

# High Yield & Loan Strategy

## From AI boom to credit stress: parsing Q3's contradictions

### Q3 Topline improves but profitability lags

LevFin Q3 results reflect a mixed picture for investors. While revenue growth remains resilient, with Loans up 4.5% and HY up 3.8%, earnings performance was more nuanced. Costs increased, but revenues grew marginally more, lifting gross margins. However, EBITDA margins declined due to other associated costs. As a result, YoY EBITDA growth fell well below expectations, with Loans at 1.6% and HY at 1.3%.

### Sector performance diverges amid AI impact

Sectors benefitting from AI proliferation dominated the leader board in Q3. Technology, Capital Goods and Metals are riding AI-driven demand and structural tailwinds in grid modernization and aerospace/defense. Meanwhile, Chemicals face oversupply and pricing pressure, and Real Estate remains weak due to high rates, though Fed cuts offer some relief. Autos likely to be under the microscope despite decent Q3 performance.

### Changing headwinds: AI disruption and subprime stress

Looking ahead, as tariff concerns recede, new risks such as AI disintermediation and subprime consumer stress are emerging with potentially divergent impact across sectors. Expect sector dispersion to continue into 2026. The public-private divide may continue as private issuers, which make up roughly half of leveraged finance, are more vulnerable to liquidity shocks and revenue stream disruptions.

### Restructuring risks rise in HY; Loans stable

Restructuring risk has inched up marginally for HY issuers, with the subset of companies ripe for LMEs increasing to 3.5% from 3.0%, driven by +0.4% rise in issuers with <2yr of cash runway left. Loan LME pool remains stable at ~ 5% and we expect incremental declines in 2026 as falling rates provide cost relief to floating rate issuers.

### HY exposed to default/downgrade pressure

Coverage ratios for low-quality loans held steady while HY issuers weakened, signaling higher 2026 default risk in HY. CCCs will benefit from Fed rate cuts, but B3 loans need rates at ~3%, and HY B3s require 15% cash flow growth or rates near 2% to avoid downgrades. That said, LevFin issuers currently have sufficient capex cushion to alleviate default/downgrade pressures should there be a need.

### HY and Loan weekly recap

HY tightened 13bp WTD on spreads and added +0.39% in TR; Bs outperformed (+0.46%) and CCCs lagged (+0.19%). Supply remained strong w/ \$4bn priced (all in BBs, evenly split between refi and M&A/LBO) and another \$4bn in the pipeline. Flows turned positive w/ \$0.5bn net inflows (primarily into ETFs) after 5 consecutive weeks of net outflows. Calls/mty totaled \$1.8bn for the week with no coupons; next week is expected to be stronger (\$6.5bn calls/mty, \$5.2bn coupons). Loans returned 0.12% WTD, Led by BBs (0.14%) while CCCs lagged (0.05%). Technicals softened, with -\$5.6bn in demand net of supply WTD driven by robust issuance (\$8.6bn) and subdued CLO creation (\$0.4bn). Autos, Transportation, and Retail outperformed, each returning 0.2%, while Real Estate lagged (-0.1%).

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## What LevFin Earnings tell us about 2026

### Mixed signals in Q3 as AI Fuels growth while earnings remain pressured

Q3 results reflect a mixed picture for investors. While revenue growth remains resilient, with Loans up 4.5% and HY up 3.8%, earnings performance was more nuanced. Costs increased, but revenues grew marginally more, lifting gross margins. However, EBITDA margins declined due to other associated costs. As a result, YoY EBITDA growth fell well below expectations, with Loans at 1.6% and HY at 1.3%. This underscores the importance of tracking “hidden” costs that could impact future profitability.

Technology and Capital Goods outperformed due to AI-driven demand for semiconductors, cloud infrastructure, and data center buildouts, as well as structural tailwinds from grid modernization and aerospace backlogs – drivers we expect to persist into 2026 amid the AI arms race. In contrast, Chemicals remain challenged from oversupply and pricing pressures, which is likely to be exacerbated by a potential overturn of IEEPA tariffs. Real Estate fundamentals continued to soften amid weak construction activity and elevated interest rates, although we expect some easing from additional Fed rate cuts. Looking ahead, as tariff concerns recede into the background, new risks such as AI disintermediation and subprime consumer stress, are emerging with potentially divergent impact across sectors. Expect sector dispersion to continue into 2026.

### Exhibit 1: AI fuels growth as Tech & Cap goods drive outperformance

Technology and Capital Goods leads performance across HY and LL.

Levfin universe	Levfin revenue growth (YoY)	Levfin adj Ebitda growth (YoY)
Capital Goods	11.8%	13.2%
Technology	11.6%	12.0%
Telecoms	10.8%	10.6%
Travel	7.5%	4.3%
Metals	5.9%	6.6%
Autos	5.9%	-0.6%
Packaging/Paper	4.8%	7.3%
Services	4.4%	-3.4%
Healthcare	4.3%	-1.6%
Retail	4.3%	-12.1%
Gaming	3.0%	1.2%
Real Estate	1.3%	-1.5%
Media	-1.3%	-4.2%
Chemicals	-3.2%	-8.4%
Energy	-3.3%	13.8%

Source: BofA Global Research, LCD, Bloomberg

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### Restructuring Risks Rise for HY as Coverage Ratios Diverge

Restructuring risk has inched up slightly for HY issuers, with the subset of companies ripe for LMEs increasing to 3.5% from 3.0% in Q4'24, driven by +0.4% rise in issuers with <2yr of cash runway left. Loan LME pool remains stable at ~5% and we expect incremental declines in 2026 as falling rates provide cost relief to floating rate issuers. In contrast, HY issuers are unlikely to benefit as their coupons continue to reset higher, leading to incrementally higher costs and default rates.

In Q2'25, low quality loan issuers (public and private) saw flat to improving coverage ratios, while HY issuers deteriorated, corroborating our 2026 default outlook. Our pro forma coverage stress tests indicate that CCCs can alleviate default pressures with another 1-2 Fed cuts, but the bar to prevent LevFin downgrades is higher, with bifurcated outcomes in HY and Loans. Loan B3 issuers can better manage downgrade risk needing FF at 3% with flat cashflows, while HY B3s need +15% cashflow growth and/or FF rate at 2% to achieve >1.5x coverage, which is our threshold for downgrades.

For Loans, we expect Q3 revenue growth to end up ~3.5%, while EBITDA growth is expected to slow to around 1%, reflecting ongoing challenges around profitability. HY



fundamentals appear stronger, with revenue growth projected at 4.5% and EBITDA at 1.5%. Notably, improving macro conditions and C-suite sentiment sets the stage for potentially better Q4 results, but investors should remain cautious of costs and sector-specific risks.

## Growth holds, Adj Ebitda strains as risks shift

With 70% of Q3 earnings in, we see LevFin issuers showing mixed performance across key credit metrics of revenue, adjusted EBITDA and leverage, while coverage has remained generally stable.

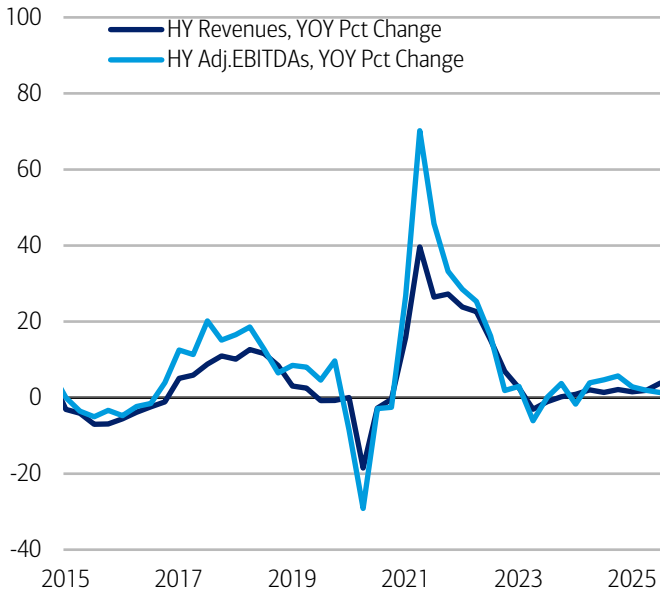
Loan issuers have shown resilient topline growth, with YoY revenue up 4.5%, at the upper end of our 2-4% forecast range. Strength was largely driven by continued momentum that began in Q2 from frontloaded transactions by corporates and consumers to get ahead of forthcoming higher tariff related costs (see our [Earnings Tracker](#)). However, profitability metrics were less straightforward. Margins diverged, with higher gross margins driven by higher revenue, but lower Ebitda margins due to adjustments across SG&A, tax, int, amort/depreciation – notably outside of COGS. Adjusted Ebitda growth slowed to 1.6%, well below our 3–5% forecast. Leverage and coverage both declined modestly.

For HY issuers, revenue growth came in at 3.8% YoY, exceeding our 1–3% forecast, while adjusted Ebitda growth at 1.3% was again below our forecasted 2–4% range, with similar divergence between gross and EBITDA margins. Net leverage and coverage ratios held steady at 3.6x and 4.4x, respectively.

All told, LevFin earnings continue to remain historically sluggish as seen in Exhibit 2 and Exhibit 3.

### Exhibit 2: HY Revenue & Adj Ebitda YoY growth

HY revenue growth stands at 3.8% & Adj Ebitda at 1.3% so far in Q3

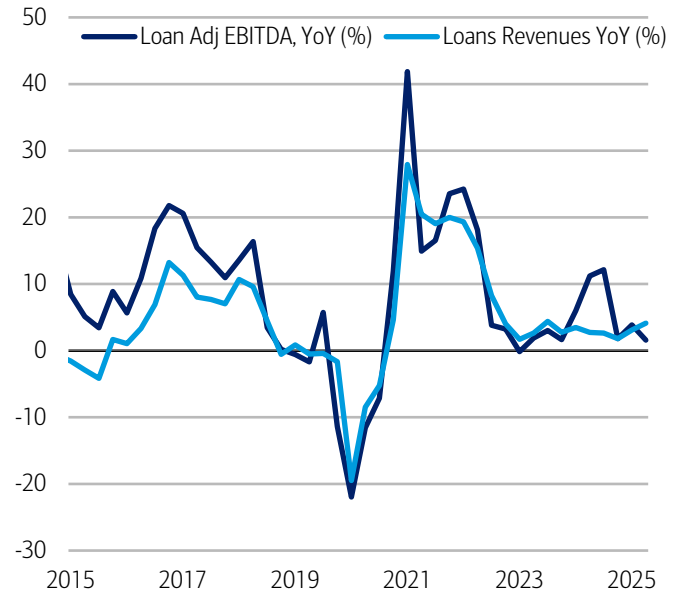


Source: BofA Global Research, LCD, Bloomberg

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### Exhibit 3: Loans Revenue & Adj Ebitda YoY growth

Loans revenue growth stands at 4.5% & Adj Ebitda at 1.6% so far in Q3



Source: BofA Global Research, LCD, Bloomberg

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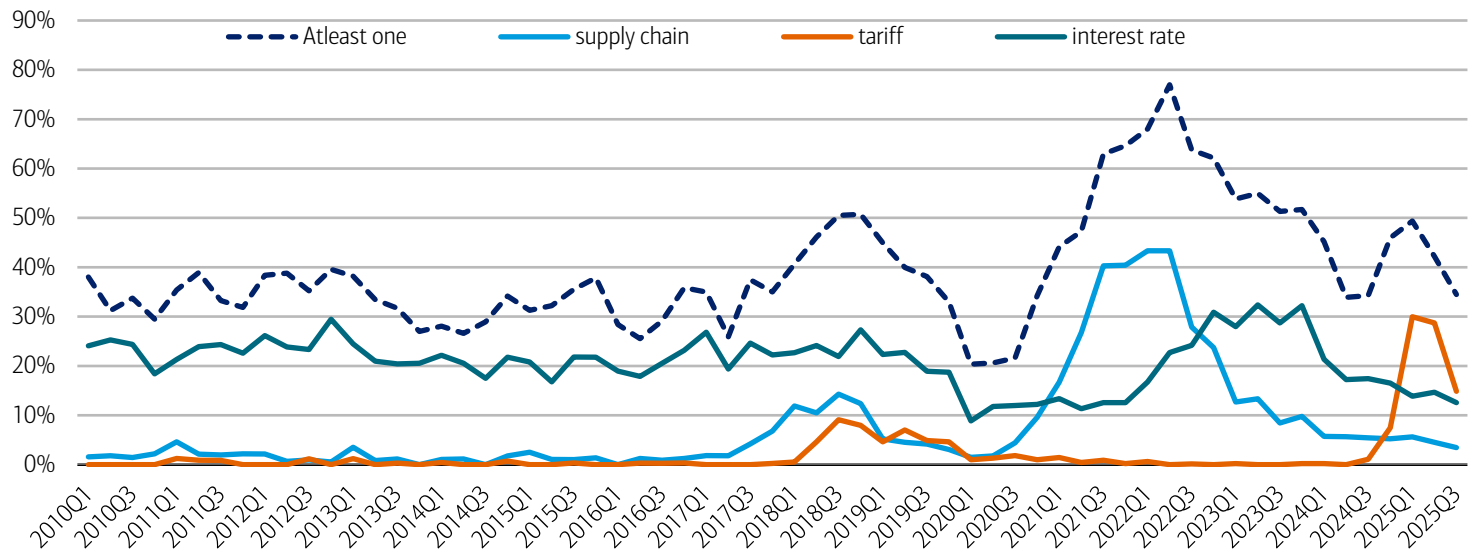
## Tariff pressure declines; headwinds soften

Forward looking cost headwinds as seen by the C-suite eased in Q3'25 for both HY and Loan issuers, with overall exposure now below historical median levels. 38% of HY issuers cited at least one earnings headwind, down from 41% in the prior quarter, while Loan issuers citing at least one headwind declined to 31% from 43%. Headwinds related to tariffs eased significantly, to 13% in Loans and 17% in HY from 29% in both markets.

The nature of headwinds has changed over time. In 2022, issuers grappled with broad supply chain disruptions. Then risks shifted to interest rates and subsequently tariffs in 2025. In 2026, we expect headwinds to tilt towards concerns around AI impact and subprime consumer weakening.

### Exhibit 4: A timeline of headwind for HY & Loan issuers

HY & loan issuers have reported a decline in tariff headwind



Source: BofA Global Research, LCD, Bloomberg

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## Subprime consumer stress currently benign

Our sector level scan of potential subprime consumer related issues reveals benign stress for now. Overall, most issuers note conservative lending strategies and limited exposure to subprime borrowers, alongside stable default rates. While some consumers in lower credit tiers are experiencing stress, a stable unemployment rate thus far is helping prevent broad deterioration.

**Autos:** Despite recent signs of strain (Tricolor, First Brands) multiple auto issuers reported limited exposure to subprime borrowers and stable default rates across their portfolios. They emphasized their positioning in higher-quality credit segments and noted that recent negative headlines stem from deep within the subprime borrower segment. A recent BofA auto industry report ([Automotive Industry](#)) highlighted that the credit market for prime borrowers remains stable, with OEMs not currently observing significant credit stress. One large OEM indicated that while certain borrower segments are experiencing pressure, they do not expect this to escalate unless unemployment rises sharply.

**Travel:** Issuers in the travel sector echoed a similar sentiment. One major player noted a reduction in subprime exposure, alongside sequential improvement in annual default rates from stabilizing credit quality. They also emphasized that lending to subprime borrowers is tightly controlled.

**Consumer Finance:** Issuers in this sector had a more cautious tone. While portfolios generally possess low subprime concentration, issuers are monitoring consumer stress.



Our sector analysts are watching for any signs of rising unemployment and inflation, particularly in light of large recent private sector layoff announcements which may put pressure lower-income consumers.

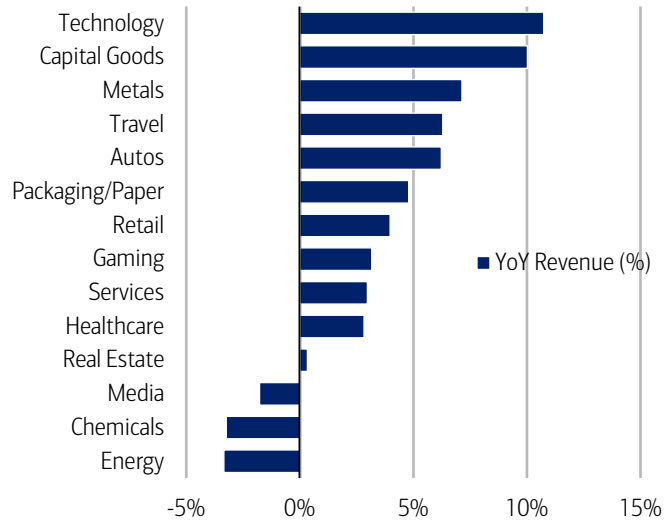
However, note that this analysis is based on public issuers only, which are generally higher quality, while private issuers (~50-60% LevFin) could possibly be facing more credit quality challenges. Private issuers are generally smaller in size and have inherently less maneuverability to mitigate stressors related to revenue streams and cost structures. In addition, a K-shape economy in 2026 is likely to continue to strain the lower echelons of the consumer and corporates. Expect dispersion to remain high.

### Sector Performance: AI in the driver’s seat

Sectors benefitting from AI proliferation dominated. Technology, Capital Goods and Metals led HY YoY revenue and Ebitda growth in Q3, while Chemicals, Energy and Retail underperformed. The Loan market showed similar trends with Technology and Capital Goods outperforming, while Chemicals continued to be the worst performer across both Revenue and Ebitda. Below we discuss performance of these sectors in the context of our recommendations put in place a month ago (see our report, [October Spooks Arrive Early](#)).

**Exhibit 5: HY sector wise YoY revenue change (%)**

Tech & Capital goods lead y/y revenue growth while Energy & Chemicals lag

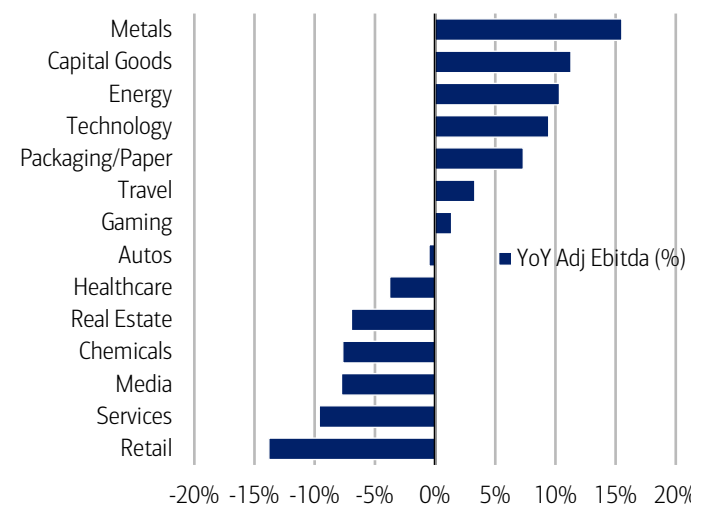


Source: BofA Global Research, LCD, Bloomberg

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**Exhibit 6: HY sector wise YoY adj Ebitda change (%)**

Metals & Capital goods lead y/y earnings growth while Retail & Services lag



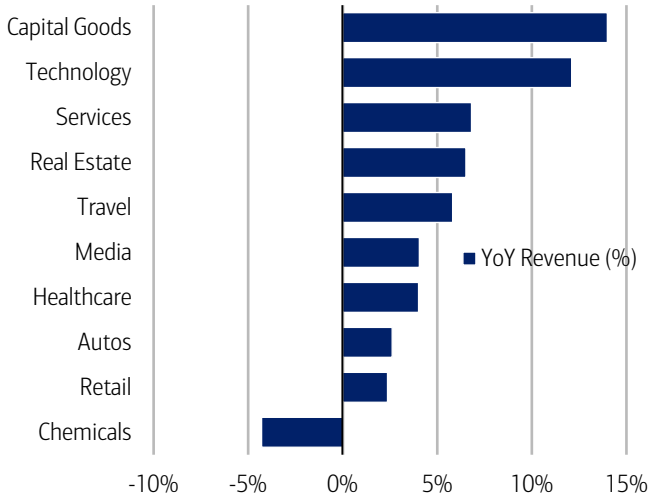
Source: BofA Global Research, LCD, Bloomberg

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**Exhibit 7: Loans sector wise YoY revenue change (%)**

Capital goods & Tech lead y/y revenue growth while Chemicals lag

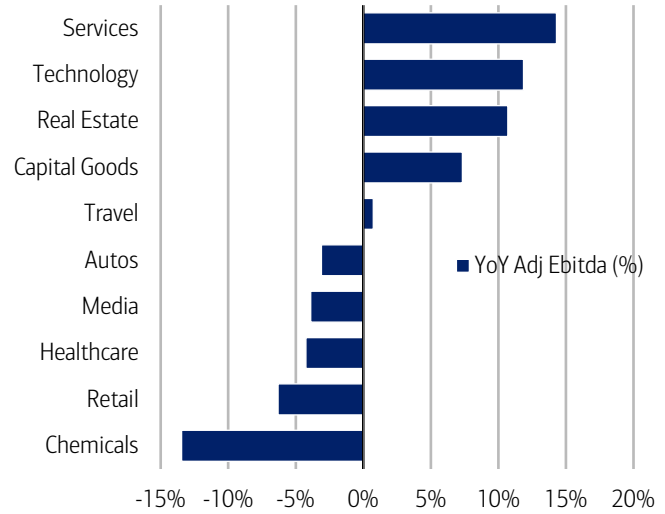


Source: BofA Global Research, LCD, Bloomberg

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**Exhibit 8: Loans sector wise YoY adj Ebitda change (%)**

Services & Tech lead y/y adj Ebitda growth while Chemicals & Retail lag



Source: BofA Global Research, LCD, Bloomberg

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**Technology: AI adoption fuels performance (LL: OW-, HY: MW+)**

LevFin Q3 earnings reports across the technology sector, especially among hardware companies highlight continued momentum from AI-related demand. Revenue growth is being driven by rising computing requirements that are fueling demand for semiconductors, storage systems, manufacturing equipment, and cloud infrastructure. Software companies also reported positive revenue growth, supported by increased customer bookings and cloud licensing revenue.

Overall, the sector remains a direct beneficiary of the fast-growing AI buildout cycle and strong enterprise investment in data infrastructure. Issuers are broadly optimistic, citing sustained demand and stable fundamentals. That said, AI disintermediation risk for certain Tech subsectors is on the rise and need to be watched.

*Investor caution is reflected in spreads which have barely tightened over the past month, falling short of our optimism towards the sector a month ago.*

**Capital Goods: Riding the wave of structural demand (LL: MW-, HY: MW-)**

Capital Goods issuers across HY and Loans reported solid performance, supported by broad-based structural demand. The ongoing buildout of data centers and rapid AI adoption are driving strong momentum for power systems, cooling solutions, and energy infrastructure. Companies highlighted increased investment in grid modernization and transmission upgrades as key tailwinds. In addition, the aerospace and defense segments continue to show healthy order inflows, with firms citing robust backlogs and sustained order books. With its long-cycle demand, we expect continued robust demand ahead.

*The sector tightened more than we expected over the past one month, but we continue to see it as a MW given historically very tight spreads and risk of AI investment fatigue.*

**Metals: Precious metals shine (LL: OW, HY: MW)**

Growth was primarily driven by the precious metals subsegment, supported by the recent spike in gold and silver prices. Coeur Mining and Hecla Mining reported record quarterly results, benefiting from strong pricing and elevated production levels.

*The sector tightened over the last month in line with our weightings.*



**Chemicals: Stuck in the mud with limited upside (LL: MW-, HY: UW-)**

In Q3, weak demand in Chemicals persisted across key end-markets of construction, automotive, and industrial/capital goods, which continued to weigh on performance. Within the industry, specialty chemicals stood out posting positive YoY revenue growth. However, commodity chemicals lagged with negative growth from more pricing pressure and oversupply.

By market segment, HY chemical companies' performance has been subdued for several years, with revenue and EBITDA remaining largely flat. In contrast, chemical loan issuers posted declines across both metrics.

Persistent pricing pressure, exacerbated by excess global capacity, has continued to be a major headwind. Despite sluggish growth in China, which has led to weakening domestic demand, the country has continued to add capacity. In turn, Chinese producers have been incentivized to offload excess supply into international markets, leading to heightened competition and margin compression for chemical producers outside China. The reversal/reduction of tariffs from an adverse Supreme Court ruling on IEEPA tariffs will add further pressure to this sector as it would increase the import of international chemicals and raise competition for already reduced demand.

*The sector experienced additional widening this past month, and we think further downside risk persists.*

**Energy: E&P outperforms Midstream (LL: UW, HY: MW+)**

The energy sector across HY and loan markets was mixed, with YoY decline in revenue but positive momentum in Ebitda YoY. Midstream companies - that are primarily Loan issuers - were the main contributors to falling revenue, with most reporting flat or negative revenue growth. In contrast, performance across E&P and oilfield services (OFS)/drilling subsegments – mostly in HY – was positive, with several companies posting YoY growth in both revenue and EBITDA.

In the Drillers & Services segment, positive performance stemmed from strong activity, a supportive pricing environment and efficiency improvements.

E&P companies noted higher natural gas prices, increased Q3 production and rising demand for natural gas power generation drove improved financial results for the quarter. Notably, the increased demand is driven by accelerating buildout of new data centers. Despite falling crude prices, E&P earnings remained strong from increased production volume and hedging strategies.

In contrast, midstream companies experienced weaker revenue due to stagnant or declining throughput volumes, compounded by seasonal softness and falling crude oil prices. Performance in the liquid logistics segment deteriorated as losses in the biodiesel business weighed on results, while marine transportation faced temporary challenges in July and early August from short-term market conditions impacting day rates and utilization. Additionally, retail metrics showed pressure, with average per-store monthly volumes down 1.8% year-over-year and 0.7% on a two-year basis.

*HY Energy outperformed Loan Energy sector over the last month **in line with our** weightings.*

**Real Estate: Weak earnings but lower rates could unlock growth (LL: MW-, HY: MW+)**

In Q3, both HY and Loan issuers in the building (residential/commercial) and building products (doors & windows) sectors faced revenue and EBITDA pressure, with softer demand from single-family and multi-family new construction and repair and remodel. Single construction decelerated from 1H25 as the spring selling season decelerated. Multi-family continues to work through elevated supply from the post-COVID starts boom. Large ticket repair & remodel has been subdued due to lower consumer



confidence and depressed mobility. Interest rates and high valuations have put downward pressure on both existing and new home sales. We expect some improvement next year as excess supply clears the market and lower rates continue.

*Spreads widened materially in loans but rallied in in HY over the past month, in line with our weightings.*

### **Autos: High dispersion warrants close scrutiny (LL: MW, HY: MW-)**

Though not a top/bottom performer this earnings season, we discuss Autos due its topical nature at the moment. Revenue growth was primarily led by auto dealers/retailers in HY with many reporting double-digit revenue growth, driven by strong used-vehicle sales and meaningful after-sales/service businesses. New vehicle volumes benefited from an increase in electric vehicle demand ahead of the federal tax credit expiration, boosting both sales and average selling price.

Despite auto dealers/retailers outperforming the broader auto segment, the sector as a whole remains under a microscope following the First Brands bankruptcy and recent data highlighting rising subprime risk (7% of subprime borrowers are now 60+days past due on auto loans<sup>1</sup>, the highest level since 1994). Looking forward, the sector faces additional headwinds from demand normalization and negative payback effects as frontloaded purchases tied to expiring tax credits unwind, raising the risk of sequential revenue softness and Ebitda compression in upcoming quarters.

*The sector has compressed significantly over the last month as worries being systemic were assuaged. However, we continue to warrant caution.*

### **Looking ahead: Q3 earnings suffer but Q4 could show an uptick amid improving sentiment**

For Loans, we estimate Q3 revenue YoY growth to finish at 3.5%, up from 3.1% in Q2, as small- and mid-cap earnings along with GDP growth- our primary leading indicators- remain supportive. Among issuers that have already reported in Q3, growth stands at 4.1%, but we expect this to moderate as the weaker issuers report in the 2<sup>nd</sup> half of the season. On earnings, we project Q3 YoY growth to slow down to 1% from 3.8% in Q2, reflecting ongoing challenges to profitability. This estimate is below the current run rate of 1.6% for the same reason.

For HY, we think YoY revenue growth can rise to 4.5%, a sharp improvement from 1.9% realized in Q2, supported by constructive macro indicators (small/mid-cap growth, PCE, and PMI). The current run rate is at 3.7%, which we expect to converge toward our 4.5% estimate as remaining issuers report. We project 1.5% YoY growth in adj Ebitda for Q3, modestly below 1.8% realized in Q2 but above the current 1.2% Q3 run rate.

Despite similar margin trends, our loan earnings estimates finish lower than HY because the extent of C-suite sentiment deterioration was greater amongst loan issuers leading up to the Q3 earnings season. That said, we are seeing a strong rebound since then, boding well for Q4 prints.

## **Public vs Private: Restructuring risk stable but coverage stress tests mixed**

In this section we assess fundamental health of LevFin issuers through the lens of cashflow stress tests and potential restructuring risk. We focus on two key dimensions: cash runway and coverage health, both derived from objective measures of corporate earnings and balance sheets. Based on this, we identify LevFin areas that could face near-term liquidity exhaustion and drive restructurings. We also conduct stress tests on

<sup>1</sup> Fitch Auto ABS Indices



coverage ratios to highlight issuer segments that require support from lower interest rates to avoid potential downgrades and/or defaults.

Our analysis is based on 1,400 issuers across public and private syndicated LevFin markets covering a majority of the outstanding BSL market. Note that stress tests are conducted on Q2'25 earnings due to delayed availability of private BSL issuer earnings and an incomplete sample of public Q3 reports.

## LME pool increasing for HY, stable for loans

To evaluate restructuring risk and the cash runway of LevFin issuers, we filter for companies reporting negative operating cash flow (OCF) without offsetting sources of available liquidity. We define OCF as free cash flow (FCF) adjusted to exclude capital expenditures as distressed issuers will generally conserve cash to ensure continuing operations. We define liquidity as the sum of balance sheet cash plus availability under revolving credit facilities (RCF). This framework allows us to identify issuers whose liquidity is projected to run out within two years, a prime subset for LMEs.

### Exhibit 9: Cash runway of LevFin issuers with negative OCF

1.4% public HY, 0.5% public BSL, and 6.3% private BSL issuers have cash runway <2yrs

	Latest as of Q2'25			Change vs. Q4'24		
	Public HY	Public BSL	Private BSL	Public HY	Public BSL	Private BSL
<b>Negative OCF</b>	5.3%	5.6%	18.7%	0.1%	0.5%	-1.3%
<b>&lt;2</b>	1.4%	0.5%	6.3%	0.4%	0.0%	0.0%
<b>2 to 3</b>	0.6%	0.5%	2.5%	-0.2%	0.0%	-0.4%
<b>3+</b>	3.4%	4.5%	9.9%	0.0%	0.4%	-0.9%

Source: BofA Global Research, Bixby, LCD, ICE, Bloomberg

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Exhibit 9 shows Q2'25 OCF and cash runway distribution vs. Q4'24 (see our report, [LevFin cashflow analysis: lower default risk, but Private coverage challenged](#)). 5.3% of public HY issuers reported negative OCF in Q2, a marginal increase compared to Q4'24. In contrast, public BSL issuers have seen more deterioration, with 5.6% reporting negative OCF, up from 5.1% in Q4. Notably, most of this deterioration occurred in the 3yr+ runway bucket, suggesting that near-term liquidity stress has not materially increased. On the private side, 18.7% of BSL issuers reported negative OCF, representing a 1.3% improvement. Despite this, private BSL issuers remain significantly more vulnerable than their public counterparts.

Issuers with less than two years of cash runway are of particular concern, as they have immediate liquidity needs to avoid restructuring. This cohort comprises 1.4% of public HY issuers, 0.5% of public BSL issuers, and 6.3% of private BSL issuers, with only public HY worsening since Q4. Assuming similar OCF profiles across public and private issuers within each asset class, and applying the current public-private composition, we estimate that the potential LME pool has increased to approximately 3.5% in HY, up from 3.0% in Q4'24, while in loans, the pool remains stable at around 5%.

Looking ahead, as interest rates decline further, the proportion of loan issuers with negative OCF is expected to decrease, potentially leading to lower loan default rates in 2026 corroborating our forecast in [Defaults and downgrades in 2026](#). In contrast, the restructuring pool for HY issuers has already increased relative to Q4'24 and is unlikely to benefit from rate cuts as coupons are expected to reset higher, leading to more cost pressures and marginally higher HY DR in 2026.

## Coverage stress tests: HY issuers exposed to d/g risk

Under current backdrop of anticipated Fed cuts and modest economic slowdown in 2026 ([Since we aren't getting a jobs report today...](#)), we refresh our cash flow coverage stress tests using same methodology as our prior reports (see [Public vs Private: Assessing rate cut impact across LevFin](#)). We stress test LevFin issuers' coverage under various interest rate and growth scenarios aligned with our economics team's baseline forecast. We



choose to evaluate “cashflow coverage” rather than Ebitda coverage in order to avoid the subjectivity associated with adjustments.

**Cashflow coverage for lower quality HY issuers has deteriorated in Q2’25**

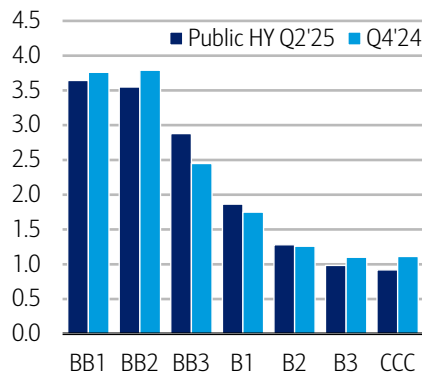
Exhibit 10 to Exhibit 12 show Q2’25 vs Q4’24 cashflow coverage for public HY, public BSL and private BSL issuers (see Q4’24 report here [LevFin cashflow analysis: lower default risk, but Private coverage challenged](#)).

BSL issuer coverage has generally improved or remained flat across both public and private segments since Q4 (except for BB2s). B1 issuers previously at ~1.5x have improved to 1.8x. Even B3 & below issuers have seen marginal improvement vs. Q4’24, though they continue to face downgrade and default pressures in the current rate environment.

In comparison, HY trajectory has been mixed with the wings of the rating curve showing coverage deterioration vs Q4’24 (Exhibit 10). Of concern are HY B3 and CCC issuers which had coverage ~1.1x, but now have declined to <1x, indicating rising default pressures in the lower quality cohort, consistent with our HY outlook for 2026.

**Exhibit 10: Cashflow coverage, public HY**

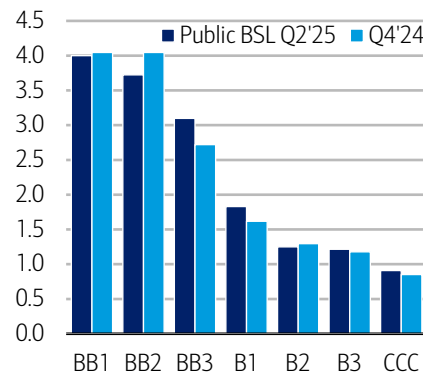
B3/CCC coverage dropped to below 1x



Source: BofA Global Research, ICE, Bloomberg  
BofA GLOBAL RESEARCH

**Exhibit 11: Cashflow coverage, public BSL**

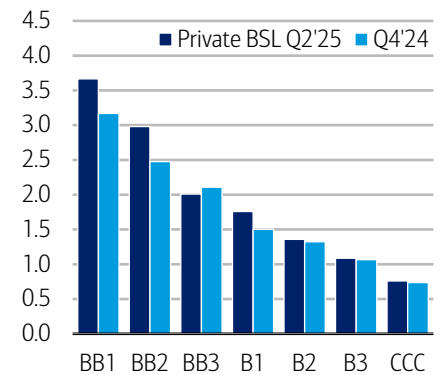
BB2 saw deterioration but still healthy at 3.7x



Source: BofA Global Research, LCD, Bloomberg  
BofA GLOBAL RESEARCH

**Exhibit 12: Cashflow coverage, private BSL**

Coverage improved: B3 at 1.1x and CCC at 0.8x



Source: BofA Global Research, Bixby  
BofA GLOBAL RESEARCH

**Coverage stress test: default risk manageable, downgrade risk bifurcated**

Our updated FF (fed funds) rate scenarios range from 3% to 4.5% and cashflow growth scenarios range from -7.5% to 7.5%. We slice the dataset several ways: by rating, by nature of the corporate equity (whether held publicly or by sponsors), by capital structure (whether bond or loan), and by capex (pre- or post-capex spending). Results are presented in Exhibit 13 and Exhibit 14.

**CCC issuers can remain shielded from default risk at 3.5% FF rate**

CCC coverage currently remains <1x. Pro forma coverage under a base case of “lower rates, slower growth” suggests improvement across the board as lower interest rates outweigh slower growth. CCC issuers can get to 1x coverage with 3.5% FF (1-2 more rate cuts). However, to remain truly agnostic to cashflow growth/capex cuts, CCCs need FF to fall to 3% in which case even -7.5% in cashflows wouldn’t drive CCC coverage <1x.

**Downgrade risk of B3 issuers is bifurcated for Loans vs. HY**

The bar for a slowdown in downgrades is higher. In Loans, B3 private issuer coverage stands at 1.1x. To get to 1.5x (our downgrade prevention threshold), B3s need FF rates to drop to at least 3% and cashflow growth to at least stay flat, a likely outcome next year. HY story is tougher. In our most benign 3% FF scenario, HY B3 issuers +15% cashflow growth to reach 1.5x coverage. Alternatively, in our best-case 7.5% cashflow growth scenario, FF rates would need to fall below 2% to achieve the same coverage. In



our view both scenarios appear unlikely for 2026 (and are not covered in the below tables). In addition, private HY issuers which we don't cover in our analysis, likely have relatively worse metrics, suggesting continued downgrade pressure for low-quality HY in the absence of significant pick-up in cashflows.

**Exhibit 13: Coverage stress test for LevFin issuers across different economic scenarios (post-capex spending)**

CCC issuers need 3% FF rate to be shielded from incremental defaults, HY B3 issuers are unlikely to maintain coverage above 1.5x and are exposed to downgrade risk

FF rate	CF chg	Public HY							Public BSL							Private BSL						
		BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC
Issuer count by rating		70	73	63	47	37	16	16	26	31	41	30	18	8	12	12	24	45	68	217	219	49
Actual median coverage		3.6	3.5	2.9	1.9	1.3	1.0	0.9	4.0	3.7	3.1	1.8	1.3	1.2	0.9	3.7	3.0	2.0	1.8	1.4	1.1	0.8
3.0%	-7.5%	4.0	3.7	2.8	1.8	1.4	0.8	1.0	4.7	3.8	3.1	2.1	1.3	1.2	1.0	4.2	3.6	2.1	2.2	1.6	1.4	1.0
3.0%	-5.0%	4.1	3.9	2.9	1.9	1.5	0.9	1.0	4.9	4.0	3.2	2.2	1.3	1.3	1.1	4.4	3.7	2.2	2.2	1.7	1.4	1.0
3.0%	-2.5%	4.3	4.1	3.0	2.0	1.6	1.0	1.0	5.0	4.2	3.3	2.2	1.4	1.4	1.1	4.5	3.8	2.2	2.3	1.8	1.4	1.0
3.0%	0.0%	4.4	4.2	3.1	2.0	1.6	1.2	1.1	5.2	4.3	3.4	2.3	1.5	1.4	1.1	4.7	3.9	2.3	2.4	1.8	1.5	1.1
3.0%	2.5%	4.6	4.3	3.3	2.1	1.7	1.3	1.1	5.3	4.5	3.5	2.4	1.6	1.5	1.2	4.8	4.0	2.4	2.5	1.9	1.5	1.1
3.0%	7.5%	4.9	4.7	3.5	2.3	1.8	1.4	1.2	5.6	4.9	3.7	2.5	1.8	1.7	1.3	5.1	4.2	2.7	2.6	2.0	1.6	1.2
3.5%	-7.5%	3.7	3.6	2.6	1.7	1.4	0.8	0.9	4.3	3.6	2.9	2.0	1.2	1.1	1.0	4.0	3.3	2.1	2.0	1.5	1.2	0.8
3.5%	-5.0%	3.8	3.7	2.7	1.8	1.4	0.9	1.0	4.4	3.9	3.1	2.0	1.3	1.2	1.0	4.1	3.4	2.2	2.0	1.6	1.3	0.9
3.5%	-2.5%	3.9	3.9	2.9	1.9	1.5	1.0	1.0	4.5	4.0	3.2	2.1	1.3	1.3	1.0	4.3	3.5	2.2	2.1	1.6	1.3	0.9
3.5%	0.0%	4.0	4.0	3.1	2.0	1.5	1.1	1.0	4.7	4.2	3.3	2.2	1.4	1.3	1.1	4.4	3.6	2.3	2.2	1.7	1.3	1.0
3.5%	2.5%	4.1	4.1	3.1	2.1	1.6	1.3	1.1	4.8	4.4	3.4	2.2	1.5	1.4	1.1	4.6	3.7	2.4	2.2	1.7	1.4	1.0
3.5%	7.5%	4.4	4.3	3.3	2.2	1.7	1.4	1.1	5.1	4.8	3.6	2.3	1.7	1.5	1.2	4.9	4.0	2.6	2.4	1.8	1.4	1.1
4.0%	-7.5%	3.4	3.4	2.5	1.6	1.3	0.8	0.9	4.0	3.4	2.7	1.9	1.1	1.1	0.9	3.7	3.0	2.1	1.8	1.4	1.1	0.8
4.0%	-5.0%	3.5	3.5	2.6	1.7	1.3	0.9	0.9	4.1	3.8	2.9	1.9	1.2	1.1	0.9	3.8	3.1	2.2	1.9	1.4	1.1	0.8
4.0%	-2.5%	3.6	3.6	2.8	1.8	1.4	0.9	0.9	4.2	3.9	3.0	2.0	1.2	1.2	1.0	4.0	3.2	2.2	1.9	1.5	1.2	0.9
4.0%	0.0%	3.7	3.7	2.9	1.9	1.4	1.1	1.0	4.3	4.1	3.1	2.1	1.3	1.3	1.0	4.1	3.4	2.3	2.0	1.5	1.2	0.9
4.0%	2.5%	3.8	3.8	3.0	2.0	1.5	1.2	1.0	4.4	4.3	3.2	2.1	1.4	1.3	1.0	4.3	3.5	2.4	2.1	1.6	1.2	0.9
4.0%	7.5%	4.1	4.0	3.1	2.2	1.6	1.3	1.1	4.7	4.6	3.4	2.2	1.6	1.4	1.1	4.5	3.7	2.5	2.2	1.7	1.3	1.0
4.5%	-7.5%	3.3	3.2	2.5	1.6	1.2	0.8	0.8	3.8	3.3	2.5	1.7	1.1	1.0	0.9	3.3	2.8	1.9	1.6	1.3	1.0	0.7
4.5%	-5.0%	3.4	3.3	2.6	1.7	1.2	0.8	0.9	3.9	3.5	2.6	1.7	1.1	1.1	0.9	3.5	2.9	2.0	1.7	1.3	1.1	0.7
4.5%	-2.5%	3.5	3.4	2.7	1.8	1.3	0.9	0.9	4.0	3.8	2.7	1.8	1.2	1.1	0.9	3.6	3.0	2.1	1.8	1.4	1.1	0.8
4.5%	0.0%	3.7	3.5	2.8	1.9	1.3	1.0	0.9	4.1	3.9	2.8	1.9	1.3	1.2	0.9	3.8	3.1	2.1	1.8	1.4	1.1	0.8
4.5%	2.5%	3.8	3.7	2.9	2.0	1.4	1.1	1.0	4.2	4.0	2.9	1.9	1.3	1.2	1.0	3.9	3.2	2.2	1.9	1.5	1.1	0.8
4.5%	7.5%	4.1	3.9	3.1	2.1	1.5	1.3	1.0	4.5	4.3	3.1	2.1	1.4	1.3	1.0	4.2	3.4	2.3	2.0	1.5	1.2	0.9

Source: BofA Global Research, Bixby, ICE, LCD, Bloomberg

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**Capex cushion still enough to alleviate default and d/g pressure, despite decline**

We also run this analysis by adding back capex to OCF, since capex becomes the first line of defense when issuers are cash strapped. We find that all CCCs, including privates, issuers have sufficient capex cushion to elevate coverage >1x and alleviate default pressures under all tested scenarios. For B3 issuers, public HY and BSL can generally achieve coverage >2x – higher than our 1.5x threshold– after incorporating the capex buffer. Private B3 issuers can also reach coverage levels >1.5x as long as FF rates drop to 3.5% as seen in Exhibit 14.

**Exhibit 14: Coverage stress test for LevFin issuers across different economic scenarios (pre capex spend)**

Lower quality issuers have sufficient capex cushion to elevate coverage above 1x/1.5x and alleviate default/downgrade pressures should there be a need

FF rate	CF chg	Public HY							Public BSL							Private BSL						
		BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC
Issuer count by rating		70	73	63	47	37	16	16	26	31	41	30	18	8	12	12	24	45	68	217	219	49
Actual median coverage		4.9	5.1	4.2	3.1	2.6	2.2	1.3	4.8	5.3	4.0	2.6	2.2	1.7	1.2	5.0	3.8	2.5	2.2	1.8	1.4	1.0
3.0%	-7.5%	5.4	5.8	4.6	3.1	2.8	2.2	1.3	6.7	6.6	4.4	2.8	2.2	2.2	1.4	5.6	4.7	2.9	2.7	2.2	1.7	1.3
3.0%	-5.0%	5.5	5.9	4.8	3.2	2.8	2.3	1.4	6.9	6.8	4.5	2.9	2.3	2.3	1.4	5.8	4.8	3.0	2.8	2.3	1.7	1.3
3.0%	-2.5%	5.7	6.1	4.9	3.3	2.9	2.4	1.4	7.0	7.0	4.6	3.0	2.4	2.3	1.4	5.9	4.9	3.1	2.9	2.3	1.8	1.4
3.0%	0.0%	5.8	6.2	5.0	3.4	3.0	2.4	1.4	7.2	7.1	4.7	3.0	2.4	2.4	1.5	6.1	5.0	3.1	3.0	2.4	1.8	1.4
3.0%	2.5%	6.0	6.4	5.1	3.5	3.1	2.5	1.5	7.4	7.3	4.9	3.1	2.5	2.4	1.5	6.2	5.1	3.2	3.0	2.4	1.9	1.4
3.0%	7.5%	6.2	6.7	5.4	3.6	3.2	2.6	1.5	7.7	7.7	5.1	3.2	2.6	2.6	1.5	6.5	5.4	3.4	3.2	2.5	1.9	1.5
3.5%	-7.5%	5.0	5.5	4.4	3.0	2.6	2.2	1.2	5.9	6.2	4.1	2.5	2.2	2.1	1.3	5.3	4.4	2.7	2.5	2.0	1.5	1.2
3.5%	-5.0%	5.2	5.7	4.5	3.1	2.7	2.2	1.3	6.1	6.4	4.2	2.6	2.2	2.1	1.3	5.5	4.5	2.8	2.6	2.1	1.6	1.2
3.5%	-2.5%	5.3	5.8	4.6	3.2	2.8	2.3	1.3	6.2	6.6	4.3	2.7	2.3	2.2	1.3	5.6	4.6	2.9	2.6	2.1	1.6	1.3
3.5%	0.0%	5.4	6.0	4.8	3.2	2.8	2.4	1.3	6.4	6.7	4.4	2.7	2.3	2.3	1.4	5.8	4.7	2.9	2.7	2.2	1.6	1.3
3.5%	2.5%	5.6	6.1	4.9	3.3	2.9	2.4	1.4	6.5	6.9	4.6	2.8	2.4	2.3	1.4	5.9	4.8	3.0	2.8	2.2	1.7	1.3



**Exhibit 14: Coverage stress test for LevFin issuers across different economic scenarios (pre capex spend)**

Lower quality issuers have sufficient capex cushion to elevate coverage above 1x/1.5x and alleviate default/downgrade pressures should there be a need

FF rate	CF chg	Public HY							Public BSL							Private BSL						
		BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC	BB1	BB2	BB3	B1	B2	B3	CCC
3.5%	7.5%	5.8	6.4	5.1	3.5	3.0	2.5	1.4	6.8	7.2	4.8	2.9	2.5	2.4	1.5	6.2	5.1	3.1	2.9	2.3	1.8	1.4
4.0%	-7.5%	4.8	5.1	4.2	2.8	2.5	2.1	1.2	5.1	5.7	3.9	2.3	2.1	2.0	1.2	5.0	4.0	2.6	2.3	1.8	1.4	1.1
4.0%	-5.0%	4.9	5.2	4.3	2.9	2.6	2.2	1.3	5.3	5.9	4.0	2.3	2.1	2.0	1.2	5.1	4.1	2.6	2.3	1.9	1.4	1.1
4.0%	-2.5%	5.0	5.3	4.4	3.0	2.7	2.2	1.3	5.4	6.0	4.1	2.4	2.2	2.1	1.3	5.2	4.2	2.7	2.4	1.9	1.5	1.1
4.0%	0.0%	5.2	5.5	4.5	3.1	2.7	2.3	1.3	5.5	6.2	4.2	2.5	2.2	2.1	1.3	5.3	4.3	2.8	2.5	2.0	1.5	1.2
4.0%	2.5%	5.3	5.6	4.6	3.1	2.8	2.3	1.4	5.7	6.3	4.3	2.5	2.3	2.2	1.3	5.5	4.4	2.9	2.5	2.0	1.5	1.2
4.0%	7.5%	5.6	5.9	4.8	3.3	2.9	2.5	1.4	5.9	6.6	4.5	2.6	2.4	2.3	1.4	5.7	4.6	3.0	2.6	2.1	1.6	1.2
4.5%	-7.5%	4.6	4.8	3.9	2.8	2.5	2.1	1.2	4.8	5.1	3.7	2.2	2.0	1.8	1.1	4.7	3.6	2.3	2.1	1.7	1.3	1.0
4.5%	-5.0%	4.7	4.9	4.0	2.9	2.5	2.1	1.2	4.9	5.2	3.8	2.3	2.0	1.9	1.2	4.8	3.7	2.4	2.1	1.8	1.3	1.0
4.5%	-2.5%	4.9	5.0	4.1	3.0	2.6	2.2	1.3	5.0	5.3	3.9	2.3	2.1	1.9	1.2	5.0	3.8	2.5	2.2	1.8	1.4	1.0
4.5%	0.0%	5.0	5.2	4.2	3.0	2.7	2.2	1.3	5.2	5.5	4.0	2.4	2.2	2.0	1.2	5.1	3.9	2.5	2.2	1.8	1.4	1.0
4.5%	2.5%	5.1	5.3	4.3	3.1	2.7	2.3	1.3	5.3	5.6	4.1	2.4	2.2	2.0	1.3	5.2	4.0	2.6	2.3	1.9	1.5	1.1
4.5%	7.5%	5.4	5.6	4.6	3.3	2.9	2.4	1.4	5.5	5.9	4.3	2.6	2.3	2.1	1.3	5.5	4.2	2.7	2.4	2.0	1.5	1.1

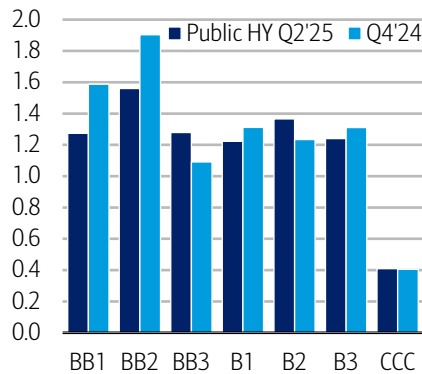
Source: BofA Global Research, Bixby, ICE, LCD, Bloomberg

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Notably, capex cushions across LevFin have declined, especially in higher rated rating buckets, as shown in Exhibit 15 to Exhibit 17. This is consistent with the current small-cap capex cycle (Exhibit 18), where LevFin capex has been contracting since Q2'24. This just means less room to maneuver in event of liquidity stress, all things equal.

**Exhibit 15: Capex cushion, public HY**

HY issuers have >1x capex cushion across all ratings except for CCC

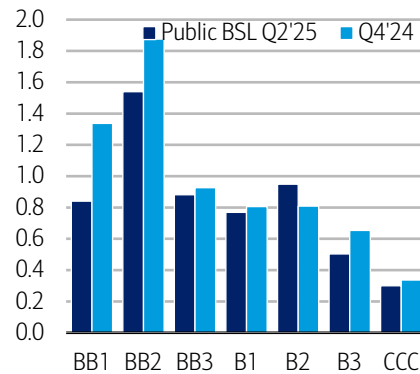


Source: BofA Global Research, ICE, Bloomberg

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**Exhibit 16: Capex cushion, public BSL**

Public BSL issuers have 0.8x capex cushion on average

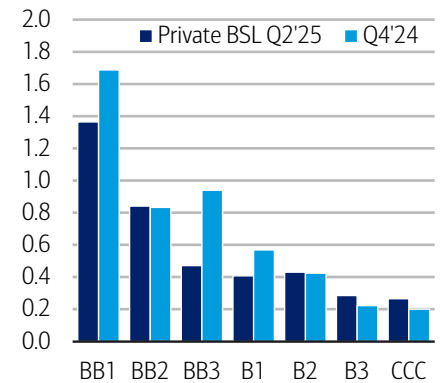


Source: BofA Global Research, LCD, Bloomberg

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**Exhibit 17: Capex cushion, private BSL**

Private BSL issuers have least capex cushion, mostly around 0.4x or below



Source: BofA Global Research, Bixby

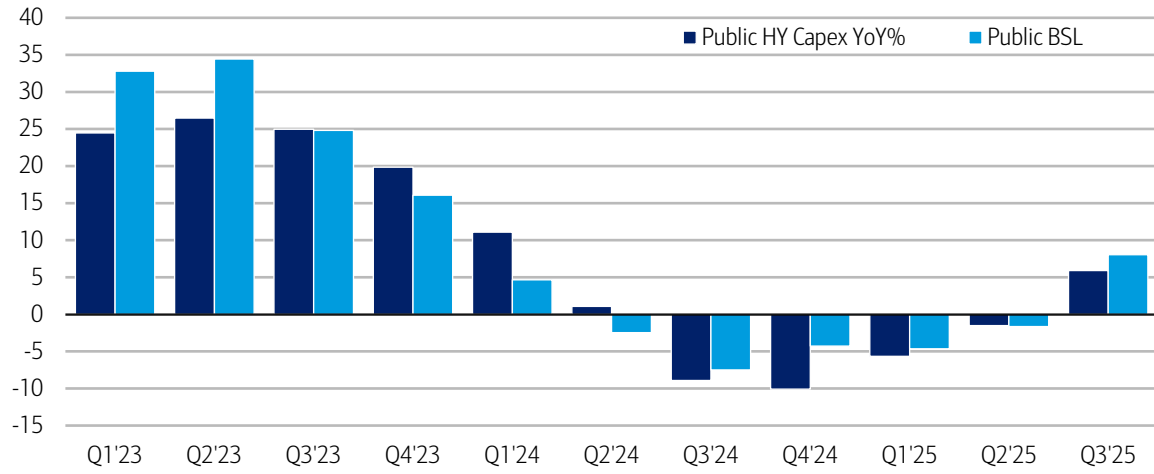
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That said, we are seeing first signs of reversal. Easing tariff uncertainty, decreasing cost of capital, and a slower yet stable economic growth outlook could provide a supportive backdrop for the revival of capex spending. First half of Q3 results show YoY capex growth turning positive for both HY and loan issuers for the first time in a year.



**Exhibit 18: LTM Capex, YoY pct change**

LevFin companies have been contracting their capex since Q2'24, but first half of Q3'25 results show early signs of reversal



Source: BofA Global Research, LCD, ICE, Bloomberg

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# Market Recap: USD HY

## Systematic Strategies

Our rich/cheap screens shown below are defined as names screening the widest relative to their underlying issuer-level CSI (cheap) and those screening the tightest (rich).

### Exhibit 19: Rich/cheap screen: issuers trading wide/tight to their CSI-implied OAS

OASe: OAS estimate based on issuer-level CSI; OAS Δ: projected spread change (OASe – OAS)

Cheap to fair value in overweight segments							Rich to fair value in underweight segments						
Ticker	Issuer	Sector	Face	OAS	OASe	OASΔ	Ticker	Issuer	Sector	Face	OAS	OASe	OASΔ
CVNA	CARVANA CO	Autos	3,929	645	308	-337	CHTR	CHARTER COMMS	Cable	26,493	206	415	210
NLSN	NIELSEN MEDIA	Media	2,610	594	410	-184	WBD	WARNERMEDIA HOLD	Media	14,350	206	406	200
BORRNO	BORR IHC LTD	Energy	1,873	618	437	-181	LUMN	LUMEN TECHNOLOGI	Telecoms	6,141	480	807	327
ZAYO	ZAYO GROUP HOLDI	Telecoms	2,019	573	383	-190	SVC	SERVICE PROPERTI	Travel	4,855	511	758	247
RRD	RR DONNELLEY & S	Media	1,525	552	371	-181	GTN	GRAY TV	Media	4,934	514	699	185
BRANDI	BRAND INDUSTRIAL	Cap Goods	1,435	793	572	-221	OGN	ORGANON & CO/ORG	Healthcare	4,858	401	711	310
CDK	CNT PRNT	Autos	1,505	982	721	-261	CC	CHEMOURS CO	Chemicals	2,498	367	553	186
MERLLN	MOTION FINCO SAR	Travel	1,320	771	589	-182	AMPBEV	ARDAGH METAL PAC	Packaging	2,250	197	393	196
AMBATH	CP ATLAS BUYER I	Real Estate	989	820	610	-210	IHRT	IHEARTCOMMUNICAT	Media	2,331	886	1,109	224
ASTONM	ASTON MARTIN CAP	Autos	1,050	1,149	808	-341	CLVTSC	CLARIV SCI HLD	Healthcare	1,843	258	503	245
INFRAB	INFRABUILD AUSTR	Metals	698	819	385	-434	VFC	V.F. CORPORATION	Retail	1,814	225	420	196
MSSCRK	MOSS CREEK RESOU	Energy	750	512	335	-177	GAP	GAP INC	Retail	1,500	178	368	190
AMC	AMC THEATRES	Media	760	767	353	-414	DHC	SENIOR HOUSING P	Healthcare	1,375	308	488	180
UIS	UNISYS CORP	Technology	700	708	439	-269	FUN	CEDAR FAIR LP	Travel	1,300	257	450	192
TEKNI	TRIDENT TPI	Packaging	620	829	409	-420	EPC	EDGEWELL PERSONA	Retail	1,250	183	368	185
CRASHC	CHAMPIONS FINANC	Autos	600	614	328	-286	CODI	COMPASS GROUP DI	Financials	1,323	450	707	256
PLDEVE	P&L DEV LLC/PLD	Healthcare	510	719	404	-315	PANIRP	PANAMA INFRASTRU	Financials	1,428	294	485	191
ADVSAL	ADVANTAGE SALES	Media	595	865	688	-177	KSS	KOHL'S STORES	Retail	1,287	464	733	268
POWBUY	ARTERA SERVICES	Utilities	600	868	696	-172	PENN	PENN NATL GAMING	Gaming	800	204	435	231
RCOLIN	RAIN CARBON	Chemicals	450	552	330	-222	VSCO	VICTORIA'S SECRE	Retail	600	215	411	196
<b>Total/Average</b>			<b>24,537</b>	<b>711</b>	<b>461</b>	<b>-251</b>	<b>Total/Average</b>			<b>83,229</b>	<b>310</b>	<b>533</b>	<b>223</b>

**Source:** BofA Global Research, ICE Data Indices. **Disclaimer:** The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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### Exhibit 20: Largest issuers by CSI deciles

Top 15 largest cap structures by face value in each decile, as ranked by individual issuer CSIs

Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI				
D1				D2				D3				D4				D5			
GFLCN	BB2	98	0.27	IRM	BB3	131	0.43	BPL	BB2	142	0.50	VEGLPL	BB2	193	0.55	TIHLLC	B2	213	0.59
URI	BB2	84	0.30	RKT	BB1	124	0.44	ST	BB2	127	0.51	QXO	BB3	188	0.55	COMM	CCC2	235	0.59
IQV	BB1	104	0.30	XYZ	BB1	125	0.45	BALL	BB1	160	0.51	ALJANT	B3	206	0.55	RGCARE	B3	261	0.60
HLT	BB2	112	0.33	NRG	BB1	130	0.46	ACI	BB2	141	0.51	ILDFP	B1	204	0.55	ACRISU	B3	227	0.60
WCC	BB2	96	0.33	MEDIND	BB3	115	0.47	BLDR	BB3	150	0.51	BMCAUS	BB2	151	0.55	NXST	BB3	136	0.60
PR	BB1	126	0.33	CCL	BB1	128	0.48	SBAC	BB2	109	0.51	MGM	BB3	147	0.55	MINAU	BB3	260	0.61
YUM	BB3	107	0.35	STWD	BB2	156	0.48	PFSI	BB3	166	0.51	OTEXCN	BB2	159	0.56	ARDGRP	CCC1	296	0.61
VIKCRU	BB2	122	0.35	HBGCN	B2	167	0.48	TEP	B1	222	0.52	LNW	B1	179	0.57	BBWI	BB2	192	0.61
TDG	B1	148	0.35	ENTG	BB2	125	0.49	AAL	BB1	135	0.53	CWENA	BB2	142	0.57	FREMOR	B2	250	0.61
RHP	BB3	127	0.36	THC	BB3	136	0.49	HRI	BB3	145	0.53	KGS	BB3	186	0.58	NCLH	B2	210	0.61
BBDBCN	B1	125	0.38	TLN	BB3	162	0.49	LW	BB2	131	0.53	HGH	BB3	165	0.58	OMF	BB2	212	0.61
SCI	BB3	116	0.39	POST	B2	163	0.49	GEL	B2	223	0.53	BCULC	BB3	122	0.58	HNDLIN	BB3	195	0.62
SEE	BB2	117	0.40	QUIKHO	B1	153	0.49	ADT	BB3	163	0.54	RAKUTN	BB3	226	0.58	SM	BB3	250	0.62
SUN	BB1	146	0.41	JANEST	BB1	154	0.49	POWSOL	B2	178	0.54	LVLT	B1	223	0.58	CIVI	BB3	294	0.62
FTAI	BB3	139	0.42	CHDN	B1	134	0.49	WYNFIN	BB3	162	0.54	MXCN	BB2	174	0.59	ABG	BB3	164	0.63
<b>Avg</b>		<b>118</b>				<b>140</b>				<b>157</b>				<b>178</b>					<b>226</b>
D6				D7				D8				D9				D10			
GPK	BB2	145	0.63	CLF	BB3	258	0.69	DISH	CCC1	476	0.74	GT	B1	266	0.81	OGN	BB3	401	0.91
WULF	BB2	309	0.64	CE	BB1	220	0.69	SFRFP	CCC1	390	0.74	GRA	B2	334	0.82	SABHLD	B3	826	0.91
NAVI	BB3	254	0.64	NGL	B1	299	0.69	NSANY	BB2	236	0.74	UNIT	B3	391	0.82	BHCCN	CCC1	664	0.91
DVA	BB3	174	0.65	SIX	BB3	285	0.70	CAR	B1	296	0.75	NBR	B2	566	0.82	MCFE	CCC1	658	0.91
LAD	BB2	155	0.65	GWCN	B3	309	0.70	RIG	B3	341	0.75	IONPLA	B2	482	0.84	SVC	CCC1	511	0.92
DKL	B1	245	0.65	SOFTBK	BB2	261	0.70	SOLEIN	B3	318	0.75	NWL	B1	389	0.84	SPLS	CCC1	958	0.92



**Exhibit 20: Largest issuers by CSI deciles**

Top 15 largest cap structures by face value in each decile, as ranked by individual issuer CSIs

Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI	Ticker	Rtg	OAS	CSI
SIRI	BB2	148	0.66	CZR	B1	216	0.70	HILCRP	BB2	342	0.77	CRWV	B1	630	0.85	LUMN	CCC1	480	0.92
AVTR	BB2	150	0.67	AXL	B1	226	0.71	WBD	BB2	206	0.77	FRTITA	CCC1	411	0.86	HTZ	B3	794	0.93
VENLNG	BB3	346	0.67	CRGYFN	BB3	362	0.71	VMED	BB3	284	0.78	MPW	CCC1	460	0.86	ALTICE	CCC2	1,285	0.93
MOH	BB2	200	0.67	TIBX	B2	317	0.71	DTV	BB3	488	0.78	CC	B1	367	0.86	XRX	B3	1,933	0.95
CVNA	B1	645	0.67	CRK	B3	298	0.72	CHTR	BB1	206	0.78	MLTPLN	CCC2	480	0.86	IHRT	CCC2	886	0.97
WIN	B1	349	0.67	SATS	B3	244	0.72	WHR	BB1	254	0.79	BWY	B3	618	0.87	CSCHLD	CCC2	1,817	0.98
UNSEAM	B3	232	0.68	CCO	CCC1	290	0.72	ZFFNGR	BB3	411	0.79	CYH	CCC1	476	0.87	LABL	CCC2	2,485	0.99
SKX	B3	386	0.68	NOVHOL	B1	367	0.73	IEP	B1	486	0.80	BSPEED	B3	735	0.88	ARGID	CC2	3,939	0.99
UVN	B2	333	0.68	PETM	B2	400	0.73	ZIGGO	BB3	318	0.80	GTN	B3	514	0.90	NFE	CCC3	7,230	1.00
<b>Avg</b>		<b>271</b>				<b>290</b>				<b>337</b>				<b>475</b>				<b>1,658</b>	

**Source:** BofA Global Research, ICE Data Indices. Rtg = agency rating. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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**Exhibit 21: New issue candidate list**

Issuers with close maturities, small coupon step-up, no recent primary taps, and improving credit profiles  
 Dec = issuer-CSI quality decile; MtyN2y = face maturity size next 2 years (bonds & loans); dCPN = coupon step up between existing and likely new-issue; YrsLNI = years since last new issue (bonds & loans) This is a representative list. For the full list, please reach out directly.

Ticker	Issuer	Rating	Dec	Face	OAS	MtyN2yr	dOAS	dCPN	YrsLNI
RAKUTN	RAKUTEN GROUP I	BB2	D4	3,809	178	1,802	-23	-5.01	0.9
GGAMFI	GGAM FINANCE LT	BB2	D2	2,499	175	1,099	58	-2.02	1.2
AAL	AMERICAN AIRLIN	BB2	D3	12,899	136	1,742	-35	-1.42	0.5
LYV	LIVE NATION ENT	BB3	D1	2,950	95	2,450	-18	-0.76	4.9
CALDER	CALDERYS FINAN	CCC1	D5	850	285	0	20	-4.90	1.3
NAVI	NAVIENT CORP	BB3	D6	3,950	252	1,200	42	-0.85	0.5
NCRATL	NCR ATLEOS	BB3	D2	1,670	164	0	-11	-4.19	0.2
BDN	BRANDYWINE OPER	BB2	D6	2,000	211	450	28	-0.58	0.1
AMGFIN	SPRINGLEAF FINA	BB2	D3	1,915	187	424	45	-0.71	5.5
STWD	STARWOOD PROPER	BB2	D2	3,950	156	900	-5	-0.51	0.1
CLMT	CALUMET SPECIAL	CCC2	D8	650	560	325	-1	0.33	0.8
NCX	NOVA CHEMICALS	BB3	D1	3,075	130	1,050	-22	-1.53	1.0
PHOAVI	PHOENIX AVIATIO	B2	D6	600	363	0	21	-1.95	0.4
FREMOR	FREEDOM MORTGAG	B2	D5	4,035	250	535	-70	-2.77	0.3
VENLNG	VENTURE GLOBAL	BB3	D6	11,000	346	0	142	-1.58	1.3
DISH	DISH DBS	CCC3	D8	13,249	477	8,250	20	0.85	2.8
RWNYNY	GENTING NY LLC/	BB1	D3	625	208	0	13	-1.50	1.2
VST	VISTRA OPERATIO	BB1	NULL	6,997	121	2,600	0	-1.05	0.9
PROFUN	PROVIDENT FDG/P	B3	D7	525	409	0	58	-1.99	0.4
INFRAB	INFRABUILD AUST	CCC1	D8	698	819	0	63	-2.64	1.3
PRAA	PRA GROUP INC	BB2	D8	1,297	360	0	106	-0.41	1.0
PLNFIN	PLANET FINANCIA	B3	D7	600	510	0	23	-1.73	0.4
GEN	GEN DIGITAL INC	BB3	D1	8,754	119	4,097	-14	-1.78	0.6
SPR	SPIRIT AEROSYST	CCC1	D1	3,676	133	876	-6	-2.91	2.0
TRN	TRINITY INDUSTR	BB2	D2	600	231	0	56	-1.77	1.5
AHOMES	ADAMS HOMES	B1	D5	400	324	0	25	-2.34	1.5
MINAU	MINERAL RESOURC	BB3	D5	3,049	259	625	-30	-2.06	0.1
BWY	MAUSER PACKAGIN	B2	D9	4,819	620	4,819	292	1.54	1.0
KNTK	KINETIK HOLDING	BB1	D3	2,050	177	0	4	-0.82	0.7
USACUT	US ACUTE CARE S	B3	D8	1,000	530	0	20	-0.78	0.9

**Source:** BofA Global Research, ICE Data Indices. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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## Performance Recap

HY finished relatively unchanged over the week with latest reading of 302bps, despite an uptick late last week. The index added 35bps in TRs over the week, offsetting losses earlier in the month, led by higher rated segments. Mtd, BBs and Bs have returned 10bps and 15bps while CCCs have lost 40bps. IG and loans have returned 15bps and 70bps/mtd for comparison.

### Exhibit 22: Spreads, prices, and yields

Pctles calculated based on data from Jan 2000 onwards. CCCs xD= CCCs non-distressed.

	OAS	Change			52wk		Price	YTW	Pctle	
		1d	1wk	1mo	Tights	Wides			OAS	YTW
HY	302	0	-3	-16	259	461	97.5	6.87	14%	31%
BBs	182	-1	-5	-25	156	306	99.8	5.71	11%	35%
Bs	315	-1	-4	-13	254	486	99.8	6.99	19%	33%
CCCs xD	476	1	0	-39	443	743	95.6	8.34	11%	37%
CCCs	895	7	10	21	690	1,137	81.8	12.63	48%	58%
IG	83	1	2	2	74	121	95.9	4.81	10%	51%
As	68	0	2	2	61	102	96.2	4.65	8%	52%
BBBs	105	0	3	3	93	149	96.5	5.03	11%	47%
Loans	431	0	0	-3	413	538	97.1	7.94	28%	54%
BB Loans	271	-1	-1	-5	248	339	99.3	6.50	20%	54%
B Loans	427	0	0	-3	408	545	97.8	7.96	20%	49%
CCC Loans	1,538	3	32	54	1,268	1,665	78.2	19.14	78%	90%
EM HY	358	1	4	-11	307	488	96.5	7.37	25%	31%
EM BBBs	124	1	8	-2	110	185	98.2	5.14	6%	55%
EM BBs	255	0	3	-11	239	389	98.7	6.39	4%	41%
EM Bs	398	5	6	-90	327	576	100.0	7.54	20%	14%

Source: BofA Global Research

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Autos are the leading performer in HY this month with gains of 45bps, followed by Media (+40bps) and Food (+40bps). Real estate (-40bps/mtd), Tech (-40bps) and Cable (-20bps) trailed others.

### Exhibit 23: Index returns

CCCs xD= CCCs non-distressed

Market	Total returns							
	1wk	2wks	mtd	1m	3m	6m	ytd	1yr
DM USD HY	0.33	-0.23	0.05	0.92	1.9	4.9	7.3	7.4
5yr Trsy	0.52	0.34	0.30	0.25	1.6	3.9	6.6	6.8
10yr Trsy	0.79	0.17	0.33	0.27	2.8	5.5	8.1	7.5
IG	0.48	-0.39	0.09	0.14	2.4	6.1	7.5	7.0
Loans	0.15	0.22	0.17	0.68	1.2	3.7	5.0	6.1
EM HY	0.35	0.05	0.09	1.50	1.8	6.1	8.3	8.3
BBs	0.36	-0.16	0.08	1.04	2.1	5.0	7.8	7.8
Bs	0.35	-0.17	0.13	0.93	1.7	4.8	6.8	6.9
CCCs xD	0.41	-0.19	0.09	1.35	2.7	6.8	7.9	8.3
CCCs	0.09	-0.77	-0.42	0.20	1.1	4.7	6.2	6.9

Source: BofA Global Research

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### Exhibit 24: Excess returns vs HY index

By issuer-CSI quality decile, rich/cheap baskets, and new issues.

Decile	Excess returns vs HY index							
	1wk	2wks	mtd	1m	3m	6m	ytd	1yr
D1	0.04	0.33	0.17	0.18	0.1	-0.9	0.1	-0.1
D2	0.03	0.23	0.13	0.18	-0.1	-0.9	-0.5	-0.6
D3	0.04	0.29	0.15	0.46	0.2	-0.2	-0.2	-0.2
D4	0.01	0.09	0.01	0.14	-0.1	0.1	0.7	1.0
D5	0.09	0.28	0.12	0.40	0.5	1.1	1.0	0.7
D6	-0.09	-0.15	-0.22	-0.13	-0.5	-0.4	0.1	0.5



**Exhibit 24: Excess returns vs HY index**

By issuer-CSI quality decile, rich/cheap baskets, and new issues.

Decile	Excess returns vs HY index								
	1wk	2wks	mtd	1m	3m	6m	ytd	1yr	
D7	0.09	0.38	0.29	0.42	0.6	1.5	1.4	0.7	
D8	-0.03	-0.78	-0.18	-0.68	-0.1	1.6	0.6	1.0	
D9	-0.03	-0.11	-0.07	0.12	1.5	2.9	1.2	0.4	
D10	-0.45	-1.30	-0.85	-2.07	-2.6	-3.1	-4.7	-4.1	
Cheap all deciles	0.29	-0.06	0.25	-0.40	2.9	4.2	4.8	4.3	
Rich all deciles	0.29	-0.06	0.25	-0.40	2.9	4.2	4.8	4.3	
New issues last-1m	0.12	0.71	0.19	1.91	2.5	4.8	8.1	9.3	
New issues last-3m	0.12	0.14	0.03	1.09	1.8	3.5	5.0	5.4	

Source: BofA Global Research

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**Exhibit 25: Strongest movers (ticker-level price changes)**

Ranked by 1wk index impact (market\* Δ price)

Ticker	Rtg	Dec	Sector	1Wk	2Wk	1Mo	3Mo	YTD	Ticker	Rtg	Dec	Sector	1Wk	2Wk	1Mo	3Mo	YTD
CHTR	BB3	D8	Cable	0.6	-0.7	-0.3	-0.5	3.0	CSCHLD	CCC2	D10	Cable	-1.7	-3.8	-6.0	-12.0	-13.9
OGN	BB3	D10	Healthcare	3.5	3.1	-2.7	-1.7	-4.2	VENLNG	BB3	D6	Energy	-0.6	-1.5	-0.7	-2.7	-3.1
CE	BB1	D7	Chemicals	1.5	0.0	0.8	0.3	0.4	CNR	B3	D9	Real Estate	-4.3	-8.2	-7.9	-8.2	-10.7
GTN	B3	D10	Media	2.1	0.9	-0.1	-1.4	13.2	SVC	CCC1	D9	Travel	-0.8	-1.8	-1.1	-2.4	3.3
BGS	B3	D9	Food	3.7	1.8	2.1	3.1	-2.3	GSYCN	BB3	D6	Financials	-2.0	-2.3	-0.2	-4.2	-4.4
BTECN	BB3	D7	Energy	3.3	3.1	2.5	4.6	3.7	MIDCAP	BB3	D8	Financials	-1.9	-2.1	-0.7	-3.3	-0.9
CC	B1	D9	Chemicals	1.8	-0.5	1.1	0.0	2.0	BWY	B3	D9	Packaging	-0.6	-2.0	-1.5	-1.9	-3.7
HUN	BB1	D9	Chemicals	2.9	0.0	0.1	-0.9	-1.9	KW	B2	D6	Real Estate	-1.1	1.9	3.1	1.6	6.6
LILAPR	CCC1	D10	Cable	2.9	4.4	4.1	1.9	-20.5	GT	B1	D8	Autos	-0.5	0.3	0.6	-0.6	3.5
ALTICE	CCC2	D10	Cable	1.3	1.9	1.5	-3.0	-0.3	SIX	BB3	D6	Travel	-0.7	-1.8	-0.2	-1.6	-1.9
BCULC	BB3	D5	Travel	0.4	-0.1	1.1	1.1	4.2	LUMN	CCC1	D10	Telecoms	-0.3	-0.8	0.6	3.5	7.0
HLF	B1	D8	Food	2.3	1.3	1.0	1.0	10.5	GLOBAU	B2	D9	Autos	-0.5	-1.9	-1.3	4.5	1.5
HTZ	B3	D10	Autos	1.2	2.0	-0.3	0.1	1.9	WHR	BB1	D8	Retail	-0.3	-1.7	-0.3	-1.8	-2.0
SIRI	BB2	D6	Media	0.4	0.0	0.9	1.0	5.1	MCFE	CCC1	D10	Technology	-0.4	-3.3	-0.2	-3.2	-6.8
HLT	BB2	D1	Travel	0.4	-0.1	0.9	0.9	3.9	WIN	B1	D6	Telecoms	-0.3	0.7	1.7	-1.2	-0.4

Source: BofA Global Research

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**Primary Market Activity**

New issuance totaled \$4.0bn wtd and with \$4.8bn in the pipeline is set to match previous week's tally. Refinancing deals have accounted for 63% of the mtd supply of \$12.9bn, followed by acquisition (25%) and capex (11%).

**Exhibit 26: Recent New Issues**

\*Dec = issuer CSI decile; †Denotes 1st time issuer in HY; \*\*Spread at the time of this update (change since issuance); °Denotes matches with New Issue Candidates List.

Date	Ticker	Dec†	Rating	Spread**	Size	Issuer	Sector	Cpn/Mty	Price
11/3	THC	D2°	Ba3/BB	152 (-8)	1,500	Tenet Healthcare	Healthcare	5.500s of 2032	100.8 (+0.8)
11/3	NLSN	D8°	B3/B	648 (-12)	1,200	Nielsen	Media	10.375s of 2031	100.7 (+0.7)
11/3	THC	D2°	B2/B	184 (-19)	750	Tenet Healthcare	Healthcare	6.000s of 2033	101.5 (+1.5)
11/3	TMHC	D1°	Ba1/BB+	162 (-23)	525	Taylor Morrison	Real Estate	5.750s of 2032	101.6 (+1.6)
11/3	AY	D6	/B+	262 (+5)	285	Atlantica Sustainable	Utilities	6.375s of 2032	99.8 0
11/4	NBR	D7°	Ba3/BB+	377 (+1)	700	Nabors Industries	Energy	7.625s of 2032	100.0 0
11/4	W	D4	B2/BB-	282 (-7)	700	Wayfair	Retail	6.750s of 2032	100.4 (+0.4)
11/5	CIFR		Ba3/	322 (-15)	1,400	Cipher Compute	Technology	7.125s of 2030	101.0 (+1.0)
11/5	GWCN	D7	B1/B	252 (-19)	650	Garda World Security	Services	6.500s of 2031	101.3 (+1.3)
11/6	BRKWTR		B1/B+	508 (-49)	725	Breakwater Energy	Energy	9.250s of 2030	102.0 (+2.0)
11/6	ALSN	D3	Ba2/	187 (-6)	500	Allison Transmission	Autos	5.875s of 2033	100.5 (+0.5)
11/10	CRS	D1°	Ba2/BB+	154 (-9)	700	Carpenter Technology	Metals	5.625s of 2034	100.9 (+0.9)
11/12	CMC	D4	Ba2/BB+	188 (-4)	1,000	Commercial Metals	Metals	6.000s of 2035	100.3 (+0.3)
11/12	CMC	D4	Ba2/BB+	175 (-8)	1,000	Commercial Metals	Metals	5.750s of 2033	100.5 (+0.5)
11/12	XIFR	D6	Ba1/BB	378 0	750	XPLR Infrastructure	Utilities	7.750s of 2034	100.0 0
11/12	GOLF		Ba3/BB	163 (-7)	500	Acushnet	Travel	5.625s of 2033	100.5 (+0.5)
<b>Total</b>				<b>285 (-11)</b>	<b>12,885</b>				<b>100.7 (+0.8)</b>



**Exhibit 26: Recent New Issues**

\*Dec = issuer CSI decile; †Denotes 1st time issuer in HY; \*\*Spread at the time of this update (change since issuance); °Denotes matches with New Issue Candidates List.

Date Ticker	Dec*†	Rating	Spread**	Size	Issuer	Sector	Cpn/Mty	Price
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Source: BofA Global Research

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**Sources of Demand**

HY funds recorded net inflows of \$0.5bn wtd, partially reversing outflows of \$0.8bn last week. Open-end flows remained mixed for the second week in a row, preceded by outflows of \$6.2bn over Oct. Calls/mtly totaled \$1.8bn for the week but there was little in coupons. New issuance totaled \$4.0bn wtd, with another \$4.8bn in the pipeline. For next week, we estimate calls/mtly of \$6.5bn and coupons of \$5.2bn.

**Exhibit 27: Combined HY supply/demand**

Calls/mtly of \$6.5bn + coupons of \$5.2bn due next week.

	Issuance	ETFs	Funds	Calls/Mty	Net*	Coupon
Thu 11/06	1,225	-296	-26	718	507	8
Fri 11/07	0	-193	-167	1,247	-1,247	30
Mon 11/10	700	292	51	966	-266	0
Tue 11/11	0	16	-105	0	0	0
Wed 11/12	3,250	201	13	0	3,250	0
Week 10/17	3,850	559	-2,170	3,349	501	5,606
Week 10/24	2,500	952	-2,767	1,136	1,364	85
Week 10/31	4,225	798	-1,178	2,609	1,616	527
Week 11/07	8,935	-793	29	5,056	3,879	3,082
Week 11/14e				1,816		19
Week 11/21e				6,467		5,157
Sep 2025	58,300	2,745	1,212	3	58,297	8,671
Oct 2025	17,518	3,436	-6,244	30,455	-12,937	10,238
Nov MTD	12,885	-284	-12	6,025	6,860	3,094
Nov 2025e	27,949			19,003	8,946	7,467
Dec 2025e	17,306			16,983	323	7,537
YTD 2024	267,161	13,361	14,691	157,987	109,174	87,335
YTD 2025	298,505	23,538	-3,811	189,180	109,325	93,836
Pct chg	12%			20%	0%	7%
FY 2024	289,411	10,567	13,349	180,220	109,191	100,151
FY 2025e	285,000			211,105	73,895	108,079

\*Net supply = Issuance - Calls/Mty.

Source: BofA Global Research

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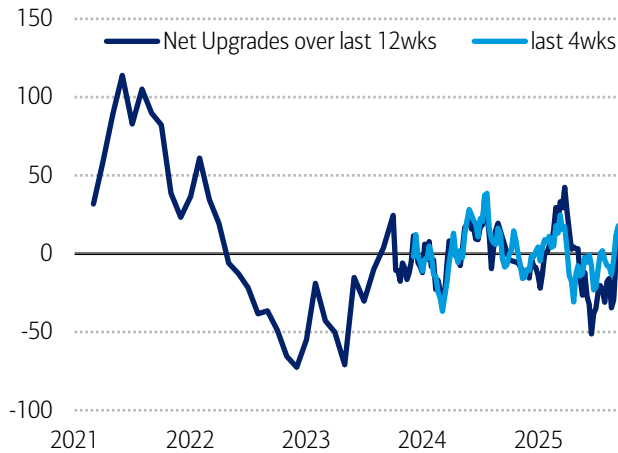
**Rating Action Tracker**

This week downgrades dominated upgrades. Retail (Newell Brands), Media (Nielsen), and Chemicals (FXI, Consolidated Energy Finance) led downgrades; Energy (Nabors) and Transportation (FTAI Aviation) led upgrades over last 4wks.



**Exhibit 28: HY index-eligible debt net upgrade (\$bn)**

This week upgrades \$5.2bn and downgrades \$10bn.

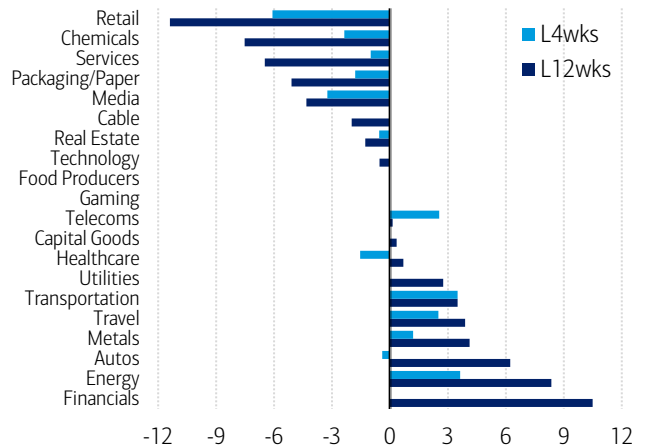


Source: BofA Global Research, ICE Data Indices

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**Exhibit 29: Index-eligible debt up/downgraded by sector (\$bn)**

Retail, Media, and Chemicals led downgrades over last 4wks; Energy and Transportation led upgrades.



Source: BofA Global Research, ICE Data Indices

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**Exhibit 30: Recent rating upgrades & downgrades**

1wk/3m: actual notches upgraded/downgraded.

**Recent realized upgrades (top 15)**

Ticker	Name	Sector	Face	OAS	Rtg	1wk	3m	Est
CRS	CARPENTER TECHN	Metals	700	167	BB1	1	1	1
FTAI	FORTRESS TRANS	Transports	3,500	139	BB2	1	1	1
RBC	ROLLER BEARING	Metals	500	115	BB3	1	1	
ENOGLN	ENERGEAN PLC	Energy	450	25	BB2	1	1	
ARIS	ARIS WATER HOLD	Energy	500	111	BBB3		5	
CVNA	CARVANA CO	Autos	3,929	645	B1		2	
BIGBRS	BIG RIVER STEEL	Metals	720	44	BB1		1	3
CRC	CALIFORNIA RESO	Energy	1,300	258	BB3		1	3
LYV	LIVE NATION ENT	Travel	2,950	95	BB3		1	3
VIKCRU	VIKING CRUISES	Travel	3,945	122	BB3		1	2
EAT	BRINKER INTERNA	Travel	350	119	BB2		1	2
CCL	CARNIVAL CORP	Travel	11,156	128	BB1		1	1
NBR	NABORS INDUSTRI	Energy	2,125	566	B3		1	1
ATI	ATI MATERIALS	Metals	1,450	90	BB3		1	0
ELAN	ELANCO ANIMAL H	Healthcare	732	144	BB3		1	0

Total for all recent upgrades **34,306**

**Recent realized downgrades (top 15)**

Ticker	Name	Sector	Face	OAS	Rtg	1wk	3m	Est
OPI	OFFICE PPTY INC	Financials	1,287	1,016	D	-1	-3	
XRRCRP	XEROX	Services	600	1,901	CCC2	-1	-2	
BHF	BRIGHTHOUSE FIN	Financials	4,785	142	BBB3	-1	-1	-1
NWL	NEWELL BRANDS I	Retail	4,586	389	B2	-1	-1	0
ARDFIN	ARD PACKAGING	Packaging	961	10,000	D	-1	-1	
OB	OT MIDCO LTD	Media	628	3,568	B1	-1	-1	
OMI	OWENS & MINOR	Healthcare	1,031	1,474	B2	-1	-1	
ARGID	ARDAGH PACKAGIN	Packaging	3,016	3,939	C	-1	-1	
BZH	BEAZER HOMES US	Real Estate	956	242	B2	-1	-1	
BAX	BAXTER INTERNAT	Healthcare	7,852	98	BBB3	-1	-1	
LILAPR	LCPR CABLE	Cable	1,981	2,239	CCC1		-2	-1
TROX	TRONOX	Chemicals	1,475	1,492	B3		-2	-1
JELD	JELD-WEN INC	Real Estate	750	1,118	CCC1		-2	
SMPINF	SEMPRA INFRASTR	Energy	400	166	BBB3		-1	-3
VSTJET	VISTAJET GROUP	Travel	2,000	319	B3		-1	-3

Total for all recent downgrades **32,308**

Source: BofA Global Research, ICE Data Indices. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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**Exhibit 31: Rating upgrades & downgrades candidates**

Projected notches to be upgraded/downgraded from current level. This is a representative list. For the full list, please reach out directly.

**Upgrade candidates (top 15)**

Ticker	Name	Sector	Face	OAS	Rtg	1wk	3m	Est
CHBANI	CHOBANI HOLDCO	Food	1,634	180	CCC1			3
COMM	COMMSCOPE	Telecoms	4,210	235	CCC3			3
ALLIANT	ALLIANT HOLD /	Financials	6,939	206	CCC2			3
GTLS	CHART INDUSTRIE	Cap Goods	1,967	289	B2			3
WASPRO	WASTE PRO USA I	Services	850	180	B2			3
CETERA	ARETEC BROKERS	Financials	1,100	219	CCC1			3

**Downgrade candidates (top 15)**

Ticker	Name	Sector	Face	OAS	Rtg	1wk	3m	Est
RWLVCA	RESORTS WORLD	Gaming	1,750	447	BB1			-3
PANIRP	PANAMA INFRASTR	Financials	1,428	294	BB1			-3
HUN	HUNTSMAN INTERN	Chemicals	1,500	288	BB1			-3
MAGN	GLATFELTER	Packaging	1,300	602	B1			-3
JWN	NORDSTROM	Retail	2,541	239	BB1			-3
KSS	KOHL'S STORES	Retail	1,287	464	B1			-3



**Exhibit 31: Rating upgrades & downgrades candidates**

Projected notches to be upgraded/downgraded from current level. This is a representative list. For the full list, please reach out directly.

Upgrade candidates (top 15)						Downgrade candidates (top 15)							
SHEARE	FIESTA PURCHASE	Food	950	279	CCC2	3	OGN	ORGANON &	Healthcare	4,858	401	B1	-3
ACRISU	ACRISURE LLC /	Financials	4,275	227	CCC2	3	MIDCAP	MIDCAP FINANCA	Financials	1,400	446	BB3	-3
ARDGRP	ARDONAGH GROUP	Financials	2,820	296	CCC2	3	M	MACY'S RETAIL H	Retail	1,797	211	BB1	-3
TKCHOL	TKC HOLDINGS	Food	1,100	288	CCC2	3	OPTICS	OPTICS BIDCO SP	Telecoms	2,000	306	BB1	-3
EGBLFN	EG GLOBAL FINAN	Energy	1,100	180	B2	3	WBD	WARNERMEDIA HOL	Media	14,350	206	BB2	-3
USSALT	SCIH SALT PRODU	Chemicals	1,800	191	CCC2	3	HILCRP	HILCORP ENERGY	Energy	4,900	342	BB2	-3
CALCOL	WAND NEWCO 3 IN	Autos	1,250	202	B3	3	CC	CHEMOURS	Chemicals	2,498	367	B1	-3
ADVGR0	OSAIC HOLDINGS	Financials	1,420	229	CCC1	3	SOFTBK	SOFTBANK GROUP	Financials	11,141	261	BB1	-3
RRR	STATION CASINOS	Gaming	1,691	180	B3	3	PRAA	PRA GROUP INC	Financials	1,297	359	BB2	-3
<b>Total for top 15 candidates</b>						<b>33,106</b>	<b>Total for top 15 candidates</b>						<b>54,047</b>

**Source:** BofA Global Research, ICE Data Indices. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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**Fallen Angels & Rising Stars**

Rising stars continue to be the theme, with three names (\$2bn total) entering IG in Oct and RLGH Finance (\$1.25bn) this month. Commodity chemicals has been the top of fallen angel candidates list for the second week due to broader beta risk and weaker demand.

**Exhibit 32: Rising star & Fallen angel actual/realized transitions**

Rising Star:  $\Delta$  OAS = difference between issuer OAS and the BBB index; Fallen Angel:  $\Delta$  OAS = difference between issuer OAS and the BB index

Rising Star actual/realized transitions						Fallen Angel actual/realized transitions													
Date	Ticker	Name	Sector	Face	OAS	BBBs	$\Delta$ OAS	Date	Ticker	Name	Sector	Face	OAS	BBBs	$\Delta$ OAS				
01/25	CASAVI	CASTLELAKE AVIATIO	Cap Goods	420		102		01/25	APTV	APTIV PLC / GLO	Autos	500	92	166	-74				
01/25	NWSA	NEWSCORP DOWJON	Media	1,500	127	102	25	02/25	CE	CELANESE US	Chemicals	7,150	156	182	-26				
02/25	COTY	COTY	Retail	1,600	148	109	39	02/25	NSANY	NISSAN MOTOR AC	Autos	9,452	137	182	-45				
02/25	WAL	WESTERN ALLIANC	Financials	600	229	109	120	05/25	WHR	WHIRLPOOL	Retail	3,150	171	197	-26				
03/25	UAL	UNITED AIRLINES	Travel	3,932	219	120	99	06/25	JHXAU	JAMES HARDIE IN	Real Estate	400	89	171	-82				
04/25	ISPIM	INTESA SANPAOLO	Financials	1,500	155	137	18	07/25	HUN	HUNTSMAN INTERN	Chemicals	1,500	219	174	45				
04/25	UCGIM	UNICREDIT SPA	Financials	3,750	128	137	-9	07/25	WBD	WARNERMEDIA HOL	Media	14,351	203	174	29				
05/25	CTREV	CARETRUST	Healthcare	400	153	116	37	08/25	BRKHEC	BERKSHIRE HATHA	Utilities	850	45	179	-134				
05/25	DTMINC	DT MIDSTREAM	Energy	2,100	139	116	23	08/25	TCPC	BLACKROCK TCP C	Financials	325	239	179	60				
05/25	OHNAT	CONSTELLATION INS	Financials	675	262	116	146												
05/25	RCL	ROYAL CARIBBEAN	Travel	9,700	146	116	30												
06/25	HASI	HA SUSTAINABLE	Energy	997	203	108	95												
07/25	VNOM	VIPER ENERGY PA	Energy	380	101	99	2												
08/25	VRT	VERTIV GROUP CO	Cap Goods	850	114	102	12												
09/25	CTECLN	180 MEDICAL	Healthcare	500	128	97	31												
09/25	LPX	LOUISIANA-PACIF	Real Estate	350	123	97	26												
10/25	ARIS	ARIS WATER HOLD	Energy	500	100	102	-2												
10/25	BRKHEC	BERKSHIRE HATHA	Utilities	476	45	102	-57												
10/25	GNL	GLOBAL NET LEAS	Financials	500	166	102	64												
10/25	RTL	AMERICAN FIN TR	Financials	500	156	102	54												
11/25	RESLIF	RLGH FINANCE BERMUDA LTD	Financials	1,250	179	105	74												
<b>Weighted average/total ytd</b>						<b>32,480</b>	<b>153</b>	<b>116</b>	<b>39</b>	<b>Weighted average/total ytd</b>						<b>37,678</b>	<b>170</b>	<b>179</b>	<b>-10</b>

**Source:** BofA Global Research, ICE Data Indices. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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**Exhibit 33: Rising Star & Fallen angel watchlist**

Rising Star candidates: BB-rated issuers with lowest issuer-level CSI; Fallen Angel candidates: BBB-rated issuers with highest issuer-level CSI. This is a representative list. For the full list, please reach out directly.

Rising Star candidates						Fallen Angel candidates					
Ticker	Issuer	Sector	Rtg	Face	OAS	Ticker	Issuer	Sector	Rtg	Face	OAS
GFLCN	GFL ENVIRONMENT	Commercial Services	BB2	4,300	98	FMC	FMC	Commodity Chemicals	BBB3	3,250	346
USFOOD	US FOODS	Food	BB2	2,900	117	CHTR	CHARTER COMMS	Cable	BBB3	53,700	199
LYV	LIVE NATION ENT	Travel & Experiences	BB2	2,950	95	DOW	DOW CHEMICAL CO	Commodity Chemicals	BBB2	13,751	152
VIKCRU	VIKING CRUISES	Travel & Experiences	BB2	3,945	122	CNC	CENTENE	HMO	BBB3	15,677	177
HLT	HILTON WORLDWID	Travel & Experiences	BB2	8,500	112	PARA	PARAMOUNT GLOBA	Media & Content	BBB3	14,656	198
WCC	WESCO DISTRIBUT	Industrial Machinery	BB2	3,875	96	LYB	LYB INT FINANCE	Commodity Chemicals	BBB2	10,141	163
URI	UNITED RENTALS	Industrial Machinery	BB2	8,869	84	APODS	APOLLO DEBT SOL	Asset Managers	BBB3	2,893	185
IQV	IQVIA INC	Healthcare Technology	BB1	6,650	104	OCINCC	BLUE OWL CREDIT	Asset Managers	BBB3	4,948	186
HESM	HESS MIDSTREAM	Midstream	BB1	3,100	102	ANTHOL	ANTARES HOLDING	Asset Managers	BBB3	2,900	177
PR	PERMIAN RESOURC	E&P	BB1	3,575	126	ARESSI	ARES STRATEGIC	Asset Managers	BBB3	5,398	180
SEE	SEALED AIR	Packaging	BB2	3,501	117	HLEND	HPS CORPORATE L	Asset Managers	BBB3	4,194	176
PPC	PILGRIM'S PRIDE	Food	BB1	3,106	124	VTRS	VIATRIS	Pharma	BBB3	10,371	163
SUN	SUNOCO LP	Midstream	BB1	7,499	146	OWL	BLUE OWL FINANC	Asset Managers	BBB2	2,444	154
RKT	ROCKET COS INC	Consumer Finance	BB1	9,693	124	SOBOCN	SOUTH BOW USA I	Midstream	BBB3	4,746	160
XYZ	BLOCK INC	Financial Technology	BB1	6,200	125	CNXC	CONCENTRIX	Technology Services	BBB2	2,150	159
<b>Total</b>				<b>78,663</b>	<b>118</b>	<b>Total</b>				<b>151,220</b>	<b>185</b>

**Source:** BofA Global Research, ICE Data Indices. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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**Defaults Tracker**

HY defaults were around \$23bn and Loan defaults were around \$47bn YTD, with average recovery at 61pts and 58pts respectively.

**Exhibit 34: Recent defaults across bonds and loans**

RR = recovery rates, average 30day prior to default; All = all seniorities; FLD = 1st Lien Debt; SRU = Sr Unsecured.

YTD HY has defaulted \$23bn while BSL has defaulted \$47bn.

Date	Ticker	Name	Sector	Event	HY				BSL	
					Face	RR All	RR FLD	RR SRU	Face	RR All
07/25	RADIAT	RADIATE HOLDCO	Cable	Distressed exchange	1,900	74		64	3,309	87
07/25	LFSNGL	LIFESCAN GLOBAL CORPORAT	Healthcare	Bankruptcy					780	51
07/25	DELMFD	DEL MONTE FOODS INC.	Food Producers	Bankruptcy					571	56
08/25	SAGLEN	SAKS GLOBAL ENTERPRISES	Retail	Distressed exchange	2,149	24				
08/25	CUB	ATLAS CC ACQUISITION COR	Technology	Distressed exchange					1,704	72
08/25	SAVE	SPIRIT LOYALTY KY LTD	Travel	Bankruptcy	852	51	51			
08/25	ANABEV	ANASTASIA PARENT LLC	Retail	Payment Default					606	86
08/25	BROWHI	BW HOLDING INC.	Packaging/Paper	Distressed exchange					588	73
08/25	MODV	MODIVCARE INC	Healthcare	Bankruptcy					522	59
09/25	TRICGR	FIRST BRANDS GROUP	Autos	Bankruptcy					4,402	37
10/25	ASTACQ	ASTRA ACQUISITION CORP.	Financials	Bankruptcy					1,021	9
10/25	FLORFO	FLORIDA FOOD PRODUCTS LL	Food Producers	Distressed exchange					702	61
11/25	ARGID	ARDAGH PACKAGING	Packaging/Paper	Distressed exchange	1,801	27		27		
11/25	OPI	OFFICE PPTY INCOME TRST	Financials	Bankruptcy	1,287	81	81			
11/25	PCKHLD	PACKERS HOLDINGS LLC	Services	Payment Default					1,185	32
11/25	KPERST	KLEOPATRA FINCO S.A R.L.	Packaging/Paper	Bankruptcy					694	42
<b>YTD total</b>					<b>23,293</b>	<b>61</b>	<b>69</b>	<b>47</b>	<b>47,082</b>	<b>58</b>
<b>2024 FY</b>					<b>20,689</b>	<b>55</b>	<b>59</b>	<b>52</b>	<b>56,125</b>	<b>60</b>
<b>2023 FY</b>					<b>33,838</b>	<b>41</b>	<b>51</b>	<b>45</b>	<b>41,290</b>	<b>46</b>

**Source:** BofA Global Research

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**Exhibit 35: Default candidates representative names**

HY issuers with highest issuer-level CSI; FLTD: face likely to default - assumed amount written off in a restructuring (uses sliding scale based on the CSI value (100th = 1:1 full scale; 90th = 0:1 none)

Ticker	Issuer	Sector	Rating	Face	Price	CSI ▼	FLTD
ARDFIN	ARD PACKAGING	Packaging/Paper	C	961	1	0.999	961
LINTA	LIBERTY MEDIA	Media	CC	792	6	0.999	792
WSTC	WEST TECHNOLOGY GRP	Telecoms	CCC3	446	12	0.998	446
CISN	CASTLE US HOLDING CORP	Media	CC	272	15	0.996	272
NFE	NFE FINANCING LLC	Energy	CCC3	2,730	23	0.996	2730
AFFGAM	AFFINITY GAMING	Gaming	CCC2	545	43	0.995	545
ARGID	ARDAGH PACKAGING	Packaging/Paper	CC	1,801	28	0.994	1788
CUMINT	CUMULUS MEDIA NEW HLDGS	Media	CCC2	306	28	0.994	303
NINE	NINE ENERGY SERVICE	Energy	CCC2	300	39	0.993	296
BRIEAS	BRIGHTLINE EAST LLC	Transportation	CCC1	1,119	33	0.993	1094
SAGLEN	SAKS GLOBAL ENTERPRS LLC	Retail	CC	1,381	35	0.992	1338
TSE	TRINSEO LUX/TRINSEO NA	Chemicals	CCC3	385	31	0.991	368
ALNMED	ALLEN MEDIA	Media	CCC3	630	44	0.991	601
SPRIND	SWF ESCROW ISSUER	Retail	CC	383	35	0.990	352
INTLGR	SIGNAL PARENT	Real Estate	CCC3	290	34	0.989	263
TELSAT	TELESAT CANADA	Telecoms	CC	387	75	0.988	330
PRIMIN	PMHC II	Chemicals	CCC3	756	52	0.986	604
LABL	MULTICOLOR LABELS	Packaging/Paper	CCC3	2,900	62	0.986	2288
UONE	URBAN ONE	Media	CCC2	488	51	0.984	346
RAX	RACKSPACE FINANCE LLC	Technology	CCC1	319	40	0.984	222
LOGM	GOTO GROUP INC	Technology	CCC2	780	58	0.984	538
GPSHOH	GPS HOSPITALITY HOLDING	Travel	CCC2	400	55	0.983	266
OBEBLD	OSCAR ACQUISITIONCO	Real Estate	CCC2	585	60	0.982	355
TRUK	REAL HERO MERGER SUB.2	Autos	CCC2	600	58	0.981	345
FXIHL	FOAMEX FXI	Chemicals	CCC3	1,232	85	0.981	704

**Source:** BofA Global Research, ICE Data Indices. Disclaimer: The screen above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This screen was not created to act as a benchmark. Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

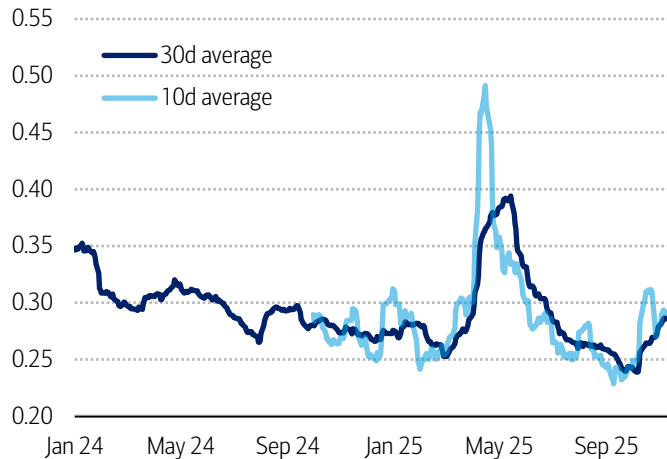
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**Liquidity Tracker**

Telecoms (Terawulf, Uniti, Cogent Communications), Transportation (FTAI Aviation), and Utilities (NRG) were the most actively traded sectors relative to their recent averages. Bid-ask spreads averaged at 0.29pt this week, widened from 0.28pt last week.

**Exhibit 36: HY effective bid-ask spreads, pts**

Effective bid-asks are measured on actual round-trip trades. It averaged at 0.29pt this week, widened from 0.28pt last week.

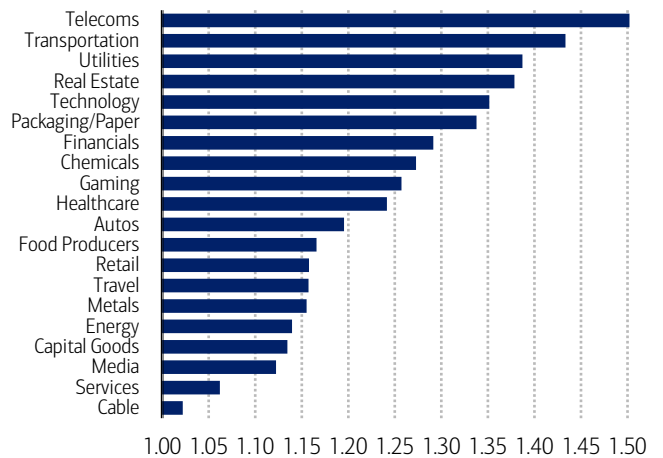


**Source:** BofA Global Research, FINRA Trace

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**Exhibit 37: Sector-level daily avg trading volume**

L1wk daily avg trading volume divided by L3mo. Telecoms was the most actively traded sector, with L1wk volume at 1.5x of L3mo.



**Source:** BofA Global Research, FINRA Trace

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# Market Recap: USD Loans

## Return Summary

Loan index total return is currently 0.12% WTD driven by income return (+1.10%) and price (+0.02pts). BB's led with (+0.14%) TR followed by B's (+0.13%) and CCC's(+0.05%). On a YTD basis, BBs and Bs lead with +5.27% & +5.23% TR, compared to overall index (5.04%) while CCCs are lagging with 2.83%.

### Exhibit 38: Loan total return, bps

Loans have returned 5.04% YTD

	YTD	MTD	WTD	11/7	10/31
All Loans	504	17	12	5	24
BB	527	21	14	7	17
B	523	21	13	8	28
CCC	283	-41	5	-45	19

Source: BofA Global Research, LCD

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### Exhibit 39: Loan index prices (pts)

Loan index is currently at 96.6pts

	Level	WTD	11/7	10/31	10/24
All Loans	96.6 pts	+0.02	-0.10	+0.12	+0.09
BB	99.3 pts	+0.05	-0.07	+0.05	+0.09
B	97.8 pts	+0.04	-0.08	+0.14	+0.10
CCC	78.9 pts	-0.46	-0.24	+0.27	+0.19

Source: BofA Global Research, LCD

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## Supply and Demand

The week so far has seen \$1.9bn in Demand, driven by \$1.7bn in Coupons followed by \$405mn in CLO issuance offset by -\$204mn in retail outflows. On the supply side, we've seen new issuance of \$8.3bn offset by \$718mn in repayments, leaving us with -\$5.6bn in Demand net Supply WTD. YTD Demand net Supply is currently \$83.8bn, down -42% vs. its level at this time last year.

### Exhibit 40: USD Loan supply and demand components (\$mn)

YTD demand net of supply stands at \$83.7bn

	YTD	WTD	11/7	10/31	10/24
Retail flows (a)	-9,242	-204	409	-204	-128
CLO creation (b)	139,266	405	7,326	5,380	1,527
Coupons (c)	100,182	1,727	2,721	3,632	1,625
<b>Demand (a+b+c)</b>	<b>230,206</b>	<b>1,928</b>	<b>10,456</b>	<b>8,808</b>	<b>3,024</b>
Issuance ex-repricings (e)	410,968	8,287	4,334	6,654	5,646
Repayments (f)	264,583	718	4,976	6,695	9,803
<b>Net Supply (e-f)</b>	<b>146,385</b>	<b>7,569</b>	<b>-642</b>	<b>-41</b>	<b>-4,157</b>
<b>Demand net of Supply</b>	<b>83,821</b>	<b>-5,641</b>	<b>11,098</b>	<b>8,849</b>	<b>7,181</b>

Source: BofA Global Research, LCD, LevFin Insights, EPFR

Note: \*Retail flows include only Open-End funds and ETFs which primarily hold Broadly Syndicated Loans and does not include CLO ETFs. YTD Retail flows include additional funds which publicly report on a monthly (rather than daily) basis, whereas WTD & weekly flows include only funds which publicly report daily. \*\*CLO creation does not adjust for liquidations.

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WTD outflows are -\$204mn from BSL funds, consisting of -\$76mn from Open-Ends and -\$128mn from ETFs. Separately, CLO ETFs have seen +\$45mn in outflows WTD. YTD flows are negative across Loan Open-Ends (-\$5.7bn) & ETFs (-\$3.4bn), and positive for CLO ETFs (+\$13.9bn).

### Exhibit 41: USD Loan fund flows (\$mn)

Flows into Loan Open-Ends, ETFs, and CLO ETFs

Asset	YTD	MTD	WTD	11/7	10/31	10/24
Open-End	-5,787	+11	-76	+87	-173	-195
Loan ETF	-3,455	+194	-128	+322	-31	+67
CLO ETF	+13,927	+99	+45	+53	+65	+13

Source: BofA Global Research, Bloomberg, EPFR

Note: Open-End and Loan ETF flows include only funds which primarily hold Broadly Syndicated Loans. YTD Retail flows include additional funds which publicly report on a monthly (rather than daily) basis, whereas WTD, weekly, & MTD flows include only funds which report daily.

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Over the past seven days, we've observed \$8.5bn in USD Loan new issuance. 33% by notional was for refinancing and 26% was for acquisition. YTD global and US issuance totals \$503bn and \$411bn, with a total of 760 and 563 loans launched respectively in the primary market thus far. In comparison, YTD '24 brought in \$527.2bn global issuance



across 777 loans and \$455.8bn US issuance across 618 loans. YTD Repricings amount to \$465bn, a -5% decrease from \$491bn in YTD 2024.

#### Exhibit 42: USD Loan new money issuance

List of USD Loan deals over last seven days

Launch Date	Issuer	New Institutional Money	Rating	Purpose	Sector	Country
11/12/2025	Insignia Financial Group Inc	672	BB	LBO	Services & Leasing	United States
11/12/2025	Heidrick & Struggles	550	B	LBO	Services & Leasing	United States
11/12/2025	Sebia	500		LBO	Healthcare	France
11/12/2025	Duravant LLC	240	B	Acquisition	Manufacturing & Machinery	United States
11/12/2025	Air Methods Corporation	1,100		Dividend	Healthcare	United States
11/12/2025	American Residential Services LLC	100	B	Dividend	Building Materials	United States
11/10/2025	Liberty Tire Recycling LLC	500	B	LBO	Wholesale Trade	United States
11/10/2025	ManTech International Corp	2,300	B	Refinancing	Computers & Electronics	United States
11/10/2025	Cetera Financial Group Inc	100	B	Refinancing	Services & Leasing	United States
11/10/2025	Calpine Corp	225	BB	Refinancing	Utilities	United States
11/10/2025	Genmab	2,000	BB	Acquisition	Healthcare	Denmark
11/7/2025	Mauser Packaging	220	B	Refinancing	Metals & Mining	United States

Source: BofA Global Research, LCD

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#### Defaults and Downgrades

No new defaults were recorded this week. Over the past four weeks, we've observed 4 Loans default across 3 distinct issuers, totaling \$2.4bn in nominal default volume. LTM default rate ended the week slightly lower, now 3.8% by par and 3.9% by issuer as \$3.2bn in defaulted par from this time last year exited the rolling 12M calculation.

#### Exhibit 43: USD Defaults over last four weeks

List of USD Loan default events over last four weeks

Default Date	Issuer	Ticker	Sector	Face	Maturity
11/05/2025	Kleopatras Finco S.a r.l.	KPERST	Packaging/Paper	694	2/12/2026
11/05/2025	Packers Holdings LLC	PCKHLD	Services	1,185	3/9/2028
10/17/2025	Florida Food Products LLC	FLORFO	Food Producers	428	10/18/2028
10/17/2025	Florida Food Products LLC	FLORFO	Food Producers	126	10/18/2029

Source: BofA Global Research, LCD

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Over the past month, we have seen rating actions across 19 distinct issuers. A total of 11 issuers were downgraded by -14 notches (\$9bn notional), and 8 issuers were upgraded by 12 notches (\$8bn notional). In terms of sectors, Services represented 47% of total downgrades by notional, followed by Technology (13%) and Energy (9%). Of the upgrades, 24% by notional value was in Capital Goods, followed by 19% in Healthcare and 18% in Technology. Over the past month, downgrades have outweighed upgrades by -\$1.1bn.

#### Exhibit 44: USD Loan rating migrations

List of USD Loan upgrades and downgrades over last four weeks

RatingDate	Issuer	Ticker	Sector	Face	Maturity	Rating Action	Current Rating	Notches
11/6/2025	Consolidated Energy Limited	CONSEN	Chemicals	734	11/15/2030	Downgrade	CCC+	(2)
11/6/2025	Entertainment Partners	EPPURC	Technology	820	11/6/2028	Downgrade	B	(1)
11/6/2025	Entertainment Partners	EPPURC	Technology	325	11/6/2028	Downgrade	B	(1)
11/6/2025	Epic Crude	EPICRU	Energy	1,114	10/15/2031	Upgrade	BBB	4
11/6/2025	Imprivata Inc.	IMPR	Technology	1,333	12/1/2027	Upgrade	B	1
11/6/2025	Invenergy LLC	INTHFI	Utilities	699	5/6/2032	Downgrade	BB-	(1)
11/6/2025	Invenergy LLC	INTHFI	Utilities	50	5/6/2032	Downgrade	BB-	(1)
11/6/2025	OVG Business Services LLC	OVGBUS	Media	594	6/25/2031	Upgrade	B	1
11/6/2025	US Renal Care Inc	USRENA	Healthcare	1,460	6/20/2028	Upgrade	B-	1
11/6/2025	Xerox Corp	XRRCRP	Services	707	11/17/2029	Downgrade	B	(1)
10/30/2025	Northrivers Midstream Finance LP	NORMID	Energy	802	8/16/2030	Downgrade	BB-	(1)
10/30/2025	Rough Country	ROUCON	Autos	640	7/28/2028	Upgrade	B	1
10/30/2025	Ryan LLC	RYNLLC	Services	1,616	11/14/2030	Downgrade	B	(1)
10/30/2025	Stats Intermediate Holdings LLC	STATSL	Services	377	7/10/2026	Downgrade	CCC	(1)
10/30/2025	Tricor Group LLC	THEVEL	Services	1,371	6/18/2029	Downgrade	B	(1)
10/23/2025	Alliance Laundry Systems LLC	ALH	Capital Goods	1,415	8/19/2031	Upgrade	BB-	2



### Exhibit 44: USD Loan rating migrations

List of USD Loan upgrades and downgrades over last four weeks

RatingDate	Issuer	Ticker	Sector	Face	Maturity	Rating Action	Current Rating	Notches
10/23/2025	Emerald EMS	EEMEEMS	Autos	243	12/29/2027	Downgrade	CCC	(1)
10/23/2025	Janus International Group	JANINT	Real Estate	552	8/3/2030	Upgrade	BB	1
10/23/2025	Novaria Group	NOVHLD	Capital Goods	406	6/6/2031	Upgrade	B	1
10/23/2025	Raising Cane's Restaurants LLC	RZNCAN	Travel	495	9/18/2031	Downgrade	BB-	(1)
10/23/2025	United Natural Foods	UNFI	Food Producers	382	5/1/2031	Downgrade	B	(1)

Source: BofA Global Research, LCD

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### Performance Breakdown

Exhibit 45 shows a detailed breakdown of performance drivers within the USD loan space. We look at market subsets by broad and narrow ratings, as well as by sectors. For each subset we list metrics encompassing market structure, returns, spreads, prices and yields, both with and without the forward curve. We also have a section on constant constituents, which eliminates any impact from a change of constituents to generate the organic performance of each subset of the market.

Entries in the table are formatted along a green-red color-axis, with color scales grouped and formatted separately for each combination of time period (WTD, MTD, YTD) and metric (TR, 3yrDM, Price). Color scales are also formatted separately for each of the market subsets: Broad Rating, Narrow Rating, and Sectors. Values for All Loans are color-formatted along the same color-axis as Broad Rating.

### Exhibit 45: USD Loan valuations and performance by Rating and Sector

Breakdown of WTD, MTD, and YTD changes in price, spread, and total return across ratings and sectors

November 12, 2025	Characteristics		Total Return			3yr DM				Price				YTM spot	3yr Yield	Constant Constituent		
			WTD	MTD	YTD	Current	WTD	MTD	YTD	Current	WTD	MTD	YTD			w/o curve	w/ curve	Total Return
	Count	% by par	(bps)	(bps)	(bps)	(bps)	(bps)	(bps)	(bps)	(pts)	(pts)	(pts)	(pts)	(%)	(%)	(bps)	(bps)	(pts)
<b>All Loans</b>	1,302	100%	12	18	510	431	-1	2	7	97.1	0.0	-0.1	-0.7	8.1	7.6	15	-1	0.0
<b>BBB Loans</b>	76	6%	9	26	552	182	0	-2	-5	100.1	0.0	0.1	0.0	5.8	5.2	9	0	0.0
<b>BB Loans</b>	324	24%	14	21	527	271	-2	1	17	99.3	0.1	0.0	-0.8	6.7	6.0	14	-2	0.1
<b>B Loans</b>	783	62%	13	21	551	427	-1	2	0	97.8	0.0	0.0	-0.7	8.1	7.6	13	-1	0.0
<b>All Cs</b>	119	6%	5	-40	190	1,519	13	42	130	78.6	-0.2	-0.7	-1.8	19.4	18.5	7	5	-0.1
<b>BBB-</b>	73	6%	9	26	552	182	0	-2	-5	100.1	0.0	0.1	0.0	5.8	5.2	9	0	0.0
<b>BB+</b>	63	4%	10	22	560	207	-1	1	-4	99.9	0.0	0.0	-0.1	6.1	5.4	10	-1	0.0
<b>BB</b>	100	7%	17	30	515	232	-3	-4	-25	99.7	0.1	0.1	-0.4	6.3	5.7	17	-3	0.1
<b>BB-</b>	161	12%	13	14	527	318	-2	4	49	98.8	0.0	-0.1	-1.4	7.1	6.5	13	-1	0.0
<b>B+</b>	155	12%	8	14	548	319	0	-4	-38	99.4	0.0	0.1	0.1	7.1	6.5	8	1	0.0
<b>B</b>	336	28%	15	32	596	384	-1	-1	-13	98.9	0.0	0.0	-0.4	7.8	7.2	15	-2	0.0
<b>B-</b>	292	22%	13	10	497	542	-2	10	45	95.6	0.0	-0.2	-1.7	9.2	8.8	13	-1	0.0
<b>All Cs</b>	119	6%	5	-40	190	1,519	13	42	130	78.6	-0.2	-0.7	-1.8	19.4	18.5	7	5	-0.1
<b>Autos</b>	47	4%	21	43	495	444	-3	-6	-59	96.9	0.1	0.2	0.4	8.3	7.8	21	-4	0.1
<b>Cable</b>	27	2%	2	29	632	457	3	-2	32	96.9	-0.1	0.0	0.3	8.5	7.9	2	3	-0.1
<b>Capital Goods</b>	86	7%	13	23	549	402	-1	0	10	97.5	0.0	0.0	-1.0	7.8	7.4	11	0	0.0
<b>Chemicals</b>	59	3%	10	-59	-62	686	0	33	275	91.3	0.0	-0.8	-7.2	10.3	10.2	11	0	0.0
<b>Energy</b>	51	3%	11	28	481	361	-2	-3	19	97.8	0.0	0.1	-2.2	7.4	6.9	12	-1	0.0
<b>Financials</b>	120	13%	13	26	612	318	0	0	-4	99.4	0.0	0.0	-0.3	7.1	6.5	13	-1	0.0
<b>Food Producers</b>	41	3%	13	46	421	324	-1	-15	-166	99.6	0.0	0.3	3.3	7.2	6.6	13	-1	0.0
<b>Gaming</b>	25	2%	13	35	539	320	-1	-4	33	98.8	0.0	0.1	-1.0	7.1	6.5	13	-1	0.0
<b>Healthcare</b>	120	10%	19	43	633	415	-1	0	-22	97.8	0.0	0.0	0.0	8.0	7.5	20	-3	0.1
<b>Media</b>	63	4%	11	8	490	643	0	9	152	94.4	0.0	-0.2	-2.6	10.1	9.8	10	1	0.0
<b>Metals</b>	17	1%	14	31	523	381	-2	-1	42	98.2	0.0	0.1	-1.6	7.7	7.1	14	-2	0.0
<b>Packaging/Paper</b>	30	2%	1	-76	426	469	4	-4	67	96.9	-0.1	0.0	-1.9	8.5	8.0	1	4	-0.1
<b>Real Estate</b>	93	6%	-9	-29	574	390	7	20	27	97.7	-0.2	-0.5	-1.2	7.7	7.2	-9	7	-0.2
<b>Retail</b>	82	6%	21	10	462	487	-6	4	0	95.9	0.1	-0.1	-1.0	8.5	8.2	23	-4	0.1



**Exhibit 45: USD Loan valuations and performance by Rating and Sector**

Breakdown of WTD, MTD, and YTD changes in price, spread, and total return across ratings and sectors

November 12, 2025	Characteristics		Total Return			3yr DM				Price				YTM spot	3yr Yield	Constant Constituent		
<b>Services</b>	116	8%	15	33	582	425	-3	-6	-12	97.3	0.1	0.1	-0.5	8.1	7.6	16	-2	0.0
<b>Technology</b>	164	14%	15	18	444	557	-2	4	17	94.4	0.0	-0.1	-0.8	9.2	8.9	15	-2	0.0
<b>Telecoms</b>	27	2%	16	34	929	550	-8	-8	-122	95.3	0.1	0.2	2.2	9.2	8.8	17	-2	0.0
<b>Transportation</b>	26	1%	21	37	571	360	-4	-5	19	98.2	0.1	0.1	-0.9	7.5	6.9	21	-4	0.1
<b>Travel</b>	74	6%	10	17	564	309	0	9	3	99.1	0.0	-0.2	-0.5	7.0	6.4	11	0	0.0
<b>Utilities</b>	33	2%	11	30	617	250	-1	-3	-45	100.1	0.0	0.1	-0.2	6.5	5.8	11	-1	0.0

Source: BofA Global Research, LCD

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This week saw Real Estate issuers led the decliners. Oscar Acquisition led the declines (-9.1pts), followed by JELD-WEN (-6.8pts) as prices declined after the company reported double digit decline in revenue & lowered its earnings outlook for 2025. Cornerstone Building Brands declined by -5.3pts. On the upside, Chemicals issuer Archroma led the increases (+5.5pts), followed by Medical Solutions (+5.0pts) and Healthcare issuer Organon & Co. (+4.2pts).

**Exhibit 46: Top Loan Movers**

Largest price movements over last 7 days

CUSIP	Issuer	Industry	Amt Out (\$mn)	Margin (bps)	Maturity	Loan Rtgs (MDY/S&P)	Price (pts)	Price Chg (pts)
<b>Largest price declines for the week ended 11/12</b>								
68778DAB	Oscar Acquisitionco	Real Estate	1,634	S+ 425	2029-04-29	B2/B-	79.7	-9.1
47579SAV	JELD-WEN	Real Estate	377	S+ 200	2028-07-28	B1/B+	83.3	-6.8
72431HAE	Cornerstone Building Brands	Real Estate	495	S+ 450	2031-05-15	B3/B-	80.3	-5.3
71376GAJ	Perforce Software	Technology	370	S+ 475	2031-03-21	B2/B-	83.6	-4.2
14141NAB	Heritage Grocers Group	Retail	870	S+ 675	2029-08-01	B3/B-	75.5	-3.7
74970AAB	RLG	Media	478	S+ 425	2028-07-07	B3/B-	70.3	-3.5
44325HAF	Hoya Midco	Retail	391	S+ 225	2029-02-03	Caa1/B-	63.5	-3.5
67611YAH	Odyssey Logistics	Transportation	491	S+ 450	2027-10-12	B3/B-	78.0	-3.5
75008UAD	Rackpace Finance	Technology	1,614	S+ 275	2028-05-15	Caa1/B-	42.3	-3.4
G4768PAS	INEOS US Finance	Chemicals	981	S+ 300	2031-02-07	B1/BB-	79.8	-3.4
<b>Largest price increases for the week ended 11/12</b>								
L0323LAJ	Archroma	Chemicals	341	S+ 550	2027-06-30	B3/B+	81.5	+5.5
58462QAH	Medical Solutions	Retail	1,210	S+ 325	2028-11-01	Caa2/CCC+	22.0	+5.0
68621XAG	Organon & Co.	Healthcare	1,543	S+ 225	2031-05-19	Ba1 */BB	94.4	+4.2
50183CAC	LCPR Loan Financing	Cable	620	S+ 375	2028-10-16	Caa1/CCC+	65.0	+3.4
94935RAF	Imagine Learning	Technology	908	S+ 350	2029-12-21	B2/B	94.9	+2.4
23358EAK	DTI Holdco	Services	1,280	S+ 400	2029-04-26	B3/B-	88.8	+2.3
15477BAE	Central Parent	Technology	4,032	S+ 325	2029-07-06	B3/B-	83.4	+2.3
74006LAS	Pre-Paid Legal Services	Services	1,152	S+ 325	2028-12-15	B3/B-	94.9	+2.0
73931HAH	Power Stop	Autos	376	S+ 475	2029-01-26	Caa1/B-	82.0	+2.0

Source: BofA Global Research, LCD

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**Capital Structure Relative Value**

Below Exhibit 47 includes 1L Loans and Secured bonds from an issuer. For issuers with more than one loan/bond, a representative loan/bond is selected based on the highest face value. Pairs are filtered for minimum 0.5% YTM Diff between loans and bonds in either direction, and the following linear relationship b/w YTM diff and Price diff: for any YTM diff, Price diff can be at most (YTM Diff)/2. For example, if the YTM diff is 1%, the Price diff should be < 0.5pts for the pair to make the list. Pairs are sorted in ascending order of YTM diff.



**Exhibit 47: Capital structure relative value, Secured Loans vs Secured Bonds**

List of 20 most dislocated secured bond - secured loan pairs from the same issuer

Ticker	Issuer	Sector	Loan			Bond			Bond minus Loan		
			Face Value	Rating	Maturity	Face Value	Rating	Maturity	Spread Diff	Price Diff	YTM Diff
ADVSAL	Advantage Sales and Marketing	Media	1,096	B	10/28/2027	595	B-	11/15/2028	(110)	(1.33)	(4.70)
HTZ	Hertz	Autos	1,245	B	6/30/2028	1,250	B+	7/15/2029	(244)	17.80	(4.30)
SBGI	Sinclair Broadcast Group	Media	728	B-	12/31/2030	1,430	B	2/15/2033	(524)	13.59	(3.79)
INEGRP	Ineos Group Ltd	Chemicals	2,355	BB-	2/18/2030	725	BB-	4/15/2029	(471)	9.92	(3.73)
VSAT	ViaSat	Telecoms	677	B+	3/2/2029	600	BB-	4/15/2027	(281)	0.46	(2.96)
IHRT	iheartMedia	Media	2,130	CCC+	5/1/2029	718	CCC+	5/1/2029	(223)	3.43	(2.58)
TKCHOL	TKC Holdings	Food Producers	491	B	5/15/2028	425	B	5/15/2028	(322)	0.25	(2.22)
CRASHC	Crash Champions LLC	Autos	913	B-	2/23/2029	600	CCC+	2/15/2029	(173)	4.65	(2.16)
OGN	Organon & Co.	Healthcare	1,543	BB	5/19/2031	2,100	BB	4/30/2028	(222)	1.97	(1.99)
ONGAME	One Toronto Gaming	Gaming	1,228	B-	8/1/2030	400	B-	8/1/2030	(242)	4.98	(1.92)
SYNH	Syneos Health Inc	Healthcare	2,660	B	9/27/2030	1,000	B+	10/1/2030	(155)	6.20	(0.55)
AMWINS	AmWINS Group Inc	Financials	4,600	B+	1/30/2032	750	B+	2/15/2029	(58)	1.86	(0.54)
ZAYO	Zayo Group LLC	Telecoms	533	B-	3/25/2030	1,140	B-	3/9/2030	(79)	(2.38)	0.54
AHLMUN	Munksjo	Packaging/Paper	1,249	B-	2/4/2028	305	B	2/4/2028	(99)	(3.05)	0.57
MGI	MoneyGram Payment System	Financials	392	B	6/1/2030	500	B	6/1/2030	4	(3.22)	0.66
ZIGGO	Ziggo BV	Cable	2,608	B+	1/31/2029	1,525	BB-	1/15/2032	(57)	(7.46)	1.16
DTV	DirecTV	Cable	1,222	B+	8/2/2029	2,074	BB-	2/15/2031	133	(1.71)	1.17
AMC	AMC Entertainment Inc	Media	1,999	B	1/4/2029	360	CCC	2/15/2029	170	(12.62)	1.30
IONPLA	ION Platform	Financials	2,324	B+	9/30/2032	1,500	B	9/30/2032	(86)	0.44	1.67
LUMN	CenturyLink Inc	Telecoms	1,594	B+	4/15/2029	439	B	10/15/2032	346	1.41	3.25

Source: BofA Global Research, LCD, ICE, Bloomberg

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Exhibit 48 shows dislocated 1L Loans and Senior Unsecured bonds from an issuer. For issuers with more than one loan/bond, a representative loan/bond is selected based on the highest face value. Pairs are filtered for Spread difference <-50bps OR >+200bps. Pairs are sorted in ascending order of YTM diff.

**Exhibit 48: Capital structure relative value, Secured Loans vs Unsecured Bonds**

List of 20 most dislocated unsecured bond - secured loan pairs from the same issuer

Ticker	Issuer	Sector	Loan			Bond			Bond minus Loan		
			Face Value	Rating	Maturity	Face Value	Rating	Maturity	Spread Diff	Price Diff	YTM Diff
HTZ	Hertz	Autos	1,245	B	6/30/2028	500	CCC	12/1/2026	(740)	14.05	(9.46)
HLF	Herbalife International Inc	Food Producers	375	BB-	4/12/2029	600	B	6/1/2029	(207)	(10.14)	(2.47)
BGS	B&G Foods Inc	Food Producers	450	B+	10/10/2029	509	CCC	9/15/2027	(203)	1.53	(2.29)
SBGI	Sinclair Broadcast Group	Media	728	B-	12/31/2030	485	CCC-	3/1/2030	(293)	(2.38)	(2.15)
UNFI	United Natural Foods	Food Producers	382	B	5/1/2031	500	CCC	10/15/2028	(347)	(0.23)	(1.96)
CSWHOL	C&S Wholesale Grocers Inc	Food Producers	400	B	8/6/2030	400	CCC+	12/15/2028	(169)	(5.28)	(1.88)
GFLCN	GFL Environmental Services	Services	2,150	B	2/4/2032	750	BB-	8/1/2028	(135)	(2.11)	(1.69)
BHCCN	Bausch Health Companies Inc	Healthcare	2,993	B	9/25/2030	643	CCC-	1/31/2027	(130)	0.44	(1.48)
FYBR	Frontier Communications Corp	Telecoms	1,017	B	7/1/2031	300	BB+	2/1/2028	(105)	3.75	(1.46)
PBI	Pitney Bowes	Services	612	BB	3/19/2032	356	B	3/15/2027	(199)	1.19	(1.35)
CSCHLD	Cablevision Systems	Cable	2,828	CCC+	4/15/2027	1,310	CCC+	4/15/2027	496	-2.33	1.68
CABO	Cable One Inc	Cable	742	BB-	5/3/2028	613	B	11/15/2030	280	(18.92)	2.06
DEATIR	Dealer Tire LLC	Retail	1,468	B-	7/2/2031	500	CCC	2/1/2028	245	(1.70)	2.20
PSLOGI	PS Logistics	Transportation	459	B	9/29/2028	300	CCC+	10/15/2029	288	(6.74)	2.51
DEXAXL	Dexter Axle Company	Autos	1,023	B-	10/4/2028	652	CCC	10/15/2029	316	(12.38)	2.70
SCGALO	Scientific Games Lottery	Gaming	2,048	B	4/4/2029	800	B-	3/1/2030	313	(11.08)	2.75
TEKNI	Tekni-Plex Inc	Packaging/Paper	1,961	B-	9/15/2028	620	CCC	12/31/2028	323	4.75	2.93
WLSNRT	WilsonArt LLC	Real Estate	1,049	B	8/5/2031	500	CCC	8/15/2032	297	(3.65)	3.35
SSP	EW Scripps	Media	338	B	11/30/2029	392	CCC-	1/15/2031	490	(25.26)	4.70
GTN	Gray Television Inc	Media	739	B+	12/1/2028	1,219	CCC	11/15/2031	538	(28.18)	5.10

Source: BofA Global Research, LCD, ICE, Bloomberg

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**CLO Spreads and Arbitrage**

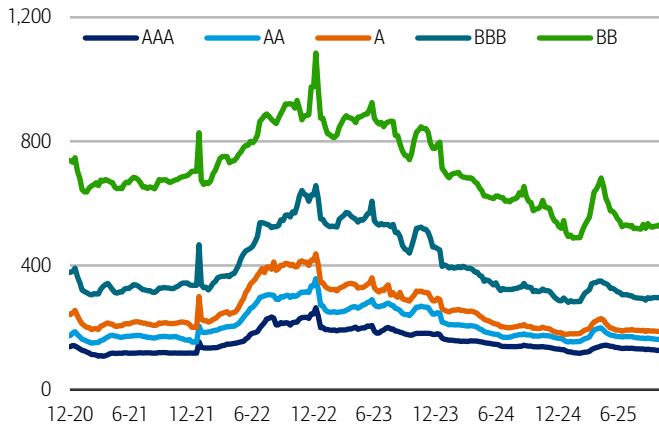
As of 11/7, AAA CLO primary spreads are at 125bps, down from May peak levels above 140bps (Exhibit 49). Arbitrage as of 10/24 is 197bps, down from its April peak of 233bps (Exhibit 50).



Exhibit 49 shows CLO spread levels by tranches. CLO arbitrage is a widely followed statistic in the loan market and represents the theoretical spread that managers can capture by issuing CLOs. Exhibit 50 compares CLO asset (Loan) spreads to the weighted average spreads of CLO liabilities. The difference between these two values is the theoretical arbitrage and represents the current attractiveness of creating new CLOs. Our asset pricing is based on both primary (higher weight) and secondary loans, and liability pricing is based on the most current CLO primary pipeline from LevFin Insights.

**Exhibit 49: US CLO 2.0/3.0 primary spread level (bps)**

Primary CLO spreads have declined materially from '22 peak

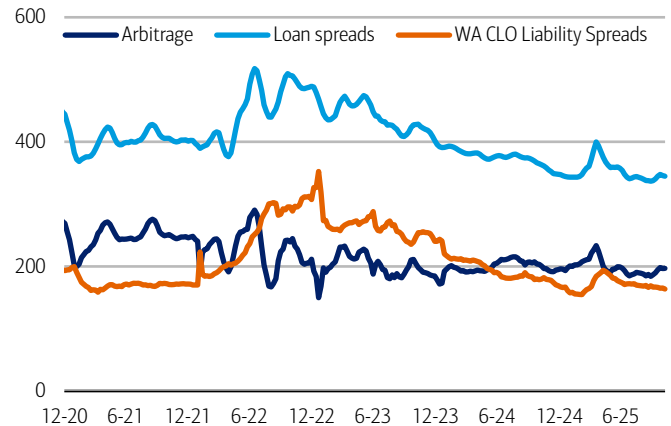


Source: BofA Global Research, LevFin Insights

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**Exhibit 50: CLO Arbitrage (bps)**

CLO arbitrage has remained at YE '24 levels



Source: BofA Global Research, LevFin Insights

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## Market Recap: EUR Loans

WTD EUR Loan index has returned +0.20% with Bs outperforming BBs. YTD EUR Loan index has returned 3.41%, underperforming 5.04% of USD Loan index. WTD Issuance has totaled €2.4bn from 3 deals for LBO & refinancing purposes. YTD EUR new issuance totals €90.8bn, up 40% vs €65.1bn at this time last year. Over the past 4 weeks, we have not observed any downgrades/upgrades. In terms of WTD TR, Real estate (+0.91%) and Financials (+0.27%) have outperformed while Chemicals (-0.08%) and Gaming (+0.06%) have lagged. Market data below is through Wed 11/12.

**Returns Summary**

WTD EUR Loan index has returned +0.20%. Bs (+0.21%) outperformed BBs (+0.09%). WTD EUR Loan index price has increased +0.15pts. YTD EUR Loan index return is at 3.41%, underperforming USD Loan index at 5.04%.

**Exhibit 51: EUR Loan total return**

YTD EUR Loan index return is at 3.41%

	YTD	MTD	WTD	11/7	10/31
All Loans	341	42	20	22	19
BB	289	-11	9	-20	8
B	368	47	21	26	18

Source: BofA Global Research, LCD

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**Exhibit 52: EUR Loan index prices (pts)**

EUR Loan index price is currently at 96.9pts

	Level	WTD	11/7	10/31	10/24
All Loans	96.9 pts	+0.15	+0.07	+0.09	+0.17
BB	98.3 pts	+0.12	-0.38	+0.07	+0.44
B	98.1 pts	+0.14	+0.14	+0.05	+0.19

Source: BofA Global Research, LCD

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**New EUR Loan Issuance**

This week has seen 3 new loan issuance from 3 issuers totaling €2.4bn. 61% by notional was for LBO & 39% was for refinancing.



**Exhibit 53: EUR Loan new money issuance**

This week has seen €2.42bn in new EUR Loan issuance from 3 deal

Launch Date	Issuer	New Institutional Money	Rating	Purpose	Sector	Country
11/12/2025	Sebia	1,470		LBO	Healthcare	France
11/10/2025	Eir	900	B	Refinancing	Telecom	Ireland
11/10/2025	Beauparc Utilities Ltd	50	B	Refinancing	Environmental	Ireland

Source: BofA Global Research, LCD

**EUR Upgrades/Downgrades**

Over the past 4 weeks we have observed no downgrades or upgrades.

**Performance Breakdown**

Exhibit 54 shows a detailed breakdown of performance drivers within the EUR loan space, which we adopt the same methodology as used for USD loan valuations table in Exhibit 45.

**Exhibit 54: EUR Loan valuations and performance by Rating and Sector**

Breakdown of WTD, MTD, and YTD changes in price, spread, and total return across ratings and sectors

November 12, 2025	Characteristics		Total Return			3yr DM				Price				YTM spot	USD eqv	3yr Yield	Constant Constituent		
			WTD (bps)	MTD (bps)	YTD (bps)	Current (bps)	WTD (bps)	MTD (bps)	YTD (bps)	Current (pts)	WTD (pts)	MTD (pts)	YTD (pts)	w/o curve (%)	w/o curve (%)	w/ curve (%)	Total Return WTD (bps)	3yr DM WTD (bps)	Price WTD (pts)
<b>All Loans</b>	385	100%	19	41	342	482	-7	-10	10	97.1	0.1	0.2	-1.0	6.6	8.6	8.2	21	-5	0.1
<b>BBB Loans</b>	2	0%	11	25	430	249	-2	-3	-38	100.3	0.0	0.1	0.1	4.6	6.6	5.8	11	-2	0.0
<b>BB Loans</b>	52	13%	9	-11	288	363	-8	8	34	98.3	0.1	-0.3	-1.8	5.5	7.5	7.0	9	-1	0.0
<b>B Loans</b>	307	77%	22	49	408	447	-5	-11	-11	98.1	0.1	0.3	-0.4	6.4	8.4	7.8	22	-5	0.1
<b>All Cs</b>	24	5%	38	157	305	1,658	-14	-68	377	76.0	0.2	1.0	-6.5	18.5	20.5	19.9	39	-13	0.2
<b>BBB-</b>	2	0%	11	25	430	249	-2	-3	-38	100.3	0.0	0.1	0.1	4.6	6.6	5.8	11	-2	0.0
<b>BB+</b>	7	3%	11	22	421	259	-7	-14	-76	100.1	0.1	0.1	-0.2	4.7	6.7	5.9	11	-2	0.0
<b>BB</b>	12	2%	40	48	328	276	-13	-12	-58	99.8	0.3	0.3	-0.4	4.8	6.8	6.1	40	-12	0.3
<b>BB-</b>	33	8%	0	-41	256	427	-3	18	104	97.2	0.0	-0.5	-2.9	6.0	8.0	7.6	0	3	-0.1
<b>B+</b>	51	14%	11	42	486	356	-1	-9	-55	99.7	0.0	0.2	0.9	5.6	7.6	6.9	11	-1	0.0
<b>B</b>	168	44%	17	47	469	388	-4	-11	-24	99.5	0.1	0.3	-0.2	5.9	7.9	7.2	17	-3	0.1
<b>B-</b>	88	19%	44	60	199	662	-13	-17	94	93.8	0.3	0.4	-2.6	8.3	10.4	10.0	44	-14	0.3
<b>All Cs</b>	24	5%	38	157	305	1,658	-14	-68	377	76.0	0.2	1.0	-6.5	18.5	20.5	19.9	39	-13	0.2
<b>Autos</b>	11	3%	19	41	535	367	-4	-8	-90	99.0	0.1	0.2	0.5	5.6	7.6	7.0	19	-4	0.1
<b>Cable</b>	7	2%	9	60	479	518	0	-16	45	95.5	0.0	0.4	-1.0	7.2	9.2	8.5	9	0	0.0
<b>Capital Goods</b>	27	6%	14	39	497	387	-2	-7	-33	99.5	0.1	0.2	0.0	5.9	7.9	7.2	14	-2	0.1
<b>Chemicals</b>	24	5%	-8	-84	-223	665	10	45	247	92.9	-0.1	-1.0	-6.2	8.2	10.2	10.0	-15	9	-0.2
<b>Energy</b>	4	2%	16	32	673	394	-2	-4	-52	100.4	0.1	0.1	0.2	6.0	8.0	7.3	16	-2	0.1
<b>Financials</b>	38	9%	27	59	342	561	-6	-1	62	95.4	0.1	0.1	-2.1	7.1	9.1	8.9	28	-7	0.2
<b>Food Producers</b>	27	6%	16	58	555	402	-11	-19	-40	99.4	0.1	0.4	0.6	6.0	8.0	7.4	16	-3	0.1
<b>Gaming</b>	6	2%	3	18	505	311	2	0	-24	100.2	0.0	0.0	0.2	5.2	7.2	6.4	3	2	0.0
<b>Healthcare</b>	61	18%	24	72	291	550	-6	-20	61	95.4	0.1	0.5	-2.1	7.2	9.2	8.8	24	-6	0.1
<b>Media</b>	12	2%	16	30	542	401	-3	-4	-21	99.6	0.1	0.1	-0.2	6.0	8.0	7.3	16	-3	0.1
<b>Metals</b>	1	0%	29	91	-383	1,057	-8	-28	442	87.3	0.2	0.6	-9.8	12.7	14.7	13.9	29	-8	0.2
<b>Packaging/Paper</b>	10	2%	14	6	278	559	-2	7	51	96.4	0.1	-0.2	-1.5	7.6	9.6	8.9	14	-2	0.1
<b>Real Estate</b>	26	6%	91	134	558	583	-33	-37	6	95.4	0.8	0.9	-0.3	7.6	9.6	9.2	92	-33	0.8
<b>Retail</b>	33	9%	19	28	364	427	-4	-6	-32	98.2	0.1	0.1	-0.3	6.1	8.1	7.6	19	-4	0.1
<b>Services</b>	30	10%	25	53	403	416	-14	-15	6	98.5	0.2	0.3	-0.9	6.1	8.1	7.5	24	-6	0.2
<b>Technology</b>	37	9%	9	27	358	554	-1	-3	35	95.2	0.0	0.0	-1.7	7.2	9.2	8.9	10	-1	0.0
<b>Telecoms</b>	15	5%	14	33	519	319	-2	-6	-150	100.1	0.1	0.2	2.6	5.2	7.3	6.5	14	-2	0.1
<b>Transportation</b>	4	1%	21	46	573	363	-5	-10	-43	100.4	0.1	0.3	0.3	5.7	7.7	7.0	21	-5	0.1
<b>Travel</b>	11	3%	6	22	405	457	-5	-12	-94	98.2	0.1	0.2	1.2	6.4	8.4	7.9	9	0	0.0
<b>Utilities</b>	1	0%	9	22	539	499	0	0	30	99.4	0.0	0.0	-0.8	7.0	9.0	8.3	9	0	0.0

Source: BofA Global Research, LCD

Chemicals sector led the decliners with Armor limak declining by (-3.3pts). This was followed by 4 loan tranches from INEOS that declined by ~ 3pts. Prices are in downtrend



since Sep after Moody's downgraded CFR to B2 from B1 stating that the rating action reflects the company's continued weak operating performance in the first half of 2025 and very weak debt metrics. Moody's also stated that the earnings visibility remains very limited, with overcapacity and weak pricing conditions likely to remain over the next two years. Gainers include Retail issuer Breitling Financing that gained (+6.7pts) followed by 2 loan tranches from Healthcare issuer Inovie that gained (+5.6pts) & (+5.5pts) respectively.

#### Exhibit 55: Top EUR Loan movers

Largest price movements over last 7 days

FigID	Issuer	Industry	Amt Out (\$mn)	Margin (bps)	Maturity	Loan Rtgs (MDY/S&P)	Price (pts)	Price Chg (pts)
<b>Largest price declines for the week ended 11/12</b>								
BBG01PZV4NX5	Armor limak	Chemicals	522	E+ 450	2029-05-04	-/B-	93.4	-3.3
BBG01FNBS4K4	INEOS Quattro Holdings UK	Chemicals	435	E+ 400	2030-03-14	B2/BB-	79.9	-3.0
BBG01R3WHCB8	INEOS Finance PLC	Chemicals	1,072	E+ 325	2031-02-07	B1/BB-	84.9	-3.0
BBG01N2PFBD5	INEOS Finance PLC	Chemicals	1,739	E+ 350	2031-06-05	-/BB-	85.1	-2.8
BBG01PZSDDV6	INEOS Quattro Holdings UK	Chemicals	504	E+ 425	2031-10-01	B2/BB-	79.6	-2.7
BBG012R0NFX9	Aragon Bidco	Healthcare	951	E+ 375	2028-11-20	Caa1/B-	81.8	-2.7
BBG01JYXGLM9	INEOS Quattro Holdings UK	Chemicals	1,675	E+ 450	2029-04-02	B2/BB-	82.0	-2.4
BBG01NFPJ5R5	Education Group	Services	609	E+ 375	2028-09-30	B2/B-	93.6	-2.1
BBG01WDMDKZ8	Think-Cell Operations GmbH	Technology	807	E+ 450	2028-08-31	-/-	89.7	-1.7
BBG00ZTK8KS3	Herens Holdco	Chemicals	1,298	E+ 400	2028-05-15	B2/B-	85.6	-1.5
<b>Largest price increases for the week ended 11/12</b>								
BBG012TW7HV3	Breitling Financing	Retail	1,269	E+ 400	2028-10-25	B3/B-	91.9	+6.7
BBG00Y9ZSGQ4	Inovie	Healthcare	1,805	E+ 375	2028-03-03	B3/B-	91.7	+5.6
BBG018103SS4	Inovie	Healthcare	464	E+ 500	2028-03-03	B3/B-	92.6	+5.5
BBG01R6JLLF5	Organon & Co	Healthcare	833	E+ 275	2031-12-31	Ba1 /BB	94.4	+4.6
BBG01NC2M5M0	Babilou	Services	924	E+ 400	2030-11-18	B3/-	93.0	+3.9
BBG01JFJV2R1	BME Group Holding	Real Estate	1,749	E+ 475	2029-12-31	B3/B-	82.3	+3.7
BBG01BXTN9W4	Emeria	Real Estate	914	E+ 525	2028-03-27	B3/-	89.6	+3.6
BBG00ZLHJMM8	Emeria	Real Estate	1,478	E+ 350	2028-03-27	Caa1/B-	87.2	+3.2
BBG01N22MKZ4	Pharmanovia Bidco	Healthcare	1,136	E+ 425	2030-02-28	Caa1/B-	50.2	+3.1
BBG01G07FMM8	Winterfell Financing	Real Estate	522	E+ 500	2028-05-04	B3/B-	92.7	+3.1

Source: BofA Global Research, LCD

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# Glossary

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A&E: Amendment and Extension  
AUM: Assets Under Management  
B/S: Balance Sheet  
BSL: Broadly Syndicated Loan Market  
CCC: HY/Loans CCC Rating  
CLO: Collateralized Loan Obligation  
CPI: Consumer Price Index  
CSI: Credit Stress Indicator  
DE: Distressed Exchange  
DL: Direct Lending  
DR: Default Rate  
FCF: Free Cash Flow  
FL/1L: First Lien  
GFC: Global Financial Crisis  
FOMO: Fear of Missing Out  
IG: Investment Grade  
HY: High Yield  
ISM: Institute for Supply Management  
LBO: Leveraged Buyout  
LCD: Leveraged Commentary & Data  
LevFin: Leveraged Finance  
LTM: Last 12 months  
MM: Middle Market  
MTD: Month to Date  
OAS: Option-Adjusted Spread  
OCF: Operating Cash Flow  
OER: Owners' Equivalent Rent  
PD: Private Debt  
PDR: Probability Default Rating  
PIK: Payment-in-Kind  
PPI: Producer Price Index  
QoQ: Quarter over Quarter  
RCF: Revolving Credit Facility  
Refi: Refinancing  
RV: Relative Value  
SL/2L: Second Lien  
SMA: Separately Managed Accounts  
TL: Term Loan  
TLA/TLB: Term Loan A/B  
TR: Total return  
UoP: Use of Proceed  
WK: Week  
WoW: Week over Week  
WTD: Week to Date  
YoY: Year over Year  
YTD: Year to Date  
YTM: Yield to Maturity



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