Othania’s ESG-Focused Fund Joins the Hunt

Stockholm (HedgeNordic) – In November of last year, Danish asset manager Othania launched Investin Othania Etisk Formuevækst, a UCITS-compliant fund that uses a systematic model to allocate all available capital either into sustainable equity or bond exchange-traded funds (ETFs) every month. The fund has now joined its sister fund Othania Invest in the Nordic Hedge Index (NHX).

Both Investin Othania Etisk Formuevækst and Othania Invest use a proprietary investment model called TIGER to assess the risk of being exposed to equity markets for the upcoming month. The investment model uses indicators on economic activity, interest rates, and stock market movements to determine next month’s allocation. If the model identifies that the risk of being exposed to equity markets is low or acceptable, the two funds managed by Vincent and Christian Steen Larsen *(pictured)* allocate all capital in ETFs offering exposure to equities. The assets are otherwise invested in ETFs offering broad-based bond market exposure.

While Othania Invest focuses on U.S. equity and bond ETFs, the younger vehicle focuses on global ETFs that consider environmental, social and governance (ESG) attributes. Investin Othania Etisk Formuevækst currently allocates more than 90 percent of its underlying capital to ESG-screened stocks or bonds. These ETFs usually exclude companies producing adult entertainment, alcohol and tobacco products, controversial weapons including civilian firearms, as well as fossil fuels, gambling activities, among others.

The UCITS-compliant ESG-focused fund aims to generate absolute returns in all environments using the above-described all-in and all-out rotation, targeting an annual return that exceeds the MSCI World by three to four percent. Investin Othania Etisk Formuevækst has returned a cumulative 4.5 percent since launching at end of October last year through mid-February.

Welcome to the Nordic Hedge Index (NHX)!