8 September 2020

Fixed Income Research

Monthly Review: August 2020

Talk to a bond income specialist for more information on specific securities and issues.

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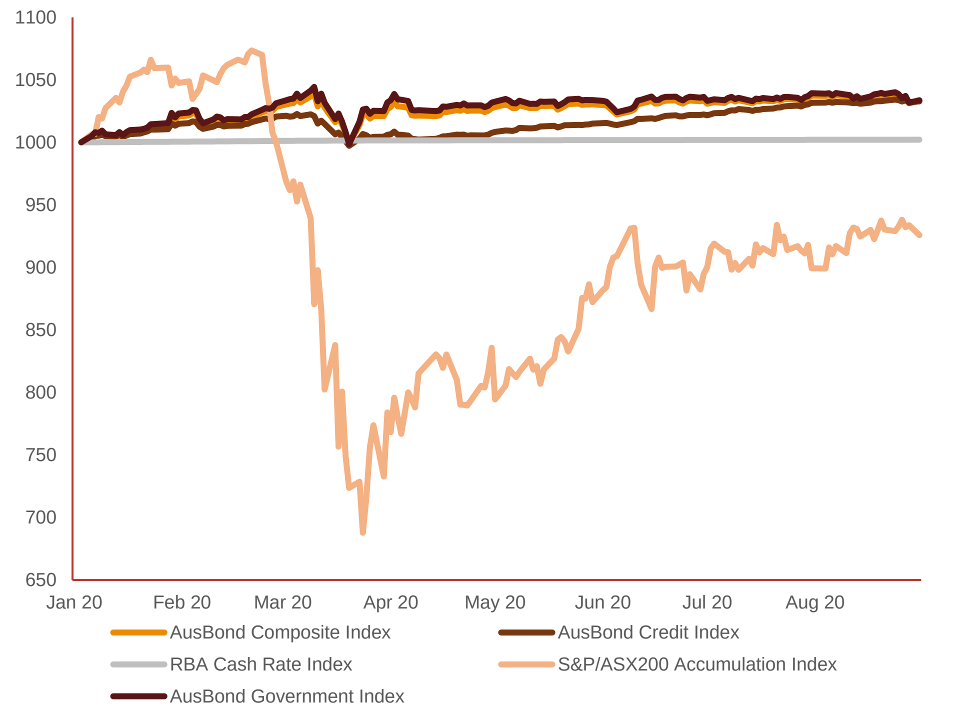
Overview

- August was a mixed month for financial markets as the continuing COVID crisis drove a global dislocation in performance between equities, which generally surged higher over the month. Whereas credit markets, recorded muted gains or retraced.
- In our Strategy section we take a glance at some of the key challenges facing domestic companies as they look to work through one of the most challenging periods in their history.
- Most of the names under our coverage reported either full- or half-year results. Given the enormous uncertainty around COVID and the economy, this reporting season was especially significant, as it has given some clarity both to the state of individual issuers and the market more broadly. In our Banks & Financials and Corporates Sections we summarise the key results from the month.

Figure 1. Domestic Performance



Source: BondAdviser, Bloomberg.

Performance

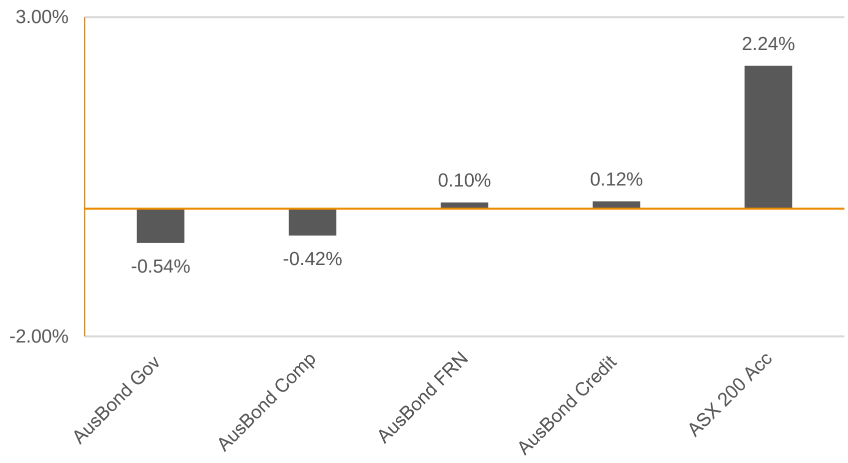
Market Indices

August was a relatively soft month for credit markets, as the rebound from March lows, which had been consistent over the prior four months, either slowed to marginal gains or retraced. The **AusBond Government Index** led the weakness, closing the month 0.54% lower while the **AusBond Composite Index** similarly fell 0.42% over the month. Both indices suffered steep sell offs in the final week of August. The **AusBond FRN Index** and **AusBond Credit Index** proved more resilient, both delivering marginal growth over the month.

August was a mixed month for markets. Equity markets performed well again, continuing their strong rebound from March lows, whilst the performance in credit markets was softer.

The synchronous performance of credit and equity markets since the pandemic lows in March halted this month, as Australian equity markets surged through August. The **ASX200 Accumulation Index** posted a 2.24% gain, up from its 0.91% increase in July.

Figure 2. Monthly Performance - Key Indices



Source: BondAdviser, Bloomberg.

Security Performance

The ASX-listed debt and hybrids performed well through August, outperforming the broader **AusBond Credit Index**, as the universe of securities under our coverage posted a monthly gain of 0.95%.

The month was strong across the board, with 72% of securities recording margin tightening, although all were modest gains. Leading these were **BENPE** (-1.66%) and **NABPB** (-1.46%) which are both now trading at a slight premium as they approach their respective maturities in November and December 2020. Also performing well was **MQGPB** (-0.72%) following a solid 1Q21 trading update by Macquarie Group during the month.

Conversely, **CWNHB** (+1.89%) traded wider again through August, as the COVID crisis - in particular the Victorian lockdown, has caused major weakness in the Group's earnings and substantially eroded its credit metrics. **AMPPA** (+0.47%) also performed poorly following a weak 1H20 result and a challenging outlook for the Group, which has subsequently been followed up by a credit ratings downgrade by S&P.

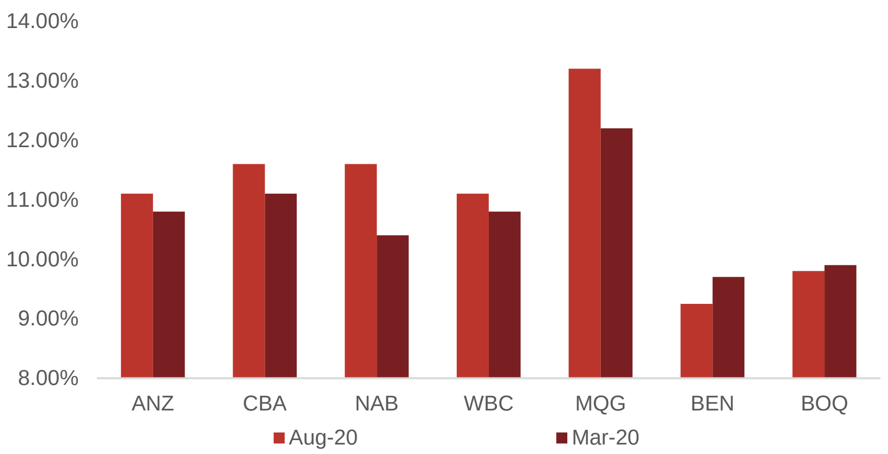
Strategy

The Challenge Begins

Plenty of Speedbumps in Sight as Domestic Lockdowns Persist

As key economic indicators continue to weaken and Australia finds itself in its **first recession in almost 30 years**, management teams across the country look to work their way through levels of uncertainty rarely seen in modern corporate history. Further compounding these economic headwinds, government support programs will slowly be wound back in some capacity, putting pressure on the largest driver (~60%) of GDP – consumer spending.

Figure 3. Major Bank CET1 Ratios Remain Strong



Source: BondAdviser. As of 20 August 2020.

Coordinated central bank action has allowed global capital markets to re-open since they dried up in March. Although there remains a risk of a recurrence of these markets drying up again, this is not our base case scenario given the **commitment of central banks to continue to provide liquidity**. As we head into 2021, we expect higher quality companies to continue to source particularly cheap funding – not a luxury available for lower rated entities.

Domestic corporates, particularly higher rated ones, have done an encouraging job of protecting themselves against future earnings uncertainty by bolstering liquidity. Whilst some have opted for equity capital markets, others have chosen debt capital markets. Not surprisingly, in these times we prefer higher grade companies with track records of predictable cash flows, strong balance sheets and accessible sources of funding. Opportunities down the credit quality curve do exist, however, these are fewer in number.

Financials continue to face increasing challenges, driving a cautious outlook on the sector for 2021. While equipped with strong capital positions and an even stronger liquidity and funding profile – thanks to the RBAs Term Funding Facility – **asset quality will come under increasing pressure in the near term**. We are already witnessing this **stress in major bank delinquency numbers** and expect them to deteriorate further once government support programs are unwound.

Investors must not become complacent in expecting an immediate recovery. Especially as Australia's second largest state, Victoria, enters an economically crippling lockdown. This will impact confidence and growth Australia wide, so jumping into **high risk exposures now would not be advised**. While other states will support a gradual growth recovery in the meantime, the full tailwind of a national recovery will not likely be witnessed until 2021.

Banks & Financials

AMP Limited – Credit Neutral

AMP Limited (AMP) delivered another weak result with 1H20 underlying profit down 42% on 1H19 to $149 million, this time largely attributable to COVID-19 related impacts. The result was in line with recent guidance, but it was the announcement about $544 million of capital to be returned to shareholders that pleased equity markets, sending the shares up almost 11% on the day of the result. This will comprise a fully franked 10 cents special dividend amounting to $344 million and $200 million to be spent on an on-market share buy-back over the next 12 months. Statutory profit was $203 million (1H19: $2.3 billion loss). **This has since been followed up by a credit ratings downgrade by S&P.**

The 2H20 outlook looks challenging with COVID-19 impacting all businesses across the group. Structural challenges in wealth remain. These headwinds may flow into FY21. The Group does have a strong capital position, which is a positive for the credit profile and offsets some earnings risk and uncertainty on the outcome of the transformation program. On balance, we consider AMP to be a lower rated investment grade issuer with a **Stable** outlook.

Bendigo and Adelaide Bank – Credit Negative

Bendigo and Adelaide Bank (BEN) reported a weaker FY20 result that missed market estimates largely due to higher operating costs. Cash NPAT was down 27.4% to $302 million driven by COVID-19 related loan impairment expenses, increased operating expenses reflecting investment in the business and lower fee income.

The CET1 strengthen is now be in the middle of the target range and remains above regulatory requirements. The deferral of the final dividend is positive for BEN's credit profile.

We believe the major banks are better placed than regional banks to navigate the COVID-19 fallout. During the GFC, credit losses were more confined to corporate exposures. **The economic consequences of COVID-19 are likely to be more broadly spread so the regionals could feel relatively more pain from credit losses.** Added to this is BEN's is higher exposure to Victoria, which is currently in a State of Emergency with strict lockdowns. Consequently, we lowered BEN's credit outlook to **Deteriorating**.

Challenger Limited – Credit Neutral

Challenger (CGF) reported a weak but reasonable FY20 result in a difficult operating environment due to structural changes in retail financial advice and COVID-19, with normalised net profit before tax down 8% to $507 million and at the lower end of guidance. Normalised NPAT fell 13% to $344 million and statutory NPAT came in at a loss of $416 million (FY19: $308 million) due to a large investment experience loss. No final dividend was declared.

Guidance points to another tough year. FY21 normalised net profit before tax is expected to be between $390 million-$440 million or 13%-23% below FY20. But with a stronger capital position and more defensively positioned Life investment portfolio, **we remain comfortable with the group's credit profile.**

Commonwealth Bank of Australia – Credit Neutral

Commonwealth Bank (CBA) reported a 11.3% fall in FY20 cash NPAT for continuing businesses to $7.3 billion primarily due to higher COVID-19 loan impairment expenses. The result was below consensus estimates in the $7.6 billion to $7.7 billion range. Statutory NPAT was up 12.4% to $9.6 billion as it included $2.1 billion in net gains on divested businesses. The final dividend was cut 31% to 98 cents but was above market expectations as it was based on statutory rather than cash profit.

The underlying cash result was solid with profit before impairment expenses and tax was up 0.9% to $12.9 billion. **CBA's strong capital position, sound provisioning levels and solid underlying operating performance in FY20 put it in a good position to manage COVID-19 headwinds**. We continue to view CBA's credit outlook as **Stable**.

Insurance Australia Group – Credit Neutral

There were no real surprises in Insurance Australia Group's (IAG) FY20 result as the insurer had released preliminary results two weeks earlier, with the reported insurance margin coming in below guidance. Reported NPAT fell 60% to $435 million and cash earnings dropped 70% to $279 million with a loss of $101 million recorded in the second half.

The result was impacted by higher catastrophe costs, claims reserve top ups, customer remediation costs and a drop-in investment income. The final dividend was cancelled as previously flagged. **We remain confident in IAG's credit position given its robust capital position.**

QBE Insurance Group Limited – Credit Neutral

QBE's 1H20 result for the six months to 30 June 2020 was slightly better than recent guidance. The main surprise was the declaration of an interim dividend given the reported loss, albeit it was cut by 84% to 4 cents (1H19: 25 cents).

Reported NPAT was a loss of US$712m (1H19: US$463 million reflecting: (i) COVID-19 impacts (US$335 million); (ii) catastrophe claims costs above allowance (US$56 million); (iii) increase to prior period claims reserves (US$120 million); and (iv) net investment loss (US$90 million). Cash profit was a loss of US$682 million (1H19: $520 million).

Outlook commentary at the 1H20 result was cautiously optimistic. Not surprisingly, the caution reflects economic uncertainty from COVID-19. The optimism comes from positive underlying trends in the result including from hardening premium rates, continued improvements in additional claims and benefits from the operating efficiency program.

QBE is better positioned to face of economic headwinds having raised equity to strengthen the balance sheet, taken additional reinsurance cover and de-risked the investment portfolio**. A stable business risk profile and a strong financial risk profile puts QBE in a strong position to navigate COVID-19 driven economic uncertainties.**

Suncorp Group – Credit Neutral

Suncorp Group (SUN) reported a 32.8% fall in FY20 cash NPAT to $749 million reflecting weaker performances in Insurance Australia and Banking and Wealth; a flat performance in Suncorp New Zealand; plus a number of one-off items including a $60 million provision for underpayment of staff.

The Board declared a final dividend of 10 cents (2H19: 44 cents), which may explain the positive reception to the result by equity markets. **We were not as enthusiastic**. The underlying general insurance result was reasonable despite natural disasters while banking underlying performance continued to underwhelm.

The impact of COVID-19 was felt across the group with Suncorp estimating net negative impact of COVID-19 on the result of $140 million. But it was Banking and Wealth that felt most of the pain ($160 million), primarily because of higher credit loss provisions.

We believe the major banks are better positioned than regional banks. However, the Group's much larger insurance business provides all important diversification and relatively more earnings resilience from the economic effects of the pandemic. Added to this is a robust capital position, high levels of reinsurance coverage and higher loss provisioning. On balance we maintain a **Stable** view on SUN's credit outlook.

Corporates

AGL Energy Limited – Credit Negative

AGL's FY20 results were in line with guidance and whilst earnings were weak, the balance sheet remains healthy. Lower energy prices and the unplanned outage at the Loy Yang Unit 2 generator saw a 22% fall in underlying profit to $1.0 billion. Positively, the EBITDA margin was maintained at 17% as higher operating costs were offset by lower cost of sales.

AGL's credit profile continues to be underwritten by a strong balance sheet with a gearing ratio of 25% and $1.1 billion of liquidity in cash and undrawn facilities. Although disappointed at the announced special dividend program, we do not see this, nor the weakness in earnings as being negative to the credit rating. AGL continues to have considerable headroom above minimum FFO to net debt requirements, which should be able to absorb the special dividend payout.

AGL is facing structural and market challenges and COVID will only exacerbate the weak energy pricing outlook. Although projects at Crips Point and Newcastle have growth potential, given neither of these are close to a final investment decision, let alone operating, we see the core operating business as being ex-growth in the near- to medium-term. Given this, AGL may force itself down the inorganic acquisition path, which we would view as detrimental to the credit profile.

FY21 guidance was weak, with management expecting an NPAT of $560-660 million. This would be down 19-31% on FY20. Softness is due to a continuation of headwinds on wholesale gas and electricity margins and amplified by the COVID related credit losses. On this basis, we move our Outlook from Stable to **Deteriorating**.

Civmec – Credit Positive

Due to operating margin improvements, Civmec (CVL) announced a strong (unaudited) result for FY20. Revenue decreased 19.8% to $392 million over the period, attributed to the timing of projects. This fall, however, was positively offset by a 25% reduction in costs of sales, resulting in a 75% increase in gross profit to $44.6 million. A $1.8 million impairment loss provided for expected credit losses and trade receivables of $0.9 million drove a $4.2 million increase in other expenses, though this was partially offset by a $2.5 million reduction in finance costs. This underpinned a 153% increase in profit before tax to $22.8 million.

Cimvec's earnings profile remains strong and should help manage uncertainty in the near-term operating and economic environment. Ultimately, the Group's credit position has improved, given: (i) free cash flow growth; and (ii) revaluation to PPE over collateralising the Notes. We see no major impediments to this in the near term and retain our **Improving** outlook.

Crown Resorts – Credit Negative

On the balance of probabilities, we expect a **mandatory deferral of interest payments** on CWNHB from 31 December 2020 as well as a decision to **not call the security at its first call date in July 2021**. This might be a polarising view, but current economic conditions combined with Crown's moderate liquidity position, in the face of high capital expenditure commitments, make any other outcome unlikely. The only possible avenue for redemption would likely be a material equity capital raise or asset sales. Neither of which we believe are prudent, or likely, in this environment.

We have downgraded our recommendation on CWNHB to **Sell** and our risk rating has deteriorated to **Very High**.

GPT Group – Credit Negative

GPT recorded a net loss of $519 million for 1H20, on the back of downwards retail property revaluations. Adjusted FFO was $197 million, down 19% on the pcp. Most of this weakness can be attributed to the retail portfolio, which we expect will continue to lag going forward; despite high-quality retail assets like Melbourne Central and Highpoint. Disappointingly, an interim distribution per security of 9.3 cents will be paid, representing a payout ratio of 99.6% of free cash flow. Given the 300bps increase to the gearing ratio we expected some restraint here. However, GPT remain sound from a cash perspective with $1.2 billion of available liquidity in cash and undrawn bank facilities.

Although we expect continued strength in the Logistics Portfolio, given the challenges facing the Retail and Office Portfolios, we move our Outlook to **Deteriorate** from Stable.

Mirvac Group – Credit Neutral

Mirvac (MGR) reported a soft result for FY20 with COVID impacting property revaluations and operating performance. Operating earnings before interest and tax (EBIT) declined 6% to $796m while statutory profit fell 45.2% to $558m due to property revaluations.

The Retail portfolio suffered in FY20, though performance was mixed across locations and asset type. Retail EBIT decreased by 24% to $128m, driven primarily by a 19% decline in net operating income. The Office portfolio showed more resiliency, with EBIT decreasing by a moderate 6% to $484m. The Residential portfolio overcame challenging conditions to deliver a 12% increase in EBIT to $225m, driven by an 11% increase in development EBIT as surprisingly strong apartment settlements offset COVID impacts.

MRG's portfolio earnings have been resilient and whilst the outlook remains weak for the retail portfolio, this will be offset with a stable office portfolio, which does not have material re-leasing obligations until beyond FY23. Given its strong balance sheet, solid credit metrics and minimal financing risk over the medium term, **we remain comfortable with the Group from a fundamental perspective.**

NextDC – Credit Positive

NEXTDC (NXT) reported solid earnings growth and answered debt holder prayers with an $862 million equity raising. In the wake of COVID, NXT's results stand out as being top of class amongst our coverage.

Driven by top-line growth, total revenue grew 14% to $205 million. This revenue strength offset any cost increases, with EBITDA margins increasing 6% points to 50%, highlighting the operating leverage present as the business scales. Underlying EBITDA increased 23% to $105 million.

The pipeline for NXT is robust and the optics are eye watering with contractual options for expansion being worth nearly ten years' worth of revenue.

Despite increased competition, we believe NXT's strong market positioning and management's strategic commitment should keep recent growth momentum on track. NEXTDC continues to benefit from a high growth industry displaying favourable demand-supply dynamics. The primary focus of the business is sales momentum and the efficient use of capital to build new data centres. We expect revenues to continue its compounding trajectory and given the recurring and contractual nature of current income, we moved our outlook to **Improving**.

We upgraded our recommendations on NEXTDC Notes IV 6.00% 2022 and Notes IV FRN 3.75% 2022 to Buy.

Peet – Credit Neutral

Lower settlements impacted by lower contracts and the completion of projects, drove a soft FY20 result for Peet Limited (PPC). As anticipated, earnings were weak due to housing softness in FY19 that resulted in lower contracts on hand.

Although PPC saw a 43% increase in sales for FY20, the benefit will largely be realised into FY21 –a sign of positive momentum we view favourably. Nonetheless, the result was weak, with operating profit falling 68% on the pcp to $15 million.

Whilst frustrating, Peet was unable to capitalise on an improving housing outlook in 1H20 due to stock limitations, government stimulus and lower interest rates means the outlook for the Group remains stable in the near term, despite the ongoing uncertainty of COVID.

Peet's liquidity profile gives us confidence the Company will meet its near-term obligations, including the repayment of the outstanding $100 million of PPCHA bonds in June 2021. Given this liquidity confidence and an IRR of 22.5% (31 August 2020), **we view PPCHA as highly attractive on a fundamental and relative basis** and retain our **Buy** recommendation.

Qantas Airways – Credit Negative

Qantas endured a brutal 2H20 leading to a $2.0 billion statutory loss for FY20. This figure was dominated by impairments and non-cash one-off charges, including $1.4 billion in asset impairments. With an 82% fall in Group total revenue for 4Q20, it is unsurprising the underlying net profit before tax was down 91% on 3Q19 to $124 million. This was carried by a strong 1H20 result of $771 million versus a 2H20 loss of $647 million.

Total revenues fell 21% to $14.2 billion and in response to this, total operating expenditure fell 18% for the full year, and 41% for 2H20, with the airline cutting itself to near zero capacity. In an otherwise negative result, there were mild positives in freight and loyalty performance.

The outlook for Qantas remains highly uncertain and is dependent on travel restrictions being eased and prior travel patterns normalising in a post-COVID environment. Whilst cost cutting incentives are positive in conserving cash, leverage looks set to get uglier even if a domestic recovery improves. For this reason, we moved our outlook to **Deteriorating**.

Qube Holdings – Credit Negative

In a challenging environment, Qube's (QUB) sound result for FY20 reflected its diversity of revenue streams and leading competitive positions. Underlying revenue benefited from strength across commodities and inorganic acquisitions, increasing 9% on the prior comparable period (pcp) to $1,884 million. Weakness in the infrastructure and property division, alongside declines in volumes across higher margin segments; like forestry products and vehicle imports, resulted in underlying EBITA declining 11.2% on the pcp to $160 million.

While credit metrics were mixed for FY20, Qube continues to maintain a healthy balance sheet with sizeable headroom to borrowing covenants following the $500 million equity raising. Our modelling of credit quality has worsened, with benefits to the business profile (competitive position and diversification) being offset by weakness in profitability and interest coverage. Due to a change in our methodology, o**ur risk rating has deteriorated to Very High**, however, if applied retroactively this rating would be unchanged from 1H19.

Qube is well positioned for an earnings recovery when volumes return to normal, however, with weaker conditions expected to continue into 1H21 we downgraded our outlook to **Deteriorating**.

Ramsay Health Care – Credit Neutral

In the context of a global pandemic, Ramsay Healthcare (RHC) represents the coalface for domestic credit investors and benefiting from legislative support, we view the FY20 result positively. Elective surgery weakness was offset by viability agreements made with governments (AUS, GBR and FRA) whereby Ramsay made its facilities and capabilities available to support public health systems, in return for government support.

Earnings were resilient; however, the bottom line was impacted by operating expense increases and considerable accounting effects due to AASB 16. Revenue increased 7.3% on the prior comparable period (pcp) to $12.4 billion, driven by strength in Continental Europe. EBITDA decreased 7% to $2.0 billion on the pcp due to higher employee and medical supply costs.

Despite the uncertainty of the pandemic, Ramsay's critical health infrastructure demonstrates the sustainability of operations. The unknown, is in relation to the higher margin, elective surgery backlogs that have emerged due to COVID. We expect above-normal elective surgery volumes in FY21.

Ramsay has balance sheet strength post $1.5 billion equity raising and we expect organic growth benefits from brownfield developments. Regardless of near-term uncertainties, structural tailwinds remain embedded in Ramsay's operating profile. We retain our Stable outlook.

However, we **lowered our recommendation on RHCPA to Sell** on valuation grounds. We believe there is some possibility of redemption to RHCPA in the medium-term. Accordingly, **we do not view the yield as being sufficient on a relative, nor fundamental basis, to compensate for what is a preference share security**.

Scentre Group – Credit Negative

Shopping centre owner and operator, Scentre Group (SCG), reported a weak 1H20 result as expected. Earnings almost halved as a result of COVID-19 impacts on its malls, with lockdowns resulting in store closures and a plummet in customer visitation numbers.

Operating earnings fell 44% to $361 million on the prior comparable period and funds from operations were 46% lower at $362 million. This was primarily due a $232 million expected credit charge reflecting lease receivables that are not expected to be recovered.

Scentre arguably, hold the pre-eminent retail property portfolio domestically, but with a pure retail focus it is subject to cyclical consumer conditions and lack the benefits of having a diversified property portfolio of some peers. Once we get through the pandemic, we see headwinds from slowing economic conditions and the acceleration in the shift to online retail. Having a high-quality retail asset portfolio and stronger liquidity position are positives. But higher gearing and earnings pressure have led us to downgrade the credit outlook to **Deteriorating**.

Seek Limited – Credit Negative

SEEK delivered weak results for FY20, with headwinds looking set to continue going forward. EBITDA declined 9% on the pcp to $415 million, an 11% decline on a constant currency basis. Disappointingly, and despite guidance to the contrary (in terms of reducing discretionary spending), corporate costs increased 27%.

Borrower Group (ex-Zhaopin) net debt was $1,143 million and at the Group level, net debt is $901 million. At balance date, 86% of Group facilities had been drawn. Whilst we think some of that was prudent liquidity management in the face of a crisis, given Group cash at $600 million is not materially higher than previous years (FY16-19 average of $475 million) we suspect there is a possibility of a fresh equity injection. This is amplified given the (1) continued product capex and M&A requirements and (2) the lack-lustre response from debt capital markets, when SEEK attempted to further tap its subordinated line In July 2020. Whilst the $75 million was labelled a success at the time, management's intention to raise a minimum of $100 million suggests otherwise. We believe SEEK likely wanted to actually tap another $150 million in total here, but given demand was weak and at a higher margin than the original issue, an equity raise seems the most rational solution.

Online earnings have considerable cyclical leverage, due to dependence on the employment market; and the earnings outlook is unclear. Whilst COVID is expected to dampen revenues, the new pricing model in ANZ, also generates uncertainty.

Shopping Centres Australasia Property Group – Credit Neutral

Despite the weak headline figure, with statutory NPAT falling 22% on the pcp, SCP delivered an otherwise resilient result. The impact of COVID on earnings was a modest $20.5 million. Positively, 39% of the portfolio by gross rent is made up of Woolworths and Coles. Narrowing to the specialty tenant book, 30% of gross rent is made up of Fresh Food/Liquor and 21% is made up of pharmacy and health care tenants. Encouragingly, SCP has improved its gearing position in the fiscal year. Gearing of 25.6% fell 720bps from 32.8%, driven by $280 million in fresh equity capital raised in April and May 2020. With plenty of cash available, we expect acquisitions into FY21 given the de-geared balance sheet sits below management's target range.

We expect an early call on SCA 3.75% 2021 in October 2020. This represents a holding period return of ~2.2%, or an annualised return of ~11.9%. **For a transaction that is essentially pre-financed, this represents outstanding value and for this reason we move our recommendation from Hold to Buy.**

Stockland – Credit Neutral

Stockland (SGP) delivered a sound FY20 result for the year, with its portfolio holding up well despite significant COVID impacts. Total revenue increased 1.6% to $2.8 billion, driven by a 2.8% increase in property development sales which offset a decline in rental income. Funds from operations decreased 8.0% to $825 million with mixed results across segments. Adjusting for maintenance capex, incentives and leasing costs, which both decreased over the period, the decline was a more muted 5.6%.

Gearing has improved, attributed to the strong 2H20 operational cashflow, which offset the significant devaluations in the Commercial Property and Retirement businesses.

From a capital perspective, **the Group's position is fundamentally sound**. And although operating conditions may remain challenging, there appear to be no immediate threats to its capital or liquidity position in the near-term, with the Group maintaining sufficient liquidity to meet its refinancing and distribution needs.

Telstra – Credit Neutral

Telstra (TLS) broadly met FY20 guidance, reporting weak performance across most segments. Total income decreased 5.9% to $26.2 billion, underpinning a 14.4% decrease NPAT to $1.8 billion and underlying EBITDA of $7.4 billion, 9.7% lower than FY19.

The NBN dragged on Group performance again in FY20, with NBN headwinds of about $830 million 33% higher than FY19. Excluding this, underlying EBITDA grew by about $40 million. The drag of the NBN on EBTIDA in FY21 is expected to be about $700m.

On a product basis, Mobile, the Group's primary earnings generator (46% of underlying Group earnings), performed reasonably well, though it was hurt by the COVID pandemic, reporting a 4.6% decline in total revenue to $10.1bn.

Telstra's operating headwinds look set to persist in the near term, with COVID and NBN to remain as major impediments to EBITDA. Contrastingly, the long-term impact on the implementation of 5G and rationalisation of mobile pricing is more positive. Telstra's guidance for FY21 was weaker than expected. FY21 total income is expected to be $23.2-$25.1 billion and underlying EBITDA in the range of $6.5-7.0 billion. **Although we are comfortable retaining TLS's Stable outlook, the risk is skewed to the downside**.

Wesfarmers – Credit Neutral

Wesfarmers reported a sound underlying result for FY20, beating market estimates on the back of a positive stay at home effect due to COVID-19. Underlying NPAT (for continuing businesses, ex AASB16) increased 8.2% on FY19 to $2,099 million. Underlying EBIT (after lease liability interest payments) performance, however, was flat on a like-for-like basis at $2,964 million, as strong performances from Bunnings and Officeworks were offset by weakness in other businesses.

Outlook commentary was cautious. Some of the businesses are expected to continue to benefit from people spending more time from home but management expect retail sales to be impacted by further trading restrictions and the reduction and removal of fiscal stimulus measures.

Despite an uncertain economic outlook, we believe its largest businesses in Bunnings and Officeworks will continue to generate reliable earnings. Along with a sound balance sheet and continued high levels of liquidity, **we expect this to continue to support the Group's Stable credit profile.**

Woolworths – Credit Neutral

The domestic supermarket giant reported a largely flat underlying FY20 result, which was in line with guidance. Underlying NPAT for continuing businesses of $1,602 million for the 52 weeks to 28 June 2020 was 1.2% below the FY19 on a normalised basis. On this basis, sales were 8.1% higher at $63.7 billion but EBIT was flat at $3,219 million, versus guidance of $3.20-$3.25 billion. Strong performances in supermarkets and drinks, and an improvement in Big W was offset by weakness in Hotels and higher central overheads.

Trading for the first 8 weeks of FY21 showed sales momentum remains strong, except in Hotels. However, COVID-19 related costs continue to weigh on earnings, though at a lower rate. As retailer of staples with a dominant market position, Woolworths is in a solid position to manage challenging conditions. **We remain comfortable with Woolworths' Stable credit outlook, which is underpinned by its core supermarket businesses**.

Term Deposit Review

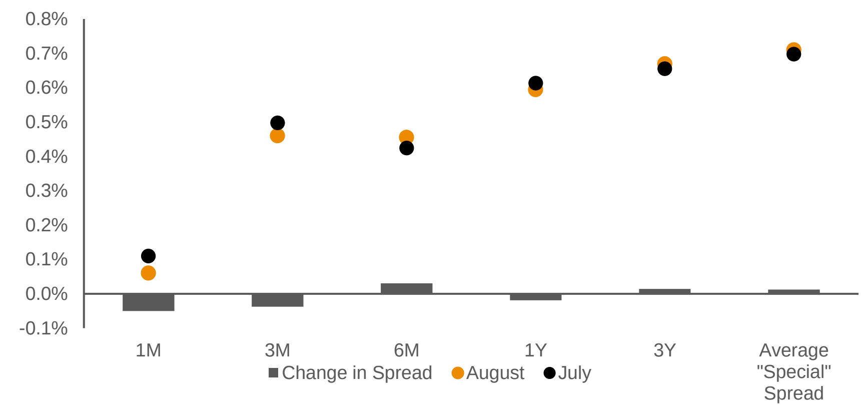
August was yet another bad month for depositors, as TD rates were once again cut. On a marginally positive note, the month was slightly less active than previous months, with most offerings remaining stable. However, the pain from the economic crisis caused by the COVID pandemic is unrelenting for savers, as ultra-easy monetary conditions and pressure on banks' margins are driving reductions in average TD rates across all tenors. Furthermore, Spreads continue to diminish, with nearly all offerings now adding a mere 30-70bps over the relevant BBSW rate.

In the short-term (ST) market, WBC cut its rate by 15 bps to a mere 0.40%. This is the lowest offer in the market, 10 bps below CBA, and represents just a 31 bps premium over the 90 Day BBSW. BEN and NAB also cut their ST rates, by 10 and 5 bps respectively. BOQ still offers the most generous return to savers, with 0.75%, a substantial premium to WBC's low. We note that although BOQ has historically offered unusually high TD rates, its premium has diminished in recent months, as it brings rates closer to market consensus. As such, if savers are seeking a ST option, we would recommend locking in BOQ's offer in the near-term, given a reduction in its premium would not be surprising due to TFF funding.

In the long-term (LT) market, BEN reduced its rate by 20 bps to 0.70%, now the equal lowest in the market with WBC following its 10 bps cut. BOQ's unchanged 0.95% is the best option in the market, offering 10 bps over NAB's 0.85%.

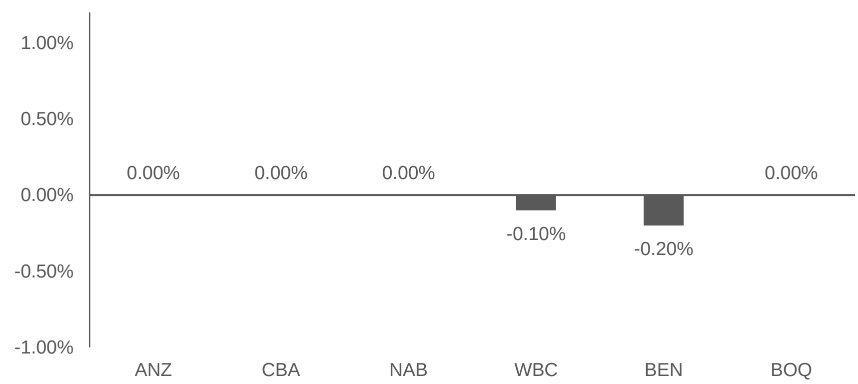
Note: Short Term (~3M), Medium Term (~6M), Long Term (~12M)

Figure 12. Term Deposit Spread Over Relevant BBSW: June 2020 vs July 2020



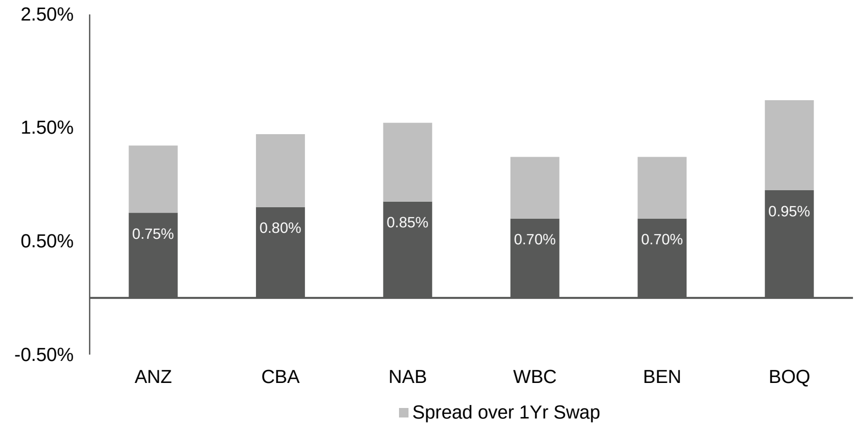
Source: RBA, BondAdviser

Figure 13. Δ Monthly LT TD Rates



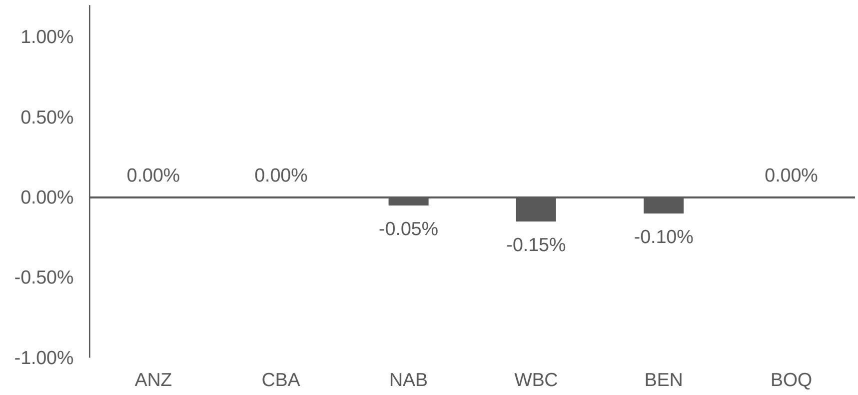
Source: BondAdviser, Company Websites, RBA

Figure 14. LT Deposit Rates



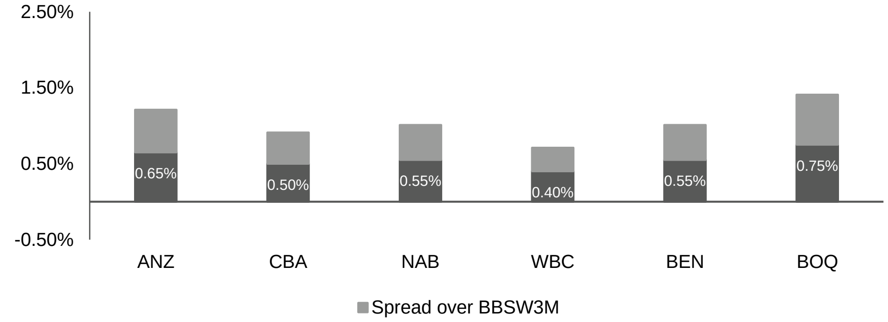
Source: BondAdviser, Company Websites, RBA

Figure 15. Δ Monthly ST TD Rates



Source: BondAdviser, Company Websites, RBA

Figure 16. ST Deposit Rates



Source: BondAdviser, Company Websites, RBA

Key Events

Date	Description
4 August	APRA data on temporary loan repayment deferrals showed a slight improvement in June versus May.
5 August	S&P places Victoria's AAA rating on negative watch following a declaration of a state of disaster and stage 4 lockdowns.
6 August	**Scentre** provides 1H20 operating cash flow guidance of greater than $250m versus $630m in 1H19.
7 August	**IAG** gave guidance for FY20 NPAT to be down 60% to $435m due to higher perils costs and much lower investment income.
10 August	**GPT** recorded a 1H20 net loss of $519m, on the back of downwards retail property revaluations. Adjusted FFO fell 19% to $197m.
	Aurizon reports a 12% increase in underlying FY20 NPAT to $531m.
11 August	**Challenger** reports a 13% decrease in normalised NPAT to $344m.
	SCA Property reported a 2.4% fall in adjusted FFO to $124m.
	Sydney Airport reports a 1H20 loss of $54m. The result was accompanied by a $2bn equity raising.
12 August	**CBA** delivers a 11.3% fall in FY20 cash NPAT for continuing businesses to $7.3bn.
	Centuria Capital's FY20 operating NPAT increases 17% to $53m driven by a 37% increase in property funds management fees.
	Seek reports a FY20 underlying NPAT drop of 50% to $90m.
13 August	**AGL reports** FY20 results in line with guidance; including a 22% fall in underlying profit to $1.0bn.
	AMP delivers a weak result as guided with 1H20 underlying profit down 42% on 1H19 to $149m, largely due to COVID-19 impacts.
	QBE's 1H20 result is slightly ahead of guidance. Reported NPAT was a loss of US$712m.
	Telstra's FY20 result broadly meets guidance. Weak performance across most segments led to a 14.4% decrease in NPAT to $1.8bn.
14 August	**NAB's** 3Q20 underlying cash earnings before bad debts was up 17% on the 1H20 quarterly average. CET1 was stronger at 11.56%.
17 August	**Bendigo and Adelaide Bank** reports a weaker FY20 result. Cash NPAT was down 27.4% to $302m.
	IAG prices a wholesale $450m Tier 2 subordinated FRN at 90-day BBSW + 245bps.
18 August	**WBC** reports 3Q20 cash earnings up 19% on 1H20. CET1 was flat at 10.8%. The deferred 1H20 dividend will not be paid.

19 August	**ANZ** reports 3Q20 cash earnings up 30% on 1H20. Proforma CET1 rose to 11.3%. A deferred 25 cents 1H20 dividend will be paid.
	QBE prices a wholesale $500m Tier 2 subordinated FRN at 90-day BBSW + 275bps.
	Crown Resorts reports soft FY20 earnings. EBITDA fell 41% to $505m.
20 August	**Wesfarmers** beats estimates with a sound underlying FY20 result. Underlying NPAT (for continuing businesses) rose 7.4% to $2.1bn.
	Qantas suffers a brutal 2H20 leading to a $2.0bn statutory loss for FY20. This figure includes $1.4bn in asset impairments.
	Mirvac reports a soft FY20 result due to COVID impacts. Operating EBIT declined 6% to $796m while statutory profit fell 45.2%.
21 August	**Suncorp** reports a 32.8% fall in FY20 cash NPAT to $749m.
25 August	**Qube** delivers a sound FY20 result in a tough environment. Underlying EBITA fell 11.2% to $160m.
	Scentre releases a weak 1H20 result with a 46% fall in FFO.
	Stockland reports an 8.0% decrease in FFO to $825m.
	SUN prices a wholesale $250m Tier 2 subordinated FRN at 90-day BBSW + 225bps.
27 August	**NEXTDC** reports solid earnings growth. Underlying EBITDA rose 23% to $105m.
	Peet reports a soft FY20 result. Revenue fell 25% and costs stayed relatively fixed. Operating profits fell 68% to $15m.
	Ramsay reports FY20 revenue increase of 7.3% to $12.4bn.
	Woolworths' FY20 result meet guidance. Underlying NPAT for continuing businesses of $1.6bn was 1.2% below FY19.
28 August	**Civmec's** operating margin improves from a reduction in cost of sales, driving gross profit up 75% to $45m.
31 August	**NAB** agrees to sell MLC Wealth to IOOF (ASX: IFL) for $1.44bn. Proforma CET1 at 30 June 2020 would increase by 30 bp to 11.9%.

New Issue Monitor

ISIN / ASX Code	Issue Date	Issuer	Structural Position	Coupon	Term (Yrs)	Issue Size ($m)	1 Month Δ Price
AU3CB0269710	16/01/2020	Australia & New Zealand Banking Group Ltd	Sr Unsecured	1.65%	5	500	0.14%
AU3FN0052478	16/01/2020	Australia & New Zealand Banking Group Ltd	Sr Unsecured	90BBSW + 0.62%	3	1,100	0.39%
AU3FN0052486	16/01/2020	Australia & New Zealand Banking Group Ltd	Sr Unsecured	90BBSW + 0.76%	5	1,900	0.46%
AU0000075624	20/01/2020	Treasury Corp of Victoria	Sr Unsecured	1.00%	4	1,100	-0.16%
AU3CB0269892	21/01/2020	National Australia Bank Ltd	Sr Unsecured	1.65%	5	400	0.18%
AU3FN0052510	21/01/2020	National Australia Bank Ltd	Sr Unsecured	90BBSW + 0.77%	5	1,850	0.45%
AU3FN0052643	29/01/2020	Bank of Queensland Ltd	Sr Unsecured	90BBSW + 0.75%	2	35	0.05%
AU3CB0270197	3/02/2020	DEXUS Finance Pty Ltd	Sr Unsecured	3.00%	12	500	-1.01%
AU3FN0052627	4/02/2020	Newcastle Permanent Building Society Ltd	Sr Unsecured	90BBSW + 1.12%	5	225	0.25%
AU3FN0052908	12/02/2020	Macquarie Bank Ltd	Sr Unsecured	0.84%	5	1400	0.71%
AU3CB0270387	12/02/2020	Macquarie Bank Ltd	Sr Unsecured	1.70%	5	400	0.97%
AU3FN0052874	12/02/2020	Auswide Bank Ltd	Sr Unsecured	90BBSW + 0.90%	2	25	0.12%
AU3CB0270494	17/02/2020	Toyota Finance Australia Ltd	Sr Unsecured	1.30%	3	400	0.64%
AU3SG0002058	18/02/2020	South Australian Government Financing Authority	Sr Unsecured	1.75%	12	1000	-1.49%
AU3SG0002041	19/02/2020	Western Australian Treasury Corporation	Sr Unsecured	90BBSW + 0.26%	5	1015	0.07%
AU3CB0270635	20/02/2020	General Property Trust	Sr Unsecured	2.85%	12	300	1.82%
AU3FN0052924	21/02/2020	Credit Union Australia Ltd	Sr Unsecured	90BBSW + 0.90%	3	250	0.23%
AU3CB0270676	21/02/2020	ETSA Utilities Finance Pty Ltd	Sr Unsecured	2.08%	8	60	1.65%
AU3FN0053146	24/02/2020	Members Banking Group Ltd	Sr Unsecured	90BBSW + 0.93%	3	60	0.12%
AU0000078552	25/02/2020	Treasury Corporation of Victoria	Sr Unsecured	1.50%	11	2252	-0.90%
AU3SG0002066	25/02/2020	Queensland Treasury Corporation	Sr Unsecured	90BBSW + 0.24%	5	1500	0.03%
AU3FN0053153	26/02/2020	Liberty Financial Pty Ltd	Sr Unsecured	90BBSW + 2.35%	4	250	-0.50%
AU3SG0002074	28/02/2020	Northern Territory Treasury Corporation	Sr Unsecured	2.00%	11	700	-0.58%

ISIN / ASX Code	Issue Date	Issuer	Structural Position	Coupon	Term (Yrs)	Issue Size ($m)	1 Month Δ Price
AU0000079402	4/03/2020	Queensland Treasury Corporation	Sr Unsecured	1.75%	14	1250	-1.39%
AU3SG0002082	10/03/2020	New South Wales Treasury Corporation	Sr Unsecured	2.00%	13	1000	-0.46%
AU3FN0053559	17/03/2020	Auswide Bank	Sr Unsecured	90BBSW + 0.95%	2	25	-0.03%
AU3FN0053567	17/03/2020	Auswide Bank	Sr Unsecured	90BBSW + 1.05%	3	20	0.02%
AU3SG0002108	6/04/2020	South Australian Government Financing Authority	Sr Unsecured	90BBSW + 1.05%	1	500	0.01%
AU3SG0002116	9/04/2020	New South Wales Treasury Corporation	Sr Unsecured	90BBSW + 1.05%	3	1200	0.08%
AU0000083768	4/21/2020	Australia Government	Sr Unsecured	0.25%	4	13,000	-0.15%
AU3FN0053880	4/27/2020	Suncorp-Metway Ltd	Secured	1.23%	5	750	0.19%
AU3CB0271989	4/28/2020	Queensland Treasury Corp	Sr Unsecured	2.25%	21	500	-3.16%
AU3CB0271955	4/20/2020	Treasury Corp of Victoria	Sr Unsecured	2.25%	21	500	-3.32%
AU3SG0002124	4/16/2020	Queensland Treasury Corp	Sr Unsecured	2.25%	20	300	-3.97%
AU0000085631	4/29/2020	Treasury Corp of Victoria	Sr Unsecured	1.25%	7	500	-0.41%
AU3SG0002157	4/20/2020	New South Wales Treasury Corp	Sr Unsecured	0.68%	7	500	-0.03%
AU3SG0002165	5/7/2020	New South Wales Treasury Corp	Sr Unsecured	2.25%	21	450	-2.83%
AU3SG0002132	4/17/2020	Australian Capital Territory	Unsecured	1.00%	3	1,100	-0.02%
AU3FN0053757	4/20/2020	Flag Income Notes Pty Ltd	Secured	2.32%	30	72	-
AU3FN0054284	5/28/2020	Macquarie Bank Ltd	Subordinated	3.00%	10	750	0.54%
AU0000087454	5/21/2020	Australia Government Bond	Unsecured	1.00%	10.5	19,000	0.07%
AU3CB0272227	5/20/2020	Woolworths Group Ltd	Unsecured	2.80%	10	600	1.36%
AU3CB0272219	5/20/2020	Woolworths Group Ltd	Unsecured	1.85%	10	400	0.60%
AU3CB0272292	5/27/2020	Airservices Australia	Sr Unsecured	2.20%	10	275	0.97%
AU3SG0002199	5/26/2020	Western Australian Treasury Corp	Sr Unsecured	1.75%	11	1500	1.10%
AU3SG0002165	5/7/2020	New South Wales Treasury Corp	Sr Unsecured	2.25%	21	450	-2.83%
AU3CB0272268	5/20/2020	Macquarie University	Sr Unsecured	3.05%	20	150	10.84%
AU3FN0054102	5/18/2020	Members Banking Group Ltd	Sr Unsecured	0.92%	1	30	0.07%
AU3FN0054086	5/14/2020	Bank of Queensland Ltd	Secured	1.16%	5	750	0.10%
FR0013515764	6/5/2020	BNP Paribas SA	Sr Unsecured	2.518%	5	250	0.98%

ISIN / ASX Code	Issue Date	Issuer	Structural Position	Coupon	Term (Yrs)	Issue Size ($m)	1 Month Δ Price
FR0013517141	6/12/2020	BNP Paribas SA	Sr Unsecured	3.75%	20	220	4.48%
AU3CB0272854	6/30/2020	Brisbane Airport Corp Pty Ltd	Secured	4.5%	10.5	600	0.91%
AU3CB0272847	6/30/2020	Brisbane Airport Corp Pty Ltd	Secured	3.1%	6	250	0.20%
AU3FN0054292	6/5/2020	BPCE SA	Sr Unsecured	90 BBSW +1.60%	5	275	1.44%
AU3CB0272391	6/5/2020	BPCE SA	Sr Unsecured	2.0%	5	375	1.61%
AU3FN0054771	6/24/2020	Heritage Bank Ltd	Subordinated	3.6036%	10	50	-0.06%
AU3CB0272466	6/5/2020	Spark Finance Ltd	Sr Unsecured	1.9%	6	100	0.87%
AU3CB0272920	6/29/2020	WSO Finance Pty Ltd	Sr Unsecured	2.7%	10	155	1.43%
AU3CB0272888	7/1/2020	Optus Finance Pty Ltd	Sr Unsecured	1.6%	5	350	0.26%
AU3CB0272896	7/1/2020	Optus Finance Pty Ltd	Sr Unsecured	2.5%	10	500	0.31%
AU3FN0054433	7/3/2020	Genworth Financial Mortgage Insurance Pty Ltd	Subordinated	90d BBSW +5.0%	10	190	0.14%
AU3FN0054904	7/10/2020	MyState Ltd	Subordinated	90d BBSW +4.45%	10	25	0.25%
AU3FN0055216	7/15/2020	Societe Generale SA/Sydney	Sr Preferred	90d BBSW +1.0325%	3	650	0.07%
AU3FN0055224	7/17/2020	National Australia Bank Ltd	Jr Subordinated	90d BBSW +4.0%	N/A	600	0.81%
AU0000095457	7/24/2020	Australia Government Bond	Unsecured	0.25%	5	17,000	-0.25%
AU3CB0273365	7/29/2020	QPH Finance Co Pty Ltd	Secured	2.3%	7	200	-0.52%
AU3CB0273373	7/29/2020	QPH Finance Co Pty Ltd	Secured	2.85%	10.5	300	-1.09%
AU3CB0273407	7/30/2020	UBS AG/Australia	Sr Unsecured	1.2%	5	500	0.23%
AU3FN0055299	7/30/2020	UBS AG/Australia	Sr Unsecured	90d BBSW +0.87%	3	1,000	0.02%
AU3FN0055307	7/30/2020	UBS AG/Australia	Sr Unsecured	90d BBSW +0.87%	5	1,250	0.14%
AU3CB0273563	8/5/2020	Ausgrid Finance Pty Ltd	Sr Secured	1.81%	7	750	-
AU3FN0055406	8/5/2020	Ausgrid Finance Pty Ltd	Sr Secured	90d BBSW +1.20%	4	250	-
AU3FN0055497	8/24/2020	Insurance Australia Group Ltd	Subordinated	90d BBSW +2.56%	16	450	-
AU3FN0055489	8/25/2020	QBE Insurance Group Ltd	Subordinated	90d BBSW +2.85%	16	500	-

ISIN / ASX Code	Issue Date	Issuer	Structural Position	Coupon	Term (Yrs)	Issue Size ($m)	1 Month Δ Price
AU3CB0273977	8/26/2020	GTA Finance Co Pty Ltd	Sr Unsecured	2.20%	7	400	-
AU3FN0055687	8/26/2020	Australia & New Zealand Banking Group Ltd	Subordinated	90d BBSW +1.95%	11	1250	-
AU3CB0274017	8/27/2020	Coles Group Treasury Pty Ltd	Sr Unsecured	2.10%	10	300	-
AU3FN0055695	8/27/2020	Coles Group Treasury Pty Ltd	Sr Unsecured	90d BBSW +1.06%	5	150	-

AT1 Curve and Data

Figure 17. ASX AT1 Trading Margin

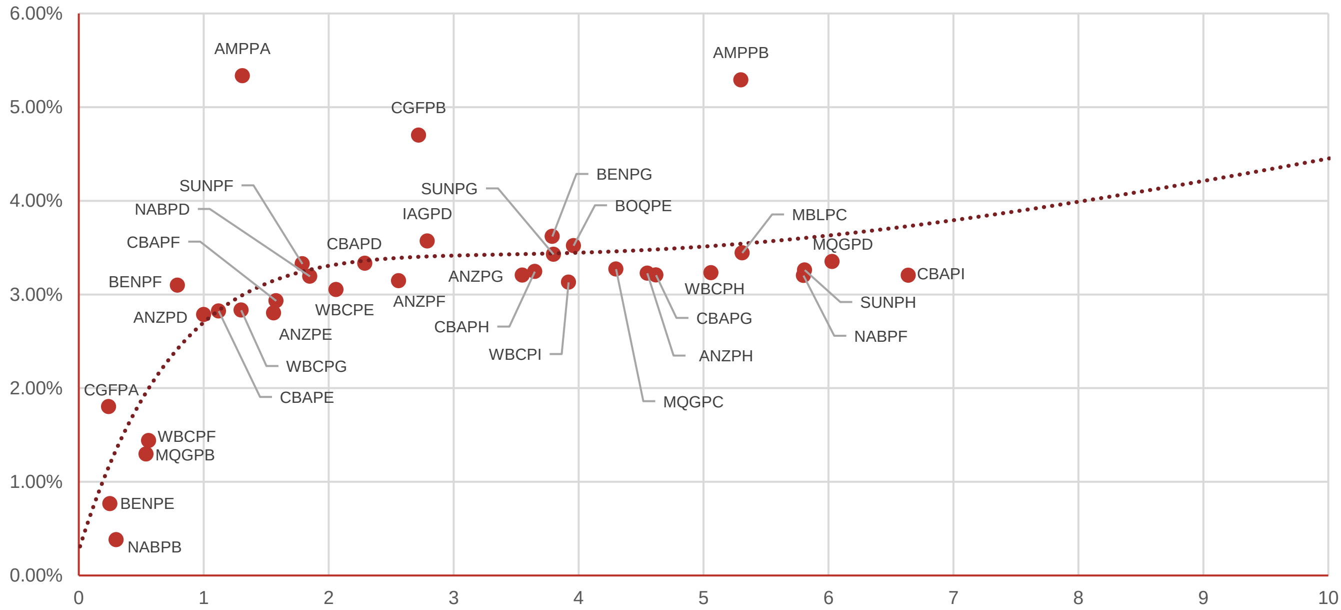
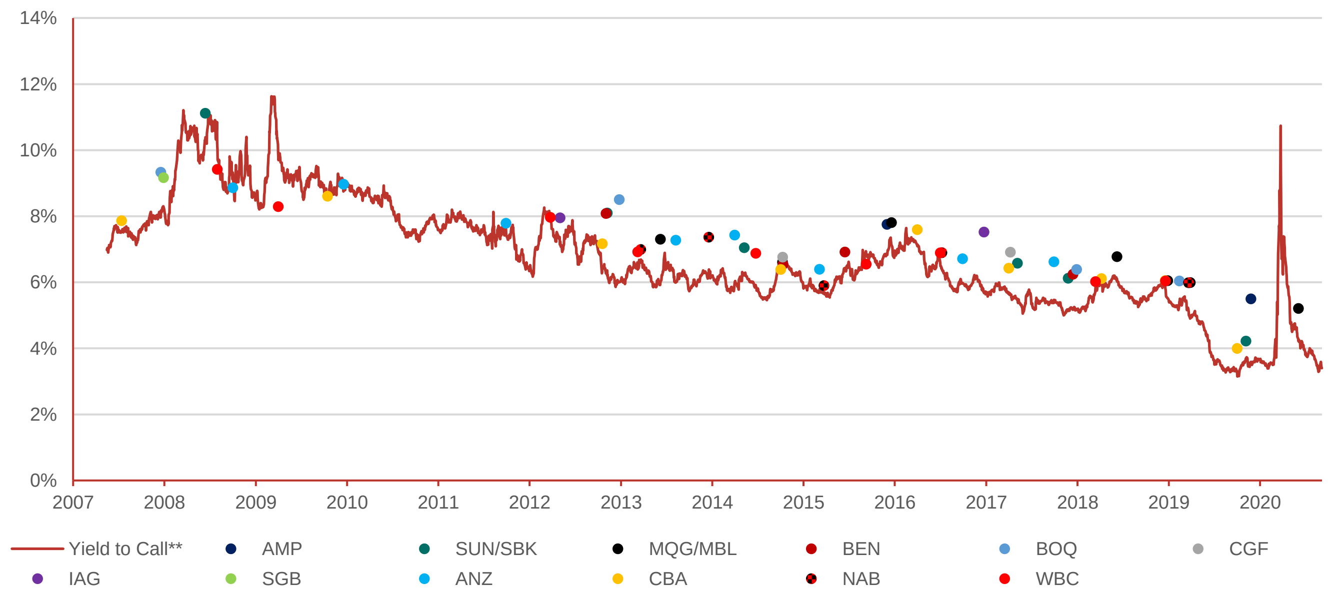


Figure 18. AT1 Primary & Weighted Average Secondary Yield to Call**



	Last	1m	3m	YTD	1y	3y	5y	Inception^
Yield to Call	3.40%	3.77%	4.20%	3.65%	3.37%	5.41%	6.80%	6.98%
%Δ		-9.81%	-19.05%	-6.85%	0.89%	-37.15%	-50.00%	-51.29%
Trading Margin	3.15%	3.49%	3.82%	2.55%	2.50%	3.13%	4.46%	0.50%
%Δ		-9.74%	-17.54%	23.53%	26.00%	0.64%	-29.37%	530.00%

Source: BondAdviser Index Platform: BAAUAT1DFTR
*** Weighted average based on market capitalisation. BAAUAT1DFTR is a franked, total return index that is rebalanced on a daily basis. Yield to call based on BondAdviser estimates. ^Inception of BAAUAT1DFTR is 16/5/2007.*

T2 Curve and Data

Figure 19. T2 Trading Margin

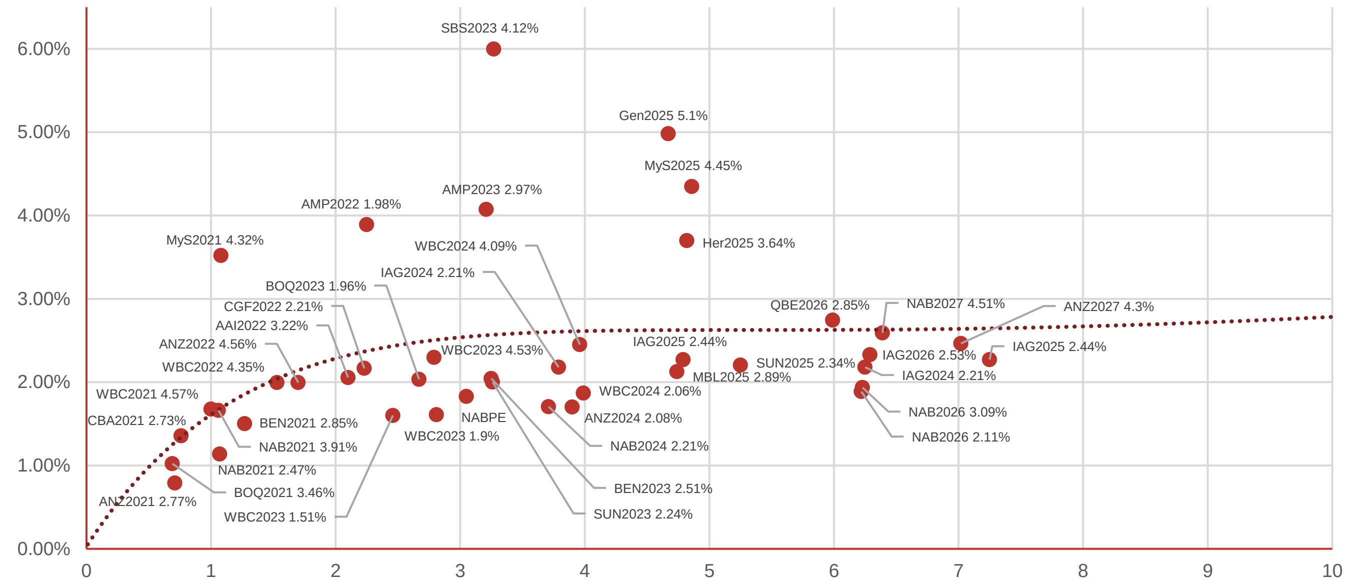
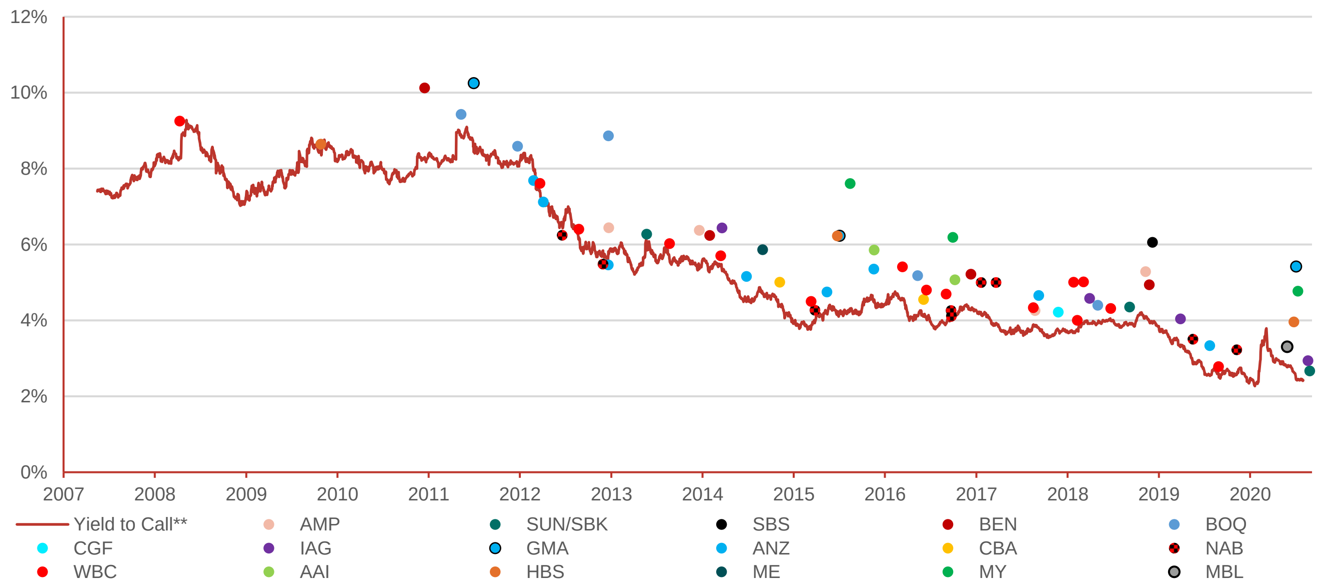


Figure 20. T2 Primary & Weighted Average Secondary Yield to Call**

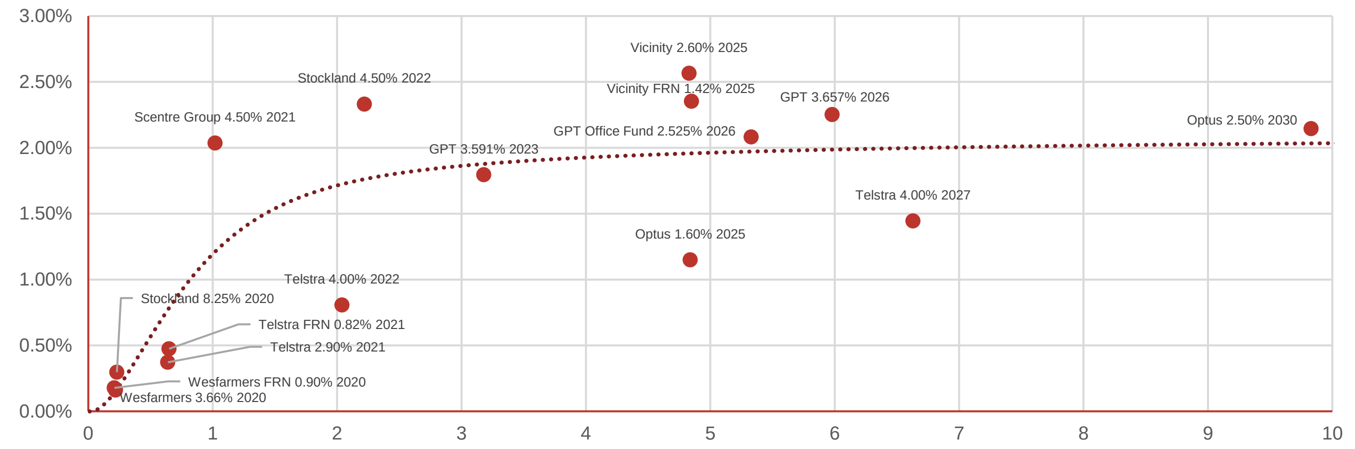


	Last	1m	3m	YTD	1y	3y	5y	Inception^
Yield to Call	2.42%	2.57%	2.85%	2.75%	2.60%	3.71%	4.17%	7.05%
%Δ		-5.84%	-15.09%	-12.00%	-6.92%	-34.77%	-41.97%	-65.67%
Trading Margin	2.28%	2.41%	2.69%	1.63%	1.73%	1.50%	1.77%	0.60%
%Δ		-5.39%	-15.24%	39.88%	31.79%	52.00%	28.81%	280.00%

Source: BondAdviser Index Platform: BAAUT20DNTR
*** Weighted average based on market capitalisation. BAAUT20DNTR is a total return index that is rebalanced on a daily basis. Yield to call based on BondAdviser estimates. ^Inception of BAAUT20DNTR is 16/5/2007.*

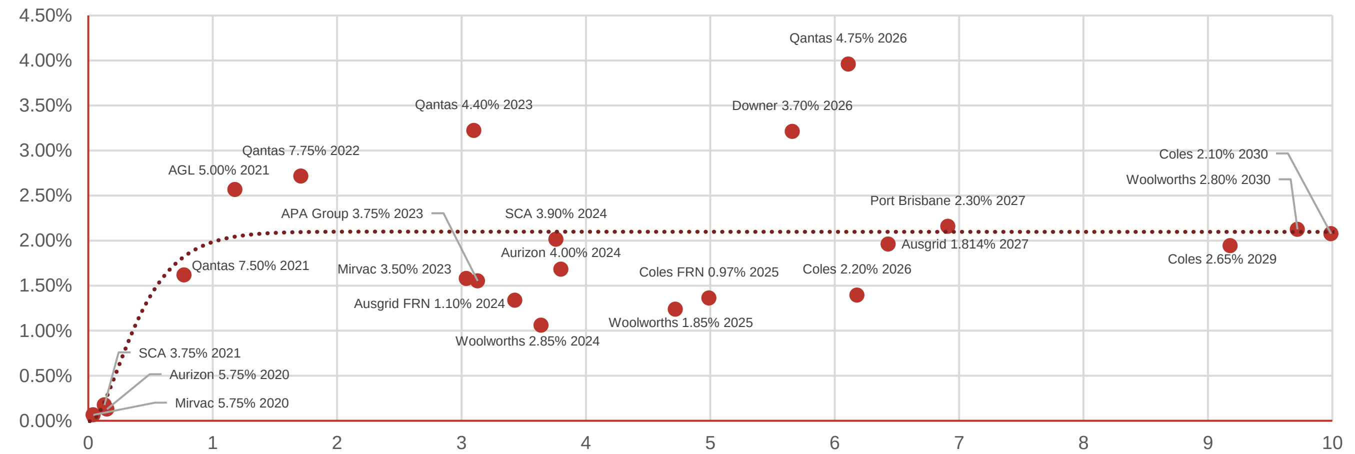
Corporate Curves

Figure 21. AAA-A Band



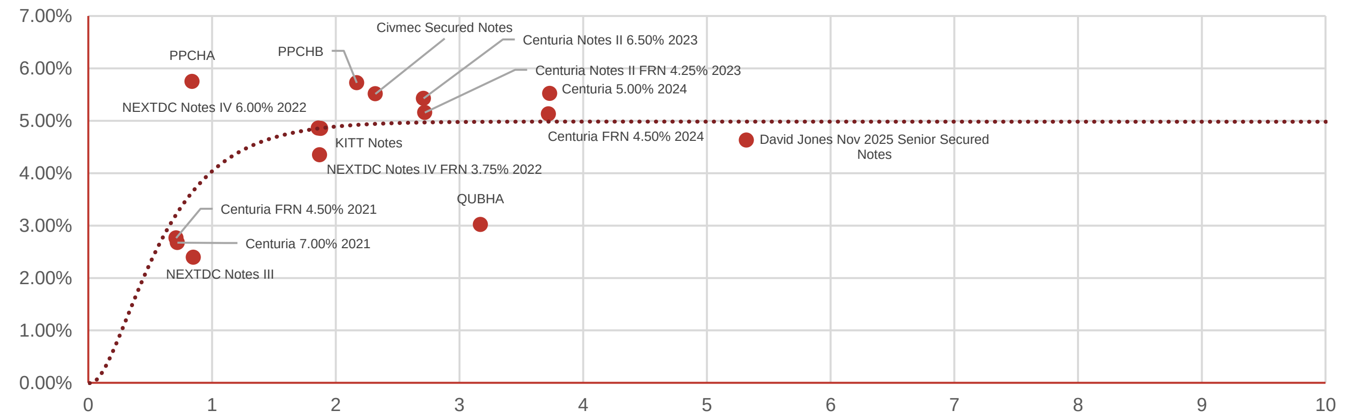
Source: BondAdviser; Bloomberg

Figure 22. BBB Band



Source: BondAdviser; Bloomberg

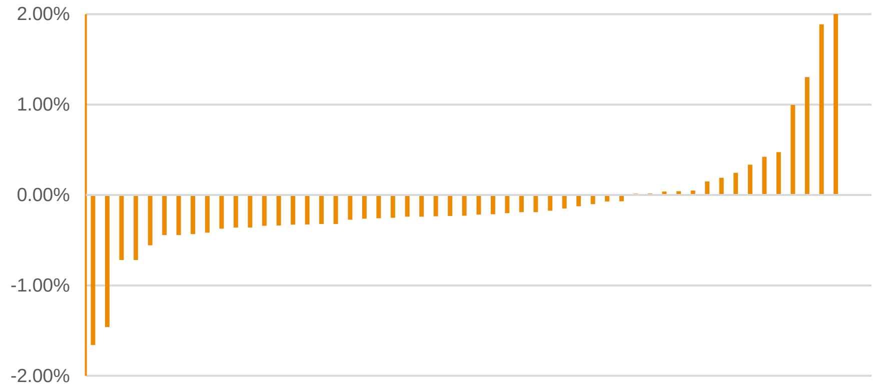
Figure 23. Sub IG Band / Unrated Curve



Source: BondAdviser; Bloomberg

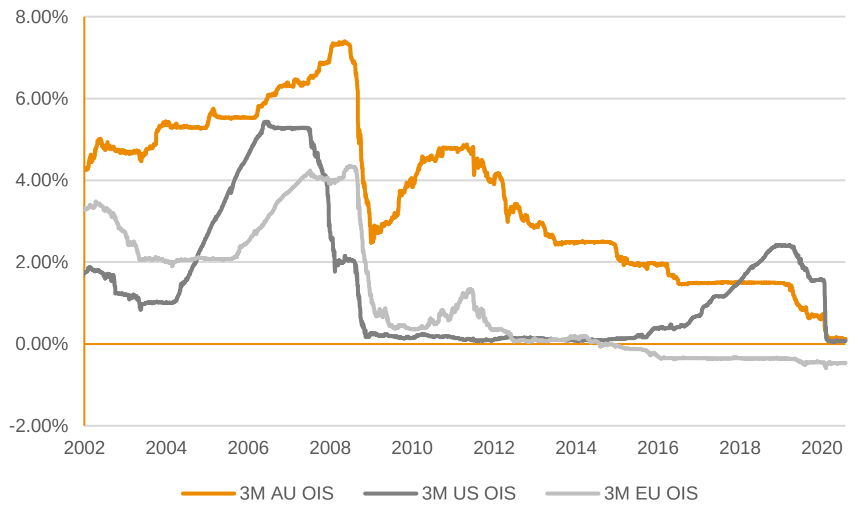
Credit and Money Markets Charts

Figure 24. Change in Trading Margins (ASX Listed Debt & Hybrid Securities)



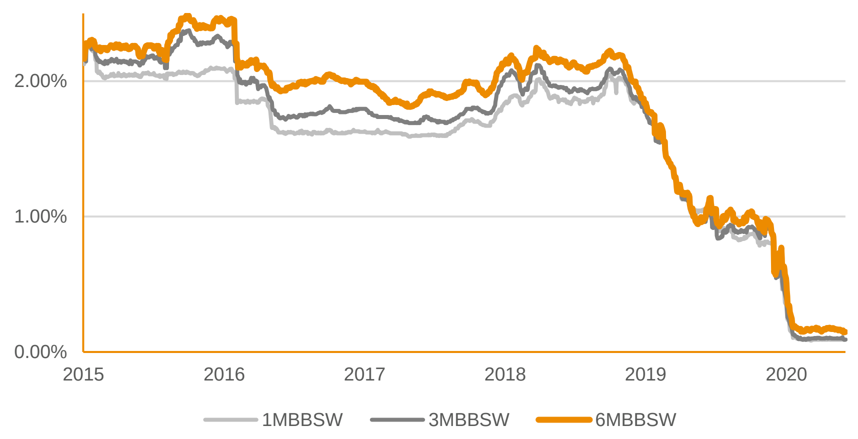
Source: BondAdviser, Bloomberg.

Figure 25. 3m OIS Spreads



Source: BondAdviser, Bloomberg as at 31 August 2020.

Figure 26. Bank Bill Swap Rates



Source: BondAdviser, Bloomberg as at 31 August 2020.

Listed Data Tracker

Description					Valuation				Income							Change in Trading Margin				Risk	
Ticker	Issue Size	Expected Maturity	Term	Sector	Last Price	Accrued	YTM	Trading Margin	Fixed/Floating	Interest Margin	Frequency	Current Rate	Cash Payment	Ex-Date	Payment Date	1 month	3 months	6 months	12 months	Modified Duration	Credit Duration
Additional Tier 1 (AT1) Hybrids																					
Major Banks																					
ANZPD	1120	01/09/2021	1.0	Banks	100.6	0.000	2.94%	2.78%	Floating	3.40%	Semi-Annual	2.73%	$1.35	17/02/2021	1/3/2021	-0.19%	-1.20%	0.35%	0.57%	0.49	0.97
ANZPE	1610	24/03/2022	1.6	Banks	102.4	1.709	2.97%	2.80%	Floating	3.25%	Semi-Annual	2.98%	$1.50	15/09/2020	24/09/2020	-0.44%	-1.03%	-0.27%	0.50%	0.07	1.49
ANZPF	970	24/03/2023	2.6	Banks	103.0	1.864	3.35%	3.14%	Floating	3.60%	Semi-Annual	3.25%	$1.64	15/09/2020	24/09/2020	-0.32%	-0.70%	0.01%	0.51%	0.08	2.38
ANZPG	1622	20/03/2024	3.5	Banks	105.8	0.850	3.46%	3.21%	Floating	4.70%	Quarterly	3.63%	$0.84	10/9/2020	21/09/2020	-0.24%	-0.88%	-0.41%	0.48%	0.14	3.24
ANZPH	931	20/03/2025	4.5	Banks	103.1	0.691	3.56%	3.23%	Floating	3.80%	Quarterly	2.73%	$0.68	10/9/2020	21/09/2020	-0.18%	-0.82%	-0.20%	0.44%	0.11	4.12
CBAPD	3000	15/12/2022	2.3	Banks	99.5	0.620	3.53%	3.33%	Floating	2.80%	Quarterly	2.03%	$0.51	4/9/2020	15/09/2020	-0.07%	-0.66%	0.27%	0.69%	0.02	2.19
CBAPE	1450	15/10/2021	1.1	Banks	103.6	1.133	2.98%	2.82%	Floating	5.20%	Quarterly	3.71%	$0.94	4/9/2020	15/09/2020	-0.24%	-0.39%	-0.19%	0.73%	0.05	1.00
CBAPF	1640	31/03/2022	1.6	Banks	102.3	0.855	3.10%	2.93%	Floating	3.90%	Quarterly	2.80%	$0.71	4/9/2020	15/09/2020	-0.33%	-0.75%	-0.19%	0.54%	0.05	1.48
CBAPG	1365	15/04/2025	4.6	Banks	101.6	0.748	3.55%	3.21%	Floating	3.40%	Quarterly	2.98%	$0.73	3/3/2022	15/03/2022	-0.34%	-0.57%	-0.21%	0.36%	0.06	4.20
CBAPH	1590	26/04/2024	3.6	Banks	102.3	0.812	3.51%	3.24%	Floating	3.70%	Quarterly	2.66%	$0.67	4/9/2020	15/09/2020	-0.36%	-0.72%	0.07%	0.59%	0.07	3.27
CBAPI	1650	20/04/2027	6.63	Banks	99.48	0.66	3.75%	3.20%	Floating	3.00%	Quarterly	2.17%	54.70%	4/9/2020	15/09/2020	-0.23%	-0.78%	-0.06%	-	0.00	5.77
NABHA	2000	Perpetual	-	Banks	90.1	0.088	2.69%	1.52%	Floating	1.25%	Quarterly	2.14%	$0.53	23/10/2020	16/11/2020	0.04%	-0.04%	0.11%	0.07%	37.22	37.22
NABPB	1717	17/12/2020	0.3	Banks	100.4	-0.147	1.42%	1.32%	Floating	3.25%	Quarterly	2.35%	$0.59	26/11/2020	17/12/2020	-1.46%	-1.50%	-1.42%	-0.59%	0.04	0.29
NABPD	1499	07/07/2022	1.8	Banks	103.9	0.775	3.37%	3.19%	Floating	4.95%	Quarterly	3.54%	$0.89	16/09/2020	7/10/2020	-0.19%	-0.58%	-0.34%	0.85%	0.13	1.75
NABPF	1874	17/06/2026	5.8	Banks	105.0	0.854	3.66%	3.20%	Floating	4.00%	Quarterly	2.87%	$0.72	8/9/2020	17/09/2020	-0.26%	-0.72%	-0.25%	0.30%	0.16	5.07
WBCPE	1311	23/09/2022	2.1	Banks	100.6	0.605	3.24%	3.05%	Floating	3.05%	Quarterly	2.21%	$0.56	14/09/2020	15/09/2020	-0.37%	-0.67%	-0.17%	0.60%	0.06	1.97
WBCPF	1320	22/03/2021	0.6	Banks	101.6	0.799	2.78%	2.63%	Floating	4.00%	Quarterly	2.87%	$0.72	11/9/2020	22/09/2020	-0.72%	-1.25%	-0.13%	0.49%	0.06	0.55
WBCPG	1700	20/12/2021	1.3	Banks	103.1	0.863	2.99%	2.83%	Floating	4.90%	Quarterly	3.50%	$0.88	9/9/2020	30/09/2020	-0.21%	-0.74%	-0.08%	0.89%	0.09	1.04
WBCPH	1690	22/09/2025	5.1	Banks	100.5	0.643	3.61%	3.23%	Floating	3.20%	Quarterly	2.31%	$0.58	11/9/2020	22/09/2020	-0.33%	-0.83%	-0.19%	0.38%	0.05	4.58
WBCPI	1423	31/07/2024	3.9	Banks	102.8	0.782	3.41%	3.13%	Floating	3.70%	Quarterly	2.66%	$0.67	9/9/2020	18/09/2020	-0.42%	-0.82%	-0.29%	0.43%	0.08	3.49

Listed Data Tracker

Description					Valuation				Income							Change in Trading Margin				Risk	
Ticker	Issue Size	Expected Maturity	Term	Sector	Last Price	Accrued	YTM	Trading Margin	Fixed/Floating	Interest Margin	Frequency	Current Rate	Cash Payment	Ex-Date	Payment Date	1 month	3 months	6 months	12 months	Mod. Dur.	Credit Duration
Additional Tier 1 (AT1) Hybrids																					
Other Financials																					
AMPPA	268	22/12/2021	1.3	Diversified Financials	100.7	1.001	5.50%	5.33%	Floating	5.10%	Quarterly	4.00%	$1.00	9/11/20	22/09/2020	0.47%	0.13%	0.87%	0.87%	0.06	1.24
AMPPB	275	16/12/2025	5.3	Diversified Financials	97.4	0.971	5.70%	5.29%	Floating	4.50%	Quarterly	3.54%	$0.89	9/7/20	16/09/2020	0.04%	-0.08%	0.69%	0.69%	-0.05	4.57
BENPE	292	30/11/2020	0.2	Banks	100.9	0.860	3.32%	3.23%	Floating	3.20%	Quarterly	2.35%	$1.17	17/11/2020	30/11/2020	-1.66%	-2.82%	-0.68%	-0.68%	0.25	0.25
BENPF	288	15/06/2021	0.8	Banks	100.9	0.891	4.14%	3.99%	Floating	4.00%	Quarterly	2.92%	$1.46	12/2/20	15/12/2020	0.25%	0.15%	0.07%	0.07%	0.28	0.76
BENPG	322	13/06/2024	3.8	Banks	100.3	-0.137	3.89%	3.62%	Floating	3.75%	Quarterly	2.70%	$0.67	9/1/20	14/09/2020	-0.27%	-0.91%	0.08%	0.08%	0.04	3.50
BOQPE	350	15/08/2024	4.0	Banks	101.0	0.158	3.80%	3.52%	Floating	3.75%	Quarterly	2.70%	$0.67	29/10/2020	16/11/2020	-0.32%	-1.31%	-0.13%	-0.13%	0.22	3.64
CGFPA	345	25/02/2021	0.2	Diversified Financials	99.0	0.067	8.16%	8.07%	Floating	3.40%	Quarterly	2.45%	$0.62	11/12/20	25/11/2020	0.42%	1.55%	-1.94%	-1.94%	0.23	0.23
CGFPB	460	22/05/2023	2.7	Diversified Financials	99.3	0.099	4.91%	4.70%	Floating	4.40%	Quarterly	3.16%	$0.79	11/11/20	23/11/2020	0.05%	-0.72%	0.68%	0.68%	0.22	2.55
IAGPD	350	15/06/2023	2.8	Insurance	104.0	1.026	3.78%	3.57%	Floating	4.70%	Quarterly	3.69%	$0.93	9/3/20	15/09/2020	-0.10%	-0.80%	0.44%	0.44%	0.08	2.58
MQGPB	531	17/03/2021	0.5	Diversified Financials	104.2	2.698	2.56%	2.41%	Floating	5.15%	Quarterly	5.00%	$2.52	9/8/20	17/09/2020	-0.72%	-2.07%	-0.91%	-0.91%	0.05	0.52
MQGPC	1000	16/12/2024	4.3	Diversified Financials	103.8	0.865	3.58%	3.27%	Floating	4.00%	Quarterly	3.50%	$0.88	9/4/20	15/09/2020	-0.26%	-0.85%	-0.45%	-0.45%	0.10	3.88
MQGPD	906	10/09/2026	6.1	Diversified Financials	104.2	-0.105	3.84%	3.35%	Floating	4.15%	Quarterly	3.68%	$0.91	9/1/20	9/10/20	-0.15%	-0.41%	-0.45%	-0.45%	0.15	5.27
SUNPF	375	17/06/2022	1.8	Insurance	102.2	0.874	3.50%	3.33%	Floating	4.10%	Quarterly	2.94%	$0.74	9/2/20	17/09/2020	-0.12%	-0.68%	0.38%	0.38%	0.06	1.71
SUNPG	375	17/06/2024	3.8	Insurance	101.6	0.781	3.70%	3.43%	Floating	3.65%	Quarterly	2.63%	$0.66	9/2/20	17/09/2020	-0.24%	-0.45%	0.30%	0.30%	0.06	3.49
SUNPH	389	17/06/2026	5.8	Insurance	99.3	0.646	3.72%	3.26%	Floating	3.00%	Quarterly	2.17%	$0.55	9/2/20	17/09/2020	-0.36%	-0.31%	0.03%	0.03%	0.01	5.19
MBLPC	641	22/12/2025	5.3	Insurance	107.2	1.198	3.85%	3.44%	Floating	4.70%	Quarterly	4.10%	$1.25	9/10/20	21/09/2020	-0.22%	-	-	-	0.20	4.61

Listed Data Tracker

Description					Valuation				Income							Change in Trading Margin				Risk	
Ticker	**Issue Size**	**Sector**	**Expected Maturity**	**Term**	**Last Price**	**Accrued**	**YTM**	**Trading Margin**	**Fixed/ Floating**	**Interest Margin**	**Frequency**	**Current Rate**	**Cash Payment**	**Ex-Date**	**Payment Date**	**1 month**	**3 months**	**6 months**	**12 months**	**Mod. Dur.**	**Credit Duration**
Corporate Hybrids																					
CWNHB	630	Consumer Discretionary	23/4/75	54.7	94.89	0.9	12.24%	12.09%	Floating	4.00%	Quarterly	4.10%	$1.02	9/3/20	14/09/2020	1.89%	4.05%	7.69%	7.69%	0.01	0.75
NFNG	251	Chemicals	Perpetual	-	85.85	1.6	6.01%	4.84%	Floating	3.90%	Semi-Annual	4.15%	$2.08	10/6/20	15/10/2020	-0.25%	-0.39%	0.27%	0.27%	16.36	16.36
RHCPA	260	Health Care	Perpetual	-	106.00	1.8	5.78%	4.61%	Floating	4.85%	Semi-Annual	3.52%	$1.77	30/09/2020	20/10/2020	-0.07%	-0.10%	0.05%	0.05%	17.04	17.04
URFPA	199	Real Estate	Perpetual	-	51.30	1.1	41.57%	41.37%	Fixed	6.25%	Quarterly	6.25%	$3.13	18/12/2020	31/12/2020	4.12%	0.44%	15.41%	15.41%	1.74	1.74
Listed Bonds																					
AYUHB	250	Diversified Financials	15/12/20	0.3	100.36	0.4	3.16%	3.06%	Floating	2.80%	Quarterly	2.90%	$0.73	23/09/2020	14/10/2020	1.30%	0.61%	1.12%	1.12%	0.12	0.12
AYUHC	115	Diversified Financials	15/12/24	4.3	99.20	0.3	2.59%	2.28%	Floating	2.00%	Quarterly	2.10%	$0.53	10/2/20	14/10/2020	-0.20%	-0.79%	0.54%	0.54%	0.10	3.90
AYUHD	207	Diversified Financials	15/12/26	6.3	98.00	0.3	3.08%	2.56%	Floating	2.15%	Semi-Annual	2.25%	$0.57	10/2/20	14/10/2020	-0.23%	0.01%	0.56%	0.56%	0.05	5.60
CVCG	60	Diversified Financials	22/6/23	2.8	90.80	0.7	8.25%	8.03%	Floating	3.75%	Quarterly	3.85%	$0.97	21/09/2020	30/09/2020	0.15%	-1.09%	2.58%	2.58%	-0.06	2.39
OBLHA	76	Diversified Financials	8/1/22	1.4	99.50	0.7	5.33%	5.17%	Floating	4.20%	Quarterly	4.30%	$1.08	17/09/2020	30/09/2020	-0.44%	-0.76%	0.98%	0.98%	0.07	1.27
PPCHA	100	Real Estate	7/6/21	0.8	101.50	1.6	7.63%	7.48%	Fixed	7.50%	Semi-Annual	7.50%	$3.75	12/7/20	16/12/2020	-0.56%	-0.65%	3.94%	3.94%	0.28	0.28
PPCHB	50	Real Estate	5/10/22	2.1	99.00	0.7	5.72%	5.54%	Floating	4.65%	Quarterly	4.75%	$1.20	14/09/2020	10/6/20	0.19%	0.58%	2.38%	2.38%	0.08	1.96
QUBHA	305	Industrials	5/10/23	3.1	103.89	0.6	3.02%	2.79%	Floating	3.90%	Quarterly	4.00%	$1.01	14/09/2020	10/6/20	-0.43%	-1.03%	0.49%	0.49%	0.14	2.89
URFHC	175	Real Estate	24/12/21	1.3	99.50	1.3	8.99%	8.39%	Fixed	7.75%	Quarterly	7.75%	$1.95	17/09/2020	30/09/2020	1.00%	1.37%	1.01%	1.01%	1.45	1.45

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