

Corporate Credit > Europe Investment Grade



ASR

Updated: Oct 28, 2015

Trade Idea:

- ▶ Buy

Investment Rationale:

- ▶ ASR has presented strong numbers. Credit metrics are sound, business risks are concentrated on the Netherland though. Sound Solvency 2 numbers (according to the issuer).
- ▶ After the announcement of ABN's IPO, ASR's IPO may be announced earlier than expected (as early as 4Q15-1Q16)
- ▶ Low instrument rating (BBB-) due to HolcCo entity (-2 notches). The opco financial strength rating of life and P&C is single-A rated.
- ▶ Eur denominated
- ▶ Tier 2 instrument, coupons could be deferred in case of a solvency event. Perpetual with first call in 2024.
- ▶ A yield to call of 5.0% is still compelling given the fundamental profile. With general market conditions starting to improve, there is still room for further compression.

Recommendation(s)*:

| View | Trade Horizon | Ticker | Coupon | Maturity | S&P | Moody's | Ccy | Issue Size | Yield | Entry Spread | Target Spread | Risk Level | Cash Price | Isin | Capital Structure | Security_des |
|------------|---------------|--------|--------|-----------|------|---------|-----|------------|-------|--------------|---------------|------------|------------|--------------|-------------------|---------------------|
| outperform | 12m | ASRNE | 5.125 | 9/29/2025 | BBB- | #NA NA | EUR | 500.00 | 5.0 | 458 | 400 | 600 | 100.49 | XS1293505639 | UpperTier2 | ASRNE5 1/8 09/29/45 |

* Levels as of 10/28/2015