Wider Spreads, Solid Credits: A Market for Bond-Pickers.

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Marketing Material

Conviction in Fundamentals.
Powered by Technology.

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European high-yield spreads have widened to near their highest levels in 12 months. This is a repricing of risk, not a broad-based deterioration in credit quality. The uneven adjustment creates opportunities for selective investors.

+50 bp
Euro HY (HE00) · 12-month widening
321bp latest

+5 bp
Financials (AT1) · 12-month widening
269bp latest

+66 bp
Euro HY since mid-September
263bp one-year average

• SINCE MID-SEPTEMBER THE INDEX HAS WIDENED BY 66BP

Spreads are near *the year's wides*

After a spike to about 320bp in March, spreads retraced the whole move to a low of 230bp in July. Then the rally reversed: since mid-September the index has widened by 66bp, to 321bp, just off its 339bp peak of 26 October and nearly 60bp above its one-year average.

Three things drove it: **higher rate volatility** and real yields, doubts over **how the AI build-out will be funded**, and **firmer energy prices**. Weak fund flows against heavy net supply made it worse.

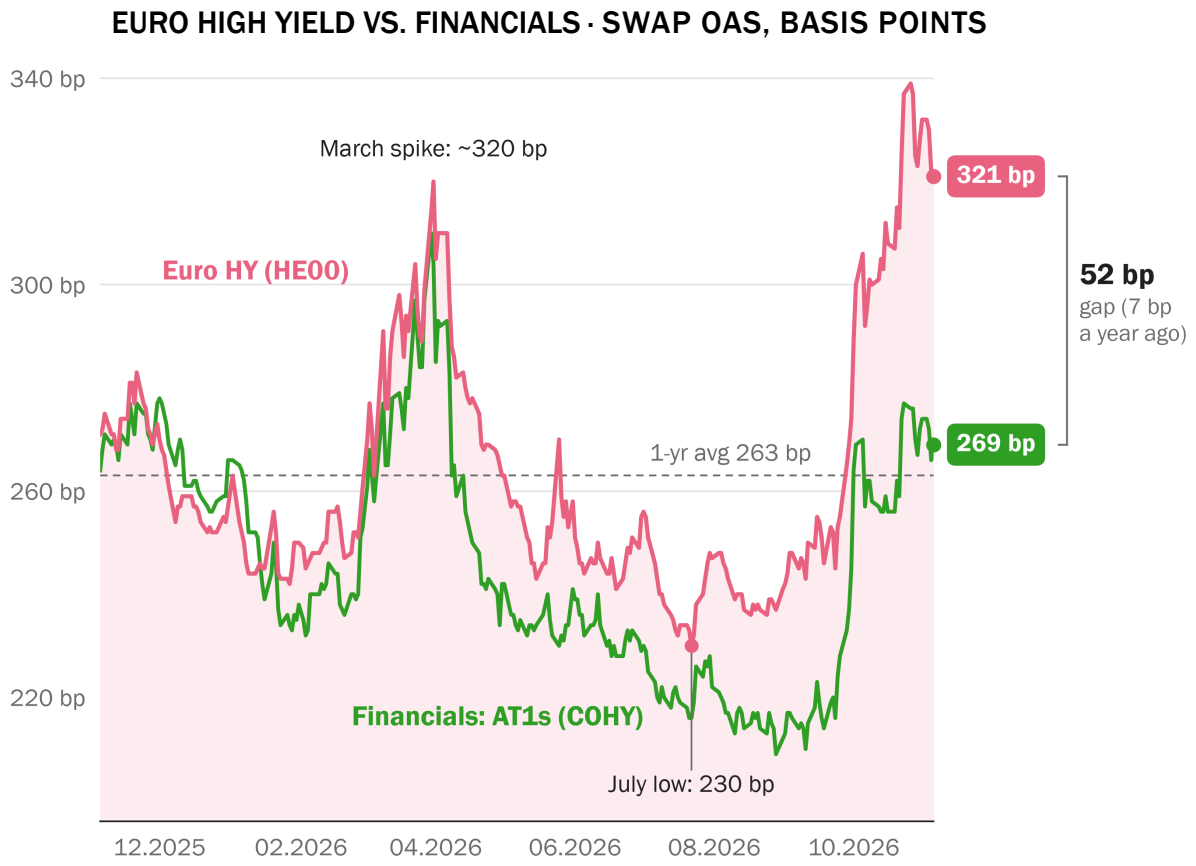


Figure 1. Source: ICE, Bloomberg, 5 Nov 2025 – 5 Nov 2026. HE00: ICE BofA Euro High Yield index; COHY: ICE BofA Euro Contingent Capital (AT1) index.

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IN BRIEF · **Selectivity,** *not beta*

MARKET DRIVERS

- Euro HY near its 12-month widest level
- Rates, AI funding doubts, energy and weak flows
- Fundamentals have not weakened

DISPERSION EFFECT

- Financials (AT1s) held up far better
- TMT and AI-linked credit under pressure
- French issuers carry a political discount

OUR STANCE

- Remaining cautious on the credits that repriced
- Identifying sound names that widened for no idiosyncratic reasons
- Building positions bottom-up, selectively

ACTIVE CREDIT SELECTION

• **HEADLINE NUMBERS HIDE A VERY UNEVEN MARKET**

Beneath the index, *dispersion is the story*

• **FINANCIALS HOLD UP**

AT1s normally track Euro HY closely, as they did in March. This time, they moved far less (+5bp vs. +50bp over 12 months), and the gap between AT1 and Euro HY spreads has widened to 52bp, three times its average of 17bp over the past year.

• **AI HAS BECOME THE WEAK SPOT**

Funding needs have made hyperscalers' bonds the soft spot of credit: EUR IG hyperscalers' spreads are 50% wider this year vs. 16% for the rest of the market. In US HY, AI-related spreads widened 50bp in the week to 16 October, vs. 2bp for everything else.

• **TMT: THE LAGGARD SINCE SEPTEMBER**

Euro IG telecoms widened more than any sector except autos over the past month. Dispersion within TMT is wide: IG incumbents remain resilient, with free cash flow set to improve as fibre roll-outs near completion, while in HY high leverage and thin margins leave little room for error. The SpaceX spectrum deal also revived the threat to US telcos.

• **FRANCE: A POLITICAL DISCOUNT**

The OAT–Bund spread has widened to around 165bp from 70bp at the start of the year, back to eurozone-crisis levels, on the deficit, energy prices and the 2027 election. Corporates have underperformed their peers, but comparatively less: about 50% of French high-grade corporate bonds (€215bn) now yield less than the OAT, vs. circa 15% one year ago.

Source: NatWest Markets, Bloomberg, October 2026.

• **CORPORATES AND BANKS ALIKE ARE SHOWING SOLID FUNDAMENTALS**

Fundamentals *have not weakened*

Data shows companies and banks are in better shape than in recent years. Leverage is lower, margins are at the top of their post-2008 range. Banks hold more capital and record higher earnings. What has changed is the price investors demand, not the quality of what they own.

The key metric we watch closely is the interest burden. Refinancing has pushed maturities out, but at a higher cost, so we assess each issuer *after* its refinancing, not before.

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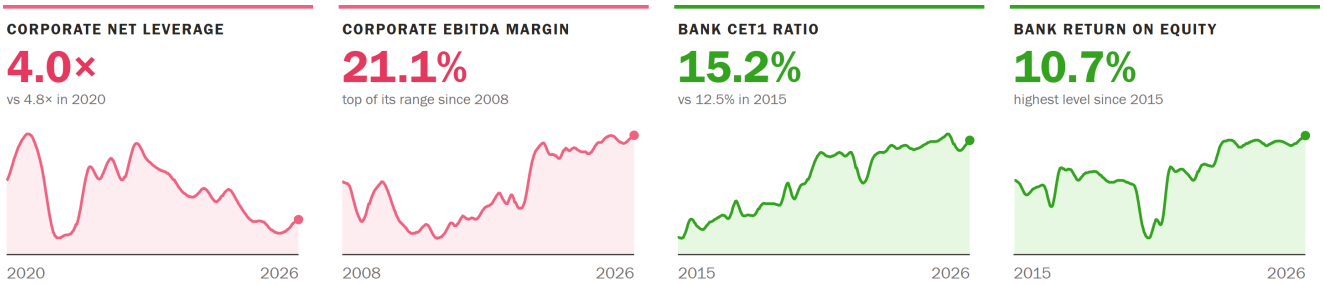


Figure 2. Source: RAM AI, September 2026.

What has changed is the price investors demand, *not the quality of what they own.*

• **DISPERSION AT THIS LEVEL REWARDS BOTTOM-UP WORK**

Our stance: *be selective, name by name*

When the index widens by 50bp and financials by 5bp, owning the market is a blunt tool. Dispersion of this size rewards bottom-up work twice: by avoiding the credits that reprice, and by buying sound ones that widened only in sympathy with their sector or country.

The sell-off is creating that second opportunity. For example, some good issuers across sectors now trade at levels that, in our view, overstate their risk.

We have no crystal ball on market timing, and risk drivers are present. But opportunities are emerging selectively. A cautious portfolio positioning, adding risk selectively, remains the best strategy in such market conditions.

• **STRATA · PERFORMANCE AND POSITIONING**

+112 bp

YTD PERFORMANCE VS. IHYG

Strata IP +0.11% vs. −1.01% for IHYG

WHAT WORKED

An overall cautious positioning, with an underweight of high-beta names.

POSITIONING

Short-term liquidity is kept above 10%, to keep powder dry with a view to adding risk selectively.

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Past performance is not a reliable indicator of future results.

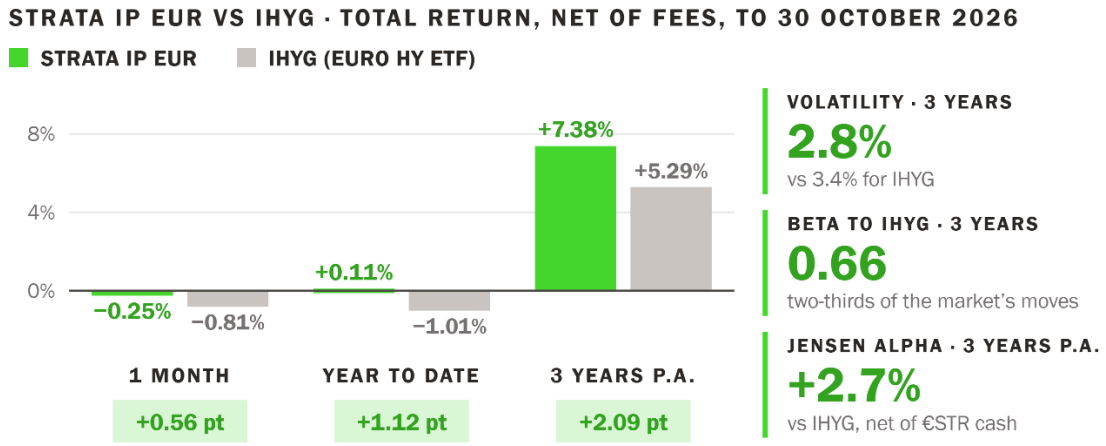


Figure 3. STRATA IP = share class IP EUR, net of fees; IHYG = iShares EUR High Yield Corp Bond ETF, total return; to 30 October 2026. Beta and alpha: regression of weekly returns in excess of €STR cash over three years; Jensen's alpha, annualised. Source: EFA, Bloomberg. Investments may fluctuate in value and involve a risk of capital loss.
Please note that the performance shown reflects periods before the Sub-Fund's transfer and was achieved under different regulatory and operational conditions, which may no longer apply. Notwithstanding this, the performance is based on investment objectives and policies that have not materially changed following the sub-fund's transfer and is attributable to investment objectives, policies, restrictions, and strategies that are compliant with UCITS regulations. The investment management function remains consistent, with no changes to the team responsible for managing the fund after the transfer. Importantly, there has been no material change in the level of fees charged to investors as a result of this transfer. For further information, please refer to the Prospectus.

• STRATA IP EUR · CALENDAR-YEAR PERFORMANCE SINCE INCEPTION, NET OF FEES

Past performance is not a reliable indicator of future results.

Year	2019*	2020	2021	2022	2023	2024	2025	2026 YTD**
Strata IP EUR, %	+3.18	+1.29	+3.21	−6.93	+11.64	+10.21	+4.79	+0.11

** 2019 from launch on 14 May 2019. ** 2026 to 30 October 2026. Share class IP EUR (LU1808849555), net of fees, NAV source EFA. Performance before 30 May 2024 relates to PALLADIUM FCP – RAM Mediobanca Strata UCITS Credit Fund (see transfer note above).*

• STRATA · IN PRACTICE

Two *recent positions*

ContiTech NEW ISSUE, THEN SOLD OFF

Funding Lone Star's €3.4bn purchase of ContiTech, the new €400m 7NC3 secured notes priced at 7.75%, above every direct similarly rated peer we compared, then fell about 3 points after opening. We added to our position. ContiTech is a global leader in engineered rubber: about 70% aftermarket sales, 3.6x net secured leverage and €1.37bn of sponsor equity below the notes with €161m of expected savings in the EBITDA.

Cheplapharm AFTER THE SANOFI DEAL

A core holding in our portfolio. The €2.5bn acquisition from Sanofi brings in a listed shareholder with 26%, takes over manufacturing sites after supply problems, and sets a fresh 10x valuation. Net leverage is 3.87x, yet the 6.75% 2032s trade at z+330, against z+210–220 for peers at 5.2–5.3x. An upgrade to B+ would, in our view, justify z+220. Risks: portfolio execution, and Sanofi payments (€202m preferred dividend, up to €93m earn-out a year) from 2028.

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Important Information

The Strata Credit Fund is a Sub-Fund of RAM (Lux) Tactical Funds II, a Luxembourg SICAV with registered office: 14, Boulevard Royal L-2449 Luxembourg, approved by the CSSF and constituting a UCITS (Directive 2009/65/EC). The sub-fund STRATA CREDIT FUND was created in the RAM (LUX) Tactical Funds II SICAV to receive the PALLADIUM FCP – RAM Mediobanca Strata UCITS Credit Fund sub-fund. The transfer was effective on 30 May 2024.

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Past performance is not a guide to current or future results. There is no guarantee to get back the full amount invested. The performance data do not take into account fees and expenses charged on subscription and redemption of shares nor any taxes that may be levied. As a subscription fee calculation example, if an investor invests EUR 1000 in a fund with a subscription fee of 5%, the investor will pay to his financial intermediary EUR 50.00 on the investment amount, resulting with a subscribed amount of EUR 950.00 in fund shares. In addition, potential account keeping costs (by investor's custodian) may reduce the performance. Some shares in the Sub-Fund apply a performance fee. Leverage intensifies the risk of potential increased losses or returns.

The Management Company may decide to terminate the marketing arrangement in place in any given country in accordance with Article 93a of Directive 2009/65/EC.

Changes in exchange rates may cause the NAV per share in the investor's base currency to fluctuate.

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Prior to any transaction, clients should check whether it is suited to their personal situation, and analyse the specific risks incurred, especially financial, legal and tax risks, and consult professional advisers if necessary.

Please refer to the Key Investor Information Document and prospectus with special attention to the risk warnings before investing. This Sub-Fund is classified as art.8 SFDR. For further information on ESG, please refer to https://www.ram-ai.com/en/regulatory-information and the relevant Sub-Fund webpage, section "Sustainability-related disclosures".

The prospectus, constitutive documents and financial reports are available in English and French while PRIIPs KID are available in the relevant local languages. These documents can be obtained, free of charge, from the SICAVs' and Management Company's head office and www.ram-ai.com, its representative and distributor in Switzerland, RAM Active Investments S.A. and the relevant local representatives in the distribution countries.

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Country	Local Information	Country	Local Information
Austrian Investors	on www.ram-ai.com or from Mediobanca Management Company S.A., 2 boulevard de la foire 1528, Grand-Duché de Luxembourg	**Finnish, Norwegian and Dutch Investors**	on www.ram-ai.com
Belgian Investors	The factsheet is not addressed to Belgian investors. Please consult the relevant factsheet making a request to Mediobanca Management Company S.A., 2 boulevard de la foire 1528, Grand-Duché de Luxembourg or via www.ram-ai.com	**German Investors**	on www.ram-ai.com or from Mediobanca Management Company S.A., 2 boulevard de la foire 1528, Grand-Duché de Luxembourg
Portuguese Investors	on www.ram-ai.com or from the local Marketing Entity: BEST - Banco Electrónico de Serviço Total, S.A., Praça Marquês de Pombal, 3 - 3º 1250 Lisboa, Portugal	**Swedish Investors**	on www.ram-ai.com or from the Paying Agent SKANDINAVISKA ENSKILDA BANKEN AB Stjärntorget 4, SE-169 79 Solna, Sweden
Spanish Investors	RAM (LUX) SYSTEMATIC FUND (870), RAM (LUX) TACTICAL FUNDS (1105) and RAM (LUX) TACTICAL FUNDS II (1620); on www.ram-ai.com or from the appointed distributor Allfunds Bank SA Calle Estafela 6, Complejo Plaza de la fuente, Edificio 3, La Moraleja, Spain.	**United Kingdom Investors**	on www.ram-ai.com or from the local Facilities Agent Société Générale Securities Services Custody London - 12 Primtose Street, London EC2A 2EG

Swiss Investors

The fund's documents can be obtained, free of charge, from the following website www.ram-ai.com, and the Swiss representative and paying agent Swiss representative: RAM Active Investments S.A. Rue du Rhône 8 1204 Geneva / Swiss paying agent Caceis Bank Montrouge - succursale de Nyon, Route de Signy 35 CH-1260 Nyon.

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