Othania Launches New Fund with ESG Focus

Stockholm (HedgeNordic) – Danish asset manager Othania launches a UCITS-compliant fund that uses the same systematic model employed by their alternative investment fund Othania Invest A/S to allocate capital either into equity or bond exchange-traded funds (ETFs) on a monthly basis. The new vehicle called Othania Ethical Wealth Growth will invest in ETFs that have an environmental, social and governance (ESG) focus.

Both investment vehicles rely on a proprietary investment model called TIGER, which evaluates the risk of being exposed to equity markets for the coming month and decides on the full allocation of capital either into equities or bonds via ETFs. If the model indicates low or acceptable levels of risk in equity markets for the next month, fund assets are invested in exchange-traded funds offering exposure to equity markets. In case the model identifies higher-than-normal risk levels, the assets are allocated to ETFs offering broad-based bond market exposure.

In contrast to Othania Invest, the recently-launched UCITS fund allocates more than half of managed assets to environmental, social and governance (ESG) screened ETFs. ESG screened ETFs typically exclude some sectors including tobacco, thermal coal, nuclear weapons, civilian firearms, oil sands, among others. Vincent and Christian Steen Larsen *(pictured)*, the duo managing the two funds, plan to allocate the entire pool of assets managed by Othania Ethical Wealth Growth into ESG screened ETFs when liquidly levels in this young and expanding group of ETFs reach an optimal point.

“Since launching Othania Invest we have seen the TIGER model being a top performer and knowing from our extensive backtests that the model works globally, we decided to launch the new fund with a global investment mandate and ESG profile. The ESG focus combined with the global mandate has been of high interest from potential investors,” Vincent Larsen tells HedgeNordic.

“We decided to launch in the fund in a UCITS format because we wanted to give private investors the opportunity to access a combination of absolute returns, capital preservation, and socially responsible investments in one product. We believe this is a unique offering within the hedge fund market, a product that combines absolute tactical allocation and socially responsible investing.”