Pharmacy Investment Club: Fostering financial management skills from beyond the classroom

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THE CHANGING SOCIOECONOMIC AND LEGISLATIVE environment surrounding pharmacy in Canada has accelerated the evolution of the profession, creating a wide breadth of opportunities for graduating pharmacists beyond traditional community pharmacy or hospital practice. Many of these opportunities involve assuming positions as executives and administrators in organizations that deliver pharmacy services to patients. For such positions, financial, organizational and management skills become assets, if not requirements.¹ Canadian pharmacy education programs are thus presented with the challenge of preparing versatile graduates who are properly equipped with these necessary skills to fulfill and further drive the potentials of the profession. It is with this motivation in mind that the Pharmacy Investment Club (PIC) was established in December 2009 at the University of Waterloo, School of Pharmacy, as an extracurricular component of the comprehensive Business Curriculum.

Different approaches have been adopted in teaching business management and finance, but many of these are largely didactic in nature. While it is fundamental for students to have a solid scholastic grasp of theories and knowledge, the absence or lack of supplementation with application-based methods impedes true and further learning. This is especially critical for the fields of business and finance, where outcomes can be predicted only under limited certainties due to the vast range of interplaying factors. Success in these fields requires sound knowledge, skills and attributes beyond what can be taught in a conventional classroom. For

this reason, extracurricular activities such as PIC carry a significant, although frequently undervalued, role through their capacity to provide opportunities for learning.

PIC is a student-run service and resource for pharmacy students at the University of Waterloo. It serves these primary objectives: 1) to educate members on the basic principles of investment practices and strategies, 2) to provide practical and real experience in investment and financial management and 3) to create a stimulating environment where members and the investment community can discuss perspectives and ideas on topics pertaining to investment and beyond.² PIC engages in real and simulated investment and trading activities, placing it as the first and only existing investment club in Canada that is run solely by pharmacy students and as one of the few student clubs across Canadian higher education institutions that conducts and manages actual investment activities using their own (real) money.

Stock market simulation programs are commonly used in teaching business and finance and there is evidence to suggest that they provide a useful platform for learning and practising investment management skills.^{3,4} However, simulated programs may also lack the real financial risk and rigor to foster true learning.⁵ The desire to introduce depth for learning underlies the inception of PIC. With a current membership of 75 pharmacy students (comprising approximately 15% of the pharmacy student population) and approximately 40 alumni, PIC raises its capital through membership fees. Operating as a front-loaded

TABLE 1 Educational seminars being developed by the Pharmacy Investment Club (PIC) for its members

Year	Theme	Topics or Skills
1	What is investing, and how to decide where to invest	• Identifying sectors and markets • Finding security • Online trading platforms • Equities vs bonds • Tools and calculations for making an investment decision
2	Taking steps towards making an investment decision: from finding “ideas” to understanding market timing (entry/exit perspective)	• Locating and dissecting ideal investment options • Trading/investment discipline principles
3	In-depth understanding of fundamental (financial) analysis	• Investment management • Financial statements
4	Making an investment recommendation	• Working through the process of making an investment recommendation (entry/exit strategy, fundamental financial analysis, technical analysis, market capitalization) • Presenting the investment recommendation to PIC

investment, each PIC member contributes to the investment fund by purchasing at least 1 share membership of \$100.

As of September 2012, PIC posted equity of approximately \$8800. At present, approximately 50% of the club's assets are being used for investing. The remaining 50% of the club's assets are used as reserve cash to facilitate repayments to members who leave the club and for certain administrative expenses. In addition, the reserve cash is held for investment opportunities that may be proposed by members while the club is still actively engaged in other investments. The club's investments largely reflect the risk profile of its members. When surveyed, the cumulative risk profile of the club's members reflected that of a “balanced investor.” This is to say that while members are willing to tolerate some market fluctuations, this tolerance is moderate and is reflected by the purchase of “safer” investment instruments. It also means that PIC members are counting on the shorter term growth of their investments. This risk profile makes sense for someone investing only \$100 or so of personal cash and having only 4 years at the university in which to allow that money to grow.

While voting membership is open only to PIC members who are pharmacy students registered at the University of Waterloo, PIC also welcomes individuals from the larger community of the School of Pharmacy (i.e., alumni, faculty, staff) as nonvoting members who may contribute (and potentially gain) financially. All investment/trading activities must undergo prior deliberations and approvals via referendums by voting shareholders. Voting members also elect student members for positions on the PIC executive council, who then act as representatives of PIC. The PIC executive council mediates and discloses all activities associated with management of the investment fund; it also runs all aspects of other club activities. A constitution drawn up early in the establishment of PIC details the duties and responsibilities of PIC members, as well as the terms associated with management of the investment fund and PIC to ensure effective and transparent management of the club, particularly as it undergoes transitions.²

Equally important as the investment management activities of PIC are its educational and social engagements. In addition to compiling and providing resources (i.e., reading materials, relevant website links, lecture videos, etc.)

for members' reference, PIC holds regularly scheduled educational seminars led by financial professionals and advisors from Scotiabank. PIC is currently in the process of developing and implementing a curriculum for these seminars, as summarized in Table 1.

Spanning the duration of the pharmacy program at the University of Waterloo, this curriculum is designed so that students graduate with a solid grasp of investment knowledge and experience to complement the finance and management skills imparted by other components of the Business Curriculum.

PIC has also begun to invite professionals from other sectors of the industry to come and speak on a diverse set of relevant topics. For example, PIC recently organized a guest lecture on health care and benefits industries offered by Michael Sullivan, co-founder and president of Cubic Health, Inc., who also retains an adjunct professorship at the University of Waterloo. Other activities and events are frequently held to facilitate social interactions and foster further learning within the investment community. In

the summer of 2012, PIC held its annual mock investment competition on We Seed, a virtual trading platform with real stock exchange conditions. The contenders with the 2 highest net assets at the end of the 3-month competition won cash prizes of \$150 (first place) and \$100 (second place), sponsored by the *Canadian Pharmacists Journal*.

Extracurricular clubs and societies such as PIC are "communities engaged in the task of educating themselves."⁶ They have the capacity to enhance formal education by providing opportunities outside the classroom for students to take their own initiatives, lead and solve problems. In addition to such experiential learning, PIC serves as an avenue for entrepreneurial learning—a "learn-as-you-go" process towards venture creation that is difficult to facilitate through a conventional curriculum and yet conducive to shaping the innovative and versatile pharmacists we aspire to create.⁷

For more information on PIC and its current executive members, please visit www.sophs.ca/sophs-council/clubs/pic. ■

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