

# SPDR Thomson Reuters Global Convertible Bond UCITS ETF

Highlights  
Convertible Bonds

Q2 2020

The first — and only — global convertible bond ETF now has EUR and CHF currency-hedged share classes.

## Reasons to Consider Convertible Bonds

- **Hybrid exposure** that provides characteristics of both equities and bonds.
- **Lower drawdown** compared to equities in periods of market downturn.<sup>1</sup>
- **Less interest rate sensitivity** compared to high yield and investment grade corporate bonds.<sup>2</sup>
- **Potential pick up from M&A activity.** Embedded clauses in many convertible bond term sheets can help to provide additional returns.

Global convertible bonds may help investors navigate a more volatile market environment, partially protecting on the downside whilst being less sensitive to interest rate moves than nominal bonds (see next page).

## Funds in Focus

<b>GCVB LN (USD)</b>	SPDR Thomson Reuters
<b>GLCB LN (GBP)</b>	Global Convertible Bond
<b>ZPRC GY</b>	UCITS ETF (Dist)
<b>CONV IM</b>	
<b>GCVB SW</b>	
<b>SPF1 GY</b>	SPDR Thomson Reuters
<b>GCVE IM</b>	Global Convertible Bond
<b>GCVE SW</b>	EUR Hdg UCITS ETF (Acc)
<b>GVCV SW</b>	SPDR Thomson Reuters
	Global Convertible Bond
	CHF Hdg UCITS ETF (Acc)

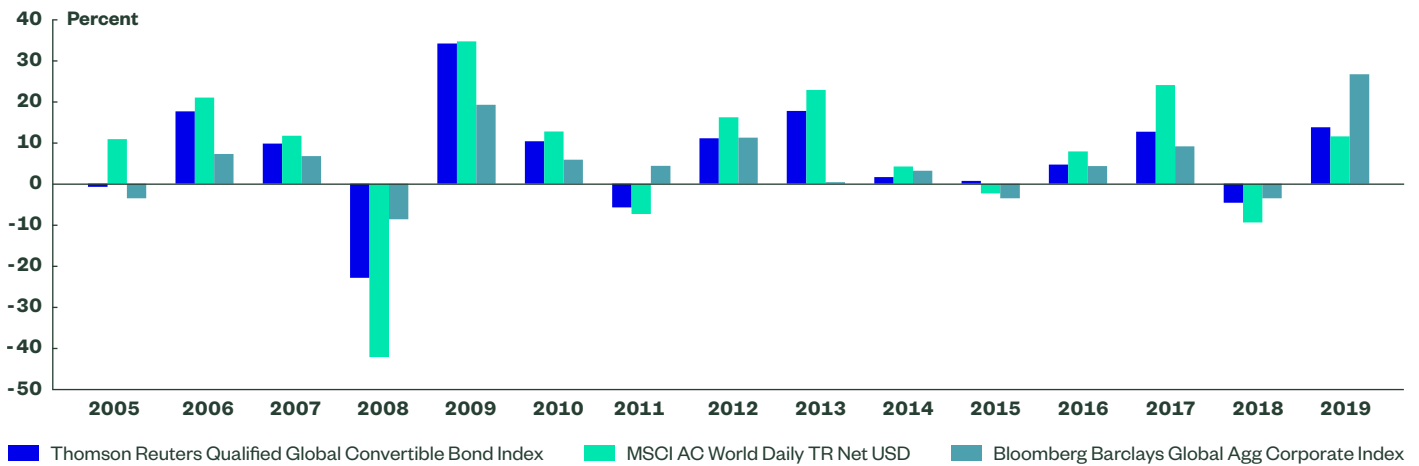
## How to Incorporate Convertible Bonds into Your Portfolio

- Convertible bonds can be used in the implementation of both fixed income and equity strategies.
- Traditionally they have been used by those investors wishing to extract the value in rising stock markets.
- Their inclusion in a portfolio allocation helps diversification. Convertible bonds offer hybrid features, i.e. a bond with a call or an equity with a put. They also come from a diverse range of issuers and sectors.

<sup>1</sup> Source: Morningstar, as of 31 March 2020.

<sup>2</sup> Source: Thomson Reuters, Bloomberg Finance L.P., as of 31 March 2020.

## Standard Performance



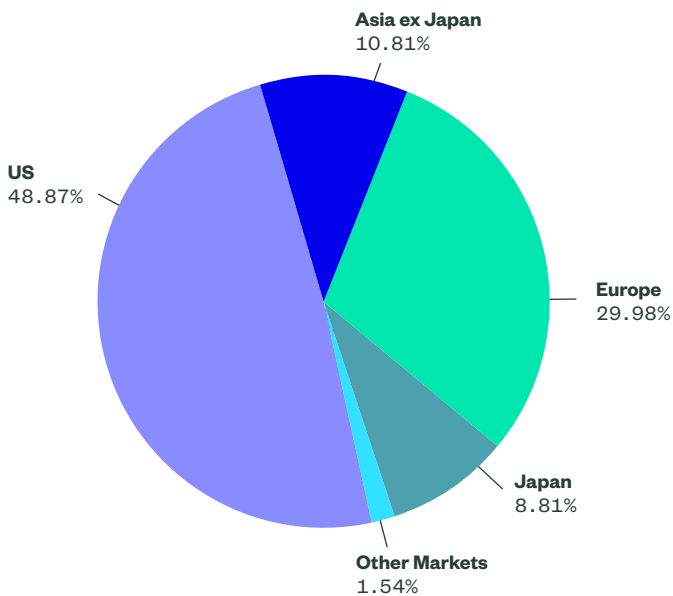
Source: State Street Global Advisors, Bloomberg Finance L.P., as of 31 December 2019. Diversification does not ensure a profit or guarantee against loss. **Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses associated with the fund or brokerage commissions associated with buying and selling a fund. Index performance is not meant to represent that of any particular fund.**

## Understanding the Index

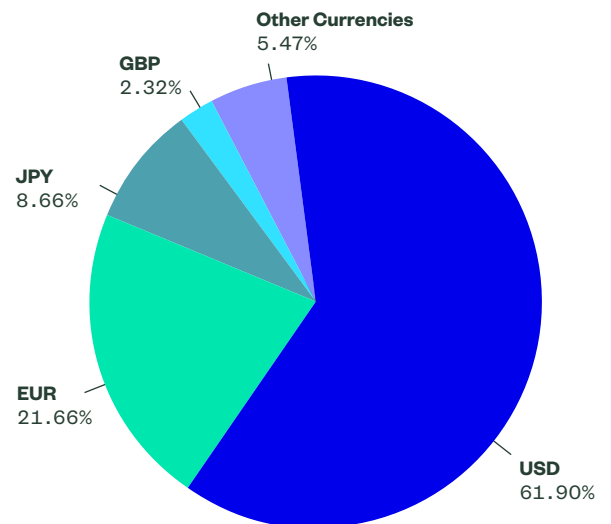
The Thomson Reuters Qualified Global Convertible Index is designed to provide a broad measure of the performance of the investable global convertible bond market. Qualifying fixed income securities may be issued with fixed or floating rates and must meet minimum size requirements in their

local currency. Individual issuers are capped at 4% of the Index at the start of each month.<sup>3</sup> Mandatory convertible bonds, perpetual convertible bonds, and bonds issued under Rule 144a are excluded.

### Regional Breakdown



### Currency Breakdown

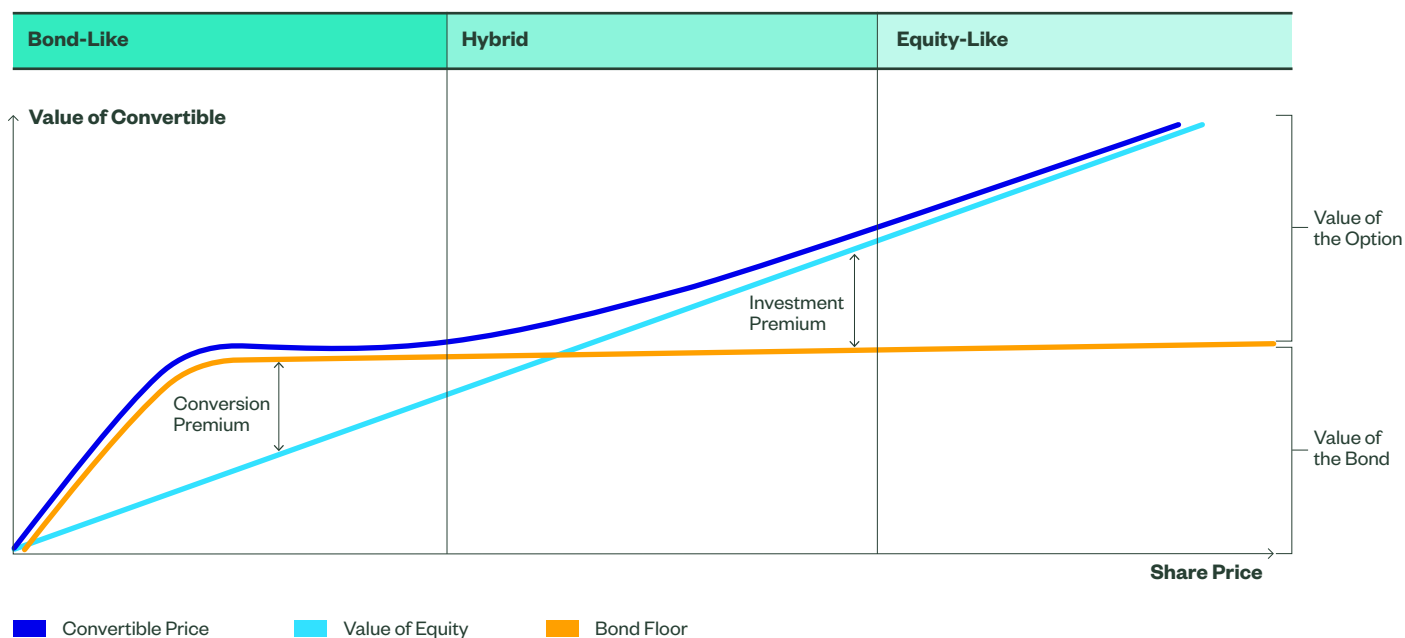


Source: Thomson Reuters, as of 31 March 2020.

## How Do Convertible Bonds Work?

As the underlying stock price gets closer to (or above) the conversion price, the value of the convertible bond typically rises. It thus becomes more sensitive to the change of the underlying stock price and takes on more equity-like characteristics. On the other hand, when the stock price falls

below the conversion price, the convertible behaves more like a bond. Its value typically does not fall as much as the stock because the coupon and principal value of the bond create investment value ('bond floor').



Conversion price = face value of the bond/conversion ratio. Conversion ratio = number of shares into which the convertible bond can be exchanged. The information contained above is for illustrative purposes only.

## Annualised Performance (% , Unhedged, in USD)

	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
SPDR Thomson Reuters Global Convertible Bond UCITS ETF	-10.82	-11.02	-11.02	-4.40	1.11	2.19	2.72
Thomson Reuters Qualified Global Convertible Index	-10.97	-11.15	-11.15	-4.60	1.38	2.53	3.04
<b>Difference</b>	<b>0.15</b>	<b>0.13</b>	<b>0.13</b>	<b>0.20</b>	<b>-0.27</b>	<b>-0.34</b>	<b>-0.32</b>

Source: State Street Global Advisors, as at 31 March 2020. The fund inception date is 14 October 2014. **Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. The contained performance data do not take account of the commissions and costs incurred on the issue and redemption, or purchases and sale, of units. Visit [spdrs.com](https://www.spdrs.com) for most recent month-end performance.** The performance figures contained herein are provided on a net of fees basis. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Performance returns for periods of less than one year are not annualised.

## ETF Characteristics

Number of bonds	265
AUM	997,118,810
Delta	0.40
Rho (100 bps)*	-2.19
Duration (Years)	3.5
Average Life (Years)	3.62

Source: State Street Global Advisors, Thomson Reuters, as of 31 March 2020.

## ETF Duration Breakdown

0-1 Years	12.80%
1-3 Years	1.61%
3-5 Years	29.44%
5-7 Years	41.55%
7-10 Years	12.23%
10+ Years	2.38%

## ETF Weight by Rating

A	6.63%
BBB	7.26%
BB	4.65%
B	7.96%
CCC	2.07%
D	0.00%
NR	71.43%

Source: S&P, as of 31 March 2020.

## ETF Sector Breakdown

Banking/Finance	3.29%
Cash	1.92%
Chemicals	4.25%
Construction	2.32%
Electronics	10.08%
Food & Drink	0.74%
Industrials	9.61%
Insurance	0.74%
IT	21.28%
Leisure	1.29%
Media	0.82%
Oil & Gas	2.66%
Other	0.84%
Pharmaceutical	7.91%
Property	6.25%
Retail/Wholesale	6.59%
Services	3.65%
Steel/Metals	1.01%
Telecom	9.66%
Transport	1.87%
Utilities	3.20%

## Fund Details

	SPDR Thomson Reuters Global Convertible Bond UCITS ETF (Dist)	SPDR Thomson Reuters Global Convertible Bond EUR Hdg UCITS ETF (Acc)	SPDR Thomson Reuters Global Convertible Bond CHF Hdg UCITS ETF (Acc)
ISIN	IE00BNH72088	IE00BDT6FP91	IE00BDT6FS23
Share Class CCY	USD	EUR	CHF
Tickers	LSE: GCVB LN (USD)/GLOB LN (GBP) Deutsche Borse: ZPRC GY Borsa Italiana: CONV IM SIX Swiss: GCVB SW	Deutsche Borse: SPF1 GY Borsa Italiana: GCVE IM SIX Swiss: GCVE SW	SIX Swiss: GCVC SW
<b>TER (%)</b>	<b>0.50</b>	<b>0.55</b>	<b>0.55</b>
Index Name	Thomson Reuters Qualified Global Convertible Index	Thomson Reuters Qualified Global Convertible Monthly Hedged (EUR) Index	Thomson Reuters Qualified Global Convertible Monthly Hedged (CHF) Index
Index Tickers	UCBITRUS	UCBITREH	UCBITRCH
No. Index Constituents	265	265	265
Portfolio Construction	Physical — Sampled	Physical — Sampled	Physical — Sampled
Income Treatment	Distributing	Accumulating	Accumulating
Dealing Models Available	Cash	Cash	Cash
Cash Subscription	Yes	Yes	Yes

Source: State Street Global Advisors, as of 31 March 2020. Characteristics are as of the date indicated and should not be relied upon thereafter.

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**The SPDR Thomson Reuters Global Convertible Bond EUR Hdg UCITS ETF (Acc) is new and therefore does not have a performance history of its own.**

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