

# Bond Picks

VMWM Research | May 27, 2022



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## RECOMMENDED BONDS

### 1. Frontera Energy Corp. (FECCN)

Frontera is a Canadian exploration and production (E&P) company within the oil and gas industry. FECCN recently announced successful drilling results in Ecuador, finding an oil deposit reservoir. We see much upside in the sector driven by strong oil prices. Especially attractive, are the FECCN '28s, currently trading in the mid 8%s. We believe that continuing improvement in results, high cash generation and lower leverage this year should support improving fundamentals that run contrary to current price pressure due to market conditions.

**Price/Yield: 88.249/10.543%**

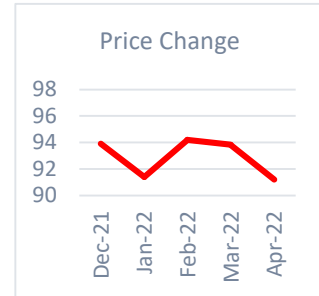
**Coupon: 7.875%**

**Issue Date: 06/21/2021**

**Maturity: 06/21/2028**

**Rating: B+ (Stable)**

**Risk: Moderate**



### 2. FS Luxembourg SARL (FSBIOE)

FS Luxembourg was established by FS Agrisolutions as a special purpose vehicle (SPV) to issue bonds on its behalf. The main activity of the Group involves the production and sale of ethanol derived from corn. Over the years, the company has benefitted from a sustained growth in the demand for biofuels. Recently, improved ethanol prices are influenced by higher international oil prices. This has resulted in improved revenues and EBITDA for the Company, and a subsequent decrease in the level of debt.

**Price/Yield: 105.018/8.335%**

**Coupon: 10.00%**

**Issue Date: 12/15/2020**

**Maturity: 12/15/2025**

**Rating: B1 (Stable)**

**Risk: Moderate**



### 3. Petrorio (PRIOBZ)

Petrorio is an independent oil and gas production company focused on assets mainly in the Campos basin, in Rio de Janeiro, Brazil. We see much upside in the sector driven by strong oil prices. A positive outlook by Moody's reflects the announcement of the acquisition of Albacora Leste, an oil and gas producing field in Brazil that should materially increase PRIOBZ's production and reserve size, upon closing of the transaction..

**Price/Yield: 95.245/7.512%**

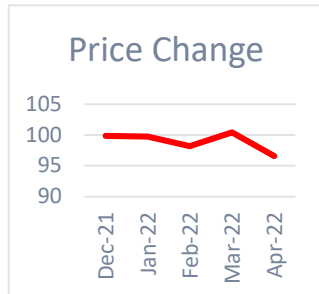
**Coupon: 6.125%**

**Issue Date: 06/09/2021**

**Maturity: 06/09/2026**

**Rating: B1 (Positive)**

**Risk: Moderate**



### 4. GOL Airlines (GOLLBZ)

GOL Airlines is a Brazilian carrier. The airline's traffic demand for December 2021 rose 30% over the previous month and 14.7% over the previous year amid a high vaccination rate in Brazil which is suppressing the surge in serious illness and hospitalizations. The secured '26s offer attractive yields and present an opportunity for investors to gain exposure to the recovering travel space. Adequate collateral protection was found to cover the debt by 2.1 times according to Oppenheimer, making it more resilient to market volatility.

**Price/Yield: 84.055/13.157%**

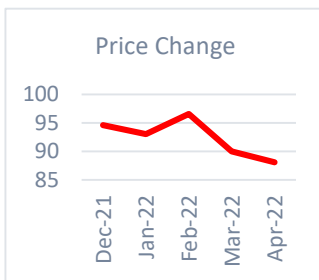
**Coupon: 8.00%**

**Issue Date: 12/23/2020**

**Maturity: 06/30/2026**

**Rating: B2 (Stable)**

**Risk: Moderate**



### 5. Adecoagro S.A. (AGRO)

Adecoagro S.A. is an agricultural company in South America, with operations in Argentina, Brazil, and Uruguay. The Company is currently involved in a broad range of businesses, including farming crops and other agricultural products, cattle and dairy operations, sugar, ethanol and energy production and land transformation. AGRO should benefit greatly from higher prices for its agricultural products, mainly sugar and wheat.

**Price/Yield: 97.337/6.599%**

**Coupon: 6.00%**

**Issue Date: 09/21/2017**

**Maturity: 09/21/2027**

**Rating: BB (Stable)**

**Risk: Moderate**



| OTHER RECOMMENDED BONDS                 |                          |                    |                    |            |                    |                |               |                     |                     |                           |
|---|--------------------------|--------------------|--------------------|------------|--------------------|----------------|---------------|---------------------|---------------------|---------------------------|
| Issuer                                  | Ticker                   | Country of Origin  | Sector / Sovereign | Coupon (%) | Maturity           | Ask Price (\$) | Ask Yield (%) | Credit Rating (S&P) | Risk Classification | Bond Picks Reference Date |
| Alsa S.A.                               | ALSEA 7.750% 12/14/26    | MEXICO             | Restaurant         | 7.750      | December 14, 2026  | 100.016        | 7.74256134    | -                   | Moderate            | February 11, 2022         |
| Instituto Costarricense de Electricidad | COSICE 6.375% 10/07/2031 | COSTA RICA         | Utilities          | 6.375      | October 7, 2031    | 97.467         | 7.123699188   | B                   | High                | January 14, 2022          |
| Inversiones Atlantida S.A.              | INVTLA 7.50% 05/19/26    | HONDURAS           | Finacial           | 7.50       | May 19, 2026       | 95.629         | 8.827806473   | B+                  | Moderate            | April 14, 2022            |
| Banco Santander Mexico                  | BSMXB 5.375% 04/17/25    | MEXICO             | Finacial           | 5.375      | April 17, 2025     | 102.584        | 4.410900116   | -                   | Low                 | January 14, 2022          |
| Braskem Idesa SAPI                      | BAKIDE 7.450% 11/15/29   | MEXICO             | Basic Materials    | 7.45       | November 15, 2029  | 94.59          | 8.440878868   | B+                  | Moderate            | March 25, 2022            |
| Gran Colombia Gold                      | GCMCN 6.875% 08/09/2026  | CANADA             | Metals & Mining    | 6.875      | August 9, 2026     | 85.027         | 11.45864487   | B+                  | Moderate            | January 14, 2022          |
| Frigorifico Concepcion S.A.             | FRICON 7.700% 07/21/2028 | PARAGUAY           | Agriculture        | 7.700      | July 21, 2028      | 81.988         | 11.90585804   | B                   | Moderate            | May 13, 2022              |
| Transjamaican Highway Limited           | TRAJAM 5.750% 10/10/2036 | JAMAICA            | Infrastructure     | 5.750      | October 10, 2036   | 97.29          | 6.171813965   | B+                  | Moderate            | December 10, 2021         |
| Government of Costa Rica                | COSTAR 6.125% 02/19/2031 | COSTA RICA         | Government         | 6.125      | February 19, 2031  | 96.612         | -             | B                   | Moderate            | December 10, 2021         |
| Geopark Ltd                             | GEOPAR 6.500% 09/21/2024 | COLOMBIA           | Energy             | 5.50       | September 21, 2024 | 102.485        | 3.650697708   | B+                  | Moderate            | April 29, 2022            |
| Buenaventura                            | BUENAV 5.500% 07/23/2026 | PERU               | Metals & Mining    | 5.500      | July 23, 2026      | 92.407         | 7.664915085   | BB-                 | Moderate            | December 31, 2021         |
| Gran Tierra Energy                      | GTE 6.250% 02/15/25      | CANADA             | Energy             | 6.25%      | February 15, 2025  | 92.453         | 9.457720757   | B                   | Moderate            | April 14, 2022            |
| Government of the Dominican Republic    | DOMREP 4.50% 01/30/30    | DOMINICAN REPUBLIC | Government         | 4.500      | January 30, 2030   | 86.317         | 6.817827225   | BB-                 | Moderate            | January 14, 2022          |

| <b>BOND WATCHLIST</b>                   |                       |                   |                    |            |            |                |               |                     |                     |
|---|-----------------------|-------------------|--------------------|------------|------------|----------------|---------------|---------------------|---------------------|
| Issuer                                  | Ticker                | Country of Origin | Sector / Sovereign | Coupon (%) | Maturity   | Ask Price (\$) | Ask Yield (%) | Credit Rating (S&P) | Risk Classification |
| Alpha Holdings SA                       | ALPHSA 10 12/19/22    | MEXICO            | Financial          | 10.000     | 12/19/2022 | 7.169          | 1986.6267     | -                   | Risky               |
| Government of Aruba                     | ARUBA 4 5/8 09/14/23  | ARUBA             | Government         | 4.625      | 9/14/2023  | 101.536        | 2.659708      | BBB                 | Moderate            |
| Inversiones Atlantida SA                | INVTLA 8 1/4 07/28/22 | HONDURAS          | Financial          | 8.250      | 7/28/2022  | -              | -             | -                   | Moderate            |
| Commonwealth of Bahamas                 | BAHAMA 5 3/4 01/16/24 | BAHAMAS           | Government         | 5.750      | 1/16/2024  | 88.092         | 14.142011     | B+                  | Risky               |
| Commonwealth of Bahamas                 | BAHAMA 6 11/21/28     | BAHAMAS           | Government         | 6.000      | 11/21/2028 | 74.725         | -             | B+                  | Risky               |
| Commonwealth of Bahamas                 | BAHAMA 6.95 11/20/29  | BAHAMAS           | Government         | 6.950      | 11/20/2029 | 76.771         | 11.692649     | B+                  | Risky               |
| Commonwealth of Bahamas                 | BAHAMA 6 5/8 05/15/33 | BAHAMAS           | Government         | 6.625      | 5/15/2033  | 80.762         | 9.4838791     | B+                  | Risky               |
| Commonwealth of Bahamas                 | BAHAMA 7 1/8 04/02/38 | BAHAMAS           | Government         | 7.125      | 4/2/2038   | 85.525         | 8.8377523     | B+                  | Risky               |
| Government of Barbados                  | BARBAD 6 1/2 10/01/29 | BARBADOS          | Government         | 6.500      | 10/1/2029  | 96.84          | -             | B-                  | Risky               |
| C&W Senior Financing DAC                | CWCLN 6 7/8 09/15/27  | IRELAND           | Communications     | 6.875      | 9/15/2027  | 93.498         | 8.420186      | B+                  | Moderate            |
| CEMEX SAB DE CV                         | CEMEX 7 3/8 06/05/27  | UNITED STATES     | Industrial         | 7.375      | 05/06/27   | -              | -             | -                   | Risky               |
| Costa Rica Government                   | COSTAR 6 1/8 02/19/31 | COSTA RICA        | Government         | 6.125      | 2/19/2031  | 96.612         | -             | B                   | Moderate            |
| Bermuda Government                      | BERMUD 3 3/8 08/20/50 | BERMUDA           | Government         | 3.375      | 8/20/2050  | 77.835         | 4.8196344     | A+                  | Moderate            |
| Instituto Costarricense de Electricidad | COSICE 6 3/8 05/15/43 | COSTA RICA        | Utilities          | 6.375      | 5/15/2043  | 83.27          | 8.0380764     | -                   | High                |
| Digicel Group One Ltd                   | DLLTD 8 1/4 12/30/22  | BERMUDA           | Communications     | 8.250      | 12/30/2022 | -              | -             | -                   | Risky               |
| Digicel Group Two Ltd                   | DLLTD 8 1/4 09/30/22  | BERMUDA           | Communications     | 8.250      | 9/30/2022  | 3.978          | -             | -                   | Risky               |
| Digicel Group Two Ltd                   | DLLTD 9 1/8 04/01/24  | BERMUDA           | Communications     | 9.125      | 4/1/2024   | 3.517          | -             | -                   | Risky               |
| Digicel Ltd                             | DLLTD 6 3/4 03/01/23  | BERMUDA           | Communications     | 6.750      | 3/1/2023   | 82.309         | 34.994217     | -                   | Risky               |
| Dominican Republic                      | DOMREP 7.45 04/30/44  | DOMINICAN REPB.   | Government         | 7.450      | 4/30/2044  | 94.872         | 7.9467745     | BB-                 | Moderate            |
| Dominican Republic                      | DOMREP 5 7/8 01/30/60 | DOMINICAN REPB.   | Government         | 5.875      | 1/30/2060  | 76.659         | 7.7904797     | BB-                 | Moderate            |
| Dominican Republic                      | DOMREP 5 7/8 04/18/24 | DOMINICAN REPB.   | Government         | 5.875      | 4/18/2024  | 103.214        | -             | BB-                 | Moderate            |
| Dominican Republic                      | DOMREP 8 5/8 04/20/27 | DOMINICAN REPB.   | Government         | 8.625      | 4/20/2027  | 107.918        | -             | BB-                 | Moderate            |
| Dominican Republic                      | DOMREP 5 1/2 01/27/25 | DOMINICAN REPB.   | Government         | 5.500      | 1/27/2025  | 101.504        | 4.8885651     | BB-                 | Moderate            |
| Dominican Republic                      | DOMREP 6 7/8 01/29/26 | DOMINICAN REPB.   | Government         | 6.875      | 1/29/2026  | 103.955        | 5.6635637     | BB-                 | Moderate            |
| Republic of Ecuador                     | ECUA 0 1/2 07/31/40   | ECUADOR           | Government         | 0.500      | 7/31/2040  | 49.762         | 12.224511     | -                   | Risky               |

| BOND WATCHLIST                                 |                       |                   |                        |            |            |                |               |                     |                     |
|--|-----------------------|-------------------|------------------------|------------|------------|----------------|---------------|---------------------|---------------------|
| Issuer   | Ticker                | Country of Origin | Sector / Sovereign     | Coupon (%) | Maturity   | Ask Price (\$) | Ask Yield (%) | Credit Rating (S&P) | Risk Classification |
| Grupo Famsa SA DE CV                           | FAMSA 9 3/4 12/15/24  | MEXICO            | Consumer, Cyclical     | 9.750      | 12/15/2024 | 20.083         | 102.37048     | -                   | Moderate            |
| Government of Jamaica                          | JAMAN 7 5/8 07/09/25  | JAMAICA           | Government             | 7.625      | 7/9/2025   | 106.556        | -             | B+                  | Moderate            |
| Government of Jamaica                          | JAMAN 6 3/4 04/28/28  | JAMAICA           | Government             | 6.750      | 4/28/2028  | 107.548        | -             | B+                  | Moderate            |
| Government of Jamaica                          | JAMAN 8 03/15/39      | JAMAICA           | Government             | 8.000      | 3/15/2039  | 120.442        | -             | B+                  | Moderate            |
| Government of Jamaica                          | JAMAN 7 7/8 07/28/45  | JAMAICA           | Government             | 7.875      | 7/28/2045  | 117.795        | 6.391387      | B+                  | Moderate            |
| Marks & Spencer PLC                            | MARSPE 7 1/8 12/01/37 | BRITAIN           | Consumer, Cyclical     | 7.125      | 12/1/2037  | 102.212        | 6.8898029     | BB+                 | Moderate            |
| Minerva Luxembourg SA                          | BEEFBZ 5 7/8 01/19/28 | LUXEMBOURG        | Consumer, Non-cyclical | 5.875      | 1/19/2028  | 101.769        | 5.3308372     | BB                  | Low                 |
| National Gas Company of T&T                    | NGCTT 6.05 01/15/36   | TRINIDAD AND TO   | Utilities              | 6.050      | 1/15/2036  | 96.926         | 6.3901396     | BBB-                | Moderate            |
| National Road Operation & Construction Company | NROCC 9 3/8 11/10/24  | JAMAICA           | Industrial             | 9.375      | 11/10/2024 | 113.125        | 2.4397297     | B+                  | Moderate            |
| Telecommunications of Trinidad & Tobago        | TCMSTT 8 7/8 10/18/29 | TRINIDAD AND TO   | Communications         | 8.875      | 10/18/2029 | 98.586         | 9.1789951     | B+                  | Moderate            |
| Transjamaica Highway                           | TRAJAM 5 3/4 10/10/36 | JAMAICA           | Consumer, Non-cyclical | 5.750      | 10/10/2036 | 97.29          | 6.171814      | B+                  | Moderate            |
| Transocean Sentry Ltd                          | RIG 5 3/8 05/15/23    | CAYMAN ISLANDS    | Energy                 | 5.375      | 5/15/2023  | 96.742         | 9.1922626     | B-                  | Risky               |
| Trinidad and Tobago                            | TRITOB 4 3/8 01/16/24 | TRINIDAD AND TO   | Government             | 4.375      | 1/16/2024  | 99.948         | 4.4051352     | BBB-                | Moderate            |
| Trinidad and Tobago                            | TRITOB 4 1/2 08/04/26 | TRINIDAD AND TO   | Government             | 4.500      | 8/4/2026   | 97.103         | 5.2785854     | BBB-                | Moderate            |
| Trinidad and Tobago                            | TRITOB 5 7/8 05/17/27 | TRINIDAD AND TO   | Government             | 5.875      | 5/17/2027  | 102.135        | 5.3793573     | BBB-                | Moderate            |
| Trinidad Gen Unlimited                         | TRNGEN 5 1/4 11/04/27 | TRINIDAD AND TO   | Utilities              | 5.250      | 11/4/2027  | 96.98          | 6.0807467     | BB+                 | Moderate            |
| Grupo Unicomer                                 | UNICMR 7 7/8 04/01/24 | BRITISH VIRGIN    | Consumer, Cyclical     | 7.875      | 4/1/2024   | 97.095         | 9.620019      | BB-                 | Moderate            |
| Commscope Inc                                  | COMM 8 1/4 03/01/27   | UNITED STATES     | Communications         | 8.250      | 3/1/2027   | 85.32          | 12.41713      | CCC+                | Risky               |
| NBM US Holdings Inc                            | MRFGBZ 7 05/14/26     | UNITED STATES     | Consumer, Non-cyclical | 7.000      | 5/14/2026  | 103.446        | 5.0827818     | BB                  | Moderate            |
| Bausch Health Company Inc                      | BHCCN 7 03/15/24      | CANADA            | Consumer, Non-cyclical | 7.000      | 3/15/2024  | -              | -             | NR                  | Moderate            |
| Bausch Health Company Inc                      | BHCCN 5 1/4 01/30/30  | CANADA            | Consumer, Non-cyclical | 5.250      | 1/30/2030  | 54.576         | 15.600826     | B                   | Moderate            |
| Bausch Health Company Inc                      | BHCCN 5 7/8 05/15/23  | CANADA            | Consumer, Non-cyclical | 5.875      | 5/15/2023  | -              | -             | NR                  | Moderate            |
| Bausch Health Company Inc                      | BHCCN 6 1/8 04/15/25  | CANADA            | Consumer, Non-cyclical | 6.125      | 4/15/2025  | 100.955        | -             | B                   | Moderate            |
| PAR Pharmaceutical Inc                         | ENDP 7 1/2 04/01/27   | UNITED STATES     | Consumer, Non-cyclical | 7.500      | 4/1/2027   | 77.568         | 14.027507     | B-                  | Moderate            |

## **SOURCES**

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Oppenheimer, Bloomberg, IMF, Standard & Poor's, Fitch Ratings, Moody's

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