

26 July 2018

OSMOSIS LAUNCHES FIRST RESOURCE EFFICIENT ABSOLUTE RETURN FUND

- **Osmosis MoRE World Resource Efficiency Fund – Sustainable Market Neutral targets returns of Libor + 5-6% ***
- **Fund takes long positions in resource efficient companies, short positions in inefficient ones**
 - **Seeded with £30 million from a European asset owner**

Osmosis Investment Management, the sustainable specialist asset management business, is launching a new UCITS fund to provide investors with absolute returns, uncorrelated to equity markets, while delivering a significantly reduced net environmental footprint.

The **Osmosis MoRE World Resource Efficiency Fund – Sustainable Market Neutral** takes long positions in global listed companies in developed markets that are demonstrably the most efficient in using energy and water inputs while producing the least waste, per unit of revenue generated. It takes short positions in the least efficient stocks – constructing a portfolio targeting both a financial and an environmental return.

The investment team identifies resource efficient and inefficient stocks using the Osmosis model of resource efficiency (MoRE). This is a unique proprietary investment database developed in 2010 that standardises, quantifies and values corporate energy and water use, and waste creation, relative to revenue generation across thirty three economic sectors.

From this database the Osmosis research team have developed an uncorrelated alpha generative investment factor, The MoRE factor score.

This resource efficiency factor is uncorrelated to other style characteristics such as growth, value and momentum. Using this factor within the portfolio construction process enables the investment team to develop a market neutral, sector neutral, style factor and dollar neutral portfolio.

This approach, backed by academic evidence, is also the basis for eight Osmosis long only strategies and funds for institutional clients with aggregated firmwide assets of U.S. \$1.5 billion.

The new fund launches on 3rd August 2018, with £30 million of seed money from a European asset owner. At launch, the portfolio comprises 200 holdings with the long book 87% more resource efficient than the short book using the Osmosis efficiency metrics

Ben Dear, Chief Executive Officer at Osmosis Investment Management, comments: “Asset owners around the world are seeking responsible and sustainable investment opportunities – without sacrificing return on the altar of sustainability. We looked at the lack of solutions in the alternatives space and used our tried and tested process to create a market neutral fund that rewards resource efficient firms and penalises inefficient ones. It offers clients much needed absolute returns, uncorrelated to equity markets, with a significantly reduced net environmental footprint.

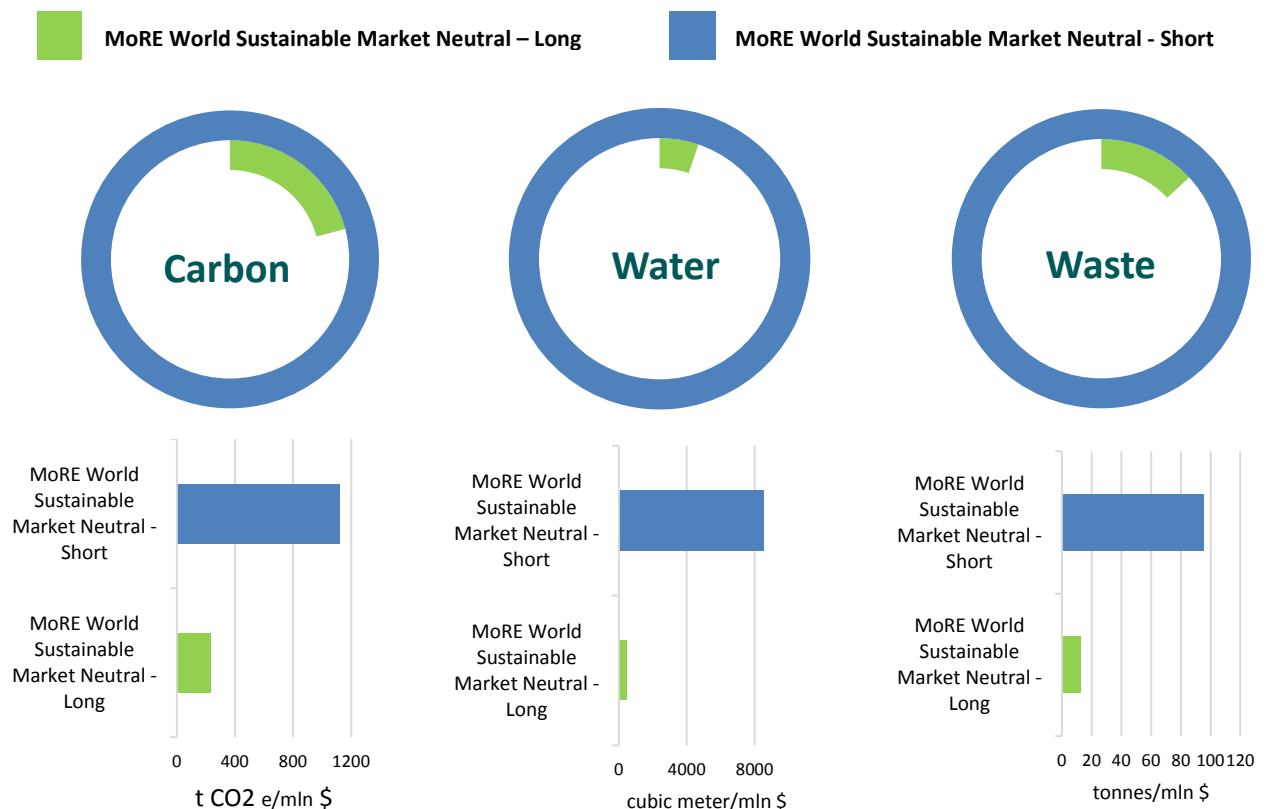
This is an exciting next step for Osmosis. We’ve seen substantial new inflows of U.S. \$1 billion in the last 12 months, as clients increasingly share our conviction that resource efficient firms outperform their same sector peers – and that economic and environmental returns need not be mutually exclusive.”

The backtested return profile:**

- Annualised gross returns of 8.28 %
- Volatility 6.68%
- Sharpe ratio (assuming cash of 0%) 1.44
- Beta 0.04

Environmental return profile:

The Resource Efficiency Alpha signal generates a significant reduction in the resource footprint when comparing the long book to the short book. (Data as end June 2018)



Ticker codes:

- ISIN - IE00BF19C821
- BBG – OSSMNAU ID

* Returns are annualised over rolling three year periods.

** The strategy has been systematically back tested from the beginning of 2005 to the end of June 2018 (excluding all fees, costs and frictions).

All data correct as at 30 June 2018.

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Investment professionals can find more details about the fund at www.osmosisim.com.

Editors can obtain more details from David Butcher at *Communications and Content* on 07834 350101 and david@communicationsandcontent.com.

About Osmosis

Osmosis launched in 2009 and is an award-winning sustainable asset management business headquartered in London with firmwide assets under management/advice of ~\$1.5bn as at end May 2018.

Government Pension Funds, State Pension Funds, Insurance Companies, Foundations, Endowments, Family Offices and Banks, are amongst our client roster spanning North America, Continental Europe, Nordics and the UK.

The Osmosis Model of Resource Efficiency (MoRE) is a proprietary investment database developed and maintained by the team at Osmosis. The MoRE model allows us to create an objective, sustainable, alpha generating investment factor, through the identification across thirty-three economic sectors of global large cap companies which are generating more revenue whilst consuming less resource than their sector peers. Our systematic investment strategies and funds target an improved risk-return profile whilst, importantly, delivering significantly reduced environmental footprints to their relative benchmarks.

This is issued by Osmosis Investment Management UK Limited, a London based investment manager.

www.osmosisim.com

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