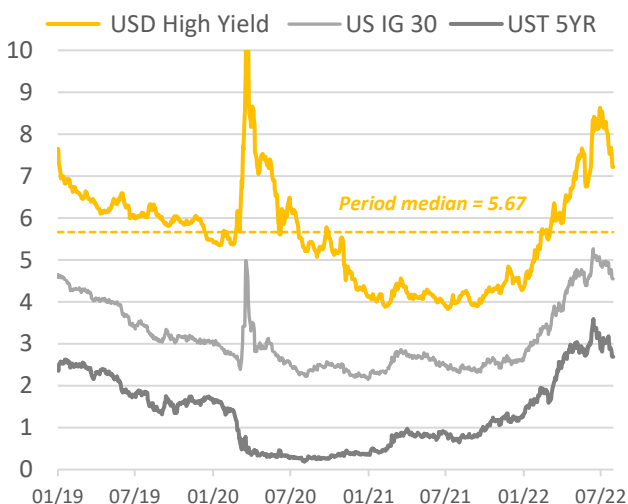


Corporate bonds: EUR ESG/Factor Portfolios post healthy rebound

Corporate bond markets rebounded smartly in July, a move primarily led by a partial retracement in the upswing in US Treasury yields. Global inflows into corporate bond ETFs in July likely more than recouped June outflows while several major US asset managers flagged arguably attractive US corporate bond valuations. Despite the July rebound, the major S&P corporate bond total return indices still post substantial year-to-date losses (particularly in the context of the volatility of this asset class). In general, our replication/tracker portfolios modestly outperform the relevant benchmark indices year-to-date.

One particular bright spot has been the bounce-back in the EUR ESG 30 and the ESG factor portfolios. These span EUR investment grade bond issued by publicly listed companies in the S&P ESG indices. **The ESG Factor portfolio of 55 bonds selects issues based on carry, defensive characteristics, value and momentum. This portfolio has outperformed the EUR IG Large Cap Index by roughly 375 basis points so far in 2022 and records a favourable 5Y Sharpe ratio (vs the index).**

USD bond yield correction underway



C8 EUR bond portfolios and iBoxx benchmarks – ESG/ESG Factor recover June losses

USD HY Tracker Portfolio rebounds smartly in July; mild outperformance vs index for year

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-to-date
<i>month-end to month-end total returns in basis points</i>														
iBoxxEURLiquidHYNF30 C8 'Full Rep' Portfolio	2021	79	83	46	98	1	56	60	36	-51	-51	-74	98	387
		73	74	55	95	-7	63	59	23	-33	-50	-85	117	388
	2022	-262	-448	24	-460	-129	-987	805	63					-1395
		-257	-456	39	-445	-137	-948	782	61					-1360
iBoxx USD Liquid IG Top 30 C8 'Full Rep' Portfolio	2021	-179	-271	-132	103	117	198	174	-28	-125	16	-31	10	-159
		-155	-240	-114	93	95	176	151	-25	-107	13	-30	10	-140
	2022	-419	-204	-348	-584	139	-307	340	43					-1293
		-364	-180	-271	-461	108	-235	273	35					-1064
iBoxx EUR Liquid HY Index EUR HY Tracker Portfolio	2021	49	83	61	76	32	75	40	51	-15	-73	-67	123	440
		83	109	95	71	39	78	19	62	14	-61	-50	117	590
	2022	-192	-371	-14	-358	-148	-803	548	50					-1266
		-128	-288	33	-243	-71	-757	531	46					-887
iBoxx USD Liquid HY Index USD HY Tracker Portfolio	2021	31	9	54	137	31	157	29	89	-25	-40	-154	299	627
		45	50	16	147	58	46	22	31	46	-4	-172	253	556
	2022	-412	-96	-122	-542	129	-947	844	27					-1154
		-300	-53	-64	-459	47	-1059	920	34					-998
iBoxx EUR Liquid Corporates Large Cap Index EUR Large Cap Portfolio - ESG 30	2021	-27	-114	13	-2	-24	56	155	-60	-92	-90	23	-16	-179
		-19	-59	14	4	-11	30	89	-36	-52	-82	10	8	-106
	2022	-174	-338	-163	-346	-145	-388	547	38					-957
		-116	-208	-118	-237	-94	-260	390	28					-613
iBoxx EUR Liquid Corporates Large Cap Index EUR IG ESG Bond Factor Portfolio	2021	-27	-114	13	-2	-24	56	155	-60	-92	-90	23	-16	-179
		11	-25	29	28	-14	34	58	-12	-34	-84	-18	25	-3
	2022	-174	-338	-163	-346	-145	-388	547	38					-957
		-101	-231	-103	-258	-78	-429	585	46					-585

Overview of C8 Studio Portfolios (yields at 01/Aug/22)

	Full replication		HY Tracker portfolios		ESG and Factor	
	EUR HY NF 30	USD IG Top 30	EUR HY Tracker	USD HY Tracker	EUR IG ESG 30	EUR IG ESG Factor
Gross Yield	6.17	4.45	6.42	8.02	1.89	2.46
Coupon	3.45	3.17	3.85	6.37	1.93	1.85
Maturity Yrs	4.29	7.93	3.42	4.90	4.04	4.47
No. of bonds	30	30	76	72	30	55
5Y TR pa (b/m)	0.80 (0.74)	2.15 (2.13)	1.77 (0.40)	3.46 (3.25)	-0.03 (-0.35 [^])	0.37 (-0.35 [^])
Annual vol.	7.02	6.56	5.31	8.82	2.92	2.78
5Y Sharpe (b/m)	0.11 (0.10)	0.33 (0.29)	0.33 (0.07)	0.40 (0.40)	-0.01 (-0.09 [^])	0.13 (-0.09 [^])
Bid/offer	1.04%	0.23%	1.10%	0.44%	0.40%	0.44%

[^] Overall IG large-cap benchmark

Long Period Analytics

Start	25/12/2012	25/02/2015	30/01/2013	30/12/2014	30/01/2013	30/01/2013
End	02/05/2022	02/05/2022	02/05/2022	29/04/2022	29/04/2022	29/04/2022
Trading cost pa.*	-0.58%	-0.13%	-0.41%	-0.27%	-0.12%	-0.69%
Switches pa.	29.3	14.3	27.0	37.8	21.1	97.7
Turnover pa.	151.8%	82.4%	74.6%	106.5%	78.2%	288.7%
Tracking error**	1.56	0.83	1.54	1.92	1.05 [^]	1.86 [^]

* Excludes entry and exit ** Based on trading day data