

UNH Endowment Investing Goes Green

Paul College alums integral to ESG investing shift

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THE PETER T. PAUL COLLEGE OF BUSINESS AND ECONOMICS IS ONE OF TWO BUILDINGS ON CAMPUS THAT IS LEED GOLD CERTIFIED.

Did you know that as of July 30, 2020 UNH was ranked sixth among universities in the country for its sustainability practices, topped only by schools like Stanford University, Colorado State, and Arizona State University? Did you know UNH also is one of only

nine schools worldwide and only seven in the United States to ever earn the Advancement of Sustainability in Higher Education's STARS Platinum rating?

Here's something else you may not know: these days, the university's endowment is investing more and more into sustainable investing, better known as environmental, social, and governance (ESG) investing. Paul College alums were integral to this shift, and in the proud UNH tradition of undergraduate student research, the UNH Foundation's decision to include sustainable investing in its endowment portfolio grew, in part, out of a student's Undergraduate Research Conference (URC) presentation in 2013.

It all began when economics and political science dual major Austin Perea '13 did a Social Innovation Internship with Pax World Funds, now Impax Asset Management, in Portsmouth, N.H.

"It was there that I learned about ESG, which puts an additional lens over a company you're looking at and determines the company's likely impact on the environment, society, and on its employees," Perea said. "If they check out positive, you move forward with them."

Perea liked the model so much he introduced it to the Atkins Investment Group—Paul's student-run investment team. He also made ESG investing the basis for a year-long research project he ultimately presented at the URC. The project, designed and conducted with a small group of other students, was inspired by his experiences in ESG investing the prior summer through the internship program. The students were keen to consider whether ESG investment approaches should be considered for UNH's own endowment. He felt developing comprehensive research was a smart approach to help drive change at UNH.



AUSTIN PEREA '13

"Our presentation dispelled the notion that ESG investments tended to underperform. We found they actually outperformed non-ESG sectors," said Perea, whose research benefited from guidance he received through the UNH chapter of Net Impact, a national nonprofit for students interested in the "triple bottom line" of people, planet, and profit.

He later presented his findings to the UNH Foundation, which manages the university's endowment. One year later, UNH created an ESG "sleeve," i.e., a specialized group of equities. Since then, the UNH Foundation's Investment and Finance Committee has continued to make more changes to align the University's investment practices with its leadership in sustainability, under the guidance of the Committee on Investor Responsibility (CIR), on which Perea also serves as an alumni representative.

In May of 2019, after approval by the UNH Foundation Board in early 2018, the Foundation completed the transition of 16 percent of its investable assets—\$37 million at the time—into ESG-qualified investments, making it one of the few higher education institutions in the country to take this approach to aligning its investments with its values of sustainability. Today, due to growth in the endowment's assets and the key decisions made by the Foundation's investment committee, almost a quarter of the endowment is managed using ESG criteria. The ESG pool has performed on par or better than the main investment pool over this time.

Erik Gross, senior executive director of finance and treasurer of the UNH Foundation, praised Perea's involvement in the CIR.

"Austin has been a valuable member of the CIR since its creation in 2017," said Gross. "His comprehensive view of sustainable investing developed in his career post-UNH, coupled with his deep involvement from the beginning of UNH's journey into sustainable investing, brings a valuable perspective to the CIR's deliberations and work."

Gross said the Foundation has received a number of planned gifts that are being invested in the ESG pool. "As the Foundation's experience and knowledge of ESG investing grows alongside that of the greater financial markets," said Gross, "we expect ESG investing to continue to grow in demand and demonstrate strong performance."

"UNH is rightly proud of its place as a national leader in sustainable investing in higher education. This accomplishment is made all the more rewarding for having involved students, alumni, university staff and community volunteers in a collaborative effort at a time when institutions of higher education ought to be leading by example," said UNH Foundation board member and Investment and Finance Committee chair Ned Dane.

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