

## CASE STUDY

# PARTNERING TO HELP SOLVE CHALLENGES

## OVERVIEW

Large public university's endowment faced competing risk and return challenges and partnered with PGIM Quant to find a creative solution.

## KEY PARTNERS

- Large public university investment office overseeing the university endowment
- Public university board (representing recommendation of committee of faculty, students and staff)
- Consultant
- PGIM Quant sales & client service
- PGIM Quant investment team

## CHALLENGE

The endowment required low-cost equity returns that also met the university's long-term goal to reduce fossil fuel exposure, but with limited risk relative to targeted indexes.

## APPROACH

Taking into consideration both the goals of the board and the preferences of the investment office, PGIM Quant proposed an index replacement solution that would fulfill the university's requirements to divest from fossil fuel investments, while also meeting tracking error and cost targets and addressing the endowment's growth and capital preservation needs.

## SOLUTION

While the initial mandate centered on a portion of the endowment's global equity allocation, we proposed and implemented a full solution encompassing the entire global equity allocation.

We closely collaborated with the investment office and the consultant to understand the board's requirements and the preferences of the investment office, while addressing the client's investment challenges. To integrate these varying needs we:

- Partnered with the university's investment office and their consultant to develop customized reporting
- Customized clear and concise reporting for the board illustrating the impact of divesting from energy and highlighting performance of the global equity portfolio relative to targeted indexes
- Adjusted mandate to fit shifting risk tolerance goals
- Optimized portfolio in a manner that minimized operating expenses
- Provided high-touch client service

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# PGIM QUANTITATIVE SOLUTIONS

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To learn more about our capabilities, please contact us by email at [contactus@pgim.com](mailto:contactus@pgim.com) or by phone in the US at **+1 (866) 748-0643** or in the UK at **+44 (0) 20 7663 3400**.

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