

Credit Market Overview



As at 31 August 2023

Measure	Level	1 Month	3 Month	6 Month	12 Month
Cash Spread/Yield Changes					
Global IG Corp YTW (%)	5.31	0.12	0.19	0.08	0.80
Global IG Spread (bps)	133	6	-18	-2	-27
Global HY YTW (%)	9.09	0.16	-0.38	-0.05	0.11
Global HY Spread (bps)	472	10	-83	-23	-110
CDS Index Spread Changes					
CDX IG	64	1	-12	-13	-29
CDX HY	425	16	-50	-37	-108
CDX EM	202	11	-45	-39	-125
iTraxx Main	70	3	-12	-9	-49
iTraxx Xover	396	16	-37	-17	151
Sub Fin CDS	148	4	-25	-6	-93
Cash Index Performance (%)					
Global IG Corp Index		-0.39	0.38	2.38	1.82
Global HY Index		-0.17	3.75	4.11	8.28
Global EM USD Index		-1.20	1.46	2.34	3.98
Higher Beta Sub Sector Performance (%)					
Banks AT1		-0.35	2.73	-6.54	-5.18
Energy HY		0.85	4.00	6.34	9.15
EUR Corp Hybrids		-0.27	1.42	1.64	3.37
Leveraged Loans		1.18	4.97	5.59	9.64
IG Sub Sectors Performance (%)					
Banks Senior		0.40	1.60	3.89	4.17
Energy IG		-0.98	0.44	2.42	1.45
Auto		-0.53	0.34	2.37	2.55
Utility		-1.17	-0.86	1.16	-1.07
Communications		-0.96	-0.37	2.07	0.29
Airline		0.10	1.47	2.61	4.45
Retail		-0.92	-0.65	2.06	-0.36
Currency (Hedged) Performance (%)					
Bloomberg USD Corp		-0.78	-0.02	2.05	0.90
Bloomberg GBP Corp		-0.21	0.91	-0.32	-1.52
Bloomberg Euro Corp		0.16	0.76	2.65	1.07
Maturity Bucket Performance (%)					
Short (1-3 Yr)		0.28	0.68	2.03	2.22
Intermediate (5-10 Yr)		-0.50	-1.31	1.47	-0.69
Long		-1.95	-0.57	1.60	-1.21
Global IG Corp Index Attribution (%)					
Carry		0.43	1.28	2.62	4.51
Duration		-0.46	-2.01	-0.35	-4.42
Spread		-0.37	1.11	0.12	1.74
Performance		-0.39	0.38	2.38	1.82

- Global fixed income markets retreated in August as bond yields retested cycle highs towards the middle of the month before recovering into the end of August. The US treasury market faced headwinds from a Fitch ratings downgrade combined with fears over increased Treasury supply to fund the large US deficit. Tweaks to Japan's YCC policy also weighed on global bond markets as Japanese investors are likely to find domestic bonds more attractive than foreign alternative going forward.
- As economic data started to come in weaker than expectations the reacceleration of growth narrative lost some steam and risk assets were generally weaker as a result. Equities traded lower over the month and credit spreads were wider for the most part.
- Yield curves were once again steeper as the market became more doubtful on additional rate hikes and supply concerns and doubts over foreign appetite for Treasuries weighed on the long end. Spreads and duration both contributed negatively to credit performance with carry only partially offsetting the negative returns,
- Some higher-beta strategies performed well as leveraged loans and HY energy delivered positive returns on the month. AT1s and Corporate Hybrids fared less well, reversing some of last month's gains.

Financials

- Financial spreads were wider with the broader market as recent strength was partially reversed. The AT1 market was weaker on the whole with low reset and longer dated calls underperforming while demand for short dated calls remained robust. The spread on the Bloomberg Global coco index widened by 26bp to 464bp.
- There was another call as the SOCGEN 7.375 \$1.25bn bond was called at the first call date. Santander didn't call its €1bn 5.25% AT1 but this was largely expected and had little impact on prices. ZKB surprised the market by not calling its CHF AT1, but it's always a bit less certain when smaller issuers are involved. For larger issuers it seems most AT1s will be called at first call date where possible.
- As cash returns to the market as and when these called bonds get redeemed it should be supportive for the AT1 asset class. There was new issuance in AT1 as KBC and Intesa both issued bonds, with Intesa including a tender for its 2024 call AT1.
- Issuance was solid as the European market saw the second busiest August in the past decade. Financials were the biggest sector and within the financial space covered bonds were the largest asset class followed by senior debt with a small amount of subordinated debt issued.
- Investment Grade**
- US IG credit spreads were wider by 5bp while European IG spreads widened by 8bp. Issuance was steady for August which is generally quiet and the market is preparing for an uptick in issuance come September.
- There was some issuance in the Corporate Hybrid space, as VW and Telefonica issued new hybrid bonds, leading to decent performance in the short call instruments as call probability increased.



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.