

Trade Finance: A Promising New Asset Class for Institutional Investors

October 5, 2017

Executive Summary:



Commodity trade finance represents a \$134 billion¹ annual global industry. Traditionally, this business has been funded by banks. But Basel III capital reserve requirements, other new regulations and associated balance sheet constraints have caused banks from Europe and the United States to reduce their exposures to trade finance. The resulting exit of capital has created a new window of opportunity for institutional investors.

To assess this opportunity and quantify potential demand for this new asset class among institutions in Europe, Greenwich Associates conducted a special study of 56 decision-makers at institutions in Germany, the Nordics, the Netherlands, and Switzerland. These included corporate, public and collective pension funds, banks, insurance companies, endowments, and churches. Interviews were conducted in Q2 2017, and participants were chosen from a universe of institutions with a demonstrated affinity for credit products.

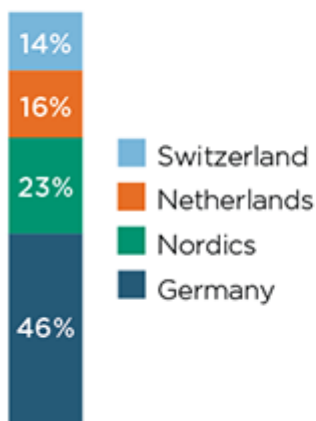
The study was conducted on behalf of EFA Group, an independent asset manager specializing in private debt strategies, with a focus on real-economy business, including trade finance.

¹Burroughs, Callum. "[TXF Data Update: Structured Commodity Finance Makes a Comeback.](#)" Txfnews.com, 31 March 2017.

Methodology:

During Q2 2017, Greenwich Associates conducted telephone interviews with 56 key decision-makers at European institutional investors to understand their knowledge and interest in commodity trade finance as an investible asset class.

Respondents by region



Respondents by type



Note: May not total 100% due to rounding.



The data reported in this document reflect solely the views reported to Greenwich Associates by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results. Unless otherwise indicated, any opinions or market observations made are strictly our own.

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