

Portfolio Overview

In order to reach net zero emissions by 2050, a cost of carbon needs to be imposed on emitting companies. Let's assume that the cost of carbon is set at 300€/ton, highly emitting companies will need to bear this cost which will be reflected in the price of their shares.

New investment strategies will aim to limit the CO2 intensity of a portfolio thus underweighting stocks with high carbon footprint compared to the benchmark.

To correctly attribute the performance of such strategies, we need to distinguish the “**carbon effect**” from traditional allocation and selection effects. This novel attribution methodology is detailed herein.

Financial Metrics
AUM
119,104,200€
Volatility (1Y)
13.87(%)
Ret (1M)
1.27
Ret (1Y)
-6.47
Ret (3Y)
21.83
Sharpe ratio (1Y)
-0.41
VaR 99% (10d)
-5.34 (%)
ESG Metrics
E Score
79.84
S Score
79.44
G Score
75.85
Total ESG Score
79.19
Carbon Footprint¹ (ton CO₂)
■ Portfolio ■ Benchmark

5,040

10,081

Top 5 Carbon Footprint

Asset	wP (%)	Contribution
IMERYS	1.23	1,214
SOLVAY SA	0.78	824
CRH PLC	0.32	300
ACCOR SA	1.49	298
RENAULT	2.29	283

Top 5 – Carbon Saved (vs. Bench)

Asset	wP	wB	Return	Excess Carbon
IMERYS	1.23	3.93	-11.08	2,198
CRH PLC	0.32	2.37	-0.75	1,846
ENEL SPA	0.67	5.83	7.22	1,483
SAINT GOBAIN	0.18	1.71	2.05	675
AKZO NOBEL	1.02	1.66	0.00	155

Top 5 – Carbon Wasted (vs. Bench)

Asset	wP	wB	Return	Excess Carbon
SOLVAY SA	0.78	0.28	-2.07	-543
ACCOR SA	1.49	0.26	-2.72	-248
Valeo SA	1.44	0.73	-6.85	-151
RENAULT	2.29	1.18	-2.19	-142
A2A SPA	3.96	0.51	4.40	-116

¹ The carbon footprint of the portfolio is computed based on the absolute carbon emissions of the companies adjusted to the positions of the portfolio

Return Analysis

	Neutral	Carbon Cost	Effective
Portfolio return	1.46	-0.19	1.27
Benchmark return	0.61	-0.35	0.26
Active return	0.85	0.16	1.01

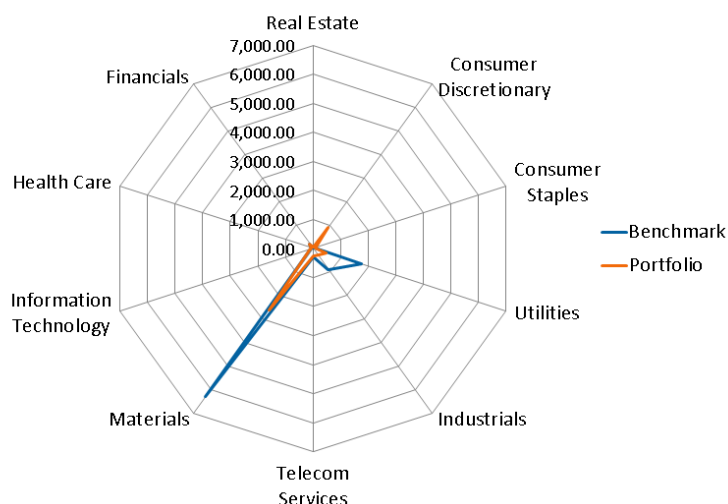
Taking into account the cost of carbon yields lower returns. The carbon effect is thus negative at both portfolio and benchmark level. However the **active carbon effect** is positive because the portfolio is less exposed to carbon emitting companies

Carbon Attribution

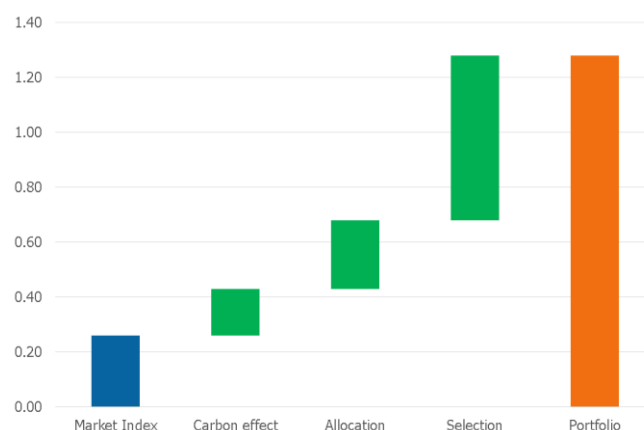
	Neutral	Carbon	Effective
Allocation	0.25		0.39
Selection	0.60		0.63
Active return	0.85	0.17	1.02

Our carbon attribution methodology provides new insights to decipher the sources of the excess return. In the present case; reducing the allocation of the materials sector improved the allocation effect

Footprint Allocation



Return Decomposition



Attribution detail - Sector

Sector	wP	wB	Rp	CFp	Rb	CFb	Carbon Effect (bps)	Allocation (bps)	Selection (bps)
Utilities	8.71	8.16	2.98	472	5.06	1,744	0.85	2.57	-19.10
Telecom Services	4.69	4.89	2.77	251	2.54	304	0.19	-0.44	0.95
Real Estate	1.53	1.21	5.44	37	5.44	29	-0.03	1.54	0.00
Materials	4.02	11.19	-5.53	2,602	-6.92	6,323	13.43	39.34	6.80
Information Technology	16.92	17.01	3.75	126	4.36	89	-0.14	-0.33	-10.21
Industrials	13.62	14.95	2.51	284	1.82	888	4.62	-2.15	5.34
Health Care	6.64	6.37	3.20	79	-3.03	74	-0.02	-0.99	41.39
Financials	28.31	25.22	-1.77	205	-2.20	193	-0.04	-8.61	12.14
Consumer Staples	4.84	4.56	6.97	81	5.55	86	0.02	1.42	6.86
Consumer Discretionary	10.72	6.43	0.01	902	-1.39	352	-1.98	-7.68	16.04
Total Global	100.00	100.00	1.27	5,040	0.26	10,081	16.90	24.66	60.22

Attribution detail – Sector / Asset

Sector	Footprint (abs)	Mkt Cap (000,000)	Market Value	Wp	Wb	Footprint P	Footprint B	Return P	Return B	Carbon Eff. (bps)
Consumer Discretionary										
RENAULT	905,411	8,906	2,721,642	2.37	1.18	282.90	140.87	-2.19	-2.19	-0.51
FERRARI NV	121,515	38,164	3,166,750	2.55	1.58	9.55	5.91	5.61	5.61	-0.01
TELENET GROUP HOLDING	43,817	3,682	1,547,968	1.22	0.23	17.05	3.19	8.06	8.06	-0.05
HUGO BOSS	27,099	3,583	243,094	0.22	1.46	1.96	12.98	-6.37	-6.37	0.04
Valeo SA	872,927	5,673	1,710,546	1.56	0.73	282.55	131.29	-6.85	-6.85	-0.55
PUBLICIS GROUPE	96,910	14,426	1,431,900	1.24	1.00	9.82	7.93	-2.05	-2.05	-0.01
ACCOR SA	1,286,073	7,902	1,780,223	1.56	0.26	297.83	49.77	-2.72	-2.72	-0.90
Total Consumer Discretionary			12,602,123	10.72	6.43	901.66	351.94	0.01	-1.39	-1.98
Consumer Staples										
HENKEL	741,862	33,015	1,536,094	1.27	0.90	33.64	23.91	2.60	2.60	-0.04
HENKEL KGAA -PREF -	600,555	33,015	2,229,500	1.83	2.69	39.15	57.48	3.60	3.60	0.07
BEIERSDORF AG	89,514	23,572	2,327,774	1.74	0.97	7.77	4.32	13.71	13.71	-0.01
Total Consumer Staples			6,093,368	4.84	4.56	80.56	85.71	6.97	5.55	0.02
Financials										
BANCO SANTANDER SA	252,292	56,192	5,842,916	5.15	7.03	27.19	37.11	-3.53	-3.53	0.04
ING GROEP NV INGA	51,060	47,997	3,038,931	2.79	4.64	3.49	5.80	-7.29	-7.29	0.01
BANCA GENERALI	127,860	29,685	2,508,558	2.11	0.43	10.70	2.18	1.00	1.00	-0.03
AMUNDI SA	4,257	14,525	2,081,310	1.85	0.13	0.64	0.04	-4.53	-4.53	0.00
NN GROUP	28,220	14,298	3,496,410	3.07	1.22	7.14	2.83	-3.32	-3.32	-0.02
KBC GROUPE SA	56,925	33,577	4,633,632	4.12	1.51	8.21	3.00	-4.36	-4.36	-0.02
ALLIANZ SE-REG	1,002,154	80,405	5,561,754	4.67	8.84	68.38	129.60	1.37	1.37	0.22
NATIXIS	4,384	12,634	1,183,208	1.02	0.87	0.42	0.36	-1.26	-1.26	0.00
MEDIOBANCA	168,300	8,860	4,361,476	3.53	0.56	78.91	12.44	4.99	4.99	-0.24
Total Financials			32,708,195	28.31	25.22	205.08	193.37	-1.77	-2.20	-0.04
Health Care										
EUROFINS SCIENTIFIC	95,040	20,467	2,343,150	2.00	0.87	10.92	4.73	-0.32	-0.32	-0.02
GRIFOLS A	216,064	12,413	3,379,584	2.63	0.80	53.88	16.41	9.19	9.19	-0.14
UCB	33,144	19,058	1,462,296	1.20	1.10	2.45	2.25	3.91	3.91	0.00
ESSILOR INTL	872,275	72,972	876,420	0.81	3.60	11.45	50.59	-8.52	-8.52	0.14
Total Health Care			8,061,450	6.64	6.37	78.69	73.98	3.20	-3.03	-0.02
Industrials										
TELEPERFORMANCE	360,409	19,777	3,588,480	2.99	0.94	64.09	20.04	2.04	2.04	-0.16
ALD SA	191,876	4,744	1,686,975	1.46		69.54	0.00	-1.89		-0.25
INDUSTRIA MACCHINE AUTOM	13,980	2,666	1,164,625	0.83		5.15	0.00	18.63		-0.04
KINGSPAN GROUP PLC	129,544	15,665	2,758,644	2.34	2.61	22.73	25.35	0.39	0.39	0.01
LEGRAND	180,823	24,065	3,066,524	2.53	3.56	22.40	31.44	2.86	2.86	0.03

Sector	Footprint (abs)	Mkt Cap (000,000)	Market Value	Wp	Wb	Footprint P	Footprint B	Return P	Return B	Carbon Eff. (bps)
SCHNEIDER ELECTRIC SE	435,089	80,177	3,524,976	2.93	4.06	18.71	25.93	2.22	2.22	0.05
SAINT GOBAIN	11,175,469	30,010	208,496	0.17	1.71	76.08	750.96	2.05	2.05	4.87
WAERTSILAE -B-	83,023	5,979	418,604	0.35	2.08	5.77	33.94	0.74	0.74	0.10
Total Industrials			16,417,324	13.62	14.95	284.47	887.65	2.51	1.82	4.62
Information Technology										
INFINEON TECHNOLOGIES AG	1,176,263	45,975	3,529,926	3.28	2.20	98.59	66.20	-8.39	-8.39	-0.12
SAP SE	327,879	141,991	6,468,400	5.03	4.35	13.66	11.82	9.34	9.34	-0.01
ASML HOLDING NV	255,627	259,943	6,286,720	5.15	7.41	5.96	8.57	3.77	3.77	0.01
AMADEUS IT HOLD A	13,902	25,345	3,827,040	3.02	3.05	1.95	1.97	7.85	7.85	0.00
UTD INTERNET AG & CO	72,122	6,338	536,745	0.45		6.01	0.00	1.69		-0.02
Total Information Technology			20,648,831	16.92	17.01	126.16	88.55	3.75	4.36	-0.14
Materials										
SOLVAY SA	9,391,281	10,884	934,886	0.81	0.28	823.73	280.92	-2.07	-2.07	-1.96
CRH PLC	23,692,337	30,786	386,547	0.33	2.37	299.73	2,145.60	-0.75	-0.75	6.67
LENZING AG	60,520	2,740	471,000	0.45	2.95	11.65	76.61	-10.69	-10.69	0.23
AKZO NOBEL	3,563,454	17,035	1,212,447	1.03	1.66	253.63	408.39	0.00	0.00	0.56
IMERYS	2,348,480	3,182	1,462,076	1.40	3.93	1,213.65	3,411.42	-11.08	-11.08	7.94
Total Materials			4,466,956	4.02	11.19	2,602.39	6,322.95	-5.53	-6.92	13.43
Real Estate										
DEUTSCHE WOHNEN	400,470	19,570	1,893,474	1.53	1.21	36.75	29.21	5.44	5.44	-0.03
Total Real Estate			1,893,474	1.53	1.21	36.75	29.21	5.44	5.44	-0.03
Telecom Services										
DEUTSCHE TELEKOM	5,434,192	83,603	3,910,319	3.26	3.95	248.85	301.95	2.14	2.14	0.19
KONINKLIJKE KPN NV	16,799	11,339	1,757,772	1.43	0.94	2.50	1.65	4.20	4.20	0.00
Total Telecom Services			5,668,091	4.69	4.89	251.34	303.59	2.77	2.54	0.19
Utilities										
ENEL SPA	17,118,753	70,523	802,553	0.64	5.83	181.70	1,664.33	7.22	7.22	1.61
RUBIS	75,187	3,074	2,460,172	2.25	1.26	64.60	36.24	-6.86	-6.86	-0.10
HERA	211,308	5,340	2,560,823	1.98	0.56	92.09	26.06	10.03	10.03	-0.24
A2A SPA	170,383	5,747	4,720,841	3.85	0.51	134.07	17.78	4.40	4.40	-0.42
Total Utilities			10,544,389	8.71	8.16	472.45	1,744.41	2.98	5.06	0.85
Total Global			119,104,200	100.00	100.00	5,039.55	10,081.37	1.27	0.26	16.90