

BALLIOL
COLLEGE
UNIVERSITY OF OXFORD

Balliol College Investment Committee background

Last updated: Trinity Term 2025, Balliol Investment Committee

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TERMS OF REFERENCE AND GOVERNANCE

Balliol's Investment Committee reports directly to the College's Governing Body, advising the charity's trustees on investment matters[1].

Its membership is the Master and Finance Bursar (ex officio), with other Balliol Fellows appointed to the Committee through the College's Nominating Committee. Non-Fellow members are discussed at the Committee itself and then approved by Nominating Committee. A skills matrix is maintained to aid recruitment decisions.

The Committee's mandate was agreed by the Committee and then Governing Body in 2023. It is included in full in Appendix A. The main investment objective is to preserve, and preferably grow, the real value of its assets over the long-term, after providing for annual distributions. We aim to do this while taking acceptable levels of risk, adhering to the College's Policy on Socially Responsible Investment (Appendix A) and meeting the College's commitment to reduce fossil fuel exposure as far and as fast as possible.

The College statutes allow the College to invest as it sees fit:

"7. Investments.

(a) Any Fund held by the College in trust, or Special Fund established for College purposes, may be invested in the Trusts Fund (otherwise known as the 'Trust's Pool') created by the Scheme made for the College under the Universities and Colleges (Trusts) Act 1943 and approved by His Majesty in Council on the 8th day of October 1948 as amended by Her Majesty in Council on the 22nd day of December 1971. *[For example, funds for Mr Snell's Trust, the Fairfax Fellowships at Balliol Fund, Dervorguilla Appeal Fund 1982]*

(b) Any Capital Moneys in the hands of the College (not being Capital Moneys arising under the Universities and College Estates Act) and any moneys held by the College on behalf of any Special Funds (other than any funds already invested in the Trusts Fund) shall be invested in the following range of investments:

> (i) Such stocks shares funds securities obligations bonds or other investments (including land) in any part of the world and whether involving liability or not or at loan without security as the Governing Body from time to time shall in their absolute discretion think fit so that the Governing Body shall have the same powers of investing varying and managing investments as if the Governing Body were absolutely and beneficially entitled thereto.
>
> (ii) All investments or modes of application authorized for capital money by Section 26 of the Universities and College Estates Act 1925.
> *[https://www.legislation.gov.uk/ukpga/Geo5/15-16/24/section/26]*
>
> (iii) Any investment made under the powers contained in the foregoing sub-clause shall stand either in the name of the College or (subject to the approval of the Auditor or Auditors of the College appointed in accordance with Clause IX.6(b) of

[1] The Charity Commission ("Charities and investment matters: a guide for trustees" section 6.2) requires that "Trustees must take and consider advice from someone experienced in investment matters before making investments and when reviewing them, unless they have good reasons for not doing so"

this Statute) in the name of a body corporate selected from time to time by the Governing Body as the nominee and trustee of the College for that purpose.[2]"

The statutes also require that (IX 3 (e)) "The Governing Body shall from time to time appoint a suitably qualified person to review the total return and the investment criteria"

Interaction with the Governing Body

The Chair of Investment Committee writes a report to the Governing Body each year, usually attending a meeting in Trinity Term, to present the report and answer any questions. It should be noted that the Investment Committee acts in an advisory capacity to the Governing Body. Members of the Governing Body of the College are listed on the Charity Commission: https://register-of-charities.charitycommission.gov.uk/en/charity-search/-/charity-details/5021661

Portfolio Review

As required by the statutes the portfolio must be reviewed from 'time to time'. In 2014 and 2018, the Committee commissioned Lane, Clark & Peacock to review the portfolio. The most recent review was undertaken internally by the Chair, Finance Bursar, Elizabeth Goldhill and Peter Tufano. This review, completed in Summer 2024, concluded that the relationships with Ruffer and Charity Property Fund should be discontinued, with proceeds consolidating into OUEM and Partners Capital.

The next review should take place in 2028-29.

HISTORY OF THE ENDOWMENT

(From the Archivist)

The permanent endowment for Balliol began with John de Balliol's bequest. The will doesn't survive, but we know that the bequest consisted largely of Balliol's debts, two horses, two tuns of wine and some land which yielded income. Dervorguilla expanded on this meagre endowment by assigning lands and rents in Northumberland, bought a block of tenements near the original building rented by her husband in Horsemonger Street (now Broad Street) and set up Balliol as a corporate body.

Balliol had to sue Dervorguilla's descendants for the £100 she left the College in her will, but meanwhile Balliol acquired more property in Oxford by purchase and benefaction, most of which was treated as investments and rented out. Further endowment included the Advowson of the Living of St Lawrence Jewry in London, in 1294. Balliol was deprived of this advowson in 1951 when it was assigned to the Corporation of London, but the Corporation still pays the College a corn rent in respect of this site (an investment which generates around £4k per year, depending on the price of a bushel of wheat), upon which the London Guildhall was built, and there is a stall reserved for the Master of Balliol College in St Lawrence Jewry Church.

Numerous Advowsons were acquired by gift, legacy or purchase during the following seven centuries. In the early days, the College's interest was two-fold. In the first place, there was often agricultural land and property associated with the Living from which the College

[2] https://www.balliol.ox.ac.uk/sites/default/files/balliol_college_statutes.pdf

could draw income. In the second place, the Livings provided a career path and route to matrimony for young Fellows of the College. Until the mid-nineteenth century, all Fellows had to be ordained priests within a few years of election, and all were (or were supposed to be) celibate.

Income from College houses and lands were stable in C16 and estate administration was straightforward (Northumberland, Huntingdonshire, Bedfordshire, London, Oxfordshire). Bad harvests, rise in price of cereals were good for Balliol: rental income increased. Other income was received from the profits from sale of bread and beer, surplus and scrap, admissions fees, room rents, charges for renewing leases, selling stone from College's quarry in Headington (from the early C17).

During the English Civil War, the College ran into severe financial difficulty because many of its rents were uncollectable, and the King, besieged in Oxford, took all the available cash to pay his army. This was recorded in the Treasury Book as a 'willingly' made loan, still outstanding. Over the page are noted similar never repaid "loans" to the King of more cash and all the silver except the Chapel plate. In the Great Fire of London (1666) one-fifth of total rental income was destroyed. Even after substantial donations and selling more plate, the College was still in debt to the tune of more than 2 years' corporate income (in 1674 almost this entire amount was owed to the Butcher alone). The Visitor intervened, conducted an audit of accounts, and discovered scandals like the Master's wife selling the position of Head Cook.

One benefaction failed: Tisdale. In his will, he wanted to fund places for Scholars from Abingdon School. After a long delay, this fell through when another benefactor added to the pot, and the trustees decided to withdraw from the Balliol scheme and found a new college: this turned out to be Pembroke College. The existing Tisdale Scholars migrated to Pembroke, but not before one had been killed in a knife fight. In the meantime, Balliol had leased land contiguous land on which to house the Abingdon Scholars, meaning that the site now extended almost to its present-day limits.

In the early 19th Century, coal was discovered under ancient estates in Northumberland which led to an increase in investment revenue and the College's debts were cleared.

In 1934, a bequest of £10,000 was invested in the purchase of around 1,000 acres of agricultural land in Cumberland. In total £12,000 was spent on land in Buttermere and other parishes in Cumberland. The investment proved poor and impractical to manage and, after protracted steps to dispose of the estate, it was all sold by 1960 at a loss after inflationary correction, investments in the farms and legal/administrative fees.

And more recently…

Prior to 2014, the College operated the 'Appeal Funds' which were separate funds for donations and were managed by the Appeal Fund trustees, chaired by the Visitor. The Appeal Funds managed their own investments and used the income for investments for various College projects, as recommended to them by the Bursar and Domestic Bursar. In June 2008 the Appeal Funds transferred its funds from Aberdeen Fund Managers to split them between OXIP and Partners Capital.

In 2014, the Appeal Funds were transferred into the College and some of the Appeal Fund trustees transferred to the College's Investment Committee. At the time of transfer the investments were held in The OXIP Diversified Funds (£7.9m) and Partners Capital (£11.8m). At that time, the College itself held a diversified portfolio of £63.8m with its largest holding in OXIP of £36.8m and further holdings with Schroders (£4.8m), Vanguard

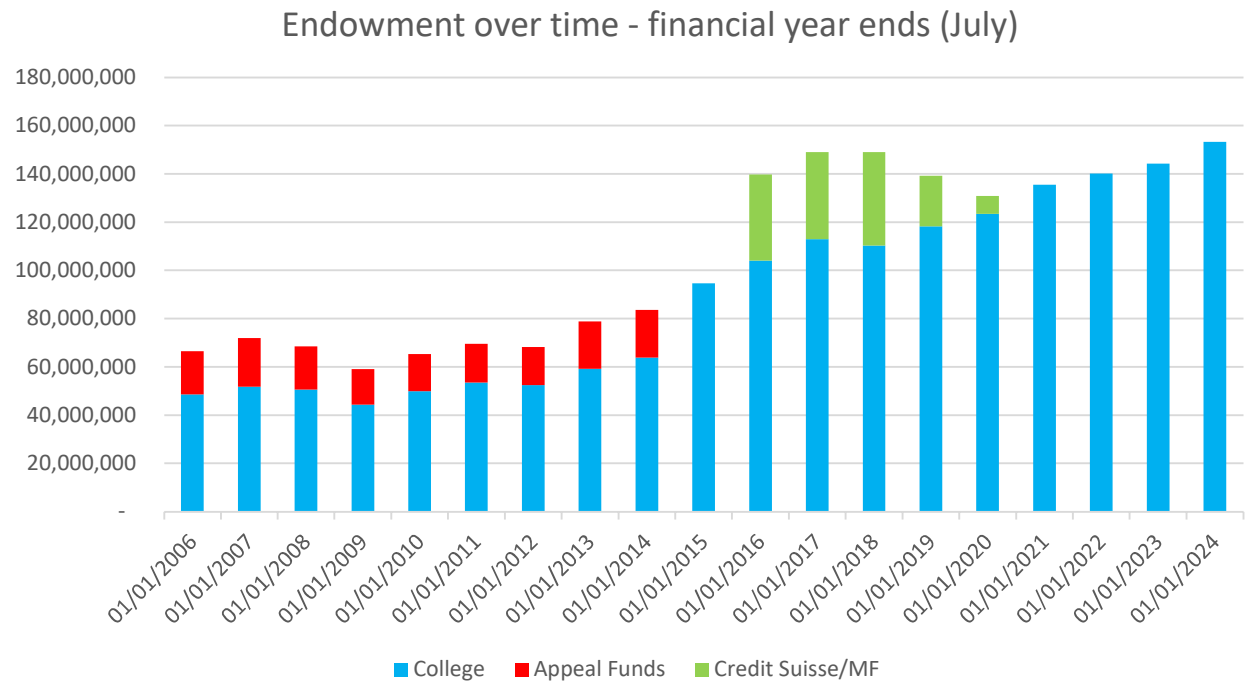
(£12.2m), Charity Property Fund (£7.8m) with other smaller funds making up the balance of £2.2m.

In December 2015, the College raised £35m in a private bond placement with MetLife to finance the Master's Field development. The bond is at a fixed 3.37% interest rate, with the balloon payment due in December 2060. The proceeds were invested in a Credit Suisse bond portfolio and cash was drawn down as required for the project. A further sum of around £4m was invested in OUEM's Oxford Capital Fund, which was designed for short term, risk-free investments for capital projects. This fund was subsequently discontinued by OUEM as not being part of its core business.

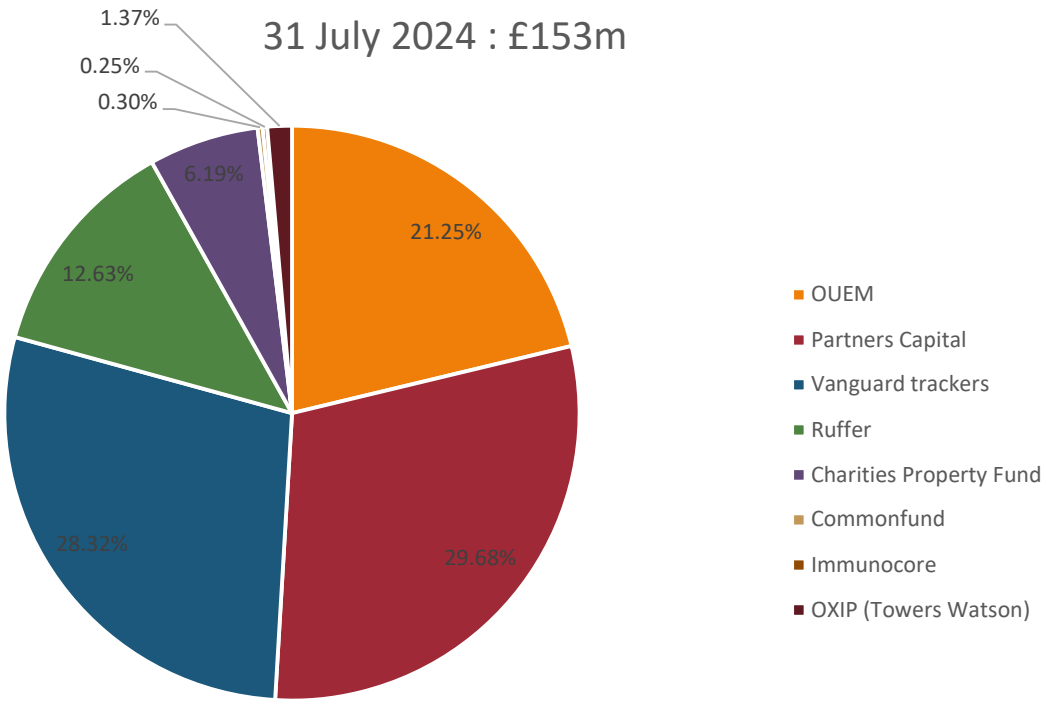
In early 2020, following student engagement, the College committed to divest from fossil fuel companies https://www.balliol.ox.ac.uk/news/2020/january/fossil-fuel-divestment

COMPOSITION OF THE ENDOWMENT

Since July 2006, the endowment has grown from £66m to £153m:



As at 31 July 2024 (the College's financial year end) the investment portfolio stood at £153m and was split across the following managers:



Investment Managers

Partners Capital - *https://partners-cap.com/*
Partners Capital hold a multi-asset portfolio, with a 40% private equity component, which will be increased to 45% over the next few years. The private equity components are held within 'vintage' funds (generally named after American birds, such as Condor). They report quarterly, and we draw £175k per quarter from the portfolio.

The College's relationship with Partners began with the Appeal Trustees in July 2008 with a £9m investment. Given the timing, this fell to £7.5m in March 2009, returning to above £9m in December 2010. These funds were transferred to the College portfolio when the Appeal Funds moved into the College in 2014.

OUEM - *https://www.ouem.co.uk/about-ouem/*
Oxford University Endowment Management holds the endowment investments for the University and a number of its constituent colleges. It also invests for some linked or local charities, but it is now closed to new investors outside the University/colleges. Balliol first invested with OUEM in September 2014, soon after the transfer of the Appeal Funds, with an investment of £10.7m.

It is designed to be able to be the sole investment vehicle for an Oxford endowment and many of the colleges use it as such.

In 2022/23 it introduced a client portal to allow Investment Committee members to have access to more information about its portfolio following some criticism on its transparency. Members of the Committee are able to request access to this portal.

Vanguard
The College has invested with Vanguard trackers since 2013. In 2020, following the

divestment from fossil fuels, the College transferred to specific ESG funds. The College currently holds two trackers with Vanguard, both with ESG screening:

- ESG Emerging Markets All Cap Equity Fund
- ESG Screen Developed World All Cap Equity Fund (UK)

Both funds exclude investment in fossil fuel companies and are distribution funds. These trackers are used to provide exposure to public equity markets whilst reducing the overall fee levels within the portfolio as a whole.

Ruffer *- https://www.ruffer.co.uk/en/*
The College first invested in Ruffer in 2014, with an initial investment of £4.7m, representing 5% of the College's portfolio. With periodic additions, including a transfer of an endowment of £5m from the Fairfax Fellowships Trustees in November 2022, the College held 10-15% of its portfolio in Ruffer, designed to be the endowment's defensive holding. However, following poor performance over a protracted period, the holding was redeemed in December 2024 and the proceeds invested in OUEM and Partners Capital.

Charity Property Fund *- https://www.cpfund.co.uk/*
The Charity Property Fund is a UK-only property investment fund, only available to charities. Balliol has invested in this fund for many years, with a £3.7m investment in place in 2006. It invests in commercial property in good locations and is designed to gain a reasonable income yield. Rents received (net of costs) are paid to shareholders on a quarterly basis. At the most recent portfolio review, it was decided to exit this investment when the timing was right.

Immunocore *- https://www.immunocore.com/*
Immunocore is the College's only direct shareholding and results from its investment in the Isis Partnership, a partnership of a few Oxford colleges, designed as a private equity vehicle before the advent of OUEM. When the fund was finally wound up in 2019, colleges were given direct shares and Immunocore began a process to list on NASDAQ.

OXIP/Towers Watson
OXIP/Towers Watson is a fund which holds the remaining holdings from the College's investment in Oxford Investment Partnership. Its original investors were Balliol, Christ Church, New College and St Catherine's College. The fund is expected to be wound up in the summer 2025.

Commonfund
Commonfund is an American private equity fund manager. Balliol committed capital of $2.5m across 2007 and 2010 holdings. At the end of 2024 around $2.2m has been called with a holding value at $550k.

Joint equity housing
The College offers certain Fellows a scheme to buy a property with the College as a joint purchaser. These properties are held within investments in the College's books, with the scheme overseen by Remuneration Committee.

Corn rents and quit rents
A small holding is held within the College's investments relating to "Corn rents". This relates to rent charged for College land in London at St Lawrence Jewry, referred to above. The rent is assessed six-monthly (on Lady Day and Michaelmas Day), based on the price of 250 bushels of wheat. This varies but generates £3-4k per year.

The “Quit rents” relate to small wayleave payments for utilities held on College land, for example £1 per year for a light bracket, paid by Oxfordshire County Council.

TOTAL RETURN AND THE COLLEGE’S FINANCES

The College adopts total return for its investments, designed to allow the investments to grow but also support the College’s cash needs. Around 30% of the College’s endowment is ‘general endowment’ so the income can be used for any College purposes, with the remaining 70% restricted for spending against Fellowships, graduate scholarships, student support, prize funds and other areas.

The College adopts a total return “smoothing rule” so any short-term fluctuations do not have a significant effect on the College’s spending. The methodology for this calculation was designed by Andrew Graham, when Master, and approved by the Governing Body.

All values relate to 31 March of the financial year.

The total return rate is reviewed periodically by Investment Committee and any changes are recommended to Governing Body.

The calculation is as follows:

Current year – 3: 15% of the value, adjusted by CPI to bring to a current year value

Current year – 2: 22% of the value, adjusted by CPI to bring to a current year value

Current year – 1: 28% of the value, adjusted by CPI to bring to a current year value

Current year: 35% of the value

This total is then multiplied by the total return rate (currently 3.25%)

As an illustration:

		Current year - 3	Current year - 2	Current year -1	Current year
		A	B	C	D
Endowment value at 31 March	1	£135m	£138m	£140m	£150m
CPI for current year - 3	2	2.0%			
CPI for current year - 2	3	1.5%	1.5%		
CPI for current year -1	4	3.0%	3.0%	3.0%	
Index-adjusted value	5	143,958,465	144,272,100	144,200,000	150,000,000
Percentage applied to current year calculation	6	15%	22%	28%	35%
Total value for total return calculation	7	21,593,770	31,739,862	40,376,000	52,500,000
Adjusted value (A7+B7+C7+D7)	8				146,209,632
Total return percentage	9				3.25%
Total return for spending (D8*D9)	10				4,751,813

For context, the income from the College was around £19m in 2023/24: £9m from student fees, accommodation and catering charges, £3m from external conferences, £3m from donations received (including endowment donations), £3m from investment income received and £1m from other income. The difference between the investment income received and available spending does not appear in the College's income and expenditure account/statement of financial activities as income.

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INVESTMENT COMMITTEE MEMBERSHIP

The Investment Committee members all have a connection with Balliol – as ex officio College Officers, current or former Fellows and alumni. The current membership is as follows:

Name/Title	Position	Date joined Committee
Nick Moakes	Chair, Balliol old member	October 2021
Master (Helen Ghosh)	*Ex officio*	
Finance Bursar (Amanda Tilley)	*Ex officio*	
Charles Alexander	Balliol old member	Previous Appeal Trustee
Elizabeth Goldhill	Balliol old member	October 2017
Leonie Foong	Balliol old member	October 2022
David Vines	Emeritus Fellow	October 2017 (and previous member before a break)
Peter Tufano	Supernumerary Fellow	October 2017
Ian Goldin	Professorial Fellow and Governing Body Fellow	October 2011
Dermot O'Hare	Senior Research Fellow in Chemistry and Governing Body Fellow	March 2023
Matthew Langton	Tutorial Fellow in Chemistry and Governing Body Fellow	March 2023
John Wylie	Balliol old member	March 2025

Appendix A

Investment Mandate for the Endowment

Objective: An endowment for Balliol College was first established in 1269 when Lady Dervorguilla of Galloway guaranteed the future of "The House of the Scholars of Balliol" in memory of her late husband, John de Balliol, an act of philanthropy that has been built upon by successive generations of benefactors. The endowment now exists to provide distributions in support of the College's mission, which is to advance education at both undergraduate and graduate levels, to facilitate and to encourage scholarship and research at the very highest levels, and to promote excellence in learning, as one of the colleges within the University of Oxford.

In pursuit of this purpose, the endowment's investment objective is to preserve, and preferably grow, the real value of its assets over the long-term, after providing for annual distributions. We aim to do this while taking acceptable levels of risk, adhering to the College's Policy on Socially Responsible Investment (Appendix A) and meeting the College's commitment to reduce fossil fuel exposure as far and as fast as possible.

Our investment policy in pursuit of this objective is to hold a globally diversified portfolio of investments across a range of asset classes. It is constructed to seek to maximise the probability of attaining a level of total return that at least preserves the long-term real value of our assets. We aim to do this while providing funds to meet spending requirements and maintaining good stewardship over assets in the portfolio.

Management of the portfolio is currently outsourced to external managers. The portfolio is administered by the Finance Bursar, overseen by the Investment Committee under delegated authority from the Governing Body.

The current target total return for the Portfolio is to achieve at least UK CPI plus the agreed distribution rate (currently 325 basis points per annum), net of all fees, over a rolling ten-year time horizon. This is to ensure that the portfolio at least maintains its real value, and preferably grows.

Several core investment beliefs drive asset allocation:

- We seek to use the advantages of our long-term investment horizon and our ability to tolerate short-term volatility, which are underpinned by our governance structure.
- We seek to maximise risk-adjusted returns from global economic activity and to have a portfolio invested with no innate geographic bias.
- Excessive concentration in a single asset poses a significant threat, should the value of that asset be permanently impaired or destroyed, hence the portfolio is managed to ensure adequate diversification.
- Given the size of the portfolio and the limited resources available, the best returns will generally be driven by creating aligned partnerships with the strongest external managers. However, we retain the option to own assets directly.
- We are flexible as to the nature of the vehicles in which we invest. However, we will not directly invest in structures or assets which create

potential unlimited financial liability or significant adverse operational, reputational, or legal liability.

- Inflation can significantly impact real long-term purchasing power. Hence, most of the portfolio is invested in assets where cash flows are expected to exhibit some protection in real terms. These may include private or public corporate equity, property, and infrastructure.

1. Governance

The Governing Body's role, with advice and recommendations from the Investment Committee, is:

1.1 To agree the overall spending and investment objectives for the investment portfolio.

1.2 To approve the broad investment policy.

1.3 To approve the overall investment return objective.

1.4 To agree the acceptable expected risk tolerances consistent with the overall return objective.

1.5 To determine the broad structure of asset management arrangements and to ensure adequate resources are deployed to manage and monitor the investment portfolio.

1.6 To examine, and if appropriate approve, any investment transactions brought to it by the Investment Committee. Specific transactions would only normally be brought to the Governing Body if they were unusual, very large (more than 10% of portfolio assets) or carried significant potential reputational risk.

The Investment Committee's role is:

1.7 To provide advice[3], assurance and recommendations on investment matters to the College's Governing Body. To provide assurance that the investment arrangements remain appropriate, and confirmation that the portfolio is being managed in accordance with this investment policy.

1.8 To set appropriate asset class ranges for the investment portfolio, and to ensure portfolio exposure remains within those ranges

1.9 To review regularly and in detail the performance, risk profile and management of the investment portfolio, including the selection of investment managers.

1.10 To review, and if appropriate approve, any investment transactions involving commitments above one year or greater than £1m in monetary

[3] The Charity Commission ("Charities and investment matters: a guide for trustees" section 6.2) requires that "Trustees must take and consider advice from someone experienced in investment matters before making investments and when reviewing them, unless they have good reasons for not doing so"

value, which may be proposed from time to time by external managers or the Finance Bursar.

1.11 To provide advice and recommendations to the Governing Body on those areas in which the Governing Body retains responsibility for determining policy.

1.12 To oversee the arrangements for the safekeeping of all investment assets, implemented by the Finance Bursar.

1.13 A quorum for taking investment decisions, whether at Investment Committee meetings or for decisions taken between meetings by email or conference call, shall be six Committee members in addition to the proposer. Of these, at least one must be a voting member of the Governing Body in addition to the proposer.

The Finance Bursar is the College Officer and Fellow responsible for Investments and Finance. Their role with regard to the Endowment is:

1.14 To manage the portfolio on a day-to-day basis, liaising with external managers as necessary.

1.15 To monitor the adherence of the portfolio and managers to the guidelines in this Investment Policy and provide assurance to the Investment Committee.

1.16 To monitor the activities of the external managers and the performance of the portfolio and provide updates to the Investment Committee.

1.17 To make investment decisions below a cumulative £1m in monetary value between Investment Committee meetings, providing that these do not commit the fund to investment periods above one year. The Finance Bursar is able to commit funds to the Joint Equity Scheme outside this delegated authority and will report any transactions under this scheme to Investment Committee.

1.18 To recommend proposals to the Investment Committee for decisions above the level of their delegated authority.

1 Asset Allocation: Asset allocation ranges for the overall portfolio will be as follows:

Asset	Minimum	Maximum
Cash and bonds	2%[4]	20%
Public equities	30%	60%
Private equity	0%	40%
Property	0%	30%
Alternatives	0%	20%

2 Asset Mix: The Portfolio will be invested in accordance with each external manager's strategy, with the overall mix designed to meet the investment parameters set out in these Investment Guidelines, and subject to regular review by the Investment Committee.

3 Currency: Portfolios are to be denominated and valued in Pound Sterling.

Volatility: The College is a long-term, largely unconstrained investor and therefore able to withstand volatility. However, the volatility of the Portfolio will be monitored and reported to the Investment Committee. In normal circumstances, the rolling 3-year volatility of the portfolio will not exceed that of global equities.

4 Leverage: The College uses leverage where appropriate. Discretionary long-only managers are not permitted to use borrowings to leverage returns. Leverage is permitted in other funds, partnerships, and businesses in which we invest, although we are generally reluctant to invest in market strategies where leverage comprises a major component of returns.

5 Liquidity: At least 20% of the whole portfolio should be readily realisable within three months. The liquidation period shall be deemed from time of instruction to receipt of proceeds.

6 Income Requirements: No specific income targets have been set.

7 Liabilities: The manager shall not enter any contracts or investments where the Portfolio may be subject to unlimited liability.

[4] Sufficient to provide for at least the next 2 quarters of distributions without recourse to the invested asset base

Appendix B

College Policy on Socially Responsible Investment

The College is committed to ensuring that it makes investment decisions responsibly and with integrity. To this end, the College will follow certain principles and practices to guide the investment decision-making process.

1. College Principles of Responsible Investment

a. The College believes that by engaging in the broad set of extra-financial considerations – including environmental, social and governance (ESG) issues – the long-term financial performance of the portfolio as well as the alignment between the objectives of the College endowment and society at large can be improved.

b. The College has long been associated with freedom of expression and social justice. Decisions taken in respect of the College endowment should respect and be consistent with this history.

c. The College appreciate the responsibility to act and to be seen to act with integrity is of great importance.

2. College Practices in Managing the Endowment

a. When investing directly in the securities of individual companies, then the College will screen investments on ethical grounds and, where the activities of a company are, on ethical grounds, inconsistent with the educational and/or research objectives of the College, then the Investment Committee may choose not to invest even though this may reduce returns.

b. When investing through passive investment vehicles where investments are determined by the composition of financial markets (such as equity trackers), then the College will seek out, where appropriate, passive investment strategies that positively select holdings on ethical grounds, unless the Investment Committee judges that so doing will have a negative impact on expected returns.

c. When the endowment assets are invested in active funds, where investment decisions are delegated to a third party, then the selected asset managers will be periodically interviewed about their values and their approach to integrating ESG criteria into their investment process when exercising voting rights, to the extent they hold equity.

d. The College will ensure that any investment advisers appointed to provide advice will understand and accept the ethical standards expected in management of the portfolio. Fund managers will be actively screened on the basis of their adherence with internationally accepted ethical standards, such as the UK Stewardship Code. The College Investment Committee will annually review compliance with the above principles and practices to ensure that ethical standards are maintained.