Outperformance through harvesting the full ESG potential

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Portfolio managers often apply overly restrictive rules or complex and resource-intensive investment approaches to find a compromise between attractive risk/return and ESG ambitions. By applying preference-driven portfolio optimization instead, better financial results can be achieved by maximizing the ESG impact.

When considering material sustainability risks and individual investors' ESG preferences in accordance with new regulations (e.g., EU Action Plan), both an optimal risk/return balance and a maximization of ESG preferences can be achieved simultaneously. This is possible by quantifying the sustainability risk and by considering it as an implicit risk in the optimization approach by applying climate scenarios. At the same time, by applying an ESG-driven optimization, better financial results can be achieved for both client and portfolio manager.

Using the investor's individual ESG preferences as well as the bank's internal view, swissQuant's Optimizer selects instruments which outperform, while at the same time making ESG tangible and transparent for both advisor and the client.

Boosting ESG Considerations into Optimal Portfolio Allocation