



MAASAI MARA UNIVERSITY

ENDOWMENT FUND POLICY

Policy No.	MMU/EF/P01
Version	01
Principal Responsibility	Director, Endowment Fund
Effective Date	15 th January 2018

Policy Approval

This policy shall be known as the Endowment Policy of Maasai Mara University herein after also referred to as **Policy No MMU/EF/P01** shall take effect on the date of approval by the University Council.

In exercise of the powers conferred by statute 17 (2d) of Maasai Mara University and section 35(1) (a) (iii) of the Universities Act No. 42 of 2012, Section 19 of the Charter for Maasai Mara University 2013. Maasai Mara University Council confirms that this policy has been made in accordance with all relevant legislations.

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Dated the day of2018

Signed:

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Foreword

The University Endowment Fund is established by a resolution of the University Council. The contributions directed to the Endowment Fund shall comprise a permanently restricted fund of the University. The Endowment Fund Board shall be responsible for holding and maintaining the original contributions according to the investment policies set out in this document. The Board shall be composed of the Vice-Chancellor, Deputy Vice-Chancellor's, Finance Officer and five other eminent members selected from the University. The Board shall also be mobilizing resources to benefit the University Fund to achieve the University's mission and purposes. There shall be a written agreement with the Investors, partners and donor(s) to stipulate the purpose and terms of engagement.

To achieve her mission to provide quality university education through innovative teaching, research and consultancy services for development, there is need for the University to source finances to enable her accomplish her mandate. However, government funding to institutions of higher learning has dwindled in the recent years. To close the financial gap, the University Council resolved to establish an Endowment Fund. This Endowment Fund policy will then regulate the operations of the fund, which is mainly from philanthropists.

Prof. Mary K. Walingo, PhD, MKNAS, EBS

Vice Chancellor

Definition of Terms

“The University” means Maasai Mara University

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Acronyms and Abbreviations

EF – Endowment Fund

1. Introduction

Maasai Mara University is a successor of the then Narok University College which was established as a University College of Moi University in 2008. The university is located within Narok County. It attained full University status following the enactment of the University's Act, 2012 and the award of the charter on 12th February 2013 from which it draws its mandate. The University now operates five Schools namely: School of Science and Information Sciences, School of Education, School of Business and Economics, School of Tourism and Natural Resource Management and the School of Arts and Social Sciences.

This policy is geared towards establishing a Fund for investment for the University in order to achieve growth in a reliable and sustainable manner. The benefits of the Endowment Fund shall be felt by generations to come

1.1 Vision, Mission and Core Values

Vision

To be a world class university committed to academic excellence for development

Mission

To provide Quality University education through innovative teaching, research and consultancy services for development

Core Values

Excellence

Team Work

Professionalism

Equity and Social Justice

Creativity and Innovativeness

Transparency and Accountability

2. Purpose

The University-Endowment Fund purpose is to collaborate and partner with individuals, businesses and corporations to support activities that will continuously increase income generation to achieve high performance and productivity for the University over a long time. The University -Endowment Fund follows investment and distribution policies that aim to sustain the value of the endowment in dollar terms for future generations while providing a steady stream of support for current operations. This policy outlines the objectives and principles by which the University endowment fund is established, maintained and administered.

3. Policy Statement

The contributions directed to the Endowment Fund shall comprise a permanently restricted fund of the institution. The original principal amount of any contribution shall be committed to the Endowment Fund irrevocably and the original principal balance of contributions to the Endowment Fund shall not be invaded for any reason.

The Board shall be responsible for distributing any income and gain produced by the Endowment Fund in accordance with the policy, and purpose of generating revenues to benefit the University.

4. Policy Objectives

- i. To help create the University-wide culture of gratitude that encourages, enables and rewards stewardship in all levels of the institution.
- ii. To promote research as well as support educational scholarships for needy students, faculty and administrators.
- iii. To raise funds through endowment giving among donors and other University stakeholders.

5. Scope of the Policy

This policy is applicable to all the University Endowment Funds and related donor agreements, unless specifically exempted by the Finance Committee of the University Council.

6. Delegation

The University-Endowment Fund Board shall delegate supervisory authority over the Endowment Fund to the finance Committee of the Council. The finance Committee is responsible for regularly reporting on the University-Endowment Fund's investments to the Board/Council. The Finance Committee and its agents will carry its responsibilities in accordance with the stipulated policies and all laws and regulations. The Board reserves to itself the exclusive right to revise the policies.

The University Council Finance Committee is authorized to retain one or more investment managers (the Manager) to assume the management of funds and assets comprising the Endowment Fund. In discharging this authority, the Finance Committee can act in the place, and instead of the Board, and may receive reports from, pay compensation to, and enter into and terminate the agreements with the manager. The Board and Council Finance Committee shall designate an employee of the University-Endowment Fund as liaison to the Manager.

7. The Investment Objective

The main investment objective of the University -Endowment Fund is to produce a maximum rate of total returns to support the general operating fund of the University to the extent that is consistent with prudent management of investments, preservation of capital, potential for long-term asset growth, and socially responsible investment practices.

6.1 Investments Guidelines

6.1.1 Permissible Investments

The University Endowment Fund assets may be invested in publicly –traded common and preferred stocks, convertible bonds, and preferred stocks, bank common funds, mutual funds and fixed income securities (including corporate bonds and money market instruments), with interest bearing or discount instruments, subject to any restriction hereinafter specified. No other permissible securities are permissible investments without the specific approval of the University EF Board/Council.

6.1.2 Investments and Transactions That Are Not Permitted

Equity Investments- The following are not permissible investments: common stock in non-public corporations, letter or restricted stock, derivative instruments, initial public offerings, buying or selling on margin.

Fixed-Income Investments- the following are not permissible investments: tax exempt bonds, notes or other indebtedness for which there is no public market (private placements); direct placement of mortgages on real property.

Options and Futures- Transactions are not permitted in futures contracts nor in options contracts of any kind.

6.1.3 Socially Responsible Investing

To keep with the goals of the University Endowment Fund, the assets of the Endowment Fund shall be invested in socially responsible manner. The portion of University Endowment Fund assets invested in publicly related common and preferred stocks, convertible bonds and preferred stocks, and corporate bonds shall be invested in companies listed in at least in the Nairobi Stock Exchange.

6.1.4 Asset Mix

The investment objective of the University Endowment Fund implies a balanced approach. The Investment Manager is authorized to utilize portfolio of equity securities (common stocks, preferred stocks, and convertible securities), fixed-income securities (debt instruments), and short-term investments (cash equivalents), or mutual funds comprised of these security types, according to the following asset allocation guidelines. The University EF Finance Committee may modify allocation guidelines from time to time.

<u>Long-term Target</u>	<u>Allowable Range</u>	
Equity	60%	30% to 70%
Fixed Income	40%	30% to 70%
Short-Term	0%	0% to 20%

6.1.5 Start Up Thresholds

The University EF Manager may deviate from the above guidelines concerning Assets Mixed until such time as the total market value of the Endowment Fund reaches a point where this level of asset mixed is reasonable.

6.1.6 Asset Diversification and Quality

The asset standards outlined below apply at the time of initial purchase. The Manager and Finance Committee shall review the status of any holding whose quality drops below these standards and determine at the time whether the security should be retained.

Equity Securities- No more than 10% of the market value of any equity portfolio may be invested in the securities of any one issuer. The Manager shall also maintain reasonable sector allocations such that no more than 20% of any equity portfolio may be invested in the securities of any one-market sector. A level of diversification by market capitalization appropriate to prevailing market conditions is also required.

An endowment fund consists of a non-expendable pool of funds that earns investment income and grows at the rate of inflation. Each fund has its own stabilization fund and one or more expendable accounts. Investment income earned on the endowment principal provides the financial resources needed to preserve the value of the endowment and fund the related spending commitments.

Preservation of Capital: Capital preservation ensures that the real, inflation (CPI) adjusted value of the original endowment is maintained over time. Income in excess of spending plus inflation (CPI) will go to a stabilization fund.

Spending Policy: From time to time, a spending level will be authorized by a resolution of the Board of Governors.

- The spending level (a percentage of a three year rolling average of the inflation adjusted capital value of the endowment) allows investment income to be used to support the endowment commitments.
- Spending will commence once the endowment has existed for at least one full year.

- Unspent amounts in the expendable account at year end will return to the stabilization fund unless an exemption is requested by the Ryerson account holder and approved by the Executive Director, Financial Services.

Stabilization Fund: The stabilization fund has been established to smooth the year over year fluctuations in earnings and provide a reserve to be used when a fund does not earn sufficient income to cover inflation and the approved spending amount.

- The maximum size of a stabilization fund is 15% of the inflation adjusted cost of the endowment.
- When a stabilization fund reaches the 15% maximum, excess earnings are returned to the principal endowment account.

Whenever the investment return is less than the rate of inflation (CPI) plus the spend rate, the stabilization fund will provide the top-up necessary to maintain capital preservation and bring spending up to prescribed levels. Whenever the investment return is less than the rate of inflation (CPI) plus the spend rate, and there are insufficient funds in the stabilization fund to fund committed spending, there will be either a delay in spending or the expense(s) will be paid from operating funds, after approval by the Board.

7.0 Jurisdiction

This policy falls under the jurisdiction of the Vice President, Administration and Finance, and the Vice President, University Advancement. The interpretation, application and administration of this policy are the responsibility of the Executive Director, Financial Services.

8.0 Monitoring and Evaluation

The monitoring and evaluation will be done by the Endowment fund Board

9.0 Implementation

The Endowment Fund Director shall be responsible for the implementation of this policy.

10. Review

This policy shall be reviewed from time to time as need arises.