

## **2020 - A RECORD YEAR FOR IMPACT ISSUANCE, LIKELY TO BE REPEATED IN 2021**

*Almost \$50bn issued in the US, a 10% increase from 2019*

NEW YORK: – January 20 2021: A record \$500bn<sup>1</sup> in impact bond issuance was added to the market in 2020, an increase of 60% on the \$313bn issued in 2019. This increase could easily be repeated in 2021, which would take the overall market close to \$2 trillion by the end of the year, according to a review by Insight Investment, a leading global asset and risk manager<sup>2</sup>.

Government-related issuance, at \$260bn, accounted for more than half of 2020's total issuance, driven by pandemic-related bonds. Financials, with \$121bn added, led issuance from the corporate sector and became the first of this set to exceed the \$100bn mark for annual issuance. Utilities continued to build a rapidly deepening pool, adding \$57bn, up 18% on 2019. Other sectors fell back: by 50% in consumer staples and 35% in energy. Most issuance originated from France which at 18% of the overall total was almost twice that of the next nearest countries - Germany and then the US - both with approximately 10% added (US issuance was \$49.68bn in the year). Issuance in the UK, in 15th place below Luxembourg, may gain impetus from the Government's recently announced plans to issue a green gilt.

Joshua Kendall, Head of Responsible Investment Research and Stewardship, said: "Impact bonds can help the investors align with their non-financial objectives, but rigorous due diligence is vital to avoid the risk of 'greenwashing'." In 2020, approximately 10% of impact bonds evaluated by Insight received a 'red' score and 40% a 'green' score."<sup>3</sup>

In 2020, green bonds remained the biggest impact bond category, at 53% of issuance, but the rise of social bonds was striking, marking an almost nine-fold increase to \$161bn in issuance (from \$18bn in 2019), propelled by the global response to Covid-19. Issuance in sustainability-linked bonds increased by 67% on 2019. Insight anticipates a similar total impact bond issuance for 2021, albeit with lesser volumes in social issues, made up for by increases elsewhere, particularly sovereign debt and steady growth in corporate sectors.

Kendall added: "More broadly, fixed income investors might consider the extent to which they are acting to influence the structure of new issuance. Corporates can be receptive to direct engagement and feedback. Also, for asset owners such as pension funds, the nature of fixed income investing requires the long-term management of sustainability issues. There is great opportunity to incorporate impact objectives within mandates."

Ends

## About Insight Investment

Insight Investment is a leading asset manager focused on designing investment solutions to meet its clients' needs. Founded in 2002, Insight's collaborative approach has delivered both investment performance and growth in assets under management. Insight managed \$946 billion of assets as of September 30, 2020 across its core liability-driven investment, risk management, liquidity management, fixed income and credit capabilities.<sup>4</sup>

Many retirement plans in the U.S. are in the decumulation phase and are facing new pressures to ensure they have enough cash to cover their obligations. Insight builds unique outcome-oriented investment solutions to help plans manage risk, harness liquidity and maximize certainty. Insight Investment is owned by BNY Mellon, a global leader in investment management and investment services with \$2 trillion in assets under management as of September 30, 2020.

More information about Insight Investment can be found at: [www.insightinvestment.com](http://www.insightinvestment.com)

<sup>1</sup> Figures shown in USD. All data sourced from Bloomberg. Currency conversion could result in a significant impact on the figures shown.

<sup>2</sup> Insight's assets under management includes assets managed for approximately 23 million pension plan participants across the world. Figures based on Insight's clients reporting data to Wilmington's 'Pension Fund Online' Blue Book as published in 2019.

<sup>3</sup> Insight analyses and classifies impact bonds using proprietary criteria. A red score means the bond did not meet Insight's criteria to be classified as a genuine impact bond. A green score indicates the bond met Insight's criteria.

<sup>4</sup> As at September 30 2020. Assets under management (AUM) are represented by the value of cash securities and other economic exposure managed for clients. Figures shown in USD. FX rates as per WM Reuters 4pm spot rates. Reflects the AUM of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). Insight includes, among others, Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIIL), Insight Investment Management (Europe) Limited (IIMEL) and Insight North America LLC (INA), each of which provides asset management services. <sup>1</sup> Excludes previous parent introduced assets prior to 2009.

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# Media Update

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