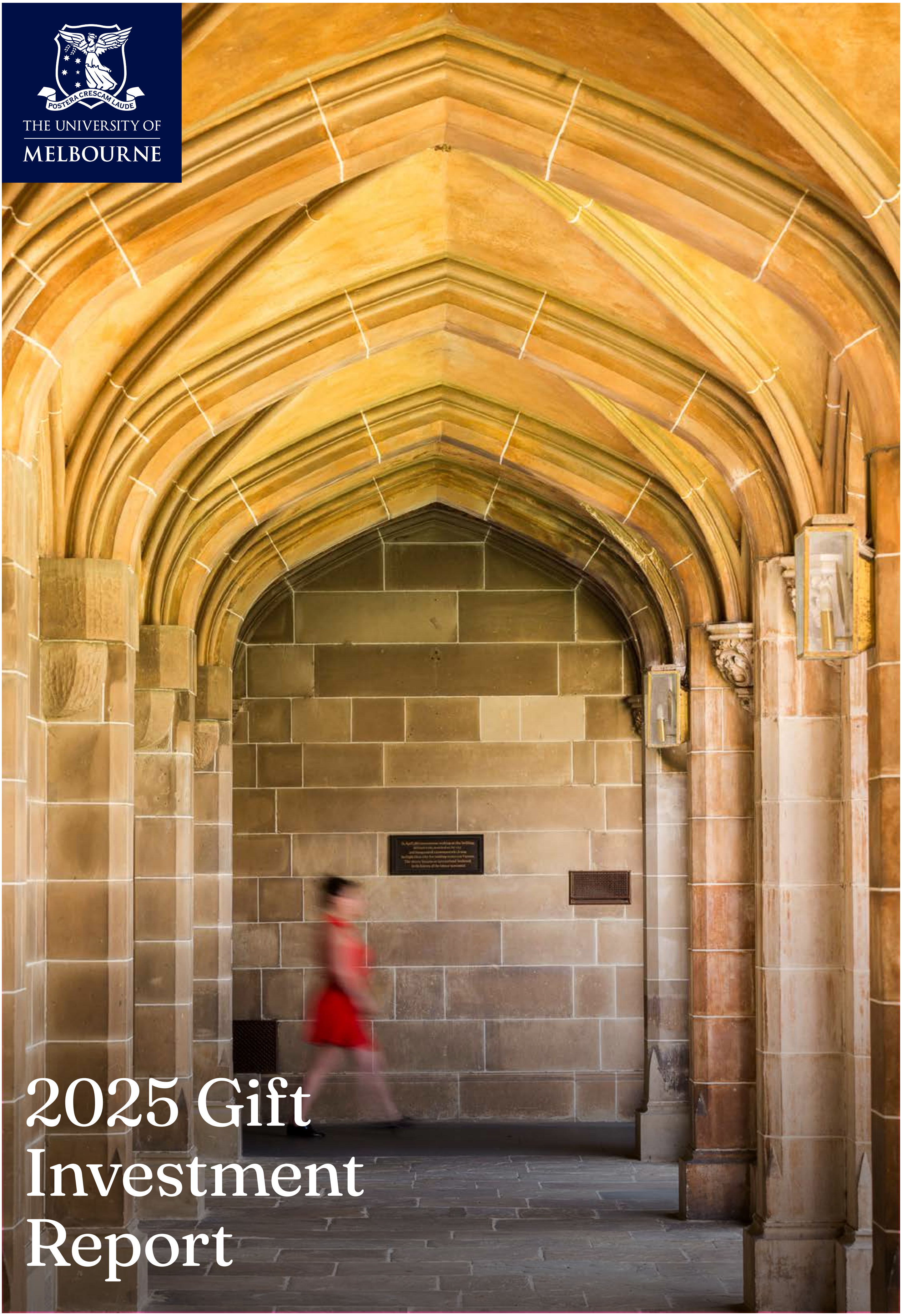
THE UNIVERSITY OF MELBOURNE



2025 Gift Investment Report

Acknowledgement of Country

The University of Melbourne acknowledges the Traditional Owners of the unceded land on which we work, learn and live: the Wurundjeri Woi-wurrung and Bunurong peoples (Burnley, Fishermans Bend, Parkville, Southbank and Werribee campuses), the Yorta Yorta Nation (Dookie and Shepparton campuses), and the Dja Dja Wurrung people (Creswick campus).

The University also acknowledges and is grateful to the Traditional Owners, Elders and Knowledge Holders of all Indigenous nations and clans who have been instrumental in our reconciliation journey.

We recognise the unique place held by Aboriginal and Torres Strait Islander peoples as the original owners and custodians of the lands and waterways across the Australian continent, with histories of continuous connection dating back more than 60,000 years. We also acknowledge their enduring cultural practices of caring for Country.

We pay respect to Elders past, present and future, and acknowledge the importance of Indigenous knowledge in the Academy. As a community of researchers, teachers, professional staff and students we are privileged to work and learn every day with Indigenous colleagues and partners.

In making this Acknowledgment of Country we commit to respectful and responsible conduct towards all others according to the Traditional lores of this land, particularly at times of formal ceremony.

Contents

1. Overview

Philanthropic contributions are fundamental to achieving the University's vision 'to benefit society through the transformative impact of education and research' as outlined in **Strategy 2030**.

In 2025, the generosity of our donors continued to make a profound impact. Their support has enabled the establishment of scholarships and bursaries that open doors for students from all walks of life, helping them thrive regardless of their circumstances. These gifts also strengthen the University's ability to attract exceptional academics who inspire through teaching and leading groundbreaking research that tackles the most pressing challenges facing our world.

To ensure every gift achieves its intended purpose, the University applies a disciplined investment approach that delivers sustainable, long-term returns. This annual report provides donors with insight into our investment strategy and the portfolio's performance for the year ending 31 December 2025.

In 2025, the portfolio of long-term invested gifts delivered a return of 8.5 per cent (**Table 1**), and distributions from this portfolio totalled $68 million, supporting a wide range of initiatives and priority areas across the University.

Watch this brief video for an overview about **long-term gifts** to the University of Melbourne.

Section 5 outlines the investment market context in 2025 and provides more detail on the Gift Investment Portfolio's longer-term track record.

Table 1: Summary of recent annual investment returns & distributions for the Gift Investment Portfolio

	2023	2024	2025
Year End Market Value ($m)	1,331	1,445	1,522
Net Return (%)[1]	9.9	12	8.5
Distributions ($m)	62	64	68

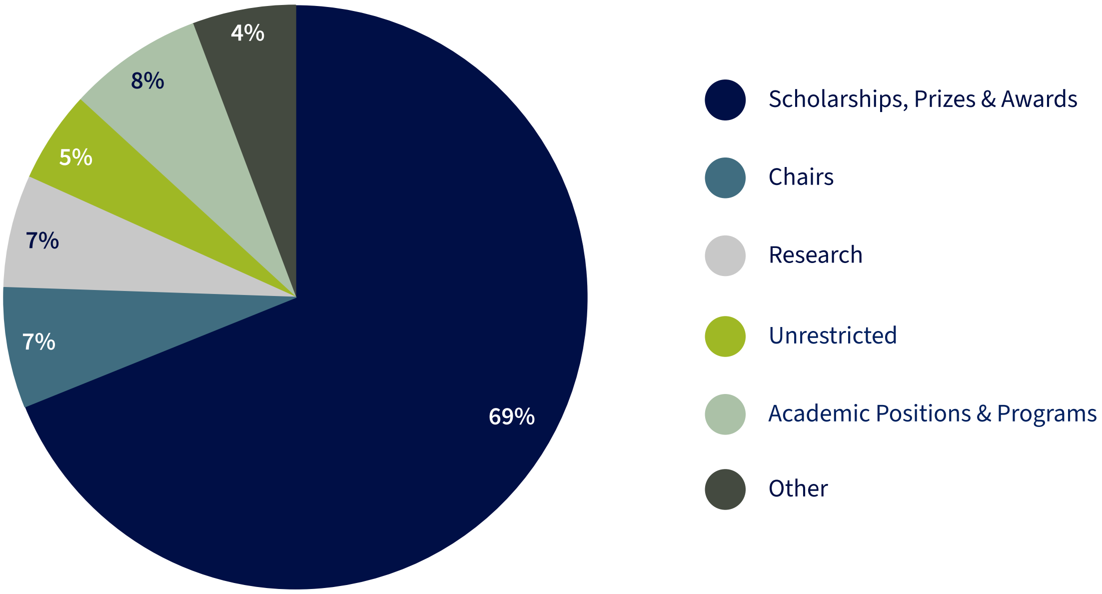
1 Reported investment returns include accrued franking credits and net of fees. Further details are provided in Section 5

2. Use of Long-Term Gifts

The University manages donor contributions in alignment with the donor's stated intentions and any applicable legal requirements. Where no specific purpose is indicated, gifts are applied to the University's broader charitable purposes. The largest share of these contributions supported student scholarships, bursaries, grants and prizes (**Figure 1**).

Other gifts support activities including academic appointments, research projects and programs, library resources, capital projects and programs that foster student growth and development.

Figure 1: Gift category breakdown



Margot Wilson, Master of Geography

2025 Recipient of the J.J. Wood Memorial Scholarship

J.J. Wood's extraordinary legacy continues to support and inspire women studying geography. For over 27 years, the J.J. Wood Memorial Scholarship has been awarded to a female student pursuing the Geography Honours program or a Master of Geography, with priority given to students who have experienced challenging financial circumstances. The scholarship was established by Charles Hart in honour of his godmother, Jessie Joyce ("Joyce") Wood, after whom the scholarship is named. For Margot, the financial component alleviates considerable stress by allowing her to reduce paid work commitments and devote more time and energy to her studies. This is particularly critical during the Master's degree where capacity to focus on an extended piece of research is imperative. Margot and Joyce's shared passion for food, learning and geography are being woven into Margot's research. *"I am currently conducting research into local student food initiatives, with a particular focus on how 'successful' initiatives are defined, evaluated and worked towards."* Ultimately, Margot's work will yield findings that help universities understand and address food insecurity for young adults at this critical time in their lives.

"I am honoured to receive this award, especially given that many of its previous recipients are women who I have looked up to and respected for several years. It is both heartening and invigorating to stand alongside highly intelligent women with whom I share a passion for geography."

3. Investment Model and Governance

The University's investment model allows the University to prioritise strategic investment decisions while entrusting the resource-intensive investment implementation activities to experienced and well-equipped external specialists. This approach is consistent with the University's investment scale and its focus on leadership and excellence in education, teaching, and research.

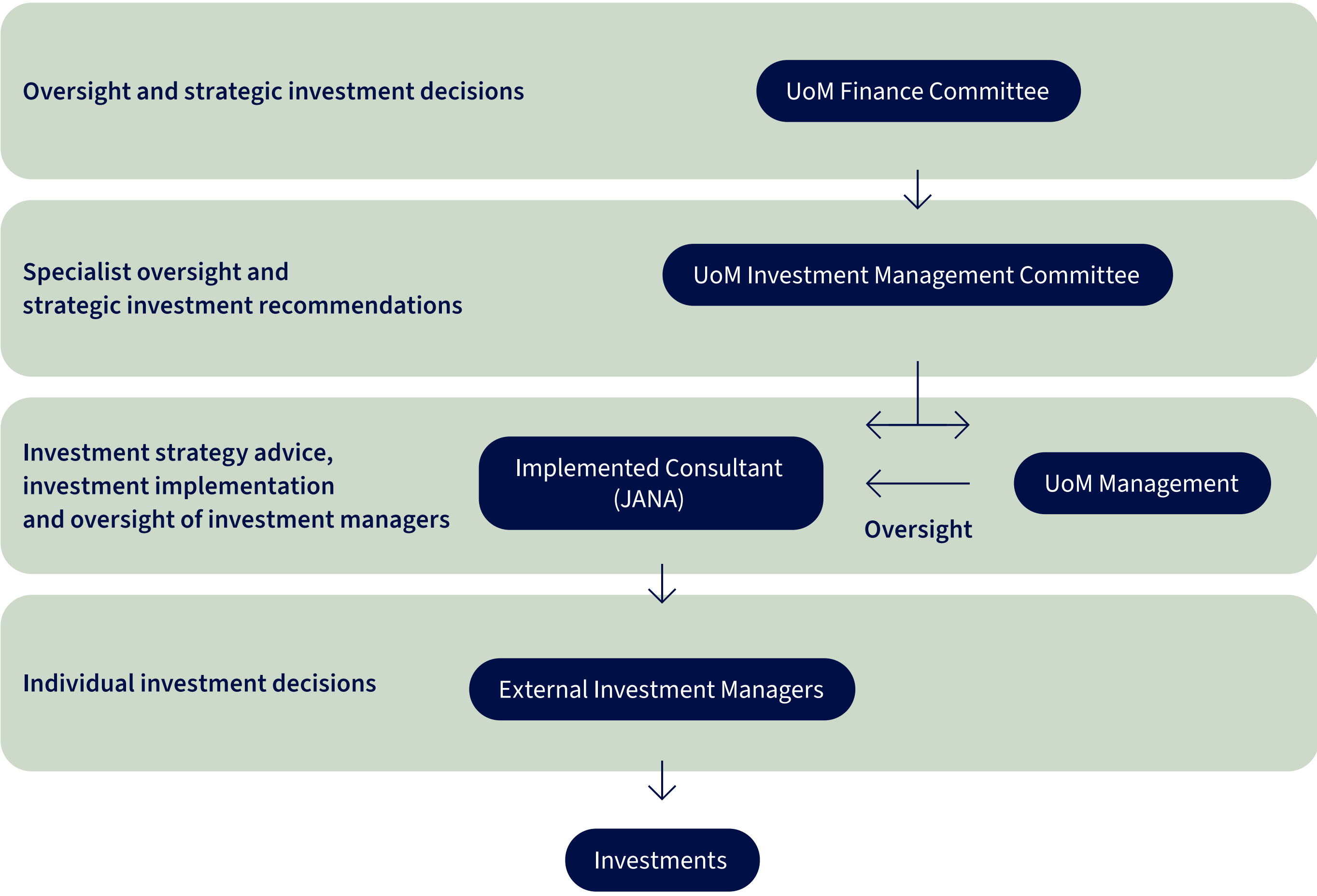
The University's Finance Committee exercises governance responsibilities over the financial assets of the University.

The Investment Management Committee (IMC), a sub-committee of the Finance Committee, supports this role by providing strategic investment recommendations to the Finance Committee and overseeing the implementation of these investment decisions.

The University has appointed an Implemented Consultant[2] to advise on investment strategy and implement the approved strategy. University Management oversees the day-to-day management of the relationship with the Implemented Consultant.

Figure 2 below outlines the investment model. Note that the University of Melbourne is abbreviated as UoM.

Figure 2: University of Melbourne Investment Model



2 Implemented Consultant: JANA Investment Advisers assists with advice and implementation of the University's investments

The Investment Management Committee (IMC) comprises experienced investment and finance professionals. The membership consists of representatives from University Council, University Management, and independent individuals. **Table 2** outlines the Committee's membership in 2025.

JANA Investment Advisers is the University's Implemented Consultant. JANA has a long history of successfully providing investment consulting and management services in Australia and is an adviser to some of Australia's largest institutional investors.

The University appointed JANA in 2022 on recommendation of the IMC and Finance Committee.

The investment portfolio, which supports long-term gifts, operates as a separate unitised fund structure. Once a gift is received, the gift is exchanged for units that represent a portion of the total investment portfolio. The value of the units varies over time in line with the underlying investments' performance. Units are valued each month based on the value of the underlying investments.

Table 2: Investment Management Committee Membership (2025)

Representative Category	Member	Professional Affiliation	Expertise	Length of Service on the Committee
University Council	Andrew Sisson AO (Chair)	FAICD	Australian Equities	Joined March 2020
	Dr Raphael Arndt	CEO, Future Fund	Infrastructure/ Multi-Asset	Joined January 2024
University Management	Katerina Kapobassis[3]	Vice-President (Administration & Finance) and Chief Operating Officer, University of Melbourne	University Finance	Joined June 2024
Other members	Prof Carole Comerton-Forde	Professor of Finance	Academic Finance	Joined July 2024
	Peter Scott AM	Investment Banker	M&A / Capital Markets	Joined October 2013 Retired November 2025
	Liliana Colla	Investment Merger Lead Manager, CBUS	Implementation / Trading	Joined August 2014
	David George	Deputy Chief Strategist, Abu Dhabi Investment Council	Public Markets / Multi-Asset	Joined March 2025

3 As nominee of Vice-Chancellor

4. Investment Objectives and Strategy

Investment objectives for the investment portfolio are developed with the support and advice of the Implemented Consultant. The objectives are based on a range of considerations and reflect the University's investment beliefs and strategic advantages, such as its long time-horizon. JANA works closely with University Management to understand the nature of the commitments supported by the financial assets, their liquidity requirements (including distribution goals), alongside fund return and risk preferences.

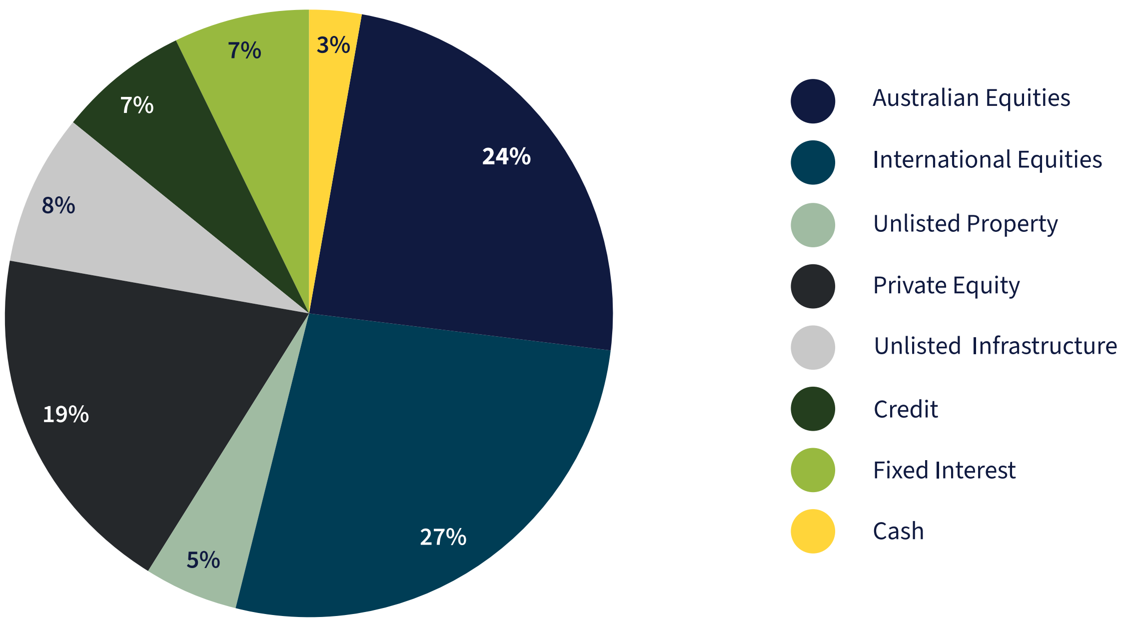
JANA then develops proposed objectives based on comprehensive modelling using its risk and return expectations for asset classes. Alternative portfolios are developed by JANA to help the Investment Management Committee review the probability of achieving the investment objectives, along with potential trade-offs between liquidity, returns, and risk for each hypothetical portfolio. The portfolios are stress tested for extreme events to better understand their resilience in different market conditions, and their ability to support distribution policies and preserve the real value of the gifts.

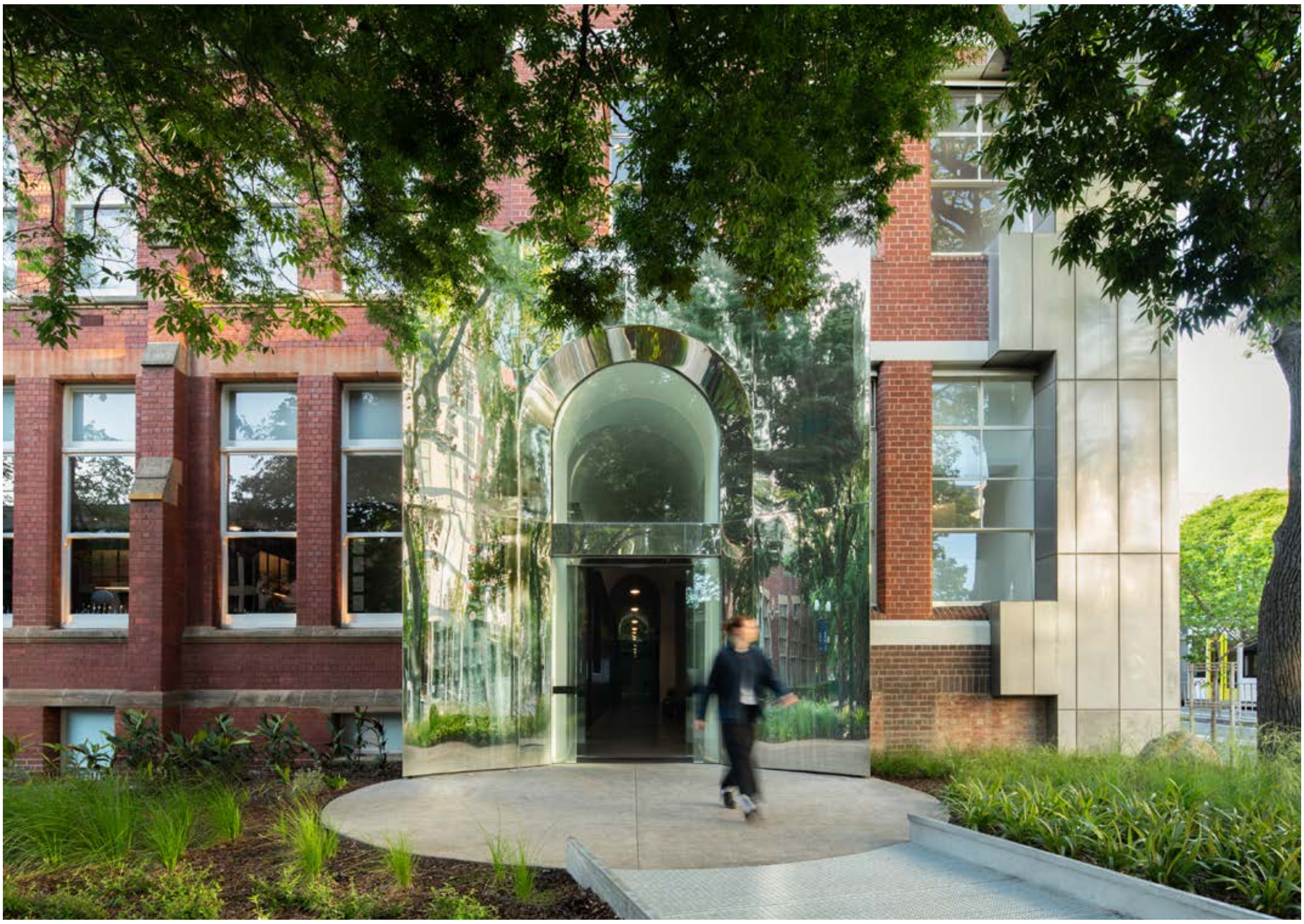
The analysis and advice provided by JANA is reviewed and considered by the Investment Management Committee, which then makes recommendations to the Finance Committee for its consideration and approval. The objectives are supported by a long-term strategic allocation to asset classes.

The investment objective for the long-term gift portfolio is CPI + 4.5 per cent per annum.

The investment strategy for the portfolio comprising long-term gifts is implemented by diversifying across multiple asset classes, countries, investment managers and investment approaches.

Figure 3: Asset allocation on 31 December 2025





Risk management

The primary objective of the investment portfolio is to deliver returns above inflation that both preserve the real value of the gifts and provide sustainable distributions to support philanthropic activities. In this regard, the primary risk is failing to achieve these twin objectives over the long term. This is therefore a primary focus of the Investment Management Committee supported by the work of University Management and JANA.

As highlighted earlier, this analysis is supported by extensive work on capital market assumptions and comprehensive stress testing of alternative portfolios and strategies. At an operational level, risk is actively managed by JANA with support of specialist service providers.

Sustainability

The University's commitment to responsible investment and sustainability more broadly is outlined in its **Sustainability Plan 2030** and includes the following two responsible investment targets:

- Include the University's investment portfolio[4] in its commitment to be climate positive by 2030
- Provide enhanced transparent reporting of the University's investment portfolio

The University has been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2020. As a signatory, the University is committed to incorporating environmental, social, and governance (ESG) issues into its investment analysis, decision-making processes, and ownership policies and practices. The University is also committed to being an "active owner"[5], seeking appropriate disclosure on ESG issues by the entities in which it invests, and reporting on its activities and progress towards implementing the principles for responsible investment. At the investment level, external investment managers undertake "active ownership" activities within the framework established by the Implemented Consultant, with reporting to the Implemented Consultant and then the University.

The Implemented Consultant has a specialist internal Sustainability Team, who work to drive the integration of sustainability considerations throughout the whole investment process. JANA is also a PRI signatory, and a member of the Responsible Investment Association of Australia (RIAA), the Investor Group on Climate Change (IGCC), and Australian Sustainable Finance Institute (ASFI). JANA was an inaugural signatory to the Net Zero Investment Consultants Initiative (NZICI), a pledge by global investment consultancy firms to support the goal of net zero greenhouse gas emissions by 2050. JANA is also a Climate Active carbon neutral certified organisation.

4 This will include investments in the University's portfolio for which the carbon footprint can be reasonably measured or estimated.

5 The PRI defines active ownership as the use of the rights and position of ownership to influence the activities or behaviour of investee companies.

5. Investment Performance

The portfolio comprising long-term gifts has performed well for many years despite periods of heightened volatility in global financial markets. **Table 3** below shows the long-term gifts portfolio's performance against its investment objective.

The investment objective for the Gift Investment Portfolio remains at CPI + 4.5 per cent per annum. This target is expected to be achieved over rolling periods of 10 or more years.

2025 Investment Market Context

The portfolio outperformed its investment objective over the year and has also exceeded its objective over most longer time periods, despite periods of elevated inflation and volatile equity markets in the aftermath of the COVID pandemic.

Calendar year 2025 was characterised by positive but uneven returns across global markets. The uneven nature of returns was shaped by inflation pressures, an inflection point in global monetary policy and trade uncertainty following the changes to US trade policy during the year.

International equities saw solid returns over 2025. One of the defining features of 2025 was the continued dominance of large-cap US technology stocks. Strong performance in this sector was driven by sustained investment in artificial intelligence infrastructure and expectations for the commercial adoption of AI-related services.

The concentrated nature of market returns in large-cap technology stocks was a key theme of markets in 2025.

Globally, economic growth slowed but avoided recession. Inflation continued to trend lower across most regions, although progress was uneven and complicated by renewed trade frictions and tariff-related price pressures, particularly in the United States. The gradual downward trend in inflation saw the US Federal Reserve begin to reduce policy interest rates towards the end of the year after holding rates steady for much of the year. This shift in policy supported global risk assets and, for Australian investors, also contributed to a strengthening of the Australian dollar.

Australian equities delivered positive, albeit more measured, returns compared to global markets. The S&P/ASX 200 traded near record levels during the year, supported by resilience in financials and selective strength in resources, although elevated valuations and market concentration tempered broader-based gains.

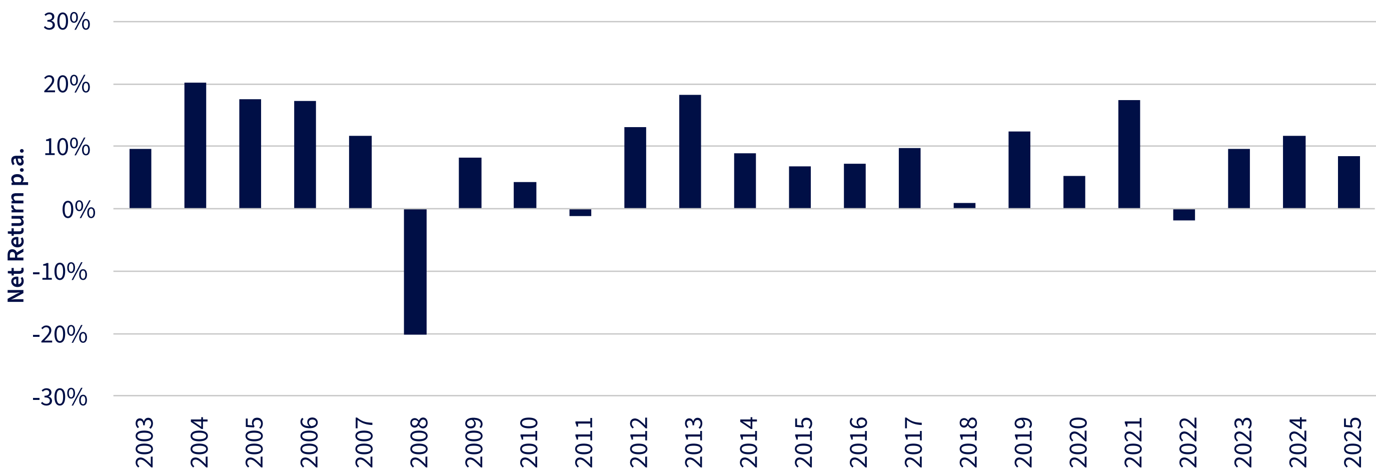
Bond markets ended the year positively with global bonds outperforming Australian Bonds. Apart from heightened volatility in April in response to trade policy uncertainty, credit returns were positive for most of the year and finished the year on a solid footing. Credit markets benefited from declining volatility and improved investor confidence as recession fears eased and were further supported by resilient corporate earnings and limited default activity.

Table 3: Gift Investment Portfolio Performance Over Time (as of 31 December 2025)

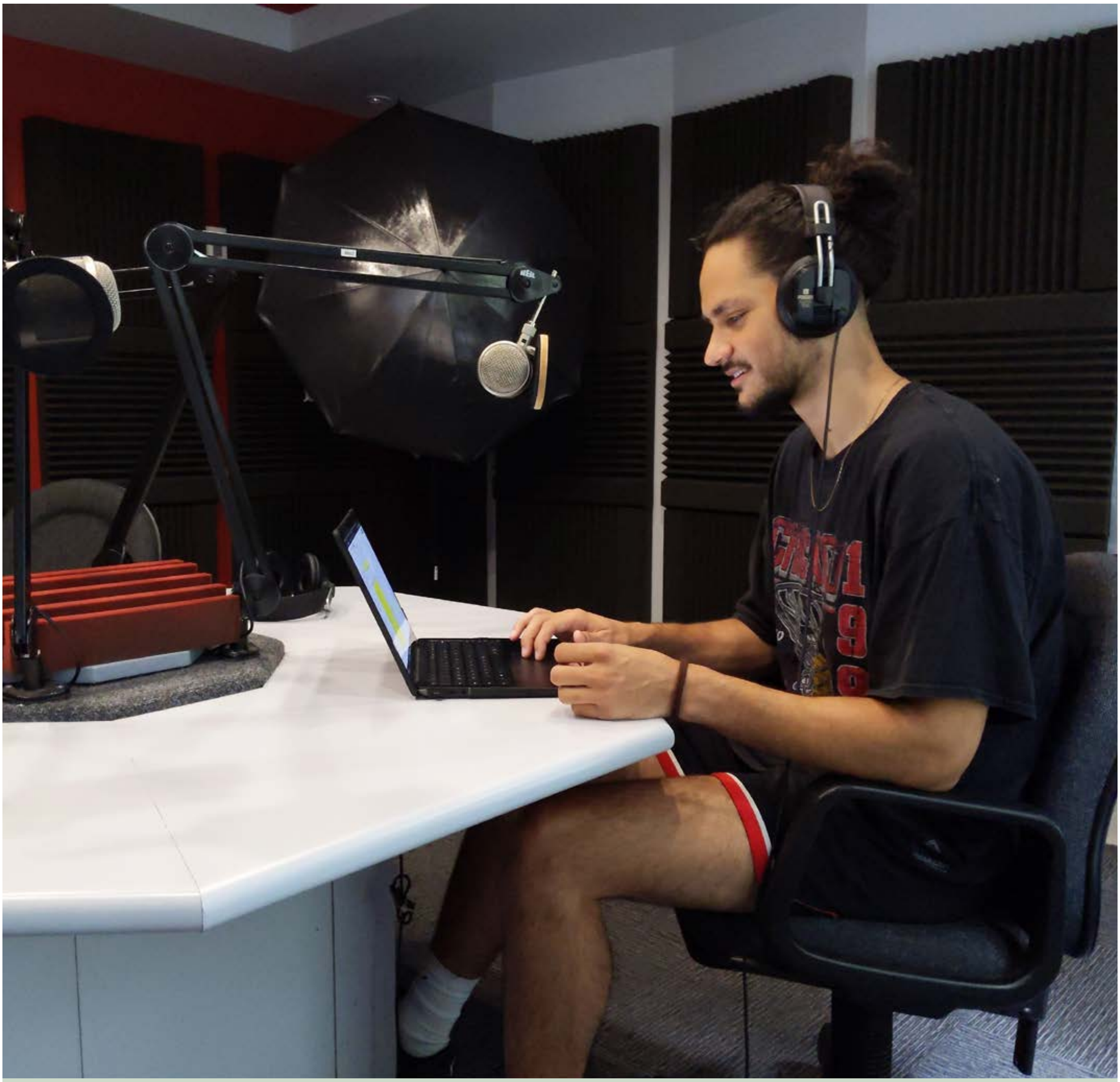
Per cent return per annum	1 Year	3 Year	5 Year	10 Year	Since Inception
Portfolio Performance*	8.5	10.1	9.0	8.0	7.8
Investment Objective	8.3	8.0	8.8	7.2	7.4

***Performance reported includes accrued franking credits for the period 2023 – 2025 (Year 1 – 3). Prior to 2023, franking credits were distributed to gift accounts but were not captured consistently in portfolio performance reporting. As a result, reported performance prior to 2023 does not include franking credits.**

Figure 4: Annual Performance of Gift Investment Portfolio (as of 31 December 2025)



Returns include accrued franking credits for 2023–2025. See Table 3 note for further details.



University of Melbourne Research Unit for Indigenous Language (RUIL)

supported by The Leary Trust for Australian Indigenous Languages

When Professor Rachel Nordlinger worked with Wambaya Elders to create the only dictionary of their language, spoken in the Barkly Tablelands region of the Northern Territory for thousands of years, she learned that Wambaya names existed for native trees that had never been identified by non-Indigenous botanists.

Professor Nordlinger and her team at the University of Melbourne Research Unit for Indigenous Language (RUIL) hope to end the historical loss of Indigenous languages and preserve the meaning and knowledge held in these words for future generations. Supported by a generous gift in Will from the late Duncan Leary, RUIL works with communities across the country to document and promote Indigenous languages and raise public awareness of how important these languages are.

A key initiative of RUIL, the 50 Words Project aims to make fifty words from every Indigenous language of Australia available for everyone to hear and learn. The languages and words are displayed online on an interactive language map of Australia, allowing users to easily find information relevant to their local area. The project now showcases words and recordings from 97 languages. "*It's easy sometimes for Australians to think of Indigenous languages as something of the past, but by having the audio, it brings them to life,*" Professor Nordlinger says.

6. Distributions

Distributions are made from the portfolio each quarter to support the purpose of the gifts. These distributions are based primarily on a notional rate of 5 per cent of total assets in the portfolio. To determine the exact distribution amount, the University uses a formula that gradually adjusts for fluctuations in annual investment performance. This “smoothing” formula provides greater predictability of the distribution amount while minimising the risk of impairment of the real value of the invested capital.

Calculated distributions are equal to the sum of:

i. 80 per cent of the previous year’s distribution dollar amount (adjusted for inflation); and

ii. 20 per cent of the target distribution rate (currently 5 per cent) of the long-term gift portfolio.

To ensure that actual distributions are closely aligned to the target rate, constraints are applied. These constraints are a floor of 4.5 per cent and ceiling of 5.5 per cent of the value of the portfolio.

This calculation occurs as part of the University’s annual budgeting cycle in October each year. Given this is prior to year-end, the distribution estimate is based on the balance at year-end two years prior to the distribution year. For example, the budget for the 2025 year was compiled in October 2024, based on the market value of the portfolio as of 31 December 2023. To adjust for this timing difference, the market value of the portfolio is adjusted for inflation (two years of inflation, to bring the 2023 market value into 2025 dollars for distribution).

Distribution Calculation

The actual market value and distribution figures over the past three years for the long-term gift portfolio are shown in **Table 4** below. The table highlights the key figures used to illustrate how the distribution for 2025 is determined:

- 80 per cent of the actual prior year (2024) distribution of $64m, subject to one year of inflation, equalling $54m; plus
- 20 per cent of the target distribution rate of 5 per cent, using the most recent year-end market value (2023 year-end value of $1,331m, adjusted for inflation to $1,423m in 2025. This equals $14m).

The sum of these two components produces a **Calculated Distribution** of $68m ($54m plus $14m).

This calculated amount is then assessed against the inflation-adjusted market value of the portfolio (**Adjusted Value @ Budgeting**) of $1,423m. $68m represents 4.8 per cent (rounded) of $1,423m. As this falls within the permitted distribution range of 4.5 per cent to 5.5 per cent, $68m was adopted as the **Actual Distribution** for 2025.

Table 4: Distribution Calculation ($ in millions)

	2023	2024	2025
Year-End Market Value (M.V.)	1,331		
80% of Actual Prior Year Distribution (+CPI)			54
Adjusted Value @ Budgeting			1,423
20% of Target Rate (5%) * Adjusted Value @ Budgeting			14
Calculated Distribution			68
Calculated Distribution as % of Adjusted Value @ Budgeting			4.8 per cent
Actual Distribution (Constrained)		64	**68**

Adjusted Value @ Budgeting in 2025 calculated based on 2023 Year-End Market Value (M.V.).
80% of Actual Prior Year Distribution (+CPI) in 2025 calculated based on 2023 Actual Distribution (Constrained).

7. Administration

The Vice-President (Administration & Finance) and Chief Operating Officer have management responsibility for the University's investments, which are overseen day-to-day by the Chief Financial Officer Group. The expenditure of long-term gift distributions is managed by a team comprising Advancement, Legal and Risk, Finance Operations, and the relevant faculty, school, or department. This team ensures that the distributions are allocated in accordance with the donor's expressed wishes or trust terms.

The University's Gift Committee is a sub-committee of the Council that represents donors' interests and assists the University Council in overseeing and administering philanthropic gifts from donors and partners to any part of the University. The Committee ensures that gifts to the University are accepted and used appropriately and effectively. Additionally, the Committee is responsible for overseeing the University's stewardship of all gifts, including those that are held by the University in trust.

Fees

At the University, we apply an internal administration fee that amounts to 2.5 per cent of the annual distribution amount, which on average is equivalent to approximately 0.1[6] per cent of the market value of long-term gifts. This fee supports the stewardship, administration and governance of long-term gifts.

Our commitment to our donors is based on operating with transparency, integrity, and respect, and we maintain reasonable and justifiable administrative fees. Consistent with this approach, our internal administration fees are typically lower than those charged by other charitable trustees, particularly where commissions are involved - reflecting our goal of delivering strong value for our donors.

These internal administration fees are separate from the fees paid to external investment managers. For the year ended 31 December 2025, the long-term gift portfolio incurred investment-related fees of approximately 0.51 per cent.

6 The internal administration fee is applied to annual distributions, not to the portfolio's market value. At a target distribution rate of 5%, a 2.5% fee on distributions is equivalent to approximately 0.1% of market value

8. Make a Difference

Since its establishment in 1853, the University of Melbourne has benefited greatly from the generosity of alumni, staff, students, parents, and friends. We are profoundly grateful for this enduring support and value the opportunity to connect with individuals who share our commitment to shaping a better society through education and research. We believe philanthropy is a powerful force for change, and we are dedicated to ensuring every contribution is directed thoughtfully to create lasting impact.

Gifts are accepted and administered in accordance with the University's **Gift Policy**, including adhering to the commitments set out in the **Donor Charter** and valuing the ongoing involvement of, and relationships with donors to the University guided by the University's **Donations Framework**.

Contact us

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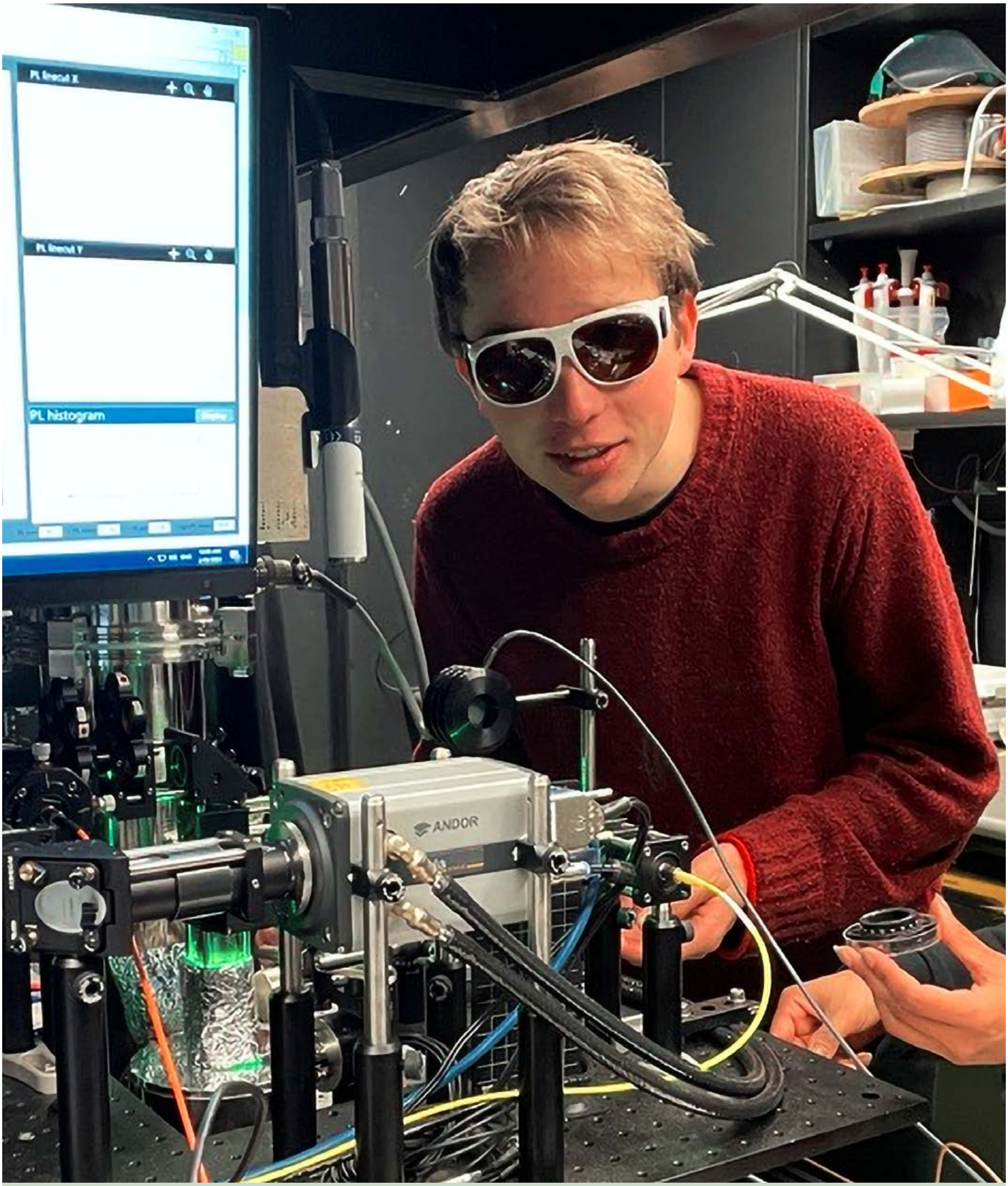

Sam Scholten, Doctor of Philosophy – Science

Recipient of the Ernst & Grace Matthaei Scholarship

"This scholarship has helped me in many ways. Financially, of course, this scholarship materially allows for my research. Perhaps more importantly, the emotional support and recognition that such an award represents gives some comfort that I am not 'barking up the wrong tree'. My research was in the development of novel forms of quantum microscopy, an area I think Ernst would have enjoyed had he the opportunity, given his background.

I will be starting a research position at the University of Queensland later in the year, developing optomechanical sensors; I'm having too much fun to leave the academic world just yet!"

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Authorised by: Vice President, Advancement, Communications and Marketing.

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