

MBA 292J, Berkeley Haas School of Business – Fall 2022 & Spring 2023
Syllabus for Sustainable Investment Fund
Professor Grennan and Professor Simpson



Administrative Matters

Instructor name and email address:

Jillian Grennan (she/her), jillian.grennan@berkeley.edu

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Class meeting times: Monday from 4:00 to 6:00 p.m. (Pacific)

Class location: Chou Hall classroom (N440/444)

Class recordings: posted to bCourses after class, including both Zoom recordings and in-person meetings

Teaching assistant: Caitlin Hodes, caitlin_hodes@berkeley.edu

Course Description and Learning Outcomes

This course trains students on sustainable investment principles and methodologies and to become managers and investors of sustainable/responsible/environmental, social, governance (ESG) investment portfolios. The Sustainable Investment Fund was launched with generous gifts from Haas alumni, and this flagship course allows MBA students, as Fund Principals, to manage a \$4.5 million fund dedicated to delivering both strong financial returns and positive social impact. This ambitious and ground-breaking Sustainable Investment Fund at Haas is the first and largest student-led sustainable fund within a leading business school. Since 2008 the student principals have more than tripled the initial investment.

By running this Fund, student Fund Principals will develop the skills necessary to pursue careers in sustainable financial services, including:

- a. fundamental and quantitative portfolio management
- b. wealth management
- c. investment consulting
- d. investment banking

The key responsibilities of those managing the Haas Sustainable Investment Fund, include:

- a. updating the Fund's objectives and constraints;
- b. establishing priority sustainability issue areas, investment vehicles, and selection criteria, these could be related to specific sustainability issue areas such as Climate or Human Rights or to particular investment vehicles such as public or private equity, or to

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- selection criteria such as using new financial techniques to optimize against the Fund's objectives and constraints;
- c. producing an annual Investment Policy Statement;
 - d. executing on an implementation strategy, this includes reviewing investments, adjusting holdings, and recommending new investments;
 - e. establishing sustainability and impact measurement standards for the Fund holdings;
 - f. reporting on financial returns and risk through the Annual Fund report, and;
 - g. actively engaging and communicating with Haas SIF stakeholders, including alumni, donors, the Institute for Business and Social Impact, and the broader Haas community.

The overall goal of the course is to help Haas students become leaders in the sustainable investment industry by introducing them to the principles and methodologies of sustainable investing and by providing them with insights into the practical environment in which investment and divestment decisions are made. The course will involve both running the Fund and learning from industry experts through invited guest lectures.

Textbooks

There is no assigned textbook for the course. We provide chapter references and encourage you to read the material covered in class in this textbook.

1. The Financial Ecosystem: the role of finance in achieving sustainability, Satyajit Bose, Dong Guo & Anne Simpson, Palgrave Macmillan, 2019. ISBN: 3030056236

We will also distribute supplemental materials periodically on bCourses (see next).

Course Resources

We will manage course announcements and assignments through bCourses. If you are unable to access the bCourse site, please contact me as soon as possible. A copy of the syllabus, detailed reading lists, and copies of class materials can be found there. Class materials will be posted to bCourses immediately before each class. These materials are the intellectual property of the Haas School of Business, so please do not re-post the material. We will use Study.Net for some course materials (the Just Climate case in the spring), but most material will be directly posted to the website.

Student Technology Help

If technical difficulties prevent you from completing course work, please alert me immediately. However, understand that we cannot assist you with technical problems. Please use the technical support resources available through Haas. Be sure to document all interactions with tech support (e.g., save emails and transaction numbers).

We will use Microsoft Excel throughout the course. Please make sure you have a working copy installed on your laptop with access to the Analysis Toolkit and Solver. Haas Technology Solutions (<http://groups-new.haas.berkeley.edu/HCS/index.html>) has instructions about how to download and install Excel. We will do a review of Microsoft Excel in-class to make sure everyone knows how to use the tools that are available. Financial calculators are not required for this class, though you are welcome to use one if you already know how.

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For presentations, please note that all classrooms at Haas are equipped with a podium PCs and an overhead projector. To check out other audiovisual equipment (clicker, LCD projectors, slide projectors, television, etc.), you may contact the reservation desk in the computer center 510-643-0431 or submit a request via EMS (<https://ems.haas.berkeley.edu/emswebapp/>).

Most of the assignments will require you to do financial research and evaluate data; these are the resources that you will need for the class and how to access that information.

- **Aperio:** This is our central passive investment fund. To register for the portal, please follow this link: <https://www.aperiogroup.com/portal/register>. The registration process should not take more than a few minutes. Once you complete the registration form and hit “Request Portal Access” at the bottom of the page, you will receive an email from Aperio asking to verify your email address. Once you verify your email address, you will be prompted to answer a security question before you are up and running. Point of Contact: Tom O’Connor, email: tom.j.oconnor@blackrock.com
- **Bloomberg:** Accessing Bloomberg requires in-person access to the Bloomberg Terminals which are now located at the Long Business Library (near the circulation desk): <https://haas.berkeley.edu/technology-solutions/how-do-i/access/#bloomberg-factset>
- **Capital IQ:** financial information on companies, including equity analysts’ research reports. Guide for getting access via your Berkeley email. <https://guides.lib.berkeley.edu/c.php?g=1189557>
- **Ethos:** source for Sustainability metrics in detail. Should have received an email to sign-up using your account. <https://www.ethos ESG.com/>
- **Mergent:** information source for corporate and government bonds. Login with your Calnet ID. <https://www-mergentonline-com.libproxy.berkeley.edu/compsearch.asp>
- **MSCI ESG Login Portal:** <https://esgmanager.msci.com/esgManager/> Note: please logout when you or your team are done as we only have one license for the whole class.
- **Orbis:** financial information on companies with broader coverage of companies outside the U.S. than Capital IQ. Login with your Calnet ID. <https://libproxy.berkeley.edu/login?qurl=https://libproxy.berkeley.edu/login?qurl=https://orbis4.bvdinfo.com/ip/>

Grading and Evaluation

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We will evaluate your performance in the following areas:

- **Assignments (60%):**
 - **Fall semester:** review of current positions, passive/active ESG fund analysis, opportunities for activism in SIF portfolio, proposed IPS revisions, risk-opportunity profile of specific sectors, one investment pitch
 - **Spring semester:** two investment pitches, “Mobilizing Climate Finance to Achieve Net Zero by 2050” conference write-up, thought leadership piece, annual report, and presentation of annual report
- **Participation (30%):** In SIF, the portfolio will ultimately be a reflection of you, the Principals, as a group – your ability to find and understand opportunities as they align with your financial and impact goals. Your participation in this process is vital.
- **Reflection (10%):** Your chance to grow as a leader. There are no right or wrong answers, we want to hear your reflections on issues raised in class and see how you apply critical thinking.

Assignments.

There are five group assignments, which are to be done in the same group of students, and one investment pitch in fall semester. There are four group assignments, and two investment pitches in the spring semester. We will sign-up for group work the first class.

Fall semester

- Review of current positions (team), due August 29
- Passive/active ESG fund analysis (team), due September 19
- Opportunities for activism in SIF portfolio (team), due October 3
- Proposed IPS revisions (team), due October 17
- Risk-opportunity profile of specific sectors (team), due November 7
- First investment pitch (individual or in teams, but if in teams, the team must pitch same number of ideas as the number of team members), due November 21
- Personal reflection (individual) is in lieu of a final for this class and to be turned in by December 8th (last day of finals for fall elective classes)

Spring semester

- Second investment pitch (individual or in teams, but if in teams, the team must pitch same number of ideas as the number of team members), due February 6
- Third investment pitch (individual or in teams, but if in teams, the team must pitch same number of ideas as the number of team members), due February 27
- Climate conference write-up (individual or team), due March 24
- Thought leadership (individual or team), due April 10
- Written portion of annual report (will be determined in class), due April 24
- Presentation of annual report to donors, alums, and sustainability professionals, please be on-time to the presentation April 28
- Personal reflection (individual) is in lieu of a final for this class and to be turned in by May 8th (last day for spring elective classes)

The group assignments are an integral part of the course design. We will provide you with a set of questions designed to help guide and focus (but not overly constrain) your analysis. Identify

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the relevant issues, and highlight the strengths and weakness of various courses of action when appropriate, keeping in mind your objectives and constraints as a SIF Principal. Each team member receives the same grade on the assignment and only an executive summary (2 page, double-spaced with main findings and key arguments) needs to be handed in per team. You can submit your assignments through bCourses.

Presentations. Each group will present each assignment. We will randomize the order, so the same group does not have to go first each time. For investment pitches, this means even if we are presenting over the course of two classes, they should be ready by the first presentation date.

Reflection. Each individual will submit a final reflection. If you make a good effort and follow the directions, you will get full credit for the reflections. You should submit a 2-3 page (double-spaced) reflection with your thoughts about sustainable investment. You may choose your own topic for the reflection. The goal of your personal reflection is to develop your own original thoughts about sustainable finance. In seeking to generate a new idea, do not be afraid to take a risk. The key to the reflection is the quality of your idea, so please do not feel that you have to fill many pages with writing for the sake of writing. Instead, what I seek is expositional clarity in relation to your idea. Summarize your idea, and then explain how it fits into what we have learned in class, and what your unique angle is on existing debates.

Class Participation and Attendance. Class is more fun when you ask questions and are engaging with the material. Attendance and active participation are important. Much of our class discussion will be driven by the content covered in class that day. As such, absent special circumstances noted below, we expect students to attend each class session and to be prepared to discuss the relevant topics. During discussions, quality is what matters. Effective class participation moves the discussion forward by building on previous comments and creating an inclusive environment for you and all of your classmates.

As noted above, all classes will be recorded to accommodate students who may be unable to attend a live session for any number of reasons related to the current public health situation. If you are unable to attend a class, please notify me of your expected absence in advance of class, if possible. If you are unable to provide advance notice due to an emergency, please contact me as soon as possible with an explanation for the lack of advance notice so that it does not adversely affect your grade. Students who miss class can make up for it by sending me an email with a business news article that is relevant to the material covered in class along with a 1 paragraph explanation of why the article is relevant to the course.

Class Notes. Taking class notes can be very useful. We also want to offer some evidence that taking notes by hand may improve your own comprehension. Please see for example, this paper for the actual research (<https://journals.sagepub.com/doi/abs/10.1177/0956797614524581>) and/or this nice op-ed (<https://www.washingtonpost.com/posteverything/wp/2014/12/30/this-year-im-resolving-to-ban-laptops-from-my-classroom/>) summarizing recent research.

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Policies Designed to Ensure Fairness

Honor Code. Students who take this class are bound by the Haas and UC Berkeley Code of Conduct. For reference please see:

<http://www.haas.berkeley.edu/MBA/academics/academic/code-of-conduct.html>.

In the case of individual assignments (final reflection, the final exam), this means that each student is fully responsible for completing each assignment on his or her own. That is, no communication about these assignments with anyone is allowed. Likewise, accessing solutions from the Internet or from any third party will also constitute a breach of the code of conduct. Any violations of this will result in an F grade in the class and possibly further action.

Late Assignments. Timely submission of assignments is an important part of professionalism. As such, I generally expect you to submit each assignment by the due date. I understand, though, that extenuating circumstances may sometimes prevent you from doing so. If you need to submit an assignment late for a valid reason (e.g. illness or family emergency), please email me before the due date (or as soon as possible in light of the circumstances). I will be happy to provide you with an extension if necessary. However, if you fail to communicate with me, unexcused late or incomplete assignments will result in reduced points for that assignment.

Also, if you require any accommodations related to extended illness, pregnancy, or disability, please go through Student Services. If you have any questions about accommodations, the best person to contact is Justine Roades (jroades@haas.berkeley.edu), the Associate Director of the Evening and Weekend MBA program or the Associate Director of the MBA program.

Grade Dispute. Please turn in a written petition and if it involves a specific assignment, a copy of the assignment. Any request for a re-grade will result in a re-grade of the entire assignment.

Course Schedule

As noted above, the reading list associated with specific lectures is available on bCourses. Below you will find an outline of the major topics covered in the course as well as the specific topics within each major topic. Holidays are in red. Final presentation is in green.

Fall semester

Date	Class	Topic
8/22/2022	1	Introduction: Course overview and sustainable investment overview
8/29/2022	2	Lecture: Fund construction Assignment 1: Review of current positions
9/5/2022		Labor Day: No class
9/12/2022	3	Lecture: Professor Anne Simpson on stewardship with Climate Action 100+ as an example

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		Lecture: Professor Jill Grennan with academic perspective on active vs. passive strategies
9/19/2022	4	Lecture: Academic perspective on ESG continued Assignment 2: Passive/active ESG fund analysis
9/26/2022	5	Guest speaker: Rev. Kirsten Spalding of Ceres on shareholder engagement
10/3/2022	6	Guest speaker: Evan Mizrachy of Aperio on passive Assignment 3: Opportunities for activism in SIF portfolio
10/10/2022	7	Guest speaker: Ivy Jack of North Star on racial lens investing Lecture: Equity valuation
10/17/2022	8	Assignment 4: Proposed IPS revisions, debates, and votes
10/24/2022	9	Guest speaker: Katie Schmitz Eulitt of IFRS on ESG reporting Lecture: Debt valuation
10/25/2022	10	Guest speaker: Ben Allen, CEO of Parnassus on responsible investing
10/31/2022		No class
11/7/2022	11	Guest Speaker: CSO and chief data scientist at AI Clarity on ESG tech Lecture: Returns, materiality, and ESG harmonization Assignment 5: Risk-opportunity profile of specific sectors
11/14/2022	12	Guest speaker: Neil Gregory at Johns Hopkins SAIS on impact management
11/21/2022	13	Assignment 6: Investment pitches
11/28/2022	14	Assignment 6 (cont.): Investment pitches and voting round

Spring semester

Date	Class	Topic
1/23/2023	1	Topic: Sustainable venture capital (VC) investments Guest speakers: Andrew Karsh, Partner at BayBridge Venture and Jane Ge, Partner at Vectors Capital
1/30/2023	2	Topic: Blended finance for impact Guest speaker: Bruce Hao, Builders Asset Management/Skoll Foundation
2/6/2023	3	Assignment 1&2: Investment pitches

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2/13/2023	4	Assignment 1&2 (cont): Investment pitches
2/20/2023		<i>Presidents' Day: No class</i>
2/27/2023	5	Assignment 1&2 (cont): Investment pitches
3/6/2023	6	Assignment 1&2 (cont): Investment pitches
3/13/2023	7	Topic: Corporate perspective on sustainability Guest speakers: Amanda Gardiner and Lisa Hook, Sustainability and Engagement at Meta Assignment: Voting round
3/20/2023	8	Lecture: Advances in climate finance Guest speaker: Ian Monroe, Etho Capital Assignment 3: Climate conference write-up
3/22/2023		<i>Conference: “Mobilizing Climate Finance to Achieve Net Zero by 2050”</i>
3/27/2023		<i>Spring Break: No class</i>
4/3/2023	9	Topic: Mobilizing capital at scale Guest speakers: Rachel Robasciotti, Adasina Social Capital and Julia Jaskolska, Calpers
4/10/2023	10	Assignment 4: Thought leadership presentations
4/17/2023	11	Lecture: Annual reports and constructing appropriate benchmarks for financial and non-financial returns
4/24/2023	12	Assignment 5: Annual report, prep for annual report presentation
4/28/2023	13	Assignment 6: Presentation of Annual Report
5/8/2023	14	Wrap-up, book reading on “Natural Capital”