

The US inflation story: not over yet

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Tabula's US enhanced inflation ETF performed strongly in 2021

The ETF's TIPS portfolio should benefit from high near-term inflation

Breakeven exposure will be critical if inflation expectations are adjusted upwards

Capital is at risk.

The value of your investment may go down as well as up and you may not get back the amount you invested.

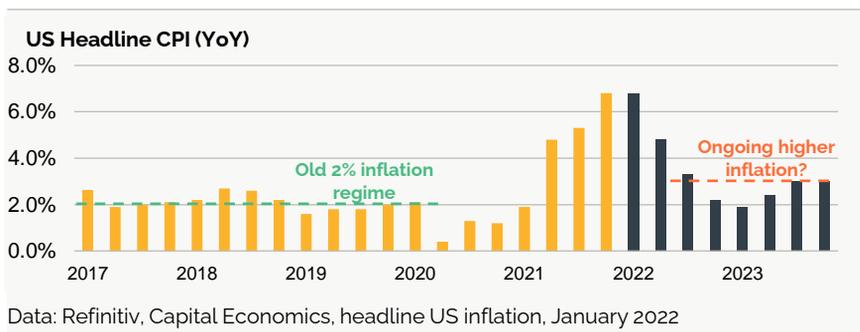
Is the right product for 2021 still compelling now?

As inflation fears gathered pace in 2021, the Tabula US Enhanced Inflation UCITS ETF (TINF) demonstrated its effectiveness, returning 15.1% for the year and outperforming traditional TIPS ETFs by over 9%. In 2022, inflation risk remains very real. Covid-related supply chain issues are not yet resolved and could keep inflation high in the coming months. Perhaps more importantly, longer-term inflation expectations feel low. Amid the turmoil of the pandemic, we could be overlooking a reset of the global trends that kept inflation so low for so long.

TINF's combination of TIPS and US breakeven inflation exposure makes it well-placed to respond to both high inflation in 2022 and a repricing of longer-term inflation expectations.

1. Inflation could remain high well into 2022

Forecasts from Capital Economics suggest that, while headline inflation may have peaked for now, it could remain elevated well into 2022. Supply chain issues, including shipping delays, haven't yet been resolved and not all price increases have been passed on to consumers. For example, US car, grocery, restaurant and clothing prices were still rising fast at the end of December, according to Capital Economics. In a scenario of ongoing high inflation, the ETF's broad TIPS portfolio should benefit.



2. A new inflation regime?

US 10y breakeven inflation is currently 2.4%, only ~40 basis points above average realised inflation over the past decade. However, the megatrends that underpinned the low inflation era are giving way to new ones. The ETF's exposure to 7-10y breakeven inflation will allow it to capture any repricing.

2011 – 2021	2021 – 2031
<ul style="list-style-type: none"> Prices kept low by greater globalisation and low-cost Chinese production 	<ul style="list-style-type: none"> Waning globalisation and growing trade barriers Aging population in China, shrinking its labour market Rising "green inflation" driven by cost of climate change
2% average yoy inflation	3% or higher?

Data: Bloomberg as of 31 January 2022

ETF overview

The ETF aims to provide 100% exposure to both US TIPS and US breakeven inflation via the Bloomberg US Enhanced Inflation Index. The index reflects the performance of a broad portfolio of TIPS plus 7-10y breakeven inflation.

ETF terms

ETF	Tabula Enhanced US Inflation UCITS ETF (USD)			
Index	Bloomberg US Enhanced Inflation Index			
Replication	Direct			
Base currency	USD			
Ongoing charge	0.29%			
Domicile	Ireland			
Exchanges, share classes and tickers				
	LSE	Xetra	BX Swiss	Borsa Italiana
USD Acc	TINF LN		TINF SW	
GBP-Hedged Acc	TING LN			
EUR-Hedged Acc		TABI GY		TINE IM
CHF-Hedged Acc			TINC SW	

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