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RSO Longevity Fund

Martin Fitzgerald Walker
Western Michigan University

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RSO Longevity Fund

Presentation Outline

- Introduction
- Hypothesis
- Current System
- Alternative Investment Solutions
- Conclusion

About Martin Walker II

- WMU 2023 Grad
- Majored in Finance & Leadership and Business Strategy
- Served as Director for Diversity and Inclusion for SBMA
- Served as President for Phi Chi Theta
- Served as Director of Finance and WSA Rep for Alpha Phi Alpha Fraternity Inc

Hypothesis

- My Hypothesis is that the current system for how RSO's receive and maintain funding is a flawed system that needs vast improvements across the Board with areas specifically being: How funds are Created/Originated and how RSO's should Invest/Maintain their funding.
- Throughout the following slides I will showcase how funds are created and then provide an alternative investment source that will allow RSO's to place created money into an alternative source that can produce Higher returns than the WMU Endowment while also providing more control over the use of the funds generated.

Current System (How RSO's Get Funding)

Dues / Contributions from Members

- Pros
 - Can provide consistent income for an RSO.
 - Motivates Members to participate in various RSO activities.
 - Has less restriction than other sources of funding
- Cons
 - Can provide consistent income for an RSO.
 - Motivates Members to participate in various RSO activities.
 - Has less restriction than other sources of funding

WSA Funding – College Provided

- Pros
 - Can Provide a substantial amount of funding due to WSA Funding limits.
 - Allows for equal distributions of Funds throughout different RSO's.
- Cons
 - Strict Rules regarding getting approved for funding and Deadlines for funding applications.
 - The reimbursement process is a pain for many RSO and Local Businesses due to time constraints.
 - Subjective to Approval by WSA Board of Directors

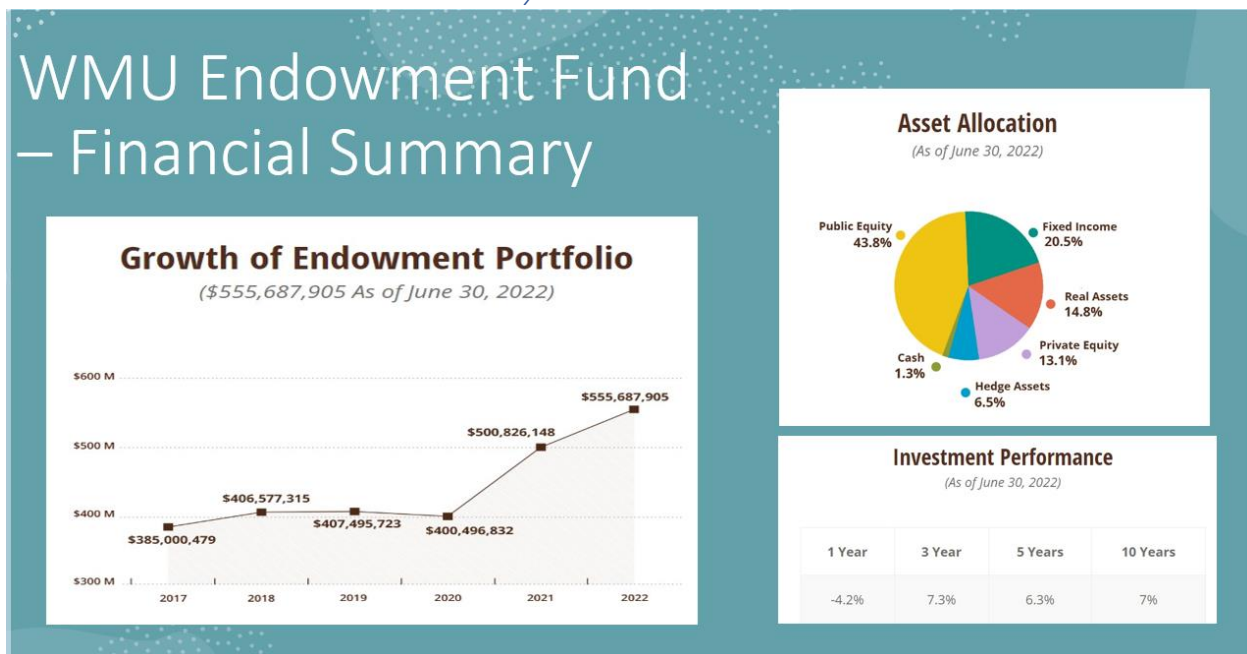
Sponsors

- Pros
 - Can provide a large source of funding.
 - Has the ability to provide more than just money?
 - Can boost the overall perception of an RSO.
- Cons
 - Funds can come with Stipulations or Various requirements.
 - Funds are not guaranteed yearly.
 - RSO can become reliant on them.

WMU Endowment Fund

- Pros
 - Has a massive Pool of investment Dollars from 100s of Donors?
 - Is currently invested in many different asset classes such as real estate, private equity and stocks.
- Cons
 - Has a 4.5% spending policy for investments held in the fund.
 - Has a \$30,000 minimum investment

WMU Endowment Fund – Financial Summary



Investment Solutions

Fundrise – Crowdfunding Real Estate

- Pros
 - Can set Passive Income Goals
 - Invest in Real Assets
 - Take Advantage of Appreciation and Quarterly Distributions
 - 1% Management Fees (Additional for some Accounts)
- Cons

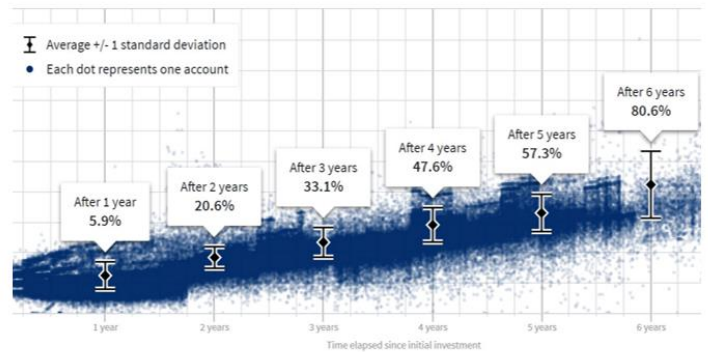
- Cannot pull out principle as fast as other choices.
- They are not FDIC (Federal Deposit Insurance Corporation) Insured
- They are not SIPC (Securities Investor Protection Corporation) Insured
- Better fit for bigger RSO's looking to park money in long-term assets.

Fundrise Investment Track

Fundrise Investment Track

Fundrise (all clients) ¹	Public REITs (all U.S. REITs) ¹	Public stocks (S&P 500) ²
0.59%	1.49%	7.50%
1.50%	-25.10%	-18.11%
22.99%	39.88%	28.71%
7.31%	-5.86%	18.40%
9.16%	28.07%	31.49%
8.81%	-4.10%	-4.38%
10.63%	9.27%	21.83%

Updated daily. Currently displaying data for 495,936 accounts.
Click the dots to view more detailed account information.



Fundrise Investment Strategies

	● Fixed Income	● Core Plus	● Value Add	● Opportunistic
Overview of typical business plan	Provide real estate backed loans or similar structured financing	Acquire and operate stabilized, cash flowing real estate	Acquire real estate that needs improvements and / or lease-up	Acquire and (re)develop real estate, often from the ground up
Timing of expected return	Typically begin earning interest immediately	Begin earning income shortly after acquisition	Several months to a year to begin seeing returns	Often two years or more to begin seeing returns
Primary expected source of returns	Interest income	Rental income with some growth	Growth with some rental income	Growth
Expected total annualized return¹	4 - 8%	6 - 10%	8 - 12%	10%+
Expected annual income¹	4 - 8%	4 - 6%	2 - 4%	0 - 2%
Expected variability of return	Low	Moderate	High	Very High

Fundrise: Income Real Estate Fund

Fundrise: Income Real Estate Fund

Fundrise Income Real Estate Fund, LLC
Financial Highlights

	For the Period February 3, 2022 ⁽⁵⁾ to December 31, 2022
Per share operating performance for a share outstanding throughout the period ⁽¹⁾	
Net Asset Value, Beginning of Period	\$ 10.00
Income from Investment Operations	
Net investment income (loss)	\$ 0.42
Net realized and unrealized gain (loss) on investments	0.04
Total Income from Investment Operations	\$ 0.46
Distributions to Common Shareholders	
Net investment income	\$ (0.40)
Net realized gain	(0.06)
Total Distributions to Common Shareholders	\$ (0.46)
Net Asset Value, End of Period	\$ 10.00
Total Investment Return Based on Net Asset Value (2)	4.60%



Vanguard Dividend Appreciation ETF (VIG)

- Pros
 - Liquidity

- Investments are in a wide variety of companies.
- Has stable returns and Produces Dividend Income
- Easy to invest in as an organization.
- Cons
 - Must be managed by a member of the organization.
 - More likely to have uncontrolled withdrawals from the fund account.
 - More prone to Market Movements and Events

VIG – Top 5 Stock Holdings

VIG - Top 5 Stock Holdings

MSFT	Microsoft Corp.	594918104	2588173	4.47 %	12,035,021	\$3,469,696,554
AAPL	Apple Inc.	037833100	2046251	4.24 %	19,972,906	\$3,293,532,199
XOM	Exxon Mobil Corp.	30231G102	2326618	3.27 %	23,171,380	\$2,540,973,531
UNH	UnitedHealth Group Inc.	91324P102	2917766	3.20 %	5,257,122	\$2,484,463,286
JNJ	Johnson & Johnson	478160104	2475833	2.94 %	14,710,211	\$2,280,082,705

VIG – Financial Track Record (5 – Year Period)

VIG – Financial Track Record (5 - Year Period)

Vanguard Dividend Appreciation Index Fund ETF Shares					
	Year Ended January 31,				
For a Share Outstanding Throughout Each Period	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$137.11	\$125.38	\$104.09	\$107.10	\$86.66
Investment Operations					
Net Investment Income ¹	2,736	2,299	2,214	2,084	1,951
Net Realized and Unrealized Gain (Loss) on Investments	25,504	11,728	21,210	(3,056)	20,408
Total from Investment Operations	28,240	14,027	23,424	(972)	22,359
Distributions					
Dividends from Net Investment Income	(2,660)	(2,297)	(2,134)	(2,038)	(1,919)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2,660)	(2,297)	(2,134)	(2,038)	(1,919)
Net Asset Value, End of Period	\$162.69	\$137.11	\$125.38	\$104.09	\$107.10
Total Return	20.71%	11.44%	22.68%	-0.87%	26.10%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$65,589	\$51,842	\$42,217	\$30,969	\$28,717
Ratio of Total Expenses to Average Net Assets	0.06%	0.06%	0.06%	0.06%	0.08%
Ratio of Net Investment Income to Average Net Assets	1.74%	1.84%	1.90%	2.01%	2.06%
Portfolio Turnover Rate ²	26%	25%	14%	16%	14%



Conclusion

- I concluded that the Two investment options presented in this presentation are better solutions for a long-term income solution to RSO due to:
 - The ability to create distributions 4% - 6% passive income which is equal to the maximum amount that the Endowment Fund allows.
 - The flexibility of the fund as it is managed by professionals and students.
- **Disclaimer:** There are many funds that provide different sources of income through distributions and appreciation.
 - I picked the best 2 that I have experience using and are familiar with.
 - The overall returns will depend on the risk tolerance of the organizations as well as their ability to withhold from taking from the fund.