

# University of Exeter

## Investment Report

Date: 24 April 2026

Investment Team: Andrew Pitt – Head of Charities  
Gareth Pearl – Investment Director  
Yasmin Booth – Investment Manager

**RATHBONES**

# Agenda

1. Mandate and market backdrop
2. Performance
3. Outlook & portfolio positioning
4. Market outlook
5. Responsible investment
6. Investment process
7. Further Information

# Mandate summary

## Account name and numbers

- University of Exeter – Permanent Endowment – 238094
- University of Exeter – Expendable Endowment - 238139

## Investment objectives and risk profile

- Permanent Endowment: Total return of CPI +4% (net of fees) over a rolling five-year period. Expected to be preserved in perpetuity, as a result of applying a 4% spending rule to a three-year historic average capital value as at 31 July each year. Risk level 5 out of 6.
- Expendable Endowment: Total return of CPI +3% (net of fees) over a rolling five-year period. Potentially expendable within five years (albeit unlikely). Risk level 4 out of 6.

## Market comparator

Asset class	PE	EE	Index
Equities	80%	65%	FTSE All-World £
Alternatives	5%/5%	5%/5%	Cash +2% / IA UK Direct Property
Fixed Income	4%/4%	13%/10%	FTSE Gilt All Stock / IBOXX Non-Gilt
Cash	2%	2%	UK SONIA
<b>Total Portfolio</b>	<b>100%</b>	<b>100%</b>	<b>Composite of the above</b>

Source: Rathbones

## Responsible investment policy

- The University:
  - prioritises investment in entities that exhibit their commitment to environmental, social and governance (ESG) issues.
  - excludes investment in entities that produce tobacco and entities that are involved in the extraction of fossil fuel.
  - will not invest in any assets, stocks or sectors that conflict with the University’s objectives set out in its Royal Charter.
  - expects its fund manager to proactively engage with entities through direct engagement with companies on particular issues and to collaborate with other members of the responsible investment community to leverage impact on critical issues.

## Fees

- The total value of the portfolios are subject to a clean fee of 0.3% p.a. (plus VAT), charged quarterly in arrears.

## Income and capital payment instructions

- Income arising within the portfolios is reinvested.

# Portfolio summary

## Portfolio valuation summary (as at 24<sup>th</sup> April 2026)

Fund name	Fund value	Est. income yield %	Est. income
Permanent Endowment	£26,827,652	2.3	£628,457
Expendable Endowment	£25,922,295	2.7	£688,629
<b>Total</b>	<b>£52,749,947</b>	<b>2.5</b>	<b>£1,317,086</b>



# Outlook & portfolio positioning

# Market outlook



## Economic growth

Leading indicators of global economic activity were healthy prior to US strikes on Iran. Since the strikes, there has been considerable disruption to energy markets, with prices rising sharply. The disruption seen throughout March and April will weigh on global economic growth, but we don't think it will be enough to cause recessions in major economies. We think it would take prolonged disruption and higher prices than seen so far to prompt that.



## Inflation & interest rates

If energy prices stay close to March/April levels, inflation may reach 4% in the US and UK. The outlook is uncertain, but there are key differences to the invasion of Ukraine in 2022. Inflation is lower than then. Policy is also tighter than in early 2022, so we don't expect sharp interest rate hikes. That said, central banks should tread carefully given that underlying inflation hadn't yet settled back to targets. Extended holds or perhaps a few hikes are possible.



## Valuations

US equity market valuations have fallen but are still elevated relative to history and other markets. The largest firms are higher quality than in the past and our analysis does not suggest we are in a bubble. Most other markets are closer to their historical averages.



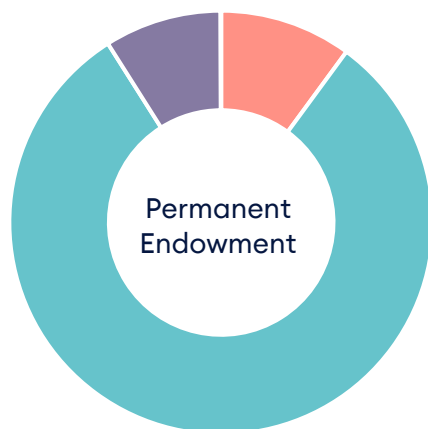
## Key risks

Further escalation of the Middle East conflict; US trade policy; US labour market deterioration; other geopolitical uncertainties; mega-cap tech missing earnings or a change in perceptions about AI.

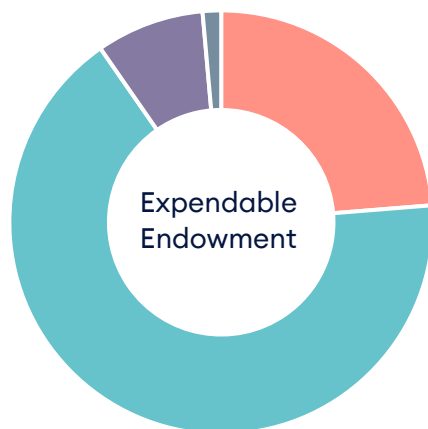
Active approach to asset allocation and investment selection, seeking resilient businesses that can deliver strong performance over the cycle, rather than positioning for predicted short-term changes in economic conditions.

# Asset allocation

As at 24<sup>th</sup> April 2026



Asset class	20 <sup>th</sup> March*	24 <sup>th</sup> April	Target weight (%)	Benchmark weight (%)
Fixed income	9.2	10.1	8.5	8.0
Equities	77.9	80.9	83.0	80.0
Alternatives/Property	9.8	8.9	7.0	10.0
Cash	3.1	0.1	1.5	2.0



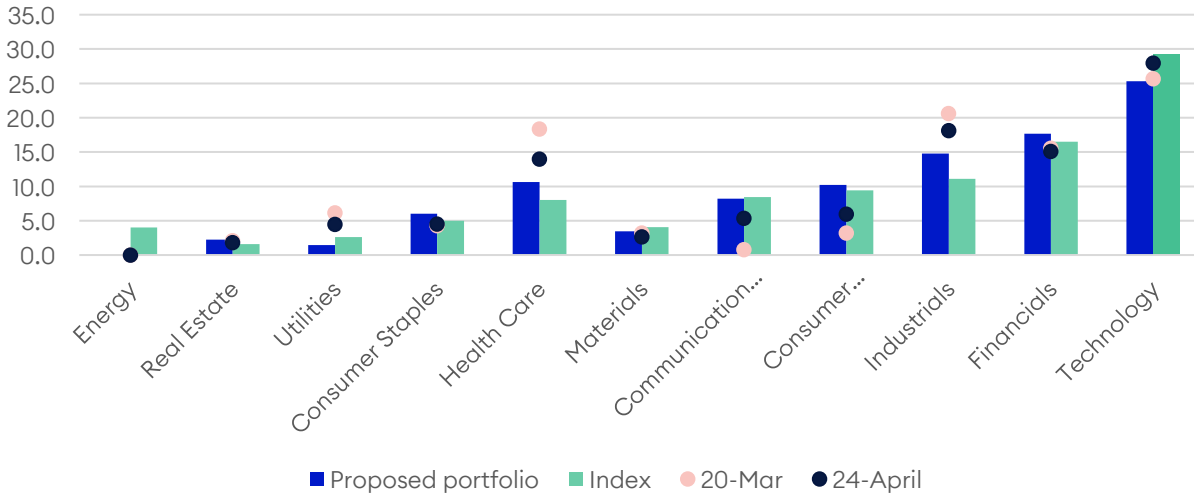
Asset class	20 <sup>th</sup> March*	24 <sup>th</sup> April	Target weight (%)	Benchmark weight (%)
Fixed income	23.6	23.7	22.5	23.0
Equities	64.5	66.6	68.0	65.0
Alternatives/Property	9.0	8.3	7.6	10.0
Cash	2.9	1.4	1.9	2.0

Source: Rathbones

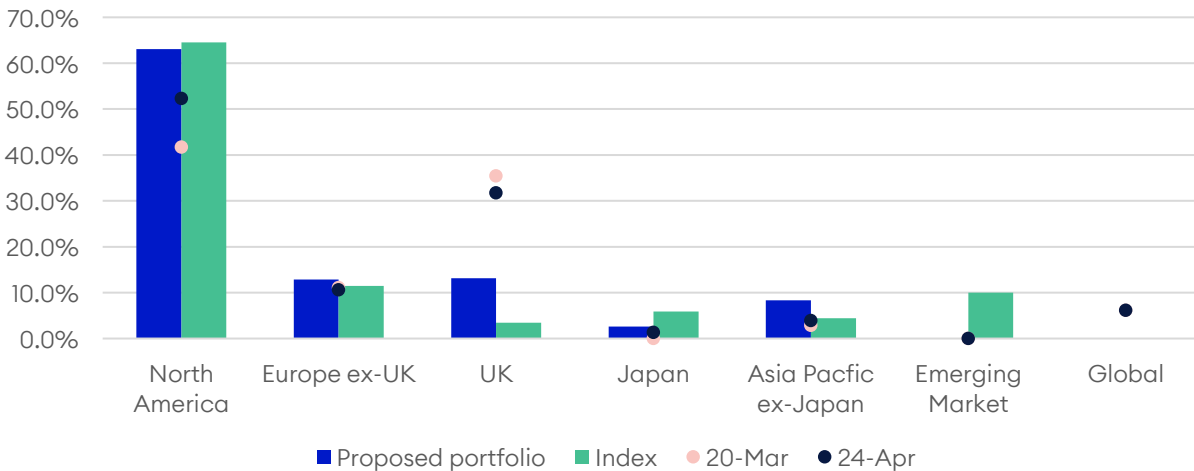
\* 20th March is the date that Greenbank transferred the management of the portfolio to Rathbones Investment Management

# Consolidated equity positioning

## Sector breakdown\*\*



## Regional breakdown\*\*

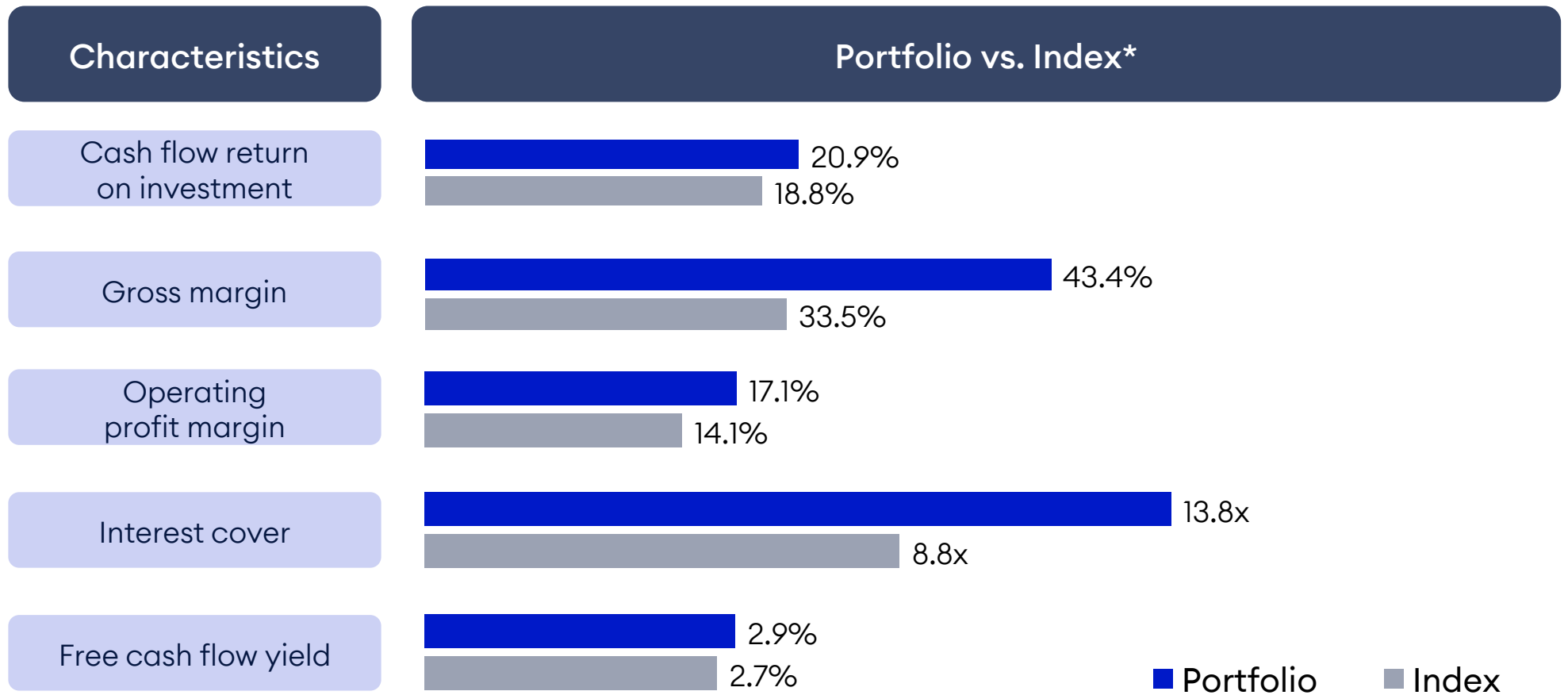


Security name	Target weight* (%)
NVIDIA	4.5
Alphabet	4.2
Microsoft	3.8
Taiwan Semiconductor	3.1
Amazon	3.1
Apple	2.7
Equinix	2.1
Broadcom	2.1
AstraZeneca	1.9
Mastercard	1.8
Key info	
No. of securities*	61

Sources: Rathbones, Bloomberg. \*Excluding funds as at 24th April 2026, \*\*Inclusive of funds. Note that 20th March is the date that Greenbank transferred the management of the portfolio to Rathbones Investment Management

# Equity portfolio characteristics

## Proposed portfolio



Superior fundamentals for an attractive valuation

Source: HOLT, Bloomberg data; as at 31<sup>st</sup> March 2026. Direct equities only. \*The FTSE All World Index.

# Climate dashboard

## Total carbon footprint

The total carbon emissions of the portfolios (Scope 1+ Scope 2) divided by the total value of the portfolios. This is calculated in tonnes CO<sub>2</sub>e divided per £M invested.

March 2026

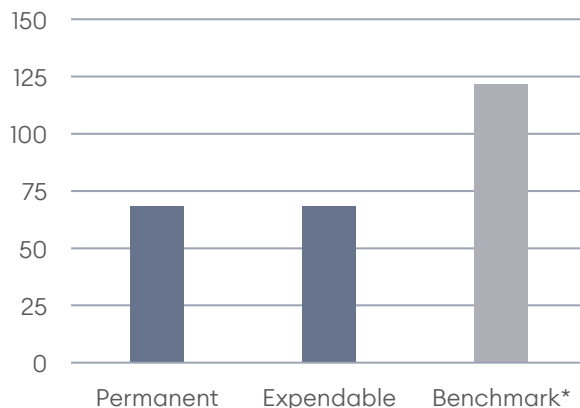
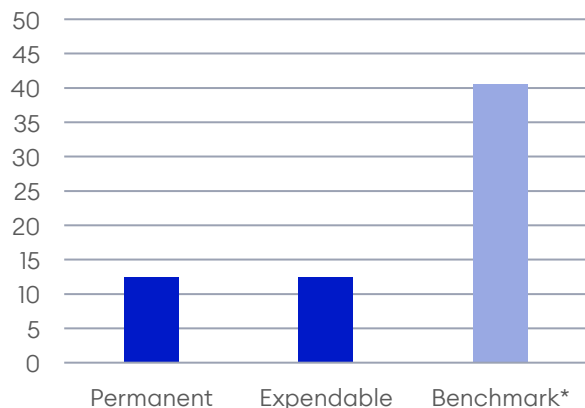
Permanent	Expendable	Benchmark*
<b>12.4</b>	<b>12.4</b>	<b>40.6</b>
Tonnes CO <sub>2</sub> e/ £M invested	Tonnes CO <sub>2</sub> e/ £M invested	Tonnes CO <sub>2</sub> e/ £M invested
Data coverage: <b>81.7%</b>	Data coverage: <b>81.0%</b>	Data coverage: <b>97.5%</b>

## Weighted average carbon intensity (WACI)

The carbon intensity of the portfolios weighted by the amount invested in each company, serving as a measurement of emissions performance of the portfolios (for Scope 1+ Scope 2). This is calculated in tonnes CO<sub>2</sub>e divided per £m sales.

March 2026

Permanent	Expendable	Benchmark*
<b>68.3</b>	<b>68.2</b>	<b>121.7</b>
Tonnes CO <sub>2</sub> e/ £M Sales	Tonnes CO <sub>2</sub> e/ £M Sales	Tonnes CO <sub>2</sub> e/ £M Sales
Data coverage: <b>81.7%</b>	Data coverage: <b>81.0%</b>	Data coverage: <b>97.5%</b>

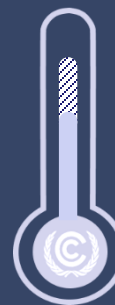


Source: Rathbones, MSCI; as at 31<sup>st</sup> March 2026.

\* FTSE All World Index.

## Implied temperature rise

The implied temperature rise (ITR) is a forward-looking metric which provides an indication of how well the fund aligns with the ambitions of the Paris Agreement.



2.4°C

University of Exeter's  
Portfolios

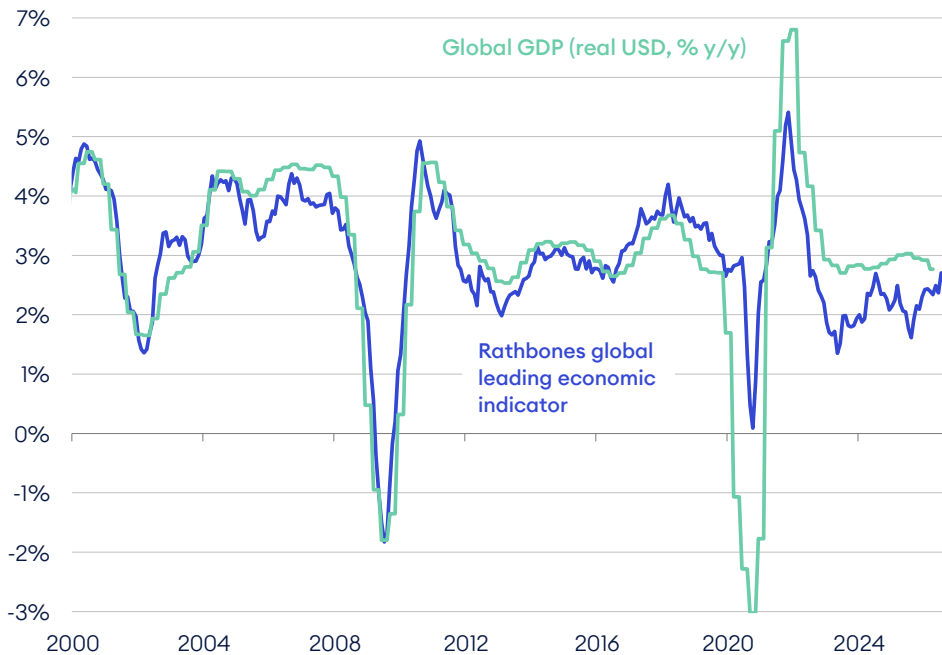
Paris Agreement target: 1.5 – 2°C  
Comparator\*: 2.9°C



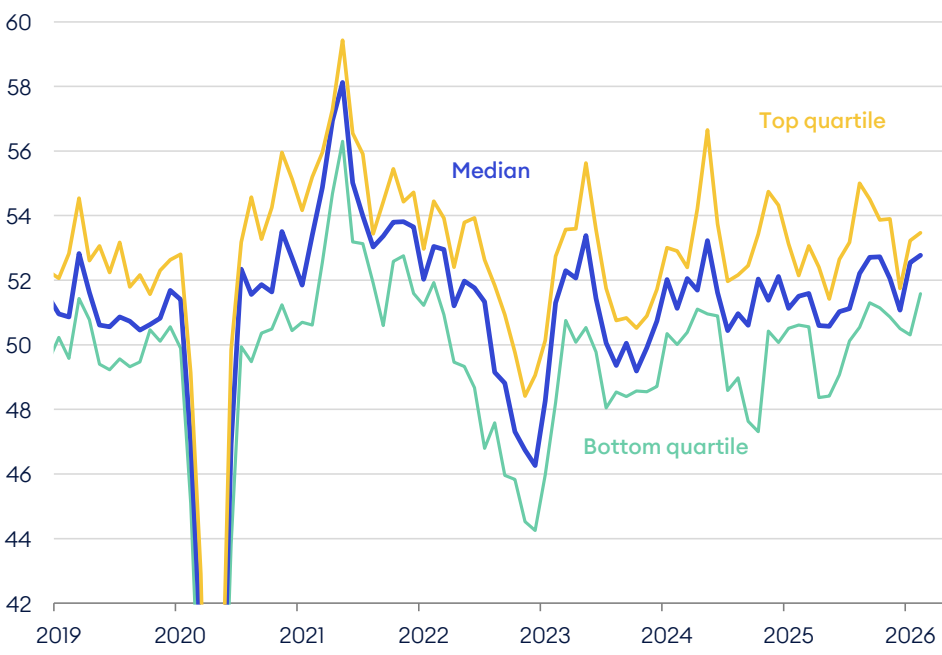
# Market commentary

# Global growth – not yet significantly impacted by tariffs

## Global GDP and leading economic indicators



## Sectoral new order PMIs

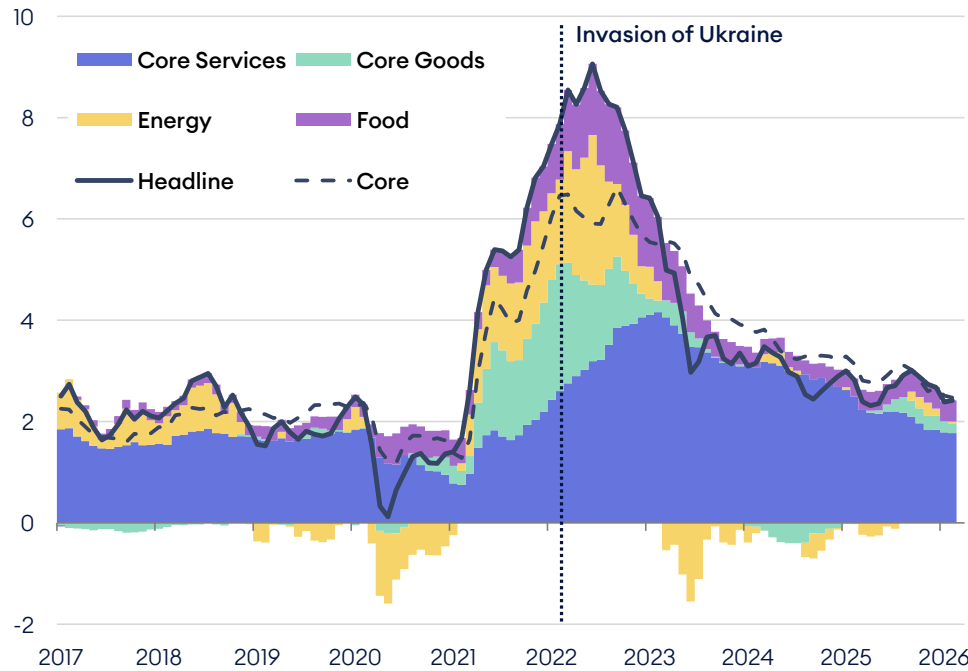


Sources: LSEG, Rathbones; as at 31<sup>st</sup> March 2026.

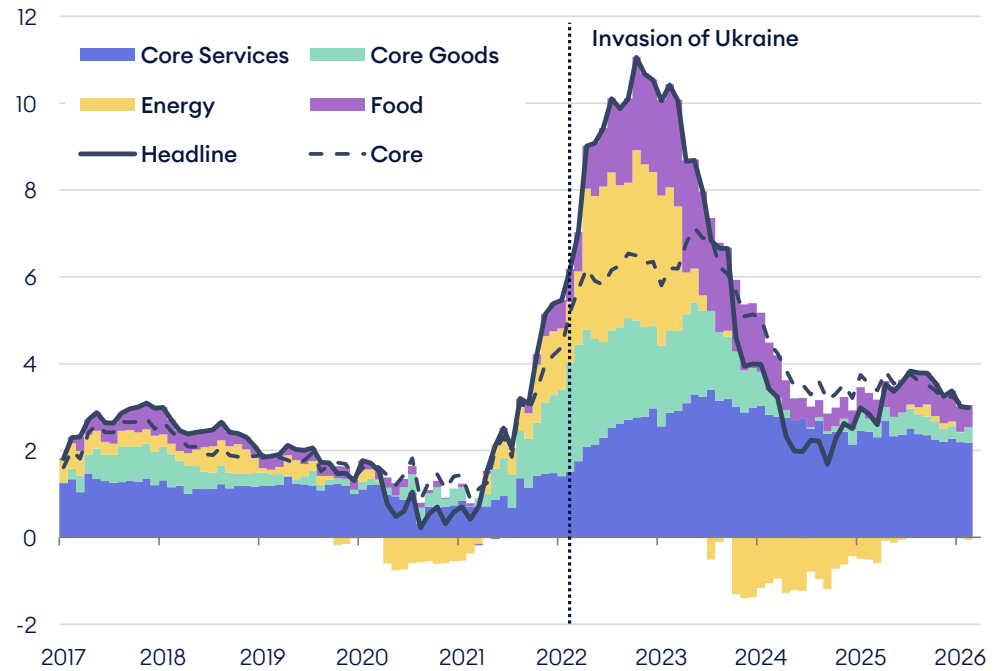
Investments can go down as well as up and you could get back less than you invested.  
Past performance is not a reliable indicator of future results.

# Inflation is still a little higher than pre-pandemic, but much lower than it was before 2022 energy shock

### US CPI inflation breakdown (% / pp)



### UK CPI inflation breakdown (% / pp)



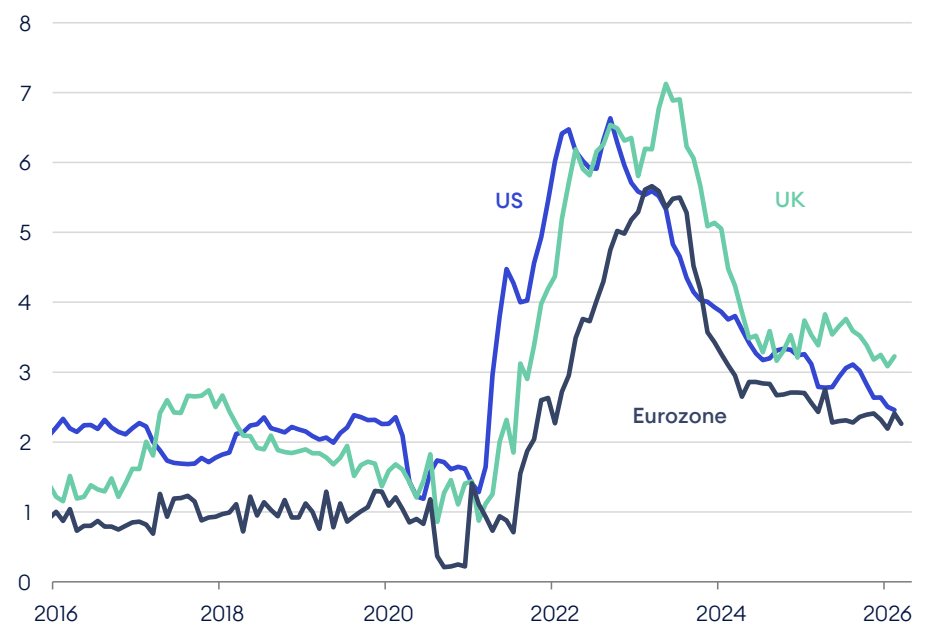
Sources: LSEG, Rathbones; as at February 2026.

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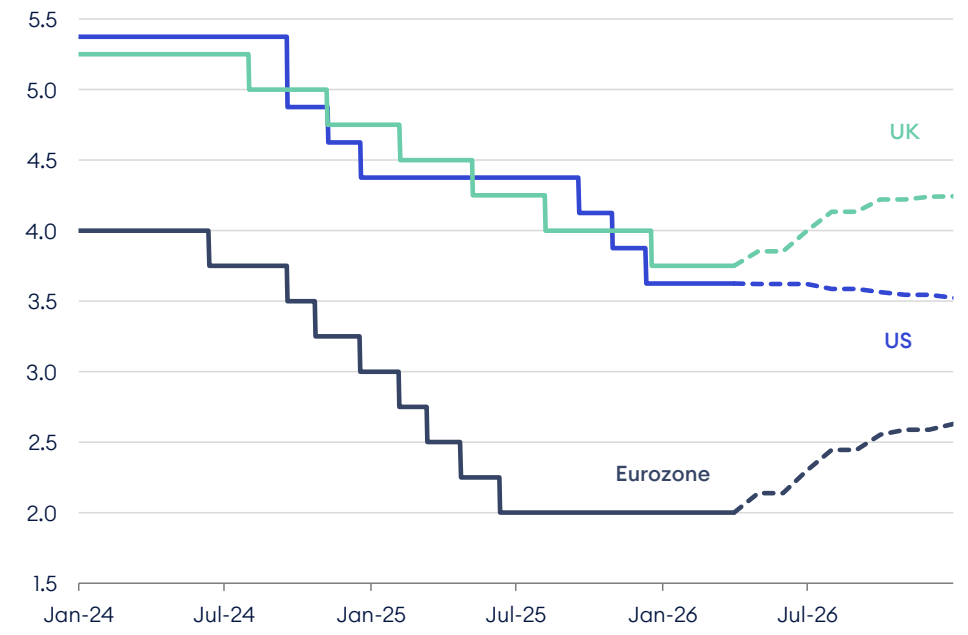
# Interest rate expectations

Federal Reserve and BOE were on a pathway of rate cutting; war has changed expectations

US and UK core inflation trending lower (%)



Market implied policy rates (%)



Rates today: Fed funds: 3.50–3.75%; ECB deposit rate: 2.00%; UK base rate: 3.75%

Sources: LSEG, Rathbones; as at 1<sup>st</sup> April 2026.

Investments can go down as well as up and you could get back less than you invested. Past performance is not a reliable indicator of future results.



# Global earnings backdrop coming into 2026 was looking relatively healthy

Supported by the weakness in the USD

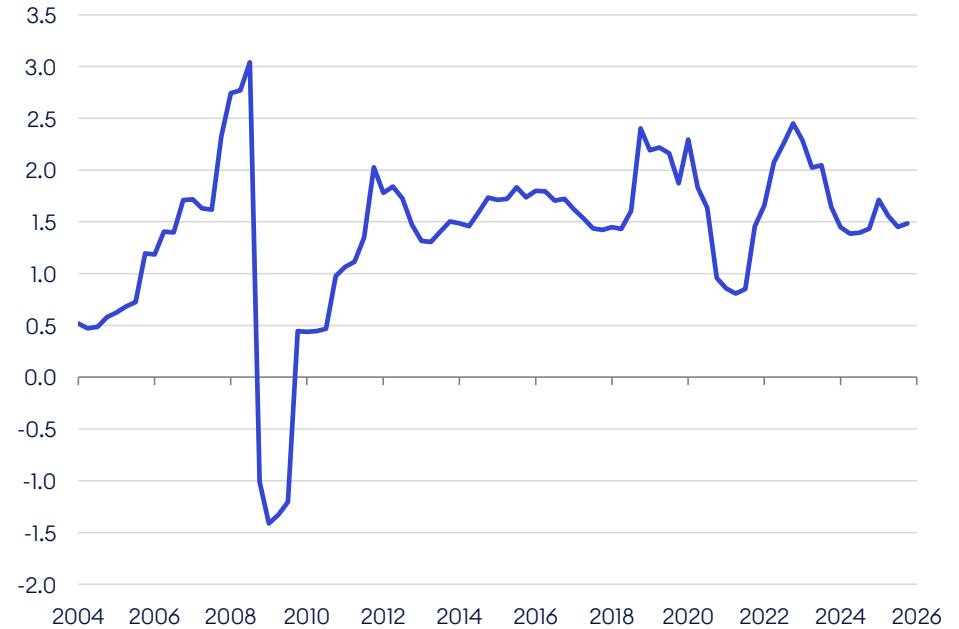
## Global earnings growth still robust

MSCI All Country World Index earnings growth (12M forward EPS, % y/y)



## US buy-backs holding steady

S&P 500 net buyback yield (%)



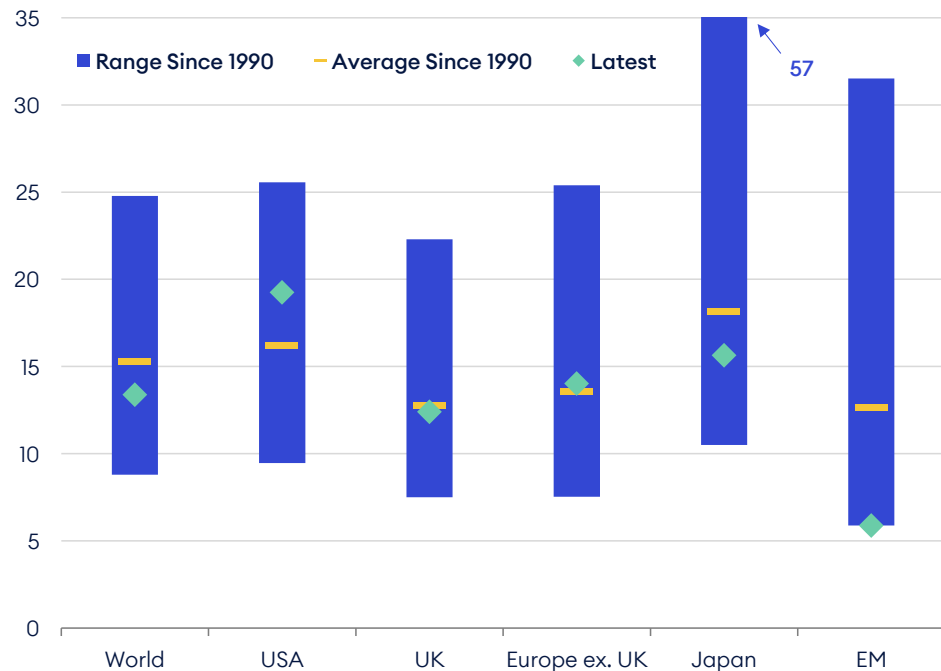
Sources: LSEG, Rathbones; as at 31<sup>st</sup> March 2026.

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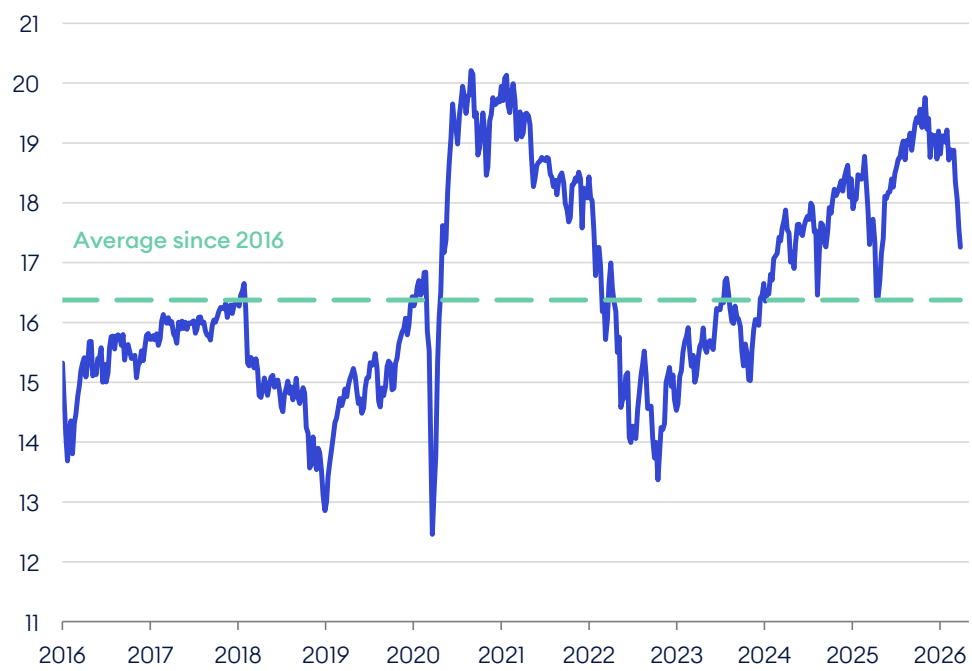
# Equity market valuations

Some regions are cheaper than others

### Equity market 12-month forward price/earnings ratios



### MSCI ACWI 12-month forward price/earnings ratio



Sources: LSEG, Rathbones; as at 31 March 2026.

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# Many, though not all, geopolitical shocks have only a fleeting impact on markets

## Response of S&P 500 to geopolitical shocks (USD, price returns)

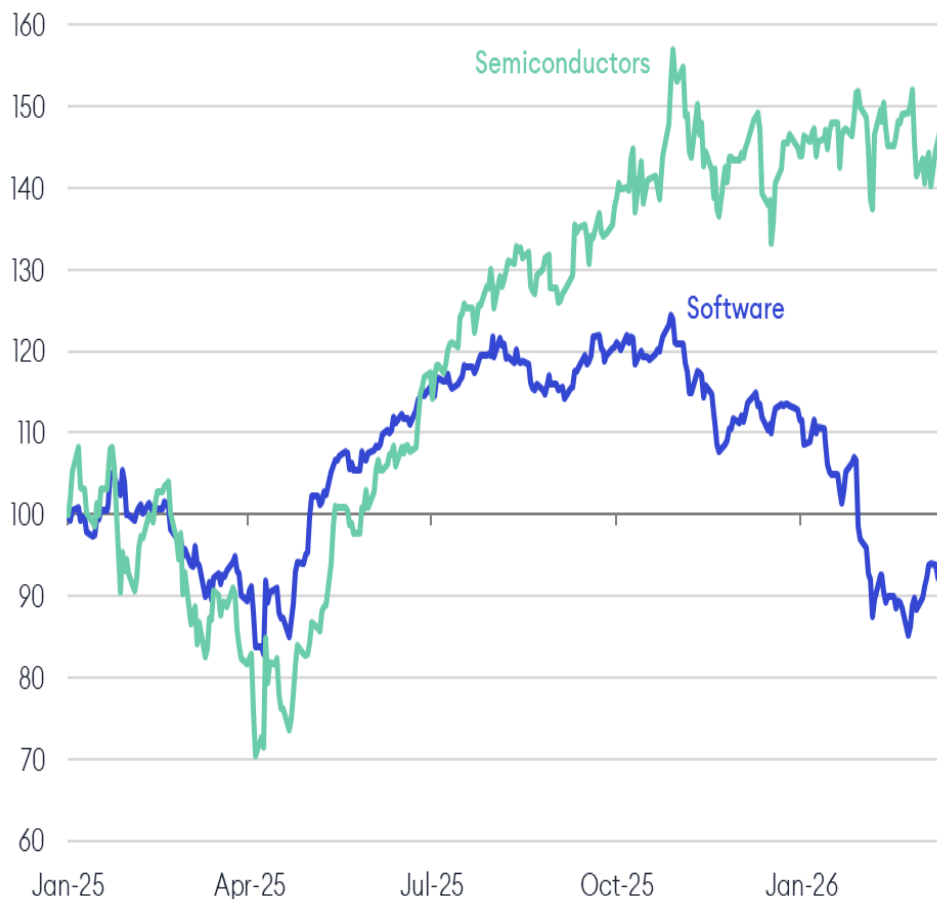
Event	Event Date	Total Drawdown (%)	Total days to:		Returns:		
			Bottom	Recover	3m	6m	12m
WW2 Pearl Harbor	07/12/1941	-19.85%	143	307	-12.4%	-9.1%	-0.2%
North Korea Invades South Korea	25/06/1950	-12.9%	23	82	1.5%	4.1%	11.2%
Suez Crisis	29/10/1956	-1.5%	3	4	-3.8%	-1.2%	-12.6%
Cuban Missile Crisis	16/10/1962	-6.6%	8	18	13.7%	20.6%	26.4%
Assassination of President Kennedy	22/11/1963	-2.8%	1	5	8.5%	12.7%	20.1%
Gulf of Tonkin Incident	02/08/1964	-2.2%	25	41	2.4%	5.3%	2.7%
Six-Day Arab-Israeli War	05/06/1967	-1.5%	1	2	4.9%	5.9%	11.8%
Yom Kippur War and Oil Embargo	17/10/1973	-43.5%	352	2165	-13.2%	-15.0%	-36.2%
Mass Anti-Government Protests in Iran	09/01/1978	-5.2%	57	96	-1.2%	4.0%	7.8%
First Gulf War	02/08/1990	-16.9%	71	189	-13.6%	-3.5%	8.9%
9/11 Terrorist Attacks	11/09/2001	-11.6%	11	31	4.3%	6.9%	-16.7%
US invasion of Afghanistan	07/10/2001	-1.4%	3	4	8.7%	5.0%	-26.7%
Iraq War	20/03/2003	-3.0%	12	14	13.8%	18.6%	27.0%
Madrid Bombings	11/03/2004	-2.9%	14	20	1.1%	0.0%	7.6%
London Bombings	07/07/2005	-	-	-	-0.3%	7.6%	6.6%
Boston Marathon Bombing	15/04/2013	-3.0%	4	15	5.9%	7.6%	15.2%
US Airstrikes on Syrian Airbase	07/04/2017	-1.2%	7	18	2.2%	8.1%	10.5%
Saudi Aramco Drone Strike	14/09/2019	-4.0%	19	41	5.4%	-9.9%	12.5%
Russian Invasion of Ukraine	24/02/2022	-15.3%	231	464	-6.0%	-2.3%	-5.0%
Israel-Hamas War	07/10/2023	-4.4%	21	27	10.6%	20.7%	32.2%
Israel-Iran Airstrikes	01/04/2024	-5.5%	19	45	4.2%	9.7%	6.8%
US Airstrikes on Iran	22/06/2025	-	-	-	12.2%	15.3%	-
<b>Median</b>		<b>-4.2%</b>	<b>17</b>	<b>29</b>	<b>3.3%</b>	<b>5.6%</b>	<b>7.8%</b>
<b>Average</b>		<b>-8.3%</b>	<b>51</b>	<b>179</b>	<b>2.2%</b>	<b>5.1%</b>	<b>5.2%</b>

Source: LSEG, Rathbones; as at 10 March 2026.

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Past performance is not a reliable indicator of future results.

# Attempts by investors to distinguish AI winners from AI losers has driven diverging performance

## S&P 500 sector performance (total return)



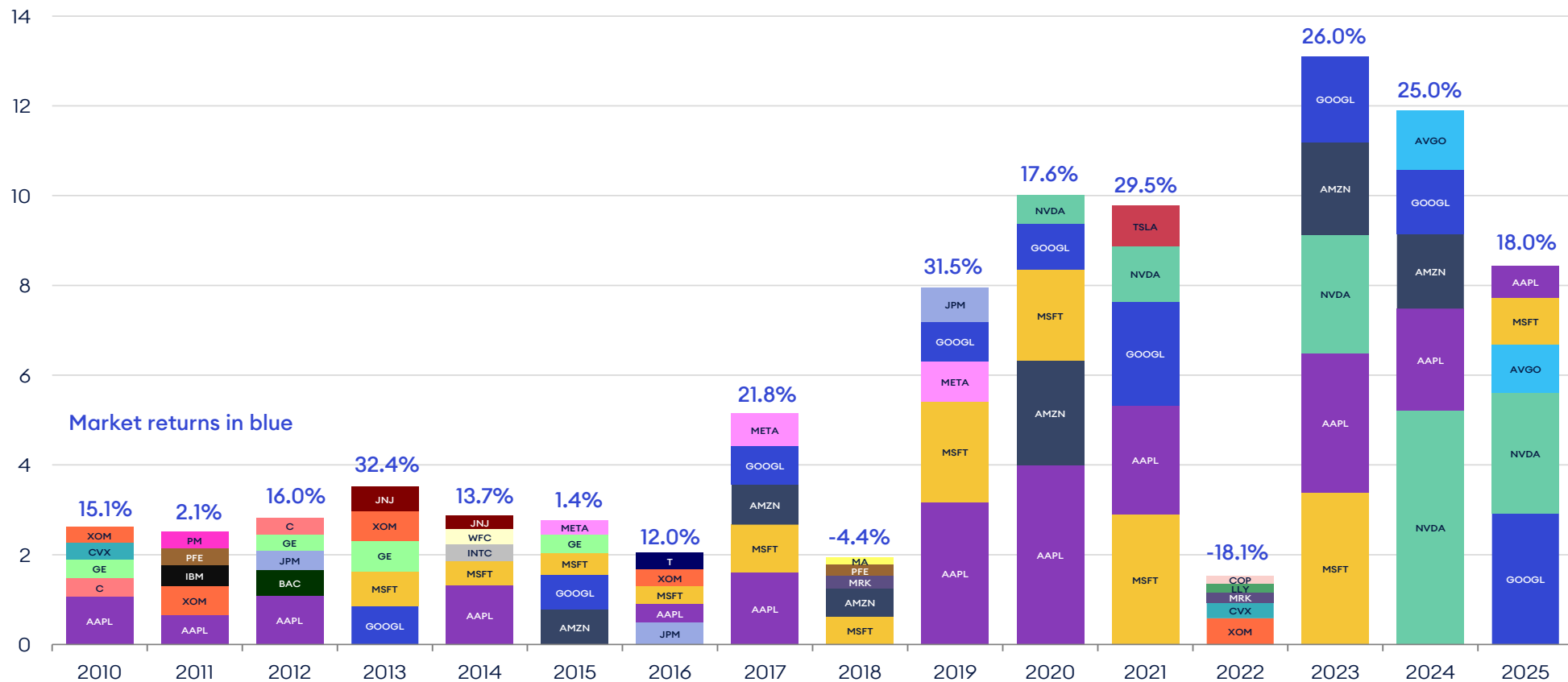
## Software stock performance (total return)

Stock	Weight in Index* (%)	YTD Return (%)
Microsoft	3.3	-21.8
Palantir Technologies	0.4	-16.1
Oracle	0.3	-22.9
IBM	0.3	-16.1
SAP	0.2	-29.5
Salesforce	0.2	-28.2
Shopify	0.2	-25.2
Accenture	0.2	-24.2
Intuit	0.1	-33.3
ServiceNow	0.1	-30.4
Applovin	0.1	-39.8
Palo Alto Networks	0.1	-11.3
Adobe	0.1	-29.2
Crowdstrike	0.1	-15.1
Synopsys	0.1	-14.0
Cadence Design	0.1	-9.4
Snowflake	0.1	-29.9

Source: LSEG, Rathbones; as at 31<sup>st</sup> March 2026. \*FTSE All World Index Weights.

# Market indices are heavily concentrated

## Contribution to performance from the top 5 stocks in the S&P 500



Sources: LSEG, Rathbones; as at 31<sup>st</sup> December 2025. Note: GOOGL represents contributions of GOOGL & GOOG from 2015.  
**Investments can go down as well as up and you could get back less than you invested.**  
 Past performance is not a reliable indicator of future results.

We have witnessed one of the most concentrated periods of market performance in modern US history, culminating in a peak in market concentration today

## Largest US company concentration



Sources: Rathbones, Kenneth R. French, as at February 2026.

Note: The top 'decile' includes all US stocks that are larger than the 90th percentile of NYSE-listed stocks ranked by size.

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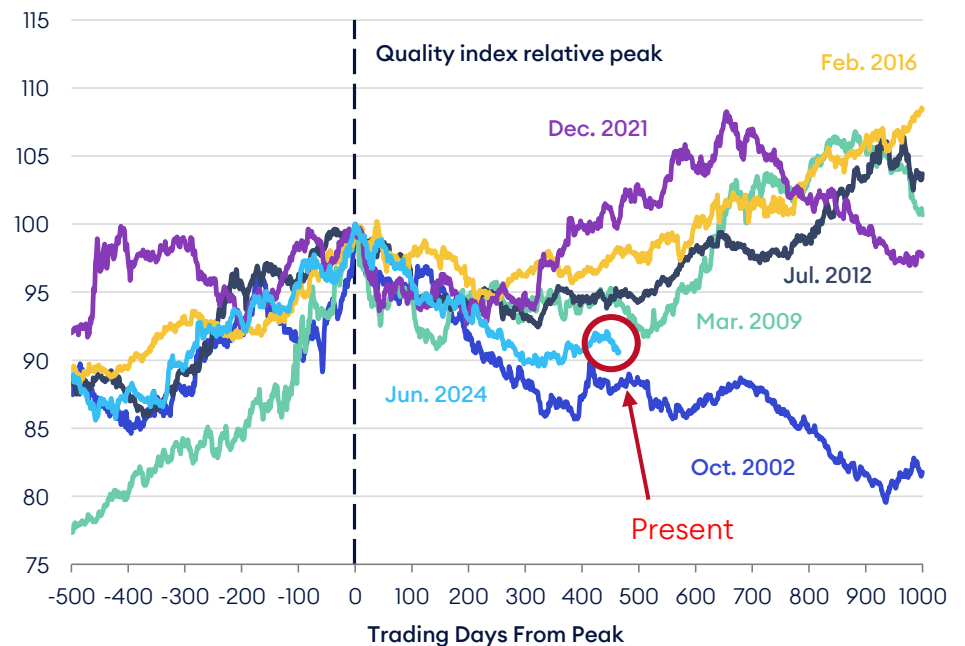
# Quality style performance

## Quality works over the long-term

Quality index relative performance since inception (1995): outperformance of 3.0% p.a.



Current drawdown marks second worst since 1995: Recoveries tend to be sharp

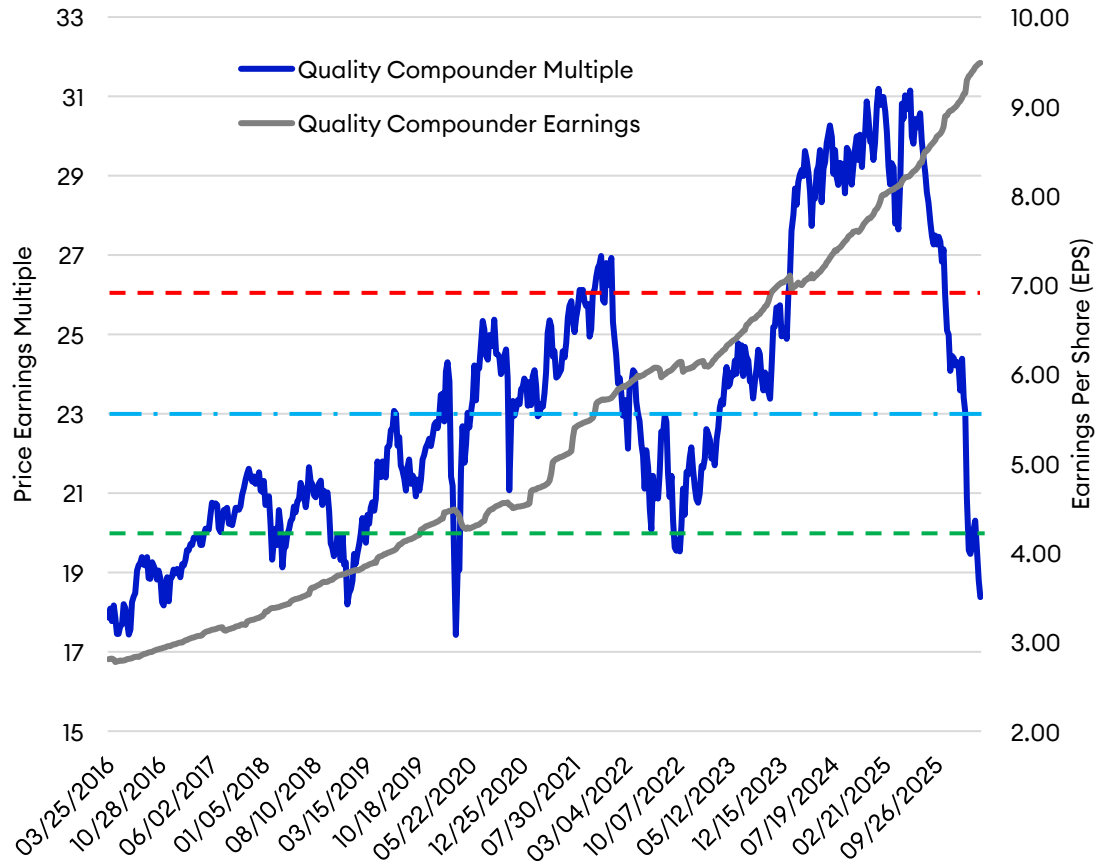


Sources: LSEG, Rathbones; as at 31<sup>st</sup> March 2026.

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# Quality compounders looking cheap

## Portfolio stocks earnings growth and relative valuation over the last 10 years

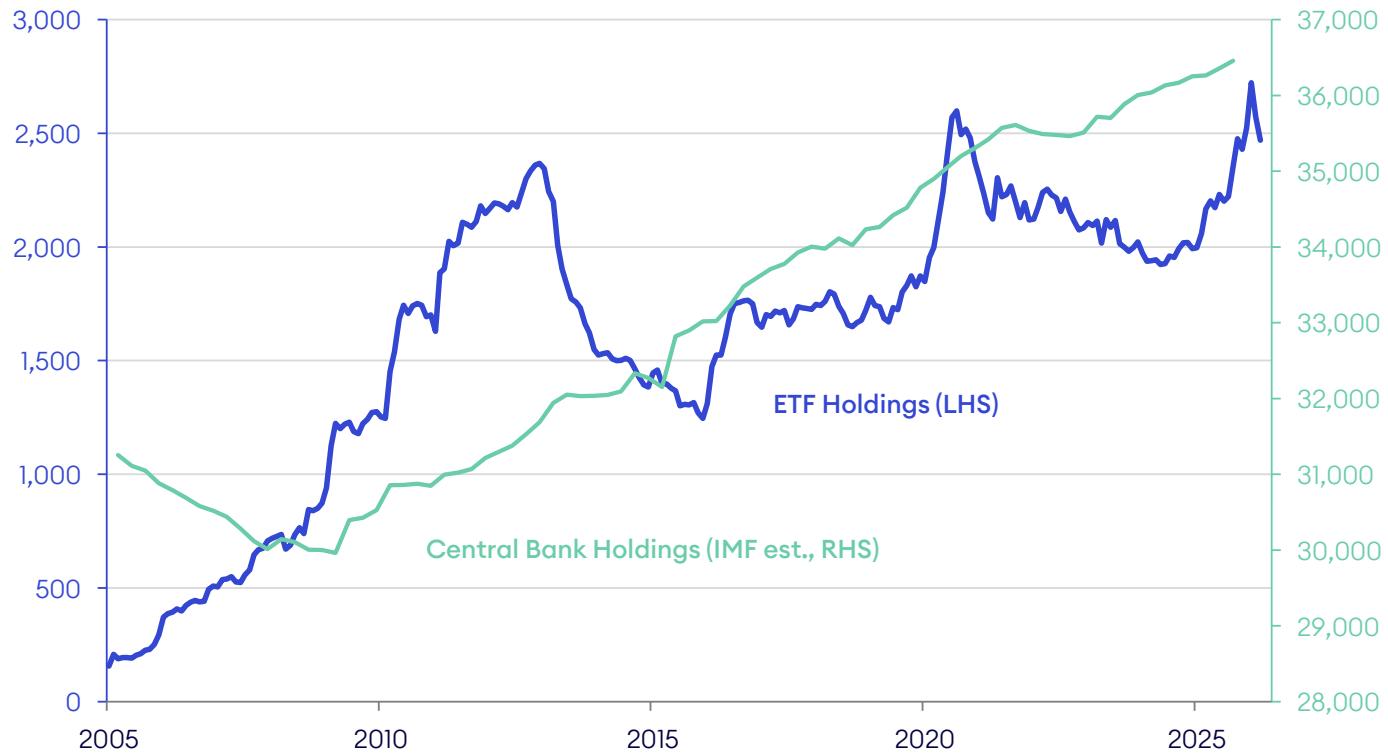


- Earnings growth is re-accelerating
- Meanwhile valuations have collapsed, with no premium attached to superior fundamentals
- From here, the odds of outperformance are tilted in the portfolio's favour

# Central bank buying a key source of gold demand

Gold demand from central banks, retail investors and ETF buying has driven up prices

Gold holdings by ETFs and central banks (metric tonnes)



Sources: LSEG, IMF, Rathbones; as at 31<sup>st</sup> March 2026.

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# Responsible investment

# Our approach to responsible investment

We seek to align with our clients, integrate ESG and act for change

## ESG analysis integrated into investment decisions



- We analyse potential ESG (Environmental, Social and Governance) issues and how these may impact the investment case for each asset
- Aims to both mitigate risk and identify opportunities
- We also consider systemic risks such as climate change, nature degradation and rising inequality

## Avoiding companies that have an unacceptable impact



- No investment in entities that produce tobacco and entities that are involved in the extraction of fossil fuel.
- No investment in any assets, stocks or sectors that conflict with the University's objectives set out in its Royal Charter.

## Engaging for change



- We engage on thematic and company-specific issues
- We collaborate with Non-Governmental Organisations (NGOs) and other members of the responsible investment community to improve our reach
- Efforts focused on real-world changes rather than improvements 'on paper'

Open and transparent approach, with regular responsible investment, climate and stewardship reporting

# Our approach to climate change

## Rathbones has a strong commitment to tackling climate change

### Our commitment

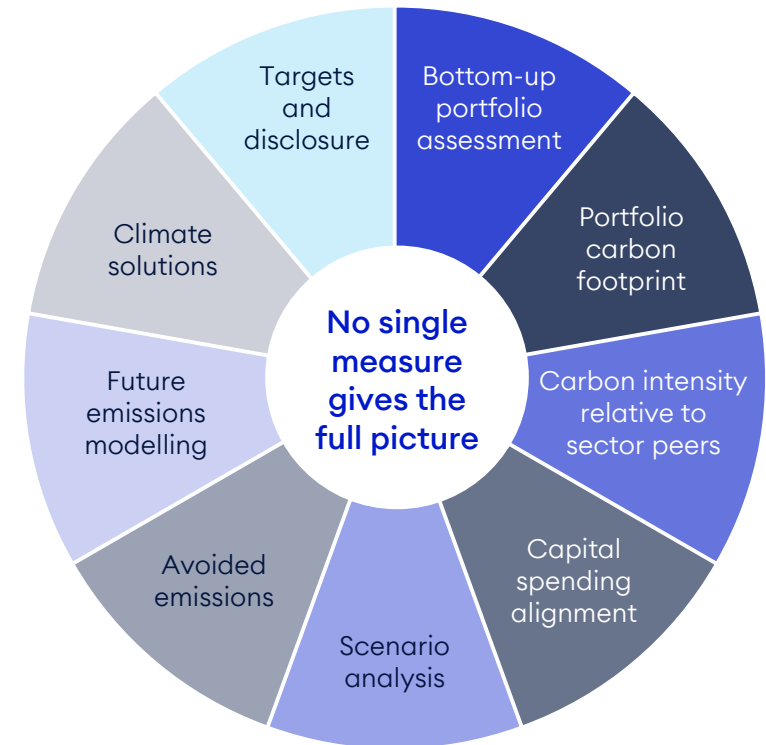
- Rathbones is a signatory to the Net Zero Asset Managers Initiative. We aim to achieve net zero emissions by 2050 or sooner, with robust interim targets in place

### Assessing climate risk and opportunity

- Climate change integrated top-down into long-term capital markets assumptions
- Stock specific analysis considers current performance, forecast trajectory of change, and expected costs or benefits presented by the low carbon transition

### Engaging for change

- Focused engagement strategy to drive real-world emissions reductions
- Long-term engagements conducted individually and via collaborative initiatives to amplify our own voice
- Coupled with policy and regulatory engagement to encourage systemic change



**The Net Zero Asset  
Managers initiative**

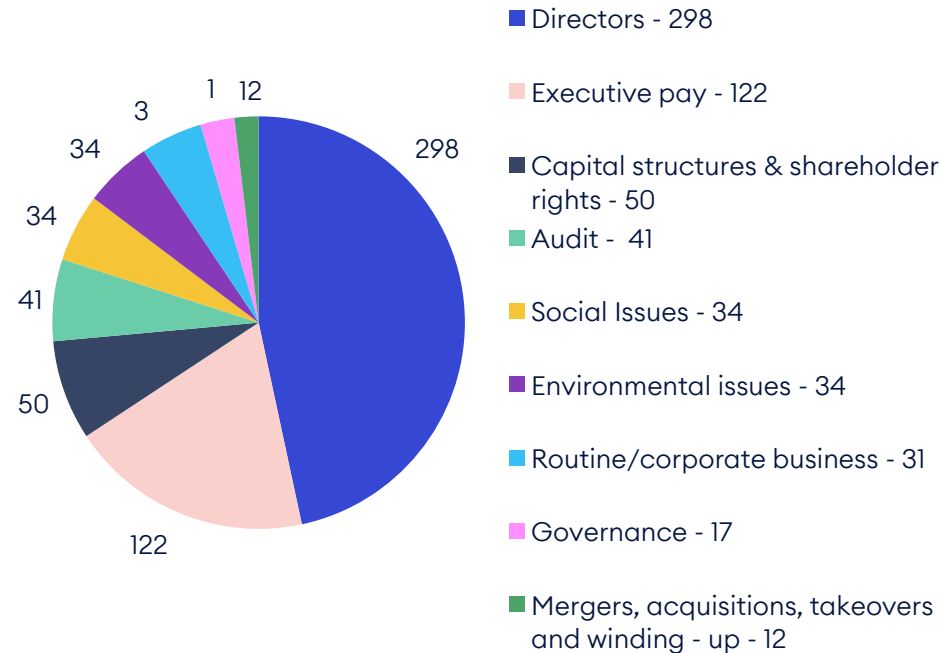


# Active ownership – 2025

Dedicated Stewardship Team at Rathbones of 6 individuals led by Matt Crossman (Stewardship Director) oversees voting & engagement activity, working closely with Rathbones’ Research and Investment teams

## Voting

Rathbones Group voted on **10,615 resolutions** at **801 meetings**. We decided not to support management **639** times



## Engagement

Rathbones Group engaged with companies **857 times** on **58 issues**. Many of these engagements covered a number of topics.

Some common engagement topics	Times issue raised
Executive pay	290
Board diversity	248
Independence of directors and committees	218
Net zero	102
Modern slavery	95

Represents Rathbones group’s voting and engagement activity. Data as at December 2025.

# Our track record of active ownership

## Recent examples of engagement



### Energy and climate

- Founding members of Aiming for A, the precursor to Climate Action 100+
- Supported development of the Net Zero Investment Framework, which now guides our engagement dialogue with companies
- 15 companies identified as priorities for engagement improved their net zero alignment between 2022-24



### Health and wellbeing

- Greenbank founded the Investor Coalition on Food Policy, calling for the UK government to take action to promote a healthy, sustainable and affordable food system in the UK
- Provided evidence to a House of Lords Food, Diet and Obesity Committee
- In 2025, the UK government's 10-year health plan included our recommendation for mandatory reporting of nutrition data by large food sector companies



### Human rights

- Led investor support for the inclusion of transparency in supply chains disclosure requirements in UK Modern Slavery Act
- Established Votes Against Slavery collaboration in 2017. This now covers over 500 UK companies
- Wider engagement covers human rights due diligence, digital human rights and ethical AI



# Investment process

# Generating sustainable cash flow

## Setting our investment guardrails



**Sustainable competitive advantage**

Evidenced by high CFROI<sup>1</sup>, a result of a network effect, high switching costs, intangible assets, a cost advantage or efficient scale



**Plentiful growth opportunities**

Above average organic growth credentials, benefitting from structural growth trends



**Robust balance sheet**

Ability to service and pay down debt



**Responsible operator**

Company operated in a responsible manner, with due regard paid to key stakeholders



**Attractive valuation**

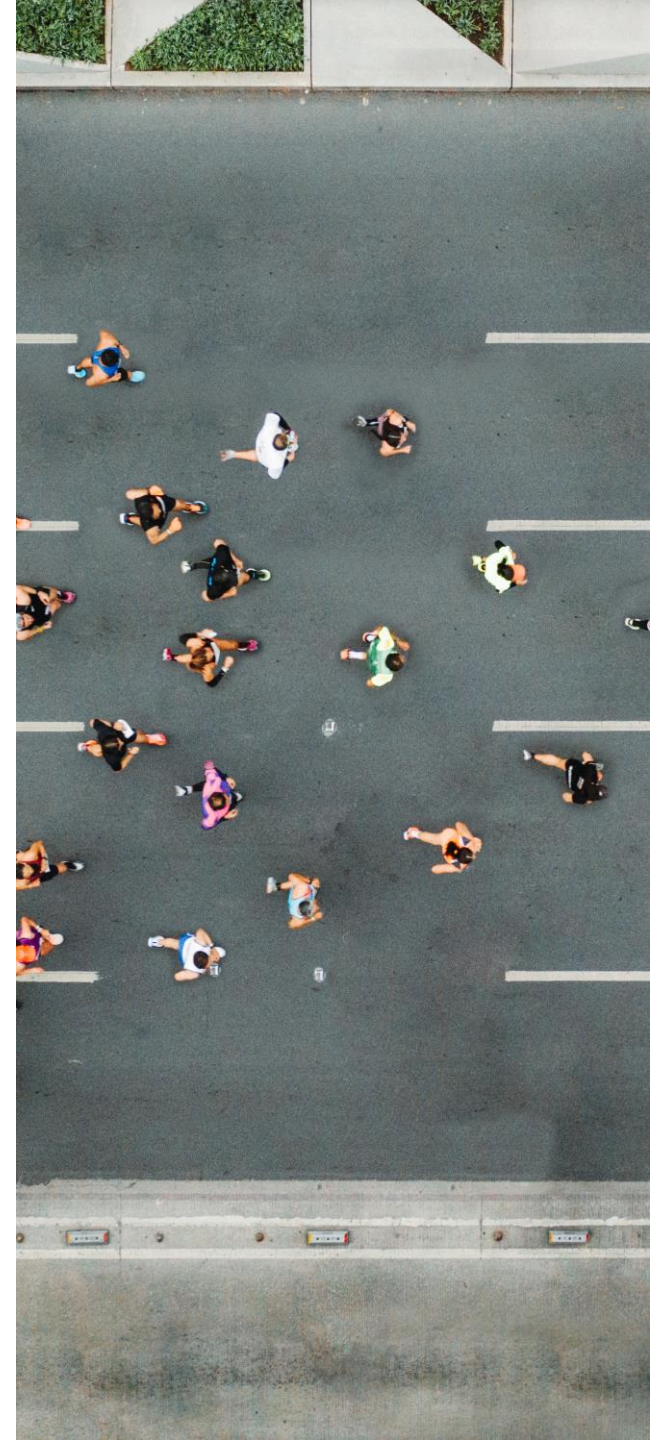
A reasonable margin of safety should exist, with the stock trading at a discount to its intrinsic value



**Strong cash generation**

Strong cash conversion, abundant free cash flow

1. CFROI, Cash Flow Return on Investments, a UBS HOLT measure that shows the internal rate of return (IRR) of a business.



# Investment approach

## A focus on capital light cash generative businesses

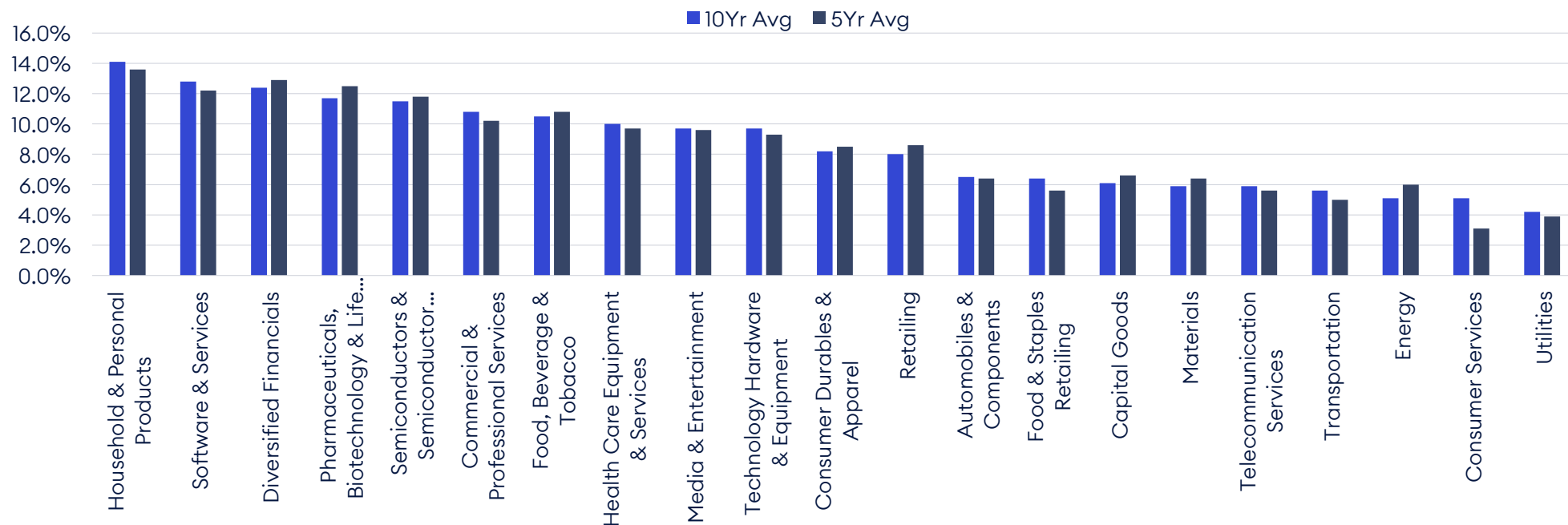


Philosophically, our preferred measure of profitability is Cash Flow Return on Assets (CFROI)



High return, capital light companies tend to benefit from some form of competitive advantage, resulting in higher CFROI than the market and are less prone to mean reversion

### Aggregate annual industry CFROI history – global market



# Global equity investment process

## ESG integrated across the investment process





Further information

# Events and insights

Please join our speaking session or visit our stand at any of the following conferences

Trustee training and other events

Charity matters e-newsletter

Market insights

Charity investment training hub

- Scottish Council of Independent Schools Annual Conference**  
23 April 2026, Edinburgh
- ISBA Conference**  
12-13 May 2026, Wales
- Charity Investment Forum**  
1-2 June 2026, Weybridge
- CFG Annual Conference**  
21 June 2026, London

Our charity team run regular **trustee training** sessions for our clients, often in tandem with specialists in charity law and accountancy. We can also provide individual training sessions.

- 2026 training dates coming soon.

**Other upcoming events:**

- Live webinar: Resilience in the future funding landscape**  
17 June 2026, online

Register here:

We publish Charity Matters, our digital publication for charity trustees and executives, where we share news, reports and upcoming events, throughout the year.

If you'd like to receive Charity Matters, please subscribe here:

<https://www.rathbones.com/en-gb/wealth-management/charities/insights/subscribe>

We believe that access to expert thinking, peer insights and timely guidance is a vital part of any charity's investment relationship, especially in a changing environment.

Our dedicated programme of events and publications is designed to support trustees beyond the day-to-day, helping you stay informed, connected and forward-looking.

<https://www.rathbones.com/en-gb/wealth-management/charities/insights>

This is your destination for clear, practical guidance on the issues that matter most to trustees and charity executives.

Whether you're reviewing your investment policy, exploring sustainable investment options, or managing cash flow in uncertain markets, you'll find content designed to build your understanding and support better decision-making.

<https://www.rathbones.com/en-gb/wealth-management/charities/investment-support-hub>

# Important information

**The value of investments and the income from them may go down as well as up and you may not get back your original investment. Past performance should not be seen as an indication of future performance. Changes in rates of exchange between currencies may cause the values of investments to decrease or increase.**

Information valid at date of presentation.

Tax regimes, bases and reliefs may change in the future.

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