

Foreword

The publication of *High Yield, Future Tense* is a significant event in the development of the credit markets and the advancement of financial knowledge generally. It coincides with the 25th Annual High Yield Bond Conference of the New York Society of Security Analysts. This annual event is not only NYSSA's longest-running conference, but also one of the longest-running financial conferences of any kind.

Since the conference's inception in 1991, the speculative-grade corporate bond market has grown from a mostly domestic universe of \$100 billion outstanding to a global colossus of \$2 trillion outstanding. Of its more than 1,700 issuers, nearly half are based outside the United States.



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Frank J. Fabozzi is editor of the *Journal of Portfolio Management*, Professor of Finance at EDHEC Business School and a Senior Scientific Advisor at EDHEC-Risk Institute where he co-heads the fixed income research program. A CFA charterholder, Frank is a trustee for both the BlackRock closed-end fund complex and the equity-liquidity fund complex. He was awarded the CFA Institute's 2007 C. Stewart Sheppard Award "in recognition of outstanding contributions to continuing education in the CFA profession" and CFA Institute's 2015 James R. Vertin Award for "outstanding leadership in promoting excellence and relevancy in research and education." Frank was inducted into the Fixed Income Analysts Society Hall of Fame in November 2002. He has authored and edited numerous books on fixed income analysis and portfolio management.

In 1985, less than a decade before the NYSSA conference began, I taught what is to the best of my knowledge the first university course on fixed income at MIT's Sloan School of Management. A boom in serious research on the debt markets was underway, and the high yield market was just beginning to be explored. This book's contributors include researchers who helped to inaugurate the rigorous and innovative analysis that has culminated in the important new findings presented here.

NYSSA also qualifies as a pioneer. In 1991 it was unprecedented for an educational organization with no commercial interest in promoting the product to sponsor a high yield bond conference. There was no other event at which investors could come together to hear objective analysis of the risks and rewards of an increasingly prominent asset class.

Building on that proposition, NYSSA's perennially popular event has grown in scope and sophistication. Today the High Yield Bond Conference begins with a Master Class, in which leading practitioners educate attendees about credit analysis, bond covenants, and other building blocks of the high yield investment process. Then comes a full day of presentations and panels on current and pending market developments that investors must navigate to maximize their performance.

Taking the lead in informing investors about the high yield market is in keeping with NYSSA's proudest traditions. Among its founders was Benjamin Graham, who spearheaded the effort to replace folk wisdom and supposition with rigorous, fact-based securities analysis. To this day, NYSSA puts the promotion of best practices and the highest professional and ethical standards at the core of its mission.

Rather than dwelling on its past contributions to the field, however, NYSSA is once again breaking new ground with its maiden effort in book publication. As its title implies, *High Yield, Future Tense* focuses on what lies ahead for the high yield market. Its contributors map the future in terms of economic forces, regulatory trends, and financial practices.

The book is the product of the very best thinkers in the field addressing the most important opportunities and pitfalls faced by investors. The authors do not shrink from challenging accepted wisdom. Whether your previous experience with high yield bonds is scant or extensive, you will be enriched by harvesting the knowledge assembled in this volume.