

## Tobam launches 'civil and democratic rights' funds

Strategy available via three SFDR Article 9 compliant Luxembourg-domiciled funds



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Tobam has launched LBRTY, 'a civil and democratic rights focused strategy'.

The Paris-based firm, which describes itself as a systematic asset manager, said the new offering seeks to provide an equities investment vehicle that 'strongly mitigates exposure to countries governed by autocratic regimes'.

The new products will exclude non-democratic countries based on factors including civil liberty, inclusiveness, rule of law and corruption. The firm will construct portfolios that 'drastically lower' exposure to stocks with significant economic ties to non-democratic countries.

The strategy is available to investors via three SFDR Article 9 compliant Luxembourg-domiciled funds, and via three live indices.

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Tobam pointed to Russia's invasion of Ukraine as a case in point for the kind of geopolitical risk the new funds seek to mitigate. According to Yale University, more than 1,000 companies listed outside of Russia had to close their business operations in Russia, resulting in more than \$250bn in losses.

The firm said its research on portfolios' exposure to authoritarian regimes resulted in four main conclusions.

Firstly there is a 'tyranny risk driver' of the kind exemplified by the Russia - Ukraine war. Second, this risk driver is negatively rewarded over time, while thirdly, most of a portfolio's exposure to the tyranny risk driver is indirect. The fourth of the quartet is the conclusion that the tyranny driver is independent from other risk drivers.

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President and chief investment officer Yves Choueifaty said: "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. Our only motivation is risk-reward and financial performance. Investing in democracy and civil liberties is financially beneficial for long-term investors, providing attractive risk-reward and financial performance."