SIX Swiss Exchange Interviews: Gilles Boitel, Head Passive Sales Switzerland, DWS

In mid-February, three Xtrackers ETFs were added to SIX Swiss Exchange, expanding DWS’ offering in Switzerland in the areas of broad equity, technology and ESG.

SIX Swiss Exchange: What are the characteristics of the newly listed Xtrackers ETFs?

Gilles Boitel: With the Xtrackers MSCI EMU ESG UCITS ETF, we are expanding our ESG offering on SIX Swiss exchange and thus meeting the great demand from investors for ESG ETFs. The Xtrackers NASDAQ 100 UCITS ETF is an important component for investors who are increasingly aligning their portfolio to an economy that will be even more dominated by innovation and digitisation in the future. The Xtrackers MSCI AC World UCITS ETF documents our ability to efficiently track very large indices. The Bell Ringing event was somewhat restricted due to the pandemic. However, the pictures in the SIX Swiss Exchange Convention Point show that it was a remarkable experience despite these restrictions. These listings are also part of a larger initiative by Xtrackers ETFs in the Swiss market.
SIX Swiss Exchange: What exactly does the initiative for the Swiss market look like?

Gilles Boitel: We want to be represented in Switzerland with the most innovative and successful Xtrackers products. On the one hand, we will bring new launches of ESG products to Switzerland. On the other hand, we will concentrate more on the share classes that are in particularly high demand from Swiss investors. The advantage here is that we no longer have to list all share classes of a Swiss registered ETF. We will also look at certain trading currencies to be optimised in listings in order to meet future demand. Here we would like to show a holistic approach to take advantage of SIX Swiss Exchange’s currency diversity.

SIX Swiss Exchange: Can you explain these new ESG launches in more detail?

Gilles Boitel: DWS has already clearly communicated that in future all new product initiatives will focus on ESG variants as standard. This also applies to the range of Xtrackers ETFs. To get back to our current ESG equity ETFs, we track MSCI ESG indices that benefit from a detailed selection process carried out by MSCI ESG research. In order to address the newly listed Xtrackers MSCI EMU ESG UCITS ETF, two different filters are applied to the MSCI EMU index with 237 index members for the benchmark construction. First, ESG requirements are checked, followed by a filter that excludes companies with an above-average current or potential emission of substances harmful to the climate from the index. You get a universe of 80 companies in the Eurozone that are leaders in sustainability. On the bond side, our ESG Xtrackers ETFs are based on the Bloomberg-Barclays-MSCI-Sustainable and -SRI selection process. On the one hand, it involves a positive selection from existing indices based on the MSCI ESG ratings and, on the other hand, the exclusion of issuers whose activities may conflict with values and social norms.

SIX Swiss Exchange: Can you explain why ESG indices have beaten the market in recent years?

Gilles Boitel: The outperformance of ESG indices has been observed for several years now and should by no means be viewed as a one-off event, with this development at risk of being reversed. A current analysis shows precisely that several factors have contributed to the success of ESG indices. For example, the quality factor in all regional building block ESG indices contributes to this, mainly because companies with very good ESG ratings tend to have lower leverage and higher profitability. The size factor has had a positive influence on US indices, while growth and momentum were evident in emerging markets. This makes the outperformance of the ESG indices clearer while these indices are plug and play for existing asset allocation frameworks. You can find the relevant research paper entitled “ESG Outperformance: Not about one factor” one our website or by contacting your DWS representative.

SIX Swiss Exchange: Finally, your view of market trends.

Gilles Boitel: ESG has long since ceased to be a market trend and it is no longer possible to imagine investing without it. Future topics such as artificial intelligence continue to play a major role. From a regional point of view, investors are increasingly relying on Asian indices and equally weighted US stock indices with value tilt. Recent market movements continue to promise an eventful 2021.
About DWS
The DWS Group (DWS) is one of the world's leading asset managers with assets under management of 793 billion euros (as of December 31, 2020). Xtrackers, DWS's ETP platform, is one of the world's most valued names in the ETF segment. Xtrackers is the largest European-based ETF provider with global operations and has fifteen years of experience. The aim is to offer all investors a wide range of efficient index trackers of the highest quality. DWS can look back on more than 60 years of experience and is known in Germany, Europe, America and Asia for its excellent services. Our extensive expertise as an asset manager in the active, passive and alternative businesses as well as our strong focus on the sustainability aspects of the environment, social affairs and good corporate governance complement each other in the development of targeted solution concepts for our client base.