

The QUAERO CAPITAL funds classified according to the new SFDR regulation

Geneva, 31 March 2021 – Geneva-based specialist asset manager QUAERO CAPITAL has brought its Luxembourg funds into compliance with the new European SFDR¹ regulation on sustainability disclosure, confirming its strong commitment to responsible investment. While sustainable funds have proven to be superior in terms of performance, the new European directive will effectively combat the "greenwashing" that plagues the industry.

QUAERO CAPITAL has classified each of its Luxembourg UCITS funds in the corresponding sustainability category of the SFDR¹ regulation. For example, the *Infrastructure Securities* and *Cullen ESG US Value* funds fall into the Article 8 category, as both are committed to investing in companies with a strong ESG profile. The *Accessible Clean Energy* fund is classified as an Article 9 fund because it has a clear sustainable focus on companies that make clean energy available to all and meaningfully contribute to climate change mitigation. QUAERO CAPITAL's other UCITS funds fall under Article 6. However, even for these funds, integration of ESG criteria is a key part of their investment process and all portfolio holdings are, where possible, subject to an ESG assessment. The exclusion criteria, as well as the voting and dialogue policies developed by QUAERO CAPITAL are also applied for these funds.

The problem of "greenwashing"

Sustainable investment has experienced an unprecedented boom in recent years, with ESG funds reaching a record CHF 1.5 trillion in 2020, double the amount of the previous year². Unfortunately, this craze has often resulted in exaggerations about the real sustainable nature of funds labelled as such, to the detriment of the "best in class". The SFDR regulation combats this practice within the EU by controlling these labels and forcing funds distributed in Europe to declare themselves in 3 categories according to their degree of sustainability.

QUAERO CAPITAL: a strong commitment to sustainability

QUAERO CAPITAL has a long-standing commitment to responsible investment, creating its own ESG analysis team and becoming a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2015. In addition, QUAERO CAPITAL is a member of the Institutional Investors Group on Climate Change (IIGCC) and a signatory to the Carbon Disclosure Project (CDP). It has also signed the statement of support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Moreover, QUAERO CAPITAL scored 'A+' for Strategy & Governance in the 2020 PRI annual assessment. For active ownership and for the incorporation of ESG in listed equities, QUAERO CAPITAL has achieved 'A'.

ESG, a plus for performance

While one might have feared that ethical investors would have to sacrifice performance in order to invest responsibly, in reality the opposite is true. An analysis by Morningstar shows that over the last 10 years, almost 60% of sustainable funds have outperformed their conventional counterparts. And these advantages do not disappear in times of crisis, on the contrary: in 2020, again according to Morningstar, no less than 75% of ESG equity funds beat the average of their peers.³

Jean Keller, CEO de QUAERO CAPITAL, said: *"At QUAERO CAPITAL, we consider it our responsibility to conduct our business in a way that has a positive impact, not only on our investors, but also on our employees and society as a whole. This is particularly the case through our active engagement with the companies we invest in, where we encourage and support them to adopt best practice."*

Georgina Parker, Head of Sustainability, added: *"It is very positive to see sustainable investment becoming a major theme, but it was also worrying to see that many products were misusing the ESG label. The new SFDR directive is an important step against greenwashing, separating the wheat from the chaff and promoting a truly responsible approach to investment."*

² Source : "Greenwashing in finance: Europe's push to police ESG investing", Financial Times, 10 March 2021.

³ Source : ["Do sustainable funds beat their rivals?", Morningstar, June 2020](#) and ["Sustainable equity funds outperform traditional peers in 2020", Morningstar, January 2021](#)

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About QUAERO CAPITAL

QUAERO CAPITAL is an independent, specialist fund management group which brings together independently minded investment managers who use original research to provide highly actively managed strategies for clients in the institutional and wholesale markets. QUAERO CAPITAL was founded in 2005 in Geneva as “Argos Investment Managers SA”. It is a 100% employee-owned company with its founding partners taking an active role in its investment processes. The Group, which manages CHF 2.8 bn (EUR 2.5 bn), offers a range of high conviction investment strategies through its Luxembourg and Swiss regulated funds, as well as private equity funds investing in European Infrastructure and French Real Estate.

If you would like more information about QUAERO CAPITAL, please go to quaerocapital.com.

¹About SFDR

The new EU directive on Sustainable Finance Disclosure Regulation (SFDR), which came into force on 10 March 2021, aims to ensure transparency from industry players on their sustainability risk policies and on the negative impacts of their investment decisions, as well as to harmonise the rules on disclosure requirements on the integration of sustainability risks, on the consideration of negative sustainability impacts, on sustainable investment objectives or on the promotion of environmental or social characteristics in investment decision-making and advisory processes.

In addition, the SFDR establishes 3 categories in which all funds distributed in the EU must report. Conventional products, which do not claim a particular sustainability objective and are therefore not subject to any particular requirements, fall into the so-called Article 6 category. Products that fall into the Article 8 category promote environmental and/or social attributes and good governance practices. They invest in companies that manage ESG risks and have also made more serious commitments to sustainability than their peers. Finally, so-called Article 9 products aim at sustainable investment, i.e. investment in economic activities that contribute to an environmental or social objective. Information on the investment process and its sustainability impact must be provided to demonstrate the appropriateness of the chosen classification.

Read more on this topic : [Regulation on sustainability-related disclosures in the financial sector \(PDF\)](#).

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Quaero Capital Funds (Lux)

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