

MANDATE | 02 NOV, 2023

Pension fund offers \$1bn backing to boutique's ESG derivatives fund

Newly launched strategy aims to complement cash holdings with a sustainable edge.

BY **CHRIS SLOLEY**



Osmosis Investment Management has launched a total return swaps fund focused on sustainable ideas, which comes to market with close to \$1bn in support from Danish pension fund PKA.

The UK-based group announced plans for the fund earlier this year, and PKA made a commitment to the programme at the same time. The strategy is a total returns swap system based on Osmosis's Resource Efficient Core Equity index.

Osmosis said the fund enables large institutions to manage cash and synthetic exposure, while allowing them to use the boutique's proprietary indices which cover resource efficiency themes.

This commitment by PKA comes after the Danish group offered around \$700m in backing for the Osmosis Resource Efficient Core Equity fund, which was launched in July 2022. Osmosis said assets in this strategy as a whole have grown to more than \$12bn in the 15 months since launch.

The backing from PKA builds on another major allocation Osmosis gained in February of this year, when Dutch state pension funds coalition, [Pensioenfonds PGB, injected \\$4.2bn into a customised version of the Resource Efficient Core Equity fund.](#)

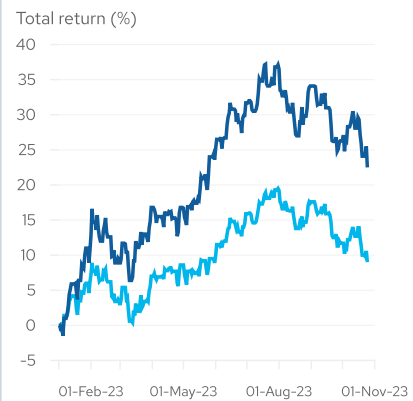
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CHART OF THE WEEK

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S&P 500 PR NASDAQ Composite PR USD



Source: Morningstar in USD as at 25 October 2023 **CITYWIRE**

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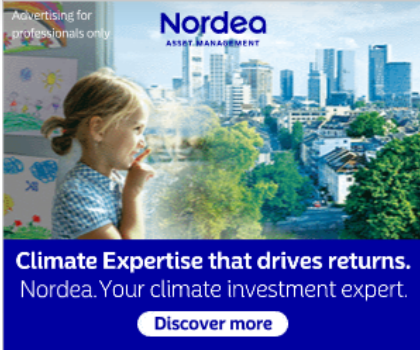
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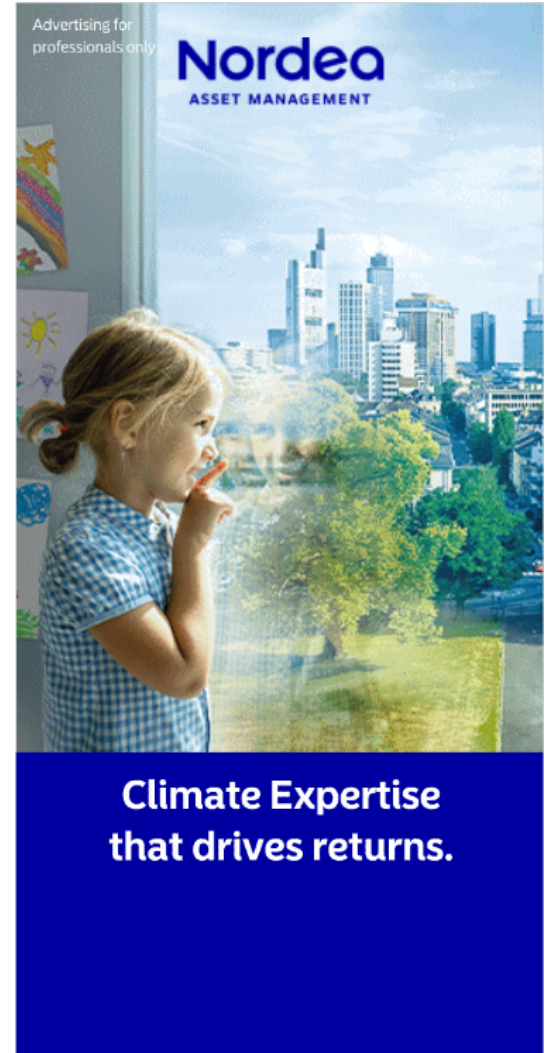
The Osmosis Resource Efficient Core Equity strategy targets maximum exposure to the Osmosis proprietary Resource Efficiency factor within a tight tracking error while seeking to replicate the style, industry, currency, and risk exposures of the benchmark.

Osmosis said the Resource Efficiency factor is derived from a research-driven programme and is one of the only approaches to focus on ownership around carbon, water and waste while targeting better risk-adjusted returns than the parent index.

The Osmosis Resource Efficient Core Equity fund has returned 28.3% in US dollar terms over the three years to the end of September 2023, versus an Equity - Global Blend sector average of 11.7%.

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