

MIRABAUD—GLOBAL HIGH YIELD BONDS

Market News

Credit rallied strongly this week. Itraxx indices, which are a good measure of investor sentiment, tightened across the board. The reopening of the economy in Europe and the announcement from the European Commission on the 750b recovery fund helped risk assets rally and European periphery yields fall. The new issue pipeline continues at a strong pace.

Flows/Company News/Results/

Loxam had some decent results and reported positive free cash flow. Matalan launches a consent solicitation to allow new funding which subordinates our bonds but gives the company some much needed financial flexibility to deal with the Covid pandemic.

The US market saw huge inflows of just over \$6b into HY funds and \$7.5b into Investment Grade corporate bond funds.

Derivatives

3.4% CDX hedge

3.6% ITRX hedge

Outlook

Trump will hold a press conference on China which may raise some jitters on relations between the two economies. It remains to be seen if this strong rally continues into next week.

Source: Mirabaud Asset Management. Mirabaud - Global High Yield Bonds.

marketing@mirabaud-am.com | www.mirabaud-am.com

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