Why Hybrid Capital over High Yield?

In this video Peter Doherty, Head of Fixed Income, gives an update on the fixed income market and makes a case for why Hybrid Capital should be considered against traditional High Yield investments.

01:05 - What's happened in the fixed income market?

02:39 - The three elements considered for managing the portfolio

05:42 - How has Hybrid Capital performed vs traditional High Yield?

10:11 - Has the COVID crisis affected our investment approach?

12:32 - What is the outlook for Hybrid Capital vs High Yield?

Sanlam Hybrid Capital Bond Fund risks
The fund will invest in debt securities. The government or company issuer of a bond might not be able to repay either the interest or the original loan amount and therefore default on the debt. This would affect the credit rating of the bond and, in turn, the value of the fund. Investment in bonds and other debt instruments (including related derivatives) is subject to interest rate risk. If long-term interest rates rise, the value of your shares is likely to fall. The yield is gross and could be higher than what you will receive in the future. The Fund may engage in transactions in financial derivative instruments for hedging purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The Fund may invest in Contingent Convertible Securities (CoCo's). The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general. The investor may not receive a return of principal if expected on a call date or indeed at any date.