



Leveraged Lion Capital

Fixed Income Research Report

09.14.20

LLC Portfolio Review

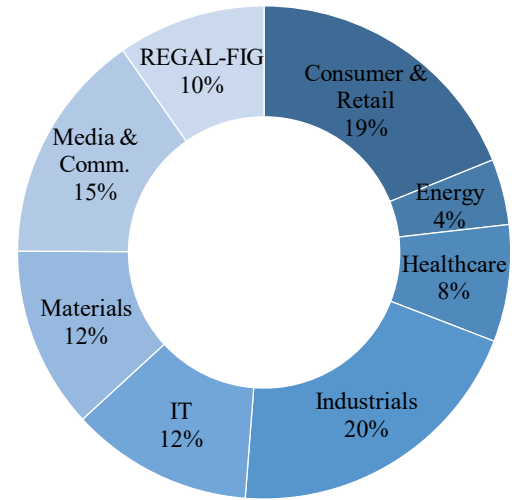
Portfolio Characteristics

Number of holdings	21
Average price	92.26
Average YTM	9.87%
Average total leverage	-
Average interest coverage	-

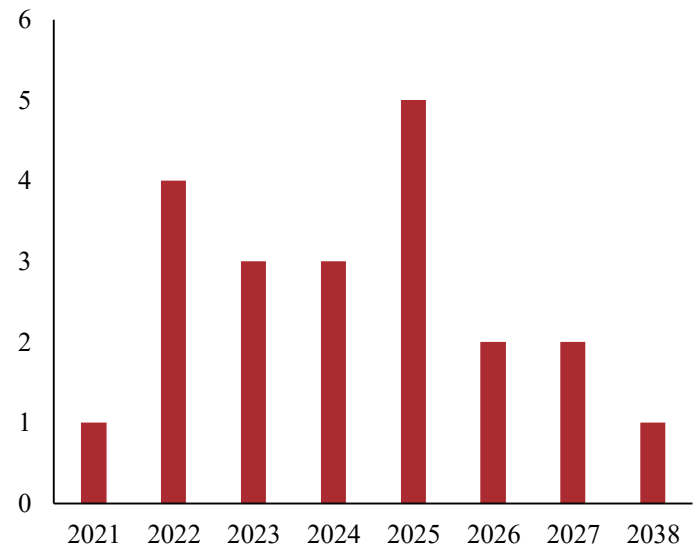
Credit Quality (# of holdings)

Bank Loans	54.19%
BB+	5.26%
BB	15.79%
BB-	10.53%
B+	21.05%
B	36.84%
High Yield Corporates	25.49%
BB-	42.86%
B+	14.29%
B	28.57%
B-	14.29%
CCC-	0.00%
Cash & Cash Equivalents	20.32%

Sector Allocation (% of total assets)



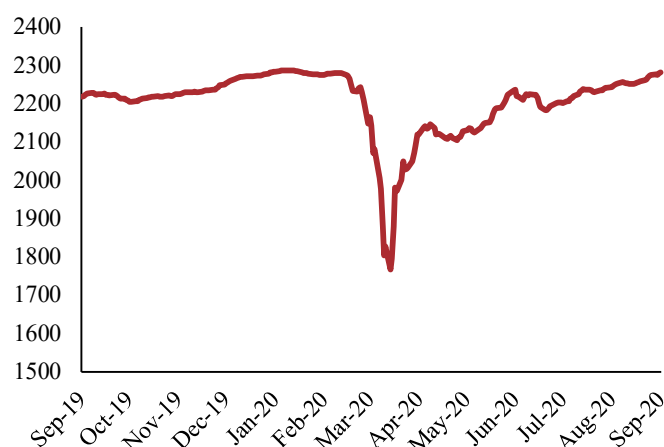
Maturity Distribution (# of holdings)



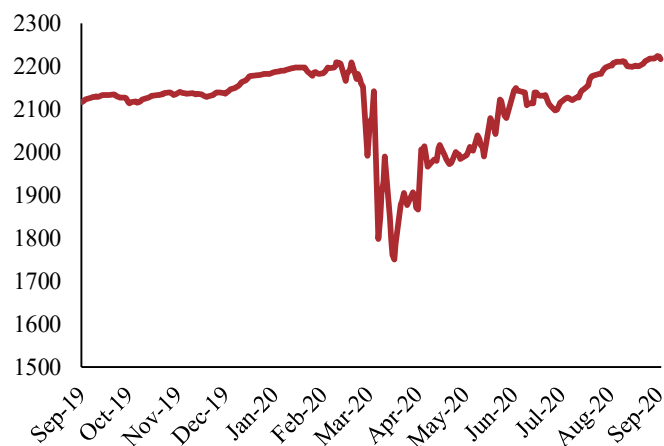
Loan & HY Bond Market Recap

- Loan funds saw \$260.00 mm in outflows this week, carrying the streak to 5 consecutive weeks. This marks the 12th week out of the past 13 where there have been outflows, the total at \$3.02 bn
- High-yield had a week of outflows totaling \$769.00 mm. This week of outflows officially knock off the record streak of inflows that high-yield had seen (20/23 weeks). In the high-yield market, we saw a record \$16.00 bn in launched volume
- Half of this week's volume in the leveraged loan market came from deals purposed to pay out dividends to buyout shops. There were five of such deals, accounting for the highest total in a week since 2017

S&P/LSTA US Leveraged Loan 100 Index



Bloomberg Barclays US Corp HY Index



Notable Moves in Secondary Market

- In the secondary markets, the Bloomberg Barclays HY Index decreased by 0.22% while the LSTA 100 increased by 0.37%
- The largest gainers in the US high-yield space this week included GTT Communications Inc.'s 2024 notes (+37.40%) and Mallinkrodt's 2025 notes (+18.23%)
- The biggest losers in the US high-yield market this past week were Pacific Drilling's 2024 notes (-40.15%) and CCF Holdings LLC's 2023 notes (-11.33%)

S&P/LSTA U.S. Leveraged Loan 100

Bloomberg Barclays U.S. Corp HY

	S&P/LSTA U.S. Leveraged Loan 100	Bloomberg Barclays U.S. Corp HY
1-month	1.72%	-0.06%
YTD	0.38%	1.22%
Index value	2282.12	2212.0
52-week high	2287.33	2224.73
52-week low	1766.72	1750.98

Source: LevFin Insights, S&P Global

Leveraged Lion Capital

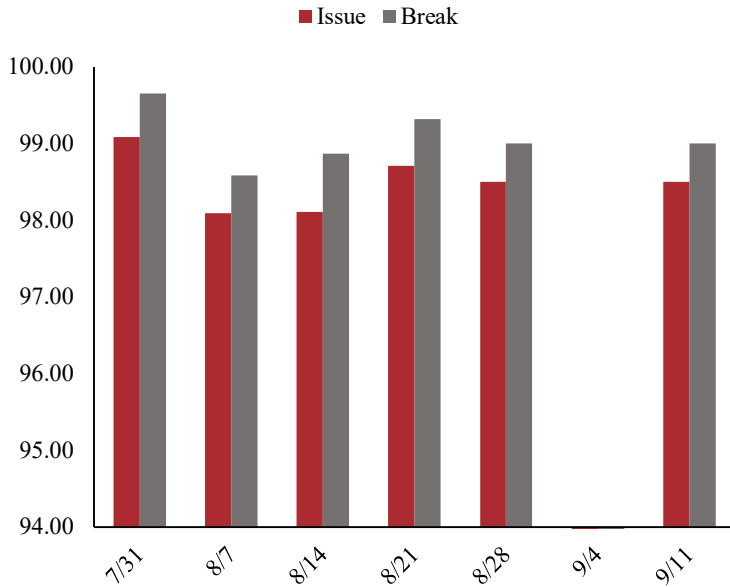
LLC

Fixed Income Weekly Report

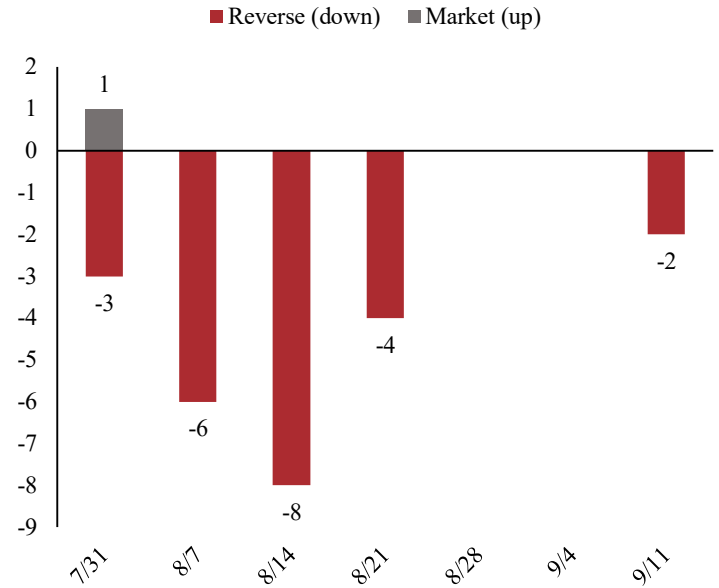
September 14th, 2020

+1.38%

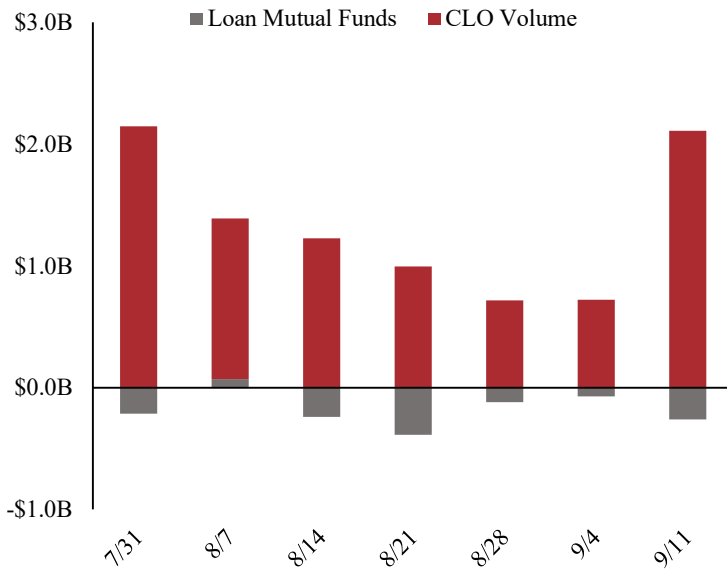
Prices (first-lien deals)



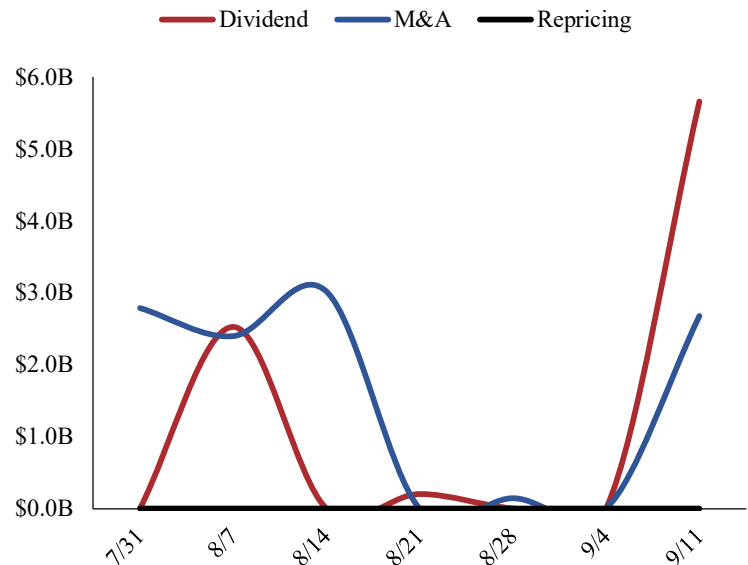
Flex Activity



Fund Flows

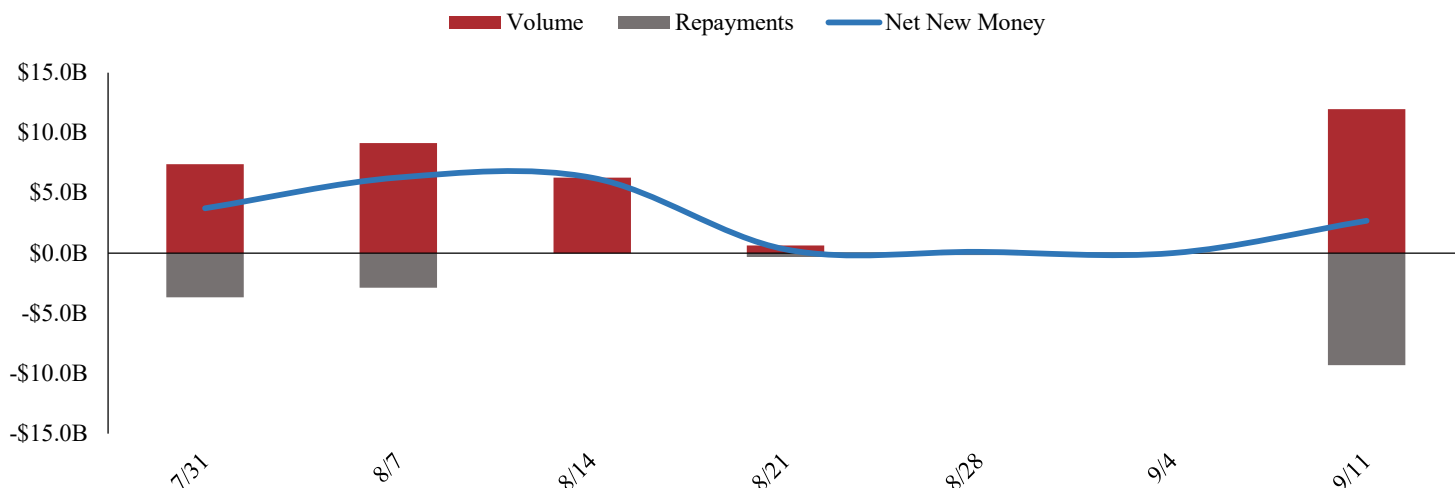


Launched Deal Volume by Purpose



Source: LevFin Insights

Net Launched Volume



Recent Leveraged Loan Deals

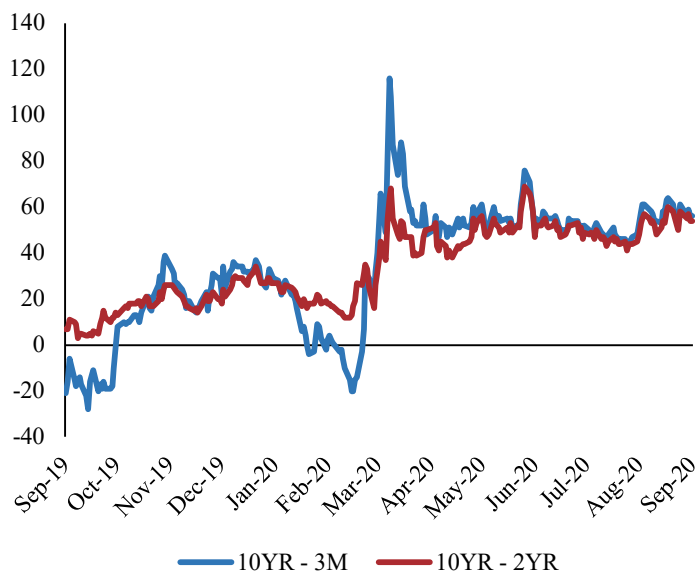
Company	Purpose	Tranche Size	Spread (bps)	OID
LegalShield	Refinancing	\$135.00 mm	L+400	98.50
Avianca S.A.	DIP	\$1,300.00 mm	L+1050	98.00
MetroNet Systems Holdings	Refinancing	\$100.00 mm	L+450	100.00
PLZ Aeroscience	M&A	\$325.00 mm	L+425	98.50
Asplundh Tree Expert	Refinancing	\$2,750.00 mm	L+250	99.50
Cross Insurance	Refinancing	\$420.00 mm	L+450	99.00
Herschend Family Entertainment	Refinancing	\$500.00 mm	L+575	96.00

Recent High-Yield Bond Deals

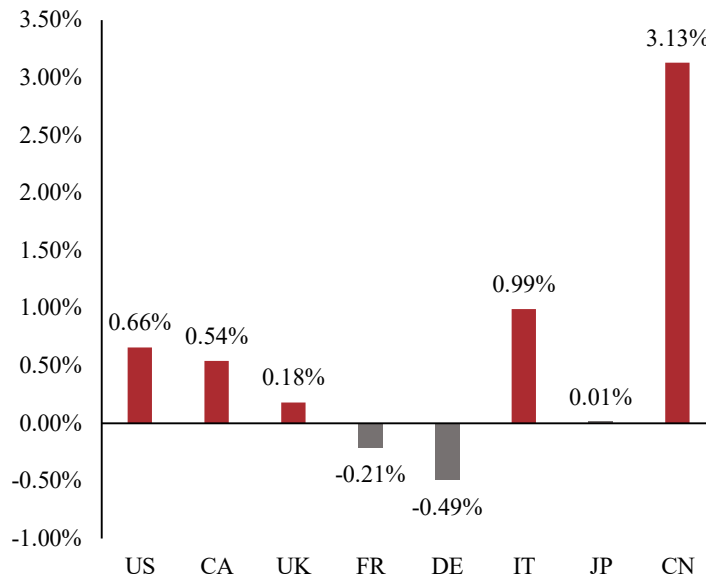
Company	Purpose	Tranche Size	Coupon	Issue Price
Cornerstone Building Brands	Repay Bank Debt	\$500.00 mm	6.125%	100.00
PDC Energy Inc.	GCP	\$150.00 mm	5.750%	99.00
Switch Ltd.	Repay Bank Debt	\$600.00 mm	3.750%	100.00
The Nielsen Company	Refinancing	\$1,000.00 mm	5.625%	100.00
Virgin Media	GCP	\$1,350.00 mm	4.250%	100.00
Big River Steel	Refinancing	\$900.00 mm	6.625%	100.00
Hudbay Minerals Inc.	Note Redemption	\$600.00 mm	6.125%	100.00
IAMGOLD Corporation	Note Redemption	\$450.00 mm	5.750%	100.00

Source: LevFin Insights

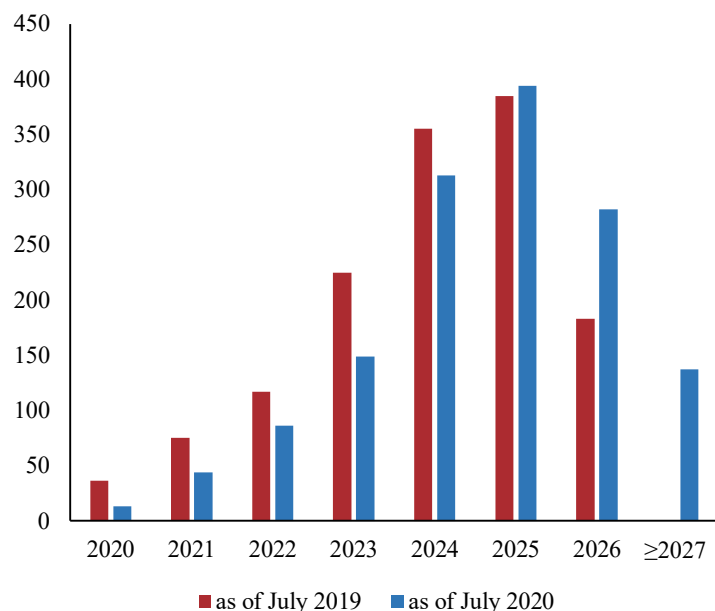
Treasury Yield Curve Spreads



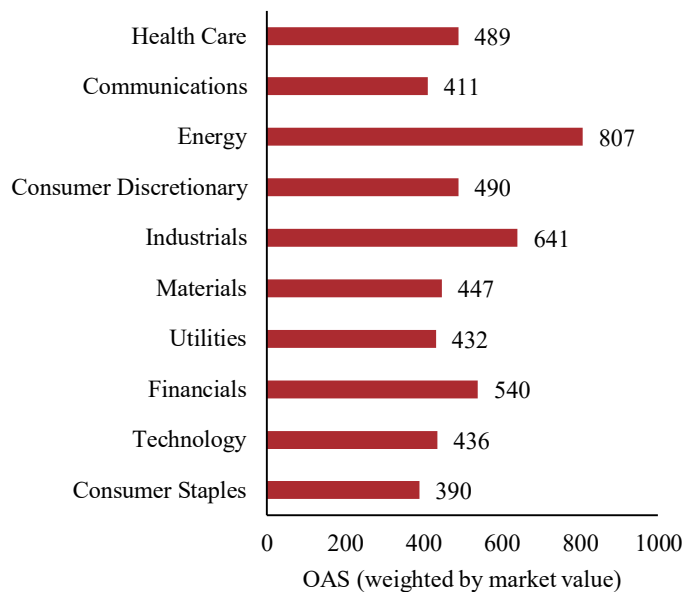
10-year Government Bond Yields



Maturity Distribution



HY OAS by Sector



Source: LevFin Insights & St. Louis Fed

Special Topics & Notable Developments Cont.

Distressed Credit and Bankruptcy News

- Anchorage Capital Group has aided J. Crew Group in emerging from bankruptcy as the majority owners
 - The restructuring plan helped J. Crew turn more than \$1.50 bn of debt into equity
 - J. Crew received additional financing through an asset-backed loan that matures in 2025 and an additional term loan maturing in 2027, totaling \$800.00 mm all in
- Automotive manufacturer McLaren recently announced and confirmed a refinancing plan that could include the sale of its global headquarters
 - In addition, McLaren has been in talks with multiple banks for a possible debt restructuring
- The department store chain Century 21 Stores has recently filed for bankruptcy and plans to completely shut down
 - When filing, they stated to have about \$500.00 mm of both assets and liabilities on its balance sheet
- J.C. Penney lenders, alongside Simon Property Group and Brookfield Property Partners have agreed to purchase the stores and retail operations of the bankrupt consumer and retail company
 - The purchase is worth about \$1.75 bn, helping to save around 70,000 jobs according to Kirkland & Ellis

LLC Holdings – Specific News

- In Information Technology, Dell Technologies announced plans to cut its workforce earlier this week
 - In a move to cut costs Dell also released a remote-working plan in addition to the job cuts
 - Company executives have publicly stated that the current goal is to become an investment grade company once again after taking on loads of debt in the acquisition of EMC Corp in 2016
- In REGL/FIG, Virtu Financial recently launched Prism Frontier, which is “a post-trade analytics tool designed to provide transparency and forensics around client executions”
 - The product launch further expands Virtu’s large catalogue of offerings. The company has announced plans to launch another tool under the Prism suite sometime in 3Q 2020
- In Consumer, Yum! Brands announced in regards to its China operations that they are still planning on opening over 800 stores throughout the country this year
 - Yum China Holdings’ CEO Joey Wat claims that the company has witnessed strong brand recoveries throughout the country, and said that China is bouncing back from the economic woes at a good pace
 - In addition, Yum China Holdings was able to raise \$2.20 bn in a second equity listing in Hong Kong

Source: Bloomberg, S&P Global, LevFin Insights

Upcoming Economic Calendar

Day	Time	Report	Period	Previous	Forecast
Tuesday 9/15	8:30 am	Import Prices (MoM)	August	0.7%	0.5%
Tuesday 9/15	8:30 am	Export Prices (MoM)	August	0.8%	0.4%
Tuesday 9/15	9:15 am	Industrial Production (MoM)	(MoM)	3.0%	1.0%
Tuesday 9/15	9:15 am	Manufacturing Production (MoM)	August	3.4%	1.2%
Wednesday 9/16	7:00 am	MBA Mortgage Applications	11/Sep	2.9%	n/a
Wednesday 9/16	8:30 am	Retail Sales (MoM)	August	1.2%	1.0%
Wednesday 9/16	10:00 am	Business Inventories (MoM)	July	-1.1%	0.1%
Thursday 9/17	8:30 am	Initial Jobless Claims	12/Sep	884 k	850 k
Thursday 9/17	8:30 am	Housing Starts	August	1.5 mm	1.5 mm

Previous Economic Calendar

Day	Time	Report	Period	Previous	Actual
Wednesday 9/09	10:00 am	JOLTs Job Openings	July	6.0 mm	6.6 mm
Thursday 9/10	8:30 am	PPI (MoM)	August	0.6%	0.3%
Thursday 9/10	8:30 am	Initial Jobless Claims	05/Sep	884 k	884 k
Thursday 9/10	10:00 am	Wholesale Inventories (MoM)	July	-1.3%	-0.3%
Friday 9/11	8:30 am	Inflation Rate (YoY)	August	1.0%	1.3%
Friday 9/11	8:30 am	Core Inflation Rate (YoY)	August	1.6%	1.7%
Monday 9/14	11:00 am	Consumer Inflation Expectations	August	2.9%	3.0%

Source: Trading Economics