

The background of the slide is a blurred financial chart. It features a grid of dashed lines in shades of blue and green. Overlaid on this grid are several data series: a prominent blue line that trends upwards from left to right, and multiple green and yellow candlestick-like bars that represent price movements. The overall aesthetic is professional and financial.

# Student Investment Fund

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Implementation at Sacramento State University and Course Overview

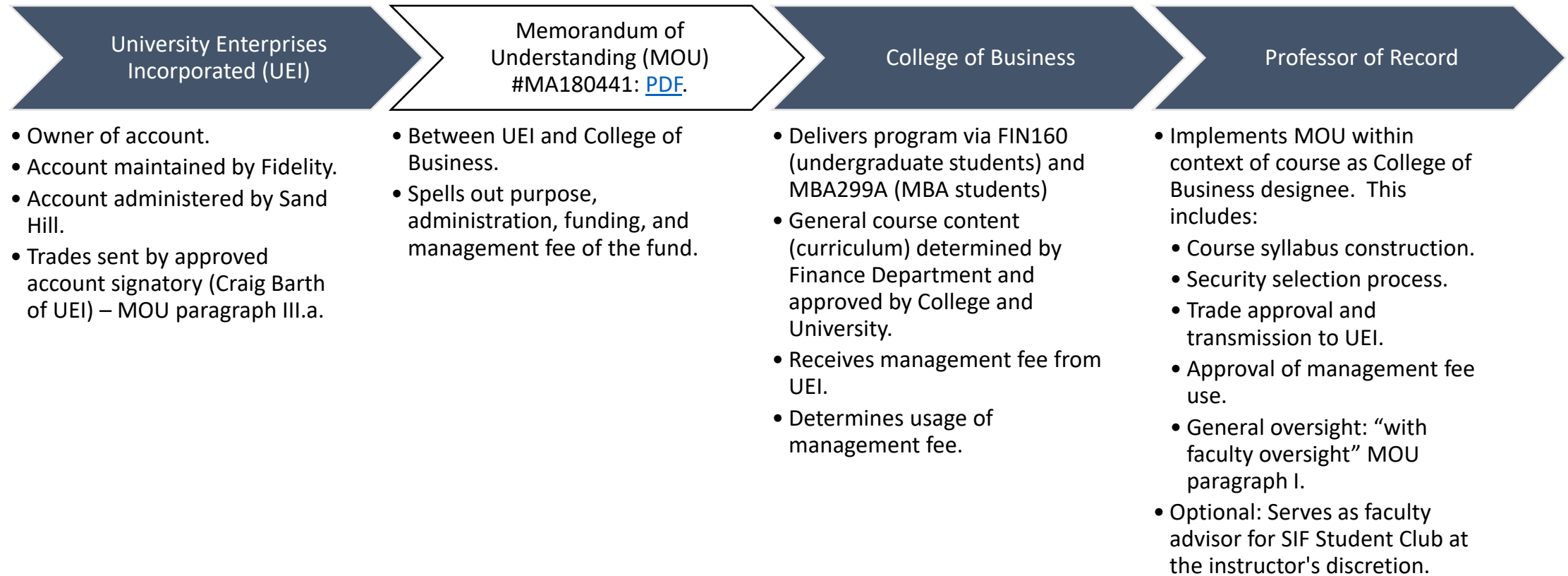
## Student Investment Fund program purpose

The SIF program allows students the opportunity to:

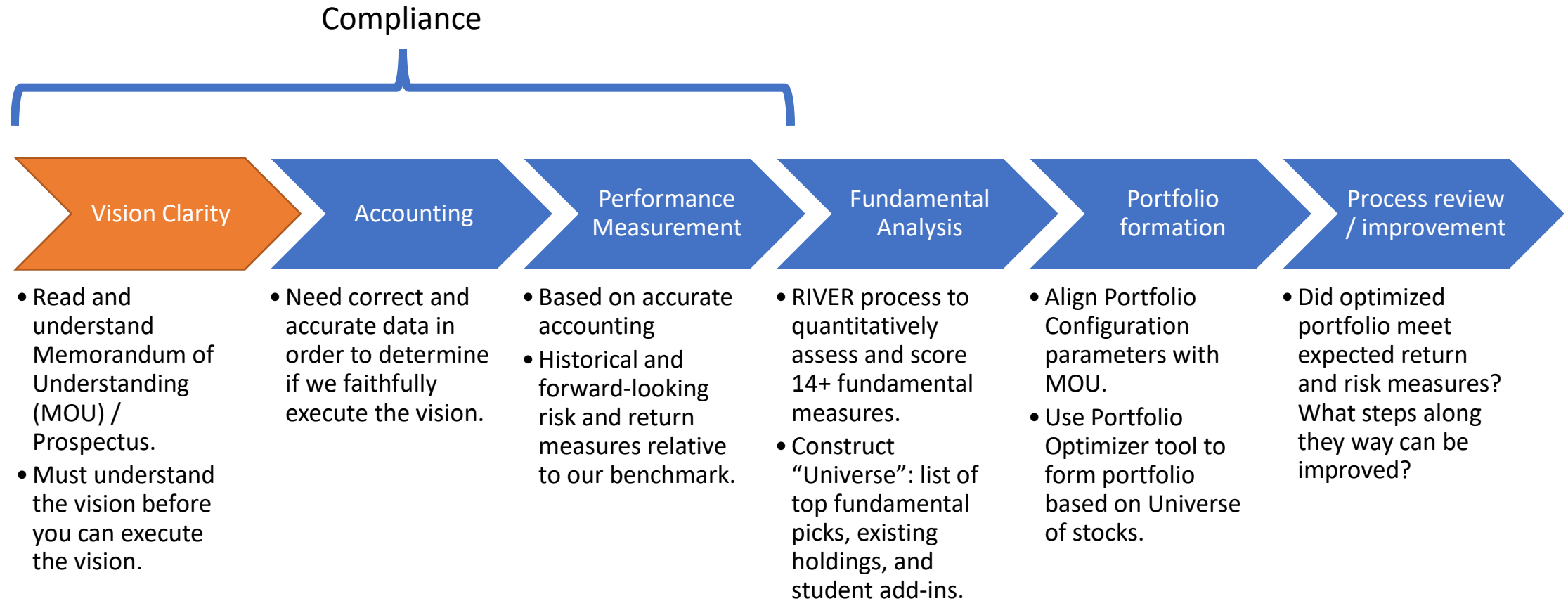
1. Analyze and manage an investment portfolio.
2. Research and recommend portfolio holdings.
3. Analyze economic conditions.
4. Maintain accounts and records necessary for an investment portfolio.
5. Perform these functions in the context of a unique educational opportunity that will help students better understand financial markets.

The SIF students, with faculty oversight, manage a real portfolio for the University. The portfolio began with \$250,000 in 2010 and as of April 28, 2021 the portfolio is over \$937,000. That's right, we are fast approaching the million dollar mark!

# How the Student Investment Fund is Implemented at Sacramento State University.



# FIN160/MBA299A – Student Investment Fund (SIF) Semester Overview

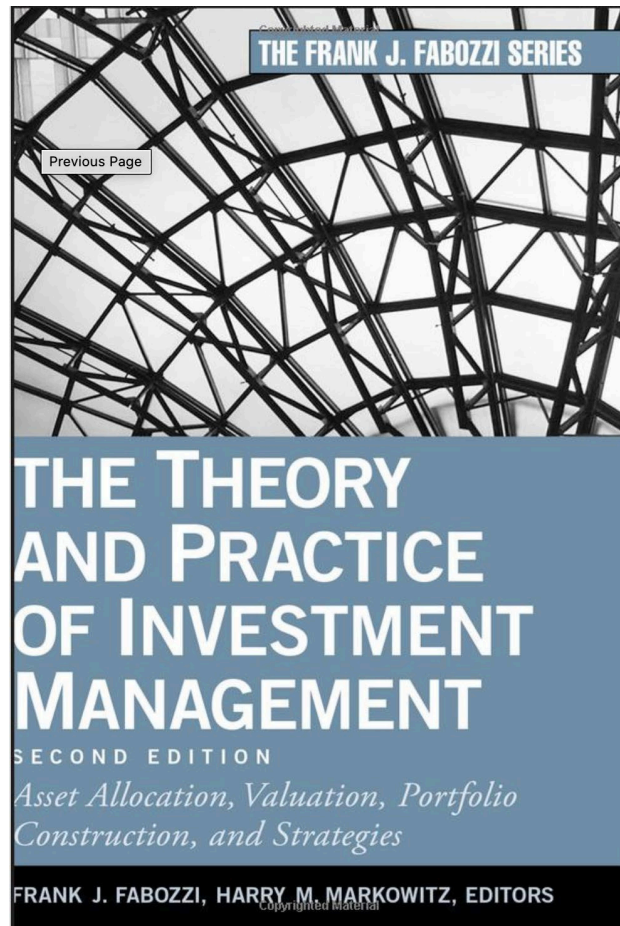


# Fiduciary

“A fiduciary is a person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests.”  
–Investopedia: [HTML](#).

However, the processes can be adapted to other objectives (e.g., short-term growth vs. long-term value) *using your own money*. More on this in a couple slides.

# MOU & “The Theory and Practice of Investment Management”



investment at reasonable levels to ensure prudence and care in the execution of the investment program. The funds' benchmark will be the S&P 500. The return target is to provide a total return in excess of 0.5% above the S&P 500.

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## EQUITY ANALYSIS AND PORTFOLIO MANAGEMENT

### EXHIBIT 8.3 Measures of Management Categories

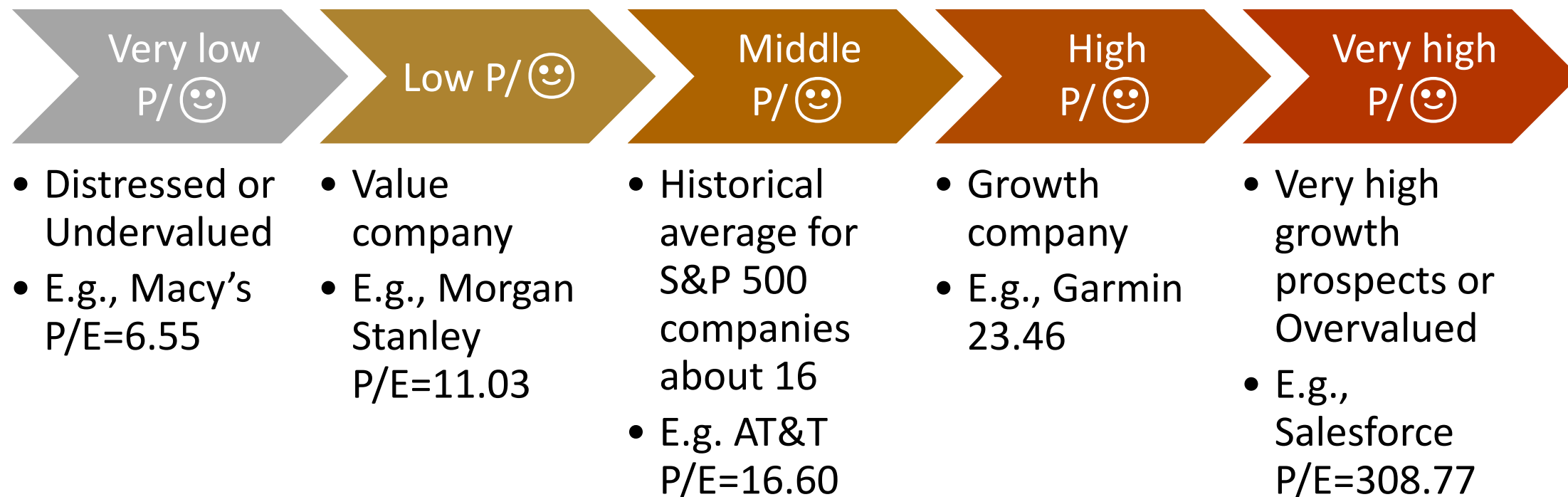
	Indexing	Active Management	Enhanced Indexing
Expected alpha	0%	2.0% or higher	0.5% to 2.0%
Tracking error	0% to 0.2%	4% or higher	0.5% to 2.0%

Source: Exhibit 2 in John S. Loftus, "Enhanced Equity Indexing," Chapter 4 in *Perspectives on Equity Indexing*, ed. Frank J. Fabozzi (Hoboken, N.J.: John Wiley & Sons, 2000), 84.

minimizing the risk of large losses through extensive and prudent diversification. The risk is to stay in line with that of the S&P 500 when measured by standard deviation formula.

Detour on your own: If you want to branch off into Class V rafting, do so with your own money (or "paper" trading).

Thought questions: (1) Where does SIF & CSUS sit in this spectrum? (2) How could you modify the SIF process to target a growth portfolio?



#### Notes

1. Although I used P/E, 😊 could be earnings, sales, book value, or cash flow. Regardless, low P/😊 suggests low growth in 😊 where high P/😊 suggests high growth in 😊
2. These are just examples. If the market is inefficient, Morgan Stanley could be under valued and Garmin over valued. If the market is efficient, Macy's and Salesforce could be properly valued.

# Fund management functional areas in addition to security analysis and portfolio formation

## Accounting

- Translate monthly account statements into PORT holdings and transactions files.
- Deliver PORT files to Risk & Performance for Fact Sheet update.
- Historical trade entry/exit price info.

## MOU Compliance

- Works with Accounting and Risk & Performance to ensure compliance with sector weightings, return targets, and risk targets.

## Performance Measurement

- Periodically update historical and forward-looking performance metrics.
- Define performance “alerts” and facilitate communication with MIS & Marketing.
- Take accounting trade data and report historical risk-adjusted performance.

## MIS & Marketing

- Develop process to automate translation monthly excel account statements into Bloomberg PORT file updates and Fund Fact Sheet updates.
- Maintain website and social media.



# General semester flow

- First 1/3<sup>rd</sup> of semester
  - MOU Clarity.
  - Accounting, performance measurement, and reporting.
  - Dr. Moore presents RIVER analysis process and how it connects to the Portfolio Optimization step.
  - Financial, economic, portfolio updates.
- Second 1/3<sup>rd</sup> of semester
  - Students present portions of RIVER analysis applied to their sector.
  - Financial, economic, portfolio updates.
- Final 1/3<sup>rd</sup> of semester
  - Dr. Moore presents Portfolio optimization usage
  - Students populate central “Universe” list and run Portfolio Optimizer
  - Review optimizer output and place trades if warranted.
  - Financial, economic, portfolio updates.
- Throughout
  - Career action plan development.
  - Guest speakers.

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