

Haas Socially Responsible Investment Fund

With >\$3m of assets under management, the Haas Socially Responsible Investment Fund (HSRIF) is the largest student-managed socially-responsible investment fund. The Fund Principals evaluate investment opportunities by analyzing traditional indicators of business quality and valuation metrics along with environmental, social, and governance (ESG) policies and practices. Participation in HSRIF provides practical experience in managing investment funds and in security analysis of equities. For candidates in the Chartered Financial Analyst® Program, participation will likely provide exposure to important topics of study in the CFA® candidate body of knowledge.

KEY DATES FOR HSRIF RECRUITMENT AND APPLICATION 2019 - 2020

HSRIF Information Session & Application Release: Monday September 17th, 12PM
(Location TBA)

HSRIF Application Due: Sunday September 23rd, 11:59 PM

HSRIF Interview Notification: Friday September 28th

HSRIF Interviews: Monday October 1st - Wednesday October 3rd

HSRIF Notification: Friday October 5th

HSRIF Final Confirmation: Monday October 8th, 9AM

HOW DOES THE HSRIF WORK?

Do we have to follow any specific framework or structure while on the HSRIF?

We find that the freedom to think about and debate different ways to use ESG measures in your investment process is one of the greatest benefits of this course, and would not want to impose a structure on it that prevents these learnings. However, there are structures in place already in terms of financial research and ESG analysis, developed specifically for the HSRIF.

How will new students be trained and on-boarded to the Fund and processes for managing the Fund's investments?

The HSRIF is an ambitious investment class and as such requires significant commitment by Principals. Two required courses (Asset Management and Socially Responsible Investing) taught in the spring of your first year will set you up to excel within HSRIF. During HSRIF you will read about 250 pages per week and you will apply readings in groups and in class.

Who are the fund's advisors?

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The Principals discuss the latest developments and challenges with their Investment Advisory Committee. The advisory committee members have a carefully selected variety of skills and backgrounds. Some members are well-known, very successful and highly respected investment professionals, while others bring extensive, practical, and academic experience in all areas of corporate social responsibility. Meet the advisory committee at:

<http://responsiblebusiness.haas.berkeley.edu/curriculum/hsrif-principals-and-advisory-committee.html>

In addition to the advisory committee, the course is co-taught by faculty providing regular guidance and feedback. As the fund is student-led and student-run, the faculty aim for a balance between teaching core ESG portfolio management, while at the same time leaving the full responsibility for HSRIF and all investment decisions with the student principals. The current faculty are Prof. Dan Hanson and Prof. Sam Olesky:

- Prof. Hanson has more than 20 years of experience in U.S. and global equities and U.S. credit and mortgage securities. Head of Impact Investing and Co-Portfolio Manager for JANA Impact Capital. Previously, he was Partner with Jarislowsky Fraser Global Investment Management, a privately held \$30B AUM firm, where he served as Head of U.S. Equities and Co-Chair of the Investment Strategy Committee, as well as spending 10 years at BlackRock as a Managing Director, Portfolio Manager, and head of fundamental research for \$23B AUM. He is a founding board member of the Sustainable Accounting Standards Board.*
- Prof. Olesky has been a member of the Professional Finance Faculty at U.C. Berkeley's Haas School of Business since 2004, teaching courses including: Portfolio Management, Asset Management, Hedge Funds, Equity Investment Strategies, and the Haas Investment Fund. He currently is the Managing Member of Olesky Capital Management, LLC an independent investment advisory firm, as well as a board member for EquBot, which manages the first US and International AI managed ETFs. Through Haas Executive Education, Sam has taught public pension fund board members and sovereign wealth fund employees about investing, portfolio construction and portfolio management.*

HOW DOES MY INVOLVEMENT IN HSRIF FURTHER DEVELOP MY CAREER?

What are the most valuable things that current and prior Principals have gained from working on the HSRIF?

HSRIF is truly student-run. Managing the fund allows you to work independently in a student-team for one year. The HSRIF Principals have full responsibility for managing the

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investment portfolio. This includes managing processes for research, pitching, making investment decisions, evaluating performance, and managing relationships with the advisory board. In a nutshell, you acquire all active portfolio management skills and learn valuable strategies for investing responsibly. Participating in HSRIF helps prepare you for possible careers in the investment management industry while concentrating on the growing intersection between social impact investing and sustainability.

The HSRIF principals regularly meet with investment professionals. The networking and skill development that comes from these relationships often leads to post-graduation employment. For example, HSRIF alumni work for investment firms such as Prudential Capital, Osmium Partners, Cambridge Associates and other traditional Wall Street firms where they can raise awareness on social responsibility issues.

Some of the most valuable activities Principals experience include:

- *Conducting fundamental research on industries and companies, making investment decisions, developing investment policy, integrating ESG, managing a portfolio, collaborating to develop best practices in ESG, managing relationships with other stakeholders such as the Advisory Committee, learning from different Principals' approaches to analyzing companies, and being probed by critical questions from Principals or HSRIF board members. Thinking critically about whether a company is making good decisions (operationally, financially, socially, etc.), whether the industry the company is in is a positive environment, and what we think the future of that company and industry looks like is extremely valuable for MBA students, no matter what career they pursue.*
- *Taking leadership roles within a student-led class. Working together with peers, in a situation where there is real money on the line, is an important thing to practice for MBA students who all plan to serve in leadership capacities in the future.*
- *Debating ways to use ESG measures to enhance the HSRIF portfolio. This is a new enough field that there is no right answer yet for how to best do this. It is valuable to push ourselves and challenge each other to think through ways that we can add alpha through using ESG measures.*

What careers do most HSRIF Principals go into after graduation?

There is a wide range of careers that HSRIF Principals go into after graduation. For example, some go into a range of roles within finance (investment banking, sales & trading, mutual funds/hedge funds, private equity), others go into roles within the social impact space, and others go into careers in consulting, operations, marketing, energy, technology, etc. Few are pursuing careers specifically in Socially Responsible Investing, and those who are interested in specifically that career typically spend time working first in more traditional investment firms before trying to transition to a more ESG type investing firm. You will be well-prepared for roles

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including investment analysis, portfolio management, capital allocation, investment consulting, and ESG analysis.

You can view the full roster of alumni and where they are working now here:

<https://docs.google.com/spreadsheets/d/1kdZjJgV1n2wY7T-dYbzZoDI9m8yatZORDCjQ33PCrOY/edit?usp=sharing>

WHAT IS THE APPLICATION PROCESS?

What prerequisite classes are required to join the fund?

The 233 course Asset Management course and 2921 Socially Responsible Investing course are the prerequisites for joining the HSRIF. Both courses are offered in the Spring semester, and between the two courses, the total number of credits involved is 3 credits. 233 – Asset Management (2 credits) will be offered during the first 10 weeks of the Spring semester, and 2921 – Socially Responsible Investing (1 credit) will run the last 5 weeks of spring semester. The intent is that both courses will be scheduled during the same day/time to minimize conflicts with other electives. There is a waiver process if you have significant coursework in Asset Management in order to potentially opt out of that prerequisite.

Are there any other classes that you would recommend students take to help them be strong HSRIF Principals?

Former Principals highly recommend taking Professor Veselina Dinova's Financial Information Analysis course, offered in the Fall. These Principals highlighted the learnings from that course as exceedingly helpful for Principals to be able to strategically evaluate companies and select solid investments for the Fund.

An additional recommended course is Professor Ted Janus's Investment Strategies and Styles course, offered in the Fall. The class highlights different investment philosophies from various investors such as proponents of Modern Portfolio theory, George Soros, and Warren Buffett. Wide variety of speakers in the class also provide a helpful perspective on investing in both the public and private markets. Principals who took the course developed a more holistic view on investing, a helpful perspective when managing the Fund.

What is the timeline of the application, bidding for classes, and enrollment?

Principals will be selected Fall of their first year, before bidding for Spring electives. They will take 233 – Asset Management, and 2921 – Social Investing during the Spring of their first year, and take the HSRIF course both the Fall and Spring of their second year.

How do the required courses, and HSRIF, affect my bidding process?

Student accepted into HSRIF must self-enroll into MBA233 and MBA2921 during course bidding/registration. While this will not affect your bid points, this will affect the number of

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elective course credits that you will have remaining. First years can bid on 6 units and second years can bid on 13 units, the HSRIF course the second year is 2 units.

While HSRIF is a tremendous opportunity, it does involve some tradeoffs in terms of bidding for popular electives.

For 1st years:

- *The Program Office strongly discourages taking two pre-selection courses at the same time during your first year, due to the demands these types of courses in addition to your core course load*
- *You are able to take up to 6 unit of electives, in addition to core, without having to petition to the Program Office. However pre-selection electives are exceptionally rigorous and have a significant time commitment. It's strongly recommended that you consider your capacity to handle your course load if you plan on applying for/enrolling in HSRIF in addition to any of the courses below, which both result in heavy experiential coursework:*
 - *IBD Team Lead*
 - *S3 Team Lead*
- *It is likely not possible for you to take both Impact Investing Practicum and HSRIF during your 1st year, as that would result in 8 elective credits, and doing so would require a compelling case made to the Program Office.*

What is the waiver process to opt out of Asset Management?

Students with substantial prior course work in investments (and sufficiently high grades in those classes) may apply to waive the 2-unit Asset Management class. Waiver applications need to include the syllabus for the class(es) taken and a transcript documenting grades. Students with significant professional experience in asset management will be considered on a case-by-case basis in order to waive out of Asset Management. The 1 unit SRI class cannot be waived.

When does HSRIF meet?

The class will most likely meet on Thursdays from 12:30-2PM, with the additional working meetings outside of class. Incoming Principals are also expected to attend some on-boarding sessions run with current Principals during the spring semester that they are taking the prerequisite courses, as well as actively oversee and report on stocks and indices they are assigned the summer before starting as a full Principal.

Who is eligible to apply?

First-year FT MBAs may apply, as well as second-year EW MBAs. Non-MBA UC Berkeley master's students may apply if they demonstrate significant coursework and/or work experience in finance.

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What if I'm not sure about committing an entire year and a half to HSRIF, and want to play things by ear?

As HSRIF actively manages over \$3million, part of which is an endowment to the Center for Responsible Business, there is no room for students to drop out of the course once they have accepted their position as a principal. Students start being trained by 2nd year Principals in the second semester of their first year, actively oversee and manages stocks and funds over the summer, and jump right in as principals in their second year. Dropping the course means other Principals must take those stocks and funds over, resulting in negatively impacting your peers. We strongly recommend only applying if you're 100% committed to the fund for the entire year and a half of the program.