

Cognitive Analytics and Alternative Data deliver key insights for ESG Investment decisions

Machine-based knowledge mining and cognitive analytics enables smarter analysis of alternative data and identification of ESG risks at scale



Increasingly private equity and other actively managed funds place an emphasis on ESG relevant issues when evaluating investment opportunities. Correlation between share price performance and key sustainability standards shows that companies with better ESG performance are more profitable and exhibit stronger relative growth over a sustained period.

With the growing interest in ESG related investment, data providers are offering a wide range of products to gather, analyze and report on relevant sustainability dimensions. With the massive volume of ESG data available

from numerous sources, it is critical that this information be analyzed to boost alpha and/or identify emerging risks and opportunities.

Instead of depending solely on periodically published third party ESG scores, investment professionals/analysts must incorporate a diverse collection of alternative-data such as company news, sector news or other social media data and perform a thoughtful assessment in real time. Data sources will continue to grow. Asset managers need to get ready for the new world of AI and ML.

ESG Research: The time is right for automation

Approximately 80% of ESG data is available in text form including sustainability disclosures, 10-K statements, company news articles, sector news articles, and research documents and other sources. To go beyond generalized ESG scores and headlines to extract critical insights, organizations must make informed investment decisions from thousands of these documents. It is no longer acceptable to look simply at a few screening criteria manually extracted from a few sources. Cognitive Analytics and AI allows asset managers to consider thousands of variables, according to their needs, to build investment models, categorize risks and evaluate investment strategies.

Current ESG rating frameworks provide insight and opinion, however, ESG professionals still must do their own work in performing their duties. Scorecards are a good starting point. However, having more information in your scoring, along with advanced algorithms and data science can give your firm an advantage over competing fund managers.

The critical first step for cognitive analytics-based ESG analysis is to discover contextual insights from an almost unlimited volume of content (text).

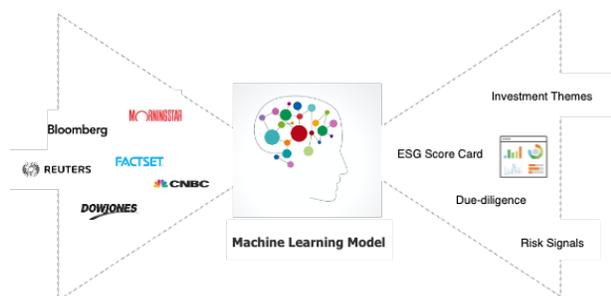
The current solution ecosystem is comprised of black box data aggregators providing corporation ratings and editorial insights. This has left a pressing need for self-served analytical tools that enable analysts to automatically discover ESG contexts and insights from the massive volume of available information and, subsequently, perform their own diligence

AlphaESG: Parable's approach

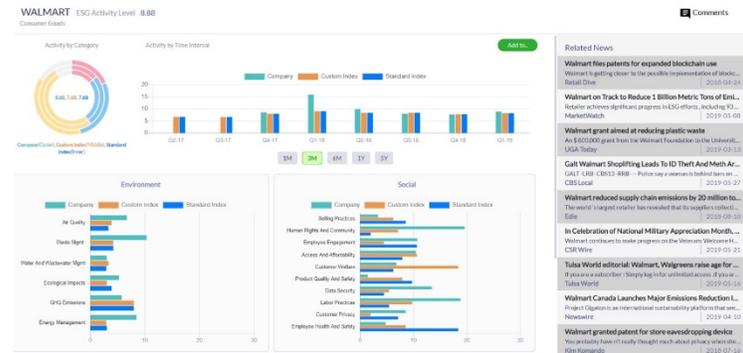
AlphaESG discovers ESG contexts present in a financial news and presents findings in the form of a structured alternative dataset. Its state of art knowledge graph query framework (powered by Cambridge Semantics' highly scalable & hyperfast graph analytics database Anzograph® DB) discovers, links and analyses data from diverse sources, allowing for prudent screening and investment analysis and on-going monitoring

AlphaESG is an expert solution that is trained on ESG criteria as well as generally accepted operating frameworks to automatically extract ESG-related information from any text-based source. AlphaESG's cognitive models are pre-trained to contextualize content and transform it into measurable parameters. This automation speeds research and allows analysts and portfolio managers to perform a deeper dive than can be achieved manually.

Learning Schematic



Sample Output



Insights delivered:

- Relative ESG activity assessment of any company against its industry/global peers
- ESG-related activity by category for targeted corporations
- Root-cause analysis for specific changes in a target company's ESG performance

Competitive advantages:

- Analysts can develop their own specialized frameworks by selecting contexts for review and weighting.
- Choose whatever sources of information you consider important for ESG analysis.
- Compare any company with its industry peers in real-time using either a user-defined index or the general market ratings.
- Quickly identify and analyze significant events for a company or sector in any given time and invest accordingly.

- If available, leverage internal or privately available documents for greater clarity.
- Monitor existing portfolios and respond when real-time events occur.
- Find industry leaders using sector-specific rankings along with broader market rankings for each company.

About Parabole:

Parabole.ai was founded to bring unstructured data to the data analytics mainstream. By moving beyond standard NLP offerings, the Parabole Cognitive Analytics Platform is designed to extract and make usable the domain knowledge present within unstructured data located within disparate repositories in myriad formats. Whether the requirement is cognitive search, the analysis of regulatory documents, the discovery of named entities or the preparation of labelled data for your AI projects, the Parabole platform has emerged as the choice for large banking clients trying to solve complex automation projects for Risk, Compliance, Regulatory Reporting, Investment Research and ESG, Marketing and Enterprise Data Governance.

For more info visit: www.parabole.ai or write to us at info@parabole.ai