



Press Release

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TABULA LAUNCHES EUROPEAN HIGH YIELD ETF

- **New European Credit UCITS ETF offers liquid exposure to 75 Crossover credits**
- **Unlike traditional cash bond funds, exposed to minimal interest rate risk**
- **Equal weighting avoids large sector biases, focusing mainly on corporates**
- **Can be used for strategic allocations or tactical positions**

European fixed income ETF provider Tabula Investment Management Limited (“Tabula”) has launched the Tabula European iTraxx Crossover Credit UCITS ETF offering passive exposure to European sub-investment grade corporate credit with limited interest rate risk compared to traditional bond indices. The ETF is the first directly replicating UCITS ETF giving beta exposure to Credit Default Swaps (CDS), in this case high yield credits, through positions in the European iTraxx Crossover index. CDS indices offer a high degree of liquidity with \$80 billion of turnover on a daily basis and European Crossover alone attracting around \$1.8 billion of trading. As a result, unlike traditional high yield bond funds which have to manage the risk of illiquidity in individual bond holdings, trading CDS index exposure concentrates positions in one highly liquid contract that tends to attract increased turnover in volatile markets. Furthermore, the innovative structure of the ETF allows everybody to trade CDS indices without having an ISDA and manage collateral or margin requirements while eliminating counterparty risk due to central clearing.

“A common investor concern surrounds owning high yield bonds in a passive vehicle during times of market stress. A lack of liquidity in individual bonds can become a challenge. Spreads can widen significantly, and individual bonds can see varying



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levels of investor demand. This is exactly the time when investors want to adjust their positions”, comments Tabula CEO Michael John Lytle.

“We strongly believe in democratising access to CDS indices. They were previously only available to a small group of specialised institutional investors. We are making them available in a transparent UCITS ETF, which extends the tool kit for fixed income investors to efficiently manoeuvre in difficult market environments”, explains Lytle.

“Several providers have launched short duration high yield funds in order to tap into the yield of lower rated credits while limiting volatility and interest rate risk,” adds Lytle. “Using CDS crossover indices offers a relatively stable full 5 year credit spread duration but with only limited interest rate exposure and tight bid-offer spreads. Our ETF also benefits by capturing the roll yield of the credit curve which is not available via traditional cash bond funds,” says Lytle.

The Tabula European iTraxx Crossover Credit UCITS ETF currently yields approximately 3.99%¹. The index tracked by the ETF has outperformed a full duration high yield cash bond index in simulations over 10 years.

This ETF is the latest addition to the range of fixed income ETFs offered by Tabula. “We’re a specialised fixed income ETF provider, the team has many years’ experience and we are focused on creating better passive products,” comments Lytle.

Tabula plans to further expand its offering, from investment grade and high yield credit to inflation, credit volatility, money markets and broader market exposure.

¹ as of 31st December 2018, Estimated yield is calculated by ageing and repricing the fund portfolio and assuming that spread curves remain constant. The calculation involves a number of other assumptions and approximations. The estimated yield is not a guarantee of future returns, which will vary based on market price changes.



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Lida Eslami, Head of London ETP Business Development, London Stock Exchange Group said: “We are delighted to host Tabula’s next ETF on London Stock Exchange. Their new fixed income ETF adds to the diverse range of funds available on our markets offering exposure to a broad range of fixed income assets from government bonds to corporate credit. London is the premier listing and trading venue for ETFs in Europe and we look forward to further diversification of the range of exposure over the coming months.”

About the ETF

Index	iTraxx European iTraxx Crossover Credit Index (Bloomberg Ticker : ITRXXOVL Index)
Replication method	Direct
Exchange	London Stock Exchange
ISIN	IE00BH059L74
Bloomberg ticker	TECC LN
Income treatment	Accumulating
Base/trading currency	EUR
Ongoing charge	0.40%
Investment manager	Cheyne Capital Management (UK) LLP
Domicile	Ireland
Registered countries	Ireland, Austria, Sweden, Finland, United-Kingdom, Netherlands, France, Germany and Norway

About the index

The ETF tracks the iTraxx European Crossover Credit Index (IECL Index), a new index developed by Tabula in partnership with IHS Markit. It offers European crossover credit exposure. The index takes exposure to the iTraxx Crossover 5 yr (sub-investment grade) index. The index reflects the return from selling protection on the current series of each CDS index. It takes total market exposure targeting 100% of iTraxx Crossover. The index is rebalanced monthly and is calculated by IHS Markit. A detailed methodology is available at TabulaIM.com.



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Notes to editors:

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Tabula Investment Management Limited

Tabula is an asset manager focused on passive fixed income. It is based in London and offers 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.