

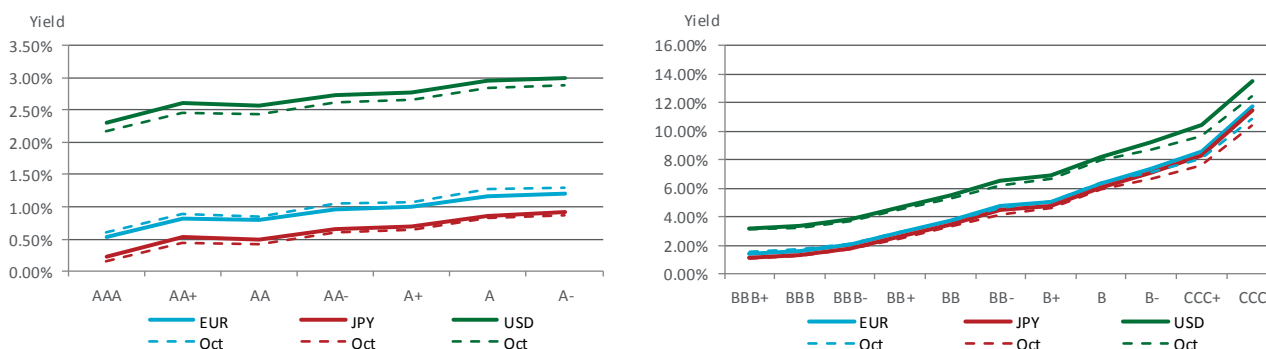
Global fixed income focus – November 2015

Leveraged loans • Credit default swaps • Global corporate bonds • Sovereigns • Municipal bonds • Securitised products

The very strong US employment report released in early November set the tone globally, with the markets beginning to reposition ahead of the highly anticipated Fed rate increase at the December 16th meeting. The US dollar was strengthening throughout the month and US treasury bonds continued to sell-off for most of the month. European markets continued to be largely driven by hopes of additional ECB stimulus in the wake of inconsistent European economic reports for most of November. However, the reality of their decision to add only minor stimulus measures after their early-December meeting led to significant volatility in the rates markets and was a reminder that the market does not like surprises from its monetary policy authorities. Equity market volatility returned to China, as there were multiple days with large price movements in the Shanghai Composite that were reminiscent of this summer. Economic data from China continues to disappoint, as their trade balance report released in early-November indicated declines in both domestic and foreign consumption.

- This month’s feature report discusses how combining equity short interest and leveraged loan pricing data can be an effective tool in assessing both markets. We compared short interest data on 71 global loan issuers with public traded equity to over 80 of their outstanding leveraged loans.
- The leveraged loan market continued its slide in November, despite a solid performance in the equity market. The Markit iBoxx USD Leveraged Loan index (MiLLi) declined 1.01% during the month, dragging loan performance down 0.02% year-to-date.
- European and Japanese CDS sector curves were modestly tighter from the AAA down to the B rated cohort, while North American CDS were slightly wider across all, but the B rated cohort. CCC cohorts were sharply wider across the globe, with only European CDS managing to avoid new one year wides for the rating category.
- US dollar denominated Markit iBoxx USD Corporate Index returns were 0.21% lower in November, while sterling and euro denominated bonds were 1.83% and 0.72% higher, respectively, on the month. Basic material spreads have come under particular focus in the wake of lower commodity prices and declining demand. **Figure 1** indicates that USD and JPY basic material yields generally increased across the entire credit curve in November.
- Italian sovereign CDS were the best performer in the G7 for the second consecutive month on a spread percentage basis, tightening 7.5bps to close the month at 95.1bps.
- Puerto Rico continued to take centre stage in the municipal bond market after it diverted scarce funds to make a \$354m payment to its Government Development Bank (GDB) bondholders on December 1st, with some market participants believing that they would choose not to make the sizable payment.
- The securitised product markets continued to see weaker liquidity in November, as the investors continue to reassess and reposition ahead of a more likely Fed rate increase at the December meeting.

Figure 1: November basic materials corporate bond sector yield curve



Source: Markit

Equity short interest data can be a useful tool for identifying leveraged loan issuer distress

The equity and loan markets trade and are valued very differently, but an effective portfolio or risk manager looks across both markets to identify either relative value opportunities or risks to their current investments. Loan investors tend to spend more time on the intricate details of a company's balance sheet and leverage, while equity investors are focused mainly on factors that drive growth. Short interest data can be a useful tool when evaluating loan markets, as the herding nature of equity short markets may provide early warning of potential credit deterioration.

Over 20% of leveraged loan issuers have also issued equity, with more than half of those equity issues having at least 1% of their total available shares being lent out to short the equity. Conceptually, increases in short interest could foreshadow a slowdown in the market's expectations for their growth prospects, leading to deterioration in the issuer's ability to make leveraged loan debt payments. On the other side of the coin, sharp declines in loan prices would indicate the

market's perception of deteriorating credit. Further clouding the cause and effect assessment is that leveraged loans are at the very top of the credit spectrum and typically maintain claims above outstanding corporate bonds, so the loan holders can potentially be paid in full despite the equity values going to zero. Leveraged loans are mostly floating rate, so their prices generally are more stable than corporate bonds' and are not directly impacted by volatility in the treasury or swap markets.

We compared equity short interest data on 71 global loan issuers with public traded equity to over 80 of their outstanding leveraged loans. The sample size was driven by the inclusion of only loans with a high depth of loan price contributors and the availability of equity short interest data for the issuer. We note that our ability to publish issue level prices is limited to loans with higher contributor depth, but we also believe that focusing on loans with a broader market maker base will improve the accuracy of the analysis. **Table 1** shows the 20 issuers with the highest equity short interest and also includes the average YTD price performance of their leveraged loans.

Table 1: Loan issuers with the highest equity short interest

Issuer name	Equity ticker-exchange	Sector	Country	Short interest			Loan prices
				11/30/15	Month-over-month change	YTD average	YTD avg price change
1 J. C. Penney Company, Inc.	JCP-NYSE	Consumer Services	USA	27.72%	+8.17%	22.06%	+2.4%
2 Peabody Energy Corporation	BTU-NYSE	Energy	USA	23.68%	+3.35%	22.52%	-34.9%
3 Windstream Corporation	WIN-NASDAQ	Telecom Services	USA	20.95%	+2.30%	14.53%	-1.3%
4 Bioscrip, Inc.	BIOS-NASDAQ	Healthcare	USA	19.76%	-5.11%	16.40%	-8.9%
5 Walter Investment Management Corp.	WAC-NYSE	Financials	USA	17.95%	+1.74%	18.55%	-4.0%
6 Arch Coal, Inc.	ACI-NYSE	Energy	USA	15.17%	-1.11%	14.24%	-41.1%
7 Ocwen Financial Corporation	OCN-NYSE	Financials	USA	13.96%	-1.90%	16.36%	+6.6%
8 Weight Watchers International, Inc.	WTW-NYSE	Consumer Services	USA	10.21%	-3.66%	12.93%	+0.9%
9 Amc Networks Inc.	AMCX-NASDAQ	Consumer Services	USA	9.67%	+0.80%	5.48%	-0.7%
10 Post Holdings, Inc.	POST-NYSE	Consumer Goods	USA	8.23%	+0.35%	12.29%	+0.5%
11 Boyd Gaming Corporation	BYD-NYSE	Consumer Services	USA	8.08%	+3.39%	4.87%	+1.9%
12 Activision Blizzard, Inc.	ATVI-NASDAQ	Consumer Goods	USA	6.82%	+0.61%	3.17%	+0.3%
13 Solocal Group	LOCAL-FR	Technology	FRA	6.70%	-9.35%	4.41%	-17.4%
14 Compass Minerals International, Inc.	CMP-NYSE	Basic Materials	USA	6.65%	+2.61%	1.97%	+0.2%
15 Bombardier Recreational Products Inc.	DOO-T	Consumer Goods	CAN	5.57%	+0.71%	6.11%	+1.8%
16 Penn National Gaming, Inc.	PENN-NASDAQ	Consumer Services	USA	5.37%	-2.03%	7.99%	+1.4%
17 Fomento De Construcciones Y Contratas, S.A.	FCC-SIBE	Industrials	ESP	5.26%	+1.33%	1.74%	-7.0%
18 Amsurg Corp.	AMSG-NASDAQ	Healthcare	USA	5.20%	-0.17%	5.16%	+0.1%
19 Nexstar Broadcasting Group, Inc.	NXST-NASDAQ	Consumer Services	USA	5.08%	-0.79%	4.17%	+0.3%
20 Zebra Technologies Corporation	ZBRA-NASDAQ	Technology	USA	4.35%	-0.28%	2.72%	-0.3%

Source: Markit

J. C. Penney was the most shorted and energy issues made up two of the top 10 most shorted

Many of the companies on the list have been in the news multiple times over the past year, but it is particularly surprising that there are only two energy issuers, Peabody Energy and Arch Coal, which is likely due to the analysis only including five energy issuers. J. C. Penney Company tops the list of current outstanding short interest as a result of weaker retail sales impacting their business more than peers, although the issuer's loans are 2.4% higher on the year. On average, the issuers at the top 20 list saw their loans decline 5% in price over the past year, with a large portion of that price decline driven by the two aforementioned energy issuers. Excluding energy, the decline was a more modest 1.29% year to date.

Declines in leverage loan prices often precede peak short interest levels

Data in Figure 2 indicates that leverage loan prices often decline two months ahead of the peak short interest during the period from October 2014 to September 2015¹. The sample includes the 62 loans where the issuer reached 2.0% or higher maximum short interest during the sample period. Most of the loan issues did report varying degrees of price decreases leading up to the peak short interest date, with the magnitude of price declines increasing with short interest percentage.

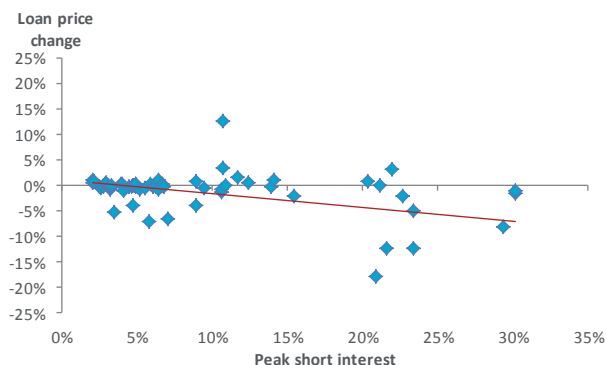
On the contrary, price movements were somewhat muted two months after reaching peak short interest. This may indicate that the negative sentiment for the issuer was already priced in ahead of reaching the peak short interest. It is possible that lower short interest that followed every peak (given that it was the one year peak) led to more overall optimism. It is worth noting that the 11% increase in Weight Watcher's loan issue price two months after peak short interest is a bit of an anomaly given how it was largely driven by Oprah Winfrey acquiring a 10% stake in the company.

Short interest levels remain higher than average for almost all of the worst performing loans

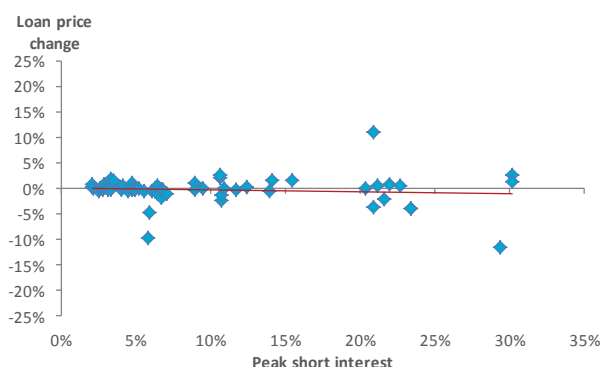
Table 2 shows the 20 worst performing loans from issuers with public equity alongside current and year to date average short interest data. The data indicates that all, but five loans currently have a short interest level higher than the 2015 average (highlighted in red). The LLPD-HSID column indicates the time difference, in months, between the date of peak short interest and the date of the lowest loan price in 2015, with a negative number indicating loan price reached a low before the short interest peaked. Only three loans bottomed out before the peak short interest, while the other loans reached their low point an average of 3.8 months after peak short interest.

Figure 2: Loan price performance two months before and after reaching peak short interest during the period from October 2014 – September 2015

Loan price change two months before peak short interest



Loan price change two months after peak short interest



Source: Markit

The 20 best performing loans (**Table 3**) measures year to date high prices and lowest peak short interest levels and dates. The best performers include 12 loans where the short interest is below the 2015 average and six loans where the loan price peaked well before the short interest reached its lows. This data gives credence to the argument that loan price performance leads equity short interest trends.

Short interest data can be a useful tool when coupled with leverage loan historical prices

Our analysis indicates that monitoring short interest data can be a useful metric for both credit surveillance and risk management of leveraged loan portfolios. The analyses also indicate that monitoring changes in leverage loan prices may benefit equity investors, as weakness in an issuer's leveraged loans often appear to become pronounced before short interest begins to increase. Although we used a relatively small sample set for this analysis, we believe that the trends would be similar for a much broader universe of issuers and loans.

¹ In an effort to maximise the dataset, the review period ended in September 2015 to allow for the use of loan prices two months after the end date (November 2015).

Table 2: Worst year-to-date loan price performance versus equity short interest

LXID	Loan name	Equity ticker-exchange	Sector	Country	Loan price			Short interest				LLPD-HSID (months)
					11/30/15	YTD change	YTD low price date (LLPD)	11/30/15	YTD average	YTD high	Date (HSID)	
1	LX124057 Arch Coal (5/12) TLb	ACI-NYSE	Energy	USA	48.63	-41.1%	11/6/15	15.17%	14.24%	21.08%	3/2/15	8
2	LX132557 Peabody Energy 9/13 Cov-Lite TL	BTU-NYSE	Energy	USA	58.63	-34.9%	11/30/15	23.68%	22.52%	67.24%	10/1/15	2
3	LX137914 PagesJaunes 6/14 (EUR) A7 TL	LOCAL-FR	Technology	FRA	66.63	-17.4%	10/6/15	6.70%	4.41%	37.56%	10/28/15	-1
4	LX136189 Federal Mogul 4/14 TLC	FDML-NASDAQ	Consumer Goods	USA	89.04	-10.1%	11/25/15	1.15%	0.87%	1.22%	6/24/15	5
5	LX130184 Bioscrip 7/13 Cov-Lite TLB	BIOS-NASDAQ	Healthcare	USA	90.50	-8.9%	11/30/15	19.76%	16.40%	25.12%	10/27/15	1
6	LX131438 Eastman Kodak 7/13 Exit TL	KODK-NYSE	Consumer Goods	USA	91.60	-8.3%	11/27/15	2.36%	1.85%	3.69%	10/14/15	1
7	LX136188 Federal Mogul 4/14 TLB	FDML-NASDAQ	Consumer Goods	USA	90.59	-7.8%	10/23/15	1.15%	0.87%	1.22%	6/24/15	4
8	LX138624 FCC 6/14 (EUR) TLA1	FCC-SIBE	Industrials	ESP	83.67	-7.0%	11/9/15	5.26%	1.74%	5.48%	11/25/15	-1
9	LX134917 YRC 2/14 TL	YRCW-NASDAQ	Industrials	USA	92.44	-6.6%	11/24/15	1.44%	1.00%	4.20%	1/5/15	11
10	LX137333 Deoleo 6/14 TL	OLE-SIBE	Consumer Goods	ESP	87.47	-5.7%	9/4/15	0.09%	0.10%	0.25%	1/6/15	8
11	LX130609 Valeant 6/13 TLE	VRX-T	Healthcare	USA	94.02	-5.0%	11/16/15	2.64%	1.27%	2.92%	10/21/15	1
12	LX134289 Walter Investment 12/13 Cov-Lite TL	WAC-NYSE	Financials	USA	86.44	-4.0%	11/20/15	17.95%	18.55%	21.99%	5/28/15	6
13	LX134585 Prisa 12/13 Performing Debt TL2	PRS-SIBE	Consumer Services	ESP	86.00	-2.0%	1/28/15	3.65%	1.28%	10.75%	5/22/15	-4
14	LX133675 Energy Transfer Equity 12/13 TLB	ETE-NYSE	Energy	USA	94.64	-1.6%	11/20/15	0.86%	0.24%	1.34%	10/13/15	1
15	LX128471 MEG Energy 2/13 Cov-Lite TL	MEG-T	Energy	CAN	93.81	-1.5%	8/27/15	4.17%	5.13%	8.55%	1/14/15	8
16	LX125163 Windstream 8/12 B5 TLB	WIN-NASDAQ	Telecom Services	USA	97.38	-1.3%	10/5/15	20.95%	14.53%	22.66%	8/28/15	1
17	LX128154 Valeant 1/13 TLA1	VRX-T	Healthcare	USA	98.00	-0.8%	11/9/15	2.64%	1.27%	2.92%	10/21/15	1
18	LX120013 AMC Networks 6/11 TLA	AMCX-NASDAQ	Consumer Services	USA	98.13	-0.7%	11/30/15	9.67%	5.48%	9.85%	11/24/15	0
19	LX129275 CDW 4/13 Cov-Lite TL	CDW-NASDAQ	Technology	USA	96.27	-0.5%	11/13/15	0.25%	0.49%	2.12%	5/22/15	6
20	LX130181 NRG Energy 5/13 TLB	NRG-NYSE	Utilities	USA	97.47	-0.4%	10/28/15	3.46%	3.66%	8.47%	11/2/15	0

Source: Markit

Table 3: Best year-to-date loan price performance versus equity short interest

Rank	LXID	Loan name	Equity ticker-exchange	Sector	Country	Loan price			Short interest				HLPD-LSID (months)
						11/30/15	YTD change	YTD high price date (HLPD)	11/30/15	YTD average	YTD low	Date (LSID)	
1	LX134586	Prisa 12/13 Disposal TL3	PRS-SIBE	Consumer Services	ESP	84.85	+6.7%	6/12/15	3.65%	1.28%	0.40%	5/1/15	1
2	LX128186	Ocwen Financial 2/13 TLB	OCN-NYSE	Financials	USA	99.85	+6.6%	10/15/15	13.96%	16.36%	10.53%	1/6/15	9
3	LX135371	Roundy's 2/14 Cov-Lite TLB	RNDY-NYSE	Consumer Services	USA	99.34	+6.2%	11/30/15	1.32%	3.06%	0.88%	7/22/15	4
4	LX137818	J.C. Penney 6/14 Cov-Lite TL	JCP-NYSE	Consumer Services	USA	99.42	+3.7%	7/20/15	27.72%	22.06%	17.80%	7/14/15	0
5	LX131659	Boyd Gaming 8/13 TLA	BYD-NYSE	Consumer Services	USA	99.13	+2.3%	5/11/15	8.08%	4.87%	3.03%	3/12/15	2
6	LX135389	Delta Air Lines 2/14 TLB1	DAL-NYSE	Industrials	USA	99.77	+2.0%	11/11/15	0.54%	0.51%	0.03%	6/17/15	5
7	LX140432	Aristocrat Leisure 9/14 (USD) Cov Lite TL	ALL-AU	Consumer Services	AUS	99.81	+1.9%	5/11/15	0.65%	0.35%	0.00%	1/8/15	4
8	LX135430	Entegris 4/14 Cov-Lite TLB	ENTG-NASDAQ	Technology	USA	99.38	+1.8%	4/24/15	1.30%	2.32%	0.86%	1/15/15	3
9	LX128135	Bombardier Recreational 1/13 Cov-Lite TLB	DOO-T	Consumer Goods	CAN	99.38	+1.8%	5/1/15	5.57%	6.11%	2.39%	4/24/15	0
10	LX120218	Nuance Communication 7/11 Extended TLC	NUAN-NASDAQ	Technology	USA	98.56	+1.8%	4/28/15	1.06%	1.70%	0.54%	10/29/15	-6
11	LX128164	Bright Horizons 1/13 TLB	BFAM-NYSE	Consumer Services	USA	99.77	+1.5%	4/10/15	0.66%	1.60%	0.66%	11/30/15	-8
12	LX128968	Hertz 4/13 Cov-Lite TLB2	HTZ-NYSE	Consumer Services	USA	98.56	+1.5%	4/30/15	2.34%	2.45%	1.01%	3/10/15	2
13	LX131658	Boyd Gaming 8/13 Cov-Lite TLB	BYD-NYSE	Consumer Services	USA	99.34	+1.5%	4/7/15	8.08%	4.87%	3.03%	3/12/15	1
14	LX131662	Pinnacle Entertainment 8/13 Cov-Lite TLB2	PNK-NYSE	Consumer Services	USA	99.78	+1.4%	5/1/15	1.58%	3.35%	0.68%	9/11/15	-4
15	LX133129	Penn National Gaming 10/13 TLB	PENN-NASDAQ	Consumer Services	USA	99.07	+1.4%	9/11/15	5.37%	7.99%	3.66%	1/1/15	8
16	LX128907	Weight Watchers 4/13 Cov-Lite TLB2	WTW-NYSE	Consumer Services	USA	77.75	+1.3%	11/11/15	10.21%	12.93%	6.46%	4/30/15	7
17	LX129962	NCI Building Systems 6/13 Cov-Lite TL	NCS-NYSE	Consumer Goods	USA	99.50	+1.3%	6/8/15	0.29%	0.71%	0.19%	11/11/15	-5
18	LX135976	Microsemi 3/14 TLB1	MSCC-NASDAQ	Technology	USA	99.17	+1.3%	5/6/15	2.28%	0.90%	0.26%	4/29/15	0
19	LX129621	J.C. Penney 5/13 Cov-Lite TL	JCP-NYSE	Consumer Services	USA	99.00	+1.1%	4/14/15	27.72%	22.06%	17.80%	7/14/15	-3
20	LX136263	Visteon 4/14 Delayed Draw TLB	VC-NYSE	Consumer Goods	USA	99.29	+1.1%	5/8/15	0.72%	1.69%	0.42%	10/30/15	-6

Source: Markit

Leveraged loans

The leveraged loan market continued its slide in November, despite a solid performance in the equity market. The Markit iBoxx USD Leveraged Loan index (MiLLi) declined 1.01% during the month, bringing loan performance to -0.02% year-to-date. Investors continue to focus more on earnings releases than in the past, with even the slightest bit of negative news potentially making an issuer's loans quickly fall out of favour. Traders and investors have recently been quick to try to sell out of positions that show any signs of weakness, as agility may be one of the best defences in the wake of noticeably less liquidity for issues or sectors that have fallen out of favour with the market.

Energy issues dominate both the best and worst performers' lists

Eight out of the 20 best performing loans this month were issued by energy companies, as small increases in price are magnified by the already deep discounted prices (**Table 4**). Almost all energy companies on the best performers' list reported a one year low within the past month. The Petroleum Geo-Services 3/14 Cov-Lite TLB energy issue was actually the best performer in Europe, increasing 15.6% on the month after raising NOK 919.6 million (equivalent of \$105 million) through a private placement.

Roundy's 2/14 Cov-Lite TLB issue was the best performer globally, increasing 21.7% in price after the announcement that the grocery store chain will be acquired by Kroger for \$178 million. Millennium Laboratories 4/14 Cov-Lite TLB was the second best performer in North America after filing for Chapter 11 bankruptcy and plans to cut over \$1 billion in debt through a lender backed pre-packaged plan, increasing 13.5% to 40.00 after reaching a one year low of 29.75 in October.

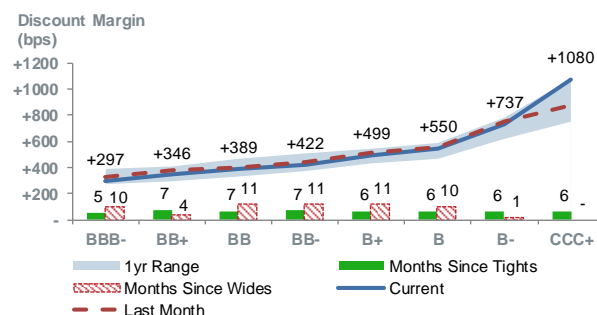
Industrial manufacturer Ameriforge 1/13 2nd Lien TL was the worst performing loan globally, decreasing 92.1%, likely due to continued weakness in the oil and gas sector. The worst performer in Europe was Endeavour Energy 10/14 TL, which declined 42.4% on the month.

Energy loan spreads were tighter across most of the credit curve

Leveraged loan energy sector spreads were tighter for all but the CCC+ ratings cohort (**Figure 3**). Most other sectors (**Table 5**) were modestly wider, with the CCC+ rating category sharply wider across both regions and all industries. Basic materials was the worst performing sector across the entire curve, with North American and European CCC+ spreads widening the most, 255bps and 249bps, respectively.

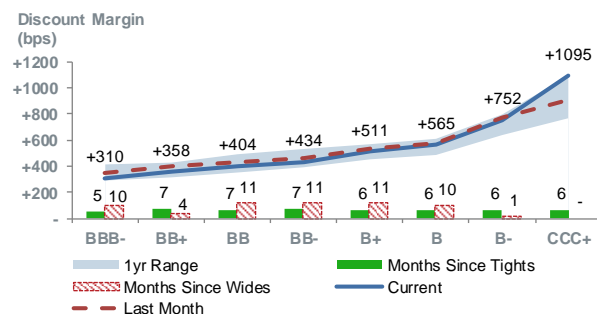
Figure 3: Leveraged loan energy sector spreads

North America



Source: Markit

Europe



Source: Markit

Table 4: November North American loans best and worst price performance

North America

	LXID	Loan Name	Sector	Country	Liq score	11/30 price	% change	One year low	Date	One year high	Date
Best Performers											
1	LX135371	Roundy's 2/14 Cov-Lite TLB	Consumer Services	USA	2	99.34	+21.7%	80.15	11/11/15	99.34	11/30/15
2	LX136428	Millennium Laboratories 4/14 Cov-Lite TLB	Healthcare	USA	4	40.00	+13.5%	29.75	10/1/15	100.59	3/31/15
3	LX136541	Frac Tech International 4/14 Cov-Lite TL	Energy	USA	1	28.33	+11.6%	25.00	11/2/15	94.85	12/1/14
4	LX129883	Alpha Natural Resources 5/13 TLB	Energy	USA	2	45.96	+7.8%	42.66	10/30/15	84.05	12/1/14
5	LX128959	Cooper Gay Swett & Crawford 4/13 TL	Financials	USA	4	95.58	+6.1%	89.67	10/16/15	95.58	11/30/15
6	LX144142	Securus Technologies 4/15 Incremental TLB2	Telecom Services	USA	3	78.38	+5.9%	69.33	10/26/15	99.56	6/5/15
7	LX143728	Murray Energy 3/15 Cov-Lite TLB2	Energy	USA	1	66.63	+3.1%	64.63	10/30/15	99.02	5/8/15
8	LX143606	C&J Energy 3/15 TLB1	Energy	USA	4	66.50	+2.8%	64.17	10/27/15	95.17	5/6/15
9	LX117856	Avaya 2/11 Extended TLB3	Technology	USA	1	85.73	+2.7%	74.70	10/21/15	99.61	4/17/15
10	LX143176	CITGO (Holdco) 2/15 TLB	Energy	USA	2	100.03	+2.1%	96.40	2/10/15	101.29	5/29/15
Worst Performers											
1	LX127583	Ameriforge 1/13 2nd Lien TL	Industrials	USA	4	4.38	-92.1%	19.00	11/13/15	84.67	6/12/15
2	LX141750	Essar Steel 11/14 TL	Basic Materials	CAN	4	24.60	-57.8%	22.50	11/11/15	99.75	12/4/14
3	LX133451	Town Sports 11/13 Cov-Lite TLB	Consumer Services	USA	4	33.38	-44.8%	32.67	11/24/15	85.33	5/5/15
4	LX140820	Templar Energy 9/14 Cov-Lite 2nd Lien TL	Energy	USA	3	29.00	-31.9%	29.00	11/30/15	83.38	12/2/14
5	LX135246	NewPage 2/14 TLB	Basic Materials	USA	1	36.07	-29.9%	35.90	11/24/15	96.98	12/1/14
6	LX138431	American Energy Marcellus 8/14 Cov-Lite TL	Energy	USA	2	33.60	-27.3%	33.60	11/30/15	91.50	12/3/14
7	LX130228	Quicksilver Resources 6/13 Cov-Lite 2nd Lien TL	Energy	USA	2	25.13	-23.5%	24.38	11/27/15	83.17	12/2/14
8	LX141564	Magnum Hunter 10/14 2nd Lien TL	Energy	USA	4	65.90	-23.3%	65.75	11/27/15	99.92	7/27/15
9	LX138205	Paragon Offshore 7/14 Cov-Lite TLB	Energy	CYM	3	27.75	-21.7%	27.00	11/27/15	85.69	12/5/14
10	LX136120	Fairmount Minerals 3/14 TLB1	Industrials	USA	4	66.30	-21.5%	65.50	11/19/15	99.69	12/1/14

Source: Markit

Table 4: November European loans best and worst price performance

Europe

	LXID	Loan Name	Sector	Country	Liq score	11/30 price	% change	One year low	Date	One year high	Date
Best Performers											
1	LX135963	Petroleum Geo-Services 3/14 Cov-Lite TLB	Energy	NOR	2	74.17	+15.6%	62.83	10/28/15	93.50	5/15/15
2	LX131745	Northgate 7/13 (EUR) Tranche E2 TLE	Technology	GBR	4	98.00	+3.9%	92.88	12/8/14	98.00	11/30/15
3	LX147402	Acteon 8/15 (GBP) TLC2	Energy	GBR	4	85.00	+2.0%	82.50	11/19/15	85.00	11/30/15
4	LX137218	MacDermid 8/14 (EUR) Cov-Lite TL	Basic Materials	NLD	5	97.94	+1.9%	95.06	10/8/15	101.00	4/17/15
5	LX134782	HC Starck 12/13 (EUR) 1 TLE	Basic Materials	DEU	3	90.88	+1.8%	88.81	11/6/15	99.89	5/29/15
6	LX133020	Tunstall 9/13 (EUR) TLB2	Telecom Services	GBR	4	91.75	+1.7%	72.75	12/1/14	91.83	11/23/15
7	LX129817	Pacific Drilling 5/13 TL	Energy	LUX	2	54.75	+1.7%	52.83	10/28/15	92.38	12/1/14
8	LX135580	Mallinckrodt 3/14 Cov-Lite TL	Healthcare	IRL	1	95.83	+1.1%	91.40	11/10/15	100.00	5/11/15
9	LX121462	Jack Wolfskin (8/11) TLb	Consumer Goods	DEU	2	82.46	+1.1%	78.94	10/14/15	94.79	12/1/14
10	LX059053	Fraikin 2/07 (EUR) Holdco TL	Consumer Services	FRA	3	53.50	+0.9%	51.83	10/28/15	87.67	12/19/14
Worst Performers											
1	LX141502	Endeavour 10/14 TL	Energy	NLD	4	25.63	-42.4%	24.88	11/27/15	97.50	12/1/14
2	LX135384	Seadrill Partners 2/14 TL	Energy	GBR	1	50.09	-13.8%	50.09	11/30/15	88.67	12/1/14
3	LX062451	HC Starck 11/06 (USD) 2nd Lien TLA	Basic Materials	DEU	4	70.33	-11.2%	70.33	11/30/15	91.38	6/4/15
4	LX139193	Aenova 8/14 Cov-Lite 2nd Lien TL	Healthcare	DEU	4	89.25	-8.4%	88.25	11/9/15	100.25	6/24/15
5	LX139588	Expro Holdings 8/14 Cov-Lite TL	Energy	LUX	1	75.48	-8.1%	75.19	11/25/15	95.56	12/1/14
6	LX141716	Autobar 10/14 Senior TL	Consumer Goods	NLD	1	84.54	-6.7%	84.54	11/30/15	96.70	5/18/15
7	LX137333	Deoleo 6/14 TL	Consumer Goods	ESP	1	87.47	-3.0%	82.50	9/4/15	97.50	4/23/15
8	LX141286	Prisa 12/14 PPL TL3	Consumer Services	ESP	2	69.75	-2.9%	69.75	11/30/15	81.25	7/15/15
9	LX131857	BMC Software 8/13 (USD) Foreign Borrower TL	Technology	IRL	3	87.17	-2.8%	87.17	11/30/15	98.41	5/6/15
10	LX137173	KCA 5/14 TLB	Energy	GBR	4	76.67	-2.8%	71.83	2/5/15	89.75	4/30/15

Source: Markit

Table 5: North American and European loan sector curve monthly discount margin spread change in basis points

		BBB-	BB+	BB	BB-	B+	B	B-	CCC+
Basic Materials	NA	+23	+24	+42	+37	+41	+51	+45	+255
	EU	+16	+17	+35	+30	+35	+44	+39	+248
	Change in NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Consumer Goods	NA	-1	+0	+18	+13	+17	+27	+21	+231
	EU	-8	-7	+11	+6	+11	+20	+15	+224
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Consumer Services	NA	+6	+7	+25	+20	+24	+34	+28	+238
	EU	-1	-0	+18	+13	+18	+27	+22	+231
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Energy	NA	-34	-33	-16	-21	-17	-6	-12	+197
	EU	-41	-40	-23	-27	-23	-13	-18	+191
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+6
Financials	NA	-3	-2	+16	+11	+15	+25	+20	+229
	EU	-10	-9	+9	+4	+9	+18	+13	+222
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Healthcare	NA	+16	+17	+34	+30	+33	+44	+38	+248
	EU	+8	+9	+27	+22	+27	+37	+32	+241
	Current NA-EU	+7	+8	+7	+7	+6	+8	+7	+7
Industrials	NA	-1	-0	+17	+12	+16	+27	+21	+230
	EU	-8	-8	+10	+6	+10	+20	+15	+224
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Technology	NA	-5	-3	+14	+9	+13	+24	+18	+227
	EU	-12	-11	+7	+2	+7	+17	+12	+221
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Telecommunication Services	NA	+16	+17	+35	+30	+34	+44	+38	+248
	EU	+9	+10	+28	+23	+28	+37	+32	+241
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7
Utilities	NA	+1	+2	+19	+14	+18	+29	+23	+232
	EU	-7	-6	+12	+7	+12	+22	+17	+226
	Current NA-EU	+7	+7	+7	+7	+6	+7	+6	+7

Source: Markit

Credit default swaps

European and Japanese CDS sector curves were modestly tighter from the AAA down to the B rated cohort, while North American CDS were slightly wider across all, but the B rated cohort (**Figure 4** and **Figure 5**). CCC cohorts were sharply wider across the globe, with only European CDS managing to avoid new one year wides for the rating category. Industry level sector data (**Figure 6**) indicates that North American CDS widened the most year to date across most industries, while Japan sectors were generally tighter than the other regions.

Merger activity drives spreads tightest in November

Merger activity during the month drove some of the most extreme swings in CDS spreads in the US, as Starwood and Pfizer saw their CDS spreads tighten the most on a percentage basis. Starwood's CDS spreads tightened from 78bps to 39bps on the announcement that it agreed to be purchased by rival firm Marriott for \$12.1bn in cash and stock. Pfizer's CDS spreads tightened 20% to 30bps as a result of its somewhat controversial tax driven merger with Allergan.

European CDS improvement was led by UK firms. Banking group Bank of Scotland Plc led the pack as the bank passed its regulator mandated stress test. This led its CDS spread to tighten 14bps to 51bps. UK consumer firms were also boosted by an improving economic picture in the country which saw Premier Foods and retailer Matalan round out the top three firms seeing the most tightening in CDS spreads.

Commodity, industrials, and energy firms dominate the worst performing list

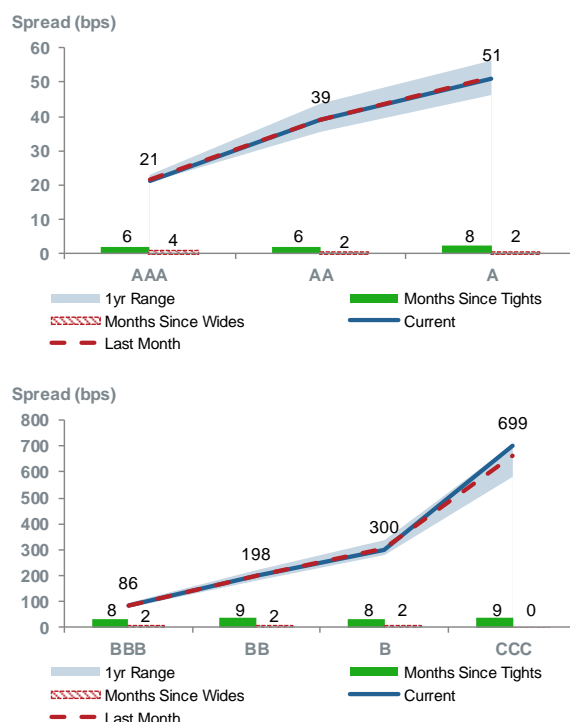
Much like the rest of the fixed income market, commodities woes drove most of the negative spread action during the month, with 10 of the 15 worst performing CDS globally coming from the energy or basic materials sectors. In the US, steel firm US Steel saw the largest surge as its CDS spreads, jumped by 75% to settle north of 2600 bps. This surge was overtaken in absolute terms by oil exploration firm Chesapeake Energy whose spread widened by 1183 bps to 2814bps over the month.

In Europe, Air Liquide led the commodities woes with its CDS increasing to a new yearly high of 55bps, while in Asia, Kobe steel also broke new grounds as its spread jumped by a third to 180bps.

Individual company results also featured among the firms seeing the worst credit deterioration this week with UK jet engine manufacturer Rolls Royce seeing its CDS spreads widen 22bps after the company issued its sixth straight profits warning due to weaker demand

from Brazil and Asia. Japanese firm Toshiba also made the list of the firms seeing the worst credit deterioration after news of accounting irregularities at the firm came to light.

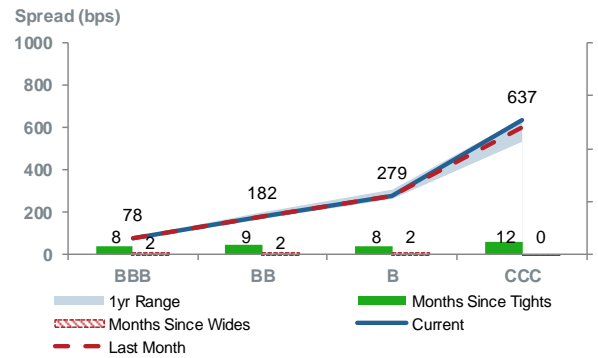
Figure 4: Global CDS sector spread summary



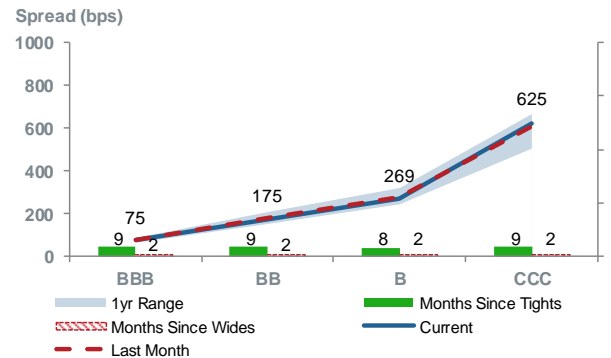
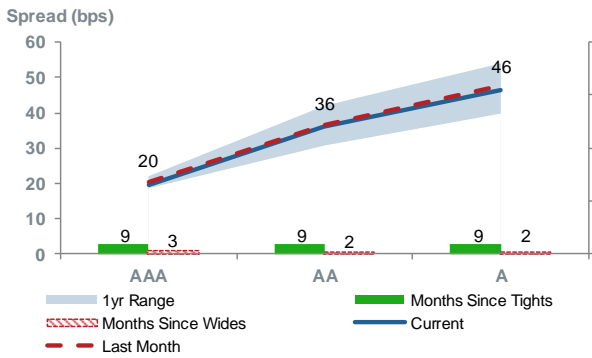
Source: Markit

Figure 5: November regional CDS sector spread summary

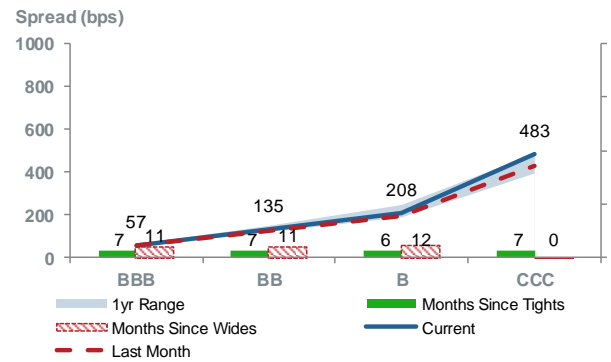
North America



Europe



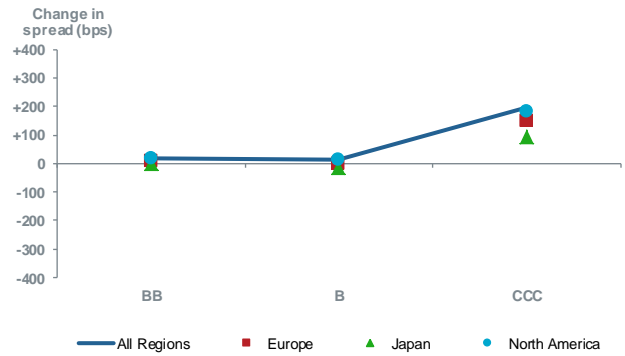
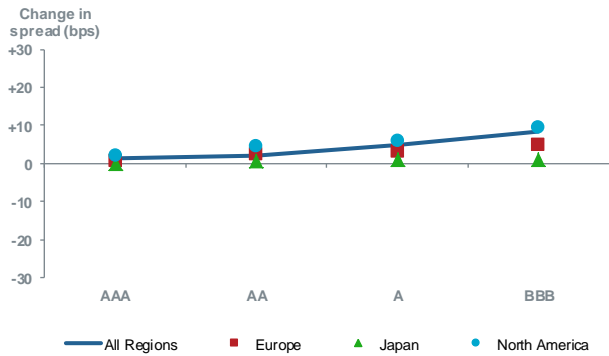
Japan



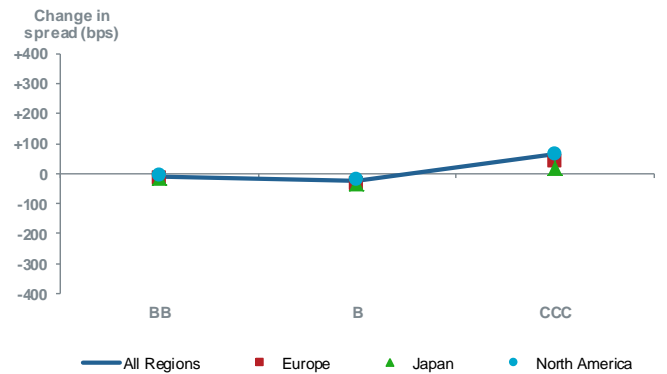
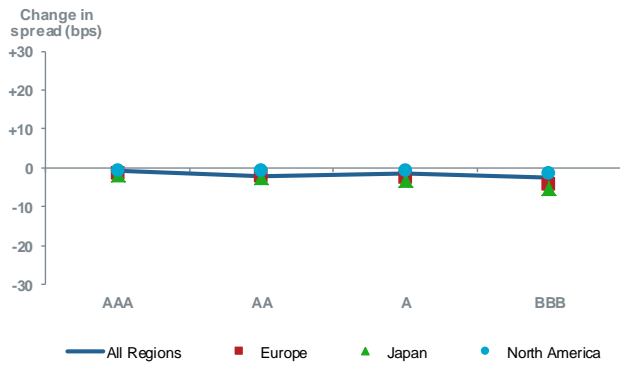
Source: Markit

Figure 6: Year to date CDS sector spread changes by region

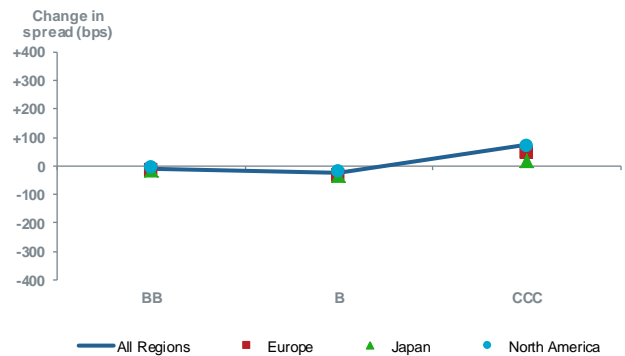
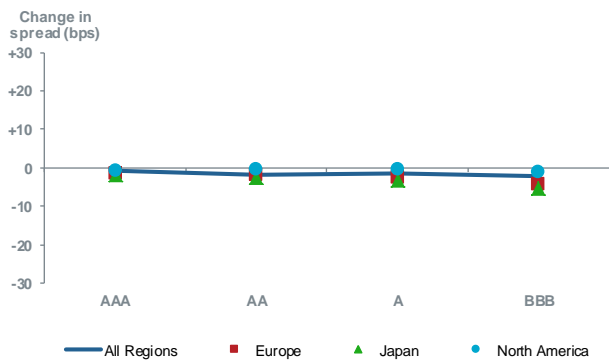
Basic Materials



Consumer Goods



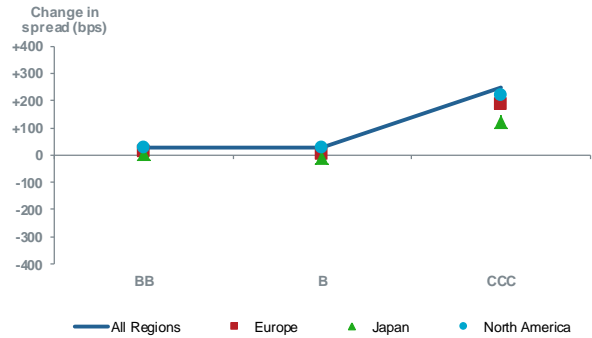
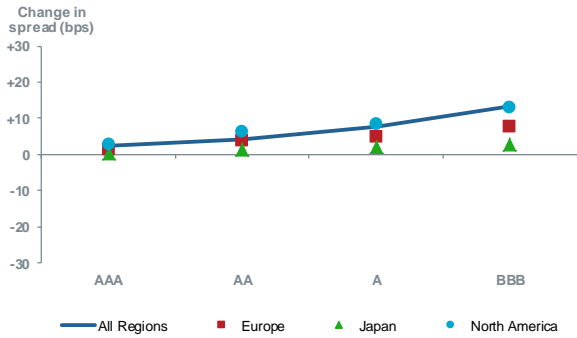
Consumer Services



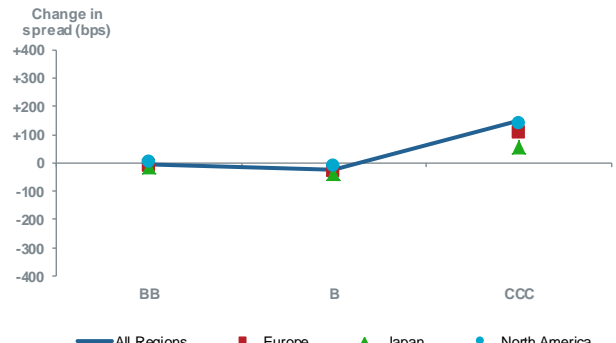
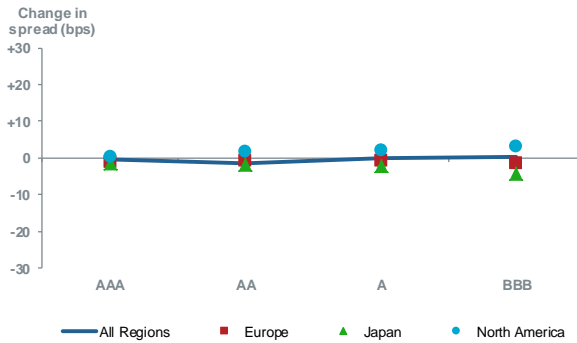
Source: Markit

Figure 6: Year to date CDS sector spread changes by region

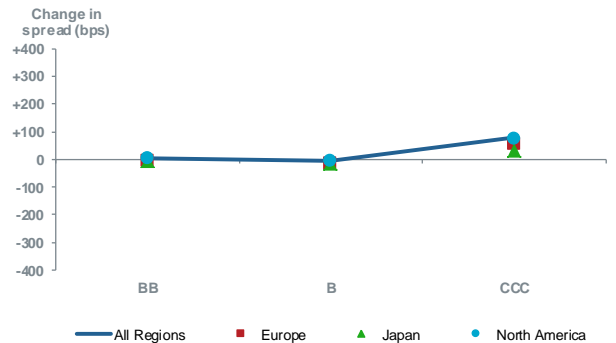
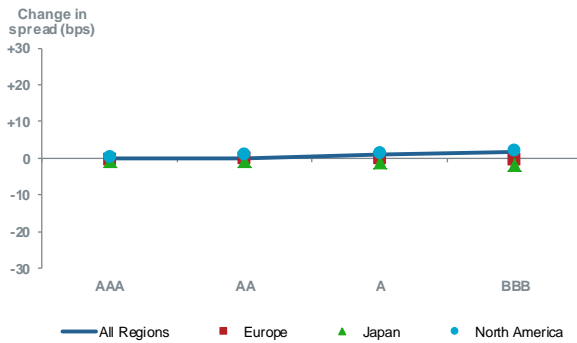
Energy



Financials



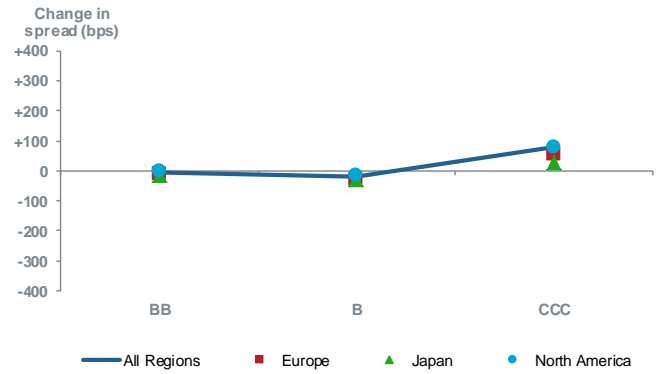
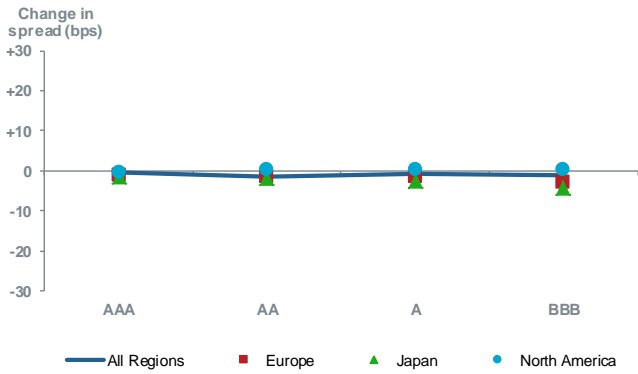
Healthcare



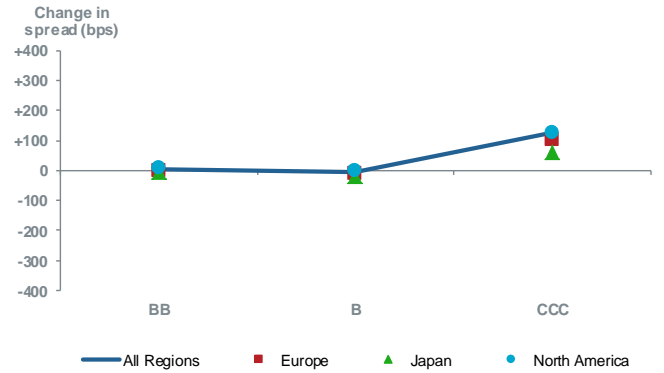
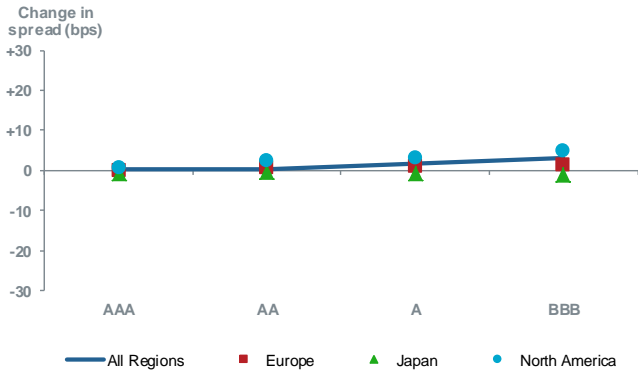
Source: Markit

Figure 6: Year to date CDS sector spread changes by region

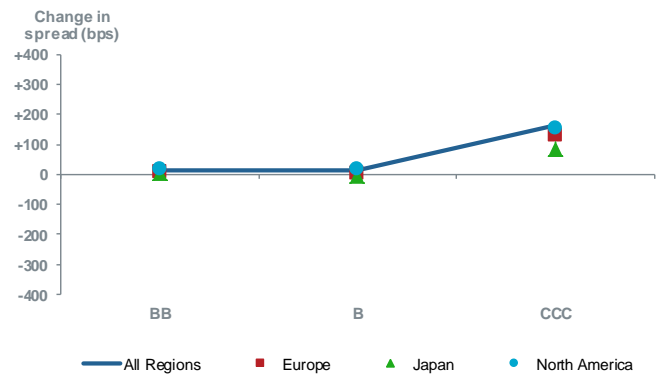
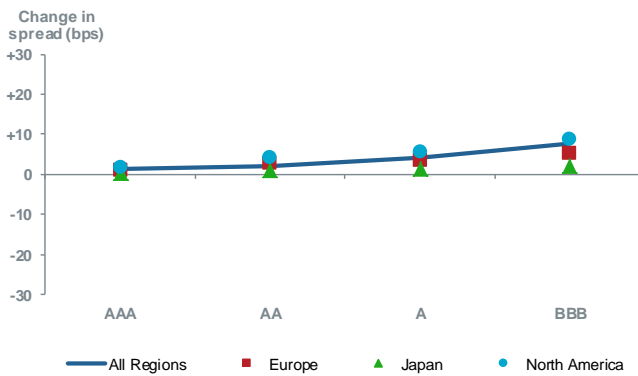
Industrials



Technology



Telecom Services



Source: Markit

Table 6: November liquid 5yr corporate CDS best spread performance²

Best performers

Ticker	Company	Sector	Country	Liq score	11/30 spread	Change	% change	One year tight	Date	One year wide	Date	
Americas												
1	HOT	Starwood Hotels & Resorts Wwide Inc	Consumer Services	USA	2	39	-39.3	-50.1%	39	11/27/15	97	10/2/15
2	PFE	Pfizer Inc	Healthcare	USA	1	30	-7.9	-20.9%	14	3/19/15	38	10/30/15
3	APA	Apache Corp	Energy	USA	2	122	-29.1	-19.2%	90	4/22/15	216	1/5/15
4	UHS	Unvl Health Svcs Inc	Healthcare	USA	2	108	-24.0	-18.2%	88	8/3/15	146	12/16/14
5	CAH	Cardinal Health Inc	Consumer Services	USA	1	16	-3.1	-16.0%	16	11/30/15	30	8/24/15
EMEA												
1	HBOS-ScotBkPLC	Bk Of Scotland Plc	Financials	GBR	2	51	-14.2	-21.8%	43	3/5/15	71	9/29/15
2	PREMFOO	Premier Foods Fin Plc	Consumer Goods	GBR	2	436	-117.1	-21.2%	436	11/30/15	767	12/16/14
3	MATAFIN	Matalan Fin Plc	Consumer Services	GBR	2	1082	-268.0	-19.8%	422	4/13/15	1475	10/19/15
4	TELEFO	Telefonica S A	Telecom Services	ESP	1	100	-23.0	-18.8%	67	3/11/15	155	9/29/15
5	TIIMN	Telecom Italia Spa	Telecom Services	ITA	1	144	-32.2	-18.3%	118	3/6/15	212	9/29/15
APAC												
1	FOSTGRO	Fosters Group Pty Ltd	Consumer Goods	AUS	2	49	-0.5	-1.1%	39	5/27/15	53	10/5/15
2	QANTAS	Qantas Awys Ltd	Industrials	AUS	2	200	-0.9	-0.4%	166	5/26/15	258	12/1/14
3	TAISEI	Taisei Corp	Industrials	JPN	2	44	+1.2	+2.8%	35	4/29/15	52	12/16/14
4	SHIMIZ	Shimizu Corp	Industrials	JPN	2	46	+1.3	+2.9%	36	4/29/15	54	10/1/15
5	TELECO	Telstra Corp Ltd	Telecom Services	AUS	2	67	+2.0	+3.0%	46	12/5/14	71	10/1/15

Source: Markit

² A liquid CDS is defined as an entity with a current liquidity score of 1 or 2. Markit liquidity scores range from 1-5, with 1 being the most liquid and 5 the least.

Table 7: November liquid 5yr corporate CDS worst spread performance²

Worst performers

Ticker	Company	Sector	Country	Liq score	11/30 spread	Change	% change	One year tight	Date	One year wide	Date	
Americas												
1	X	Utd Sts Stl Corp	Basic Materials	USA	1	2638	+1136.0	+75.7%	391	12/1/14	2739	11/24/15
2	CHK	Chesapeake Engy Corp	Energy	USA	1	2814	+1183.3	+72.6%	253	12/4/14	2904	11/24/15
3	NEM	Newmont Mng Corp	Basic Materials	USA	2	284	+116.6	+69.6%	108	5/15/15	286	11/27/15
4	KMP	Kinder Morgan Engy Partners L P	Energy	USA	2	333	+133.7	+67.2%	51	5/4/15	333	11/30/15
5	ABX	Barrick Gold Corp	Basic Materials	CAN	1	376	+148.2	+65.0%	149	5/15/15	379	11/26/15
EMEA												
1	GRUPOIS	Grupo Isolux Corsan Fin Bv	Industrials	NLD	2	4589	+2086.1	+83.4%	583	1/27/15	4589	11/30/15
2	AIRLIQ	L'Air Liquide	Basic Materials	FRA	2	55	+13.2	+31.5%	25	3/19/15	55	11/30/15
3	ROLLS	Rollsroyce Plc	Industrials	GBR	2	98	+22.5	+29.7%	46	3/5/15	98	11/30/15
4	ASTL	Astaldi S Per Azioni	Industrials	ITA	2	735	+142.0	+23.9%	383	4/13/15	758	11/13/15
5	AAUK	Anglo Amern Plc	Basic Materials	GBR	1	689	+132.1	+23.7%	135	12/5/14	689	11/30/15
APAC												
1	TOSH	Toshiba Corp	Industrials	JPN	2	303	+150.0	+98.3%	44	4/29/15	314	11/25/15
2	KOBSTL	Kobe Stl Ltd	Basic Materials	JPN	2	180	+45.6	+33.9%	63	4/17/15	180	11/30/15
3	JFEHLD	JFE Hldgs Inc	Basic Materials	JPN	1	144	+36.2	+33.6%	44	12/5/14	144	11/30/15
4	BHP	BHP Billiton Ltd	Basic Materials	AUS	2	148	+36.3	+32.4%	66	3/3/15	148	11/30/15
5	SUMI	Sumitomo Corp	Industrials	JPN	2	77	+17.9	+30.4%	41	7/20/15	87	9/30/15

Source: Markit

Global corporate bonds

Markit iBoxx USD Corporate Index returns were 0.21% lower in November, while sterling and euro denominated bonds were 1.83% and 0.72% higher, respectively, on the month (**Table 8**). Investment grade outperformed high yield across all three currencies, as investors were still defensive in the wake of this fall's spread volatility. The current cautious sentiment is partly driven by lingering idiosyncratic risks and continued interest rate volatility due to the impending Fed policy decision in December.

Dollar basic materials sector declined sharply

The broad decline in commodity prices weighed heavily on the market, with Markit iBoxx \$HY bearing much of the pain. This was most evident in the commodity heavy \$CCC sector, whose spreads widened to new post-financial crisis wises. However \$IG was not spared from the commodities rout, as the basic materials sector saw yields widen 25bps to 5.64%, resulting in a -2.50% return on the month. Oil and gas was the next worst performing sector at -0.79%, followed by utilities at -0.62%. Bonds from these sectors dominated the worst performing bonds in the Americas and APAC in November (**Table 10**), with Essar Steel Agoma's 9.5% 2019 maturity issue declining 74.5% during the month.

The best performing \$IG sector in November was telecommunications, returning 0.31% on the month. Banks and broader financials continued to prove fruitful for investors, ending the month positive across all three currencies, with sterling and dollar bonds returning over 2% for 2015. Financials have proved to be resilient throughout the year amidst a strong regulatory backdrop, as we recently saw banks benefit from lower than expected TLAC and minimum debt requirements.

Elsewhere among corporate bonds, £HY is now 5.53% higher on the year after returning 0.81% in November. £HY bonds have remained popular throughout the year given the limited supply, positive economic backdrop and attractive coupons. Even £Basic Materials managed to avert investor losses among the weak commodity backdrop, although losses for the year remain the worst for that sector, among the three currencies, at -5.69% year-to-date.

Banks and financials stronger on expectations for more ECB stimulus

Strengthened rhetoric from ECB council members around extending monetary stimulus measures in December (which fell short of expectations) decreased benchmark yields and increased overall risk appetite. € corporate bonds were tighter across the board, providing a positive 0.57% monthly returns in €HY. Similar to \$IG, €Banks and €Financials continued to outperform the other European sectors, with financial bonds such as the Eurobank 2017, ERB Hellas 4.25% 2018 and the £HSBC 4.75% bond maturing in 2046 leading the price charge in November (**Table 9**).

Table 8: November corporate bond US and European iBoxx indices performance

Index	Total Return						Yield						Duration		
	Month			YTD			Current			Month			\$	€	£
	\$	€	£	\$	€	£	\$	€	£	\$	€	£			
Corporates	-0.21%	+0.72%	+1.83%	+0.36%	+0.19%	+1.59%	4.21%	1.60%	3.77%	+0.07%	-0.11%	-0.19%	6.5	5.0	7.9
Corporates AAA	+0.08%	+0.93%	+2.38%	+0.24%	+0.63%	+2.88%	3.59%	1.24%	2.86%	+0.03%	-0.12%	-0.15%	8.5	6.8	14.4
Corporates AA	-0.08%	+0.68%	+1.73%	+1.27%	+0.31%	+1.61%	3.51%	1.13%	3.20%	+0.05%	-0.10%	-0.16%	6.2	5.4	9.0
Corporates A	+0.04%	+0.75%	+2.16%	+1.26%	+0.31%	+1.65%	3.71%	1.32%	3.66%	+0.05%	-0.11%	-0.20%	6.1	5.1	8.6
Corporates BBB	-0.50%	+0.69%	+1.58%	-0.83%	+0.06%	+1.53%	4.87%	2.05%	4.07%	+0.10%	-0.10%	-0.18%	6.9	4.8	7.1
Banks	+0.10%	+0.79%	+2.22%	+2.20%	+1.00%	+2.99%	3.58%	1.20%	3.59%	+0.05%	-0.16%	-0.29%	4.8	4.2	6.4
Basic Materials	-2.50%	-0.12%	+1.14%	-5.18%	-5.26%	-5.69%	5.64%	2.61%	4.64%	+0.25%	+0.14%	+0.00%	6.7	5.0	7.0
Consumer Goods	-0.08%	+0.73%	+1.15%	+0.73%	-1.02%	+0.88%	3.84%	1.55%	3.11%	+0.05%	-0.11%	-0.17%	6.1	5.4	5.2
Consumer Services	-0.02%	+0.44%	+1.52%	-0.72%	-0.35%	+0.57%	4.38%	1.72%	3.62%	+0.04%	-0.06%	-0.13%	8.2	5.8	8.8
Financials	+0.05%	+0.87%	+2.11%	+2.07%	+0.95%	+2.69%	3.72%	1.53%	3.79%	+0.06%	-0.15%	-0.25%	5.1	4.5	6.9
Health Care	+0.15%	+0.72%	+2.13%	+0.59%	+0.68%	+1.41%	3.92%	1.38%	3.57%	+0.02%	-0.10%	-0.15%	7.5	5.9	12.3
Industrials	-0.19%	+0.63%	+1.79%	+0.34%	+0.48%	+2.30%	4.02%	1.30%	3.53%	+0.07%	-0.10%	-0.18%	7.2	4.8	8.5
Insurance	-0.18%	+1.41%	+2.25%	+1.05%	+1.35%	+1.99%	4.39%	3.00%	4.69%	+0.07%	-0.15%	-0.25%	7.6	6.0	7.1
Non-Financials	-0.36%	+0.61%	+1.65%	-0.65%	-0.38%	+0.87%	4.42%	1.63%	3.76%	+0.08%	-0.08%	-0.15%	7.3	5.4	8.7
Oil & Gas	-0.79%	+0.72%	+1.21%	-1.93%	-0.27%	+1.60%	5.09%	1.75%	3.24%	+0.17%	-0.10%	-0.14%	7.1	5.9	6.8
Technology	-0.01%	+0.92%	N/A	+0.44%	+0.47%	N/A	3.86%	1.28%	N/A	+0.11%	-0.11%	N/A	6.8	7.2	N/A
Telecommunications	+0.31%	+0.58%	+1.90%	+0.38%	+0.13%	+1.04%	4.66%	1.73%	4.02%	+0.01%	-0.08%	-0.19%	8.5	5.6	8.5
Utilities	-0.62%	+0.66%	+1.75%	-0.98%	+0.26%	+0.91%	4.48%	1.61%	3.91%	+0.11%	-0.12%	-0.16%	8.3	5.3	9.6
High Yield Liquid High Yield	-2.38%	+0.57%	+0.81%	-2.81%	+2.74%	+5.53%	7.70%	4.62%	5.75%	+0.53%	-0.23%	-0.07%	4.2	3.5	3.5
Convertible CVBX	+0.24%	+0.95%	+1.29%	+1.32%	+6.50%	+2.76%	0.64%	5.69%	7.62%	+0.64%	-0.11%	-0.13%	6.6	4.4	5.6
Contingent Convertible	+0.75%	+0.95%	+1.29%	+6.15%	+6.50%	+2.76%	6.99%	5.69%	7.62%	-0.04%	-0.11%	-0.13%	4.8	4.4	5.6

Source: Markit

Table 9: November global corporate bond best price performance

Best performers

	Ticker	Issue	Sector	Country	CCY	Liq score	11/30 price	Change	% change	One year low	Date	One year high	Date
Americas													
1	GETY	Getty Images, Inc. 7 10/2020	Consumer Services	USA	USD	2	34.00	+5.00	+17.2%	27.75	11/2/15	80.63	12/5/14
2	PDV	Petroleos de Venezuela, S.A. 9.75 5/2035	Energy	VEN	USD	2	48.51	+7.01	+16.9%	31.60	8/24/15	50.00	5/11/15
3	CENTRHE	Centric Health Corporation 8.625 4/2018	Healthcare	CAN	CAD	2	90.75	+12.75	+16.3%	76.00	10/15/15	90.75	11/30/15
4	TLM	Talisman Energy Inc. 5.85 2/2037	Energy	USA	USD	2	84.82	+9.89	+13.2%	74.46	11/2/15	105.00	4/8/15
5	QGOGCON	QGOG Constellation S.A. 6.25 11/2019	Energy	BRA	USD	1	53.00	+6.00	+12.8%	41.50	10/5/15	82.00	12/1/14
EMEA													
1	EUROERG	Eurobank Ergasias S.A. 6/2017	Financials	GRC	EUR	3	69.75	+22.75	+48.4%	5.00	9/17/15	79.02	1/2/15
2	ERBH	ERB Hellas Plc 4.25 6/2018	Financials	GRC	EUR	3	89.00	+15.00	+20.3%	22.00	7/9/15	91.75	12/8/14
3	HK	Heckler & Koch GmbH 9.5 5/2018	Industrials	DEU	EUR	2	91.00	+14.45	+18.9%	63.50	4/23/15	91.00	11/30/15
4	DELTLLO	Delta Lloyd N.V. 4.375 12/2099	Financials	NLD	EUR	2	92.81	+8.59	+10.2%	83.56	9/30/15	101.65	3/9/15
5	HSBC-HSBCBank	HSBC Bank Plc 4.75 3/2046	Financials	GBR	GBP	2	106.07	+9.31	+9.6%	95.66	7/13/15	119.18	1/30/15
APAC													
1	KMGNC	Joint Companies National Company & Kazmunaygas 6 11/2044	Energy	KAZ	USD	2	89.00	+9.75	+12.3%	71.00	12/16/14	93.50	4/28/15
2	NYRSNET	Nyrstar Netherlands (Holdings) B.V. 8.5 9/2019	Basic Materials	AUS	EUR	1	86.50	+8.50	+10.9%	78.00	11/4/15	107.50	4/30/15
3	GJTL	Pt Gajah Tunggal Tbk 7.75 2/2018	Consumer Goods	IDN	USD	1	60.00	+5.50	+10.1%	40.00	10/6/15	98.50	5/5/15
4	ROLTAME	Rolta Americas Llc 8.875 7/2019	Technology	IND	USD	1	55.50	+4.50	+8.8%	39.50	10/15/15	99.12	4/15/15
5	PTBERA	Pt Berau Coal Energy Tbk 7.25 3/2017	Energy	IDN	USD	1	31.50	+2.50	+8.6%	27.50	11/11/15	70.50	3/18/15

Source: Markit

Table 10: November global corporate bond worst price performance

Worst performers

Ticker	Issue	Sector	Country	CCY	Liq score	11/30 price	Change	% change	One year low	Date	One year high	Date
Americas												
1 ESASI	Essar Steel Algoma Inc. 9.5 11/2019	Basic Materials	CAN	USD	2	9.68	-28.33	-74.5%	8.75	11/12/15	102.00	12/11/14
2 SAMRCO	Samarco Mineracao S.A. 5.75 10/2023	Basic Materials	BRA	USD	2	34.50	-54.75	-61.3%	34.50	11/30/15	101.25	5/27/15
3 CUMUMED	Cumulus Media Holdings Inc. 7.75 5/2019	Consumer Services	USA	USD	1	31.75	-33.25	-51.2%	30.50	11/27/15	104.00	3/2/15
4 SEVENTS	Seventy Seven Energy Inc. 6.5 7/2022	Energy	USA	USD	1	16.40	-13.85	-45.8%	16.25	11/27/15	66.21	6/25/15
5 CFGL-INC	CFG Investment S.A.C. 9.75 7/2019	Consumer Goods	PER	USD	2	33.00	-25.00	-43.1%	32.00	11/27/15	98.25	8/11/15
EMEA												
1 ABNG	Abengoa, S.A. 8.5 3/2016	Industrials	ESP	EUR	1	19.25	-64.80	-77.1%	19.25	11/30/15	106.25	4/16/15
2 INTSAT-Lux	Intelsat (Luxembourg) S.A. 8.125 6/2023	Telecommunications Services	LUX	USD	2	37.87	-21.38	-36.1%	37.87	11/30/15	104.25	12/1/14
3 GRUPOIS	Grupo Isolux Corsan Finance B.V. 6.625 4/2021	Industrials	ESP	EUR	2	30.00	-14.50	-32.6%	30.00	11/30/15	94.25	1/26/15
4 ALGESCO	Algeco Scotsman Global Finance Plc 10.75 10/2019	Industrials	GBR	USD	1	45.00	-10.25	-18.6%	44.50	11/27/15	93.00	12/1/14
5 CGGAA	CGG 5.875 5/2020	Energy	FRA	EUR	2	65.00	-13.50	-17.2%	65.00	11/30/15	101.50	12/9/14
APAC												
1 PACIAND	Pacific Andes Resources Development Limited 8.5 7/2017	Consumer Goods	HKG	SGD	3	30.00	-20.00	-40.0%	30.00	11/30/15	97.85	12/1/14
2 MONGMIN	Mongolian Mining Corporation 8.875 3/2017	Energy	MNG	USD	1	35.00	-8.25	-19.1%	34.50	11/27/15	79.00	4/21/15
3 ABJAINV	ABJA Investment Co. Pte. Ltd. 4.95 5/2023	Basic Materials	IND	SGD	3	80.50	-13.00	-13.9%	80.24	11/27/15	97.00	6/11/15
4 VDR	Vedanta Resources Plc 7.125 5/2023	Basic Materials	IND	USD	1	66.50	-8.00	-10.7%	62.00	9/29/15	96.50	6/24/15
5 ANTOOIL	Anton Oilfield Services Group 7.5 11/2018	Energy	CHN	USD	1	44.00	-5.00	-10.2%	32.00	10/2/15	97.00	12/1/14

Source: Markit

Sovereigns

Italian sovereign CDS was the best performer in the G7, for the second consecutive month, on a spread percentage basis, as it tightened 7.5bps to close the month at 95.1bps (**Table 11**). United States CDS reached a new one-year wide of 22.4bps on November 3rd, but tightened to 19.1bps two days later after the announcement of a temporary resolution to the US government's debt ceiling impasse. Japan's CDS was the worst performer amongst the G7, widening 8.2bps on GDP data indicating a 0.8% annualised economic contraction in Q3 and returning them to recession.

Ireland and Malaysia topped the best performing sovereign CDS list

Ireland was the best performers in sovereign CDS, tightening 14.3% to reach a new one year best level of 41bps on November 30th (**Table 12**). Malaysia had the second best performance, tightening 26bps to 170bps after announcing its Q3 GDP grew 4.7%.

Americas best bond performers were dominated by South American countries

Investors are welcoming the final election results out of Argentina, as the opposition candidate Mauricio Macri unexpectedly defeated Cristina Fernandez de Kirchner in the presidential elections. The incumbent party's 12 year rule has been linked to some of the country's significant financial troubles, so the change in leadership would be welcome by some investors. Venezuela's CDS rallied 311bps to 4539bps and the country's Bolivarian Republic of Venezuela 7 3/2038 bond issue increased 12.4% to end the month at a price of 39.33. Issues from Brazil, Peru, Uruguay, and Belize were the other best performers in the Americas on the month.

Bonds denominated in the issuing country's currency were the best performers in EMEA

Naira denominated Federal Republic of Nigeria 12.1493% 7/2034 bonds were the best performer in EMEA for the second consecutive month, increasing 25.8% on the month. The ruble denominated Russian Federation 6.9 2/2036 was the second best performer in the region, increasing 16.7% to 76.50 after being as low as 55.00 in January.

Issues from North Africa dominated the worst EMEA performers

The Arab Republic of Egypt 6.875 4/2040 was the worst sovereign bond performer globally, declining 9.9% to 81.00 on the month. Egypt's economy still remains relatively fragile as a result of a high budget deficit and rampant inflation, but the government recently did revise their 2015 GDP estimate higher (5.0% to 5.5%). The Tunisian Republic 5.75 1/2025 was the second worst in the region, decreasing 5.6% on the month.

Table 11: November G7 industrialised countries ranked by percent change in CDS spreads

			11/30 10yr bond yield	CDS change	11/30 CDS	% change	One year tight	Date	One year wide	Date
1	ITALY	Italy	1.32%	-7.5	95.1	-7%	95.1	11/30/15	161.2	12/16/14
2	FRTR	France	0.82%	-2.5	27.5	-8%	27.3	11/20/15	52.1	1/21/15
3	USGB	United States	2.22%	-0.4	19.5	-2%	14.3	9/18/15	22.4	11/3/15
4	UKIN	United Kingdom	1.83%	+0.1	16.8	+0%	15.2	9/30/15	21.9	4/15/15
5	DBR	Germany	0.47%	+0.5	13.4	+4%	13.0	10/23/15	18.4	12/1/14
6	CAN	Canada	1.57%	+0.5	26.0	+2%	18.2	2/9/15	26.0	11/19/15
7	JAPAN	Japan	0.31%	+8.2	51.8	+19%	34.0	8/18/15	73.4	12/16/14

Source: Markit

Table 12: November liquid sovereign 5yr CDS best and worst spread performance²

			Liq Score	11/30 spread	Change	% change	One year tight	Date	One year wide	Date
Best Performers										
1	IRELND	Ireland	2	-7	41	-14.3%	41	11/30/15	61	7/7/15
2	MALAYS	Malaysia	1	-26	170	-13.5%	82	12/8/14	238	9/29/15
3	KOREA	South Korea	1	-7	54	-11.8%	46	5/18/15	82	9/29/15
4	AUSTLA	Australia	1	-5	40	-10.8%	30	3/6/15	56	9/29/15
5	DENK	Denmark	2	-1	14	-8.7%	14	11/30/15	23	12/2/14
6	FRTR	France	1	-2	27	-8.2%	27	11/20/15	52	1/21/15
7	KAZAKS	Kazakhstan	2	-23	280	-7.7%	192	12/1/14	380	12/16/14
8	ITALY	Italy	1	-7	95	-7.3%	95	11/30/15	161	12/16/14
9	AUST	Austria	1	-2	25	-7.0%	22	12/5/14	31	6/29/15
10	VENZ	Venezuela	1	-311	4539	-6.4%	2925	12/1/14	8219	1/22/15
Worst Performers										
1	JAPAN	Japan	2	+8	52	+18.9%	34	8/18/15	73	12/16/14
2	QATAR	Qatar	2	+7	81	+10.1%	57	7/22/15	91	12/16/14
3	PORTUG	Portugal	2	+12	183	+7.0%	119	3/11/15	234	7/7/15
4	COLOM	Colombia	1	+13	220	+6.3%	104	12/1/14	262	9/28/15
5	PANAMA	Panama	1	+10	169	+6.1%	94	12/4/14	196	9/28/15
6	PERU	Peru	1	+10	179	+5.7%	105	12/1/14	205	9/28/15
7	SAUDI	Saudi Arabia	2	+8	153	+5.6%	59	7/23/15	156	11/12/15
8	SOAF	South Africa	1	+12	263	+5.0%	160	12/3/14	303	9/29/15
9	TURKEY	Turkey	1	+11	261	+4.2%	155	12/2/14	323	9/29/15
10	CHILE	Chile	1	+5	125	+3.8%	75	12/4/14	153	9/29/15

Source: Markit

Table 13: November sovereign bond best price performance

Best performers

Ticker	Issue	CCY	Liq score	11/30 price	Change	% change	11/30 yield	One year low	Date	One year high	Date
Americas											
1 VENZ	Bolivarian Republic of Venezuela 7 3/2038	USD	2	39.33	+4.33	+12.4%	20.47%	28.85	8/24/15	45.85	12/3/14
2 BRAZIL	Federative Republic of Brazil 10.25 1/2028	USD	2	89.46	+5.71	+6.8%	12.93%	75.00	9/25/15	111.80	4/30/15
3 PERU	Republic of Peru 6 2/2029	PEN	5	89.80	+4.31	+5.0%	7.77%	85.40	9/9/15	104.05	1/29/15
4 URUGAY	Oriental Republic of Uruguay 4 7/2030	USD	5	80.00	+2.00	+2.6%	-	73.77	9/29/15	98.90	1/8/15
5 BLZE	Belize 5 2/2038	USD	3	73.25	+1.75	+2.4%	15.74%	68.00	10/5/15	76.00	6/24/15
EMEA											
1 NGERIA	Federal Republic of Nigeria 12.1493 7/2034	NGN	4	109.72	+22.47	+25.8%	14.09%	79.00	10/6/15	109.72	11/30/15
2 RUSSIA	Russian Federation 6.9 2/2036	RUB	4	76.50	+10.96	+16.7%	10.83%	55.00	1/14/15	77.00	11/24/15
3 GREECE	Hellenic Republic 3 2/2023	EUR	2	77.75	+2.57	+3.4%	7.97%	35.14	7/8/15	79.99	11/19/15
4 UKIN	United Kingdom of Great Britain and Northern Ireland 3.5 7/2068	GBP	1	132.87	+3.96	+3.1%	2.51%	120.19	7/14/15	148.26	1/30/15
5 ZAMBIA	Republic of Zambia 5.375 9/2022	USD	1	76.50	+2.12	+2.9%	10.73%	69.77	10/1/15	95.15	12/1/14
APAC											
1 SRILAN	Democratic Socialist Republic of Sri Lanka 5.35 3/2026	LKR	5	72.13	+5.61	+8.4%	10.81%	66.05	10/27/15	77.32	12/1/14
2 KAZAKS	Republic of Kazakhstan 4.875 10/2044	USD	2	85.50	+3.50	+4.3%	6.22%	75.62	8/24/15	94.75	4/29/15
3 INDON	Republic of Indonesia 6.625 5/2033	IDR	2	80.42	+2.03	+2.6%	9.12%	72.34	9/30/15	93.43	2/5/15
4 TGB	Taiwan, Province of China 2.25 8/2045	TWD	4	106.70	+2.51	+2.4%	2.06%	101.65	9/15/15	106.70	11/30/15
5 PHILIP	Republic of the Philippines 3.9 11/2022	USD	2	98.32	+1.07	+1.1%	4.36%	96.75	10/1/15	102.14	3/18/15

Source: Markit

Table 14: November sovereign bond worst price performance

Worst performers

Ticker	Issue	CCY	Liq score	11/30 price	Change	% change	11/30 yield	One year low	Date	One year high	Date
Americas											
1 COSTAR	Republic of Costa Rica 7.158 3/2045	USD	2	87.00	-3.75	-4.1%	7.98%	86.75	9/30/15	107.00	4/20/15
2 COLOM	Republic of Colombia 4.75 2/2023	COP	3	105.76	-3.97	-3.6%	-	104.70	9/30/15	113.04	1/30/15
3 REPUOFAI	Republic of Paraguay 6.1 8/2044	USD	3	98.38	-3.12	-3.1%	5.99%	98.00	10/14/15	111.75	2/3/15
4 MEX	United Mexican States 4 3/2115	EUR	2	87.60	-2.46	-2.7%	4.45%	82.00	9/29/15	104.38	4/14/15
5 PERU	Republic of Peru 5.625 11/2050	USD	2	105.90	-2.85	-2.6%	5.09%	102.00	9/29/15	124.25	2/2/15
EMEA											
1 EGYPT	Arab Republic of Egypt 6.875 4/2040	USD	2	81.00	-8.87	-9.9%	7.81%	81.00	11/30/15	106.40	12/4/14
2 BTUN	Tunisian Republic 5.75 1/2025	USD	2	88.25	-5.25	-5.6%	6.70%	88.25	11/30/15	104.25	4/13/15
3 LEBAN	Lebanese Republic 6.75 11/2027	USD	2	96.63	-4.13	-4.1%	6.66%	96.50	11/26/15	105.25	4/28/15
4 MOROC	Kingdom of Morocco 5.5 12/2042	USD	2	96.50	-4.00	-4.0%	5.46%	96.25	11/27/15	113.00	2/6/15
5 TURKEY	Republic of Turkey 4.875 4/2043	USD	2	87.25	-2.95	-3.3%	5.58%	82.13	9/29/15	105.50	1/29/15
APAC											
1 PHILIP	Republic of the Philippines 3.625 3/2033	PHP	4	86.31	-5.47	-6.0%	4.30%	83.07	11/20/15	101.33	2/3/15
2 BHREIN	Kingdom of Bahrain 5.5 3/2020	USD	1	100.75	-5.25	-5.0%	4.00%	100.25	11/19/15	110.25	2/6/15
3 NZ	New Zealand 2.5 9/2035	NZD	4	98.65	-4.34	-4.2%	-	97.82	6/4/15	113.22	1/30/15
4 PHILIP	Republic of the Philippines 7.625 9/2036	PHP	3	128.21	-4.88	-3.7%	5.05%	126.90	11/27/15	155.65	2/6/15
5 IGB	Republic of India 7.4 9/2035	INR	3	92.75	-3.49	-3.6%	7.77%	91.77	6/17/15	96.74	2/27/15

Source: Markit

Municipal bonds

November was a relatively uneventful month in the broader municipal bond market, as the sector outperformed a large segment of the global fixed income markets this year. The Fed continues to be a primary focus across the sector in the short term, while tax reform proposals alongside next year's elections will likely drive price volatility in 2016, although few will likely come to fruition before 2017. Distress in Illinois' and Chicago general obligation bonds put the spot light on state and city pension shortfalls, with some additional tiering in higher shortfall states, like Kentucky and Connecticut, potentially materialising next year in the absence of any major fiscal reforms in those states.

Puerto Rico avoids debt default, for now

Puerto Rico continued to take centre stage after it diverted scarce funds to make a \$354m payment to its Government Development Bank (GDB) bondholders on December 1st, with some market participants believing that they would choose not to make the sizable payment.

PR's troubles remain far from over as it had already defaulted on its Public Finance Corporation (PFC) bonds in August. With \$72bn of debt outstanding and an economy in a prolonged recession, PR also potentially faces a humanitarian crisis from the deterioration in infrastructure, pensions and utilities if its people continue to bear the debt burden. PR has already stated several times it does not have sufficient funds to continue payments.

The problem lies in the commonwealth's lack of access to the same bankruptcy laws as states, the Obama administration has proposed an amendment to enable all US commonwealths to obtain similar protections, but so far the US congress has been shy to act ahead of the 2016 election year. Puerto Rico previously enacted its own bankruptcy measure the Recovery Act, in 2014, but that measure was overruled in July by a US appeals court stating that it conflicted with existing federal bankruptcy codes. The US Supreme Court is considering hearing Puerto Rico's appeal and could potentially reinstate the law.

Puerto Rico revenue bonds were amongst the worst performers in November

Issues from Puerto Rico's Infrastructure Financing Authority, Sales Tax Financing Corporation, and Public Buildings Authority were amongst the worst performers on the month. Puerto Rico's Infrastructure Financing Authority Revenue - Ports Authority Project 2011-B 5.25 12/2026 was the worst performer on the month, decreasing almost 11% to end the month at a 35.78 dollar price. The bond's price has decreased almost 50% since last December. Puerto Rico Sales Tax

Financing Corporation Sales Tax Revenue Sales Tax Revenue - First Subordinate 2010-A 5.375 8/2039 ended the month 11% lower to close at a 39.62 dollar price, which is more than 3pts higher than its one year low reached on August 31st.

Table 15: November municipal revenue bond best price performance

Best performers

	Issuer	Issue	Liq score	11/30 price	Change	% change	One year low	Date	One year high	Date
1	Columbia S C Wtrwks & Swr Sys Rev	Waterworks And Sewer System Revenue - 2011-A 5 2/2031	5	115.25	+4.10	+3.7%	109.77	6/10/15	118.01	1/30/15
2	New York St Dorm Auth Revs Non St Supported Debt	New York University Revenue - 2015-A 5 7/2031	5	119.30	+3.84	+3.3%	112.99	6/10/15	119.30	11/30/15
3	Lower Colo Riv Auth Tex Rev	Refunding Revenue - 2015-B 5 5/2030	4	116.25	+3.17	+2.8%	109.88	6/3/15	116.25	11/30/15
4	New York N Y City Transitional Fin Auth Rev	Future Tax Secured Tax-Exempt Subordin - Fiscal 2013 Subseries F 5 2/2031	3	116.59	+3.15	+2.8%	111.96	6/10/15	119.42	1/30/15
5	Oxnard Calif Fing Auth Lease Rev	Lease Revenue Refunding - 2011 5.75 6/2036	5	114.65	+3.09	+2.8%	106.64	5/25/15	114.65	11/30/15
6	Midland Cnty Tex Fresh Wtr Supply Dist No 1 Rev	Revenue Refunding - City Of Midland Project 2012 5 9/2031	5	115.24	+3.00	+2.7%	110.26	6/3/15	119.17	1/30/15
7	Long Beach Calif Hbr Rev	Harbor Revenue Refunding - 2010-B 5 5/2025	3	118.23	+2.92	+2.5%	111.50	5/25/15	118.23	11/30/15
8	University Utah Univ Revs	General Revenue And Refunding - 2015 A-1 5 8/2030	5	118.56	+2.81	+2.4%	113.43	6/10/15	122.71	1/30/15
9	Metropolitan Transn Auth N Y Rev	Transportation Revenue - 2013-A 5 11/2032	4	116.46	+2.75	+2.4%	110.79	6/10/15	117.75	1/30/15
10	Regional Transn Dist Colo Sales Tax Rev	Sales Tax Revenue Refunding - Fastracks Project 2013-A 5 11/2029	4	123.90	+2.84	+2.3%	116.31	6/3/15	131.25	1/29/15

Source: Markit

Table 16: November municipal revenue bond worst price performance

Worst performers

	Issuer	Issue	Liq score	11/30 price	Change	% change	One year low	Date	One year high	Date
1	Puerto Rico Infrastructure Fing Auth Rev	Revenue - Ports Authority Project 2011-B 5.25 12/2026	3	35.78	-10.94	-23.4%	35.50	11/17/15	68.20	12/16/14
2	Puerto Rico Sales Tax Fing Corp Sales Tax Rev	Sales Tax Revenue - First Subordinate 2010-A 5.375 8/2039	1	39.62	-5.33	-11.9%	36.50	8/31/15	73.79	12/3/14
3	Puerto Rico Pub Bldgs Auth Rev Gtd	Government Facilities Revenue - 2011-S 5.875 7/2039	2	54.54	-5.02	-8.4%	54.39	11/26/15	71.11	12/3/14
4	New York N Y City Transitional Fin Auth Rev	Future Tax Secured Tax-Exempt Subordin - Fiscal 2012 Subseries E 5 2/2042	3	112.54	-3.12	-2.7%	109.60	12/3/14	116.16	1/30/15
5	Los Angeles Calif Dept Wtr & Pwr Wtrwks Rev	Water System Revenue - 2009-A 5 7/2020	3	111.31	-2.86	-2.5%	111.31	11/30/15	115.29	1/20/15
6	Atlanta Ga Arpt Passenger Fac Charge Rev	Airport Passenger Facility Charge & Subordinate Lien Reve - 2010 5 1/2021	5	114.18	-2.60	-2.2%	114.12	11/24/15	118.37	1/29/15
7	New York St Dorm Auth St Pers Income Tax Rev	State Personal Income Tax Revenue Refunding (General Purp - 2009 5.25 2/2021	4	113.12	-2.50	-2.2%	112.93	11/18/15	116.93	1/29/15
8	University Cincinnati Ohio Gen Rcpts	General Receipts - 2014-C 5 6/2039	4	114.17	-2.52	-2.2%	109.11	5/25/15	119.13	1/29/15
9	Miami-Dade Cnty Fla Aviation Rev	Aviation Revenue Refunding - 2012-A 5 10/2022	5	117.41	-1.64	-1.4%	116.00	7/1/15	120.44	1/29/15
10	South Dakota St Health & Edl Facs Auth Rev	Revenue - 2014-B 5 11/2028	4	115.37	-1.56	-1.3%	114.14	6/10/15	121.45	1/29/15

Source: Markit

Securitised products

The securitised product markets continued to see weaker liquidity in November, as investors continue to reassess and reposition ahead of an anticipated Fed rate increase at the December meeting. The market's challenge is trying to determine whether the current liquidity doldrums is the typical year-end securitisation market slowdown in trading activity, or the progression of a downward credit cycle that will see increased corporate defaults in 2016.

Unusually low swap spreads is spurring some discussions to revisit its use as a benchmark

Unusually low (negative) swap spreads to Treasuries is causing the market to revisit the use of swaps as the benchmark, since switching from US Treasuries in 2000 for a large portion of the fixed-rated securitisation market. The anomalies in the interest rate swaps market are likely driven by changes in structural and technical factors like the move to centralised swap clearing, declines in dealer balance sheets, and record high corporate issuance.

Agency MBS market generally optimistic, but most pay-ups are lower in November

The market appears to remain most optimistic about the agency MBS market, as a gradual Fed increase will likely benefit the sector through decreases in prepayments, increased bank purchases and lower interest rate volatility. However, the increase in rates has driven specified pool pay-ups lower across most story types in November (Table 17), as the impact of those collateral features will be tempered by the decreases in rate refinance incentives.

Tiering continues to be very pronounced in credit products

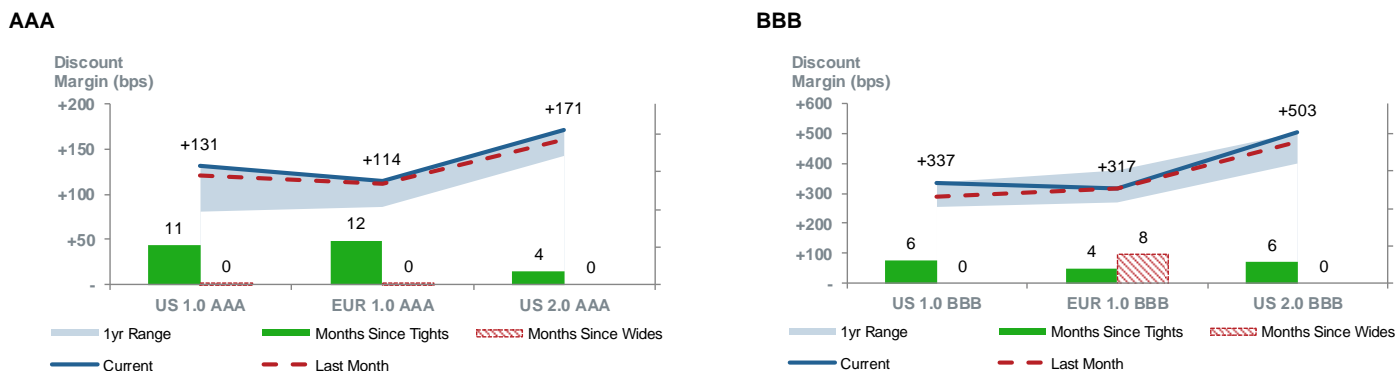
Tiering continues to be very apparent across both CLOs and consumer ABS, with top tier managers and issuers trading noticeably tighter versus lower tier issuers, with the latter often having difficulty launching

new deals at current spreads. A few ABS auto deals were pulled from the primary market, with the postponement of Porsche's PILOT 2015-2 auto lease transaction impacted directly by its parent Volkswagen's emissions controversy. In CLOs, about 50% of BWIC bonds did not trade and that percentage is much higher for lower rated bonds, with particularly wide tiering for AAAs and sharply less demand for non-Volcker compliant and high energy/mining deals. On a positive note, the US auto 2+year ABS prime and subprime ABS tightened 3bps in November.

Non-agency trading volumes continues to be light, with only slight price volatility

Non-agency MBS trading volume was light and choppy again in November, with some slight volatility during the month and some investor focus on lower credit paper. Last cash flow subprime bonds reported some increased demand during the month after falling out of favour versus other non-agency mortgage sectors for most of this year, which could signal a broader increase in demand going into the New Year across the sector. The number of called deals continues to increase, with plenty of demand for whole loans in the wake of light origination due to very tight lending standards.

Figure 7: US and European CLO AAA/BBB spread summary



Source: Markit

Table 17: Fannie Mae / Freddie Mac 30yr specified pools pay-ups in ticks (1/32 points)

Coupon	November 2015						Change vs October 2015					
	3	3.5	4	4.5	5	5.5	3	3.5	4	4.5	5	5.5
LLB (85K)	0-15	0-23	1-11	2-03	2-00	1-24	-0-01	-0-11	-0-16	-0-12	-1-01	-0-06
MLB (110K)	0-11	0-16	1-02	1-27	2-06	2-02	-0-02	-0-11	-0-15	-0-15	-0-15	-0-13
HLB (150K)	0-13	0-12	0-23	1-11	1-08	0-27	+0-02	-0-06	-0-14	-0-08	-0-05	-0-09
New Prod	0-01	0-06	0-04	0-13	0-18	0-00	-0-02	+0-04	-0-01	-0-03	0-00	0-00
Low FICO	0-05	0-03	0-07	0-16	0-17	0-29	-0-14	-0-03	-0-02	+0-03	+0-03	+0-01
Investor	0-05	0-04	0-06	0-10	0-18	1-25	-0-03	-0-02	-0-01	-0-01	-0-05	0-00
MHA <90	0-03	0-05	0-05	0-11	0-23	2-12	-0-02	-0-01	-0-02	-0-01	+0-02	0-00
MHA <95	0-16	0-06	0-09	0-16	0-18	0-23	+0-07	-0-03	-0-04	-0-02	-0-05	-0-05
MHA <100	0-11	0-03	0-09	0-21	0-22	1-07	-0-01	-0-07	0-00	+0-02	-0-02	+0-05
MHA <105	0-17	0-06	0-14	0-15	0-22	2-05	-0-02	-0-03	-0-02	-0-01	-0-07	0-00
<125 LTV	0-04	0-09	1-04	1-20	2-24	1-31	-0-01	-0-03	0-00	-0-06	0-00	0-00
125+ LTV	0-31	0-09	0-19	2-04	2-09	3-07	+0-05	-0-05	-0-16	-0-04	-0-11	-0-21

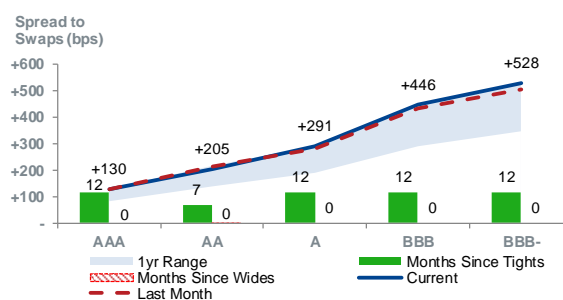
Source: Markit

Table 18: Fannie Mae / Freddie Mac 2015 production agency CMO spreads - 30yr WAM 4.0% coupon

	Spread to Treasuries (bps)	Month-over-month change (bps)
Sequential		
2-yr	+55	-10
5-yr	+55	-
10-yr	+90	+5
PAC		
2-yr	+85	+15
5-yr	+80	-5
10-yr	+95	-

Source: Markit

Figure 8: CMBS credit curve spread to swaps



Source: Trepp

Table 19: Global consumer ABS spread summary

	Current (bps)	MoM change (bps)	1yr tight	Date	1yr wide	Date
US Credit Cards - Fixed-Rate						
2-3yr AAA US Swaps	+47	+1	+24	5/8/15	+47	11/16/15
4-5yr AAA US Swaps	+56	-14	+35	4/1/15	+70	10/14/15
US Credit Card - Floating-Rate						
2-3yr AAA US LIBOR DM	+40	+1	+24	12/1/14	+40	11/16/15
4-5yr AAA US LIBOR DM	+62	+3	+35	12/8/14	+62	11/5/15
European Credit Card - Floating-Rate						
AAA EUR LIBOR DM	+55	+18	+37	12/1/14	+55	11/19/15
US Prime Auto - Fixed-Rate						
0-2yr AAA EDSF	+38	+1	+18	12/8/14	+38	11/20/15
2+-yr AAA US Swaps	+48	-3	+25	4/7/15	+51	11/2/15
European Prime Auto Loan - Floating-Rate						
AAA EUR LIBOR DM	+51	+5	+26	3/4/15	+51	11/30/15
US Subprime Auto - Fixed-Rate						
1-2-yr AAA EDSF	+77	+4	+45	7/21/15	+78	11/23/15
2+yr AAA US Swaps	+93	-3	+48	6/15/15	+97	11/5/15
US Equipment - Fixed-Rate						
2+yr AAA US Swaps	+54	+2	+43	12/1/14	+55	11/5/15
European Equipment - Floating-Rate						
A EUR LIBOR DM	+143	+2	+109	12/29/14	+182	6/30/15
US FFELP Student Loans - Floating-Rate						
2-4yr AAA 3mo US LIBOR DM	+95	+9	+36	12/3/14	+95	11/20/15
10+yr AAA 3mo US LIBOR DM	+155	+1	+90	12/3/14	+157	9/24/15

Source: Markit

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