



## **Association of Women in Agriculture (AWA)**

### **Guidelines for Memorial Student Scholarships**

Each year, the Association of Women in Agriculture (AWA) provides almost \$10,000 in student scholarships. As our organization continues to thrive and grow, we would love to be able to provide even more.

Honor your lost loved one by considering a memorial AWA student scholarship in their name. To offer a \$500 annual scholarship, minimum seed money investment is \$10,000. The monies would be deposited into its own named endowment fund at the University of Wisconsin Foundation, alongside our other AWA scholarship endowment funds. The monies will be wisely invested so the principle remains intact and grows, and we provide scholarships from the fund's earnings.

#### **Benefits**

- Honor your loved one and their legacy to directly benefit outstanding AWA students in perpetuity.
- It will be offered as an annual appeal fund donation option, so you and others can continue to contribute in honor of your lost loved one.
- Utilize the existing AWA scholarship application process whereby winners are selected based on their academic excellence, organization participation, and other activities. If the family wishes to select additional guidelines for their scholarship winner selection, that can be agreed to at the time the fund is established.
- The family or stewards of the fund will be asked to help present the memorial scholarship each year at AWA Day.



# WHAT IS AN ENDOWED FUND?

## WHAT IS THE PRIMARY PURPOSE OF CREATING AN ENDOWED FUND?

Endowed funds are often established by donors interested in supporting the university's mission and creating a legacy. Endowed funds are pooled into the endowment portfolio managed by the UW Foundation. Their goal is to have a consistent, perpetual, and high quality impact on the university's mission through a scholarship, fellowship, professorship, chair, or other program fund.

## WHAT ARE THE GOALS FOR THE ENDOWMENT PORTFOLIO?

The investment goals are to generate sufficient return to pay for the program and cover expenses, yet still attempt to grow the remaining principal to offset the effect of inflation.

Specifically, the endowment portfolio is invested to:

- 1 generate consistent real return (inflation adjusted) over time.
- 2 distribute spendable endowment income to fund the designated programs through the spending plan.
- 3 cover Foundation operational expenses charged to the endowment portfolio (currently 1% annually).

To meet the long-term return expectation, the UWF investments team manages the portfolio in accordance with the guidelines specified in the UWF Investment Policy Statement, which is reviewed at least annually by the Foundation's investment committee. The investment committee consists of experienced investment professionals who advance the university's mission through their affiliation with the Foundation.

## WHAT IS THE ASSET ALLOCATION STRATEGY TO ACHIEVE THESE GOALS?

The endowment portfolio's asset allocation model is designed to:

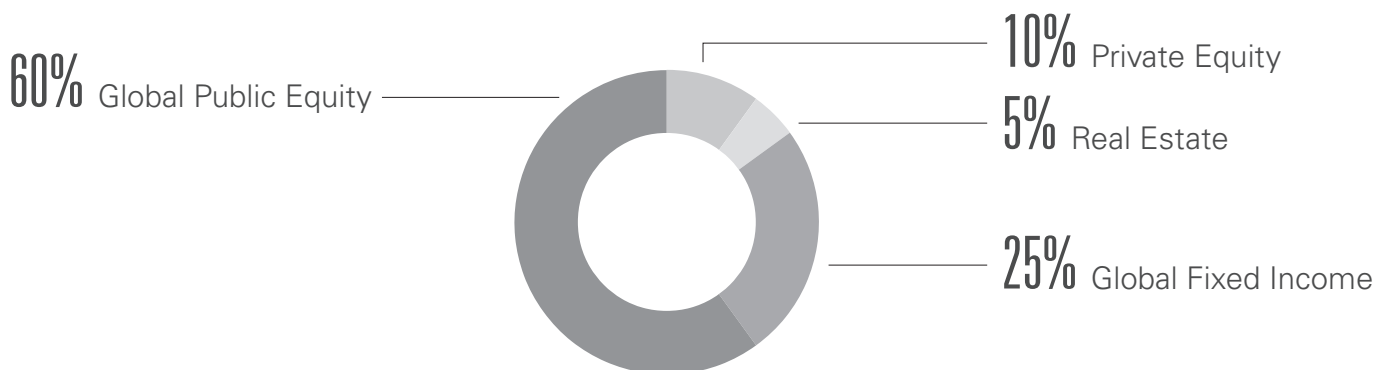
- seek broad exposure to the global capital markets.
- be mindful of the benefits of diversification and invest within the stated risk-tolerance level.
- promote a cost-conscious investment model while investing within portfolio guidelines.

## WHAT IS THE LONG-TERM RETURN EXPECTATION FOR THE ENDOWMENT PORTFOLIO?

The long-term return expectation is currently 6.5%. This is reviewed at least annually by the investment committee. Given the variability in market returns over time, all expectations are made with the understanding of the difficulty of predicting returns and even long-term averages.

## Policy Benchmark

The policy benchmark serves as a guide to measure performance for the endowment portfolio. The chart below illustrates the policy benchmark breakdown of asset classes. Endowment performance is compared to the weighted performance of these asset classes.



### HOW IS PERFORMANCE FOR THE ENDOWMENT PORTFOLIO MEASURED?

The goal for the endowment portfolio is to outperform the policy benchmark after all investment expenses are included. Performance is compared over both the short and long term.

### WHAT IS THE SPENDING PLAN, AND WHY DOES IT EXIST?

The spending plan mandates that a percentage of each endowed fund be made available regularly to fund the programs according to the donor's wishes. The spending plan currently distributes 4.5% of the endowment's average market value over the previous 16 quarters.

As endowment portfolio performance will fluctuate in the near term, the use of a 16-quarter moving average smooths the income stream, helping the university with annual budgeting and organizational planning. The majority of the Foundation's peer institutions also have smoothed spending plans that are designed to provide relatively constant sources of income.

### WHAT IS THE INSTITUTIONAL ADVANCEMENT FEE AND HOW IS IT USED?

The Institutional Advancement Fee of 1% on endowed funds is the primary source of revenue generation to fund the Foundation's general operations.

This expense, common among public university-supporting foundations, is below the median of what peer institutions levy. This fee has been at 1% for several decades.

As is the case with most public university foundations, the UW Foundation is a private, non-profit entity that receives no direct state or university support to undertake its development, stewardship, gift processing, IT, and finance functions.

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*For more information about the UW Foundation's investments, please contact Investment Analyst David Golden at [david.golden@supportuw.org](mailto:david.golden@supportuw.org) or 608-308-5212.*