

Global High Yield: Income Without Compromise. Opportunity Without Borders.

In a world where generating meaningful income is growing increasingly complex, investors are faced with a puzzle: how to balance yield, risk, and flexibility without sacrificing one for the other.

For yield-seeking investors, the menu of options is varied but often unsatisfying. Equities may provide growth and dividends, but with greater volatility and unpredictable income. Private credit can offer higher yields, yet comes with significant illiquidity and limited transparency. Investment grade bonds are reliable, but yields may still fall short for investors with meaningful income targets.

Yet amidst these choices, one often-overlooked opportunity stands out: global high yield bonds. This \$3 trillion market spans the U.S., Europe, and emerging markets—pairing robust income potential with daily liquidity and a diversified, dynamic set of issuers. Today's global high yield market can help investors pursue the flexibility and diversification they need, without unnecessary compromises. In this paper, we focus on what matters most for income-seeking investors:

Key Highlights.

- Yield-focused investors face trade-offs across asset classes: volatility (equities), illiquidity (private credit), or lower income potential (investment grade).
- Global high yield delivers robust income, daily liquidity, and broad diversification across regions, sectors, and economic cycles.
- Value in global high yield depends on prudent credit selection, dynamic allocation, and proactive risk management.
- In a market defined by choices and concessions, global high yield presents a compelling path forward for yield-focused investors.

The Yield Dilemma and Today's Market Context

After more than a decade of ultra-low interest rates, investors are once again on the hunt for reliable income. But today's higher-yield environment brings fresh challenges and changing risks. Equities still offer growth and the potential for dividends, yet they also come with heightened volatility and less predictable income streams. Private credit strategies can deliver attractive yields, but typically require investors to accept significant illiquidity and limited transparency, with capital often locked up for years. And while investment grade bonds can provide stability and liquidity, yields may not meet income needs.

Against this backdrop, global high yield offers a broader, more flexible opportunity set—diversified across regions and sectors and supported by daily liquidity. Importantly, capturing the potential benefits of global high yield is not just about reaching for yield; it requires disciplined credit selection, dynamic allocation, and proactive risk management across evolving market conditions.

In this broader, more dynamic marketplace, a global approach is essential to fully capture the value available.

The evolution and broadening of the global high yield market have softened these trade-offs by providing more flexible, diversified, and liquid options. Investors today can achieve a better blend of yield and liquidity compared to the limited options of the past.

The Global High Yield Advantage

Over the past two decades, the global high yield bond market has expanded dramatically. Today, it is about six times larger than it was in 2000. While U.S. issuers once dominated over 80% of the market, their share has declined to less than 60% as of June 30, 2025, with European issuers now comprising 22% and emerging market issuers about 17% of the broad market¹.

A global high yield mandate unlocks a much wider set of issuers and capital structures, providing tools for meaningful diversification and dynamic risk management. Unlike private credit, the global public high yield market offers daily transparency and liquidity, with frequent price discovery and robust secondary markets.

As shown in Figure 1, global high yield has delivered compelling risk-adjusted returns over the past 20 years relative to major indexes. The diversity of available choices, with exposures to multiple credit and economic cycles—makes it possible to pursue income while adapting to evolving risks. By dynamically allocating across countries, sectors, and currencies, investors can position portfolios to weather local shocks, take advantage of relative value, and avoid unnecessary concentrations or risks embedded in any single region. With this expanded and dynamic opportunity set comes the need for a thoughtful approach to capturing value.

Key Sources of Value in the Global Yield Asset Class

In today's market environment, attractive yields, tight spreads, and resilient fundamentals mean that careful security selection and effective active management are essential. Value in global high yield is driven by several factors:

- Prudent avoidance of credit deterioration;
- Identification of relative value opportunities across sectors and geographies;
- Effective sector, country, and regional allocation; and
- Proactive liquidity management to respond to changing market conditions.

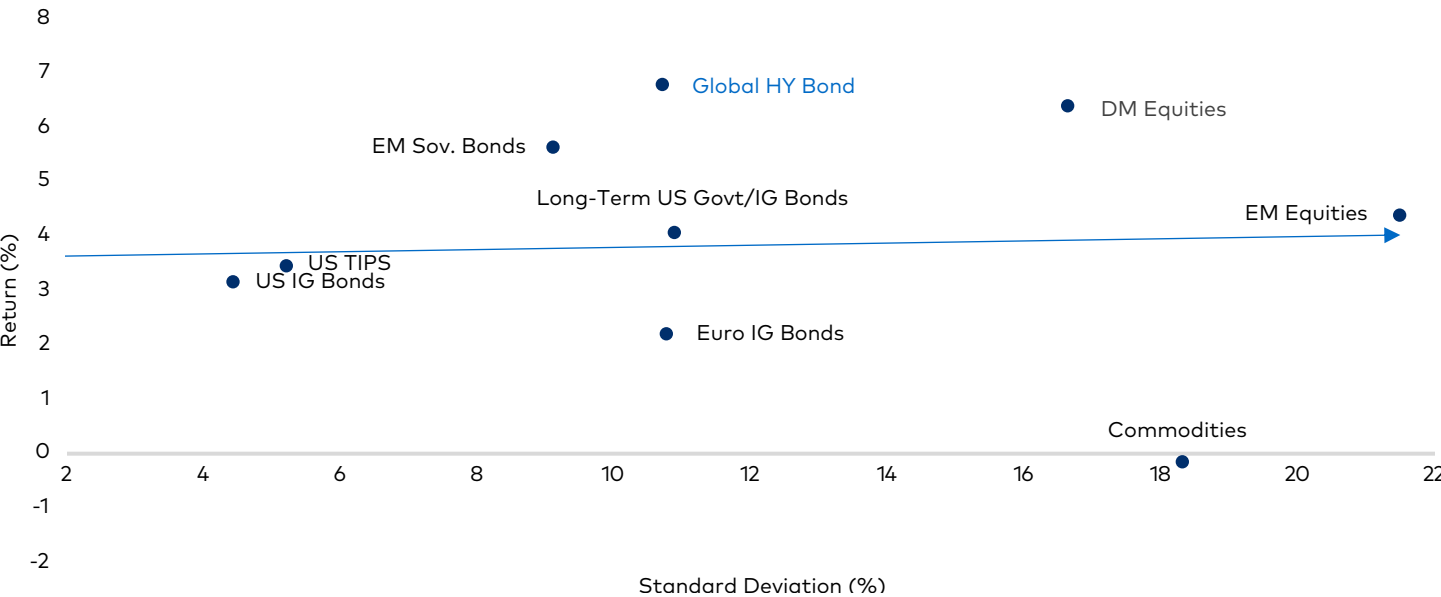
While these value drivers are accessible to all market participants, consistently capitalizing on them requires more than a broad mandate. It takes a disciplined, research-driven approach.

Redefining Opportunity in Global High Yield

Today's global investment landscape makes it possible to pursue income and diversification without unnecessary compromise.

As market dynamics evolve, global high yield bonds offer investors the flexibility to adapt, the potential for compelling income, and the benefits of broad diversification across regions and sectors. By taking advantage of the global high yield universe, investors can address the challenges of today's markets and access opportunities positioned to meet tomorrow's needs.

Figure 1: Global High Yield's Compelling Risk-Adjusted Return Profile: 2005-2025



As of 09-30-2025. **Source:** eVestment. The Disclosures provide detail on the indices².

1 Source: ICE BofA.

2 Figure 1: As of 09-30-2025. Source: eVestment. All index returns are hedged to USD. Standard deviation and return shown above are calculated on an annualized basis using monthly returns. The trendline shown reflects the historical relationship between annualized returns and standard deviations for major market indexes over the past 20 years. Each asset class shown is represented by the following index (each as defined below): Commodities by the **Bloomberg Commodity Index**; European Investment Grade Bonds by the **Bloomberg Euro Aggregate Index**; US Investment Grade Bonds by the **Bloomberg US Aggregate Index**; Short-Term US Government & Investment Grade Bonds by the **Bloomberg US Govt/Credit 1-3 Year Index**; Long-Term US Government & Investment Grade Bonds by the **Bloomberg US Long Govt/Credit Index**; US Treasury Inflation-Protected Securities by the **Bloomberg US TIPS Index**; Emerging Market Sovereign Bonds by the **JPM EMBI Global Diversified Index**; Emerging Market Equities by the **MSCI Emerging Markets (EM) Index**; Global High Yield Corporate Bonds by the **ICE BofA Global High Yield Hedged Index**; and Developed Market Equities by the **MSCI World Index**.

The **Bloomberg Commodity Index** tracks the performance of a broadly diversified basket of commodity futures. The **Bloomberg Euro Aggregate Index** measures the performance of investment-grade, euro-denominated fixed income securities from developed European markets. The **Bloomberg US Aggregate Index** represents the US investment-grade bond market, including government, corporate, mortgage-backed, and asset-backed securities. The **Bloomberg US Govt/Credit 1-3 Year Index** tracks US dollar-denominated, investment-grade government and corporate bonds with maturities of one to three years, while the **Bloomberg US Long Govt/Credit Index** measures long-term (ten years and longer) US dollar-denominated government and investment-grade corporate bonds. The **Bloomberg US TIPS Index** measures the performance of US Treasury Inflation-Protected Securities (TIPS). The **JPM EMBI Global Diversified Index** measures the performance of US dollar-denominated sovereign bonds issued by emerging market countries. The **MSCI Emerging Markets (EM) Index** captures large- and mid-cap equity performance across global emerging markets. The **ICE BofA Global High Yield Hedged Index** tracks global high yield corporate bonds, hedged to the US dollar to reduce currency risk while the **MSCI World Index** measures large- and mid-cap equity performance across developed markets worldwide.

Index returns are for illustrative purposes, are unmanaged, do not reflect fees or expenses, and are not available for direct investment.
Past performance is not indicative of future results.

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