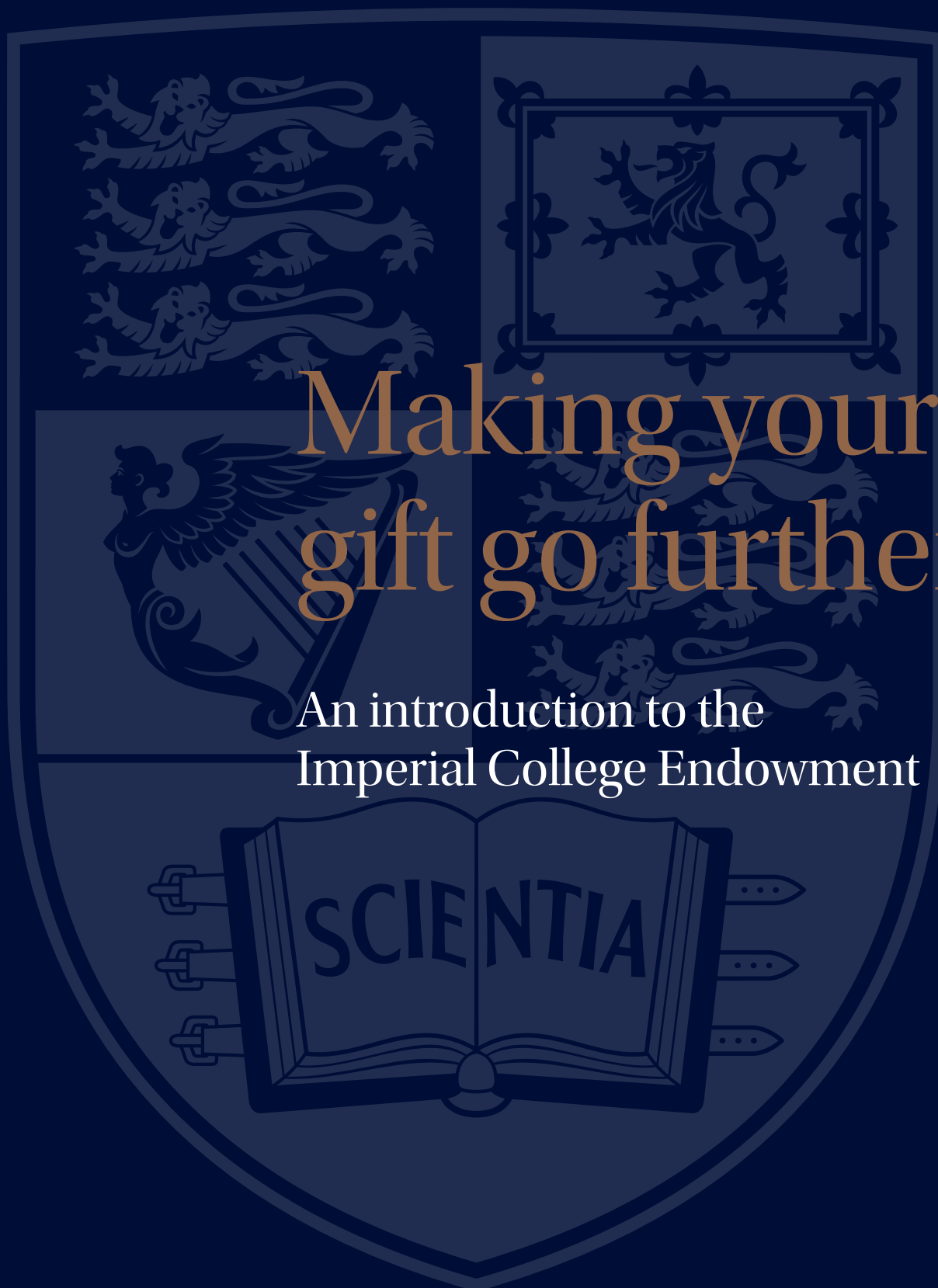


Imperial College
London



Making your gift go further

An introduction to the
Imperial College Endowment

2022–23

The Imperial College Endowment is the College's investment fund, a source of capital that can be used to advance Imperial's mission and to safeguard the College's future for generations to come. With an endowed gift, you create a long-term source of support for the priorities that matter to you most. Careful management of your gift ensures that it continues to support excellence in research and education not just for the present, but in perpetuity.

Imperial's Endowment

The Imperial College Endowment – the College's investment fund – provides the capital base to support the College's academic mission in perpetuity. The Endowment was established in its current form in August 2007, with a founding capital of £69.3 million. Since its inception, the Endowment has grown to more than £553 million through generous contributions and the effective stewardship of the College's investment assets.

The special value of an endowed gift is in its longevity. With effective management, an endowed gift lasts in perpetuity, the principal growing over the years so that it, and the distribution it pays out, not only retain their value in real terms, but can also increase in excess of inflation. In other words, the distribution provides an equivalent level of support after fifty years as after five, rising to keep pace with inflation over the long term. An endowed gift is, in a sense, a gift that keeps on giving.

What is an endowed gift?

Donors can choose whether their gift is expendable or endowed. An expendable gift is one that is spent immediately to realise the donor's philanthropic intentions. The gift can be large or small, but it has a defined lifetime. For example, a gift of £70,000 could support a three-year scholarship, with the donation spent in full over that three-year period.

With an endowed gift, by contrast, the original donation (the 'principal') is invested so that it continues to pay out a regular sum (a 'distribution') over a much longer period and often in perpetuity. This distribution is then used to achieve the donor's philanthropic objectives as specified in the deed of trust that is used to create their endowment gift. For example, an endowed donation of £575,000 generates an annual return that will support a scholarship not just over three years, but forever.



CASE STUDY: FUELLING THE BREAKTHROUGHS OF THE FUTURE

A generous gift from Diana Scarrott (MBA Management School 1998) has created an endowed research fund that will allow Imperial's computer scientists to explore the frontiers of their field. Created in memory of her late father, the renowned computer engineer, Gordon Scarrott, the fund will support 'blue skies' computing research in perpetuity, aiding not just today's researchers, but future generations of computer scientists as well. This could mean supporting research into quantum computing, or the most cutting-edge aspects of Artificial Intelligence, or other discoveries that we have not yet dreamt of.

◀ Professor Alessio Lomuscio is developing tools to improve the safety and security of a wide range of autonomous systems, including autonomous vehicles and robotic systems. His work is one example of the blue skies research taking place in the Department of Computing.

Our core commitment: stewarding your gift for the long term

Our approach

In managing the Endowment, the College has two fundamental aims. The first is to protect the principal gift so that it retains its real value and can continue to support distributions year after year. The second aim is to grow the overall source of wealth available to support the academic mission, so that distributions retain their value over the long term. These two aims shape our management of the Endowment, placing performance, consistency and the long view at the centre of our investment strategy and distribution model.

“It is a privilege to chair Imperial’s Endowment Board. Investing and managing donations made to support Imperial is a responsibility the Board and I take seriously. We look to balance risk and return to ensure the Endowment grows whilst retaining the liquidity needed to provide the annual distribution. We’ve positioned the portfolio to succeed over the long-term and are proud of the performance we’ve achieved to date.”

CHRIS WILLIAMS, CHAIR OF THE ENDOWMENT BOARD

The distribution policy determines the amounts that are paid to beneficiaries each year. The distribution rate is set as a trailing average over five years to even out short-term volatility and is approximately 4% of invested funds. The distribution value is calculated annually, paid on a monthly basis to beneficiaries and expressed as a per-unit rate. Any distribution is ringfenced for use in pursuing the specific objectives of the endowed gift.

Based on achieved returns over the last ten years, an endowed gift of £550,000 made in 2011 would have generated around £22,000 in distributions during its first year, a level sufficient to provide a full scholarship for a UK student. In the following years, the annual scholarship would have continued to rise, providing upwards of £30,000 each year for scholarships by the current date, with the principal gift preserved or grown in real terms. This approach ensures that endowed gifts retain their value in the long term, while also providing a consistent source of support in the immediate term.

Performance

The Endowment Board has set a performance return of at least CPI+5% over a rolling ten-year period. This inflation-linked target is designed to preserve in real terms the capital of any endowed gift whilst providing the capacity to support an annual distribution to fulfil its philanthropic purposes. Over the last 10 years, the endowment fund has delivered an annualised return of 7.6%, surpassing a targeted annualised return of 7.5%.

Annualised Return			
Measure	3yr	5yr	10yr
Actual Return	5.1%	6.5%	7.6%
Target Return	9.5%	8.5%	7.5%

Sample annual distributions based on a £550,000 endowed gift made in 2011



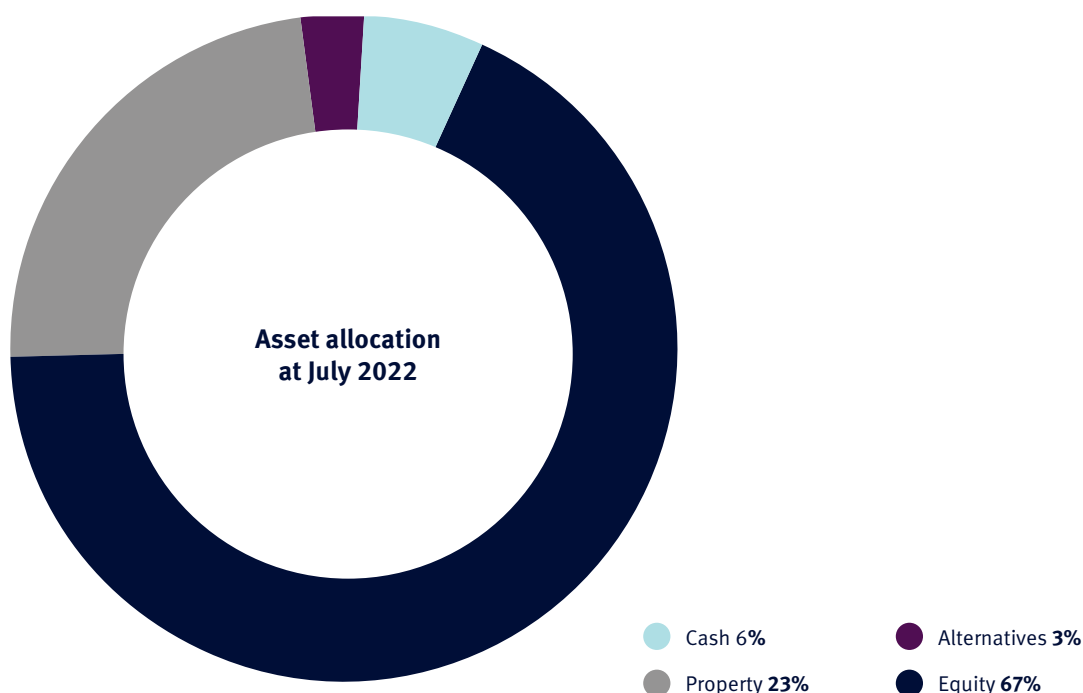
Governance and asset allocation

Asset allocation

Around two-thirds of the Endowment is invested in public equities. Two external fund managers, Tilney and Cazenove, are currently employed to manage the majority of this allocation. The performance return of the Endowment is driven by the equity investments. A quarter of the portfolio is invested in real estate assets managed internally by the Endowment team. This is an illiquid part of the portfolio with significant development potential and strong annual cashflows. The allocation between assets classes is kept under review and the Endowment Board is able to vary them at its discretion.

Endowment Board members

- Christopher Williams (Vice Chairman, Capital Markets & Advisory EMEA, Credit Suisse)
- Professor Hugh Brady (President, Imperial College London)
- Lisha Patel (Managing Director, Wellcome Trust)
- Annabel Rudebeck (Head of Non-US Credit, Western Asset Management)
- Anastasia Shiach (Executive Director, Goldman Sachs)



Your gift, your choice

Responsible investing

The responsible investment of our endowment is taken seriously by Imperial College and the Endowment Board. Our Socially Responsible Investment (SRI) Policy commits Imperial to ensure that any investment decisions take into account the same social, environmental and governance concerns as the College, including pursuing an active approach to engagement with its investments in all asset classes.

All investments within the Endowment align with major international accords and relevant regulation and legislation. The Endowment and its fund managers are signatories to the United Nations supported Principles of Responsible Investment, and the College participates in the ShareAction Responsible Investment Network for Universities

Active ownership and engagement are at the heart of the Endowment's approach. Where the Endowment does not have the scale to be effective in its engagement based on the size of its investments alone, it will look to collaborate or combine resources with like-minded investors. If this is not successful, and the corporation is a strategic partner for Imperial, a funder of research, or employer of graduates, then we will use these relationships to influence and engage the corporation. If the College assesses that a company's current activities and future plans are not aligned with this policy and it has exhausted all possibilities for influence, it will instruct the Endowment Board to divest.

Under the current terms of the SRI Policy, no investments are allowed in either tobacco and illegal munitions manufacturing, or in thermal coal and tar sand extraction.

In making an endowed gift, you can choose where to direct your support. From establishing academic posts to supporting scholarship programmes, endowed giving is a way to drive progress in an area that you feel passionately about.

There is a wide range of philanthropic purposes that an endowed gift can support. Your gift could establish an academic chair, bringing new leadership to priority research on global challenges. Or, it could create a scholarship, bursary or prize that provides world-class educational experiences to students for generations to come. Some donors prefer to make an unrestricted gift, which would be allocated at the discretion of the President according to 'where the need is greatest.'

There are several options for structuring an endowed gift. Your donation can take the form of an upfront sum, or you may choose to give over an extended period, building up the principal before distributions begin. Most endowed gifts are made to endure in perpetuity, but there are alternative models, for example, where the gift includes an expendable and an endowed element. We would be happy to talk you through the various options and develop a bespoke model based on how you would like your donation to be used and what you would like it to support. Once you decide to make a gift, we will work with you to draw up formal gift documentation so that your wishes are captured correctly.



^ Professor Mireille Toledano holds the Mohn Chair in Population Child Health, an endowed post established through the generous support of Imperial alumna Marit Mohn (MSc Chemical Engineering and Chemical Technology 1973).

Celebrating your generosity

Endowment giving has impact over the long term and we are grateful to all those who chose to support the College in this way. We work with each donor to understand how they would like to be kept involved, whether through regular reports on the impact of their gift, or by meeting those who have benefited from their generosity. While some donors prefer to give anonymously, we welcome the opportunity to publicly celebrate your philanthropy, through naming of an academic post or scholarship, or in a news story on the College website.



CASE STUDY: SUPPORTING THE NEXT GENERATION OF CLINICAL ACADEMICS

A gift to Imperial's Faculty of Medicine is enabling talented medicine graduates to take part in the College's prestigious clinical-academic training programme. The generous donation comes from the Hong Kong-based Lees Charitable Foundation, which is chaired by alumnus Dr Richard Lee (Chemical Engineering 1960, PhD 1964). The Foundation's gift established The Lee Family – Faculty of Medicine Scholarships, an endowed scholarship programme offering one full fellowship every two years, in perpetuity.

^ Xun Yuan, a recipient of the Lee Family Scholarship, is researching heart disease diagnosis and treatments in the National Heart and Lung Institute.

Advancement

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