



StarQube

INVESTMENT DECISION IN A BOX

StarQube ESG #1

Mapping issuers and financial instruments



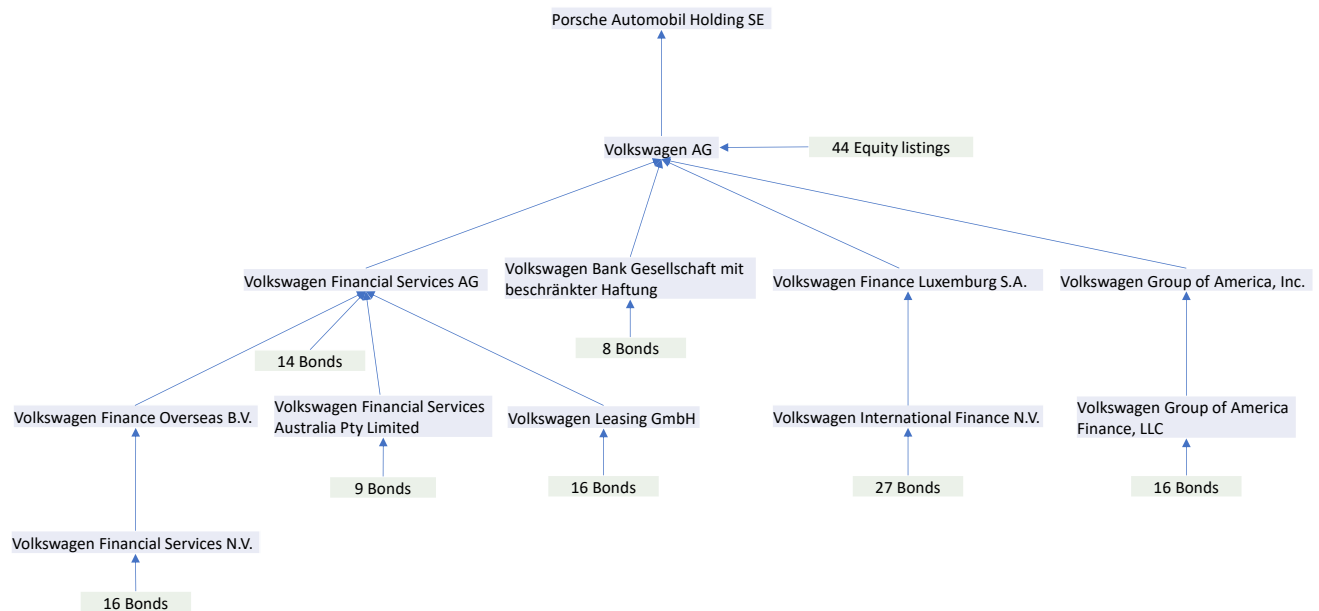
Mapping issuers and financial instruments

First practical difficulty with which ESG analysts are confronted - mapping:

1. *Datasets from various sources:* each data source most often uses its own identifiers for both issuers and instruments, thus complicating navigation between datasets.
2. *Issuers and instruments:* ESG ratings are generally established at the level of holding companies. They should be brought down to all the instruments issued by the holding company and its subsidiaries. And it is not an easy exercise!

By way of illustration, we reproduce below the organization chart of the Volkswagen Group. The graph shows that:

1. The Volkswagen stock has 44 different identifiers due to its listing on different stock exchanges and in different currencies.
2. The Volkswagen Group issued around 100 bonds through 7 (direct or indirect) subsidiaries of the holding company.



ESG analysts must therefore properly organize their correspondence tables to bring down the ESG scores calculated at the level of the holding company to all the instruments issued at all levels of the corporate structure.

At a Group level, the distribution of ESG scores from the holding company to its subsidiaries and their instruments can possibly be managed manually. At the scale of an investment universe, the problem is quickly insoluble without an industrial organization of data:

- *Equity universe:* remember that the MSCI ACWI index (All Country World Index) has nearly 3,000 issuers, each potentially listed on several stock exchanges or in several currencies, i.e. several (tens of) thousands of stocks to be matched with their transmitters. By extending coverage to small & micro-caps, more than 15,000 stocks are included in the MSCI ACWI All Cap Index.

- *Cross-asset universe*: as illustrated by the structure of the Volkswagen Group, while equity is generally issued by the holding company, bonds are most often issued by a galaxy of subsidiary companies – which themselves issue several bonds with various maturities / currencies.

A global and cross-asset investment universe hence involves at least several thousand issuers and several tens of thousands of financial instruments. It is therefore impossible to manage the distribution of ESG scores from issuers to their instruments without an industrial organization of data.

WHAT STARQUBE OFFERS

With StarQube, all data is structured around a *unique repository* and a *library of group org charts*.

1. *Unique repository*: in the StarQube database, identifiers are standardized so that issuers and instruments each have a unique identifier, independent of the source of the data. The user thus navigates naturally between the datasets, without ever having to reconcile datasets from various sources.
2. *Library of group org charts*: in the StarQube database, the data is structured around a library of group org charts which has all the correspondences between parent companies and subsidiaries, and ensures the correspondences between the tables of issuer identifiers and the tables of instrument identifiers.

In summary, with StarQube, whatever the source of the data, an ESG score will naturally descend from its issuer to all the financial instruments associated with it within the Group, without the user having to manage correspondence tables.

[LINK TO FULL ARTICLE](#)

About StarQube

Founded in 2013, StarQube develops an innovative and modular solution for asset management companies based on two pillars. The **data management** pillar industrializes the collection, cleansing and organization of all types of data useful for the investment process within a centralized NoSQL database. The **portfolio construction and management** pillar offers modules to analyze the research universe, build proprietary risk models, create model indices or portfolios, model and backtest investment strategies, optimize and rebalance portfolios. Graphical interfaces make it possible to view, analyze and manage portfolios using customizable screens to display the information which is relevant according to the investment style.

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