Business Education & Accreditation
Vol. 11, No. 1, 2019, pp. 51-60
ISSN: 1944-5903 (print)
ISSN: 2157-0809 (online)

IBFR
www.theIBFR.COM

STRUCTURING AN ENDOWMENT-ALLOCATED STUDENT MANAGED FUND COURSE

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ABSTRACT

This study documents the creation, structure, and performance of a Student Managed Investment Fund (SMIF) carved out of a Jesuit Liberal Arts University's endowment funds. With more Universities looking to incorporate SMIFs into their curriculum, or to provide an experiential learning opportunity to their students, this paper details what we have learned from our experience with the Sellinger Applied Portfolio fund. This paper will be helpful to those looking to start a SMIF, and details the risks involved with the same. To mitigate these risks, we offer a structure that has worked for us, and details on the oversight process followed by the University. This fund is a part of the University endowment, so Universities that are looking to follow this path will find our paper helpful. We also describe in detail how to set this up as a for-credit class, and part of the curriculum. The choice of financial datasets to aid in research, challenges faced by the students, and faculty are also documented. A properly structured SMIF is a boon to a University and can maximize the student experience, while also keeping faculty, the administration, trustees, and alumni engaged. The intent of this paper is to serve as a guide and help move the process along.

JEL: A2

KEYWORDS: Student–Managed Investment Fund

INTRODUCTION

Traditionally, college-level Investments courses were taught primarily based on investment and portfolio theory with popular textbooks such as the "Investments" or "Essentials of Investments" by Professors Zvi Bodie, Alex Kane, and Alan Marcus. The early 1990s ushered in an advancement in Investments education with the advent of investing simulations like Stock-Trak where students could create hypothetical portfolios with large sums of fictional money and invest in a range of assets based on the professor's directives and constraints. Altmyer (2000) discusses how Stock-Trak has benefited professors and various student groups with respect to learning about the stock market and investing in general.

After investing simulations became increasingly popular and faculty and students sought the next development in investments education, the ensuing evolution in investments education was the transition from the hypothetical to reality and commit actual dollars to investments. Student managed investment funds (SMIFs) have provided an experiential learning opportunity for students globally ever since they began being offered at colleges and universities – both as courses for degree credit and as a part of university sponsored clubs. Very little research and guidance has been written identifying best practices and considerations when structuring a SMIF at a university. This is the aim of our paper.

Charlton et al. (2015) provide a good discussion and survey of the literature regarding the benefits of SMIFs as a form of experiential learning. Lawrence (2008) documents the hundreds of SMIFs across the world as well the millions of dollars students have the opportunity to manage via their respective universities. It should be noted that in addition to colleges and universities, high schools and other student groups have adopted SMIF frameworks. McInerny (2003) discusses the usage of SMIFs at high schools for readers interested in the implementation of SMIFs at a learning level earlier than college.

Given the increasing opportunities for students to experience asset management as well as the attention being paid by researchers with more and more research being undertaken on the topic, this paper seeks to contribute to the literature by presenting one Jesuit University's findings, approaches, and overall best practices given the unique organizational form of a religious University. Loyola University Maryland is a Jesuit Catholic university located in Baltimore, Maryland. A decision to create a SMIF at Loyola was made in 2006. Unlike funds that other universities may have, Loyola's SMIF fund – the Sellinger Applied Portfolio (SAP) Fund – was not started with a donation, but rather an allocated portion of the University's endowment. As such, the fund is governed by the investing guidelines of the University's endowment. And given the religious affiliation of the University, the SAP fund must be managed in such a way that is consistent with the doctrines and teachings of the Catholic Church. This makes the SAP fund a unique study as to how universities can implement and operate a SMIF within the purview of the usual stakeholders (e.g., alumni, University administration, trustees, etc.) subject to the University's endowment investment restrictions, as well as provide a framework for how students identify potential investments that are consistent with the overall University's mission.

For a University looking to start a SMIF, the process can be daunting. Our contribution to the SMIF literature, through this paper is, to lay out the process for setting up the fund from a portion of the University's endowment. We also provide guidance on the additional oversight required through this process and how that is managed, how to structure the fund as a for-credit class to maximize student learning while also being mindful of ensuring that the students decisions are monitored and vetted. We provide faculty who may be chosen to teach the class an understanding of how to help students develop their research, presentation, debate, and report writing skills. We also provide guidance on the use of datasets used in conjunction with SMIFs. We also provide background on the evolution of the structure and management of the fund since 2006, and how the process was refined to maximize student learning.

LITERATURE REVIEW

Lawrence (1994) is credited with providing one of the early seminal studies on SMIFs and their usage in learning. Since then numerous other studies have come out ranging from how a regional school can get a SMIF started (Macy (2010)) to potential challenges and benefits of SMIFs at metropolitan universities (Kahl (1997)). As previously mentioned, Lawrence (2008) provides a thorough and comprehensive international survey of the state of SMIFs in higher education. Ammermann et al. (2011) provide an asset–allocation and security–selection framework for SMIFs so that faculty running SMIFs have a resource for getting started with quantitative approaches. Bowers and Lavin (2012) also provide modeling and valuation guidance for SMIF students. Neumann (2017) provides cash flow valuation guidance for use in SMIFs using widely taught equity valuation models such as the dividend discount model.

Clinebell (2013) shows how SMIFs can be used as an opportunity to teach socially responsible investing (SRI). Given Loyola's religious affiliation, students are made aware of potential investments that may contradict the University's beliefs. Thus, Loyola's SMIF incorporates elements of SRI that Clinebell (2013) discusses. Livingston and Glassman (2009) discuss how alternative types of investments (e.g., peer to peer loan portfolios) can also be incorporated into a SMIF structure. Livingston (2017) discusses the unique risk factors associated with peer to peer investing using data from a SMIF. Clinebell and Murphy (2016) document the benefits of SMIFs and becoming familiar with popular databases from the perspective of alumni. They report that participating in a SMIF while a student in college is beneficial in their careers after college. Livingston, Glassman, and Wright (2011) outline how SMIFs can be incorporated into community service activities, benefiting students during and after their college experience.

BACKGROUND OF LOYOLA'S SMIF

The original allocation for Loyola's SMIF in 2006 was for $500,000, which came from the University's endowment. The fund was typically reset to the original amount at the start of a new academic year, although the fund could run for additional years without being reset. Management of the fund from 2006 until 2010 was only assigned to graduate students – typically Master of Science in Finance (MSF) students. The number of students selected to manage the fund was between five and ten and they were required to manage the fund for the entire year (as a three credit course). Before enrolling in this course, the students were required to have successfully completed the required Investments course in the MSF program.

Upon initial implementation, the SMIF's allowable investments that students could select from were U.S. exchange listed stocks as well as investment grade fixed income securities. The portfolio was designed as a long-only portfolio and its performance was indexed to the S&P 500 index. The course was initially assigned to a tenured faculty member, but Loyola also tried using an investment professional for a while. This did not seem to work well though, especially given the time commitment needed and given that this was a three credit course. In the year 2011, it was reassigned to a faculty mentor who was tasked with working with the University's Assistant Vice President for Finance and the Director of Treasury to streamline the guidelines for the fund as well as to see if the University could allow undergraduate students to participate in this experiential learning experience.

This was important because the undergraduate program at Loyola University Maryland is larger than the graduate program. It was also important because the University was making a transition from a Liberal Arts college to a comprehensive regional University. The resources assigned to the business school were significantly increased at this point including a dedicated Finance lab that housed terminals for popular finance databases and resources such as Bloomberg, S&P Capital IQ, and Morningstar. Before acquiring access to such popular databases, students in the past were only able to perform research on investments – current and prospective – using freely available data sources (e.g., Yahoo Finance). But with the new learning resources, Loyola was able to give students the tools needed for investment research that also helped prepare them for careers in finance.

Given the enormous time and responsibility placed on a few students in the earlier version of the SMIF course, a decision was made to have the fund managed by undergraduate students in the fall and spring and graduate students in the summer. This has worked really well and currently, undergraduate students are given an experiential learning opportunity that they did not have before. All students must apply to enroll in the SMIF course. The selection process is rigorous, with students needing to submit a resume, an essay detailing how they feel they would benefit from the experience of managing the fund, and relevant experience via prior coursework and internships that would ensure that they would be able to contribute through their participation in the management of the fund. Interviews are also part of the process.

Admission to the course is capped at 20 students a semester and currently, these are all seniors. The selection process is conducted in the spring semester for all rising seniors, and at this time, selections are made to fill both the fall and spring sections for the next academic year. One three credit section of this course with 20 students is offered in the Fall semester and another is offered in the Spring semester. For the graduate students, Loyola allows the course to be cross-listed as an MSF/MBA program course. Given the rigor of the course (summer only), the distribution is typically 80/20, with 80% of the graduate students being MSF students and 20% of the graduate students being MBA students

Fund Structure

In 2011, guidelines were put into place to address issues that we observed after the first few years of the fund. The investment policy statement was revised with clearer goals for the administrative oversight of the fund including more clearly defining the responsibilities of the students, fund advisor, and the University's finance office. Most of these were already in place, but the document formalized the guidelines. Examples of some include: (i) allowable investments include U.S. exchange listed stocks (including American Depositary Receipts (ADRs), unleveraged exchange traded funds (ETFs) including stock index ETFs and commodity ETFs and (ii) disapproved investments include "sin" stocks (i.e., the company offers products and/or services that can contribute to the harm of one's self or others such as cigarettes and firearms). Moral and social considerations must be considered throughout the investment process, with emphasis on the United States Conference of Catholic Bishops (USCCB) principles of socially responsible investments.

The students have complete control over the portfolio and make all decisions regarding allocation of the funds and which recommendations will be acted upon. The guidelines provided allow students to overcome their initial apprehensions and begin the investing process. Once they find potential investments that meet the screening criteria, they can then move toward shortlisting two to three securities and research these in detail.

Students are provided guidelines for conducting research into possible SMIF investments. As mentioned in the investment policy statement (IPS), the primary research databases will be the data aggregation platforms Morningstar, Capital IQ, and Bloomberg, or the platforms currently available in the Sellinger Experiential Learning Lab (SELL). Additional research sources may include, but is not limited to, company announcements, global markets and foreign exchange rates, inflation/unemployment/housing statistics, consumer confidence, etc. Fundamental analysis may include the use of ratios and valuation models, to include debt ratios, profitability ratios, market valuation ratios, liquidity ratios, etc. Technical analysis tools may include the short interest ratio, insider trading activity, moving averages, as well as puts/calls ratios etc.

Table 1 presents some of Loyola's SMIF investment guidance provided to students at the beginning of the semester. The primary investment strategy of the SMIF is to select stocks that appear to be undervalued and should outperform their industry and the S&P 500 index over the course of the investment period. Diversification across sectors is a key part of the investment strategy, although given market conditions in a period, certain sectors may be significantly under-weighted and others over-weighted with asset allocation targets provided by the professor. Written justification must be provided by the faculty moderator for the SMIF for investments more than 25% in any one sector.

Faculty Course Format Considerations

The faculty member or department chair should be involved in the crafting of guidelines for the fund to provide the academic perspective. Table 2 presents Loyola University Maryland's investment oversight and process guidelines for the SMIF. It is recommended that such processes and responsibilities be discussed and identified. Additionally, if there are certain moral/social constraints placed on investing the funds, those should be addressed in the guidelines and IPS. This allows the faculty moderator/professor, to fully understand the investing conditions and allow for the development of an appropriate syllabus. It is also important to understand that a course like this takes much more time and preparation than a regular course taught by a professor every semester. As such, it is recommended that department chairs adjust faculty schedules accordingly. It is also recommended that tenure-track faculty members who have not yet attained tenure not be assigned to teach a course like this. These faculty may not be the best mentors for a course like this if they are concerned about the fact that the fund may end up with losses during the time that they were mentors for the fund and that such losses may, in some way, affect their tenure application. The time necessary to devote to teaching a SMIF course, and the administration of the fund, could negatively impact a tenure-track faculty member's available time to devote to research in order to gain tenure.

Table 1: Fund Strategies

1	The primary investment strategy is to select stocks that are undervalued and will outperform their industry and the S&P 500 index over the course of the investment period.
2	Diversification across sectors will be a key part of the investment strategy, although given market conditions in a period, certain sectors may be significantly under-weighted and others over-weighted. Asset allocation targets include: Not more than 10% will be invested in any one stock Not more than 25% will be invested in a single index Not more than 30% will be invested in a single sector
3	There will ordinarily be three types of investment strategies within the SAP Fund: A growth investment strategy A value investment strategy A dividend strategy
4	Depending on economic conditions during a given period, the SAP Fund may be more heavily weighted towards one or two of these investment strategies. The primary objective is to work towards a mix that includes: 40% value 40% growth 20% dividend
5	Rebalancing criteria: The Fund will be monitored and periodically rebalanced to ensure that the targets as specified previously to ensure diversification will be adhered to. Rebalancing may be necessary after re-evaluating positions in securities that have significantly underperformed and/or those that have significantly over performed resulting in these securities becoming temporarily overvalued.
6	Proxy voting will agree with company recommendations.

This table presents some of Loyola University Maryland's Student Managed Investment Fund (SMIF) investment guidance provided to students at the beginning of the semester. The primary investment strategy of the SMIF is to select stocks that appear to be undervalued and should outperform their industry and the S&P 500 index over the course of the investment period. Written justification must be provided by the faculty moderator for the SMIF for investments more than 25% in any one sector.

Table 2: Investment Oversight and Process

1	Investment Committee of the Board of Trustees: Approve annual allocation to SAP Fund. Monitor performance of SAP Fund monthly as part of the University's endowment. May invite faculty and students to attend Investment Committee meetings to discuss SAP Fund.
2	Faculty: Provide oversight and direction to students. Submit buy and sell requests to AVP for Finance for approval and to Director of Investment and Treasury Services for processing. Submit semester-end reports (fall and spring), detailing Fund performance to the Finance Department Chair, AVP for Finance, and the Director of Investment and Treasury Services.
3	Students: Perform research and rebalancing within portfolio. Prepare buy and sell requests for approval by faculty.
4	Office of Business and Finance: AVP for Finance approves all buy and sell requests. Director of Investment and Treasury Services works with Investment Custodian to process all buy and sell requests. Ensure all investments within the SAP Fund are liquidated annually, if required. The SAP Fund will be monitored by undergraduate students in the fall and spring semesters and by graduate students in the summer. Ordinarily the Fund will be reset to the starting value of $500,000 in the month of August. If the value of the Fund is below $500,000 as of August 31, a cash infusion will be made to the Fund. If the current holdings in the Fund are valued more than $500,000, the graduate students in conjunction with the professor, will provide recommendations to liquidate some of the Fund's holdings to enable the amount more than $500,000 to be swept out of the account. If for any reason the SAP class is not held (fall, spring or summer sessions), the Fund will be entirely liquidated and absorbed back into the endowment. When the class does resume, the Fund will restart with $500,000 in cash.

This table presents Loyola University Maryland's Student Managed Investment Fund (SMIF) investment oversight and process guidelines. It is recommended that such processes and responsibilities be discussed and identified. Additionally, if there are certain moral/social constraints placed on investing the funds, those should be addressed in the guidelines and investment policy statement (IPS).

With regard to students who are admitted to the SMIF course, it is important to instill confidence in their ability to manage the fund. From what we have been able to observe, students tend to enter this course with a fair amount of trepidation. This is not because they do not see themselves as qualified to manage the fund (given the selective process to gain admittance into the course), rather, it is the fear of any losses that typically results in them being overly cautious with their investment recommendations. This could take the following forms: (i) doing excellent research but recommending a very minimal investment in the security that the students are proposing to add to the fund (ii) voting against securities that most of the students are not already familiar with, perceiving these as being too risky and (iii) voting against securities that the students are familiar with because the team proposing the investment cannot answer a couple of questions that may not always be relevant. Nonetheless, the issue here is that when students begin the course, they are typically overly risk averse.

DATA AND METHODOLOGY

In Table 3, a subset of Loyola's recent fund performance across time is provided. These numbers are collated from reports received from the investment custodian for the University. Even with turnover of the fund's managers each semester, the SAP fund has not lagged the benchmark for the metric "return since inception date November 2006." As of June 30, 2018, the SMIF has generated an annualized return of 9.4%, compared to 8.3% for the S&P 500. Faculty members can obtain fund performance data from the investment custodian and asset performance against the appropriate benchmark. This allows for rich discussions in the classroom regarding which metrics should be used to assess performance (e.g., Sharpe ratios) as well as how fund benchmarks are decided upon in practice.

Table 3: Sample Student Managed Investment Fund (SMIF) and S&P 500 Performance

Fund	Month End	Year	1 Month	3 Month	1yr	3yr	5yr	Return Since Inception Nov-06
SMIF	Jan	2014	-4.6	0.1	22.5	14	12	8.8
S&P 500	Jan	2014	-3.5	2	21.5	14	19	5.9
SMIF	April	2014	0.9	6	19.1	13	14	9.4
S&P 500	April	2014	0.7	6.2	20.4	14	20	6.5
SMIF	May	2014	2.8	4	19.6	15	14	9.7
S&P 500	May	2014	2.3	4	20.4	15	18	6.8
SMIF	July	2014	-2.2	3.9	17.1	16	13	9.6
S&P 500	July	2014	-1.4	3	16.9	17	17	6.7
SMIF	August	2014	2.1	3.2	22.1	16	14	9.8
S&P 500	August	2014	4	4.7	25.2	21	17	7.2
SMIF	Sept	2014	-0.7	-0.8	17.3	16	13	9.6
S&P 500	Sept	2014	-1.4	1.1	19.7	23	16	6.9
SMIF	June	2015	-0.5	0.1	5.3	15	13	9.5
S&P 500	June	2015	-1.9	0.3	7.4	17	7.3	7
SMIF	July	2015	2.4	3.1	10.3	16	14	9.7
S&P 500	July	2015	2.1	1.4	11.2	18	16	7.2
SMIF	Sept	2015	-1.2	-10.3	-4.8	11	11	7.9
S&P 500	Sept	2015	-2.5	-6.4	-0.6	12	13	6
SMIF	Nov	2015	-2	4.5	-2.9	13	12	8.4
S&P 500	Nov	2015	0.3	6.1	2.7	16	14	6.9
SMIF	Dec	2015	-2.7	2.9	-4.4	12	11	8
S&P 500	Dec	2015	-1.6	7	1.4	15	13	6.7
SMIF	May	2015	1.2	0.8	9.4	15	13	9.6
S&P 500	May	2015	1.3	0.6	11.8	20	17	7.4
SMIF	Jan	2016	-6.8	-11.1	-9.4	7.7	8.8	7.1
S&P 500	Jan	2016	-5.5	-6.2	-0.7	11	11	6
SMIF	Feb	2016	1.2	-8.3	-13	7.8	8.2	7.2

Fund	Month End	Year	1 Month	3 Month	1yr	3yr	5yr	Return Since Inception Nov-06
S&P 500	Feb	2016	-0.1	-6.6	-6.2	11	10	5.9
SMIF	March	2016	6.5	0.4	-7.2	8.2	9.4	7.8
S&P 500	March	2016	6.8	1.3	1.8	12	12	6.6
SMIF	April	2016	1.6	9.5	-5.1	7.9	9	7.9
S&P 500	April	2016	0.4	7.1	1.2	11	11	6.6
SMIF	June	2016	-0.8	2	-5.4	8	9.4	7.8
S&P 500	June	2016	0.3	2.5	4	12	12	6.7
SMIF	July	2016	4.3	4.7	-3.6	7.6	10	8.2
S&P 500	July	2016	3.7	5.8	5.6	11	13	7.1
SMIF	August	2016	1	4.5	9.8	8.7	11	8.3
S&P 500	August	2016	0.1	4.1	12.6	12	15	7
SMIF	Sept	2016	0.6	6	11.7	7.6	11	8.3
S&P 500	Sept	2016	0	3.9	15.4	11	16	7
SMIF	Nov	2016	5.7	3.9	9.1	6	11	8.5
S&P 500	Nov	2016	3.7	1.8	8.1	9.1	14	7
SMIF	Jan	2017	2.1	8.1	23.1	7.9	11	8.6
S&P 500	Jan	2017	1.9	7.8	20	11	14	7.3
SMIF	Feb	2017	3.3	5.6	25.7	7.4	11	8.8
S&P 500	Feb	2017	4	8	25	11	14	7.7
SMIF	March	2017	-0.1	5.4	18	7.3	10	8.7
S&P 500	March	2017	0.1	6.1	17.2	10	13	7.6
SMIF	May	2017	1.5	2.8	17.9	7	11	8.9
S&P 500	May	2017	1.4	2.6	17.5	10	15	7.7
SMIF	June	2017	2.1	5.1	21.4	6.5	12	9
S&P 500	June	2017	0.6	3.1	17.9	9.6	15	7.7
SMIF	July	2017	2.3	6	19.1	8.2	12	9.2
S&P 500	July	2017	2.1	4.1	16	11	15	7.9
SMIF	Sept	2017	0.8	5.1	20.4	8.6	13	9.3
S&P 500	Sept	2017	2.1	4.5	18.6	11	14	8
SMIF	Nov	2017	0.8	4.1	20.3	8.4	14	9.5
S&P 500	Nov	2017	3.1	7.6	22.9	11	16	8.4
SMIF	Jan	2018	5.3	8.4	26.5	12	14	10
S&P 500	Jan	2018	5.7	10.2	26.4	15	16	8.9
SMIF	April	2018	1	-4.5	15.4	8.8	11	9.4
S&P 500	April	2018	0.4	-5.8	13.3	11	13	8.1
SMIF	May	2018	2.3	2.7	16.4	9.2	11	9.5
S&P 500	May	2018	2.4	0.2	14.4	11	13	8.3
SMIF	June	2018	-0.2	3.1	13.7	9.3	12	9.4
S&P 500	June	2018	0.6	3.4	14.4	12	13	8.3

This table presents a sample of recent SMIF performance across time compared to the benchmark. These numbers are collated from reports received from the investment custodian for the University. Even with turnover of the fund's managers each semester, the SMIF fund has not lagged the benchmark for the metric "return since inception date November 2006."

FUND OBJECTIVES AND ADDITIONAL OBSERVATIONS

The Loyola SAP Fund was established to provide students with actual portfolio management experience and exposure including asset valuation, constraint setting, asset allocation, asset selection, risk management, and performance evaluation. Since the SMIF is structured as a course, the professor combines lectures with presentations and applications. As previously mentioned, the SMIF course is capped at twenty students, but it has been found that it is not advisable (if possible) to have less than fifteen students and not more than twenty students. For a full semester length course, this number of students fits nicely into five groups of three to four students and allows for an optimal division of work. This also allows reasonable coverage by the students of all eleven sectors of the S&P 500.

Each team of students makes four stock recommendations and two current event presentations throughout the semester. The stock recommendations are rigorous, and students make use of popular databases such as Bloomberg, Capital IQ, and Morningstar to conduct their research. All student presentations are time bound, ensuring that students understand how professional presentations are made and also to help them parse out the most important information.

Consensus building is one of the most important skills that students develop in this course. For stock recommendation presentations, the presenting team takes questions from the class after they are finished presenting. An emphasis is placed on asking relevant questions in a manner that moves the conversation forward. All teams get a chance to discuss the recommendation amongst themselves before a vote. After the presentation, question and answer session, and subsequent team discussion, students vote individually to accept or reject a stock recommendation. The recommendation is accepted with at least 60% of the class voting in favor of the recommendation proposed.

The vote is conducted by a show of hands and students voting "no" will offer a short explanation regarding why they voted against the presentation. This ensures that the presenting team gets an explanation that helps them with future presentations and stock recommendations. It is important to conduct this step as there have been times when the ability of five groups to work together can fall apart, and teams will vote against other teams' recommendation because that team did not vote for their recommendation earlier in the semester. This is something that SMIF mentors should guard against and address. Additionally, the professor weaves in course topics through lectures and the students use this guidance toward the end of the semester to evaluate their fund performance, rebalance the fund if necessary, and prepare a comprehensive end-of-semester report that is submitted to the University's Office of Business and Finance.

<u>SMIF Fund Allocation</u>

Given that the Loyola SMIF is an equity only fund, it is benchmarked against the S&P 500. The initial weeks at the start of a semester (new class of student fund managers) are crucial to the performance of the fund. The faculty mentor for the SMIF must: (i) organize students into five groups (each group is responsible for researching two sectors of the S&P 500) and (ii) discuss the current state of the market, the macro economy, the political situation, etc. This is exceptionally important as it allows students to get a bird's eye view of these conditions and a look at broader issues so that they can then begin their research. It is also their first opportunity to have a discussion in this group setting and (iii) ask students to come up with sector target allocation for the fund for the semester. By the end of the second week, they are asked to (individually) vote on which sectors they would like to possibly overweight or underweight in relation to the S&P 500. These are not set in stone, and can be voted on again during the semester, but coming up with this initial target allocation can help provide guidance for sectors that the students should be looking for potential investments, if the class would like to overweight a sector that needs additional representation in the SMIF.

<u>Additional Benefits of a Course Based SMIF</u>

Besides the obvious benefits of a SMIF discussed previously in the literature, this paper proposes that a course-based format has benefits that make it a great choice. Specifically: (i) provide a transformative and highly sought-after experiential learning experience to approximately 20 students each semester (ii) given the high-profile nature of the class, use the course to secure funding for Bloomberg terminals, Capital IQ, and Morningstar data platforms from sources such as alumni and corporations. What was additionally beneficial was that these data platforms could be used in other finance (and business related) courses also. This resulted in more professors adopting the use of these data platforms to make their course delivery more practical and industry-oriented (iii) based on feedback from University trustees and SMIF course participants recognizing the need to prepare students for investment banking careers earlier, a Junior

Analyst course for sophomores was developed to get students exposure to the field of finance earlier in their academic careers and (iv) it is not unusual for exceptional incoming freshmen to have already used data platforms like Bloomberg in high school. These students are attracted to Loyola University Maryland partly because of the SMIF, which allows the University to enroll motivated students, many of whom will end up managing the SMIF.

CONCLUSION

A SMIF is a valuable addition at a University, to advance the curriculum and to give finance students the ultimate experiential opportunity. Drawing upon our experience with managing a SMIF since 2006, we add to the literature on SMIFs by providing a template for structuring a meaningful SMIF. We address the administrative aspects, student learning, and provide guidance to the faculty mentor in charge of the fund. We share the specific language of the investment oversight and process, and what we have learned through the management of this fund since 2006, and the changes that we have made to streamline the process and highlight best practices.

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ACKNOWLEDGEMENT

The authors would like to thank the editor, Dr. Terrance Jalbert, and two anonymous reviewers whose feedback contributed to the improvement of this manuscript.

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