

Cambridge University
Endowment Fund

Annual Review 2024

Serving the University,
Colleges and Trusts
with world-class,
sustainable investment
management



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📷 Front cover: Corpus Christi College





Cambridge University Endowment Fund

Founded in 2008, the Cambridge University Endowment Fund (“CUEF”) supports the University by funding over 1,000 projects and programmes, including scholarships, bursaries, teaching and research into some of the most critical societal issues, such as life sciences, conservation, climate change and technology.

Investors in the Fund include Cambridge University, 16 Colleges and five associated Trusts. Over the last 10 years, the Fund has distributed nearly £1.2 billion to these investors.

The CUEF is a dedicated, specialist vehicle, designed to combine long-term capital appreciation and reliable cash distributions for its investors.

The Endowment Fund is managed by University of Cambridge Investment Management Limited (“UCIM”), a wholly owned subsidiary of the University.

UCIM has a single, dedicated team focused on optimising performance and stewarding CUEF investors’ capital over the long term. The team is fully aligned with the University’s sustainability objectives; working with university stakeholders and partners to achieve the ambition for the CUEF to be net zero of greenhouse gas emissions by 2038.

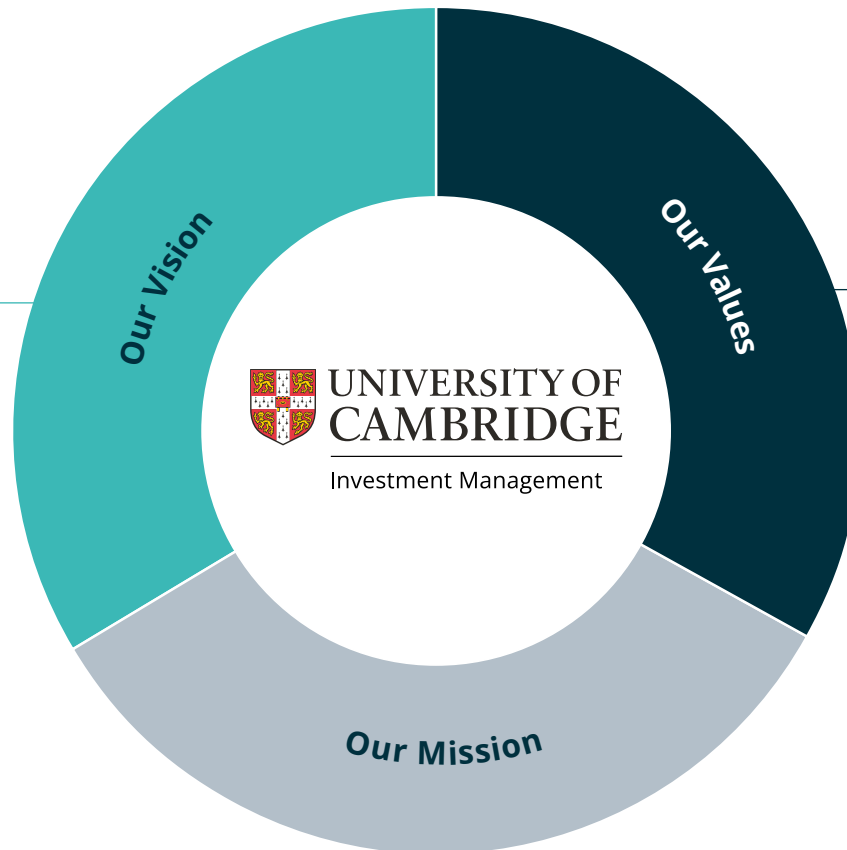
Throughout this Review the Cambridge University Endowment Fund is referred to as “CUEF”, “The Endowment”, “The Endowment Fund” or “The Fund”.

In relation to the information throughout this Annual Review: financial data has been extracted from the Fund’s audited financial statements or sourced from UCIM internal reporting; returns data is stated on a net basis. Past performance is not indicative of future results.

For more information go to www.ucim.co.uk.

Our Mission, Vision and Values

By 2030, the Cambridge University Endowment Fund will be synonymous with a pioneering model of endowment management, which is sustainable equally for the portfolio, its investors, the planet, and the team.



To serve the University, Colleges and Trusts by delivering world-class, sustainable investment performance.

Integrity

We always do the right thing, even when it is the hard thing. We put the interests of our investors ahead of our own.

Accountability

We only succeed individually if the team succeeds. We are committed to supporting one another and taking responsibility for our work, in service of our investors.

Collaboration

We respect, include and inform each other. We listen to learn, recognising that our diversity of backgrounds, skills and perspectives forms an essential foundation to our work.

Intellectual Honesty

We make decisions based on facts. We actively seek out and interrogate alternative and conflicting opinions before making up our minds.

Sustainability

We take actions and make decisions for the long term, taking into account their impact on the human and physical environment. We ensure that the success of our team, portfolio and Stakeholders is consistent with the mission and core values of the University.

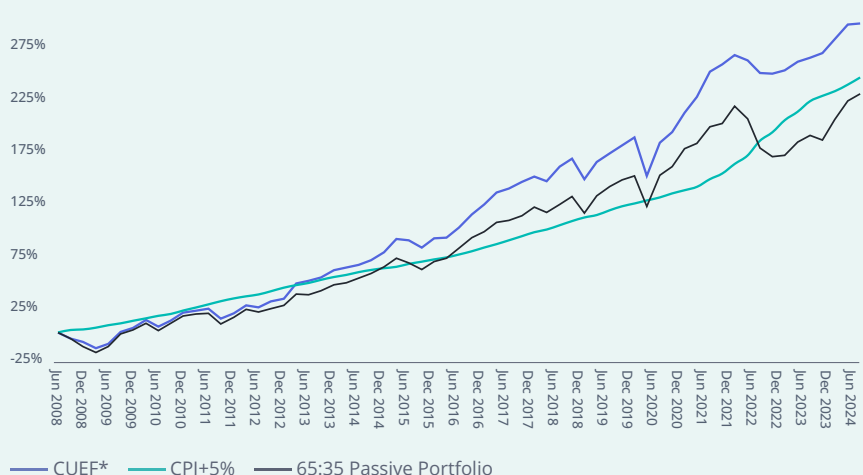
Excellence

We always work to the best of our ability. We recognise that our reputation among our Stakeholders and the outside world is dependent on the quality of our work, as much as on our results.

2024 Performance Highlights

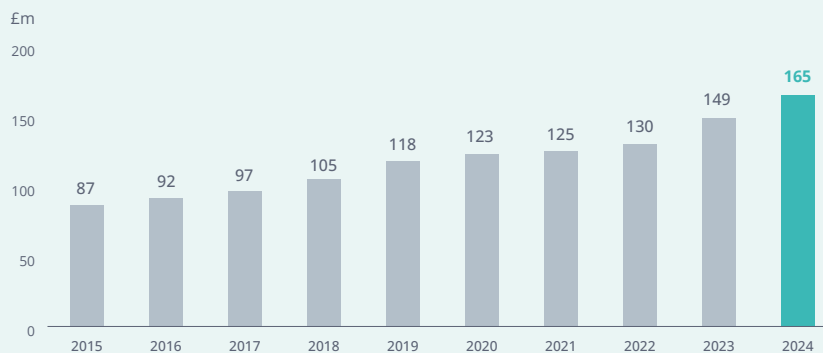
Year to 30th June 2024

Total Portfolio Cumulative Net Returns Since June 2008 (%)



Data sources:
 CPI data from the Office for National Statistics ("ONS").
 CUEF returns calculated based on CUEF Net Asset Value, other data sourced from Bloomberg and UCIM internal reporting.
 The "65:35" Passive Portfolio is provided for illustrative purposes and 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% UK Quarterly Property Index (GBP).

Total Income Distributed (£m)



Data sourced from CUEF audited financial statements. Returns data stated on a net basis.

£165.0 million
distributed in financial year

£1.2 billion
distributed over last 10 years

Net return for financial year to 30th June 2024

9.1 %
30th June 2024

Annualised net returns over last 10 years

9.2 %
30th June 2024

Unit value

£70.89
30th June 2024

£67.59
30th June 2023

Fund net asset value

£4.2 billion
30th June 2024

£4.0 billion
30th June 2023

Past performance is not indicative of future results.

Letter from Chair of the Cambridge University Endowment Trustee Body



Our Trustee Body includes members with significant sustainable investment experience. We are all committed to providing oversight and representing the long-term investment interests of all unitholders in the CUEF.

With a full annual cycle completed during 2023/24, this year's annual review provides the opportunity for me to report for the first time on the role and activity of the Cambridge University Endowment Trustee Body ("CUETB").

The CUETB was formally constituted in June 2022 as a separate body within the University with a fiduciary responsibility to represent the interests of all CUEF unitholders equally. It was established to ensure that the CUEF and UCIM, as its fund manager, act in accordance with their mandate to provide a permanent source of capital with a long-term investment horizon, including the commitments made in 2020 in relation to fossil fuel divestment, renewable energy investment and net zero targets.

The CUETB monitors the performance of the CUEF and UCIM and provides the forum for unitholders to bring substantive topics of concerns for consideration. To enable it to fulfil its role, the CUETB has full access to the CUEF portfolio and its performance.

The CUETB is comprised of six members - three nominated by the University Council, two by CUEF unitholders (other than the University), and one subsequently by the CUETB itself. External members were recruited following an extensive, competitive process.

Our Trustee Body includes members with significant sustainable investment experience. We are all committed to providing oversight and representing the long-term investment interests of all unitholders in the CUEF.

The CUETB meets each academic term, with an additional meeting for all unitholders in the Michaelmas term, which allows direct input from investors to the CUETB. At the 2023 meeting, the unitholders gave their approval to the Statement of Responsible Investment Principles proposed by the CUETB following extensive consultation with the Unitholders, provided on page 23.

The establishment of the CUETB represented the final component of an enhanced governance structure for the Endowment Fund. The CUETB oversees and consults with the two other governing bodies, the UCIM Board and the Investment Advisory Board. I am grateful to their respective Chairs, Alan Brown and Sarah Fromson, for their collaboration and constructive

contribution which have enabled us to fulfil our role.

With respect to the academic year ahead, the CUETB looks forward to representing the interests of the unitholders in the CUEF in our future interactions with the Working Group on Investments in and Research Funded by Companies belonging to the Defence Industry. The rationale for setting up the CUETB was indeed precisely to provide this means of representing the unitholders collectively and thereby to avoid the potential conflict of interest which existed previously when the University Council acted both in its role as investor and as trustee on behalf of all the unitholders.

A handwritten signature in black ink, appearing to read 'Mark Lewisohn'.

Mark Lewisohn
Chair, Cambridge University Endowment Trustee Body

For more information about CUETB Members go to: <https://www.ucim.co.uk/who-we-are/our-boards>

CEO and Chief Investment Officer's Letter



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The team has collectively built an increasingly high-conviction portfolio of interests in world-class funds, which has increased in value by £1.3 billion since 1st July 2020, having also made distributions of nearly £600 million to unitholders.

Almost all institutional investors claim to have a long-term perspective. Few, however, invest on behalf of an institution with the history of the University of Cambridge, making the task of investing to support the University for centuries to come a unique responsibility.

Investing with such a timeframe in mind makes having a robust team and portfolio in place especially critical, as well as placing a particular emphasis on the ownership of assets that are truly sustainable.

At UCIM, our strategic priorities are, therefore, to build and retain an exceptional team, to develop a portfolio to meet the long-term requirements of our investors, to support our investment activity with best-in-class operations, and to focus on sustainability in all senses of the word, but in particular through the ambition for the CUEF to achieve net zero greenhouse gas emissions by 2038.

The UCIM team has built a strong culture based on our values of accountability, collaboration, intellectual honesty, sustainability integrity and excellence. The team has collectively

built an increasingly high-conviction portfolio of interests in world-class funds, which has increased in value by £1.3 billion since 1st July 2020, having also made distributions of nearly £600 million to unitholders. The portfolio is supported by an increasingly robust and streamlined operational infrastructure spanning investment operations, reporting, compliance, and risk management. Sustainability is fully integrated across UCIM's investment process.

Team

This year we welcomed five new joiners to the UCIM team. Each is off to a strong start, thanks to the mentorship of colleagues, comprehensive onboarding, as well as taking part in our second firm-wide portfolio review meeting. Looking to the year ahead, we plan to pursue a more integrated approach to engaging with the CUEF's fund manager partners across our investment and operations functions.

In terms of our governing bodies, we are delighted to welcome Nigel Hill to the UCIM Board as Non-Executive Director. Nigel has an extensive background in senior operational roles in the investment industry and has already provided invaluable support to us in enhancing our approach to cyber-security.

Portfolio

The CUEF's portfolio is concentrated with a group of increasingly high-conviction fund managers, diversified across equities, private equity, absolute return and credit, and real assets. Having a concentrated portfolio allows UCIM to pursue increasingly deep relationships with its fund manager partners, which is essential both to understanding the true drivers of performance and to engagement on our sustainability goals.

For the Financial Year ended 30th June 2024, the CUEF achieved a net return of +9.1%, 2.0% ahead of the long-term investment objective to achieve returns of 5% over the CPI rate of inflation. While we were pleased with this level of returns on an absolute basis, it proved more difficult to match the performance of broader developed equity markets given the increasing concentration of returns in a very small number of the world's largest companies. Nevertheless, we remain very confident in the underlying potential of the CUEF's portfolio which we believe is largely invested in high-quality public and private companies with attractive growth prospects and low leverage.

Over a ten-year trailing period, the CUEF has delivered annualised returns of +9.2%, outperforming both its investment objective and the returns that would have been generated by investing in a passive portfolio of equities and bonds.

Operations

This past year was one of significant achievement within operations, with the completion of the first phase of a 3-year internal audit programme, as well as the implementation of additional tools aimed at enhancing oversight of the CUEF portfolio.

Sustainability

During the year, we continued to make strong progress implementing our sustainable investment strategy. UCIM's primary focus is on environmental considerations, based on the increasing urgency of the need to mitigate climate change. However, we also push for improvements in other areas, such as the diversity of our fund manager partners' teams, as well as ensuring that underlying investments are consistent with our values. In addition to implementing specific targets for our engagement in each asset class, the team developed a new approach to voting and engagement within public equities.

The most recent Financial Year has been a challenging one for long-term

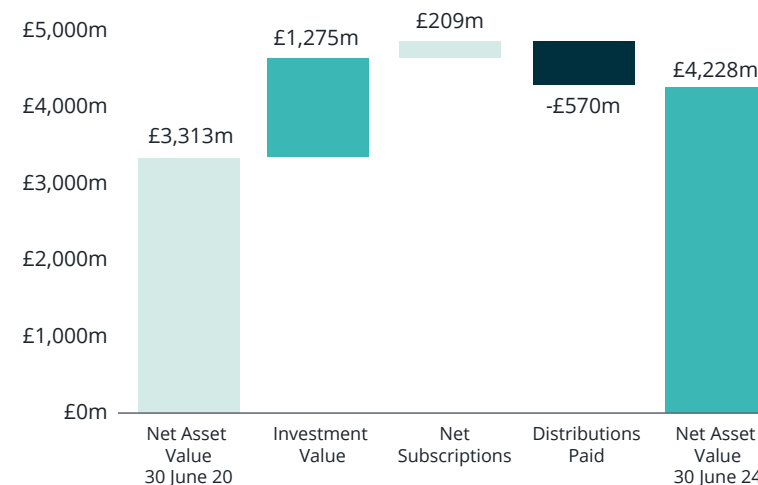
investors in many ways, given elevated levels of geopolitical uncertainty and the increasing concentration of equity returns. In light of these challenges, I am especially pleased with the progress we have made against our mission to serve the University, Colleges and Trusts by delivering world-class, sustainable investment performance. I strongly believe that we have the team, portfolio, operational strength and sustainable investment focus required to continue to do so for many years to come.



Tilly Franklin

CEO and Chief Investment Officer

CUEF Investment Value has increased 38.5% since 1st July 2020



Data source: UCIM International Reporting. Past performance is not indicative of future results.

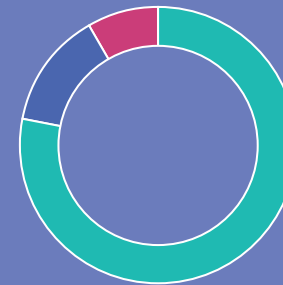


 Department of Chemistry



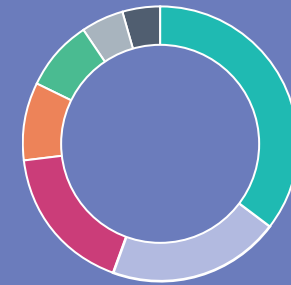
Impact

CUEF Distribution Allocation



University	78%
Associated Trusts	14%
Colleges	8%

University Allocation of CUEF Distribution*



Teaching and research	28%
Professorships	16%
Departments	14%
Lectureships	7%
Scholar/Studentships	7%
Charitable trading reserves	4%
Other	3%

* Represents the 78.3% distributed to the University.

During the year £165.0 million was distributed to the organisations that invest with the CUEF.

Over the last ten years the CUEF has distributed nearly £1.2 billion to support over 800 programmes that facilitate the University's mission to contribute to society through the pursuit of education, learning and research at the highest international levels of excellence.



Matthew Yoko
PhD Engineering, 2021



Cambridge was my top and only choice due to its strength in my research area: fluid mechanics.

I've been surrounded by aircraft and air shows for as long as I can remember. My father was a technician in the South African Air Force, and I vividly recall the awe I felt as a child when the U.S. Air Force brought their massive, thunderous machines to a show. This early exposure fuelled my passion for aviation.

I went on to specialise in aeronautic engineering during my undergraduate studies and worked in the industry, focusing on jet engine design. My employer later funded my master's degree, which I completed part-time. Coming from a family where my parents didn't attend university, I feel fortunate to have had these educational opportunities.

Pursuing a PhD at Cambridge was a dream that would have been unattainable without support from the Cambridge Trust. Cambridge was my top and only choice due to its strength in my research area: fluid mechanics. My work focuses on thermoacoustic oscillations in jet engines and rockets, a persistent issue that can cause excessive noise, increased emissions and even structural failure. These oscillations are notoriously difficult to predict and often manufacturers only

realise the severity of the problem when the first prototype fails, resulting in significant financial loss. This has made manufacturers reluctant to explore new low-emission combustor architectures, which increase the risk of thermoacoustic oscillations.

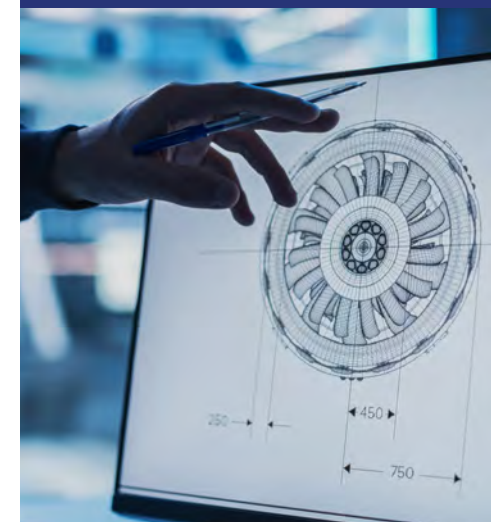
To address this, we have developed a novel modelling approach, which we tested on a simple laboratory rig using a tube with a flame inside. This setup allows us to cheaply collect and analyse large amounts of data to develop more accurate predictive models. Our research aims to save time, money, and energy by reducing the number of required experiments and minimising prototype destruction. We hope this will encourage manufacturers to explore more efficient designs.

Being at Cambridge has been a dream, offering access to world experts, resources, and funding for conferences. Winning the best paper award at a conference in Zurich was a highlight and has opened doors in both academia and industry. Whether I stay in academia or return to industry, my future will undoubtedly remain in aerospace.

Key facts

- The Cambridge Trust awards around 600 scholarships annually to students from across the world.
- Over the past 40 years, the Trust has awarded more than 22,000 scholarships.
- The Cambridge University Endowment Fund ("CUEF") manages the Trust's main investments, with a value of £210 million at 31st July 2024.

 Studying the design of jet engines



The Munby Fellowship Trust



Dr Sarah Pyke
Munby Fellow, 2023–2024



The Fellowship provides a rare chance to explore these fascinating materials, offering valuable insights into popular culture and publishing trends which are often overlooked.

The Munby Fellowship offers access to unique University Library collections, including the Tower Collection, which features books and other items acquired through legal deposit. These aren't typically part of scholarly collections but include genre fiction, instructional books, detective stories, and children's books.

The Fellowship provides a rare chance to explore these fascinating materials, offering valuable insights into popular culture and publishing trends which are often overlooked.

The Tower Collection is particularly special as access is usually restricted. The UL shelves books chronologically by size, so novels from the 1900s to the 1980s are displayed on the shelves exactly as they would have appeared at the time. The UL preserves the original dust jackets, which many other libraries do not.

Two reasons drew me to study children's book covers. Firstly, during my PhD research with LGBTQ+ adults, I found their reading memories were strongly tied to physical aspects of reading, like the cover's colour, the book's smell, and the reading environment. This led me to the field of book history, exploring the material book beyond

the text itself. Secondly, I noticed my favourite childhood book covers often featured thoughtful-looking, pensive girl characters, which sparked my curiosity about how covers influence readers' choices and connections to stories.

My research focused on how children's book covers reflect changes in societal attitudes over time, particularly around gender, race, and class. Until the 1970s and 80s, most covers featured white, able-bodied, middle-class children. Gender roles were very rigid; girls' books often focused on schools, friendships, and domestic settings, while boys' books centred on adventure, colonisation, and empire. By the 1960s, some covers began to challenge traditional gender roles, such as picture books showing boys in domestic settings. In the 80s, more multicultural children's books emerged, reflecting greater diversity.

I enjoyed engaging with the public at various events, including my Munby Lecture on 'Peter Pan', which explored the book's visual diversity. Unlike many classic children's books, 'Peter Pan' isn't tied to a single illustrator, allowing for varied interpretations. J.M. Barrie's openness to adaptations (even before publication in novel form) has made it an enduring cultural icon, with countless editions, pop-up books and film spin-offs. I was thrilled these events sold out, showing strong public interest in children's literature, a field often marginalised by academia.

Key facts

- The Munby Fellowship Trust of over £1m is fully invested in the Cambridge University Endowment Fund.
- The Munby Fellowship was founded in memory of the late Alan Noel Latimer Munby, a greatly respected scholar in the field of bibliography, especially in the history of the book trade and of book-collecting.
- Munby was Librarian of King's College (1947–74), a Syndic of Cambridge University Library, and generously gave his time and expertise to all who asked for his advice and help in pursuit of their research.

📷 Different versions of J.M. Barrie's Peter Pan



Jessica Sainsbury Lectureship in the Anthropology of Amazonia



Dr Natalia Buitron
Lecturer in the Anthropology of
Amazonia



Indigenous approaches to managing forests, biodiversity, land, welfare and justice offer solutions for global crises like climate change and deforestation. I think it is important that indigenous movements are pushing for participative governance that prioritises their well-being over economic gain.

I spent some of my childhood in the Amazon region – my father was a forestry engineer and my mother was a legal expert in indigenous land rights.

So, I have always had a deep connection to the region and, when I was young, I knew I wanted to continue to experience social life among diverse cultures.

For my PhD, I wanted to research how people experience social change. I initially planned a project on gender fluidity and the legacy of colonialism in Southeast Asia, but then I came across some books about the Amazon and its indigenous people. Reading about the very people I knew personally made me want to return to study them more closely – to understand their struggles and challenges. I ended up doing fieldwork in the Amazon for nearly two years.

I faced many challenges during my time with the Shuar people, including adapting to unfamiliar food, crossing rivers alone, and learning their language, which had only recently developed an alphabet. While teaching social sciences in a local high school, I learned the language by observing daily life. I also supported a local federation in protecting their land from industry encroachment, studying how the Shuar adapted to state presence while trying to maintain autonomy. Once self-sufficient, they were now navigating changes brought by missionaries and the state, balancing intercultural education and involvement in national politics.

My research shows that indigenous communities don't just adopt external institutions; they creatively reinvent them. They develop new approaches, from democratic assemblies to organising school meals, adapting systems to meet their needs—a concept I call institutional plasticity. For example, their assemblies are recent innovations designed to engage with local bureaucracies while maintaining autonomy.

This adaptability is crucial as external forces often impose their own ideas about modernisation. Indigenous groups, however, have their own models of development, offering lessons in sustainable governance, as seen in Ecuador's and Bolivia's recognition of multiple nations within one state. Their approaches to managing forests, biodiversity, land, welfare and justice offer innovative solutions for global crises like climate change and deforestation. I think it is important that indigenous movements are pushing for participative governance that prioritises their well-being over economic gain.

I followed my PhD with further teaching and research focused on the region, so it was amazing for me to see this Lectureship advertised, as Amazonia rarely attracts geopolitical interest in the UK. Securing the role was a dream come true. Cambridge offers a unique academic environment and the chance to drive local change. I'm fortunate to work with remarkable colleagues, and I love teaching.

Key facts

- In 2000, Cambridge alumna Jessica Sainsbury donated to fund a lectureship in the Anthropology of Amazonia, inspired by her undergraduate experiences and work with indigenous rights groups in the Department of Social Anthropology.
- The fund of £1.5m is invested in the Cambridge University Endowment Fund.
- The lectureship builds on the legacy of Stephen Hugh-Jones, whose work with the Barasana people of north-west Amazonia has been vital in preserving their cultural heritage.

 A democratic assembly in the Amazon



The Gates Cambridge Scholarship Programme



Chris Slaughter
PhD in Engineering (2023)



I'm excited to see what I can learn and potentially take back to my community after completing my PhD. I want my work to make a direct impact, particularly in biomedical technology for low- and middle-income communities.

I work in the Cambridge Bioelectronics Laboratory in the Department of Engineering, Electrical Engineering Division. When I started my PhD, I thought I would just be working on my own project - developing wearables for monitoring foetal and maternal health in high-risk pregnancies. However, I've had the opportunity to work on a variety of projects beyond that.

Collaboration at Cambridge is on another level, both within my lab and with other departments, like Experimental Psychology, Chemical Engineering, and Clinical Neuroscience.

The research community here is very connected. My PI, Professor George Malliaras, often facilitates connections with colleagues in other departments working in relevant fields. One project involved using wearables for yoga applications, while another focused on tuning brain alpha waves to enhance learning. I've also worked on developing wearable systems for electrogastragraphy, a technique for recording electrical signals from the stomach to monitor gastrointestinal


disorders. It's been a fantastic learning experience, exposing me to things I never anticipated.

Since coming to Cambridge, I've joined a group called Majicom, which develops water filtration systems for communities in East Africa. I got involved almost immediately because they needed someone with an electronics background. Given my expertise, it sounded like a great opportunity, and I've learned a lot through the experience. As an undergraduate, I focused on theory, but this project has allowed me to apply that knowledge practically. It's been incredibly fulfilling to work on real-world solutions. Recently, the University of Dar es Salaam (Tanzania) sent a video of them using one of our systems, which was incredibly rewarding.

The Gates Scholarship has been a highlight of my Cambridge experience. The community is global, and I've built friendships with people from all around the world. Financially, the scholarship has made a big difference, covering conference expenses and offering professional development funding. I will start a programme called EnterpriseTECH through the Judge Business School next month, which focuses on entrepreneurship, product development, and intellectual property. I'm excited to see what I can learn and potentially take back to my community after completing my PhD. I want my work to make a direct impact, particularly in biomedical technology for low- and middle-income communities.

Key facts

- The Gates Trust was founded with an endowment of \$210mn from the Bill and Melinda Gates Foundation in 2000.
- The Trust is entirely reliant on the income from and long-term growth of its investments and continues to use the Cambridge University Endowment Fund ("CUEF") as its primary investment vehicle.
- The Gates Cambridge Scholarship program enables outstanding students from outside the United Kingdom to pursue full-time graduate studies in any subject at the University of Cambridge.
- The Trust has awarded a total of 2,080 scholarships to 1,970 scholars from 112 countries. There are currently 279 Gates scholars studying in Cambridge.

 Majicom water filtration system in Tanzania



Jennifer Ward Oppenheimer Professor of the Deep History and Archaeology of Africa



Professor Paul Lane



Investing in African archaeology not only enhances our knowledge of the past but also fosters more equitable relationships with the continent in the future.

My interest in African history and archaeology began during my PhD research at Cambridge, which led to extensive periods of fieldwork in Mali, West Africa.

My research was an 'ethnoarchaeological' or 'modern material culture' study, which involved learning how people interact with objects and their environment in a modern-day context to improve the ways archaeologists make inferences about past societies from material remains. I explored how people's living spaces evolve as they progress through different life stages within their community, from childhood to adulthood, from being single to married, and eventually becoming elders, and the different spatial patterning of objects these changes generated.

My passion for African archaeology and history grew even stronger during my time teaching in Tanzania and Botswana. The rich diversity of evidence, from archaeological findings to oral histories and environmental shifts, captivates me. Living in Africa for nearly 16 years completely dispelled the stereotypes of it being underdeveloped. The experience fuelled my ongoing research and teaching on the continent's remarkable archaeological heritage, driving me to share its complexity and significance with a wider audience.

Colonial-era narratives, such as the idea that African farming and herding communities mismanaged the land, persist despite evidence to the contrary. Pastoralist communities have enhanced biodiversity through livestock management, while African farmers developed drought-resistant crops suited to diverse environments. Traditional knowledge provides valuable insights, particularly in facing climate challenges.

I'm currently working with indigenous communities in northern Kenya and southern Ethiopia, where hand-dug wells, some hundreds of years old, have long served as vital communal resources for both social and environmental purposes, providing water for livestock and wildlife. However, the introduction of boreholes has disrupted these traditional systems, raising concerns about the loss of cultural heritage. To address this, we've established a group of heritage stewards dedicated to preserving these important practices - even school children are getting involved.

This role has been an incredible opportunity, allowing me to strengthen African archaeology at Cambridge by attracting researchers and funding for innovative projects. As Africa's global importance grows, understanding its rich histories and cultures is crucial. Investing in African archaeology not only enhances our knowledge of the past but also fosters more equitable relationships with the continent in the future.

Key facts

- This Professorship was established in 2019 following a donation of £2.5 million from the Jonathan and Jennifer Oppenheimer Foundation.
- The funding is fully invested in the Cambridge University Endowment Fund and is intended to cover the full costs of the Professorship in perpetuity.
- Professor Paul Lane is the inaugural Jennifer Ward Oppenheimer Professor of the Deep History and Archaeology of Africa at the University of Cambridge.

 A school heritage club in Kenya



The Harding Distinguished Postgraduate Scholar Programme



Fadia Bou-Dagher
PhD Medical Science (2002)

“
Thanks to the Harding Scholarship, I'm able to spend three years studying for a PhD between my medical school years. It has been a game changer.

I went to medical school because I wanted to make a difference to a patient's life. But I soon realised that, through research, you can make a difference to millions of lives.

I lost my father to cancer during my first year of undergraduate studies, an event that really changed my perspective. Cancer is a prevalent disease affecting so many people, and my personal experience drives my passion in this area. Witnessing my father's journey through the healthcare system, including his participation in a clinical trial, inspired me. Seeing how nurses, surgeons and scientists communicated with him drives me to do the same for other patients.

Cancer affects not only the patient but also their entire family. My experience highlighted the need for improvements, not only in treatments and therapies but also in the overall healthcare system. My work focuses on DNA damage in the context of cancer. DNA is the genetic material that makes up our bodies, and it can be damaged in different ways – by things like UV rays, chemotherapeutic

© Watch the video of Fadia discuss her research:
<https://youtu.be/eaELbceL7Js?si=WkpDcm6W0cw8QGXX>

drugs, or even naturally. It can also be repaired in different ways. In the Jackson laboratory, we study the differences between how a normal cell repairs DNA versus how a cancer cell does. By understanding these differences, we can develop new classes of therapeutic drugs that specifically target cancer cells.

Thanks to the Harding Scholarship, I'm able to spend three years studying for a PhD between my medical school years. It has been a game changer, covering research costs for essential equipment like the laptop I use for my analysis. It has also funded my attendance at international conferences, where I have been able to further my career by presenting work.

The Harding scholarship's interdisciplinary focus encourages us to connect with students and scholars from other research areas. We hold internal seminars twice a term, when we present our work in simple terms to historians, mathematicians, and physicists. The best part is the unexpected feedback. It's eye-opening and rewarding when people from completely different fields ask insightful questions that make you see your work in new ways.

Key facts

- Established in 2019, thanks to a generous donation from David and Claudia Harding, the biggest single gift made to a university in the UK by a British philanthropist.
- This endowed gift has so far funded a total of 167 scholarships in 63 subjects.
- 49 scholarships were awarded in the 2023-24 academic year.

📷 The Cancer Research Centre





Strategy and Performance

UCIM seeks to select fund management partners with differentiated insights, disciplined processes and high integrity, whose interests and incentives are aligned with those of our stakeholders.

Investment Strategy and Asset Allocation

The long-term investment objective is for the Endowment Fund to achieve returns of 5% in excess of inflation (using the Consumer Price Index or “CPI” measure of inflation), net of fees; and to fund distributions to investors of approximately 4% of the net asset value of the fund per year.

To achieve these objectives, UCIM’s investment strategy is to invest through specialist, third-party fund managers to access asset classes and geographies that it believes will outperform passive investments over time. A benefit of this model is that it enables UCIM, on behalf of the CUEF, to access what we believe are “best-in-class” investors, obtaining the benefits of diversification, while minimising overhead costs.

Within this strategy, the CUEF operates an “unconstrained”, global portfolio, allowing it to invest in any appropriate regions, sectors and asset classes. The Fund is diversified over five broad asset classes: public equity, private equity, absolute return and credit, real assets, cash/fixed income.

UCIM seeks to select fund management partners with differentiated insights, disciplined processes and high integrity, whose interests and incentives are aligned with those of our stakeholders. Further information on UCIM’s investment process and manager selection is provided on page 26 in the section on Sustainable Investment.

Consistent with the requirement to steward capital for the University, Colleges and Trusts for future generations, the CUEF has a very long-term investment horizon; and seeks to build durable relationships with its investment partners.

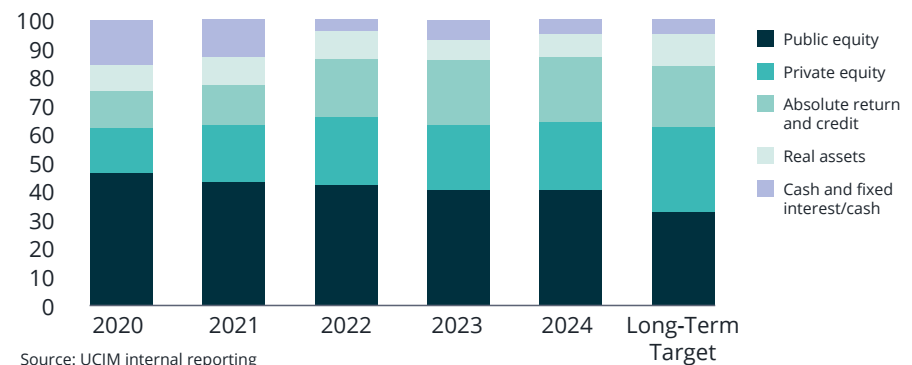
The CUEF has minimal direct investments in securities and usually only takes such positions in order to “rebalance” the portfolio in the short term.

Portfolio construction, asset allocation and manager selection form the key parts of UCIM’s day-to-day activity managing the CUEF, to provide long-term appreciation and reliable cash distribution for investors.

In 2019, UCIM set out an updated asset allocation strategy, advocating a measured reduction in public equity assets in favour of increased allocations to both private equity and absolute return and credit. Private equity is viewed as a key driver of returns in the portfolio, whereas the absolute return and credit sub-portfolio is intended to reduce volatility and provide liquidity to the balance of the portfolio during market corrections.

The implementation of this strategy can be seen in the bar chart, which shows the development of the CUEF’s asset allocation over the last five years. UCIM continued to make steady progress towards its long-term target allocation. In the 12 months to 30th June 2024, there were four new allocations and eleven renewed commitments with private equity managers. In public equity and absolute return and credit, UCIM made several incremental additional allocations, to rebalance the portfolio and maintain an optimal allocation in these asset classes.

CUEF Asset Allocation 2020–2024 (% of total portfolio)



Performance

The outlook for interest rates was a dominant influence on market sentiment during the CUEF's Financial Year (the 12-month period to 30th June 2024). As investors gained confidence in the prospect of lower interest rates, equity markets showed positive momentum at the end of 2023 and in the first six months of 2024. For the 12 months to 30th June 2024, the MSCI All Countries World Index ("MSCI ACWI") excluding fossil fuels returned +20.9% in £ Sterling.

These returns were primarily driven by very strong performance in US equities, which was in turn concentrated in a small number of US technology stocks, known as the "Magnificent Seven."¹ The returns generated by these seven stocks represented 52.6% of the S&P 500's total returns for the 12 months to 30th June 2024. On 30th June 2024, the aggregate market value of these seven companies equated to 32.2% of the S&P500 (compared to 27.6% on 30th June 2023). This phenomenon also masked a dispersion in returns across global markets. In contrast to these "mega-cap" US companies, returns in emerging markets were relatively weak, especially in China.

Against this market backdrop, for the Financial Year ended 30th June 2024, the CUEF achieved a net return of +9.1% (2022-23 +4.1%), 2.0% ahead of its long-term investment objective to achieve returns of 5% over the CPI rate of inflation. The primary driver of returns in the Financial Year was the strong absolute performance of the CUEF's public equity portfolio, which represents 40% of the CUEF and returned +14.8% in £ Sterling.

Over a ten-year trailing period, the CUEF has delivered annualised returns of +9.2%, outperforming both its investment objective and the returns that would have been generated by investing in an illustrative "65:35" passive portfolio of equities and bonds.

CUEF Performance

	Financial Year 23/24 (Full)	Since 1 July 2020 ¹	Trailing 10 Financial Years: 1 Jul 14 – 30 Jun 24
	Cumulative	Annualised	Annualised
CUEF	+9.1%	+8.8%	+9.2%
UK CPI +5%	+7.1%	+10.7%	+8.1%
"65:35" Passive Portfolio ²	+13.7%	+7.0%	+8.0%
MSCI ACWI ex. fossil fuels ³	+20.9%	+12.5%	+12.1%

Data sources:

CPI data from the Office for National Statistics ("ONS"), CUEF returns calculated based on CUEF Net Asset Value, other data sourced from Bloomberg and UCIM internal reporting.

Notes:

- ¹ 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.
- ² The purpose of the "65:35" passive portfolio is to provide an illustrative measure, over the long term, of the return that might be achieved were the CUEF to be managed on a passive basis. The composition of the "65:35" passive portfolio is provided on page 4 of this report.
- ³ MCSI ACWI ex. fossil fuels data from 1st July 2020 onwards.

CUEF returns are net of fees. All index returns in £ Sterling unless stated.

Past performance is not indicative of future returns.

¹ Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, Tesla

Performance by Asset Class

Public Equity

For the Financial Year, the CUEF's public equity portfolio generated strong absolute returns of +14.8%, with positive performance across the CUEF's public equity manager roster.

Relative returns were below the benchmark's returns of +20.9%, reflecting the CUEF's regional and sector variance compared to the MSCI All Countries World Index. The CUEF is relatively overweight in emerging markets, and underweight to developed markets, including the very large US technology companies which were the main driver of market returns in the Financial Year.

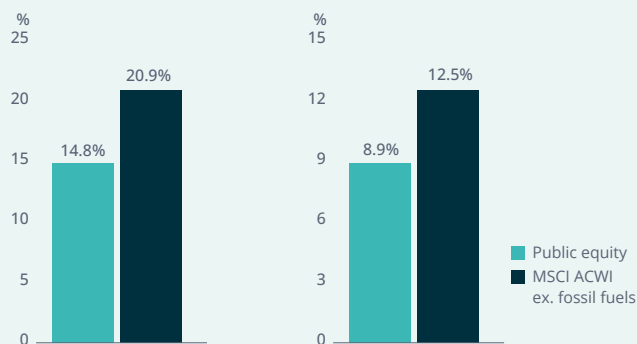
UCIM believes the CUEF public equity portfolio consists of high-quality companies, which are attractively valued compared to respective market indices.

14.8%

Financial Year 23/24
Cumulative

8.9%

Since 1st July 2020
Annualised



Absolute Return and Credit

The CUEF's absolute return and credit portfolio is comprised primarily of hedge funds that are expected in aggregate to have low correlation to equity markets and other traditional risk assets.

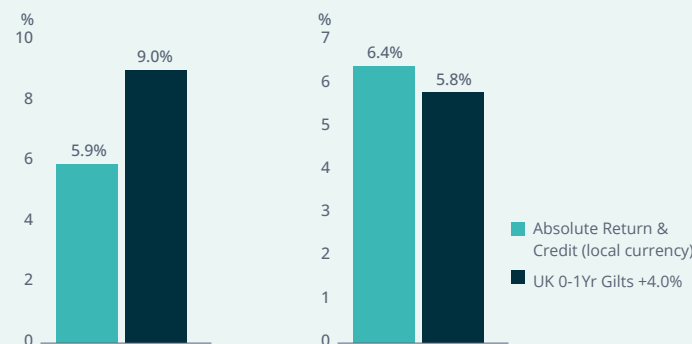
For the Financial Year, returns were +5.9% in local currency (+6.4% in £ Sterling), representing a solid outcome. Since 1st July 2020, the absolute return and credit portfolio has returned +6.4% annualised in local currency, in line with its target and has substantively fulfilled its wider role for the Endowment Fund, by providing a source of uncorrelated liquidity to the Endowment.

5.9%

Financial Year 23/24
Cumulative

6.4%

Since 1st July 2020
Annualised



Notes:

- Data sourced from Bloomberg and UCIM internal reporting.
- CUEF returns calculated based on CUEF Net Asset Value and are net of fees.
- Asset Class Returns are provided in GBP, except Absolute Return & Credit is provided in local currency.

Past performance is not indicative of future results.

Performance by Asset Class continued

Private Equity

The CUEF's private equity portfolio is made up of three categories of specialist managers – buyout, growth and venture capital. Buyout managers were the most significant driver of returns in the Financial Year, with over half of these managers posting double-digit returns.

Returns in the CUEF's private equity portfolio were +6.2% for the Financial Year. Although both returns and valuations in private equity were lower than in public markets, the underlying companies in the CUEF's private equity portfolio performed strongly.

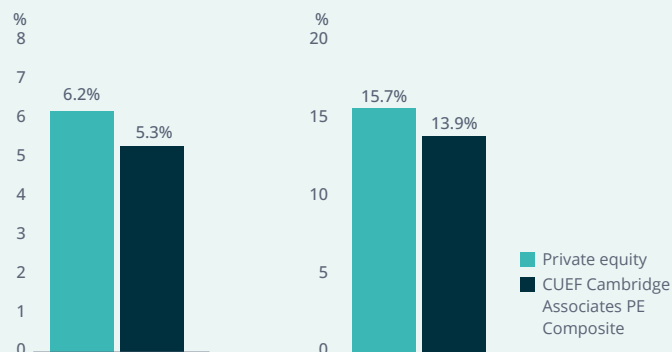
Based on this strong underlying performance, and ongoing conviction in the CUEF's private equity manager roster, UCIM continues to believe that private equity will be a key driver of CUEF returns over the long term. Since 1st July 2020, the CUEF's private equity portfolio has returned +15.7% on an annualised basis and has outperformed its Cambridge Associates benchmark return by +1.8% annually.

6.2%

Financial Year 23/24
Cumulative

15.7%

Since 1st July 2020
Annualised



Real Assets

The CUEF's real assets portfolio (comprised of real estate and natural resources managers) returned +0.4% in £ Sterling terms during the Financial Year, compared to +2.0% for the composite benchmark.

Having outperformed its benchmark for the first three quarters of the Financial Year, returns were negatively impacted by a write down to a legacy structured real estate investment in the fourth quarter. Other core real estate investments generated positive returns and, with a more stable interest rate environment in the UK and encouraging valuations, UCIM is confident about the potential underlying performance of these assets. The performance of the CUEF's two specialist renewable energy fund managers was positive.

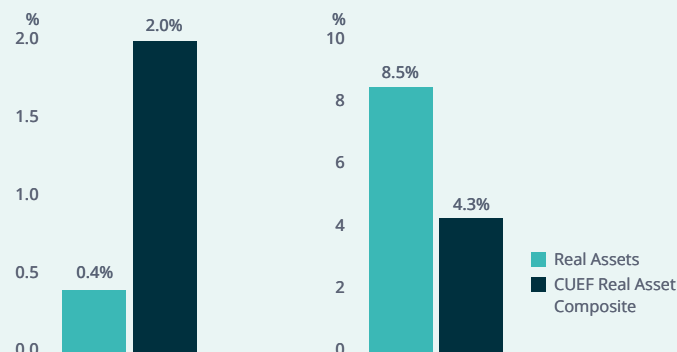
Since 1st July 2020, the real assets portfolio has generated returns of 8.5%, nearly twice the level of its benchmark.

0.4%

Financial Year 23/24
Cumulative

8.5%

Since 1st July 2020
Annualised



Notes:

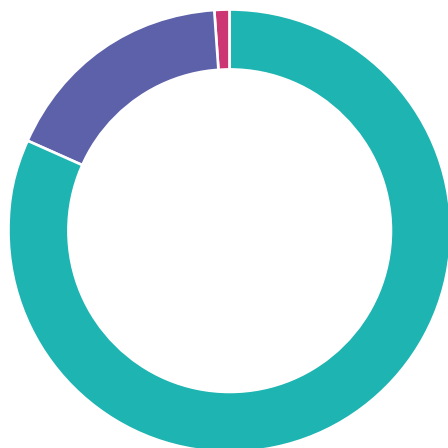
- Data sourced from Bloomberg, Cambridge Associates and UCIM internal reporting.
- CUEF returns calculated based on CUEF Net Asset Value and are net of fees.
- Asset Class Returns are provided in GBP, except Absolute Return & Credit is provided in local currency.
- Private Equity and Real Assets Composite Benchmark returns remain subject to change as underlying illiquid indices are finalised.
- The private equity composite benchmark consists of: 50% Cambridge Associates Growth Equity Index, 25% Cambridge Associates North American Buyout Index, and 25% Cambridge Associates International Buyout Index. The real assets benchmark consists of: 85% MSCI UK Quarterly Property and 15% CA US Energy. These have been constructed to broadly match the strategy exposures of the respective asset class portfolios.

Past performance is not indicative of future results.

Portfolio Composition at 30th June 2024



Geographic Exposure (Equities)¹



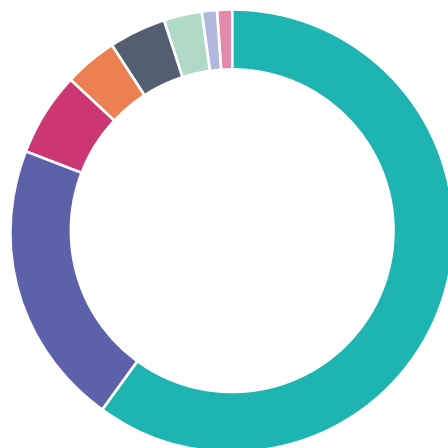
Developed markets	81.9%
Emerging Markets	17.2%
Cash & Other (includes hedge funds)	0.9%

Source: UCIM internal reporting.

¹ Geographic exposure is shown for the Public Equity and Private Equity parts of the portfolio only

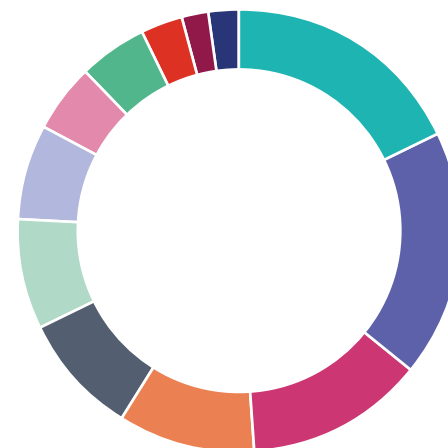
² Cash and Other includes non-directional exposure via Hedge Funds.

Currency Exposure



GBP	59.5%
USD	21.3%
Other Emerging Markets	5.9%
RMB	4.1%
Other Developed Markets	3.9%
JPY	2.9%
EUR	1.4%
CHF	0.9%

Sector Exposure



Information Technology	17.9%
Industrials	12.5%
Consumer Discretionary	9.8%
Real Estate	9.3%
Healthcare	8.1%
Financials	6.8%
Communication Services	5.0%
Consumer Staples	4.9%
Utilities	3.4%
Materials	2.2%
Energy	1.6%
Cash and Other ²	18.5%

UCIM Investment Principles

UCIM has developed a set of investment principles relating to markets and investor behaviour. These principles drive investment decision-making and are underpinned by UCIM's values of integrity, collaboration, accountability, intellectual honesty, excellence, and sustainability. The principles convey the philosophy of UCIM's approach and outline how they are implemented in practice.

Strong Governance

Our governance structure should support our mission and our values. Support and challenge from the UCIM and Investment Advisory Boards and the Cambridge University Endowment Trustee Body are essential to optimal decision-making.

Long Term

Our long-term investment horizon is one of our key advantages; to benefit from it fully requires patience as well as the confidence to adopt a contrarian point of view.

Sustainable Investment

The generation of attractive long-term investment returns is dependent on stable, well-functioning, and well-governed social, environmental and economic systems, including financial markets. Positioning the CUEF to prosper in a future net zero economy is consistent with meeting its long-term risk-adjusted investment return objectives.

Read more about UCIM's sustainable investment strategy and progress on pages 22-30.

<https://www.ucim.co.uk/how-we-invest/ucim-investment-principles>

Asset Allocation

Diversification is a key driver of long-term portfolio performance. While asset allocation and manager selection interact, they should be considered separately in investment decision-making.

Active Investment

We believe that we should invest actively with high conviction to generate superior risk-adjusted returns over the long term. We evaluate each investment opportunity from first principles. If an appropriate manager cannot be found, we may use passive investments to achieve our investment goals.

Manager Selection

Manager selection is a key source of excess returns. We seek to partner with third-party specialists with differentiated insights, disciplined processes and high integrity, whose interests and incentives are aligned with those of our stakeholders.

Read more about UCIM's investment process and manager selection on page 26.

Risk Management

Risk should be considered both at the portfolio, manager, and asset level; all risk is relative to the return available.

Teamwork

We invest as a team. Every team member has an obligation to express their opinion on every prospective investment. Once a decision is made, it is made with the support of the full team.

Diversity

Diverse teams and diversity of thought are essential components of the high-quality decision-making required to generate outstanding risk-adjusted returns.

Stewardship

Behaving as an active owner through monitoring, engaging with, and holding asset management partners to account on their investment principles and policies will contribute to better financial, social and environmental outcomes in the long term as well as magnifying the impact of the CUEF's investments.

Read more about how UCIM has developed its approach to stewardship in public equities this year on page 27.



Sustainable Investment

UCIM is committed to working with the University, its community of investment partners and all stakeholders to achieve the ambition for the Endowment Fund to be net zero of greenhouse gas emissions by 2038.

Responsible Investment Principles

The Cambridge University Endowment Trustee Body (“CUETB”) represents the interests of investors and has set out a statement of Responsible Investment Principles for the CUEF. The CUETB defines Responsible Investment as “an approach to investment that explicitly acknowledges the relevance to the Fund of environmental, social and governance factors. It recognises that the generation of attractive long-term investment returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems, including financial markets”.

The management of the CUEF should reflect the interests and values of the unitholders across all areas of investment activity, insofar as such considerations are consistent with its Investment Objectives.

In this context, the Fund has four Principles:

1. **Invest for the long term:** As the University of Cambridge is a perpetual institution, the CUEF should consider the long-term implications of all relevant investment decisions.
2. **Promote good governance:** Clear, consistent, and rigorous governance structures and processes are essential to optimal decision-making. This approach applies equally to the CUEF and its Investment Manager, as well as its underlying investments.
3. **Align with net zero:** Climate change is the most pressing problem facing humanity, necessitating a transition to an economic system with net zero greenhouse gas emissions. Positioning the CUEF to prosper in a future net zero economy is consistent with meeting its long-term risk-adjusted investment return objectives.
4. **Champion diverse teams:** Diversity of thought leads to more effective decision-making for society and the environment, as well as driving better financial performance.

UCIM believes that climate change poses an existential threat to the planet and society. The focus of its sustainable investment strategy is therefore on reducing greenhouse gas emissions from the CUEF portfolio and using our influence with partners to do the same in the wider economy.

While environmental sustainability is the primary focus of the strategy, UCIM actively considers other important social and governance issues, both in the process for selecting new fund management partners and subsequent engagement.

Among the range of issues considered, UCIM views diversity as a key principle. As well as supporting greater equality in the investment sector, diverse teams and diversity of thought lead to the effective decision-making required to generate better financial performance.

UCIM's governing bodies provide oversight in support of the sustainable investment strategy. The Cambridge University Endowment Trustee Body (“CUETB”) has set out a statement of Responsible Investment Principles (see panel opposite). The UCIM Board considers risks associated with UCIM's sustainable investment approach within its overall risk management framework. The Investment Advisory Board supports the investment team with feedback on sustainability, including potential allocations to new fund managers and engagement with existing partners.

The strategy to achieve the ambition for the CUEF to be net zero of greenhouse gas emissions by 2038 is formed of three components:

- Investing in renewable energy development and divesting from meaningful¹ exposure to fossil fuels by 2030
- Engaging with core fund management partners to support and hold them to account on reducing carbon emissions in their portfolios
- Reporting with transparency and accountability to stakeholders

¹ Meaningful is defined as exposure of 0.5% of the total net asset value of the CUEF or above.

📷 Green Impact Awards Ceremony 2024



Sustainable Investment Progress

Investing to achieve a phased transition to net zero

Conventional energy exposure:

As of 30th June 2024, the CUEF's conventional energy exposure was 1.6%, meaningfully below the MSCI All-Country World Index level of 4.5% and representing a reduction of 0.6% since 30th June 2023.

Carbon footprint:

UCIM measures the CUEF's Weighted Average Carbon Intensity ("WACI") of its public equity portfolio. WACI is a commonly used measure endorsed by the Taskforce on Climate-Related Financial Disclosures ("TCFD") that provides insight into emissions as a proportion of revenue, more commonly referred to as "carbon footprint". As at 30th June 2024, the WACI of the CUEF's public equity portfolio was 99.2 tCO₂e/\$m, a reduction of 40% for the year and 23% below the MSCI All-Country World Index.

Investment in renewable energy:

In 2020, UCIM committed to replacing the CUEF's conventional energy exposure with investments in renewable energy infrastructure, subject to finding investments with a suitable return profile. Since 2021,

UCIM has made a total of £100 million in commitments to two specialist renewable energy fund managers. In addition, the CUEF has exposure to renewable energy through other managers in the portfolio, notably one specialist firm in the public equity portfolio.

In the last year, UCIM completed a co-investment with an existing fund manager in a renewable power generation business in the US.

In aggregate, these commitments represented 3.3% of the CUEF as at 30th June 2024, exceeding the level of conventional energy exposure in October 2020, when UCIM's sustainable investment strategy was announced.

Engaging to decarbonise the real economy

The strategy of investing "indirectly" with third party fund managers means that, to achieve the CUEF's sustainability objectives, UCIM's primary lever for change is to influence these partners so that they, in turn, engage with the underlying companies in their portfolios.

As such, UCIM actively encourages partners to be responsible investors, understand the risks and opportunities from climate change, and ultimately, to reduce the emissions in their portfolios.

UCIM has close relationships and holds regular meetings with its fund management partners. Sustainability is included as a standing agenda item in all full-length meetings.

UCIM's investment team has developed tailored plans for specific fund managers within each asset class to implement this engagement in a focused and targeted manner. In the 12 months to 30th June 2024, the investment team held 146 engagement meetings with core partners, of which 76 included specific conversations on sustainability.

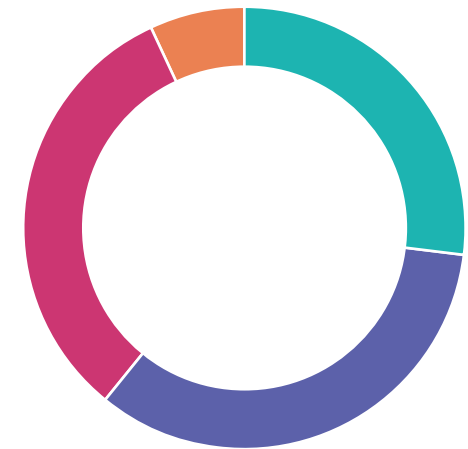
A key part of UCIM's engagement strategy is to provide partners with frameworks and tools to decarbonise their portfolios through a dedicated executive education programme. UCIM provides this bespoke programme in partnership with the Cambridge Institute for Sustainability Leadership ("CISL"), leveraging the depth of climate and sustainability expertise at the University.

The fourth cohort of the programme was completed in the spring of 2024. In total, 26 firms have now taken part, representing, in aggregate, approximately \$250 billion of assets under management.

A case study demonstrating the impact of this programme appears on page 30.

UCIM has developed an internal system of categorisation of its fund managers' sustainability – "Traditional", "Nascent", "Managing and Measuring" and "Driving Impact" (in ascending order), which allows the team to monitor progress and focus engagement activity.

UCIM Fund Manager Partner Sustainability Categorisation



Traditional	16
Nascent	20
Managing and Measuring	19
Driving Impact	4

Reporting with Transparency and Accountability to Stakeholders

UCIM continued to pursue an active programme of engagement with stakeholders across the University, to improve understanding of the Endowment Fund and its sustainable investment strategy.

The annual virtual “town hall” event for all members of the University community took place in February 2024, providing an opportunity for everyone to hear directly from the CEO and Chief Investment Officer, and ask questions. The town hall is recorded and made available on the University intranet.

Sector Engagement

UCIM engages with a number of investment sector organisations, providing an additional forum to share approaches, keep abreast of market developments and evolving best practice. Peers increasingly seek to

learn more about UCIM’s sustainable investment strategy, especially the executive education programme for fund management partners, delivered with Cambridge Institute for Sustainability Leadership. UCIM also presents at sector conferences, such as Responsible Investor Europe.

UCIM is a member of the Responsible Investor Network – Universities (“RINU”, part of ShareAction) and the Institutional Investors Group on Climate Change (“IIIGCC”). UCIM also maintains working relationships with other organisations, including Principles for Responsible Investment (“PRI”), the Net Zero Asset Managers Initiative (“NZAMI”) and the Intentional Endowments Network (“IEN”), as well as a number of informal endowment investment networks.

Sustainable Investment Internships

As well as being an important feature of the organisation’s development, UCIM’s internship programme also acts as a valuable engagement activity, allowing students from the University to gain exposure to our sustainable investment actions. Further information on this year’s programme is provided in the “Life at UCIM” section of this report.

Stakeholders	Engagement and Reporting
All stakeholders - students, academics, University Staff	Annual Town Hall (February 2024)
Student Organisations	<ul style="list-style-type: none"> Meetings with Presidents of Student Union (and other representatives) Roundtable discussions with College Green Officers Presentations to Student Investment Societies Participation in the Green Careers Fair
CUEF Investors	<ul style="list-style-type: none"> Quarterly Performance Reports Annual Investment Management Report Annual Investor Meeting CIO annual attendance at University Council and Financial Investments Committee CUEF Updates for College and Trust Investment Committees
Collaboration with University Departments and Other Activities	<ul style="list-style-type: none"> Finance Department Environmental Sustainability Team Cambridge Zero Green Impact Awards Cambridge Institute for Sustainability Leadership (“CISL”) Judge Business School CUDAR Banking Engagement Group SBTi emissions categorisation project Innovate Cambridge
Sector Organisations	<ul style="list-style-type: none"> RINU Institutional Investors Group on Climate Change Investor Forum

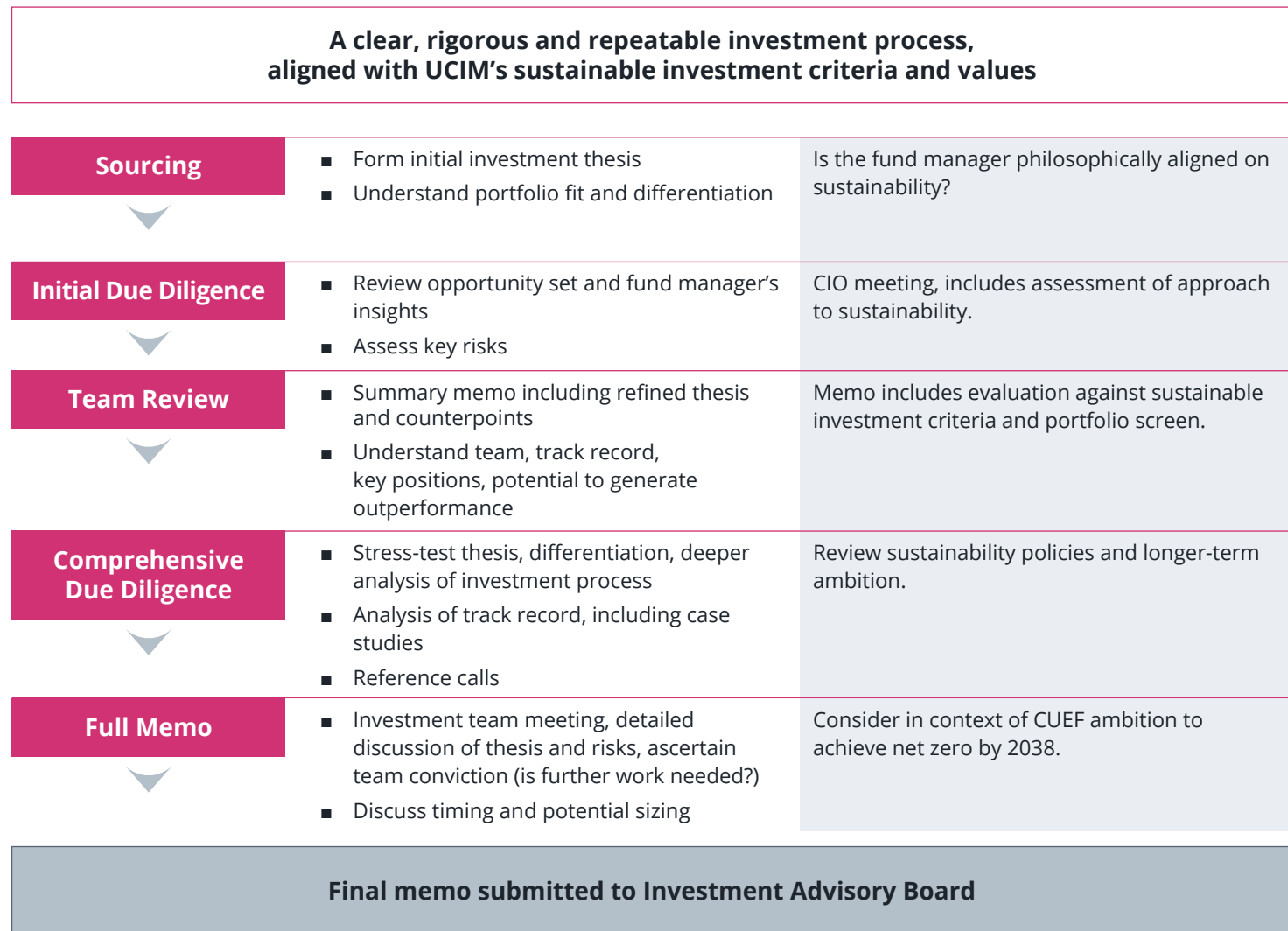
Investment Process

UCIM's strategy to invest through third-party fund managers requires a rigorous, clear and repeatable process to select managers it believes can provide a source of excess returns and who are prepared to engage with its sustainable investment goals. UCIM seeks to form long-term partnerships with managers who display high levels of integrity, and whose interests and incentives are aligned with those of our stakeholders.

Set in 2020, UCIM's investment process is fine-tuned on an ongoing basis and used in the due diligence of all prospective new managers and fund commitments. It is guided by the Responsible Investment Principles and includes a set of sustainable investment criteria. Together, these create a very high bar for the selection of a new manager, on the grounds of potential future returns, commitment to net zero and alignment of values.

Investment Process

Illustrative



Engagement and Voting in Public Equity Markets

Explainer

Shareholder engagement and voting is a core lever for change in public equity markets. Engagement within public equity markets is typically conducted by asset managers with the management teams of the companies in which they invest (“shareholder engagement”).

Traditionally, shareholder engagement in public equity related to good governance and financial performance. More recently this remit has expanded to address broader sustainability issues.

Following the 2008 financial crisis, the Financial Conduct Authority (“FCA”) inceptioned the UK Stewardship Code (the “Code”), following criticism that shareholders had failed to exercise effective oversight of company Boards. The Code aims to promote effective stewardship and long-term investment decision making, and in 2020, was expanded explicitly to include consideration of environmental and social issues.

The rules and regulations set requirements in several areas, including transparency of engagement policies and voting behaviour. Other major jurisdictions apply broadly similar approaches.

Based on academic research and the development of practice over the last 20 years, the widely accepted shareholder engagement “toolkit” for public equity markets includes, in order of escalation - conversations with management, writing letters to the Board, voting at annual general meetings, raising shareholder resolutions, taking grievances public, and divestment.

NB: UCIM is not a signatory to the UK Stewardship Code.

The CUEF as an Asset Owner

One implication of UCIM’s model to invest through third-party fund managers, is that asset owners, such as the CUEF, are “one step removed” from underlying portfolio companies. As such, UCIM’s primary lever for change is its relationships with the asset managers to whom it allocates capital.

In response to stakeholder feedback, developments in engagement practice and the continued desire to improve, in 2024 UCIM developed an updated and enhanced approach to engagement with its public equity fund managers.

Objectives

UCIM’s approach to engagement with its public equity fund managers sets out to:

1. Implement best practice for shareholder engagement and voting, tailored for the specific nature of the CUEF’s public equity portfolio
2. Engage with the CUEF’s public equity managers to improve their engagement with portfolio companies, with a primary focus on environmental issues
3. Provide appropriate disclosure and reporting on the CUEF’s managers’ voting and engagement activities for the CUEF’s stakeholders.

Based on an extensive review of academic research and industry best practices, UCIM believes that most appropriate approach to shareholder engagement for the CUEF’s public equity managers is one which i) is led by investment professionals, ii) is focused on material issues, iii) has a clear escalation strategy, iv) maximises the impact of voting against Directors by supporting this with suitable communication, and v) allows opportunities to collaborate with other investors to amplify influence.

UCIM has developed an internal framework for managers around policies, voting activity, and disclosures. UCIM scores the CUEF’s public equity managers against this framework annually to identify areas for improvement of the stewardship of the companies in their portfolios.

UCIM puts in place a tailored action plan to support its fund managers to adopt a more comprehensive approach, tracking progress through follow-up meetings. To provide transparency and demonstrate progress in implementing this approach, UCIM will report annual updates to stakeholders, including the number of UCIM’s sustainability-related engagements with managers, aggregated voting data, and case studies.

The full paper describing UCIM’s approach to voting and engagement in public equity markets is published on its website:

 For further information: <https://www.ucim.co.uk/article/voting-and-engagement-in-public-equities>

Fund Management Partner – Engagement Case Study

Fund Manager: A specialist public equity investor in Brazil, with approximately \$1.5 billion assets under management.

Engagement: Ongoing, providing guidance on emissions measurement; in 2024 the senior investment partners attended UCIM's executive education programme, "Net Zero by 2038".

Impact: Review of investment universe for carbon emissions, analysing physical risks to its portfolio, incorporating emissions factors into cost of equity analysis, as well as identifying opportunities arising from the energy transition.

UCIM was and continues to be impressed by the experience and knowledge of the team, who are thoughtful, disciplined investors.

Prior to UCIM's investment, based on its ownership stake in a large electricity generation company, the firm considered that they were "part of the solution", since its production of renewable energy contributes to Brazil's energy grid being one of the cleanest in the world. But the firm did not consider climate impacts in a systematic way and would not have removed companies from their investment universe on sustainability grounds.

Since 2020, the firm has been receptive to UCIM's engagement, including support on how to best measure emissions from their portfolio. In 2024, the two founding, senior partners attended UCIM's executive education programme.

Since the programme, (in their words, "thanks to Cambridge"), they have accelerated their sustainable investment efforts and are now: measuring the carbon footprint of their investment universe (approximately 100 companies), analysing the physical risks and opportunities to their portfolio from climate change, and incorporating the impact of emissions factors into cash flow assumptions and their cost of equity scorecard. This has led to the exclusion of companies from their investment universe on both an environmental and economic basis.

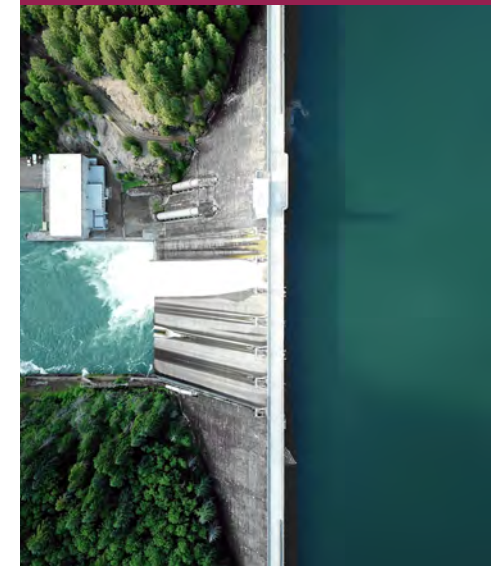
Due to the concentration of its portfolio and UCIM's support, the fund manager is now having more direct and constructive engagement with its portfolio companies. It is currently reviewing whether to bring forward its net zero target (currently 2050).

“

“UCIM has provided us with real perspective, and we appreciate being able to meet other investors with a similar mindset. You have provoked us, contributed to our thinking, and supported us to better consider the portfolio and planet.

Analyst, Brazilian public equity investor.

📷 Hydroelectric power station



Executive Education Programme “Net Zero by 2038” – Fund Management Partner Case Study

“

UCIM has had a huge impact on what was already an important area for us. Your programme provided a giant push for us to be even more ambitious and connecting with similar investors has been incredibly helpful.

Associate Director, ESG and Sustainability, mid-market Scandinavian buyout fund manager

📷 Net Zero by 2038 Executive Education Programme 2024 – Cambridge Workshop



Fund Manager

A buyout investor based in Scandinavia, focused on creating long-term value in specialist, mid-sized “B2B” manufacturing and services companies in Northern Europe. The firm has total assets of approximately \$1bn, across three main funds.

Through the due diligence phase prior to CUEF’s investment, this mid-market buyout manager demonstrated a commitment to improve the sustainability of its portfolio companies. Soon after the CUEF’s selection of this manager, the firm appointed a Sustainability and ESG Director, who accelerated activity by implementing measurement of Scope 1 and 2 emissions, as well as developing scorecards and KPIs for its portfolio companies.

UCIM has been impressed by the firm’s continued progress, engaging and supporting its portfolio companies, quickly becoming best-in-class for sustainability in the buyout market.

Engagement

Following initial investment in 2022, UCIM has supported and encouraged the firm’s sustainability ambitions. In 2024, the firm’s CEO and Sustainability Director attended UCIM’s executive education programme, “Net Zero by 2038”. UCIM has connected the firm to similar investors to support knowledge sharing and best practice in the CUEF buyout portfolio.

Impact

Since attending the programme, the firm has provided UCIM’s bespoke executive education programme for all of its employees. To align with the CUEF’s ambition, the firm has brought forward its objective to be net zero of greenhouse gas emissions by 2038.

Additionally, the firm is encouraging its portfolio companies to commit to setting carbon reduction roadmaps and Science Based Targets by 2025. Existing portfolio companies are required to reduce Scope 1 and 2 emissions by 42% by 2030 (relative to baseline). New additions to the portfolio will be required to make an emissions reduction commitment.

Programme Content – AI and Energy Consumption

The massive increase in demand for Artificial Intelligence has fueled an equivalent requirement for energy supply to power this boom. The investment bank, Morgan Stanley, estimates that power demand from generative AI will increase at an annual average of 70% to the end of 2027. On this estimate, generative AI could use as much energy as Spain needed to power itself in 2022. The consultancy, McKinsey, predicts that by 2050, data centres could represent up to 9% of total global electricity demand.

The so-called “hyperscalers” – the very large US technology companies driving the AI surge, such as Microsoft, Google and Amazon – are in the process of procuring huge amounts of energy, in large part to build and expand vast data centres. An additional challenge is that these data centres need consistent “round-the-clock” power supply, not yet provided from renewable energy sources at the scale required.

This disruption calls into question the decarbonisation plans and net zero commitments of these organisations. To address this rapidly-developing theme, the “Net Zero by 2038” executive education programme included a dedicated session and material on how investors should be thinking about this and engaging with their portfolio companies.



📷 UCIM Team at Sidney Sussex College

Life at UCIM

The UCIM team is solely focused on the long term, sustainable stewardship of the Cambridge University Endowment Fund.

Life at UCIM

Diversity and Inclusion

UCIM recognises that diverse workforces typically make better decisions and has sought to build a multi-cultural, multigenerational team with varied educational and socio-economic backgrounds and strong female representation. Ten of UCIM's 21 permanent staff are women.

Recruitment

UCIM uses a number of tools to ensure prospective candidates are evaluated on a range of skills and cultural fit, including numerical reasoning, case studies and psychometric tests. Interviews are conducted face to face and virtually, with reasonable adjustments made to ensure all candidates can access roles at UCIM.

In 2024, UCIM welcomed new team members. In the investment team, Jessica Tuck and Toby Hill joined as Senior Investment Analysts and Kate Pruden, a sustainable investment intern from the first cohort of this programme in 2021 and a Cambridge graduate, joined as an Investment Analyst. In the Operations team, Zhe Liu (known as "JJ") a part-qualified accountant joined in the newly formed role of Finance and Operations Analyst, and Elliot Durose joined as UCIM's first Investment Operations Apprentice.

UCIM is a family-friendly organisation with colleagues taking periods of shared parental leave, maternity leave and paternity leave over the course of the past 12 months.

A Sustainable Organisation

UCIM continued to measure its own greenhouse gas emissions and put in place measures to reduce its carbon footprint, focused on procurement and travel arrangements. The team's commitment and activities to achieve net zero greenhouse gas emissions from its own operations, led by Samantha Richards, Business Support Administrator, were recognised at the University's Sustainability Showcase in June 2024, when UCIM achieved Gold in the annual Green Impact Awards.

Summer Internship Programme

UCIM hosted four interns as part of its fourth annual internship programme - two from the University of Cambridge as well as one from the 10,000 Black Interns program and another from GAIN (Girls are Investors). Interns carried out independent research projects and, as part of our Sustainable Investment Strategy, the two interns from the University of Cambridge specifically focused on sustainability. UCIM also

supported a project carried out by four students from the Judge Business School, reviewing sustainability data providers, using their findings to help select UCIM's preferred provider to measure the portfolio's carbon footprint.

Culture

The team has an excellent culture of support, collaboration and learning; as well as a strong commitment to UCIM's Mission, Vision and Values. Staff surveys using the Gallup methodology are completed every six weeks and show a consistently high level of staff engagement.

A full programme of activities is organised to encourage team development and strengthen relationships with the University. These include regular "Lunch and Learn" sessions on current investment topics, talks from and tours of relevant academic departments at the University and an annual volunteering day.

UCIM Values Workshop, March 2024



Q&A with Akshay Patel, Senior Investment Analyst



Akshay Patel
Senior Investment Analyst



A career in investment is really stimulating. It fosters a diverse set of skills, such as analytical thinking and effective communication.

When did you first consider investment as a career path?

I first considered a career in investment during the final year of my degree at the London School of Economics after reading some books on long-term investing. I then started investing small amounts of money that I had saved from my internship and part-time job.

How did you go about looking for your first role?

Searching online, I quickly realised there is a wide range of avenues and opportunities. I was not entirely sure which path was right for me, so I spent a lot of time reaching out to people, politely asking for a chat, to understand what they did and what they enjoyed about their job. I was then fortunate to spot the role at UCIM through a recruiter in 2020.

What was the recruitment process like?

The recruitment process was thorough and enjoyable. At every stage, there was contact with a UCIM team member, and I was encouraged to meet everyone in the team.

Can you describe your main responsibilities as an investment analyst?

It is a wide-ranging role, which includes sourcing new investment managers, undertaking due diligence, writing investment memos and actively monitoring the existing managers in the portfolio. I often lead engagement with managers on sustainability and in the last couple of years have been involved in recruitment and mentoring our summer interns. I work with the other analysts and operations team to improve our processes and systems, such as the customer relationship management and portfolio monitoring tools.

What have you enjoyed most about your time at UCIM so far?

I have most enjoyed being part of an ambitious team, who are all committed to creating an excellent portfolio that delivers great returns and is sustainable for the world. Learning the investment approaches of some of the most talented fund managers in the world is very rewarding. I have also been able to pursue further education by completing CFA qualifications, which UCIM sponsored.

Why should a graduate consider a career in investment?

A career in investment is really stimulating. It offers a dynamic work environment, with the opportunity to learn about lots of sectors of the economy. It also fosters a diverse set of skills, such as analytical thinking and effective communication.

What are the advantages of working at a University Endowment Fund?

Having met investors at lots of firms, I think the main difference to other parts of the investment world is the culture. You work in a smaller team with some of the most talented people in the industry. The organisation is focused on long-term performance, which contributes meaningfully to an important institution, such as the University of Cambridge.

Summer Internship Programme



John Thompson

Christ's College, University of Cambridge BA (Hons) in Land Economy

"This internship made me feel optimistic about pursuing a career in the investment sector, particularly in areas where I can apply my passion for sustainability. I found the research project on natural capital to be a hugely rewarding experience. UCIM holds sustainability as one of its highest priorities, and this project empowered me to contribute evidence-based insights towards shaping the team's sustainable investing ethos in relation to portfolio construction."



William Beattie

Fitzwilliam College, University of Cambridge BA in Geography

"After this internship, I would definitely consider a career in investment. I enjoyed working at a smaller organisation like UCIM because it was interesting to learn about the range of different responsibilities of each team member. I liked learning about the different asset classes and analysing pitch decks. Through my project research, I learnt that there is much more that real estate managers need to know and do to reduce physical risk exacerbated by climate change."

Emily Weal

Queen's College, University of Oxford
MEng Materials Science



"This internship enabled me to learn about all the asset classes within investments and gave me an incredibly useful overview as I look ahead to possible future roles. The most interesting thing I have learnt is that you can be a financial institution whilst also upholding sustainability values throughout the investment process. UCIM combines both financial and sustainability measures into their decision-making, and I'm hopeful that more institutions will follow suit."

Marios-Malachi Kamara

University of Nottingham
LLB. Law with Southeast Asian Law



"The expertise, dedication, and vast knowledge base of the UCIM team is truly impressive. Their example made me acutely aware of the significant learning curve ahead and the high standards expected in this industry. Now that I have a better understanding of how the investment sector operates, I'm more intrigued and motivated to pursue this path further. The experience has been instrumental in cementing my interest, despite - or perhaps because of - the challenges it has revealed."

CUEF Governance Structure

Cambridge University Endowment Trustee Body

- Fiduciary duties to all CUEF investors
- Three members appointed by University Council
- Two members appointed by investors in CUEF
- One independent member appointed by CUETB
- Oversees and consults with the Investment Advisory Board and UCIM

UCIM Board

- Governing body responsible for oversight, compliance and risk management of UCIM
- Sub-committees:
 - Nominations and Remuneration
 - Valuation
 - Audit, Risk, Compliance and Controls
- Reports to CUETB

Investment Advisory Board

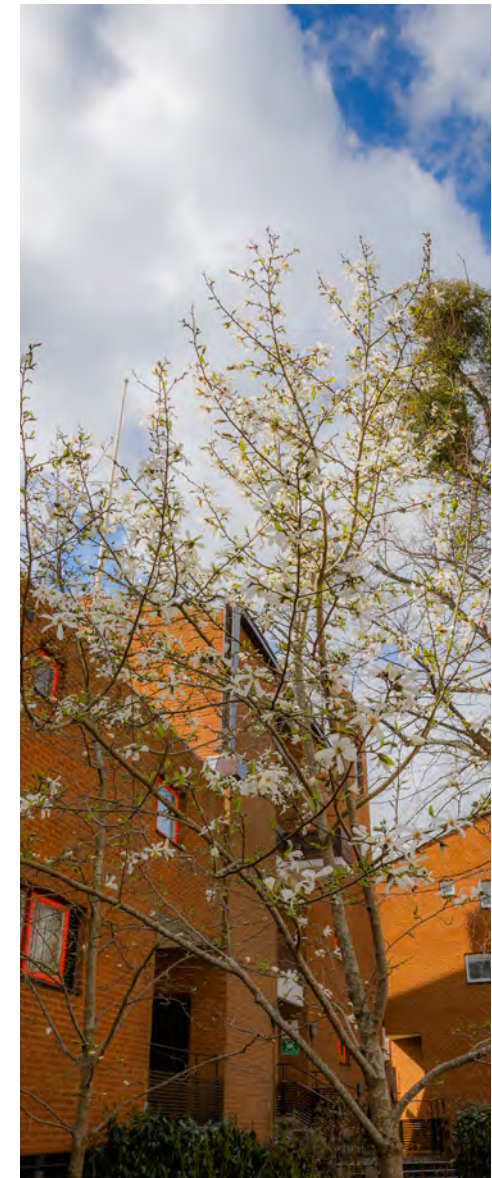
- Committee constituted by the CUETB
- Chair and minimum of five independent members appointed by the CUETB
- Consults with CUETB and UCIM on investment strategy and portfolio management

University of Cambridge Investment Management

- Investment manager of the CUEF
- Reports to CUEF investors
- Authorised and regulated by the Financial Conduct Authority

Cambridge University Endowment Fund (“CUEF”)

For further information: <https://www.ucim.co.uk/who-we-are/our-boards>



Clare Hall College

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Case Studies:

Kate Coghlan

UCIM staff photography by John Davis

<https://www.johndavisphoto.com>

Additional photography:

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