

## PRESS RELEASE

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### **XENIX ETF rating study: ETFs for the world's bond markets**

Rating provider XENIX has conducted a qualitative rating on twelve global bond ETFs available on XETRA. These ETFs track the "Bloomberg Barclays Global Aggregate Bond Index". The bond index includes mainly government, bank and corporate bonds in local currency from almost 60 industrialised and emerging countries. Chinese renminbi bonds have also been included since 2019. "The Aggregate Index" with almost 25,000 bonds is a synonym for the global bond markets. The importance of the "AGG" with around 2,500 issuers with an exclusively good credit rating roughly corresponds to the capitalisation of the global stock market, which was valued at USD 56,506 billion at the end of January 2020 as measured by the STOXX Global TMI index with 9,000 stocks.

### **Twelve global bond ETFs from five providers**

For the first time, XENIX has qualitatively rated the twelve global aggregate bond ETFs. These global bond ETFs are core investments for ETF savers and professional investors. They are increasingly used in ETF savings plans with direct banks and in digital wealth management as a base investment which delivers price stability and interest-income. The coupon for these ETFs is around 2.5% at the end of February 2020, because the share of the euro zone and Japan with negative key interest rates is only around 40%.

Only the five ETF providers Amundi, iShares, SPDR, Xtrackers and Vanguard are currently offering Global Aggregate ETFs in Germany. They usually rely on a partial selection to replicate the index with 3,000 to 5,000 bonds, because tracking such a vast index is no easy task, especially since issuers come across the whole fixed income-spectrum: governments, government-related, supnationals and corporates as well as asset-backed and mortgage-backed securities.

### **Three-tier ETF rating for a young segment**

XENIX evaluates the quality of bond ETFs based on more than 260 criteria. These include the quality of the underlying indices, the quality of the ETF construction, the liquidity of the respective ETF as well as the performance differences of the ETF to the replicated index.

"Eight out of the twelve ETFs on the Global Aggregate Bond Index have only been listed on the Frankfurt Stock Exchange for around two years. On average, the twelve ETFs have only been available to German investors for two years and four months. With the XENIX ETF rating, these interest rate ETFs were facing a real quality test for the first time," says Wieland Thyssen, spokesman for the management at XENIX. "It is noteworthy that these ETFs charge on average a TER of 0.11% per year, although every second ETF also offers currency hedging against the original US dollar index version."

The outcome of the XENIX study for Global Aggregate segment is that seven ETFs are rated with three XENIX STARS and five ETFs are rated with two XENIX STARS. Due to their short history some of these "global bond market via single ETF" products will probably be rated as an excellent basic investment in one or two years' time.

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**About XENIX**

XENIX is an independent rating provider focused as ETF expert on the following business segments: ETF rating, benchmarking portfolios, ETF AWARDS and consulting services for wealth managers.

XENIX was founded in 2009 by Dr. Markus Thomas in Berlin. Wealth and asset managers can receive the complete XENIX ETF rating results as XENIX STARS or as XENIX BOX. They can license these rating outcomes for managing or even promoting their client's financial portfolios and their own investment funds.

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