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[Home](#) | [News](#) | [Asset class](#) | [Regulation](#) | [Distribution](#) | [Managed funds](#) | [People moves](#)

Regions

[Audio/video](#)[Events](#)[About us](#)[Benelux](#) | [Emerging Europe](#) | [France](#) | [Germany](#) | [Italy](#) | [Scandinavia](#) | [Spain/Portugal](#) | [Switzerland](#) | [UK](#) | [Domicile](#)

## Pramerica's equity PM Archetti says regulation is key to ESG definition



Giulia Archetti, equity portfolio manager at Pramerica SGR, stresses need for further regulatory developments to bring transparency and clarity around the definition of ESG investing.

Archetti says that although there is no univocal definition for socially responsible investments, it is possible to consider as such those strategies that satisfy at least one of the criteria identified by Eurosif, including the exclusion approach or the "best in class" stock picking approach.

Archetti continues: "Currently, we manage five SRI strategies. Among these we highlight two Sicavs, Pramerica Sicav Social 4 Planet and Pramerica Sicav Social 4 Future, whose equity parts are based on an inclusive "best in class" approach, consisting on the selection of companies able to intercept the sustainability focus associated with the portfolio at their best."

When asked if equity funds were likely to face headwinds in future depending on ESG regulatory developments, Archetti says these are desirable because they bring further transparency and clarity to the commonly-used concepts of sustainable and ethical investing. "They represent an opportunity for fund managers, greater protection for fund subscribers and, above all, an incentive for issuers to comply with ESG criteria. The publication of the "Final Taxonomy Report", released by the group of technical experts on sustainable finance appointed by the European Commission, was recently released.

"It aims at creating a common reference framework where to place different regulations on sustainability. The purpose of this report and other studies is also to encourage as many issuers as possible to comply with standard sustainability rules. At the same time, some religious institutions are proposing a parallel path to that of the European Commission, based more on ethical factors and exclusion," Archetti explains.

The equity portfolio manager also highlights how ESG is going mainstream in Italy, with socially responsible investments having grown seven-fold in the last decade. In particular, funds that support solutions linked to the UN Sustainable Development Goals or the reduction of CO2 emissions are recording a strong demand.

She follows: "Among Pramerica SGR's investment solutions, the Social 4 Planet strategy provides an exposure to the sectors most touched by the advantages deriving from the adoption of circular economy models and to the companies that have best managed to translate the principles of circular economy in business practices, contributing to the achievement of Goal 12, "Responsible consumption and production.

"Furthermore, Pramerica Sicav Social 4 Future contributes to the achievement of several long-term targets: it invests, in fact, in global issuers that positively face the changes that will affect mankind in the years to come, the so-called megatrends - such as world aging and ever-growing life expectancy, emerging markets in terms of consumer goods and education, scarcity of resources and their fair distribution and climate change - thus contributing to the achievement of 13 of the 17 SDGs promulgated by the UN."

Archetti has also unveiled that this year Pramerica is working on the launch of two ESG strategies that invest in companies that by their nature or in their business development, contribute respectively to the reduction of both CO2 emissions into the atmosphere and of water waste.

When asked whether it was easier to launch new equity funds incorporating ESG factors embedded in the investment process, rather than change the investment process of existing equity funds, she says: "We believe that integrating the analysis of ESG factors with the traditional financial analysis will progressively represent a positive and imperative evolution, in particular for the new generation funds. However, the assessment of the inclusion of ESG analysis in the selection of equities may also cover existing funds, which may thus benefit from this additional risk assessment and management tool."

<https://www.investmenteurope.net/interview/4003213/pramerica-equity-pm-archetti-regulation-key-esg-definition>