



Press Release

12 September 2023

ESG DATA CRITICAL TO INFORMING FIXED INCOME INVESTING

New research* from European ETF provider Tabula Investment Management (“Tabula”), surveying 100 European institutional investors and wealth managers with combined assets under management of over €150 billion, found that 98% say that ESG data is important to informing their fixed income investment decision-making with two thirds emphasising that it is very important.

The research reveals that the majority of investors and wealth managers surveyed use more than one ESG data provider. Just over half said they use two providers; 11% use three; 2% use four.

When asked to rank what drives the decision to use ESG data providers to support fixed income investment decisions, respondents rated quality of rating methodologies as most important; ease of use (reporting, platforms) was second; geographical coverage third; and issuer coverage fourth.

In terms of the types of ESG data investors and wealth managers source from third-party providers:

- 58% cited Sustainable Finance Disclosure Requirements, principal adverse impact and other regulatory reporting requirements information.
- More than half (55%) ask for ESG ratings while half of those surveyed seek raw corporate data disclosed by issuers such as emissions data and gender pay gap figures.
- Forty-six percent say they look at business involvement screens, while 38% analyse data on climate risk and temperature scores.
- More than a third (36%) seek data on alignment with the Sustainable Development Goals and the same number source information on impact ratings.



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Almost all those surveyed say that differences between providers' ESG ratings for the same issuer make using that data a challenge. One-quarter say inconsistencies make it very challenging to use the data while 69% say it is quite challenging. Only 6% say that discrepancies between ESG ratings for the same issuer do not make ESG data use a challenge for fixed income investment decision making.

Jason Smith, Chief Investment Officer at Tabula, said: "It is encouraging that so many investors consider ESG data integral to making their fixed income investment decisions. It is also intertwined with the increased expectation by regulators to include such issues when compiling portfolios. But for investors to apply this data in any truly meaningful way, and to comply with ever-stricter ESG guidelines, they need standardisation, consistency and inexpensive access."

Michael John Lytle, Tabula CEO, said: "Non-financial data is increasingly important in making investment decisions, particularly in assessing forward looking risks. Gaps in data such as Scope 1, 2 and 3 carbon emissions are a significant challenge to risk analysis. We are continually working with academics, data vendors and index providers to evolve our EU Paris-aligned benchmarks to ensure that they analyse as many data points as viable."

In April 2021 Tabula became the world's first provider of a Paris-aligned fixed income ETF following the launch of the EUR IG Bond Paris-aligned Climate UCITS ETF (TABC GY) which is classified as Article 9 under the EU Sustainable Finance Disclosure Requirements. Since then the firm has expanded its ESG range to include Paris-aligned euro high yield bonds (THEP GY) and Paris-aligned global high yield fallen angels (THFA LN).

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Notes to editors

* Tabula Investment Management commissioned the market research company Pureprofile to interview 100 fixed income investors working for pension funds, insurers, family offices and wealth managers in the UK, France, Germany, Switzerland and Italy with a total of €150.6 billion assets under management. The survey was conducted in August 2023.

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Tabula Investment Management Limited

Tabula is an asset manager and ETF provider focused on differentiated fixed income strategies. Its ETFs provide unique solutions in the fixed income space, and help investors achieve greater control of investment risks and rewards.

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