Fixed Income Monthly Report

August 10th, 2022

ASHENDEN FINANCE

Market update & Actionable Trade ideas

Ashenden Finance SA

Geneva, Lugano, London
www.ashendenfinance.ch

Authors:
Davide R. Melone
Luca Di Fede
Andrea Pesenti

Advisory team:
Andrea Pesenti
Davide R. Melone
Loredana Ponti
Luca Di Fede
Michele Bianchi
Michele Lischetti
Stephane Butti

Feel free to contact us:
+41-91-220-20-74
research@ashendenfinance.ch

Follow us on

Content summary

- **Main themes**
  - **Macro overview:** the July's pain rally
  - Fed not pivoting, market too complacent
  - Geopolitical risks remain high
  - **Credit overview**: low duration, high quality
  - **Model portfolio** dynamics and changes

Suggested changes summary

- **Model portfolio update** – Bond Top Picks
- **New ideas for the month**
  - Buy two high quality USD short-term bonds
    - ✓ $ **Expedia** 6.25% May 2025 (Baa3/BBB-/BBB-) @ 104.00 (**4.52%**)
    - ✓ $ **UBS** 4.125% Apr 2026 (A3/A-/A+) @ 99.50 (**4.27%**)
  - Buy $ **Celanese** 5.90% Jul 2024 (Baa3/BBB/BBB-) @ 101.00 (**5.34%**)
  - Buy $ **Imperial Brands** 4.25% Jul 2025 (Baa3/BBB/BBB) @ 98.50 (**4.80%**)
- **Ideas reiterated and business case updates**
  - Buy € **Faurecia** 3.75% Jun 2028 (Ba2/BB/BB+) @ 89.25 (**6.04%**)
  - Buy € **BAT** 3.75% Perp Call 2029 (Ba1/BBB-/BB+) @ 80.00 (**7.47%**)
  - Buy $ **Ecopetrol** 5.375% Jun 2026 (Baa3/BB+/BB+) @ 97.25 (**6.18%**)
  - Buy $ **MC Brazil** 7.25% Jun 2031 (Ba3/-/BB-) @ 83.50 (**10.46%**)
  - Hold $ **Mexarrend** 10.25% Jul 2024 (-/B/B+) @ 44.50 (**65.55%**)
- Exits: **Hongkong Intl Qingdao**, **Mohawk**, **Prosus**, **DNO** & **Vodafone**
- Appendix & Disclaimer

Model portfolio monthly performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	-0.84%	+2.15%	+2.21%	+1.45%	+0.68%	-1.30%	+3.06%	+1.57%	-0.70%	+0.33%	+1.05%	+2.12%	**+12.3%**
2017	+1.00%	+1.34%	+0.45%	+2.06%	+0.80%	-0.73%	+2.02%	+1.33%	+0.92%	+0.78%	-0.10%	+0.87%	**+11.2%**
2018	-0.29%	-0.33%	+0.16%	-1.50%	-1.32%	-0.09%	+1.49%	-1.18%	+0.07%	-0.92%	-2.43%	+0.89%	**-5.4%**
2019	+2.83%	+1.75%	+1.85%	+1.21%	+0.50%	+2.90%	-0.11%	+1.45%	-0.20%	+1.15%	+0.54%	+1.66%	**+16.6%**
2020	+1.15%	-3.97%	-9.38%	+0.51%	+7.45%	+0.91%	+2.29%	+0.82%	+0.36%	+2.16%	+3.45%	+0.65%	**+5.6%**
2021	+1.02%	-0.67%	+1.19%	+0.77%	+0.97%	+0.67%	+0.52%	+0.66%	-0.68%	-0.09%	-0.40%	-0.13%	**+3.9%**
2022	-1.92%	-4.67%	+0.84%	-3.45%	+0.58%	-5.14%	+3.15%						**-10.4%**

Source: Ashenden Finance. Levels are the latest as of time of publication date and changes are recorded against last publication. Please read the disclaimer at the end of the report.

Main themes

Macro overview: the July's pain rally

July was a great month with equities, high yield bonds and other risky assets rebounding, mostly lifted by hopes that deteriorating economic data and falling commodity prices could give central banks (but mostly the Fed) leeway to dial back their tightening campaigns.

Global equity and corporate bond markets climbed in July with the S&P 500 ending the month up 9.11%, its best month since November 2020's 10.75% gain, and the Eurostoxx-50 up 7.33%. Since June 16, the S&P 500 has advanced 13%, while the tech-heavy Nasdaq has jumped 19%.

The 10-year US Treasury yield tumbled 83bps from its mid-June peak of 3.48% following the Fed's second 75bps rate hike and continued hawkish signals. **The 10yr/2yr yield curve continued to stay deeply inverted by almost 50bps, the biggest inversion since 1974, underscoring already heightened concerns that a recession could be on the horizon.**

While highly volatile, oil, copper and other commodities fell in July as the global economy continued to lose momentum, particularly in the US and China.

Perhaps most importantly, inflation expectations have come down significantly. It appears as though the bond market has quickly turned from a vigilante to a believer the Fed will get inflation under control. Therefore, investors dialled back their expectations for the future pace of inflation and central-bank tightening in the face of a rapidly worsening economic outlook and falling commodity prices.

This market rally has been defined as a "pain rally" as many missed it. Bank of America noted that despite the strong rally last month, only less than a third of active fund managers beat their benchmarks. All the main styles of mutual funds underperformed. The general bearish stance is keeping most of investors under-invested with large cash allocation, while others even more bearish are net short equity. So, the equity bounce in July was mainly due to short covering.

Finally, while the not-so-bad Q2 earnings season also helped lift risk sentiment, investors and businesses continue to wrestle with rising prices on one hand and moderating economies on the other.

Fed not pivoting, market too complacent

On July 27, despite admitting that economic growth is clearly slowing down, the Fed hiked by another 75 basis points to 2.25%-2.50% and reiterated the path of more hikes ahead, with the Dot Plot pointing to Fed Funds at 3.75%. A day after the US reported that the economy shrunk by an annual 0.9% in the Q2. That was the second consecutive quarterly contraction, an event that generally defines a recession. Speaking after the policy announcement, Fed chair Jay Powell said it could be 'appropriate to slow' the pace of monetary tightening.

To the Street, the read was a Fed that would (most likely) raise another 0.75% at its Sept. 20-21 meeting, but then pull back with lower increases (at the Nov. 1-2 and Dec. 13-14 meetings), with some speculation of a 2023 mid-year reduction.

This expectation was partially subsidized by the strong nonfarm payrolls and unemployment (at 3.5%) came out last Friday. This report is likely going to embolden the Fed to continue the cycle, hiking rates even further with a "green light" to keep fighting inflation.

While language out of the Fed was perceived to be dovish since the last hike, the Fed's biggest dove, Neel Kashkari, was out making hawkish statements recently saying: "We are committed to bringing inflation down and we are going to do what we need to do. We are a long way away from achieving an economy that is back at 2% inflation, and that is where we need to get to."

Goldman Sachs continues to expect another 100bp of Fed funds rate increase over the next three meetings: +50bp in September and +25bp in both November and December, with risks skewed towards earlier or larger increases. Adding "We think **the market might have been too complacent too soon in fading recession risks. […] We think markets will be vulnerable to hawkish surprises.**"

Just to remember this already is the fastest Fed hiking cycle with rates moving 2.25%-2.5% in just five months.

We believe the Fed is not going to pivot anytime soon and we see that this hawkishness is not priced by the market. This could stop the market rebound and bring a new sell-off phase.

In our view, the Fed comment indicates that even the most dovish of Fed members may still be posturing for a fight against inflation. If this becomes the case, the Fed pivot story immediately comes off the table, risk appetites must re-adjust quickly.

Readers should keep in mind that in every hiking cycle the Fed has never stopped raising rates before delivering demand destruction and recession. This time will not be different. While US economy has just started a technical recession, it seems we are at the beginning of this process as other macroeconomic data are pointing toward a deeper slowdown: i.e., consumer sentiment is at the lowest level ever seen, the personal savings rate has collapsed to 5.1%, its lowest since August 2008, the credit card debt is up 13% since April, the largest increase since 2001 and is set to cross $1 trillion for the first time ever, and the housing affordability is at one of the lowest levels ever.

Market positioning has improved from a very bearish level seen in June, and the swing in asset allocation has fueled the recent rally, but the earnings downgrade cycle has not started yet and would be one of the drivers of stock funds flows. Berenberg strategists also warned of the threat to equities from weaker earnings to come. The strategists' top-down model showed corporate earnings are likely to fall 15% to 20% year-over-year as margins come under pressure.

For the reasons above, **our market interpretation remains unaltered, seeing the recent rebound as a bear market rally.** Both from a macro and technical point of view, out bias on the market remains negative and we suggest to keep a more conservative stance. Worth noting that we have not seen broad-based outflows and we are still waiting for a "capitulation" moment where VIX could spike well above 40. This setup usually indicated that a major bottom has reached.

Main themes (Cont'd)

Geopolitical risks remain high

Geopolitical risk remains another key driver for market sentiment. Apart the Russia-Ukraine conflict started back in February, there are other geographies where the heat is rising and where US is unsurprisingly the protagonist: **i.e. worth watching closely the China-Taiwan relationship development**.

Nancy Pelosi, the speaker of the United States House of Representatives, has visited Taiwan, despite warnings of severe consequences from China which claims the self-ruling island as its own. Pelosi, second in line to the presidency, is the highest-profile elected US official to visit Taiwan in 25 years. Beijing has made clear that it regards her presence in Taiwan as a major provocation, setting the region on edge. China's military said it was on "high alert" and would "launch a series of targeted military actions in response" to the visit.

Ahead of Nancy Pelosi's visit to Taiwan last week, there was concern from the White House to Tokyo that the US House Speaker's trip would spark a crisis at a time when relations with China are already in a dangerous state. Biden has also said in different occasions that the US would intervene militarily to defend Taiwan against an attack from China.

Financial markets have responded relatively calmly to Nancy Pelosi's visit and the military exercises that Beijing has ordered in response. The assumption is that China will put on a show of strength and leave it at that.

At the milder end of the spectrum, China could increase its military aggression but will punish Taiwan economically, making more difficult for US companies to access its market. China is market up for 44% of Taiwan exports. If China places ban on Taiwan exports, it will not go well for Taiwan.

There is the risk, though, that China could go further and exploit Taiwan's dependence on imported fuel by imposing a blockade on the island. That is because the island manufactures roughly half the world's semiconductors, used in everything from mobile phones to cars and already running short. Restricting the export of chips would lead to supply bottlenecks, higher inflation and weaker growth. Inevitably, there would also be pressure on the US not only to impose economic sanctions and asset freezes but to intervene militarily as well.

Financial markets are probably underestimating the risks posed by Taiwan.

Credit overview: low duration, high quality

The Fed tightens policy when things overheat and this time is no different. While the bond market is starting to assume they would get inflation under control, it may come with a heavier cost than expected, which may leave a very small window for risky assets to work before earnings surprise on the downside. Risk reward is poor after the recent rally so we suggest to move toward higher quality and lower risk.

On the rates side, since peaking in June, the 10-year Treasuries have had one of their largest rallies in history, with the 10s-2s curve inverting almost 50bps, another historically low level. Perhaps more importantly, the 10-year inflation breakevens have come down significantly. **This rates setup is creating an higher duration risk, as rates could come back and push bond prices down. There is still too much uncertainty on the path of inflation and we prefer to avoid the risk of being excessively wrong.**

According to Barclays, company debt could be hit this year by growing fears of a recession. There are early signs of companies facing more economic weakness, and a recession in Europe, which Barclays expects will start this year, could weigh on US corporate bonds. The bank forecasts that spreads on Bloomberg's benchmark US Investment Grade index will widen to as 210 basis points in 2022. That kind of level is often associated with a recession, and is well above the current level of 140 basis points.

Since last month the combination of rising spreads and yields has got investors' attention. This has resulted in carry-motivated flows into credits, bringing a lot of buying flows on high quality paper. Nevertheless, the negative macro fundamentals and market dynamics, brought us to believe that **this rally is going to fade soon, so the preferable attitude is profit-taking and risk management.**

Today, investors should take advantage of the large inversion of the US rates curve (with short term rates much higher than longer rates) and high quality bonds. Therefore, in our view **the best bond segment to be is the short term Investment Grade in USD with maturities up to 3-4 years and ratings BBB/BBB-.**

In the past we have been fan of BB ratings, but now the relationship between BB rated bonds and similar-duration BBB spreads has narrowed more than 100 bps from the YTD peak to 126 bps currently and is only 24 bps wider since the start of the year. This not enough.

To illustrate how tight BB spreads have become, the current 50-bp difference between high-BB and low-BBB non-financial spreads maturing within 10 years is now equivalent to that of low- versus mid-BBB credits. While the relationship between low- and high-BBB spreads has more than doubled YTD to 76 bps today from 36 bps.

So now, **we expect BBB companies to be in a better position to defend their ratings in a recession.** In addition, positive ratings momentum appears slightly tilted toward BBBs versus BBs, while the underlying sector composition of the BB nonfinancial universe suggests fundamentals are more cyclical compared to BBBs.

Main themes (cont'd)

Global Credit snapshot

Index	Dur (yrs)	Avg Yield	MoM Px Change	YTD change
EUR IG Corp.	7.1	1.69%	+2.7%	-9.1%
EUR HY Corp.	3.7	6.40%	+5.8%	-9.1%
USD IG Corp.	7.9	4.50%	+2.2%	-12.2%
USD HY Corp.	4.7	7.65%	+5.2%	-8.6%
USD Capital Sec.	5.5	4.81%	+2.9%	-14.4%

Index	Dur (yrs)	Avg Yield	MoM Px Change	YTD change
GBP IG Corp.	10.2	2.53%	+1.9%	-12.6%
GBP HY Corp.	3.6	8.86%	+3.8%	-9.2%
USD EM IG Corp.	7.3	4.62%	+2.1%	-14.7%
USD EM HY Corp.	5.5	10.92%	+4.3%	-15.0%
EM Loc Ccy Govt.	7.1	4.79%	+1.3%	-7.9%

Source: Bloomberg Barclays Fixed Income indexes

Model portfolio dynamics and changes

July has been a solid positive month for our model portfolio (+3.14%), rebounding from a very negative June performance. The model portfolio overperformed the Investment Grade segments, while underperformed the High Yield ones.

Investors now expect that inflation will fall and they are worried about the threat of a recession. This brought back the expectation of the Fed pivoting and ignited a rally in risky assets and in government bonds (i.e. rates went down on average 40bps, a notable move).

We see no reason to try to be a hero in August as there is a good chance markets will soften. Seasonality is far from perfect, but the Aug-Oct period is notorious for above average volatility and below average returns.

Since June all the high quality paper has rebounded strongly and we still think that the sweet spot in the bond market is the Investment Grade segment on short duration, where we are convinced most of the allocation should go. Once gain, **we stay on course with our strategy to gradually increase the quality of the portfolio, removing unnecessary risks:** we continue to favor higher-credit-quality bonds with short term maturities.

There are still good names offering good carry with short duration risk and they are mostly concentrated in the USD space. This month we are adding few of them: Expedia 6.25% $ 2025 (Baa3/BBB-/BBB-), **UBS** 4.125% $ 2026 (A3/A-/A+), **Celanese** 6.05% $ 2025 (Baa3/BBB/BBB-) and **Imperial Brands** 4.25% $ 2025 (Baa3/BBB/BBB).

While we are reiterating and updating the business case of **Faurecia** 3.75% € 2028 (Ba2/BB/BB+), **BAT** 3.75% € Perp Call 2029 (Ba1/BBB-/BB+), **Ecopetrol** 5.375% $ 2026 (Baa3/BB+/BB+), **MC Brazil** 7.25% $ 2031 (Ba3/-/BB-), **Mexarrend** 10.25% $ 2024 (-/B/B+).

While we are removing: **Hongkong Intl Qingdao, Mohawk, Prosus, DNO & Vodafone**.

Data	Level now	MoM change
10y Eur Gov	0.95%	-39 bps
10y US Gov	2.81%	-27 bps
iTraxx Europe	101	-16 bps
iTraxx X-Over	507	-69 bps

Data	Level now	MoM change
EUR/USD	1.0226	+0.4%
EUR/CHF	0.9765	-1.8%
EUR/GBP	0.8453	-0.1%
USD/JPY	135.19	-0.7%

Data	Level now	MoM change
MSCI World	641	+5.3%
Euro Stoxx	3,720	+6.1%
S&P 500	4,140	+6.2%
FTSE 100	7,481	+4.0%

The average portfolio duration has been reduced to 4.01 years from 5.30 years. The average coupon of the portfolio has slightly increased to 5.36% from 5.31% and the average portfolio yield has slightly increased to 13.50% from 13.46%.

Best bond performances last month*: Faurecia 3.75% €2028 (**+13.61%**), Nemak 3.625% $2031 (**+13.40%**), Dufry 3.375% €2028 (**+12.22%**), eDreams 5.50% €2027 (**+11.16%**), Teva 5.125% $2029 (**+9.24%**)
** monthly total returns in brackets*

Worst bond performances last month*: Mexarrend 10.25% $2024 (**-8.02%**), Casino 6.625% €2026 (**-5.83%**), Banco GNB Sudameris 7.50% $2031 (**-1.39%**), Inversiones Atlantida 7.50% $2026 (**-1.24%**), Banca Popolare di Sondrio 3.875% €2032 (**-0.77%**)
** monthly total returns in brackets*

Model portfolio update – Bond Top Picks table

Short maturities

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Coun try	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS1551726810	**Cellnex Telecom**	EUR	2.875	-	04/2025	2.4	100.36	**2.72**	- /BB+/BBB-	ES	Eng. & Constr.	100k	+2.5%	-3.8%	1.8%	Jan-21
XS2239061927	**San Marino Govt**	EUR	3.25	-	02/2024	1.5	101.06	**2.54**	- / - /BB+	SM	Sovereign	100k	+0.4%	+3.1%	1.8%	Mar-21
US05968LAM46	**Bancolombia**	USD	3.00	-	01/2025	2.5	96.17	**4.66**	Baa2/ - /BB+	CO	Banks	200k	+4.4%	-3.8%	1.7%	Sep-21
XS2093880735	**Berry Global**	USD	1.00	10/2024	01/2025	2.4	96.89	**2.34**	Ba1/BBB-/BBB-	US	Packaging&Cont	100k	+4.0%	+1.6%	1.7%	May-22
US23329RAC07	**Dnb Bank**	USD	2.23	-	12/2022	0.3	99.98	**3.41**	Aa2/AA-/ -	NO	Banks	200k	+0.1%	+5.5%	1.8%	Dec-19
XS1489184900	**Glencore**	USD	1.875	06/2023	09/2023	0.8	100.10	**1.75**	Baa1/BBB+/ -	AU	Mining	100k	+1.6%	-0.3%	1.8%	May-22
XS1805474951	**Oztel**	USD	5.625	-	10/2023	1.2	101.41	**4.40**	Ba3/ - /BB-	OM	Telecom	200k	+1.0%	+0.2%	1.8%	Mar-22
USU59327AA11	**Michael Kors**	USD	4.25	09/2024	11/2024	2.2	98.50	**4.97**	Ba1/BBB-/BBB-	US	Apparel	2k	+2.7%	+30.2%	1.8%	May-20
USU59327AA11	**Michael Kors**	USD	4.25	09/2024	11/2024	2.2	98.50	**4.97**	Ba1/BBB-/BBB-	US	Apparel	2k	+2.7%	+1.9%	1.8%	May-22
US81180WAH43	**Seagate**	USD	4.75		06/2023	0.8	100.66	**3.90**	Ba1/BB+/BB+	US	Computers	2k	+0.9%	-0.4%	1.8%	May-22
USN78840AH33	**Sensata Tech**	USD	4.875	-	10/2023	1.2	100.54	**4.40**	Ba3/BB+/ -	US	Electronics	2k	+1.0%	-0.9%	1.8%	Feb-22
US92857WBN92	**Vodafone Group**	USD	3.73	-	01/2024	0.2	100.28	**3.67**	Baa2/BBB/BBB	GB	Telecom	1k	+0.1%	+14.0%	1.8%	Oct-18

Investment Grades & Crossovers

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Coun try	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS2103218538	**Ashland Services**	EUR	2.00	11/2027	01/2028	5.5	88.02	**4.55**	Ba1/BB+/ -	US	Chemicals	100k	+5.8%	-16.0%	1.6%	Sep-21
XS2001315766	**Euronet Worldwide**	EUR	1.375	02/2026	05/2026	3.8	90.60	**4.11**	Ba1u/BBB/BBB	US	Comm. Services	100k	+2.4%	-11.1%	1.6%	Sep-21
XS1602130947	**Levi Strauss & Co**	EUR	3.375	08/2022	03/2027	4.6	98.03	**3.88**	Ba2/BB+/BB+	US	Apparel	100k	+4.6%	+2.9%	1.8%	Jul-22
XS2362994068	**Nemak**	EUR	2.25	04/2028	07/2028	6.0	78.37	**6.80**	Ba1/BB+/BBB-	MX	Auto Parts & Equip.	100k	+9.1%	-21.5%	0.7%	Aug-21
XS1969645255	**PPF Telecom**	EUR	3.125	12/2025	03/2026	3.6	94.52	**4.80**	Ba1/BB+/BBB-	NL	Telecom	100k	+2.8%	-3.4%	1.7%	Sep-20
USP71340AD81	**Nemak**	USD	3.625	03/2031	06/2031	8.9	79.91	**6.66**	Ba1/BB+/BBB-	MX	Auto Parts & Equip.	200k	+13.4%	-18.3%	0.7%	Aug-21
US747262AZ65	**QVC**	USD	4.375	06/2028	09/2028	6.1	80.13	**8.66**	Ba2/BB+/BBB-	US	Retail	2k	+6.0%	-17.9%	1.4%	Jan-21
US958102AM75	**Western Digital**	USD	4.75	11/2025	02/2026	3.5	98.67	**5.17**	Baa3/BB+/BBB-	US	Computers	2k	+2.7%	+1.9%	1.8%	Jul-22
USU3010DAH36	**Expedia**	USD	6.25	02/2025	05/2025	2.5	104.00	**4.52**	Baa3/BBB-/BBB-	US	Internet	2k	**NEW**		1.8%	**Aug-22**
USG91703AK72	**UBS**	USD	4.125	-	04/2026	3.7	99.50	**4.27**	A3u/A-/A+	CH	Banks	200k	**NEW**		1.8%	**Aug-22**
US15089QAR56	**Celanese**	USD	5.90	01/1900	07/2024	1.9	101.00	**5.34**	Baa3/BBB *-/BBB-	US	Chemicals	2k	**NEW**		1.8%	**Aug-22**
USG4721VNU46	**Imperial Brands**	USD	4.25	04/2025	07/2025	3.0	98.50	**4.80**	Baa3/BBB/BBB	GB	Agriculture	200k	**NEW**		1.8%	**Aug-22**

High Yields - High End (BB)

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Coun try	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS2195511006	**ams AG**	EUR	6.00	09/2022	07/2025	3.0	96.27	**7.56**	Ba3/BB-/BB-	AT	Semiconductors	100k	+3.8%	+5.6%	0.9%	Jul-20
XS2367103780	**doValue**	EUR	3.375	07/2023	07/2026	4.0	88.59	**6.81**	- /BB/BB	IT	Divers. Fin. Serv.	100k	+2.8%	-10.2%	1.6%	Aug-21
XS2209344543	**Faurecia**	EUR	3.75	06/2023	06/2028	5.9	89.25	**6.04**	Ba2/BB/BB+	FR	Auto Parts&Equip.	100k	+13.6%	-3.3%	1.6%	**UPDATE**
XS2211136168	**Intrum**	EUR	4.875	09/2022	08/2025	3.0	99.77	**5.02**	Ba2/BB/BB	SE	Divers. Fin. Serv.	100k	+9.1%	+6.2%	1.8%	Aug-20
XS2406607171	**Teva Pharma**	EUR	4.375	02/2030	05/2030	7.8	88.83	**6.31**	Ba2/BB-/BB-	IL	Pharma	100k	+8.9%	-8.7%	0.8%	Nov-21
USA0400QAD90	**ams AG**	USD	7.00	09/2022	07/2025	3.0	96.78	**8.24**	Ba3/BB-/BB-	AT	Semiconductors	200k	+1.9%	+7.5%	0.9%	Jul-20
US21871NAB73	**Corecivic Inc**	USD	8.25	04/2024	04/2026	3.7	100.00	**8.24**	Ba2/BB-/ -	US	Commercial Services	2k	+2.4%	+9.5%	1.8%	May-21
US451102BQ92	**Icahn Enterprises**	USD	6.375	09/2022	12/2025	3.4	100.31	**5.40**	Ba3/BB/ -	US	Divers. Fin. Serv.	2k	+3.9%	+1.4%	1.8%	May-22
US88167AAQ40	**Teva Pharma**	USD	5.125	02/2029	05/2029	6.8	93.44	**6.33**	Ba2/BB-/BB-	IL	Pharma	200k	+9.2%	-4.8%	0.8%	Nov-21

Source: Ashenden Finance. Data taken on August 10th, 2022

Model portfolio update – Bond Top Picks

High Yields - Low End (B/CCC)

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Country	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS2333565815	**Dufry**	CHF	3.625	04/2023	04/2026	3.7	92.12	**6.14**	B1/B+ *+/ -	CH	Retail	150k	+3.3%	-4.0%	0.8%	May-21
XS2276596538	**Casino Guichard**	EUR	6.625	01/2023	01/2026	3.4	67.53	**21.21**	Caa1/B/ -	FR	Food	100k	-5.8%	-28.1%	1.2%	Mar-21
XS2333564503	**Dufry**	EUR	3.375	04/2024	04/2028	5.7	87.36	**6.13**	B1/B+ *+/ -	CH	Retail	100k	+12.2%	-8.8%	0.8%	May-21
XS2423013742	**Edreams Odigeo**	EUR	5.50	01/2024	07/2027	4.9	88.66	**8.53**	WR/CCC+/B-	ES	Internet	100k	+11.2%	-9.3%	1.6%	Feb-22
XS2357281174	**NH Hotel**	EUR	4.00	06/2023	07/2026	3.9	94.71	**5.61**	B2/ - /BB-	ES	Lodging	100k	+5.4%	-2.2%	1.7%	Jul-21
USU92279AL90	**Vector Group Ltd**	USD	10.50	09/2022	11/2026	4.2	99.12	**10.76**	Caa1/B-/ -	US	Agriculture	2k	+5.3%	+1.7%	1.8%	Dec-21

Financial Subordinated & Hybrids

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Country	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS2411537033	**Banca Pop. Sondrio**	EUR	3.875	11/2026	Perp	9.6	85.02	**8.15**	BB/BBB/BBB+	IT	Banks	100k	-0.8%	-13.6%	1.5%	Dec-21
XS2391790610	**British American Tobacco**	EUR	3.75	06/2029	Perp	6.9	80.00	**7.47**	Ba1/BBB-/BB+	GB	Agriculture	100k	+8.9%	-18.4%	1.4%	**UPDATE**
XS2332590632	**Cajama**	EUR	5.25	05/2026	Perp	9.3	83.73	**10.09**	- /B/ -	ES	Banks	100k	-0.6%	-14.4%	1.5%	Jun-21
XS1692045864	**Investec**	GBP	6.75	12/2024	Perp	2.3	93.67	**9.95**	Ba1/ - / -	ZA	Banks	200k	+1.5%	+23.9%	1.7%	Oct-17
US29273VAM28	**Energy Transfer**	USD	7.125	05/2030	Perp	7.8	93.40	**8.29**	WR/BB/BB	US	Pipelines	1k	+7.7%	+29.9%	1.7%	Oct-20
XS2468403428	**Julius Baer**	USD	6.875	06/2027	Perp	4.8	100.36	**6.78**	Baa3/ - / -	CH	Divers. Fin. Serv.	200k	+4.7%	+0.6%	2.7%	Jun-22
USN4297BBC74	**Koninklijke KPN**	USD	7.00	03/2023	03/2073	0.6	100.30	**6.49**	Ba2/BB+/BB+	NL	Telecom	200k	+0.9%	-1.6%	1.8%	Mar-22
XS2479344561	**SEB**	USD	6.875	06/2027	Perp	4.9	101.00	**6.63**	Baa3/ - /BBB+	SE	Banks	200k	+5.1%	+0.5%	2.7%	Jun-22
USF8586CH211	**Societe Generale**	USD	4.25	-	04/2025	2.7	98.28	**4.94**	Baa3/BBB-/BBB	FR	Banks	200k	+0.5%	-0.2%	1.8%	Apr-22
XS1642686676	**Softbank Group**	USD	6.875	07/2027	Perp	4.9	89.23	**9.67**	B2u/B+/ -	JP	Telecom	200k	+7.4%	-8.5%	1.6%	Feb-22

Emerging Markets

ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Country	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS1980255936	**Arab Rep. of Egypt**	EUR	6.375	-	04/2031	8.7	63.22	**13.92**	- /B/B+	EG	Sovereign	100k	+0.9%	-15.2%	0.6%	May-19
XS2010038573	**Avia Solutions Grp**	USD	7.875	09/2022	12/2024	2.3	93.95	**10.90**	- /BB-/BB	CY	Divers. Fin. Serv.	200k	-0.4%	+19.0%	1.7%	Dec-19
USP05875AB84	**Autopistas Del Sol**	USD	7.375	-	12/2030	4.9	94.21	**8.84**	WR/ - /B	CR	Comm. Services	200k	-0.2%	+26.1%	1.4%	Jul-17
USL0527QAA15	**B2W Digital**	USD	4.375	09/2030	12/2030	8.4	79.46	**7.76**	Ba1/BB/BB	BR	Internet	200k	+6.3%	-14.0%	1.4%	Apr-21
US279158AL39	**Ecopetrol**	USD	5.375	03/2026	06/2026	3.9	97.25	**6.18**	Baa3/BB+/BB+	CO	Oil&Gas	1k	+4.0%	-4.4%	1.7%	**UPDATE**
USP3631MAA38	**Electricidad Firme De Mexico**	USD	4.90	11/2023	11/2026	4.3	83.31	**9.77**	Ba2/ - /BB	MX	Electric	200k	+3.8%	-12.9%	1.5%	Nov-21
USP1265VAH52	**GNB Sudameris**	USD	7.50	04/2026	04/2031	8.7	85.00	**12.62**	B2/ - /B+	CO	Banks	150k	-1.4%	-11.2%	1.5%	May-21
USP5865GAC44	**Inversiones Atlantida**	USD	7.50	05/2023	05/2026	3.8	92.90	**9.79**	- /B/B-	HN	Banks	200k	-1.2%	-1.2%	1.7%	Jun-21
USL626A6AA24	**MC Brazil Downstream**	USD	7.25	-	06/2031	8.9	83.50	**10.46**	Ba3/ - /BB-	BR	Oil&Gas	200k	+6.1%	-13.6%	1.5%	**UPDATE**
USU5900CAA81	**Mercury Chile**	USD	6.50	01/2024	01/2027	4.5	89.13	**9.55**	Ba1/BB+/BB+	CL	Electric	200k	+3.9%	-10.2%	1.6%	Feb-22
USP36035AB29	**Mexarrend**	USD	10.25	09/2022	07/2024	2.0	44.50	**65.55**	- /B *-/B+	MX	Divers. Fin. Serv.	200k	-8.0%	-25.1%	0.8%	**UPDATE**
USP7922BAA63	**Promerica Financial**	USD	9.70	09/2022	05/2024	1.8	103.95	**7.25**	- /B+/B	PA	Banks	150k	+1.3%	+38.7%	1.9%	Nov-18
USU8215LAA27	**SierraCol**	USD	6.00	06/2024	06/2028	5.9	74.82	**12.14**	B1/ - /B+	CO	Oil&Gas	200k	+3.6%	-21.0%	1.3%	Jul-21
XS2436858349	**Silknet**	USD	8.375	-	01/2027	4.5	96.66	**9.31**	B1/ - /B	GE	Telecom	200k	+0.0%	-2.3%	1.7%	Feb-22

Source: Ashenden Finance. Data taken on August 10th, 2022

Model portfolio update – Bond Top Picks

Special Cases / Distressed																
ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Ask Price	Yield (%)	Rating	Country	Industry	Min piece	30 days Change	Total P&L	Weight (%)	Add date
XS2392969395	**Credit Bank Of Moscow**	USD	7.625	04/2027	Perp	4.7	15.66	**49.86**	- / - /WD	RU	Banks	200k	+3.0%	-78.6%	0.3%	Oct-21
XS2060698219	**Credito Real**	EUR	5.00	10/2022	02/2027	4.5	4.18	-	- /NR/C	MX	Divers. Fin. Serv.	100k	-41.3%	-84.0%	0.0%	Oct-19
CH1100259816	**Russian Railways**	CHF	3.125	03/2027	Perp	4.6	10.45	**27.76**	WR/ - /WD	RU	Transportation	5k	-4.1%	-88.3%	0.2%	Apr-21
IT0005418436	**Saxa Gres Spa**	EUR	7.00	-	08/2026	4.0	60.00	**11.67**	- / - / -	IT	Building Mater.	125k	-	-48.9%	0.5%	Jan-21
XS1303925041	**Ukraine Government**	USD	7.75	-	09/2024	2.1	20.04	-	Caa3u/CC/C	UA	Sovereign	100k	-7.5%	-33.8%	0.7%	Mar-22

Exits																
ISIN	Name	Ccy	Cpn	Next Call Date	Maturity	Dur (Yrs)	Exit Price	Yield (%)	Rating	Country	Industry	Min piece	Total Return	Yearly Tot return	Weight (%)	Add date
XS2053240383	**Hongkong Intl Qingdao**	USD	4.00	-	10/2024	2.2	98.07	**4.95**	- / - /BBB+	CN	Eng. & Constr.	200k	-0.3%	-0.3%	1.7%	Sep-21
XS2177443343	**Mohawk Capital**	EUR	1.75	04/2027	06/2027	4.8	85.50	**5.16**	Baa1/BBB+/BBB+	US	Building Materials	100k	+11.3%	+135.0%	1.7%	Jul-22
USN7163RAY91	**Prosus Nv**	USD	4.987	07/2051	01/2052	29.5	78.76	**6.64**	Baa3/BBB/ -	CN	Internet	200k	-19.0%	-33.4%	1.4%	Jan-22
NO0011088593	**DNO ASA**	USD	7.88	09/2024	09/2026	4.1	96.28	**9.07**	- / - / -	NO	Oil&Gas	1k	+0.0%	+0.0%	1.7%	Sep-21
US92857WBW91	**Vodafone Group**	USD	4.13	03/2031	Perp	58.9	82.22	**6.91**	Ba1/BB+/BB+	GB	Telecom	1k	-17.3%	-18.8%	1.5%	Sep-21

Model portfolio tables – columns definition

Ratings: issue ratings are from Moody's / S&P / Fitch

Min piece: is the minimum bond nominal size that investors can buy.

30 Days Change: is the change in price of the bond (calculated on the indicative cash ask prices and including the coupon accrued) from the previous publication date (usually about one month).

Source: Ashenden Finance. Data taken on August 10th, 2022

Short-term Ideas

New– Ideas added on Aug 2022

Expedia – background

- **Expedia Group, Inc. is an online travel company.** It operates through three segments. Its Retail segment provides a full range of travel and advertising services through consumer brands, which includes Brand Expedia, Hotels.com, Vrbo, and other brands, including Orbitz, Travelocity, ebookers and Wotif Group. Its B2B segment operates its Expedia Business Services organization, which includes Expedia Partner Solutions. Its trivago segment is engaged in sending referrals to online travel companies and travel service providers from its hotel metasearch Websites. trivago is its hotel metasearch company, based in Dusseldorf, Germany, which gives travelers access to price comparisons from various of booking websites for various of hotels and accommodations.
- **The company is listed on the NYSE and it has a market capitalization of US$ 16.15bn.** The main shareholders are the Vanguarg Group Inc (10.62%), BlackRock Inc (8.45%), T Rowe Price Group Inc (5.68%), D1 Capital Partners LP (5.01%), State Street Corp (3.86%) and Artisan Partners Ltd (3.31%).
- **Expedia quarterly revenue tops estimates in strong start to summer. Sales** rose 51% from a year ago to US$ 3.2bn, beating the average analyst estimate of US$ 2.99bn. Gross bookings, which represent the total value of transactions booked, adjusted for cancellations and refunds, rose 26% to US$ 26.1bn, in line with analysts' estimate**. Net loss** was US$ 185m and **adjusted net income** was US$ 310m. **Adjusted EBITDA** was US$ 648m, up 14% versus the second quarter 2019.

UBS– background

- **UBS Group AG is a financial holding company and conducts its operations through UBS AG and its subsidiaries.** The Company comprises Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Personal & Corporate Banking, Asset Management and the Investment Bank.
- **The Group is listed on the NYSE and it has a market capitalization of US$ 57.17bn.** The main shareholders are BlackRock Inc (9.62%), UBS AG (7.57%), Norges Bank (4.66%), Dodge & Cox (4.12%), Massachusetts Financial Services Co (4.07%), Artisan Partners Ltd (3.45%) and Credit Suisse Group AG (3.13%).
- **2Q22 results came relatively soft after good performance in the previous quarters when UBS traders managed to capitalize on the volatilty in markets.** Overall, the group's pre-tax profit edged up 1% from a year earlier to US$ 2.1bn, as the bank benefited from an US$ 848m gain from the sale of a real estate joint venture with Mitsubishi. However, analysts had predicted UBS would make a profit of US$ 2.4bn in the quarter.

Recommendation – BUY

We are adding these bonds to our Top Picks list with the aim to increase the overall credit profile, keeping the duration low and providing price stability to our model portfolio given the general market fragility.

The bonds have been selected on the basis of their higher credit metrics and spread generosity: the Expedia bond is trading with a spread of 135bps vs Treasury, while the UBS bond at 132bps.

EXPE 6.25% 05/01/25 (USD)

Bond Information	Indicative Ask Price USD 104.00	Ask Yield to Worst 4.52%	Low Risk

Issuer	Expedia Group Inc	Seniority	Senior Unsecured
Industry	Consumer Cyc Services	Currency	USD
Maturity Date	01 May 2025	Issue size	USD 1,044,000 (M)
Next Call Date	01 Feb 2025	Min. Piece/Increment	USD 2k / 1k
Coupon Rate	6.25%	ISIN	USU3010DAH36
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Baa3/BBB-/BBB-
Coupon Type	Fixed		

UBS 4.125% 04/15/26 (USD)

Bond Information	Indicative Ask Price USD 99.50	Ask Yield to Worst 4.31%	Low Risk

Issuer	UBS Group AG	Seniority	Senior Unsecured
Industry	Banking	Currency	USD
Maturity Date	15 Apr 2026	Issue size	USD 2,000,000 (M)
Next Call Date	NA	Min. Piece/Increment	USD 200k / 1k
Coupon Rate	4.125%	ISIN	USG91703AK72
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	A3/A-/A+
Coupon Type	Fixed		

Celanese

New - Idea added on Aug 2022

Background

- **Celanese Corporation is a specialty chemical producer** that operates in three business segments: Engineered Materials (polymers for automotive and medical applications), Acetate tow (for cigarettes' filters) and Acetyl Chain (e.g. materials for colorants, adhesives and pharmaceuticals). While the HQ is located in Texas, the company operates in Europe, Americas and Asia, serving its customers worldwide.

- **Celanese is currently listed on the NYSE, having a market capitalization of US$ 11.98bn.** The main shareholders are Vanguard Group Inc (12.23%), Berkshire Hathaway Inc (7.27%), BlackRock Inc (7.25%), Dodge & Cox (6.62%) and Wellington Management Group LLP (5.90%).

Rationale & Credit Highlights

On April 14th, Fitch assigned a BBB- rating to Celanese Corporation given the strong market position and great FCF generation. The acquisition of Du Pont de Nemours's Mobility and Materials segment further broadens the already market-leading breadth of Celanese's polymer products, improving the strength in Asia and the access to these faster growing markets. Celanese is a market leader for acetyls and engineered materials (guaranteeing the 25% of global production for acetic acid), benefiting from low-cost acetic acid production, backward integration into low cost methanol production, geographic diversification, down-stream integration and diversified end markets.

According to Fitch, the company is one of the largest player in the acetyls and engineered materials market and it is expected to further benefits from DuPont's acquisition which allows to gain additional market share in Asia, one of the fast growing market. **Despite the Group's exposure to the auto sector will significantly increase after DuPont's acquisition, according to Fitch overall impact should be neutral.** The automotive end-market is the largest in the engineered materials segment but even if the development of this sector wanes, the decline will follow a long tail: the company can manage its exposure. Moreover, Celanese is already a key supplier into the electric vehicle (EV) powertrains business and this will mitigate any negative impact from the traditional auto sector.

Another possible headwinds is the significant manufacturing exposure to Germany where the Group's production could experience some slowdown due to the expected energy crisis. Despite roughly 19% of the company's manufacturing footprint is located in Germany and the country accounted for broadly 31% of revenue in 2021, **Celanese has already taken some steps to ensure it can continue to operate**. For instance, the company implemented energy surcharges last year, so it can bear the higher energy costs and the management is confident that it can stand the gas availability issues.

2022 half year results show high resilience to the commodity issues:

- **Net revenue** in Q2 is slowing down to US$ 436m (vs US$ 504m in 1Q22 and US$ 540m 2Q21) even though the sales are improving due to the increase in the cost of materials that exceeds the improving sales
- **Operating EBITDA** decreased -5% YoY mainly caused by -37% in Acetate Tow EBITDA, because of the lower volumes (-6%) and the inability to raise process om response to raw material inflation given the nature of its Tow contracts (that will be revised in order to have more flexibility and pricing power). The great results of the Engineered Materials EBITDA (+36%) mitigated great part of the Acetate Tow segment results
- **Cash delivery** is highly considered by the management that wants to deleverage the company after the M&M acquisition that will be closed in 4Q22. FCF for Q2 is US$ 572m, compared to US$ 647m in the prior-year period due to higher capex spend. Net free cash flow totals US$ 97m for the quarter (vs US$ 14m in 2Q21) that will be able to drive to the planned deleveraging.

Recommendation

We are adding CE 6.05% 2025 in USD to our Top Picks because we think the Group represents an interesting credit story and the bond is offering a large spread (T+210bp). The bond could experience some volatility in the forthcoming months if the European energy criris deepens, however **we think it represents an good opportunity in the USD high-quality short-term credit space.**

Moreover, we believe the generous coupon could eventually counterbalance a possible pressure on the price. We suggest to start to build a position in the name and our preference goes towards the USD 2025 bond. We also suggest to keep the allocation in the portfolio to max 2-3%.

CE 5.90% 05/07/25 (USD)

Bond Information	Indicative Ask Price USD 101.00	Ask Yield to Worst 5.34%	Medium Risk

Issuer	Celanese US Holding	Seniority	Senior Unsecured
Industry	Chemicals	Currency	USD
Maturity Date	05 July 2024	Issue size	USD 2,000,000 (M)
Next Call Date	NA	Min. Piece/Increment	USD 2k / 1k
Coupon Rate	5.90%	ISIN	US15089QAR56
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Baa3/BBB/BBB-
Coupon Type	Fixed		

Imperial Brands

New - Idea added on Aug 2022

Background

- **Imperial Brands PLC is a fast-moving consumer goods company with worldwide presence**. It offers a range of cigarettes, fine cut and smokeless tobaccos and papers. Its reportable segments are Europe, the Americas, Africa, Asia & Australasia and Distribution. Its Europe segment, it covers markets including the United Kingdom, Germany, Spain, France, Italy, Greece, Sweden, Norway, Belgium, Netherlands, Ukraine, and Poland. America's segment includes the United States. Its AAA segment includes Australia, Japan, Saudi Arabia, Taiwan and its African markets including Algeria and Morocco.
- **The Group is listed on the British stock exchange and it has currently a market capitalization of GBP 17.62bn** (or US$ 21.04bn equivalent). The main shareholders are BlackRock Inc (6.33%), Spring Mountain Investments Ltd (5.58%), FMR LLC (5.14%), Capital Group Cos Inc (5.09%), Dodge & Cox (4.02%), the Vanguard Group Inc (4.02%) and M&G PLC (4.02%).

Rationale & Credit Highlights

On February 11th, Fitch affirmed its BBB rating on Imperial Brands with stable outlook on the back of its competitive positioning on the market associated with an increased efficiency in the management of its financial structure. One of the main strength of the Group is its newly formulated strategy to refocus on core developed combustible markets and pivot towards targeted and selected NGP investments. This strategy would also mean less investments needs, while IMB's presence in selective emerging markets could offer greater growth and margin potential, balancing against developed markets' predictability of demand.

Moreover, according to Fitch, the Group will face lower regulatory risk than peers following its decision to review its approach to NGP products, which although less regulated than traditional tobacco products, are attracting increased scrutiny with greater scope for regulators to act and disrupt. Instead IMB's strategic focus on five established developed markets with strong and stable regulation reduces the group's exposure to regulatory risk versus peers.

At the same time, 2022 half year results confirmed robust growth and a resilient financial profile. In a nutshell:

- **Net revenue** went 0.3% up driven by a 0.1% growth in the tobacco segment and +8.7% in the NGP segment. In absolute terms, net revenue came at GBP 3.58bn (+0.3% yoy) as tobacco price mix offsets volume declines
- **Adj. operating profit** grew by 2.9% to GBP 1.63bn because the recognition of an impairment and provision charge (amounted to GBP 225m) has been totally offset by strong performances
- **Cash delivery** continued to stay strong with FCF at GBP 2.4bn in the last 12 months and net cash flow at GBP 1.3bn able to drive further deleveraging. Moreover, the strong cash generation allowed the Group to purse its A&L management exercise with leverage declined to 2.4x (-0.2x yoy).

Analysts have still a cautious outlook for the tobacco industry, however the recent Imperial Brands' debt placement showed as investors are confident in the name.

We recognize several drivers able to impact the sector performance in the following months: i) the sector continues to set fresh wides in anticipation of supply related to the upcoming Philips Morris International-Swedish Match deal valued US$ 16bn, expected to be close in early October; ii) increased regulatory pressure in US and iii) temporary pressure on margins due to the delay in passing through consumers the increasing costs of production.

However, **we believe Imperial Brands is good positioned to tackle with increasing pressures maintaining at the same time its IG status.**

Recommendation

We are adding Imperial Brands to our Top Picks because we believe the Group is one of the best positioned among the players in the Tobacco industry. Our preference goes towards IMBLN 4.25% 2025 as we believe it has the more interesting risk/reward profile across the credit curve (at spread T+163bps).

We expect some volatility will persists in the credit sector in the forthcoming months as some pitfalls still persist (i.e. risk associated to an eventual pandemic resurgence, geopolitical tensions, fears related to mounting inflation, gloomy growth outlook, etc.), **however we judge reasonable start gradually adding high quality credits like this one.**

IMBLN 4.25% 07/21/25 (USD)

Bond Information	Indicative Ask Price	Ask Yield to Worst	Medium Risk
	USD 98.50	4.80%	

Issuer	Imperial Brands Fin PLC	Seniority	Senior Unsecured
Industry	Tobacco	Currency	USD
Maturity Date	21 Jul 2025	Issue size	USD 1,500,000 (M)
Next Call Date	21 Apr 2025	Min. Piece/Increment	USD 200k / 1k
Coupon Rate	4.25%	ISIN	USG4721VNU46
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Baa3/BBB/BBB
Coupon Type	Fixed		

Faurecia

Update Aug 2022 – Idea added on Apr 2022

Background

- **Faurecia is a French company headquartered in Nanterre and it is the world's eight largest supplier in the car industry** with increasing market position after Hella's acquisition, completed at the end of January for a total consideration of € 5.3bn (paid in cash and shares). The company mainly operates through the following segments: Seating, Interiors, Clean Mobility, Electronics, Lighting and Lifecycle Management with the last as new business lines added with Hella's acquisition and currently in expansion.

- **The Group is listed on the French exchange and it has a market capitalization of € 3.54bn.** The main shareholders are: Hella GmbH & Co (6.89%), EXOR NV (3.88%), JPMorgan Chase & Co (3.82%), Citadel Advisors LLC (3.46%), Franklin Resources Inc (2.98%), Natixis SA (2.19%) and the Vanguard Group Inc (2.14%).

Rationale & Credit Highlights

Since the mid of February, **the Russia-Ukraine war has exacerbated again supply-chain disruptions** that, associated with mounting inflationary pressures, have triggered additional uncertainties across several industrial sectors: **the car industry became one of the most affected.** Several players have been forced to partially halted their production or to drastically review its production forecast on the back of raising commodity prices (mainly electricity power), shortage of semiconductors and need to dislocate the production site located in Russia.

Among all the others, in this context we believe Faurecia is one of the interesting credit stories to follow. After the sell-off experienced by the bonds since the beginning of February, **this credit could be seen as a recovery story, especially considering the positive synergies expected from the completion of Hella's acquisition finalized last January.** The bond has partially recovered from the bottom reached at the beginning of July (where it was trading in the mid 70s), however it still represents a buy opportunity in our view.

Despite the faced headwinds, Faurecia reported sounds results for 1H22. Last released set of results include Hella consolidated for five months since the acquisition in February 2022. If we put things into perspective:

- **Net revenues** were up 49% in 1H22 (at € 11.62bn) due to 9% organic growth in sales from the historical perimeter (+€ 697m), a favourable currency impact (+€ 355m) and, above all, the consolidation of Hella (+€ 2.8bn)
- **Operating income** came at € 426m, giving a 3.7% margin (-2.9% yoy) as profitability was negatively impacted by € 122m due a drop in volumes linked to the war in Ukraine and new lockdowns in China, associated with € 100m of loss due to inflationary pressures
- **FCF** fell by more than € 200m yoy to € 39m in 1H22. FFO was hampered by higher outflows for non-recurring items (€ 149m), net financial expenses (€ 182m) and taxes paid (€ 220m). On the other hand, net operating cash flow benefited from a boost in working capital (€ 256m), mainly from factoring of receivables (€ 234m), which benefited from the expansion of the program since the integration of Hella
- **Net financial debt** jumped from € 3.5bn to € 8.4bn due to the impact of the acquisition of 81.6% of Hella (€ 4.9bn in cash). On a proforma basis, adjusted net financial leverage would have been 3.1x at the end of June 2022.
- The **liquidity** situation remains satisfactory with € 4.2bn in cash and € 1.9bn in available credit lines (of which € 1.5bn expiring in May 2026), which cover the nearly € 4.5bn in debt maturities between now and the end of 2024 (of which €930m in commercial paper).

Recommendation

Despite Hella's acquisition is expected to increase the net leverage, analysts agree it will be credit accretive from the next quarters as it will allow to diversify the business diversification through the Lighting & Lifecycle Management. Moreover, Faurecia has reiterated its commitment towards significant deleveraging towards 2025 with the primary goal to achieve the IG rating status.

Despite the bond recovered from the bottom reached at the beginning of July (when it was trading around mid 70s), **we believe it still represents an interesting opportunity in the EUR credit space in terms of risk/reward.** For this reason, this month we decided to reiterate our positive view on the credit.

EOFP 3.75% 06/15/28 (EUR)

Bond Information	Indicative Ask Price EUR 89.25	Ask Yield to Worst 6.04%	Low Risk

Issuer	Faurecia	Seniority	Senior Unsecured
Industry	Automotive	Currency	EUR
Maturity Date	15 Jun 2028	Issue size	EUR 700,000,000
Next Call Date	15 Jun 2023	Min. Piece/Increment	EUR 100k / 1k
Coupon Rate	3.75%	ISIN	XS2209344543
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Ba2/BB/BB+
Coupon Type	Fixed		

British American Tobacco

Update Aug 2022 – Idea added on Oct 2021

Background

- **British American Tobacco (BAT) is a multi-category consumer goods company that provides tobacco and nicotine products.** The company's products portfolio include vapor, tobacco heating products, modern oral products including tobacco-free nicotine pouches, as well as traditional oral products such as snus and moist snuff. The Company's segments include United States of America, Americas and Sub-Saharan Africa, Europe and North Africa, and Asia-Pacific and Middle East. The Company's international and local cigarette brands include Vogue, Viceroy, Kool, Peter Stuyvesant, Craven A, Benson & Hedges, John Player Gold Leaf, State Express 555 and Shuang Xi.
- **The Group is listed on the British Stock Exchange and it has a market capitalization of GBP 73.22bn** (or US$ 88.46bn equivalent). The main shareholders are: Capital Group Cos Inc (12.21%), Portfolio Services Ltd (8.30%), Spring Mountain Investments Ltd (7.98%), BlackRock Inc (6.27%), the Vanguard Group (5.29%) and Public Investment Corp Ltd (2.47%).

Rationale & Credit Highlights

Combustible tobacco is a declining industry with revenue growth extracted via price increases and mix change. BAT guides for 2022 global tobacco industry volume expected to be down roughly 3.0% partly due to the US, Turkey and uncertainty over Russia and Ukraine. **Anyway, the underlying business is very defensive and continued to be resilient. Moreover, the Group's continue to benefit from its choice to explore new products segments.**

1H22 results were significantly impacted by a roughly GBP 1bn impairment of Russian assets, however they came ahead of expectations. In a nutshell:

- **Revenues** came at GBP 12.89bn (+3.7% yoy on adjusted basis) driven by robust performance across the traditional business lines associated with an healthy growth pattern over the new vaporized products (i.e. Vuse +48%, Glo +44% and Velo +37%). Overall, new categories accounted for 9.97% of total revenues
- **Adjusted profit** from operations stood at GBP 5.65bn (+4.9% yoy) and resulted in an **operating margin** of 43.9% (+90bps yoy)
- **FCF** reached GBP 2.3bn (+60.2% yoy) and **cash conversion** improved by 10.6pts to 77.3%
- Cash & equivalents came at GBP 3.57bn and **net debt** contracted by 1.2% yoy to GBP 39.99bn. The company reaffirmed its commitment towards a net debt on Adjusted EBITDA ratio in the 2.0-3.0x range within the end of the year.

It is important to highlight that the bonds are priced with an implied premium, given the general ESG concerns associated with the tobacco sector as well as the unfavourable US regulatory environment. **Despite the headwinds that currently weights on the Tobacco sector, we believe BAT is good positioned to tackle with them.** The company has a relatively good balance sheet and it can take benefits from a diversified portfolio of assets given its involvement in several investment areas outside of the nicotine space. The Group reaffirmed its commitment to transition away from harmful nicotine products towards less harmful products. The company's qualitative goals include GBP 5bn of New Categories revenues, becoming profitable by 2025 and the acquisition of roughly 50 million non-combustible consumers by 2030.

Recommendation

BATSLN 3.75% Perp Call 2029 has been affected by a large sell-off during the last months on the back of a generalized pressure experienced by the financial market. The combination between aggressive interest rates hikes from the Fed associated with gloomy growth outlook weighted on this bond characterized by a relatively long call and low coupon.

On the back of latest released sound results and good growth prospect, we still like the credit story and we believe the bond is fairly cheap. For the holders, we think this is a good timing to average down the price.

BATSLN 3.75% Perp Call 2029 (EUR)

Bond Information	Indicative Ask Price EUR 80.00	Ask Yield to Worst 7.47%	Low Risk

Issuer	British American Tobacco	Seniority	Subordinated
Industry	Tobacco	Currency	EUR
Maturity Date	Perpetual	Issue size	EUR 1,000,000 (M)
Next Call Date	27 Jun 2029	Min. Piece/Increment	EUR 100k / 1k
Coupon Rate	3.75%	ISIN	XS2391790610
Coupon Frequency	Annual	Ratings (Moody's/S&P/Fitch)	Ba1/BBB-/BB+
Coupon Type	Fixed		

Ecopetrol

Update Mar 2022 – Idea added on Feb 2022

Background

- **Ecopetrol is a leading integrated energy and infrastructure company in the Latin and Central America regions** (Colombia, Peru, Brazil and United States Gulf Coast) engages in the exploration, development and production of crude oil and natural gas. The company is the largest in Colombia in relation to their Upstream, Midstream, and Downstream business segments, and is the largest energy transmission company in region in connection with the Interconexion Electrica SA acquisition.

- **The company is listed on the Colombian Stock Exchange and it has a market capitalization of roughly US$ 21.90bn**, with the stock that lost roughly 30% of its value since the beginning of July on the back of political uncertainty in the country**.** The main shareholder is the Republic of Colombia (88.49%), followed by Ecopetrol DR (1.61%), BlackRock Inc (1.13%) and Porvenir Moderado (1.40%).

Rationale & Credit Highlights

At the end of July 2022, the Group released strong 2Q22 results still supported by a bullish oil prices environment and benefiting by Interconexion Electrics SA's consolidation. Higher realized oil prices (+61% yoy), better than expected results from the downstream segment (+3.7x yoy), the consolidation of ISA (10% of Ecopetrol consolidated EBITDA) and higher volumes transported, all contributed positively in the quarter. **However, political uncertainty in the country could further weigh on the company in the near future.**

Coming to the numbers. During the quarter, revenues expanded 126% yoy (+35% qoq), EBITDA soared 136% yoy (+40% qoq) and earnings jumped 2.8x yoy, clocking in at US$ 2.67bn and setting a fresh quarter record high.

On the other hand, the black strain of the quarter came once again from a deterioration in the working capital due to an increase of US$ 2.7bn in accounts receivables from Fuel Price Stabilization Fund in Colombia. This effect was partially mitigated by the extraordinary dividends declared by the Group that were used by the government to pay down a portion of the receivables from this Fund.

FCF generation available for dividends and principal in 2Q22 reached US$ 686m and **leverage** in the quarter continued heading south and reached 1.4x (-0.2x qoq).

We continue to believe the business case could further benefits from the interconnection between the company and the credit profile of the Republic of Colombia. As highlighted by Fitch, the Group's credit quality reflects the very strong incentives of the Colombian government to support Ecopetrol in the event of financial distress, given the company's strategic importance to the country and its economy, as it supplies virtually all liquid fuel demand and owns 100% of the country's refining capacity. In fact, Ecopetrol traditionally relies on the receipt of funds from the government (through the Fondo de Estabilizacion de Precios de los Combustibles) to offset the difference from selling fuel in the local market at lower prices versus the export market.

Recommendation

We are reiterating our positive stance on the credit and we believe this is one of the safest choices in the EM space with a relatively low risk profile. The quasi-IG credit level of the company associated with a 5.375% coupon can be considered attractive in our view.

We are aware the credit could experience further volatility during the next months due to the political uncertainty rose from Gustavo Petro's appointment as new President and his capability to properly address the country's needs. **However, we believe the bond represents one of the good opportunities in terms of risk/reward across the Emerging Market credit space.** The bond experienced some pressure during the past months due to political uncertainty.

ECOPET 5.375% 06/26/26 (USD)

Bond Information	Indicative Ask Price USD 97.25	Ask Yield to Worst 6.18%	Low Risk

Issuer	Ecopetrol SA	Seniority	Senior Unsecured
Industry	Government Owned	Currency	USD
Maturity Date	26 Jun 2026	Issue size	USD 1,500,000 (M)
Next Call Date	26 Mar 2026	Min. Piece/Increment	USD 1k / 1k
Coupon Rate	5.375%	ISIN	US279158AL39
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Baa3/BB+/BB+
Coupon Type	Fixed		

MC Brazil

Update Oct 2021 – Idea added on Aug 2021

Background

- **MC Brazil Downstream Trading SARL is a Project Company, an acquisition vehicle organized under the law of Brazil.** It is controlled by an investment vehicle, advised and managed by Mubadala Capital, one of the world's leading sovereign wealth funds owned by the Government of Abu Dhabi, the Asset Management arm of global investment firm MIC PJSC that manages roughly US$ 243bn-value business. This is one of the largest and most experienced investors in the petrochemicals industry with an extensive track record of investing in supporting portfolio growth and development.
- **MC Brazil was basically formed for the purpose of acquiring and operating the Landulpho Alves Refinery, now REFMAT, from Petrobras**. The refinery sells its products to Brazil's north and northeast regions and also exports fuel oils. REFMATn produces 30% Diesel, 17% Gasoline, 39% Fuel Oil and the balance is other oil products. **The project is expected to attract meaningful refining business given the growth experienced by refined products demand in Brazil** during the past years (it grew at an average annual rate of roughly 1.1% and it is expected to continue to recover from Covid-19 related impacts with a steady growth through 2040).

Rationale & Credit Highlights

MC Brazil Downstream has ambitious financial projections through 2040: i) Consolidated capital expenditures are projected to continue its downtrend and finally stabilize starting from 2026 (with the exception of forecasted major maintenance expenditures); ii) the consolidated EBITDA is expected to increase year by year reaching 1'086 in 2031 (calculated by assuming a constant U$ 60/bbl Brent prices through 2040). **Moreover, the Group has a strong commitment towards ESG goal through a series of initiatives**. These include expanding the company's portfolio to greener products by investing in renewable energy, developing positive community relations by supporting local social organizations, and engaging in an independent internal audit procedure in order to minimize corruption or fraud risks.

The project continues to be profitable and well positioned to reach the pre-specified targets. As per last Fitch's report (dated July 1st, 2022), competitive geographical location, large processing capacity, healthy leverage and resilient debt service coverage ratio continued to be supportive key drivers. Moreover, Fitch expects MC Brazil will benefits in the forthcoming months from the continuation of Petrobras' current import parity pricing policy for gasoline and diesel. **This will allow also the stabilization of MC Brazil's cash flows implying a stable profitability.**

On July 1st, Fitch affirmed its BB- rating on MC Brazil on the back of a supportive financial profile associated with further growth. The rating is supported by the likelihood of low leverage ratios, as measured by total debt to EBITDA, expected to average approximately 2.0x. Fitch also expects the company's capital structure to rapidly strengthen as a result of cash sweep mechanism with EBITDA that should reach roughly US$ 917m through the rating horizon.

MC Brazil has a more than adequate liquidity profile. It benefits from a six months debt service reserve account as well as initial cash on hand policy of US$ 300m funded at time of acquiring RALM from Petrobras. This liquidity position covers roughly two years of debt service. The company has also access to a US$ 1bn bank guarantee to support crude oil purchases. **Furthermore, debt profile is clear and well structured**. The company's debt is mainly represented by the 2031 note for a total consideration of US$ 1.8bn.

*** *** ***

The project in details. Brazil's robust refining fundamentals, which are underpinned by its geographical location and pricing mechanism, provides additional margins for domestic refineries. In this sense, RLAM's configuration allows the refinery to competitively produce and export very low sulphur fuel oil compared to its Brazil peers.

The Project is comprised of one refinery consisting of several distillation units and its integrated logistics infrastructure, including pipelines and terminal storage. RLAM is the second largest oil refinery in Brazil, with a total net crude distillation capacity of 302 kpbd, representing approximately 14% of all refining capacity in Brazil in 2019, as well as crude storage capacity of 3.65 million barrels.

RLAM is the primary supplier of gasoline, diesel, VLSFO, bunker, jet fuel, naphtha, LPG, asphalt, petrochemical naphtha, paraffin, and other oil-refined products in the Northeast and North regions in Brazil; RLAM also exports various oil-refined products.

The location of the new refinery is strategic, since the Bahia market presents significant barriers to entry due to its unique position and existing logistics infrastructure. RLAM in fact owns the marine terminal and pipeline logistics for access into the Bahia market, the largest products market in the N/NE region.

Refineries in Brazil have been operated for decades nearly exclusively by Petrobras, and RLAM is being sold by Petrobras as part of its ongoing divestment program, which includes the sale of other refinery clusters. RLAM was built in 1950 and has been operated by Petrobras since 1953.

RLAM has concluded an important renewable contract for crude supply with Petrobras; at the same time, the company is expected to finalize offtake contracts with large distributors, oil majors, and global commodity traders. A major 5+ years offtake MOU has already been signed with a major distributor; it will potentially cover 30% of the diesel and gasoline volume.

Recommendation

This month we reiterated our positive stance on the credit because we believe MC Brazil represents an interesting story in the EM credit space. Despite a possible and transitory deterioration of credit metrics in case of cash flow volatility, we believe the strong ownership associated with a good balance sheet and initial low leverage (i.e. <2.0x) are supportive drivers for this credit.

Furthermore, we think the 7.25% coupon represents a good reward for the risk faced especially if consider the secured nature of the bond. The senior secured notes is in fact collateralized by all material existing and future assets of the company, shares of the issuer and company, rights in all material contracts and accounts receivables.

As usual, we suggest to gradually build a position in the name.

MCBRAC 7.25% 06/30/31 (USD)

Bond Information	Indicative Ask Price USD 83.50	Ask Yield to Worst 10.46%	Medium Risk

Issuer	MC Brazil Downstream	Seniority	Secured
Industry	Refining	Currency	USD
Maturity Date	30 Jun 2031	Issue size	USD 1,800,000 (M)
Next Call Date	-	Min. Piece/Increment	USD 200k / 1k
Coupon Rate	7.25%	ISIN	USL626A6AA24
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	Ba3/-/BB-
Coupon Type	Fixed		

Mexarrend

Update Aug 2022 – Idea added on Aug 2019

Background

- **Mexarrend** (previously known as Docuformas) **is the second largest independent leasing company in Mexico.** It operates in providing financing solutions for the acquisition of productive assets and equipment by mostly SMEs.
- The Group mainly operates through six business lines: i) **capital leasing**, offering leasing products for various types of equipment; ii) **cash financing,** offering unsecured cash loans as a form of non-asset-based lending; iii) **transportation services (renting) and other related services**, offering integrated leasing solutions; iv) **factoring,** providing customers with short-term liquidity and financing through discounting their accounts receivable and providing them with vendor-financing and revolving credit lines; v) **operating leasing**, through which they lease equipment and real estate and vi) **equipment financing**, through which they purchase equipment and resell or lease it to their customers with financing.

Rationale & Credit Highlights

The results from 2Q22 (released on July 26th) **demonstrated a positive trend compared to the same quarter of last year.** Total revenues were $907m pesos, 77.8% higher than 2Q21, although this was partially offset by a 110% rise in costs. Gross income increased by 10.83% and net incom reached $48m pesos, an increase of 5.3x.

During the quarter, the Leanding-as-a-Service product operations reached a Portfolio Under Management of $2.44bn pesos, an increase of more than 4 times compared to the same quarter of last year. The consistent growth of this portion of the portfolio reaffirms the effectiveness of the company's new asset-light approach and the strength of the partnerships formed since 2020. **The healthy growth pattern experienced by this segment is pretty positive for the Group as it allowed to gain market share while boosting profitability without increase the balance sheet risk.**

In terms of asset quality, **NPLs ratio** has improved from its peaks during the pandemic in 2020 and 2021, showing the strength of the Group's strategy and the benefits of being an asset-backed lender. In absolute terms, NPLs stood at 6.1% while **debt to equity** capitalization came flat at 4.7% and 16.8% respectively.

Cash rose during the quarter to $609m pesos from $266m pesos at the end of March and **total debt** stood at US$ 330.6m. Short-term debt is mainly represented by the company's CEBURES issues in the local market (which the Group expects to be able to refinance soon) and the US$ 30m due on the 9.25% 10/2022 bond.

The company stated it was working since several months to the refinance of its 2022 bond with a credit line backed by the company's Real Estate assets that is in the final stage of negotiation. **Management also said that it could use availability in existing credit lines to meet the payment.**

Mexarrend is one of our Top Picks since few years (and since August 2019 for the 2024 bond) **and we want to reiterate our positive stance (with a HOLD recommendation) on the credit in light of improved operational results and strengthened balance sheet.** The bond has been affected by the generalized sell-off pressure experienced by all the Mexican lenders (i.e. Credito Real, Unifin, etc.) since end April driven by accounting troubles disclosed by default Alpha Holding. **However, Mexarrend credit metrics have proven to be more resilient than others, also thanks to the implementation of several measured addressed to keep safe the balance sheet and the originating process.**

Moreover, we remain confident the Group will be able to refinance its upcoming maturity by further strenghtening its balance sheet.

Recommendation – HOLD

DOCUFO 10.25% 2024 note is still trading at a distressed level on the back of the generalized lack of confidence towards the Mexican lenders after Alpha and Credito Real defaults. **However, this month we are reiterating our HOLD recommendation on the bond because we expect it will benefit if** – as expected – **the issuer will be able to successfully refinance its 2022 upcoming maturity.**

Moreover, last released financial results came in a better than expected shape wit both revenues and income significantly increased. Asset quality also slightly improved and it is expected to further strengthened in the forthcoming quarters. **All in all, financial data seems confirming a recovery path.**

DOCUFO 10.25% 07/24/24 (USD)

Bond Information	Indicative Ask Price USD 44.50	Ask Yield to Worst 65.55%	High Risk

Issuer	Docuformas SA	Seniority	Senior Unsecured
Industry	Finance Companies	Currency	USD
Maturity Date	24 Jul 2024	Issue size	USD 300,000 (M)
Next Call Date	-	Min. Piece/Increment	USD 200k / 1k
Coupon Rate	10.25%	ISIN	USP36035AB29
Coupon Frequency	S/A	Ratings (Moody's/S&P/Fitch)	-/B/B+
Coupon Type	Fixed		

Business case updates (cont'd)

Bonds removed this month

Exit

We decided to remove the following bonds because we believe they now lost their appeal.

- **HongKong Intl Qingdao – HKIQCL 4.00% $ 2024 (-/-/BBB+)**: we are removing the bond because this is part of the flight to quality process we have implemented since few months. The company is not bad per se, but the smaller size and Chinese country Risk make it more sensible to market sell-off.
  *Total return since Sept 2021: **-0.3%** (**-0.3%** annualized total return)*
- **Mohawk Capital – MHK 1.75% € 2027 (Baa1/BBB+/BBB+):** we still like the name, but the bond price rebounded strongly and broung a large tightening on the bond. After a 10%+ performance in one month, we believe it is a sell and to be reviewed in the next months.
  *Total return since Jul 2022: **+11.3%** (**+135%** annualized total return)*
- **Prosus – PRXNA 4.987% $ 2052 (Baa3/BBB/-):** we continue to like the credit, but the high duration risk can be detrimental for the future bond performance. We prefer to exit.
  *Total return since Jan 2022: **-19.0%** (**-33.4%** annualized total return)*
- **DNO ASA – DNONO 7.875% $ 2026 (-/-/-):** even if we still like the credit, we think the bond is not providing the same good risk/reward it had till the beginning of the year. For a slightly lower yield, there are much safer opportunities.
  *Total return since Sept 2021: **+0.0%** (**+0.0** annualized total return)*
- **Vodafone – VOD 4.125% $ 2081 (Ba1/BB+/BB+):** the bond has a 2031 call and we believe at below 7% yield, the risk/reward is not good enough. We still like the credit, but we prefer to wait for better entry points.
  *Total return since Sept 2021: **-17.3%** (**-18.8%** annualized total return)*

Appendix

Model portfolio rationale and assumptions

The Model portfolio introduced in the "Fixed Income Monthly report" is intended to offer to our readers actionable investment ideas on bonds across the whole Fixed Income spectrum (and not limited to it). This lets our clients to leverage the strategic insights, analysis capabilities and tactical expertise that Ashenden Finance SA can deliver.

The investment ideas in this report fully reflect the opinions of the Fixed Income team of Ashenden Finance SA.

The Model portfolio is reviewed about every month and contains bonds across many market segments (Investment Grades, High Yields, Senior/Subordinated, Hybrids), sectors and currencies (mainly, but not exclusively, EUR, USD, GBP and CHF).

Calculations of the portfolio monthly performance and the single trade idea are
- purely indicative, even if based on real market data
- based on the best relevant prices at the moment of the calculation
- recorded at FX constant levels.

So they have to be considered a theoretical exercise.

We are available to provide more information about the business case for each of the names, ideas or themes covered in this publication.

Risk indicators

We show an easy indicator on the side of each recommendation in order to synthetize its investment risk.


Lower risk: short duration or/and low credit risk. Lower security volatility and low default risk.


Medium risk: combo of long duration and low credit risk (or viceversa). Medium security volatility and default risk.


Higher risk: long duration or/and high credit risk. Higher security volatility, lower liquidity or/and high default risk.

Bespoke investment solutions

Ashenden Finance SA advisors are available to build tailor-made Model portfolios created taking into account the specific client's features (i.e. performance expectations, risk appetite, investment policy, geographic exposure and investor's home ground).

Our credit selection is based on fundamental, bottom-up credit analysis, leveraging the deep resources, expertise and research of the team. We believe the credit-centric nature of our strategy can ultimately lead to outperformance versus passive or more constrained strategies, particularly during periods of market stress when overall credit spreads tend to widen.

Please contact the desk for further information.

Important Disclosures & Disclaimers

This document is being distributed for general information only and it does not constitute an offer, recommendation, solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only, it does not take into account the specific investment objectives, financial situation, particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons. Ashenden Finance SA is not responsible for any action taken on the information provided in this message. This report is confidential and intended solely for the use of the person to which they are addressed, and any reproduction, copying, distribution or dissemination is prohibited.

Opinions, projections and estimates are those of Ashenden Finance SA or derived from market research at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be).
Ashenden Finance SA nor any of its employees have any personal interest in any securities covered by this document nor hold any directorships or are officers with companies referred in this message. No compensation of any form has been received by Ashenden Finance SA or by any of its employees from any company listed in this message during the last 12 months nor does Ashenden Finance SA or any of its employees expect to receive or seek any compensation from companies listed in this message.