

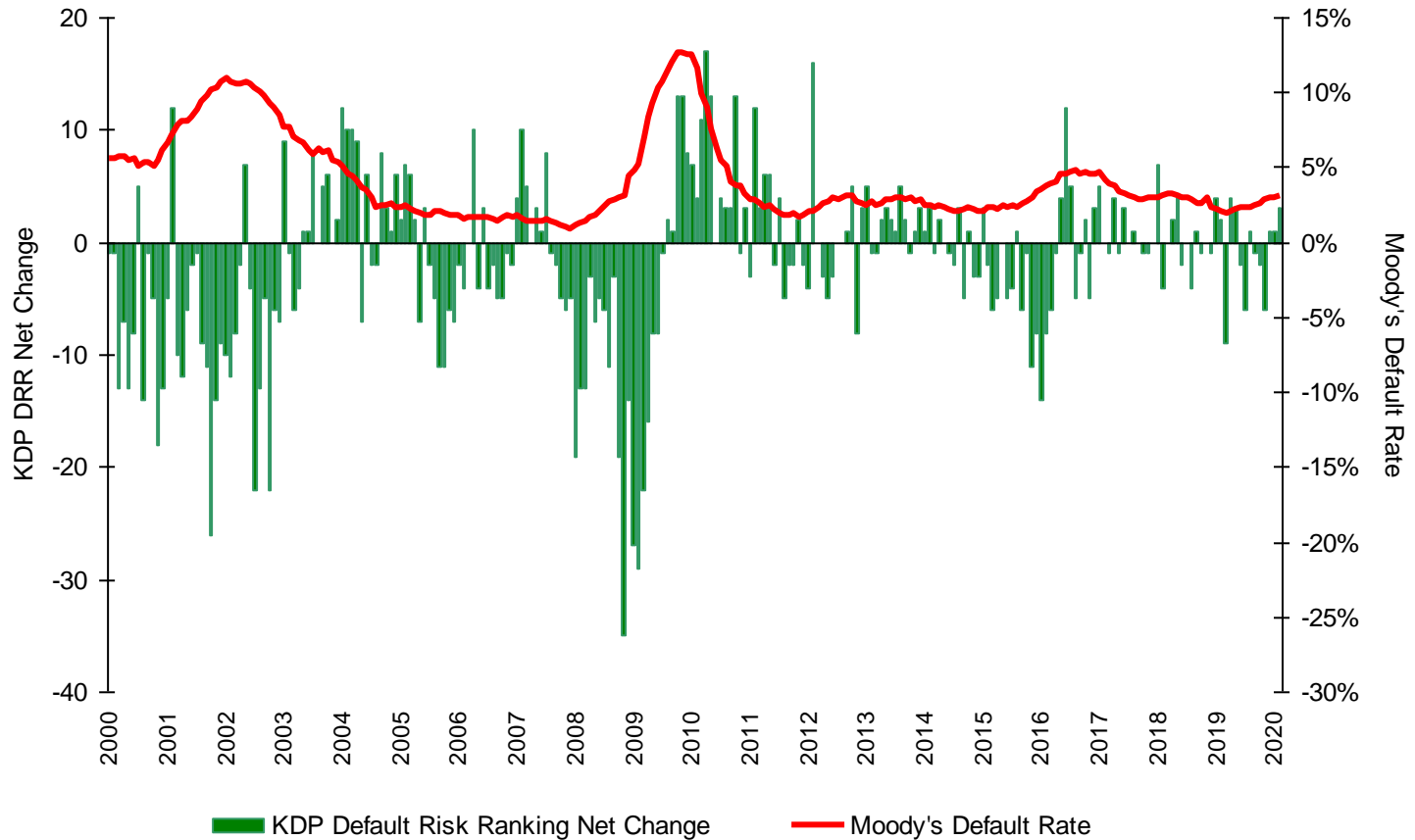


KDP INVESTMENT ADVISORS, INC.

High Yield Review

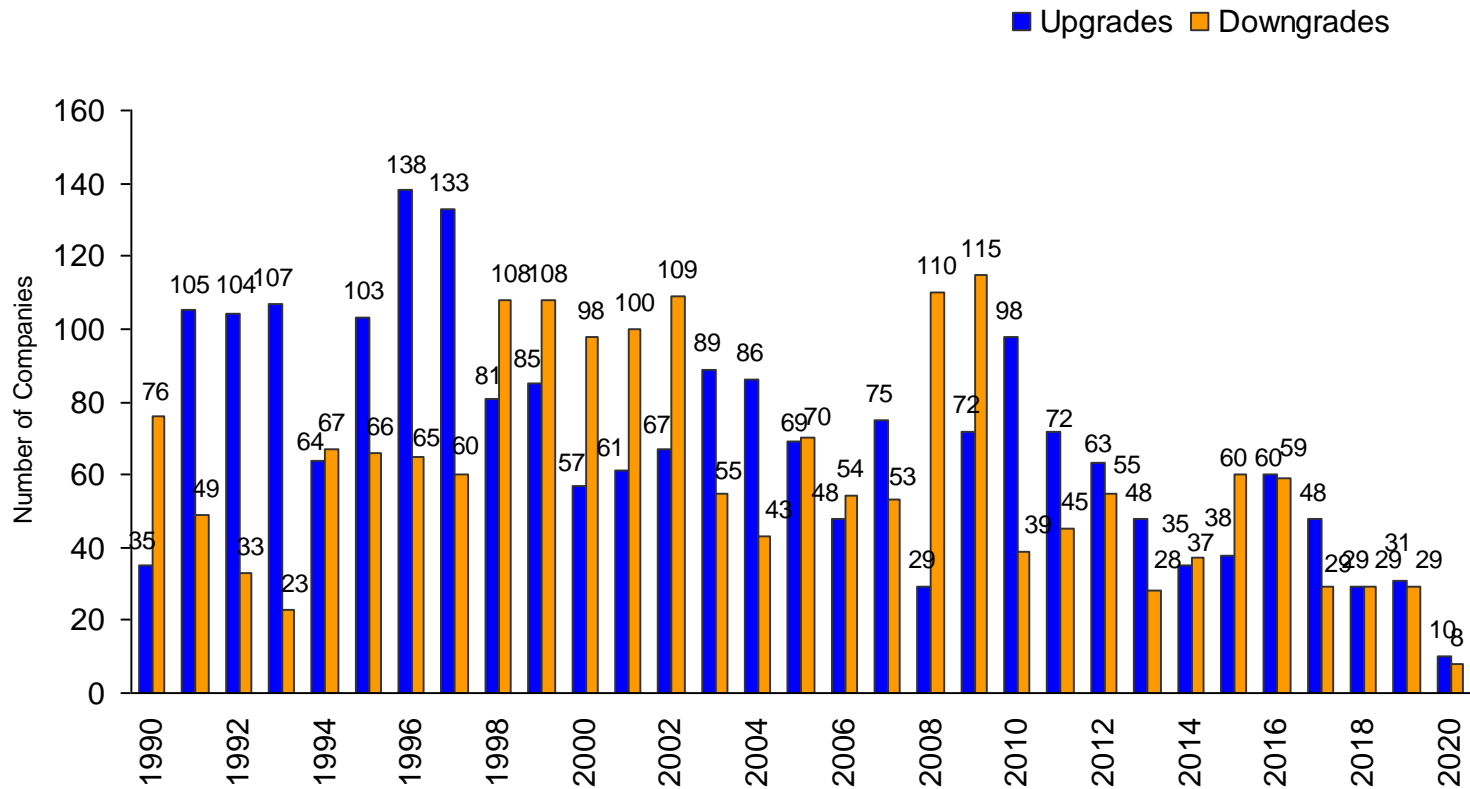
Data as of 2/29/2020

KDP Default Risk Ranking Net Changes



Source: KDP

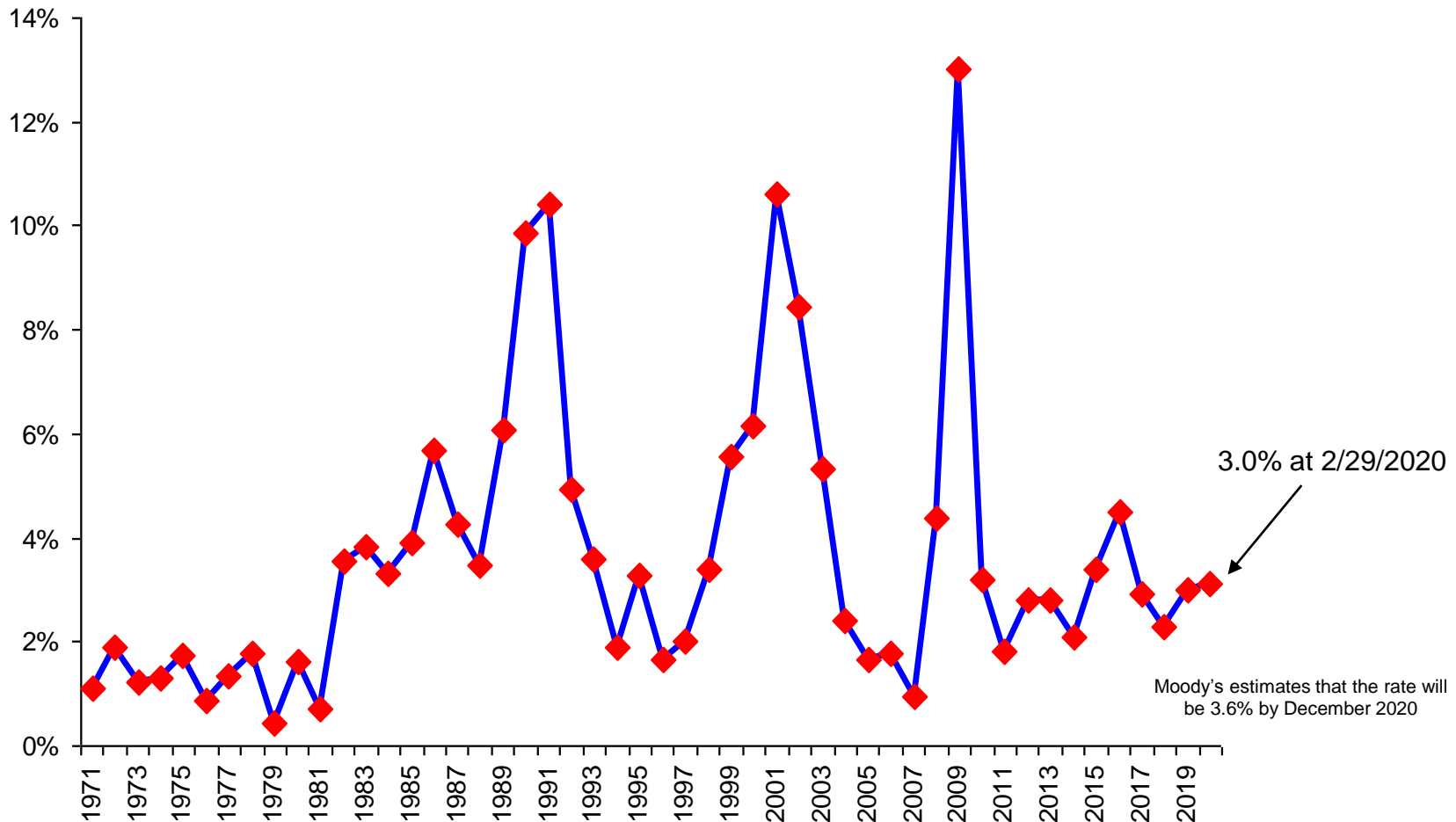
KDP Default Risk Changes Historical By Year



Source: KDP

Moody's Historical High Yield Default Rate

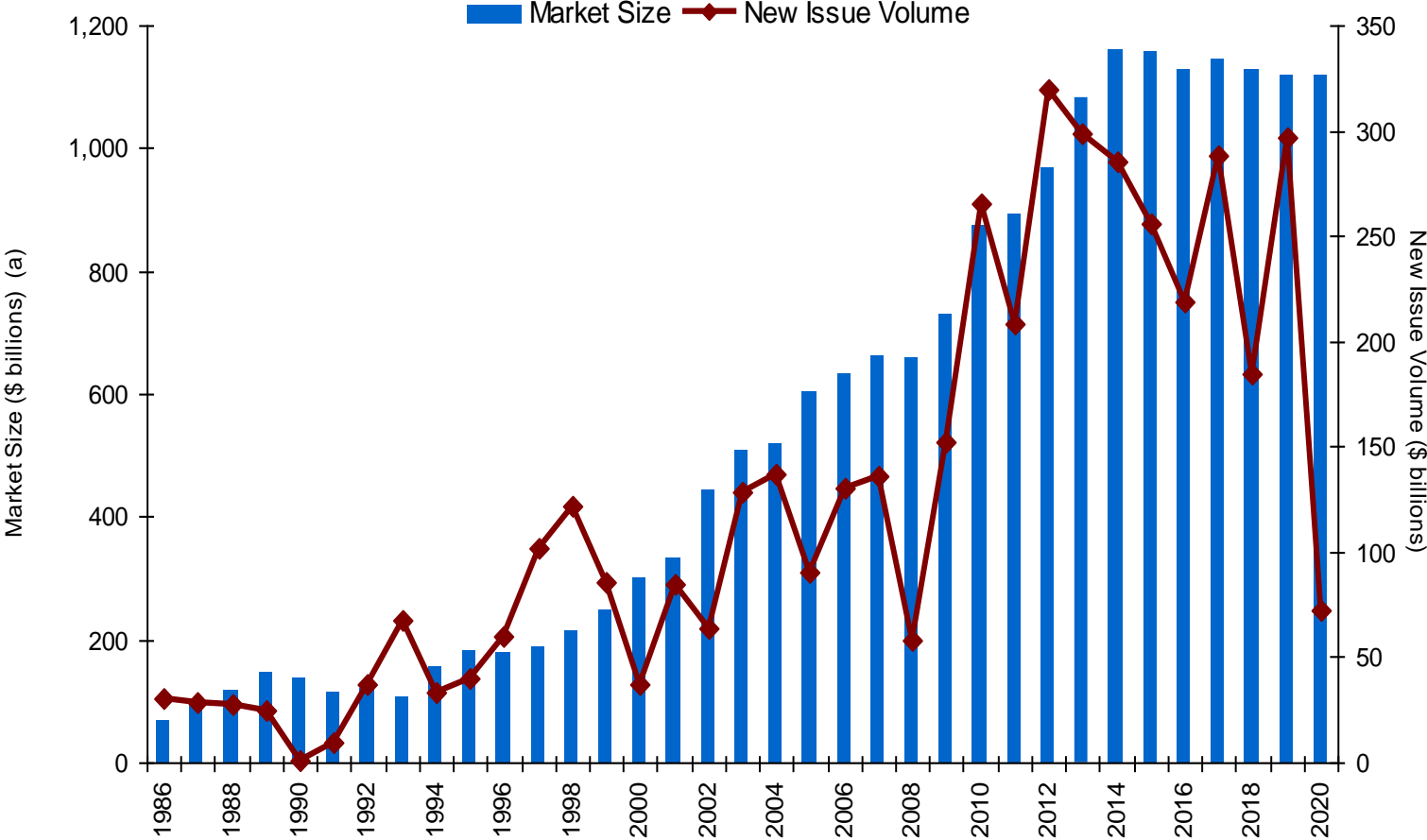
1971 – February 2020



Note: Defaults based on global (developed and emerging market) Moody's- rated universe.

Source: Moody's Investor Service, BofA Merrill Lynch Global Research

High Yield Market Size and New Issue Volume



Source: BofA Merrill Lynch, ICE Data Indices LLC, S&P LCD; KDP Investment Advisors, Inc.

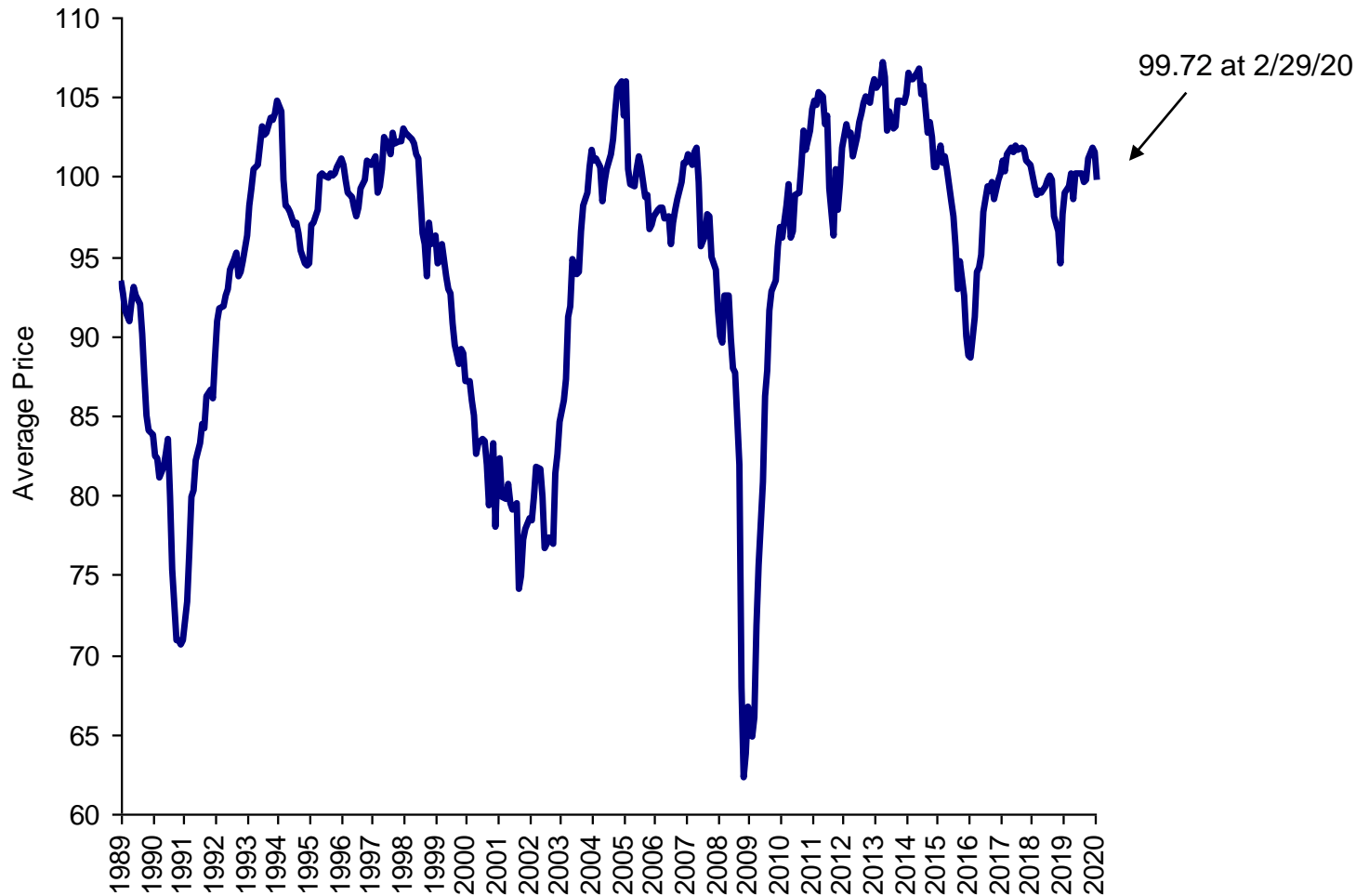




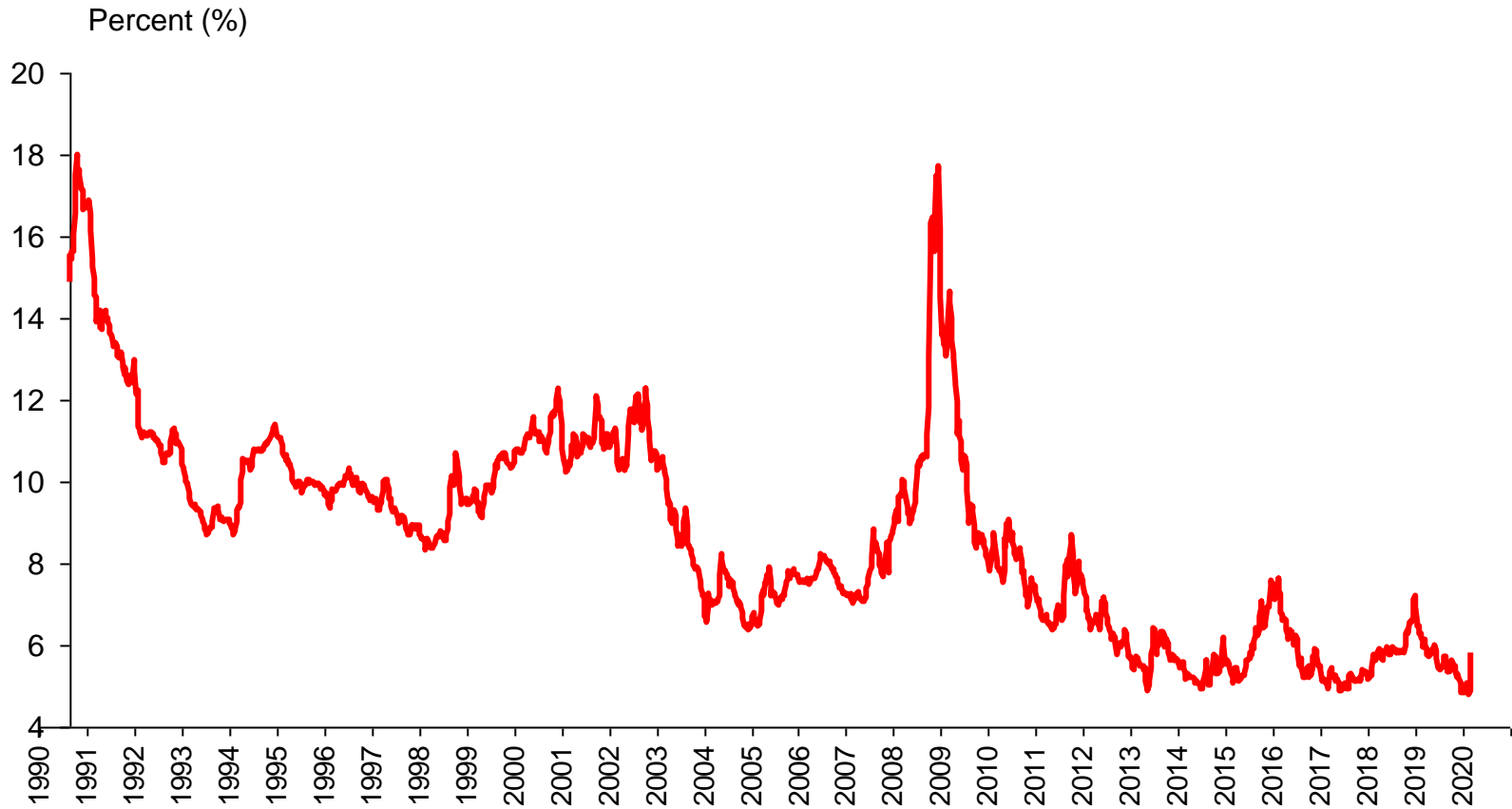
Source: KDP

Scaled to equal 100 at 12/31/92

KDP Universe High Yield Bond Price

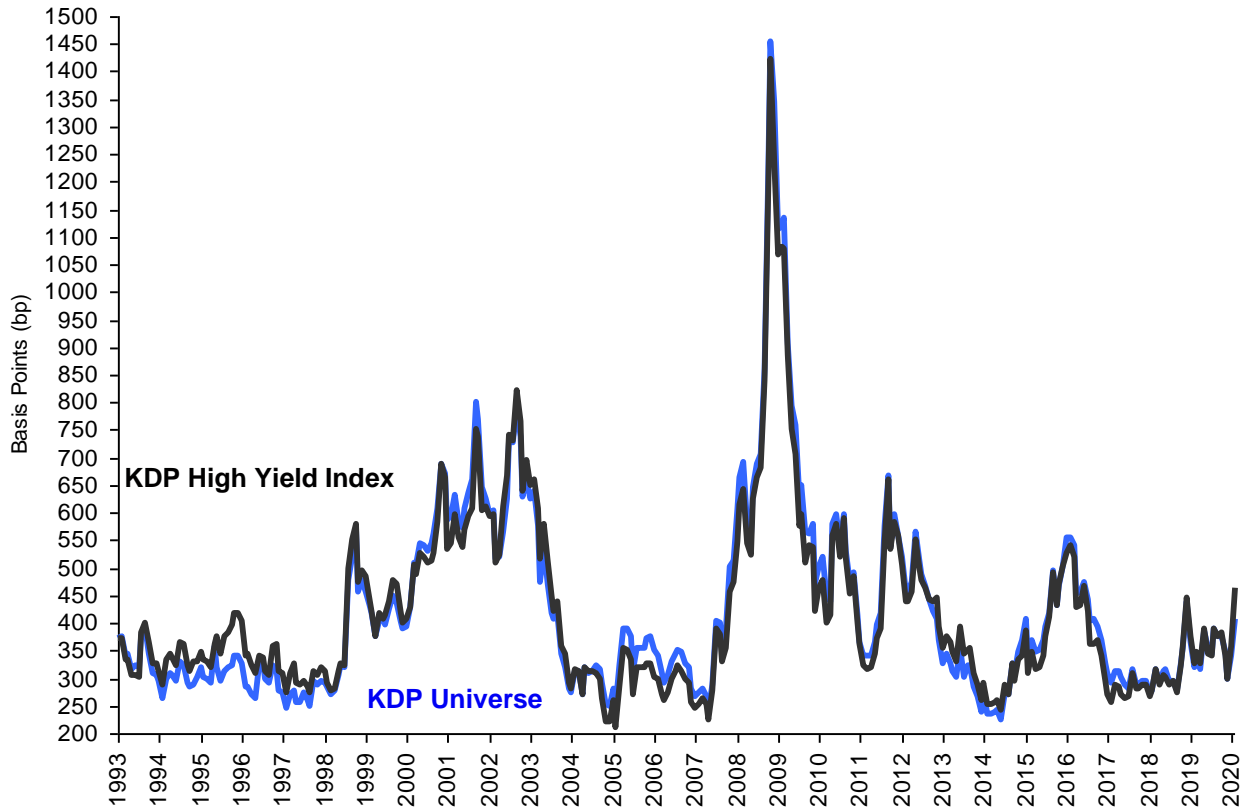


Source: KDP



Source: KDP

Yield Spreads To 10-Year Treasury

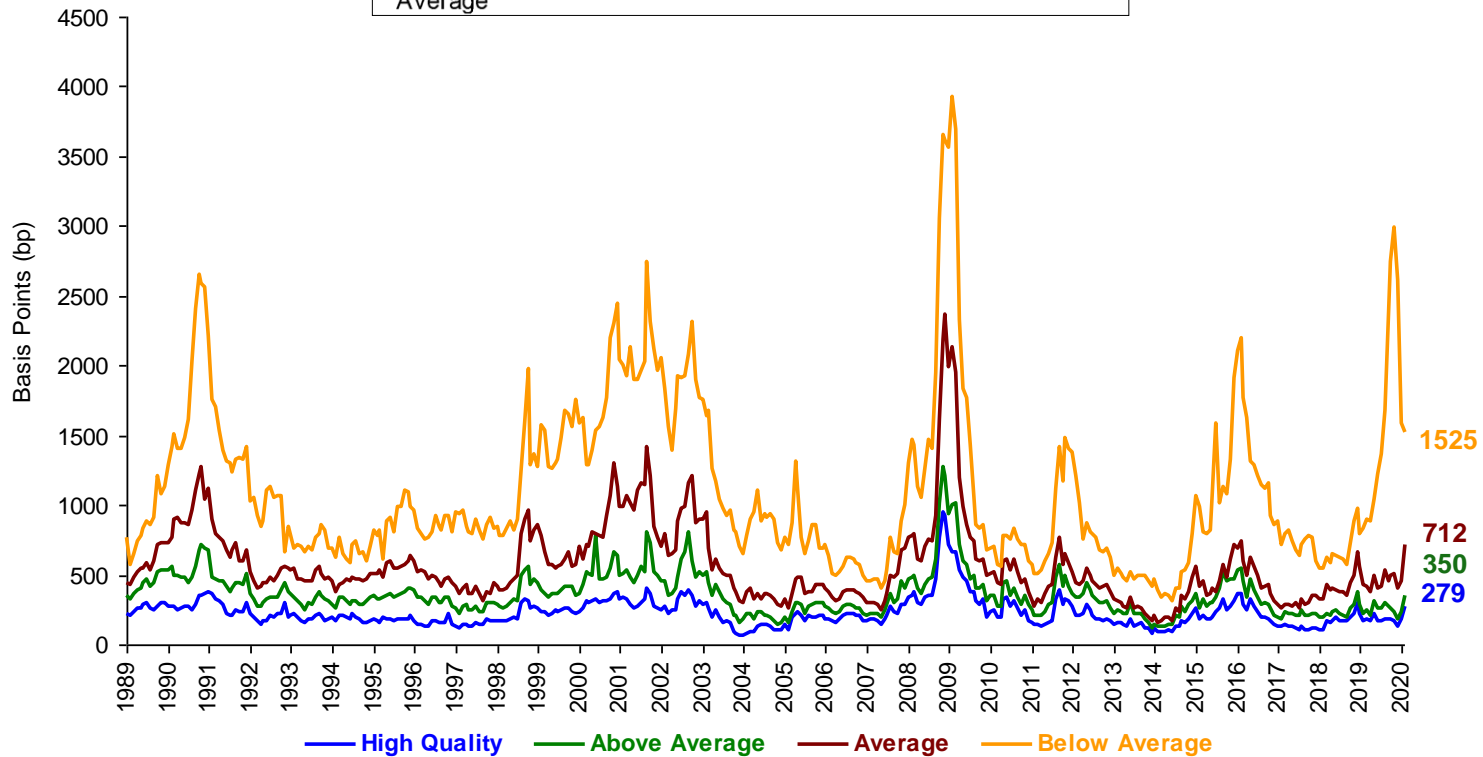


Source: KDP, Bloomberg

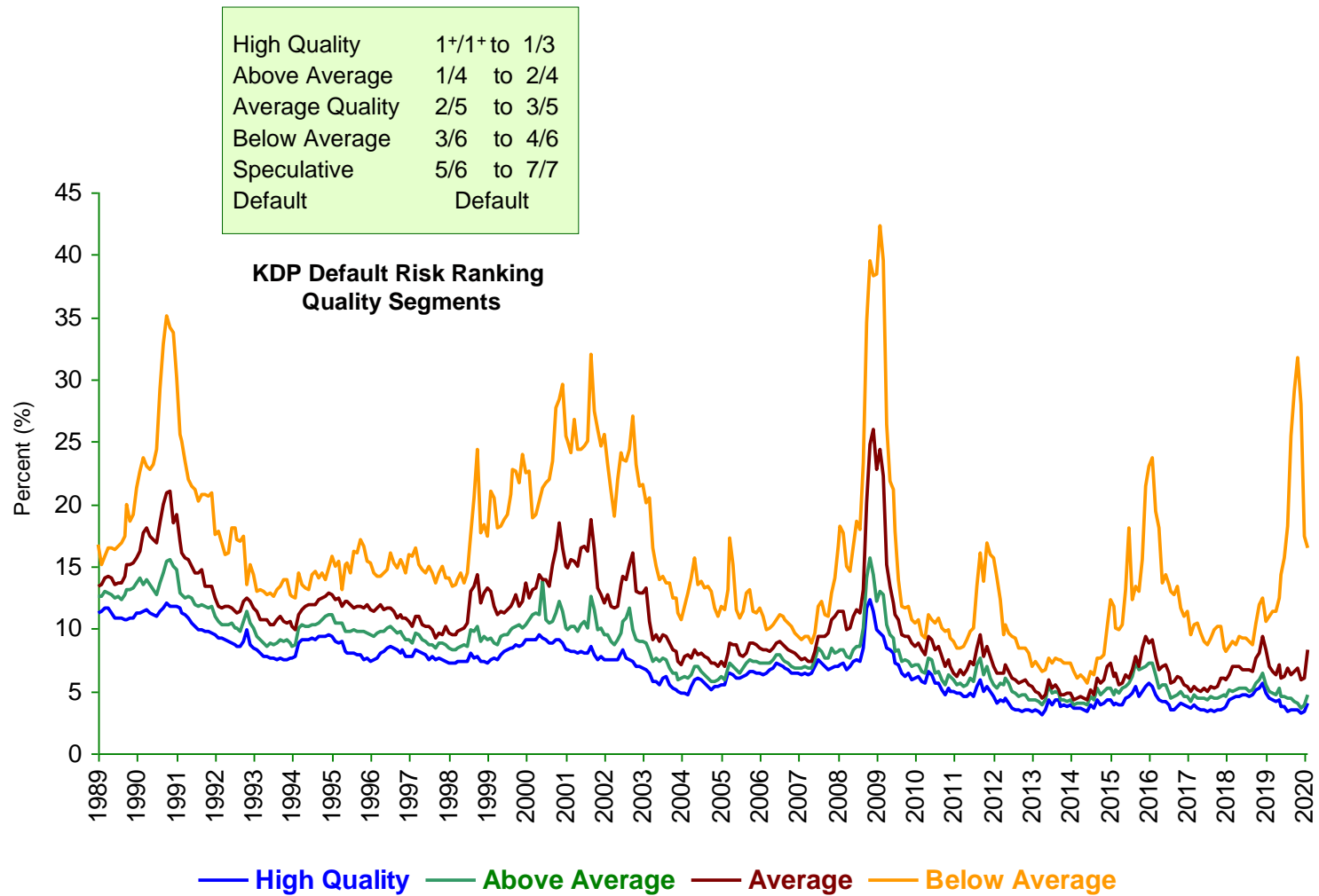
<u>KDP Universe</u> <u>Avg. bp spread</u>	<u>KDP HY Index</u> <u>Avg. bp spread</u>
1992 - 372	1992 - 400
1993 - 343	1993 - 344
1994 - 299	1994 - 330
1995 - 318	1995 - 368
1996 - 299	1996 - 338
1997 - 270	1997 - 299
1998 - 388	1998 - 404
1999 - 416	1999 - 432
2000 - 544	2000 - 530
2001 - 642	2001 - 604
2002 - 641	2002 - 658
2003 - 459	2003 - 486
2004 - 295	2004 - 286
2005 - 344	2005 - 306
2006 - 325	2006 - 291
2007 - 348	2007 - 325
2008 - 836	2008 - 796
2009 - 774	2009 - 729
2010 - 511	2010 - 488
2011 - 459	2011 - 443
2012 - 465	2012 - 463
2013 - 309	2013 - 339
2014 - 279	2014 - 284
2015 - 408	2015 - 391
2016 - 445	2016 - 420
2017 - 295	2017 - 279
2018 - 314	2018 - 312
2019 - 353	2019 - 351
2020 - 465	2020 - 408

KDP Universe Spreads By Quality Sector

	KDP Rank	10/31 1990	9/30 2002	12/31 2008	89-'20 Avg.
High Quality	1+/1+ to 1/3	347	387	918	226
Above Average	1/4 to 2/4	679	805	1211	360
Average	2/5 to 3/5	1224	1160	2372	564
Below Average	3/6 to 4/6	2647	2081	3616	1105



Source: KDP



Cash Pay Bonds

Source: KDP

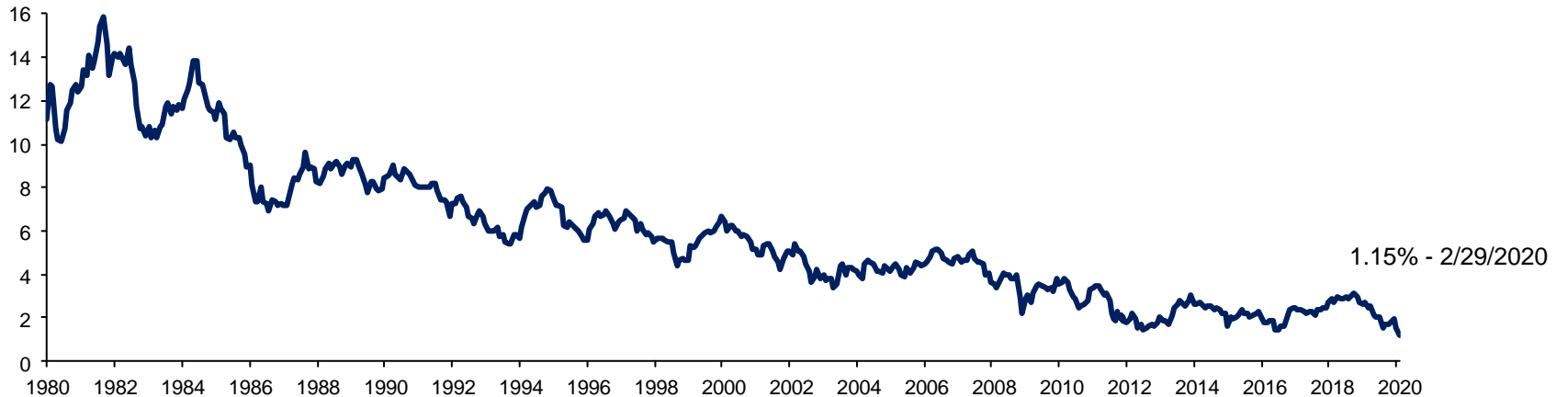
KDP HY Daily Index Yield and 10-Year Treasury Yield

KDP Index Yield



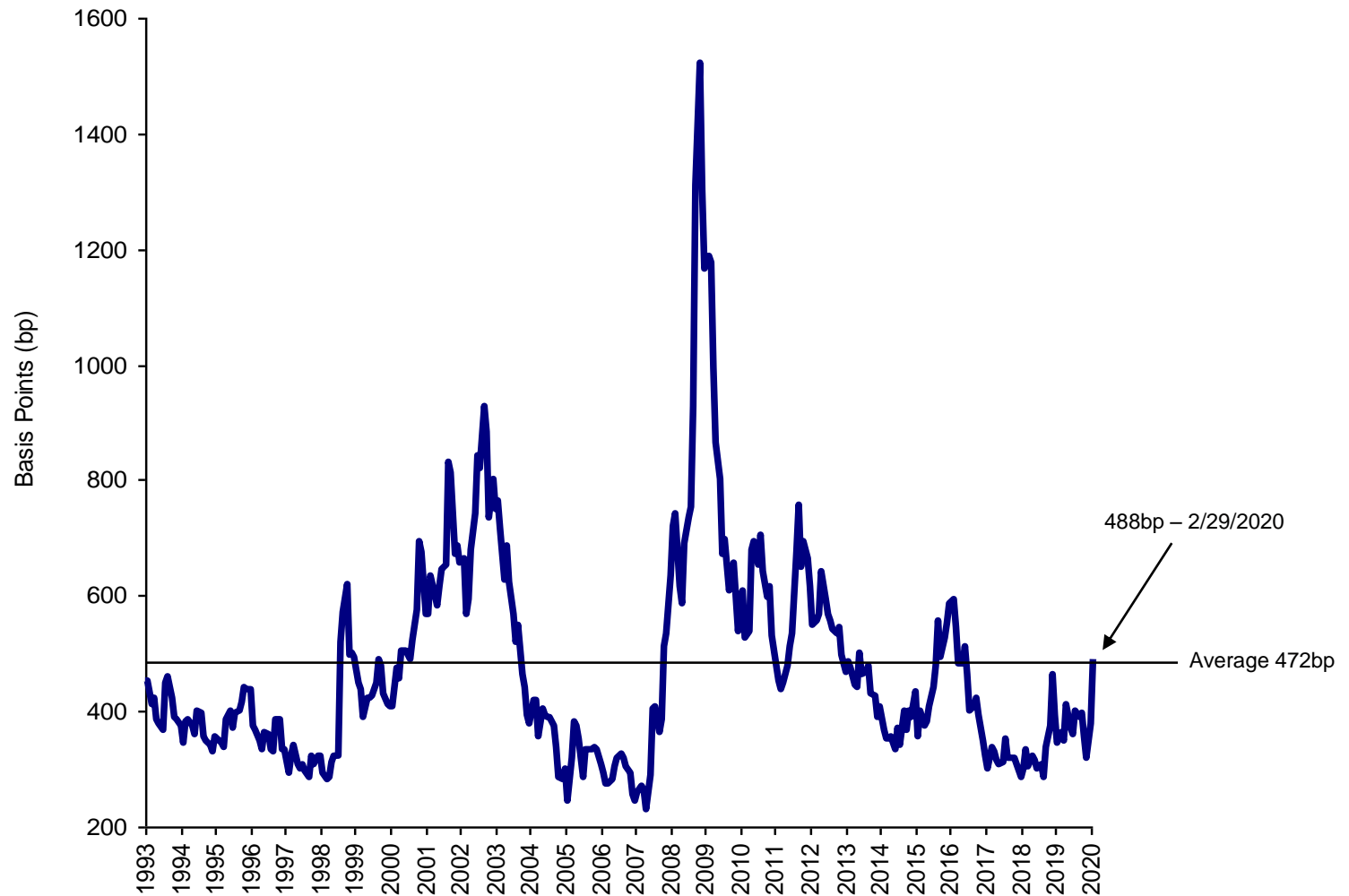
Source: KDP

10-Year Treasury Yield



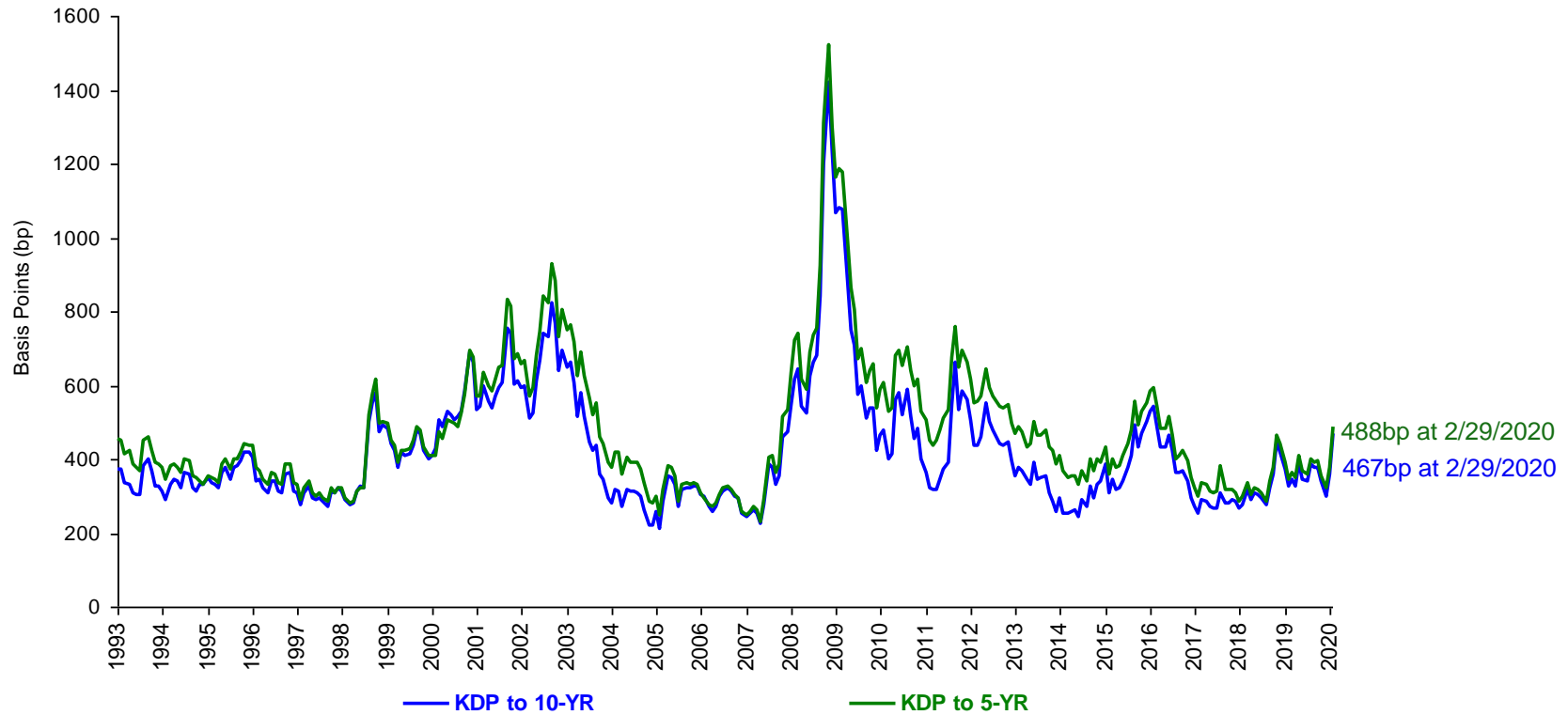
Source: Bloomberg

KDP Index Spread to 5-Year Treasury



Source: KDP, Bloomberg

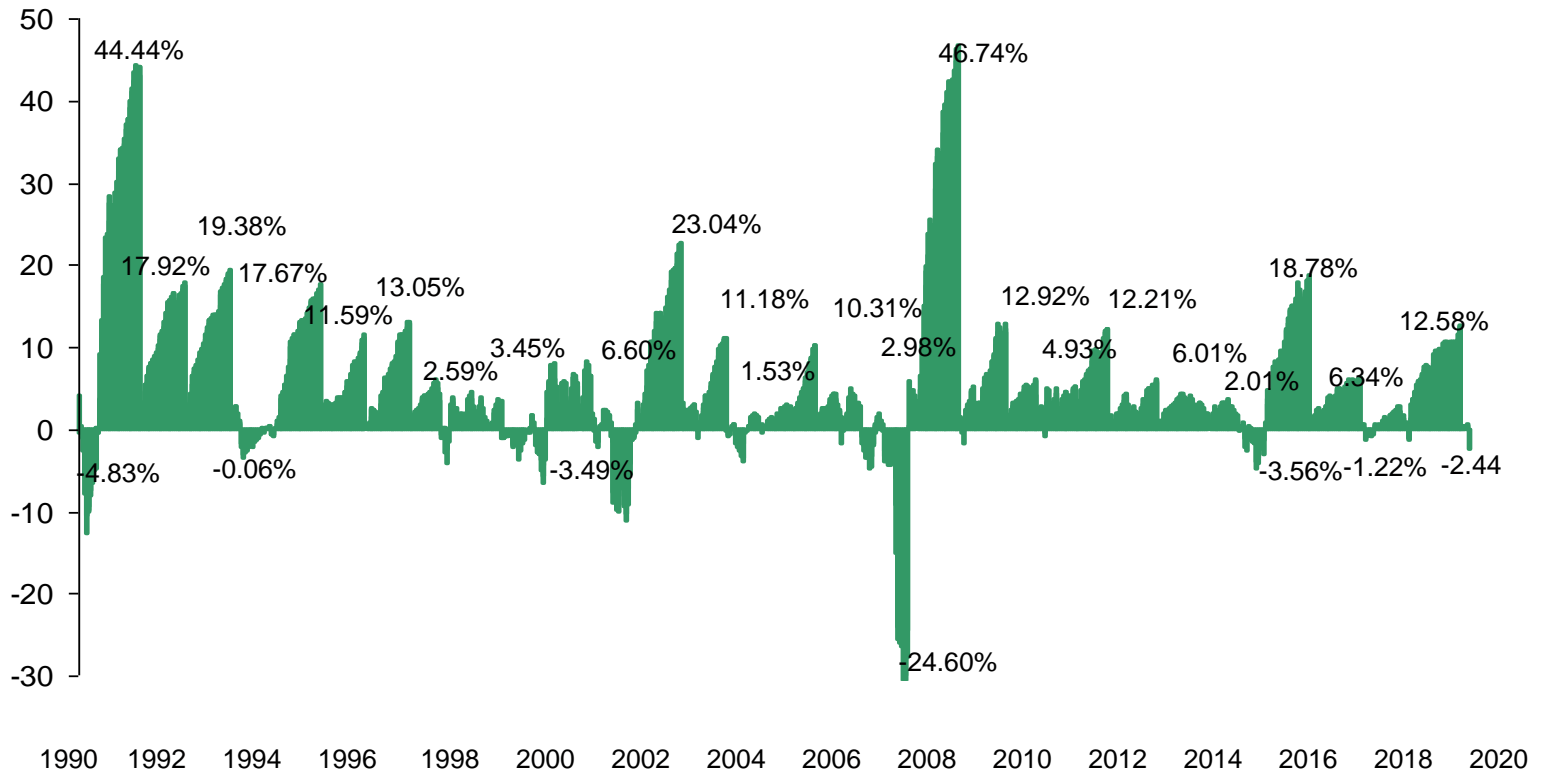
KDP Index Spread to 5 & 10-Year Treasuries



Source: KDP

KDP High Yield Daily Index - Total Return (YTD)

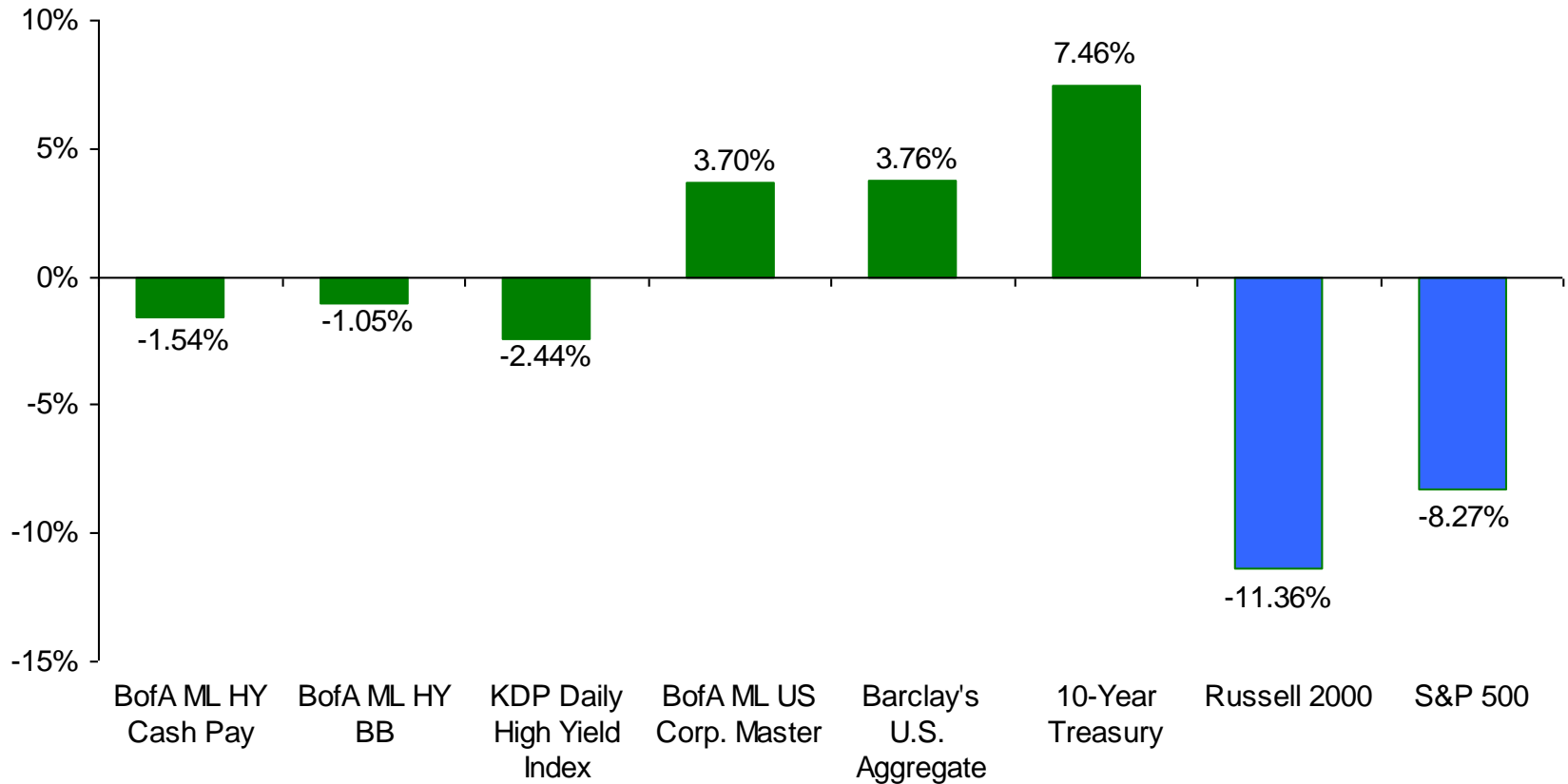
8/17/90 – 2/29/20



Source: KDP

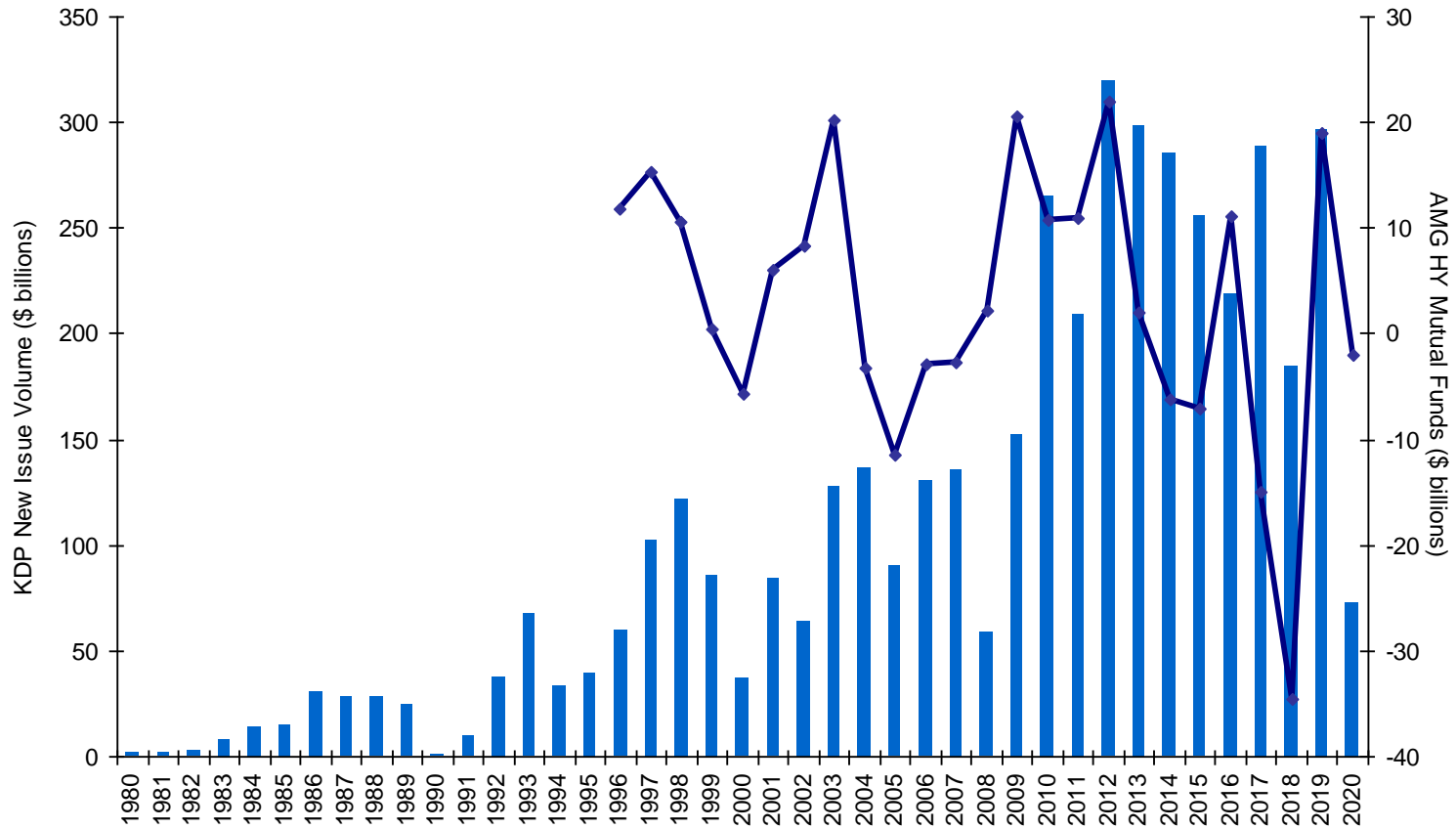
Comparative Returns

YTD February 2020



Source: KDP Investment Advisors, Inc.; BofA Merrill Lynch Global Research; Bloomberg

New Issue Volume and HY Fund Flows



Quality Distribution By Principal Amount

Public New Issues

Year	Number Of Issues	Volume (\$ Billions)	BBB	BB	B	CCC/CC/C	Not Rated
2020	15	12.0	32.4%	43.3%	24.3%	0.0%	0.0%
2019	72	50.7	50.8%	44.8%	3.8%	0.6%	0.0%
2018	66	46.0	35.1%	47.0%	17.9%	0.0%	0.0%
2017	100	62.9	39.0%	45.4%	13.2%	0.4%	2.1%
2016	84	55.4	40.0%	42.3%	4.7%	0.0%	13.0%
2015	83	53.2	17.8%	56.5%	22.3%	1.4%	2.0%
2014	123	78.9	14.3%	57.1%	24.8%	1.1%	2.7%
2013	112	65.5	10.9%	67.1%	14.6%	1.2%	6.2%
2012	144	93.3	9.7%	53.1%	29.4%	0.2%	7.6%
2011	85	52.1	14.8%	59.4%	22.5%	0.6%	2.7%
2010	111	54.9	16.1%	43.7%	33.2%	2.0%	1.7%
2009	81	36.0	20.3%	37.6%	31.8%	10.5%	0.8%
2008	17	6.8	3.9%	65.8%	30.3%	0.0%	0.0%
2007	54	28.8	10.5%	44.5%	40.9%	4.1%	0.0%
2006	55	28.4	4.9%	50.2%	42.8%	2.1%	0.0%
2005	27	7.7	7.8%	69.8%	20.5%	1.9%	0.0%
2004	52	14.7	13.3%	40.2%	35.8%	0.7%	0.0%
2003	61	18.4	17.8%	42.1%	39.4%	0.7%	0.0%
2002	38	9.5	22.7%	47.4%	23.8%	3.9%	2.1%
2001	49	17.6	5.5%	74.9%	19.6%	0.0%	0.0%
2000	20	7.7	3.2%	70.3%	22.1%	4.4%	0.0%

* These issues are split-rated.

Note: Rows may not sum to 100% due to rounding.

Source: KDP Investment Advisors, Bof A Merrill Lynch, Securities Data Co.

Quality Distribution By Principal Amount

144A New Issues

Year	Number Of Issues	Volume (\$ Billions)	BBB*	BB	B	CCC/CC/C	Not Rated
2020	88	61.0	9.1%	47.5%	31.2%	12.2%	0.0%
2019	347	297.6	6.8%	42.2%	41.8%	6.5%	2.7%
2018	237	138.9	0.8%	37.6%	44.4%	12.3%	4.9%
2017	417	225.7	5.8%	40.4%	39.7%	12.7%	1.3%
2016	267	163.4	4.0%	40.7%	45.2%	7.1%	3.0%
2015	296	202.2	10.2%	36.9%	48.6%	9.3%	5.0%
2014	412	206.2	3.9%	33.0%	42.3%	14.6%	6.2%
2013	485	233.1	1.9%	38.6%	34.0%	17.1%	8.2%
2012	485	226.3	2.5%	24.3%	52.4%	14.9%	5.9%
2011	342	156.2	0.6%	28.9%	48.3%	14.8%	8.4%
2010	453	210.1	6.2%	24.7%	53.5%	10.3%	5.3%
2009	275	116.4	3.7%	40.6%	47.7%	5.2%	2.8%
2008	94	50.5	0.8%	20.6%	48.9%	17.1%	12.6%
2007	239	106.8	1.2%	17.3%	46.4%	33.7%	1.4%
2006	247	102.3	0.0%	29.0%	53.4%	16.4%	1.2%
2005	299	82.6	2.5%	25.5%	59.8%	11.6%	0.6%
2004	468	122.0	5.1%	24.1%	55.3%	13.3%	2.2%
2003	403	109.7	3.8%	20.9%	65.2%	7.2%	2.9%
2002	207	54.0	7.9%	27.4%	63.2%	0.9%	0.6%
2001	237	66.8	6.9%	37.8%	51.3%	2.1%	1.9%
2000	93	29.4	1.0%	17.5%	64.1%	8.0%	9.5%
1999	269	68.6	0.1%	22.1%	71.8%	2.2%	3.8%

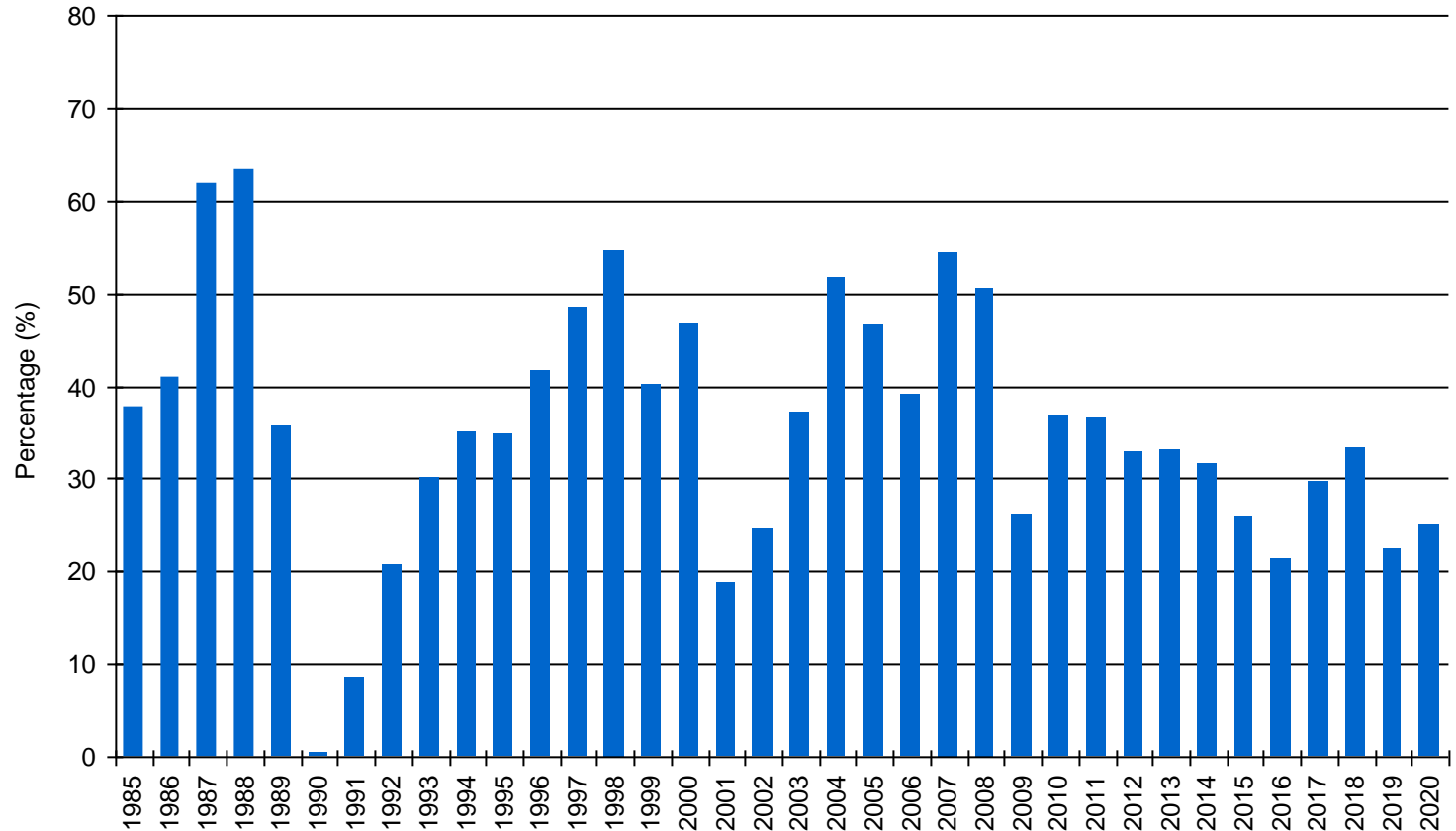
* These issues are split-rated.

Note: Rows may not sum to 100% due to rounding.

Source: KDP Investment Advisors, BofA Merrill Lynch, Securities Data Co.

High Yield Market Data

Percentage of High Yield New Issuance Rated Low - B or Lower* 1985 – February 2020



* Public and 144a Offerings, by Principal Amount

Source: BofA Merrill Lynch Global Research

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