



News Release

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SGX scales up its index business with EUR186 million acquisition of smart beta index firm, Scientific Beta

- **Strategic investment will strengthen SGX’s research-based index design capabilities as well as broaden the range of index products and clientele**
- **US\$55 billion in assets owned by global institutions track Scientific Beta’s indices; this has risen more than 10 times in four years, on the back of significant growth in factor investing**

Singapore Exchange (SGX) is scaling up and accelerating the growth of its Data, Connectivity and Indices (DCI) business with the acquisition of a 93% stake in Scientific Beta Pte. Ltd. (Scientific Beta) for EUR186 million in cash (S\$280 million), subject to closing adjustments.

Established by EDHEC-Risk Institute (ERI Asia), an affiliate of EDHEC Business School, Scientific Beta is an independent index provider specialising in smart beta strategies, with expertise in factor-based and risk-managed solutions. Headquartered in Singapore with offices in France, UK and US, the company provides investable smart beta indices to its clients, drawing on the expertise of ERI Asia in portfolio construction and risk allocation.

Over 60 asset owners and asset managers use Scientific Beta’s indices to track or benchmark their smart beta investments. As at 30 September 2019, there were US\$54.7 billion in assets replicating Scientific Beta’s indices, growing more than 10 times in just under four years. 30% of these assets under replication were integrating ESG dimensions.

Loh Boon Chye, Chief Executive Officer (CEO) of SGX, said, “The acquisition of Scientific Beta marks an important step in the evolution of our index business. Scientific Beta brings a highly regarded research pedigree in the rapidly growing smart beta space, along with a strong suite of high profile clients in the US and Europe. Besides being complementary to our existing SGX Index Edge thematic and custom index capabilities, we also see new product opportunities based on Scientific Beta’s indices. We are excited to welcome Scientific Beta into our SGX family and work alongside Noël and the rest of the team.”

Noël Amenc, CEO of Scientific Beta, said, “As Asia’s most international exchange and a global leader, SGX provides a strong platform for Scientific Beta to expand regionally and across client segments. Together we will drive continued development in the smart beta and sustainable finance space, leveraging Scientific Beta’s academic rigour and SGX’s product development capabilities. We look forward to working closely with the SGX team as we embark on this next step of our journey.”

Olivier Oger, Chairman of the Singapore Holding of the EDHEC Endowment Fund (SHEEF), said, “Noël and the management team have done a tremendous job in building Scientific Beta into a reputed brand among asset owners worldwide. EDHEC is proud to have supported Scientific Beta’s growth into a successful and recognised factor index provider, fulfilling its mission to create innovation and impact. We now look forward to working together with SGX on the next stage of Scientific Beta’s journey. Maintaining a minority stake in Scientific Beta’s capital is also testimony to our joint desire to maintain Scientific Beta’s close ties to EDHEC, notably in the area of research.”

SHEEF, which is owned by the endowment fund established by EDHEC Business School and its alumni, will continue to own a 7% stake in Scientific Beta after SGX's proposed acquisition. SHEEF will retain a seat on the board of Scientific Beta and remain as a strategic partner of SGX in growing the company after the transaction.

SGX will also maintain the strong collaboration with EDHEC Business School, and principles of independent, empirical-based academic research, that have benefited Scientific Beta's development to date. The key management team of Scientific Beta, led by Noël Amenc, will continue with their work at the company.

Factor investing has seen significant growth in recent years, with assets using factor-based strategies forecast to reach US\$2.7 trillion by 2020, at a compound annual growth rate of 17% between 2011 and 2020¹.

The proposed acquisition will be funded through external borrowings and is not expected to have a material impact on SGX's financial results in FY2020.

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About Singapore Exchange

Singapore Exchange (SGX) is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

About Scientific Beta

Scientific Beta aims to be the first provider of a smart beta indices platform to help investors understand and invest in advanced beta equity strategies. Established by EDHEC-Business School, one of the top academic institutions in the field of fundamental and applied research for the investment industry, Scientific Beta shares the same concern for scientific rigour and veracity, which it applies to all the services that it offers investors and asset managers.

Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. Scientific Beta signed the United Nations-supported Principles for Responsible Investment (PRI) on 27 September 2016. In November 2018, Risk Magazine presented Scientific Beta with the "Risk Award for Indexing Firm of the Year 2019". In October 2019, Scientific Beta received the Professional Pensions Investment Award for "Equity Factor Index Provider of the Year 2019". For more information, please visit: www.scientificbeta.com.

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¹ Blackrock: 'Factor Investing: 2018 Landscape'

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