



# Working Paper

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## Climate Finance

October 29, 2020

The paper reviews the literature studying interactions between climate change and financial markets. It first discusses various approaches to incorporating climate risk in macro-finance models. It then reviews the empirical literature that explores the pricing of climate risks across a large number of asset classes including real estate, equities, and fixed income securities. In this context, it discusses how investors can use these assets to construct portfolios that hedge against climate risk and concludes by proposing several promising directions for future research in climate finance.

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