

## **Assets replicating Scientific Beta's multi-factor indices continue to rise**

**Assets under replication reach USD 48bn at June 30, 2019**

Scientific Beta has announced that assets tracking its smart beta indices reached USD 48bn at June 30, 2019. Compared to June 30, 2018, this amount of assets under replication represents an increase of USD 14bn, corresponding to year-on-year growth of over 40%.

Noël Amenc, CEO of Scientific Beta, said, “In a challenging market environment for factor strategies, we have been very heartened by the continued growth of Scientific Beta’s assets under replication. We think that our success is based on transparency on explicit and implicit risks and the capacity to manage these risks using the risk-control options that are offered for all of our flagship multi-beta multi-strategy indices.”

Scientific Beta’s indices are based on an investment philosophy that is motivated by a search for robustness at all stages of the index design process and is guided by the following three key principles:

- Offering exposure to long-term well-rewarded risk factors, the existence and persistence of which have been documented by empirical studies and economic rationale;
- Ensuring a good reward for these factors through diversification of unrewarded (specific) risk, to improve long-term risk-adjusted performance while reducing short- and medium-term risk;
- Sound risk management by implementing risk allocation between smart factor indices and risk-control options. The risk-control options offered by Scientific Beta also make it possible to respond to important fiduciary choices for investors or their asset managers, such as whether or not to respect sector neutrality, country neutrality or to use a market beta adjustment, which allows the market beta of the multi-factor strategy to be aligned with that of the market.



**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.

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.

