



Press Release

7 November 2023

INVESTORS BELIEVE IT IS NOW POSSIBLE TO MOVE CORE FIXED INCOME EXPOSURES TO ESG ETFS, WITHOUT SACRIFICING RETURNS OR DIVERSIFICATION

In a recent survey, nearly all institutional investors and wealth managers across Europe, with combined assets of over €150 billion under management, said the number of fixed income indices will increase over the next two years.

The survey, commissioned by European asset manager Tabula Investment Management (“Tabula”), found that 96% of institutional investors and wealth managers expect an increase in the number of ESG indices, with 21% expecting that increase to be “dramatic”.

When asked whether innovation in ESG fixed income indexing has created the necessary sustainable building blocks for core portfolio exposures, more than 97% of respondents agreed that it had. Those respondents stated that it was now possible to shift core exposures to fixed income ESG ETFs, without sacrificing risk-adjusted returns or diversification.

Looking at the quality of ESG data for the fixed income market at the current time, one-quarter of institutional investors and wealth managers rate it as excellent; 62% say it is good while 13% say the standard is average.

Jason Smith, Chief Investment Officer at Tabula, said: “There has already been a marked increase in the number of ESG indices that help passive fixed income investors to find sustainable investment opportunities without giving up returns or the characteristics of their core portfolio exposures. What matters now is that we see a continued improvement in the quality of those indices to ensure they include issuers that have been thoroughly investigated and assessed on their ESG credentials.”



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Michael John Lytle, Tabula CEO, said: “Tabula has long been at the forefront of building ESG indices for fixed income investors. We were the first to create benchmarks for investors who want to align their portfolios with the climate goals of the Paris-agreement. We continue to evolve those indices to include more sustainability criteria.”

In January 2021 Tabula became the world’s first provider of a Paris-aligned fixed income ETF following the launch of the EUR IG Bond Paris-aligned Climate UCITS ETF (TABC GY) which is classified as Article 9 under the EU Sustainable Finance Disclosure Requirements. Since then the firm has expanded its SFDR Article 9 ESG range to include Paris-aligned euro high yield bonds (THEP GY), Paris-aligned global high yield fallen angels (THFA LN) and Paris-aligned euro investment grade ultrashort bonds (TUCP GY).

Tabula’s objective with these ETFs is to create simple and transparent products that meet the EU Paris-aligned Benchmark (PAB) criteria. In accordance with PAB rules, all of the indices deliver a 50% reduction in greenhouse gas emissions relative to the relevant broad bond market index at inception, and a minimum 7% annual reduction. Fossil fuel companies are excluded and other important ESG screens are applied (e.g. social norms and controversial weapons).

ENDS

Notes to editors

* Tabula Investment Management commissioned the market research company Pureprofile to interview 100 fixed income investors working for pension funds, insurers, family offices and wealth managers in the UK, France, Germany, Switzerland and Italy with a total of €150.6 billion assets under management. The survey was conducted in August 2023.



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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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