



The Climate Rating for Funds

Climetrics Insights

**CDP Europe
May 2021**



Climetrics publishes peer group rankings of funds

To tackle the climate crisis, it will be crucial to help emerging economies transition to a low carbon, water resilient and deforestation free economy. Global fund flows should support this process.

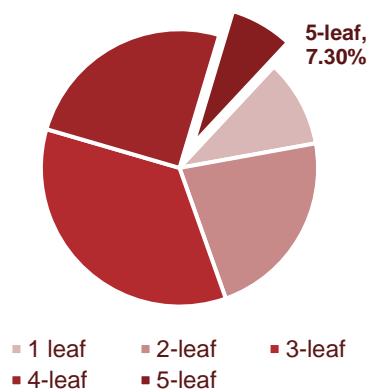
This is one of the reasons why Climetrics now also publishes peer group rankings for all funds, in addition to its leaf ratings. With this, it adds a new “best-in-class” perspective to its environmental assessment of funds. This issue of Climetrics Insights explains why and how this can be useful for climate-aware investors.



Facts & figures

May 2021

Ratings distribution



7.3%

of all rated funds achieved a top 5-leaf rating in May.

How are the new Climetrics peer group ranks useful?

- The peer group rankings reflect a ‘*best-in-class*’ approach to fund scoring, whereas the Climetrics leaf ratings follow a ‘*best-in-universe*’ method. Best-in-universe means that each fund is compared against all other funds in the available Climetrics universe, currently around 19,000 funds.
- Best-in-class, on the other hand, means that a fund’s performance is compared against that of its *peers*, i.e., funds with a similar investment style, market capitalisation exposure or geographical focus.

Asset manager performance

122 or 6.4% of all asset managers in the Climetrics universe had at least one top-rated fund.

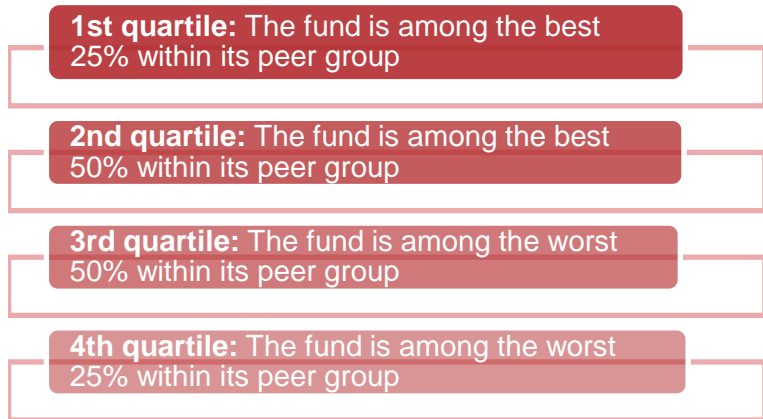
Performance of ESG funds

20.3% of all funds with an explicit ESG policy achieved a top 5-leaf Climetrics rating.

The total number of funds rated in May was

19,899 with approximately USD **23 trillion** in assets under management.

- ▼ A 1st quartile peer group ranking means that a fund is among the best 25% of all funds within its peer group:



Climetrics peer group ranks are based on Refinitiv Lipper peer group classifications and only assigned if there are least 10 funds rated in any peer group.

- ▼ The new peer group ranks help investors select more climate-friendly funds in those peer groups that tend to score poorly under the best-in-universe approach.
- ▼ For example, emerging market funds have below-average Climetrics leaf ratings, reflecting the weaker environmental performance of most companies in these regions compared to companies in Europe, for example.
- ▼ The new Climetrics peer group ranks help investors chose better performing funds in areas that are at a structural disadvantage today.
- ▼ Giving investors best-in-class rankings aligns with CDP's theory of change: investors choosing funds with a *lower leaf*

Peer group insights

Emerging market equity

Asset managers with the most active funds in the 1st quartile:

Asset manager	# of funds
Robeco	10
Schroders	8
Allianz	8
Nordea	7
Amundi	7
SEB	6
Comgest	6
Aberdeen Standard Investments	6
State Street	6
First Sentier Investors	5

rating but *higher peer group rank* will motivate fund managers and investee companies in these markets to improve their environmental performance.

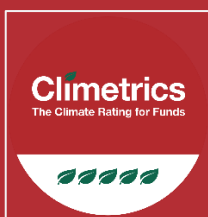
- ▼ The new peer group rankings may be best used *in combination* with the leaf ratings. This way, investors can make sure to pick best-available funds for a diversified, climate-conscious fund portfolio.

For more information on the Climetrics rating methodology, please visit our website at cdp.net/en/investor/climetrics.

About Climetrics

Climetrics is the first rating that provides a holistic assessment of a fund's climate-related risks and opportunities. It independently rates thousands of actively managed funds and Exchange Traded Funds (ETFs) and its ratings are free to search, providing investors with transparency on climate-related risks when comparing funds. Climetrics looks inside each fund, measuring its portfolio holdings' exposure to climate risks and opportunities, as well as the fund's investment policy and the asset manager's public action on climate change. It was developed by two recognised climate specialists, non-profit CDP and ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc. It partners with yourSRI.com for fund data and assessments.

How you can use Climetrics



Asset managers

Use the Climetrics rating license to promote your fund's climate performance and catalyze growth in climate-conscious fund products.

Fund platforms

Use bespoke Climetrics data feeds to complement your fund data offering and better respond to growing market needs for sustainable investment solutions.

Asset Owners

Use the customised Climetrics portfolio screening service to gain insights into key climate-related engagement priorities across your portfolio.

Please contact us for more information



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