

# 2025 iBoxx EUR High Yield Indices Highlights

## Contributor

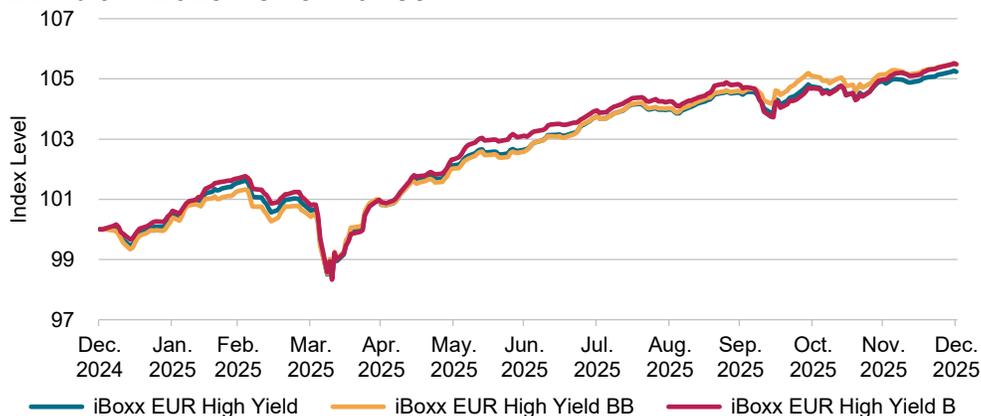
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## Overview

In 2025, the iBoxx EUR High Yield Capped cum-crossover (hereafter referred to as the iBoxx EUR High Yield) delivered positive full-year performance despite periodic volatility and market repricing. Performance was largely income driven, supported by elevated yields at the beginning of the year and a moderate spread compression through 2025. Although credit spreads widened sharply in April due to heightened tariff-related uncertainty, spreads retracted and ended the year within multi-year historical ranges.

Index performance varied across maturities, ratings and sectors, highlighting the role of index composition in shaping results. Yield and spread dynamics remained the primary drivers of return dispersion, while sector-level developments, most notably the reduction in Core Financials weight, introduced sector composition changes within the iBoxx EUR High Yield over the year. The rating composition remained broadly stable, with only modest shifts across segments rated B, CCC and below.

### Exhibit 1: 2025 Performance



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Indices were rebased to 100 on Dec. 31, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

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The broad iBoxx EUR High Yield gained 5.2% in 2025. During March and early April, heightened uncertainty around tariffs and potential global trade disruptions triggered market repricing, leading to a temporary drawdown in the iBoxx EUR High Yield Indices. This decline was followed by a period of stabilization, as spreads retraced and performance recovered starting in the second half of April. Beyond price movements, coupon income contributed to total returns over the year, helping to offset interim drawdowns and support positive full-year outcomes.

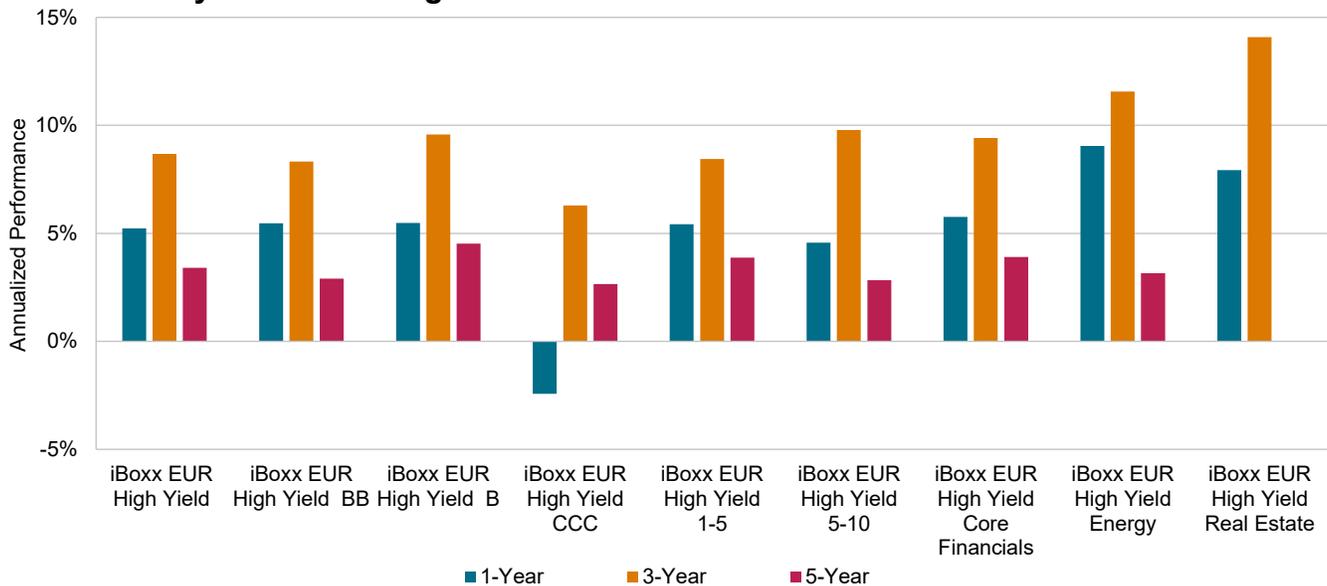
## Key iBoxx EUR High Yield Indices Performance

The iBoxx EUR High Yield Indices delivered broadly positive one-year performance across most segments, with outcomes varying by rating, maturity and sector. In 2025, higher-rated segments performed better—the iBoxx EUR High Yield BB gained 5.5%, broadly in line with the B rated segment, which also posted a positive full-year performance. In contrast, CCC rated bonds posted a small loss in 2025 and exhibited greater volatility across periods.

In 2025, the iBoxx EUR High Yield 1–5 gained 5.4%, outperforming the longer-dated iBoxx EUR High Yield 5–10, which was up 4.6%.

At the sector level, Energy and Real Estate recorded the strongest performance in 2025. Sector performance also diverged over longer horizons, with both sectors posting comparatively strong three-year annualized performance, while five-year outcomes varied more meaningfully across sectors, reflecting differing sector-specific cycles and market conditions.

**Exhibit 2: Key iBoxx EUR High Yield Indices Performance**



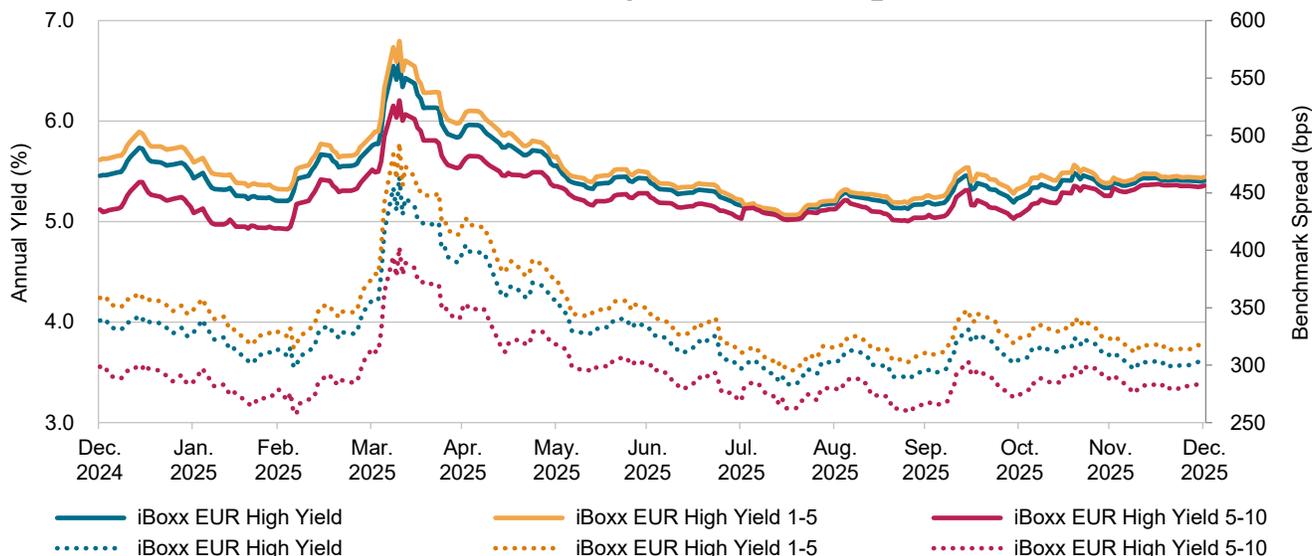
Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Spread and Yield Dynamics

Early in the year, yields started from elevated levels, reinforcing the income component of performance, while spread movements contributed to shorter-term drawdowns and recoveries. At the same time, yield and spread dispersion across maturity indices was more pronounced at the start of the year: as of Dec. 31, 2024, the iBoxx EUR High Yield 1-5 yielded 5.6% versus 5.1% for the iBoxx EUR High Yield 5-10 (49 bps difference). By Dec. 31, 2025, yields had converged, with both indices at 5.4% (9 bps difference).

The most pronounced repricing occurred in March and early April, when tariff-related uncertainties triggered a sharp increase in credit market volatility and risk. The iBoxx EUR High Yield Indices’ spreads widened materially during this period, before retracing in subsequent months as market conditions stabilized. Over the remainder of the year, spread volatility and dispersion across maturity indices declined, with year-end spreads remaining within multi-year historical ranges. Yields remained comparatively stable for the remainder of the year. Taken together, these dynamics highlight the role of yield levels in anchoring total returns, while spread movements primarily drove short-term performance fluctuations.

**Exhibit 3: Annual Yield and Benchmark Spread of EUR High Yield Indices**



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Unbroken lines represent the annual yield; dotted lines represent the benchmark spread. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Sector Composition

Sector composition within the iBoxx EUR High Yield evolved over the course of 2025, with a reduction in the weight of Core Financials. This shift was driven almost entirely by a decline in bank representation within high yield, while insurance weights remained limited throughout the year.

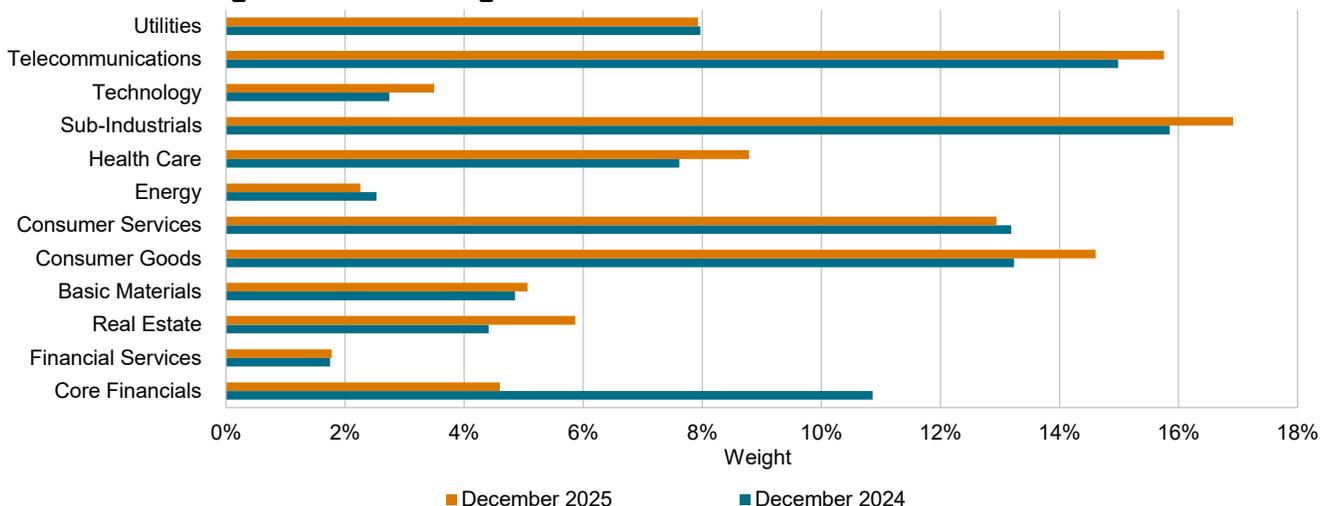
As of December 2024, the Core Financials segment comprised 90 high yield bonds, including 86 bank bonds (EUR 45 billion across 34 distinct issuers) and four insurance bonds (EUR 1 billion). By December 2025, Core Financials had fallen to 46 bonds, including 45 bank bonds (EUR 19 billion across 27 distinct issuers) and one insurance bond (EUR 1 billion).

The reduction was concentrated in the BB rated segment, where the number of bank bonds declined from 82 to 41. Across the capital structure, both senior and subordinated bonds contributed to the decline. The number of high yield bank senior bonds fell from 39 (EUR 19 billion) to 10 (EUR 4 billion), while high yield bank subordinated bonds declined more moderately from 47 (EUR 23 billion) to 35 (EUR 14 billion). In contrast, the number of investment grade bank bonds remained unchanged (363 bonds), underscoring that the contraction was specific to the high yield segment.

Lower issuance activity reinforced this trend. In 2024, EUR high yield banks issued 13 senior bonds (EUR 5.8 billion) and 16 subordinated bonds (EUR 8.6 billion). In 2025, issuance declined particularly in senior debt, with only two senior high yield bank bonds issued (EUR 1.2 billion) alongside 14 subordinated issuances (EUR 5.2 billion).

As a result, Core Financials’ share declined relative to other sectors, reshaping the sector composition of the iBoxx EUR High Yield by year’s end. As the change was mainly driven by bonds dropping from the index due to their remaining time to maturity falling below one year, it remains to be seen if any refinancing activity related to these bonds in 2026 will lead to a resurgence of the sector.

**Exhibit 4: Change in Sector Weights**



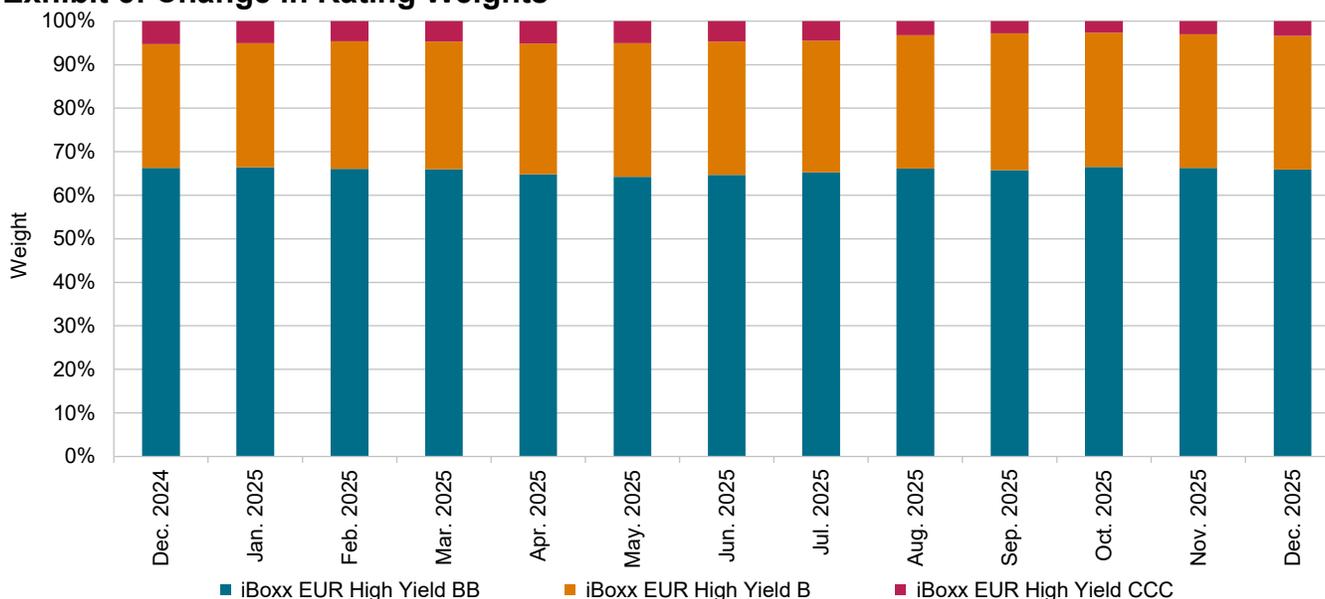
Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Rating Composition

Rating composition within the iBoxx EUR High Yield remained broadly stable throughout the year, with the BB rated segment continuing to represent about two-thirds of the market. Over the course of the year, the B rated segment increased in market share from 28.4% in January to 30.7% in December, while the CCC and below segment declined from 5.4% to 3.4%. This resulted in modest movements within lower-rated segments, while the overall credit profile of the iBoxx EUR High Yield remained largely unchanged.

Issuance patterns over the year were broadly consistent with this composition. Of total new issuance, 61% was rated BB, 35% B and 4% CCC, reinforcing the concentration of supply in the higher quality segments of the high yield universe.

**Exhibit 5: Change in Rating Weights**



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

# Key Index Characteristics at Year’s End

By the end of 2025, key index characteristics across the iBoxx EUR High Yield Indices reflected a broadly stable market structure. The iBoxx EUR High Yield comprised 757 bonds from 383 issuers with a total market value of EUR 426 billion, providing a diversified representation of the high yield market.

Yield levels increased toward the lower end of the credit spectrum, while duration profiles differed across rating segments. Across maturity buckets, shorter- and intermediate-dated indices exhibited similar yield levels, with differences primarily reflected in duration.

At the sector level, Core Financials was characterized by comparatively lower yields and a stable duration profile, while Real Estate combined higher yield levels with longer duration. Alongside Energy, Real Estate recorded one of the strongest performances within the iBoxx EUR High Yield Sector Indices.

### Exhibit 6: Key Metrics of EUR High Yield Indices

Index	Number of Bonds	Market Value (EUR Billions)	Annual Performance (%)	Yield (%)	Δ Yield (bps)	Duration	Δ Duration
iBoxx EUR High Yield	757	426	5.2	5.4	-4.6	2.64	-0.02
iBoxx EUR High Yield BB	478	280	5.5	4.3	-13.1	2.87	-0.03
iBoxx EUR High Yield B	242	131	5.5	6.9	62.3	2.13	0.02
iBoxx EUR High Yield CCC	35	14	-2.4	13.7	131.6	2.84	0.22
iBoxx EUR High Yield 1-5	550	300	5.4	5.4	-17.2	2.22	-0.09
iBoxx EUR High Yield 5-10	205	125	4.6	5.4	23.6	3.59	-0.19
iBoxx EUR High Yield Core Financials	46	20	5.76	4.12	12.87	3.06	0.25
iBoxx EUR High Yield Energy	16	10	9.04	5.31	-50.00	2.75	0.14
iBoxx EUR High Yield Real Estate	50	25	7.92	6.13	-124.71	2.88	0.54

Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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