

# French SRI boutique plans to enter Swiss market

By: Adrien Paredes-Vanheule | 02 Aug 2017



French authorities, alongside a number of local financial associations, have been pushing for making Paris the capital of green finance. The already furnished French socially responsible investing market has welcomed a newcomer last June with Sanso Investment Solutions.

The newly-born entity has resulted from the merger between Cedrus AM, 360 Hixance and Amaika Asset Management, with gathered assets under management of €650m. If Cedrus AM was the only fully converted SRI boutique of the trio before the union, Sanso IS will follow the same path.

“Sanso means oxygen in Japanese. It reflects the philosophy that we want to promote within to the company. We want Sanso IS to be fully socially responsible investing-compliant and to invest in tomorrow’s sustainable trends,” explains Benoit Magnier, partner and managing director of Sanso IS to InvestmentEurope.

The firm’s clientele is split as following: 46% family offices, CGPIs (French IFAs), private clients; 45% institutional clients and 9% asset managers. Half of Sanso IS’ assets under management are managed in strategies relying on fund selection, in which Edmond Schaff, Nicolas Lolloz, Pierre Burnand and Michel Menigoz take part.

In addition to mandates, the new entity runs seven open-ended funds including two fixed income, two diversified and three equity strategies, that will all soon be applying SRI filters similar to these applied to Cedrus AM's strategies before the merger.

An eighth vehicle has been launched on 16 June 2017, the Carbon Initiative Trends fund.

"The fund holds around 160 positions, mainly large cap stocks from developed countries within the MSCI World Index Euro. It relies on our proprietary strategy (Sanso Carbon Initiative Trends amLeague) that applies a classic ESG filter and a dynamic management of the carbon risk. We have tied a partnership with amLeague (<https://www.am-league.com/>), which is a virtual platform on which some around 25 asset managers are managing virtual portfolios," Sanso IS' managing director Magnier details.

"Concretely, we analyse the management of the companies established on amLeague. Then we select on a discretionary basis the three to five best-performing virtual portfolios of managers taking part to the Global Low Carbon mandate on the amLeague platform with the aim of replicating them. This encompasses different strategies such as low carbon, carbon reduction, best effort. It is a type of indirect multi-management as we purchase the rights of portfolio replication to the managers whose portfolios have been selected."

An investment committee will be gathered on a quarterly basis to rebalance the portfolio. Among criteria examined for the fund remain capabilities of the asset managers to outperform their investment universe and extra-financial factors related to the carbon footprint. Magnier explains the firm wants its fund's carbon footprint to be lower than that of its benchmark (MSCI World Index Euro, reinvested dividends).

The carbon footprint will be either measured through the ratio company revenue/greenhouse gas issuances or that of company's market cap/greenhouse gas issuances.

Sanso IS does not look yet at launching a green bond strategy. The boutique's partner Magnier says the integration of green fixed income securities will be "obviously considered" into its strategies but assesses the segment currently remains at the state of niche.

"The green bond funds that have been launched so far have all shown poor performances. At the moment, it seems better to play it short on the bond duration

curve which is impossible to achieve with green bonds that have been issued to date,” he highlights.

On the marketing side, Sanso IS has already plans to passport its strategies abroad, starting with Switzerland. The firm will open an office in Geneva in the next few months to first target French-speaking Switzerland institutional investors, Magnier tells.

“France is well positioned on the SRI market as the COP21 agreement has been signed in Paris and the country has been among first issuers of green bonds. Making Paris the capital of green finance is a noble ambition that requires means to be implemented. France used to have some edge in SRI compared to its European peers but on thematic funds, British, US and Swiss managers represent serious rivals,” Sanso IS’ managing director observes.

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