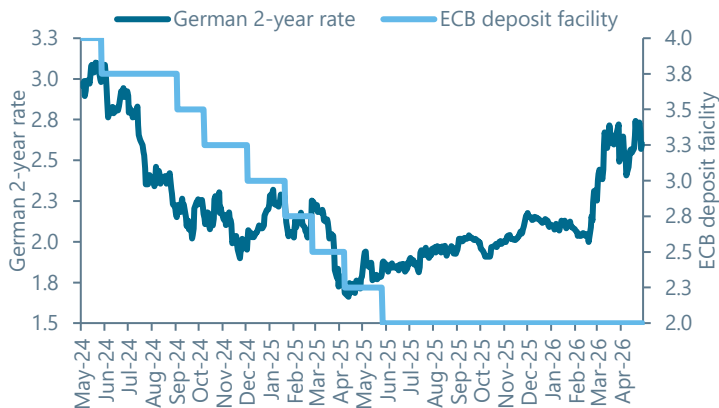


An entry point into short-maturity High Yield bonds

The conflict in Iran, and particularly the prolonged closure of the Strait of Hormuz, triggered a broad rise in inflation and, by extension, in interest rates. In the euro area, pressure on the short end of the curve was especially pronounced due to major revisions to the European Central Bank's (ECB) monetary policy. Short-term rates are now back at levels not seen since 2024, when the ECB deposit facility rate stood at 3.75%. Short-duration High Yield strategies therefore offer an optimized risk-return profile, supported by historically elevated yields despite spread tightening.

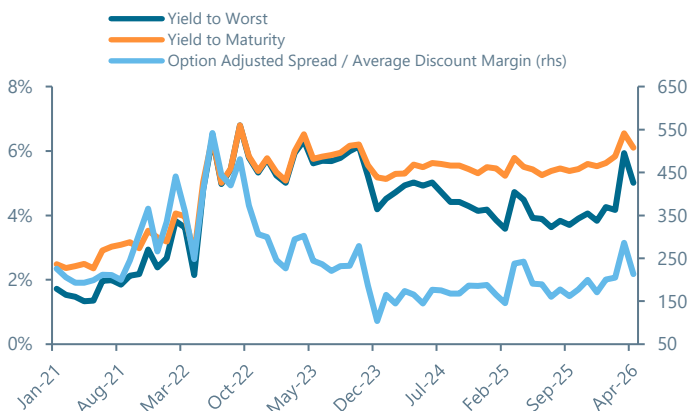
Spread between the ECB deposit facility and the 2-year German rate



Source: Bloomberg, data as of 30.04.2026

Yields of the SCOR FUNDS – Euro Short Term Duration High Yield fund

Excluding cash



Source: SCOR Investment Partners, data as of 30.04.2026

A supportive market environment despite the macroeconomic backdrop

Solid fundamentals and a default rate that remains contained

European High Yield market fundamentals remained solid in the fourth quarter of 2025, with net leverage declining (from 5.0x to 4.7x) and debt levels edging lower (down by 0.3% net and 0.9% gross). Interest coverage remained stable at around 5.2x, with the single-B segment continuing to prove resilient (unchanged leverage at 5.6x and ICR at 3.2x).

Despite the challenging backdrop, we do not anticipate any material deterioration in these ratios in the first quarter of 2026, with overall performance expected to remain broadly stable across Europe. The European High Yield default rate stood at 3.17% in April 2026 (versus 3.2% at year-end 2025) and is projected to increase only moderately to around 3.75% by year-end 2026. Meanwhile, recovery rates have remained resilient, holding at approximately 59% as of April 2026.

Primary market reopening in March despite the war

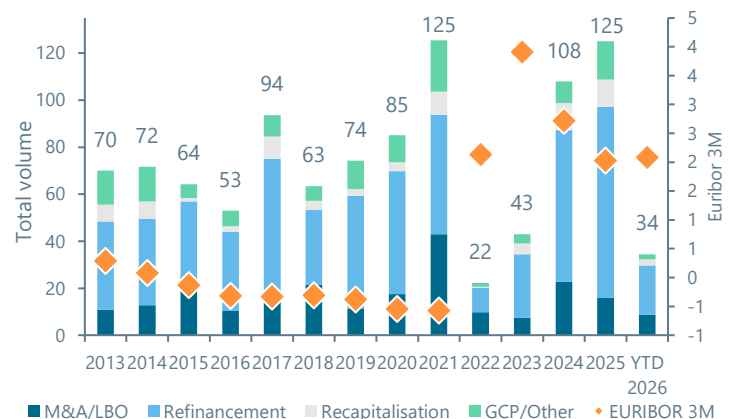
The start of the year was particularly dynamic, with issuance reaching EUR 13.3 billion in January (+100% year-on-year). However, this momentum was quickly disrupted by escalating geopolitical tensions, which led to an abrupt pause in primary market activity and limited total European High Yield issuance to EUR 20 billion for the first quarter of 2026.

Despite the period of heightened volatility, the market showed clear signs of reopening towards the end of March, with issuance rebounding strongly to EUR 14 billion in April (+177% year-on-year).

Refinancing activity continues to be the primary driver of issuance, as issuers take advantage of available market windows to address near-term maturities.

Evolution of High Yield issuances

In EUR billion



Source: PitchBook Data, Inc., data as of 31.03.2026

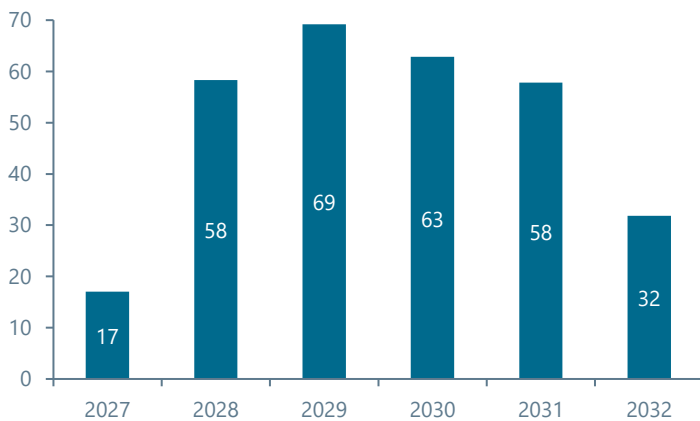
May 22nd, 2026

A broad investment universe supported by a significant maturity wall

The short-term investment universe remains broad, against the backdrop of a significant maturity wall between 2028 and 2029, creating refinancing opportunities. Issuers are already seeking to anticipate their financing needs by refinancing well ahead of these maturities, generally 2 to 3 years before maturity.

High Yield bond redemptions per maturity

In EUR billion



Source: Bloomberg, data based on the Bloomberg Euro HY 3% Issuer Constraint x Fin TR Unhedged EUR Index as of 30.04.2026

Strong inflow momentum against still moderate net supply

Technical factors remain dynamic, with EUR 9.5 billion of positive net flows at year-end 2025, reflecting investor confidence. This trend has continued into 2026, with cumulative net flows of EUR 132 million as of 13 May 2026, including nearly EUR 1 billion of inflows into European High Yield during the first week of May.

At the same time, net supply remained limited, at EUR 14.5 billion in 2025 and then only EUR 1.8 billion in the first quarter of 2026.

Outlook

This year, markets have demonstrated notable resilience, absorbing a succession of major shocks — including sector-specific disruptions, stress in private credit, and escalating geopolitical tensions — without any meaningful increase in default rates or prolonged market dislocation. Systemic risk has

gradually receded, supported by solid underlying fundamentals and resilient technical conditions.

In this environment, refinancing activity has remained largely unaffected. Issuers in need of funding continue to access the market across the rating spectrum, including lower-rated B and CCC segments. The current yield environment offers an opportunity window to lock in elevated carry relative to risk, while preserving a defensive portfolio positioning.

Against this backdrop, the SCOR ESG Euro Short Term Duration High Yield fund currently offers a yield-to-maturity of 6.01%, a yield-to-worst of 4.93% and an OAS of 210bps, all at levels above long-term historical averages.

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