

# HIGH YIELD INDICES

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## In a difficult month for bonds, the Global High Yield delivers a solid return

The Global High Yield Index managed to deliver a solid 0.46% return. That was exactly equal to its income return for the month – nothing more, nothing less – as spread tightening gains roughly offset curve losses. But with most developed market indices landing squarely in the red that is a pretty good outcome. (p 2)

## High yield beats high grade across all return factors

The high yield and high grade indices were similar in that each of their return factors moved in the same direction. But while high yield roughly doubled high grade for those return factors that moved in a positive direction, for the negative curve factor the reverse was true.

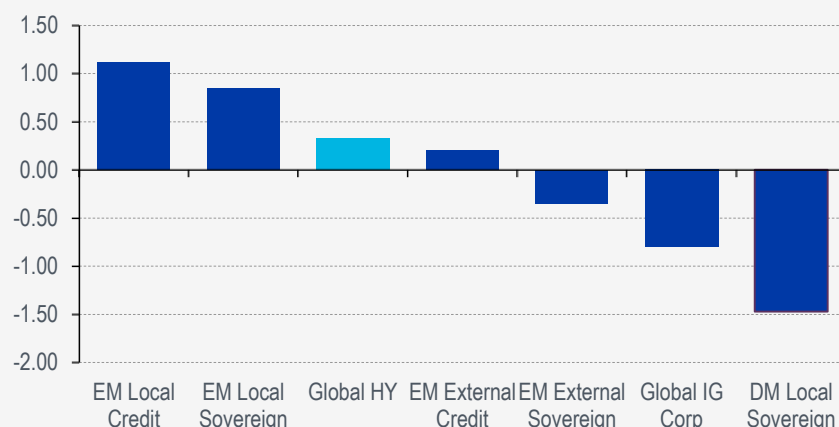
## Upgrade/downgrade ratio falls to lowest reading since February 2016

The Global High Yield monthly upgrade/downgrade ratio dropped all the way to 0.28 – its lowest reading since February 2016. To make matters worse, the downwardly biased rating migrations came on the highest total volume of rating changes that the index has seen in a year and a half. (p 4)

## Enhanced rebalancing preview information now available

We will now be publishing daily rebalancing previews starting on the 15th of each month. Previously, preview files were only available on the last three days of the month, so this change gives investors significantly more time to monitor anticipated changes in the index constituencies as they evolve. (p 14)

**Exhibit A: One month total return % (USD terms)**



# Global High Yield

*In a difficult month for bonds, the Global High Yield Index managed to deliver a solid 0.46% return.*

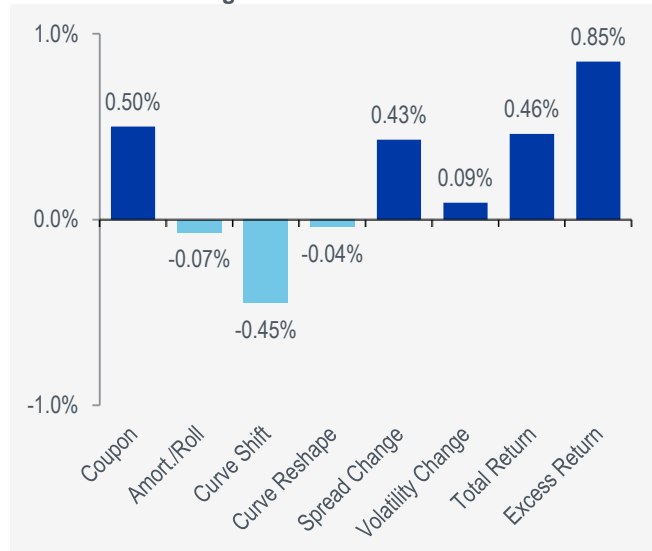
In a difficult month for bonds, the Global High Yield Index managed to deliver a solid 0.46% return. That was exactly equal to its income return for the month – nothing more, nothing less – as spread tightening gains roughly offset curve losses. But with most developed market indices landing squarely in the red (Global IG Corporates -0.60%; Global Broad Market -0.64%) that is a pretty good outcome. In fact, among the major global indices only the local currency Emerging Markets indices managed to outdo high yield last month (Exhibit A). On the other hand, the Global High Yield Index broke even in August while the Global IG Corporate and Broad Market Indices soared more than 2%. Ironically, though they have marched to the beat of two different drummers this year, year to date the global high yield and IG corporate indices are separated by a mere basis point (HY 10.87%; IG 10.86%).

*High yield roughly doubled high grade for those return factors that moved in a positive direction; for the negative curve factor the reverse was true.*

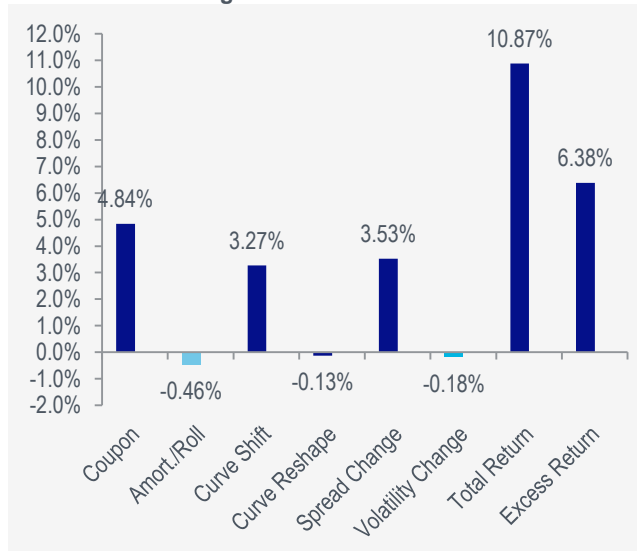
The high yield and high grade indices were similar in that each of their return factors moved in the same direction. But while high yield roughly doubled high grade for those return factors that moved in a positive direction, for the negative curve factor the reverse was true. The high yield index earned 0.43% in income return versus 0.18% for high grade, and it had 0.45% in spread tightening gains versus just 0.16% for high grade. Conversely, high grade suffered 0.94% in curve losses versus 0.49% for high yield.

The global high grade and high yield indices may be within a basis point of each other for the year but that is more coincidental than an indication of similar performances. Unlike September, the curve has been a positive factor over the course of the year. The high grade index has benefited greatly from that trend with 5.91% in curve gains on the year versus only 3.14% for high yield. But that 2.77% gap is offset by 2.04% in incremental income generated by the high yield index and an additional 0.90% in high yield spread tightening gains.

**Exhibit B: Global High Yield Index MTD return attribution**



**Exhibit C: Global High Yield Index YTD return attribution**



*A large duration differential has caused high yield and high grade indices to diverge significantly for the month and year.*

With such a large differential in their respective duration exposures it is no surprise that the global high yield and high grade indices diverged significantly for the month and year. The global high yield index has half as much duration exposure as its investment grade counterpart (3.42 years vs. 6.88 years). During September's curve sell-off that worked to its advantage but for the year it has gone the other way as the Treasury curve has rallied 95bp and the Bund rallied 83bp.

*No matter how you slice it, credit had the better performance for the month and year.*

A comparison of the excess returns of the two indices helps to neutralize the duration exposure of the two and put them on a more level playing field. Measured on that basis, high yield comes out ahead both for the month (0.85% excess return vs. 0.30% for global IG Corporates) and year (6.38% excess return vs. 3.84% for global IG Corporates). But even excess return comparisons can be influenced by the different term structures of the two indices, not to mention different currency and sector allocations. The gap between the spread durations of the two indices (3.28 years vs. 6.84 years) is even wider than the rate duration differential, which means it takes more than twice as much spread tightening to generate a basis point of excess return for the high yield index as it does for the high grade index.

*In September the margin of pure credit outperformance increased progressively as you move out the curve.*

To further refine the analysis, we compared excess returns for the two indices across narrow duration buckets. For purposes of the comparison we isolated the USD and EUR components of the index. The results, presented in Exhibit D, show that as a general rule the margin of pure credit outperformance increased progressively as you move out the curve, though clearly there are a few exceptions, most likely driven by specific credit events. If we calculate a simple average of the September excess return differentials across the duration buckets by currency, the margin of outperformance grows to 0.91% for USD (vs. 0.54% on a cap-weighted basis), and 0.74% for EUR (vs. 0.26% cap-weighted). Comparisons of the year to date excess returns shows high yield ahead of high grade by a wide margin across all currency/duration buckets. But there is less variation across the individual duration buckets and, as a result, the gap between the equal-weighted and the cap-weighted results are minimal (2.39% vs 2.11% for USD; 4.09% vs. 3.95% for EUR).

**Exhibit D: Global high yield vs. high grade corporate excess returns by currency and duration**

Currency	Effective Duration	September			YTD		
		High Yield	Inv Grade	Difference	High Yield	Inv Grade	Difference
USD	0 - 2 years	0.40	0.15	0.25	3.31	1.21	2.09
USD	2 - 4 years	0.84	0.31	0.52	4.95	2.61	2.34
USD	4 - 6 years	1.48	0.44	1.04	7.90	4.14	3.76
USD	6 - 8 years	1.13	0.36	0.77	9.26	5.00	4.26
USD	8 - 10 years	1.49	0.36	1.13	5.02	4.78	0.24
USD	>=10 years	2.41	0.64	1.77	7.74	6.10	1.64
USD	Total	0.96	0.42	0.54	6.08	3.96	2.11
USD equal weight duration buckets				0.91			2.39
EUR	0 - 2 years	(0.04)	0.10	(0.14)	4.10	1.42	2.68
EUR	2 - 4 years	0.45	0.12	0.33	7.77	2.48	5.29
EUR	4 - 6 years	0.56	0.10	0.47	9.97	4.31	5.67
EUR	6 - 8 years	0.60	0.04	0.55	10.85	5.86	4.99
EUR	8 - 10 years	(0.39)	(0.19)	(0.20)	9.46	5.86	3.61
EUR	>=10 years	3.42	0.02	3.40	9.17	6.84	2.33
EUR	Total	0.32	0.06	0.26	7.85	3.90	3.95
USD equal weight duration buckets				0.74			4.09
Global Indices		0.85	0.30	0.56	6.38	3.84	2.54

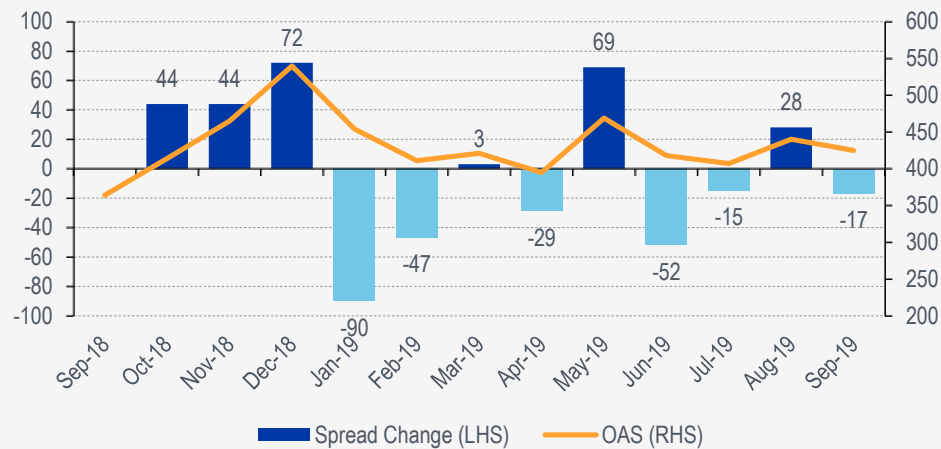
*The high yield upgrade/downgrade ratio fell to its lowest reading since February 2016.*

After topping out at 1.59 in September, the Global High Yield monthly upgrade/downgrade ratio has moved steadily lower and in September it dropped all the way to 0.28 – its lowest reading since February 2016. To make matters worse, the downwardly biased rating migrations came on the highest total volume of rating changes that the index has seen in a year and a half – a level that is 41% higher than the monthly average over the prior 12 months (\$76bn vs \$53bn).

## Performance

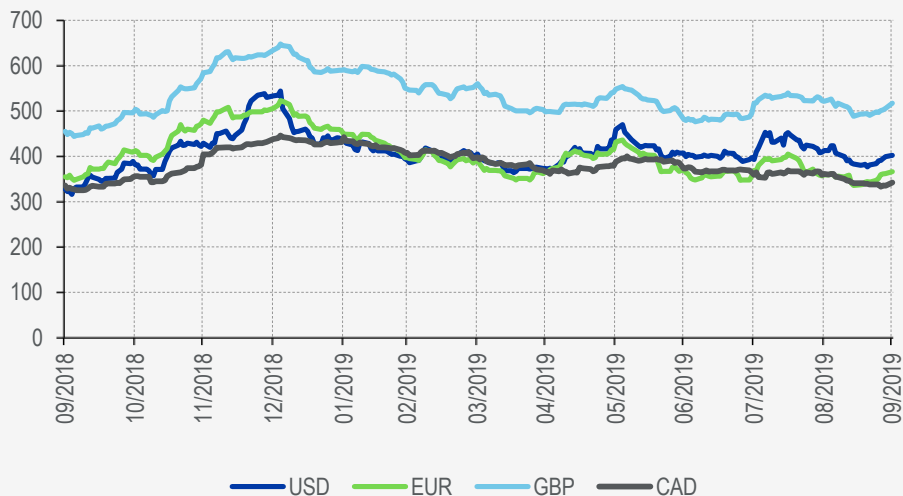
*No widening move has established a trend in 2019, and August's setback was immediately countered by another tightening.*

Chart 1: Global High Yield Index (HW00) spread performance



*The euro segment was the exception –widening modestly (+7bp, +2%).*

Chart 2: Global High Yield Index spread by currency



**Table 1: Global High Yield Index return attribution by segment**

	Cpn	Amort./ Roll	Curve Shift	Curve Reshape	Spread Change	Vol Return	Total Return	Excess Return
<b>Month</b>								
Global High Yield	0.50%	-0.07%	-0.45%	-0.04%	0.43%	0.09%	0.46%	0.85%
US High Yield Master II	0.52%	-0.10%	-0.45%	-0.06%	0.28%	0.13%	0.32%	0.69%
US High Yield (Cash Pay)	0.52%	-0.10%	-0.45%	-0.06%	0.27%	0.13%	0.31%	0.69%
European Currencies	0.34%	-0.08%	-0.32%	-0.07%	0.02%	0.01%	-0.10%	0.37%
Euro High Yield	0.32%	-0.09%	-0.37%	-0.08%	-0.01%	0.02%	-0.21%	0.32%
Sterling High Yield	0.48%	-0.02%	0.07%	0.03%	0.31%	0.01%	0.87%	0.77%
European Issuers	0.41%	-0.07%	-0.38%	-0.05%	0.51%	0.04%	0.46%	0.90%
Canadian High Yield	0.46%	-0.05%	-0.54%	-0.14%	0.59%	0.00%	0.32%	0.91%
Canadian Issuers	0.52%	-0.05%	-0.42%	-0.06%	0.58%	0.11%	0.68%	1.04%
<b>YTD</b>								
Global High Yield	4.84%	-0.46%	3.27%	-0.13%	3.53%	-0.18%	10.87%	6.38%
US High Yield Master II	5.14%	-0.72%	3.29%	0.20%	3.86%	-0.27%	11.50%	6.28%
US High Yield (Cash Pay)	5.13%	-0.72%	3.30%	0.20%	3.88%	-0.27%	11.51%	6.28%
European Currencies	3.42%	-0.24%	2.84%	-1.21%	4.41%	-0.01%	9.22%	7.76%
Euro High Yield	3.26%	-0.28%	2.85%	-1.30%	4.61%	-0.01%	9.13%	7.85%
Sterling High Yield	4.68%	0.10%	2.78%	-0.55%	2.90%	-0.02%	9.89%	7.04%
European Issuers	4.15%	-0.60%	3.05%	-0.77%	5.39%	-0.07%	11.16%	8.35%
Canadian High Yield	4.45%	-0.25%	2.27%	-0.34%	3.09%	0.00%	9.22%	6.04%
Canadian Issuers	5.16%	-0.72%	2.95%	0.15%	4.63%	-0.28%	11.87%	7.09%

# Composition

Chart 3: HW00 % weight by currency

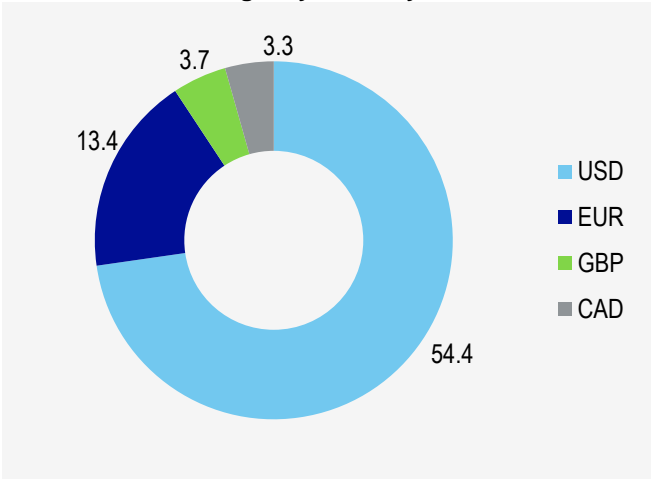


Chart 4: HW00 % weight by currency MOM change

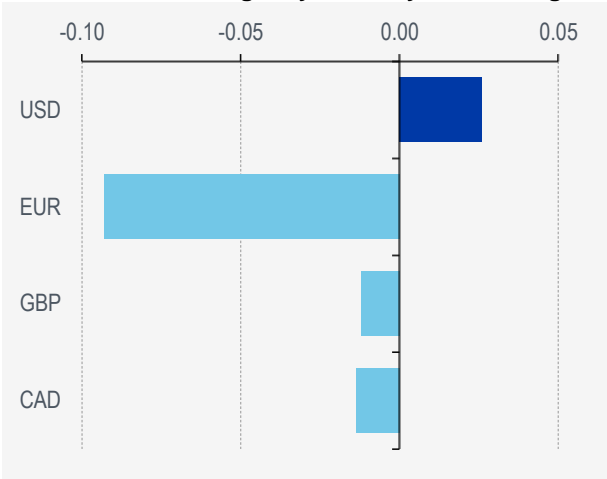


Chart 5: HW00 % weight by rating

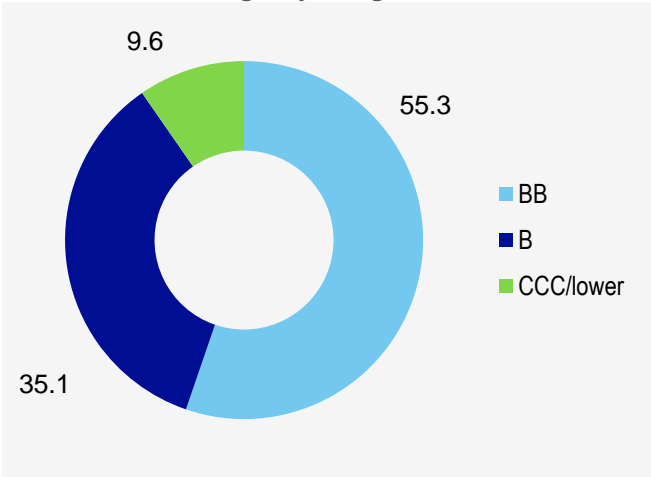
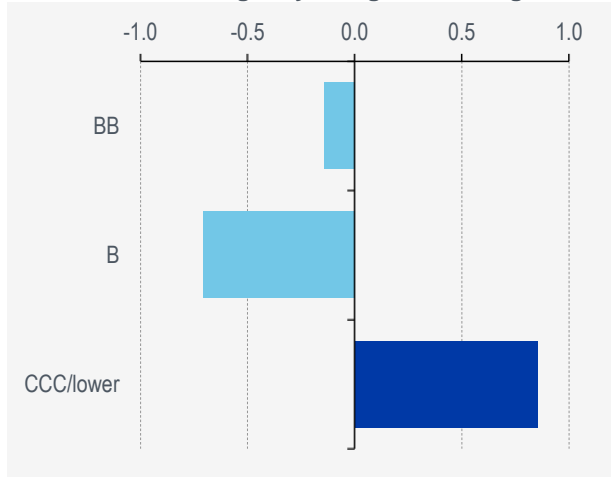


Chart 6: HW00 % weight by rating MOM change



**Table 2: Global High Yield Index sector weights**

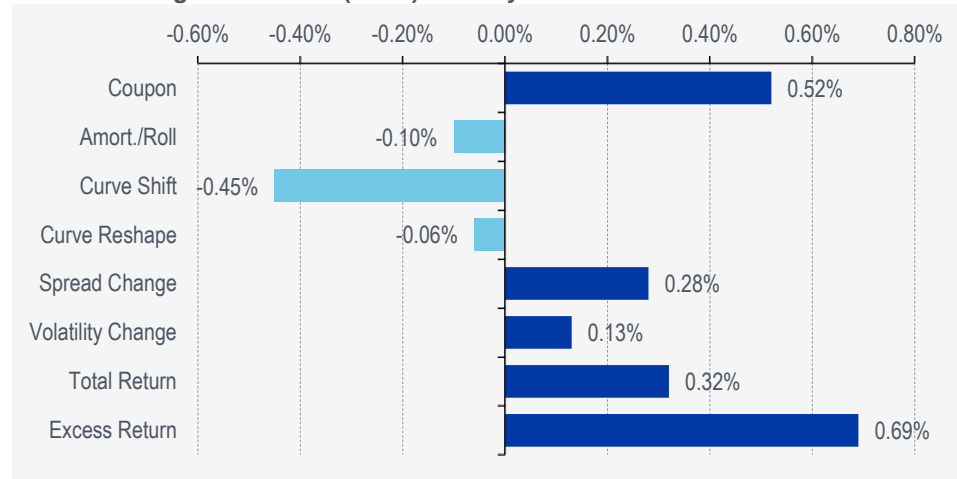
	9/30/2019							1-Month Change						
	Global	USD	Europe Issuers	EUR /GBP	EUR	GBP	CAD	Global	USD	Europe Issuers	EUR /GBP	EUR	GBP	CAD
Automotive	2.43	1.97	5.16	6.62	6.81	5.11	0.00	0.01	0.02	0.01	0.04	0.05	0.00	0.00
Banking	7.08	2.39	18.04	9.79	10.20	6.58	0.00	0.09	-0.05	0.48	0.39	0.37	0.61	0.00
Basic Industry	10.69	10.65	10.87	10.52	11.75	0.82	13.32	-0.06	0.07	-0.62	-0.78	-0.85	0.01	-0.01
Capital Goods	5.53	6.53	5.66	7.06	7.47	3.82	1.51	0.07	-0.02	0.61	0.56	0.65	-0.02	0.02
Consumer Goods	3.67	3.24	2.42	2.63	2.76	1.65	0.00	0.10	0.09	0.10	-0.03	-0.04	0.13	0.00
Energy	11.69	12.94	3.82	3.25	2.96	5.52	27.04	-0.23	-0.24	-0.10	0.01	0.00	-0.03	1.97
Financial Services	4.83	4.20	4.02	5.75	5.07	11.14	0.00	-0.06	-0.06	0.06	-0.01	-0.04	0.06	0.00
Healthcare	7.41	9.76	1.21	4.79	5.21	1.48	0.00	-0.12	-0.13	0.00	-0.06	-0.06	0.04	0.00
Insurance	1.14	1.08	1.86	2.16	1.98	3.52	0.00	-0.03	-0.05	0.02	0.03	0.02	0.06	0.00
Leisure	4.03	4.96	2.43	3.97	3.59	6.95	0.00	0.01	-0.05	0.04	0.22	0.24	0.02	0.00
Media	7.55	10.56	5.83	6.02	4.79	15.75	15.23	0.19	0.42	-0.20	-0.28	-0.35	0.08	0.04
Real Estate	6.15	1.75	2.11	2.91	3.27	0.00	0.00	0.15	0.20	0.07	0.11	0.23	-0.81	0.00
Retail	4.14	4.58	4.88	6.43	4.91	18.40	26.25	0.02	0.04	0.03	0.05	0.04	-0.13	0.14
Services	4.80	5.91	3.76	5.99	6.52	1.81	7.62	-0.13	-0.14	-0.18	-0.22	-0.23	0.03	-0.08
Technology & Electronics	3.58	5.21	1.75	1.67	1.88	0.00	0.00	-0.03	-0.08	0.00	0.00	0.00	0.00	0.00
Telecommunications	9.92	10.86	19.67	14.18	14.87	8.75	0.00	-0.03	-0.02	-0.07	-0.06	-0.05	-0.02	0.00
Transportation	1.70	0.97	2.71	2.06	1.98	2.75	0.00	-0.05	0.03	-0.11	-0.03	-0.03	0.01	-2.11
Utility	3.66	2.45	3.80	4.19	3.97	5.95	9.04	0.08	-0.02	-0.13	0.05	0.05	-0.02	0.04



# US High Yield Performance

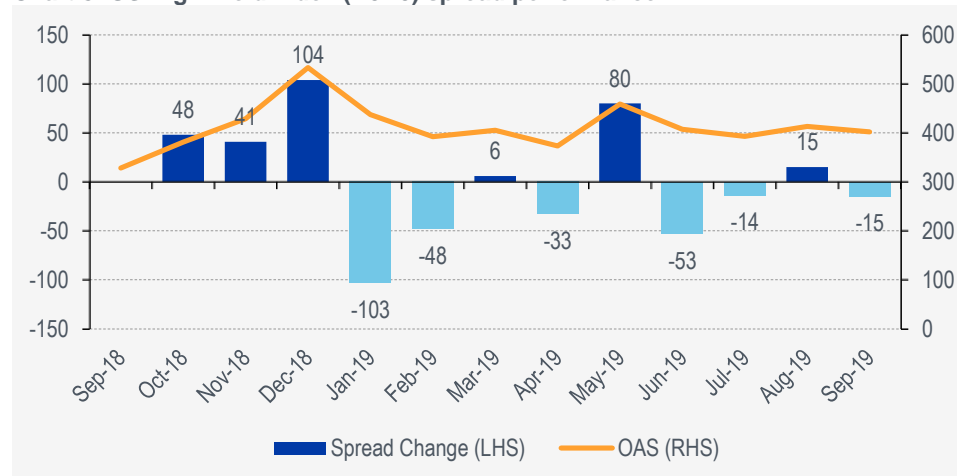
*The curve worked against performance more than the modest spread tightening was able to counteract (-0.51% vs 0.28%).*

**Chart 7: US High Yield Index (H0A0) monthly return attribution**



*September's 15bp tightening brought the index spread back to just over the 400bp mark, which is close to the average spread over the last year.*

**Chart 8: US High Yield Index (H0A0) spread performance**



## Sector & Issuer Performance

There were no extreme sector returns in either direction, but for the worst performer, Energy (-0.35%), it was a third consecutive negative excess return. At least in September Energy lagged by only a modest amount, and was one of only two sectors to fall behind risk-matched Treasuries. The other was Transportation Excluding Air/Rail (-0.10%). There was a clear spread-tightening bias across the index, with the best sector excess returns in the +1 to +2% range. The best-performing sector was Automotive (+2.27%), which saw a number of strong rallies across parts makers, including Panther (POWSOL +4.15%), American Axle (AXL +3.66%) and Adient (ADNT +4.74%). The next-best result was posted by the much smaller Paper sector (+1.87%). The biggest mover was Rayonier (RYAM +9.34%), after the company announced it was suspending dividends on its common stock to focus on repaying debt.

**Table 3: US High Yield Index sector performance**

Sector	Ticker	%weight	Total return		Excess return	
			Month	YTD	Month	YTD
US High Yield Index	H0A0	100.0	0.32	11.50	0.69	6.28
<b>By rating</b>						
BB	H0A1	49.3	0.28	13.05	0.70	7.49
B	H0A2	38.7	0.44	11.21	0.77	6.25
CCC & Lower	H0A3	12.0	0.06	6.13	0.37	1.39
<b>By sector</b>						
Energy	H0EN	12.9	-0.78	2.58	-0.35	-2.94
Telecom	H0TC	10.9	0.33	12.41	0.69	7.12
Healthcare	H0HL	9.8	0.50	11.47	0.81	6.63
Services	H0SE	5.4	0.37	13.14	0.73	8.02
Technology	H0TY	5.2	0.75	11.86	1.08	7.26
Cable & Satellite TV	H0CV	5.1	0.57	16.09	0.89	11.07
Div. Financial Services	H0FI	4.2	-0.11	15.14	0.18	10.58
Homebuilders & Real Estate	H0HB	4.1	0.74	14.37	1.15	8.94
Broadcasting	H0BR	3.9	-0.14	13.06	0.30	7.56
Containers	H0CT	3.4	0.17	11.10	0.47	6.36
Gaming	H0AG	3.1	0.60	14.87	0.96	9.63
Metals & Mining	H0ME	3.0	-0.16	9.79	0.30	4.33
Super Retail	H0SR	2.6	1.16	17.12	1.65	11.27
Chemicals	H0CH	2.5	0.65	11.89	1.15	6.15
Utilities	H0EL	2.4	0.51	12.14	0.90	6.93
Banks & Thrifts	H0BA	2.4	0.18	16.33	0.94	8.70
Automotive & Auto Parts	H0AU	2.0	1.80	10.88	2.27	5.34
Aerospace	H0AE	1.8	1.29	12.90	1.62	7.79
Food, Beverage & Tobacco	H0FO	1.8	0.44	13.23	0.78	7.60
Diversified Media	H0BL	1.6	0.81	14.20	1.12	8.92
Consumer Products	H0CO	1.5	0.85	14.36	1.08	9.51
Capital Goods	H0CA	1.3	0.83	11.96	1.15	7.08
Restaurants	H0RE	1.2	0.44	13.98	0.70	8.62
Diversified Media	H0DM	1.1	0.50	8.15	0.63	4.86
Insurance	H0IN	1.1	1.11	17.50	1.60	11.76
Hotels	H0AH	0.9	0.51	13.92	0.83	8.54
Steel	H0ST	0.8	-0.06	9.65	0.21	5.11
Food & Drug Retail	H0FR	0.8	0.48	13.98	0.83	8.25
Transport Ex Air/Rail	H0SH	0.7	-0.32	9.67	-0.10	5.20
Leisure	H0LE	0.6	0.23	11.14	0.57	5.77
Environmental	H0EV	0.5	0.54	14.73	0.91	9.87
Publishing & Printing	H0PU	0.5	-0.28	9.41	0.01	4.75
Paper	H0PA	0.4	1.55	8.57	1.87	3.59
Entertainment & Film	H0ET	0.3	0.01	10.67	0.27	5.44
Air Transportation	H0AI	0.3	0.38	9.91	0.58	6.26
Railroad	H0RA	0.0	0.15	6.05	0.07	2.75

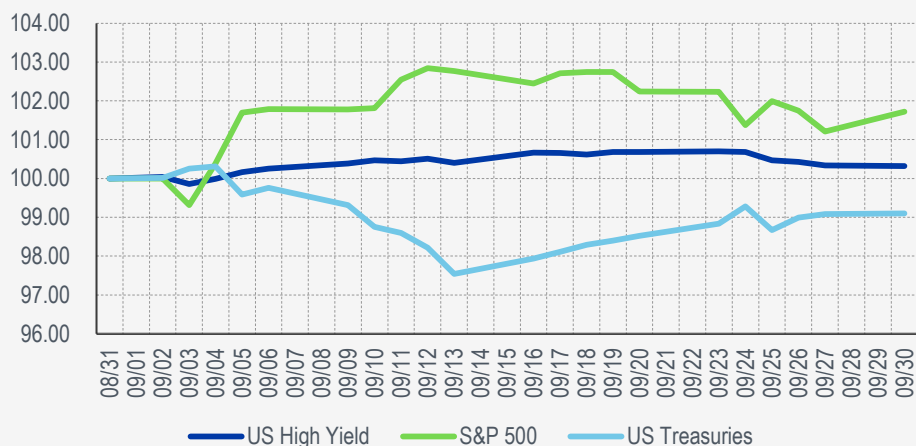
The index's best-performing name was Dean Foods (DF +19% excess return), after the company announced the conclusion of a strategic alternatives review that concluded the company's best option remained moving ahead with its current strategy. Retailer J.C. Penney (JCP +15%) also bounced higher on news the company was in discussions with debtholders. American Energy - Permian Basin (AMEPER +15%) got a boost following a cash injection from a previously announced restructuring plan. The worst performer was McDermott International (MDR -63%), whose debt lost nearly two-thirds of its remaining value when news emerged that the company had hired a turnaround consultant. The debt of CCF Holdings (CCFI -63%) fell just as much, and coal miner Murray Energy (MURREN -54%) did little better. Murray Energy missed loan payments and entered into restructuring discussions with advisers.

**Table 4: US High Yield Index issuer returns**

Ticker	%weight	Avg. Rating	OAS	OAS chg	Total return%	Excess return%
<b>10 Best</b>						
DF	0.027	CCC2	2,732	-633	19.04	19.24
JCP	0.079	B3	1,596	-307	14.97	15.33
AMEPER	0.045	CC	3,286	-15	14.86	14.76
COVPAR	0.038	B2	1,096	-289	13.15	13.66
EVHC	0.058	CCC1	1,740	-263	12.51	13.00
CRK	0.053	B2	1,186	-240	12.08	12.66
INDNAT	0.044	B2	732	-191	9.90	10.55
LDOIM	0.022	BB1	348	-93	9.84	11.45
SEMG	0.108	B2	205	-394	9.10	9.54
SIG	0.029	BB2	460	-213	9.02	9.54
<b>10 Worst</b>						
MDR	0.080	CCC2	6,245	4316	-63.02	-62.68
CCFI	0.000	CCC3	10,000	0	-62.50	-62.66
MURREN	0.009	CC	10,000	0	-54.33	-54.44
ACOSTA	0.009	CC	10,000	0	-36.69	-36.74
MNK	0.112	B2	4,234	1649	-32.61	-32.33
CFWCN	0.035	B3	2,505	832	-27.46	-26.91
ALTMES	0.008	CC	6,527	576	-18.63	-18.47
WEWORK	0.058	B2	1,003	404	-15.74	-15.17
DO	0.118	B3	1,060	268	-15.73	-14.73
EPENEG	0.105	CCC2	2,446	-269	-15.06	-14.58

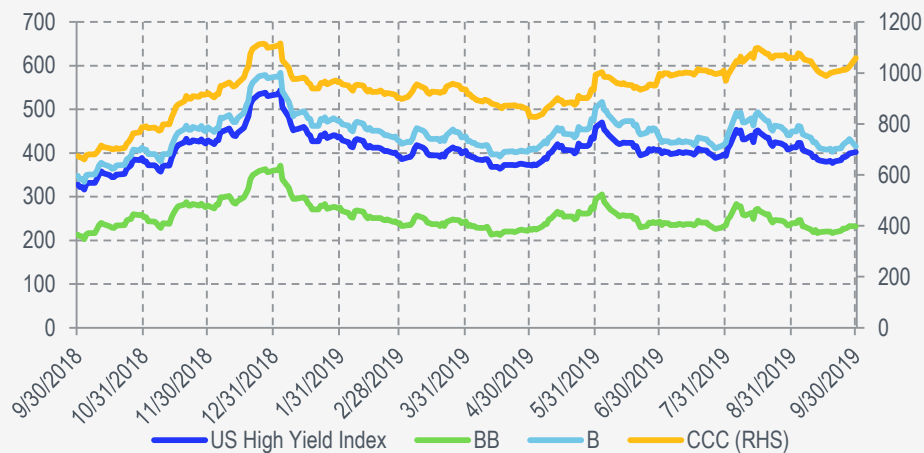
*The high yield index was pulled up enough by the equity rally to remain in positive territory despite the sell-off in Treasuries.*

**Chart 9: US High Yield vs. Equities and Treasuries**



*Thanks to debt shifting from the B-rated sector to the CCC-and-lower segment, the spread of the Single-B index fell 35bp MoM (-8%).*

**Chart 10: US High Yield Index option-adjusted spreads vs. Treasuries**



# Composition

Chart 11: H0A0 % weight by rating

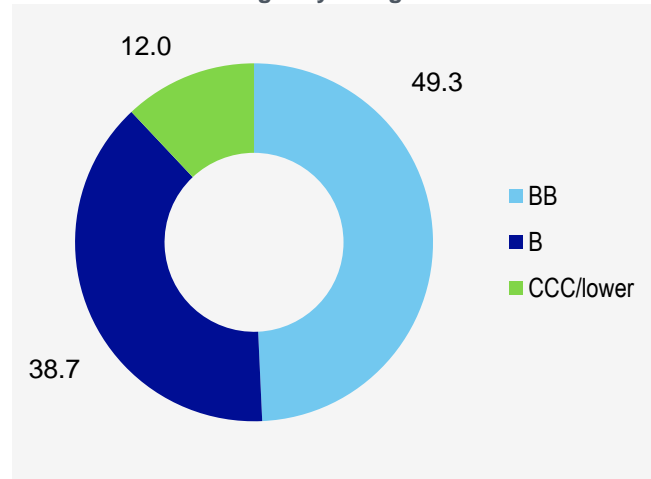


Chart 12: H0A0 % weight by rating MOM change

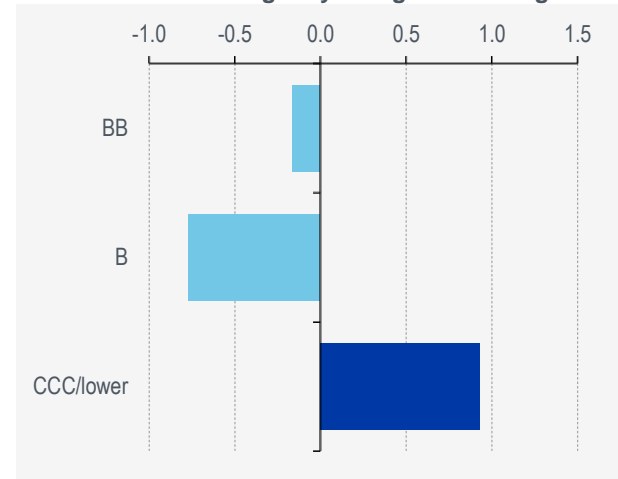


Chart 13: H0A0 % weight by sector

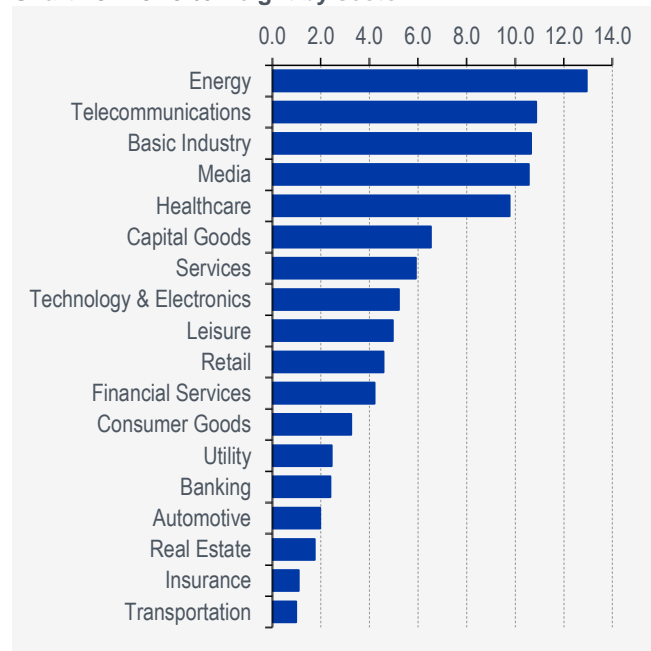
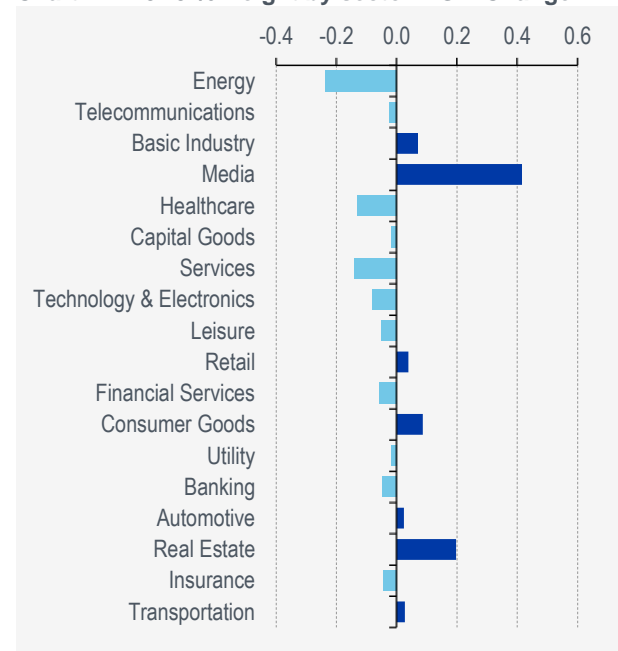


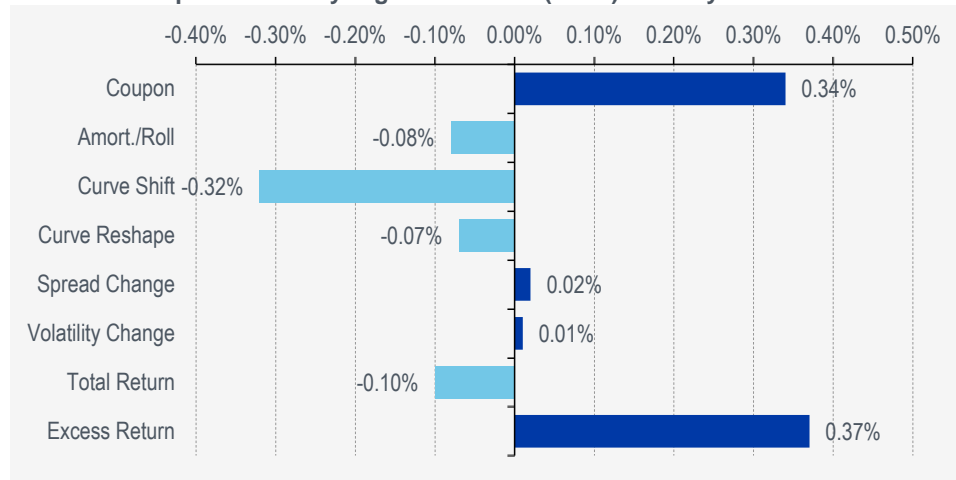
Chart 14: H0A0 % weight by sector MOM Change



# European High Yield Indices

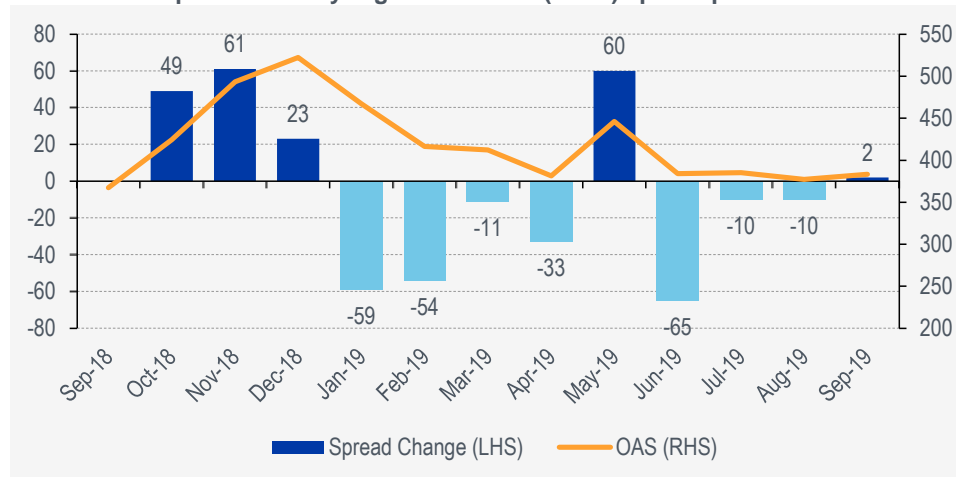
*Spread change was a marginal contribution to performance, leaving the higher yield curve to drag the index total return into the red.*

**Chart 15: European Currency High Yield Index (HP00) monthly return attribution**



*Following two month of modest tightening, the index spread was little changed in September (+2bp).*

**Chart 16: European Currency High Yield Index (HP00) spread performance**



**Table 5: European High Yield Index returns**

	Ticker	Local Return	Excess Return	Currency Return Unhedged				Currency Return Hedged			
				EUR	GBP	USD	JPY	EUR	GBP	USD	JPY
Month											
European Currencies	HP00	-0.10	0.37	0.15	-2.02	-0.86	0.95	-0.11	0.00	0.13	-0.09
Euro Currencies	HE00	-0.22	0.32	-0.22	-2.37	-1.22	0.58	-0.22	-0.11	0.02	-0.20
Sterling	HL00	0.87	0.77	3.10	0.87	2.07	3.93	0.79	0.87	1.02	0.81
European Issuers	HWP0	0.47	0.90	1.02	-1.17	0.01	1.82	0.38	0.47	0.61	0.39
European Currencies Constrained	HPC0	-0.10	0.36	0.15	-2.02	-0.86	0.94	-0.11	-0.01	0.13	-0.10
Euro Constrained	HEC0	-0.23	0.30	-0.23	-2.38	-1.23	0.57	-0.23	-0.12	0.02	-0.21
European Issuer Constrained	HQ0C	0.45	0.87	1.01	-1.18	-0.01	1.81	0.36	0.45	0.59	0.38
Global High Yield	HW00	0.46	0.85	1.34	-0.85	0.33	2.15	0.27	0.36	0.50	0.28
YTD											
European Currencies	HP00	9.22	7.76	9.41	7.84	4.34	2.78	9.11	10.00	11.63	9.27
Euro Currencies	HE00	9.13	7.85	9.13	7.56	4.07	2.52	9.13	10.01	11.65	9.29
Sterling	HL00	9.89	7.04	11.49	9.89	6.33	4.74	9.00	9.89	11.49	9.14
European Issuers	HWP0	11.16	8.35	13.24	11.61	7.99	6.38	10.16	11.04	12.69	10.32
European Currencies Constrained	HPC0	9.17	7.73	9.36	7.79	4.30	2.74	9.06	9.94	11.58	9.22
Euro Constrained	HEC0	9.06	7.82	9.06	7.50	4.01	2.46	9.06	9.94	11.58	9.23
European Issuer Constrained	HQ0C	11.07	8.31	13.16	11.53	7.92	6.30	10.07	10.94	12.60	10.23
Global High Yield	HW00	10.87	6.38	15.33	13.67	9.99	8.34	8.80	9.63	11.31	8.96

*The best performer was UK food group Boparan Holdings (BOPRLN +23%), which is said to be in discussions to sell its biscuit brand. At the bottom of the rankings is another UK company, tour operator Thomas Cook (TCGLN - 63%), which filed for bankruptcy and left the index.*

**Table 6: European Currency High Yield Index issuer returns**

Ticker	%weight	Avg. Rating	OAS	OAS chg	Total return%	Excess return%
<b>5 Best</b>						
BOPRLN	0.105	CCC1	3,594	-1242	23.21	23.30
SUP	0.067	CCC1	-	-245	11.91	12.69
LECTA	0.046	CCC1	3,594	-298	10.80	11.29
TAKKO	0.078	B3	765	-281	10.57	11.20
HATAFI	0.066	B3	1,053	-241	7.29	7.79
<b>5 Worst</b>						
TCGLN	0.058	CC	10,000	998	-62.88	-62.56
PROGST	0.069	B1	1,761	1057	-37.43	-36.62
ALDESA	0.043	B3	9,168	3717	-28.86	-28.63
LPLAYG	0.096	B2	2,289	1178	-26.43	-25.92
STLNSW	0.090	B3	2,315	861	-17.66	-17.21

**Table 7: European high yield index characteristics**

Index	Ticker	Issues	30-Sep			Change vs Prior Month			
			MktVal (EUR)	YTW	Mod Dur	Issues	MktVal (EUR)	YTW	Mod Dur
European Currency	HP00	588	320,099	3.29	3.17	0	53	0.19	0.09
Euro Currencies	HE00	496	284,217	3	3.15	0	-743	0.21	0.11
Sterling	HL00	92	35,882	5.57	3.35	0	796	-0.06	-0.04
European Issuers	HWP0	726	408,549	4.34	3.27	-1	2,236	0.03	0.07

# Composition

Chart 17: HP00 % weight by rating

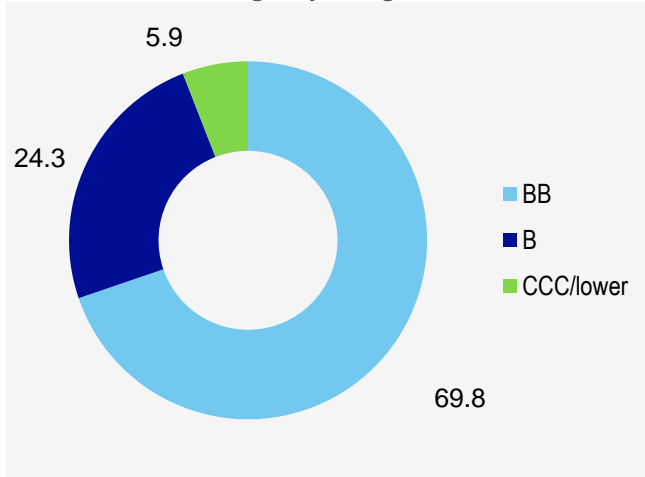


Chart 18: HP00 % weight by rating MOM change

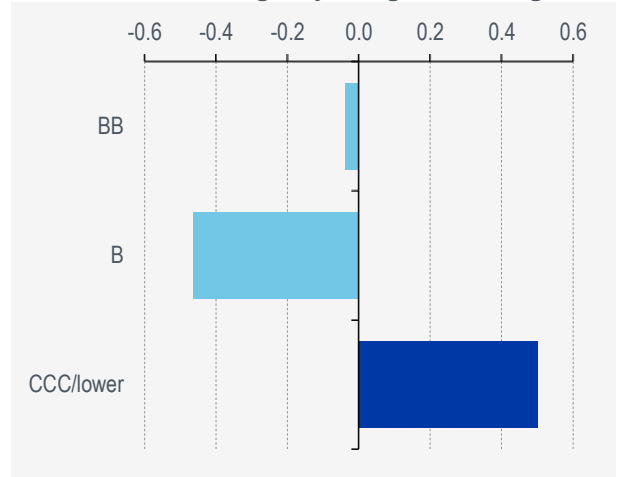


Chart 19: HP00 % weight by sector

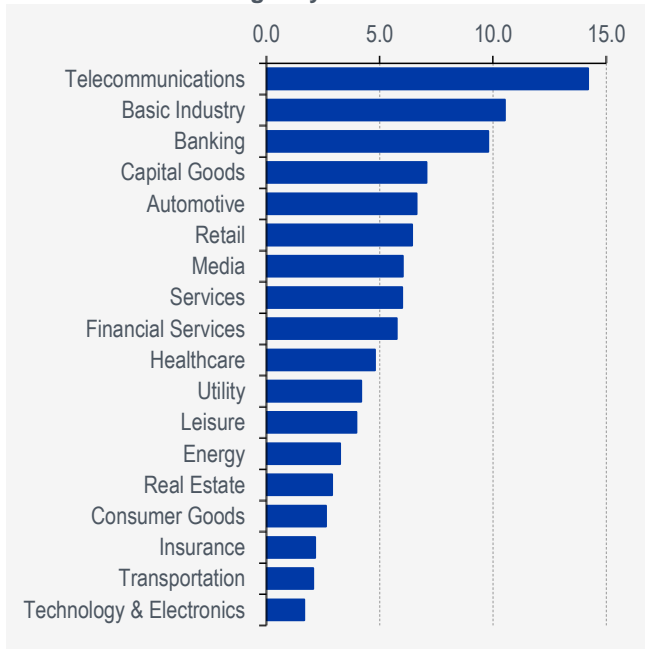
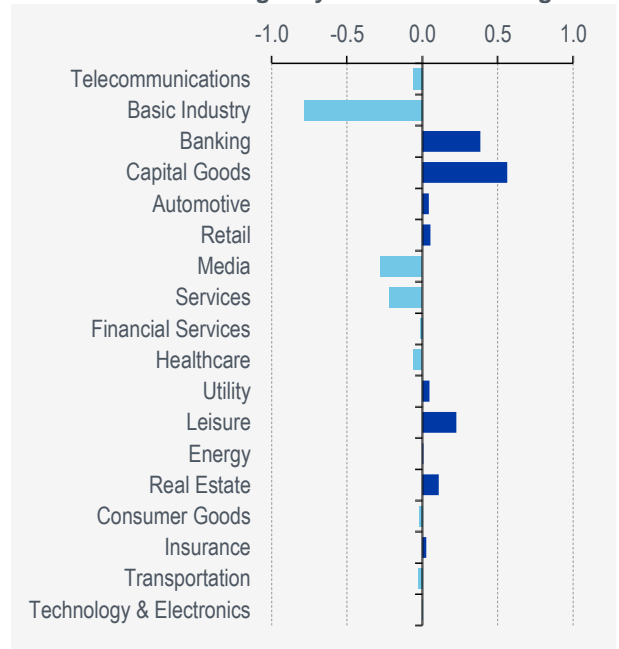


Chart 20: HP00 % weight by sector MOM Change

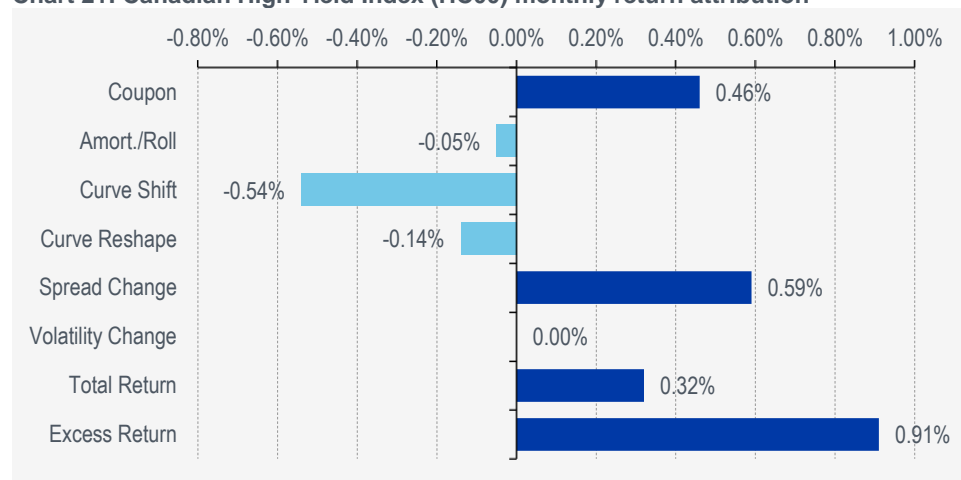




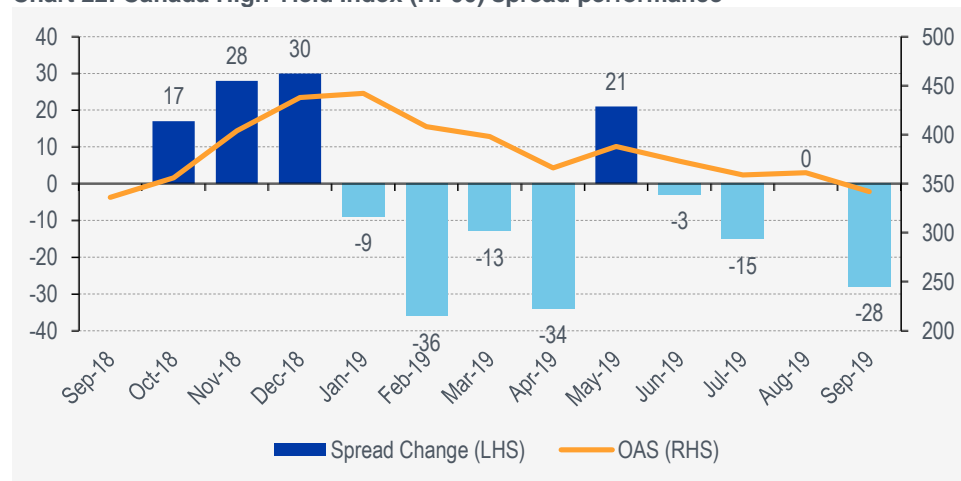
# Canadian High Yield Indices

*The performance contribution from spread tightening could not quite offset the impact of the rising yield curve (0.59% vs -0.68%). Nevertheless, this past month was still the best spread rally for C\$ high yield since April.*

**Chart 21: Canadian High Yield Index (HC00) monthly return attribution**



**Chart 22: Canada High Yield Index (HP00) spread performance**



**Table 8: Canadian high yield index characteristics**

	Ticker	Issues	Total Return		Excess Return	
			Sept	YTD	Sept	YTD
Canada High Yield Index	HC00	34	0.32	9.22	0.91	6.04
Global High Yield, Canadian Issuers Index	HWC0	127	0.68	11.87	1.04	7.09

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