Colombia

There is room to go; upgrade to Overweight

CORE

The Petro administration's political capital keeps weakening, reducing the likelihood of passing reforms that have been generating market concerns. We see catalysts that could further reduce perceived risks, while fundamental improvements are holding.

- **Strategy: Upgrade to Overweight.** Petro's capacity to pass reforms has declined with the erosion of his political capital over time. The market rallied due to the wiretapping scandal, as it was perceived as a clear indication and an acceleration of his weakening political power. Meanwhile, fundamentals in Colombia remain unscathed and on a positive trajectory while cash valuations (at the index level) are, even after the recent rally, relatively cheap to Brazil or the Dominican Republic and we think that spreads have room to compress a bit further.
- On the sovereign curve, we recommend switching out of Colombia '51s and '61s into '41s, '44s, '45s and '49s as we believe the latter are excessively punished in par-adjusted spread terms. In ECOPET, we recommend buying ECOPET 30s against COLOM 30s, as ECOPET 30s offer what we view as an attractive spread to sovereign and has the steepest roll down within ECOPET curve.
- **Political scandals, rapidly falling popularity, and growing difficulties for keeping a majority coalition in Congress, suggests that Petro's ability to pass his reforms is seriously compromised.** We reiterate our view that there is a big gap between the government's rhetoric and what it can accomplish, given the existence of strong checks and balances.
- **Noise might not go away but the risk of radical changes in Colombia's historically business-friendly economic model seems to be declining.** We believe that risks over the fundamental position remain contained and could actually stay on an improving trend.
- **Two potentially positive catalysts lie ahead that could further reduce perceived political risks:** The end of the legislative session on June 20 and local elections on October 29. They could confirm a reduced likelihood of radical changes in the economic model and start showing a swing back towards Colombia's historically conservative roots.
- **The twin-deficit argument that has been supporting bearish views on Colombia has**

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been weakened. Not only are both the fiscal and current account deficits shrinking, but they are also better financed. The reduction of external vulnerabilities supports the COP appreciation and could lead to a virtuous cycle in which the improvement in credit metrics accelerates. We expect to have more clarity on the proposed fiscal adjustments in the medium-term fiscal framework that is to be presented next week.

Economics: A government on the defensive

Overlapping crises are clouding the horizon for the Petro administration agenda. The latest one is a scandal related to audios of the former ambassador to Venezuela, and key member of Petro's presidential campaign, Armando Benedetti, suggesting, among other issues, potential irregularities in the sources, use and reporting of his campaign funding[1]. The scandal has already led to the removal of Benedetti and the resignation of Chief of Staff Laura Sarabia, who had become Petro's most trusted aide[2]. It remains to be seen whether additional fallout occurs, but there are still risks for the president, which have put the government on a defensive stance. It also has important implications for the possibility of passing the reforms that the administration has been promoting that have generated concerns from the market. A government with a declining political capital seems to have increasingly big obstacles to pass any of these reforms, which could contribute to a reduction of the perception of political risks.

The scandal keeps eroding the political capital of the administration. Benedetti's audios have already led the electoral authorities (CNE) to open an investigation and former presidential candidate Federico Gutierrez presented an accusation against the president in the Chamber of Representatives in Congress [3,4]. Other key members of Petro's closest inner circle, including Ecopetrol CEO Ricardo Roa, who was his campaign manager, might also be exposed to the investigations. The case has started to generate comparisons with the "8000 process" against former President Ernesto Samper in the 1990s[5], who also faced allegations of irregular financing in his campaign, which led to the opening of an impeachment process against him.

An impeachment is not an easy process and does not seem to be the most likely scenario for now. According to articles 174 and 175 of the Constitution, a political trial for actions or omissions while in office, indignity or misconduct, or misdemeanors goes through the Accusations Committee of the House and eventually ends up in the floor of the House. If the House votes to impeach, ie, formally accusing the sitting president, the process then goes to the Senate. If the Senate, in turn, votes to remove, then the president would be removed from office. Should criminal offenses be involved, it would be up to the Supreme Court to decide. The approval of impeachments requires super-majorities that are usually difficult to achieve.

Colombia, unlike other countries in LatAm such as Peru, does not have a tradition of presidents not being able to complete their terms, which could help Petro to finish his term. Nonetheless, the accusations are now forcing him to focus on his defense instead of the proposed reforms and could at least leave him in a weaker position to pursue his agenda for the rest of his term. According to a new Datexco poll, Petro's approval fell 4pp compared to early May, reaching 26%. The new poll carried out May 30 to June 1 does not fully assess the effect of the latest scandals the Petro administration is facing, which could further pressure the president's popularity.

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[1] Benedetti se destapa: dice que los de la plata de la campaña de Petro en la Costa "no eran emprendedores". , Semana, June 5, 2023

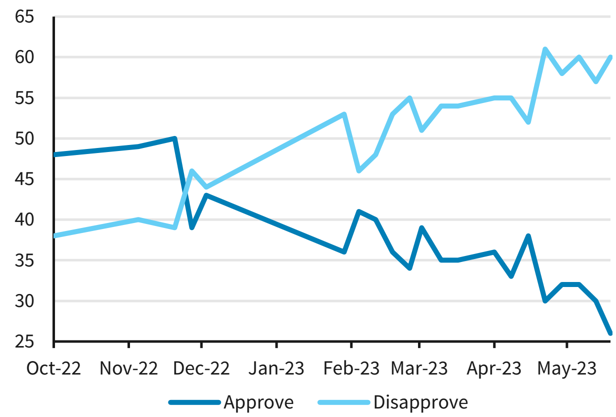
[2] Velasco confirma que Laura Sarabia presentó su carta de renuncia al gobierno de Petro, June 2, 2023

[3] CNE llama a Laura Sarabia y Armando Benedetti a rendir testimonio en investigación sobre supuestas irregularidades en campaña Petro, Semana, June 5, 2023

[4] Fico Gutiérrez denuncia a Petro en la Comisión de Acusaciones y pide su renuncia, El Tiempo, June 5, 2023

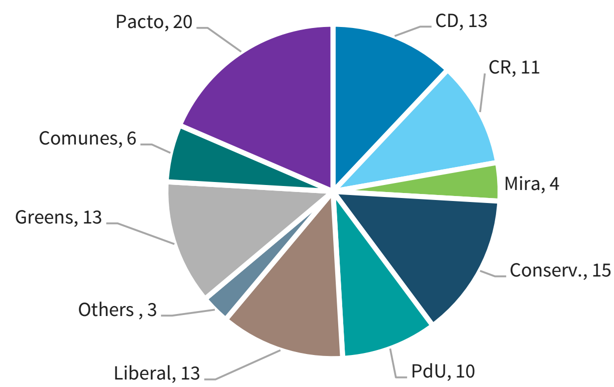
[5] ¿Qué es la Comisión de Acusaciones que podría investigar al presidente Gustavo Petro?, Caracol Radio, May 6, 2023

FIGURE 1. **Erosion of Petro's political capital limits his ability to advance on his agenda**



Source: Datexco

FIGURE 2. **The government lacks a solid coalition in Congress, which remains a strong check (Senate seats)**



Source: Registraduria Nacional

Reduced likelihood of reforms passing. As we mentioned in Colombia: From words to actions there is a long road to travel, from the start, there has been a big gap between the government's rhetoric and what it could likely accomplish, given the existence of strong checks and balances. The challenges for the administration increased after the break of its coalition in Congress in April (Colombia: Economic credibility hurt but checks and balances hold). The prioritization of the reforms being proposed by the government seems to have also complicated the process. The government first put forth health reforms, which face strong pushback — ahead of pensions and labor reform, depleting a lot of political capital in the former and blocking the advancement path for these last two reforms. Now in a race against the clock to try to pass the reforms before the end of the current legislative sessions on June 20, the fallout from these political crises further compromises the chances for passing Petro's reforms.

Following the latest events, Congress decided to suspend the discussion of the reforms, consuming valuable time for the government[6]. Congress has not confirmed yet the length of the suspension, but it makes it more unlikely that any of the reforms get approved before the end of the current legislative sessions on June 20. The Congress has an option to go to extraordinary session for two weeks; however, in the absence of a solid coalition in Congress, the timeline seems just too tight, in our view. The little progress made in advancing the reforms so far could be critical. The health reforms have seen just one passed out of four debated and the labor and pension reforms have not even passed their first test. If the bills do not pass at least one debate before the end of the current legislative sessions, they will sink and, if the government wants to insist on them, it would have to start the process all over again in the next legislative session. Having to discuss the reforms in H2 23 was exactly what the government was trying to avoid. Given the proximity of the local elections in October and with declining political capital, it likely will be much more difficult to pass any of the reforms.

Noise might not fully go away but the risk of seeing radical changes in Colombia's historically business-friendly economic model seems to be declining. Amid the current crisis, the government seems to be running out of options to advance its agenda. The most-optimistic scenario would be that existing challenges push the government to look for a negotiated solution, which would mean the government conceding a moderation of the reforms and his agenda in exchange for governability. In this case, noise could significantly decline and

[6] David Racero confirma que se congelan debates de las reformas en el Congreso, El Tiempo, June 5, 2023

Petro might be able to pass some of the reforms but potential risks regarding the effect on economic fundamentals could be mitigated. However, so far, the government has not shown significant willingness to concede and in the current condition, conceding could be seen as a signal of weakness that the government might prefer to avoid.

In absence of a negotiated solution, a potential second option would be sustaining the entrenchment that Petro did with his cabinet reshuffle in April. In that way, he would further close his inner circle in search of loyalty. However, this would leave him in a defensive position, distancing farther away from Congress and with reduced possibilities of getting the needed legislative support to pass the reform.

Entrenching without delivering results exposes the administration to further erosion of its popularity, which could further compromise governability. Therefore, a third possible option could be a polarization scenario, in which he uses the confrontation with Congress as a way to unite his core base of support in order to try to contain the erosion of its political capital. In this case, Petro could insist on the reforms and try to advance some of its elements through regulatory policies that might not require legislative changes. This choice likely maintains some political noise, given the possibility of the government trying to shift the reform discussion from the formal institutional channels (Congress) into the streets, calling for demonstrations of support. While this could imply escalating the rhetoric and the government might try to use the blockage of the reforms to victimize itself and muddle through, so far the government has failed to mobilize and with the declining popularity of the president, it seems more difficult to do so. After all, Petro was elected more in a vote against the establishment than a backing of his reform agenda[7]. Moreover, in the absence of an agreement with Congress, the core proposals would not pass and the potential changes that the government could make through administrative channels could be easily reversed by future governments.

Two key events lie ahead that could be critical and reinforce a perception of a reduction of political risks. Uncertainty about the route the president might follow is still elevated; however, the risk of radical structural changes in the business-friendly economic model that Colombia has had seems to be low in any of the previously discussed scenarios. The difference among them seems to be about how fast the level of noise and the implicit perception of risks might decline. In that sense, we think the end of the legislative session on June 20 and the local elections on October 29 could be two key milestones.

The failure to pass the reforms in H1-23 would confirm a reduced likelihood of radical changes in the economic model. In H2-23, the focus of attention would likely move to the electoral campaign, which could make it even more challenging to pass the reforms. We believe centrist parties would be increasingly cautious about supporting policies coming from an increasingly unpopular administration ahead of an election.

The local elections could show a swing back towards Colombia's historically conservative roots. The elections could become a plebiscite on the Petro administration that could demonstrate its reduced political capital. Colombia has historically had a marked political cycle, in which the administration is usually able to lead the political agenda during its first year, and then as it gradually loses political capital, the Congress gains leverage through the following two years, and the last year of the administration is all about succession. The rapid depletion of the Petro administration's political capital seems to be accelerating that process. In that sense, rather than presenting a risk of structural radical changes, the government could be seen as just a temporary phenomenon, with very limited effect on the fundamental outlook.

In the economic front, we reiterate our constructive view and expect to see significant improvements over the coming months. The twin-deficit argument that has been supporting

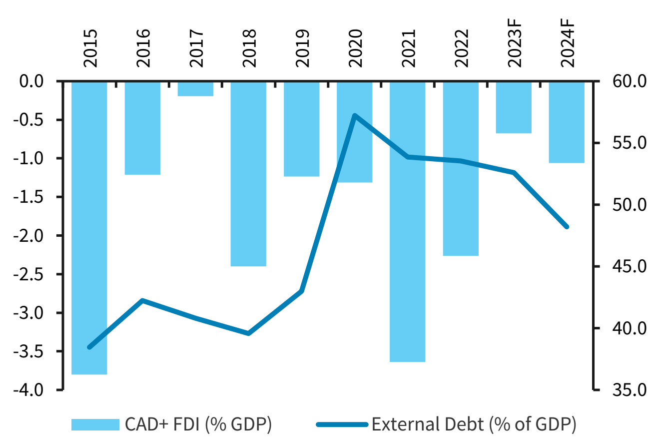
[7] Gustavo Petro o Rodolfo Hernández: Colombia vota contra la tradición política, El Pais, May 29, 2022

bearish views on Colombia has been weakened (See Colombia: The myths are failing). Not only are both the fiscal and current account deficits are shrinking, but they are also better financed. The reduction of the external vulnerabilities supports the COP appreciation and could lead to a virtuous cycle in which the reversion of last year's pressures on the currency reinforces the reduction of inflation and contributes to an improvement in the credit metrics, accelerating the reduction in the debt to GDP levels (Figure 3).

In the fiscal front there could still be some risks, given that amid the governability challenges the administration is facing, it could have incentives to ease fiscal constraints. However, we think those risks remain contained at least in the short term (Figure 4). Amid the uncertainty created by recent cabinet changes, the announcement of expenditure cuts, together with the acceleration of the adjustment of fuel prices, is a step in the right direction that supports the sustainability of the fiscal consolidation process over the coming years and should help the new finance minister, Ricardo Bonilla, with the challenging goal of anchoring market expectations by showing commitment with a prudent fiscal policy (See Colombia: Steps in the right direction). Any significant change in the fiscal policy stance would need to go through Congress and in the current political conditions seems challenging to pass. We expect to have more clarity on the proposed fiscal adjustments in the medium-term fiscal framework that is to be presented next week.

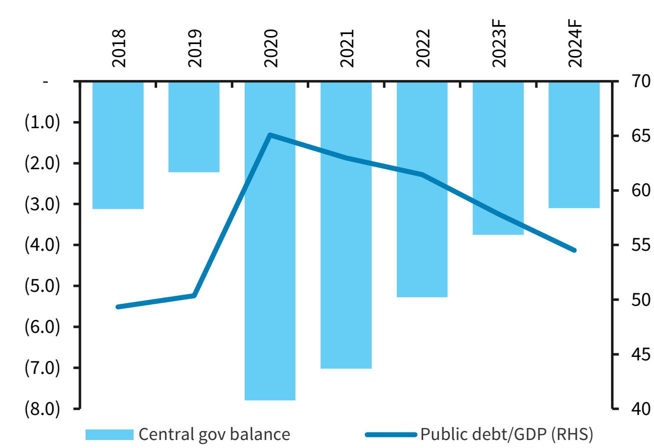
A full closing of the credibility gap that Colombia has been facing might take time and might not evolve in a straight line; however, events over the coming months could certainly support further improvements in the perception of risks. There have been radically contrasting views over Colombia's fundamental position, which is evidenced in the existing big gap in the sovereign credit rating. While Moody has maintained a Baa2 rating, S&P and Fitch are two notches below at BB+. In our view, the fair point would be a intermediate position in which Colombia is seen as BBB-. However, markets have been suggesting a risk premium even larger than countries that are up to two notches below Colombia's worst rating. Considering the improvements that Colombia's fundamentals are showing, the gap in the perception of risks seems to be mainly due to political risks, and in that sense, the ongoing and upcoming political events could be critical in changing those perceptions.

FIGURE 3. **Improvements in external accounts support a stronger COP, which should contribute to the reduction in debt/GDP levels**



Source: Haver, Barclays Research

FIGURE 4. **Fiscal consolidation remains on track (% GDP)**



Source: Ministry of Finance, Haver, Barclays Research

Credit Strategy: Upgrade to Overweight

The market follows closely the tug-of-war between "change" and "status quo" (Figure 5). Indeed, spreads have been extremely sensitive to political events. Spreads rallied as it become evident that Petro's reforms were being watered down (pension reform); even frozen in Congress (political reform bill); that the coalition was cracking (liberals not supporting health reform); that institutions in Colombia were willing to fight back (court suspension of utilities decree); and more recently as the wiretapping scandal came to light. In contrast, spreads widened when Petro strongly pushed back against status quo and exercised his executive power (Petro's decree on utility tariffs and mass cabinet reshuffle).

Petro's change risks have declined. President Petro's loss of political capital and the passage of time have reduced two important risks. First, it has reduced near-term headline risk associated to Petro succeeding in passing his reform agenda. Second, we think that a more-complicated political landscape reduces Petro's ability to motivate an electorally powerful left in Colombia to materialize in October local elections. The presence of these risks led us to a cautious stance, despite Colombia's sovereign valuations looking cheap to fundamentals and peers. However, the combination of the wiretapping scandal (see above for details) and the limited time until the end of the legislative sessions (June 20) makes us think that these risks have substantially declined. Moreover, we think that as the political cycle matures, and the difficulties in passing the reforms are evident, markets will price out the buildup of a meaningful political risk premium in the Colombia sovereign.

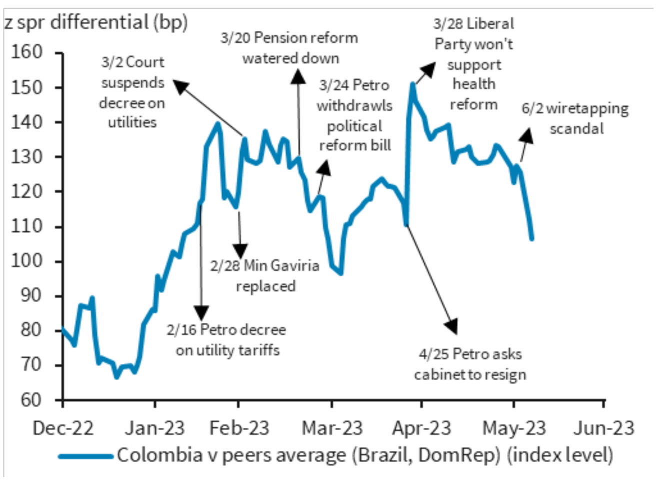
While we envisage a positive trend for Colombia spreads (in addition to fundamental risks) we see two downside risks:

- Petro still has the capacity to fight back and the markets have reacted negatively to these events in the past. However, we expect that these reactions could be increasingly less powerful.

- October local elections. Investors likely will be wary that the resistance to change at the institutional/political level is not shared by the population. Elections would thus be a very important gauge to assess the support for a leftist agenda. However, we highlight that Petro has not succeeded in mobilizing the population to support his proposed reforms even as these reforms faced resistance from elements of the political/institutional arena – which makes us think that this risk has indeed declined.

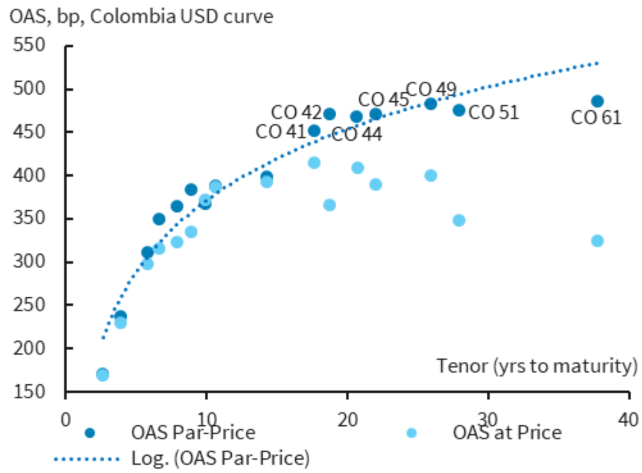
Fundamentals are unscathed. A deterioration of Colombia fundamentals was never a risk we saw has having a high probability. However, by the end of 2022, Colombia exhibited growing "twin deficits" in the data, which we recognized as a market weakness in a world of increasing rates. The recent fiscal measures by MoF Bonilla regarding the reduction of the "additional budget" (Steps in the right direction, May 31) and the Q1 BoP data (The myths are failing, June 5) supports a trend for macro imbalances.

FIGURE 5. **Spreads and political events**



Source: Bloomberg, Barclays Research

FIGURE 6. **Switch out of Colombia '51s and '61s into '41s, '44s, '45s and '49s**

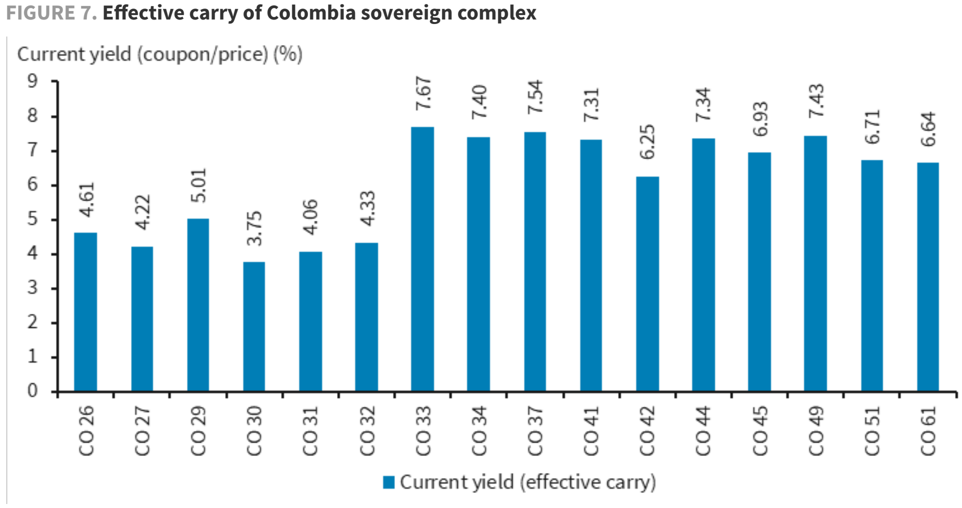


For methodology on par adjusted spreads see Living in a par-bond world, Jan 13.
Source: Bloomberg, Barclays Research

Strategy recommendation: Upgrade to Overweight. Petro's capacity to pass reforms has declined with the erosion of his political capital and over time. The market rallied due to the wiretapping scandal as it was perceived as a clear indication and an acceleration of this decline. In addition, we think that main risks of Petro fighting back or being able to mobilize people and articulating the left in the run-up to October — have declined as well. Meanwhile, Colombia's fundamentals remain unscathed and in a positive trajectory. Colombia's cash valuations (at the index level) are, even after the recent rally, relatively cheap to Brazil or the Dominican Republic (Figure 5) and we think that spreads have room to compress a bit further.

- Switch out of Colombia '51s and '61s into '41s, '44s, '45s and '49s: On the curve, we recommend switching out of Colombia '51s and '61s into '41s, '44s, '45s and '49s, despite the latter being higher cash price bonds. The z-spread curve is inverted because the former are lower cash price bonds. However, even in par-adjusted spread terms (adjusting for cash price differentials), the curve remains flat to slightly inverted (Figure 6). In addition to such "excessive punishment" for higher cash prices, the proposed trade does not imply a loss in "effective carry" (Figure 7).

FIGURE 7. **Effective carry of Colombia sovereign complex**



Source: Bloomberg, Barclays Research

- Buy ECOPET 2030s vs COLOM 2030s: As we detailed in our note (see Colombia: Steps in the right direction), the reductions proposed for 2023 expenditures are likely to create some space to pay part of the ECOPET FECP debt by cash from hacienda later on this year. As we noted in our previous note on ECOPET (LatAm Corporate Credit: LatAm Oil & Gas: ECOPET 1Q23 earnings in focus), we believed that ECOPET would likely avoid issuance this year in case the company received a cash payment from hacienda around COP5trn (for the balance of the 2022 deficit) around September, while avoiding paying an extraordinary dividend to the country. With the government maintaining its increase to fuel prices, we expect the FEPC deficit to gradually close (also supported by a stronger COP), supporting lower working capital burn for the the company this year. Against this backdrop, and with spread to sovereign on the 30s close to the wide, we believe that the positive momentum in COLOM sovereign is likely to benefit ECOPET as well: We recommend buying ECOPET 30s against COLOM 30s, as ECOPET 30s offer an attractive spread to sovereign, in our view, and have the steepest roll down within the ECOPET curve. Given the positive dynamics on the sovereign, we believe that the FV between ECOPET 30s and COLOM 30s should be closer to 100bp from the current 160bp.

Summary of EM Sovereigns

Latin America		
	Old	**New**
Colombia	Market Weight	**Overweight**

Source: Barclays Research

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Primary Issuers/Bonds
COLOMBIA GOVERNMENT INTERNATIONAL BOND, Overweight, CD/J/K/M

Valuation Methodology: Petro’s capacity to pass reforms has declined with the erosion of his political capital and time. The market rallied due to the wiretapping scandal as it was perceived as a clear indication and an acceleration of this process. In addition, we think that main risks associated to Petro fighting back or being able to mobilize people and articulating the left in the run up of October — have declined as well. Meanwhile, Colombia fundamentals remain unscathed and in a positive trajectory. Colombia cash valuations (at the index level) are, even after the recent rally, relatively cheap to Brazil or DomRep even after the spread rally and we think that spreads have room to compress a bit further.

Risks that May Impede Achievement of the Rating: Petro still has capacity to fight back and that the markets have reacted negatively to these events in the past. However, we expect that these reactions are increasingly less impactful / proportional to damage capacity.

October local elections. Investors will be wary that the resistance for change at the institutional/political level is not shared by the population. Elections will be a very important gauge to assess the support for a leftist agenda. However, we highlight that Petro has not succeeded in mobilizing the population to support his proposed reforms even as these reforms faced resistance from elements of the political/institutional arena – which makes us think that this risk has indeed declined.

Representative Bond: COLOM 3 01/30/30 (USD 78.42, 06-Jun-2023)

Representative Bond: COLOM 3 1/4 04/22/32 (USD 74.05, 06-Jun-2023)

Representative Bond: COLOM 3 1/8 04/15/31 (USD 75.95, 06-Jun-2023)

Materially Mentioned Issuers/Bonds
COLOMBIA GOVERNMENT INTERNATIONAL BOND, Overweight, CD/J/K/M

COLOM 3 01/30/30 (USD 78.42, 06-Jun-2023)

ECOPETROL SA, CD/CE/J/K/M

ECOPET 6 7/8 04/29/30 (USD 90.00, 05-Jun-2023)

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For sectors rated against the Bloomberg U.S. Credit Index, the Bloomberg Pan-European Credit Index, the Bloomberg EM Asia USD High Grade Credit Index or the Bloomberg EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to exceed the six-month excess return of the relevant index.

For sectors rated against the Bloomberg U.S. High Yield 2% Issuer Capped Credit Index, the Bloomberg Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials, the Bloomberg Pan-European High Yield Finance Index or the Bloomberg EM Asia USD High Yield Corporate Credit Index, the analyst expects the six-month total return of the sector to exceed the six-month total return of the relevant index.

Market Weight (MW):
For sectors rated against the Bloomberg U.S. Credit Index, the Bloomberg Pan-European Credit Index, the Bloomberg EM Asia USD High Grade Credit Index or the Bloomberg EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to be in line with the six-month excess return of the relevant index.

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Underweight (UW):
For sectors rated against the Bloomberg U.S. Credit Index, the Bloomberg Pan-European Credit Index, the Bloomberg EM Asia USD High Grade Credit Index or the Bloomberg EM USD Corporate and Quasi-Sovereign Index, the analyst expects the six-month excess return of the sector to be less than the six-month excess return of the relevant index.

For sectors rated against the Bloomberg U.S. High Yield 2% Issuer Capped Credit Index, the Bloomberg Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials, the Bloomberg Pan-European High Yield Finance Index or the Bloomberg EM Asia USD High Yield Corporate Credit Index, the analyst expects the six-month total return of the sector to be less than the six-month total return of the relevant index.

Sector definitions:
Sectors in U.S. High Grade Research are defined using the sector definitions of the Bloomberg U.S. Credit Index and are rated against the Bloomberg U.S. Credit Index.

Sectors in U.S. High Yield Research are defined using the sector definitions of the Bloomberg U.S. High Yield 2% Issuer Capped Credit Index and are rated against the Bloomberg U.S. High Yield 2% Issuer Capped Credit Index.

Sectors in European High Grade Research are defined using the sector definitions of the Bloomberg Pan-European Credit Index and are rated against the Bloomberg Pan-European Credit Index.

Sectors in Industrials and Utilities in European High Yield Research are defined using the sector definitions of the Bloomberg Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials and are rated against the Bloomberg Pan-European High Yield 3% Issuer Capped Credit Index excluding Financials.

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To view sector definitions and monthly sector returns for Asia, EEMEA and Latin America Research, go to https://live.barcap.com/go/research/EMSectorReturns on Barclays Live.

Explanation of the Barclays Research Corporate Credit Rating System

For all High Grade issuers covered in the US, Europe or Asia, and for all issuers in Latin America and EEMEA, the credit rating system is based on the analyst's view of the expected excess return over a six-month period of the issuer's index-eligible corporate debt securities* relative to the expected excess return of the relevant sector, as specified on the report.

Overweight (OW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to exceed the six-month expected excess return of the relevant sector.

Market Weight (MW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to be in line with the six-month expected excess return of the relevant sector.

Underweight (UW): The analyst expects the six-month excess return of the issuer's index-eligible corporate debt securities to be less than the six-month expected excess return of the relevant sector.

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Overweight (OW): The analyst expects the six-month total return of the debt security subject to this rating to exceed the six-month expected total return of the relevant sector.

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50% have been assigned Market Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 68% of issuers with this rating category are investment banking clients of the Firm; 84% of the issuers with this rating have received financial services from the Firm.

24% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 58% of issuers with this rating category are investment banking clients of the Firm; 79% of the issuers with this rating have received financial services from the Firm.

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46% have been assigned Market Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 46% of bonds with this rating category are investment banking clients of the Firm; 69% of the issuers with this rating have received financial services from the Firm.

20% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 38% of bonds with this rating category are investment banking clients of the Firm; 67% of the issuers with this rating have received financial services from the Firm.

Explanation of the Barclays EM Sovereign Credit Issuer Rating System
Overweight (OW):
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Market Weight (MW):
The analyst expects the six-month excess return of the country's index eligible bonds to be in line with the six-month excess return of the Bloomberg EM USD Sovereign Index.

Underweight (UW):
The analyst expects the six-month excess return of the country's index eligible bonds to be less than the six-month excess return of the Bloomberg EM USD Sovereign Index.

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41% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 7% of issuers with this rating category are investment banking clients of the Firm; 79% of the issuers with this rating have received financial services from the Firm.

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