

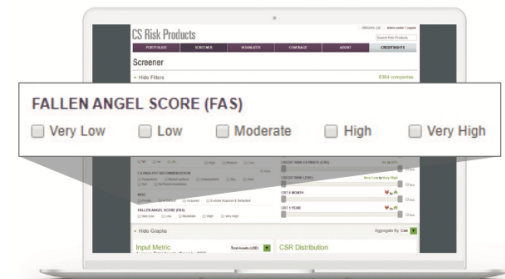
Identify Downgrade Risk Efficiently with CreditSights' Fallen Angel Score

Dissecting the BBBs

BBB debt now makes up close to half of the ICE BofA US and euro investment grade (IG) indices. Low BBBs are over 13% of the US IG index and 10% of the euro IG index, representing over \$900 bn and €250 bn of outstanding debt, respectively. That shift is the result of nearly a decade of issuers pushing the envelope on credit quality and testing agencies' limits on what constitutes an investment grade credit profile. A murkier macro outlook means that crossover risk is becoming a likely scenario. With close to 500 issuers currently rated low-BBB, staying on top of each credit and predicting the ratings agencies' next moves is next to impossible.

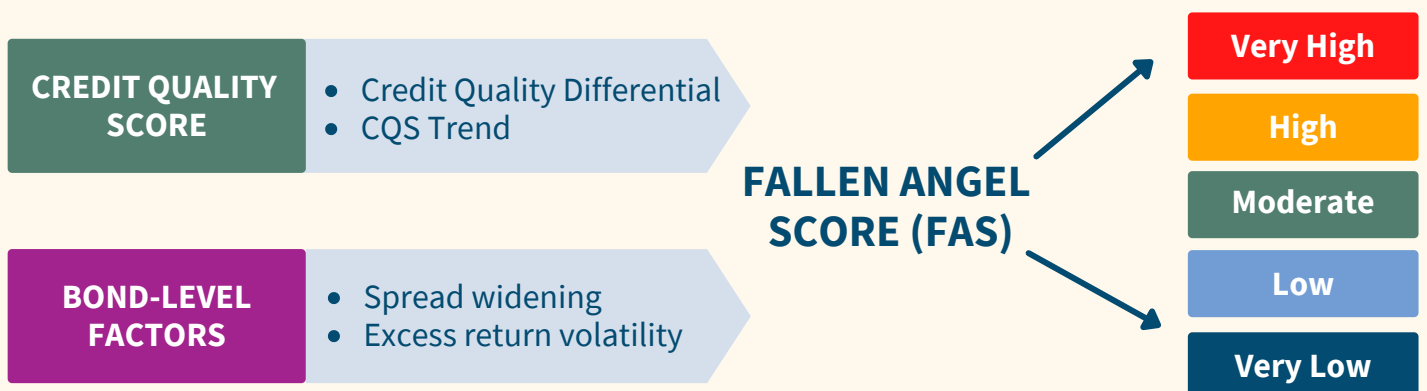
A Signal for Action

The CreditSights Fallen Angel Score (FAS) is a quantitative estimate of the likelihood of USD and euro BBB corporate bond issuers moving from IG to high yield over a 12-month period. This signal can reduce the number of names that need to be focused on saving precious time and resources. For those working under IG mandates, the signal can help pump the brakes on needless bond sales.



How Does FAS work?

We combine the signals from Credit Quality Scores with bond-level factors to build a fallen angel prediction model, using data from 2005 to 2019. CQS and bond-level inputs carry roughly equal weight in the model.



Key Benefits & Use Cases

- Analyze over 500 BBB credits and flag those most likely to be downgraded to high yield within a 12-month period
- Highlight sectors with the greatest fallen angel risk
- Avoid forced selling for IG-only mandates
- Get ahead of the spread widening and volatility associated with moving to high yield
- Avoid increased capital charges for US Insurance Companies / Solvency II issues in Europe

How to Access the FAS

- Risk Products website
- Data Files
- API



About CreditSights Risk Products

CreditSights Risk Products significantly scales research teams' ability to invest in credit and manage credit risk. With 8,000 individual securities in the US investment grade index alone and more than 15,000 across the US, European and corporate bond Asian indices, research teams worldwide struggle to stay ahead of the risks and opportunities across every name. The precise and predictive data delivered by CreditSights Risk Products provides the analytical edge to our award winning research. Relied on by the world's largest institutions and investment advisors, and also smaller firms that oversee extensive lists of issuers or identify counterparty credit risks.

Contact Information

To learn more or request a free trial, contact our Risk Products Hotline at 212-882-3380 and ClientSuccess@CreditSights.com

NEW YORK - LONDON - SINGAPORE - GLASGOW - DENVER

About CreditSights

CreditSights empowers nearly 15,000 financial professionals among the world's largest institutions with the credit-risk tools, independent research and comprehensive market insights they need to make well-informed credit-risk decisions. Setting the standard for global credit research since 2000, we provide timely data, news, recommendations and unbiased analysis of the investment-grade and high-yield debt securities of 1,000+ issuers around the world. We deliver this content through innovative platforms, enabling market participants to know more, risk better and ultimately create value.