

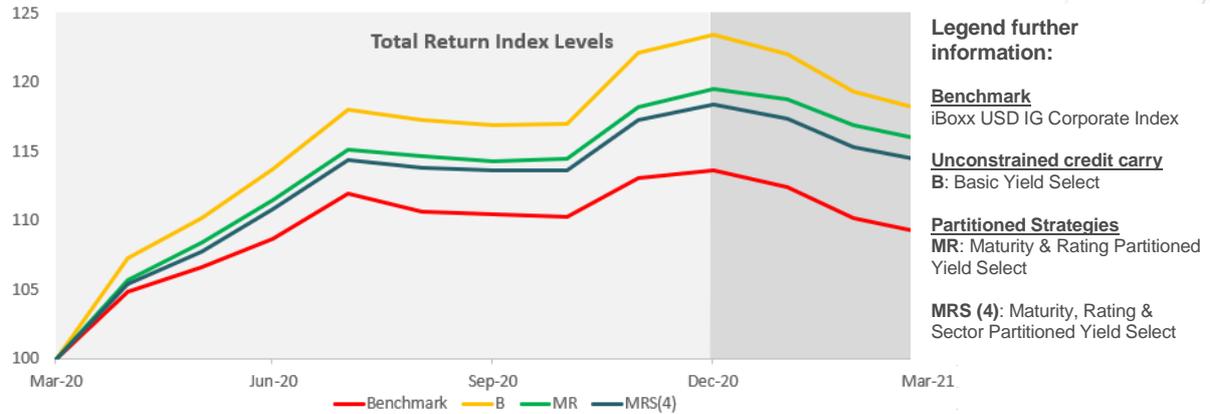


iBoxx Yield Select Quarterly Update

Yield Select is an index based credit-carry strategy that aims to benefit from systematically selecting high spread bonds using stratified sampling techniques.

Quarter ending March 2021

Back tested performance of Yield Select on USD IG Corporates



Note (1): Index levels are rebased to 100 on 31 March 2020.

Note (2): Data presented is indicative and does not take into account transaction costs and turnover adjustments.

Note (3): Market value weighting is rebalanced every month-end and spread based selection is implemented every quarter.

As explained in our research [paper](#), Yield Select strategies target the credit carry factor and tend to perform well when yields are either range bound or trending lower.

Leading up to the latest quarter, all Yield Select strategies applied to the USD IG bond universe significantly outperformed the benchmark since the market turmoil of March 2020 after which rates (and rates expectations) were kept very low.

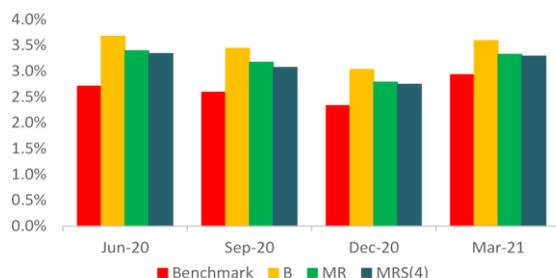
Then, interestingly, during the first quarter of 2021 – as yields rose and bonds sold off – the partitioned Yield Select strategies outperformed both the benchmark and the basic Yield Select strategy.

Recent back tested returns

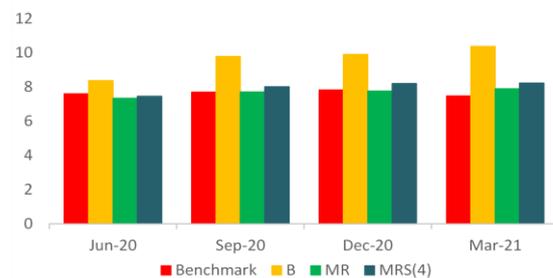
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Past Year	Q1 - 2021
Benchmark	4.8%	1.8%	1.9%	3.0%	-1.2%	-0.2%	-0.1%	2.5%	0.5%	-1.1%	-2.0%	-1.0%	9.0%	-4.0%
B	7.3%	2.6%	3.3%	3.7%	-0.6%	-0.3%	0.1%	4.4%	1.1%	-1.1%	-2.2%	-1.2%	17.9%	-4.4%
MR	5.6%	2.6%	2.8%	3.2%	-0.4%	-0.3%	0.1%	3.3%	1.1%	-0.6%	-1.6%	-0.9%	15.8%	-3.1%
MRS(4)	5.4%	2.2%	2.9%	3.2%	-0.5%	-0.2%	0.0%	3.2%	0.9%	-0.8%	-1.7%	-0.9%	14.2%	-3.5%

The Basic Yield Select strategy has offered the highest yield. It was the best performer in 2020 and the worst so far in 2021. The partitioned strategies have also offered yield-enhancement whilst maintaining a risk profile more consistent with the benchmark, as per their design

Quarter-end yield comparison



Quarter-end duration comparison



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