

J.P. Morgan Global Credit Volatility Premium Index (JCREVOLP Index)



Strategy aiming to capture the volatility risk premium in high yield CDS, while minimising market exposure

Capital is at risk. The value of the index may go down as well as up.

Index information

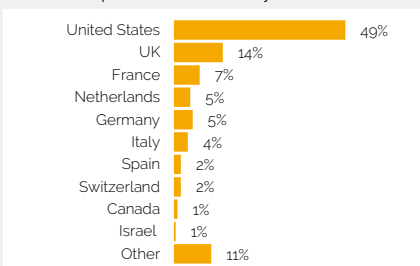
Index:	J.P. Morgan Global Credit Volatility Premium Index
Index provider:	J.P. Morgan Securities PLC
Bloomberg index ticker:	JCREVOLP
Index currency:	EUR

Key metrics

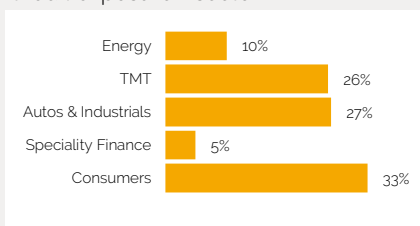
Modified IR duration:	0.67
Subindex value ratio:	XO: 49.7%, HY: 50.3%
Delta:	0.00%
Theta:	0.04%
Vega:	-0.08%

Index breakdown

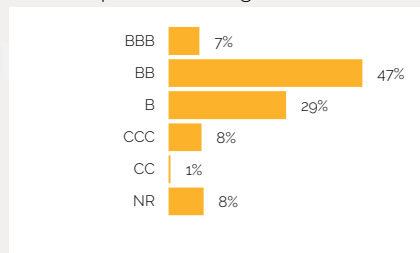
Credit exposure - country



Credit exposure - sector



Credit exposure - rating



Data: Tabula IM as of 31 May 2019. Charts show the percentage of total CDS index notional. Credit breakdown is based on S&P rating. Credit DVO1 is the expected % change in NAV for a 1bp change in credit spreads.

Benefits

- Aims to realise the difference in implied vs realised volatility of index CDS options
- Has historically delivered higher returns than similar strategies selling volatility in equities
- Reduced market exposure via daily delta hedging

About the index

The JCREVOLP Index provides short exposure to volatility in North American and European High Yield CDS markets by tracking the return of two credit volatility indices, rebalanced to an equal weighting monthly. To minimise market exposure, each credit volatility index sells and simultaneously delta hedges option strangles on the relevant CDS indices:

- iTraxx Crossover (XO) 5y (75 European sub-investment grade entities, equally weighted)
- CDX HY 5y (100 North American sub-investment grade entities, equally weighted)

Interest accrued on the notional cash amount makes up the remainder of the Index Value. Interest accrues at a rate equal to EONIA -0.25% (subject to change).

Index performance

Index performance is calculated by J.P. Morgan. Past performance (actual or simulated) is not a reliable indicator of future performance.



	Mar 14 - Mar 15	Mar 15 - Mar 16	Mar 16 - Mar 17	Mar 17 - Mar 18	Mar 18 - Mar 19
Index	9.1%	3.9%	2.4%	2.4%	-3.2%

	YTD	1m	1y	3y (ann.)	5y (ann.)	Volatility	Sharpe ratio
Index	-1.6%	-2.1%	-3.7%	-1.2%	2.1%	5.1%	0.48

Data: Tabula/J.P. Morgan, 31 May 2019. Volatility and Sharpe ratio are calculated over the 5 year period.

Contact us for further information

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About Tabula

Tabula is a new ETF provider focused on fixed income for European institutional investors.

Tabula specialises in fixed income, supporting investors as flows into the asset class accelerate. The company believes that although fundamentals and market dynamics are positive for fixed income, the persistent innovation that ignited the equity ETF market has been lacking in this sector. As a result, the large incumbent funds continue to gather assets, but investors are looking for differentiated new products.

Tabula has launched its first range of ETFs and will be expanding its offering throughout the year, providing new and more precise tools for passive credit exposure. Over time, Tabula plans to move across the asset class, from investment grade and high yield credit into, for example: inflation, government debt, emerging markets, bank capital, money markets, ESG strategies and Solvency II-efficient funds.

Tabula is working in partnerships with HSBC, IHS Markit, Cheyne Capital, KB Associates, ICE and PWC.

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The Index Level of the J.P. Morgan Global Credit Volatility Premium Index factors in several Rebalancing Adjustment Factors which act as a drag on the performance of the Index. Considering in particular the daily rebalancing and the leverage embedded within the Index, this drag on the performance of the Index is expected to be significant. Investors should refer to the Index Rules and Q&A (available on www.jpmorganindices.com) for more information.