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FUND VIEW-Reyl's Kassin favours Venezuela, Ukraine govt debt

- Ex-Credit Suisse star Raphael Kassin seeks high bond yield
- Turkey, Brazil, Russia govt debt unattractive at 6 pct
- Raising money for new bond fund at Reyl Asset Management

By Kevin Lim

SINGAPORE, March 5 (Reuters) - Raphael Kassin, a star fund manager previously with Credit Suisse, favours U.S. dollar debt of Ukraine and Venezuela because of high yields but avoids Brazil and Turkey as their bond yields are no longer attractive.

"Opportunities arise from investing in those countries when they enter the global sovereign yield curve at attractive spreads and divesting from them when they emerge," he said at a presentation to investors in Singapore.

Kassin joined Swiss boutique private bank and asset manager Reyl & Cie in January this year. He was previously in charge of Credit Suisse's <CSGN.VX> emerging markets fixed income team.

Kassin recently launched an emerging markets bond fund that will focus on U.S. dollar sovereign debt, and is on a global roadshow to raise money from investors. The fund will not take short positions or use leverage, he said.

The fund has about \$50 million in assets, the bulk of it seed money from Reyl, and Kassin hopes to increase that to \$5 billion. Holdings are mostly in cash and its only investments are in dollar debt issued by Ukraine and Venezuela.

Kassin said he bought Ukraine debt, despite the political impasse and weak state finances, because of yields above 8 percent. He is confident it would eventually get help from the International Monetary Fund if only because the West was competing with Russia for influence, he added.

As for Venezuela, he said the oil-rich country was unlikely to default, noting that President Hugo Chavez, despite his anti-Western rhetoric, continued to service debt in 2003 when his government faced strikes by oil industry workers.

Venezuela's dollar-denominated bonds <0#VEGLB=> yield about 13.5 percent.

"I look at the country's ability to pay the debt -- that is the macroeconomics; and then at the willingness to pay its debt -- that is the politics ... Chavez is not going to take Venezuela in the direction Cuba went," said Kassin, a Brazilian national who was educated in the United States.

He previously managed ABN AMRO's Emerging Markets Bond Fund, which was the industry's best performer during the time he was there. [ID:nLDE60C229]

Kassin said he was sitting on cash as he anticipated greater volatility in emerging bond markets in the summer, as is usually the case.

Kassin, who now works out of Switzerland, said he is staying away from Brazil, Turkey, Russia and Indonesia -- the countries most popular with emerging market investors -- as he felt that yields on their dollar debt around 6 percent were no longer attractive.

The yields on these bonds had ranged from high-single-digits to the low teens just a year ago. "There is no great profit opportunity in Brazil as Brazil is yielding 6 percent... In Turkey, you nearly had a military coup."