

Section J: Investments and Investment Performance**CAPITAL ACCOUNTS (including Income Reserves)**

	Amalgamated Fund Investments £000	Deposit Account Investments £000	Other Investments £000	2005 Total Investments £000	Net Movement* £000	2004 Total Investments £000
Held on Behalf of:						
Chest Capital – Fixed Asset Investments	105,399	–	35,618	141,017	16,887	124,130
Chest Capital – Endowment Asset Investments	6,940	–	–	6,940	964	5,976
Trust Funds	450,496	11,109	19,858	481,463	85,356	396,107
Specific Endowments	20,624	31,843	–	52,467	(3,956)	56,423
Specific Donations	4,171	19,167	–	23,338	(693)	24,031
General Donations	9,488	23,396	624	33,508	2,135	31,373
Building Funds	1,359	18,129	–	19,488	(20,983)	40,471
Self Supporting Activities	10,887	1,595	–	12,482	3,765	8,717
Other Reserves	468	66,382	–	66,850	10,210	56,640
Total University Funds	609,832	171,621	56,100	837,553	93,685	743,868
Gates Cambridge Trust	–	692	–	692	(13)	705
Cambridge European Trust	1,577	1,068	–	2,645	1,126	1,519
Cambridge Commonwealth Trust	39,693	5,063	–	44,756	(2,737)	47,493
Cambridge Overseas Trust	9,490	4,608	–	14,098	5,925	8,173
Malaysian Commonwealth Studies Centre	5,334	746	–	6,080	1,486	4,594
Local Examinations Syndicate / RSA	78,943	21,440	–	100,383	(12,196)	112,579
Cambridge Foundation	181	4,717	–	4,898	544	4,354
Total Group Funds	745,050	209,955	56,100	1,011,105	87,821	923,284
Associated Bodies:						
Cambridge Veterinary School Trust	–	1,249	–	1,249	538	711
Other Associated Bodies	2,266	1,764	9	4,039	(4,052)	8,091
Total Funds Held on Behalf of Above	747,316	212,968	56,109	1,016,393	84,307	932,086
Represented By:						
Property	111,403	–	28,497	139,900	9,772	130,128
Securities	608,368	–	27,180	635,548	117,599	517,949
Money Market Investments	25,139	212,968	–	238,107	(43,299)	281,406
Cash in Hand and at Investment Managers	2,406	–	335	2,741	1,305	1,436
Other	–	–	97	97	(1,070)	1,167
Total Funds Held on Behalf of Above	747,316	212,968	56,109	1,016,393	84,307	932,086

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

INCOME ACCOUNTS

	Amalgamated Fund	Deposit Account	Other Investments	2005 Total Income	2004 Total Income
	£000	£000	£000	£000	£000
Distributed to Investors:					
Chest Capital – Fixed Asset Investments	3,856	30	1,600	5,486	5,409
Chest Capital – Endowment Asset Investments	254	–	–	254	239
Trust Funds	15,973	718	666	17,357	15,472
Specific Endowments	754	857	–	1,611	1,207
Specific Donations	71	787	–	858	791
General Donations	473	798	60	1,331	1,321
Building Funds	109	874	–	983	1,560
Self Supporting Activities	368	102	–	470	343
Other Reserves	16	896	–	912	793
Total University	21,874	5,062	2,326	29,262	27,135
Gates Cambridge Trust	–	48	–	48	20
Cambridge European Trust	28	66	–	94	57
Cambridge Commonwealth Trust	1,491	237	–	1,728	1,546
Cambridge Overseas Trust	347	193	–	540	437
Malaysian Commonwealth Studies Centre	195	21	–	216	200
Local Examinations Syndicate	3,423	685	–	4,108	4,072
Cambridge Foundation	7	172	–	179	155
Total Group	27,365	6,484	2,326	36,175	33,623
Associated Bodies:					
Cambridge Veterinary School Trust	–	51	–	51	–
Other Associated Bodies	82	309	–	391	776
Total Distribution	27,447	6,844	2,326	36,617	34,398
Balance transferred to/(from) Capital Accounts	1,076	–	(64)	1,012	(3,302)
Total Income	28,523	6,844	2,262	37,629	31,096
Dividends and Interest Receivable	22,841	7,154	727	30,722	24,906
Rents Receivable and other net income etc	6,995	–	1,599	8,594	8,211
Property & Other Expenses	(225)	(2)	–	(227)	(526)
Management Fees	(1,030)	(307)	(64)	(1,401)	(1,446)
Bank & Other Charges	(58)	(1)	–	(59)	(49)
Total	28,523	6,844	2,262	37,629	31,096

Section J (continued): Investment Performance

Long-term investments are held in the University's Amalgamated Fund. The Amalgamated Fund's Investment Objectives are:

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

The record of the Fund (including property) over the 48 year period since it was established in its present format is shown below. The securities portfolio was managed throughout the year by F&C Asset Management Limited and property investments were managed by LaSalle Investment Management Limited.

AMALGAMATED FUND: FORTY-EIGHT 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

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

As at 31st July	2005	2004
	%	%
Cash	3.4	6.9
Fixed Interest – UK	8.7	9.5
Fixed Interest – Overseas	3.2	3.2
Equities – UK	45.7	42.0
Equities – Overseas	23.8	22.2
Property	15.2	16.2
	<u>100.0</u>	<u>100.0</u>

RESULTS FOR THE YEAR 2004/2005

- CAPITAL VALUE per unit increased to £30.20 (2004: £26.01)
- DISTRIBUTION per unit up from 104.00p to 110.50p, giving a yield of 4.25% on initial value.

RELATIVE PERFORMANCE (EXCLUDING PROPERTY)

measured by WM Co. for calendar years

	Total Return %	
	Amalgamated Fund	WM Charity University Average
2004	10.2%	10.9%
2000–2004 (5 years annualised)	0.4%	–1.3%
1995–2004 (10 years annualised)	8.2%	7.4%

WM ASSESSMENT OF PERFORMANCE

Features in 2004

<i>Positive</i>	The main driver of performance was Stock Selection, especially that of UK equities.
<i>Negative</i>	Asset allocation was marginally negative as a result of being underweight in UK equities and overweight in overseas equities and cash.
<i>Long Term</i>	The fund showed outperformance over 3, 5 and 10 year periods by 0.6%, 1.8% and 0.8% respectively.

RELATIVE PERFORMANCE (PROPERTY)

measured by Investment Property Databank against their Index

The table below shows the University's property investments' historical performance since 1995 compared with the IPD Monthly & Annual Indices

Table 1: Fund Performance	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Fund Total Return	3.5	8.3	13.9	9.3	13.1	12.9	8.1	10.7	12.1	18.9
IPD Annual Universe	4.5	10.8	17.8	12.3	15.2	11.6	7.0	9.5	10.6	18.0
IPD Monthly Index	3.2	9.4	15.5	12.2	14.2	10.5	7.2	9.9	11.3	18.2
Source: IPD										

SHORT TERM INVESTMENTS

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