

MEMORANDUM OF UNDERSTANDING

Between

MARITZBURG COLLEGE FOUNDATION ["MCF"]
(a Section 21 Non Profit Company under reference number 2011/000883/08)
and
MARITZBURG COLLEGE AND OLD BOYS' MEMORIAL TRUST ["MC&OBMT"]
(an *inter vivos* Trust created on 14th May 1964 reference number IT572/1965/N)

With respect to funds raised by the MCF and which it has distributed to the MC&OBMT.

1 Preamble

- 1.1 Maritzburg College ["College"], a public school for boys in Pietermaritzburg KwaZulu-Natal South Africa, is the ultimate beneficiary of both the MCF and the MC&OBMT;
- 1.2 The College community (including but not limited to College, its Governing Body, the College Board, the Maritzburg College Old Boys Association, MCF, MC&OBMT) assisted and supported by College Business, has launched a fundraising initiative known as the R100million4College campaign ("R100m4C");
- 1.3 The campaign encompasses the raising of short term funding (typically raised and dispersed within the current financial period) and importantly the creation of an endowment fund to generate annuity cash flow streams in perpetuity.
- 1.4 The MCF manages the fund raising activities of R100m4C. MCF is obliged to distribute its income / donations received in the year it raises them and may not hold / invest such funds. MCF will accordingly donate funds periodically to MC&OBMT, .
- 1.5 This Memorandum is intended to provide a basic framework for the relationship between the MCF and the MC&OBMT in regard to donations made and benefits to be derived from the investments over time.

2 Distributions to MC&OBMT



- 2.1 Each time MCF distributes funds to MC&OBMT it shall indicate in writing what portion of the distribution is to be applied to the endowment fund and what portion (if any) is to be held for short term funding needs.
- 2.2 The parties acknowledge that donors to the endowment fund will be advised that their donations will be invested for the long-term in order to generate annual cash flows for the benefit of College according to their nominated objectives : Bursaries, infrastructure (capex), General, Short term . MC&OBMT will accordingly invest such funds within its existing long-term strategies as determined from time to time by the Trustees in consultation with their financial advisors who shall be authorised in terms of the Financial Advisory and Intermediary Services Act with a non-discretionary investment mandate. It is recognised that alternative investment strategies may be required or indicated in which case broad agreement therefor shall be required within the College community.
- 2.3 Short term funds will be held in suitable low risk investments and will be available for expending as indicated by the MCF.

3 Management and communication

- 3.1 MC&OBMT will receipt distributions made by MCF to it and retain a record per nominated objective per 2.2 by way of fund accounting. It shall be the responsibility of MCF to provide the detail of funding objectives and MC&OBMT shall be entitled to rely on the detail provided to it by MCF in this regard.
- 3.2 MC&OBMT will invest the distributions received from MCF in a separately identifiable account from its existing portfolio/s so as to facilitate the reporting of investment performance and returns to the MCF on at least an annual basis. The parties may at any stage in the future agree in writing to allow the amalgamation of the funds sourced from MCF into the existing portfolio/s of the Trust.
- 3.3 The parties agree that annually in arrear(preferably in July but otherwise by agreement) they will determine a suitable percentage draw-down on the value of the endowment fund having regard to inflation and the overall growth of the fund in the preceding rolling five year period. The expectation is a draw-down of four percent (4%) per annum provided the purchasing power of the endowment fund is maintained over rolling five year periods. The draw-down amount so determined will be made available to College per the nominated objectives of donors.
- 3.4 The parties will use their best endeavours to benefit the College through open communication and co-operation between them. Should a dispute arise they will first attempt to resolve it through negotiation between the parties and failing a

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resolution the matter shall be submitted to arbitration under the direction of the College Board.

Signed at Pietermaritzburg on this11..... day ofAugust..... 2022



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For MCF – duly authorised



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For MCOBMT – duly authorised