ESG Presentation – Notes

## *Proposed Asset Allocation*

Yale Asset Allocation for reference (last public disclosure):

31% -- Private Equity w/EQT

54% -- Vanguard ETF (Global Equities)

~15% -- VC

UChicago wants to have a strong TRIP fund (Total Return Investment Pool).

The investment objective of TRIP is to achieve a return consistent with a level of risk that is appropriate for the University and the Medical Center, providing a high liquidity fund to support the university in times of financial crisis. Case study for this came in COVID, where UChicago racked up nearly $200 million in unpaid medical debt. The University of Chicago Medicine provided $567.1 million in benefits and services to the South Side community in FY2020.

### *Asset Classes Breakdown*

Hedge Funds give us a way to balance risk and find new opportunities that match our ESG goals.

## *Selected Managers and Asset Classes: Global Equities*

* Assets under management (AUM) is the market value of the investments managed by a person or entity on behalf of clients.
* "global equity" refers to investments made in stocks of companies worldwide with the intention of generating measurable impact alongside financial returns
* Climate Risk Management: Engaging with companies to improve their climate risk management, Shifting investments towards renewable energy and climate solutions
* Global Reporting Initiative (GRI) an international independent standards organization that helps organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.
* IRIS+ is a system for impact measurement and management in impact investing
* MSCI is best known for its stock market indexes and its ESG
* Sustainable Finance Disclosure Regulation (SFDR) is a European Union regulation
* Performance Risk: This refers to the possibility that impact investments may not achieve their intended financial returns.
* ESG Integration Depth: Shallow integration may lead to greenwashing

## *Selected Managers and Asset Classes: Hedge Funds*

1. Hedge funds are investment pools that use advanced strategies to make money, often taking more risks than regular mutual funds.
2. Model Risk: occurs when financial models used to measure market risks or value transactions fail or perform inadequately7.
3. Technological Disruptions: This risk involves the potential for rapid technological changes to affect investment opportunities and portfolio companies

## *Selected Managers and Asset Classes: PE Buyouts*

* Private equity buyouts involve acquiring a controlling stake (>50%) in a company
* Market Fluctuations: Short-term changes in asset prices due to various economic, political, or social factors.
* Regulatory Compliance Risks: Potential legal and financial consequences arising from failure to adhere to laws, regulations