



# Wellcome Update Presentation

14 January 2025

# Today's Speakers



**Nick Moakes, CFA**  
Managing Partner / CIO



**Lisha Patel, CFA**  
Managing Partner



**Fabian Thehos, CFA**  
Managing Partner

# Content Overview

**4** Wellcome Overview

---

**6** Investment Portfolio

---

**12** Debt Management

---

**18** Charitable Spending

---

**22** Environmental, Social and Governance

---

**25** Concluding Remarks

---



# 01

## Wellcome Overview



# Wellcome Overview

- We are an independent global charitable foundation created in 1936
- We support science to solve the urgent health challenges facing everyone
- We see our charitable activities as investing in research, usually through grants and social investments
- We are funded by a £37.6bn globally diversified investment portfolio, with a long-term investment horizon
- We are committed to maintaining the real purchasing power of charitable funding over time
- We increasingly focus on sustainability when assessing our investments

**£37.6bn**

Net Portfolio Value

**5.2%**

Nominal Sterling  
Return FY 2023/24

**£1.1bn**

Charitable Cash  
Expenditure FY  
2023/24

**8.3%**

Trailing 10yr Real  
Sterling Return



# 02

## Investment Portfolio



# The portfolio remains resilient



Over the past ten years, the portfolio has delivered a real return after inflation of **+157% in Sterling**. The net portfolio value stands at **£37.6bn**.



The financial market backdrop has been broadly positive for the portfolio this year. **Inflation trended down in most economies**, which has enabled many central banks to start cutting short-term interest rates and has pushed down bond yields.

- **The impact of a period of higher rates is still feeding through economies**, leaving considerable uncertainty about the future growth outlook. We expect to see higher volatility and persistently lower returns from most assets for the near future.
- **Preserving our cash flow and maintaining ample short-term liquidity to fund charitable expenditure remain our top priorities.** We have yet to see sufficiently interesting long-term investment opportunities to absorb the excess cash positions we have been holding over recent years, but **we remain alert to any such opportunities.**



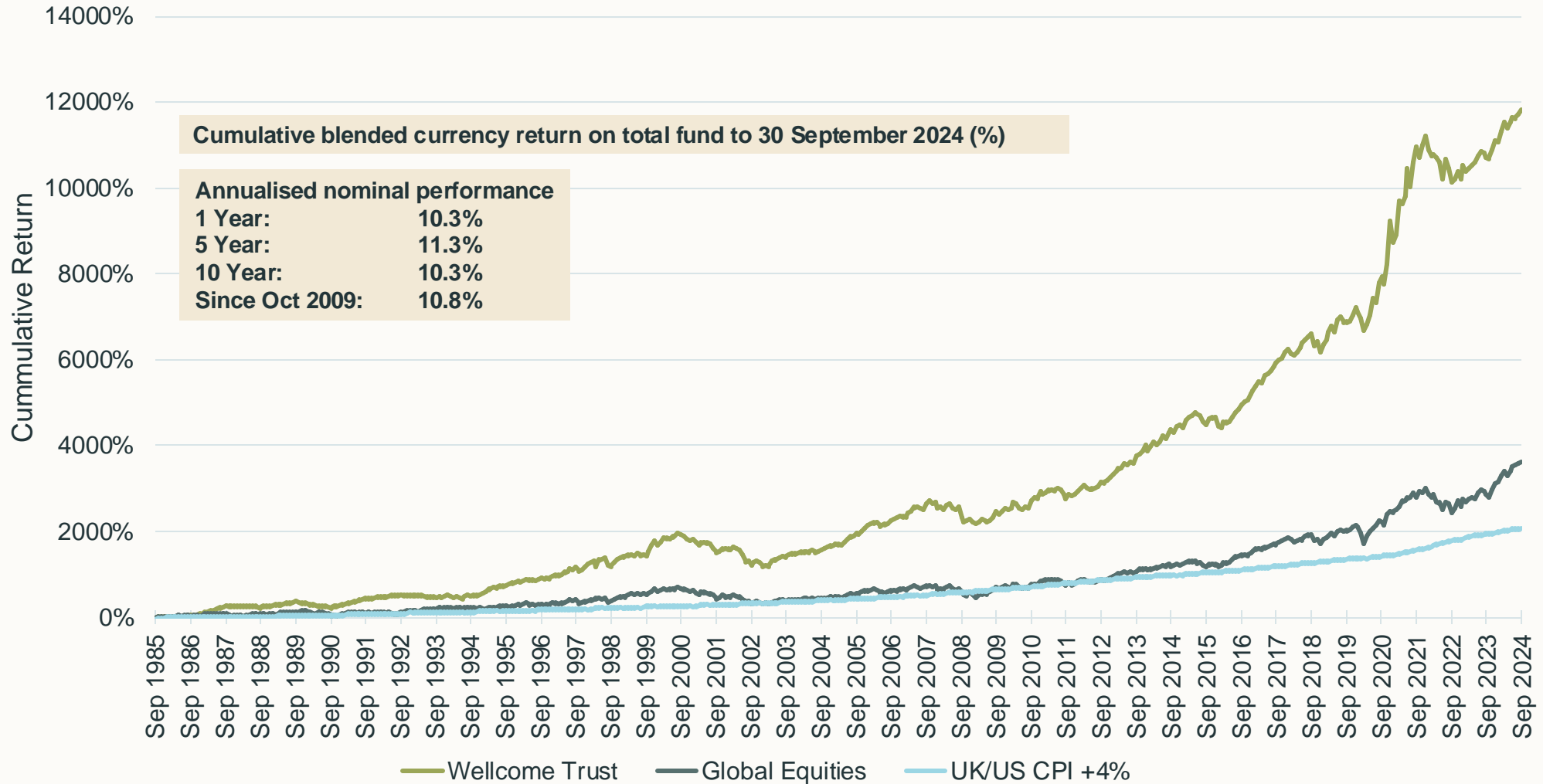
The portfolio returned **+5.2% in Sterling and +10.3% in blended currency** (in nominal terms). After taking account of £1.1bn in charitable cash expenditure over the year, this is equivalent to a gain of £1.9bn gross of liabilities.

- Our public equity exposure achieved more than a satisfactory return in absolute terms but trailed the broader market by a wide margin due to the highly concentrated nature of market returns.
- Sterling continued its recovery from the extremely oversold levels at the end of our 2022 financial year. The currency's strength was a significant headwind to performance expressed in GBP – **in USD terms, the portfolio was up +15.6%.**

*Note: Return calculations based on relevant currency; see Wellcome Trust Annual Report (30 Sept 2024).*

*Blended currency return is measured 50% £ and 50% \$.*

# Long term returns are impressive



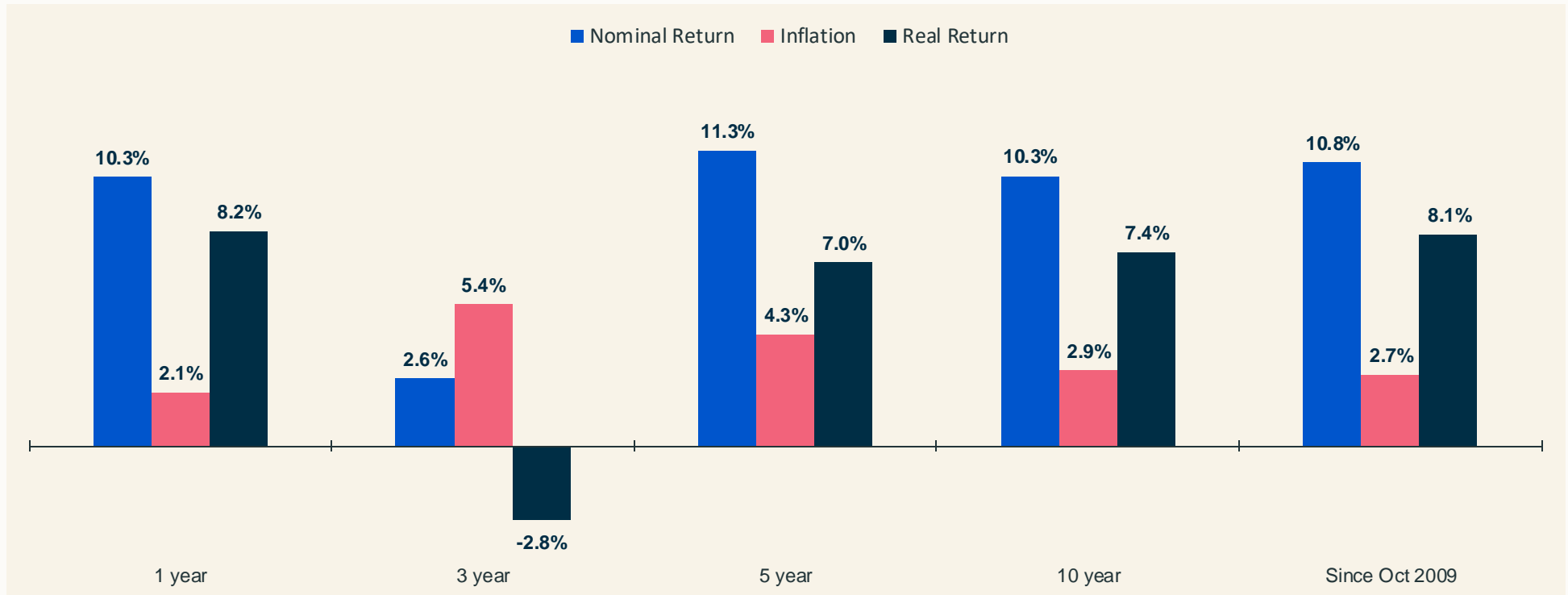
*Note: Wellcome Trust performance is measured in £ until 30 September 2009 and 50% £ and 50% \$ thereafter. Inflation is defined as UK CPI until 30 September 2009 and a blend of 50% UK and 50% US CPI thereafter. Note that the target return was UK/US CPI +6% until 30 September 2012. It was reduced to UK/US CPI +4.5% between 1 October 2012 until 31 December 2017, and then changed to UK/US CPI +4% from 1 Jan 2018.*

*Source: Wellcome Trust Annual Report (30 Sept 2024).*



# Despite inflation headwinds, global charitable spending power remains strong

Annualised blended returns as of 30 September 2024



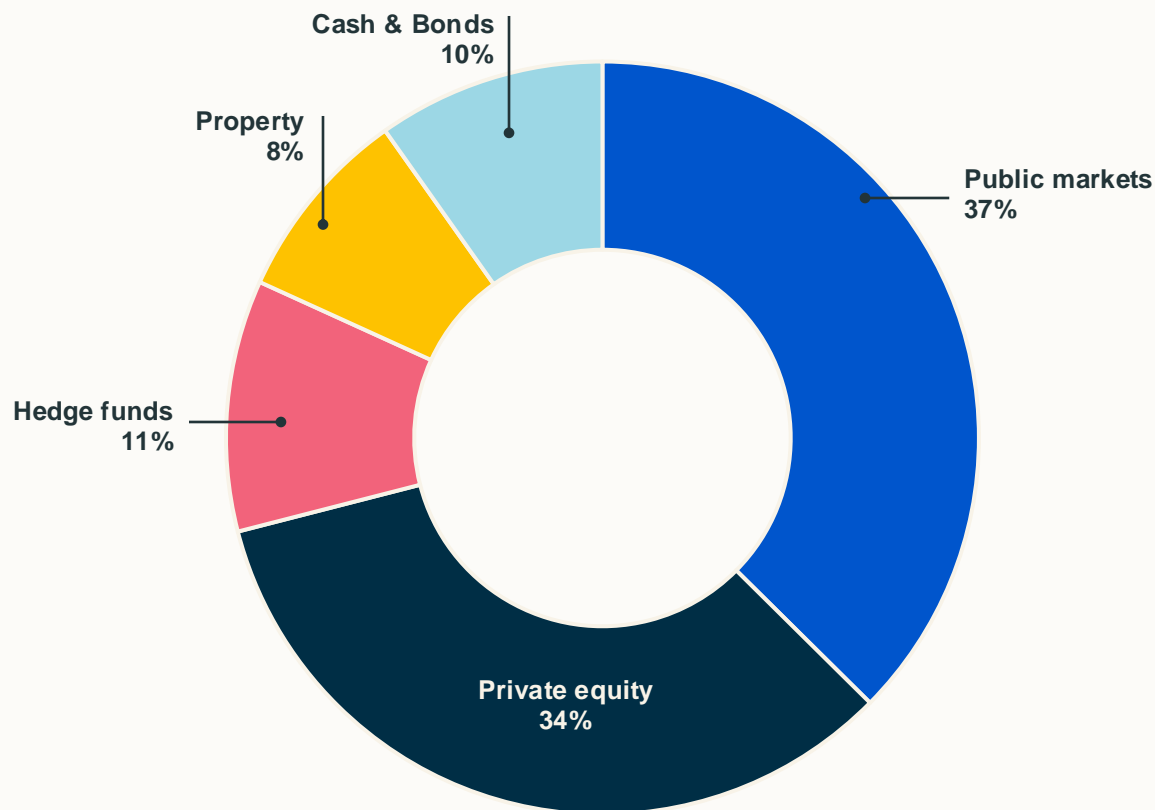
Strength of investment approach demonstrated through periods of market volatility

*Note: Wellcome Trust performance is measured 50% £ and 50% \$ from 1 October 2009. Inflation is defined as a blend of 50% UK and 50% US CPI from 1 October 2009.*

*Source: Wellcome Trust Annual Report (30 Sept 2024).*

# Our portfolio is diversified by asset class

Investment asset allocation as of 30 September 2024



- The portfolio is diversified both across and within asset classes.
- The portfolio's exposure to public equities as a proportion of total assets slightly decreased through FY 2023/24 due to selling lower conviction assets and reducing exposure where valuations have become more stretched. Meanwhile, our private equity (PE) exposure fell slightly due to PE valuations adjusting to more realistic levels since its peak at the end of 2021.
- Our cash levels increased to 9.8% of gross assets at year-end. Cash management has been an important focus due to the increased size and the scale of the interest income available.

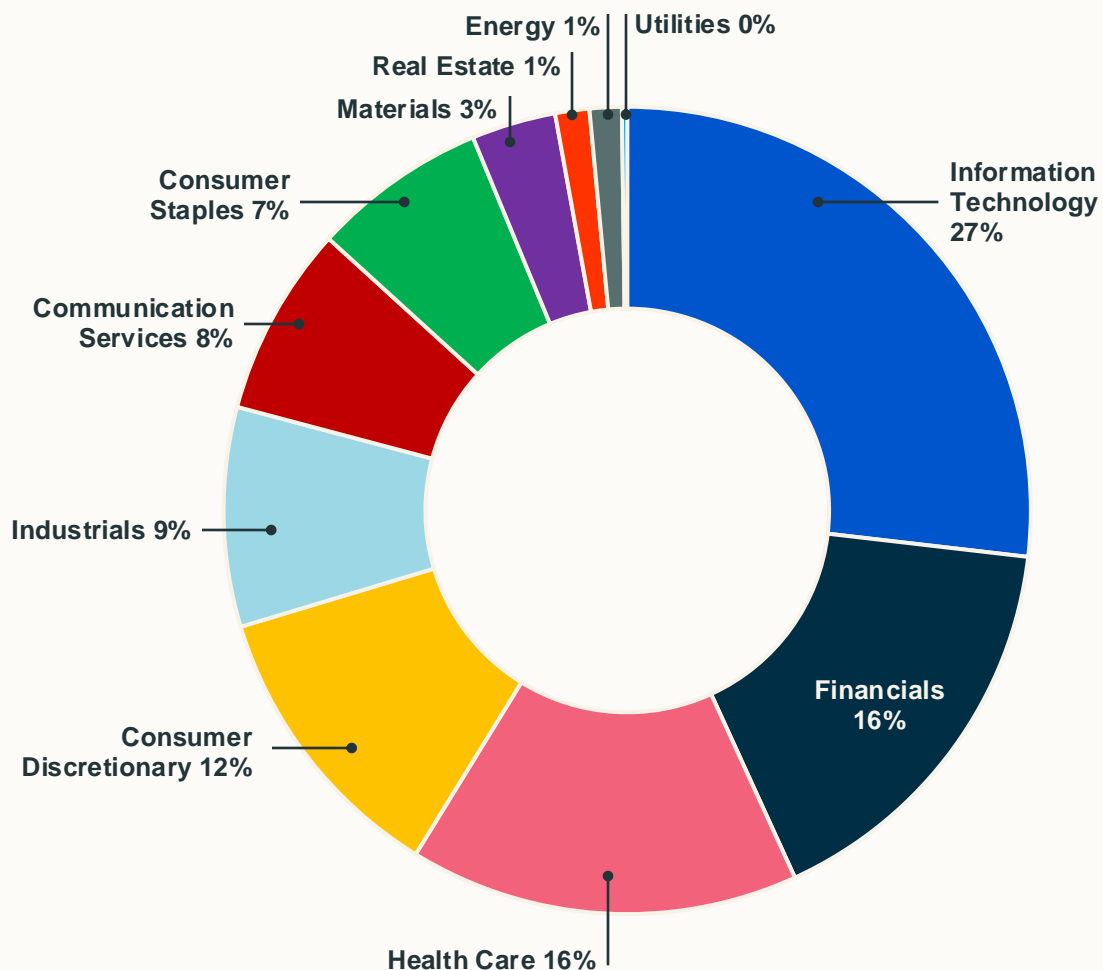
The investment portfolio is well positioned to weather volatility in markets

*Note: Percentages are rounded.*

*Source: Wellcome Trust Annual Report (30 Sept 2024).*

# Our portfolio is diversified by sector

Public and private equity sectoral exposure as of 30 September 2024



- Exposure to the financial sector in our broad equity portfolio has increased from 14% in 2023 to 16% this year. This partly reflects active sales to manage the position sizes of some of our large public equity positions in other sectors.
- Exposure to the consumer discretionary sector has reduced from 14% in 2023 to 12% this year for similar reasons.
- Energy sector exposure fell from 2% to 1% as we continue to allow our legacy book of energy PE funds to run off. We will not be replacing these positions as holding periods are not long enough to allow PE managers to take a long-term view of the need to decarbonise energy companies.

*Note: Percentages are rounded.*

*Source: Wellcome Trust Annual Report (30 Sept 2024).*

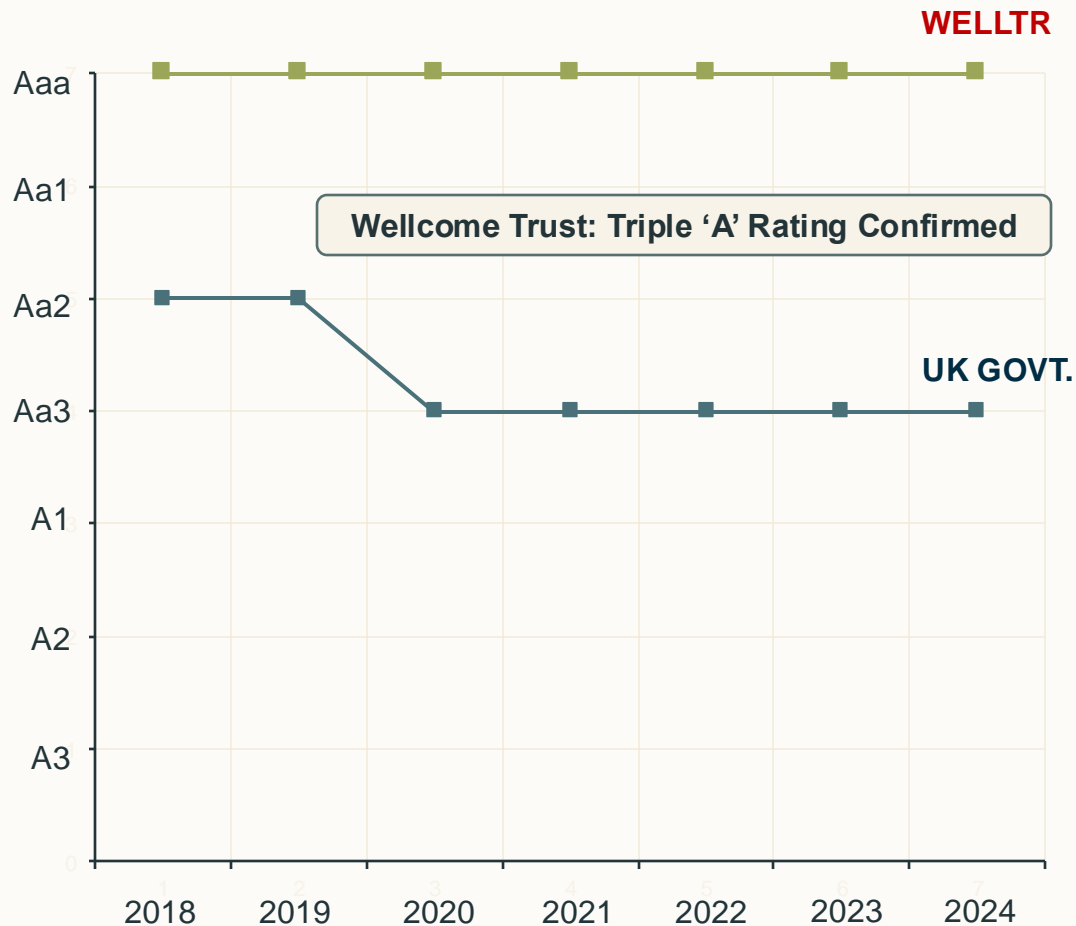


# 03

## Debt Management



# Stable triple 'A' credit rating over time



## MOODY'S

*"The credit profile of Wellcome Trust Limited...is supported by its very high level of spendable cash and investments...low leverage...a high degree of spending flexibility when awarding grants; and an extremely strong liquidity position...We consider Wellcome to have very limited exposure to the credit profile of the government of the United Kingdom."* **Moody's Credit Opinion on Wellcome Trust Limited, 05-Mar-2024**

## S&P Global Ratings

*"Our ratings on Wellcome are above our ratings on both the U.K. (AA/Stable/A-1+) and the U.S. (AA+/Stable/A-1+) We believe Wellcome is unlikely to default, even if these sovereigns were to default... We also consider Wellcome to be independent from the U.K. and U.S. governments and acknowledge the low risk of negative intervention by governments. Furthermore, it holds significant flexibility to reduce grant distribution without affecting its charitable status."*

**S&P Rating Report on Wellcome Trust, 26-Mar-2024**

As set out in our investment policy, Wellcome is committed to maintaining its triple 'A' credit ratings

Source: Moody's Credit Opinion Update of Wellcome Trust Limited, 05-Mar-24.

S&P Research Update of Wellcome Trust, 26-Mar-24

# Our leverage remains low



Low leverage with significant investment assets to support liabilities

*\*Leverage is defined as Total Interest Bearing Liabilities divided by Total Investment Assets.*

*Source: Wellcome Trust Annual Report (30 Sept 2024); Wellcome Trust Annual Reports, 2018, 2020, 2022, 2024*

*The net of 'Total Investment Assets' and 'Interest Bearing Liabilities' differs from the £37.6bn net portfolio figure on Slide 5 due to the adjustment of £2.8bn to interest bearing liabilities as a result of restating them from amortised cost used above to fair value used for portfolio performance*

# We maintain a conservative approach to debt



The size of the investment portfolio has increased materially since we issued our first bond in 2006



We have diversified our asset base over time



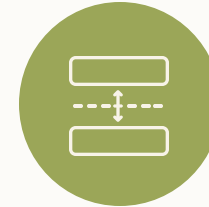
We have been proactive in preserving liquidity by forecasting liquidity flows over the next 5yrs and ensuring that projected cash flows do not fall below 2% of gross portfolio value over this period



Our performance through financial crises over the last 15 years has demonstrated our ability to weather difficult market conditions

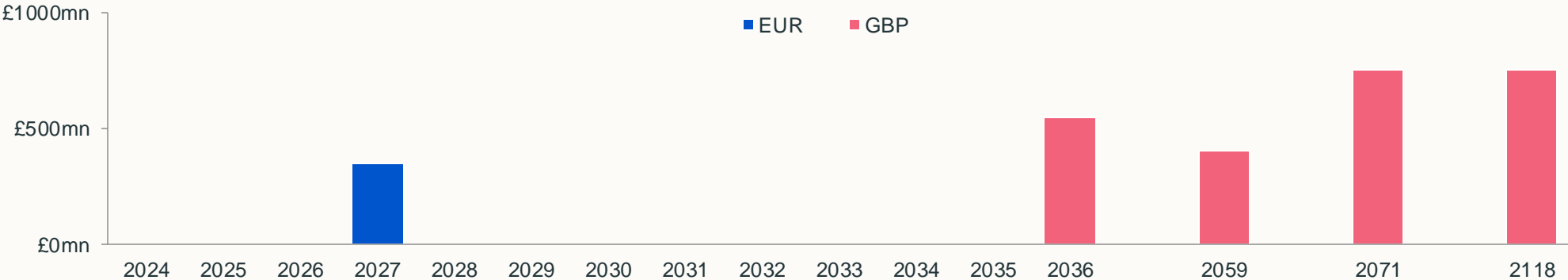


Our focus on cash flow, coupled with the low and fixed interest rates on our bonds, ensures that our debt servicing capacity remains exceptional



Our debt maturities are spaced so there are no refinancing “cliffs”

## Wellcome's Debt Maturity Profile



Conservative debt management with a focus on cash flow to support liquidity

# Our team is stable



Our Investment leadership team is currently comprised of our Managing Partner/CIO in Nick Moakes, Managing Partners in Lisha Patel and Fabian Thehos, Principals, and our Head of Investment Operations and Systems. **Wellcome recently announced a new leadership of the investment team with the retirement of Nick Moakes** (please see the next slide for more information).

Between our leadership team, **we have over 124 years of combined experience working at Wellcome**. Our strategy remains to hire good people at junior levels and promote them through the organisation (all of our Principals and Managing Partners joined as Investment Analysts), although we are not averse to hiring excellence at a senior level.

Experienced investment leadership team underpins professional and robust management of investment strategy



# Our governance process is robust

- **Wellcome announced a new leadership of the investment team with the retirement of Nick Moakes.** Nick Moakes is to retire as Wellcome's Managing Partner/CIO at the end of March 2025 after 17 years of outstanding service. On 1 October 2024, Lisha Patel and Fabian Thehos, were appointed as Managing Partners, initially alongside Nick for a six-month transition. From 1 April 2025, they will be Managing Partners and Co-Chief Investment Officers. Lisha and Fabian have over 36 years of experience at Wellcome and have covered the entire investment portfolio in that time. From 1 April 2025, Nick will be appointed to the role of Emeritus Partner and continue to advise Wellcome.
- **John-Arne Røttingen joined Wellcome as Chief Executive Officer (CEO) in January 2024** and leads the charitable foundation's mission to support science to solve the urgent health challenges facing everyone. John-Arne was formerly the Ambassador for Global Health at the Ministry for Foreign Affairs in his native Norway and has worked closely with Wellcome in multiple roles.
- **Maggy Chan has been appointed as Chief Operating Officer (COO).** She will be joining Wellcome on 15 January 2025. Maggy is a highly experienced operational leader whose past roles include COO, Global Distribution at BBC Studios. Interim COO, Karen Chadwick, will resume the role of Chief Finance Officer (CFO) from 1 March 2025.
- The **Investment Committee's** role is to act as an oversight and advisory body on investment matters. The Committee has oversight responsibility for investment risk and is a sub-committee of the Board of Governors
  - John-Arne Røttingen replaced former Chief Executive Officer, Paul Schreier, on the Investment Committee on 29 February 2024.
  - On 13 February 2024, Diana Noble joined the Investment Committee as Gabriel Leung stepped off.
- The **Audit and Risk Committee** reviews Wellcome's position on internal controls, compliance and risk management. It is also a sub-committee of the Board.
- We maintain an **Investment Policy**, which describes our investment philosophy and the relationship between risk, return and charitable spend, in addition to:
  - The roles and responsibilities of the Board of Governors and Investment Committee in overseeing the investment portfolio
  - The authority delegated to the Managing Partners and Principals
- The Investment Policy is regularly reviewed by the Investment Committee and approved by the Board of Governors.



# 04

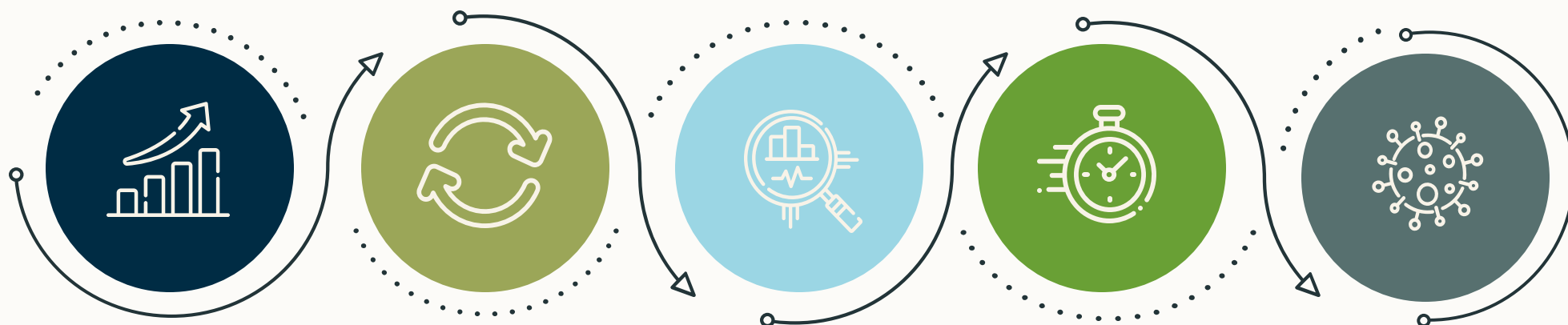
## Charitable Spending



# Our Charitable Spending Policy

## Our Focus

Ensuring our long-term financial position is secure and our spending levels are sustainable, including preserving the value of the investment base.



**2023/2024 was the second year of the decade in which Wellcome plans to spend £16bn on our mission of supporting science to solve the urgent health challenges facing everyone.**

Although sustained higher inflation would reduce the amount of charitable activities that can be funded from this level of spend, the Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

Adopting a longer-term planning horizon enables Wellcome to sustain its long-term commitments while maintaining flexibility in allocating resources to time-sensitive initiatives.

The Financial Planning process ensures that the net investment portfolio remains at the minimum level required to support Wellcome's ongoing charitable activities.

The 10 Year Plan includes flexibility for Wellcome to allocate funding to meet the goals in our Discovery Research and Solutions-focused programmes as opportunities arise.

**Considerable expenditure flexibility supports stability and predictability of future cash flows**

# Our Vision

## Our Mission

Wellcome supports science to solve the urgent health challenges facing everyone



# 2023/24 Allocation of Charitable Spending

Our total charitable expenditure in FY 2023/24 amounted to £1,577mn and was spent across the following areas:



We believe in the power of science to create knowledge that builds a healthier future for everyone

Full information about our funding is in our Annual Report and Financial Statements (30 Sept 2024)





# 05

## Environmental Social and Governance





# ESG Responsibility at Wellcome

Delivering our mission will produce benefits to society through research and health innovations. How we operate is also part of our impact on the world, and we have a responsibility to lead by example in our approach to environment, social and governance considerations, whether that's reducing carbon emissions or becoming more inclusive.

## Investment Portfolio

- The investment team believes a **key factor** in the **evaluation of investments** is whether **companies and fund managers** can maintain a **strong societal license to operate** and **generate sustainable returns**.
- Climate change and the energy transition will have a financial impact on multiple sectors.
- In 2021, **Wellcome announced a pathway to net zero for its investment portfolio, which it aims to achieve by 2050 at the latest**.

## Investment Portfolio

- Our **first Executive Director, Equity** joined in October 2023 to lead on issues related to Equity, Diversity and Inclusion.
- In 2024, **we began a three-year action plan to progress towards becoming anti-ableist**. This work will cover employee policy, senior leader learning, all-staff learning, and research funding.
- This year, we've piloted **new anti-racism learning approaches**, created a data matrix to monitor staff experiences and better track Wellcome's progress towards race equity, worked with three external Anti-racism Associates, and launched the Accelerator Awards.

## Climate Change & Energy Transition

- We aim to reach **net zero by 2030 for the scope 1 and 2 carbon emissions** associated with Wellcome's direct charitable activities in the UK.
- Over the last year we worked to better understand our baseline across a number of environmental performance indicators, **in particular our scope 3 carbon emissions, and to identify our priorities for action**.
- We have established and resourced **a dedicated sustainability function**, working as an internal centre of expertise to support the delivery of our ambitions.

## Governance

- How an organisation operates in the world is not only determined by its structures, rules and procedures. At Wellcome, governance is also about **understanding what is integral to us as an organisation, and how we want to act as a result**.
- Key governance issues for Wellcome include **safeguarding, data protection, modern slavery, and preventing bribery and fraud**.
- We keep our **Code of Ethics (formerly Code of Conduct)** up to date, provide a **safeguarding framework** and deliver **mandatory training** for staff on a range of topics including anti-corruption and personal data compliance.

# Our Investments Net Zero Pathway

## Aim: Net Zero for the Investment portfolio by 2050

- Applies to emissions from Wellcome's directly and indirectly held assets.
- For indirectly held assets, the target applies on a look-through basis to portfolio companies that are held by third party managers.
- Target applies to Scope 1 and 2 emissions from our assets. However, we are encouraging adoption of science-based net zero targets, which include Scope 3 where these are material.

## Measuring

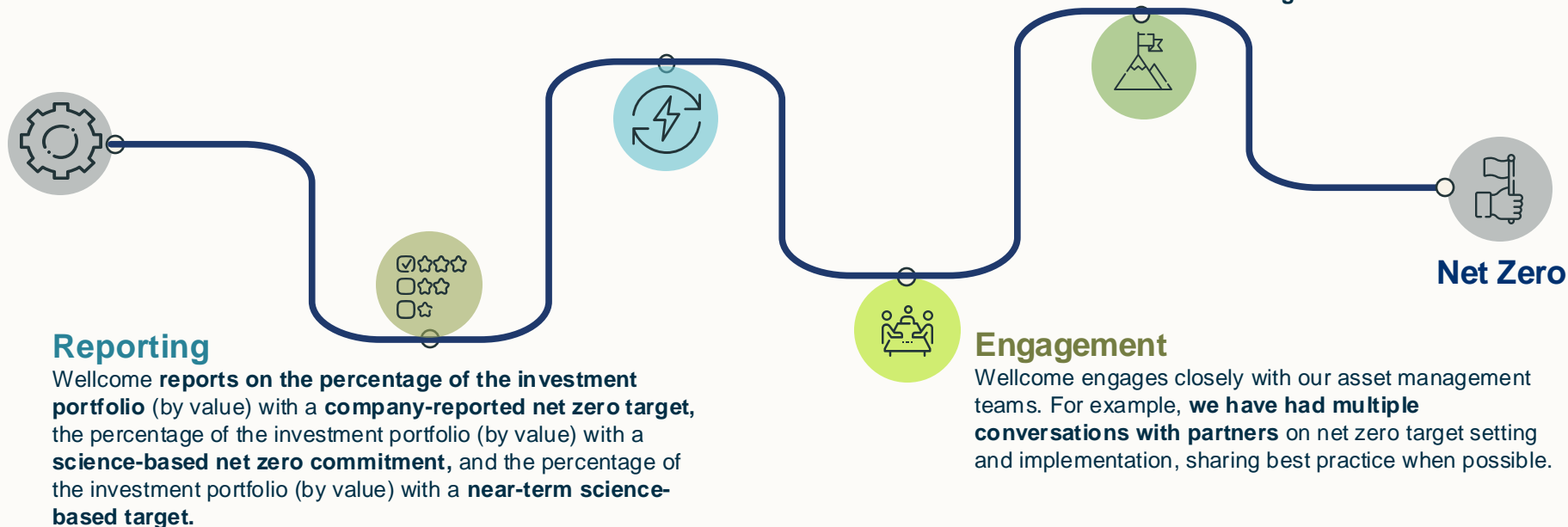
We are taking a **staggered approach** to measuring the investment portfolio's absolute emissions, taking into account when emissions can be reliably determined for each asset class. We measured a baseline for our public equities' emissions in 2019 and for property in 2021.

## Challenges

**Pace of the progress** towards the net zero target will **differ for different parts of the investment portfolio**. There will be **adoption and execution challenges specific to the respective asset classes**.

## Action

Wellcome is part of the **Institutional Investors Group on Climate Change** to aid its **engagement efforts** and to **establish common measurement and disclosure standards**. This year, we signed a group investor letter to **encourage companies to disclose carbon emissions data and set Science-Based Targets**.



Wellcome's net zero pathway reinforces the long-term investment horizon of the investment portfolio and the investment team's focus on generating sustainable returns





# 06

## Concluding Remarks



# Conclusion

**Our long-term returns remain strong**

**Our investment team is highly experienced**

**The quality of the assets we own is high**

**Those assets contribute towards a cash flow profile that is strong and expected to grow**

**We continue to maintain our financial discipline and our outstanding debt remains low**

This document contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as “plans”, “expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of Wellcome Trust. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results.

Neither Wellcome Trust nor any of its subsidiaries or officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (including its implementation into UK law), the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), Wellcome Trust is not under any obligation and Wellcome Trust and its subsidiaries expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs Wellcome Trust since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute a recommendation regarding any securities.