



BCP SECURITIES

# 3Q22 BCP RESEARCH BEST IDEAS

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# 3Q22 BCP BEST IDEAS

## EXECUTIVE SUMMARY



Within our Global Emerging Markets coverage, we segregate issuers into five distinct universes and track our portfolio performances versus the appropriate benchmark. The Sovereign universe is comprised of credits with explicit sovereign guarantees. The Quasi-Sovereigns are either Government owned or Government controlled credits. We base our analysis on the spread to sovereign for each issuer, which allows us to focus on the corporate risk and linkage to the sovereign. Therefore, investors can view the instruments relative to the sovereign based on their opinion of the sovereign. The Top Picks universe are performing Emerging Market corporates, usually with below Investment Grade credit ratings that are trading around 80c and higher. We rate the portfolio performance versus the ICE BofA Emerging Markets High Yield Bond Index ('EMLH Index'). The High-Octane universe is made up of stressed and distressed credits we follow trading under 80c. This framework allows us to keep track of credit stories trading across the entire price range. The High-Octane is a unique product with select deep dives and equity-like returns, as such we rate the performance versus the Emerging Market Equity Index. The Converts universe are credits with convertible bonds outstanding and are not necessarily constrained to Emerging Markets. The analysis is based on the straight bond aspect and the valuation of the underlying equity and imbedded bond options.

Under our "BCP Best Ideas" we are merging the five universes into a single quarterly report. We will be presenting our top five to seven ideas for each universe in alphabetical order, each with supporting slides for the investment thesis. We will continue to define an "Extended Portfolio" for each universe to be disclosed within this report. We will continue to track each portfolio versus the corresponding benchmark.

Finally, within this document we will be including a list of attractive credits by geography that vary in credit ratings, pricing and yields. These credits might not fit our traditional portfolios but could be better suited for investors depending on their mandates. It is important to highlight that each name mentioned in this report has been analyzed by our team and we are able to provide further detail on each investment case upon request. The latter is highly encouraged, as we welcome investor dialogue.

# 3Q22 BCP BEST IDEAS



	NAME	TICKER	MATURITY	COUPON	POSITION	RATINGS (M/SP/F)	MID PRICE	MID YTW
<b>SOVEREIGNS</b>	COLOMBIA	COLOM	2031	3.13%	Long	Baa2/BB+/BB+	75.38	6.92%
	ARGENTINA	ARGENT	2030	0.50%	Long	-/CCC+/-	19.68	41.37%
	ARGENTINA	ARGENT	2038	3.88%	Long	-/CCC+/-	25.00	27.32%
	UKRAINE	GDP WARRANTS	2040	FLOAT	Long	-/CCC+/-	22.78	-
	PANAMA	PANAMA	2030	3.16%	Short	Baa2/BBB/BBB-	89.11	4.91%
	BAHAMAS	BAHAMA	2033	6.625%	Short	Ba3/B+/B+	72.02	11.14%
	<b>QUASI – SOVS</b>	BANCO NAC DE DESEN ECONO	BNDES	2024	4.75%	Overweight	Ba2/BB-/-	99.40
CNOOC FINANCE 2003 LTD		CNOOC	2033	5.50%	Overweight	A1/A+/A+	102.23	5.23%
PETROLEOS MEXICANOS		PEMEX	2026	6.88%	Overweight	B1/BBB/BB-u	89.95	9.99%
PETROBRAS		PETBRA	2028	6.00%	Underweight	Ba1/BB-/BB-	100.33	5.93%
ALSEA S.A.		ALSEA	2026	7.75%	Outperform	B1-/BB-	89.00	10.96%
<b>TOP PICKS</b>	AMERICA MOVIL	AMXLMM	2029	3.63%	Swap O	Baa1/A-/A-	95.03	4.49%
	AVIA SOLUTIONS GROUP PLC	AVIASG	2024	7.88%	Outperform	-/BB-/BB	93.00	11.32%
	CIA SIDERURGICA NACIONAL SA	CSNABZ	2028	6.75%	Outperform	Ba2-/BB	86.75	9.92%
	PINDUODUO INC	PDD	2025	0.00%	Outperform	-/-/-	88.25	9.40%
	PT PAKUWON JATI	PWONIJ	2028	4.88%	Outperform	Ba2/BB/BB	81.34	9.10%
	GRUPO TELEVISIVA SAB	TELVIS	2025	6.63%	Swap U	Baa2/BBB+/BBB+	105.32	4.48%
	AZUL LINHAS AEREAS BRASILEIRAS	AZULBZ	2026	7.25%	Swap N	Caa1/CCC+/CCC+	59.50	23.72%
	BILIBILI INC	BILI	2026	0.50%	Positive	-/-/-	70.38	16.07%
<b>HIGH OCTANE</b>	CAR Inc.	CARINC	2024	9.75%	Positive	B3/B-/-	84.13	21.38%
	GOL LINHAS AEREAS INTELIGENTES	GOLLBZ	2026	8.00%	Swap P	B2-/B-	59.75	24.48%
	JAPFA LTD	JPFAIJ	2026	5.38%	Positive	-/BB-/BB-	73.25	15.13%
	LITHIUM AMERICAS CORP	LACCN	2027	1.75%	Positive	-/-/-	82.05	6.42%
	LATAM AIRLINES GROUP SA	LTMCI	2026	7.00%	Positive	-/NR/WD	95.00	-
	MHP SE	MHPSA	2024	7.75%	Positive	-/D/C	40.50	67.79%
	SIERRACOL ENRGY ANDINA	SIERRA	2028	6.00%	Positive	B1-/B+	71.00	13.23%
	ULKER BISKUVI SANAYI AS	ULKER	2025	6.95%	Positive	-/B/B+	73.00	18.25%



# RATING CHANGES IN THIS EDITION



	NAME	TICKER	MATURITY	COUPON	BCP RATING CHANGE
<b>SOVEREIGNS</b>	MEX, URU, BZ	MUDI, URUGUA, BNTNB	FLOATERS		Upgrade to Long
	COLOMBIA	COLOM	2031	3.12%	Upgrade to Long
	ARGENTINA	ARGENT	2030	0.50%	Upgrade to Long
	ARGENTINA	ARGENT	2038	3.87%	Upgrade to Long
	HONDURAS	HONDUR	2030	5.63%	Upgrade to Neutral
	BRAZIL	BRAZIL	2031	3.75%	Downgrade to Neutral
	COSTA RICA	COSTAR	2044	7.00%	Downgrade to Neutral
	BZ, UY, COL	BRL, UYU, COP	Local Currency		Downgrade to Neutral
	PARAGUAY	PARGUY	2031	4.95%	Downgrade to Neutral
	ECUADO	ECUASO	2035	1.00%	Downgrade to Neutral
	ECUADOR	ECUA	2035	0.00%	Downgrade to Neutral
	PANAMA	PANAMA	2030	3.16%	Downgrade to Short
	BAHAMAS	BAHAMA	2033	6.625%	Downgrade to Short
	<b>QUASI – SOVS</b>	BRAZIL	PETBRA	2028	6.00%
<b>TOP PICKS</b>	ALSEA	ALSEA	2026	7.75%	Upgrade to Market Outperform
	AVIA SOLUTIONS	AVIASG	2024	7.88%	Upgrade to Market Outperform
	CIA SIDERURGICA NACIONAL	CSNABZ	2028	6.75%	Upgrade to Market Outperform
	PT PAKUWON JATI	PWONIJ	2028	4.88%	Upgrade to Market Outperform
	UNIGEL PARTICIPACOES SA	UNIGEL	2026	8.75%	Upgrade to Market Outperform
	PINDUODUO INC	PDD	2025	0.00%	Upgrade to Market Outperform
	AMERICA MOVIL	AMXLMM	2029	3.63%	Upgrade to Swap Outperform
	AA2000	AEROAR	2031	8.50%	Downgrade to Market Perform
	ANTON OILFIELD	ANTOIL	2025	8.75%	Downgrade to Market Perform
BR FOODS	BRF	2050	5.75%	Upgrade to Market Perform	

# RATING CHANGES IN THIS EDITION



	NAME	TICKER	MATURITY	COUPON	BCP RATING CHANGE
<b>TOP PICKS (cont.)</b>	MOVIDA	MOVIBZ	2031	5.25%	Downgrade to Market Perform
	VEDANTA	VEDLN	2023	7.22%	Downgrade to Market Perform
	MEDCO ENERGI	MEDCIJ	2027	6.38%	Downgrade to Market Perform
	SIXSIGMA NETWORKS	KIONET	2025	7.50%	Downgrade to Market Perform
	FIDELITY BANK	FIDBAN	2026	7.63%	Downgrade to Market Perform
<b>HIGH OCTANE</b>	JAPFA LTD	JPFAIJ	2026	5.38%	Upgrade to Positive
	LATAM AIRLINES GROUP SA	LTMCI	2026	7.00%	Upgrade to Positive
	MHP SE	MHPSA	2024	7.75%	Upgrade to Positive
	SIERRACOL ENRGY ANDINA	SIERRA	2028	6.00%	Upgrade to Positive
	ULKER BISKUVI SANAYI AS	ULKER	2025	6.95%	Upgrade to Positive
	SHELF DRILL HOLD	SHLFDI	2025	8.25%	Upgrade to Neutral
	SIXSIGMA NETWORKS MEXICO	KIONET	2025	7.50%	Moved from Top Picks to High Octane
	YPF SOCIEDAD ANONIMA	YPFDAR	2026	4.00%	Moved from Top Picks to High Octane
	CAR INC	CARINC	2024	9.75%	Moved from Top Picks to High Octane
	BILIBILI	BILI	2026	0.5%	Moved from Top Picks to High Octane
	GOL LINHAS AEREAS	GOLLBZ	2026	8.00%	Upgrade to Swap Positive
	AZUL LINHAS AEREAS	AZULBZ	2026	7.25%	Downgrade to Swap Negative
	PROVINCE OF CHUBUT	CHUBUT	2030	7.75%	Downgrade to Neutral
	CFLD CAYMAN INVESTMENT	CHFOTN	2021	0.00%	Downgrade to Neutral
	HILONG HOLDING	HILOHO	2024	9.75%	Downgrade to Neutral
	KERNEL HOLDING	KERPW	2027	6.75%	Downgrade to Neutral
	METINVEST	METINV	2029	7.76%	Downgrade to Neutral
	ALPHA HOLDING	ALPHSA	2025	9.00%	Downgrade to Neutral
	FINANCIERA INDEPENDIENTE	FINDEP	2024	8.00%	Downgrade to Neutral
	FANTASIA HOLDINGS	FTHDGR	2023	10.88%	Downgrade to Neutral
TV AZTECA	TZA	2024	8.25%	Downgrade to Neutral	

# SOVEREIGNS

## LONG

### FLOATERS

MUDI, URUGUA, BNTNB

### COLOMBIA

COLOM 3 $\frac{1}{8}$  04/15/2031

### ARGENTINA

ARGENT 0 $\frac{1}{2}$  07/09/2030

ARGENT 3 $\frac{7}{8}$  01/09/2038

### UKRAINE

GDP WARRANTS

## SHORT

### PANAMA

PANAMA 3.16 01/23/2030

### BAHAMAS

BAHAMA 6 $\frac{5}{8}$  05/25/2033

# QUASI-SOVEREIGNS

## OVERWEIGHT

### BRAZIL

BNDES 4.75% 24s

### CHINA

CNOOC 5.50% 33s

### MEXICO

PEMEX 6.88% 26s

## UNDERWEIGHT

### BRAZIL

PETBRA 6.00% 28s

# TOP PICKS

## OUTPERFORM

### BRAZIL

CSNABZ 6.75% 28s

### CHINA

PDD 0.00% 25s

### INDONESIA

PWONU 4.88% 28s

### LITHUANIA

AMASG 7.875% 24s

### MEXICO

ALSEA 7.75% 26s

AMXLMIM 7.50% 29s / TELVS 6.63% 25S



## POSITIVE

# HIGH OCTANE

### BRAZIL

GOLBZ 8.00% 26s/

AZULBZ 7.25% 26S

### CANADA

LACCN 1.75% 27s

### CHILE

LTMCI 26S

### CHINA

BILJ 0.50% 26s

CARINC 9.75% 24s

### COLOMBIA

SIERRACOL 6.00% 28s

### TÜRKIYE

ULKER 6.95% 25s

### UKRAINE

MHP 7.75% 24s

### INDONESIA

JPFAU 5.38% 26s

# OTHER PREFERRED NAMES: ARGENTINA

## **YPF STEP-UP 2026 (Caa3/-/-) – 24.8% YTM – “Positive” under High Octane**

- Strongest bond structure in the country. Bonds backed by exports collected offshore in a NY account at Citibank and the company’s 50% stake in YPF Luz. Exports reached US\$1.7bn in LTM1Q22. Coupon steps up to 9% in Dec22.

## **AEROAR 8.5% 2031 (Caa3/CCC+/-) – 15.4% YTM**

- Bonds secured by commercial tariffs, a portion of which are collected offshore. Recovering traffic levels with restrictions fully lifted. International traffic 25% below pre-covid. 1.7x LQA net leverage in 1Q22. Strong shareholder and one of the lowest yielding bonds in the country before covid. Nearly US\$250mm in cash.

## **CHUBUT STEP-UP 2030 (Caa3/CCC+/-) – 19.2% YTM**

- Bonds backed by royalties collected onshore and in ARS. We estimate a minimum 1.7x coverage at current production and local oil and gas prices. The structure survived the whole restructuring saga in the country, having been refinanced with no NPV haircuts. High fiscal deficit.

# RECENT RATING CHANGES: MEXICO

## **KIONET 7.50% 2025 (B) – 14.79% YTM – moving to “Positive” on High Octane**

- New owner addressed ST debt concerns, partially funded WK requirements and data center expansions. 25% EBITDA growth estimated for FY22, with the issuer expecting to decrease net leverage to 3.9x vs 5.6x prior to the new owner. On a pro-forma basis, we see a sound 2.9x asset coverage on KIONET 25s.

## **DOCUFO 10.25% 2024 (B+) – 63.92% YTM – maintaining “Positive” on High Octane**

Nearly US\$300 mm in available warehousing credit lines, the sole non-bank financial that is fully funded for the foreseeable future. Only portfolio principal recorded on the balance sheet, very stable net debt and FCF, healthy net debt to loans at 85%. Awaiting resolution on the US\$30 mm holdouts.

## **FINDEP 8.00% 2024 (BB-) – 23.31% YTM – downgrading to “Neutral” on High Octane**

- Outperformed in 2Q22, trading at 76c. Lowest net debt to loans ratio at 66% and strongest tangible equity metrics. Management focused on collections, generated FCF, divested non-core portfolios and repurchased debt at discount. Strong US loan growth driving earnings, targeting 50% of loan portfolio. Small issue size could limit availability.

## **TZA 8.25% 2024 (C) – 45.64% YTM – downgrading to “Neutral” on High Octane**

- Consistently beating our conservative estimates. We see a sustainable balance sheet, 150c asset coverage, double-digit IRRs even with a potential haircut. Local CEBURES are due in Sept. 2022, we suspect developments should occur by then. The slow and on-going restructuring is the major risk, where an organized creditor group is needed to be an effective counterweight to the shareholder.

# OTHER PREFERRED NAMES: MEXICO

## GCC 3.61% 2032 (BBB-) – 6.29% YTM

- Strong FCF, 77% of EBITDA generated in the US and benefits from oil-well drilling. Y/Y revenue growth partially offset by higher energy costs. Yet, the issuer expects 10% EBITDA growth and maintain negative net debt in FY22. Total debt is entirely comprised by notes due in 2032 and leases.

## CEMEX 7.38% 2027 (BB) – 8.14% YTM

- Strong FCF used to deleverage. LTM net leverage decreased to 2.9x vs 3.9x in FY20. CEMEX expects mid-EBITDA growth to be mitigated by 35% increase in energy costs. Assuming 10% y/y EBITDA decline, we still see positive FCF. Recently upgraded by Fitch to BB+ from BB, with positive outlook from S&P.

## METALSA 3.75% 2031 (BB+/BBB-) – 8.67% YTM

- Net leverage at 0.9x. Strong US\$821 mm liquidity with no ST bank debt. Total debt is comprised by USD bonds and leases. Comparing favorably vs Nemak's net leverage at 2.3x. We see Metalsa 31s cheap trading at 8.67% YTM similar to Nemak 31s 8.42% YTM. Trading inside sovereign.

## KUOBMM 5.75% 2027 (BB) – 7.97% YTM

- Sound consumer recovery after the pork meat fire, coupled with automotive transmissions ramp-up and decent petrochemical spreads. LTM net leverage at 1.6x with strong liquidity plus large available committed bank lines and no relevant maturities until 2027. Recently upgraded by S&P to BB from BB-.

## BAKIDE 7.45% 2029 (BB-) – 11.77% YTM

- The major Pemex risks materialized, which resulted in new supply contracts and 4Q21 run-rate improved to 81%. The continued strength in PE pricing, plus the new import terminal will continue to generate strong FCF. We see the issuer deleveraging below 3.0x, incl. dividend outflows.

## POSADA 4.00% 2027 (B) – 13.56% YTM

- Emerged from pre-pack Chapter 11. The new bond is secured by the hotel collateral assets, which we see the value above par. 1Q22 consolidated occupancies up to 55%. No need for further capital as the issuer currently has US\$81 mm in cash. The issuer paid June 2022 coupon in cash.

# OTHER PREFERRED NAMES: BRAZIL

## **FSBIO 10.00% 2025 (BB-/B+) – 9.55% YTM**

- Brazil based corn-ethanol producer. Low cost-structure vs peers with ample access to corn, lower maintenance capex and labor costs. Animal nutrition has proven to work well as a natural hedge to corn pricing. Deleveraged structure (1.2x), peaking at a manageable 2.3x through its new expansion process. Raised recently R\$2bn in the local market with oversubscribed books demonstrating market financing access amid the current challenging environment. Good 10% carry in Brazil.

## **UNIGEL 8.75% 2026 (BB-/B+) – 9.26% YTM – “Market Outperform”**

- Trading cheap to BZ “BB” curve. Sound styrene and polystyrene spreads. Strong EBITDA ramp-up from the Agro, benefited by fertilizers pricing and spreads amid the Russia and Ukraine war. LQA net leverage at 1.3x. Sound liquidity with no relevant maturities up to the 2026 bond. Under 2.0x net leverage target even amid expansion projects.

## **AEGEA 6.75% 2029 (BB) – 8.32% YTM**

- Strong shareholders. Leading and consolidating the underpenetrated private sanitation segment in Brazil. Solid and proven execution with expansion historically translating into EBITDA. Access to local and offshore market financing even amid current stressed environment. Strong cash position and manageable and stable leverage at ~3.0x levels.

## **HIDRVS 4.95% 2031 (BB) – 10.54% YTM**

- Unique structure and well positioned in an underserved market. Strong and proven contractual framework, mainly settled through take-or-pay terms. Weaker than expected results in 2021 given a combination of external factors drove leverage upwards. The consolidation of new operations ramping up and mainly the normalization of operations should translate into an improved 2022. 1Q22 good results showcasing such recovery. Decent liquidity, solid shareholders and extended maturity profile.

## **BNDES 4.75% 2024 (Ba2/BB/-) – 5.10% – 239bps to sovereign – “Market Overweight”**

- Largest development bank in Brazil. Very low NPLs at 0.19% and strong capitalization at 40.17%. Considering very close linkage to sovereign, 239bps spread looks excessive for the short-term paper.

## **ATENTO 8.00% 2026 (Ba3/-/B+) – 59c at 26.50% YTM**

- Sell-off looks excessive on the name. Executing well transformational plan into higher margin sectors, increasing strong currency revenue. 1Q weak results should stabilize for the year on improved seasonality and more normalized scenario. Management reaffirmed 3.0x guidance for the year. At 59c we think extension risks on the maturity are priced-in already. Looking for more clarity on high management turnover and cost pass-through into contracts to upgrade the name.

# OTHER PREFERRED NAMES: LATAM

## PERLNG 5.375% 2030 (B3/-/B+) – 9.0% YTM

- Peruvian LNG producer. Results are benefiting from the current LNG pricing environment, which is expected to remain favorable in the short-term due to the higher global LNG demand for energy generation, along with lower LNG inventories and worsening supply issues in Europe with the Russia-Ukraine war. Therefore, we expect a strong set of results for FY2022 that should further deleverage the company to ~1.0x net leverage.

## CNECN 5.75% 2028 (Ba3/BB-/BB-) – 10.2% YTM

- Colombian gas focused E&P, producing 20% of the country's gas consumption, with plans to scale up to 30%. Sells at firm long-term contracts, providing a significant stability to margins and cash flow. 2.0x net leverage. Petro's intentions to stop exploration activities is focused on crude. Gas seen as a transition to green energy.

# OTHER PREFERRED NAMES: TURKEY

## ACKAF 5.0% 2023 (-/BB+/BB) – 9.5% YTM

- White goods producer with production facilities in 9 countries. Turkey only accounts for 30% of revenue, with the remaining being diversified among Europe, Asia Pacific and CIS countries. 2.7x net leverage. US\$1.2bn cash position, enough to cover the 23s (US\$500mm) assuming they can roll-over their ST bank loans (US\$800mm).

## PETKM 5.875% 2023 (B2/-/B+) – 12.1% YTM

- Sole petrochemical refiner in the country, competing against imports, which allow to pass-through the higher Brent and the lira depreciation. LQA net leverage reached 1.4x in 1Q22. US\$516mm cash position. Ultimately owned by Azerbaijan.

## FCFIN 6.000% 2023 (B2/-/B+) – 12.5% YTM

- Very short-term bonds of this Tier2 Turkish bank. While its main issue is its lower profitability and CET1 levels vs peers, we think liquidity is vast to address the maturity. As a reference, banks have been able to address all euroclearable bonds since the lira crisis started in 2018. F/x neutral position.

# OTHER PREFERRED NAMES: ASIA-EX CHINA



## KIJAI 6.5% 2023 (-/B-/B-) – 77.15% YTM

- Property developer engaged in townships developments. In 3Q21 revenue increased 13% while reported EBITDA decreased 5% q/q. Free Cash Flow turned negative at US\$4mm, resulting in a 2% q/q net debt increase. LTM net leverage increased to 6.4x. Total Funded Liabilities / Land Bank remained flat q/q at 54%. Liquidity remains solid with barely no STD.

## LMRTSP 7.25% 2024 (B1/--/B+) – 22.78% YTM

- Singapore listed REIT with mall assets in Indonesia. Relaxation of restrictions is leading to significant improvements in revenue and EBITDA, having achieved 73% and 62% of pre-covid levels in 4Q21, respectively. LTM net leverage is elevated at 8.2x, but fair value of investment properties doubles the net debt.

## SHTFIN 4.15% 2025 (--/BB-/BB) – 9.729% YTM

- India's listed non-bank financial company (NBFC) focused on the financing of used commercial vehicles. The bonds are secured by a fixed charge over specified accounts receivable, in line with most of its other debt. Net debt to net loans is at 80%, higher than local peers though lower than LatAm ones. NPLs are high though collection of loans has been solid over the past years, as most of the portfolio is secured. Liquidity appears sufficient to face near term maturities.

# OTHER PREFERRED NAMES: CHINA

## CNOOC 5.5% 33s – 5.2%. 105bps Spread to Sovereign. “Market Overweight” as part of our Quasi-sovs

- The third largest national oil company in China after CNPC and Sinopec, and the largest China offshore oil & gas producer. 70% of total oil & gas production was in Chinese waters and 30% in foreign waters. Strong cash balance and low leverage. Traditional energy like oil still has strong demand in China. Oil price has been increasing. Revenue and EBITDA both increased largely by 77% y/y and 67% y/y in 2H21. The company faces possible sanction and some offshore business exit.

## HILHO 9.75% 2024 (-/-/-) – 42.41% YTM

- A leading Chinese oil and gas products and service provider with strong fundamental business. Revenue increased 33% y/y to US\$209mm in 2H21 and our calculated EBITDA increased 88% y/y to US\$53mm on improved margins. Sound cash position, more than covering existing STD. Limited exposure in Ukraine and Russia. 5 new contracts signed in May, with an aggregate amount of US\$21mm.

## ANTOIL 8.75% 2025 (B1/-/-) – 20.98% YTM

- A main player in Chinese oil and gas service and products. 2021 annual EBITDA margin and gross margin both increased to 41% and 31%, respectively. New orders in 1Q and 2Q increased by 23% y/y and 28% respectively. RMB100mm credit lines received from Industrial and Commercial Bank of China.

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### MEANINGS OF RATINGS

#### **Top Picks Universe**

"Market Outperform" – The bond's total return is expected to exceed the total return of the ICE BofA Emerging Markets High Yield Bond Index ('EMLH Index') over the next 3 – 6 months.

"Market Perform" – The bond's total return is expected to be in line with the total return of the EMLH Index over the next 3 – 6 months.

"Market Underperform" – The bond's total return is expected to be below the total return of the EMLH Index over the next 3 – 6 months.

"Not Rated" or no comment – Currently, the analyst does not have adequate conviction about the bond's total return relative to the EMLH Index over the next 3 – 6 months.



# DISCLAIMER (CONTINUED)

## **Quasi Sovereign Universe**

“Market Overweight” – The spread of the bond to its similarly duration sovereign controller bond is expected to decrease over the next 3 – 6 months.

“Market Weight” – The spread of the bond to its similarly duration sovereign controller bond is expected to remain unchanged over the next 3 – 6 months.

“Market Underweight” – The spread of the bond to its similarly duration sovereign controller bond is expected to increase over the next 3 – 6 months.

“Not Rated” or no comment – Currently, the analyst does not have adequate conviction about the bond’s spread to its similarly duration sovereign controller bond over the next 3 – 6 months.

## **High Octane Universe**

“Speculative Buy” – Bonds that in our view have an equity investment risk profile and we think risk/return is significantly skewed to the upside

“Positive” – Bonds that in our view have an equity investment risk profile and we think risk/return is skewed to the upside

“Neutral” – Bonds that in our view have an equity investment risk profile and we think risk/return is balanced

“Negative” – Bonds that in our view have an equity investment risk profile and we think risk/return is skewed to the downside

“Speculative Sell” – Bonds that in our view have an equity investment risk profile and we think risk/return is significantly skewed to the downside

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