THE BIG STORY

CURRENT HIGHLIGHTS

- US-China trade relationship intensifies
- Global Inflation readings still benign
- US Payrolls – strongest in nearly five decades
- Eurodollar futures pointing to a 25bp cut in Fed Funds rate in Q4 this year.
- Rising defaults on Chinese corporate debt translates to increasing transparency by the authorities
- EM-Asian policy makers are dovish and have cut rates, LATAM policymakers are on hold for now

WHAT WE ADVOCATE

- EM Eurobonds issuance across corporates and Sovereigns debt.
- EM local Currency bonds
- Global Investment Grade over High Yield
- Duration – prefer five to seven year maturities
- Long-dated EM bonds: Optimize on steep yield curves
- Prefer “fixed” over “floating” rate bonds
TOP BOND IDEAS

**VALE**
Rating: Ba1/BBB-/BBB-
Yield: 5.47%
Coupon: 6.25%
Sector: Mining

**VODAFONE**
Rating: Ba1/BBB-/BBB-
Yield: 5.47%
Coupon: 6.25%
Sector: Communications

**GOLD FIELDS**
Rating: Baa3/BB+
Yield: 5.82%
Coupon: 6.125%
Sector: Oil & Gas

**ADES**
Rating: B+/B+
Yield: 8.42%
Coupon: 8.625%
Sector: Oil & Gas

**CHINA OIL**
Rating: Ba2/BB
Yield: 5.13%
Coupon: 4.625%
Sector: Oil & Gas

**COUNTRY GARDEN**
Rating: BBB-
Coupon: 6.50%
Yield: 6.30%
Sector: Real Estate

**JSW STEEL**
Rating: Ba2/BB
Yield: 5.92%
Coupon: 5.95%
Sector: Metals

**SOFTBANK**
Rating: Ba1/BB+
Yield: 5.28%
Coupon: 5.125%
Sector: Financials

**SHRIRAM TRANSPORT**
Rating: BB+/BB+
Yield: 5.88%
Coupon: 5.95%
Sector: Transport

**SERBA DINAMIK**
Rating: BB-
Coupon: 6.25%
Yield: 5.82%
Sector: Oil & Gas

**PUMA ENERGY**
Rating: Ba2/BB
Coupon: 5.125%
Yield: 7.02%
Sector: Oil & Gas

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Rating: BBB-
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BOND HIGHLIGHTS

<table>
<thead>
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<th>ISIN</th>
<th>Issuer</th>
<th>Currency</th>
<th>Coupon</th>
<th>Maturity</th>
<th>Last Price</th>
<th>G Spread</th>
<th>Yield to Worst</th>
<th>Moody's</th>
<th>Fitch</th>
<th>S&amp;P</th>
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<td>XS1888180640</td>
<td>VODAFONE GROUP PLC</td>
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<td>6.250</td>
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Source: Bloomberg data as of 16 May 2019
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<tr>
<th>ISSUER DESCRIPTION</th>
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<tr>
<td><strong>JSW STEEL</strong></td>
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<tr>
<td><strong>SHRIRAM TRANSPORT</strong></td>
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<tr>
<td><strong>VODAFONE</strong></td>
</tr>
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<td><strong>SERBA DINAMIK</strong></td>
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<tr>
<td><strong>CHINA OIL</strong></td>
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<tr>
<td>ISSUER DESCRIPTION</td>
</tr>
<tr>
<td>---------------------</td>
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<tr>
<td><strong>GOLD FIELDS</strong></td>
</tr>
<tr>
<td>Gold Fields Limited is one of the world’s largest gold mining firms. Headquartered in Johannesburg, South Africa, the company is listed on both the Johannesburg Stock Exchange and the New York Stock Exchange. The firm was formed in 1998 with the amalgamation of the gold assets of Gold Fields of South Africa Limited and Gencor Limited.</td>
</tr>
<tr>
<td><strong>COUNTRY GARDEN</strong></td>
</tr>
<tr>
<td>Country Garden Holdings Company Limited is a real estate developer. The Company builds villas, townhouses and apartments in Mainland China. Country Gardens also develops large-scale community facilities such as schools, hotels, hospitals, and theme parks.</td>
</tr>
<tr>
<td><strong>PUMA ENERGY</strong></td>
</tr>
<tr>
<td>Puma Energy Holdings Ltd is a global oil energy company that focuses on fast-growing markets with high demand for oil products, incorporated in Singapore as a private company limited by shares.</td>
</tr>
<tr>
<td><strong>SOFTBANK</strong></td>
</tr>
<tr>
<td>SoftBank Group Corp., together with its subsidiaries, operates in the information industry in Japan and internationally. The company operates through five segments: Domestic Telecommunications, Domestic Telecommunications segment, Sprint segment engages, Yahoo Japan segment, Distribution segment, ARM segment.</td>
</tr>
<tr>
<td><strong>ADES INTN</strong></td>
</tr>
<tr>
<td>ADES International Holding (ADES on the LSE) is a leading oil and gas drilling and production services provider in the Middle East and Africa offering offshore and onshore contract drilling as well as workover and mobile offshore production unit (&quot;MOPU&quot;) services. From its base in Egypt, ADES International Holding leverages its low-cost structure and highly skilled workforce of over 3,500 employees to consistently set the benchmark for high quality and efficient services.</td>
</tr>
<tr>
<td><strong>VALE</strong></td>
</tr>
<tr>
<td>Vale is the world’s largest producer of Iron Ore, Iron Ore pellets, and is also one of the largest nickel producers. The company also operates railways, marine terminals, and ports, all of which are integrated with its mining operations. VALE is the largest energy consumer in Brazil, with a strong presence in the energy and steel sectors.</td>
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UNDERSTANDING SOVEREIGN / CREDIT RATING

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<th>Moody’s Investor Service</th>
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<td>AAA</td>
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</tr>
<tr>
<td>Aa1</td>
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<td>Aa3</td>
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<td>Baa1</td>
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<td>Caa1</td>
<td>CCC</td>
<td>CCC+</td>
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Credit ratings guides investor’s while investing allowing for an informed decision on evaluating the risks attached.

Credit rating is an opinion about a debt instrument (“Issue”) and its “Issuer”.

It tells an investor;
- If the debt instrument is safe or risky.
- If the issuer will be able to fulfill the future ability, and legal obligations towards making timely payments of interest payments and repay the capital at maturity

“Credit rating is only an opinion. It is not an investment recommendation to buy, hold or sell.”
BOND PERFORMANCE YTD

Source: Bloomberg data as of 30 MAY 2019
Syed Yahya Sultan is the Head of Fixed Income Strategy for the CIO Office, Wealth Management division at Emirates NBD. He’s in charge of the investment strategy for the asset class, is a voting member of the bank’s Tactical Asset Allocation Committee and is responsible for the list of recommended bonds.

Yahya has over 19 years of experience in fixed income spanning across brokerage, proprietary trading, Islamic banking, Portfolio management and active advisory services. Yahya grew up in the UAE and holds a MBA from the Preston University, Wyoming, USA. Prior to Joining Emirates NBD, he managed the Sukuk business at Noor Bank.

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