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## SoftBank CDS costs rise to 2-year high as holdings slump



BABA



DIDI



9984

The cost of insuring against a default in SoftBank Group Corp's (TSE:9984) debt rose to hit the highest in two years and its bond yield also climbed as the slumping value of the Japanese conglomerate's tech investments unnerved investors.

The value of marquee portfolio companies have tumbled, with Alibaba (NYSE:BABA) and Didi Global (NYSE:DIDI) dropping 35% and 64% respectively year-to-date, hit by China's crackdown on tech companies, the prospect of higher interest rates and war in Ukraine.

SoftBank CEO Masayoshi Son said last month "we will definitely be selling a good chunk of assets" as he pivoted after the collapse of the sale of Arm to a plan to list the chip designer.

However, with investors turning sceptical on money-losing startups, some analysts have questioned SoftBank's ability to sell down the portfolio in choppy markets and are floating the rising risk of SoftBank facing margin calls.

"The lack of profitability means there is no clear floor for share prices," Mio Kato, analyst at LightStream Research, wrote on Smartkarma. "We