

The Briefing Report

ESG's impact on the fund industry

Asset manager ESG ratings?

Should there be ESG ratings for asset managers? Or, if not ratings, should there at least be recognition of the leaders and the laggards in the fund industry on ESG? Earlier this month the Briefing Report hosted a Zoom event to address this subject.

The consensus was that it would be very difficult to come up with any form of ratings on the portfolio management side. Largely as a result of complex supply chains investors can end up owning things that would not sit well in an ESG portfolio, without realising it when they made the allocation.

Speaking at the debate Dr Bob Swarup, Principal at Camdor Global Advisors, said that the Norwegian government pension fund, one of the premier ESG investors in the world, discovered it had about \$1 bn in exposure to the state surveillance industry because of supply chain issues. This sort of situation is commonplace.

Nonetheless, it should be possible to provide ESG metrics for many asset management industry business practices. This could range from diversity matters at senior management and at fund board level, recruitment policies, and indeed the overall culture of the firm – which could even get into details as to whether the fund management firm in questions pays its cleaners a living wage. [Continued on page 7 >>](#)

Should ESG funds short?

A study was published earlier this month by AIMA and Simmons & Simmons on short-selling and responsible investing. The study looks to be reigniting a debate on the morality of shorting companies, especially at a time when they are under pressure as a result of this economic crisis.

Back in April the Briefing Report covered the question of whether hedge funds should be shorting companies that find themselves in difficulty because of Covid-19, and who are perhaps prioritising their welfare of their employees over their bottom line. Many of the companies targeted may be well run but find themselves in difficulty because of what the pandemic has done to their industries. Travel is an obvious example.

As we reported back then substantial profits were made in March, by some of the largest hedge fund managers in the business, who were shorting stocks of companies caught up in the Covid-19 crisis. [Continued on page 13 >>](#)

In this issue

Features

- 1 **Asset manager ESG ratings?**
- 1 **Should ESG funds short?**
- 7 **Asset manager ESG ratings?**
Story continued from front page
- 8 **Offshore and ESG can go together**
- 10 **Covid-19, ESG and mental health**
- 13 **Should ESG funds short?**
Story continued from front page

News

- 2 Online presentations by IFI Global
- 2 EU Cross-Border Jurisdictions Think Tank
- 3 US institutions ramp up action on climate risk
- 3 BlackRock's climate blacklist
- 4 Big changes with Cayman's new private funds law
- 5 EU-UK equivalence: now in doubt too
- 6 More AIFMD II delays

Listings

- 15 **AIFMD service providers**
AIFMD related Company listings
- 16 **Domicile service provider listing**
Company listings by Domicile

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By Cheque (£ Sterling only)

Make cheque payable to:
IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com

IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The Briefing Report is published by IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44(0)207 220 9077

Editorial & research enquiries:
Simon Osborn e-mail: osborn@ifiglobal.com

Directory, event and subscription enquiries:
Tamara Sims e-mail: sims@ifiglobal.com