

Industry Report

Tracking returns in Consumer & Retail:
September 2023

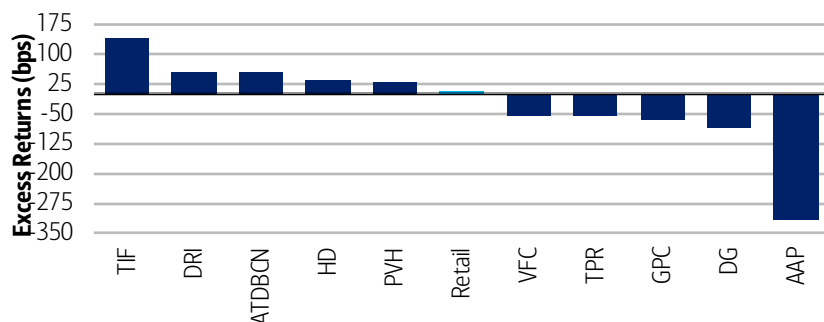
Industry Overview

Rates volatility, M&A led to increased smoking & drinking

In September, returns were challenged by higher rates, M&A, and rate volatility. IG total return was -2.5% and excess return +16bps; BBB's and duration outperformed as yields broke thru 6%. In Consumer, Staples outperformed Retail led by Tobacco & EU Beverages vs. Discounters and select Retail Discretionary laggards as well as weak Consumer Products. Notable sources of pressure resulted from M&A risk, operating weakness (or concerns over further spending softening), and broadly negative sentiment across Consumer. See Exhibits 1-8 for issuer excess returns by sub-sector ranked for the month and YTD.

Exhibit 1: Top 5 Retail leaders and laggards in September

Discretionary & turnaround stories lagged; AAP became a surprise fallen angel

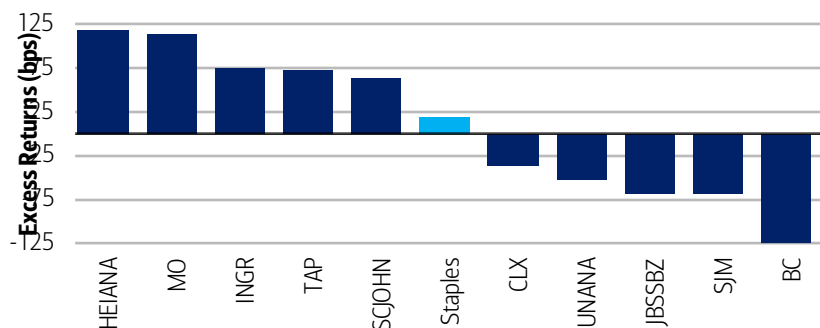


Source: ICE Data Indices LLC, Bloomberg

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Exhibit 2: Top 5 Staples leaders and laggards in September

M&A activity & issuance drove laggards vs. tobacco & beer outperformance



Source: ICE Data Indices LLC, Bloomberg

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High Grade Credit
United States
Consumer & Retail

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Issuer performance by sub-sector

Below we capture the aggregated excess return (bps) by issuer, ranked from best to worst in each relevant sub-sector for the month of September 2023. Please note that we exclude from our analysis most emerging market issuers and select other classifications such as building products, auto dealer and pure-play e-commerce as they are covered and traded away from Consumer & Retail despite being in the respective indices.

Consumer Staples

Exhibit 3: Beverages excess returns

Beer names led vs. Spirits among Beverages

Ticker	September Excess Return	YTD Excess Return
HEIANA	119	472
TAP	72	474
RIFP	55	241
ABIBB	32	516
SUNTOR	20	184
JABHOL	17	1,201
KDP	12	322
STZ	11	228
KO	9	196
BFB	9	128
BACARD	8	383
PEP	7	167
DGELN	7	212
CCEP	(32)	130

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 4: Packaged food excess returns

SJM lagged on Hostess Brands acquisition

Ticker	September Excess Return	YTD Excess Return
INGR	75	362
KHC	61	437
NESNVX	36	229
HRL	25	182
SYN	22	315
ADM	19	201
CARGIL	19	261
MARS	18	241
SFD	16	417
HSY	13	212
JDEPNA	12	252
CPB	7	113
BNFP	3	133
TSN	1	6
CAG	(1)	189
FLO	(4)	155
K	(5)	180
MDLZ	(7)	188
BG	(11)	215
VITRRA	(20)	762
GIS	(24)	129
MKC	(28)	161
JBSSBZ	(68)	380
SJM	(70)	205

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 5: Tobacco excess returns

PM lagged on new issuance offset by rest

Ticker	September Excess Return	YTD Excess Return
MO	113	781
BATSLN	57	444
JAPTOB	13	653
IMBLN	11	362
PM	(19)	215

Source: ICE Data Indices LLC, Bloomberg

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Exhibit 6: Consumer products excess returns

BC lagged on Fliteboard acquisition & rates

Ticker	September Excess Return	YTD Excess Return
SCJOHN	63	343
CHD	59	419
WHR	56	447
EL	20	159
CL	11	156
KMB	0	279
HAS	(0)	330
KVUE	(7)	185
PG	(17)	170
HLNLN	(20)	266
RKTLN	(23)	53
CLX	(36)	175
UNANA	(52)	163
BC	(125)	279

Source: ICE Data Indices LLC, Bloomberg

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Retailing

Retail includes Discount, Non-discounters, Food Retail and Restaurants

Exhibit 7: Retail excess returns

Restaurants, Home Improvement & Grocery rally

Ticker	September Excess Return	YTD Excess Return
TIF	143	826
DRI	56	443
ATDBCN	55	266
HD	35	242
PVH	32	190
MCD	24	259
ADNA	24	347
KR	20	272
LOW	18	318
TGT	11	182
AMZN	8	271
KORS	7	375
TJX	4	256
SVELEV	3	242
WMT	3	166
ROST	1	49
NKE	(3)	161
DKS	(4)	447
SBUX	(5)	234
TSCO	(7)	282
BBY	(11)	211
RL	(23)	218
COST	(33)	70
AZO	(35)	88
ORLY	(37)	125
DLTR	(46)	22
VFC	(55)	32
TPR	(55)	39
GPC	(64)	135
DG	(88)	(78)
AAP	(317)	(249)

Source: ICE Data Indices LLC, Bloomberg

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Returns across Consumer & Retail

Exhibit 8: IG Consumer & Retail issuers ranked by monthly excess return

M&A and operational challenges impacted laggards in September

Ticker	Name	September Excess Returns	YTD Excess Return	Total Return
TIF	Tiffany & Co.	143	826	2%
HEIANA	Heineken	119	472	1%
MO	Altria	113	781	3%
INGR	Ingredion	75	362	1%
TAP	Molson Coors	72	474	1%
SCJOHN	SC Johnson	63	343	-2%
KHC	Kraft Heinz	61	437	0%
CHD	Church & Dwight	59	419	0%
BATSLN	British American Tobacco	57	444	2%
WHR	Whirlpool	56	447	1%
DRI	Darden Restaurants	56	443	2%
ATDBCN	Alimentation Couche-Tard	55	266	-1%
RIFP	Pernod Ricard	55	241	-1%
NESNVX	Nestle Holdings	36	229	0%
HD	Home Depot	35	242	-2%
PVH	PVH Corp	32	190	4%
ABIBB	Anheuser-Busch InBev	32	516	0%
HRL	Hormel	25	182	-1%
MCD	McDonald's	24	259	-1%
SYN	Sysco Corporation	22	315	0%
KR	Kroger	20	272	-1%
EL	Estee Lauder	20	159	-2%
ADM	Archer Daniels-Midland	19	201	-2%
CARGIL	Cargill	19	261	0%
LOW	Lowe's	18	318	0%
MARS	Mars	18	241	-1%
JABHOL	JAB Holdings	17	1,201	6%
SFD	Smithfield Foods	16	417	3%
HSY	Hershey	13	212	0%
JAPTOB	Japan Tobacco	13	653	4%
JDEPNA	JDE Peet's	12	252	3%
KDP	Keurig Dr. Pepper	12	322	0%
IMBLN	Imperial Brands	11	362	5%
TGT	Target	11	182	-2%
STZ	Constellation Brands	11	228	0%
CL	Colgate-Palmolive	11	156	-1%
KO	The Coca Cola Company	9	196	-2%
BFB	Brown Forman	9	128	-3%
AMZN	Amazon	8	271	-1%
BACARD	Bacardi	8	383	2%
KORS	Michael Kors	7	375	6%
PEP	PepsiCo	7	167	-2%
CPB	Campbell Soup	7	113	-1%
DGELN	Diageo	7	212	0%
TJX	TJX Cos	4	256	1%
SVELEV	7-Eleven	3	242	0%
WMT	Walmart	3	166	-2%
BNFP	Danone	3	133	2%
ROST	Ross Stores	1	49	1%
TSN	Tyson Foods	1	6	-2%
KMB	Kimberly Clark	0	279	0%
HAS	Hasbro	(0)	330	2%
CAG	Conagra Brands	(1)	189	0%
NKE	Nike	(3)	161	-2%
DKS	Dick's Sporting Goods	(4)	447	0%
FLO	Flower Foods	(4)	155	1%
K	Kellogg	(5)	180	0%
SBUX	Starbucks	(5)	234	0%
TSCO	Tractor Supply	(7)	282	0%

KVUE	Kenvue	(7)	185	-5%
MDLZ	Mondelez International	(7)	188	1%
BG	Bunge	(11)	215	2%
BBY	Best Buy	(11)	211	1%
PG	Procter & Gamble	(17)	170	0%
PM	Philip Morris International	(19)	215	1%
VITRRA	Viterra Finance	(20)	762	7%
HLNIN	Haleon	(20)	266	2%
RKTLN	Reckitt Benckiser	(23)	53	1%
RL	Ralph Lauren	(23)	218	2%
GIS	General Mills	(24)	129	-1%
MKC	McCormick & Co	(28)	161	1%
CCEP	Coca-Cola European Partners	(32)	130	2%
COST	Costco	(33)	70	0%
AZO	AutoZone	(35)	88	0%
CLX	Clorox Company	(36)	175	1%
ORLY	O'Reilly Automotive	(37)	125	0%
DLTR	Dollar Tree	(46)	22	0%
UNANA	Unilever	(52)	163	0%
VFC	VF Corp	(55)	32	0%
TPR	Tapestry	(55)	39	0%
JBSSBZ	JBS USA	(68)	380	1%
SJM	JM Smucker	(70)	205	0%
DG	Dollar General	(88)	(78)	-2%
BC	Brunswick Corp	(125)	279	0%
AAP	Advance Auto Parts	(317)	(249)	-3%

Source: ICE Data Indices LLC, Bloomberg

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