

A Vision: Dean's Investment Lab

Innovative, experiential finance education

The Dean's Investment Lab allows a select group of undergraduate students with an interest in our financial markets and investing the opportunity to manage and trade a well-funded portfolio of real securities in an attempt to out-perform the market over the course of 16 months. It will have the dual mandate of providing a unique, hands-on educational opportunity for students interested in investing, while simultaneously using the proceeds to fund scholarships and undergraduate programming in the Division of Social Sciences, imbuing every function of this innovative program with educational impact and value. This fund stands as the centerpiece of the Department of Economics and Division of Social Sciences' ethos combining experiential learning and professional development. It will provide students with a foundational understanding of capital markets, preparing them for the highly competitive fields of finance and investment management with hands-on training at the undergraduate level.

A critical component to the success of the Dean's Investment Lab is the establishment of a one-year certificate program through UCSB Extension to broadly train students on the concepts and systems that will be utilized in the lab. All participants will be required to take Economics 1, 2, and 3A as prerequisites. The certificate program will consist of 18-20 total units divided among courses, such as Financial Statement Analysis, Risk and Ethics, Investment Strategies, and so on, all with a heavy emphasis on practitioner-based instruction.

Successful completion of the Certificate in Finance and Investing will be required before participation in the Dean's Investment Lab starts, but can be in progress at the time of application. Students will also be required to complete a concurrent Bloomberg Terminal certification course.

Twelve students will be selected by a committee composed of educators and external advisors from the pool of qualifying applicants to manage a diversified portfolio of approximately \$250,000 initially, consisting of donated capital. Each program cycle will for a duration of 16 months and will be overseen by a team consisting of one Economics faculty member and one Economics lecturer/practitioner, with additional guidance provided by a board of external advisors composed of professionals and alumni.

The Dean's Investment Fund will be structured to expose students to situations that they would experience at a typical investment management firm, including designing an investment strategy, developing economic and industry outlooks, selecting an asset allocation, conducting in-depth security analysis, and addressing organizational and group dynamic challenges. Application and interviews will take place in March. Incoming participants will have audit sessions over Spring Quarter, during which time the new cohort will learn from the current class about their specific strategies and investments, allowing the current group to pitch maintaining some/all of their investments. The program will run fall through spring with students enrolling in a 2-unit course each quarter. It will consist of weekly meetings with the faculty coordinator and regular conference calls/meetings with the program's external advisory board. Transaction proposals will be submitted as written reports and short pitches to the group, with final approval resting with the faculty coordinator. Transactions will be carried out by the UC Office of the President.

Funding Priorities

Operational Funding: \$70,000 annually – Bloomberg Terminal license, Staff, Faculty Coordinator, student scholarships - plus a \$50,000 one-time cost for lab renovation.

Investment Fund Target: \$250,000 by Fall 2020
\$2,000,000 by Fall 2024