



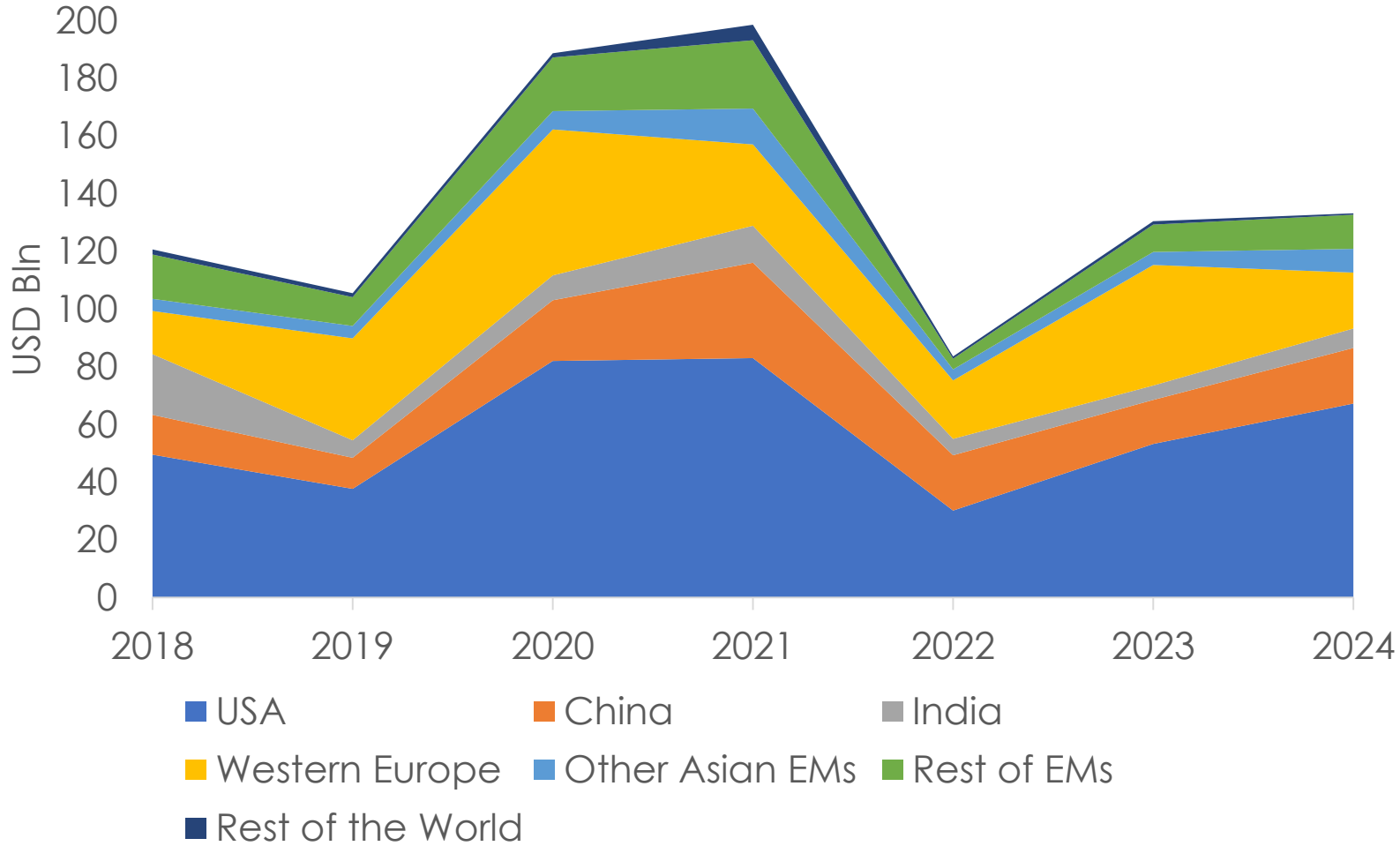
# Convertible Bonds: Trends and Innovations

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Conference, Dubai*

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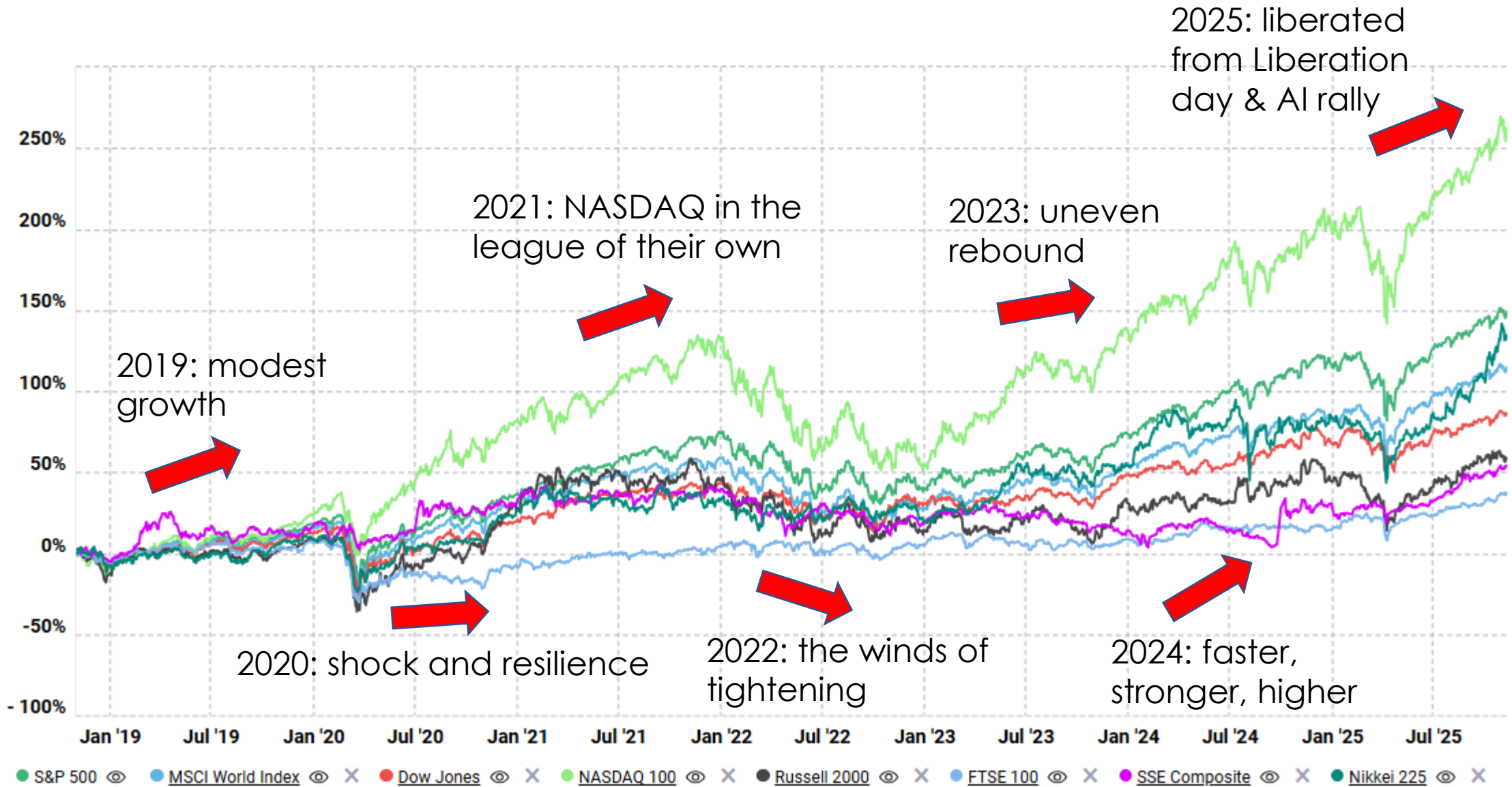


Source: Cbonds

- Strong equity segment, AI rally
- Financing remains expensive
- Outperformed most asset classes during 2024 in US market

→ 2025 largest by annual issuance volume (Q1-Q3) since 2021\*

\*According to Numerix "Global Convertibles Issuance" Report for Q3 2025



Source: Cbonds

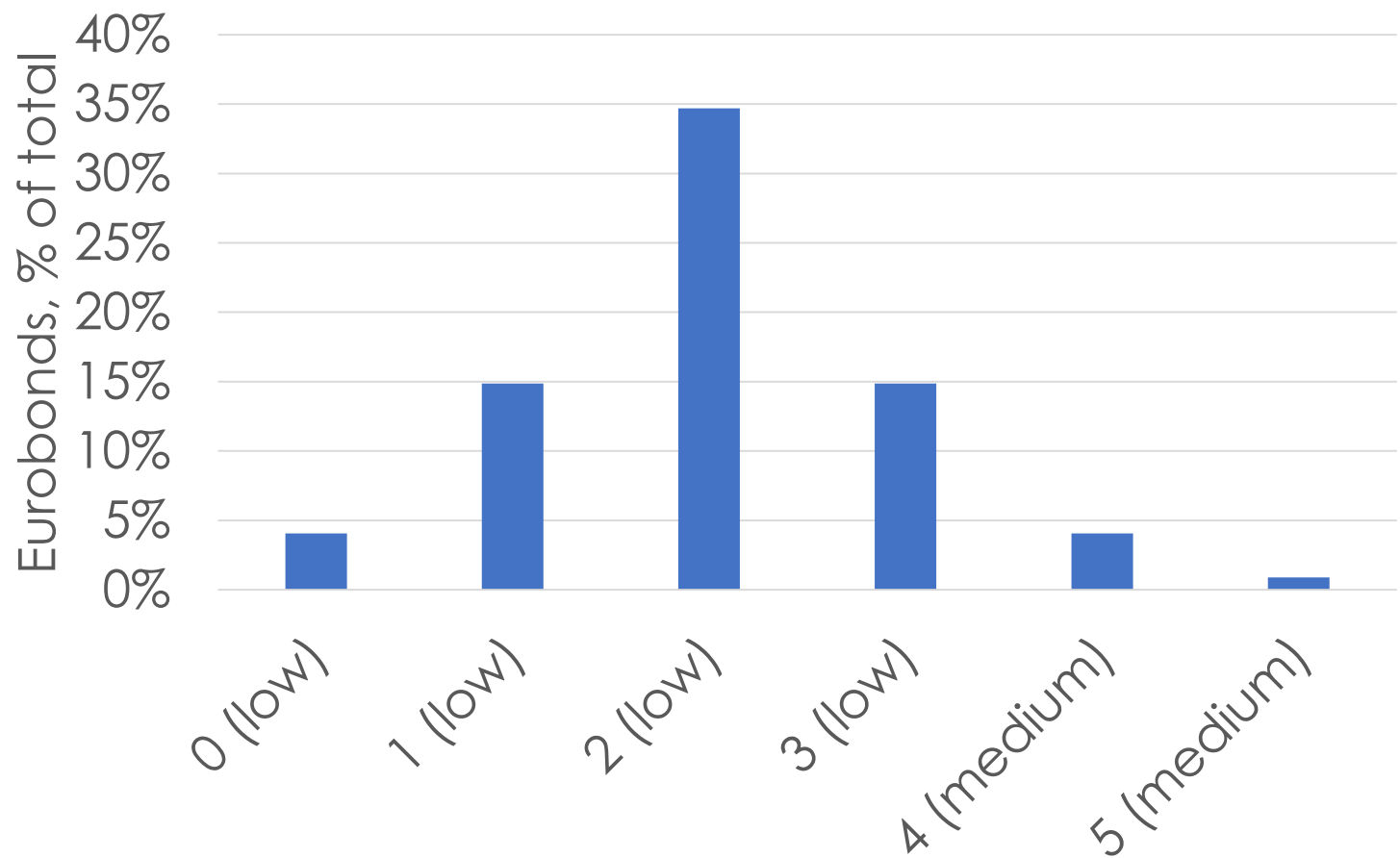
Metric	2018	2019	2020	2021	2022	2023	2024	2025*
Average Issue Size (USD mln)	378	347	457	541	420	560	516	632
Large Issues (% of total volume)	78%	81%	85%	88%	83%	91%	90%	93%
Tenure at Placement (years)	6.34	5.67	5.34	5.55	5.20	5.44	5.03	4.79
Tenure at Placement, Large Issues (years)	6.97	6.11	5.59	5.51	5.33	5.90	5.62	4.95
Initial Premium (%)	28.91	30.28	34.35	36.42	29.68	29.28	31.22	31.90
Initial Premium, Large Issues (%)	31.44	30.76	36.65	40.60	31.02	29.18	30.89	33.42
Share of Zero-Coupon Bonds (% of total volume)	<b>13%</b>	<b>8%</b>	<b>23%</b>	<b>44%</b>	<b>2%</b>	<b>5%</b>	<b>19%</b>	<b>54%</b>
Share of Zero-Coupon Bonds, Large Issues (% of total volume)	<b>14%</b>	<b>9%</b>	<b>25%</b>	<b>48%</b>	<b>0%</b>	<b>6%</b>	<b>20%</b>	<b>57%</b>

- Large Issues Dominance Ever Stronger
- Slight Tenure Squeeze compared to pre-Covid
- Recovery in average initial premiums
- Zero-Coupon Frenzy. Why?

Source: Cbonds, only USD bonds, large issue = issue size > USD 300 mln  
 \* 2025 figures are given as of November 11

- US stock market performance is strong
- Funds want to get more equity exposure
- Mandates often ban taking on such exposure directly
- Zero-Coupon convertibles as *quasi-equity* instruments – backdoor to the equity market!
- *Mandatory convertible* bonds gaining traction – even closer to equity
- Almost 40% of 2025 USD issuance in IT-related or online retail sector, major financial groups also active

Why Zero-Coupon  
Convertibles?



Source: Cbonds liquidity metrics (0-10)

- Still complex & highly specialized: illustrated by liquidity
- Chinese convertibles by Trip.com, Li Auto, Meituan among the most liquid

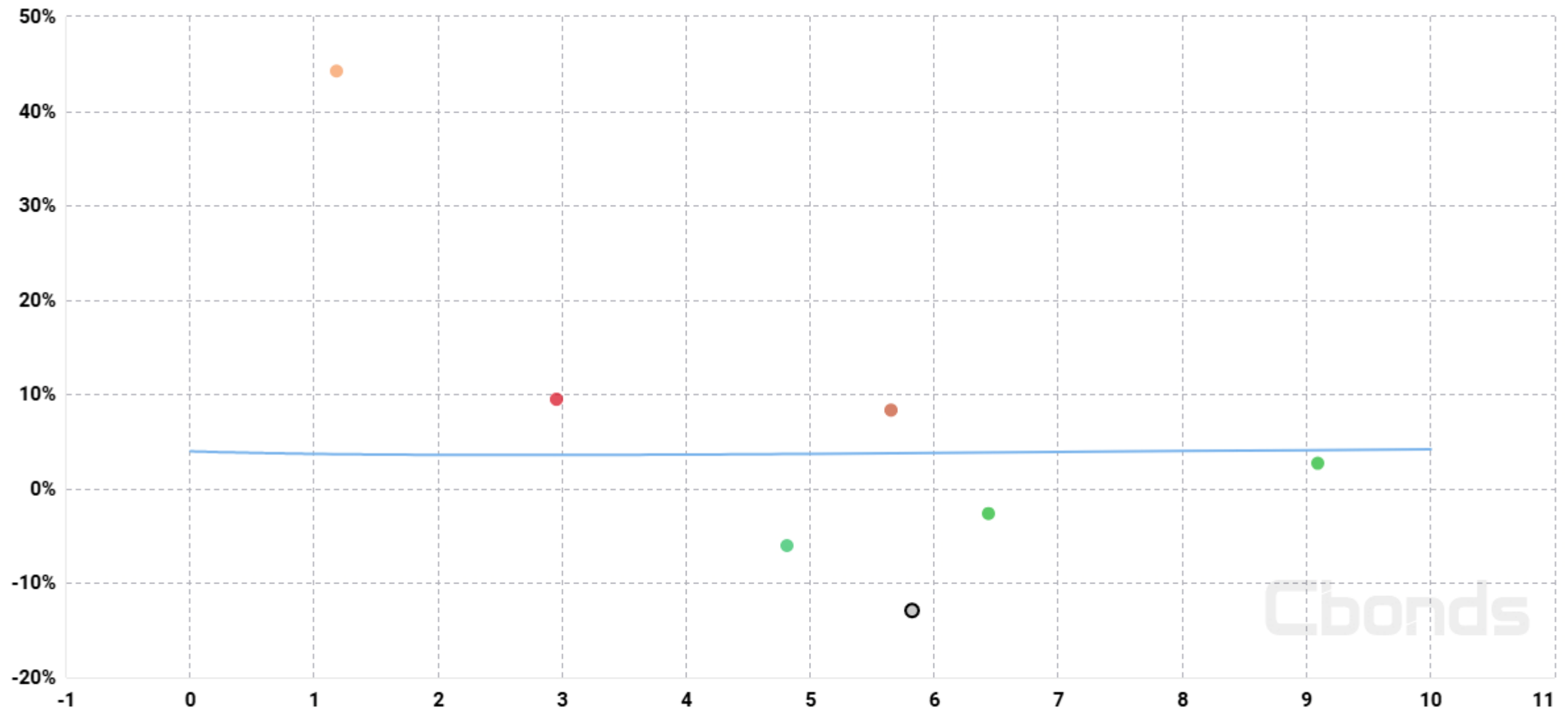
Liquidity

- BTC – Bitcoin Treasury Companies, hold Bitcoin for a prolonged period as a reserve asset, over 100 traded publicly
- Bitcoin price rewriting the records → full-scale debut with **0% convertibles** - MicroStrategy, later Strategy, in 2024 (USD 6.2 bln in 2024 only)
- Several other BTC came up quickly with own >1 bln issuances + universe of smaller-size bonds (10-20 mln)
- ETFs launched, e.g. REX Bitcoin Corporate Treasury Convertible Bond ETF
- Double settlement options - fiat/cryptocurrencies, otherwise the structures are traditional
- Yet, BTC convertibles **attract retail investors!**

- Schneider Electric sustainability-linked convertibles issue in 2022: if fail to comply -> one-time coupon payment
  - In general, the ESG combination with convertible structure to date remains very narrow and niche segment
- Appetite for space convertibles (AST SpaceMobile, BlackSky Technology, Planet Labs)
  - Bonds not common for the sector: unstable cashflows, long (or endless) no-profit periods
  - 5 convertible bonds issues by New Space Economy companies Vs 3 during all the past years
  - Soft-call at 130% of the initial share price to account for dynamism
  - So, room for riskier businesses to borrow through convertibles

What else?

Yield



Duration, years

- Virgin Galactic Holdings
- AST SpaceMobile
- BlackSky Technology
- Planet Labs
- Rocket Lab USA
- UST Zero-coupon yield 31/10/2025

6000+  
outstanding  
convertible  
bonds

>1300  
convertibles  
emission  
documents

Equity  
database to  
complement  
the analysis

Including ~  
3750  
outstanding  
in EMs

Easily  
trackable via  
Bond  
Screener

> 10  
convertibles-  
specific  
parameters  
available

Regularly  
updated  
conversion  
ratio & price

Convertibles in Cbonds  
Database



# Thank you!

EMs, Convertibles and Good Conversations:



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