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V-Square Quantitative Mgmt. Brings Intentionality To Sustainability

Sometimes you just need a push from the past to take control of your present. For Mamadou-Abou Sarr, that push came from himself – 20 years earlier.

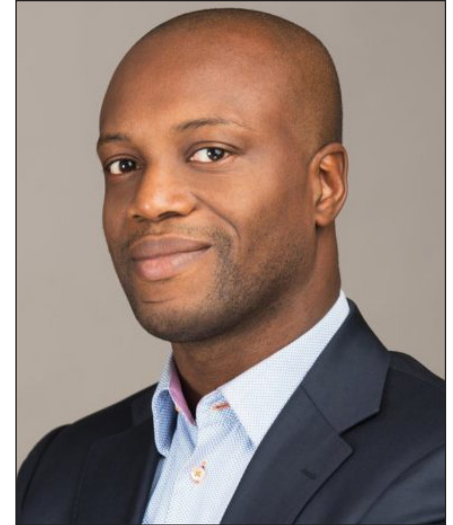
“I kept the same notebook since I was 20 and I did put in that book that at 40, I’ll run my investment firm. And I turned 40 (in 2019),” he explained. So while on vacation with his wife, he broke the news. “I told her, ‘Hey, that’s it, I’m doing it.’”

To start the firm, the former global head of product development and sustainable investing at Northern Trust Asset Management turned to industry colleague Habib Moudachirou, formerly a senior portfolio manager at Vident Investment Advisory where he was responsible for exchange-traded funds and other quantitative strategies across equity, fixed-income and commodities.

The result was V-Square Quantitative Management, a sustainability-focused asset manager focused on intentionality, research, innovation and a long-term outlook.



Mamadou-Abou Sarr



Habib Moudachirou

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data to identify which underlying factors are actually financially material, ultimately resulting in four themes: materiality; human capital and technology; governance; and climate change.

“One of the drivers of us going on our own is that now we were able to narrow down to what we think is material, financially relevant and practical from an investment standpoint,” Sarr said.

The firm has embedded academia into its mission and is a member of The MIT Joint Program on the Science and Policy of Global Change Alliance and on the advisory board of the ESCP Energy Management Center.

“We are really rooted in research,” Sarr said.

As it nears its one-year anniversary, Sarr sees a tremendous opportunity to capitalize on a growing area of interest where many other established firms have been unable to fully commit to addressing.

“We always have to remember that ESG is not an asset class. ESG investing is investing ... and our wish is that in the not too distant future, we don’t talk about ESG investing anymore, we just say investing,” Sarr said.

People are saying, ‘I would like my portfolio to have a greater impact. Show me the impact metrics.’

“We were seeing firsthand the things that were missing, we were seeing firsthand the questions that investors were asking and that we were unable to answer just because most of the companies we were working at were not founded with sustainability at the core, sustainability came later, first of all, as an afterthought and now more and more as an insert. They’re trying to integrate but it’s much harder to do when you already have an investment philosophy, you already have processes, you already have a large team and people are focused on so many other things,” said Moudachirou, the firm’s cio.

The firm was launched in March 2020 and is a subsidiary of minority-owned private equity firm Valor Management.

V-Square offers ESG-aligned market beta and customized solutions, propri-

etary ESG strategies and beta and smart beta strategies to investors. “When I started, [sustainable investing] wasn’t that popular. I was certainly an outlier with my geeky, nerdy approach

to investments going to ESG conferences asking them about tracking error and optimization of portfolios. They were talking about saving the planet and that’s the only angle of measurement of success,” said Sarr, who serves as the firm’s president and ceo. Today, Sarr believes the market is moving into the third era of ESG investing following the information era and the integration era. The newest era, which he calls the impact era, is driven by investors working to understand whether they are building portfolios that have a better impact in communities and companies and all stakeholder values.

“People are saying, ‘I would like my portfolio to have a greater impact. Show me the impact metrics,’” he said.

The firm specializes in leveraging



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