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Scientific Beta to offer off-the-shelf Low Carbon option for its flagship multi-smart-factor indices

Low Carbon filter positions investors perfectly to protect against the risks of the transition towards a low carbon economy

Scientific Beta, the smart beta index provider, has announced the availability of a Low Carbon option on all of its flagship multi-smart-factor indices.

The Low Carbon option includes a positive filter targeting companies with high carbon intensity, which leads to considerably reducing the indirect contribution to climate change of investment (the financed emissions) and which encourages transition to a low carbon economy; it also reduces exposure to the risks of this transition.

The Low Carbon option also excludes companies that fall severely short of global standards of responsible business conduct and are involved in activities that conflict with global ESG norms, because it would seem inconsistent to focus on the fate of the planet and not of the people who live on it.

Commenting on the launch of the Low Carbon option, Scientific Beta's ESG Director, Frederic Ducoulombier, said, "The Low Carbon option is now a very important fiduciary choice for investors. Scientific Beta's Low Carbon indices have financial risk/reward characteristics that are closely aligned with our standard smart factor indices, i.e. capable of delivering outperformance, through exposure to scientifically-validated risk premia and the reduction of specific, unrewarded risks, but with the additional benefit of a 50% reduction in weighted average carbon intensity over the last ten years and tangible improvements in other measures of risks related to the transition towards a low carbon economy."

An overview of Scientific Beta's Low Carbon option can be found through the link below:

[Overview: Scientific Beta Low Carbon Option – Supporting the Transition to a Low Carbon Economy and Protecting Multifactor Indices against Transition Risks](#)



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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.

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 June 30, 2019, the Scientific Beta indices corresponded to USD 48bn 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.

