

**“We have chosen to steer our thematic investment approach towards meeting major sustainability challenges”**



*Over the last decade, CPR Asset Management has built up an innovative range of thematic investment solutions. CPR AM Deputy CEO Gilles Cutaya shares his convictions about a strategic choice that is ideally suited to meet the major challenges of our era.*

**You launched your first thematic fund in 2009. Since then, CPR AM’s range has steadily grown to become wider and more diversified. Why give thematics such a major place in your investments?**

CPR AM is the Amundi Group’s thematic center of expertise. In fact, we were one of the pioneers in this area when we created CPR Silver Age, a European equity fund focused on senior consumption. Twelve years on, we have established ourselves as a global leader. At end-June 2021, we had over €19 billion in thematic assets under management, with 24 open-ended funds and 16 dedicated funds. Our intuition has served us well, and our convictions have only grown stronger. With its compelling analytical framework based on anticipating long-term opportunities and risks, thematic investing has emerged as a fundamental trend. Market data tell us that thematic funds have attracted substantial inflows in recent years, and particularly since the onset of the Covid-19 crisis.

It makes perfect sense to correlate long-term investments with overarching economic, societal, technological, and economic trends. Moreover, this approach offers a way for clients to address three primary concerns, namely to invest more meaningfully and impactfully, to improve investment returns, and to diversify their investments. Thematic investing lets them to take control of their savings and build long-term investment solutions by directing their money towards the most promising market

segments, which are not necessarily represented to the same extent, if at all, in traditional investing approaches.

**Beyond your target themes, what other benefits does CPR AM offer in terms of thematic investing?**

CPR AM is a dynamic company driven by strong convictions. Made up of skilled customer-focused professionals, our firm is built on a human scale. But we also belong to the Amundi Group, Europe’s largest asset manager. Consequently, we enjoy the benefits of agility as well as solidity. By combining these twin facets of our identity, we are able to design investment solutions and thematic services that meet the needs of our client distributors and their retail investors, who are keenly interested in thematic allocation solutions for life insurance and retirement savings plans. And since we are based in France, we unquestionably benefit from France’s leadership position in responsible finance.

**You make it clear that thematic investing is conviction-based. Could you tell us more about the convictions on which your thematic investment philosophy is built?**

A paradigm shift is underway. Our analytical framework is expanding and projecting resolutely forwards to encompass the future and sustainability. We no longer base decisions on whether a firm belongs to this sector or

comes from that country. Rather we want to spot firms that stand to benefit from megatrends and that can look forward to supplementary revenue and earnings growth.

Accordingly, we need to understand the cross-sector implications of a given investment theme and establish broad, diversified universes that comply with our sustainability requirements. Our objective is clear: we want to capture a theme's structural growth and build balanced portfolios that can be adapted to different business and market cycles. Reflecting this, disruption, which creates value through breakthrough innovation, is one of our main themes, because it reaches into every sector. But technology is not the whole story. The human factor is just as critical to thematic investing. Because of demographics, for example, consumption pools may vary depending on the sequence of generational cohorts. Human development challenges are a source of opportunities in education, the food value chain, and sustainable urbanization. There is no doubt that thematic investing is close to investors, resonating with their aspirations and sharing their daily concerns. All of these various aspects inform our choices, with impact criteria given pride of place in our deliberations.

### **On that note, since 2017 your thematic investing range has extensively integrated the major social and environmental challenges facing our societies. What are the key focus areas of this integration?**

We have long been convinced that responsible investing generates significant value for investors. All of our equity funds and 96% of our open-ended funds integrate the extra-financial criteria under Europe's Sustainable Finance Disclosure Regulation (SFDR).

We are living at a time when every growth driver needs to be assessed against the main risks to which it is exposed. The foremost of these is obviously global warming, whose repercussions for agricultural production, labour productivity and population movements, for example, impact the prosperity of our economic model. Yet we must not overlook the social side either. Research shows that inequalities are a clear damper on growth, directly impacting education and employment, while also fuelling social unrest. Likewise,

food insecurity and control of population growth are key factors to consider.

We have chosen to steer our thematic investment approach towards meeting the major sustainability challenges identified by the United Nations Sustainable Development Goals (SDGs), by integrating extra-financial criteria and impact indicators. In addition to applying ESG filters, we select companies that actually contribute to meeting the SDGs on which our themes are based, and we measure and monitor impact changes every month. Our funds' annual impact reports provide information on the results and are a wonderful educational tool for our clients and retail investors.

### **How do you plan to develop your range?**

CPR AM will continue its engaged innovation and development approach. We plan to keep growing our range of products and solutions by expanding to integrate more social and environmental issues. This year, we launched several new funds, all of which feature recognition of ESG criteria and impact indicators. These include the CPR Invest – Climate Bonds Euro fund, which we added in April 2021 to the climate range that we first introduced in 2018. Likewise, in 2020 we strengthened our Thematic Equities team, which now boasts 17 portfolio managers and product specialists, who interact day-to-day with an entire ecosystem of investment professionals, including strategists, ESG analysts, financial engineers, and thematic experts. We are harnessing these multiple, complementary skills to design and manage CPR AM's thematic funds, all with the goal of serving our clients.

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