

“We are the pioneers of sustainable finance”

Decisions tied to ESG for over ten years

By Achille Perego
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Banor boasts over ten years of history in sustainable investment. An experience that began well before the focus shifted to financial instruments that respected ESG criteria. And it began, recalls Francesco Castelli, Bond Manager at Banor Capital, “when a religious corporate client asked us to apply ethical criteria to its investment portfolio.” That initial experience “had unexpected developments. For example, we discovered that our client’s returns were not hurt at all and that the restrictions we had imposed upon ourselves led to results in line with or better than traditionally managed portfolios.”

In light of that initial significant result, Banor developed an organic research method that is now applied to all client portfolios, not only to those with ethical requirements. And, well in advance of the market, even in the world of fixed income. This is because, though the sustainability issue is highly topical, it still focuses mostly on equities and less so on bonds, which do offer great opportunities on the sustainable investment front. And which, underlines Castelli, in terms of volume, “often

have a much greater weight than equities in client portfolios.”

Banor applies the ESG approach without asset class distinction and has launched equity management lines known as ‘Value Etiche’, available to all of its clients, “modifying certain principles of the first mandate and integrating them into its asset management activities.” Banor SIM created a partnership with the Politecnico di Milano which highlighted the validity of ESG principles on the European stock market and later reiterated the success in the field of corporate bonds. Scientific results, concludes Castelli, “have led us to the application of ESG criteria in the UCITS V BANOR SICAV Euro Bond Absolute Return, a mid-yield credit fund that focuses on the selection of individual issuers.” It is one of the few Euro High Yield/Subordinated/Flexible bond funds distributed in Italy to have an excellent ESG rating and which Morningstar rates as being in the ninth percentile of this sustainable universe.