



# QUARTERLY INVESTMENT REPORT

As of 31  
December

**20**  
**23**

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# 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 environmental, social and governance (ESG) issues so 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)



October 2023- December 2023

## Investment commentary

Developed market equities had a strong end to 2023, with multiple central banks signalling that interest rates may have peaked and that cuts may happen in 2024. Emerging market equities also had a positive quarter but were held back compared to developed markets by continued concerns over China's real estate sector and the conflict in the middle east.

The US led the way in terms of equity market returns, with the Magnificent 7 (7 of the largest companies in the US) significantly outperforming the broader market in both the last quarter of year and over the year more generally. In the UK, equity markets also rose and inflation came down more than expected based on November figures, which were published by the Office for National Statistics in December 2023.

### Strong equity and bond market returns round out 2023

- The expectation that central banks may start cutting interest rates in 2024 was positive for most fixed income markets with bonds issued by companies and governments both benefiting from this sentiment.
- The performance of the Trustee's private market investments was mixed over the quarter with inflation linked equities and bonds performing particularly strongly along with renewables while the longer duration credit holdings delivered negative returns.
- 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 strong equity and bond market returns translated directly into the performance of the

Do It For Me Default Options with the Growth Fund outperforming the Moderate Growth Fund, which in turn outperformed the Cautious Growth Fund over the quarter and year as a whole. These trends were also seen in the Ethical Lifestyling Options.

- In the Let Me Do It investment options, all the funds delivered positive absolute and relative performance over the quarter (with passively managed funds tracking their benchmarks).
- The Ethical Equity Fund was the strongest performer in absolute terms although we note the fund has fared particularly poorly versus its broad market benchmark over year. The Ethical Equity Fund is managed in accordance with the [USS Ethical Guidelines](#).

**£2,806m**

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.

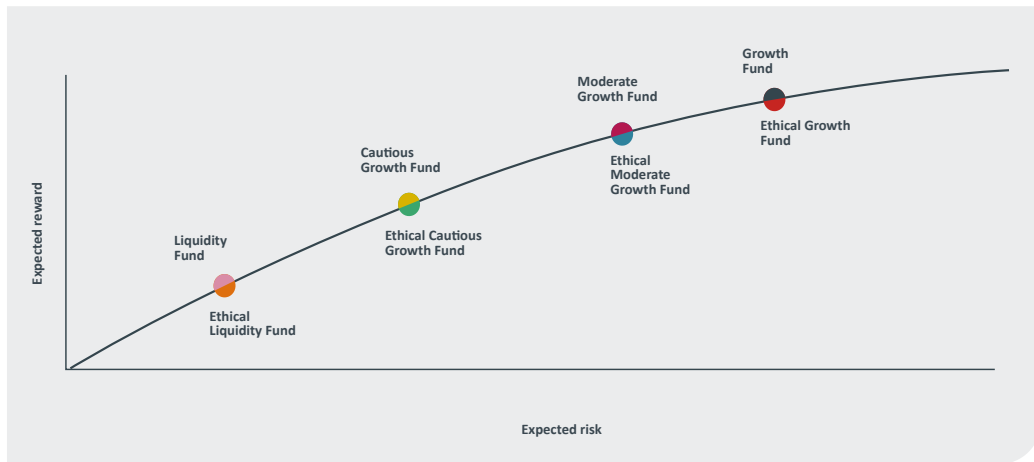
# Performance and risk metrics:

## Do It For Me

### Comparative risk

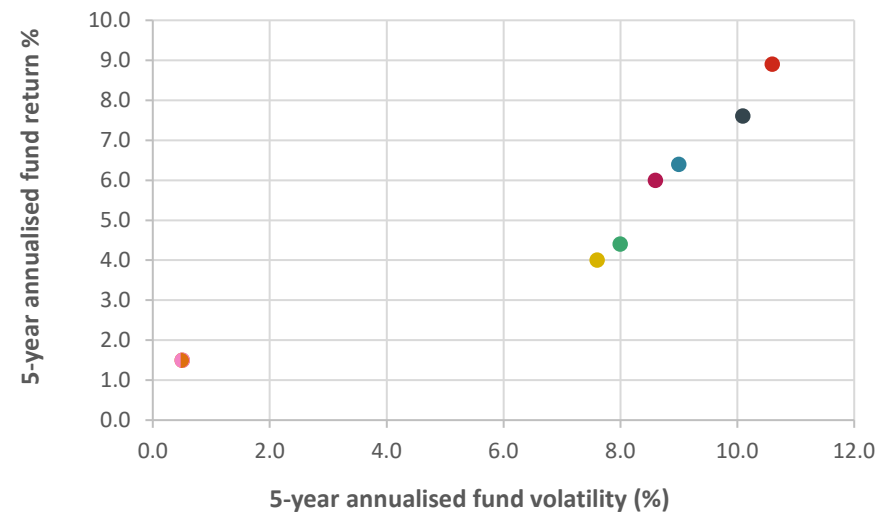
#### Risk Factor

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.

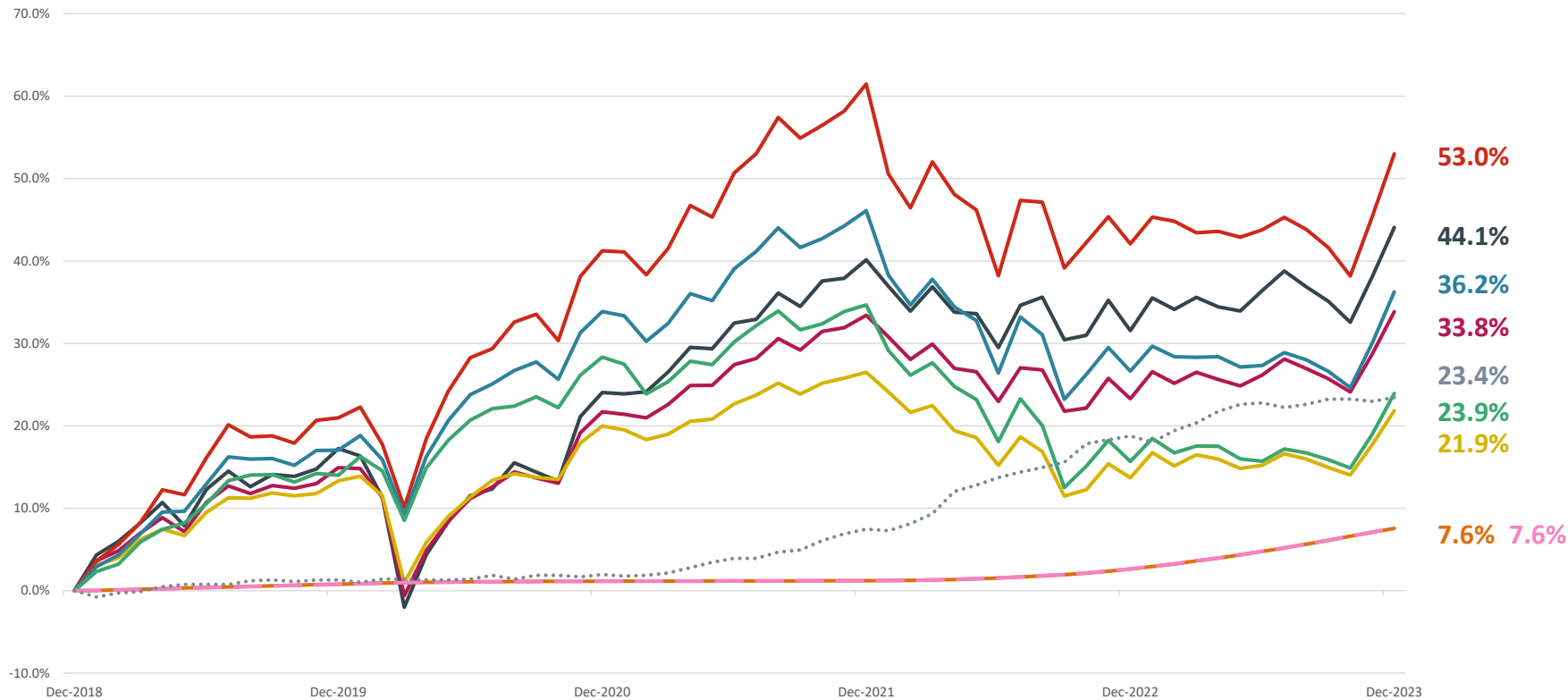


# Performance and risk metrics:

## 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.

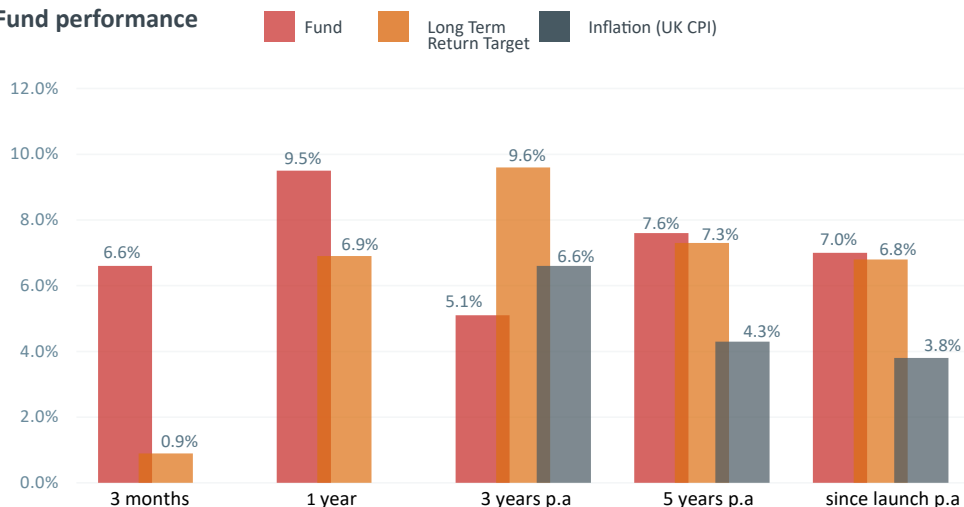
## Performance summary

- The Fund delivered strong positive returns over the quarter, which also boosted returns over the calendar year. It is now ahead of its Long Term Return Target over most periods, which has been helped by inflation starting to slow in the UK.
- Over the quarter, allocations to both equities and bonds added to returns, while the allocation to private markets was mixed over the same period.

### Risk Measures:

Five-year annualised fund volatility: **10.1%**

## Fund performance

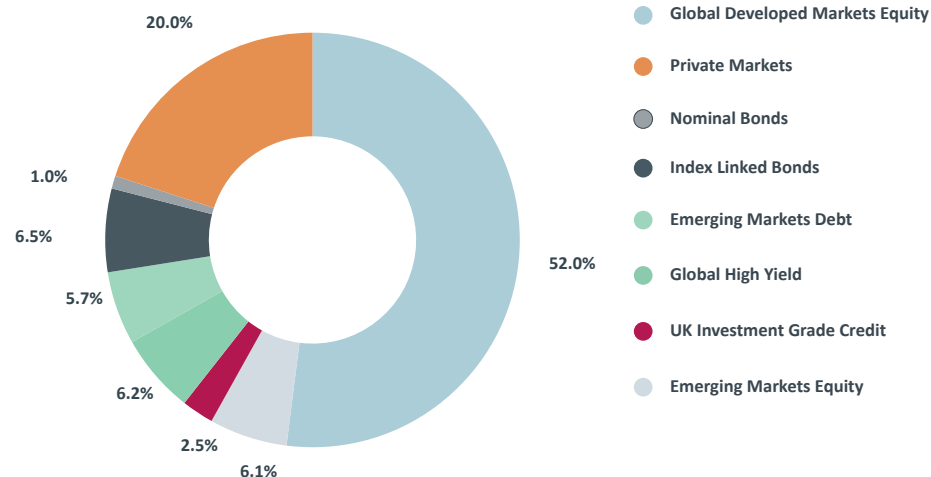


## Fund Facts

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>£1,696.0m</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 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.

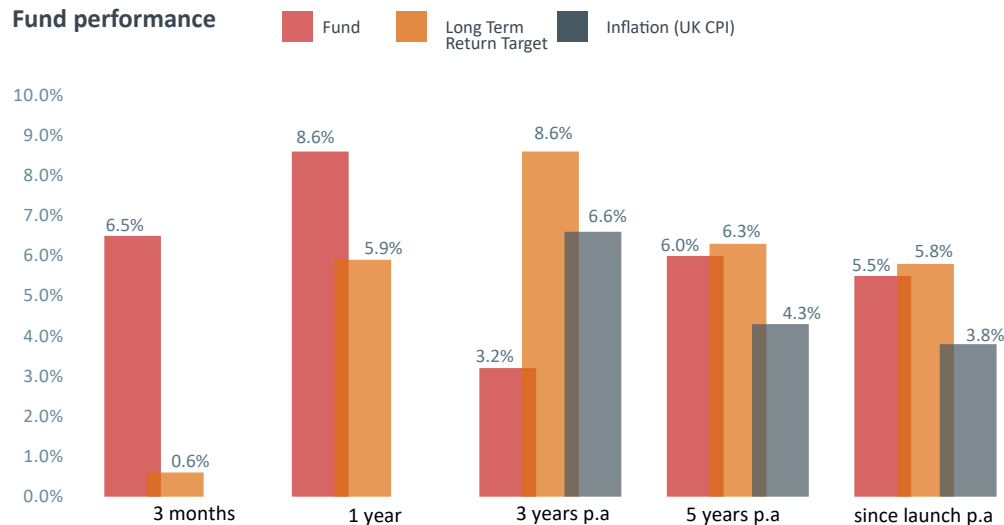
## Performance summary

- The Fund delivered strong positive returns over the quarter, which also boosted returns over the calendar year. Allocations to both equities and bonds added to returns, while the allocation to private markets was mixed over the same period.
- The Fund is now ahead of its long-term return target over shorter time periods, which has been helped by inflation starting to slow in the UK.
- Over longer time periods (3 years plus), the impact of high inflation and bond market returns mean the Fund is slightly behind its target.

### Risk Measures:

Five-year annualised fund volatility: **8.6%**

## Fund performance

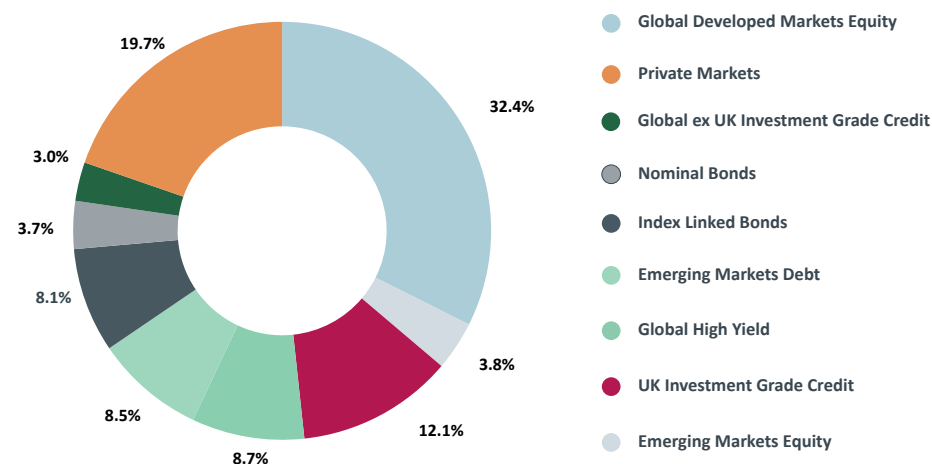


## Fund Facts

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>£347.80m</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 (%)



# 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.

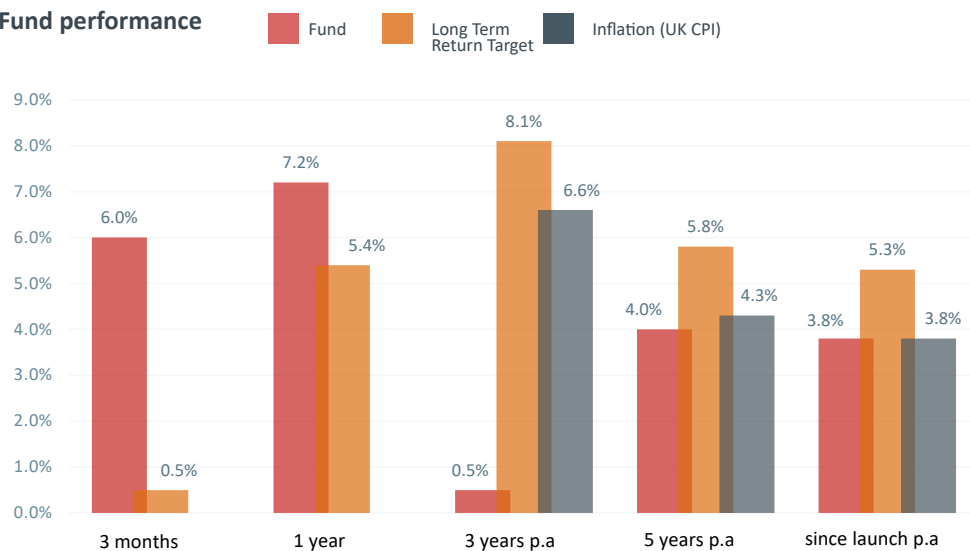
## Performance summary

- The Fund delivered strong positive returns over the quarter, which boosted returns over the calendar year. Allocations to both equities and bonds added to returns over the quarter, while the allocation to private markets was mixed over the same period.
- The Fund is now ahead of its long-term return target over shorter time periods, which has been helped by inflation starting to slow in the UK.
- Over longer time periods (3 years plus), the impact of high inflation and bond market returns mean the Fund is slightly behind its target.

### Risk Measures:

Five-year annualised fund volatility: **7.6%**

## Fund performance

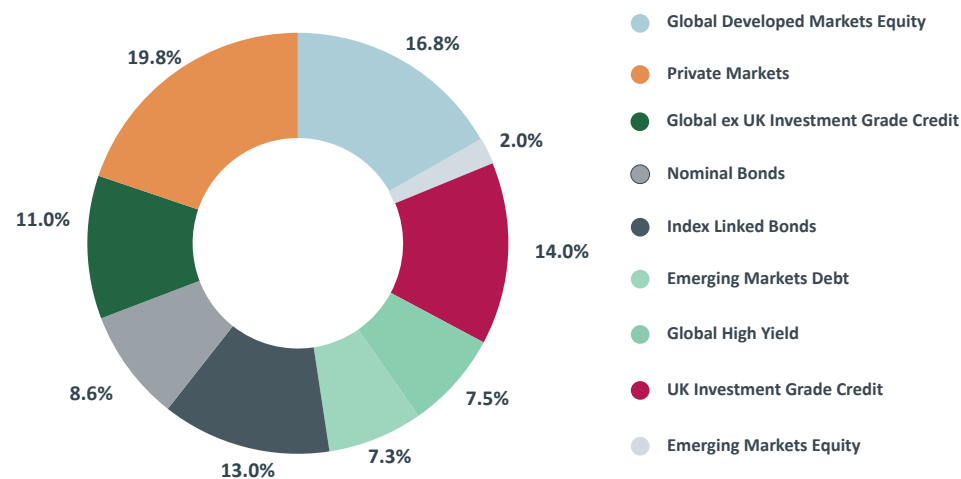


## Fund Facts

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>£183.30m</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.

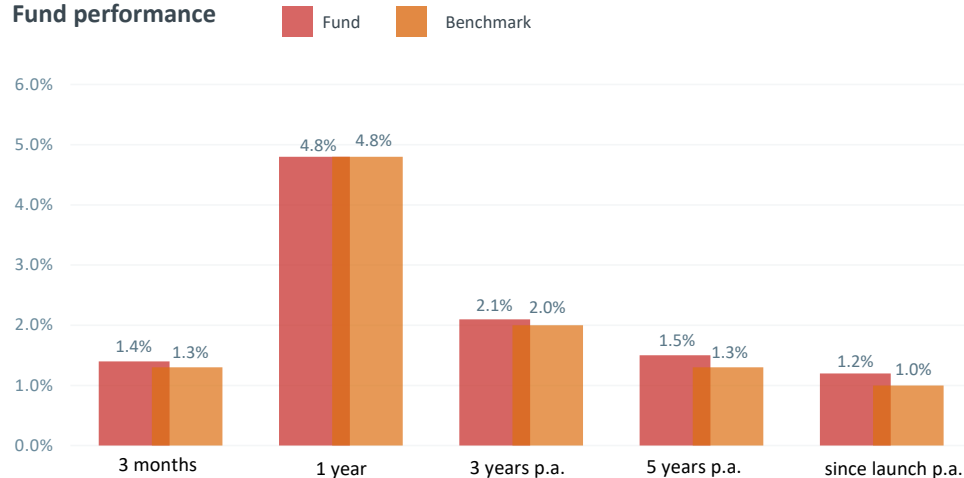
## Performance summary

- 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: **0.5%**

## Fund performance

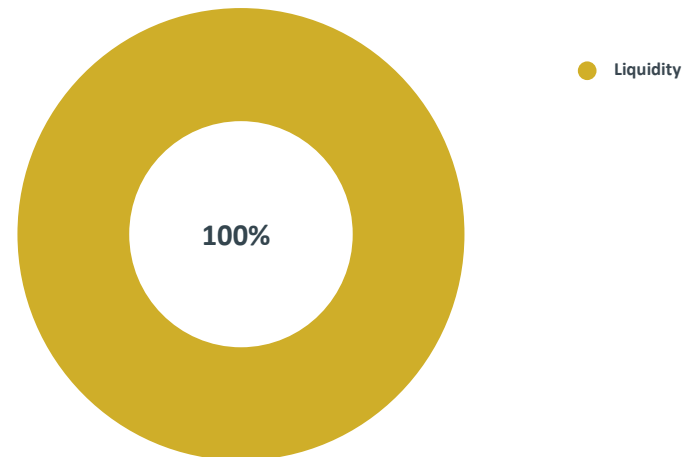


## Fund Facts

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>£127.10m</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.

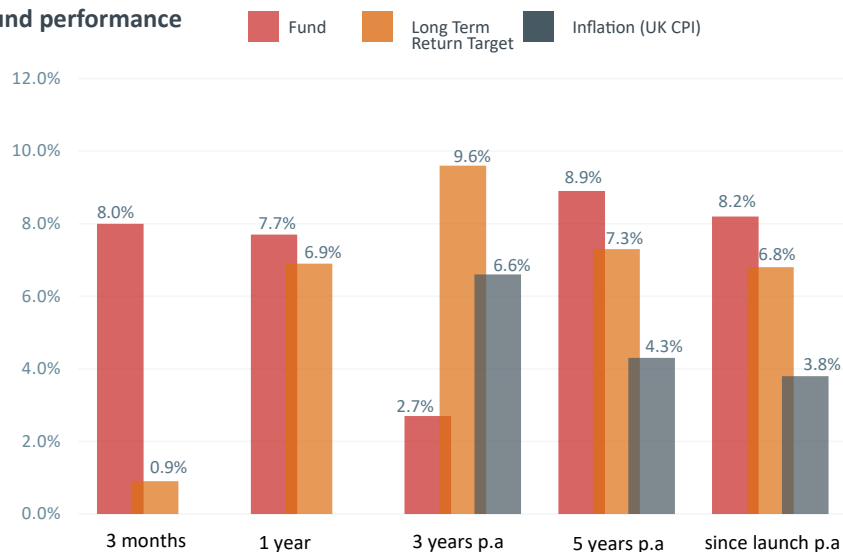
## Performance summary

- The Fund delivered strong positive returns over the quarter, which boosted returns for the Fund over the calendar year.
- Over the quarter, allocations to both equities, bonds and renewables added to returns, with the active global equity manager also contributing to these positive returns.
- The Fund is now ahead of its long-term return target over most periods, which has been helped by inflation starting to slow in the UK.

### Risk Measures:

Five-year annualised fund volatility: **10.6%**

## Fund performance



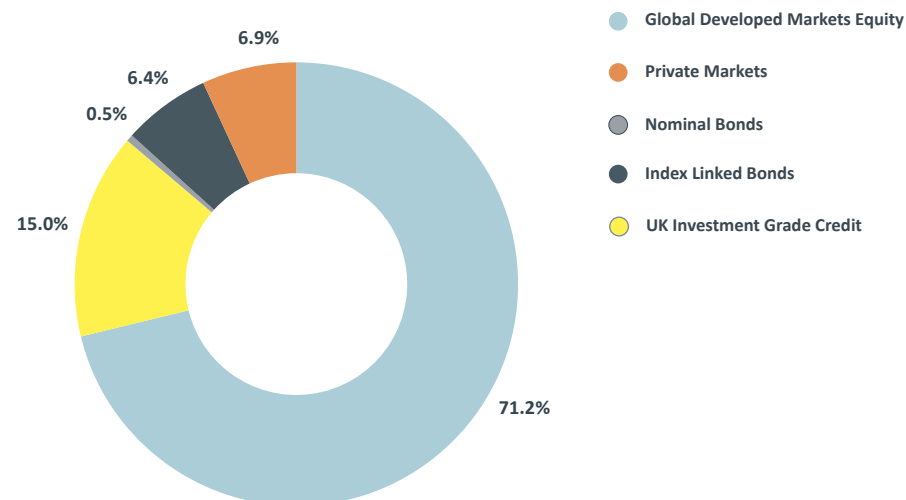
## Fund Facts

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>£109.00m</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](#).

\*\* This is the fee applicable to investments into the Ethical Lifestyle Strategy. 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.

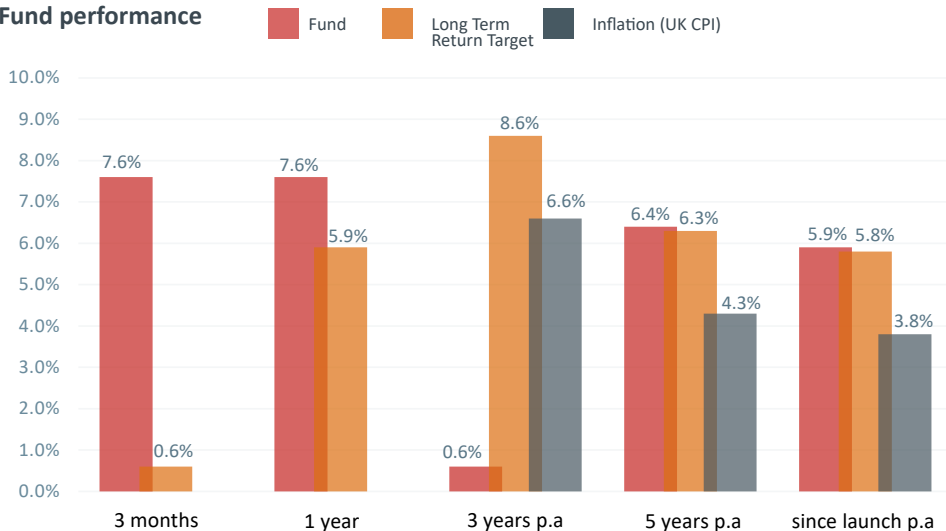
## Performance summary

- The Fund delivered strong positive returns over the quarter, which boosted returns for the Fund over the calendar year.
- Over the quarter, allocations to both equities, bonds and renewables added to returns, with the active global equity manager also contributing to these positive returns.
- The Fund is now ahead of its long-term return target over most periods, which has been helped by inflation starting to slow in the UK.

### Risk Measures:

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

## Fund performance



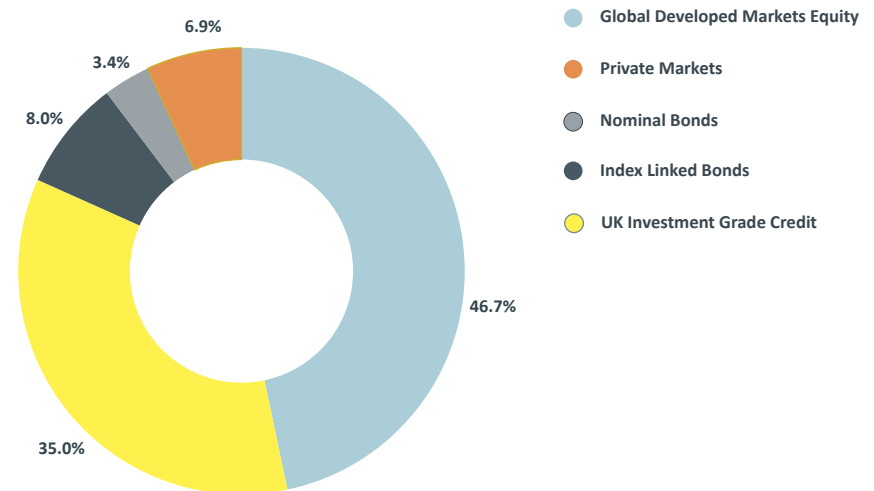
## Fund Facts

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>£22.00m</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](#).

\*\* This is the fee applicable to investments into the Ethical Lifestyle Strategy. 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 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.

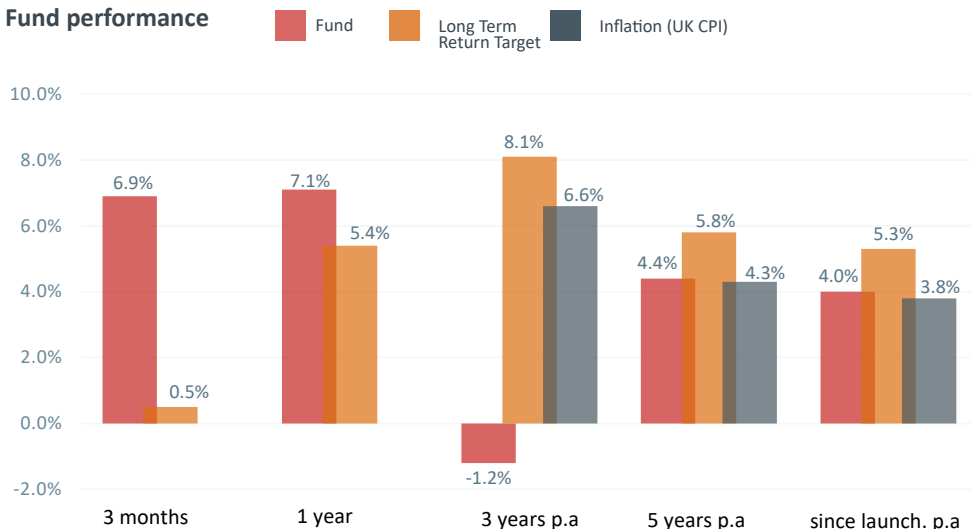
## Performance summary

- The Fund delivered strong positive returns over the quarter, which boosted returns for the Fund over the calendar year.
- Over the quarter, allocations to both equities, bonds and renewables added to returns, with the active global equity manager also contributing to these positive returns.
- The Fund is now ahead of its long-term return target over most periods, which has been helped by inflation starting to slow in the UK.
- Over longer time periods (3 years plus), the impact of high inflation and bond market returns mean the Fund is slightly behind its target.

### Risk Measures:

Five-year annualised fund volatility: **8.0%**

## Fund performance



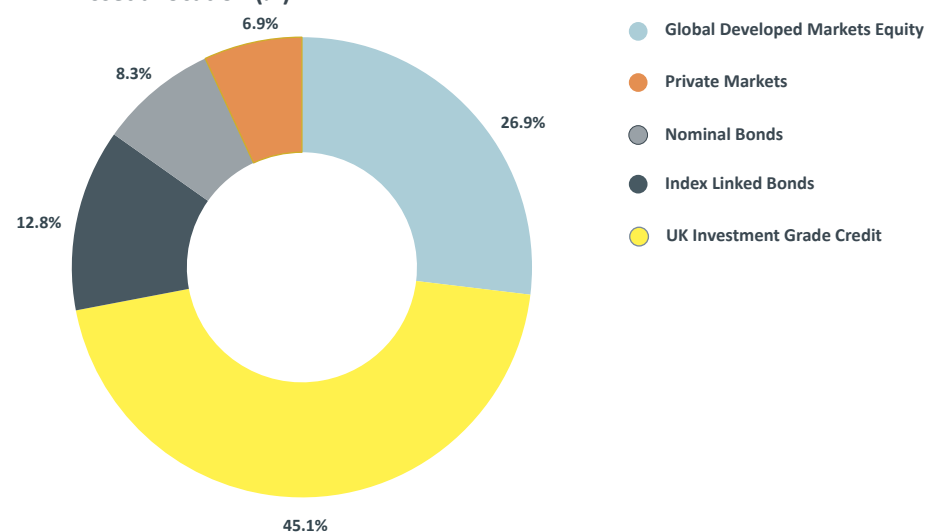
## Fund Facts

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>£11.40m</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](#).

\*\* This is the fee applicable to investments into the Ethical Lifestyle Strategy. The USS Ethical 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](#).

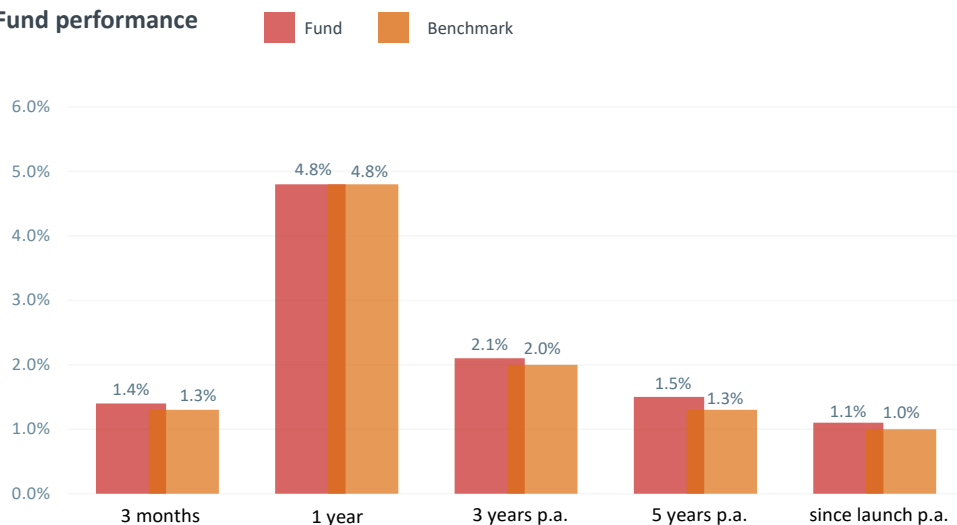
## Performance summary

- 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: **0.5%**

## Fund performance



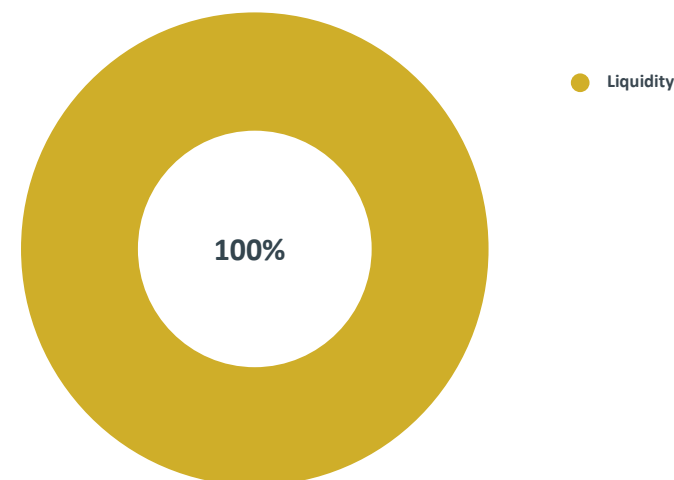
## Fund Facts

Benchmark	<b>SONIA*</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>£6.40m</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.

\*\*This is the fee applicable to investments into the Ethical Lifestyle Option. The USS Ethical Liquidity Fund is only available within the Ethical Lifestyle Option and is not available as a self-select option.

## Asset allocation (%)



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

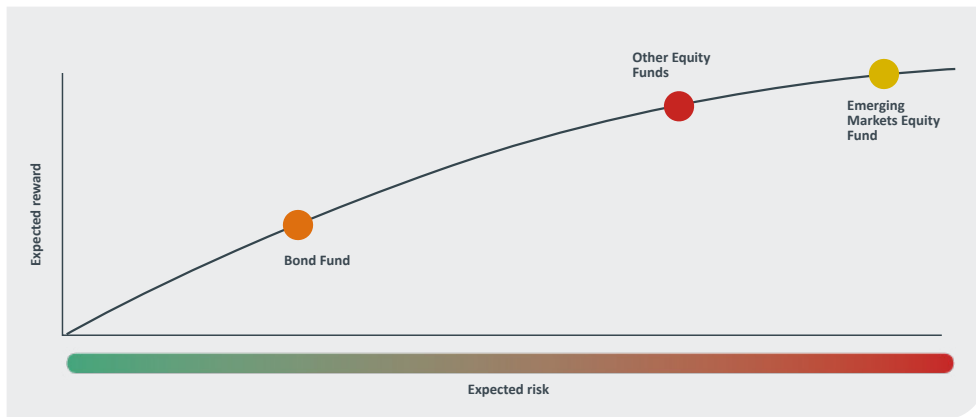
# Performance and risk metrics:

*Let Me Do It*

## Comparative risk

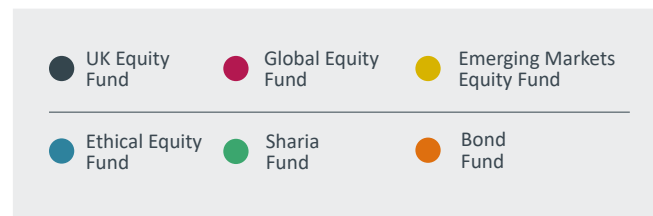
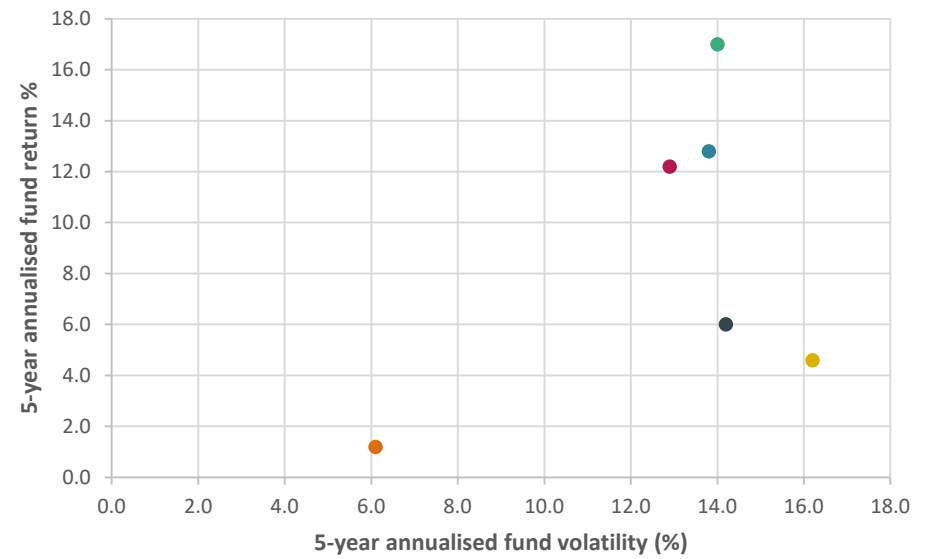
### Risk Factor

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.



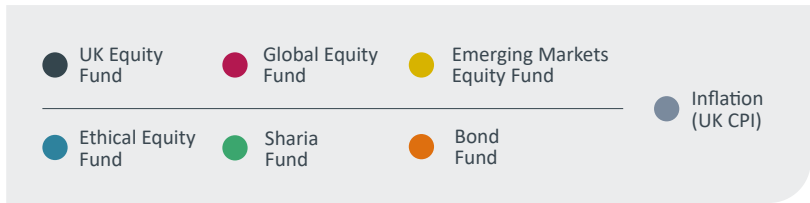
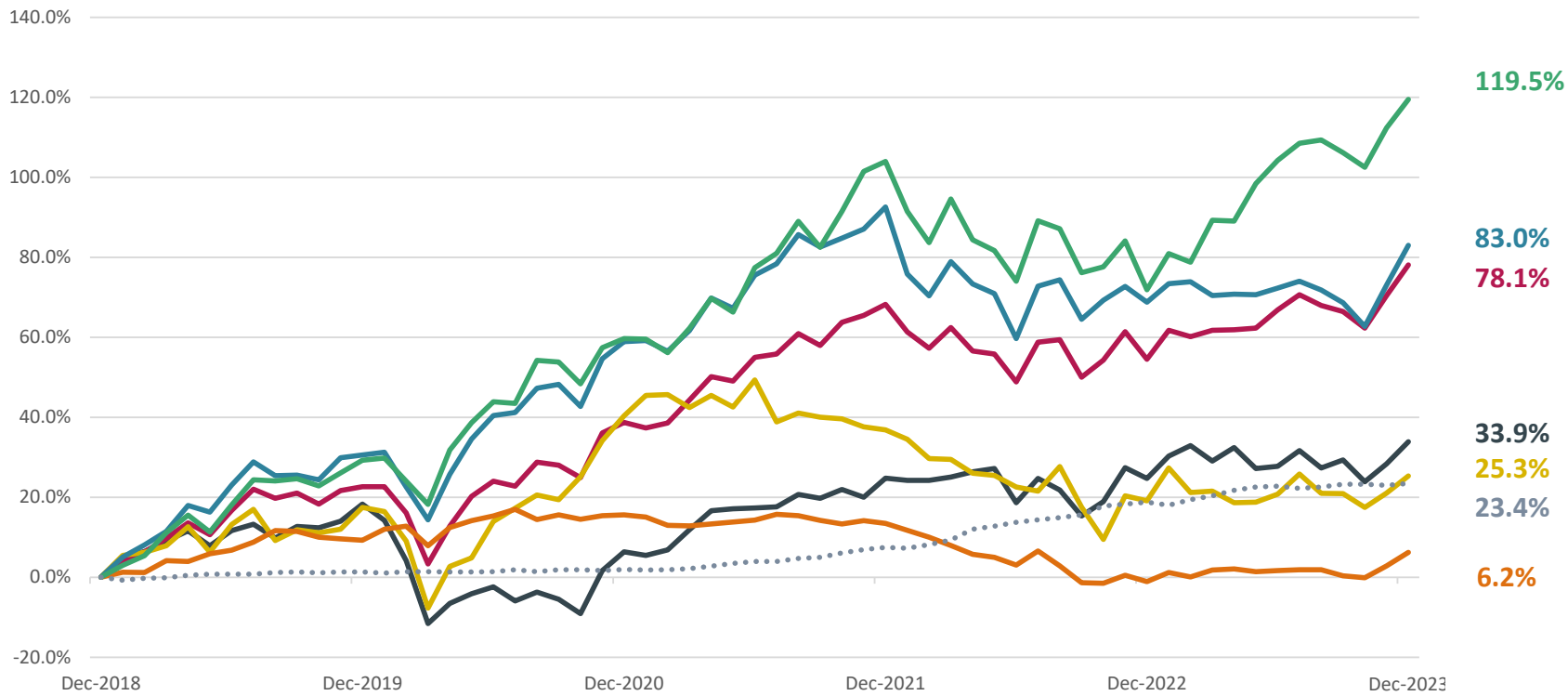


# Performance and risk metrics:

*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.

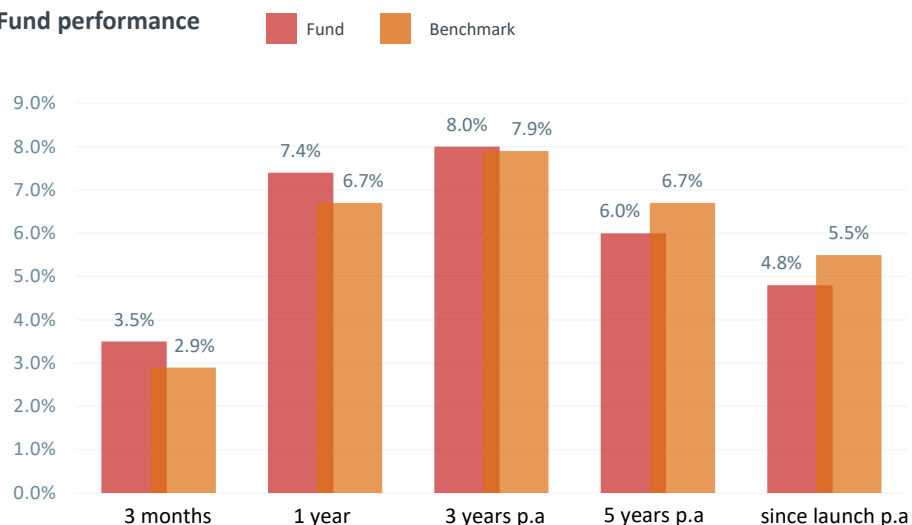
## Performance summary

- The Fund delivered positive absolute returns over the quarter.
- On a relative basis, UK markets underperformed broader global markets partially due to Sterling performing strongly against the US dollar, which hurt the performance of some of the larger companies in the UK index.

### Risk Measures:

Five-year annualised fund volatility: **14.2%**

## Fund performance



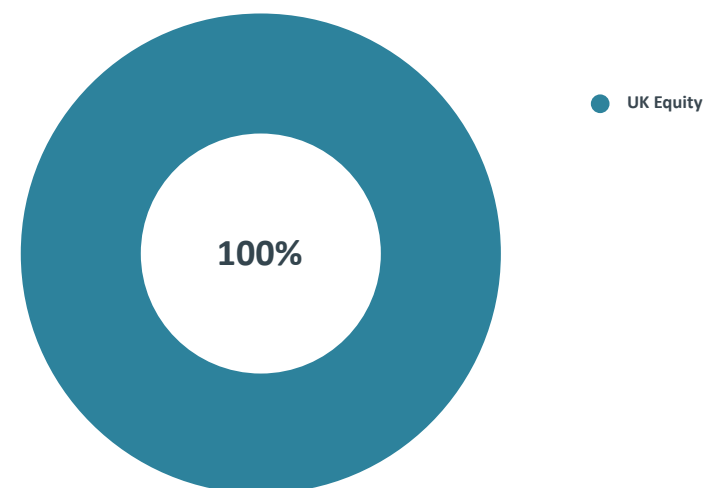
## Fund Facts

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>£32.10m</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.

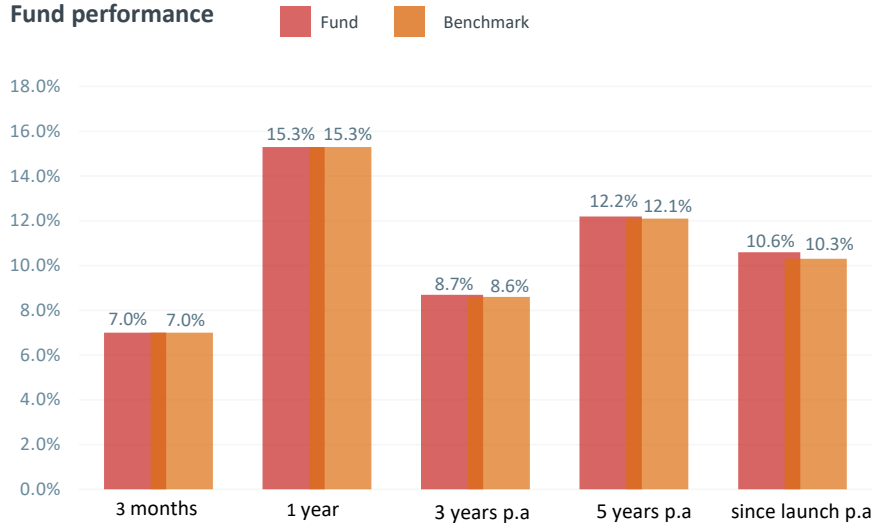
## Performance summary

- The Fund delivered positive returns over the quarter rounding out a strong year for equity markets.
- Developed market equities, making up 92% of the Fund, had a strong end to 2023, with multiple central banks signalling that interest rates may have peaked and that cuts may happen in 2024.
- Emerging market equities, making up 8% of the Fund, also had a positive quarter but were held back by continued concerns over China's real estate sector and the conflict in the middle east.

### Risk Measures:

Five-year annualised fund volatility: **12.9%**

## Fund performance

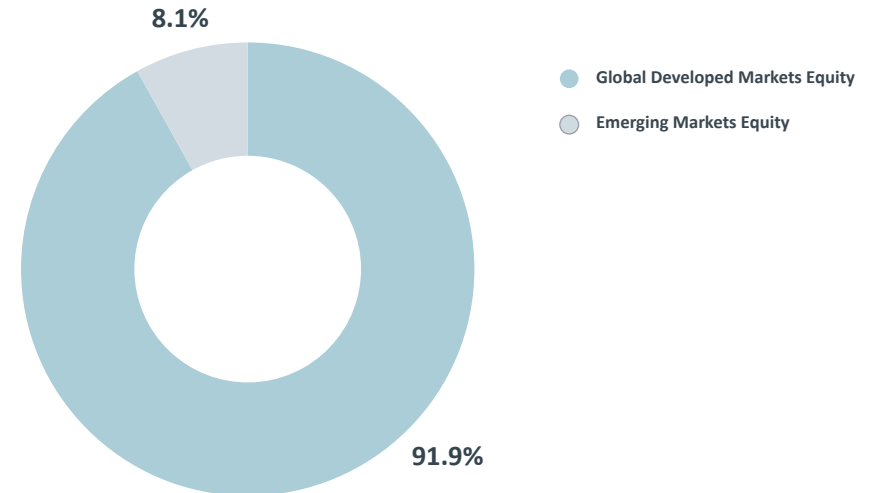


## Fund Facts

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>£114.70m</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.

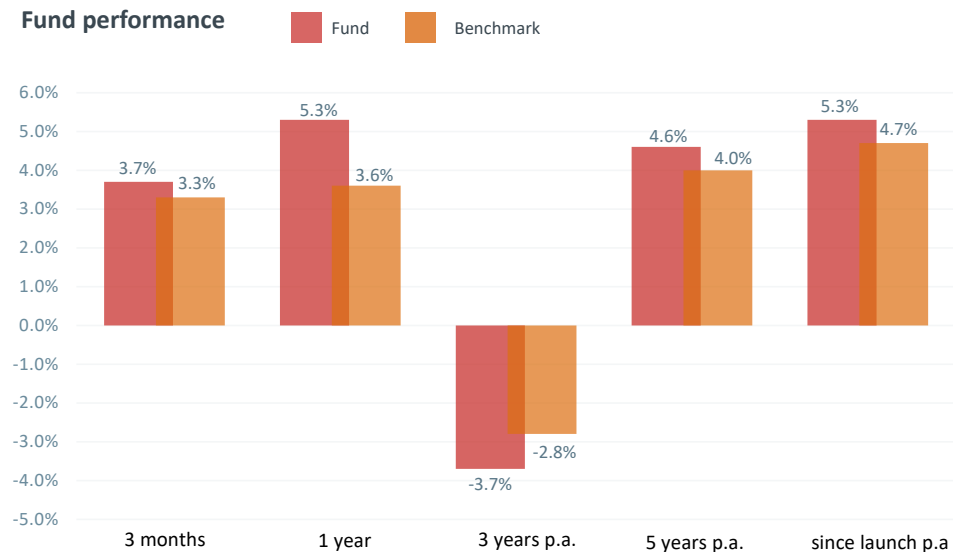
## Performance summary

- The Fund delivered positive absolute and relative performance over the quarter.
- Continued concerns over China's real estate sector and the conflict in the middle east led to emerging markets underperforming developed market equities over the quarter.

### Risk Measures:

Five-year annualised fund volatility: **16.2%**

## Fund performance

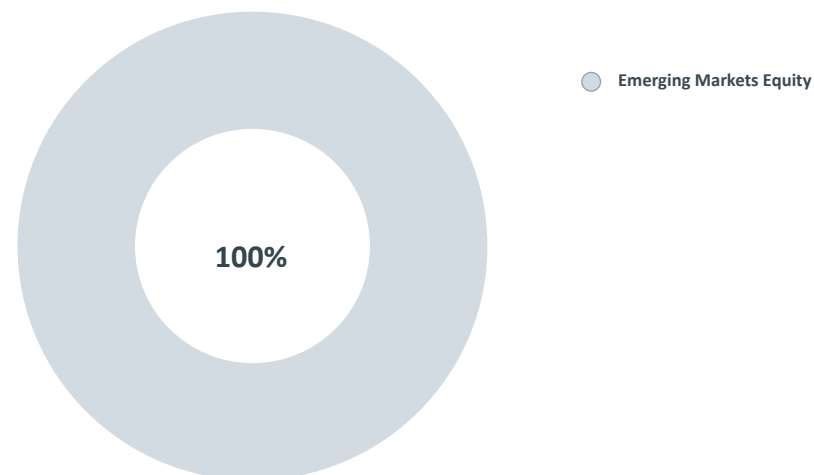


## Fund Facts

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>£21.10m</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 (%)



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

# 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.

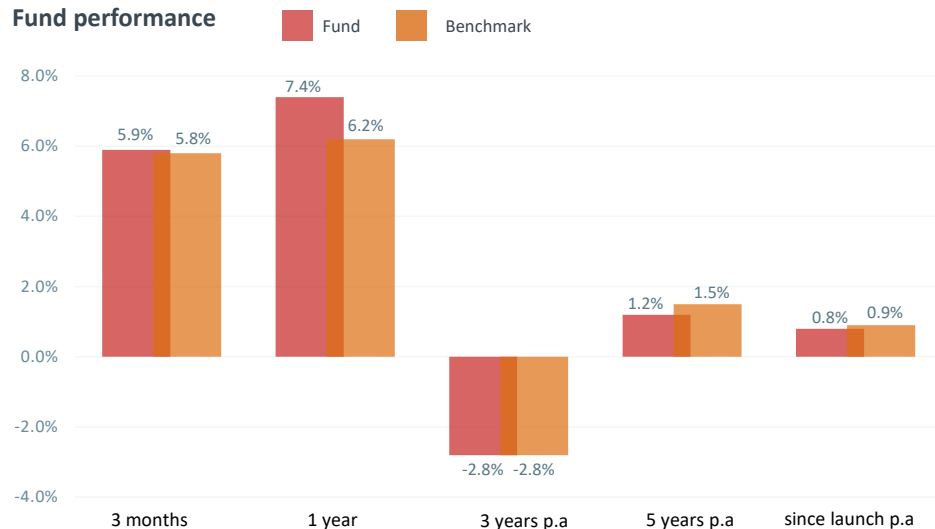
## Performance summary

- The last quarter of 2023 was positive for bond markets with an expected shift in monetary policy towards interest rate cuts benefiting both Government and Corporate bonds.
- Corporate bonds performed slightly better on hopes that a deep recession could be avoided.
- The Fund delivered positive absolute returns over the quarter and for 2023.

### Risk Measures:

Five-year annualised fund volatility: **6.1%**

## Fund performance

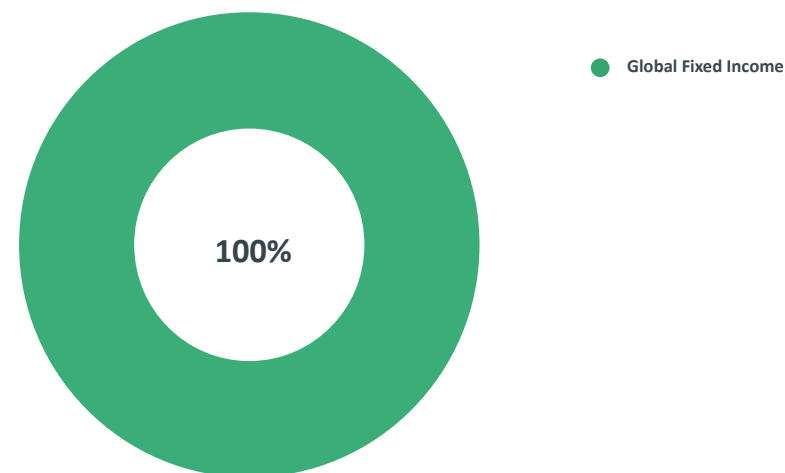


## Fund Facts

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>£18.50m</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.

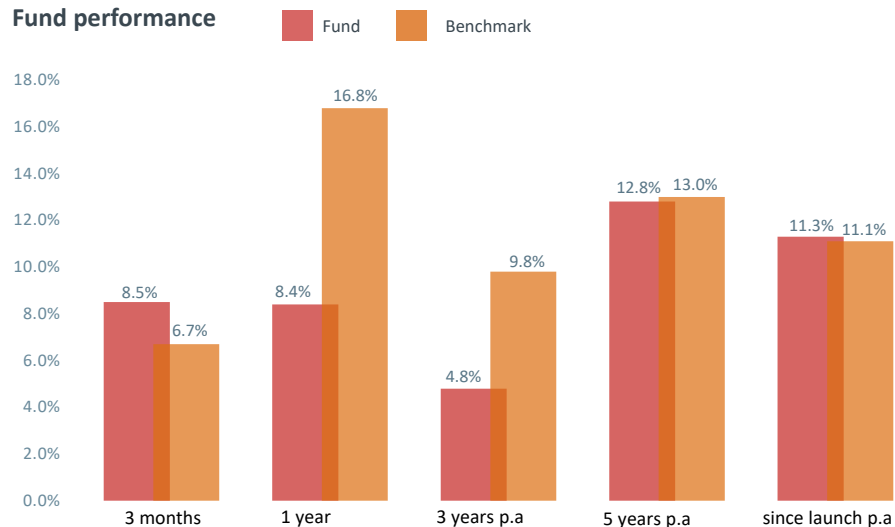
## Performance summary

- The Fund posted positive absolute and relative performance over the quarter; however, it was significantly behind the broad market benchmark for 2023.
- 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 (Magnificent 7 – 7 of largest technology companies in the US) over 2023.

### Risk Measures:

Five-year annualised fund volatility: **13.8%**

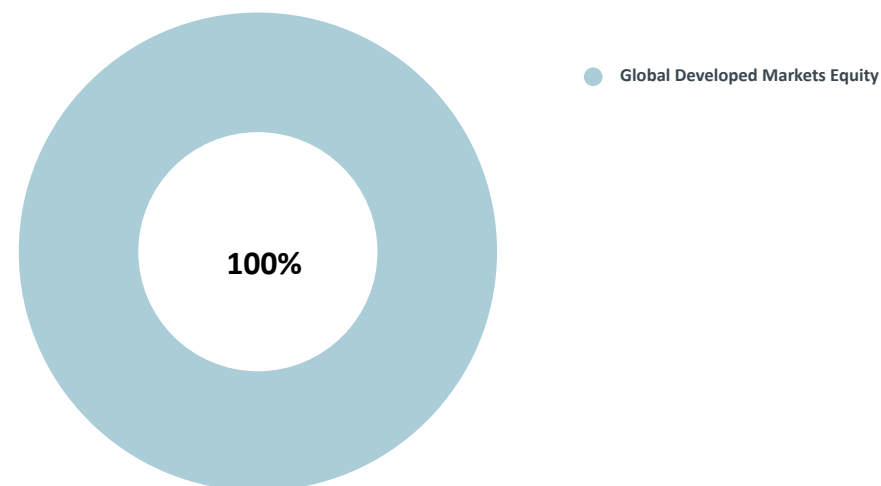
## Fund performance



## Fund Facts

Benchmark	MSCI World Index
Launch date	3 October 2016
Fees (before subsidy)	0.30%#
Fees (after subsidy)	0.00%#
Fund Size	£80.70m
Management style	Mix

## Asset allocation (%)



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

# 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.

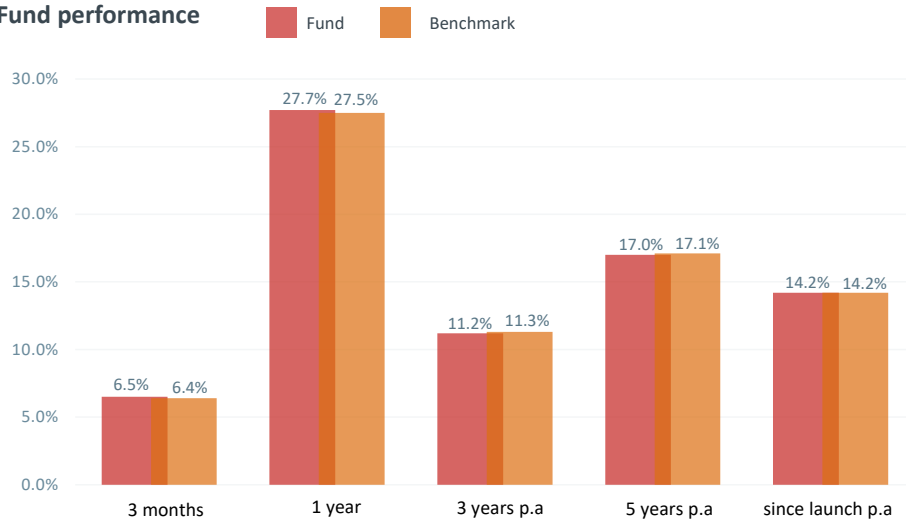
## Performance summary

- The Fund delivered strong positive absolute 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. These sector tilts particularly benefited the fund over the year.

### Risk Measures:

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

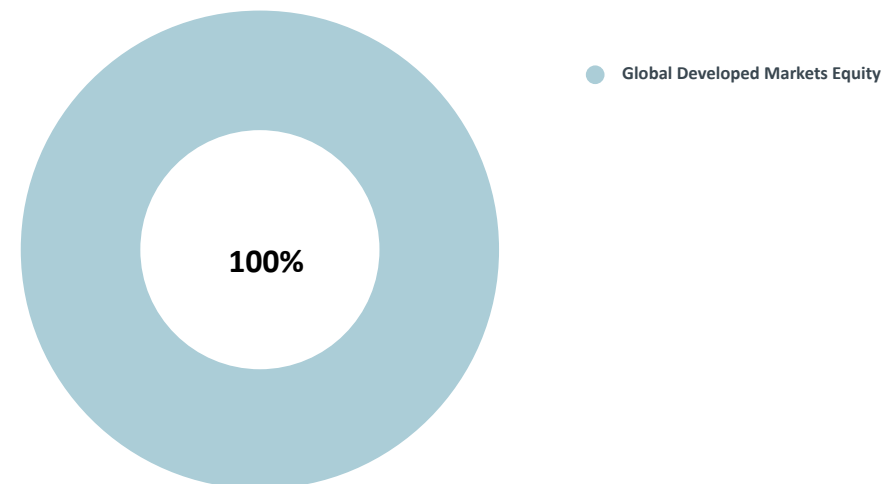
## Fund performance



## 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>£36.10m</b>
Management style	<b>Passive</b>

## Asset allocation (%)



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

## 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	
		USS Growth	USS Moderate Growth	USS Cautious Growth	USS Liquidity	USS Ethical Growth	USS Ethical Moderate Growth	USS Ethical Cautious Growth	USS Ethical Liquidity	USS Bond	USS Emerging Markets Equity	USS UK Equity	USS Global Equity	USS Ethical Equity	USS 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*
Columbia Threadneedle Responsible Global Equity	Global Developed Markets Equity					✓	✓	✓							✓		GB00BD3GLX57
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	Emerging Market Bonds	✓	✓	✓													IE00BMFZWD04
Wellington Emerging Local Debt	Emerging Market Bonds	✓	✓	✓													IE00BMFZW28
LGIM UK Nominal	Nominal Bonds	✓	✓	✓		✓	✓	✓									GB00B6V5QM98
LGIM Overseas Bond Index (hedged)	Nominal Bonds	✓	✓	✓		✓	✓	✓									GB00B6V5X841
LGIM Global Inflation Linked Bond (hedged)	Index Linked Bonds	✓	✓	✓		✓	✓	✓									GB00BHRWJK03
LGIM UK Index Linked Short Term	Index Linked Bonds	✓	✓	✓		✓	✓	✓									GB00B6V8Q955
LGIM UK Index Linked Long Term	Index Linked Bonds	✓	✓	✓		✓	✓	✓									GB00B6V5RL56
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*
LGIM Sterling Liquidity	Liquidity	✓	✓	✓	✓	✓	✓	✓	✓								GB00B6V65D61
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 (or refraining from 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)