Griffith UNIVERSITY
Griffith Business School
Queensland, Australia

Student Investment Fund

Contribute in partnership with one of Australia's leading business schools

Gift disclaimer:

Griffith University is endorsed by the Australian Taxation Office as a deductible gift recipient (DGR) and can receive income tax deductible gifts. Donations to Griffith of $2 or more are tax deductible in Australia.

The Promoter of these Griffith University Appeals is the Director, Development and Alumni Office, pursuant to Sanction Number CP5701.

Privacy

Griffith University collects, stores and uses personal information only for the purposes of administering fundraising and alumni programs. The information collected will be handled in accordance with Griffith University's Privacy Plan. For further information, please consult the University's Privacy Plan.

TABLE OF CONTENTS

STUDENT INVESTMENT FUND FOUNDATION PARTNERS

1.0

Griffith Business School is actively seeking Foundation Partners to co-contribute to our Student Investment Fund. As part of the School growing our investment in the next generation of business leaders, we have established the Student Investment Fund, which puts theory into practice by giving students the experience of investing real money based on decisions they have reached through analysis of investment data.

The fund was seeded by Griffith Business School in 2018 and provides outstanding finance students with access to Queensland's largest student-managed investment fund.

The School has committed a cornerstone investment of $250,000 and is now seeking a co-contribution of $10,000 or more from 25 Foundation Partners, including alumni, friends of Griffith University and industry partners.

By seeking co-contributions from our Foundation Partners, the School will continue to be more innovative and more creative than any other business school in Australia.

Partnering with Griffith Business School will offer Foundation Partners the opportunity to capitalise on a number of key attributes of the fund including:

- the ability to access, mentor and offer internships to job-ready graduates
- a unique opportunity to contribute, alongside one of Australia's leading business schools, to fund a sustainable scholarship scheme to underwrite the education and training of our most outstanding and deserving graduates
- leveraging our world-class academic teaching staff, industry research capability, infrastructure and networks
- participation in what will be the largest student-managed fund in Australia which will train and develop students to make authentic and genuine investment decisions in managing a real pool of savings
- investing in companies based on Environmental, social and governance (ESG) ratings consistent with Griffith University's corporate social responsibility charter and better financial performance of managed funds.

Griffith Business School will recognise the significance of each of our Foundation Partners by donating a tax deductible co-contribution of $10,000 to the fund. Griffith Business School will recognise the significance of each of our fund Foundation Partners by donating a (tax deductible) co-contribution of $10,000 to the fund for every contribution from our Foundation Partners.

We are committed to acknowledging each Foundation Partner by formally celebrating their co-contribution through a comprehensive recognition and thank you program. This will include a Foundation Partner display wall, access to student presentations, invitation to the Griffith Business School gala dinner and the annual foundation member cocktail event.

2.0

ABOUT THE STUDENT INVESTMENT FUND

Griffith Business School is committed to providing skilled, knowledgeable and work-ready graduates for the financial services and investment funds management industry. The School also plays a vital role in the continuing professional development for industry practitioners.

Significant investment in building Griffith Business School's reputation for excellence includes the establishment of:

- a faculty of internationally-recognised academics in finance, funds management, superannuation, long-term portfolio decisions, and pension finance
- the Griffith Centre for Personal Finance and Superannuation—the leadership team of Professor Robert Bianchi (Director) and Professor Mark Brimble (Deputy Director) manage a team of over 30 researchers undertaking a comprehensive research program that draws on our expertise in finance, financial planning, economics, accounting, business law, and taxation
- two state-of-the-art Bloomberg trading rooms at our Nathan campus and the Margaret Mittelheuser Trading Room on the Gold Coast—these are equipped with 24 Bloomberg terminals which give students the opportunity to put theory into practice.

Sustainable investment performance is an issue of vital national significance for all Australians. Australia ranks among the world leaders in the size of its superannuation assets under management, currently estimated to be in excess of $2.5 trillion of long-term retirement savings.

Finance students can enrol in the Student Investment Fund course, convened by Professor Robert Bianchi. This is where they will analyse, evaluate and invest in socially responsible, ASX-listed companies using our trading rooms, live data and the School seeded fund of $250,000. Students are provided with a fully immersive learning environment and given the opportunity to critically understand the process of decision-making in financial management, portfolio construction, risk mitigation and investment return optimisation in the face of uncertainty and resource constraints.

Griffith Business School has Australia's most dynamic and comprehensive immersive learning environment for finance students.

At Griffith Business School we are innovative in our teaching and learning methods. We genuinely believe it is this commitment to continuing innovation which differentiates us and enables us to continue to educate and train work-ready graduates who can exercise influence and make meaningful lifelong contributions to their commitment.

PRODUCT SUMMARY AND INVESTMENT THESIS

3.0

The Student Investment Fund provides participating students the opportunity to gain valuable hands-on experience in equities research, valuation of assets, risk assessment, asset allocation, portfolio management, reporting, and governance.

The return objective and benchmark is to achieve a 12-month rolling return (net of fees and taxes) equal to, or greater than, the Dow Jones Sustainability Australia Index (DJSAI).

The funds contributed to the Student Investment Fund are University funds and as such investments are undertaken within an appropriate risk framework that ensures these funds are not invested in a way that presents a disproportionate risk compared to expected returns. While performance remains the primary focus for the fund, it is not expected that the fund will outperform market benchmarks on a consistent basis. The principal objective is to deliver high-quality, practical education for participants through the use of a challenging, integrated, analytical project using the real-time capital market data and transactions.

The fund was established by Griffith Business School with an initial, permanent funding of $250,000 with the objective of attracting co-contributions of an additional $250,000. The dividend returns to the fund are allocated to a liquidity pool within the fund and are used to finance a sustainable scheme of scholarships for Griffith Business School students. Therefore, Foundation Partners' co-contributions have multiple benefits.

The fund operates according to the following principles:

- The fund practises an actively managed long only equity direct investment strategy, with no use of other financial instruments other than ASX-listed equities that are constituents in the DJSAI. Investment in derivatives, debt or hybrid instruments are specifically excluded. Companies must have a market capitalisation of greater than $100 million and no more than 30 companies will be invested in the fund at any point in time.
- The fund invests in equities which are socially responsible. The Dow Jones Sustainability Indices Methodology excludes companies with production and/or revenue streams associated with adult entertainment, alcohol, armaments, cluster bombs, firearms, gambling, tobacco, and companies whose primary business relates to fossil fuels. The exclusions criteria above is also extended to include equities excluded within Section 2.4 of the Griffith Treasury Policy.
- The fund is governed by best practice investment principles, which prioritises the minimisation of risks associated with direct equity investment over the pursuit of exceeding investment performance of the benchmark.
- All returns, positive and negative, are retained by the fund.
- Where practicable, all aspects of the management, reporting and governance requirements of the fund are undertaken by participating students with appropriate oversight from the course convenor and the Griffith University Office of Finance.
- The fund forms part of the University's Direct Investment Strategy as approved within the University Treasury Policy and operates in the name of the University. All records of the initial investment, returns, retained profits and losses are stored with a separate project of the University general ledger.

4.0

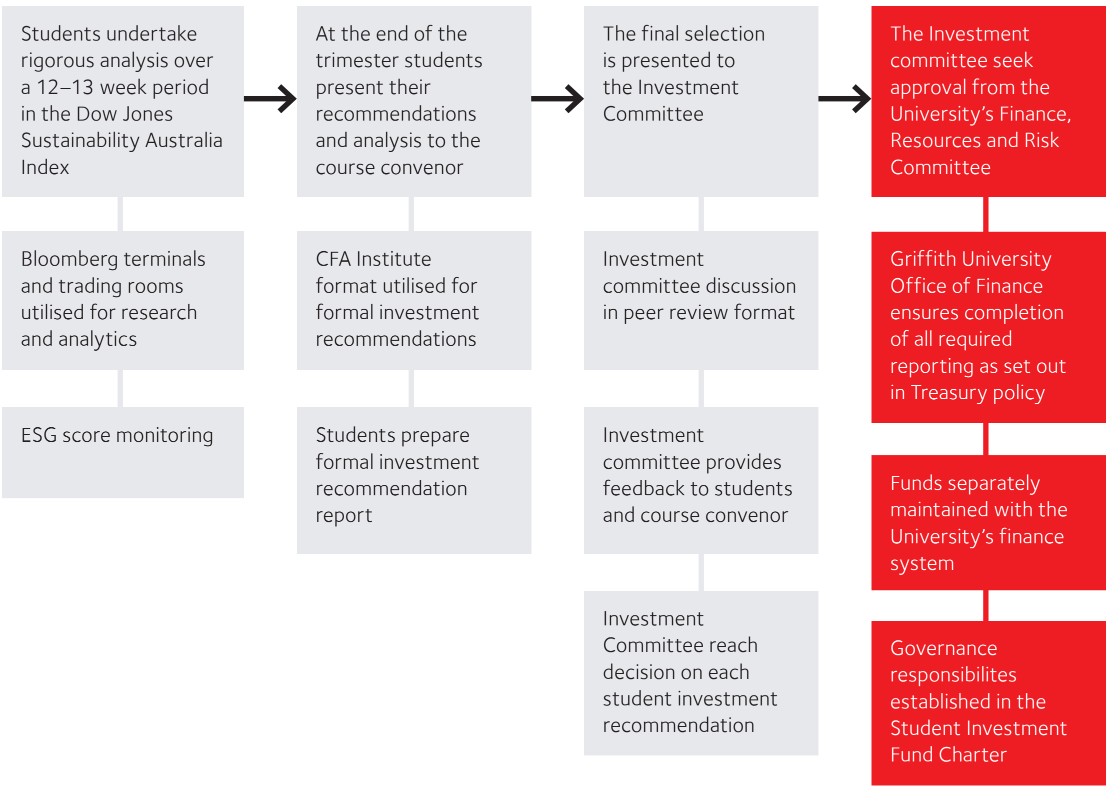
FUND STRUCTURE AND PROCESS

The fund structure has been established in accordance with the Griffith University Treasury Policy. As such, all funds contributed to the fund by Griffith Business School ($250,000) and all funds received from co-contribution in partnership with the School (initial funding targets of $250,000) are treated as Griffith University funds and all investments of the fund are beneficially owned by Griffith University.

The University's Finance, Resources and Risk Committee (FRRC) is the governance body with oversights of the Treasury Policy. The committee amended the Treasury Policy to establish a Direct Investment Strategy within the investment framework to facilitate, among other things, the Student Investment Fund. By virtue of the fund operating within, and in accordance with, the Treasury Policy, the Finance, Resource and Risk Committee will continue as the overarching governance committee of the fund.

Detailed governance responsibilities of all parties involved in the formation and execution of the fund have been documented in the Student Investment Fund Charter. A copy of the charter will be made available to all co-contributors on request.

An overview of the investment process is outlined below:



5.0

INVESTMENT STRATEGY AND INVESTMENT ANALYSIS

Strategy

The fund is managed on a total return basis, taking into account the University's status as a tax-exempt organisation. Equities are selected based upon fundamentals, and buy/sell transactions are undertaken in accordance with allocation proportions determined by student analysis and in consultation with the course convenor and approved by the fund's investment committee.

Selection of equities

Market conditions will vary during the life of the fund. As a result, students apply various methods for selection of equities. Equities are selected for inclusion in the fund based on their total return and with regard to whether that return is comprised of capital gains, dividends and interest, or a combination of all.

The selection of equities for the fund meet the criteria outlined below. These are intended to maximise diversification and reduce investment risk:

- Only equities of companies listed on the ASX can be invested in, while investments in derivatives, debt or hybrid instruments are specifically excluded.
- Companies must have a market capitalisation of greater than $100 million.
- Companies must be a constituent of the DJSAI and satisfy the ESG criteria set out in section 2.4 of Griffith University's Treasury Policy. Companies involved in any form of adult entertainment, alcohol, armaments and firearms, gambling and tobacco are specifically excluded, as are companies whose primary business relates to fossil fuels.
- The fund will not invest more than 30 companies at any point in time.

Investment analysis

Students research and analyse specific equities according to the methodology developed by Professor Robert Bianchi (Director—Griffith Centre for Personal Finance and Superannuation Student Investment Fund course convenor). The methodology is consistent with the CFA Institute Research Challenge. Students present their investment recommendation to the investment committee and recommend whether the fund adopts a buy, hold, sell position on the specific equity that they have researched and analysed. The recommendation is bound by the +/-2% portfolio weighting criteria for each equity depending on the research and analysis including the students' ESG due diligence.

In the event that the equity investment does not meet Griffith-ESG criteria the student recommends a NIL or NO investment. We believe that the ESG due diligence is a differentiating feature of the fund. Students maintain an ESG database to reference the fund ratings for all tradeable securities within the DJSAI on a rolling basis. Independent scoring breaking down the rating criteria is available through Bloomberg, DataStream, Morgan Stanley Capital International (MSCI), Goldman Sachs Asset Management (GSAM), Morningstar, and the Dow Jones Sustainability Indices (DJSI). Griffith students currently have access to Bloomberg and DataStream. Scoring criteria and the maintenance of the rolling ESG scoring database is supervised by the course convenor and forms part of the assessment criteria for the review of the investment committee.

USE OF FUNDS

6.0

The $250,000 currently being raised will be used to leverage the School's $250,000 cornerstone investment in the fund.

Increasing the fund to $500,000 will increase the impact of the immersive learning experience that the fund provides our students. The research suggests that learning outcomes are significantly enhanced when students experience actual data, actual company analysis, actual money and actual decisions, rather than the more common approach of games and simulations.

One of the real differentiating aspects of the fund is that the School has committed to building a liquidity pool in the Fund from the dividend streams paid from the equity's investments in the fund. This liquidity pool is dedicated to funding a sustainable scheme of scholarships awarded to the most deserving of our students.

The Dow Jones Sustainability Index has, on average, achieved approximately a 10.2% return per annum over the last 10 years. Capital growth has accounted for 53% of this return (or 5.42% return per annum) and the dividend stream has accounted for the other 47% of this return (or 4.78% return per annum).

Co-contributing alongside the School will create an initial liquidity pool of approximately $22,500 per annum which will be used to fund 10 scholarships each year. The social impact of the co-contribution funding of the fund scholarship scheme is significant and will be recognised and celebrated by the School. As the fund grows, the liquidity pool will expand and the scholarships awarded by the School will increase significantly.

Given the commitment to making a difference in the lives of others, Foundation Partners have the opportunity to make an impact on the next generation of globally responsible business leaders. The creation of this scholarship will be used to help those students who demonstrate the talent, but are financially disadvantaged to realise their full potential.

7.0

MANAGEMENT AND INVESTMENT COMMITTEE

COURSE CONVENOR

Professor Robert Bianchi

Dr Robert Bianchi is a Professor of Finance and the Director of the Centre for Personal Finance and Superannuation Robert holds a PhD in financial economics from Queensland University of Technology (QUT) and his research expertise is in the areas of asset allocation, superannuation/retirement, infrastructure investment, and alternative assets.

Robert has more than 25 years of industry experience in the investment management industry. He has held analytical and senior appointments with H3 Global Advisors, AlphaHedge Capital Pty Ltd, Venitia Pty Ltd, a Commodity Trading Advisor (CTA), and Queensland Treasury Corporation.

INVESTMENT COMMITTEE

Professor Michael Drew

Dr Michael Drew is a Professor of Finance and also a Director of Drew, Walk & Co., a boutique firm of consulting financial economists. Michael received his PhD in the field of economics from the University of Queensland (UQ) and is a world expert in the areas of investment governance, pension plan design, and outcome-oriented investing. He has been invited to make submissions and testify before numerous committees including the US Department of Labor and Securities Exchange Commission joint hearing on target date funds. Concurrently, Michael serves as a specialist member of the QSuper Investment Committee and is a member of the Investment Advisory Board of the Petroleum Fund of Timor-Leste. Michael is an Accredited Investment Fiduciary Analyst™, and a life member of the Financial Services Association of Australasia (FINSIA).

Dr Claire Molinari

Dr Claire Molinari is Head of Research at the Australian Council of Superannuation Investors (ACSI). Claire's expertise is in the area of sustainable investment and the analysis of ESG factors. Prior to her current appointment, Claire was employed as an ESG Governance Strategist at QSuper. Claire has held numerous positions relating to sustainable investment practices in both government and private sector organisations. Claire holds a PhD from the University of Oxford in the area of legal frameworks for sustainable investment.

Mr Sam Seow

Mr Sam Seow is an Investment Analyst at DNR Capital, an Australian investment management company based in Brisbane. Sam analyses ASX-listed companies and searches for firms with high quality earnings, sound balance sheets, strong management, superior industry position, and low ESG risk. Sam is a Chartered Financial Analyst (CFA), Chartered Accountant (CA) and has 10 years of direct equity investment experience. Sam holds a Bachelor of Commerce from Griffith University and is also a member of the Australian Institute of Chartered Accountants (AICA).

MARKET VALIDATION OF THE FUND PHILOSOPHY AND INVESTMENT STRATEGY

8.0

Preparing work-ready graduates

Productivity Commission Deputy Chairperson Karen Chester recently argued (1 Nov 2018) that in a time of constant transformation in the dynamic of work, the role of universities is crucial. She is concerned that undergraduate underemployment has more than doubled in the last decade to now reach just under 20%, and there is a potential failure to deliver job-ready graduates. The approach that Griffith Business School has pursued by establishing the Student Investment Fund is one of the numerous initiatives that Griffith University has implemented to ensure it is providing an exceptional learning environment for students as well as providing skilled and knowledgeable graduates for employers and outstanding ongoing professional development for industry practitioners.

ESG rating

The Age (5 Nov 2018) reported that a string of recent events—from regulations pushing companies on material climate risks, to recently surveyed views of directors ranking climate change as a top priority—amounted to a real tipping point in Australia. The comment was attributed to the Head of Responsible Investments for one of Australia's largest asset managers. Further, KPMG research suggests that more than half of Australia's managed investments are now being managed as responsible investments. Also, some investors have now opted for screening and divestment of fossil fuel linked holdings.

The focus of the fund on ESG audit principles is also consistent with good investment principles. Morgan Stanley Capital International has recently been quoted by the Australian Financial Review (1 Nov 2018) stating that a major body of research proves the academic theory that companies with high ESG ratings deliver better financial performance—measured by cash flow earnings stability, dividend growth and resilience to shocks—in the long-term than companies with below-average ESG ratings.

9.0 RISKS

The fund will operate as a direct investment strategy and as such carries the financial risks associated with public equity market exposure.

CURRENT ACHIEVEMENTS

10.0

The fund has achieved significant traction during 2018:

- Griffith Business School made a cornerstone investment of $250,000.
- A charter outlining respective governance responsibilities has been adopted by the University.
- A total of 30 students have completed the Student Investment Fund course since it commenced in March 2018.
- An investment committee of high calibre and experienced investment professionals has been established.
- Our trading rooms at Nathan and the Margaret Mittelheuser Trading Room on the Gold Coast, which include Bloomberg terminals, have been extensively used for research and analysis by students.
- Griffith University's Office of Finance has developed a comprehensive set of procedures for managing the operations of the fund.
- There is growing student awareness of the benefit of the Student Investment Fund course.
- After experiencing a major sell-off in global shares in late 2018, it was a turbulent year within the market. The performance of the fund is measured against its benchmark. The fund has beaten its benchmark by +1.76% in 2018.

11.0

FOUNDATION PARTNER

Griffith Business School is currently establishing a Foundation Partners group of 25 donors to leverage our cornerstone investment. Our Foundation Partners will establish the Student Investment Fund as the preeminent student-managed fund in Australia. In this round, we are seeking to raise $10,000 or more from each of our Foundation Partners to leverage the size of the fund to a minimum of $500,000.

ENABLE GRIFFITH BUSINESS SCHOOL TO GENERATE OUTCOMES

12.0

As a Foundation Partner you will be enabling us to:

- provide enhanced employability outcomes for our students
- provide scholarships and beneficiaries to our most promising and deserving talent
- leverage the current infrastructure investment made in the Bloomberg-equipped Trading Rooms at Nathan and the Margaret Mittelheuser Trading Room on the Gold Coast campus
- provide research and learning activities in relation to equities research, valuation of assets and risk assessment of equities investment, asset allocation, and portfolio management
- incorporate the skills acquired from students competing in the annual CFA Institute Research Challenge
- leverage industry expertise and engagement through the investment committee who will guide and mentor the students managing the fund
- align with the University's core values of the environment, social justice, sustainability and higher levels of governance
- complement the Griffith Centre for Personal Finance and Superannuation
- attract new students.

'The Student Investment Fund gave me the opportunity to completely tie together three years of commerce study through live equity research and investment. Through researching the company, forecasting financials, completing an intrinsic valuation, compiling a professional report, and investing real money—all with guidance from a professional investment committee—I now have the confidence and the ability to apply my study at Griffith University to the world of equities.'

Matthew Neave
Student, Bachelor of Commerce

'The Student Investment Fund is an invaluable education tool helping to equip the next wave of investment leaders for careers in banking, finance, and investment management.'

Michael Pennisi
Chief Executive, QSuper

'The Student Investment Fund turns theory into practice, improving our students' employability as they take part in learning that truly reflects the workplace, as well as demonstrating to the rest of the world that we strive to provide that practical experience. This investment will also yield returns to fund a sustainable scholarship scheme to underwrite the education and training of the most outstanding and deserving Griffith Business School graduates.'

Professor David Grant
Pro Vice Chancellor (Business)

13.0

CELEBRATING AND RECOGNISING OUR FOUNDATION PARTNERS

Each Foundation Partner will be:

- featured on the Student Investment Fund Foundation Partners display wall within the trading rooms at Nathan and Gold Coast campuses—partners will be featured on plaques within both trading rooms providing an opportunity for all students to see the contribution they have made
- invited to the annual Foundation Partners cocktail event to announce the recipients of the Student Investment Fund scholarships
- special guests at the student presentations to the investment committee
- invited to the Griffith Business School gala dinner hosted by Professor David Grant, the Pro Vice Chancellor (Business)
- welcomed at various seminars and events held throughout the year
- acknowledged in media and promotion of thefund
- featured on the fund webpage
- recognised in School marketing collateral and reports
- recipients of two updates annually from leading Griffith Business School experts on market dynamics and portfolio investments underlying the fund and its performance.

For information about becoming a Foundation Partner please contact:

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Co-chair, Funding Campaign Committee
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Co-chair, Funding Campaign Committee
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For information about the process of making your donation and any questions regarding its taxation implications please contact:

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