

IC 1

Office of the Treasurer
May 1, 2017

Members, Investment Committee of the Board of Trustees:

APPROVAL OF CHANGES TO STUDENT MANAGED INVESTMENT FUNDS PROGRAM

Recommendation: that the Investment Committee approve the changes outlined per the attached proposal for management of the \$5,100,000 commitment to the Student Managed Investment Funds Program.

Background: At its December 2013 meeting, the Investment Committee approved the establishment of a new Student Managed Investment Funds (SMIF) Program for the management of up to \$5,100,000 in a U.S. large-cap equity strategy (see IC 2 from December 2013 meeting attached). The \$5,100,000 commitment expanded an existing undergraduate SMIF program that had been in place for 15 years under a program sponsored by the Tennessee Valley Authority and established a new graduate SMIF program. The Committee approved a staged implementation plan outlining an addition of up to \$700,000 in January 2014 to the existing undergraduate SMIF (amount needed to bring current SMIF value to \$1,100,000) and subsequent installments totaling \$4,400,000 to establish four graduate-level SMIF accounts.

As described in the attached proposal, approximately \$1,800,000 has been invested in the SMIF program to date, which is currently managed by undergraduate finance majors. The Gatton College of Business & Economics (Gatton College) proposes allocating the remaining commitment of \$3,300,000 by adding \$750,000 to the undergraduate SMIF program and creating a new \$2,550,000 SMIF account to be managed by graduate students in the Master of Science in Finance program.

Pending Committee approval, the Treasurer will amend the existing Investment Management Agreement (IMA) with the Gatton College to reflect the new structure. The amended IMA will have an initial term of two years (July 1, 2017 through June 30, 2019) and a new IMA will be negotiated every two years thereafter.

Action taken: Approved Disapproved Other _____