

Consumer & Retail

Favorable price/mix moves the sticks

Industry Overview

Macro strength, Consumer Products earnings kick off

Market conditions remained favorable last week as investors absorbed more indicators of economic strength, rates were stable (curve steepened) and heavy supply has been well digested, albeit only 30% has come from corporates (vs. financials). The **ICE BofA IG Corp Bond Index** tightened -4bps w/w, returning +0.24%. Non-Cyclicals tightened -2bps and Cyclicals -1bp, with returns of +0.13% & +0.08% respectively. 4Q GDP rose +3.3% q/q (ahead of consensus +2%) due to a resilient consumer despite moderation in other areas of the economy. We expect growth in '24 to slow as the consumer slows due to gradual labor market tightening and credit contraction. January PMI index rose to 52.3 from 50.9 in December and reached the highest reading since June 2023. New issuance totaled \$23.3bn last week and in Consumer & Retail Procter & Gamble issued \$1.35bn for refinancing. In Feb, \$150bn of supply is expected, above the 3-5yr avg (\$115-120bn).

Earnings kicked off last week led by **Consumer Products (-1bp)**. Procter & Gamble (PG) 2Q24 EBITDA and margins were strong led by favorable mix, productivity, and cost savings while organic sales were in-line. Encouragingly, select segments are seeing volume recovery as pricing normalizes. FY24 earnings guidance was raised (in-line with est. & 1Q commentary) despite an unchanged +4-5% org. sales outlook. Colgate-Palmolive 4Q23 results were strong led by +7% pricing, North America and LATAM org. sales. Margins beat, consistent with PG, but Hill's pet business remains a drag. FY24 guidance was introduced in-line with consensus & the company's long-term algorithm. Kimberly-Clark (KMB) was the sub-sector laggard as 4Q23 results missed consensus, and FY24 guidance including an FX headwind was also lower than estimates. KMB net leverage improved -0.5x y/y to 1.8x, consistent with pre-pandemic levels and their A rating commitment. Haleon announced the sale of its ChapStick brand to Suave Brands (owned by PE firm Yellow Wood Partners) for \$430mn in cash and a minority stake in Suave valued around \$80mn. Proceeds will be used to pay down debt (est. -0.1x impact to leverage). In **Packaged Food (-1bp)**, McCormick & Co (MKC) 4Q23 beat our est. led by price/mix and cost savings driving higher gross margins and EBITDA. Leverage fell -0.4x q/q to 3.3x. Org. sales were hurt by lower consumption, customer volumes & value-seeking behavior. FY24 guidance was introduced slightly below our estimates but seems conservative to us on margin opportunity and management sees volume trends improving thru the year. We remain Overweight MKC. In **Tobacco (-3bps)**, US Senate majority leader Chuck Schumer called for an investigation into Zyn nicotine pouches owned by Philip Morris International (PM). Schumer is urging the FTC and FDA to review marketing and health impact concerns. PM responded that Zyn is highly regulated and they only market and sell to people of legal age and existing nicotine users.

In **Retail (-2bps)**, luxury superpower LVMH reported strong 4Q earnings ahead of consensus despite emerging fears of a luxury slowdown. Fashion and leather sales met expectations (+9% y/y) & margins beat by 50bps in a positive read-thru for Tapestry & Capri Holdings. U.S. (+8%) and China consumer signals remained strong.

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Refer to important disclosures on page 15 to 18. Analyst Certification on page 15.

Valuation & Risk on page 15.

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Exhibit 1: Market week ended 1/26/24

Last week's market performance

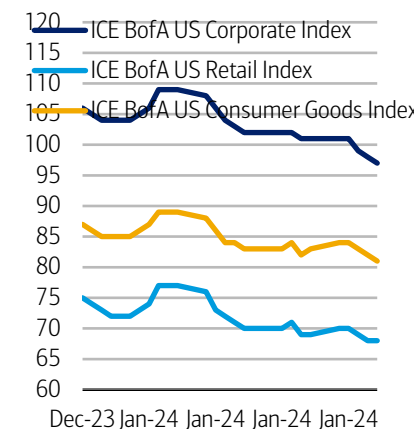
Market	Value	WoW
IG ICE BofA Index	97	(4)
IG ICE BofA Index (yld)	5.27	(4)
HY ICE BofA Index	463	(15)
HY ICE BofA Index (yld)	7.79	(14)
CDX IG 5yr	54	(0)
CDX HY 5yr	350	(5)
Consumer Cyclicals	68	(1)
Consumer Non-Cyclicals	81	(2)
5yr Treasury (yld)	4.04	(1)
10yr Treasury (yld)	4.14	+1
30yr Treasury (yld)	4.37	+4
S&P 500 (index)	4,891	1.1%

Source: ICE Data Indices, LLC, Bloomberg

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Exhibit 2: Consumer/Retail Spreads

1mo spread tightening across sub-sectors



Source: ICE Data Indices, LLC, Bloomberg

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Exhibit 3: Upcoming Consumer/Retail Events Calendar

2-week calendar of events, subject to change

February 2024				
Mon, Jan-29	Tue, Jan-30	Wed, Jan-31	Thu, Feb-01	Fri, Feb-02
WHR 4Q23 earnings	DGELN 1H24 earnings SYI 2Q24 earnings SBUX 1Q24 earnings MDLZ 4Q23 earnings		BC 4Q23 earnings TSCO 4Q23 earnings MO 4Q23 earnings CLX 2Q24 earnings	CHD 4Q23 earnings
Mon, Feb-05	Tue, Feb-06	Wed, Feb-07	Thu, Feb-08	Fri, Feb-09
MCD 4Q23 earnings TSN 1Q24 earnings EL 2Q24 earnings	INGR 4Q23 earnings VFC 3Q24 earnings	MAT 4Q23 earnings BG 4Q23 earnings ORLY 4Q23 earnings	PM 4Q23 earnings HSY 4Q23 earnings KVUE 4Q23 earnings UNANA FY23 earnings BATSLN FY23 earnings TPR 2Q24 earnings RL 3Q24 earnings K 4Q23 earnings	PEP 4Q23 earnings

Source: Company filings, Bloomberg

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Exhibit 4: Notable Weekly Movers

ADM widened the most last week

Active Cash Trading				Active CDS			
Issuer		Chg (G-spread)	Issuer		Chg (G-spread)	Entity	5y Chg
ADM	3.250% 3/27/2030	+26	MO	3.125% 6/15/2031	-22	Home Depot	27 0
ADM	2.700% 9/15/2051	+13	PM	0.800% 8/1/2031	-13	Kroger	48 -2
DRI	3.850% 5/1/2027	+8	BACARD	5.300% 5/15/2048	-12	Lowe's	39 -2
DLTR	4.200% 5/15/2028	+6	KR	5.400% 1/15/2049	-12	Campbell Soup	39 -3
HEIANA	4.350% 3/29/2047	+6	SYI	6.600% 4/1/2050	-11	Conagra Brands	61 -5

Source: ICE Data Indices, LLC, Bloomberg

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Notable Consumer & Retail credit news**Packaged Food**

McCormick & Co. (MKC, Baa2/BBB/--) 4Q23 beat our expectations led by EBITDA upside and gross margin expansion via favorable price/mix and cost savings initiatives. Sales missed our estimate due to lower consumption across certain prepared foods, recipe & condiment elasticity, and global QSR traffic (MKC noting value-seeking behavior) offset by a rebound in China and strong Americas spices & seasonings and branded foodservice activity. FY23 cash from operations beat our est. by \$200mn allowing for \$371mn debt repayment in 4Q (leverage -0.4x q/q to 3.3x). FY24 guidance was introduced slightly below our estimates but management highlighted prudence in its outlook and still sees improving volume trends over the year.

Exhibit 5: McCormick & Co 4Q23

MKC financial summary

	4Q23	BofA est.	Consensus
Revenue	+3.4%	+5.5%	+5.6%
Organic sales	+2.1%	+3.3%	+4.2%
Adj. EBITDA	+9.1%	+6.3%	+6.8%
Adj. EBITDA margin	21.3%	20.3%	19.8%
Adj. EPS	\$0.85	\$0.82	\$0.79

	4Q23	BofA est.	Q/Q
Debt	\$4,411	\$4,602	(\$366)
Gross leverage	3.3x	3.4x	-0.4x
Net leverage	3.2x	3.4x	-0.4x

Source: BofA Global Research, Company filings, Visible Alpha

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Revenue-related commentary

- Org sales +2.1% y/y missed our +3.3% est. comprised of volume/mix -3.1% and price +5.2%; volume impacted in both segments by a consumer exhibiting more value-seeking behavior
- Lowering consumption in prepared foods & flavor solutions outlets, greater elasticity in recipe mixes crossing key price points, private label activity in mustard, slower QSR traffic in EMEA & APAC offset by AMRS spices & seasonings, China rebound & APAC growth, branded foodservice volumes

Profit & margin-related commentary

- Adj. EBITDA margins expanded +111bps (vs. our +16bps est.). Adj. gross margins expanded +319bps well ahead of our +133bps est. driven by favorable product mix, cost savings led by the CCI and GOE company programs, and pricing actions partially offset by cost inflation. SG&A deleveraged +182bps (vs. our +80bps est.) driven by higher incentive compensation and brand marketing investments.
- Divisional results: (a) Consumer: org. sales flat y/y and adj. operating income flat y/y (margins -23bps); and (b) Flavor solutions: org. sales +5.4% y/y and adj. operating income +78.2% (margins +432bps)

FY24 Guidance light but “cautious”

- FY24: (a) sales -2% to flat y/y (-1 to +1% ex-FX) vs. our +0.7% est.; (b) adj. operating income +3-5% vs. our +5.6% est.; (c) gross margin expansion +50-100bps; (d) brand marketing investment +HSD%; (e) adj. EPS \$2.80-\$2.85 vs. our \$2.84 est.
- Expect improving volume trends over the year and a return to volume growth
- Cost inflation +LSD%

Tobacco

US Senate majority leader Chuck Schumer is calling for federal action to investigate Zyn nicotine pouches that are produced by **Philip Morris International (PM, A2/A-/A)**. Schumer claims in a “warning to parents” that the pouches are packed with high levels of nicotine and are attracting a youth audience via social media. Schumer is urging the FTC and FDA to investigate Zyn for concerns related to marketing and health effects.

- As of YE23, Zyn holds >25% share of the smokeless/oral tobacco market according to Nielsen

Consumer Products

Procter & Gamble (PG, Aa3/AA-/--) 2Q EBITDA and margins beat as ongoing productivity and pricing relative to commodities continues to provide earnings upside while organic sales were in-line with market expectations. Volumes were steady, declining in the low-1% area, but more encouragingly NA and EU focus markets saw another quarter of +LSD% volume improvement and management expressed confidence in underlying consumption & medium-term China recovery. FY24 sales guidance was reaffirmed while the low-end of the EPS outlook was raised and the company still expects to deliver towards the higher-end of the guide.

Exhibit 6: Procter & Gamble 2Q24

PG financial summary

	2Q24	Consensus
Revenue	+3.2%	+3.7%
Organic sales	+4.0%	+4.9%
EBITDA	+19.6%	9.8%
EBITDA margin	31.2%	28.50%
EPS	\$1.84	\$1.70



Exhibit 6: Procter & Gamble 2Q24

PG financial summary

	2Q24	Q/Q
Debt	\$33,712	(\$2,168)
Gross leverage	1.4x	-0.2x
Net leverage	1.1x	-0.1x

Source: Company filings, Visible Alpha

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Revenue & segment-related commentary

- +4% org. sales (vs. +4.9% est.) composed of slightly more than -1% volume, +4% price, flat mix. Beauty (China-related) & Health care (cold & flu-related) segments missed. Focus markets +3%, Enterprise markets +7%
- Volume improvement: North America and European focus markets continue to see sequentially improving volume growth (+4% and +3% respectively)
- Global aggregate value share +40bps y/y with 28 of top 50 category/country combinations holding or growing share
- US: Consumption behavior continues to be stable, seeing trade-up & able to compete in-line with private label share gains
- Promotions continue to be 85% of pre-COVID levels in U.S.; Promotion frequency increasing in Europe
- China org sales -15% as consumer confidence further weakened (underlying market -M-HSD%), SK-II was -34% but expect sequential improvement in 2H
- Soft start to cough & cold season globally

Profit & margin-related commentary

- EBITDA margins expanded +429bps y/y vs. +158bps est. due to strong gross margin partially offset by marketing spend & reinvestment activity
- Gross margins expansion (+520bps vs. +275bps est.) led by gross productivity savings (+240bps), favorable commodity costs (+200bps), increased pricing (+190bps) and partially offset by product reinvestments and other impacts (-40bps)
- SG&A deleveraged +121bps driven by reinvestments (+290bps), partially offset by productivity savings (-100bps) and sales leverage (-100bps)

FY24 Guidance sales reaffirmed & EPS raised, expect to deliver towards the high-end

- (a) Organic sales +4-5% vs. +5.2% est. (FX -100-200bps headwind); (b) Core EPS now +8-9% from prior +6-9% y/y or implied \$6.37-6.43 (vs \$6.42 est.); (c) tax rate ~21%; (d) net interest expense now \$100mn headwind (-\$100mn); (e) Capex ~4% of sales (-50bps); (f) FCF productivity ~90%; (g) Dividends >\$9bn and share repurchases \$5-6bn
- Expect -1-2% less price/mix benefit in 2H
- Expect less commodity benefit in 2H + majority of \$1bn FX headwind

Haleon (HLNLTN, Baa1/BBB/--) announced the sale of non-core brand ChapStick (1% of sales) to Suave Brands, owned by PE firm Yellow Wood Partners for \$430mn pre-tax cash plus a minority stake in Sauve (currently valued at approx. \$80mn). Previous

Bloomberg reports cited a valuation of near \$600mn. Proceeds will be used to pay down debt, est. -0.1x reduction in leverage, with the transaction expected to close in 2Q24. HLNLN has \$700mn of 3.024% Notes maturing in late March.

- “Selling the brand allows us to simplify our business and pay down debt more quickly. We're confident the brand will continue to thrive under its new ownership.”

Recent New Issuance

Procter & Gamble (Aa3/AA-) issued \$600mn 5yr Notes and \$750mn 10yr Notes. The use of proceeds is for general corporate purposes.

BofA Current Recommendations

Exhibit 7: Cash & CDS ratings
BofA cash & CDS ratings

		Cash			CDS		
Name	Ticker	Overweight	Marketweight	Underweight	Buy Protection	Neutral	Sell Protection
O'Reilly Automotive	ORLY	√					



Exhibit 7: Cash & CDS ratings

BofA cash & CDS ratings

		Cash		CDS
The Home Depot	HD	✓		✓
Anheuser-Busch InBev SA/NV*	ABIBB	✓		
Advance Auto Parts	AAP	✓		
McCormick & Co	MKC	✓		
Campbell Soup Co.	CPB	✓		✓
Sysco Corp.	SY	✓		
Keurig Dr. Pepper	KDP	✓		
Lowe's	LOW	✓		✓
Tyson Foods	TSN		✓	✓
Conagra Brands	CAG	✓		✓
Kellogg*	K	✓		
Kraft Heinz	KHC	✓		✓
General Mills Inc.	GIS	✓		✓
AutoZone	AZO	✓		✓
Kroger	KR	✓		✓
Nordstrom	JWN	✓		✓
Dollar General Corp.	DG	✓		
Mondelez International	MDLZ	✓		✓
Mondelez Int'l Holdings Netherlands	MDLZ	✓		
J.M. Smucker	SJM	✓		
The Coca-Cola Company	KO	✓		
PepsiCo	PEP	✓		
Pilgrim's Pride	PPC	✓		
Mattel	MAT	✓		
The Hershey Co.	HSY	✓		✓

Source: BofA Global Research;

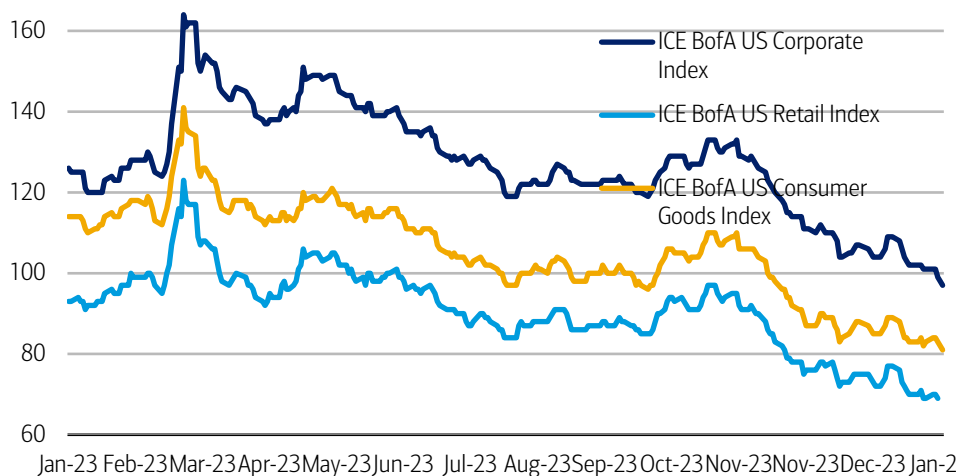
Notes (*): Underweight K long-end, Overweight ABIBB long-end (\$)

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Market Snapshot

Exhibit 8: BofA HG Index vs. Consumer/Retail Sectors

Consumer/Retail 1-year spread performance tightens after rate volatility, inflation pressure



Source: ICE Data indices, LLC

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**Exhibit 9: ICE Data Indices Investment Grade Index**

Benchmark spread and credit metrics by issuer

	Num of Issues	% of Index	Spreads (OAS)					Price	YTW	Modified Duration	Average Rating	Total Returns					Excess Returns				
			OAS	1 week	MTD	QTD	YTD					1 week	MTD	QTD	YTD	12 month	1 week	MTD	QTD	YTD	12 month
US Corporate Index	10,160	100.0%	97 bps	-4 bps	-7 bps	-7 bps	-7 bps	\$92.4	5.27%	6.7	A3	0.24%	-0.80%	-0.80%	-0.80%	3.63%	26 bps	75 bps	75 bps	75 bps	416 bps
Rating Categories																					
AAA US Corporate Index	118	1.1%	33 bps	-2 bps	-7 bps	-7 bps	-7 bps	\$86.4	4.69%	9.1	AAA	0.06%	-1.59%	-1.59%	-1.59%	0.55%	21 bps	99 bps	99 bps	99 bps	356 bps
AA US Corporate Index	779	8.1%	51 bps	-2 bps	-5 bps	-5 bps	-5 bps	\$90.2	4.84%	7.2	AA3	0.14%	-1.19%	-1.19%	-1.19%	1.90%	19 bps	60 bps	60 bps	60 bps	314 bps
Single-A US Corporate Index	4,111	43.5%	81 bps	-4 bps	-7 bps	-7 bps	-7 bps	\$92.7	5.12%	6.6	A2	0.25%	-0.85%	-0.85%	-0.85%	3.01%	28 bps	70 bps	70 bps	70 bps	347 bps
BBB US Corporate Index	5,152	47.3%	121 bps	-3 bps	-8 bps	-8 bps	-8 bps	\$92.7	5.51%	6.6	BBB2	0.25%	-0.67%	-0.67%	-0.67%	4.56%	26 bps	82 bps	82 bps	82 bps	497 bps
Maturity																					
1-3 Year US Corporate Index	2,088	22.8%	71 bps	-3 bps	-5 bps	-5 bps	-5 bps	\$96.9	5.19%	1.8	A3	0.19%	0.28%	0.28%	0.28%	4.96%	10 bps	18 bps	18 bps	18 bps	120 bps
3-5 Year US Corporate Index	1,780	18.6%	89 bps	-4 bps	-4 bps	-4 bps	-4 bps	\$96.8	5.05%	3.5	A3	0.25%	-0.05%	-0.05%	-0.05%	4.83%	15 bps	24 bps	24 bps	24 bps	241 bps
5-7 Year US Corporate Index	1,216	12.1%	104 bps	-2 bps	-4 bps	-4 bps	-4 bps	\$92.4	5.14%	5.1	BBB1	0.24%	-0.48%	-0.48%	-0.48%	4.49%	16 bps	31 bps	31 bps	31 bps	340 bps
7-10 Year US Corporate Index	1,456	15.0%	121 bps	-4 bps	-5 bps	-5 bps	-5 bps	\$92.8	5.34%	6.8	A3	0.35%	-0.98%	-0.98%	-0.98%	3.79%	33 bps	44 bps	44 bps	44 bps	442 bps
10-15 Year US Corporate Index	560	5.1%	117 bps	-5 bps	-13 bps	-13 bps	-13 bps	\$101.1	5.42%	8.7	A3	0.33%	-1.06%	-1.06%	-1.06%	3.69%	40 bps	110 bps	110 bps	110 bps	604 bps
15+ Year US Corporate Index	3,060	26.3%	105 bps	-3 bps	-12 bps	-12 bps	-12 bps	\$84.5	5.50%	13.5	A3	0.18%	-2.22%	-2.22%	-2.22%	1.15%	47 bps	189 bps	189 bps	189 bps	740 bps
Industry																					
US Corporate Index																					
Industrials	6,053	58.9%	91 bps	-2 bps	-6 bps	-6 bps	-6 bps	\$91.6	5.22%	7.4	A3	0.15%	-1.08%	-1.08%	-1.08%	3.31%	20 bps	73 bps	73 bps	73 bps	448 bps
Consumer Cyclical	348	3.6%	68 bps	-1 bps	-4 bps	-4 bps	-4 bps	\$90.6	4.98%	7.7	A2	0.08%	-1.28%	-1.28%	-1.28%	2.45%	15 bps	66 bps	66 bps	66 bps	389 bps
US Corp Retail	263	2.9%	64 bps	-2 bps	-5 bps	-5 bps	-5 bps	\$90.5	4.94%	7.7	A2	0.08%	-1.27%	-1.27%	-1.27%	2.38%	14 bps	67 bps	67 bps	67 bps	383 bps
US Corp Food & Drug Retail	37	0.3%	108 bps	-2 bps	-6 bps	-6 bps	-6 bps	\$88.7	5.36%	7.5	BBB2	0.19%	-1.05%	-1.05%	-1.05%	3.18%	24 bps	78 bps	78 bps	78 bps	411 bps
US Corp Restaurants	48	0.4%	64 bps	-1 bps	-3 bps	-3 bps	-3 bps	\$92.8	4.98%	7.9	BBB1	0.07%	-1.47%	-1.47%	-1.47%	2.35%	14 bps	53 bps	53 bps	53 bps	412 bps
Consumer Non-Cyclicals	601	5.6%	81 bps	-2 bps	-4 bps	-4 bps	-4 bps	\$92.6	5.10%	7.4	A3	0.13%	-1.18%	-1.18%	-1.18%	3.38%	17 bps	59 bps	59 bps	59 bps	442 bps
US Corp Beverage	164	1.8%	63 bps	-1 bps	-3 bps	-3 bps	-3 bps	\$92.2	4.93%	8.4	A3	0.10%	-1.60%	-1.60%	-1.60%	2.28%	18 bps	55 bps	55 bps	55 bps	446 bps
US Corp Food Wholesale	234	1.9%	87 bps	-1 bps	-3 bps	-3 bps	-3 bps	\$92.3	5.15%	7.0	BBB1	0.12%	-1.16%	-1.16%	-1.16%	3.03%	15 bps	49 bps	49 bps	49 bps	372 bps
US Corp Tobacco	80	1.0%	119 bps	-3 bps	-10 bps	-10 bps	-10 bps	\$93.3	5.49%	6.9	BBB1	0.21%	-0.50%	-0.50%	-0.50%	6.43%	24 bps	109 bps	109 bps	109 bps	675 bps
US Corp Consumer Products	123	0.9%	63 bps	-1 bps	-2 bps	-2 bps	-2 bps	\$93.3	4.88%	6.5	A2	0.10%	-1.16%	-1.16%	-1.16%	2.87%	12 bps	29 bps	29 bps	29 bps	301 bps

Source: BofA Global Research, Bloomberg

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Exhibit 10: Recent Sector New Issuance

Consumer/Retail new issuance tracker in reverse chronological order

Issue Date	Ticker	Issuer	Rating (Moody's/S&P)	Size	Coupon	Maturity	New Issue Spread
01/24/2024	PG	PROCTER & GAMBLE	Aa3/AA-	\$600	4.350%	01/29/2029	27
01/24/2024	PG	PROCTER & GAMBLE	Aa3/AA-	\$750	4.550%	01/29/2034	37
01/16/2024	GIS	GENERAL MILLS	Baa2/BBB	\$500	4.700%	01/30/2027	70
01/09/2024	STZ	CONSTELLATION BRANDS	Baa3/BBB	\$400	4.800%	01/15/2029	85
01/04/2024	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$450	6.050%	01/15/2029	115
01/04/2024	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$800	5.375%	01/09/2036	150
11/27/2023	HD	HOME DEPOT	A2/A	\$500	5.125%	04/30/2025	28
11/27/2023	HD	HOME DEPOT	A2/A	\$750	4.950%	09/30/2026	43
11/27/2023	HD	HOME DEPOT	A2/A	\$750	4.900%	04/15/2029	58
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$500	7.050%	11/27/2025	220
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$750	7.000%	11/27/2026	240
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,000	7.350%	11/27/2028	290
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,000	7.700%	11/27/2030	320
11/15/2023	TPR	TAPESTRY INC	Baa2/BBB	\$1,250	7.850%	11/27/2033	340
11/13/2023	ORLY	O'REILLY AUTOMOTIVE	Baa1/BBB	\$750	5.750%	11/20/2026	95
11/08/2023	PEP	PEPSICO	A1/A+	\$800	5.250%	11/10/2025	35
11/08/2023	PEP	PEPSICO	A1/A+	\$700	5.125%	11/10/2026	43
11/06/2023	SYX	SYSICO CORP	Baa1/BBB	\$500	5.750%	01/17/2029	120
11/06/2023	SYX	SYSICO CORP	Baa1/BBB	\$500	6.000%	01/17/2034	147
10/30/2023	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$450	6.050%	01/15/2029	125
10/30/2023	BIMBOA	BIMBO BAKERIES USA	Baa1/BBB+	\$550	6.400%	01/15/2034	155
10/30/2023	MO	ALTRIA	A3/BBB	\$500	6.200%	11/01/2028	145
10/30/2023	MO	ALTRIA	A3/BBB	\$500	6.875%	11/01/2033	205
10/23/2023	GPC	GENUINE PARTS CO	Baa1/BBB	\$425	6.500%	11/01/2028	180
10/23/2023	GPC	GENUINE PARTS CO	Baa1/BBB	\$375	6.875%	11/01/2033	210
10/19/2023	AZO	AUTOZONE	Baa1/BBB	\$500	6.250%	11/01/2028	132
10/19/2023	AZO	AUTOZONE	Baa1/BBB	\$500	6.550%	11/01/2033	162
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$750	5.900%	11/15/2028	130
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$1,000	6.200%	11/15/2033	160
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$750	6.500%	11/15/2043	163
10/11/2023	SJM	JM SMUCKER	Baa2/BBB	\$1,000	6.500%	11/15/2053	180
10/10/2023	GIS	GENERAL MILLS	Baa2/BBB	\$500	5.500%	10/17/2028	103
10/04/2023	DRI	DARDEN RESTAURANTS	Baa2/BBB	\$500	6.300%	10/10/2033	165
10/02/2023	DGELN	DIAGEO CAPITAL	A3/A-	\$800	5.375%	10/05/2026	60
10/02/2023	DGELN	DIAGEO CAPITAL	A3/A-	\$900	5.625%	10/05/2034	100
09/27/2023	PPC	PILGRIM'S PRIDE CORP	Ba2/BBB-	\$500	6.875%	05/15/2034	250
09/06/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	09/12/2028	57
09/06/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	09/12/2030	67
09/06/2023	NESNVX	NESTLE HOLDINGS	A3/AA-	\$500	5.000%	09/12/2033	77
09/05/2023	UNANA	UNILEVER CAPITAL CORP	A1/A+	\$700	4.875%	09/08/2028	55
09/05/2023	UNANA	UNILEVER CAPITAL CORP	A1/A+	\$800	5.000%	12/08/2033	85
09/05/2023	JBSSBZ	JBS USA	Baa3/BBB-	\$1,600	6.750%	03/15/2034	250
09/05/2023	JBSSBZ	JBS USA	Baa3/BBB-	\$900	7.250%	11/15/2053	290
09/05/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$650	5.250%	09/07/2028	105
09/05/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$700	5.500%	09/07/2030	135
09/05/2023	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,000	5.625%	09/07/2033	160
08/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$600	4.800%	08/14/2028	68
08/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$600	4.950%	08/14/2033	98
08/14/2023	MCD	MCDONALD'S CORP	Baa1/BBB+	\$800	5.450%	08/14/2053	128
07/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	5.931%	02/02/2029	175
07/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	6.343%	08/02/2030	225
07/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,250	6.421%	08/02/2033	245
07/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$750	7.079%	08/02/2043	285
07/31/2023	BATSLN	BRITISH AMERICAN TOBACCO	Baa2/BBB+	\$1,000	7.081%	08/02/2053	305
07/18/2023	AZO	AUTOZONE	Baa1/BBB	\$450	5.050%	07/15/2026	75
07/18/2023	AZO	AUTOZONE	Baa1/BBB	\$300	5.200%	08/01/2033	143
07/17/2023	CAG	CONAGRA BRANDS	Baa3/BBB-	\$500	5.300%	10/01/2026	100
06/06/2023	BACARD	BACARDI	Baa3/BBB-	\$400	5.250%	01/15/2029	140
06/06/2023	BACARD	BACARDI	Baa3/BBB-	\$700	5.400%	06/15/2033	175
06/06/2023	BACARD	BACARDI	Baa3/BBB-	\$400	5.900%	06/15/2043	190
06/05/2023	DG	DOLLAR GENERAL	Baa2/BBB	\$500	5.200%	07/05/2028	137
06/05/2023	DG	DOLLAR GENERAL	Baa2/BBB	\$1,000	5.450%	07/05/2033	177
05/09/2023	EL	ESTEE LAUDER	A1/A+	\$700	4.375%	05/15/2028	90
05/09/2023	EL	ESTEE LAUDER	A1/A+	\$700	4.650%	05/15/2033	115
05/09/2023	EL	ESTEE LAUDER	A1/A+	\$600	5.150%	05/15/2053	135
05/01/2023	HSY	HERSHEY	A1/A	\$350	4.250%	05/04/2028	67

Source: BofA Global Research, Bloomberg Data excludes FRN

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**Exhibit 11: Retail Historical Spread & Return Monitor**

Benchmark spreads and credit metrics by issuer

Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings	Outlook	Current Pricing				5-yr CDS	Revenue	LTM EBITDAR	Debt	Cash	Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd							Total Debt/	Net Debt/	EV	EBITDAR
Walmart Inc (WMT)	4.100%	4/15/2033	\$1,500	Aa2 / AA / AA	S / S / S	\$96.6	4.56%	38	45	29	\$638,785	\$40,114	\$69,739	\$12,154	\$4,333	1.7x	1.4x	\$504,766	11.8x
Walmart Inc (WMT)	4.500%	4/15/2053	\$1,500	Aa2 / AA / AA	S / S / S	\$93.0	4.95%	53	58										
Costco Wholesale Corp (COST)	1.600%	4/20/2030	\$1,750	Aa3 / A+ / --	S / S / --	\$84.1	4.57%	44	52	36	\$238,710	\$10,798	\$8,884	\$13,700	\$4,818	0.8x	-0.5x	\$295,499	21.6x
Costco Wholesale Corp (COST)	1.750%	4/20/2032	\$1,000	Aa3 / A+ / --	S / S / --	\$80.8	4.58%	41	48										
Nike Inc (NKE)	2.850%	3/27/2030	\$1,500	A1 / AA- / --	S / S / --	\$90.8	4.58%	46	54	74	\$51,469	\$7,294	\$12,177	\$6,178	(\$2,558)	2.1x	1.3x	\$157,784	22.6x
Nike Inc (NKE)	3.375%	3/27/2050	\$1,500	A1 / AA- / --	S / S / --	\$77.8	4.89%	43	48										
Target Corp (TGT)	4.400%	1/15/2033	\$500	A2 / A / A	S / S / S	\$98.2	4.65%	47	54	41	\$106,518	\$7,783	\$18,442	\$1,910	\$1,518	2.4x	2.1x	\$83,031	13.3x
Target Corp (TGT)	4.800%	1/15/2053	\$1,150	A2 / A / A	S / S / S	\$95.0	5.14%	71	76										
TJX Companies Inc (TJX)	1.600%	5/15/2031	\$500	A2 / A / --	S / S / --	\$81.3	4.65%	48	57	194	\$52,326	\$8,340	\$2,861	\$4,290	\$1,465	1.5x	1.0x	\$117,855	13.2x
TJX Companies Inc (TJX)	4.500%	4/15/2050	\$385	A2 / A / --	S / S / --	\$91.0	5.12%	64	71										
Ralph Lauren Corp (RL)	2.950%	6/15/2030	\$750	A3 / A- / --	S / S / --	\$89.9	4.81%	68	75	--	\$6,503	\$882	\$2,882	\$1,382	(\$493)	3.3x	1.7x	\$10,640	7.0x
Amazon.com Inc (AMZN)	3.600%	4/13/2032	\$2,500	A1 / AA / AA-	S / S / S	\$93.1	4.61%	47	52										
Amazon.com Inc (AMZN)	3.950%	4/13/2052	\$2,500	A1 / AA / AA-	S / S / S	\$84.0	5.01%	57	62										
Ross Stores Inc (ROST)	1.875%	4/15/2031	\$500	A2 / BBB+ / --	S / S / --	\$81.4	4.97%	79	89	--	\$19,569	\$3,436	\$5,780	\$4,499	\$595	1.7x	0.4x	\$48,993	13.6x
Best Buy Co Inc (BBY)	1.950%	10/1/2030	\$650	A3 / BBB+ / --	S / S / --	\$82.2	5.14%	100	107	64	\$43,541	\$3,478	\$4,029	\$636	(\$239)	1.2x	1.0x	\$19,513	5.7x
Home Depot Inc (HD)	4.500%	9/15/2032	\$1,250	A2 / A / A	S / S / S	\$98.8	4.67%	50	56	26	\$153,714	\$26,741	\$49,255	\$2,058	\$1,810	2.0x	1.9x	\$400,356	13.1x
Home Depot Inc (HD)	4.950%	9/15/2052	\$1,000	A2 / A / A	S / S / S	\$97.4	5.12%	69	74										
Lowe's Companies Inc (LOW)	5.000%	4/15/2033	\$1,250	Baa1 / BBB+ / --	S / S / --	\$100.3	4.96%	78	85	39	\$90,219	\$14,739	\$40,053	\$1,531	(\$4,932)	2.7x	2.6x	\$159,992	10.8x
Lowe's Companies Inc (LOW)	5.625%	4/15/2053	\$1,500	Baa1 / BBB+ / --	S / S / --	\$102.1	5.48%	106	110										
VF Corp (VFC)	2.950%	4/23/2030	\$750	Baa3 / BBB / --	N / N / --	\$82.7	6.35%	222	230	150	\$11,391	\$1,521	\$8,151	\$499	(\$1,527)	5.4x	5.0x	\$14,022	9.0x
Tractor Supply (TSCO)	1.750%	11/1/2030	\$650	Baa1 / BBB+ / --	S / S / --	\$81.2	5.07%	92	99	--	\$14,902	\$2,323	\$4,977	\$422	(\$207)	2.1x	2.0x	\$29,114	13.0x
AutoZone Inc (AZO)	4.750%	8/1/2032	\$750	Baa1 / BBB / BBB	S / S / S	\$97.1	5.17%	100	107	37	\$17,457	\$4,471	\$7,669	\$277	(\$1,373)	2.3x	2.3x	\$59,398	12.4x
AutoZone Inc (AZO)	6.550%	11/1/2033	\$500	Baa1 / BBB / BBB	S / S / S	\$109.1	5.32%	114	121										
O' Reilly Automotive (ORLY)	1.750%	3/15/2031	\$500	Baa1 / BBB / --	S / S / --	\$80.3	5.08%	90	100	--	\$15,625	\$4,011	\$7,384	\$83	(\$533)	1.9x	1.9x	\$67,785	16.1x
O' Reilly Automotive (ORLY)	4.700%	6/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$97.5	5.07%	91	98										
Genuine Parts Co. (GPC)	2.750%	2/1/2032	\$500	Baa1 / BBB / --	S / S / --	\$82.9	5.41%	123	131	--	\$23,028	\$2,387	\$4,237	\$655	(\$82)	2.3x	2.1x	\$23,604	12.4x
Genuine Parts Co. (GPC)	6.875%	11/1/2033	\$375	Baa1 / BBB / --	S / S / --	\$110.0	5.51%	132	139										
Advance Auto Parts (AAP)	3.900%	4/15/2030	\$500	Baa2 / BB+ / --	N / S / --	\$88.5	6.15%	202	210	--	\$11,296	\$1,350	\$4,462	\$318	(\$293)	3.3x	2.9x	\$7,614	7.8x
Advance Auto Parts (AAP)	3.500%	3/15/2032	\$501	Baa2 / BB+ / --	N / S / --	\$82.9	6.22%	207	212										
Dollar General Corp (DG)	5.450%	7/5/2033	\$1,000	Baa2 / BBB / --	S / S / --	\$100.7	5.36%	118	125	--	\$39,036	\$5,400	\$18,087	\$365	(\$1,160)	3.3x	3.3x	\$47,091	11.9x
Dollar General Corp (DG)	5.500%	11/1/2052	\$300	Baa2 / BBB / --	S / S / --	\$93.6	5.96%	151	158										
Dollar Tree Inc (DLTR)	2.650%	12/1/2031	\$800	Baa2 / BBB / --	S / S / --	\$83.9	5.18%	101	109	--	\$29,685	\$3,875	\$10,688	\$445	\$175	2.8x	2.6x	\$38,922	9.2x
Dollar Tree Inc (DLTR)	3.375%	12/1/2051	\$400	Baa2 / BBB / --	S / S / --	\$66.1	5.86%	139	146										
Tapestry Inc (TPR)	3.050%	3/15/2032	\$500	Baa2 *- / BBB / --	UR / N / --	\$79.0	6.40%	223	231	--	\$6,668	\$1,699	\$3,247	\$622	\$144	1.9x	1.5x	\$11,573	7.4x
Tapestry Inc (TPR)	7.850%	11/27/2033	\$1,250	Baa2 *- / BBB / --	UR / N / --	\$105.8	7.00%	282	289										
PVH Corp. (PVH)	4.625%	7/10/2025	\$499	Baa3 / BBB- / --	P / P / --	\$98.8	5.49%	77	93	--	\$9,217	\$1,463	\$3,660	\$358	(\$4)	2.5x	2.3x	\$10,649	5.7x
Dick's Sporting Goods (DKS)	3.150%	1/15/2032	\$750	Baa3 / BBB / --	S / S / --	\$84.2	5.65%	147	156	--	\$12,705	\$1,608	\$4,205	\$1,406	(\$64)	2.6x	1.7x	\$15,347	5.2x
Dick's Sporting Goods (DKS)	4.100%	1/15/2052	\$750	Baa3 / BBB / --	S / S / --	\$71.3	6.30%	185	191										
Nordstrom Inc (JWN)	4.250%	8/1/2031	\$425	Ba1 / BB+ / BB+	N / N / S	\$83.5	7.13%	290	304	194	\$14,592	\$1,473	\$4,496	\$375	\$189	3.1x	2.8x	\$7,351	4.8x
Nordstrom Inc (JWN)	5.000%	1/15/2044	\$966	Ba1 / BB+ / BB+	N / N / S	\$71.3	7.88%	326	340										
Kohl's Corporation (KSS)	4.625%	5/1/2031	\$500	Ba3 / BB / BBB-	N / N / N	\$79.0	8.57%	433	449	194	\$17,539	\$1,142	\$8,046	\$190	\$278	7.0x	6.9x	\$11,040	8.3x
Kohl's Corporation (KSS)	5.550%	7/17/2045	\$427	Ba3 / BB / BBB-	N / N / N	\$67.5	8.99%	440	453										

Source: BofA Global Research, Bloomberg

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Exhibit 12: Restaurant, Food & Drug Retail Historical Spread & Return Monitor

Benchmark spread and credit metrics by issuer

																Credit Metrics			
			Outstanding	Ratings	Current Pricing			5-yr	LTM			Net	Total Debt/	Net Debt/	EV /				
Issuer	Coupon	Maturity	(\$mil)	Mdy/S&P/Fit	Outlook	Bid	YTW	G- spd	T- spd	CDS	Revenue	EBITDAR	Debt	Cash	FCF	EBITDAR	EBITDAR	EV	EBITDAR
Starbucks Corp (SBUX)	2.250%	3/12/2030	\$750	Baa1 / BBB+ / --	S / S / --	\$86.3	4.86%	72	82	--	\$35,976	\$8,741	\$24,600	\$3,953	\$426	2.8x	2.4x	\$125,588	14.1x
Starbucks Corp (SBUX)	2.550%	11/15/2030	\$1,250	Baa1 / BBB+ / --	S / S / --	\$87.0	4.82%	67	74										
Starbucks Corp (SBUX)	3.000%	2/14/2032	\$1,000	Baa1 / BBB+ / --	S / S / --	\$88.1	4.80%	63	71										
Starbucks Corp (SBUX)	4.800%	2/15/2033	\$500	Baa1 / BBB+ / --	S / S / --	\$100.1	4.79%	62	68										
Starbucks Corp (SBUX)	3.350%	3/12/2050	\$500	Baa1 / BBB+ / --	S / S / --	\$72.3	5.32%	85	91										
Starbucks Corp (SBUX)	3.500%	11/15/2050	\$1,250	Baa1 / BBB+ / --	S / S / --	\$74.4	5.30%	85	89										
McDonald's Corp (MCD)	3.600%	7/1/2030	\$1,000	Baa1 / BBB+ / --	S / S / --	\$93.6	4.78%	64	72	27	\$25,014	\$15,156	\$49,082	\$3,496	\$358	3.3x	3.1x	\$258,262	17.3x
McDonald's Corp (MCD)	4.600%	9/9/2032	\$750	Baa1 / BBB+ / --	S / S / --	\$99.6	4.66%	49	56										
McDonald's Corp (MCD)	4.950%	8/14/2033	\$600	Baa1 / BBB+ / --	S / S / --	\$100.6	4.86%	68	75										
McDonald's Corp (MCD)	4.200%	4/1/2050	\$750	Baa1 / BBB+ / --	S / S / --	\$84.5	5.30%	84	89										
McDonald's Corp (MCD)	5.150%	9/9/2052	\$750	Baa1 / BBB+ / --	S / S / --	\$97.8	5.30%	87	92										
McDonald's Corp (MCD)	5.450%	8/14/2053	\$800	Baa1 / BBB+ / --	S / S / --	\$102.2	5.30%	88	92										
Kroger Co (KR)	1.700%	1/15/2031	\$500	Baa1 / BBB / --	N / N / --	\$80.3	5.11%	94	103	49	\$147,798	\$7,946	\$19,839	\$1,725	\$1,330	2.5x	2.3x	\$51,362	6.2x
Kroger Co (KR)	5.400%	1/15/2049	\$600	Baa1 / BBB / --	N / N / --	\$97.0	5.63%	113	120										
Kroger Co (KR)	3.950%	1/15/2050	\$750	Baa1 / BBB / --	N / N / --	\$79.1	5.47%	99	105										
7-Eleven Inc. (SVELEV)	1.800%	2/10/2031	\$1,700	Baa2 / A / --	S / S / --	\$80.1	5.22%	108	114	--	--	--	--	--	--	--	--	--	--
7-Eleven Inc. (SVELEV)	2.800%	2/10/2051	\$1,250	Baa2 / A / --	S / S / --	\$62.0	5.52%	107	112										
Alimentation Couche-Tard (ATDBCN)	2.950%	1/25/2030	\$750	Baa1 / BBB+ / --	S / S / --	\$88.7	5.17%	105	113	--	\$68,368	\$5,791	\$9,466	\$1,405	(\$229)	1.6x	1.4x	\$66,264	10.1x
Alimentation Couche-Tard (ATDBCN)	3.625%	5/13/2051	\$350	Baa1 / BBB+ / --	S / S / --	\$70.3	5.81%	135	141										
Darden Restaurant Inc (DRI)	3.850%	5/1/2027	\$500	Baa2 / BBB / BBB	S / S / S	\$96.7	4.97%	79	88	44	\$10,772	\$3,875	\$8,965	\$192	(\$157)	3.4x	3.3x	\$26,022	12.8x
Darden Restaurant Inc (DRI)	6.300%	10/10/2033	\$500	Baa2 / BBB / BBB	S / S / S	\$105.5	5.55%	136	143										
Darden Restaurant Inc (DRI)	4.550%	2/15/2048	\$300	Baa2 / BBB / BBB	S / S / S	\$81.7	6.00%	149	157										
Albertson Cos Inc (ACI)	4.875%	2/15/2030	\$1,000	Ba3 *+ / BB+ *+ / --	-- / -- / --	\$95.8	5.72%	162	168	106	\$79,163	\$3,862	\$15,036	\$223	(\$3,537)	3.9x	3.8x	\$27,072	5.5x

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH





Exhibit 13: Consumer Products Historical Spread & Return Monitor

Benchmark spread and credit metrics by issuer

Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings Mdy/S&P/Fit	Outlook	Current Pricing				5-yr CDS	LTM				Net FCF	Credit Metrics			
						Bid	YTW	G- spd	T- spd		Revenue	EBITDA	Debt	Cash		Total Debt/	Net Debt/	EV /	
																			EBITDA
Procter & Gamble (PG)	2.300%	2/1/2032	\$850	Aa3 / AA- / --	S / S / --	\$86.3	4.35%	18	25	26	\$83,265	\$22,375	\$35,880	\$9,733	\$2,091	1.6x	1.2x	\$394,551	18.1x
Procter & Gamble (PG)	4.050%	1/26/2033	\$850	Aa3 / AA- / --	S / S / --	\$97.1	4.44%	26	33										
Procter & Gamble (PG)	3.600%	3/25/2050	\$491	Aa3 / AA- / --	S / S / --	\$83.7	4.69%	22	28										
Colgate-Palmolive Co (CL)	3.250%	8/15/2032	\$500	Aa3 / AA- / --	S / N / --	\$91.0	4.53%	35	43	35	\$19,136	\$4,455	\$8,724	\$951	(\$136)	2.1x	1.9x	\$76,059	16.1x
Colgate-Palmolive Co (CL)	4.600%	3/1/2033	\$500	Aa3 / AA- / --	S / N / --	\$100.5	4.53%	33	43										
Colgate-Palmolive Co (CL)	3.700%	8/1/2047	\$500	Aa3 / AA- / --	S / N / --	\$83.3	4.91%	40	47										
Unilever Capital Corp (UNANA)	1.750%	8/12/2031	\$850	A1 / A+ / Au	S / S / S	\$81.3	4.73%	54	64	22	\$60,878	\$10,350	\$29,386	\$4,994	(\$284)	2.8x	2.4x	\$138,789	12.7x
Unilever Capital Corp (UNANA)	5.000%	12/8/2033	\$800	A1 / A+ / Au	S / S / S	\$101.4	4.81%	63	70										
Unilever Capital Corp (UNANA)	2.625%	8/12/2051	\$650	A1 / A+ / Au	S / S / S	\$65.2	4.95%	50	56										
Kimberly-Clark Corp (KMB)	2.000%	11/2/2031	\$600	A2 / A / --	S / S / --	\$83.1	4.62%	44	53	45	\$20,425	\$3,752	\$8,090	\$814	\$978	2.2x	2.0x	\$47,755	11.0x
Kimberly-Clark Corp (KMB)	4.500%	2/16/2033	\$350	A2 / A / --	S / S / --	\$98.8	4.67%	46	56										
Kimberly-Clark Corp (KMB)	2.875%	2/7/2050	\$500	A2 / A / --	S / S / --	\$68.4	5.08%	59	66										
SC Johnson & Son Inc (SCJOHN)	4.750%	10/15/2046	\$850	A- / BBB+ / --	S / N / --	\$88.9	5.62%	111	117	--	--	--	--	--	--	--	--	--	--
Estee Lauder Co Inc (EL)	4.650%	5/15/2033	\$700	A1 / A / --	N / N / --	\$98.0	4.92%	74	81	--	\$15,545	\$2,032	\$8,093	\$3,090	(\$283)	4.2x	3.0x	\$55,218	25.6x
Estee Lauder Co Inc (EL)	5.150%	5/15/2053	\$600	A1 / A / --	N / N / --	\$98.3	5.27%	84	89										
Kenvue (KVUE)	5.000%	3/22/2030	\$973	A1 / A / --	S / S / --	\$101.7	4.67%	53	63	--	\$14,950	\$3,624	\$8,198	\$1,062	\$2,119	2.3x	2.0x	\$45,076	12.4x
Kenvue (KVUE)	4.900%	3/22/2033	\$1,224	A1 / A / --	S / S / --	\$100.7	4.80%	62	69										
Kenvue (KVUE)	5.050%	3/22/2053	\$1,500	A1 / A / --	S / S / --	\$98.8	5.13%	71	75										
Reckitt Benckiser TSY (RKTLLN)	3.000%	6/26/2027	\$2,500	A3 / A- / --	S / S / --	\$94.9	4.64%	47	56	--	£13,234	£3,239	£9,637	£1,259	£1,258	3.0x	2.6x	£53,852	16.6x
Church & Dwight Co Inc (CHD)	5.600%	11/15/2032	\$500	A3 / BBB+ / --	S / S / --	\$105.1	4.87%	69	77	--	\$5,776	\$1,307	\$2,405	\$573	\$792	1.9x	1.5x	\$26,369	17.7x
Church & Dwight Co Inc (CHD)	3.950%	8/1/2047	\$400	A3 / BBB+ / --	S / S / --	\$80.7	5.41%	90	97										
Church & Dwight Co Inc (CHD)	5.000%	6/15/2052	\$500	A3 / BBB+ / --	S / S / --	\$95.3	5.33%	87	94										
Clorox Company (CLX)	1.800%	5/15/2030	\$500	Baa1 / BBB+ / --	S / N / --	\$82.8	5.03%	90	97	74	\$7,035	\$1,074	\$2,913	\$518	\$247	2.9x	2.5x	\$20,809	15.8x
Clorox Company (CLX)	4.600%	5/1/2032	\$600	Baa1 / BBB+ / --	S / N / --	\$97.6	4.95%	78	85										
Haleon Plc (HLNLLN)	3.625%	3/24/2032	\$1,998	Baa1 / BBB / --	S / -- / --	\$91.08	4.97%	80	87	--	£9,545	£2,413	£9,782	£405	£25	4.1x	3.9x	\$38,839	16.1x
Haleon Plc (HLNLLN)	4.000%	3/24/2052	\$1,000	Baa1 / BBB / --	S / -- / --	\$81.7	5.25%	81	86										
Whirlpool Corp (WHR)	4.700%	5/14/2032	\$300	Baa1 / BBB / BBB	N / N / N	\$95.5	5.38%	120	128	142	\$19,290	\$1,489	\$7,664	\$1,123	(\$197)	5.3x	4.4x	\$13,647	7.4x
Whirlpool Corp (WHR)	5.500%	3/1/2033	\$300	Baa1 / BBB / BBB	N / N / N	\$99.7	5.54%	136	143										
Whirlpool Corp (WHR)	4.600%	5/15/2050	\$500	Baa1 / BBB / BBB	N / N / N	\$80.7	6.08%	159	167										
Hasbro Inc (HAS)	3.900%	11/19/2029	\$900	Baa2 / BBB / BBB-	N / N / S	\$92.1	5.51%	140	148	91	\$5,393	\$1,026	\$3,715	\$186	(\$146)	3.6x	3.5x	\$10,805	7.7x
Hasbro Inc (HAS)	5.100%	5/15/2044	\$300	Baa2 / BBB / BBB-	N / N / S	\$89.5	6.00%	147	153										
Brunswick Corp (BC)	2.400%	8/18/2031	\$550	Baa2 / BBB- / BBB	S / S / S	\$78.9	5.91%	174	182	194	\$6,622	\$1,083	\$2,635	\$331	(\$361)	2.4x	2.1x	\$7,914	5.7x
Brunswick Corp (BC)	4.400%	9/15/2032	\$450	Baa2 / BBB- / BBB	S / S / S	\$89.6	5.96%	178	186										
Brunswick Corp (BC)	5.100%	4/1/2052	\$300	Baa2 / BBB- / BBB	S / S / S	\$78.8	6.80%	234	241										
Mattel Inc (MAT)	3.750%	4/1/2029	\$600	Baa3 / BBB- / BB+	S / P / P	\$91.0	5.79%	172	178	238	\$5,222	\$679	\$2,672	\$456	\$256	3.9x	3.3x	\$8,683	7.8x
Newell Brands Inc (NWL)	6.625%	9/15/2029	\$500	Ba2 / BB / BB-	N / N / S	\$97.8	7.11%	303	309	389	\$8,342	\$1,226	\$6,010	\$396	(\$1,294)	4.9x	4.6x	\$8,904	9.1x
Newell Brands Inc (NWL)	6.500%	4/1/2046	\$666	Ba2 / BB / BB-	N / N / S	\$80.1	8.51%	404	406										

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 14: Packaged Food Spread & Return Monitor

Benchmark spread and credit metrics by issuer

Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings Mdy/S&P/Fit	Outlook	Current Pricing				5-yr CDS	Revenue	EBITDA	Debt	Cash	FCF	Credit Metrics			
						Bid	YTW	G- spd	T- spd							Net	Total Debt/	Net Debt/	EV /
EBITDA	EBITDA	EV	EBITDA																
Nestle Holdings Inc. (NESNVX)	4.8500%	3/14/2033	\$650	Aa3 / AA- / A+	S / S / S	\$100.2	4.82%	56	71	28	CHF 95,498	CHF 16,476	CHF 53,501	CHF 3,667	(CHF 11,485)	3.2x	3.0x	\$318,906	18.5x
Nestle Holdings Inc. (NESNVX)	4.7000%	1/15/2053	\$1,000	Aa3 / AA- / A+	S / S / S	\$95.5	5.00%	58	62										
Hershey Company (HSY)	4.5000%	5/4/2033	\$400	A1 / A / --	S / S / --	\$99.2	4.61%	46	50	30	\$11,160	\$3,113	\$4,914	\$471	\$521	1.7x	1.6x	\$43,764	18.4x
Hershey Company (HSY)	2.6500%	6/1/2050	\$350	A1 / A / --	S / S / --	\$65.2	5.06%	59	65										
Mars Inc. (MARS)	1.6250%	7/16/2032	\$700	A1 / A+ / --	S / S / --	\$77.4	4.93%	75	83	--	--	--	--	--	--	--	--	--	--
Mars Inc. (MARS)	2.4500%	7/16/2050	\$400	A1 / A+ / --	S / S / --	\$59.7	5.30%	84	89										
Hormel Foods (HRL)	1.8000%	6/11/2030	\$1,000	A1 / A- / --	N / S / --	\$84.0	4.74%	62	68	--	\$12,195	\$1,325	\$3,481	\$737	\$172	2.6x	2.1x	\$19,706	14.3x
Hormel Foods (HRL)	3.0500%	6/3/2051	\$600	A1 / A- / --	N / S / --	\$67.9	5.29%	83	89										
Archer-Daniels-Midland Co (ADM)	4.5000%	8/15/2033	\$500	A2 *- / A *- / A	-- / -- / S	\$95.9	5.05%	88	93	40	\$97,188	\$3,306	\$10,288	\$1,498	(\$190)	3.1x	2.7x	\$36,155	10.9x
Archer-Daniels-Midland Co (ADM)	2.7000%	9/15/2051	\$750	A2 *- / A *- / A	-- / -- / S	\$63.1	5.24%	80	85										
Cargill Inc (CARGIL)	4.7500%	4/24/2033	\$500	A2 / A / A	S / S / S	\$97.1	5.14%	83	103	52	--	--	--	--	--	--	--	--	--
Cargill Inc (CARGIL)	4.3750%	4/22/2052	\$500	A2 / A / A	S / S / S	\$87.0	5.26%	80	88										
Danone SA (BNFP)	0.3950%	6/10/2029	\$800	Baa1 / BBB+ / --	S / S / --	\$86.9	3.09%	86	90	35	\$28,503	\$4,787	\$14,799	\$1,880	\$853	3.1x	2.7x	\$53,106	10.1x
Mondelez International Holdings Netherlands BV (MIHN)	1.2500%	9/24/2026	\$350	A3 / BBB / --	S / S / --	\$91.0	4.90%	63	73										
Mondelez International (MDLZ)	3.0000%	3/17/2032	\$750	Baa1 / BBB / --	S / S / --	\$87.1	4.94%	75	85	45	\$35,397	\$6,803	\$19,986	\$1,610	\$530	3.2x	2.9x	\$121,322	17.8x
Mondelez International (MDLZ)	2.6250%	9/4/2050	\$1,125	Baa1 / BBB / WD	S / S / --	\$63.9	5.13%	65	72										
Ingredion Inc (INGR)	2.9000%	6/1/2030	\$600	Baa1 / BBB / BBB	S / S / S	\$88.9	4.97%	87	92	--	\$8,226	\$1,148	\$2,406	\$335	\$123	2.2x	1.9x	\$9,239	8.4x
Ingredion Inc (INGR)	3.9000%	6/1/2050	\$400	Baa1 / BBB / BBB	S / S / S	\$71.6	6.08%	159	167										
Sysco Corporation (SY)	2.4500%	12/14/2031	\$450	Baa1 / BBB / BBB	S / S / S	\$83.4	5.03%	86	94	55	\$76,818	\$3,954	\$11,698	\$569	\$739	3.0x	2.8x	\$48,979	11.4x
Sysco Corporation (SY)	6.0000%	1/17/2034	\$500	Baa1 / BBB / BBB	S / S / S	\$106.5	5.14%	95	102										
Sysco Corporation (SY)	3.1500%	12/14/2051	\$800	Baa1 / BBB / BBB	S / S / S	\$68.3	5.36%	90	96										
McCormick & Co (MKC)	4.9500%	4/15/2033	\$500	Baa2 / BBB / --	S / N / --	\$98.5	5.16%	99	104	--	\$6,605	\$1,311	\$4,777	\$155	\$344	3.6x	3.6x	\$23,056	16.9x
McCormick & Co (MKC)	4.2000%	8/15/2047	\$300	Baa2 / BBB / --	S / N / --	\$81.9	5.59%	110	116										
General Mills Inc (GIS)	4.9500%	3/29/2033	\$1,000	Baa2 / BBB / --	S / S / --	\$98.9	5.10%	92	99	36	\$20,281	\$4,109	\$12,282	\$491	(\$516)	3.1x	3.0x	\$48,953	14.8x
General Mills Inc (GIS)	3.0000%	2/1/2051	\$605	Baa2 / BBB / --	S / S / --	\$65.5	5.46%	98	105										
Kellanova (K)	5.2500%	3/1/2033	\$400	Baa2 / BBB / BBB	S / N / S	\$100.5	5.18%	98	107	67	\$15,866	\$2,536	\$7,674	\$1,099	\$440	3.7x	3.3x	\$25,617	12.7x
Kellanova (K)	4.5000%	4/1/2046	\$650	Baa2 / BBB / BBB	S / N / S	\$87.5	5.48%	99	103										
Flowers Foods Inc (FLO)	2.4000%	3/15/2031	\$500	Baa2 / BBB / BBB	S / S / S	\$83.2	5.25%	108	117	--	\$5,044	\$571	\$1,175	\$15	(\$29)	2.1x	2.0x	\$6,108	12.5x
JM Smucker Co (SJM)	6.2000%	11/15/2033	\$1,000	Baa2 / BBB / --	S / N / --	\$107.0	5.26%	108	114	--	\$8,461	\$1,668	\$4,495	\$241	(\$229)	2.6x	2.4x	\$17,878	11.5x
JM Smucker Co (SJM)	6.5000%	11/15/2053	\$1,000	Baa2 / BBB / --	S / N / --	\$111.3	5.70%	129	133										
Tyson Foods Inc (TSN)	4.3500%	3/1/2029	\$1,000	Baa2 / BBB / BBB	N / S / S	\$97.1	5.01%	95	101	65	\$52,999	\$2,149	\$9,506	\$573	(\$1,200)	4.4x	4.2x	\$29,282	11.4x
Tyson Foods Inc (TSN)	5.1000%	9/28/2048	\$1,500	Baa2 / BBB / BBB	N / S / S	\$88.4	6.01%	150	158										
Campbell Soup Co (CPB)	2.3750%	4/24/2030	\$500	Baa2 / BBB- / BBB *-	S / S / --	\$85.6	5.10%	98	105	47	\$9,357	\$1,753	\$4,689	\$189	\$206	2.9x	2.8x	\$18,140	10.1x
Campbell Soup Co (CPB)	3.1250%	4/24/2050	\$500	Baa2 / BBB- / BBB *-	S / S / --	\$65.6	5.65%	118	124										
Conagra Brands Inc (CAG)	7.0000%	10/1/2028	\$382	Baa3 / BBB- / BBB-	S / S / S	\$107.2	5.23%	110	122	45	\$12,277	\$2,586	\$9,274	\$93	\$61	3.6x	3.6x	\$23,258	11.1x
Conagra Brands Inc (CAG)	5.4000%	11/1/2048	\$1,000	Baa3 / BBB- / BBB-	S / S / S	\$93.1	5.93%	145	151										
Kraft Heinz Foods Co (KHC)	3.7500%	4/1/2030	\$741	Baa2 / BBB / BBB	S / P / S	\$93.8	4.92%	77	88	49	\$27,161	\$6,400	\$19,878	\$1,053	\$545	3.1x	2.9x	\$64,617	10.1x
Kraft Heinz Foods Co (KHC)	4.3750%	6/1/2046	\$2,786	Baa2 / BBB / BBB	S / P / S	\$84.8	5.57%	108	112										
Kraft Heinz Foods Co (KHC)	4.8750%	10/1/2049	\$1,450	Baa2 / BBB / BBB	S / P / S	\$91.5	5.50%	104	108										
JBS USA (JBSSBZ)	6.7500%	3/15/2034	\$1,600	Baa3 / BBB- / BBB-	S / S / S	\$104.2	6.17%	199	205	--	R\$ 360,341	R\$ 16,494	R\$ 101,338	R\$ 26,790	-R\$ 5,989	6.1x	4.5x	R\$ 147,288	4.0x
JBS USA (JBSSBZ)	7.2500%	11/15/2053	\$900	Baa3 / BBB- / BBB-	S / S / S	\$107.1	6.69%	228	232										
Pilgrim's Pride (PPC)	6.2500%	7/1/2033	\$1,000	Ba2 / BBB- / BBB-	S / N / S	\$101.5	6.03%	186	192	--	\$16,961	\$670	\$3,596	\$899	(\$17)	5.4x	4.0x	\$9,551	5.2x
Pilgrim's Pride (PPC)	6.8750%	5/15/2034	\$500	Ba2 / BBB- / BBB-	S / N / S	\$106.1	6.06%	187	193										
Smithfield Foods Inc (SFD)	2.6250%	9/13/2031	\$500	Ba1 / BBB- / BBB	S / S / S	\$76.5	6.59%	242	250	45	--	--	--	--	--	--	--	--	--

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH





Exhibit 15: Beverages Historical Spread & Return Monitor

Benchmark spread and credit metrics by issuer

Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings	Outlook	Current Pricing			5-yr		LTM				Net FCF	Credit Metrics			
						Bid	YTW	G- spd	T- spd	CDS	Revenue	EBITDA	Debt	Cash		Total Debt/EBITDA	Net Debt/EBITDA	EV / EBITDA	
The Coca-Cola Co. (KO)	2.250%	1/5/2032	\$2,000	A1 / A+ / WD	S / S / --	\$85.2	4.48%	33	39	45	\$45,031	\$16,079	\$40,171	\$11,883	\$1,741	2.5x	1.5x	\$282,731	21.5x
The Coca-Cola Co. (KO)	3.000%	3/5/2051	\$1,700	A1 / A+ / WD	S / S / --	\$71.9	4.88%	44	48										
Coca-Cola European Partners (CCEP)	1.500%	1/15/2027	\$500	Baa1 / -- / BBB+	S / -- / S	\$90.4	5.05%	85	94	--	\$18,017	\$3,096	\$11,907	\$1,112	\$1,539	3.8x	3.5x	\$38,832	11.1x
PepsiCo Inc (PEP)	4.450%	2/15/2033	\$1,000	A1 / A+ / --	S / S / --	\$99.8	4.48%	29	37	45	\$91,617	\$16,953	\$44,774	\$10,283	(\$550)	3.0x	2.4x	\$265,261	18.2x
PepsiCo Inc (PEP)	2.750%	10/21/2051	\$1,000	A1 / A+ / --	S / S / --	\$66.8	4.97%	53	58										
PepsiCo Inc (PEP)	4.650%	2/15/2053	\$500	A1 / A+ / --	S / S / --	\$94.6	5.00%	58	62										
Brown-Forman Corp (BFB)	4.750%	4/15/2033	\$650	A1 / A- / --	S / S / --	\$100.1	4.73%	56	62	--	\$4,272	\$1,355	\$3,110	\$373	\$79	2.3x	2.1x	\$30,095	25.2x
Brown-Forman Corp (BFB)	4.500%	7/15/2045	\$500	A1 / A- / WD	S / S / --	\$90.0	5.28%	77	82										
Diageo Investment Corp (DGELN)	5.500%	1/24/2033	\$750	A3 / A- / A-u	S / S / S	\$104.3	4.90%	72	79	27	£17,113	£6,120	£16,502	£1,439	-£1,382	2.7x	2.5x	£77,061	12.6x
Diageo Investment Corp (DGELN)	1.875%	6/8/2034	\$900	A3 / A- / A-u	S / S / S	\$87.2	3.36%	103	106										
Diageo Investment Corp (DGELN)	3.875%	4/29/2043	\$500	A3 / A- / A-u	S / S / S	\$82.9	5.31%	77	85										
Anheuser-Busch InBev Fin (ABIBB)	4.900%	1/23/2031	\$750	A3 / A- / --	S / S / --	\$101.5	4.64%	47	57	74	\$59,091	\$19,928	\$80,900	\$6,848	\$4,662	4.1x	3.7x	\$210,546	10.6x
Anheuser-Busch InBev Fin (ABIBB)	4.900%	2/1/2046	\$9,519	A3 / A- / --	S / S / --	\$95.5	5.25%	75	79										
Anheuser-Busch InBev Fin (ABIBB)	4.500%	6/1/2050	\$1,102	A3 / A- / --	S / S / --	\$90.9	5.14%	67	73										
Heineken NV (HEIANA)	1.750%	3/17/2031	\$750	A3 / BBB+ / --	S / S / --	\$90.4	3.28%	106	109	29	€ 29,725	€ 5,824	€ 19,857	€ 2,168	-€ 1,560	3.4x	3.0x	€ 73,286	11.6x
Heineken NV (HEIANA)	4.350%	3/29/2047	\$650	A3 / BBB+ / --	S / S / --	\$86.5	5.38%	88	93										
Pernod Ricard SA (RIFP)	1.625%	4/1/2031	\$900	Baa1 / BBB+ / BBB+	S/S/S	\$79.3	5.11%	95	103	74	€ 12,136	€ 3,765	€ 10,741	€ 1,624	(€ 427)	2.9x	2.4x	€ 51,267	16.7x
Pernod Ricard SA (RIFP)	2.750%	10/1/2050	\$500	Baa1 / BBB+ / BBB+	S/S/S	\$62.8	5.40%	92	100										
Suntory Holdings LTD (SUNTOR)	6.625%	7/15/2028	\$184	Baa1 / BBB+ / WD	S / S / --	\$105.9	5.13%	104	111	--	¥2,819	¥416	¥1,468	¥253	¥95	3.5x	2.9x		
JAB Holdings BV (JABHOL)	1.000%	7/14/2031	\$306	Baa1 / BBB+ / --	S / S / --	\$84.4	3.41%	118	123	--	--	--	--	--	--	--	--	--	--
JAB Holdings BV (JABHOL)	3.750%	5/28/2051	\$500	Baa1 / BBB+ / --	S / S / --	\$65.3	6.47%	201	208										
JAB Holdings BV (JABHOL)	4.500%	4/8/2052	\$500	Baa1 / BBB+ / --	S / S / --	\$75.1	6.42%	198	203										
Keurig Dr Pepper (KDP)	4.050%	4/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$93.9	4.97%	80	87	--	\$14,750	\$4,116	\$12,860	\$260	(\$467)	3.1x	3.1x	\$58,770	15.5x
Keurig Dr Pepper (KDP)	3.350%	3/15/2051	\$500	Baa1 / BBB / --	S / S / --	\$70.6	5.43%	98	103										
Keurig Dr Pepper (KDP)	4.500%	4/15/2052	\$1,150	Baa1 / BBB / --	S / S / --	\$86.5	5.44%	102	105										
Constellation Brands Inc (STZ)	4.750%	5/9/2032	\$700	Baa3 / BBB / --	S / S / --	\$97.9	5.07%	90	97	95	\$9,786	\$3,486	\$11,707	\$83	\$686	3.2x	3.2x	\$57,709	15.8x
Constellation Brands Inc (STZ)	4.900%	5/1/2033	\$750	Baa3 / BBB / --	S / S / --	\$98.6	5.09%	91	97										
Constellation Brands Inc (STZ)	3.750%	5/1/2050	\$600	Baa3 / BBB / --	S / S / --	\$76.1	5.47%	100	106										
Molson Coors Brewing Co (TAP)	3.000%	7/15/2026	\$2,000	Baa2 / BBB / WD	P / S / --	\$95.6	4.93%	61	72	62	\$11,541	\$2,412	\$6,180	\$802	\$950	2.7x	2.3x	\$19,380	8.4x
Molson Coors Brewing Co (TAP)	4.200%	7/15/2046	\$1,800	Baa2 / BBB / WD	P / S / --	\$83.0	5.54%	104	108										
Bacardi LTD (BACARD)	5.400%	6/15/2033	\$700	Baa3 / BBB- / BBB-	-- / -- / --	\$99.5	5.46%	127	135	--	--	--	--	--	--	--	--	--	--
Bacardi LTD (BACARD)	5.900%	6/15/2043	\$400	Baa3 / BBB- / BBB-	-- / -- / --	\$99.9	5.90%	140	144										
Bacardi LTD (BACARD)	5.300%	5/15/2048	\$700	Baa3 / BBB- / BBB-	S / S / S	\$93.8	5.78%	130	135										
JDE Peet's NV (JDEPNA)	2.250%	9/24/2031	\$500	Baa3 / BBB- / BBB	S / S / S	\$78.9	5.69%	152	160	--	€ 8,243	€ 1,360	€ 4,967	€ 755	€ 522	3.7x	3.1x	€ 15,251	11.3x

Source: BofA Global Research, Bloomberg

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Exhibit 16: Tobacco Historical Return & Spread Monitor

Benchmark spread and credit metrics by issuer

																	Credit Metrics			
			Outstanding	Ratings	Current Pricing				5-yr	LTM				Net	Total Debt/	Net Debt/	EV /			
Issuer	Coupon	Maturity	(\$mil)	Mdy/S&P/Fit	Outlook	Bid	YTW	G- spd	T- spd	CDS	Revenue	EBITDA	Debt	Cash	FCF	EBITDA	EBITDA	EV	EBITDA	
Japan Tobacco (JAPTOB)	2.250%	9/14/2031	\$625	A2 / A+ / --	S / -- / --	\$81.3	5.26%	110	118		¥2,806,302	¥875,721	¥1,018,639	¥869,042	¥136,212	1.2x	0.2x	¥318,906	0.4x	
Japan Tobacco (JAPTOB)	3.300%	9/14/2051	\$400	A2 / A+ / --	S / -- / --	\$64.5	5.92%	145	153											
Philip Morris Intl Inc (PM)	1.750%	11/1/2030	\$750	A2 / A- / A	S / S / N	\$81.5	5.02%	84	94	45	\$34,359	\$14,111	\$47,715	\$3,017	(\$276)	3.5x	3.3x	\$188,385	13.4x	
Philip Morris Intl Inc (PM)	5.750%	11/17/2032	\$1,500	A2 / A- / A	S / S / N	\$103.2	5.28%	111	118											
Philip Morris Intl Inc (PM)	5.375%	2/15/2033	\$2,250	A2 / A- / A	S / S / N	\$100.6	5.29%	111	118											
Philip Morris Intl Inc (PM)	5.625%	9/7/2033	\$1,000	A2 / A- / A	S / S / N	\$102.1	5.33%	114	122											
Philip Morris Intl Inc (PM)	4.250%	11/10/2044	\$1,250	A2 / A- / A	S / S / N	\$83.4	5.62%	108	115											
Altria Group (MO)	3.125%	6/15/2031	\$1,250	A3 / BBB / BBB	S / P / S	\$90.4	4.69%	245	250	45	\$20,561	\$12,131	\$25,098	\$1,537	\$641	2.1x	2.0x	\$94,817	7.8x	
Altria Group (MO)	2.450%	2/4/2032	\$1,750	A3 / BBB / BBB	S / P / S	\$80.8	5.43%	128	134											
Altria Group (MO)	6.875%	11/1/2033	\$500	A3 / BBB / BBB	S / P / S	\$108.9	5.65%	146	154											
Altria Group (MO)	5.375%	1/31/2044	\$1,800	A3 / BBB / BBB	S / P / S	\$96.9	5.64%	108	116											
Altria Group (MO)	3.700%	2/4/2051	\$1,250	A3 / BBB / BBB	S / P / S	\$69.1	6.03%	160	163											
British American Tobacco (BATSLN)	2.726%	3/25/2031	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$83.13	5.62%	146	154	71	£28,227	£13,906	£42,169	£3,681	£2,318	3.0x	2.8x	\$90,542	6.5x	
British American Tobacco (BATSLN)	7.750%	10/19/2032	\$600	Baa2 / BBB+ / BBB	P / N / P	\$112.0	5.93%	174	183											
British American Tobacco (BATSLN)	4.742%	3/16/2032	\$900	Baa2 / BBB+ / BBB	P / N / P	\$94.3	5.63%	144	154											
British American Tobacco (BATSLN)	6.421%	8/2/2033	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$103.8	5.89%	173	178											
British American Tobacco (BATSLN)	5.282%	4/2/2050	\$500	Baa2 / BBB+ / BBB	P / N / P	\$82.9	6.67%	220	226											
British American Tobacco (BATSLN)	3.984%	9/25/2050	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$68.9	6.44%	200	204											
British American Tobacco (BATSLN)	5.650%	3/16/2052	\$600	Baa2 / BBB+ / BBB	P / N / P	\$87.3	6.66%	220	227											
British American Tobacco (BATSLN)	7.081%	8/2/2053	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$104.5	6.73%	230	235											
Imperial Brands Fin Plc (IMBLN)	3.875%	7/26/2029	\$1,000	Baa3 / BBB / BBB	S / S / S	\$92.4	5.49%	139	147	73	£7,961	£4,073	£10,249	£596	(£186)	2.5x	2.4x	£26,050	6.4x	

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



Valuation & risk

McCormick & Co (MKC)

Our OW recommendation on McCormick's bonds is predicated on the company's global leadership position in a growing, on-trend category of spices & flavorings and a track record of strong margins with diligent balance sheet management vs. BBB food peers. MKC has successfully executed base business improvement, acquisition integration & diversification and cost savings leading to improved EBITDA margins, strong cash conversion, and debt pay down achieving intermediate net leverage targets of 3x. We believe this can be achieved again over FY21-22. Risks to our view are increasing category competition, high private label exposure, desire for further M&A and a lack of controlling ownership. In terms of valuation, we compare MKC to high-quality food & beverage peers General Mills, Kellogg, Heineken, Ingredion and Kroger and see MKC's credit profile as advantaged into a year facing difficult comparisons.

Analyst Certification

I, Brian Callen, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Security/Loan pricing

McCormick & Co / MKC

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
3.15, Senior, USD, 2024:B	700	15-AUG-2024	Baa2/BBB/NR	98.73	26-Jan-2024	5.53	39
3.4, Senior, USD, 2027:B	750	15-AUG-2027	Baa2/BBB/NR	95.28	26-Jan-2024	4.86	72
4.2, Senior, USD, 2047:B	300	15-AUG-2047	Baa2/BBB/NR	83.28	26-Jan-2024	5.47	93

For pricing information refer to "Other Important Disclosures" below.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

Disclosures

Important Disclosures

Credit opinion history

McCormick & Co / MKC

Company	Date ^{R1}	Action	Recommendation	
McCormick & Co / MKC	31-Dec-2020		Overweight	
Security	Date ^{R1}	Action	Recommendation	Price
3.15, Senior, USD, 2024:B	31-Dec-2022		Overweight	
3.4, Senior, USD, 2027:B	31-Dec-2022		Overweight	
4.2, Senior, USD, 2047:B	31-Dec-2022		Overweight	

Table reflects credit opinion history as of previous business day's close.^{R1} First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

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BofA Global Research Credit Opinion Key

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Buy Protection: Buy CDS, therefore going short credit risk.

Neutral: No purchase or sale of CDS is recommended.

Sell Protection: Sell CDS, therefore going long credit risk.

Corporate Credit Issuer Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R2}	Count	Percent
Buy	144	37.21%	Buy	119	82.64%
Hold	193	49.87%	Hold	163	84.46%
Sell	50	12.92%	Sell	37	74.00%

^{R2} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only corporate credit issuer recommendations. A corporate credit issuer rated Overweight is included as a Buy, a corporate credit issuer rated Marketweight is included as a Hold, and a corporate credit issuer rated Underweight is included as a Sell.

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