

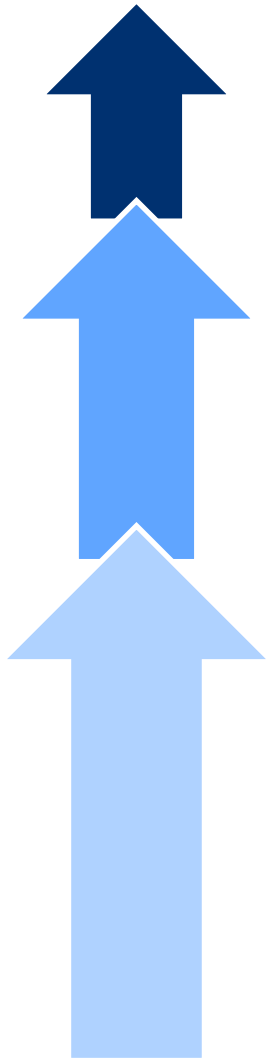


Wellcome Trust Update Presentation

15th December 2020

Our investment portfolio

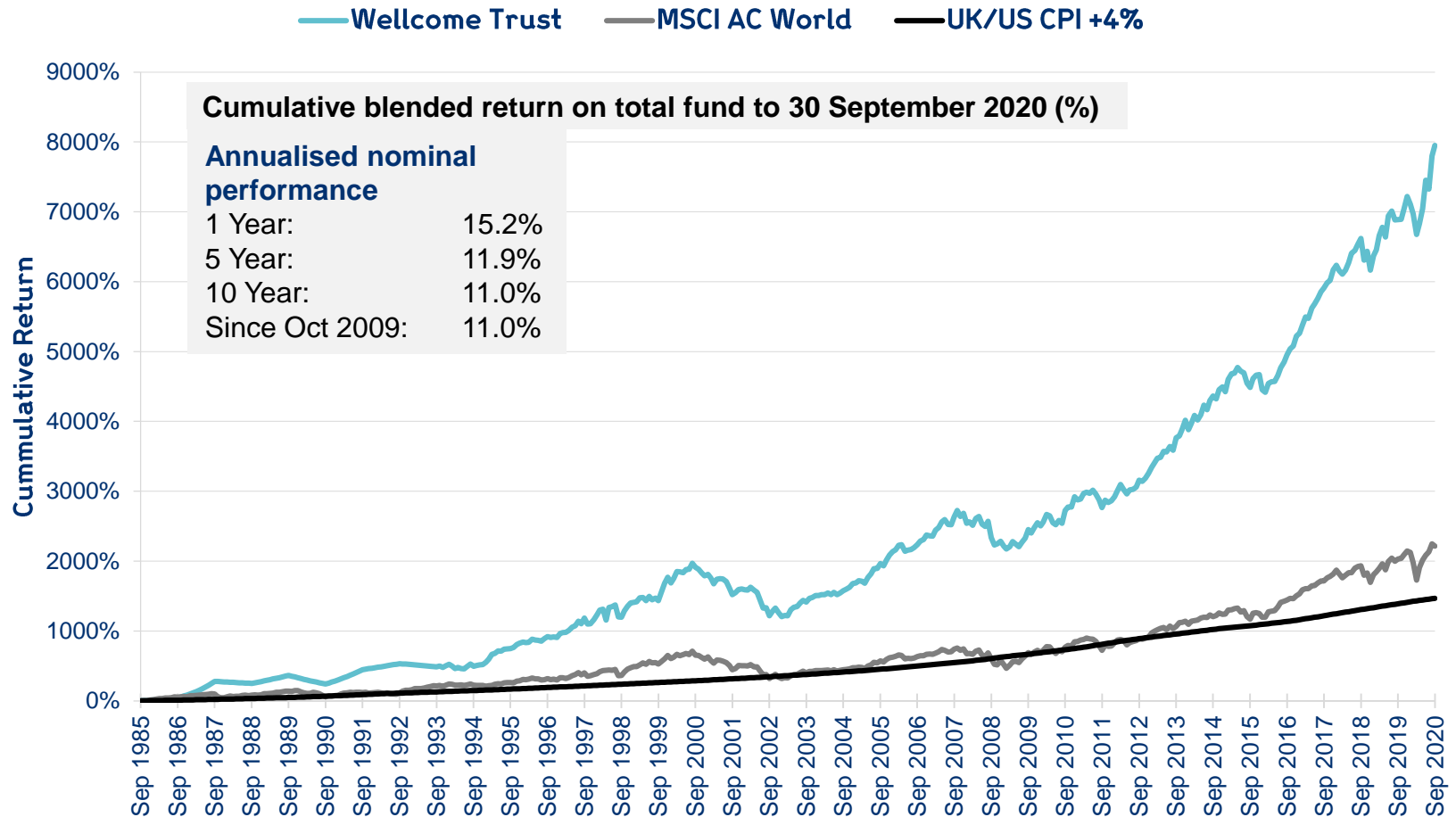
Our portfolio continues to perform...



- Over the past ten years, the portfolio has delivered a real return after inflation of 189% in Sterling, and our net portfolio value stands at £29.1bn.
- This period has benefited from the tailwind of rising asset prices with historically low interest rates and strong support for markets from Central Banks.
 - Over this time, we have been long equities through both public and private markets, which has served us well.
 - However, the post- Covid-19 world is likely to involve some tough choices for policy makers. We continue to focus on ensuring that Wellcome is well placed for more difficult times and has ample liquidity for the foreseeable future.
- The 2019/2020 financial year covered an extraordinary period in the global economy and financial markets. However, the portfolio fared well, generating a nominal return of 15% in blended currency and 12% in Sterling. After taking account of £0.9bn in charitable cash expenditure over the year, this is equivalent to a gain of £3.3bn gross of liabilities.
 - This was our twelfth successive year of positive returns.
 - Our total public equity composite, representing 45% of gross assets, delivered a 10% Sterling return.
 - We saw particularly strong performances from the Venture Capital and Hedge Fund portfolios.

Note: Return calculations based on relevant currency; see Wellcome Trust Annual Report. Percentages are rounded.
Source: Wellcome Trust Annual Report (30 Sept 2020).

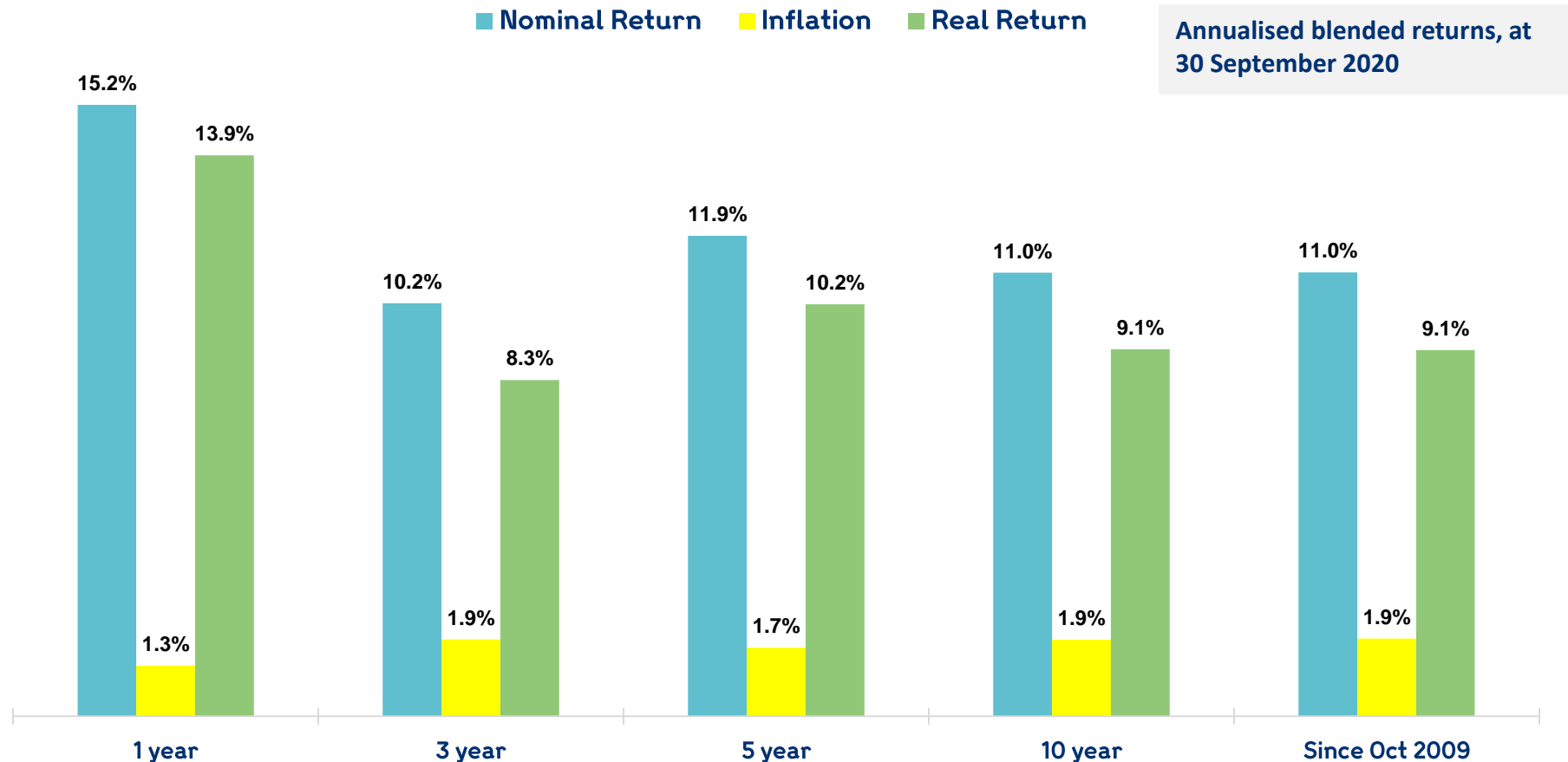
...and long-term returns are impressive...



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

Source: Wellcome Trust Annual Report (30 Sept 2020).

...increasing our charitable spending power



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

Source: Wellcome Trust Annual Report (30 Sept 2020).

Wellcome has been at the centre of the global pandemic response

We are dedicated to improving health and we fund health-related research across the world. We aim to set our spending policy to maximise sustainable charitable funding over time whilst preserving the real purchasing power of the investment portfolio.

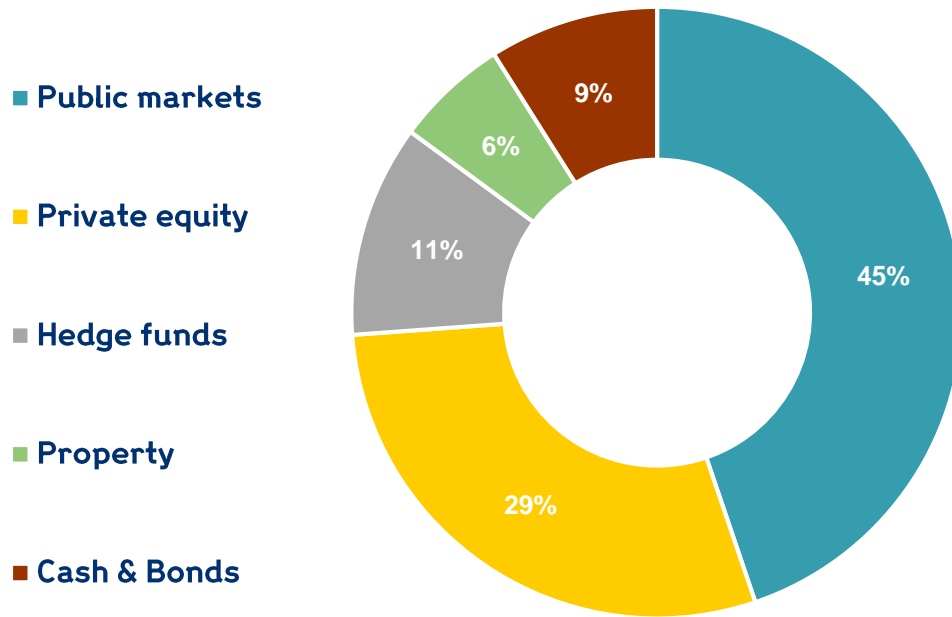
Wellcome has played a key role in the global pandemic research response this year. Our Director, Professor Sir Jeremy Farrar, is a member of SAGE and we are active participants in Gavi, CEPI and the WHO.

Some examples of Wellcome's role in the global pandemic response:

- The Covid-19 Therapeutics Accelerator (CTA) started in March 2020 with support from Wellcome, Mastercard and the Bill & Melinda Gates Foundation. So far, the CTA has committed over \$90m to clinical trials, therapeutic candidate discovery research, platforms to collect real-world evidence and data, and extra manufacturing capacity.
- We are part of the Access to Covid-19 Tools (ACT) Accelerator, which was set up by the WHO to ensure global equitable access to the best vaccines and treatments.
- We funded a diagnostic tool specifically designed to test for the virus in low- and middle-income countries and research into the ethics of Covid-19 vaccine research and development.
- At the Wellcome Sanger Institute, 200 staff volunteered to contribute to sequencing the viral genomes in 180,000 samples from Covid-19 infections. The institute helped fund the effort which was part of the Covid-19 Genomics UK Consortium.

At Wellcome, we believe in the power of ideas to improve health

Our portfolio is diversified by asset class...



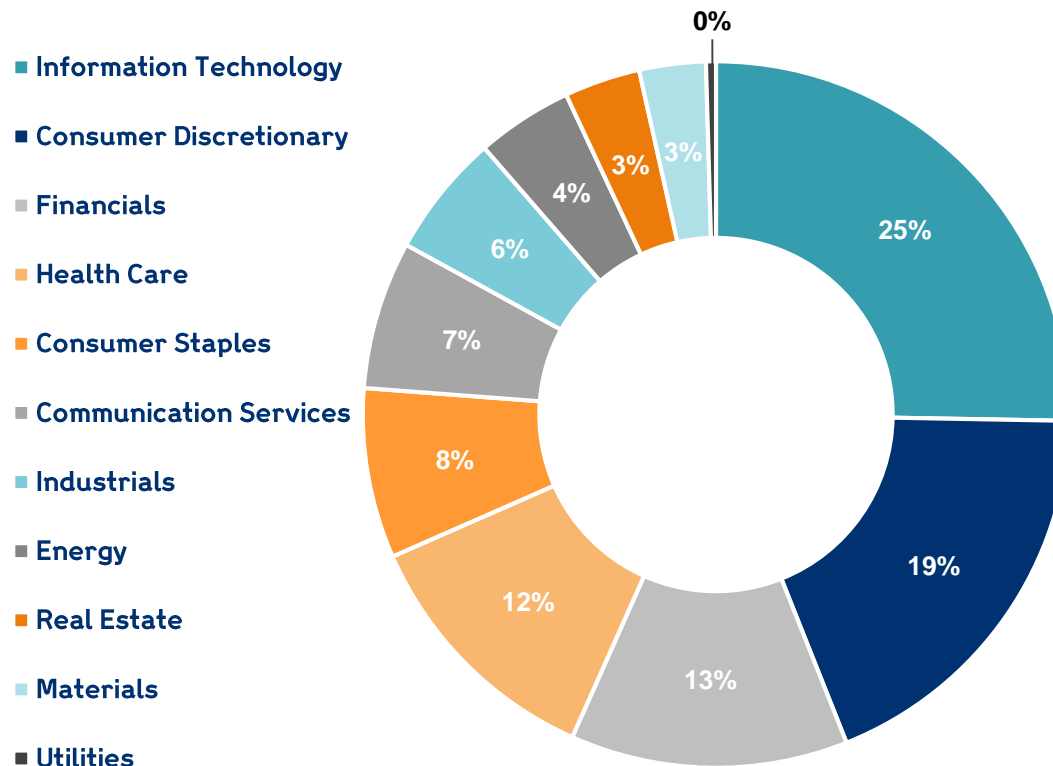
- Our portfolio is diversified both across and within asset classes
- Our overall exposure to public equities has been reduced over the year as we sold or reduced several of our lower conviction directly held positions
- In addition to cash equities, we also use:
 - Currency forwards and options
 - Equity index futures and options
 - ETFs

Our portfolio is well positioned to weather future volatility in markets

Note: Percentages are rounded.
Source: Wellcome Trust Annual Report (30 Sept 2020).

...and by sector

Public and private equity sectoral exposure (%)



- Over the year, our exposure to the information technology sector has increased slightly from 23% to 25% of overall public and private equity exposure.
- Consumer discretionary (which includes e-commerce) exposure has increased from 14% to 19%.
- Much of this has been financed by a reduction in our financials exposure from 19% to 13%, reflecting our concern that the persistence of zero and negative interest rates will damage the profitability of many financial institutions.

While we have the flexibility to express sector views, our portfolio remains well diversified

Note: Percentages are rounded. Excludes cash held at the portfolio level, equity derivatives, f/x positions, hedge funds and property.
Source: Wellcome Trust Annual Report (30 Sept 2020).

We manage a significant portion directly...

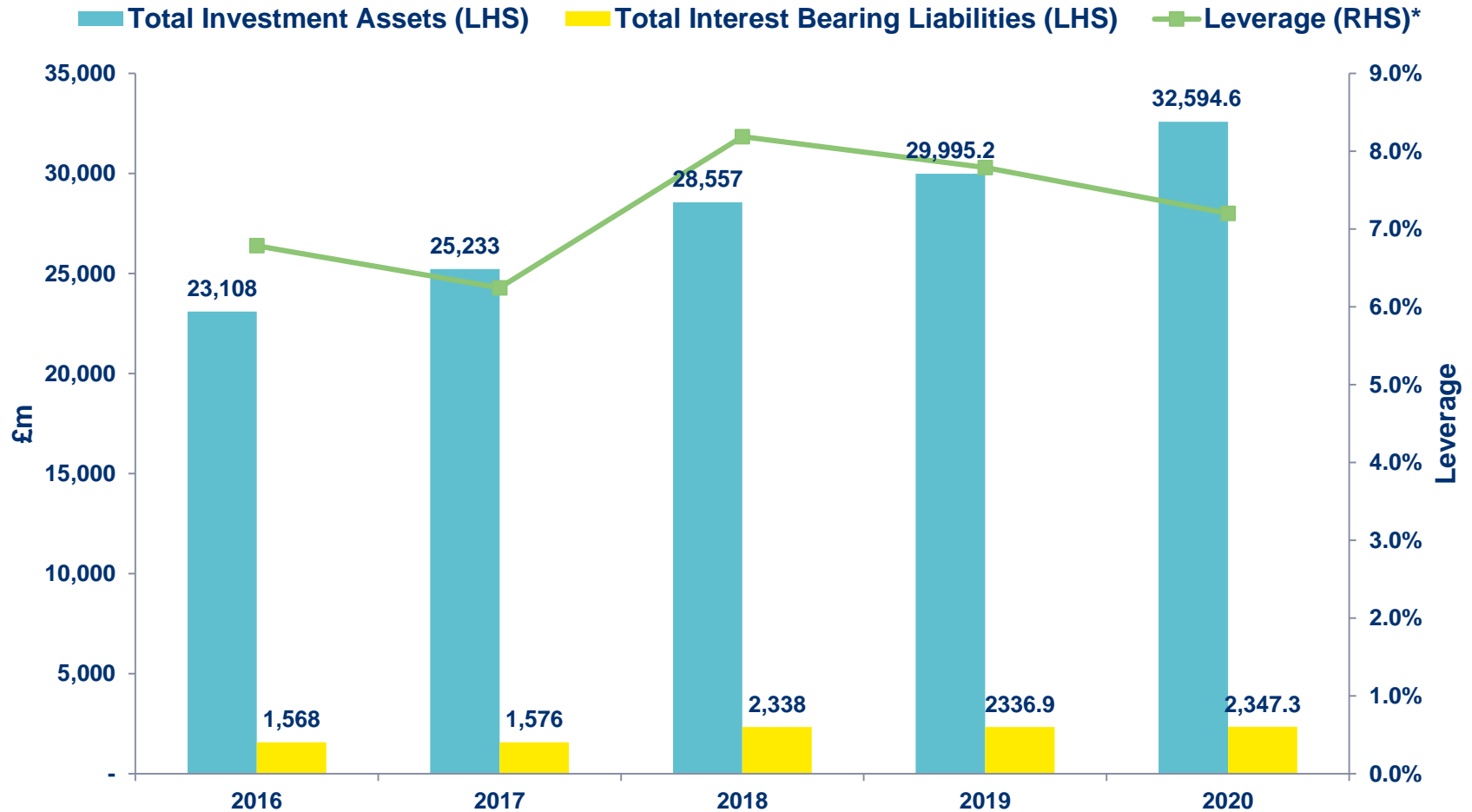


Our direct shareholdings are a diverse subset of the world's best companies. We hold these stocks with a long term view, leading to very low turnover.

...including our overlay strategy

- Our macro overlays are integrated with our underlying portfolio management. Views are driven by fundamental economic and financial considerations, and positions are held for much longer than is typical in the market.
- We use equity index options and futures to manage equity beta exposure.
- We were more active than usual in our overlay book this year. We raised cash levels and hedged around 20% of our public equity exposure before the market declines. These hedges were removed during April and May.
- We issue long-term fixed-rate debt, which provides some inflation protection at the margin and creates the expectation of long-term return enhancement.
- Our portfolio is invested globally with no home country bias. Our exposure to Sterling at 30th September 2020 was 16.4%.
- Foreign exchange management is carried out at the portfolio level, reflecting our views in the context of known exposures from underlying assets.

Our leverage remains low



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

Source: Wellcome Trust Annual Report (30 Sept 2020); Wellcome Trust Annual Reports 2016, 2017 & 2019.

The net of 'Total Investment Assets' and 'Interest Bearing Liabilities' differs from the £29.1bn net portfolio figure on slide 3 due to the adjustment of £1.1bn to interest bearing liabilities restating them from amortised cost used above to fair value used for portfolio performance.

Note that 2018 'Total Investment Assets' has been restated to include the fair value of Programme Related Investments which were previously excluded.

We maintain a conservative approach to debt

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

We have diversified our asset base over time

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

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

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

Our team is stable

Our Investments leadership team is comprised of the Managing Partners, Nick Moakes (CIO) and Peter Pereira Gray (CEO), and our five Principals.

Between our Managing Partners and Principals, we have over 110 years of combined experience working at the Wellcome Trust.

Our strategy remains to hire good people at junior levels and promote them through the organisation; all five of our Principals joined as Analysts, although we are not averse to hiring excellence at a senior level.

Our Investment Executive is highly experienced...

Nick Moakes, CFA
Managing Partner
CIO



Nick Moakes is a Managing Partner and the Chief Investment Officer of the Investment Division of the Wellcome Trust. He sits on the Investment Committee.

Nick joined Wellcome in 2007 from BlackRock Investment Management where he was Head of the Asia Pacific investment team and Co-Head of Emerging Markets. He graduated with a first-class honours degree in Modern History and Economics from Balliol College, Oxford and is a CFA Charterholder.

Nick is a Board Member of two listed Investment Trusts. He is a member of the Finance Committee for the Royal Commission for the Exhibition of 1851. Nick is also a member of the Steering Group of the Brussels based organisation of European Foundation Financial and Investment Officers.

Peter J Pereira Gray, FRICS
Managing Partner
CEO



Peter Pereira Gray is a Managing Partner and the Chief Executive Officer of the Investment Division of the Wellcome Trust. He sits on both the Executive Leadership Team and the Investment Committee.

Peter is the Chairman of the farming & land management business, Farmcare Ltd, and the UK marina, boatyard and boat storage business Premier Marinas Ltd. Peter was a main board director of iQ, the UK student housing joint venture with Goldman Sachs until its sale in May 2020. Peter is leading the current bid for Urban and Civic Plc.

Peter is the current Co-Chair of the Institutional Investors Roundtable and a Life Member and past Chairman of the Investment Property Forum. He is a Fellow of the Royal Institution of Chartered Surveyors, an honorary vice president of Cambridge University Land Society and a Life Fellow of the Royal Society of Arts. Peter has recently been appointed by the RICS to lead their independent review of property investment valuations.

Nick and Peter both sit on the Investment Committee.

...supported by a well-established leadership team

Robert Coke

Principal, Buyout & Residential Property



Robert's team covers Wellcome's investments in Private Equity and Residential Property. He is also involved in emerging markets and industrial sector investments across the portfolio. Robert joined Wellcome in 1999 having trained in emerging markets fund management. Robert is the Chairman of the Downside Fisher Youth Club. He has a BA in Politics and Economic History from the University of Exeter.

Geoffrey Love

Principal, Venture Capital & Equity Long/Short Investments



Geoff joined Wellcome in 1998, and is responsible for Wellcome's investments in Equity Long/Short Hedge Funds and Venture Capital Funds, as well as a number of direct stakes in private and public companies. Geoff sits on the Marie Curie Investment Committee. He has an MA (Hons) in Economics from the University of Edinburgh.

Lisha Patel, CFA

Principal, Direct Private & Commercial Property Investments



Lisha joined Wellcome in 2006 and is responsible for Direct Private & Commercial Property investments; she has worked across multiple asset classes. Lisha was previously at Lazard and read Economics & Management at the University of Oxford. She currently Chairs the Investment Committee of Pembroke College, Oxford and is a member of the Investment Committee of the Honorable Society of the Middle Temple and of the Endowment Board of Imperial College London.

Elaina Elzinga, CFA

Principal, Absolute Return & Agriculture



Elaina joined Wellcome in 2010 and is responsible for Wellcome's Absolute Return and Agriculture investments. Prior to joining Wellcome, Elaina worked at Goldman Sachs, before which she read History at the University of Cambridge. Elaina is a Non-Executive Director of Octopus Renewables Infrastructure Trust as well as a member of the Investment Committee for Newnham College, Cambridge and a Trustee of the Wellcome Trust Pension Plan.

Fabian Thehos, CFA

Principal, Public Markets



Fabian joined Wellcome in 2006 and has worked across multiple asset classes including Equity Long/Short Hedge Funds, Venture Capital Funds and direct private investments. Prior to joining Wellcome, Fabian worked at Société Générale in Paris. He holds an MA in Finance and Economics from the University of Mannheim, Germany, and an MBA from ESSEC Business School, Paris.

Our Investment team is stable and experienced, with significant collective corporate memory

Our governance process is robust

- Our **Board of Governors** comprises a mix of individuals with a wide variety of backgrounds including investment, science, business and public life. It is chaired by Eliza Manningham-Buller. This breadth of skills and experience enables effective decision making and supports appropriate delegation across all of our activities.
 - Julia Gillard, former Prime Minister of Australia, will succeed Eliza Manningham-Buller as Chair in April 2021
- Our **Investment Committee** provides advice and strategic input on the management of our investment portfolio
 - The Committee has oversight responsibility for investment risk and is a sub-committee of the Board of Governors
- The **Audit & Risk Committee** has oversight of the financial statements, including the valuation of the investment portfolio, and of Wellcome's risk management framework. It is also a sub-committee of the Board.
- We maintain an **Investment Policy**, which describes return expectations and the relationship between risk, return and charitable spend, in addition to:
 - The roles and responsibilities of the Board of Governors and Investment Committee in overseeing the investment portfolio
 - The authorities delegated to the Managing Partners
- The Investment Policy is regularly reviewed by the Investment Committee and approved by the Board of Governors. It is available for inspection on our website.

Conclusion



- Our portfolio continues to make steady gains and performance (net of all fees and costs) stands at record levels



- Our experienced Investment Executive remains stable



- The quality of the assets we own is high



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



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

Charitable Spending

Our charitable spending policy

Our Focus

- Maintaining the real purchasing power of our charitable funding over time
- Ensuring our long term financial position is secure and our spending levels are sustainable, including preserving the value of the investment base

- We established a baseline expenditure level of £900m in 2017/18 (when we implemented a revised methodology for defining our future charitable expenditure plans), and we expect this to grow in line with inflation on an annual basis, accepting that the phasing of some of our larger awards will mean that this is averaged over a five-year period.
- We continue to review expected future investment returns and cashflows.
- Our baseline expenditure is not directly tied to the annual performance of our investment portfolio, which means we will have reasonable stability and predictability in our future levels of support.
- In addition, we occasionally fund Priority Areas and other large-scale, high-impact activities that have a time-limited duration. We add to this funding only when the investment portfolio performance is sufficiently strong, subject to annual review.
- This year, in light of the impacts of Covid-19 on markets, the Board of Governors agreed not to allocate any additional funding to this budget.

Our new strategy

Wellcome announced a new vision and strategy in October 2020. We aim to make a significant positive impact on the course of human health over the next two decades.

- We're taking on three worldwide health challenges – **infectious diseases, global heating, and mental health** – with programmes of work that will draw on Wellcome's expertise across science, innovation and society.
- We'll also support a **broad programme of discovery research** with the potential to make unanticipated discoveries about life, health and wellbeing – both to help us tackle these challenges, and drive advances in other areas.
- **Diversity and inclusion, and creating a positive culture in research**, are central to our strategy and will be embedded into the work we fund and do.

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