

Investing in Good Companies: Combining Performance, ESG and Climate-Objectives

ARTICO Funds are Different

The Artico Equity team is specialised in sustainable and systematic equity investment management. Our Artico funds are the first to systematically combine a higher probability of **outperformance**, very high **ESG Scores** and very **low Carbon Footprint** in one portfolio. All our funds follow fully Paris-aligned climate objectives and are classified as Article 9 under SFDR. As significant co-investors in our own funds we have “skin-in-the-game”.

Our portfolios have a **unique combination of fundamental characteristics**, which are not found elsewhere. These portfolio characteristics not only delivered a **strong performance since launch** (June 2011), but - more importantly - are the reason for a **higher probability to outperform** in the future.

As an independent asset management boutique our **focus is 100% on delivering performance** to our investors - nothing else.

Our equity funds cover all segments of the global equity universe including Emerging Markets, Global Small Caps and Global Core (Developed Markets). Our Luxembourg-based UCI Part 2 funds are exclusively marketed to professional and qualified investors.

Unique Investment Approach

Our investment approach of “investing in good companies” is unique, because our companies always combine very positive attributes of **faster growth, higher profitability, healthier balance sheet, lower valuation, better ESG scores and very low carbon footprints**.

Our outperformance comes mainly from our fundamental stock selection. To achieve robust outcomes and mitigate randomness of stock-specific risks, our portfolios are very well diversified with a high active share and reasonable tracking error. Our investment universe expands beyond benchmark holdings to capture investment opportunities neglected by traditional benchmark-oriented managers.

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Disciplined Investment Process with Strong Track Record

The key point for identifying the fundamentally best companies is to systematically replicate what fundamental financial analysts do. Our database holds over 30 years of **financial statement information for over 30'000 companies** worldwide. In a first step, we exclude firms below a certain minimum market-capitalization or liquidity, those with too low financial reporting frequency and those on our ESG exclusion list. This results in an investment universe of around 15'000 companies, across Emerging Markets, Global Small Caps and Developed Markets. In a second step, we apply our **fundamental criteria to score, rank and select only the best companies**. We characterize good companies by high scores in the following 5 dimensions:

- **Growth** - is the company successfully expanding its business?
- **Profitability** - does the company operate efficiently?
- **Financial Health** - is the company in good financial condition?
- **Valuation** - is the market price of the company attractive?
- **Sustainability** – does the company excel in terms of ESG scores?

In constructing and managing our portfolios of selected stocks, we apply a **sustainable investment objective** to reduce the portfolio's carbon intensity in line with the Paris Climate Agreements. **Strict risk management principles, a very broad global diversification, a clear buy/sell discipline and low-cost trading complement our** implementation processes.

The below chart demonstrates the advantage of a systematic process. It shows the historic simulation for 10 equally weighted stock portfolios (weekly rebalanced into deciles according to their ranking). These results are a clear evidence that our fundamental selection process is **able to repeatedly identify excellent companies, which outperform**.

Performance of companies depending on their ARTICO fundamental ranking

