

Fixed Income Insights

MONTHLY REPORT - MARCH 2024 | CANADA EDITION

FOR PROFESSIONAL INVESTORS ONLY

Canadian bonds show resilience on 3M, despite back-up in yields in Q1

Both Canadian government and corporate bonds still show modest gains across maturities over three months. Equity market outperformance helped drive further credit gains, led by high yield, as the risk rally continued and similarities with the Goldilocks era increase. China and EM remain safe havens in government bonds.

Macro and policy backdrop – Goods inflation fell sharply but policy easing awaits lower services inflation

Robust Canadian growth & services inflation keep the BoC on hold, as markets start to discount a slower easing cycle. (page 2)

Canadian govts – Strong demand for Canadian provis and munis keeps spreads below pre-Covid levels

Short Canadian provi and muni spreads have benefited from their extra yield pick up over government bonds. (pages 3)

Canadian credit – Financials dominate the Canadian IG sector, unlike the Canadian HY universe

Financials represent over 40% of the Canadian IG sector, which is therefore more influenced by policy rates than its HY peer, where the energy sector and investor risk-appetite dominate. (pages 4-5)

Global yields and spreads – Bear inversion continued in February

G7 yields backed up further in February as markets re-priced central bank easing; China (and EM) spreads tightened. (pages 6)

Sovereign and climate bonds – Green sovereigns underperformed in February due to extra duration

The extra duration in green sovereigns caused underperformance versus WGBI. Green corporates were more stable. (page 7)

Performance – Canadian governments show gains on 3M, despite the G7 yield back-up in Q1

Canadian governments held up relatively well across maturities in the last 3M and Canada HY gained over 4%. (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: Both real yield and breakeven inflation are firmly positive, except in Japan, where breakeven inflation turned negative in February.

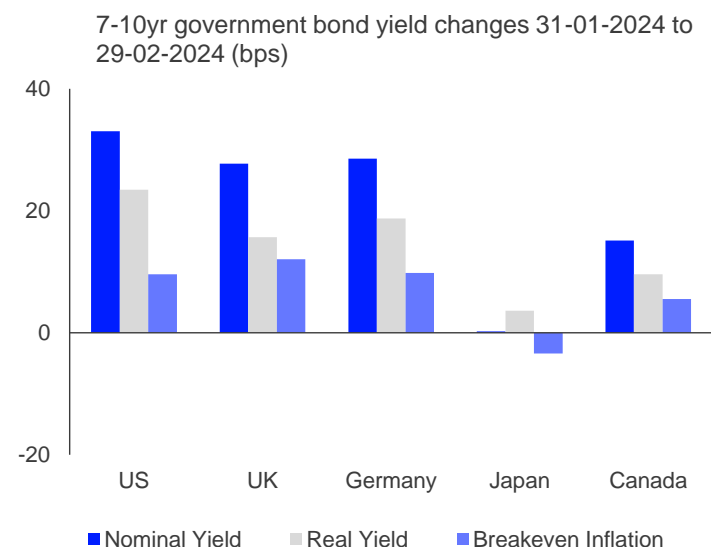


Chart 2: Canada's labour market added nearly 20,000 new jobs in January, driving unemployment lower and underpinning wage growth.



Source: FTSE Russell and LSEG. Latest data available as of February 29, 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 showed stronger growth in Q4, but the outlook for real growth in 2024 was downgraded by the IMF, in contrast to the upgrade for the US. Both Canadian headline and core inflation are close to the 2% target, but with the labour market near full employment, and still robust, there is little pressure on the Bank of Canada to ease policy immediately. Canada's goods inflation has fallen sharply, contrasting with stickier services inflation, though both are now declining.

The Canadian economy averted a technical recession in Q4, after growing modestly. Even so, the IMF downgraded its growth forecast for 2024 to 1.4% (Chart 1), while upgrading the US and China, and leaving UK real growth estimates unchanged.

Will the 'last mile' in achieving a 2% inflation be challenging for all G7 economies? Japan's core inflation is on target, after falling to 2.0% in January, and inching closer in Canada, at 2.4% y/y. Even stickier headline inflation fell in Canada to 2.9% in January, from 3.4% y/y in December, as did the Eurozone, which reached 2.8% y/y (Chart 2).

Central banks remained on hold, even if growth is slowing and inflation near targets. But if Canadian inflation is falling towards 2%, helped by lower goods inflation and normalisation in supply chains, could policy become too tight, given the BoC's dual mandate 2% inflation and "maximising sustainable employment" *? *See article on the FTSE Russell website: [Canadian stars begin to align for policy easing? | LSEG](#)

Tight labour markets appear to remain one of the last obstacles for central banks to pivot. Canadian services inflation, which has remained high at 4% (though easing from a peak of 6%) has been helped by near full employment (see Chart 2, cover), unlike Canada's goods inflation, which has collapsed since 2022, and returned to pre-covid levels, as global supply chains eased and demand weakened (Chart 4).

Chart 1: The IMF downgraded Canada and Eurozone real growth forecasts for 2024, reflecting restrictive monetary policies and withdrawal of fiscal support. The US and China saw upgrades.

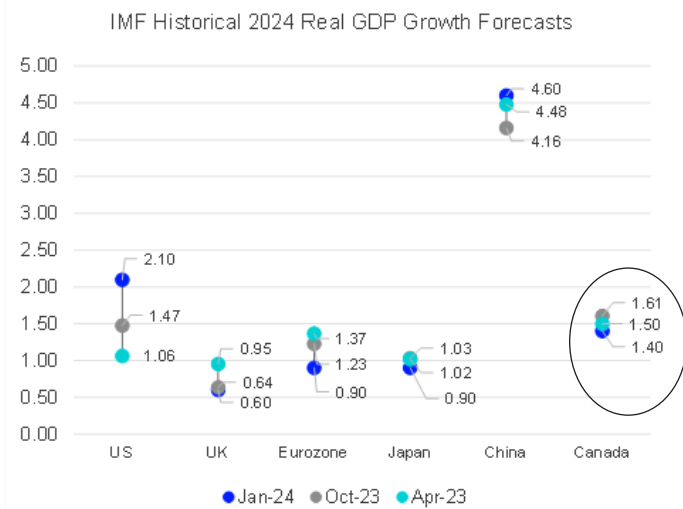


Chart 2: G7 Inflation either fell, or stayed unchanged, in January, despite central banks' insistence that it is too early to pivot. Canada's CPI fell to 2.9% y/y, while core CPI dropped to 2.4% y/y.

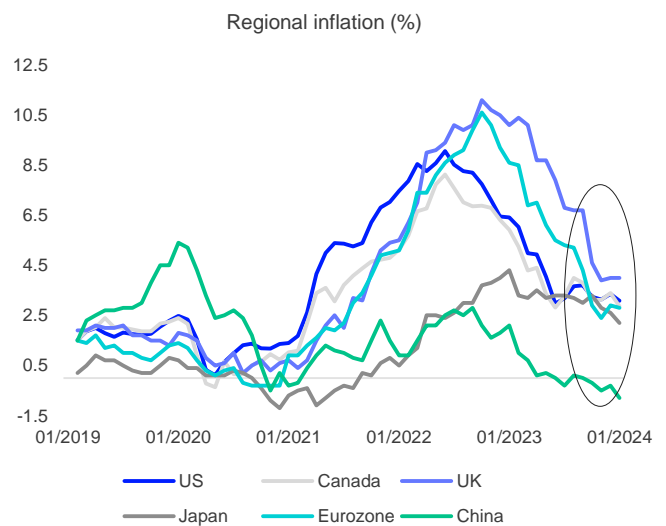


Chart 3: The BoE followed other central banks by leaving policy rates unchanged at 5.25% in February. G7 central banks continue to caution on early pivots.

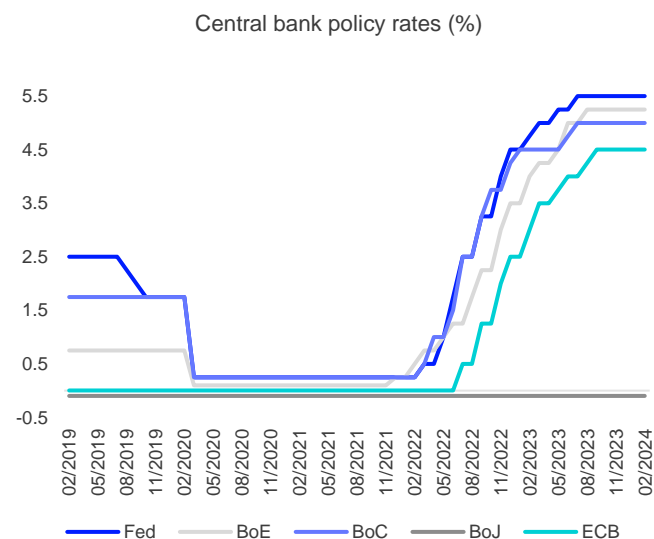


Chart 4: Canada's services inflation has remained robust, at 4%, helped by near full employment, and contrasts with the sharp drop in goods inflation since 2022, though both have declined.



Source: FTSE Russell and Refinitiv. Latest data available as of February 29, 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 10/2 Canadian curve was more stable than the 20/2s, as yields backed up in all maturities, in February, with the deep inversion of the Canadian curve remaining intact.

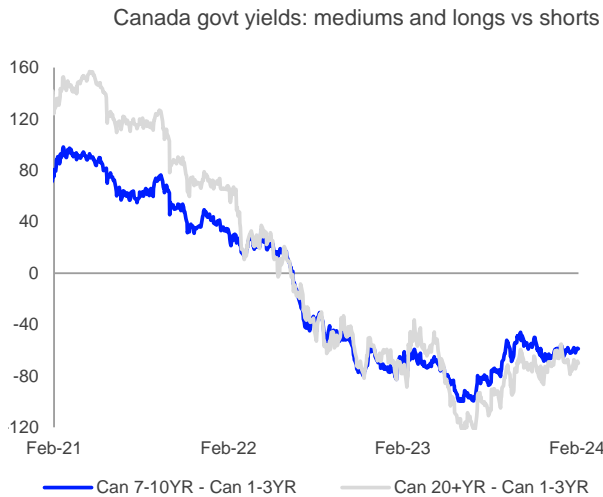


Chart 2: Canadian 7-10yr government bond spreads stayed flat as yields backed up across markets. The exception was the wider Canadian spread relative to JGBs.

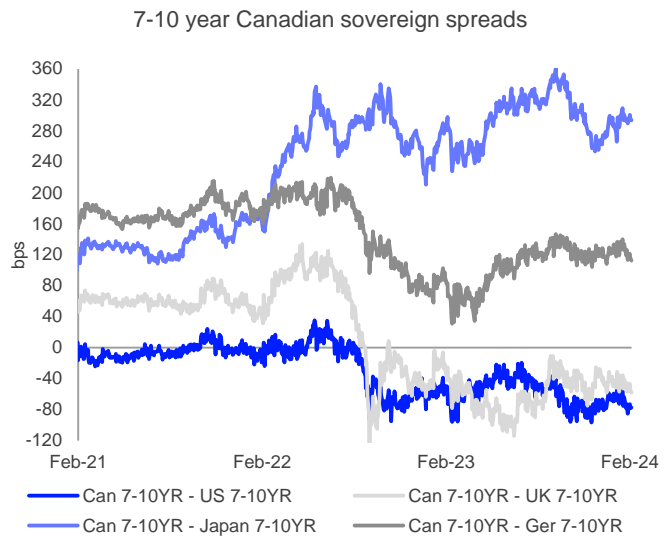


Chart 3: Real Canadian yields have tracked nominal yields higher since January, after a rebound in growth and tight labour markets ruled out an early central bank pivot.

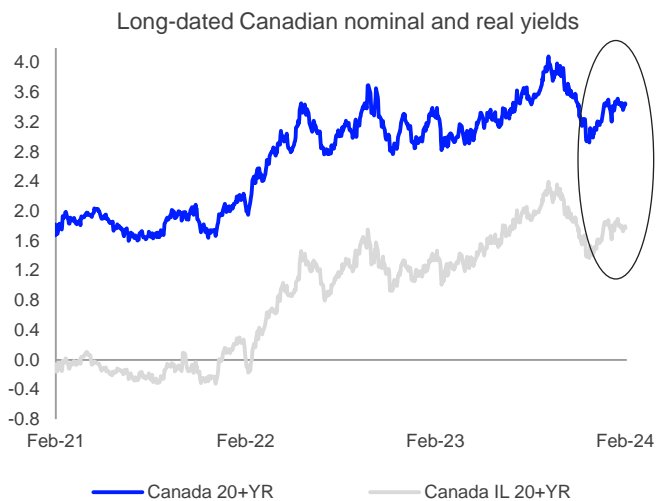


Chart 4: Long inflation breakevens rose in all markets, but Germany, reflecting very weak growth and falling inflation in Europe. Canadian breakevens remained relatively flat.

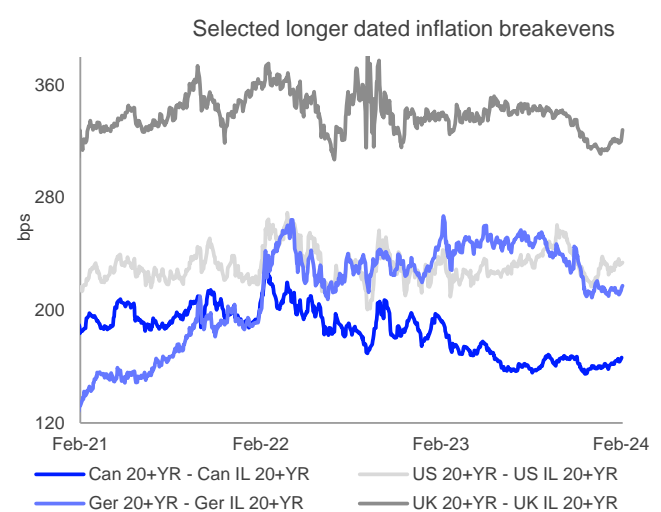


Chart 5: Short Canadian Provincial spreads modestly rose in February, though they remained below pre-Covid levels, unlike their longer equivalents.

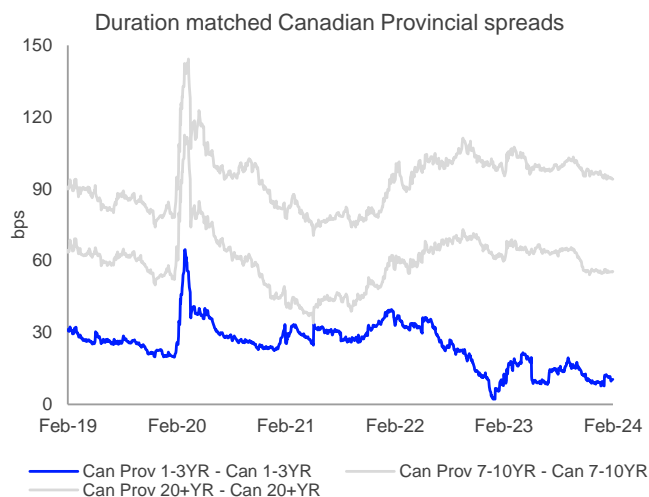
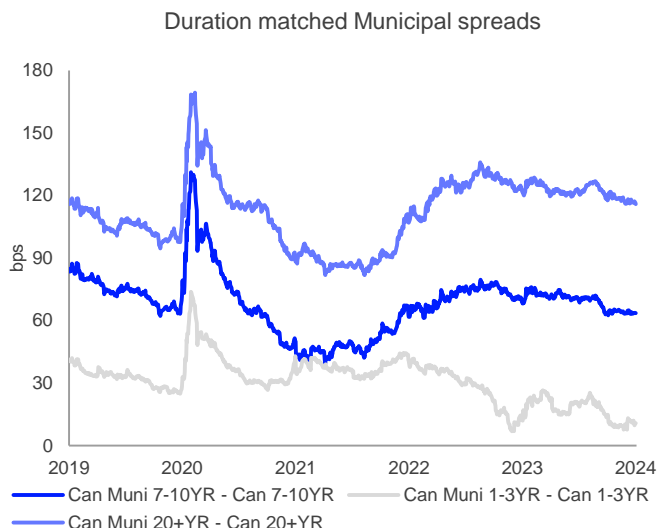


Chart 6: Like Provincial spreads, short Canadian Municipal spreads are below pre-Covid levels, due to strong demand for the yield pick-up versus government bonds.



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Canadian Investment Grade Credit Analysis

Chart 1: The gap between AAA and A corporate spreads has closed significantly over the last year, with BBBs outperforming, despite higher interest rates and differing duration levels.

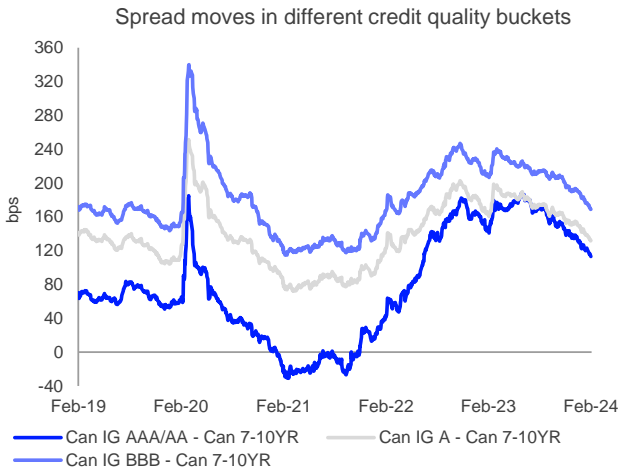


Chart 2: Canadian infrastructure spreads have been the most stable since 2021, unlike financials, which have widened in 2021-22, narrowed in 2023-24 and converged with industrial spreads.

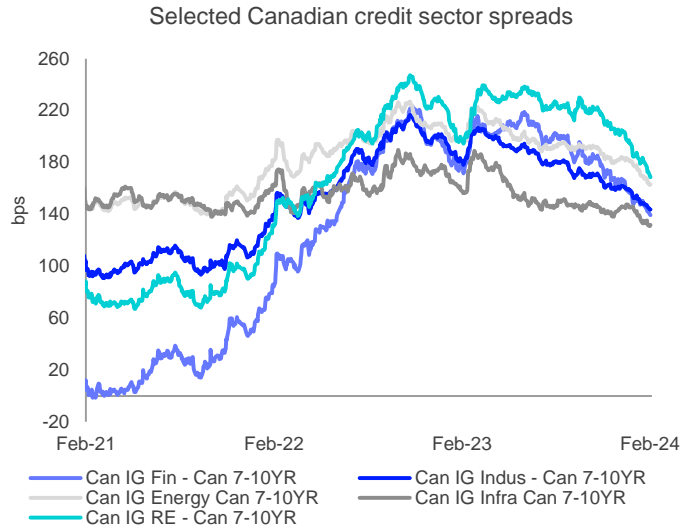


Chart 3: A and BBB corporates make up the majority of the Canadian IG corporate universe and raise the universe duration to about 5 years, compared to 2-3 years for AAA & AA credits.

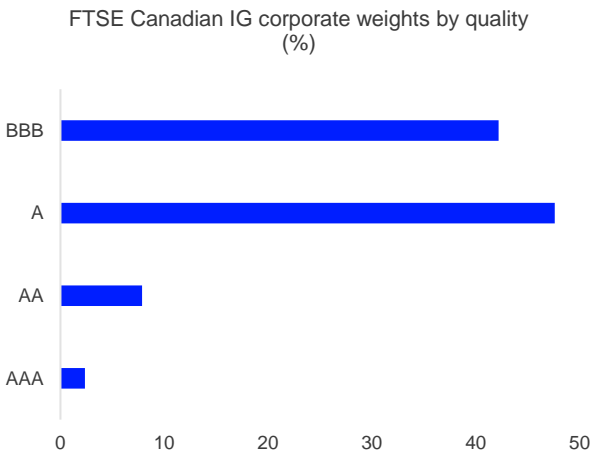


Chart 4: Financials are by far the largest sector, representing over 40% of the Canadian investment grade corporate universe, followed by Energy and Infrastructure.

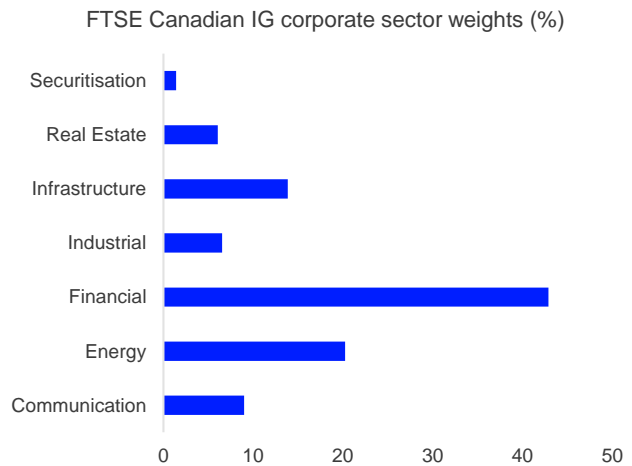


Chart 5: Credit spreads have fallen by about the same amount in February, across credit quality buckets, as govt. yields backed up after the BoC cautioned on an early pivot.

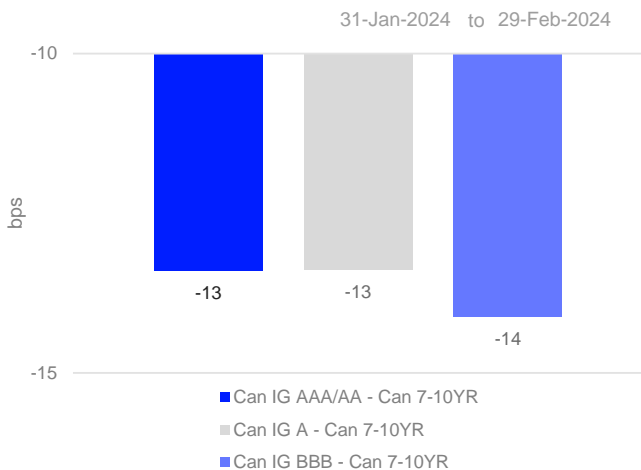
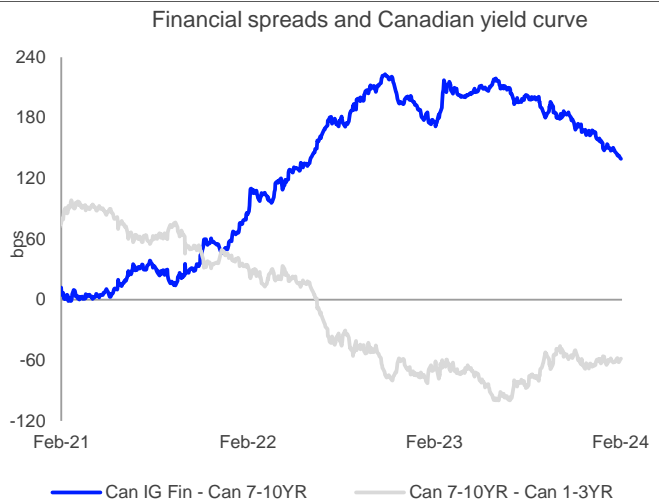


Chart 6: Canadian financial spreads have continued to decline in February and are generally negatively correlated to an inverted government yield curve, which has stabilised since January.



Source: FTSE Russell. All data as of February 20 charts 2 and 3 only; February 29, 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 High Yield Credit Analysis

Chart 1: Canadian HY and IG spreads were relatively flat in February, unlike their US equivalents, which widened a little on stronger economic growth.

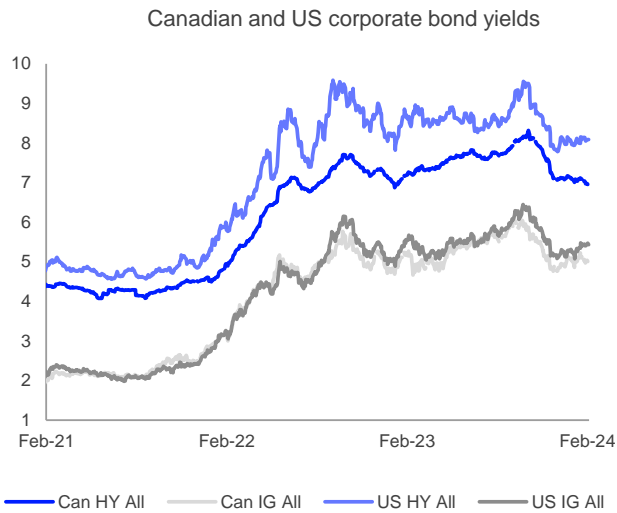


Chart 2: Canadian and US high yield spreads have declined sharply, especially following the back-up in govt. yields since January, after central banks ruled out early pivots.

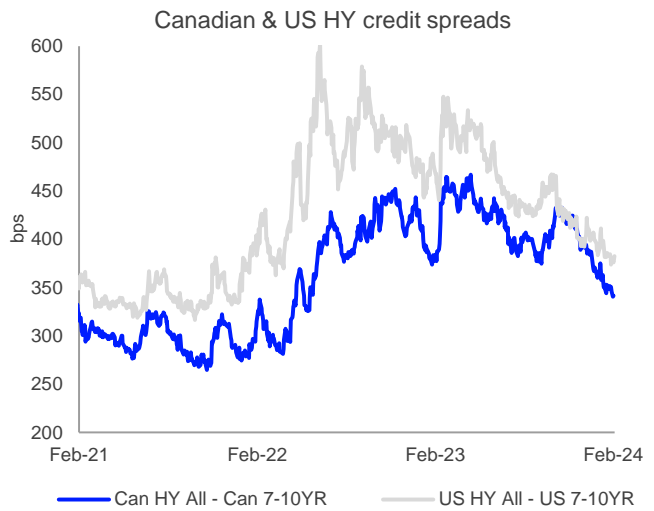


Chart 3: BBs rallied during Covid, then after underperforming in 2022, recovered in 2023 on improved risk appetite. The shorter duration in Bs account for their outperformance in 2023.

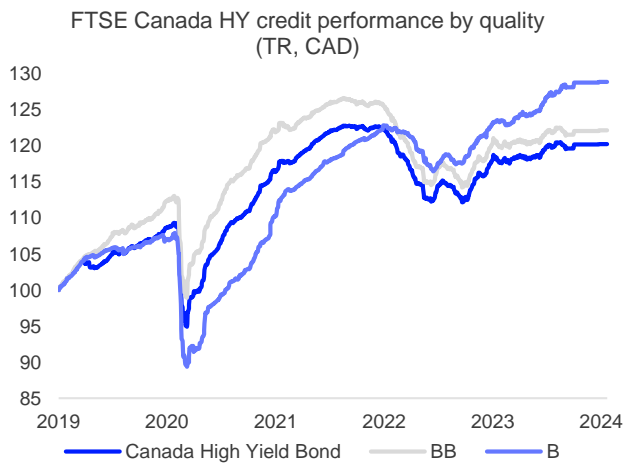


Chart 4: Lower quality Bs have a shorter duration of about 3.5 years, compared to about 4 years for BBs, though the latter has declined by about 1.5 years since 2022.

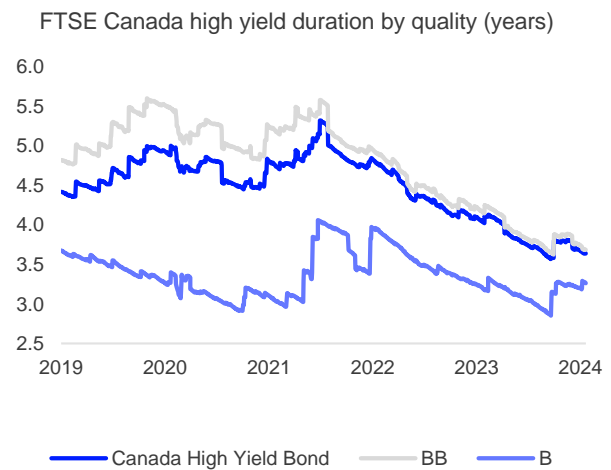


Chart 5: Energy and financials have outperformed within the Canadian HY sector universe, despite the latter accounting for only a small segment of the market (see Chart 4).

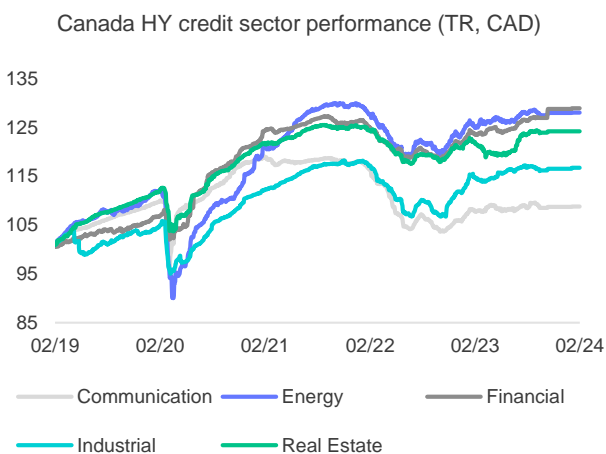
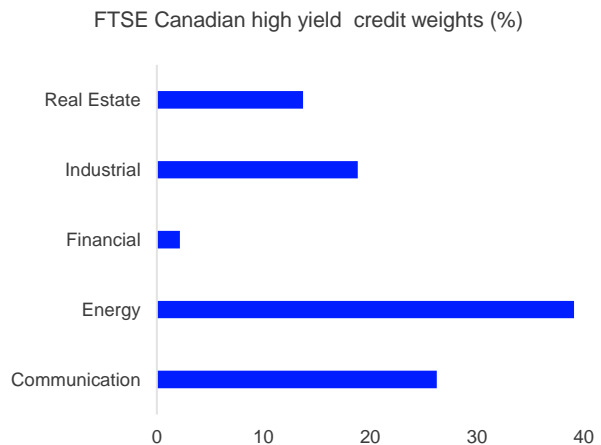


Chart 6: Energy dominates the Canadian High Yield universe with about a 40% market weight, followed by the communication sector. Financials account for only about 2% of the universe.



Source: FTSE Russell. All data as of February 20, 2024. Charts 1 and 2 from February 29, 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.

Global Yields, Curves and Spread Analysis

Chart 1: Yields continued to back up in February as markets scaled back central bank easing prospects. Spreads moved were relatively modest in Japan, due to the BoJ curve control and lower inflation.

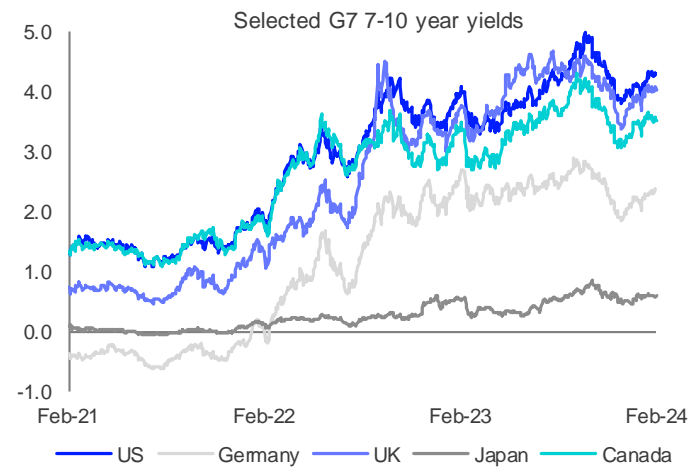


Chart 2: 7-10yr real yields broadly tracked nominal yields higher, but most remain below the cycle highs in 2023, except Bunds IL, which remained on the high side after ECB ruled out an early pivot.

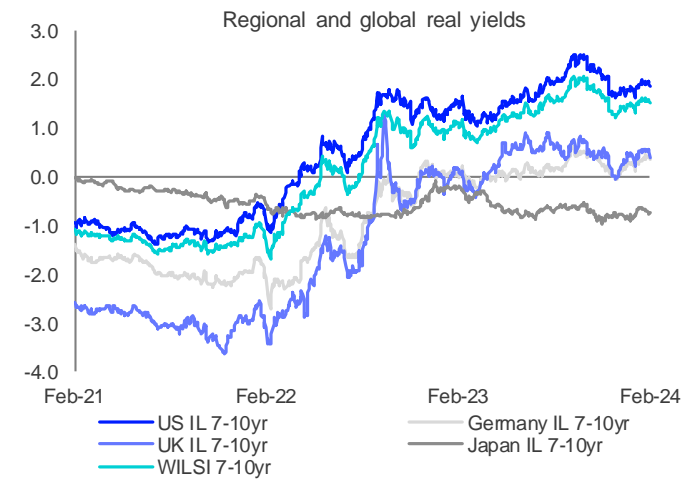


Chart 3: Yield curves remain deeply inverted as both short and medium dated yields backed up in February. The bear inversion in Q1 partially reversed the bull steepening of curves in the Q4 rally.

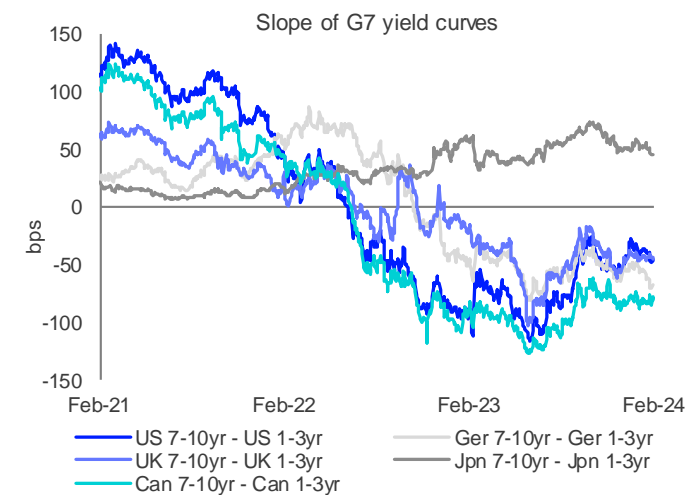


Chart 4: The long end has resumed the bear inversion pattern that dominated 2022-23. The long UK curve now has a positive gradient, while the Canadian curve remains the most inverted.

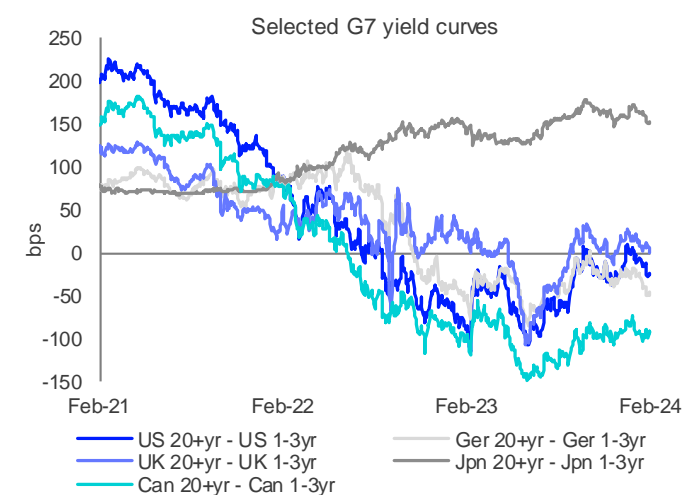


Chart 5: Inflation breakevens were modestly higher (US), or flat (Germany), or lower (Japan) in February. The moves reflect modest

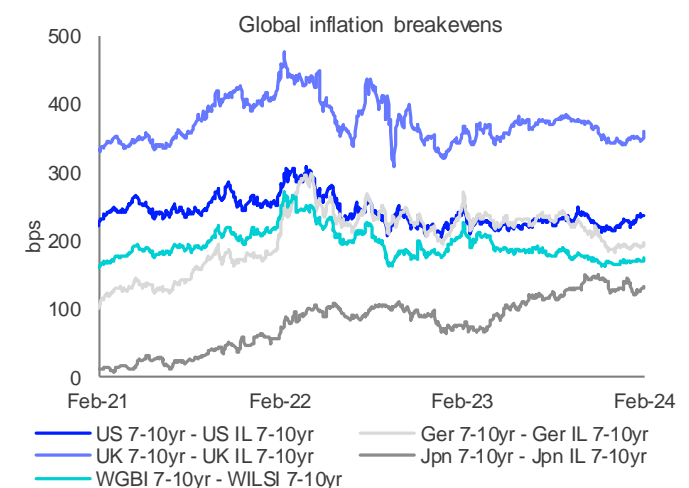
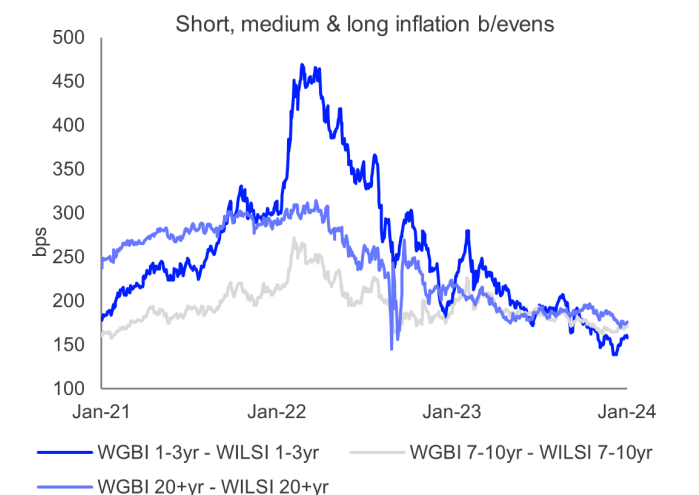


Chart 6: Short dated breakevens are closely correlated with spot inflation, rising sharply in 2022 before collapsing in 2023, as



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Sovereign and Climate Bonds Analysis

Chart 1: The underperformance of Green Sov. bonds since 2022 has been driven in part by their extra duration. The recent back-up in yield has again hurt Green bonds more than WGBI YTD.

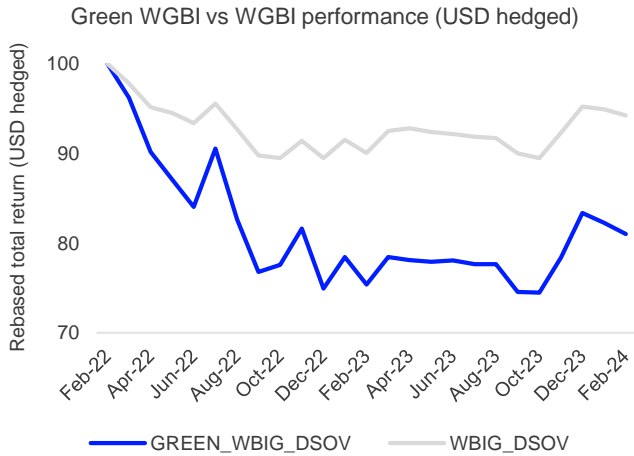


Chart 2: Extra duration in green sovereigns is quite marked, but it has fallen from a peak of 6.75 yrs in early 2022 to 5 yrs today. The difference crept up, after the UK tapped the 2053 green gilt issue.

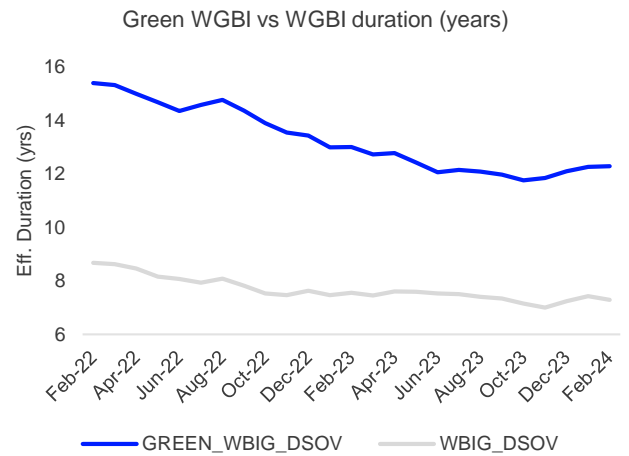


Chart 3: Green corporate bonds has outperformed since January, reflecting the shorter duration of green corporates. The "greenium" remains at about 70bp (green yields below broader corporates).

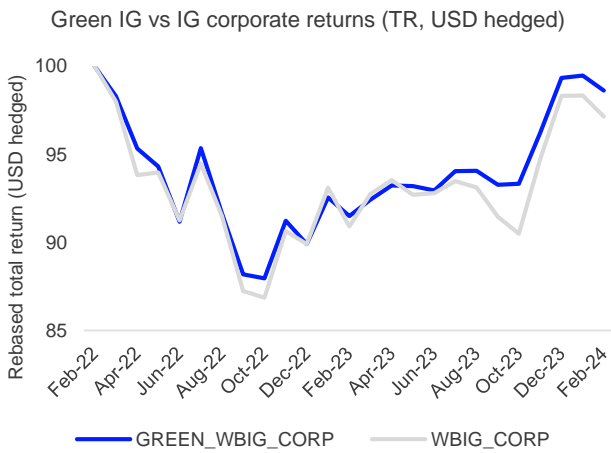


Chart 4: Unlike Sovereigns, Green IG corporates have a shorter duration than other IG corporates, by about 1yr, a much less marked difference in duration than in sovereign bonds (Chart 2).

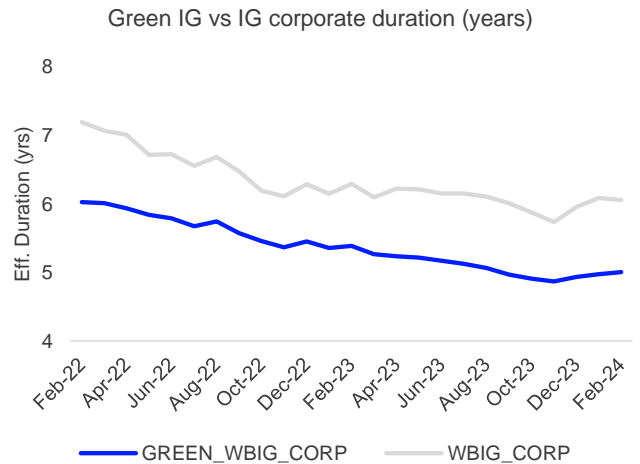


Chart 5: Issuance in the green sovereign and supras market is strong YTD, after weakness in H2 2023. Issuance fell back in February, on the re-opening of the UK's green 2053 gilt in January.

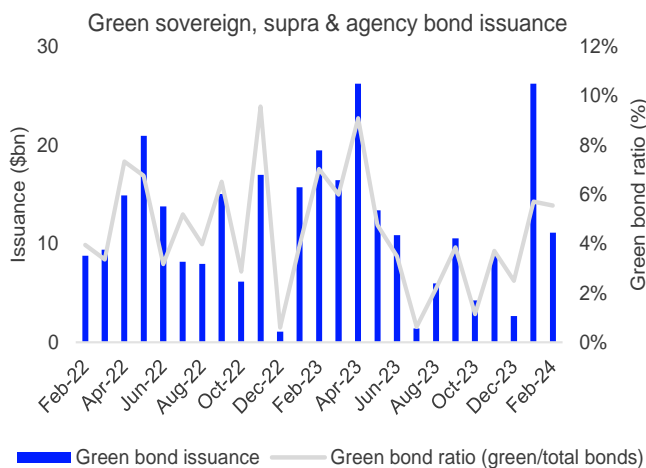
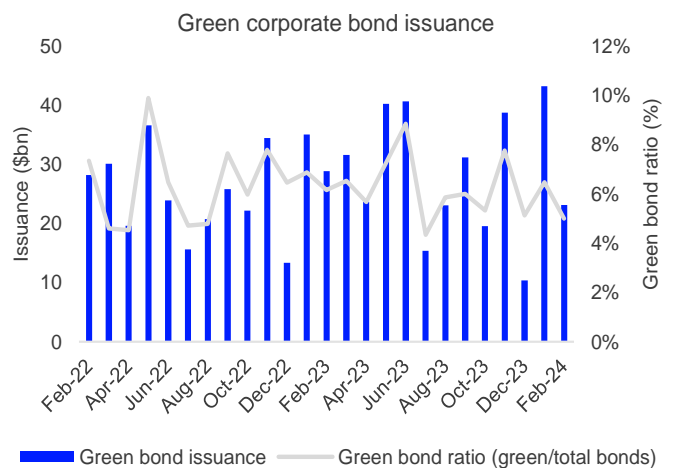


Chart 6: The Green corporate issuance remained relatively robust in February, although it fell versus January. January 2024's Green issuance of about \$40bn was close to a monthly record.



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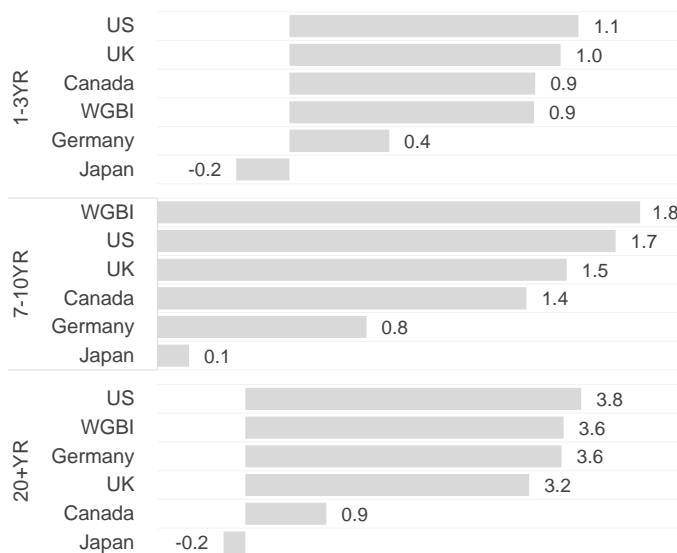
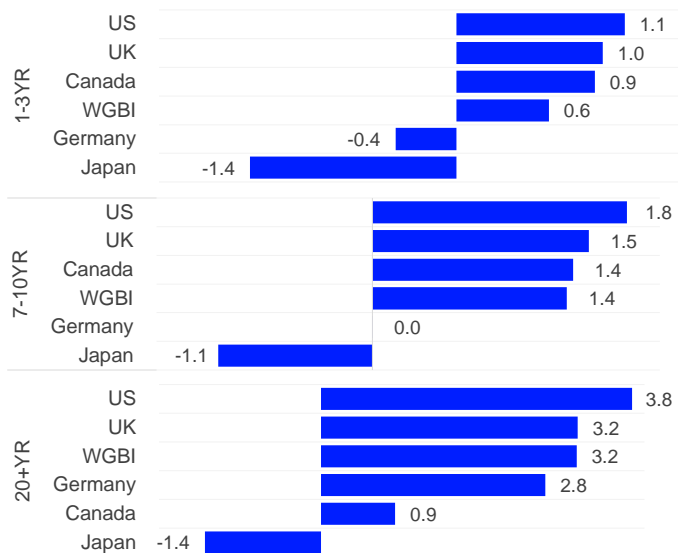
Global Bond Market Returns – 3M & 12M % (CAD, LC, TR) to Feb 29

Conventional government bonds still showed positive returns over three months, despite the January/February back-up in yields erasing most Q4 gains in G7 markets, after central banks cautioned on early pivots. Yen weakness dominates JGB returns, with losses of about 1% over three months and 9-14% on 12 months, in Canadian dollars.

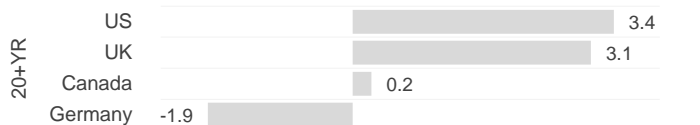
Canadian bonds held up relatively well across all maturities on 3M, and for much of the last 12M, including in longs, which registered modest losses compared to peers, especially JGBs, where 10%+ currency depreciation resulted in a loss of 14%.

CONVENTIONAL BONDS

3M CAD 3M LCY

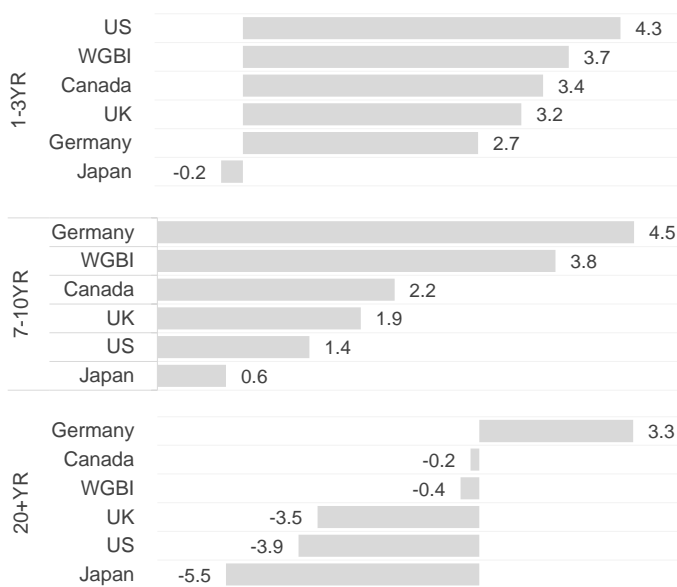
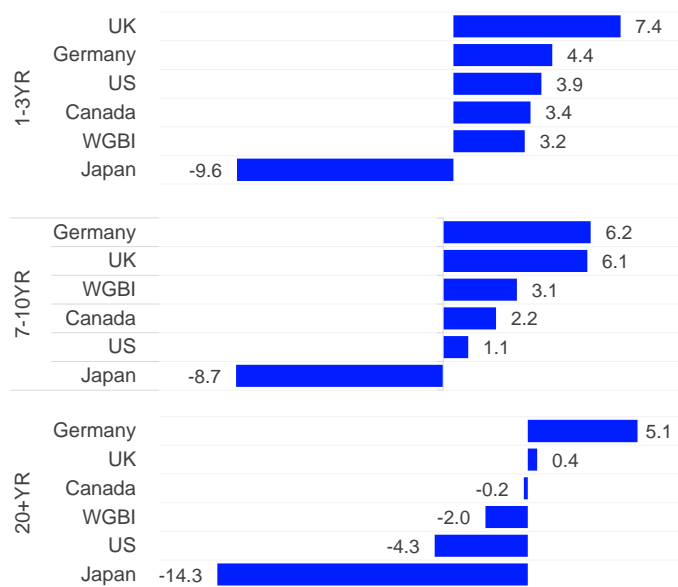


INFLATION LINKED BONDS



CONVENTIONAL BONDS

12M CAD 12M LCY



INFLATION LINKED BONDS

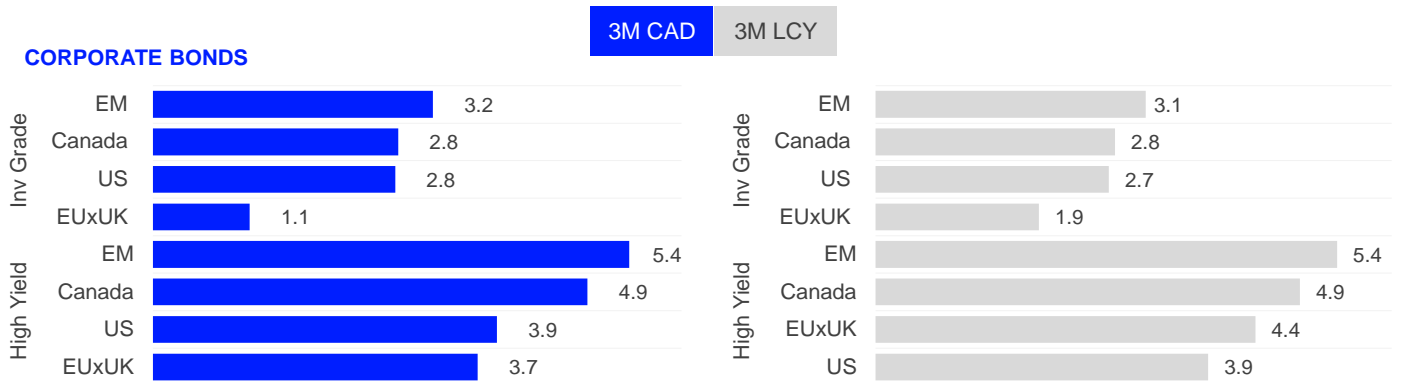


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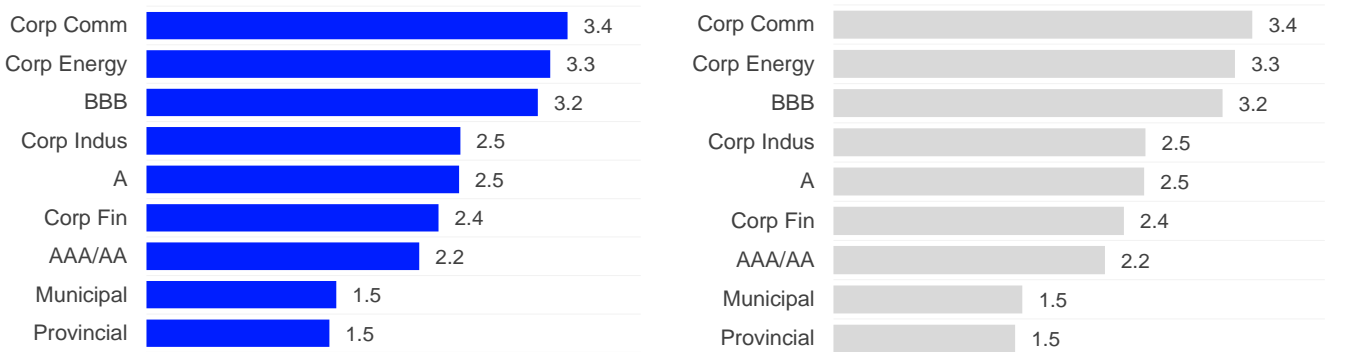
Canadian and Corporate Bond Returns – 3M & 12M % (CAD, LCY) to Feb 29

High yield credits have outperformed investment grade corporates in Canada, and globally, benefiting from the equity rally over the last 3M and their shorter duration relative to investment grade corporates, the latter being more closely correlated to govt bonds. Munis and provis continued to trail, being perceived as more defensive plays.

Canadian corporates have performed well over the last 3M and 12M, with gains of up to 10% for Canadian high yield credits.

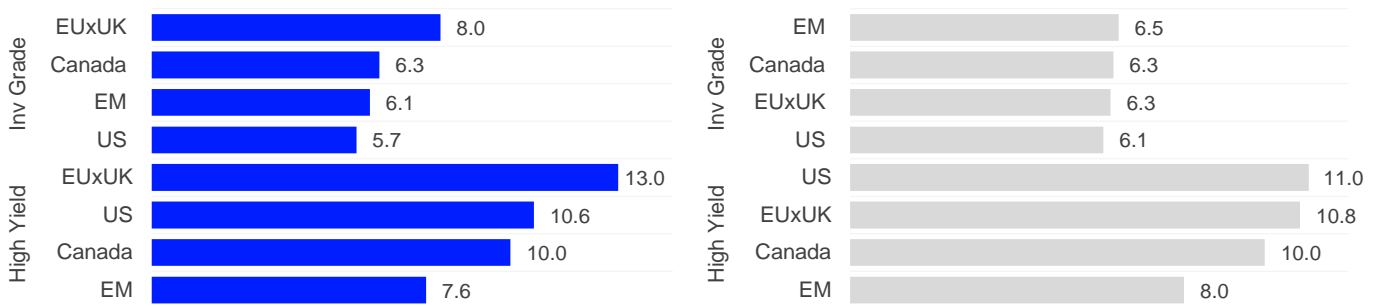


CANADA SPOTLIGHT

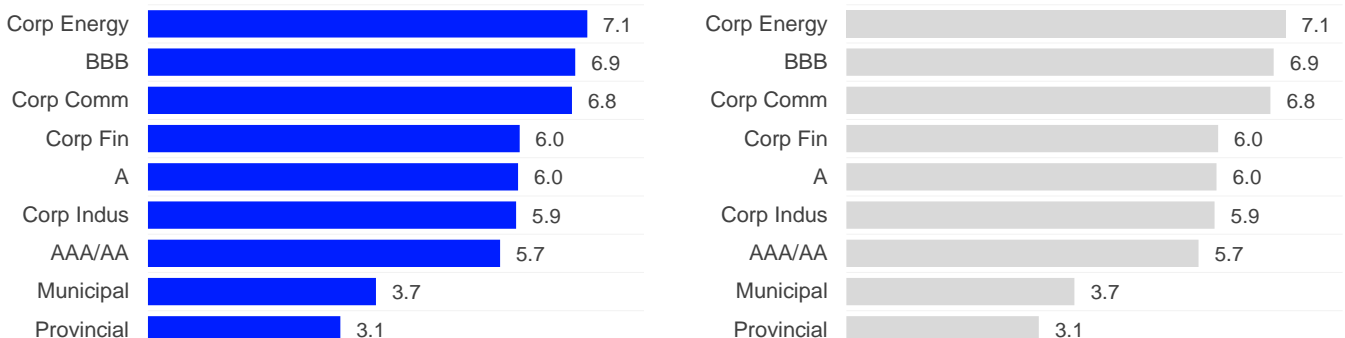


CORPORATE BONDS

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, FTSE Canada Municipal Bond Index.

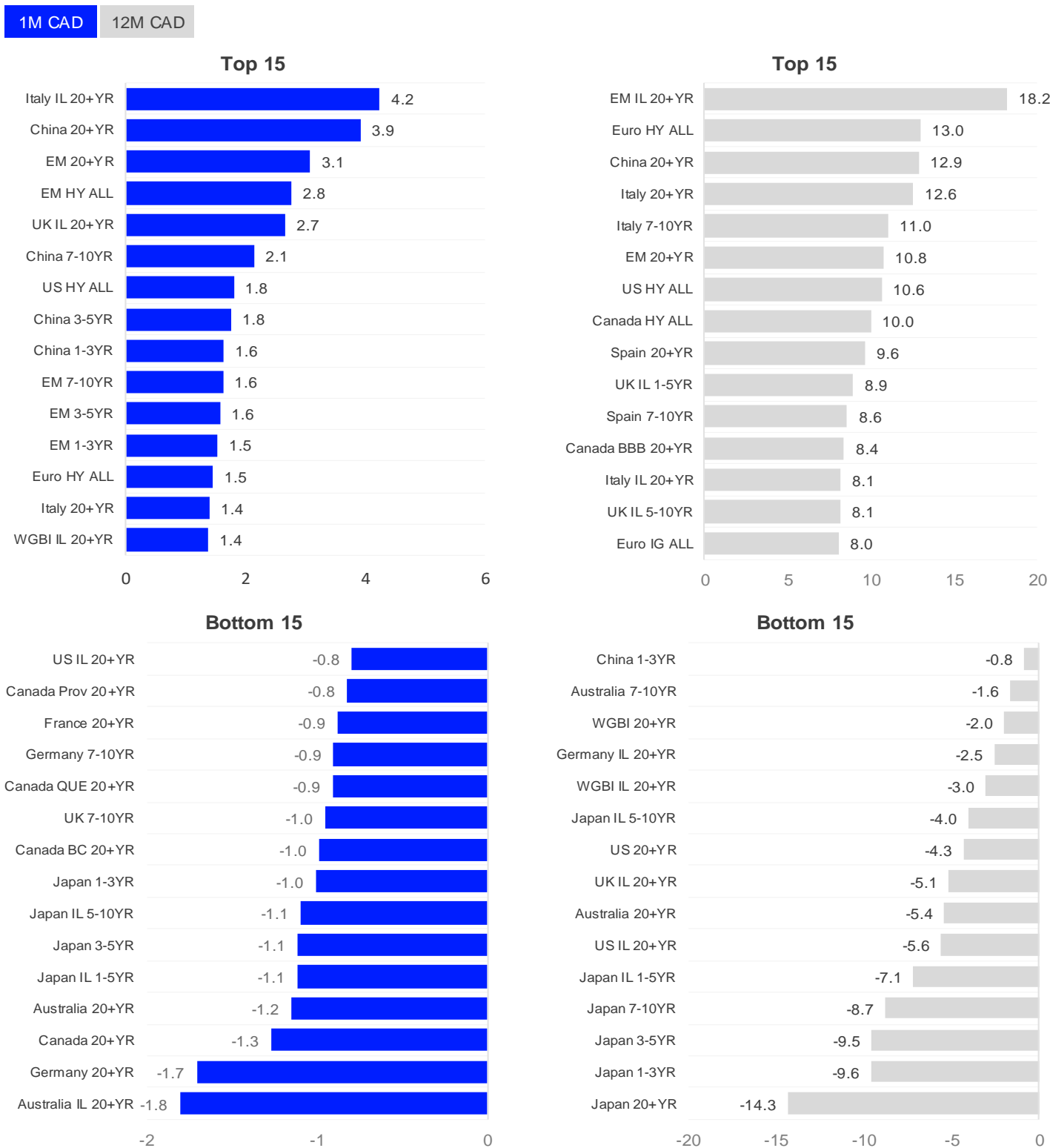
Source: FTSE Russell. All data as of February 29, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional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

Top and Bottom Bond Returns – 1M & 12M % (CAD, TR) as of Feb 29, 2024

Long Canadian, and other conventional, bonds suffered modest losses in February, after central banks ruled out early pivots and some economies still showed robust data, most notably the US. Long-dated G7 government bonds fell 1-2%, led by Australia, Canada and Bunds. EM, Euro credit and China were the strongest performers over 12 months.

Few markets managed to rally in February, apart from long BTPs and China (and EM dominated by China), where inflation remained subdued. Indeed, these same markets were strongest on twelve months, when they showed gains of 11-18%.

JGBs have replaced long UK as the worse performers in the Bottom 15 over 12M, as JGB returns were squeezed hard by significant yen weakness, with losses of up to 14%. Government bonds with long duration continued to underperform the most on 12M,



Source: FTSE Russell. All data as of February 29, 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) – Feb 29, 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	0.93	0.89	2.79	2.53	-0.27	-3.05	3.40	3.79
	7-10YR	1.40	1.36	2.62	2.36	-2.21	-4.93	2.24	2.63
	20+YR	0.92	0.88	1.86	1.61	-5.71	-8.33	-0.19	0.19
Inflation-Linked	20+YR	0.25	0.21	3.04	2.79	-3.36	-6.05	-0.70	-0.33
Corporate	1-3YR	2.19	2.16	4.70	4.44	0.28	-2.51	5.85	6.25
	7-10YR	3.45	3.41	5.90	5.63	-0.54	-3.31	6.70	7.10
	20+YR	3.62	3.58	5.95	5.68	-2.06	-4.78	7.21	7.61
AAA/AA	1-3YR	2.05	2.01	4.46	4.20	0.13	-2.66	5.47	5.86
	7-10YR	3.36	3.32	5.82	5.55	-0.31	-3.09	5.77	6.17
	20+YR	3.09	3.05	5.71	5.45	-3.71	-6.39	6.10	6.50
	All	2.21	2.17	4.77	4.51	-0.08	-2.86	5.68	6.07
A	1-3YR	2.11	2.07	4.62	4.35	0.26	-2.53	5.70	6.09
	7-10YR	2.94	2.90	5.17	4.91	-0.86	-3.62	5.99	6.39
	20+YR	3.17	3.13	5.24	4.98	-2.38	-5.10	6.38	6.78
	All	2.53	2.49	4.88	4.62	-0.66	-3.43	5.97	6.37
BBB	1-3YR	2.36	2.33	4.89	4.63	0.36	-2.44	6.20	6.60
	7-10YR	3.70	3.67	6.26	6.00	-0.39	-3.16	7.11	7.51
	20+YR	4.27	4.23	6.92	6.65	-1.55	-4.29	8.38	8.79
	All	3.17	3.13	5.68	5.42	-0.32	-3.10	6.89	7.29
Sectors	Comm	3.41	3.37	6.27	6.00	-0.65	-3.41	6.84	7.24
	Energy	3.27	3.23	5.58	5.32	-0.76	-3.53	7.08	7.49
	Fin	2.36	2.33	4.90	4.64	0.20	-2.59	5.99	6.39
	Indus	2.54	2.50	4.81	4.55	-0.74	-3.51	5.94	6.34
	Infra	2.78	2.74	4.93	4.66	-1.87	-4.60	6.01	6.41
	RE	3.10	3.06	5.46	5.19	0.44	-2.36	6.21	6.61
	Secur	2.16	2.12	4.50	4.24	0.51	-2.29	5.68	6.08
Provinces (All)	1-3YR	1.03	0.99	3.17	2.91	-0.38	-3.16	3.65	4.04
	7-10YR	1.58	1.55	3.53	3.27	-1.90	-4.63	3.60	3.99
	20+YR	1.60	1.57	3.33	3.08	-4.18	-6.85	2.50	2.88
	All	1.48	1.44	3.37	3.11	-2.63	-5.34	3.10	3.49
Ontario	1-3YR	1.05	1.01	3.20	2.94	-0.32	-3.09	3.68	4.07
	7-10YR	1.62	1.58	3.52	3.26	-1.84	-4.58	3.60	3.99
	20+YR	1.72	1.68	3.44	3.18	-4.08	-6.75	2.71	3.10
	All	1.52	1.49	3.41	3.15	-2.46	-5.17	3.26	3.65
Alberta	1-3YR	0.99	0.96	3.13	2.87	-0.40	-3.17	3.50	3.89
	7-10YR	1.53	1.49	3.69	3.43	-1.88	-4.61	3.73	4.12
	20+YR	1.51	1.48	3.38	3.12	-4.46	-7.12	1.83	2.21
	All	1.43	1.39	3.46	3.20	-2.56	-5.27	2.83	3.22
Quebec	1-3YR	1.02	0.98	3.16	2.90	-0.52	-3.29	3.72	4.11
	7-10YR	1.59	1.55	3.52	3.26	-2.01	-4.74	3.59	3.98
	20+YR	1.41	1.37	3.18	2.92	-4.32	-6.99	2.42	2.81
	All	1.39	1.36	3.29	3.03	-2.95	-5.65	3.01	3.40
BC	1-3YR	0.85	0.81	2.88	2.63	-0.32	-3.09	3.47	3.86
	7-10YR	1.46	1.42	3.44	3.18	-1.91	-4.64	3.44	3.83
	20+YR	1.68	1.65	3.12	2.87	-4.27	-6.94	2.04	2.43
	All	1.55	1.51	3.26	3.00	-2.75	-5.46	2.84	3.23

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 February 29, 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) – Feb 29, 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	-0.41	1.10	1.09	1.13	-0.05	2.81	4.28	3.89
	7-10YR	-2.05	-0.56	1.73	1.77	-2.17	0.63	1.44	1.06
	20+YR	-2.15	-0.66	3.81	3.85	-4.81	-2.09	-3.93	-4.29
	IG All	-1.50	0.00	2.71	2.75	-1.51	1.31	6.10	5.70
	HY All	0.28	1.81	3.87	3.91	0.31	3.18	11.05	10.63
UK	1-3YR	-0.30	0.54	1.03	0.98	-0.44	1.62	3.16	7.38
	7-10YR	-1.78	-0.95	1.55	1.51	-3.55	-1.55	1.92	6.10
	20+YR	-1.37	-0.54	3.22	3.18	-6.82	-4.90	-3.52	0.43
EUR	IG All	-0.95	0.18	1.90	1.10	-0.83	-0.07	6.27	8.03
	HY All	0.36	1.46	4.42	3.69	1.38	2.30	10.83	12.98
Japan	1-3YR	-0.16	-1.01	-0.20	-1.39	-0.21	-3.31	-0.25	-9.55
	7-10YR	0.07	-0.78	0.12	-1.07	-0.42	-3.52	0.65	-8.74
	20+YR	1.75	0.88	-0.25	-1.43	-1.13	-4.20	-5.50	-14.32
China	1-3YR	0.31	1.64	1.24	0.40	0.70	2.13	3.19	-0.83
	7-10YR	0.81	2.15	2.87	2.02	1.91	3.35	6.61	2.47
	20+YR	2.56	3.92	9.11	8.21	6.48	7.99	17.44	12.88
EM	1-3YR	0.32	1.54	1.46	0.54	0.79	1.86	4.48	2.04
	7-10YR	0.40	1.63	2.83	2.01	1.00	1.98	7.19	4.66
	20+YR	1.91	3.09	7.20	6.42	4.71	5.81	14.12	10.75
	IG All	-0.18	1.34	3.14	3.18	-0.07	2.79	6.47	6.07
	HY All	1.23	2.77	5.37	5.40	2.69	5.63	8.04	7.64
Germany	1-3YR	-0.55	0.58	0.38	-0.41	-0.56	0.20	2.67	4.37
	7-10YR	-2.02	-0.90	0.79	0.00	-2.55	-1.80	4.51	6.24
	20+YR	-2.81	-1.71	3.59	2.78	-5.32	-4.59	3.35	5.06
Italy	1-3YR	-0.48	0.65	0.76	-0.03	-0.28	0.49	3.99	5.71
	7-10YR	-0.72	0.41	3.48	2.67	-0.50	0.27	9.22	11.03
	20+YR	0.26	1.40	7.50	6.65	-0.02	0.74	10.72	12.55
Spain	1-3YR	-0.42	0.71	0.76	-0.03	-0.27	0.50	3.29	5.01
	7-10YR	-1.12	0.01	2.44	1.64	-1.47	-0.72	6.80	8.57
	20+YR	-0.67	0.46	6.09	5.26	-2.43	-1.68	7.83	9.62
France	1-3YR	-0.60	0.53	0.55	-0.24	-0.63	0.13	2.95	4.66
	7-10YR	-1.73	-0.61	1.55	0.75	-2.23	-1.48	5.13	6.87
	20+YR	-1.99	-0.88	5.31	4.48	-4.32	-3.59	6.07	7.83
Sweden	1-3YR	-0.44	0.92	0.77	2.09	-0.45	-0.27	3.06	3.48
	7-10YR	-1.96	-0.62	1.93	3.26	-3.10	-2.93	4.20	4.62
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1-3YR	0.08	0.08	1.57	-0.21	0.44	-1.41	3.29	-0.63
	7-10YR	-0.57	-0.57	3.24	1.43	-0.64	-2.47	2.28	-1.61
	20+YR	-1.15	-1.15	4.83	2.99	-2.72	-4.51	-1.63	-5.37
NZ	1-3YR	0.13	0.61	1.35	0.01	0.22	-0.81	4.23	2.11
	7-10YR	-0.60	-0.13	2.71	1.35	-1.98	-2.98	3.91	1.80
Canada	1-3YR	-0.03	-0.03	0.93	0.93	-0.27	-0.27	3.40	3.40
	7-10YR	-0.78	-0.78	1.40	1.40	-2.21	-2.21	2.24	2.24
	20+YR	-1.27	-1.27	0.92	0.92	-5.71	-5.71	-0.19	-0.19

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

Source: FTSE Russell. All data as of February 29, 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) – Feb 29, 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	-0.40	1.11	1.31	1.35	0.04	2.90	4.34	3.95
	5-10YR	-1.68	-0.19	1.89	1.92	-1.21	1.62	2.51	2.13
	20+YR	-2.28	-0.79	3.40	3.44	-3.35	-0.59	-5.20	-5.55
UK	1-5YR	-0.82	0.01	0.66	0.62	-1.56	0.47	4.63	8.91
	5-10YR	-0.94	-0.10	1.19	1.15	-2.53	-0.52	3.88	8.13
	20+YR	1.81	2.66	3.11	3.06	-7.31	-5.39	-8.85	-5.12
EUxUK	1-5YR	-0.60	0.53	-0.12	-0.90	-0.84	-0.08	0.94	2.61
	5-10YR	-1.38	-0.26	-0.81	-1.59	-2.18	-1.43	0.44	2.10
	20+YR	-1.62	-0.50	-1.89	-2.65	-4.58	-3.85	-4.12	-2.53
Japan	1-5YR	-0.27	-1.12	-0.78	-1.96	-0.23	-3.34	2.43	-7.13
	5-10YR	-0.25	-1.10	-0.35	-1.54	0.06	-3.05	5.88	-4.00
EM	1-5YR	0.61	1.34	3.27	1.83	1.55	1.64	8.96	5.21
	5-10YR	0.33	0.79	2.86	1.62	0.29	0.05	8.89	6.75
	20+YR	-0.34	0.69	3.06	2.58	-2.02	-1.61	13.99	18.18
Germany	1-5YR	-0.60	0.53	-0.12	-0.90	-0.84	-0.08	0.94	2.61
	5-10YR	-1.38	-0.26	-0.81	-1.59	-2.18	-1.43	0.44	2.10
	20+YR	-1.62	-0.50	-1.89	-2.65	-4.58	-3.85	-4.12	-2.53
Italy	1-5YR	-0.44	0.70	0.96	0.17	-0.43	0.34	4.01	5.73
	5-10YR	-0.03	1.11	2.74	1.94	-0.19	0.57	6.16	7.92
	20+YR	3.07	4.24	8.79	7.93	1.11	1.88	6.38	8.15
Spain	1-5YR	-0.61	0.52	0.14	-0.64	-0.87	-0.11	1.70	3.39
	5-10YR	-0.43	0.70	1.12	0.33	-0.98	-0.22	3.14	4.85
France	1-5YR	-0.69	0.44	0.22	-0.57	-0.85	-0.09	1.31	2.99
	5-10YR	-1.02	0.10	0.37	-0.41	-1.79	-1.03	1.53	3.21
	20+YR	-0.09	1.05	3.98	3.17	-4.04	-3.31	0.90	2.57
Sweden	1-5YR	-0.19	1.18	0.40	1.72	-0.58	-0.39	2.49	2.90
	5-10YR	-1.24	0.11	0.88	2.19	-2.63	-2.45	2.12	2.54
Australia	1-5YR	0.11	0.11	1.70	-0.09	0.06	-1.78	5.07	1.07
	5-10YR	-0.42	-0.42	3.57	1.74	-0.82	-2.64	5.44	1.43
	20+YR	-1.80	-1.81	8.00	6.11	-5.73	-7.46	4.31	0.34
NZ	5-10YR	0.53	1.01	3.16	1.79	-0.39	-1.40	6.10	3.94
	20+YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	20+YR	-0.31	-0.31	0.25	0.25	-3.36	-3.36	-0.70	-0.70

Indices used: FTSE Canada RRB Canada Bond Index.

Source: FTSE Russell. All data as of February 29, 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 February 29, 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	4.10	3.51	3.40	
	3M Ago	4.08	3.58	3.43	
	6M Ago	4.50	3.65	3.44	
	12M Ago	4.04	3.35	3.26	
IL	Current			1.73	
	3M Ago			1.76	
	6M Ago			1.88	
	12M Ago			1.34	
Provincial	Current	4.20	4.06	4.34	4.23
	3M Ago	4.21	4.14	4.38	4.27
	6M Ago	4.63	4.27	4.42	4.43
	12M Ago	4.12	3.95	4.23	4.12
Ontario	Current	4.21	4.06	4.32	4.22
	3M Ago	4.22	4.15	4.38	4.27
	6M Ago	4.62	4.28	4.42	4.44
	12M Ago	4.16	3.95	4.23	4.13
Quebec	Current	4.15	4.05	4.31	4.20
	3M Ago	4.14	4.13	4.34	4.24
	6M Ago	4.67	4.25	4.38	4.39
	12M Ago	4.07	3.94	4.19	4.10
Alberta	Current	4.19	4.03	4.37	4.22
	3M Ago	4.23	4.08	4.40	4.26
	6M Ago	4.62	4.26	4.45	4.43
	12M Ago	4.08	3.94	4.22	4.10
BC	Current	4.24	4.06	4.31	4.21
	3M Ago	4.29	4.12	4.38	4.27
	6M Ago	4.67	4.25	4.40	4.39
	12M Ago	4.05	3.93	4.19	4.08
Municipal	Current	4.20	4.14	4.56	4.35
	3M Ago	4.23	4.21	4.61	4.39
	6M Ago	4.69	4.34	4.65	4.57
	12M Ago	4.16	4.03	4.47	4.27
Corporate	Current	4.94	4.98	5.07	4.98
	3M Ago	5.29	5.31	5.27	5.29
	6M Ago	5.68	5.48	5.32	5.55
	12M Ago	5.15	5.14	5.20	5.16
High Yield	Current				6.94
	3M Ago				7.73
	6M Ago				7.70
	12M Ago				7.19

		1-5YR	5-10YR	20+YR	All Mat
AAA/AA	Current	4.65	4.61	4.55	4.64
	3M Ago	4.99	4.97	4.67	4.97
	6M Ago	5.39	5.28	4.77	5.37
	12M Ago	4.84	4.66	4.64	4.80
A	Current	4.86	4.70	4.83	4.83
	3M Ago	5.20	5.02	4.99	5.12
	6M Ago	5.62	5.18	5.04	5.39
	12M Ago	5.04	4.86	4.94	4.99
BBB	Current	5.14	5.13	5.42	5.20
	3M Ago	2.57	2.14	2.27	5.54
	6M Ago	2.50	1.94	2.01	5.79
	12M Ago	1.87	1.48	1.52	5.44
Comm	Current	4.90	5.39	5.13	5.01
	3M Ago	5.28	5.68	5.42	5.31
	6M Ago	5.49	5.80	5.78	5.60
	12M Ago	5.12	5.62	5.28	5.33
Energy	Current	5.13	5.13	5.16	5.14
	3M Ago	5.42	5.42	5.41	5.42
	6M Ago	5.78	5.56	5.43	5.58
	12M Ago	5.28	5.35	5.32	5.32
Financial	Current	4.90	4.99	4.99	4.91
	3M Ago	5.27	5.38	5.21	5.28
	6M Ago	5.68	5.56	5.34	5.66
	12M Ago	5.11	5.04	5.21	5.11
Industrial	Current	4.90	4.87	5.13	4.95
	3M Ago	5.15	5.16	5.31	5.19
	6M Ago	5.57	5.30	5.36	5.45
	12M Ago	5.14	5.08	5.28	5.16
Infrastructure	Current	4.62	4.70	4.90	4.82
	3M Ago	4.85	4.95	5.04	5.00
	6M Ago	5.19	5.13	5.10	5.12
	12M Ago	4.81	4.82	4.98	4.93
Securitization	Current	4.94			4.94
	3M Ago	5.28			5.28
	6M Ago	5.69			5.68
	12M Ago	5.08			5.08

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 February 29, 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 – Historical Bond Yields % as of February 29, 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	4.34	4.26	4.46	1.99	1.88	2.12	5.44	8.09
	3M Ago	4.82	4.39	4.35	4.63	2.57	2.14	2.27	5.64	8.47
	6M Ago	4.99	4.39	4.12	4.32	2.50	1.94	2.01	5.65	8.41
	12M Ago	4.90	4.34	3.93	4.01	1.82	1.57	1.65	5.55	8.60
UK	Current	4.48	4.10	4.03	4.49	0.53	0.40	1.21		
	3M Ago	4.52	4.16	4.11	4.61	0.62	0.53	1.30		
	6M Ago	4.91	4.63	4.31	4.53	1.11	0.67	1.12		
	12M Ago	3.95	3.80	3.75	4.13	0.13	0.00	0.74		
Japan	Current	0.13	0.28	0.59	1.66	-1.51	-0.81			
	3M Ago	0.00	0.17	0.57	1.63	-2.08	-0.94			
	6M Ago	-0.02	0.14	0.53	1.55	-1.82	-0.76			
	12M Ago	-0.04	0.09	0.46	1.38	-1.29	-0.43			
China	Current	1.99	2.16	2.38	2.57					
	3M Ago	2.37	2.47	2.66	3.02					
	6M Ago	2.06	2.28	2.59	2.93					
	12M Ago	2.38	2.58	2.84	3.26					
EM	Current	3.29	3.90	4.56	4.03	4.69	4.53	5.24	5.73	9.12
	3M Ago	3.66	4.22	4.76	4.46	4.42	4.45	5.10	6.08	10.41
	6M Ago	3.50	4.22	4.80	4.34	2.84	4.28	5.01	6.14	11.41
	12M Ago	3.71	4.37	4.72	4.50	2.12	3.49	5.25	5.95	10.85
Germany	Current	3.02	2.50	2.34	2.53	1.20	0.42	0.35		
	3M Ago	2.86	2.41	2.37	2.67	1.16	0.34	0.28		
	6M Ago	3.03	2.53	2.38	2.55	0.64	0.13	0.11		
	12M Ago	3.09	2.30	2.22	2.32	-0.04	-0.09	-0.10		
Italy	Current	3.35	3.25	3.61	4.22	1.31	1.63	1.84		
	3M Ago	3.39	3.40	3.93	4.59	1.60	1.97	2.15		
	6M Ago	3.56	3.53	3.87	4.41	1.37	1.72	1.86		
	12M Ago	3.65	3.39	3.86	4.29	0.39	1.45	1.72		
France	Current	3.05	2.74	2.78	3.24	0.80	0.57	0.79		
	3M Ago	3.01	2.73	2.87	3.46	0.84	0.63	0.95		
	6M Ago	3.09	2.85	2.87	3.36	0.48	0.37	0.71		
	12M Ago	3.18	2.49	2.58	3.08	-0.29	0.04	0.48		
Sweden	Current	3.03	2.58	2.46		1.62	1.04			
	3M Ago	3.27	2.70	2.61		1.30	1.12			
	6M Ago	3.43	3.00	2.75		1.33	1.14			
	12M Ago	3.18	2.61	2.35		0.25	0.45			
Australia	Current	3.81	3.73	4.09	4.51	1.15	1.51	1.91		
	3M Ago	4.15	4.04	4.36	4.73	1.28	1.81	2.19		
	6M Ago	3.85	3.75	3.99	4.42	0.97	1.43	1.84		
	12M Ago	3.66	3.21	3.48	4.01	0.20	0.98	1.58		
NZ	Current	5.05	4.61	4.68	4.96	1.89	2.41			
	3M Ago	5.07	4.78	4.89	5.09	1.91	2.59			
	6M Ago	5.30	4.96	4.89	5.07	2.15	2.58			
	12M Ago	5.06	4.23	4.14	4.29	0.99	1.66			
Canada	Current	4.10		3.51	3.40			1.73	4.98	6.94
	3M Ago	4.08		3.58	3.43			1.76	5.29	7.73
	6M Ago	4.50		3.65	3.44			1.88	5.55	7.70
	12M Ago	4.04		3.35	3.26			1.34	5.16	7.19

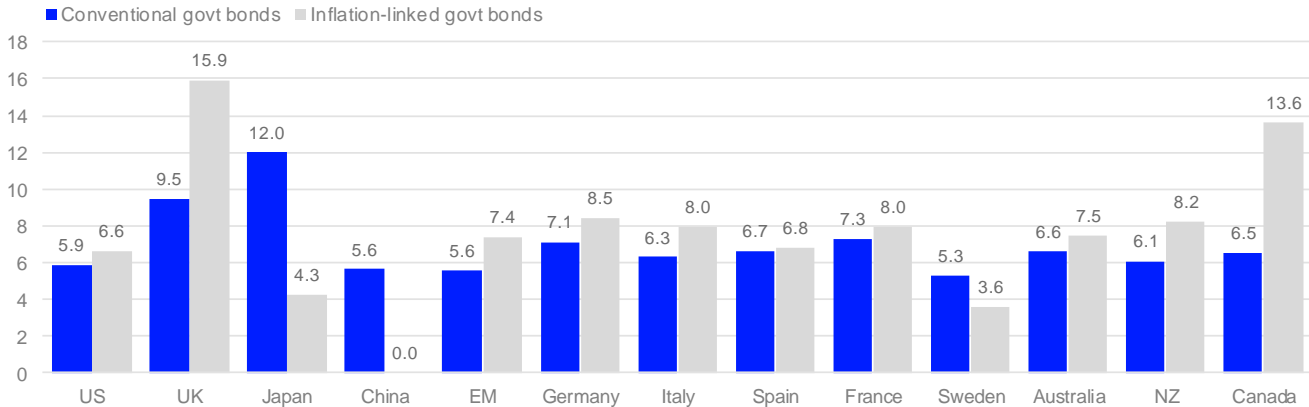
Source: FTSE Russell. All data as of February 29, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indices used for each market. For professional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

Appendix – Duration and Market Value (USD, Bn) as of February 29, 2024

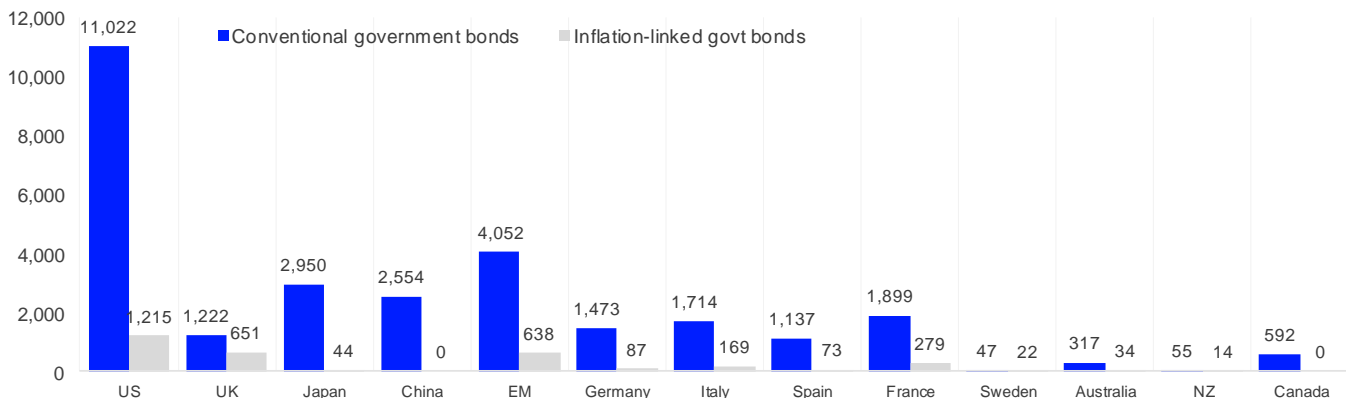
	Conventional government bonds								Inflation-linked government bonds					
	Duration				Market Value				Duration			Market Value		
	3-5YR	7-10YR	20+YR	Overall	3-5YR	7-10YR	20+YR	Total	5-10YR	20+YR	Overall	5-10YR	20+YR	Total
US	3.7	7.2	16.8	5.9	2,555.0	1,143.8	1,305.4	11,021.7	7.1	21.0	6.6	393.4	121.8	1214.6
UK	3.7	7.6	18.5	9.5	129.5	157.0	308.4	1,221.9	6.8	26.9	15.9	113.3	246.5	650.7
Japan	3.9	8.1	23.6	12.0	349.9	356.9	632.1	2,949.7	7.0		4.3	18.6		44.1
China	3.7	7.6	17.9	5.6	556.3	390.2	298.6	2,553.9						
EM	3.6	7.0	16.2	5.6	836.09	715.83	401.38	4,052.4	6.1	13.6	7.4	102.5	163.3	638.1
Germany	3.7	7.7	20.4	7.1	345.22	202.20	174.81	1,472.9	6.8	21.3	8.5	43.4	18.3	87.0
Italy	3.6	7.1	16.3	6.3	289.93	284.94	159.69	1,713.9	7.3	25.9	8.0	62.5	5.6	169.2
Spain	3.6	7.5	17.8	6.7	211.13	197.60	104.52	1,137.2	7.8		6.8	47.4		73.0
France	3.7	7.4	19.7	7.3	325.43	303.71	240.58	1,898.8	6.2	24.1	8.0	108.6	21.1	278.9
Sweden	4.0	7.7		5.3	6.77	14.03		47.4	6.7		3.6	5.4		22.0
Australia	3.6	7.5	16.9	6.6	46.67	90.69	20.15	316.5	6.7	22.1	7.5	10.1	2.7	34.0
NZ	3.4	7.2	16.7	6.1	10.91	15.57	2.72	55.5	5.9		8.2	3.2		14.0
Canada		6.7	17.0	6.5		219.47	106.74	591.7		13.6	13.6		65.4	

	Investment grade bonds										High Yield	
	Duration					Market Value					Duration	MktVal
	AAA	AA	A	BBB	Overall	AAA	AA	A	BBB	Overall		
US	10.4	8.3	7.1	6.5	6.9	73.9	445.3	2,713.7	3,434.1	6,667.1	3.8	1,189.0
Euro	5.5	4.7	4.6	4.2	4.4	10.8	201.4	1,238.2	1,523.6	2,974.0	2.9	420.4
EM		5.8	4.8	5.2	5.1		38.52	218.31	304.9	561.7	3.4	181.6

Average Duration



Total Market Value (USD Billions)

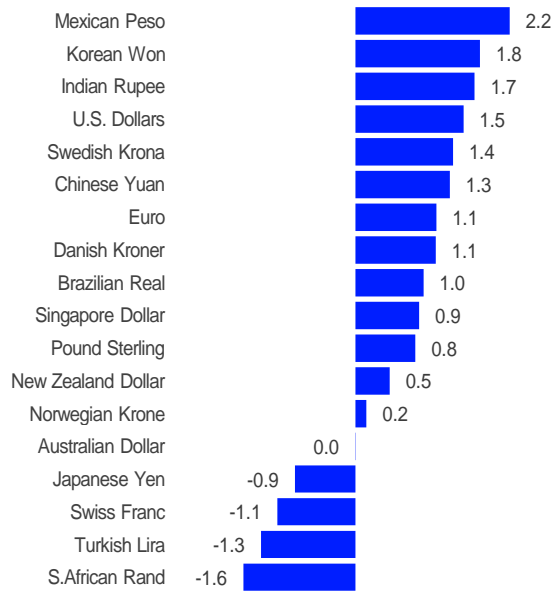


Data as of 2024-02-29

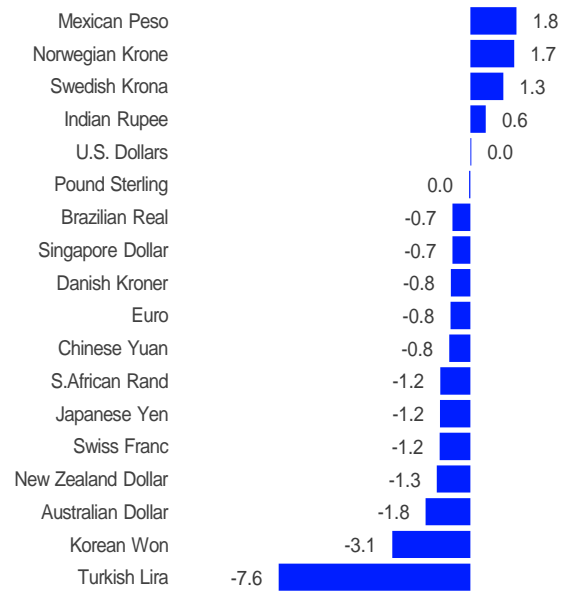
Source: FTSE Russell. All data as of February 29, 2024. Past performance is no guarantee of future results. Please see the end for important legal disclosures. Bond market data is derived from FTSE Fixed Income Indices. See Appendix Glossary for list of indexes used for each market. For professional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

Appendix – Foreign Exchange Returns % as of February 29, 2024

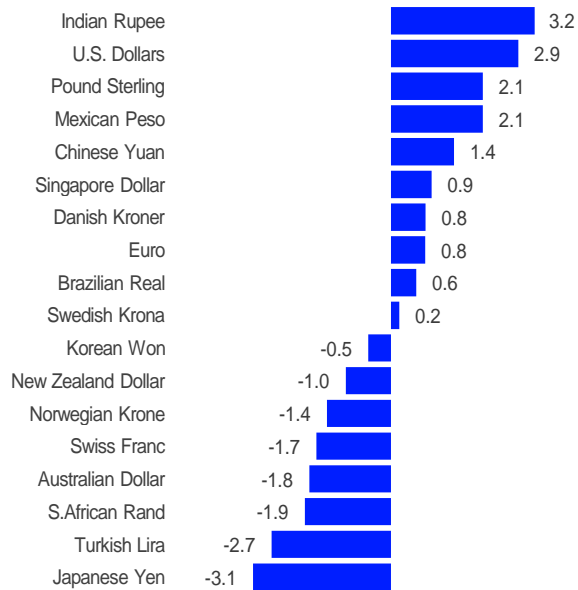
FX Moves vs CAD – 1M



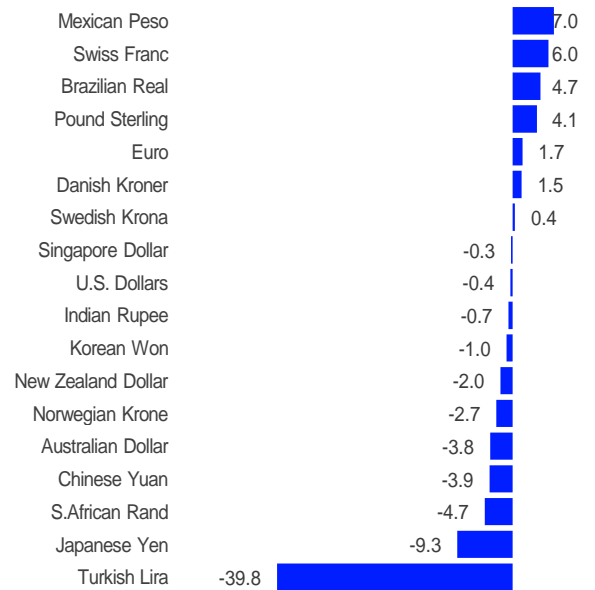
FX Moves vs CAD – 3M



FX Moves vs CAD – YTD



FX Moves vs CAD – 12M



Source: FTSE Russell and Refinitiv. All data as of February 29, 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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