Credit Market Overview

August 2026

Credit Rallies Despite Bond Selloff
Spreads held tight and returns turned positive across nearly every index, even as sovereign yields hit multi-decade highs

Loans Extend Their Lead
US leveraged loans returned 1.20%, again the strongest major index, as lower-quality credit outperformed

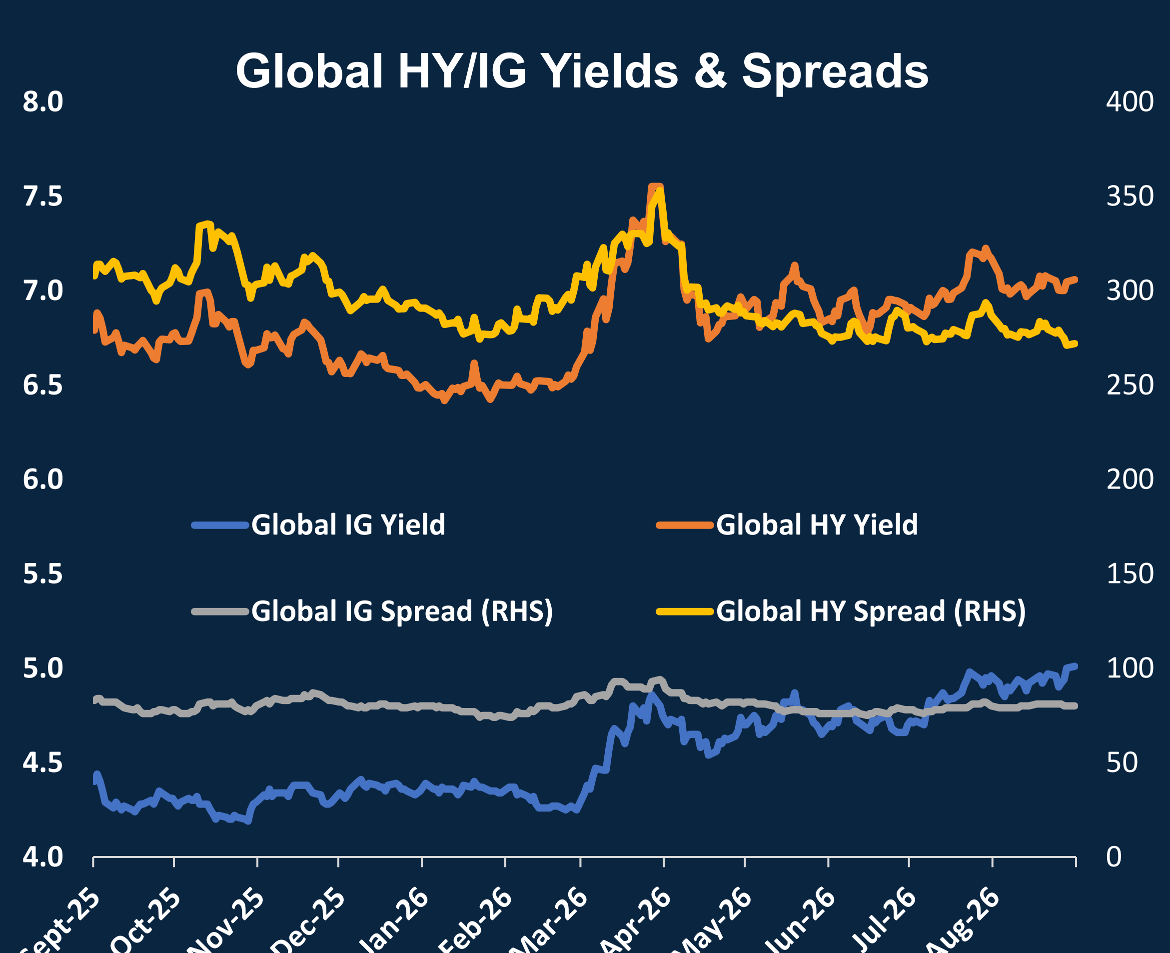
Euro IG the Lone Laggard
EUR IG Corporate was the only index in the red, slipping 0.22% as European yields led the global bond rout

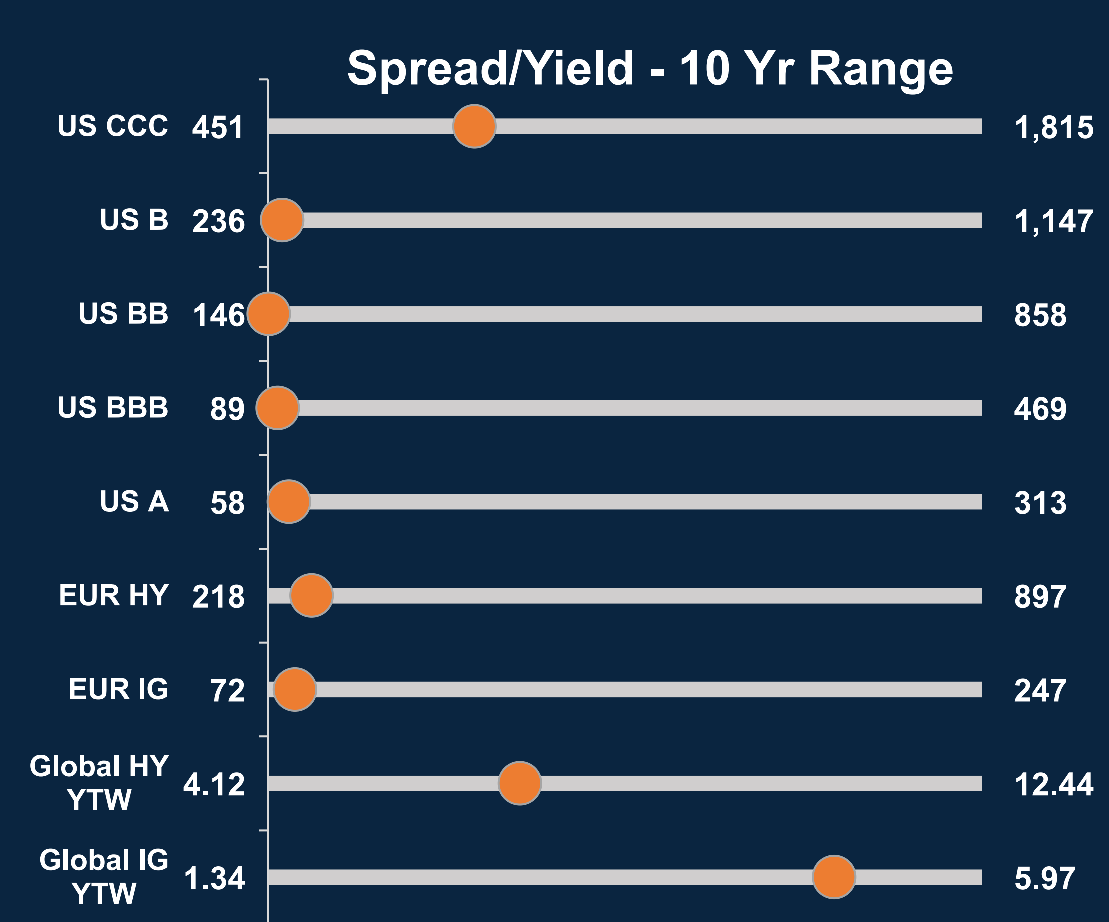
Supply Sets Another Record
US IG issuance hit an August record of $163.1bn, led again by AI-linked hyperscaler borrowing

PERFORMANCE SNAPSHOT USD Hedged

	1M	3M	YTD	12M
US High Yield	+0.97%	+0.99%	+2.69%	+4.88%
Euro High Yield	+0.57%	+1.10%	+3.21%	+5.08%
US IG Corporate	+0.43%	−1.06%	−0.40%	+1.94%
EUR IG Corporate	−0.22%	−0.75%	+0.13%	+0.78%
GBP IG Corporate	+0.46%	−0.18%	+0.06%	+3.76%
Banks AT1	+0.57%	+1.39%	+3.81%	+7.29%
Leveraged Loans	+1.20%	+1.95%	+2.79%	+5.36%
Corporate Hybrids	+0.31%	+0.38%	+2.27%	+4.56%
EM USD	+0.74%	−0.01%	+1.45%	+5.03%
US BB	+0.94%	+0.87%	+2.55%	+4.96%
US B	+1.12%	+1.41%	+3.34%	+5.83%
US CCC	+0.61%	−0.02%	+1.78%	+2.96%

YIELD & SPREAD TRENDS





Source: Bloomberg, as at 31/08/26

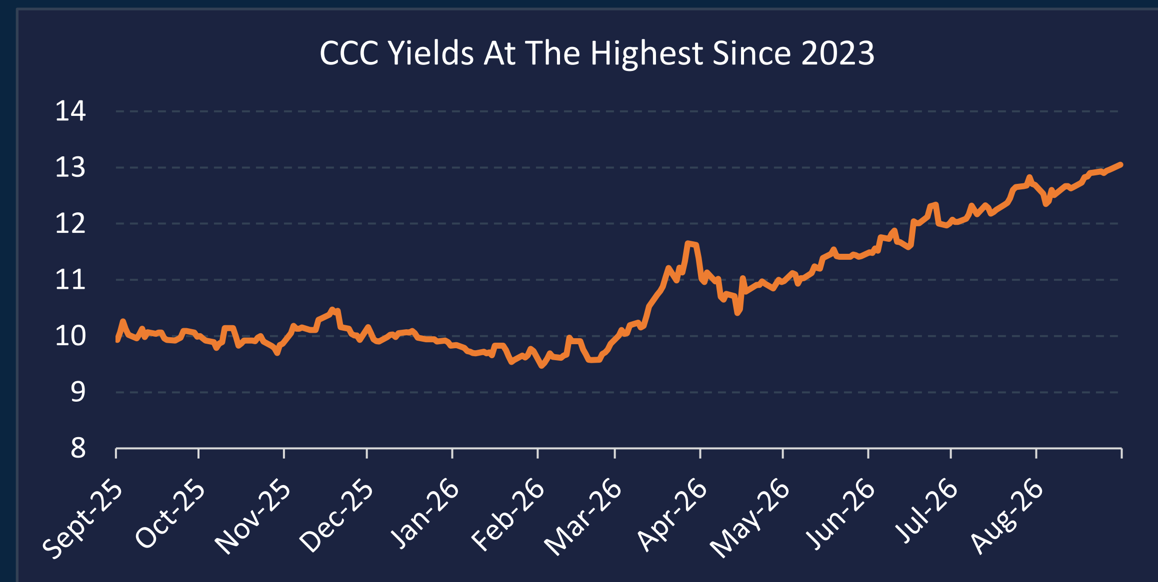
Credit Market Overview

RUBRICS

August 2026

Government Bond Yields Surge to Multi-Decade Highs; Credit Holds Firm

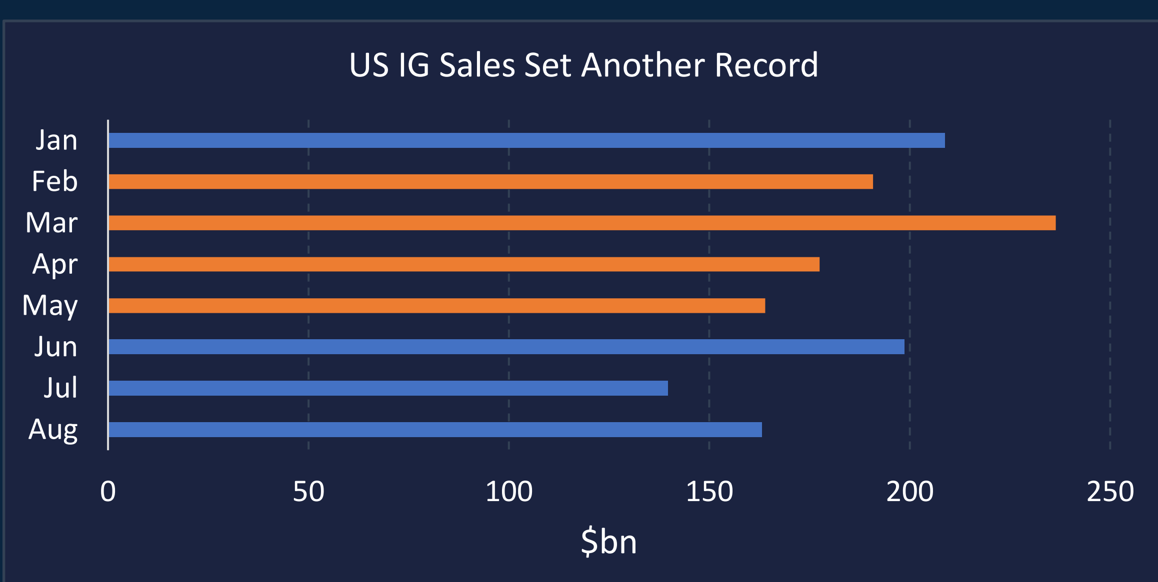
Government bond yields rose sharply across developed markets in August, with 30-year US Treasury yields reaching their highest level since 2007 and UK, German and Japanese yields testing similarly multi-decade highs. The move followed hawkish comments from Federal Reserve Chair Kevin Warsh at the Jackson Hole symposium, prompting several sell-side economists to reintroduce rate-hike scenarios into their forecasts. Credit, however, proved resilient: investment-grade spreads held within a tight range for the month. Leveraged loans and lower-rated high yield again outperformed higher-quality credit, while Additional Tier 1 bank debt was notably stable, trading with roughly 75% less volatility than the broader investment-grade market. Owing to the rise in underlying government bond yields, US CCC bonds rose to a 13% yield – the highest since late 2023

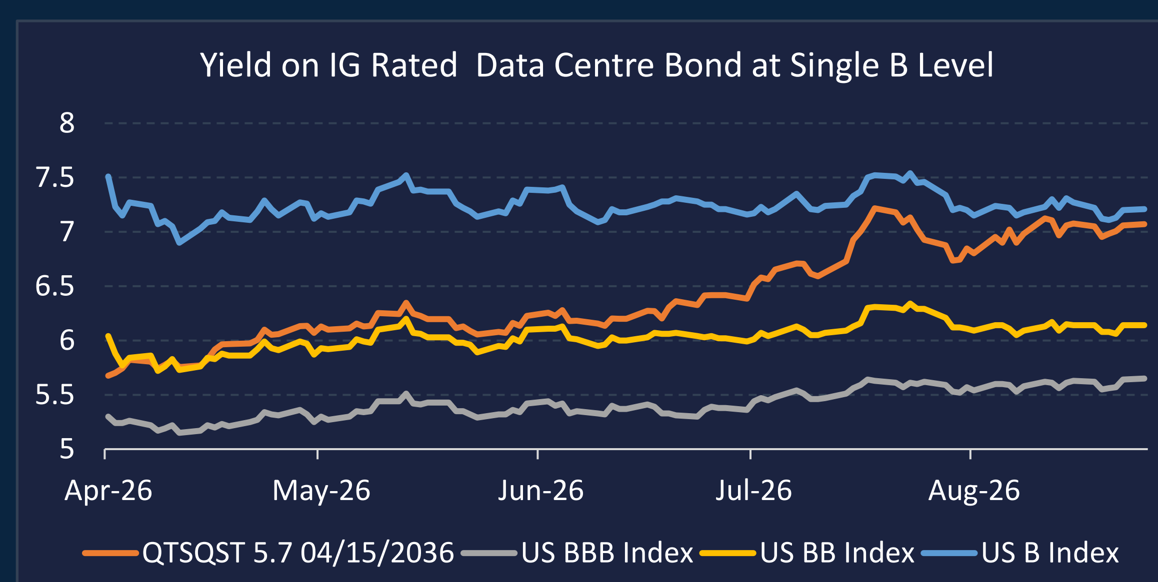


Source: Bloomberg, as at 31/08/26

US IG Supply Sets Fresh Record on AI-Linked Borrowing

US investment-grade issuance closed August at a record $163bn for the month — the fourth monthly record of 2026 — even as junk-bond issuance of just $12.1bn marked the slowest month since April 2025. Alphabet led the market with a $25bn multi-tranche deal that drew roughly $115bn of peak demand, the second-largest order book on record behind Oracle's February sale, taking Alphabet's 2025-to-date issuance above $114bn and cementing it as the year's largest seller of AI-linked debt; it has now priced bonds in seven currencies this year, including an Australian dollar tranche at a record yield near 7%. Data-centre financing extended further down the credit spectrum as well: QTS Realty priced a $3.9bn bond backed by a Microsoft-linked Georgia data centre at a junk-like 7.228% yield despite its investment-grade rating. Europe was scarcely quieter, with €97.71bn of supply making it the second-busiest August on record.

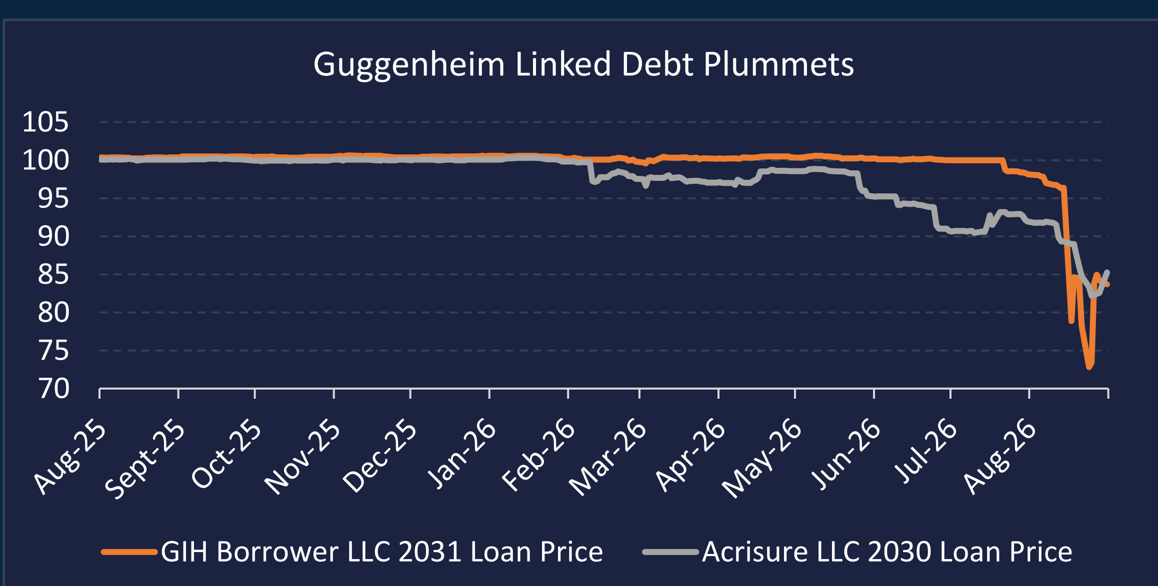


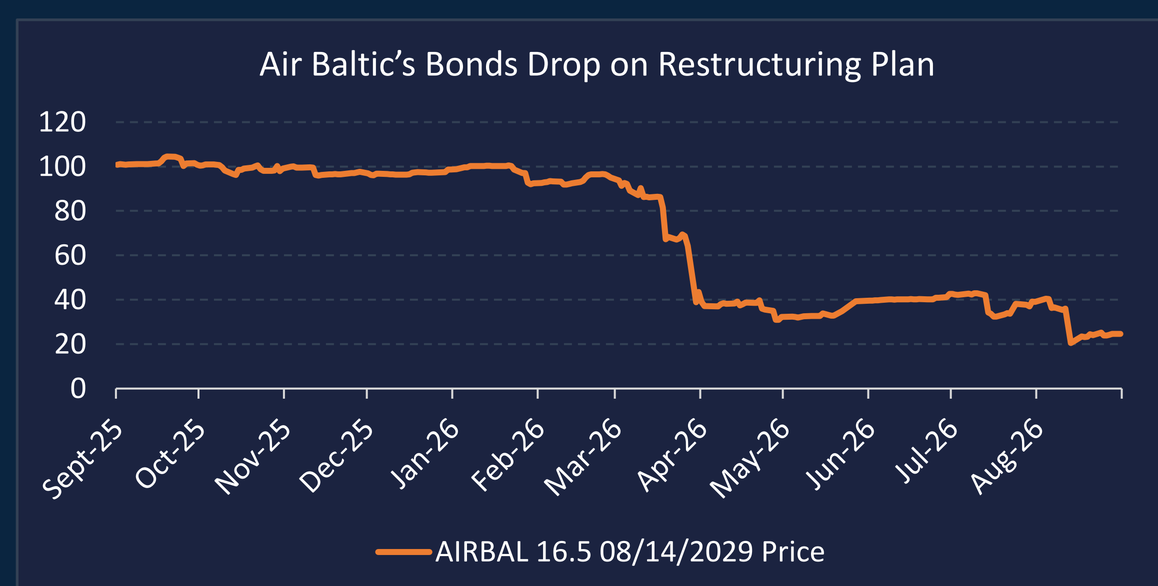


Source: Bloomberg, as at 31/08/26

Guggenheim, Acrisure and Air Baltic Highlight Stress in Weaker Credits

Signs of stress were more apparent in weaker pockets of the credit market. A $1.18bn loan issued by a financing vehicle linked to Guggenheim Investments fell to 72.5 cents on the dollar, its lowest level since pricing in November 2024, as scrutiny of the firm's ties to Mark Walter's broader business empire intensified. Acrisure, a credit tied to the same network, came under similar pressure after a second-quarter earnings decline, prompting the highly leveraged insurance broker to launch a cost-cutting programme targeting $300m of savings by 2027. In Europe, Air Baltic's bonds fell as low as 12 cents after the Latvian state carrier unveiled a debt-for-equity restructuring, having already been weakened by higher fuel costs and flight disruption stemming from the war in the Middle East.





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