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UBS Expands Range of ESG ETFs in Europe

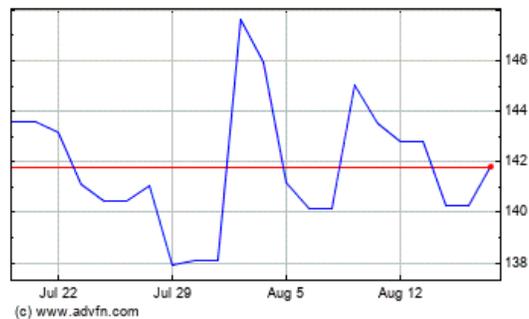
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Dow Jones News

Deutsche Boerse (PC) (USOTC:DBOEF)

Historical Stock Chart

1 Month : From Jul 2019 to Aug 2019



By Dieter Holger

-UBS has three new ESG ETFs on the Frankfurt stock exchange, with two focused on emerging markets

-One ETF is the first to track the new ESG version of the Euro STOXX 50 Index

UBS Group AG (UBS) has expanded its range of exchange-traded funds aimed at Europeans seeking to invest in emerging markets and the Eurozone with an environmental, social and governance focus, further cementing the Swiss bank as a market leader in the ESG sector.

The bank said on Tuesday that the three new ETFs are now trading on the Frankfurt exchange, including one fund that tracks a newly-launched ESG version of the bellwether Euro Stoxx 50 index.

The UBS ETF (LU) EURO STOXX 50 ESG UCITS ETF (UET5) tracks the Euro Stoxx 50 ESG Index, the latest in a series of ESG indexes that Stoxx, the index arm of Deutsche Boerse AG (DB1.XE), has launched this year.

It excludes one-tenth of the least sustainable companies from the parent blue-chip benchmark using ESG scores from data provider Sustainalytics, Stoxx said. The index screens out corporations that don't follow the United Nations Global Compact principles on human and labor rights, the environment, ethics and corruption. It also bars companies involved in controversial weapons, tobacco and coal.

UBS's Euro Stoxx ESG-tracker fund charges fees of 0.15% annually, the lowest among the bank's new funds.

"It is a highly liquid solution for asset owners who are looking for cost-effective ways to integrate sustainable factors in the core of their investments," said Willem Keogh, head of ESG, thematic and factor solutions at Stoxx.

The launch of the funds comes as UBS positions itself as the top supplier of values-based investing products in Europe, the world's largest market for sustainable investing. UBS said it currently holds around 34% of the European ESG ETF market, offering 141 ETFs in the region and 64 globally.

UBS's other two new ETFs invest in emerging markets, but one invests in bonds and the other in Chinese equities.

The expanded lineup will help UBS tap into new markets and segments, said Clemens Reuter, head of ETF and passive investment specialists at UBS Asset Management.

"The demand for sustainable investments is accelerating," Mr. Reuter said.

The bond ETF tracks the J.P. Morgan EM IG ESG Diversified Bond Index. JPMorgan Chase & Co. (JPM) partnered with BlackRock Inc. (BLK) in 2018 to launch a series of fixed-income ESG indexes, which score more than 170 countries and 650 issuers via data from Sustainalytics, RepRisk and the Climate Bonds Initiative.

The dollar version of the bond ETF has fees of 0.45% annually, compared with the euro version which charges 0.50%.

UBS also debuted an ETF that invests in China; the UBS ETF (LU) MSCI China ESG Universal UCITS ETF (UETC). It tracks an benchmark from indexing giant MSCI Inc. (MSCI), which invests in high ESG-scoring corporations but caps the maximum holding of a company at 5%. It charges 0.65% annually, the highest among the new ETFs.

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1 Year Deutsche Boerse (PC) Chart



1 Month Deutsche Boerse (PC) Chart

