

# **Fund Description & Bylaws**

## **Purpose**

The Student Investment Fund (Fund) provides students in the David Eccles School of Business (DESB) at the University of Utah with “hands on” investment experience. Students participating in the Fund will learn how to evaluate potential investments and how to structure a portfolio

The focus of the Fund will be on growth, with a three-to-five year investment horizon. The Fund will operate as a not-for-profit organization.

## **Types of Investments**

Investments are limited to securities listed on US exchanges, including NASDAQ or other major international exchanges. Fund investments are limited to common and preferred stock, including ADRs and other exchange-traded collateralized equity instruments, exchange-listed corporate bonds, mutual funds and money market accounts, and US Treasury instruments. Margin purchases, short sales, and investment in derivatives are not permitted.

## **Annual Report**

Each year, the students will prepare an Annual Report of the Fund’s activities. The report will be distributed to the Dean of the DESB, the Finance Department Chair, and to other interested parties.

## **Annual Audit**

The Fund will be audited annually by a group of students from the accounting society Beta Alpha Psi under the supervision of their faculty advisor.

## **Support for the Fund**

The Finance Department and the DESB will provide reasonable support for the Fund, including the type of support offered for regular departmental classes such as photocopying, computer support, etc.

## **Faculty Advisor**

An advisor to the Fund will be selected each Spring for the following academic year. Students will be consulted formally in choosing the advisor and every reasonable effort will be made to accommodate the students’ recommendation. The faculty advisor will be a faculty member of the Finance Department. The advisor will be responsible for ensuring that the fund offers an appropriate learning experience for students possibly including an investment class, speakers, and appropriate projects. The Advisor and the Chair of the Finance Department will designate two faculty members of the DESB who are authorized to make trades if the Faculty Advisor is

unavailable. The Advisor is responsible for maintaining complete records of all transactions made on behalf of the Fund, as well as original statements from the Fund's brokers. These records shall be made available to the Fund's auditors, the Finance Department Chair, and the Dean of the DESB on request. The Advisor is responsible for supervising the students in preparing an annual report of the Fund's activities.

### **Investment Decisions**

Recommendations to buy or sell a security will be decided by a simple majority of students present at a regularly scheduled Fund meeting, after careful consideration of the investment decision's contribution to the investment goals of the Fund. In addition, a member of the group may move to recommend selling a security or increasing the quantity of a security currently in the portfolio at any time by notifying the group electronically. The motion shall remain open for the minimum of either (a) the time required for a majority of participants of vote "for" or "against" or (b) for 24 hours. If the motion has not carried within 24 hours, the motion will die. The Faculty Advisor retains the right not to carry out student recommendations if, in his or her considered opinion, the recommendations are grossly inconsistent with the investment philosophy of the Fund. The Faculty Advisor, or, in his or her absence, the designated alternative, will place trades through a registered broker.

### **Distribution of Funds**

The Fund shall operate on an annual period from May 1 to April 30. In general, earnings and appreciation will remain invested in the Fund, subject to the following. If, on April 30, the value of the Fund net of new contributions exceeds the value of the Fund the previous year, the excess, defined as the increase in Fund value net of new contributions, will be distributed as follows.

Fifty percent of the excess will be remain in the Fund. The remaining 50 percent may be reinvested in the Fund, used to purchase materials or services used by the students for research or for Fund management, used to support student scholarships, or used to support student organizations in the DESB. Student participants shall make a recommendation on the distribution of any excess at the end of each fund year. The final decision on any distributions will lie with the Faculty Advisor, the DESB Dean, and the Finance Department Chair, although there should be a strong presumption that a recommendation by a majority of the student participants is in the best interest of the Fund.

### **Amendments**

Amendments to the Student Investment Funds by-laws will be at the recommendation of a two-thirds majority of student members.

**Dissolution**

Should a majority of the student members of the Fund, the Fund's advisor, the Finance Department Chair, and the DESB Dean decide to dissolve the Fund, the cash and securities in the Fund would revert to a Finance Endowment Fund.