

iTraxx indices roll commentary

September 2021

Summary

- The iTraxx index roll into the new S36 series commenced on Monday 20 September, affecting Tabula ETFs linked to the iTraxx Europe (Main) and iTraxx Crossover indices.
- Markit publishes a new series of its iTraxx CDS Indices semi-annually on 20 March and 20 September. The Europe (Main) index (125 equally weighted Investment Grade names) and the Crossover (75 equally weighted Sub-investment Grade names) are updated based on liquidity and sector criteria.
- The new index series, which has an initial duration of 5.25 years and is known as the “on-the-run” series is bought, while the “off-the-run” series with 4.75 years duration, is sold. By rolling into the most current series investors seek to materialise a roll-yield and maintain a higher liquidity profile.

S36 iTraxx Europe (Main) constituent changes

ADDITIONS

EnBW	Energy
Philips	Consumers
Thales	Autos & Industrials

REMOVALS

Wolters Kluwer	TMT
Telia Company	TMT
Deutsche Post	Autos & Industrials

S36 iTraxx Crossover constituent changes

ADDITIONS

Eg Global Finance	Financials
International Airlines Group	Consumers
Nexi	Financials
Syngenta	Autos & Industrials

REMOVALS

Bellis Acquisition Company	Autos & Industrials
FCC Aqualia	Utilities
PPF Telecom Group	TMT
Teollisuuden Voima	Energy

Source: IHS Markit

Our ETFs

The Tabula European Performance Credit UCITS ETF (TCEPx4IG), and the Tabula European iTraxx Crossover Credit UCITS ETF (TECS) rolled its position in iTraxx Europe (Main) and iTraxx Crossover in September:

	Tabula European Performance Credit UCITS ETF	Tabula European iTraxx Crossover Credit Short UCITS ETF
Spread	2.04%	-2.87%
Roll	1.30%	-1.61%
Cash	-0.61%	-0.76%
Transaction costs	-0.10%	-0.06%
1Y gross yield	2.62%	-5.30%

Source: Tabula, as of 20 September 2021.

Notes: The 1Y gross yield calculation involves ageing and repricing the fund portfolio and assuming the spread curves remain constant. The calculation involves a number of assumptions and approximations including around the fund composition remaining constant, rebalancing/rolls and interpolation. The estimated yield is not a guarantee of future returns, which will vary based on market price changes. Past performance is not a reliable indicator of future returns.

About Tabula

Tabula is an ETF provider focused on passive fixed income. Tabula is based in London and offers Irish domiciled UCITS funds to European investors, mainly in the form of ETFs. Tabula recognises that the trend toward passive investing, which has transformed equity investing in the past two decades, has only just begun in fixed income.

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