

# Investments

## What investments are available?

### Special points of interest:

- Two options for investment—  
Deposit account and CUEF
- The deposit account is good for short term investments.
- The CUEF is only appropriate for long term investments
- Value can go up as well as down

There are two main investment options available to departments. These are the deposit account and the Cambridge University Endowment Fund (CUEF).

The deposit account is a University wide facility that allows departments with surpluses to invest those funds. It is a short-term investment where monies held “on deposit” are credited with monthly interest.

The CUEF is a unitised fund consisting of a variety of assets including equities and investment property. Departments buy a number of units in the fund. Only funds being held for long term investment are suitable for investment in the CUEF .



## The Deposit Account

Departments can process deposit movements themselves by means of a General Ledger journal. As a result funds can be made available straightaway instead of having to wait for the transaction to be processed centrally.

The monthly interest calculation is run by the Treasury & Investments team at the end of working day four of the month-end processing period. No further deposit movements should be processed after this date.

The interest rate varies monthly as interest rates move. There are two different rates of interest dependant on the source of funds. The reduced rate of interest is 75% of the higher rate.

Interest is credited to all relevant departmental accounts each month. It appears as a credit against the transaction code NBAA and can be spent or reinvested.

Departments should check that by the fourth working day of month end any accounts with monies on deposit are not overdrawn at source of funds level.

**If overdrawn departments should take money off deposit to ensure that by the close of business on that day the account is no longer overdrawn.**

## Eligible Source of Funds for Deposit Accounts

There are strict rules on which surpluses can and cannot be posted to the deposit account. Below is a table with the allowed sources of funds and whether they are on a higher or lower interest rate.

Source of Funds	Interest rate	Rate average for 2016/17
EExx	Lower	0.1852
EFxx-EXxx	Lower	0.1852
Fxxx	Lower	0.1852
Hxxx	Lower	0.1852
Ixxx	Lower	0.1852
Jxxx	Lower	0.1852
Kxxx	Higher	0.2469
Lxxx	Higher	0.2469
Pxxx	Lower	0.1852



## The Cambridge University Endowment Fund (CUEF)

The Cambridge University Endowment Fund (CUEF) provides long-term capital growth plus a monthly distribution. Please note only funds being held for long term investment are suitable for investment in the CUEF because the capital value of this type of investment can go down as well as up, especially in the short term. The Treasury & Investments team must approve all investments.

Unit holders must register their intent to buy or sell prior to the quarter end date and will be advised of the unit valuation once calculated (immediately post trade date).

The CUEF trading quarters are as follows:

- 30 September
- 31 December
- 31 March
- 30 June

Requests must be submitted in writing via email/letter to the Head of Treasury and Investments

([treasury@admin.cam.ac.uk](mailto:treasury@admin.cam.ac.uk)). Late requests will not be included.

Contract notes (forms that confirm your decision to buy/sell units) are produced by Treasury & Investments and sent to investors detailing purchases and sales once processed.

The CUEF distribution is credited to investors monthly at the agreed rate (17/18 = £1.9256 per unit per annum) for the University's Financial Year. The income is credited to accounts holding CUEF units under the transaction code NAAA.

Twice a year departments are sent a summary of their unit holdings as at 31 December and 30 June.

A copy of the Annual Review of the CUEF is sent to investors each year. This report presents the results for the year, details of the asset allocation of the fund, commentary on performance and records historic performance.



## Eligible Source of Funds for CUEF

You may only invest surpluses on the sources of funds specified below.

Due to the complexity of the accounting involved the Treasury & Investments Team in the Finance Division processes all transactions (including sales and purchases of unites) relating to the CUEF.

Source of Funds	Description
EExx	Specific Central Reserves
EFxx-EXxx	General Donations
Fxxx	Specific Reserves
Gxxx*	Trading Accounts
Hxxx	Specific Donations
Ixxx	Specific Endowments
Kxxx	Trust Funds
Pxxx	Funds for Land & Buildings

\*Caution should be applied when considering investment in the CUEF. Trading surpluses should be spent recurrently with a view to benefit future generations

## Further Information

If you require further information about the CUEF please contact:

Treasure & Investments Manager  
 Finance Division, Greenwich House  
 Tel: 65974  
 E-mail: [Treasury@admin.cam.ac.uk](mailto:Treasury@admin.cam.ac.uk)

Further guidance on Investing can be found in Chapter 12 of the Financial Procedures

The most up to date rates can be found on the Finance Division website.

[www.finance.admin.cam.ac.uk/key-dates-and-rates](http://www.finance.admin.cam.ac.uk/key-dates-and-rates)

