

Chenavari-owned Dutch consumer ABS offered

By Tom Brown 03 Jul 2020

Qander Consumer Finance, owned by hedge fund Chenavari, has announced a new transaction from its Aurorus consumer ABS shelf, with arrangers ABN Amro and Deutsche Bank helping to place the deal.

The proceeds will be used to redeem the outstanding Aurorus 2017 deal, which has its first optional redemption date (FORD) on August 1.

The granular pool is made up of Dutch consumer loans, with 59,333 loans totalling an outstanding balance of €357m. The pool is a mix of revolving loans, fixed rate amortising loans and credit card loans, with a current weighted average APR of 7.1%.

Qander stopped new credit card origination in April 2020 and converting the balance into fixed rate loans, increasing the percentage of the latter in the 2020 deal from 20.9% to 45% when compared with the last transaction.

For the Aurorus 2020 deal, the 3.2 year senior notes are being fully syndicated, offering a coupon of 70bp over one month Euribor with a credit enhancement (CE) of 36.8%.

The 3.2-year class 'B' notes with a CE of 24.8% will also be on offer, while the rest of the capital stack is being either partially offered or pre-placed with investors.

Note classes 'C', 'D' and 'E' have a protected order equal to one third of the tranche, requested by a single investor account.

The 'F', 'G' and 'X6' tranches are being fully pre-placed upon issuance, offering 525bp, 750bp and 475bp over one-month Euribor respectively.

"The notes have been sold to a public account and now we are focusing on placing the senior and investment grade tranches, and that makes the transaction a lot more certain from our perspective and reduces execution risk in the current market," said a source at the issuer. "It is a proven strategy, and for JLMs it allows them to focus on getting the best level possible for the senior notes."

The margin on the class 'A' notes will step up by 1.5x the initial coupon if not called on the FORD in October 2023, while the margin on the class 'B' to 'G' notes will step up by 100bp.

On the surface, this appears smaller than the 2017 deal, which had a 2x step up on the senior tranche, but given the higher coupon of 70bp compared with the 35bp back then, the step-up compensation is in total larger than in the last deal in terms of basis points.

“The market dynamics haven’t actually changed that much, I think investors will just be more picky and focus on the better quality deals,” said the source, asked about their views on the market reopening after the Covid-19 pandemic. “Capital markets are open for the right issuers with the right collateral.”

Calls are available from Friday, while the deal is set to price in the week starting July 13 and settle on August 14.

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