

Investment Sub Committee

Annual Investment Report to Council 31 July 2025



1. Executive Summary

Building on the divestment from fossil fuel companies enacted in 2022-23, the University has ensured a continuing focus on the environmental, social and governance (ESG) aspects of its investment portfolio.

The University's ESG-related targets for the endowment and supplementary portfolios have been reviewed during the year and as a result changes have been made to ensure targets are sufficiently realistic but also rigorous.

The University's approach remains as follows:

- Specific exclusions in fossil fuels, manufacturing and supply of weapons, tobacco, adult entertainment and gambling
- Actively making sustainably-themed investments
- Transparency – a full list of all holdings is available at the end of this report
- Representation – the Students Union is represented at our Investment Sub Committee (ISC) and a list of members is published on the University website

In terms of financial performance the consolidated portfolio has generated 1.2% total return over the year to 31 July 2025, which is under the target of CPI +3.2%.

Sustainability and target setting

The University is committed to sustainability within its endowment investments and the proactive allocation of sustainability-themed investments. The current targets are set out below.¹

1. Reducing “exposure to carbon intensive companies”, as measured by Weighted Average Carbon Intensity (WACI). This is an indicator of current climate-related risks facilitating comparison across asset classes and across industry sectors, in the endowment's equities allocation.
2. Making initial investments in sustainability-themed investments. For example, in climate change mitigation, low carbon technology, social housing, sustainable infrastructure, energy efficiency and other opportunities.

¹ The previous target to reduce future emissions by focussing on absolute potential emissions (tons of CO₂e) has been achieved. This is a reserves-based measure that focusses on emissions that could be generated if the proven and probable fossil fuel reserves owned by the companies in the endowment's equities allocation were burned. Due to divestment from fossil fuels, these emissions are now zero.

3. Reducing scope 3 emissions of the portfolio, to be measured by the weighted average carbon intensity (WACI) of scope 3 (new from 2024)
4. Increasing the proportion of the portfolio that has an implied temperature rise (ITR) of less than 1.5 degrees (new from 2024)

Progress against these targets can be found at section 4 below.

2. Financial target setting

The University wishes to pursue an investment policy which provides capital growth with a medium level of risk over the longer term.

To this end the primary objective to achieve a total return, including dividends, interest, rent or other income, and capital appreciation, of CPI Inflation + 3.2% per annum net of fees, over 3-5 years.

Financial performance is analysed at section 3 below.

3. Financial performance

3.1 Portfolio performance (net of fees) as at 31 July 2025 – total return basis

Performance to 31 st July 2025 (% pa) Endowment portfolio				
	1 year	3 years	5 years	Since inception 28/07/2015
Royal Holloway Endowments	1.2%	0.8%	4.1%	4.3%
CPI +3%	6.9%	7.4%	8.1%	6.4%
Greenbank Charity Risk Level 4 Benchmark*	9.0%	7.5%	7.7%	7.1%
Greenbank Charity Risk Level 5 Benchmark*	10.8%	9.1%	9.8%	7.7%

* The formal benchmark of the endowment portfolio changed from Risk Level 4 to Risk Level 5 during the year to 31 July 2023. Data for previous years has not been restated.

Thematically, seven very large, US-based technology stocks (the 'Magnificent Seven') continued to dominate global equity returns, with share prices fuelled by investors building hopes of enhanced future company earnings, driven by Artificial Intelligence (AI). The portfolio's exposure to two of these generated positive returns, however their underweight positions overall in comparison to this group have marred returns relative to benchmarks overall.

Market returns have been notably influenced by global developments, leading to heightened volatility across asset classes. In the final quarter of calendar year 2024, equity markets experienced a sharp rally driven by the outperformance of the so-called "Magnificent Seven" tech stocks. In contrast, ESG-aligned investments faced headwinds, particularly infrastructure trusts focused on renewable energy and broader energy transition sectors, which underperformed.

Further disruption occurred in early April 2025 following "Liberation Day," when President Trump announced sweeping tariffs on imported goods. This policy shift introduced additional uncertainty and contributed to significant market turbulence.

Over the last quarter of the year to July 2025, deals struck between the US and major trading partners have calmed markets, and equity returns have strengthened.

Since the end of July, the portfolio has risen in value 3.7% (to 27th October) with returns driven by the continued strength in equity markets following the calming of trade tensions.

3.2 Income

As a charitable institution we have a duty to manage and administer our endowment funds appropriately and there are restrictions on our use of the endowment assets we hold. We use the income generated from these assets each year to contribute towards our charitable purpose to support education and promote research for the public benefit.

Income from the portfolio for the year to 31 July 2025 was £1.3m (31 July 2024: £1.5m).

3.3 Investment portfolio and asset allocation²

As at 31 July 2025 the total market value of the portfolios was £69,745k (31 July 2024: £70,370).

² The source for the detailed analysis in this report is Rathbones

Fund	Market value 31 July 2025 £000	Market value 31 July 2024 £000	Market value 31 July 2023 £000
Founders Endowment Fund	41,031	41,534	40,047
Scholarship Endowment Fund	7,704	7,837	7,572
General Endowment Fund	3,031	3,069	2,962
Hilda Martindale Endowment Fund	1,001	1,014	979
Total endowment portfolio	52,768	53,454	51,560
Equity only portfolio	16,977	16,917	N/A
Total portfolio	69,745	70,370	51,560

The asset allocation as at 31 July 2025 was as follows:

Endowment only:

		Asset allocation % 31 July 2025 (Endowment only)	Asset allocation % 31 July 2024	Asset allocation % 31 July 2023
Liquidity	Cash	0.7	1.1	0.6
	UK government bonds	2.3	3.8	2.4
	Overseas government bonds	1.5	1.5	2.0
	High Quality Investment Grade	1.2	1.3	3.6
Equity-type risk	Fixed income	5.0	4.9	7.4
	UK equities	27.4	31.6	36.9
	North American Investments	33.4	27.6	18.3
	European Investments	7.8	6.8	7.1
	Asia Pacific Investments	1.6	1.7	1.6
	Emerging Market Investments	2.4	2.1	2.1
	Global equity funds	7.4	7.1	6.9
Diversifiers	Infrastructure Funds	4.7	5.9	6.1
	Property Funds	4.7	4.6	5.0
		100.0	100.0	100.0

Endowment and equity-only portfolios combined:

		Asset allocation % 31 July 2025 (Endowment and equity only)
Liquidity	Cash	0.8
	UK government bonds	1.8
	Overseas government bonds	1.1
	High Quality Investment Grade	0.9
Equity-type risk	Fixed income	3.8
	UK equities	26.7
	North American Investments	37.4
	European Investments	8.9
	Asia Pacific Investments	1.9
	Emerging Market Investments	2.6
	Global equity funds	7.1
Diversifiers	Infrastructure Funds	3.6
	Property Funds	3.6
		100.0

4. Performance against ESG targets

4.1 Weighted Average Carbon Intensity (WACI)

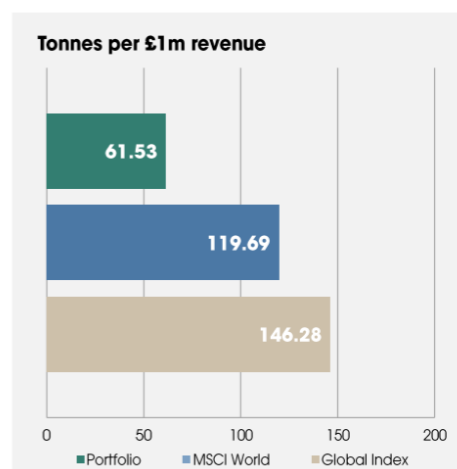
The weighted average carbon intensity method measures a portfolio's exposure to carbon-intensive companies based on CO2 emissions per million pounds of sales, adjusted according to each holding's weighting within a portfolio.

All major asset classes can be measured and compared, including fixed income, equity and managed funds. However, there is not a consensus around how to quantify the carbon footprint of certain investments such as complex financial instruments, including derivatives and short positions, as well as sovereign bonds. As such, certain managed funds cannot be reliably estimated and are therefore excluded from the measurement. The carbon footprint includes only Scope 1 and Scope 2 emissions, as defined by the Greenhouse Gas Protocol.

This target was reviewed mid year as the previous target had already been met, after improved data quality led to a reduction in the portfolio's WACI. The target has been updated to a WACI of 59 by the end of July 2030.

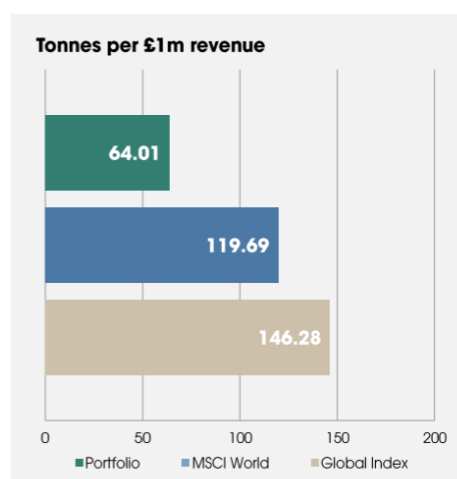
Consolidated endowments:

Valuation date	31/07/2025	
Value covered by carbon data (% total value)	93.37%	
	Tonnes per £m revenue	
Portfolio carbon footprint	61.53	
MSCI World (tonnes per £1m revenue)	119.69	-48.6%
All countries World Index (tonnes per £1m revenue)	146.28	-57.9%



Supplemental portfolio:

Valuation date	31/07/2025	
Value covered by carbon data (% total value)	98.68%	
	Tonnes per £m revenue	
Portfolio carbon footprint	64.01	
MSCI World (tonnes per £1m revenue)	119.69	-46.5%
All countries World Index (tonnes per £1m revenue)	146.28	-56.2%



As of 31 July 2025, the portfolios are currently on track to meet the target. The portfolios' most carbon intensive holdings continue to demonstrate strong year on year reductions in carbon intensity. For example, the portfolio's two most carbon intensive holdings, Republic Services and SSE, have achieved a 19% and 13% decrease year-on-year. This positive trend is broadly seen across the portfolios e.g. Onsemi, Impax Environmental Markets, Advanced Drainage Systems, Boliden. Greenbank continue to engage with the most carbon-intensive names, meeting recently with Republic Services.

Performance against target:

	Previous target of 85 to be achieved by July 2025	MET
	Current target of 59 to be achieved by July 2030	ON TARGET

4.2 Making sustainably-themed investments

A method has been developed to map the portfolio's exposure to sustainable development themes, linked to the UN Sustainable Development Goals, and categorises holdings into one of four categories:

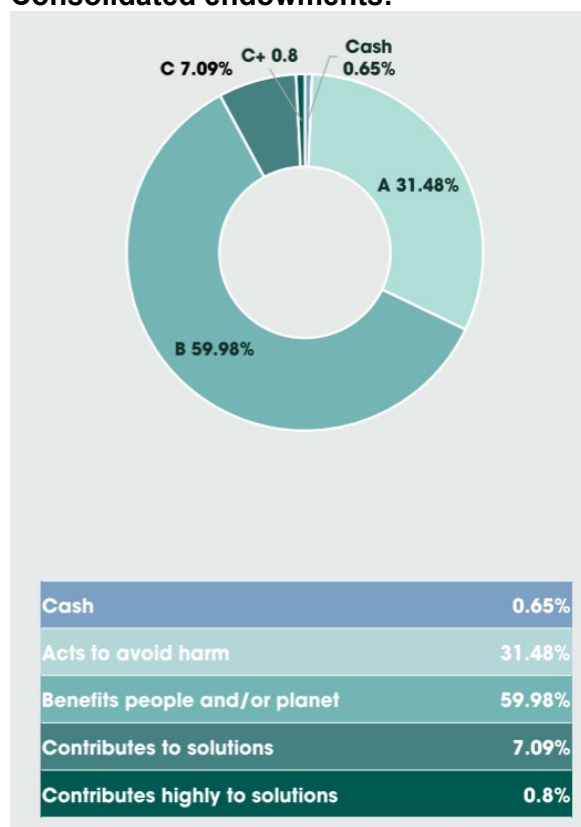
- A. Acts to avoid harm (a holding cannot become part of the portfolio unless it meets this criterion)
- B. Benefits people and/or planet
- C. Contributes to solutions; and
- C+ Contributes highly to solutions

Investments are assessed in terms of what they do and how they operate. The table below shows the current balance across the portfolio as at 31 July 2025.

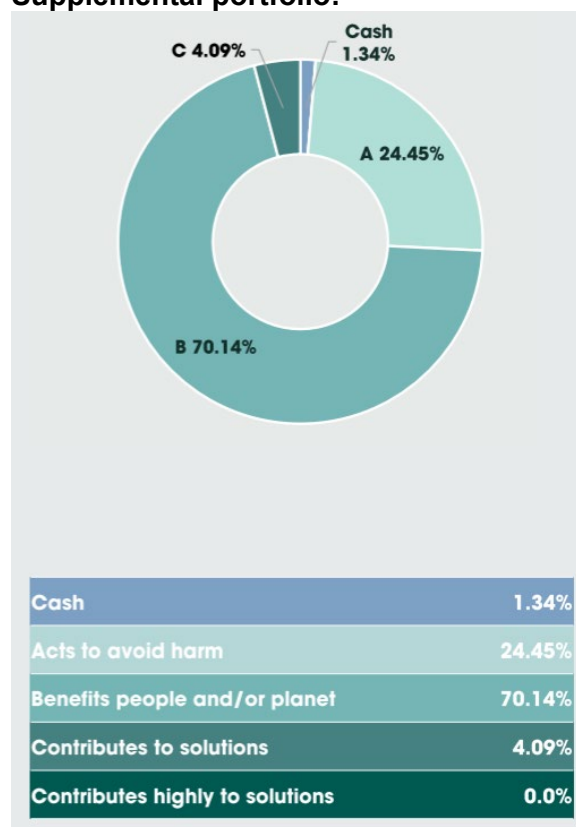
As of 31 July 2025, more than 100% of the non-cash holdings are classified as A or above, which means the portfolio is meeting target 1.

The portfolio of C and C+ holdings has changed slightly over the previous 12 months due to the takeover of Renewi and sale of Ørsted, as well as the purchase of MIPS. An increased proportion of the portfolio (e.g. Atlas Copco, Deere, HICL, Nvidia, Republic Services) has been categorised as "Benefits people and planet" following the implementation of the UK Sustainability Disclosure Requirements regulation and our latest sovereign debt assessment. The portfolio has also seen a particular increase in exposure to the sustainable development theme 'Resilient Institutions' due to an internal thematic review, with some financial institutions (e.g. Prudential, Partners Group) within the portfolio changing alignment, as well as an increase in exposure to UK government bonds.

Consolidated endowments:



Supplemental portfolio:



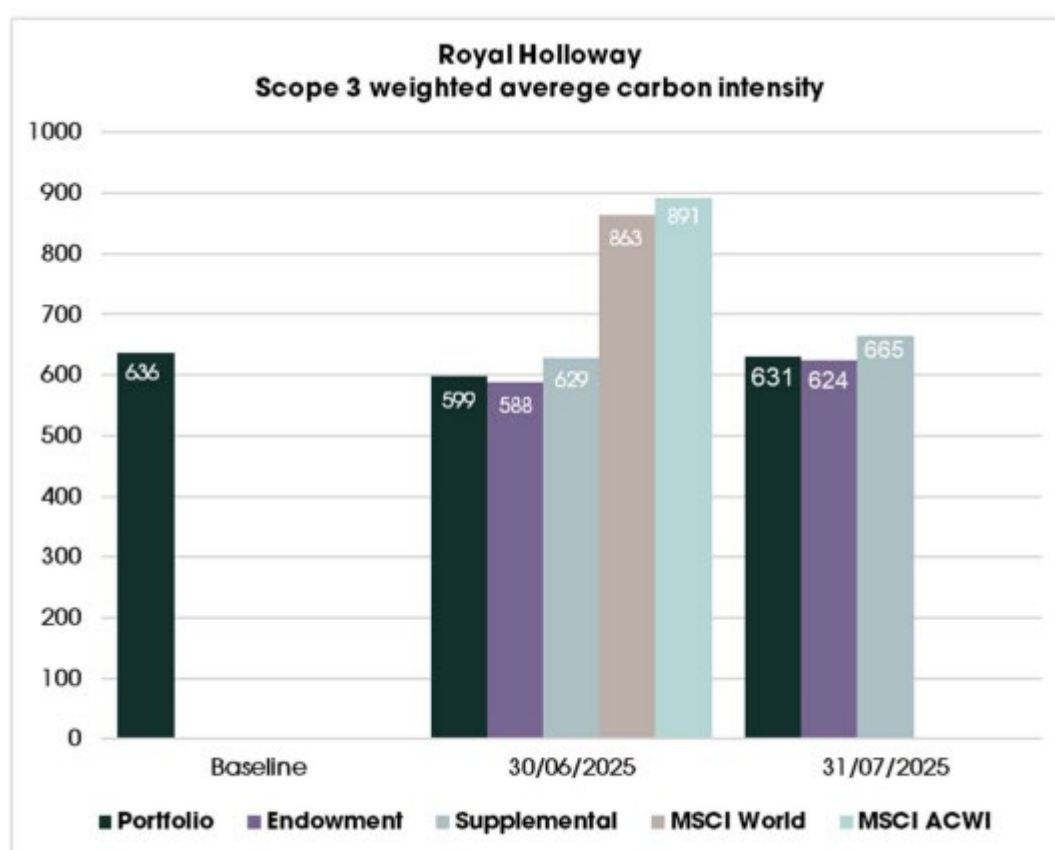
Performance against target

1	At least 99% of holdings excluding cash will be in categories A-C	MET
2	The portfolio will achieve at least 15% of holdings in category C and C+ ("contributes to solutions") within 5 years from August 2021.	UNDER REVIEW

4.3 Scope 3 emissions (NEW in 2024)

Scope 3 emissions are not produced by companies themselves but represent their indirect emissions, such as business travel or supply chain emissions. Reporting scope 3 provides a fuller picture of the impact of the companies invested in.

The target has been derived by taking the top end of the EU Technical Expert Group on Sustainable Finance recommendation that a reduction in the WACI of 5-7% per year is needed for portfolios to align with the goals of the Paris Agreement. 2030 has been selected as it aligns with the Paris Agreement's interim goal and it gives Royal Holloway time to adapt this target should the data quality change materially.



As of 31 July 2025, the portfolio's Scope 3 WACI has increased slightly. Slight increases across the portfolio and benchmarks compared to 2024 data can largely be attributed to changes in currency exchange rates. The volatility of MSCI's underlying data assessment continues to be monitored and have recently acquired access to an additional third party dataset.

1	A weighted average carbon intensity of Scope 3 of 411 by 2030 (a decrease of 35% compared to July 2024).	ON TRACK
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4.4 Implied Temperature Rise (ITR; NEW in 2024)

This measure is modelled by MSCI. It takes carbon emission targets and translates them into an implied temperature rise equivalent. This measure now includes a credibility assessment making it more reliable and robust. This figure is relatively nascent and seeks to translate complex modelling into easy-to-understand outputs. As a result, definitions of what is aligned with 1.5 degrees might change during the lifetime of the target.

Within the previous 12 months, the proportion of investments in the Royal Holloway portfolio and MSCI ACWI more broadly aligned to either a 1.5C or 2C pathway has decreased following an update to MSCI's Implied Temperature Rise model. Likewise, the proportion of issuers either misaligned or strongly misaligned has increased. As a result this target was modified during the year to ensure it is challenging yet realistic.

Implied temperature rise	Current portfolio	Endowment only	Supplemental only	Proposed target by 2028
Below 1.5 degrees	34.88%	34.09%	37.50%	54%
1.5-2 degrees	24.33%	25.49%	20.53%	
Misaligned	40.66%	40.42%	41.97%	<15%

NB. The data on which this measure is based is constantly evolving and is therefore subject to change. Methodologies for reporting can vary. These factors may impact progress in achieving the targets as set out.

Over the previous quarter, there have been multiple demonstrable improvements in Implied Temperature Rise which have resulted in companies moving up an entire alignment category and increased exposure to companies assessed as 1.5C and 2C aligned, e.g. Genuit Group and Lloyds Bank.

Further information on the ITR methodology can be found [here](https://www.msci.com/our-solutions/climate-investing/implied-temperature-rise)
<https://www.msci.com/our-solutions/climate-investing/implied-temperature-rise>

1	Percentage of portfolio with an implied temperature rise of below 1.5 degrees will be at least 54% by 2028	ON TRACK
2	Percentage of portfolio with an implied temperature rise of above 2 degrees will be below 15% by 2028	ON TRACK

5. Engagement activities

Our investment manager's engagements include a range of issues working towards environmental and social change across the areas below. A report is provided at each meeting of the Investment Sub Committee detailing specific engagement activities undertaken each quarter.³

³ The latest Greenbank engagement review can be found here:
<https://www.greenbankinvestments.com/knowledge-and-insight/greenbank-engagement-review-2024-25>

Royal Holloway & Bedford New College Endowments & Equity Only

Holdings as at 31 July 2025

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SECURITY NAME	VALUATION GROUP
TREASURY 7/8% Green Gilt 31/07/2033	UK Conventional Government Bonds
TREASURY 4 3/4% Stock 7/12/2038	UK Conventional Government Bonds
TREASURY 4 1/4% Stock 7/12/2046	UK Conventional Government Bonds
ABRDN OEIC V Gbl Index Lkd Bond S Instl Inc	Overseas Index Linked Govt Bonds
EURO INVESTMENT BANK 3.75% MTN 7/12/2027	UK Inv Grade Bonds - Higher Quality
LLOYDS BANKING GROUP PLC 6.5% Snr EMTN 17/09/2040	UK Inv Grade Bonds - Higher Quality
RATHBONES ASSET MGMT Ethical Bond S Inc (GBP)	UK Investment Grade Bonds
ROYAL LONDON UNIT TRUST MGRS Ethical Bond Z Inc	UK Investment Grade Bonds
GCP INFRASTRUCTURE INV LTD 1p Ordinary Shares	Active Mgd Fixed Inc - Directional
RELX PLC 14.44p Ordinary Shares	Software & Computer Services
SMITH & NEPHEW PLC USD0.20 Ordinary Shares	Medical Equipment & Services
ASTRAZENECA PLC USD0.25 Ordinary Shares	Pharmaceuticals & Biotechnology
GSK PLC 31 1/4p Ordinary Shares	Pharmaceuticals & Biotechnology
LONDON STOCK EXCHANGE GRP PLC 6 79/86p Ordinary Shares	Finance & Credit Services
IP GROUP PLC 2p Ordinary Shares	Investment Banking & Brokerage
M&G PLC 5p Ordinary Shares	Investment Banking & Brokerage
LEGAL & GENERAL GROUP PLC 2 1/2p Ordinary Shares	Life Insurance
PRUDENTIAL PLC 5p Ordinary Shares	Life Insurance
LONDONMETRIC PROPERTY PLC 10p Ordinary Shares	Real Estate Investment Trusts
DIAGEO PLC 28 101/108p Ordinary Shares	Beverages
TESCO PLC 6.333333p Ordinary Shares	Personal Care Drug & Grocery Store
UNILEVER PLC 3 1/9p Ordinary Shares	Personal Care Drug & Grocery Store
GENUIT GROUP PLC 0.1p Ordinary Shares	Construction & Materials
HALMA PLC 10p Ordinary Shares	Electronic & Electrical Equipment
COATS GROUP PLC 5p Ordinary Shares	General Industrials
SPIRAX GROUP PLC 26.9230769p Ordinary Shares	Industrial Engineering
EXPERIAN PLC USD0.10 Ordinary Shares	Industrial Support Services
FDM GROUP HOLDINGS PLC 1p Ordinary Shares	Industrial Support Services
HILL & SMITH PLC 25p Ordinary Shares	Industrial Metals & Mining
SSE PLC 50p Ordinary Shares	Electricity
NATIONAL GRID PLC 12.431289p Ordinary Shares	Gas Water & Multi-utilities
SCHRODER BSC SOCIAL IMPACT TST Ordinary Shares	UK Investment Companies
ACCENTURE PLC New A Class Shares	North American Investments

The value of investments and the income arising from them may fall as well as rise and you might get back less than you originally invested.

Greenbank

ADOBE INC USD0.0001 Common Stock	North American Investments
ADVANCED DRAINAGE SYSTEM INC USD0.01 Common Stock	North American Investments
APPLIED MATERIALS INC NPV Common Stock	North American Investments
AUTODESK INC NPV Common Stock	North American Investments
BROWN ADVISORY FUNDS US Sustainable Growth C Inc	North American Investments
DEERE & CO USD1 Common Stock	North American Investments
DEXCOM INC USD0.001 Common Stock	North American Investments
EDWARDS LIFESCIENCES CORP USD1 Common Stock	North American Investments
EQUITY TRUSTEES FUND SERVICES AllianceBern Sust US S Inc	North American Investments
FRANKLIN TEMPLETON GBL FDS PLC Clearbridge US Eqty Sust S Hgd	North American Investments
HA SUST INFRA CAPITAL INC USD0.01 Common Stock	North American Investments
JOHNSON CONTROLS INTL USD1 Common Stock	North American Investments
LILLY (ELI) & CO NPV Common Stock	North American Investments
MERCK & CO INC USD0.50 Common Stock	North American Investments
MICROSOFT CORP USD 0.00000625 Common Stock	North American Investments
NVIDIA CORP USD0.001 Common Stock	North American Investments
ON SEMICONDUCTOR USD0.01 Common Stock	North American Investments
PAYCHEX INC USD0.01 Common Stock	North American Investments
REPUBLIC SERVICES INC USD0.01 Common Stock	North American Investments
STERIS PLC USD0.001 Ordinary Shares	North American Investments
THERMO FISHER SCIENTIFIC INC USD1 Common Stock	North American Investments
VISA INC USD0.0001 Common Stock	North American Investments
XYLEM INC USD0.01 Common Stock	North American Investments
ASML HOLDINGS NV EUR0.09 Shares (Post Split)	European Investments
ASSA ABLOY NPV Ser B Shares	European Investments
ATLAS COPCO AB NPV Ser A Shares	European Investments
BOLIDEN AB NPV Shares (Post Split)	European Investments
INFINEON TECHNOLOGIES AG NPV Ordinary Shares (Regd)	European Investments
KERRY GROUP PLC EUR0.125 Ordinary A Shares	European Investments
LIONTRUST INVESTMENTS LTD Sust Future Eurp Growth 2 Acc	European Investments
MIPS AB NPV Shares	European Investments
PARTNERS GROUP HOLDING AG CHF0.01 Shares (Regd)	European Investments
ROCHE HOLDINGS AG Genusscheine NPV Shares	European Investments
TOMRA SYSTEMS ASA NOK0.50 Shares (Post Split)	European Investments
VESTAS WIND SYSTEMS DKK0.20 Shares (Post Split)	European Investments
STEWART INVESTORS Asia Pac All Cap B Acc (GBP)	Asia Pacific Investments
STEWART INVESTORS Gbl Emerg Mkts All Cap B Acc	Emerging Market Investments
IMPAX FUNDS (IRE) PLC Environmental Mkts X Acc (GBP)	Global Investments
JANUS HENDERSON FUND MGMT UK Gbl Sustainable Equity G Inc	Global Investments
PICTET ASSET MGMT Gbl Environment Opps J DY Inc	Global Investments
SCHRODER INVESTMENT MGMT Gbl Alternative Energy Q1 Inc	Global Investments
GREENCOAT UK WIND PLC 1p Ordinary Shares	Infrastructure Funds
HICL INFRASTRUCTURE CO LTD 0.01p Ordinary Shares	Infrastructure Funds
OCTOPUS RENEW INFRA TRUST PLC 1p Ordinary Shares	Infrastructure Funds

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RENEWABLES INFRASTRUCTURE GRP NPV Ordinary Shares
CHARITIES PROPERTY FUND Property Fund Income
MAYFAIR CAPITAL INVEST MGMT Property Inc Trust For Charity

Infrastructure Funds
Property Funds
Property Funds

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as well as rise and you might get back less than you originally invested.**



Additional 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 value of investments to decrease or increase. Information valid at date of presentation.

Information valid at date of presentation.

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