

Eton College and Holyport College Investment Club

Aim of the Club:

To bring together a group of students from both Eton College and Holyport College who share a passion for and interest in investing and finance into a real market environment that is ideal for learning, co-operation and fun, yet pursued in a low risk, charitable and responsible way.

About Holyport:

Holyport is a local state-funded boarding school, founded in 2014, that has a partnership with Eton and benefits from consultation and financial support.

Summary of the Club:

The real trading environment has been made possible through the establishment of a special Fund which is owned by Eton and managed independently, through an execution-only trading account, by Sixth Form students at Eton and Holyport¹ who are members of the Club.

50% of any Club profits are donated to, and for the benefit of, Holyport College with the rest of the profits remaining in the fund. Each school's chapter will consist of 24 members of Sixth Form interested in finance who will interact, co-operate and compete with the other chapter to make non-binding investment recommendations to the Club's Board of Trustees, the ultimate overseers of the fund.

The Club will solicit charitable contributions to the Club managed fund primarily from Old Etonians involved in the financial services industry. An important difference between a donation to the Fund and a regular donation to Eton, however, is that the money, while still controlled by Eton and any investment decisions ultimately made by the Club's Board of Trustees, would receive non-binding investment "recommendations" made by the Club. This will result in the Club having a dedicated pool of assets that it can provide these investment recommendations on but that would be managed by Eton for the benefit of Holyport.

As a result of only just being founded their oldest students are currently in E block (14 years old). A Junior Investment Club has been established there to teach these younger students about personal finance, the importance of saving, and the financial markets, which will serve to

¹ Holyport, having been founded in 2014, currently has E Block equivalent 14 year old students. In 2017 they will be in C Block (Lower Sixth) and will share in the management of the Fund.

provide a valuable head start before they too eventually engage in the cooperative management of the real money portfolio.

Benefits the Investment Club has to offer:

- Teaching and Education - The Club's most easily recognisable benefit is that of education about investing and finance. The Club will be able to provide this learning through the process of research, decision making and investing. Specific teaching by students, beaks or even invited speakers (including active donors to the fund and members of the Board of Trustees) who can provide real insight and information on a wide variety of topics will be available to members of the Club, offering a personal learning experience very different to that of a Society. Furthermore, the requirement to prepare investment reports for each investment decision provides a unique learning opportunity as members of the Club must learn how to write fully detailed, professional investment research reports. Not only does this provide experience but ensures that all Club investment recommendations are thoroughly and rationally analysed before being made. The chance to then put these decisions before the Board of Trustees who must give their approval is also invaluable along with the analysis, criticisms and insights these financial experts can provide.

- Community - The Club will be important in establishing a stable and official community between students who all share the same interest. This creation of a community will in turn provide a collective pool of talent and motivation from which students can learn, share and contribute in areas they otherwise might be unable to collaborate on.

- Teamwork and co-operation - Inside each chapter students will be incentivised to show co-operation and leadership by convincing and sharing with others their personal opinions and views towards the greater goal of investment success. This teamwork will be further tested as final investment decisions will need to be recommended to and approved by the Board of Trustees before being executed. Furthermore, teamwork, co-operation and even healthy competition will be created between each of the chapters as they will be in close contact, have regular meetings and work to find the best possible investments for the Fund. This setup provides invaluable interaction between not only the students of the different schools who are often from highly contrasted backgrounds but also between the students and financial experts who sit on the Board of Trustees.

- Real Environment - Dealing with real money and companies means that not only will students learn the practicalities of trading a real portfolio (something that cannot be effectively taught in any other way) but also the risk and struggles of a trader (though in a very minor, controlled and responsible environment). Furthermore, even if portfolio losses occur, this will be

an excellent opportunity to learn from any mistakes through detailed group research of what went wrong and why.

- Charity - An important focus of the Club will be on charity and sharing any profits with society through philanthropy. 50% of the fund's profits will be donated to support Holyport for any funding needs. Though Eton is already the sole private financier of Holyport, the potential for Fund earnings to support these programs at Holyport would provide an incentive for members of both chapters to make thoughtful and profitable investment recommendations.

Procedures and Formalities of the Club:

1. Club Membership - The Club will consist of two chapters – the Eton College chapter and the Holyport College chapter - which will never consist of more than 25 students at any point in each and all members must belong to Sixth Form. It is important to note that 25 is a good number of members as it is enough to ensure a diverse group and sufficiently research investment strategies and opportunities but still facilitate personal learning. All students will have equal voting rights and will share risk and responsibility under all circumstances.

- Selection for membership will be decided through the submission of a letter on the applicant's background and reasoning for joining the Club, accompanied by a research report they must submit on a company of their choosing as a way to show off their current financial knowledge. Once the maximum of 25 members have been chosen no further entries will be permitted until the beginning of the next academic year, when all memberships will be re-assessed but with priority given to pre-existing members still at their school. Students must also acknowledge that once they commit to joining the Club they will be expected to fulfil the hard work and commitments they have signed up for. Failure to contribute will result in warnings and eventual expulsion from the Club.

2. Responsibilities and Rights of the Members - All Members will be expected to attend all fortnightly meetings where each member has an equal vote on any executive, financial or other decision that must be made. Passage of any measure will require a majority of members attending, and for a vote to occur there must be a quorum of 70% of the Club's membership attending.

-The only exceptions to normal member's rights will belong to: The Secretary- This member will be responsible for keeping minutes of every meeting. The two Chief Investment Officers- These appointed members will be responsible for providing support to three industry groups each with four members in their research report creation. They will Chair the investment recommendation meetings where these reports and ideas are presented to the rest of the Club. The Chairperson- This member will also be known as the Keeper of the Investment Club and responsible for chairing and organising all meetings. He will also be expected to aid the Chief Investment Officer and Secretary with any difficulties and be responsible for the overall

management and image of the Club. These positions will exist at each chapter for the smooth running of each. Strong co-operation and conversation between chapters (both members and officers) will be expected. Furthermore, at the end of each financial year, members and officers for the next school year will be announced. All future officers will be selected by a majority vote of the 4 previous title holders and the Master in Charge.

3. Meetings - Chapter meetings will occur ideally every 2 weeks except in cases of emergency when they might need to be called on much shorter notice. Meetings of the Club (involving both the Eton and Holyport chapters) will be negotiated but will be at least once every 4 weeks to discuss investments, final recommendations and any other information. During meetings all minutes, votes and decisions made will be kept by the Secretary and arrangements will be overseen by the Chairperson.

-Board of Trustee meetings will likely occur every month with potential fortnightly meetings during busy periods such as September when many new positions will be added upon returning to school. These meetings under most circumstances will occur over phone and will ideally last thirty minutes, never going over an hour. There will be a rota arranged for which Trustees can participate which months. A day before each meeting memos of all proposed trade executions will be sent and read by those Trustees participating before the. A quorum of 2 Trustees must be present to approve any trade executions.

4. Investment Charter - The proposed Charter for the Club will outline the fundamental principles trades will be made upon. The Fund will only invest in long positions in the debt or equity securities of US or UK listed companies. Due to meeting frequency these positions will be for the medium to long term. In an effort to control risk through diversification, no position can exceed 15% of the Fund's sum value and companies invested in must have a minimum market capitalisation of £500 million at the time any investment is made.

5. Year-End Report and Fund Distributions - Due to the long horizon investment philosophy of the Club, at the end of each academic year positions we see merit in holding positions over the holidays. Before holidays exceeding one week we will hold an assessment meeting to confirm communication procedures over the holiday and that all our positions are reliable to be held with less frequent supervision. June will be our year end where an annual report (to be presented to the Board of Trustees for their non-binding consideration) will occur and the Fund's annual return be calculated. The Fund's charter will require it to distribute to Holyport at the end of each such year 2% of Fund assets plus 50% of any year-over-year increase in the asset value of the Fund (including retained interest and dividends).

6. Legal affairs of the Club- Due to the co-operation with the school and creation of a specific fund indirectly advised by the Club no special legal approvals, obligations or

authorizations are expected to be required under UK securities laws. However, in the spirit of independence and further learning opportunities, the Club will aim to assist the Eton Financial Board in filing all necessary tax and legal documents that are required. After discussion with the Eton Financial Board, for all the specifics of filing tax reports etc. a detailed briefing will be held during the first Club meeting with specific assistance of any members to be arranged by the Keepers.

- All members will be required upon joining the Club to sign an official document stating they will not engage in any form of insider trading received from their family, friends or other parties to not put the reputation of the Club at risk.

- We are currently considering the creation of another executive position associated with compliance and legal structures. While the Club provides non-binding recommendations any legal matters are handled by the School's legal adviser, this is another learning opportunity that any interested member would be welcome to take.

Footnote:

Mr. Bird, PRKB is the Master in Charge of the Eton Chapter, Mrs. Dawson is the Master in Charge of the Holyport Chapter. The Investment Club has also received its approval from the DMG (Head of Economics and Politics), Mr. Little (Eton's Former Headmaster), Mr. Boyle (Holyport's Headmaster) and the Eton Investment Committee.