**Impact Investing**

**FINCB8355**

**Fall 2023**

Professor Mark Berryman

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Office Hours: By appointment only (Insert Columbia Email)

All course readings and cases are posted on Canvas, and all course announcements are made through Canvas. Students should regularly check Canvas for announcements and course materials.

**COURSE DESCRIPTION**

The Impact Investing course provides students with an overview of the entire spectrum of investing approaches used by impact investors. This is done through a combination of cases and lectures by the professor, and guest presentations by leading impact investors and thought leaders. The substantive areas covered include: (1) how investors and investment managers and advisors select and structure their impact investments; (2) the differing financial return and social impact return expectations of impact investors; and (3) the challenges and methodologies for measuring impact. This course is designed around the different types of impact investments from the perspective of investors, and is composed of four modules:

1. *Responsible Investing* – socially responsible investing (SRI) is designed to screen public equity investments of companies or sectors believed to be causing social harm.
2. *Sustainable Investing* – also referred to as ESG investing, is designed to select public or private equity investments using fundamental analysis that incorporates environmental, social, and governance factors.
3. *Thematic Investing* –private equity and venture capital investments designed to earn a market risk-adjusted return while also addressing a specific social or environmental problem.
4. *Impact First Investing* – private investments designed primarily to address a social or environmental problem, with no expectation of achieving market returns.

**COURSE OBJECTIVES**

This course is designed for both MBA students planning a career in traditional investment management who want to understand this new and growing sector, and for students planning a career in social enterprise who want to understand impact investing *from the perspective of the investor*. This course does not examine the role of the social entrepreneur, or the process for raising capital from impact investors, but focuses solely on the sources of impact investing capital and the types of investments being made by impact investors.

**REQUIRED COURSE MATERIAL**

The Impact Investing course utilizes the following cases and includes additional industry-focused articles and background readings. All material will be posted on Canvas.

Impact Investing Overview

* Background Note: Examining the Case for Investing for Impact

Responsible Investing

* Columbia Divestment

Sustainable Investing (ESG)

* Can a Tiny Hedge Fund Push ExxonMobil Towards Sustainability?
* Generation Investment Management

Thematic Investing

* SJF Ventures: Transforming Transportation with TransLoc
* Shift Capital: Transforming the North Kensington Neighborhood
* How sustainability bonds bridged the vaccine funding gap for poorer nations
* Impact America Fund
* The Velux Foundations: Selecting Impact Funds

Impact First Investing

* + Financial Inclusion at Omidyar Network
	+ Root Capital and the Efficient Impact Frontier
	+ Water.org

Impact Measurement & Verification and Portfolio Construction Across Asset Classes

* + BlueMark Impact Classification and Verification.
	+ Goldman Sachs: Making an Imprint on Impact Investing

**REQUIRED PREREQUISITES AND CONNECTION TO THE CORE**

Students must have completed or be concurrently enrolled in B8306 - Capital Markets & Investments. The learning in this course will utilize, build on and extend concepts covered in the following core courses:

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| --- | --- |
| **Core Course** | **Connection with Core** |
| Corporate Finance | 1. Valuing bonds and stocks
2. The CAPM model & applications
3. Corporate governance
 |
| Global Economic Environment | 1. Exchange rates
2. Global capital flows
 |
| Managerial Economics | 1. The limits of markets
2. Agency and incentives
 |

Students will be expected to have mastered these concepts and be able to apply them in the course.

**ASSIGNMENTS**

Students are required to prepare one case write-up during the course, which include building a financial model and analyzing investment risk and return. The final exam is a take-home case, due one week after the last class.

**METHOD OF EVALUATION**

This course relies predominately on the case method. Although this is a finance course, there is relatively little financial modeling required, as the focus of most of the classes is on understanding concepts, and the challenges and opportunities of applying those concepts in real-world settings. The chosen cases analyze companies that use financial products to create sustainable social and/or environmental value, to understand why certain business decisions and models have succeeded while others have failed. This course requires active class participation, and students’ grades will be heavily dependent on the quality of class discussion, including on-line quizzes and polls. Guest speakers will be invited to a few classes and will provide an opportunity for students to meet industry specialists. Students are expected to challenge each other and to challenge the professor and our guests.

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| --- | --- |
| Class participation(including on-line quizzes and polls) | 40% |
| One case write-up with financial analysis (Type B2 - individual) | 20% |
| Final take-home exam (Type C- individual) | 40% |

**CLASSROOM NORMS AND EXPECTATIONS**

Students are expected to adhere to CBS Core Culture in this course by being Present, Prepared, and Participating. Students are required to prepare for each class by reading and analyzing the assigned cases, utilizing the study guidance questions which are provided in the Canvas system, and completing the on-line question set. In class, students are expected to add thoughtful points to each class discussion.

**ATTENDANCE POLICY**

Students are required to attend each class in-person. Students should contact the TA regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your class participation grade and your overall course grade.

* Students that miss >33% of their classes (unexcused absences) will at most receive a P for the course grade.
* Students that miss >50% of their classes (unexcused absences) will receive an F for the course grade.

**INCLUSION, ACCOMODATIONS, AND SUPPORT FOR STUDENTS**

Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University’s Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University’s Office of Disability Services online at www.health.columbia.edu/docs/services/ods/index.html or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private, but will need to follow up with you and possibly look into the matter. Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students.