UWA Red and White fund

UWA School of Business Student Managed Investment Portfolio

Investment Policy Statement

UWA College of Business

Table of Contents

Vision, Mission, and Objectives

Vision Statement

The vision of the White & Red Fund (W&RF) is to provide superior guidance of assets under management through the application of sophisticated investment strategies and risk management principles.

Mission Statement

The mission of the UWA W&RF is to:

1) provide undergraduate & graduate students with real-world portfolio management and security analysis experience;
2) provide teaching and research opportunities for UWA faculty;
3) Enhance student/faculty recruitment, student job placement, and institutional development efforts;
4) Generate funds for student scholarships and programs.

Program Goals & Learning Objectives

Beyond the mission statement above, this program is built around a set of explicit education objectives. Through participation in the Fund, whether paper trading or in the capital fund, students will gain practical experience in:

- Risk and return analysis
- Asset allocation and diversification
- Security analysis and valuation
- Portfolio construction and management
- Investment policy development
- Benchmarking and performance evaluation
- Macroeconomic and market analysis
- Investment research and presentation skills

Fund Implementation Plan

Phase I – Establish Paper Trading Fund

The Paper Pool is the Fund's entry track and initial operational phase. A student investment committee/team is established under a Faculty Advisor, holding weekly meetings to discuss economic and market conditions, security analysis, proposed trades, portfolio performance, and risk.

While paper trading implies simulated asset management, the detailed rules governing asset allocation, eligible securities, voting, and trade-rationale documentation (set out in Section III) apply in the Paper Pool to the same degree as the capital fund. These rules should be treated as an initial framework to be examined and, if needed, adjusted after the Paper Pool's performance has been evaluated.

Phase II – Fundraising & Capital Development

Before the Capital Fund can operate at meaningful scale, the program will deploy an explicit strategy for transitioning from solely simulated operations to actual capital. Securing capital is itself a major implementation step and should not be assumed. Potential funding sources include:

- University/Foundation support
- Alumni donations
- Corporate sponsorships
- Financial institutions and investment firms
- Individual benefactors
- Fundraising events or targeted campaigns

The Investment Committee, with the Faculty Advisor and Foundation office, should own this fundraising strategy, tracking prospects, gift-agreement terms, and a running total of committed versus received capital.

Fund Implementation Plan Cont.

Phase III – Brokerage, Custody, & Industry Partnerships

Before the Capital Fund is established, the University must determine the appropriate brokerage/custodial arrangement and the legal and administrative structure for holding and investing the funds. The broker-dealer relationship remains open at this stage (see Trade Executions, Section III), pending designation by the Investment Committee.

This phase is framed broadly, because potential partners can contribute more than execution and custody services. Industry partners could also provide:

- Guest speakers and practitioner mentoring
- Bloomberg or other financial-data terminal access
- Internships and scholarships
- Investment competitions
- Professional training and certification support

Phase IV – Implementation of the Capital Fund

The Fund moves from paper trading to real capital only once clear readiness criteria are met. These criteria include, at minimum:

- Successful operation of the Paper Pool for a specified period;
- Demonstrated compliance with this Investment Policy Statement;
- Adequate and sustained student participation;
- Active faculty oversight; and
- University/Foundation approval and sufficient initial funding.

These Phase IV criteria are distinct from — and sit above — the individual student advancement criteria described under "Paper Pool" in Section III, which govern when an individual student may move from the Paper Pool to the Capital Fund once the Fund itself has reached this stage.

Governance and Investment Policy

Organizational Structure & Oversight

The student portfolio management team, known as Tiger Asset Management, reports to the chair of the W&RF Investment Committee and provides a formal update to the Investment Committee and Advisory Board once each semester, and informally as needed or when requested.

Tiger Asset Management operates in two parallel tracks under common governance and this single Investment Policy Statement: the Paper Pool and the Capital Fund. Both tracks are overseen by the same Investment Strategy Committee (ISC) and are subject to the same asset allocation, diversification, and eligible-securities rules set out later in this section, so that skills and standing developed in one track transfer directly to the other.

Tiger Asset Management

The student portfolio management team is comprised in principle of undergraduate Finance and Business majors and graduate MBA students from the UWA School of Business, but fund participation may extend outside of this pool, given the individual displays satisfactory performance applying to their role within the organization. Course prerequisites and faculty recommendations are required for participation(These requirements may be waived at the discretion of the advisor).

The team functions as the Fund's Investment Strategy Committee (ISC), responsible for setting asset allocation policy and investment strategy within each asset class, subject to the provisions of this Investment Policy Statement. The ISC is responsible for the overall day-to-day operations of the Fund and works closely with the Faculty Advisor, Department Chair, Investment Committee, and the Advisory Board. Assignment of responsibilities within the team is based on experience and preference and is the responsibility of ISC members. One student serves as Chief Investment Officer (CIO) and leads ISC meetings; in the CIO's absence, the Chief Economist leads meetings.

Governance and Investment Policy Cont.

Paper Pool Allocation

• The Paper Pool is the Fund's entry track. It is open to any student meeting the course-prerequisite and faculty-recommendation requirements above, and carries no financial cost or capital risk.

• Capital is simulated using a market-data-linked paper-trading platform, marked to live prices.

• Paper Pool members operate under the same asset allocation targets, diversification guidelines, and eligible-securities rules as the Capital Fund, so that performance and process are directly comparable across tracks.

• Paper Pool members are held to the same reporting and trade-documentation standards as Capital Fund managers, including status reports and written trade rationale.

Advancement from the Paper Pool to the Capital Fund requires:

- At least one full semester of active Paper Pool management;
- Performance at or above the sleeve's designated benchmark over that period; and
- Recommendation by the outgoing sleeve manager or CIO and approval of the Faculty Advisor.

Advancement requirements may be waived conditionally at the discretion of the Faculty Advisor.

Governance and Investment Policy Cont.

Capital Fund Allocation

- The Capital Fund manages the Fund's actual investible assets, and it may accept additional capital infusions periodically as approved by the Investment Committee.

- Membership in the Capital Fund is limited to students who have advanced from the Paper Pool under the criteria above, or who are otherwise admitted directly by exception of the Faculty Advisor and CIO.

- Capital Fund members are organized into sector and asset-class sleeves consistent with the Fund's organizational chart. Each sleeve is allocated a notional capital allocation at the start of the term and is tracked against its own designated benchmark, subject to the Fund-wide asset allocation ranges and diversification limits set out later in this section.

- The ISC retains authority to set top-down asset allocation and enforce Fund-wide risk limits; sleeve managers execute security selection within their sleeve subject to ISC oversight and veto.
- Capital Fund membership requires payment of a refundable risk deposit, described under Membership Dues & Performance Recognition below.

Membership fees, like advancement requirements, may be waived conditionally at the discretion of the Faculty Advisor.

Investment Strategy Committee (ISC) Responsibilities

- Coordinate and monitor the activities of the Fund across both the Paper Pool and Capital Fund;
- Collect status reports from all sleeve managers and verify that up-to-date documentation of trades is maintained in both tracks;

- Administer the advancement process from the Paper Pool to the Capital Fund;
- Compile a comprehensive annual report and present the official report of the Fund to the Investment Committee.

Governance and Investment Policy Cont.

Individual Managers/Analysts

Individual Managers are responsible for day-to-day operations and decisions within their assigned sleeve, in either the Paper Pool or the Capital Fund. Due to the transitional nature of the Fund's management team, strong emphasis is placed on documenting the actions, perspectives, concerns, and reasoning of the outgoing manager, so that successor managers can maintain continuity.

Managers are responsible for the securities in their assigned sleeve. They research candidate companies, perform appropriate investment screens, and recommend the purchase or liquidation of securities, consistent with the philosophy of the Fund. A partial list of manager responsibilities:

- Monitor the securities in their respective sleeve;
- Perform fundamental research and evaluate new investments;
- Perform investment screens;
- Document the basis for a trade and construct status reports.

Voting

The following Fund members are entitled to vote on purchases and sales of securities within the Capital Fund: the Chief Investment Officer, Chief Accounting Officer, Chief Economist, and sleeve managers (composition and total voting membership to be set annually by the Investment Committee, consistent with the Fund's organizational chart). A quorum for a vote requires a majority of eligible voting members, including the CIO or, in the CIO's absence, the Chief Economist. Paper Pool members may participate in ISC discussion but do not vote on Capital Fund transactions.

Governance and Investment Policy Cont.

Membership Dues & Performance Recognition

Access to the Capital Fund requires payment of a refundable risk deposit. This deposit is an accountability mechanism tied to stewardship of the Fund's assets and compliance with this Investment Policy Statement — it is not a payment for, or a right to share in, the Fund's investment returns.

Risk Deposit: each Capital Fund member shall post a risk deposit of $[X] at the start of the measurement period (each academic semester or year, as set by the Investment Committee). The deposit is refunded in full at the end of the period provided:

- The member's assigned Investment allocation does not return negative over the measurement period; and
- The member committed no violation of the Fund's diversification, market-capitalization, eligible-securities, or other guidelines during the period.

A risk-limit violation forfeits deposit refund eligibility regardless of the sleeve's return. Forfeited deposits are directed as described under Funding of Performance Recognition below.

Performance Recognition (Excess Return Bonus): a member whose risk deposit is refunded (Allocation returns positive and no rule violations) is additionally eligible for performance scholarships based on the sleeve's return in excess of its designated benchmark ("alpha") over the same period. No recognition scholarship is made unless the deposit itself is refunded.

Funding of Performance Recognition: recognition scholarships are funded from a dedicated Incentive Account, held separately from Fund investment capital, as designated annually by the Investment Committee. Recognition scholarships shall not be funded from, or reduce, the Fund's investible capital without the express prior approval of the Investment Committee.

The Faculty Advisor and Investment Committee shall review the dues, deposit, and recognition structure at least annually, and shall consult University counsel and the Foundation office regarding any changes, to ensure the structure continues to function as a compliance and stewardship incentive rather than a distribution of investment profit.

Governance and Investment Policy Cont.

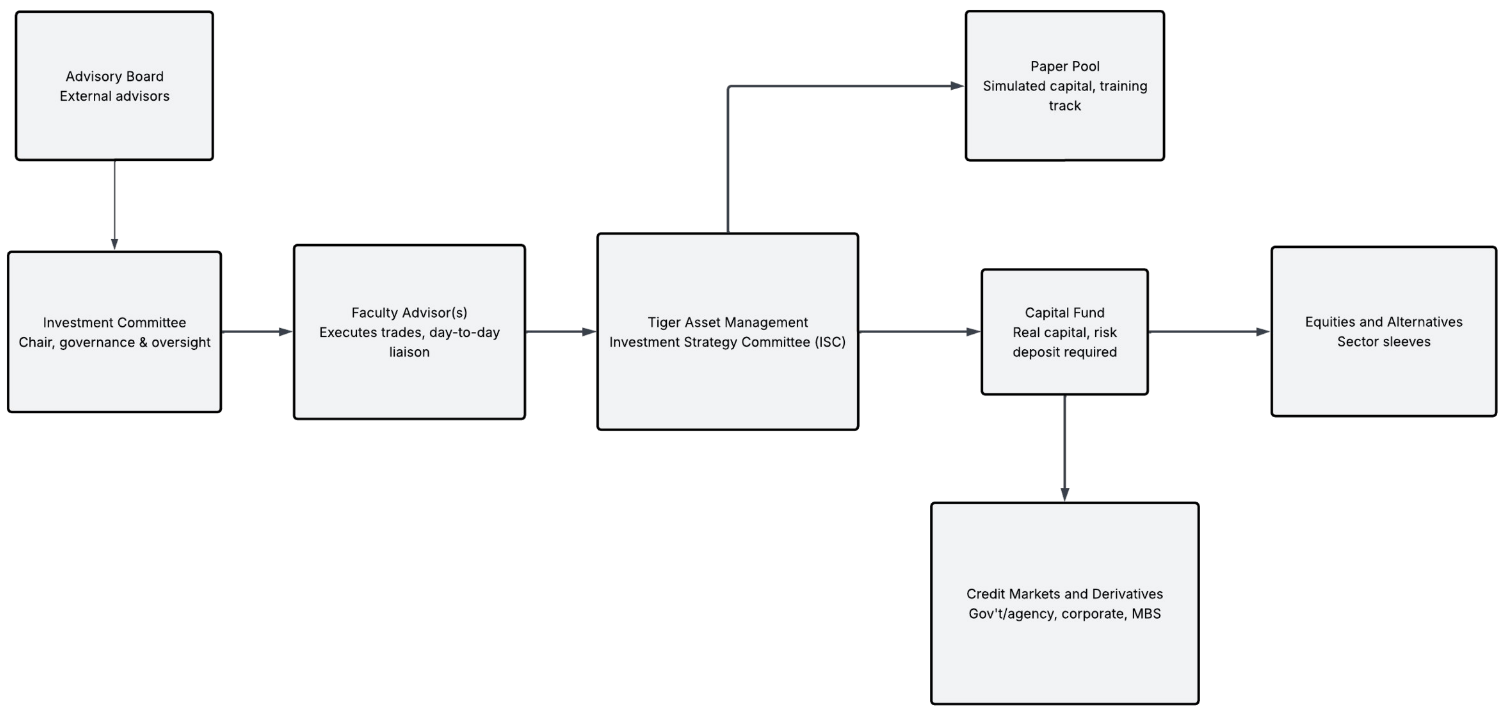
Trade Execution

All Capital Fund transactions will be executed by the Faculty Advisor and/or Department Chair, as approved by the Foundation, through a broker-dealer designated by the Investment Committee (see Phase III, Section II). Paper Pool transactions are executed within the designated paper-trading platform and require no broker involvement.

[Broker-dealer name/relationship to be inserted upon selection.]

Organization Structure

Governance flows from the Advisory Board (external advisors) and Investment Committee (chair, governance and oversight), through the Faculty Advisor(s) (who execute trades and serve as day-to-day liaison), to Tiger Asset Management / the ISC. The ISC oversees both the Paper Pool (simulated capital, training track) and the Capital Fund (real capital, risk deposit required), the latter organized into Equities and Alternatives sleeves and Credit Markets and Derivatives sleeves (government/agency, corporate, MBS).



Investment Objectives, & Allocations

Investment Objectives — Risk & Return

The investment objective of the Fund is to achieve a long-run return in excess of 6% while meeting or exceeding relative benchmarks in the short run. The need to distribute current income for student programs and scholarships is balanced with the need to outpace inflation and grow the portfolio. The Fund's risk tolerance is considered moderate and is appropriate for an indefinite time horizon, a balanced return objective, and an educational endowment portfolio — a 6 on a scale of 1–10, where 10 is most aggressive and 1 is most conservative. The Paper Pool, having no capital at risk, may be used by the ISC to test strategies across a wider range of the risk spectrum than is appropriate for the Capital Fund.

Investment Strategy

Core/Non-Core Approach: a core/non-core approach will be implemented for risk management purposes. The Fund may utilize low-cost, passively managed exchange-traded funds (ETFs) and indexed mutual funds for core market and asset-class exposure (Beta), and individual security selection to generate excess return (Alpha). Individual security selection will be based on top-down economic, industry, and company analysis. S&P 500 sector allocations are used as a guideline to over/underweight individual sectors within the equity portion of the portfolio.

Market Capitalization: the emphasis within the equity portion of the portfolio is well-established, large market-capitalization companies. The portfolio may also invest in less established, small market-capitalization companies. However:

- No more than 30% of the equity allocation may be invested in companies with market capitalization below $1 billion.
- Investment in companies with market capitalization below $100 million (at the time of investment) is prohibited. Positions that drift below $100 million in market capitalization after purchase shall not exceed 5% of the portfolio value.
- Any violations of the market-capitalization guidelines shall be corrected by the end of each calendar quarter.

Investment Objectives, & Allocations Cont.

Asset Allocation & Diversification

Asset allocation is the primary responsibility of the ISC and applies equally to the Paper Pool and the Capital Fund. The overall objective is to diversify investments across non-correlated asset classes to minimize risk and enhance returns. Asset classes may include equity, fixed income/credit markets, cash, real assets, and alternatives.

Asset Allocation	Range	Target
Cash	0% – 10%	5%
Fixed Income / Credit Markets	20% – 50%	25%
Equities	40% – 60%	60%
Alternatives	0% – 20%	10%

Diversification guidelines:

- The maximum allocation to any equity sector (as defined by Standard & Poor's) shall be 30% of equity assets.
- The maximum allocation to any single security shall be 5% of portfolio assets.
- The portfolio may include American Depository Receipts (ADRs); however, combined investments in ADRs and other foreign securities traded on U.S. exchanges that are not ADRs may not exceed 20% of equity assets.
- Deviations from the diversification guidelines shall be corrected by the end of each calendar quarter.
- The ISC will monitor the asset allocation structure of the portfolio and attempt to stay within the ranges allowed for each asset class. If an allocation exceeds its range, the ISC will develop a plan of action — either immediate rebalancing or rebalancing over subsequent months.

Asset Class Policy

Fixed Income & Credit Markets

Fixed income investments will normally be in corporate, agency, and government debt instruments rated at least investment grade (BBB/Baa or higher) by Standard & Poor's or Moody's. High yield bonds are permissible; however, no more than 5% of the overall portfolio and no more than 10% of the fixed income portion of the portfolio may be allocated to non-investment-grade bonds. Concentration of bond investments shall not exceed 10% in any single issuer. The Barclays Govt/Credit Index will be the primary fixed income benchmark.

Common Stock

Common stock holdings will be made based on quantitative and fundamental analysis. Stocks must be listed on the NYSE, NASDAQ, or AMEX to be included in the portfolio. REITs are considered common stocks and are permissible. The S&P 500 will serve as the equity benchmark.

Alternatives

Alternative assets include direct real estate and timber, hedge funds, private equity, managed futures, and commodities. At present, managed futures ETFs and commodity ETFs are the only appropriate alternative vehicles.

Index Funds & ETFs

The Fund may utilize equity index mutual funds or exchange-traded funds (ETFs). When determined to be necessary or prudent, the Fund may be 100% in these vehicles. Inverse ETFs and leveraged ETFs are not permitted.

Asset Class Policy Cont.

Derivatives

Derivative strategies with total loss potential are not permitted. This includes unhedged short positions and short and long positions in uncovered (naked) options, futures, or forward instruments. Only managed futures, MBS, and covered call writing (as an income-enhancing strategy) are permissible.

Foreign Securities

Foreign securities on non-U.S. exchanges are not permitted; however, foreign securities and ADRs available for purchase on U.S. exchanges are permitted. The MSCI EAFE (developed markets) will serve as the primary international benchmark. Emerging market securities are permissible but should be limited to no more than half of the international allocation.

Margin & Short Selling

Margin purchases and short selling are not permitted, in either the Paper Pool or the Capital Fund.

Cash Equivalents

Money market funds and U.S. Treasury Bills may be used to maintain a minimal level of liquidity and as a temporary parking place for current income and realized capital gains. Holdings should not exceed the target asset allocation for cash.

Sustainability & Use of Funds

Sourcing Capital

Capital originates from the sources established under Phase II of the Fund Implementation Plan: University/Foundation support, alumni donations, corporate sponsorships, financial institutions, individual benefactors, and targeted fundraising campaigns. additional infusions may be accepted periodically as approved by the Investment Committee. Consistent with the Fund's sustainability principle, capital should generally compound within the Fund rather than be drawn down, except as governed by the Fund Usage below.

Fund Usage

The primary purpose of the Fund is education, experiential learning, and long-term program sustainability — not distributing investment profits to individual student portfolio managers; earnings should generally remain within the Fund or support its broader educational mission. The target distribution for student scholarships and programs is 5% annually, generated from interest, dividends, and capital appreciation (a total-return approach), and is not normally permitted unless the Fund shows positive returns above contributions. This 5% target should be treated as a starting point, to be confirmed by the Investment Committee, University counsel, and the Foundation office once the Capital Fund has an operating history.

Student Incentives

Incentives are structured separately from the Fund's own trading profits, so no individual student is a direct beneficiary of investment returns — the risk-deposit and performance-recognition mechanism already achieves this by tying payment to compliance and stewardship rather than profit share. Additional incentives may be negotiated with external partners (alumni, corporate sponsors, brokerage partners):

- Scholarships distributions
- Certification and licensing-exam support
- Conference travel
- Internship opportunities and professional networking

Challenges & Measures of Success

Challenges

Our relatively small cohort of finance students does present itself as a hurdle, however to combat this we have opted to make the fund open to those of all majors, assuming they prove their abilities satisfactory in the position they hold within the fund. This model of participation will allow us to achieve higher levels of continuity with the Investment Strategy Committee, and will allow fund managers to more easily maintain and transfer knowledge of specialized roles within the organization as those roles exchange hands.

Measures of Success

Metrics to be tracked when quantifying fund success:

- Student participation and retention; quality of investment research
- Compliance with the Investment Policy Statement
- Portfolio performance relative to appropriate benchmarks
- Internships, job placements, and certifications obtained
- Alumni and corporate engagement; external funding raised
- Growth in assets under management over time

Professional Development

This program will in extension work to enable students pursing professional certifications and licensing examinations relevant to financial advising, investment management, and wealth management. This initiative will not only strengthen the professional development component of the fund, but will also aid in wider institutional growth Through the industry connections built.