



**Strengthen Higher-Education
through Innovative Financial Tools**

THE SHIFT IMPLEMENTATION PACKAGE FOR ITS ADOPTION IN HEIS

TERMS OF REFERENCE

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



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SHIFT Fund Manager

1. About SHIFT

The EU states that the economic downturn led to a decrease in public funding, while demand for higher education (HE) continues to increase. As a result, financial burden has increasingly been shifted to students in the EU. Financial inclusion of HE students to fund their education is, therefore, an utmost priority for the EU. Such priority has been recognized by Erasmus+ as well as other policy makers across the EU.

Against this background, the SHIFT (Strengthen HE through Innovative Financial Tools) model aims to alleviate the students' financial burden of access to and participation in HE, while increasing the efficiency of public spending in HE. To achieve these goals, the SHIFT develops an innovative model of Public Private Partnership (PPP) in HE. A Special Purpose Vehicle (SPV), a separate legal entity, is created by the sponsors of the SHIFT (e.g., public authorities, universities, charities, private firms, alumni, etc.) and led by the SHIFT Governance Board (SGB). The SPV collects funds from the sponsors, which are invested in the capital markets by a financial intermediary acting as a fund manager that has experience in mutual fund or pension fund management. The proceeds then are redistributed to students in the form of soft loans or grants. In so doing, the SHIFT model creates an additional funding channel to the existing HE funding structure in the EU member states.

2. Objectives

The financial intermediary will act as a fund manager, on behalf of the SGB, to manage endowed funds. The ultimate objective of the fund manager is to generate proceeds from socially responsible and sustainable investment to improve access to HE by providing the beneficiaries of the SHIFT (i.e. HE students) with loans and/or grants. The expected rate of returns and risk profile of the fund are determined by the SGB.



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3. Selection Criteria

The fund manager will be a financial intermediary with demonstrated experience related to:

- ✓ excellent experience with strategy and business development
- ✓ client acquisition
- ✓ investment due diligence
- ✓ portfolio management
- ✓ risk management
- ✓ fund structure
- ✓ back-office operations.

The fund manager is expected to include a number of investment specialists with:

- ✓ minimum Master's degree (or equivalent) in finance, accounting, economics and mathematics
- ✓ excellent analytical ability, preferable the Chartered Financial Analyst (CFA) credential
- ✓ minimum 10 years' experience in finance or investment
- ✓ working experience with clients in education
- ✓ proven record of managing Socially Responsible Investing (SRI) funds.

The fund manager is expected to achieve minimum 25% 5-year accumulated returns and has experience of managing minimum 100 funds.

4. Reporting

The fund manager:

- ✓ will provide reports on a quarterly basis regarding the performance of the endowed fund to the SGB and relevant sub-committees



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- ✓ will provide full access to the information on the performance and return-risk characteristics of the fund at all time to all sponsors, the SGB and relevant sub-committees
- ✓ in case of underperforming investment outcomes compared to the other peers, the fund manager will provide detailed explanations of such performance and its impact on the provision of funding to the beneficiaries (i.e. HE students)
- ✓ will need to notify the SGB and relevant sub-committees regarding any personnel changes within the investment specialist team.

5. Fund Redemption

The fund manager will act swiftly to allow the SHIFT fund to be redeemed according to the funding agreement between the sponsors and the SGB, or upon the request by the SGB.



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