

Credit Market Overview



As at 29 December 2023

Measure	Level	1 Month	3 Month	6 Month	12 Month
Cash Spread/Yield Changes					
Global IG Corp YTW (%)	4.68	-0.55	-0.98	-0.60	-0.50
Global IG Spread (bps)	115	-7	-20	-24	-32
Global HY YTW (%)	8.20	-0.81	-1.25	-1.00	-1.21
Global HY Spread (bps)	423	-38	-58	-68	-122
CDS Index Spread Changes					
CDX IG	57	-6	-17	-10	-25
CDX HY	356	-46	-124	-73	-128
CDX EM	167	-20	-59	-46	-71
iTraxx Main	58	-10	-21	-16	-32
iTraxx Xover	310	-63	-117	-90	-164
Sub Fin CDS	123	-20	-43	-37	-49
Cash Index Performance (%)					
Global IG Corp Index		3.81	7.53	5.79	9.10
Global HY Index		3.81	7.75	8.31	13.66
Global EM USD Index		4.20	8.10	5.61	9.09
Higher Beta Sub Sector Performance (%)					
Banks AT1		4.55	9.79	12.28	7.17
Energy HY		2.33	5.24	6.98	12.81
EUR Corp Hybrids		3.30	5.82	7.25	10.44
Leveraged Loans		1.92	3.21	6.37	13.17
IG Sub Sectors Performance (%)					
Banks Senior		3.07	6.43	4.86	7.58
Energy IG		4.28	8.88	5.79	9.50
Auto		3.08	6.19	5.05	8.07
Utility		5.57	9.69	5.27	7.96
Communications		5.08	10.77	5.62	10.29
Airline		2.64	3.49	3.51	8.07
Retail		4.48	8.85	4.45	7.52
Currency (Hedged) Performance (%)					
Bloomberg USD Corp		4.34	8.50	5.15	8.52
Bloomberg GBP Corp		4.97	8.53	10.93	9.79
Bloomberg Euro Corp		2.73	5.52	5.87	8.19
Maturity Bucket Performance (%)					
Short (1-3 Yr)		1.33	3.10	3.90	5.48
Intermediate (5-10 Yr)		4.24	8.44	5.52	8.84
Long		7.36	14.01	5.77	10.93
Global IG Corp Index Attribution (%)					
Carry		0.44	1.42	2.64	5.18
Duration		2.96	4.95	1.67	1.96
Spread		0.42	1.17	1.47	1.96
Performance		3.81	7.53	5.79	9.10

Overview

- The rally that began in late October and lifted global financial markets continued throughout December. Bond markets closed the year by delivering the best annual returns since 2020, while equity markets ended at, or near, record highs. Though US economic data could have allowed for a muted Fed meeting, chair Powell delivered an unexpectedly dovish outlook mid-month.
- A weak UK GDP print led Gilts to outperform US and Euro markets, while the risk-on rally ensured the UK credit market performed as well as other major indices. Duration was the greatest contributor to positive credit performance in September, though carry and spread compression also contributed positively.

Financials

- Senior financial spreads tightened more than the broad index while AT1s, benefitting from their higher beta, tightened significantly more. US senior financials tightened 10bps to 104bps while the Bloomberg European CoCo index tightened 46bps to end November at a spread of 432bps.
- Despite the strong performance of November's AT1 issuance, led by UBS, no new AT1s were issued in December. This can be attributed to the acceleration of refinancing deals that took place during the November rally.
- Continuing the positive rating trends, Moody's affirmed the ratings on Irish banks AIB, BKIR & PTSB while moving all outlooks to positive. An upgrade to the names could see PTSB's T2 as well as AIB & BKIR AT1s become IG rated.

Investment Grade

- EUR and GBP IG spreads tightened by 9bps in December, outperforming US IG which saw 5bps of tightening. Total returns were positive in all three markets, led by the UK. Long duration credit performed the best while subordinated bonds also performed well. 2023 saw €1.474tn of IG paper issued in the European credit market, with SSAs leading the volume for the 4th straight year. In the US IG space, supply totalled \$1.185tn for 2023, \$24bn of which was issued in December.

High Yield

- At \$176bn US HY issuance ended the year above 2022's meagre \$101bn level but remains far below the heavy issuance years of 2020 and 2021 (\$432bn and \$468bn respectively). Supply will be a key driver of technical in the space throughout 2024 as bonds approach maturity.
- 2024/25/26 will see a wall of corporate debt maturing across both Investment Grade and High Yield



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
CDX HY	MARKIT CDX.NA.HY
CDX EM	MARKIT CDX.EM.
iTraxx Main	MARKIT ITRX EUROPE
iTraxx Xover	MARKIT ITRX EUR XOVER
Sub Fin CDS	MARKIT ITRX EUR SUB FIN
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
Bloomberg USD Corp	Bloomberg USD Corporate TR Index
Bloomberg GBP Corp	Bloomberg Sterling Corporate TR Index
Bloomberg Euro Corp	Bloomberg Euro Agg Corporate TR Index
Short (1-3 Yr)	Bloomberg Barclays US 1-3 Year Corporate 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.