

Cambridge University Endowment Fund

Quarterly Investor Report

Quarter ended 31st March 2025
(Q3 of CUEF Financial Year ending 30th June 2025)

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Contents

Fund, Unit Value and Distribution per Unit	3
Recent Market Conditions and UCIM Response	3
Market Overview for Calendar Q1 2025	5
CUEF Q3 Performance Summary	5
Asset Class Review	6
Asset Allocation	8
Sustainability	9
UCIM Organisation	9
Key Dates	10
Leverage	10
Appendices	11
Important Information	18



Fund, Unit Value and Distribution per Unit

Figure 1 below provides the Net Asset Value, Unit Value and Distribution per Unit for the Cambridge University Endowment Fund for the reported quarter ended 31st March 2025 (Q3 of the CUEF Financial Year), compared with the previous quarter.

Figure 1: CUEF Net Asset Value, Unit Value and Distribution per Unit

	Report quarter 31-Mar-25	Previous quarter 31-Dec-24
Net Asset Value (NAV)	£4,324 m	£4,423 m
Unit value	£70.85	£72.84
Distribution per unit £	£0.7104	£0.7104

Recent Market Conditions and UCIM Response

UCIM reports CUEF performance with a lag of one quarter, to incorporate the performance of illiquid funds within the portfolio. As investors are aware, global markets have been volatile in 2025 to date. As such, many of the market factors outlined in the Market Overview below for the period ending 31st March 2025 have been superseded. This section, therefore, outlines the market conditions and UCIM's response since the end of the reported quarter.

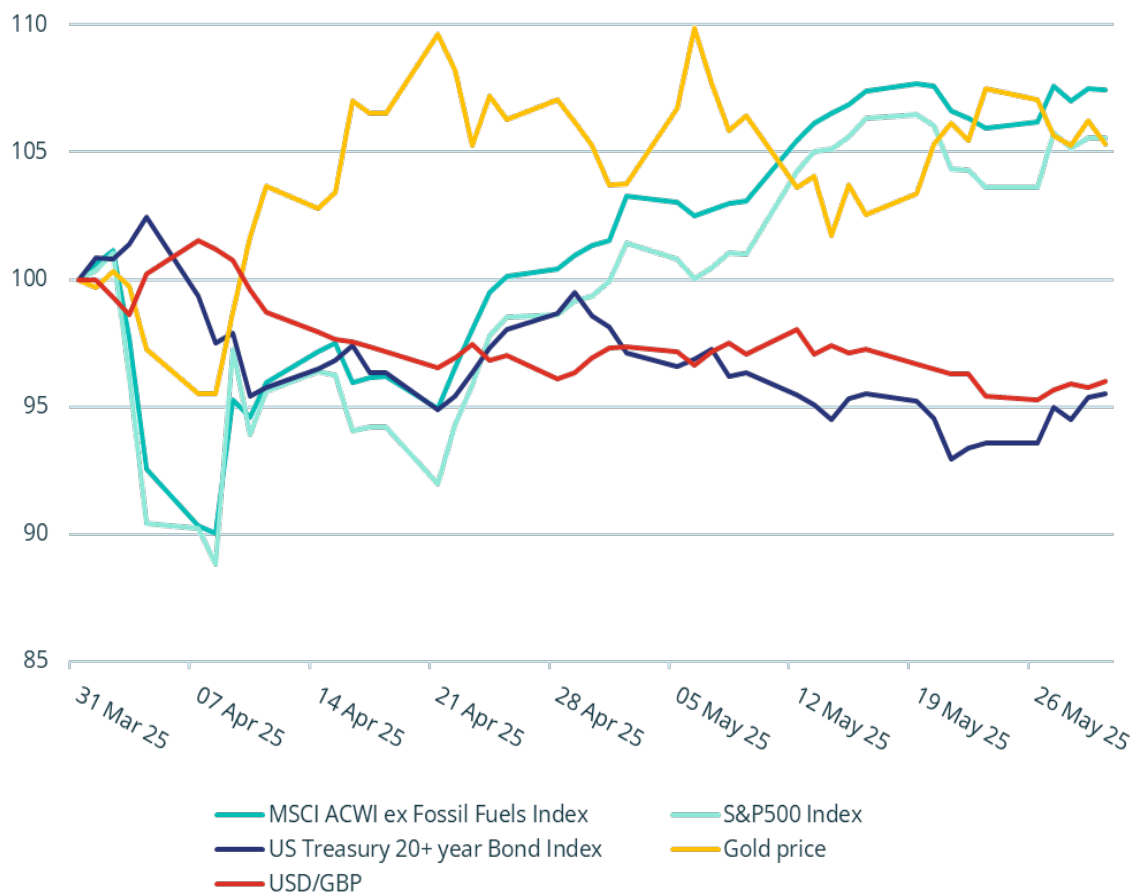
Following the US administration's announcement of broad tariffs on goods imported to the US on 2nd April ("Liberation Day"), global markets saw extreme volatility. Equity markets, in particular developed markets, bore the brunt of this uncertainty, lagging emerging markets, a reversal of the trend seen in 2024. US treasury bonds also fell as investors questioned the conventional belief that these assets provide a safe alternative when equity markets decline in this manner. Similarly, the US dollar depreciated against major currencies, while Gold, a traditional "safe haven" asset, rose sharply. Following the implementation of a pause (and, in some cases, moderation) of US tariff policies, the volatility seen in equities in April was short-lived, and by early May, equity markets had recovered their losses, although the US dollar and Treasuries remained weak.

To illustrate this volatility, a chart showing the performance of major equity indices, bonds, and currencies from 31st March to 31st May 2025 is provided in Figure 2 below.

UCIM's work on portfolio construction over the last five years means that the CUEF was well-prepared for the market volatility witnessed in April. Measures taken by the UCIM team since 2020 include building up a substantial, uncorrelated and highly liquid absolute return portfolio; implementing a credit facility; and managing cash to provide ample liquidity. As such, market "dislocations" such as those witnessed recently can represent an opportunity for long-term investors such as the CUEF to deploy capital when asset classes are priced at particularly attractive levels.

In response to this market volatility, UCIM adopted a disciplined approach to maintaining its overall exposure to equities and foreign exchange within targeted ranges. The investment and operations teams coordinated closely, monitoring markets, acting swiftly and calmly to implement this approach.

Figure 2: Major equities, bonds and currencies, 31st March to 31st May 2025, indexed to 100



During April, the team conducted rebalancing of equities exposure by executing trades in highly liquid, passive instruments. At the end of April and May, to align with dealing dates, manager-specific rebalancing actions were undertaken to optimise the CUEF's investments with third-party managers in the public equity and absolute return and credit portfolios.

UCIM has excellent relationships with its fund management partners. Throughout this period, the UCIM team was in very regular contact with firms, receiving helpful updates, performance reports, and market insights, often daily. These updates supported the response outlined above. The UCIM Board, Investment Advisory Board, and CUETB were kept well informed and provided input as appropriate.

UCIM conducts an annual "Stress Test" exercise to envisage the impact on the CUEF from a range of market scenarios. Following the recent market volatility and to support investor understanding, a paper summarising the most recent Stress Test exercise is provided alongside this report.

Market Overview for Calendar Q1 2025

Calendar Q1 2025 saw material market volatility amidst the prospect of US tariffs (even before “Liberation Day” in April) and disagreement among Federal Reserve members over the path of interest rate cuts. This uncertainty most strongly impacted US equities and the US dollar, resulting in the decline of the S&P 500 Index by -4.3% (in US Dollar terms), compared to the broad MSCI ACWI excluding fossil fuels falling -1.8%.

Although emerging markets were flat, there was significant variance by region. For example, after a weak end to 2024, Brazil's Ibovespa index rallied +16.1% (in USD), whereas the technology-heavy Taiwanese index declined double digits on concerns over the implications for capital expenditure on the roll-out of AI, following the launch of DeepSeek, in January. A demonstration of investors' uncertainty was evident in the Gold price, which rose +18.7% in the quarter.

CUEF Q3 Performance Summary

Against this backdrop, the CUEF declined -1.8% in the quarter to 31st March 2025, marginally ahead of the returns which would have been achieved by a passive “65:35 passive portfolio” of equities and bonds, supported by manager performance across asset classes.

The CUEF's public equity portfolio declined -4.3% in Sterling terms, ahead of the MSCI ACWI excluding fossil fuels index (-4.7%). Reversing the trend of prior quarters, the public equity portfolio's relative skew towards emerging markets was favourable. The CUEF's private equity portfolio provisional return was a decline of -0.8% in Sterling terms (+1.4% in local currency terms), with performance driven by manager-specific events, rather than any overarching trends. The CUEF's absolute return and credit portfolio rose +1.7% in local currency terms, as eleven of the portfolio's twelve core managers recorded positive returns. The CUEF's real assets portfolio returned +1.9% in Sterling terms, driven by rent reviews and renewed leases in its UK industrial real estate portfolio. Returns by asset class are discussed in further detail below.

For the Financial Year 2024/25 to date, the CUEF's return of +2.9% is tracking slightly ahead of the +2.5% return of a “65:35 passive portfolio” comparator. Since 1st July 2020, the CUEF's net annualised return of +8.1% continues to substantially exceed the returns of a “65:35 passive portfolio” (+6.4%). These excess returns are a function of UCIM's “fund of funds” investment model and its ability to select and partner with leading fund managers.

A table of CUEF returns against additional comparators and chart of Figure 3 below is provided in Appendix 1.

Figure 3: CUEF returns against its investment objective (CPI +5%), "65:35 Passive Portfolio", and the MSCI All-Countries World Index in Sterling.

	Financial Q3 / Calendar Q1 1-Jan-25 to 31-Mar-25	Financial YTD 1-Jul-24 to 31-Mar-25	Calendar Year 2024 (Full)	Since 1-Jul-20*	Trailing 10 Years 1-Jul-14 to 30-Jun-24
		Cumulative	Cumulative	Annualised	Annualised
CUEF	-1.8%	+2.9%	+8.9%	+8.1%	+9.2%
UK CPI + 5%	+1.9%	+5.6%	+7.7%	+10.1%	+8.1%
"65:35 Passive Portfolio"***	-2.2%	+2.5%	+13.4%	+6.4%	+8.0%
MSCI ACWI ex. fossil fuels***	-4.7%	+2.3%	+21.0%	+10.9%	+12.1%

Notes:

- Past performance is not indicative of future returns.
- CUEF returns calculated based on CUEF Net Asset Value and reported net of fees.
- The benchmark comparisons provided are for informational purposes only.
- Data sources: UCIM internal reporting, Bloomberg, CPI data from the Office for National Statistics (ONS).
- *1st July 2020 is the date at which various material changes to UCIM's general portfolio approach (and risk limits) were formally inceptioned by the UCIM Board.
- ** The composition of the "65:35 Passive Portfolio" is provided in Appendix 1.
- *** MSCI ACWI data is provided excluding fossil fuels from 1st July 2020 onwards.

Asset Class Review

Figure 4: CUEF Asset Class Performance

	Financial Q3 / Calendar Q1 1-Jan-25 to 31-Mar-25	Financial YTD 1-Jul-24 to 31-Mar-25	Calendar Year 2024 (Full)	Since 1-Jul-20*
	Cumulative	Cumulative	Cumulative	Annualised
CUEF	-1.8%	+2.9%	+8.9%	+8.1%
Public Equity	-4.3%	+2.4%	+13.1%	+8.0%
Developed Markets	-5.6%	+3.2%	+16.2%	+9.3%
Emerging Markets	+0.0%	-0.9%	+1.5%	+3.7%
Private Equity	-0.8%	+1.2%	+5.2%	+13.3%
Absolute Return and Credit (LC)**	+1.7%	+6.0%	+8.1%	+6.6%
Real Assets	+1.9%	+2.6%	+0.3%	+7.7%
Inflation Sensitive Assets***	-18.4%	-18.9%	n/a	n/a

Notes:

- Past performance is not indicative of future returns.
- CUEF asset class returns calculated based on CUEF Net Asset Value, reported net of fees and in £ Sterling, except for Absolute Return and Credit, which is reported in local currency. Some asset class returns are subject to change as various late illiquid asset valuations are received.
- Data sources: UCIM internal reporting.
- *1st July 2020 is the date at which various material changes to UCIM's general portfolio approach (and risk limits) were formally inceptioned by the UCIM Board.
- ** Local currency.
- *** Inflation Sensitive Assets reflects a new asset class, detailed in "Asset Allocation" below.

Public Equity

The CUEF public equity portfolio declined by -4.3% (in Sterling terms) during the quarter, modestly better than MSCI ACWI ex. fossil fuels index (-4.7%), due to the relatively higher exposure to emerging markets than the index.

In developed markets, the most notable contributor to performance was a global, quality-focused manager (returns of +6.8% for the quarter) whose defensive portfolio of franchise-type companies is well placed to preserve and generate value in more volatile market conditions. Within emerging markets, the CUEF's Brazilian manager with a concentrated portfolio of infrastructure companies delivered strong returns of +23.1% during the quarter.

The greatest detractor was the CUEF's US-based biotechnology specialist manager, which suffered from negative investor sentiment towards the sector due to expectations that growth sectors would be negatively impacted by interest rates remaining "higher for longer", and the appointment of a vaccine-sceptic as the new US Secretary of State for Health. UCIM took advantage of lower prices to add to this position following the quarter end.

During the quarter, UCIM incepted a new position with a recently established fund manager, with a concentrated, global portfolio of high-quality companies with defensible business models that are intended to compound in value over the long term.

Private Equity

During calendar Q1, the private equity portfolio declined by -0.8% in Sterling terms, in line with the provisional Cambridge Associates benchmark, and returned an estimated +1.4% in local currency terms.

The CUEF's private equity fund managers are selected based on specific qualities, specialisation, and the ability to increase value in portfolio companies. Therefore, the performance of this asset class in a three-month period is not usually based on a trend or macroeconomic factor. As such, performance continued to be driven by manager-specific activity. A Scandinavia-based manager, specialising in the software sector, returned +12.8% in the quarter, driven by a company that focuses on financial services clients and a digital signage software provider. Conversely, a US-based manager had negative returns due to the markdown of a portfolio company that provides software to the hotel and hospitality sectors.

During the quarter, UCIM completed commitments to an existing UK-based buyout manager, an existing UK middle-market buyout manager, and a new North American early-stage venture capital manager.

Absolute Return and Credit

The CUEF's absolute return and credit portfolio (a subset of the hedge fund universe) is intended to be uncorrelated with equities, reduce volatility, and provide liquidity to other areas of the portfolio as needed.

The portfolio performed well in the quarter, increasing by +1.7% in local currency terms (-0.0% in Sterling), outperforming its benchmark (+0.2%)¹. Eleven of the portfolio's twelve core managers recorded positive returns in local currency. Notable contributors were a European credit manager, with returns of +5.1%, driven by operational improvements in two of its core positions, and a volatility manager that benefitted from the market uncertainty ahead of "Liberation Day".

UCIM topped up a small number of its core positions with three high-conviction, US-based managers in the quarter. A new position was incepted with a specialist hedge fund focused on the financial services sector.

Real Assets

The CUEF's real assets portfolio returned a provisional +1.9% (in Sterling terms) in the quarter. The most notable contribution was from the UK-based real estate portfolio, which returned +2.3%, driven by a manager with a portfolio of industrial assets, which benefitted from a combination of positive rent reviews, renewed leases, and increases in estimated rental value. The portfolio had no meaningful detractors during the quarter.

Asset Allocation

Figure 5 below shows the actual CUEF asset allocation at the end of the previous quarter, 31st December 2024 and for the reported quarter 31st March 2025, as well as the CUEF's long-term asset allocation targets approved by the UCIM Board in April 2023.

The CUEF's asset allocation remained broadly stable during the quarter.

In Q1 2025, UCIM added a new asset class, "Inflation Sensitive Assets", comprising a small portfolio of UK index-linked gilts and a new fund allocation designed to provide protection to the CUEF portfolio in the event of elevated UK inflation.

Figure 5 – CUEF Asset Allocation Summary

	Last Quarter 31-Dec-24	Current Quarter 31-Mar-25		Long-Term Target Allocation
	%	£	%	
Total Equity	64%	£2,741.1m	63%	60-65%
Public Equity	40%	£1,686.1m	39%	30-35%
Private Equity	24%	£1,055.0m	24%	30%
Real Assets	8%	£383.5m	9%	10-12.5%
Absolute Return & Credit	21%	£965.6m	22%	20-22.5%
Inflation-Sensitive Assets	2%	£49.1m	1%	5%
Cash & Fixed Income	5%	£184.8m	5%	5%
TOTAL	100%	£4,324.1m	100%	100%

Data source: UCIM internal reporting.

¹ The benchmark for the CUEF's absolute return and credit portfolio is 0.2 x MSCI World ex. Fossil Fuels + 0.8 x UK 0-1 Year Gilts in local currency.

Sustainability

As of 31st March 2025, the CUEF's conventional energy exposure was 1.3%² (meaningfully below the MSCI ACWI's 4.2%), 0.1% higher than the exposure as of 31st December 2024.

In March, UCIM became the first ever investor to trade a new form of “custom basket futures”, developed by Nasdaq. The innovative product mimics the exposure of a given index but can be tailored to particular investment objectives. For the CUEF, this was adjusted to exclude all companies classified within the GICS Energy sector. This new product allows UCIM to reduce the CUEF's exposure to fossil fuels in the passive component of its public equity portfolio, supporting the commitment to remove fossil fuels from the CUEF by 2030³ and the ambition to achieve net zero greenhouse gas emissions by 2038. A press release and marketing materials, developed in partnership with Nasdaq, are available in an [article](#) published on the UCIM website.

During the quarter, the investment team continued its ongoing engagement with core fund management partners, conducting 66 full-length update meetings, of which sustainability was discussed as a significant agenda item in 33.

The workshop element of the fifth cohort of the “Net Zero by 2038” programme, run in partnership with Cambridge Institute for Sustainability Leadership (CISL), concluded with a 1.5-day workshop in Cambridge in June. Eight firms took part in the programme, representing approximately 5% of the net asset value of the CUEF, with an aggregate of over \$250 billion of assets under management.

Two further programmes are running in the autumn to engage with managers in asset classes that require a tailored approach. In September, also in partnership with CISL, there will be a dedicated one-day workshop for UCIM's four (UK-based) real estate managers in Cambridge. In November, UCIM is organising a two-hour webinar for six of its venture capital managers, a more relevant and accessible format to kick-start their path to decarbonisation.

UCIM Organisation

UCIM has concluded the majority of the migration to a new, outsourced IT environment and cybersecurity service. The migration has proceeded smoothly and is expected to be completed by the end of July. In May, UCIM presented its Annual Audit Report 2024 to the University Audit Committee, which was positively received.

Sam Richards, previously Business Support Administrator, was promoted to HR, Safety and Facilities Coordinator after successfully completing Level 3 CIPD as part of her apprenticeship.

UCIM continued to support the University's “Working Group on Investments in and Research Funded by Companies belonging to the Defence Industry”, holding several meetings and responding to requests for further information.

² 1.3% represents UCIM's best estimation pending further transparency from a small number of managers. Exposure of the MSCI ACWI is proxied using holdings of the iShares MSCI ACWI ETF available via Bloomberg. UCIM carries out a detailed review of energy exposure annually at the CUEF's financial year end in June, including requesting additional data from managers who do not routinely provide full transparency. In intervening quarters UCIM reports best estimates of energy exposure as reported by managers.

³ UCIM has committed to reduce the CUEF's exposure to fossil fuels to below a meaningful level (0.5%) by 2030.

Key Dates

Date	Information
Tuesday 8 th July	Q3 Investor Call
Tuesday 22 nd July	CUEF year-end provisional unit value published
Tuesday 9 th September	CUEF year-end final unit value published
Friday 31 st October (latest)	Annual Investment Management Report
Tuesday 4 th November 10.00am Trinity Hall	Annual Investor Presentation

Financial reports are available on the private “Investor Portal” section of the UCIM website:
<https://www.ucim.co.uk/log-in>.

If you have yet to register, need support logging in, or for any other information, please email:
Joel Beckman, Communications Lead joel.beckman@ucim.co.uk.

Leverage

UCIM reports quarterly three leverage measures for the CUEF:

- i) the CUEF’s own internal method,
- ii) the AIFMD ‘Gross’ method and,
- iii) the AIFMD ‘Commitment’ method.⁴

The primary difference between the CUEF’s own internal method and that employed by both AIFMD methods is that the latter set incorporates the entire notional value of some of the CUEF’s investments; additionally, in the case of the AIFMD ‘Gross’ method, any hedging is disregarded.

Further detail regarding the calculation of these measures is included in Appendix 2 and 3.

As at 31st March 2025 the Fund had no leverage under the CUEF’s own internal method, and capital commitments outstanding of 18%. The AIFMD leverage ratios were as follows: ‘Gross’ method excluding capital commitments 121%, ‘Commitment’ method 106%. To aid investor understanding a breakdown of the main contributors to the ‘Gross’ and ‘Commitment’ leverage levels is provided in Appendix 3.

⁴ Leverage measures as set out in the Alternative Investment Fund Managers Directive (“AIFMD”) 2011/61/EU and the Delegated Regulation 231/2013.

Appendices

Appendix 1 – CUEF Performance against Benchmarks

Figure 6: CUEF returns against its investment objective (CPI +5%), a “65:35 Passive Portfolio”, and the MSCI All-Countries World Index, in Sterling terms.

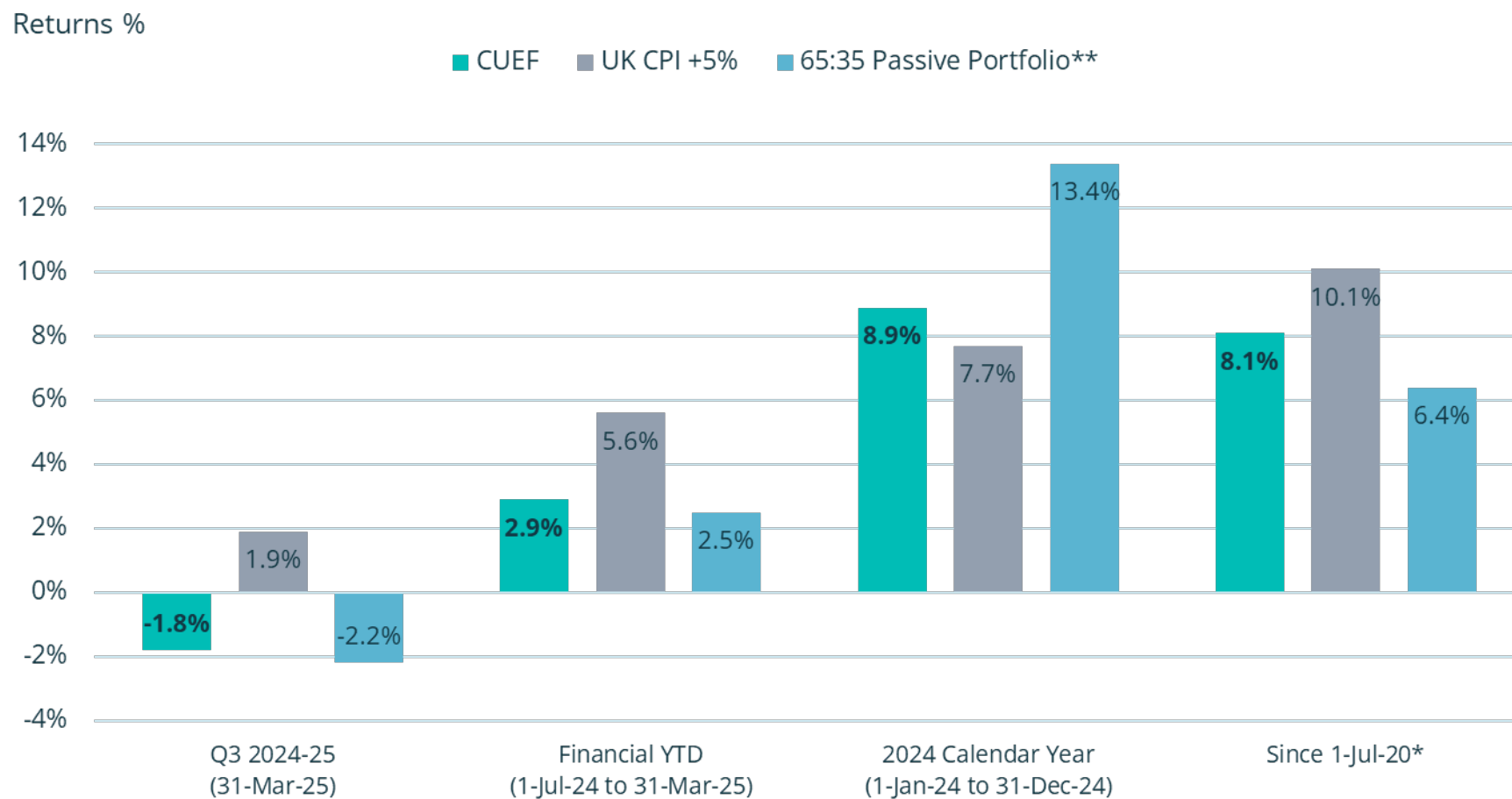
	Financial Q3 / Calendar Q1 1-Jan-25 to 31-Mar-25	Financial YTD 1-Jul-24 to 31-Mar-25	Calendar Year 2024 (Full)	Since 1-Jul-20*	Trailing 10 Years 1-Jul-14 to 30-Jun-24
		Cumulative	Cumulative	Annualised	Annualised
CUEF	-1.8%	+2.9%	+8.9%	+8.1%	+9.2%
UK CPI + 5%	+1.9%	+5.6%	+7.7%	+10.1%	+8.1%
“65:35 Passive Portfolio” **	-2.2%	+2.5%	+13.4%	+6.4%	+8.0%
MSCI ACWI ex. fossil fuels***	-4.7%	+2.3%	+21.0%	+10.9%	+12.1%
MSCI ACWI ex. fossil fuels (USD)	-1.8%	+4.4%	+18.9%	+12.0%	+8.8%
MSCI ACWI (USD)	-1.2%	+4.5%	+18.0%	+12.3%	+9.0%
FTSE All-Share	+4.5%	+6.5%	+9.5%	+10.4%	+5.9%
Bloomberg Global Agg. Bonds (GBP-Hedged)	+1.2%	+4.3%	+3.0%	-0.6%	+1.3%
FTSE British Govt Index- Linked Bonds	-1.4%	-6.0%	-8.3%	-9.4%	+1.3%
MSCI UK Quarterly Property	+1.6%	+4.9%	+5.2%	+2.6%	+4.6%

Notes:

- Past performance is not indicative of future returns.
- CUEF returns calculated based on CUEF Net Asset Value and reported net of fees.
- The benchmark comparisons provided are for informational purposes only.
- Data sources: UCIM internal reporting, Bloomberg, CPI data: Office for National Statistics (ONS).
- *1st July 2020 is the date at which various material changes to UCIM's general portfolio approach (and risk limits) were formally incepted by the UCIM Board.
- **65:35 Passive Portfolio” consists of:
 - 33% MSCI World Index (GBP-Unhedged) – ex. fossil fuels after 1st July 2020
 - 24% MSCI World Index (GBP-Hedged) – ex. fossil fuels after 1st July 2020
 - 8% MSCI Emerging Markets Index (GBP-Unhedged) – ex. fossil fuels after 1st July 2020
 - 15% Bloomberg Global Aggregate Bond Index (GBP-Hedged)
 - 10% FTSE British Government Index-Linked All Stocks (GBP)
 - 10% MSCI UK Quarterly Property Index (GBP).
- ***MSCI ACWI data is provided excluding fossil fuels from 1st July 2020 onwards.

Appendix 1 – CUEF Performance

Figure 7: CUEF returns against its investment objective (CPI +5%), a “65:35 Passive Portfolio”, and the MSCI All-Countries World Index in Sterling.



Appendix 3 – Portfolio Composition

Foreign Exchange Exposure – Total CUEF

	Quarter End	Prior Calendar Year End	Prior Financial Year End
	31-Mar-25	31-Dec-24	30-Jun-24
GBP	59.6%	59.6%	59.5%
USD	20.9%	22.1%	21.3%
Other Developed Market FX	10.0%	9.1%	9.2%
of which EUR	1.6%	1.1%	1.4%
of which JPY	3.1%	3.2%	2.9%
of which CAD	0.5%	0.5%	0.7%
of which CHF	0.9%	1.0%	0.9%
of which Other	3.9%	3.3%	3.3%
Emerging Market FX	9.5%	9.2%	10.0%

Geographic Region Exposure – Total CUEF

	CUEF		
	Quarter End	Prior Calendar Year End	Prior Financial Year End
	31-Mar-25	31-Dec-24	30-Jun-24
Developed Markets	71.8%	73.6%	72.2%
of which United States	31.9%	34.2%	33.6%
of which UK	20.5%	20.3%	20.5%
of which Europe ex-UK	12.5%	11.8%	11.4%
of which Japan	4.2%	4.5%	3.9%
of which Canada	0.9%	1.0%	1.3%
of which Other DM	1.8%	1.7%	1.5%
Emerging Markets	11.8%	10.8%	12.0%
Balance⁵	16.4%	15.6%	15.8%

⁵ The Balance is predominantly non-directional exposure from the Absolute Return portfolio, a degree of leverage in Equities portfolio, Cash held at both a CUEF level and underlying managers, and a small portion of investments where a lack of data meant it could not be categorised.

Appendix 3 (continued) – Portfolio Composition

Sector Exposure – Total CUEF

	CUEF		
	Quarter End	Prior Calendar Year End	Prior Financial Year End
	31-Mar-25	31-Dec-24	30-Jun-24
Information Technology	17.6%	17.4%	17.9%
Industrials	12.7%	14.0%	12.5%
Consumer Discretionary	8.9%	9.7%	9.8%
Real Estate	10.3%	9.6%	9.3%
Healthcare	8.4%	8.2%	8.1%
Financials	6.4%	6.3%	6.8%
Consumer Staples	4.4%	4.6%	4.9%
Communication Services	4.4%	4.6%	5.0%
Utilities	3.7%	3.4%	3.4%
Materials	2.2%	2.3%	2.2%
Energy	1.3%	1.2%	1.6%
Balance ⁶	19.7%	18.7%	18.5%

⁶ The Balance is predominantly non-directional exposure from the Absolute Return portfolio, a degree of leverage in Equities portfolio, Cash held at both a CUEF level and underlying managers, and a small portion of investments where a lack of data meant it could not be categorised.

Appendix 4: UCIM Leverage Calculation Methods

Since the introduction in 2014 of the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Delegated Regulation 231/2013, we have reported three leverage measures in the Investor Quarterly Report, these being calculated leverage in accordance with the 'Gross' and 'Commitment' methods per AIFMD and in addition, calculated leverage using the CUEF's own internal method.

Calculated leverage using the CUEF's own internal method:

The CUEF's own internal method calculates the amount of leverage employed via cash borrowing or negative cash. Having grossed up derivative positions, this leverage is measured by comparing the net asset value of all investments except those in the Fixed Interest/Cash asset class with the total net asset value of the portfolio. So long as the Fixed Interest/Cash class is a positive percentage of the portfolio, there is no leverage in the portfolio using this method.

Calculated leverage using the AIFMD 'Gross' method:

The AIFMD 'Gross' method considers the gross investment exposure of the Fund and in this scenario, all hedging to protect the portfolio from possible losses is disregarded. In addition, only base currency Fixed Interest/Cash amounts are deducted from the gross investment exposure. In the case of a global fund such as the CUEF, where derivative instruments are used to hedge the portfolio, the 'Gross' method is particularly sensitive to the following:

- (1) Foreign Currency Hedges - The Fund holds investments in any currency without restriction and achieves the hedges as necessary by maintaining forward foreign currency contracts. In the case of a forward foreign currency contract, both the Sterling asset and the foreign currency liability are accounted for within Fixed Interest/Cash. Hence entering into such a contract could not increase leverage. However, leverage under the 'Gross' method ignores this hedging and grosses up the position. For instance, in a hypothetical example, if all investments in a fund were denominated in foreign currencies and all foreign currency exposure in the fund was hedged, the gross exposure would be 200%.
- (2) Asset Class Hedges - The Fund may from time to time hold futures contracts based on, for example, equity indices. In this case, the value of the exposure gained is shown gross within the appropriate asset class (for example, Public Equity or Real Assets) whilst the value of the liability to pay for the exposure is shown within Fixed Interest / Cash. The leverage calculation using the 'Gross' method grosses up these future positions and counts them as exposure that increases the leverage ratio.
- (3) Macro Hedges - The inclusion of notional contract sizes in the valuation methodology for interest rate derivatives leads to what can be considered an "overvaluation" of positions and overstatement of leverage. For the purposes of the gross investment exposure valuation such positions are calculated as follows: 'Gross' exposure valuation = number of contracts x notional contract size x market value of underlying asset x delta as per the conversion methodologies under AIFMD Delegated Regulations 231/2013, Annex II.

Calculated leverage using the AIFMD 'Commitment' method leverage:

This method considers the gross investment exposure of the Fund as covered above in the 'Gross' method but allows reductions for hedging and netting strategies.

Appendix 4: Leverage calculations as of 31st March 2025

Below is a breakdown of the contributors of the gross and commitment leverage levels to aid Investor understanding:

CUEF Leverage - CUEF own internal method	
	£m
CUEF Net Asset Value	£4,324 m
Exclude: Operational CUEF Net Current Assets	£38 m
Exclude: Fixed Interest / Cash Investments	-£135 m
Total Exclusions: CUEF own internal method	-£97 m
CUEF Total Investment Exposure - 'CUEF own' method	£4,227 m
CUEF Net Asset Value	£4,324 m
CUEF Leverage % - CUEF own internal method	98%
CUEF Leverage Limit % - CUEF own internal method	110%

CUEF Leverage - 'Gross' method	
	£m
CUEF Net Asset Value	£4,324 m
Plus: Adjusted Derivative Positions	
- Plain Vanilla Options on Futures Contracts	-
- Currency Options	£80 m
- Currency Contracts	£909 m
- Futures	£144 m
Total CUEF Investment Position - 'Gross' method	£5,457 m
Exclude: Operational CUEF Net Current Assets	£38 m
Exclude: Cash and Cash Equivalents	-£252 m
Total Exclusions - 'Gross' method	-£214 m
CUEF Total Exposure excluding capital commitments- 'Gross Method'	£5,243 m
CUEF Net Asset Value	£4,324 m
CUEF Leverage % - 'Gross' method excluding capital commitments	121%
CUEF Capital Commitments (Private Equity)	£785 m
CUEF Total Exposure including capital commitments- 'Gross Method'	£6,028 m
CUEF Net Asset Value	£4,324 m
CUEF Leverage % - 'Gross' method including capital commitments	139%
CUEF Leverage Limit % - 'Gross' method	5,000%

CUEF % Leverage - 'Commitment' method	
	£m
CUEF Net Asset Value	£4,324 m
Plus: Adjusted Derivative Positions	
- Plain Vanilla Options on Futures Contracts	-
- Currency Options	£80 m
- Currency Contracts	£909 m
- Futures	£144 m
Total CUEF Investment Position - 'Gross' method	£5,457 m
Exclude: Operational CUEF Net Current Assets	£38 m
Exclude: Hedging positions	-£899 m
Total Exclusions - 'Commitment' method	-£861 m
CUEF Total Exposure excluding capital commitments- 'Commitment' method	£4,596 m
CUEF Net Asset Value	£4,324 m
CUEF Leverage % - 'Commitment' method	106%
CUEF Leverage Limit % - 'Commitment' method	5,000%

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