

# Consumer & Retail

## Sundown on Boca

### Industry Overview

### CAGNY offers consistency, reinvestment, & many snacks

Last week, the (sun)light was on the tone from Consumer Staples issuers at the annual CAGNY conference as well as the kickoff of holiday results from Retail. Overall, the message was consistent with our base case – top-line's are being carefully managed directed at 2H volumes, productivity will fuel reinvestment, and companies broadly reaffirmed outlooks and LT algorithms, while investors are skeptical of material upside relative to current credit metrics & tight spreads. Consumables are outpacing discretionary & retailers maintain their conservative postures as a slowdown manifests. The ICE BofA IG Corp Bond Index tightened -1bp w/w, returning +0.44%. Cyclical and Non-Cyclical were in-line with returns of +0.49% and +0.42%. New issuance totaled \$60.3bn last week headlined by Healthcare jumbo deals & just \$300mn from Whirlpool.

**Themes we heard at CAGNY** included – 2H volume inflection drivers (easing prices, lapping last yr stimulus or packaging constraints, innovation); International growth opportunities (sales & margin); cost inflation normalizing but price disinflation > deflation and managing value offerings/pack sizes (Walmart guided to softening deflation too in 4Q); service levels & supply chains back to pre-COVID operations; digital tools, AI, productivity focus to drive stepped up reinvestment, brand building & capacity; and less vocal M&A appetite (though we still expect pipelines are active).

Away from CAGNY, Keurig Dr. Pepper's 4Q organic sales were pressured by ongoing weak coffee volumes but EBITDA and margins beat our estimates on pricing, productivity, and +100bps via the timing of C4 incentive payments. Encouragingly, FY24 guidance was in-line with our forecast and KDP's long-term algorithm, despite flat coffee, supported by beverages and international growth, innovation, further pricing, and margin expansion. We expect KDP to refinance its \$1.15bn maturity this quarter and reiterate our Overweight. In conjunction with WHR's refinancing, the company announced the 24% stake sale in its India operations for \$468mn (gross) to reduce debt. This did not prevent Moody's from downgrading its rating to Baa2/Stable (from Baa1/Neg) on an outlook for further weak consumer demand as well as high leverage following the acquisition of InSinkErator. New 10Y priced at +145 (+0-5bps concession) which is fair vs. Darden Restaurants.

In **Retail (-1bp)**, earnings began ([see link to 4Q calendar](#)) with FY24 outlooks conservative despite 4Q's better than estimated. Walmart was strong led by more share gains, benefits from inventory management and grocery. They also announced the acquisition of TV maker & digital advertiser Vizio Holdings for \$2.3bn (debt & cash funded). Home Depot again cautioned on softness in big-ticket discretionary but comps beat our est. with EBITDA and margins also ahead ahead. Moody's finally downgraded Advance Auto Parts (AAP) from Baa2/Neg to Baa3/Neg seeking clarity on turnaround initiative timing and execution risk of asset sales. The change will push AAP into the ICE BofA HY Index in March. In **Food Retail (flat)**, Bloomberg reported that the FTC and a group of states are expected to sue over the proposed Kroger/Albertsons merger by Wednesday. Kroger and Albertsons are reportedly working to schedule a "last rites" meeting FTC commissioners to persuade them otherwise.

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**Refer to important disclosures on page 17 to 21. Analyst Certification on page 16.**

**Valuation & Risk on page 16.**

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### Exhibit 1: Market week ended 2/23/24

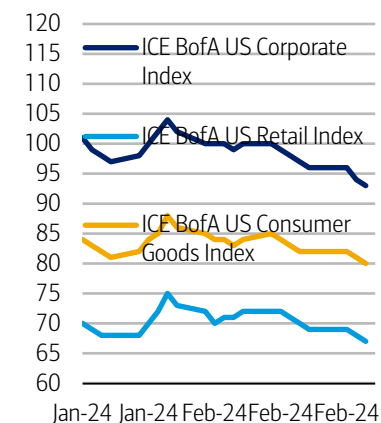
Last week's market performance

Market	Value	WoW
IG ICE BofA Index	95	(1)
IG ICE BofA Index (yld)	5.42	(3)
HY ICE BofA Index	463	(11)
HY ICE BofA Index (yld)	7.84	(9)
CDX IG 5yr	52	(2)
CDX HY 5yr	339	(8)
Consumer Cyclical	68	(1)
Consumer Non-Cyclical	81	(1)
5yr Treasury (yld)	4.28	+1
10yr Treasury (yld)	4.25	(3)
30yr Treasury (yld)	4.37	(7)
S&P 500 (index)	5,089	1.7%

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

Spreads grinding tighter despite supply



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, Feb-26	Tue, Feb-27	Wed, Feb-28	Thu, Feb-29	Fri, Mar-01
PPC 4Q23 earnings	LOW 4Q23 earnings AZO 2Q24 earnings SJM 3Q24 earnings WHR investor day	RKTLN FY23 earnings AAP 4Q23 earnings TJX 4Q23 earnings	ABIBB FY23 earnings HLN LN FY23 earnings HRL 1Q24 earnings BBY 4Q23 earnings ATDCN 3Q24 earnings	DLTR 4Q23 earnings
Mon, Mar-04	Tue, Mar-05	Wed, Mar-06	Thu, Mar-07	Fri, Mar-08
ADM 4Q23 earnings	TGT 4Q23 earnings ROST 4Q23 earnings	CPB 2Q24 earnings BFB 3Q24 earnings DLTR 4Q23 earnings	KR 4Q23 earnings COST 2Q24 earnings	

Source: Company filings, Bloomberg

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**Exhibit 4: Spread week over week changes**

Hasbro widened the most last week vs, Tobacco was tighter

Active Cash Trading				Active CDS			
Issuer	Chg (G-spread)	Issuer	Chg (G-spread)	Entity	5y	Chg	
HAS 5.100% 5/15/2044	+11	MO 3.125% 6/15/2031	-14	Darden Restaurants	38	-1	
K 4.500% 4/1/2046	+9	PM 0.800% 8/1/2031	-12	Altria	44	-2	
VFC 2.950% 4/23/2030	+8	MO 3.700% 2/4/2051	-8	Kroger	46	-2	
NESNVX 2.625% 9/14/2051	+5	SFD 2.625% 9/13/2031	-8	Campbell Soup	39	-2	
COST 1.600% 4/20/2030	+5	MDLZ 2.250% 9/19/2024	-8	Conagra Brands	53	-4	

Source: Bloomberg

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**Notable Consumer & Retail credit news****Retail**

**Walmart (WMT, Aa2/AA/AA)** 4Q23 results beat expectations driven by continued share gains across product categories helping comps expand +3.9% and WMT U.S. rise +4% (in-line with the expectations bogey). Grocery (+MSD%) and pharmacy offset general merchandise which held at -LSD%. EBTIDA and margins were ahead of estimates on strong inventory & price gap management (U.S. gross margins rose a strong +64bps) as well as modest expense deleverage. Debt declined \$8.4bn q/q (inc. leases) driven by significantly reduced ST debt balances, allowing leverage to fall -0.2x to 1.5x. This helps facilitate the concurrently announced acquisition of TV maker & digital advertiser Vizio Holding for \$2.3bn, funded with debt and cash. The goal is to accelerate WMT's advertising business (Connect) by leveraging Vizio's Smart TV operating system and customer-facing direct advertising relationships. FY24 guidance was introduced modestly ahead of anticipated conservatism to start the year and management remains confident in their ability to navigate the uncertain consumer environment.

**Exhibit 5: Walmart 4Q23 earnings**

WMT financial summary

	4Q23	Consensus
Revenue	+5.7%	+4.1%
Total U.S. comps	+3.9%	+3.1%
Adj. EBITDA	+12.5%	+7.5%
Adj. EBITDA margin	6.0%	5.7%
Adj. EPS	\$1.80	\$1.64

	4Q23	Q/Q
Debt	\$61,321	(\$8,418)
Gross leverage	1.5x	-0.2x
Net leverage	1.5x	Flat

**Exhibit 5: Walmart 4Q23 earnings**

## WMT financial summary

Source: Company filings, Visible Alpha

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**Revenue-related commentary**

- Total U.S. comps (ex-fuel) increased +3.9% vs. +3.1% est.
- WMT U.S. comps (ex-fuel) +4.0% beat +3.2% est. (expectation bogey closer to +4%) driven by transactions +4.3% partially offset by ticket -0.3%. eCommerce grew +17% y/y (vs 16.2% est.). Grocery +MSD% on consumable strength and share gains; Health & Wellness +mid-teens% (strong pharmacy via increased script counts and higher mix of branded drugs); and General merchandise -LSD% from softness in home, seasonal and toys vs. automotive categories performing well.
- Sam's Club comps (ex-fuel) +3.1% beat +2.8% est.
- International net sales +17.6% y/y (+13.0% ex-FX)
- eCommerce (18% of mix) grew +23% for FY23, clearing \$100bn in sales for the first time
- Global advertising increased +33% y/y, including +22% for Walmart Connect in US
- Notable share gains from households making more than \$100k, 2/3 of share gains in general merchandise from digital and high income cohort
- US Inflation trends: Grocery inflation +LSD%, dry grocery & consumables +MSD%, general merchandise deflationary

**Profit & margin-related commentary**

- Adj. EBITDA margins expanded +36bps vs. +10bps est. Gross margin expanded +39bps on improvement in managing pricing & lower markdowns from strong inventory management, partially offset by timing of Flipkart's "The Big Billion Days" shifting to 4Q, and category mix pressure in the U.S. segment. SG&A deleveraged only +16bps on higher variable pay expenses.
- US gross margin was strong, +64bps, as WMT manages "pricing aligned to historic price gaps", lower markdowns, and sequentially less drag from mix
- US inventory -4.5% y/y on maintained discipline in buying general merchandise

**FY24 Guidance less conservative than expected**

- FY24 (fiscal 2025): (a) Net sales (ex-FX) +3-4% vs. +3.4% est.; (b) operating income (ex-FX) +4-6% (vs. +7.1% est.); (c) adj. EPS \$6.70-7.12 vs. \$7.04 est.; and (e) capex 3-3.5% of sales
- Interest expense is expected to increase +\$100-200mn y/y
- 1Q24: (a) net sales +4-5% vs +3.4% est.; (b) operating income +3-4.5% vs +6.3% est.; (c) adj EPS \$1.48-1.56 vs \$1.60 est. (pre-split)

**Home Depot (HD, A2/A/A)** 4Q23 results beat our estimates with comps -3.5% vs our -3.7% est. but a bit weaker U.S. -4%. EBITDA and margins were ahead driven by SG&A (+115bps vs. +122bps est.) and small gross margin upside (-20bps vs. -25bps)



est.). Leverage rose +0.1x q/q to 2.1x following \$2bn issued in late November (in-line with est.). FY24 guidance is light of our forecasts - Comps remain negative (-1% vs. our +0.6% and expectations +/- flat), margins -10bps below but gross margin outlook stronger & still all-in >14%, EPS slightly below (\$15.26 vs. our \$15.56 est). HD raised the dividend +7.7%.

#### Exhibit 6: Home Depot 4Q23

HD financial summary

	4Q23	BofA est.	Consensus
Sales	-2.9%	-3.5%	-3.6%
Total comps	-3.5%	-3.7%	-3.8%
EBITDA	-10.2%	-11.8%	-11.9%
EBITDA margin	13.9%	13.7%	13.8%
EPS	\$2.82	\$2.72	\$2.75

	4Q23	BofA est.	Q/Q
Adj debt	\$54,983	\$54,029	\$2,574
Gross leverage	2.1x	2.1x	+0.1x
Net leverage	2.0x	2.0x	+0.1x

Source: BofA Global Research, Company filings, Visible Alpha

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#### Revenue-related commentary

- Sales -2.9% y/y slightly beat our -3.5% est.
- Total comps -3.5% vs our -3.7% est. driven by transactions -1.7% and avg. ticket -1.3%.
- Total comp cadence: November -2.5%, December +1.1%, January -8.5%
- US comp cadence: November -2.7%, December +0.6%, January -9.1%; when adj for holiday shifts and weather-related impacts, monthly comps relatively consistent
- Continued softness in big-ticket discretionary purchases + unfavorable impacts from weather in January and core commodity deflation
- Pro backdrop remains unchanged
- Promotions have reverted back to pre-pandemic levels

#### Profit & margin-related commentary

- EBITDA margins declined -112bps vs our -130bps est. SG&A deleveraged +115bps (vs. our +122bps est.) given compensation increases and sales deleverage.
- Gross margins -20bps were a touch ahead of our -25bps est. driven by pull-forward pressure from pricing actions ahead of cost decreases

#### FY24 Guidance light

- (a) Comps -1% vs our +0.6% est.; (b) margins 14.1% vs our 14.2% est. but gross margin well ahead (33.9% vs 33.4% est.); (c) adj EPS +1% (\$15.26) vs our \$15.56 est.

#### Food Retail

According to *Bloomberg*, the FTC and a group of states are expected to sue over the proposed **Kroger (KR, Baa1/BBB--)** and Albertsons (ACI) merger. The suit is expected to come before Feb 28<sup>th</sup> when the agreement not to close the deal between KR/ACI and the FTC expires. Kroger and Albertsons are reportedly working to schedule meetings with FTC Chair Lina Khan and other commissioners to try to persuade the agency to not sue over the proposed deal (a "last rites" meeting before a lawsuit or settlement is filed).

## Beverages

**Keurig Dr. Pepper (KDP, Baa1/BBB/--) 4Q** results were mixed as organic sales were pressured by disappointing volume/mix in the coffee segment but refreshment beverages were strong (led by price). Additionally, EBITDA & margins were well ahead of our estimates helped by better overall pricing, productivity, and C4 incentive payments boosting gross margins. Management indicated underlying coffee category trends are steady (no material changes in consumption behavior) but have seen more elevated levels of promotion and select trade down required greater focus on price gap management. Coffee recovery expectations were pushed out toward 2H24. FY24 guidance is consistent with KDP's LT algorithm (in-line to slightly better than expectations) based on refreshment beverages balanced pricing & volume/mix, C4 expansion & sports hydration growth along with international maintaining its +DD% growth (13% of mix). Coffee expectations are muted but improve over the course of the year.

### Exhibit 7: Keurig Dr Pepper 4Q23

KDP financial summary

	4Q23	BofA est.	Consensus
Revenue	+1.7%	+3.7%	+3.0%
Organic sales	+1.1%	+3.1%	+2.2%
Adj. EBITDA	+11.0%	+7.0%	+5.7%
Adj. EBITDA margin	33.3%	31.5%	31.7%
Core EPS	\$0.55	\$0.54	\$0.54

	4Q23	BofA est.	Q/Q
Debt	\$13,308	\$12,360	\$448
Gross leverage	3.1x	3.0x	flat
Net leverage	3.1x	2.9x	flat

Source: BofA Global Research, Company filings, Visible Alpha

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### Revenue-related commentary

- Organic sales +1.1% (vs. our +3.1% est.) compromised of volume/mix -3.7% (vs. +0.9% est.) and pricing +4.8% (vs. +2.2% est.)
- U.S. Refreshment Beverages +6.8% y/y beat +5% est. (volume/mix -0.7% & price +7.5%)
- U.S. Coffee Systems -9.9% y/y missed -4.5% est. (volume/mix -10.7% & price +0.8%) as pod shipment fell -2.7% but improved q/q and brewer shipments were in-line with POS purchases. Headwinds from private-label exits and lapping an extra week y/y hurt. 1Q24 will continue to remain pressured—recovery has been slower than expected.
- International ex-FX +6.5% (volume/mix +2.9% & price +3.6%) or +11.5% including FX
- Consumers remain resilient but looking for value; value-oriented channels are outperforming (club stores)
- Bifurcation in households: higher-income households increasing consumption of premium products vs. mid and lower-income consumers more value-seeking so KDP is focused on having array of offerings
- Expect normalized pricing in '24 – will see some carryover pricing and some targeted additional actions



**Profit & margin-related commentary**

- Adj. EBITDA increased +11.0% y/y (vs. our +7.0% est.) and margins expanded +280bps (vs. our +99bps est.) due to strong gross margin expansion partially offset by a +DD% increase in marketing investment flowing into SG&A.
- Adj. gross margins +450bps beat our +160bps est. on pricing, productivity savings, moderating inflation, and earned performance incentive benefits (C4 Energy).

**Capital allocation**

- Repurchased \$249mn stock during 4Q
- Issued net \$947mn commercial paper and repaid \$500mn maturity in Dec

**FY24 Guidance in-line**

- FY24: a) net sales +MSD% vs our +4.4% est., b) adj EPS +HSD% vs our +5.2% est., c) interest expense \$560-580mn, d) effective tax rate ~22%.
- FX is expected to be a -50bps drag to net sales and EPS.
- New strategic partnerships will add +200bps to top-line
- Expect top and bottom line to improve sequentially throughout the year
- 1Q24: a) sales +LSD% vs +4.9% est., b) EPS +LSD% vs +5.5% est

**Consumer Products**

**Whirlpool (WHR, Baa1/BBB/BBB)** executed the sale of 30.4mn shares of Whirlpool India (WHIRL IN) for gross proceeds of \$468mn. This reduces WHR's ownership interest to 51%, as anticipated, and proceeds will be used to reduce debt. WHR announced this intention back in November.

**Recent New Issuance**

Whirlpool Corp (Baa2/BBB) issued \$300mn across 10yr Notes at T+145. The use of proceeds was to refinance its 4.000% notes due March '24.

## BofA Current Recommendations

### Exhibit 8: Cash & CDS ratings

BofA cash &amp; CDS ratings

Name	Ticker	Cash			CDS		
		Overweight	Marketweight	Underweight	Buy Protection	Neutral	Sell Protection
O'Reilly Automotive	ORLY	✓					
The Home Depot	HD		✓			✓	
Anheuser-Busch InBev SA/NV*	ABIBB		✓				
Advance Auto Parts	AAP		✓				
McCormick & Co	MKC	✓					
Campbell Soup Co.	CPB	✓				✓	
Sysco Corp.	SYU		✓				
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;

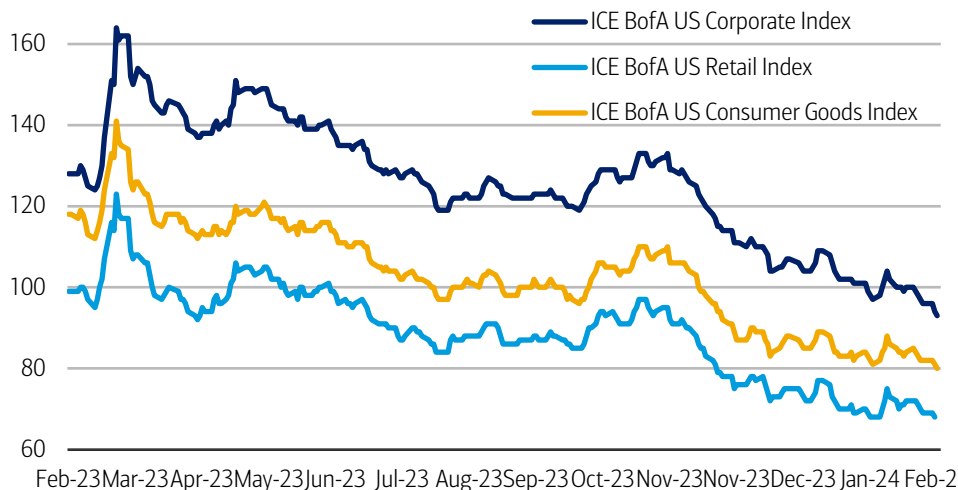
Notes (\*): Underweight K long-end, Overweight ABIBB long-end (\$)

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## Market Snapshot

### Exhibit 9: BofA HG Index vs. Consumer/Retail Sectors

Consumer/Retail 1-year spread performance sits near the tights



Source: ICE Data indices, LLC

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**Exhibit 10: 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
<b>US Corporate Index</b>	10,230	100.0%	95 bps	-1 bps	-7 bps	-9 bps	-9 bps	\$91.9	5.42%	6.6	A3	0.44%	-1.25%	-1.11%	-1.11%	5.93%	9 bps	40 bps	82 bps	82 bps	448 bps
<b>Rating Categories</b>																					
AAA US Corporate Index	117	1.1%	38 bps	1 bps	-2 bps	-2 bps	-2 bps	\$85.6	4.85%	9.2	AAA	0.56%	-1.83%	-2.24%	-2.24%	3.03%	-2 bps	7 bps	52 bps	52 bps	338 bps
AA US Corporate Index	791	8.1%	52 bps	0 bps	-4 bps	-4 bps	-4 bps	\$89.7	5.01%	7.1	AA3	0.44%	-1.40%	-1.58%	-1.58%	4.11%	5 bps	26 bps	51 bps	51 bps	318 bps
Single-A US Corporate Index	4,159	43.7%	79 bps	-1 bps	-7 bps	-9 bps	-9 bps	\$92.1	5.26%	6.6	A2	0.45%	-1.27%	-1.18%	-1.18%	5.14%	10 bps	38 bps	75 bps	75 bps	370 bps
BBB US Corporate Index	5,163	47.1%	118 bps	-1 bps	-8 bps	-11 bps	-11 bps	\$92.2	5.65%	6.5	BBB2	0.43%	-1.20%	-0.94%	-0.94%	7.01%	10 bps	45 bps	94 bps	94 bps	543 bps
<b>Maturity</b>																					
1-3 Year US Corporate Index	2,129	23.0%	64 bps	-2 bps	-9 bps	-12 bps	-12 bps	\$96.6	5.40%	1.8	A3	0.09%	-0.26%	0.27%	0.27%	5.39%	5 bps	22 bps	37 bps	37 bps	127 bps
3-5 Year US Corporate Index	1,785	18.6%	81 bps	-3 bps	-13 bps	-12 bps	-12 bps	\$96.5	5.24%	3.5	A3	0.17%	-0.77%	-0.31%	-0.31%	6.03%	12 bps	49 bps	63 bps	63 bps	269 bps
5-7 Year US Corporate Index	1,231	12.1%	100 bps	-1 bps	-9 bps	-8 bps	-8 bps	\$91.4	5.29%	5.2	BBB1	0.25%	-1.22%	-0.90%	-0.90%	6.36%	10 bps	58 bps	68 bps	68 bps	376 bps
7-10 Year US Corporate Index	1,452	15.1%	118 bps	-2 bps	-9 bps	-8 bps	-8 bps	\$92.9	5.44%	6.8	A3	0.49%	-1.26%	-1.18%	-1.18%	6.58%	18 bps	79 bps	88 bps	88 bps	496 bps
10-15 Year US Corporate Index	573	5.3%	121 bps	0 bps	-2 bps	-9 bps	-9 bps	\$100.1	5.53%	8.7	A3	0.61%	-1.96%	-1.72%	-1.72%	6.72%	11 bps	28 bps	86 bps	86 bps	624 bps
15+ Year US Corporate Index	3,060	26.0%	110 bps	0 bps	0 bps	-7 bps	-7 bps	\$83.7	5.58%	13.4	A3	0.97%	-2.34%	-2.79%	-2.79%	5.37%	6 bps	21 bps	131 bps	131 bps	792 bps
<b>Industry</b>																					
<b>US Corporate Index</b>																					
<b>Industrials</b>	6,075	58.6%	91 bps	0 bps	-5 bps	-6 bps	-6 bps	\$90.9	5.36%	7.3	A3	0.44%	-1.45%	-1.51%	-1.51%	5.88%	4 bps	31 bps	64 bps	64 bps	485 bps
<b>Consumer Cyclical</b>	348	3.5%	68 bps	-1 bps	-4 bps	-4 bps	-4 bps	\$89.9	5.13%	7.6	A2	0.49%	-1.62%	-1.81%	-1.81%	5.17%	7 bps	19 bps	46 bps	46 bps	434 bps
US Corp Retail	263	2.8%	66 bps	-1 bps	-3 bps	-3 bps	-3 bps	\$89.7	5.10%	7.6	A2	0.50%	-1.64%	-1.83%	-1.83%	5.05%	8 bps	17 bps	45 bps	45 bps	423 bps
US Corp Food & Drug Retail	37	0.3%	98 bps	0 bps	-14 bps	-16 bps	-16 bps	\$88.7	5.43%	7.6	BBB2	0.43%	-0.94%	-0.80%	-0.80%	6.22%	4 bps	89 bps	142 bps	142 bps	512 bps
US Corp Restaurants	48	0.4%	68 bps	0 bps	-1 bps	1 bps	1 bps	\$91.7	5.15%	7.8	BBB1	0.46%	-1.89%	-2.31%	-2.31%	5.32%	2 bps	-8 bps	-2 bps	-2 bps	462 bps
<b>Consumer Non-Cyclical</b>	608	5.6%	81 bps	-1 bps	-4 bps	-4 bps	-4 bps	\$91.9	5.26%	7.3	A3	0.42%	-1.53%	-1.68%	-1.68%	5.91%	4 bps	25 bps	45 bps	45 bps	476 bps
US Corp Beverage	165	1.7%	66 bps	0 bps	-2 bps	0 bps	0 bps	\$91.3	5.11%	8.3	A3	0.50%	-1.81%	-2.26%	-2.26%	5.29%	4 bps	14 bps	23 bps	23 bps	491 bps
US Corp Food Wholesale	238	1.9%	87 bps	1 bps	-4 bps	-3 bps	-3 bps	\$91.7	5.32%	6.9	BBB1	0.34%	-1.46%	-1.60%	-1.60%	5.46%	-2 bps	26 bps	43 bps	43 bps	404 bps
US Corp Tobacco	80	1.0%	116 bps	-2 bps	-8 bps	-13 bps	-13 bps	\$92.7	5.58%	6.9	BBB1	0.54%	-1.20%	-0.82%	-0.82%	8.72%	20 bps	51 bps	114 bps	114 bps	709 bps
US Corp Consumer Products	125	0.9%	62 bps	0 bps	-4 bps	-3 bps	-3 bps	\$92.7	5.05%	6.4	A2	0.32%	-1.52%	-1.69%	-1.69%	4.85%	1 bps	17 bps	20 bps	20 bps	309 bps

Source: BofA Global Research, Bloomberg

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**Exhibit 11: 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
02/22/2024	WHR	WHIRLPOOL CORP	Baa2/BBB	\$300	5.750%	03/01/2034	145
02/15/2024	BATSLN	BAT CAPITAL CORP	Baa2/BBB+	\$850	5.834%	02/20/2031	158
02/15/2024	BATSLN	BAT CAPITAL CORP	Baa2/BBB+	\$850	6.000%	02/20/2034	183
02/15/2024	MDLZ	MONDELEZ INTERNATIONAL	Baa1/BBB	\$550	4.750%	02/20/2029	65
02/12/2024	EL	ESTEE LAUDER	A1/A	\$650	5.000%	02/14/2034	87
02/12/2024	PEP	PEPSICO SINGAPORE FINANCING	A1/A+	\$550	4.650%	02/16/2027	40
02/12/2024	PEP	PEPSICO SINGAPORE FINANCING	A1/A+	\$450	4.550%	02/16/2029	45
02/12/2024	PEP	PEPSICO SINGAPORE FINANCING	A1/A+	\$450	4.700%	02/16/2034	55
02/09/2024	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$750	4.750%	02/12/2027	70
02/09/2024	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,000	4.875%	02/13/2029	95
02/09/2024	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,250	5.125%	02/13/2031	120
02/09/2024	PM	PHILIP MORRIS INTERNATIONAL	A2/A-	\$1,750	5.250%	02/13/2034	135
02/06/2024	ATDBCN	ALIMENTATION COUCHE-TARD	Baa1/BBB+	\$900	5.267%	02/12/2034	118
02/06/2024	ATDBCN	ALIMENTATION COUCHE-TARD	Baa1/BBB+	\$600	5.617%	02/12/2054	130
02/05/2024	SBUX	STARBUCKS	Baa1/BBB+	\$1,000	4.850%	02/08/2027	60
02/05/2024	SBUX	STARBUCKS	Baa1/BBB+	\$500	4.900%	02/15/2031	80
02/05/2024	SBUX	STARBUCKS	Baa1/BBB+	\$500	5.000%	02/15/2034	90
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	SYN	SYSCO CORP	Baa1/BBB	\$500	5.750%	01/17/2029	120
11/06/2023	SYN	SYSCO 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

Source: BofA Global Research, Bloomberg Data excludes FRN

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**Exhibit 12: 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		LTM		Debt	Cash	Net FCF	Credit Metrics			
						Bid	YTW	G-spd	T-spd	CDS	Revenue	EBITDAR	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	\$95.4	4.73%	45	40	27	\$638,785	\$40,114	\$69,739	\$12,154	\$4,333		1.7x	1.4x	\$529,413	12.9x
Walmart Inc (WMT)	4.500%	4/15/2053	\$1,500	Aa2 / AA / AA	S / S / S	\$91.4	5.07%	66	60											
Costco Wholesale Corp (COST)	1.600%	4/20/2030	\$1,750	Aa3 / A+ / --	S / S / --	\$83.1	4.81%	48	47	29	\$238,710	\$10,798	\$8,884	\$13,700	\$4,818		0.8x	-0.5x	\$318,924	21.6x
Costco Wholesale Corp (COST)	1.750%	4/20/2032	\$1,000	Aa3 / A+ / --	S / S / --	\$79.9	4.75%	45	41											
Nike Inc (NKE)	2.850%	3/27/2030	\$1,500	A1 / AA- / --	S / S / --	\$89.9	4.78%	47	44	71	\$51,469	\$7,294	\$12,177	\$6,178	(\$2,558)		2.1x	1.3x	\$162,292	22.6x
Nike Inc (NKE)	3.375%	3/27/2050	\$1,500	A1 / AA- / --	S / S / --	\$76.0	5.03%	58	53											
Target Corp (TGT)	4.400%	1/15/2033	\$500	A2 / A / A	S / S / S	\$96.9	4.83%	54	49	41	\$106,518	\$7,783	\$18,442	\$1,910	\$1,518		2.4x	2.1x	\$87,369	13.3x
Target Corp (TGT)	4.800%	1/15/2053	\$1,150	A2 / A / A	S / S / S	\$92.9	5.28%	87	81											
TJX Companies Inc (TJX)	1.600%	5/15/2031	\$500	A2 / A / --	S / S / --	\$80.6	4.82%	49	47	181	\$52,326	\$8,340	\$2,861	\$4,290	\$1,465		1.5x	1.0x	\$121,490	13.2x
TJX Companies Inc (TJX)	4.500%	4/15/2050	\$385	A2 / A / --	S / S / --	\$90.6	5.16%	68	65											
Ralph Lauren Corp (RL)	2.950%	6/15/2030	\$750	A3 / A- / --	S / S / --	\$88.9	5.03%	73	69	--	\$6,604	\$919	\$2,882	\$1,804	(\$493)		3.1x	1.2x	\$12,885	7.0x
Amazon.com Inc (AMZN)	3.600%	4/13/2032	\$2,500	A1 / AA / AA-	S / S / S	\$92.4	4.74%	47	40											
Amazon.com Inc (AMZN)	3.950%	4/13/2052	\$2,500	A1 / AA / AA-	S / S / S	\$82.9	5.10%	67	62											
Ross Stores Inc (ROST)	1.875%	4/15/2031	\$500	A2 / BBB+ / --	S / S / --	\$81.1	5.07%	74	72	--	\$19,569	\$3,436	\$5,780	\$4,499	\$595		1.7x	0.4x	\$51,117	13.6x
Best Buy Co Inc (BBY)	1.950%	10/1/2030	\$650	A3 / BBB+ / --	S / S / --	\$82.1	5.19%	89	85	61	\$43,541	\$3,478	\$4,029	\$636	(\$239)		1.2x	1.0x	\$19,823	5.7x
Home Depot Inc (HD)	4.500%	9/15/2032	\$1,250	A2 / A / A	S / S / S	\$97.9	4.81%	52	47	25	\$153,714	\$26,741	\$49,255	\$2,058	\$1,810		2.0x	1.9x	\$418,681	16.1x
Home Depot Inc (HD)	4.950%	9/15/2052	\$1,000	A2 / A / A	S / S / S	\$95.4	5.27%	85	79											
Lowe's Companies Inc (LOW)	5.000%	4/15/2033	\$1,250	Baa1 / BBB+ / --	S / S / --	\$98.6	5.19%	90	86	34	\$90,219	\$14,739	\$40,053	\$1,531	(\$4,932)		2.7x	2.6x	\$172,270	10.8x
Lowe's Companies Inc (LOW)	5.625%	4/15/2053	\$1,500	Baa1 / BBB+ / --	S / S / --	\$100.4	5.60%	119	112											
VF Corp (VFC)	2.950%	4/23/2030	\$750	Baa3 / BBB- / --	N / N / --	\$82.2	6.50%	220	216	145	\$10,820	\$1,008	\$8,151	\$988	(\$1,527)		8.1x	7.1x	\$12,567	9.0x
Tractor Supply (TSCO)	1.750%	11/1/2030	\$650	Baa1 / BBB+ / --	S / S / --	\$80.7	5.21%	93	87	--	\$14,902	\$2,323	\$4,977	\$422	(\$207)		2.1x	2.0x	\$30,870	12.2x
AutoZone Inc (AZO)	4.750%	8/1/2032	\$750	Baa1 / BBB / BBB	S / S / S	\$96.1	5.33%	104	99	34	\$17,457	\$4,471	\$7,669	\$277	(\$1,373)		2.3x	2.3x	\$59,112	12.4x
AutoZone Inc (AZO)	6.550%	11/1/2033	\$500	Baa1 / BBB / BBB	S / S / S	\$108.1	5.44%	116	111											
O' Reilly Automotive (ORLY)	1.750%	3/15/2031	\$500	Baa1 / BBB / --	S / S / --	\$79.9	5.20%	87	85	--	\$15,625	\$4,011	\$7,384	\$83	(\$533)		1.9x	1.9x	\$70,062	15.5x
O' Reilly Automotive (ORLY)	4.700%	6/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$96.6	5.21%	91	87											
Genuine Parts Co. (GPC)	2.750%	2/1/2032	\$500	Baa1 / BBB / --	S / S / --	\$82.1	5.58%	127	124	--	\$23,028	\$2,387	\$4,237	\$655	(\$82)		2.3x	2.1x	\$24,716	9.5x
Genuine Parts Co. (GPC)	6.875%	11/1/2033	\$375	Baa1 / BBB / --	S / S / --	\$109.4	5.58%	130	125											
Advance Auto Parts (AAP)	3.900%	4/15/2030	\$500	Baa3 / BB+ / --	N / S / --	\$89.1	6.06%	176	172	--	\$11,296	\$1,350	\$4,462	\$318	(\$293)		3.3x	2.9x	\$7,314	6.5x
Advance Auto Parts (AAP)	3.500%	3/15/2032	\$501	Baa3 / BB+ / --	N / S / --	\$82.5	6.31%	204	197											
Dollar General Corp (DG)	5.450%	7/5/2033	\$1,000	Baa2 / BBB / --	S / S / --	\$99.5	5.52%	124	119	--	\$39,036	\$5,400	\$18,087	\$365	(\$1,160)		3.3x	3.3x	\$48,539	11.9x
Dollar General Corp (DG)	5.500%	11/1/2052	\$300	Baa2 / BBB / --	S / S / --	\$93.6	5.96%	153	149											
Dollar Tree Inc (DLTR)	2.650%	12/1/2031	\$800	Baa2 / BBB / --	S / S / --	\$83.2	5.33%	102	99	--	\$29,685	\$3,875	\$10,688	\$445	\$175		2.8x	2.6x	\$41,797	9.2x
Dollar Tree Inc (DLTR)	3.375%	12/1/2051	\$400	Baa2 / BBB / --	S / S / --	\$66.2	5.85%	140	137											
Tapestry Inc (TPR)	3.050%	3/15/2032	\$500	Baa2 *- / BBB / --	UR / N / --	\$80.8	6.10%	179	176	--	\$6,668	\$1,699	\$3,247	\$622	\$144		1.9x	1.5x	\$13,013	7.4x
Tapestry Inc (TPR)	7.850%	11/27/2033	\$1,250	Baa2 *- / BBB / --	UR / N / --	\$108.4	6.65%	237	232											
PVH Corp. (PVH)	4.625%	7/10/2025	\$499	Baa3 / BBB- / --	P / P / --	\$98.2	6.00%	102	111	--	\$9,217	\$1,463	\$3,660	\$358	(\$4)		2.5x	2.3x	\$11,410	5.7x
Dick's Sporting Goods (DKS)	3.150%	1/15/2032	\$750	Baa3 / BBB / --	S / S / --	\$83.8	5.74%	143	140	--	\$12,705	\$1,608	\$4,205	\$1,406	(\$64)		2.6x	1.7x	\$16,942	5.2x
Dick's Sporting Goods (DKS)	4.100%	1/15/2052	\$750	Baa3 / BBB / --	S / S / --	\$70.8	6.34%	192	186											
Nordstrom Inc (JWN)	4.250%	8/1/2031	\$425	Ba1 / BB+ / BB+	N / N / S	\$83.9	7.08%	273	273	181	\$14,592	\$1,473	\$4,496	\$375	\$189		3.1x	2.8x	\$7,431	4.8x
Nordstrom Inc (JWN)	5.000%	1/15/2044	\$966	Ba1 / BB+ / BB+	N / N / S	\$70.6	7.97%	336	339											
Kohl's Corporation (KSS)	4.625%	5/1/2031	\$500	Ba3 / BB / BBB-	N / N / N	\$78.8	8.66%	438	432	181	\$17,539	\$1,142	\$8,046	\$190	\$278		7.0x	6.9x	\$10,904	8.3x
Kohl's Corporation (KSS)	5.550%	7/17/2045	\$427	Ba3 / BB / BBB-	N / N / N	\$67.0	9.07%	458	451											

Source: BofA Global Research, Bloomberg

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**Source:** BofA Global Research, Bloomberg

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**Exhibit 14: 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	Revenue	LTM		Debt	Cash	Net FCF	Total Debt/ EBITDA	Credit Metrics		EV / EBITDA
						Bid	YTW	G-spd	T-spd			EBITDA	EBITDA					Net Debt/ EBITDA	EV	
Procter & Gamble (PG)	2.300%	2/1/2032	\$850	Aa3 / AA- / --	S / S / --	\$85.5	4.49%	20	16	24	\$83,265	\$22,375	\$35,880	\$9,733	\$2,091		1.6x	1.2x	\$405,832	18.1x
Procter & Gamble (PG)	4.050%	1/26/2033	\$850	Aa3 / AA- / --	S / S / --	\$96.0	4.61%	32	27											
Procter & Gamble (PG)	3.600%	3/25/2050	\$491	Aa3 / AA- / --	S / S / --	\$82.3	4.79%	33	29											
Colgate-Palmolive Co (CL)	3.250%	8/15/2032	\$500	Aa3 / AA- / --	S / N / --	\$89.6	4.76%	44	42	35	\$19,136	\$4,455	\$8,724	\$951	(\$136)		2.1x	1.9x	\$79,264	15.7x
Colgate-Palmolive Co (CL)	4.600%	3/1/2033	\$500	Aa3 / AA- / --	S / N / --	\$99.2	4.71%	41	38											
Colgate-Palmolive Co (CL)	3.700%	8/1/2047	\$500	Aa3 / AA- / --	S / N / --	\$81.7	5.04%	53	51											
Unilever Capital Corp (UNANA)	1.750%	8/12/2031	\$850	A1 / A+ / Au	S / S / S	\$80.8	4.86%	54	51	17	\$59,604	\$10,350	\$29,622	\$4,159	\$1,661		2.9x	2.5x	\$143,556	11.6x
Unilever Capital Corp (UNANA)	5.000%	12/8/2033	\$800	A1 / A+ / Au	S / S / S	\$100.3	4.96%	68	63											
Unilever Capital Corp (UNANA)	2.625%	8/12/2051	\$650	A1 / A+ / Au	S / S / S	\$64.5	5.02%	58	54											
Kimberly-Clark Corp (KMB)	2.000%	11/2/2031	\$600	A2 / A / --	S / S / --	\$82.2	4.80%	49	46	42	\$20,425	\$3,752	\$8,090	\$814	\$978		2.2x	2.0x	\$48,498	10.8x
Kimberly-Clark Corp (KMB)	4.500%	2/16/2033	\$350	A2 / A / --	S / S / --	\$97.2	4.89%	58	55											
Kimberly-Clark Corp (KMB)	2.875%	2/7/2050	\$500	A2 / A / --	S / S / --	\$67.6	5.15%	68	65											
SC Johnson & Son Inc (SCJOHN)	4.750%	10/15/2046	\$850	A- / BBB+ / --	S / N / --	\$89.0	5.61%	110	107	--	--	--	--	--	--	--	--	--	--	--
Estee Lauder Co Inc (EL)	4.650%	5/15/2033	\$700	A1 / A / --	N / N / --	\$97.0	5.06%	77	73	--	\$15,545	\$2,032	\$8,093	\$3,090	(\$283)		4.2x	3.0x	\$60,879	25.6x
Estee Lauder Co Inc (EL)	5.150%	5/15/2053	\$600	A1 / A / --	N / N / --	\$96.0	5.42%	102	96											
Kenvue (KVUE)	5.000%	3/22/2030	\$973	A1 / A / --	S / S / --	\$100.2	4.96%	66	62	--	\$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 / --	\$99.2	5.02%	73	69											
Kenvue (KVUE)	5.050%	3/22/2053	\$1,500	A1 / A / --	S / S / --	\$97.2	5.24%	83	77											
Reckitt Benckiser TSY (RKTLN)	3.000%	6/26/2027	\$2,500	A3 / A- / --	S / S / --	\$94.0	4.97%	50	51	--	\$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 / --	\$103.8	5.04%	74	70	--	\$5,776	\$1,307	\$2,405	\$573	\$792		1.9x	1.5x	\$26,736	19.2x
Church & Dwight Co Inc (CHD)	3.950%	8/1/2047	\$400	A3 / BBB+ / --	S / S / --	\$79.4	5.53%	102	99											
Church & Dwight Co Inc (CHD)	5.000%	6/15/2052	\$500	A3 / BBB+ / --	S / S / --	\$94.6	5.38%	93	90											
Clorox Company (CLX)	1.800%	5/15/2030	\$500	Baa1 / BBB+ / --	S / N / --	\$82.4	5.13%	83	79	61	\$7,035	\$1,074	\$2,913	\$518	\$247		2.9x	2.5x	\$21,907	15.8x
Clorox Company (CLX)	4.600%	5/1/2032	\$600	Baa1 / BBB+ / --	S / N / --	\$97.0	5.06%	76	72											
Haleon Plc (HLNLN)	3.625%	3/24/2032	\$1,998	Baa1 / BBB / --	S / -- / --	\$89.74	5.20%	90	86	--	\$9,545	\$2,413	\$9,782	\$405	\$25		4.1x	3.9x	\$39,717	16.5x
Haleon Plc (HLNLN)	4.000%	3/24/2052	\$1,000	Baa1 / BBB / --	S / -- / --	\$80.9	5.31%	89	83											
Whirlpool Corp (WHR)	4.700%	5/14/2032	\$300	Baa2 / BBB / BBB	S / N / N	\$94.6	5.53%	121	119	130	\$19,290	\$1,489	\$7,664	\$1,123	(\$197)		5.3x	4.4x	\$12,649	7.6x
Whirlpool Corp (WHR)	5.500%	3/1/2033	\$300	Baa2 / BBB / BBB	S / N / N	\$99.0	5.64%	134	131											
Whirlpool Corp (WHR)	4.600%	5/15/2050	\$500	Baa2 / BBB / BBB	S / N / N	\$81.1	6.05%	157	154											
Hasbro Inc (HAS)	3.900%	11/19/2029	\$900	Baa2 / BBB / BBB-	N / N / S	\$91.7	5.62%	132	128	92	\$5,393	\$1,026	\$3,715	\$186	(\$146)		3.6x	3.5x	\$9,802	9.5x
Hasbro Inc (HAS)	5.100%	5/15/2044	\$300	Baa2 / BBB / BBB-	N / N / S	\$84.1	6.52%	199	195											
Brunswick Corp (BC)	2.400%	8/18/2031	\$550	Baa2 / BBB- / BBB	S / P / S	\$78.7	5.98%	168	163	181	\$6,401	\$1,008	\$2,593	\$468	\$57		2.6x	2.1x	\$8,100	7.6x
Brunswick Corp (BC)	4.400%	9/15/2032	\$450	Baa2 / BBB- / BBB	S / P / S	\$89.2	6.04%	174	170											
Brunswick Corp (BC)	5.100%	4/1/2052	\$300	Baa2 / BBB- / BBB	S / P / S	\$79.2	6.77%	232	228											
Mattel Inc (MAT)	3.750%	4/1/2029	\$600	Baa3 / BBB / BBB-	S / S / S	\$91.1	5.79%	144	146	230	\$5,441	\$739	\$2,590	\$1,261	\$710		3.5x	1.8x	\$8,262	9.8x
Newell Brands Inc (NWL)	6.625%	9/15/2029	\$500	Ba3 / BB- / BB-	N / N / S	\$96.0	7.52%	312	318	378	\$8,133	\$1,226	\$5,472	\$332	\$462		4.5x	4.2x	\$8,144	8.6x
Newell Brands Inc (NWL)	6.500%	4/1/2046	\$666	Ba3 / BB- / BB-	N / N / S	\$80.0	9.11%	454	456											

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



**Exhibit 15: 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	LTM				Net	Credit Metrics				
							Bid	YTW	spd	T- spd		Revenue	EBITDA	Debt	Cash		FCF	EBITDA	EBITDA	EV	EBITDA
Nestle Holdings Inc. (NESNVX)	4.850%	3/14/2033	\$650	Aa3 / AA- / A+	S / S / S	S / S / S	\$99.9	4.86%	49	53	25	CHF 93,351	CHF 17,521	CHF 54,434	CHF 4,816	(CHF 2,836)	3.1x	2.8x	\$303,813	18.5x	
Nestle Holdings Inc. (NESNVX)	4.700%	1/15/2053	\$1,000	Aa3 / AA- / A+	S / S / S	S / S / S	\$94.6	5.06%	65	59											
Hershey Company (HSY)	4.500%	5/4/2033	\$400	A1 / A / --	S / S / --	S / S / --	\$98.0	4.77%	49	44	30	\$11,160	\$3,113	\$4,914	\$471	\$521	1.7x	1.6x	\$44,255	13.5x	
Hershey Company (HSY)	2.650%	6/1/2050	\$350	A1 / A / --	S / S / --	S / S / --	\$64.9	5.08%	62	58											
Mars Inc. (MARS)	1.625%	7/16/2032	\$700	A1 / A+ / --	S / S / --	S / S / --	\$77.2	4.99%	69	65	--	--	--	--	--	--	--	--	--	--	
Mars Inc. (MARS)	2.450%	7/16/2050	\$400	A1 / A+ / --	S / S / --	S / S / --	\$60.3	5.24%	79	74											
Hormel Foods (HRL)	1.800%	6/11/2030	\$1,000	A1 / A- / --	N / S / --	N / S / --	\$83.0	4.99%	67	64	--	\$12,195	\$1,325	\$3,481	\$737	\$172	2.6x	2.1x	\$19,416	14.3x	
Hormel Foods (HRL)	3.050%	6/3/2051	\$600	A1 / A- / --	N / S / --	N / S / --	\$67.0	5.36%	92	87											
Archer-Daniels-Midland Co (ADM)	4.500%	8/15/2033	\$500	A2 *- / A *- / A	-- / -- / S	-- / -- / S	\$95.4	5.12%	85	79	45	\$97,188	\$3,306	\$10,288	\$1,498	(\$190)	3.1x	2.7x	\$36,864	10.9x	
Archer-Daniels-Midland Co (ADM)	2.700%	9/15/2051	\$750	A2 *- / A *- / A	-- / -- / S	-- / -- / S	\$62.9	5.26%	84	78											
Cargill Inc (CARGIL)	4.750%	4/24/2033	\$500	A2 / A / A	S / S / S	S / S / S	\$96.1	5.29%	88	96	41	--	--	--	--	--	--	--	--	--	
Cargill Inc (CARGIL)	4.375%	4/22/2052	\$500	A2 / A / A	S / S / S	S / S / S	\$86.5	5.30%	85	82											
Danone SA (BNFP)	0.395%	6/10/2029	\$800	Baa1 / BBB+ / --	S / S / --	S / S / --	\$86.5	3.21%	81	77	29	\$27,619	\$4,787	\$14,799	\$1,880	\$1,316	3.1x	2.7x	\$52,713	10.1x	
Mondelez International Holdings Netherlands BV (MIHN)	1.250%	9/24/2026	\$350	A3 / BBB / --	S / S / --	S / S / --	\$90.4	5.29%	72	72											
Mondelez International (MDLZ)	3.000%	3/17/2032	\$750	Baa1 / BBB / --	S / S / --	S / S / --	\$86.1	5.12%	80	78	42	\$35,397	\$6,803	\$19,986	\$1,610	\$530	3.2x	2.9x	\$118,068	16.3x	
Mondelez International (MDLZ)	2.625%	9/4/2050	\$1,125	Baa1 / BBB / WD	S / S / --	S / S / --	\$62.0	5.31%	85	81											
Ingredion Inc (INGR)	2.900%	6/1/2030	\$600	Baa1 / BBB / BBB	S / S / S	S / S / S	\$87.7	5.22%	92	88	--	\$8,226	\$1,148	\$2,406	\$335	\$123	2.2x	1.9x	\$9,587	7.3x	
Ingredion Inc (INGR)	3.900%	6/1/2050	\$400	Baa1 / BBB / BBB	S / S / S	S / S / S	\$72.8	5.96%	149	146											
Sysco Corporation (SY)	2.450%	12/14/2031	\$450	Baa1 / BBB / BBB	S / S / S	S / S / S	\$82.4	5.23%	91	89	56	\$76,818	\$3,954	\$11,698	\$569	\$739	3.0x	2.8x	\$52,275	11.4x	
Sysco Corporation (SY)	6.000%	1/17/2034	\$500	Baa1 / BBB / BBB	S / S / S	S / S / S	\$105.3	5.29%	101	96											
Sysco Corporation (SY)	3.150%	12/14/2051	\$800	Baa1 / BBB / BBB	S / S / S	S / S / S	\$67.9	5.39%	95	91											
McCormick & Co (MKC)	4.950%	4/15/2033	\$500	Baa2 / BBB / --	S / S / --	S / S / --	\$98.0	5.23%	96	90	--	\$6,605	\$1,311	\$4,777	\$155	\$344	3.6x	3.6x	\$22,761	16.9x	
McCormick & Co (MKC)	4.200%	8/15/2047	\$300	Baa2 / BBB / --	S / S / --	S / S / --	\$82.2	5.57%	107	103											
General Mills Inc (GIS)	4.950%	3/29/2033	\$1,000	Baa2 / BBB / --	S / S / --	S / S / --	\$98.0	5.23%	93	90	33	\$20,281	\$4,109	\$12,282	\$491	(\$516)	3.1x	3.0x	\$49,405	14.8x	
General Mills Inc (GIS)	3.000%	2/1/2051	\$605	Baa2 / BBB / --	S / S / --	S / S / --	\$64.4	5.57%	110	107											
Kellanova (K)	5.250%	3/1/2033	\$400	Baa2 / NR / BBB	S / -- / S	S / -- / S	\$98.4	5.48%	118	115	68	\$15,866	\$2,536	\$7,674	\$1,099	\$440	3.7x	3.3x	\$25,670	11.7x	
Kellanova (K)	4.500%	4/1/2046	\$650	Baa2 / NR / BBB	S / -- / S	S / -- / S	\$85.5	5.66%	112	110											
Flowers Foods Inc (FLO)	2.400%	3/15/2031	\$500	Baa2 / BBB / BBB	S / S / S	S / S / S	\$83.5	5.22%	90	88	--	\$5,091	\$571	\$1,333	\$23	(\$21)	2.3x	2.3x	\$6,157	10.7x	
JM Smucker Co (SJM)	6.200%	11/15/2033	\$1,000	Baa2 / BBB / --	S / N / --	S / N / --	\$105.8	5.41%	114	109	--	\$8,461	\$1,668	\$4,495	\$241	(\$229)	2.6x	2.4x	\$17,255	11.5x	
JM Smucker Co (SJM)	6.500%	11/15/2053	\$1,000	Baa2 / BBB / --	S / N / --	S / N / --	\$109.6	5.81%	140	134											
Tyson Foods Inc (TSN)	4.350%	3/1/2029	\$1,000	Baa2 / BBB / BBB	N / S / S	N / S / S	\$96.4	5.17%	86	84	57	\$52,999	\$2,149	\$9,506	\$573	(\$1,200)	4.4x	4.2x	\$27,507	11.4x	
Tyson Foods Inc (TSN)	5.100%	9/28/2048	\$1,500	Baa2 / BBB / BBB	N / S / S	N / S / S	\$88.3	6.02%	155	150											
Campbell Soup Co (CPB)	2.375%	4/24/2030	\$500	Baa2 / BBB- / BBB *-	S / S / --	S / S / --	\$84.8	5.29%	99	95	46	\$9,357	\$1,753	\$4,689	\$189	\$206	2.9x	2.8x	\$17,563	10.1x	
Campbell Soup Co (CPB)	3.125%	4/24/2050	\$500	Baa2 / BBB- / BBB *-	S / S / --	S / S / --	\$64.6	5.76%	129	125											
Conagra Brands Inc (CAG)	7.000%	10/1/2028	\$382	Baa3 / BBB- / BBB-	S / S / S	S / S / S	\$106.6	5.37%	102	101	42	\$12,277	\$2,586	\$9,274	\$93	\$61	3.6x	3.6x	\$22,606	11.1x	
Conagra Brands Inc (CAG)	5.400%	11/1/2048	\$1,000	Baa3 / BBB- / BBB-	S / S / S	S / S / S	\$92.8	5.96%	148	144											
Kraft Heinz Foods Co (KHC)	3.750%	4/1/2030	\$741	Baa2 / BBB / BBB	S / P / S	S / P / S	\$93.6	4.99%	68	65	48	\$27,161	\$6,400	\$19,878	\$1,053	\$545	3.1x	2.9x	\$63,177	9.9x	
Kraft Heinz Foods Co (KHC)	4.375%	6/1/2046	\$2,786	Baa2 / BBB / BBB	S / P / S	S / P / S	\$83.4	5.70%	120	115											
Kraft Heinz Foods Co (KHC)	4.875%	10/1/2049	\$1,450	Baa2 / BBB / BBB	S / P / S	S / P / S	\$90.0	5.62%	116	111											
JBS USA (JBSSBZ)	6.750%	3/15/2034	\$1,600	Baa3 / BBB- / BBB-	S / S / S	S / S / S	\$103.6	6.25%	198	192	--	R\$ 360,341	R\$ 16,494	R\$ 101,338	R\$ 26,790	-R\$ 5,989	6.1x	4.5x	R\$ 140,367	4.0x	
JBS USA (JBSSBZ)	7.250%	11/15/2053	\$900	Baa3 / BBB- / BBB-	S / S / S	S / S / S	\$106.1	6.76%	236	230											
Pilgrim's Pride (PPC)	6.250%	7/1/2033	\$1,000	Ba2 / BBB- / BBB-	S / N / S	S / N / S	\$100.8	6.13%	186	180	--	\$16,961	\$670	\$3,596	\$899	(\$17)	5.4x	4.0x	\$9,854	5.2x	
Pilgrim's Pride (PPC)	6.875%	5/15/2034	\$500	Ba2 / BBB- / BBB-	S / N / S	S / N / S	\$104.8	6.21%	195	189											
Smithfield Foods Inc (SFD)	2.625%	9/13/2031	\$500	Ba1 / BBB- / BBB	S / S / S	S / S / S	\$77.0	6.53%	223	219	42	--	--	--	--	--	--	--	--	--	

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

**Exhibit 16: Beverages 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-	T-	CDS	Revenue	EBITDA	Debt	Cash	FCF	EBITDA	EBITDA	EV	EBITDA
									spd	spd										
The Coca-Cola Co. (KO)	2.250%	1/5/2032	\$2,000	A1 / A+ / WD	S / S / --	\$84.3	4.66%	37	32	42	\$45,031	\$16,079	\$40,171	\$11,883	\$1,741		2.5x	1.5x	\$295,224	19.2x
The Coca-Cola Co. (KO)	3.000%	3/5/2051	\$1,700	A1 / A+ / WD	S / S / --	\$70.6	5.00%	56	50											
Coca-Cola European Partners (CCEP)	1.500%	1/15/2027	\$500	Baa1 / -- / BBB+	S / -- / S	\$90.2	5.20%	69	69	--	\$18,302	\$3,131	\$11,396	\$1,419	\$1,111		3.6x	3.2x	\$38,499	11.5x
PepsiCo Inc (PEP)	4.450%	2/15/2033	\$1,000	A1 / A+ / --	S / S / --	\$98.0	4.73%	42	39	42	\$91,617	\$16,953	\$44,774	\$10,283	(\$550)		3.0x	2.4x	\$270,295	15.5x
PepsiCo Inc (PEP)	2.750%	10/21/2051	\$1,000	A1 / A+ / --	S / S / --	\$65.9	5.05%	62	57											
PepsiCo Inc (PEP)	4.650%	2/15/2053	\$500	A1 / A+ / --	S / S / --	\$93.4	5.09%	68	62											
Brown-Forman Corp (BFB)	4.750%	4/15/2033	\$650	A1 / A- / --	S / S / --	\$98.7	4.92%	65	59	--	\$4,272	\$1,355	\$3,110	\$373	\$79		2.3x	2.1x	\$30,300	25.2x
Brown-Forman Corp (BFB)	4.500%	7/15/2045	\$500	A1 / A- / WD	S / S / --	\$88.7	5.40%	87	84											
Diageo Investment Corp (DGELN)	5.500%	1/24/2033	\$750	A3 / A- / A-u	S / S / S	\$103.3	5.03%	74	70	24	£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	\$86.4	3.46%	107	101											
Diageo Investment Corp (DGELN)	3.875%	4/29/2043	\$500	A3 / A- / A-u	S / S / S	\$81.9	5.40%	89	85											
Anheuser-Busch InBev Fin (ABIBB)	4.900%	1/23/2031	\$750	A3 / A- / --	S / S / --	\$100.4	4.83%	51	49	63	\$59,091	\$19,928	\$80,900	\$6,848	\$4,662		4.1x	3.7x	\$212,917	10.7x
Anheuser-Busch InBev Fin (ABIBB)	4.900%	2/1/2046	\$9,519	A3 / A- / --	S / S / --	\$94.2	5.35%	85	80											
Anheuser-Busch InBev Fin (ABIBB)	4.500%	6/1/2050	\$1,102	A3 / A- / --	S / S / --	\$89.5	5.24%	78	74											
Heineken NV (HEIANA)	1.750%	3/17/2031	\$750	A3 / BBB+ / --	S / S / --	\$89.7	3.42%	107	102	29	€ 29,725	€ 5,824	€ 19,857	€ 2,168	-€ 1,560		3.4x	3.0x	€ 69,927	10.8x
Heineken NV (HEIANA)	4.350%	3/29/2047	\$650	A3 / BBB+ / --	S / S / --	\$87.4	5.30%	80	76											
Pernod Ricard SA (RIFP)	1.625%	4/1/2031	\$900	Baa1 / BBB+ / BBB+	S/S/S	\$79.1	5.19%	88	85	63	€ 12,136	€ 3,765	€ 10,741	€ 1,624	(€ 427)		2.9x	2.4x	€ 52,774	16.7x
Pernod Ricard SA (RIFP)	2.750%	10/1/2050	\$500	Baa1 / BBB+ / BBB+	S/S/S	\$63.2	5.36%	89	86											
Suntory Holdings LTD (SUNTOR)	6.625%	7/15/2028	\$184	Baa1 / BBB+ / WD	S / S / --	\$105.7	5.16%	79	78	--	¥2,952	¥439	¥1,348	¥319	¥85		3.1x	2.3x		
JAB Holdings BV (JABHOL)	1.000%	7/14/2031	\$306	Baa1 / BBB+ / --	S / S / --	\$84.0	3.50%	115	112	--	--	--	--	--	--		--	--	--	--
JAB Holdings BV (JABHOL)	3.750%	5/28/2051	\$500	Baa1 / BBB+ / --	S / S / --	\$65.1	6.49%	204	200											
JAB Holdings BV (JABHOL)	4.500%	4/8/2052	\$500	Baa1 / BBB+ / --	S / S / --	\$74.7	6.46%	203	198											
Keurig Dr Pepper (KDP)	4.050%	4/15/2032	\$850	Baa1 / BBB / --	S / S / --	\$92.5	5.19%	90	85	--	\$14,750	\$4,116	\$12,860	\$260	(\$467)		3.1x	3.1x	\$56,515	14.2x
Keurig Dr Pepper (KDP)	3.350%	3/15/2051	\$500	Baa1 / BBB / --	S / S / --	\$69.9	5.50%	106	101											
Keurig Dr Pepper (KDP)	4.500%	4/15/2052	\$1,150	Baa1 / BBB / --	S / S / --	\$84.4	5.61%	119	113											
Constellation Brands Inc (STZ)	4.750%	5/9/2032	\$700	Baa3 / BBB / --	S / S / --	\$96.5	5.29%	100	95	96	\$9,786	\$3,486	\$11,707	\$83	\$686		3.2x	3.2x	\$57,146	15.8x
Constellation Brands Inc (STZ)	4.900%	5/1/2033	\$750	Baa3 / BBB / --	S / S / --	\$97.0	5.32%	103	99											
Constellation Brands Inc (STZ)	3.750%	5/1/2050	\$600	Baa3 / BBB / --	S / S / --	\$74.6	5.61%	115	111											
Molson Coors Brewing Co (TAP)	3.000%	7/15/2026	\$2,000	Baa2 / BBB / WD	P / S / --	\$95.2	5.16%	54	54	54	\$11,541	\$2,412	\$6,180	\$802	\$950		2.7x	2.3x	\$19,091	7.5x
Molson Coors Brewing Co (TAP)	4.200%	7/15/2046	\$1,800	Baa2 / BBB / WD	P / S / --	\$81.5	5.67%	116	112											
Bacardi LTD (BACARD)	5.400%	6/15/2033	\$700	Baa3 / BBB- / BBB-	-- / -- / --	\$98.9	5.56%	127	123	--	--	--	--	--	--		--	--	--	--
Bacardi LTD (BACARD)	5.900%	6/15/2043	\$400	Baa3 / BBB- / BBB-	-- / -- / --	\$99.7	5.93%	142	137											
Bacardi LTD (BACARD)	5.300%	5/15/2048	\$700	Baa3 / BBB- / BBB-	S / S / S	\$93.2	5.83%	135	130											
JDE Peet's NV (JDEPNA)	2.250%	9/24/2031	\$500	Baa3 / BBB- / BBB	S / S / S	\$78.6	5.77%	146	143	--	€ 8,191	€ 1,323	€ 5,915	€ 2,048	€ 228		4.5x	2.9x	€ 14,768	8.9x

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



**Exhibit 17: 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 / -- / --	\$81.6	5.23%	92	89		¥2,841,077	¥843,731	¥1,142,259	¥1,040,206	¥104,821	1.4x	0.1x	¥303,813	0.4x
Japan Tobacco (JAPTOB)	3.300%	9/14/2051	\$400	A2 / A+ / --	S / -- / --	\$66.4	5.74%	129	126										
Philip Morris Intl Inc (PM)	1.750%	11/1/2030	\$750	A2 / A- / A	S / S / N	\$80.8	5.19%	87	84	42	\$34,359	\$14,111	\$47,715	\$3,017	(\$276)	3.5x	3.3x	\$189,424	13.4x
Philip Morris Intl Inc (PM)	5.750%	11/17/2032	\$1,500	A2 / A- / A	S / S / N	\$101.6	5.51%	118	117										
Philip Morris Intl Inc (PM)	5.375%	2/15/2033	\$2,250	A2 / A- / A	S / S / N	\$99.6	5.43%	114	110										
Philip Morris Intl Inc (PM)	5.625%	9/7/2033	\$1,000	A2 / A- / A	S / S / N	\$100.6	5.54%	126	121										
Philip Morris Intl Inc (PM)	4.250%	11/10/2044	\$1,250	A2 / A- / A	S / S / N	\$81.9	5.76%	123	119										
Altria Group (MO)	3.125%	6/15/2031	\$1,250	A3 / BBB / BBB	S / P / S	\$90.8	4.64%	229	226	42	\$20,561	\$12,131	\$25,098	\$1,537	\$641	2.1x	2.0x	\$95,128	7.8x
Altria Group (MO)	2.450%	2/4/2032	\$1,750	A3 / BBB / BBB	S / P / S	\$80.3	5.56%	127	122										
Altria Group (MO)	6.875%	11/1/2033	\$500	A3 / BBB / BBB	S / P / S	\$107.9	5.78%	150	145										
Altria Group (MO)	5.375%	1/31/2044	\$1,800	A3 / BBB / BBB	S / P / S	\$94.6	5.83%	127	126										
Altria Group (MO)	3.700%	2/4/2051	\$1,250	A3 / BBB / BBB	S / P / S	\$68.3	6.12%	167	162										
British American Tobacco (BATSLN)	2.726%	3/25/2031	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$82.53	5.77%	146	142	60	£28,227	£13,906	£42,169	£3,681	£2,318	3.0x	2.8x	\$88,244	6.3x
British American Tobacco (BATSLN)	7.750%	10/19/2032	\$600	Baa2 / BBB+ / BBB	P / N / P	\$111.3	6.02%	171	169										
British American Tobacco (BATSLN)	4.742%	3/16/2032	\$900	Baa2 / BBB+ / BBB	P / N / P	\$93.5	5.76%	144	142										
British American Tobacco (BATSLN)	6.421%	8/2/2033	\$1,250	Baa2 / BBB+ / BBB	P / N / P	\$102.7	6.03%	174	170										
British American Tobacco (BATSLN)	5.282%	4/2/2050	\$500	Baa2 / BBB+ / BBB	P / N / P	\$82.9	6.68%	221	217										
British American Tobacco (BATSLN)	3.984%	9/25/2050	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$68.3	6.51%	205	201										
British American Tobacco (BATSLN)	5.650%	3/16/2052	\$600	Baa2 / BBB+ / BBB	P / N / P	\$87.3	6.66%	222	218										
British American Tobacco (BATSLN)	7.081%	8/2/2053	\$1,000	Baa2 / BBB+ / BBB	P / N / P	\$104.6	6.72%	230	225										
Imperial Brands Fin Plc (IMBLN)	3.875%	7/26/2029	\$1,000	Baa3 / BBB / BBB	S / S / S	\$92.4	5.52%	122	119	65	£7,961	£4,073	£10,249	£596	(£186)	2.5x	2.4x	£24,959	6.1x

Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH



## Valuation & risk

### Home Depot (HD)

Home Depot (HD) is the home improvement industry leader in terms of scale and market size, complemented by robust profitability, dependable execution from a seasoned management team and historical relative outperformance post-housing crisis. They maintain strong credit metrics, balanced financial policies and capital deployment centered around business reinvestment, 55% dividend payout and maintaining 2x adj. leverage. We rate HD cash Marketweight due to limited spread tightening potential vs. less cyclical single-A credits in Consumer Staples and Healthcare with similarly large capital structures & improving credit metrics. Upside may occur due to better-than-expected sales and margin performance from share gains while improving free cash flow conversion to support buybacks. Downside risks are heightened competition or a rapid spending slowdown caused by a housing moderation or economic recession and risk of faster debt-financed buybacks. CDS is rated Neutral given the tight level vs. CDX IG but lack of a catalyst to move it wider given HD's unwavering financial policy.

### Keurig Dr. Pepper (KDP)

Keurig Dr. Pepper, a leader in U.S. at-home coffee and flavored beverages, benefits from a diverse and on-trend portfolio, top-tier distribution system, efficient cost and cash flow optimization, and strong management team that is committed to an IG rating. Our Overweight rating is based on KDP's ability to sustain above-average industry growth and EBITDA margin expansion, benefitting from structurally improved consumption following COVID-19, while further improving the balance sheet and leverage metrics. Relative value is overall attractive based on relative growth prospects, successful integration & deleveraging, superior credit metrics, and disciplined financial policy (favoring partnerships over high multiple M&A) compared to BBB food & beverage peers. Risks are structural contraction in some of KDP's important soft drink & juice segments, less geographical diversification vs. peers, an expected penchant for platform expansion, supply chain financing risks, and significant insider influence.

## 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

#### Home Depot / HD

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
2.125, Senior, USD, 2026:B	1,000	15-SEP-2026	A2/A/A	93.48	23-Feb-2024	4.87	29
2.8, Senior, USD, 2027:B	1,000	14-SEP-2027	A2/A/A	93.85	23-Feb-2024	4.70	27
2.95, Senior, USD, 2029:B	1,750	15-JUN-2029	A2/A/A	91.28	23-Feb-2024	4.83	53
2.7, Senior, USD, 2030:B	1,500	15-APR-2030	A2/A/A	88.57	23-Feb-2024	4.88	61
4.25, Senior, USD, 2046:B	1,600	01-APR-2046	A2/A/A	86.26	23-Feb-2024	5.31	75
3.125, Senior, USD, 2049:B	1,250	15-DEC-2049	A2/A/A	70.11	23-Feb-2024	5.25	74
3.35, Senior, USD, 2050:B	1,500	15-APR-2050	A2/A/A	73.41	23-Feb-2024	5.23	72
3.5, Senior, USD, 2056:B	1,000	15-SEP-2056	A2/A/A	74.18	23-Feb-2024	5.14	80
1.375, Senior, USD, 2031:B	1,250	15-MAR-2031	A2/A/A	79.49	23-Feb-2024	4.84	59
2.375, Senior, USD, 2051:B	1,250	15-MAR-2051	A2/A/A	59.59	23-Feb-2024	5.16	69
1.875, Senior, USD, 2031:B	1,000	15-SEP-2031	A2/A/A	81.35	23-Feb-2024	4.85	61
2.75, Senior, USD, 2051:B	1,000	15-SEP-2051	A2/A/A	64.15	23-Feb-2024	5.22	76
3.625, Senior, USD, 2052:B	1,500	15-APR-2052	A2/A/A	76.36	23-Feb-2024	5.24	81
3.25, Senior, USD, 2032:B	1,250	15-APR-2032	A2/A/A	89.06	23-Feb-2024	4.89	65
4.5, Senior, USD, 2032:B	1,250	15-SEP-2032	A2/A/A	98.08	23-Feb-2024	4.78	53



## Home Depot / HD

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
4.95, Senior, USD, 2052:B	1,000	15-SEP-2052	A2/A/A	95.66	23-Feb-2024	5.25	83
5-Year CDS					24-Feb-2024		26

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

## Keurig Dr. Pepper / KDP

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
2.55, Senior, USD, 2026:B	400	15-SEP-2026	Baa1/BBB/NR	93.82	23-Feb-2024	5.16	58
3.43, Senior, USD, 2027:B	498	15-JUN-2027	Baa1/BBB/NR	95.26	23-Feb-2024	5.00	54
4.597, Senior, USD, 2028:B	2,000	25-MAY-2028	Baa1/BBB/NR	98.62	23-Feb-2024	4.96	59
4.597, Senior, USD, 2028:B	2,000	25-MAY-2028	Baa1/BBB/NR	98.62	23-Feb-2024	4.96	59
3.2, Senior, USD, 2030:B	750	01-MAY-2030	Baa1/BBB/NR	90.24	23-Feb-2024	5.06	79
5.085, Senior, USD, 2048:B	750	25-MAY-2048	Baa1/BBB/NR	94.65	23-Feb-2024	5.49	94
5.085, Senior, USD, 2048:B	750	25-MAY-2048	Baa1/BBB/NR	94.65	23-Feb-2024	5.49	94
3.8, Senior, USD, 2050:B	750	01-MAY-2050	Baa1/BBB/NR	76.69	23-Feb-2024	5.49	98
.75, Senior, USD, 2024:B	1,150	15-MAR-2024	Baa1/BBB/NR	99.76	23-Feb-2024	4.82	-58
3.35, Senior, USD, 2051:B	500	15-MAR-2051	Baa1/BBB/NR	70.24	23-Feb-2024	5.47	99
2.25, Senior, USD, 2031:B	500	15-MAR-2031	Baa1/BBB/NR	83.23	23-Feb-2024	5.11	86
3.95, Senior, USD, 2029:B	1,000	15-APR-2029	Baa1/BBB/NR	95.43	23-Feb-2024	4.97	66
4.05, Senior, USD, 2032:B	850	15-APR-2032	Baa1/BBB/NR	93.15	23-Feb-2024	5.09	84
4.5, Senior, USD, 2052:B	1,150	15-APR-2052	Baa1/BBB/NR	85.89	23-Feb-2024	5.49	106

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

## Home Depot / HD

Company	Date <sup>R1</sup>	Action	Recommendation	
Home Depot / HD	31-Jan-2021		Overweight	
	16-May-2023	Downgrade	Marketweight	
Security	Date <sup>R1</sup>	Action	Recommendation	Price
2.125, Senior, USD, 2026:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	93.97
2.8, Senior, USD, 2027:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	95.04
2.95, Senior, USD, 2029:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	93.35
2.7, Senior, USD, 2030:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	90.02
4.25, Senior, USD, 2046:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	88.42
3.125, Senior, USD, 2049:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	71.65
3.35, Senior, USD, 2050:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	74.71
3.5, Senior, USD, 2056:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	75.50
1.375, Senior, USD, 2031:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	80.20
2.375, Senior, USD, 2051:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	60.89
1.875, Senior, USD, 2031:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	82.39
2.75, Senior, USD, 2051:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	65.78
3.625, Senior, USD, 2052:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	77.71
3.25, Senior, USD, 2032:B	31-Jan-2023		Overweight	



**Home Depot / HD**

Company	Date <sup>R1</sup>	Action	Recommendation	
	16-May-2023	Downgrade	Marketweight	91.15
4.5, Senior, USD, 2032:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	100.33
4.95, Senior, USD, 2052:B	31-Jan-2023		Overweight	
	16-May-2023	Downgrade	Marketweight	96.69
5-Year CDS	31-Jan-2023		Neutral	

Table reflects credit opinion history as of previous business day's close.<sup>R1</sup> 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.

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

**Keurig Dr. Pepper / KDP**

Company	Date <sup>R2</sup>	Action	Recommendation	
Keurig Dr. Pepper / KDP	31-Jan-2021		Overweight	
	07-Apr-2022	Restricted	NA	
	05-May-2022	Coverage Resumed	Overweight	
Security	Date <sup>R2</sup>	Action	Recommendation	Price
2.55, Senior, USD, 2026:B	31-Jan-2023		Overweight	
3.43, Senior, USD, 2027:B	31-Jan-2023		Overweight	
4.597, Senior, USD, 2028:B	31-Jan-2023		Overweight	
4.597, Senior, USD, 2028:B	31-Jan-2023		Overweight	
3.2, Senior, USD, 2030:B	31-Jan-2023		Overweight	
5.085, Senior, USD, 2048:B	31-Jan-2023		Overweight	
5.085, Senior, USD, 2048:B	31-Jan-2023		Overweight	
3.8, Senior, USD, 2050:B	31-Jan-2023		Overweight	
.75, Senior, USD, 2024:B	31-Jan-2023		Overweight	
3.35, Senior, USD, 2051:B	31-Jan-2023		Overweight	
2.25, Senior, USD, 2031:B	31-Jan-2023		Overweight	
3.95, Senior, USD, 2029:B	31-Jan-2023		Overweight	
4.05, Senior, USD, 2032:B	31-Jan-2023		Overweight	
4.5, Senior, USD, 2052:B	31-Jan-2023		Overweight	

Table reflects credit opinion history as of previous business day's close.<sup>R2</sup> 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.

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

**BofA Global Research Credit Opinion Key**

BofA Global Research provides recommendations on an issuer's bonds (including corporate and sovereign external debt securities), loans, capital securities, equity preferreds and CDS as described below. Convertible securities are not rated. An issuer level recommendation may also be provided for an issuer as explained below. BofA Global Research credit recommendations are assigned using a three-month time horizon.

**Issuer Recommendations:** If an issuer credit recommendation is provided, it is applicable to bonds and capital securities of the issuer except bonds and capital securities specifically referenced in the report with a different credit recommendation. Where there is no issuer credit recommendation, only individual bonds and capital securities with specific recommendations are covered. Loans, CDS and equity preferreds are rated separately and issuer recommendations do not apply to them.

BofA Global Research credit recommendations are assigned using a three-month time horizon:

**Overweight:** Spreads and /or excess returns are likely to outperform the relevant and comparable market over the next three months.

**Marketweight:** Spreads and/or excess returns are likely to perform in-line with the relevant and comparable market over the next three months.

**Underweight:** Spreads and/or excess returns are likely to underperform the relevant and comparable market over the next three months.

BofA Global Research uses the following rating system with respect to **Credit Default Swaps (CDS):**

**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 <sup>R3</sup>	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%

<sup>R3</sup> 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.

Credit Opinion History Tables for the securities referenced in this research report are available on the [Price Charts and Credit Opinion History Tables website](#), or call 1-800-MERRILL to have them mailed.

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