

Resilient Loans, Undervalued Bonds

Bradley Rogoff, CFA
+1 212 412 7921
bradley.rogoff@barclays.com

Eric Gross
+1 212 412 7997
eric.gross@barclays.com

Anthony Bakshi
+1 212 412 5272
anthony.bakshi@barclays.com

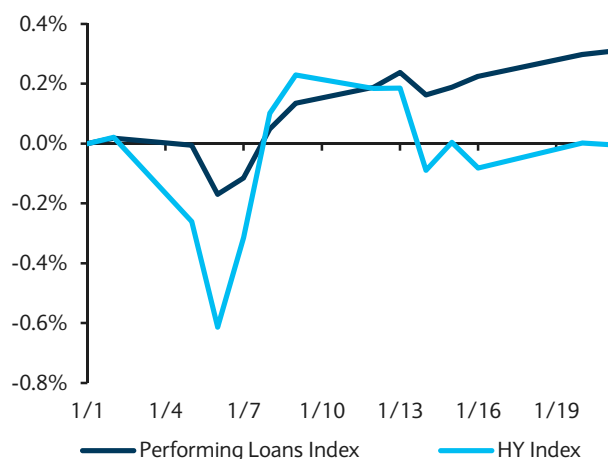
Loans have outperformed high yield so far in 2015, although it admittedly has not taken much, with the High Yield Index having returned exactly 0% through Wednesday (Figure 1). Meanwhile, the Performing Loans Index has increased \$0.12 and generated total returns of 0.31%. The smaller weight of energy names in the loans universe has been the primary reason for the discrepancy, as we have highlighted in previous reports (*All Eyes on Oil*, December 19, 2014).

In keeping with this week's theme of ex-energy opportunities (see the focus article), we concentrated on non-energy credits that present opportunities for outperformance. Specifically, we ran a screen to identify intra-capital structure pairs of secured bonds and loans that we believe are dislocated and offer attractive yield pickup. As discussed in detail in *Loans versus Bonds: Secured Showdown*, August 8, 2014, we favor a measure we call "effective yield" to compare the relative value between bonds and loans. The effective yield of a loan adds its current yield to a "pull-to-par" effect over the shorter of three years or the loan's maturity date. Analogously, for bonds, the measure combines current yield and a "pull-to-redemption price," with the redemption price and date determined based on the bond's workout date and call structure. Using the more traditional yield-to-worst for bonds would not materially change the results, as the difference between the two measures is small.

In aggregate, the current gap between secured bonds and loans remains large (Figure 2). Secured bond effective yields have widened to 7.3%, compared with a loan effective yield mark of 5.9%. While part of that differential is compensation for rate risk, we believe a 140bp spread is much more than enough, with high yield likely to absorb most of the move given a near 510bp spread.

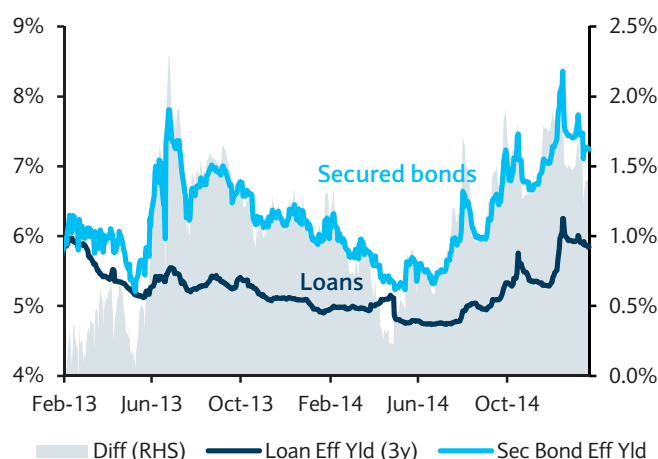
Indeed, the significant additional compensation is evident at the micro level, and we believe there are many opportunities to swap into bonds and pick up compensation. Figure 3 presents a list of such loan-bond pairs, sorted by the difference in effective yields. These pairs are duration matched and exclude credits that our fundamental analysts rate Underweight. Furthermore, none of the credits in Figure 3 are in the energy sector, making these opportunities especially compelling as the market differentiates the winners and losers in a low oil price environment, a process that we believe will begin once oil finds a new range.

FIGURE 1
Year-to-Date Total Return of High Yield and Performing Loans Indices



Source: Barclays Research

FIGURE 2
Effective Yield of Secured Bonds and Loans



Note: Index-wide levels for High Yield Secured Index and Performing Loans Index.
Source: Barclays Research

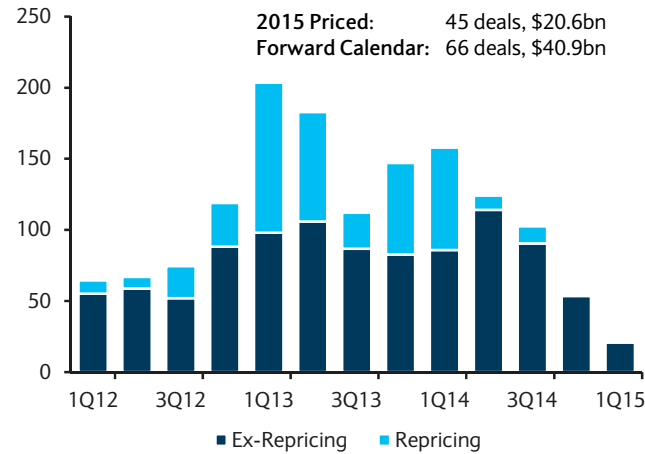
FIGURE 3

Swaps Out of Loans into Secured Bonds Present Opportunities for Yield Pickup

Ticker	Bond							Loan						Differences	
	Cpn (%)	Mat Date	Redeem Date	Par (\$mn)	Price (\$)	Eff. Yield (%)	S&P Rating	Cpn (%)	Mat Date	Par (\$mn)	Price (\$)	Eff. Yield (%)	S&P Rating	Price (\$)	Eff. Yield (%)
DYN	6.75	Nov-19	May-19	290	101.50	6.30	B+	4.01	Apr-20	788	98.86	4.43	BB	2.64	1.87
AVYA	9.00	Apr-19	Apr-17	290	101.25	8.32	B	4.74	Oct-17	2,102	95.79	6.46	B	5.46	1.86
INEGRP	8.38	Feb-19	Feb-18	285	105.50	6.15	BB-	3.76	May-18	2,491	97.09	4.83	BB-	8.41	1.32
INEGRP	7.50	May-20	May-18	1,400	104.82	5.68	BB-	3.76	May-18	2,491	97.09	4.83	BB-	7.73	0.85
AVYA	7.00	Apr-19	Apr-19	1,400	96.50	8.09	B	6.51	Mar-18	1,124	98.13	7.25	B	-1.63	0.84
WMC	6.00	Jan-21	Jan-19	1,600	101.00	5.69	B+	3.76	May-20	1,294	95.78	5.32	B+	5.22	0.37
HCA	3.75	Mar-19	Mar-19	1,000	101.25	3.40	BBB-	2.99	May-18	2,343	99.71	3.09	BB	1.54	0.31
FRP	8.75	Aug-19	Feb-18	650	102.00	7.93	B	7.51	Feb-19	630	99.73	7.62	B	2.28	0.31
VMED	5.375	Apr-21	Apr-19	625	103.25	4.44	BB-	3.51	Jun-20	2,755	98.23	4.16	BB-	5.02	0.28

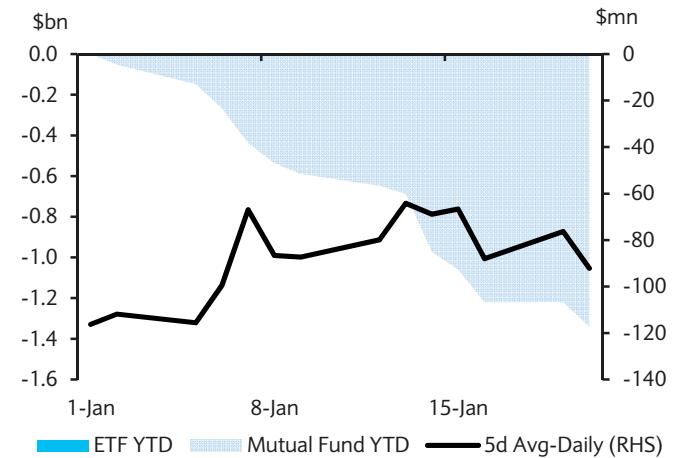
Source: Barclays Research

Quarterly Institutional Leveraged Loan Issuance (\$bn)



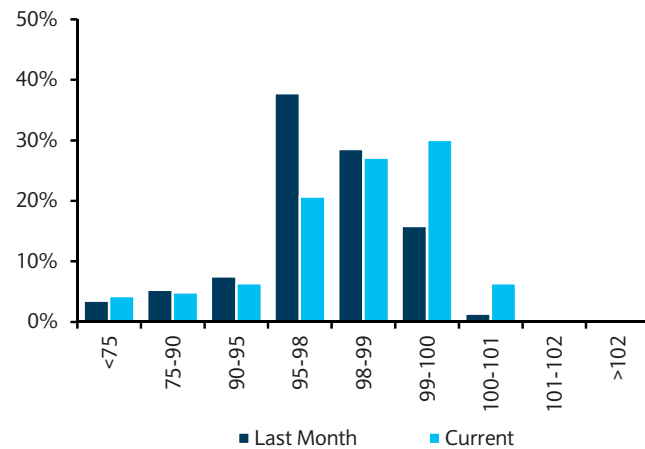
Source: S&P LCD, Barclays Research

Flows to Loan Mutual Funds and ETFs



Source: EPFR

Loan Index Price Distribution by Par



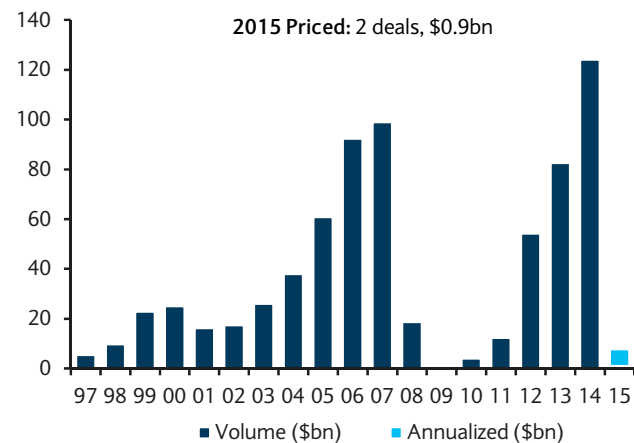
Source: Barclays Research

Barclays Performing Loan Index Yield and Spread



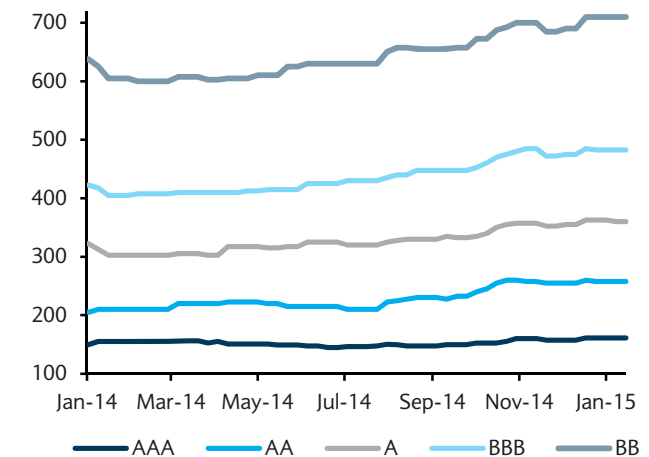
Note: Yield and spread calculation assumes a three-year paydown period, amortizing any premium or discount to par accordingly. Source: Barclays Research

Annual CLO Issuance



Source: S&P LCD, Creditflux

U.S. CLO 2.0 Spread Performance by Rating (bp)



Note: Spread data from BWIC levels. Source: Moody's, Intex, Barclays Research

Analyst Certification

We, Anthony Bakshi, Eric Gross and Bradley Rogoff, CFA, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures:

Barclays Research is a part of the Corporate and Investment Banking division of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). For current important disclosures regarding companies that are the subject of this research report, please send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 14th Floor, New York, NY 10019 or refer to <http://publicresearch.barclays.com> or call 212-526-1072.

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that Barclays may have a conflict of interest that could affect the objectivity of this report. Barclays Capital Inc. and/or one of its affiliates regularly trades, generally deals as principal and generally provides liquidity (as market maker or otherwise) in the debt securities that are the subject of this research report (and related derivatives thereof). Barclays trading desks may have either a long and/or short position in such securities, other financial instruments and/or derivatives, which may pose a conflict with the interests of investing customers. Where permitted and subject to appropriate information barrier restrictions, Barclays fixed income research analysts regularly interact with its trading desk personnel regarding current market conditions and prices. Barclays fixed income research analysts receive compensation based on various factors including, but not limited to, the quality of their work, the overall performance of the firm (including the profitability of the investment banking department), the profitability and revenues of the Fixed Income, Currencies and Commodities Division and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst. To the extent that any historical pricing information was obtained from Barclays trading desks, the firm makes no representation that it is accurate or complete. All levels, prices and spreads are historical and do not represent current market levels, prices or spreads, some or all of which may have changed since the publication of this document. Barclays produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research may differ from recommendations contained in other types of research, whether as a result of differing time horizons, methodologies, or otherwise. Unless otherwise indicated, Barclays trade ideas are provided as of the date of this report and are subject to change without notice due to changes in prices. In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to <https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-research-dissemination.html>. In order to access Barclays Research Conflict Management Policy Statement, please refer to: <https://live.barcap.com/publiccp/RSR/nyfipubs/disclaimer/disclaimer-conflict-management.html>.

Other Material Conflicts

Barclays Bank PLC and/or an affiliate is providing investment banking services to Onex Corp. (OCX.TO) in relation to its agreement to acquire SIG Combibloc AG. The rating for Reynolds Group Holdings Inc. as issued by the Firm's Research Department has been temporarily suspended due to Barclays role in the transaction.

Explanation of the Barclays Research Sector Rating System

Overweight (OW):

For sectors rated against the Barclays U.S. Credit Index, the Barclays Pan-European Credit Index, the Barclays EM Asia USD High Grade Credit Index or the Barclays EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to exceed the six-month excess return of the relevant index.

For sectors rated against the Barclays U.S. High Yield 2% Issuer Capped Credit Index, the Barclays Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials or the Barclays EM Asia USD High Yield Corporate Credit Index, the analyst expects the six-month total return of the sector to exceed the six-month total return of the relevant index.

Market Weight (MW):

For sectors rated against the Barclays U.S. Credit Index, the Barclays Pan-European Credit Index, the Barclays EM Asia USD High Grade Credit Index or the Barclays EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to be in line with the six-month excess return of the relevant index.

For sectors rated against the Barclays U.S. High Yield 2% Issuer Capped Credit Index, the Barclays Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials or the Barclays EM Asia USD High Yield Corporate Credit Index, the analyst expects the six-month total return of the sector to be in line with the six-month total return of the relevant index.

Underweight (UW):

For sectors rated against the Barclays U.S. Credit Index, the Barclays Pan-European Credit Index, the Barclays EM Asia USD High Grade Credit Index or the Barclays EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to be less than the six-month excess return of the relevant index.

For sectors rated against the Barclays U.S. High Yield 2% Issuer Capped Credit Index, the Barclays Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials or the Barclays EM Asia USD High Yield Corporate Credit Index, the analyst expects the six-month total return of the sector to be less than the six-month total return of the relevant index.

Sector definitions:

Sectors in U.S. High Grade Research are defined using the sector definitions of the Barclays U.S. Credit Index and are rated against the Barclays U.S. Credit Index.

Sectors in U.S. High Yield Research are defined using the sector definitions of the Barclays U.S. High Yield 2% Issuer Capped Credit Index and are rated against the Barclays U.S. High Yield 2% Issuer Capped Credit Index.

Sectors in European High Grade Research are defined using the sector definitions of the Barclays Pan-European Credit Index and are rated against the

Barclays Pan-European Credit Index.

Sectors in European High Yield Research are defined using the sector definitions of the Barclays Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials and are rated against the Barclays Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials.

Sectors in Asia High Grade Research are defined on Barclays Live and are rated against the Barclays EM Asia USD High Grade Credit Index.

Sectors in Asia High Yield Research are defined on Barclays Live and are rated against the Barclays EM Asia USD High Yield Corporate Credit Index.

Sectors in EEMEA and Latin America Research are defined on Barclays Live and are rated against the Barclays EM USD Corporate and Quasi Sovereign Index. These sectors may contain both High Grade and High Yield issuers.

To view sector definitions and monthly sector returns for Asia, EEMEA and Latin America Research, go to <https://live.barcap.com/go/RSL/servlets/dv.search?pubType=4511&contentType=latest> on Barclays Live.

Explanation of the Barclays Research Credit Rating System

For all High Grade issuers covered in the US, Europe or Asia, and for all issuers in Latin America and EEMEA (excluding South Africa), the credit rating system is based on the analyst's view of the expected excess return over a six-month period of the issuer's index-eligible corporate debt securities* relative to the expected excess return of the relevant sector, as specified on the report.

Overweight (OW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to exceed the six-month expected excess return of the relevant sector.

Market Weight (MW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to be in line with the six-month expected excess return of the relevant sector.

Underweight (UW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to be less than the six-month expected excess return of the relevant sector.

Rating Suspended (RS): The rating has been suspended temporarily due to market events that make coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Coverage Suspended (CS): Coverage of this issuer has been temporarily suspended.

Not Covered (NC): Barclays' fundamental credit research team does not provide formal, continuous coverage of this issuer and has not assigned a rating to the issuer or its debt securities. Any analysis, opinion or trade recommendation provided on a Not Covered issuer or its debt securities is valid only as of the publication date of this report and there should be no expectation that additional reports relating to the Not Covered issuer or its debt securities will be published thereafter.

For all High Yield issuers (excluding those covered in EEMEA or Latin America), the credit rating system is based on the analyst's view of the expected total returns over a six-month period of the rated debt security relative to the expected total return of the relevant sector, as specified on the report.

Overweight (OW): The analyst expects the six-month total return of the debt security subject to this rating to exceed the six-month expected total return of the relevant sector.

Market Weight (MW): The analyst expects the six-month total return of the debt security subject to this rating to be in line with the six-month expected total return of the relevant sector.

Underweight (UW): The analyst expects the six-month total return of the rated debt security subject to this rating to be less than the six-month expected total return of the relevant sector.

Rating Suspended (RS): The rating has been suspended temporarily due to market events that make coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

Coverage Suspended (CS): Coverage of this issuer has been temporarily suspended.

Not Covered (NC): Barclays' fundamental credit research team does not provide formal, continuous coverage of this issuer and has not assigned a rating to the issuer or its debt securities. Any analysis, opinion or trade recommendation provided on a Not Covered issuer or its debt securities is valid only as of the publication date of this report and there should be no expectation that additional reports relating to the Not Covered issuer or its debt securities will be published thereafter.

For all issuers in South Africa, the credit rating system is based on the analyst's view of the expected total return over a six-month period of the issuer's rand-denominated fixed rate notes or floating rate notes (as applicable) relative to the South African Credit Fixed Market Index (CFIX95) or the South African Credit Floating Market Index (CFL020), respectively.

Overweight (OW): The analyst expects the six-month total returns of the issuer's rand-denominated fixed rate notes or floating rate notes (as applicable) to exceed the six-month expected total returns the South African Credit Fixed Market Index (CFIX95) or the South African Credit Floating Market Index (CFL020), respectively.

Market Weight (MW): The analyst expects the six-month total returns of the issuer's rand-denominated fixed rate notes or floating rate notes (as applicable) to be in line with the six-month expected total returns the South African Credit Fixed Market Index (CFIX95) or the South African Credit Floating Market Index (CFL020), respectively.

Underweight (UW): The analyst expects the six-month total returns of the issuer's rand-denominated fixed rate notes or floating rate notes (as applicable) to be below the six-month expected total returns the South African Credit Fixed Market Index (CFIX95) or the South African Credit Floating Market Index (CFL020), respectively.

Rating Suspended (RS): The rating has been suspended temporarily due to market events that make coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a

merger or strategic transaction involving the company.

Coverage Suspended (CS): Coverage of this issuer has been temporarily suspended.

Not Covered (NC): Barclays' fundamental credit research team does not provide formal, continuous coverage of this issuer and has not assigned a rating to the issuer or its debt securities. Any analysis, opinion or trade recommendation provided on a Not Covered issuer or its debt securities is valid only as of the publication date of this report and there should be no expectation that additional reports relating to the Not Covered issuer or its debt securities will be published thereafter.

*In EEMEA and Latin America, analysts may occasionally rate issuers that are not part of the Barclays EM USD Corporate and Quasi Sovereign Index. In such cases the rating will reflect the analyst's view of the expected excess return over a six-month period of the issuer's corporate debt securities relative to the expected excess return of the relevant sector, as specified on the report.

Disclaimer

This publication has been prepared by the Corporate and Investment Banking division of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been issued by one or more Barclays legal entities within its Corporate and Investment Banking division as provided below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. Barclays will not treat unauthorized recipients of this report as its clients. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the content of any third-party web site accessed via a hyperlink in this publication and such information is not incorporated by reference.

The views in this publication are those of the author(s) and are subject to change, and Barclays has no obligation to update its opinions or the information in this publication. The analyst recommendations in this publication reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of Barclays and/or its affiliates. This publication does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the clients who receive it. The securities discussed herein may not be suitable for all investors. Barclays recommends that investors independently evaluate each issuer, security or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This material has been issued and approved for distribution in the UK and European Economic Area ("EEA") by Barclays Bank PLC. It is being made available primarily to persons who are investment professionals as that term is defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. It is directed at, and therefore should only be relied upon by, persons who have professional experience in matters relating to investments. The investments to which it relates are available only to such persons and will be entered into only with such persons. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

The Corporate and Investment Banking division of Barclays undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

Barclays Bank PLC, Paris Branch (registered in France under Paris RCS number 381 066 281) is regulated by the Autorité des marchés financiers and the Autorité de contrôle prudentiel. Registered office 34/36 Avenue de Friedland 75008 Paris.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer and member of IIROC (www.iiroc.ca).

Subject to the conditions of this publication as set out above, the Corporate & Investment Banking Division of Absa Bank Limited, an authorised financial services provider (Registration No.: 1986/004794/06. Registered Credit Provider Reg No NCRCP7), is distributing this material in South Africa. Absa Bank Limited is regulated by the South African Reserve Bank. This publication is not, nor is it intended to be, advice as defined and/or contemplated in the (South African) Financial Advisory and Intermediary Services Act, 37 of 2002, or any other financial, investment, trading, tax, legal, accounting, retirement, actuarial or other professional advice or service whatsoever. Any South African person or entity wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of the Corporate & Investment Banking Division of Absa Bank Limited in South Africa, 15 Alice Lane, Sandton, Johannesburg, Gauteng 2196. Absa Bank Limited is a member of the Barclays group.

In Japan, foreign exchange research reports are prepared and distributed by Barclays Bank PLC Tokyo Branch. Other research reports are distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokuchō (kinsho) No. 143.

Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Information on securities/instruments that trade in Taiwan or written by a Taiwan-based research analyst is distributed by Barclays Capital Securities Taiwan Limited to its clients. The material on securities/instruments not traded in Taiwan is not to be construed as 'recommendation' in Taiwan. Barclays Capital Securities Taiwan Limited does not accept orders from clients to trade in such securities. This material may not be distributed to the public media or used by the public media without prior written consent of Barclays.

This material is distributed in South Korea by Barclays Capital Securities Limited, Seoul Branch.

All equity research material is distributed in India by Barclays Securities (India) Private Limited (SEBI Registration No: INB/INF 231292732 (NSE), INB/INF 011292738 (BSE) | Corporate Identification Number: U67120MH2006PTC161063 | Registered Office: 208 | Ceejay House | Dr. Annie Besant Road | Shivsagar Estate | Worli | Mumbai - 400 018 | India, Phone: + 91 22 67196363). Other research reports are distributed in India by Barclays Bank PLC, India Branch.

Barclays Bank PLC Frankfurt Branch distributes this material in Germany under the supervision of Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

This material is distributed in Malaysia by Barclays Capital Markets Malaysia Sdn Bhd.

This material is distributed in Brazil by Banco Barclays S.A.

This material is distributed in Mexico by Barclays Bank Mexico, S.A.

Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi).

Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

This material is distributed in the UAE (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC.

This material is distributed in Saudi Arabia by Barclays Saudi Arabia ('BSA'). It is not the intention of the publication to be used or deemed as recommendation, option or advice for any action(s) that may take place in future. Barclays Saudi Arabia is a Closed Joint Stock Company, (CMA License No. 09141-37). Registered office Al Faisaliah Tower, Level 18, Riyadh 11311, Kingdom of Saudi Arabia. Authorised and regulated by the Capital Market Authority, Commercial Registration Number: 1010283024.

This material is distributed in Russia by OOO Barclays Capital, affiliated company of Barclays Bank PLC, registered and regulated in Russia by the FSFM. Broker License #177-11850-100000; Dealer License #177-11855-010000. Registered address in Russia: 125047 Moscow, 1st Tverskaya-Yamskaya str. 21.

This material is distributed in Singapore by the Singapore branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this report, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is One Raffles Quay Level 28, South Tower, Singapore 048583.

Barclays Bank PLC, Australia Branch (ARBN 062 449 585, AFSL 246617) is distributing this material in Australia. It is directed at 'wholesale clients' as defined by Australian Corporations Act 2001.

IRS Circular 230 Prepared Materials Disclaimer: Barclays does not provide tax advice and nothing contained herein should be construed to be tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2015). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.

