

iBoxx GBP Monthly Commentary

April 2022 Commentary

Contributor

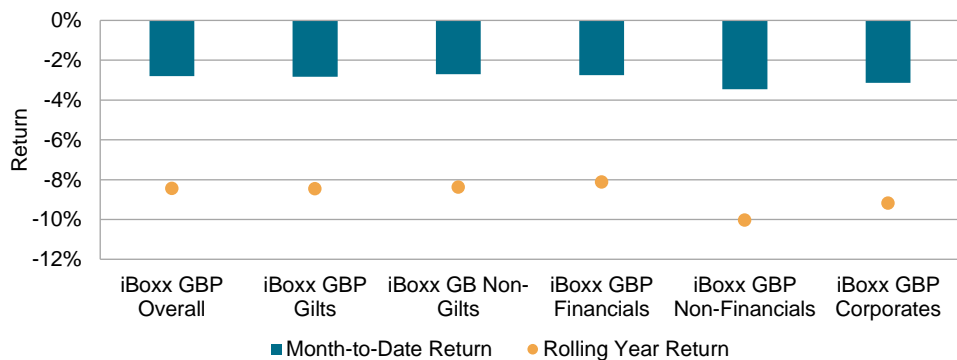
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As was widely expected, the Bank of England increased its base interest rate during its monetary policy meeting on May 5, 2022, increasing it to the highest level since early 2009. Stagflation fears remain the key focus in the pound-denominated debt market and are continuing to put pressure on prices.

Amid hiking yields and lower prices, the iBoxx GBP Overall Index was down 2.79% in April. Government debt, down 2.83%, fared worse than the 2.71% monthly drop in the non-Gilts category. As such, annual yields on Gilts surpassed their multi-year highs set in 2014. Yields on corporate debt lagged, but kept those new highs in sight.

In the iBoxx GBP Corporates Index, some categories posted losses in the double digits, including Consumer Services, Health Care, Telecommunications and Utilities.

Exhibit 1: Monthly Performance – April 2022



Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Chart is provided for illustrative purposes.

Within corporates, the Oil & Gas category has become the worst performer this year. This is mainly due the Russian bonds, which were excluded from all indices at zero value in March. Outside Oil & Gas, Utilities has been the second-worst performer in the index, down 10.79% down over the past 12 months, on a rolling basis.

Exhibit 2: iBoxx GBP Sector Month-to-Date Performance

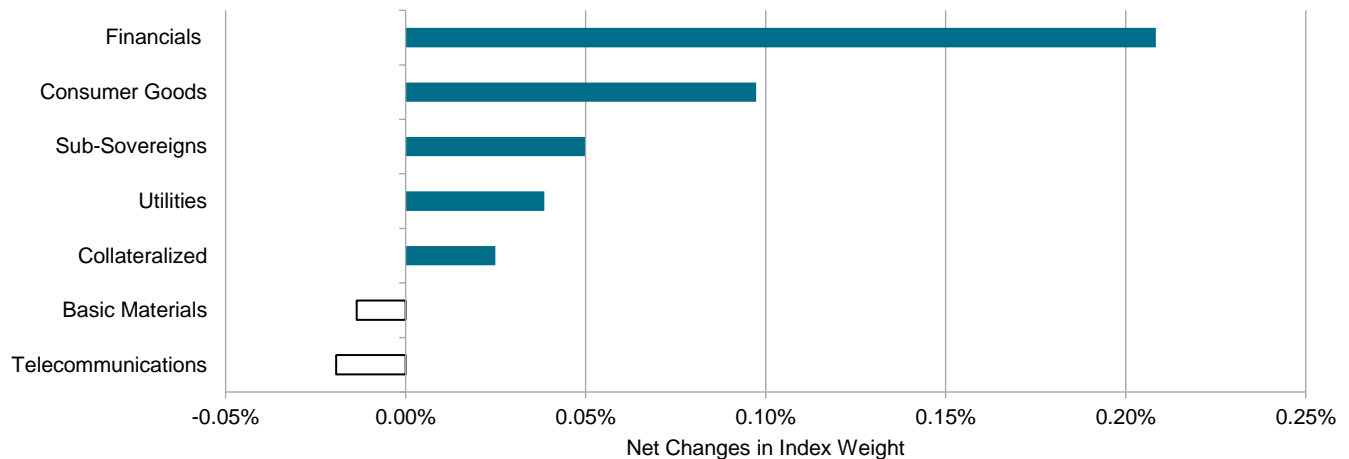
Basic Materials -2.76%	Consumer Goods -1.97%	Consumer Services -3.31%
Health Care -3.97%	Industrials -2.96%	Oil & Gas -2.79%
Technology -3.37%	Telecommunications -3.96%	Utilities -4.00%

Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Table is provided for illustrative purposes.

May 2022 Month-End Rebalance

The iBoxx GBP Overall Index saw net insertions of more than GBP 8.52 billion as of the latest rebalance. Bank-issued bonds dominated the additions 22 new bonds were added, while 7 even departed the index. There were no rating changes in this rebalance.

Exhibit 3: iBoxx GBP Net Changes in Index Weights by Sector



Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Chart is provided for illustrative purposes.

Key Index Analytics

Exhibit 4: Key Index Analytics By Rating and Maturity

Index/Rating	Number of Bonds	Index (TR)	Δ MTD (%)	Market Value (in Billions)	Yield (%)	Δ Yield	Duration	Δ Duration
iBoxx GBP Overall	1241	327	-2.80	2,266	1.93	26	10.55	-0.33
iBoxx GBP AAA	139	314	-1.25	128	2.00	46	5.07	-0.18
iBoxx GBP AA	206	319	-2.80	1727	1.72	2	11.64	-0.36
iBoxx GBP A	378	328	-3.33	164	2.91	139	8.37	-0.28
iBoxx GBP BBB	518	424	-3.22	248	3.51	207	7.20	-0.24
iBoxx GBP High Yield Liquid Index	107	225	-1.95	48	5.99	490	3.70	-0.07
iBoxx GBP Gilts	55	323	21.63	1650	1.70	-0.37	11.84	-0.35
iBoxx GBP Non-Gilts	1186	349	43.81	615	2.95	145.24	7.09	-0.26
iBoxx GBP Financials	351	361	17.44	172	3.31	195.98	5.98	-0.20
iBoxx GBP Non-Financials	450	393	-7.86	210	3.13	162.99	8.37	-0.31
iBoxx GBP Corporates	801	358	-4.25	382	3.20	175.21	7.29	-0.26
Maturity	Number of Bonds	Index (TR)	Δ MTD (%)	Market Value (in Billions)	Yield (%)	Δ Yield	Duration	Δ Duration
1-5	474	241	-0.68	653	1.82	49.44	2.82	-0.07
5-10	341	302	-1.88	505	1.92	35.84	6.53	-0.07
10+	426	407	-4.47	1108	1.94	22.19	17.20	-0.33
10-15	167	363	-2.92	249	2.13	45.62	10.00	-0.11
15+	259	425	-4.93	859	1.92	18.59	19.34	-0.33

Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Index performance based on total return in GBP based to 100 on Dec. 31, 1997. Yield reflects annual yield. Duration is weighted average duration to maturity of all constituents in the specific index, in years. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 5: Month-to-Date Performance

Index/Rating	Overall	Maturity (%)					
		1-3	3-5	5-10	10+	10-15	15+
iBoxx GBP Overall	-2.80	-0.37	-1.00	-1.88	-4.47	-2.92	-4.93
iBoxx GBP AAA	-1.25	-0.31	-0.84	-1.88	-3.92	-2.53	-5.26
iBoxx GBP AA	-2.80	-0.35	-0.85	-1.67	-4.31	-2.57	-4.73
iBoxx GBP A	-3.33	-0.59	-1.45	-2.51	-5.45	-3.99	-6.11
iBoxx GBP BBB	-3.22	-0.53	-1.45	-2.70	-5.49	-4.01	-6.55
iBoxx GBP High Yield Liquid Index	-1.96	-	-	-	-	-	-
Sector	Overall	Maturity (%)					
		1-3	3-5	5-10	10+	10-15	15+
iBoxx GBP Overall	-2.80	-0.37	-1.00	-1.88	-4.47	-2.92	-4.93
iBoxx GBP Gilts	-2.83	-0.34	-0.84	-1.66	-4.31	-2.55	-4.72
iBoxx GBP Non-Gilts	-2.71	-0.43	-1.21	-2.35	-5.21	-3.71	-6.13
iBoxx GBP Financials	-2.75	-0.66	-1.62	-2.91	-5.78	-4.56	-6.64
iBoxx GBP Non-Financials	-3.45	-0.47	-1.22	-2.51	-5.49	-4.04	-6.36
iBoxx GBP Corporates	4.00	-0.58	-1.46	-2.71	-5.57	-4.19	-6.43

Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Index performance based on total return in GBP. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

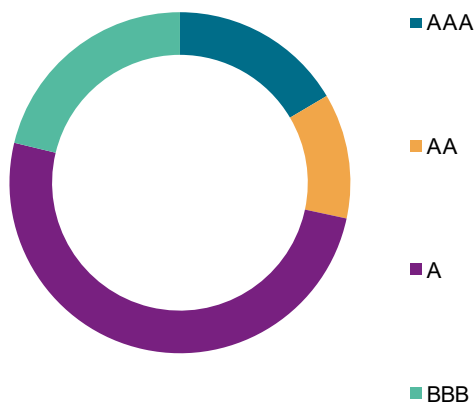
Key Tickers

Key Indices	ISIN TRi	BBG Ticker TRi	RIC TRi
iBoxx GBP Overall	DE0007931974	IXBB	.IBBGB0001
iBoxx GBP Gilts	DE0005706170	QX6A	.IBBGB014B
iBoxx GBP Non-Gilts	DE0007932279	IXBW	.IBXXNGS1
iBoxx GBP Corporates	DE0005993174	IYDU	.IBBGB00A1
iBoxx GBP High Yield Liquid Index	GB00BDRL3P26	BDRL3P2	.IBXXXHL9

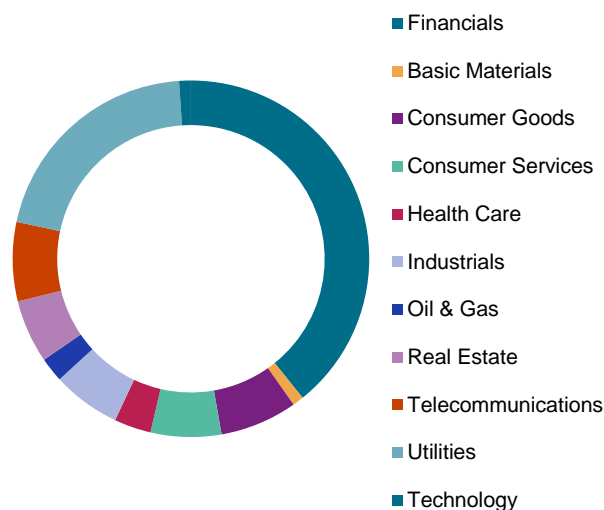
Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Table is provided for illustrative purposes.

Exhibit 4: iBoxx GBP Overall Weights by Rating and iBoxx GBP Corporates

iBoxx GBP Overall Weight by Rating



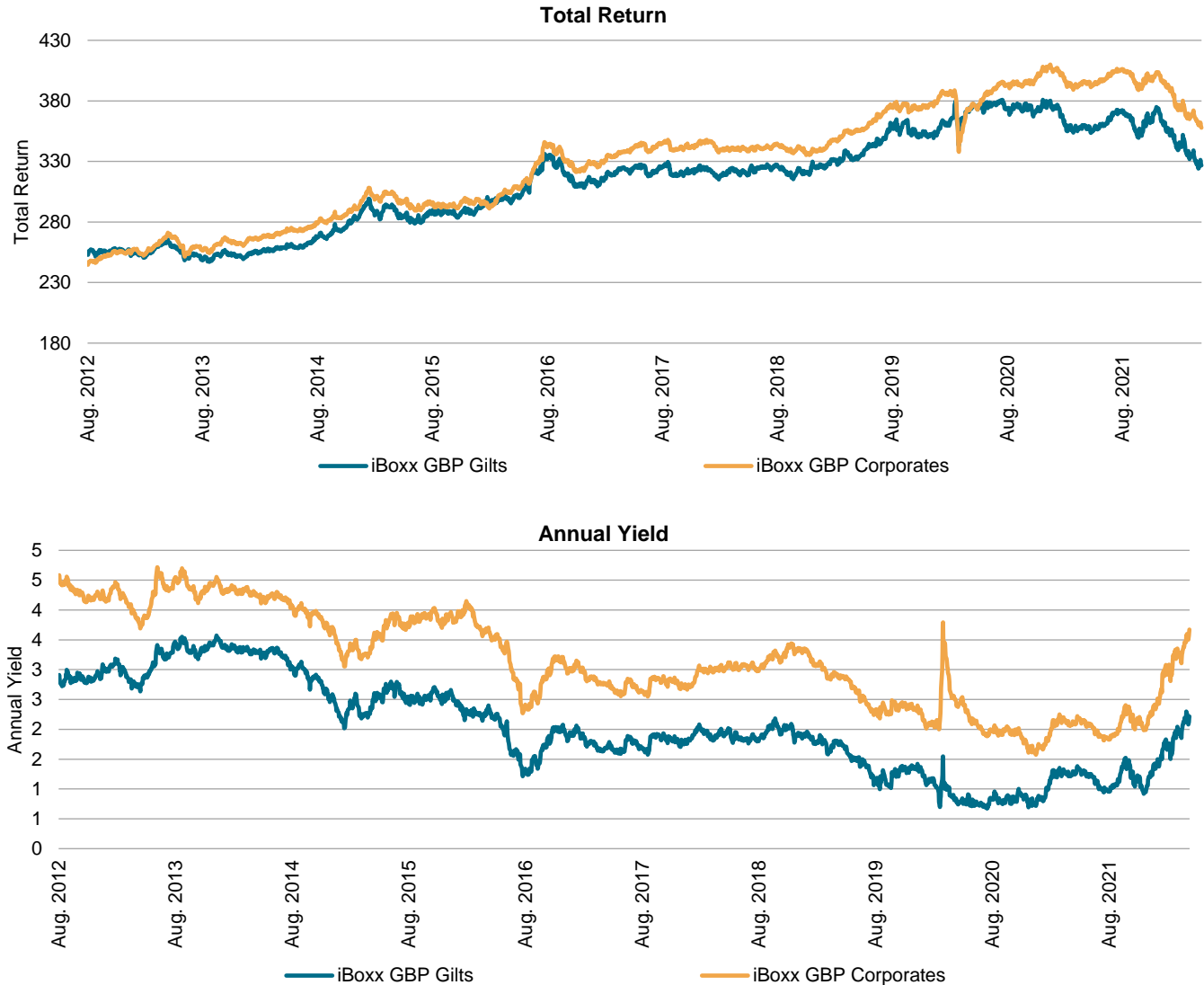
iBoxx £ Corporates Index Weights



Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Charts are provided for illustrative purposes.

Appendix

Exhibit 5: Total Return and Annual Yield of the iBoxx GBP Gilts and Corporates Indices



Source: IHS Markit, part of S&P Global. Data as of April 30, 2022. Index performance based on total return in GBP. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

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