



THE UNIVERSITY  
of ADELAIDE

2024

# Endowment Fund Investment Report



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We extend our heartfelt thanks to our donors for their extraordinary generosity and the profound difference their philanthropy makes – empowering student success, advancing vital research, and enriching our community.

This report provides an overview of how the University of Adelaide's Endowment Fund is managed, and a summary of its performance as at 31 December 2024.

## Fund highlights

As at 31 December 2024, the Endowment Fund (the "Fund") consisted of 601 individual endowments totalling \$434.2 million. These monies are pooled together to form the Fund.

In 2024, thanks to the continued generosity of our endowed donors, the Fund received \$5.3 million from 23 new donations and \$2.7 million in additional deposits to existing endowments and recognised a reinvestment of franking credits and market revaluation gains of \$47.8 million.

After \$14.6 million was distributed to 439 individual research projects, prizes and scholarships throughout the University, the net increase to the Fund was \$40.8 million for the year.

For the 12 months ending 31 December 2024, the Fund returned 12.9% (after fees, excluding franking credits).

## Fund governance and management

The Finance Committee, a standing committee of the University's Council, has the responsibility for overseeing the performance of the Fund and provides recommendations to Council regarding the Fund's investment objectives.

Following a review of the governance and investment management structure

for the Endowment Fund, a number of changes were implemented throughout 2023 and 2024.

Frontier Advisors Pty Ltd (Frontier) is the University's independent asset advisor. Frontier's role is to provide asset allocation, investment manager selection and governance advice. The Finance Committee receives independent advice from Frontier, with the Committee augmented by investment industry expertise when considering Fund investment decisions.

Following a recommendation by Frontier, the portfolio was transitioned to a portfolio the University had greater ability to manage, within the recommended Strategic Asset Allocation (SAA), and to ensure that the University's specific responsible investment exclusions were addressed.

Furthermore, to enhance the administration from both a transactional and performance reporting perspective, the University approved transitioning the Fund's liquid assets onto an investment platform to hold, administer and report on the Endowment Fund's investments. After an evaluation of suitable solutions, the University selected HUB24 as its investment platform.

The utilisation of HUB24 has provided benefits and reduced risk in multiple ways:

- 1) Investments are held in custody by a specialist service provider. HUB24 has subcontracted custody services to Deutsche Borse group (Mkt cap 35.7B EUR), which undergoes an annual audit from Deloitte to test controls, processes, and segregation of assets
- 2) Investment transactions are made digitally and with separation of duties
- 3) Performance, asset allocation, reporting and monitoring are generated by the platform
- 4) Tax reporting is prepared and presented for all investments held on the platform.

Frontier provides quarterly performance reporting and re-balancing advice to the University's Finance Committee to ensure timely monitoring and also reviews asset class recommendations on an annual basis.

## Environmental, Social and Governance (ESG)

The University is committed to actively progressing environmental, social and governance objectives, through its research, education, and engagement agenda, and within its direct operating activities. In May 2023, the University published its *Sustainability Strategy 2030 – Here for good*. The Strategy outlined the University's commitment to a sustainable future, and its ambition to lead and deliver positive and sustainable



change for good. The Strategy commits to responsible investment by applying strong environmental, social and governance principles across investments with the following objectives:

- Ensuring our values are reflected in the University's investment portfolio
- Aligning our investment approach to the principles of the Strategy, and encourage exclusions or certain investments where there is misalignment
- Updating ESG Investment Principles to reflect leading practice, requiring fund managers to be signatories to the United Nations Principles for Responsible Investment, or a member of the Responsible Investment Association Australasia (RIAA), and communicate annual sustainable investment disclosures.

The investment approach for the University's Fund is aligned with the principles of the ESG Strategy.

The Endowment Fund policy excludes investments in public equities and corporate bonds issued by:

- Any listed company that derives 10% or more of total revenue from the ownership and exploitation of its fossil fuel reserves, including thermal coal, oil, and gas
- Any listed company which manufactures tobacco products
- Any listed company which manufactures controversial weapons (including components produced exclusively for use in controversial weapons) such as cluster munitions, biological/chemical weapons, and land mines

Throughout 2024, the University worked with Frontier through the transition to the new Strategic Asset Allocation and ensured compliance with the new policy. The manager selection process was undertaken for each asset class with investment recommendations provided by Frontier into funds that comply with the University's Endowment Fund Policy. The transition was successfully completed before the end of 2024.

The University released an Annual Responsible Investment Disclosure. Further details can be found on the University of Adelaide website.

[Our Progress | Sustainability | University of Adelaide](#)

## Fund objectives and strategy

The Endowment Fund aims to pay regular disbursements, with a long-term real return target of 4% per annum (i.e. a target return of 4% above the consumer price index), after fund manager fees.

A growth biased investment strategy has been adopted, with approximately 74% of the Fund's assets invested in growth assets and 26% in defensive assets. This strategy is consistent with the Fund's objective of providing long-term capital growth, and a current income stream through a diversified investment portfolio.

**In 2024 the endowment fund distributed \$14.6 Million to 439 individual scholarship awards, research programs, and prizes.**

Actual returns will vary from year to year in line with changes in broader financial markets, and it is possible at times that returns may be lower than the target, or for returns to be negative. However, due to the long-term nature of the Fund's investment, any negative returns are expected to be more than offset by gains over time.

The differing strengths of each investment strategy and fund manager provide the Endowment Fund with reduced financial risk through investment diversification.

## Adelaide University

Following a joint feasibility assessment by both the University of Adelaide and the University of South Australia, both University Councils supported, in July 2023, the establishment of a combined new Adelaide University. The House of Assembly of the Parliament of South Australia passed the Adelaide University Bill 2023 on 15 November 2023.

Adelaide University combines the strengths of the University of Adelaide and the University of South Australia to deliver nation-leading curriculum and student

experience, greater access to education, and world-class research excellence.

Adelaide University stands for progress. It will drive the innovation and scale needed to make transformational investments for South Australia and beyond.

As a member of Australia's prestigious Group of Eight (Go8), Adelaide University will have a significant impact on future generations of contemporary learners, researchers, innovators, and entrepreneurs. The merger will shape a contemporary university that is connected to priority industries and produces graduates who are highly sought after around the world. A place where excellence and equity co-exist. A new university of global standing sustainably ranked in the top 1% worldwide.

The University of Adelaide Endowment Fund will transition to Adelaide University, and will continue with the existing Fund objectives, strategies, and distribution guidelines. An exercise will be undertaken in 2026 to review and consolidate the existing funds held by both Universities, with preservation of individual agreed donor objectives.

## Capital growth and distributions

Distributions of up to 5% are calculated as at 31 December of each year. This distribution may be used to fund research projects, prizes, scholarships, or can be re-invested back into the Fund if not required immediately.

Actual investment earnings for the year (after deducting fund manager fees and any income distribution) are reflected in the capital value of the investment as capital growth. For example, if the Fund's annual return is 12%, up to 5% will be distributed as income, and the remaining balance of the year's earnings will be reflected as capital growth. If the annual return is 2%, up to 5%, but possibly less, may continue to be distributed as income, and the value of the underlying investments will be reduced.

## Investment and management fees

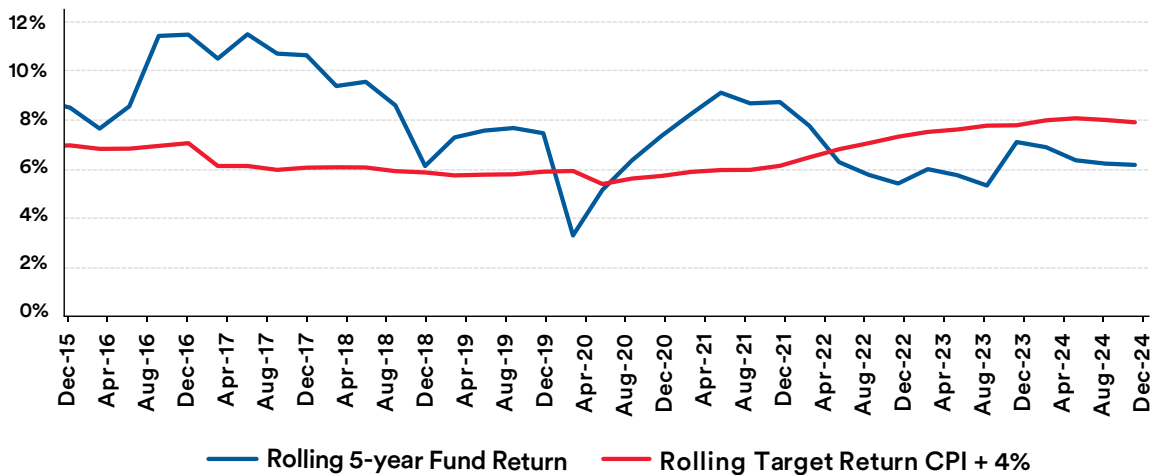
Fees are payable to the fund managers as a percentage of funds under management. The weighted average fee paid to the fund managers is estimated at 0.66% per annum of capital funds invested based on the value of funds as at 31 December each year. The University does not charge the Endowment Fund any internal administration fees.

## Fund performance

Historical fund performance  
(net of investment fees and excluding franking credits)

| 1 Year     | 3 Years   | 5 Years   | 7 Years   | 10 Years  |
|------------|-----------|-----------|-----------|-----------|
| 12.9% p.a. | 6.1% p.a. | 6.0% p.a. | 5.2% p.a. | 6.6% p.a. |

## Annualised Rolling 5-year Return



## Asset allocation

The following table provides the asset allocation of the Fund at 31 December 2024, based on the investment strategies adopted by the Fund's investment managers.

| Asset Class             | Approved Strategic Asset Allocation (%) | Actual Allocation (%) |
|-------------------------|---|-----------------------|
| Australian Equities     | 30.0%                                   | 29.8%                 |
| International Equities  | 25.0%                                   | 25.4%                 |
| Alternate Debt (Credit) | 9.0%                                    | 10.4%                 |
| Fixed Income            | 9.0%                                    | 10.3%                 |
| Infrastructure          | 10.0%                                   | 7.6%                  |
| Private Markets         | 8.0%                                    | 7.0%                  |
| Property                | 7.0%                                    | 5.4%                  |
| Cash                    | 2.0%                                    | 4.1%                  |





2024 Scholarships Thank You Celebration. Back row (L-R): Braden Windsor, Jovan Maric, Binh Le, Gleb Lebedev, Jiaye Kuang  
Front row (L-R): Reverend Paul Hunt, Rhiannon Hsieh, Kailee Morris, Lee-Ann Hunt

## Constructing a legacy

Growing up in a single parent household during the Great Depression, Raymond McMillan knew the importance of hard work and making do with little.

When a University of Adelaide lecturer visited his high school to promote the engineering program, Ray was inspired and encouraged to pursue higher education. With determination and the support of a scholarship, Ray graduated with a civil engineering degree in 1949, forever altering the course of his life.

After graduating, Ray founded McMillan Constructions to meet the growing demand of civil engineering projects in South Australia. Starting with borrowed equipment from family and friends, he reinvested the profits into the business.

Over time, the company became a thriving enterprise, successfully completing numerous notable structures, such as bridges and civil infrastructure across South Australia and New South Wales, and even the University's own Braggs Building.

Upon Ray's passing in 2019, McMillan Constructions made a significant gift to the University to establish an endowed scholarship fund, with a current value of \$4 million. This initiative aimed to inspire and support aspiring civil engineers, just as Ray was once supported. Each year, two Raymond McMillan Scholarships in Civil Engineering are awarded to students in financial need. Valued at \$80,000 to \$112,500 each, these five-year scholarships provide the vital support for students to realise their potential.

Ray's daughter, Lee-Ann Hunt, a director of McMillan Constructions, carried forward her father's vision of giving back to the University. She was determined to help other young students to realise the full potential of their talents and achieve their dreams.

By continuing this meaningful legacy, McMillan Constructions will ensure that the scholarships remain a testament to the McMillan family's commitment to empowering the next generation of civil engineers.

The governance of the scholarship fund is overseen by the University's Finance Committee, a standing Committee of the University's Council. With its guidance, the vision of enabling students to reach their academic and career goals will endure for many, many more generations.



## Further enquiries

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### **Kaurna acknowledgement**

We acknowledge and pay our respects to the Kaurna people, the original custodians of the Adelaide Plains and the land on which the University of Adelaide's campuses at North Terrace, Waite, and Roseworthy are built. We acknowledge the deep feelings of attachment and relationship of the Kaurna people to Country and we respect and value their past, present and ongoing connection to the land and cultural beliefs. The University continues to develop respectful and reciprocal relationships with all Indigenous peoples in Australia, and with other Indigenous peoples throughout the world.