LSEG Yield Book

Yield Book's ESG framework for securitised assets

Governance themes in MBS

Leverage quantitative ESG-related insights from the market's leading MBS analytics platform and first ESG framework provider for securitised assets

Our proprietary framework for ESG in securitised assets offers 20+ ESG metrics and scores across the thematic areas of Responsible Lending and Responsible Servicing, both key Governance themes for the securitised market.

Behaviors such as loan churning and extending unfair rates to borrowers persist in today's markets. However, using the latest techniques in data science and machine learning, we have derived purely quantitative insights into very large datasets to detect these and provide monthly ESG measures on 560,000+ US Agency RMBS and CMOs, augmenting a range of other socio-economic data, green and ESG flags.

Our approach is both top-down and bottom-up, developed with extensive feedback from the market. We have designed our framework such that ESG thematic scores can be combined flexibly across sub-asset classes, while in parallel building underlying metrics that reflect material concepts within each theme.

40+
Datapoints in MBS across Governance and socio-economic data

560K
Securitised instruments covered, including RMBS and CMBS

~$6 trn+
Notional outstanding with associated ESG measures

Principles of our ESG Framework

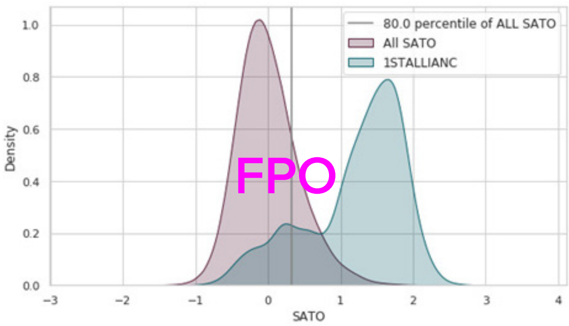
Objectivity	Asset-focused	Relevant & Thematic
Our purely quantitative approach enabled by innovative techniques in machine learning and data science aids verifiability and avoids common issues caused by subjectivity	All approaches in different asset classes are loan-level based, rolling up to security level to enable application across asset classes	To facilitate flexibility in adoption of given ESG principles across asset classes within securitised; different weights are typically applied based on the goal of the investment

LSEG DATA & ANALYTICS

Wide range of use-cases

Early detection of potentially predatory behaviors

Evidence that each of our proprietary underlying metrics enable early discovery of key behaviors.

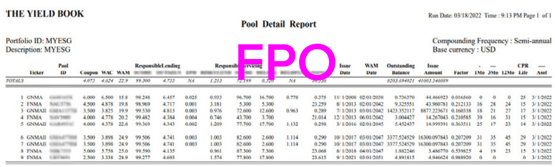


Portfolio tilting & screening

Investment selection, optimisation, weighting adjustment and positive & negative screening - use the insights to achieve impact goals.

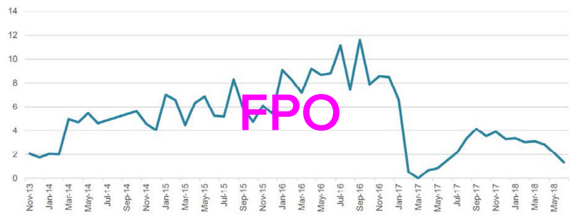
Reporting to stakeholders

Automate daily, weekly or monthly reports to monitor ESG credentials on portfolio and provide regular updates to key stakeholders, or as part of a prospectus.



Fundamental research & risk management

Conduct back-testing and enable deep research and risk mitigation strategies using historical data from 2015.



Solves numerous challenges to adoption of ESG

- **Unique third-party ESG provider for complex asset class:** obtain quantitative insights into ESG credentials of MBS with the first dataset of its kind, created by the market's leading analytics platform for US Agency MBS, and with the backing of market participants
- **Wide fixed income coverage:** combined with our offering across corporate and sovereigns, clients can access 550+ ESG measures on 1.1 million fixed income securities with over $100 trillion in notional outstanding
- **Integrated and flexible delivery:** the dataset can be combined within our API with corporates and sovereigns to enable ESG assessment across your fixed income portfolios to easily satisfy reporting needs to stakeholders, while also accessible via UIs to explore the data for fundamental research and investment selection purposes.

Source: Yield Book. For illustrative purposes only.

Contact us

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