

12 August 2024

Calls on Aroundtown and Societe Generale

By Jacob Braddy and Adam Juillerat

Societe Generale have announced they will call their AT1 AUD notes. Noteholders of the 4.875% perpetual notes will receive their funds around the 12 September. This is another great outcome for investors (much like the recently called UBS AT1's), who followed our recommendation to buy some of the European Bank AT1's after a sell-off from the Credit Suisse events last year.

Aroundtown has announced they will call their Senior line, and noteholders will receive funds by 16 August 2024. The maturity date on the line was originally 29 July 2024. This early call follows their recent hybrid issuance, which indicated they have plenty of capital to utilise.

This is another great outcome for those investors who followed our recommendation to buy European Bank AT1s after the Credit Suisse events last year.

Investors can take advantage of the current supply and yields by selling the Socgen/ Aroundtown holding close to the redemption price and reinvesting ahead of the call. Below are our favourite investments in various categories.

Two Long Dated Fixed Rate Investment Grade Corporate Bonds

- Pacific National - PNHAU 3.8 08Sep2031 [AU3CB0282812] 87.027 (6.084%)
- Aurizon - AZJAU 6.1 12Sep2031 [AU3CB0307635] 103.55 (5.47%)

Two Short Dated FRN Investment Grade Bonds with running yield >6.50%

- QBE Insurance - QBEAU Float 25Aug2036 (call Aug-2026) [AU3FN0055489] 102.935 (5.052%)
- Suncorp Group - SUNAU Float 06/27/34 (call Jun 2029) [AU3FN0081386] 103.134 (5.378%)

Four Best Fixed Rated Bank Subordinated Bonds

- WSTP 7.199 11/15/38 [AU3CB0304376] 110.097 (5.774%)
- ANZ 6.124 07/25/39 [AU3CB0311561] 101.709 (5.894%)
- NAB 6.342 06/06/39 [AU3CB0310175] 103.973 (5.804%)
- LLOYDS 7.086 08/31/33 [AU3CB0302115] 106.215 (5.358%)

Senior Secured Loan

- Latrobe Financial - LATRB Float 28Aug2027 102.50 (8.40%)

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