



PPHA 36150 ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) AND IMPACT INVESTING

COURSE INFORMATION

Course Number: PPHA 36150
Term: Winter 2024
Class Day & Time: Mondays, 5:00-7:50pm
Room #: TBD

Lecturers: Noelle Laing, nlaing@buildersvision.com
Office Hours: Appointment by request
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Teaching Assistant: [Name], [Email]
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[Name], [Email]
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Room #: [Room Number]

COURSE SUMMARY

This course provides an introduction to asset management and the ESG/Impact Investing spectrum. Impact investing is a strategy to generate positive, measurable social or environmental impact alongside a financial return. According to one estimate, investors consider environmental, social and governance (ESG) factors across \$12 trillion of professionally managed assets, a 38 percent increase since 2016.

Exploring ESG and Impact Investing requires a basic understanding of asset management. Investment management requires investors, whether acting as principals (investing their own funds) or as agents (investing on behalf of others) to maximize the return on their investments. The first class will lay out the investment management landscape, principally from a US perspective. Students will learn the difference between publicly held and privately held investments and various asset classes, such as equities (stocks), fixed income (debt) bonds, and alternative investments. Second, discussion of the various types of investment vehicles available: mutual funds, exchange trade funds, private funds (limited partnerships), and the regulation of these funds and their managers.

The remainder of the course will focus on the principles and techniques that underpin various models of impact and sustainable investing. Students will come away with a broad understanding of the impact investing landscape across different asset classes such as public market investing, private equity, venture capital, and fixed income. Each week we will cover a different topic such as the history of socially responsible investing, whether tradeoffs exist between returns and impact, climate change and opportunities related to sustainable investments, active shareholder engagement, data-driven approaches to impact measurement, and careers in impact investing.

The focus for the course will be practical, building on the instructors' experience in the public policy, impact and ESG investing fields. Classes will include guest speakers and case studies to illuminate key topics and highlight career paths.

Required Readings:

- Cases and articles as assigned in the class outline.

COURSE REQUIREMENTS

There are three deliverables due over the course of the Winter Quarter. Detailed assignment descriptions will be made available on Canvas.

Written Assignment #1	February 3, 2024	15%
Written Assignment #2	February 24, 2024	15%
Group Project	March 10, 2024	30%
Attendance & Participation	Ongoing	40%

Written Assignment #1: Short response paper selecting a stock and performing a qualitative and quantitative analysis to evaluate its ESG strengths and weaknesses.

Written Assignment #2: Short response paper selecting a venture capital or private equity impact fund and discussing alignment with impact investing objectives.

Group Project: Presentation and write-up of ESG proxy proposal with both “for” and “against” sides represented.

Cold Call: Students will be cold called throughout the quarter. Students are expected to share key details from the case with the class and connect them to broader themes of the course.

Attendance & Participation: This course is a discussion-based class with your preparedness and participation being the most important factor for success. We have a few classroom expectations that will contribute to your Attendance & Participation grade:

- Attendance is mandatory with the exception of pre-approved absences. Please refer to the Harris attendance policies for a list of approved absences.
- Electronic devices are not allowed during the case discussion, lecture, or during discussions with guest speakers.
- Name tents are required to receive attendance credit.

CLASS OUTLINE

Date	Topic	Key Concepts	Required Readings	Objectives/Questions
Jan. 6	Asset Management, Public and Private Markets, Portfolio Management	<ul style="list-style-type: none"> • Introduction to major asset classes: public equities, fixed income, private equity, venture capital, hedge funds; Risk and return characteristics • Legal and regulatory landscape • Public markets: individual securities, mutual funds, index funds, ETFs; active vs passive management • Private markets: leveraged buyout funds, growth equity, venture capital, stages of funding • Other: Bonds, real estate, other real assets • Role of institutional investors: sovereign wealth funds, public and corporate pensions, endowments, foundations, family offices <p>Guest Speakers: TBD</p>	<p>Case Study: Yale University Investment Office: 2015 (HBS)</p> <p>Note on the Asset Management Industry (HBS)</p>	<ol style="list-style-type: none"> 1. Course Overview 2. What is asset management? 3. What are the primary asset classes and their relationships? 4. What are public equity investment vehicles and strategies? 5. What are the different private equity investing strategies? 6. What are the strengths and weaknesses of public equities and private equity? 7. What are institutional investors? 8. Who manages investment portfolios and why? 9. How is portfolio performance measured and managed?
Jan. 13	Origins, Definitions, and the Case for ESG and Impact Investing	<ul style="list-style-type: none"> • History of impact investing • Market return vs. concessionary returns across the asset class continuum <p>Guest Speakers: TBD</p>	<p>Case Study: Goldman Sachs - Making an Imprint in Impact Investing (HBS)</p> <p>Background Note: Introduction to Sustainable</p>	<ol style="list-style-type: none"> 1. When and why did impact investing start? 2. What is the continuum of returns in impact investing? 3. What is the role of impact investing or ESG in a portfolio?

			Investing (HBS)	
Jan. 24*	Public Market Strategies	<ul style="list-style-type: none"> ESG toolkit: negative/positive screening, ESG integration, thematic investing, engagement 	Case Study: Generation Investment Management (HBS)	<ol style="list-style-type: none"> Why integrate ESG into public equity strategies? How is ESG integrated into public equity strategies? What ESG tools are available to public equity investors?
*Class will meet via Zoom from 5:00-7:00pm		Guest Speakers: TBD		
Jan. 27	Private Market Strategies	<ul style="list-style-type: none"> ESG in private equity funds ESG in venture capital 	Raya Partners: Profitability and Purpose (HBS)	<ol style="list-style-type: none"> Why integrate ESG into private equity strategies? How is ESG integrated into private equity strategies? What ESG tools are available to private equity investors?
Feb. 3	Investor Activism and Stewardship	<ul style="list-style-type: none"> Shareholder activism Proxy voting Proxy advisory firms Universal owners 	Engine No.1: An Impact Investing Firm Engages with ExxonMobil (A) (B) (HBS)	<ol style="list-style-type: none"> How do investors influence corporate behavior? What tools are available to investors? How do activists exert pressure on firms to change?
Feb. 10	Impact Investing	<ul style="list-style-type: none"> Impact funds Mission related investing and endowment alignment 	Michigan's Social Venture Fund: Founding the Nation's First Student-Run Impact Investing Fund (HBS)	<ol style="list-style-type: none"> Who are impact investors? What is the role of financial returns in impact investing? How are institutional investors using impact investing to achieve their mission?
		Guest Speakers: TBD	Background Note: Managing	

			and Measuring Impact (HBS)	
Feb. 17	Emerging Trends in Impact	<ul style="list-style-type: none"> Impact measurement and management <p>Guest Speakers: TBD</p>	The Rise Fund: TPG Bets Big on Impact (HBS)	<ol style="list-style-type: none"> How do investors measure and report their impact? How do investors consider both the positive and negative impacts of any particular investment opportunity
Feb. 24	Public Policy	<ul style="list-style-type: none"> U.S. Regulatory context Global Regulatory landscape Single and double materiality Voluntary disclosure standards Role of NGOs and investor coalitions <p>Guest Speakers: TBD</p>	<p>HBS Background Note: Politics Comes to ESG Investing</p> <p>Additional readings to be assigned</p>	<ol style="list-style-type: none"> How do policymakers and regulators shape the ESG investing industry? What is the role of the SEC? What key principles underpin U.S. and international regulatory approaches to ESG disclosure?
Mar. 3	Group Projects and Career Panel	<ul style="list-style-type: none"> Presentation of final group projects Career panel with mid-career ESG and Impact Investing professionals <p>Guest Speakers: TBD</p>		