

ESG AND SOCIAL IMPACT INVESTING

COURSE OVERVIEW

This course provides an introduction to ESG/social impact investing – an investment approach intentionally seeking to create both financial return and positive social impact that is actively measured. We begin with the core belief that investment is the engine of growth, and hence all investing can be viewed as inherently impactful.

Social impact investing seeks to create positive social or environmental value in addition to a financial return. It is an approach, not an asset class.

Impact investing has grown rapidly in recent years and now commands significant attention from some of the world's largest asset managers, high net worth individuals, philanthropic foundations, and policymakers, among others. Although this has been practiced in the Western world for more than a decade, it is still a relatively new space in Asia. This approach offers an opportunity to creatively address some of the pressing challenges we face today, such as climate change and limited access to essential services like healthcare and education. This is particularly true in a world of declining government budgets and limited philanthropic capital available to be allocated towards these challenges.

Key topics covered in the course will include:

- An overview of the field: origins of impact investing, key investors, asset classes, sectors and geographies.
- Private social impact vehicles: valuing a social enterprise, due diligence, structuring of deals/terms sheets measuring impact and performance.
- Public markets ESG equity investing: screening/exclusion, fundamental analysis, portfolio optimization to build ESG portfolios, risk analysis to identify embedded risks, performance of ESG-oriented approaches.
- Public markets ESG investing in fixed income: introduction to social impact bonds, "green" bonds, and active screening by bond funds.

LEARNING OBJECTIVE

The objectives of this course are:

- To provide a solid analytical framework for evaluating the spectrum of social impact investments,
- Have students gain experience in structuring different types of investments,
- Critically compare and contrast these investments with "traditional" mainstream investments, with a view to understanding structural constraints.

The field is sprawling and inter-disciplinary, ranging from "pure" impact to "values aligned strategies". The approach faces some major challenges, which we will explore in detail in the course.

A significant challenge is that of "impact measurement", and the participants will gain exposure to few approaches, including GIIN and IRIS (Global Impact Investing Rating System, and Impact Reporting and Investment Standards).

PRE-REQUISITES

- Have some knowledge of how Private Equity/Venture Capitalist work.
- Expected to have had exposure to fundamental financial concepts (DCF, IRR, NPV, etc.).

TARGET AUDIENCE

The target audience for this course are for those finance professionals who are interested in the intersection of finance and social impact. In particular, the course should be useful for students who wish to pursue careers in social impact investing, raise a round of financing from impact investors, manage ESG-based portfolios for an asset manager, or invest their own capital for both social impact and financial return

COURSE METHODOLOGY

Instructor led facilitation using case study discussions and exercises.

