

# Basket of Top Picks

## Sovereign Bonds

Bond	Rating (M/S&P/F)	Tenor (in years)	Indicative YTM
KSA 28New	(A1 / A- / A)	4.32	5.141%
KSA 33New	(A1 / A- / A)	9.82	5.371%
ROP 37	(Baa2 / BBB+ / BBB)	11.08	5.550%
OMAN 27NEW	Ba1 / BB / BB+	4.09	6.013%

## Dollar Corporate Bonds (for QIB only)

Bond	Rating (M/S&P/F)	Tenor (in years)	Indicative YTM
NFLX 5.875 25	( Baa3 / BBB+ / - )	1.39	5.679%
HYNMTR 5.95 26	( - / BBB+ / - )	2.99	5.996%
META 4.95 33	( A1 / AA- / - )	9.64	5.403%
KBANK 5.458 28	( Baa1 / BBB+ / BBB+ )	4.45	5.813%
EIBKOR 5.125 33	( Aa2 / AA / AA- )	9.30	5.383%
BBLTB 5.5 33	( Baa1 / BBB+ / - )	9.99	5.902%
EXIMBK 5.5 33	( Baa3 / BBB- / BBB- )	9.32	6.068%

## Our Strategy

In the Sept FOMC, the Fed signaled that yields will stay elevated for longer as the US economy stays resilient. US inflation has come down but there is pressure from rising oil and food prices in recent weeks. Despite the pain of higher rates in recent weeks, we continue to favor a basket of top picks that is a mix of sovereign, banks, and tech names. In our view, this portfolio should be able to weather any further widening of credit spreads, while maximizing gains and opportunities in anticipation of the official end of major central banks’ current hiking cycle.

## Basket Adjustments

**Removed HYNMTR 5.65 26 and shifted to recently issued HYNMTR 5.95 26 + our new name, NFLX 5.875 25.**

Hyundai Capital America (HYNMTR) once again issued new 3Y bonds so we favor doing a switch trade from HYNMTR 5.65 26 to the now more liquid, and higher coupon HYNMTR 5.95 26. A portion of HYNMTR 5.65 26 could also be shifted to Netflix Inc. (NFLX) 5.875 25. We continue to see HYNMTR as a good-quality issuer and we prefer its high coupons, especially from its short-term papers. Similarly, NFLX 5.875 25 is a high-coupon bond and we are comfortable with Netflix’s improving financials and becoming a staple in consumer households.

**Reduced META 4.95 33 and added BBLTB 5.5 33**

For our longer-term picks, we like Bangkok Bank PCL (BBLTB), particularly BBLTB 5.5 33, as we are constructive about the bank’s large corporate portfolio and high capital levels. In addition, higher rates for longer should continue to be a positive for banks in general.

*For insights and analysis on credit fundamentals, refer to the credit profiles on Wealth Insights provided in partnership with CreditSights.*



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