

Credit Market Overview



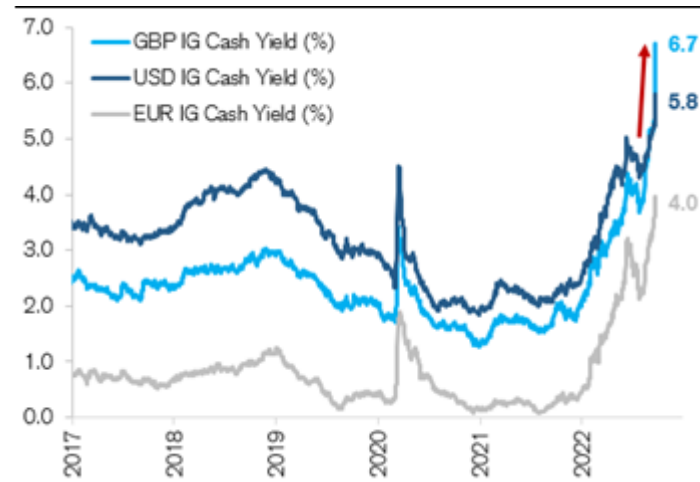
As at 30 September 2022

Measure	Level	1 Month	3 Month	6 Month	12 Month
Cash Spread/Yield Changes					
Global IG Corp YTW (%)	5.38	0.87	1.04	2.29	3.73
Global IG Spread (bps)	180	20	5	56	92
Global HY YTW (%)	10.34	1.36	0.87	3.85	5.68
Global HY Spread (bps)	652	70	-14	223	270
CDS Index Spread Changes					
CDX IG	108	16	7	41	55
CDX HY	610	77	31	234	308
CDX EM	331	4	-8	103	149
iTraxx Main	135	15	16	62	85
iTraxx Xover	641	53	61	303	396
Sub Fin CDS	148	19	20	68	92
Cash Index Performance (%)					
Global IG Corp Index		-4.49	-4.30	-10.65	-16.67
Global HY Index		-4.53	-1.36	-11.79	-16.64
Global EM USD Index		-5.53	-4.06	-12.42	-20.92
Higher Beta Sub Sector Performance (%)					
Banks AT1		-5.93	-2.08	-8.27	-10.41
Energy HY		-2.99	1.19	-6.92	-7.89
EUR Corp Hybrids		-4.18	0.76	-12.66	-18.59
Leveraged Loans		-2.85	1.29	-4.08	-3.92
IG Sub Sectors Performance (%)					
Banks Senior		-2.40	-2.42	-7.58	-11.29
Energy IG		-5.56	-4.91	-12.22	-18.14
Auto		-3.47	-3.08	-7.27	-13.16
Utility		-6.20	-5.96	-13.96	-21.29
Communications		-6.50	-6.84	-15.45	-22.59
Airline		-2.89	-2.08	-5.89	-11.22
Retail		-5.58	-5.72	-12.57	-19.14
Currency (Hedged) Performance (%)					
Bloomberg USD Corp		-5.26	-5.06	-11.95	-18.53
Bloomberg GBP Corp		-8.88	-11.99	-19.00	-24.03
Bloomberg Euro Corp		-3.32	-3.06	-10.12	-15.14
Maturity Bucket Performance (%)					
Short (1-3 Yr)		-1.35	-1.31	-2.21	-5.12
Intermediate (5-10 Yr)		-4.35	-4.79	-9.17	-15.24
Long		-8.74	-8.65	-20.34	-28.40
Global IG Corp Index Attribution (%)					
Carry		0.31	0.77	0.93	1.58
Duration		-0.99	-3.87	-8.14	-7.86
Spread		-2.07	-3.55	-5.75	-6.60
Performance		-2.74	-6.64	-12.96	-12.88

- September 2022 saw fixed income market volatility surge in both the rates and credit markets as global quantitative tightening and rate hikes continued apace
- Europe and Denmark's base rates moved into positive territory after spending many years at negative rates. There is still work to be done on reaching the neutral rate according to ECB's Lagarde who said borrowing costs will be raised at the next "several meetings" to ensure inflation expectations remain anchored.
- Rates market volatility was led by the UK Gilt market which saw 100bps + intraday swings in the long end and 50bps+ intraday swings in shorter maturities.
- Within Credit, several benchmarks hit notable levels:
 - US IG cash credit spreads broke to new YTD highs of +164bs
 - US HY yields passed 10%
 - Europe Itraxx Main CDS hit 135 (highest since euro debt crisis in 2012)
 - European Xover CDS nearing pandemic wides

- The rise in government bond yields and credit spreads has sent yields on DM IG to the highest in 5 years

IG credit bond yields



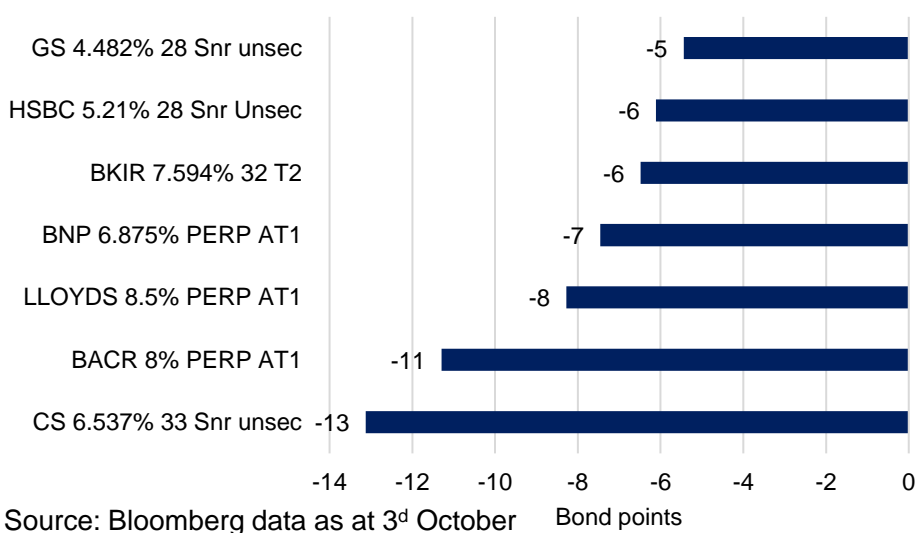
Source: Credit Suisse

- To shelter from the volatility, more money has been flowing to short term "risk free" securities such as 1 year US T Bills (yielding 4.0%) and the Fed's Reverse Repo Facility which pays around 3.0% and had taken in a record sum of \$2.4 trillion as at end of September.
- The tail end of the Q2 earnings season highlighted weakness in a broad range of sectors including automakers/used cars, chemicals, consumer discretionary, transport & logistics and semiconductors.
- Despite staff shortages in certain sectors, sectors such as tech and startups are seeing an increasing number of job cuts, which could shift the market focus from high inflation to rising unemployment.

Financials

- UK / European Sub Financial bond prices weakened due to heightened volatility in UK banks, idiosyncratic risk in Credit Suisse and wider risk-off in higher beta credit assets. Spreads on the BBG Global CoCo Banking Index widened to 550 bps which is 100bps off the wides of March 2020 and nearly 140bps higher than its historical average (going back to 2014).
- There was a non-call of an AT1 (Bank Nova Scotia \$ 4.65% perp), which was largely expected due to the low reset. It was an interesting development since the coupon re-racked higher and became an AT1 floating rate note such that its coupon will reset each quarter thereafter.
- Lloyds Bank announced an “any and all” tender offer for its £1.05bn Lloyds 7.625% (2023 call) £ AT1, a previously tendered security. Tenders on AT1 are rare with Standard Chartered the only other major issuer to tender for an AT1 in the past.
- There was some indigestion in recent new financial bonds after a record August for issuance. Even bonds with large coupons have cheapened significantly due to continued rates/credit volatility and fading risk appetite:

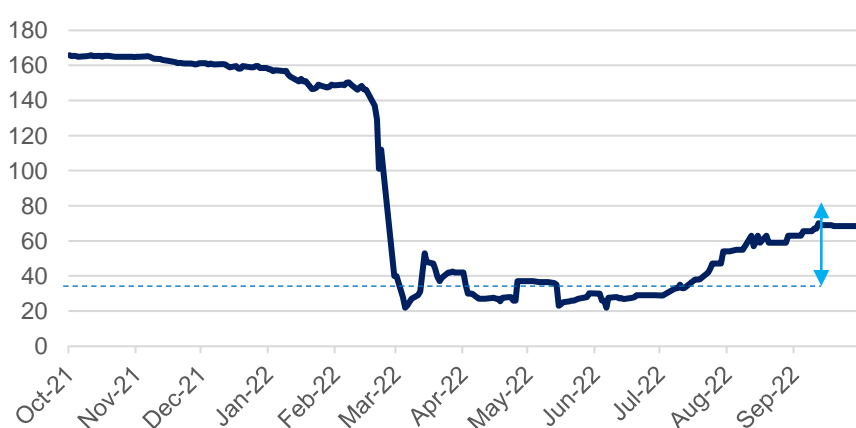
Price changes for bonds issued in August-22



Emerging Markets

- Emerging market nations played their part in the global hiking cycle. Colombia, Mexico, South Africa and Kenya were some of the nations that hiked interest rates in September. Brazil paused its interest rate hikes after 12 straight hikes and Egypt's Central Bank also paused.
- There was some loss of momentum for the Russian forces in the Russia/Ukraine conflict as the Ukraine army advanced towards the East of Ukraine. Furthermore, there has been mass migration out of Russia into neighboring nations following the call-up of 300k reservists for the Russian army.
- These developments have had little notable effect on Ukrainian/Russian bond prices of late, but it is notable that certain Russian Sovereign and Corporate USD bonds have gained around 30-40pts from the lows seen in May and June this year.

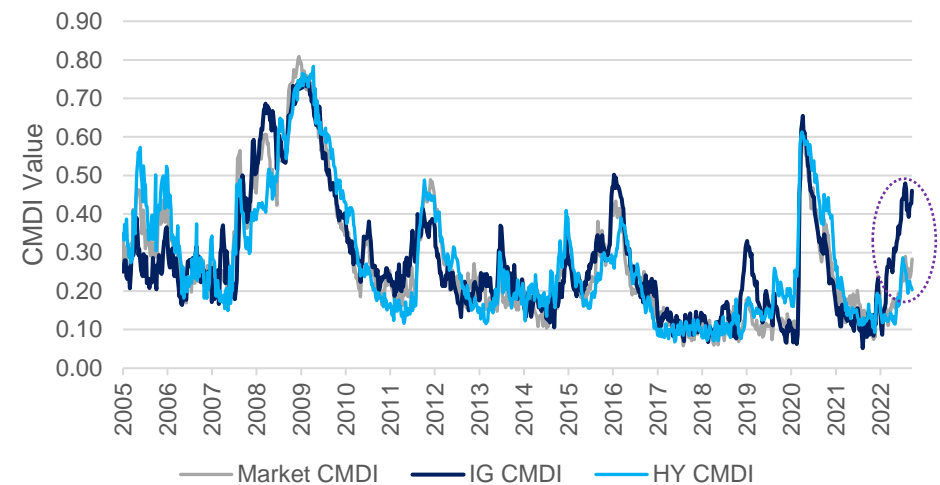
Russia 12.75% 2028 USD Bond



Investment Grade

- IG credit markets are having to deal with the sell-off in duration, heightened GBP market volatility and more recently a resumption in widening of credit spreads. Nearly 90% of all US IG bonds are trading below par compared to only 4% a year ago.

NY FED Corporate Bond Market Distress Index



Source: NY Fed, September 2022

- IG market distress as judged by the Fed's CMDI index has accelerated above HY market distress. Levels of distress in IG has only historically been surpassed by the '08 GFC, 2016 commodity crash and the worst of the pandemic (March 2020)
- Surging borrowing costs and fund outflows have led to a slowdown in IG bond issuance. The average yield on Bloomberg's benchmark high-grade now stands at 5.38%, just off the highest since 2009.
- Call/tender activity has picked up with a number of IG rated Corporate Hybrid issuers tendering for existing issues; American Movil, BHP, Telia, KPN, Heimstaden Bostad. Interestingly American Movil tendered for a EUR Hybrid callable next year, then utilized the “clean up” call to call the remainder of the bond early.
- A window of issuance opened in Corporate Hybrids in the month which saw issuers like Enbridge, KPN and Telia come to market.
- The tail-end of earnings season revealed some disappointing updates from bellwethers such as FedEx, Nike, Next and Micron. Issues cited included lower profit guidance, higher supply chain costs and a jump in inventories which will result in discounting.

High Yield

- US HY posted the worst ytd losses on record as at end of September and generated negative returns for the second consecutive month.
- Average yields on US HY have surpassed 10%, with CCCs now offering 15% with spreads at a two year high of 1100bps.
- Serial debt issuer Carnival issued a poor earnings report which sent its shares to the lowest since 1992. Contracting consumer budgets are weighing on the HY consumer discretionary sector which is likely to impact credit spreads further
- The year-to-date bond sales in the US junk bond market is \$87b, the lowest since 2008. Financing has been tricky with LBO debt executed in 2021 stuck on balance sheets of arranger banks. There were glimmers of hope as \$8.55bn of Citrix HY debt was offloaded from Banks' balance sheets, but this was not followed up by any successive deals due to the severely diminished investor appetite.

ESG

- Barbados sovereign issued a \$146.5m dual currency “blue loan” following in the footsteps of Belize which issued \$364m blue bond. The bond was guaranteed by the IDB which helped reduce the funding costs for Barbados. Blue bonds are used specifically to finance projects related to ocean conservation. On a related note, nearby Caribbean nation Barbados has discussed with the IMF the possibility of using Carbon Credits to pay off its debt.

Measure	Index Description
Global IG Corp YTW (%)	Bloomberg Barclays Global Agg Corporate YTW
Global IG Spread (bps)	Bloomberg Barclays Global Agg Corporate OAS
Global HY YTW (%)	Bloomberg Barclays Global High Yield Corporate YTW
Global HY Spread (bps)	Bloomberg Barclays Global High Yield Corporate OAS
CDX IG	MARKIT CDX.NA.IG.35 12/25
CDX HY	MARKIT CDX.NA.HY.35 12/25
CDX EM	MARKIT CDX.EM.34 12/25
iTraxx Main	MARKIT ITRX EUROPE 12/25
iTraxx Xover	MARKIT ITRX EUR XOVER 12/25*
Sub Fin CDS	MARKIT ITRX EUR SUB FIN 12/25
Global IG Corp Index	Bloomberg Barclays Global Agg Corporate Index
Global HY Index	Bloomberg Barclays Global High Yield Corporate Index
Global EM USD Index	Bloomberg Barclays EM USD Aggregate Index
Banks AT1	Bloomberg Barclays European Banks Coco Tier 1 TR Index
Energy HY	Bloomberg Barclays High Yield Energy TR Index
EUR Corp Hybrids	Bloomberg Barclays Corp Ex Financial Hybrid Capital Securities 8% Capped
Leveraged Loans	S&P/LSTA US Leveraged Loan 100 Index
Banks Sen	Bloomberg Barclays Banking Senior TR Index
Energy IG	Bloomberg Barclays IG Energy TR Index
Auto	Bloomberg Barclays IG Auto TR Index
Utility	Bloomberg Barclays IG Utility TR Index
Comms	Bloomberg Barclays IG Communications TR Index
Airline	Bloomberg Barclays IG Airline TR Index
Retail	Bloomberg Barclays IG Retail TR Index
iBoxx USD Corp	Bloomberg USD Corporate TR Index
iBoxx GBP Corp	Bloomberg Sterling Corporate TR Index
iBoxx Euro Corp	Bloomberg Euro Agg Corporate TR Index
Short (1-3 Yr)	Bloomberg Barclays US 1-3 Year Credit Index
Intermediate (5-10 Yr)	Bloomberg Barclays US 5-10 Year Credit Index
Long	Bloomberg Barclays Long US Corporate Bond Index

*Source: Bloomberg

— — —

Rubrics Global UCITS Funds Plc is a variable capital umbrella investment company with segregated liability between sub-funds; incorporated with limited liability in Ireland under the Companies Acts 2014 with registration number 426263; and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended). This document is for information only and does not constitute an offer or solicitation to deal, whether directly or indirectly, in any particular fund. Nothing in this document should be taken as an expressed or implied indication, representation, warranty or guarantee of performance whether in respect of income or capital growth. No warranty or representation is given as to the accuracy or completeness of this document and no liability is accepted for any errors or omissions that the document may contain. The Key Investor Information Documents (“KIIDs”) and prospectus (including supplements) for Rubrics Global UCITS Funds Plc are available at www.rubricsam.com. The management company of Rubrics Global UCITS Funds Plc is Carne Global Fund Managers (Ireland) Limited (the “Management Company”). The Management Company is a private limited company, incorporated in Ireland on 16 August, 2013 under registration number 377914. The investment manager of Rubrics Global UCITS Funds Plc is Rubrics Asset Management (Ireland) Limited (the “Investment Manager”). The Investment Manager is a private company registered in Ireland (reference number:613956) and regulated by the Central Bank of Ireland in the conduct of financial services (reference number:C173854). Details about the extent of its authorisation and regulation is available on request. Rubrics Asset Management (UK) Limited is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority of the United Kingdom (Reference number: 447282). Laven Advisors LLP is not authorised to promote products to retail clients, all communications originating from either Laven Advisors LLP or Rubrics Asset Management (UK) Limited is therefore intended for professionals and eligible counterparties only. Data Source: © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. www.morningstar.co.uk.

For South African investors: In the Republic of South Africa this fund is registered with the Financial Sector Conduct Authority and may be distributed to members of the public. In addition to the other information and warnings in this document, the Financial Sector Conduct Authority of South Africa requires us to tell South African recipients of this document that collective investment schemes are generally medium to long-term investments, collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending and that a schedule of fees and charges and maximum commissions is available on request from the manager. Because foreign securities are included in the investments within this collective investment scheme, we are also required to disclose to you that there may be additional risks that arise because of events in different jurisdictions: these may include, but are not limited to potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks and potential limitations on the availability of market information.

Additional Information for Switzerland: The prospectus and the Key Investor Information Documents for Switzerland, the articles of association, the annual and semi-annual report in French, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, tel.: + 41 22 7051178, fax: + 41 22 7051179, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l’Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com. For the shares of the Funds distributed to non-qualified investors in and from Switzerland and for the shares of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva. Carne Global Fund Managers (Ireland) Limited reserves the right to terminate the arrangements made for the marketing of this product in any EEA jurisdiction in accordance with the UCITS Directive.