

# Fixed income markets on demand

*Speaking at Hubbis' Investment Solutions Forum 2017 in HK – Christian Obrist of BlackRock discusses what he sees as a bold and exciting new future for bond ETFs.*

Today, technological advances are rapidly transforming finance; old operating models are being rethought and modernised. Christian Obrist, head of iShares wealth and asset management distribution in Asia ex-Japan at BlackRock, says he sees this disruption occurring within the fixed income industry, too – something he believes could not come soon enough.

After all, investors can no longer rely exclusively on the old bond trading model to meet all their liquidity needs.

As a result, Obrist explains that ETFs have revolutionised the entire fixed income industry. More specifically, bond ETFs on an exchange provide investors with the fixed income markets, on demand, he adds.

It is a sector which is growing quickly; USD600-plus billion in global AUM, showing 34% year-over-year growth over the past decade, and approximately USD7 billion traded daily.

Looking at the next five years, Obrist expects to see two fundamental changes in fixed income market.

First, is the way fixed income trades, in terms of it becoming a much more transparent, networked market with the rise of platforms. And secondly, is the way fixed income is used to build portfolios – in terms of giving clients exposure to a bond market through a more efficient method.

As a result, he says wealth managers can now think about bond ETFs as tools to help them become much more useful – where, at the touch of a button, they can buy different parts of the fixed income market in a very easy way to construct a portfolio.

This is essential given that efficiency is in the spotlight amid all the pressures around regulation, customer preference, technology and fees. All this helps bond ETFs to become a weapon of mass convenience, adds Obrist. ■



**CHRISTIAN OBRIST**  
BlackRock

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