

Fixed Income Insights

MONTHLY REPORT – APRIL 2024 | CANADA EDITION

FOR PROFESSIONAL INVESTORS ONLY

Canadian HY tracks equities higher in Q1, as BoC cautions on easing

Canadian HY credit tracked equities higher in Q1 as investor risk appetite increased. The Bank of Canada cautioned on early easing, despite lower inflation and some easing in the labour market providing scope to pivot. Long govt bonds reacted adversely to the “higher for longer” narrative. Yen weakness eroded JGB returns for Canadian investors.

Macro and policy backdrop – Lower inflation provides scope for the BoC to pivot, but a sustainable fall required

Canadian inflation fell towards the 2% target, after CPI fell to 2.8% y/y and core inflation to 2.1% y/y in February. (page 2)

Canadian govts – Long conventional bonds underperformed most in Q1

Long Canadian conventional bonds lost 5% after rates stay unchanged as the BoC seeks sustainable, lower inflation. (page 3)

Canadian credit – Canadian investors switched to risk assets for returns

Canadian high yields tracked equities higher in Q1, despite the risk of higher defaults in 2024. (pages 4-5)

Global yields and spreads – G7 yield curves remain deeply inverted on “higher for longer” narrative

G7 yield curves remained deeply negative, as markets scaled back easing expectations once again. (pages 6)

Sovereign and climate bonds – Regional weight differences drive Green WGBI vs WGBI relative performance

The higher European sovereign weight in Green WGBI relative to WGBI drove outperformance in 2023-24. (page 7)

Performance – Global govt bonds show lacklustre returns in March and Q1 as investors switched to riskier assets

Global government bond returns were marginally up or down in March, with weak currencies eroding returns for Canadian investors. (pages 8-10)

Appendix (from page 11)

Canadian & Global bond market returns, historical bond yields, durations and market values and foreign exchange returns.

Chart 1: Breakeven inflation edged higher in March, as linkers outperformed. But yield moves were generally modest, outside Europe, where lower inflation drove stronger rallies.

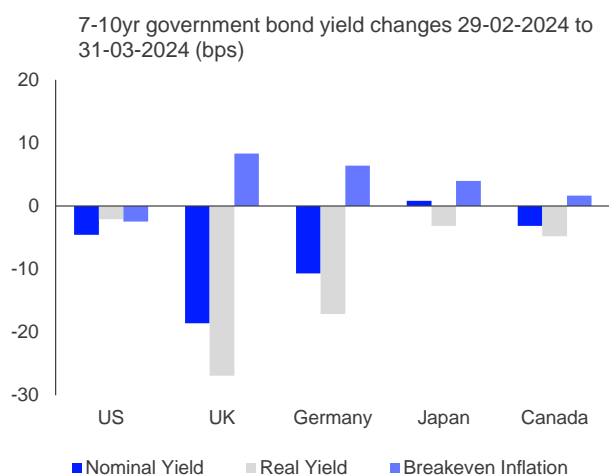
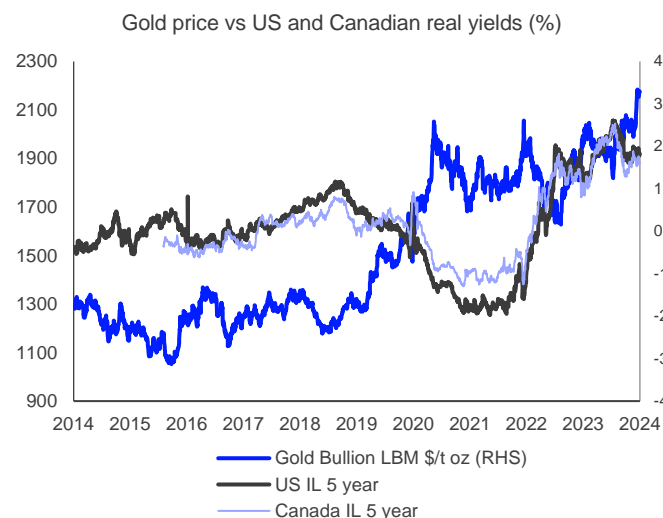


Chart 2: The gold price has reached new highs in 2023-24, despite the surge in US (and Canadian) real yields, and the previous negative correlation has broken down.



Source: FTSE Russell and LSEG. Latest data available as of March 31, 2024. Past performance is no guarantee of future results. This report should not be considered 'research' for the purposes of MIFID II. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix for list of indices used for each market.

Macroeconomic Backdrop – Growth and Inflation Expectations

Canada is expected to avoid a recession, and grow modestly in 2024, according to Consensus forecasts, contrasting robust US growth. Recent data shows G7 inflation converging closer to 2%, while the Bank of Canada continues to maintain rates at higher levels for longer, with little market expectation now of a pivot to ease policy before the second half of 2024, despite scope to do so. The Canadian household savings ratio has rebounded post Covid, while that of the US is close to an all-time low.

Consensus forecasts reflect the resilience of the US to higher rates, with sizeable growth differentials forecast with Canada and Europe. Canada, like the Eurozone and UK, is expected to skirt recession in 2024, despite the weakness in domestic demand, as consumers increase savings. China remains exposed to the global slowdown, with weakness in the property sector also weighing on the broader economic recovery.

G7 disinflation continues but is mainly confined to lower goods inflation. Canadian CPI fell to 2.8% y/y in February, and core inflation 2.1% y/y, providing more leeway for the BoC to cut rates. The Eurozone is also close to the 2% target, after CPI dropped to 2.4% y/y in March. Despite falling to 3.4% (from 4.0%) in February, UK CPI continues to be among the highest versus peers, along with the US, where inflation stalled. Japan bucked the trend, after CPI jumped by 0.6% to 2.8% y/y, though much was due to base effect from a subsidy for utility costs introduced in February 2023. China moved out of deflation, after benefiting from strong Lunar New Year activity in February (Chart 2).

The Bank of Canada paused policy again in March, in line with other G7 central banks, and left rates at 5%, noting concerns over a pick-up in shelter inflation. Elsewhere, the BoJ ended years of negative interest rates, following persistently above-target inflation (Chart 3).

The Canadian savings ratio has risen to a level last seen in 2014 (chart 4), amid increased uncertainty as economic growth decelerates and households respond to higher savings rates. German household savings ratio to disposable income has remained relatively high and stable, in line with pre-Covid levels, while US savings have fallen sharply, with the ratio reaching new post Covid lows, as consumer confidence and employment remain high, and stock market gains have driven positive wealth effects.

Chart 1: Consensus forecasts weak growth in Canada and Europe in 2024, unlike the US, which has remained resilient despite higher rates. 2025 sees growth rebounding, except in the US and China.

Consensus Real GDP Forecasts (Avg., %, March 2024)			
	2023	2024	2025
US	2.5	2.1	1.7
UK	0.1	0.3	1.2
Eurozone	0.5	0.5	1.3
Japan	1.9	0.7	1.0
China	5.2	4.6	4.5
Canada	1.1	0.5	2.0

Chart 2: China saw the highest surge in inflation in February, owed to strong Lunar New Year activity. Elsewhere, G7 inflation is converging closer to the 2% target, including Canada.

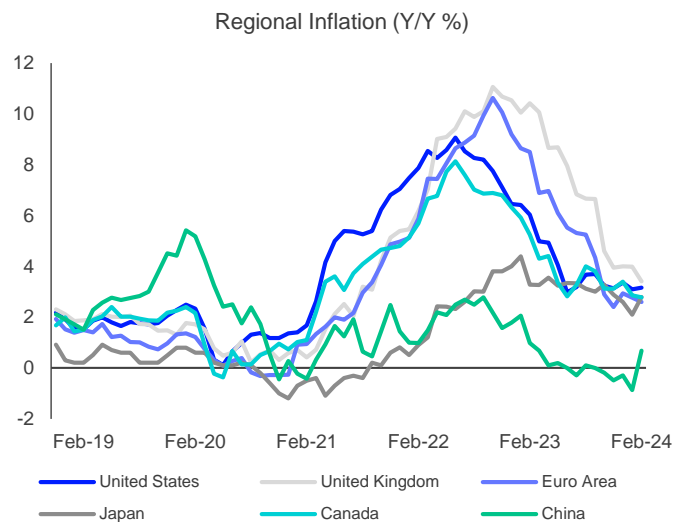


Chart 3: Japan ended years of negative interest rates by reversing its monetary policy in March, while other G7 central banks kept rates unchanged. Prospects of early US Fed cuts faded and of no cuts grew.

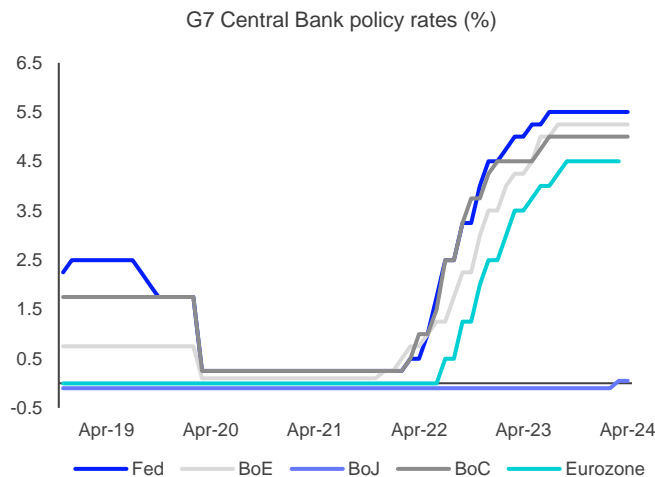


Chart 4: The Canadian savings ratio rebounded, as households take advantage of higher rates, and has returned to 2014 levels, unlike the US, where the savings ratio has fallen further.



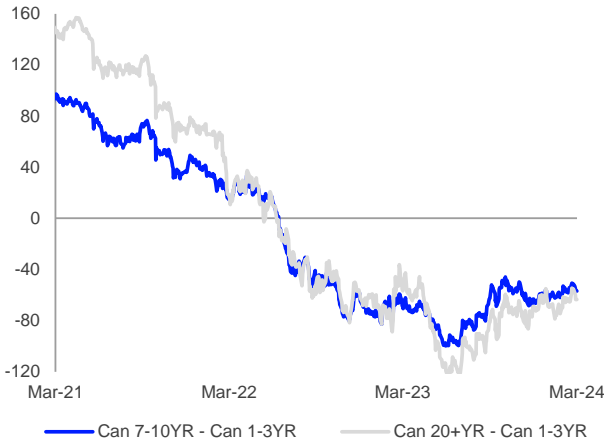
Source: FTSE Russell and LSEG. Latest data available as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Canadian Governments, Provinces and Municipalities

Chart 1: The Canadian yield curve remained inverted in March, after the BoC ruled out early policy easing, and the market priced in rates staying higher for longer as a result.

Chart 2: 7-10 year Canadian spreads have remained relatively stable, rangebound since January, and negative versus US Treasuries and gilts, and positive relative to Bunds and JGBs.

Canada govt yields: mediums and longs vs shorts



7-10 year Canadian sovereign spreads

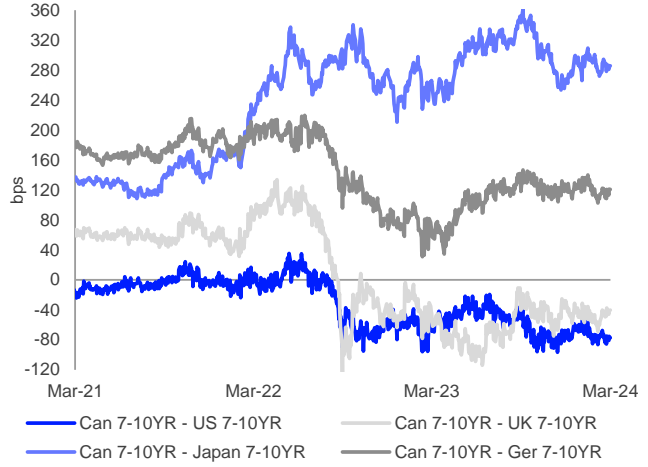
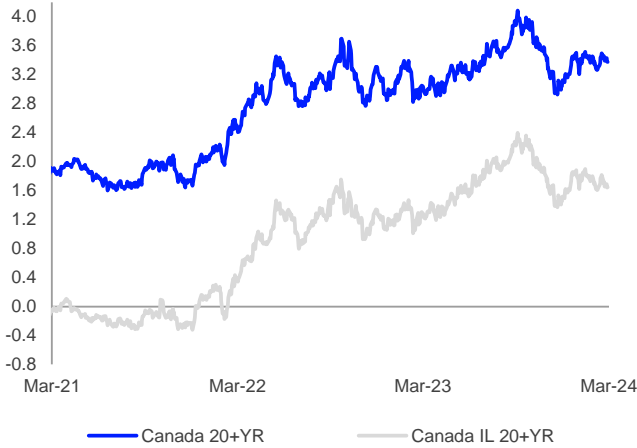


Chart 3: Both long Canadian and real yield bond yields remain near 15-year highs, though below the Q4 2023 peak levels, helped by Canadian inflation falling below expectations.

Chart 4: Inflation breakevens moved higher in Q1, repeating the procyclical pattern of breakevens rising and falling with nominal yields (e.g., they fell in the Q4 rally as nominal yields fell faster).

Long-dated Canadian nominal and real yields



Selected longer dated inflation breakevens

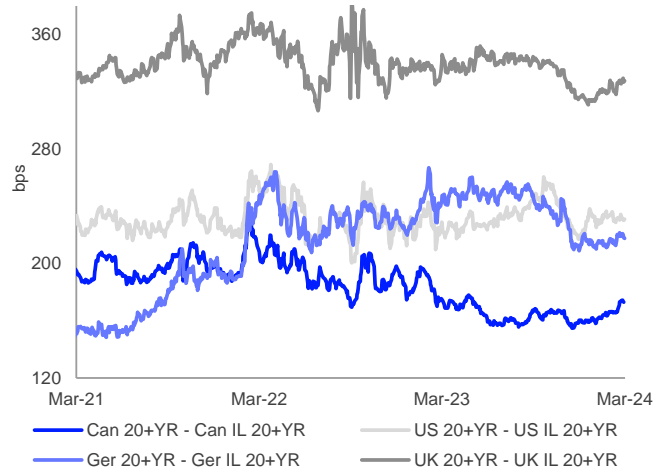
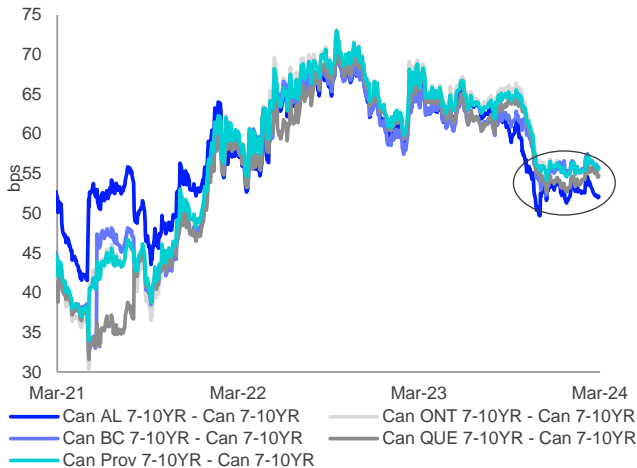


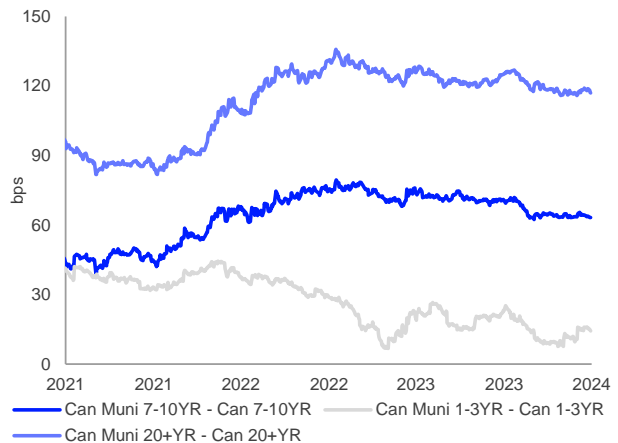
Chart 5: 7-10 year Provincial spreads have decoupled in Q1, with Alberta spreads tightening the most, followed by Quebec, despite sharing similar credit ratings.

Chart 6: Of note this month is the back-up of short municipal spreads, which reversed several months of decline, while longer muni spreads fell modestly, after markets readjusted to rates staying higher for longer.

Selected 7-10 year Provincial spreads



Duration matched Municipal spreads



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Canadian Investment Grade Credit Analysis

Chart 1: Canadian corporate bond spreads have declined across the whole of the quality spectrum in the risk rally, but note that overall, lower quality spreads have tightened more relatively than AAA since 2021-22.

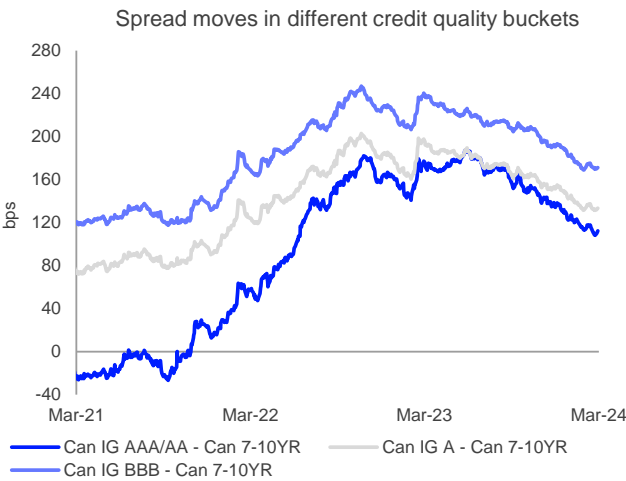


Chart 2: Financial spreads have fallen to the same level as infrastructure spreads, helped by the prospect of higher for longer rates. Real estate spreads have also fallen since rates stabilised.

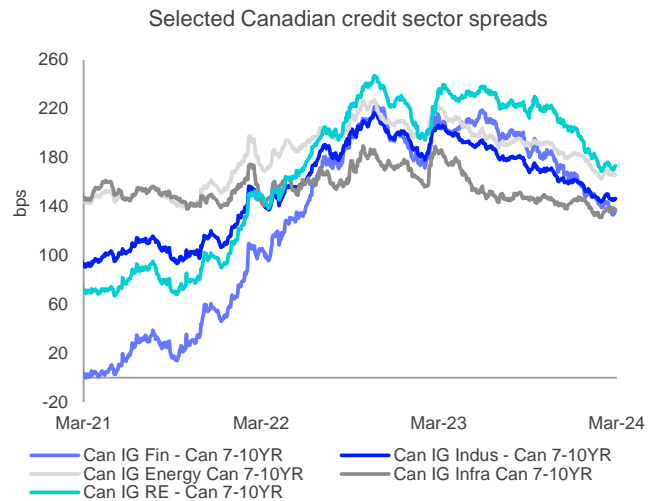


Chart 3: A-rated issuers represent 47% in the FTSE Canadian investment grade corporate bond universe, followed by 44% from BBB rated bonds.

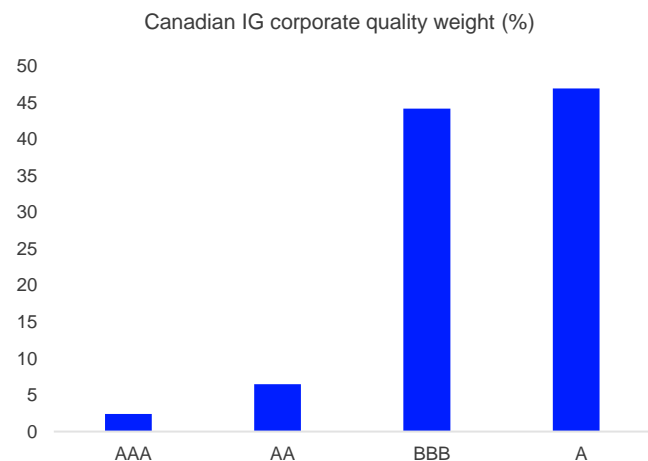


Chart 4: Financial bonds dominate the Canadian IG credit universe, with a weighting of 39%, followed by energy, 22%, and infrastructure, 15%, in March.

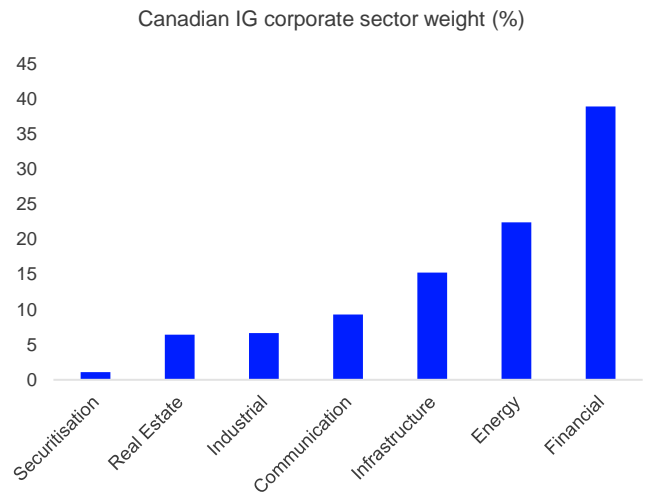


Chart 5: Corporate bond spreads barely moved in March as investors awaited signals from the Bank of Canada on its next move, while investors did not appear to opt for a specific rating preference.

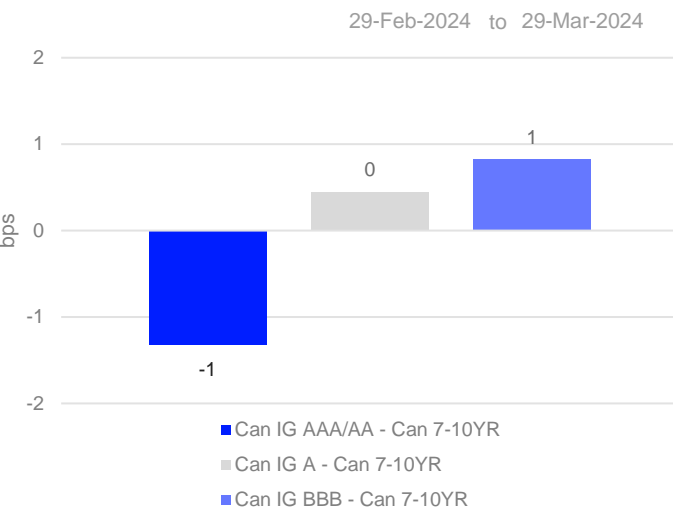
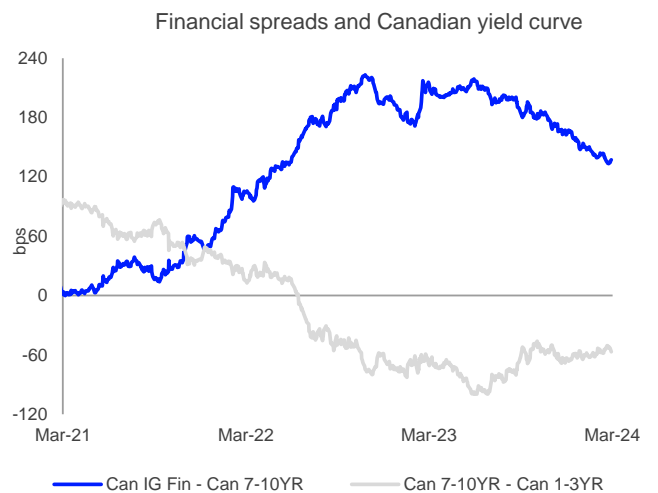


Chart 6: Modest yield curve steepening, or dis-inversion, helped Canadian financial spreads to tighten in recent months, as financials benefit from stronger net interest income with a steeper yield curve.



Source: FTSE Russell. All data as of March 22 (Charts 3 and 4) and March 31, 2024 elsewhere. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Canadian High Yield Credit Analysis

Chart 1: Canadian HY credit yields have fallen more steeply than US HYS, which have been more stable since January. Decoupling within IG corporates also reflect differing economic strength.

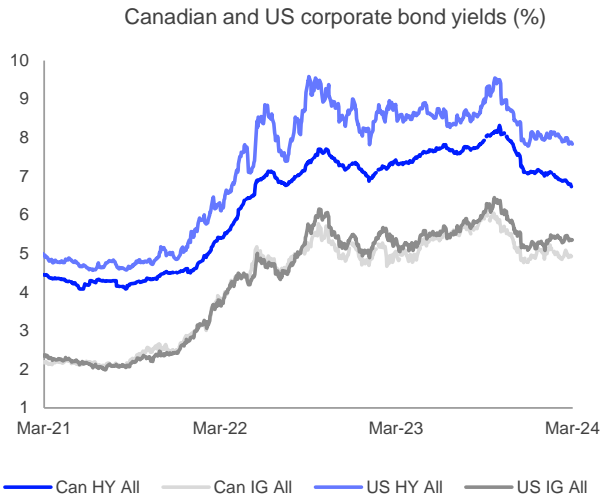


Chart 3: The risk rally drove HY spreads tighter in Canada but also reduced measured duration in most sectors, as HY bond prices increased relative to government bond yields, ceteris paribus.

Canadian HY sector modified duration since January



Chart 5: Real estate yields have fallen the most on lower inflation and anticipation of rate cuts, while the financial sector has seen its yield rise from about 4% in 2020 to 7% in March.

Canadian high yield sector yield (%)

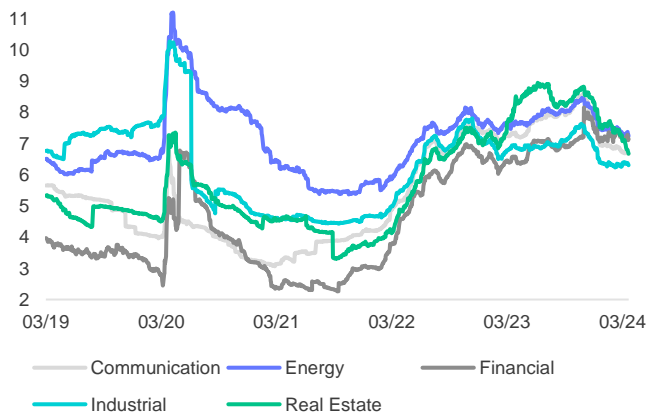


Chart 2: Canadian high yield spreads have tightened further than US HY in Q1, after a sustained period of underperformance relative to the US, in 2023.

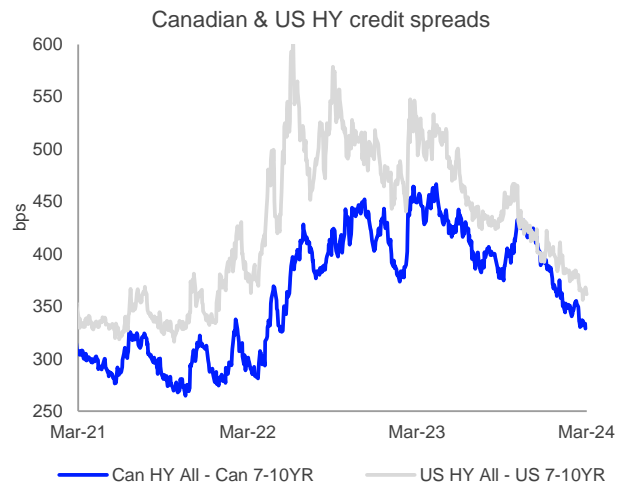


Chart 4: Reflecting the risk rally, duration of HY bonds has fallen since the risk rally began in 2022, and the Bank of Canada steadily raised rates. Also note that HY duration can be unpredictable.

Canadian high yield credit quality by duration (years)

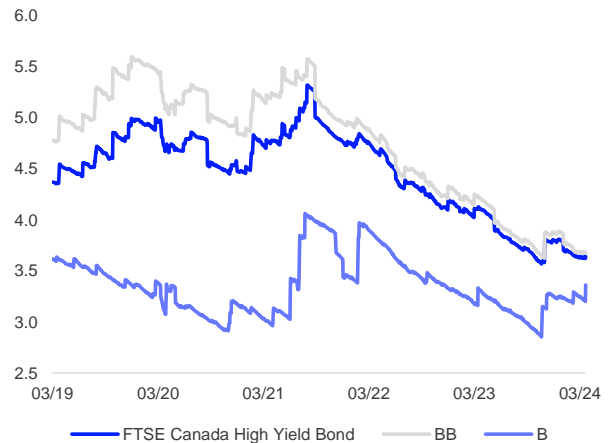
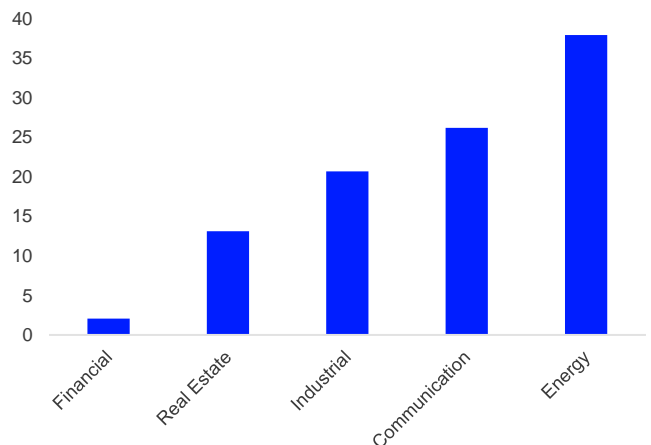


Chart 6: Energy accounts for the highest weight in the FTSE Canadian HY universe (38%), while financials are only 2% – a contrast with their 38% sector weight in the Canadian investment grade universe (p 4).

FTSE Canadian high yield credit industry weight (%)



Source: FTSE Russell and LSEG. All data as of March 22, 2024 and March 29, 2024 for charts 1 and 2. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Global Yields, Curves and Spread Analysis

Chart 1: G7 7-10 year yields were rangebound in March, but higher in Q1, as the market re-priced central bank easing prospects. Canadian bond yields backed up more in Q1, after falling sharply in Q4.

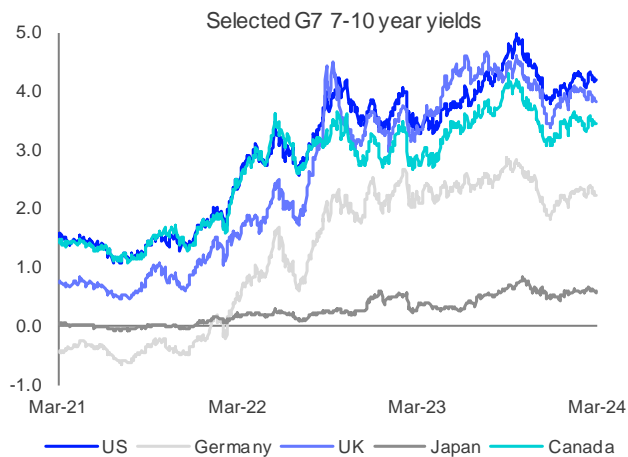


Chart 2: Real yields broadly tracked nominal yields in Q1, with inflation breakevens remaining stable. Stronger US growth data pushed Tips real yields higher. Real yields remain below the 2023 cycle highs.

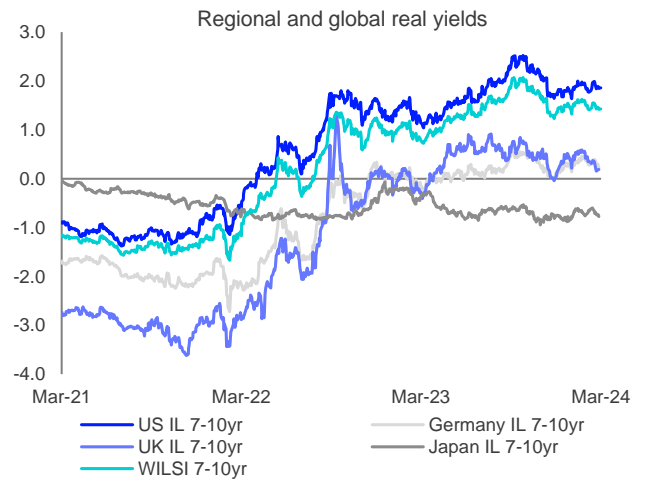


Chart 3: "Higher for longer" returned as the dominant G7 fixed income narrative, and curves remained deeply inverted, as markets scaled back easing expectations. JGBs reacted little to the end of curve control.

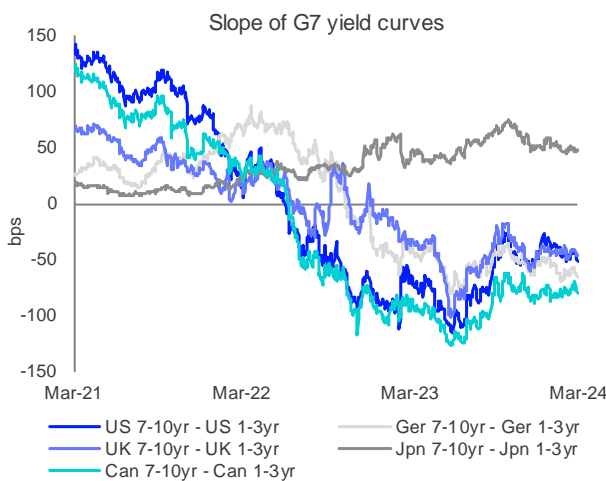


Chart 4: Longer dated curves are less inverted than 10s/2s, except Canada, and UK longs now show a tiny yield pick-up over 1-3 years. Re-investment risk may have kept curves flat in 2023-24.

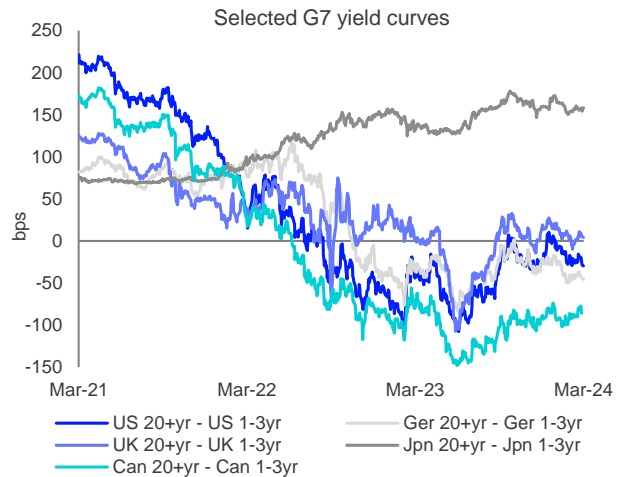


Chart 5: G7 7-10 year inflation breakevens backed up modestly in Q1, after dipping in Q4 2023, after the Fed pivot. This is the normal pro-cyclical pattern, whereby breakevens rise when yields rise, and vice versa.

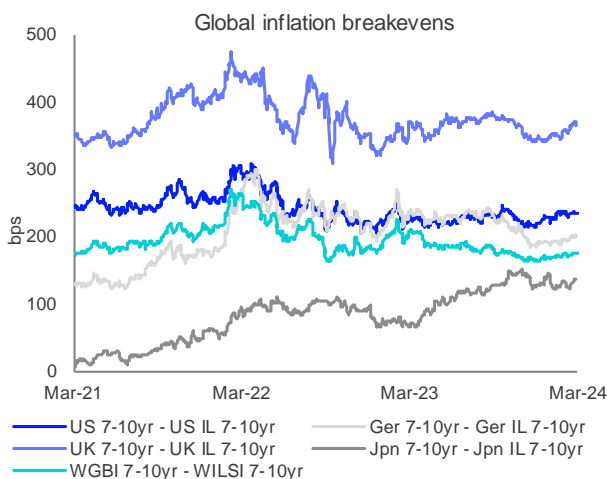
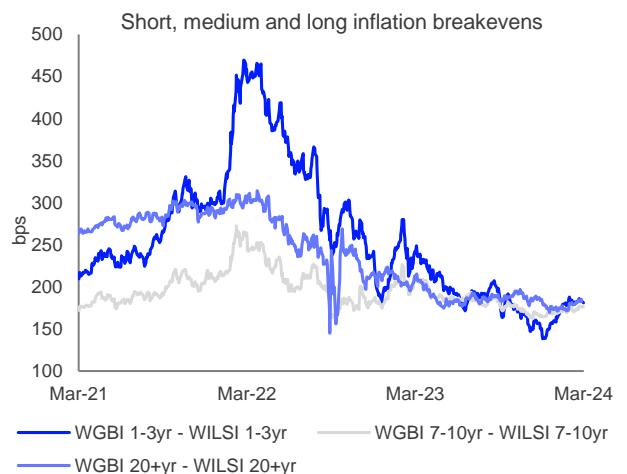


Chart 6: Inflation breakevens of all maturities have converged just below 2%, globally, which is strong evidence that inflation expectations have not de-stabilised and entered a new and higher regime.



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Sovereign and Climate Bonds Analysis

Chart 1: SI sovereign performance shows the impact of extra duration in the ESGWGBI, over 5 yrs, when yields rose in 2022-23. Heavy weightings in Europe drove climate WGBI up in 2023.

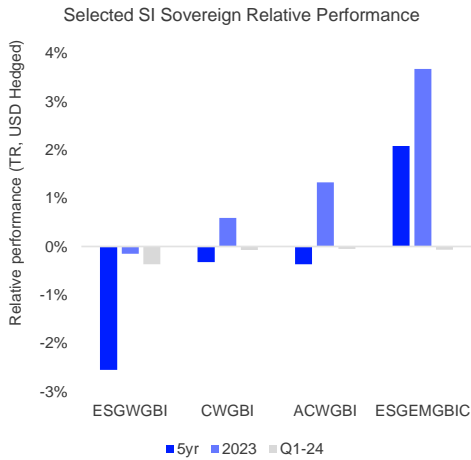


Chart 2: Compared to SI sovereigns, SI corporates outperformed a little in Q1. The Green WBIG showed a modest 0.2% relative gain, though the PAB (Paris aligned benchmark) lost 0.1%.

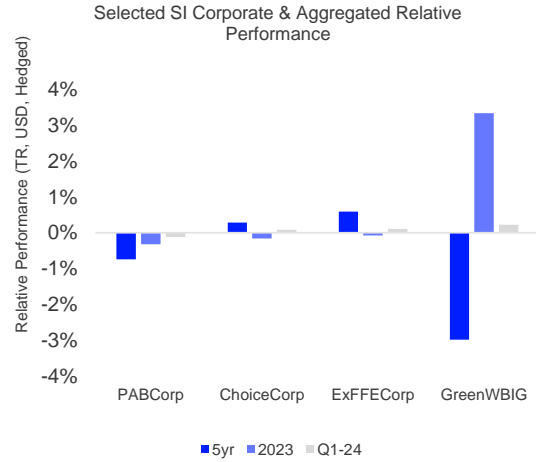


Chart 3: The most striking SI outperformer in 2023-24 was the EM index, reflecting high weightings of Poland (25%), Hungary (10%) and Malaysia (9%). Longer duration hurt ESGWGBI.

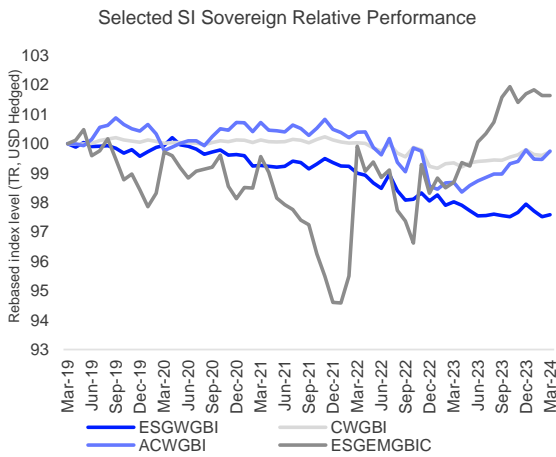


Chart 4: The Green WBIG index fell sharply in the 2022-23 bond sell-off, due to its extra duration vs WBIG. But the higher European sovereign weight drove outperformance in 2023-24.

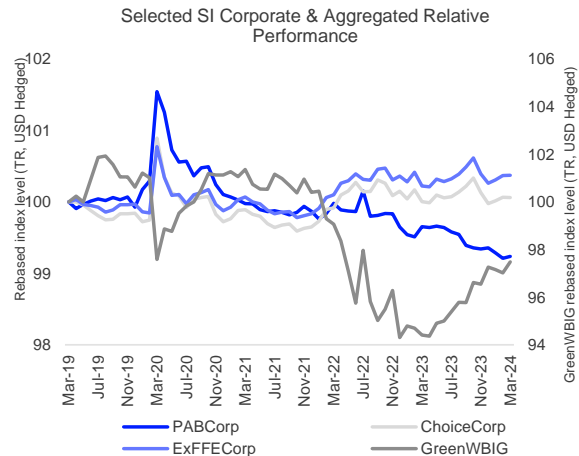


Chart 5: Recent outperformance by the EM ESG index is also reflected in spreads. Yields fell in the Climate WGBI vs WGBI partly because of the high European weighting.

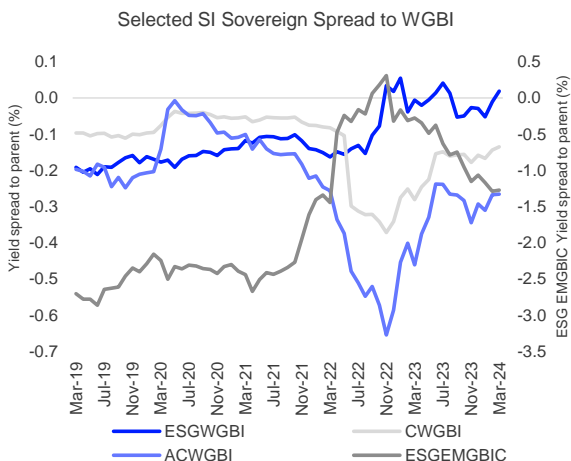
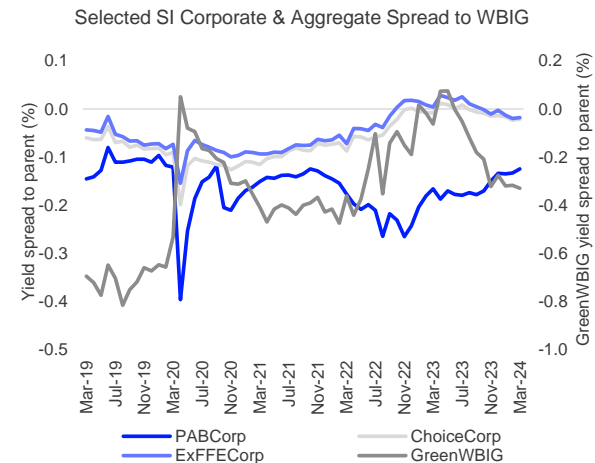


Chart 6: Heavy issuance as yields rose removed the "greenium" spread in 2022 in Green WBIG, but this returned in 2023-24.



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Global Bond Market Returns – 3M & 12M % (CAD, LC, TR)

Returns for conventional government bonds were mostly negative in Q1 in Canadian dollars, especially for long bonds. Stronger economic data and a stall in disinflation caused a re-assessment of policy easing prospects in most of the G7. Only short bonds showed modest positive returns and outperformed on 12M. In contrast, JGBs were hit hard by yen weakness.

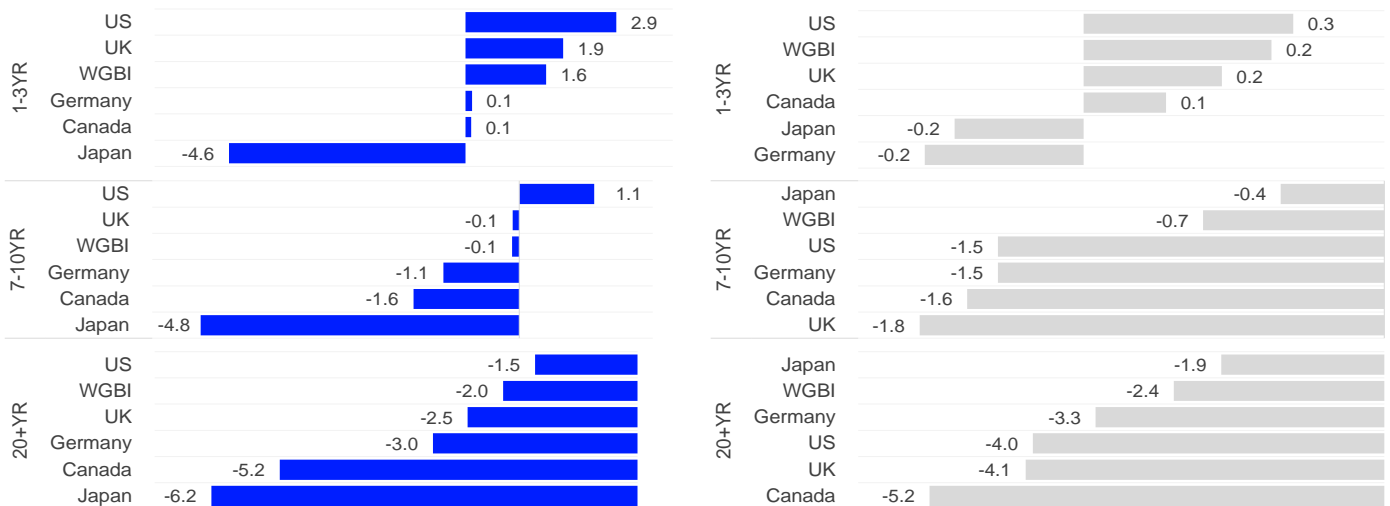
G7 sovereign bonds stabilised in March, though still showed losses in Q1 overall, led by JGB losses of 5-6%, with the yen falling below Y150 versus the US dollar. The BoJ decision to raise rates (March 19) was well discounted and failed to spark a yen rally.

Long Canadian conventionals lost 5% in the last three months, compared to a 2% loss for real yield equivalents. This resulted in a 12-month performance of zero, which still represented a significant outperformance vs UK, US and German inflation linked bonds, which were down 7-12%.

Over the last 12M, Japanese government bonds have been hit hard by significant yen weakness, which eroded returns for Canadian dollar-based investors, with long JGBs losing 20% in Canadian dollars.

CONVENTIONAL BONDS

3M CAD 3M LCY

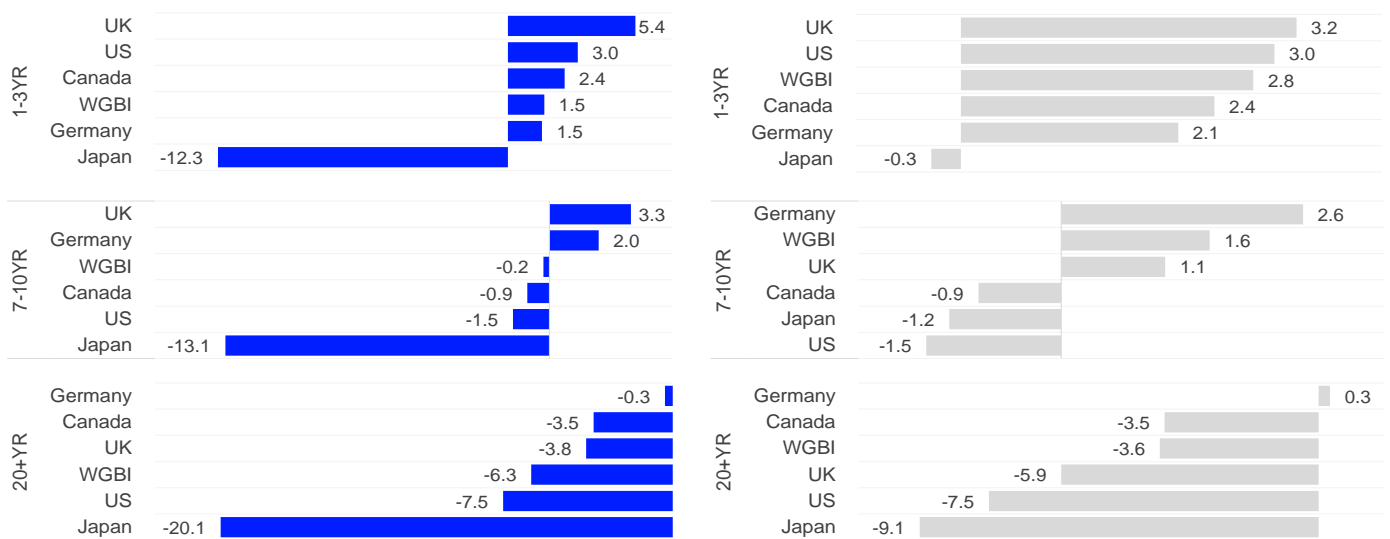


INFLATION LINKED BONDS

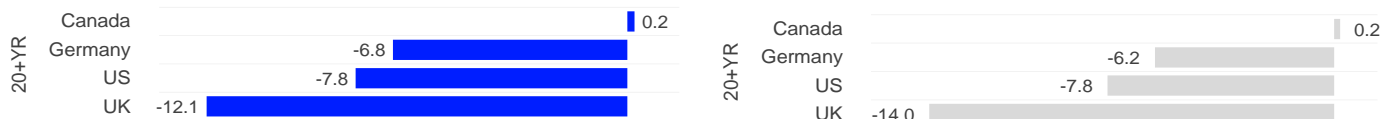


CONVENTIONAL BONDS

12M CAD 12M LCY



INFLATION LINKED BONDS



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Canadian and Corporate Bond Returns – 3M & 12M % (CAD, LC, TR)

High yield (HY) credits continued recent strong performance, tracking equity markets higher, reflecting their high correlation with equities. Both EM investment grade and high yield credits outperformed in Q1. Modest performance came from AAA/AA Canadian corporates, especially in the financial sector, while returns for both munis and provis were negative.

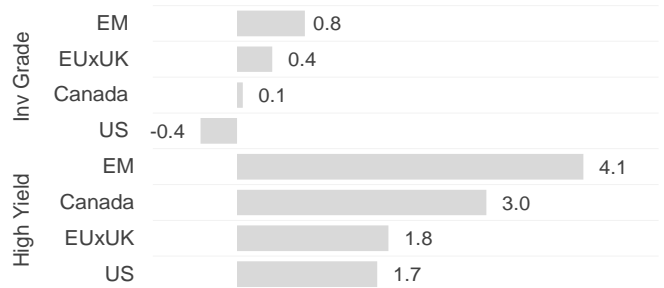
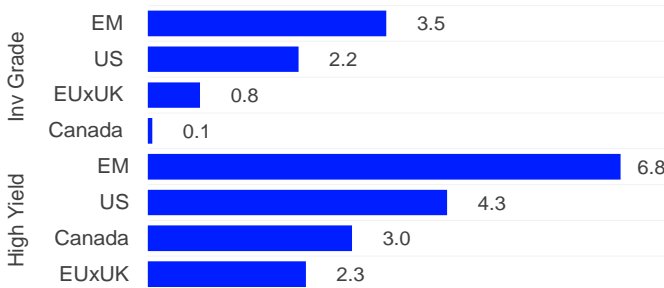
Since January, the spotlight has shone on EM corporate debt, having returned 4-7% in Canadian dollars, and taken the lead from Euro high yield credit. Canadian high yield credit, up 3%, outperformed IG in Q1, as investor risk appetite increased.

Q1's lacklustre performance contrasted with the strong returns of the last twelve months, particularly in Q4 2023. Canadian munis and provis were down about 2% in Q1, and up 1-2% over 12M, though the financial sector, up nearly 6%, also maintained a strong performance over the year. However, the strongest performance over the last 12M came from Euro, Canadian and US high yield credits, up 11% in Canadian dollars.

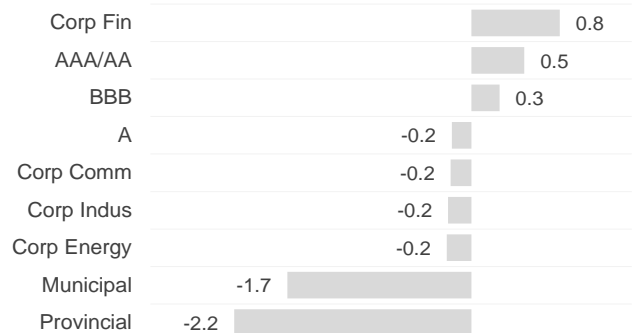
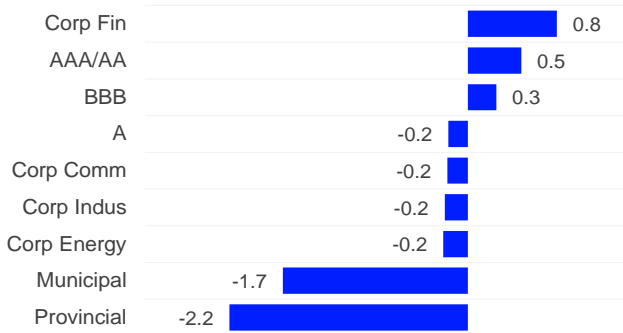
3M CAD

3M LCY

CORPORATE BONDS



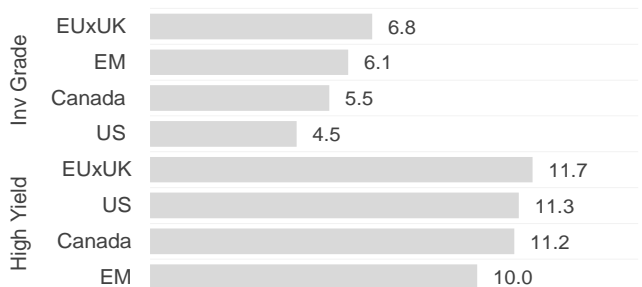
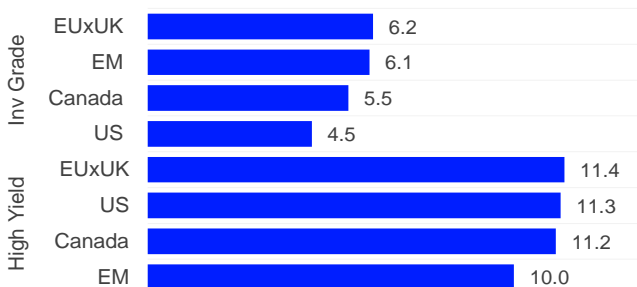
CANADA SPOTLIGHT



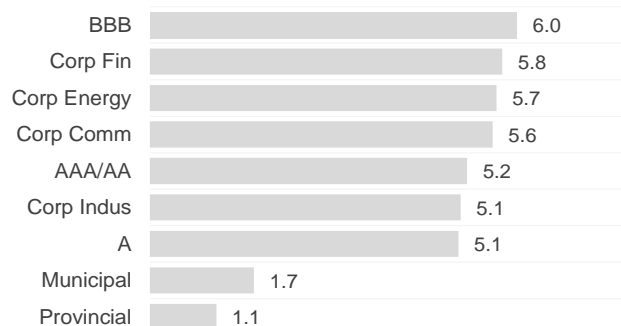
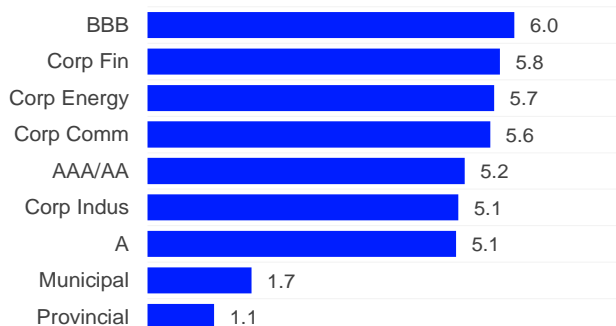
CORPORATE BONDS

12M CAD

12M LCY



CANADA SPOTLIGHT



Indices used: FTSE Canada Corporate Bond Index (AAA/AA, A, BBB, Financial, Communication, Industrial, Energy, Overall), FTSE Canada High Yield Bond Index, FTSE Canada Provincial Bond Index. Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

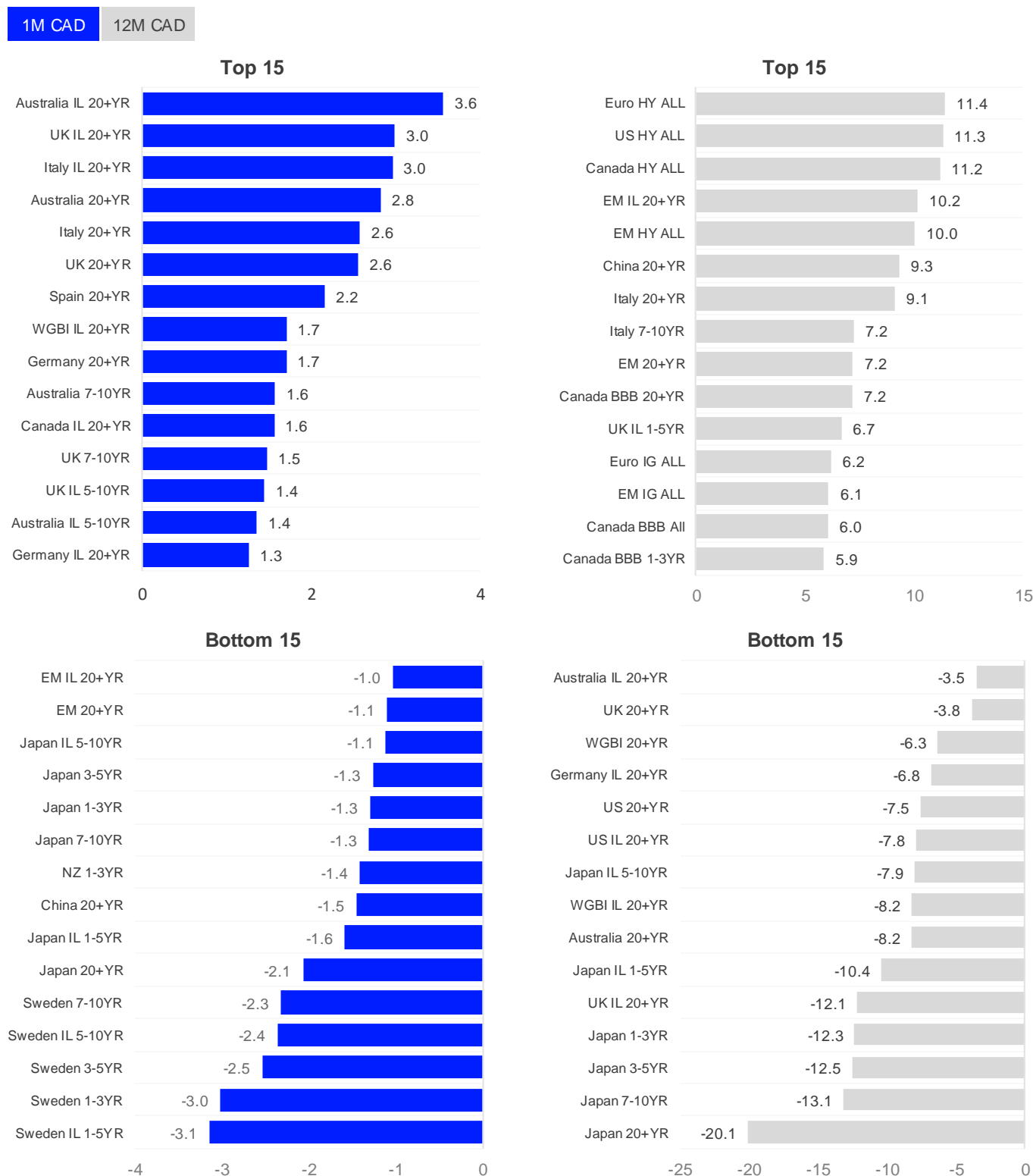
Top and Bottom Bond Returns – 1M & 12M % (CAD, TR)

March saw a lacklustre performance, with modest returns from long government Australian, UK and European peripheral bonds, all up 2-3% in Canadian dollars. Swedish government bonds and JGB fell on weak currencies. Over 12M, high yield credits, including Canada, continued to dominate the performance table, while returns for JGBs were negatively impacted by the weak yen.

The ECB's transmission protection instrument (introduced in 2022) and the risk rally have helped peripheral Eurozone bonds deliver strong returns on both 3M and 12M, with both BTPs and Spanish government bonds outperforming Bunds in Canadian dollars.

JGBs showed little reaction to the end of formal BoJ yield curve control in March, while bond returns in C\$ continued to be eroded by yen weakness.

High yield credits have dominated the performance table in the last twelve months, with Canadian high yield bonds gaining 11%.



Source: FTSE Russell. All data as of March 31, 2024. This analysis is taken from 130+ FTSE Russell sub-indices. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Canadian Bond Market Returns % (CAD vs USD, TR) – Mar 31, 2024

Government and corporate bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		3M		6M		YTD		12M	
		Local	USD	Local	USD	Local	USD	Local	USD
Government	1-3YR	0.11	-2.45	3.52	3.43	0.11	-2.45	2.41	2.42
	7-10YR	-1.59	-4.11	6.31	6.21	-1.59	-4.11	-0.90	-0.89
	20+YR	-5.19	-7.62	10.23	10.13	-5.19	-7.62	-3.51	-3.51
Inflation-Linked	20+YR	-1.85	-4.37	8.78	8.68	-1.85	-4.37	0.21	0.21
Corporate	1-3YR	0.86	-1.72	5.68	5.58	0.86	-1.72	5.54	5.55
	7-10YR	0.19	-2.38	8.88	8.78	0.19	-2.38	5.20	5.21
	20+YR	-1.77	-4.28	11.60	11.49	-1.77	-4.28	5.66	5.67
AAA/AA	1-3YR	0.71	-1.87	5.50	5.41	0.71	-1.87	5.07	5.08
	7-10YR	0.35	-2.22	8.31	8.21	0.35	-2.22	4.57	4.57
	20+YR	-3.53	-6.00	12.99	12.89	-3.53	-6.00	4.77	4.77
	All	0.50	-2.08	6.07	5.98	0.50	-2.08	5.22	5.23
A	1-3YR	0.85	-1.74	5.53	5.43	0.85	-1.74	5.43	5.44
	7-10YR	-0.16	-2.71	8.18	8.08	-0.16	-2.71	4.36	4.37
	20+YR	-2.17	-4.67	11.01	10.91	-2.17	-4.67	4.61	4.62
	All	-0.18	-2.74	7.42	7.33	-0.18	-2.74	5.08	5.08
BBB	1-3YR	0.94	-1.65	5.95	5.85	0.94	-1.65	5.86	5.87
	7-10YR	0.35	-2.22	9.25	9.15	0.35	-2.22	5.67	5.68
	20+YR	-1.14	-3.67	12.37	12.26	-1.14	-3.67	7.16	7.17
	All	0.26	-2.30	8.31	8.21	0.26	-2.30	6.04	6.05
Sectors	Comm	-0.19	-2.75	9.21	9.11	-0.19	-2.75	5.64	5.65
	Energy	-0.23	-2.78	9.07	8.97	-0.23	-2.78	5.70	5.71
	Fin	0.83	-1.76	6.15	6.05	0.83	-1.76	5.80	5.81
	Indus	-0.22	-2.77	7.45	7.35	-0.22	-2.77	5.12	5.12
	Infra	-1.51	-4.03	9.44	9.34	-1.51	-4.03	4.22	4.23
	RE	0.95	-1.63	7.02	6.92	0.95	-1.63	5.85	5.86
	Secur	1.11	-1.48	5.34	5.25	1.11	-1.48	5.58	5.59
Provinces (All)	1-3YR	0.07	-2.49	4.20	4.10	0.07	-2.49	2.65	2.66
	7-10YR	-1.19	-3.72	7.00	6.90	-1.19	-3.72	1.22	1.23
	20+YR	-3.96	-6.42	10.49	10.38	-3.96	-6.42	0.23	0.24
	All	-2.22	-4.72	7.97	7.87	-2.22	-4.72	1.10	1.10
Ontario	1-3YR	0.12	-2.44	4.19	4.09	0.12	-2.44	2.68	2.68
	7-10YR	-1.14	-3.67	7.01	6.91	-1.14	-3.67	1.19	1.20
	20+YR	-3.81	-6.27	10.71	10.61	-3.81	-6.27	0.33	0.34
	All	-2.01	-4.52	7.86	7.76	-2.01	-4.52	1.23	1.24
Alberta	1-3YR	0.06	-2.50	4.02	3.92	0.06	-2.50	2.49	2.50
	7-10YR	-1.15	-3.68	6.78	6.69	-1.15	-3.68	1.43	1.44
	20+YR	-4.16	-6.62	10.49	10.39	-4.16	-6.62	0.07	0.07
	All	-2.09	-4.59	7.72	7.62	-2.09	-4.59	1.13	1.13
Quebec	1-3YR	-0.05	-2.61	4.38	4.28	-0.05	-2.61	2.73	2.74
	7-10YR	-1.31	-3.83	7.15	7.05	-1.31	-3.83	1.18	1.19
	20+YR	-4.18	-6.64	10.27	10.17	-4.18	-6.64	0.16	0.16
	All	-2.58	-5.08	8.22	8.12	-2.58	-5.08	0.93	0.94
BC	1-3YR	0.12	-2.44	3.66	3.57	0.12	-2.44	2.45	2.46
	7-10YR	-1.22	-3.75	6.75	6.65	-1.22	-3.75	1.06	1.07
	20+YR	-4.16	-6.62	10.31	10.21	-4.16	-6.62	-0.24	-0.23
	All	-2.38	-4.88	8.03	7.93	-2.38	-4.88	0.74	0.75

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Global Bond Market Returns % (CAD vs LC, TR) – Mar 31, 2024

Government bond returns

Top 15% Bottom 15%

Green highlight indicates highest 15%, red indicates lowest 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-3YR	0.33	0.10	0.28	2.91	0.28	2.91	2.98	2.97
	7-10YR	0.72	0.49	-1.47	1.12	-1.47	1.12	-1.46	-1.47
	20+YR	0.85	0.61	-4.01	-1.49	-4.01	-1.49	-7.52	-7.53
	IG All	1.09	0.86	-0.43	2.18	-0.43	2.18	4.51	4.50
	HY All	1.35	1.12	1.66	4.34	1.66	4.34	11.33	11.32
UK	1-3YR	0.62	0.26	0.18	1.88	0.18	1.88	3.19	5.42
	7-10YR	1.85	1.48	-1.77	-0.10	-1.77	-0.10	1.13	3.31
	20+YR	2.93	2.56	-4.09	-2.46	-4.09	-2.46	-5.87	-3.84
EUR	IG All	1.26	0.83	0.42	0.76	0.42	0.76	6.82	6.18
	HY All	0.42	-0.01	1.80	2.29	1.80	2.29	11.75	11.42
Japan	1-3YR	0.04	-1.30	-0.17	-4.57	-0.17	-4.57	-0.28	-12.32
	7-10YR	0.03	-1.31	-0.39	-4.78	-0.39	-4.78	-1.21	-13.14
	20+YR	-0.74	-2.07	-1.86	-6.18	-1.86	-6.18	-9.10	-20.07
China	1-3YR	0.33	-0.38	1.03	1.74	1.03	1.74	3.19	-1.90
	7-10YR	0.23	-0.48	2.14	2.86	2.14	2.86	6.37	1.13
	20+YR	-0.76	-1.45	5.67	6.42	5.67	6.42	14.97	9.31
EM	1-3YR	0.33	-0.23	1.12	1.63	1.12	1.63	4.31	0.58
	7-10YR	0.12	-0.30	1.13	1.68	1.13	1.68	6.10	2.32
	20+YR	-0.72	-1.10	3.96	4.64	3.96	4.64	11.67	7.19
	IG All	0.88	0.65	0.81	3.46	0.81	3.46	6.09	6.08
	HY All	1.38	1.14	4.11	6.84	4.11	6.84	10.05	10.04
Germany	1-3YR	0.35	-0.08	-0.21	0.13	-0.21	0.13	2.06	1.45
	7-10YR	1.11	0.67	-1.47	-1.14	-1.47	-1.14	2.62	2.00
	20+YR	2.14	1.70	-3.29	-2.97	-3.29	-2.97	0.26	-0.35
Italy	1-3YR	0.41	-0.02	0.13	0.47	0.13	0.47	3.39	2.77
	7-10YR	1.53	1.09	1.02	1.36	1.02	1.36	7.88	7.23
	20+YR	3.02	2.58	2.99	3.34	2.99	3.34	9.76	9.10
Spain	1-3YR	0.38	-0.05	0.11	0.45	0.11	0.45	2.64	2.02
	7-10YR	1.27	0.84	-0.22	0.12	-0.22	0.12	5.14	4.51
	20+YR	2.60	2.16	0.11	0.45	0.11	0.45	6.13	5.49
France	1-3YR	0.33	-0.10	-0.30	0.03	-0.30	0.03	2.31	1.70
	7-10YR	0.86	0.43	-1.39	-1.05	-1.39	-1.05	3.28	2.65
	20+YR	1.46	1.03	-2.93	-2.60	-2.93	-2.60	2.96	2.34
Sweden	1-3YR	0.45	-3.02	-0.01	-3.28	-0.01	-3.28	2.55	-0.56
	7-10YR	1.17	-2.32	-1.97	-5.18	-1.97	-5.18	1.84	-1.24
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1-3YR	0.43	0.40	0.87	-1.02	0.87	-1.02	2.24	-0.42
	7-10YR	1.61	1.57	0.96	-0.93	0.96	-0.93	-0.80	-3.38
	20+YR	2.86	2.82	0.06	-1.82	0.06	-1.82	-5.72	-8.17
NZ	1-3YR	0.65	-1.41	0.86	-2.21	0.86	-2.21	3.99	-0.59
	7-10YR	1.50	-0.58	-0.51	-3.54	-0.51	-3.54	2.36	-2.15
Canada	1-3YR	0.38	0.38	0.11	0.11	0.11	0.11	2.41	2.41
	7-10YR	0.64	0.64	-1.59	-1.59	-1.59	-1.59	-0.90	-0.90
	20+YR	0.55	0.55	-5.19	-5.19	-5.19	-5.19	-3.51	-3.51

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long).

Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Global Bond Market Returns % (CAD vs LC, TR) – Mar 31, 2024

Inflation-Linked Bond Returns

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1M		3M		YTD		12M	
		Local	CAD	Local	CAD	Local	CAD	Local	CAD
US	1-5YR	0.52	0.29	0.55	3.20	0.55	3.20	2.68	2.67
	5-10YR	0.85	0.62	-0.37	2.25	-0.37	2.25	-0.40	-0.40
	20+YR	0.57	0.34	-2.80	-0.25	-2.80	-0.25	-7.83	-7.83
UK	1-5YR	1.26	0.89	-0.32	1.37	-0.32	1.37	4.40	6.65
	5-10YR	1.82	1.45	-0.76	0.92	-0.76	0.92	2.30	4.51
	20+YR	3.37	2.99	-4.19	-2.56	-4.19	-2.56	-13.99	-12.13
EUxUK	1-5YR	0.55	0.12	-0.29	0.04	-0.29	0.04	1.00	0.39
	5-10YR	0.91	0.48	-1.29	-0.96	-1.29	-0.96	0.16	-0.44
	20+YR	1.70	1.26	-2.97	-2.64	-2.97	-2.64	-6.19	-6.76
Japan	1-5YR	-0.25	-1.58	-0.48	-4.86	-0.48	-4.86	1.90	-10.40
	5-10YR	0.22	-1.11	0.28	-4.13	0.28	-4.13	4.69	-7.94
EM	1-5YR	0.98	0.56	2.54	2.21	2.54	2.21	10.06	4.30
	5-10YR	0.32	0.27	0.61	0.33	0.61	0.33	8.71	5.03
	20+YR	-1.26	-1.04	-3.26	-2.63	-3.26	-2.63	8.38	10.18
Germany	1-5YR	0.55	0.12	-0.29	0.04	-0.29	0.04	1.00	0.39
	5-10YR	0.91	0.48	-1.29	-0.96	-1.29	-0.96	0.16	-0.44
	20+YR	1.70	1.26	-2.97	-2.64	-2.97	-2.64	-6.19	-6.76
Italy	1-5YR	0.62	0.19	0.19	0.53	0.19	0.53	3.91	3.28
	5-10YR	1.53	1.10	1.34	1.68	1.34	1.68	6.50	5.86
	20+YR	3.40	2.96	4.54	4.90	4.54	4.90	5.51	4.87
Spain	1-5YR	0.58	0.15	-0.30	0.04	-0.30	0.04	1.69	1.08
	5-10YR	1.22	0.79	0.23	0.57	0.23	0.57	3.13	2.51
France	1-5YR	0.28	-0.15	-0.58	-0.24	-0.58	-0.24	1.06	0.45
	5-10YR	0.59	0.16	-1.21	-0.87	-1.21	-0.87	0.83	0.23
	20+YR	1.08	0.65	-3.01	-2.68	-3.01	-2.68	-1.85	-2.44
Sweden	1-5YR	0.31	-3.15	-0.26	-3.53	-0.26	-3.53	2.11	-0.98
	5-10YR	1.13	-2.36	-1.53	-4.75	-1.53	-4.75	1.58	-1.50
Australia	1-5YR	0.55	0.52	0.62	-1.27	0.62	-1.27	3.29	0.60
	5-10YR	1.40	1.36	0.57	-1.32	0.57	-1.32	2.67	0.00
	20+YR	3.60	3.56	-2.33	-4.16	-2.33	-4.16	-0.94	-3.51
NZ	5-10YR	1.36	-0.72	0.97	-2.11	0.97	-2.11	4.23	-0.36
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	1.56	1.56	-1.85	-1.85	-1.85	-1.85	0.21	0.21

Indices used: FTSE Canada RRB Canada Bond Index.

Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Canadian Historical Bond Yields % as of March 31, 2024

Canadian Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		1-3YR	7-10YR	20+YR	All Mat
Canada	Current	4.01	3.44	3.38	
	3M Ago	3.73	3.10	3.04	
	6M Ago	4.70	4.07	3.88	
	12M Ago	3.58	2.87	3.03	
IL	Current			1.65	
	3M Ago			1.45	
	6M Ago			2.22	
	12M Ago			1.28	
Provincial	Current	4.15	4.00	4.34	4.20
	3M Ago	3.82	3.66	4.01	3.86
	6M Ago	4.87	4.72	4.90	4.84
	12M Ago	3.72	3.54	4.08	3.84
Ontario	Current	4.15	3.99	4.32	4.18
	3M Ago	3.86	3.66	3.99	3.86
	6M Ago	4.88	4.73	4.90	4.85
	12M Ago	3.74	3.54	4.07	3.83
Quebec	Current	4.10	3.99	4.32	4.18
	3M Ago	3.74	3.64	3.96	3.83
	6M Ago	4.80	4.71	4.86	4.81
	12M Ago	3.69	3.53	4.04	3.83
Alberta	Current	4.14	3.96	4.37	4.18
	3M Ago	3.81	3.63	4.05	3.86
	6M Ago	4.89	4.68	4.89	4.82
	12M Ago	3.69	3.52	4.10	3.82
BC	Current	4.21	4.00	4.32	4.19
	3M Ago	3.87	3.65	3.99	3.85
	6M Ago	4.93	4.69	4.88	4.82
	12M Ago	3.67	3.51	4.05	3.80
Municipal	Current	4.15	4.07	4.55	4.31
	3M Ago	3.83	3.74	4.23	3.98
	6M Ago	4.93	4.78	5.14	4.98
	12M Ago	3.77	3.61	4.29	3.96
Corporate	Current	4.86	4.92	5.07	4.92
	3M Ago	4.76	4.71	4.84	4.77
	6M Ago	5.94	5.91	5.78	5.90
	12M Ago	4.99	4.88	5.08	5.00
High Yield	Current				6.73
	3M Ago				7.07
	6M Ago				7.93
	12M Ago				7.37

		1-5YR	5-10YR	20+YR	All Mat
AAA/AA	Current	4.58	4.48	4.56	4.56
	3M Ago	4.46	4.38	4.27	4.45
	6M Ago	5.66	5.65	5.21	5.65
	12M Ago	4.64	4.50	4.58	4.63
A	Current	4.77	4.66	4.84	4.78
	3M Ago	4.68	4.44	4.57	4.61
	6M Ago	5.85	5.61	5.49	5.72
	12M Ago	4.91	4.56	4.80	4.83
BBB	Current	5.07	5.08	5.42	5.15
	3M Ago	2.20	1.72	1.96	5.01
	6M Ago	2.72	2.29	2.37	6.15
	12M Ago	1.50	1.15	1.45	5.27
Comm	Current	4.85	5.41	5.06	4.98
	3M Ago	4.64	5.21	4.91	4.78
	6M Ago	5.94	6.24	6.07	5.97
	12M Ago	4.82	5.55	5.01	5.12
Energy	Current	5.06	5.06	5.16	5.10
	3M Ago	4.91	4.84	4.98	4.92
	6M Ago	6.07	6.01	5.91	5.99
	12M Ago	5.01	5.03	5.18	5.09
Financial	Current	4.81	4.86	4.97	4.82
	3M Ago	4.73	4.72	4.79	4.73
	6M Ago	5.93	6.01	5.75	5.93
	12M Ago	4.99	4.99	5.25	5.00
Industrial	Current	4.84	4.83	5.13	4.91
	3M Ago	4.66	4.58	4.90	4.70
	6M Ago	5.81	5.72	5.81	5.79
	12M Ago	4.88	4.78	5.23	4.94
Infrastructure	Current	4.58	4.64	4.91	4.81
	3M Ago	4.35	4.40	4.62	4.54
	6M Ago	5.51	5.53	5.55	5.54
	12M Ago	4.50	4.46	4.83	4.72
Securitization	Current	4.86			4.86
	3M Ago	4.82			4.82
	6M Ago	5.90			5.91
	12M Ago	4.93			4.93

Indices used: FTSE Canada Non-Agency Bond Index (Short, Mid, Long), FTSE Canada RRB Canada Index, FTSE Canada Corporate Bond Index (Short, Mid, Long, AAA/AA, A, BBB), FTSE Canada Provincial Bond Index, FTSE Canada High Yield Bond Index.

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Appendix – Historical Bond Yields % as of March 31, 2024

Global Bond Yields

Top 15% Bottom 15%

Green highlight indicates top 15%, red indicates bottom 15%.

		Conventional government bonds				Inflation-linked bonds			Inv Grade	High Yld
		1-3YR	3-5YR	7-10YR	20+YR	1-5YR	5-10YR	20+YR	All Mat	All Mat
US	Current	4.73	4.32	4.21	4.43	2.08	1.86	2.12	5.35	7.83
	3M Ago	4.37	3.92	3.87	4.14	2.20	1.72	1.96	5.11	7.79
	6M Ago	5.16	4.71	4.59	4.82	2.72	2.29	2.37	6.06	8.91
	12M Ago	4.20	3.72	3.49	3.76	1.44	1.17	1.53	5.25	8.43
UK	Current	4.31	3.88	3.85	4.35	0.08	0.14	1.07		
	3M Ago	3.94	3.45	3.46	4.07	-0.02	-0.02	0.91		
	6M Ago	4.73	4.46	4.35	4.81	0.55	0.53	1.39		
	12M Ago	3.79	3.42	3.35	3.70	0.04	-0.29	0.36		
Japan	Current	0.12	0.27	0.60	1.70	-1.43	-0.84			
	3M Ago	0.00	0.13	0.50	1.60	-1.67	-0.81			
	6M Ago	0.01	0.21	0.66	1.61	-1.75	-0.70			
	12M Ago	-0.09	0.08	0.37	1.28	-0.84	-0.38			
China	Current	1.90	2.13	2.38	2.62					
	3M Ago	2.18	2.33	2.58	2.90					
	6M Ago	2.24	2.42	2.70	3.06					
	12M Ago	2.31	2.56	2.82	3.22					
EM	Current	3.30	3.91	4.60	3.90	4.92	4.70	5.38	5.66	8.81
	3M Ago	3.44	3.95	4.70	4.34	4.27	4.23	4.82	5.57	10.03
	6M Ago	3.58	4.52	5.05	4.51	3.27	4.48	5.32	6.43	11.01
	12M Ago	3.62	4.39	4.67	4.48	3.48	4.05	5.17	5.77	11.18
Germany	Current	2.89	2.38	2.23	2.43	0.78	0.24	0.26		
	3M Ago	2.48	1.97	1.96	2.25	0.92	0.16	0.16		
	6M Ago	3.21	2.78	2.75	2.97	0.87	0.44	0.52		
	12M Ago	2.69	2.35	2.25	2.37	0.16	-0.06	-0.11		
Italy	Current	3.27	3.12	3.44	4.05	1.00	1.39	1.70		
	3M Ago	2.99	2.88	3.45	4.17	1.23	1.62	1.88		
	6M Ago	3.94	4.03	4.50	5.02	1.68	2.31	2.43		
	12M Ago	3.27	3.38	3.90	4.43	1.00	1.72	1.91		
France	Current	2.98	2.65	2.70	3.18	0.57	0.42	0.73		
	3M Ago	2.49	2.23	2.43	3.00	0.56	0.32	0.64		
	6M Ago	3.33	3.14	3.26	3.79	0.82	0.75	1.12		
	12M Ago	2.83	2.57	2.70	3.28	-0.06	0.16	0.60		
Sweden	Current	2.93	2.40	2.33		1.55	0.88			
	3M Ago	2.59	2.04	2.01		1.12	0.59			
	6M Ago	3.50	3.18	2.98		1.42	1.28			
	12M Ago	2.85	2.52	2.26		0.75	0.62			
Australia	Current	3.75	3.61	3.92	4.36	1.11	1.37	1.78		
	3M Ago	3.71	3.63	3.90	4.30	0.85	1.27	1.61		
	6M Ago	4.14	4.10	4.43	4.86	1.30	1.78	2.24		
	12M Ago	3.03	3.32	3.55	4.10	0.41	1.06	1.65		
NZ	Current	4.91	4.41	4.53	4.91	1.87	2.29			
	3M Ago	4.71	4.24	4.31	4.60	1.45	2.12			
	6M Ago	5.63	5.35	5.32	5.54	2.50	2.89			
	12M Ago	4.78	4.44	4.40	4.55	1.33	1.96			
Canada	Current	4.01		3.44	3.38			1.65	4.92	6.73
	3M Ago	3.73		3.10	3.04			1.45	4.77	7.07
	6M Ago	4.70		4.07	3.88			2.22	5.90	7.93
	12M Ago	3.58		2.87	3.03			1.28	5.00	7.37

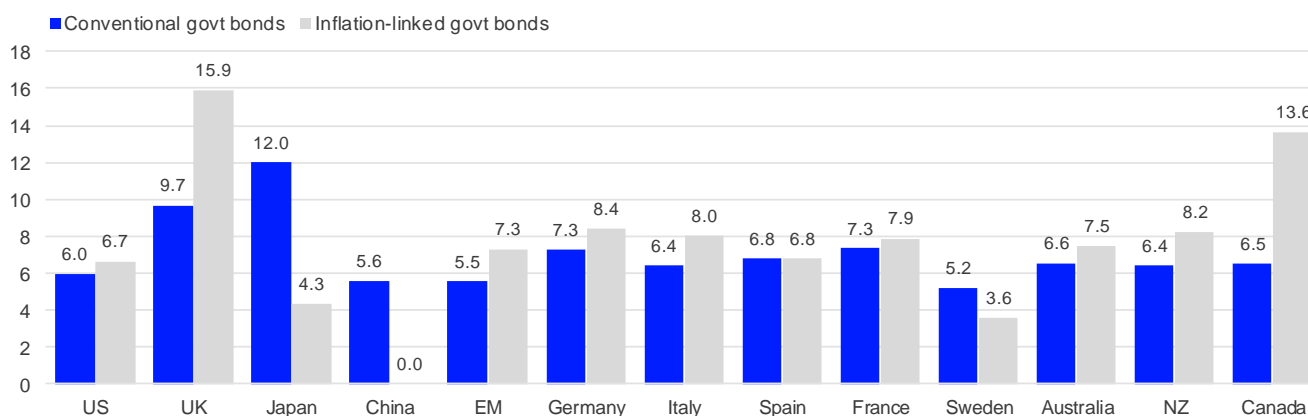
Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Duration and Market Value (USD, Bn) as of March 31, 2024

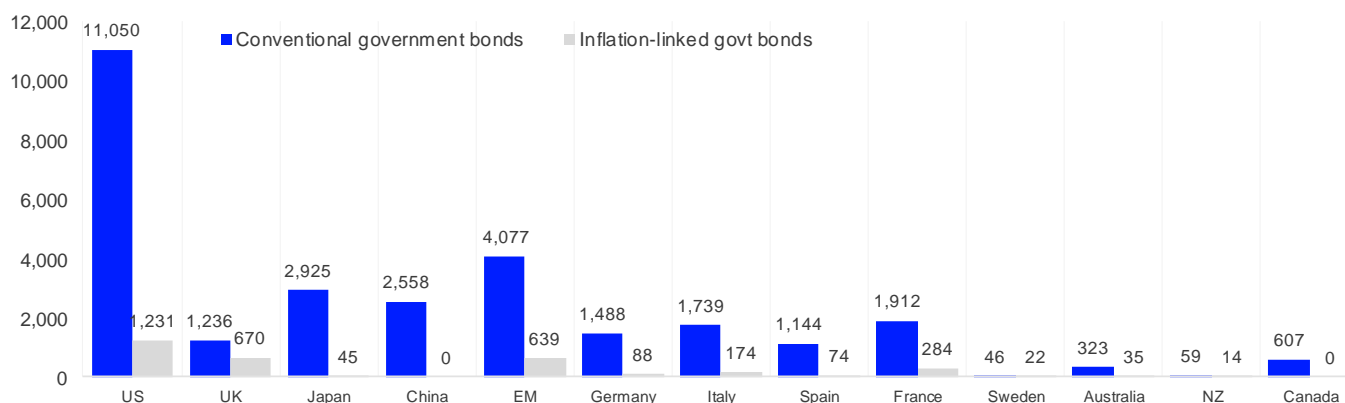
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.7	7.3	16.8	6.0	2,611.1	1,098.3	1,320.3	11,050.4	7.1	21.7	6.7	396.7	112.3	1231.5
UK	3.8	7.5	18.6	9.7	174.8	191.5	321.2	1,235.8	6.8	26.9	15.9	117.6	255.4	670.1
Japan	3.8	8.1	23.6	12.0	345.2	369.6	627.7	2,924.9	7.1		4.3	19.7		44.8
China	3.7	7.5	17.9	5.6	569.0	388.9	297.9	2,558.5						
EM	3.5	6.9	16.4	5.5	858.25	709.44	390.04	4,077.4	6.0	13.4	7.3	105.7	163.0	638.8
Germany	3.8	7.8	20.5	7.3	344.58	193.03	186.82	1,487.7	6.7	21.2	8.4	43.7	18.6	87.7
Italy	3.7	7.1	16.7	6.4	318.26	282.04	161.71	1,739.4	7.2	25.9	8.0	64.5	5.8	174.0
Spain	3.7	7.4	17.8	6.8	224.64	203.21	113.77	1,144.5	7.7		6.8	47.8		74.2
France	3.8	7.4	19.6	7.3	336.24	316.36	245.57	1,911.6	6.1	24.1	7.9	111.2	21.6	283.5
Sweden	3.9	7.6		5.2	6.61	13.22		45.7	6.6		3.6	5.3		21.5
Australia	3.5	7.4	17.0	6.6	47.62	92.33	20.63	323.2	6.7	22.0	7.5	10.3	2.8	34.6
NZ	3.3	7.2	16.0	6.4	11.14	15.92	5.24	58.7	5.8		8.2	3.2		13.9
Canada		6.9	17.0	6.5		202.04	110.39	607.0		13.6	13.6		66.4	

	Investment grade bonds						High Yield					
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.7	8.3	7.1	6.5	7.0	72.3	458.7	2,767.5	3,473.8	6,772.4	3.8	1,214.7
Euro	5.5	4.9	4.6	4.2	4.4	10.8	221.7	1,227.3	1,545.0	3,004.8	3.0	405.9
EM		5.8	4.8	5.2	5.1		38.86	220.36	305.5	564.8	3.4	179.0

Average Duration



Total Market Value (USD Billions)

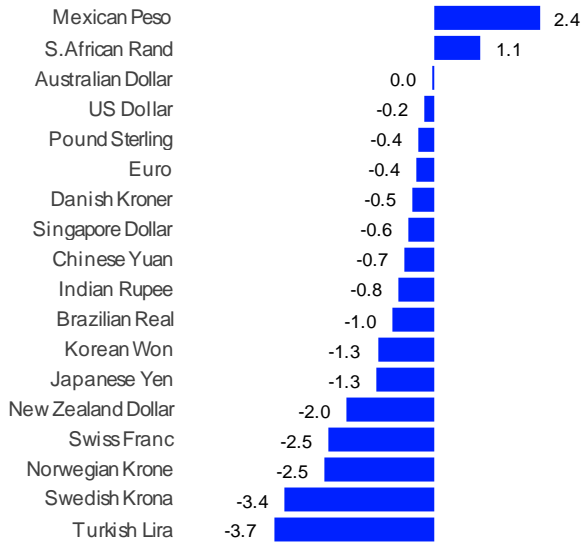


Data as of 2024-03-29

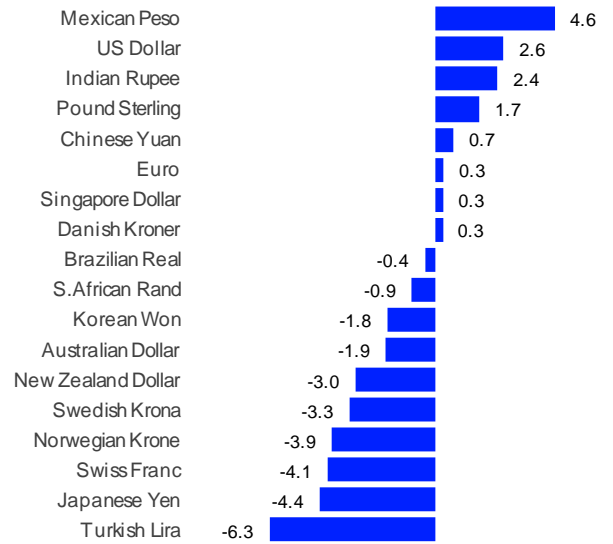
Source: FTSE Russell. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indexes used for each market. For professional investors only.

Appendix – Foreign Exchange Returns % as of March 31, 2024

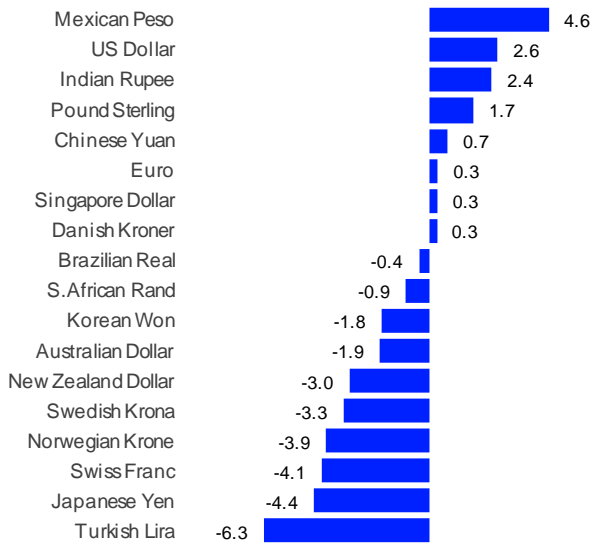
FX Moves vs CAD - 1M



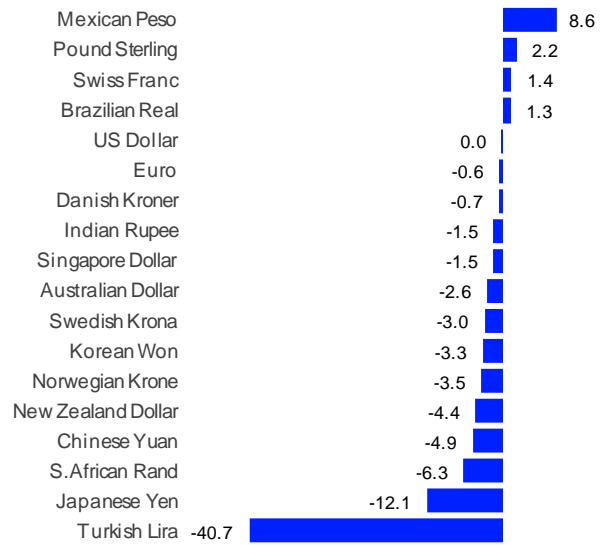
FX Moves vs CAD - 3M



FX Moves vs CAD - YTD



FX Moves vs CAD - 12M



Source: FTSE Russell and LSEG. All data as of March 31, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional investors only.

Appendix – Glossary

Bond markets are based on the following indices:

FTSE Canada Universe Bond Index for all Canadian government and corporate bond markets*

FTSE Canada High Yield Bond Index for the Canadian high yield market

FTSE Canada RRB Canada Index for the Canadian inflation-linked bond market

FTSE World Government Bond Index (WGBI) for all global government bond markets

FTSE World Inflation-Linked Securities Index (WorldILSI) for all global inflation-linked bond markets

FTSE US Broad Investment-Grade Bond Index (USBIG®) for the US corporate bond market

FTSE US High-Yield Market Index for the US high yield bond market

FTSE Euro Broad Investment-Grade Bond Index (EuroBIG®) for the Euro-denominated corporate bond market

FTSE European High-Yield Market Index for the European high yield market

FTSE Chinese Government and Policy Bank Bond Index (CNGPBI) for the Chinese government bond market

FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI) for the emerging markets inflation-linked bond market

FTSE Emerging Markets Broad Bond Index (EMUSDBBI) for the emerging markets corporate bond market

List of Abbreviations used in charts:

IL = Inflation-linked bonds

IG = Investment-grade bonds

HY = High-yield bonds

BPS = Basis points

EM = Emerging market

LC = Local currency

* FTSE Canada Bond Indexes

1-3YR = Short Term Bond Indices

7-10YR = Mid Term Bond Indices

20+ YR = Long Term Bond Indices

Total Returns

Growth/Inflation

Financial Conditions

Govt. Bonds

Corporate Bonds

Spreads

Inflation-Linked

Credit/Equities

Appendix

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