

HYDB

iShares High Yield Systematic Bond ETF

Fund Description

HYDB tracks a broad-maturity, multifactor index of high-yield bonds. The index selects and weights bonds based on default probability, default-adjusted spreads, and volatility.

FactSet Analyst Report

HYDB aims to deliver enhanced protection against systemic credit deterioration by screening out issuers with high probability of default (PD). Using default-probability analytics and other inputs, the fund employs an alternative credit-risk evaluation model. Starting with a universe of high-yield corporate bonds with at least 12 months to maturity, the fund screens bonds for credit quality based on default probability. Securities are assigned a customized credit rating based on seniority and credit rating. Securities are then equally divided into 10 customized credit rating subgroups, with each subgroup ranked based on their default probability. The fund removes securities without PD or insufficient market data. The fund uses an optimizer to increase the weight of bonds with higher default-adjusted spreads. The fund is rebalanced quarterly. Prior to Jan. 26, 2024, the fund was called iShares High Yield Bond Factor ETF that tracked the BlackRock High Yield Defensive Bond Index.

