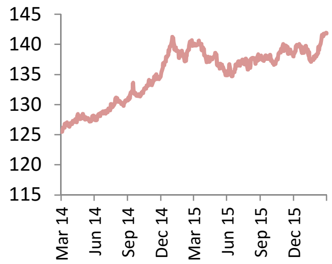
3rd May 2016

Retail Bond Review No. 12

Feature Article: New Burford Retail Bond

FTSE ORB Index



Source: FTSE

Description

The first quarter saw new issues return with 3 bonds announced, one of which has been issued. Performance was weak, with yields rising.

- **New bond issue**: In March Burford Capital announced the issue of its second retail bond, with a 6.125% coupon and maturity in 2024.
- **Bond analysis:** In this review we include our original bond research in full, with detailed analysis under our four risk categories of Equity Risk, Income Risk, Balance Sheet Risk and Ranking Risk.
- **Risk categories:** By separating the risks investors can clearly distinguish the risks, see how and if they interact and make a more informed decision on the bond issue and the risks that they are taking in doing so.
- **Actual issue:** Since the original note was written the offer period has closed, raising £100m.

A range of source data for retail bonds traded on London Stock Exchange, in addition to further information on the ORB market, is available at www.londonstockexchange.com/retail-bonds

Analysts

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Introduction

This is the twelfth issue of our regular publication on the retail bond market. Its aim is to offer a comprehensive periodic review of this growing market, as well as providing information on the performance of this security class and a reference on individual bonds within it. Each issue will also carry a feature article covering a topical issue. This edition explores the effect of oil prices on credit.

About Hardman & Co

Hardman & Co is a research company based in London which has been established for nearly 20 years. We have a team of experienced investment analysts who provide research that is distributed globally. Research is undertaken on quoted and private companies as well as individual projects. We cover both equity and bond markets. Sector expertise includes: Agriculture, Building & Construction, Business Services, Education, Financial Services, Life Sciences, Media, Mining, Oil & Gas, Property, Technology and Retail Bonds. Research is only one part of the suite of services which we offer to enable investors and companies to engage with each other.

Brian Moretta, Financials Analyst

Brian has had a 20-year career in financial services, including over a decade as a fund manager. He started as a trainee actuary, but followed that with a spell in academia, where he completed his actuarial qualification and gained a PhD in Applied Probability. He then joined SVM Asset Management, where he specialised in analysing financial services companies. While there, Brian managed two traded endowment funds and an equity fund, worked on hedge funds and the quantitative risk management function. Since leaving SVM he has followed a pluralist lifestyle, mixing financial/investment consulting with spells lecturing on actuarial science and financial economics.

Feature Article: Burford Capital 6.125% 2024

Note: The original report was written on 6th April 2016 when the share price was 280.5p....

...the table below has been corrected for the share price on 28th April 2016 of 293.5p

Burford has announced and issued its second retail bond issue. Since 2009 it has quickly, but carefully, grown its book of litigation funding investments. With its 2015 full year results it announced a $100m investment with a major law firm. This is a step up in its investments, taking invested capital from 54% of equity a year ago to 77% now. While very positive for the company, this reduces the cash available on its balance sheet. Though Burford has adequate cash to fulfil its existing commitments, it still has plenty of new opportunities too and raising money to address those makes issuing the bond a sensible step.

- **Results:** The 2015 results were outstanding. Income grew to over $100m, boosted by a large positive investment result, and headline profit after tax grew 41% to $64.5m. The dividend for the year was increased by 14% to 8 cents per share. Return on book equity grew to 16%.

- **Equity Risk:** Burford has shown rapid organic growth in its litigation investment business, with very good results. Its approach to new businesses has been conservative, with only two small acquisitions. We expect the management to continue with a careful approach in the future.

- **Income Risk:** Operating profit in 2015 covered coupon payments 8.3 times. A tripling of that at current exchange rates would still give 3.1 times cover, a comfortable margin. With substantial cash balances and ongoing cash income from realised investments we do not anticipate any cash flow issues.

- **Balance Sheet Risk:** Gearing is only 23% of total assets. Net indebtedness post the $100m investment is 7% of total assets. A covenant restricts the latter to 50% or less. The balance sheet has much more debt capacity and it would take an implausible impairment of assets to breach that covenant.

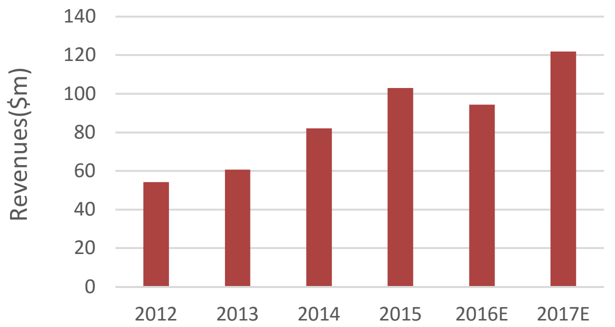
- **Ranking Risk:** The new bond will rank pari passu with the existing issue and the two bonds are the only debts. Both rank ahead of the preference shares and equity. Burford's assets are primarily cash and litigation investments. In the event of a wind up there would be a limited secondary market in the latter; in aggregate they provide strong protection for bondholders.

Financial summary and valuation

Year end Dec ($m)	2012	2013	2014	2015	2016E	2017E
Revenue	54.2	60.7	82.0	103.0	95.5	122.2
Operating Profit	34.1	42.5	60.7	77.2	67.9	92.0
Reported net income	17.4	2.6	45.4	64.5	49.1	70.6
Underlying net income	31.6	40.1	53.0	64.5	49.1	70.6
Underlying Return on Equity	9.7%	11.7%	12.1%	16.3%	11.1%	14.5%
Underlying EPS ($)	0.15	0.20	0.26	0.32	0.24	0.35
Statutory EPS ($)	0.10	0.01	0.22	0.32	0.24	0.35
Dividend per share ($)	0.05	0.05	0.07	0.08	0.09	0.10
Yield	1.3%	1.4%	1.8%	2.1%	2.4%	2.6%
NAV per share ($)	1.62	1.72	1.87	2.12	2.28	2.54
P/E (x) (underlying)	24.5	19.3	14.6	12.0	15.8	11.0
Price/NAV (x)	2.3	2.2	2.0	1.8	1.7	1.5

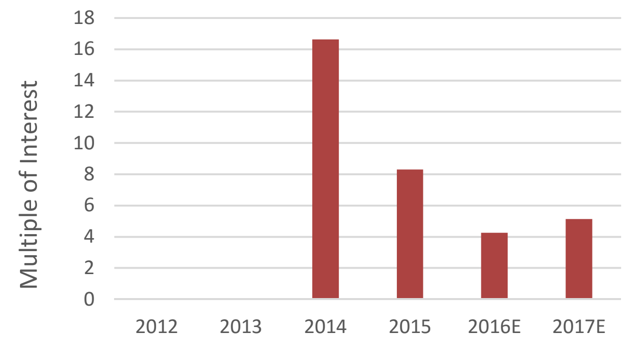
Source: Hardman & Co Research

Revenues



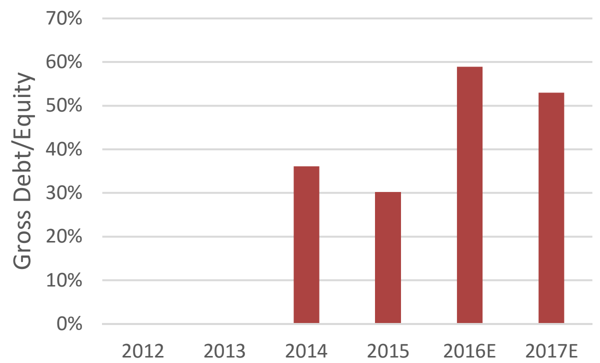
- Growth depends on pace of investment and conclusions
- Accelerated investment in 2016 will boost 2017 revenues
- 2016E with no repeat of large gain in 2015

Interest cover



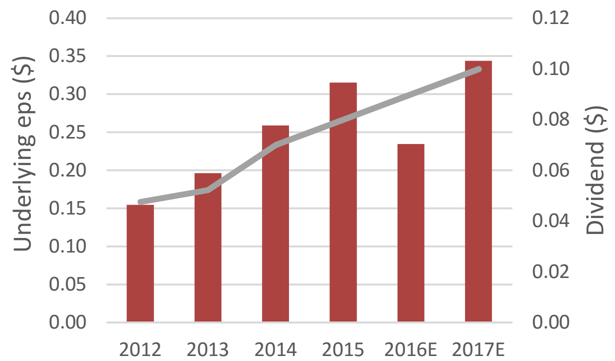
- No debt prior to 2014
- Retail bond issues in 2014 and 2016
- 2014 issue mid-year so partial accrual of coupon

Gearing – debt to equity ratio



- No debt prior to 2014
- Retail bond issues in 2014 and 2016
- Between issues ratio declines as returns grow equity base

Eps and dividend



- 2016E affected by additional coupon
- Full effect of additional $100m investment seen in 2017
- 2015 boosted by large gain

Source: Company data; Hardman & Co Research

Brief Business Description

Founded in 2009, Burford Capital has quickly become one of the leading participants in the litigation finance market. Although this market has been around in a small way for a long time, it is only in the last decade that it has established itself in the USA and UK. The market opportunity is huge, with a vast amount of litigation taking place, especially in the USA, but very little of it funded by third parties. New entrants tend to expand the use of funding rather than erode the business of existing players.

Burford has focussed on commercial litigation and international arbitration, dealing only in business to business cases. With a high quality team, excellent investment process, strong capital base and experienced management who are amongst the sector's pioneers, Burford has quickly become a leading player in this area.

Litigation cases can take several years to conclude and consequently Burford is still seeing conclusions from its early investments. So far 63% of its 2010 investments and around 45% of the total made to date have concluded. The results so far are impressive, with a cumulative 70% return on invested capital from concluded investments.

This means investors must look at Burford's investment process qualitatively as well as quantitatively. The diligence done on investments is extensive, effectively validating much of the preparation work of the case lawyers. Typically, that comes to hundreds of hours of work. The vast majority of cases presented get rejected.

The returns on concluded investments support the effectiveness of Burford's process. In 71% of investments a gain has been made, with a total loss in only 14%. Using actuarial techniques, we estimate that a typical investment lasts 2-3 years and, hence, that the annualised return on invested capital is around 20-24%.

Other Businesses

The finances of the company are dominated by the litigation funding business, but it does have some other related businesses. In 2012 Burford purchased a UK after-the-event insurer. The motivation was strategic, but it has also been a great investment financially. It has led to Burford having a strong position in the UK litigation investment market and it still has meaningful ongoing revenue from the insurance business as it runs-off as expected.

There are also three new initiatives to expand Burford's products and services. These look like promising additions, though are still at early stages of development.

Equity Investment Conclusion

The multi-case investment of $100m has significantly boosted Burford's invested capital, which in turn should bring a step up in Burford's earnings over the next couple of years. Hardman's earnings forecast for 2017 has been upgraded to $71m, giving a return on equity of 14.5%. As importantly, this deal confirms the scale of opportunities available to Burford. With their commitment to investing in its team we expect the business to continue to grow, and the share price to progress as investors appreciate Burford's strengths, its lack of correlation to other assets and its ability to scale further.

Bond Issue: Key Points

Bond Terms

The bond has an annual coupon of 6.125% with payments twice a year. It will mature on 26 October 2024, so has a 8.5 year term. The conditions are similar to the earlier bond issue and we use those in our analysis.

We note that, over the last couple of years, every successful retail bond issue has been oversubscribed and has closed early. This issue was also oversubscribed.

The bond is issued by a special purpose vehicle which was used for the previous issue and is guaranteed by the parent company (the structure is shown in the Appendix). The parent has made some additional pledges and covenants:

Negative Pledges: essentially prevents Burford from granting security to anyone else over any part of its business or assets without granting the bond similar security.

Financial Covenant: Burford commits to keeping its net financial indebtedness (borrowings less cash and equivalents) at less than 50% of the sum of total assets (less goodwill and intangibles) plus entitlements through the preference shares.

There is also a Guarantee provision which says that unsecured and unsubordinated obligations will rank pari passu with each other. In combination, this means Burford may not issue higher ranking debt, though it may issue subordinated debt. It should be noted that there are exceptions for subsidiaries with debts below £2m and for the law firm lending subsidiary.

The bond terms also include standard early repayment options at above market prices. Neither Burford nor any of its subsidiaries, including the bond vehicles, have been assigned a credit rating. Should a credit rating be assigned that is below Ba3 (for Moody's) or BB- (for S&P or Fitch) then the coupon rate increases to 7.5% per annum (this is defined as 1% above the coupon rate so may be different for the new issue).

Reasons for Fundraising

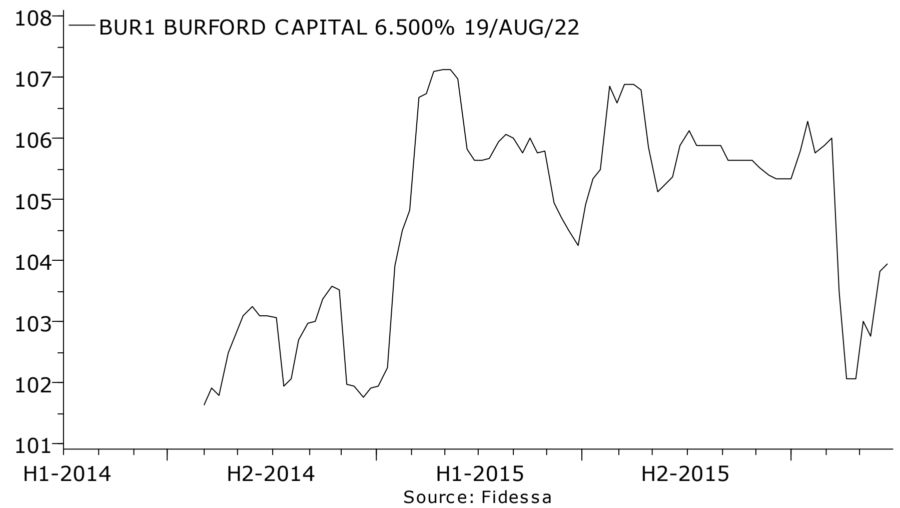
In the prospectus, the expected use of funds is described as "for general corporate purposes of the Group".

Since its creation in 2009, Burford has raised and deployed capital in litigation investment and some related areas. Following a very successful 2015, in January of this year it signed an agreement with a law firm to deploy $100m. While this left its available cash resources adequate to fulfil its expected commitments in the next year, it may have prevented Burford taking advantage of further large investment opportunities. The bond will restore that flexibility.

Previous Retail Bond

In 2014 Burford issued its first retail bond (Epic BUR1). This was an eight-year bond with a coupon of 6.5% payable semi-annually which matures on 19/08/2022. The initial intention was to raise £75m, but the company took advantage of the extra demand and raised a gross amount of £90m. The terms and conditions for the new issue are almost identical to the previous one, with any differences being immaterial for investors.

Historical performance of BUR1



Source: Fidessa

As of 30/03/2016 the bond traded with a gross redemption yield of 5.54%.

Risk Categories

The following describes the risks to bond holders. Investors who are unfamiliar with Burford may wish to read the equity summary on page 6 or, for more detail, refer to the Hardman initiation note issued on 7/10/2015.

Equity Risk

Burford's primary business is litigation investment, which directly or indirectly uses most of its assets and supplies 94% of the operating profits from businesses. This business has grown organically since Burford's inception. The investment process is now well established and it is building a very credible track record of results. The portfolio is well diversified, with 54 different investments and over 500 underlying claims. The investments are also uncorrelated with other asset classes, giving additional diversification benefits for investors.

The timing and amount of returns is uncertain, meaning that there will be some natural volatility in the income. The increased diversity as the book has grown has reduced the risk from some large investments. These can still have a significant influence, as the results in 2015H1 demonstrated when income was boosted by a single investment. Overall, we expect investment returns to continue to be good, though investors should note that there will be some losses in individual investments or claims.

There have been several new litigation investment initiatives over the years but, other than in the UK, these have started with a small number of hires and have been developed internally. The recent new Hong Kong operation follows this pattern and the risk from this expansion seems limited.

The UK insurance business was purchased in 2012 for a very good price, as legislative changes were about to make the business less attractive. For various reasons it has performed very well but, as expected at the time of purchase, it is shrinking and will be a diminishing proportion of the business going forward. As the underwriting uses Munich Re's balance sheet there is little risk to Burford other than income declining faster than expected.

The new initiatives category also demonstrates Burford's prudent approach to developing opportunities, and has much in common with the way the litigation investment business has been developed. Judgment enforcement started with a small acquisition that cost $1.5m, but has since been expanded organically. Law firm lending has been developed internally. The latter has some balance sheet risk, though the lending is secured.

Overall Burford has demonstrated very good progress since it was formed. As importantly for bond investors, the management have shown care as they focus on controlled organic growth. We expect more of the same going forward and see little risk of excessive expansion or acquisitions.

Income Risk

The current bond has annual coupon payments of £5.85m, or $8.4m at current exchange rates. This latter figure is lower than the FY2015 accounting figure due to the strengthening US Dollar. There are no income covenants on the existing bond.

Income and profit summary				
$,000	**2012**	**2013**	**2014**	**2015**
Total litigation income	32,457	38,847	47,847	86,903
Insurance related income	16,152	20,910	24,338	12,763
New Initiatives	0	0	222	3,484
Cash management & Interest	4,967	728	1,093	671
Forex gains	661	175	8,534	-814
Total Income	**54,237**	**60,660**	**82,034**	**103,007**
Expenses	20,139	18,146	21,323	25,840
Operating Profit	**34,098**	**42,514**	**60,711**	**77,167**
Interest payments	0	0	3,652	9,290
Invested Capital (year-end)	142,135	173,565	206,982	238,994

Source: Burford Capital, Hardman & Co Research

As the table above shows, Burford's operating profit in 2015 gave interest cover of 8.3 times. A tripling of those payments (i.e. a new bond issue of more than twice the current amount) at current exchange rates would reduce that to 3.1 times, still a very comfortable margin. If the dollar sterling exchange rate moved back to $1.60/£ that would only erode the cover to 2.7 times, even before allowing for the increased income that it would bring from UK investments.

Burford's litigation income is potentially volatile, with the results of legal cases and their timing having significant uncertainty. The amount of income is, on average, strongly correlated with the capital that Burford has invested and the ratio of income to average invested capital is the most stable return measure, having been steadily in the 24-25% range from 2012 to 2014, though the large gain in 2015 raised that to 39%.

As can be seen above, invested capital has grown steadily over the last few years and we expect that trend to continue. For 2016 we estimate it would take litigation income to fall to £36.2m for interest payments to be uncovered by earnings. This implies the ratio of income to average invested capital is 11%, when Burford has never had a figure below 17%. With Burford's diversification having improved over time this looks rather unlikely for one year, let alone over a sustained period.

Pre-investment litigation investment portfolio cash-flow				
$,000	**2012**	**2013**	**2014**	**2015**
Cash from operating activities	82	1,113	4,443	-13,480
Decrease in receivables	3,353	157	516	7385
Inc (dec) in payables	899	-268	3,582	2,064
Taxation Paid	-2,416	-2,480	-3,308	-2,620
Proceeds litigation investments	17,651	31,889	63,010	140,196
Total	**19,569**	**30,411**	**68,243**	**133,545**

Source: Burford Capital, Hardman & Co Research

Litigation income includes an increase in fair value of investments that does not reflect cash movements. Payments on concluded investments often do not arrive promptly, with some settlements involving deferred payments. The table goes some way towards analysing the net cash flows. It excludes the effects of making the litigation investments but includes all the cash received. We are unable to separate the proportion of the latter that is gain.

It can be seen that cash flow on this basis has shown strong growth. While the 2015 figure does include a large gain, the ongoing growth in invested capital and, hence, litigation income reassures that cash flow will continue to trend upwards, albeit in a more volatile way than income.

We do note that Burford carries significant cash balances (see Balance Sheet Risk below). This means that it is very likely to have the ability to fund the coupon payments on the bonds from existing resources, so the operational cash flow matters as a broad trend rather than in any particular year.

Overall it would appear that Burford can easily tolerate the current cost of servicing the bonds, and could actually cope with a higher debt level.

Balance Sheet Risk

The sources of capital on Burford's balance sheet have been pretty straightforward to date, being mostly equity and the existing retail bond. Burford has also issued some preference shares for a nominal amount, which it can draw down for another $39m of capital. It would be more expensive than the costs of either bond, but this provides an additional buffer.

Burford does not incur much in the way of significant liabilities as it runs its businesses. Investments are paid out as required, though they usually involve staggered payments. Typically, there is an upfront payment followed by further payments at pre-defined stages of progress. This means that Burford has an amount of contingent payments for existing investments that it needs to be able to fund. As of the end of 2015, the contingent amounts due were $213m, with an expectation that less than half of that will have to be paid in the subsequent twelve months[1].

The other businesses have a very limited balance sheet effect. The largest is the law firm lending business, which currently has $15m of loans outstanding. We expect this to grow over the next few years, though we believe it will remain much smaller than the investment business. It should be noted that there is an exemption clause for this subsidiary from the covenants. This is not unreasonable as otherwise some funding options for this business, such as securitisation of the loans, would be closed off.

The insurance business essentially uses Munich Re's balance sheet and there is no liability to Burford shareholders. The judgment enforcement business does not use the balance sheet significantly. Law firm investing is a brand new business. While it will be equity investing, we expect Burford to follow its usual policy of starting slowly. The Financial Covenant for both retail bonds states the following:

> *"….it shall ensure that the financial indebtedness of the Group (after deducting the sum of any cash, cash equivalents and cash management investments) does not exceed 50 per cent. of the sum of the Group's total assets (after deducting any goodwill and intangible assets) and any amounts which the Group is entitled to receive pursuant to certain preference shares issued by a subsidiary of the Guarantor (in each case excluding indebtedness or assets in certain of the Guarantor's subsidiaries)."*

Source: Prospectus

[1] This proportion has stayed constant since Burford's inception.

In practice this has not been much of a restriction for Burford. Due to the contingent commitments, it carries significant cash or equivalent investments on its balance sheet. At the end of 2015, the cash and cash management assets were $186m with loan capital of $131m. The funding of the post year end investment of $100m has obviously reduced the former significantly.

As at 31/12/2015 there was $1.1m of goodwill and assets of $594.1m, giving a net sum including the preference shares of $633m. After the latest deal the Net Indebtedness is 7% of this figure.

If we assume a £100m fund raise and an exchange rate of $1.43/£, then the net sum will be $776m and the ratio is 6%. The aggregate debt of the bonds would be $272m, which is 36% of that sum. Another way to consider the latter figure is that it would take an impairment of the litigation assets of $232m, or 55%, for that latter figure to reach 50%. And that ignores the fact that Burford will continue to carry significant cash balances and that it has other resources, such as ongoing maturing investments. To Hardman that seems a very implausible scenario, suggesting there is little risk of Burford breaching the Financial Covenant under its current structure.

The only slight caveat is that Burford has very good ongoing investment possibilities, and it seems likely that further funding will be required in the future. The previous analysis hopefully shows that it has further headroom for debt given its current balance sheet. Further successful delivery of returns will only enhance that and, given the conservatism of management, this is not a serious concern.

Ranking Risk

As indicated above, Burford's balance sheet after the bond issue will remain relatively straightforward.

Simplified balance sheet liabilities post bond issue of £100m

Table sub-title	$m
Equity	434.0
Preference shares	0.1
Retail bond 2022	131.3
Retail bond 2024**	tba
Total Capital	565.4+ new issue

Source: Burford Capital, Hardman & Co Research

In the event of a wind-up the two retail bonds will rank pari passu with each other, but obviously will be ahead of the shareholders. The circumstances of a wind up can only be speculative but, as noted above, it is likely that Burford would draw down the extra capital on the preference shares before that happened. This suggests that there is a buffer for the retail bonds of $40m above the equity.

As described above, the main assets on Burford's balance sheet are litigation investments and cash or equivalents, together with smaller amounts of payments due and law firm lending. The circumstances of a forced wind up imply some sort of depletion of these, but they are unlikely to have no value at all. If the wind up is due to a breach of the Financial Covenant, then it would seem probable that the value of assets would still exceed the amount of debt.

Having said that, there is at best a limited secondary market in litigation investments, suggesting bondholders will probably have to wait until they conclude to receive value back. Some will require further investments, and an administrator may decide that using existing cash resources to fulfil these will deliver best value to creditors. Being a Guernsey company with subsidiaries in the UK, US and Ireland and investments in other jurisdictions it may be a complex situation. It may take several years before the final payments are received.

This would suggest that, in the event of a wind up, it is very unlikely that bond holders would suffer a complete loss. Between the nature of the assets and the preference shares it is likely there would be little or no loss.

Financial summary

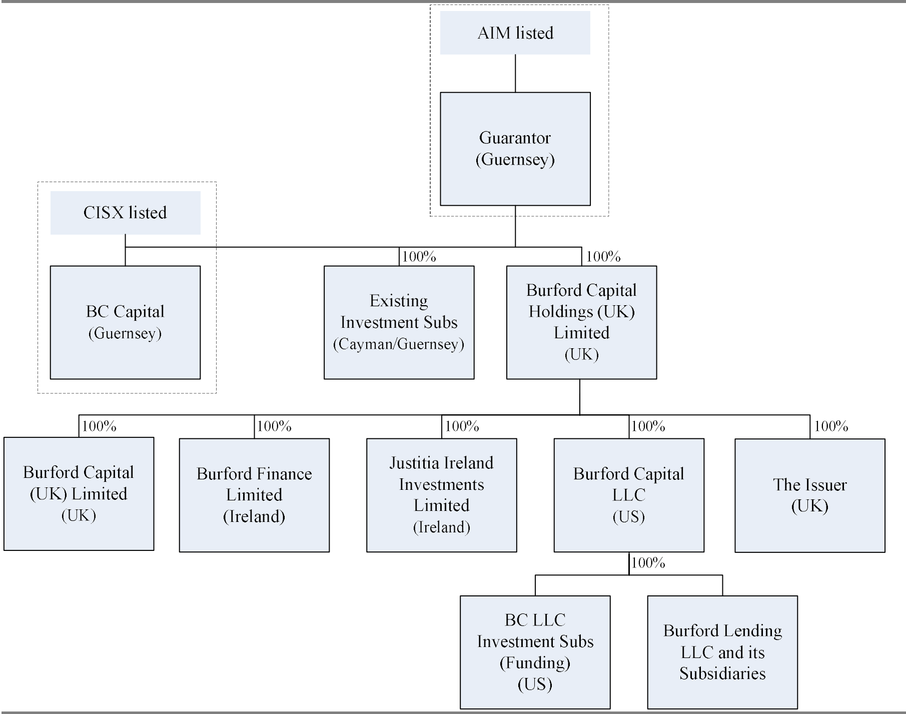
Summary financials

Year end Dec ($m)	2012	2013	2014	2015	2016E	2017E
Revenue	54.2	60.7	82.0	103.0	95.5	122.2
Expenses	20.1	18.1	21.3	25.8	27.6	30.2
Operating Profit	**34.1**	**42.5**	**60.7**	**77.2**	**67.9**	**92.0**
Finance cost	0.0	0.0	3.7	9.3	15.7	17.9
Exceptional items	-14.2	-40.4	-9.7	0.0	0.0	0.0
Reported pre-tax	**16.9**	**2.1**	**47.3**	**67.9**	**52.2**	**74.1**
Reported taxation	0.4	0.5	-0.7	-2.2	-1.9	-2.3
Minorities	0.0	0.1	1.2	1.2	1.2	1.2
Underlying net income	**31.6**	**40.1**	**53.0**	**64.5**	**49.1**	**70.6**
Statutory net income	17.4	2.6	45.4	64.5	49.1	70.6
Underlying Basic EPS ($)	**0.15**	**0.20**	**0.26**	**0.32**	**0.24**	**0.35**
Statutory Basic EPS ($)	0.10	0.01	0.22	0.32	0.24	0.35
Dividend ($)	0.05	0.05	0.07	0.08	0.09	0.10
Balance sheet						
Total equity	332.1	351.5	382.7	434.3	466.8	519.1
Invested Capital	142.1	173.6	207.0	239.0	402.6	446.1
Fair Value Balance	159.7	214.9	266.3	319.6	530.5	633.3
Total Assets	**345.4**	**376.1**	**533.2**	**594.1**	**742.2**	**794.5**
NAV Per share ($)	1.62	1.72	1.87	2.12	2.28	2.54
Return on Equity	**5.4%**	**0.8%**	**12.4%**	**16.1%**	**11.1%**	**14.5%**

Source: Hardman & Co Research

Appendix – Corporate Structure

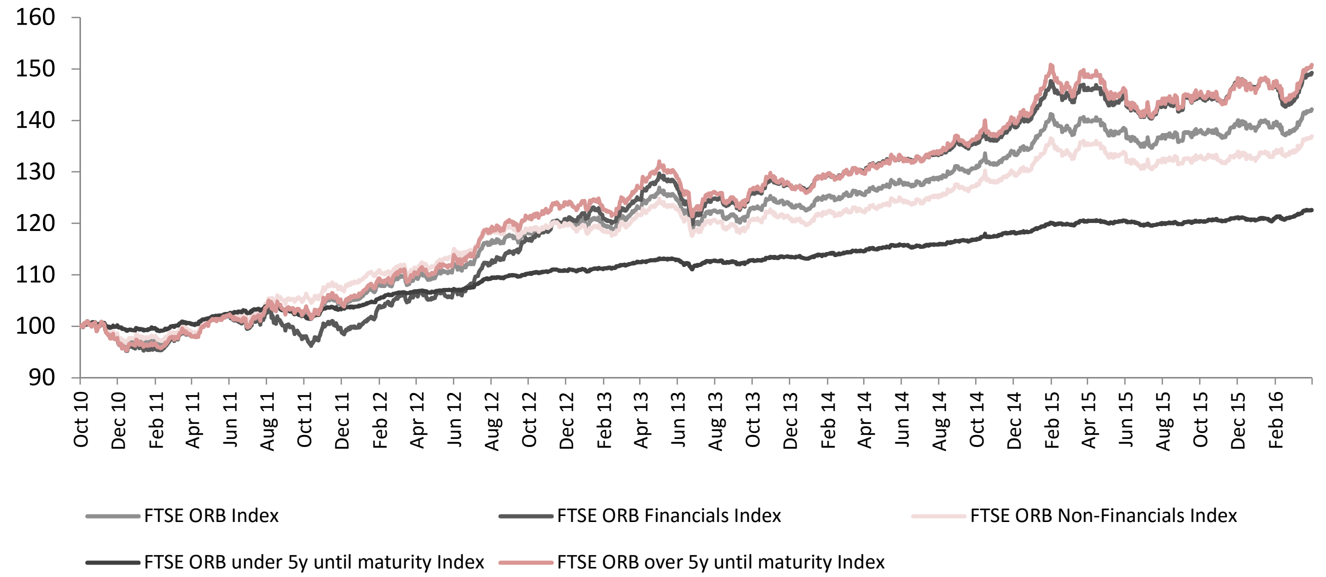
Burford Capital corporate structure



Source: Burford Capital

Market Performance

FTSE ORB Indices



Source: FTSE, Hardman & Co Research

The first quarter of 2016 saw strong performance from the FTSE ORB Index, both on a capital only and a total return basis. After a relatively flat January, most of the movement came in February, though this included a sharp dip before a recovery that extended through into March. The segment indices again diverged significantly, though in the opposite direction from the previous quarter with the non-financials index outperforming and financials underperforming.

Index Data Tables

Performance & Volatility – Total Return (GBP)

Index	No Issues	Nominal		Performance %		
		£bn	3M	1yr	3yr	5yr
FTSE ORB Index	86	21.16	2.74	1.61	15.57	44.13
FTSE ORB Financials Index	48	9.60	2.03	2.23	19.71	52.13
FTSE ORB Non-Financials Index	38	11.57	3.37	1.12	12.56	38.40
FTSE ORB under 5y until Maturity Index	41	8.03	1.62	1.77	9.01	22.01
FTSE ORB over 5y until Maturity Index	45	13.13	3.37	1.48	18.79	53.64

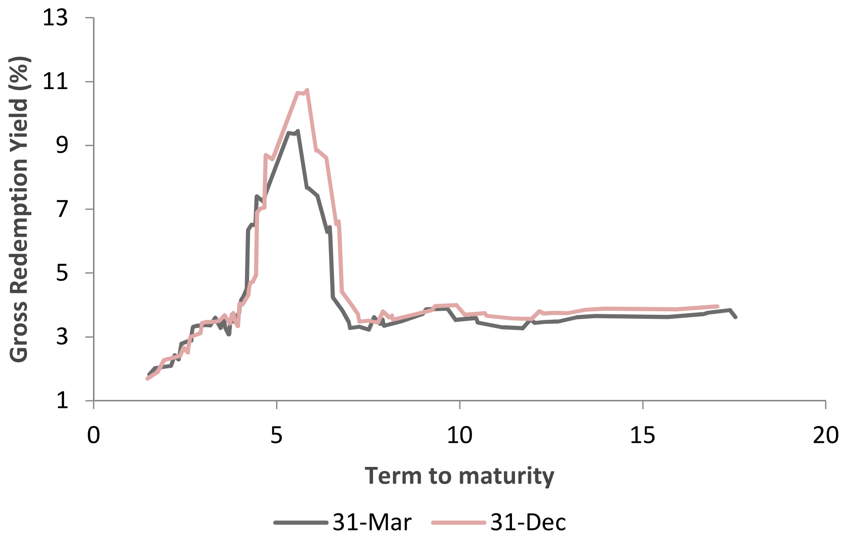
Index Characteristics

	Gross redemption yield* (%)			Modified Duration*		
	3mths ago	now	change	3mths ago	now	change
FTSE ORB Index	3.73	3.42	-0.31	6.61	6.64	0.02
FTSE ORB Financials Index	3.89	3.68	-0.21	7.26	7.17	-0.10
FTSE ORB Non-Financials Index	3.56	3.16	-0.41	6.06	6.19	0.12
FTSE ORB under 5y until Maturity Index	3.21	2.92	-0.28	2.61	2.49	-0.12
FTSE ORB over 5y until Maturity Index	3.82	3.49	-0.32	8.90	8.87	-0.03

Source: FTSE, Hardman & Co
** See glossary*

Yield Curve

Yield curves for bonds in the FTSE ORB Index



Source: FTSE, Hardman & Co Research

The final quarter of 2015 continued the trend of contrasting themes moving different parts of the ORB markets in different directions. This quarter was dominated by moves in individual credits, with the yields on the two oil company bonds and Eros International all rising to over 20%. The former are clearly seeing the effect of the continued weak oil price affect perceptions of their credit risk. This has driven the rise in the 'hump' in the ORB yield curve.

Gilt yields increased a little over the quarter, with the middle of the curve gaining 15-20bps. Moves in credit spreads broadly offset this move with a slight narrowing, leaving much of the yield curve outside some specific credits little changed.

The shape of the curve is influenced by the variety of credit qualities available in the market. Broadly in the 5-10-year range there is a much greater GRY spread, suggesting a greater variety in credit quality. The main article in Retail Bond Review No 2 looked at this in more detail.

New Issues

After an extended quiet period, the new issues sprung back into life towards the end of the quarter. The first quarter saw one new issue listed, raising £80m, with two others announced.

New ORB Corporate Bond Issues 01/01/2016 to 31/03/2016				
Company	**Date Listed**	**Issue Size (£m)**	**Maturity Date**	**Coupon**
Alpha Plus Holdings Ltd	31 Mar 2016	£80m	31 Mar 2024	5.00%

Source: London Stock Exchange

Alpha Plus Holdings, the provider of schools and colleges, issued its second retail bond in March. The new bond has an eight-year term, one year longer than their previous issue and raised over £30m more than last time. As we have come to expect, demand was very strong and the offer closed early.

We also saw the third issue from Retail Charity Bonds, this time on behalf of Charities Aid Foundation. The latter is slightly unusual, in that it that aims to maximise funding across the charitable sector as a whole rather than having any direct charitable operations. It facilitates donations and helps charities with finance, in particular through it banking services.

The bonds have a 5% coupon and are expected to mature in 2026, though this could be 2028. The offer also was closed a week early having raised £20m. No announcement has been made on how the funds will be used.

The third bond announcement of the quarter came from Burford Capital. This issue is discussed in detail in this month's feature article. The announcement of the intention to issue came with their results, with the pricing announced in April. It too was oversubscribed and raised £100m.

The return of activity is clearly welcome for all of the market, especially investors who continue to demonstrate strong demand with offers continuing to close early.

Significant Economic and Market News

The biggest headlines this quarter came from two directions. The first was a broad sell off in equity and other risk markets as the year started over concerns about weak economic conditions. At the risk of mixing metaphors, it was very much a quarter of two halves as from the middle of February most places recovered most or all of their losses. Even the oil price moved up and managed finish the quarter higher than at the start.

The second was the actions of the ECB at their March meeting. Though Mario Draghi has vowed to do whatever it takes, many in the market believe the ECB's actions have so far been weaker than they would like. Whether that is true or not, the Eurozone as a whole continues to perform rather anaemically and many of the causes are irrespective of monetary policy. Nevertheless, the ECB announced a further package of measures to stimulate the economy. These included cuts to its three policy interest rates, including a lowering of the deposit rate from -0.3% to -0.4%, and boosting its bond purchase programme from €60bn to €80bn per month.

The latter measure requires the ECB to start purchasing bonds from non-financial corporations. This has been somewhat controversial and, as yet, it is not clear how the bonds will be chosen. However, with the secondary corporate bond market notoriously erratic in its liquidity it seems likely the programme will have a significant market effect. Whether it will be effectively economically is less clear.

The US Federal Reserve made no changes to its interest rates over the quarter. Many of its critics blamed the rate rise in December for the adverse market movements at the start of 2016, though any effect is more likely to be a function of psychology than economics. Although the US economy has continued along its ‘new normal’ growth path, the weak international situation appears to be influencing future moves. In particular, the US Dollar has been strong since the move in December, effectively tightening policy somewhat. The timing of the next rate rise is uncertain.

Although China was one of the main focussed of attention during the market weakness that started the year. There has been little concrete news, though what there has been has been weak with exports falling so far this year.

Meanwhile the UK economy continues to follow a similar path to the USA, with steady growth, improving unemployment and weak inflation. The main concern is the lack of improvement in the government fiscal position, despite their austerity policies being projected as essential to recovery.

Corporate bond issuance as a whole has had a mixed start to the year. The market dislocations in January made things difficult for some issuers, particularly those in the high yield market. So far investment grade issuance is on a par with 2015, but for lower rated issuers the market has fallen away sharply.

The leak of papers from Mossack Fonseca, a Panamanian law firm, has exposed some of the detail of what goes on in offshore markets, and it isn’t pretty. It’s clear that there is an awful lot of tax evasion going on and, for perhaps the first time, a widespread public desire to see something done. While any improvements are likely to take some time to arrive, with estimates of hidden wealth ranging from 8%-16% of global assets there could be some improvement in the fiscal position of many countries if serious action could be taken.

Glossary

Flat (running) yield	The interest earned expressed as a % of the price paid for the asset. Note that this ignores the capital gain or loss inherent by buying the asset at a price greater than or lower than the eventual redemption price (see Gross Redemption Yield).
Gross Redemption Yield	The annual interest rate at which the present value of all future payments on a bond equals its current price. It takes into account any capital gain/loss incurred as well as the coupon payments.
Modified Duration	The average time of future payments, weighted by their present value. It is a measure of interest rate sensitivity, with higher values denoting greater sensitivity.

Bond Statistics as of 31st March 2016: Fixed Rate ORB Corporate Bonds (alphabetically by issuer)

Name	ISIN	Maturity Date	Coupon Value	Next Coupon Date	Period of Coupon	Price	Flat Yield	GRY	Duration	Liquidity
A2D FUNDING II PLC A2D FUND.26	XS1103286305	30 Sep 26	9	30 Sep 16	6 month	106.25	4.24	3.81	8.54	1665488
A2D FUNDING PLC A2D FUND. 22	XS0975865949	18 Oct 22	4.75	18 Apr 15	6 month	106.93	4.44	3.59	5.61	1420049
ALPHA PLUS HOLDINGS PLC ALPHA PLUS 19	XS0853358801	18 Dec 19	5.75	17 Jun 16	6 month	108.23	5.31	3.40	3.35	853229
ALPHA PLUS HOLDINGS PLC ALPHA PLUS24	XS1379593566	31 Mar 24	5	30 Sep 16	6 month	102.93	4.86	4.56	6.71	NA
ANGLIAN WATER SERVICES FINANCING PLC ANGLIANWTR6.875	XS0089553282	21 Aug 23	6.625	19 Aug 16	12 month	129.75	5.11	2.21	6.07	77724
ANHEUSER-BUSCH INBEV NV AB INBEV 6.50%	BE6000183549	23 Jun 17	6.5	23 Jun 16	12 month	106.25	6.12	1.28	1.16	590172
AVIVA PLC AVIVA 6.125%36£	XS0138717441	14 Nov 36	6.125	14 Nov 16	12 month	104.75	5.85	5.72	12.18	2199398
B.A.T. INTERNATIONAL FINANCE PLC B.A.T.IF6.375%	XS0182188366	12 Dec 19	6.375	12 Dec 16	12 month	117.33	5.43	1.51	3.37	404818
BARCLAYS BANK PLC BARCLAYS.5.75%	XS0134886067	14 Sep 26	5.75	14 Sep 16	12 month	110.13	5.22	4.51	8.03	15363148
BEAZLEY PLC BEAZLEY 5.375%	XS0827693663	25 Sep 19	5.375	25 Sep 16	6 month	104.83	5.13	3.91	3.21	2177175
BRITISH TELECOMMUNICATIONS PLC BR.TEL.5.75%BDS28	XS0097283096	07 Dec 28	5.75	07 Dec 15	12 month	126.72	4.54	3.16	9.61	12504232
BRITISH TELECOMMUNICATIONS PLC BR.TEL.8.625%	XS0052067583	26 Mar 20	8.625	26 Mar 17	12 month	126.48	6.82	1.68	3.58	727929
BRITISH TELECOMMUNICATIONS PLC BRIT.TEL.NTS16	XS0123682758	07 Dec 16	7.5	07 Dec 15	12 month	104.65	7.17	0.67	0.68	16248909
BRUNTWOOD INVESTMENTS PLC BRUNTWOOD 6%	XS0947705215	24 Jul 20	6	24 Jul 16	6 month	105.10	5.71	4.73	3.83	1181529
BURFORD CAPITAL PLC BURFORD 22	XS1088905093	19 Aug 22	6.5	19 Jul 16	6 month	104.00	6.25	5.82	5.30	3513323
CLS HOLDINGS PLC CLS HDGS 19	XS0820711215	31 Dec 19	5.5	30 Jun 16	6 month	103.55	5.31	4.51	3.39	2539490
DAILY MAIL & GENERAL TRUST PLC DMGT.5.75%18	XS0170485204	07 Dec 18	5.75	07 Dec 15	12 month	107.20	5.36	2.90	2.52	688079
EASTERN GROUP EAST.GP.8.5%2025	XS0058209106	31 Mar 25	8.5	31 Mar 17	12 month	144.78	5.87	2.80	7.06	97236
EASTERN POWER NETWORKS PLC EAST.POWER5.75%	XS0187202303	08 Mar 24	5.75	08 Mar 16	12 month	121.15	4.75	2.74	6.70	569159
ENQUEST PLC ENQUEST 22	XS0880578728	15 Feb 22	5.5	15 Feb 16	6 month	45.50	12.09	24.09	4.55	2482017
ENTERPRISE INNS PLC ENTER INNS 2018	XS0163019143	06 Dec 18	6.5	06 Dec 15	6 month	104.94	6.19	4.56	2.45	1832921
EROS INTERNATIONAL PLC EROS INT 21	XS1112834608	15 Oct 21	6.5	15 Apr 16	6 month	66.65	9.75	16.38	4.31	1127596
EUROPEAN INVESTMENT BANK EURO.I.BK.16	XS0602217159	07 Dec 16	3.25	07 Dec 15	12 month	100.98	3.22	1.79	0.69	14142628
EUROPEAN INVESTMENT BANK EURO.IV.8.75	XS0055498413	25 Aug 17	8.75	25 Aug 16	12 month	111.00	7.88	0.82	1.33	51196146
FIRSTGROUP PLC FIRSTGROUP6.125	XS0181013607	18 Jan 19	6.125	18 Jan 17	12 month	109.10	5.61	2.69	2.63	1370030
GE CAPITAL UK FUNDING GE CAP.UK 18	XS0381559979	06 Aug 18	6.75	06 Aug 15	12 month	111.95	6.03	1.50	2.16	698935
GE CAPITAL UK FUNDING GE CAP.UK 33	XS0340495216	18 Jan 33	5.875	18 Jan 17	12 month	135.95	4.32	3.10	11.87	2275809
GE CAPITAL UK FUNDING GE CAP.UK5.625%	XS0297507773	25 Apr 19	5.625	25 Apr 16	12 month	112.03	5.02	1.56	2.77	1064152
GKN HOLDINGS PLC GKN 6.75% BDS19	XS0103214762	28 Oct 19	6.75	28 Oct 16	12 month	113.18	5.96	2.81	3.23	1304771
GLAXOSMITHKLINE CAPITAL PLC GLAXOSMSC 5.25%	XS0140516864	19 Dec 33	5.25	17 Jun 16	6 month	128.24	4.09	3.18	12.36	1217425
HAMMERSON PLC HAMMERSON 6%26	XS0184639895	23 Feb 26	6	23 Feb 17	12 month	123.33	4.87	3.21	7.93	69393

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Name	ISIN	Maturity Date	Coupon Value	Next Coupon Date	Period of Coupon	Price	Flat Yield	GRY	Duration	Liquidity
HAMMERSON PLC HAMMERSON 7.25%28	XS0085732716	21 Apr 28	7.25	21 Apr 16	12 month	137.55	5.27	3.40	8.57	8629
HAMMERSON PLC HAMMERSON6.875%	XS0109514538	31 Mar 20	6.875	31 Mar 17	12 month	118.10	5.82	2.09	3.65	75779
HELICAL BAR PLC HELICAL B.20	XS0942129957	24 Jun 20	6	24 Jun 16	6 month	106.23	5.65	4.41	3.75	1994511
HSBC BANK PLC HSBC BK.5.375%	XS0174470764	22 Aug 33	5.375	22 Aug 16	12 month	112.78	4.77	4.31	11.73	7343411
HSBC BANK PLC HSBC BK.6.5%NT2	XS0088317853	07 Jul 23	6.5	07 Jul 16	12 month	119.50	5.44	3.42	5.90	1661005
ICAP PLC ICAP 5.50%	XS0805454872	31 Jul 18	5.5	30 Jun 16	6 month	104.88	5.24	3.33	2.20	4616616
IMPERIAL TOBACCO FINANCE PLC IMP.TOB.FIN.6.25%	XS0180407602	04 Dec 18	6.25	04 Dec 16	12 month	111.60	5.60	1.75	2.50	356009
INTERMEDIATE CAPITAL GROUP PLC INT.CAP.GRP	XS0716336325	21 Dec 18	7	21 Jun 16	6 month	106.00	6.60	4.67	2.48	1366221
INTERMEDIATE CAPITAL GROUP PLC INT.CAP.GRP20	XS0818634668	19 Sep 20	6.25	19 Sep 16	6 month	103.10	6.06	5.53	3.95	2907542
INTERMEDIATE CAPITAL GROUP PLC INT.CAP.GRP23	XS1200576699	24 Mar 23	5	24 Sep 16	6 month	100.50	4.98	4.97	5.96	6104494
INTERNATIONAL PERSONAL FINANCE PLC INTER.PERS.20	XS0919406800	08 May 20	6.125	08 May 16	6 month	96.25	6.36	7.33	3.58	3555440
LADBROKES GROUP FINANCE PLC LADBROKES GP.22	XS1066478014	16 Sep 22	5.125	16 Sep 16	6 month	102.48	5.00	4.73	5.57	4432137
LEGAL & GENERAL FINANCE PLC LEG&GEN.5.875%	XS0121464779	11 Dec 31	5.875	11 Jun 16	6 month	128.98	4.56	3.49	10.99	418053
LLOYDS BANK PLC LLOYDS BK 5.50%	XS0604804194	25 Sep 16	5.5	25 Sep 16	6 month	102.05	5.39	1.24	0.48	7478705
LLOYDS BANK PLC LLOYDS BK. 25	XS0503834821	22 Apr 25	7.625	22 Apr 15	6 month	126.08	6.05	4.18	6.80	12050353
LLOYDS BANK PLC LLOYDS BK.40	XS0543369184	17 Sep 40	6.5	17 Sep 16	12 month	143.88	4.52	3.73	14.42	12054695
LLOYDS BANK PLC LLOYDS BK.9.625%	XS0043098127	06 Apr 23	9.625	06 Oct 16	12 month	133.15	7.23	4.09	5.26	3290537
LONDON POWER NETWORKS PLC LONDON POW.27	XS0148889420	07 Jun 27	6.125	07 Jun 16	12 month	128.50	4.77	3.07	8.44	17455
LONDON STOCK EXCHANGE GROUP PLC LON.STK.EX21	XS0846486040	02 Nov 21	4.75	02 May 16	6 month	111.30	4.27	2.58	4.91	4436972
NATIONAL GRID ELECTRICITY TRANSMISSION PLC NAT.GRID 5.875%	XS0094073672	02 Feb 24	5.875	02 Feb 17	12 month	126.25	4.65	2.19	6.61	705363
NATIONAL GRID ELECTRICITY TRANSMISSION PLC NAT.GRID6.50%£	XS0132735373	27 Jul 28	6.5	27 Jan 17	12 month	139.03	4.68	2.72	9.12	79920
NATIONAL GRID GAS PLC NAT.GRD.G 6%	XS0141704725	07 Jun 17	6	07 Jun 16	12 month	105.23	5.70	1.47	1.12	955833
NESTLE FINANCE INTERNATIONAL LTD NESTLE FIN 23	XS0860561942	30 Nov 23	2.25	30 Nov 15	12 month	103.38	2.18	1.77	7.08	5476007
NORTHUMBRIAN WATER FINANCE PLC NTHNBN.WTR.6%17	XS0139335029	11 Oct 17	6	11 Oct 16	12 month	107.05	5.61	1.27	1.46	216180
PARAGON GROUP OF COMPANIES PLC PARAGON GP20	XS0891023086	05 Dec 20	6	05 Sep 16	6 month	100.34	5.98	6.00	3.93	2263224
PARAGON GROUP OF COMPANIES PLC PARAGON GP24	XS1275325758	28 Aug 24	6	08 Aug 16	6 month	97.78	6.14	6.45	6.66	3133382
PARAGON GROUP OF COMPANIES PLC PARGN 6.125%	XS1018830270	30 Jan 22	6.125	30 Jul 16	6 month	98.53	6.22	6.53	4.92	4210444
PLACES FOR PEOPLE CAPITAL MARKETS PLC PLACES PEO 5%	XS0635014177	27 Dec 16	5	27 Jun 16	6 month	102.18	4.89	2.01	0.73	7056169
PREMIER OIL PLC PREMIER OIL20	XS0997703250	11 Dec 20	5	11 Jun 16	6 month	57.50	8.70	20.05	3.95	2716433
PRIMARY HEALTH PROPERTIES PLC PRIMARY HLTH 19	XS0795445823	23 Jul 19	5.375	23 Jul 16	6 month	103.91	5.17	4.11	3.06	1493270

Bond Statistics as of 31st March 2016: Fixed Rate ORB Corporate Bonds (alphabetically by issuer)

Name	ISIN	Maturity Date	Coupon Value	Next Coupon Date	Period of Coupon	Price	Flat Yield	GRY	Duration	Liquidity
PROVIDENT FINANCIAL PLC PROV.FIN 23	XS1209091856	09 Oct 23	5.125	09 Sep 16	6 month	100.40	5.11	5.12	6.18	2301342
PROVIDENT FINANCIAL PLC PROV.FIN 7.5%	XS0605672558	30 Sep 16	7.5	30 Sep 16	6 month	102.05	7.35	3.33	0.50	2064225
PROVIDENT FINANCIAL PLC PROV.FIN 7% 17	XS0762418993	04 Oct 17	7	04 Apr 16	6 month	104.13	6.72	4.17	1.45	2628958
PROVIDENT FINANCIAL PLC PROV.FIN6%21	XS0900863084	27 Sep 21	6	27 Sep 16	6 month	105.75	5.67	4.85	4.77	1645957
PROVIDENT FINANCIAL PLC PROVIDENT 7.00%	XS0496412064	14 Apr 20	7	14 Apr 16	6 month	107.50	6.51	4.98	3.49	265452
PRUDENTIAL PLC PRU.6 7/8%2023	XS0083544212	20 Jan 23	6.875	20 Jan 17	12 month	126.85	5.42	2.52	5.73	377957
RETAIL CHARITY BONDS PLC RETAIL CB21	XS1066485902	29 Jul 21	4.375	29 Jul 16	6 month	103.25	4.24	3.73	4.77	743713
RETAIL CHARITY BONDS PLC RETAIL CB25	XS1200788369	30 Apr 25	4.4	29 Apr 16	6 month	98.55	4.47	4.65	7.42	343756
ROLLS-ROYCE PLC ROLLS-R 7.375%	XS0112487482	14 Jun 16	7.375	14 Jun 16	12 month	101.00	7.30	2.35	0.21	2072784
ROYAL BANK OF SCOTLAND PLC ROY.BK.SC.20	GB00B3N3WC23	01 Feb 20	5.1	01 Feb 17	12 month	112.15	4.55	1.78	3.56	303711
SAFEWAY PLC SAFEWAY 6.00%	XS0140144204	10 Jan 17	6	01 Oct 16	12 month	103.10	5.82	1.93	0.78	1407590
SAFEWAY PLC SAFEWAY 6.125%	XS0093004736	17 Dec 18	6.125	16 Dec 16	12 month	109.35	5.60	2.50	2.54	9818
SCOTTISH POWER UK PLC SCOT.PWR.UK8TE%	XS0073359548	20 Feb 17	8.375	20 Feb 17	12 month	106.00	7.90	1.52	0.89	1220537
SEGRO PLC SEGRO 6%19	XS0179346274	30 Sep 19	6	30 Sep 16	6 month	113.35	5.29	2.02	3.21	22078
SEGRO PLC SEGRO.5.75	XS0221324154	20 Jun 35	5.75	20 Jun 16	12 month	129.25	4.45	3.61	12.57	150472
SEGRO PLC SEGRO.6.75	XS0107099466	23 Feb 24	6.75	23 Aug 16	6 month	127.23	5.31	2.89	6.42	91638
SEGRO PLC SEGRO5.50%	XS0221323693	20 Jun 18	5.5	20 Jun 16	12 month	108.00	5.09	1.77	2.06	70184
SEVERN TRENT UTILITIES FINANCE PLC SEVERN T.6.125%	XS0094475802	26 Feb 24	6.125	26 Feb 17	12 month	124.63	4.92	2.63	6.62	167781
SEVERN TRENT UTILITIES FINANCE PLC SEVERN T.6.25%BD	XS0097777253	07 Jun 29	6.25	07 Jun 16	12 month	135.63	4.61	2.95	9.58	797478
SMITHS GROUP PLC SMITH IND 7.25%	XS0111725049	30 Jun 16	7.25	30 Jun 16	12 month	101.35	7.15	1.73	0.25	97894
SSE PLC SSE.5.875%	XS0095371638	22 Sep 22	5.875	22 Sep 16	12 month	121.10	4.85	2.32	5.52	438950
ST.MODWEN PROPERTIES PLC ST.MODWEN 19	XS0841076465	07 Nov 19	6.25	07 May 16	6 month	104.65	5.97	4.88	3.20	1604621
TESCO PERSONAL FINANCE PLC TESCO PF 5.2%	XS0591029409	24 Aug 18	5.2	24 Jul 16	6 month	104.00	5.00	3.47	2.27	2833961
TESCO PERSONAL FINANCE PLC TESCO PF 5%	XS0780063235	21 Nov 20	5	21 May 16	6 month	103.48	4.83	4.21	4.12	5775345
TESCO PLC TESCO 6%NT29	XS0105244585	14 Dec 29	6	14 Dec 16	12 month	100.15	5.99	5.98	9.55	3345847
TESCO PLC TESCO5.50% NT19	XS0159013068	13 Dec 19	5.5	13 Dec 16	12 month	107.23	5.13	3.38	3.40	7758498
TOYOTA MOTOR CREDIT CORPORATION TOY.MTR.17	XS0595707570	07 Dec 17	4	07 Dec 15	12 month	104.88	3.81	1.04	1.64	0
TULLETT PREBON PLC TULLETT 5.25%	XS0859261520	11 Jun 19	5.25	11 Jun 16	6 month	102.25	5.13	4.53	2.93	2258328
UBS AG UBS 16	XS0440316635	20 Jul 16	6.375	20 Jul 16	12 month	101.43	6.29	1.57	0.30	859386
UNILEVER PLC UNILEVER 4.750%	XS0434423926	16 Jun 17	4.75	16 Jun 16	12 month	104.43	4.55	1.01	1.15	3212402
UNITE GROUP PLC UNITE GRP 20	XS0856594642	12 Jun 20	6.125	12 Jun 16	6 month	107.63	5.69	4.16	3.71	1752038
UNITED UTILITIES WATER LIMITED UTD WTR. 5.375%	XS0168054673	14 May 18	5.375	15 May 16	12 month	108.13	4.97	1.43	1.97	94187

Name	ISIN	Maturity Date	Coupon Value	Next Coupon Date	Period of Coupon	Price	Flat Yield	GRY	Duration	Liquidity
UNITED UTILITIES WATER LIMITED UTD WTR.5.625%	XS0159728236	20 Dec 27	5.625	20 Dec 16	12 month	125.95	4.47	2.97	9.11	212025
VODAFONE GROUP PLC VODAFONE 5.90%	XS0158715713	26 Nov 32	5.9	26 Nov 16	12 month	121.35	4.86	4.10	11.40	1444822
VODAFONE GROUP PLC VODAFONE NTS25	XS0181816652	04 Dec 25	5.625	04 Dec 16	12 month	119.65	4.70	3.22	7.79	665303
WASPS FINANCE PLC WASPS 22	XS1221940510	13 May 22	6.5	13 May 16	6 month	104.23	6.24	5.75	5.04	1126953
WESSEX WATER SERVICES FINANCE PLC WESSEX 5.375%	XS0214275785	10 Mar 28	5.375	10 Mar 15	12 month	124.35	4.32	2.93	9.41	541360

Bond Statistics as of 31st March 2016: Fixed Rate ORB Corporate Bonds (alphabetically by issuer)

Source; London Stock Exchange, FTSE, Hardman & Co.

Definitions

Data as of 31/03/2016 except liquidity:

Next Coupon – date next coupon will be paid.

Flat Yield – coupon rate as percentage of price.

GRY – Gross Redemption Yield.

Liquidity – Average monthly value traded over 1st quarter of 2016. New issues are NA.

Non-Standard Corporate Bonds on ORB (alphabetically by issuer)

Name	ISIN	Maturity Date	Coupon Value	Coupon Type	Next Coupon Date	Period of Coupon	Price	Flat Yield (%)	GRY	Duration (years)	Liquidity (£)	Note
COVENTRY BUILDING SOCIETY COVENTRY.6.092%	GB00B177CL57	Irredeemable	6.092	Fixed	29 Jun 16	6 month	99.00	6.15	6.153	16	3,249,680	Irredeemable
LEGAL & GENERAL GROUP PLC LEGAL&GEN.5.875	XS0189013823	Irredeemable	5.875	Fixed	25 Sep 16	6 month	102.53	5.73	5.728	17	2,806,409	Irredeemable
NATIONAL GRID PLC NAT.GRID BD 21	XS0678522490	06 Oct 21	1.25	Variable	06 Apr 16	6 month	111.30	1.12			5,147,411	Index-linked
PLACES FOR PEOPLE CAPITAL MARKETS PLC PLACES PEO 1%	XS0731910765	31 Jan 22	1	Variable	30 Jun 16	6 month	104.25	0.96			691,375	Index-linked
SEVERN TRENT PLC SEVERN T.22	XS0796078193	11 Jul 22	1.3	Variable	11 Jul 16	6 month	108.75	1.20			1,127,744	Index-linked
STANDARD CHARTERED BANK STAN.CH.BK5.375	XS0222434200	Irredeemable	5.375	Fixed	14 Jul 16	12 month	96.45	5.57	5.573	18	2,115,561	Irredeemable
TESCO PERSONAL FINANCE PLC TESCO PF 1%	XS0710391532	16 Dec 19	1	Variable	16 Jun 16	6 month	102.15	0.98			1,847,420	Index-linked

Source; London Stock Exchange, FTSE, Hardman & Co.

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