

# Student Managed Investment Fund (SMIF) Procedure

## Section 1 - Introduction

- (1) The Student Managed Investment Fund (SMIF) is an initiative undertaken by the University of Newcastle's College of Human and Social Futures. The objective of the SMIF is to provide a high quality learning experience through the combination of textbook theory and real world application.
- (2) Eligible students who are enrolled in ACFI3019 may be provided with the opportunity to participate in the SMIF. The initiative is designed to challenge students to think outside the box in developing and implementing investment strategies, and to develop critical, analytical, decision making, risk management, and presentation skills.
- (3) The aim is to support students to gain exposure to the world of asset management by enabling them to assume the role of analysts under the guidance of academic staff, taking responsibility for shaping, advising, monitoring and managing the SMIF.

## Section 2 - Purpose

- (4) This document details the procedures relevant to the administration of the SMIF.
- (5) This document should be read in conjunction with the Student Managed Investment Fund Policy.

## Section 3 - Definitions

- (6) In the context of this document:
- a. SMIF refers to the University of Newcastle's Student Managed Investment Fund;
  - b. The SMIF Investment Committee refers to the combined group that is responsible for overseeing the SMIF in accordance with the SMIF Investment Committee Terms of Reference, the SMIF Policy, this procedure and its associated documents;
  - c. Lead Academic is as defined in the Student Managed Investment Fund Policy; and
  - d. Student Sector Analysts refers to the students selected to participate in the SMIF.

## Section 4 - Risk Management

- (7) Risk management of the SMIF will be in accordance with:
- a. the University's [Risk Management Framework](#) and its associated documents; and
  - b. the SMIF Risk Management Considerations Guideline.

## Section 5 - Student Responsibilities

(8) Students are required to participate in the SMIF for the entire semester of their enrolment in ACFI3019 – Funds Management.

(9) Students will participate as Student Sector Analysts, in groups of three to four. The Student Sector Analysts groups will work together to:

- a. develop insight into current market conditions including, but not limited to:
  - i. volatility;
  - ii. business cycle;
  - iii. macroeconomics;
  - iv. international proceedings; and
  - v. relative performance of asset classes, sectors or economies;
- b. identify investment opportunities within eligible asset classes (See Eligible Asset Classes) and in consideration of SMIF performance to date;
- c. prepare comprehensive reports detailing proposed investment strategies including:
  - i. an analysis of SMIF performance to date;
  - ii. how the strategy relates to academic literature;
  - iii. investment recommendations;
  - iv. risks associated with the investment recommendations with reference to the SMIF Risk Management Considerations Guideline;
- d. present recommended investment strategies to the Investment Committee for evaluation and consideration;
- e. understand and adhere to the University's [Investment Policy](#) and University's [Ethical Framework](#);
- f. prepare SMIF Performance Reports at the end of the semester, to be provided to the SMIF Investment Committee;
- g. contribute to the continual development of the SMIF by providing feedback and improvement suggestions; and
- h. providing support and mentorship to other Student Sector Analysts.

## Section 6 - SMIF Investment Committee Responsibilities

(10) The SMIF Investment Committee will operate in accordance with the SMIF Investment Committee Terms of Reference.

(11) The SMIF Investment Committee will meet six monthly, towards the end of each semester.

(12) The SMIF Investment Committee is responsible for ensuring the SMIF is managed in accordance with the SMIF Policy, Procedures and associated documents, including:

- a. reviewing and assessing all investment strategies proposed by Student Sector Analysts in accordance with Eligible Asset Classes and SMIF Risk Management Considerations Guideline;
- b. recommending the approval, approval with amendment, or rejection of proposed investment strategies to the Chief Financial Officer, providing detailed and adequate justification of the recommendation;
- c. overseeing the implementation of approved investment strategies;
- d. review and analyse the SMIF performance reports provided by Student Analysts on a six monthly basis;

- e. to assess the broker performance and management in line with contract terms; and
- f. provide a formal outcome report to the Vice Chancellor annually.

(13) Where an unforeseen or significant market event occurs the SMIF Investment Committee may schedule an out of cycle meeting to assess and manage the risks and impact of the event on the SMIF, to ensure the SMIF remains aligned with the primary objective of the initiative.

## **Section 7 - Chief Financial Officer Responsibilities**

(14) The Chief Financial Officer, or their nominee, will review investment strategy recommendations proposed by the SMIF Investment Committee before approving implementation. In the review process, the Chief Financial Officer may require further clarification, analysis or information from the SMIF Investment Committee on recommendations. The process for clarification is:

- a. the Chief Financial Officer may request clarification and/or analysis from the Chair; and
- b. the Chair will seek clarification from the SMIF Investment Committee or relevant SMIF Investment Committee member(s) on the matter.

(15) Where it is recommended that the proposed investment strategy be amended, a quorum is required to consider the recommendation;

- a. quorum is one half plus one of SMIF Investment Committee members who were present at the original meeting; and
- b. quorum can be achieved by circulating a resolution by email.

(16) The Chief Financial Officer will advise the authorised broker to implement purchase and disposal transactions associated with approved SMIF investment strategies.

## **Section 8 - Structure of the SMIF**

### **Source of Funds**

(17) Investment funds for the SMIF will be sourced through University funds, donations, or sponsorships.

(18) To initiate the SMIF the University will contribute \$50,000.

(19) Sourcing of funds from donors and sponsors will be in accordance with the University's [Donation Acceptance and Management Policy](#).

(20) Funds contributed by donors will be received as gifts and will not give rise to the establishment of charitable trust(s).

### **Financial Management**

(21) The SMIF will be held as a restricted fund cost collector for the College of Human and Social Futures.

(22) Dividends and associated franking credits from all SMIF investments will be allocated to the SMIF cost collector, and form part of the SMIF's capital balance.

## Investment Transactions

(23) Investment strategies recommended by the SMIF Investment Committee and approved by the Chief Financial Officer will be provided to the approved broker by a staff member of Financial Services for the brokers action.

## Record Management

(24) Once investment transactions are completed, Financial Services will obtain transaction confirmation records from the broker, and provide these to the Lead Academic for verification.

(25) All transaction records including investment instructions and receipts will be maintained by the Lead Academic in accordance with the [Records Governance Policy](#).

## Scholarships

(26) SMIF funds available for scholarship distribution will be used to provide equity scholarships to capable but disadvantaged undergraduate students from the College of Human and Social Futures, through an appropriate and approved University scholarship program. (Please see [Coursework Scholarships Policy](#)).

(27) Scholarship distributions from SMIF funds will be determined as follows:

- a. capital amounts contributed by all parties, including University of Newcastle, donors and sponsors form the base capital amount;
- b. the base capital amount is adjusted annually for inflation plus two percent (2%). Inflation is measured using the annual percentage change in All Groups Consumer Price Index as at 31 December each year provided by the Australian Bureau of Statistics (see: [Australian Bureau of Statistics - CPI Releases](#))
- c. funds available for SMIF Student Scholarships are calculated by subtracting the adjusted base capital amount from the actual SMIF balance as at 31 December each year. Funds available for SMIF Student Scholarships are the positive residual of the above calculation; and
- d. the number of SMIF Student Scholarships to be offered is determined by the terms and conditions of the selected approved University scholarship program. The number of SMIF Student Scholarships funded is rounded down to the nearest whole number. Partial scholarships are not provided.

(28) The number of student scholarships available will be communicated to the Office of Alumni and Philanthropy by 28 February each year, or as soon as possible thereafter.

(29) SMIF fund transfers for student scholarships will be made in accordance with the [Coursework Scholarships Procedure](#).

## Section 9 - Winding Up the SMIF

(30) In the event that the course ACFI3019 – Funds Management is withdrawn, or the SMIF Initiative is no longer supported by the University, residual SMIF funds net of costs to wind up the fund will be transferred to an existing University scholarship fund for the benefit of undergraduate students from the College of Human and Social Futures.

## Status and Details

Status	Current
Effective Date	30th November 2021
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Approval Authority	Vice-Chancellor
Approval Date	2nd March 2020
Expiry Date	Not Applicable
Responsible Executive	Nathan Towney Pro Vice-Chancellor Human and Social Futures +61 2 4055 3001
Enquiries Contact	Office of the Pro Vice-Chancellor Human and Social Futures

## Glossary Terms and Definitions

**"University"** - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

**"Risk management"** - The co-ordination of activities to optimise the management of potential opportunities and reduce the consequence or impact of adverse effects or events.

**"Asset"** - Any tangible or intangible item (or group of items) that the University owns or has a legal or other right to control and exploit to obtain financial or other economic benefits.

**"Student"** - A person formally enrolled in a course or active in a program offered by the University or affiliated entity.

**"Staff"** - Means a person who was at the relevant time employed by the University and includes professional and academic staff of the University, by contract or ongoing, as well as conjoint staff but does not include visitors to the University.

**"Undergraduate"** - Refers to any qualification up to and including the level of a Bachelor Honours degree.