

**From:** J <jeevacation@gmail.com>

**To:** Paul Barrett <[REDACTED]>, Richard Kahn <[REDACTED]>

**Subject:** Re: LSC Bonds

**Date:** Thu, 01 Nov 2018 18:10:01 +0000

**Attachments:** image003.jpg

**Inline-Images:** image003(1).jpg

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ok do it

On Thu, Nov 1, 2018 at 12:56 PM Paul Barrett <[REDACTED]> wrote:

Purchased Jan 2017 @ 105.25. Yield at the time was 7.60%.

- Bonds were trading at \$97 before this announcement. They have spent the last year in a \$97-\$104 range. Sold off \$4 in October.
- At \$97 that was a 9.52% YTW
- At \$107 it is now a 6.69% YTW
- B rated issuer
- Being acquired by Quad Graphics. Another B rated issuer whose 2022 bonds are yielding 6.66% YTW
- If we sell at \$107 we make \$46K from price appreciation for a total return of \$463K or 9% annualized.
- Deal expected to close in the summer of 2019.

Option 1: Do nothing. It is callable in a year at 106.56. So little price upside from here. Risk of the deal not closing and we trade back down to <100.

Option 2: Sell at 107. Roll proceeds into Consolidated Communications bonds.

#### Consolidated Communications 6.5% 2022

- \$ 93.00
- YTW 8.64%; 3.3yr duration.
- Broadband provider in the Northeast/Midwest. Stable business.
- 4.3x levered; \$530MM of EBITDA in 2018.
- Only 40MM of term loans maturing before 2022. Bigger term loan maturing behind us in 2023.
- JPM idea.

Paul

**Paul Barrett**

Alpha Group Capital LLC

142 W 57<sup>th</sup> Street, 11<sup>th</sup> Floor, New York, NY 10019

[REDACTED] (o) [REDACTED] (c)

[REDACTED]



**From:** J <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)>  
**Sent:** Thursday, November 01, 2018 7:13 AM  
**To:** Paul Barrett <[REDACTED]>  
**Cc:** Richard Kahn <[REDACTED]>  
**Subject:** Re: LSC Bonds

again,. i need better info, . what was yield to maturity on purchase. . when do they pay? what bonds would you buy instead. , ? and its yield . . not enough to say we buy another.

On Wed, Oct 31, 2018 at 12:16 PM Paul Barrett <[REDACTED]> wrote:

Hi Jeffrey

We own \$2.65MM of the LSC Communications 8.75% 2023 bonds. We paid \$105.25 back in Jan 2017.

- Bonds trading up 10 points this morning on a takeover. Currently at 107.00.
- I think we sell. If the deal does not close we are back down at 97-98. If it closes there is probably 2-3 points of additional upside.
- We can take the proceeds and find a similar bond that does not have the binary risk to it.

Paul

**Paul Barrett**

Alpha Group Capital LLC

142 W 57<sup>th</sup> Street, 11<sup>th</sup> Floor, New York, NY 10019

[REDACTED] (o) [REDACTED] (c)



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