

Morgan Stanley

INVESTMENT MANAGEMENT

# High Yield Market Monitor

High Yield Investment Team

Q2 2026



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A leader in high yield bond investment management, MSIM presents High Yield Market Monitor, an in-depth review of the US and European High Yield markets through clear and impactful charts. Providing timely information across a broad array of topics relating to this distinctive asset class, High Yield Market Monitor serves as a helpful resource in providing connectivity between changing market events and implications for investors' high yield bond allocation.

Use High Yield Market Monitor to educate on the high yield market, provide updates on market conditions and explain the role of high yield bonds within portfolios.

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If you are viewing this book on your computer or tablet, **click or tap on the title box to jump to the beginning of each section.**

Data provided is for informational use only. See end of report for important additional information.

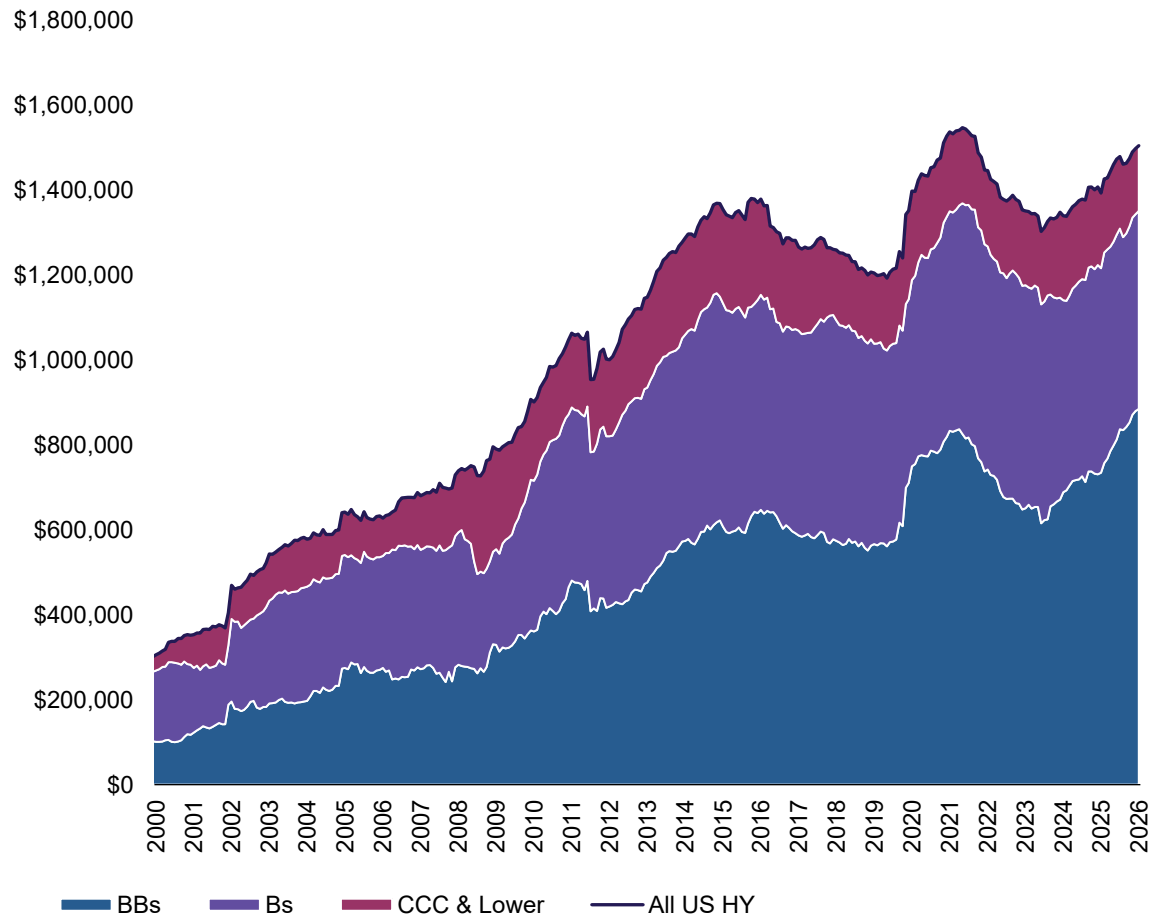
# High Yield Asset Class Review



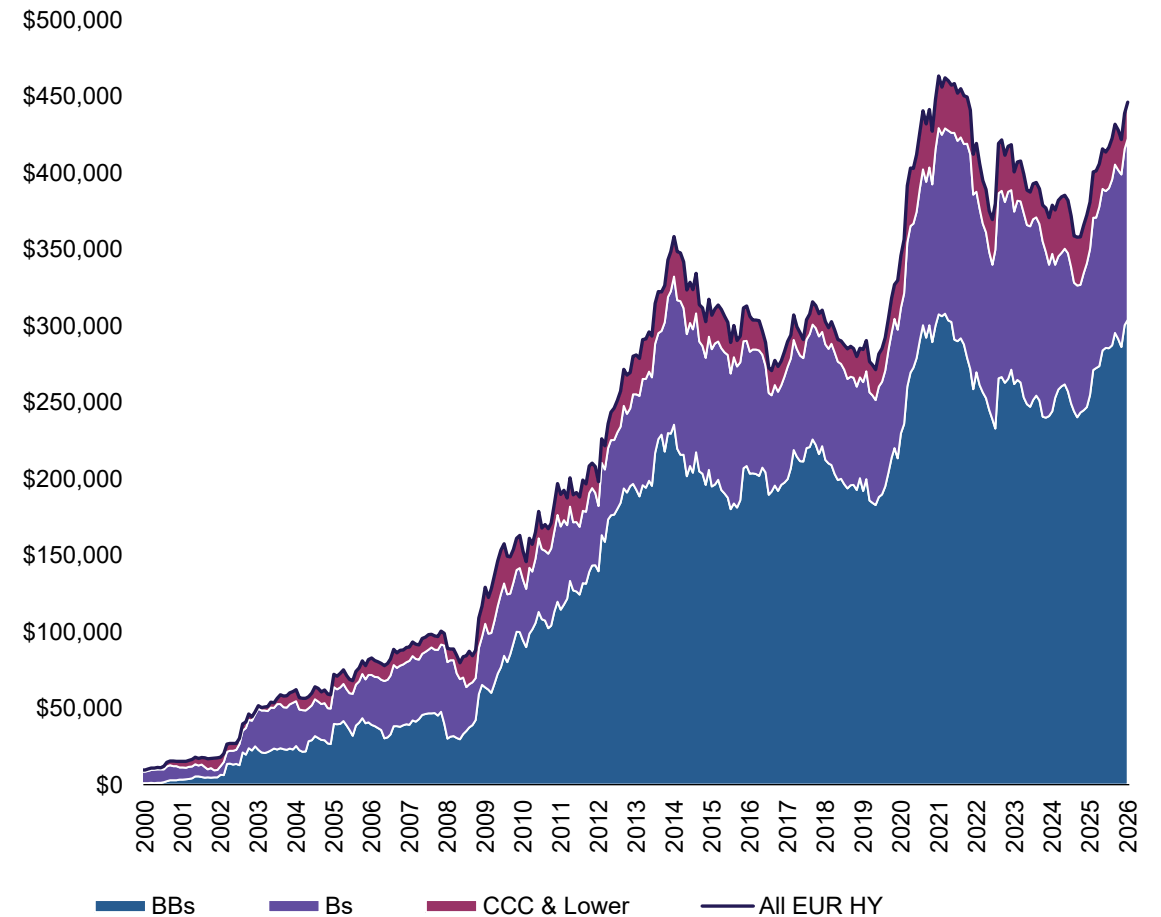
ASSET CLASS REVIEW

Par Amount Outstanding

US High Yield Par Outstanding (\$M)



European High Yield Par Outstanding (\$M)



Source: BoA as of June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

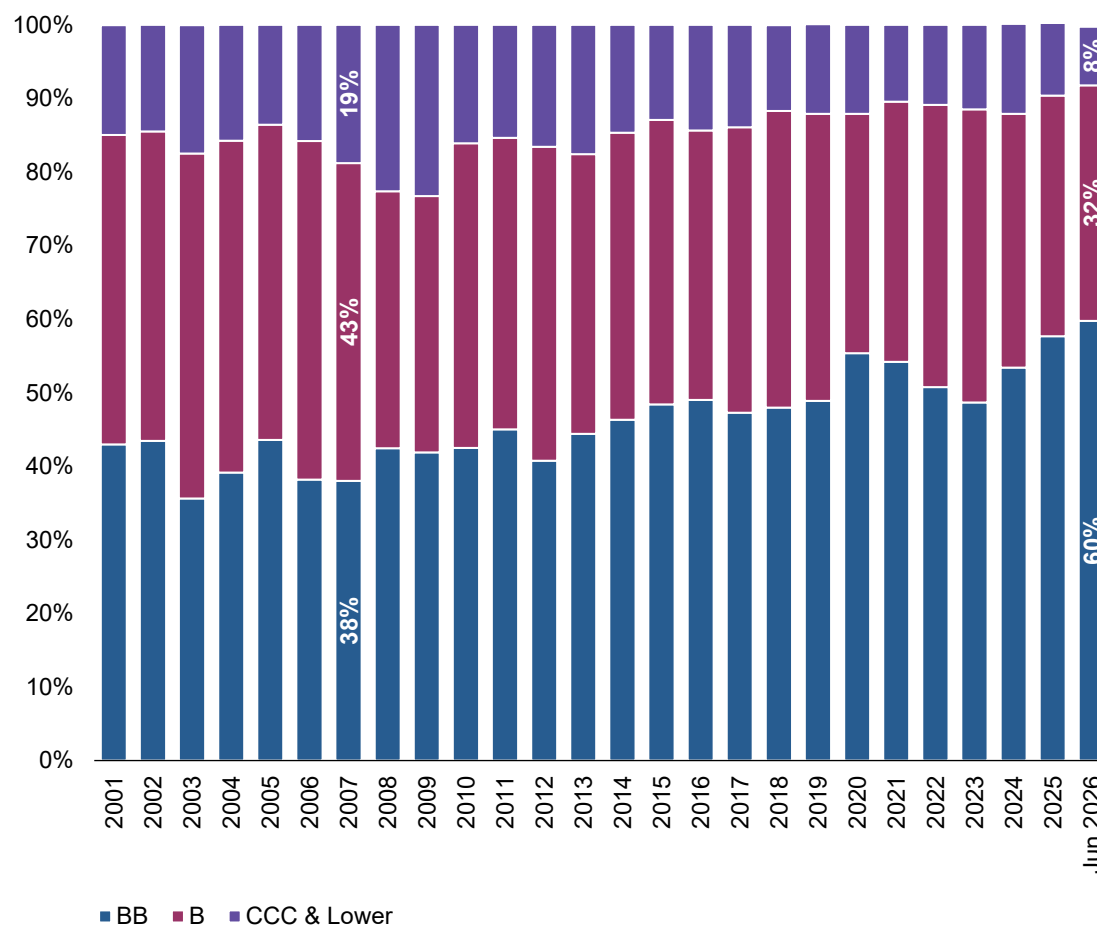
ASSET CLASS REVIEW

US High Yield Market Snapshot

Index Statistics

Total Par Outstanding (\$b)	\$1,504.3
Number of Issuers	855
Number of Issues	1,899
Yield to Worst (USD-Hedged)	7.15%
Yield to Worst (EUR-Hedged)	5.54%
Spread to Worst	294 bps
Price	\$97.11
Years to Maturity	4.77 yrs.
Effective Duration	3.01 yrs.

Index Rating Composition Over Time (%MV)



Source: ICE Indices LLC as of June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

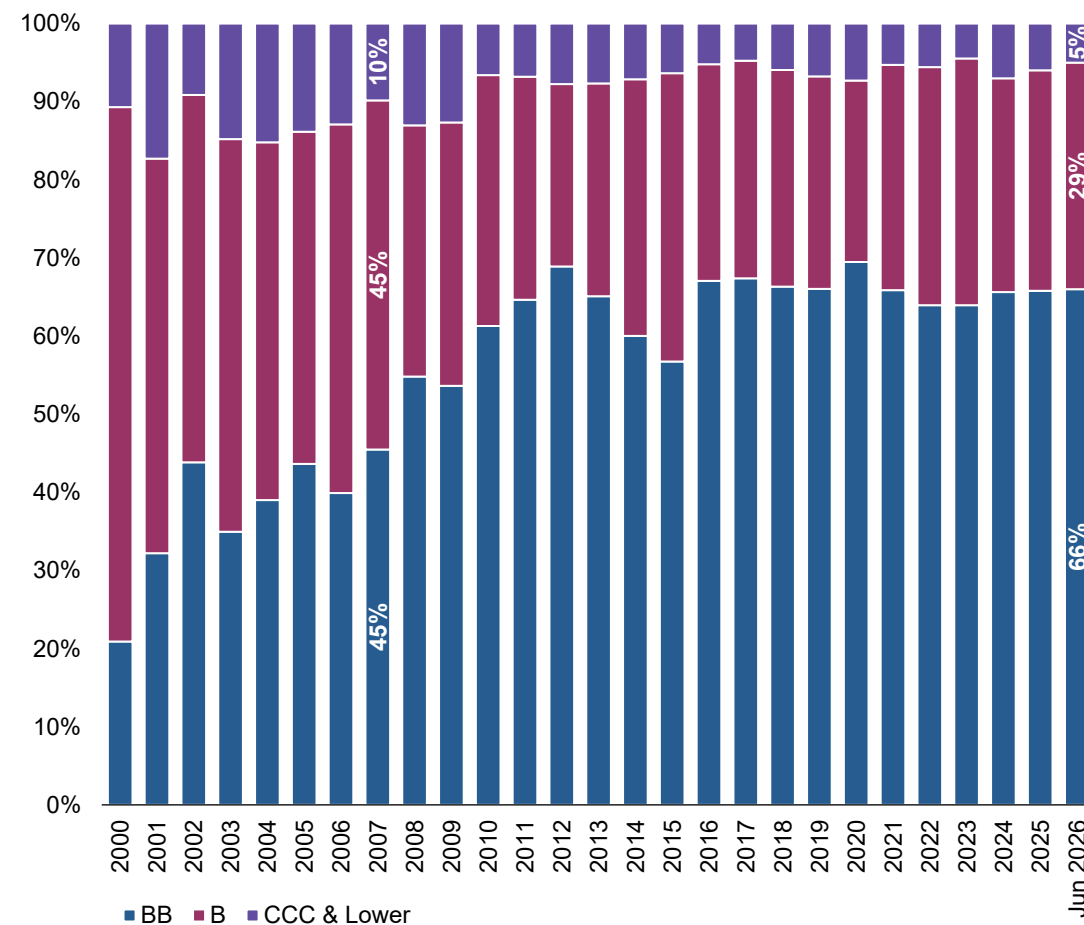
ASSET CLASS REVIEW

European High Yield Market Snapshot

Index Statistics

Total Par Outstanding (\$b)	\$469.4
Number of Issuers	353
Number of Issues	703
Yield to Worst (USD-Hedged)	7.02%
Yield to Worst (EUR-Hedged)	5.39%
Spread to Worst	296 bps
Price	\$98.06
Years to Maturity	4.06 yrs.
Effective Duration	2.90 yrs.

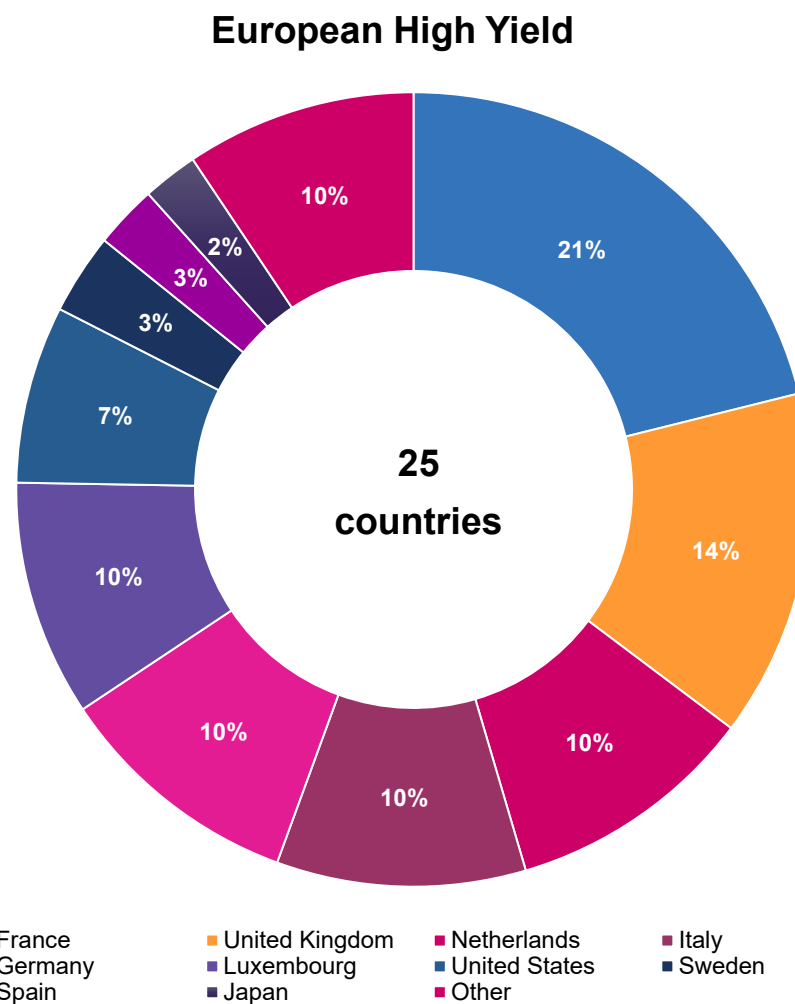
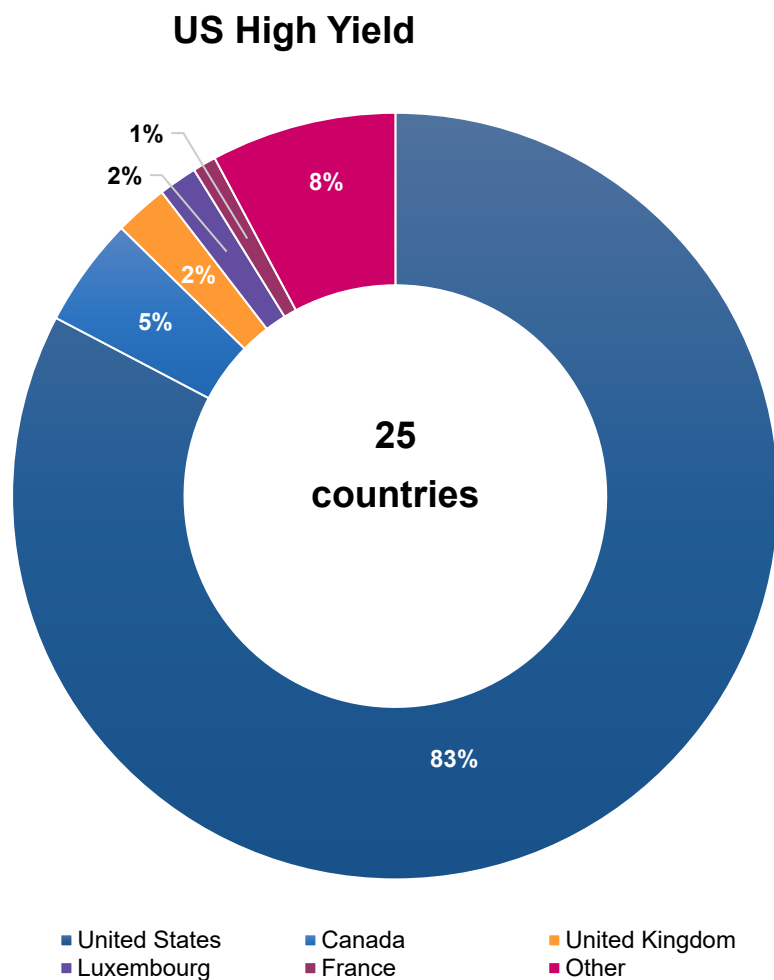
Index Rating Composition Over Time (%MV)



Source: ICE Indices LLC as of June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

ASSET CLASS REVIEW

Top Country Exposure

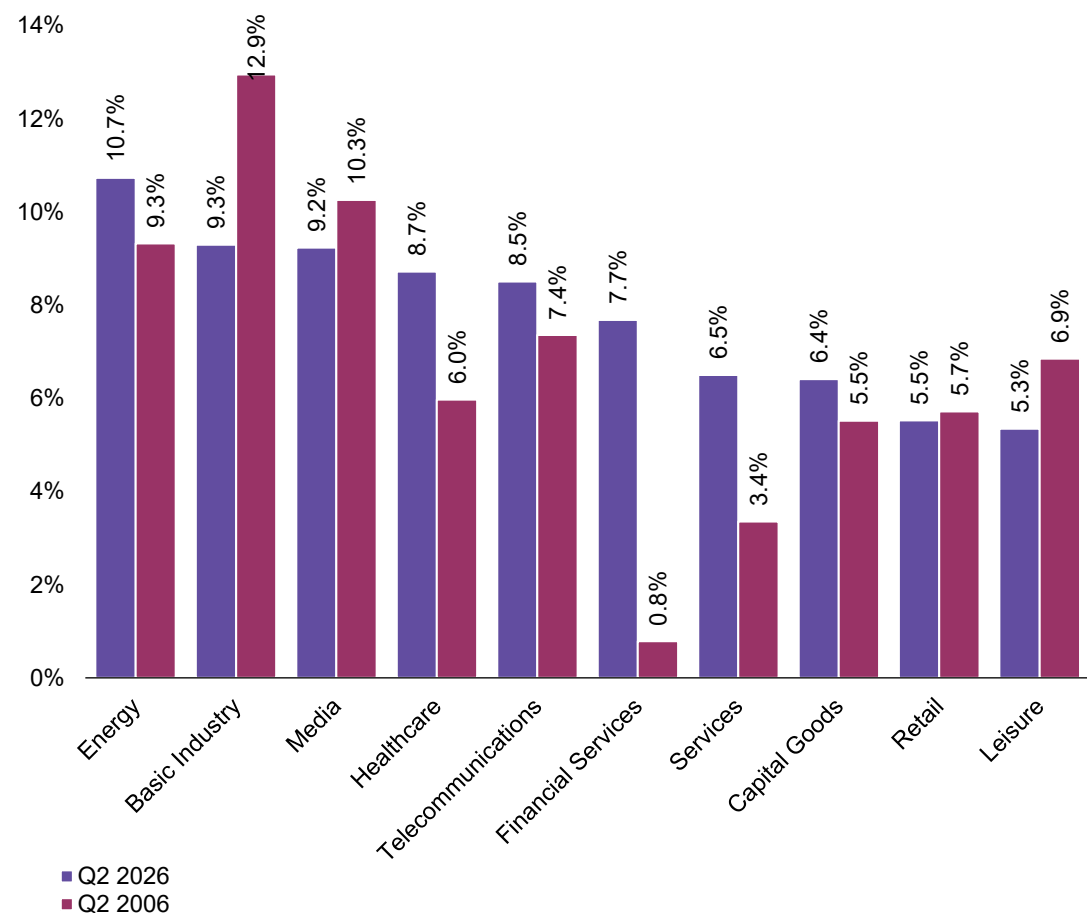


Source: ICE Indices LLC as of June 30, 2026. Country exposure based on country of domicile. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

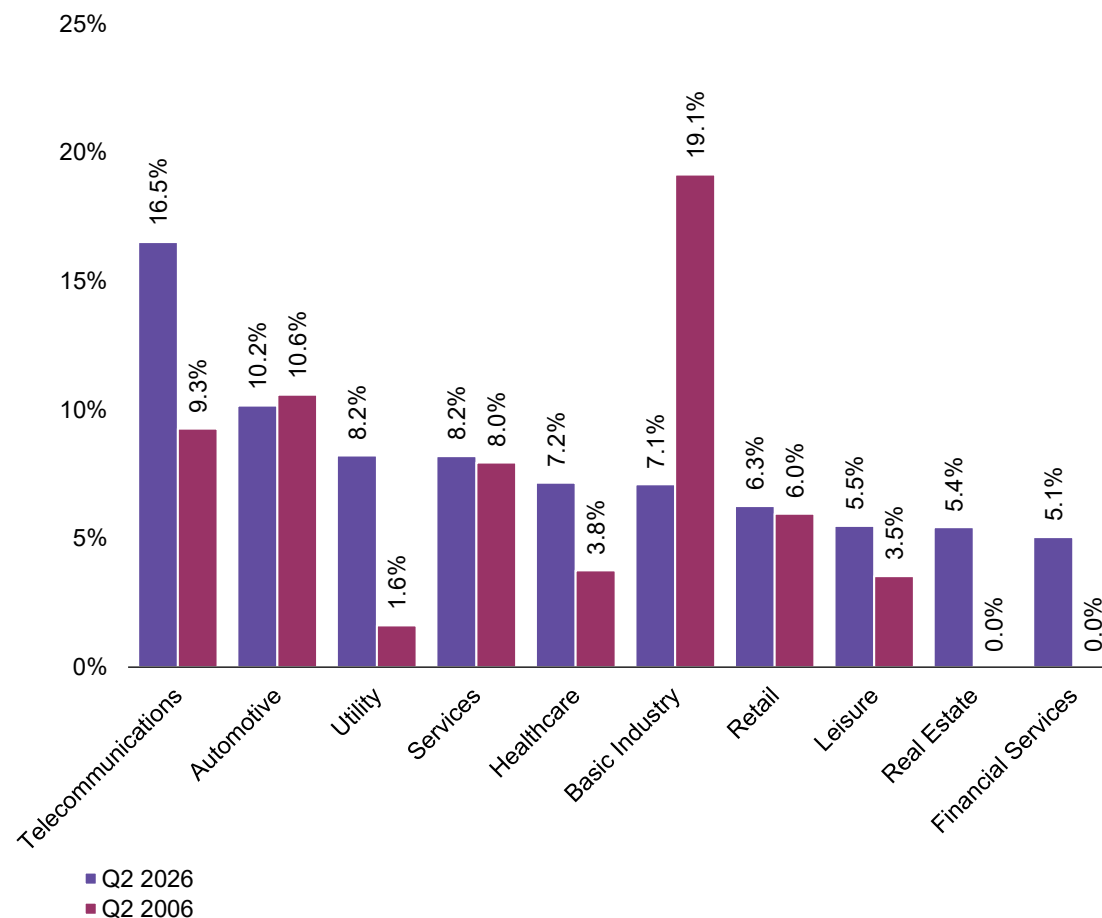
ASSET CLASS REVIEW

Top Industry Exposure: Now vs Then

US High Yield



European High Yield



Source: ICE Indices LLC as of June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

**ASSET CLASS REVIEW**
**Top High Yield Market Industries & Issuers**

<b>Top US High Yield 10 Industries</b>	<b>% of Index</b>	<b>Top 3 Issuers by Industry</b>		
Energy	10.74%	Venture Global LNG	Sunoco LP	Venture Global Plaquemines LNG
Healthcare	8.72%	Centene Corp	Tenet Healthcare Corp	Bausch Health Companies Inc
Telecommunications	8.36%	Echostar Corp	Uniti Group	Coreweave Inc
Diversified Financial Services	7.59%	Rocket Companies	Onemain Finance Corp	Jane Street Group
Services	5.93%	United Rentals North America Inc	Allied Universal Holdco LLC	Nielsen Holdings Limited
Homebuilders & Real Estate	5.20%	Iron Mountain Inc	MPT Operating Partnership LP	Starwood Property Trust Inc
Technology	4.22%	Cloud Software Group	Ion Platform Finance US Inc	Fair Isaac Corp
Broadcasting	4.07%	Warnermedia Holdings Inc	Paramount Global	Sirius XM Radio Inc
Super Retail	3.90%	Carvana Corp	Rakuten Group Inc	Bath & Body Works Inc
Cable & Satellite TV	3.42%	Charter Communications Corp	Dish Corp	Cablevision Systems Corp
<b>Top European High Yield 10 Industries</b>	<b>% of Index</b>	<b>Top 3 Issuers by Industry</b>		
Telecommunications	16.52%	Telefonica Europe	Virgin Media Inc	Fibercop SPA
Automotive & Auto Parts	10.16%	ZF Automotive	Schaeffler AG	Stellantis NV
Utility	8.20%	Electricite De France SA	Energias De Portugal SA	Veolia Environnement SA
Homebuilders & Real Estate	7.59%	New Immo Holding SA	Webuild SPA	Samhallsbygggnadsbolaget Norden
Healthcare	7.17%	Bayer AG	Iqvia Inc	Cheplapharm Arzneimittel
Diversified Financial Services	5.49%	Softbank Group Corp	Intrium Investments and Financing	Worldline SA
Services	5.34%	Verisure Holding AB	Loxam SAS	Rexel SA
Technology	4.53%	Infrastructure Wireless Italiane	Atos SE	AMS Osram AG
Chemicals	4.20%	Ineos Finance PLC	Lanxess AG	Celanese US Holdings LLC
Containers	3.51%	Crown European Holdings	Ardagh Metal Packaging Finance PLC	Verallia SAS

Source: ICE Indices LLC as of June 30, 2026. Data provided is for informational and illustrative purposes only and should not be construed as a recommendation to purchase or sell a security. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

# High Yield Market Update



**MARKET UPDATE**

# High Yield Performance & Characteristics in Context

## Past Performance is Not a Reliable Indicator of Future Results

Index	Averages						Total Returns (%)					
	Coupon (%)	Price (\$)	Yield to Worst (%)	OAS (bps)	Maturity (Yrs.)	Duration (Yrs.)	3-mo.	YTD	1Y	3Y	5Y	10Y
<b>High Yield Bonds</b>												
<b>ICE BofA US High Yield Index</b>	<b>6.67</b>	<b>97.1</b>	<b>7.15</b>	<b>275</b>	<b>4.8</b>	<b>3.0</b>	<b>2.46</b>	<b>1.89</b>	<b>5.75</b>	<b>8.79</b>	<b>4.13</b>	<b>5.70</b>
BB Index	6.03	98.9	6.07	164	5.0	3.2	2.23	1.84	5.69	8.05	3.65	5.41
B Index	7.56	99.1	7.34	299	4.6	2.8	2.84	2.45	6.56	8.78	4.32	5.59
CCC Index	7.66	80.7	13.96	970	3.7	2.5	2.40	0.14	2.95	11.37	5.06	6.73
<b>ICE BofA Global High Yield Index USD Hedged</b>	<b>6.49</b>	<b>97.4</b>	<b>6.87</b>	<b>283</b>	<b>4.9</b>	<b>3.2</b>	<b>3.07</b>	<b>2.48</b>	<b>6.52</b>	<b>9.36</b>	<b>3.97</b>	<b>5.66</b>
<b>ICE BofA DM High Yield ex Sub Fin Index USD Hedged</b>	<b>6.38</b>	<b>97.4</b>	<b>6.78</b>	<b>278</b>	<b>4.6</b>	<b>3.0</b>	<b>2.86</b>	<b>2.15</b>	<b>5.96</b>	<b>8.98</b>	<b>4.36</b>	<b>5.79</b>
<b>ICE BofA Euro High Yield Index USD Hedged</b>	<b>5.26</b>	<b>98.4</b>	<b>5.37</b>	<b>270</b>	<b>4.1</b>	<b>2.9</b>	<b>4.15</b>	<b>2.89</b>	<b>6.48</b>	<b>9.72</b>	<b>4.98</b>	<b>6.12</b>
<b>ICE BofA Eur Ccy DM High Yield ex Sub Fin Const Index USD Hedged</b>	<b>5.45</b>	<b>98.1</b>	<b>5.65</b>	<b>286</b>	<b>4.1</b>	<b>2.9</b>	<b>4.15</b>	<b>2.92</b>	<b>6.52</b>	<b>9.57</b>	<b>4.93</b>	<b>6.03</b>
<b>ICE BofA 1-3 Yr BB-B US Cash Pay High Yield Index</b>	<b>5.87</b>	<b>99.0</b>	<b>5.88</b>	<b>165</b>	<b>2.3</b>	<b>1.5</b>	<b>1.89</b>	<b>2.24</b>	<b>5.58</b>	<b>7.57</b>	<b>5.15</b>	<b>5.14</b>
<b>Global Fixed Income Markets</b>												
<b>Bloomberg U.S. Aggregate Index</b>	<b>3.74</b>	<b>93.1</b>	<b>4.73</b>	<b>26</b>	<b>8.2</b>	<b>5.9</b>	<b>0.67</b>	<b>0.62</b>	<b>3.79</b>	<b>4.16</b>	<b>0.08</b>	<b>1.54</b>
U.S. Treasury	3.36	93.0	4.37	-	7.8	5.8	0.32	0.28	2.71	3.17	-0.42	0.86
U.S. Mortgage Backed Securities	3.58	91.4	4.97	24	7.2	5.4	0.58	0.99	5.21	4.60	0.50	1.38
U.S. Asset Backed Securities	4.46	99.1	4.65	44	4.0	2.8	0.75	1.07	4.01	5.26	2.47	2.43
U.S. Commercial Mortgage Backed Securities	3.65	95.7	4.88	64	4.2	3.7	0.45	0.77	3.91	5.79	1.18	2.30
U.S. Corp. Investment Grade	4.56	94.0	5.20	74	10.5	6.8	1.40	0.86	4.34	5.29	0.34	2.60
<b>ICE BofA US Inflation-Linked Treasury Index</b>	<b>1.26</b>	<b>92.4</b>	<b>2.12</b>	<b>-</b>	<b>7.4</b>	<b>4.4</b>	<b>0.88</b>	<b>1.26</b>	<b>3.35</b>	<b>3.85</b>	<b>0.80</b>	<b>2.54</b>
<b>Bloomberg Global Aggregate Ex-U.S. Index</b>	<b>2.49</b>	<b>94.5</b>	<b>2.99</b>	<b>25</b>	<b>8.1</b>	<b>6.6</b>	<b>0.99</b>	<b>-0.90</b>	<b>-1.95</b>	<b>2.70</b>	<b>-2.89</b>	<b>-0.66</b>
<b>Bloomberg Municipal Bond Index</b>	<b>4.68</b>	<b>103.2</b>	<b>3.58</b>	<b>-</b>	<b>13.4</b>	<b>6.5</b>	<b>2.50</b>	<b>2.32</b>	<b>7.03</b>	<b>3.76</b>	<b>1.05</b>	<b>2.15</b>
<b>ICE BofA Preferred Index (Fixed Rate)</b>	<b>5.68</b>	<b>87.9</b>	<b>6.40</b>	<b>123</b>	<b>-</b>	<b>7.0</b>	<b>1.58</b>	<b>0.16</b>	<b>4.25</b>	<b>5.90</b>	<b>1.24</b>	<b>3.47</b>
<b>Morningstar LSTA U.S. Leveraged Loan Index</b>	<b>S+3.12</b>	<b>95.0</b>	<b>8.21</b>	<b>495</b>	<b>4.6</b>	<b>-</b>	<b>1.88</b>	<b>1.31</b>	<b>4.36</b>	<b>7.55</b>	<b>6.01</b>	<b>5.50</b>
<b>J.P. Morgan EM Bond Index (EMBI) Global Diversified</b>	<b>5.78</b>	<b>93.6</b>	<b>6.92</b>	<b>235</b>	<b>-</b>	<b>6.3</b>	<b>4.63</b>	<b>3.32</b>	<b>11.78</b>	<b>10.32</b>	<b>2.58</b>	<b>3.72</b>
<b>J.P. Morgan Corp. EM Bond Index (CEMBI) Broad Diversified</b>	<b>5.73</b>	<b>98.1</b>	<b>6.06</b>	<b>165</b>	<b>-</b>	<b>4.4</b>	<b>2.42</b>	<b>2.21</b>	<b>6.82</b>	<b>7.98</b>	<b>2.67</b>	<b>4.22</b>
<b>J.P. Morgan Govt. Bond Index-EM (GBI-EM) Global Diversified</b>	<b>5.72</b>	<b>-</b>	<b>6.10</b>	<b>-</b>	<b>-</b>	<b>5.4</b>	<b>3.85</b>	<b>1.52</b>	<b>7.85</b>	<b>7.31</b>	<b>2.13</b>	<b>2.68</b>

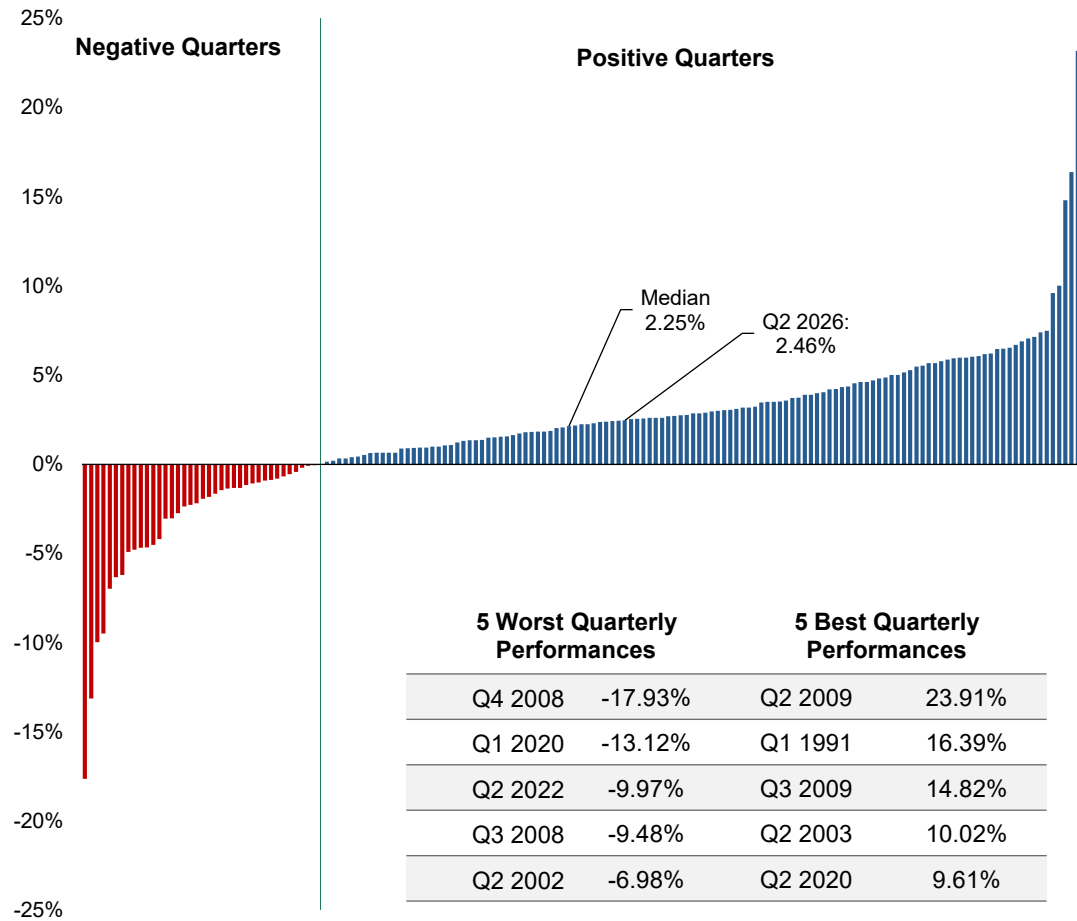
Source: Bloomberg, J.P. Morgan, ICE BofA Data Indices, LLC, Factset, and Leveraged Commentary & Data (LCD), as of June 30, 2026. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. See end of material for important additional information and disclosures. Coupon and Yield to Worst are in local currency. Yield to maturity is shown for the Morningstar LSTA U.S. Leveraged Loan Index. S+ refers to SOFR (Secured Overnight Financing Rate) as the base rate. Loan Index spread represents the three-year discounted spread over SOFR.

MARKET UPDATE

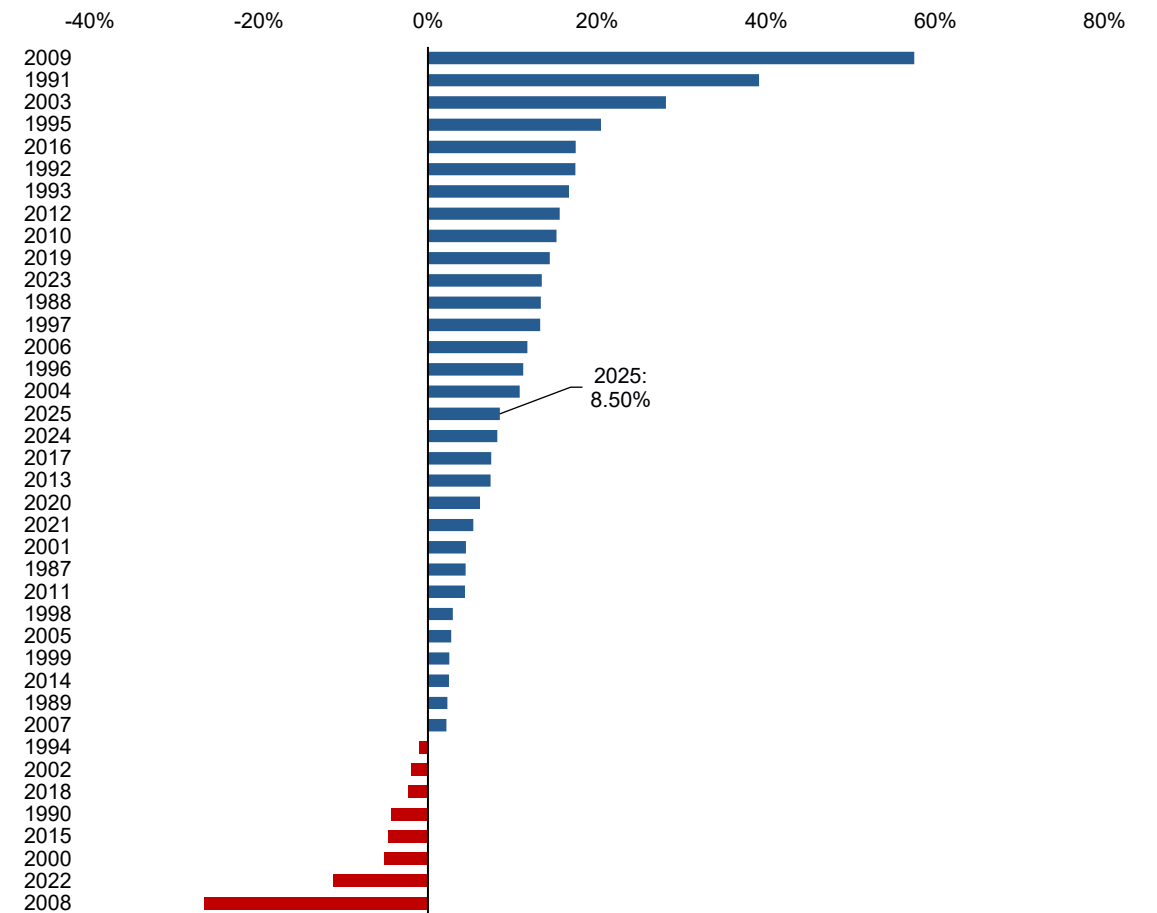
Performance Analysis: US High Yield Distribution of Quarterly & Annual Returns

Past Performance is Not a Reliable Indicator of Future Results

Quarterly Returns



Annual Returns



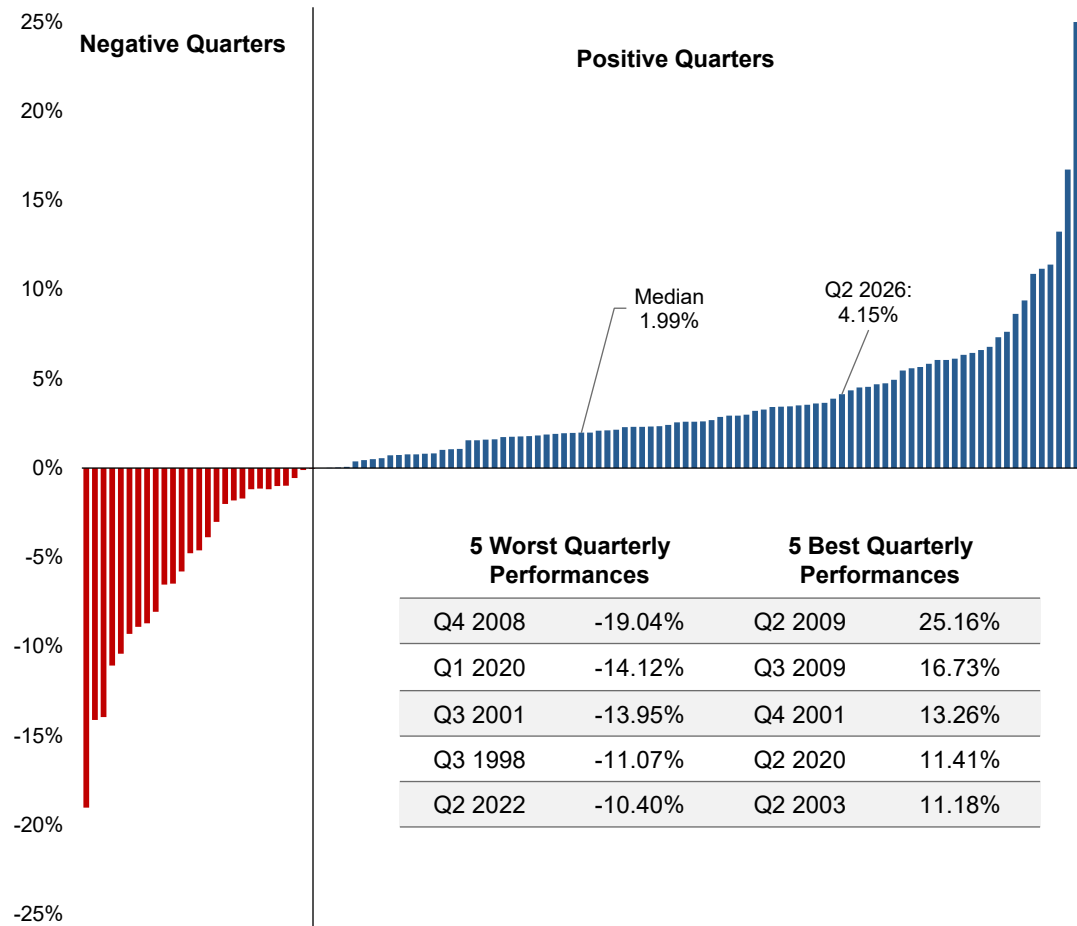
Source: ICE Indices LLC, June 30, 2026. Performance measures all quarterly and annual returns of the ICE BofA US High Yield Index from inception in August 1986 and sorts them from lowest to highest. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.

MARKET UPDATE

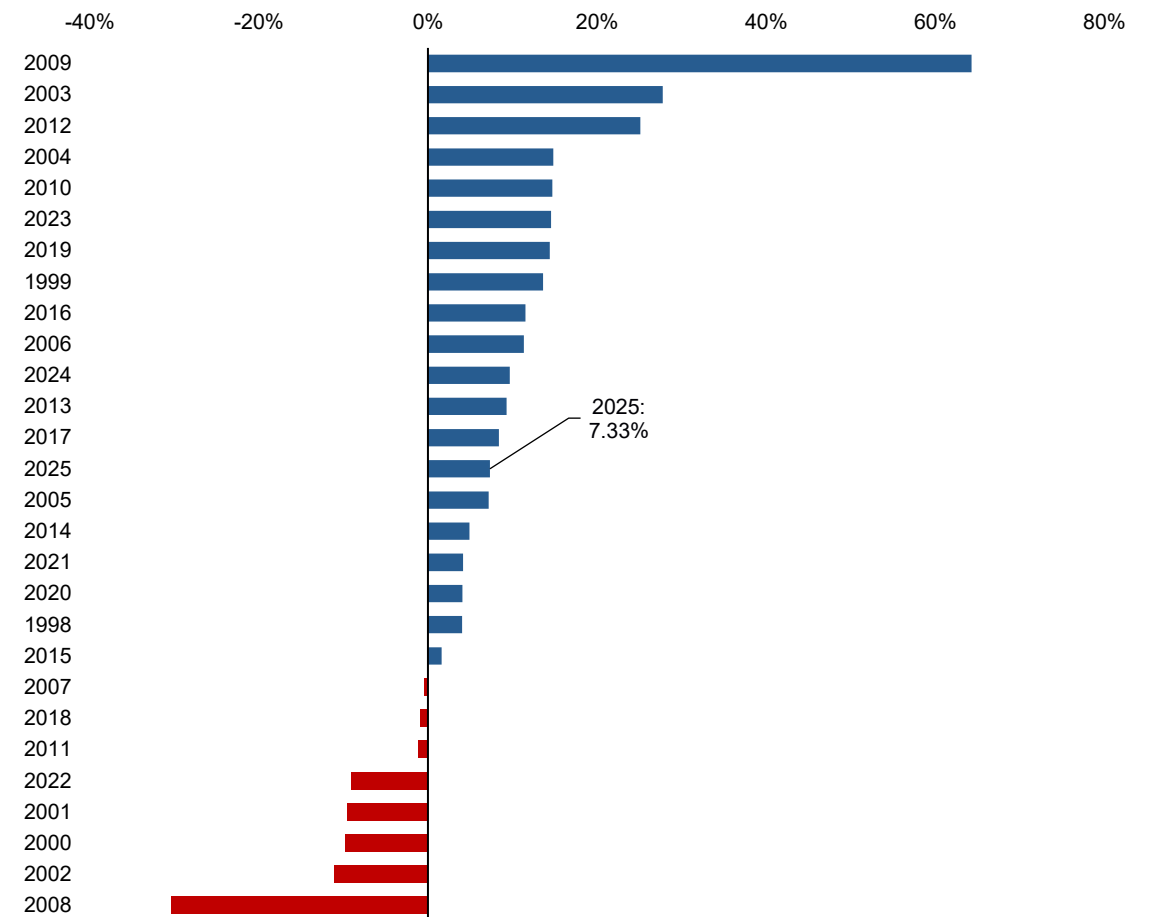
Performance Analysis: European High Yield Distribution of Quarterly & Annual Returns

Past Performance is Not a Reliable Indicator of Future Results

Quarterly Returns



Annual Returns



Source: ICE Indices LLC, June 30, 2026. Performance measures all quarterly and annual returns of the ICE BofA European Currency Dev Mkts High Yield excluding Subordinated Financials Constrained Index – USD Hedged from inception in January 1998 and sorts them from lowest to highest. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.

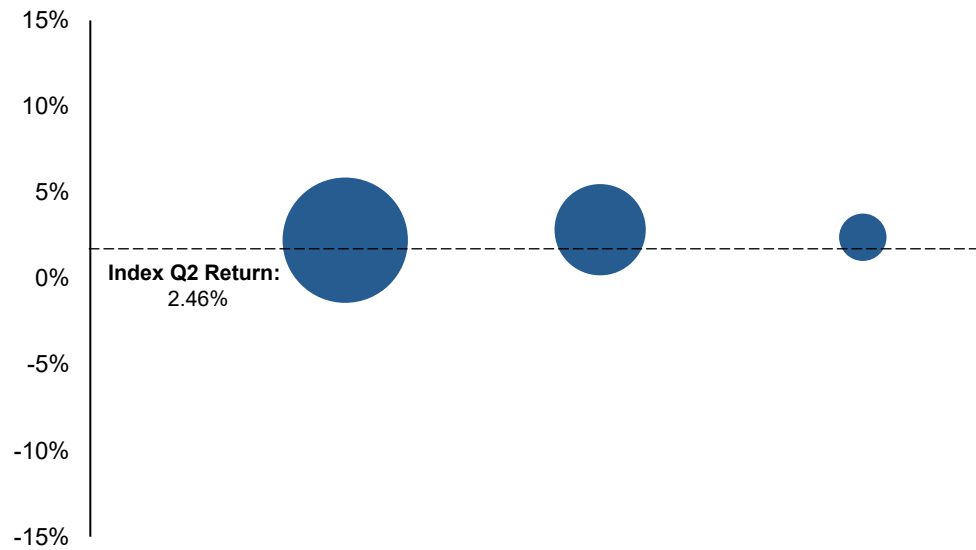
MARKET UPDATE

Performance Analysis: US High Yield Returns by Ratings and Top & Bottom Industries

Past Performance is Not a Reliable Indicator of Future Results

Ratings Returns

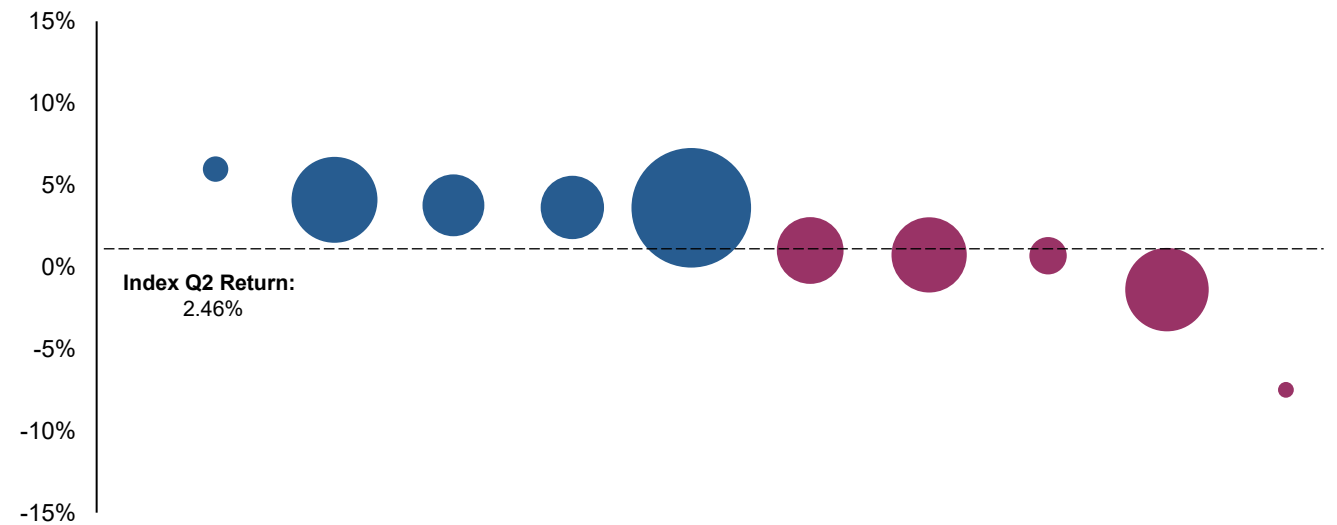
Q2 Total Return



	BB	B	CCC & Lower
<b>Q2 2026 Return</b>	2.2%	2.8%	2.4%
<b>Market Weight</b>	59.8%	31.7%	8.5%

Industry Returns

Q2 Total Return



	Top 5					Bottom 5				
	Ent/Film	Retail	Building Materials	Containers	Div Fin Services	Food/Bev	Insur	Food/Drug Retail	Cable & Sat	Railroad
<b>Q2 2026 Return</b>	6.0%	4.1%	3.8%	3.6%	3.6%	1.0%	0.7%	0.7%	-1.4%	-7.5%
<b>Market Weight</b>	0.3%	3.8%	2.0%	2.1%	7.4%	2.3%	2.9%	0.7%	3.6%	0.1%

Source: ICE Indices LLC June 30, 2026. Performance measures top and bottom five ranked quarterly returns of the various industries of the ICE US High Yield Index broken out using a hybrid of the Merrill Level 3 and Level 4 industry classification. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. Bubble size reflects market weight of the industry in the Index.

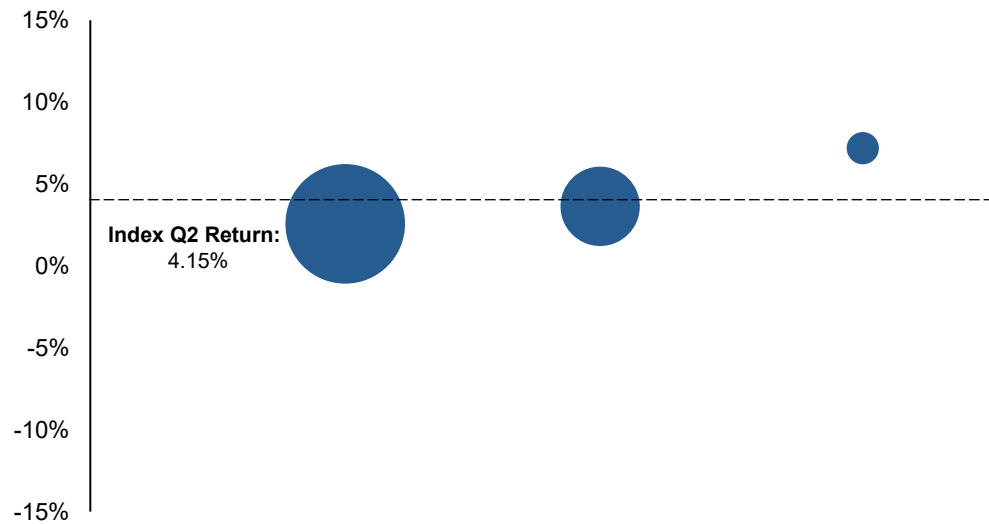
MARKET UPDATE

Performance Analysis: European High Yield Returns by Ratings and Top & Bottom Industries

Past Performance is Not a Reliable Indicator of Future Results

Ratings Returns

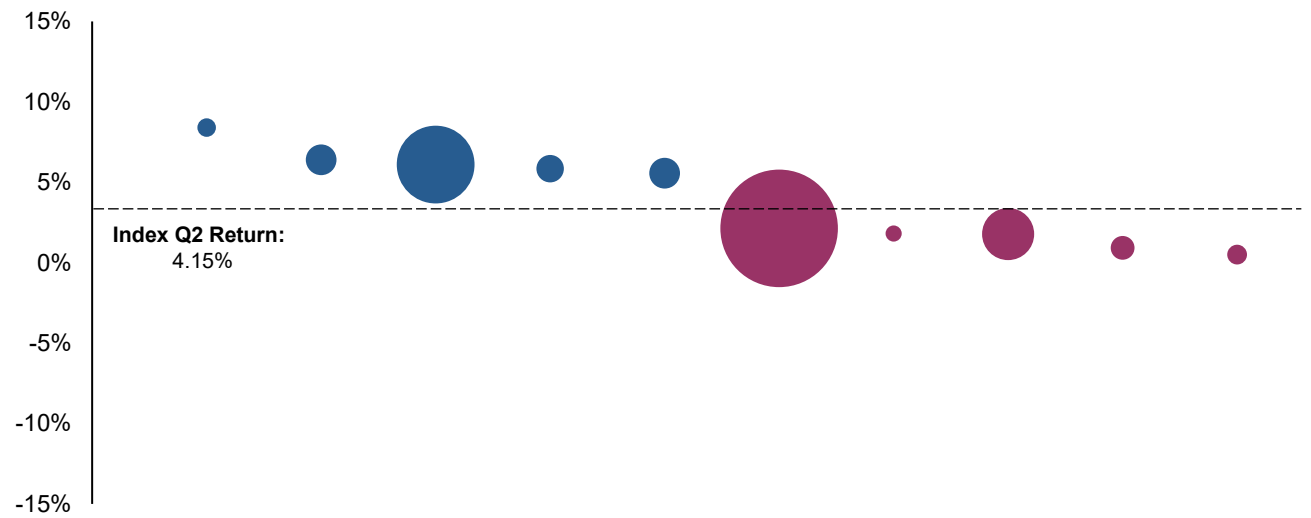
Q2 Total Return



	BB	B	CCC & Lower
Q2 2026 Return	2.6%	3.6%	7.2%
Market Weight	66.1%	29.1%	4.8%

Industry Returns

Q2 Total Return



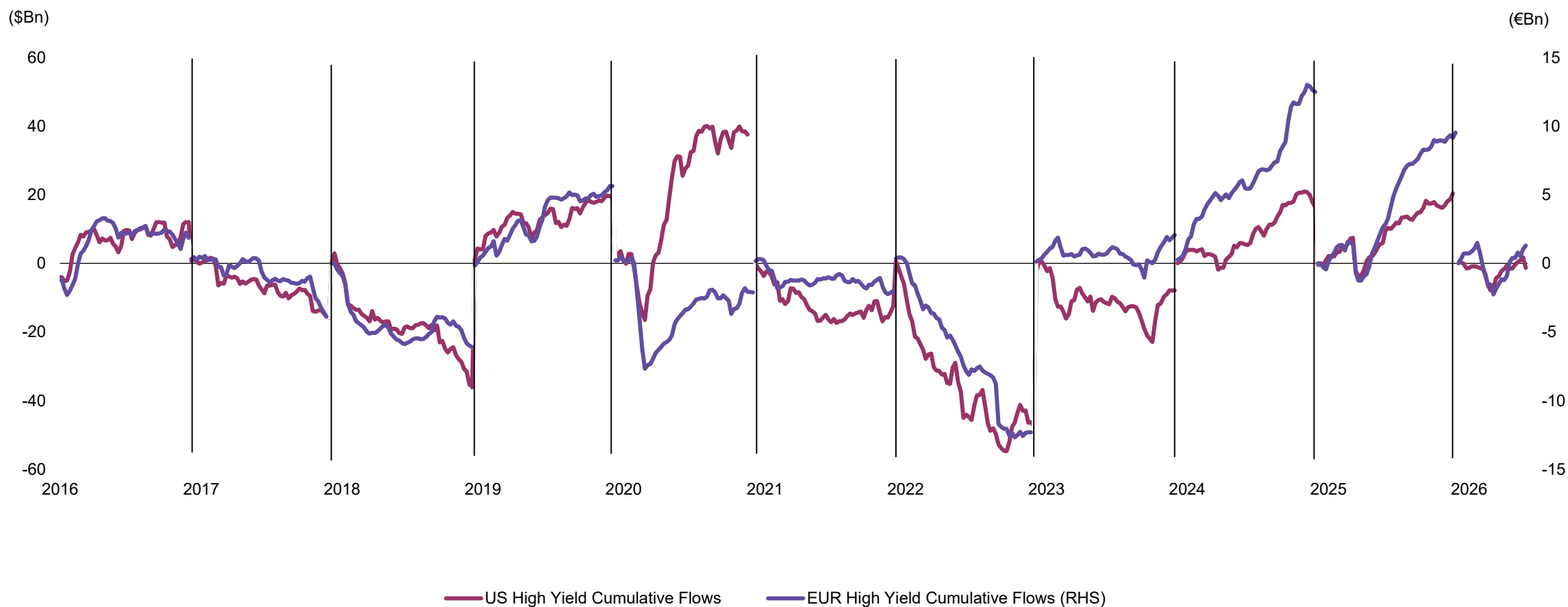
	Top 5					Bottom 5				
	Steel	Building Materials	Chemicals	Rest	Metals & Mining	Utility	Railroad	Energy	Banking & Thrifts	Cable & Satellite
Q2 2026 Return	8.4%	6.4%	6.1%	5.8%	5.6%	2.1%	1.8%	1.8%	0.9%	0.5%
Market Weight	0.2%	0.6%	3.6%	0.4%	0.6%	8.2%	0.2%	1.6%	0.3%	0.2%

Source: ICE Indices LLC June 30, 2026. Performance measures top and bottom five ranked quarterly returns of the various industries of the ICE BofA European Currency Dev Mkts High Yield excluding Subordinated Financials Constrained Index – USD Hedged broken out using a hybrid of the Merrill Level 3 and Level 4 industry classification. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. Bubble size reflects market weight of the industry in the Index.

MARKET UPDATE

Technical Factors: Demand for High Yield

Cumulative Fund Flows

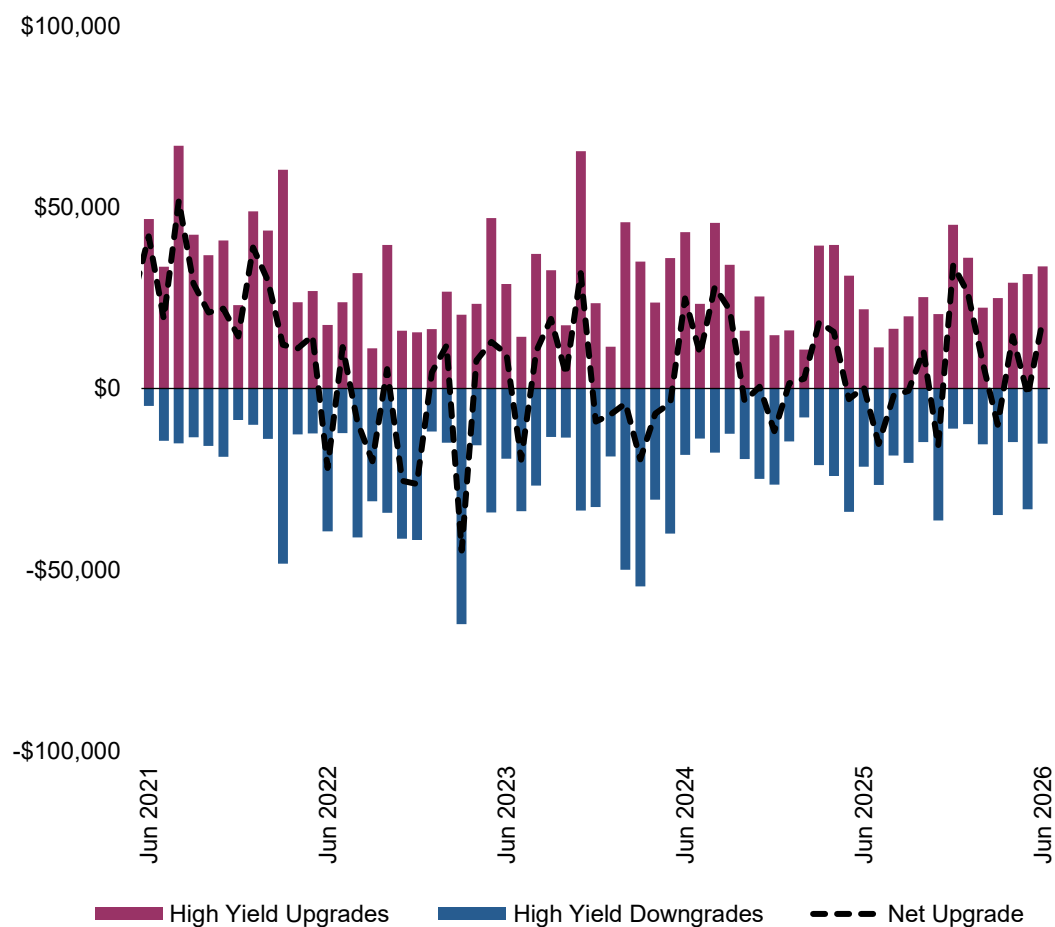


Source: Source: J.P. Morgan and Lipper as of June 30, 2026

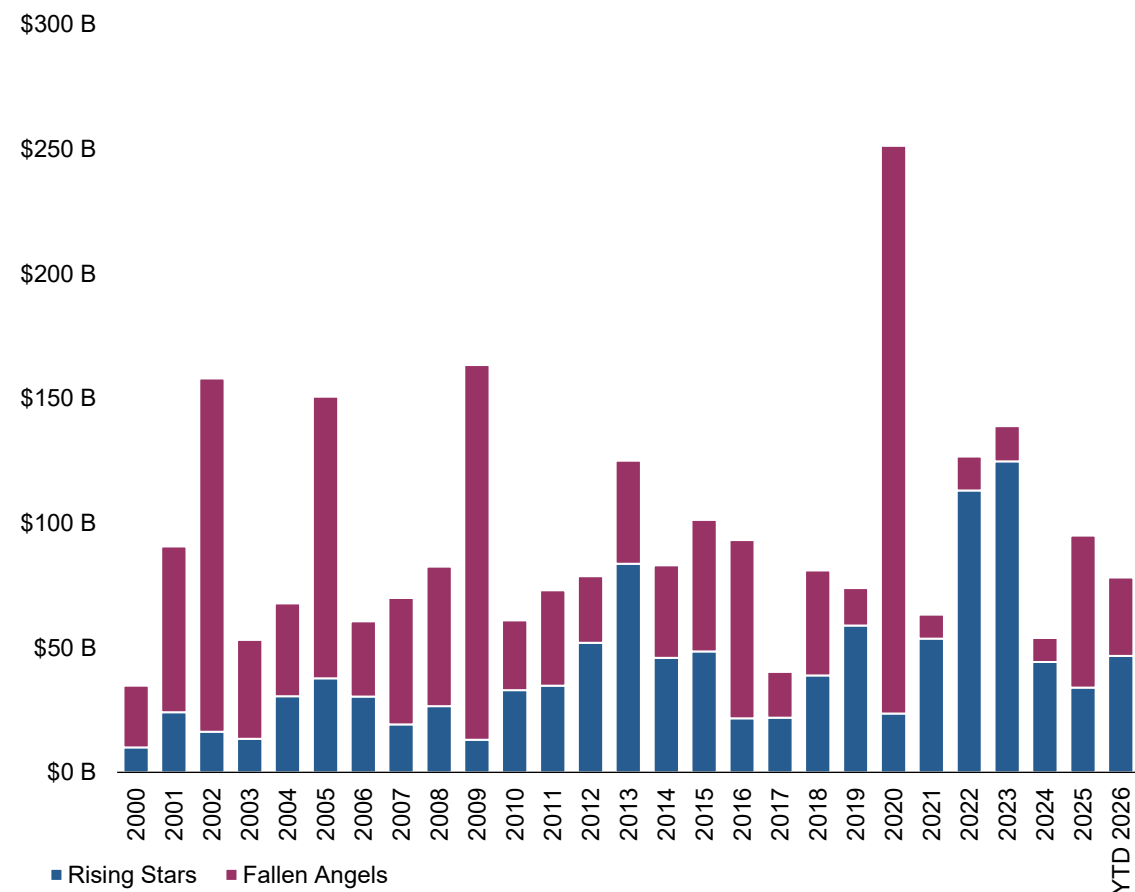
MARKET UPDATE

Technical Factors: High Yield Ratings Migration

Up/Downgrade Volume by Par Value (\$M)



Rising Stars & Fallen Angels

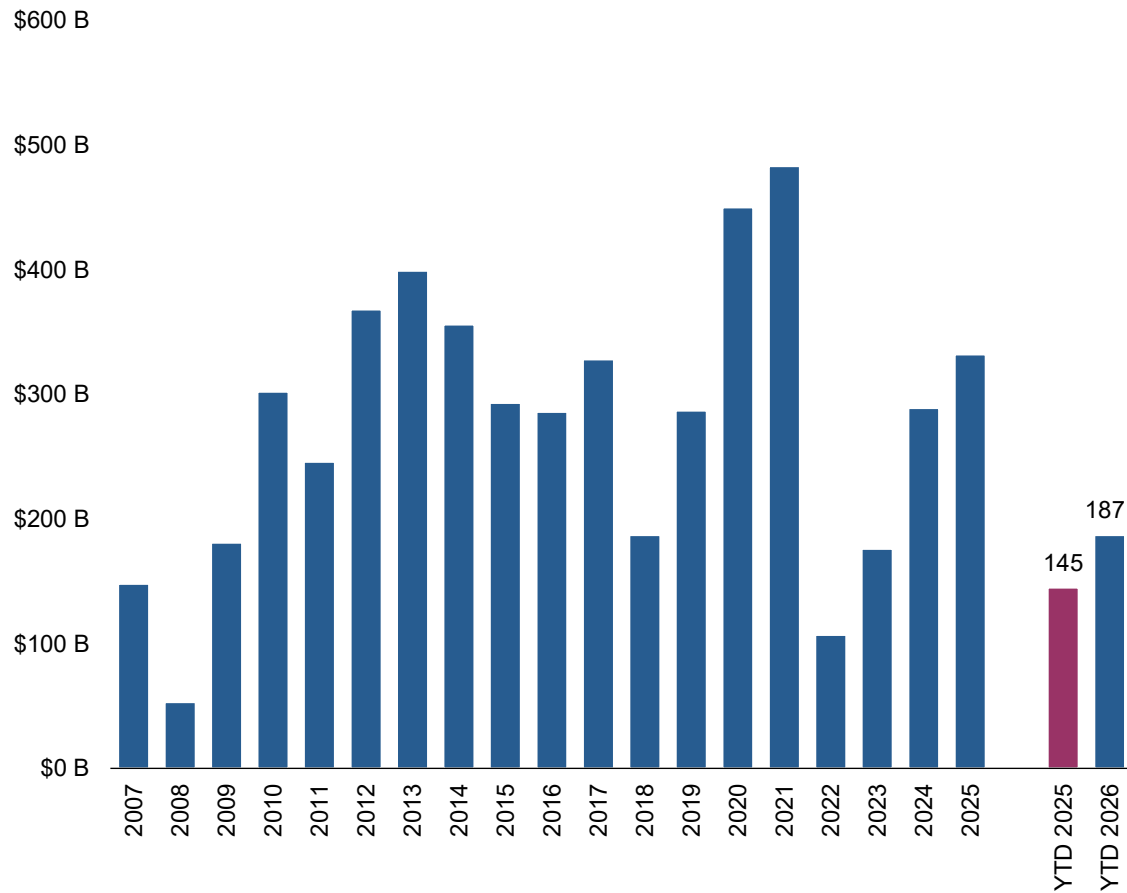


Source: BoA, JP Morgan as of June 30, 2026. Data provided is for informational use only.

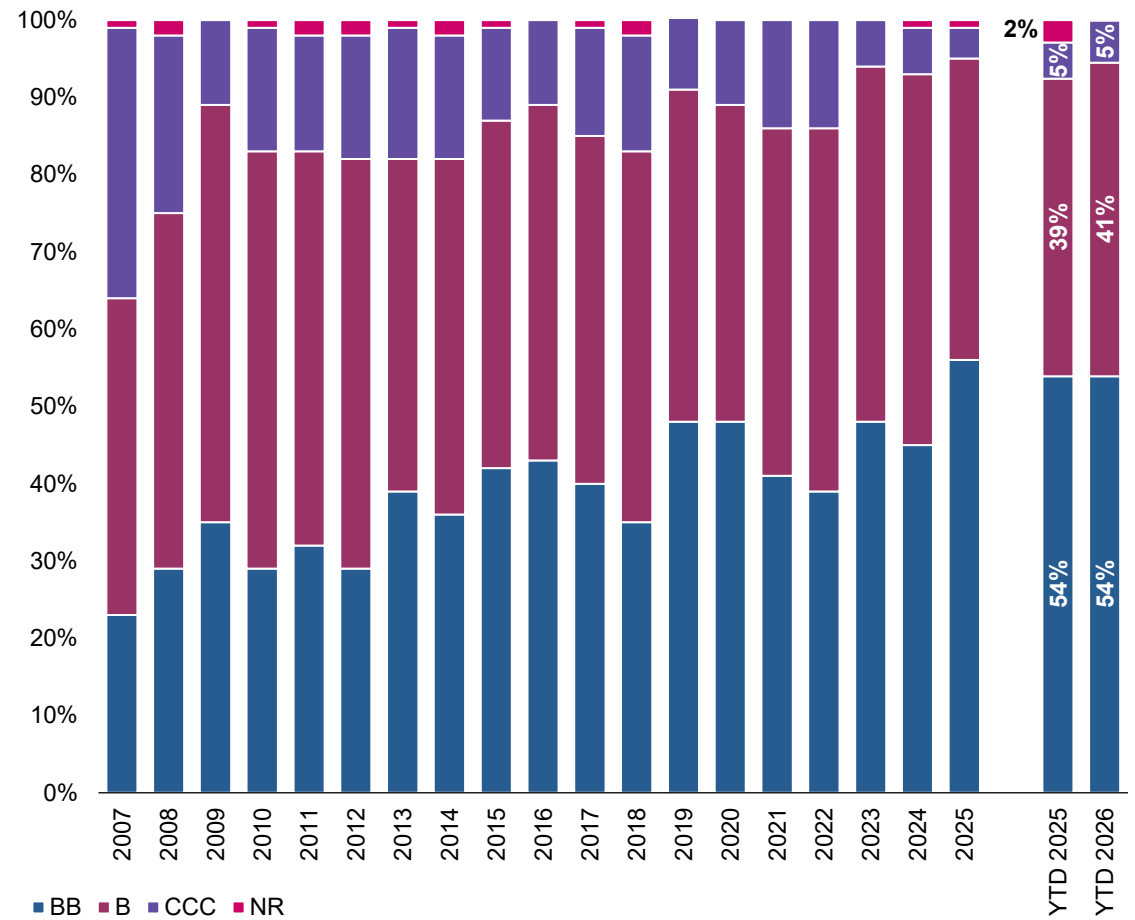
MARKET UPDATE

Technical Factors: US High Yield Issuance

New Issue Volume



Issuance by Credit Quality

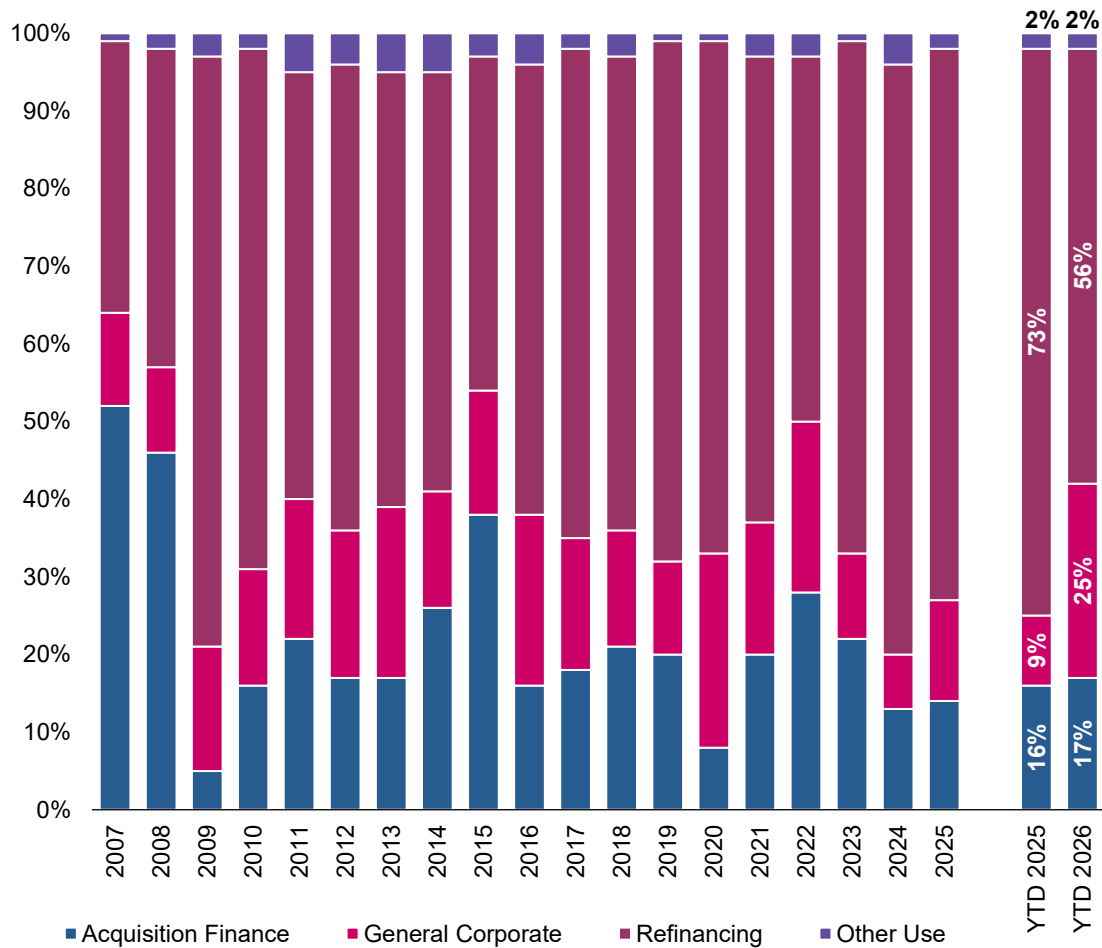


Source: J.P.Morgan, June 30, 2026. Data provided is for informational use only

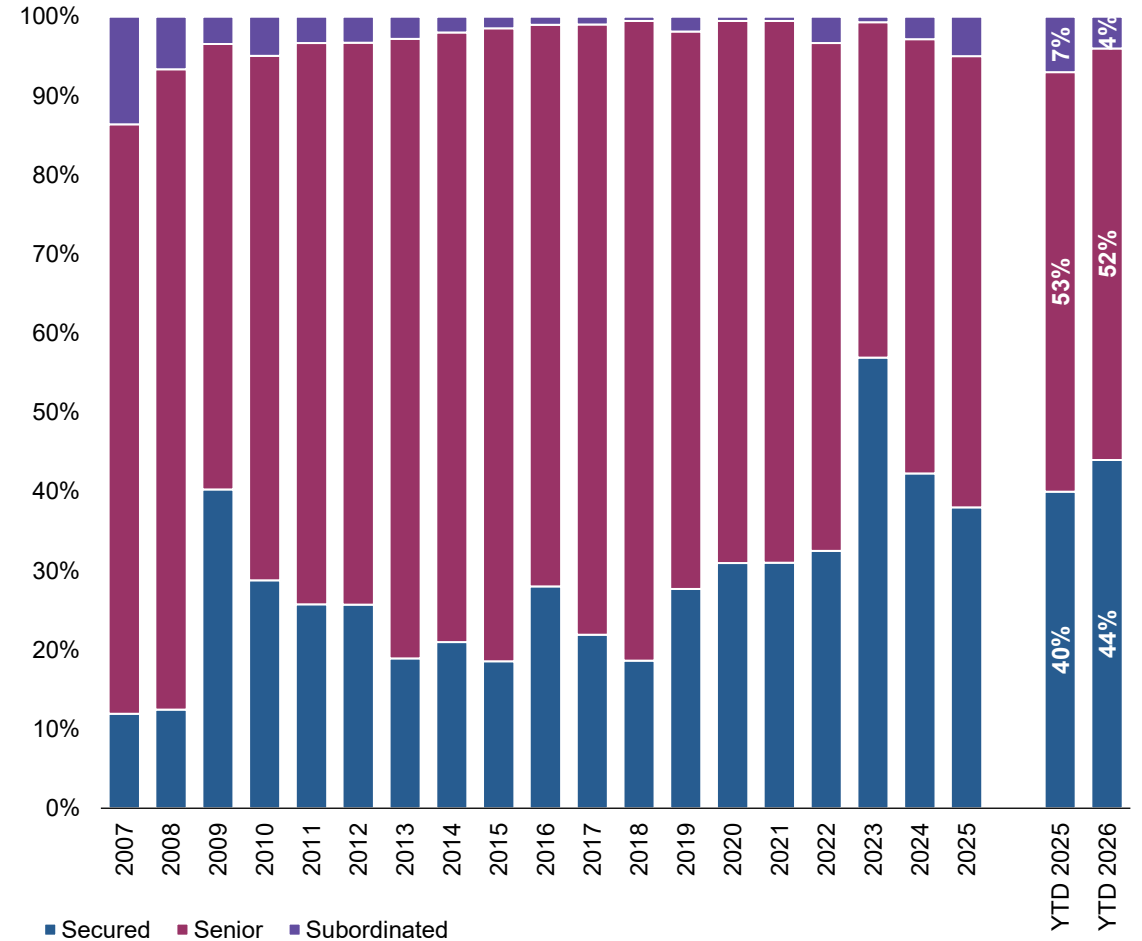
MARKET UPDATE

Technical Factors: US High Yield Issuance

Issuance by Use of Proceeds



Issuance by Seniority

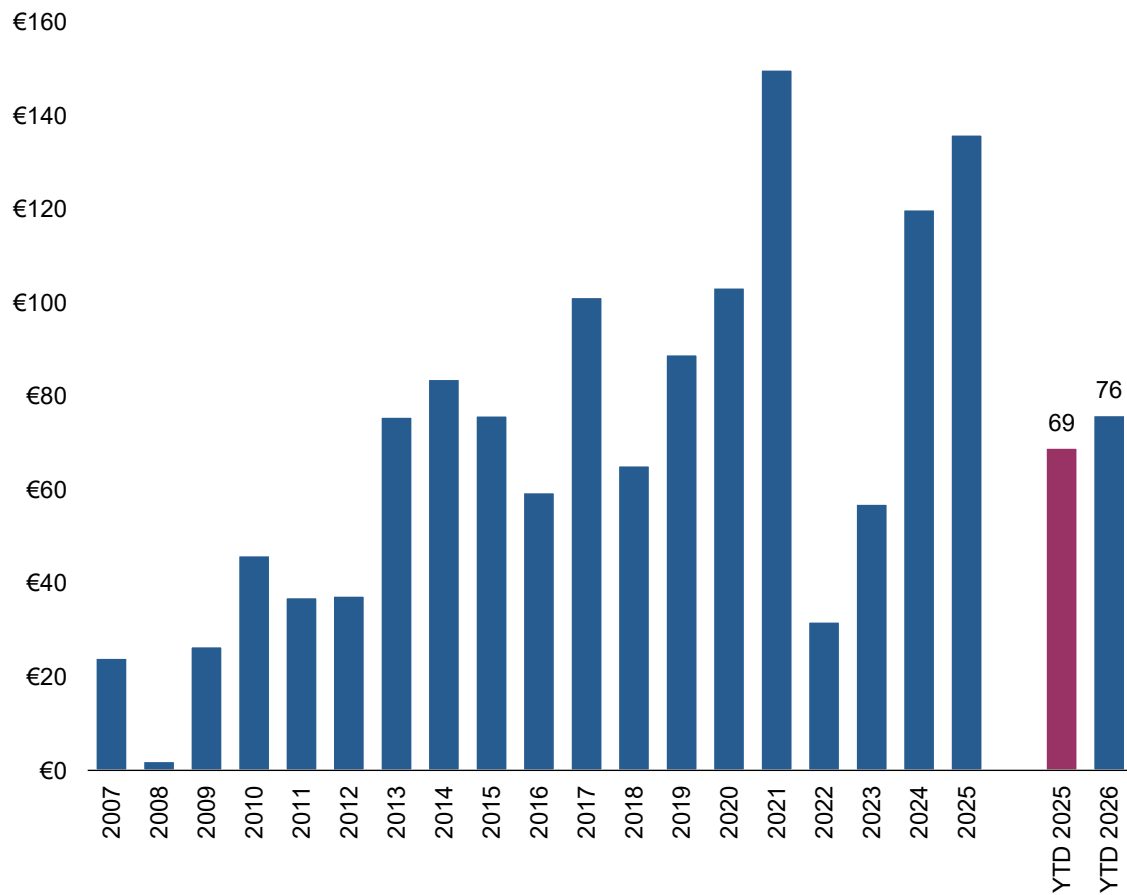


Source: J.P.Morgan, BoA as of June 30, 2026. Data provided is for informational use only

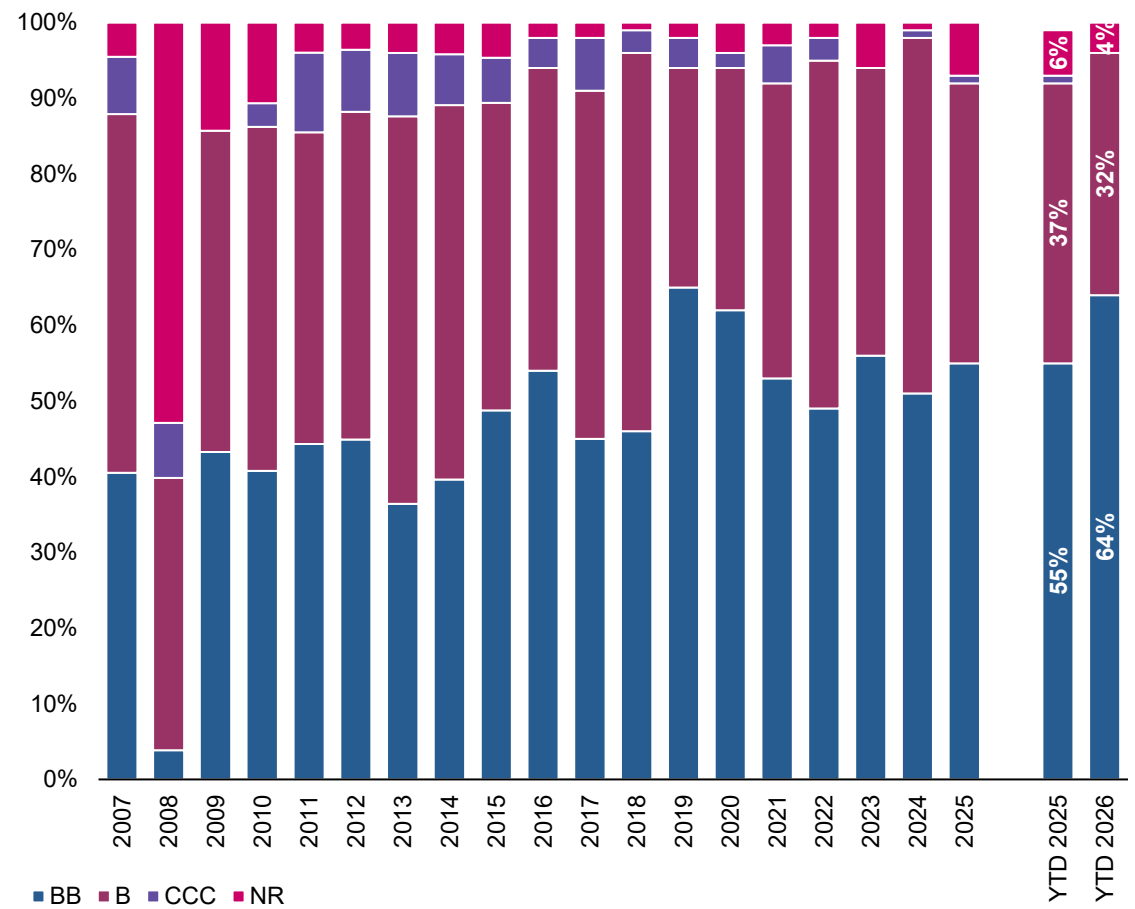
MARKET UPDATE

Technical Factors: European Currency High Yield Issuance

New Issue Volume



Issuance by Credit Quality

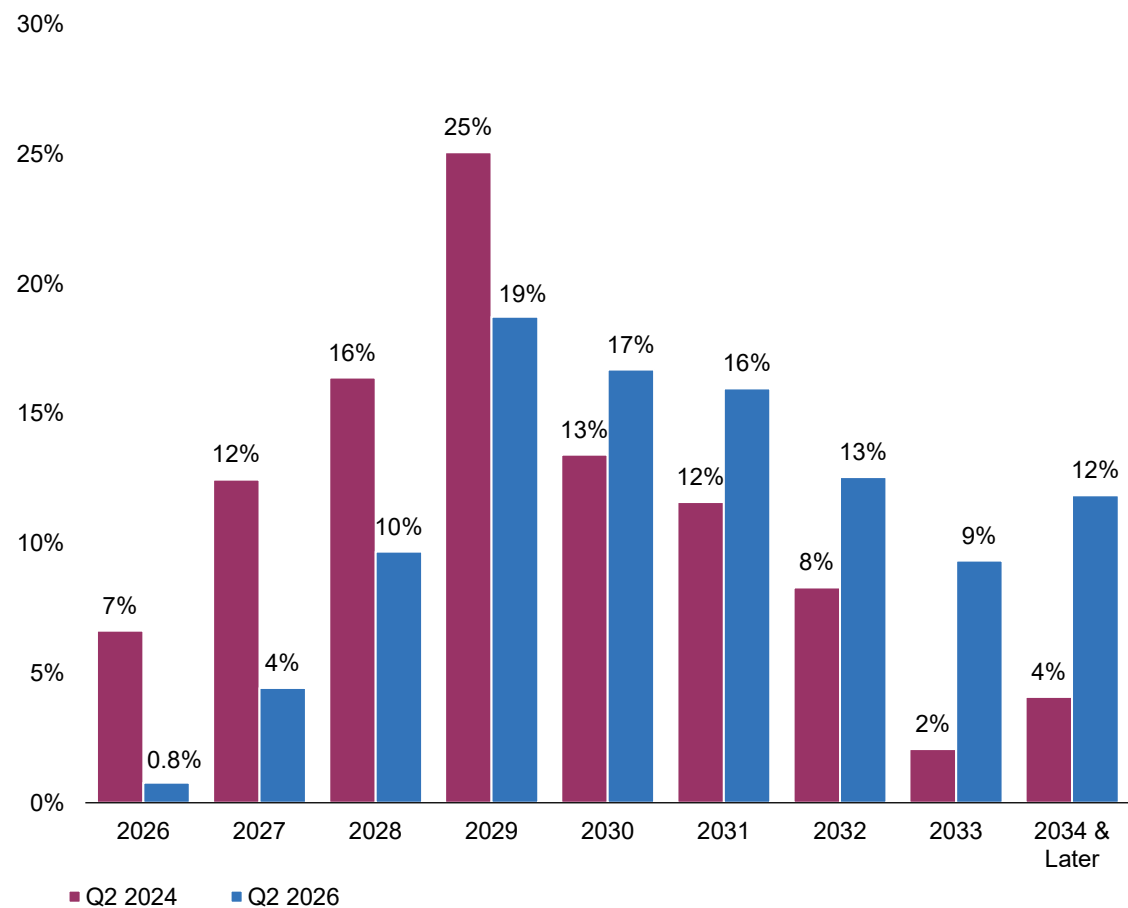


Source: J.P.Morgan, June 30, 2026. Data provided is for informational use only

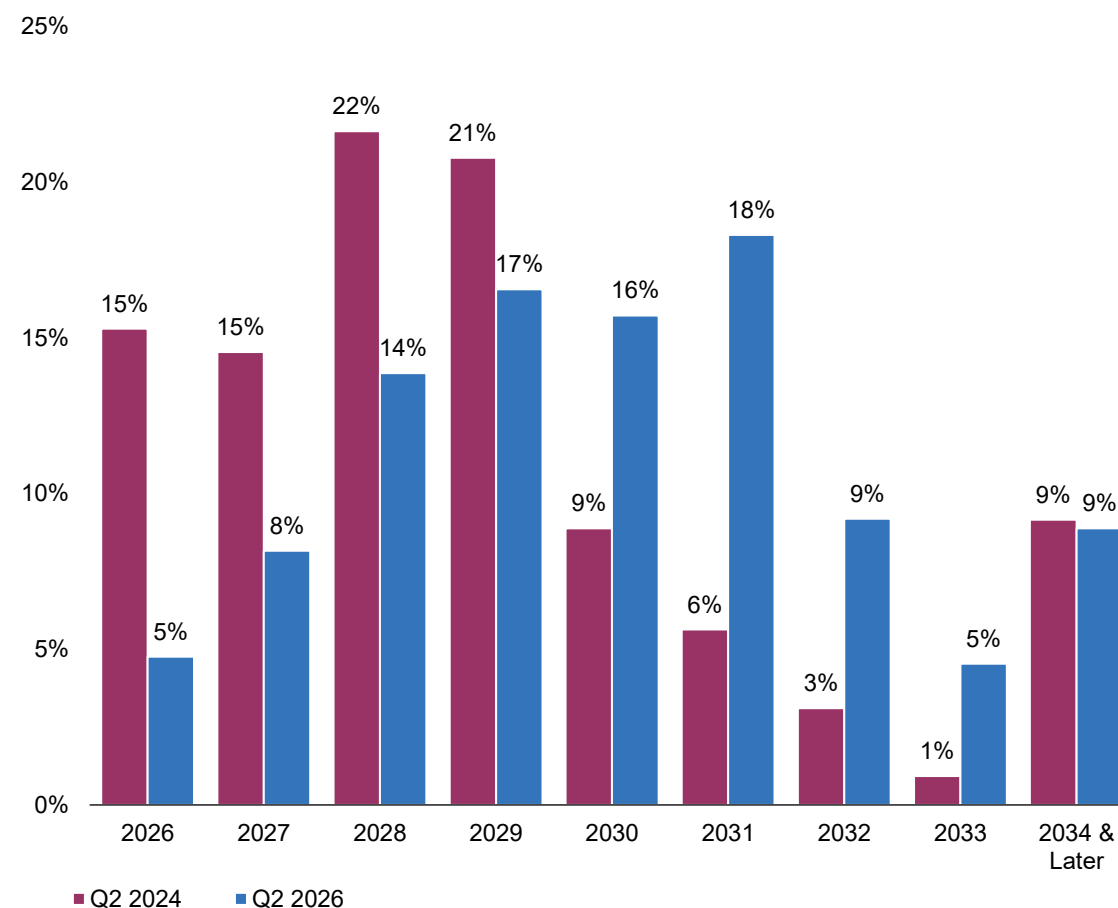
MARKET UPDATE

Technical Factors: Maturity Walls

US High Yield Maturity Distribution



European High Yield Maturity Distribution



Source: BoA as of June 30, 2026

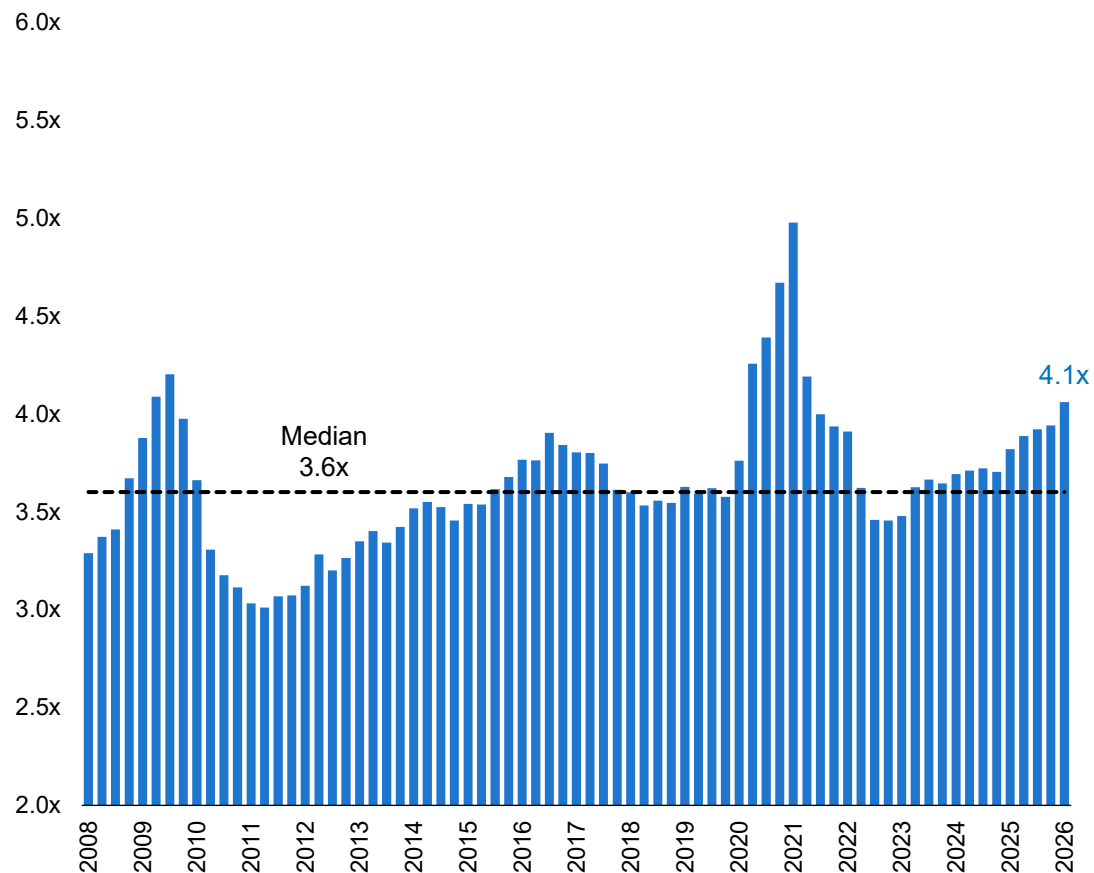
# Fundamentals & Valuation



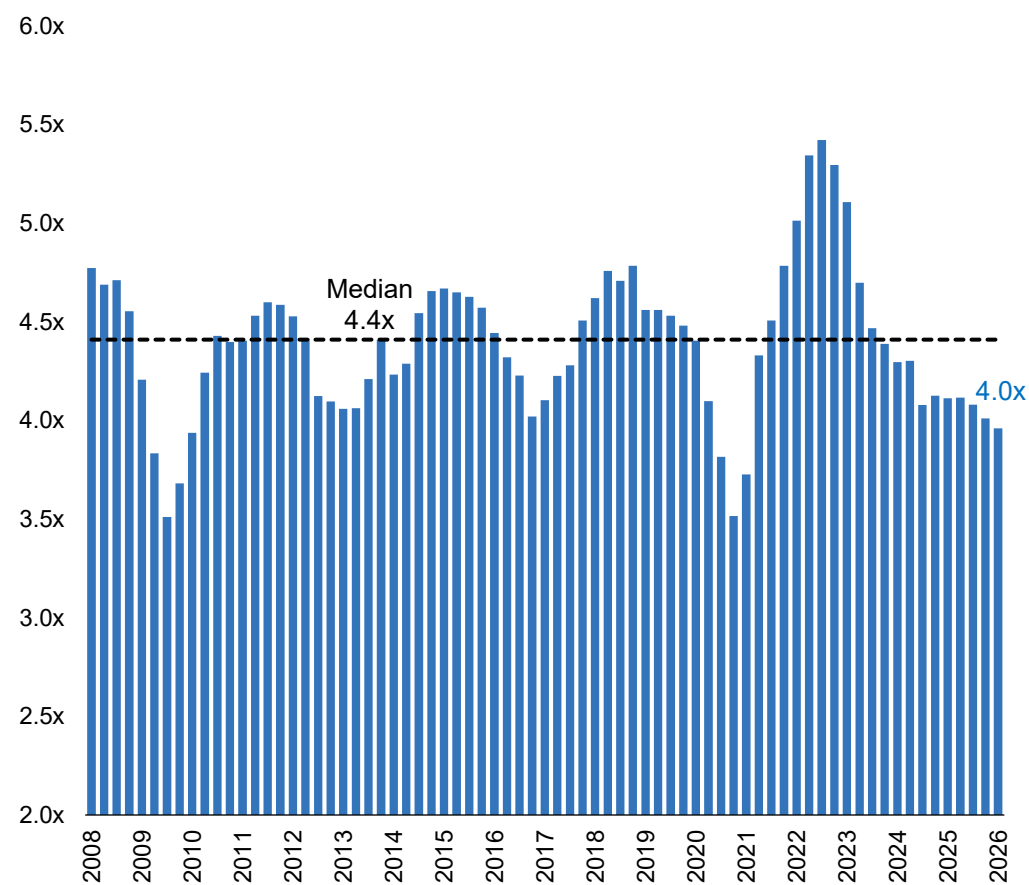
FUNDAMENTALS & VALUATION

US High Yield Issuer Leverage & Coverage

Net Leverage



Interest Coverage

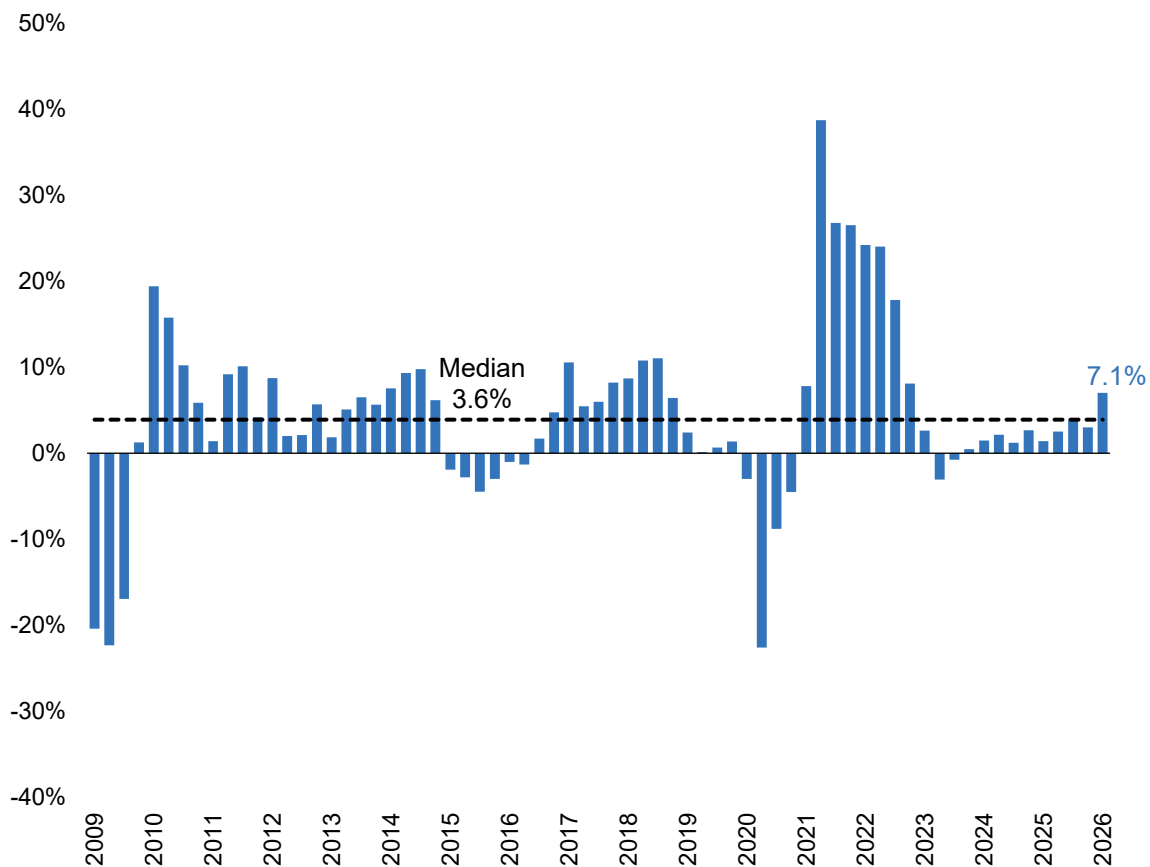


Source: J.P. Morgan as of June 18, 2026. Issuer fundamentals are reported for Q1 2026. Data provided is for informational use only. See end of material for important additional information and disclosures.

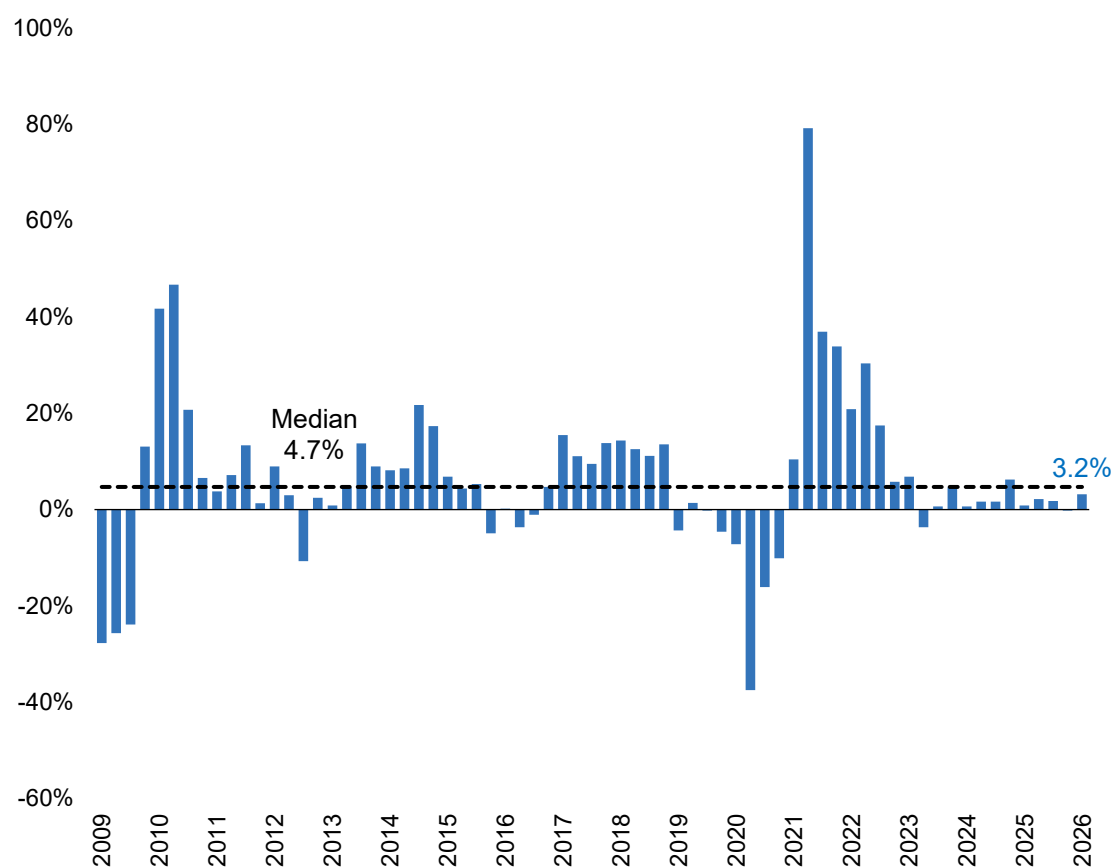
FUNDAMENTALS & VALUATION

US High Yield Issuer Revenue & Earnings Growth

Year-Over-Year Revenue Growth



Year-Over-Year EBITDA Growth

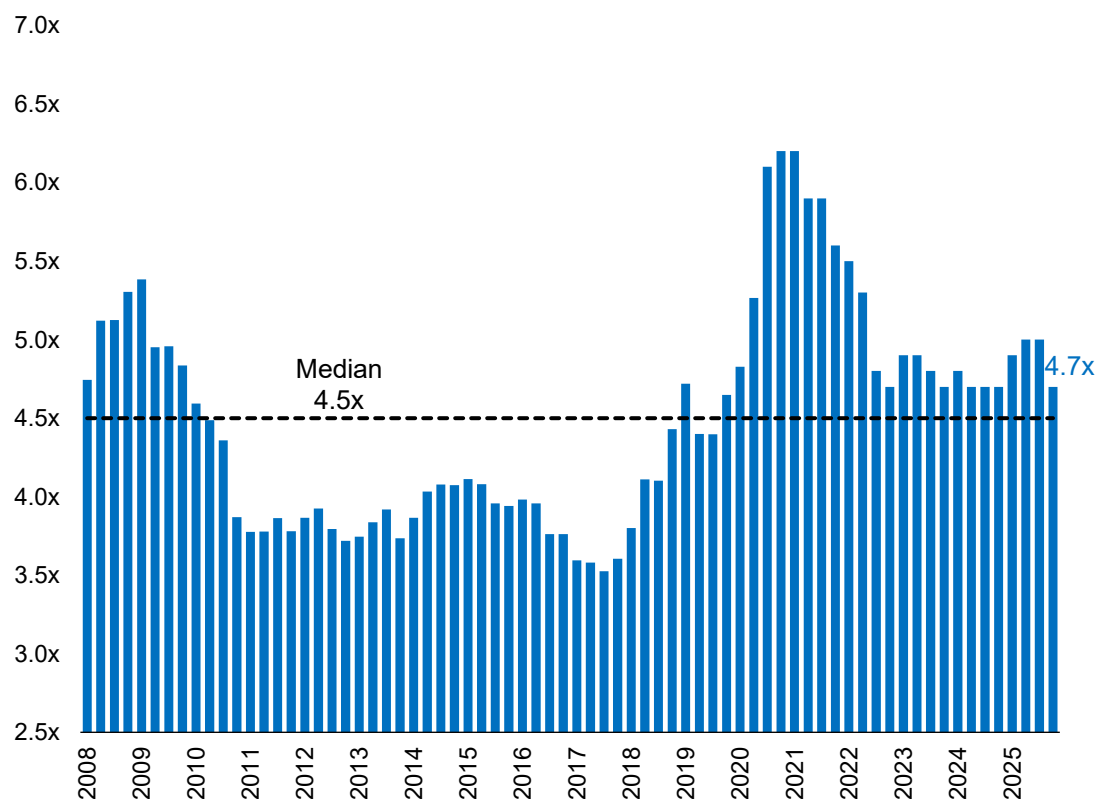


Source: J.P. Morgan as of June 18, 2026. Issuer fundamentals are reported for Q1 2026. Data provided is for informational use only. See end of material for important additional information and disclosures.

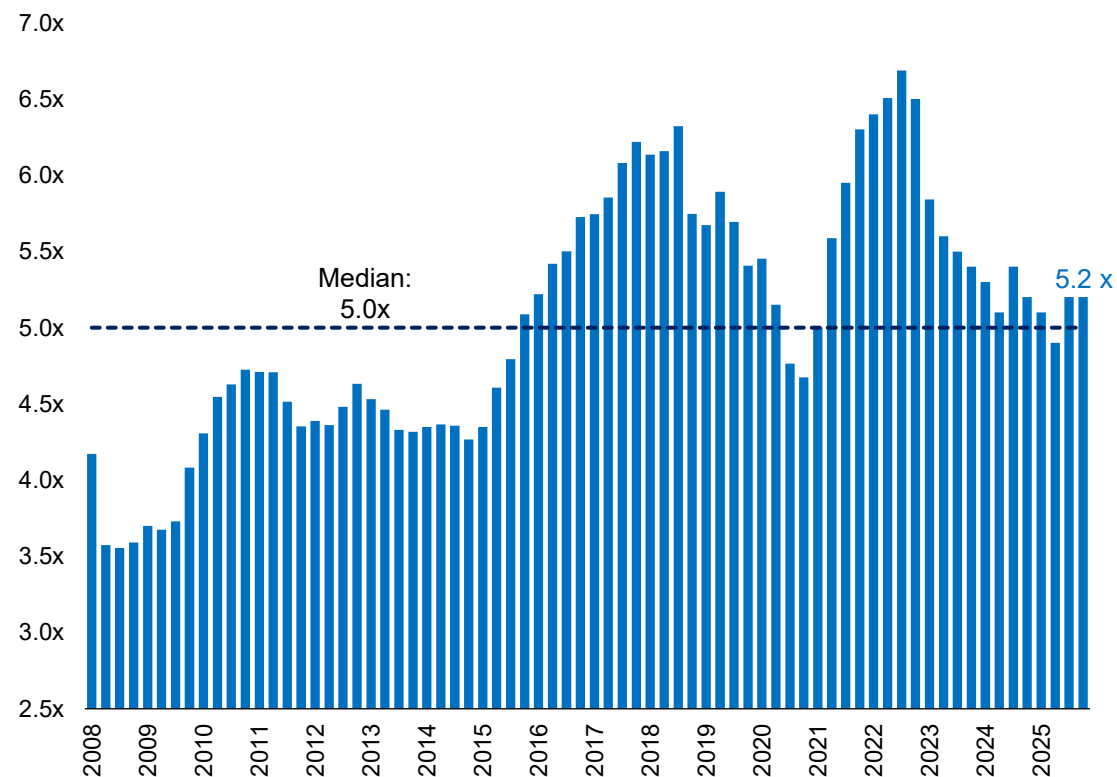
FUNDAMENTALS & VALUATION

European High Yield Issuer Leverage & Coverage

Net Leverage



Interest Coverage

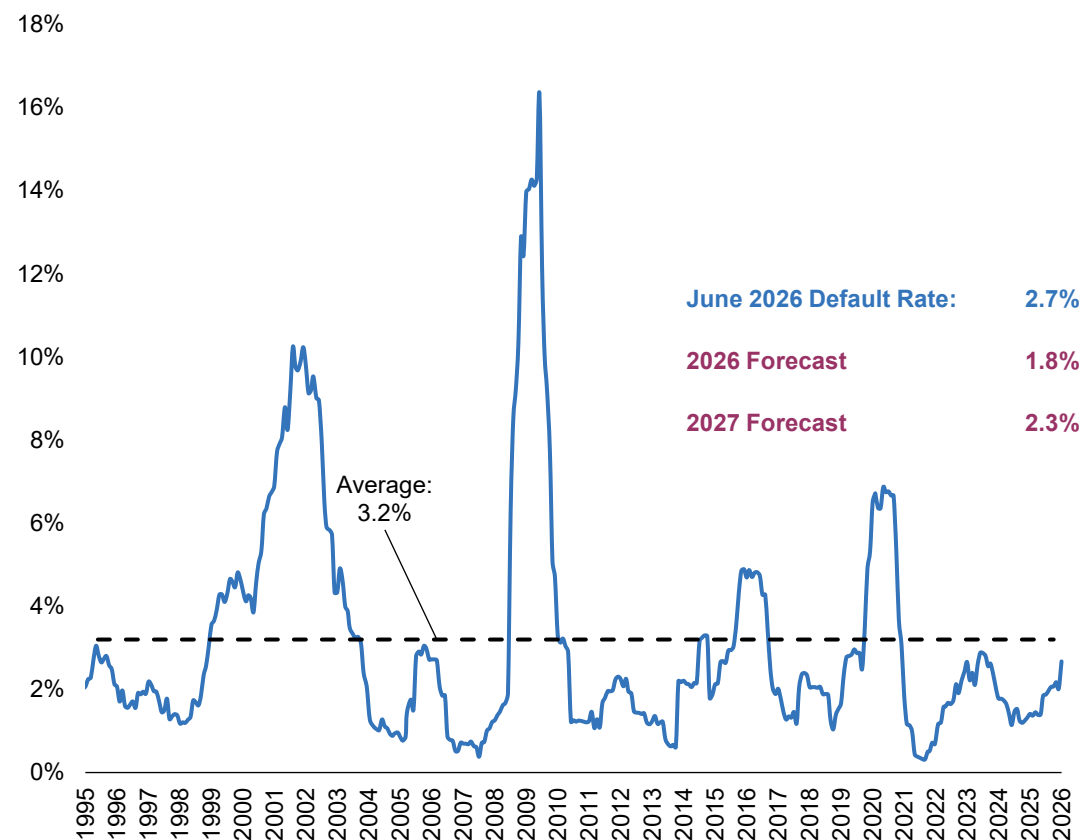


Source: J.P. Morgan as of April 24, 2026. European high yield issuer fundamentals are reported for Q4 2025. Data provided is for informational use only. See end of material for important additional information and disclosures.

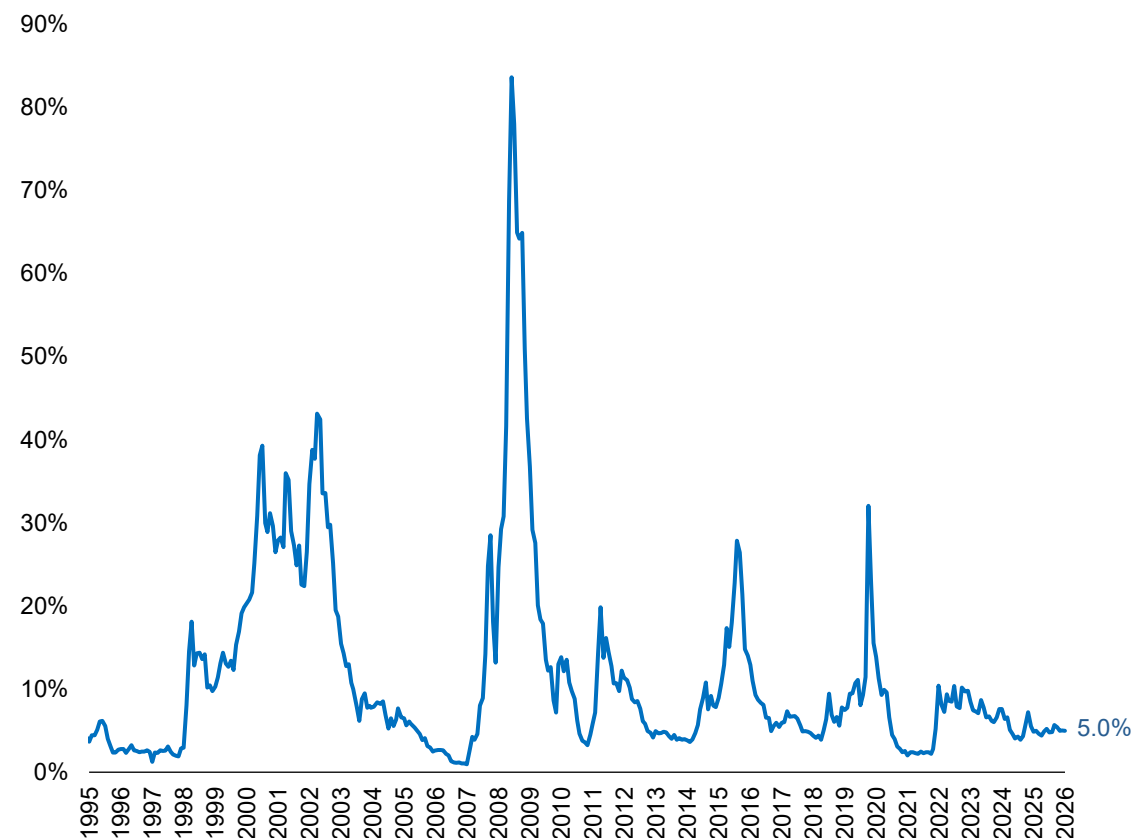
FUNDAMENTALS & VALUATION

US High Yield Default Rate & Distress Ratio

Default Rate



Distress Ratio

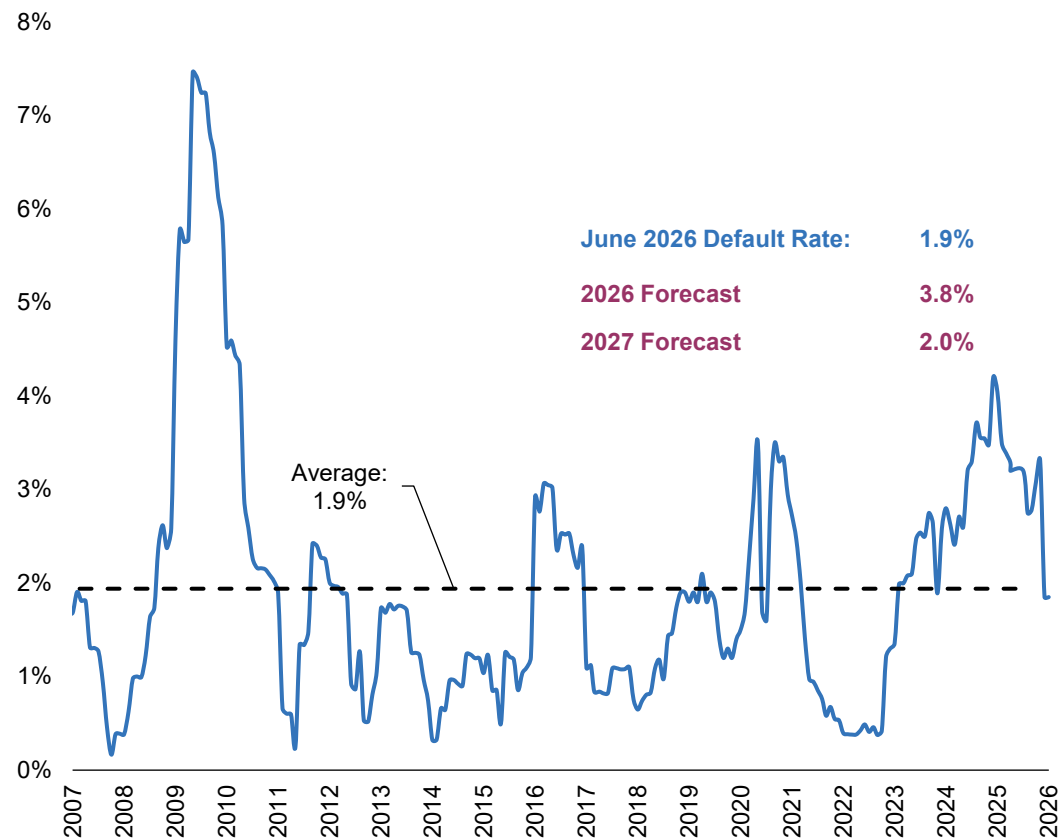


Source: J.P.Morgan, June 30, 2026. Data provided is for informational use only. Default rate measures last 12 months by par value including distressed exchanges. Distress ratio measures the percent of high yield bonds trading with a spread to worst greater than 1000 bps. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

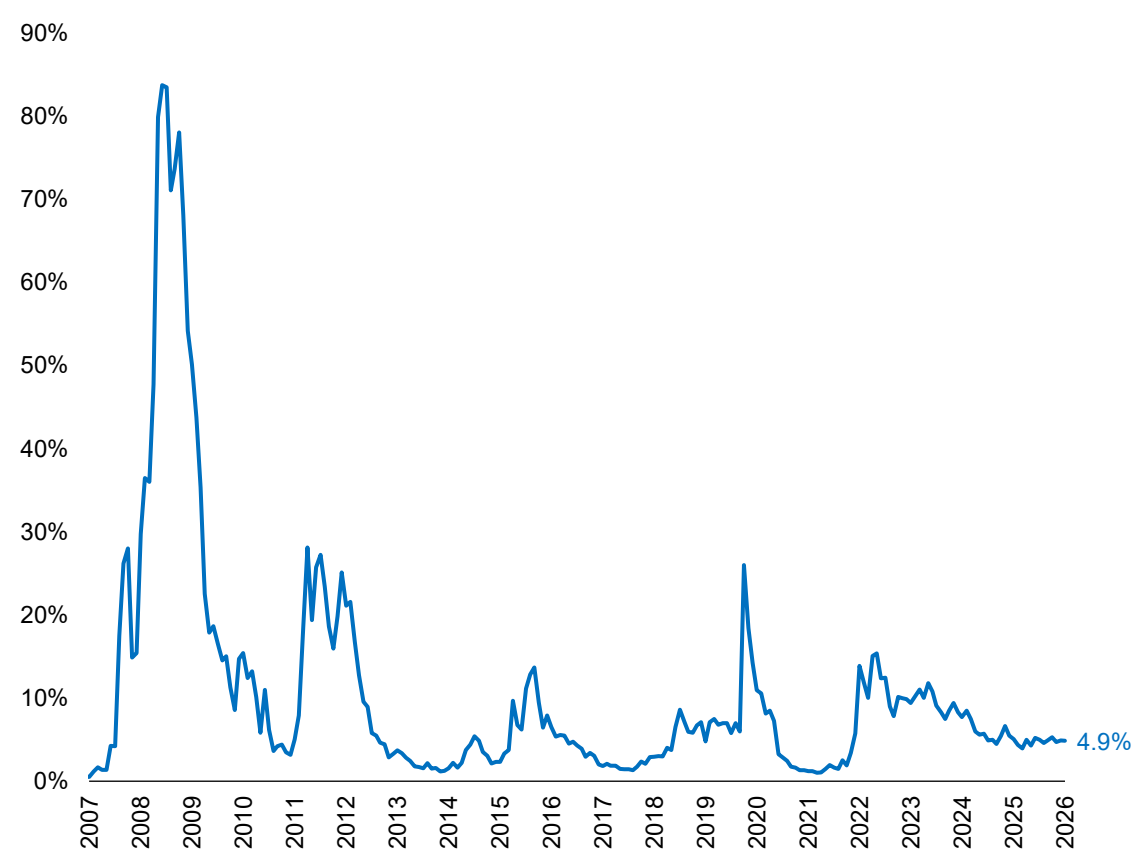
FUNDAMENTALS & VALUATION

European High Yield Default Rate & Distress Ratio

Default Rate



Distress Ratio

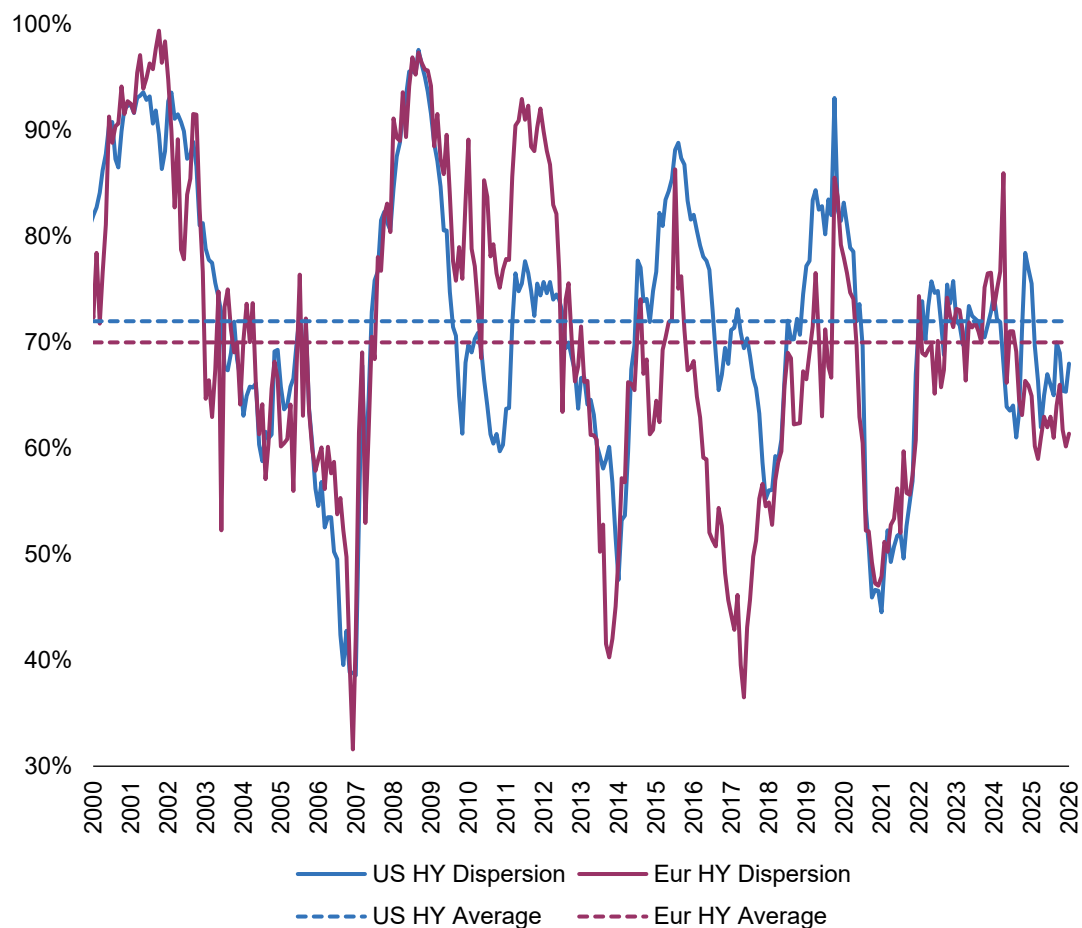


Source: J.P.Morgan, June 30, 2026. Data provided is for informational use only. Default rate measures last 12 months by par value including distressed exchanges. Distress ratio measures the percent of high yield bonds trading with a spread to worst greater than 1000 bps. Forecasts/estimates are based on current market conditions, subject to change, and may not necessarily come to pass.

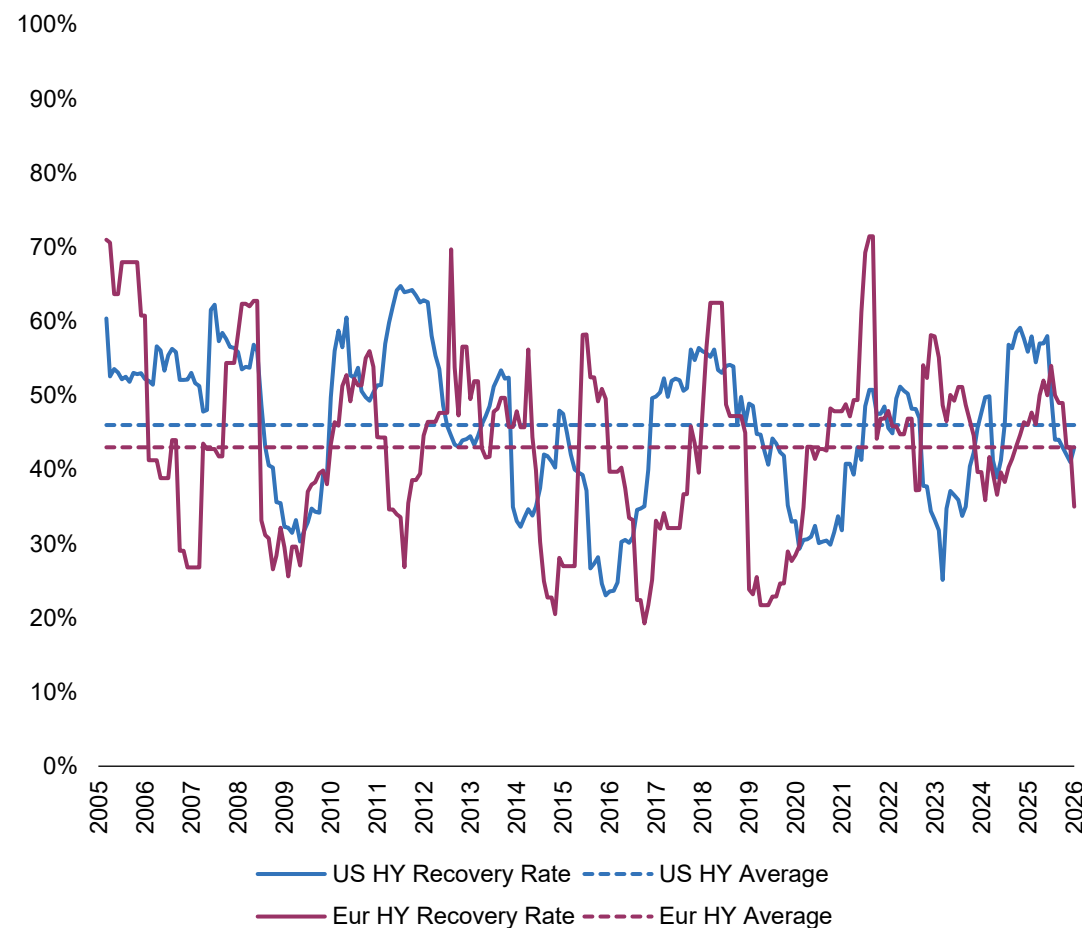
FUNDAMENTALS & VALUATION

High Yield Dispersion & Recovery Rates

Dispersion



Recovery Rates

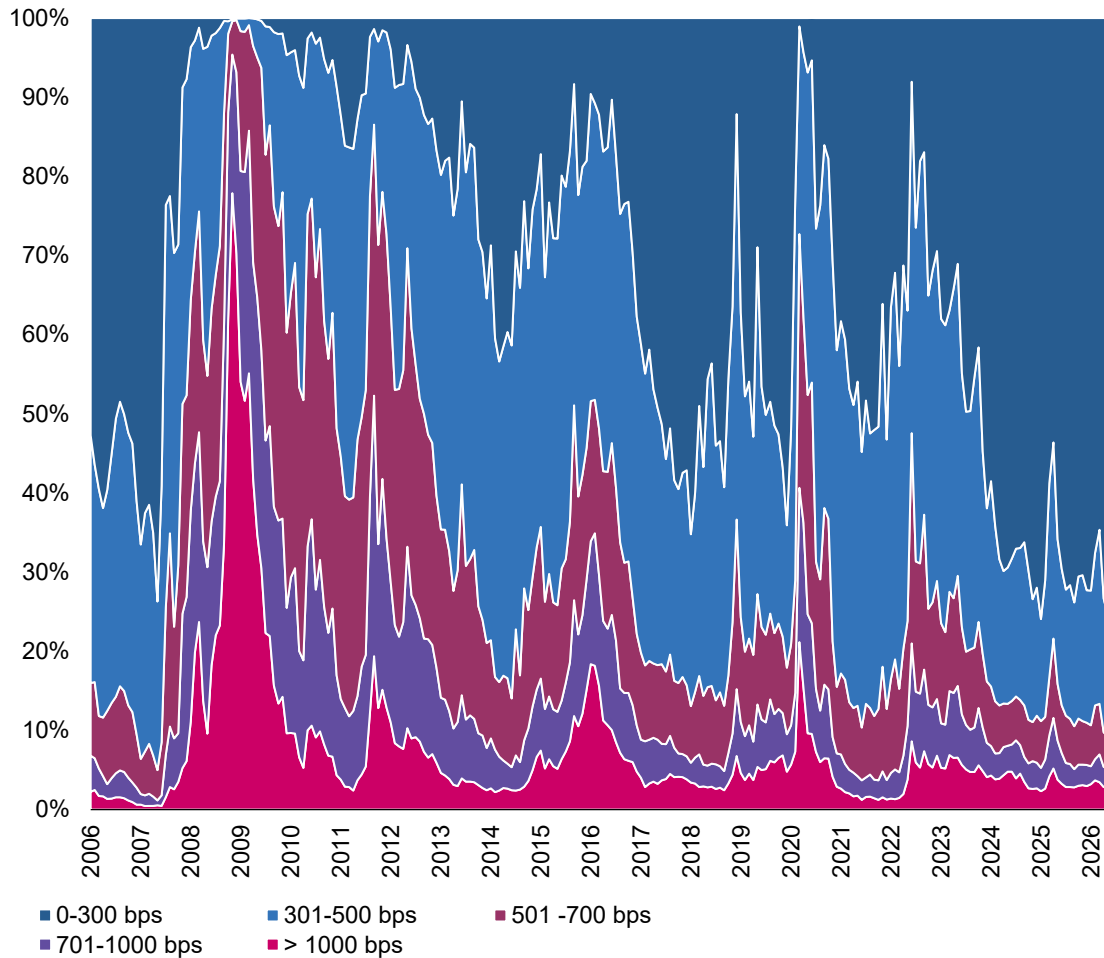


Source: BoA as of June 30, 2026. Data provided is for informational use only. Dispersion is measured by the percentage of the market that is trading within 100 bps of the overall index level. Recovery rates measured by the trailing twelve month par-weighted recovery rate.

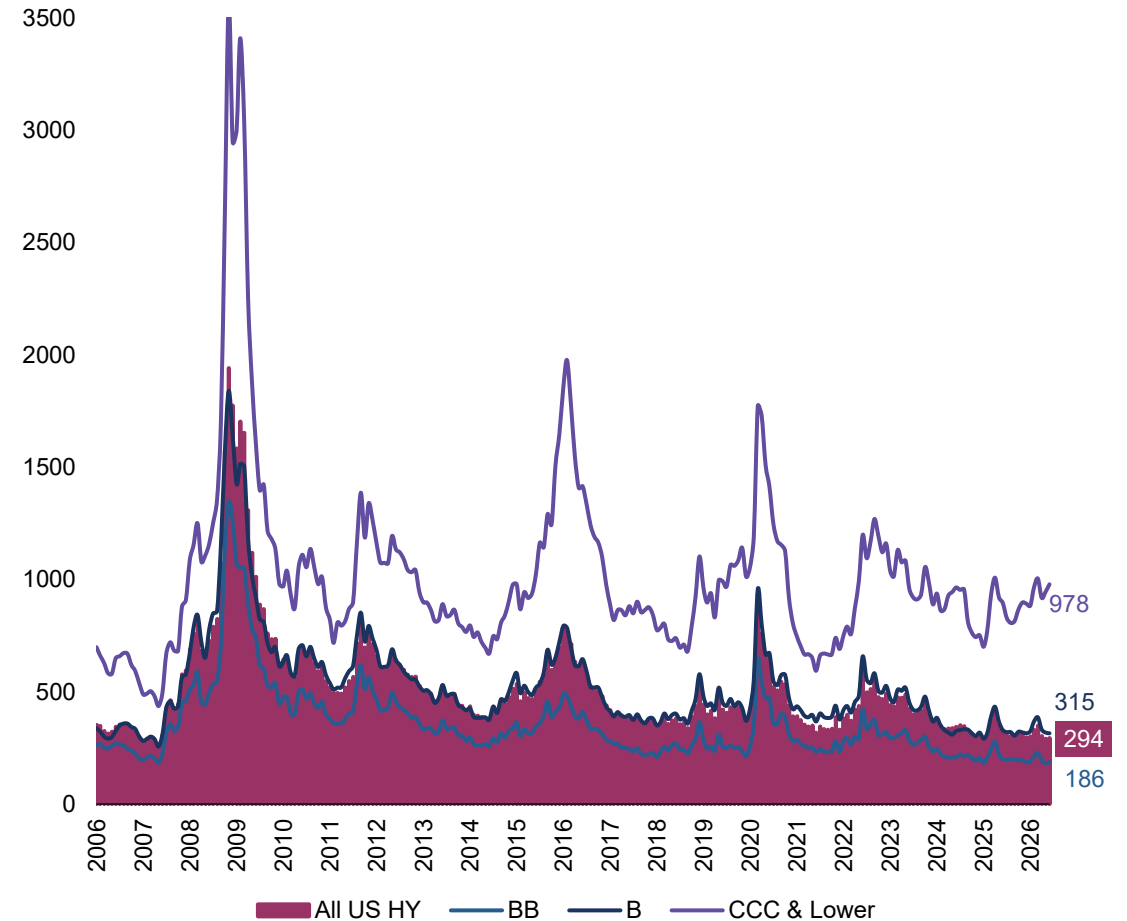
FUNDAMENTALS & VALUATION

US High Yield Spread Composition

Spread to Worst Distribution



Spread to Worst by Credit Quality Segment

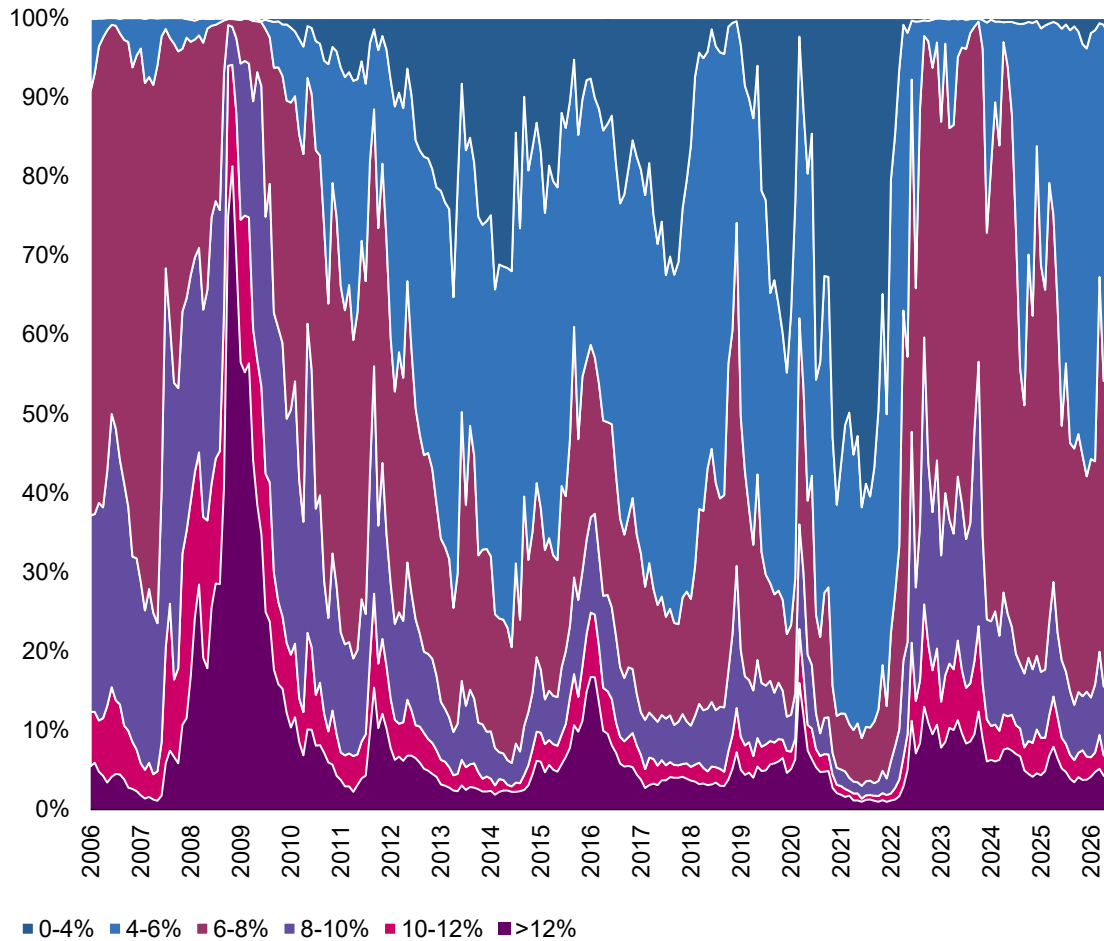


Past performance is no guarantee of future results. Source: ICE Indices LLC June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. The index performance is provided for illustrative purposes only and is not meant to depict the performance of a specific investment.

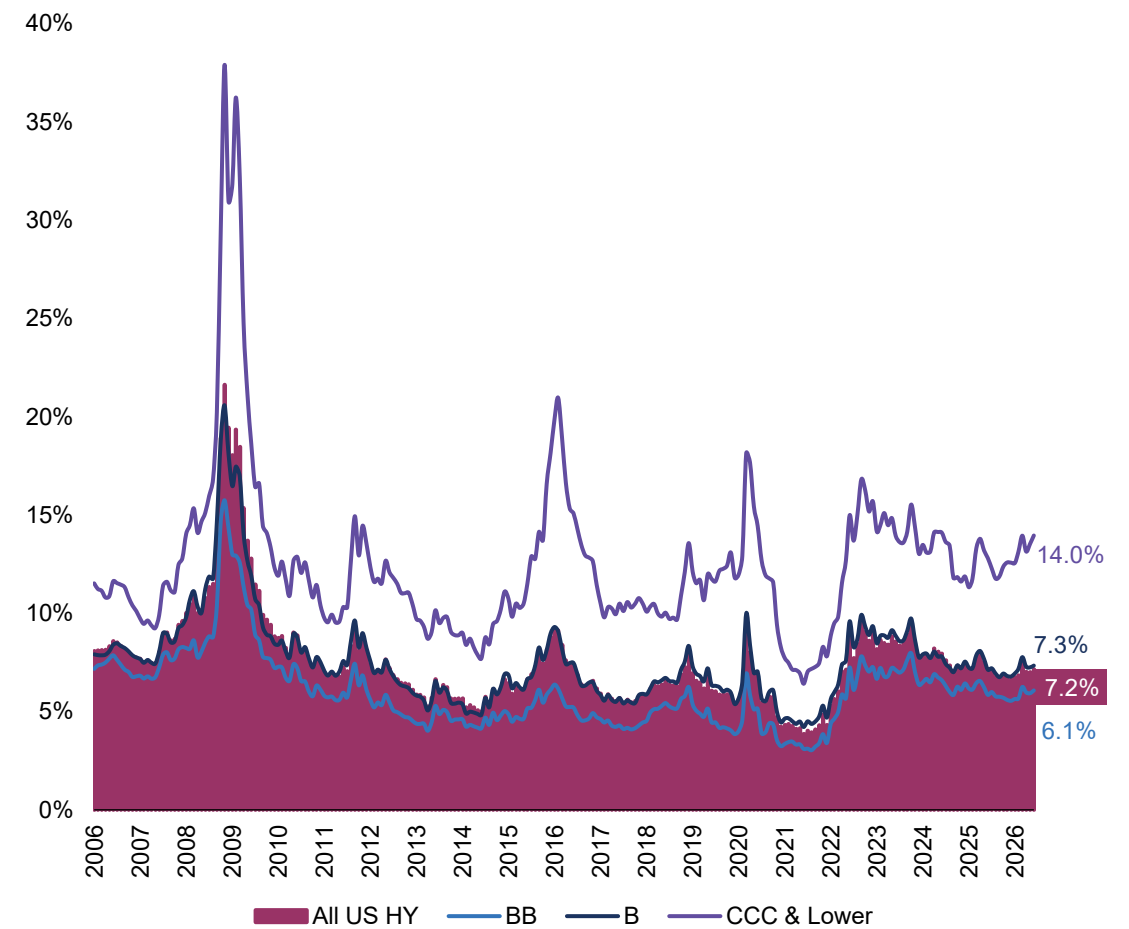
FUNDAMENTALS & VALUATION

US High Yield YTW Composition

Yield to Worst Distribution



Yield to Worst by Credit Quality Segment

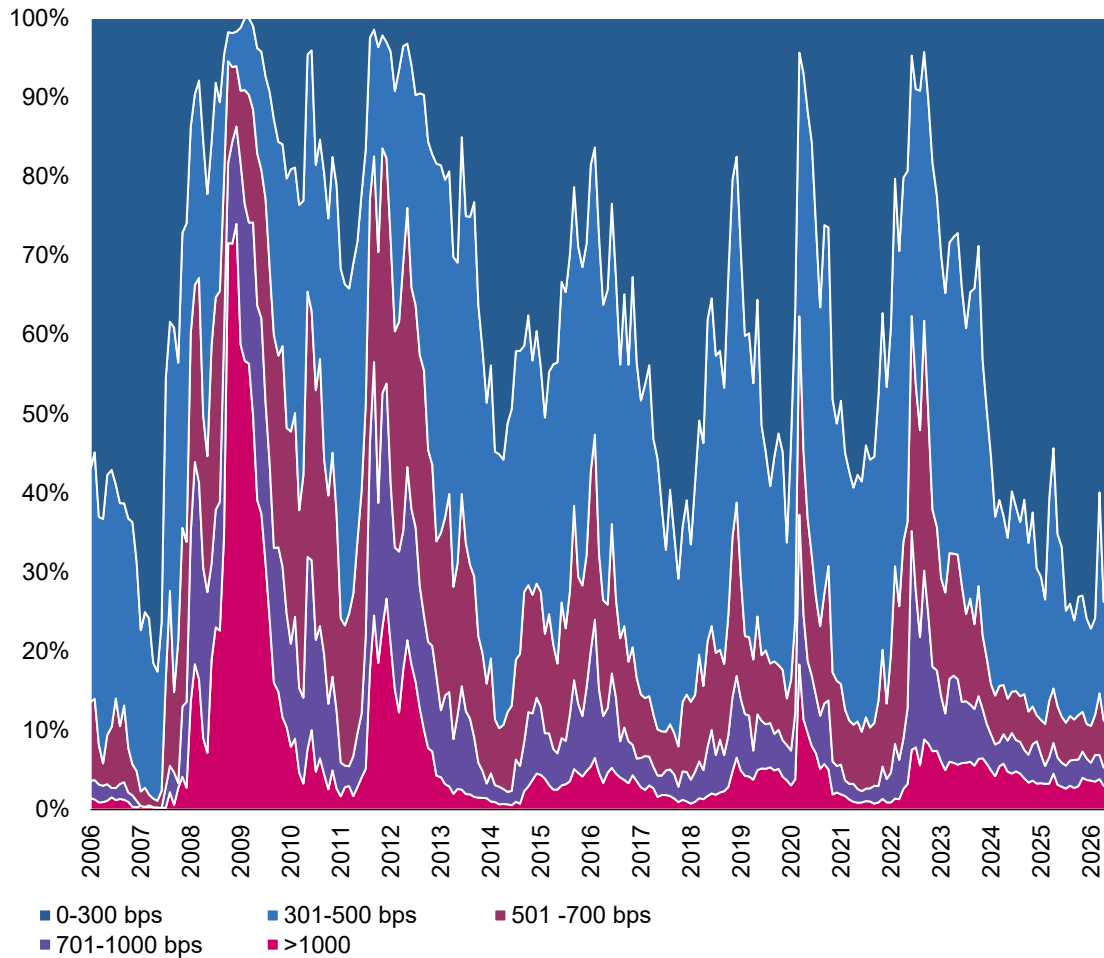


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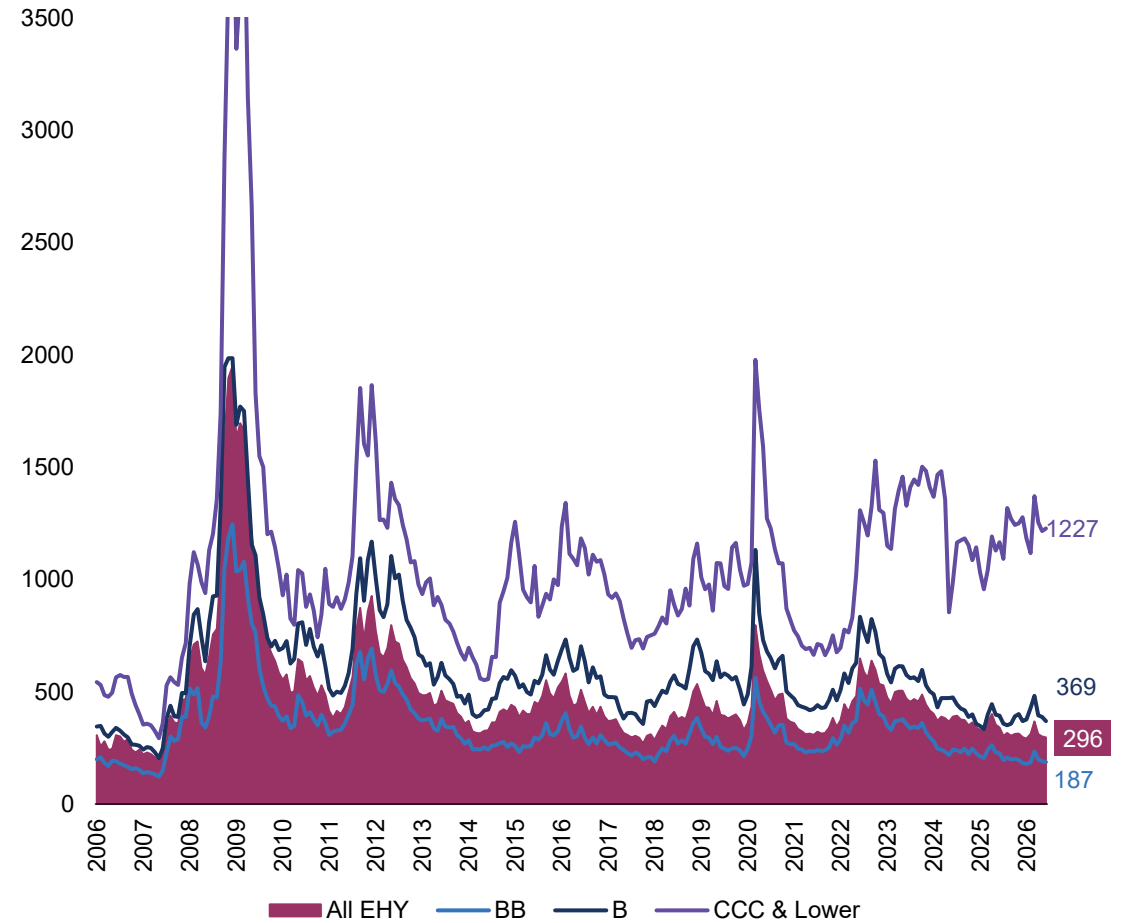
FUNDAMENTALS & VALUATION

European High Yield Spread Composition

Spread to Worst Distribution



Spread to Worst

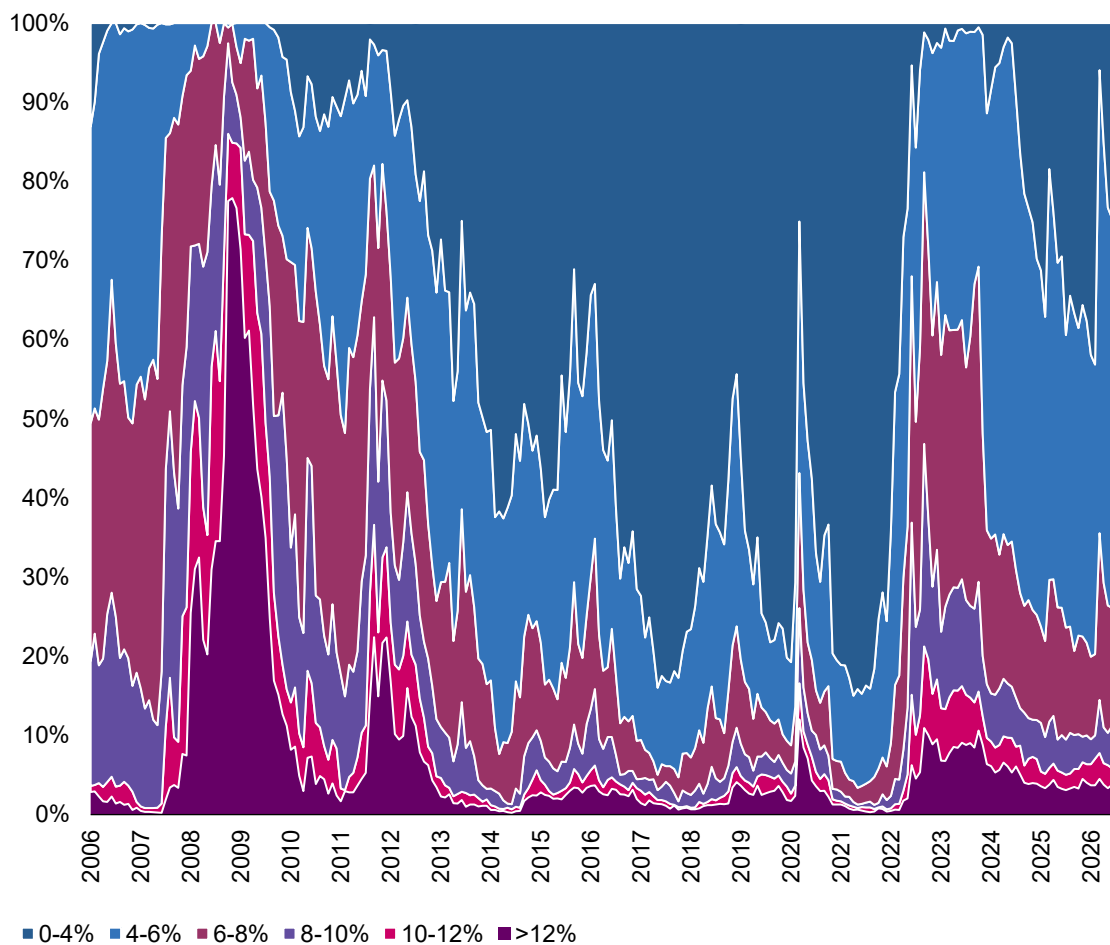


Past performance is no guarantee of future results. Source: ICE Indices LLC June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. The index performance is provided for illustrative purposes only and is not meant to depict the performance of a specific investment.

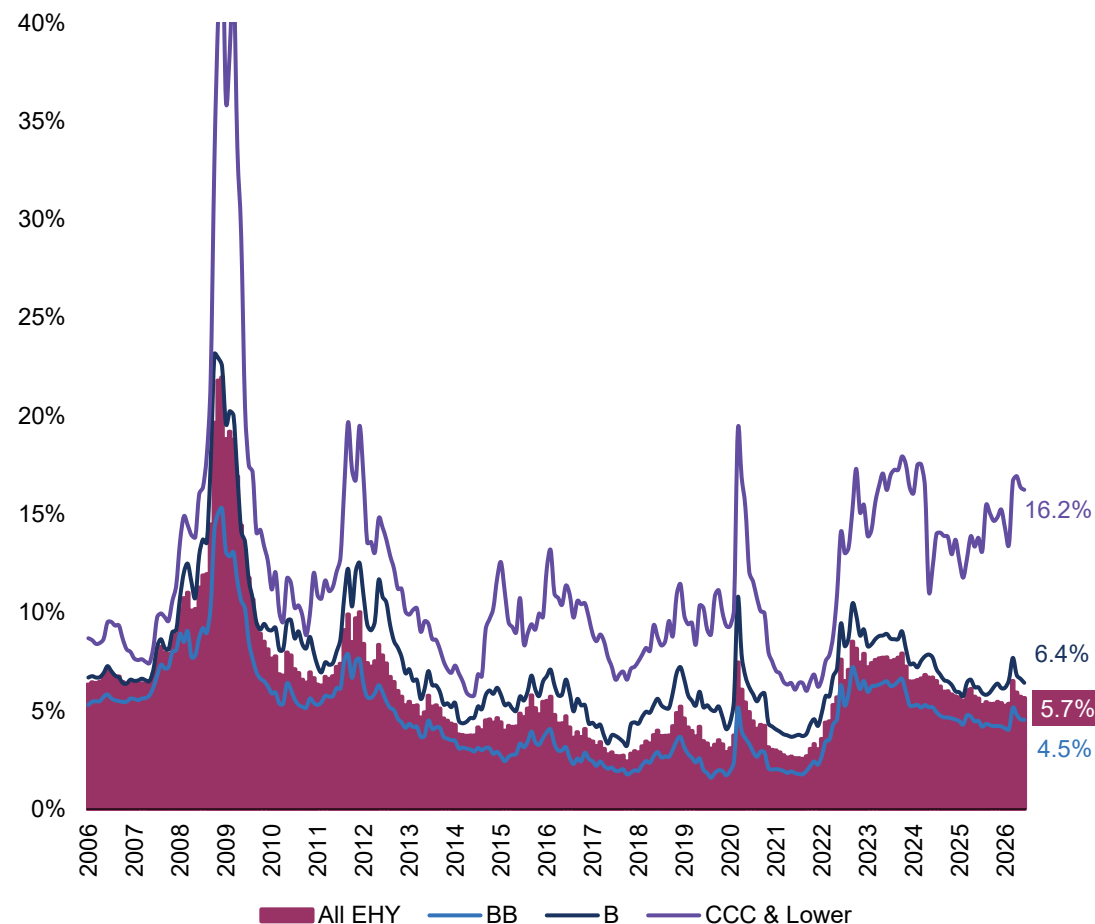
FUNDAMENTALS & VALUATION

European High Yield YTW Composition

Yield to Worst Distribution



Yield to Worst by Credit Quality Segment



Past performance is no guarantee of future results. Source: ICE Indices LLC June 30, 2026. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. The index performance is provided for illustrative purposes only and is not meant to depict the performance of a specific investment.

# Case for High Yield



CASE FOR HIGH YIELD

Historical High Yield Returns in Context

Past Performance is Not a Reliable Indicator of Future Results

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD 2026
Higher ↑	<b>US High Yield</b> 17.49	EMD (Local Currency) 15.21	Municipal 1.28	Investment Grade 14.54	Global Agg Ex-U.S. 10.11	<b>US High Yield</b> 5.36	Bank Loan -0.77	<b>European High Yield</b> 14.57	<b>European High Yield</b> 9.68	EMD (Local Currency) 19.26	EMD (Hard Currency) 4.63
	<b>Global High Yield</b> 16.57	Global Agg Ex-U.S. 10.51	MBS 0.99	EMD (Hard Currency) 14.42	Investment Grade 9.89	Bank Loan 5.20	Municipal -8.53	<b>Global High Yield</b> 13.77	Bank Loan 8.95	EMD (Hard Currency) 14.30	<b>European High Yield</b> 4.15
	<b>European High Yield</b> 11.54	EMD (Hard Currency) 9.32	Treasury 0.86	<b>US High Yield</b> 14.41	Treasury 8.00	<b>Global High Yield</b> 5.04	<b>European High Yield</b> -9.04	<b>US High Yield</b> 13.46	<b>Global High Yield</b> 8.59	Global Agg Ex-U.S. 8.85	EMD (Local Currency) 3.85
	EMD (Hard Currency) 10.19	<b>European High Yield</b> 8.39	Bank Loan 0.44	<b>European High Yield</b> 14.40	EMD (Corp. Bonds) 7.13	<b>European High Yield</b> 4.17	Global High Yield -10.58	Bank Loan 13.32	<b>US High Yield</b> 8.20	EMD (Corp. Bonds) 8.73	<b>Global High Yield</b> 2.86
	Bank Loan 10.16	EMD (Corp. Bonds) 7.96	<b>European High Yield</b> -0.86	<b>Global High Yield</b> 14.29	<b>US High Yield</b> 6.17	Municipal 1.52	<b>US High Yield</b> -11.22	EMD (Local Currency) 12.70	EMD (Corp. Bonds) 7.63	MBS 8.58	Municipal 2.50
	EMD (Local Currency) 9.94	<b>Global High Yield</b> 7.59	EMD (Corp. Bonds) -1.65	EMD (Local Currency) 13.47	EMD (Hard Currency) 5.88	EMD (Corp. Bonds) 0.91	EMD (Local Currency) -11.69	EMD (Hard Currency) 11.09	EMD (Hard Currency) 6.54	<b>US High Yield</b> 8.50	<b>US High Yield</b> 2.46
	EMD (Corp. Bonds) 9.65	<b>US High Yield</b> 7.48	<b>Global High Yield</b> -1.90	EMD (Corp. Bonds) 13.09	<b>Global High Yield</b> 5.61	Investment Grade -1.04	MBS -11.81	EMD (Corp. Bonds) 9.08	Investment Grade 2.13	<b>Global High Yield</b> 8.24	EMD (Corp. Bonds) 2.42
	Investment Grade 6.11	Investment Grade 6.42	Global Agg Ex-U.S. -2.15	Bank Loan 8.64	Municipal 5.21	MBS -1.04	EMD (Corp. Bonds) -12.26	Investment Grade 8.52	MBS 1.20	Investment Grade 7.77	Bank Loans 1.88
	MBS 1.67	Municipal 5.45	<b>US High Yield</b> -2.26	Municipal 7.54	<b>European High Yield</b> 4.07	EMD (Hard Currency) -1.51	Treasury -12.46	Municipal 6.40	Municipal 1.05	<b>European High Yield</b> 7.33	Investment Grade 1.40
	Global Agg Ex-U.S. 1.49	Bank Loan 4.12	Investment Grade -2.51	Treasury 6.86	MBS 3.87	Treasury -2.32	Investment Grade -15.76	Global Agg Ex-U.S. 5.72	Treasury 0.58	Treasury 6.32	Global Agg Ex-U.S. 0.99
	Treasury 1.04	MBS 2.47	EMD (Hard Currency) -4.61	MBS 6.35	Bank Loan 3.12	Global Agg Ex-U.S. -7.05	EMD (Hard Currency) -16.45	MBS 5.05	EMD (Local Currency) -2.38	Bank Loan 5.90	MBS 0.58
Lower ↓	Municipal 0.25	Treasury 2.31	EMD (Local Currency) -6.21	Global Agg Ex-U.S. 5.09	EMD (Local Currency) 2.69	EMD (Local Currency) -8.75	Global Agg Ex-U.S. -18.70	Treasury 4.05	Global Agg Ex-U.S. -4.22	Municipal 4.25	Treasury 0.32

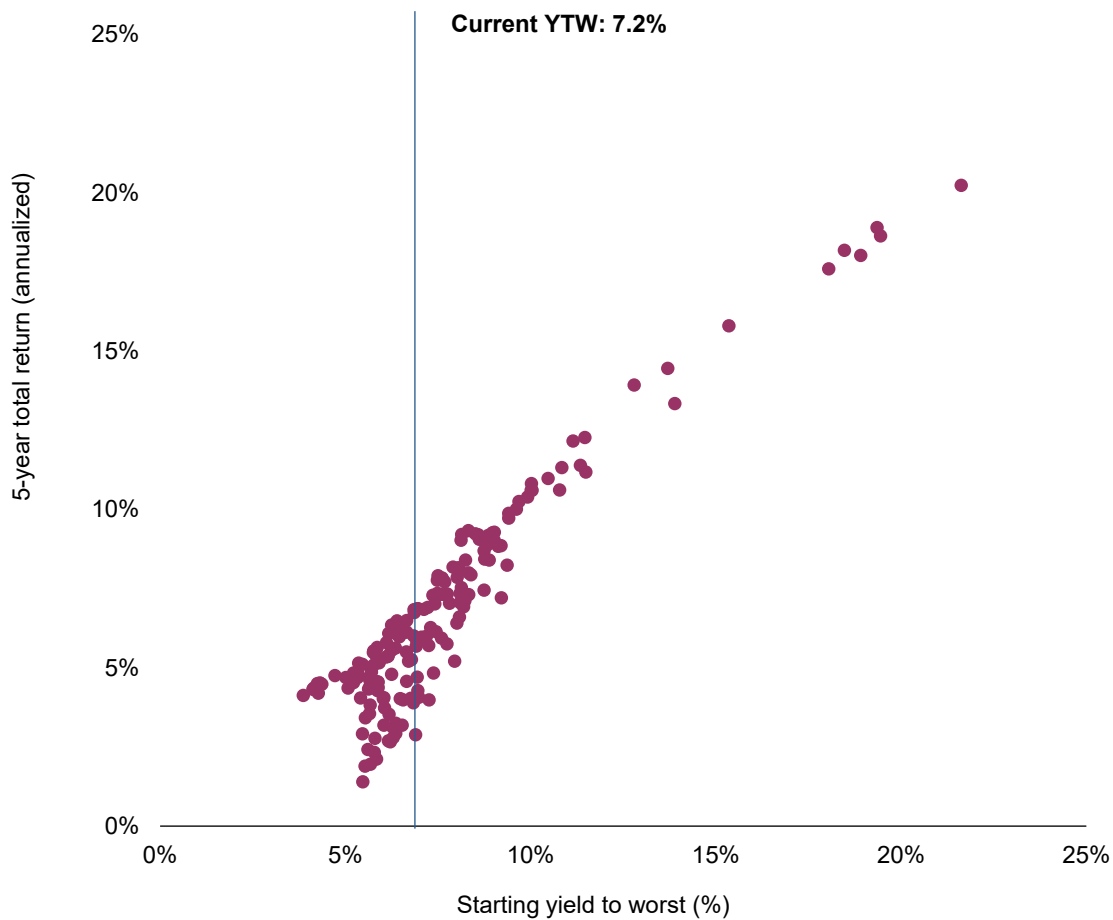
Source: Morningstar as of June 30, 2026. It is not possible to invest directly in an index. Data provided is for informational use only. See end of report for important additional information. Investment Grade represented by Bloomberg U.S. Corporate Index. MBS represented by Bloomberg U.S. Mortgage-Backed Securities (MBS) Index. Treasury represented by Bloomberg U.S. Treasury Index. High Yield represented by ICE BofA US High Yield Index. Global High Yield represented by ICE BofA DM High Yield ex Sub. Financials Index- USD Hedged. European High Yield represented by ICE BofA European Currency Dev Mkts High Yield excluding Subordinated Financials Constrained Index – USD Hedged. Municipal represented by Bloomberg Municipal Bond Index. Bank Loan represented by Morningstar LSTA U.S. Leveraged Loan Index. Global Agg Ex-U.S. represented by Bloomberg Global Aggregate Ex-USD Index. EMD (Local Currency) represented by J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified. EMD (Hard Currency) represented by J.P. Morgan Emerging Markets Bond Index (EMBI) Global Diversified. EMD (Corp. Bonds) represented by J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Broad Diversified.

**CASE FOR HIGH YIELD**

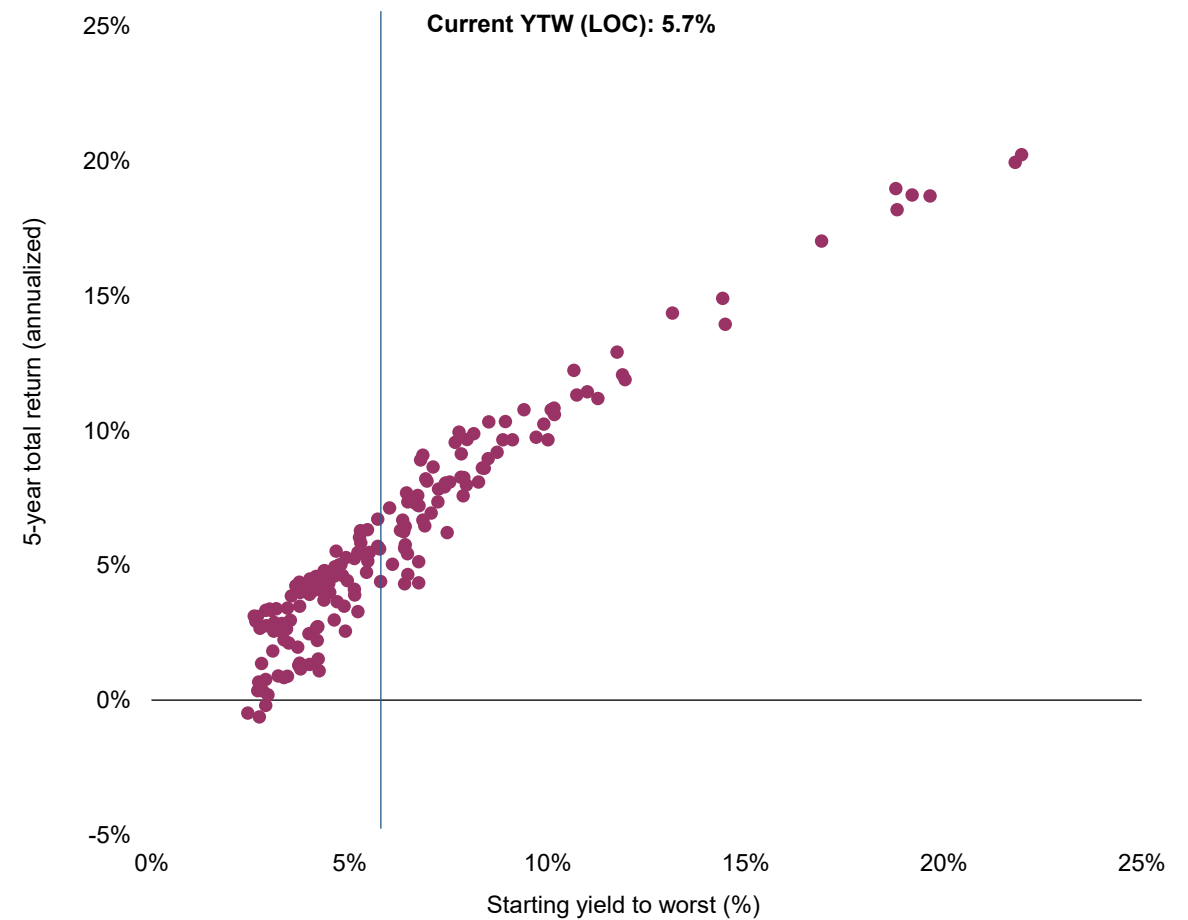
**Starting Yields: Building Blocks of Future Returns**

Past Performance is Not a Reliable Indicator of Future Results

**US High Yield Starting Yield vs 5-Yr Annualized Total Return**



**EUR High Yield Starting Yield vs 5-Yr Annualized Total Return**

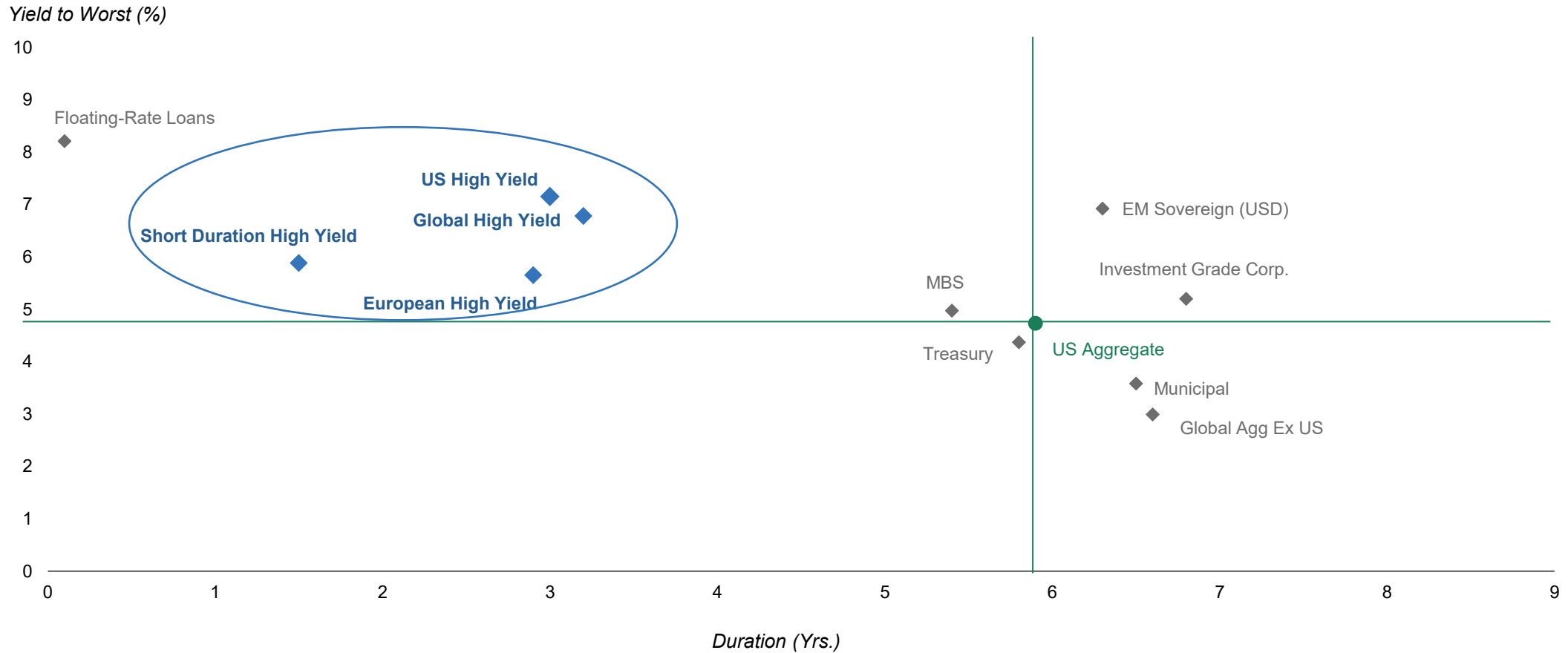


Source: Bloomberg, MSIM, ICE Indices. Note: Yields are in local currency as of June 30, 2026. US High Yield = ICE BofA US High Yield Index (H0A0). European High Yield= ICE BofA European Ccy Developed Mkts High Yield excl Sub-Financials Constrained Index (HPSD). Based on 20 years of historic data. This index performance is provided for illustrative purposes only and is not meant to depict the performance of a specific investment.

CASE FOR HIGH YIELD

Higher Yield and Lower Duration

Past Performance is Not a Reliable Indicator of Future Results



Source: Morningstar as of June 30, 2026. It is not possible to invest directly in an index. Data provided is for informational use only. See end of report for important additional information. US Aggregate represented by Bloomberg US Aggregate Index. Investment Grade represented by Bloomberg U.S. Corporate Index. MBS represented by Bloomberg U.S. Mortgage-Backed Securities (MBS) Index. Treasury represented by Bloomberg U.S. Treasury Index. High Yield represented by ICE BofA US High Yield Index. Global High Yield represented by ICE BofA DM High Yield ex Sub. Financials Index- USD Hedged. European High Yield represented by ICE BofA European Currency Dev Mkts High Yield excluding Subordinated Financials Constrained Index – USD Hedged. Municipal represented by Bloomberg Municipal Bond Index. Bank Loan represented by Morningstar LSTA U.S. Leveraged Loan Index. Global Agg Ex-US represented by Bloomberg Global Aggregate Ex-USD Index. EM Sovereign (USD) represented by the J.P Morgan EM Bond Index (EMBI) Global Diversified Index.

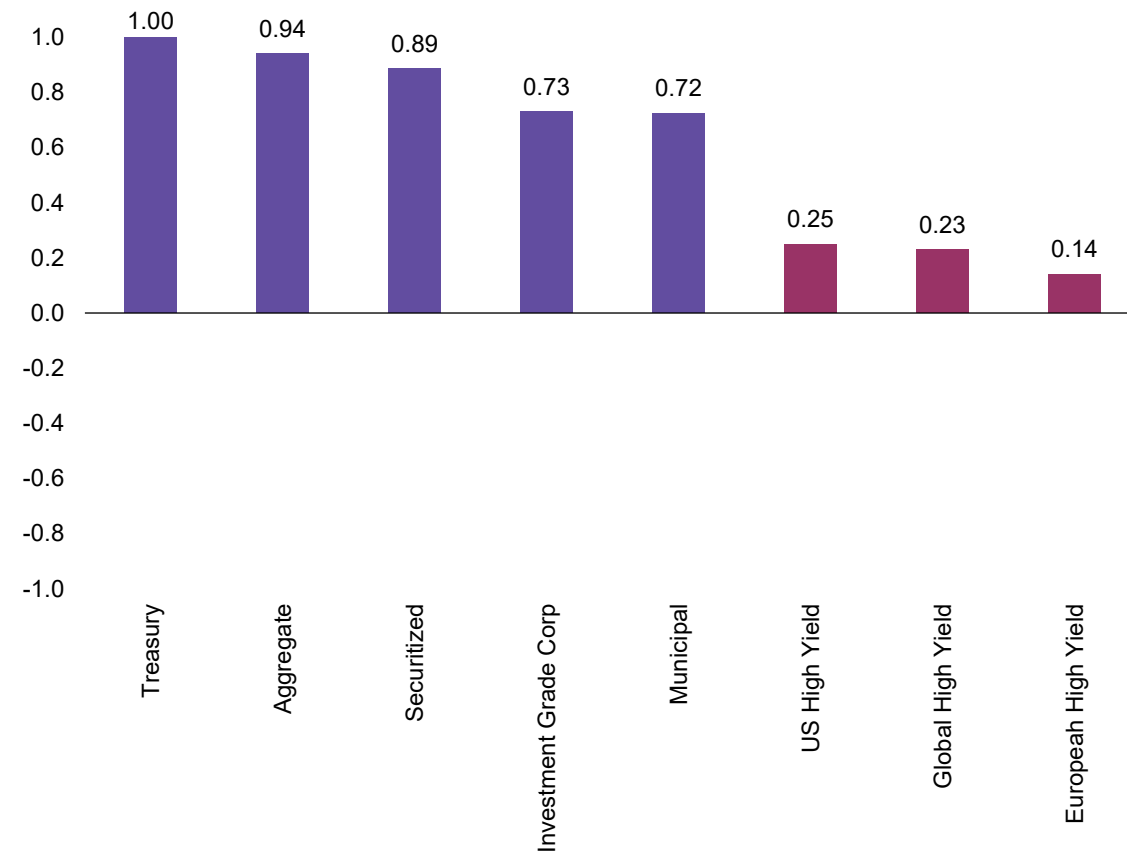
CASE FOR HIGH YIELD

Lower Correlations and Higher Return per Level of Risk

Past Performance is Not a Reliable Indicator of Future Results

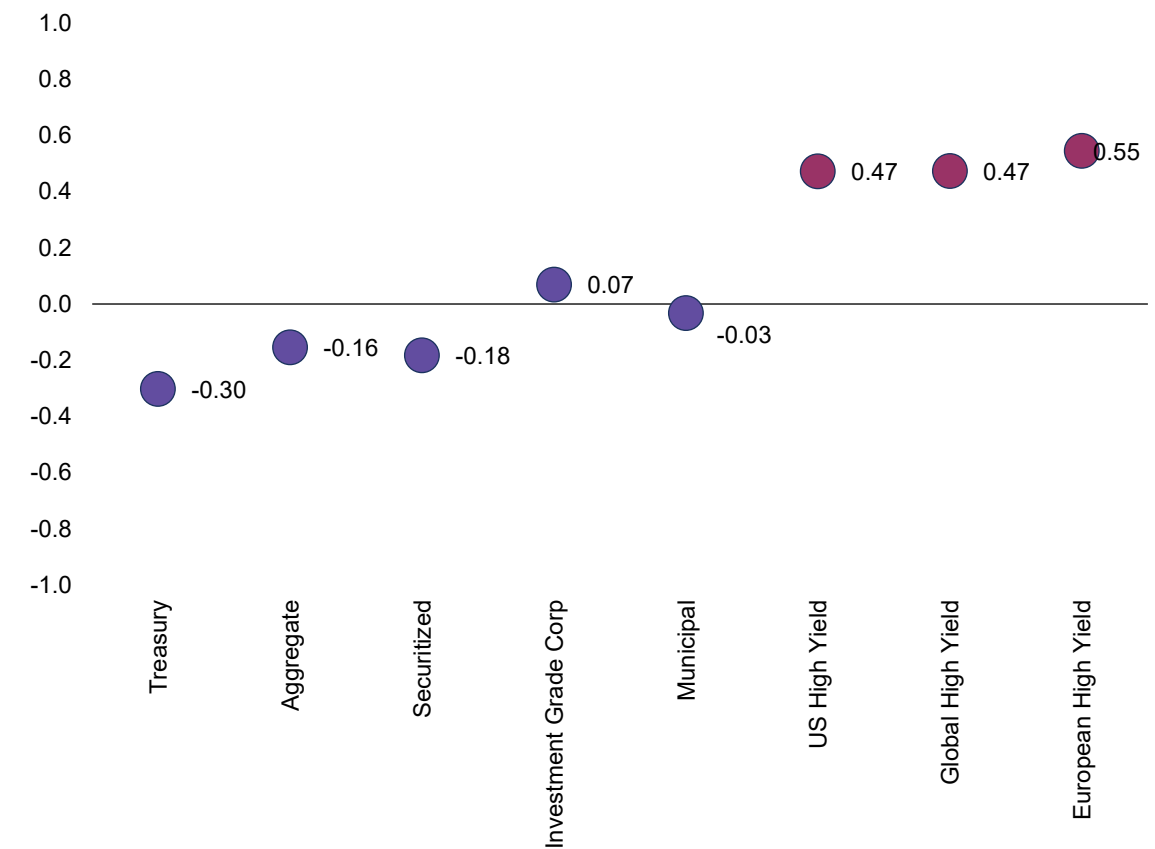
Correlation to Core Bond Allocations

10-Year Correlation to US Treasuries



Sharpe Ratio

10-Year Sharpe Ratio



Sources: Bloomberg, ICE Data Indices LLC, Morningstar. As of June 30, 2026. The index performance is provided for illustrative purposes only and is not meant to depict the performance of a specific investment. Correlation is a statistical measure of how two securities perform in relation to each other. Sharpe Ratio measures an investment's risk-adjusted return by dividing excess return over the risk-free rate by the standard deviation. Treasury represented by Bloomberg U.S. Treasury Index. Aggregate represented by Bloomberg U.S. Aggregate Index. MBS represented by Bloomberg U.S. Mortgage-Backed Securities (MBS) Index. Investment Grade Corp. represented by Bloomberg U.S. Corporate Index. Municipal represented by Bloomberg Municipal Bond Index. US High Yield represented by ICE BofA US High Yield Index. Global High Yield represented by ICE BofA Global High Yield Index. European High Yield represented by ICE BofA European High Yield Index.

# About MSIM

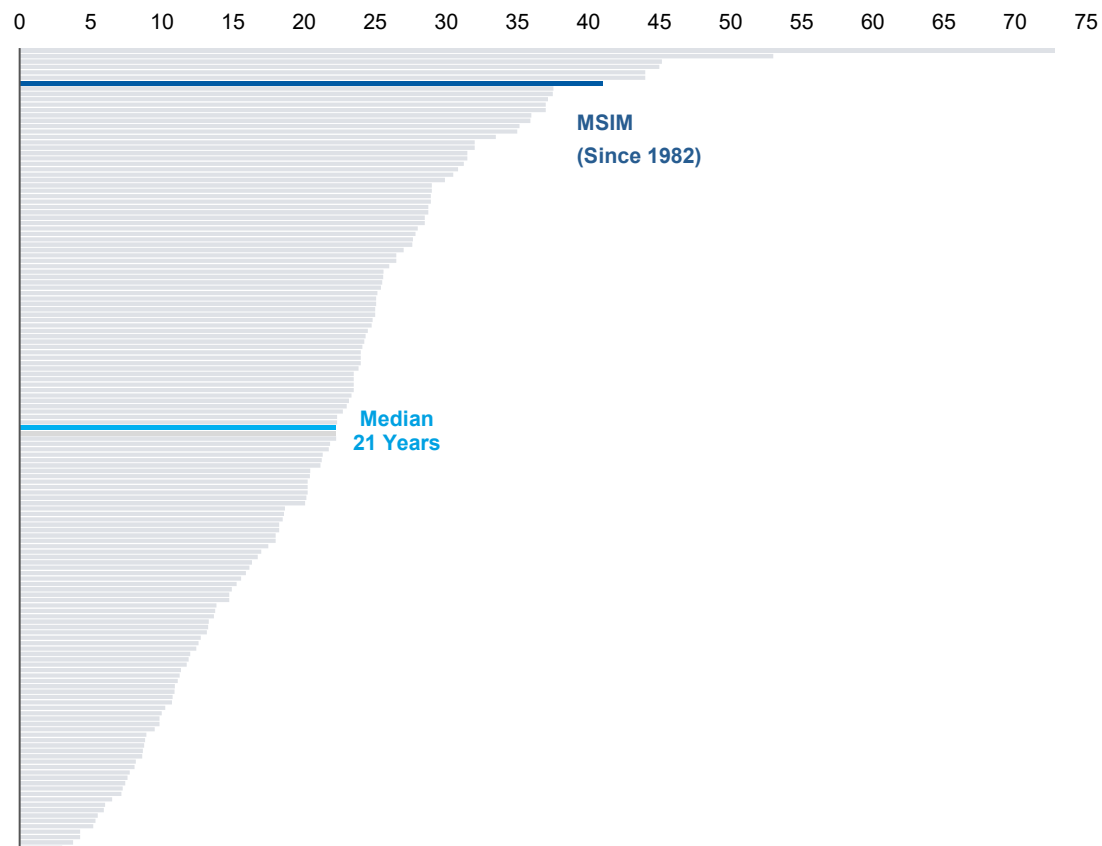


MSIM FOR HIGH YIELD

The Advantage of Our Experience

- High Yield managers since 1982
- 35+ member team dedicated exclusively to high yield bond management with an average team tenure of over a decade with the firm
- Risk-adjusted performance orientation underpinned by rigorous bottom-up credit research
- Historically high information ratios and efficient up/down market capture
- Continuity of leadership, team and process

Years Experience Managing High Yield Bonds



Source: eVestment, December 31, 2025. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. Based on eVestment US High Yield Fixed Income universe using oldest investment offering for each firm.

## MSIM FOR HIGH YIELD

# High Yield Investment Team

### TEAM LEADERSHIP AND PORTFOLIO MANAGEMENT

**Stephen Concannon, CFA**

Co-Head of High Yield  
33 Years Industry  
26 Years Firm

**Jeffrey Mueller**

Co-Head of Fixed Income  
Co-Head of High Yield  
22 Years Industry  
11 Years Firm

### PORTFOLIO MANAGEMENT

**Bo Hunt**

24 Years Industry  
10 Years Firm

**Justin Bourgette, CFA**

20 Years Industry  
20 Years Firm

**Alex Clementi, CFA**

19 Years Industry  
6 Years Firm

**Tom Wills, CFA<sup>1</sup>**

28 Years Industry  
16 Years Firm

**Kelley Gerrity<sup>2</sup>**

26 Years Industry  
21 Years Firm

### TRADING

**Dan Sullivan, CFA**

20 Years Industry  
13 Years Firm

**Noah Coons, CFA**

29 Years Industry  
27 Years Firm

**Gregory DeMilio**

12 Years Industry  
12 Years Firm

### PORTFOLIO ANALYSTS

**Joe Cinar**

12 Years Industry  
12 Years Firm

**Erin Kelly**

1 Year Industry  
1 Year Firm

### PRODUCT & PORTFOLIO STRATEGY

**William Reardon**

12 Years Industry  
12 Years Firm

**Alison Katz, CFA**

23 Years Industry  
8 Years Firm

**Dónal Kinsella**

16 Years Industry  
7 Years Firm

**Bryan Kelly, CFA**

13 Years Industry  
7 Years Firm

### CREDIT RESEARCH

**Dean Graves, CFA**

Co-Head of High Yield Research  
34 Years Industry  
13 Years Firm

**Hari Thirumalai**

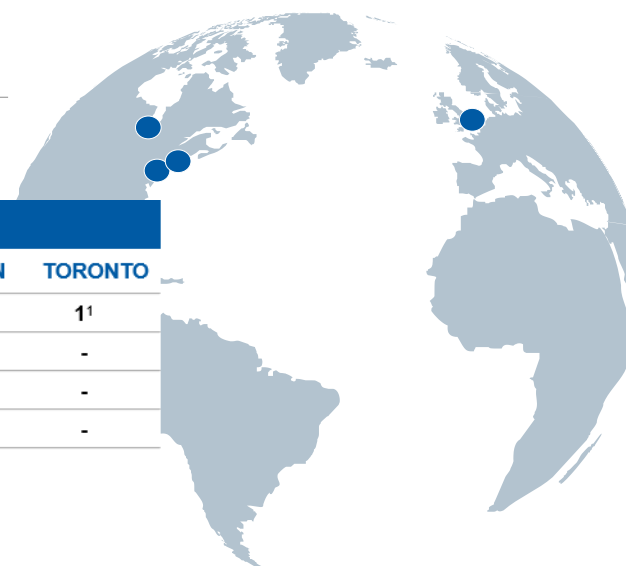
Co-Head of High Yield Research  
35 Years Industry  
9 Years Firm

**16 Research Analysts<sup>3</sup>**

20 Years Industry  
10 Years Firm

**4 Research Associates**

3 Years Industry  
2 Years Firm



### GLOBAL FOOTPRINT

	BOSTON	NEW YORK	LONDON	TORONTO
PORTFOLIO MANAGERS	4 <sup>2</sup>	-	2	1 <sup>1</sup>
ANALYSTS	9	6	7 <sup>3</sup>	-
TRADERS	2	1	-	-
PRODUCT STRATEGY	3	-	1	-

Employee data as of 06/30/2026. Team members may change from time to time without notice.

<sup>1</sup>Tom Wills is a portfolio manager on the Global Convertible Bond Strategy and is based in Toronto

<sup>2</sup>Kelley Gerrity is a portfolio manager on the Multi-Asset Credit Strategy.

<sup>3</sup>Includes one analyst covering Financials for the Broad Markets Fixed Income and High Yield Teams.

## ADDITIONAL INFORMATION

# Important Information and Disclosure

### ABOUT RISK:

**Lower Rated Investments.** Investments in obligations rated below investment grade and comparable unrated securities (sometimes referred to as “junk”) generally entail greater economic, credit and liquidity risks than investment grade securities. Lower rated investments are speculative because of increased credit risk relative to other fixed income investments. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower rated investments to make principal and interest payments than they do on issuers of higher rated investments. An economic downturn generally leads to a higher non-payment rate, and a lower rated investment may lose significant value before a default occurs. Lower rated investments generally are subject to greater price volatility and illiquidity than higher rated investments. Lower rated investments are considered primarily speculative with respect to the issuer’s capacity to pay interest and repay principal.

Because of the greater number of investment considerations involved in investing in investments that receive lower ratings, investing in lower rated investments depends more on the investment adviser’s judgment and analytical abilities than may be the case for investing in investments with higher ratings. While the investment adviser will attempt to reduce the risks of investing in lower rated or unrated securities through, among other things, active portfolio management, credit analysis and attention to current developments and trends in the economy and the financial markets, there can be no assurance that the investment adviser will be successful in doing so.

## ADDITIONAL INFORMATION

### Important Information and Disclosure

**Duration** – Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. **Equity** – Equity investment values are sensitive to stock market volatility. **Gov't Agency** – While certain U.S. Government-sponsored agencies may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. **Maturity** – Longer-term bonds typically are more sensitive to interest rate changes than shorter-term bonds. **Prepayment** – MBS – Mortgage-backed securities are subject to prepayment risk. **Smaller Companies** – Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, established companies.

**Yield to Worst** is a measure which reflects the lowest potential yield earned on a bond without the issuer defaulting. The yield to worst is calculated by making worst-case scenario assumptions by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer

#### ABOUT ASSET CLASS COMPARISONS:

Elements of this report include comparisons of different asset classes, each of which has distinct risk and return characteristics. Every investment carries risk, and principal values and performance will fluctuate with all asset classes shown, sometimes substantially. Asset classes shown are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. All asset classes shown are subject to risks, including possible loss of principal invested.

The principal risks involved with investing in the asset classes shown are interest-rate risk, credit risk and liquidity risk, with each asset class shown offering a distinct combination of these risks. Generally, considered along a spectrum of risks and return potential, U.S. Treasury securities (which are guaranteed as to the payment of principal and interest by the U.S. government) offer lower credit risk, higher levels of liquidity, higher interest-rate risk and lower return potential, whereas asset classes such as high-yield corporate bonds and emerging market bonds offer higher credit risk, lower levels of liquidity, lower interest-rate risk and higher return potential. Other asset classes shown carry different levels of each of these risk and return characteristics, and as a result generally fall varying degrees along the risk/return spectrum.

Costs and expenses associated with investing in asset classes shown will vary, sometimes substantially, depending upon specific investment vehicles chosen. No investment in the asset classes shown is insured or guaranteed, unless explicitly stated for a specific investment vehicle. Interest income earned on asset classes shown is subject to ordinary federal, state and local income taxes, excepting U.S. Treasury securities (exempt from state and local income taxes) and municipal securities (exempt from federal income taxes, with certain securities exempt from federal, state and local income taxes). In addition, federal and/or state capital gains taxes may apply to investments that are sold at a profit. MSIM does not provide tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision.

Credit ratings that may be referenced are based on Moody's, S&P or Fitch, as applicable. Credit ratings are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. Ratings of BBB or higher by Standard and Poor's or Fitch (Baa or higher by Moody's) are considered to be investment grade quality.

## ADDITIONAL INFORMATION

### INDEX DEFINITIONS:

**Bloomberg Global Aggregate Ex-USD Index** is a broad-based measure of global Investment Grade fixed-rate debt investments, excluding USD-denominated debt.

**Bloomberg Municipal Bond Index** is an unmanaged index of municipal bonds traded in the U.S.

**Bloomberg U.S. Agency Index** measures agency securities issued by U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government

**Bloomberg U.S. Aggregate Index** is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities

**Bloomberg U.S. Asset Backed Securities (ABS) Index** measures ABS with the following collateral type: credit and charge card, auto, and utility loans

**Bloomberg U.S. CMBS Index** measures the market of conduit and fusion CMBS deals with a minimum current deal size of \$300mn

**Bloomberg U.S. Corporate Investment Grade Index** is an unmanaged index that measures the performance of investment-grade corporate securities within the Barclays U.S. Aggregate Index

**Bloomberg U.S. Mortgage Backed Securities (MBS) Index** measures agency mortgage-backed pass-through securities issued by GNMA, FNMA, and FHLMC

**Bloomberg U.S. Treasury Index** measures public debt instruments issued by the U.S. Treasury

**ICE BofA Current 10-Year US Treasury Index** is a one-security index comprised of the most recently issued 10-year US Treasury note.

**ICE BofA US Corporate Index** tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market.

**ICE BofA Fixed Rate Preferred Securities Index** is an unmanaged index of fixed-rate, preferred securities issued in the U.S.

**ICE BofA US High Yield Index** tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

**ICE BofA Global High Yield Index** tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets.

**ICE BofA Developed Market High Yield ex Sub Financials Index** contains all securities in the ICE BofA Global High Yield Index from developed markets countries except subordinated financials, but caps issuer exposure at 2%

**ICE BofA Euro High Yield Index** tracks the performance of EUR denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets.

**ICE BofA Eur Ccy Developed March High Yield ex Sub Fin Constrained Index** contains all securities in The ICE BofA European Currency High Yield Index provided they: 1) are not subordinated financials; 2) have a developed markets country of risk. Issuer exposure is capped at 3%.

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