

**Section J: Investments and Investment Performance****CAPITAL ACCOUNTS (including income reserves)**

	Cambridge University Endowment Fund	Deposit Account Investments	Other Investments	2007 Total Investments	Net Movement*	2006 Total Investments
Held on Behalf of:	£000	£000	£000	£000	£000	£000
Chest Capital – Fixed asset investments	126,979	1,074	27,912	155,965	9,176	146,789
Chest Capital – Endowment assets	8,360	3	–	8,363	603	7,760
Trust funds	645,164	6,663	32,888	684,715	113,633	571,082
Specific endowments	29,437	653	–	30,090	(20,282)	50,372
Specific donations	5,230	17,689	–	22,919	2,306	20,613
General donations	10,618	29,810	–	40,428	2,239	38,189
Building funds	1,912	10,572	–	12,484	(5,148)	17,632
Self-supporting activities	14,348	1,813	–	16,161	2,436	13,725
Other reserves	663	142,181	–	142,844	(15,096)	157,940
<b>Total University funds</b>	<b>842,711</b>	<b>210,458</b>	<b>60,800</b>	<b>1,113,969</b>	<b>89,867</b>	<b>1,024,102</b>
Gates Cambridge Trust	–	9,580	–	9,580	7,834	1,746
Cambridge European Trust	2,258	1,358	–	3,616	(23)	3,639
Cambridge Commonwealth Trust	47,819	3,915	–	51,734	3,339	48,395
Cambridge Overseas Trust	11,434	5,217	–	16,651	1,202	15,449
Cambridge Assessment	77,215	43,200	–	120,415	26,364	94,051
Cambridge Foundation	218	1,932	–	2,150	316	1,834
<b>Total Group funds</b>	<b>981,655</b>	<b>275,660</b>	<b>60,800</b>	<b>1,318,115</b>	<b>128,899</b>	<b>1,189,216</b>
Associated bodies:						
Cambridge Veterinary School Trust	–	629	–	629	(400)	1,029
Other associated bodies	9,133	3,546	–	12,679	1,061	11,618
<b>Total funds held</b>	<b>990,788</b>	<b>279,835</b>	<b>60,800</b>	<b>1,331,423</b>	<b>129,560</b>	<b>1,201,863</b>
Represented by:						
Property	128,317	–	24,302	152,619	7,066	145,553
Securities	755,105	–	33,131	788,236	86,788	701,448
Money market investments	80,000	279,835	–	359,835	52,696	307,139
Cash in hand and at investment managers	27,366	–	520	27,886	(19,634)	47,520
Other	–	–	2,847	2,847	2,644	203
<b>Total funds held</b>	<b>990,788</b>	<b>279,835</b>	<b>60,800</b>	<b>1,331,423</b>	<b>129,560</b>	<b>1,201,863</b>

\* Net Movement includes purchases and sales of investment holdings and also their revaluation.

**INCOME ACCOUNTS**

	Cambridge University Endowment			2007	2006
	Fund Investments	Deposit Account	Other Investments	Total Income	Total Income
	£000	£000	£000	£000	£000
Distributed to Investors:					
Chest Capital – Fixed asset investments	4,459	56	957	5,472	5,489
Chest Capital – Endowment assets	41	41	–	82	291
Trust funds	20,590	586	908	22,084	19,215
Specific endowments	879	63	–	942	1,067
Specific donations	168	602	–	770	828
General donations	349	1,142	–	1,491	1,284
Building funds	64	969	–	1,033	605
Self-supporting activities	460	95	–	555	489
Other reserves	19	2,088	–	2,107	972
<b>Total University Income</b>	<b>27,029</b>	<b>5,642</b>	<b>1,865</b>	<b>34,536</b>	<b>30,240</b>
Gates Cambridge Trust	–	131	–	131	58
Cambridge European Trust	75	46	–	121	111
Cambridge Commonwealth Trust	1,590	228	–	1,818	1,733
Cambridge Overseas Trust	380	259	–	639	554
Cambridge Assessment	2,418	1,434	–	3,852	2,744
Cambridge Foundation	7	169	–	176	166
<b>Total Group income</b>	<b>31,499</b>	<b>7,909</b>	<b>1,865</b>	<b>41,273</b>	<b>35,606</b>
Associated bodies:					
Cambridge Veterinary School Trust	–	37	–	37	47
Other associated bodies	306	225	–	531	982
	306	262	–	568	1,029
Balance transferred from capital accounts	(109)	–	(78)	(187)	(2,019)
<b>Total Income Distributed to Investors</b>	<b>31,696</b>	<b>8,171</b>	<b>1,787</b>	<b>41,654</b>	<b>34,616</b>
Dividends and interest receivable	26,502	8,474	910	35,886	27,707
Rents receivable and other net income etc	7,114	–	955	8,069	9,152
Property and other expenses	(409)	(2)	–	(411)	(699)
Management fees	(1,075)	(300)	(78)	(1,453)	(1,498)
Bank and other charges	(58)	(1)	–	(59)	(46)
Investment Office expenses	(378)	–	–	(378)	–
	31,696	8,171	1,787	41,654	34,616

**Section J (continued): Investment Performance**

Long-term investments are held in the Cambridge University Endowment Fund (CUEF). The investment objectives for the CUEF in the year ended 31 July 2007 were:

- (i) Future growth of income at least equal to the rate of rise in University factor costs;
- (ii) The maximum total return which is consistent with this objective and with an acceptable risk exposure.

The record of the Fund (including property) over the 50 year period since it was established in its present format is shown below. The securities portfolio was managed throughout the year by F&C Management Limited, with property investments managed by LaSalle Investment Management Limited, and private equity investments managed by Cambridge Associates.

**CAMBRIDGE UNIVERSITY ENDOWMENT FUND FIFTY YEAR RECORD**

Year ending 31 July	Capital £000	Funds introduced/ (withdrawn) £000	Unit value £	Number of units 000	Net income £000	Distribution per unit (pence)	Income surplus/ (deficit) £000	Dividend yield on unit %	Earnings yield on capital %	Retail Prices Index Jan 1987 = 100
1958	4,518	1,663	0.83	5,553	165	4.25	13	5.00	5.42	12.1
1959	6,576	862	1.03	6,390	276	4.75	10	5.72	6.11	12.3
1960	9,658	1,897	1.22	7,953	358	5.00	37	4.85	5.44	12.5
1961	11,164	570	1.33	8,381	494	5.50	51	4.51	5.11	12.9
1962	11,253	628	1.27	8,876	506	5.75	15	4.32	4.53	13.5
1963	12,543	(103)	1.43	8,803	573	6.00	28	4.72	5.09	13.7
1964	14,458	278	1.61	8,976	627	6.25	59	4.37	5.00	14.2
1965	14,169	334	1.54	9,192	672	6.75	50	4.19	4.65	14.9
1966	15,316	575	1.60	9,552	722	7.00	56	4.55	5.10	15.4
1967	17,346	89	1.81	9,601	761	7.25	43	4.53	4.97	15.8
1968	24,148	(42)	2.52	9,584	844	7.75	70	4.28	4.87	16.6
1969	21,152	406	2.17	9,772	866	8.50	14	3.37	3.59	17.5
1970	20,672	292	2.09	9,912	1,017	8.75	109	4.03	4.81	18.6
1971	25,535	1,012	2.47	10,321	964	9.75	(49)	4.67	4.66	20.5
1972	31,387	825	2.96	10,600	1,024	10.00	(67)	4.05	4.01	21.7
1973	33,048	373	3.08	10,721	1,185	10.50	15	3.55	3.78	23.8
1974	27,205	211	2.52	10,804	1,665	11.50	407	3.73	5.04	27.8
1975	34,547	1,955	3.02	11,445	1,687	12.50	310	4.96	6.20	35.1
1976	41,045	1,220	3.48	11,796	1,808	14.00	180	4.64	5.23	39.6
1977	46,799	3,645	3.66	12,796	2,050	15.50	179	4.45	4.99	46.6
1978	57,831	3,834	4.17	13,877	2,726	19.00	254	5.19	5.82	50.2
1979	58,678	3,035	4.01	14,638	3,601	22.00	416	5.28	6.23	58.1
1980	68,211	1,582	4.55	14,993	4,634	25.00	928	6.23	7.90	67.9
1981	80,129	658	5.30	15,131	4,726	28.00	502	6.15	6.93	75.3
1982	78,769	1,652	5.10	15,451	4,957	31.00	177	5.85	6.19	81.9
1983	109,803	2,591	6.91	15,901	5,367	34.00	4	6.67	6.81	85.3
1984	119,762	5,014	7.21	16,619	5,888	37.00	(242)	5.35	5.36	89.1
1985	138,578	3,337	8.13	17,047	7,101	40.00	318	5.55	5.93	95.2
1986	179,722	4,285	10.24	17,551	7,408	43.00	(99)	5.29	5.35	97.5
1987	239,089	5,286	13.25	18,044	8,470	45.50	308	4.44	4.71	101.8
1988	224,115	9,790	11.86	18,898	9,250	47.75	373	3.60	3.87	106.7
1989	280,607	388	14.82	18,933	11,738	53.50	1,625	4.51	5.24	115.5
1990	280,311	884	14.76	18,990	13,749	57.50	2,801	3.88	4.90	126.8
1991	299,539	4,116	15.52	19,299	13,279	68.40	140	4.63	4.74	133.8
1992	292,879	9,551	14.71	19,913	15,227	73.87	699	4.76	5.08	138.7
1993	496,865	116,221	18.33	27,105	18,313	77.56	(1,279)	5.27	6.25	140.7
1994	555,022	30,959	19.32	28,722	22,840	79.89	326	4.36	4.60	144.0
1995	573,442	(8,655)	20.27	28,286	26,083	82.77	1,787	4.28	4.70	149.0
1996	628,666	11,585	21.81	28,830	28,147	91.24	1,811	4.50	4.91	152.4
1997	616,034	(107,278)	25.61	24,054	24,340	91.45	1,289	4.19	3.87	157.5
1998	646,947	(38,304)	28.67	22,567	25,230	96.03	2,859	3.75	4.10	163.0
1999	665,456	(5,348)	29.72	22,389	27,821	100.98	4,839	3.52	4.30	165.1
2000	728,078	17,019	31.72	22,951	25,174	121.44	(2,529)	4.09	3.78	170.5
2001	702,387	19,074	29.80	23,571	25,682	123.75	(2,930)	3.50	3.40	173.3
2002	590,478	3,786	24.91	23,701	25,921	127.00	(4,055)	4.04	3.70	175.9
2003	595,623	5,093	24.91	23,910	22,423	130.00	(8,444)	5.22	3.79	181.3
2004	643,865	21,948	26.01	24,754	21,845	104.00	(3,264)	4.18	3.68	186.8
2005	747,316	(859)	30.20	24,742	28,524	110.50	1,076	4.25	4.43	192.2
2006	870,810	40,805	33.60	25,914	26,035	114.00	(1,946)	3.77	3.48	198.5
2007	990,788	47,378	36.39	27,228	31,696	121.00	(109)	3.60	3.64	206.1

**Section J (continued): Investment Performance (continued)****ASSET ALLOCATION (INCLUDING PROPERTY)**

<b>As at 31 July</b>	<b>2007</b>	<b>2006</b>
	%	%
Cash	9.8	8.4
Fixed Interest – UK	6.4	7.7
Fixed Interest – Overseas	2.0	2.2
Equities – UK	41.8	43.7
Equities – Overseas	25.9	23.2
Property	14.0	14.8
Private Equity	0.1	0.0
	<u>100.0</u>	<u>100.0</u>

**RESULTS FOR THE YEAR 2006–07**

- CAPITAL VALUE per unit increased to £36.39 (2006: £33.60)
- GROSS DISTRIBUTION per unit up from 114.00p to 121.00p, giving a yield of 3.60% on initial value.

**RELATIVE PERFORMANCE**

*measured by WM Co. to 30 June 2007*

	Total Return %		Total Return % (excl Property)	
	Endowment Fund	WM Charity University Average	Endowment Fund	WM Charity University Average
2007	15.9%	14.8%	15.0%	14.8%
2004–2007 (3 years annualised)			16.2%	15.8%
2002–2007 (5 years annualised)			10.6%	10.5%

The total return of the Endowment Fund including property has only been calculated by WM from July 2005.

**WM ASSESSMENT OF PERFORMANCE**

*Features in 2007*

- Positive* The main driver of performance was Stock Selection, especially that of UK equities.
- Positive* Asset Allocation was marginally positive as a result of being overweight in Pacific and Other International equities.
- Long Term* The fund, excluding property, showed outperformance over 1, 3 and 5 year periods by 0.3%, 0.4% and 0.1% respectively.

**RELATIVE PERFORMANCE (PROPERTY)**

*measured by Investment Property Databank against their Index*

The table below shows the University's property investments' historical performance compared with the IPD Monthly & Annual Indices

<b>Table 1: Fund Performance</b>	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fund Total Return	9.3	13.1	12.9	8.1	10.7	12.1	18.9	21.6	21.7
IPD Annual Universe	12.3	15.2	11.6	7.0	9.5	10.6	18.0	19.4	18.5
IPD Monthly Index	12.2	14.2	10.5	7.2	9.9	11.3	18.2	18.3	17.8
Source: IPD									

**SHORT TERM INVESTMENTS**

Short-term investments are also held in an amalgamated fund and are managed by Barclays Global Investors, Tradition UK Limited and the Finance Division of the University Offices. Monthly annualised returns are reviewed by the Finance Committee, together with the Authorised Investment Limits policy. The rate paid to depositors is the mid-point of the Local Authority 7 day rate as quoted daily in the Financial Times.