



News Release

15 May 2018

NEW FIXED INCOME ETF PROVIDER TO LAUNCH IN EUROPE

- **2018 could be a record year for fixed income ETFs, according to new research**
- **53% of investors expect assets under management in fixed income ETFs to hit \$1.6 trillion or more in 2020 – up from \$600 billion at YE 2016**
 - **Research highlights lack of innovation in fixed income ETFs**

A new ETF provider is set to launch a range of unique fixed income funds targeting European institutional investors including insurance companies, pension funds, asset managers, private banks and wealth managers. Tabula Investment Management's sales team will cover the UK, Ireland, Germany, France, Switzerland, Austria, Belgium, Luxembourg, the Netherlands and the Nordics.

Tabula Investment Management Limited

Tabula Investment Management Limited will be led by Michael John ('MJ') Lytle as CEO. Mr Lytle was one of the founding partners of independent ETF provider Source (acquired last year by Invesco). Prior to that he spent 18 years at Morgan Stanley, mainly in fixed income. Hasan Sabri will be COO. Mr Sabri has over 30 years of experience in FinTech, asset management and banking. He has held roles as diverse as the CEO of MyInvest, COO of MoneyFarm and COO of GLG Partners (now part of Man Group).

Tabula will focus on fixed income supporting investors as flows into the asset class accelerate. The company believes that although fundamentals and market dynamics are positive for fixed income ETFs, the persistent innovation that ignited the equity ETF market has been lacking in this sector. As a result, the large incumbent funds continue to gather assets, but investors are hungry for new products.

Tabula will launch its first ETFs soon, providing new and more precise tools for passive credit exposure. Tabula plans to expand its offering across the asset class, moving from investment grade and high yield credit into inflation, government debt, emerging markets, bank capital, money markets, ESG strategies and Solvency II-efficient funds.

Mr Lytle said: “Passive strategies account for only 5% of fixed income fund assets, compared to 30% for equities. We expect this gap to close, but how quickly will depend on how compelling the available funds are. There are currently over 400 fixed income ETFs in Europe, but almost half of the assets are concentrated in the top 20. We are optimistic that delivering precise exposure and addressing specific investment needs will resonate with investors and complement existing products.”

2017 saw record inflows of \$140 billion into fixed income ETFs. New research by Tabula¹ reveals that investors expect this trend to continue:

- 53% of investors believe 2018 will be a record year for inflows into fixed income ETFs
- By 2020, 51% predict there will be \$1.6 trillion or more in fixed income ETFs, up from \$600 billion in 2016
- However, 38% of investors say the level of innovation in the fixed income ETF space is less than in the equity ETF market, with just 11% saying it's higher.

¹ Tabula Investment Management commissioned PollRight to conduct research with professional investors including asset managers, pension funds, insurance companies, private banks and wealth managers. 55 investors took part in the survey in April 2018.



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Tabula is working in partnerships and alliances with HSBC, IHS Markit, KB Associates, ICE and PwC. Until such time as Tabula receives its own authorisation, it will be an Appointed Representative of Cheyne Capital, which is authorised and regulated by the Financial Conduct Authority.

HSBC

HSBC is not only providing custody and administration services to Tabula but has taken a holistic approach to supporting the new venture, providing a range of banking services that most institutions would reserve for larger, more established businesses.

Cian Burke, Global Head of HSBC Securities Services, said: “We are delighted that Tabula has chosen HSBC to service these new ETFs. We have invested heavily in both our ETF technology and people, and continue to do so. HSBC is proud to partner Tabula in what we believe to be an innovative approach to the market. ETFs continue to play a large part of the growth in the European investment fund industry. Ireland is central to this development and we have worked very hard to ensure we are leaders in this space”

IHS Markit

IHS Markit will provide benchmark CDS indices for Tabula’s first ETFs. Benchmark CDS indices from IHS Markit are based on some of the most liquid credit instruments globally and are administered in accordance with the IOSCO Principles for Financial Benchmarks and the EU Benchmark Regulation.

Max Ruscher, Director of CDS Indices at IHS Markit commented: “We are delighted that Tabula will work with IHS Markit to further innovation and expand the product range available to fixed income investors today. IHS Markit remains committed to delivering innovation, while enhancing the transparency and liquidity of global fixed income markets.”



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KB Associates

KB Associates (“KBA”) has partnered with Tabula to support the establishment of the ETF in Ireland. KBA will also be responsible for UCITS governance services. Furthermore, KBA will provide an extensive range of ancillary services including director services, company secretary services and MLRO services.

Mike Kirby, Managing Principal at KBA, commented: “We are delighted that Tabula has chosen KBA as its governance and compliance partner in Ireland. KBA currently supports a number of both active and passive ETF structures in Ireland and we are very pleased to now work with Tabula. We are excited both by the market opportunity which Tabula has identified and by its dynamic approach”.

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Notes to editors:

For further information please contact Danae Quek at Citigate Dewe Rogerson on 0207 282 1079 or email her Danae.Quek@citigatedewerogerson.com

Tabula Investment Management

Tabula is an asset manager focused on passive fixed income. It is based in London and plans to offer Irish domiciled UCITS funds to European investors, mainly in the form of ETFs. Tabula recognises that the trend toward passive investing, which has transformed equity investing in the past two decades, has only just begun in fixed income. Tabula works in partnerships and alliances with HSBC, IHS Markit, KB Associates, ICE and PwC. Until such time as Tabula receives its own authorisation, it will be an Appointed Representative of Cheyne Capital, which is authorised and regulated by the Financial Conduct Authority.



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HSBC

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67

countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,522bn at 31 December 2017, HSBC is one of the world's largest banking and financial services organisations.

IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.



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KB Associates

KBA is an independent provider of management company and consulting services supporting over 120 asset managers and in excess of \$100bn of assets. It is dedicated exclusively to meeting the needs of managers establishing and operating investment funds. KBA operates offices in the Cayman Islands, London and Dublin where it has a team of 45 professional staff. It provides an extensive suite of services to investment funds and asset managers including fund establishment support, management company services, governance and compliance services, director services, MLRO services, company secretary services and fund registration services.