Dear Finance Major/MBA Candidate:

In order to avoid a scheduling conflict with the College of Business Administration’s Honors Program the Student-Managed Investment Management (SMIF) Program has been rescheduled to meet during the Fall semester 2008 on Thursdays from 4:00 to 6:45 p.m. To accommodate a number of potential applicants who were unable to arrange their schedules to participate in SMIF at the previously schedule time we have reopened the application process and established Wednesday, July 30 as the application deadline. The following information will assist you in determining if you wish to apply for participation in SMIF.

With the start of the 2008/2009 academic year, we will be entering our fourteenth year for the Student-Managed Investment Fund (SMIF), which is an honors-type program available for undergraduate finance majors and MBA students who plan to concentrate in finance. The SMIF program was originally established during the 1995/1996 academic year, and was fully funded by the Department of Finance. With the program’s creation, the California State University, Long Beach, became one of a small but growing number of academic institutions with this type of educational endeavor.

The Student-Managed Investment Fund is designed to provide a real-world, hands-on experience in securities analysis and portfolio management. Almost all academic institutions offer students the opportunity to participate in simulated investment and portfolio management courses; unfortunately, such endeavors always fall far short of the realities experienced managing "real" dollars. Thus, the primary objective of SMIF is to provide an experience that will duplicate risk/reward perspectives that actually occur as portfolios are constructed and managed. In addition to providing an opportunity to participate in the analysis and selection of securities, portfolio management skills are developed and enhanced through the use of state-of-the-art technology. Leadership, team building, and both oral and written communication skills are also emphasized. The goal is to develop the spectrum of skills essential to successfully navigate the investment-management process.

SMIF is an honors-type program and is therefore open to students by invitation only. Participation in the program requires a commitment of one year, including three units of credit for each of two semesters, for a total of six units of credit awarded to those who successfully complete the one-year program. Admission to the program is only available in the Fall semester. For undergraduate applicants both FIN 300 (Business Finance) and FIN 350 (Investment Principles) must be completed prior to being accepted into the program. Completion of FIN 450 (Portfolio Analysis) is desirable but is not required for admission. However, if it has not been completed beforehand, FIN 450 must be taken concurrently with the SMIF class during the Fall semester. FIN 485 (Fixed-Income Analysis) is also beneficial. For MBA candidate applicants FIN 650 (Seminar in Investments) must be completed prior to being accepted into the program. Completion of either FIN 450 (Portfolio Analysis) or FIN 485 (Fixed-Income Analysis), both of which can be taken for graduate credit, is desirable but is not required for admission. Due to the nature of the program, a very high level of commitment is expected and required for successful completion. Participants should expect to devote at least ten or more hours per week beyond class time, and the level of the classroom experience is intense.

Perhaps the most significant benefit derived from the "SMIF Experience" is the elevation of career visibility and satisfaction. Completion of the one-year program is very career-enhancing. With the investment professionals who appear as guest speakers/lecturers or who invite SMIF students to visit their firms as part of the Host-a-Student program, along with other available networking opportunities, a student who completes the program will be in a much stronger position to pursue a career in the investment profession upon graduation.
The primary responsibility for the SMIF students, of course, is the management of the SMIF portfolio, which is a $100,000 portfolio that is funded through the Department of Finance. This is overseen by the university’s Finance and Investment Committee, to whom the SMIF students must report on their activities near the end of the school year, and, like most endowment funds, the SMIF portfolio has an objective that could be described as “growth of income.” As such, the required asset allocation guidelines for the fund include an allocation to money market and other fixed-income securities of between 25% and 50%, and an allocation to equities of between 50% and 75%. Equity investments in foreign companies are not allowed, unless the stock in those companies is listed on U.S. markets (e.g., through an ADR). The use of derivatives, while useful in many cases for risk-management and income-generation purposes, is not allowed for the SMIF portfolio. Moreover, no more than 5% of the portfolio can be invested in any one security, and no more than 15% can be invested in any one industry. After following a top-down analysis approach to determine the target asset and then industry allocations for the portfolio, individual securities will be analyzed and evaluated and then presented to the rest of the class for potential inclusion in the portfolio. The class will then vote on the security, with a supermajority required for inclusion. Any equity securities included in the portfolio must also be accompanied by a 10% stop-loss order, so the initial analysis of the security must also address the likelihood of a 10% drop in the price of the stock.

Another major real-world component of the SMIF experience for recent SMIF classes has been their participation in the Annual Portfolio Management Request-for-Proposal (RFP) Competition conducted by the CFA Society of Orange County Foundation (CFAOCF), which allows student teams from local universities to experience first-hand the process that fund managers must go through in order to be allowed to manage institutional funds. CSULB SMIF students have won first place in the competition for each of the past five years, ever since the competition was established, through which they earned the right to manage, for one year, a second $100,000 portfolio that is overseen by the CFAOCF’s Investment Policy Committee and is managed separately from the $100,000 SMIF portfolio.

Toward this end, the applicants who seek to become members of the 2008/2009 SMIF team will be required to attend three “SMIF Boot Camp” sessions during the balance of summer 2008. Dates and times for the meetings are as follows: Friday, August 1, 6:00 p.m.; Friday, August 8, 1:00 p.m.; Saturday, August 16, 11:00 a.m. The purpose of these sessions will be to better familiarize the applicants with the details of the SMIF portfolio-management process and with the guidelines of the CFAOCF’s RFP competition and to assist the applicants in getting started on the portfolio and security analysis process that will lead to the construction of the 2008/2009 SMIF portfolio. During the week following the third boot camp session, we will conduct the final interviews of each of the SMIF applicants, after which the final selection of students to participate in the 2008/2009 SMIF Program will be made.

If you have an interest in this outstanding educational opportunity, then, on behalf of the Department of Finance and the SMIF Advisory Board, we encourage you to complete the enclosed application. In addition, please submit a statement, as detailed as you wish (a suggested guideline is one to three pages), expressing your career interests, goals and objectives. While your GPA is an important consideration in admission to the program, it is only one of several criteria weighed in the selection process. We are primarily concerned that you show the interest, drive, and ability to succeed in a career in investment management. You may include any other statements you feel will be beneficial in aiding your acceptance into the program. Please note the phase one application deadline of Wednesday, July 30, 2008. In the event that you choose to apply for admission to the SMIF Program please closely monitor your e-mail for announcements regarding SMIF-related events and activities during the balance of the summer.

Please feel free to contact either Dr. Runyon (phone: 562-985-4567; e-mail: drunyon@csulb.edu) or Dr. Ammermann (phone: 562-985-7526; e-mail: pammerma@csulb.edu) if you would like additional information about the SMIF program. We look forward to your interest in what is certain to be a very unique, rewarding, and career-enhancing educational experience!

Sincerely,

Dr. L. R. Runyon Peter A. Ammermann, Ph.D.
Director, Student-Managed Investment Fund Co-Director, Student-Managed Investment Fund
APPLICATION FOR PARTICIPATION IN THE SMIF PROGRAM

DEPARTMENT OF FINANCE
COLLEGE OF BUSINESS ADMINISTRATION
CALIFORNIA STATE UNIVERSITY, LONG BEACH

NAME:  
STUDENT ID:  
ADDRESS:  
CITY:  
TELEPHONE:  
E-MAIL:  

Are you an MBA candidate or an undergraduate? _______________
If you are an undergraduate, are you a Finance major with an Investments option? ________
(Undergraduate) What are your minor and/or second major fields, if any? __________  __________
(MBA candidate) What were your undergraduate major or majors? __________  __________
Are you a member of FMA (Financial Management Association)? ________
Are you Bloomberg certified? ________

Please list all finance courses you have taken, with the grade received for each course:

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What finance courses do you expect to complete during the upcoming summer session? __________  __________
How many MBA or upper division units have you completed? ________
What is your GPA for upper division courses? ________
What is your cumulative GPA? ________
If you are an MBA candidate, what was your undergraduate GPA? ________
What is your expected date of graduation (month/year)? ________
If admitted into the SMIF Program, will you commit to participate for the entire academic year? ________

Please return this application with your statement of interest, goals, and objectives (*suggested length one to three pages*) to:

Dr. Peter A. Ammermann
CBA 328
Department of Finance
California State University, Long Beach
Long Beach, CA  90840-8505

APPLICATION DEADLINE: TBA