

Section N: Cambridge University Endowment Fund – Investment Performance

Long-term investments are held in the Cambridge University Endowment Fund (CUEF).

The investments held in the CUEF are intended to support the University's current and future expenditure for the very long term out of the monthly distributions. Investments in the Fund are selected and combined to optimise the expected future long run total return bearing in mind the expected future volatility of the return. The Fund's long term objective is to achieve annual growth equal to Retail Price Inflation plus 1% (after distributions are taken into account) in order to keep pace with projected academic costs. The record of the Fund over the 55 year period since it was established is shown below.

CAMBRIDGE UNIVERSITY ENDOWMENT FUND FIFTY-FIVE YEAR RECORD

| Year ending 31 July | Capital £000 | Funds introduced / (withdrawn) £000 | Unit value £ | Number of units 000 | Distribution pence / unit | Distribution yield on unit % |
|------------------------|-----------------|--|-----------------|------------------------|------------------------------|---------------------------------|
| 1958 | 4,518 | 1,663 | 0.83 | 5,553 | 4.25 | 5.00 |
| 1959 | 6,576 | 862 | 1.03 | 6,390 | 4.75 | 5.72 |
| 1960 | 9,658 | 1,897 | 1.22 | 7,953 | 5.00 | 4.85 |
| 1961 | 11,164 | 570 | 1.33 | 8,381 | 5.50 | 4.51 |
| 1962 | 11,253 | 628 | 1.27 | 8,876 | 5.75 | 4.32 |
| 1963 | 12,543 | (103) | 1.43 | 8,803 | 6.00 | 4.72 |
| 1964 | 14,458 | 278 | 1.61 | 8,976 | 6.25 | 4.37 |
| 1965 | 14,169 | 334 | 1.54 | 9,192 | 6.75 | 4.19 |
| 1966 | 15,316 | 575 | 1.60 | 9,552 | 7.00 | 4.55 |
| 1967 | 17,346 | 89 | 1.81 | 9,601 | 7.25 | 4.53 |
| 1968 | 24,148 | (42) | 2.52 | 9,584 | 7.75 | 4.28 |
| 1969 | 21,152 | 406 | 2.17 | 9,772 | 8.50 | 3.37 |
| 1970 | 20,672 | 292 | 2.09 | 9,912 | 8.75 | 4.03 |
| 1971 | 25,535 | 1,012 | 2.47 | 10,321 | 9.75 | 4.67 |
| 1972 | 31,387 | 825 | 2.96 | 10,600 | 10.00 | 4.05 |
| 1973 | 33,048 | 373 | 3.08 | 10,721 | 10.50 | 3.55 |
| 1974 | 27,205 | 211 | 2.52 | 10,804 | 11.50 | 3.73 |
| 1975 | 34,547 | 1,955 | 3.02 | 11,445 | 12.50 | 4.96 |
| 1976 | 41,045 | 1,220 | 3.48 | 11,796 | 14.00 | 4.64 |
| 1977 | 46,799 | 3,645 | 3.66 | 12,796 | 15.50 | 4.45 |
| 1978 | 57,831 | 3,834 | 4.17 | 13,877 | 19.00 | 5.19 |
| 1979 | 58,678 | 3,035 | 4.01 | 14,638 | 22.00 | 5.28 |
| 1980 | 68,211 | 1,582 | 4.55 | 14,993 | 25.00 | 6.23 |
| 1981 | 80,129 | 658 | 5.30 | 15,131 | 28.00 | 6.15 |
| 1982 | 78,769 | 1,652 | 5.10 | 15,451 | 31.00 | 5.85 |
| 1983 | 109,803 | 2,591 | 6.91 | 15,901 | 34.00 | 6.67 |
| 1984 | 119,762 | 5,014 | 7.21 | 16,619 | 37.00 | 5.35 |
| 1985 | 138,578 | 3,337 | 8.13 | 17,047 | 40.00 | 5.55 |
| 1986 | 179,722 | 4,285 | 10.24 | 17,551 | 43.00 | 5.29 |
| 1987 | 239,089 | 5,286 | 13.25 | 18,044 | 45.50 | 4.44 |
| 1988 | 224,115 | 9,790 | 11.86 | 18,898 | 47.75 | 3.60 |
| 1989 | 280,607 | 388 | 14.82 | 18,933 | 53.50 | 4.51 |
| 1990 | 280,311 | 884 | 14.76 | 18,990 | 57.50 | 3.88 |
| 1991 | 299,539 | 4,116 | 15.52 | 19,299 | 68.40 | 4.63 |
| 1992 | 292,879 | 9,551 | 14.71 | 19,913 | 73.87 | 4.76 |
| 1993 | 496,865 | 116,221 | 18.33 | 27,105 | 77.56 | 5.27 |
| 1994 | 555,022 | 30,959 | 19.32 | 28,722 | 79.89 | 4.36 |
| 1995 | 573,442 | (8,655) | 20.27 | 28,286 | 82.77 | 4.28 |
| 1996 | 628,666 | 11,585 | 21.81 | 28,830 | 91.24 | 4.50 |
| 1997 | 616,034 | (107,278) | 25.61 | 24,054 | 91.45 | 4.19 |
| 1998 | 646,947 | (38,304) | 28.67 | 22,567 | 96.03 | 3.75 |
| 1999 | 665,456 | (5,348) | 29.72 | 22,389 | 100.98 | 3.52 |
| 2000 | 728,078 | 17,019 | 31.72 | 22,951 | 121.44 | 4.09 |
| 2001 | 702,387 | 19,074 | 29.80 | 23,571 | 123.75 | 3.50 |
| 2002 | 590,478 | 3,786 | 24.91 | 23,701 | 127.00 | 4.04 |
| 2003 | 595,623 | 5,093 | 24.91 | 23,910 | 130.00 | 5.22 |
| 2004 | 643,865 | 21,948 | 26.01 | 24,754 | 104.00 | 4.18 |
| 2005 | 747,316 | (859) | 30.20 | 24,742 | 110.50 | 4.25 |
| 2006 | 870,810 | 40,805 | 33.60 | 25,914 | 114.00 | 3.77 |
| 2007 | 990,788 | 47,378 | 36.39 | 27,228 | 121.00 | 3.60 |
| 2008 | 906,513 | 21,189 | 32.60 | 27,810 | 130.00 | 3.57 |
| 2009 | 953,863 | 136,308 | 29.35 | 32,498 | 140.48 | 4.31 |
| 2010 | 1,142,613 | 93,500 | 32.29 | 35,389 | 140.55 | 4.79 |
| 2011 | 1,550,396 | 305,941 | 34.95 | 44,360 | 145.43 | 4.50 |
| 2012 | 1,651,064 | 95,356 | 35.01 | 47,158 | 148.53 | 4.25 |

Section N: Cambridge University Endowment Fund – Investment Performance (continued)

ASSET ALLOCATION

| As at 31st July | 2012 | 2011 |
|----------------------------------|--------------|--------------|
| | % | % |
| Public Equity | 59.4 | 64.6 |
| Private Investment | 7.1 | 3.0 |
| Absolute Return | 15.3 | 12.4 |
| Credit | 4.8 | 3.2 |
| Real Assets (including Property) | 11.2 | 13.0 |
| Fixed Interest / Cash | 2.2 | 3.8 |
| | <u>100.0</u> | <u>100.0</u> |

RESULTS FOR THE YEAR to 31 JULY 2012

- CAPITAL VALUE per unit increased to £35.01 (2011: £34.95)
- DISTRIBUTION per unit up from 145.43p to 148.53p, giving a yield of 4.25% on initial value
- TOTAL INVESTMENT RETURN for the year to 30 June 2012: 1.2%

The majority of the University's fixed asset investments and endowment assets are invested in the CUEF. During 2009-10 arrangements were made to permit investment in the CUEF by Colleges and certain other entities linked with the University.

The performance of the CUEF is monitored to a 30 June year end in order to utilise more accurate valuation and benchmark information and to allow comparisons with similar endowment investment funds. The CUEF is also valued at 31 July each year for University accounting purposes.

SHORT TERM INVESTMENTS

Short-term investments are managed by the Finance Division, in accordance with an investments limit policy set by the Finance Committee. The returns are reviewed by the Finance Committee. The rate paid to depositors is the mid-point of the Local Authority 7 day rate as quoted daily in the *Financial Times*.