



THE SENTINEL

Highlights from the week in Corporate Credit

SUMMARY: December 21 - 31, 2015

Following the Fed hike on December 16th credit markets fell into a normal festive season stupor, with low trading volumes and no new issue activity in the past two weeks. Credit spreads were relatively stable and managed to rebound somewhat from the weakness which beset the first half of the month, however most credit indices still finished the month negative for December and for 2015 overall. The final two weeks did see the typical year-end reach for carry, with notable strength in 2-3yr BBB and BB rated credits.

NAMES IN THE NEWS



- On December 30, Barrick Gold ([\\$ABX](#)) announced the successful completion of its tender for USD 1.15 Billion of debt, reducing its bonds outstanding by 11%.



- Toshiba Corp ([\\$TOSBF](#)) was cut two notches by S&P to BB+, losing its long standing investment grade rating. The embattled tech company recently forecast a USD 4.5 Billion loss for 2015.
- Viacom ([\\$VIA](#)) was cut to BBB- by S&P, taking it to the verge of junk status. The company has vowed to reduce debt in the face of cord cutting and increased competition from on demand services.

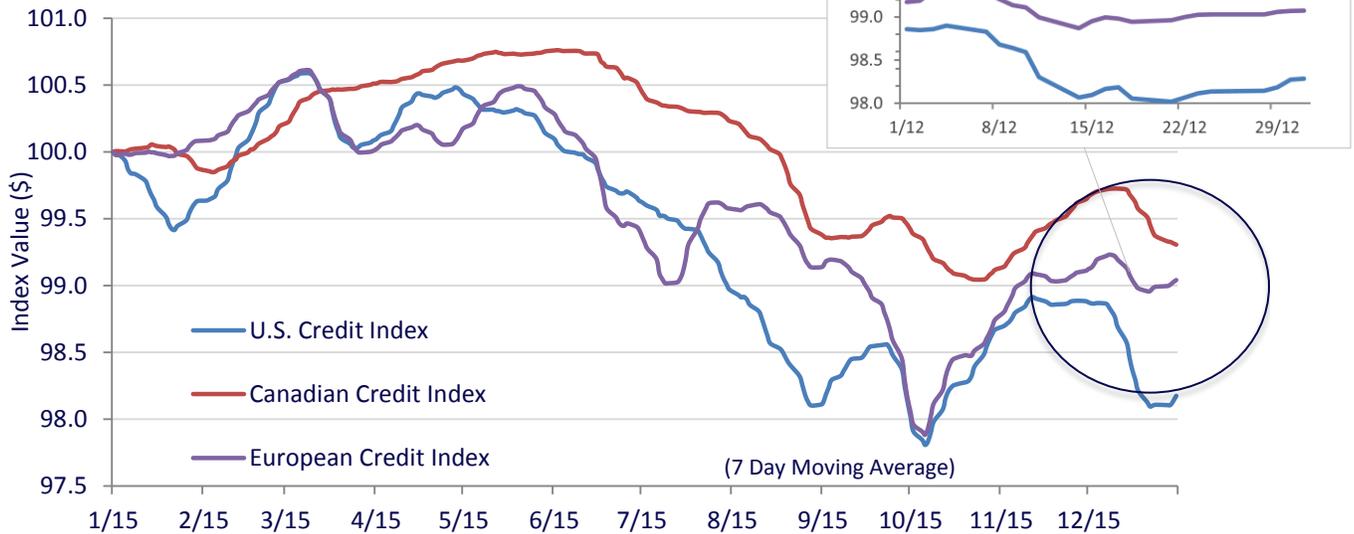
INDEX WATCH	1-WEEK	MTD	YTD	SOURCE
Investment Grade Credit (Excess Return)				
Canadian Credit	-0.01%	-0.45%	-0.75%	Merrill Lynch: FOCO
US Credit	0.15%	-0.60%	-1.71%	Barclays: LUCRER
European Credit	0.05%	-0.08%	-0.93%	Barclays: BECI
Fixed Income (Total Return)				
Canadian Bond Universe	-0.02%	1.22%	3.57%	Merrill: CANO
Canadian High Yield	-0.10%	-3.11%	-3.72%	Bloomberg: BCAH
US High Yield	0.38%	-2.53%	-4.64%	Merrill: HOAO
Preferred Shares (Total Return)				
Canadian Preferred	3.63%	2.30%	-14.95%	Bloomberg: TXPRAR
US Preferred	0.71%	0.31%	5.47%	Bloomberg: SPTREFTR
Equities				
Canadian Stocks: TSX 300	-2.15%	-3.12%	-8.58%	Bloomberg: TXEQAR
US Stocks: S&P 500	-0.80%	-1.58%	1.38%	Bloomberg: SPXT



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Credit Market Return YTD



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 (FOC0) 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

No new issues of note this week.

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