

**UNIVERSITY OF CENTRAL MISSOURI FOUNDATION
INVESTMENT AND SPENDING POLICIES
FOR SPLIT-INTEREST AGREEMENTS**

I. PURPOSE

This Policy statement includes both objectives and guidelines intended to apply to the charitable gift annuity and trust investment assets (“Investments”) in the University of Central Missouri Foundation (“Foundation”). In all cases, unless otherwise outlined, this policy will follow all guidelines in the investment policy statement for funds functioning as endowments. This policy is designed to:

- A. Establish appropriate risk and return objectives in light of the risk tolerance and the time horizon for the Investments.
- B. Describe roles and responsibilities of parties overseeing the Investments.
- C. Establish asset allocation guidelines and suitable investments for the Investments, consistent with the risk and return objectives of the policy.
- D. Describe investment manager evaluation.

II. INVESTMENT OBJECTIVES

The primary investment objectives for the management of the Investments are to: A. Invest the entire gift in order to make the required annuity payments.

- B. Maximize return within a reasonable and prudent level of risk.
- C. Maintain an appropriate asset allocation that is compatible with the required annuity payments, while still having the potential to retain at least 50% of the initial gift if the donor(s) live to their life expectancy.

III. ASSET ALLOCATION

The asset allocation parameters for the Investments are determined by the Committee and further described in Appendix A to facilitate the achievement of the investment objectives within the established risk parameters. The actual asset allocation and the benchmark indexes will be reviewed by the Committee and reported to the Board at least quarterly.

The Investments shall be divided into the following general asset classes: cash and cash equivalents; global equities; global fixed income; and alternatives. The asset allocation parameters are listed in Appendix A and appropriate benchmarks are listed in Appendix B. Within the above guidelines and restrictions, the managers shall have complete

discretion over the selection, purchase and sale of securities subject to the standards of fiduciary responsibility.

IV. SPENDING POLICY

All spending will be based on the contractual requirements of each charitable gift annuity and trust agreement.

According to the Financial Accounting Standards Board Statement of Financial Accounting Standard No. 116, unconditional promises to give are recognized as gift revenue in the period that the promise is received. As a result, the Foundation does have receivables on its statements of financial position that represent the fair market value of these promises to give.

In order to protect the assets of the UCM Foundation and to prevent the expenditure of gifts not yet received, no portion of gift receivables shall be spent or transferred to the University unless there is prior approval by the Foundation Board of Directors.

Adopted 10/22/12

Revised 05/2/14

Revised 2/20/19

APPENDIX A – Asset Allocation Parameters

| | <u>Minimum</u> | <u>Maximum</u> |
|---|-------------------|-------------------|
| <u>Global Equities</u> | <u>35%</u> | <u>75%</u> |
| U.S. Large Cap | 20% | 70% |
| U.S. Mid Cap | 0% | 20% |
| U.S. Small Cap | 0% | 20% |
| Developed Ex-U.S. | 10% | 30% |
| Emerging Market | 0% | 20% |
| <u>Global Fixed Income</u> | <u>20%</u> | <u>50%</u> |
| U.S. Fixed Income | 20% | 50% |
| Non-Investment Grade | 0% | 20% |
| Ex-U.S. Fixed Income | 0% | 20% |
| Emerging Market Fixed Income | 0% | 15% |
| <u>Alternatives</u> | <u>0%</u> | <u>15%</u> |
| Marketable Strategies | 0% | 10% |
| Private Equity | 0% | 10% |
| Energy and Natural Resources | 0% | 10% |
| Real Estate | 0% | 10% |
| Distressed Debt | 0% | 10% |
| <u>Cash and Cash Equivalents</u> | <u>0%</u> | <u>10%</u> |

APPENDIX B – Policy Portfolio

| <u>Broad Asset Class</u> | <u>Policy Portfolio</u> | <u>Benchmark</u> |
|---------------------------------|--------------------------------|--|
| Cash | 3% | |
| U.S. Equities | 30% | Russell 3000 |
| Global Equities | 25% | MSCI All Country World Index |
| Global Fixed Income | 35% | Barclays Universal Bond Index |
| Alternatives | 7% | HFRI Hedge Fund of Funds Diversified Index |