FOR PROFESSIONAL CLIENTS AND QUALIFIED INVESTORS ONLY.

BlackRock®

Global IG Credit: Key Themes for 2026





Max Huefner
Head of Global Credit and European Investment Grade

The Global IG return outlook remains compelling

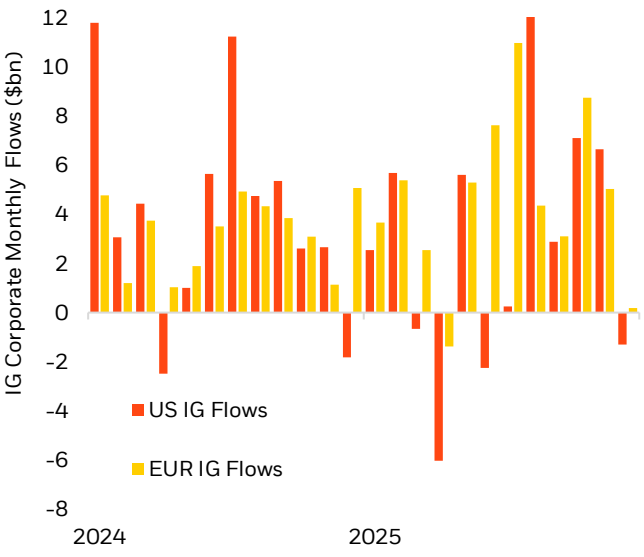
Credit spreads were resilient in 2025. Episodes of widening around periods of market stress have been short lived, with spreads continuing to hover around the tight-end of the post Global Financial Crisis range across both US and EUR IG.

A number of factors have underpinned the resilience of credit spreads, including an improving global economic backdrop, solid fundamentals, and positive technicals related to persistent investor demand and limited net new issue supply, which have anchored spreads and performance.

Fundamentals within the global IG credit markets remain strong. Corporate profitability remains robust with EBITDA margins at historical highs. Despite the significant jump in interest rates that we saw post the pandemic, balance sheets remain in good shape with interest coverage around 9x and ratings trends remaining positive. However, dispersion among sectors will provide good stock picking opportunities.

From a technicals standpoint, attractive all-in yields, abundant liquidity and sustained risk appetite have all fuelled continued interest in IG corporate debt. Fund flows in 2025 remained robust across EUR and US IG (Chart 1) despite historically tight spreads.

Chart 1: Strong flows in 2025 across EUR and US IG credit
EUR & US IG fund flows



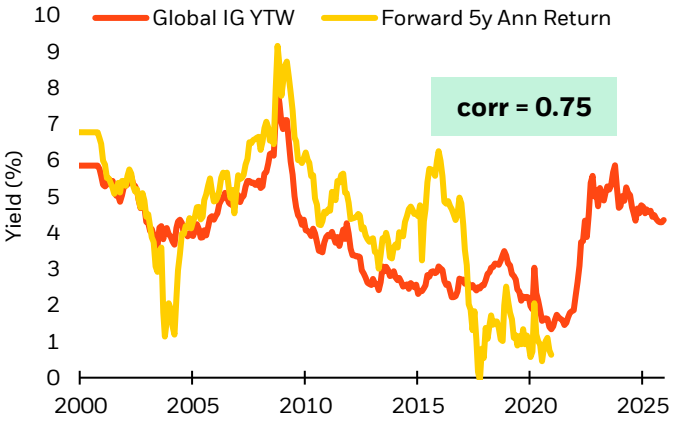
Source: BlackRock; EPFR as at 31st December 2025

Looking ahead, the return outlook for Global IG credit remains compelling. Historically, starting yields on bonds have been the strongest predictor of future total returns (Chart 2).

Today's starting yield at 5.10% offers an attractive entry point to the asset class. Notably, the correlation between spreads and rates has stabilised in negative territory (Chart 3). Whilst we expect some credit spread widening in 2026, the negative correlation with rates provides downside protection to returns.

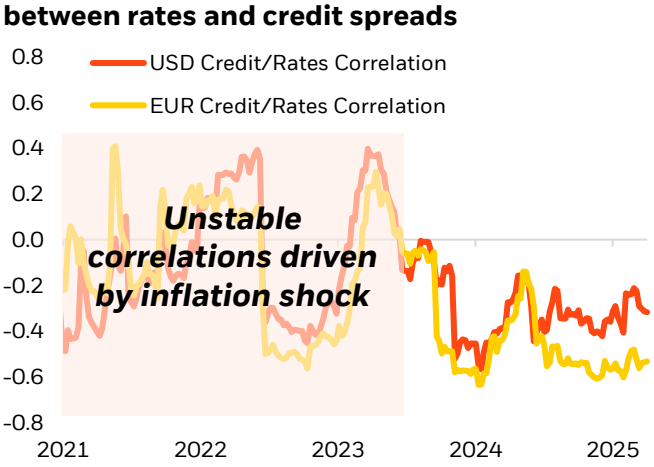
Global IG offers investors potential to capture attractive returns.

Chart 2: Starting levels of yields are very closely correlated to forward returns



Source: Bloomberg; BlackRock as at 31st December 2025. **The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results**.

Chart 3: There is a stable negative correlation between rates and credit spreads



Source: BlackRock as at 31st December 2025

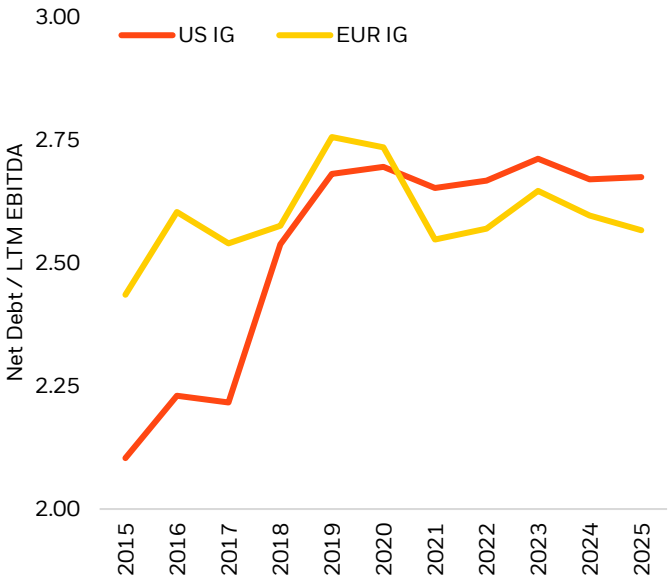
The resilience of Global IG credit is boosted by strong fundamentals

Overall, we believe corporate fundamentals continue to exhibit stability, with companies continuing to improve their profitability while maintaining a stable level of indebtedness.

Net leverage remains stable, albeit at somewhat elevated levels (Chart 4). Corporate profit margins are expanding to new all-time highs, improving the corporate sector's ability to repay debts (Chart 5).

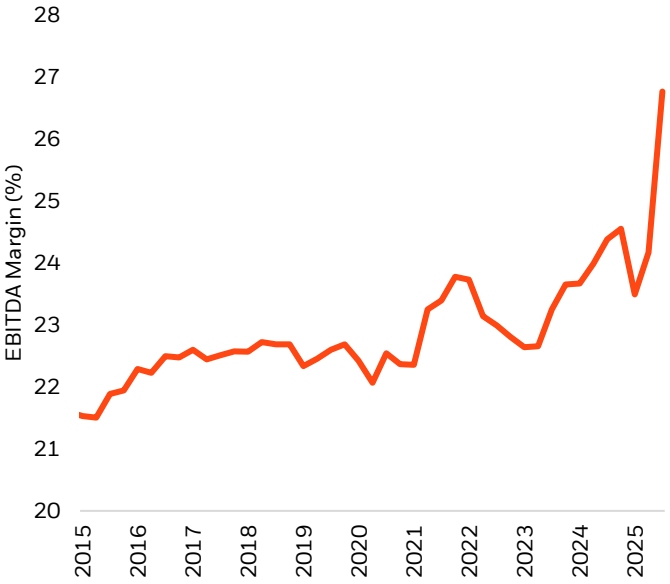
EBITDA growth has outpaced debt expansion, and robust revenue and earnings projections indicate the ongoing strength of credit fundamentals into 2026.

Chart 4: Leverage in the EUR and US IG market remain at healthy levels



Source: BlackRock and Capital IQ as at 30th September 2025

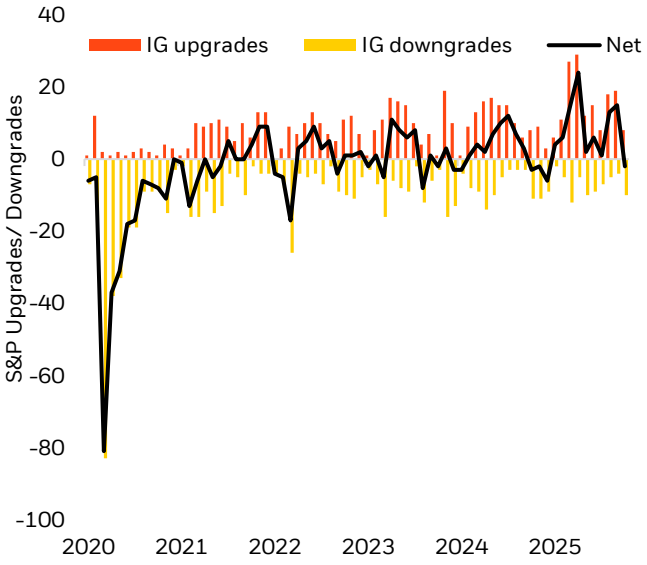
Chart 5: Global IG corporate profitability remains robust



Source: BlackRock and Bloomberg as at 30th September 2025

The credit quality in Global IG has continued to improve (Chart 6), with a record number of upgrades from BBB to single A in 2025. To put this into context, the proportion of the A – AAA rated segment of the Bloomberg Global Aggregate Corporate Bond Index now comprises a more significant share of the index at 53% which compares to 48% in 2020 (Source: Bloomberg Global Aggregate Corporate Index as at 31st December 2025). Notably, the lowest rated segment (BBB-) accounts for less than 10%, with rating agency outlooks indicating further ratings improvement to come.

Chart 6: Ratings trends remain positive across Global IG credit



Source: S&P as at 31st October 2025

Looking ahead, we continue to expect regional and sector dispersion, driven by secular and cyclical dynamics, as well as idiosyncratic factors such as M&A, the developments in Trump's tariffs and the AI-driven capex boom.

With credit spreads at the index level tight as well as increased sector dispersion, an active investment approach is required to find attractive investment opportunities. An active approach is paramount to capturing alpha in this environment and to avoid weaker areas of the market that have benefitted from the broad-based rally.

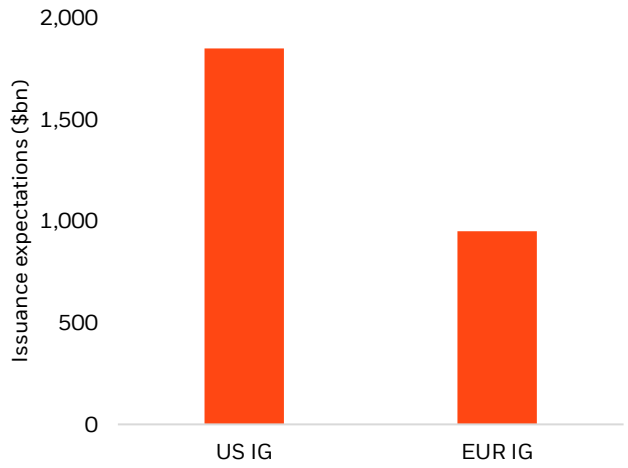
The current market remains an opportunity-rich environment for bottom-up active managers to thrive.

Robust technicals continue to underpin spread performance

Our BlackRock Capital Markets team are forecasting 2026 to be a record year for both US and EUR IG primary markets (Figure 7). Supply is expected to be propelled by issuer refinancing, debt-funded M&A and heavy data centre financing from the US 'hyperscalers'.

Despite the deluge of new issue supply that is expected to print in 2026, we expect this to be well met by fixed income investors.

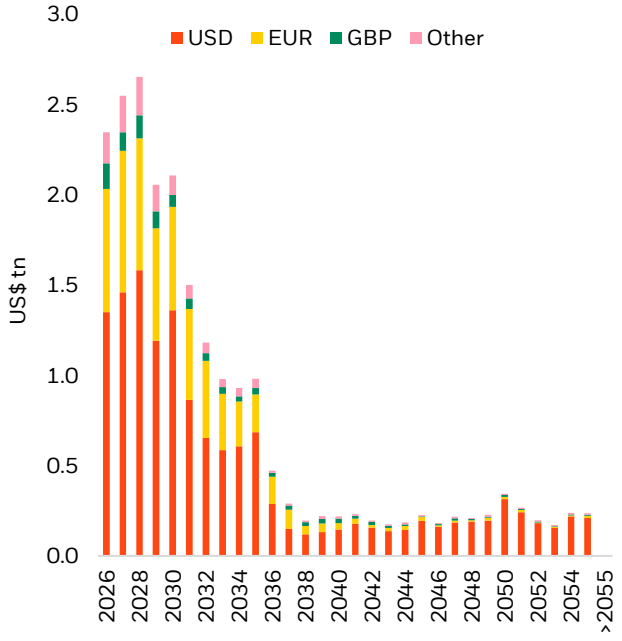
Chart 7: BlackRock issuance expectations for 2026



Source: BlackRock estimates as at 31st December 2025

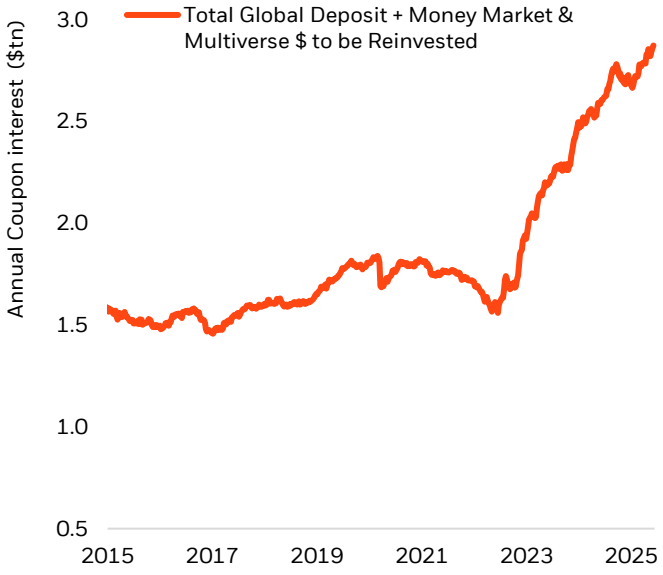
On the demand side, global fixed income investor cash balances remain high. With ~$12tn of Global IG redemptions forecasted for the next 5yrs (Chart 8), in addition to the ~$2.7tn of annual coupon interest generated (Chart 9), there is ample cash to be deployed towards Global IG credit.

Chart 8: Global IG Redemption Schedule



Source: BlackRock and Bloomberg as at 31st December 2025

Chart 9: Global fixed income markets annual coupon Interest

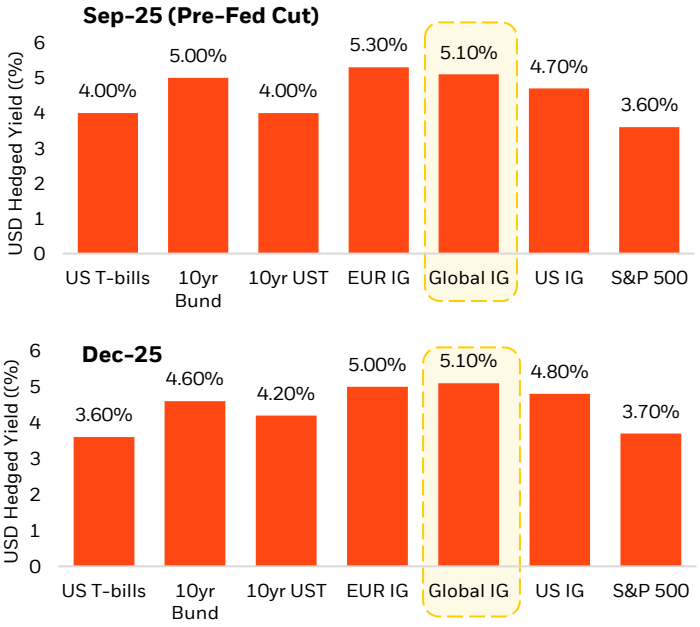


Source: BlackRock as at 31st December 2025

Looking to 2026, we expect technicals to remain strong and heightened by high investor cash balances, the Dutch pension reform and attractive all-in yields.

As the Fed continues its cutting cycle, the demand for high quality corporate bonds is expected to increase further as the returns offered from competitive short-term investments (cash) continue to diminish.

Chart 10: Global IG yields remain attractive



Source: BlackRock and Bloomberg as at 31st December 2025

Three key insights we draw from the analysis in the document:

1. **Positive ratings momentum and strong investor demand reinforces stability:** Global IG corporates have continued to deliver improving profitability and stable balance sheets resulting in strong upwards ratings momentum. Investor flows into the asset class have been relentless and broad based. Despite the deluge in primary supply that we witnessed in 2025, the Global IG markets absorption capacity has been remarkable and a testament to fixed income investors faith in the asset class. With EUR and US IG yields closing the year at 3.2% and 4.8% respectively, carry remains attractive. This not only provides income but also a cushion against spread widening.
2. **Dispersion calls for selectivity:** Global IG credit markets witnessed high dispersion in 2025 due to factors such as tariff uncertainty, political instability in Europe, record primary issuance alongside diverging macroeconomic conditions and central bank policy. This new regime has seen uneven recovery across companies and sectors. Higher quality credits with robust balance sheets have navigated this new regime with ease, whilst weaker names have struggled. As a result, the dispersion in bond performance between credits has increased. It is this level of heightened dispersion that makes credit markets so interesting for active investors right now.
3. **Dynamic markets require active asset management.** Navigating Global IG demands disciplined, high conviction active management. Our proprietary technology integrates data, risk analytics and market insights to support more informed decision making. With credit spreads increasingly compressed, generating positive carry is paramount — making careful security selection and the use of optimisers essential for building efficient portfolios. In this environment, being selective, active and prudent is not a tactical choice but a strategic imperative.

Positioning for what's ahead

	2025 YE Spread	Key themes for 2026	2026 Spread Forecast
US IG	79	• The economic backdrop should be supportive with potentially lower volatility from factors such as tariffs • Sector developments as well as high corporate activity should induce volatility on a sector/issuer level rather than it being broad-based • Strong growth expected in new issue supply as hyperscalers access the market to fund AI capex	↗
EUR IG	78	• Europe should post reasonable economic growth supported by fiscal packages • There should be a step change for primary supply as expectations for higher M&A funding should lead to another record setting issuance year • Positive hedging uplift from swapping EUR denominated assets into USD, which makes EUR credit appealing for foreign investors	↗
AT1s	252	• Overall solid health of banks globally should continue, however, spreads largely reflect that • Low new issue supply expectations leads to solid supply/demand balance • AT1s saw another year of low volatility in 2025 supporting investor's comfort with the product	↗
Corporate Hybrids	157	• Senior to subordinated spreads continue to be at compressed levels • Extension risk still seen as low making short call hybrids still a preferred way of carry	↗

Source: BlackRock as at 31st December 2025

Want to know more?

Visit blackrock.com

For investors in Italy:

This document is marketing material: Before investing please read the Prospectus and the PRIIPs KID available on www.blackrock.com/it, which contain a summary of investors' rights.

Risk Warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time and depend on personal individual circumstances.

General Disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. References to specific company names, asset classes and financial markets are for illustrative purposes only and should not be construed as investment advice or investment recommendations. This material may contain estimates and forward-looking statements, which may include forecasts and do 3 In the U.S. and Canada, this material is intended for institutional investors. 7 not represent a guarantee of future performance. This information is not intended to be complete or exhaustive. No representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. The opinions expressed are as of 19.01.2026 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

BlackRock®

Important Information

Want to know more?

Visit blackrock.com

In EMEA, this material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons.

This document is marketing material.

In the UK and Non-European Economic Area (EEA) countries: : this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. In the European Economic Area (EEA): this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

In the European Economic Area (EEA): this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

For qualified investors in Switzerland: This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: wwwb .blackrock.com/finsa.

For investors in Italy: This document is marketing material: Before investing please read the Prospectus and the PRIIPS available on www.blackrock.com/it , which contain a summary of investors' rights. For information on investor rights and how to raise complaints please go to https://www.blackrock.com/corporate/compliance/investor-right available in Italian.

BlackRock.

Important Information

For investors in Israel: BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.
This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock.

In South Africa, please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288.

In the Abu Dhabi Global Market (ADGM), the information contained in this document is intended strictly for Professional Clients. Issued by BlackRock Advisors (UK) Limited - ADGM Branch is a Branch of a Foreign Company registered with the Abu Dhabi Global Market Registration Authority (Registered number 21523), with its office at Floor 25, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE, and is regulated by the ADGM Financial Services Regulatory Authority ("FSRA") to engage in the regulated activities of 'Arranging Deals in Investments'; 'Advising on Investments or Credit' 'Managing Assets'; and 'Managing in a Collective Investment Fund' (FRSA Reference 240099) In the DIFC, this material can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited — Dubai Branch which is regulated by the Dubai Financial Services Authority (DFSA). This material is only directed at 'Professional Clients' and no other person should rely upon the information contained within it. Blackrock Advisors (UK) Limited - Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit L15 - 01A, ICD Brookfield Place, Dubai International Financial Centre, PO Box 506661, Dubai, UAE, and is regulated by 8 the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738). In the Kingdom of Saudi Arabia, issued by BlackRock Saudi Arabia, authorised and regulated by the Capital Market Authority (License Number 18- 192-30). Registered office: 7976 Salim Ibn Abi Bakr Shaikan St, 2223 West Umm Al Hamam District Riyadh, 12329 Riyadh, Kingdom of Saudi Arabia, Tel: +966 11 838 3600. CR No, 1010479419. For your protection telephone calls are usually recorded. Please refer to the Capital Market Authority website for a list of authorised activities conducted by BlackRock Saudi Arabia. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock. In the United Arab Emirates this material is only intended for Professional Investors. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. In the State of Kuwait, those who meet the description of a Professional Client as defined under the Kuwait Capital Markets Law and its Executive Bylaws. In the Sultanate of Oman, to sophisticated institutions who have experience in investing in local and international securities, are financially solvent and have knowledge of the risks associated with investing in securities. In Qatar, for distribution with pre-selected institutional investors or high net worth investors. In the Kingdom of Bahrain, to Central Bank of Bahrain (CBB) Category 1 or Category 2 licensed investment firms, CBB licensed banks or those who would meet the description of an Expert Investor or Accredited Investors as defined in the CBB Rulebook.

In Albania, Angola, Armenia, Azerbaijan, Botswana, Bulgaria, Egypt, Georgia, Ghana, Jordan, Kazakhstan, Kenya, Kosovo, Lebanon, Mauritius, Morocco, Mozambique, Namibia, Nigeria, North Macedonia, Pakistan, Rwanda, Serbia, Tanzania, Turkey, Uganda, Uzbekistan, Zambia and Zimbabwe this information contained in this document is intended strictly for Central Banks and Sovereign Investors only

BlackRock.

Important Information

In the U.S. and Canada, this material is intended for public distribution.

In Latin America and the Caribbean, no securities regulator within Latin America or the Caribbean has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx.

In China, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services.

In Hong Kong, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. This material is for distribution to "Professional Investors" (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong.

In Singapore, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N) for use only with accredited/institutional investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Japan, this is issued by BlackRock Japan. Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association) for Institutional Investors only. All strategies or products BLK Japan offer through the discretionary investment contracts or through investment trust funds do not guarantee the principal amount invested. The risks and costs of each strategy or product we offer cannot be indicated here because the financial instruments in which they are invested vary each strategy or product.

In South Korea, this information is issued by BlackRock Investment (Korea) Limited for distribution to the Qualified Professional Investors only (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations).

In Taiwan, Independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.

In Australia and New Zealand, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively. BIMAL is not licensed by a New Zealand regulator to provide 'Financial Advice Service' 'Investment manager under an FMC offer' or 'Keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons'. BIMAL's registration on the New Zealand register of financial service providers does not mean that BIMAL is subject to active regulation or oversight by a New Zealand regulator.

BlackRock.

Important Information

For Southeast Asia, this document is issued by BlackRock and is intended for the exclusive use of any recipient who warrants, by receipt of this material, that such recipient is an institutional investors or professional/sophisticated/qualified/accredited/expert investor as such term may apply under the relevant legislations in Southeast Asia (for such purposes, includes only Malaysia, the Philippines and Indonesia). BlackRock does not hold any regulatory licenses or registrations in Southeast Asia countries listed above, and is therefore not licensed to conduct any regulated business activity under the relevant laws and regulations as they apply to any entity intending to carry on business in Southeast Asia, nor does BlackRock purport to carry on, any regulated activity in any country in Southeast Asia. BlackRock funds, and/or services shall not be offered or sold to any person in any jurisdiction in which such an offer, solicitation, purchase, or sale would be deemed unlawful under the securities laws or any other relevant laws of such jurisdiction(s).

This material is provided to the recipient on a strictly confidential basis and is intended for informational or educational purposes only. Nothing in this document, directly or indirectly, represents to you that BlackRock will provide, or is providing BlackRock products or services to the recipient, or is making available, inviting, or offering for subscription or purchase, or invitation to subscribe for or purchase, or sale, of any BlackRock fund, or interests therein. This material neither constitutes an offer to enter into an investment agreement with the recipient of this document, nor is it an invitation to respond to it by making an offer to enter into an investment agreement.

The distribution of the information contained herein may be restricted by law and any person who accesses it is required to comply with any such restrictions. By reading this information you confirm that you are aware of the laws in your own jurisdiction regarding the provision and sale of funds and related financial services or products, and you warrant and represent that you will not pass on or utilize the information contained herein in a manner that could constitute a breach of such laws by BlackRock, its affiliates or any other person.

For Other Countries in APAC: This material is issued for Institutional Investors only (or professional/sophisticated/qualified investors as such term may apply in local jurisdictions).

THIS MATERIAL IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

©2026 BlackRock, Inc. or its affiliates. All Rights Reserved. **BLACKROCK** is a trademark of BlackRock, Inc. or its affiliates. All other trademarks are those of their respective owners

BlackRock.

Important Information

This material is restricted to distribution to non-U.S. Persons outside the United States within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Any securities described herein may not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and may not be offered, sold, pledged or otherwise transferred except to persons outside the U.S. in accordance with Regulation S under the Securities Act pursuant to the terms of such securities. In particular, any UCITS funds mentioned herein are not available to investors in the U.S. and this material cannot be construed as an offer of any UCITS fund to any investor in the U.S.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

© 2026 BlackRock, Inc. or its affiliates. All Rights Reserved. BLACKROCK iShares, are trademarks of BlackRock, Inc. or its affiliates. All other trademarks are those of their respective owners.

BlackRock.