



ALTERNATIVE CREDIT LETTER

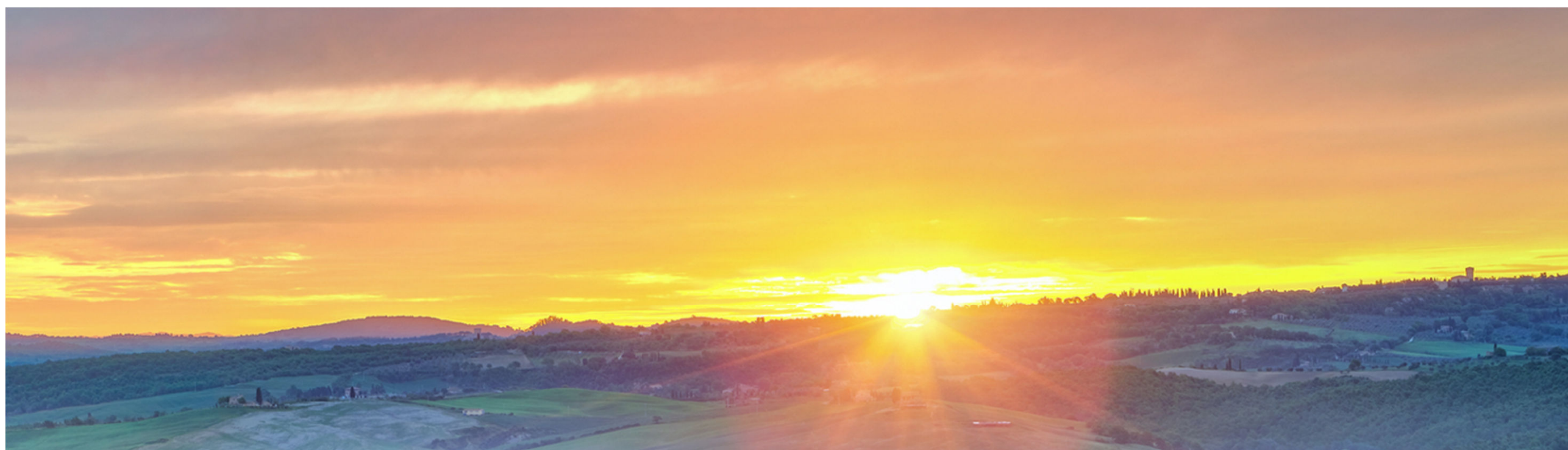
APRIL 2026

Euro Credit Resilience: Upgrades Outpace Downgrades

MONTHLY SPOTLIGHT



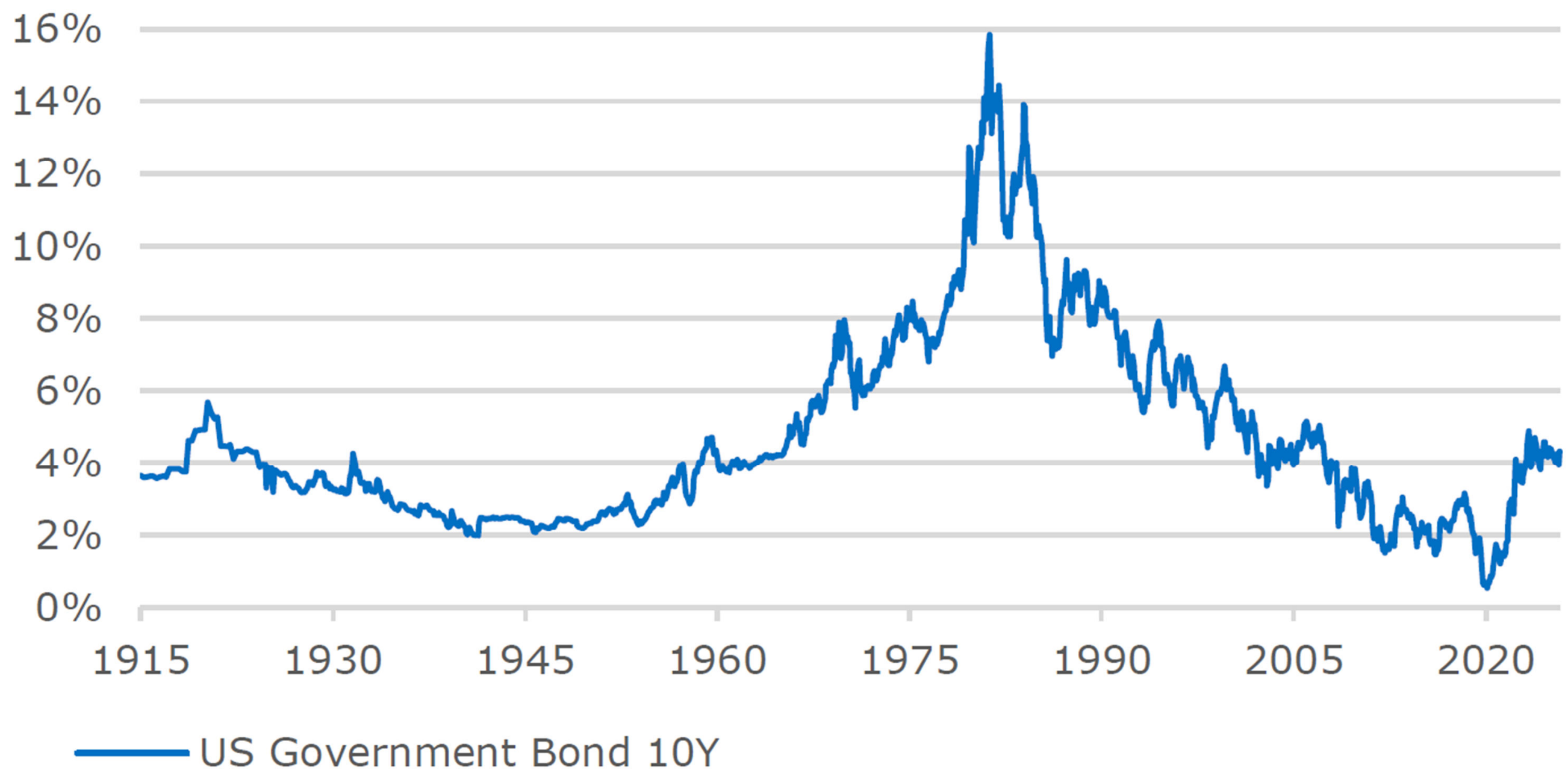
- European credit remained resilient in early 2026 despite geopolitical instability and slower growth
- Upgrades outnumbered downgrades by 4:1
- EUR 2.9b was upgraded to investment grade
- But potential rising stars (upgrade to investment grade) are fewer than fallen angels (downgrade to high-yield)



RATES PERSPECTIVE



Historical US Treasury Yield: The 10-year US government bond yield reached its 100-year low in 2020.

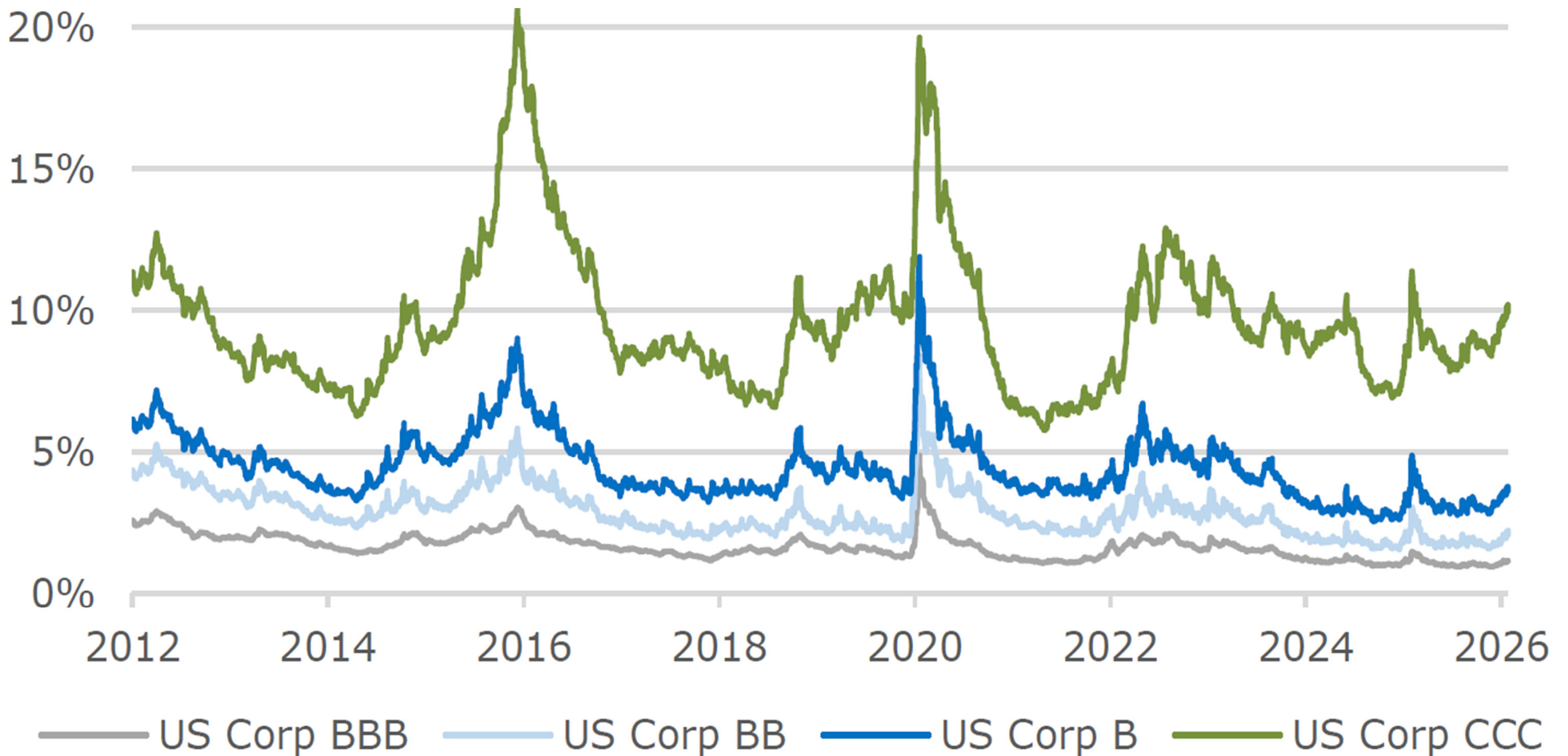


Source: FRED – US Federal Reserve Economic Data

CORPORATE PERSPECTIVE



US Corp. Rating: Credit spreads (OAS) of lower rated high-yield bonds widened disproportionately.

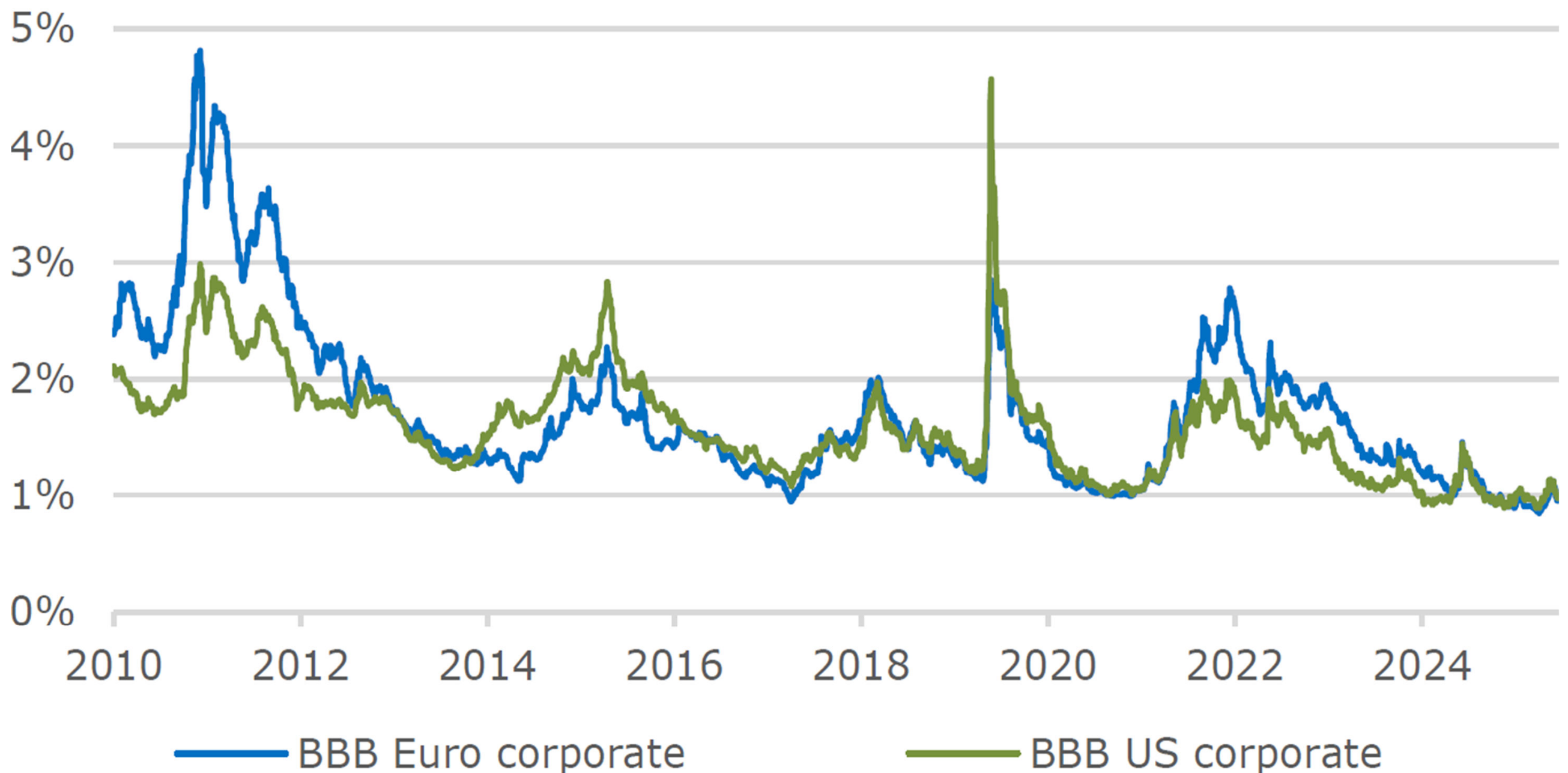


Source: Ice Data Indices, LLC

CORPORATE PERSPECTIVE



EU vs US: EU credit spreads (OAS) are now at similar levels to those in the US.

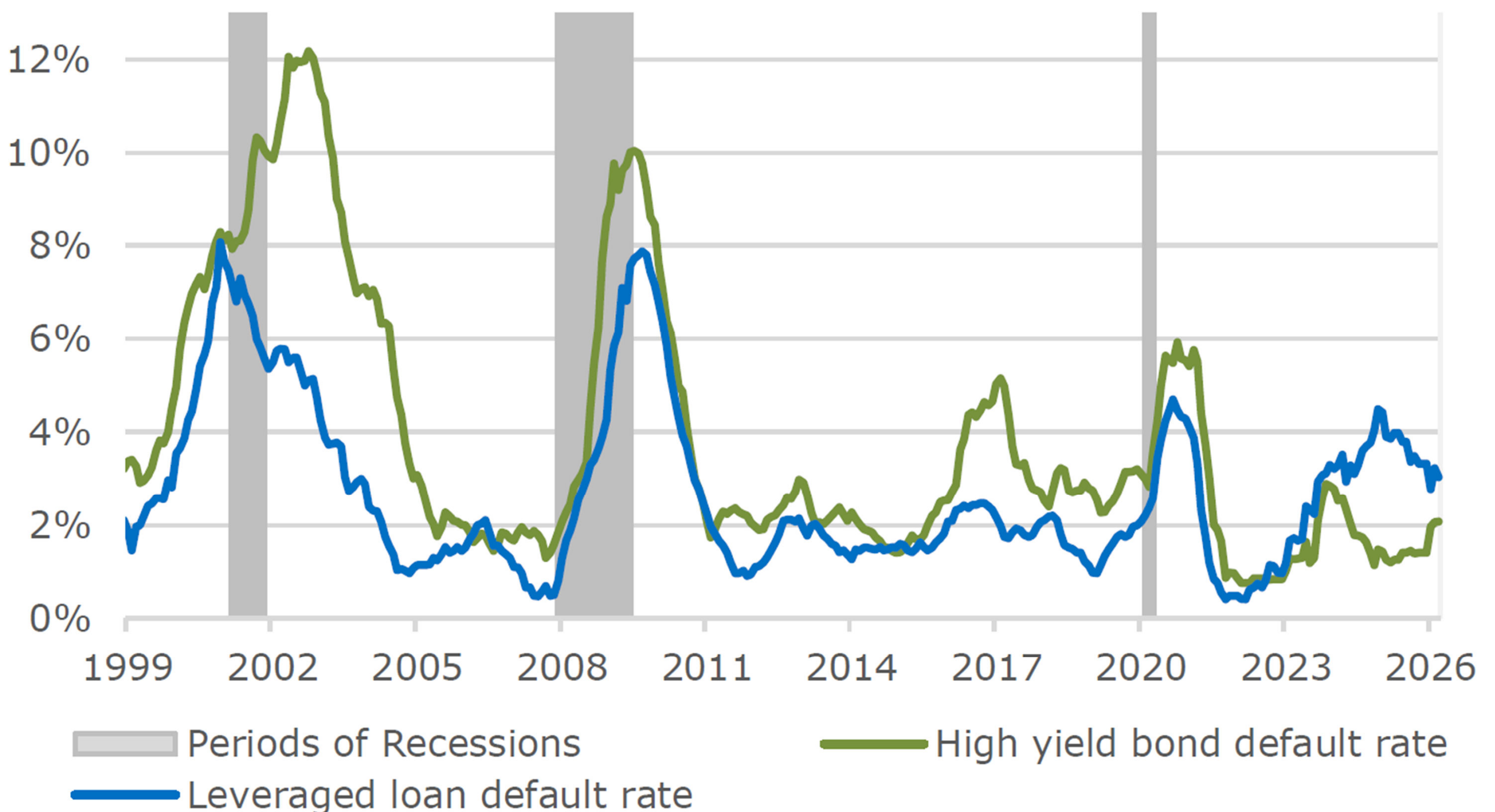


Source: Ice Data Indices, LLC

CORPORATE PERSPECTIVE



Default Rates: High-yield bond default rates are now lower than leveraged loan default rates.



Source: J.P.Morgan Default Monitor

OAS





OAS spread change overview across major credit asset classes – as of month end.

US corporates by rating (bps)

	curr	Δ month
AAA	40	-1
AA	56	+2
A	75	+4
BBB	113	+6
BB	208	+19
B	361	+23
CCC	994	+44

Global high yield (bps)

	curr	Δ month
US HY	328	+18
EU HY	337	+68
Asia HY	511	+112
EM HY	387	+43

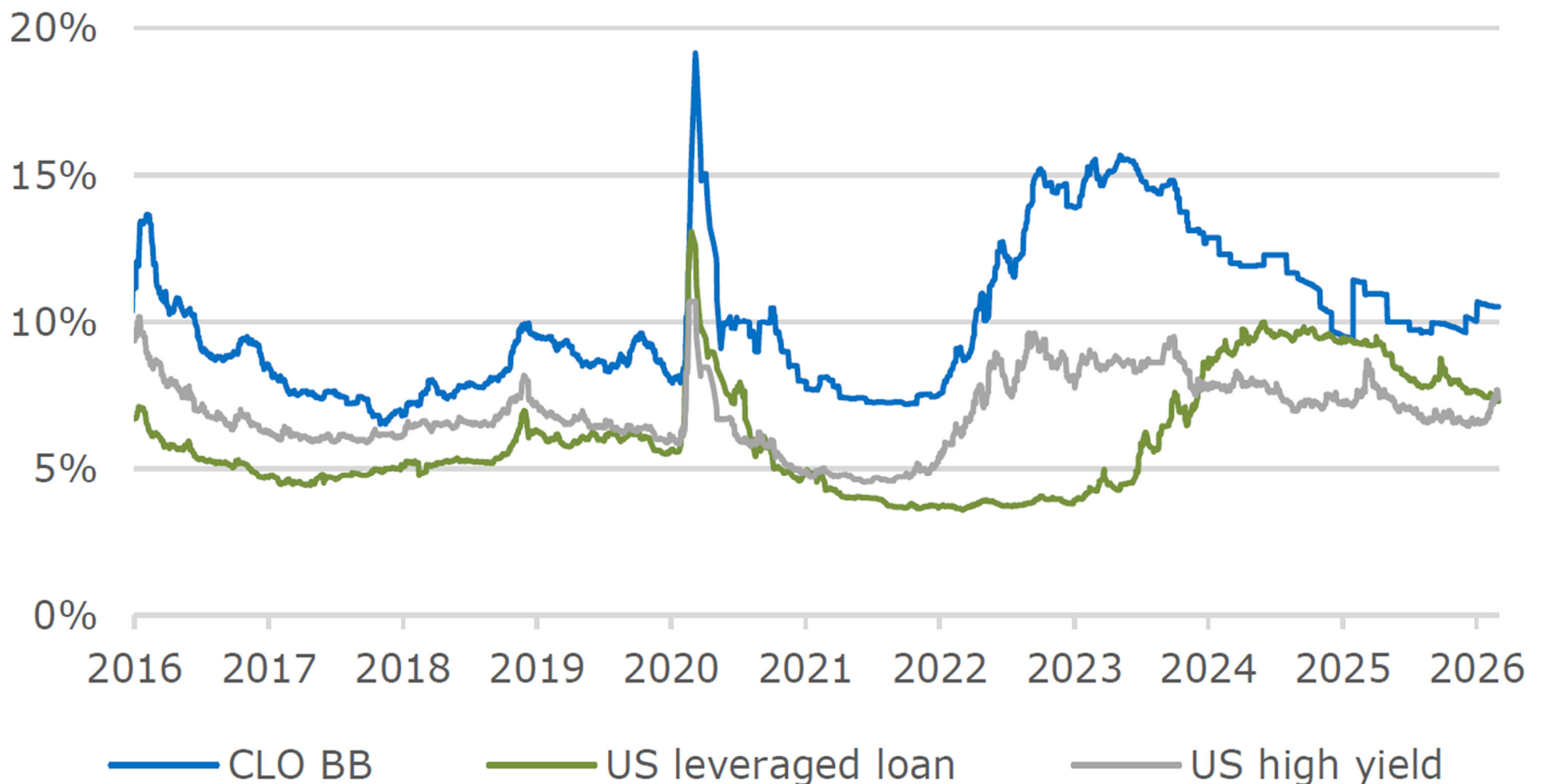
-  spread tightening
(positive price action)
-  spread widening
(negative price action)

Source: Bloomberg

ALTERNATIVE PERSPECTIVE



Loans vs. CLO vs. High-Yield: CLO BB yields are wider than those of loans and high-yield bonds.

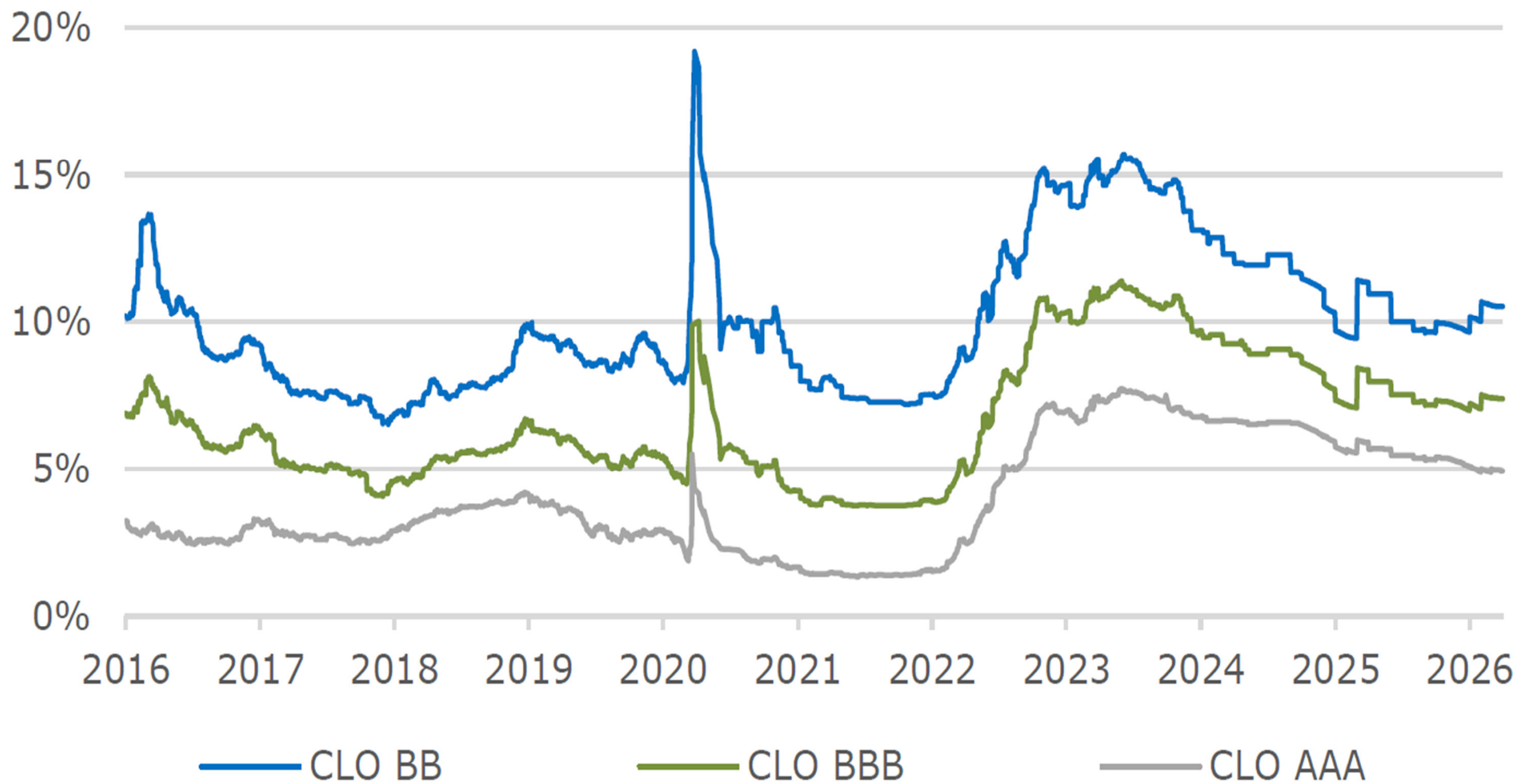


Source: Bloomberg

ALTERNATIVE PERSPECTIVE



CLO Yields: CLOs offer an attractive yield premium over bonds and loans.

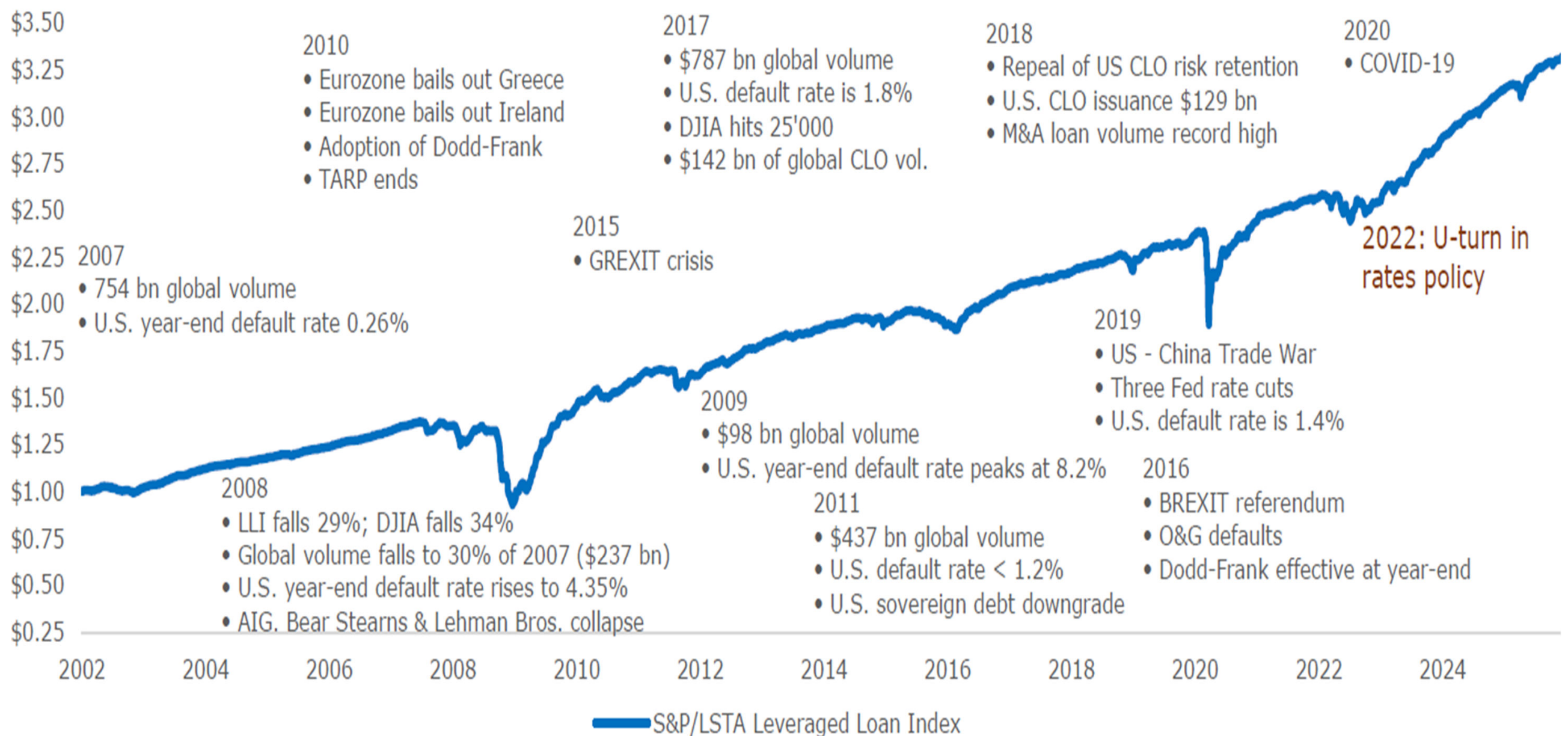


Source: Bloomberg

US LOAN INDEX TOTAL RETURN



Attractive Long-Term Yield Generation



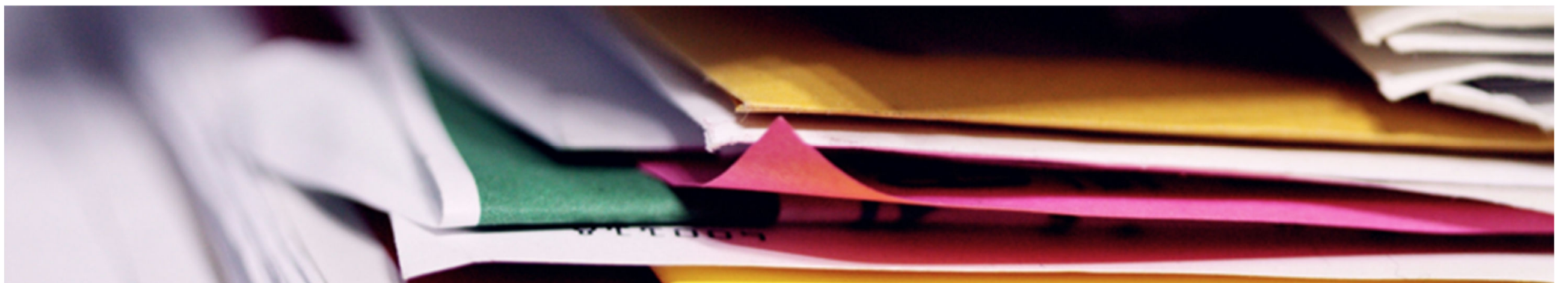
Source: Bloomberg

EDUCATION CORNER



Private Credit

- Direct lending saw negative reports in Q1 2026
- Redemption requests totalled USD 20b
- Half of the redemptions were deferred
- Pressure is concentrated in retail vehicles (~15% of private credit) with periodic liquidity but gates (often 5% per quarter)



EDUCATION CORNER (continued)



Private Credit

- Signs of broad credit stress are limited
- Wider spreads are improving the risk-return profile for new investments
- Europe is supported by institutional investors
- Liquidity terms matter: illiquid assets can't be made liquid without trade-offs



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