

**Section N: Investment Performance**

**Long-term investments** are held in the University's Endowment Fund.

The record of the Fund (including property) over the 51 year period since it was established in its present format is shown below.

**CAMBRIDGE UNIVERSITY ENDOWMENT FUND FIFTY-ONE YEAR RECORD**

Year ending 31 July	Capital	Funds introduced/ (withdrawn)	Unit value	Number of units	Net income	Distribution per unit	Income surplus/ (deficit)	Dividend yield on unit	Earnings yield on capital	Retail Prices Index Jan 1987 = 100
	£000	£000	£	000	£000	(pence)	£000	%	%	
1958	4,518	1,663	0.83	5,553	165	4.25	13	5.00	5.42	12.1
1959	6,576	862	1.03	6,390	276	4.75	10	5.72	6.11	12.3
1960	9,658	1,897	1.22	7,953	358	5.00	37	4.85	5.44	12.5
1961	11,164	570	1.33	8,381	494	5.50	51	4.51	5.11	12.9
1962	11,253	628	1.27	8,876	506	5.75	15	4.32	4.53	13.5
1963	12,543	(103)	1.43	8,803	573	6.00	28	4.72	5.09	13.7
1964	14,458	278	1.61	8,976	627	6.25	59	4.37	5.00	14.2
1965	14,169	334	1.54	9,192	672	6.75	50	4.19	4.65	14.9
1966	15,316	575	1.60	9,552	722	7.00	56	4.55	5.10	15.4
1967	17,346	89	1.81	9,601	761	7.25	43	4.53	4.97	15.8
1968	24,148	(42)	2.52	9,584	844	7.75	70	4.28	4.87	16.6
1969	21,152	406	2.17	9,772	866	8.50	14	3.37	3.59	17.5
1970	20,672	292	2.09	9,912	1,017	8.75	109	4.03	4.81	18.6
1971	25,535	1,012	2.47	10,321	964	9.75	(49)	4.67	4.66	20.5
1972	31,387	825	2.96	10,600	1,024	10.00	(67)	4.05	4.01	21.7
1973	33,048	373	3.08	10,721	1,185	10.50	15	3.55	3.78	23.8
1974	27,205	211	2.52	10,804	1,665	11.50	407	3.73	5.04	27.8
1975	34,547	1,955	3.02	11,445	1,687	12.50	310	4.96	6.20	35.1
1976	41,045	1,220	3.48	11,796	1,808	14.00	180	4.64	5.23	39.6
1977	46,799	3,645	3.66	12,796	2,050	15.50	179	4.45	4.99	46.6
1978	57,831	3,834	4.17	13,877	2,726	19.00	254	5.19	5.82	50.2
1979	58,678	3,035	4.01	14,638	3,601	22.00	416	5.28	6.23	58.1
1980	68,211	1,582	4.55	14,993	4,634	25.00	928	6.23	7.90	67.9
1981	80,129	658	5.30	15,131	4,726	28.00	502	6.15	6.93	75.3
1982	78,769	1,652	5.10	15,451	4,957	31.00	177	5.85	6.19	81.9
1983	109,803	2,591	6.91	15,901	5,367	34.00	4	6.67	6.81	85.3
1984	119,762	5,014	7.21	16,619	5,888	37.00	(242)	5.35	5.36	89.1
1985	138,578	3,337	8.13	17,047	7,101	40.00	318	5.55	5.93	95.2
1986	179,722	4,285	10.24	17,551	7,408	43.00	(99)	5.29	5.35	97.5
1987	239,089	5,286	13.25	18,044	8,470	45.50	308	4.44	4.71	101.8
1988	224,115	9,790	11.86	18,898	9,250	47.75	373	3.60	3.87	106.7
1989	280,607	388	14.82	18,933	11,738	53.50	1,625	4.51	5.24	115.5
1990	280,311	884	14.76	18,990	13,749	57.50	2,801	3.88	4.90	126.8
1991	299,539	4,116	15.52	19,299	13,279	68.40	140	4.63	4.74	133.8
1992	292,879	9,551	14.71	19,913	15,227	73.87	699	4.76	5.08	138.7
1993	496,865	116,221	18.33	27,105	18,313	77.56	(1,279)	5.27	6.25	140.7
1994	555,022	30,959	19.32	28,722	22,840	79.89	326	4.36	4.60	144.0
1995	573,442	(8,655)	20.27	28,286	26,083	82.77	1,787	4.28	4.70	149.0
1996	628,666	11,585	21.81	28,830	28,147	91.24	1,811	4.50	4.91	152.4
1997	616,034	(107,278)	25.61	24,054	24,340	91.45	1,289	4.19	3.87	157.5
1998	646,947	(38,304)	28.67	22,567	25,230	96.03	2,859	3.75	4.10	163.0
1999	665,456	(5,348)	29.72	22,389	27,821	100.98	4,839	3.52	4.30	165.1
2000	728,078	17,019	31.72	22,951	25,174	121.44	(2,529)	4.09	3.78	170.5
2001	702,387	19,074	29.80	23,571	25,682	123.75	(2,930)	3.50	3.40	173.3
2002	590,478	3,786	24.91	23,701	25,921	127.00	(4,055)	4.04	3.70	175.9
2003	595,623	5,093	24.91	23,910	22,423	130.00	(8,444)	5.22	3.79	181.3
2004	643,865	21,948	26.01	24,754	21,845	104.00	(3,264)	4.18	3.68	186.8
2005	747,316	(859)	30.20	24,742	28,524	110.50	1,076	4.25	4.43	192.2
2006	870,810	40,805	33.60	25,914	26,035	114.00	(1,946)	3.77	3.48	198.5
2007	990,788	47,378	36.39	27,228	31,696	121.00	(109)	3.60	3.64	206.1
2008	906,513	21,189	32.60	27,810	31,294	130.00	(4,502)	3.57	3.16	216.5

**Section N: (continued) Investment Performance****ASSET ALLOCATION**

<b>As at 31st July</b>	<b>2008</b>	<b>2007</b>
	%	%
Cash	36.7	9.8
Fixed Interest – UK	4.3	8.4
Equities – UK	15.9	41.8
Equities – Overseas	28.3	25.9
Hedge Funds	2.4	0.0
Property	10.9	14.0
Private Equity	1.5	0.1
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**RESULTS FOR THE YEAR to 31 JULY 2008**

CAPITAL VALUE per unit decreased to £32.60 (2007: £36.39)

GROSS DISTRIBUTION per unit up from 121.00p to 130.00p, giving a yield of 3.57% on initial value.

TOTAL RETURN to year ended 30 June 2008: –7.1%

The majority of the fixed asset investments and endowment assets are invested in the CUEF. As at 31 July 2008 the CUEF had a market value of £907m (2007: £991m). Since 2004 the CUEF has been managed on a total return basis, and the amount distributed for expenditure is determined by a formula based on underlying capital values combined with factors which smooth the rate of spending changes from year to year.

The performance of the CUEF is monitored to a 30 June year end in order to utilise more accurate valuation and benchmark information and to allow comparisons with similar endowment investment funds. The CUEF is also valued at 31 July each year for University accounting purposes. The investment performance of the CUEF was –7.1% over the twelve months to 30 June 2008 in a difficult year for equity and property markets (FTSE All-Share –12.9%, MSCI All Country World –8.5%, IPD UK Property –14.9%). Although this was slightly better than its historical WM Charities benchmark, it was well below the long-term objective of RPI +5.25%.

During the year the University's new Investment Office, overseen and advised by the Investment Board, assumed the supervision of the CUEF. A target long-term asset allocation was agreed: global equities 40%, real assets including property 23%, absolute return including hedge funds 20%, private equity 9%, fixed income including cash 8%. The Investment Office has made new global equity fund manager appointments and is now proceeding with caution to increase investment in the alternative asset classes.

**SHORT TERM INVESTMENTS**

**Short-term investments** are held in the University Deposit Account managed by Tradition UK Limited and the University's Finance Division. The Finance Committee sets an investment limits policy and reviews the returns. The rate paid to depositors is the mid-point of the Local Authority 7 day rate as quoted daily in the *Financial Times*.