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**CREATION OF A STUDENT INVESTMENT FUND IN SENEGAL:
CASE OF CESAG**

Presented by:

Emefa Kokoui ADJIVONH
MBF – 12th Promotion

Under the Supervision of:

M. Aboudou OUATTARA
Lecturer at CESAG

DEDICATION

I dedicate this project work, first of all, to the Almighty God for making this journey a fruitful and successful one.

My second dedication goes to my late father who instilled in me the wisdom to always be humble and work hard to achieve my goals.

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I convey my ceaseless appreciation to my mates, especially Virginia TONOU, for their support and care during this academic year. God bless you all.

ABBREVIATIONS

AFDB	AFRICAN DEVELOPMENT BANK
AU	AFRICAN UNION
BCEAO	BANQUE CENTRALE DES ETATS DE L'AFRIQUE DE L'OUEST
BOAD	BANQUE OUEST AFRICAINE DE DEVELOPPEMENT
BRVM	BOURSE REGIONALE DES VALEURS MOBILIERES
CAMES	CONSEIL AFRICAIN ET MALGACHE DE L'ENSEIGNEMENT SUPERIEUR
CEMAC	COMMUNAUTE ECONOMIQUE ET MONETAIRE DE L'AFRIQUE CENTRALE
CESAG	CENTRE AFRICAIN D'ETUDES SUPERIEURES EN GESTION
CREPMF	CONSEIL REGIONAL DE L'EPARGNE PUBLIC ET MARCHE FINANCIER
DC/BR	DEPOSITAIRE CENTRAL/BANQUE DE REGLEMENT
DESS	DIPLOME D'ETUDES SUPERIEURES SPECIALISEES
ECOWAS	ECONOMIC COMMUNITY OF WEST AFRICAN STATES
FCFA	FRANC CFA
FCP	FOND COMMUN DE PLACEMENT
GSE	GHANA STOCK EXCHANGE
ILIF	INSTITUT DE LANGUES ET D'INGENIERIE DE LA FORMATION
IMF	INTERNATIONAL MONETARY FUND
ISCBF	INSTITUT SUPERIEUR DE COMPTABILITE ET DE BANQUE ET FINANCE
ISMEO	INSTITUT SUPERIEUR DE MANAGEMENT DES ENTREPRISES ET AUTRES ORGANISMES
ISMS	INSTITUT SUPERIEUR DE MANAGEMENT DE LA SANTE
MBF	MASTER EN BANQUE ET FINANCE
NGO	NON GOVERNMENTAL ORGANISATION
NSE	NIGERIAN STOCK EXCHANGE
OPCVM	ORGANISME DE PLACEMENT COLLECTIF EN VALEURS MOBILIERES
PACER	PROGRAMME D'APPUI AUX CENTRES D'EXCELLENCE REGIONAUX
PMBF	PROJET DE MASTER EN BANQUE ET FINANCE
SGI	SOCIETE DE GESTION ET D'INTERMEDIATION
SICAV	SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE
TOEFL	TEST OF ENGLISH AS A FOREIGN LANGUAGE
UCITS	UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES
UEMOA	UNION ECONOMIQUE ET MONETAIRE OUEST AFRICAINE
USA	UNITED STATES OF AMERICA
WAEMU	WEST AFRICAN ECONOMIC AND MONETARY UNION
WAMU	WEST AFRICAN MONETARY UNION

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ABSTRACT

The West African Economic and Monetary Union is a regional zone with 8 member states that use the same currency. The objective of this Union is to facilitate exchanges between these countries, standardised regulations, procedures and policies in the aim to develop the economy of its members. It is in this perspective that the zone created a common regional financial market to facilitate the raising of capital within the zone and the circulation of funds.

Faced with numerous obstacles, the zone reported over the year many achievements and voted policies that in time we hope will further boost the growth in the zone.

Looking at the obstacles, we conceived a project that we hope its implementation will overcome in part the problems of the WAEMU financial market. The Creation of a Students' Investment Fund in CESAG is to instil an investment culture in the youth of the zone and further make the students of the school more sought-after on the job market.

This document initially outlines the macroeconomic realities of the WAEMU zone and its financial market achievements. We went further by describing what a Students' Investment fund is, which concept and framework we are giving our project and which guidelines we did gather from questionnaires on the ground.

Regardless of personal knowledge that we gained through this report, we sincerely hope that the implementation of this project will set a new trend that will further boost the performance of the WAEMU financial market.

Keywords: Investment culture, Student investment fund, Business Plan, WAEMU

RESUME

L'Union Economique et Monétaire Ouest Africaine est une zone régionale avec 8 Etats membres qui utilisent la même monnaie. L'objectif de cette Union est de faciliter les échanges entre ces pays, de standardiser les règles, procédures et politiques dans le but de développer l'économie de ses membres. C'est dans ce but que la zone a créé un marché financier régional commun afin de faciliter la mobilisation de capitaux au sein de la zone et la circulation des fonds.

Confronté aux nombreux obstacles, la zone a, au fil des années, atteint des progrès significatifs et voté des lois qui nous l'espérons permettront de promouvoir la croissance économique dans la zone.

Au vu de ces obstacles, nous avons conçu un projet dont la mise en œuvre, nous espérons, permettra de surmonter en partie les problèmes du marché financier de l'UEMOA. La Création d'un Fonds d'investissements Etudiants au CESAG vise à inculquer une culture d'investissement au jeune de la zone et rendre davantage les étudiants de l'école plus recherchés sur le marché du travail.

Ce document décrit d'abord les réalités macroéconomiques de la zone UEMOA et les réalisations du marché financier. Par la suite, nous avons décrit ce qu'est un fonds d'investissement étudiants, le concept et le cadre que nous donnons à notre projet. Enfin suite aux enquêtes sur le terrain, nous décrivons les lignes directrices du fonds au CESAG.

Indépendamment de la connaissance personnelle que nous avons recueillie dans le cadre de ce rapport, nous espérons sincèrement que la mise en œuvre de ce projet créera une nouvelle tendance qui permettra d'améliorer plus encore les performances du marché financier de l'UEMOA.

Mots clés : Culture boursière, Fonds d'investissement étudiant, Plan d'affaires, UEMOA

INTRODUCTION

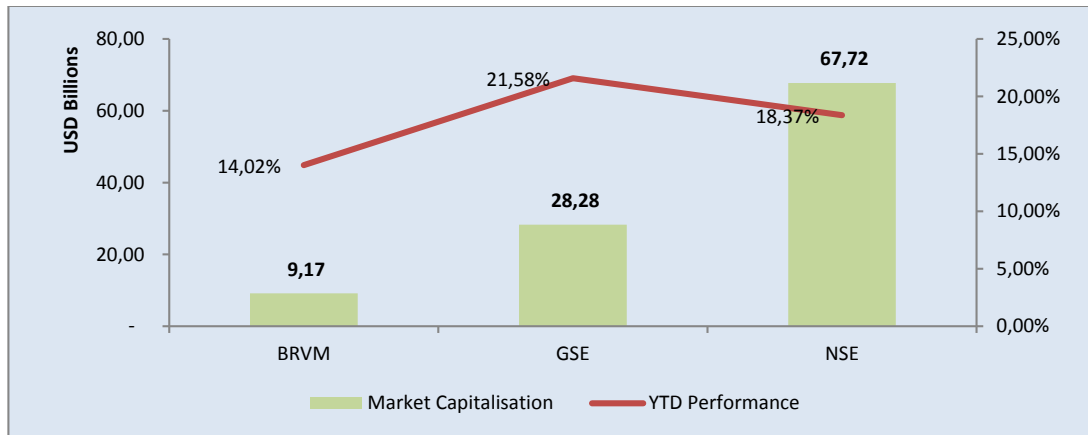
Financial markets are essentially platforms that match market entities in need of capital with those with excess of capital. This market is usually represented by an organization that facilitates the transaction between the concerned parties. The organization is usually called an exchange or bourse and players utilise financial securities, such as bonds, stocks, derivatives and commodities, in executing transactions. Markets are categorised, not just on the predominant asset type in circulation or how securities are traded, but also on the liquidity of assets traded, as well as the depth of development. Hence, descriptions such as stock markets, bond markets, commodity markets, derivatives markets, etc., primary and secondary markets, and bilateral over-the-counter markets and regulated exchanges are rampant.

Over the years, financial markets have been deemed an important tool in the development of economies. Markets facilitate the raising of capital, transfer of risk, price discovery, transfer of liquidity and international trade among others. To develop their economies, African regions and countries have created exchanges, over the past decades. It is in this trend that the West African Economic and Monetary Union (“WAEMU”) has created the Bourse Régionale de Valeurs Mobilières (“BRVM”) which started its activities in September 1998¹. The BRVM has evolved over the last 14 years and currently has 37 listed companies². However, compared to the Ghana Stock Exchange and the Nigerian Stock Exchange with 36 and 200 listed companies respectively, the Bourse is last in terms of market capitalization and the year to date performance of the market indexes.

¹ As at 27th February 2013, Source: www.brvm.org

² Source: www.brvm.org

Figure 1: Market Capitalization vs. Year to date performance of indexes in West Africa



Source: www.brvm.org; www.gse.com; www.cashcraft.com; www.oanda.com (for exchange rate used)

As at 27th February 2013, the Nigerian Stock Exchange (“NSE”) led with USD 67.72 billion in market capitalization while the BRVM’s market capitalization is only USD 9.17 billion. In terms of 2013 year to date performance, the Ghana Stock Exchange (“GSE”) recorded 21.58% return on market while the BRVM reported 14.02%. We can conclude that activity on the BRVM is lagging compared to other capital markets in Africa. This is due, among others, to the poor investment culture that characterises this zone.

With lack of investment being one of the problems faced by the WAEMU financial market, we made the decision to work with the youth of our countries. Improving the investment culture of our youth is a strategic move, as they will be responsible for our countries’ economy tomorrow. Also, they are in their formative years, which is a good stage to instil this culture.

To help them play this role, it’s important for them to better understand the investment purpose. In this sense, our approach is to sensitize the youth in the region towards investing in financial markets and marketing this as a useful and privileged culture to acquire. It’s one of the aims of our professional project which is designed around the theme “Creation of a student investment fund in Senegal: Case of CESAG”.

CESAG is one of the pan-African business schools which receive students from around 27 African countries. They are then trained in diversified programs from management, economics, audit to finance. Students from this school go on to

become future enterprise managers and heads of households or engage in some form of decision making at various levels in their countries of origin. In respect of this objective, our project will be to create a financial product, a Student Investment Fund, for the students of CESAG. The target of the project has been narrowed down to the students of CESAG because of the diverse nationalities on the same campus. We believe this is an opportunity for us to realize our objective across borders, while at the same time utilising the rich local knowledge of the respective economies of the students to make valid investment decisions. Furthermore, CESAG, being a business school to some extent, has access to youth from the WAEMU and the youth of the other economic zones with financial markets. This initiative will have the long term benefit of developing the capacity of the BRVM in particular, which has suffered slow growth due to low interest.

The project will outline the creation of a student Investment Fund in CESAG, which will be managed by students, determine the investment profile of students and establish the size of the fund and the minimum unit price.

This is the motive behind our professional project which aims at answering the following question: **“How can we design a student investment fund to instil the culture of investing in students?”**

The objective of the project is to design a student investment fund targeted at instilling an investment culture in students. Specifically, the project aims at:

- ☞ Presenting the WAEMU financial market;
- ☞ Presenting the organization and functioning of the student investment fund;
- ☞ Studying the financial feasibility of the fund.

The creation of a student investment fund aims at boosting the target of CESAG to become a fully recognised and accredited business school. With finished products destined for the financial market, the project when implemented will give an on-the-job experience to the students, correct the cultural pattern of our youth and in the long run stimulate the financial market of the WAEMU zone and beyond.

On a personal level, the project is to give me a first-hand understanding of the WEAMU zone financial market and the techniques involved in setting up an asset management business. Having worked in the investment banking field in the Ghanaian market, knowledge acquired through this project will boost services that I

can offer to the West African financial markets by offering the best of the different financial market in the sub-region.

This report is structured as follows:

The first chapter gives us an overview of the WAEMU financial market. It covers not only the macroeconomic overview of the zone and its financial market, but also the various participants of the market especially the Understandings for Collective Investment In Transferable Securities (UCITS commonly known as OPCVM in French).

The following chapter describes the generalities of a Student Investment Fund, the overview of the targeted school, the data collection and analysis tools used and its outcomes.

The last chapter deals with the different strategies that we intend to put in place for our project to be viable. These strategies have been resumed in a mini business plan.

CHAPTER ONE: OVERVIEW OF THE WAEMU FINANCIAL MARKET

The first chapter of the document summarises the macroeconomic overview of the WAEMU zone and its financial market. A broad description of the regulatory environment of the zone is given with highlights on key performances and regulators.

1. THE MACROECONOMIC OVERVIEW OF THE WAEMU ZONE

1.1. Definition

With the aim to promote economic integration among countries that share the same currency, the West African Economic and Monetary Union (WAEMU generally known as UEMOA "Union Economique et Monétaire Ouest Africaine"), was established in 1994 in Dakar through the signature of a Treaty between Head of states and governments. 7 West African francophone countries were initiators of this union, namely, Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal and Togo. In 1997, Guinea Bissau, a non-francophone country joined the Union which brings the members of WAEMU to 8 West African countries.

With currency and custom similarities among its members, WAEMU has the following objectives:

- ☞ Greater economic competitiveness, through open markets, in addition to the rationalization and harmonization of the legal environment,
- ☞ The convergence of macro-economic policies and indicators,
- ☞ The creation of a common market,
- ☞ The coordination of sectorial policies, and
- ☞ The harmonization of fiscal policies.

Since its inception almost 2 decades ago, the Union has created and implemented numerous policies which resulted in great economic, regulatory and fiscal achievements for the zone. WAEMU also prioritised partnership with developed countries and multinational entities such as United States of America (USA), France, World Bank, International Monetary Fund (IMF), African Union (AU), Economic Community of West African States (ECOWAS), African Development Bank (AFDB),

Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) and many United Nations programs among so many other partners.

1.2. Regulatory Environment

The regulatory environment of the WAEMU zone has evolved massively over the years and is still on its expansionary course. We can identify entities such as:

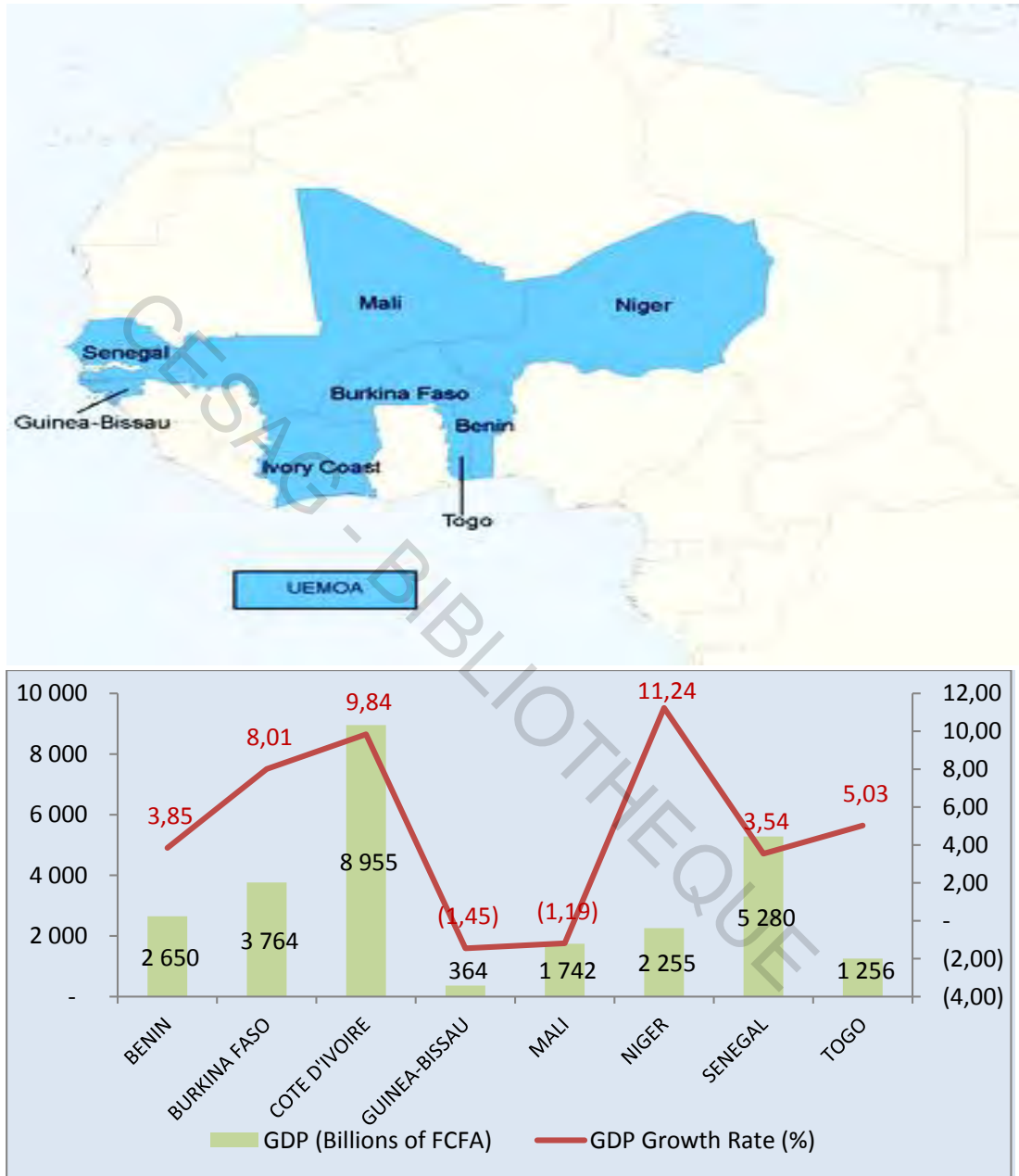
- ☞ The Central Bank of West African States (BCEAO): The Bank is a Central Bank serving the 8 member states of the WAEMU zone. Established in 1959, the Bank got the exclusive right to issue the currency of the zone, the FCFA, since 1962 through the inception of WAMU, a union created prior to the WAEMU. The Bank regulates the monetary environment and the banking system of the members.
- ☞ The West African Development Bank (BOAD): The Bank is an international multidimensional development bank which was created in 1973. Formed by BCEAO and the zone member states, the Bank is headquartered in Lomé – Togo. As the development arm of the zone, the bank is required to focus on the development of the zone's economies and further prepare these economies for the regional economic integration.
- ☞ The Regional Council for Public Savings and Financial Markets (CREPMF): Established in July 1996 and headquartered in Abidjan, Cote d'Ivoire, the Regional Council was moulded to set up a financial market for the zone and regulate it. As the regulator of the market, CREPMF is considered the public pole of the market and the Regional Stock Exchange (BRVM), the private pole that will ensure the quotation and negotiation of transferable securities and the supply of market information to participants.
- ☞ Other regulators of the zone are, among others, WAEMU Council of Ministers, the Court of Justice, the WAEMU commission, Inter-parliamentary Comity, the Accounts Court and the Regional Counsellor Chamber.

1.3. Members of the zone

The WAEMU zone counts eight states members, namely, Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. They use the same currency,

have a common central bank, stock exchange and implement common policies for economic, monetary and financial growth and integration.

Figure 2: GDP estimates of the WAEMU Member Countries

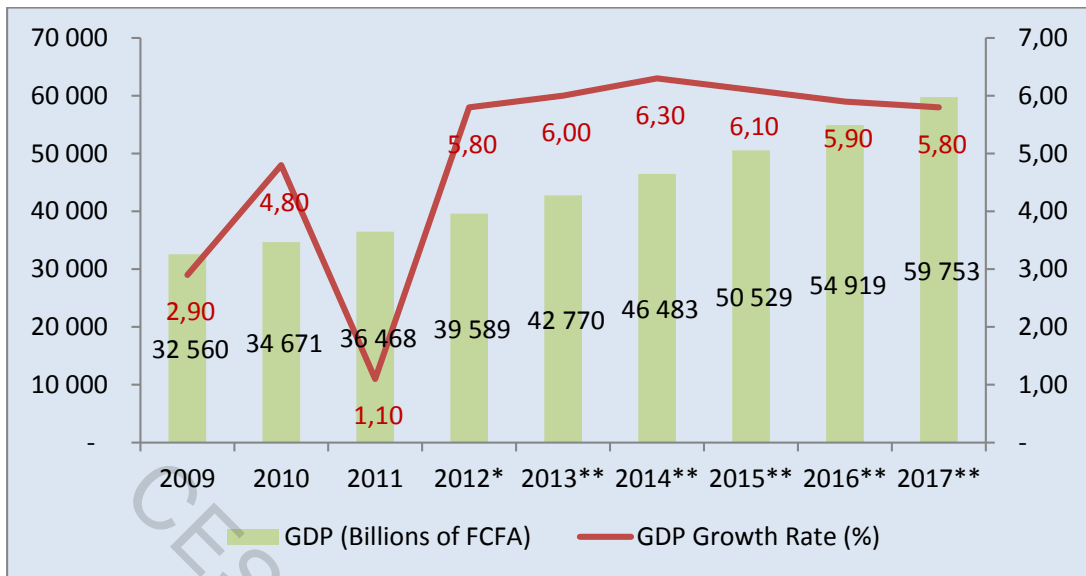


Source: IMF; World Economic Outlook April 2013 Database. Results are estimates of IMF.

1.4. Outlook

With more than 3.5 million km², WAEMU zone has a population of more than 80 million habitants spread among 8 states members. Average GDP growth rate is estimated to be approximately 5.8% in 2012 by the IMF (IMF Staff Report, March 2013).

Figure 3: GDP at Constant Price of the WAEMU zone



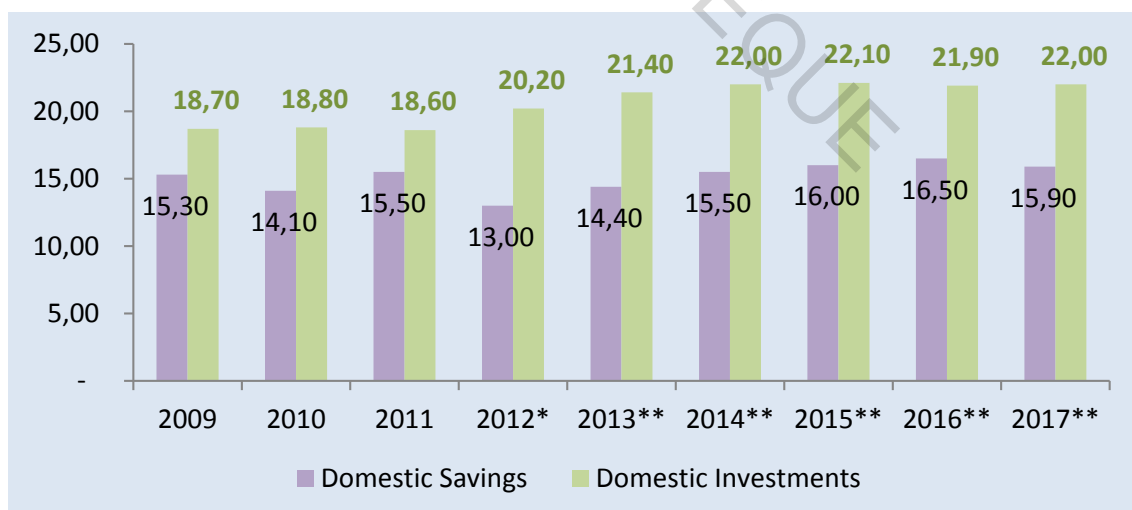
Source: <http://www.imf.org/external/np/sec/pn/2013/pn1335.htm>

*2012 results were estimated by IMF

**2013 to 2017 indicators are projections of IMF

Pursuant to the annual meeting held with key representative of the zone, IMF painted an optimistic outlook of the region in the next few years. Key achievements of the zone, regardless of the political instability of some of its members, can be noted. Projections of key economic and financial indicators are drawn below to showcase expectations in the zone.

Figure 4: Domestic savings and investments as a percentage of GDP



Source: <http://www.imf.org/external/np/sec/pn/2013/pn1335.htm>

IMF project that GDP in the zone will grow at an average rate of 6.02% in the next five years to reach 59, 753 Billions of FCFA by 2017. Low growth in 2011 was as a

result of the crisis in Cote d'Ivoire, the highest contributor to the zone's GDP. It further projects that domestic savings in the zone will represent approximately 15.66% of GDP over the 2013-2017 period and its investments will reach 22% of GDP by 2017.

2. THE WAEMU FINANCIAL MARKET

With the aim to create a common market, coordinate sectorial policies and offer greater economic competitiveness, WAEMU established a common financial market for its member states. The market is divided into two submarkets namely the bond market and the equity market. Regulators of these two submarkets are the BCEAO and the CREMPF.

The bond market is further sectioned into two: the listed bond market and the unlisted one. The unlisted bond market is solely regulated by the common central bank of the zone. These bonds are sovereign bonds and treasury bills and notes of the member states. It is a very active and efficient market that permits members to raise capital easily and securely. Furthermore, the zone through its regulations has harmonised and standardised the capital raising process for governments which makes it quite easy and cheap to raise funds within the zone.

The creation of the CREPMF brings the performance of the financial market to another level. This other regulator oversees operations in the equity market and the listed bonds market. The listed bonds market makes it possible for institutions with good investment grade to raise debt through the market at reasonable rate. Liquidity risk is further lowered for these bonds through their listing on the market.

For its operations to be efficient and transparent, the equity market was sectioned into two poles namely the public pole, which is the market regulator, and the private pole, the stock exchange and the central depository, clearing and settlement bank.

2.1. The Regional Council for Public Savings and Financial Markets

The Regional council was created in 1996 through a decision of the WAMU council of ministers to operate as the regulator of the financial market. The Regional Council is vested with the general mission of protecting savings invested in securities,

exchange-traded financial products and other investment leading to a solicitation, savings of the Economic and Monetary Union (WAEMU). As such, it is solely entitled to:

- ☞ regulate and authorize transactions in the market;
- ☞ where appropriate, formulate a veto on the introduction of corporations to the Regional securities stock exchange (BRVM);
- ☞ empower and monitor all private structures of the market, including the regional stock exchange (BRVM), Central Depository securities and Settlement Bank (DC/BR), commercial stakeholders (brokerage firms, asset administrators, investment advisors, business developers, canvassing brokers) and undertakings for collective investment in securities (UCITS).

With the aim to protect the general interest and guaranty the integrity and security of the market, CREPMF's missions are:

- ☞ To regulate public offer transactions,
- ☞ To licence and supervise market structures and its participants,
- ☞ To ensure compliance of regulations during market operations, and
- ☞ To define policies to orientate the organization of the market.

The board of the regional council comprises:

- ☞ representatives of the WAEMU member states,
- ☞ the Governor of the central bank,
- ☞ the President of the WAEMU commission,
- ☞ a legal advisor, and
- ☞ a renowned chartered accountant.

Apart from the governor and the president, other board members are selected based on a set of rules and compliances. Management of the council is assured by an executive comity and a general secretary office. The later regroups inspectors and administrative personnel that assure the day to day activity of the CREMPF and is further headed by a General Secretary.

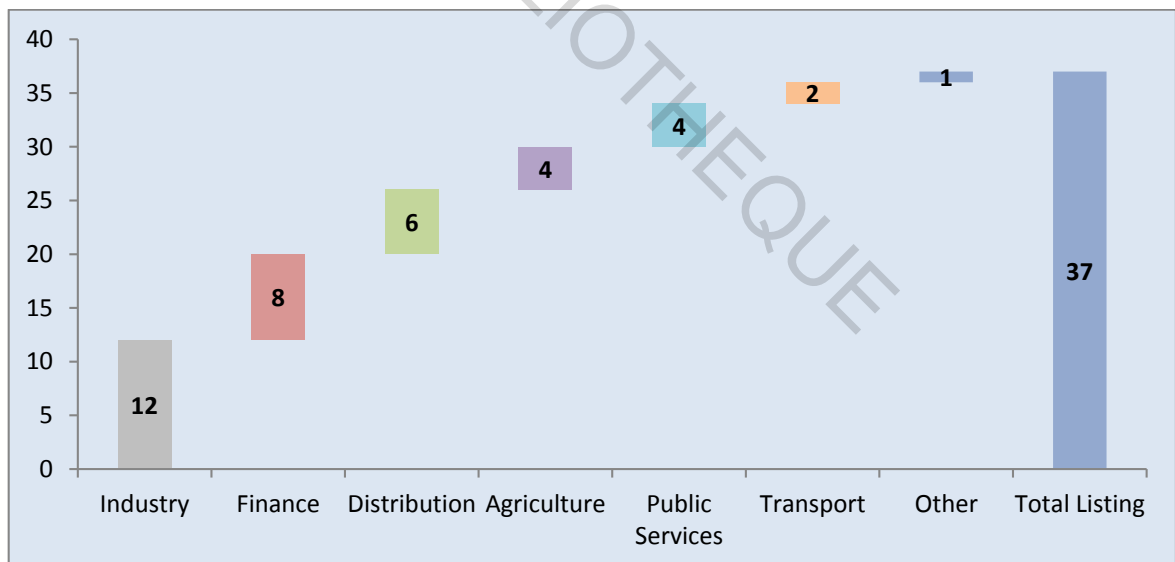
2.2. The Regional Stock Exchange

The first regional stock exchange in the world, BRVM emerged from the Bourse des Valeurs d'Abidjan, started operations in 1998 and is headquartered in Abidjan. The bourse now has a total capital of 3.06 billion FCFA and employs a total of 30 people at its headquarters. The Regional Stock Market is a Specialized Financial Institution founded as a Public company endowed with a mission of Community public service with a representation in every country of the WAEMU zone. It is responsible for organizing and assuring securities transactions and informing the public about it. In order to do that, it fulfils the following missions:

- ☞ The organization of the market;
- ☞ The quotation and negotiation of securities;
- ☞ The publication of stock prices and stock exchange information;
- ☞ Promotion and development of the market's securities.

The bourse counts nowadays 37 listings with majority of them based in Cote d'Ivoire.

Figure 5: Number of Listed Equities per sector on the BRVM

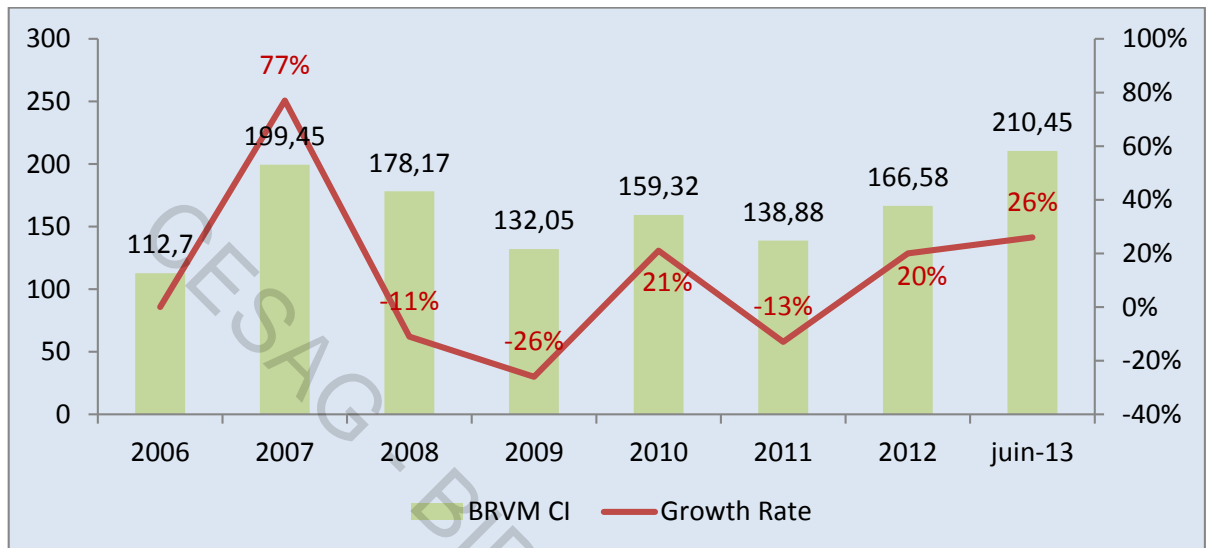


Source: www.brvm.org

In its 15th year of experience, the BRVM has come a long way and reported numerous achievements. However, these achievements have been slow down considerably by the problems that the market in general faces. These problems are reflected in the performance of the index that is a bit more lagging compare to the other exchanges

in the West African region. As at the 26th June 2013, the Ghana Stock Exchange Composite Index is still leading with 56.26%, followed by the Nigerian Stock Exchange All Share Index with 28.55% and the BRVM Composite Index is in last position with 26.33%.

Figure 6: BRVM Composite Index Performance from 2006 till date



Source: Research; www.brvm.org; last data on 26th June 2013.

It is however important to notice that the performance of the Bourse has improved tremendously over the last year and is continuing to report impressive results this year. As shown above, the BRVM was hit during the economic crisis in 2008-2009 timeframe.

Table 1: List of top movers from Dec 2012 till 05 June 2013

STOCK NAME	PRICE AS AT 31 DEC 2012 (FCFA)	PRICE AS AT 05 JUNE 2013 (FCFA)	GROWTH RATE
UNIWAX CI	6,000	20,415	240.3%
MOVIS CI	4,000	11,000	175.0%
ECOBANK TRANS. INC. TG.	35	70	100.0%
SERVAIR ABIDJAN CI	9,500	18,190	91.5%
BANK OF AFRICA BF	44,000	80,000	81.8%
AIR LIQUIDE CI	9,000	14,895	65.5%
SICABLE CI	52,000	76,250	46.6%
BOLLORE AFRICA LOGISTICS CI	70,000	99,000	41.4%
BERNABE CI	50,000	69,000	38.0%
SMB CI	16,000	21,000	31.3%
SONATEL SN	14,500	19,000	31.0%
BANK OF AFRICA CI	37,000	47,000	27.0%
TRACTAFRIC MOTORS CI	93,000	117,000	25.8%
FILTISAC CI	6,100	7,500	23.0%
SOLIBRA CI	230,000	280,000	21.7%

Source: BRVM Press Release-05 June 2013; www.brvm.org

It has since then tried to recover and its effort is showing since last year. The composite index of the bourse reached a record high of 219.79 in the first week of June 2013 as reported by the BRVM. This new record brings the growth rate to 31.9%. Even though, performance has decreased in the following weeks, there is still room for more growth or for the index to stay in this current range.

2.3. Central Depository and Settlement Bank

The Central Depository and Settlement Bank is a limited liability company separate from the BRVM. Based in Abidjan and represented in each member states of the zone, it is responsible for the conservation and circulation of the securities. It acts both on behalf of issuers and financial intermediaries licenced by the Regional Council. Its missions are to:

- ☞ centralize the custody of securities on behalf of its members;
- ☞ manage the implementation of the guarantee fund of the market in case of a market participant's default;

- ☞ oversee the outcome of the stock exchange transactions, while organizing for each brokerage firm the compensation value by value between the titles purchased and sold; and
- ☞ settle the balances arising from compensation for market operations and the payment of the income such as interest and dividends tied to the holding of securities.

Securities are dematerialized for easier movement, and reduce risk in their conservation and management.

2.4. Market Participants

The financial market counts seven types of markets participants apart from the regulators and investors.

Brokerage Firms (SGI): They are the main participants of the market and benefit from the exclusive right to act as stockbrokers in the market and assure the custody of titles to a great extent for their customers. They are constituted as limited liabilities companies having the status of financial establishment. There are 3 types of brokerage firms, namely those emanating from financial institutions such as commercial banks, those generated from a consortium of institutions from the same country and independent brokerage firms derived from business groups and / or individuals. On a purely additional basis, they do discretionary management and Financial Advisory. The market currently counts 21 brokerage firms.

Table 2: List of Brokerage Firms in the WAEMU Financial Market

	COMPANY NAME	COUNTRY
1	ACTIBOURSE	BENIN
2	AFRICAINDE DE BOURSE	BENIN
3	ATLANTIQUE FINANCE	COTE D'IVOIRE
4	BIAO FINANCE & ASSOCIES	COTE D'IVOIRE
5	BIBE FINANCE & SECURITIES SA	BENIN
6	BICIBOURSE	COTE D'IVOIRE
7	BLACKPEARL FINANCE S.A.	SENEGAL
8	BNI FINANCES S.A.	COTE D'IVOIRE
9	CGF BOURSE	SENEGAL
10	CITICORP SECURITY WEST AFRICA	COTE D'IVOIRE
11	CORIS BOURSE	BURKINA FASO
12	ECOBANK INVESTMENT CORPORATION BOURSE	COTE D'IVOIRE
13	HUDSON & CIE	COTE D'IVOIRE
14	IMPAXIS SECURITIES	SENEGAL
15	SBIF	BURKINA FASO
16	SIGI BENIN	BENIN
17	SIGI MALI	MALI
18	SIGI NIGER	NIGER
19	SIGI TOGO	TOGO
20	SIGI-PHOENIX CAPITAL MANAGEMENT	COTE D'IVOIRE
21	SIGI BOURSE	COTE D'IVOIRE

Source: www.crepmf.org

Asset Management Companies (SGP): They are legal entities which, through investments and stock exchange negotiations carried out by brokerage firms, operate at its discretion in the management of securities entrusted to them on the basis of a management mandate established with their customers. These companies should not hold the titles and/or the funds of their customers. Are not affected by the foregoing provisions persons appointed as unprofessional by the holder of a securities account following a proxy common law or a court decision. No person shall carry on wealth management business without being authorized by the Regional Council (INSTRUCTION No. 5/97 - Article 1 of the CREPMF Rules). The market currently counts one SGP, CITY FINANCE SA based in Cote d'Ivoire.

Business Developers: These are individuals or legal entities that convey their clients' orders and / or that connect their customers to brokerage firms and SGPs for opening a securities account and for investment advice or portfolio management. They are empowered by the Regional Council. It is prohibited to business developers, natural

or legal persons, to receive their customers' cash deposits and securities. (INSTRUCTION No. 6/97 - Article 1 of the CREPMF Rules). The zone currently counts 7 business developers with 4 of them based in TOGO.

Table 3: List of Licenced Business Developers in the WAEMU zone

	COMPANY NAME	COUNTRY
1	KOFFI KOUHAT ERIC	COTE D'IVOIRE
2	KOFFINANCE-CAPITAL	TOGO
3	LA GENERAL DES FINANCES SA	TOGO
4	MABLE KODJO HOMDEASI	TOGO
5	OSSENI ABDEL SAMAD K.	BENIN
6	OUSMANE DIAKHATE	SENEGAL
7	TOP FINANCE	TOGO

Source: www.crepmf.org

Registrars: Securities' Registrars share with brokerage firms the monopoly of the upkeep of titles on behalf of stock owners. The banks of the zone are entitled to exercise the activities of account holders and compensators on behalf of their clients. They must therefore receive the approval of the Regional Council.

Table 4: List of Registrars of the WAEMU zone

	COMPANY NAME	COUNTRY
1	BANK OF AFRICA	COTE D'IVOIRE
2	BANQUE REGIONALE DE MARCHES (BRM)	SENEGAL
3	BRM BTCC	SENEGAL
4	SOCIETE GENERALE DES BANQUES	COTE D'IVOIRE
5	SOCIETE IVOIRIENNE DE BANQUE	COTE D'IVOIRE
6	STANDARD CHARTERED BANK COTE D'IVOIRE	COTE D'IVOIRE
7	UNITED BANK FOR AFRICA (UBA-CI)	COTE D'IVOIRE

Source: www.crepmf.org

Canvassing Brokers: They are agents which are entitled to offer service or to give advice, in a usual manner, with a view to inciting the subscription, purchase, exchange, sale of securities or participation in operations on these stocks. They are licenced by the Regional council. There is no agent currently operating in the market.

Investment Advisors: Are considered to be engaged in the activities of Investments advisors, natural or legal persons that guide the choice of their customers without replacing them in their final decision making. They are prohibited from receiving money and or securities deposits from their customers, transmitting orders to

brokerage firms and trading on their behalf. There is no licenced investment advisor in the market currently.

Undertakings for Collective Investment in Transferable Securities: Collective management of securities takes place with UCITS (or commonly known in French as OPCVM), under grouped Investment Company with Variable Capital (known in French as SICAV) or in mutual funds (known in French as FCP) or any other form of mutual fund securities approved by the Regional Council. A UCITS is a financial organization that collects savings of economic agents by issuing shares or units. The savings thus collected is used to build a portfolio of securities. UCITS channels the savings towards business financing, participating this way in the development of national economies. WAEMU zone has nowadays 14 UCITSs.

Table 5: List of licenced UCITS in the WAEMU zone

	COMPANY NAME	COUNTRY
1	AFRICA ASSET MANAGEMENT	BURKINA FASO
2	AFRICABOURSE ASSET MANAGEMENT	BENIN
3	ATTIJARI ASSET MANAGEMENT	BENIN
4	BNI GESTION	SENEGAL
5	BOA ASSET MANAGEMENT	COTE D'IVOIRE
6	BRM ASSET MANAGEMENT	SENEGAL
7	CGF GESTION	SENEGAL
8	ECOBANK ASSET MANAGEMENT	COTE D'IVOIRE
9	OPTI ASSET MANAGEMENT	TOGO
10	SGA2E	COTE D'IVOIRE
11	SGO MALI FINANCE	MALI
12	SICAV- ABDOU DIOUF	BENIN
13	SOCIETE OUEST AFRICAINE DE GESTION D'ACTIFS (SOAGA)	BENIN
14	SOGESPAR	COTE D'IVOIRE

Source: www.crepmf.org

The market currently counts 36 funds under management of which 3 are SICAVs. With easier creation, operations and dissolution requirements for FCP, It is believed that most UCITS prefer to set up and operate this type of fund. The underlying securities of these funds are stocks, listed and unlisted bonds and money market instruments.

Table 6: List of funds under UCITS management in the WAEMU zone

COMPANY NAME	FUND NAME	FUND TYPE	LICENCE DATE
CGF GESTION	FCPE SINI GNESIGUI	FCPE	22/05/2013
CGF GESTION	FCP PLACEMENT CROISSANCE	FCP	20/11/2012
CGF GESTION	FCP FORCE PAD	FCP	20/11/2012
CGF GESTION	FCP PLACEMENT QUIETUDE	FCP	20/11/2012
CGF GESTION	FCP PLACEMENT AVANTAGE	FCP	20/11/2012
BOA ASSET MANAGEMENT	FCP GLOBAL INVESTOR	FCP	02/10/2012
AFRICABOURSE ASSET MANAGEMENT	FCP AAM EPARGNE CROISSANCE	FCP	15/06/2012
AFRICABOURSE ASSET MANAGEMENT	FCP AAM CAPITAL SUR	FCP	15/06/2012
AFRICABOURSE ASSET MANAGEMENT	FCP AAM OBLIGATIS	FCP	15/06/2012
SGO MALI FINANCE	FCPE ORANGE MALI	FCP	29/03/2012
ATTIJARI ASSET MANAGEMENT	ATTIJARI OBLIG	SICAV	29/03/2012
ECOBANK ASSET MANAGEMENT	ECOBANK OBLIGATAIRE UEMOA	FCP	23/01/2012
AFRICA ASSET MANAGEMENT	VALORIS	FCP	28/12/2011
AFRICA ASSET MANAGEMENT	SECURITAS	FCP	28/12/2011
AFRICA ASSET MANAGEMENT	EXPANSIO	FCP	28/12/2011
BRM ASSET MANAGEMENT	SDE	FCP	15/05/2010
BOA ASSET MANAGEMENT	EMERGENCE	FCP	01/01/2010
BNI GESTION	SODEFOR COMPLEMENTAIRE RETRAITE	FCP	18/12/2009
BNI GESTION	CAPITAL CROISSANCE	FCP	07/04/2009
SGA2E	CIE	FCP	29/11/2008
SGA2E	SODECI	FCP	29/11/2008
CGF GESTION	POSTEFINANCES HORIZON	FCP	28/06/2008
CGF GESTION	COMPLEMENTAIRE RETRAITE SONATEL	FCP	28/06/2008
ECOBANK ASSET MANAGEMENT	ECOBANK UEMOA RENDEMENT	FCP	09/05/2008
ECOBANK ASSET MANAGEMENT	ECOBANK UEMOA DIVERSIFIE	FCP	09/05/2008
ECOBANK ASSET MANAGEMENT	ECO-IFC	FCP	09/05/2008
BRM ASSET MANAGEMENT	BRM DYNAMIQUE	FCP	08/05/2008
BRM ASSET MANAGEMENT	BRM OBLIGATAIRE PRIVILEGE SICAV	FCP SICAV	08/05/2008 06/06/2005
SOAGA	SICAV-ABDOU DIOUF	SICAV	24/01/2005
OPTI ASSET MANAGEMENT	OPTI CAPITAL	FCP	24/01/2003
CGF GESTION	CBAO PLACEMENT PLUS	FCP	29/11/2002
OPTI ASSET MANAGEMENT	OPTI REVENU	FCP	01/02/2002
OPTI ASSET MANAGEMENT	OPTI PLACEMENT	FCP	01/02/2002
SOGESPAR	SOGEAVENIR	FCP	26/06/2000
SOGESPAR	SOGEVALOR	FCP	26/06/2000

Source: www.crepmf.org

A research analysis was conducted on the performance of some of the above funds (refer to Annexe C) to compare their performance to that of the equity market. We

noticed that performance varies from negative 0.37% to 35%. Compare to the performance of the various sector indexes of the equity market, we can conclude that these funds are to some extent correlated to the market. As market performance is currently on an upward trend, investing in a fund in the zone will be a lucrative investment move.

Thus, the financial market of the WAEMU zone is a market common to the 8 member states of the zone. It is mostly regulated by the regional council CREPMF. Due to the Listed and unlisted nature of the bonds in the market, CREPMF shares its regulatory power with the central bank BCEAO. The regional council being the public pole of the market, the private pole is represented by the stock exchange, BRVM, the central depository and settlement bank, DC/BR, and 7 market participants.

With the first regional stock exchange in the world, the WAEMU zone financial market performance is a bit lagging compared to other exchanges in the West African region. Regardless of numerous policies to improve the market's performance, the zone is faced with many problems of which we can name the stock market investment culture, the majority of stocks listed being based in Cote d'Ivoire and the lack of interest of foreign investors among others.

Doing a stand-alone analysis of the stock market performance, we noticed that the market is currently in recovery mode following the global economic crisis that did not spare the WAEMU zone. The year to date performance shows that the BRVM composite index has reached a new high. Should performance of the market continue with this current trend, we believe the WAEMU market will become as dynamic as its regulators want it.

CHAPTER TWO: THE STUDENT INVESTMENT FUND

This chapter summarizes our target market, namely CESAG and its students, the concept and framework of the project and finally shows the trends generated by the data gathered from students of the school.

1. AFRICAN CENTRE FOR ADVANCED STUDIES IN MANAGEMENT

Established in 1985 by the “Chefs d’Etat de la Communauté Economique de l’Afrique de l’Ouest”, the African Centre for Advanced Studies in Management (known in French as Centre Africain d’Etudes Supérieures en Gestion (CESAG, the “school” or the “centre”) is managed since 1995, by the “Banque Centrale des Etats de l’Afrique de l’Ouest” (BCEAO), the WAEMU zone Central Bank. The school is based in Dakar (Senegal) and was initially set up to give training in management to the administrative personnel of the zone. CESAG, nowadays, has diversified its activities to satisfy effectively and efficiently the needs of both the public and private sectors.

Its mission is to contribute, through training, research and advisory, to strengthening the management capacities in the sub-region. It provides to the various African economies, top professionals trained to stimulate their environmental change, thus contribute to their continent development.

One of the most important objectives of the school is to partner the West African regional integration process by strengthening the human and institutional capabilities in order to ensure the success of sectors projects in the sub-region. Therefore, in partnership with institutions, public administrations and regional organs, CESAG has put in place and conducts programs and trainings which add in a strong manner to reinforcing and increasing institutions’ human resource performance efficiently.

The School, not only, is it currently capable to meet the high demand of efficient human resource needs of companies in the region but also the requirement of international standards. These all concur to make of CESAG an institute of excellence and a leader in the “Business School” universe of the region and the continent.

It is in this perspective of excellence that CESAG:

- ☞ selects, in a rigorous manner, students and interns with high potential;
- ☞ recruits lecturers of high standards;
- ☞ offers 4 poles of training in management, accounting, banking and finance, Health management, linguistics among others;
- ☞ maintains and reinforce the tradition of close relationship with the professional world and a diversified partnership with other similar institutions in Africa, Europe and North America;
- ☞ satisfies the quality and excellence requirements of organisations such as the “Conseil Africain et Malgache de l’Enseignement Supérieur” (CAMES) and the “Programme d’Appui aux Centres d’Excellence Régionaux” (PACER);

A good alternative to recognised management schools outside, CESAG regroups all the conditions to prepare and train students to meet job requirement challenges.

1.1. Products and services

The various trainings and seminars offered by the school are covered by four specialised institutes and a project. Most courses are organised to suit clients’ timetable. We thus have day classes, evening classes and long distance learning.

1.1.1 Institute of Business and other Agencies Management (ISMEO)

The institute offers training in companies and other organisations management. Graduated from this institute are awarded “Licences Professionnelles”, “Masters Professionnels” and “Diplôme d’Etudes Supérieures Spécialisées” (DESS). These certificates are awarded after respectively 3 years, 2 years and a year course. All courses can be adjusted to suit the need of companies and students. These courses can be reorganised in seminars for clients that wished it. Graduates from the Institute can fill the positions of: Entrepreneur and manager of private companies, Managers of public organisations, Fonder and manager of projects or development program such as NGOs, Human Resource managers, and Marketing managers.

1.1.2 Institute of Accounting, Banking and Finance (ISCBF)

ISCBF offers trainings in accounting, auditing, banking and finance. Beyond the 3 certificates awarded like ISMEO, ISCBF offer courses that award Chartered accountancy. Just like the first institute, ISCBF offers seminars and adjusted courses to suit the needs of its targeted market. ISCBF graduates can fill the positions of: Accountant, External and internal Auditors, Finance and Administrative Director, Management Controller, Program or Project Manager, and Consultant.

1.1.3 Institute of Health Management (ISMS)

ISMS is an institute that teaches Health Management. The Institute offers only two programs of 12 months each. The last 3 months are reserved for an on field internship. Courses here also can be adjusted to suit the demand of clients. Seminars in this respect are organised throughout the year. Graduates can fill the positions of: Health services manager, Hospital Director, NGO Manager, Health Economist, and Consultant for international health sector companies and NGOs.

1.1.4 Institute of Languages and Training Engineering (ILIF)

This institute offers linguistic and School Management. It offers a 12 months program that is awarded with a DESS. Courses in this institute are more flexible than the other institutes. Courses are organised in CESAG and on the field i.e. companies. Classes can be on one on one basis and ILIF further offers TOEFL classes and London Chamber of Commerce and Industry Certificate classes among others. Linguistic classes are in English, French as a second language, Portuguese, Arabic, Spanish, Italian, Japanese and Chinese. Graduates from ILIF can fill positions of: Translator, Training Initiator and Manager in companies, School Director, and Initiator, Manager and evaluator of training system in public companies.

1.1.5 Masters in Banking and Finance Program (MBF)

This project is a 12 months program implemented in CESAG. The program is bilingual i.e. English and French with two specialisation, namely Banking and Risk Management option and Financial Market and Corporate Finance option.

MBF is one of the best programs that CESAG offers. It has many international accreditations due to its partnership with many international bodies and programs.

The program does not offer personalised courses to clients but provides seminars throughout the year. MBF is a one year intense course with 3 months reserved for internships. MBF students are formed to fill, among others, positions of: Financial Analysts, Credit Analysts, Traders and Brokers, Risk Managers, Internal Auditors, Treasurers and Bankers, and Finance Managers.

1.2. Human resources and Clients

CESAG is managed and run by a board of directors, some committees and an administrative body. Lecturers, either permanent or temporary, come from across the world to train students in the various programs. These lecturers are selected based on severe requirements to attain the aim of excellence that CESAG portrays. These severe requirements are also applied during the selection of students for the various programs. Students' selection is based on grades that applicants get during the entrance exam and interviews.

1.2.1. Human resources

The School is an International and public institution established under a combination of regulatory and statutory texts. Its running is assured by 3 bodies.

- ☞ A Board of Directors of 12 members, chaired by the BCEAO Governor, defines the main guidelines of the school. It meets twice a year to analyse respectively the management report and the budget of CESAG. These meetings are held in June and December.
- ☞ A pedagogic and scientific council of 11 members; it is responsible for the supervision of the training and research programs. This council encloses professors and lecturers from regional, European and American universities. It must evaluate constantly the scientific level and give suggestions, observations and opinions with respect to the activities of the Centre.
- ☞ A management, that implements the advice of the board of directors, organises and manages the activities of the Centre.

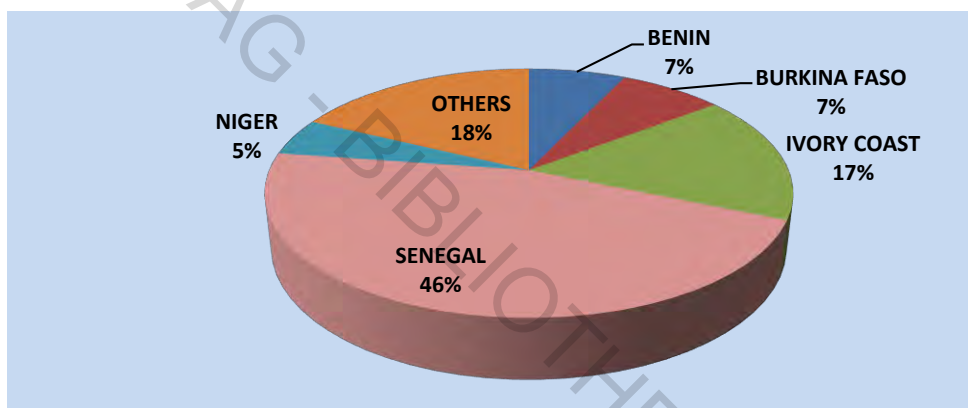
As at the end of 2012, CESAG administration counted more than 80 employees. From renowned African and foreign universities and schools, the lecturers, mostly different from the administration of the school, are in constant contact with the

professional world. These lecturers are highly in demand due to their performance, renowned reputation and level of integration in the professional world. These lecturers are from Africa, Europe, America and Asia.

1.2.2. Students

Over the last five years, CESAG trained 1 200 students on average. These students come from different part of the African continent and other. We can count in all 25 nationalities, for the 2012-2013 academic year, with 20 of them from Africa. 82% of the students in the school are from Senegal, Ivory Coast, Burkina Faso, Benin and Niger. In all, students from WAEMU member states represent approximately 89% of the total students in CESAG.

Figure 7: Most represented Countries in CESAG



Source: CESAG

Having taught students for more than 25 years, CESAG offers a wide network of alumni that is well positioned in the professional world. This network plays a support role in terms of securing internships and full employment to the fresh graduates each year.

CESAG, training centre of excellence, is continuously working towards offering the best services to its targeted market. Since its inception, the centre has evolved tremendously and is known today as one of the best schools on the continent. However, based on minor criteria, the centre is not fully recognized as a business school regardless of its performances and achievements.

It is in this respect that the corporate governance and management have decided on a number of policies that have started to be implemented and will continue in the immediate future. Measures and means are set to continue partnering with the best institutions and organisations in order to keep abreast with development in the world, offer better services to its clients and assist in securing the professional future of its students.

2. CESAG INVESTMENT FUND

We will look at the definition of a students' investment fund and disclose characteristics on this type of fund. Ample light will be shed on the concept and framework of the students' investment fund we intend to create in CESAG.

2.1. Student Investment Fund Definition

A student investment fund is a pool of money invested in financial securities and managed by students as a learning experience. It is also defined as "one where university students have full discretion over the management of a real dollar portfolio - typically a portion of the university's endowment or money donated for the purpose of creating a student managed investment fund" (Cox and Goff, 1997).

The purpose of this fund is to give a hands-on money management experience to business students. Students, therefore, learn to deal with the uncertainties inherent in the process of estimating stock value and contrasting to securities prices. It further helps students to develop their intuition and their competitive drive as applied to investment decisions.

It is in this perspective that business schools have had to get creative to set their students apart. The schools donate funds from the endowment fund to the students to invest in a highly structured setting. Whether the fund management is part of a class or extracurricular activities, school management have a close look on the operation of the fund to ensure that their donation is being well managed.

Apart from school endowment funds, other sources of fund are large, small and specific donations from individuals, corporate foundations, university foundations

among others. Some student managed funds manage the funds of private investors accredited by the U.S Securities Law.

By 2008, more than 200 universities in America and Europe mainly have students run funds which vary based on the underlying assets and portfolio value. In 2012, the University of Wisconsin's Applied Security Analysis Program fund was valued at USD 50 million, one of the biggest student funds in the United States. Other major student-run funds include the University of Minnesota's Carlson Funds, which had assets under management of more than \$35 million split between a growth stock fund and fixed-income fund (as of July 31, 2012), and Ohio State's SIM fund, which managed a portfolio with a market value of approximately \$11 million.

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Table 7: 2012 year's best-performing student-managed funds

Categories	Rank	University/ School name	Fund name	Value of Portfolio (USD)	2012 Risk Adjusted Performance (%)
Alternative	1st	University of Alabama at Birmingham	Green and Gold Fund	552 866	6,31
	2nd	University of Mount Union	Hillier Fund	97 234	2,05
	3rd	University of Wisconsin, Milwaukee	UWM SIC Endowment	52 197	1,70
Balanced	1st	Simon Fraser University	Student Investment Advisory Service	11 429 943	5,67
	2nd	HEC Montréal	Standard Life-HEC Fund	4 600 000	3,33
	3rd	Michigan Technological University	Gold Fund	1 200 000	3,11
Core	1st	Elizabethtown College	Trostle Investment Portfolio	255 256	6,18
	2nd	Ball State University	Ball State Foundation Large Cap Fund	589 391	5,36
	3rd	Austin College	Todd A. Williams Student Managed Investment Fund	1 140 000	5,22
Fixed Income	1st	Stetson University	Roland George Fixed Income	1 390 000	8,81
	2nd	University of North Dakota	Stenehjem Bond Fund	176 075	8,75
	3rd	University of North Dakota	Foley Bond Fund	178 655	8,35
Growth	1st	New Jersey City University	Student Investment Management Group	163 000	6,52
	2nd	Stephen F. Austin State University	Mast Student Investment Roundtable Fund	420 062	6,23
	3rd	Eastern Illinois University	Student Managed Fund	101 862	5,40
Value	1st	California State University, Northridge	Undergraduate Student Portfolio	1 860 000	7,10
	2nd	James Madison University	Madison Investment Fund	168 500	5,49
	3rd	Belmont University	Belmont Equity Club Fund	409 796	4,92

Source: Bloomberg business week; www.bloomberg.com; <http://www.businessweek.com/articles/2013-05-16/and-the-winner-of-the-top-student-run-investment-fund-is>

The University of Dayton investment last competition, held in April 2013, awarded the 2012 best performing students managed funds under 6 categories, namely alternative, balanced, core, fixed, growth, and value. These categories are based on the underlying securities in which the funds invest their money. Refer to table above.

2.2 CESAG Student Investment Fund Concept

The creation of a student investment fund in CESAG aims first of all at instilling the habit of saving in the youth of the sub-region as a way of redynamising the financial

market of the region. With CESAG forming students from this sub-region to later work in this financial market, we thought it crucial for these students to experience first-hand what is saving and investing. It is true that CESAG dispenses myriad courses in finance and investment. Although through our questionnaire we got confirmation that students take finance course by their medium level of investment knowledge, we noted that majority of them have not invested in financial securities before.

Another objective that we hope the creation of a student investment fund in CESAG will attain is giving an on the job experience to students. The job market is becoming increasingly competitive across the world. Though, the finance market is still young and dynamic in Africa, the job market is still quite competitive and very challenging. CESAG, year in year out, finds means to make its students more marketable in the job market. It is in this perspective that the school enters into numerous partnership with many international, regional and national entities and universities. Furthermore, in keeping with trends in the education system, CESAG implements active learning in its courses through case studies. Active learning has been shown to increase student involvement and retention of information. Students' investments funds and clubs provide active learning as case studies but the funds are a better means to learn as learning is done with real world conditions desired by today's employers. Thus, the creation of this fund in CESAG is a further step in securing the future of its graduates.

2.2.1. Fund Concept

Students managed investment funds are portfolio that are completely managed by students groups. The students make the buying and selling decisions concerning investment choices with actual money. The fund provides real world experience for students while cementing the theories learned in class. The job market is more responsive to students with money management experience. Students further display more confidence in their abilities.

Under the law applicable in the WAEMU zone, our fund must have a licence and be registered as an UCITS. This not being our objective, the fund will be registered as

an association under the laws applicable in the WAEMU zone. Decisions, fund analysis and valuation will be conducted by students while implementations such as shares buying will be done by brokerage houses and fund managers that we will partner with.

2.2.2. Fund Framework

Students' funds management is the responsibility of students. In renowned funds, the fund is managed by a finance class for a semester. The class can be a portfolio management class with a prerequisite of a prior course in investments. The whole thing is supervised by a faculty advisor and a board of alumni and donors.

With respect to our fund, we propose a rotation of student managers. Based on the realities on the ground, we are faced with many finance classes in CESAG. These classes do not take place at the same time. Classes are based on the timetable of the various programs and lecturers. The teaching system in CESAG is that class duration cannot be more than 100 hours spread either over days or weeks. We suggest that best students from finance classes and suitable volunteers be given the opportunity to manage the fund. The selection must be done on a trimester basis with current managers selected during the previous trimester. With an academic year of 9 months, it will permit for at least 10 students per year to be given the opportunity to manage the fund.

The following steps outline the basic structure for the CESAG fund while taking into account the realities on the ground.

STEP 1: Allocation Guidelines

Fund will be allocated with respect to guidelines set by the CREPMF regulation for UCITS. Since students may not have strong background in portfolio theory, an allocation guideline must be set for them so they will not allocate funds haphazardly. As their decisions will be carried out by licenced UCITS in the region, it is just suitable for students' managers to follow the rule applicable in the region. Apart from the allocation, all activities must comply with the CREPMF regulations.

This will further allow students to be more familiar with the regulations of the sub-region.

STEP 2: Decision Making Framework

This is the most important step in the fund management process. The student managers will be with the fund for only a trimester but their decision can affect the fund's performance in the following months. At the beginning, the first decision of investment will be taken with guidance from the UCITS and brokerage house partners. The first half of the trimester, the fund management team will be responsible for creating accounts for students, track trends of investments value thus updating the portfolio value per week, send emails of account status to students in the first 6 weeks. The next 6 weeks, the team will start the analysis of the current investments in details, search for new investments for the fund and finally making a decision on the investments that the fund must make.

Decisions may take into account the duration and liquidity of the investments instruments. The level of risk attached to the instruments must also come into play.

At the end of their time with the fund, the managers will present their decisions to the board and this board will give approval for the implementation of these decisions for the next trimester and the disbursement of funds to the UCITS and/or brokerage house accordingly.

It is further advised that the new management team joins the existing management team for one month prior to the departure of the existing team. This will permit new managers to learn the ropes of the job before coming into office.

STEP 3: Reports

At the end of every month, the managers of the fund must prepare a report that details the performance of the fund. The report must also contain a research report on assets under management so the students will get an understanding of what their money are invested in.

At the end of the year, the managers of that team will compile all decisions taken during the academic year and prepare an annual report of the fund. This annual report will show the performance of the fund for the year, research write-up on the asset under managements and decisions of the teams that managed the fund. This final report and all monthly reports will be sent electronically to students, board and donors.

STEP 4: Seminars and Talk shows

In our aim to create awareness, we intend for the fund to organize seminars and talk shows on investments realities in the sub region. These seminars will be part of our marketing plan to incite students to invest more and set an investing culture in the school. Typical speakers are fund managers, stock brokers, investment bankers, commercial bankers and financial market regulators. At the end of each year, highest contributors will be acknowledged and if possible rewarded.

On the long run, the fund will include in its framework scholarships to students. Decisions regarding this will be taken at the discretion of the board and donors.

STEP 5: Exit Strategy

At the end of each academic year, we projected that approximately 400 students will leave the school definitely to pursue their career. Redemption strategy that we intend to suggest to students is for WAEMU zone originators or students who will stay in the zone to open an account with a brokerage house or UCITS of their choice in the zone and we will transfer their funds there so they can continue their contribution/ investments. However due to transfer technicalities, students from outside the zone will receive their money cash and hope that once back home, they will continue to invest.

The human resource, the marketing and financial projections aspects of the fund will be discussed further in the document under the business plan chapter.

3. DATA COLLECTION AND ANALYSIS

In order to suit the concept and business plan of our project to the realities on the ground, we decided to design a questionnaire and administer it to CESAG Students. We needed to determine the risk profile of students in CESAG, their investment knowledge level, their experience in investments among others to guide us during our plan concept.

3.1 Data Collection

Core data used in our project report is from questionnaires that were administered by hand to students of different nationalities through the representatives of their nationalities in the school. This questionnaire was designed based on most recent standard Know Your Client (KYC)³ and fund application forms, investment and risk profile questionnaires that are regulated and in use in the financial market. Other sources of data for the project are:

- ☞ Informal interviews with CESAG administration;
- ☞ Online research;
- ☞ Companies and regulators websites; and
- ☞ Selected finance books.

3.1.1. Questionnaire design

The questionnaire was designed to assess the investment profile of the students of CESAG and their risk profile based on their level of education and their nationalities. It is in this perspective that a questionnaire, of 20 items structured under 3 major headings – Personal Information, Academic Information and Investment Profile - , was designed and administered to a sample of 200 students of different nationalities and program.

3.1.2. Sample size and distribution

The sample size of 200 students, 1/6 of the total students of the school this year, was selected based on the different nationalities in the school. They in turn distributed the questionnaire to their community members that were most

³ Source: Databank Mutual fund application forms; www.databankgroup.com

accessible due to time constraints. We were able to distribute questionnaires to 17 communities over the 20 African communities in the school, thus 85% coverage by nationality.

3.1.3. Other Sources of Data

Apart from questionnaires that focused on the investment and risk profile of the students, other data on CESAG were collected through their website, the products and services package of the school, informal interviews with selected members of the administration.

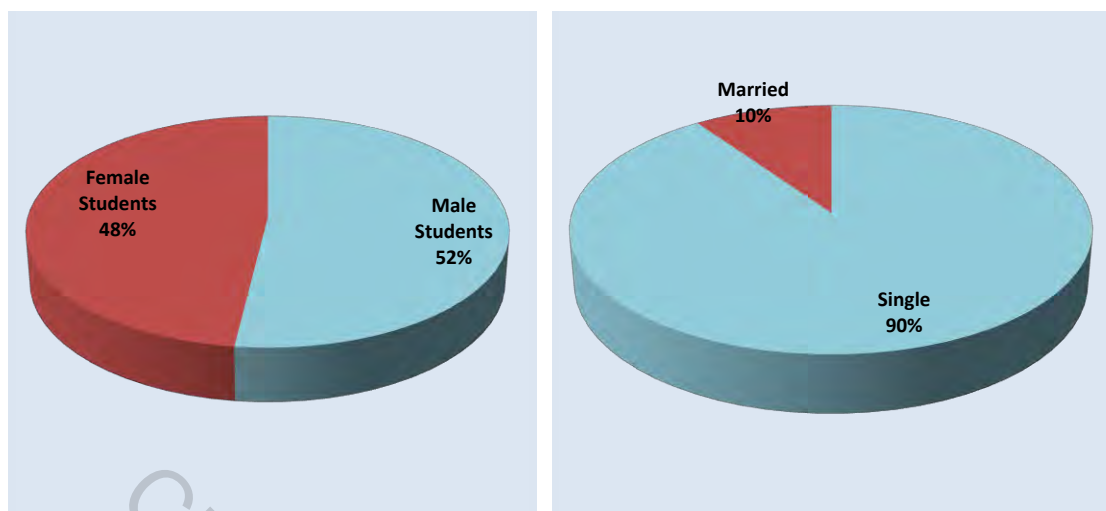
Information, on the WAEMU macroeconomic, financial market, members and markets participants, was gathered through online research of the various regulators websites.

3.2. Data Analysis

Data collected through the questionnaire was analysed independently with the pivot table in excel. Similarities as well as incongruities were studied and interpreted and relevant explanations are detailed in the next paragraphs.

3.2.1 Personal Information

We distributed a total of 200 questionnaires to the various African nationalities that are in CESAG. We collected in all 77% of the total questionnaires distributed. 52% of the data collected is from male students while the other 48% is from female students. This sample size is deemed to be quite adequate and representative as it is close to the gender representation of the whole school which is 55% male and 45% female. Data collected showed that most of the students of CESAG are single.

Figure 8: Gender and marital status representation of the Sample

Source: Primary Data from Questionnaire

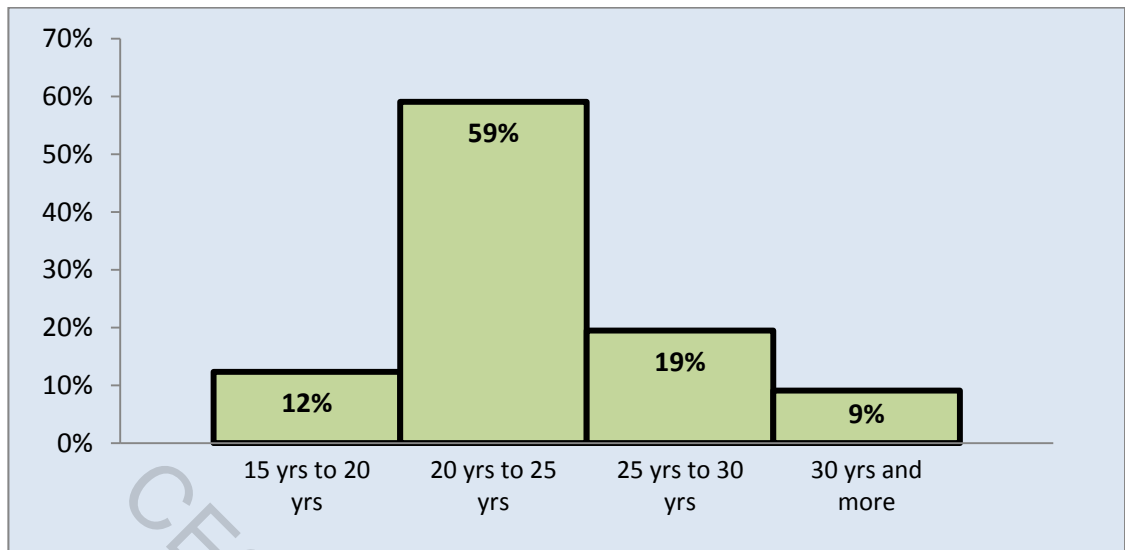
The next table show that 67% of the respondents are from WAEMU member states which are the primary target of our objectives.

Table 8: Sample representation by country

NATIONALITY	PERCENTAGE
BENIN	10.46%
BURKINA FASO	7.19%
CAMEROUN	3.92%
CENTRAL AFRICAN REPUBLIC	1.31%
CONGO	9.80%
CÔTE D'IVOIRE	11.76%
EQUATORIAL GUINEA	6.54%
GABON	3.92%
GAMBIA	1.96%
GHANA	2.61%
MALI	3.92%
MAURITANIA	0.65%
NIGER	8.50%
SENEGAL	13.73%
TCHAD	2.61%
TOGO	11.11%
TOTAL	100.00%

Source: Primary Data from Questionnaire

Furthermore, majority of our respondents, with an age range of 20 years to 25 years, live in Senegal throughout their training.

Figure 9: Sample Representation by Age range

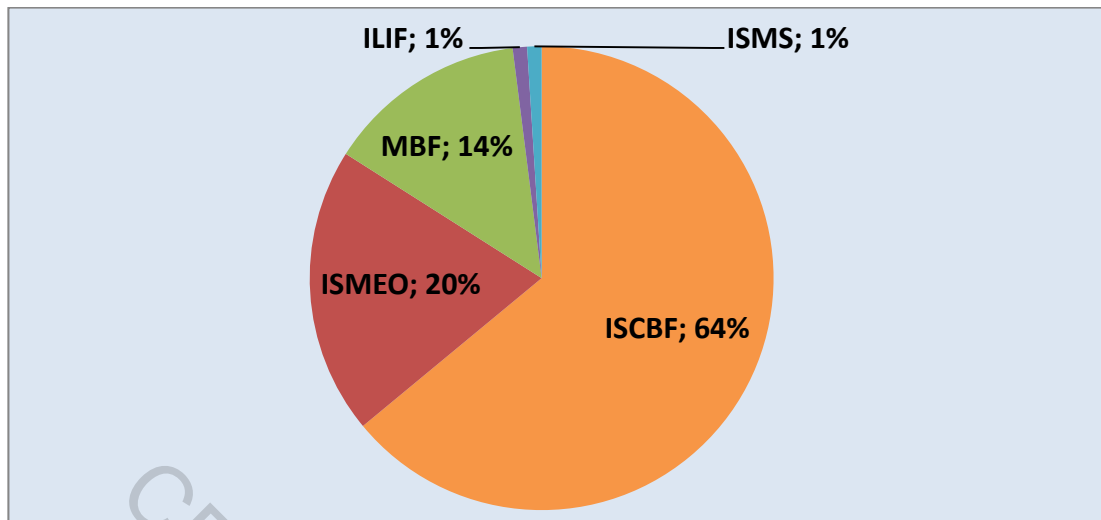
Source: Primary Data from Questionnaire

Thus majority of students in CESAG are single with an age range of 20 years to 25 years and live in Dakar during the course of their program.

3.2.2. Academic Information

As part of the background analysis of students, at least a questionnaire was filled by a student from each of the Institutes. After data analysis, 64% of data were provided by students of ISCBF, 20% by ISMEO students, 14% by MBF students and less than 1% from ISMS and ILIF each. Looking at the grand picture, majority of students are from ISCBF (51%) followed by students of ISMEO (40%). Based on prior description of the courses offered by the different institutes, we can conclude that at one point or other students took investment or finance courses.

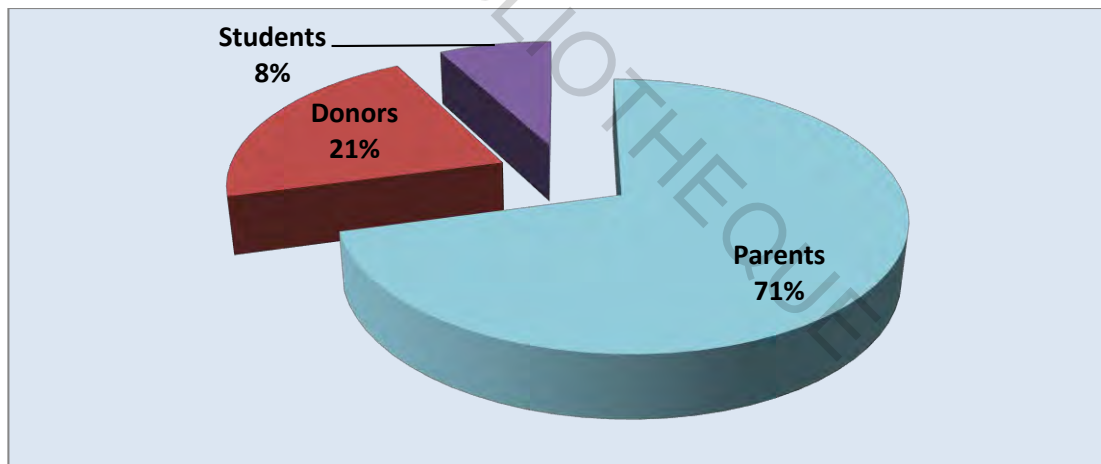
Figure 10: Representation of sample based on academic program



Source: Primary Data from Questionnaire

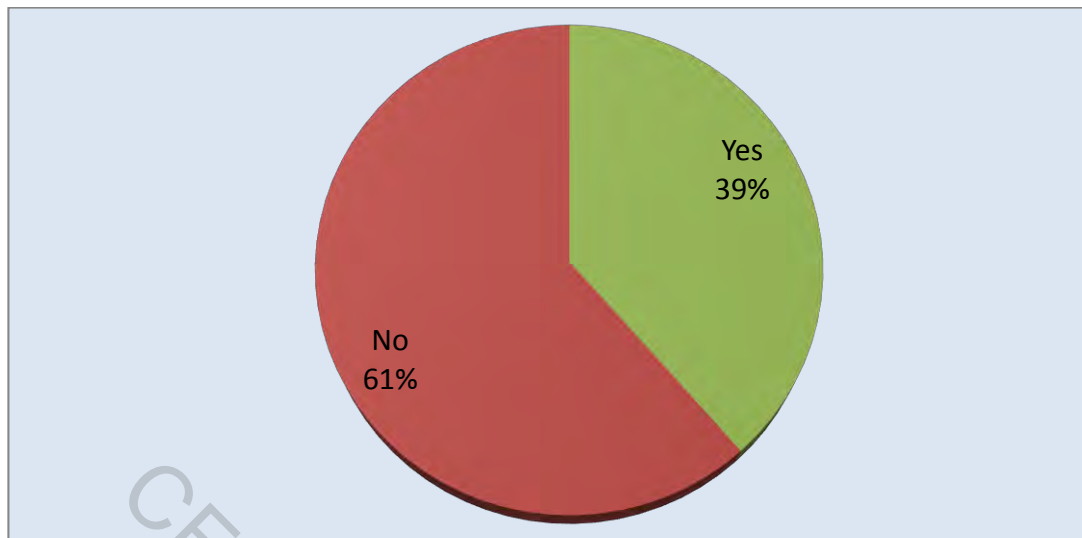
The next figure shows that studies are financed first and foremost by parents (71%), followed by donors that are in partnership with the school (21%). Only 8% of the students pay their own fees.

Figure 11: Source of training financing



Source: Primary Data from Questionnaire

Without the possibility of students' loans in our system, schools such as CESAG are faced each year with the problem of non-payment of the total fees due to the School. With an established students managed fund, this problem can be minimised if the fund is created to give mini scholarships to students in difficulty.

Figure 12: Intention of pursuing Another Training

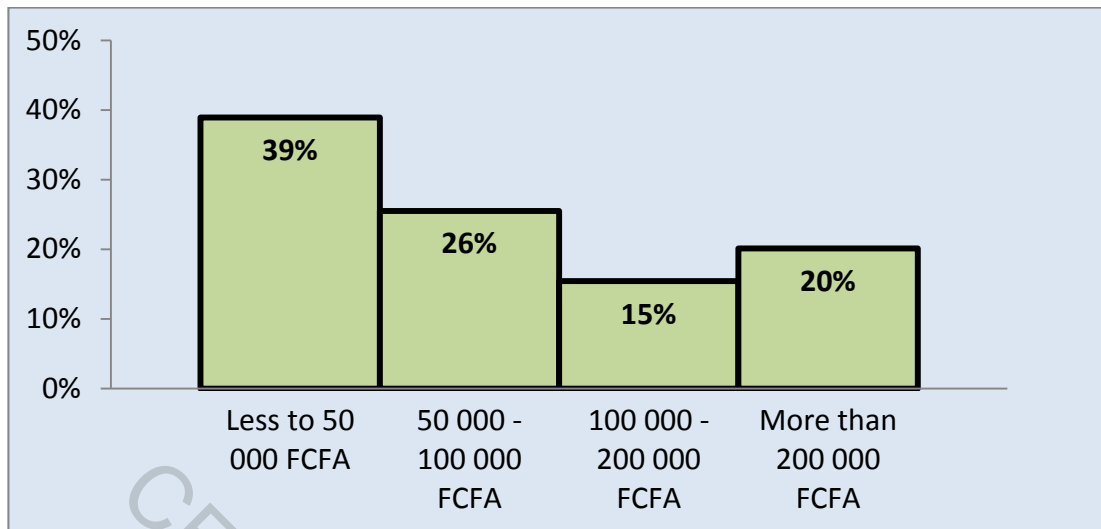
Source: Primary Data from Questionnaire

With approximately 60% of CESAG students in their last year of studies, we asked students if they intend pursuing another training after the current one. Data collected demonstrates that about 40% of students in their last year of studies are planning to take another program before leaving CESAG. This information is crucial in the concept of our fund portfolio and the projections of resale units.

3.2.3. Students Investment Profile

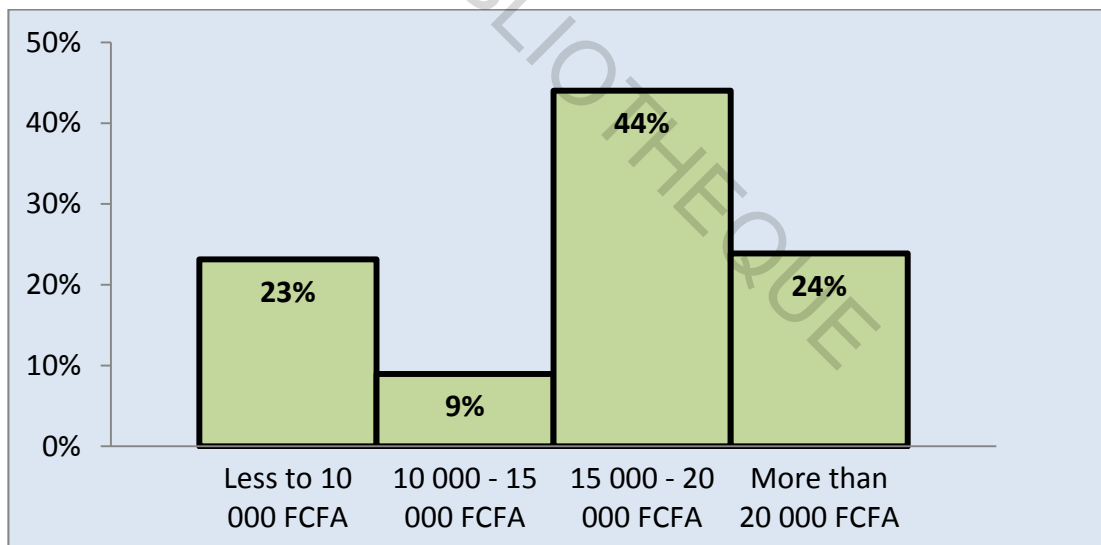
After the background analysis of our target market, the 3rd part of the questionnaire is focused on the monthly revenue and savings trend of students. Information received will permit us to design a fund that will take into consideration the realities on the ground.

Income or spending per month of CESAG students range from less than 50 000 FCFA to more than 200 000 FCFA. 64% of the sample size receives spending money of up to 100 000 FCFA.

Figure 13: Students' Monthly Revenue Range

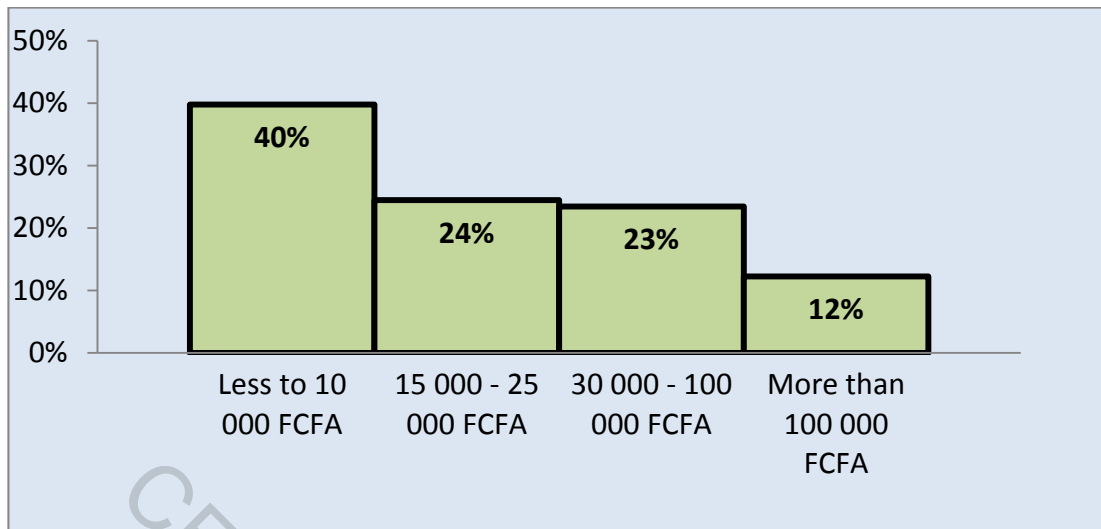
Source: Primary Data from Questionnaire

On the other hand, students savings range from 0 FCA to more than 20 000 FCFA. Based on their monthly income, students are able to save between 15 000 FCFA and 20 000 FCFA on the most part.

Figure 14: Students' Savings level

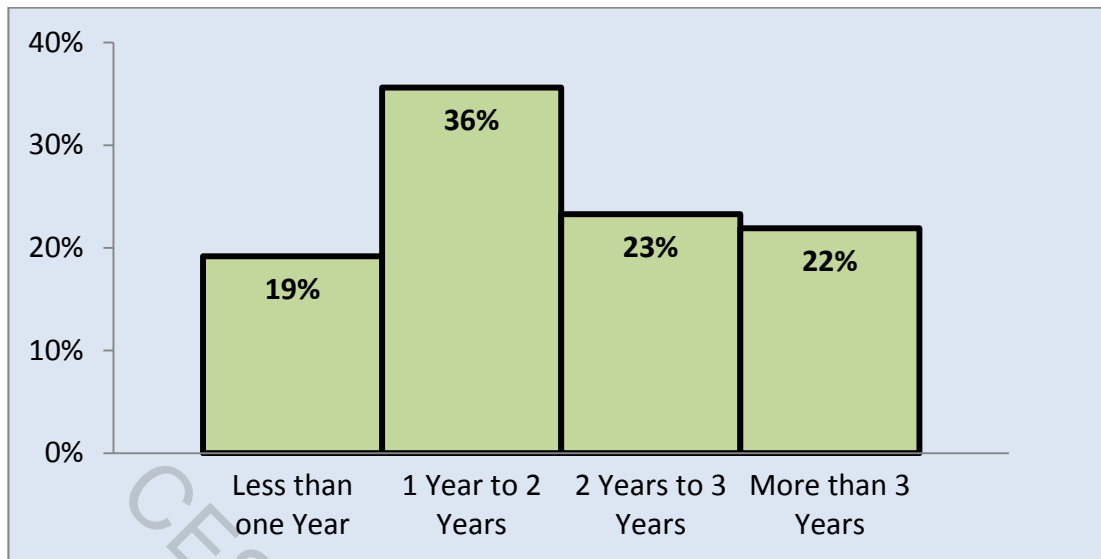
Source: Primary Data from Questionnaire

When asked how much they will be willing to contribute to a fund on a monthly basis, 40% of the sample answered less than 10 000 FCFA, 25% gave a range of 15 000 FCFA to 25 000 FCFA, 23% of the answers were between 30 000 FCFA and 100 000 FCFA and the rest were above 100 000 FCFA.

Figure 15: Students Contribution Range to a fund

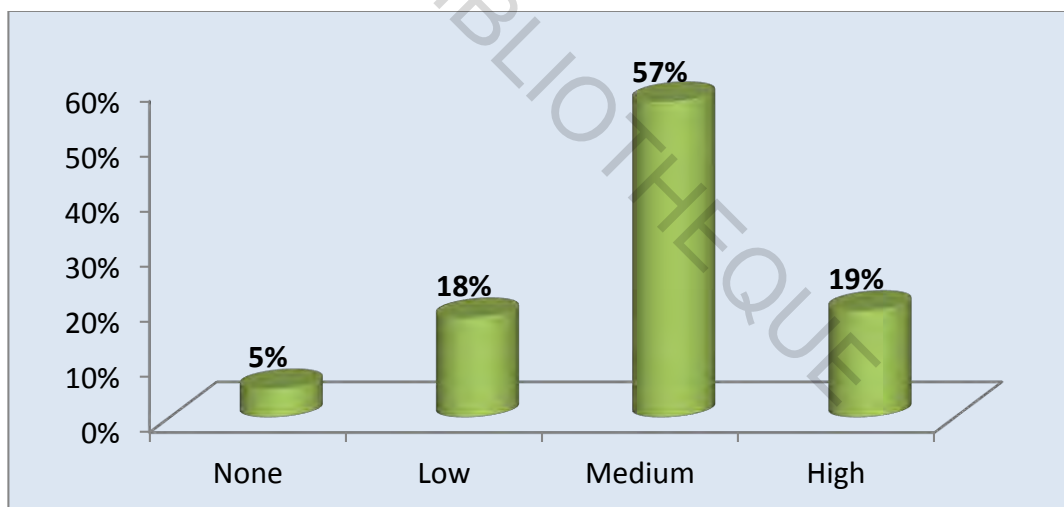
Source: Primary Data from Questionnaire

Another guideline that students gave us was the duration they are willing to invest their savings for. We gather that preference is for short term investments for up to 2 years. We believe that answers are influenced by the duration of trainings that are up to maximum 3 years. Furthermore, as most students are residents in Dakar-Senegal during their training, they will want to cash their investments before going back to their home country. This information will define the choice of investments products that will be chosen in terms of duration and also liquidity.

Figure 16: Investment Duration

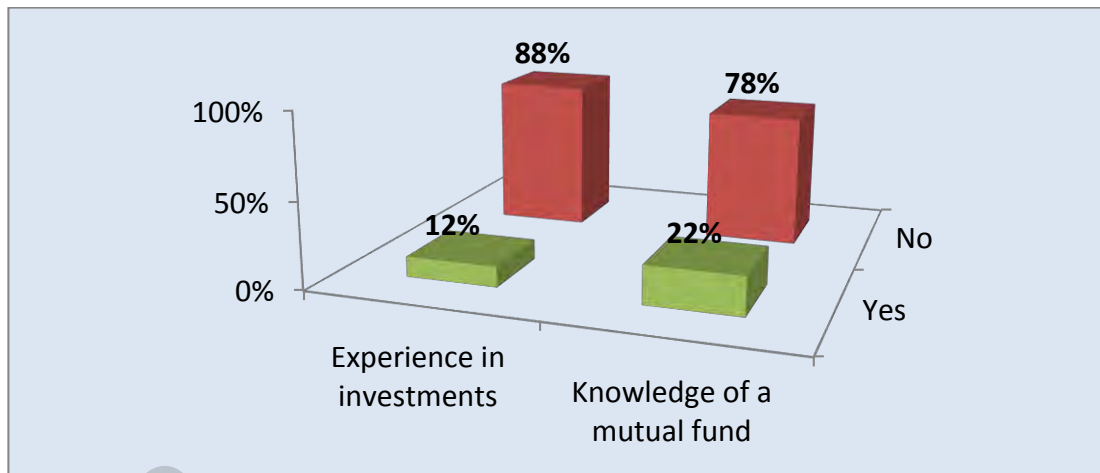
Source: Primary Data from Questionnaire

With the institutes giving courses on finance and investments, more than 50% of students have medium knowledge level in investments.

Figure 17: Students' Investment Knowledge

Source: Primary Data from Questionnaire

However, when asked if they have experience in investing in financial product, 88% of them answered no. When further asked if they knew any mutual fund in their countries or elsewhere, 77% again answered no. These answers confirm the problematic that we are trying to address in this project.

Figure 18: Experience in Investments vs. Knowledge of a mutual fund

Source: Primary Data from Questionnaire

Behaviour of students towards risk, we noticed, was quite reserve on average. Majority prefers to invest in a portfolio with majority risk free and minority high risk. The latter is to boost return on their investments without risking most of their capital.

Table 9: Students' Behaviour toward Risk

Scenarios of behaviour toward risk	Percentage of sample
I would only select investments that have a low degree of risk associated with them. It is unlikely I will lose my original investment	29.81%
I prefer to select a mix of investments with emphasis on those with a low degree of risk and a small portion in others that have a higher degree of risk that may yield greater returns	31.06%
I prefer to select a balanced mix of investments some that have a low degree of risk, others that may have a higher degree of risk that may yield greater return	21.74%
I prefer to select an aggressive mix of investments some that have a low degree of risk, but with emphasis on others that have a higher degree of risk that may yield greater return	8.70%
I would select an investment that has only a higher degree and a greater potential for higher returns	8.70%

Source: Primary Data from Questionnaire

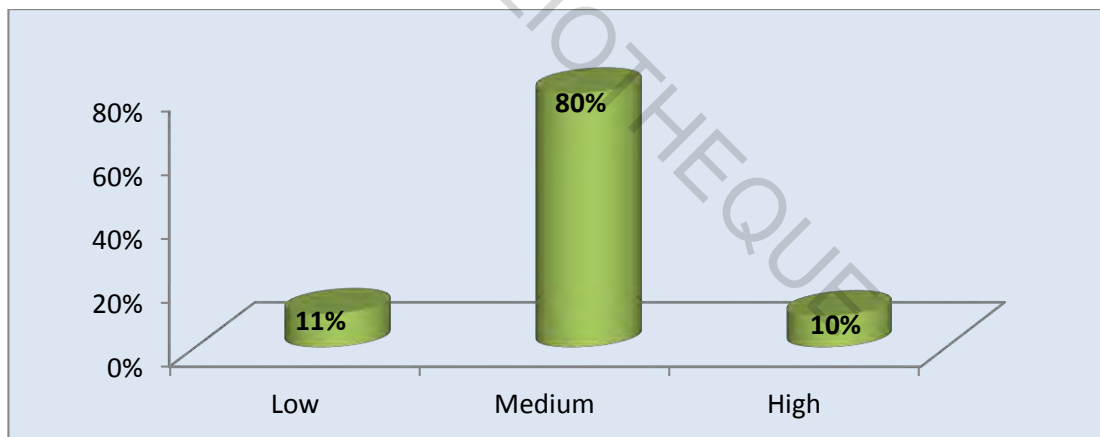
We further presented them with a couple of scenarios to gauge their attitude towards loss on investments. Most of them expressed their worry but are willing to hold their investments till maturity.

Table 10: Students Loss Tolerance

Loss Tolerance	Percentage of sample
I would be extremely concerned and would sell my investment	10.07%
I would be concerned and may consider selling my investment	28.19%
I would be concerned, but I would not consider selling my investment	32.21%
I would not be overly concerned given my long term investment philosophy	29.53%

Source: Primary Data from Questionnaire

The last figure of the data analysis illustrates the general risk tolerance of students. Following their behaviour towards risk and their willingness to hold their investments to maturity when faced with loss, the general risk tolerance of students is mostly medium. This information come to accentuate the trend already set by the two previous tables.

Figure 19: Students General Risk Tolerance

Source: Primary Data from Questionnaire

Following our data analysis, we can conclude that majority of students have a medium level of investment knowledge. This is due to the courses that they take during their training in CESAG. They however seriously lack experience investing in securities. This is where we believe the implementation of a students' investment fund will correct this pattern and further boost their opportunities in the job market. Investment duration and general risk tolerance outcome of our data analysis will further guide the assets under management selection.

CHAPTER THREE: BUSINESS PLAN

Under this chapter, we will discuss the marketing and human resource needs of the project. Based on data analysis and norms in the sub-region as assumptions, financial projections were built and details of this are also outlined in this chapter.

1. MARKETING PLAN

Marketing is an essential element to the success of our project. We are aware that correcting a culture pattern in the youth will not be an easy task. Through our questionnaire, we noticed that unlike the general public most students in CESAG have medium investment knowledge. The main challenge is that majority of them have no investment experience.

3.1. The Product

The product that the fund is offering is the acquisition of part of the fund. Funds gathered through students' subscription and donors will be used to invest in shares, bonds, treasury bills and mutual funds units. Based on questionnaire feedback, only 20% of the funds will be invested in assets with duration of less than a year. As programs durations are not more than 3 years, the fund cannot lock its funds for more than that timeframe. The assets being considered must be very liquid and not extremely risky. The target market of the fund, being CESAG students, is a huge advantage for the fund.

3.2. The Price

With respect to price, we projected to implement a plan of **“Save 250 FCFA per day for 20 days in a month”**. Our aim is to make it look as cheap as possible for students to invest and save. At the beginning of the year, students will be required to deposit a lump sum of FCFA 50,000. This amount while not too expensive will be used to make the initial investments for the students and to permit the fund to generate enough revenue to cover costs. A fundamental basis for students' fund is to generate enough revenue to cover costs but not necessarily make profit.

We further intend to work closely with marketing volunteers to create and implement more innovative marketing strategy to build awareness among students and influence their contributions.

3.3. Communication and Distribution

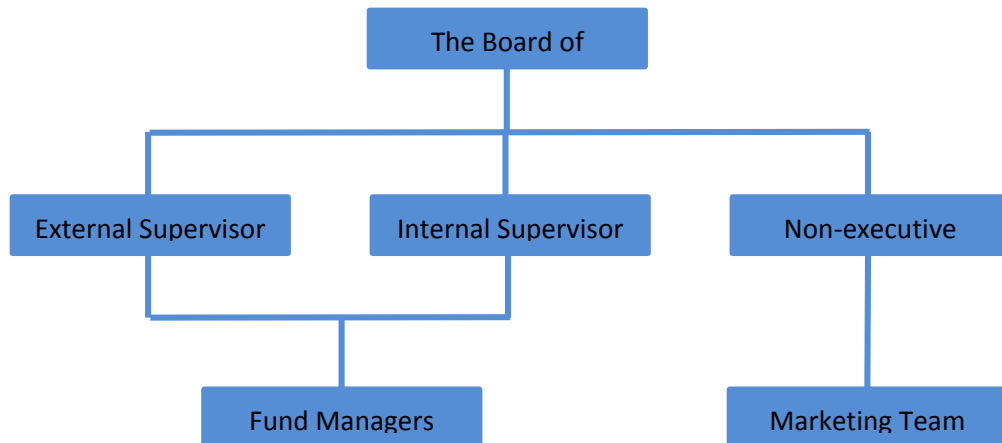
Seminars and talk shows will be given at least once a year as part of our communication strategy to make our presence known to students. The marketing team will give guidance as to the best approach from time to time.

Our aim is not only to make it cheap for students to contribute but also accessible. The office of the fund will be quartered in CESAG. At the beginning of the year, students will fill forms (that will be designed with guidance from foreign students' investments forms and UCITS subscription forms in the zone) and accounts will be created for students and subscription will be reported in their accounts.

We further intend to use the network of class governors to receive contribution of their classmates and pay it on their behalf at the fund office. For security and accountability reasons, a weekly mail will be sent to students to notify them of their total contributions for the week.

2. HUMAN RESSOURCE PLAN

Apart from students that will manage the fund, there is need to set up a board, appoint supervisors and look for donors for the fund to be operational.

Figure 20: Organigram of the CESAG Students' Investment Fund

Source: Ourselves

2.1 Fund Managers

An initial issue that must be addressed is the selection of students that must manage the fund and participate in the decision making process. In the United States, funds are managed by a finance class for a semester. Decisions taken at the end of the semester will be carried out for the rest of the year. As it is part of their course requirements, students are not paid but are rewarded through good grades and scholarships. These students manage only donated funds, thus tend to have high risk tolerance as funds under management are not their own.

In our case, it will be difficult to implement the US concept here especially with our aim to instill the culture of saving. It is in this perspective that CESAG students' fund will be managed by a team of 3 students per trimester. These students will be chosen among the best finance students of the previous term. We also count on the voluntary of other students willing to acquire an on the job experience while in school.

We intend, in the implementation phase, to approach the marketing department so their students will be responsible for the marketing approach of the fund. With the department, we will decide if the marketing students will work with the fund per group per trimester or per class for the whole academic year. We further plan to

approach the auditing students to audit the accounts of the fund at the end of every trimester before new management comes into office.

2.2 Fund Supervisors

Apart from the fund managers, the fund requires or needs fund supervisors that will oversee the activities of the fund managers. The fund supervisors must be at least 2. The first one will be appointed by CESAG. He or she will act as the internal supervisor of the fund managers. This supervisor will be the first contact point to assist the student managers in their day to day activities. He must be based in CESAG and have an in depth knowledge of portfolio management. He will look out for the interest of the school. It is preferable for the internal supervisor to be a lecturer of CESAG with extensive knowledge in portfolio management.

The second supervisor will be an external supervisor. He must have substantial knowledge in portfolio management and further practice it; thus he must be a portfolio manager with one of the UCITS of the WAEMU financial market. His role is to make sure that the rules from the guidelines and CREPMF rules are implemented in the fund management process. He is also responsible for training students and keeping them abreast with new practice in the professional world.

A non-executive supervisor will also be required for the fund. This person must preferably be the marketing head or a member of its department. His role will be supervising the marketing team that will be responsible for the fund. He or she will ensure that the marketers work within the budget allocated for the year.

2.3 The Donors

Funding for a typical student managed investment fund comes from donations of school endowment fund, alumni, employers and institutions. For this project, we identified institutions such as CESAG, BCEAO, CREPMF, BRVM, brokerage firms, UCITS, Banks and other financial institutions.

Prior to the start of the fund, a whole academic year should be set to approach donors, present the project and get their contribution. These donors were selected on the basis that they are the primarily regulators participants and beneficiary of

the financial market and this project on the long run. CESAG will be able to place its graduates easily. The regulators will notice an improvement in the market when this project is successful and the investing culture is spread among the youth who represents majority of the population in the sub-region. Market participants get business for managing funds, acquire a guaranteed future market and get experienced graduates as employees.

During negotiations with financial market participants, we will emphasis on the need to secure at least an internship or a job for the students fund managers teams.

All donors have a right to a seat on the fund board. A representative on the board will look out for the interest of the donor and veto investment decisions or not. The fund, on its end, must invest donors' fund to generate interests that they will use to cover expenses alongside revenue generated by the fund.

The board will meet at the end of each trimester to vote or reject the investment decisions of the leaving managers for the next term. They are responsible for drawing the guidelines that the fund managers must follow. They may decide to be silent donors and count on the board to make the necessary decisions.

The fund board members must be at most 10. Other donors, that donate after the board have been established, will automatically become silent partners. They however will receive all reports to keep abreast with the performance of the fund. There may be cases where donors of considerable funds may insist on being on the board. Approval will be given to their request at an extraordinary meeting among other members.

3. FINANCIAL PROJECTIONS

Details of the assumptions underlying our projected financials are described below followed by a snapshot of the different projected statements.

3.1. Assumptions

Description of the assumptions underlying the financial projections is given below.

3.1.1. Target Market

CESAG welcomes every year approximately 1,200 students. Based on this information we projected that over the next 5 academic years, the school will train the same number of students.

Through data received from the school, we gather that about 60% of total students are in the last year of their respective programs. This in turns leads us to deduct that 40% of the 1,200 students are continuing students.

Through our questionnaire and the analysis of its data gathered, 40% of students in their last year plan to further stay in CESAG to further their education by enlisting in another program.

This then leave us with 60% of the students in their last year that leave the school. We can therefore assume that the same amount of students leaving the school will be the freshers or new entrants for each year.

3.1.2. Monthly Contribution

Pursuant to the data analysis, we gather that majority of students are willing to contribute less than 10,000 FCFA to a fund on a monthly basis. We projected that at the beginning of each academic year, students will contribute a lump sum of 50,000 FCFA. This will allow students to have at least something substantial enough in case they were unable to contribute much during the year.

Table 11: Monthly Contribution Assumption

Months	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Contribution	50,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Participation	60%	75%	100%	100%	100%	90%	80%	75%	60%

Source: ourselves

A monthly contribution of 5,000 FCFA was projected in consideration of the range of contribution that the students are willing to make. We projected that participation will vary throughout the academic year but with the hope that participation will be 100% based on our marketing approach of “**contributing 250 FCFA per day for 20 days in a month**”. Making it look cheap and easy for students to save, we believe, is the key to instilling the habit of investing. Based on these

assumptions, we projected that funds collected yearly will amount to 76.8 million FCFA every year.

Table 12: Details of students' contribution expected

Funds Received	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2014	36,000,000	4,500,000	6,000,000	6,000,000	6,000,000	5,400,000	4,800,000	4,500,000	3,600,000	76,800,000
2015	36,000,000	4,500,000	6,000,000	6,000,000	6,000,000	5,400,000	4,800,000	4,500,000	3,600,000	76,800,000
2016	36,000,000	4,500,000	6,000,000	6,000,000	6,000,000	5,400,000	4,800,000	4,500,000	3,600,000	76,800,000
2017	36,000,000	4,500,000	6,000,000	6,000,000	6,000,000	5,400,000	4,800,000	4,500,000	3,600,000	76,800,000
2018	36,000,000	4,500,000	6,000,000	6,000,000	6,000,000	5,400,000	4,800,000	4,500,000	3,600,000	76,800,000

Source: Ourselves

3.1.3. Partners

A typical Students investment fund gets their funding through donors and their school endowment fund. This aspect was included in this project. We therefore project to approach as many donors as possible every year to donate to the fund. Since this project is aimed at solving a problem for the financial market in the sub region, partners and donors such as national and regional Para public institutions, market participants such as brokerage house, mutual funds, banks and other financial institutions are our targets. Funds gathered will be invested and income from investments will be used to motivate students to invest. This motivation will be in the form of part distribution of the investment income generated to students pro rata their own contribution. The other part will go to the fund management as revenue to cover extra expenses as the structure of an investment fund is to cover all expenses but not necessarily to generate profit.

Table 13: Partners donations per investments duration

Donations	2014	2015	2016	2017	2018
Long term investments	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Short term Investments	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Source: Ourselves

We projected that we will receive a total of 20 million FCFA which will be invested in long term investments and short term investments. The duration of this portfolio will be similar to that of the students' portfolio.

3.1.4. Investment Income

Investment income for both portfolios will be at a rate of 15% for long term investments and 5% for short term. As mentioned in the document before, unlike develop countries, there is no regulation for students investments fund yet in the sub region. The fund will therefore be registered as an association and all funds will be managed through mutual funds of the sub region that we will partner with. The 15% was projected based on return on the BRVM index performance. The index performance has reached more than 20% at the end of May 2013 but we took into consideration fluctuation of the market and fees that are charged. The short term rate of 5% was as result of treasury bills rate in the sub region that fluctuates around that rate.

Table 14: Investment Income from Donors and Students' Contributions

Donors Investment income	2014	2015	2016	2017	2018
Long term investments	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Short term Investments	200,000	200,000	200,000	200,000	200,000
Total Investment	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Income					
Allotment to students	50%	50%	50%	50%	50%
	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Students contribution	2014	2015	2016	2017	2018
Long term investments	61,440,000	106,539,008	139,154,611	162,742,214	179,800,769
Short term Investments	15,360,000	26,634,752	34,788,653	40,685,554	44,950,192
Investment income					
Long term investments	9,216,000	15,980,851	20,873,192	24,411,332	26,970,115
Short term Investments	768,000	1,331,738	1,739,433	2,034,278	2,247,510
Total Investment	9,984,000	17,312,589	22,612,624	26,445,610	29,217,625
Income					

Source: Ourselves

3.1.5. Student Fund Size

The students' fund size is as a result of annual contribution to the fund, resale to departing students' investments, investment income that will be reinvested and the investment income allotted to students.

Table 15: Student Fund Size

Total Funds	2014	2015	2016	2017	2018
Beginning Balance	-	56,373,760	97,143,263	126,627,768	147,950,962
Additions	76,800,000	76,800,000	76,800,000	76,800,000	76,800,000
Investment Income	11,284,000	18,612,589	23,912,624	27,745,610	30,517,625
Sub total	88,084,000	151,786,349	197,855,887	231,173,378	255,268,587
Resale	31,710,240	54,643,086	71,228,119	83,222,416	91,896,691
Ending Balance	56,373,760	97,143,263	126,627,768	147,950,962	163,371,896

Source: Ourselves

3.1.6. Revenue

To cover its expenses, we suggested that the fund charges a subscription fee of 1% to new entrants in the fund, a management fee of 0.50% applicable to existing students customers and a resale fee of 1% to departing students. We got the idea from the total charges applicable to fund managers in the WAEMU zone.

Table 16: Projected Total Revenue

REVENUE	2014	2015	2016	2017	2018
Subscription	768,000	276,480	276,480	276,480	276,480
Management Fee	-	310,858	405,209	473,443	522,790
Resale	317,102	546,431	712,281	832,224	918,967
Total Revenue	1,085,102	1,133,769	1,393,970	1,582,147	1,718,237

Source: Ourselves

3.1.7. Expenses

Management of the fund results in some expenses that revenue is meant to cover. To motivate students that will take care of the day to day management of the fund a stipend allowance will be given to them. As contribution to the Fund, we projected that administration and general expenses such as rent, electricity and internet will be covered by CESAG for the first 5 years of the fund. Other expenses will be towards publicity, seminars that need to be done to create awareness among students of the school.

As the main fund management will be done by mutual funds but decision will be taken by students' board and monitoring will be done by students as well, allowance is estimated at 15,000 FCFA then increased to 20,000 FCFA in the fourth year.

Table 17: Projected Fund Expenses

Total Expenses	2014	2015	2016	2017	2018
Personnel Allowances	540,000	540,000	540,000	720,000	720,000
Administrative and general expenses	1,920,000	1,958,400	1,997,568	2,037,519	2,078,270
Stationaries	200,000	200,000	200,000	200,000	200,000
Other Expenses (Marketing, seminars)	1,000,000	500,000	500,000	500,000	500,000

Source: Ourselves

Other expenses are stationaries and other expenses. Other expenses in the first year is quite considerable as we intend to pay for registration of the fund as an association, organise seminars, do adverts, prepare pitch books to donors and cover any other expenses that the fund may incur. The following years, other expenses will be mainly focused on marketing implementations to create more awareness among students.

3.1.8. Property, Plant and Equipment

We estimated that an office that can contain three workers in permanence. Financing of these assets are projected to be from CESAG. In total CESAG is projected to contribute 13.31 million to the creation of this students' fund.

Table 18: Property, Plant and Equipment Schedule

Property, Plant and Equipment					
Acquisitions	Unit Price	Quantity	Amount		
Office desks and Tables	330,000	3	990,000		
Guest Seats (pairs)	150,000	3	450,000		
Computers and UPS	524,000	3	1,572,000		
Printer and Photocopier	300,000	1	300,000		
TOTAL			3,312,000		
	2014	2015	2016	2017	2018
Beginning Balance	-	3,312,000.00	2,649,600.00	2,119,680.00	1,695,744.00
Acquisitions	3,312,000.00	-	-	-	-
Sales	-	-	-	-	-
Gross Balance	3,312,000.00	3,312,000.00	2,649,600.00	2,119,680.00	1,695,744.00
Depreciation	-	662,400.00	529,920.00	423,936.00	339,148.80
Ending Balance	3,312,000.00	2,649,600.00	2,119,680.00	1,695,744.00	1,356,595.20

Source: Ourselves

3.2. Projected Income Statement

Based on the above assumptions, the fund is projected to report revenue from 1.0 million FCFA in the first year to 1.7 million FCFA in the fifth year representing a global growth rate of 58% and an average annual growth rate of 12%. Operating income also grew from 345,102 FCFA to 459,088 FCFA, thus an average growth rate of 7% over the 5 years. A tax rate of 17% is applicable to the operating income. Investment income moves from 12.6 million FCFA to 31.8 million FCFA in the last year. This growth is influenced by the increase of the fund size over the years. After allotting most of the investment income to students, the fund will retain a profit, transferable to Shareholders' fund, of 586,435 FCFA in the first year and up to 4.2 million FCFA in the fifth year.

Table 19: Projected Income Statement for the next five years

Projected Income Statement	2014	2015	2016	2017	2018
Revenue	1,085,102	1,133,769	1,393,970	1,582,147	1,718,237
Personnel Allowances	(540,000)	(540,000)	(540,000)	(720,000)	(720,000)
Administrative and general expenses	(1,920,000)	(1,958,400)	(1,997,568)	(2,037,519)	(2,078,270)
Stationaries	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
CESAG Subsidy	1,920,000	1,958,400	1,997,568	2,037,519	2,078,270
Depreciation	-	(662,400)	(529,920)	(423,936)	(339,149)
Operating Income	345,102	(268,631)	124,050	238,211	459,088
Investment Income	12,584,000	19,912,589	25,212,624	29,045,610	31,817,625
Other expenses	(1,000,000)	(500,000)	(500,000)	(500,000)	(500,000)
Earning Before Tax	11,929,102	19,143,958	24,836,674	28,783,821	31,776,713
Tax (17%)	58,667	-	21,089	40,496	78,045
Profit After Tax	11,870,435	19,143,958	24,815,586	28,743,325	31,698,668
Income surplus	2014	2015	2016	2017	2018
Beginning balance	-	586,435	1,117,804	2,020,766	3,018,481
Profit of year	11,870,435	19,143,958	24,815,586	28,743,325	31,698,668
Allotment to students	(11,284,000)	(18,612,589)	(23,912,624)	(27,745,610)	(30,517,625)
Retained earnings	586,435	1,117,804	2,020,766	3,018,481	4,199,524

Source: Ourselves

3.3. Projected Balance Sheet Statement

Total Assets are expected to grow from 100.70 million FCFA to 252.26 million FCFA over the Period. This represents a global growth of 151% and an average annual growth rate of 27%. Liabilities, which are the students' contribution, grow at an average rate of 31% per year while shareholders' funds grow at 4% per annum.

Table 20: Projected Balance Sheet for the next 5 years

Balance Sheet Statement	2014	2015	2016	2017	2018
<i>Assets</i>					
Property, Plant and Equipment	3,312,000	2,649,600	2,119,680	1,695,744	1,356,595
Long term investments	77,440,000	122,539,008	155,154,611	178,742,214	195,800,769
Short term investments	19,360,000	30,634,752	38,788,653	44,685,554	48,950,192
Cash and Bank Balances	586,435	1,780,204	3,213,086	4,634,737	6,154,929
TOTAL ASSETS	100,698,435	157,603,564	199,276,029	229,758,249	252,262,486
<i>Liabilities</i>					
Deposits	76,800,000	133,173,760	173,943,263	203,427,768	224,750,962
TOTAL LIABILITIES	76,800,000	133,173,760	173,943,263	203,427,768	224,750,962
<i>Shareholders' Funds</i>					
Capital	23,312,000	23,312,000	23,312,000	23,312,000	23,312,000
Retained Earnings	586,435	1,117,804	2,020,766	3,018,481	4,199,524
TOTAL SHAREHOLDERS' FUNDS	23,898,435	24,429,804	25,332,766	26,330,481	27,511,524

Source: Ourselves

3.4. Projected Cash flow Statement

Net Cash transferable to balance sheet grew from 586,435 FCFA to 6.1 million FCFA.

Cash will be invested in money market instruments or highly liquid instruments to generate more revenue for the fund.

Table 21: Projected Cash Flow Statement for the next 5 Years

Cash Flow Statement	2014	2015	2016	2017	2018
<i>Cash from Operations</i>					
EBIT	345,102	(268,631)	124,050	238,211	459,088
Depreciation	-	662,400	529,920	423,936	339,149
Increase in other income	300,000	800,000	800,000	800,000	800,000
Tax paid	(58,667)	-	(21,089)	(40,496)	(78,045)
Cash from operations	586,435	1,193,769	1,432,882	1,421,651	1,520,192
<i>Cash from investing</i>					
Property, Plant and Equipment Purchase	(3,312,000)				
Purchase of Investments	(96,800,000)	(56,373,760)	(40,769,503)	(29,484,505)	(21,323,194)
Sale of investments	31,710,240	54,643,086	71,228,119	83,222,416	91,896,691
Cash from investing	(68,401,760)	(1,730,674)	30,458,616	53,737,911	70,573,497
<i>Cash from Financing</i>					
Capital	23,312,000	-	-	-	-
Redemption	(31,710,240)	(54,643,086)	(71,228,119)	(83,222,416)	(91,896,691)
Contributions	76,800,000	56,373,760	40,769,503	29,484,505	21,323,194
Cash from Financing	68,401,760	1,730,674	(30,458,616)	(53,737,911)	(70,573,497)
Net cash	586,435	1,193,769	1,432,882	1,421,651	1,520,192
Beginning balance	-	586,435	1,780,204	3,213,086	4,634,737
Addition	586,435	1,193,769	1,432,882	1,421,651	1,520,192
Cash and Cash Balances	586,435	1,780,204	3,213,086	4,634,737	6,154,929

Source: Ourselves

Following these human resource and marketing plans and the financial projections, we can conclude that this project is a viable project as it generates enough revenues to cover all its expenses. It must be noted that projected figures are based on assumptions that are true to some extent but may not be the same as what happens on the ground. We tried as much as possible to state figures as close to the realities as possible. During the implementation of this project, a further analysis must be conducted to update figures used here as market returns fluctuates continuously.

CONCLUSION

Thus, CESAG offers an ideal target market for our project. The school already offer investment course with some of them being portfolio management courses. The school is further geared towards improving continuously its training approach and partners to offer the best trainings to students and further make these students sought-after on the job market.

Faced with same problems that CESAG deals with, developed countries universities such as the United States universities have created students managed investments funds with endowments funds of the school. This project was a success and was implemented in most universities abroad. Nowadays, students' investments funds are not only a means to evaluate students but also a way to make them marketable and boost their confidence.

Analysis of data collected, through questionnaires, confirms the need for students in our zone to build an investment culture. This will prepare them for the job market and amplify their knowledge of the WAEMU financial market. We strongly recommend that this project be implemented in other business schools, not only in Senegal, but other countries in the WAEMU zone and beyond. This in turn will boost the performance of the financial market in Sub-Sahara Africa.

Beyond the above objectives, the project has further broadened our personal knowledge scope in portfolio management, a new field for us and the intricacies of the WAEMU Financial Market.

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CESAG - BIBLIOTHEQUE

APPENDIX

APPENDIX A: Statistics

Table 22: Percentage Students per Country

COUNTRIES	PERCENTAGE
BENIN	7,1%
GUINEA BISSAU	0,2%
BURKINA FASO	7,6%
BURUNDI	0,2%
CAMEROUN	1,8%
CONGO	2,6%
DJIBOUTI	0,1%
EQUATORIAL GUINEA	0,9%
GABON	2,0%
GAMBIA	0,2%
GHANA	0,3%
GUINEA	0,5%
IVORY COAST	16,7%
MADAGASCAR	0,2%
MALI	3,0%
MAURITANIA	0,8%
NIGER	4,9%
SENEGAL	46,0%
TCHAD	0,8%
TOGO	3,6%
OTHERS*	0,5%
TOTAL	100%

Source: CESAG

*Others: this covers the countries outside Africa; i.e.: Austria, Belgium, Canada, France and Italy.

APPENDIX B: Questionnaire

QUESTIONNAIRE

PERSONAL INFORMATION

1- <u>SEXE</u>	MALE <input type="checkbox"/>	2- <u>NATIONALITY</u> _____
	FEMALE <input type="checkbox"/>	

4- <u>AGE</u>	15 YRS-20 YRS <input type="checkbox"/>	5- <u>MARITAL STATUS</u>	SINGLE <input type="checkbox"/>
	20 YRS- 25 YRS <input type="checkbox"/>		MARIED <input type="checkbox"/>
	25 YRS- 30 YRS <input type="checkbox"/>		DIVORCED <input type="checkbox"/>
	30 YRS AND ABOVE <input type="checkbox"/>		WIDOWED <input type="checkbox"/>

ACADEMIQUE INFORMATION

6- <u>INSTITUT</u>				
ILIF <input type="checkbox"/>	ISCBF <input type="checkbox"/>	ISMEO <input type="checkbox"/>	ISMS <input type="checkbox"/>	PMBF <input type="checkbox"/>

7- COURSE _____

8- DURATION OF COURSE
 LESS THEN A YR OR 1 YR 1 YR TO 2 YRS 2 YRS TO 3 YRS

9- DO YOU INTEND DOING ANOTHER COURSE AFTER THE PRESENT ONE?
 YES NO IF YES, FOR HOW MANY YEARS _____

10- WHO PAYS YOUR FEES ?
 YOURSELF PARENTS SCHORLARSHIP

NVESTMENT PROFILE

11- <u>MONTHLY INCOME (Pocket money or salaries)</u>	12- <u>MONTHLY SAVINGS</u>
LESS THAN CFA 50.000 <input type="checkbox"/>	LESS THAN CFA 10.000 <input type="checkbox"/>
CFA 50.000 TO CFA 100.000 <input type="checkbox"/>	CFA 10.000 TO CFA 15.000 <input type="checkbox"/>
CFA 100.000 TO CFA 200.000 <input type="checkbox"/>	CFA 15.000 TO CFA 20.000 <input type="checkbox"/>
MORE THAN CFA 200.000 <input type="checkbox"/>	MORE THAN CFA 20.000 <input type="checkbox"/>

13- WHAT IS YOUR INVESTMENT KNOWLEDGE LEVEL
 NONE SMALL MEDIUM HIGH

14- HAVE YOU INVESTED IN A FINANCIAL PRODUCT?

YES NO IF YES, WHICH ONE _____

15- DO YOU KNOW ANY MUTUAL FUND?

YES NO IF YES, WHICH ONE _____

16- HOW MUCH WILL YOU BE WILLING TO INVEST IN A MUTUAL FUND PER MONTH?

17- IN APPROXIMATELY HOW MANY YEARS DO YOU EXPECT TO NEED THE MONEY YOU INVEST?

LESS THAN 1 YR 1 YR TO 2 YRS 2 YRS TO 3 YRS MORE THAN 3 YRS

18- WHICH ONE OF THE FOLLOWING STATEMENTS BEST DESCRIBES YOUR FEELINGS ABOUT INVESTMENT RISK?

I WOULD ONLY SELECT INVESTMENTS THAT HAVE A LOW DEGREE OF RISK ASSOCIATED WITH THEM. IT IS UNLIKELY I WILL LOSE MY ORIGINAL INVESTMENT

I PREFER TO SELECT A MIX OF INVESTMENTS WITH EMPHASIS ON THOSE WITH A LOW DEGREE OF RISK AND A SMALL PORTION IN OTHERS THAT HAVE A HIGHER DEGREE OF RISK THAT MAY YIELD GREATER RETURNS.

I PREFER TO SELECT A BALANCED MIX OF INVESTMENTS SOME THAT HAVE A LOW DEGREE OF RISK, OTHERS THAT MAY HAVE A HIGHER DEGREE OF RISK THAT MAY YIELD GREATER RETURN.

I PREFER TO SELECT AN AGGRESSIVE MIX OF INVESTMENTS SOME THAT HAVE A LOW DEGREE OF RISK, BUT WITH EMPHASIS ON OTHERS THAT HAVE A HIGHER DEGREE OF RISK THAT MAY YIELD GREATER RETURN.

I WOULD SELECT AN INVESTMENT THAT HAS ONLY A HIGHER DEGREE AND A GREATER POTENTIAL FOR HIGHER RETURNS

19- THE VALUE OF MOST INVESTMENTS FLUCTUATES FROM YEAR TO YEAR AS WELL AS OVER THE SHORT TERM. HOW WOULD YOU FEEL IF AN INVESTMENT YOU HAD COMMITTED TO FOR THREE YEARS OR MORE LOST 10% OF ITS VALUE DURING THE FIRST YEAR?

I WOULD BE EXTREMELY CONCERNED AND WOULD SELL MY INVESTMENT

I WOULD BE CONCERNED AND MAY CONSIDER SELLING MY INVESTMENT

I WOULD BE CONCERNED, BUT I WOULD NOT CONSIDER SELLING MY INVESTMENT

I WOULD NOT BE OVERLY CONCERNED GIVEN MY LONG TERM INVESTMENT PHILOSOPHY

20- YOUR PERSONAL RISK TOLERANCE

HIGH MEDIUM LOW

APPENDIX C: Selected fund and sector index performances

Table 23: Performance of selected fund and sector indexes of the WAEMU zone

Funds under management	Date	Net Asset Value (En F CFA)	Return (in %)				Return – Risk of FCP (En %)				Beta	Sharpe Index	Treynor Index	Alpha of Jensen
			Previous day	Beginning Month	Beginning Year	Previous Month	Average	Volume	Min.	Max.				
FCP SOGEVALOR	24/04/2013	20,443.00	0.43	20.74	5.18	20.99	35.44	40.48	(0.04)	0.09	(0.07)	0.68	(393.27)	35.99
FCP Ecobank UEMOA Performance***	23/05/2013	6,718.00	0.00	0.07	14.52	0.07	10.92	4.93	(1.43)	1.62	0.38	0.59	7.75	7.90
FCP Ecobank UEMOA Diversifié**	02/05/2013	1,208,868.00	0.00	0.07	6.86	0.07	7.66	4.21	(1.35)	0.85	0.33	(0.08)	(1.03)	4.97
FCP Opti Revenu	17/04/2013	47,542.13	(0.18)	0.19	1.21	0.29	(0.37)	2.84	(1.64)	0.43	(0.06)	(2.95)	144.00	0.08
FCP Opti Placement	17/04/2013	12,351.43	0.16	0.27	4.08	(0.43)	6.70	3.91	(1.05)	1.16	0.24	(0.33)	(5.52)	4.81
FCP Opti Capital	17/04/2013	12,721.06	0.09	0.49	2.67	0.63	8.64	4.07	(0.93)	1.37	0.19	0.16	3.37	7.12
FCP Capital Croissance	26/04/2013	14,486.00	0.63	1.29	(2.52)	(6.88)	11.47	4.04	(0.59)	0.61	0.93	0.86	3.71	3.99
BRVM Composite Index		169.72	0.40	14.93	0.35	21.69	8.00	14.73	(9.21)	6.32	1.00	-	-	-
BRVM 10		148.18	0.33	2.87	(56.30)	(7.03)	6.41	18.36	(11.03)	8.14	1.15	(0.09)	(1.39)	(2.76)
Agriculture		468.80	0.21	3.36	(50.12)	26.59	39.18	34.36	(18.02)	22.31	0.55	0.91	56.66	34.77
Distribution		131.34	0.48	9.73	(49.84)	23.58	15.60	14.80	(7.06)	5.55	0.05	0.51	140.04	15.15
Finances		58.32	-	4.80	(49.98)	11.05	(20.95)	31.68	(20.14)	8.15	1.27	(0.91)	(22.82)	(31.10)
Industries		81.48	0.09	0.06	(49.94)	5.08	0.97	15.22	(9.82)	8.76	0.19	(0.46)	(37.57)	(0.54)
Public services		337.80	0.65	1.31	(50.29)	(3.57)	19.53	22.02	(8.94)	13.72	1.07	0.52	10.78	10.98
Transport		233.14	0.16	14.96	(50.57)	(2.45)	8.74	27.03	(13.91)	12.52	0.09	0.03	8.34	8.02

** Previously FCP Patrimoine, change of name on the 01/01/2012

*** Previously FCP Prima Capital, Change of name on the 01/01/2012

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