

News Release



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Insight Investment develops country sustainability risk model

Country rating shows sustainability risks important for fixed income analysis

LONDON, 13 November 2018 - Insight Investment, a leading global investment manager, has developed a country rating model to explore how environment, social and governance (ESG) factors affect sovereign debt portfolios. Insight's rating model links sustainability and individual country risk, and responds to increased client interest in ESG portfolios.

"Against a backdrop of rising political and economic uncertainty, investors are sharpening their focus on the sustainability risks of individual countries. Yet most ESG research and ESG portfolios continue to focus on corporate issuers," said Joshua Kendall, senior ESG analyst at Insight.

"Sovereign debt investors need more information to make informed decisions about the extent to which ESG factors are reflected in market prices," Kendall continued. "We developed this model in response to client interest and expect to refine it over time as the quality and quantity of third-party research and data grows."

The model's initial findings show most countries' ESG performance has deteriorated and that governance in particular has been on a downward trend across more than half of developed market countries. You can read the full report, 'Sovereigns and Sustainability,' [here](#).

Furthermore, Insight's 2018 study of European institutional investors identified climate change as the most important ESG risk factor. The study also looked at how ESG strategies are being incorporated across specific asset classes and within investment portfolios. Within fixed income, investment grade credit receives most attention from investors, and more than a third said they were applying ESG considerations to government debt.

Earlier this year Insight developed a ratings model for how fixed income corporate credit issuers manage climate change-related risks. You can read about Insight's climate risk model [here](#).

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