

**William Paterson University
Christos M. Cotsakos College of Business**

**WILLIAM PATERSON UNIVERSITY
WILLIAM PATERSON UNIVERSITY INVESTMENT GROUP**

CONSTITUTION AND BY-LAWS

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I. ABSTRACT	3
II. CONSTITUTION OF THE WPU INVESTMENT GROUP AT WILLIAM PATERSON UNIVERSITY	4
ARTICLE I: NAME	4
ARTICLE II: PURPOSE	4
ARTICLE III: MEMBERSHIP	4
ARTICLE IV: EXECUTIVE BOARD AND PORTFOLIO MANAGER(S).....	5
ARTICLE V: THE PORTFOLIO(S)	5
ARTICLE VI: INVESTMENT METHODOLOGY	6
ARTICLE VII: CUSTODIAN	6
ARTICLE VIII: REMOVAL OF EXECUTIVE OFFICERS AND CUSTODIAN	6
ARTICLE IX: ADVISORY BOARD	6
ARTICLE X: VACANCIES/SPECIAL ELECTIONS.....	6
ARTICLE XI: RESIGNATION OF OFFICERS	6
ARTICLE XII: MEETINGS.....	6
ARTICLE XIII: ELECTIONS.....	6
ARTICLE XIV: AMENDMENTS	7
ARTICLE XV: EXAMINATION.....	7
III. BY-LAWS	8
BY-LAW I: MEMBERSHIP	8
BY-LAW II: PORTFOLIO MANAGER(S) AND SENIOR ANALYST(S)	9
BY-LAW III: THE PORTFOLIO(S)	9
BY-LAW IV: INVESTMENT METHODOLOGY	9
BY-LAW V: ADVISORY BOARD	9
BY-LAW VI: MEETINGS.....	10
BY-LAW VII: ELECTIONS	10
BY-LAW VIII: AMENDMENTS	10
BY-LAW IX: DISSOLUTION/DISINTEGRATION OF THE GROUP.....	10
ACKNOWLEDGEMENTS	11

I. ABSTRACT

The *WPU Investment Group (WPUIG)* at William Paterson University will provide an opportunity for students to gain hands-on experience of selecting and managing financial assets. It will establish a parallel between academic work and professional portfolio management techniques. Furthermore, it will provide a vehicle for students to develop entrepreneurial and fiduciary skills through self-regulation and organizational control. The creation of this Group will contribute immensely to the student's experience at William Paterson University as well as to the image of the institution itself.

Through our research of different types of "Student Managed Portfolios" throughout the country, we chose to model our organization after NYU's Investment Analysis Group. We took the basic structure of NYU's IAG, including meeting and organizational structure, and modified it to match William Paterson's requirements.

Naturally, this project has been a very challenging as well as rewarding one. While the hard work it entailed in terms of research, deliberations, formulation of the Group's goals and regulation, and the presentation to investment professional, was an extremely arduous and demanding task, it has also been an invaluable experience. The establishment of this organization will offer genuine and innovative enrichment opportunities to the William Paterson University community, while simultaneously complementing the college's state-of-the-art facilities and recourses.

As it can be observed in the Constitution and Bylaws of the *WPUIG*, many details pertaining to the structure and functions of the Group have been thoroughly analyzed and recorded in a systematic way. The documents represent a comprehensive guideline for the Group's future leadership and members. They were deliberately formulated in an extensive way in order to provide a stable foundation for the inauguration of the Group.

Undoubtedly, the most rewarding and motivating part of the project was the support and assistance we received from Sam Dedio, Matthew Haynes, and Margaret McGee, who are all investment practitioners. We had the great opportunity to present the Group's vision to individuals who are not only a part of the university community but also are experienced professionals that can provide invaluable counsel for setting up and managing an actual student managed portfolio. The discussions with them provided us with a clear understanding of what should be done in order to ensure the success of a student managed portfolio. They also helped us appreciate the limitations of some of our visions and look for ways to resolve those challenges.

II. CONSTITUTION OF THE WPU INVESTMENT GROUP AT WILLIAM PATERSON UNIVERSITY

ARTICLE I: NAME

The name of this organization shall be the WPU Investment Group at William Paterson University. It will be referred to as "*The Group*".

ARTICLE II: PURPOSE

To provide an opportunity for students to experience the dynamics of security investments in today's global financial markets

To establish a parallel between academic work and portfolio management techniques

To establish an effective channel of communication between student members and investment professionals

To build unity within the organization and networks which extend beyond the William Paterson University community

To provide an opportunity for students to develop/strengthen their interest in financial analysis through the hand-on opportunity to actively manage capital

ARTICLE III: MEMBERSHIP

Section A: General Membership:

The Group is open to students who attend William Paterson University.

Section B: Voting Membership:

Voting Members shall:

1. consist of General Members who have a minimum of 2.50 G.P.A. upon entering and throughout college career.
2. be able to participate in Group events in addition to Group meetings
3. be eligible to hold an official position in the Group
4. be present to at least two consecutive meetings to be eligible for voting rights

Section C: Senior Analyst

1. Must be a voting member
2. Must attend at least $\frac{3}{4}$ of all meetings during the year
3. Must recommend at least 3 ideas which are included in the portfolio

Section D: Alumni Members:

Alumni membership is open to former William Paterson University students. They may not hold office or vote.

Section E: Loss of Membership:

All members shall forfeit their membership privileges if found to be guilty of unlawful or offensive behavior¹ in accordance with the Advisory Board and a two-thirds [2/3] majority of the voting members decision at a regularly scheduled meeting. Members may appeal to the Advisory Board.

¹ Refer to Bylaw I: Membership, section Loss of Membership for further clarification

ARTICLE IV: EXECUTIVE BOARD AND PORTFOLIO MANAGER(S)

No member shall hold more than one position throughout the course of his or her term.

Section A: Executive Board:

The governing body of the Group shall be known as the Executive Board.

The Executive Board shall consist of a Chairperson, Portfolio Manager(s), and Treasurer/Secretary.

Section B: Powers and Duties of the Executive Board:

1. Chairperson:
 - a. Manage the total operations of the organization
 - b. Coordinate Public Relations and Marketing Activities of the organization
 - c. Coordinate elections
 - d. Manage internal and external operations

2. Portfolio Manager:
 - a. Monitor the performance of the Portfolio(s)
 - b. Instruct the faculty adviser or the Director/Assistant Director of E*Trade FLC as to which securities need to be bought or sold as per the consensus of the voting members
 - c. Determine the amount of shares to be purchased or sold
 - d. Instruct the custodian as to the amount of the order
 - e. Update the Group members of the performance of the portfolio(s) at the meetings
 - f. Coordinate presentations

3. Treasurer/Secretary
 - a. Generate all agenda items and report them to the Advisory Board
 - b. Keep a roster of all Voting Members
 - c. Keep a record of meeting minutes
 - d. Oversee general finances and be responsible for budgetary expenditures

ARTICLE V: THE PORTFOLIO(S)

Section A: Structure:

The Portfolio(s) will reside within the Group. The investment decisions will be made through a simple majority vote of the Voting Membership upon review of investment opportunities.²

Section B: Execution:

Upon recommendation from the Portfolio Manager, the custodian will handle the execution of transactions.

² Refer to Article XII: Meetings

ARTICLE VI: INVESTMENT METHODOLOGY

For a detailed description of the Investment Methodology, refer to the Investment Policy Statement of the Portfolio(s).

ARTICLE VII: CUSTODIAN

The Custodian shall be the Director/Assistant Director of the E*Trade Financial Learning Center or a full-time faculty member of the Cotsakos College of Business. The custodian shall be voted in by a simple majority of the Advisory Board.

The Custodian shall:

1. execute all securities' transactions.
2. be charged with the responsibility for safekeeping securities and collections and disbursements.
3. verify the cumulative G.P.A. of the Group's Executive Board and Portfolio Manager(s).

ARTICLE VIII: REMOVAL OF EXECUTIVE OFFICERS AND CUSTODIAN

Any Executive officer and Custodian can be removed by a simple majority vote of the Advisory Board.

ARTICLE IX: ADVISORY BOARD

The Advisory Board will provide general counsel to the Group. The Advisory Board will consist of investment professionals, alumni, two faculty member and the members of the Executive Board. The members of the advisory board shall vote on any amendments made to the Investment Policy Statement(s) or the governing principles of the Group. The tenure of members of the Advisory Board is indefinite, with the exception of the Executive Board.

ARTICLE X: VACANCIES/SPECIAL ELECTIONS

In the event of a vacancy, the Executive Board will elect by a simple majority vote a voting member to finish off the term of said position.

ARTICLE XI: RESIGNATION OF OFFICERS

Any Executive Board member wishing to resign his/her position shall give a two weeks notice to the Advisory Board and all members before the resignation takes effect.

ARTICLE XII: MEETINGS

The Group will meet once a week at least ten [10] times per semester. The meetings' structure is comprised of two components. The first component deals with Group business. The second component includes student presentations of different investment opportunities, which will be voted on for inclusion in the Portfolio(s).

ARTICLE XIII: ELECTIONS

Nominations for Executive Board or Portfolio Manager's Positions shall be opened at a regularly scheduled meeting and run for at least two weeks. The elections shall be held at a regularly scheduled meeting one week after the closing of nominations. The candidates with the plurality of the votes shall be declared the winners. The election

process will begin mid-November and elections will be held the first week of December for the following year. Newly elected positions will take effect January first [1].

ARTICLE XIV: AMENDMENTS

Any Voting Member of the Group may sponsor an amendment to this constitution. The amendment must pass the organization's Advisory Board by a simple majority vote.

ARTICLE XV: EXAMINATION

The Group's financial records are subject to examination upon request by William Paterson University. The G.P.A. requirements of the Executive Board and Portfolio Managers are subject to review at the beginning of each semester by the Custodian in order to determine eligibility.

III. BY-LAWS

BY-LAW I: MEMBERSHIP

General Member Eligibility:

The *WPUIG* will be open to every student at William Paterson University. In accord with the philosophy and objectives of the Group, the opportunity to participate in the Group will be granted to every member of the William Paterson University community regardless of their area of study. Even though some knowledge and understanding of investment principles is recommended, no individual who is interested and willing to participate in this experience will be denied the opportunity to become a part of it.

Also, active attendance to the weekly meetings is expected from all Group members. Individuals are encouraged to attend the Group meetings over the course of the semester and there will be attendance incentives to facilitate this initiative.

Voting Membership Clarification:

Voting Membership privileges will be awarded to the General Members who meet the following requirements. Voting Members will not be eligible to vote when absent at two previous consecutive meetings. Voting Members shall have a minimum of 2.50 G.P.A. upon entering and throughout their tenure in the group. In a case a Voting Member falls below the 2.50 G.P.A. requirement, their participation eligibility will be suspended until their academic standing meets the eligibility requirements.

Voting Members shall be eligible to hold official positions in the Group.³ Official positions include Executive Board positions.

Alumni Membership Clarification:

Alumni Membership is open to former William Paterson University students. The purpose of encouraging alumni to remain active in the organization is to foster mentorship and to enhance networking opportunities among members. However, Alumni Members are not eligible to hold official positions or have voting rights. The Alumni's privilege to attend special Group activities will be left to the discretion of the Executive Board.

Loss of Membership:

All members shall forfeit their membership privileges if found to be guilty of unlawful or offensive behavior⁴ in accordance with the Advisory Board and a two-thirds [2/3] majority of the voting members decision at a regularly scheduled meeting. Members may appeal to the Advisory Board.

Voting Members shall have a minimum of 2.50 G.P.A. In case, a Voting Member falls below the 2.50 G.P.A. requirement, their participation eligibility will be suspended until their academic standing meets the eligibility requirements.

³ General Members are not eligible to hold official positions.

⁴ Unlawful or offensive behavior includes actions that conflict with the ethical and regulatory standards of William Paterson University or the Code of Ethics.

BY-LAW II: PORTFOLIO MANAGER(S) AND SENIOR ANALYST(S)

The role of the Portfolio Manager(s) encompasses the responsibilities stipulated in the constitution. Furthermore, the Portfolio Manager(s) should take an active role in the educational component of the members. An example of how this can be accomplished is to coordinate special information seminars that will clarify the intricacies of the investment models being used.⁵

Portfolio Manager(s) must have a G.P.A. of at least 3.00 in order to hold their position.⁶

The Portfolio Manager(s), in conjunction with the Senior Analyst(s), should monitor the portfolio(s) on a regular basis between meetings.

The Portfolio Manager(s), in conjunction with the Senior Analyst(s), shall coordinate a bi-weekly cyclical rebalancing process, which will evaluate the current Portfolio(s) holdings.

BY-LAW III: THE PORTFOLIO(S)

The intricacies of the Portfolio(s) will be regulated by the Investment Policy Statement.

BY-LAW IV: INVESTMENT METHODOLOGY

The intricacies of the Investment Methodology will be regulated by the Investment Policy Statement.

BY-LAW V: ADVISORY BOARD

The Advisory Board will be an integral part of the Group. It will provide expertise and make recommendations in specific areas, in which the Group needs improvement. The performance and investment strategies of the Group at William Paterson University will be monitored and counseled by the Advisory Board. The Advisory Board will consist of investment professionals, alumni, two faculty members, and the Executive Board. The practitioners will be invited to participate in the Advisory Board either through the alumni relations of William Paterson University or through faculty members who identify appropriate and interested professionals from the investment community.

The purpose of the Advisory Board will be to review the investment philosophy of the Group and to provide general counsel. The members of the Advisory Board will also be invited to a Stakeholders Summit that will be held once every semester. The summit will allow Group members to meet with the Advisory Board and give an account of the performance of the Portfolio(s). The Group members will report to the Advisory Board the portfolio's performance, the transactions initiated by the Portfolio Manager(s), and details of prospective purchases or sales. The Advisory Board will have the opportunity to evaluate and discuss the strengths and weaknesses of the Portfolio(s). The Portfolio's composition, as well as investment techniques will be assessed by members of the Advisory Board and pertinent recommendations can be made.

The Advisory Board will serve the important function of providing valuable feedback to the members of the Group regarding the performance of the Portfolio(s) and will take an active role in making decisions pertaining to the Group's managing philosophy. It will also allow for establishing invaluable communication between students and experienced

⁵ Refer to the Bylaw on Investment Methodology for further clarification of investment models.

⁶ Refer to the Constitution, Article X: [Vacancies/Special Elections](#)

professionals. As a result, the Advisory Board will significantly enhance and stimulate the learning experience of the students. The interaction of students with members of the Advisory Board will contribute to an academic experience that enables students to take responsibility, make decisions, and perform under genuine conditions that are comparable to the challenges of the real world. The Advisory Board will strongly emphasize and further the gravity of the Portfolio(s).

BY-LAW VI: MEETINGS

Section A: Scheduling of Meetings:

The meetings will be held at 6:30 pm but advertised for 6:00 pm to allow time for members to arrive. Meetings will be held Thursdays and should not last for more than an hour and a half [1½]. The purpose for this meeting time is to enhance the students' participation in the Group by enabling commuter students to attend. This time has been proven to produce desired results in similar organizations.⁷

Section B: Meetings Structure:

The meetings will follow an agenda, which will facilitate the carrying out of the Group's business; i.e. roll call, chairperson's report, portfolio update, etc. The second component includes student presentations of different investment opportunities, which will be voted on for inclusion in the Portfolio(s). The student presentations should be the main focus of each meeting. The presentations will be coordinated by the Executive Board and will be prepared and presented on a voluntary basis by the Membership. Members willing to make a presentation shall notify the Executive Board at least two weeks in advance. Following the presentation, there will be a discussion segment before the voting. Upon the conclusion of the discussion segment, the presenters will be asked to leave the room for the final pass and play arguments and voting.

BY-LAW VII: ELECTIONS

For elections procedures refer to **Article XIII: Elections**. Members will run for specific positions (i.e. Portfolio Manager(s), Treasurer, etc).

Special positions are appointed by the Executive Board and include any necessary positions that may be identified by the Board. Such positions may include: Webmaster, Toastmaster, Caterer, Financial Models Workshop Coordinator, and Social/Activities Chair.

BY-LAW VIII: AMENDMENTS

Any Voting Member of the Group may sponsor an amendment to these By-laws. The amendment must pass the organization's Advisory Board by a simple majority vote.

BY-LAW IX: DISSOLUTION/DISINTEGRATION OF THE GROUP

In the event that the continued existence of the Group is jeopardized by a lack of active membership, which would be in the case of having fewer than five [5] active student participants, the Advisory Board shall appoint by a simple majority vote a Portfolio Custodian, who shall take over the passive management of the current Portfolio holdings until the Group's student involvement rate is revived.

⁷ The Investment Analysis Group (IAG) at NYU Stern meets at 6:00 pm on Fridays.

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The founding students, faculty advisors, and E*Trade Financial Learning Center would like to take this opportunity to express our thanks to the following stakeholders for their support and assistance. Sam Dedio, Matthew Haynes, and Margaret McGee, WPU Alumni and successful investment practitioners, provide invaluable guidance for setting up and managing a student managed portfolio. The discussions with them provide us with a clear understanding of what should be done in order to ensure the success of the portfolio. They also help us appreciate the limitations of our visions and look for ways to resolve those challenges. We also thank for the support from other entities in the university community including the President's Office, Office of Institutional Advancement, Dean's Office of the Cotsakos College of Business, and others.