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Summary:

BusinessWeek provocatively suggests studying the resumes of UBS directors might have raised concerns, perhaps alerting investors before the \$37 billion asset writedown, but adds nonfinancial information is neither easily quantified nor strictly predictive.

It is in demand. Investors want to know more about soft factors such as corporate governance, environmental exposure and labor policies because of their potential impact on performance.

The Swiss company Asset4 is catering to that thirst. Co-founder Henrik Steffensen says, "If you only look at financials, you don't have a complete and holistic view of the risk profile." Asset4's database tracks 250 ESG factors for nearly 2,500 companies. Combined these companies shares account for roughly 60% of global trading volume.

The database allows investors to benchmark items like the ratio of carbon dioxide emissions to revenues, worker safety, human rights and such quality certifications as ISO 9001 to weigh their bottom line impact.

Raj Mehta of Goldman Sachs, which like Merrill Lynch is both backing and using the system, adds, "There is a strong appetite from investors for nontraditional metrics and evaluation that go beyond general financials.... Price-earnings ratios and cost-to-income are not sufficient to predict how a company will perform in the future." Other clients include BNP Paribas Asset Management, Société Générale and Axa Investment Managers.

Link to Original:

http://www.businessweek.com/globalbiz/content/apr2008/gb20080428_334133.htm

BusinessWeek boasts over 8 million readers, the most of any global business magazine.

Original Title:

Asset4 Enriches Risk Assessment
