

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 54 year period since it was established is shown below.

CAMBRIDGE UNIVERSITY ENDOWMENT FUND FIFTY-FOUR YEAR RECORD

Year ending 31 July	Capital £000	Funds introduced/ (withdrawn) £000	Unit value £	Number of units 000	Distribution per unit (pence)	Distribution yield on unit %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

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

Year ending 31 July	Capital £000	Funds introduced/ (withdrawn) £000	Unit value £	Number of units 000	Distribution per unit (pence)	Distribution yield on unit %
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

ASSET ALLOCATION

As at 31 July	2011 %	2010 %
Public Equity	64.60	62.60
Private Investment	3.00	2.20
Absolute Return	12.40	10.50
Credit	3.20	5.50
Real Assets (Including Property)	13.00	12.80
Fixed Interest/Cash	3.80	6.40
	<u>100.0</u>	<u>100.0</u>

RESULTS FOR THE YEAR to 31 JULY 2011

- CAPITAL VALUE per unit increased to £34.95 (2010: £32.29)
- DISTRIBUTION per unit up from 140.55p to 145.43p, giving a yield of 4.50% on initial value.
- TOTAL INVESTMENT RETURN for the year to 30 June 2011: 16.1%

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.

The investment performance of the CUEF was 16.1% over the twelve months to 30 June 2011.

SHORT TERM INVESTMENTS

Short-term investments are managed by Tradition UK Ltd and the Finance Division, in accordance with an investment limits 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*.