Press Release:

• Assets under Management rising despite market correction
• Further expansion towards Senior Secured Loans, underlined by new team hire
• Volatile market environment offers high return potential for "active" secondary market strategies
• Exchange offers / extensions of "Mittelstand" bond issuers do not solve the refinancing problem

Frankfurt, 01.03.2016

Credit strategies that allow for constant yield income and fixed claims on high interest coupons are in demand in the current capital market environment. Robus' investment focus is on debt capital instruments of mid-sized companies, including high yield bonds, syndicated loans, promissory notes, and convertible bonds.

Since the first Robus fund is already approaching capacity limit, Robus Capital is diversifying its offering into new investment strategies, particularly with the management of senior secured loan portfolios for institutional investors. For this reason, Robus Capital has hired Marcus Thom. Mr. Thom has 15 years of experience in assisting and supporting demanding clients and previously worked at Fidelity International as Director of Institutional Asset Management. "We are very pleased that we were able to convince such an experienced colleague to help us drive future growth of Robus," says Dieter Kaiser, Managing Director of Robus Capital.

A key success factor of Robus Capital is its opportunistic and contrarian investment approach. For instance, the cash as a percentage of total assets in Robus' funds had already increased by mid-2015, as many bonds reached unattractive return levels as a result of increasing prices. By selling instruments with unattractive risk-return profiles and not reinvesting fund inflows from refinancings, Robus had built a vital cash cushion to invest just as market volatility returned and prices across leveraged debt markets slumped. Additional liquidity is being raised with Robus' existing investor base, allowing the firm to take advantage of the sharp risk-off environment. "Those funds that have enough cash during a market correction and can initiate or expand positions for higher returns will be able to positively differentiate themselves from broader market performance and high yield fund peer groups in the coming months," says Kaiser.

Robus Capital pursues an active, strict relative value driven investment approach to high-yield securities of mid-sized issuers and invests according to fundamental bottom-up analysis in the 50 most attractive interest-bearing securities of mid-sized issuers in Europe. "Due to the volatility in the recent months we were able to purchase debt instruments in secondary markets at prices well below their nominal values," adds Mark Hoffmann, Portfolio Manager at Robus Capital.

Although the “Mittelstand” bond market is somewhat de-coupled form the larger European high yield and leveraged loan markets, the segment faces its own headwinds with over EUR 6bn of bond issues facing a “refinancing wall” over the next 2 – 3 years. Robus Capital has viewed recent developments in this sector very critically. “It is shocking to observe how many issuers are successfully trying to turn their own refinancing pressures into an advantage by forcing investors to accept last-minute, misconstrued exchange offers so instead of simply repaying their bondholders at maturity,” says Hoffmann. “Many issuers seek to disguise what is in effect a forced restructuring by convincing investors to “exchange” maturing bonds for “new” bonds, or by simply asking an extension of existing maturities, at interest rates that are equal or even lower than the original bond coupons.

“In the international high-yield market, it is common practice that investors are compensated for the additional risk of an extended maturity – whether this is structured as a one-off consent fee, a higher coupon, or better collateral, or simply a combination of all three components.” adds Hoffmann. Even more surprisingly, bondholders in Germany do not seem to mind – there is rarely any resistance to exchange offer proposals, and even during creditors’ meetings investors seem to accept the company’s proposal due to lack of imagination rather than lack of alternatives. ”If one accepts an issuer’s proposal to exchange existing investments for bonds under unchanged terms, one is essentially agreeing to take accept additional risk for no extra return.” explains Hoffmann.

Robus Capital
Robus Capital is an asset management company with offices in Frankfurt and London. The investment firm is led by veterans of the high-yield debt capital markets. Team members have been active in this area since the beginning of the European high-yield market, both on the structuring side with German and international banks as well as on the investment side with leading international credit funds. Robus manages several qualified investor funds for institutional investors as well as a mutual fund. Robus invests in all parts of the capital structure according to a holistic analysis of the company. Investments are made through the primary and secondary markets, and investments are also made in special situations, which are very complex and require detailed analysis. The regional focus of Robus is on continental Europe, and in particular German speaking countries.

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