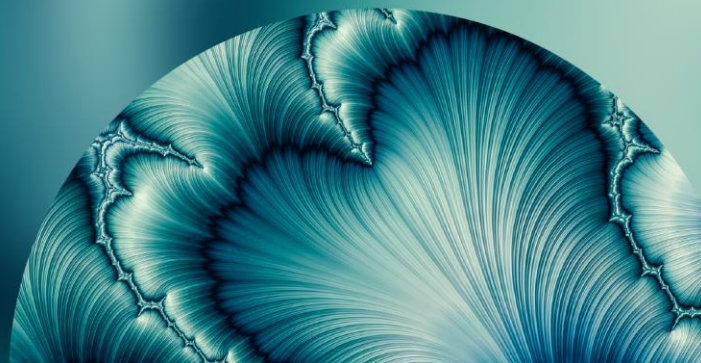


# A Multi-Asset, Green Investment Approach



“From our perspective, FTSE Russell were ahead of the curve, relative to the competition, in having a really impressive, granular set of green revenue data. That, for us, was obviously very appealing.”

– Daniel Bowie-Macdonald, Investment Specialist, Multi-asset Investing Aberdeen Standard Investments



## About the client

### Profile

Aberdeen Standard Investments (ASI) manages £455.6bn of assets for governments, pension funds, insurers, companies, charities, foundations and individuals across 80 countries.

### Objectives

ASI was seeking a data model to help identify new investment opportunities and support regulatory reporting in its new Multi-Asset Climate Solutions Fund.

### Solution

FTSE Russell's Green Revenues 2.0 data model measures the green revenue exposure of more than 19,000 listed companies across 48 developed and emerging markets.

## Aberdeen Standard Investments: Client profile

Aberdeen Standard Investments (ASI) offers solutions that span equities, multi-asset, fixed income, liquidity, sovereign wealth funds, real estate and private markets. The firm's aim is to transform new investment ideas into practical investment products, designed to deliver real value for money to investors.

As at 30 June 2020, ASI managed a total of £455.6bn (€501.2bn/\$562.9bn) of assets on behalf of governments, pension funds, insurers, companies, charities, foundations and individuals across 80 countries.



## Objective: Find cross-asset climate opportunities

In early 2021, ASI launched the Multi-Asset Climate Solutions (MACS) fund in partnership with The Big Issue Group (TBIG), which works with over 1,700 vendors who earn a living by selling the Big Issue magazine. ASI has committed to sharing 20% of the net revenue generated by the fund to support TBIG's social causes. The Fund is available for sale in the U.K.

The MACS fund seeks to invest in companies whose products and services play a decisive role in mitigating climate change and building a more sustainable future. These companies are expected to grow rapidly as the world accelerates its shift towards net zero carbon emissions. As a multi-asset fund, MACS enables investors to participate in the climate shift whilst spreading risk across climate-focussed equities and bonds, renewable infrastructure trusts and real estate.

The key aims of the MACS fund are to:

- Find companies driving the shift to a zero-carbon green economy
- Use a multi-asset approach to diversify risk
- Help investors fund the climate transition with historically less volatile returns
- Promote investment in renewable energy, electric vehicles, smart working, energy-efficient buildings and other green technologies
- Exclude investment in fossil fuel producers and controversial activities

## Solution: FTSE Russell's Green Revenues data model

To help identify the cross-asset-class climate change investment opportunities that most aligned with its objectives, ASI turned to FTSE Russell's Green Revenues 2.0 data model.

This model measures the green revenue exposure of more than 19,000 listed companies across 48 developed and emerging markets, covering over 98% of the total global equity market capitalisation.

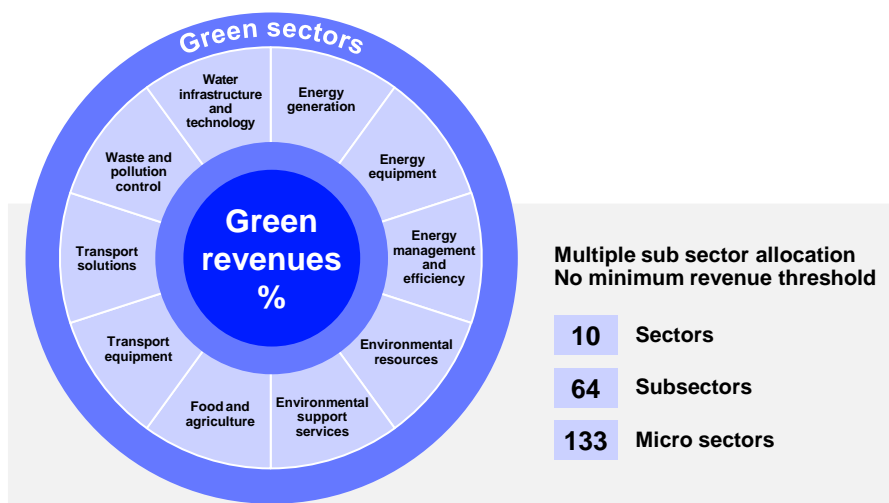
FTSE Russell identifies any company with revenues derived from environmental products and services, classifies the green revenues based on FTSE Russell's Green Revenues Classification System (GRCS), and calculates a green revenues percentage, representing the portion of green revenues generated in a single fiscal year as a percentage of the company's overall revenues.

### Aberdeen Standard Investments Multi-Asset Climate Solutions (MACS) fund

Launched in February 2021, the ASI MACS fund is designed for those who want to invest in companies whose products and services play a decisive role in mitigating climate change and building a more sustainable future.

These companies are expected to grow rapidly as the world accelerates its shift towards net zero carbon emissions.

## FTSE Russell's Green Revenues Classification System (GRCS)



Green revenues data can be mapped over time, calculated across any of the green sectors, subsectors, and micro sectors, and aggregated by company size, traditional industrial classifications, country or region or globally.

A detailed corporate financial history, dating back to 2008, allows users of the model to identify and analyse the structural shift to a green economy across public companies.

## Meeting regulatory reporting requirements

Under a new action plan on sustainable finance, adopted in 2018, the European Union (EU) took steps to integrate sustainability considerations into its financial policy framework and to mobilise future financial flows to support sustainable growth.

The plan included 10 key actions, the first of which was to establish a clear EU Taxonomy – a formal classification system for sustainable economic activities. This taxonomy came into force at the end of 2021 and imposes a number of obligations on companies that offer investment products for sale within the EU.

Providers of financial products focused on sustainability are required to disclose how, and to what extent, the underlying investments support economic activities that are aligned with the taxonomy. And companies within the scope of the EU's Non-Financial Reporting Directive, which came into effect in 2018, now have to disclose whether and to what extent their activities are associated with environmentally sustainable economic activities.

The EU Taxonomy and FTSE Russell's Green Revenues Classification System are similar in structure and highly aligned on core activities. Although the GRCS is somewhat broader in scope than the EU Taxonomy, its modular structure allows GRCS users to exclude these elements when calculating taxonomy-aligned revenues.

## The Green Revenues 2.0 data model

The model was launched in 2020 to offer enhanced granularity and usability data, featuring:

- An expanded taxonomy based on a broad range of green products and services, covering 10 sectors, 64 subsectors, and 133 micro sectors.
- A green tiering system to assess the level of net environmental impact over seven environmental objectives, assigned to three tiers.
- An estimation methodology for all companies that do not disclose this data based on additional non-revenue disclosures and modeling of available data at the industry sub-sector level.

### Additional information

Get more information about [FTSE Russell's green revenues data model](#).

For other information on our products and services, visit [lseg.com/ftse-russell](https://lseg.com/ftse-russell)

## ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

## CONTACT US

To learn more, visit [lseq.com/ftse-russell](http://lseq.com/ftse-russell); email [info@ftserussell.com](mailto:info@ftserussell.com); or call your regional Client Service team office:

**EMEA** +44 (0) 20 7866 1810

**Asia-Pacific**

**North America** +1 877 503 6437

**Hong Kong** +852 2164 3333

**Tokyo** +81 3 6441 1430

**Sydney** +61 (0) 2 7228 5659

## Disclaimer

© 2023 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "The Yield Book®", "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly, or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of FTSE Russell products, including but not limited to indexes, data and analytics, or the fitness or suitability of the FTSE Russell products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating, or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

The information contained in this report should not be considered "research" as defined in recital 28 of the Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and is provided for no fee.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance.

Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.



**FTSE  
RUSSELL**  
An LSEG Business