equity drop, credit spreads widened markedly.

