



The Market in Corporate Credit

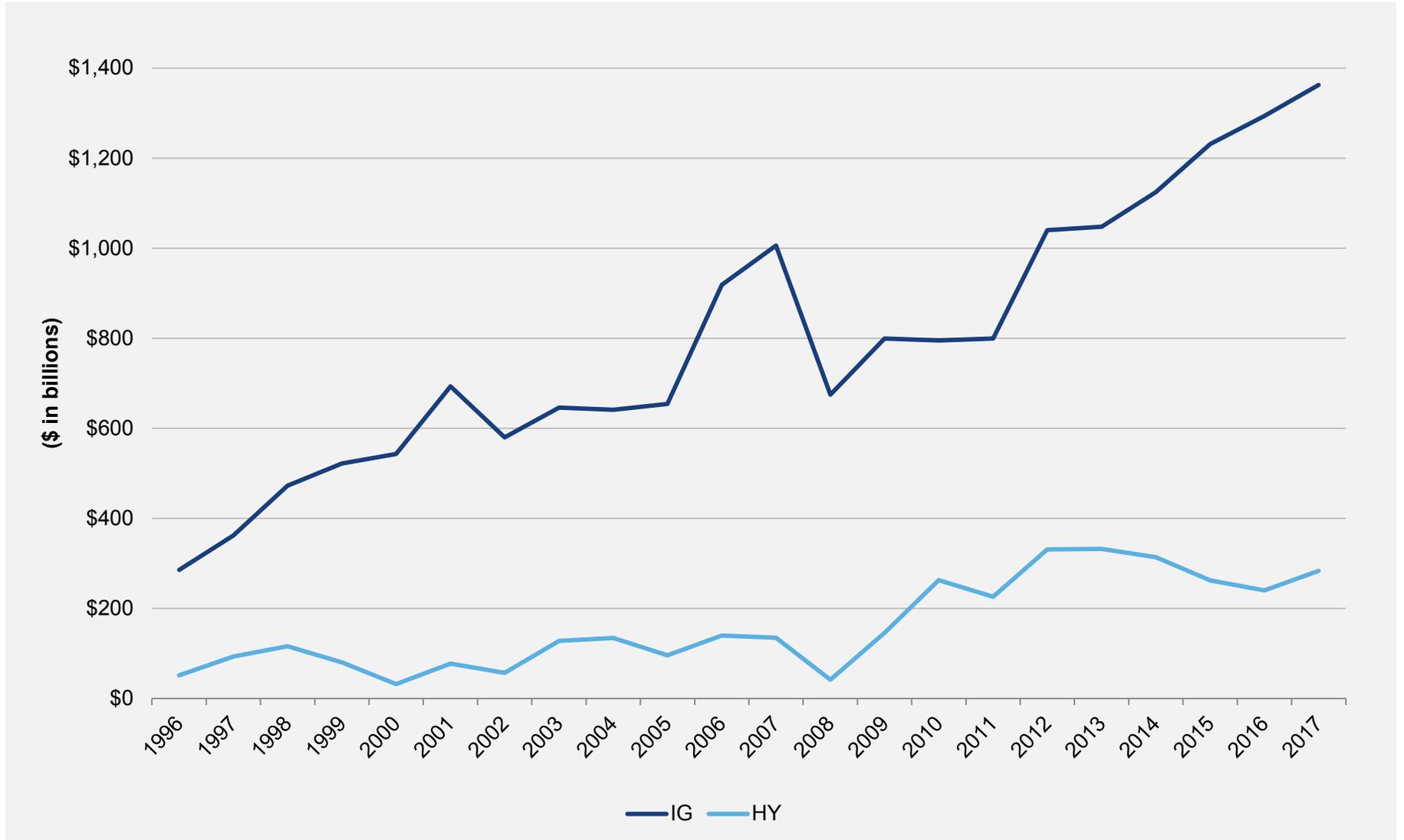
The APS Insurance Portfolio Strategy Conference
October 24, 2018

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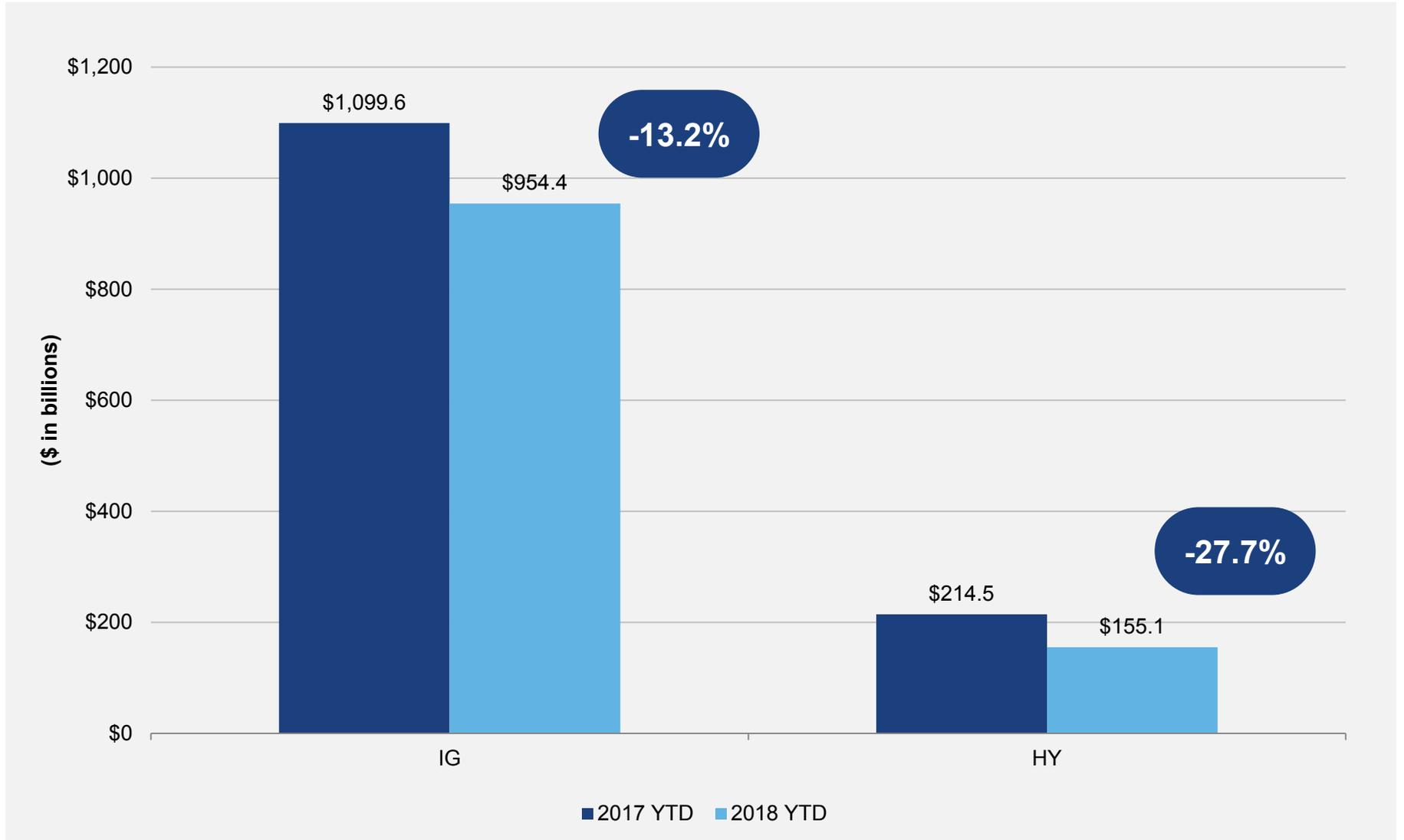
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U.S CORPORATE BOND ISSUANCE 1996 – 2017



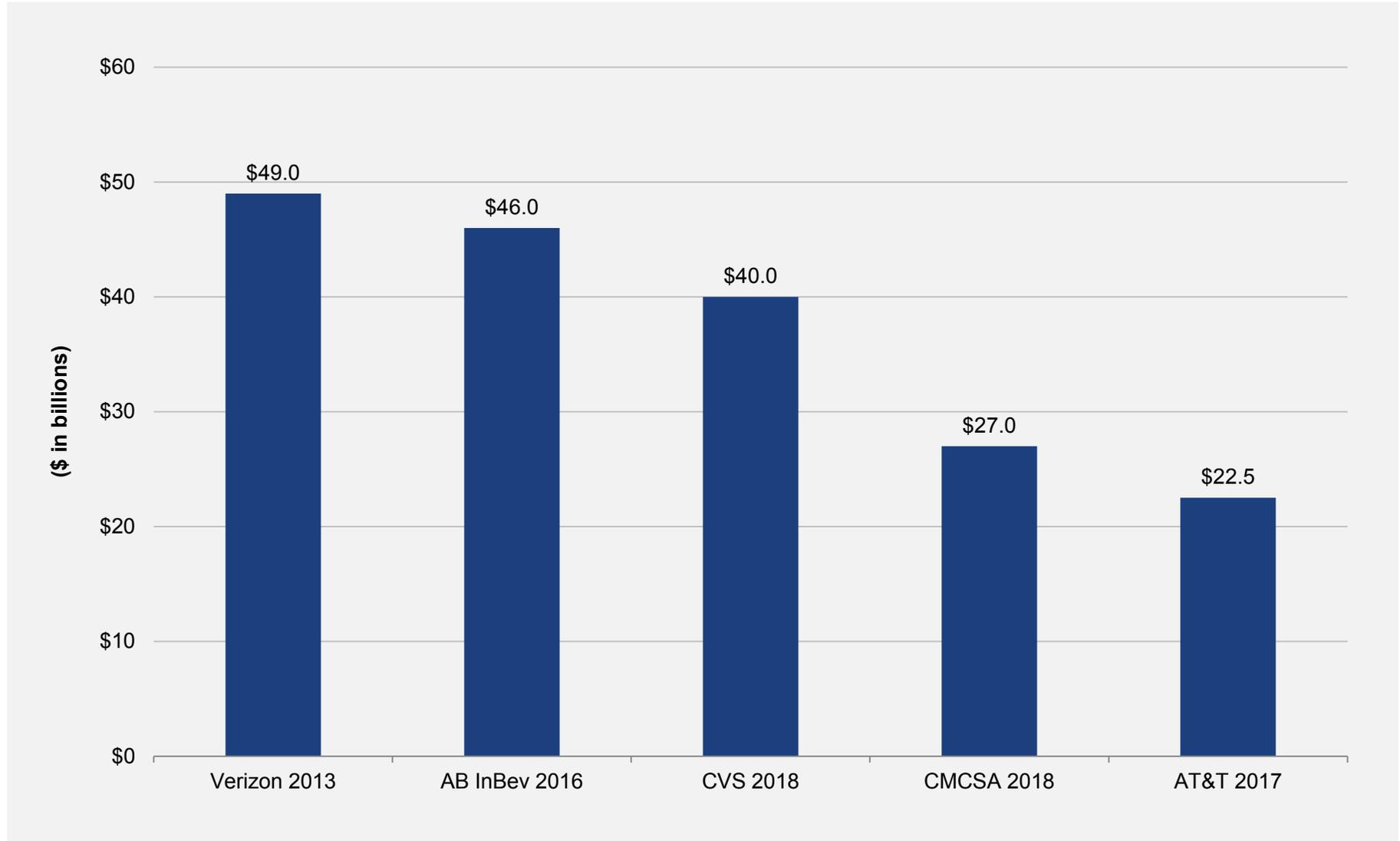
Source: SIFMA, Amherst Pierpont Securities LLC

U.S CORPORATE BOND ISSUANCE YTD 2017 vs. YTD 2018



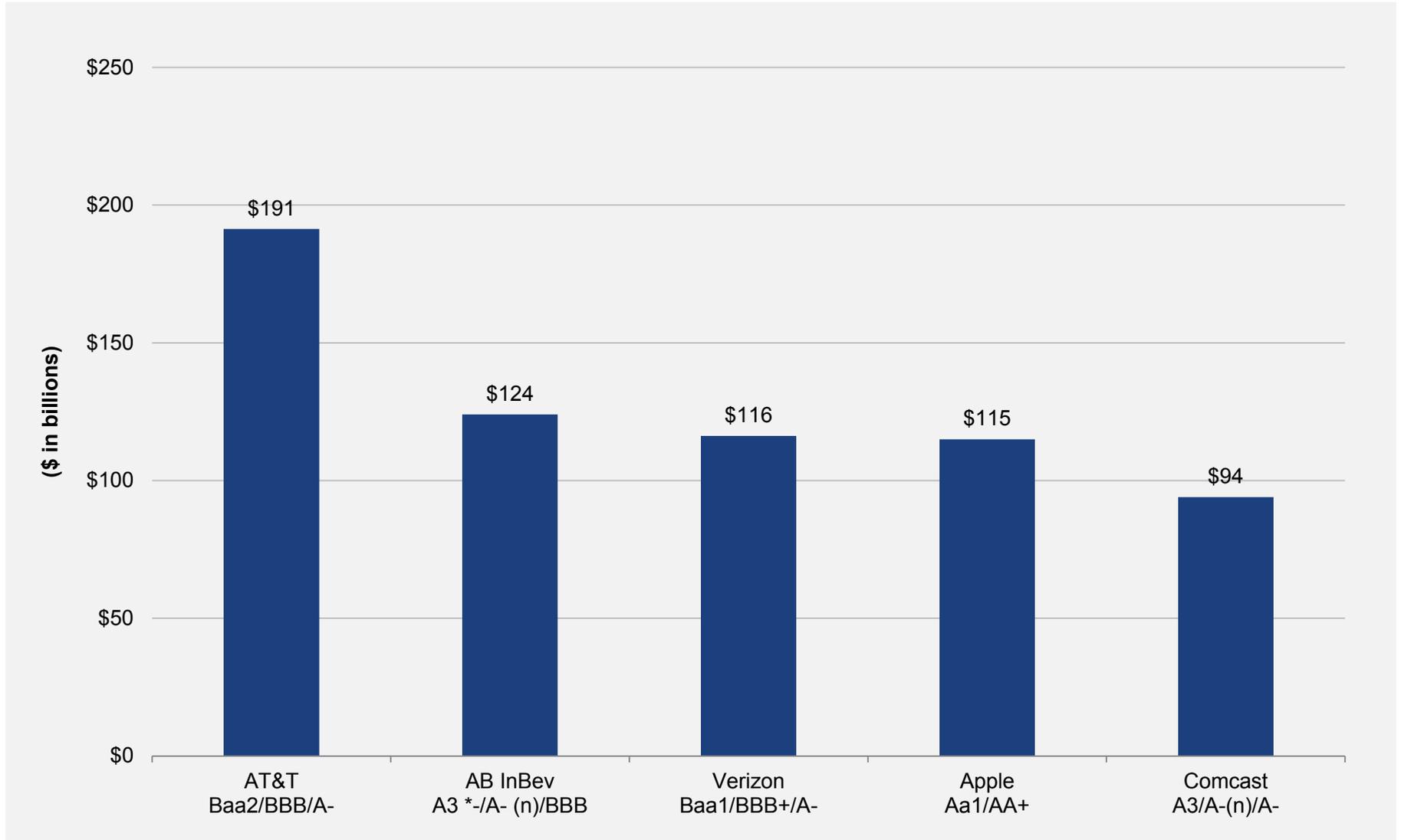
Footnote: YTD to 9/30/18
 Source: SIFMA; Amherst Pierpont Securities LLC

TOP FIVE LARGEST CORPORATE BOND DEALS



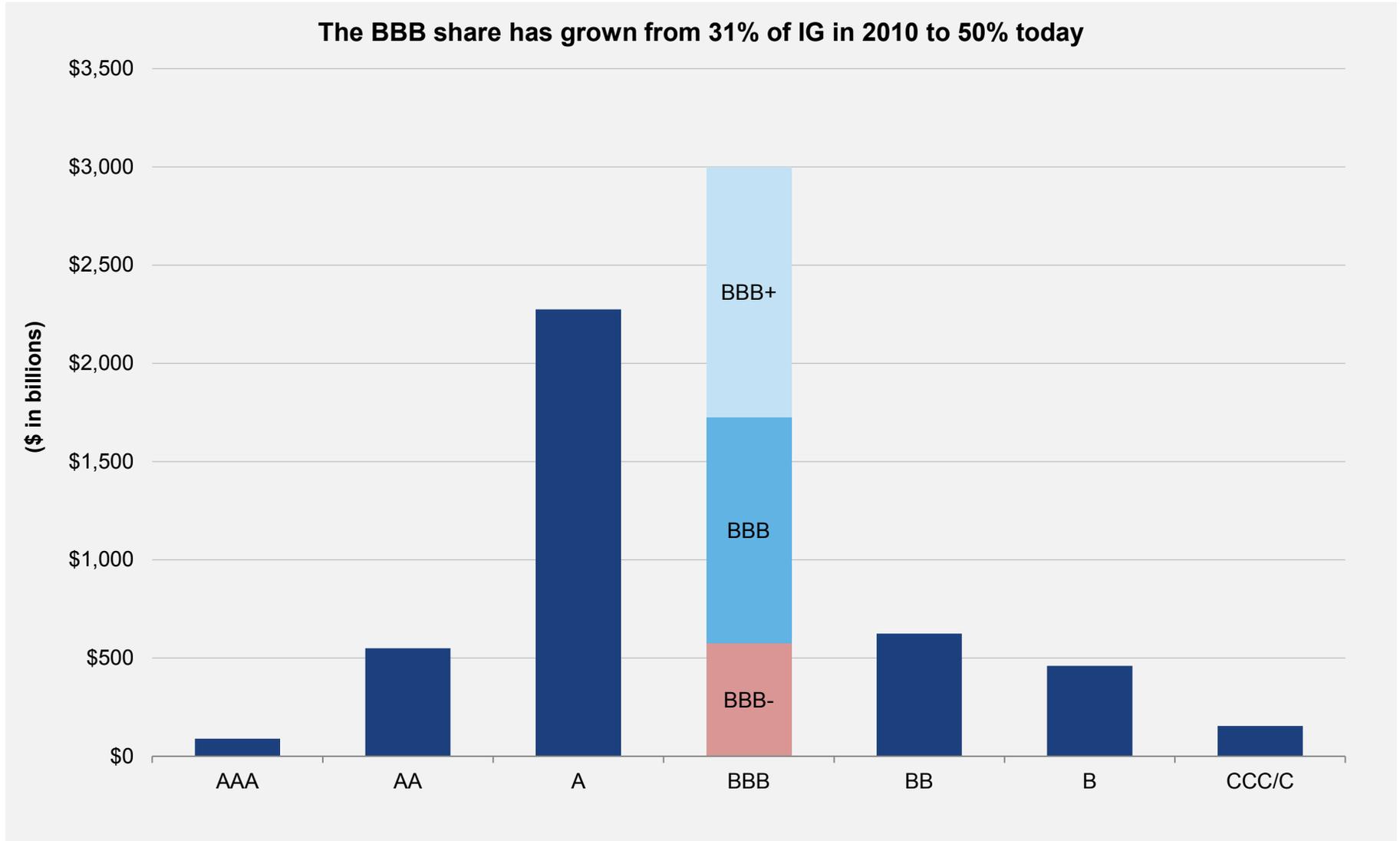
Source: Bloomberg; Amherst Pierpont Securities LLC

\$100BN+ CLUB



Source: Company Filings; Bloomberg; Amherst Pierpont Securities LLC

INDEX MAKEUP TODAY



Source: Standard & Poor's. Shows face value of outstanding US corporate bonds. Includes financial and nonfinancial as of 6/30/18.

WHAT'S DRIVING DEBT FUELED M&A?

- The Inability to Grow Organically
 - Market Maturation
 - Changing Consumer Preferences
 - Competition
- Low interest rate environment

Source: Company reports; Amherst Pierpont Securities LLC

LEVERAGE METRICS EXCEED IG THRESHOLD

- Rating agencies giving more time to reduce M&A debt
- Convention has historically been 18-24 months
- ABIBB and KHC make great case studies arguing against expanding the debt reduction timeframe

Company Name	Ratings	Pro Forma Leverage	Leverage Target	Months since Close
Keurig Dr Pepper (KDP)	Baa2 / BBB / BBB	5.6x	3.0x within 24-36 months	3 months
AB Inbev (ABIBB)	A3*- / A- (n) / BBB	5.4x*	4.0x within 24-30 months	24 months
Campbell Soup (CPB)	Baa2(n) / BBB- / BBB(n)	5.1x	3.0x within 36 months	7 months
Conagra (CAG)	Baa3 / BBB(n) / BBB-	5.0x	3.5x within 36 months	Pending
General Mills (GIS)	Baa2 / BBB / BBB	4.6x	3.5x within 24 months	6 months
Kraft Heinz (KHC)	Baa3(p) / BBB / BBB-	4.2x*	3.5x within 30 months	39 months

* Current leverage

Source: Moody's; Fitch; Amherst Pierpont Securities LLC

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