Sustainable Investing
Understanding the ESG Fund Report

Our ESG Fund Report is a standalone, comprehensive report covering key environmental, social and governance (ESG) metrics for our OEIC, SICAV and ETF ranges. Reports for each fund are published quarterly on our website. All ratings and metrics are sourced directly from MSCI.

The MSCI ESG Rating measures the fund’s resiliency to long-term ESG risks and opportunities. Ratings range from CCC (laggard) to AAA (leader).

These rankings compare the fund to its Lipper peer group (Peer Rank) and MSCI’s global Fund Ratings universe (Global Rank). The score shows the percentage of funds with an ESG Quality Score lower than, or equal to, that of the fund. A higher score is better.

The ESG Quality Score assesses the resiliency of a fund’s aggregate holdings to long-term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks. Scores range from 0 (lowest) to 10 (highest).

The individual E, S and G scores measure the fund’s exposure to and management of key risks and opportunities in each category. Scores range from 0 (lowest) to 10 (highest).

This chart breaks down the fund’s overall MSCI ESG Rating by holding. Assets that are out of scope for MSCI’s analysis are shown as ‘not rated’.

The Carbon Intensity metric measures the fund’s exposure to carbon intensive companies.

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Frequently asked questions

Why are we showing MSCI ESG Ratings, as opposed to an alternative?
MSCI ESG Ratings provide among the broadest issuer coverage, with over 7,500 companies (+subsidiaries) and more than 650,000 equity and fixed income securities covered, allowing the creation of ESG Ratings, scores and metrics for approximately 32,000 mutual funds and ETFs across asset classes, globally.

Our agreement with MSCI enables direct sourcing of ESG data points and onward distribution of these metrics. This underpins our ability to provide timely, scalable reporting of ESG ratings across our funds.

How does MSCI approach ESG ratings?
The MSCI ESG Ratings model seeks to answer four key questions about companies:

- What are the most significant ESG risks and opportunities facing a company and its industry?
- How exposed is the company to those key risks and/or opportunities?
- How well is the company managing key risks and opportunities?
- What is the overall picture for the company and how does it compare to industry peers?

MSCI looks at 37 key risks, aligned under the E,S and G pillars. These are reviewed annually and weighted based on industry risks.

How often is the ESG Fund Report available?
The ESG Fund Report will be made available on a quarterly basis, mid-quarter.

How current is the data reported?
MSCI sources fund holdings from Lipper on a monthly basis. Due to fund holding embargoes and the timing/frequency of holdings feeds, underlying holdings may be subject to a timing lag.

MSCI’s ESG research data is refreshed on a daily basis. ESG Fund Reports source the latest published MSCI ESG Ratings and Scores, based on the most recent fund holdings available. The date of the fund holdings is clearly labelled on the report.

What assets are included in MSCI’s ESG coverage?
MSCI’s ESG analysis covers over 7,500 companies and more than 650,000 equity and fixed income securities globally. However, some asset types, including cash, are out of scope for MSCI’s ESG analysis. These are removed from a fund’s holdings, prior to calculating both coverage and ESG analysis, so that the results reflect only the portion of the fund relevant to ESG considerations.

How are short positions treated by MSCI?
Short positions are included in a fund’s gross weight calculation, but are treated as uncovered for ESG data.

Why is weighted average carbon intensity the chosen carbon metric?
Weighted average carbon intensity is fairly simple to calculate, not sensitive to share price movements (since it is not based on equity ownership), and can be measured across asset classes, including fixed income.

What are the limitations of the weighted average carbon intensity metric?
Weighted average carbon intensity relies on carbon footprint analysis. It applies only one lens and is backward-looking – it doesn’t encompass company policies and other forward-looking information that may change. Short positions, sovereigns, derivatives, securitised products and bonds issued by trusts are excluded from analysis.