Press Release

20/01/2020

TABULA LAUNCHES US DOLLAR HEDGED SHARE CLASS OF ITS GLOBAL CREDIT VOLATILITY PREMIUM ETF

- **The Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF (USD Hedged Distributing Class) seeks to capture the volatility premium available in credit markets via options on the iTraxx Crossover and CDX HY**
- **The risk premia in credit volatility has historically exceeded that seen in equity or rates volatility**
- **The Index has shown low to negative correlation with traditional equity and fixed income indices classes while exhibiting high risk-adjusted returns**
- **The strategy's objective is to mitigate exposure to spread movements through daily delta hedging**

European fixed income ETF provider Tabula Investment Management Limited ("Tabula") has added to its global credit volatility ETF range by launching the Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF (USD hedged, distributing class), offering a dollar hedged passive vehicle for capturing the difference between realised and implied volatility in Credit Default Swap (CDS) index options markets.

The ETF joins the Tabula J.P. Morgan Global Credit Volatility Premium Index UCITS ETF (accumulating class) which launched in March 2019, and has current assets equivalent to $133m.

The ETF replicates the returns of the J.P. Morgan Global Credit Volatility Premium Index which sells options on the iTraxx Crossover (75 European names) and CDX HY indices (100 North American names) while hedging out the exposure to credit spreads daily. The resulting strategy offers performance driven by the difference between implied and realised credit spread volatility. Historically, the CDS index options market predicts volatility that is higher than the actual level of volatility realised in the reference indices.

CDS index options are a large and liquid market with approximately $27 billion of daily turnover. However, while there are a wide variety of credit option buyers, there are a limited number of sellers of credit options as they have experienced relatively high barriers to entry. This imbalance helps to drive the historical difference between implied and realised volatility to be higher than the equivalent premium available in the equity market[1].

By selling CDS index options and regularly hedging the market exposure of the options with the underlying CDS indices ("delta hedging"), the strategy seeks to capture this premium while aiming to minimise market risk. The ETF makes this otherwise difficult to access premium in CDS index options available to investors in a liquid, passive instrument, without requiring an ISDA or the management of collateral or margin requirements. The ETF replicates the Index via total return swap while investing residual cash in short-dated government bonds.

"Investors have responded well to our first global credit volatility ETF, and we are pleased to add to our offering with a US dollar hedged share class of the Fund", comments Tabula CEO Michael John Lytle, "the euro share class ended the year strongly, returning 2% in the final quarter[2], with performance driven by a compression in volatility. Yields in US dollars are currently more than 2% higher than euros, due to the currency interest rate differential."

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[1] Source: J.P. Morgan, 2019, based on 10-year volatility risk premia in iTraxx Crossover and CDX HY vs. the EuroStoxx 50 and S&P 500 indices respectively.
[2] Source: Tabula IM, Regulatory risk warning: **Past performance is not a reliable indicator of future results.**

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This ETF is the latest addition to the range of fixed income ETFs offered by Tabula. Earlier this month, Tabula launched the Tabula iTraxx Europe IG Bond UCITS ETF, offering passive exposure to the new iBoxx iTraxx Europe Bond Index. The innovative index, developed in partnership with IHS Markit, provides corporate bond exposure that closely reflects iTraxx Europe, a liquid and widely-used credit benchmark comprising 125 European investment grade entities.

About the ETF

Index	J.P. Morgan Global Credit Volatility Premium Index (Bloomberg Ticker: JCREVOLP Index)
Replication method	Indirect
Exchange	London Stock Exchange
ISIN	IE00BKY72Z58
Bloomberg ticker	TVOU LN
Income treatment	Distributing
Base currency	EUR
Share class currency	USD
Ongoing charge	0.55%
Investment manager	Cheyne Capital Management (UK) LLP
Domicile	Ireland

About the index

The ETF seeks to achieve the performance of the J.P. Morgan Global Credit Volatility Premium Index (JCREVOLP Index), developed by J.P. Morgan. It offers short exposure to volatility in North American and European high yield index CDS markets. The Index reflects the return from synthetically selling option strangles on iTraxx Crossover and CDX HY indices and delta hedging any outstanding options on a daily basis. The Index uses CDS index and CDS index options pricing from IHS Markit. More information is available on the Index at www.jpmorganindices.com

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Tabula Investment Management Limited

Tabula is an ETF provider focused on passive fixed income. Tabula 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.

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