



NEWS

Ethos starts ESG fund with Clartan Associés

BY LUIGI SERENELLI 25 SEPTEMBER 2020

Ethos Services, a Swiss firm active in socially responsible investments and owned by Ethos foundation, has set up an environmental, social, and corporate governance (ESG) fund with Clartan Associés to deploy capital into small and mid-cap companies in Europe.

“We will invest in companies that have a positive impact in terms of ESG based on the EU taxonomy,” Vincent Kaufmann, chief executive officer of Ethos, told IPE.

The fund will build up a portfolio of companies that can operate, for example, in sustainable mobility, sustainable building materials or renewable energy, he said, adding that it does not focus on one specific sector. Companies will have a market capitalization of up to €20bn.

Exclusion criteria targets companies that make up over 5% of their revenue in sectors including weapons, tobacco, coal or unconventional oil. Additionally, the fund combines “different share classes” for private and for institutional investors, Kaufmann said.

“There are also share classes specifically reserved for Swiss pension funds that are members of Ethos,” he said, adding that fund distribution has now started, particular to pension funds in Switzerland.

The ESG fund scouts for small and mid-caps companies, “pure and dedicated players”, in Europe with a positive impact on the environment, an element difficult to find in large-cap, Kaufmann said.

“We are convinced that these types of investments will lead to higher returns,” he added.

Ethos has so far run sustainable funds for small and mid-caps in Switzerland but not for Europe.

It decided to combine its ESG analysis, proxy voting and engagement services with Clartan Associés’ strength on financial analysis. Clartan, on the other hand, had an interest to integrate ESG criteria in its investment process.

Ethos exercises its vote in invested companies at annual general meetings to keep ESG policies in check. It also engages in dialogue on ESG policies at AGMs, as part of an international investors’ initiative or in bilateral discussions throughout the year.

“You often have to combine several measures to make sure that companies are improving their ESG practices,” the CEO said.