

The Student Pirate Investment Fund

ECU's Student-Managed Endowment

There's no better way to learn than by doing.

Overview of Pirate Fund Structure of Course

For More Information

To learn more about the Pirate Fund and how your donation can benefit student learning, please contact


Dr. Scott Below 252-328-6670
belows@ecu.edu

Overview

East Carolina University's student-managed fund, called the Pirate Fund, was established in 2015. Under the faculty mentorship of Dr. Scott Below, associate professor and chair of ECU's College of Business Department of Finance, the first group of students began building the model portfolio during the 2015-16 academic year. Now the fund is ready to go live, with students acting as investment advisors over real money donated to the fund. Proceeds of the Pirate Fund will benefit student scholarships, supplement student travel experiences, purchase data and software related to the class, and support other student enrichment opportunities.

Course Structure

The Pirate Fund provides in-depth, hands-on experience to graduate and upper level undergraduate students as part of ECU's finance practicum course, FINA 6914. Students meet twice weekly with Dr. Below and gain professional investment management experience as they construct, monitor, and manage active investment portfolios in real time. The course is offered over both semesters and students may repeat it, providing an opportunity to work on the fund for an entire academic year. Students learn to use Morningstar Direct, a cloud-based investment analysis platform, which is widely used in the financial services industry for research and portfolio construction. Students present reports and pitches weekly in class, including economic analysis, risk and performance analysis, asset allocation analysis, and fund pitches. The students gain valuable experience by serving in a variety of investment management roles, including Domestic Equity Strategists, International Equity Strategists, Fixed Income Strategists, Chief Economist, Risk and Performance Manager, and Asset Class Manager.



24, 2009 : 347.17

"I am blown away with how well ECU has done preparing me for the high expectations of "the real world." When others ask what involvement I have had with investing, I can provide examples from your class with examining funds, comparing betas and constructing a successful portfolio... I now utilize all of the skills almost on a daily basis. I will always be a strong advocate for ECU, especially the College of Business because without all of the preparation, I don't believe I would be in the spot I am today."

Matthew Mulvihill, SMF Fixed Income and Alternative Investments Strategist, Spring 2016.

Breakdown of Funds Structure of portfolio

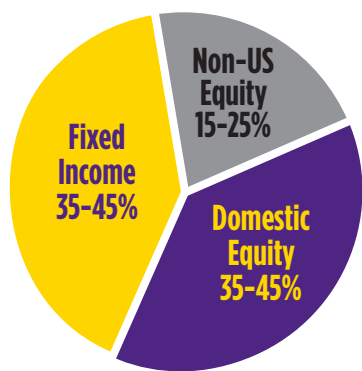
For More Information

To learn more about the Pirate Fund and how your donation can benefit student learning, please contact Dr. Scott Below at 252-328-6670 or belows@ecu.edu

Fund Structure and Organization

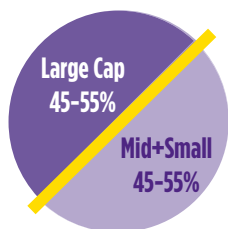
The Pirate Fund is organized and managed using an approach typically employed by professional Registered Investment Advisors. Acting as fiduciaries, students must follow the tenets of Modern Portfolio Theory, as required of investment fiduciaries under the Uniform Prudent Investor Act. Donations to the Pirate Fund are made through the ECU Foundation, and placed in an institutional account with Schwab. Schwab will act as the custodian of the funds' assets and will be the clearing house for all trades. Although trades are directed by the students, only faculty advisors have the power of attorney authorization with Schwab to complete the trades. Interest earned from the endowment, which will be spent on student support within the College of Business, will follow the same endowment rules set forth by the ECU Foundation's Board of Directors with additional oversight provided by the Finance Committee of the ECU Foundation.

Portfolio Asset Allocation Strategy



The Pirate Fund's portfolio asset allocation strategy is similar to that of other well-diversified "permanent" portfolios, such as endowments and pension funds, and is consistent with Modern Portfolio Theory

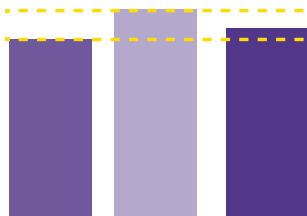
- All Pirate Fund investments will be made using mutual and exchange traded funds.
- A minimum of 35% of the portfolio must be invested in fixed income investments as classified by Morningstar.
- 35%-45% of the overall portfolio must be invested in domestic stocks, as classified by Morningstar.
- 15%-25% of the overall portfolio must be invested in non-US stocks, as classified by Morningstar.
- With the exception of fixed income funds, no fund can comprise more than 10% of the total portfolio.
- Equity holdings in the portfolio must be split fairly between large cap (45%-55%) and mid + small cap (45%-55%) stocks.
- Equity holdings must be spread among the Value, Growth, and Blend styles (30%-35% each).
- Alternative funds (selected due to low-correlation with traditional asset classes) must range in weight from 5%-10% of the overall portfolio, with no single alternative fund exceeding 5% of the overall portfolio.



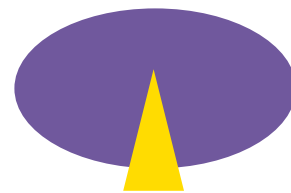
Equity holdings in the portfolio must be split fairly equally between large cap (45%-55%) and mid + small cap (45%-55%) stocks.

10%

With the exception of fixed income funds, no single fund can comprise more than 10% of the total portfolio.



Equity holdings must be spread roughly equally among the Value, Growth, and Blend styles (30%-35% each).



Alternative funds must range in weight from 5%-10% of the overall portfolio.