

- In March the new iTraxx series were released and the funds rolled their positions to the new series
- The iTraxx European Performance Credit Index gained 0.30%
- The iTraxx Crossover Long Credit Index rose by 0.11%
- The iTraxx Crossover Short Credit Index fell by -0.31%

## Market overview

Last month's equity market rally continued with the US bull market turning 10 years old in March, amid a dovish Fed and the ECB's announcement of no rate rises before the summer and a new round of cheap financing for banks. European IG credit spreads represented by the on-the-run (OTR) iTraxx Main index are now 4bps (~6%) above prior month end values while European High Yield, reflected by the OTR iTraxx Crossover are now 8bps (~-3%) lower than prior month end values. However, most of this difference is due to the roll to the new series. After adjusting for the roll to the new series, the spreads were flat over the month with a change of approximately 1bp for both.

## Spreads on major indices

	31 Mar	28 Feb	MoM change
iTraxx Main 5y	65.1	61.5	↑
iTraxx Crossover 5y	269.2	277.0	↓
CDX North Am IG 5y	63.4	60.2	↑
CDX North Am HY 5y	349.1	347.9	↑

Data: Tabula, 29 March 2019

## Tabula European Performance Credit UCITS ETF

The iTraxx European Performance Credit Index, the reference index for the Tabula European Performance Credit UCITS ETF (TCEP), was up by 0.30% in March.

The Index sells protection on the iTraxx Main and iTraxx Crossover, making it effectively long credit. As a result, it will benefit when spreads tighten. After adjusting for the roll, spread change made a performance contribution of approximately 14bp. This was further improved by positive carry. The estimated one year yield for TCEP now stands at 4.47% excluding management fees

	1m	YTD	1y	Since TECP launch <sup>1</sup>
Fund	n/a	n/a	n/a	n/a
Index	0.30%	6.10%	2.97%	3.17%

Data: Tabula / IHS Markit, 29 March 2019. Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. <sup>1</sup>21 August 2018

## Tabula European iTraxx Crossover Credit UCITS ETF

The iTraxx Crossover Long Credit Index, the reference index for the Tabula iTraxx Crossover Credit UCITS ETF (TECC), was up by 0.11% in March.

The Index sells protection on the iTraxx Crossover, making it effectively long credit. After adjusting for the roll, spread change made a performance contribution of approximately -4bp (which was offset by positive carry). The sensitivity to movements of the underlying credit spreads is measured in credit duration (DV01). The current DV01 of 4.7 means an approximate 4.7bp increase in the NAV for per bp of spread tightening and vice versa for spread widening. The estimated one year yield for TECC now stands at 3.41% excluding management fees.

	1m	YTD	1y	Since TECC launch <sup>2</sup>
Fund	n/a	n/a	n/a	n/a
Index	0.11%	4.03%	1.31%	3.78%

Data: Tabula / IHS Markit, 29 March 2019. Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. <sup>2</sup>11 December 2018

## Tabula European iTraxx Crossover Credit Short UCITS ETF

The iTraxx Crossover Short Credit Index, the reference index for the Tabula European iTraxx Crossover Credit Short UCITS ETF (TECS), was down by -0.31% in March.

The Index buys protection on the iTraxx Crossover, making it effectively short credit. After adjusting for the roll, spread change made a performance contribution of approximately 6bp (with negative carry also contributing to the overall performance). The sensitivity to movements of the underlying credit spreads is measured in credit duration (DV01). The current DV01 of -5.8 means an approximate 5.8bp increase in the NAV for per bp of spread widening and vice versa for spread tightening. The estimated one year yield for TECS now stands at -5.54% excluding management fees.

	1m	YTD	1y	Since TECS launch <sup>3</sup>
Fund	n/a	n/a	n/a	n/a
Index	-0.31%	-4.93%	-3.03%	-2.72%

*Data: Tabula / IHS Markit, 29 March 2019. Performance prior 30 April 2018 is simulated by IHS Markit. Past performance (actual or simulated) is not a reliable indicator of future returns. <sup>3</sup>8 February 2019*

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