2025 Endowment fund investment report

We are deeply grateful to our donors whose generosity is shaping the future of Adelaide University. This philanthropy drives impact where it matters most by advancing world-class research, opening pathways for student success, and supporting community programs that create positive change beyond the University's campuses

Tiana Bonney, Gavin Wanganeen Aboriginal and Torres Strait Islander Scholarship recipient

This report provides an overview of how the University of Adelaide's Endowment Fund is managed, a summary of it's performance as at 31 December 2025 and transition of the Endowment Fund to Adelaide University.

Fund highlights

As at 31 December 2025, the Endowment Fund (the "Fund") consisted of 620 individual endowments totalling $462.4 million. These monies are pooled together to form the Fund.

In 2025, thanks to the continued generosity of our endowed donors, the Fund received $4.6 million from 23 new donations and $1.9 million in deposits to existing endowments and recognised a reinvestment of franking credits and market revaluation gains of $36.9 million.

After $15.1 million was distributed to 454 individual research projects, prizes and scholarships throughout the University, the net increase to the Fund was $28.2 million for the year.

For the twelve months ended 31 December 2025, the Fund returned 8.2% (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.

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. Finance Committee receives independent advice from Frontier, with the Committee augmented by investment industry expertise when considering Fund investment decisions.

Furthermore, to enhance the administration from both a transactional and performance reporting perspective the University uses the HUB24 investment platform for the Fund's liquid assets.

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

1. Investments are held in custody by a specialist service provider.
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 the Sustainability Strategy 2030 – Here for good (the Strategy) outlining 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 principlesacross investments with the following objectives:

- To ensure our values are reflected in the University's investment portfolio
- Align our investment approach to the principles of the Strategy and encourage exclusions or certain investments where there is misalignment
- Update 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

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.

In 2025 the endowment fund distributed $15.1 Million to 454 individual research programs, prizes and scholarship awards

A growth biased investment strategy has been adopted, with approximately 70% of the Fund's assets invested in growth assets and 30% 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.

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 Funds 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.

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.

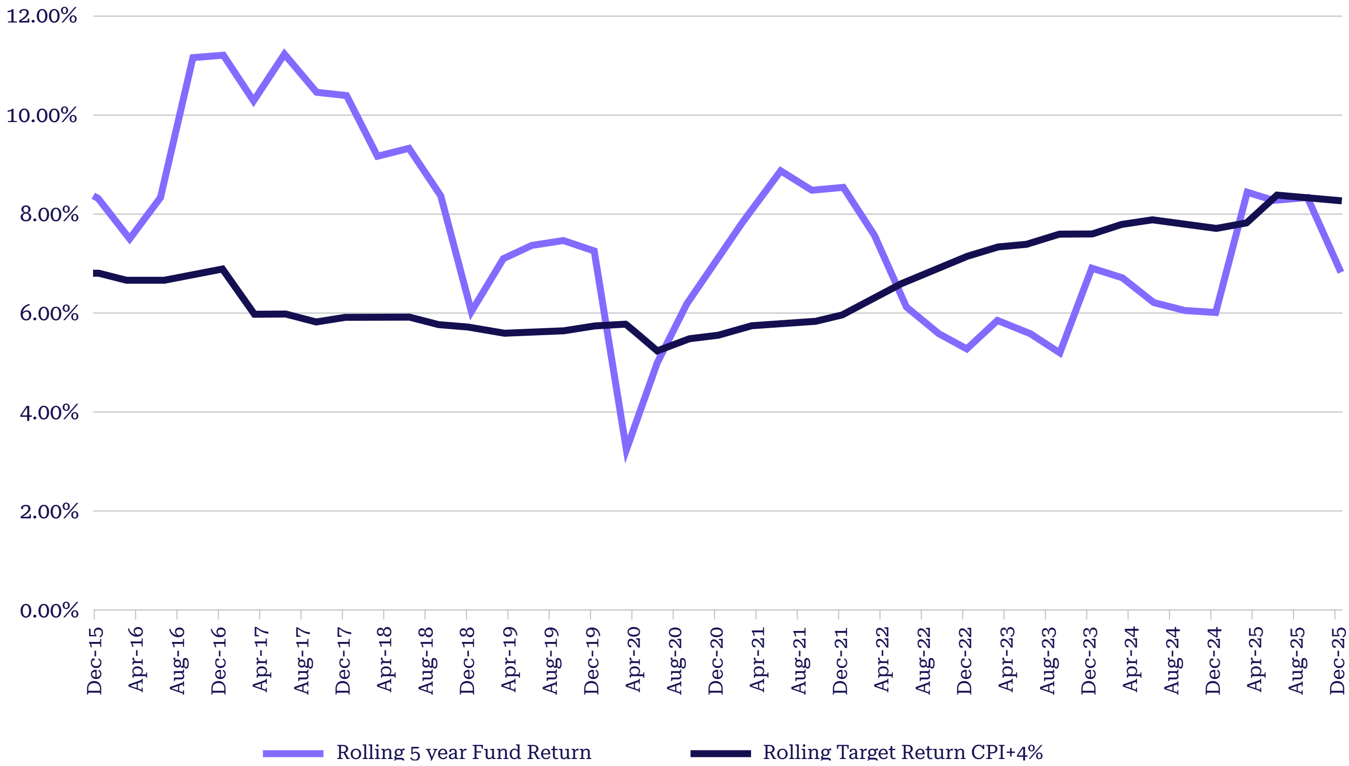
Actual investment earnings for the year (after deducting fund manager fees and any income distribution) are reflected in the capital value of the investment as capital growth. For example, if the Fund's annual return is 12%, up to 5% will be distributed as income, and the remaining balance of the year's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

Fund performance

Historical fund performance (net of investment feesand excluding franking credits)

1 Year	3 Years	5 Years	7 Years	10 Years
8.2% p.a.	9.2% p.a.	7.0% p.a.	7.2% p.a.	7.0% p.a.

Annualised Rolling 5-year return



Asset allocation

The following table provides the asset allocation of the Fund at 31 December 2025, 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%

Adelaide University

Following a joint feasibility assessment by both the University of Adelaide and the University of South Australia, both University Councils supported the establishment of a combined new Adelaide University in July 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 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.

On the 1 January 2026 the University of Adelaide Endowment Fund transitioned to Adelaide University, consolidating with the equivalent University of South Australia Perpetual Fund.

At 31 December 2025 the University of South Australia Perpetual Fund was $35.7 million, supporting 33 underlying projects. The Fund is managed by Morgan Stanley who provides end to end investment manager expertise including asset allocation advice, investment recommendations, trade execution and reporting. During 2025 the Fund returned 8.5% net of fees and excluding franking credits and distributed $0.7 million.

The Endowment Fund policy for Adelaide University maintains the existing focus on ESG, whilst adopting the University of Adelaide Fund objectives, strategies and distribution guidelines.

The University seeks assurances from Fund Managers to ensure compliance with the Endowment Fund policy and will publish climate exposure metrics in the release of its Annual Responsible Investment Disclosure.

The Endowment at Work

Commonwealth Hill Trust scholarship in agricultural, animal and veterinary sciences

Established in 2020 by the trustees of the Commonwealth Hill Trust Fund, the Commonwealth Hill Trust Scholarship in Agriculture, Animal and Veterinary Sciences supports students for the full term of their undergraduate studies.

The successful applicants are selected for their passion and desire to pursue a career in agricultural sciences, animal science, animal behaviour, veterinary technology or veterinary medicine. Each student receives $7500 for each year of study, split over two payments. An additional one-off $2500 payment in the first semester of study is available if the student has relocated from a regional, rural or remote area.

Jessica Kellock has been supported by the scholarship since 2024 and will complete her bachelor's degree in Agricultural Science in 2026 having shown a consistently high grade point average.

Jessica chose this degree based on the recommendations of previous students and her passion for learning in agriculture fostered by her schooling, firstly in Keith in regional South Australia and later at boarding school in Adelaide.

Receiving the scholarship not only alleviated the financial pressure on Jessica while living independently, away from family, it has meant she faces reduced debt in the future.

The assistance of donors Hugh and Fiona MacLachlan and their family extends beyond just financial.

"The support from Hugh and Fiona, as well as the entire MacLachlan family, has been beneficial for my development within the agriculture industry, enabling me to achieve my potential and grasp any opportunity provided without financial pressures holding me back," said Jessica.

"By meeting Hugh and Fiona at several previous events, I was able to develop a relationship with them. They even offered to bring vegetables from their garden to university for me to cook with!

"Their kindness just means the world to me; to know I have built a connection with people that I would be happy to contact if I was in a fuss.

"This aligns with where I want to lead my life in the future, especially in an industry where relationships are extremely important."

Jessica is now looking forward to taking up the opportunities the scholarship has provided regarding future employment.

Hugh and Fiona MachLachlan with Jessica Kellock at the Waite Campus

Further enquiries

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