Investing in the future

Oxford Endowment Fund Report 2024 MANDERS - NUMBER Big Data Institute, University of Oxford



The Oxford Endowment Fund	3
Investors	5
OU Endowment Management	6
Our approach	7
Sustainability	11
Performance	12

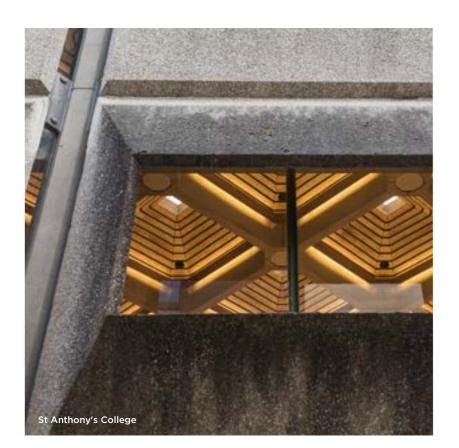
OU Endowment Management (OUem) is authorised and regulated by the Financial Conduct Authority and is an Alternative Investment Fund Manager Directive (AIFMD). We manage The Oxford Funds: Endowment Master (known as the Oxford Endowment Fund, the OEF or the Fund), a collective investment scheme as defined in the Financial Services and Markets Act 2000 and an Alternative Investment Fund (AIF). The Oxford Endowment Fund is a Charitable Unauthorised Unit Trust (CUUT). The Oxford Endowment Fund operates within a master / feeder structure, with two feeder vehicles. The Collegiate Feeder vehicle is available to the charitable trusts of the University of Oxford, its colleges and associated collegiate entities. The Non-Collegiate Feeder vehicle is a CUUT available to UK charities, with TOF Corporate Trustee Limited as corporate trustee.

The Oxford Endowment Fund: delivering on our investment objective

Managing an endowment is unlike traditional investment management because of the nature of the beneficiaries. For most pools of capital, such as pension funds, the beneficiaries are alive. For endowments, the beneficiaries may not even be born yet.

A careful balance is required between managing the interests of today's beneficiaries with those of future generations. To do this, we need to preserve the real value of gifts invested in the Oxford Endowment Fund (OEF) to fund activities and generate absolute real returns. This is different from the vast majority of other investors, who may be concerned with liability matching or beating short term market indices, whether they go up or down.

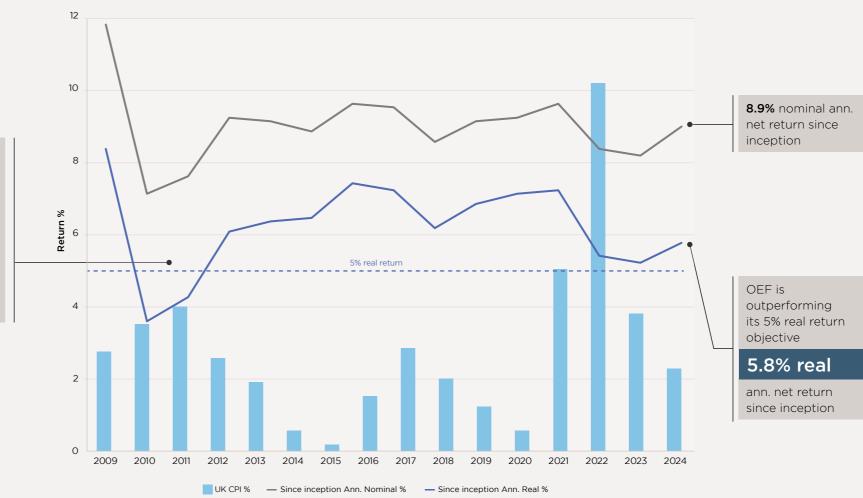
The OEF is designed for the long term capital of UK foundations and endowments. These institutions are charged with existing in perpetuity and financing charitable activities across generations of beneficiaries. They are seeking to grow their annual spending, in real terms, ensuring generational equality.



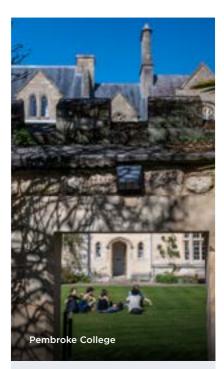
The Investment

Objective is 5% real over the long term. This is a challenging objective designed to maintain real value and provide a stable and predictable annual cash flow to our investors to fund their activities





Source: OUem. Inception is 1 January 2009. Returns and exposure data shown in this report are for The Oxford Funds: Endowment Master and calculated by OU Endowment Management to 31 December 2024, unless otherwise stated. Returns are time weighted returns, quoted in Sterling and net of all fund expenses. Figures are rounded to one decimal place. Occasionally, figures may not sum to total due to rounding and percentages may not precisely reflect the absolute figures. Geographic and sector exposures at the asset group level may not total to 100% due to the nature of the strategies within underlying funds.



5.8%

real ann. net return over 16 years since inception

£1.9bn

distributed since inception

£3.6bn

gains through performance alone

The Oxford Endowment Fund: a stable and growing distribution for our investors

The Distribution

distribute 4.25%

of the average

of the last 20

quarters' NAV

per unit with

10% increase

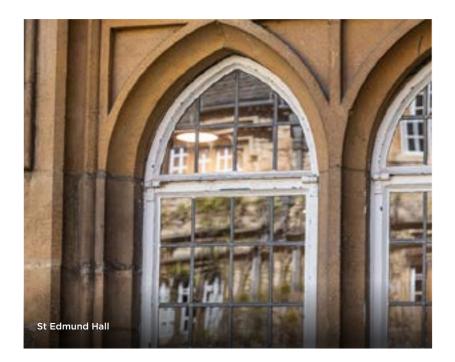
and a floor of

the last year's

distribution

a cap of a

Policy is to



Our investors are UK endowments and foundations. We have 46 investors in total, comprising of the University of Oxford, 31 of its colleges, eight collegiate trusts and six UK endowments & foundations. While these groups have different pools of capital, including working capital and spendable investments, we manage their permanent endowment capital to provide an annual income. This funds their charitable activities and, for those investors who are endowments, does not include money raised from government or student fees.

Stability and predictability of the annual cash distribution (or income) is critically important for our investors. Preserving the real purchasing power of endowment capital is often forgotten as most industry providers focus on short term benchmarking against nominal index returns.

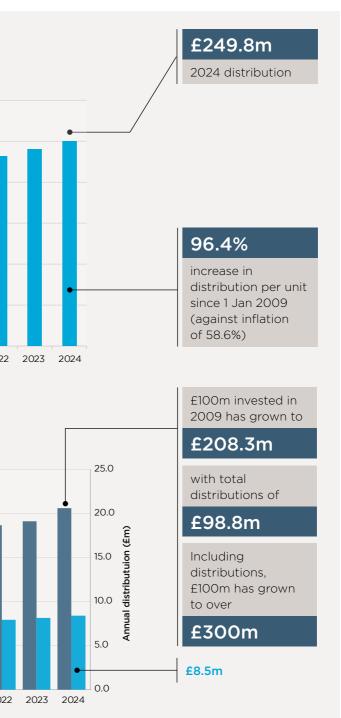
The OEF provides a simple one stop solution for our investors, allowing them to focus on their charitable activities. The chart on this page illustrates the growth of the annual distribution and the increase in size of the underlying investment, if £100m had been invested on 1 January 2009.

300 250 ÷ 200 150 distr otal 100 50 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 £100m invested at the inception of the OEF



A distribution growing in real terms





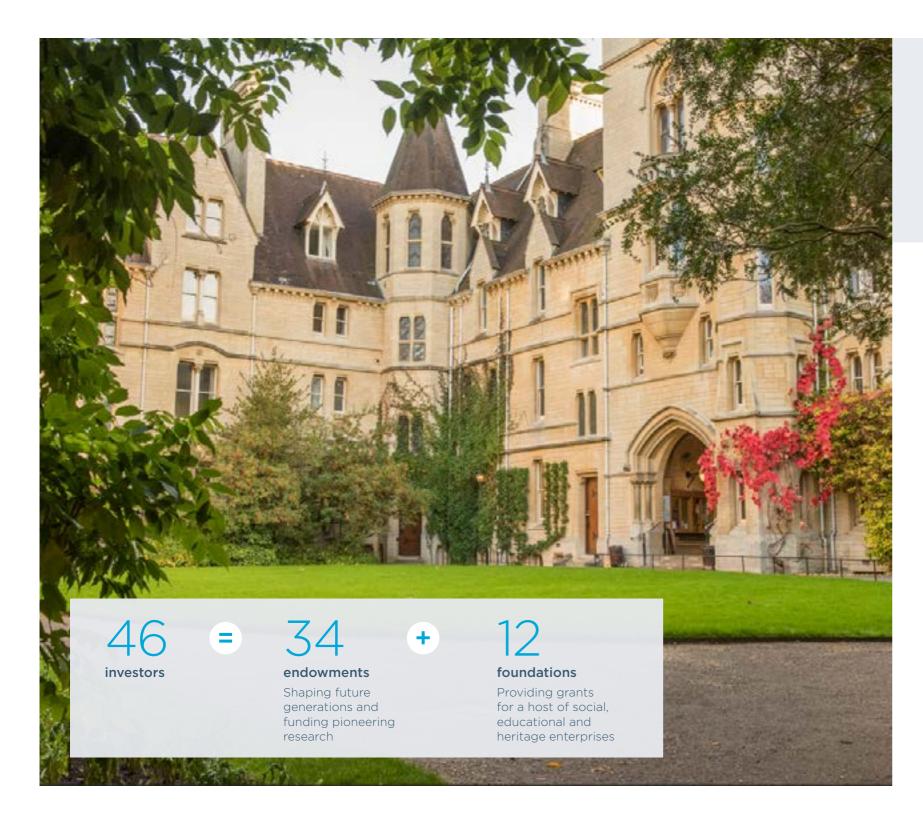
96%

increase in distribution per unit since 2009, the inception of the OEF.

+250distribution in 2024



Stewarding our investors' capital to ensure intergenerational equality



Balliol College

"Balliol College, one of the University's oldest colleges, relies on its endowment to support its operations. The endowment provides a significant portion of the College's annual income, which is crucial for funding tutorial and early career fellowships, graduate scholarships and financial assistance grants.

"The college invests a substantial portion of its endowment in the Oxford Endowment Fund, making an initial investment in 2014 and increasing its holdings with OUem since then. This has shown strong

The Mica and Ahmet Ertegun Graduate Scholarship Programme in the Humanities



The Mica and Ahmet Ertegun Graduate Scholarship Programme in the Humanities is the flagship scholarship scheme for humanities at Oxford and an example of one of the underlying trusts held within University's endowment.

The late Mica Ertegun CBE (1926-2023) was a renowned philanthropist whose vision and generosity led, in 2012, to the establishment of the Ertegun Scholarship Programme. Mica's gift was the largest for humanities scholarships in Oxford's history. It has endowed in perpetuity a programme for many of the world's most gifted humanities students, providing support for up to 20 scholars each year.

"performance, both growing the underlying value of Balliol's investment while providing a stable annual distribution to fund activities, enabling the college's mission of providing exceptional education and fostering intellectual growth."

Amanda Tilley, Finance Bursar, Balliol College

In the thirteen years since the Ertegun Programme's establishment, almost 200 of the brightest minds in the humanities, from over 35 countries, have graduated as Ertegun Scholars (with 65% of them achieving distinction), each of whom has sought to embody Mica's original visionary mission to enlarge their knowledge, extend their vision, and seek the opportunity to exchange ideas.

A key part of Mica's gift was the provision of a historic Oxford building - Ertegun House - as the students' base for individual study, interdisciplinary discussion and a range of events relating to the Ertegun Scholars' academic pursuits. These events have included exclusive lectures and performances by leading figures in the arts and humanities, including the acclaimed jazz musician Wynton Marsalis, the late Picasso expert Sir John Richardson, the British broadcasters and commentators Samira Ahmed and Lord Melvyn Bragg, as well as the former and current UK ambassadors to the USA, Sir Peter Westmacott and Lord Mandelson.

In October 2024, the University and Ertegun House were honoured to welcome His Beatitude Theophilos III, Patriarch of Jerusalem, to Oxford for a special event to celebrate Mica Ertegun's life and achievements. The Patriarch highlighted Mica's philanthropy beyond Oxford, including as the lead donor to the restoration of the Holy Edicule at Jerusalem's Church of the Holy Sepulchre.

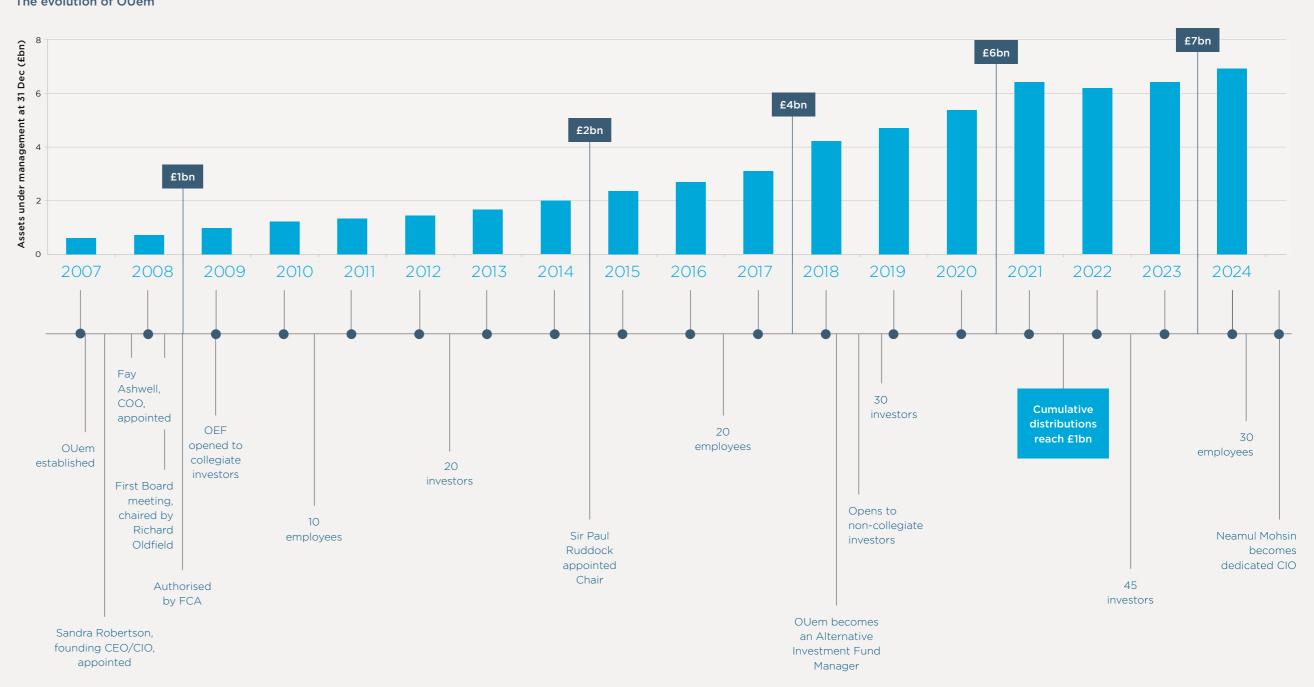
Maintaining the real value of Mica Ertegun's underlying gift, while providing a steady, growing distribution is critical to maintaining this activity for generations to come.

OUem: endowment and foundation specialists

OUem is a 30-person team providing world class professional services to our investors, through our investment process, operational practices and investor services. We have over 100 years of combined investment experience with a clear focus on managing permanent endowments. We bring excellence to our investors by hiring and training exceptional people. The company is led by Chief Executive Officer and founder Sandra Robertson, with dedicated Chief Investment Officer, Neamul Mohsin. OUem is a commercial operating subsidiary of the University of Oxford. It is overseen by a corporate board with deep experience in managing investment businesses.



The evolution of OUem



Our philosophy and process

Our Investment Philosophy is built around our unique competitive advantages: a genuine multi-year time horizon, proven access to the world's best investment talent and sole focus on managing global, diversified long term capital for endowments and foundations.

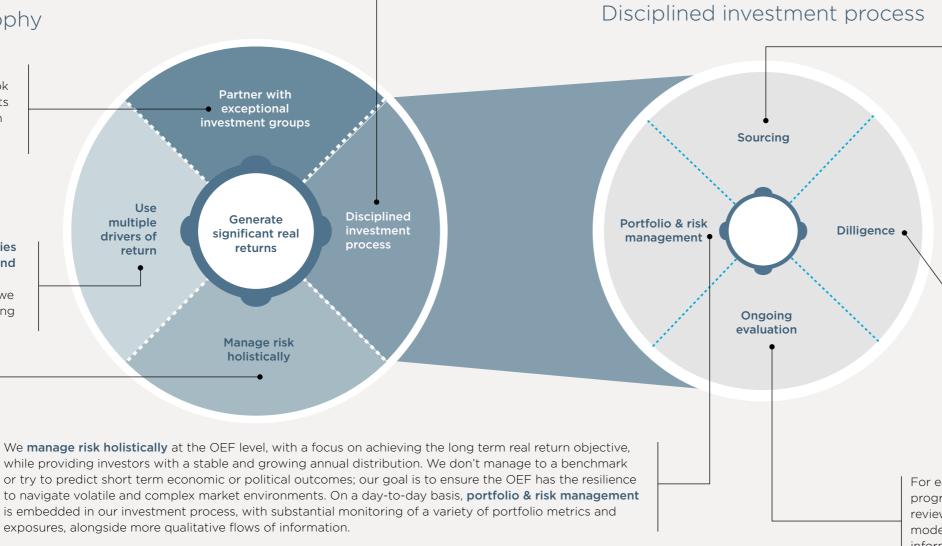
A disciplined investment process is at the heart of our investment success; to develop a deep understanding of a manager's process, strategy, people and incentives. Ongoing objective evaluation allows for timely decision making.

Investment philosophy

Exceptional investment talent

drives investment returns. We look to source partners whose interests and time horizon are aligned with our investors and who focus on absolute, not relative returns.

We invest globally across **strategies with a range of short, medium, and long durations**. The flexibility to invest in innovative ideas means we are not reliant on backward-looking models to shape our portfolio.



Wide ranging **sourcing** generates ideas from: current managers, peer organisations, former managers, intermediaries, conferences and desktop research. We often back new groups and spend time in the market to ensure a high quality flow of ideas. We view exceptional investment groups as those singularly focused on generating long term returns, a clear alignment of interests - financially and philosophically - and a collaborative and interactive relationship with OUem. Often these groups are capacity constrained and in the position to choose their investor base. Finding and accessing these managers requires the team to source globally and use networks and relationships they have built over many years.

We are looking for long term partnerships with investment groups so, before any investment is made, we complete thorough quantitative and qualitative **diligence**: including: investment, operational, legal and ESG. Our detailed approach and decades of experience enable us to invest in emergent strategies and back first-time funds, where standard datasets are often unavailable.

For each individual investment we routinely evaluate progress against the original investment thesis as well as reviewing any changes to a manager's team or business model. This **ongoing evaluation** enables us to make informed and timely decisions to ensure the optimal mix of strategies and managers for the Fund.

17%

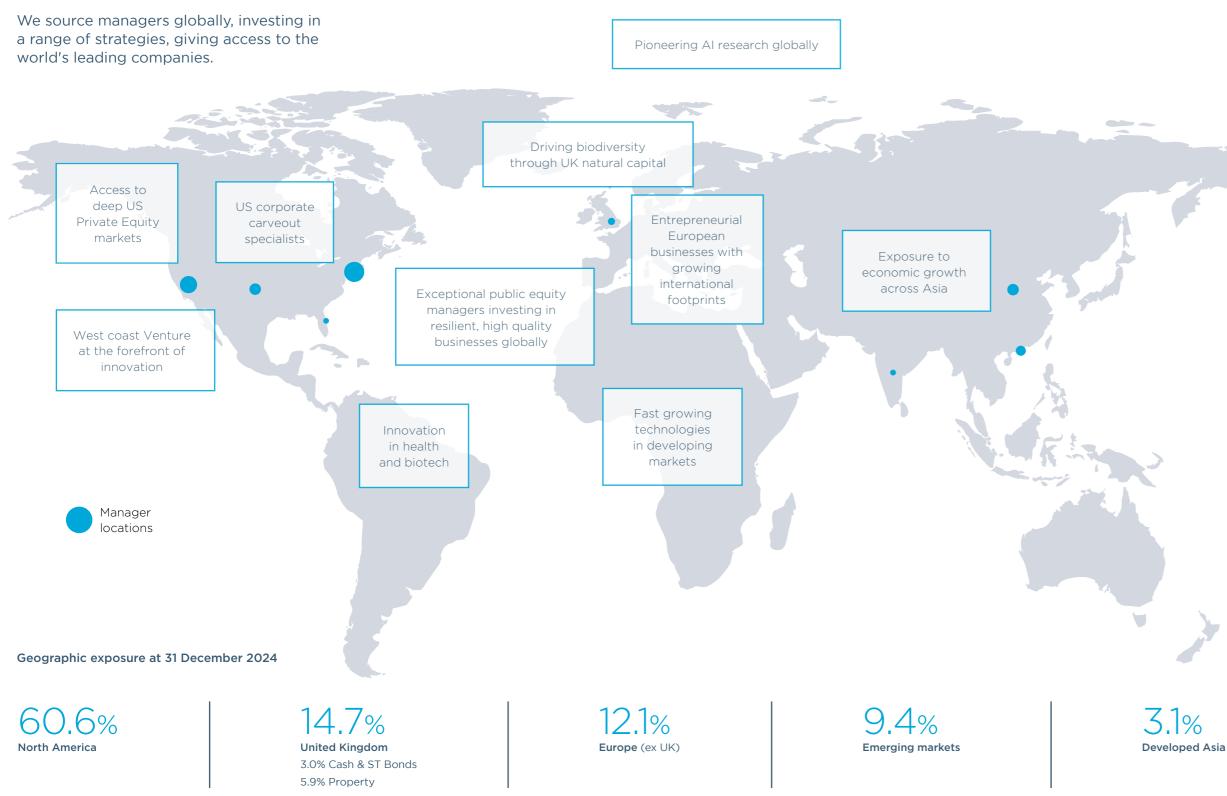
in venture and growth – innnovation is a key return driver

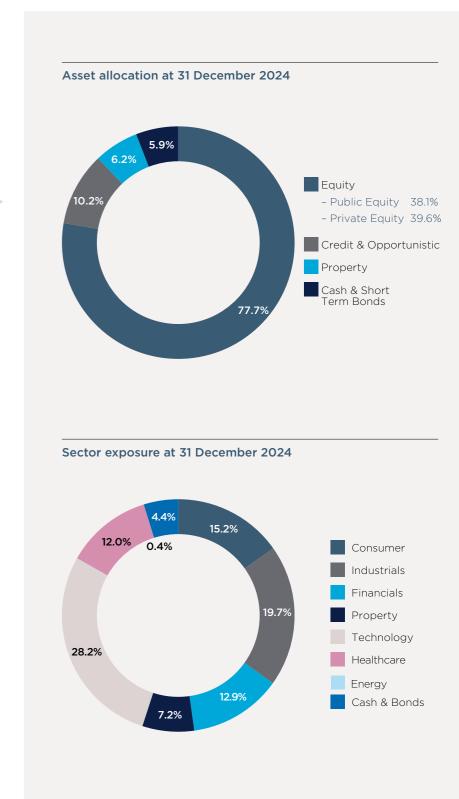
underlying funds capacity constrained

22 first time funds backing exceptional investment talent



A global and diversified portfolio







Note: the Oxford Endowment Fund at 31 December 2024.

Asset groups: Equity

We have three main assets groups which we group as Risk Assets: Equities, Credit & Opportunistic and Property assets. At any one time we would expect the Fund to be 70-80% invested in Equities.

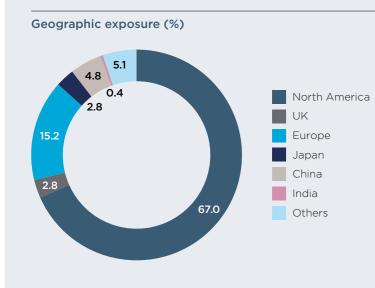
Public Equity

In Public Equity, we are looking for exposure to growing, well managed companies globally by investing with managers who have at least a 3-5 year time horizon and whose interests are aligned with our investors:

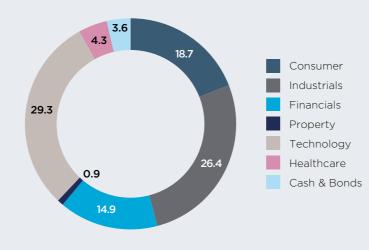
- Core: concentrated investments in well managed, strongly growing companies led by manager talent.
- Farm Team: appropriately sized access to less mature groups.
- Index: passive exposure to global markets used to maintain allocation and liquidity.

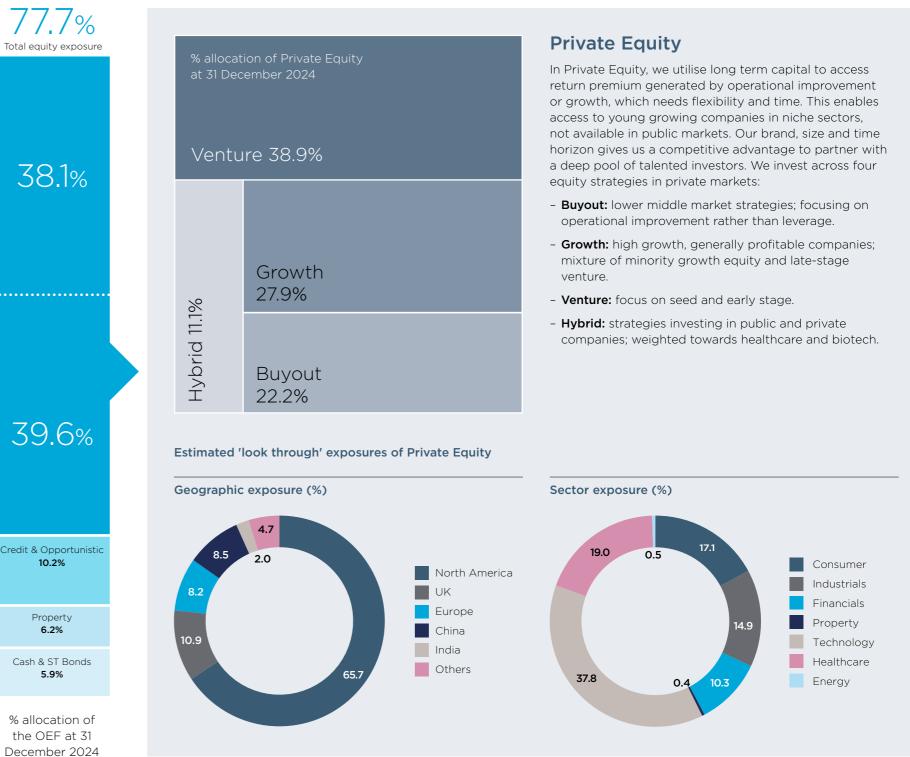


Estimated 'look through' exposures of Public Equity

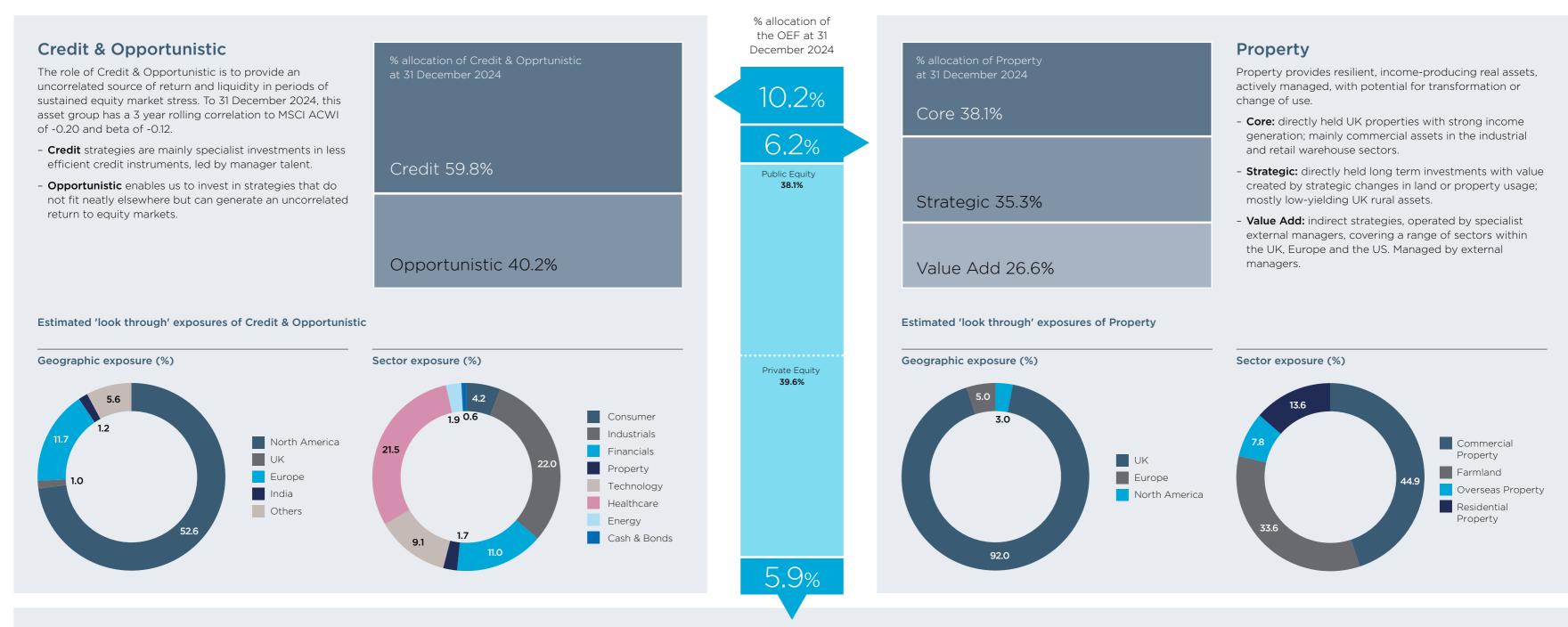








Asset groups: Credit & Opportunistic and Property



Cash & Short Term Bonds

The allocation to Cash and Bonds enables us to balance the overall liquidity profile of the Fund, ensuring we can meet all our short and medium term liabilities, and have the appropriate flexibility to act on opportunities as we see them.

10

ESG and sustainability

The necessity to live more sustainable lives is one of the most pressing challenges facing society today. Managing perpetuity capital gives us a unique perspective and competitive advantage in this area, enabling us to invest in innovative sustainability solutions.

Aligned with this, we believe that to be a successful long term investor, analysis of environmental, social and governance (ESG) risks should be integrated into holistic risk management. We have robust mechanisms in place to ensure that these risks are fully considered in all investment decisions.

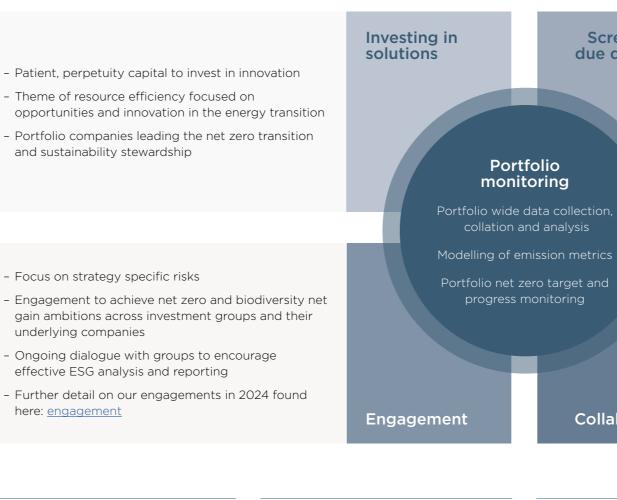
Our ESG Principles outline how we systematically integrate the analysis of ESG risks. By applying a principles based approach, we have developed an appropriate framework to deal with a variety of sustainability and ESG issues, regardless of the sector, strategy or region. These principles are: investing in solutions, screening and due diligence, engagement and collaboration.

Substantial climate

reporting is found on our website:

TCFD Report

An integrated approach



2035

Paris-aligned net zero plans across the Oxford Endowment Fund

No direct financing of new fossil fuel developments

Portfoli monitorir

collation and analysis

Portfolio net zero target and progress monitoring

Screening &	
due diligence	

0	
ng	

- Analysis of potential ESG risks of any investment
- Actively avoiding areas of poorly managed ESG
- Specific investment restrictions. Details found here: restrictions
- Thorough analysis and robust due diligence of a group's engagement with their portfolio, including their approach to voting and governance
- Participate with standard setting bodies and adhere to subsequent guidance. Details of memberships found here: ESG memberships
- Strong networks with endowment and foundation peers globally
- Endorsement and use of University of Oxford research; Oxford Martin Principles for Climate Conscious Investment

Collaboration



Engagement with residual fossil fuel exposure on net zero planning



Performance

During 2024, the global economic and geopolitical environment remained highly complex. Inflation eased across most developed markets, yet remained stubbornly above central bank targets, resulting in tighter monetary conditions for longer than initially anticipated. The US economy demonstrated surprising resilience, while Europe struggled with stagnation and China continued to grapple with structural and demographic challenges. Geopolitical tensions intensified, driven by ongoing conflict in Ukraine, escalating unrest in the Middle East, and increasing strategic competition between the US and China. Financial markets largely looked through the noise and delivered strong headline returns - but the rally was narrow, led by a handful of US mega-cap tech companies, masking significant dispersion beneath the surface.

For the year ended 31 December 2024, the OEF stood at £6.4 billion and earned a 12.1% return. Since inception, the endowment has compounded annually at 8.9%, generated £3.6bn in gains and had total inflows of £4.7 billion. The annual distribution has increased from £26 million at inception in 2009 to £250 million today, a growth rate of 96.4% against inflation of 58.6%.

In 2024, Equities (77.7% of the OEF) returned 14.2%. Public Equity returned 21.7% in a strong year for global markets with the MSCI ACWI returning 19.6%. Our Public Equity managers are, by design, biased to businesses with high barriers to entry and pricing power, allowing them to weather periods of macro stress and generate cash with relatively high predictability over 5-10 years. Key contributors to our Public Equity performance included a subset of the world's leading large cap US tech companies, but also category leaders across industrials and financials. Private Equity returned 7.7% underpinned by a range of returns across Buyout, Growth and Venture. With 53% of Private Equity less than five years old, we assess there to be significant embedded value in this part of the portfolio, through access to innovative and fast-growing private companies globally. The divergence in recent years between Public and Private Equity performance highlights the short term disconnect that can occur between the two. However, over the long term, we remain confident in Private Equity's ability to continue delivering excess returns relative to public markets.

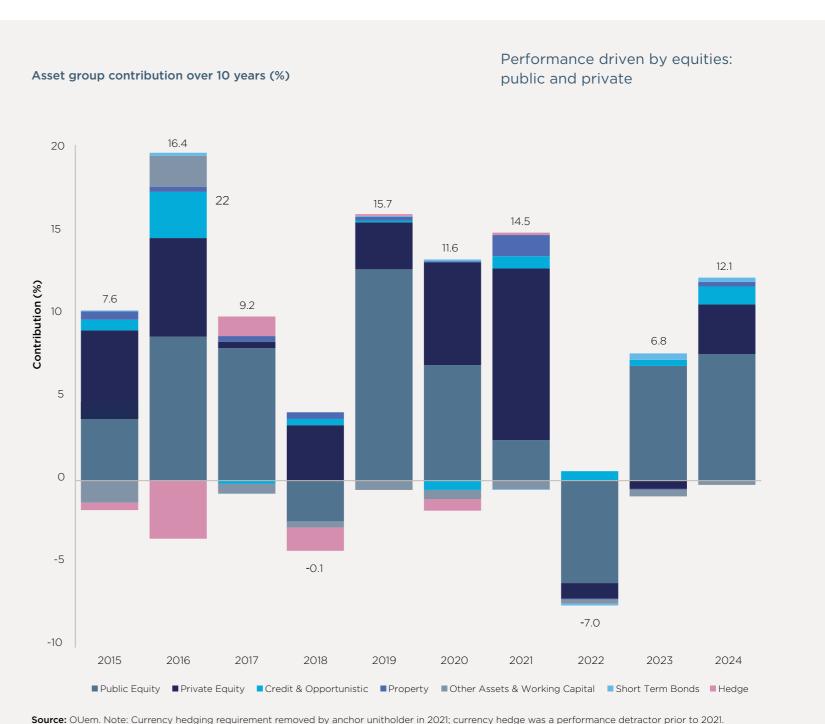
Our Credit & Opportunistic portfolio returned 11.2%, in line with global high yield bonds and significantly ahead of global investment grade bonds, which returned 0.1% for the year. Credit spreads remained very tight throughout the year against a backdrop of both strong financial conditions for US corporates and a Fed policy rate at a 23-year high for much of the year. Returns in this part of the portfolio were broadly distributed across a range of strategies including specialist lending, stressed and restructuring credit, event driven and absolute-return oriented strategies. Property returned 4.0% in 2024 in what was another relatively quiet year for UK property overall. Our Core assets held up relatively well returning 8.9%, with Strategic and Value Add being broadly flat for the year. Significant progress has been made for two of our larger directly held assets to enable future development or repurposing underutilised space.

Overall, while there were no significant changes to the asset allocation, 2024 was a busy year of rebalancing within asset groups, underpinned by the theme of enhancing liquidity without sacrificing expected returns.

2025 has already reminded us of the limits of prediction despite the sophistication of models and forecasts. Macroeconomic shifts and investor behaviour have moved in ways few anticipated. Arguably, the models and assumptions that have underpinned economic and market success for decades are undergoing a fundamental shift. The era of low interest rates and persistent government support has come to an end; risk assets must now work harder to deliver returns. Yet, we are also living through a remarkable wave of innovation, creating new industries, transforming old ones, and unlocking productivity. We remain relentless in our pursuit of worldclass investment talent to fulfil the endowment's mission, and this environment presents significant investment opportunities, which we are well positioned to pursue.

288.9% cumulative return since inception





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Photos: John Cairns Photography

'The Oxford Endowment Fund', 'OEF' and 'the Fund' are terms used to cover The Oxford Funds: Endowment Master, an unauthorised unit trust scheme managed by Oxford University Endowment Management Limited ('OU Endowment Management' or 'OUem'). The information contained in this document has been prepared and approved by Oxford University Endowment Management Limited ('OUem'). The content of this document is for information purposes only and, whilst information contained herein is considered to be reliable, no warranty or representation is given as to its accuracy or completeness. This document is not intended to create contractual obligations for OUem. Oxford University Endowment Management Limited is authorised and regulated by the Financial Conduct Authority, under reference number 479702.

St Peter's College