



Press Release

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GULF COUNTRIES PROVIDE FIXED INCOME INVESTORS MUCH NEEDED ALTERNATIVE TO DEBT-LADEN DEVELOPED EUROPEAN ECONOMIES

After the Office for National Statistics revealed the UK's debt-to-GDP ratio has surpassed 100% for the first time since 1961, fixed income ETF provider Tabula Investment Management Limited ("Tabula") says investors should consider investing in the Gulf Cooperation Council (GCC) countries.

The UK's debt problems are dwarfed by those of Italy which has over EUR2.6 trillion of debt representing 145% of its GDP.

Meanwhile France's debt-to-GDP ratio is predicted to reach 115% by the end of the year. The debt challenge is similar in Germany where the debt-to-GDP ratio is projected to increase to around 70% in 2023.

This mountain of debt weighing on developed Europe makes GCC countries, which comprise Saudi Arabia; UAE; Qatar; Kuwait; Oman; and Bahrain, look increasingly attractive to fixed income investors. The IMF reports UAE's debt-to-GDP ratio as just 31%, while Saudi Arabia's debt-to-GDP-ratio is not expected to pass 25% this year.

Tabula, which was the first asset manager to launch a GCC government bond ETF earlier this year, says the region looks even more appealing next to its developed counterparts when considering inflation.

The UK's current inflation rate is 8.7%, in Italy it is 7.6% and in Germany 6.4%, while the GCC has kept price increases at around 3% this year.

In terms of performance, GCC government bonds have outperformed the JP Morgan Emerging Markets Global Core Index by over 5% every year for the past five years.



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Jason Smith, Chief Investment Officer at Tabula, said: “GCC countries have an incredible growth story to tell, and this is not just about oil production. The GCC economies are also growing through other avenues such as tourism, while tax reform has also helped drive revenue.”

Tabula CEO Michael John Lytle said: “Investors need better tools to extract value from their fixed income positions. GCC countries are a particularly interesting segment of the emerging markets, offering long-term growth and diversification from debt-laden developed economies. Traditionally it has been difficult for investors to access these markets, which is why Tabula is pioneering ETFs in the GCC region.”

Tabula GCC Sovereign USD Bonds UCITS ETF (TGCC LN)

TGCC aims to track the ICE Gulf Cooperation Council Government Bond ex-144a Index (the Index; ticker: EGCC Index). Developed by Tabula, the Index is composed of approximately 100 AA to B rated government bonds denominated in USD. To be included, bonds require a minimum 1yr maturity and a minimum amount outstanding of US\$500m. The Index currently provides exposure to six GCC countries and applies a 25% country cap. The Index has a current yield of 5% and a duration of 7.6 years.

The **Tabula GCC Sovereign USD Bonds UCITS ETF (TGCC LN)** is listed on the London Stock Exchange, with ~US\$40m in current assets.

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Tabula Investment Management Limited

Tabula is an asset manager and ETF provider focused on differentiated fixed income strategies. Our ETFs provide unique solutions in the fixed income space, and help investors achieve greater control of investment risks and rewards.

Tabula is authorised and regulated by the Financial Conduct Authority.

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