

- The iTraxx European Performance Credit Index rose by 0.4%
- The iTraxx Crossover Long Credit Index fell by 0.2%
- The iTraxx Crossover Short Credit Index rose by 0.1%
- The J.P. Morgan Global Credit Volatility Premium Index rose by 0.6%

Market overview

October saw a decrease in risk sentiment, amid progress in US-China trade negotiations, the US Fed's third rate cut of the year and the European central bank reiterating its dovish stance. Credit spreads in European investment grade, represented by the on-the-run (OTR) iTraxx Main tightened by 4bp (~7%). Conversely, spreads in European High Yield (the OTR iTraxx Crossover) widened by 8bp (~3%).

Spreads on major indices

	31 Oct	30 Sep	MoM change
iTraxx Main 5y	52	55	↓
iTraxx Crossover 5y	240	233	↑
CDX North Am IG 5y	55	60	↓
CDX North Am HY 5y	338	350	↓

Data: Tabula, 31 October 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 0.4% in October.

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. Spread change made a performance contribution of approximately 23bp. The estimated one-year yield for TCEP now stands at 3.58% excluding management fees.

	1m	YTD	1y	Since TECP launch ¹
Fund	0.5%	9.8%	6.2%	6.6%
Index	0.4%	9.9%	6.5%	6.9%

Data: Tabula / IHS Markit, 31 October 2019. Performance prior to 30 April 2018 is simulated by IHS Markit. **Past performance (actual or simulated) is not a reliable indicator of future returns.** ¹21 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 down by 0.2% in October.

The Index sells protection on the iTraxx Crossover, making it effectively long credit. Spread change made a performance contribution of approximately 87bp. 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 2.77% excluding management fees.

	1m	YTD	1y	Since TECC launch ²
Fund	n/a	n/a	n/a	n/a
Index	-0.2%	4.9%	1.8%	4.6%

Data: Tabula / IHS Markit, 31 October 2019. Performance prior to 30 April 2018 is simulated by IHS Markit. **Past performance (actual or simulated) is not a reliable indicator of future returns.** ²11 December 2018. Fund performance is not available until a year after launch.

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 up by 0.1% in October.

The Index buys protection on the iTraxx Crossover, making it effectively short credit. Spread change made a performance contribution of approximately 46bp. The sensitivity to movements of the underlying credit spreads is measured in credit duration (DV01). The current DV01 of -6.0 means an approximate 6.0bp 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 -5.08% excluding management fees.

	1m	YTD	1y	Since TECS launch ³
Fund	n/a	n/a	n/a	n/a
Index	0.1%	-6.7%	-3.6%	-4.5%

Data: Tabula / IHS Markit, 31 October 2019. Performance prior to 30 April 2018 is simulated by IHS Markit. **Past performance (actual or simulated) is not a reliable indicator of future returns.** ³8 February 2019. Fund performance is not available until a year after launch.

Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF

The J.P. Morgan Global Credit Volatility Premium Index (JCREVOLP), the reference index for the Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF (TVOL), rose by 0.6% in October.

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 5y and CDX HY 5y.

	1m	YTD	1y	Since TVOL launch ⁴
Fund	n/a	n/a	n/a	n/a
Index	0.6%	-3.0%	-5.1%	-2.6%

Data: Tabula / IHS Markit, 31 October 2019. **Past performance (actual or simulated) is not a reliable indicator of future returns.** ⁴ 28 March 2019. Fund performance is not available until a year after launch. Fund performance is not available until a year after launch.

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