Capital Markets Monthly–February 2015

AEQUITAS Advisors LLC

TRANSACTION VOLUME		
YTD	**#**	**$Value**
IPO	24	$4.36B
FO	98	$27.06B
CVTS	18	$12.13B
IV Grade*	--	$92.4B
HY Debt	73	$54.73B
Month	**#**	**$MM**
IPO	11	$2.50B
FO ($B)	51	$17.78B
CVTS	10	$8714.00B
IV Grade*	n/a	$68.7B
HY Debt	46	$34.20B

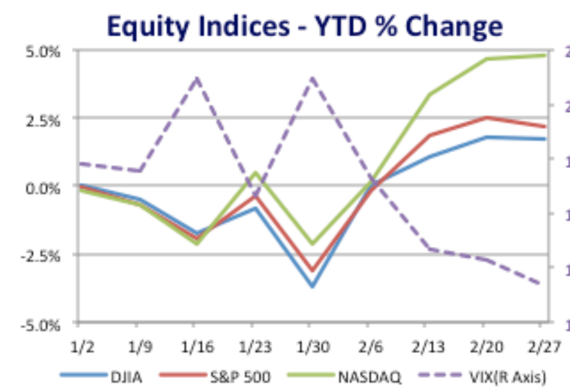
*Net Volume (new less redemptions)

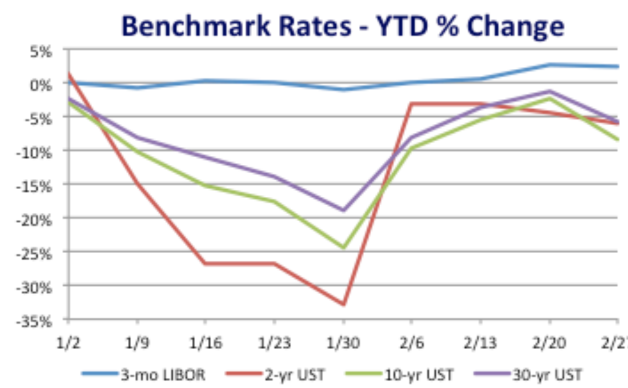
EQUITY INDICES		BENCHMARK RATES		DEBT INDICES		COMMODITIES/CURRENCY		
DJIA	18,132.70	3-Mo Libor	0.262%	IV Grade YTW	2.11%	Gold	$	1,213.70
S&P 500	2,104.50	2-Yr UST	0.630%	HY Master	5.87%	Oil (WTI)	$	49.76
NASDAQ	4,963.53	10-Yr UST	1.990%	BB Index	4.45%	Nat Gas (HH)	$	2.710
VIX	13.34%	30-Yr UST	2.590%	B Index	6.17%	EUR-USD	$	1.120

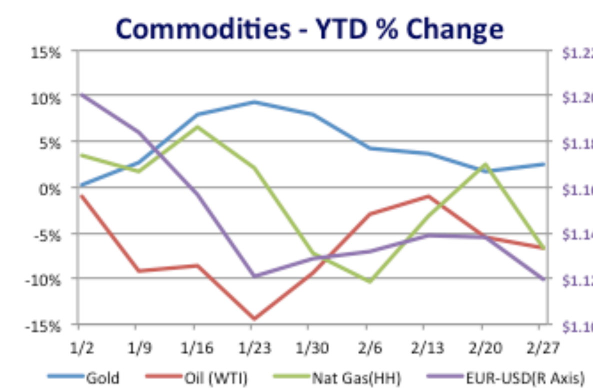
Commentary: Well, well… though premature, previously reported sightings of a Goldilocks economy in the neighborhood may not have been entirely inaccurate after all. Following a volatile December and decidedly unsettled start to the new year (the first Monday of 2015 saw the Dow, S&P & NASDAQ fall 1.9%, 1.8% & 1.6%, respectively, and grind their way lower thru Jan), February saw US equity markets finally catch a groove and a sharp reversal in the "flight to quality/safety" that has continued to buoy bond prices/compress yields. This came not on the heels of strong economic data, but rather after a lower than expected 1st Q4 GDP estimate (at Jan end), continued signs of a complete lack of inflationary pressure in the economy, esp. given low fuel prices, and statements the Fed will remain "patient" on future rate increases. For the month, the Dow and S&P 500 gained 5.5% and the NASDAQ composite rallied an impressive 7.1%, closing higher each week to near the 5k level it last hit during the tech bubble in 2000. Meanwhile, Feb followed the best mo. for IV-Grade debt since 2008 (per Barclays Aggregate Bond Index) with the strongest sell-off since June 2013 "taper tantrum" prompted by remarks from Fed Chief Ben Bernanke. 2, 10 and 30-yr Treasuries fell strongly during the month, pushing their yields up 18bps/40%, 35bps/21.3% and 36bps/16.1%, respectively. Interestingly, HY debt moved sharply higher, with secondary prices up on large capital inflows to push the HY Master Index down 67bps (to close at 5.87%) and materially tighten spreads. Even oil regained a bit of footing (albeit a very small one), closing up $1.52/3.2% at $49.76 to break a string of 7 consecutive – and far more substantial – monthly declines. It remains 54% below its June '14 52-week high.

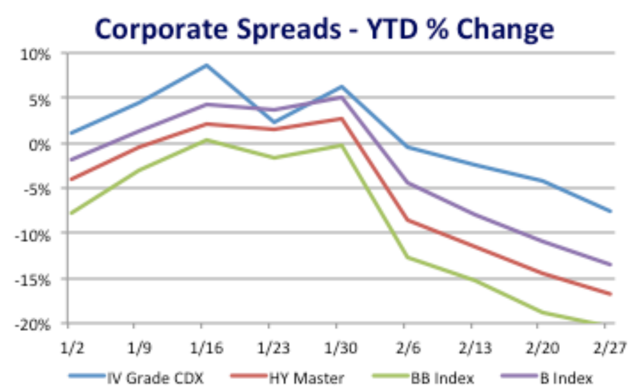
Equity/Convertibles: From 13 market debuts for $1.9B in Jan. to 11 for $2.5B in Feb., 2015's IPO volume remains lackluster. But Follow-On and Convert issuance is trying to fill the void, with this month's 51 deals/$17.8B and 10 deals/$8.7B, respectively, besting Jan by a measure. Noteworthy: Mandatory convert deals of $1.25B & $4.6B for American Tower & Actavis, respectively.

IV/HY Debt: Though IV-Grade volume was substantially stronger in Feb than last month, performance was weak as the "flight to quality" trade appeared to lose steam. Meanwhile, HY volume & performance surged on strong fund inflows and a modest rally in energy names/credits that hinted at a floor. The 2nd week of Feb saw 20 deals raise $14.6B, the strongest 5-day vol since last May.









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