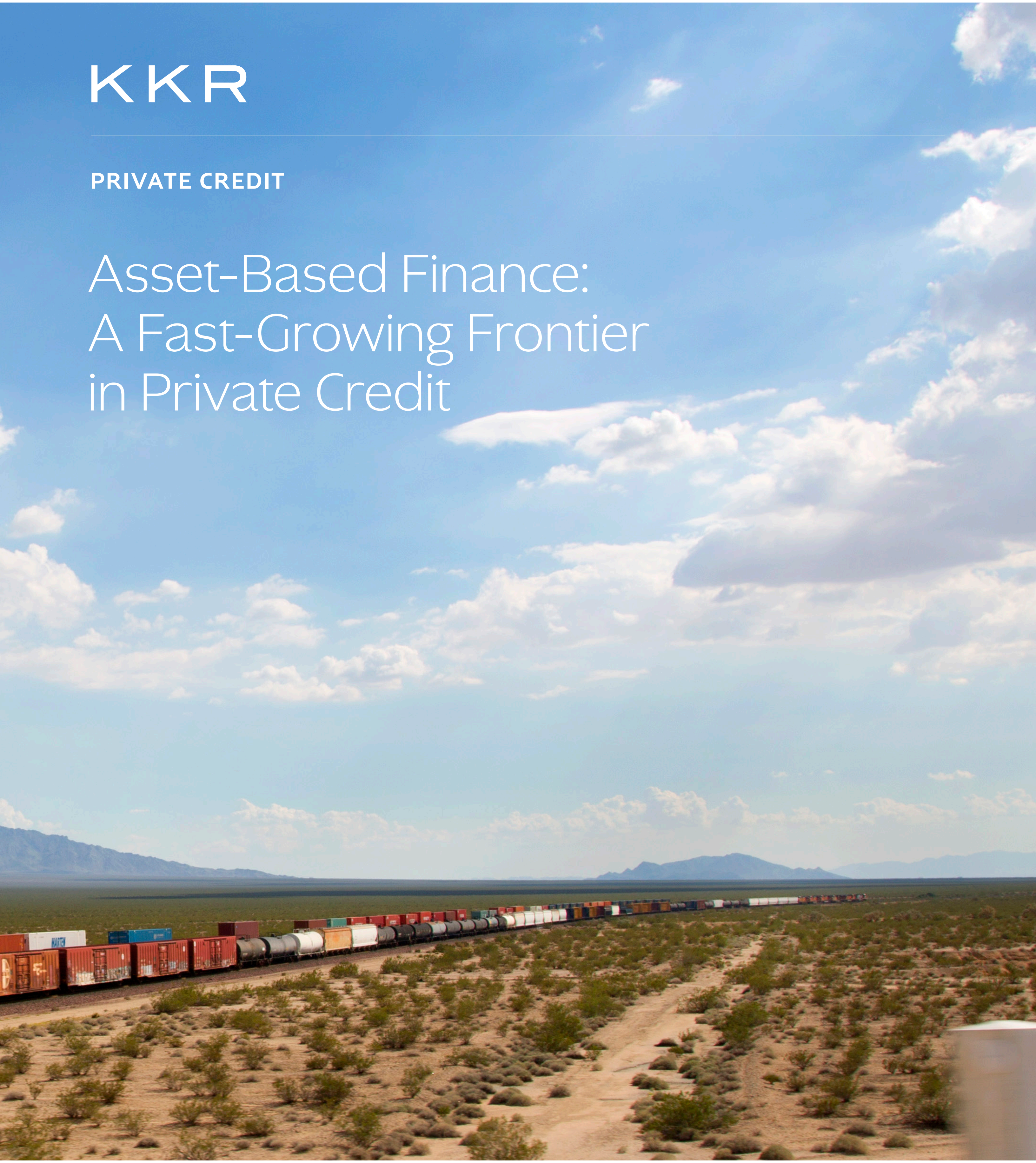
KKR

PRIVATE CREDIT

Asset-Based Finance: A Fast-Growing Frontier in Private Credit



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Executive Summary

The impressive speed at which private asset-based finance (ABF) has expanded in the wake of the Global Financial Crisis is a sign of an ongoing structural shift that we think will continue to drive strong growth. Considered alongside its potential investment benefits, we think the asset class has earned investors' attention.

The private ABF asset class at the end of 2022 was 67% bigger than in 2006 and 15% bigger than it was in 2020. Its share of the overall asset-backed market has risen from just over one-third in 2006 to nearly half today.

The outlook for the future is equally promising, with the market expected to grow from $5.2 trillion to $7.7 trillion by 2027. Higher inflation, the pullback of traditional lenders in response to rising interest rates, and the outbreak of volatility in the banking system are all likely to increase the need for private ABF.

ABF investments create portfolios of cash-generating assets that can enhance and diversify fixed income allocations. We think a private ABF strategy that invests in different types of assets can bolster conventional portfolios in five important ways:

- **Expanding the credit investment universe:** The total ABF universe is large and growing fast. In fact, it is much larger than some listed corporate credit markets, including the U.S. and European syndicated bank loan markets.
- **Diversifying corporate credit allocations:** Backed by hard and financial assets that generate contractual cash flows, an ABF allocation can diversify credit exposures at a time when many investors are heavily allocated to corporate debt.
- **Offering intra-asset diversification:** The wide variety of ABF investments, ranging from residential mortgages and aircraft leases to receivables, diversifies risk exposures, as does the large number of underlying individual asset exposures within each subcategory.
- **Strong risk-adjusted returns:** ABF strategies offer compelling risk-adjusted returns relative to other credit asset classes, especially in light of the collateral backing that underlies each investment.
- **Hedging inflation:** The value of collateral, particularly hard assets, tends to rise along with consumer prices, meaning that ABF investments can offer a measure of inflation protection.

In part I of our paper, we will discuss the evolution of the current ABF market, the outlook for the future, and potential benefits to investors.

In part II, we will take a deeper dive into the four sectors where we focus our investments: 1) consumer and mortgage finance; 2) hard assets, such as aircraft; 3) commercial finance, including asset-secured loans to small- and medium-sized businesses; and 4) contractual cash flows, such as royalty streams.

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PART I:

The Evolution, Outlook, and Potential Benefits of Asset-Based Finance

Introduction

Asset-based finance stands behind the credit that a modern society runs on. It provides funding across the economy—to homeowners and car buyers, to merchants, to real estate developers, to airlines, to small businesses looking to finance equipment purchases, and even to intellectual property owners. It assumes many forms: loans and mortgages, receivables financing, and long-term and short-term leases, to name a few. Investing in this multifaceted universe offers the potential for excess returns to traditional fixed income and corporate debt with strong structural protections inherent in typical ABF investments. The strategy also provides a potential inflation hedge, downside protection, and several different kinds of diversification.

Take the last benefit first. Fixed income portfolios in our view have become overly concentrated in corporate and sovereign debt, and private ABF offers diversification *(Exhibit 1)*. A global, multi-asset approach benefits from a variety of non-corporate collateral types, including both tangible physical assets and financial assets such as loans or leases. Moreover, each individual pool of assets contains a multitude of underlying assets—thousands of home mortgages or car loans, dozens of airplanes–across different borrowers, credit profiles, and geographic regions.

Exhibit 1 shows the key result. We chose seven relevant asset classes and calculated their average correlations to one another. ABF had the lowest average correlation of the group at 0.66. For investors who only have corporate credit exposures, whether through private credit, leveraged credit, or both, ABF offers a level of diversification. And while many investors associate ABF with real estate, the correlation between the two is moderate given the breadth of the asset class.

The collateral-based cash flows that an ABF investment generates are also important in a time of high inflation and macroeconomic uncertainty. The underlying collateral has a tangible value, and the cash flows attached to that collateral are often contractual in nature. Moreover, the replacement value of physical collateral tends to rise along with prices in the broader economy.

THE SECULAR DRIVERS OF INFLATION

Our Global Macro & Asset Allocation Team believes that inflation will have a “higher resting heart rate” in the future, thanks in part to long-term trends. Structural changes in the labor market have led to a shortage of workers that tends to put upward pressure on wages, for example. The shift toward renewable energy and away from globalization are both likely to be inflationary over the long term, too.

EXHIBIT 1 | Private ABF Has the Lowest Average Correlation to a Range of Relevant Asset Classes

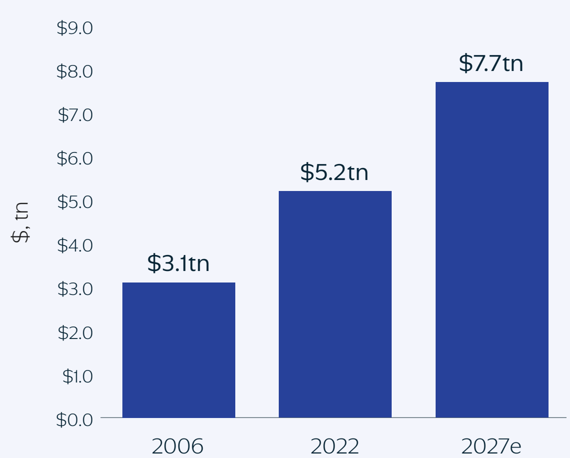
	Private Credit	Global PE	U.S. Loans	U.S. High Yield	Infrastructure	Real Estate	Private ABF
Private Credit	—	0.90	0.87	0.82	0.83	0.78	0.75
Global PE	0.90	—	0.75	0.83	0.77	0.67	0.63
U.S. Loans	0.87	0.75	—	0.93	0.68	0.55	0.69
U.S. High Yield	0.82	0.83	0.93	—	0.67	0.51	0.61
Infrastructure	0.83	0.77	0.68	0.67	—	0.82	0.56
Real Estate	0.78	0.67	0.55	0.51	0.82	—	0.71
Private ABF	0.75	0.63	0.69	0.61	0.56	0.71	—
Average Correlation	0.83	0.76	0.74	0.73	0.72	0.67	0.66

Correlations are calculated with quarterly returns between 7/1/17 and 9/30/22. The average correlation for each listed asset class represents the average of its correlations with the other six listed asset classes. Data as at September 30, 2022. Each asset class is modeled as follows: Global Private Equity (Cambridge Private Equity Index), Real Estate (Cambridge Real Estate Index), Infrastructure (Cambridge Infrastructure Index), Private Credit (Cambridge Private Credit Index), US High Yield (ICE BofA Us High Yield Index), US Loans (Morningstar LSTA US Leveraged Loan TR USD), KKR ABF (KKR Private Credit ABF Composite, investments originated post-January 1, 2017). The Cambridge Private Credit Index includes 738 funds in the Credit Opportunities, Senior Debt, Subordinated Capital, Distressed Securities, and Control-Oriented Distressed Securities.

An Opportunity Too Big to Ignore

Private ABF is a large asset class that reaches across many different segments of the economy. The ongoing disintermediation of traditional bank financing and technological innovation have spurred rapid growth in recent years, and we expect the trend to continue. The private global ABF market totals $5.2 trillion—a figure that is 15% larger than it was in 2020 and 67% larger than at the pre-GFC peak of $3.1 trillion in 2006 –and is projected to grow to $7.7 trillion over the next five years *(Exhibit 2)*.[1] Placing the numbers in context, the total amount of outstanding non-bank U.S. global consumer debt (which, including mortgages is the largest ABF segment), by itself amounted to twice the size of the combined U.S. and European syndicated bank loan and high yield loan markets in 2022.[2]

EXHIBIT 2 | **The Private ABF Market's Rapid Growth Seems Set to Continue**

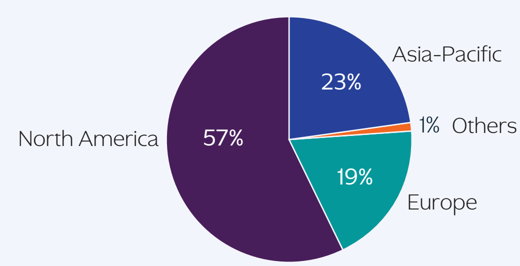


Source: Integer Advisors forecasts and KKR research estimates as at October 31, 2022.

ABF also serves as an important non-bank funding source across the globe *(Exhibit 3)*. Based on the evolution of the asset class in the U.S., we think there may be significant room for growth abroad. In the U.S. today, non-bank lenders have extended credit against more than 20% of assets available as ABF collateral. In most other economies, whether emerging or developed, the comparable figure comes to 5% or less. While the U.S. boasts the majority of ABF transactions, ABF also plays a prominent role in the U.K. and Australian housing markets. In the Netherlands, the estimated ratio of ABF to GDP surpasses that of the U.S. *(Exhibit 4)*.

EXHIBIT 3 | **Made in the USA: The US Has the Largest ABF Market…**

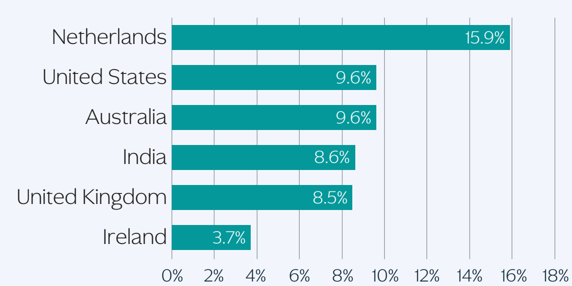
Global Private ABF Market by Region



Source: Integer Advisors and KKR research estimates as at October 31, 2022.

EXHIBIT 4 | **…But ABF Plays an Even Bigger Role in Other Economies**

Size of Selected Major ABF Markets Relative to GDP



Source: Integer Advisors and KKR research estimates, IMF GDP data as at October 31, 2022.

The Making of the Private ABF Moment

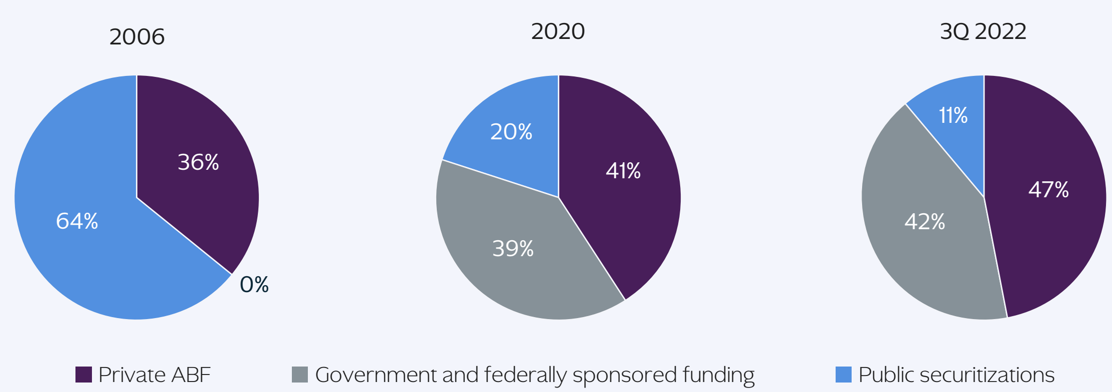
The disintermediation of traditional financial channels has been critical to the growth of private ABF over the last 15 years. After the global financial crisis, the developed world's central banks bought mortgage-backed securities to inject liquidity into the market and restore confidence, but also raised reserve requirements and clamped down on risk-taking, levying higher capital charges on non-mainstream lending. The banks responded by dialing down their loan books, extending credit to long-established customers on routine terms. Their newfound caution had the unintended consequence of shutting out a vast cohort of creditworthy consumer and commercial borrowers. That, in turn, increased demand for private ABF lending.

Even as the stricter new regulatory regime was fostering ABF demand, non-bank lenders were evolving to accommodate it. Financial technology applications have made everything from merchant cash advances to applying for a mortgage more efficient—indeed, automated mortgage lending has helped non-bank mortgage lenders in the U.S. gain the lion's share of a market long dominated by banks. At the investor level, technology is removing friction from asset sales and coinvestments. For consumers, it is bringing about full-service leases for autos and single-family dwellings and making feasible the rollout of buy-now-pay-later programs.

The COVID-19 pandemic interrupted bank disintermediation, but only temporarily. As economic activity seized up, so did demand for credit. Governments channeled emergency fiscal support through the banks in many markets, which revived bank lending and circumscribed the private ABF opportunity. Still, non-banks did grow their balance sheets some $90 billion from participating in some business loan disbursement programs in countries including Australia, Ireland, India, the U.K., and the U.S. As lockdowns in many parts of the world wound down in 2021, non-bank lending grew on the strength of pent-up demand. Banks came of out of the depths of the crisis with narrower lending remits, as any form of non-mainstream lending engendered higher capital and operating compliance costs. Ultimately, private ABF gained market share *(Exhibit 5)*.

While private debt funds have accounted for much of the growth in non-bank lending in recent years, we think it is notable that insurance and pension funds have begun to participate more in direct whole loan origination.

EXHIBIT 5 | ABF Has Taken Market Share over Time



Source: Integer Advisors and KKR research estimates based on country-specific official sources and trade bodies as well as company report as at October 31, 2022.

ABF and ABS: What Difference Does a Letter Make?

Asset-based finance consists of two subsets: traded asset-backed securities and private ABF. An asset-backed security (ABS) consists of individual loans bundled together by a securities dealer. The dealer distributes them to investors who can trade them in secondary markets of varying liquidity. Unlike a corporate bond whose return depends on the performance of the issuer, the ABS's return depends on the cash flows of the underlying assets.

The other subset is private ABF. Private ABF is bespoke, privately originated, and negotiated by an investment manager who can diversify exposures by duration, quality, and type of collateral. The vast market, replete with idiosyncratic and proprietary exposures, gives multi-asset ABF managers the flexibility to tailor portfolios to meet precise risk and return criteria and to pivot when certain parts of the ABF market offer particularly attractive relative value.

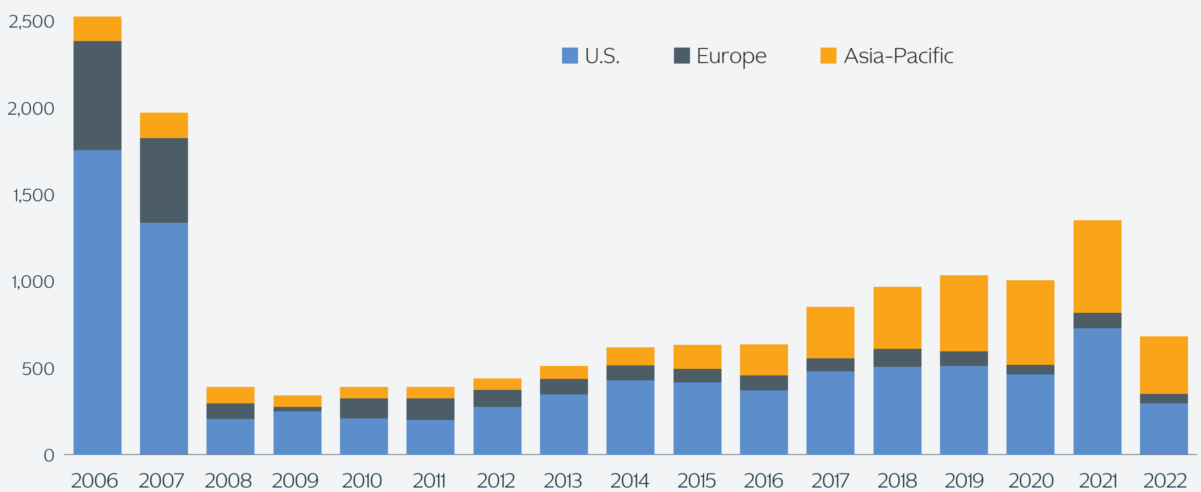
Ironically, the excesses of the ABS subset during the GFC contributed to today's private ABF opportunity. Mortgage securitization swelled to comprise nearly two-thirds of the $3.1 trillion non-bank lending market at its height in 2006, but risk and regulatory regimes did not keep pace.

When the bubble collapsed, it triggered the Global Financial Crisis, the greatest peacetime shock to the financial system since the Great Depression *(Exhibit I)*. ABS issuance fell by more than 80% between 2006 and 2008, and the increased bank regulation that followed the crisis stoked demand for non-bank lending.

The two asset classes are fundamentally different, but there is a connection between them. ABS provides an important capital markets financing channel for ABF asset owners.

EXHIBIT I | The Decline in Public Asset-Based Securities

Annual Securitization Volumes (ex CLOs)



Source: SIFMA, AFME, Bloomberg, S&P, RBA.

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The ABF Outlook: The Scene Is Set for Strong Performance

The tremors in the global banking sector in 2023 should bolster the tailwinds favoring private ABF. One lesson from 2008 is that concerns about bank liquidity tend to put a heavy brake on bank lending. Then, financial institutions were facing a genuine credit crisis. The most recent turmoil was largely a lesson in matching assets and liabilities. Still, financial conditions have tightened considerably since the fall of Silicon Valley Bank set off a crisis of confidence, with banks and regulators taking a fresh look at new regulation and best practices. We think this is creating new opportunities for non-bank lenders to provide capital to creditworthy borrowers who cannot access financing.

We expect an economic downturn in both the U.S. and Europe, and combined with the effects of higher inflation and interest rates on corporate balance sheets, a deterioration in credit performance is likely. The extent of that deterioration will likely depend on containing the banking crisis and the degree of government stimulus. Yet, the events of 2023 do not in our view amount to a credit crisis akin to 2008. Policy guardrails have been put in place since then, and private sector balance sheets are more robust this time around. Many businesses refinanced term debt in the pandemic's rock-bottom rate environment, and consumers and businesses alike came into this crisis with an elevated level of savings, thanks to COVID-era stimulus. ABF defaults have not climbed to any appreciable extent in the face of inflation and rising interest rates. In fact, in the largest ABF sector, the U.S. home market, the large majority of mortgages have fixed interest rates that are less than half the current rates *(see Part II, page 12)*.

Periods of bank retrenchment have created conditions for superior ABF vintages, and we expect no less this time. Banks, constrained by unrealized losses and hung debt, will likely limit lending to all but their core business lines. This should continue to stoke demand for non-bank financing, including among prime borrowers. A recession could send residential mortgage rates lower, which would tend to draw in first-time homebuyers. Demand for business credit, including among high-quality borrowers, should increase as economic activity recovers coming out of a recession. Meanwhile, the adoption of rapidly evolving financial technology should continue to attract private ABF borrowers, particularly as a generation of digital natives comes of age. Finally, the liquidity constraints of certain banks will likely present opportunities for well-capitalized non-bank lenders to acquire discounted non-performing loans at a deep discount.

Policy may also work in private ABF's favor. Private-sector, non-bank credit solutions may become an attractive solution to central banks and governments in developed countries that are looking to unwind balance sheets that grew bloated in the pandemic and recovery. Indeed, we have already seen policymakers showing support for non-bank finance channels in countries such as Australia and Sweden in recent years. In developing economies, a desire to promote financial inclusion may encourage non-bank lending, too.

In sum, we think an increasing number of borrowers searching for capital that is in increasingly short supply, a rebound in demand for credit during an eventual recovery, technological innovation, and a potentially friendly policy environment set the scene for a strong ABF vintage. However, risk management, as ever, is critical. Lender-friendly markets are already driving stronger underwriting and better pricing, and we think rising demand for private ABF amid a capital crunch should allow lenders to continue being highly selective and setting more protective terms. Prioritizing secured or collateralized loans backed by hard assets such as mortgages, auto finance, and equipment leasing can dampen risk in a volatile environment. Partnering with best-in-class specialist lending platforms that have long track records and a focus on more prime borrower segments may do the same. For our part, we lend against collateral that is explicitly defined, readily identified, objectively valued, and of critical importance to the borrower. We also look to see that credits have limited duration, a transparent amortization schedule, and covenants that protect our interest and allow us a measure of control if the investment is underperforming.

Conclusion

The rapid growth of ABF is poised to continue, particularly as bank disintermediation continues. We think many investors are overexposed to corporate debt and could benefit from the diversifying effects of private ABF. Attractive incremental returns compared to some other forms of corporate debt, a potential hedge against inflation, and the downside protection of returns backed by hard or financial assets, contractual cash flows, or both only increase the appeal at a time when uncertainty reigns and inflation seems likely to settle at a higher resting heart rate. To us, the asset class seems like one investors cannot afford to ignore.

PART II:

The Parts of the Whole: A Deeper Dive into ABF Sectors

We break down the ABF opportunity set into four sectors, each of which responds to a largely independent set of drivers. While many ABF investors concentrate in one segment or geographic region, we think this approach sacrifices some of the most important diversification benefits of a global, multi-asset approach. In the following sections, we will take a closer look at each of our key ABF segments.

- Consumer/Mortgage Finance
- Hard Assets
- Commercial Finance
- Contractual Cash Flows

Consumer/Mortgage Finance

Key Assets

- Mortgages
- Auto lending
- Personal installment loans
- Credit cards
- Home improvement loans
- Granular non-performing loans (NPLs)
- Student loans

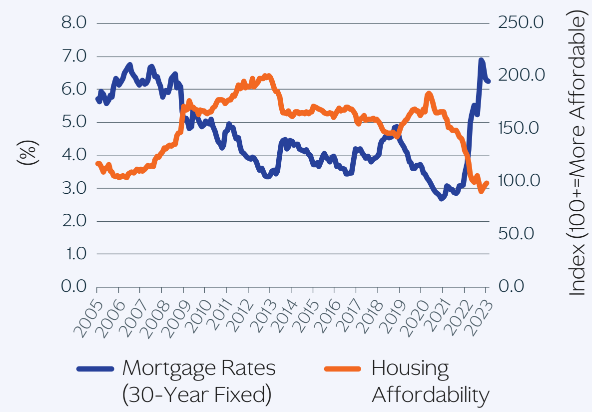
Within the vast consumer/mortgage finance market, our focus remains on secured lending segments, such as mortgages and auto finance, where the value of the underlying assets provides an extra layer of credit protection beyond the recourse to individual consumer borrowers. We also seek to identify segments of consumer lending where creditworthy borrowers may not have easy access to bank credit, as in the case of self-employed individuals, for example.

Residential Mortgages

In one respect, the U.S. housing market looks much the way it did going into the global financial crisis. The recent spike in mortgage rates coupled with the post-pandemic inflation in housing prices created a comparable affordability gap *(Exhibit 6)*.

In other crucial respects, however, U.S. housing debt, worth $12.3 trillion,[3] is on sounder footing. Leverage has fallen dramatically. In 2008, 56% of the housing market had a loan-to-value ratio of 80% or more. Today only 12% of the market is that stretched. The crisis resulted in regulation and strict underwriting standards that replaced the notorious practices that did so much to inflate the bubble. Adjustable-rate mortgages, which amounted to 30% of the market back then, have fallen to 5% today, and combined with the removal of other affordability products (teaser rates, negative amortization) has greatly reduced the risk of mortgage defaults *(Exhibit 7)*.

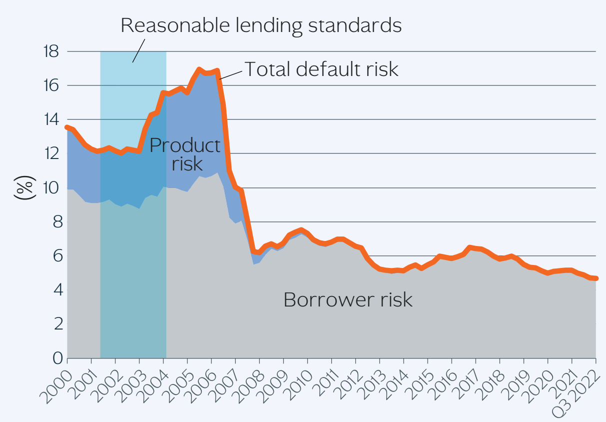
EXHIBIT 6 | Rising Mortgage Rates Made Housing Less Affordable



Housing affordability measured by the NAR Housing Affordability Index, seasonally adjusted, which measure whether or not a typical family could afford a typical home at prevailing mortgage rates. A reading of 100 indicates that a median-income family has exactly enough income to qualify for a mortgage on a median-priced home. Source: Federal Home Loan Mortgage Corp., National Association of Realtors as at February 28, 2023 and January 31, 2023 respectively. Note that the affordability measure references the NAR.

EXHIBIT 7 | Mortgage Default Risk

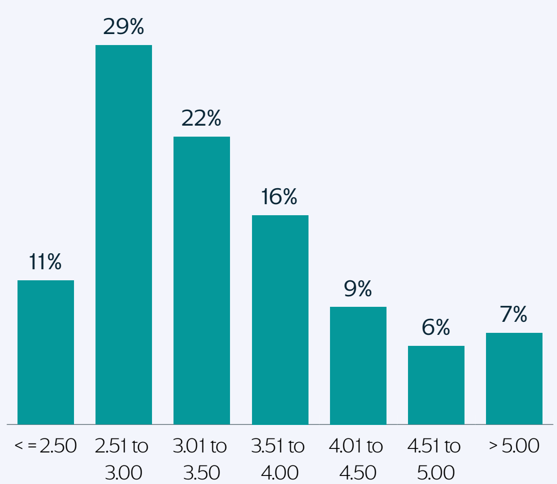
Default Risk Taken by the Mortgage Market, Q1 1998 – Q1 2022



Source: eMBS, CoreLogic, HMDA, IMF, and Urban Institute. As at September 30, 2022.

The recent spike in mortgage rates paradoxically lends further support to the market. With rates on the majority of outstanding mortgages less than half the new rates, homeowners with outstanding fixed-rate mortgages, which make up 95% of the U.S. market, have a strong incentive to stay put and stay current *(Exhibit 8)*. In addition, COVID-era stimulus enabled households to build up savings, which they can now use as a cost-of-living cushion. In Europe, extensive fiscal subsidies further mitigate the household impact of inflation.

EXHIBIT 8 | **Distribution of U.S. Mortgage Rates**



Source: Black Knight McDash and JPMorgan as at December 31, 2022

Despite the favorable fundamentals, mortgage spreads have widened over reference rates, offering a potentially profitable entry point for private investment. Macro-economic volatility explains part of that anomaly. The inability of non-bank lenders to securitize the mortgages they underwrite and the reluctance of banks to assume them goes a long way to explaining the rest. The European housing market faces greater uncertainties. Banks throughout the region have tightened their credit standards. In economies such as the U.K. and France where short-term mortgages are the norm, refinancing in a rising-rate environment will challenge homeowners. ABF mortgage opportunities in Europe lie elsewhere: on bank balance sheets. European banks have accumulated a tremendous backlog of non-performing loans, some of which date back to the global financial crisis and the ensuing European sovereign debt crisis. The European Central Bank's increasing concern for the health and soundness of European Union's finances and the capital restrictions of Basel IV regulation are pressuring the banks to get those stale loans off their books. In jurisdictions with transparent regulation and reliable sources of data, ABF investors may well be able to pick up non-performing loan portfolios at wide discounts to their fair value.

Auto Finance

The pandemic and its inflationary aftershocks have had as much or more impact on the automobile market than on any other ABF subsector. Some 25 million new vehicles take to the highways in the U.S. and Europe in a typical year and the amount of outstanding auto loans in the U.S. alone comes to $1.5 trillion. This vast market is ripe for disruption. Cars take longer to build and deliver than they did before the pandemic, and they cost more to buy. The electric vehicles starting to replace the internal combustion fleet cost even more. At the same time, gasoline prices, the price of routine maintenance, and insurance premiums are rising relentlessly.

The adverse trends are revolutionizing market dynamics. More and more prime customers, put off by the sticker shock of new cars, are buying so-called like-new used cars and opening a new avenue for quality ABF investment. At the same time, demand is growing for alternatives to ownership of a substantial asset that only depreciates—unlike a family's other substantial asset, its home. Short-term leases, formerly limited to car rental companies and corporate and government fleets, are becoming available to individual drivers. The innovation has the potential in time to turn independent dealerships into retail storefronts for vehicles leased directly from manufacturers, who in turn would likely turn to private lenders to move lease finance off their balance sheets, potentially creating a large new ABF market.

Hard Assets

Key Assets

- **Aircraft leasing**
- **Green energy**
- **Rail cars**
- **Home rentals**

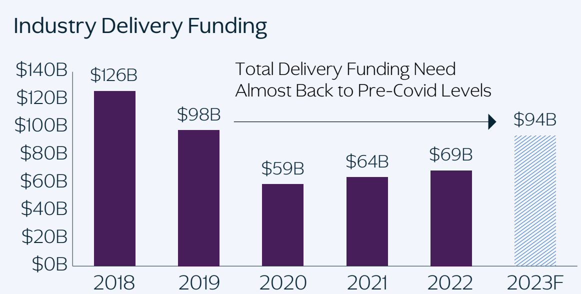
Pre-crisis bank balance sheets were natural homes for hard assets, such as real estate and aircraft. Today, new capital requirements and Dodd-Frank/Volcker regulations have shifted banks' focus from owning these assets to extending senior financing against them. Aviation leasing, a $360 billion market, offers an exceptionally attractive opportunity within this segment. The travel industry, on the wings of low-cost airlines and the growing emerging markets middle class, enjoyed a two-decade boom during which it grew at more than twice the rate of global GDP. The COVID-19 lockdowns shut down not only travel, but also aircraft assembly lines and spare parts manufacturing.

Now that pandemic restrictions have just about lifted, we expect the boom to resume. Passenger numbers were already approaching pre-pandemic levels in many parts of the world prior to China's opening. The amount of delivery financing required is also nearly back to pre-COVID levels *(Exhibit 9)*.

Aircraft production is recovering, though it still lags pre-pandemic figures by more than a third. The supply/demand imbalance impacts pricing up and down the supply chain, in new builds, used aircraft, and parts and maintenance. Financing uncertainties, arising from interest rate volatility and the war in Ukraine, have only added to airline challenges. The financing mix has changed dramatically in this environment. The proportion of airline delivery funding that comes from banks has decreased sharply in the post-COVID era, while sale-leasebacks have increased by a commensurate amount *(Exhibit 10)*.

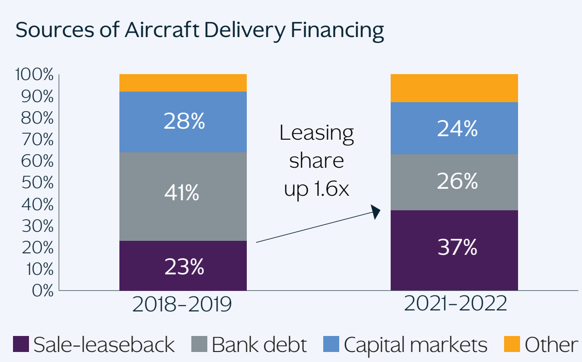
The combination of pent-up passenger demand, the shortage of new aircraft and spare parts, ongoing supply chain issues, and constricted capital markets should lift lease rates—and ABF returns—amply above the rate of overall inflation. High prevailing interest rates and expected increases in the cost of parts and labor should increase the price of financed goods. Heading into a downturn, however, extra layers of caution are warranted. Each carrier faces its own distinct set of obstacles, not least in route structure and relations with governments and regulators. We believe investors will need deep industry knowledge to chart a course to premium returns.

EXHIBIT 9 | Total Aircraft Delivery Funding Need Almost Back to Pre-Covid Levels



Note: Sources of aircraft delivery financing exclude cash. Source: Boeing Commercial Aircraft Finance Market Outlook 2023 as at March 16, 2023.

EXHIBIT 10 | The Share of Leased Aircraft Has Risen



Source: Boeing Commercial Aircraft Finance Market Outlook 2023 as at March 16, 2023.

Commercial Finance

Key Assets

- **Lending to small- and medium-sized businesses**
- **Equipment leases**
- **Receivables financing**

With bank lending constrained, small and medium-sized businesses worldwide have struggled to find efficient financing sources to support their growth. Lending against specific assets such as inventory, equipment, receivables, or real estate offers businesses a means to obtain scarce capital, particularly at a volatile time in the market cycle. Indeed, we are seeing a meaningful increase in interest in equipment and asset finance, including from larger, more sophisticated borrowers. Borrowers have also been pledging both more collateral and higher-quality collateral. These trends offer ABF lenders, already gaining from the shortage of conventional funding and the diversification benefits of commercial revenue streams, the added reassurance of tangible security behind their loans and an influx of highly creditworthy borrowers.

We advocate two uniform guardrails in the small- and medium-sized enterprise sector: (1) Lenders should obtain concrete, unambiguous collateral protection before proceeding (i.e., loans secured by receivables, real property and/or equipment), and (2) the assets pledged should be essential to the borrower's operations, generate revenue, or both.

Contractual Cash Flows

Key Assets

- **Intellectual Property**
- **Royalties**
- **Financial Contracts**

Investments backed by cash flow-producing assets such as intellectual property, royalty streams in industries like media and healthcare, and customized financial contracts fall within this eclectic segment. While such investments can create the predictable, long-term cash flow streams attractive to banks, borrowers often struggle to obtain bank financing due to the non-standard nature of the assets.

Endnotes

1. Integer Advisors estimates.
2. The consumer mortgage and credit market in this case refers to the overall market for ABF, including agency financing and securitization. The loan and high yield markets are measured in terms of par amount outstanding in the following indices: US Leveraged Loans (S&P LSTA LLI), US High Yield (BoA US HY Index), Euro Loans (S&P ELLI), Euro High Yield (BofA Euro HY Index).
3. Federal Reserve Bank of New York https://www.newyorkfed.org/microeconomics/hhdc.

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