

Consumer & Retail

Rates lean on Consumer

Industry Overview

Reshaping, liability mgmt & rating actions topical

Portfolio reshaping, balance sheet management and rating actions were notable last week. The **ICE BofA IG Corp Bond Index** widened +4bps w/w as the further rise in rates weighed on spreads, producing total returns of -1.02%. Non-Cyclicals and Cyclicals spreads widened +3bps, +5bps respectively with returns of -1.21% & -1.36%. In economic news, consumer confidence in Sept (Conference Board) slightly missed at 103 vs 105.5 consensus but UofMich sentiment was slightly ahead at 68.1 vs consensus 67.1. New issuance totaled \$19.6bn last week; \$10-15bn est. this week.

In **Packaged Food (+3bps)**, JM Smucker (SJM) is selling Sahale Snacks to Second Nature Brands for ~\$34mn (0.7x FY23 sales); it's expected to close in 3Q24 and indicates amplified attention on Un crustables opportunities. SJM also entered into a \$800mn 3Y term loan for its previously announced acquisition of Hostess Brands (in-line with our est.). S&P reaffirmed its BBB/Negative outlook on Kellogg's standalone snacking co "Kellanova" anticipating use of spin-off dividend proceeds to pay down debt & holding ~3x leverage. [See link here to our spin-off thoughts following the recent investor day](#). Pilgrim's Pride (PPC) announced an any & all cash tender for its \$850mn 5.875% notes due 2027 funded with new issuance; Moody's upgraded the senior unsecured notes from Ba3 to Ba2 (in-line with corp family rating) as guarantees will be released following the anticipated replacement of PPC's secured revolver with an unsecured facility. In **Beverages (+4bps)**, JAB Holdings started a tender offer, using cash on hand, for up to \$200mn of its \$500mn tranche of 2.20% notes due Nov 2030. Ahead of tomorrow's strategy day, Moody's placed Molson Coors' Baa3 ratings on review for upgrade due to the company's consistent debt repayment and recent good EBITDA growth. The agency will review whether the company can sustain the lower leverage level once share gains from Bud Light woes abate and overall shareholder return expectations. In **Tobacco (+6bps)**, Philip Morris International lowered its FY23 adj EPS outlook to \$5.96-\$6.05 to reflect a \$0.17 FX headwind but underlying EPS ex-FX was unchanged at \$6.46-\$6.55 vs \$6.62 est. at its investor day. The company provided bullish FY24-26 targets with adj operating income to rise +8-10%, \$36-39bn operating cash flow and net leverage ~2x by end FY26. FY23 leverage is however expected to land similar to FY22 (3.1x), below expectations due to operating headwinds & FX this year. They will also fall short of the goal of reaching 50% sales from smoke-free revenue by 2025 (well understood at this stage) mostly due to RUS/UKR, supply disruption, and inflation headwinds.

In **Retail (+4bps)**, Nike reported 1Q results that beat lowered investor expectations. EBITDA and margins were well ahead on lower SG&A spend and benefits from pricing and lower supply chain costs. FY24 guidance was reaffirmed with 2Q guidance also in-line with estimates. We attended an investor lunch with Walmart CFO David Rainey, see page X for our takeaways. In **Food Retail (+5bps)**, Axios reported that the FTC is likely to challenge the Kroger/Albertsons merger with multiple sources indicating that the case will likely end up in court where the FTC will face skepticism.

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Refer to important disclosures on page 16 to 20. Analyst Certification on page 15.

Valuation & Risk on page 15.

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High Grade Credit
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Exhibit 1: Market week ended 9/29/23

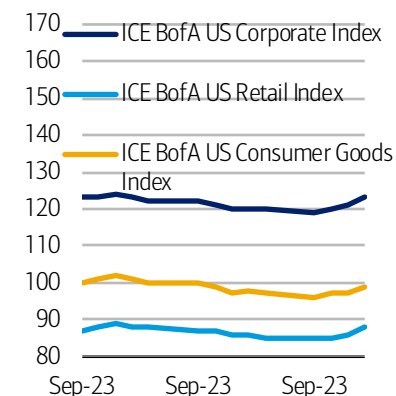
Last week's market performance

Market	Value	WoW
IG ICE BofA Index	124	+4
IG ICE BofA Index (yld)	6.06	+13
HY ICE BofA Index	463	+10
HY ICE BofA Index (yld)	8.90	+13
CDX IG 5yr	74	+1
CDX HY 5yr	481	+36
Consumer Cyclicals	90	+5
Consumer Non-Cyclicals	100	+3
5yr Treasury (yld)	4.61	+5
10yr Treasury (yld)	4.57	+14
30yr Treasury (yld)	4.70	+17
S&P 500 (index)	4,288	-0.7%

Source: ICE Data Indices, LLC, Bloomberg
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Exhibit 2: Consumer/Retail Spreads

1mo spreads range-bound



Source: ICE Data Indices, LLC, Bloomberg
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Exhibit 3: Notable Weekly Movers

Retail names widened the most last week

Active Cash Trading				Active CDS		
Issuer	Chg (G- spread)	Issuer	Chg (G- spread)	Entity	5y	Chg
KSS 5.550% 7/17/2045	+42	MO 3.700% 2/4/2051	-18	Kohl's	691	-12
KSS 4.625% 5/1/2031	+37	BATSLN3.984% 9/25/2050	-13	Conagra Brands	74	-9
VFC 2.950% 4/23/2030	+19	TPR 4.125% 7/15/2027	-13	Campbell Soup	66	-2
JWN 5.000% 1/15/2044	+11	MDLZ 2.250% 9/19/2024	-12	Altria	64	4
DG 3.500% 4/3/2030	+10	AAP 3.900% 4/15/2030	-11	Whirlpool Corp	147	7

Source: ICE Data Indices, LLC, Bloomberg

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Exhibit 4: Upcoming Consumer/Retail Events Calendar

2-week calendar of events, subject to change

October 2023				
Mon, Oct-02	Tue, Oct-03	Wed, Oct-04	Thu, Oct-05	Fri, Oct-06
	MKC 3Q23 earnings TAP investor day		STZ 2Q24 earnings CAG 1Q24 earnings	
Mon, Oct-09	Tue, Oct-10	Wed, Oct-11	Thu, Oct-12	Fri, Oct-13
	PEP 3Q23 earnings	ATDBCN investor day	IRL investor day	

Source: Company filings, Bloomberg

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Notable Consumer & Retail credit news**Retail**

Yesterday, we attended lunch with **Walmart's (WMT, Aa2/AA/AA)** CFO John David Rainey and IR Steph Wissink in New York. The company expressed disciplined confidence in the consumer and WMT's plan for continued share gains while also emphasizing an internal posture change around return visibility after years of investment(s), which in combination with digital profit streams, will result in a margin inflection and improved flow-through to WMT's bottom line. Key takeaways below:

- **Resilient Consumer:** Haven't seen much change in the health of the US Consumer nor the 'pre-pandemic behavior reversion' experienced by other retailers but pressure is increasing given savings deterioration, early signs of discretionary slowdown or shoppers waiting for deals on bigger ticket goods, and some trade down activity in consumables. No material differences across income cohorts, but WMT believes the majority of their share gains (LTM) are being led by e-commerce penetration amongst the high income cohort (relative to their core mid-to-low income exposure).
- **Occasions still drive varied demand:** Seasonal holidays & events are still attracting discretionary demand and 3P Marketplace is seeing traction in areas of apparel, home & hardlines, helping to offset the softness in general merchandise (-LSD% in 2Q). This softness is expected to continue into FY24. WMT is maintaining a conservative posture with inventory for holiday 2023.
- **GLP-1 mania:** 2Q comps saw a ~1% lift from these drug volumes and commensurately WMT sees a drop off in food consumption from these customers (see uptick in high protein items but decline in sweets, or even areas like sugar-heavy yogurt). This can be offset by improved demand in areas of health & wellness (at-home fitness equipment) and women's apparel (as weight loss requires re-sizing). GLP-1 drugs are lower margin tied to LT contracts (mix headwind to company-level margins) but look for profitability improvement early next year when contracts can be revisited.

- **Food prices/supplier coordination:** WMT seeks lower food prices and will negotiate 1 item/product at a time with suppliers but that's not their base assumption (noted dry goods are very sticky).
- There are more "rollbacks" in Grocery currently but WMT not consistently seeing a volume response from lower pricing. National brands depth of pricing revision(s) or promotion depends on brand strength and private label quality, where in particular WMT has made great strides and price gaps can still be very wide.
- WMT takes nationwide approach to pricing, increasingly uses data to make better informed decisions.
- Sam's Club executing better vs. history, improving sourcing & leaning harder on prices.
- **Profit flow-through is improving:** After years of heavy investment behind pricing, wages, fulfillment & automation, WMT is "at a margin inflection point" as ROI on those projects & investments accelerates. Investors should expect more benefit appearing in EPS, allowing for stronger shareholder returns.
- Reinvestment in price & associates won't stop nor will remodels (350-400 remodels & refreshes per year over next 5 years) but pace & need will slow. Don't see a need for a big capex cycle ahead.
- Unit economics have improved driven by supply chain automation, density, and less required labor.
- **Digital profit streams:** High margin digital advertising, 3P Marketplace, fulfillment services & data ventures will aid WMT's margin expansion opportunity. In comparison to Amazon, WMT's advertising revenue mix is likely structurally below AMZN's ~10% given their grocery assortment but there is a long runway for sales and profitability (where margins are still at the low-end of typical 60-80% range for the industry).
- **Evolution of mix & customer acquisition:** Hope to change mix of business over time, aided by 3P Marketplace assortment – seek to attract the 'non-regular WMT shopper', starting with grocery (top-of-mind traffic driver) & then expose that shopper to improved general merchandise. This will unlock margins given the ~10% differential between general merchandise and consumables and by engaging shoppers through multiple formats it will lower customer acquisition costs.

NIKE (NKE, A1/AA/--) reported 1Q results above lowered consensus forecasts & investor expectations. North America and China missed but seemingly less than feared, hurt by NA wholesale -8% (expected constrained sell-in of inventory) and mixed performance outside of 6.18 shopping festival in China. Management maintained an optimistic tone, reiterating confidence in rebuilding towards higher profitability in the market. EBITDA and margins beat estimates on lower SG&A spend, benefits from strategic pricing and lower supply chain costs. FY24 guidance was reaffirmed (a cut had crept into expectations) with 2Q guidance in-line with consensus.

Exhibit 5: Nike 1Q24

NKE financial summary

	1Q24	Consensus
Revenue	+2.0%	+2.4%
EBITDA	-4.4%	-16.6%
EBITDA margin	13.7%	11.6%
EPS	\$0.94	\$0.76

	1Q24	Q/Q
Debt	\$12,177	\$33
Gross leverage	1.7x	Flat
Net leverage	0.8x	+0.2x

Source: Company filings, Visible Alpha

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Revenue-related commentary

- Sales +2.0% y/y (+2% ex-FX) missed +2.4% est.; excluding FX (a) North America -1% missed -1.9% est., (b) EMEA +6% beat +4.4% est., (c) China +12% missed +13.8% est. and (d) APLA +3% missed +6% est. By channel (ex-FX): Direct +6%, Wholesale +1%, Digital +2%
- +MSD% retail sales growth and +HSD-LDD% sell out at whole showed early encouraging signs
- Continue to call out seeing momentum from key retail partners such as DICK's Sporting Goods (DKS) but business is diversified with no single partner representing more than MSD% of NKE's total
- Seeing channel shifting: consumers spending more time in brick-and-mortar stores but 90% starting shopping journey with digital

Profit & margin-related commentary

- EBITDA (est.) -4.4% well ahead of -16.6% est. EBIT margins -96bps beat -281bps est. benefitting from lower supply chain costs and strategic pricing. Operating expense grew +2.4 y/y driven by wage-related expenses and NKE direct variable costs partially offset by lower technology spend.
- Gross margins declined -5bps primarily on higher product costs and approx. -90bps from FX headwinds mostly offset by strategic pricing actions.
- Total inventory is healthy, down -10% y/y; partner-owned units flat y/y. See more working capital efficiency with a normalized supply chain
- Cautiously planning for modest markdown improvement in the balance of the year given the promotional environment

Capital allocation

- Repurchased \$1.1bn stock during the quarter

FY24 Guidance reaffirmed

- FY24:** (a) Reported revenue to grow +MSD% vs. +4.1% est. (including -400bps headwind from prior year liquidation activities); (b) gross margins to expand +140-160bps (-50bps FX headwind); (c) SG&A to increase at the high-end of +MSD%; (d) tax rate high-teens
- 2Q24:** revenue to grow slightly y/y vs +1.5% est., GM to expand approx. +100bps (-50bps FX headwind), SG&A +M-HSD% y/y

- See FY24 as a turning point for profitability, reiterating confidence in getting to high-teens EBIT margin over time

Food Retail

According to *Axios*, the FTC is reportedly likely to challenge the merger of **Kroger (KR, Baa1/BBB/--)** and **Albertsons Cos (ACI)**. Former FTC policy director David Balto commented that if KR had found a multi-brand acquirer (like Ahold Delhaize) to buy its divested stores, rather than C&S Wholesale, then it may have improved its chances of the merger going through as it would've fully restored competition; he highlighted C&S Wholesale as more of a wholesaler than an operator that can't compete with full-service regional grocery chains. The FTC reportedly doesn't like that the Albertsons banner will be allowed to be used in some markets but not others as it makes it difficult to effectively market when sharing a trademark. Balto thinks the FTC will win its case as the agency is not looking for a one-off divestiture but rather looking to establish law on supermarket mergers to govern future deals. A number of other sources have indicated the merger will likely end up in court where the FTC will face skepticism.

A separate source told *Axios* that KR and ACI will meet with the FTC next week to provide assurances on the merger with the potential for the number of stores divested to increase. There is hope that KR's appeal to unions and preserving jobs could appease the FTC. Khan could ultimately get a win on supermarket mergers by negotiating a settlement.

See our recent piece – [Kroger: Closer to checkout? Wait for better coupons](#)

Packaged Food

J.M. Smucker (SJM, Baa2/BBB/--) announced that it will divest its Sahale Snacks brand to Second Nature Brands for ~\$34mn or a narrow 0.7x FY23 sales (\$48mn). The transaction will include all trademarks and SJM's leased manufacturing facility in Seattle, WA; the transaction is expected to close in 3Q24. Management commented that the divestiture reflects "continued commitment to portfolio and resource optimization" and that the sale "will support continued growth in the Consumer Foods business with enhanced investment in Smucker's Uncrustables brand."

- Separately, SJM entered into a \$800mn 3Y term loan for its announced acquisition of Hostess Brands (TWNK)

Recent New Issuance

Pilgrim's Pride Corp (PPC, Ba2/BBB-) issued a total of \$500mn across long 10yr Notes (6.875% '34). The use of proceeds is for the tender of PPC's 5.875% '27 senior notes.



BofA Current Recommendations

Exhibit 6: Cash & CDS ratings

BofA cash & CDS ratings

Name	Ticker	Cash			CDS		
		Overweight	Marketweight	Underweight	Buy Protection	Neutral	Sell Protection
O'Reilly Automotive	ORLY	✓					
The Home Depot	HD		✓			✓	
Advance Auto Parts	AAP	✓					
McCormick & Co	MKC	✓					
Campbell Soup Co.	CPB	✓				✓	
Sysco Corp.	SYU	✓					
Keurig Dr. Pepper	KDP	✓					
Kohl's	KSS		✓		✓		
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		✓				
The Hershey Co.	HSY		✓			✓	

Source: BofA Global Research;

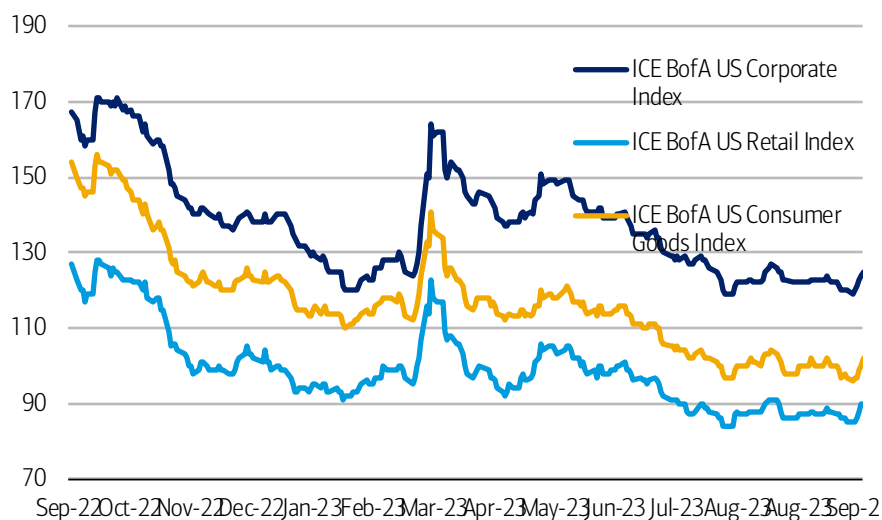
Notes (*): Underweight K long-end

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Market Snapshot

Exhibit 7: 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 8: 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	10,077	100.0%	124 bps	4 bps	2 bps	-6 bps	-14 bps	\$87.3	6.06%	6.5	A3	-1.02%	-2.46%	-2.71%	0.44%	3.92%	-19 bps	16 bps	104 bps	272 bps	593 bps
Rating Categories																					
AAA US Corporate Index	113	1.1%	47 bps	2 bps	0 bps	-4 bps	-11 bps	\$82.0	5.29%	9.0	AAA	-1.56%	-3.72%	-5.19%	-1.80%	0.41%	-14 bps	35 bps	109 bps	258 bps	529 bps
AA US Corporate Index	789	8.2%	64 bps	1 bps	-1 bps	-7 bps	-13 bps	\$85.8	5.48%	7.1	AA3	-1.08%	-2.70%	-3.41%	-0.59%	1.90%	-9 bps	30 bps	105 bps	223 bps	475 bps
Single-A US Corporate Index	4,056	43.2%	106 bps	4 bps	3 bps	-4 bps	-8 bps	\$87.7	5.90%	6.4	A2	-1.02%	-2.53%	-2.87%	-0.07%	2.97%	-20 bps	6 bps	83 bps	220 bps	496 bps
BBB US Corporate Index	5,119	47.5%	151 bps	3 bps	0 bps	-10 bps	-21 bps	\$87.2	6.32%	6.4	BBB2	-1.00%	-2.33%	-2.38%	1.11%	5.17%	-20 bps	23 bps	123 bps	325 bps	699 bps
Maturity																					
1-3 Year US Corporate Index	2,051	23.4%	88 bps	4 bps	6 bps	2 bps	0 bps	\$95.3	6.02%	1.8	A3	0.03%	-0.08%	0.90%	2.49%	3.86%	-5 bps	-6 bps	20 bps	77 bps	143 bps
3-5 Year US Corporate Index	1,768	18.9%	115 bps	6 bps	6 bps	3 bps	-5 bps	\$92.8	5.93%	3.5	A3	-0.21%	-0.95%	-0.21%	1.85%	4.30%	-19 bps	-16 bps	22 bps	160 bps	312 bps
5-7 Year US Corporate Index	1,197	12.3%	132 bps	6 bps	5 bps	-2 bps	-16 bps	\$88.6	5.95%	5.2	A3	-0.63%	-1.89%	-1.59%	1.06%	4.41%	-32 bps	-19 bps	38 bps	213 bps	442 bps
7-10 Year US Corporate Index	1,463	14.8%	156 bps	5 bps	3 bps	-7 bps	-16 bps	\$85.9	6.16%	6.8	A3	-1.21%	-2.99%	-3.20%	0.25%	4.45%	-37 bps	-22 bps	66 bps	281 bps	634 bps
10-15 Year US Corporate Index	544	4.9%	147 bps	-2 bps	-8 bps	-23 bps	-31 bps	\$93.9	6.16%	8.7	A3	-1.40%	-3.39%	-3.82%	-0.06%	5.26%	3 bps	53 bps	207 bps	408 bps	911 bps
15+ Year US Corporate Index	3,054	25.6%	134 bps	1 bps	-7 bps	-18 bps	-26 bps	\$77.0	6.16%	13.0	A3	-2.56%	-5.40%	-7.50%	-2.77%	2.28%	-18 bps	87 bps	250 bps	470 bps	#####
Industry																					
US Corporate Index																					
Industrials	5,997	58.7%	115 bps	3 bps	0 bps	-7 bps	-18 bps	\$86.3	5.95%	7.2	A3	-1.18%	-2.76%	-3.31%	0.16%	3.90%	-19 bps	26 bps	112 bps	300 bps	660 bps
Consumer Cyclical	357	3.7%	90 bps	5 bps	3 bps	-2 bps	-9 bps	\$85.4	5.69%	7.4	A2	-1.36%	-3.13%	-3.89%	-0.88%	2.53%	-32 bps	4 bps	79 bps	218 bps	555 bps
US Corp Retail	265	2.9%	84 bps	4 bps	2 bps	-3 bps	-10 bps	\$85.4	5.63%	7.4	A2	-1.36%	-3.13%	-3.89%	-0.91%	2.46%	-32 bps	3 bps	78 bps	215 bps	550 bps
US Corp Food & Drug Retail	45	0.3%	143 bps	5 bps	6 bps	4 bps	2 bps	\$83.3	6.26%	7.1	BBB2	-1.19%	-3.08%	-3.74%	-0.87%	2.19%	-20 bps	-9 bps	68 bps	187 bps	475 bps
US Corp Restaurants	47	0.4%	86 bps	4 bps	1 bps	-5 bps	-14 bps	\$87.4	5.67%	7.8	BBB1	-1.47%	-3.21%	-4.07%	-0.75%	3.29%	-35 bps	14 bps	90 bps	251 bps	646 bps
Consumer Non-Cyclical	585	5.5%	100 bps	3 bps	0 bps	-6 bps	-23 bps	\$87.4	5.79%	7.1	A3	-1.21%	-2.80%	-3.26%	0.40%	4.63%	-23 bps	19 bps	108 bps	317 bps	720 bps
US Corp Beverage	165	1.8%	81 bps	4 bps	0 bps	-5 bps	-25 bps	\$87.2	5.60%	8.3	A3	-1.47%	-3.33%	-4.41%	-0.24%	4.60%	-23 bps	30 bps	108 bps	352 bps	839 bps
US Corp Food Wholesale	225	1.8%	102 bps	3 bps	1 bps	-6 bps	-19 bps	\$87.1	5.80%	6.7	BBB1	-1.04%	-2.69%	-3.04%	0.00%	3.24%	-16 bps	8 bps	93 bps	244 bps	545 bps
US Corp Tobacco	78	1.0%	151 bps	6 bps	-1 bps	-6 bps	-32 bps	\$87.6	6.31%	6.7	BBB1	-1.27%	-2.32%	-2.09%	2.21%	8.65%	-38 bps	41 bps	168 bps	444 bps	#####
US Corp Consumer Products	117	0.8%	78 bps	4 bps	4 bps	-8 bps	-18 bps	\$88.5	5.54%	6.2	A2	-0.94%	-2.48%	-2.65%	0.43%	3.16%	-21 bps	-6 bps	70 bps	240 bps	471 bps

Source: BofA Global Research, Bloomberg

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Exhibit 9: 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
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
05/01/2023	HSY	HERSHEY	A1/A	\$400	4.500%	05/04/2033	97
05/01/2023	TSCO	TRACTOR SUPPLY	Baa1/BBB	\$750	5.250%	05/15/2033	175
04/27/2023	STZ	CONSTELLATION BRANDS	Baa3/BBB	\$750	4.900%	05/01/2033	147
04/17/2023	MARS	MARS	A1/A	\$1000	4.550%	04/20/2028	87
04/17/2023	MARS	MARS	A1/A	\$500	4.650%	04/20/2031	105
04/17/2023	MARS	MARS	A1/A	\$1000	4.750%	04/20/2033	117
04/17/2023	CARGIL	CARGILL	A2/A	\$600	4.500%	06/24/2026	65
04/17/2023	CARGIL	CARGILL	A2/A	\$500	4.750%	04/24/2033	120
04/12/2023	WMT	WALMART	Aa2/AA	\$750	4.000%	04/15/2026	30
04/12/2023	WMT	WALMART	Aa2/AA	\$750	3.900%	04/15/2028	47
04/12/2023	WMT	WALMART	Aa2/AA	\$500	4.000%	04/15/2030	60
04/12/2023	WMT	WALMART	Aa2/AA	\$1500	4.100%	04/15/2033	70
04/12/2023	WMT	WALMART	Aa2/AA	\$1500	4.500%	04/15/2053	90
04/04/2023	PPC	PILGRIM'S PRIDE	Ba3/BBB-	\$1,000	6.250%	07/01/2033	300
04/03/2023	MKC	MCCORMICK & CO	Baa2/BBB	\$500	4.950%	04/15/2033	153
03/29/2023	ADM	ARCHER-DANIELS-MIDLAND	A2/A	\$500	4.500%	08/15/2033	105
03/28/2023	LOW	LOWE'S	Baa1/BBB+	\$1000	4.800%	04/01/2026	95
03/28/2023	LOW	LOWE'S	Baa1/BBB+	\$1000	5.150%	07/01/2033	160
03/28/2023	LOW	LOWE'S	Baa1/BBB+	\$500	5.750%	07/01/2053	200
03/28/2023	LOW	LOWE'S	Baa1/BBB+	\$500	5.850%	04/01/2063	210
03/27/2023	GIS	GENERAL MILLS	Baa2/BBB	\$1000	4.950%	03/29/2033	145
03/21/2023	BFB	BROWN FORMAN	A1/A-	\$650	4.750%	04/15/2033	120
03/08/2023	KVUE	KENVUE	A1/A	\$750	5.500%	03/22/2025	45
03/08/2023	KVUE	KENVUE	A1/A	\$750	5.350%	03/22/2026	60
03/08/2023	KVUE	KENVUE	A1/A	\$1000	5.050%	03/22/2028	75
03/08/2023	KVUE	KENVUE	A1/A	\$1000	5.000%	03/22/2030	85
03/08/2023	KVUE	KENVUE	A1/A	\$1250	4.900%	03/22/2033	95
03/08/2023	KVUE	KENVUE	A1/A	\$750	5.100%	03/22/2043	100
03/08/2023	KVUE	KENVUE	A1/A	\$1500	5.050%	03/22/2053	120
03/08/2023	KVUE	KENVUE	A1/A	\$750	5.200%	03/22/2063	135
03/07/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$1000	5.250%	03/13/2026	55
03/07/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$850	5.000%	03/14/2028	70
03/07/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$500	4.950%	03/14/2030	80
03/07/2023	NESNVX	NESTLE HOLDINGS	Aa3/AA-	\$650	4.850%	03/14/2033	90
03/06/2023	AAP	ADVANCE AUTO PARTS	Baa2/BBB-	\$300	5.900%	03/09/2026	130
03/06/2023	AAP	ADVANCE AUTO PARTS	Baa2/BBB-	\$300	5.950%	03/09/2028	170

Source: BofA Global Research, Bloomberg Data excludes FRN

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**Exhibit 10: Retail Historical Spread & Return Monitor**

Benchmark spreads and credit metrics by issuer

Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings Mdy/S&P/Fit	Outlook	Current Pricing				5-yr CDS	Revenue	LTM			Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd			EBITDAR	Debt	Cash		Total Debt/ EBITDAR	Net Debt/ EBITDAR	EV	EV / EBITDAR
Walmart Inc (WMT)	4.100%	4/15/2033	\$1,500	Aa2 / AA / AA	S / S / S	\$90.9	5.34%	68	76	35	\$630,794	\$39,701	\$64,801	\$13,888	\$8,032	1.6x	1.3x	\$487,378	11.8x
Walmart Inc (WMT)	4.500%	4/15/2053	\$1,500	Aa2 / AA / AA	S / S / S	\$85.0	5.54%	76	83										
Costco Wholesale Corp (COST)	1.600%	4/20/2030	\$1,750	Aa3 / A+ / --	S / S / --	\$79.7	5.31%	60	69	46	\$233,371	\$10,379	\$9,004	\$12,493	\$3,506	0.9x	-0.3x	\$243,810	22.2x
Costco Wholesale Corp (COST)	1.750%	4/20/2032	\$1,000	Aa3 / A+ / --	S / S / --	\$76.1	5.27%	59	67										
Nike Inc (NKE)	2.850%	3/27/2030	\$1,500	A1 / AA- / --	S / S / --	\$86.3	5.39%	68	77	75	\$51,217	\$7,359	\$12,144	\$7,441	(\$1,969)	2.1x	1.1x	\$149,683	22.6x
Nike Inc (NKE)	3.375%	3/27/2050	\$1,500	A1 / AA- / --	S / S / --	\$70.7	5.49%	64	72										
Target Corp (TGT)	4.400%	1/15/2033	\$500	A2 / A / A	S / S / S	\$91.4	5.60%	93	101	41	\$107,638	\$7,413	\$18,366	\$1,617	(\$481)	2.5x	2.3x	\$68,559	13.3x
Target Corp (TGT)	4.800%	1/15/2053	\$1,150	A2 / A / A	S / S / S	\$84.8	5.90%	112	118										
TJX Companies Inc (TJX)	1.600%	5/15/2031	\$500	A2 / A / --	S / S / --	\$77.1	5.29%	58	68	53	\$51,227	\$8,126	\$2,861	\$4,550	\$1,535	1.5x	1.0x	\$109,704	13.2x
TJX Companies Inc (TJX)	4.500%	4/15/2050	\$385	A2 / A / --	S / S / --	\$82.8	5.78%	91	101										
Ralph Lauren Corp (RL)	2.950%	6/15/2030	\$750	A3 / A- / --	S / S / --	\$85.0	5.67%	96	105	--	\$6,450	\$919	\$2,882	\$1,607	(\$493)	3.1x	1.4x	\$8,410	7.0x
VF Corp (VFC)	2.950%	4/23/2030	\$750	Baa2 / BBB / --	N / S / --	\$78.7	7.07%	236	245	149	\$11,437	\$1,048	\$8,151	\$807	(\$1,527)	7.8x	7.0x	\$13,930	9.0x
Ross Stores Inc (ROST)	1.875%	4/15/2031	\$500	A2 / BBB+ / --	S / S / --	\$75.7	5.92%	120	131	--	\$19,209	\$3,323	\$5,780	\$4,584	\$681	1.7x	0.4x	\$39,445	13.6x
Amazon.com Inc (AMZN)	3.600%	4/13/2032	\$2,500	A1 / AA / AA-	S / S / S	\$88.2	5.35%	67	75										
Amazon.com Inc (AMZN)	3.950%	4/13/2052	\$2,500	A1 / AA / AA-	S / S / S	\$76.5	5.61%	82	88										
Best Buy Co Inc (BBY)	1.950%	10/1/2030	\$650	A3 / BBB+ / --	S / S / --	\$77.4	5.96%	124	134	93	\$44,372	\$3,518	\$4,029	\$1,093	\$345	1.1x	0.8x	\$18,055	5.7x
Home Depot Inc (HD)	4.500%	9/15/2032	\$1,250	A2 / A / A	S / S / S	\$93.8	5.38%	71	79	30	\$154,876	\$27,354	\$49,493	\$2,814	\$784	1.9x	1.8x	\$348,859	13.1x
Home Depot Inc (HD)	4.950%	9/15/2052	\$1,000	A2 / A / A	S / S / S	\$88.6	5.76%	98	104										
Lowe's Companies Inc (LOW)	5.000%	4/15/2033	\$1,250	Baa1 / BBB+ / --	S / S / --	\$93.4	5.92%	126	134	50	\$93,227	\$15,064	\$40,576	\$3,868	(\$6,125)	2.7x	2.5x	\$156,656	10.8x
Lowe's Companies Inc (LOW)	5.625%	4/15/2053	\$1,500	Baa1 / BBB+ / --	S / S / --	\$90.7	6.33%	155	162										
Tractor Supply (TSCO)	1.750%	11/1/2030	\$650	Baa1 / BBB+ / --	S / S / --	\$75.6	6.04%	133	142	--	\$14,761	\$2,285	\$4,844	\$620	(\$346)	2.1x	1.8x	\$26,317	13.0x
AutoZone Inc (AZO)	4.750%	8/1/2032	\$750	Baa1 / BBB / BBB	S / S / S	\$91.0	6.08%	140	149	46	\$17,115	\$4,323	\$7,340	\$275	(\$1,162)	2.3x	2.3x	\$53,507	11.7x
AutoZone Inc (AZO)	4.750%	2/1/2033	\$550	Baa1 / BBB / BBB	S / S / S	\$90.3	6.13%	147	155										
O' Reilly Automotive (ORLY)	1.750%	3/15/2031	\$500	Baa1 / BBB / --	S / S / --	\$75.5	5.86%	114	125	--	\$15,220	\$3,894	\$7,125	\$58	(\$217)	1.9x	1.9x	\$61,833	16.1x
O' Reilly Automotive (ORLY)	4.700%	6/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$91.3	6.00%	132	141										
Genuine Parts Co. (GPC)	2.750%	2/1/2032	\$500	Baa1 / BBB / --	S / S / --	\$77.5	6.26%	158	166	--	\$22,879	\$2,395	\$4,266	\$530	(\$141)	2.3x	2.1x	\$24,027	12.4x
Advance Auto Parts (AAP)	3.900%	4/15/2030	\$500	Baa2 / BB+ / --	N / S / --	\$80.8	7.69%	298	308	--	\$11,219	\$1,494	\$4,585	\$277	(\$545)	3.1x	2.8x	\$7,179	7.8x
Advance Auto Parts (AAP)	3.500%	3/15/2032	\$501	Baa2 / BB+ / --	N / S / --	\$74.0	7.75%	304	315										
Dollar General Corp (DG)	5.450%	7/5/2033	\$1,000	Baa2 / BBB / --	S / S / --	\$91.8	6.60%	194	202	--	\$38,807	\$5,563	\$18,036	\$353	(\$2,062)	3.2x	3.2x	\$40,903	11.9x
Dollar General Corp (DG)	5.500%	11/1/2052	\$300	Baa2 / BBB / --	S / S / --	\$82.8	6.87%	207	216										
Dollar Tree Inc (DLTR)	2.650%	12/1/2031	\$800	Baa2 / BBB / --	S / S / --	\$76.8	6.34%	164	174	--	\$29,310	\$3,907	\$10,350	\$513	(\$115)	2.6x	2.5x	\$33,257	9.2x
Dollar Tree Inc (DLTR)	3.375%	12/1/2051	\$400	Baa2 / BBB / --	S / S / --	\$58.3	6.67%	186	194										
Tapestry Inc (TPR)	3.050%	3/15/2032	\$500	Baa2 *- / BBB / --	UR / N / --	\$72.7	7.46%	278	286	--	\$6,661	\$1,678	\$3,292	\$726	(\$196)	2.0x	1.5x	\$9,092	7.4x
PVH Corp. (PVH)	4.625%	7/10/2025	\$499	Baa3 / BBB- / --	S / S / --	\$96.5	6.73%	142	159	--	\$9,134	\$1,429	\$3,789	\$373	(\$304)	2.7x	2.4x	\$8,040	5.7x
Dick's Sporting Goods (DKS)	3.150%	1/15/2032	\$750	Baa3 / BBB / --	S / S / --	\$76.2	6.99%	231	239	--	\$12,621	\$1,644	\$4,205	\$1,902	(\$64)	2.6x	1.4x	\$11,588	5.2x
Dick's Sporting Goods (DKS)	4.100%	1/15/2052	\$750	Baa3 / BBB / --	S / S / --	\$60.1	7.52%	272	279										
Nordstrom Inc (JWN)	4.250%	8/1/2031	\$425	Ba1 / BB+ / BB+	N / N / S	\$72.5	9.27%	456	466	239	\$14,818	\$1,471	\$4,474	\$885	\$440	3.0x	2.4x	\$6,004	4.8x
Nordstrom Inc (JWN)	5.000%	1/15/2044	\$966	Ba1 / BB+ / BB+	N / N / S	\$59.0	9.64%	469	474										
Kohl's Corporation (KSS)	4.625%	5/1/2031	\$500	Ba3 / BB / BBB-	N / N / N	\$66.0	11.46%	666	685	239	\$17,762	\$1,199	\$7,992	\$204	(\$282)	6.7x	6.5x	\$10,108	8.3x
Kohl's Corporation (KSS)	5.550%	7/17/2045	\$427	Ba3 / BB / BBB-	N / N / N	\$56.6	10.74%	583	588										

Source: BofA Global Research, Bloomberg

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Exhibit 11: Restaurant, Food & Drug Retail Historical Spread & Return Monitor

Benchmark spread and credit metrics by issuer

																	Credit Metrics			
																	Total Debt/	Net Debt/	EV /	EV /
Issuer	Coupon	Maturity	Outstanding (\$mil)	Ratings Mdy/S&P/Fit	Outlook	Current Pricing				5-yr CDS	Revenue	LTM EBITDAR	Debt	Cash	Net FCF	EBITDAREBITDAR	EV	EBITDAR		
Starbucks Corp (SBUX)	2.250%	3/12/2030	\$750	Baa1 / BBB+ / --	S / S / --	\$81.6	5.70%	99	108	--	\$35,016	\$8,314	\$24,371	\$3,620	\$73	2.9x	2.5x	\$125,299	14.8x	
Starbucks Corp (SBUX)	2.550%	11/15/2030	\$1,250	Baa1 / BBB+ / --	S / S / --	\$81.7	5.71%	101	109											
Starbucks Corp (SBUX)	3.000%	2/14/2032	\$1,000	Baa1 / BBB+ / --	S / S / --	\$82.2	5.71%	103	111											
Starbucks Corp (SBUX)	4.800%	2/15/2033	\$500	Baa1 / BBB+ / --	S / S / --	\$93.3	5.73%	106	115											
Starbucks Corp (SBUX)	3.350%	3/12/2050	\$500	Baa1 / BBB+ / --	S / S / --	\$64.8	6.03%	116	125											
Starbucks Corp (SBUX)	3.500%	11/15/2050	\$1,250	Baa1 / BBB+ / --	S / S / --	\$66.6	6.02%	119	126											
McDonald's Corp (MCD)	3.600%	7/1/2030	\$1,000	Baa1 / BBB+ / --	S / S / --	\$88.9	5.60%	89	98	32	\$24,194	\$14,653	\$47,784	\$1,626	\$78	3.3x	3.2x	\$238,831	17.3x	
McDonald's Corp (MCD)	4.600%	9/9/2032	\$750	Baa1 / BBB+ / --	S / S / --	\$93.4	5.55%	88	96											
McDonald's Corp (MCD)	4.950%	8/14/2033	\$600	Baa1 / BBB+ / --	S / S / --	\$94.6	5.67%	101	109											
McDonald's Corp (MCD)	4.200%	4/1/2050	\$750	Baa1 / BBB+ / --	S / S / --	\$76.9	5.95%	110	118											
McDonald's Corp (MCD)	5.150%	9/9/2052	\$750	Baa1 / BBB+ / --	S / S / --	\$88.8	5.97%	118	124											
McDonald's Corp (MCD)	5.450%	8/14/2053	\$800	Baa1 / BBB+ / --	S / S / --	\$93.0	5.96%	119	125											
Kroger Co (KR)	1.700%	1/15/2031	\$500	Baa1 / BBB / --	N / N / --	\$74.8	6.03%	132	141	71	\$148,039	\$7,946	\$19,829	\$2,420	\$1,881	2.5x	2.2x	\$49,576	6.2x	
Kroger Co (KR)	5.400%	1/15/2049	\$600	Baa1 / BBB / --	N / N / --	\$88.6	6.31%	142	151											
Kroger Co (KR)	3.950%	1/15/2050	\$750	Baa1 / BBB / --	N / N / --	\$71.1	6.19%	134	141											
7-Eleven Inc. (SVELEV)	1.800%	2/10/2031	\$1,700	Baa2 / A / --	S / S / --	\$75.6	5.95%	126	134	--	--	--	--	--	--	--	--	--	--	
7-Eleven Inc. (SVELEV)	2.800%	2/10/2051	\$1,250	Baa2 / A / --	S / S / --	\$55.8	6.16%	134	141											
Alimentation Couche-Tard (ATDBCN)	2.950%	1/25/2030	\$750	Baa1 / BBB+ / --	S / S / --	\$82.8	6.29%	158	161	--	\$68,822	\$5,771	\$9,466	\$1,957	(\$229)	1.6x	1.3x	\$57,032	10.1x	
Alimentation Couche-Tard (ATDBCN)	3.625%	5/13/2051	\$350	Baa1 / BBB+ / --	S / S / --	\$61.9	6.65%	183	191											
Darden Restaurant Inc (DRI)	3.850%	5/1/2027	\$500	Baa2 / BBB / BBB	S / S / S	\$93.4	5.91%	108	116	56	\$10,488	\$3,907	\$8,872	\$368	(\$32)	3.0x	2.8x	\$22,489	12.8x	
Darden Restaurant Inc (DRI)	4.550%	2/15/2048	\$300	Baa2 / BBB / BBB	S / S / S	\$76.7	6.46%	157	164											
Albertson Cos Inc (ACI)	4.875%	2/15/2030	\$1,000	Ba3 *+ / BB+ *+ / ---- / -- / --		\$89.8	6.89%	217	227	111	\$78,390	\$3,959	\$15,036	\$225	(\$3,537)	3.8x	3.7x	\$27,403	5.5x	

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH





Exhibit 12: 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			EV / EBITDA
						Bid	YTW	G-spd	T-spd		Revenue	EBITDA	Debt	Cash		Total Debt/ EBITDA	Net Debt/ EBITDA	EV	
Procter & Gamble (PG)	2.300%	2/1/2032	\$850	Aa3 / AA- / --	S / S / --	\$81.9	4.98%	29	38	29	\$82,006	\$21,516	\$34,607	\$8,246	(\$1,297)	1.6x	1.2x	\$372,915	18.1x
Procter & Gamble (PG)	4.050%	1/26/2033	\$850	Aa3 / AA- / --	S / S / --	\$92.8	5.03%	36	45										
Procter & Gamble (PG)	3.600%	3/25/2050	\$491	Aa3 / AA- / --	S / S / --	\$75.2	5.37%	51	60										
Colgate-Palmolive Co (CL)	3.250%	8/15/2032	\$500	Aa3 / AA- / --	S / N / --	\$86.6	5.16%	47	57	35	\$18,676	\$4,334	\$8,989	\$819	\$10	2.2x	2.0x	\$67,068	16.8x
Colgate-Palmolive Co (CL)	4.600%	3/1/2033	\$500	Aa3 / AA- / --	S / N / --	\$95.8	5.17%	50	59										
Colgate-Palmolive Co (CL)	3.700%	8/1/2047	\$500	Aa3 / AA- / --	S / N / --	\$77.4	5.39%	48	57										
Unilever Capital Corp (UNANA)	1.750%	8/12/2031	\$850	A1 / A+ / Au	S / S / S	\$76.7	5.43%	71	82	21	\$60,878	\$10,350	\$29,386	\$4,994	(\$284)	2.8x	2.4x	\$144,135	12.7x
Unilever Capital Corp (UNANA)	5.000%	12/8/2033	\$800	A1 / A+ / Au	S / S / S	\$96.3	5.48%	82	89										
Unilever Capital Corp (UNANA)	2.625%	8/12/2051	\$650	A1 / A+ / Au	S / S / S	\$59.5	5.48%	64	73										
Kimberly-Clark Corp (KMB)	2.000%	11/2/2031	\$600	A2 / A / --	S / S / --	\$78.5	5.31%	61	71	54	\$20,346	\$3,632	\$8,135	\$580	\$822	2.3x	2.1x	\$48,576	15.4x
Kimberly-Clark Corp (KMB)	4.500%	2/16/2033	\$350	A2 / A / --	S / S / --	\$93.7	5.36%	69	78										
Kimberly-Clark Corp (KMB)	2.875%	2/7/2050	\$500	A2 / A / --	S / S / --	\$63.1	5.56%	69	78										
SC Johnson & Son Inc (SCJOHN)	4.750%	10/15/2046	\$850	A / A- / --	N / N / --	\$83.5	6.09%	117	125	--	--	--	--	--	--	--	--	--	--
Estee Lauder Co Inc (EL)	4.650%	5/15/2033	\$700	A1 / A+ / --	N / N / --	\$92.8	5.64%	98	106	--	\$15,937	\$2,567	\$8,114	\$4,029	(\$468)	3.4x	2.1x	\$58,707	25.6x
Estee Lauder Co Inc (EL)	5.150%	5/15/2053	\$600	A1 / A+ / --	N / N / --	\$89.4	5.92%	114	121										
Kenvue (KVUE)	5.000%	3/22/2030	\$1,000	A1 / A / --	S / S / --	\$96.3	5.70%	86	108	--	\$14,950	\$3,606	\$8,955	\$1,231	-	2.5x	2.1x	-	-
Kenvue (KVUE)	4.900%	3/22/2033	\$1,250	A1 / A / --	S / S / --	\$95.2	5.55%	89	97										
Kenvue (KVUE)	5.050%	3/22/2053	\$1,500	A1 / A / --	S / S / --	\$90.3	5.74%	94	103										
Reckitt Benckiser TSY (RKTLN)	3.000%	6/26/2027	\$2,500	A3 / A- / --	S / S / --	\$91.6	5.52%	68	72	--	\$13,234	\$3,239	\$9,637	\$1,259	\$1,258	3.0x	2.6x	\$53,852	16.6x
Clorox Company (CLX)	1.800%	5/15/2030	\$500	Baa1 / BBB+ / --	S / S / --	\$78.5	5.76%	104	114	78	\$7,389	\$1,153	\$2,614	\$367	\$380	2.5x	2.2x	\$18,984	14.7x
Clorox Company (CLX)	4.600%	5/1/2032	\$600	Baa1 / BBB+ / --	S / S / --	\$92.8	5.68%	99	108										
Church & Dwight Co Inc (CHD)	5.600%	11/15/2032	\$500	A3 / BBB+ / --	S / S / --	\$99.7	5.64%	96	105	--	\$5,637	\$1,295	\$2,405	\$397	\$718	1.9x	1.6x	\$24,722	17.7x
Church & Dwight Co Inc (CHD)	3.950%	8/1/2047	\$400	A3 / BBB+ / --	S / S / --	\$74.5	5.96%	105	114										
Church & Dwight Co Inc (CHD)	5.000%	6/15/2052	\$500	A3 / BBB+ / --	S / S / --	\$87.9	5.87%	107	115										
Whirlpool Corp (WHR)	4.700%	5/14/2032	\$300	Baa1 / BBB / BBB	S / N / N	\$91.3	6.01%	131	141	148	\$19,148	\$1,466	\$7,720	\$1,309	\$182	5.4x	4.4x	\$14,499	7.4x
Whirlpool Corp (WHR)	5.500%	3/1/2033	\$300	Baa1 / BBB / BBB	S / N / N	\$95.5	6.14%	146	156										
Whirlpool Corp (WHR)	4.600%	5/15/2050	\$500	Baa1 / BBB / BBB	S / N / N	\$77.0	6.42%	156	165										
Haleon Plc (HLNLN)	3.625%	3/24/2032	\$1,998	Baa1 / BBB / --	S / -- / --	\$85.3	5.86%	118	126	--	\$9,545	\$2,413	\$9,782	\$405	\$25	4.1x	3.9x	\$41,213	17.1x
Haleon Plc (HLNLN)	4.000%	3/24/2052	\$1,000	Baa1 / BBB / --	S / -- / --	\$73.8	5.91%	115	118										
Hasbro Inc (HAS)	3.900%	11/19/2029	\$900	Baa2 / BBB / BBB-	S / S / S	\$88.2	6.24%	154	163	138	\$5,565	\$970	\$3,886	\$217	(\$253)	4.0x	3.8x	\$13,054	7.7x
Hasbro Inc (HAS)	5.100%	5/15/2044	\$300	Baa2 / BBB / BBB-	S / S / S	\$80.9	6.84%	188	196										
Brunswick Corp (BC)	2.400%	8/18/2031	\$550	Baa2 / BBB- / BBB	S / S / S	\$72.8	6.94%	224	233	239	\$6,727	\$1,117	\$2,635	\$478	(\$361)	2.4x	1.9x	\$7,654	5.7x
Brunswick Corp (BC)	4.400%	9/15/2032	\$450	Baa2 / BBB- / BBB	S / S / S	\$80.9	7.36%	269	277										
Brunswick Corp (BC)	5.100%	4/1/2052	\$300	Baa2 / BBB- / BBB	S / S / S	\$67.4	8.03%	321	330										
Newell Brands Inc (NWL)	5.200%	4/1/2026	\$2,000	Ba2 / BB / BB	N / N / N	\$94.0	7.90%	274	298	441	\$8,546	\$1,226	\$6,010	\$317	(\$1,294)	4.9x	4.6x	\$9,255	9.1x
Newell Brands Inc (NWL)	6.625%	9/15/2029	\$500	Ba2 / BB / BB	N / N / N	\$95.3	7.63%	293	302										
Newell Brands Inc (NWL)	6.500%	4/1/2046	\$666	Ba2 / BB / BB	N / N / N	\$74.0	9.27%	431	442										
Mattel Inc (MAT)	3.750%	4/1/2029	\$600	Baa3 / BBB- / BB+	S / P / P	\$86.7	6.69%	199	208	302	\$5,059	\$597	\$2,672	\$300	\$256	4.5x	4.0x	\$10,150	7.8x

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 13: 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	LTM			Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd			EBITDA	Debt	Cash		Total Debt/EBITDA	Net Debt/EBITDA	EV / EBITDA	
Nestle Holdings Inc. (NESNVX)	4.850%	3/14/2033	\$650	Aa3 / AA- / A+	S / S / S	\$96.0	5.39%	71	81	31	CHF 95,498	CHF 16,476	CHF 53,501	CHF 3,667	(CHF 11,485)	3.2x	3.0x	\$332,283	18.5x
Nestle Holdings Inc. (NESNVX)	4.700%	1/15/2053	\$1,000	Aa3 / AA- / A+	S / S / S	\$89.0	5.46%	68	74										
Hershey Company (HSY)	4.500%	5/4/2033	\$400	A1 / A / --	S / S / --	\$93.9	5.31%	68	74	40	\$10,858	\$2,966	\$4,954	\$446	\$588	1.8x	1.7x	\$45,742	18.4x
Hershey Company (HSY)	2.650%	6/1/2050	\$350	A1 / A / --	S / S / --	\$58.8	5.67%	82	90										
Mars Inc. (MARS)	1.625%	7/16/2032	\$700	A1 / A+ / --	S / S / --	\$73.2	5.51%	83	92	--	--	--	--	--	--	--	--	--	--
Mars Inc. (MARS)	2.450%	7/16/2050	\$400	A1 / A+ / --	S / S / --	\$54.1	5.87%	103	111										
Hormel Foods (HRL)	1.800%	6/11/2030	\$1,000	A1 / A- / --	S / S / --	\$79.9	5.42%	71	80	--	\$12,267	\$1,457	\$3,421	\$669	\$298	2.3x	1.9x	\$23,408	18.1x
Hormel Foods (HRL)	3.050%	6/3/2051	\$600	A1 / A- / --	S / S / --	\$63.7	5.67%	85	92										
Archer-Daniels-Midland Co (ADM)	4.500%	8/15/2033	\$500	A2 / A / A	S / S / S	\$93.4	5.37%	75	80	60	\$100,176	\$3,306	\$10,288	\$1,426	(\$190)	3.1x	2.7x	\$49,172	10.9x
Archer-Daniels-Midland Co (ADM)	2.700%	9/15/2051	\$750	A2 / A / A	S / S / S	\$59.4	5.58%	77	84										
Cargill Inc (CARGIL)	4.750%	4/24/2033	\$500	A2 / A / A	S / S / S	\$93.0	5.71%	92	114	52	--	--	--	--	--	--	--	--	--
Cargill Inc (CARGIL)	4.375%	4/22/2052	\$500	A2 / A / A	S / S / S	\$80.2	5.80%	98	108										
Danone SA (BNFP)	0.395%	6/10/2029	\$800	Baa1 / BBB+ / --	S / S / --	\$82.6	3.86%	104	110	48	\$28,503	\$4,787	\$14,799	\$1,880	\$853	3.1x	2.7x	\$47,040	10.1x
Mondelez International Holdings Netherlands BV (MIHN)	1.250%	9/24/2026	\$350	A3 / BBB / --	S / S / --	\$88.0	5.69%	80	83										
Mondelez International (MDLZ)	3.000%	3/17/2032	\$750	Baa1 / BBB / --	S / S / --	\$82.1	5.69%	100	110	54	\$34,130	\$6,518	\$21,226	\$1,482	(\$272)	3.5x	3.3x	\$114,681	17.8x
Mondelez International (MDLZ)	2.625%	9/4/2050	\$1,125	Baa1 / BBB / WD	S / S / --	\$56.9	5.81%	97	105										
Ingredion Inc (INGR)	2.900%	6/1/2030	\$600	Baa1 / BBB / BBB	S / S / S	\$83.4	5.95%	125	133	--	\$8,216	\$1,114	\$2,461	\$257	(\$65)	2.3x	2.1x	\$8,761	8.4x
Ingredion Inc (INGR)	3.900%	6/1/2050	\$400	Baa1 / BBB / BBB	S / S / S	\$66.4	6.59%	173	182										
Sysco Corporation (SYY)	2.450%	12/14/2031	\$450	Baa1 / BBB / BBB	S / S / S	\$78.1	5.85%	115	125	64	\$76,325	\$3,846	\$11,166	\$745	\$657	2.9x	2.7x	\$43,804	11.4x
Sysco Corporation (SYY)	3.150%	12/14/2051	\$800	Baa1 / BBB / BBB	S / S / S	\$61.0	6.05%	123	131										
McCormick & Co (MKC)	4.950%	4/15/2033	\$500	Baa2 / BBB / --	S / N / --	\$93.5	5.85%	122	128	--	\$6,516	\$1,314	\$4,864	\$127	\$177	3.7x	3.7x	\$25,108	24.0x
McCormick & Co (MKC)	4.200%	8/15/2047	\$300	Baa2 / BBB / --	S / N / --	\$74.9	6.24%	134	142										
General Mills Inc (GIS)	4.950%	3/29/2033	\$1,000	Baa2 / BBB / --	S / S / --	\$93.1	5.91%	125	133	51	\$20,094	\$4,093	\$11,706	\$586	(\$370)	3.0x	2.9x	\$49,241	14.8x
General Mills Inc (GIS)	3.000%	2/1/2051	\$605	Baa2 / BBB / --	S / S / --	\$60.4	5.95%	111	120										
Kellogg Co (K)	5.250%	3/1/2033	\$400	Baa2 / BBB / BBB	S / N / S	\$95.0	5.95%	128	137	73	\$15,873	\$2,486	\$7,330	\$308	\$212	3.6x	3.5x	\$26,395	12.7x
Kellogg Co (K)	4.500%	4/1/2046	\$650	Baa2 / BBB / BBB	S / N / S	\$79.8	6.18%	124	133										
Flowers Foods Inc (FLO)	2.400%	3/15/2031	\$500	Baa2 / BBB / BBB	S / S / S	\$78.1	6.11%	139	150	--	\$5,003	\$571	\$1,175	\$12	(\$29)	2.1x	2.0x	\$6,031	12.5x
JM Smucker Co (SJM)	2.125%	3/15/2032	\$500	Baa2 / BBB / --	S / N / --	\$75.0	5.93%	122	134	--	\$8,529	\$1,599	\$4,428	\$656	(\$59)	2.7x	2.3x	\$16,349	11.5x
JM Smucker Co (SJM)	3.550%	3/15/2050	\$300	Baa2 / BBB / --	S / N / --	\$63.4	6.46%	159	168										
Tyson Foods Inc (TSN)	4.350%	3/1/2029	\$1,000	Baa2 / BBB+ / BBB	S / N / S	\$93.3	5.81%	114	120	76	\$53,270	\$2,730	\$9,320	\$699	(\$908)	3.4x	3.2x	\$27,641	5.5x
Tyson Foods Inc (TSN)	5.100%	9/28/2048	\$1,500	Baa2 / BBB+ / BBB	S / N / S	\$80.6	6.71%	184	191										
Campbell Soup Co (CPB)	2.375%	4/24/2030	\$500	Baa2 / BBB- / BBB *-	S / S / --	\$80.5	6.02%	130	140	65	\$9,276	\$1,763	\$4,759	\$223	\$63	2.9x	2.8x	\$17,020	10.1x
Campbell Soup Co (CPB)	3.125%	4/24/2050	\$500	Baa2 / BBB- / BBB *-	S / S / --	\$60.3	6.19%	134	143										
Conagra Brands Inc (CAG)	7.000%	10/1/2028	\$382	Baa3 / BBB- / BBB-	S / S / S	\$106.2	5.56%	89	95	54	\$12,277	\$2,520	\$9,239	\$94	(\$138)	3.7x	3.7x	\$22,547	11.1x
Conagra Brands Inc (CAG)	5.400%	11/1/2048	\$1,000	Baa3 / BBB- / BBB-	S / S / S	\$84.5	6.68%	182	188										
JBS USA (JBSSBZ)	6.750%	3/15/2034	\$1,600	Baa3 / BBB- / BBB-	S / S / S	\$96.9	7.17%	251	258	--	R\$ 367,860	R\$ 20,700	R\$ 101,338	R\$ 12,739	-R\$ 5,989	4.9x	4.3x	R\$ 132,585	4.0x
JBS USA (JBSSBZ)	7.250%	11/15/2053	\$900	Baa3 / BBB- / BBB-	S / S / S	\$95.9	7.60%	283	289										
Smithfield Foods Inc (SFD)	2.625%	9/13/2031	\$500	Ba1 / BBB- / BBB	S / S / S	\$71.5	7.43%	274	283	54	--	--	--	--	--	--	--	--	--
Kraft Heinz Foods Co (KHQ)	3.750%	4/1/2030	\$741	Baa2 / BBB / BBB	S / P / S	\$88.75	5.86%	113	124	61	\$27,096	\$6,233	\$19,997	\$948	\$314	3.2x	3.1x	\$60,570	9.7x
Kraft Heinz Foods Co (KHQ)	4.375%	6/1/2046	\$2,786	Baa2 / BBB / BBB	S / P / S	\$77.13	6.28%	137	143										
Kraft Heinz Foods Co (KHQ)	4.875%	10/1/2049	\$1,450	Baa2 / BBB / BBB	S / P / S	\$82.63	6.23%	138	145										
Pilgrim's Pride (PPC)	6.250%	7/1/2033	\$1,000	Ba2 / BBB- / BBB-	S / N / S	\$94.1	7.10%	246	253	--	\$17,070	\$798	\$3,596	\$731	(\$17)	4.5x	3.6x	\$8,770	5.2x
Pilgrim's Pride (PPC)	3.500%	3/1/2032	\$889	Ba2 / BBB- / BBB-	S / N / S	\$77.4	7.11%	245	252										

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH





Exhibit 14: Beverages 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	Revenue	LTM EBITDA	Debt	Cash	Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd							Total Debt/ EBITDA	Net Debt/ EBITDA	EV	EV / EBITDA
The Coca-Cola Co. (KO)	2.250%	1/5/2032	\$2,000	A1 / A+ / Au	S / S / S	\$80.9	5.11%	43	51	54	\$44,167	\$15,746	\$41,625	\$12,564	\$2,846	2.6x	1.6x	\$269,547	21.5x
The Coca-Cola Co. (KO)	3.000%	3/5/2051	\$1,700	A1 / A+ / Au	S / S / S	\$66.6	5.33%	52	58										
Coca-Cola European Partners (CCEP)	1.500%	1/15/2027	\$500	Baa1 / -- / BBB+	S / -- / S	\$87.3	5.82%	95	105	--	\$18,017	\$3,096	\$11,907	\$1,112	\$1,539	3.8x	3.5x	\$36,979	11.1x
PepsiCo Inc (PEP)	4.450%	2/15/2033	\$1,000	A1 / A+ / --	S / S / --	\$95.3	5.09%	43	51	54	\$90,135	\$16,500	\$43,621	\$6,454	(\$1,765)	3.0x	2.6x	\$270,555	18.2x
PepsiCo Inc (PEP)	2.750%	10/21/2051	\$1,000	A1 / A+ / --	S / S / --	\$61.6	5.43%	62	69										
PepsiCo Inc (PEP)	4.650%	2/15/2053	\$500	A1 / A+ / --	S / S / --	\$88.0	5.48%	70	76										
Brown-Forman Corp (BFB)	4.500%	7/15/2045	\$500	A1 / A- / WD	S / S / --	\$83.5	5.85%	94	98	--	\$4,259	\$1,329	\$3,076	\$426	\$78	2.4x	2.1x	\$30,375	25.2x
Brown-Forman Corp (BFB)	4.750%	4/15/2033	\$650	A1 / A- / --	S / S / --	\$94.6	5.49%	83	91										
Diageo Investment Corp (DGELN)	5.500%	1/24/2033	\$750	A3 / A- / A-u	S / S / S	\$99.9	5.52%	84	93	32	\$17,113	\$6,120	\$16,502	\$1,439	-\$1,382	2.7x	2.5x	\$77,061	12.6x
Diageo Investment Corp (DGELN)	3.875%	4/29/2043	\$500	A3 / A- / A-u	S / S / S	\$76.6	5.91%	92	101										
Anheuser-Busch InBev Fin (ABIBB)	4.900%	1/23/2031	\$750	A3 / A- / --	S / S / --	\$96.8	5.44%	72	83	106	\$59,091	\$19,928	\$80,900	\$6,848	\$4,662	4.1x	3.7x	\$195,870	9.8x
Anheuser-Busch InBev Fin (ABIBB)	4.900%	2/1/2046	\$9,519	A3 / A- / --	S / S / --	\$87.6	5.90%	101	105										
Anheuser-Busch InBev Fin (ABIBB)	4.500%	6/1/2050	\$1,567	A3 / A- / --	S / S / --	\$84.0	5.67%	86	90										
Heineken NV (HEIANA)	1.750%	3/17/2031	\$750	A3 / BBB+ / --	S / S / --	\$85.7	4.00%	117	123	35	€ 29,725	€ 5,824	€ 19,857	€ 2,168	-€ 1,560	3.4x	3.0x	€ 68,251	11.1x
Heineken NV (HEIANA)	4.350%	3/29/2047	\$650	A3 / BBB+ / --	S / S / --	\$78.2	6.11%	121	124										
Pernod Ricard SA (RIFP)	1.625%	4/1/2031	\$900	Baa1 / BBB+ / BBB+	S/S/S	\$75.1	5.76%	106	115	106	€ 12,136	€ 3,765	€ 10,741	€ 1,624	(€ 427)	2.9x	2.4x	€ 51,663	16.7x
Pernod Ricard SA (RIFP)	2.750%	10/1/2050	\$500	Baa1 / BBB+ / BBB+	S/S/S	\$57.5	5.93%	108	117										
Suntory Holdings LTD (SUNTOR)	6.625%	7/15/2028	\$184	Baa1 / BBB+ / WD	S / S / --	\$102.8	5.94%	121	131	--	¥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 / --	\$76.3	4.71%	189	195	--	--	--	--	--	--	--	--	--	--
JAB Holdings BV (JABHOL)	3.750%	5/28/2051	\$500	Baa1 / BBB+ / --	S / S / --	\$60.7	6.98%	215	219										
JAB Holdings BV (JABHOL)	4.500%	4/8/2052	\$500	Baa1 / BBB+ / --	S / S / --	\$69.9	6.94%	214	217										
Keurig Dr Pepper (KDP)	4.050%	4/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$87.8	5.90%	122	130	--	\$14,567	\$4,080	\$12,695	\$278	\$231	3.1x	3.1x	\$58,018	15.5x
Keurig Dr Pepper (KDP)	3.350%	3/15/2051	\$500	Baa2 / BBB / --	S / S / --	\$63.9	6.07%	124	132										
Keurig Dr Pepper (KDP)	4.500%	4/15/2052	\$1,150	Baa2 / BBB / --	S / S / --	\$78.3	6.12%	132	139										
Constellation Brands Inc (STZ)	4.750%	5/9/2032	\$700	Baa3 / BBB / --	S / S / --	\$92.4	5.89%	122	130	99	\$9,604	\$3,363	\$12,357	\$193	\$263	3.5x	3.5x	\$58,563	15.8x
Constellation Brands Inc (STZ)	4.900%	5/1/2033	\$750	Baa3 / BBB / --	S / S / --	\$92.8	5.90%	124	132										
Constellation Brands Inc (STZ)	3.750%	5/1/2050	\$600	Baa3 / BBB / --	S / S / --	\$69.6	6.07%	121	130										
Molson Coors Brewing Co (TAP)	3.000%	7/15/2026	\$2,000	Baa3 *+ / BBB- / WD	-- / S / --	\$92.8	5.82%	86	97	108	\$11,178	\$2,263	\$6,615	\$961	\$736	3.0x	2.6x	\$19,873	8.4x
Molson Coors Brewing Co (TAP)	4.200%	7/15/2046	\$1,800	Baa3 *+ / BBB- / WD	-- / S / --	\$74.0	6.38%	147	154										
Bacardi LTD (BACARD)	5.400%	6/15/2033	\$700	Baa3 / BBB- / BBB-	-- / -- / --	\$93.3	6.33%	168	176	--	--	--	--	--	--	--	--	--	--
Bacardi LTD (BACARD)	5.900%	6/15/2043	\$400	Baa3 / BBB- / BBB-	-- / -- / --	\$92.3	6.61%	163	171										
Bacardi LTD (BACARD)	5.300%	5/15/2048	\$700	Baa3 / BBB- / BBB-	S / S / S	\$85.2	6.51%	163	167										
JDE Peet's NV (JDEPNA)	2.250%	9/24/2031	\$500	Baa3 / BBB- / BBB	S / S / S	\$74.2	6.43%	174	177	--	€ 8,243	€ 1,360	€ 4,967	€ 755	€ 522	3.7x	3.1x	€ 17,161	11.3x

Source: BofA Global Research, Bloomberg

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Exhibit 15: Tobacco Historical Return & Spread 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	LTM		Cash	Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd			EBITDA	Debt			Total Debt/ EBITDA	Net Debt/ EBITDA	EV	EV / EBITDA
Japan Tobacco (JAPTOB)	2.250%	9/14/2031	\$625	A2 / A+ / --	S / -- / --	\$76.4	6.02%	133	142		¥2,783,816	¥865,155	¥1,018,639	¥827,220	¥136,212	1.2x	0.2x	¥332,283	0.4x
Japan Tobacco (JAPTOB)	3.300%	9/14/2051	\$400	A2 / A+ / --	S / -- / --	\$57.5	6.67%	184	193										
Philip Morris Intl Inc (PM)	1.750%	11/1/2030	\$750	A2 / A- / A	S / S / S	\$76.3	5.91%	119	129	54	\$33,250	\$13,703	\$47,893	\$3,492	(\$469)	3.6x	3.4x	\$189,860	13.9x
Philip Morris Intl Inc (PM)	5.750%	11/17/2032	\$1,500	A2 / A- / A	S / S / S	\$97.3	6.14%	146	155										
Philip Morris Intl Inc (PM)	5.375%	2/15/2033	\$2,250	A2 / A- / A	S / S / S	\$94.5	6.15%	148	157										
Philip Morris Intl Inc (PM)	4.250%	11/10/2044	\$1,250	A2 / A- / A	S / S / S	\$75.6	6.36%	141	149										
Altria Group (MO)	3.125%	6/15/2031	\$1,250	A3 / BBB / BBB	S / P / S	\$84.8	5.61%	280	286	54	\$20,696	\$12,139	\$27,195	\$874	\$679	2.3x	2.2x	\$100,993	8.3x
Altria Group (MO)	2.450%	2/4/2032	\$1,750	A3 / BBB / BBB	S / P / S	\$75.2	6.32%	164	172										
Altria Group (MO)	5.375%	1/31/2044	\$1,800	A3 / BBB / BBB	S / P / S	\$87.9	6.45%	146	156										
Altria Group (MO)	3.700%	2/4/2051	\$1,250	A3 / BBB / BBB	S / P / S	\$61.5	6.83%	199	207										
British American Tobacco (BATSLN)	2.726%	3/25/2031	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$77.32	6.62%	195	202	100	£28,227	£13,906	£42,169	£3,681	£2,318	3.0x	2.8x	\$96,021	6.9x
British American Tobacco (BATSLN)	7.750%	10/19/2032	\$600	Baa2 / BBB+ / BBB	P / N / P	\$106.0	6.83%	219	225										
British American Tobacco (BATSLN)	4.742%	3/16/2032	\$900	Baa2 / BBB+ / BBB	P / N / P	\$87.4	6.72%	203	213										
British American Tobacco (BATSLN)	6.421%	8/2/2033	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$96.9	6.86%	221	229										
British American Tobacco (BATSLN)	5.282%	4/2/2050	\$500	Baa2 / BBB+ / BBB	P / N / P	\$74.9	7.47%	262	270										
British American Tobacco (BATSLN)	3.984%	9/25/2050	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$61.6	7.24%	240	248										
British American Tobacco (BATSLN)	5.650%	3/16/2052	\$600	Baa2 / BBB+ / BBB	P / N / P	\$78.6	7.47%	266	274										
British American Tobacco (BATSLN)	7.081%	8/2/2053	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$94.8	7.52%	277	282										
Imperial Brands Fin Plc (IMBLN)	3.875%	7/26/2029	\$1,000	Baa3 / BBB / BBB	S / S / S	\$87.8	6.42%	173	174	91	£7,961	£4,073	£10,249	£596	(£186)	2.5x	2.4x	£25,602	6.3x

Source: BofA Global Research, Bloomberg

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Valuation & risk

JM Smucker (SJM)

Our Marketweight cash recommendation on J.M. Smucker is based on traction in its Consumer Foods portfolio, primarily snacking, and Retail Coffee stabilization after a multi-year investment period and benefits from changed at-home consumption behavior. SJM still operates in highly competitive categories of Pet and Coffee which we believe will remain volatile but the company has improved its cash productivity, FCF and reduced balance sheet leverage adding a cushion to bonds and mid-BBB ratings. Relative valuation within BBB packaged food has normalized and we see fewer catalysts going forward for underperformance vs. peers. Upside to our recommendation could be accelerating underlying growth via innovation, continued success with cost-savings programs and reducing debt toward the low end of their 2.5-3.0x leverage target. Downside risks are reemerging execution missteps, inflation pressuring margins, heightened volatility in underlying peanut or coffee commodities or intensified competition/share loss in the Pet segment. More aggressive shareholder returns or transformational M&A, an area of interest, could also weigh on spreads.

Kellogg Co. (K)

Kellogg Co (K) is a global leader in cereal, snacks and convenience foods, meat alternatives and frozen foods offering high-quality and recognizable products within the packaged food industry. With the recently announced spin-off of the company's NA cereal business on-track to occur in 4Q23, Kellanova (RemainCo) will house global snacking, international cereal & noodles, and NA frozen foods and have the opportunity to grow faster vs legacy K and expand margins to 15% while maintaining a stable 3x net leveraged balance sheet. New financial targets assume steady sales growth +3-5% led by snacks & international growth, EBITDA +MSD% and EPS +HSD% which is in-line with snacking peers. Operational plans will focus on occasions & emerging markets, margin-enhancing tools that improve supply chain, and innovation. Our issuer-level Marketweight is supported by fair valuation relative to BBB food, portfolio advantages, an improved financial policy and lower relative exposure to private label offset by the loss of cash cereal assets, lower relative margin profile and our view of potential M&A within snacking. We are Underweight 2046 Notes as valuation is extended vs. peers and flat vs. intermediates. Upside risks are cont. demand tailwinds, increased focus on debt paydown or faster capacity build out allowing for margin expansion while downside risks come from a snacking normalizing, supply related pension de-risking, execution risk related to the cereal spin or future M&A ambitions.

Kroger Co. (KR)

Kroger (KR) is a best-in-class food retailer that maintains a competitive advantage vs. national and regional peers due to management's long-term investment in service, product quality, productivity, and technology. KR demonstrates conservative financial policies and balance sheet management, which has historically allowed valuation to trade closer to BBB non-cyclicals than grocery or drug retail, despite significantly lower margins. Bonds, rated Marketweight, fairly reflect the stability of the business model, EBITDA and cash flows offset by investment headwinds & new competitor risks. In CDS we are Sell Protection. Downside risks are intense competition, increased management willingness to pursue acquisitions or shareholder returns, deflationary pressure in consumables hurting IDs, and slow deleverage following the acquisition of Albertsons. Heavy pension obligations and labor negotiation risks remain a long-term headwind. Upside risks are increasing market share from additional fill-in opportunities, KR's superior positioning on price and format competitiveness.

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.

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BofA Securities is currently acting as financial advisor to J.M. Smucker Co in connection with its proposed acquisition of Hostess Brands Inc, which was announced on September 11, 2023. This research report is not intended to provide voting advice, serve as an endorsement of the proposed transaction, or result in the procurement, withholding or revocation of a proxy.

Disclosures

Important Disclosures

Credit opinion history

JM Smucker / SJM

Company	Date ^{R1}	Action	Recommendation	Price
JM Smucker / SJM	30-Sep-2020		Underweight	
	27-Oct-2020	Upgrade	Marketweight	
	11-Sep-2023	Restricted	NA	
	14-Sep-2023	Coverage Resumed	Marketweight	
Security	Date ^{R1}	Action	Recommendation	Price
3.5, Senior, USD, 2025:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
3.375, Senior, USD, 2027:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
2.375, Senior, USD, 2030:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
4.25, Senior, USD, 2035:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
4.375, Senior, USD, 2045:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
3.55, Senior, USD, 2050:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	
2.125, Senior, USD, 2032:B	30-Sep-2022		Marketweight	
	11-Sep-2023	Restricted	NA	NA
	14-Sep-2023	Coverage Resumed	Marketweight	

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

Kellogg Co. / K

Company	Date ^{R2}	Action	Recommendation	Price
Kellogg Co. / K	30-Sep-2020		Marketweight	
Security	Date ^{R2}	Action	Recommendation	Price
3.25, Senior, USD, 2026:B	30-Sep-2022		Marketweight	
4.3, Senior, USD, 2028:B	30-Sep-2022		Marketweight	
4.5, Senior, USD, 2046:B	30-Sep-2022		Marketweight	
	15-Aug-2023	Downgrade	Underweight	85.17
2.1, Senior, USD, 2030:B	30-Sep-2022		Marketweight	
	17-Feb-2023	Added to iQ Model	Marketweight	82.11

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**Kellogg Co. / K
Company****Date^{R2}****Action****Recommendation**

case of CDS, the price shown reflects the spread, on the date of the relevant action.

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

Kroger Co. / KR

Company	Date^{R3}	Action	Recommendation	
Kroger Co. / KR	30-Sep-2020		Marketweight	
	18-Oct-2022	Upgrade	Overweight	
	12-Sep-2023	Downgrade	Marketweight	
Security	Date^{R3}	Action	Recommendation	Price
8, Senior, USD, 2029:B	30-Sep-2022		Marketweight	
	18-Oct-2022	Upgrade	Overweight	110.46
	12-Sep-2023	Downgrade	Marketweight	112.80
2.65, Senior, USD, 2026:B	30-Sep-2022		Marketweight	
	17-Oct-2022	Upgrade	Overweight	89.49
	12-Sep-2023	Downgrade	Marketweight	92.05
3.7, Senior, USD, 2027:B	30-Sep-2022		Marketweight	
	17-Oct-2022	Upgrade	Overweight	92.91
	12-Sep-2023	Downgrade	Marketweight	94.26
5.15, Senior, USD, 2043:B	30-Sep-2022		Overweight	
	12-Sep-2023	Downgrade	Marketweight	88.20
4.45, Senior, USD, 2047:B	30-Sep-2022		Overweight	
	17-Oct-2022	Downgrade	Marketweight	79.56
4.65, Senior, USD, 2048:B	30-Sep-2022		Overweight	
	17-Oct-2022	Downgrade	Marketweight	81.68
5.4, Senior, USD, 2049:B	30-Sep-2022		Overweight	
	17-Oct-2022	Downgrade	Marketweight	89.84
3.95, Senior, USD, 2050:B	30-Sep-2022		Overweight	
	17-Oct-2022	Downgrade	Marketweight	73.06
2.2, Senior, USD, 2030:B	30-Sep-2022		Marketweight	
	17-Oct-2022	Upgrade	Overweight	78.36
	12-Sep-2023	Downgrade	Marketweight	81.22
7.5, Senior, USD, 2031:B	30-Sep-2022		Marketweight	
	17-Oct-2022	Upgrade	Overweight	109.25
	12-Sep-2023	Downgrade	Marketweight	110.96
4, Senior, USD, 2024:B	30-Sep-2022		Marketweight	
	17-Oct-2022	Upgrade	Overweight	98.35
	12-Sep-2023	Downgrade	Marketweight	99.30
Senior Unsecured, USD, Y5:CDS	30-Sep-2022		Neutral	
	17-Oct-2022	Rating Change	Sell Protection	93.83

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Sell	40	10.84%	Sell	29	72.50%

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