

Press Release

Emles launches first U.S. real estate debt ETF tracking the Solactive U.S. Real Estate Bond Index

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Contemporary investors are increasingly seeking alternative strategies, such as real estate, to generate uncorrelated returns and diversify away from traditional asset classes. While many investors allocate to real estate equity, corporate bonds issued by real estate companies offer a compelling investment opportunity. Historically, real estate corporate bond debt has been difficult to access - until now. The **Emles Real Estate Credit ETF [REC]** is the first and only ETF to provide investors access to the formerly elusive sector of real estate corporate bond debt. The ETF tracks the **Solactive U.S. Real Estate Bond Index**, which is a market value-weighted index designed to measure the performance of corporate bonds issued by U.S. companies in the real estate sector.

Real estate investments offer strong returns and diversification benefits relative to traditional asset classes. Yet despite the diversification benefits, the real estate market is still subject to volatility, which can increase during periods of economic stress. Investors can now complement and diversify their real estate exposure with a **portfolio of bonds issued by real estate companies**. Taking a deeper look at the fundamental underpinnings of real estate companies, they offer strong financial covenants relative to other corporate peers, which may help them better manage debt by limiting the amount of leverage it employs. In addition, real estate corporate bond investors sit higher in the capital structure than their respective equity investors, meaning companies are required to pay debt holders before their equity counterparts.

The **Emles Real Estate Credit ETF** utilizes the **Solactive U.S. Real Estate Bond Index** as its underlying. Bonds eligible for the index must be a component of either the **Solactive USD HY Corporate Index (DE000SLA2XA1)** or the **Solactive USD Investment Grade Corporate Index (DE000SLA3B58)**. Additionally, the bonds must have a country of risk of the United States of America and minimum time to maturity of at least 36 months for new issues entering the index. Finally, the minimum issue rating of eligible bonds must be at least B- / B3 from S&P and/or Moody's. If one of the rating agencies rates a bond below this threshold, the bond will not be eligible for inclusion in the index. With the release of the Emles Real Estate Credit ETF, Emles offers an investable solution without the additional leverage or risk that investors may incur when allocating towards real estate equity.

Timo Pfeiffer, Chief Markets Officer at Solactive, comments: "Diversification is the 101 in investing, and the real estate sector serves as a compelling alternative asset class compared to pure asset allocation within, e.g.,

Solactive AG
German Index Engineering
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Timo Pfeiffer
CMO
+49 (69) 719 160-320
timo.pfeiffer@solactive.com

Fabian Colin
Head of Sales
+49 (69) 719 160-220
fabian.colin@solactive.com

Phil Wiedbrauck
PR & Communications
+49 (69) 719 160-311
phil.wiedbrauck@solactive.com

equity markets and sectors. We are very happy to act as the index provider of this pioneering ETF, which offers alternative access to the real estate sector via a fixed income exposure that allows investors to diversify their portfolios without being exposed to volatile market movements."

Gabriel Hammond, Chief Executive Officer at Emls, comments: *"At Emls, we are singularly focused on delivering innovative asset classes that investors have historically struggled to access. In line with our mission and in partnership with Solactive, we are excited to offer the first ETF that provides access to real estate corporate bonds – the **Emls Real Estate Credit ETF [REC]**."*

The **Emls Real Estate Credit ETF [REC]** went live on the 15th of October.

For more information please visit: <http://www.solactive.com>

Solactive AG
German Index Engineering
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Timo Pfeiffer
CMO
+49 (69) 719 160-320
timo.pfeiffer@solactive.com

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Head of Sales
+49 (69) 719 160-220
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phil.wiedbrauck@solactive.com

Note to editors

About Solactive

Solactive is a leading provider of indexing, benchmarking, and calculation solutions for the global investment and trading community. Headquartered in Frankfurt, and with offices in Hong Kong, Toronto, Berlin, and Dresden, we innovate and disrupt the status quo as the partner of choice for our clients.

The unique blend of our 250 staff's expertise in data, data science, financial markets, and technology enables our clients' continued success through the delivery of a superior experience, unique customization capabilities, and the best value for money available in the industry. With more than 14,000 indices calculated daily, we offer a full suite of solutions, including market-leading ESG and thematic indices.

As at April 2020, Solactive served approximately 450 clients across the world, with approximately US\$200 billion invested in products linked to our indices. Solactive is registered with ESMA as a benchmark administrator and is supervised by the BaFin.

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Solactive AG, Platz der Einheit 1, 60327 Frankfurt am Main, Germany. Registered Office: Frankfurt am Main, Registration Court: Amtsgericht Frankfurt am Main, HRB: 79986, USt-IdNr.: DE 255 598 976. Management Board: Steffen Scheuble, Christian Vollmuth, Timo Pfeiffer, and Dirk Urmoneit, Head of Supervisory Board: Dr Felix Mühlhäuser.

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CMO
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