



## Press Release

21 December 2022

### CHINESE ECONOMY POISED TO RECOVER

A trifecta of strict “zero-Covid” rules, a property crisis, and a looming global recession pushed the Chinese economy into a slowdown this year. However, European asset manager and ETF provider Tabula Investment Management (“Tabula”) says there are increasingly positive signs growth will return.

China’s Central Economic Work Conference (CEWC) ended on Friday last week with the promise of further policy support for consumers and property developers in particular. China will “expand domestic demand” and “prioritise restoring and expanding consumption”. Consumption this year has been weakened by fear of quarantine, and is now suffering from fear of COVID itself as hospitals and medical facilities in tier 1 cities come under increasing strain.

For the real estate sector the Chinese authorities made it clear at the CEWC they will “meet the reasonable financing needs of developers” and promote mergers, acquisitions and restructuring to help stabilise the sector.

Tabula CEO Michael John Lytle says: “China’s government deployed most of its fiscal support during the first half of 2022, and the budget for 2023 will not be set until next March. With spending by both consumers and private business under strain, the government will need to step in to stimulate GDP growth next year. In particular, we are likely to see a step up in fiscal support in 2023 and more funds to ensure that the property sector is finally able to crawl out of its crisis.”

Lytle says the signs are good for high yield investors who have already identified Asia as a source of attractive yields. Tabula’s Asia ex-Japan High Yield Corporate USD Bond ESG UCITS ETF has rallied more than 20% in the last 30 days, and now offers a gross yield of ~18%. The ETF has attracted over US\$140 million of net

inflows this year – the second highest inflows of any European-listed fixed income high yield ETF – and Lytle predicts more investors will follow.

Lytle says: “President Xi has been clear about implementing a further shift away from market-based reforms in favour of a state-led campaign to increase self-sufficiency and economic security, which means ensuring the security of food, energy resources and important industrial supply chains. The goal of common prosperity – reducing inequality – remains a high priority. These are all factors that should work well for high yield investors in Asia.”

**- End -**

## **CONTACTS**

Leyton Page

Phone: +44 20 3909 4703

Email: [leyton.page@tabulagroup.com](mailto:leyton.page@tabulagroup.com)

### **Perception A (PR firm)**

Phil Anderson

Phone: +44 7767 491 519

Email: [phil@perceptiona.com](mailto:phil@perceptiona.com)

### **About Tabula Investment Management Limited**

Tabula Investment Management Limited (“Tabula”) is an asset manager and ETF provider focused on differentiated strategies. Its current strategies provide unique solutions in the fixed income space, and help investors achieve greater control of investment risks and rewards.

The Tabula group currently manages over US\$900 million in assets. Tabula is authorised and regulated by the Financial Conduct Authority.

tabulagroup.com