How to Integrate ESG Factors in Total Return Successfully

Total Return is not to be confused with absolute return or long-short strategies. Total Return means the combination of several sources of return, such as the portfolio carry plus active management of the yield curve, credit and foreign exchange. The fund applies a worst-out ESG approach according to our Sarasin Sustainability Matrix® approach in order to include ESG factors and risks in the investment process. The strategy is based on combining sources of return and risk factors that are uncorrelated in order to deliver a target return of portfolio carry + 200 to 250 basis points of added value through the cycle. The investment process starts by organising the global bond market in terms of investment themes. This is done by slicing and dicing the global market to a very granular level, and grouping risk factors that are uncorrelated. Achieving high levels of diversification is one of the major objectives.

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Over 20 years of experience in fixed income strategy and investing. Stéphane joined Bank J. Safra Sarasin in December 2015, as Head of Total Return Fixed Income. Previously, Stéphane spent 8 years with RAM Active Investments in Geneva, where he managed global total return bond funds. Earlier in his career, he held different positions within the fixed income business for Dynage and Union Bancaire Privée (UBP). He has a degree in Economics and Finance from the University of Neuchâtel.

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