



Press Release

Boston, London, Nice, Paris, Singapore, Tokyo, February 18, 2020

## Assets replicating Scientific Beta's indices approach USD 60bn

Assets under replication reach USD 59.2bn at December 31, 2019

Scientific Beta has announced that assets tracking its smart beta indices reached USD 59.2bn at December 31, 2019. Compared to the December 31, 2018, figure of USD 43bn, this amount of assets under replication represents an increase of USD 16bn, corresponding to year-on-year growth of 37%.

Noël Amenc, CEO of Scientific Beta, said, “We are proud that the growth in Scientific Beta’s assets under replication has been one of the strongest in the smart beta market not only this year but over the last five years. In a market environment that has been challenging for factor strategies, we believe that our transparent and research-based approach to smart beta indexing has been the source of our clients’ trust in us.”

The year 2019 saw several innovations from Scientific Beta:

- The release on its platform ([www.scientificbeta.com](http://www.scientificbeta.com)) of enhanced Environmental, Social and Governance (ESG) and climate risk reporting to assist investors in meeting the challenges of incorporating ESG dimensions into passive investment management.
- A new off-the-shelf Low Carbon option for all its flagship multi-smart-factor indices. This filter reduces the carbon footprint of all of Scientific Beta’s multi-factor indices by almost 50%.
- Scientific Beta is now providing an ESG option for all of its indices. The ESG option enables investors to benefit from the performance of Scientific Beta’s High Factor Intensity (HFI) Multi-Beta Multi-Strategy (MBMS) indices while upholding ESG norms and reducing exposure to companies with high exposure to ESG risks.
- Scientific Beta Factor Analytics Services (SB FAS) is a new, innovative service offered to asset owners who wish to improve the diversification of their global equity allocation. SB FAS is part of a new factor investing approach, which, instead of ignoring the existing portfolio investments and considering each new investment as a standalone, offers a completeness or portfolio overlay approach.
- Scientific Beta introduced the Maximum Volatility Protection (MVP) option, which, added to Scientific Beta’s High Factor Intensity (HFI) Low Volatility index, provides a highly defensive offering **when needed** with a reduction in the index’s market beta in difficult times and very strong protection of the capital.
- For several years, Scientific Beta has offered risk control options such as sector neutrality, country neutrality or market beta adjustment on its flagship multi-factor indices to correct for these risks. Scientific Beta is now offering a new risk control option called Historical Volatility Adjustment (HVA) that controls for volatility, manages volatility through time and targets the historical volatility of the multi-factor index, thereby reconciling factor investing and reduction of these risks.

**Contact:**

For more information, please contact: **Séverine Cibelly**

Tel.: +33 493 187 863 – E-mail: [severine.cibelly@scientificbeta.com](mailto:severine.cibelly@scientificbeta.com)

To visit our web site: [www.scientificbeta.com](http://www.scientificbeta.com)

## About Scientific Beta

Scientific Beta aims to be the first provider of a smart beta indices platform to help investors understand and invest in advanced beta equity strategies. Established by EDHEC-Risk Institute, one of the top academic institutions in the field of fundamental and applied research for the investment industry, Scientific Beta shares the same concern for scientific rigour and veracity, which it applies to all the services that it offers investors and asset managers. On January 31, 2020, Singapore Exchange (SGX) acquired a majority stake in Scientific Beta. SGX will maintain the strong collaboration with EDHEC Business School, and principles of independent, empirical-based academic research, that have benefited Scientific Beta's development to date.

The Scientific Beta offering covers three major services:

- **Scientific Beta Indices**

Scientific Beta Indices are smart beta indices that aim to be the reference for the investment and analysis of alternative beta strategies. Scientific Beta Indices reflect the state-of-the-art in the construction of different alternative beta strategies and allow for a flexible choice among a wide range of options at each stage of their construction process. This choice enables users of the platform to construct their own benchmark, thus controlling the risks of investing in this new type of beta (Smart Beta 2.0).

Within the framework of Smart Beta 2.0 offerings, Scientific Beta provides access to smart factor indices, which give exposure to risk factors that are well rewarded over the long term while at the same time diversifying away unrewarded specific risks. By combining these smart factor indices, one can design very high performance passive investment solutions.

- **Scientific Beta Analytics**

Scientific Beta Analytics are detailed analytics and exhaustive information on its smart beta indices to allow investors to evaluate the advanced beta strategies in terms of risk and performance. The analytics capabilities include risk and performance assessments, factor and sector attribution, and relative risk assessment. Scientific Beta Analytics also allow the liquidity, turnover and diversification quality of the indices offered to be analysed. In the same way, analytics provide an evaluation of the probability of out-of-sample outperformance of the various strategies present on the platform.

- **Scientific Beta Fully-Customised Benchmarks and Smart Beta Solutions** is a service proposed by Scientific Beta, and its partners, in the context of an advisory relationship for the construction and implementation of benchmarks specially designed to meet the specific objectives and constraints of investors and asset managers. This service notably offers the possibility of determining specific combinations of factors, considering optimal combinations of smart beta strategies, defining a stock universe specific to the investor, and taking account of specific risk constraints during the benchmark construction process.

With a concern to provide worldwide client servicing, Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. As of December 31, 2019, the Scientific Beta indices corresponded to USD 59.2bn in assets under replication. Scientific Beta has a dedicated team of 52 people who cover not only client support from Nice, Singapore and Boston, but also the development, production and promotion of its index offering. Scientific Beta signed the United Nations-supported Principles for Responsible Investment (PRI) on September 27, 2016.

On November 27, 2018, Scientific Beta was presented with the Risk Award for Indexing Firm of the Year 2019 by the prestigious professional publication Risk Magazine. On October 31, 2019, Scientific Beta received the Professional Pensions Investment Award for “Equity Factor Index Provider of the Year 2019.”

