

Financial strength. Local expertise. Global reach.

# Corporate Trust EU Connection

2015 Winter

## 2015 year in review

2015 has been a strong year for U.S. Bank Global Corporate Trust Services as we continue to gain market share across our product groups and invest in our people and business. Through talented additions to our team of professionals and enhancements to our products, our commitment to the corporate trust business continues to provide increasing value to our clients.



### Expanding partnerships

We have realised gains particularly in the structured finance market with over 60 new ABS, RMBS and CMBS mandates. One significant European deal, Tibet CMBS S.R.L., involved the 203 million refinancing of a luxury fashion complex in Milan, while other key CMBS deals during 2015 included BAML's Taurus, JPMorgan's Mint and Goldman Sachs' Logistics UK. We have added a number of new European clients such as Black Diamond, Tikehau Capital Europe Limited, and Guggenheim Partners Europe Ltd, and continue to support ABS clients including BMW Bank GmbH, GMAC UK Plc, Santander Consumer Bank S.A. and Volkswagen AG.

The U.S. CLO team has also seen significant growth. As of third quarter, the team gained \$42.7 billion in issuance volume across 83 deals this year. These accomplishments position us as the number one global provider of trustee and agency services with leading market share in both the U.S. and European CLO market for the third consecutive year, according to Asset-Backed Alert.

### Enhancing services

Dedicated to providing our business partners with the best experience, we pride ourselves on the guidance, knowledge and expertise our teams offer. Our customer service has been recognised across the industry with our relationship management and operational teams receiving the highest rated trustee award in both European Auto ABS and CMBS categories at the 2015 SCI Awards.

Along with exceptional customer service, the commitment we have to the corporate trust business can be seen in our continual investment in technology solutions. Following the successful release of our Web portal, Pivot, in 2014, a variety of enhancements were implemented this year. We added on-demand access to historical data as well as the ability for clients to initiate trades and submit cash distribution requests without callbacks. We are excited to roll out a number of new features that will be available through Pivot next year such as detailed portfolio analytics and the ability for clients to run hypothetical trade tests.

Thanks to the support of our clients, we continue to grow and build out our range of extensive services and product offerings. As we celebrate the accomplishments of 2015, we look forward to assisting you on new transactions, both next year and beyond.

Recent changes in the market have contributed to a year of steady growth, and while challenges still exist, factors on the horizon look positive for 2016.



## Panelists at Opal CLO Conference shed light on market outlook

More than 200 collateral managers, investors, arrangers, advisers and lawyers from the CLO and loan market gathered at the Opal CLO Conference in Monaco from 14-16th October. Panelist presentations focused on current market conditions, regulatory aspects and the future outlook of the economy.

### Issuance growth

A variety of recent changes in the market have contributed to a year of steady growth, but recently, issuance has slowed due to market conditions. While the CLO investor base continues to expand due to the efforts of arrangers, structural changes have also been made to boost returns and aide liability matching. Following investor demands, the suite of CLO governing documentation has seen more standardisation to simplify the analysis of the asset class.

The leveraged loan and CLO arranger markets are continuing to rely on each other for growth opportunities. A panel led by Anatoly Sorin, head of European Global Corporate Trust Services CLO Relationship Management, took a cautiously optimistic view on the direction of these markets. While loan spreads are expected to rise partially in response to the widening CLO liabilities spreads, the panel also called for greater depth of the leveraged loan universe.

As of October, the European CLO market has seen 26 deals with more than €10 billion issued. With pricing pressures giving way to concerns over spreads, a large number of warehouses are open and, in a sign of confidence in the market's recovery, more warehouses are being put together with the aim of pricing in 2016.

### Regulatory updates

A concerted response by industry participants resulted in a positive development when regulators updated draft wording around originator requirements. The proposed regulatory changes will help standardise the retention rules and improve investor confidence. Further improvements will be necessary throughout the process, but the initial progress is encouraging.

### Looking forward

While challenges in the market still exist, factors on the horizon look positive. Although some concerns have arisen around the relative risk-reward of equity tranches, the general widening of liability spreads is expected to encourage investors into the market. In addition, successful industry lobbying around the originator definition and primary purpose test is predicted to encourage issuance for both small and large managers.

Panel presentations included ideas to support diversity in the loan market, such as longer warehouse periods, the ability to include more sterling denominated assets, and possible inclusion of SME loans.

As we tackle the challenges and look for opportunities that 2016 will bring, U.S. Bank Global Corporate Trust Services is proud to be a valued partner through your business endeavors, offering comprehensive services delivered from a specialised CLO team.

For more information on our CLO services, please contact Emma Hamley at [emma.hamley@usbank.com](mailto:emma.hamley@usbank.com) or visit [usbank.com/corporatetrust](http://usbank.com/corporatetrust).

## U.S. Bank mandated on unique convertible bond

U.S. Bank Global Corporate Trust Services was involved in a unique €350 million convertible bond deal earlier this year from Brait S.E., a South African private equity firm. Rather than pledging shares or raising debt through its portfolio companies, Brait itself issued the unsecured and unsubordinated bond.

Bank of America Merrill Lynch and Goldman Sachs acted as global coordinators while U.S. Bank provides trustee, paying agent and conversion agent services through our European Global Corporate Trust Services team.

U.S. Bank Global Corporate Trust Services is an experienced provider to issuers in the convertible bond market, offering the full suite of agency and trustee roles required to effectively launch and administer this type of transaction. This capability sits alongside our broad platform servicing a wide range of corporate debt products including high yield bonds, investment grade bonds and MTN programmes. This year, in the high yield market alone, our European team has been mandated on over a dozen deals with proceeds totaling more than \$5 billion, positioning U.S. Bank as one of the leading high yield trustees in the European market.



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### Global service offering

Recently, many U.S. corporates have looked to the European market to take advantage of cheaper funding, a trend that is likely to continue in the current interest rate environment. As a result, we are working on an increasing number of investment grade deals issued by global corporations such as Kinder Morgan, Whirlpool, Mohawk, Harman International, Chemours, Sealed Air and Carnival Corporation. In these international transactions, we provide a coordinated solution in which we act as the trustee on SEC registered programmes through our U.S. office network and provide the European paying agent, registrar and common depository on Euro denominated tranches through our team in London.

Our service team has experience in an array of debt products and is ready to provide the expertise you need to help execute your transaction from pre-issuance to maturity.

For more information on our convertible bond services, visit [usbank.com/corporatetrust](https://usbank.com/corporatetrust).



## Awards and accolades

### GlobalCapital names U.S. Bank “Best Trustee”

GlobalCapital named U.S. Bank “Best Trustee” at the 2015 U.S. Securitisation Awards held in June. The award is the result of an open nomination process in which leading arrangers, originators, investors and intermediaries were asked to name the most impressive trustee in the market over the past year.

“We’re honored to be named ‘Best Trustee’ by GlobalCapital,” said Bryan Calder, president of U.S. Bank Global Corporate Trust Services. “We’re committed to providing a best-in-class experience for our clients. We emphasise open communication and use our clients’ input and ideas to shape our own investment in products, services and technology.”

GlobalCapital, formerly known as EuroWeek, is a leading news, opinion and data service for people and institutions accessing and working in the international capital markets.

### Scroll of Excellence in portfolio administration and reporting

Creditflux, a leading information source for the credit trading and CLO market, recognised U.S. Bank as one of eight Scrolls of Excellence recipients during their CLO Investor Summit in New York on 21st October. U.S. Bank was awarded the Scroll of Excellence for CLO portfolio administration and reporting.



Joshua Stowell accepts the Creditflux Scroll of Excellence award on behalf of U.S. Bank.

Winners were chosen as a result of the three month process in which summit delegates and Creditflux subscribers voted for the best CLO service providers in the industry.

“It is a privilege to be recognised among industry leaders,” said Joe Giordano, senior vice president of U.S. Bank Global Corporate Trust Services, CDO. “We continually

invest in technology to deliver innovative solutions. Our extensive product knowledge and tenured staff, paired with the tailored services we provide, help our clients meet their goals.”

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### U.S. Bank recognised for trustee services and fund administration

U.S. Bank was awarded for Best Trustee Services (overall) and Best Debt/Loan Administration (overall) at the 2015 Alternative Credit Intelligence European Performance Awards.



Rebecca Lewis and Christopher Eastlake of U.S. Bank at the Alternative Credit Intelligence European Services Awards.

This award is a testament to the dedication we have to our clients. We are committed to working in a collaborative way to ensure transparent decision making and exceptional service delivery.

With a judging panel comprised of representatives from Alternative Credit Intelligence, leading institutional and private investors and industry experts, the awards recognise hedge funds, service providers, intermediaries and advisers that have outperformed their peers over the past 12 months.

In addition, Quintillion, the European-based affiliate of U.S. Bancorp Fund Services, was awarded for Best Administrator (client service). U.S. Bancorp Fund Services is a wholly-owned subsidiary of U.S. Bank, providing services to support a variety of investment strategies of registered and unregistered products.

