

**MOUNT ROYAL UNIVERSITY**  
**BISSETT SCHOOL OF BUSINESS**  
**STUDENT INVESTMENT FUND (SIF) OPERATIONAL GUIDELINES**

1. DEFINITIONS
2. PURPOSE
3. POLICY
4. DUTIES & RESPONSIBILITIES
5. INVESTMENT GUIDELINES AND CONSTRAINTS

EFFECTIVE DATE: NOVEMBER 2024

## 1 DEFINITIONS

- 1.1 **Student Investment Fund (SIF)** - the funds available for investment by student Participants registered in Investment Fund Management I (FNCE 4501) and Investment Fund Management II (FNCE 4502), resulting from existing funds, future donations, future investment returns or additional allocated funds from the Mount Royal University (MRU) Foundation.
- 1.2 **Cash Equivalent Investments** - shall consist of cash, short-term government of Canada debt, provincial debt, money market funds, or commercial paper with maturities of less than 12 months denominated in Canadian dollars.
- 1.3 **Designated Courses** - the courses students must be enrolled in to manage funds in the SIF, currently FNCE 4501 or 4502. Both are required courses in the Investment Fund Management (IFM) concentration of the Bachelor of Business Administration (BBA) – Finance Program.
- 1.4 **SIF Guideline** - Student Investment Fund Operational Guideline - this document.
- 1.5 **SIF Investment Advisor** - the firm and individual that acts as the securities broker for the SIF funds. The SIF Investment Advisor must be a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF) and be in good standing with the Canadian Securities Administrators (CSA).
- 1.6 **SIF Instructor(s)** – the faculty member(s) assigned by the Bissett School of Business to instruct FNCE 4501 and 4502.
- 1.7 **SIF Participants** - Students enrolled in FNCE 4501 and FNCE 4502.
- 1.8 **SIF Academic Advisory Council (AAC)** The SIF AAC is the academic body that directly oversees the administration and academic aspects of the SIF, and that is responsible for appointing members of the SIF Industry Advisory Committee.
- 1.9 **SIF Industry Advisory Committee (IAC)** - The SIF IAC supports the SIF Instructor, engages with students to advise them about industry practice, utilizes its industry networks to elevate the Bissett School of Business brand and SIF student experience.
- 1.10 **SIF Executives** – The SIF Executives are elected by SIF Participants to coordinate extracurricular activities/networking events and to lead preparation of quarterly reports provided to the SIF Instructor(s), AAC and IAC.

## 2 PURPOSE

- 2.1 The purpose of the SIF Operational Guideline is to define the basic operational parameters for Mount Royal University's Student Investment Fund (SIF) at the Bissett School of Business, where Student Participants enrolled in a Designated Course listed on the Investment Fund Management (IFM) concentration in BBA – Finance program are provided the opportunity to manage a real portfolio of securities.
- 2.2 MRU is the owner of SIF and assumes all risks and rewards of SIF's investment portfolio. The SIF Investment Advisor is responsible for ensuring compliance with MRU's [Investment Policy](#) and [Investment Procedures](#).
- 2.3 The objectives of SIF are to provide student participants with:
  - 2.3.1 Hands-on experience in investment in the valuation of securities, investment management, and associated risks with real-world investment management.
  - 2.3.2 Research and analytical skills in security and portfolio analysis.
  - 2.3.3 Experiential learning through the application of theory using analytical tools previously taught in BBA – Finance Program and in a professional manner with actual dollars in a financial market setting.
  - 2.3.4 A sense of professionalism, empowerment, independence, teamwork, ethics, and confidence over the portfolio management techniques.
  - 2.3.5 A risk-adjusted return on its investment to be able to continue supporting the learning of BBA Finance students.

## 3 POLICY

- 3.1 The SIF is a result of donations received from individual and corporate donors through the MRU University Foundation. The SIF funds, entirely owned by MRU, form a portion of the MRU's endowment.

In the event that (a) the IFM concentration is discontinued, or (b) MRU, in its sole discretion, requests the funds be managed directly by MRU the SIF funds will be turned over immediately to the MRU Board of Governors.

- 3.2 The MRU University Foundation will process all donations received.
- 3.3 A maximum of 1% of assets under management (AUM) on the SIF fund will be drawn down each year to cover SIF-related extracurricular activities, including but not limited to, student

workshop attendance, site visits or other activities, as recommended by the SIF instructor(s). The use of this surplus fund will be approved by the SIF Academic Advisory Committee and transferred to the department budget.

#### **4 DUTIES AND RESPONSIBILITIES**

##### **4.1 Board of Governors of MRU**

- 4.1.1 Approve investment policies and procedures, including MRU's [Investment Procedures](#) and MRU's [Investment Policy](#).
- 4.1.2 Provide oversight as required for SIF.
- 4.1.3 Receive and review SIF performance reports.

##### **4.2 SIF Academic Advisory Council (AAC)**

- 4.2.1 The SIF AAC, appointed and chaired by the Dean (or designate) of the Bissett School of Business, shall be composed of a minimum of four members but not more than six members and will normally include:
  - 4.2.1.1 The Dean of the Bissett School of Business or a Dean's designate;
  - 4.2.1.2 The Chair of the Department of Accounting and Finance;
  - 4.2.1.3 The SIF Instructor(s);
  - 4.2.1.4 A tenured faculty member with expertise in Finance from the Department of Accounting and Finance;
- 4.2.2 The AAC meets at least once annually. Meetings are called by the AAC Chair.
- 4.2.3 The Administrative Assistant to the Department of Accounting and Finance is responsible for recording meeting minutes.
- 4.2.4 The SIF AAC is responsible for developing terms of reference for the appointment and removal of SIF Industry Advisory Committee (IAC) members.
- 4.2.5 The SIF AAC recommends appointment and removal of individual SIF IAC member(s) based on the terms of reference developed per 4.2.4.
- 4.2.6 The SIF AAC is responsible for:
  - 4.2.6.1 Reviewing, amending, updating and approving the SIF Guidelines,
  - 4.2.6.2 Reviewing SIF teaching and learning outcomes,
  - 4.2.6.3 Reviewing SIF fund performance and other administrative issues as needed.

4.2.7 Members of the SIF AAC, except for the Dean, will normally serve a term of three (3) years. The Chair of SIF AAC may invite or remove SIF AAC members at any time to comply with the SIF objectives and to accommodate the administrative and teaching aspects of SIF.

4.2.8 The SIF AAC is not responsible for SIF performance.

#### 4.3 SIF Industry Advisory Committee (IAC)

4.3.1 The SIF IAC is composed of individuals with finance and investment expertise selected by the SIF AAC, and may also include one student representative and one alumnus from the program. The SIF IAC normally has a minimum of three (3) and a maximum of seven (7) advisors. The Dean of the Faculty of Business, Communication Studies and Aviation, the Chair of the Department of Accounting and Finance and the SIF instructor are ex-officio members of the SIF IAC.

4.3.2 Members of the SIF IAC are recommended by SIF AAC and appointed by the Dean of Business, Communication Studies and Aviation. Appointments are for a maximum of three years.

4.3.3 The Chair of the SIF IAC shall be an external industry expert and is elected at the beginning of each year to serve for a term of one year. No SIF IAC Chair should serve for more than three (3) one-year terms.

4.3.4 The agenda for the first meeting of the SIF IAC is the responsibility of the SIF Instructor, in consultation with the Department Chair and Dean. Thereafter, the elected Chair is responsible for the agenda, in consultation with the SIF Instructor.

4.3.5 All members of the SIF IAC are voting members.

4.3.6 The SIF IAC meets at least once per instructional semester. The SIF Instructor(s) is responsible for inviting and consulting them as and when necessary.

4.3.7 The SIF Industry Advisors are not responsible for SIF performance.

4.3.8 At the direction of SIF Academic Advisory Council (AAC), SIF Industry Advisors agree to assist the SIF initiative as follows:

- a) Participate in assessment of SIF students by joining as an industry judge in student participants' final pitch;
- b) Be or invite a guest speaker for SIF courses;

- c) Organize conferences/workshops/off-site meetings and competitions that are beneficial for student learning;
- d) Assist students in industry network and recruitment;
- e) Coordinate fundraising activities for the SIF with the SIF AAC and MRU University Foundation;
- f) Liaise with the professional bodies or industry partners to provide transversal skills and/or arrange co-ops for SIF participants;
- g) Advise about any other activities which may advance the SIF objectives subject to approval of the SIF AAC; and
- h) Promote and support the SIF program and students within their networks.

#### 4.4 SIF Instructor(s) responsibilities include:

- 4.4.1 Prepare and conduct SIF-designated courses, assign tasks to SIF participants and evaluate their performance in courses.
- 4.4.2 Ensure that all regulations, MRU policies, and the SIF Operational Guidelines are followed.
- 4.4.3 Implement and propose changes to the SIF Operational Guidelines, as approved by the Advisory Committee.
- 4.4.4 Report to the Accounting and Finance Department Chair regarding academic requirements for the course.
- 4.4.5 Supervise, support, and grade SIF Participants in accordance with MRU's [Investment Policy](#), [Investment Procedures](#), and [MRU Grading Policy](#).
- 4.4.6 Monitor the SIF to reduce excessive investment risk.
- 4.4.7 Review, then approve or deny all SIF Participants' recommended security transactions.
- 4.4.8 Act as the primary liaison between the SIF IAC and SIF Participants.
- 4.4.9 Co-ordinate between SIF AAC and SIF IAC activities as needed.
- 4.4.10 Receive and review quarterly reports from SIF Participants.
- 4.4.11 Promote the SIF and support fund-raising activities of MRU University Foundation
- 4.4.12 The SIF Instructor(s) is not responsible for the SIF performance.

4.5 SIF Participant responsibilities include the following:

- 4.5.1 Conduct market and investment research using standard industry fundamental analysis valuation techniques.
- 4.5.2 Exercise ethically, carefully, and diligently and act as a fiduciary with respect to SIF assets.
- 4.5.3 Vote on security inclusion and exclusion recommendations and communicate security selection to the SIF Instructor for trade execution.
- 4.5.4 SIF Participants in the first SIF-designated course (FNCE 4501), offered in the fall semester, work as investment analysts (IA). The roles of IAs include, but are not limited to:
  - Researching in detail the industrial sectors that have been assigned to them by the SIF instructor(s);
  - Diligently analyzing the stocks in the sector belonging to SIF;
  - Monitoring existing SIF holdings in their sectors;
  - Pitching the existing stock performance, potential new stocks for their sectors, and trading stocks based on the analysis as required;
  - Continue discussion, dialogue, and cooperate with other analysts in a professional manner in a team-centered learning environmentVoting for the SIF Executives;
  - Assisting the SIF Executives to prepare the quarterly report under the guidance of SIF Instructor(s)
- 4.5.5 SIF Participants in the second SIF-designated course (FNCE 4502), offered in the winter semester, act as portfolio managers (PM). The roles of PMs will be, but not limited to all of the above in 4.5.4 and,
  - Manage and monitor the investments in the SIF
  - Diligently analyze the Fund performance over the year
  - Calculate the required metrics and statistics required to optimize the performance of stocks under the Fund
  - Pitch new stock ideas to improve SIF performance and trade stocks based on the overall analysis as required
  - Recommend to the entire SIF the timing and size of changes in securities holdings for the sectors under SIF coverage
  - Assist the SIF Executives to prepare the quarterly report under the guidance of SIF instructor(s)
- 4.5.6 Work within this Operational Guideline and all applicable legislation, including securities laws.

- 4.5.7 Produce quarterly performance reports during teaching semesters.
- 4.5.8 SIF Participants are not responsible for the performance of the SIF, nor will they receive any portion of the SIF returns.
- 4.5.9 SIF Participants are required to:
  - 4.5.5.1 follow the terms and conditions outlined in this document.
  - 4.5.5.2 Work under the direction of the SIF Instructor(s).
  - 4.5.5.3 Follow all of MRU's policies regarding investing of endowment funds, including MRU's [Investment Policy](#) and [Investment Procedures](#).
  - 4.5.5.4 Act and invest on behalf of MRU and conduct themselves according to the Code of Student Community Standards and Code of Student Academic Integrity.
  - 4.5.5.5 Inform the SIF Instructors of any items that may prevent the SIF from meeting its objectives.

#### 4.6 SIF Executives

- 4.6.1 At the start of the fall semester, SIF Participants registered in FNCE 4501, will vote for SIF Executives, which includes the SIF President, SIF Vice President, and SIF Vice President Finance. The vote will be supervised by the SIF instructor(s) and conducted on a confidential ballot.
  - 4.6.1.1 The SIF President will be primarily responsible for coordinating extracurricular activities, including social and networking events with the SIF Instructor.
  - 4.6.1.2 The SIF Vice President will support the SIF President.
  - 4.6.1.3 The SIF Vice President (Finance) will be responsible for coordinating and reporting the financial reports for the SIF.
- 4.6.2 SIF Executives are required to be enrolled in both SIF-designated courses in the Fall and Winter semesters of the same academic year, and must serve a continuous term.
- 4.6.3 SIF Executives will not be entitled to any compensation, nor will the role of being a SIF Executive have any impact on the individual's course grade.



- 4.6.4 SIF Executives will be responsible for preparing the quarterly SIF report under the guidance of the SIF instructor(s).

#### 4.7 Development Office

- 4.7.1 Plan and execute fundraising initiatives for the SIF and allocate donations received for the SIF

## 5 INVESTMENT GUIDELINES AND CONSTRAINTS

- 5.1 Investment Guidelines and Constraints are required to assure acceptable use, structure and management of the SIF to ensure that due diligence is made with respect to security investments, while offering SIF Participants a hands-on experience in investment management the greatest opportunity to learn.

#### 5.2 Asset Mix Policy

The long-term asset mix policy and tolerance ranges for the SIF Fund are as follows:

Asset Class	Percentage of Total Fund Market Value		
	Minimum	Policy	Maximum
Cash and Equivalents	0%	0%	25%
Canadian Equities	75%	100%	100%

#### 5.3 Permitted Categories of Investable Securities

- 5.3.1 The core of investable securities will be common stocks that are components of the TSX 60 Index.
  - 5.3.1.1 No individual common stock shall consist of more than 10% of the SIF.
- 5.3.2 The SIF can consist of a minimum of 10 (ten) securities and a maximum of 20 (twenty) securities.
- 5.3.3 Toronto Stock Exchange ("TSX") TSX listed Exchange-traded funds can be substituted for TSX 60 stocks as long as the Exchange Traded Funds ("ETF's") mimics TSX composite sub-sectors. Exchange-traded funds can comprise no more than 30% of the SIF and any individual Exchange traded fund cannot comprise more than 20% of the SIF.

- 5.3.4 Common shares of no more than three securities that are TSX or TSXV (TSX Venture Exchange) listed with market capitalizations of at least \$150 million dollars. Non-TSX 60 stocks can comprise no more than 15% of the SIF assets.
- 5.3.5 Cash Equivalent Instruments can consist of no more than 25% of the SIF assets, excluding the period when FNCE4501 and 4502 are not in session.
- 5.3.6 SIF may not invest in sub-categories of securities that exceed 200% of the then current weighting of the sub-index of the TSX. For clarity, if the sub-sector of the energy component of the TSX is 15% of the total TSX, then on a combined basis common stock (ETF's and non-TSX 60 stocks) that comprise of the energy sub-sector can have a weighting of no more than 30% of the SIF assets.
- 5.3.7 The SIF Fund shall not use margin for investing nor shall the fund invest in options, derivative securities or futures contracts

#### 5.4 Process for Inclusion of Securities

- 5.4.1 Investments of Divestments of common shares shall be based on standard industry evaluation techniques which could include:
  - 5.4.1.1 Comparable valuation analysis;
  - 5.4.1.2 Fundamental valuation analysis; and/or
  - 5.4.1.3 Other valuation techniques
- 5.4.2 Investment or divestment of ETFs and / or Cash Equivalent Investments can be made based on the SIF Participants' analysis of the outlook of those securities or their current weighting in the SIF assets and do not require a valuation.

- 5.5 During a teaching semester, securities shall be increased, decreased, added or deleted by a vote of SIF Participants, the vote can be taken either in class or electronically and must be recorded in an investment ledger.
- 5.6 In the event of labor action (strike or lock-out) the role of the SIF Instructor(s) all SIF activities and trading will be suspended. The fund will be monitored by an appropriately qualified member of MRU administration or a delegate of the Board of Governors, until such a time as the SIF instructor(s) has resumed teaching duties.
- 5.7 In the event of extraordinary volatility in the equity market, the SIF instructor may initiate securities transactions without a vote of the SIF participants. All transactions need to be approved by another member of the AAC and must be recorded in an investment ledger. This clause is also applied when FNCE 4501 and 4502 are not offered for teaching.

- 5.8 In the absence of SIF Instructor(s), the signing authority of any transactions will immediately be transferred to an appropriately qualified alternate, which will be determined at the start of each semester. The SIF Instructor(s) will be obligated to update SIF related matters to the alternate and complete the required paperwork.