THE SENTINEL

Highlights from the week in Corporate Credit

SUMMARY: Feb 8-12, 2016

The week started off with very poor tone. European banks were particularly under pressure, with stocks down as much as 20%, and certain Contingent Convertible ("CoCo") bonds falling 10% on the week. Credit spread widening was broad based across most sectors, and by Thursday was lining up as the worst week of the year so far, with liquidity becoming particularly challenged. There was some respite on Friday following Deutsche Bank's announcement of a $5 Billion debt buyback, and a number of bank executives initiating significant personal stock purchases. There were no new issues in the US last week, highlighting how poor the tone was overall. Canadian credit continues to show more resilience, but remains under pressure on very low trade volumes.

NAMES IN THE NEWS

- Greater Toronto Airports Authority was upgraded by Moody's to Aa3 from A1. Moody's cited strong fundamentals and cost reduction which will allow it to attract more airlines and passengers in future years.
- Deutsche Bank ($DB) took steps to reassure investors after an unprecedented fall in the prices of its equity and hybrid capital. The company issued a statement on Monday stating it had $1Bn of cash set aside to cover payments on its AT1 bonds. As of Feb 8th DB AT1 CoCo bonds in Euros had fallen 20% in 2016.
- Societe Generale ($GLE-FP) missed Q4 earnings estimates but still saw YOY profit double to EUR 4Bn, and Tier 1 capital ratios rose to 10.9%.

- Fortis ($FTS) was placed on negative outlook at both S&P and DBRS following its agreement to buy ITC holdings for $6.9Billion. Both agencies saw the deal as potentially positive for Canada's largest utility owner, but cited execution risks as the main reason for the outlook change.

INDEX WATCH	1-WEEK	MTD	YTD	SOURCE
Investment Grade Credit (Excess Return)				
Canadian Credit	-0.33%	-0.41%	-1.21%	Merrill Lynch: F0C0
US Credit	-0.88%	-1.30%	-3.20%	Barclays: LUCRER
European Credit	-0.67%	-0.94%	-1.81%	Barclays: BECI
Fixed Income (Total Return)				
Canadian Bond Universe	-0.14%	0.41%	0.84%	Merrill: CAN0
Canadian High Yield	-0.53%	-0.47%	-2.29%	Bloomberg: BCAH
US High Yield	-1.92%	-3.01%	-4.61%	Merrill: H0A0
Preferred Shares (Total Return)				
Canadian Preferred	-4.68%	-4.19%	-14.16%	Bloomberg: TXPRAR
US Preferred	-3.30%	-4.34%	-5.25%	Bloomberg: SPTREFTR
Equities				
Canadian Stocks: TSX 300	-2.92%	-3.36%	-4.51%	Bloomberg: SPTSX
US Stocks: S&P 500	-0.72%	-3.74%	-8.51%	Bloomberg: SPX

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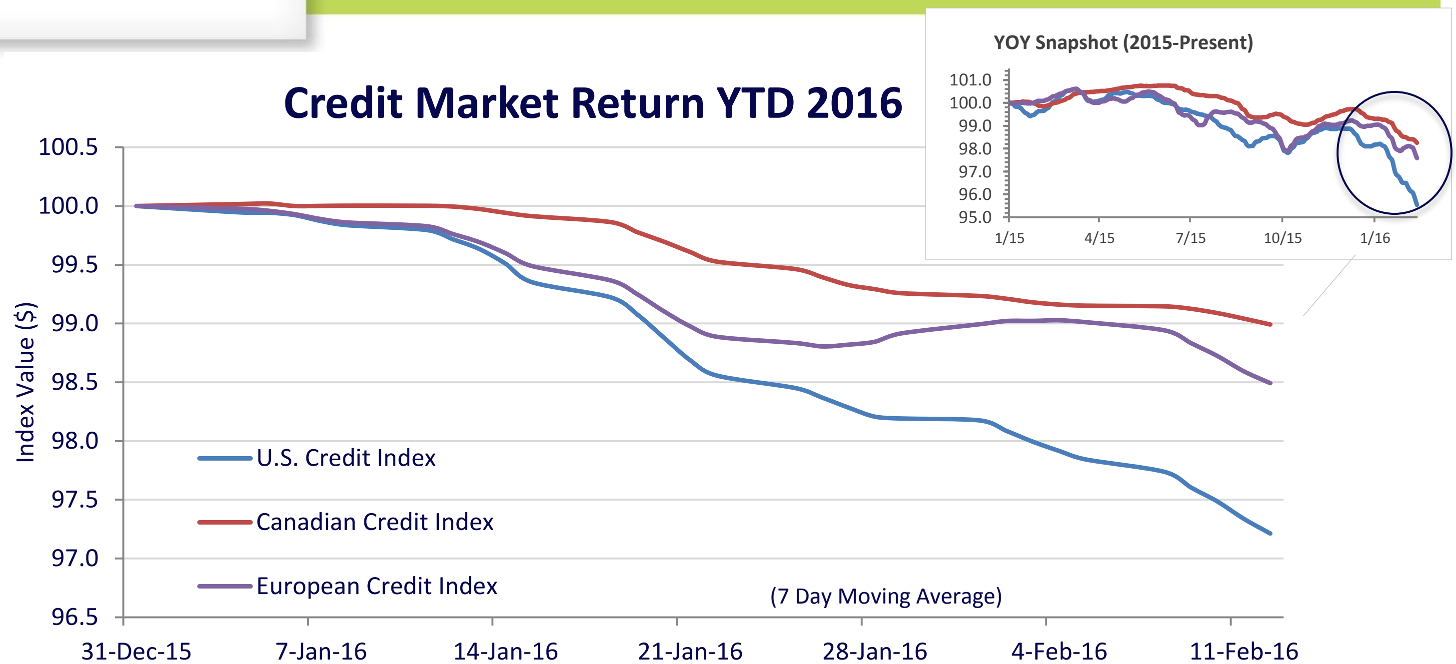

US Credit Index: Barclays US Aggregate Corporate Index (LUCRER) measures the excess return of a broad based index of US investment grade corporate bonds over a comparable index of US Treasuries with similar duration. Return data in USD.
Canadian Credit Index: Bank of America Merrill Lynch Canada Corporate Index (F0C0) tracks the excess return of a broad basket of investment grade corporate bonds issued in the Canadian domestic market, over a comparable index of Canadian government bonds with similar duration. Return data in CAD.
European Credit Index: Barclays Europe Corporate Bond Index (BECI) measures the excess return of a broad based index of Euro denominated investment grade corporate bonds over a comparable index of Euro denominated government bonds with similar duration. Return data in EUR.

SELECTED NEW ISSUES

DATE	ISSUER	RATING	SIZE	MATURITY	LAUNCH SPREAD	CLOSING SPREAD	ADDITIONAL COMMENTS
02/08	BMW	A2/A+	EUR 1.25 Bn	Multi-Tranche	+125 (6y)	+122	
02/09	Greater Toronto Airports	Aa3/A	$300mm	5y	+100	+100	Well received despite pricing at the tight end of expectations.
02/10	Honda Motor Co	A1/A(High)	$600mm	Multi-Tranche	+166 (5y)	+165	Priced with a healthy concession. Oversubscribed despite poor market tone.
02/10	NAV Canada	Aa2/AA(low)	$250mm	30y	+172	+172	