



Green Bond Issuance hits record before the end of H1!

Global green bond issuance this year has passed 2020's full-year volume to set a new annual record before the first half ends, according to Bloomberg.

It's in this dynamic market environment that our R-co 4Change Green Bonds fund is celebrating its first year of existence, on which date we offer you a market update on the Green Bonds market.

In June, the international green corporate bond market recorded a clearly positive performance of +1.53% in euros.

Despite good activity statistics on both sides of the Atlantic and a rebound in employment figures in the United States, long-term rates fell in line with inflation expectations. Commodity prices declined over the month and the amount of money mentioned for the US infrastructure plan was lower than expected. The US and German 10-year yields thus ended 13 bp lower at 1.47% and 6 bp lower at -0.21% respectively. In addition, the Fed surprised the markets somewhat at its monetary policy meeting on June 16, by bringing forward the first hikes in its key rate to 2023. The yield curve flattened out as short and intermediate maturities rose, following a sharp rise in real rates. The credit market will have retained the accommodating nature of central banks, particularly in Europe. Spreads narrowed by 2 bp on the investment grade side and by 6 bp on the high yield side.

	Average weight %	Contributions	Total return in EUR	Total return in local currency
Bloomberg Barclays Global Green Bonds Corporate	100	1.534	1.534	0.584
EUR	63.35	0.225	0.352	0.352
USD	29.63	1.234	4.215	1.074
GBP	3.86	0.043	1.118	0.867
CAD	1.60	0.016	0.969	0.414
AUD	0.65	0.003	0.385	0.381
JPY	0.59	0.010	1.655	0.019
SDG	0.16	0.003	1.597	0.288
CHF	0.14	0.000	0.272	-0.036

Sources: Bloomberg, Rothschild & Co Asset Management Europe, 30/06/2021.

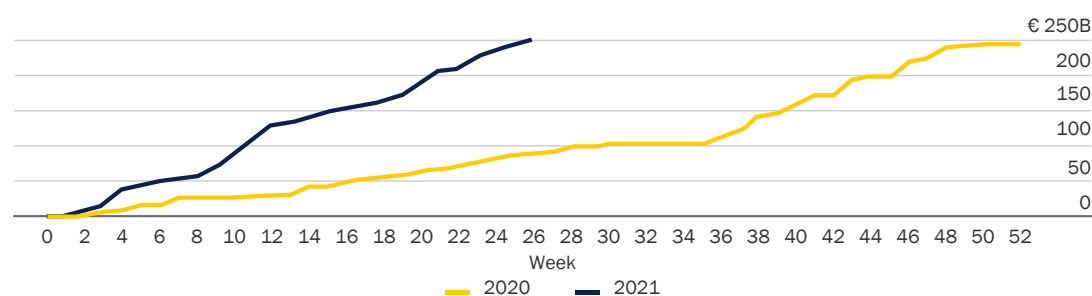
In this context, the evolution of green bonds in local currencies was favorable, particularly for securities denominated in US dollars and sterling, which rose by about 1% (last column).

In the foreign exchange market, the euro fell against the other currencies in the index, particularly the US dollar (-3%), the Canadian dollar (-0.3%), the Singapore dollar (-1.3%) and the yen (-1.7%), all of which contributed to the performance of these securities in euros.

Also, performance in euros by currency of origin was in very positive territory in June, particularly for green bonds denominated in US dollars. These bonds represent nearly 30% of the index and performed by more than 4% in euros. They accounted for most of the index's monthly performance.

Sales of bonds for environmentally friendly projects reached \$78 billion globally in June, up from \$61 billion the previous month and totaling \$338 billion year-to-date, according to preliminary data compiled by Bloomberg.

Going Green - ESG issuance in Europe has already exceeded full-year 2020 volume



Sources: Bloomberg, Rothschild & Co Asset Management Europe, 30/06/2021.

Note: ESG issuance covers publicly syndicated EUR, GBP and Reg S only USD debt, including green, social, sustainability, sustainability-linked and transition bonds

To illustrate the strong momentum of ESG bond issuance (green, social, sustainable and sustainability linked) in the first half of the year, Bloomberg highlights the cumulative EUR, GBP and USD (Regs only) ESG issuance that has just surpassed the 2020 total even before the end of the first half.

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Main risks :
 Risk of capital loss
 Interest rate risk
 Credit risk
 Counterparty risk

*The data used to calculate this synthetic indicator may not constitute a reliable indication of the future risk profile. Risk scale ranging from 1 (lowest risk) to 7 (highest risk); the lowest category does not signify a "risk-free" investment.

The risk category associated with this UCI is not guaranteed and may change over time upwards or downwards.

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