

# ESG Leaders

Leading Companies Shaping ESG & Sustainable Investing



ESG Investing

# Part Two: Investment Funds

CHAPTER 5

**ALBACORE CAPITAL GROUP**



**We talk with Deborah Cohen Malka,  
Managing Director, AlbaCore Capital Group**



***Where has most of the demand for ESG funds from your clients come from (i.e. Pension funds, family offices, private investors)?***

We see engagement on ESG matters from across the board, both in terms of type and geography. We have definitely seen an increase both in volume and in depth of due diligence from our investors on ESG topics, which is most welcome.

***What is your AUM and size of the team?***

We have \$7.5bn AUM across our credit products with a team of around 50 individuals based in both London and Dublin.

***What has been the performance of your funds against its index since their inception?***

With our pension fund mind-set having invested together at CPPIB prior to AlbaCore Capital Group, we focus on downside protection and capital preservation for our investors as well as on achieving consistent alpha. Our flagship strategy has achieved 800bps of annual alpha since inceptions vs. credit benchmarks<sup>1</sup>.

***What is your ESG strategy? Do you have an explicit exclusion/integration strategy? What are your exclusion/integration criteria?***

AlbaCore takes a fundamental and active approach to European corporate credit investing. We analyse ESG factors on a risk basis and our objective is to avoid binary outcomes. We believe ESG factors play a crucial role in this analysis.

Our ESG risk lens is applied ahead of every investment decision. Whilst assessing an opportunity the investment team

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<sup>1</sup> This is based on AlbaCore internal calculations that have not been independently verified. Past performance is not indicative of future performance.

discuss the ESG risk factors at the Investment Committee and if there are topics for further analysis, the AlbaCore ESG Committee is engaged for a recommendation. The ESG Committee is made up of individuals from across business functions and so brings a robust and holistic view.

Post investment, the team track ESG risk factors in the proprietary AlbaCore system. This is also reviewed on an ongoing basis by the ESG Committee.

***How often do you change/update your ESG policy? What factors have led to changes in the past?***

We take an active approach to reviewing our ESG policy and any improvements from investor conversations, macro themes we are seeing, or in-house views are discussed at the monthly ESG Committee.

Factors that have led to updates in the past are, among others, sector discussions in relation to our exclusion list, updates to internal processes. For example, most recently addition of private prisons to the exclusion list, and changes to regulatory requirements relating to the Sustainable Finance Disclosure Regulation (“SFDR”).

***How have your clients’ attitudes changed towards ESG / sustainable investing over the last few years?***

We are proud of our forward looking investor partners and have a continued and active dialogue on our ESG approach and strategy. We are seeing that engagement on ESG from prospective investors is now discussed near 100% of the time and the depth and breadth of the conversation has developed on topics across the ESG spectrum.

***How do you foresee ESG investing changing at AlbaCore over the next few years? Is there anything in the pipeline that will lead to a change in your ESG policy and investment process?***

From day one we have integrated ESG analysis into our decisions, and we will continue to do so. As credit investors there will be many new developments, both in industry standards and regulation, in the coming years that will require an agile approach. We pride ourselves on being an innovative partner and so will continue to adapt and build on our strong foundation.

***What do you think will be the next developments in ESG in terms of funds and the investment focus?***

We see carbon adjusted performance to be a necessary and fast approaching standard metric. As data quality and availability improves this is a factor that can be applied to any asset class.

“... carbon adjusted performance... [will]  
be a... standard metric.”

***Will we ever see standardisation of ESG ratings?***

One can hope! As more attention and capital becomes focused on ESG across all asset classes, we believe there will be an inevitable development to standardisation. What is important is being a part of the conversation and a vocal advocate supporting change. This is why AlbaCore is a supporter of TCFD (“Task Force on Climate-Related Financial Disclosure”) and investor signatory of CDP (“Climate Disclosure Project”).