



# QUARTERLY INVESTMENT REPORT

As of 30  
June

**20**  
**24**

# Contents

<b>Investments with you in mind</b>	<b>3</b>	<b>Let Me Do It funds – Performance and Risk Metrics</b>	<b>16/17</b>
<b>Investment commentary – highlights of the quarter</b>	<b>4</b>	UK Equity Fund	18
<b>Lifestyling explained</b>	<b>5</b>	Global Equity Fund	19
<b>Do It For Me funds – Performance and Risk Metrics</b>	<b>6/7</b>	Emerging Markets Fund	20
Growth Fund	8	Bond Fund	21
Moderate Growth Fund	9	Ethical Equity Fund	22
Cautious Growth Fund	10	Sharia Fund	23
Liquidity Fund	11	<b>Underlying Fund Information</b>	<b>24</b>
Ethical Growth Fund	12	<b>Important Information</b>	<b>25</b>
Ethical Moderate Growth Fund	13		
Ethical Cautious Growth Fund	14		
Ethical Liquidity Fund	15		

# Investments with you in mind

We make investments with long-term investment goals in mind. [Find out more](#) about where we invest.

## The investment managers

USS Investment Management Ltd (USSIM) oversee your money. The majority of our investments are directly managed by a team of in-house investment managers but we also select and monitor a range of external investment managers to look after some of the money. Our investment managers can adapt to the ever-changing markets – and help towards a more secure financial future for you.

## Making Responsible Investments

When we make investments, we think about the impact of financially material environmental, social and governance (ESG) issues. All our members with Defined Contributions (DC) savings have the choice to invest responsibly in both of our investment options:

### Do It For Me Option

You can let our team manage your investments with the Do It For Me Option. Here, you also get to choose between the USS Default Lifestyle Option or the USS Ethical Lifestyle Option.

### Let Me Do It Option

You can make your own investment choices with the Let Me Do It Option. Here, you get to choose to invest in one or more of the 10 funds available, which include ethical options.

To find out more about where your Investment Builder saving are invested and your options, visit [Choosing your investments page](#).

Our investment glossary is designed to help you better understand the world of investing. Find out what different terms used throughout this report means: [uss.co.uk/how-we-invest/investment-glossary](https://uss.co.uk/how-we-invest/investment-glossary)



April 2024 - June 2024

## Investment commentary

It was another strong quarter for global developed equity markets due to resilient economic readings across the globe, as well as continued enthusiasm around Artificial Intelligence (AI). Emerging market equities also had a positive quarter, outperforming developed markets due to strong performance of AI related companies and a rebound in the Chinese economy. The potential timing and pace of interest rate cuts continued to be the key focus in bond markets over the quarter with inflation in the US in particular taking longer than expected to reach the US Federal Reserve's target, thus reducing general expectations of future cuts to policy rates.

In the UK, equity markets also rose over the quarter supported by strong economic readings and easing inflation. The Bank of England decided to leave the policy rate at 5.25% despite slowing UK growth numbers and easing inflation. Although there was an announcement of a snap election by then Prime Minister Rishi Sunak, this had no material effect on markets during the quarter.

### Riskier assets outperform in Q2 2024, boosted by continued excitement over artificial intelligence

- Over the second quarter, AI stocks continued to perform strongly while central banks (except for the European Central Bank) elected to hold off on cuts to policy rates. The timing and extent of rate cuts remained a key focus for markets as new economic data was released, with initial concerns that the US economy in particular may be overheating leading to expectations of fewer rate cuts by central banks, and markets pricing only a single rate cut in the US this year.
- Against this backdrop, equity markets performed strongly and bonds lagged behind. Government bonds, which delivered mostly negative returns, underperformed short-dated inflation linked bonds (slightly positive over the quarter) and corporate bonds (mostly flat over the quarter).
- The performance of the Scheme's private market investments was generally positive over the quarter with long duration credit and inflation linked credit delivering strong returns. The Core Infrastructure and Renewables and Natural Capital private markets assets were the exception, as these delivered negative returns over the quarter.

Over the longer term, the Trustee believes that private markets provide investment opportunities and structures not available in public markets and that they may provide opportunities for additional returns, diversification, protections, or other desired characteristics relative to public market assets.

- The outperformance of riskier assets (such as equities) over more defensive assets (such as bonds) during the quarter was reflected in the performance of the Do It For Me Default Options. The Growth Fund outperformed the Moderate Growth Fund, which in turn outperformed the Cautious Growth Fund over the quarter. The same pattern did not follow in the Ethical Lifestyle Options, with the Ethical Cautious Growth outperforming both the Ethical Growth Fund and Ethical Moderate Growth Fund over the quarter, due to its lower allocation to long dated inflation linked bonds, which were among the lowest performing assets in the period, as well as its higher allocation to short-dated inflation linked bonds, which outperformed the ethical equities and ethical corporate bonds in the funds.

- In the Let Me Do It investment options, all the funds delivered positive absolute performance over the quarter. In terms of relative performance compared to the respective benchmarks, passively managed funds performed broadly in line with their benchmarks and most active funds delivered positive relative performance over the quarter (except for the Ethical Equity Fund). The Sharia Fund was the strongest performer in absolute terms. The Sharia Fund invests in equities guided by Islamic investment principles.

**£3,249m**

in assets under management

*We are always looking at ways in which we can improve the information we provide our members. Our online [Member Voice Panel](#) allows you to be part of a community and express your views and opinions of USS. Your feedback will influence the way we do things and impact future decision making.*

# Lifestyling explained

## Do It For Me

If you select the Do It For Me Lifestyle option, we gradually move your investments over time through different blends of Growth, Moderate Growth, Cautious Growth and Liquidity, which are generally less susceptible to market volatility but still do carry risks. This is called lifestyling and it begins 10 years from your Target Retirement Age (TRA).

Here's how lifestyling works:



\*At present you can keep your money in the Investment Builder after you retire - USS rules allow up to four withdrawals per year (current legislation permit withdrawals)- but there won't be any further automatic moving in the investments after you've reached your TRA.

The breakdown of the funds within the lifestyle options shown and how they move over time may be subject to change from time to time, so it is important for you to refer to the latest version of this guide regularly for the most up to date information.

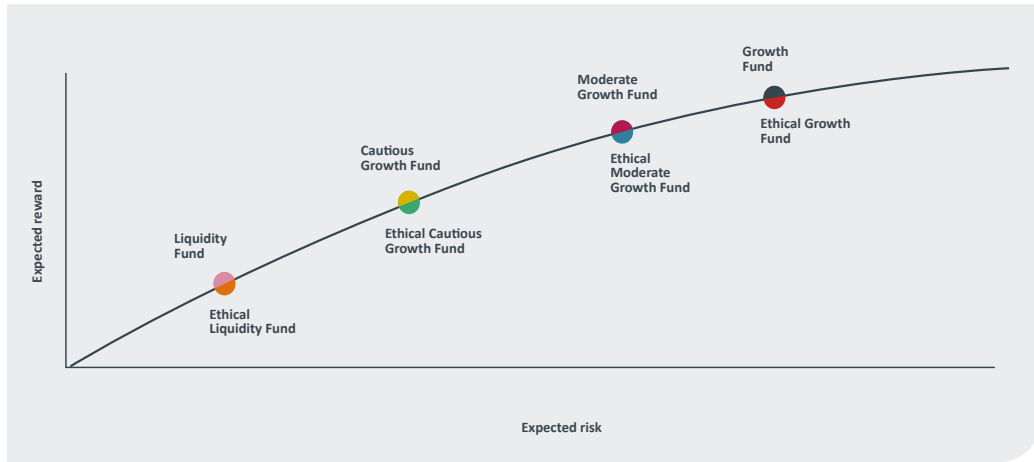
# Performance and risk metrics:

## Do It For Me

### Comparative risk

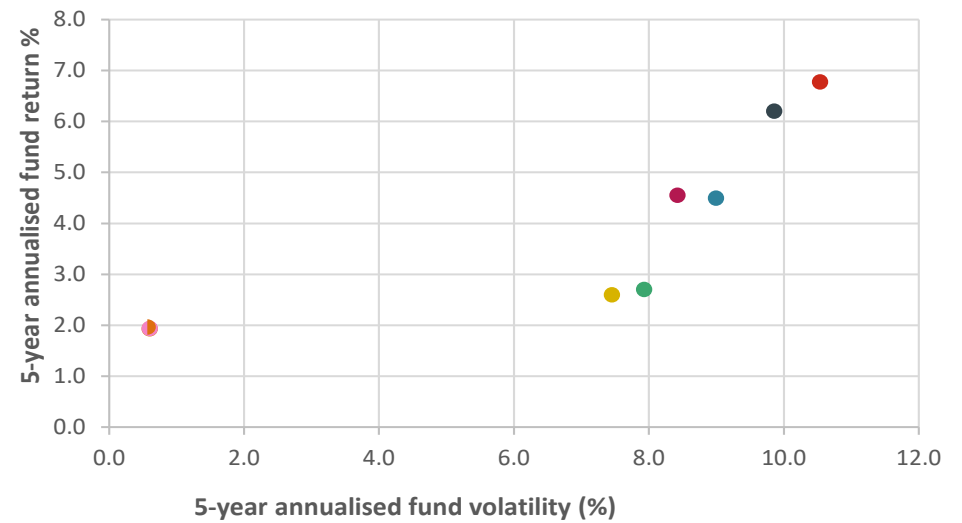
#### Risk Factor

This chart shows how we expect the risk of the Do It For Me funds to compare over the long term. The risk factors range from Low to High and are shown on a relative basis.



#### Realised risk and return

This chart shows a comparison of the realised risk and return of the Do It For Me funds (after subsidy) over a 5 year period.

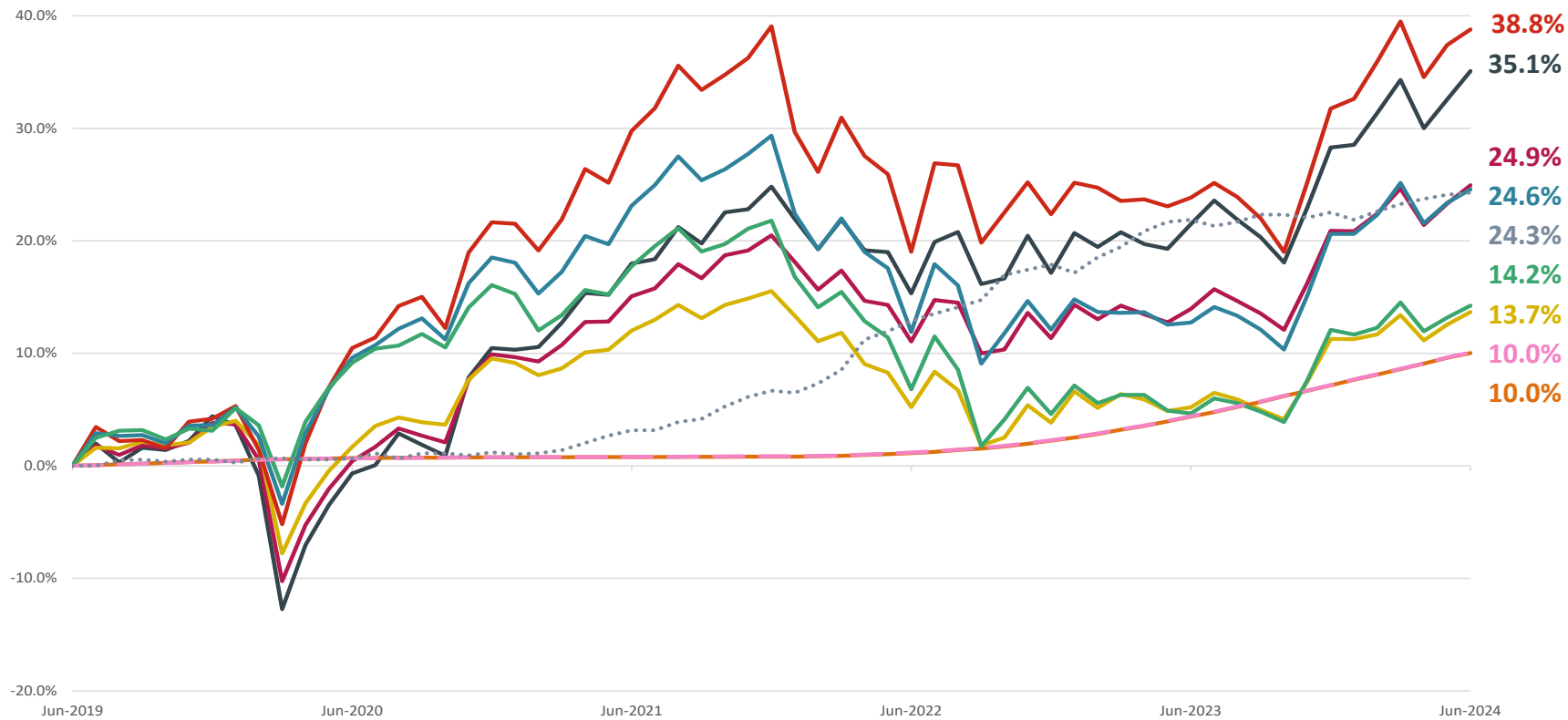


# Performance and risk metrics:

## Do It For Me

### Cumulative performance

This chart shows the cumulative performance of USS funds against the Consumer Price Index (CPI) over a 5 year period. CPI is a good indicator of inflation as it measures the change in price of consumer goods and services. 5-year cumulative performance is the increase or decrease of returns as a percentage over the whole period. So, if a fund is performing above the CPI, it means that money saved in it is growing faster than the rise in the cost of living.



- Growth Fund
- Moderate Growth Fund
- Cautious Growth Fund
- Liquidity Fund
- Inflation (UK CPI)
- Ethical Growth Fund
- Ethical Moderate Growth Fund
- Ethical Cautious Growth Fund
- Ethical Liquidity Fund

# USS Growth Fund

Aim of fund: To produce a CPI+ 3.0% per year return over the long term by primarily investing in a mix of equities, bonds and private markets. The fund is more likely to move up and down in the short term than the USS Moderate Growth Fund, but aims to produce a higher long term return. The fund uses a mix of active and passive management. The fund is predominantly exposed to a diversified range of currencies designed to balance the risks of the fund, with some Sterling exposure.

## Performance summary

- The Fund delivered positive returns over the quarter, driven mostly by its allocation to developed markets and emerging markets equities, which delivered strong returns over the period. The allocations to real growth assets (namely Core Infrastructure) and government bonds detracted from performance, posting negative returns over the period.
- The Fund is ahead of its Long-Term Return Target over one year and since inception, with the underperformance over the last 3 and last 5 years resulting from the high inflationary environment experienced in recent years.

### Risk Measures:

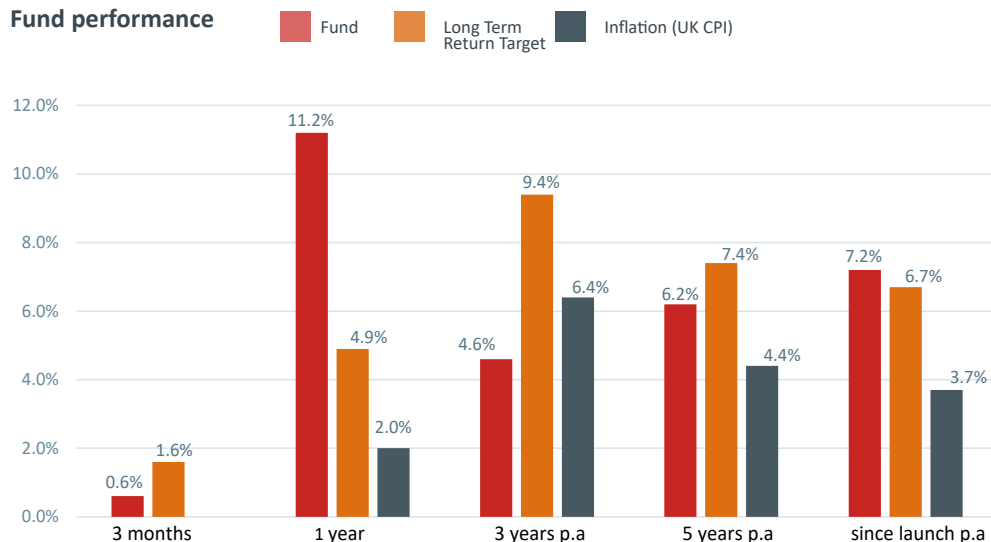
Five-year annualised fund volatility: **9.9%**

## Fund Facts

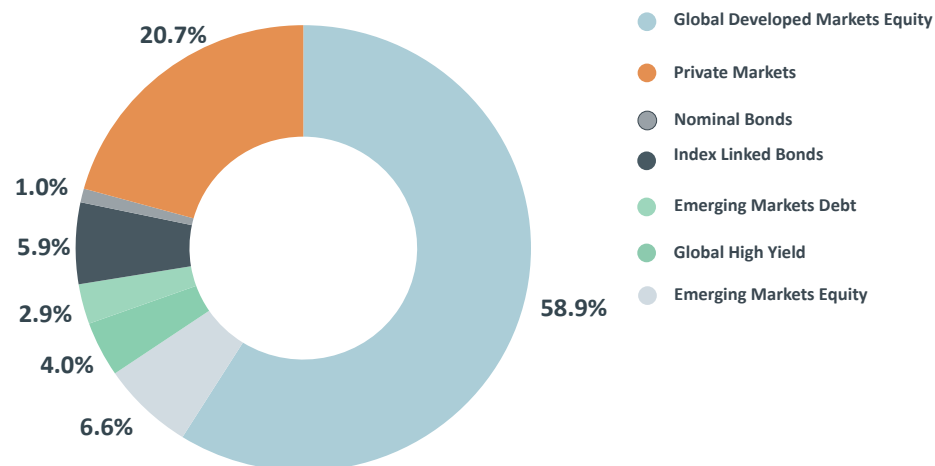
Long Term Return Target	<b>CPI+ 3.0% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£1,940m</b>
Management style	<b>Mix</b>

\*The USS Growth funds, which make up part of the Default Lifestyle Option, the Do It For Me Option, and which members can choose in the Let Me Do It Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

## Fund performance



## Asset allocation (%)



To see the underlying funds that make up the Growth Fund, go to [page 24](#).



# USS Moderate Growth Fund

Aim of fund: To produce a CPI+ 2.0% per year return over the long term by primarily investing in a mix of equities, bonds and private markets. The fund is more likely to move up and down in the short term than the USS Cautious Growth Fund, but aims to produce a higher long term return. The fund uses a mix of passive and active management. The fund is exposed to a diversified range of currencies, including Sterling, designed to balance the risks of the fund.

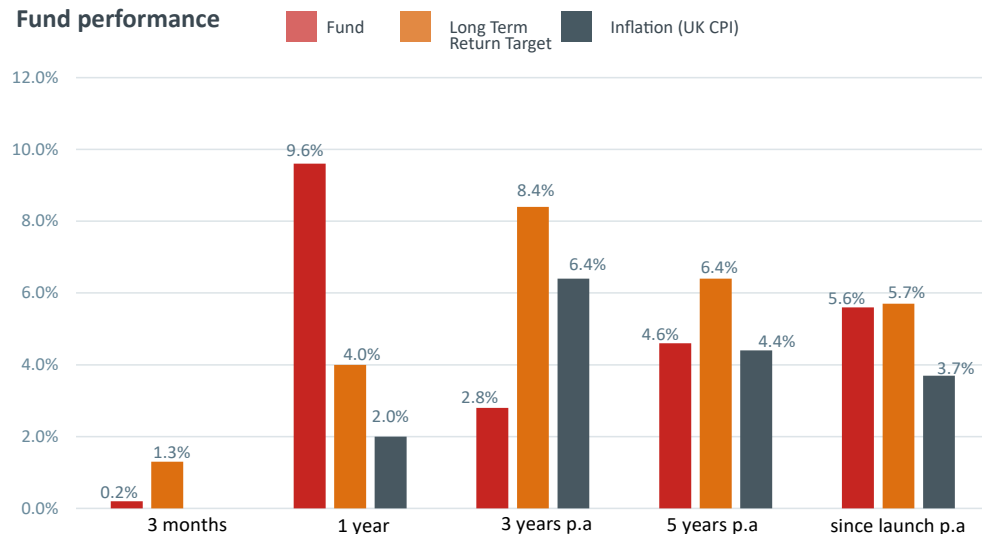
## Performance summary

- The Fund delivered positive returns over the quarter, driven mostly by its allocation to developed markets and emerging markets equities, which delivered strong returns over the period. The allocations to real growth assets (namely Core Infrastructure) and government bonds detracted from performance, posting negative returns over the period.
- The Fund is ahead of its Long-Term Return Target over the one year, with the underperformance over the longer term resulting from the high inflationary environment experienced in recent years.

### Risk Measures:

Five-year annualised fund volatility: **8.4%**

## Fund performance

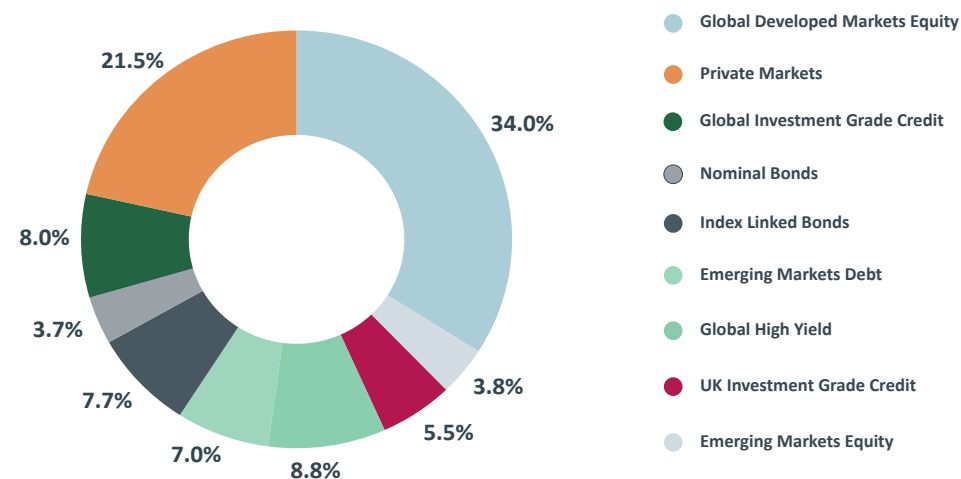


## Fund Facts

Long Term Return Target	<b>CPI+ 2.0% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£399m</b>
Management style	<b>Mix</b>

\*The USS Growth funds, which make up part of the Default Lifestyle Option, the Do It For Me Option, and which members can choose in the Let Me Do It Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

## Asset allocation (%)



To see the underlying funds that make up the Moderate Growth Fund, go to [page 24](#).

# USS Cautious Growth Fund

Aim of fund: To produce a CPI+ 1.5% per year return over the long term by primarily investing in a mix of equities, bonds and private markets. The fund aims to move up and down in the short term less than the USS Moderate Growth Fund, but also aims to produce a lower long term return. The fund uses a mix of passive and active management. The fund is predominantly exposed to Sterling, with some currency diversification designed to support the balance of risks of the fund.

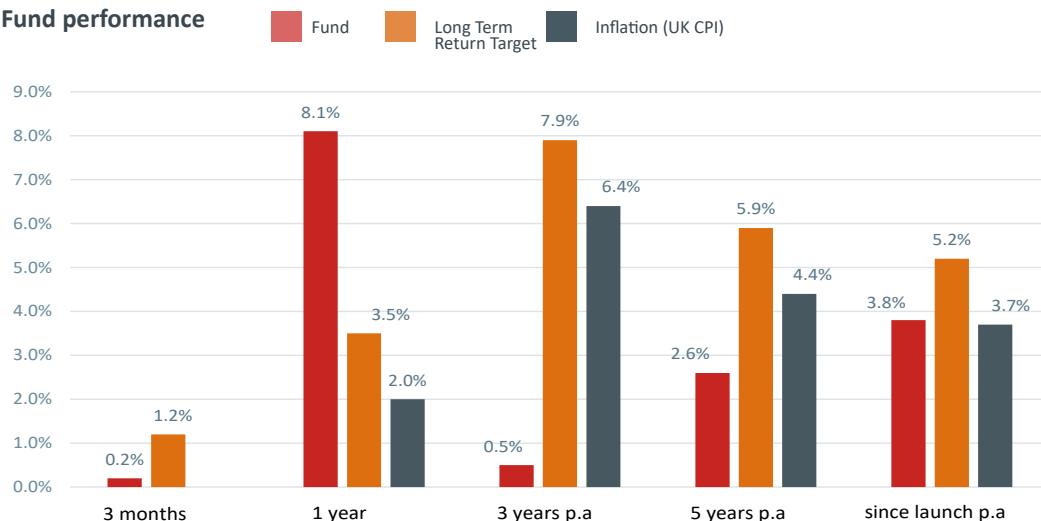
## Performance summary

- The Fund delivered positive returns over the quarter, driven mostly by its allocation to developed markets and emerging markets equities, which delivered strong returns over the period. The allocations to real growth assets (namely Core Infrastructure) and government bonds detracted from performance, posting negative returns over the period.
- The Fund is ahead of its Long-Term Return Target over the one year, with the underperformance over the longer term resulting from the high inflationary environment experienced in recent years.

### Risk Measures:

Five-year annualised fund volatility: **7.5%**

## Fund performance

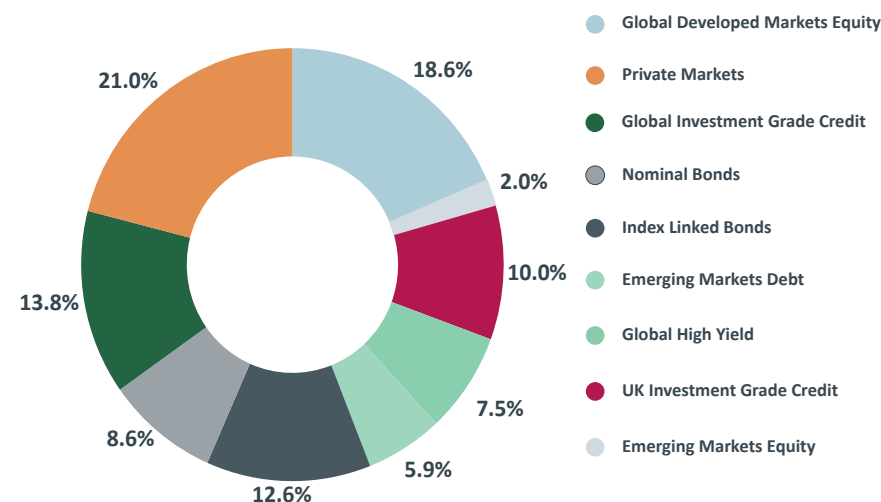


## Fund Facts

Long Term Return Target	<b>CPI+ 1.5% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£214m</b>
Management style	<b>Mix</b>

\*The USS Growth funds, which make up part of the Default Lifestyle Option, the Do It For Me Option, and which members can choose in the Let Me Do It Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

## Asset allocation (%)



To see the underlying funds that make up the Cautious Growth Fund, go to [page 24](#).

# USS Liquidity Fund

Aim of fund: To produce a return in line with the benchmark, which represents short-term Sterling interest rates. The fund will mainly invest in short-term Sterling money market instruments including deposits, commercial paper and short-term bonds. The money market securities are issued by a number of different entities including governments, banks and other companies.

## Performance summary

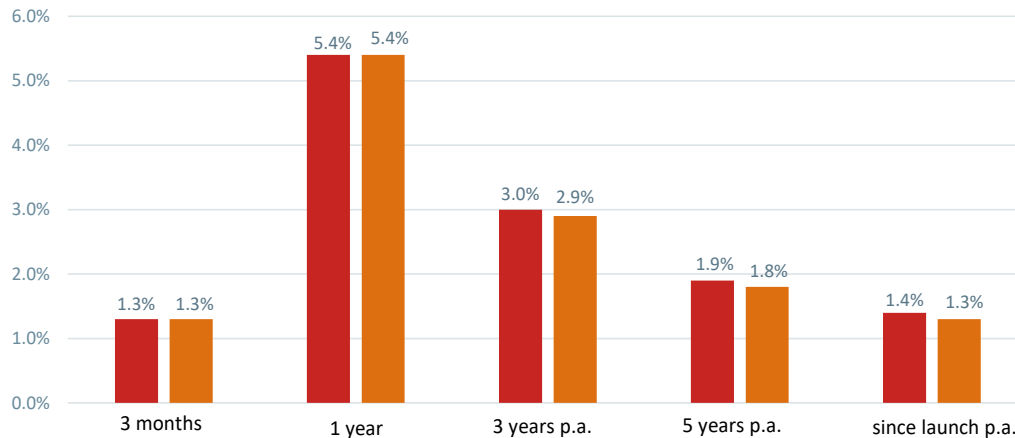
- The Fund produced a return in line with short term interest rates, as expected. Short term interest rates, which are set by Bank of England's Monetary Policy Committee remained at 5.25% during the quarter.

### Risk Measures:

Five-year annualised fund volatility: **0.6%**

## Fund performance

■ Fund ■ Benchmark

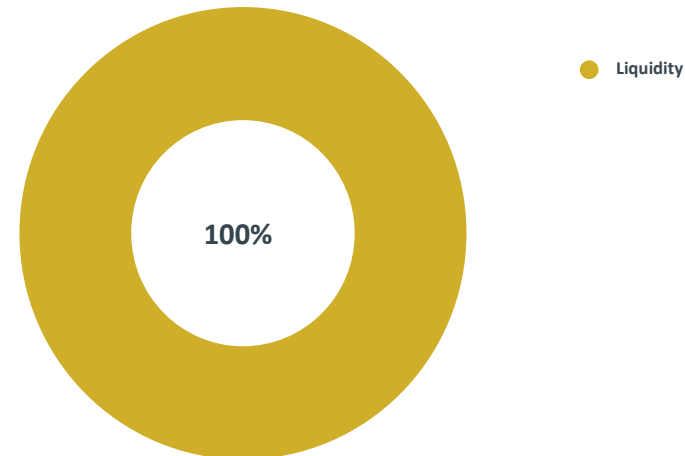


## Fund Facts

Benchmark	<b>SONIA*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.10%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£148m</b>
Management style	<b>Active</b>

\*Benchmark  
Since 1 October 2021: Bank of England's SONIA (Sterling Overnight Index Average) interest rate.  
Up to 30 September 2021: 7-day GBP London Interbank Bid Rate.

## Asset allocation (%)



To see the underlying funds that make up the Liquidity Fund, go to [page 24](#).

# USS Ethical Growth Fund

Aim of fund: To produce a CPI+ 3.0% per year return over the long term by primarily investing in a mix of equities and bonds with some private market investments. The fund is more likely to move up and down in the short-term than the USS Ethical Moderate Growth fund but aims to produce a higher long term return. It also aims, so far as is practicable, to invest in investments that meet the [USS Ethical Guidelines](#). The fund uses a mix of passive and active management. The fund is predominantly exposed to a diversified range of currencies designed to balance the risks of the fund, with some Sterling exposure.

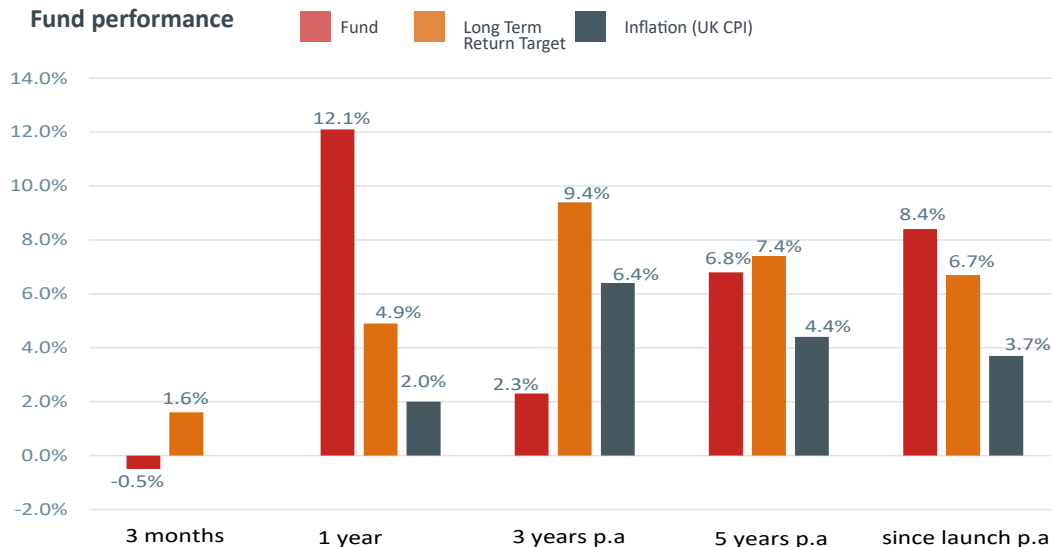
## Performance summary

- The Fund delivered marginally negative returns over the quarter, due to the mostly flat or negative returns across all assets in the fund, particularly long dated inflation linked bonds and real growth assets, such as Renewables and Natural Capital. During the period, Impax was introduced as a new active equity manager in the fund, replacing Columbia Threadneedle. Impax's strategy invests in accordance with the USS Ethical Guidelines, while placing a greater focus on companies that are viewed as leaders in sustainability themed investing, particularly in environmental themes such as new energy, alternative energy, water and waste.
- The Fund is ahead of its Long-Term Return Target over the one year and since inception periods, with the underperformance over the last 3 and 5 years resulting from the high inflationary environment experienced in recent years.

### Risk Measures:

Five-year annualised fund volatility: **10.5%**

### Fund performance



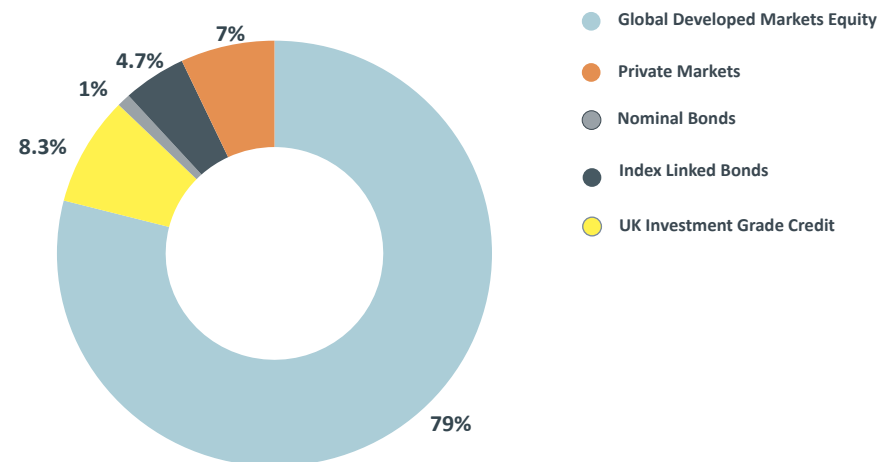
## Fund Facts

Long Term Return Target	<b>CPI+ 3.0% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£123m</b>
Management style	<b>Mix</b>

\* The USS Growth funds, which make up part of the Ethical Lifestyle Option, the Do It For Me Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

The USS Ethical Growth Fund is only available within the Ethical Lifestyle Strategy and is not available as a self-select option.

## Asset allocation (%)



# USS Ethical Moderate Growth Fund

Aim of fund: To produce a CPI+ 2.0% per year return over the long term by primarily investing in a mix of equities and bonds with some private market investments. The fund is more likely to move up and down in the short-term than the USS Ethical Cautious Growth Fund, but aims to produce a higher long-term return. The fund will aim, so far as is practicable, to invest in investments that meet the [USS Ethical Guidelines](#). The fund uses a mix of passive and active management. The fund is exposed to a diversified range of currencies, including Sterling, designed to balance the risks of the fund.

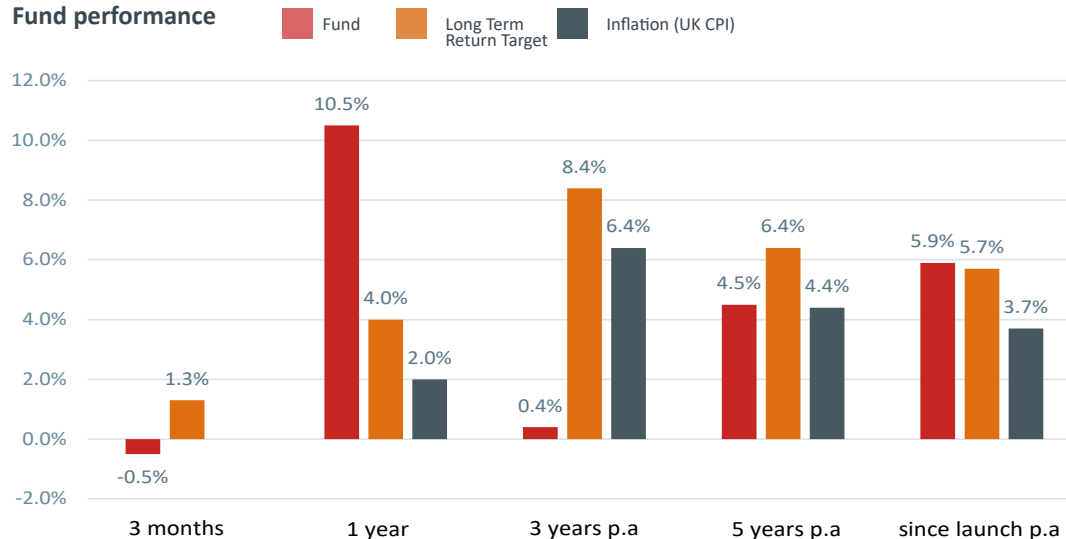
## Performance summary

- The Fund delivered marginally negative returns over the quarter, due to the mostly flat or negative returns across all assets in the fund, particularly long dated inflation linked bonds and real growth assets, such as Renewables and Natural Capital. During the period, Impax was introduced as a new active equity manager in the fund, replacing Columbia Threadneedle. Impax's strategy invests in accordance with the USS Ethical Guidelines, while placing a greater focus on companies that are viewed as leaders in sustainability themed investing, particularly in environmental themes such as new energy, alternative energy, water and waste.
- The Fund is ahead of its Long-Term Return Target over the one year and since inception periods, with the underperformance over the last 3 and last 5 years resulting from the high inflationary environment experienced in recent years.

### Risk Measures:

Five-year annualised fund volatility: **9.0%**

### Fund performance



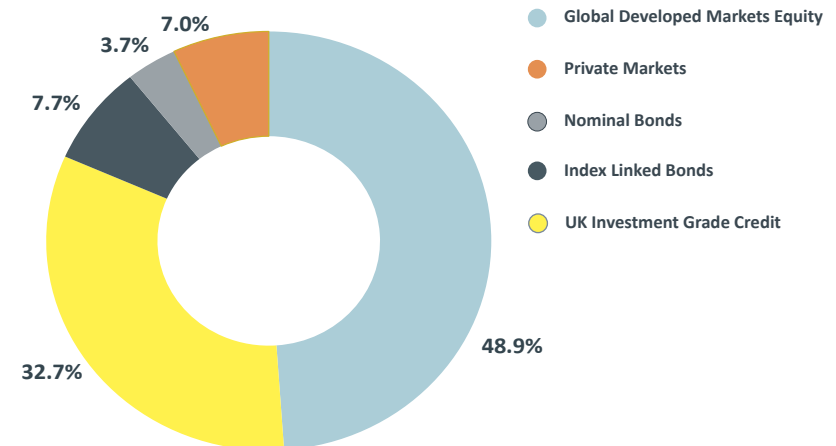
## Fund Facts

Long Term Return Target	<b>CPI+ 2.0% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£26m</b>
Management style	<b>Mix</b>

\* The USS Growth funds, which make up part of the Ethical Lifestyle Option, the Do It For Me Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

The USS Ethical Moderate Growth Fund is only available within the Ethical Lifestyle Strategy and is not available as a self-select option.

## Asset allocation (%)



# USS Ethical Cautious Growth Fund

Aim of fund: To produce a CPI+ 1.5% per year return over the long term by primarily investing in a mix of equities and bonds with some private market investments. The fund aims to move up and down in the short-term less than the USS Ethical Moderate Growth Fund. The Fund will aim, so far as is practicable, to invest in investments that meet the [USS Ethical Guidelines](#). The fund uses a mix of passive and active management. The fund is predominantly exposed to Sterling, with some currency diversification designed to support the balance of risks of the fund.

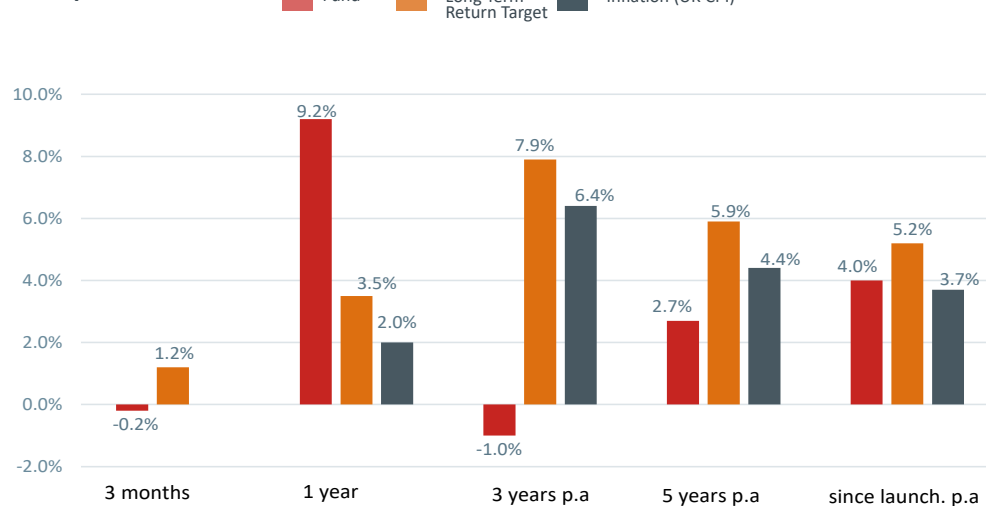
## Performance summary

- The Fund delivered marginally negative returns over the quarter, due to the mostly flat or negative returns across all assets in the fund, particularly long dated inflation linked bonds and real growth assets, such as Renewables and Natural Capital. Impax was introduced as a new active equity manager in the fund, replacing Columbia Threadneedle. During the period, Impax's strategy invests in accordance with the USS Ethical Guidelines, while placing a greater focus on companies that are viewed as leaders in sustainability themed investing, particularly in environmental themes such as new energy, alternative energy, water and waste.
- The Fund is ahead of its Long-Term Return Target over the one year, with the underperformance over the longer term resulting from the high inflationary environment experienced in recent years.

## Risk Measures:

Five-year annualised fund volatility: **7.9%**

## Fund performance



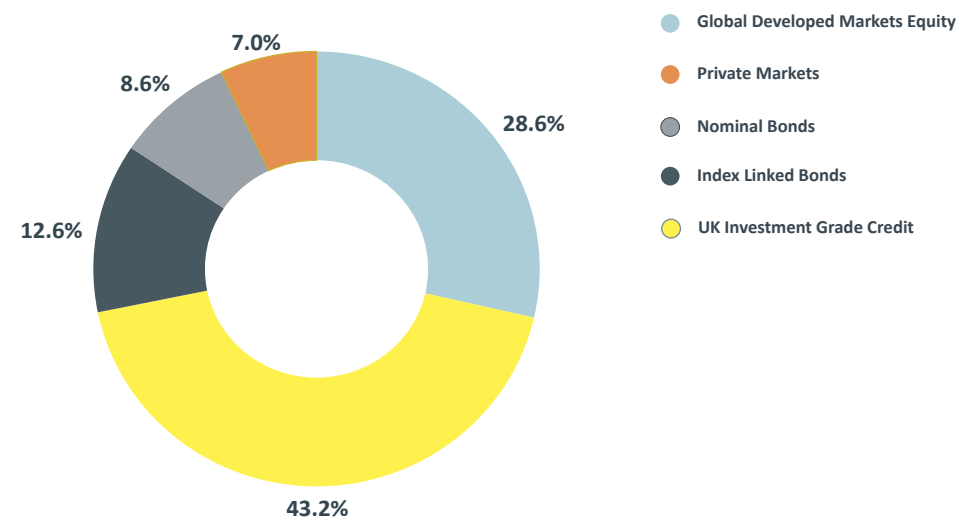
## Fund Facts

Long Term Return Target	<b>CPI+ 1.5% p.a.*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£14m</b>
Management style	<b>Mix</b>

\* The USS Growth funds, which make up part of the Ethical Lifestyle Option, the Do It For Me Option, have a long-term return target above the Consumer Price Index (CPI) measure of inflation, instead of an objective and benchmark based on a market comparator. Find out more [here](#).

The USS Ethical Cautious Growth Fund is only available within the Ethical Lifestyle Strategy and is not available as a self-select option.

## Asset allocation (%)



To see the underlying funds that make up the Cautious Ethical Growth Fund, go to [page 24](#).

# USS Ethical Liquidity Fund

Aim of fund: To produce a return in line with its benchmark, which represents short-term Sterling interest rates. The fund will mainly invest in short-term Sterling money market instruments including deposits, commercial paper and short-term bonds. The money market securities are issued by a number of different entities including governments, banks and other companies. The fund will aim, so far as is practicable, to invest in investments that meet the [USS Ethical Guidelines](#).

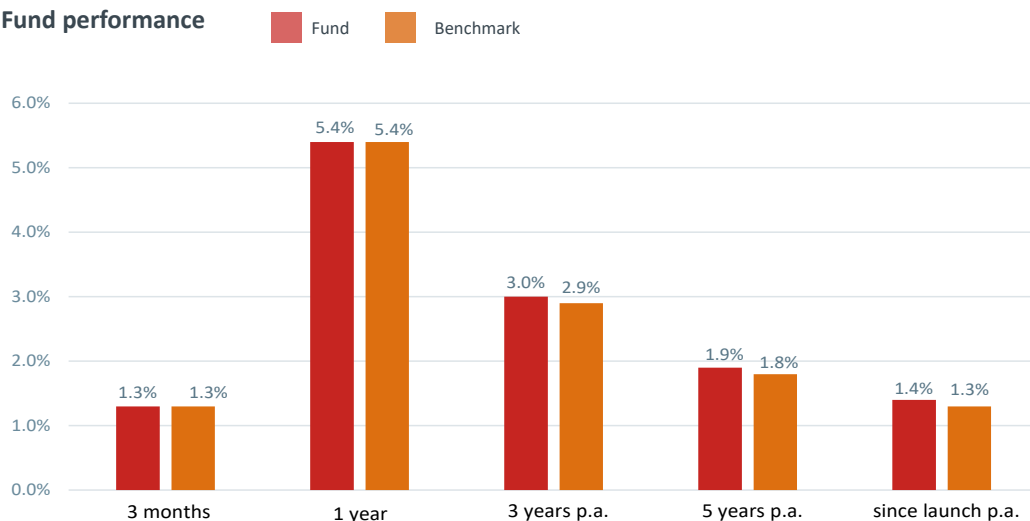
## Performance summary

- The Fund produced a return in line with short term interest rates, as expected. Short term interest rates, which are set by Bank of England's Monetary Policy Committee remained at 5.25% during the quarter.

### Risk Measures:

Five-year annualised fund volatility: **0.6%**

## Fund performance



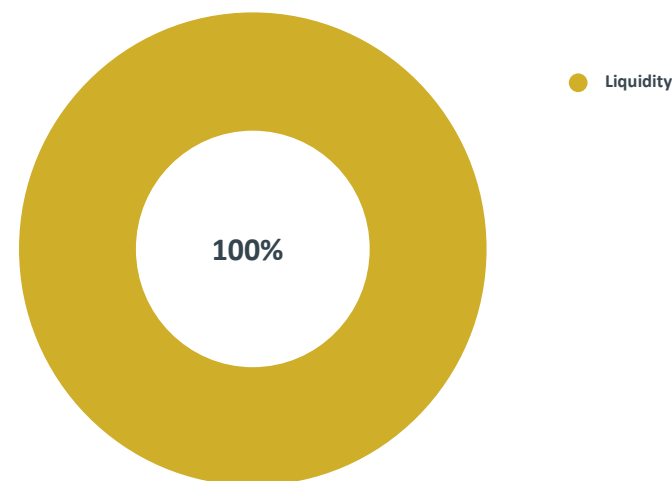
## Fund Facts

Benchmark	<b>SONIA*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.10%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£8m</b>
Management style	<b>Active</b>

\*Benchmark  
Since 1 October 2021: Bank of England's SONIA (Sterling Overnight Index Average) interest rate.  
Up to 30 September 2021: 7-day GBP London Interbank Bid Rate.

The USS Ethical Liquidity Fund is only available within the Ethical Lifestyle Option and is not available as a self-select option.

## Asset allocation (%)



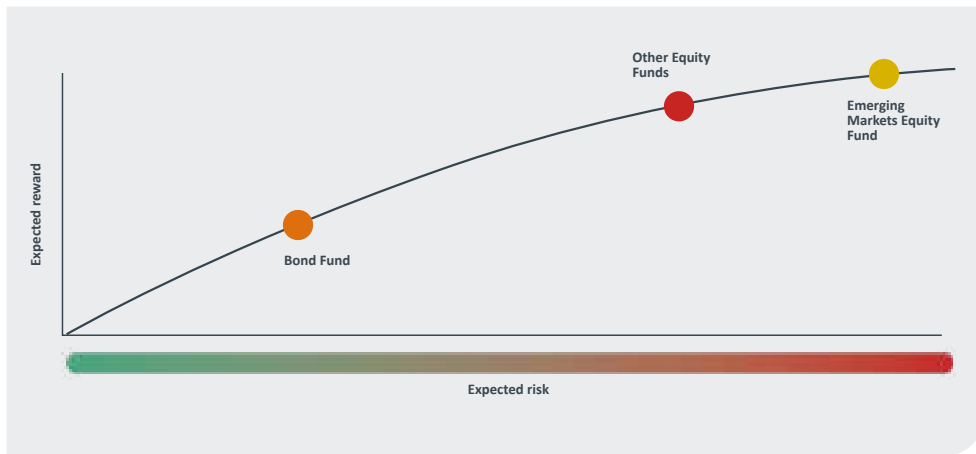
# Performance and risk metrics:

*Let Me Do It*

## Comparative risk

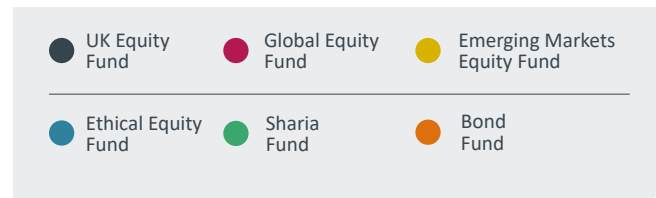
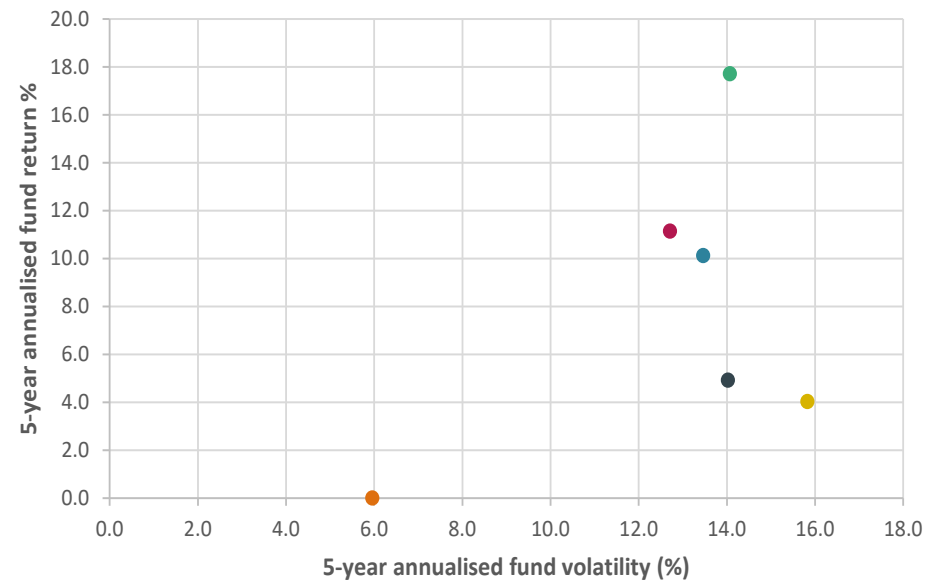
### Risk Factor

This chart shows how we expect the risk of the Let Me Do It funds to compare over the long term. The risk factors range from Low to High and are shown on a relative basis.



### Realised risk and return

This chart shows a comparison of the realised risk and return of the Let Me Do It funds (after subsidy) over a 5 year period.



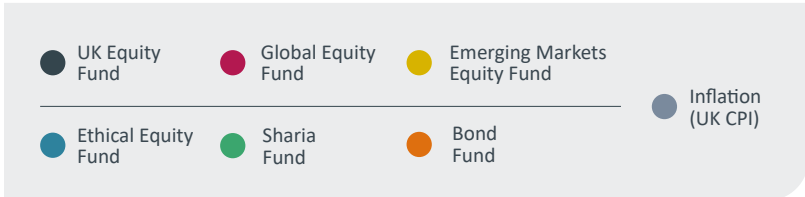
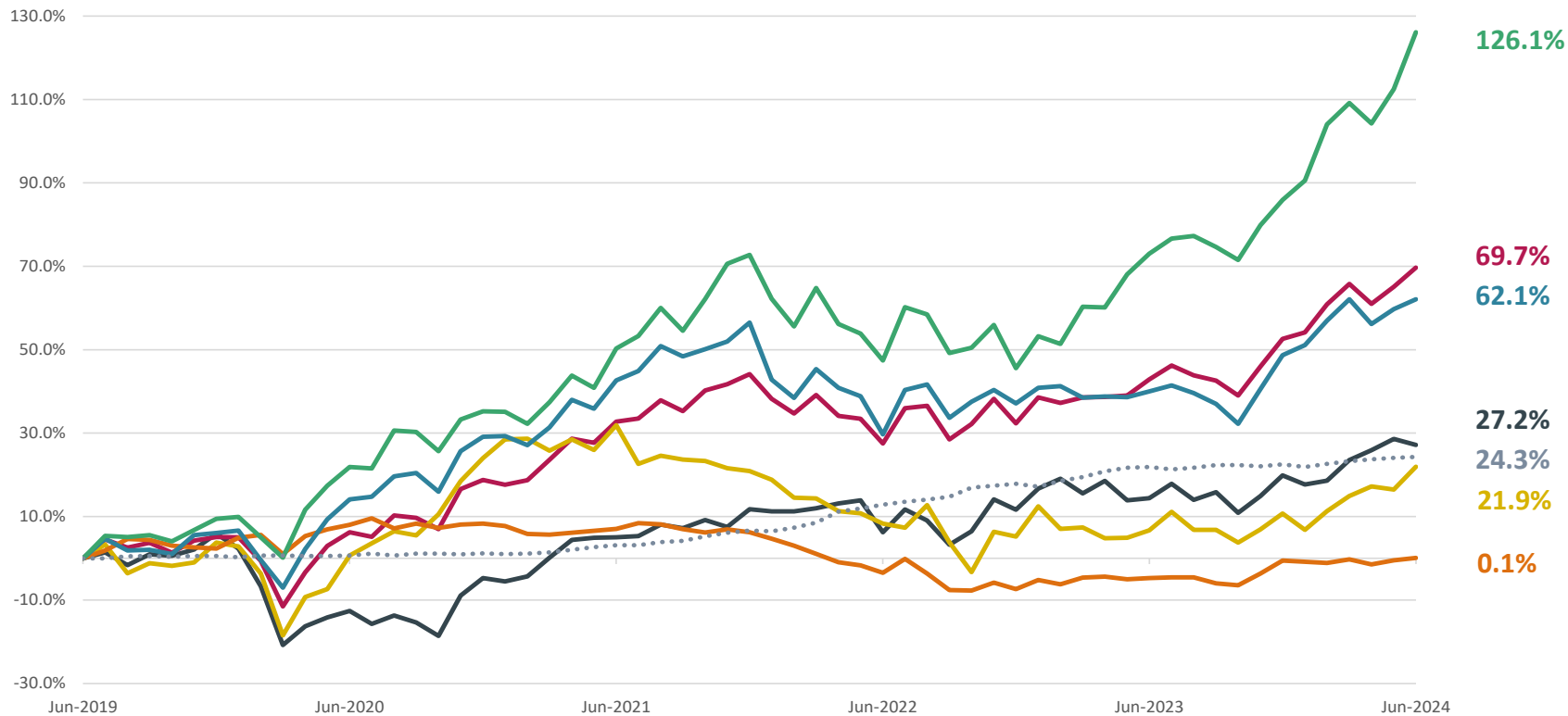


# Performance and risk metrics:

*Let Me Do It*

## Cumulative performance

This chart shows the cumulative performance of USS funds against the Consumer Price Index (CPI) over a 5 year period. CPI is a good indicator of inflation as it measures the change in price of consumer goods and services. 5-year cumulative performance is the increase or decrease of returns as a percentage over the whole period. So, if a fund is performing above the CPI, it means that money saved in it is growing faster than the rise in the cost of living.



# USS UK Equity Fund

Aim of fund: To rise or fall in line with the benchmark, which represents equities in UK companies. The fund will mainly invest in equities in UK companies. The fund is passively managed.

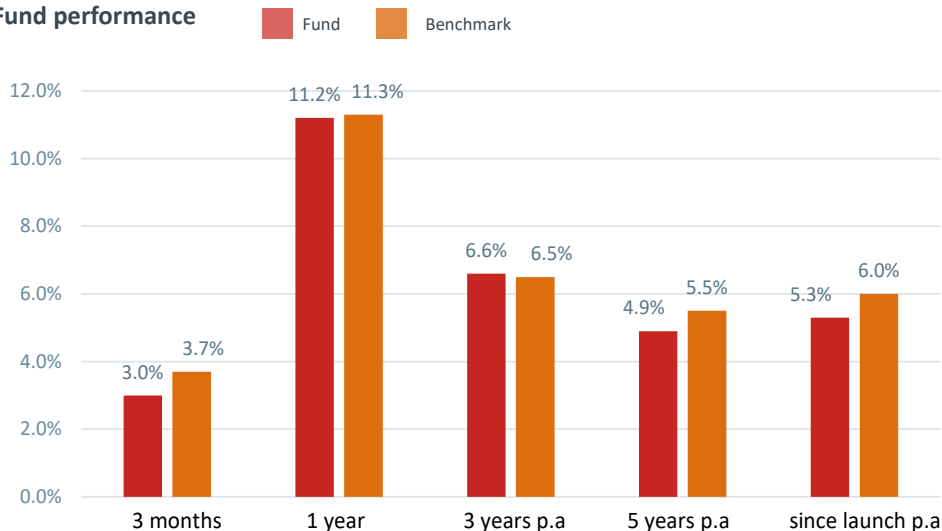
## Performance summary

- The Fund delivered positive returns over the quarter.
- UK equity markets delivered strong returns over the quarter, this was supported by strong economic readings and easing inflation.

### Risk Measures:

Five-year annualised fund volatility: **14.0%**

## Fund performance



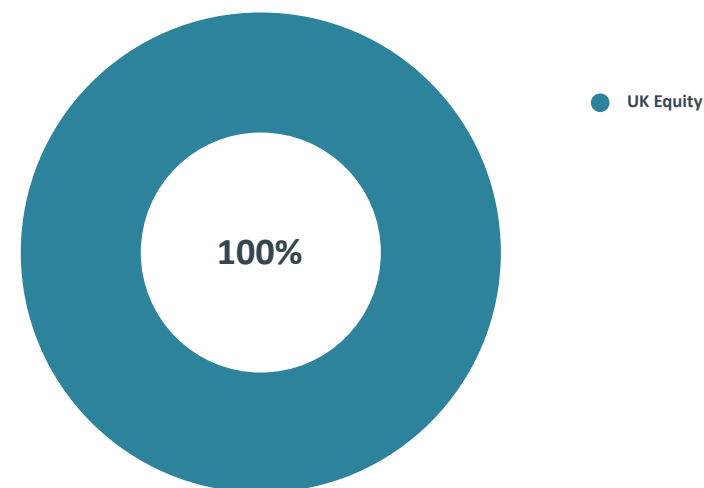
## Fund Facts

Benchmark	<b>FTSE Custom All-Share ESG Screened Index*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.10%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£35m</b>
Management style	<b>Passive</b>

\*Before 1 July 2021: FTSE All Share Index.

The benchmark for the UK Equity Fund has been changed from 1 July 2021. Find out more information [here](#).

## Asset allocation (%)



To see the underlying funds that make up the UK Equity Fund, go to [page 24](#).

# USS Global Equity Fund

Aim of fund: To rise or fall in line with the benchmark, which represents equities in companies across the world. The fund will mainly invest in shares in companies across the world, including emerging markets. The returns generated by overseas equities are not currency hedged, so may be impacted by currency movements. The fund is passively managed.

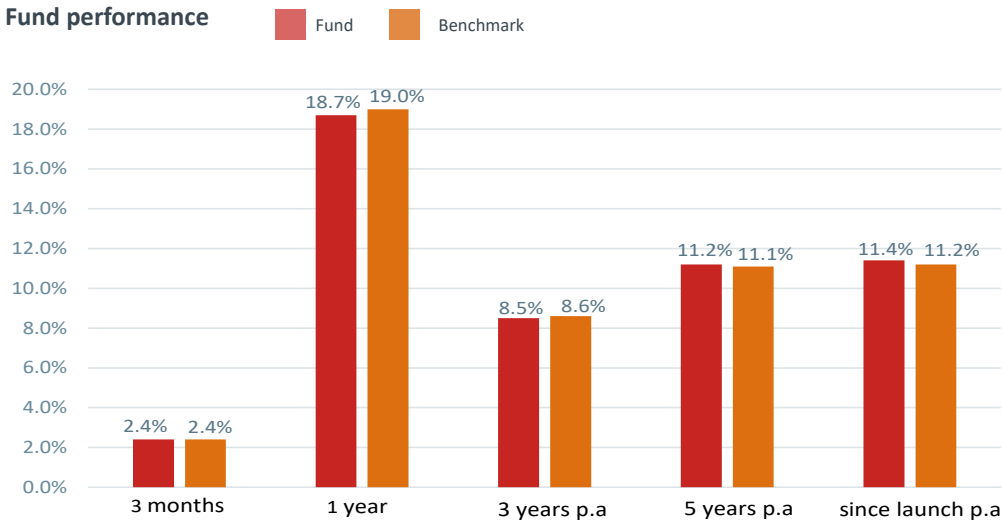
## Performance summary

- The Fund delivered positive returns over the quarter.
- Developed market equities, making up 92% of the Fund, had a fairly strong quarter following the strong performance of AI related stocks. Emerging market equities, 8% of the Fund, also had a positive quarter and outperformed developed markets more broadly due to a rebound in the performance of the Chinese economy, alongside strong performance of some AI related stocks that form a greater proportion of the index.

### Risk Measures:

Five-year annualised fund volatility: **12.7%**

## Fund performance

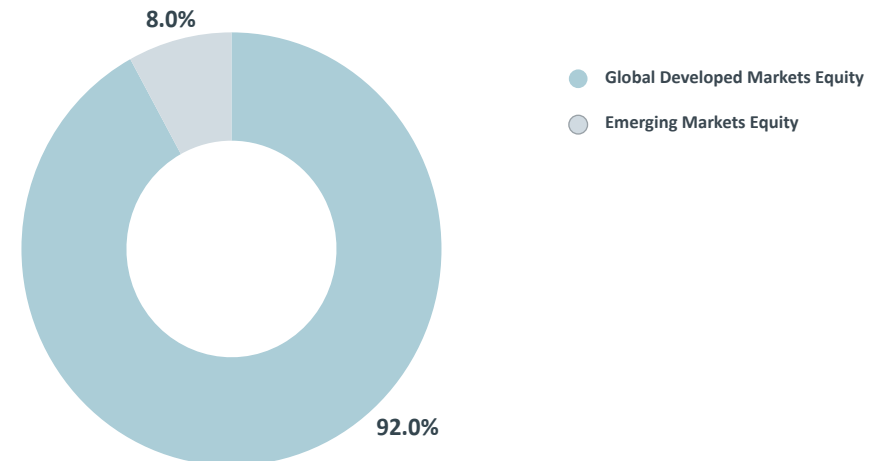


## Fund Facts

Benchmark	<b>Composite*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.10%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£147m</b>
Management style	<b>Passive</b>

\*Composite Benchmark  
 Since 1 April 2022: Solactive USS Developed Markets Climate Transition Benchmark (92.00%), MSCI Emerging Markets Index (8.00%)  
 Up to 31 March 2022: MSCI World Index (92.00%), MSCI Emerging Markets Index (8.00%).

## Asset allocation (%)



To see the underlying funds that make up the Global Equity Fund, go to [page 24](#).

# USS Emerging Markets Equity Fund

Aim of fund: To produce a return better than the benchmark, which represents equities in companies in emerging markets. The fund will mainly invest in equities in companies in emerging markets, or that have exposure to emerging markets as a result of generating some of their revenue there. The returns generated by overseas equities are not currency hedged, so may be impacted by currency movements. The fund uses a mix of passive and active management.

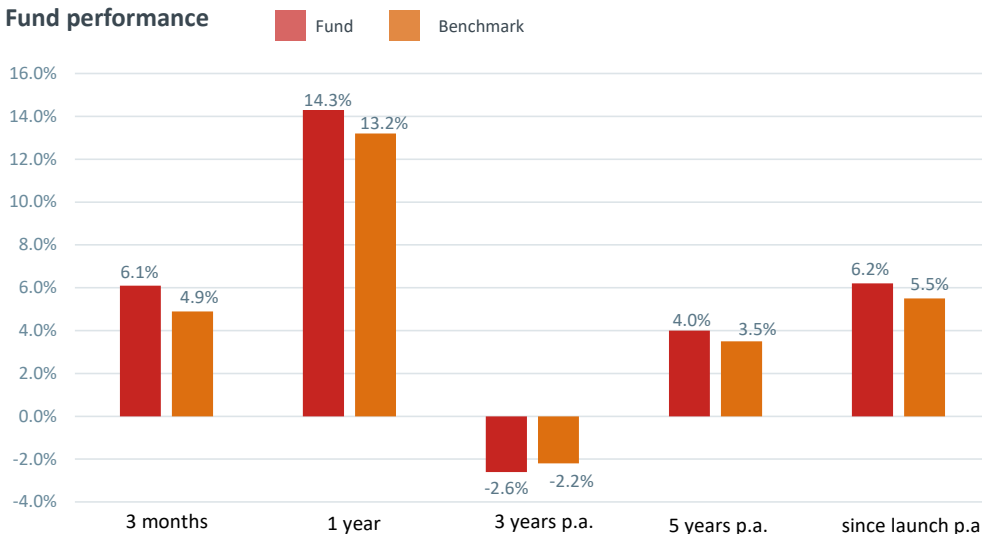
## Performance summary

- The Fund delivered positive absolute and relative performance over the quarter.
- Emerging markets had a positive quarter outperforming developed markets more broadly due to a rebound in the performance of the Chinese economy, alongside strong performance of some AI related stocks that form a greater proportion of the index.

### Risk Measures:

Five-year annualised fund volatility: **15.8%**

## Fund performance

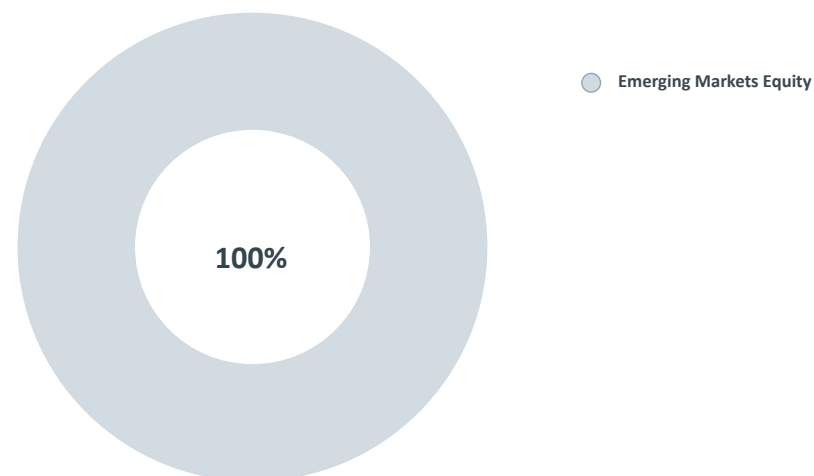


## Fund Facts

Benchmark	<b>MSCI Emerging Markets Index*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£24m</b>
Management style	<b>Mix</b>

\*Some of the component parts of the benchmark are lagged by one day, meaning they are measured from one day prior to the start and end dates of the period in question to match the dates at which the respective underlying funds are valued.

## Asset allocation (%)



# USS Bond Fund

Aim of fund: To produce a return better than the benchmark, which represents a mix of different kinds of bonds. The fund will mainly invest in bonds issued by governments and companies from across the world. The fund is currency hedged, which means its returns are not exposed to movements in the value of Sterling relative to other currencies. The fund is actively managed.

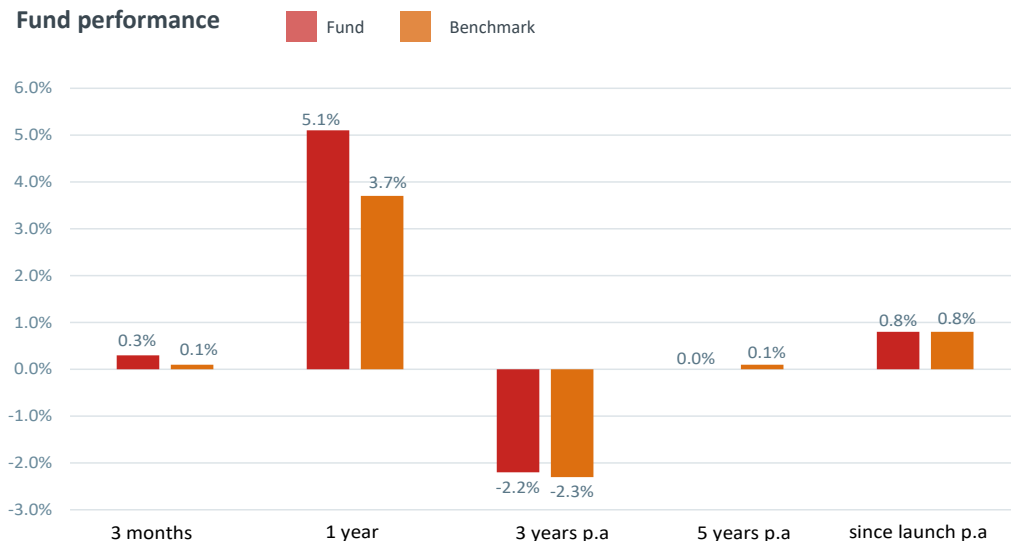
## Performance summary

- The Fund delivered positive absolute and relative returns over the quarter.
- The second quarter of 2024 was mixed for global bond markets, with corporate holdings outperforming government bonds and delivering marginal positive performance as the market digested new economic data and central bank signalling around the pace and timing of interest rate cuts.

### Risk Measures:

Five-year annualised fund volatility: **6.0%**

## Fund performance

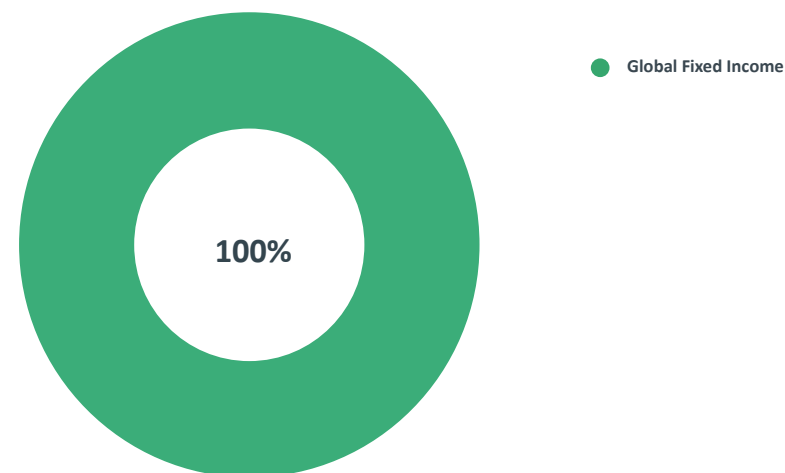


## Fund Facts

Benchmark	<b>Composite*</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.20%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£20m</b>
Management style	<b>Active</b>

\*Composite Benchmark  
 Since 1 October 2020: Barclays Global Aggregate Bond Index (fully currency hedged) (100.00%)  
 Up to 30 September 2020: Markit iBoxx GBP Corps All Maturities (25.00%), Barclays Global Aggregate Corporate ex GBP Index (25.00%), FTA Government UK Index Linked Index (25.00%), FTSE Gilts All Stocks Index (25.00%)

## Asset allocation (%)



To see the underlying funds that make up the Bond Fund, go to [page 24](#).

# USS Ethical Equity Fund

Aim of fund: To produce a better return than the benchmark over the long term, which represents equities in companies across the world. The fund will aim, so far as is practicable, to invest in shares in companies that meet the USS Ethical Guidelines, which may result in return deviations when compared to the fund's broad market benchmark. The returns generated by overseas equities are not currency hedged, so may be impacted by currency movements. The fund uses a mix of passive and active management.

## Performance summary

- The Fund delivered flat returns over the quarter, primarily driven by the fund's underweight to the mega cap technology stocks that drove most of the index returns over the period. During the period, Impax was appointed as the active manager in the fund, replacing Columbia Threadneedle. Impax's strategy invests in accordance with the USS Ethical Guidelines, while placing a greater focus on companies that are viewed as leaders in sustainability themed investing, particularly in environmental themes such as new energy, alternative energy, water and waste.
- The Fund invests in accordance with the USS Ethical Guidelines and the passively and actively managed components of the Fund were underweight to some of the best performing stocks compared to the broad market benchmark (AI linked stocks in particular) over the start of 2024.

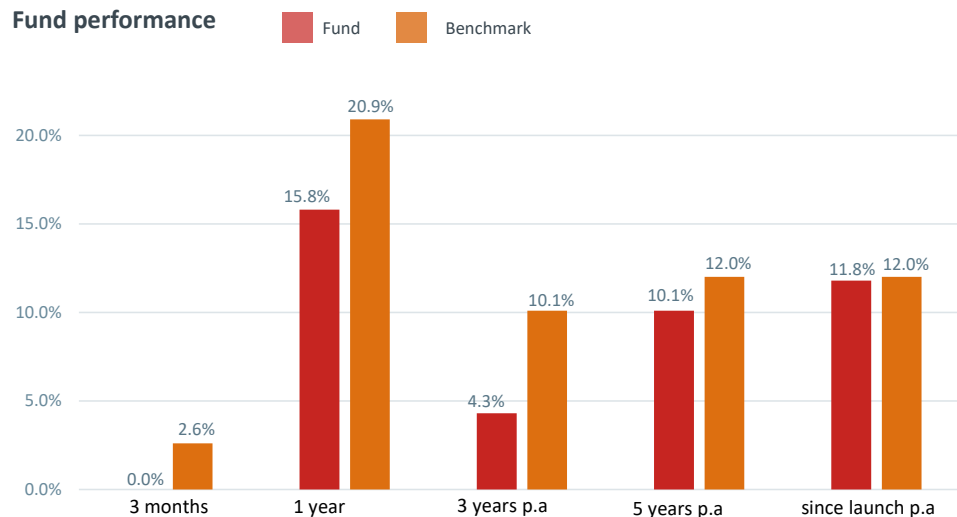
### Risk Measures:

Five-year annualised fund volatility: **13.5%**

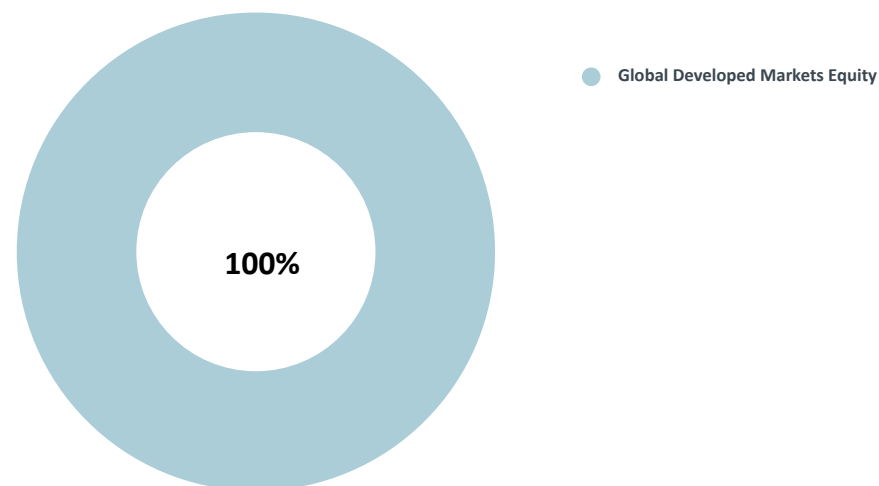
## Fund Facts

Benchmark	MSCI World Index
Launch date	3 October 2016
Fees (before subsidy)	0.30%#
Fees (after subsidy)	0.00%#
Fund Size	£92m
Management style	Mix

## Fund performance



## Asset allocation (%)



# USS Sharia Fund

Aim of fund: To rise or fall in line with the benchmark, which represents shares which meet Islamic investment principles. The fund will invest in equities which meet Islamic investment principles. The returns generated by overseas equities are not currency hedged, so may be impacted by currency movements. The fund is passively managed.

## Performance summary

- The Fund delivered strong positive returns over the quarter.
- The fund is a global passive index fund investing in equities compliant with Islamic investment principles, so it will tend to hold fewer shares in financial companies (like banks) and more in other sectors, such as technology when compared to global weightings. Higher exposure to technology stocks benefited the fund over the quarter.

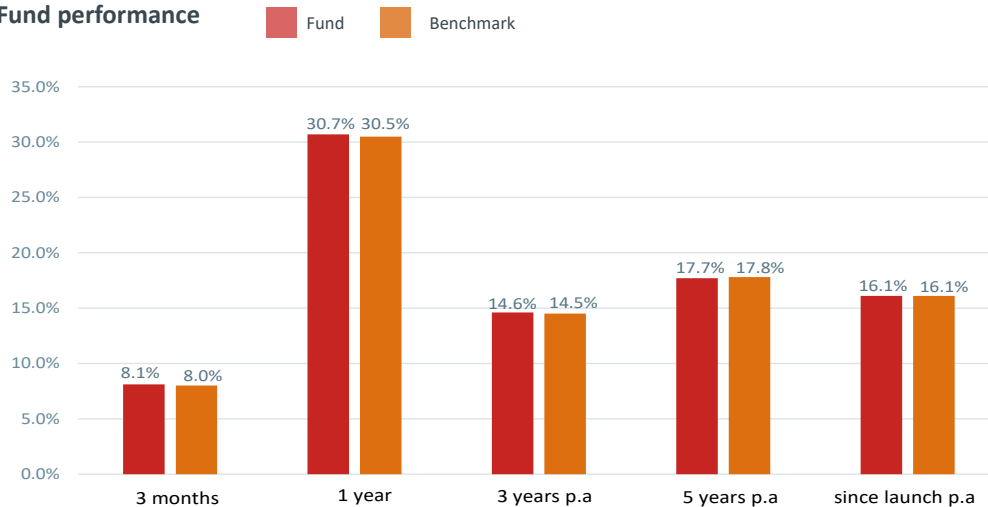
### Risk Measures:

Five-year annualised fund volatility: **14.1%**

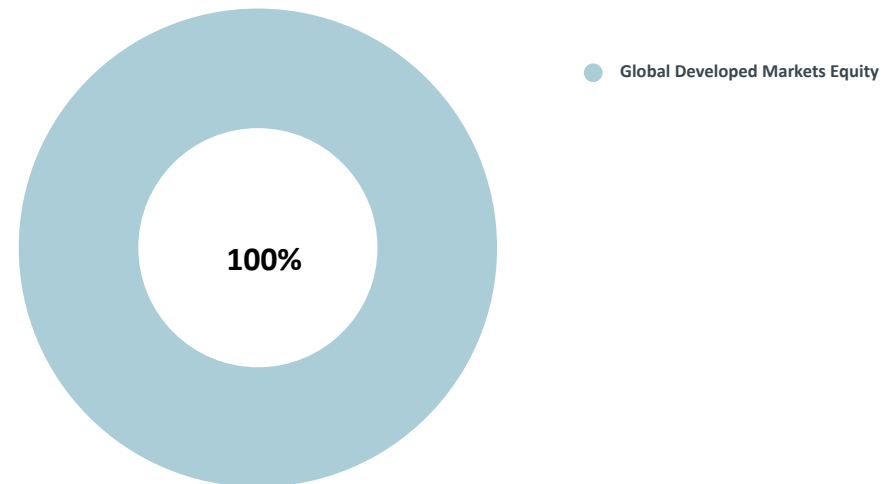
## Fund Facts

Benchmark	<b>DJ Islamic Market Titans 100 Index</b>
Launch date	<b>3 October 2016</b>
Fees (before subsidy)	<b>0.30%#</b>
Fees (after subsidy)	<b>0.00%#</b>
Fund Size	<b>£62m</b>
Management style	<b>Passive</b>

## Fund performance



## Asset allocation (%)



## Underlying fund information

The table below shows the underlying funds that make up the funds in the Investment Builder and the International Securities Identification Numbers (ISINs) of the underlying pooled funds.

Fund name	Asset class	Fund(s) used in*														ISIN/Link to fund information	
		US\$ Growth	US\$ Moderate Growth	US\$ Cautious Growth	US\$ Liquidity	US\$ Ethical Growth	US\$ Ethical Moderate Growth	US\$ Ethical Cautious Growth	US\$ Ethical Liquidity	US\$ Bond	US\$ Emerging Markets Equity	US\$ UK Equity	US\$ Global Equity	US\$ Ethical Equity	US\$ Sharia		
Blackrock Aquila Connect UK Equity	UK Equity												✓				GB00B00C3Z19
LGIM Climate Tilted Global Developed Markets Equity	Global Developed Markets Equity	✓	✓	✓										✓			n/a*
LGIM Ethical Climate Aware Equity	Global Developed Markets Equity					✓	✓	✓							✓		n/a*
Impax Sustainability Themed Equities	Global Developed Markets Equity					✓	✓	✓							✓		n/a*
HSBC Islamic Global Equity Index	Global Developed Markets Equity															✓	IE000FBTQ920
Blackrock Aquila Connect Emerging Markets	Emerging Markets Equity												✓		✓		GB00B658GJ14
Baillie Gifford Emerging Markets Growth	Emerging Markets Equity												✓				GB0006057060
USSIM Global Emerging Markets	Emerging Markets Equity	✓	✓	✓									✓				n/a*
HSBC UK Corporate Bond	UK Investment Grade Credit	✓	✓	✓													n/a*
HSBC Global Investment Grade Credit	Global Investment Grade Credit	✓	✓	✓													n/a*
Bluebay Global High Yield Bond	Global High Yield	✓	✓	✓													n/a*
Wellington Opportunistic Emerging Markets Debt Fund	Emerging Market Bonds	✓	✓	✓													IE00BMFZWD04
Wellington Emerging Local Debt Fund	Emerging Market Bonds	✓	✓	✓													IE00BMFZWF28
LGIM UK Nominal	Nominal Bonds	✓	✓	✓		✓	✓	✓									<a href="#">Fund information</a>
LGIM Overseas Bond Index (hedged)	Nominal Bonds	✓	✓	✓		✓	✓	✓									<a href="#">Fund information</a>
LGIM Global Inflation Linked Bond (hedged)	Index Linked Bonds	✓	✓	✓		✓	✓	✓									<a href="#">Fund information</a>
LGIM UK Index Linked Short Term	Index Linked Bonds	✓	✓	✓		✓	✓	✓									<a href="#">Fund information</a>
LGIM UK Index Linked Long Term	Index Linked Bonds	✓	✓	✓		✓	✓	✓									<a href="#">Fund information</a>
Columbia Threadneedle Responsible Sterling Corporate Bond	UK Investment Grade Credit					✓	✓	✓									GB00BD3GLZ71
Robeco QI Global Multi-Factor Bonds	Global Bonds										✓						LU2207421996
PMG UK Property	Private Markets	✓	✓	✓		✓	✓	✓									n/a*
PMG Core Infrastructure	Private Markets	✓	✓	✓													n/a*
PMG Secure Credit (Short Duration)	Private Markets		✓	✓													n/a*
PMG Opportunistic Infrastructure	Private Markets	✓	✓	✓													n/a*
PMG Inflation Linked Credit	Private Markets	✓	✓	✓													n/a*
PMG Secure Credit (Long Duration)	Private Markets	✓	✓	✓													n/a*
PMG Long Income Property	Private Markets	✓	✓	✓													n/a*
PMG Renewables and Natural Capital	Private Markets	✓	✓	✓		✓	✓	✓									n/a*
PMG Co Investment Alternative Income	Private Markets	✓	✓	✓													n/a*
PMG Co Investment Private Equity	Private Markets	✓	✓														n/a*
LGIM Sterling Liquidity	Liquidity	✓	✓	✓	✓	✓	✓	✓	✓								<a href="#">Fund information</a>
BlackRock Government Sterling Liquidity	Liquidity					✓	✓	✓	✓								IE00B40L6351



## Important information

Performance shown is after any subsidy, within the relevant USS Fund.

Past performance is not a guide to future performance and so should not solely be relied upon by members when making investment decisions. The value of investments may go down as well as up and the return of your investments is not guaranteed.

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Our investment glossary is designed to help you better understand the world of investing. Find out what different terms used throughout this report means: [uss.co.uk/how-we-invest/investment-glossary](http://uss.co.uk/how-we-invest/investment-glossary)