

“Assessing the Role of ESG Evaluation in Market Risk Management for Sovereign Bond Investments”

April 2025

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“**Assessing the Role of ESG Evaluation in Market Risk Management for Sovereign Bond Investments**” has been published in the British academic journal ‘Journal of Sustainable Finance & Investment’, which aims to contribute to the field of sustainable finance.

Access “**Assessing the Role of ESG Evaluation in Market Risk Management for Sovereign Bond Investments**” here:

https://www.tr.mufg.jp/new_assets/ippan/topics/pdf/250213_2.pdf

Reference “Journal of Sustainable Finance & Investment”

<https://www.tandfonline.com/journals/tsfi20>

While investment evaluations and performance are mainly focused on individual stocks, papers on sovereign ESG are extremely rare worldwide, indicating that this is a field that is still in an early stage of development. In this context, examples of how ESG is being used in investment management are particularly valuable.

The Mitsubishi UFJ Asset Management (UK) Investment Team is working with the Mitsubishi UFJ Trust Investment Engineering Research Institute (MTEC) to further deepen this analysis and improve investment performance, while at the same time contributing to the development of the sovereign ESG field by conducting research and communicating externally in this area. The team has been achieving high performance in the management of the FTSE Global Bond Index, which invests in more than 20 countries around the world, by placing emphasis on geopolitical analysis to predict future money flows in addition to the conventional macroeconomic analysis of each country.

In geopolitical analysis, in addition to the current international situation, various factors such as historical awareness and trade flows are intertwined, and comparing the potential geopolitical risks of each country is dependent on the skills of the investment manager. We have therefore used sovereign ESG-related indicators to quantitatively measure the potential risk of each country and have observed that this scale can be used to indicate potential risk in certain situations. The elements of this analysis are already being used as the basis for qualitative judgments by the team, and are also being used to monitor each country.

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Provides Global bond funds, mainly to pension customers. The team's strengths lie in macroeconomics, geopolitics and quantitative analysis, and it has recorded high performance in recent years.

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Mitsubishi UFJ Trust Investment Engineering Research Institute (MTEC)

The team provides asset management, risk management and data science research and consulting services to financial institutions, including its parent company Mitsubishi UFJ Trust and Banking Corporation and other MUFG Group companies.

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