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This paper reviews the characteristics of SDG-related bonds such as green bonds, the status of SDG-related bond issuance/investment, and pricing. It also examines investment implications. The paper concludes that the impact, which is a unique element of SDG-related bonds, may be one of the keys for sustainable development of SDG-related bond markets as well as discovering the implications of investment in SDG-related bonds.

Analysis of Pricing of SDG Bonds .... *Haruyoshi Ito, CMA* 16

Pricing of SDG bonds issued by the World Bank is lower than theoretical value by far (Moridaira, Ito, and Kobayashi [2018b]). The price of Enel's general purpose SDG-linked bonds does not appropriately incorporate the value of real options given by investors to the issuer. Thus, both bonds might occasion wealth transfer from investors to issuers. In order to construct an effective finance scheme which truly lets corporations pursue SDGs such as bonds giving issuers incentive to pursue SDGs, we need to implement bond covenants requiring issuers to use proceeds for intended purposes in addition to the indices measuring the true contribution to SDGs by corporations.

External Reviews of Sustainable Finance .... *Kazuyuki Aihara, CMA* 29

The sustainable finance market has been growing rapidly due to the sense of urgency regarding climate change and social inequality. External review is key for this market to maintain reliability and encourage market participants to engage in ESG investment. The implementation of EU taxonomy and new products, i.e. transition bonds, has emerged as the sustainable finance market has changed. The role of external reviewer will thus change along with such trend.

Partnership between GPIF and World Bank Group for Research into Fixed Income Investments from an ESG Perspective
.... *Tetsuya Oishi, CMA / Daiki Nishida, CMA / Mina Yagi* 39

The Government Pension Investment Fund (GPIF) and the World Bank Group published a research paper titled "Incorporating Environmental, Social and Governance Factors into Fixed Income Investments" in 2018 as part of their partnership. Preceding

academic literature was extensively surveyed. The paper also includes findings which draw on the practical experiences of a number of players (asset owners, asset managers, issuers, credit rating agencies, and ESG data providers) who are integrating ESG in the fixed income space—they were interviewed and participated in a workshop and round table discussions as part of this research project. As a follow-on initiative to the joint research, GPIF and the World Bank Group have taken further steps to promote ESG integration into fixed income investment by providing GPIF's asset managers preferential access windows to green, social, and sustainability bonds issued by the World Bank Group, which GPIF regards as one of the direct methods of ESG integration.

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Piotroski's (2000) F-Score and Future Returns — Change in relationship over past 20 years .... *Norio Kitagawa* 67

This study investigates the change in the relationship between Piotroski's (2000) F-Score and future stock returns by focusing on Japanese firms after the 2000s. This study reveals that the F-Score is on average positively related to future returns. It also finds that the positive relationship has become weaker in recent years. By contrast, there is no evidence that the relationship between F-Score and future return on assets (ROA) has become weaker. Supplemental material for this article is available online, and the part related to the material is noted in the text.

Analysis of Determinants of Unfunded Pension Liabilities and Corporate Valuation — Internal funding and actuarial losses .... *Kazuo Yoshida* 79

Unfunded liabilities arise from various factors. In a firm adopting only retirement lump sum payments, many unfunded liabilities have arisen from internal funding. At a firm fully or partially adopting a pension plan, what their liabilities generate is mainly actuarial losses. The results of this paper show that there is a negative relationship between actuarial losses and corporate value, and also a negative relationship between liabilities and corporate value in the firm adopting only lump sum payments. Moreover, there is a stronger negative relation at a firm fully or partially adopting a pension plan.

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