Is AI more dangerous than nukes?
An investor’s view

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Major existential threats exist

1. Climate change
2. Tech singularity
3. AI-driven nuclear proliferation
SMART implementation of Paris accord & agenda 2030
BUT: SDG fulfillment is possible ONLY within Planetary Boundaries

Source: Courtesy of Johan Rockström (2018)
The whole world 1980–2015

Source: Courtesy of Johan Rockström (2018)
How far will we get with *Business as Usual*?

Source: Courtesy of Johan Rockström (2018)
Can we do it with *Faster* growth?

Source: Courtesy of Johan Rockström (2018)
Can we do it by working *Harder* on all fronts?

Source: Courtesy of Johan Rockström (2018)
We can do it SMARTER with 5 transformative actions

Source: Courtesy of Johan Rockström (2018)
Five transformational policies that work

1. Accelerated renewable energy growth:
   • halving emissions every decade from 2030 on

2. Accelerated productivity in food chains:
   • +1% p.a. better productivity

3. New development models in developing countries:
   • copying features of S-Korea, Chinese, Ethiopian successes

4. Active inequality reduction:
   • ensuring 10% richest < 40% of income

5. Investment in education, gender equality, family planning, health stabilizing the world population
   • improving well-being but with reduced ecological footprint

“Tomorrow’s speed of change will make today look like we’re crawling”
Peter Diamandis
KEY: The Great Mindshift to a world-centric view

Education must support the great mindshift

Source: Courtesy of Johan Rockström (2018)
The Investment Turnaround

- **TRADITIONAL INVESTING**
  - Profit Floor
  - Low-financial returns
  - High-social, environmental, ethical, cultural, & happiness impact

- **“FINANCIAL FIRST” IMPACT INVESTING**
  - Optimize financial returns while maintaining an impact floor
  - Maintains a financial floor

- **“IMPACT FIRST” IMPACT INVESTING**
  - Optimize social environmental impact while maintaining a financial floor
  - Implementing all UN SDG within Planetary Boundaries

- **INTEGRAL INVESTING**
  - High-financial returns
  - High-social, environmental, ethical, cultural, & happiness impact

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Integral Investing Includes and Transcends Current Investing Paradigms

**IMPACT INVESTING**

Sustainability Metrics UN SDG ESG, GIIRS, IRIS
e.g.
Grameen Bank
LGT Venture Philanthropy

- Planet
- People
- Profit

Source: AQAL Capital
Integral Investing includes and transcends current paradigms in early stage investing.

**TRADITIONAL INVESTING**

- **Profit Metrics**
  - e.g., Traditional Wall Street Banks and Venture Capital Firms

**INTEGRAL INVESTING AQAL MODEL**

- **Integral Metrics**
  - **Individual**
    - Individual Consciousness (including Morals & Values) Due Diligence
  - **Collective**
    - Organizational, Cultural, Ethical Due Diligence

- **Exterior**
  - Individual & Collective Gap Analysis & Report
  - Financial & Legal DD
  - Social, Stakeholder & Governance DD
  - Environmental DD

**IMPACT INVESTING**

- **Sustainability Metrics**
  - UN SDG, ESG, GIIRS, IRIS
  - e.g., Grameen Bank LGT Venture Philanthropy

Integral Investing is based on Ken Wilber’s Integral theory that is widely applied in 50 disciplines including science, politics, economics, education, medicine, and business; Ken Wilber is endorsed by Nobel Prize laureate Al Gore, former US President Bill Clinton, former Secretary of State Hillary Rodham Clinton, and is also used i.e. at McKinsey and Company. Source: Wilber, K. (2000). *A theory of everything: An integral vision for business, politics, science, and spirituality*. Boston: Shambhala.
Our Secret Sauce: The Theta Model

AQAL investment management process

I. DEAL SCREENING

II. DUE DILIGENCE

III. INVESTMENT EXECUTION

IV. MANAGEMENT/MONITORING

V. WEALTH ACTUALIZATION

Deal Sourcing
Theta Model Toolbox & Process
Integral Alignment
Integral Sustainability
Exit

Source: AQAL Capital

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Integral Due Diligence is performed in 5 steps

**STEP 1:** Financial/ Legal/ Commercial DD

**STEP 2:** ESG Assessment

**STEP 3:** Individual Assessment

**STEP 4:** Team Assessment

**STEP 5:** Gap Analysis & Report

Source: AQAL Capital
Step 1: Financial and Legal Due Diligence

Initial screening passed with flying colors and a term sheet was issued.

Step 1 Due Diligence includes:

- Financial & Legal
  - Income statements, revenue projections, timeline, margins, cash flow, capitalization structure, EBITDA
  - Strategy incl. capital requirement, structure, validation, exit strategy
  - Review contracts; loan agreements, customer contracts, Outstanding/potential (IP) litigation

- The Market:
  - Macro: Size, growth rate, concentration, barriers to entry
  - Micro: Revenue model, first-to-market, economics, clients, segmentation, USP

- Business Model: value proposition, distribution strategy, competition, growth, site visits, references, board members

- Technical/IP
Step 2
ESG Assessment

We are committed to UN SDG within Planetary Boundaries

ESG Scoring according to existing standards
Step 3
Individual Assessment Tool Box

STEP 3: Individual Assessment
Vertical & Horizontal Development

Individual Assessment of the Core Team i.e. LDMA 80% of the investment risk

Individual growth stage and potential assessed within the team context and business objective
Step 3
Individual Assessment Tool Example Using LDMA

**Collaborative capacity:** The ability to bring together diverse perspectives to develop inclusive, innovative, and effective solutions

**Contextual thinking:** The ability to consider problems in terms of the broader systems and contexts in which they are embedded

**Cognitive complexity:** The ability to think well about complex issues

**Using 8 scales:**
1. Developmental level (LDMA)
2. Perspective-taking skill
3. Perspective-seeking skill
4. Perspective coordination
5. Collaborative capacity
6. Contextual thinking
7. Cognitive coherence
8. Decision-making process

Individual Assessment of the Core Team i.e. LDMA
80% of the investment risk

Individual growth stage and potential assessed within the team context and business objective
Evolution of Human Needs: Maslow’s Pyramid

Source: AQAL Capital

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Looking for Highly Conscious Leaders


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Step 4
Team Assessment and Corporate Culture

80 percent of the risk in early stage investment is associated with the team

Example: The Five Dysfunctions of a Team process is based on the book with the same title by Patrick Lencioni

Dysfunction #1:
Absence of Trust

Dysfunction #2:
Fear of Conflict

Dysfunction #3:
Lack of Commitment

Dysfunction #4:
Avoidance of Accountability

Dysfunction #5:
Inattention to Results
Step 5
Gap Analysis, Report, and Recommendations

The Parity of People, Planet, Profit with Passion and Purpose is applied

- Goal score: 4-6
- 80 percent must be fulfilled
- The risks are identified
- Go or No go
Our Solution: “The 6 Ps”

PARITY OF PEOPLE, PLANET, & PROFIT WITH PASSION & PURPOSE

INTEGRAL INVESTING

Theta Model

Integral Metrics

Interior

Individual Psychograph
Due Diligence (cognition, morals, values)

Organizational, Cultural & Ethical Due Diligence (DD)

Environmental DD

Social, Stakeholder & Governance DD

Financial & Legal DD

Exterior

Individual & Collective Gap Analysis & Report

Sustainability Metrics
ESG, GIIRS, IRIS, SAM

e.g.,
Grameen Bank
LGT Venture Philanthropy

TRADITIONAL INVESTING

Profit Metrics

e.g.,
Traditional Wall Street Banks and Venture Capital Firms

Profit

IMPACT INVESTING

Sustainability Metrics
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Planet

People

Profit

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Integral Investing: Long-term Integral Sustainability

Parity of people, planet, and profit – with passion and purpose

TRADITIONAL INVESTING
Financial-only
Limited or no consideration of UN SDG factors

RESPONSIBLE INVESTING
Focus on UN SDG risks ranging from a wide consideration of ESG factors to negative screening of harmful products

(1) SUSTAINABLE
Focus on UN SDG investments through selection, portfolio management, and shareholder advocacy

(2) SPECIFIC
Focus on UN SDG investment opportunities that create market rate returns or higher

(3) IMPACT-FIRST
Focus on UN SDG investments with some financial trade-offs

TRADITIONAL PHILANTHROPY
Impact-only Focus on areas where the UN SDG need requires 100% financial trade-off

High-impact solutions
UN SDG Opportunities
UN SDG Risk Management
Competitive financial returns


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