

New Anti-autocracy Fund Flies Flag for Liberty



By ESG Investor 

 1 min read

14th September 2023

An equity fund which seeks to mitigate exposure to countries governed by autocratic regimes has been **introduced** by Paris-based systematic asset manager TOBAM. LBRTY, described as a civil and democratic rights equity strategy, leverages TOBAM's long-standing quantitative expertise to systematically assess risks associated with a lack of civil liberties and democratic rights to "substantially mitigate" potential risks related to exposure to autocratic regimes for investors. According to TOBAM research, tyranny is risk driver which is negatively rewarded over time and independent from other risk drivers. Further, most of a portfolio's exposure to the tyranny risk driver is indirect. Based on TOBAM's proprietary methodology, the LBRTY strategy will exclude non-democratic countries, based on factors including civil liberty, inclusiveness, rule of law and corruption, and construct portfolios to "drastically" lower exposure to stocks with significant economic ties to non-democratic countries. The strategy is available via three UCITS-Luxembourg-registered equities vehicles – a global fund, a global ex-US fund and an emerging markets fund – all of which are classified as Article 9 under the Sustainable Finance Disclosure Regulation. The strategy is also available via three live indices, published with a start date as of September 2008, illustrating the potential benefits of the approach over the last 15 years. "This new strategy is the logical extension of TOBAM's dedication to liberty and diversity, together with its high-tech ability to measure exposures and build portfolios. We are convinced that protecting human rights and democracy is one of the two keys to economic growth and innovation alongside diversification. Investing in democracy and civil liberties is financially beneficial for long-term investors, providing attractive risk-reward and financial performance," said Yves Chouefaty, President and Chief Investment Officer, TOBAM.

RELATED ITEMS: