

Alternative Data delivers insights for Sustainable Investing

AI powered text analytics enables smarter analysis of alternative data & identification of ESG risks at scale



Increasingly long only funds and other actively managed funds are placing an emphasis on sustainability when evaluating investment opportunities. Statistically, companies with strong performance on key sustainability standards tend to perform better, are more profitable and have shown stronger relative growth over a sustained period of time.

With the growing interest in sustainable investing, data providers are providing myriad products to gather, analyze and report on ESG indicators.

While most ESG data is available at little or no cost, it is critical that this data be contextualized for the industry within which a company operates and to exploit the data to boost alpha and/or identify emerging risk and opportunities.

As the industry move toward acceptance of *ALTERNATIVE DATA* as a valid strategic source of data it is important for the investment

community to include it in their strategies to be competitive.

Alternative data: big hurdle and massive opportunity

80% of ESG data is in text form – news articles, research documents and financial statements associated with specific companies and general issues around sustainability. Thousands of news articles and financial disclosures are published each day. It is critical to go beyond generalized ESG scores and headlines to extract critical insights needed to make informed investment decisions. To manually read millions of lines of text is impossible and does not allow for the efficient extraction of information focused on sustainability factors. Automation allows for discovery of investment opportunities that may be missed with a manual process, as well as speed to execution.

In a market filled with numerous black-box scoring models, there is a need for a product that is able to expose insights which traces back to an event or a corporate action that is causative of the underlying issue.

Current ESG rating frameworks are limited to the vendors framework, are opaque or solely dependent upon financials or opinion. Scorecards, benchmarks and other such products are making ESG investing more accessible across asset classes, but do not allow for SME's to “do their own work” to find and justify their own opinions. Moreover, there is no differential advantage of having a score as all competing fund managers have access to the same data.

Today, there are no standard templates for ESG related corporate disclosures. This inconsistency coupled with what a company does *Versus* what they claim to do makes the disclosure review even more challenging.

Now is the time to automate ESG research

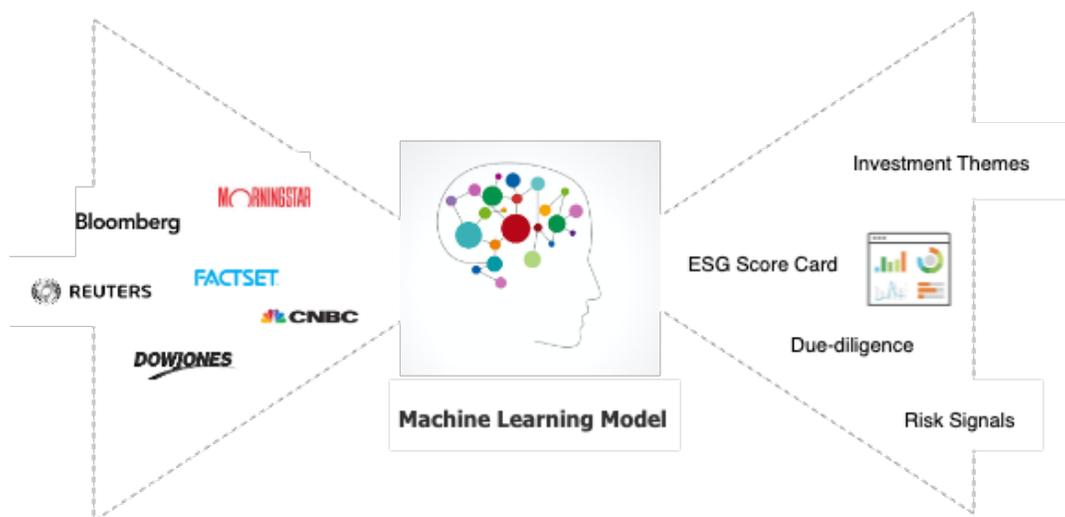
Today, cognitive computing techniques enable fund managers to strategically utilize alternative data to their advantage. These technologies allow for the processing of large volumes of unstructured datasets at an unprecedented scale.

NLP and machine learning allow research analysts to analyze textual content and classify this content into specific ESG topics (for example, greenhouse gas emissions, corporate board policies, community engagement, and involvement in military, alcohol, tobacco).

Parabole approach

Using alternative data, we help you discover investment opportunities and expose signals of risk that may not be apparent from financial data alone.

Parabole has developed an AI-powered text analytics solution that is trained on ESG criteria as well as the SASB.org operating framework to automatically extract ESG related information from news or corporate filings. Once this "alternative" data is structured, machine learning models further contextually analyze this content to point out applicable paragraphs and sentences. This speeds research and allows for a deep dive by analysts and portfolio managers.



AI-driven text analytics accelerates knowledge discovery from unstructured documents

Parabole gathers unstructured information from multiple sources to find investment signals. Semi-supervised cognitive models trained on a particular domain analyze this unstructured information to automatically annotate documents/paragraphs/sentences with specific themes. In near real time, Parabole models leverage a graph analytics database containing a large volume of connected data and insights. Faster querying ability of the graph database is interweaved with our cognitive models to provide a seamless and robust product that displays allows manipulation of insights generated.

About Parabole

Parabole is a cognitive analytics platform designed for analyzing unstructured information of an enterprise. Parabole specializes in building algorithms that read and convert domain specific text in any form into digital knowledge. While domain agnostic, our algorithms power solutions that solves complex business problems involving long textual contents in capital markets, risk, finance and compliance domains.

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