

WELLCOME TRUST

England & Wales · Charity number 210183

Details

Other names	WILL CHARITIES OF SIR HENRY S WELLCOME (THE MUSEUM AND LIBRARY CHARITY)
Status	Registered
Legal form	Other
Registered	1962-10-04
Register	View on the Charity Commission register

Contact

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Activities

Objects: (1) TO PROTECT, PRESERVE AND ADVANCE ALL OR ANY ASPECTS OF THE HEALTH AND WELFARE OF HUMANKIND AND TO ADVANCE AND PROMOTE KNOWLEDGE AND EDUCATION BY ENGAGING IN, ENCOURAGING AND SUPPORTING: (A) RESEARCH INTO ANY OF THE BIOSCIENCES; AND (B) THE DISCOVERY, INVENTION, IMPROVEMENT, DEVELOPMENT AND APPLICATION OF TREATMENTS, CURES, DIAGNOSTICS AND OTHER MEDICINAL AGENTS, METHODS AND PROCESSES THAT MAY IN ANY WAY RELIEVE ILLNESS, DISEASE, DISABILITY OR DISORDERS OF WHATEVER NATURE IN HUMAN BEINGS OR ANIMAL OR PLANT LIFE; AND (2) TO ADVANCE AND PROMOTE KNOWLEDGE AND EDUCATION BY ENGAGING IN, ENCOURAGING AND SUPPORTING: (A) RESEARCH INTO THE HISTORY OF ANY OF THE BIOSCIENCES; AND (B) THE STUDY AND UNDERSTANDING OF ANY OF THE BIOSCIENCES OR THE HISTORY OF ANY OF THE BIOSCIENCES.

Activities: Wellcome exists to improve health by helping great ideas to thrive. We support researchers, we take on big health challenges, we campaign for better science, and we help everyone get involved with science and health research. We are a politically and financially independent foundation.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Buildings/facilities/open Space, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Australia
- Bangladesh
- Botswana
- Brazil
- Burkina Faso
- Cameroon
- Canada
- China
- Colombia
- Costa Rica
- Cyprus
- Denmark
- France
- Germany
- Ghana
- India
- Indonesia
- Ireland
- Italy
- Japan
- Kenya
- Madagascar
- Malaysia
- Nepal
- Netherlands
- New Zealand
- Nigeria
- Norway
- Peru
- Saudi Arabia
- Singapore
- South Africa
- South Korea
- Spain

- Sri Lanka
- Switzerland
- Tanzania
- Uganda
- United States
- Zambia
- Zimbabwe
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-09-30	£569,497,051	£1,626,627,348	£33,948,257,668	2377
2023-09-30	£541,832,808	£1,660,834,674	£33,458,248,218	2314
2022-09-30	£502,291,233	£1,488,848,304	£34,601,301,213	2081
2021-09-30	£410,257,213	£1,365,367,666	£36,260,562,070	2065
2020-09-30	£463,593,136	£1,184,381,848	£27,821,753,229	1969

Trustees

Name	Role	Appointed
THE WELLCOME TRUST LIMITED		1992-04-24

WELLCOME TRUST

England & Wales - Charity number 210183

Accounts



2024

Annual Report and Financial Statements

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Report from Chair

This year, John-Arne Røttingen quickly settled in as our Chief Executive Officer, bringing fresh clarity to our vision, mission and strategy. And it has been great to see several health interventions become available following Wellcome's support, as well as numerous discoveries – all contributing to our vision of a healthier future for everyone.

Cobenfy is a therapeutic developed using the first new pharmacological approach to treating schizophrenia in 50 years. Wellcome made social investments in the company that developed Cobenfy, funding phase 1 and 2 clinical trials. Since then, the company has taken the drug successfully through phase 3 trials and it was approved for use in the USA in September 2024 (see [page 30](#)).

Like so many medical advances, the development of Cobenfy built on decades of research by many scientists that opened up the possibility of this new approach, which targets specific neurotransmitter receptors. One of the first people to describe these receptors was Henry Dale, who shared the 1936 Nobel Prize in Physiology or Medicine for this work. In the same year, he became one of Wellcome's original Trustees, and later served as Wellcome's Chair from 1938 to 1960.

That we can retrospectively trace the impact of Dale's research through to a new schizophrenia treatment this year shows the invaluable role of fundamental research in opening up fields of research and opportunities for advancing health in the future. We cannot always predict the health impact of work we fund, but discoveries made this year by Wellcome-funded researchers – from liver regeneration to autoimmune disease – will almost certainly lead to better health in the short or long term.

In our work to address the devastating health impacts of climate change across the world, the focus is on generating research evidence to convince and support policy makers to take action. In December 2023, I was at the UN's annual climate change meeting, COP28, to help build the case for this approach. Wellcome worked with the organisers to launch the first ever Health Day at a COP – an

opportunity for health ministers and officials to discuss the intersections of climate and health, and to commit to action that tackles climate change in ways that protect people's health (see [page 33](#)). The argument has not been won everywhere, so we will continue to advocate for an evidence-led approach.



A handwritten signature in black ink that reads "Julia Gillard".

Julia Gillard
Chair of Wellcome's Board of Governors



There are huge health inequalities in the world that cannot be ignored if we are truly to support science to solve the urgent health challenges facing everyone and help build a healthier future for everyone.



Investments

Our investment portfolio returned +5.2% in pounds sterling (GBP) in the year to 30 September 2024 (2023: +0.9%), or +3.5% after inflation. After charitable cash expenditure of £1.1 billion, this led to an increase in total funds (the value of our investment portfolio less all liabilities) to £33.9 billion. Long-term growth in the portfolio has enabled us to dramatically increase the amount we spend on our mission. Over the past decade we have spent nearly £12 billion on charitable activities, equivalent to about 65 percent of our total assets at the start of that period.

The economic backdrop remains fragile as governments in developed economies are mostly running large fiscal deficits, resulting in rapidly growing public sector debt. Bond markets are absorbing this for now, but the UK's experience in 2022 shows that we cannot take stability for granted.

Wellcome's Investments team is focused on ensuring that the portfolio is as resilient as possible in the event of tougher times ahead.

During the year, we concluded the succession arrangements for the Investment team made necessary by Nick Moakes's decision to retire as Chief Investment Officer at the end of March 2025. We appointed Lisha Patel and Fabian Thehos as Managing Partners from 1 October 2024 and they will step up to be Co-Chief Investment Officers from 1 April 2025. I want to extend my enormous thanks to Nick for his exceptional leadership of Wellcome's investment portfolio. I am pleased to say Nick will work with us beyond March as an emeritus partner. I also want to congratulate Lisha and Fabian on their appointment: the future of Wellcome's investments is in extremely capable hands.

Our investment portfolio is designed to fund our mission, not to be the mission. However, the Investment team

manages the portfolio with careful regard to the social licence-to-operate of the assets and managers in which we invest. We are making steady progress towards our portfolio carbon net zero commitment (see [page 59](#)). We are active investors, using our votes and engaging robustly with companies and managers on issues of concern, either on our own account or alongside other like-minded investors.

Equity

In August 2024, I joined President Lazarus Chakwera of Malawi at the opening of a new building on the campus of the Malawi-Liverpool-Wellcome research programme. This is a 30-year partnership between Wellcome, two UK universities and Kamuzu University of Health Sciences in Malawi. The new building will increase research activity by 30 percent over the next 10 years, as well as supporting postgraduate medical studies, and community and policy

engagement. It shows how Wellcome and other partners can not only fund excellent science in countries like Malawi, but also help to strengthen the national research ecosystem to attract further investments and deliver more impact.

Such partnerships are central to how Wellcome must work to achieve our vision and mission. There are huge health inequalities in the world that cannot be ignored if we are truly to achieve our mission of supporting science to solve the urgent health challenges facing everyone. This year, we have begun to more clearly articulate what Wellcome's commitment to equity in research and in health looks like for us in practice. Through this work, we are developing a framework to help guide and embed equity in all our work.

Governance

John-Arne Røttingen joined Wellcome in January 2024, taking over from our interim Chief Executive Officer Paul Schreier. My thanks to Paul for ensuring a successful handover, and for guiding Wellcome through a year or so of leadership transition. John-Arne introduces himself in the Chief Executive's report on page 6, so I will just say that his impact has been positive from the start, introducing a vision, clarifying our strategy and aligning our structure accordingly.

Wellcome's Board of Governors guides and oversees our mission, long-term strategy and priorities as sole trustee of The Wellcome Trust charity. This year, we have continued to develop our approach to environmental, social and governance (ESG) issues, both for ourselves and also the wider Wellcome Group, which includes our subsidiaries that either help maximise returns from our investments portfolio or deliver significant charitable activities. Each entity in the group has its own risk profile across ESG topics, but since these risks can interact the Board has adopted a strategic framework to manage ESG impacts, risks and opportunities across the group. The framework is supported by a group-level ESG committee as we look to strengthen connections across the group more widely (see [page 80](#)).

We know that our buildings generate most of our carbon emissions, and the Board has been discussing with management which course to take in mitigating the impact our buildings have on the environment. The detail is being worked through, focusing first on how we might upgrade our office building and Wellcome Collection, our free museum and library in London.

This year's spend on our charitable activities is lower than last year. This is due in part to the transition of leadership and in part to fewer major renewals of our largest funding commitments – the distribution of major renewals has a large effect on our annual spend, but overall our plan to spend £16 billion on our mission between 2022 and 2032 has not changed. We are now entering the third year of this 10-year plan with confidence and optimism.

Image: View from the 5th floor of the Gibbs Building, Wellcome's main office.

Photography: Jiri Rezac / Wellcome





John-Arne Røttingen
Chief Executive Officer, Wellcome

Report from Chief Executive

A story that stands out for me in this year's Annual Report came a few weeks before I joined Wellcome: in November 2023, the world's first ever chikungunya vaccine was approved. Our role in achieving this milestone for global health was not direct but shows how a proactive approach by Wellcome and partners can change the world.

In 2017 Wellcome, together with the Bill and Melinda Gates Foundation and the governments of Germany, Japan and Norway, launched CEPI (the Coalition for Epidemic Preparedness Innovations) to develop vaccines faster, and before an outbreak of infectious disease made the need even more urgent. I was CEPI's interim chief executive before Richard Hatchett was appointed in 2018.

Much of the motivation for CEPI came from the 2014-16 Ebola outbreak in West Africa. The first Ebola vaccine was evaluated and found to be effective during that epidemic and helped to contain the last phase in Guinea. But 11,000 lives had been lost and huge social and economic impacts followed, especially in Guinea, Liberia and Sierra Leone. The new vaccine had been in development for more than a decade but stopped short of essential clinical trials because demand was low and came from countries that would not be able to afford it. This experience showed the desperate need for a new approach.

Chikungunya is less deadly than Ebola but spreads more quickly. In Brazil, where the virus is endemic, an outbreak caused 400,000 cases and over 180 deaths in 2024. There is no specific treatment for chikungunya and, until this year, no vaccine. A partnership between CEPI, the European Union and vaccine company Valneva funded development,

manufacture and marketing of the new vaccine, which has been approved in North America and Europe (see [page 24](#)). With further research ongoing, I hope to see access expand so that the vaccine is available everywhere it is needed.

Chikungunya is spread by mosquitoes - as environmental change enables mosquitoes to survive in new parts of the world, diseases like chikungunya will spread with them. That's why the impact of climate change is also one of the two key themes in Wellcome's Infectious Disease programme (see [page 24](#)).

Alignment

Wellcome's support for CEPI was driven by a belief in the power of science to build a healthier future for everyone. I have shared this belief throughout my career, from biomedical researcher to Wellcome's Chief Executive Officer.

I started as a scientist, studying calcium signalling in cells. I was motivated by the same kind of curiosity that Wellcome supports through our Discovery Research programme or that brings visitors to Wellcome Collection, our free museum and library. Curiosity about how life works, at all scales from cells to society. This is a large and crucial side of Wellcome's strategy -

we invest in research, expecting not a monetary return but public goods like new knowledge and new opportunities to improve health.

After training as a medical doctor, I moved into infectious disease epidemiology and global health. These

experiences resonate with the other side of Wellcome's strategy – making sure that research doesn't stop at knowledge but gets used to have a positive impact in people's lives and their health. This drives our solutions programmes in climate and health, infectious disease, and mental health.

Motivated by my belief in the impact research can have, I later moved into health services and implementation research, evidence synthesis and health technology assessment when founding the Norwegian Knowledge Centre for the Health Services, an agency responsible for informing

health policy and clinical practice. This speaks to the influencing and engagement work Wellcome does to facilitate health impact and health equity.

After helping to establish CEPI, I was chief executive of the Research Council of Norway and then ambassador for global health in the Norwegian government. And in January 2024, I started at Wellcome. My thanks to Paul Schreier, whose time as interim Chief Executive Officer overlapped with my arrival and allowed for a very smooth handover.

My first year has focused on clarifying our existing strategy, including a simple but profound vision: a healthier future for everyone. Then, we aligned our structures with our strategy. Wellcome's existing structure was not making the most of our strategy or fully enabling our people to deliver impact in health and in research. We needed to become more aligned with our two modes of working – Discovery and Solutions – and our methods of investing in research, engaging people and influencing change (see [page 10](#)). As such, we created new departments to cover our work in Discovery, Solutions, Engagement, Influence, and Equity. This last reflects the clear commitment in both our vision and mission to advance equitable health outcomes through our work so that everybody can share in a healthier future.



Image: The Organisation of Sierra Leonean Healthcare Professionals Abroad (TOSHPA) raising hygiene awareness in schools and communities.

Photographer: Susan Smart Photography / Wellcome

The new departmental structure required some changes in roles across the organisation. This process was supported by consultation with employees and Wellcome's recognised trade union, Prospect. We rolled in other changes that were already in train so that people at risk of redundancy might have more opportunities to stay with Wellcome in a different role. Around 65 people were put at risk of redundancy through this process, and a similar number of new roles were created.

Ambition

I have also spent a lot of the year visiting Wellcome-funded sites and getting to know the people whose work we support, particularly in the UK, Kenya, Malawi, South Africa, Thailand and Vietnam. I joined Wellcome's delegations at the World Health Assembly in May and the UN General Assembly in September, where we advocated for meaningful action on the issue of antimicrobial resistance, which is driving an increasing number of drug-resistant infections in the world. We were pleased with the outcomes (see [page 23](#)), and will continue to press for a more ambitious approach.

One of the first exhibitions to open at Wellcome Collection since I joined is called 'Hard Graft' (see [page 41](#)). It is a deeply thoughtful look at relationships between work and health, which is of great relevance to our health challenge

areas of mental health and climate and health. Having social, cultural and creative lenses sitting alongside our biomedical, clinical and other scientific lenses helps us to keep in mind people's different experiences of health, both in determining our priorities and in the research we fund. It is a great privilege to work at an organisation with such a breadth of approaches and resources, the independence to take action when it is needed, and a vision that will improve quality of life all over the world.

Working together

Science is not enough to change the world – it must be allied with collaborative action across society. And Wellcome must work with the public and private sectors, as well as with other philanthropies. In May 2024, we announced an initial three-year, US\$300 million agreement between Wellcome, the Gates Foundation and the Novo Nordisk Foundation. It brings together the three biggest foundations in the world, all with investing in health research at our core, to combine resources in the areas of climate and health, infectious disease, and interactions between immunity, development and disease. For me, this partnership represents the collaborative, cooperative approach needed to build healthier futures and for society to thrive.

Wellcome's portfolio of financial assets and investments around the world has

given us the financial security to pursue our mission in ambitious ways. Nick Moakes, our Chief Investment Officer, takes a lot of credit for that position through outstanding leadership over many years. In September, Nick announced he would be retiring at the end of March 2025 and after a global succession review, we are confident that Lisha Patel and Fabian Thehos – currently our Managing Partners – are the best people to take on the leadership of Wellcome's investments. As of 1 April 2025, Lisha and Fabian will be our Co-Chief Investment Officers.

Finally, I would like to thank all my colleagues at Wellcome, the researchers I've met this year, the members of our advisory committees, and the people and communities we work with. Working together with a shared vision of a healthier future for everyone is how we will change the world.

Part 1

Trustee's report

A laboratory technician at Gadjah Mada University, Indonesia, sorts mosquitoes for analysis as part of the Wellcome-funded World Mosquito Program.



What we do

Our mission

Wellcome supports science to solve the urgent health challenges facing everyone.

Our values

Transformative

We always strive to make a significant difference.

Thoughtful

We care about our impact on people and the environment.

Inclusive

We respect people and value difference.

Brave

We stand by our beliefs and push boundaries.

Our beliefs

- We believe in the power of science to build a healthier future for everyone.
- We believe science has its greatest benefits through collaborative action across society.
- We believe diversity of people and expertise leads to richer understanding and more impactful discoveries.
- We believe everyone's experience of health matters, and everyone should be able to benefit from science.
- We believe we should take on risks and tough challenges – especially when others aren't.

Wellcome is a charitable foundation supporting researchers around the world to make discoveries and build a healthier future for everyone. We support science to solve the urgent health challenges facing everyone, by investing in research, engaging people and influencing change.

Between 2022 and 2032, we plan to spend £16 billion on our mission, funded by returns from our portfolio of financial investments. We see our charitable activities as investing in research, usually through making grants or social investments that we expect will generate public goods like new knowledge or new opportunities to improve health. To drive equitable health outcomes, we advance inclusive practices that broaden the range of people leading, participating in and benefiting from science.

We use two overlapping and interacting modes to focus our work: Discovery and Solutions. In Discovery, we fund people generating new knowledge, insights and understanding of life, health and wellbeing. In Solutions, we bring together people with the experience and expertise needed to achieve our strategic goals.



Our vision is a healthier future for everyone



Our strategic programmes

- **Discovery Research**
Targeted support and flexible funding for research in any field relating to health.
- **Infectious Disease**
Accelerating interventions that reduce the impact of infectious diseases.
- **Mental Health**
Driving new and better interventions for anxiety, depression and psychosis.
- **Climate and Health**
Putting health at the heart of climate change action.
- **Wellcome Collection**
Free museum and library for exploring what health is and what

Year at a glance

£1,577 million

2023: £1,702mn

Wellcome's charitable expenditure, supporting science to solve the urgent health challenges facing everyone.

See [page 65](#)

Over 150

Organisations in the [Wellcome Leap network](#), representing 1.5 million researchers in 28 countries across 6 continents.

See [page 36](#)

5.2% GBP

2023: 0.9% GBP

Annual return from Wellcome's investment portfolio, which funds everything we do.

See [page 44](#)

45,000

People protected by "Friendly" mosquitoes in Brazil

See [page 25](#)

3.8 million

Species of fungus in the world - less than 10% have been scientifically described.

See [page 15](#)

500

Babies and their families recruited to a study of links between the microbiome and mental health.

See [page 30](#)

36%

Extent to which available cholera vaccine doses met global demand for 100 million doses in 2023

See [page 25](#)

8th

Lancet Countdown report monitoring the impacts of climate change on health.

See [page 33](#)

50 million

Synapses in the adult fruit fly brain.

See [page 22](#)



Image: 'Hard Graft' exhibition at Wellcome Collection.
Photographer: David Sandison / Wellcome

480,000

Number of visitors to Wellcome Collection this year. **80%** felt their visit made them think more deeply about science or health.

See [page 41](#).

Review of Charitable Activities

This year's spend on our charitable activities is lower than last year. This is due in part to the leadership transition and in part to fewer major renewals of our largest funding commitments - the distribution of major renewals has a large effect on our annual spend, but overall our plan to spend £16 billion on our mission between 2022 and 2032 has not changed.

Discovery Research

£910mn

2023: £955mn

Transform understanding of life, health and wellbeing through research, including the Wellcome Sanger Institute.

Infectious Disease

£181mn

2023: £239mn

Reduce the risks and impacts of infectious diseases.

Mental Health

£90mn

2023: £108mn

Drive a step-change in early interventions for anxiety, depression and psychosis.

Climate and Health

£131mn

2023: £127mn

Put health research at the heart of climate action.

Wellcome Leap

£132mn

2023: £111mn

Deliver breakthroughs in human health over 5 to 10 years.

Cross-mission activity

£135mn

2023: £163mn

Support the mission as a whole, including Wellcome Collection.

Overview

An innovative treatment, a much-needed vaccine and a groundbreaking advocacy event were among three 'firsts' achieved this year. Scientific advances made by researchers funded by Wellcome included increasing understanding of liver regeneration, inflammatory bowel disease and melioidosis, a neglected infectious disease. Together, these achievements demonstrate the range of impact we can have through supporting science to solve health challenges.

A treatment for schizophrenia, developed using the first new pharmacological approach in 50 years, was approved in September 2024 (see [page 30](#)). Wellcome made social investments in Karuna Therapeutics 10 years ago to support early trials of their novel combined drug therapy. The therapy was successful through all phases of clinical trials, and Karuna was bought by Bristol Myers Squibb in March 2024, as the global biopharmaceutical company looked to re-enter the field of neuropsychiatry. As well as being a new treatment option for people living with schizophrenia, we believe this advance also heralds a new wave of investment into mental health innovations.

In November 2023, US regulators approved the world's first chikungunya vaccine (see [page 24](#)) following investment from the Coalition for Epidemic Preparedness Innovations (CEPI), which was co-founded by Wellcome in 2017. Chikungunya is a viral disease spread by mosquitoes, causing hundreds of thousands of reported infections each year and significant impact on economies and health systems. A vaccine is particularly welcome because there is no specific treatment for the disease. The next step will be to make sure the vaccine is accessible to people living in countries where chikungunya is endemic.

The first ever Health Day at the UN climate change conference (see [page 33](#)) powerfully highlighted the need for increasing investment in climate action to protect health, and in research to generate evidence for policy change. Wellcome's support for the Health Day reflects our goal of putting health at the heart of climate change action. As a major funder of climate and health research, we want to ensure that scientific evidence is available and used to understand the health impacts when policy makers – at global, national and local scales – are deciding how to mitigate climate change and adapt to hotter climatic conditions.

All of these firsts – as well as many other advances included in this Annual Report – can be traced back to fundamental discoveries about life,

health and wellbeing. For example, the new schizophrenia treatment stems from research into receptors for the neurotransmitter acetylcholine. The 1936 Nobel Prize in Physiology or Medicine was shared between Otto Loewi and Henry Dale for their studies of nerve impulses and acetylcholine.

Dale could not have imagined when he first described muscarinic acetylcholine receptors that those insights would underpin the development of a treatment for schizophrenia 100 years later. The path from discovery to solution was not always intentional, not inevitable, and certainly not linear. It shows perfectly, though, how research led by curiosity about how life works can go on to have completely unforeseen applications that benefit people's lives.

That is why Wellcome, in our mission supporting science to solve the urgent health challenges facing everyone, continues to support a very broad range of research focused on expanding understanding, and opening up new possibilities for discovery (see [page 15](#)). We do not know which insights from this research will go on to have most impact, but we are confident that many of them will help to solve health challenges, whether today or in the future.

For example, a Wellcome-funded team in Edinburgh published research this year that not only provided a detailed understanding of the genes and cells

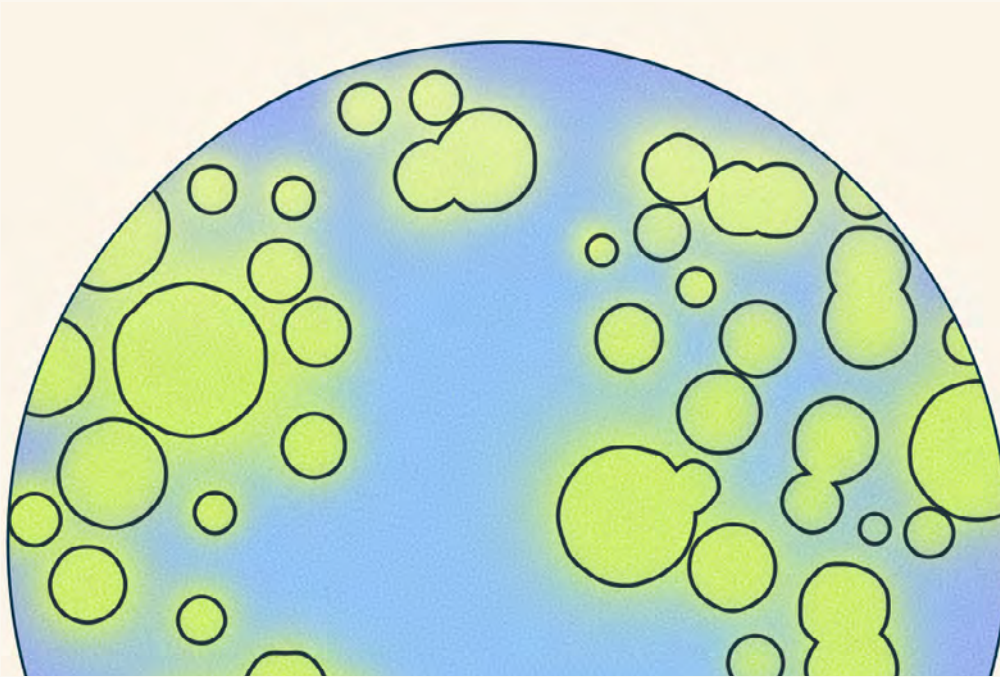
involved in liver regeneration, but also uncovered a new cell type that helps to close wounds to the liver (see [page 19](#)).

At the Francis Crick Institute, co-funded by Wellcome, researchers discovered a new biological pathway that drives inflammatory bowel disease and could be a target for treatments (see [page 20](#)). And a collaboration between the Wellcome Sanger Institute and our research programme in Thailand identified a genetic target specific to bacteria that cause melioidosis, a neglected infectious disease that kills almost 90,000 people a year worldwide. They used this target to develop a rapid diagnostic tool so that infections can be quickly identified and treated accordingly (see [page 20](#)).

Outlook

In our Discovery Research programme, we've been considering where the opportunities are for science to take a leap forward, to inspire and enable research at the boundaries of knowledge. Two areas identified this year were bioimaging and genomics, and we are working to remove barriers and accelerate those opportunities (see [page 16](#)). We are strengthening our horizon-scanning activities so we can continue to anticipate where Wellcome can make a difference in new or expanding fields.

Artificial intelligence (AI) is quickly becoming an everyday tool, including in research and health. The 2024 Nobel Prizes for Physics and Chemistry were awarded for work in the fields of machine learning and AI-based protein structure prediction respectively (Demis Hassabis, who shared half of the Chemistry Nobel, is a former Wellcome grantholder), so while the extent of the impact that AI will have on Wellcome's work is not known, we assume it will be substantial. There will be opportunities, such as larger datasets for scientists to explore, as well as risks, not least in terms of how the benefits of AI will be shared across the world. This year, we have decided to expand the scope of our Data for Science and Health team to focus more on AI and how Wellcome might be able to shape its course towards benefiting health in equitable ways.



Description: An illustration of the world, with land masses represented as fungal growth in a petri dish.

Illustrator: Jack Cole / Wellcome

Discovery Research

In our Discovery Research programme, we aim to push at the boundaries of scientific understanding, open up new fields for research, and support researchers to explore research questions that matter to them.

In the mid-1990s, Wellcome funded – with others – research at University College London investigating NaV1.8, an unusual sodium channel found on damage-sensing nerves. In 1999, the group found that turning off the gene for NaV1.8 stopped pain in mice; in 2006, they found that a drug to block the NaV1.8 channel also stopped pain.

This year, an NaV1.8 inhibitor developed by pharmaceutical company Vertex has successfully completed phase 3 trials as a non-opioid treatment for acute pain, with results looking promising for neuropathic pain as well. The drug has the potential to be the first new class of pain medicine in more than two decades. But we would not be this close to transforming pain medicine today without researchers asking, ‘What does the NaV1.8 channel do?’ nearly 30 years ago.

We do not expect every project we support to yield breakthroughs like a new class of pain medicine. We do have to be persuaded, however, that they have the potential to generate significant shifts in knowledge and

understanding, whether through the pursuit of open research questions or the development of tools and technologies. Examples of just some of the scientific advances and new projects we funded this year are on [pages 19 to 20](#).

Creating new opportunities

Fungal infections pose a significant threat to human health but research into fungi has barely scratched the surface of understanding their biology and roles within ecosystems. It’s estimated there could be up to 3.8 million species of fungus, of which less than 10 percent have been scientifically described. Wellcome sees this as a rich opportunity to expand knowledge and potentially lead to better tools to manage fungal infections.

We already support a range of important fungal research, including the Tree of Life project at the Wellcome Sanger Institute which aims to sequence the genome of every species of fungus as well as animals,

plants and protists. Over the next two years, we'll take steps to galvanise the field and increase our funding through Discovery Research and also through our Infectious Disease and Climate and Health programmes. An example of fungal research funded through a Discovery Award is on [page 21](#).

Our rolling Discovery Research funding schemes invite researchers to set the agenda for their own research, as long as it relates to life, health and wellbeing. You can read about just a few examples of research we funded this year on [page 19](#).

Applications are also assessed on the contribution to a positive research culture, and our decisions take into account the specific context in which the research is being done. We know, however, that access to our funding schemes is not as equitable as we would like.

To start to address this in the UK context, we launched our first round of Accelerator Awards in January 2024. These awards support researchers from Black, Bangladeshi or Pakistani heritage in the UK by funding activities that the applicant has identified would help them to make the next step up in their research career. Read more about this scheme on [page 39](#).

It is not always possible to predict where the next important discovery will come from, which is why we fund individuals and teams of researchers

across a wide range of fields and disciplines. But Wellcome is also able to create opportunities and remove barriers at a more systematic scale. Knowing where and when to act at scale can be challenging, and we have begun work to strengthen both our horizon-scanning and impact-monitoring activities within the Discovery Research programme.

An area of focus for us over recent years has been expanding the use of cryo-electron microscopy, which is used to investigate biological samples at very low temperatures. This innovation allows scientists to look at samples in their natural state, rather than having to prepare them in ways that can distort the sample. It also enables larger samples – including whole biological systems – to be studied. Wellcome funded cryo-electron microscopy infrastructure and equipment at many research institutions, including at the University of Leeds where, for example, it has been used to analyse brain samples from people with Alzheimer's disease.

Two proteins are particularly associated with Alzheimer's, but it had not previously been possible to work out their structure in the brain. Research published in July 2024 by a team at the University of Leeds showed the true structures of these proteins in the brain for the first time. This work was not directly supported by Wellcome but used equipment and infrastructure we funded.

Similarly, at the University of Oxford, Wellcome-funded researchers used cryo-electron microscopy to show for the first time the structure of chromatin inside a cell. Chromatin is necessary to compress the two metres of human DNA into a nucleus 10 micrometres across, and has a vital role in regulating gene activity and repair. Separately, a team – also funded by Wellcome – at the Laboratory for Molecular Biology in Cambridge combined cryo-electron microscopy with other techniques to understand how a particular protein complex is involved in repairing DNA.

This year, we made targeted interventions to accelerate progress in two specific research areas building on Wellcome's existing strengths in bioimaging and genomics.

Bioimaging

Visualising biological structures and processes is vital to understanding health and disease. Bioimaging technologies help to reveal complex mechanisms at every scale from individual atoms to entire organisms, and underpin much of the work we fund in Discovery Research.

Wellcome has invested substantially in bioimaging over the years. Examples include our support for cryo-electron microscopy described above, the electron bioimaging centre at Diamond Light Source, a whole-organ imaging initiative as part of UK Biobank, and facilitating initiatives in electron microscopy such as FlyWire (see [page 22](#)). Many of these large contributions support bioimaging at the molecular or human level – to date, we have not found as many opportunities to support bioimaging cells and tissues, although researchers we fund often focus their studies at this scale of life.

We reflected on how the field could move forward and how we could help to address barriers being flagged to us by the bioimaging research community. We worked with Technopolis Group to run a global landscape analysis, which captured responses from more than 500 people in over 40 countries. It showed two broad categories of barriers: infrastructural and scientific.

The high costs of imaging technology, limited and inequitable access to imaging facilities, and lack of expertise to work with complex imaging data were the main infrastructural barriers, all of which had a greater negative impact on research in low- and middle-income countries.

Scientific barriers included limitations in spatial and temporal resolution, challenges of analysing very large datasets, and difficulties around standardisation of methods and data format. Only a few research groups are capable of running the most complex modern imaging experiments, raising questions around reproducibility as well as equity.

Rather than try to take on everything ourselves, we focused on technical innovation and supporting equitable access to bioimaging facilities. We partnered with the Global Bioimaging consortium, whose reach and expertise will boost support for bioimaging researchers in low-resource settings through a new programme called Imaging for All. Its first funding call opened in October 2024 and will support access to facilities within the consortium's network to acquire data, as well as access to training courses for technical staff and users.

On the technical innovation side, there are many potential avenues to progress. Rather than pick one, we have this year seed-funded 17 teams combining technologists and users to

explore various approaches. The awards cover different aspects of light and electron microscopy, with several looking at integrating different modalities. In 2026, we will assess which approaches have most potential to scale up, and invite those groups to apply for longer-term funding.

Given the importance of bioimaging methods across Discovery Research, we will continue to work with bioimaging researchers to identify new, accessible methodologies that could significantly enhance research around the world.

Genomics

We have taken a similar approach to thinking about the future of genomics research, and what might be impeding the next leap forward here. Again, Wellcome has a strong record in genomics, including founding the Wellcome Sanger Institute in 1993 to help sequence the first human genome. Today, the institute is a global hub for world-leading genomics research (see [page 18](#)).

From our position within a wide network of genomics researchers, we knew that diversity is an issue in this area. European and North American ancestries are over-represented in genomics data (GWAS Diversity Monitor reports 94.5% of participants in genome-wide association studies are of European ancestry, compared to 0.2% of participants being of African

ancestry), which will skew the benefits of genomic research to people in these regions. Wellcome is helping to address this imbalance, building on past and current partnerships in Africa, such as Human Heredity and Health in Africa (H3Africa), co-funded by Wellcome and the US National Institutes of Health, and the African Population Cohort Consortium, which is working to ensure African researchers can lead scientific discovery and develop health solutions based on genomic data generated in Africa.

This year, we partnered with the Chan-Zuckerberg Initiative to establish the African Bioinformatics Institute at the University of Cape Town. The process of establishing the new institute began on 1 October 2024 – its aims will include developing sustainable infrastructure for genomics in Africa. This will not only enable local or regional research in response to health threats like infectious diseases or cancer, it will also help to advance the field of genomics across the continent and the world.

Another aspect of genomics research diversity is the largely untapped potential in sequencing a broader range of species, including more invertebrates, fungi and plants. We are working with the Novo Nordisk Foundation to explore genomics of ancient ecosystems, particularly in the context of how climate change will impact crops and food security around the world.

Perhaps the greatest scientific opportunity lies in thinking beyond sequences. Researchers want to explore possibilities in synthetic genomics – not reading a DNA sequence or editing a gene, but designing and building entire genomes to investigate how they work as a whole. Technological limitations mean this is not possible at the scale of human genomes at the moment, so this year we made discretionary awards to develop the necessary tools, alongside a programme of social science research that will keep step with ethical issues arising from this work.

Wellcome Sanger Institute

The Wellcome Genome Campus, including the Wellcome Sanger Institute, is managed by a UK subsidiary of Wellcome in the UK. It is a world-leading centre for genomic research, working with partners around the world on scientific, business, cultural and educational activities emanating from genomics and biodata.

The Human Cell Atlas is an international initiative to map every cell type in the human body. Many researchers at the Wellcome Sanger Institute are involved in projects as part of the initiative, which is continually adding scientific knowledge about cells and human genetics. For example, in June 2024, a team including researchers from the Wellcome Sanger Institute published the most comprehensive timeline to date of how the immune system responds to infection by the virus that causes Covid-19. By tracking the course of infection in 36 volunteers, they discovered previously unreported immune responses and a genetic difference between people who immediately cleared the virus and those who developed a sustained infection. This opens up new possibilities for treatments and vaccines.

Another Human Cell Atlas project, published in August 2024, mapped the endometrium – the inner lining of the womb. It uncovered a range of cell types and detailed how they change and interact throughout the menstrual cycle. As well as generating insights into how the endometrium works – a long-neglected part of human biology – the research could help to understand and possibly treat conditions such as endometriosis in the future.

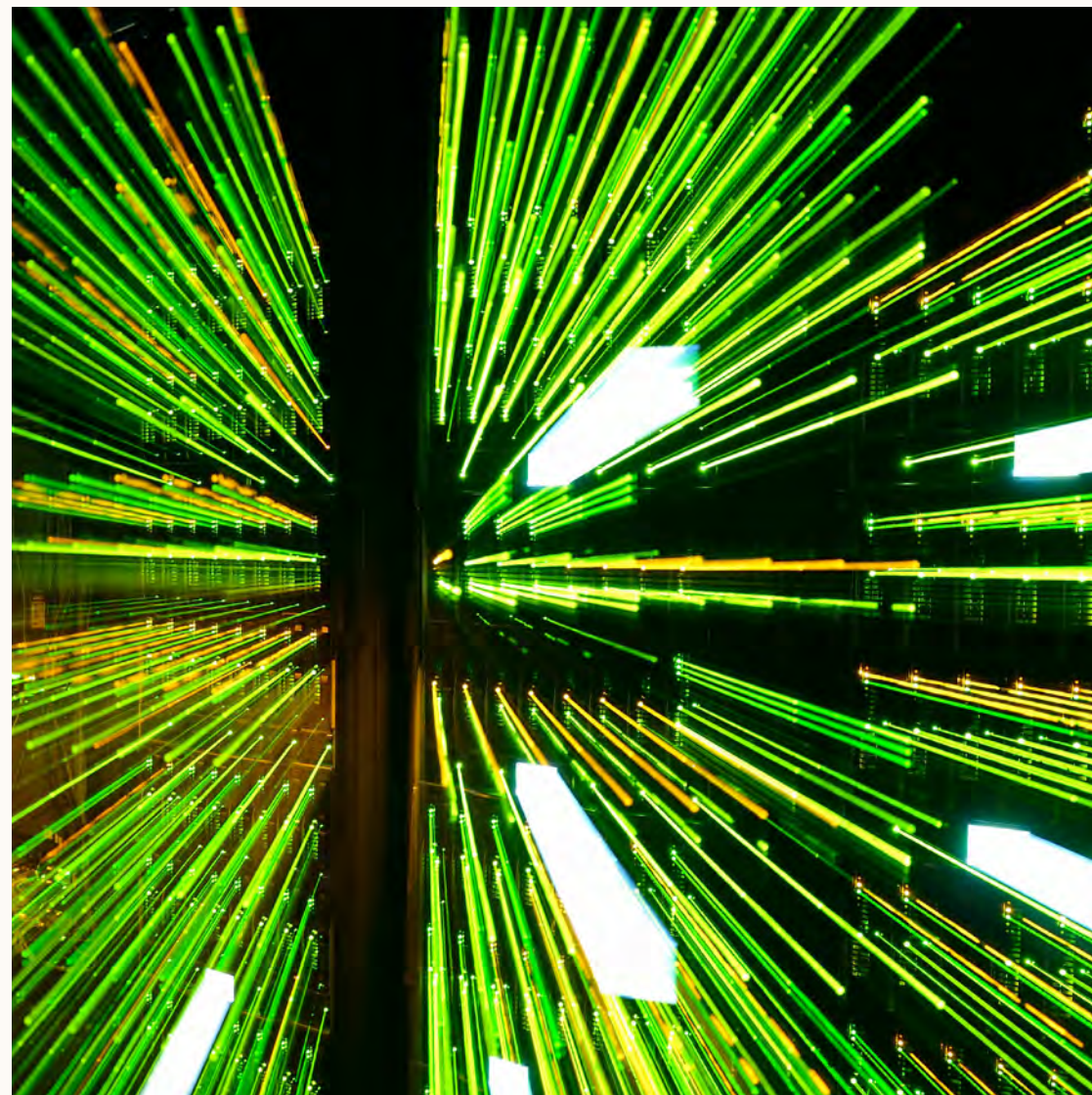


Image: Data centre servers at the Wellcome Genome Campus.
Photographer: Phil Mynott / Wellcome Sanger Institute

Connecting neurons

As more is discovered about the regulation of RNA and the roles of specialised ribosomes, new opportunities for research are emerging. An exciting example is Clémence Bernard's research at the University of Exeter, studying how mRNA modifications and ribosome specialisation are regulated in different types of nerve cells. With a Career Development Award, Dr Bernard is examining how neurons make specific connections with each other during development, and the impact of these mechanisms on how the brain develops and functions.



Dr Clémence Bernard
Photographer:
Graham Trott / Wellcome

Understanding stroke in Black people

Joseph Kamtchum Tatuene, a consultant neurologist and clinical research fellow at the University of Oxford, has received an Early-Career Award to study risk factors and the role of atherosclerosis in stroke for people of African descent in the UK and Cameroon. Dr Tatuene's research will also examine how sociocultural and environmental factors affect the outcome of stroke for people in Africa. Black African populations are under-represented in existing research, so this study has the potential to improve guidance on the prevention and treatment of stroke for Black people.



Dr Joseph Kamtchum Tatuene Photographer:
Chris J Ratcliffe / Wellcome

“My future goal is to reinvest the expertise and knowledge gained to establish a stroke programme in Africa.”

Joseph Kamtchum Tatuene, University of Oxford

Regenerating liver

The liver is the only human organ capable of regenerating itself, a feature that researchers have long wanted to understand and harness to help reduce deaths from acute liver failure. Neil Henderson, Wellcome Senior Research Fellow and professor of tissue repair and regeneration at the University of Edinburgh, has led a multidisciplinary team of researchers to create a detailed atlas of human liver regeneration.

In research published in May 2024, they presented new aspects of the process, including a new type of liver cell that emerges during regeneration. Acute liver failure occurs when the liver has been severely injured by causes such as viral infection, drug use and hepatitis. The liver cell type discovered by the team plays a role in closing wounds caused by injury, and could open up new possibilities in regenerative medicine.

Drivers of autoimmune disease

Inflammatory bowel disease (IBD) refers to two autoimmune diseases – Crohn’s disease and ulcerative colitis – that affect over half a million people in the UK. Current treatments do not work for everyone, and new treatments are held back by an incomplete understanding of the causes. Research led from the Francis Crick Institute (co-funded by Wellcome) and published in June 2024 identified a new biological pathway that appears to be a principal driver of inflammatory bowel disease.

In an area of DNA that does not code for genes but is associated with autoimmune diseases, the team found an enhancer that boosts activity of a gene called *ETS2*. Switching this gene off with a drug reduced inflammation both in cells and in samples from people with inflammatory bowel disease. Because the drug they used has side-effects in other organs, they are now working on how to turn this discovery into a new treatment.

Life-saving test

Melioidosis is a neglected tropical disease causing around 90,000 deaths a year. It often affects rural fieldworkers because it is caused by bacteria in soil and water that infect people through wounds, or in water or air. While there is no vaccine, it can be treated with antibiotics – but as symptoms can be highly variable, it is difficult to diagnose and many patients die before the right treatment has been identified.

A team of researchers at the Mahidol-Oxford Tropical Medicine Research Unit (MORU), Chiang Mai University and the Vidyasirimedhi Institute of Science and Technology (VISTEC) in Thailand, the Cambodia-Oxford Medical Research Unit (COMRU), and the Wellcome Sanger Institute in the UK has now developed a test for melioidosis. The test uses a DNA sequence called Crispr-BP34 to detect the bacteria and research published in March 2024 showed it has 93 percent sensitivity. This rapid, easy-to-use diagnostic test has the potential to radically reduce the impact of melioidosis around the world.



From left to right: Phum Boonklang (MORU), Mathurada Patchung (VISTEC), Sukritpong Pakdeerat (MORU), Sar Poda (COMRU), Cheav Voleak (COMRU), and Somsakul Pop Wongpalee (Chiang Mai).

Credit: Claire Chewapreecha / MORU

Hidden fungi

Rebecca Hall, based at the University of Kent, has received an eight-year Discovery Award to identify different ways in which the fungal pathogen *Candida albicans* evades the human immune system. In collaboration with Rebecca Drummond at the University of Birmingham, the research aims to discover novel mechanisms by studying the effects on the fungus of different environmental conditions in the host. Both Dr Hall and Dr Drummond are being directly funded by Wellcome for the first time and at a relatively early career stage for an award at this scale. Their research has potential to take fungal research into a new area and could identify new opportunities to develop treatments for candida infections from thrush to life-threatening systemic disease.

Inequality and infection

Like many infectious diseases, tuberculosis (TB) is associated with poverty and social inequality. Kelly Blevins, a postdoctoral research associate at the University of Durham, has received an Early-Career Award to find out whether inequality has shaped the evolution of the bacteria that causes TB. Dr Blevins will gather ancient bacterial and skeletal evidence from samples dating back over the past 5,000 years, and use modern gene sequencing technology to answer this fundamental question in evolutionary medicine.

Alzheimer's insights

In Nigeria, neuroscientist Mahmoud Bukar Maina is setting up the first open-access African stem cell biobank as part of a Career Development Award. This resource, as well as stimulating new avenues of research, will support Dr Maina's research to understand the genetics of Alzheimer's disease in African populations. The basis for this work will be a cohort of people with Alzheimer's. The characteristics of the condition in each participant will be used alongside molecular biology to better understand the role that a protein called apolipoprotein E plays in the disease. Dr Maina is based at the University of Sussex, UK, and Yobe State University, Nigeria.



Dr Mahmoud Bukar Maina
Photography:
Eszter Bonyi / Wellcome

Melting metropolises

Led by Chris Pearson, professor of environmental history at the University of Liverpool, the Melting Metropolis project seeks to investigate how citizens of London, New York and Paris have experienced high temperatures since 1945. Considering the way these cities' inhabitants have embraced heat or sought to protect themselves, the project team is exploring if differences in behaviour are linked to gender, class, race or disability, as well as looking at historical debates around climate change. The project is funded by a six-year Discovery Award, which has enabled both a large interdisciplinary team working together and the time to build in-depth relationships with communities and create a legacy.



Urban heat is an ever more troubling aspect of climate breakdown. My hope is that this project will help cities and communities confront this challenge.

Chris Pearson, principal investigator,
Melting Metropolis



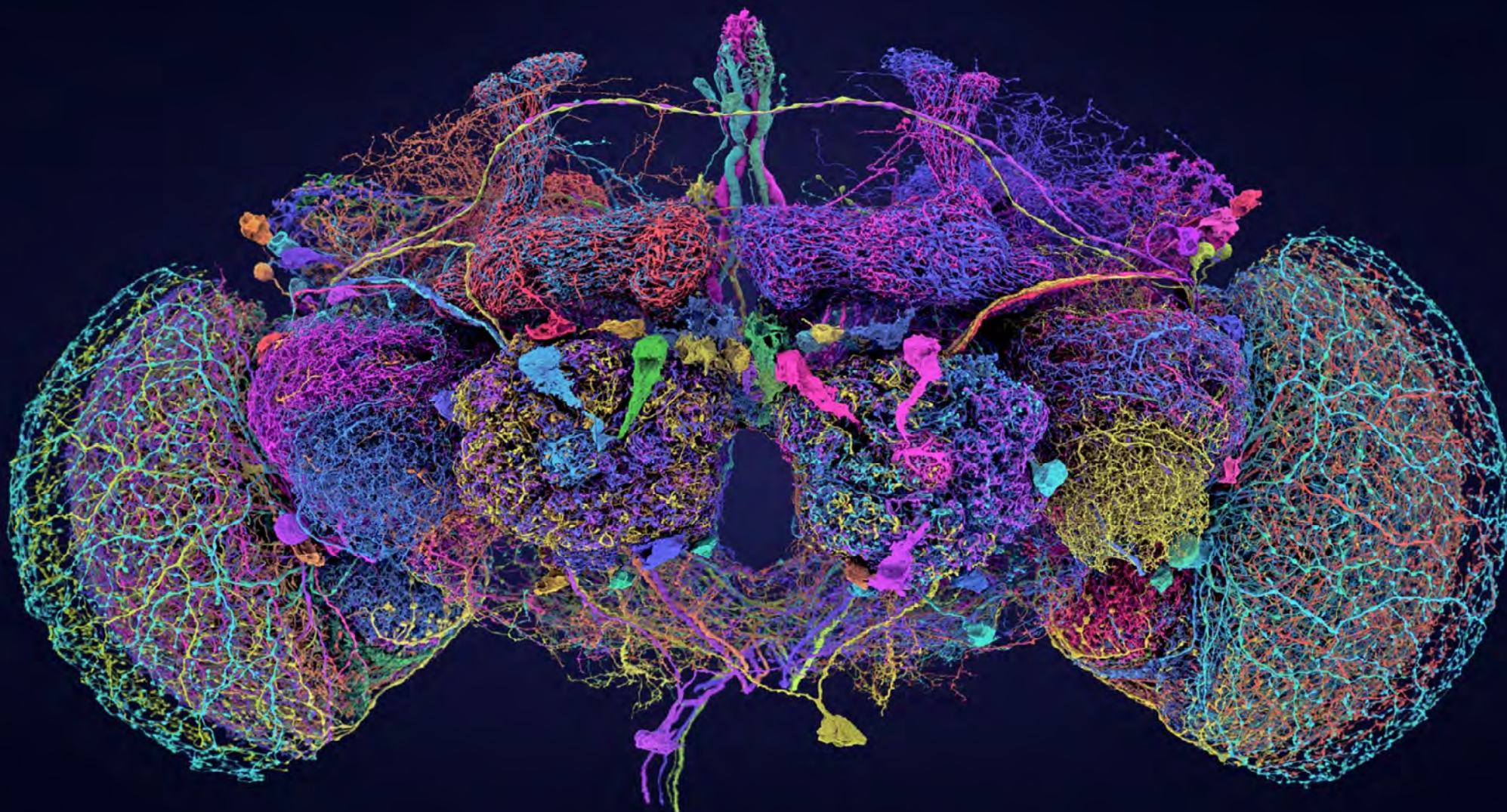


Image: In October 2024, the FlyWire consortium published the first complete connectome of an adult fruit fly. It shows how almost 140,000 neurons in the fly's brain are connected through 50 million synapses. Wellcome was among the funders of the work, which used electron microscopy and neural networks to build the map.

Credit: Tyler Sloan and Amy Sterling for FlyWire at Princeton University (CC)

Infectious diseases remain one of the greatest challenges in global health. With independence to act and resources to fund at scale, Wellcome can often take a longer-term perspective and take on risks that others might not.

Infectious Disease

From now to 2050, an estimated 169 million deaths will be attributable to antimicrobial resistance (AMR) unless collective global action is urgently taken. This prediction comes from the Global Research on Antimicrobial Resistance study (GRAM-2), co-funded by Wellcome and the UK Department of Health and Social Care.

Despite notable progress in some areas over the last 15 years, the response to antimicrobial resistance has been slow and global access to antibiotics remains one of the biggest challenges. From now to 2050, an estimated 169 million deaths will be attributable to antimicrobial resistance (AMR) unless collective global action is urgently taken.

We used this prediction from the Global Research on Antimicrobial

Resistance study (GRAM-2), co-funded by Wellcome and the UK Department of Health and Social Care, to underline the urgency of this challenge ahead of a high-level meeting on antimicrobial resistance at the UN General Assembly in September 2024. Publication of the results led to 9,000 pieces of media coverage, with particularly strong interest from East Asia, South Asia, North America and Western Europe.



Image: A child in Kalundu, in the Democratic Republic of the Congo, receives a cholera vaccine.

Photographer: Esther Nsapu / Wellcome

Wellcome, working with partners, advocated three recommendations for the high-level meeting to deliver a more ambitious and globally coherent approach to tackling antimicrobial resistance: set a bold, unifying goal for reducing the global burden of antimicrobial resistance; initiate a panel for scientific evidence and action; and establish a mechanism to review progress, update targets and maintain political momentum.

The UN declaration passed with an agreed - albeit more modest than we would like - set of targets that included a 10 percent reduction in human deaths by 2030, as well as agreement for an evidence panel. We will continue to press for a mechanism to monitor progress against these commitments and for greater ambition, and we will review where Wellcome's focus should be on this issue in the future.

Vaccines

Vaccines are the most effective way to control transmission of infectious diseases, yet we do not have vaccines for some of the most challenging infections. This is sometimes because of the properties of the pathogen that causes a particular disease, or because of scientific and technological barriers. But often it is also due to underfunding, especially for infectious diseases that mostly affect people living in poverty.

Two new vaccines were approved or launched this year following Wellcome support. In August 2024, a new oral cholera vaccine was launched by Bharat Biotech having been developed under licence from Hilleman Laboratories – a research organisation established in 2009 by Wellcome and the pharmaceutical company MSD (“Merck” in the USA and Canada). International reports of cholera cases and deaths are high this year, doubling the demand for oral vaccine doses. The new oral vaccine, called HillChol, will help meet the global shortage of cholera vaccines (see [page 25](#)).

Ixchiq, the world’s first chikungunya vaccine, was approved in the USA in November 2023, and in Canada and Europe in June 2024. Chikungunya is a viral disease spread by mosquitoes and rapidly expanding into new areas as climate change extends mosquito habitats. It causes hundreds of thousands of reported infections

The global stockpile of oral cholera vaccines deploys around 40 million doses per year but more than 100 million are needed.

Jan Holmgren, University of Gothenburg

around the world each year and significantly impacts economies and health systems. There is no specific treatment for chikungunya, so this vaccine is an important advance towards preventing infections. Trials to determine the vaccine’s effectiveness are underway in Brazil, where chikungunya is endemic and an outbreak in 2024 caused 400,000 infections and more than 180 deaths.

Specialist vaccine company Valneva developed this vaccine with funding from the Coalition for Epidemic Preparedness Innovations (CEPI) and the European Union. Their partnership will continue to support expanding access to include children and pregnant people. Wellcome co-founded CEPI in 2017, along with the governments of Germany, Japan and Norway and the Bill & Melinda Gates Foundation, recognising the need for coordinated international cooperation to develop and deploy new vaccines to prevent epidemics.

When progress of the M72 tuberculosis vaccine candidate stalled for lack of funding, Wellcome and the Gates Foundation invested to enable large-scale clinical trials. The first of 20,000 participants was enrolled in South Africa this year – enrolment is due to be completed early next year, ahead of schedule. The results will become available after two years of follow-up and, if positive, this vaccine will be a transformative tool in addressing tuberculosis worldwide.

Wellcome’s role

This year, we have further refined the goals for our Infectious Disease programme, beyond the wide range and depth of research we support in this area through Discovery Research (see [page 15](#)). To have real impact we have focused our efforts on two of the biggest threats to the control of infectious disease: the emergence of drug-resistant infections, and the dramatic effect of environmental change driven by climate and other factors. Our aim is to accelerate the development of interventions for the infectious diseases affected by these two big challenges. We will prioritise interventions for impact in Africa and South and South-East Asia, where people currently experience the highest levels of illness and deaths from infectious disease.

To reduce the burden and support prevention of often neglected infectious diseases, we will accelerate the discovery and development of products, interventions and strategies, including new and improved vaccines, diagnostics, therapeutics and other tools. We will also invest in research to understand how infectious diseases emerge or escape control, in order to develop the best prevention strategies.

"Friendly" protective mosquitoes

Dengue is a rising threat around the world and conventional vector control tools are failing due to insecticide resistance in mosquito populations. Oxitec is a UK-based company using self-limiting, genetically modified mosquitoes to combat vectors of dengue and other diseases. In the city of Indaiatuba, Brazil, Oxitec's Friendly™ mosquitoes suppressed the local population of the primary dengue vector by more than 80 percent, protecting approximately 45,000 people. Insecticide resistance was also reversed in treated communities, suggesting the approach might restore the effectiveness of conventional vector control. Wellcome supported early validation of this work from 2009 to 2016, and its scale-up from 2020 to 2024; the Friendly mosquito solution is now serving governments and communities across Brazil.



Path to a new cholera vaccine

In 2009, Wellcome and MSD ("Merck" in the USA and Canada) entered a joint partnership to establish a research organisation focusing on developing affordable vaccines against infectious diseases prevalent in low- and middle-income countries. The organisation – named Hilleman Laboratories after Maurice Hilleman, a pioneer of vaccine development in the 20th century – was initially based in India; its headquarters moved to Singapore in 2021.

Cholera is an acute diarrhoeal disease transmitted through contaminated food or water and causing tens of thousands of deaths from severe cases each year. Extreme weather events contributed to the increasing number of outbreaks in 2023 and 2024. Global demand for cholera vaccines exceeds 100 million doses, but in 2023 only 36 million doses were available, leaving many vulnerable communities unprotected.

In 2014, Hilleman Laboratories began a collaboration with Jan Holmgren, who had developed the world's first effective oral cholera vaccine, aiming to develop a second-generation product. In 2019, after successful phase 2 clinical trials, Hilleman Laboratories licensed the vaccine candidate – called HillChol – to Bharat Biotech for development and manufacture. This year, Bharat Biotech launched the vaccine, which has been approved by India's national regulatory authority. The new vaccine uses many components of the first-generation oral vaccines but is easier to produce in large quantities at a low price. Critically it will help fill the gap in global demand for cholera vaccines.

Image: Mosquitoes land on the photographer's hand to feed.
Photographer: Yoppy Pieter / Wellcome



Image: During a government-led vaccination campaign in the Democratic Republic of the Congo, members of the vaccination team engage with the community.

Photographer: Esther Nsapu / Wellcome

Strategic programme

This year, several mental health interventions have become available for clinical use after support from Wellcome over many years.



Image: In AVATAR therapy, the person who hears voices works with a therapist to build an avatar – a digital representation of the voice they hear. The avatar is programmed to sound and look like the voice they hear.

Photographer: Chris Ratcliffe / Wellcome

To have a new therapy approved for treating psychosis in schizophrenia, using the first new pharmacological approach in half a century, is a major milestone. Wellcome played a key role in funding early trials of the therapy, de-risking investment at an early stage making it possible for commercial investors to follow. Less than 10 years later, Cobenfy is now a treatment option (see [page 30](#)).

Online cognitive therapies for social anxiety, panic disorder and post-traumatic stress disorder (PTSD) have been licensed and rolled out in parts of the UK's National Health Service (NHS). The therapies are based on current first-line treatments, which were themselves developed through 30 years of Wellcome-funded research, including the work to develop versions that could be delivered over the internet. The online therapies are as effective as face-to-face interventions but can be completed in sessions of three to five minutes, meaning up to 70 percent less therapist time is needed.

Two more non-pharmacological interventions have been recommended

pending further evaluation in the UK this year. SlowMo helps people with paranoia to notice upsetting worries and fast thinking habits, and provides tips to slow down and take in other information. It was developed by an interdisciplinary team led by the Institute of Psychiatry, Psychology and Neuroscience at King's College London. After clinical trials showed the therapy was effective, Wellcome funded the team in 2023 to optimise the software and implement it in three NHS Trusts across England.

Avatar therapy helps to control distressing auditory hallucinations in the form of voices. Patients create a computer simulation, or avatar, of the speaker of the distressing voice. A therapist then facilitates a conversation between the patient and the avatar, with the therapist speaking for the avatar as well as themselves. This approach was first developed at University College London, and then Wellcome funded clinical trials run by researchers at University College London. Results published in October 2024 showed significant reductions in distress for participants.

Each of these interventions shows the huge potential for science to advance new treatment options for people, in line with our Mental Health programme's mission of driving a step change in early interventions for anxiety, depression and psychosis.

Mental Health

Investment to impact

The examples above also show the necessity for sustained investment over many years, and the role of working collaboratively across sectors of society to achieve real-world impact. Cobenfy, the schizophrenia therapy, was developed by Karuna Therapeutics, which was bought in March 2024 by Bristol Myers Squibb, a multinational pharmaceutical company able to market therapies at scale. The online cognitive therapies are being rolled out by Koa Health, a private company specialising in digital mental health.

Recognising the scale of investment required to ensure uptake of new and improved interventions, and the huge gap in that funding currently, Wellcome was a founding member of the Coalition for Mental Health Investment, alongside the Clinton Global Initiative, McKinsey Health Institute and Kokoro. Scientific research is building a pipeline of treatments and solutions that have the potential to change the lives of hundreds of millions of people, but science alone will not achieve that potential. We need to help catalyse actions that will allow for equitable global uptake.

For decades, mental health has been overlooked, underfunded and misunderstood. Our coalition, which launched in September 2024, aims to convince potential private and philanthropic investors that now is the time to commit to mental health, and to support research-based interventions to reach the scale needed for global impact.



At Wellcome, we expect to see new and better products reaching the market within the next five years, and to only accelerate beyond that.

Julia Gillard, Chair of Wellcome



Mental health science

We are optimistic that a new wave of mental health interventions is gathering momentum. We also know there is much further to go in building scientific understanding and a vibrant global field of mental health science to maintain and accelerate progress.

Across the Mental Health programme, we have emphasised the necessity of embedding lived experience expertise in research. In March 2024, we launched a funding call for projects to develop innovative and sustainable approaches in this area. Of 88 expressions of interest, we invited 28 to submit a full proposal. Of these 28, all involve people with lived experience, half are led by people with lived experience, and over one-third are led by people in low- or middle-income countries. The proposals will be reviewed in January 2025.

In February 2024, Wellcome and the International Brain Research Organization announced 11 projects funded through a joint programme to enhance neuroscience research related to mental health in low- and middle-income countries. The focus was on promoting research capacity and accelerating the potential for impactful research on anxiety, depression and psychosis.

Our first Mental Health Data Prize, delivered in partnership with not-for-profit enterprise Social Finance, finished in June 2024. The winning projects developed digital research tools that are already being used by mental health researchers:



Image: SloMo is a digitally-supported talking therapy for people with worries about harm from others. In 2023, Wellcome funded the team to implement the therapy in three NHS trusts in the UK.

Photographer: Chris Ratcliffe / Wellcome

- Harmony is a free Artificial Intelligence tool for comparing questionnaire data across different studies, countries and languages.
- DigiCAT supports counterfactual analysis to identify intervention targets based on existing data.
- The School Health Research Network's digital dashboard helps schools use mental health data.

Our next Mental Health Data Prize will fund teams across Africa to analyse data and build digital tools for helping to tackle anxiety, depression and psychosis. We have also funded the Africa Centres for Disease Control and Prevention (Africa CDC) to create a mental health leadership programme to train policy makers.

This year we funded awards from a challenge-led call on how anxiety- and trauma-related disorders develop and resolve. We selected 10 innovative projects that will improve our understanding of a range of causal factors (such as genomics, brain development, social factors such as sexism, and traumatic experiences such as genocide survival) and point the way to new and improved interventions. All 10 projects involved

people with lived experience in the development of the proposal, and four include a site in a low- or middle-income country. This will help to ensure research insights apply to people affected by these disorders around the world.

New psychosis treatment

An estimated 24 million people worldwide live with schizophrenia. Antipsychotic drugs are commonly used to treat the condition, but do not work for everyone. In September 2024, the US Food and Drug Administration (FDA) approved Cobenfy, a combination of two drugs using the first new pharmacological approach to treating schizophrenia in over 50 years.

Wellcome made social investments into Karuna Therapeutics, the company that developed Cobenfy, in 2015 to fund Phase 1 trials and again in 2018 for Phase 2 trials, with positive results showing a significant reduction in psychosis. Phase 3 trials found the therapy to be well tolerated, relieving symptoms including hallucinations, social withdrawal and memory problems. Cobenfy is now a treatment option for people living with schizophrenia, and also being evaluated for the treatment of Alzheimer's-related psychosis.

Evidence synthesis

GALENOS is an innovative, Wellcome-funded project to synthesise and triangulate animal and human data in key areas of mental health science, giving a clear view of the evidence and of areas for further research. It has completed reviews on anhedonia treatments, the use of exercise in post-traumatic stress disorder, and a potential new treatment for psychosis called trace amine-associated receptor 1 agonism.

Full reviews will be available on Wellcome Open Research, with shorter papers and additional reporting published open access in journals. GALENOS reviews publish updates as new data comes in. Further review topics include circadian disruption and depression, risk factors for cognitive impairment in psychosis, and cognitive bias modification.

Microbiome and mental health

The collection of microorganisms living in the digestive tract (the gut microbiome) is linked to mental health and is a potential target for intervention. However, how the gut microbiome shapes brain and behaviour during development, increasing or decreasing risk for mental health problems, is not yet well understood. To change that, Wellcome invested in the Children Growing Up in Liverpool (C-GULL) birth cohort's '4M' project – Microbes, Milk, Mental Health and Me.

Recruitment launched this year and more than 500 babies and their families have been recruited, with a goal of 7,000 infants over the next five years. This will provide the largest and most detailed dataset on microbiome development in the UK to date. In the short term we will gain insights into links between the microbiome and early brain development, cognition and emotion. Longer-term, the study will follow up these children into adolescence and beyond to gain a detailed understanding of how the microbiome contributes to mental health conditions and how interventions might help to prevent or treat them.

Exercise and depression

Depression is the leading cause of disability worldwide. Aerobic exercise is a promising intervention, and recruitment started this year for a trial to better understand why exercise is effective and for whom. The working model, which was published in Translational Psychiatry this year, is that exercise may alter the way the brain processes reward by reducing inflammation and boosting dopamine transmission. This in turn improves motivation which helps address depression symptoms such as loss of pleasure (anhedonia) and fatigue.

If successful, the trial would add to growing evidence that a 'social prescription' for exercise should sit alongside standard options for depression such as talking therapies and medication. It may also point the way to new interventions that target the same neural pathways.



YOUR POTENTIAL
OUR DEDICATION

WITH YOU 100%

Image: At University College London, Professor Jonathan Roiser and Dr Emily Hird do research into mechanisms underlying the antidepressant effects of physical activity.

Photographer: Jeremy O'Donnell / Wellcome

To put health at the heart of climate change action, there needs to be a robust, reliable evidence base to enable policy change. Through our Climate and Health programme, Wellcome is supporting research to generate that evidence and strengthen the climate and health field more broadly. And we work to ensure this evidence is used to drive and inform changes in policy, practice and action.

Climate and Health

Investing in research

Our Climate Impact Awards fund transdisciplinary teams to deliver high-impact projects targeting specific policy outcomes for disadvantaged populations. These ambitious projects combine evidence generation or synthesis, a clear policy pathway, community-engaged research, and a communications approach that can make the impacts of climate change

on physical and mental health visible, driving urgent climate policy action at scale. Five of the 11 projects funded this year are being led by institutions in countries and regions most affected by climate change (see [page 34](#) for examples).

We are developing guidance for economic evaluations of the health impacts of climate actions. Policy makers have told us these evaluations are critical to make the case for



Image: People in New York City try to keep cool during a heatwave.
Photographer: Johannes Eisele /AFP via Getty Images

investing in climate actions with positive health impacts, but researchers have indicated a lack of capacity for producing them.

And we continue to convene workshops and conferences to help monitor the climate and health research field and identify opportunities to strengthen it. For example, we funded work to scope research needs on health impacts of climate mitigation actions targeting air pollution. Working

with colleagues in our Discovery Research programme, we are exploring opportunities such as supporting biomedical and biotechnology innovation to develop technologies that can protect health from extreme heat.

COP28

On 3 December 2023, the UN's annual Climate Change Conference (COP) included a Health Day for the first time. This high-profile advocacy event, shaped by a steering committee that included Wellcome, showcased the need for increasing investment in climate action to protect health.

Health ministers and officials from more than 100 countries attended Health Day, and a film we jointly produced with the BBC was screened at the high-level meeting of health ministers, helping to frame their discussions. In the end, 150 countries signed the first COP Climate and Health declaration, which Wellcome also helped to shape with a range of partners, committing to deliver climate action in a way that protects people's health.

We supported partners to contribute to the climate and health narrative at COP28. Films are a powerful asset that many advocates cannot afford, so we commissioned Open Planet to produce films for use by our partners at COP28 and the World Economic Forum annual meeting in January 2024. Providing assets free of charge like this brings more actors into the climate and health space, and leverages established communications channels to reach target audiences. The footage was repurposed for the ONE Campaign – one of their top performing films of 2023, it reached 4 million people.

Overall, our activities led to a substantial increase in engagement with climate and health among climate policymakers and negotiators (including from health, environment and finance sectors), as well as professionals in climate and health working at international institutions, funders and philanthropic organisations.

Wellcome had a lighter presence at COP29 in November 2024, as we are focusing on COP30 in Brazil in 2025.

Engaging audiences

Awareness and engagement are a necessary step to our primary objective, which was to support the adoption of ambitious climate action targets and initiatives by leveraging climate and health research and arguments around health and science.

Since COP28, Wellcome's policy and advocacy goals have focused on developing our ability to influence the core UN negotiations on climate change. This has involved developing strategy on policy mechanisms, networks and negotiation blocks in the UN Framework Convention on Climate Change (UNFCCC) space, as well as in-depth training for Wellcome staff with climate negotiators. We are now taking part in the longer and more technical conversation that takes place in workshops throughout the year and at the Bonn climate talks in June, leading up to the COP event itself.

Lancet Countdown

The Lancet Countdown is an international research collaboration that independently monitors the evolving impacts of climate change on health and the emerging health opportunities of climate action. The eighth report, launched in November 2023, drew on the expertise of 114 scientists and health practitioners from 52 research institutions and UN agencies to provide its most comprehensive assessment yet. Wellcome is now supporting the Lancet Countdown to drive a major new phase of this vital work: developing contextually relevant research led by experts in the countries most affected by climate change, building a global Climate and Health community, and driving policy uptake and translation.

Climate minds

Climate change is already impacting people's mental health. Extreme weather events and wildfires cause stress and distress; environmental change and prolonged exposure to pollution put people at risk of grief and despair. Connecting Climate Minds was a one-year global project aiming to bring together the climate change and mental health fields to develop an inclusive agenda for interdisciplinary research and action. Led from Imperial College London and funded by Wellcome, the project brought together almost 1,000 people in 90 countries from across research, policy, practice and lived experience. Through regional and global dialogues, the project has delivered a Youth Agenda, an Indigenous Nations and People Agenda, a Small Farmer and Fisher Peoples Agenda and seven Regional Agendas. Since its launch in March 2024, around 5,500 people from over 140 countries have used the project's online hub, and the team is working with Springer Nature to coordinate 15 publications to share their work and outcomes.

Impacts Awards

In summer 2024, the second round of our Climate Impacts Awards funded 11 transdisciplinary teams to deliver high-impact projects targeting specific policy outcomes for disadvantaged populations. For example, in South Africa, the focus of Jonathan Peters's team will be to understand how extreme weather events affect the distribution of airborne pollen and fungal spores, and respiratory health among vulnerable populations. Based at the University of Cape Town Lung Institute, the team aims to develop more effective adaptation plans, both by translating scientific results into health and social benefits, and by raising the possibility that monitoring of airborne allergens could be included in the nation's air quality legislative framework.

In Australia, Supriya Mathews at the Menzies School of Health Research will lead a team focusing on the health burden of heat on First Nations people living in remote, under-resourced settings. To date there has been limited evidence on how heat affects First Nations people living far from hospitals and emergency services. This project will analyse records from Primary Healthcare Clinics, which are the first point of medical contact for these communities, and collate lived and work experiences of residents and clinic staff. It will generate new evidence to inform appropriate, timely and relevant policy responses in different climate zones.

Reaching audiences

Political responses to the health threat of climate change will happen faster and more effectively if politicians see that climate and health matters to key voters. But many of these key audiences do not have a strong stance on the issue and are not reached by most advocacy communications. This year, Wellcome ran a pilot project in the UK to test how climate and health advocates might persuade such audiences that action is necessary. We focused on a segment of the population whose votes can sway UK elections but which, while worried about climate change, is also likely to look forward to heatwaves. We used media stories, lived experience case studies and videos with celebrities well known to this audience to test different approaches to communicating about extreme heat.

Stories framed around health were persuasive: this group often did not have a strong stance on extreme heat until they realised the potential health impacts of heatwaves on people close to them, especially older relatives and friends. These messages were more positively received when paired with health guidance so that people felt they were able to take some action. By learning how best to communicate about climate and health, we can show that it matters to voters and increase political motivation to create change.



Image: A thermal camera image comparing surface roof temperatures on a home in Burkina Faso (see [next page](#)). The cool roof side is 30.1°C; the unmodified side is 44.1°C.

*Photographer:
Bunker, Bärnighausen and Sie, 2022*



Image: A tin-roofed home in Nouna, Burkina Faso - the left side has a cool roof coating to compare with the unmodified right side. A thermal camera image ([previous page](#)) shows the cool roof side is 30.1°C and the unmodified side is 44.1°C.

Photographer: Bunker, Bärnighausen and Sie, 2022

Charitable subsidiary

Wellcome Leap

Wellcome Leap, a US nonprofit subsidiary of Wellcome, builds and executes bold, unconventional programs, funded at scale, that aim to increase the number and speed of breakthroughs in human health.

Wellcome Leap's approach takes into account the fact that solutions to complex problems – and the resulting breakthroughs – rarely come from individuals, and more often require a network of diverse contributors with the capacity to drive the work toward a common goal. Their work is therefore not only about applying resources to individual programmes, it is also about creating the structures required to deploy those resources to facilitate such a synchronised effort.

Clearing obstacles to breakthroughs

In four years, Wellcome Leap created the largest breakthrough network in the world. Over 150 organisations on six continents and still growing.

Breakthroughs require a sense of urgency and momentum. The Wellcome Leap team knew the biggest obstacle to getting teams working fast was contracting. Since 2021, they have asked global leading research organisations to pre-sign a master funding agreement - not to secure an edge in selection or guarantee any funding, but to enable the rapid formation of networks of researchers.

After four years, this has created the largest, most rapidly 'activatable' health research network in the world, with around 150 world-class institutions, non-profits and commercial entities representing a network of over one and a half million scientists and engineers across six continents.

Joining the Wellcome Leap Health Breakthrough Network solved a problem for these organisations, too. It meant that anyone in their organisation could be funded and working in days or weeks instead of months or even a year.

The Wellcome Leap Health Breakthrough Network was created in less than four years. As of September 2024 it has 1.5 million researchers, 28 countries, 146 signatories.

Credit: Tony Ruth / Early Mammal

2021



2024



Spotlight: The first thousand days

By age three, a child's executive function skills, which enable them to regulate emotions and switch attention, are highly predictive of the life they go on to lead. In its first three years, the Wellcome Leap 1kD programme has developed and demonstrated new tools for measuring and promoting healthy cognitive development in the first 1,000 days of life.

Executive function is the cornerstone of people's ability to capture opportunities and effectively deal with life's challenges. Until now, it has been almost impossible to study these critical stages of a child's brain and cognitive development.

To address this gap, Wellcome Leap's 1kD programme aimed to develop new tools that reliably predict health or risk in executive function formation as early as the first birthday, and to create methods to improve executive function by 20 percent in 80 percent of children. Historically, the 20 percent of children who have underdeveloped executive function at age three go on to represent 80 percent of those who struggle to manage their health, require social assistance, or have encounters with crime. Reliable methods for improving executive function promise to create generational changes by giving each child their best shot at a healthy life in every respect.

1kD has provided new scientific evidence that, within a critical developmental window, infant-derived microbiomes can drive differences in brain and executive function development by 20 to 50 percent, and that targeted microbial intervention can rescue behavioural deficits and drive improvements of more than 20 percent. This leads to the potential for pre- and post-birth nutritional supplements that would, for the first time, support critical brain and cognitive development windows.

1kD has also pioneered development of instrumented playrooms, which promise to provide a universal screening capability to risk-stratify infants and promote interactive child-caregiver skills that are central to healthy brain development. The programme demonstrated that such instrumented playrooms can predict a child's executive function formation with over 90 percent accuracy as early as the first birthday. This was demonstrated across three culturally diverse populations and represents a two-fold improvement in the ability to precisely identify infants at risk compared to existing tools.

By 2026, through efforts with partners, Wellcome Leap aims to have new nutritional supplements ready for phase 1 clinical testing, and two playrooms operational in community settings. This transition activity, focused on scaling the programme's scientific advances, establishes the foundation for these new tools to be readily available to caregivers by 2030 – providing more children with a strong and equitable start in life less than 10 years since the programme began.

Description: Play-based tasks with integrated video and audio measurement enable screening and assessment in a naturalistic and culturally agnostic environment from as early as 3 months of age.





Image: 'By the Pricking of My Thumbs Something Bloody This Way Comes'.
Photographer: David Linstead / Wellcome Photography Prize 2019

By working to make science more inclusive and more accessible, we help diversify the people and places doing excellent research, leading to richer understanding and more impactful discoveries.

Cross-mission activity

Equity

To drive equitable health outcomes, Wellcome advances inclusive practices that broaden the range of people leading, participating in and benefiting from science. To support these activities, we have been developing guidance for how Wellcome should integrate equity into our work investing in research, influencing change and engaging people.

We invest in excellent research, both in the UK – where Wellcome is part of a strong research ecosystem – and in countries where people are most affected by health challenges. The ways we fund take into account local priorities and resources.

For many decades, we have supported research programmes led from Kenya, Malawi, South Africa, Thailand and Vietnam. Today, each combines world-class discovery and clinical research, benefiting local, regional and global health. We also fund organisations like the India Alliance and the Science for Africa Foundation to make research grants in their respective geographical contexts.

Accelerating diversity

We continually strive to make our own funding schemes and processes as accessible as possible. However, we also recognise that systemic barriers limit access to research funding for some groups of people. In the UK, this particularly affects racially minoritised groups, as is reflected in the under-representation of researchers from these communities in UK science and research more broadly.

To start to address this problem, in line with our commitment to anti-racism, we launched our first round of Accelerator Awards in January 2024. These awards support researchers from Black, Bangladeshi or Pakistani heritage in the UK by funding activities that the applicant has identified would help them to make the next step up in their research career. The first round opened to applications in May 2024 and 48 awards were made by the end of 2024.

In developing the scheme, we consulted researchers from these communities to ask what kind of funding would be most useful for career progression. Those consulted spoke of challenges for progression in academia being compounded for racially minoritised academics. For example, building networks, finding mentors and sponsors, and the vicious cycle of needing a good track record to get funding but needing funding to build that track record.

The result was a new style of funding from Wellcome: highly flexible awards of up to £200,000 for up to two years, to cover the costs of what each applicant decides will most enhance their personal career prospects. It might be training or secondments, travel costs to conferences or visiting other research sites, or other opportunities that will help attract funding, gain recognition or promotion, and develop their professional profile.

While the focus of the scheme is on activities to support career progression, including research if appropriate, the applicant's research must fit within the scope of our Discovery Research programme. In the first round, we received applications from a wide range of fields, including bioengineering, neuroscience and social sciences. Many of the applicants were committed to addressing health issues of particular relevance to their own community – this is an exciting step for Wellcome, too, enabling us to support an even greater diversity of research. We look forward to monitoring, evaluating and learning from the progress of this scheme through its initial four-year run.

The Accelerator Awards scheme is part of Wellcome's ongoing work to support and champion positive research cultures. In 2023, our Institutional Funding for Research Culture scheme opened to 42 organisations in the UK and Ireland. Funded projects spanned a range of activities, including creating an anti-ableist research culture, strengthening career pathways for technicians, and enabling collaborative and team science. While not all 42 organisations were funded, they did all opt in to joining a community of practice around research culture. See [page 86](#) for more details.

Data Democracy in Black communities

Celestin Okoroji has received an Accelerator Award to support research using Data Democracy, an approach that gives people with relevant lived experience opportunities to interpret data. In this project, the data relate to health and experiences of police 'stop and search' powers: initial findings from the data are tested against the lived experiences of groups of young Black people, who then propose causal mechanisms and opportunities for systemic change. This award will allow Dr Okoroji, working with community interest company Ratio Research, to publish research, develop new funding proposals and sustain collaborations while further developing the Data Democracy approach.

Understanding biofilms

At Cardiff University, Faizan Ahmed Sadiq studies interactions between bacteria in various settings, including in chronic wounds. Bacteria can form biofilms on the surface of wounds, hampering the healing process. The way different bacterial species use products from each other's metabolism (called 'cross-feeding') may be linked to the development of resistance to antibiotics. Dr Sadiq has received an Accelerator Award to develop a model for studying biofilms and cross-feeding, which will help to establish a strong foundation for future research and professional growth.

Creating excellence

In August 2024 Julia Gillard, Wellcome's Chair, joined President Lazarus Chakwera of Malawi at the opening of a new building on the campus of the Malawi-Liverpool-Wellcome research programme. For 30 years, this programme has been a productive, collaborative and evolving partnership between Wellcome, the University of Liverpool and the Liverpool School of Tropical Medicine in the UK, and Kamuzu University of Health Sciences in Malawi. The five-storey Clinical Research Excellence and Training Open Resource (CREATOR) building will enable a 30 percent increase in research activity over the next 10 years, including research on the health effects of climate change, support for postgraduate medical students, and community and policy engagement.

Regulating quality

A lot of poor-quality medicines are in circulation in Africa due to lack of resources, missed opportunities for regional collaboration, and gaps in regulatory infrastructure. To help harmonise and strengthen regulation of healthcare products, the African Union Development Agency is establishing and operationalising the African Medicines Agency over the next five years. In September 2024, Wellcome made a grant of almost £10 million to support this work. The African Medicines Agency will be a key enabler for Wellcome as we increase our funding for health research in African countries, and will accelerate access to new medicines, vaccines and other health innovations. Wellcome's funding will help ensure mental health interventions are a focus from the start, and that the agency is underpinned by a strong regulatory information management system.

Strategic programme

Wellcome Collection

Wellcome Collection is our free museum and library where everyone's experience of health matters. Through our collections, exhibitions and events, our books and our digital content, we explore what health is and what it could be. By bringing together social, cultural, historical, personal and artistic perspectives, Wellcome Collection helps to deepen society's understandings of life, health, science and wellbeing, supporting how we consider the breadth of human experience across Wellcome's work.

Over the year, around 480,000 visitors came to Wellcome Collection (2023: 384,000), 80 percent of whom (2023: 82 percent) agreed their visit made them think more deeply about health or science. We also had around 4.5 million visits to our website (2023: 4.3 million), and 148,000 views of digitised content (2023: 218,000). Data collection for measuring web traffic was affected by updates to our cookie policy during this year, which reduced the number of recorded users. We are reviewing which measures to report on in future.

For several years, Wellcome Collection has worked on increasing accessibility and inclusion in our exhibitions, including 'Being Human', our permanent exhibition. However, some parts of Wellcome Collection's building

infrastructure are not yet optimised for access, including for wheelchair users. As Wellcome considers updating our buildings to minimise carbon emissions, we will take the opportunity to make the improvements necessary to welcome audiences with additional access needs.

Exhibitions

One of our most popular exhibitions since the museum and library opened in 2007, 'The Cult of Beauty' (October 2023 to April 2024) was visited by more than 150,000 people – an average of 840 a day. The exhibition invited visitors to explore ideas of beauty across different times and cultures. It featured over 200 items – 64 of which came from our own collections – including historical objects, artworks and films, examining the influence of health, morality, status, age, race and gender on ideas about beauty through history. The exhibition was covered by media in the UK and worldwide, and the marketing campaign was shortlisted for a Webby and a Museums and Heritage Award.

In 'Jason and the Adventure of the 254' (March 2024 to January 2025), Jason Wilsher-Mills presented a joyful exploration of the body, drawing on the artist's experience of becoming disabled as a child. Reimagining the gallery space as a hospital ward, sculptures, illustrations and interactive dioramas challenged cultural and social perceptions surrounding disability, medicine and the human body.

July 2024 saw the launch of a new display series focusing on objects from our collections, complemented by new research and artist commissions. Each will share experiences that have historically been excluded from stories of health. Our first display (until 2 February 2025) explores the history, present and future uses of the kola nut. Once used as an ingredient in Coca-Cola and Pepsi, both originally sold as health tonics, and in products made by Burroughs Wellcome & Co (Henry Wellcome's company), the kola nut played an important role in international trade and the expansion of imperial control across Africa.

'Hard Graft: Work, health and rights' (September 2024 to April 2025) explores the impact of physical work on health and the body. Featuring over 150 items, including historical objects, contemporary artworks, films and new commissions, the exhibition brings together stories of under-represented workers and their rights within precarious and unsafe labour environments. It also touches on healing practices that emerged from those environments. It has received highly positive reviews in the UK press.



Image: 'The Cult of Beauty' exhibition at Wellcome Collection.
Photographer: Benjamin Gilbert / Wellcome Collection

Publishing experiences of health

Wellcome Collection invites storytellers from a variety of backgrounds to expand their practice and share their perspectives in partnership with Profile Books. Our latest publications include:

- Daniel Tamet's book, 'Nine Minds', delving into the lives of nine neurodivergent people from around the globe.
- Annabel Sowemimo's award-winning book, 'Divided: Racism, medicine and why we need to decolonise healthcare'.
- Emma Dabiri's radical essay 'Disobedient Bodies', considering society's ideals of beauty, drawing on cultures, worldviews, times and places to offer alternative views.

In September, we launched The Wellcome Collection Non-fiction Awards in partnership with writing agency Spread the Word, to champion new writing on health from under-represented writers. The aim is to support writers who are disabled, Deaf, neurodivergent or from racially minoritised backgrounds who have a big idea for a non-fiction book about health and being human. Up to six writers will be selected for a nine-month development programme to expand their non-fiction ideas into full-length book proposals. The successful writers will be selected in February 2025.

Image: Beautiful Octopus Club.
Photographer: Tim Mitchell



Beautiful Octopus Club

Artists and DJs took over Wellcome Collection for London's longest-running inclusive club night on 12 July 2024. The Beautiful Octopus Club was devised and co-hosted by Heart n Soul – an award-winning creative arts charity that believes in the power and talents of people with learning disabilities and autistic people. It was attended by more than 650 people, 73 percent of whom were visiting Wellcome Collection for the first time.

Originally planned for May 2020 and postponed by the Covid-19 pandemic, the club night was the culmination of Heart n Soul's residency between 2018 and 2020 in The Hub, our transdisciplinary research initiative that brings together different experiences and expertise to create new knowledge over an extended period of time.

Image: Three of the books Wellcome Collection published with Profile Books this year.
Photographer: Eszter Bonyi / Wellcome Collection





Image: 'Jason and the Adventure of 254' exhibition at Wellcome Collection.
Photographer: Benjamin Gilbert / Wellcome Collection

Review of Investment Activities

Figure 1 Total portfolio net returns (blended GBP/USD)
Period to 30 September 2024

Annualised return in GBP (%)			
	Nominal	UK CPI	Real
Trailing 3 years	2.6	6.1	(3.5)
Trailing 5 years	10.3	4.3	6.0
Trailing 10 years	11.3	3.0	8.3
Trailing 20 years	10.7	2.8	7.9
Since Oct 1985	13.3	2.8	10.5

Annualised return in USD (%)			
	Nominal	US CPI	Real
Trailing 1 year	15.6	2.4	13.2
Trailing 3 years	2.4	4.8	(2.4)
Trailing 5 years	12.2	4.2	8.0
Trailing 10 years	9.2	2.9	6.3
Since Oct 2009	10.1	2.6	7.5

Portfolio net returns, a key performance indicator (see [page 156](#)) measured in GBP only until 30 September 2009. Decision to measure in blended GBP/USD used from 1 October 2009 recognising the global nature of our portfolio (see Figures 11 and 12) and the need to maintain global purchasing power. However, Wellcome's functional currency remains sterling. GBP:USD exchange rate was 1.34 as at 30 September 2024 (1.22 as at 30 September 2023).

One year return in GBP (%)			
	Nominal	UK CPI	Real
One year return to Sep 2024	5.2	1.7	3.5
One year return to Sep 2023	0.9	6.7*	(5.7)*

Cumulative return in GBP (%)			
	Nominal	UK CPI	Real
Trailing 3 years	8	19	(11)
Trailing 5 years	63	24	39
Trailing 10 years	191	34	157
Trailing 20 years	667	75	592
Since Oct 1985	12,770	198	12,572

Annualised return in blended currency (%)			
	Nominal	UK/US CPI	Real
Trailing 1 year	10.3	2.1	8.2
Trailing 3 years	2.6	5.4	(2.8)
Trailing 5 years	11.3	4.3	7.0
Trailing 10 years	10.3	2.9	7.4
Since Oct 2009	10.8	2.7	8.1

The value of the endowment is measured at fair value. Net returns include impact of all external management fees and expenses. Performance fees are included for hedge funds, private equity and property; for public equity they are included from 2018.

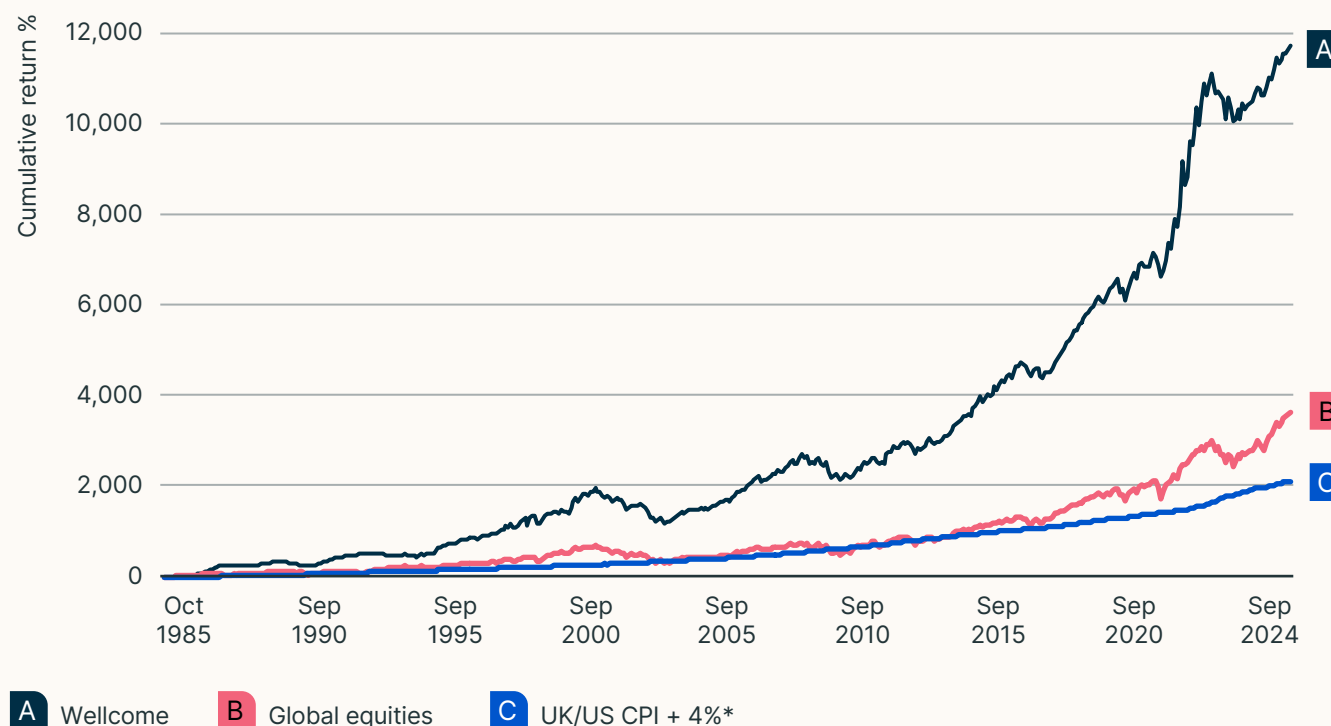
*UK CPI previously reported as 9.0% and Real return as (8.1)%. This follows a change in calculation methodology to align with officially published figures.

Background

The role of the investment portfolio is to provide sustainable long-term funding for the charitable mission. To achieve this, we need to deliver minimum long-term returns of 4% after inflation to at least preserve, and preferably grow, the real value of the portfolio after taking account of charitable spending. We aim to do this with a clear focus on the licence to operate of the assets in which we invest. Although we report our financial statements in sterling, our portfolio is global and currency fluctuations can have a significant impact on results in the short term – USD accounts for nearly two-thirds of our net currency exposure (Figure 11). In the longer term, exchange rate movements tend to smooth out as currencies' relative values are driven by longer-term economic fundamentals. We present returns in GBP, USD, and in blended currency (50:50 GBP:USD) in Figure 1. Blended currency has been used since 1 October 2009 as an internal metric to measure the success of the Investment team, recognising the global nature of our portfolio (see Figures 11 and 12) and the need to maintain global purchasing power.

Over the long term, we have very comfortably exceeded the required 4% minimum real return (Figure 1, Figure 2). Both over 10 years and over 20 years, annualised real returns in GBP have been around +8%. However,

Figure 2 Total portfolio cumulative net returns since 1 October 1985 (%)



GBP used to 30 September 2009. Blended £/US\$ used from 1 October 2009.

*The target return was UK/US CPI + 6% until 30 September 2012. It was reduced to UK/US CPI + 4.5% from 1 October 2012 until 31 December 2017, and then changed to UK/US CPI + 4% from 1 January 2018.

in recent years we have been cautious about future return prospects and the period since 2021 has indeed been volatile. Over the past three years, annualised real returns have been negative (-3.5% in GBP, -2.4% in USD), reflecting the large spike in inflation in 2022-23.

Over our financial year, equity markets continued to recover as inflation subsided, bond yields fell, and central banks started to cut short-term interest rates. In nominal terms, the portfolio delivered another year of double-digit returns in USD at +15.6% (2023: +10.3%), but sterling continued to

appreciate, limiting the returns in GBP to +5.2% (2023: +0.9%). After taking account of £1.1 billion in charitable cash expenditure, this is equivalent to a gain of £1.9 billion. Sterling is now back within the range of market estimates of long-term fair value, and in the upper half of its trading range since

the Brexit referendum. It is therefore reasonable to expect that currency effects may be less dominant than they have been (in both directions) in the past three years.

Preserving our cash flow and maintaining ample short-term liquidity to fund charitable expenditure remain our top priorities. So far, economies and markets have absorbed the impact of more realistic interest rates without major mishaps. As a result, we have yet to see sufficiently interesting long-term investment opportunities to absorb the excess cash positions we have been holding over recent years, but we remain alert to any such opportunities. In the meantime, real yields on cash and near-cash positions have been sufficiently high to reduce the opportunity cost of holding cash to acceptable levels.

Overview

The financial market backdrop has been broadly positive for the portfolio this year, despite the usual long list of things to worry about from a macro perspective. Inflation trended down in most economies, which has enabled many central banks to start cutting short-term interest rates and has pushed down bond yields. However, interest rates remain well within historical norms and do not look likely to revert to the extraordinarily low levels that prevailed before the inflationary spike in 2022-23.

Economic activity has been buoyant in the USA but much more muted in Europe, although most economies have so far avoided recessions. The Chinese economy continues to suffer from a depressed property sector, weak domestic demand, and low levels of consumer confidence. The prevailing economic mood globally is therefore one of caution but by no means desperation. Against this backdrop, corporate earnings, which underpin the public and private equity holdings that dominate our portfolio, have been robust.

The recent trend of highly concentrated equity markets continued for most of the year. Companies associated with artificial intelligence (AI), and in particular semiconductor manufacturer NVIDIA, saw their share prices rocket. Technology shares more broadly had another strongly positive year, driven by solid earnings growth. The US market once again led the way globally, even adjusting for a weaker US dollar.

Sterling was the best performing major currency as it continued its recovery from the extremely low levels at the end of our 2022 financial year. Having ended this year at \$1.34, sterling is at the same level at which it ended our 2021 financial year, and back at normal levels relative to its post-Brexit referendum trading range. However, the +9.9% appreciation against the dollar was a significant headwind to

performance expressed in sterling, given that most of our assets are not in the UK. Our largest currency exposure is to the US dollar (64% of gross assets, see Figure 11), with much smaller exposures to European and Asian currencies.

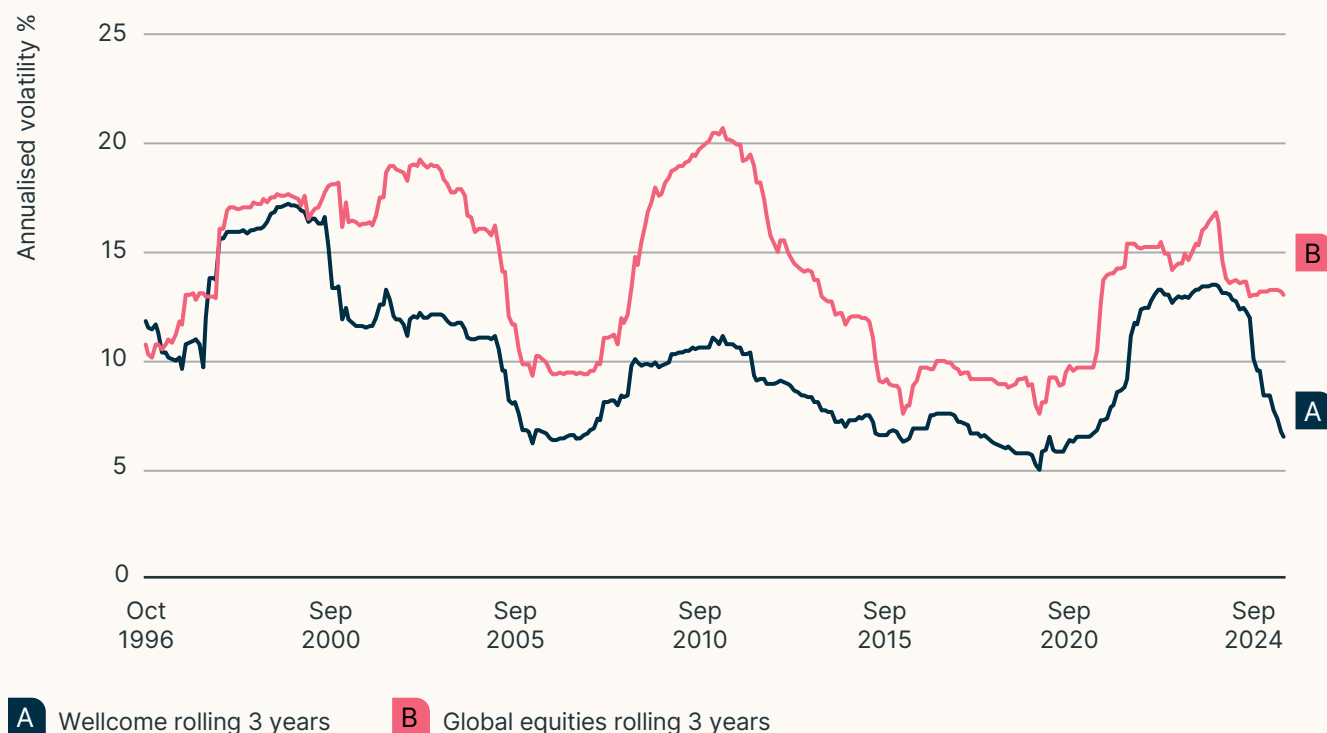
The portfolio delivered a gain of +5.2% in sterling terms over the year (2023: +0.9%) but a gain of +15.6% in US dollars (2023: +10.3%). Over the three years since September 2021, currency effects all but disappear and annualised performance in both GBP and USD has been around +2.5%. This has been a turbulent period for financial markets with an inflation spike, rapid falls in asset prices, a sharp but highly concentrated recovery in equities, and a major reset in private equity valuations. Longer-term performance metrics remain strong but there is no denying this has been a tricky period for multi-asset portfolios.

Our £16.8 billion public equity and equity long short portfolio returned +13.0% (2023: +8.2%). This is a more than satisfactory return in absolute terms but trailed the broader market by a wide margin due to the highly concentrated nature of market returns. The strongest performance within this portfolio came from our indirectly managed public equities composite (outsourced actively managed long only funds) at +17.4% (2023: +10.5%).

The £2.8 billion absolute return composite again faced powerful currency headwinds given the underlying assets are mostly USD denominated, and typically hedged back to USD. The portfolio delivered a +10.6% USD return, which translated to +0.7% in GBP (2023: +0.5%). This group of funds exhibits low volatility and low correlation to equity markets, which is particularly valuable as a diversifier in more difficult years.

Our £12.6 billion private equity (PE) portfolio was down -2.6% in GBP over the year (2023: -10.4%), reflecting an uplift of +7.0% in USD as valuations stabilised and began slowly to recover. PE valuations peaked at the end of 2021, which marked the end of a very frothy period. They have been adjusting to more realistic levels since but, with the strong recovery in public equity markets since Q4 2022, PE valuations no longer seem stretched. Capital calls and distributions have both continued to be muted, although recently venture capital (VC) calls have picked up in response to AI opportunities. The more constrained market environment has presented opportunities for us to deploy capital into interesting co-investments, which should set the portfolio up well for future returns.

Figure 3 Volatility (standard deviation) of returns (%)



Trailing 3-year volatility based on monthly data.
GBP used to 30 September 2009. Blended GBP/USD used from 1 October 2009.

The valuation of our £3.3 billion property portfolio is flat this year, with income helping to produce a return of +1.2%. We have been actively investing to upgrade our portfolio but the whole property market continues

to absorb the impact of higher interest rates, which has led the independent valuers to push up capitalisation rates. As valuations have fallen, we have found opportunities to make important strategic acquisitions at both Premier

Marinas and Urban&Civic as well as continuing with organic investment. There have also been opportunities to add strategically to the South Kensington portfolio at attractive yields. The Wellcome Genome Campus expansion project has moved forward considerably and is on track for the first phase to complete in 2026-7.

In our overlay book (cash management, derivatives, and liabilities arising from the bonds we have issued), cash levels have continued to be higher than usual as we continue to sell lower conviction assets while the PE portfolio has been less cash flow negative than expected. However, falling inflation has meant that the real return on short-term deposits has been well above historical norms, which has reduced the opportunity cost of cash positions. The valuations of our bonds have risen slightly over the year, which has been a minor drag on portfolio net asset value. All these bonds will revert to par value eventually but given the long weighted average maturity, the impact will be spread over a long period unless there are dramatic moves in interest rates. The appreciation in GBP has been a headwind for our net asset value, but a tailwind for our portfolio of foreign exchange hedges, which have produced useful realised and unrealised cash gains.

Outlook

The fall in inflation in most developed economies has given central banks space to start cutting interest rates, even if inflation remains above the 2% target in many economies. That said, the impact of a period of higher rates is still feeding through economies, leaving considerable uncertainty about the future growth outlook. Long-term interest rates have also started to adjust downwards. However, governments continue to run unfunded deficits that can only be covered through large scale bond issuance in the absence of fiscal tightening, so there is likely to be limited downside in yields in the absence of a deep recession. Current bond yields only look high in the context of the period since the Global Financial Crisis.

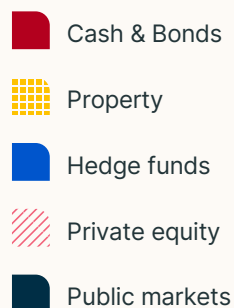
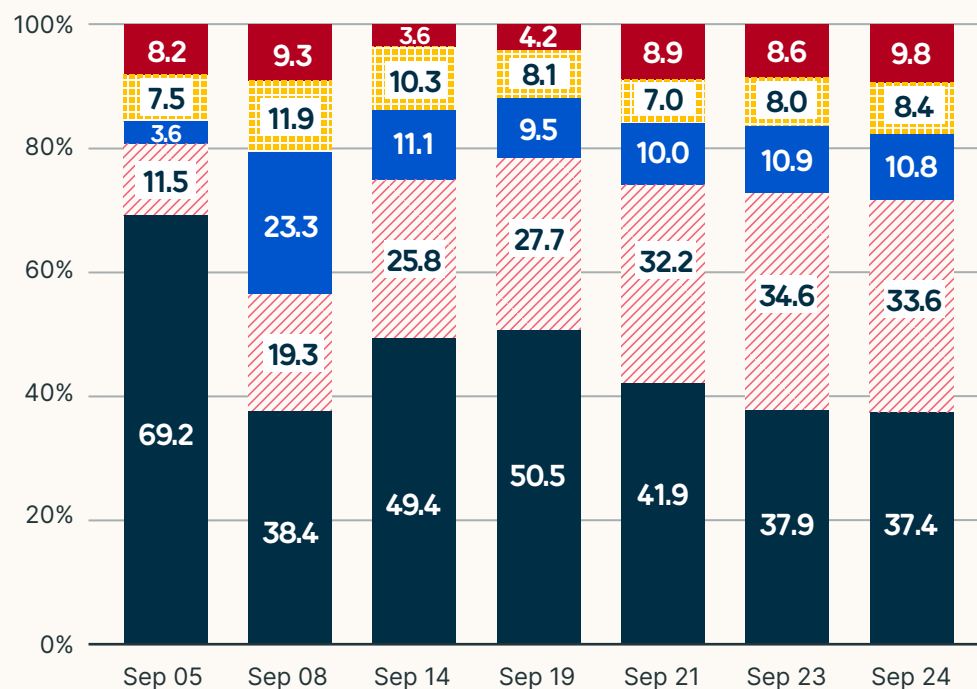
High-profile political events, including general elections in the US and UK, have exacerbated economic uncertainty and will inevitably have constrained investment and big-ticket consumer decisions. Geopolitical tensions have become a constant factor for financial markets to consider, while the resulting shift in global supply chains is unlikely to improve efficiency or returns on capital, even if it makes strategic sense. Potential US tariff increases, which could lead to wider trade wars, add risk to global economic conditions.

Rapid recoveries in US equity markets have left markets there looking stretched, while valuations elsewhere look more comfortable in a historical context. In part, the explanation lies in superior US earnings growth over the cycle and the dynamic nature of the US corporate sector, which has enabled constant technological and financial innovation. There is no reason to think that this structural advantage will change. Nonetheless, if the gap between US growth and the rest of the world starts to look less convincing, assets outside the US could prove more resilient on a cyclical basis. The dollar has benefited from constant inflows to US equity markets, so could also be vulnerable to any change in sentiment.

Private assets have lagged those in public markets for the last two years, which is unsurprising given the frothy conditions in PE, and especially VC, in 2020-21. Rising interest rates have also changed the economics of debt financed PE investments. Removing some of the air from the PE bubble is positive from our perspective, as it should make the asset class less attractive to investors without the appropriate appetite for illiquidity. Over the longer term, we are confident that returns will justify the illiquidity and lack of control. In the shorter term, the cash flows in our PE portfolio are unlikely to turn positive until the IPO route to public listings has fully opened. Even then, there is a large backlog of VC and PE backed companies waiting to list, so the logjam will take time to clear.

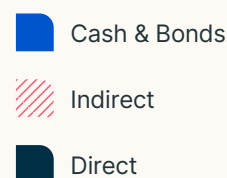
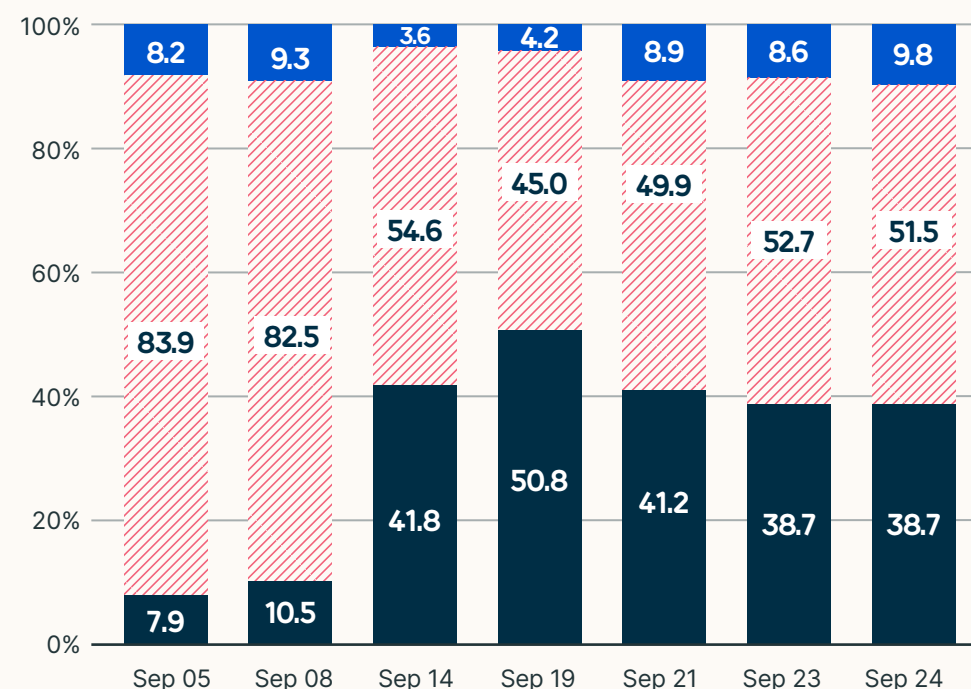
We have been pruning lower conviction holdings consistently since at least 2020, which has contributed to the accumulation of cash in the portfolio. We do not see this as a permanent feature, as yields on cash will not be sufficient over the long term to deliver our required return. One of the key advantages of unconstrained long-term global investors like Wellcome is that we can use our time horizon so that volatility becomes our friend rather than our enemy, enabling us to add attractive assets when prices fall. There have been few opportunities to do this recently, but we are ready when they do arise. In the meantime, we will continue to back the best partners and to manage our cash flow profile carefully to ensure that there is never any pressure to sell good assets at bad prices to fund the mission.

Figure 4 Evolution of asset allocation (%)



The percentages exclude foreign exchange overlays and derivatives. Public markets include public equities, equity index and commodity futures and options. In addition to 1, 3, 5 and 10 year comparatives shown above, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 5 Evolution of asset allocation, directly and indirectly managed (%)



The percentages exclude foreign exchange overlays. Directly managed includes ETFs (when held), and all equity and commodity derivatives. In addition to 1, 3, 5 and 10 year comparatives shown above, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 6 Investment asset allocation as of 30 September 2024

	2024 £mn	2023 £mn	2024 %	2023 %	One year return to Sep 2024 %	One year return to Sep 2023 %
Cash & Bonds	3,865	3,328	9.8	8.6	1.3	1.5
Public equity & Equity long/short hedge funds	16,785	16,622	42.6	43.1	13.0	8.2
Public equity	14,726	14,618	37.4	37.9	13.6	9.7
Directly managed public equity	9,790	9,734	24.9	25.2	11.6	9.3
Global compounders basket	9,120	9,171	23.2	23.8	10.3	9.6
Other	670	563	1.7	1.4		
Indirectly managed public equity	4,936	4,884	12.5	12.7	17.4	10.5
Equity long/short hedge funds	2,059	2,004	5.2	5.2	8.4	(2.0)
Absolute return	2,815	2,758	7.1	7.2	0.7	0.5
Absolute return hedge funds	2,200	2,222	5.6	5.8	1.0	1.2
Other absolute return funds	615	536	1.5	1.4	(0.8)	0.2
Private equity	12,639	12,805	32.0	33.2	(2.6)	(10.4)
Buyout funds	3,945	4,022	10.0	10.4	(3.4)	(2.0)
Venture funds	6,572	6,660	16.7	17.3	(4.3)	(16.6)
Direct private	167	254	0.4	0.7	(22.2)	2.7
Private co-investments	1,955	1,869	4.9	4.8	8.3	(1.5)
Property & Infrastructure	3,318	3,074	8.4	8.0	1.2	(2.6)
Net overlay assets	38	(25)	0.1	(0.1)		
Total investment portfolio value gross of bond liabilities	39,460	38,562	100.0	100.0	5.4	0.7
Bond liabilities	(1,896)	(1,791)	(4.8)	(4.6)	10.0	(4.2)
Total investment portfolio value	37,564	36,771	95.2	95.4	5.2	0.9

Performance figures provided from custodian where available. Asset class performance figures are not additive.

Since September 2017, equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total investment portfolio value' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

Figure 7 Public equity and Equity long/short net returns (%)
Period to 30 September 2024

	Annualised return in GBP (%)				
	1 year	3 years	5 years	10 years	Since Sept 2008
Directly managed public equity	11.6	3.0	6.5	9.8	11.7
Global compounders basket	10.3	4.3			
Indirectly managed public equity	17.4	1.8	7.6	9.1	10.0
Public equity	13.6	2.8	6.8	9.6	10.4
Equity long/short hedge funds	8.4	(2.7)	5.1	8.2	9.2
Public equity & Equity long/short hedge funds	13.0				
MSCI AC World	20.4	8.8	10.8	12.0	11.5

In addition to 1, 3, 5 and 10 year comparatives shown above, returns since Sept 2008 are included to highlight the performance since a large portion of the public equity exposure has been directly managed (see Figure 5 for Evolution of asset allocation, directly and indirectly managed).

Figure 8 Top 10 direct public equity holdings
As of 30 September 2024

Rank 2024	Rank 2023		Total value £mn	Total value US\$m	Return on cost GBP (Inception dates differ)
1	1	Amazon	495	663	1.8x
2	4	Visa	493	662	1.5x
3	7	Apple	488	654	21.2x
4	3	Microsoft	483	647	10.6x
5	5	Alphabet	448	601	11.0x
6	6	HDFC Bank	432	580	1.6x
7	2	Nestle	428	574	1.9x
8	9	Linde	399	536	1.8x
9	12	Berkshire Hathaway	362	485	4.7x
10	8	Novartis	352	472	2.4x
			4,380	5,874	

Top ten direct public equity holdings represent 29.7% of total public equities.

Internally calculated returns on costs to September 2024 do not include performance while held as private companies, where applicable.

Public equity

During our financial year, global equity markets (MSCI ACWI) delivered a total return of +20.4% in GBP (+32.3% in USD), well ahead of our expectations (and those of most observers) at the start of the period. As in the previous year, the rally was broad-based across major developed markets. In the USA, the S&P 500 benchmark was up +24.1% (total returns in GBP, as are all the index returns that follow) while the tech-heavy NASDAQ rose +26.2%. In Europe, the Eurostoxx 50 returned +18.6% and the FTSE 100 +12.4%. In Japan, the Topix rose +10.7%. Developed markets performed better than emerging markets, which suffered from another year of weak equity returns from China (despite a sharp bounce in September) and currency weakness in Latin America.

The dominance of the USA in global equity indices and the concentration of returns within a relatively small group of stocks within US markets has reached levels not seen since the era of the 'nifty fifty' in the late 1960s and early 1970s. The USA currently accounts for well over 60% of the market capitalisation of MSCI ACWI, but just 26% of global GDP, much lower than in the 1960s, when the US accounted for as much as 40% of global GDP. The 'Magnificent 7' stocks, comprising the largest technology shares, rose around twice as much as the S&P 500, which created a strong headwind for all active managers.

Equity market volatility remained subdued for most of the year, except for a dramatic but short spike in early August, caused by a disorderly appreciation of the Japanese yen, which temporarily spooked all markets. The VIX Index of the expected volatility of the S&P 500 started and ended the year slightly below the average level of the past decade. While market volatility has been stable, the measured volatility of our portfolio has fallen sharply (Figure 3), largely due to much lower volatility in PE valuations.

We believe that public equity investments should be the default liquid asset in an unconstrained global portfolio such as ours. The long-term returns from global equities have historically been high enough over very long periods to meet our return thresholds and the inflation protection characteristics of equities are attractive in a world of fiat currencies. However, shorter-term performance can be extremely volatile, which can lead to challenging periods in an equity heavy portfolio.

The return on our public equity and equity long short composite was +13.0% (Figure 7, 2023: +8.2%), well above the return required for us to maintain the real value of the portfolio. Within this, our long only public equity composite returned +13.6% (2023: +9.7%) and our equity long short hedge funds returned +8.4% (2023: -2.0%). Our focus is always on absolute not relative returns. However, we are acutely aware that over recent years,

a passive strategy would have provided a superior return to our actively managed portfolio. The unfortunate fact is that neither our internally managed portfolio of public equities nor our external managers as a group have kept pace with MSCI ACWI since 2020.

We have long had plenty of exposure to large technology companies (Figure 8), several of which we have owned since we first started investing in equities directly in 2008. However, we have become increasingly wary of the size of this exposure as valuations have become more stretched. We have therefore been consistently reducing our holdings as markets have risen. This resulted in overall exposure to public equities decreasing slightly to 37.4% over the year (Figure 4), despite returns to liquid assets outpacing those on our private portfolio.

One of the virtues of owning companies directly is that it enables us to have meaningful engagement with management teams and boards about issues that might affect their licence to operate. Engagement is one of the key reasons why we prefer active to passive management and is something the team takes seriously across the whole portfolio, not just in public equities. Figure 8 shows our largest direct public equity holdings – a complete list of the companies we own directly is available to view on our website, as are details of our approach to responsible investment and stewardship. £9.8 billion or 58% of the equity and equity long short composite

is internally managed and last year delivered a +11.6% return (2023: +9.3%). The proportion of total portfolio assets managed in-house remained roughly flat over the year (Figure 5).

The largest internally managed portfolio is the £9.1 billion Global Compounders Basket (GCB), which is a concentrated portfolio of large cap global stocks, designed to deliver strong long-term absolute returns by investing in businesses with secular tailwinds. It is, by design, diversified across different themes such as e-commerce and electronic payments, cloud computing, steady growth consumer staples and healthcare companies, and financial inclusion in emerging markets. Short-term performance issues have led us to overhaul our research and portfolio management processes, which has led to us exiting some lower conviction positions, but we have not lost sight of the long-term nature of this portfolio. Since we started investing directly in public equities in September 2008, our internal portfolios have compounded at +11.7%, slightly ahead of global equities. Nearly 40% of the companies held in the GCB at year-end have been held in the portfolio since September 2008. We have added no new stocks this year.

After the GCB, the next largest group of directly owned positions are co-investments that were made as private companies and that we continue to hold once they have gone public. The largest of these are USA-based food delivery companies DoorDash and Instacart, both of which performed

strongly over the year. Our private co-investments have seen considerable growth in recent years, so this part of the portfolio could see new additions when the IPO market returns to normal levels of activity. We are generally indifferent as to whether we hold positions as private or public companies, although we look for a return premium for the inherent illiquidity of private equity. Our other

directly held position is UK-listed life sciences company Syncona, which has had another poor year in share price terms and remains at a deep discount to its net asset value.

Our £4.9 billion portfolio of outsourced equity managers had a better year, returning +17.4% (2023: +10.5%). There was a wide range of outcomes, reflecting the varied asset classes in

which these managers invest. Our best performing manager, a UK small cap specialist, returned +25%, one of four managers with returns above +20%. One manager delivered flat returns over the year and is no longer part of the portfolio after an extended period of poor performance and organisational issues.

Figure 9a Illiquid asset net returns (GBP) (%)
Period to 30 September 2024

	Annualised return in GBP (%)			
	1 years	3 years	5 years	10 years
Absolute return hedge funds	1.0	11.0	9.7	8.9
Other absolute return funds	(0.8)			
Absolute return	0.7			
Buyout funds	(3.4)	3.9	7.9	11.2
Venture funds	(4.3)	(5.9)	13.9	19.6
Direct Private	(22.2)	4.5	38.5	16.7
Private co-investments	8.3	0.2	27.0	25.2
Private equity	(2.6)	(2.0)	12.8	15.0
Non-residential property	1.9	2.8	9.8	9.3
Residential property	(0.3)	3.3	2.7	2.3
Property & Infrastructure	1.2	3.0	6.8	6.0
MSCI AC World	20.4	8.8	10.8	12.0

Figure 9b Illiquid asset net returns (USD) (%)
Period to 30 September 2024

	Annualised return in USD (%)			
	1 years	3 years	5 years	10 years
Absolute return hedge funds	11.0	10.8	11.6	6.9
Other absolute return funds	9.0			
Absolute return	10.6			
Buyout funds	6.1	3.8	9.4	8.9
Venture funds	5.1	(6.0)	15.9	17.3
Direct Private	(14.5)	4.3	40.8	14.5
Private co-investments	19.1	(0.0)	29.2	22.8
Private equity	7.0	(2.2)	14.8	12.9
Non-residential property	12.0	2.6	11.7	7.2
Residential property	9.6	3.1	4.4	0.4
Property & Infrastructure	11.2	2.9	8.7	4.0
MSCI AC World	32.3	8.6	12.7	9.9

The strength of sterling presented a strong headwind to the equity long short portfolio, which is dollar denominated and overwhelmingly invested in US stocks. This group of managers had a decent year but did not keep up with long only positions. There was a tighter spread of outcomes than in recent years, with six managers producing returns above +20% in USD. The only significant position not to deliver double digit USD percentage returns was one of two legacy positions that are in run off mode as the mandates have been terminated. This portfolio returned +8.4% in GBP (2023: -2.0%).

Absolute return

The role of absolute return funds in the portfolio is to deliver a reliable stream of USD returns from a range of sources, with low correlation to equity markets. Typically, this £2.8 billion group of funds will have exposure to fundamental equity market neutral, credit, event driven, commodities, fixed income, and activist positions. Our broad expectation for this group of funds is a high single-digit USD return over the long term, delivered with a high degree of consistency. We therefore would not expect them to be top of our performance tables except in years of negative returns to equity markets such as 2022. It is always helpful to have some assets that point in different directions, even in a portfolio that is deliberately dominated by real assets.

Following a team reorganisation during the year, our absolute return hedge funds are managed by the same Active Manager Selection Team that now looks after our outsourced long only managers and equity long short managers. The aim is to produce a consistent long-term return that at least matches our overall return hurdle net of all fees. In practice, we look for a premium to the 4% real overall target return to compensate for illiquid hedge fund structures where we have no control over decision making.

Over the year, the absolute return portfolio produced an +10.6% USD return, which translated into +0.7% in GBP (2023: +0.5%). There was a relatively tight range of outcomes ranging from mid-single digits to mid-teens in USD. GBP strength was a powerful headwind over the year, but over the past three years, a period when currency movements have cancelled each other out, our absolute return hedge funds have returned around +11% a year in both GBP and USD, with the best performing fund delivering over +20% a year.

Private equity

Private equity (PE) forms an important part of our portfolio, comprising £12.6 billion, or 32% of our gross assets. There are three components to this exposure. Venture capital funds (VC) aim to access, at the earliest possible stage of development, novel business models and disruptive technologies or therapies that have the potential to produce outsized returns. Buyout funds seek to generate returns above those available in public markets by managing businesses away from short-term pressures imposed by public markets, making bolt-on acquisitions to build platform companies, and appropriate use of leverage. Our direct private portfolio seeks to take on concentrated or single asset positions, predominantly as co-investments alongside our most trusted investment partners.

PE has been an important driver of long-term returns (Figures 9a and 9b). However, over the past two years, returns from PE have significantly lagged those available in public markets as frothy PE valuations from the 2020-21 period have adjusted downwards. Public and private equity are simply different ways of accessing underlying corporate earnings so, over the long term, both are subject to the same economic forces that drive corporate profitability. However, while the prices of public equities change rapidly with market sentiment and liquidity flows, PE valuations are

typically only adjusted quarterly, based on recent transactions, public market comparisons, and business fundamentals. There are therefore long lags and the success or otherwise of any individual PE investment is only ever really known once it has been realised.

The flurry of excitement around PE witnessed in recent years has now subsided, and activity is currently very muted in terms of new investments, realisation of old investments and new fund-raising. We view this correction as very healthy for the long term in that much of the capital attracted into PE during this period of inflated expectations was probably not well suited to the illiquidity that is inherent in the asset class. It can take many years to realise PE investments, especially investments in early-stage VC funds, which can easily remain in portfolios for 20 years. This timeframe puts the annual performance figures in Figures 9a and 9b into their proper context.

It is more meaningful to consider PE performance through the lens of multiples of invested capital and realisations, which is presented in Figure 10. The multiple achieved on all PE funds from before 2017 (having completed their investment periods) is 2.0x. Over the life of our investment in PE, which dates back over 25 years, both VC and buyout funds have distributed back to us substantially more than the total we have invested, while over £10 billion of net asset value remains. VC funds have

achieved 2.2x returns (including very young and immature funds) while buyout funds have so far delivered 1.5x. PE investing has therefore been highly rewarding over the years, but it requires patience and staying power.

Over the past decade, our VC funds have delivered annualised returns approaching +20% despite being an average of nearly -15% a year behind public equities for the past three years. Our preference has always been to invest in VC at as early a stage as possible. This is because the greatest optionality comes from investing with great partners in innovation at a point where significant stakes are obtainable in potential category killers for a relatively modest investment. This combination is difficult to find but provides the greatest chance of financial outcomes that can make a real difference. It is also the stage in company formation where there is the highest likelihood of company failure, which is a fact of life in VC. However, we are fortunate to have a group of VC partners who have a proven track record of building world-class companies and thereby producing excellent net returns for investors. It is not for the faint-hearted but has been a powerful driver of Wellcome's growth over many years. This asset class, more than any other, has shown persistence of returns for the very best managers, which means that building and maintaining relationships with those managers over many years is the key to success.

Returns from our stable of buyout funds have not exceeded those from public markets over the past decade, which is disappointing but, in part, reflects the weighting towards relatively large commitments made in recent years that have yet to mature and deliver value. Our focus has historically been on larger buyout funds that have sufficient capacity to accept large enough cheque sizes to make a difference to our portfolio. However, the team has recently made significant efforts to cast the net slightly more widely and build up relationships with somewhat smaller, more nimble managers. The tendency of large buyout managers to list themselves on public markets has not generally been a welcome development as it creates different incentives – public market valuations are highest for predictable income streams from management fees, driven by bigger, more diversified fund offerings. The best investment outcomes have tended to come from more focused managers whose financial objective is to maximise carry (performance fees from successful investments) rather than management fees.

Our direct private investments have delivered a healthy premium to PE fund returns, driven by our growing book of co-investments. As the PE market has become tougher in recent years, many more recent investors have become reticent about making new commitments. Difficulties raising

new funds and more expensive debt have also changed the dynamics of deals, creating the need for larger equity cheques from smaller funds. This has created an opportunity for investors like Wellcome, who have preserved their liquidity and have the necessary appetite for illiquidity, to increase direct participation in PE through co-investments. At the end of September, we had grown our private co-investment portfolio to £2.0 billion, more than double its size five years previously. This exposure is spread across more than 50 deals, all but four of which remain private, providing significant potential for future returns.

The portfolio of direct private investments made without a co-investment partner has been shrinking by design in recent years, and at £167 million is now only just over half its size five years ago. These investments have made good financial returns over the past decade, with annualised returns of +16.7% driven largely by a few substantial winners such as biotech company Kymab (now owned by Sanofi). However, this is a hugely resource intensive business and we do not have the scale to pursue this type of investment strategy in a systematic way with sufficient confidence in being able to repeat this success. As the portfolio has become more concentrated, outcomes become more binary: the -22.2% markdown in 2024 (2023: +2.7%) was driven by a valuation markdown in a single legacy investment.

Property, infrastructure and asset-backed operating companies

Wellcome invests in property to generate equity-like long-term returns with less cyclical, resilient cash flow generation and strong inflation protection. Property can also offer optionality from development on a multi-decade view for patient investors with a sufficiently extended time horizon. Investments in high-quality property assets with little or no leverage carry a very low risk of permanent loss of capital. It is the only asset class in our portfolio where we have a strong home country bias, given the resources required to manage physical property – all our directly owned property is in the UK.

The effect of more realistic interest rates in the UK is still feeding through the property market, as are repeated shocks from Brexit, e-commerce, and changes in working patterns that have been accelerated by Covid-19. The overall portfolio delivered a small positive return of +1.2% over the year (2023: -2.6%). Over the past decade, returns have been better, although relatively weak outcomes from our residential portfolio have capped the overall performance at +6.0% a year.

The return on our residential property was -0.3% (2023: -0.8%) although underlying operating performance of our rental portfolio, and in particular

Figure 10 Private equity fund net returns (multiples)
Inception to 30 September 2024

	Drawn (£mn)	Realised (£mn)	Net Asset Value (£mn)	Total Value to Drawn
Buyouts	8,912	9,865	3,945	1.5x
Venture	6,034	6,657	6,572	2.2x
All Private equity funds <=2018	10,408	16,009	5,292	2.0x
All Private equity funds >=2019	4,538	513	5,225	1.3x
All Private equity funds total	14,946	16,522	10,517	1.8x

Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2018 and earlier have generally finished their investment period.

the South Kensington Estate that forms the largest part of our residential exposure, has been very strong. Rental growth has been good, and voids are extremely low. However, super-prime London residential property has been held back by the impact of Brexit (large numbers of overseas residents), political uncertainty and, more recently, the potential impact of changes in the tax rules surrounding non-domiciled UK residents.

Residential valuations are largely a function of market evidence, and appetite from buyers has been weak.

Ironically, we have ourselves provided some evidence to valuers of weak prices by buying strategically placed properties at attractive rental yields to add to the portfolio. In the long term, the South Kensington Estate is an irreplaceable asset that remains a core holding in the portfolio, despite short-term weakness. We continue to invest to improve the estate and are currently undertaking a major office redevelopment scheme in Pelham Street.

Our non-residential property returned +1.9% over the year (2023: -3.8%),

reflecting widely varying changes in the valuation of different assets. Operating performance at Premier Marinas has been on budget with strong underlying cash flows. We have continued with both development work and new acquisitions that have made Premier the leading marina business in the UK. It is also now Europe's largest undercover dry stack operator following the acquisition of Trafalgar Wharf. Urban&Civic also made an important and keenly priced acquisition during the year in the form of L&Q Estates, which has augmented Urban&Civic's strategic land

development capability and given critical mass to the land promotion division. U&C is well placed to benefit from the new UK government's focus on large-scale housing developments.

A major focus of the team this year has been on the expansion project at the Wellcome Genome Campus in Cambridgeshire. This will triple the size of existing scientific facilities and provide housing with priority access for campus staff and ancillary facilities. We have formed a new 100% subsidiary group to manage the campus, including both the existing site, home to the world-renowned Wellcome Sanger Institute and European Bioinformatics Institute, and the expansion land. We have attracted a high-quality management team supported by a capable and experienced operations staff, who are now focused on delivering the project. Construction work is underway, and the first phase of the new project should be complete in 2026-27.

The combination of development work and new acquisitions has meant that our property portfolio has been cash flow negative. This has been a deliberate policy of investing heavily through a difficult period in the market when many other investors have been retrenching, with the objective of having the highest possible quality portfolio when the market eventually recovers.

Portfolio overlays, currency, regional and sectoral overview

The impact of currency movements has been to depress GBP returns over the past two years. This year, GBP continued its recovery against USD, rising from \$1.22 at the end of September 2023 to \$1.34, a +9.9% increase. As the currency has recovered, we have continued to reduce the size of the USD hedges we initiated in 2022, locking in meaningful cash gains in the process. At the end of the year, we still had currency hedges in place into GBP equivalent to just under 5% of gross assets. The effect of reducing hedges was that GBP exposure net of currency hedges stood at 17.3% at year-end, down from 19.8% in 2023 (Figure 11). USD exposure (including explicitly linked currencies) increased to 64.0% (2023: 57.8%) partly due to reduced hedges but also due to meaningful outperformance from US investments.

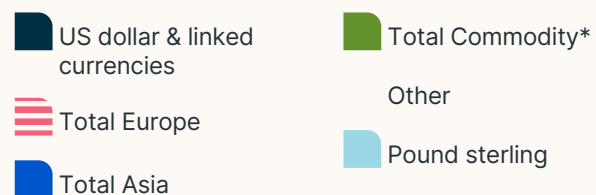
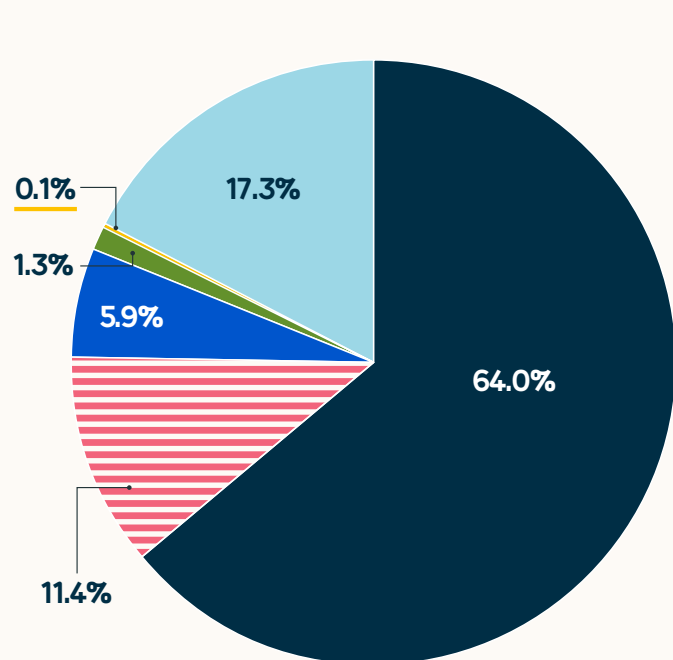
Asian currency exposure has reduced significantly from 10.3% in 2023 to 5.9% due to a combination of asset sales, underperformance and new hedges implemented during the year into GBP from the offshore Chinese yuan. Exposure to Asian public and private equities has also been reduced to 14% of total equity exposure (2023: 17%) through asset sales and poor performance. Our broad equity portfolio remains heavily weighted to the USA despite reductions in positions in US technology shares through the year.

Cash management has been an important focus due to the increased size of our cash holdings at 9.8% (Figure 4, 2023: 8.6%) and the scale of the interest income available. We appointed a second cash manager during the year and have been enjoying real yields after inflation of up to 3% in both GBP and USD, which are the currencies in which we hold most of our cash deposits. The short-dated US and UK government bonds in which we invested last year at attractive rates relative to cash have largely now expired and a similar opportunity does not currently exist, so the proceeds have been added to our regular cash deposits.

We did not use any equity futures or options during the year in our overlay book. Public equity exposure (including equity long short) remains in the lower half of our internal ranges, which we continue to believe is appropriate given our substantial private equity exposure and the aggressive market recovery since 2022.

The market value of our bond liabilities increased this year to just under £1.9 billion (2023: £1.8 billion) due to slightly lower prevailing long-dated interest rates. All these bonds will eventually be repaid at face value so there will be a drag on net asset value from current levels. However, given the long duration of most of our bonds, this will be spread over many years. We did not issue any new debt or repay any maturing bonds during the year – our next bond expiry is not until 2027.

Figure 11 Currency allocation
(net of currency forwards)
As of 30 September 2024



*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US dollar.

Figure 12 Public and private equity
regional exposure
As of 30 September 2024

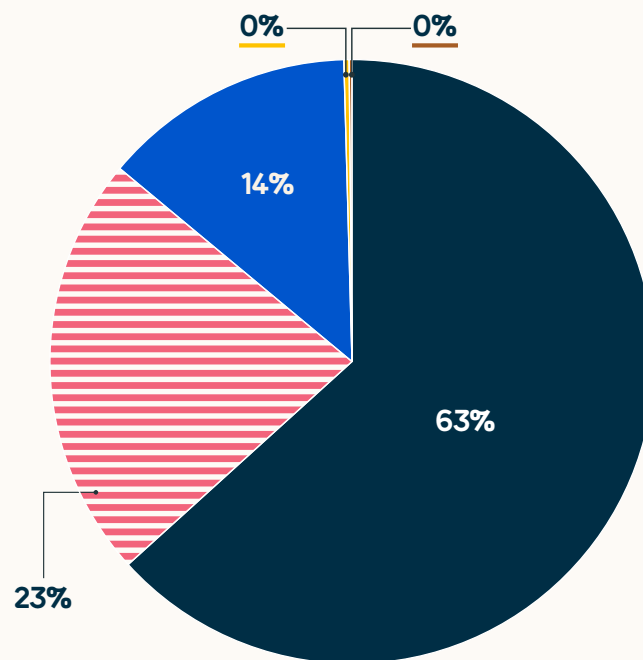
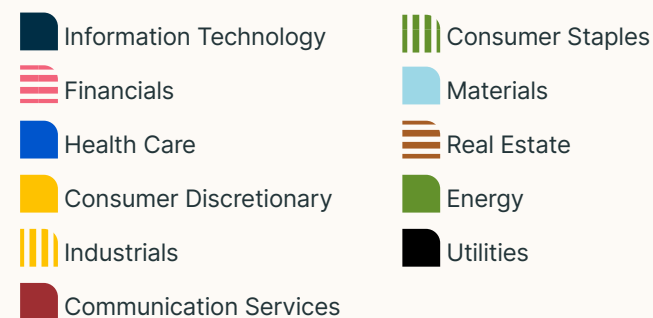
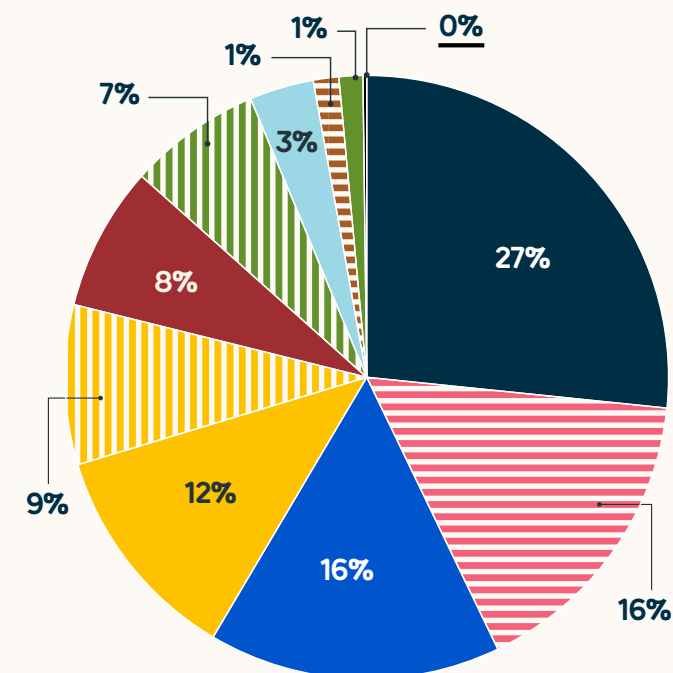


Figure 13 Public and private equity
sectoral exposure
As of 30 September 2024



Investments net zero strategy - progress report

This past financial year has been a turbulent period for global progress on the transition to a lower carbon economy. After initial momentum seen with target-setting in 2021 and 2022, companies are now working through the real-world operational complexities and financial implications of decarbonisation.

Our net zero approach remains unchanged, and we are focused on working with the managers of our assets to strengthen their resilience in the face of climate risks. Decarbonisation is a multi-decade process, and progress year-on-year will be hard-fought.

We have maintained our approach of encouraging our assets to align themselves to a 1.5-degree scenario, which we see as important for their long-term resilience and ability to protect returns over the coming decades. Engagement remains our focus, where we communicate our views with the managers of our assets, while ensuring that we listen to their needs and concerns to create a productive dialogue.

Our bottom-up method of measuring the percentage of Gross Asset Value

with net zero targets is a proxy to track the forward-looking trajectory of the portfolio, and highlights where areas of potential risk may arise. This approach allows us to concentrate our efforts on companies that are yet to set targets or, where they have been unable to get their targets validated, to help us assess the level of conviction in their ability to navigate climate change risks.

The proportion of the portfolio covered by a net zero target continues to grow year-on-year. We currently only count targets for our public equity and property assets due to data challenges elsewhere in the portfolio; this year, 36% of portfolio Gross Asset Value is covered by a company-declared net zero target, up from 35%. This incremental increase is largely a function of public equity market strength this year (which contributes to most of the target coverage), and an

increase in value of certain property and public equities assets which have adopted or progressed their net zero target work.

The percentage of the portfolio with a near-term science-based target has remained flat, and we have seen a slight drop in the portfolio percentage covered by a net zero science-based target due to a couple of public equity companies we hold losing their science-based target net zero status over the past year. Science-based

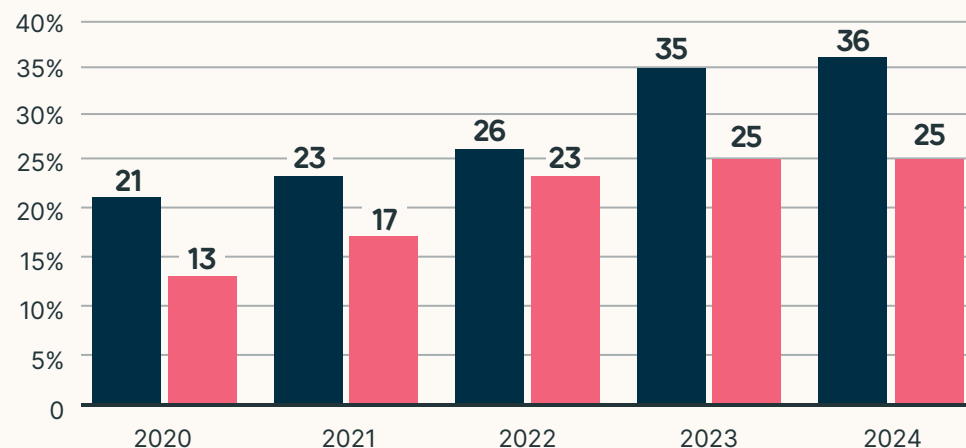
targets (SBTs) are aligned to the Paris Agreement goal of keeping the temperature rise to a maximum of 1.5°C above pre-industrial levels, and are verified by the Science Based Targets initiative (SBTi). We have engaged with these companies and have conviction that they remain steadfast in their commitment to decarbonise. This is an area we continue to monitor as best-practice debates evolve and as companies navigate the numerous challenges of long-term target setting.

36%

2023: 35%

Of portfolio Gross Asset Value is covered by a company-declared net zero target.

Gross assets with climate targets % gross assets (by value)



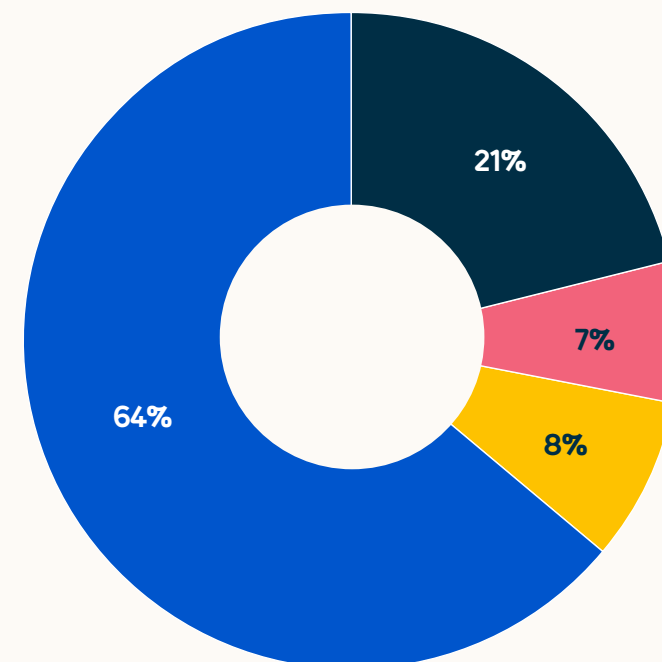
■ Company Net Zero commitment
■ Near-term science-based target

The majority of our directly owned, listed public equity companies have already set targets, as has a significant portion of the public equity company exposure we own indirectly. All property holdings within our control have also set targets. Our focus is now on assessing how companies are progressing versus their goals. In the private portfolio it is encouraging to see increasing numbers of Buyout portfolio companies and SMEs incorporate climate risk into their decision making, set targets and

consider how they can better align themselves to a 1.5-degree pathway.

Our expectations for smaller, private companies are different to those for larger, public companies due to variations in company size, maturity, resource capacity, and regulatory requirements. We continue to work with our private equity partners to learn how to best support underlying fund holdings and share best practice across the portfolio.

Company-reported net zero commitments % gross assets (by value)

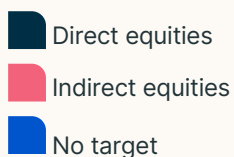
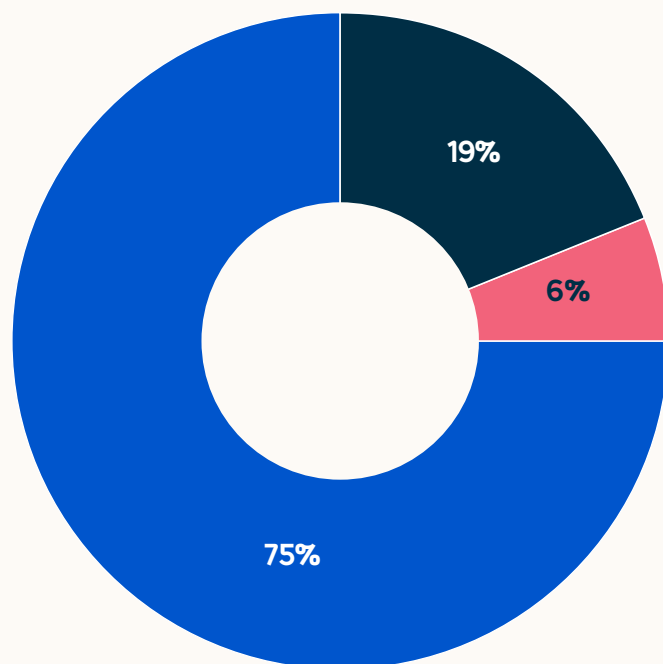


■ Direct equities
■ Indirect equities
■ Property
■ No commitment

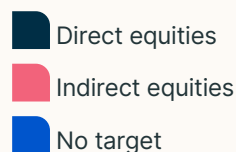
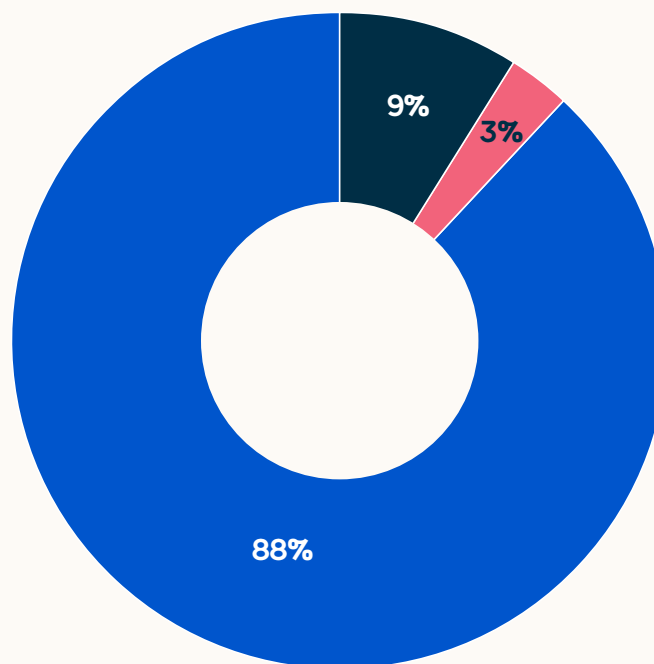
For science-based targets, we include those with targets set and verified by SBTi and those that have made a commitment to SBTi to set a science-based target

Certain information in the charts in this section is sourced from MSCI - see the disclaimer on [page 63](#).

Near-term SBTi targets
% gross assets (by value)



SBTi net zero targets
% gross assets (by value)



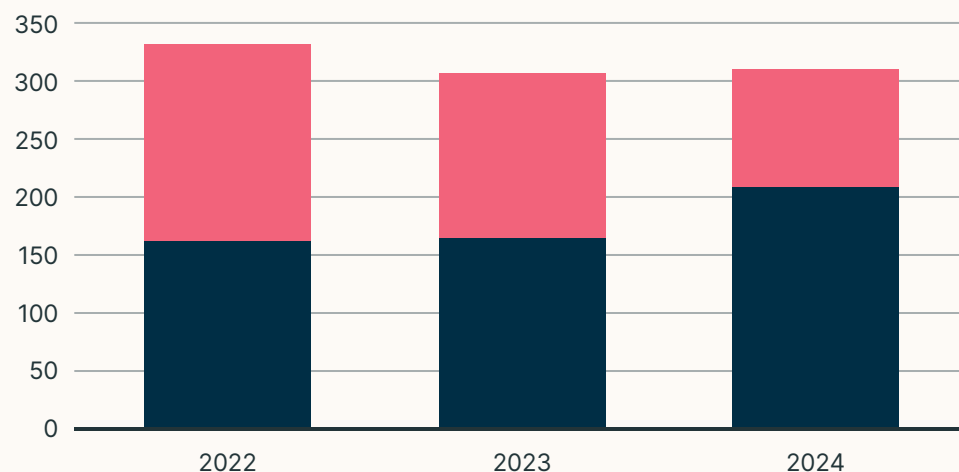
For science-based targets, we include those with targets set and verified by SBTi and those that have made a commitment to SBTi to set a science-based target.

We began a best-effort measurement of our carbon footprint in 2019, and publicly shared our net zero ambition in 2021. We view our carbon footprint as a proxy indicator and use it to help inform our engagement efforts regarding company energy transition plans. Emissions measurement continues to evolve, and it should be recognised that there are various carbon footprint measurement methodologies, and a high reliance on estimation.

Our methodology follows the Partnership for Carbon Accounting Financials adopted by MSCI. MSCI numbers may change modestly due to timing lags in carbon data reporting.

Carbon footprint reduction since 2019 has been largely driven by portfolio composition changes. Our public equity strategy has shifted towards more non-cyclical industries, and therefore away from often more carbon intensive cyclical companies. However, it is important to highlight that this does not directly equate to a real-world reduction in carbon emissions.

Public equities emissions - Scope 1 and 2 (ktCO₂e)

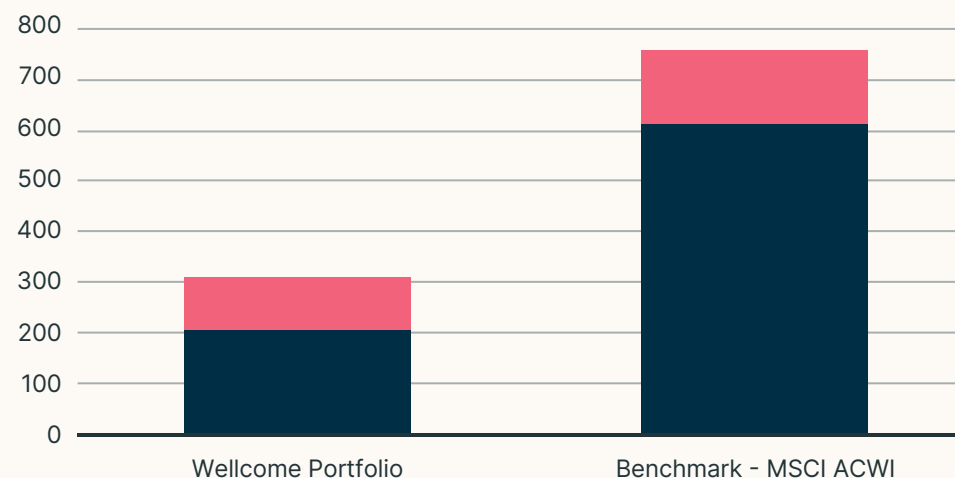


Scope 1 Scope 2

We continue to assess the levers that are available for our underlying companies and assets to reduce their emissions on an absolute basis and manage climate risks. These include greater adoption of renewable energy, improved energy efficiency capabilities, more widespread awareness of physical risks (e.g. water scarcity and land degradation) and increasing focus on supplier and customer engagement on net zero ambitions. A new area of focus is how the development of generative AI is

impacting portfolio emissions. AI model training and inference is highly energy and carbon intensive, and use of AI is encouraging greater data centre build out from hyperscalers. While this largely leads to an increase in Scope 3 emissions, which is not included in our carbon footprint measurement currently, we are actively assessing how relevant companies in the portfolio are thinking about the climate-related risks that come with the AI opportunity.

Public equities carbon footprint vs benchmark 2024 (ktCO₂e)



Scope 1 Scope 2

Carbon footprint data calculated using best available data at each financial year-end. Data adjusted to include estimations of uncovered positions. Methodology has changed from last year and now follows the Partnership for Carbon Accounting Financials.

Aside from individual company engagement, we have joined collective investor engagement initiatives. This year we were part of the 2023-2024 CDP Non-Disclosure Campaign, which sent requests for greater environmental disclosure to 1,998 high impact companies, and the 2023-2024 CDP Science-Based Targets Campaign, which asked over 2,100 companies to set science-based targets.

We have also maintained our commitment to sharing best practice and knowledge with our peers and are members of several asset owner groups focused on net zero, including the Institutional Investors Group on Climate Change, the Wellington Climate Leadership Coalition and other asset owner networks. We often leverage expertise within the IIGCC and continue to contribute towards working groups and discussion papers on climate change-related topics.

MSCI disclaimer

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Financial Review

Overview for the year ended 30 September 2024

	2024 £mn	2023 £mn	Change £mn
Investment activity			
Income	477	475	2
Expenditure	(173)	(171)	(2)
Investment gains/(losses)	1,559	(178)	1,737
	1,863	126	1,737
Charitable activity			
Income	92	67	25
Charitable expenditure before discounting and foreign exchange	(1,577)	(1,702)	125
Discounting of grant liability	53	146	(93)
Foreign exchange revaluation of grant liability	71	66	5
Expenditure on charitable activities	(1,453)	(1,490)	37
	(1,361)	(1,423)	62
Net income/(expenditure) before tax	502	(1,297)	1,799
Taxation	(39)	12	(51)
Gains on defined benefit pension schemes	27	142	(115)
Net movement in funds	490	(1,143)	1,633

Portfolio net returns, a key performance indicator (see page 156) measured in GBP only until 30 September 2009. Measured in blended GBP/USD from 1 October 2009

recognising the global nature of our portfolio (see Figures 11 and 12) and the need to maintain global purchasing power. Wellcome's functional currency remains sterling.

Charitable activity

Income from grants, programme-related investment activity and Wellcome Collection was £92 million (2023: £67 million), including grant and contract income received by the Wellcome Sanger Institute.

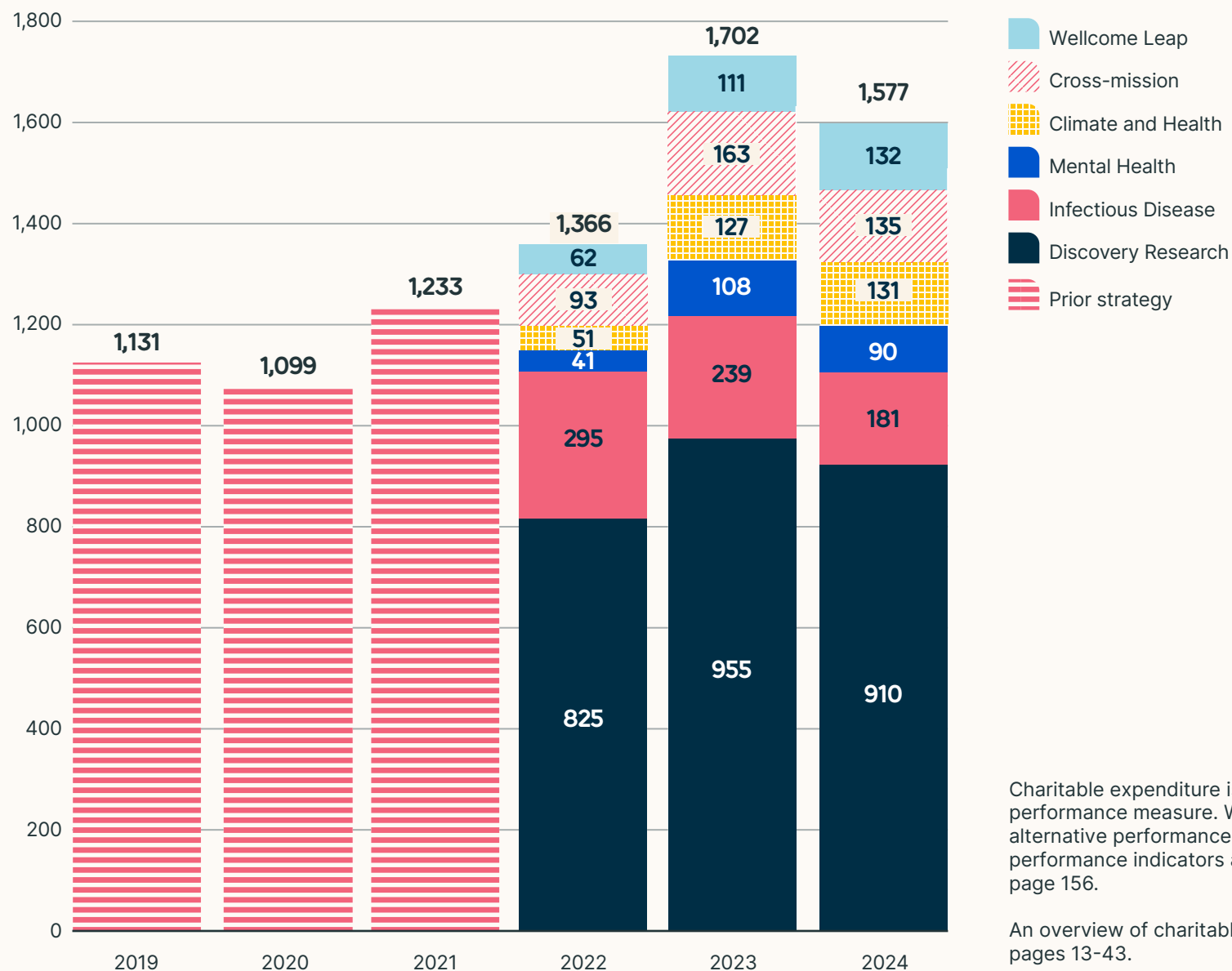
Charitable expenditure of £1,577 million (2023: £1,702 million) is lower than the previous year. This is due in part to the transition of leadership and in part to fewer major renewals of our largest funding commitments. It does not affect our plan to spend £16 billion on our mission between 2022 and 2032.

Investment activity

Our investment activity generated a net gain of £1,863 million (2023 £126 million).

Our portfolio returns this year are 5.2% in sterling (2023: 0.9%). Over the past 10 years, the portfolio has delivered a return +191% in sterling (2023: 220%). A full commentary is provided on [pages 44 to 58](#).

Figure 1 Total charitable expenditure (£mn)



Charitable expenditure is an alternative performance measure. Wellcome's alternative performance measures and key performance indicators are detailed on page 156.

An overview of charitable activities is on pages 13-43.

Discovery Research

We awarded £411 million (2023: £405 million) across the three Discovery Research funding schemes, providing researchers at different career stages with the resources to address challenging research questions.

During the year we funded multi-year strategic activities in the UK and other countries, including £36 million awarded to the European Bioinformatics Institute, with the aim of consolidating and maintaining currently funded resources and deepening our partnership. We also awarded £16 million in follow-on funding towards UK Biobank's core award.

Wellcome continues to support its world-leading genomics subsidiary, the Wellcome Sanger Institute, with £130 million in funded spend in the year, an increase of £6 million compared to last year (2023: £124 million).

Infectious Disease

In 2023/24, we made significant contributions to our goal to accelerate the discovery and development of impactful products, interventions, and strategies to combat infectious diseases. Among them, we funded £20 million to our joint CEPI-Wellcome funding call addressing barriers to discovery and validation of reliable correlates of protection. We also

funded £18 million to the University of Dundee for an anti-fungal early drug discovery programme, to deliver new pre-clinical anti-fungal drug candidates, as well as £9 million to the Drugs for Neglected Diseases Initiative for the development of novel treatments for visceral leishmaniasis.

We committed funds to better understand how infectious diseases emerge or escape control. Here, we funded £6 million to the International Severe Acute Respiratory and emerging Infection Consortium to enable the network to continue and expand their work as a global clinical research network. We also funded £13 million into a joint Gates Foundation-Wellcome funding call on strengthening health and disease modelling for public health decision making in Africa, to use modelling approaches to understand the impact of environmental change on vector-borne diseases and the implications for vector control. We funded £7 million to St George's University in collaboration with Wits University to fund a phase 2a trial exploring combination therapy for the treatment and prevention of antifungal-resistant candida infections.

We continue to support the strategic initiative CARB-X to fight drug-resistant infections and contributed £22 million this year, an increase of £2 million from prior year (2023: £20 million).

Mental Health

We awarded £14 million in a funding call focused on finding the right treatment, for the right people, at the right time for anxiety and depression.

We also ran a funding call worth £37 million aimed at understanding mechanisms underpinning how anxiety-related disorders develop, are maintained and resolve, with focus on multiple levels of explanation or elucidation of mechanisms in low- and middle-income countries.

Climate and Health

£67 million was spent on advancing novel tools, methods and approaches to build the global climate and health research field (2023: £32 million).

We funded £52 million on activities aimed at capturing quantitative data on the effects of climate change on human health (2023: £48 million).

Less was spent on research into the health benefits of mitigation - £4 million in the current year (2023: £19 million) - as activities were largely moved to the next financial year.

Cross-mission

We undertake several activities that contribute to our mission as a whole. These include broad themes such as research environments, data, policy and advocacy, and translational work, as well as our Snakebites programme. These activities received a combined amount of £151 million, (2023: £141 million).

This year, we spent £20 million on Wellcome Collection, our free museum and library (2023: £22 million).

Wellcome Leap

Wellcome Leap funds programmes that aim to deliver breakthroughs in human health over 5 to 10 years, with spending of £124 million this year, an increase of £13 million on prior year (2023: £111 million).

Total charitable expenditure includes allocated support costs of £116 million (2023: £119 million).

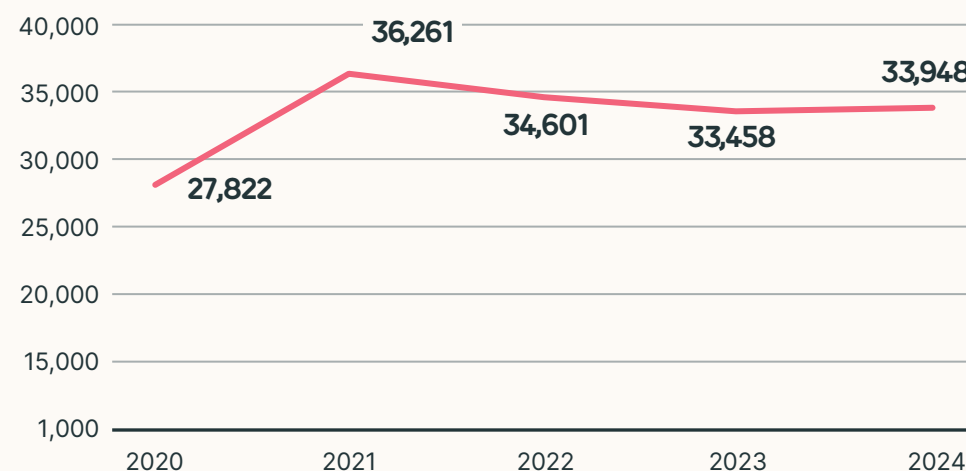
Figure 2 Total funds
at 30 September 2024

	2024 £mn	2023 £mn	Change £mn
Fixed assets	408	405	3
Investment assets	39,780	39,312	468
Net current liabilities	(1,070)	(1,374)	304
Long-term liabilities	(5,170)	(4,885)	(285)
Total funds	33,948	33,458	490

Charitable activity

Income from grants, programme-related investment activity and Wellcome Collection was £92 million (2023: £67 million), including grant and contract income received by the Wellcome Sanger Institute.

Figure 3 Total funds (£mn)
at 30 September 2020 to 2024



Macroeconomic factors

Prevailing inflation rates eased during the year (UK one-year CPI: 1.7%), leading to central banks starting to reduce interest rates. This has impacted the valuations of Wellcome's investment assets as detailed in note 2.

Sterling continued to strengthen against the US dollar during the year, affecting the investment valuations of overseas assets and continuing to reduce the cost of Wellcome's overseas grant funding.

Going concern and viability

The Board of Governors has reviewed the going concern assessment and concluded that Wellcome and its subsidiaries have adequate resources to continue to operate and to meet any commitments as they fall due for at least 12 months from the date of approval of this report.

The Board has reviewed the viability assessment of Wellcome and its subsidiaries over the five years to September 2029, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity, to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the significant risks laid out on [pages 73 to 79](#), as well as the significant accounting estimates and judgements in note 2.

Notwithstanding the five-year viability period which has been driven by the cash flow forecast period, the Board conducted its annual review of Wellcome's funding approach, approving a planning assumption of £16 billion of charitable activity spend over 10 years. The Board previously noted investment portfolio risk as a key risk impacting Wellcome's resources and reviewed the impact on the value of the investment portfolio of

that planning assumption combined with a number of negative investment environment scenarios, including 45% decrease in investment portfolio values followed by four-year recovery (the largest historical US public market drop over the last 50 years) and negative real investment returns due to sustained higher inflation.

The Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

However, sustained higher inflation would reduce the amount of charitable activities that can be funded from this level of spend and therefore Wellcome's impact over this period.

In addition to the investment return scenario planning, the Board previously approved the principle of supporting the £16 billion of charitable activity by spending down capital, if required, to the minimum endowment level in all but extreme market conditions. The minimum endowment level was updated to £28 billion during the April 2024 Board meeting.

We have also considered reverse stress test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £5.6 billion, comprising third party liabilities, provisions, pension deficits

and commitments, combined with non-contractual but expected grant commitments of £3.2 billion. The net investment portfolio exceeds these liabilities by £28.8 billion at the balance sheet date.

In addition, we define a minimum level for the net investment portfolio to sustain our planned charitable expenditure. The net investment portfolio exceeds this threshold by £10 billion as at the balance sheet date.

Moody's and S&P each confirmed that Wellcome maintained its triple-A rating in their annual assessments.

Financial planning

The financial planning process set out an overall planning assumption of £16 billion of charitable activity over 10 years to 2032.

Adopting a longer-term planning horizon enables Wellcome to sustain its long-term commitments while maintaining flexibility in allocating resources to time-sensitive initiatives. This approach also ensures that the net investment portfolio remains at or above the minimum level required to support Wellcome's ongoing charitable activities (see 'Reserves policy' on the [next page](#)). With the second year of the 10-year plan concluded, the budget for the third year was approved by the Board in September 2024, setting out an ambitious programme of work. The 10-year

plan includes flexibility for Wellcome to allocate funding to meet the goals in our Discovery Research and Solutions-focused programmes as opportunities arise.

The ongoing process of identifying opportunities and reallocating funds within the 10-year plan will continue throughout its duration. This year, the medium-term outlook was reviewed as part of this effort, leading to updates and refinements in the plan. 'Charitable activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

Reserves policy

The reserve balance, equivalent to Wellcome's consolidated net assets, at 30 September 2024 is £33,948 million (2023: £33,458 million). Our funding methodology defines a minimum level for the net investment portfolio of £28 billion (in real terms as at April 2024) required to support the £16 billion planning assumption. This level is subject to annual review by the Board of Governors and the planning methodology is discussed on [page 68](#).

The reserves are almost all unrestricted but certain awards made by other funders to the Wellcome Sanger Institute are subject to specific conditions and are therefore restricted in their use. These amounted to £16 million at the end of 2024 (2023: £17 million).

Pensions

The Wellcome Group provides employees with the opportunity to participate in a defined contribution scheme, and for employees who joined prior to April 2016 defined benefit schemes which are closed to further accrual.

The group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) were in surplus of £256 million as at 30 September 2024 (2023: £219 million surplus). The plans' surplus has increased this year due to the increase in discount rates linked to increased corporate bond yields and reductions in inflation assumptions leading to overall actuarial gains in the year.

More detail on the pension schemes is given in note 11(e) on [page 185](#).

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee ([page 96](#)), who recommend it for the approval of the Board of Governors.

We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products or vaping products. We take stewardship of our assets very seriously and consider many factors before we invest.

As well as a sound and sustainable business model, we must be confident that the companies and funds we invest in take their environmental, social and governance responsibilities seriously.

Risk management

This year, we have evolved our approach to risk management, reflecting Wellcome's growing risk maturity as an organisation and also the direction set by new leadership. We have placed a stronger emphasis on aligning the risk management framework with our mission and objectives, to ensure we address the most significant risks to our strategic programmes, while also taking the right level of risk to pursue opportunities.

We worked closely with the Executive Committee and the extended executive group to develop a risk taxonomy tailored to Wellcome. This structure enables leadership and stakeholders to identify and prioritise the organisation's top risks more effectively. Additionally, we are in the process of refreshing Wellcome's risk appetite with the Board of Governors, establishing clearer boundaries through risk tolerances and triggers that ensure decision making takes place within our defined limits. Looking forward, we will continue to enhance and evolve our risk reporting, which will provide greater assurance to our key stakeholders on how risks are being managed, and enable both management and risk owners to prioritise emerging issues as they arise.

This has led to a greater risk awareness across all levels of the organisation and we expect the benefits of the new risk management framework to include:

- **Focus on what is most important:** sharper focus on priorities, concentrating on critical risks and opportunities
- **More confident decision making** using a risk-based approach to make quicker and well-informed decisions
- **Clear operating standards,** ensuring our processes are aligned with our defined risk appetite, providing consistency in how risks are managed across the organisation

- **Greater process efficiency,** streamlining our processes using a risk-based approach, directing resource to where it is most needed
- **Enhanced levels of accountability:** clearer articulation of risk ownership including differentiating between responsibility and accountability
- **Continuous improvement:** implementation of centralised Risk Events reporting to capture the lessons learnt from any operational risk events and near misses to help us refine our approach over time

Risk governance

The Board of Governors is ultimately responsible for the oversight of Wellcome's risk management systems, which is exercised through the Audit and Risk Committee. Key roles and responsibilities are set out in the risk management policy and formal terms of reference are in place for all governance committees which ensures clear accountability for managing risks.

Wellcome's subsidiaries take responsibility for risk management within their respective entities, but we recognise that the decisions and activities of our subsidiaries may impact indirectly on Wellcome's reputation. To address this, we have strengthened our approach to oversight by establishing Group minimum standards, which are being rolled out as a formal set of expectations to be applied to Wellcome and all of its subsidiaries.

Three Lines of Defence

Wellcome has adopted the 'Three Lines of Defence' model, commonly used by organisations to define responsibilities for managing risks.

First line – internal controls

Management is responsible for risk management and the design and implementation of internal controls. Wellcome's internal controls system provides the Board of Governors with assurance that the organisation is operating within the desired risk appetite, and that the opportunity for a material misstatement or loss is minimised.

Department leads and risk owners regularly review controls and their effectiveness. The Executive Committee (ExCo) and the extended executive group (EEG) review internal operational and financial controls annually and confirm the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors.

The Board, ExCo and EEG review regular financial reporting, monitoring actual activity against forecast, investment performance and risk reports. The Investment Committee reviews regular investment performance and risk reports.

Second line – risk management framework

Our Risk and Compliance functions are principally entrusted with the responsibility to provide independent advice, oversight and challenge to ensure that risks are identified, assessed, managed and mitigated effectively across the whole organisation.

- **Advice:** To provide expertise, guidance and support to internal controls the development and implementation of Wellcome's functional policies and operating standards, and risk management policies, procedures and frameworks, in order to increase confidence in management decision making.
- **Oversight:** To monitor and report on Wellcome's risk profile, emerging risks and trends to senior management and the Board of Governors; and to ensure compliance with applicable laws, regulations and internal policies related to risk management.
- **Challenge:** To independently assess and challenge risk management processes and controls to ensure they are adequate and effective in managing risks within risk appetite.

Third line – internal audit

Wellcome maintains a dedicated in-house Internal Audit function, supported by co-source partners who provide specialised skills to enhance the capabilities of the internal team.

Internal audits are conducted according to a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee, who also oversee its delivery.

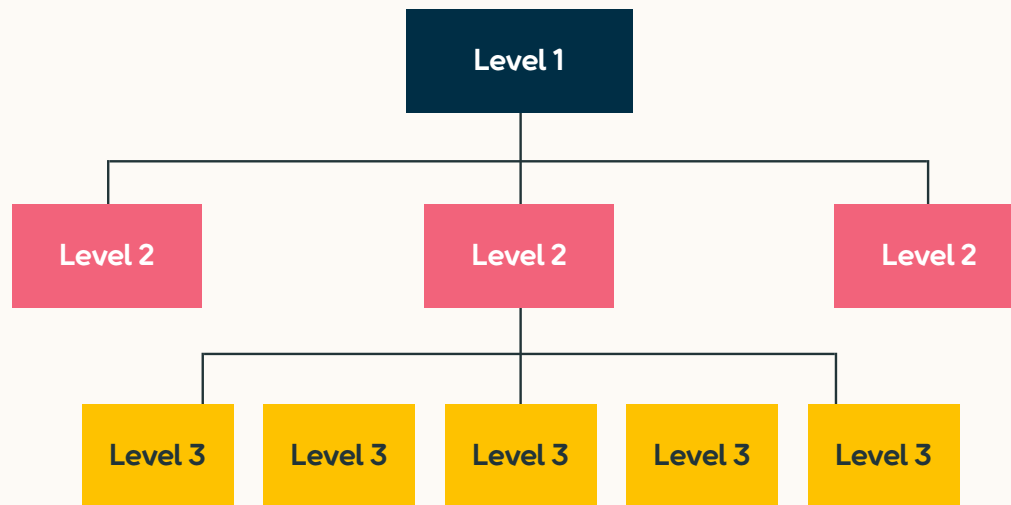
Annually, an internal audit opinion is presented to the Audit and Risk Committee. In December 2024, the opinion affirmed to continued maturation of the control environment within Wellcome and its subsidiaries.

The Internal Audit team was awarded Outstanding team - third sector, and was highly commended for Development of internal audit best practice at the 2024 Chartered Institute of Internal Auditors Audit and Risk Awards.

Risk taxonomy

We have aligned our risk management framework with our strategic goals by creating a comprehensive risk taxonomy categorising our risks into Levels 1 (Enterprise level), 2 (Functional level), and 3 (Team/Activity level).

Wellcome's risk taxonomy

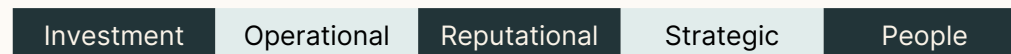


These are the principal risks to Wellcome. They are strategic and enterprise-wide in nature..

These are typically functional risks and are those which have the biggest impact on our principal risks.

These are teams or activity level risks and are typically operational in nature. They are subordinate to Level 2 risks and may align to more than one Level 2 risk.

Principal risks



We have redefined our biggest risks, now termed principal risks, simplifying the language to make them clearer and more closely aligned to Wellcome's mission and objectives. These are set out below, together with some of the more significant Level 2 risks that impact most on our principal risks. While Level 2 risks are important, individually they are unlikely to cause Wellcome to fail.

Risk	2024 description	How we manage these risks
Investment Risk – we cannot fund the mission	There is a risk that the investment portfolio may lose value due to adverse market movements, high inflation, poor liquidity management, or permanent loss of capital at the individual asset level. The returns on our investments fund our charitable activities, and any loss in value will mean there is less money available to support our work. To maximise our returns and increase funds, we take a portfolio approach and invest in a broad range of asset classes. Level 2 risks that contribute to Investment Risk include portfolio, liquidity and credit risks.	• A high-quality, well-resourced investment team actively managing the endowment. • The portfolio is invested in a diversified range of assets with limits around asset allocation, ranges and position sizes, as set out in our Investment policy. • A regular review of forecast cashflows and the liquidity profile of all investments to ensure we are able to meet our funding obligations and operational needs at all times. Minimum liquidity requirements for our investments portfolio are set out in our Investment policy; • Details of how we consider credit, liquidity and currency risks, including quantifications of those risks, are set out on pages 210 to 214 respectively. • Net zero targets are considered as part of the licence to operate framework - (see pages 59 to 63). • Risk appetite has been set and is reported against to the Investment Committee. • Clear guidelines enshrined in our Investment policy, which is regularly reviewed by the Investment Committee and approved by the Board of Governors. Accountability: Chief Investment Officer Oversight by: Investment Committee; an independent Investment Risk function
Operational Risk – our processes prevent us from doing what we say we will do	There is a risk that our internal approaches, processes or systems may fail, preventing us from carrying out mission-critical activities such as investment, finance, payroll and grant management. Our focus is to ensure we have the right tools and systems, robust processes and controls in place to support our objectives; however we recognise that our operational approach must also be flexible and agile in order to support our shifting needs. Level 2 risks that contribute to Operational Risk include funding operations, investment operations, financial operations and cyber risks.	• Well-resourced and experienced teams across the whole operational structure, including Finance, People, Legal, Digital and Technology, that operate under the guidance of the Chief Operating Officer, alongside robust and independent Second and Third Line functions. • A focus on effective risk management and strong operational resilience. • Robust processes in place, supported by high quality tools and systems. • Operational approach is agile, allowing for quick adaptation and responsiveness to shifting needs and challenges. Accountability: Chief Operating Officer Oversight by: Audit and Risk Committee; Board of Governors

Risk	2024 description	How we manage these risks
Reputational Risk – we lose our credibility and legitimacy to do (and say) the things we want to	There is a risk that our actions are perceived by important stakeholders to be inconsistent with our mission, vision, values and beliefs, undermining our credibility and authority. We always seek to limit this risk of a 'say-do' gap. There is a further risk that we encounter criticism due to our willingness to say and do things that are unpopular or controversial. We believe that such actions can sometimes be essential to our vision of a healthier future for everyone, and as an independent foundation, we are often better placed than aligned organisations to accept these risks. Therefore, we are willing to take this kind of risk if the benefits are likely to be significant, and if the position or action is consistent with our mission, vision, values and beliefs. Level 2 risks that contribute to Reputational Risk include those around how we do our work investing in research, influencing change and engaging people. Other key Level 2 risks include legal and compliance, environmental, social and governance, and equity, diversity and inclusion risks.	• Specific definition and recognition of reputational risk as a principal risk with clear risk appetite and tolerances. • A 'say-do' approach is taken, ensuring our policies and actions align with our mission, vision, values and beliefs before decisions are taken. • Reputation risk training and guidance to ensure staff can identify potential reputational risks, and know when and how to escalate them for senior or specialist advice and attention. • Working with a diverse range of partners who align with our mission, vision, values and beliefs, as well as our established standard funding terms and conditions. • Thorough due diligence on partners is conducted, recognising that our reputation is shaped not only by our actions but those of our partners. • Financial risk assessments are regularly conducted to ensure that our funding is directed at the appropriate recipients and used for its intended purpose. • Continuous monitoring and oversight. Accountability: Chief Executive Officer; Executive Director of Corporate Affairs and Engagement Oversight by: Board of Governors

Risk	2024 description	How we manage these risks
Strategic Risk – we don't have the right strategy to effectively deliver the mission	There is a risk we fail to achieve our mission if we do not pursue potentially transformative projects or if our strategic programmes are unclear, unambitious or not on a large enough scale. We recognise the need to take an equitable approach to funding science, integrating a wide range of perspectives in order to tackle unique health challenges. Level 2 Risks that contribute to Strategic Risk include strategic programmes and equity, diversity and inclusion risks.	• Specific definition and recognition of reputational risk as a principal risk with clear risk appetite and tolerances. • Ambition is aligned with clearly defined risk appetite, while ensuring our minimum standards are met to manage our reputation (see Reputational Risk above). • Clear strategic objective to focus our investment in research on areas where it will have the greatest potential impact, recognising that, as an independent charitable organisation, we have both the opportunity and responsibility to take risks and fund initiatives that others cannot. • Clear structure around Strategy department with oversight by CEO and Board of Governors. • Strengthened Strategy team now part of the CEO Office, with clearer accountability for impact measurement. • Establishment of Executive Committee that is focused on strategy, and the development of the Equity department to deliver on equity, diversity and inclusion commitments; • Development of programmes reporting into the Executive Committee, to ensure strategic oversight. Accountability: Chief Executive Officer Oversight by: Board of Governors

Risk	2024 description	How we manage these risks
People Risk – we don't have the right people with the right capabilities (capacity, skills, knowledge and behaviours) to deliver the mission	There is a risk that we may not have the right number of people with the necessary capabilities to effectively deliver our mission. Additionally, we may lack the agility to adapt to shifting priorities. We recognise the importance of enhancing our leadership and organisational culture, as well as supporting the health and safety of our teams and everyone we engage with. Level 2 Risks that contribute to People Risk include capability and capacity risks.	• Continuous monitoring to identify and address gaps in skills and resource. • Regular review of the Wellcome offer, designed to attract and retain the best talent. • Robust recruitment policies in place to ensure we hire people with the appropriate skills and experience, taking into account our equity, diversity and inclusion commitments. • Established performance management review policies and processes in place. • Succession planning in place for key roles. • Relunched Employee Voice architecture including Pulse surveys designed to ensure staff feedback is heard and acted on. • Strong health and safety policies and protocols in place for all staff, partners and visitors. • Leadership development plans are being developed. Robust People dashboard with three years of trend information to support and inform prioritisation and decision making. Accountability: Chief Operating Officer; Chief People Officer Oversight by: Board of Governors; People and Remuneration Committee

External risks

Our principal risks are internal to Wellcome and can be managed directly by implementing robust and effective policies, processes and controls. In addition, we have considered external risks to the organisation.

External risks (previously referred to as emerging risks) are uncertainties that arise outside Wellcome and have the potential to impact our mission and long-term objectives. External risks are often influenced by factors beyond our immediate control. While we cannot directly manage these risks, it is critical

for us to have identified them and have mitigation plans in place to minimise the potential impact on our mission.

We have refreshed our approach to identifying external risks, recognising that these continually evolve and

require a dynamic response. Taking into account insights from external industry sources, leaders across the organisation identified and prioritised the following external risks, together with associated mitigation plans.

External risk	Description	How we manage these risks
Inequity in health and in research	The effects of persisting and rising global inequalities in relation to achieving our vision of a healthier future for everyone; our ability to make progress in our solutions-focused programmes, in particular for communities most affected; and for the benefits of science we support to be shared globally (including equitable access to interventions funded by Wellcome). To deliver our mission we are developing equity goals that require us to change the way we inject support into systems that are not always currently mature enough to either cope with them at scale or deliver value and outputs that are required to meet our goals. To meet our health equity goals and support communities most affected to lead and drive research, there is a risk that the surrounding research infrastructure, ecosystems and capacity of lower-resourced settings will be a limiting factor to the potential delivery, impact and uptake of research we fund. Global inequities that affect research ecosystems we aim to work with will pose operational risks to the delivery of funding, support, partnerships and measures of impact. The capacity and skills needed deliver more equitable support in differently resourced settings and geographies may impact the scale of delivery by Wellcome.	We are developing an Equity Framework and International Roadmap to support the delivery of our mission that will enable us to be responsive to global inequalities that affect health and research equity and directly address these across our modes and methods. We have defined our scope to be considerate of socioeconomic inequality but not to attempt to directly address this ourselves as a social determinant of health. We recognise this therefore limits our ability to manage this risk (and therefore accept this) as influencing socioeconomic inequality on a global scale or at national scales is outside of our mission. We continue to look for ways to strengthen our approach on equitable access to interventions funded by Wellcome: • We continue to assess and evolve our approach to risk tolerance in differently resourced settings. • We will ensure open and transparent communication and expectation setting with partners in differently resourced settings. • Our incorporation of equity goals into Wellcome's mission and measuring of impact will support brave and transformative decision making in funding differently resourced settings.

External Risk	Description	How we manage these risks
Geopolitics	Geopolitical issues may contribute to a more challenging environment in which to progress our mission over coming years: a rise in populism and nationalism, declining multilateralism, and tensions on trade and security. These may make it more challenging to secure focus on the issues Wellcome cares about. They could also limit progress in specific areas, for example, reduced commitment on climate action, insufficient funding for global health actors, or disproportionate regulation that stifles research collaboration.	We will keep the geographic focus of Wellcome's influence work under review to ensure we are deploying this resource for maximum impact. We will continue to engage with leading countries in global health and science, such as the USA. We will continue to drive substantive reforms to ensure the global health financing architecture is more efficient, effective and equitable.
Financial sustainability of UK research	UK universities are significant partners in delivering our mission, and face acute financial pressure. There is an increasing gap between the full economic costs of research and the funds provided to support academic research through the dual support system. This is particularly evident for charity-funded research. High inflation, increased national insurance charges, insufficient financing for domestic students and reduced income from overseas students have exacerbated an already fragile funding model. Uncertainty and potentially failure of institutions will create an unstable research environment which is unattractive to career researchers, and which risks our mission.	We continue to advocate for the UK Government to increase investment in research and make a high-level case for a sustainable approach to university funding. Financial risk to Wellcome of institutional failure is mitigated through payment of grant funds in arrears, and the ability to transfer funds if necessary to other institutions with continuing support of researchers.
Misinformation and disinformation, and trust in science and philanthropy	Digital and social media and an increasingly polarised public sphere have driven an unprecedented proliferation of false and misleading information, including about science and health. At the same time, trust in many institutions and in science have been declining in high-income countries. Both trends are being exacerbated by artificial intelligence, and present a significant risk to efforts to place rigorous evidence at the heart of medical science and health policy. There is also a risk that prevailing political opinions among our staff and close stakeholders mean that we: a) fail to understand the motivations of people or administrations with differing priorities, philosophies or ideologies b) miss opportunities to further our mission through alternative approaches	We run the Wellcome Global Monitor to understand public trust in science and health at a global scale. We seek to make the research and technology we support more trustworthy, for example through integrating ethical considerations, and involving affected communities and people with lived experience to ensure needs are met. We develop and support innovative initiatives to build trust in science and health. We communicate effectively about the research that we support.

External Risk	Description	How we manage these risks
Climate Change	Climate-related risks, both physical (such as extreme weather events) and transition (such as disorderly policy change), are becoming increasingly material in a warming world. For Wellcome this includes the impacts of climate change on the scale and scope of the health challenges our mission is aiming to tackle; the effectiveness of the research and solutions we fund; and the resilience of our enabling functions including operations and investments.	With the assistance of an external consultant, we conducted an assessment to identify and catalogue a range of key climate risks which have the potential to affect our strategic programmes, operations and investments. Currently, there are varied degrees of maturity across functions in how these risks are managed. To address this, risk owners and the Risk team will review how best to address climate risks and ensure these are integrated in the local approach to risk and in our corporate risk register where appropriate. In addition, we mitigate our own climate impact by taking measures to reduce the carbon emissions related to our activities (see pages 90 to 91).

Environmental, social and governance

Wellcome's biggest impacts are the contributions we make to solving urgent health challenges and advancing discovery and solutions, creating positive social benefits for people and communities globally.

We also consider our broader social and environmental impacts on people, society and the planet. This includes the opportunity we have as a global funder to advance equity and environmental sustainability in the research sector. It is also how we manage our own operations, whether that's reducing our carbon emissions or becoming a more inclusive employer.

It is important that we work sustainably to continue making an impact now and in the future. The Board of Governors has ultimate responsibility for ensuring that Wellcome's contributions meet the needs of the present without compromising the ability of future generations to meet their needs. This understanding of sustainability applies as much to social and governance issues as it does to environmental ones.

This year we developed and adopted a strategic framework to manage environmental, social and governance (ESG) impacts, risks and opportunities for the Wellcome Trust and across the wider Wellcome Group, which includes our charitable and investments subsidiaries, including Wellcome Leap Inc, Premier Marinas and Urban&Civic. Our approach is supported by a group-level ESG committee and informed by a materiality assessment we conducted this year.

Our strategic approach

In order to maximise our impact, we focus our resources where it matters. To validate our ESG priorities we conducted, with the help of external consultants, a group-level ESG materiality assessment. This process used peer benchmarking and stakeholder consultation to assess the importance of different ESG topics, considering both the impact we can make on society and the environment, and the risks and opportunities to Wellcome's ability to deliver our mission.

The findings of our materiality assessment ([page 82](#)) reflect the nature of our mission and impact, with the topics of 'Global health challenges' and 'Discovery and Solutions' ranking top, followed by 'Equity, diversity and inclusion' and 'Environmental sustainability', as two topics critical to the successful delivery of both our mission and our operations.

We translated the findings of our materiality assessment into priorities (see [page 82](#)), which reflect how Wellcome creates impact and is exposed to ESG risks across three tiers of activities: our mission, how we deliver our mission, and our operations.

Our mission

We support science to solve the urgent health challenges facing everyone. Our biggest impact is the positive social benefits generated by this mission for society: creating a healthier future for everyone by helping to solve global health challenges and driving discovery and innovation.

How we deliver our mission

Equity and environmental sustainability are critical considerations for research to continue being innovative and fit for the future. As a global funder we have a unique opportunity to use our leadership to help our partners make health research more inclusive, equitable and environmentally sustainable, either through our approach to research funding or supporting the sector to develop its ambition and the tools to deliver it.

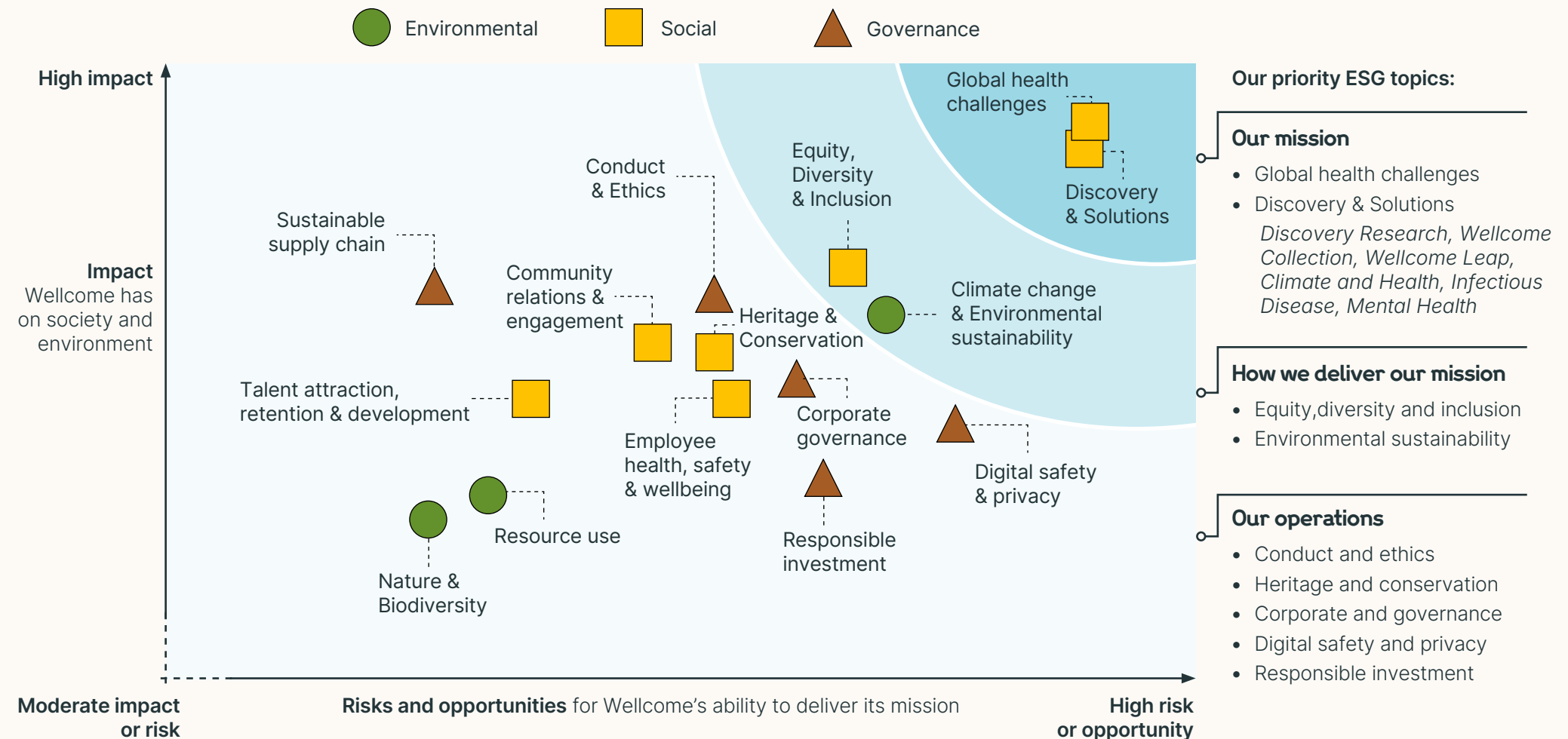
Our operations

In addition to equity, diversity and inclusion and environmental sustainability, our approach to conduct and ethics, digital safety and privacy, and ESG considerations in how we manage our investments are all essential to our operational effectiveness, good practice governance and compliance, and successfully managing risk.

To focus our resources where it matters, we are reviewing our ambition levels across ESG topics and activities. We are also developing an approach to manage ESG risks and opportunities effectively and proportionately across the Wellcome Group. A starting point is new ESG standards we developed this year for the Group, which reflect the responsible business practices that Wellcome wants to achieve as a group and to which it will hold itself and its various direct entities accountable.

Findings of our ESG materiality assessment

Due to the charitable nature of our mission, environmental, social and governance (ESG) impacts and risks span everything we do. Our materiality assessment identified equity, diversity and inclusion and environmental sustainability as our next ESG priorities after our mission's delivery, due to how critical they are to both the successful delivery of our mission and our operational effectiveness.



Our ESG impacts

We are prioritising our environmental, social and governance efforts based on the level of impact and risk across ESG topics identified through our materiality assessment. Our biggest

impact and highest priority will always be the delivery of our mission, followed by how we deliver our mission in a sustainable, equitable and inclusive way. We also identified a

shortlist of ESG topics essential to our operational effectiveness.

Our mission activities are governed through Wellcome's strategy and

strategic programmes. Our ESG framework has an operational focus, to help better coordinate the delivery of operational ESG activities at Wellcome.

		Nature of impacts and risks			
			● Primary	○ Secondary	
		Environmental	Social	Governance	
1. Our mission The positive benefits for society generated by our mission's delivery, addressing global health challenges and driving discovery and solutions. 	Discovery Research	○	●		Wellcome Strategy
	Wellcome Collection		●		
	Wellcome Leap		●		
	Climate and Health	●	●		
	Infectious Disease		●		
	Mental Health		●		
2. How we deliver our mission ESG activities critical to the successful delivery of our mission and operational effectiveness.	Equity, diversity and inclusion		●	○	ESG Framework
	Environmental sustainability	●		○	
3. Our operations ESG activities essential to our operational effectiveness and managing risks.	Conduct and ethics		○	●	
	Heritage and conservation		●	●	
	Corporate governance			●	
	Digital safety and privacy		○	●	
	Responsible investment	●	●	●	

Environmental

The world is facing a climate emergency, and it is a health crisis as much as an environmental one. Wellcome has an important role to play addressing this crisis through the delivery of our mission, investing in research at the nexus of climate and human health; through our leadership as a global funder for the health research sector; and by addressing the environmental impacts of our operations.

We need to lead by example and are at the start of a process to embed environmental sustainability considerations in everything we do. We aim to reach net zero by 2030 for the scope 1 and 2 carbon emissions associated with Wellcome's direct charitable activities in the UK, and net zero by 2050 at the latest for the emissions relating to our investment portfolio. Delivering on our ambitions will require working closely with our partners to develop fair and equitable solutions to these shared environmental challenges.

Following last year's appointment of a senior leadership role to develop our approach to environmental sustainability for our operations, we have established and resourced a dedicated sustainability function, working as an internal centre of expertise to support the delivery of

our ambitions. Over the last year we worked to better understand our baseline across a number of environmental performance indicators, in particular our scope 3 carbon emissions, and to identify priorities for action.

We have also started to formally identify the risks climate change could present to the delivery of our mission, our investments and our operations. This follows the framework set by the Taskforce on Climate-related Financial Disclosures (TCFD) and will help us to prioritise how we mitigate these risks. We will share more on our findings and progress next year.

Environmental impact

Impact through our mission

Our strategic programmes have important contributions to make in tackling the impacts of the climate crisis on health, such as increased mental health issues and spread of infectious diseases.

Our Climate and Health programme aims to put health at the heart of climate change action. This is both to motivate actions to mitigate and adapt to climate change, and to provide evidence of how different choices will affect people's health so that the most beneficial policies can be implemented.

We fund research to generate evidence for the health impacts of climate change and of actions taken in response to climate change, which can inform decision makers at local, national, regional and global levels.

We advocate for urgent climate change actions based on evidence of the health impacts already being felt around the world, and those that will get worse the higher the earth's temperature is allowed to rise.

Our Review of Charitable Activities on [pages 33 to 34](#) has more examples of our work in Climate and Health this year.

Impact through our leadership

How research is conducted cannot be separated from the research itself. To deliver our mission now and in the future, we need to consider the environmental sustainability of the research we fund.

In April 2024, we published an environmental sustainability funding policy. The policy sets expectations for researchers and organisations funded by Wellcome to adopt environmentally sustainable research practices, ensuring that the research we fund is of high quality and aligned with our

sustainability ambitions. We require applicants to consider how they can reduce the environmental impact of their research and we will pay for costs associated with more sustainable research. We also require institutions to have net zero plans and to provide resources and tools to support researchers reduce their environmental impact.

Wellcome, UK Research and Innovation, and more than 25 other leading funders and organisations across the UK research sector developed the Concordat for the Environmental Sustainability of

Research and Innovation Practice. The concordat, launched in April 2024, sets a commitment for the UK research sector to work collectively to design and carry out environmentally sustainable research and innovation, and complements the expectations set out in our own environmental sustainability funding policy.

We are working with other major funders in the UK and beyond to explore how we can best coordinate our efforts in this space, to maximise our impact and facilitate the development and sharing of sustainable research practices across the sector.

associated with the energy we use for our office and museum buildings in London. This year we considered a range of options to deliver on our target, including our preferred option of upgrading these buildings.

We have since been working with specialised architectural and engineering consultants to scope and refine solutions to deliver a decarbonisation of our buildings. Our primary focus is to move away from using fossil fuels towards fully electric solutions for our heating needs, making the most of the fact we already purchase electricity from renewable sources such as wind and solar.

We continue to consider a range of options to reduce our energy consumption, including upgrades to our heating and ventilation systems and improvements in how we control them.

Mitigating emissions for health impacts

We mitigate our scope 1 and business travel emissions by purchasing Gold Standards accredited carbon credits from the Sustainable Climate Impact Fund (SCIF). Their projects deliver clean and safe drinking water to local communities in Uganda, eliminating the need to burn firewood to boil drinking water, which avoids carbon emissions. Easy access to clean water also improves community health and socioeconomic wellbeing, especially for women and girls, by reducing water-borne diseases and allowing individuals to pursue economic and educational ambitions.

Impact of our operations

How we operate is part of our impact in the world, and we are committed to tackling the environmental impacts and carbon emissions of our own activities as part of our ISO 14001 certified Environmental Management System. We take a holistic approach, including our carbon net zero ambitions, the way we manage our resource use and the waste we generate, our approach to business travel, and the care of our collections.

Scope 1 and 2 carbon emissions

In 2023 we set an ambitious target to become net zero by 2030 for the scope 1 and 2 carbon emissions associated with our UK charitable activities. This is mostly the emissions

Scope 3 carbon emissions

We identified the carbon impact of our business travel as a priority for action, as it is an area within our control. While travel is an important tool to deliver our mission, connecting with others and building relationships, it is also one of Wellcome's biggest direct environmental impacts. We have started engaging with our people on the need to balance the benefits of travel against its carbon impact and are reviewing our travel policy to encourage the uptake of lower carbon options when travel is needed.

We worked with external consultants to estimate the scope 3 emissions associated with the research we fund, using financial data we hold on grants we award. We will use the findings of this analysis to better understand the carbon intensity of the different research activities we fund, and where best to focus our efforts to support emission reductions across our funding portfolio. Wellcome's funded research emissions are estimated to be in the region of 300,000 tonnes CO₂e. This high number directly reflects the overall value of the grants we award. While we have a much lower degree of influence over these emissions than we do on scope 1 and 2, we are committed to exploring how we can reduce these working in collaboration with the sector.

We support initiatives across the investment sector, encouraging our partners to take actions to reach the target for our investment portfolio to be net zero by 2050 at the latest (see [pages 59 to 63](#) for a detailed update on our investments net zero strategy). We are a member of the Institutional Investors Group for Climate Change, and we have been on the steering committee of the ESG Data Convergence Project in the private equity sector.

Social

The research Wellcome supports is a public good, contributing to the fundamental human endeavour to understand the world around us and helping to build a healthier future. Science is done by people and health affects everyone, so people are at the heart of all our work.

We help to create open, engaged, ethical and efficient environments for researchers to thrive in their work. Wellcome Collection, our free museum and library, brings public, cultural, historical and personal perspectives into our work. We are committed to becoming a more inclusive employer, funder, and museum and library, so that we can support science to solve the urgent health challenges facing everyone.

Success in Wellcome's mission relies on the efforts of many people and organisations, from those we employ directly to those we fund to do research, and including communities affected by the health challenges we are looking to solve. These relationships create obligations that we recognise not only as fundamental to achieving our goals, but also part of the social benefits that stem from our work.

The Equity, Diversity and Inclusion Committee previously chaired by our Chief Executive Officer has been superseded by the Executive Director,

empowering the Executive Director, Equity, and their new department. We also benefit from an advisory group of external associates.

In 2024, we began a three-year action plan to progress towards becoming anti-ableist. This work will cover employee policy, senior leader learning, all-staff learning, and research funding. See [page 88](#).

The social impacts and activities of our charitable and investment subsidiaries will be considered as part of the work of the Wellcome Group ESG committee.

Social impact

Impact through our mission

We maximise science's benefits for people's health by funding excellent research from discovery to impact, working with others across society, around the world, to develop, test and implement sustainable, evidence-based interventions that work for the people who need them.

Our Review of Charitable Activities ([pages 13 to 43](#)) has more examples of work this year to achieve our mission.

Wellcome's work impacts society directly and indirectly, so we work with a broad range of people – including those with lived experience of health challenges and those from

marginalised groups – so that everyone can connect with, contribute to and benefit from science's potential. For example, this year we launched our new Accelerator Awards scheme to support researchers from Black, Bangladeshi or Pakistani heritage in the UK to progress their careers (see [page 39](#)).

Wellcome Collection is one way in which we engage public audiences. We seek out opportunities for people to contribute different forms of knowledge and understanding towards a healthier future, give voice to a radical imagination of what health is and what it could be, and make meaningful connections between different perspectives of health past, present and future.

Impact through our leadership

The way that Wellcome works and the decisions we make have impacts beyond the people who directly help us achieve our mission. This includes our suppliers and contractors, and especially the wider research community. In the past, we have unintentionally contributed to some negative aspects of research culture; now we strive to have a positive impact on the people we fund and the wider community. When assessing applications for Wellcome funding, our criteria include contribution to a positive research culture. See [page 92](#) for data relating to grants we made this year.

Support for researchers we fund includes:

- Grant extensions for various reasons, including illness.
- Disability-related support for applicants and members of our advisory committees.
- Requirement for institutions we fund to have formal procedures in place to prevent bullying and harassment, discrimination and research misconduct.
- Funding on every grant for researchers to undertake training supported by their institution.
- Expectation of organisations we fund to pay everyone working on a Wellcome grant at least the real living wage.

Impact through our operations

Wellcome employs around 1,000 people. We are a disability confident employer and a Stonewall Diversity Champion.

We achieve our mission through the contributions of our staff, and to make the greatest possible contribution our staff must feel valued. This year, we continued to embed our core set of beliefs and values into our work. We launched behaviour profiles to guide leaders and all employees in our workplaces, and further socialised Wellcome's values through an expanded learning portfolio.

Support for our employees includes:

- LinkedIn Learning, a new partnership that provides better online learning content and experience for staff through personalised recommendations and search tools, the ability to explore skills or career-based learning paths, and AI-powered coaching.
- Our staff forum, Wellcome Exchange, which relaunched in 2024. It provides a space for employees to contribute to organisational decision making. Members include employees representing constituencies of Wellcome staff and representatives from our staff diversity networks, senior leadership and Prospect, the recognised trade union.
- Staff diversity networks, which promote equity, diversity and inclusion across Wellcome (see list). Each is open to all staff, and sponsored by one executive leader and at least one Governor. Increased support was agreed in February 2024, including more protected time, tailored development opportunities, a representative on Wellcome Exchange, and annual meetings with the Chair, Chief Executive Officer and other senior leaders.

- Anti-racism and anti-ableism programmes, including a training programme on racial fluency for the Executive and others, raising leaders' confidence in having conversations and listening to colleagues' experiences around race. More than 750 colleagues have attended the foundational anti-racism training we offer. This year, we've piloted new anti-racism learning approaches, created a data matrix to monitor staff experiences and better track Wellcome's progress towards race equity, worked with three external Anti-racism Associates, and launched the Accelerator Awards (see [page 39](#)).
- A financial resilience programme, which includes one-to-one conversations as well as seminars to help staff navigate pensions and financial wellbeing.

- A health, safety, wellbeing and environmental committee that reports directly to our Operations Committee and ensures employees are consulted, informed and can raise concerns on matters of health and safety.
- Physical and mental wellbeing support, including GP access, private medical insurance and counselling to support staff in specific circumstances.
- Volunteering opportunities and volunteering leave of up to two days each year.
- Living wage and other benefits for contractors who work with us.

We did not experience any reportable incidents under health and safety regulation (RIDDOR) this year.

Wellcome's staff diversity networks

- Disability Interest Group
- Interfaith at Wellcome, including Christians at Work Muslims at Work
- LGBTQ+ at Wellcome
- Parents and Carers Network
- Socio-Economic Equity Staff Network at Wellcome
- Wellcome Race Equity Network
- Women of Wellcome

As a UK organisation with more than 250 employees, Wellcome is required to report our gender pay gap data. We choose to also publish our ethnicity pay gap data. Pay gap trends are indicators of progress towards being an inclusive workplace, while year-on-year changes tend to reflect recruitment and promotion of relatively small numbers of people.

Pay Gaps

	2020	2021	2022	2023	2024
Gender	15.9%	13.2%	15.4%	16.2%	15.7%
Ethnicity	-1.4%	4.6%	5.6%	3.3%	6.6%

- Gender pay gap in median pay.
- Ethnicity pay gap in median pay.

Our gender pay gap is mostly due to different distributions of men and women at different levels of seniority: while senior roles are broadly evenly split, most of the highest-paid roles are held by men, and we employ relatively fewer men in junior roles.

Our ethnicity pay gap is driven by low representation of people from racially minoritised groups, particularly at more senior levels.

When we first reported our gender pay gap in 2017, it was 20.8%. It fell steadily to a minimum of 13.2% in 2021. Since then, both our gender and ethnicity pay gaps seem to be plateauing, as has been seen in other organisations. We continue to take a

sustainable, long-term approach, including a range of actions to make Wellcome a more diverse and inclusive employer. However, we now need to more fully understand the structural and systemic drivers of our pay gaps so that we can take actions that continue to close them.

Pay gaps are different to issues of equal pay. Our annual equal pay audit found no cases of unequal pay for equal work at Wellcome.

Anti-ableism

Wellcome is committed to becoming an anti-racist and anti-ableist organisation. Following the positive progress of our anti-racism programme over recent years, this year saw the launch of a new programme to deepen our understanding of disability in all its forms.

The programme was co-created by the Liminal Space, a creative consultancy, and five creative practitioners with lived experience of disability and ableism. A highlight was a town hall meeting where the experience of masking disability or neurodivergence was brought to life through personal stories and academic insights. Creative elements in common areas of our building presented information and insights into lived experiences of ableism.

Workshops for teams to learn about workplace ableism were attended by 42 percent of Wellcome staff, with highly positive feedback: 98 percent of participants said the workshop gave them time and space to think about ableism in a new way. We are now working to integrate the workshops in our core learning for all Wellcome employees, and further developing online content to support deeper learning and reflection that can be accessed any time.

Governance

How an organisation operates in the world is not only determined by its structures, rules and procedures. At Wellcome, governance is at least as much about understanding what's integral to us as an organisation, and how we want to act as a result. This is the foundation for developing a culture in which our people are equipped to make the right decisions at the right time to deliver our mission in line with our beliefs and values.

Key governance issues for Wellcome, relating directly to our mission and through the ways we work, include safeguarding, data protection, modern slavery, and preventing bribery and fraud. Ensuring positive long-term impact rests on having clear accountability across all levels of Wellcome; diversity of perspectives and insights, starting with the Board of Governors; and strong organisational ethics and risk management.

Our Code of Ethics (formerly Code of Conduct) helps us maintain high standards across all areas of our work. Regularly updated, it references policies to prevent bullying and harassment, provides a safeguarding framework for employees and people outside Wellcome with whom we work, and delivers mandatory training for staff on a range of topics including anti-corruption and personal data compliance.

We regularly work with expert external partner organisations to help shape our policies, practices and communications – these include Unseen UK on modern slavery and human trafficking, Protect for our Speak Up tools, and the Funder Safeguarding Collaborative on safeguarding.

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. Our Board of Governors and Executive use this principle to test decisions, particularly to ensure we make the most of our independence and that our strategic and operational plans are aligned to meet our mission.

The Board of Governors has continued to oversee and engage with ESG topics this year, including monitoring high-level direction and progress, both at Board and committee meetings and through ESG Board Champions, including the Board Lead for stakeholder engagement. The Board of Governors discussed and approved the ESG standards, which cover 12 operational topics and set minimum expectations of ESG business practices across the Wellcome Group. These standards are the building blocks of our developing ESG framework.

The Structure and Governance section ([pages 95 to 107](#)) provides more detail on our governance framework.

Sustainable investor

Our work is funded from a portfolio of investments in a wide range of financial assets around the world. We do not deliver our mission through these investments but aim to maximise returns over the long term to spend on our charitable activities. However, the prospects for strong returns increasingly align with environmental and social sustainability.

Each company, fund and asset we invest in must demonstrate a sound and sustainable business model. We expect our investment partners to maintain strong relationships with customers, suppliers, employees, governments, regulators, providers of capital and society as a whole. This includes a positive corporate culture, ensuring compliance with laws and regulations, the health and safety of employees, considering impact on communities and the environment, and having an appropriate governance structure. We refer to this as 'social licence to operate'.

As well as being a reflection of its values, a positive approach to these considerations is indicative of whether a company represents a strong investment prospect for us. If a company does not maintain its social licence to operate, we believe there are questions over its long-term sustainability and therefore its long-term return potential.

Carbon and energy performance (for Wellcome's charitable activities)

Greenhouse gas emissions (tCO₂e)

	Baseline year 2018/19	2022/23	2023/24	% change from baseline
Scope 1				
Gas	1,279	1,379	1,273	0%
Refrigerants	52	34	144	+177%
Scope 2				
Electricity – Location based	2,246	1,818	1,835	-18%
Electricity – Market based	2,246	0	0	-100%
Total – Scope 1 and 2 (Location-based)	3,577	3,231	3,252	-9%
Total – Scope 1 and 2 (Market-based)	3,577	1,413	1,417	-60%
Scope 3 – currently measured				
Water	28	10	10	-64%
Waste	4	4	2	-50%
Business travel (air and rail)	5,684	5,613	6,621	+16%
Business travel (mileage)	6	3	3	-50%
Energy supply - Upstream emissions	349	385	372	+7%
Total – Scope 3	6,071	6,015	7,008	+15%
Total – Scope 1 and 2 (market-based) and 3	9,648	7,428	8,425	-13%

	Baseline year 2018/19	2022/23	2023/24	% change from baseline
Intensity ratio – Carbon emissions/Charitable expenditure				
Annual charitable expenditure (£mn)	1,183	1,702	1,577	+33%
Intensity ratio: tCO₂e/£mn	8	4	5	-38%

	Baseline year 2018/19	2022/23	2023/24	% change from baseline
Intensity ratio - Carbon emissions / Staff				
Full Time Equivalent (FTE) employees	900	1,042	1,051	+17%
Intensity ratio: tCO₂e / FTE	11	7	8	-27%

Energy use (kWh)

	Baseline year 2018/19	2022/23	2023/24	% change from baseline
Gas	6,957,565	7,537,112	6,959,656	+0%
Electricity	8,785,869	8,777,547	8,864,109	+1%
Total energy use	15,743,434	16,314,659	15,823,765	+1%
Intensity ratio – Energy use/floorspace				
Total gross floor area (m ²)	45,965	45,965	45,965	0%
Intensity ratio: kWh/m²	343	355	344	0%

Although total reported emissions have decreased, our energy use has remained largely unchanged compared to baseline. We have identified a range of energy efficiency opportunities for our buildings for consideration as part of achieving our 2030 net zero ambitions.

Scope 1 and 2

Emissions associated with our electricity use have dropped to zero since 2021/22, on a market-based reporting basis, due to our use of green tariffs. On a location-based reporting basis, our electricity emissions have reduced due to the ongoing decarbonisation of the UK grid.

Refrigerant emissions, mostly linked to occasional leaks from air-conditioning units, have increased this year. We will continue to review maintenance regimes and switch to refrigerant gases with lower greenhouse gas potential.

Scope 3

Except for business mileage, our business travel has increased compared to pre-pandemic levels. To address this, we are reviewing our travel policy to encourage reduction in travel when possible, and a shift from air to rail travel and lower classes of air travel which attract lower carbon emissions.

Although our water use has not greatly changed, official UK carbon conversion factors for water supply and treatment have been updated, which significantly lower reported emissions associated with water use.

Methodology

Emissions are calculated using UK Government conversion factors for company reporting of greenhouse gas emissions and the Greenhouse Gas Protocol's Corporate Standard on an operational control approach basis.

We have used 2018/19 as our baseline year, as this was the last full year unaffected by the unusual circumstances of the pandemic.

Further details of the methodology used can be found in our Basis of Reporting [wellcome.org](https://www.wellcome.org).

Scope, material assumptions and exclusions

The scope of reporting is The Wellcome Trust Limited, in its capacity as Trustee of the Wellcome Trust, with the exclusion of all subsidiaries. In practice this relates to Wellcome's charitable activities at our office and museum buildings and a storage facility in London, UK.

Our baseline year data for business travel (air and rail) is the calendar year 2018 due to limitations on data

availability. Business travel (air and rail) includes travel by employees and others who travel on behalf of Wellcome to meet and connect in pursuit of our mission. Hotel stays, taxis and travel not booked through our central team are not currently included.

Waste data is only calculated from 2022/23, which is used as a proxy for previous years.

We report the emissions we can measure with a reasonable level of accuracy and have control of. We also work to estimate our other material emissions, to inform how we can reduce them, in particular:

- **Investments:** information can be found in the Investments section of this report, [pages 59 to 63](#).
- **Funded research:** on a spend-basis, we have estimated the emissions associated with the research activities we fund to be in the region of 300,000 tonnes CO₂e.

Scope 2 – Electricity

In line with the Greenhouse Gas Protocol Scope 2 guidance, we adopted a dual reporting approach for purchased electricity:

- **Location-based:** reflects the average emissions of the UK electricity grid from which our consumption occurs.
- **Market-based:** reflects emissions from the electricity that we specifically purchased. In 2020 we started purchasing our electricity from 100% renewable sources, thus the drop in emissions to zero tCO₂e.

Energy efficiency measures

This year, working with external consultants, we identified a range of energy efficiency opportunities for our buildings, for consideration as part of achieving our 2030 net zero ambitions.

Funding data 2023/24

Most of the grants we award last for several years. As of 30 September 2024, we had 2,671 active grants supporting work at 960 organisations across 104 countries, with a total value of £6.4 billion.

62.3% of this funding supports work in the UK and 37.7% in other countries; 28.6% was awarded directly to overseas institutions and 9.1% was awarded to a UK grantee working with an international collaborator.

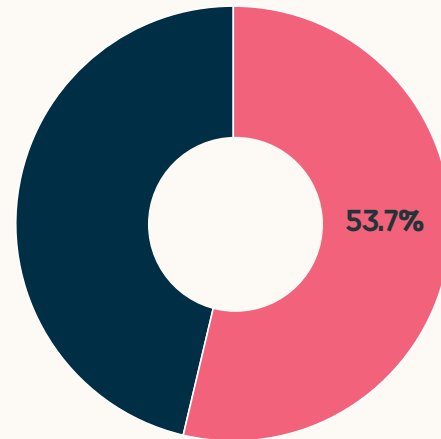
In 2023/24, we received 2,774 (2022/23: 2,139) applications and made 611 (2022/23: 638) awards. The grant funding amounts are detailed in Note 7 (see [page 173](#)).

Of grants awarded in 2023/24, 75.6% (2022/23: 70.8%) were to individuals and 24.4% (2022/23: 29.2%) to teams of two or more.

We collect diversity information from applicants and report on the proportion of lead applicants on grants awarded by gender, disability and ethnicity.

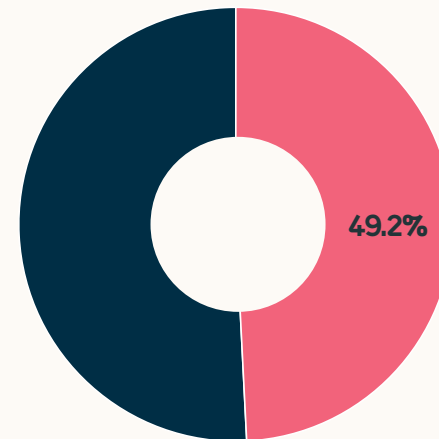
Lead applicants on grants awarded

2023/24

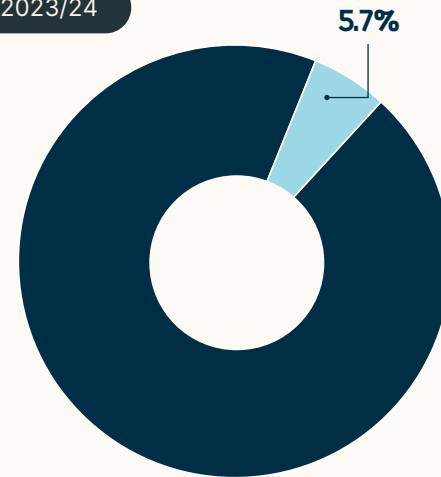


 Women

2022/23

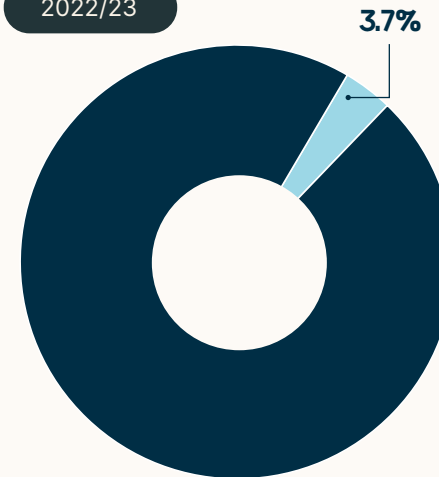


2023/24



 Disabled

2022/23

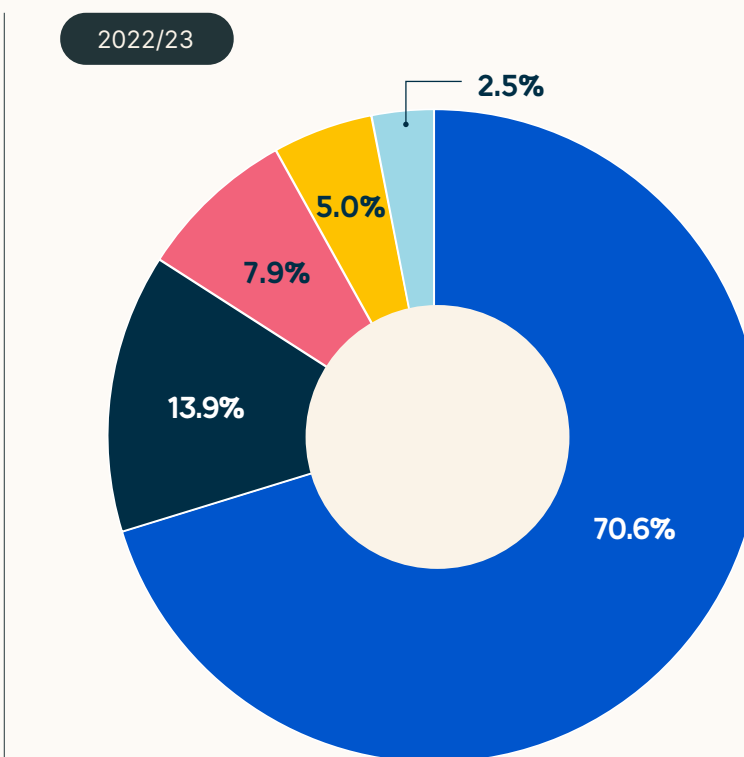
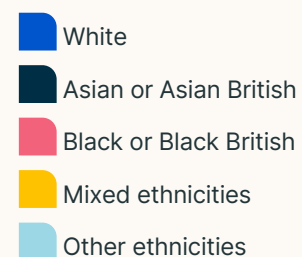
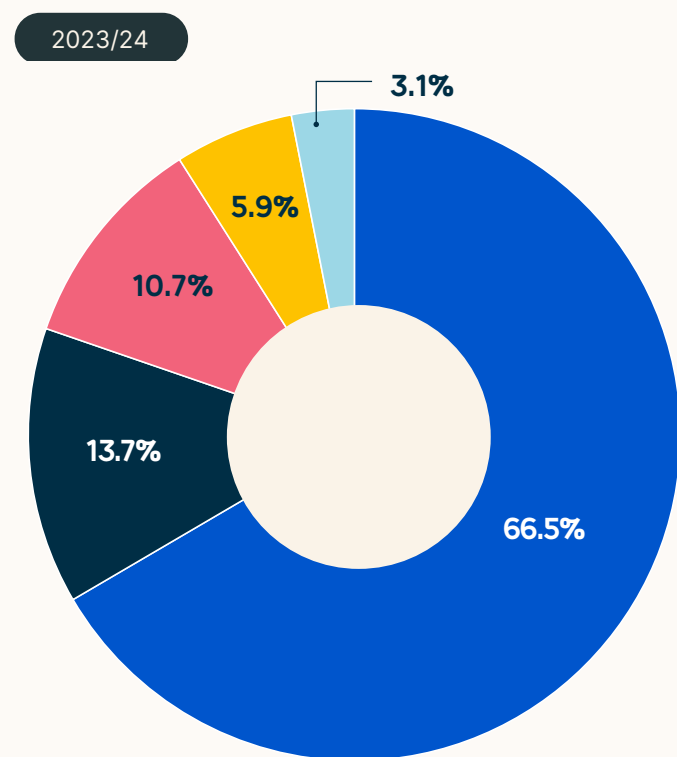


These figures do not include co-applicants or people supported by a grant other than the lead applicant.

Where lead applicants have not provided data, have responded 'prefer not to say', or for gender have responded 'non-binary' or 'prefer to self describe', they have been excluded from this analysis. Therefore we report on 90.7% of lead applicants for gender and 89.5% for disability.

This data does not include supplements or prior year adjustments.

Lead applicants on grants awarded



These figures do not include co-applicants or people supported by a grant other than the lead applicant.

Where lead applicants have not provided data or have responded 'prefer not to say' they have been excluded from this analysis. Therefore, for 2023/24 we report on 89.7% of lead applicants for ethnicity.

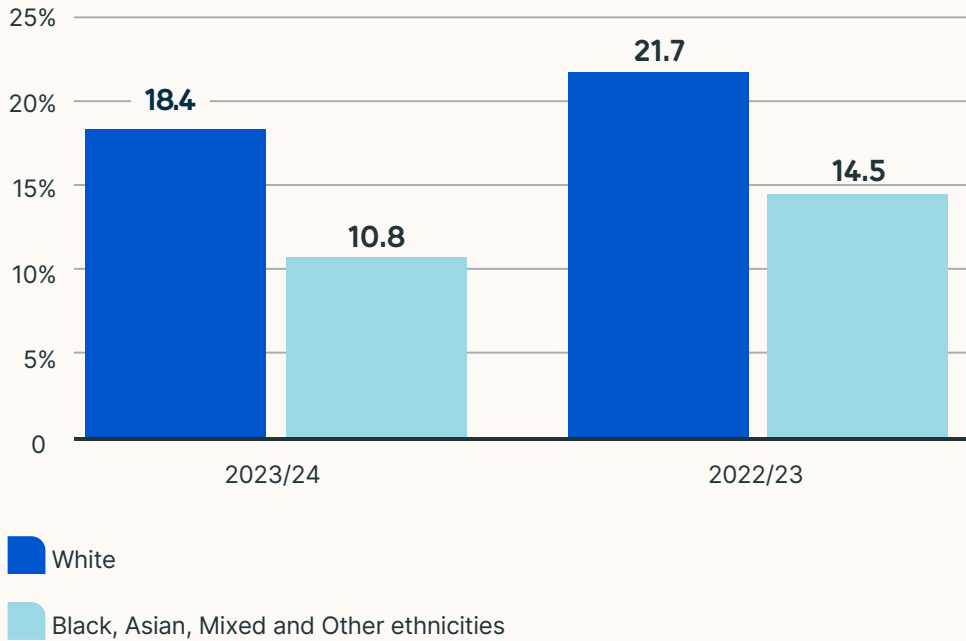
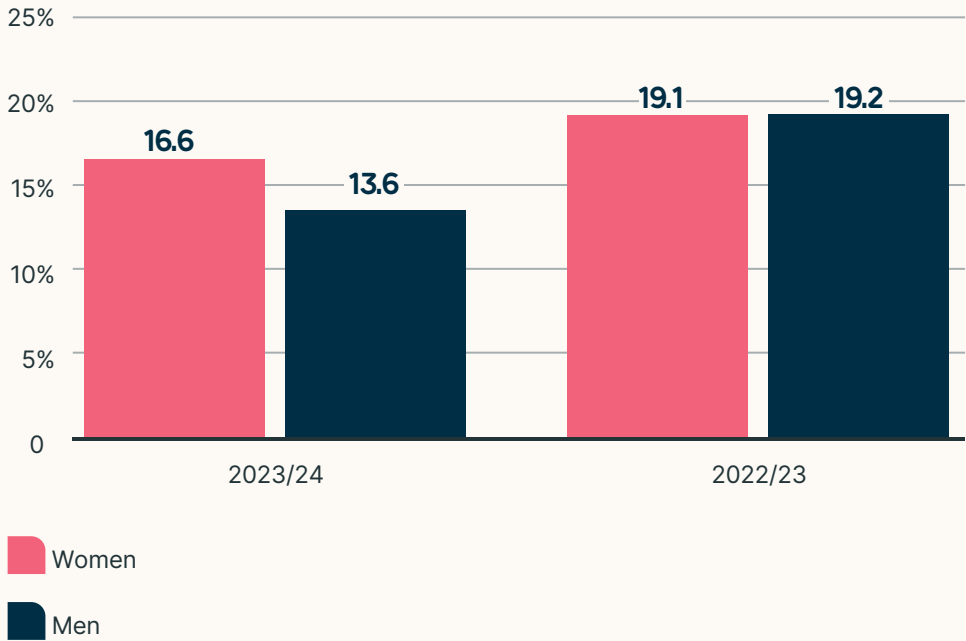
We have used the UK Census categories of ethnicity, and recognise the limitations of this approach both within the UK and the global context of our funding.

This data does not include supplements or prior year adjustments.

Most of our grants are awarded through open competitive schemes or calls. For these calls we report on success rates, which are the proportions of lead applicants submitting eligible applications who were successful. These charts are based on lead applicants who shared the relevant characteristic data. Numbers of disabled applicants were too low to report on success rates for this characteristic this year.

There is more information about who and where we fund on our website, [wellcome.org](https://www.wellcome.org) - search for "Funding data".

Success rates for lead applicants



Structure and Governance

The Wellcome Trust (Wellcome) is an independent global charitable foundation created in 1936 by the will of Sir Henry Wellcome. Wellcome is a registered charity governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended. Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

The Trustee and Board of Governors

Wellcome's sole Trustee is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association.

The Trustee's directors (known as Governors) and Company Secretary are listed on [page 216](#).

The Board of Governors is responsible for the Wellcome Group, which comprises Wellcome and its subsidiary undertakings (refer to note 21 for significant subsidiary undertakings).

Subsidiaries support Wellcome either through delivering against charitable objectives or as investment entities. These subsidiaries include Genome Research Limited, which encompasses the activities of the Wellcome Sanger Institute, and Wellcome Leap Inc, a US-based non-profit organisation founded by Wellcome in 2020 to accelerate breakthroughs for global health. Wellcome is entitled to appoint directors to the boards of both organisations. As at 30 September 2024, Wellcome had three appointees on the board of Genome Research Limited and three appointees on the board of Wellcome Leap Inc.

Our approach to good governance: UK Corporate Governance Code, Charity Governance Code, and public benefit

We have established an approach to good governance that looks to best practice for a charity of our nature, size and scale considering the Charity Governance Code and relevant aspects of the UK Corporate Governance Code and the UK Stewardship Code.

Wellcome has a very broad mission, no founder or living donors and, unlike corporate bodies, no shareholders. In the absence of these accountability mechanisms, we have determined that Wellcome is accountable to society for delivering our mission, while using our independence for public benefit.

The Board of Governors and the Executive Committee benchmark decisions against this principle, particularly to ensure we use our independence for public benefit, and that our strategic and operational plans are aligned to meet our mission.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, in making board decisions, and in setting grant-making policies and procedures.

Our governance framework

Our governance framework is based on an open and transparent culture of decision making. It focuses on the most important issues for our organisation while being strategic and responsive to our stakeholders.

The Board

Led by our Chair, Julia Gillard, the Board is collectively responsible for Wellcome achieving its mission and strategy. The Board of Governors oversees our strategy for improving health through research, creating value to our beneficiaries and other stakeholders, providing effective challenge to the Chief Executive Officer (CEO) and management on the implementation of our strategy and day-to-day running of the organisation, and ensuring there is an effective risk management and internal control system. Certain strategic and operational decisions are reserved to the Board as set out on [page 102](#).

The Deputy Chair, Fiona Powrie, supports the Chair and provides an alternative contact point. Individual Governors act as champions for Speak Up, safeguarding, stakeholder engagement, and ESG matters.

The Chair arranges informal meetings and events to help build constructive relationships between the Board and the Executive. The Chair meets with individual Governors and the CEO outside formal Board meetings to allow for open two-way discussion about the effectiveness of the Board, its committees and its members.

[Page 98](#): Key activities of the Board
[Page 115](#): Section 172(1) statement

Audit and Risk Committee

Chair:
Stephen Lovegrove
 from 1 Jan 2024

Chris Jones
 1 Oct 2023–31 Dec 2023

Financial reporting, system of internal controls, risk management, internal audit, external audit, oversight of Speak Up (report [page 129](#)).

People and Remuneration Committee

Chair:
Diana Noble
 from 1 Jan 2024

Cilla Snowball
 1 Oct 2023–31 Dec 2023

Remuneration and people policies and practices, Executive and Investment team succession and remuneration (report [page 123](#)).

Nominations and Governance Committee

Chair:
Julia Gillard

Stakeholder engagement, succession planning, senior appointments and reappointments, recommendations for governance improvements (report [page 125](#)).

Investment Committee

Chair:
Richard Gillingwater

Investment performance and risk, investment management and providing advice and assurance to the Board (report [page 127](#)).

Board committees

The Board is supported by a number of committees to which it delegates certain matters.

Board committee chairs report to the next Board meeting after each committee meeting, and the committee chairs meet every six months to discuss cross-cutting issues. The committee terms of reference are on [wellcome.org](#).

The CEO and the Executive

The Board delegates the day-to-day management of Wellcome to the Chief Executive Officer (CEO). The CEO delegates certain matters to their Executive Committee (ExCo); (previously the Executive Leadership Team) and maintains challenge and oversight through meetings of ExCo and of an extended executive group.

The CEO reduced the Executive from 11 members to 8 members as of 9 September 2024. ExCo is chaired by the CEO and the members are listed on [page 217](#). The extended executive group, also, chaired by the CEO, was established to provide strategic input to ExCo from senior management across the organisation.

Each ExCo member has designated responsibilities and the Delegated Authority Policy sets out the individual's levels for financial decision making. The Managing Partner and Chief Investment Officer reports to the CEO and is a member of the extended executive group.

Management meetings

Management meetings help members of the ExCo carry out CEO-delegated responsibilities. These include the Operations Committee chaired by the Chief Operating Officer, the Valuation Group chaired by the Chief Finance Officer (previously Emeritus Partner, Investments), and the Investment Decision Meeting chaired by the Managing Partner and Chief Investment Officer (who is part of the Investment Executive). These management meetings are advisory to those with delegated authority.

With the aim of supporting Wellcome to be more focused on its mission and aligning structures to support the strategy, management formally consulted with staff to make changes to departments and roles across the organisation, which were introduced as of 2 December 2024.

Key activities of the Board of Governors in 2023/24

The Board met seven times during the year, including a site visit to Diamond Light Source, the UK's national synchrotron science facility, which is co-funded by Wellcome.

Key priorities included establishing a new vision for Wellcome, development of our ESG strategic framework, deep dive on risk management, and establishing a new Equity Framework as part of delivery on our EDI strategy.

Strategy	Further development of our approach to impact measurement, including a new approach to track progress and impact for Wellcome's Discovery Research and Mental Health programmes against our strategy	Approved a new vision for Wellcome of "a healthier future for everyone" aligned to our beliefs and values, placing health and equity central to our work	Update to Wellcome's Infectious Disease strategic programme, refining goals, focus and priorities
Risk management and internal controls	Risk management framework review and deep dive	Review of risk appetite statement	Review of the corporate risk register
Finance and investment performance	Wellcome Genome Campus – management team established	Establishment of 2024/25 corporate planning priorities and financial framework	Move of custody of Wellcome's hedge fund investments in-house
Strategic funding and partnerships	Wellcome Leap scientific review and approval of funding extension	Snakebites programme vision	Approval of the use of positive action in funding decisions as part of our anti-racism commitment
Stakeholder engagement and culture	Introduction of new approach for regular staff engagement surveys	Review of Wellcome Collection's Future Programme and alignment with the delivery of our strategy	Review of the UK research ecosystem
Governance and ESG	Approval of the new ESG Framework including Group ESG minimum standards to better manage ESG risks at a Group level	Development of a new Equity Framework to build on the progress made delivering the EDI strategy and align with Wellcome's strategy to drive equitable health outcomes	Wellcome Achievement Award introduced to link Executive and staff bonuses to Wellcome's performance against the strategy

Board composition and succession

The Nominations and Governance Committee has continued to lead on Board and committee succession planning, as well as on the new CEO recruitment, which was completed during the year.

Two new Governors (Board members), Diana Noble and Stephen Lovegrove, were appointed by the Board on recommendation from the Nominations and Governance Committee in November 2023 as reported last year and were brought in to chair the People and Remuneration Committee and Audit and Risk Committee, respectively.

Board changes after year-end

The Board appointed Fiona Powrie as Governor and Deputy Chair for a second three-year term, effective 1 January 2025.

The Board appoints external committee members to provide independent expertise where needed, for example on financial, risk, remuneration and people matters and investment matters. External members are not Governors but count towards the quorum for decision making in the committees. In December 2024 the Board approved the appointment of two new external members to the People and Remuneration Committee, effective early 2025. A summary of committee membership changes are included in each committee's report.

Board diversity

The Board is committed to having a diverse membership. Equity, diversity and inclusion considerations form an integral part of the Board's succession planning process. A skills and diversity audit of the Board was used to inform succession planning in 2024. As part of this review the Board considered its size, composition, expertise, global representation, independence and diversity.

The Board agreed that it should continue with the current approach, including global representation (comprising at least one member resident in a low- or middle-income country). It agreed to continue to maintain a broad mix of skills related to research expertise, but to focus forthcoming recruitment rounds on skills in relation to emerging technology and AI, while maintaining investment expertise.

Diversity continues to be a priority in succession planning and recruitment and the Board aims to exceed (while not dropping below) the standard of:

- At least 40 percent of the Board and at least one of the senior Board positions are women.
- At least 30 percent of the Board are from minority ethnic backgrounds.
- Establishing a target of at least one Board member being a mid-career individual in the 35-49 age bracket.

Board diversity at 30 September 2024

Gender identity	% of Board members
Woman	50
Man	50
Non-binary or gender diverse	-
Prefer not to disclose	-

Race/Ethnicity identity	% of Board members
Asian or Pacific Islander	10
Black	20
Hispanic or Latine	-
Indigenous (including North American Indian Navajo, South American Indian Quechua, Aboriginal or Torres Strait Islander)	-
Middle Eastern or North African	-
White	60
Self-describe	10
Prefer not to disclose	-

Age	% of Board members
Below 40	-
40-49	-
50-59	20
60 or above	80
Prefer not to disclose	-

Board effectiveness reviews

In line with best practice, the Board uses an independent provider to regularly review its effectiveness. The most recent review was completed in 2022 by Independent Audit (an independent external consultancy) and the Board agreed actions to address the areas highlighted in Independent Audit's report for improvement, which were completed and reported to the Nominations and Governance Committee and the Board.

An internal board effectiveness review was carried out in 2024 comprising (1) a self-assessment survey of the Governors and key members of the Executive; (2) a review of the Board's activities throughout the year against its Matters Reserved to the Board to ensure it met its responsibilities; (3) a review against the 2023/24 Board and Chair objectives; and (4) individual Governor and Chair appraisals.

The Board agreed the following areas for improvement and developed actions to address them:

- More strategic content and discussion at Board meetings
- A mid-year residential strategic Board event in 2025

Board objectives and appraisals

The Board agrees annual objectives that are aligned with the Wellcome strategy and management's objectives. The Board also agrees annual objectives for the Chair.

These objectives were used as a measure of performance for the Chair's and Governors' annual appraisals.

As part of the appraisal exercise, the following formal Governor meetings took place during the period:

- the Chair held one-to-one individual review sessions with each Governor (twice a year)
- the Deputy Chair held a one-to-one individual annual review session with the Chair and CEO
- the Deputy Chair led a meeting of Governors without the Chair to appraise the Chair's performance
- the Chair facilitated six monthly and annual Governor and Board performance discussion at a meeting of the Governors

Discussion at the meetings also covered time commitment for the role and each Governor's external commitments, to ensure that each Governor continues to be able to commit sufficient time to the proper functioning of the Board and its committees.

Board learning and development

The Board Learning and Development Framework was developed this year and places an increased focus on the Board's approach to training across legal, regulatory and fiduciary responsibilities of the Governors as well as on areas needed to effectively monitor and oversee the delivery of our strategy and measure our impact. An annual Board training plan is created with the Board based on the needs identified each year through the Board effectiveness review, individual governor appraisals and the Board's work plan for the year ahead, and is regularly refreshed throughout the year at Board meetings and reviewed and updated by the Company Secretary and Chair at their regular meetings.

Each new Governor is offered an induction programme tailored to their role, including any committee membership or chairing duties and their existing knowledge and experience. This ordinarily includes meetings with the Chair, CEO, the Executive and relevant external stakeholders (for example, external auditors); information on the strategy, including the charitable portfolio's objectives and spending plans, investment policy and strategy, details of Board and Committee policies and procedures, relevant codes of conduct, and charity trustees' and directors' responsibilities.

Matters Reserved to the Board and delegation of authority framework

We have a coherent and transparent delegated authority framework, designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge.

Our investment activities require quick decision-making and, given the size of our portfolio, the amounts involved are large. Investment executives therefore have authority to commit Wellcome in respect of higher amounts than senior executives in other areas. Key investment decisions are discussed and challenged at meetings of the portfolio management team, chaired by the Chief Investment Officer or a senior member of their team. The Board and Investment Committee regularly review the delegated authorities granted to the Investment Executive and how they are exercised, as well as portfolio-level consolidated performance and risk metrics.

Across all of our activities, decisions from those with delegated authority are always made subject to them receiving input and constructive challenge from a range of contributors at executive and management committees, as described in the governance framework.

Oversight of culture and purpose

Wellcome's culture provides the foundation to deliver our strategy. The Board ensures that our culture enables us to build the organisational capability required to deliver on our commitments to society at large, our people, suppliers and partners.

One of the Board's key roles is to determine our shared purpose and to set and uphold our values, standards and ethics which combine to create our culture. As such, the Board balances the tone from the top in demonstrating Wellcome's beliefs and values (see [page 10](#)).

The Board receives regular reports in order to monitor developments in our culture and provides supportive challenge to management.

Reports include:

- progress on key equity, diversity and inclusion projects, such as our anti-racism and anti-ableism work
- progress on how the organisation engages with staff including updates on the staff pulse surveys
- review of a People dashboard showing key metrics reflecting, as examples, staff morale and turnover

The Board gains further insight into the organisation's culture through:

- Governors acting as staff diversity network buddies
- interactions with staff at events throughout the year, including Meet the Governors sessions
- holding Board meetings in subsidiaries' offices, with opportunities to engage with staff and partners on site
- Board champions on safeguarding, Speak Up, stakeholder engagement and other areas

Board and Board Committee attendance (Governors)

Name	Role	Board ⁹ Attendance/ No. of Meetings: 7	Audit and Risk Committee Attendance/ No. of Meetings: 5	Nominations and Governance Committee Attendance/ No. of Meetings: 2	People & Remuneration Committee Attendance/ No. of Meetings: 8	Investment Committee Attendance/ No. of Meetings: 4
Julia Gillard	Chair, Board of Governors	7/7	-	2/2	8/8	4/4
Fiona Powrie	Deputy Chair	7/7	-	2/2	7/8	-
Ijeoma Uchegbu	Governor	7/7	5/5	-	-	-
Diana Noble ^{1,5,7}	Governor	7/7	-	-	5/5	3/3
Stephen Lovegrove ^{2,6}	Governor	6/7	4/4	-	-	-
Cilla Snowball ^{3,4}	Governor	7/7	1/1	2/2	3/3	-
Richard Gillingwater	Governor	7/7	-	-	6/8	4/4
Elhadj As Sy	Governor	7/7	-	2/2	-	-
Gabriel Leung ⁸	Governor	7/7	-	-	-	0/1
Arup Chakraborty	Governor	7/7	3/5	-	-	-

Notes:

1. Term as a governor began 6 November 2023
2. Term as a governor began 6 November 2023
3. Appointed to Audit and Risk Committee 17 July 2024
4. Interim Chair of People and Remuneration Committee from October to December 2023
5. Appointed as a member and Chair of People and Remuneration Committee on 1 Jan 2024
6. Appointed as a member and Chair of Audit and Risk Committee on 1 Jan 2024

7. Appointed to Investment Committee on 13 Feb 2024
8. Stepped down from Investment Committee on 13 Feb 2024
9. In 2023/24, there were seven formal Board meetings: 26-7 Nov; 27 Nov; 8 Jan; 12-13 Feb; 29-30 Apr; 10-11 Jun; 23-24 Sep
10. Non-executive Remuneration Committee is not included in this table as it is an Executive committee with no non-executive members

Board attendance is recorded at each meeting. Partial attendance is rounded up.

Attendance at meetings is only recorded for appointed Board and Committee members (not observers or attendees).

Informal catch-up meetings where no decisions are made are not counted in the total number of meetings.

Board Committee attendance (other members)

Name	Role	Audit and Risk Committee	Investment Committee
		Attendance/ No. of Meetings: 5	Attendance/ No. of Meetings: 4
Jonathan Britton ¹	Member	4/5	-
Caroline Wehrle	Member	5/5	-
Chris Jones ⁴	Member	1/1	-
Tracey Blackwell	Member	-	2/4
Stefan Dunatov	Member	-	3/4
Martin Halusa	Member	-	4/4
Cressida Hogg	Member	-	4/4
Girish Reddy	Member	-	4/4
John-Arne Røttingen ²	Member		3/3
Lisha Patel	Member	-	4/4
Fabian Thehos	Member	-	4/4
Nick Moakes	Member	-	4/4
Karen Chadwick	Member	-	4/4
Paul Schreier ³	Member	-	1/1

Notes:

1. Joined 1 Oct 2023
2. Joined 29 Feb 2024
3. Until 29 Feb 2024
4. Interim Audit and Risk Committee Chair from 1 Oct to 31 Dec 2023

Funding disclosures

Grants

The following Governors were in receipt of Wellcome grant funding (or supervised individuals with Wellcome grant funding) during the year:

- **Fiona Powrie** – Professor of Musculoskeletal Sciences at the University of Oxford; member of the board of directors of Wellcome Leap Inc, a subsidiary of the Wellcome Group

The following Governors did not hold Wellcome grants or supervise individuals with Wellcome grants, but had an interest in an organisation that was in receipt of Wellcome funding during the year:

- **Julia Gillard** – Chair of the Global Institute for Women's Leadership at King's College London
- **Richard Gillingwater** – Member of the board of directors of Wellcome Leap Inc, a subsidiary of the Wellcome Group
- **Ijeoma Uchegbu** – Professor of Pharmaceutical Nanoscience at University College London; President of Wolfson College, University of Cambridge, from 1 October 2024

- **Stephen Lovegrove** – Distinguished Visiting Fellow, Columbia University, New York, USA
- **Gabriel Leung** – consultant with the World Health Organization
- **Cilla Snowball** – lay council member of the University of Birmingham; member of the board of directors of Genome Research Limited (a subsidiary of the Wellcome Group) until 18 July 2024
- **Elhadj As Sy** – member of the World Health Organization's Independent Oversight Committee, Health Emergencies; Co-Chair of World Health Summit

These appointments do not create a related party transaction as they do not exercise significant influence over those organisations. Measures are taken to ensure that Governors with Wellcome grants do not participate in Wellcome matters relating to the organisation that they have a Wellcome grant with, to ensure there are no conflicts of interest in Wellcome decisions.

Other funding types

The following Governors had appointments with organisations that received Wellcome funding other than grants during the year:

- **Julia Gillard** – Patron at the John Curtin Prime Ministerial Library, Curtin University

These are not considered to be related party transactions as the roles are advisory and do not influence the organisation's decision making.

Our conflicts of interest policy ensures that Governors do not participate in decisions where there is a potential conflict of interest between Wellcome and a Governor's external appointment.

The following members of management (Key Management Personnel) also held appointments with organisations that received Wellcome funding:

- **Karen Chadwick** – Member of the board of directors of Genome Research Limited (a subsidiary of the Wellcome Group)
- **John-Arne Røttingen** – Member of the board of directors of Wellcome Leap Inc; chair and member of the board of directors of Genome Research Limited (a subsidiary of the Wellcome Group); board member of the Francis Crick Institute; member of the board of directors of the Geneva Science and Diplomacy Anticipator

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'

- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Acts and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of charity and financial information on Wellcome's website: wellcome.org.

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee report on [pages 129 to 133](#), and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Statement of disclosure of information to auditor

Each Governor in office at the date of approving this report confirms that: So far as the Governor is aware, there is no relevant audit information of which Wellcome's auditor is unaware; and each Governor has taken all the steps that ought to have been taken as a Governor in order to make themselves aware of any relevant audit information and to establish that Wellcome's auditor is aware of that information.

Grant-making procedures and policies

Grants are a core mechanism to deliver our strategy, and our grant-making procedures and policies support our status as a public benefit entity.

Most grants are funded through established schemes aligned with our strategy, which have specific open criteria. The majority of our response-mode awards are made through higher education organisations in the UK, Ireland and low and middle-income countries. We also award some grants to achieve strategic objectives where country and organisation eligibility may be broader.

The Board of Governors has delegated approval of grant awards under our strategy of up to £50 million to the CEO but has retained approval of awards above £50 million or that, for example, have the potential for material adverse impact on Wellcome's reputation.

All grant applications undergo due diligence. Proportionate due diligence is carried out on awards and recipient organisations commensurate with the level of risk and amount to be awarded, covering legal, operational and financial risks. We ensure that the resources requested are appropriate for the proposed activities, and awards are made following the advice of external expert reviewers.

Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our strategy and to compare our data with that of other funders.

Our grant terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying, harassment, abuse and other harms, research misconduct, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements. We operate a conflicts of interest policy covering applicants, external expert reviewers and staff, including Governors. A policy on environmental sustainability was launched in 2024 and a new policy on the use of artificial intelligence will be launched in 2025.

Sanctions may be taken against grantholders or organisations if they are in breach of our terms and conditions. These range from a letter clarifying our expectations to withholding payments, terminating active grants or barring funding applications to Wellcome for a specified time.

Between October 2023 and September 2024, we imposed sanctions against four individuals where allegations were upheld which related to bullying, harassment, abuse and harm. The sanctions included barring respondents from applying to Wellcome or acting as a supervisor for a period of time, revoking access to existing funds and mandating the completion of relevant training. No sanctions were imposed related to research misconduct and no organisational sanctions were imposed.

Details of how to apply for grants are available on wellcome.org.

Organisational ethics and compliance

To achieve Wellcome's mission, our staff must continue to uphold the highest standards of conduct and integrity, work together, enhance public trust and earn the respect of our external partners.

Building on last year's work to develop our risk and controls environment, we have remained focused on maturing our risk and integrity culture. We reviewed and updated our Financial Crime policy, approved in September 2024, and revised our financial crime risk assessment to align with Wellcome's new risk framework.

This year, we have worked towards fostering a culture of integrity and reinforcing our commitment to ethical conduct. We successfully launched our Code of Ethics (replacing our Code of Conduct), providing a clear framework for decision making and behaviour within our organisation. Alongside, we introduced Connie, a puppet character who represents your conscience and helps Wellcome colleagues navigate decisions at work through an

interactive ethics programme. This includes the launch of iConnie, our policies Chatbot and Connie's Ethics Gym, rooted in behavioural science, a monthly ethical dilemma that encourages colleagues to 'learn by play'. Our approach this year won the European Compliance and Ethics Conference Award and the Engage Award for best use of innovation in employee engagement. Our Legal Compliance Lead, Hitomi Walter, was recognised as a Vault Integrity Innovator 2024.

Recognising the critical importance of tackling modern slavery, we have completed a detailed gap analysis and initiated follow-up actions, which include template updates and policy reviews, further solidifying our stance against this grave issue. Our latest modern slavery statement is available at wellcome.org.

We continue to develop partnerships with expert organisations to help shape our policy environment, practices and communications, including Unseen UK (modern slavery and human trafficking), Protect (Speak Up) and the Funder Safeguarding Collaborative (safeguarding).

Stakeholder engagement

Engaging with stakeholders supports Wellcome's strategic ambitions and informs the decisions of our Board.

We aspire to use best practice for stakeholder engagement under the Companies Act 2006 s172(1), the UK Corporate Governance Code, and the Charity Governance Code. Cilla Snowball is the designated stakeholder engagement Board Lead, and the Nominations and Governance Committee has responsibility for oversight and development of this activity.

Wellcome is an independent foundation, but we do not work in isolation. To achieve our mission, we need to act collaboratively. We want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world. Without engaging our stakeholders, our potential for impact in such a large ecosystem is limited. Our success depends on our ability to build and maintain relationships of influence with a range of people:

- A deep understanding of the needs, context and values of our stakeholders ensures we are focusing our effort and resources on the needs and priorities of those most affected by health challenges.

- Collective problems require collective solutions: developing reciprocal relationships empowers all parties to achieve their goals.
- To achieve our goals, we need to be challenged and be able to challenge others: this relies on fostering an environment where every stakeholder feels comfortable giving and receiving feedback and sharing ideas.

Employees

Our employees' knowledge, skills, experience and understanding of our strategy are critical to delivering our mission. We aim to create a motivating and inclusive working environment that enables employees to be themselves at work and understand how their work connects to Wellcome's strategy.

To deepen employee understanding of their role in the mission, the Board of Governors and Executive set shared organisational priorities each year and share information on key decisions through our intranet, employee meetings and events, enabling transparency and dialogue. We collect and listen to feedback from candidates during recruitment and from employees through quarterly performance check-ins and exit interviews. Governors review this feedback, along with other metrics.

This year, we implemented new mechanisms to enable a deeper understanding of employees' views, more frequent dialogue between leadership and employees, and opportunities to for employee experiences to inform decisions.

Engaging with impact this year

- A speaker series beginning in the summer of 2024 invited Wellcome grantholders and others to share with employees the various impacts

Wellcome has through our strategy. We also planned an immersive one-day event to bring together all Wellcome employees to understand how we work as one team to deliver our vision of a healthier future for everyone – this event took place in November 2024.

- Our staff forum, Wellcome Exchange, was strengthened and now lies at the heart of our employee voice architecture. Since January 2024, Wellcome Exchange presents at every Board of Governors meeting and has directly contributed to decisions such as how to implement the leadership decision to increase from two to three days in the office each week, evolving our approach to performance and pay, and updating key people policies through an equity, diversity and inclusion lens.
- The Prospect trade union was formally recognised at Wellcome in November 2023 following a vote by employees. In September 2024, Prospect supported a consultation process between Wellcome management and Wellcome employees regarding changes proposed to align departmental structure with strategy. The process was required because more than 20 roles were potentially at risk. It was conducted in a positive spirit, and many employee's alternative proposals were fully or partially accepted. The process concluded after the reporting date of this report.

- A regular survey was launched to collect insights on employee experiences and enable ongoing conversations between leaders, managers, and employees.
- New models were introduced to better support our staff diversity networks, informed by employee engagement and external advisors. This included retaining Board engagement such as the Board buddy system, where each staff diversity network is partnered with a Governor.

Research communities

The heart of our mission is empowering researchers to make discoveries, breakthroughs and solutions that improve health, while fostering a positive and inclusive research culture. We engage with research communities across the globe, regularly seeking input to inform our strategic approach and decisions on what and how we invest in research. We are committed to engaging with an ever-broader range of researchers, universities and other institutions to increase diversity of perspectives and make new connections.

Wellcome's funding decisions are routinely informed by world-leading expert reviewers and committees; we regularly seek feedback from our committees to assess and evolve our funding approaches. We visit research

organisations we fund to enrich our understanding of their environment, how they work, and how we can best support their ambitions as we form deeper, trusted relationships.

Clearly communicating our strategy and processes is essential for researchers and institutions to decide whether and how to apply for funding or to work with us. This has been a significant focus over this year, recognising feedback from stakeholders on the need to better communicate and engage researchers with our strategy and priorities, particularly in a time of leadership change for Wellcome. We will continue to create opportunities to do this, ensuring we also demonstrate the impact of insights on our decisions and actions.

Engaging with impact this year

- In January 2024, we launched Accelerator Awards to address the under-representation of researchers from Black, Bangladeshi or Pakistani heritage backgrounds in the UK's academic landscape (see [page 39](#)). The funding scheme was shaped by focus groups, surveys and consultations with researchers in these communities to understand how the scheme could best remove barriers, advance careers and contribute to scientific progress.
- To explore opportunities and barriers in bioimaging research this year, we conducted 50 structured interviews

and received 500 survey responses from the global research community. These diverse perspectives shaped our activities, including funding 17 projects focused on developing ambitious technologies and a new partnership to overcome barriers to bioimaging in low-resource settings (see [page 16](#)).

Partner organisations

Partnering with aligned and complementary organisations across the global research, health, climate, investment, cultural and public policy sectors allows us to combine our resources, capabilities and reach. Creating inclusive and effective partnerships requires a mutual understanding of each other's strategic goals, values, capabilities and resources, which takes time and commitment. We engage with strategic partners to develop joint plans on shared priorities, meeting regularly across levels of seniority to co-develop ideas that can achieve impact at scale and with speed.

Over the next year, we will seek more opportunities to build methods for more inclusive engagement with a broader range of partners, including in the private sector, across more geographies and topics, as well as deepening relationships with key existing partners.

Engaging with impact this year

- To gain maximum value, mutual learning and delivery of shared priorities from our research partnerships in Africa, South and South-East Asia, we convened five of our core-funded international programmes in September 2023. Using approaches founded on shared values, and equitable, diverse and inclusive cultures, the meeting produced a jointly developed outcomes framework for each programme.
- This year, Wellcome, the Novo Nordisk Foundation and the Bill and Melinda Gates Foundation established a new partnership to support critical scientific R&D for global health. The partnership will run for three years, with each organisation having committed US\$100 million to support science and innovation to advance solutions that are accessible and affordable to low- and middle-income countries.
- Wellcome called on governments to act on antimicrobial resistance (AMR) through opportunities presented by a UN high-level meeting in September 2024 (see [page 23](#)). Our proposals were developed through extensive engagement with governmental and non-governmental stakeholders driving political progress and focused on political accountability and global governance.

Investor community

Investing in companies, managers and assets that maintain a strong licence to operate is central to our investment philosophy. Our engagements focus on the material issues for each asset and opportunities to enhance the asset's licence to operate and thereby improve long-term return potential. The companies, funds and asset managers we invest in need to understand the requirements of their stakeholders: for example, communities impacted by property and development activities. As a long-term investor, we provide a different perspective from other market players, who often focus on shorter-term issues.

Methods for engagement vary by asset class and by asset:

- Net zero activities (see [pages 59 to 63](#)).
- Meetings with senior management, board members, sustainability teams, investor relations and other company representatives.

- Written communication, including emails and formal letters.
- Voting, using our varying degrees of influence through Wellcome's positions as a shareholder and representation on advisory committees and company boards.
- Collaboration with industry bodies and partners, such as other shareholders and industry groups, through written communications, meetings or collaborative platforms.
- Joining engagement-focused campaigns or action groups.
- Public statements.

Engaging with impact this year

- This year, we signed up to the CDP charity's Non-Disclosure Campaign, which asks companies to disclose their data or policies relating to climate change, water scarcity and forestry.

Governments and policy makers

We proactively work with governments and policy makers at national, regional, and international levels, enhancing the use of research evidence to drive timely and informed decision making, promoting investment in science, and advocating for the effectiveness of scientific approaches to solve health challenges. Our goal is to ensure that compelling evidence is available when it matters most.

We build trusted partnerships, relationships, and networks to enrich our understanding of the needs, priorities and cultural contexts of key policy makers and governments. Wellcome staff regularly attend conferences and meetings to hear directly from local policy makers and governments.

Engaging with impact this year

- In May 2024, ahead of the UK General Election, we published a Wellcome manifesto for science, outlining how the next government could support research and leverage the UK's strengths. To develop this paper we engaged key stakeholders, including the UK science sector, government and political actors. Our proposal reached key policy audiences, with our asks featuring in a Times opinion piece, commentary in the Guardian and a Sunday Times interview.
- As part of the Coalition for Mental Health Investment, Wellcome hosted a dinner with the Lord Mayor of London for 180 investors, innovators and researchers to showcase new advances in mental health science that will lead to new and improved interventions globally. This unique event brought together different actors needed to scale interventions and was very well received. Attendees commented on their excitement about the possibilities for collaboration that were opened up, which are now being taken forward through the coalition and other Wellcome initiatives.

Suppliers

To deliver our strategy, we procure goods and services from third-party suppliers. These include specialist advisors, consultants, research groups, advisory bodies, artists, office support services and more. We work with suppliers to ensure the best value and expertise in delivering Wellcome's mission, as well as prioritising environmental and social factors. Our aim is to demonstrate fairness and value in how we work with others through ensuring compliance with policy and best practice procurement.

Wellcome has a supplier relationship management programme which outlines contract and relationship good practice guidance for stakeholders managing suppliers in operational areas of the business. This guidance includes how to effectively monitor supplier performance, maximise mutual value, and collaboratively overcome challenges. These shared approaches also help to set expectations for suppliers who work with us, both existing and new.

Engaging with impact this year

- This year, we updated our procurement processes to embed equity, diversity and inclusion principles. We now request more information from suppliers in these areas and include it in procurement scoring criteria to move towards a fairer, more inclusive approach.
- We published 176 requests for proposals on the Wellcome website. Our contract opportunities page is listed in the top 20 most popular Google searches when looking for tendering activities worldwide, allowing for a diverse mix of suppliers to go through an open and fair process.
- We evolved the depth of our annual Modern Slavery review, looking beyond spend to identify areas of risk such as suppliers' locations and industries.

People with lived experience of health challenges

People and communities who are disproportionately affected by health challenges have expert knowledge and understanding of both the challenges and potential solutions. It is essential that we include such context-specific expertise meaningfully throughout our decisions, the research we fund and

the ways we engage with others to drive change. This will involve creating long-term, reciprocal and sustainable routes to collaboration in research that is anchored in local contexts, and explaining the impact we aim to have so people and communities can relate our work to their experiences. Some of the mechanisms we use are focus groups, advisory networks, and early engagement and deliberation. We also work with our programmes in Africa and Asia to ensure they have the resources and infrastructure they need to work with local communities.

Over the next year, we aim to have greater alignment on how we can build these sustained and equitable partnerships and how we can use insights in a more systematic way to support effective engagement and integration across Wellcome's work.

Engaging with impact this year

- Funded by Wellcome, the GALENOS project (see [page 30](#)) has pioneered the engagement of people with lived experience of mental health to analyse topics in mental health research. Partnering with mental health charity MQ, the project designed pre-briefings and in-meeting support approaches that enabled lived experience advisors to contribute to the technical process of integrating human and animal mental health data.

- Wellcome is funding Centres for Exchange, an innovative research project strengthening community collaboration and co-ownership of health research. By engaging diverse perspectives from grassroots-level communities in India, Kenya and South Africa, the project aims to ensure that the science that Wellcome and other organisations fund is more inclusive, grounded in local realities, relevant and equitable within different contexts. This year the focus has been developing the concept and gathering learning to set our future approach.
- This year we launched a Mental Health Africa Data Prize, in which Wellcome's lived experience advisors have acted as learning partners for the African Population and Health Research Centre, which is our delivery partner in Africa. This supported the team to follow best practices in integrating lived experience expertise into prize design and delivery, and to appoint a dedicated in-house lived experience consultant.

Public audiences

Everyone has an interest in the health issues that Wellcome works on. As a foundation accountable to society, we must be transparent in our aims and how we are delivering against them. Our public-facing activities must be accessible to as many people as possible to contribute to a world where everyone's experience of health matters.

Through Wellcome Collection (see [page 41](#)), we provide opportunities for everyone to contribute towards a healthier future. Our free museum, library, events, collections and online offers are open to all to engage with and explore different experiences of health. We tell inspiring stories of researchers, scientists and communities through our digital channels, media coverage, podcast and Photography Prize.

Engaging with impact this year

- 'The Cult of Beauty' exhibition was open at Wellcome Collection from October 2023 to April 2024, exploring notions of beauty across time and cultures (see [page 41](#)). It received 148,000 visits (57 percent above our target), the exhibition landing page had 546,000 views, and we gained over 700 new email subscribers and more than 130 pieces of press coverage. During this time, a quarter of visits to Wellcome Collection were by people from minoritised backgrounds, making Wellcome Collection the most ethnically diverse across the Museum And Gallery Insight Consortium (MAGIC).
- Alongside our partner Heart n Soul, an award-winning creative arts company and charity working with people with learning disabilities, Wellcome Collection hosted the Beautiful Octopus Club in July 2024 (see [page 42](#)).

Case Study

Research Culture community of practice

In 2023, our Institutional Funding for Research Culture scheme aimed to support institutions to explore ways to advance their internal research cultures. The scheme was open to 42 organisations in the UK and Ireland that strategically align with Wellcome's mission and are well-positioned to create positive research cultures where Wellcome-funded researchers work. Organisations that received awards ambitious plans to address a range of specific challenges: for example, creating an anti-ableist research culture, strengthening the career pathway for technicians, promoting equitable partnerships, and enabling collaborative and team science.

Research culture is a collective challenge, as Wellcome has already raised awareness of at a sector level. As such, we also convened an Institutional Research Culture Community with the aim of promoting shared learning and relationship-building across teams and institutions, establishing a strong, open evidence base for change. All 42 organisations that were eligible for the institutional funding scheme, whether they were funded or not, opted to join this community of practice.

To help build a constructive and inclusive environment, we took an engaged community-convening approach. This included introductory conversations with institutional teams to understand their aspirations, hopes and needs, identifying common themes, and tailoring the programme and an initial event around these findings.

The kick-off event surpassed expectations:

- 53% of attendees reported having their first ever conversation about research culture with people from other universities, underscoring the event's role in sparking discussions that might not happen elsewhere.
- 90% of attendees said they learned about new practices from others' research culture efforts that they could use in their own work, showing the value of exchange of ideas.
- 59% of participants reported that the event helped them grow their networks, either by forging new contacts or reinforcing existing relationships.

For more information about the Institutional Research Culture Community, see our publication: <https://doi.org/10.5281/zenodo.14289957>



Image: Key themes in fostering collaboration within a research culture, as identified at our Institutional Research Culture Community Kick-off meeting in June 2024.

Illustrator: Scriberia

Case Study

Discovery Research meetings

Re-establishing our in-person research meetings, Wellcome hosted four events around the UK for Discovery Research grantholders in May and June 2024, convening over 450 researchers from across our Discovery Research portfolio. For many grantholders, this was a much awaited opportunity to connect with Wellcome and create relationships. For others, it was a chance to learn more about Wellcome's strategy and priorities.

The event provided meaningful engagement with our research community. Relationships with Wellcome were significantly strengthened.

- 97% of people said the event provided them with a better understanding of Wellcome's Discovery Research priorities and activities.
- 91% reported they would like to attend another meeting in the future, suggesting that the event was enjoyable and inspiring for the majority of attendees.

“
I really liked the opportunity to chat to Wellcome staff specifically and everyone I spoke to was enormously helpful.
”

“
It was a really positive event - I learned a lot about new areas of science, about Wellcome strategy and new initiatives, met old friends and made new connections. A super useful meeting, of which you and your team should be very proud.
”



Image: A panel event during a Discovery Research meeting in 2024.

Our s172(1) statement

When making decisions, boards should be able to evidence how they have engaged with their key stakeholders and had regard for their views and other factors. As a charity, Wellcome also needs to carry out our purpose for the public benefit.

Wellcome's Board of Governors confirms that it has acted in a manner consistent with our purpose and values to further the objects of Wellcome for public benefit and having due regard to the factors set out in s172(1), including:

- Public benefit: carrying out our charity's purpose for the public benefit.
- Long term impact: the likely consequences of any decision in the long-term.
- Employees: the interests of our employees.
- Fostering relationships: the need for us to build and sustain business relationships with suppliers and others.
- Community and environment impact: the impact of our operations on the world around us.
- Reputation: maintaining a reputation for high standards of business conduct.

How Governors have had regard to the s172(1) factors in their principal decisions

Board decision	Governors' consideration of factors under s172(1)	
A new vision and strategy articulation for Wellcome	• Long-term impact • Employees • Fostering relationships	The Board approved Wellcome's new vision of 'a healthier future for everyone', which is aligned with our beliefs and values, placing health and equity central to all our work. The Board endorsed the concept of two strategic modes – 'discovery' and 'solutions' – to articulate the core ways in which Wellcome pursues its mission. The development of this strategic framework was directly informed by feedback from external and internal stakeholders about the difficulty in understanding our strategy and how different parts of Wellcome fit together.

How Governors have had regard to the s172(1) factors in their principal decisions (continued)

Board decision	Governors' consideration of factors under s172(1)	
Evolving Wellcome's Equity Framework	• Public benefit • Long-term impact • Fostering relationships • Employees • Community and environment • Reputation	The Board discussed Wellcome's developing Equity Framework, which articulates Wellcome's ambitions in advancing equitable health outcomes. Evolving this framework is part of how we hold ourselves accountable for acting and living our beliefs. The draft framework was developed through engagement with relevant Wellcome staff, Wellcome Exchange and our external Equity, Diversity and Inclusion Associates. This included workshops, interviews and updates to understand progress so far, ambitions for the future and the external landscape. Deeper engagement with Wellcome teams has recently begun to understand how the framework applies to their work.
A strategic approach to managing environmental, social and governance (ESG) topics at Wellcome and across the Wellcome Group	• Community and environmental impact • Long-term impact • Reputation • Fostering relationships	The Board approved an ESG Framework developed to manage ESG topics at Wellcome and across the wider Wellcome Group (the Wellcome Sanger Institute, Wellcome Leap, Wellcome gGmbH; Urban&Civic, Premier Marinas, Genome Campus Ltd) and clarify minimum standards for ESG practices across the group. The framework was developed with contributions from across Wellcome (Strategy, Internal audit, Risk, Equity, Diversity and Inclusion, People, Investment, Information security, Health and Safety, and more). Input from across the Wellcome Group was provided by representatives on the ESG committee (Chief Operating Officers for the Wellcome Sanger Institute and Wellcome Leap, and Chief Investment Officers for investment subsidiaries)
Renewal of funding to Wellcome Leap Inc	• Public benefit • Long-term impact • Fostering relationships	The Board approved the continued funding of Wellcome Leap until 2029. To inform this decision, an interim review of Wellcome Leap was conducted by an independent expert review panel to ensure alignment with Wellcome's new strategy and develop recommendations for consideration prior to the renewal of funding.

Remuneration report

Wellcome remuneration policies and practices are designed to support and promote Wellcome's long-term success and delivery of our strategy, reward fairly and responsibly having regard to statutory and regulatory requirements, and align executive remuneration with Wellcome's values and the delivery of its long-term strategies.

Our remuneration principles

- **Competitive and market-facing:** salaries are benchmarked using external market data appropriate to the sector in which people work. We use trusted providers to secure the pay data and advice required. Willis Towers Watson (WTW, commercial), QCG (heritage) and UCEA (universities) provide salary benchmarking data. WTW also provides specific data and advice on the pay of our Executive Committee (ExCo), as do Aon on the remuneration of our Investments team. PwC advises us on the production of our pay gaps data.
- **Recognise collective success:** the Wellcome Achievement Award rewards all eligible employees with a bonus for collective achievements of shared priorities at the end of each delivery year.

- **Transparent:** our pay policy (excluding the Investments team) is openly communicated to staff.
- **Fair:** benefits are generally the same for all colleagues irrespective of their seniority (except for annual leave) and can be accessed and managed through a portal that also provides a total reward statement. The Reward team run annual equal pay audits and report the findings to ExCo and the People and Remuneration Committee to ensure we do not discriminate or unintentionally create any equal pay issues. Pay gap and action plans are also reviewed by ExCo and the People and Remuneration Committee to inform decisions.

In the UK, we are a Real Living Wage Employer accredited by the Living Wage Foundation. Our Real Living Wage commitment means that everyone working at Wellcome receives at least the London Real Living Wage.

The People and Remuneration Committee

The Board of Governors delegates certain matters to the People and Remuneration Committee, which is chaired by an independent Governor. The members are all Governors, all of whom are excluded from any discussion which affects their own pay (this is delegated by the Board to the Non-Executive Remuneration Committee). The committee ensures that remuneration practices and policies support Wellcome's values, long-term sustainable success and facilitate the employment, motivation and retention of talented people.

The core responsibilities of the committee are to review and recommend to the Board key remuneration principles, the reward strategy and policies for remuneration of employees including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the Executive and other senior staff. It also reviews and recommends to the Board, the remuneration policies and framework for all staff including the Investment team.

The People and Remuneration Committee report ([page 123](#)) includes key decisions made by the committee throughout the year.

Non-Executive Remuneration Committee

The Non-Executive Remuneration Committee (NXRC), made up of executives and an independent external committee member, was established by the Board to consider options to revisit the Governors' remuneration mechanism. This committee ensures that Governors are not involved in decisions relating to their own pay.

Our remuneration governance framework

Board of Governors and the People and Remuneration Committee	The Board of Governors delegates certain matters to its People and Remuneration Committee.
Non-Executive Remuneration Committee	Established by the Board of Governors to ensure that Governors are not involved in decisions relating to their own pay.
Remuneration policies	• Governors' remuneration – Wellcome Constitution and approval by the Charity Commission. • External Board committee members – the NXRC approves their remuneration. • General pay policy – applies to all staff except Investments team. Approved by the Board under the Matters Reserved to the Board. • Investment remuneration framework – applies to the Investments team. Approved by the People and Remuneration Committee.
Annual pay awards, Wellcome Achievement Award and Long-term incentive plans for the Investment team	People and Remuneration Committee – reviews individual ExCo and Investment Executive performance and remuneration. Also approves the pay award budget and the bonus percentage for the Wellcome Achievement Award that applies to wider Wellcome staff, as well as long-term incentive plan awards for the Investments team.

Governors' remuneration, year to 30 September

	2024 £	2023 £
Julia Gillard (Chair)	142,108	142,108
Fiona Powrie (Deputy Chair)	106,581	106,581
Diana Noble	64,325	-
Stephen Lovegrove	64,325	-
Arup Chakraborty	71,054	71,054
Amelia Fawcett	-	71,054
Richard Gillingwater	71,054	71,054
Gabriel Leung	71,054	71,054
Cilla Snowball	71,054	71,054
Elhadj As Sy	71,054	71,054
Ijeoma Uchegbu	71,054	71,054
Total remuneration	803,663	746,067

Expenses in respect of accommodation, travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £203,751 (2023: £224,361) of which £200,652 (2023: £219,101) was paid directly by Wellcome, including Chair accommodation expenses of £48,000 (2023: £48,000), and £3,099 (2023: £5,260) was paid by the Governors and directly reimbursed to them.

No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2024.

Governor and external committee member remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors. Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chairs are up to 2 and 1.5 times the level of a Governor respectively. A review of Governor remuneration and the adjustment mechanism is underway and discussions with the Charity Commission are ongoing, which will continue to ensure that Governors do not make decisions on their own remuneration. The Governors have not had an increase in remuneration since the 2016/17 financial year.

The Non-Executive Remuneration Committee, Audit and Risk Committee, People and Remuneration Committee and Investment Committee have independent external committee members (non-Governors) who are allowed to claim £4,000, £10,000, £10,000 and £20,000 a year, respectively, which some members choose not to claim. A review of external committee members' remuneration is also underway.

Executive remuneration

The remuneration of ExCo members is set up in accordance with the pay policy which was introduced in 2020 with amendments in 2024 and covers the entire organisation, with the exception of the Investments team which has its own reward scheme. The policy states that Wellcome is a market-facing organisation. As such, each role is matched to a relevant role in a robust salary survey. A market rate is created for each role equivalent to the market median. Willis Towers Watson has been appointed as our adviser and data provider for our executive team.

Each ExCo role is matched to a survey role and factors such as organisation size and reporting lines are used to identify a suitable pay benchmark. The aim is to pay at the market rate for each role, market rates are refreshed annually and pay increases for those at market rate are based on any market rate movement.

ExCo members are eligible for the Wellcome Achievement Award bonus scheme as other employees. It is based on the achievement of shared priorities. At the start of each delivery year (1 October), we publish Wellcome's Priorities and develop indicators of success against them. No executives are involved in making decisions on their own remuneration outcomes. The People and Remuneration Committee reviewed and agreed an approach to notice periods, which has been implemented across the organisation in a consistent way.

Investments team

The Investments team's remuneration is based on the Investment remuneration framework (which is separate to the wider Wellcome pay policy).

Wellcome manages the investment portfolio that underpins our charitable activities. The internal Investments team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals.

Members of the Investments team are remunerated through their base salary, supported by variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, for senior roles, long-term incentive plans. A long-term incentive plan is in place to ensure that the remuneration of the Investments team remains competitive and to encourage a long-term view. Awards are made annually based on investment returns and individual performance over a period of three to five years.

The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5b.

Aon provided an asset management sector overview to benchmark pay and reward proposals for the Investments team to provide assurance that the pay and reward package was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Key management personnel

The key management personnel of the Wellcome Group and Wellcome have been defined as the Board of Governors, the Executive Committee (as described on [page 217](#)), and the Investment Executive, who are responsible for decision making in respect of the investment portfolio. The roles and responsibilities of the Board of Governors and the Executive are discussed in the Structure and Governance section.

The total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above.

The remuneration of members of the Executive is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed above.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11d.

Remuneration of key management personnel (KMP) Year to 30 September

	2024 £	2023 £
Governors' remuneration	803,665	746,067
CEO of Wellcome	654,555	401,075
Interim CEO of Wellcome	885,932	352,260
Executive Leadership Team (to 8 September 2024) (excluding Director and interim CEO)	3,467,009	2,842,106
Executive (from 9 September 2024) (as described on page 217)		
Investment Executive	11,140,966	9,453,769
Employer Pension Contributions (for relevant staff)	265,610	219,460
	17,217,737	14,014,737

Until 8 September 2024, an Executive Leadership Team of 11 roles formed the Executive and were key management personnel. This was changed on 9 September 2024 to the Executive Committee (ExCo), comprising eight roles who are key management personnel – see the Reference and administrative details section for more information.

Remuneration includes salaries, bonuses, allowances (such as for housing and moving for staff relocating internally), salary paid in lieu of pension contributions and termination payments including pay in lieu of notice.

Remuneration of key management personnel (KMP) in the year to 30 September

	Executive Committee	Investment Executive	Investment staff	Wider staff
Salary	Annual pay reviews and awards take into account Wellcome’s performance against its strategy. Our pay policy is designed to enable Wellcome to recruit, motivate and retain the people we need to deliver our mission, by offering a fair reward package that is competitive with the markets from which we draw talent.			
	Salaries are reviewed annually, and increases are aligned with the wider staff increases.	Salaries are reviewed annually, and increases are aligned with the wider asset management market.		Salaries are reviewed annually.
Benefits	All staff are eligible for a wide range of voluntary benefits to support their wellbeing.			
Financial wellbeing	A financial wellbeing programme is in place to help staff manage their finances. Life Assurance policy of eight times an employee’s salary, season-ticket loan, and Perkbox discounts. Individual and team recognition awards.			
Physical and mental wellbeing	Holiday allowance of 25 days, private medical insurance including gender dysphoria cover, remote GP service, on-site gym, physio, and cycle to work scheme. Employee assistance programme, and mental health support through our network of mental health first aiders, and with Plumm and Thrive support, including therapy options. Occupational health and individual stress assessments to identify and support individuals with work-related and other stress. Group income protection scheme designed to provide income for staff unable to work until staff can return to work.			
Social and community wellbeing	Wellies, our social club, organises many events annually. There is an on-site bar, a choir, and an annual staff quiz. There are numerous active groups and staff diversity networks. The Wellcome volunteering programme identifies and promotes volunteer activities that align with one or more of Wellcome’s organisational priorities. Staff are eligible to up to six volunteering days each year.			
Pension	A defined contribution pension scheme where employees contribute 3% and Wellcome contributes 15% (of which employees can choose to get up to 10% as cash). Following closure of the Defined Benefit Pension plan, all employees (except for those who are in receipt of a pension allowance) are members of the Defined Contribution Pension Plan.			
Bonus	ExCo members are eligible for the Wellcome Achievement Award, linked to the collective achievement of shared priorities.	Bonus determined by the Investment Remuneration Framework. It is linked to performance.		Eligible for the Wellcome Achievement Award, linked to the collective achievement of shared priorities.
Long-term incentive plan	Not eligible	Eligible	Certain senior roles only	Not eligible

People and Remuneration Committee report

I am pleased to present our report for the year ended 30 September 2024.

During this year the chairing of the committee has been divided between myself and fellow Governor Cilla Snowball (on an interim basis), whom I took over from as Chair of the committee in January 2024.

This report summarises the work of the committee over the past year in fulfilling our responsibilities to provide effective oversight of the remuneration of our employees, and increasingly the broader people agenda, including policies and procedures.

Effective committee governance

The membership of the People and Remuneration Committee is set out in the Reference and administrative details section ([page 216](#)).

We said farewell to Paul Schreier as interim Chief Executive Officer (CEO) in December 2023 and welcomed John-Arne Røttingen as incoming CEO. The CEO, alongside the Chief People Officer and Company Secretary, are not members of the committee, but attend each meeting, save for discussions on their own performance and pay, for which they are excused.

The committee discussed and reviewed its own terms and responsibilities, and as part of this review recommended that the Board (effective from March 2024) rename the committee to People and Remuneration Committee to reflect the renewed focus, which extends beyond pay to include more people-focussed matters including performance, talent development and culture.

During the year the committee's focus was on:

People

The committee reviewed people-related outcomes, including the People dashboard which outlined management metrics such as headcount, recruitment, diversity, learning and development and performance. The committee also inputted into the development of the new people framework.

People development has also been a focus throughout the year including the committee reviewing management's multi-year approach to enhancing performance through developing leadership and management capability.

During the year regular Pulse staff surveys have been launched and the committee has reviewed and been updated on the key findings including staff engagement, alignment with Wellcome's beliefs and values and staff motivation.

Pay, reward and succession

During 2023/24, the committee considered and endorsed changing Wellcome's performance and reward framework to a group-based award (the Wellcome Achievement Award). Following approval at the Board, the committee has continued to monitor progress and outcomes throughout the year in preparation for the final outcome being decided in the new financial year.

Individual performance for the Executive, including reviewing performance metrics and outcomes for the previous performance year were also discussed, and as in previous years, this has included reviewing external benchmarking data and performance information (both individual and collective), including calibration information, to align with Wellcome's market approach to pay.

The Investment Executive and team's performance and remuneration has also been reviewed, including long-term incentives, and performance outcomes against the background of broader market asset management performance and pay trends.

During the year the committee has also devoted significant time to succession planning within the Investment Executive to ensure effective leadership continues in this vital area supporting Wellcome's mission.

Recognition

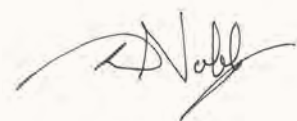
As part of the new pay framework Wellcome's approach to pay has also evolved so that staff are now paid at a specific market rate, not within a market range. Alongside this the committee reviewed and endorsed the new approach to celebrating success including the mechanisms in providing recognition and motivation to staff – both formal and informal.

Pension governance

The committee has continued to monitor the governance and oversight of the existing defined benefit and contribution pension schemes and has reviewed the long-term funding approach to the defined benefit and discussed changes recommended by the trustees to the default fund. Additionally, options have been considered to de-risk the investment strategy of the current pensions schemes.

Committee meetings during the year

The committee formally met eight times during the year, and reported on key issues discussed at the next Board of Governors meeting.



Diana Noble

Chair of the People and Remuneration Committee

13 January 2025

Nominations and Governance Committee report

As the Chair of the Nomination and Governance Committee, I am pleased to present our report for the year ended 30 September 2024.

The current membership of the committee is set out in the Reference and administrative details section ([page 216](#)).

Chief Executive appointment

The committee has been pleased to welcome John-Arne Røttingen as Chief Executive Officer, who joined Wellcome and the committee in January 2024, and has kept the committee updated on his plans for the organisation, including senior appointments.

Board skills, succession and recruitment

The committee reviewed in detail the Board's composition, size, structure and the balance of skills, experience and diversity, and reviewed the succession plan in place, and made recommendations to the Board regarding reappointments of Board members whose terms are due to end in the near future.

As part of this succession planning process, we were pleased to recommend to the Board that Fiona Powrie should be reappointed. Fiona's term as Governor and Deputy Chair (which was due to conclude at the end of 2024) has now been extended for a second term of three years.

In order for the Board to continue to benefit from the scientific background and skills of three Governors (whose

first terms are due to end in 2025), we have also recommended the reappointment of three Governors (Arup Chakraborty, Gabriel Leung and Ijeoma Uchegbu) for a second term of three years. These were approved by the Board in November 2024.

The committee also approved the recruitment for new external members for the People and Remuneration Committee (including corresponding role profiles setting out the purpose and responsibilities of the roles) and to proceed with the recruitment of external members for the Investments Committee to replace members whose terms are concluding.

Board effectiveness and governance review

As part of regular reviews on effectiveness, the Board undertook an internally led exercise to consider its own effectiveness following the external review in 2022 (noting that all the actions from this review had now been closed).

The committee considered the findings, noting the need to build this feedback into a broader Board level discussion. Key points raised included the Board holding more strategic discussions, the balance of skills and expertise on the Board (with a need to include more artificial intelligence and technology experience) and feedback on conducting this exercise in future.

The committee also considered the next evolution of Wellcome's governance framework and took time to reflect on the standards to which Wellcome holds itself accountable.

Equity, diversity and inclusion

The committee has kept up to date on Wellcome's equity, diversity and inclusion work progress, including the outstanding actions.

Staff and stakeholder engagement

The committee continued to lead for the Board on overseeing and supporting Wellcome's overall approach to stakeholder engagement. Cilla Snowball has continued in her designated stakeholder engagement Board Lead role including with the Wellcome Exchange.

The committee noted the wide range of stakeholder engagement activities conducted by Wellcome over the past year. Of particular interest was Wellcome's emphasis on expanding engagement with researchers and research communities, including the reactivation of in-person researcher meetings and other efforts to bring together and spark connections across Wellcome-funded researchers.

Staff engagement was also discussed as a theme, noting the regular feedback now received through the all-staff survey, the results and actions of which are regularly presented to the People and Remuneration Committee.

Further information about how we engage with our key stakeholders, including employees, research communities, partner organisations, the investor community, governments and policy makers, suppliers, people with lived experience of health challenges and public audiences is included as part of the Stakeholder engagement statement in this year's Annual Report and Financial Statements. It was compiled with input from relevant colleagues across Wellcome, including the Executive and Cilla Snowball (as sponsor).

Committee meetings during the year

The committee formally met twice during the year. After each committee meeting, the Board of Governors receives a report on the key issues discussed.



Julia Gillard
Chair of the Nominations and Governance Committee

13 January 2025

Investment Committee report

As the Chair of the Investment Committee, I am pleased to present our report for the year ended 30 September 2024. The Investment Committee's role is to function as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the committee's work over the past year in fulfilling our responsibilities.

There have been no changes to the external membership of the committee over the past year. There is an impressive depth and breadth of experience among our five external members, Stefan Dunatov, Tracy Blackwell, Martin Halusa, Cressida Hogg, and Girish Reddy. Their insight and challenge continue to enrich our discussions and are of great value. Among the internal members, John-Arne Røttingen joined the committee, having taken on the post of Chief Executive Officer of Wellcome.

Activities during the year

The Investment Committee held meetings in December 2023 and in March, June, and September 2024. At each meeting, the committee reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the rapidly changing macro-economic and geopolitical environment.

At the December 2023 meeting, the committee made its annual consideration of the outlook for long-term returns and concluded that a 4% annualised return after inflation remained a realistic aspiration over the next decade. In September 2024 there was a review of the Investment Policy to reflect changes in delegated authorities and other governance arrangements following the announcement of internal succession arrangements agreed for Wellcome's Investment Executive.

In its oversight role, the committee has over the year examined correlations and performance attribution; Internal Audit reviews of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing and succession planning of the Investment team; operations, systems, and external partners; cash management and counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio. There are also regular sessions on the Investment Executive's approach to environmental, social and governance topics, which is based on an assessment of companies' and managers' licence to operate.

In December 2023, there was a strategic discussion about the approach to direct public equity investing and a review of the Net Zero target for the portfolio. In March 2024, the committee focused on active manager selection across hedge funds and long only equity managers, as well as revisiting the property strategy. In June 2024, there was a discussion on overall portfolio construction. In September 2024, we reviewed the Investment team's approach to managing and optimising their extensive network of relationships and contacts across the world.

The committee provided constructive challenge to the Investment Executive at each meeting. Members have also been generous with their time in providing additional input and advice between meetings. External committee members were consulted extensively during the recently concluded succession process and provided valuable advice and market insight.

The committee thanks the Investment team for their dedication and effort in navigating markets through a period of volatility and uncertainty. The committee appreciates the level of transparency provided and the level of detail in formal and informal reporting, especially in highlighting areas where investment outcomes have not met expectations.

Finally, the committee would like to congratulate Lisha Patel and Fabian Thehos, both long-standing members of the Investment team, on their promotion to Co-Chief Investment Officers at the end of March 2025 and thank Nick Moakes for his outstanding leadership. There will be an opportunity to reflect more fully on Nick's considerable achievements after he has stepped down.



Richard Gillingwater

Chair of the Investment Committee

13 January 2025

Audit and Risk Committee report

As the current Chair of the Audit and Risk Committee I am pleased to present our report for the year ended 30 September 2024.

I formally took over as Committee Chair in January 2024, following Chris Jones, who generously and extremely effectively stepped up as interim Chair. The work of the committee this year has been a renewed focus on managing risks through a refreshed risk management and risk appetite framework; appropriate support, oversight and challenge of the activities of the Wellcome Group and its subsidiaries, both directly with management and through the support of internal and external auditors; and due consideration of significant projects, systems, controls and financial reporting matters. During the year we have held a number of 'deep dives' into relevant topics and in addition invited Daniel Abrams, the Audit and Risk Committee Chair from Genome Research Limited (part of the Wellcome Group) to contribute to our discussions.

Overview of the year

In 2023/24, the main activities of the committee included oversight and monitoring of the following.

Internal audit

The internal audit opinion on the control environment, which informs the actions included in the overall programme to mature the risk and control environment at Wellcome Group and its subsidiaries.

- Internal audit risk assessment, audit plan, outcomes from completed audits and management progress on actions in response to findings.
- Implementation of measures to ensure adherence to the updated Global Internal Audit Standards (International Standards for the Professional Practice of Internal Auditing) and the Internal Audit Code.

- Internal audit strategy for the next three years (2024 – 2027), which details the vision, strategic objectives, and supporting initiatives for the function. Most notably, becoming a more impactful assurance partner, supporting and enhancing talent, and becoming a more digitally focused and enabled function.

Risk management

The design and implementation of key components: the enhanced risk management framework, including the revised risk taxonomy and risk definitions.

- Recalibration of risk appetites for key corporate risks.
- The Corporate Risk Register, working with the Head of Risk to refine reporting on the management of key organisational risks.

Investments

- The investment systems and process programme, aimed at improving the robustness of investment reporting systems and increasing the quality of investment data available for management.

Deep dives

The committee undertook deep dives on the following areas:

- risk management and risk and control framework
- cyber security
- Wellcome Collection
- Wellcome's control environment specific to statutory compliance and engagement and onboarding

Risk management

Considerable progress continues to be made to mature the risk and control framework at Wellcome and to ensure that a strong risk management culture is embedded throughout the organisation. The interim Head of Risk joined Wellcome in December 2023 and has now joined in a permanent capacity.

The committee oversaw the revision of Wellcome's risk taxonomy to more closely align risks with the strategy of the organisation. This will enable more effective risk oversight by focusing on

the risks that have the greatest impact on our strategic objectives. This has been a collaborative effort involving management and the members of the committee, which has resulted in an enhanced level of risk awareness across the whole organisation.

The programme of work to enhance the risk framework will continue into next year and work is currently ongoing with a recalibration of the Board of Governor's risk appetite and the associated setting of risk tolerances by management. Together with the refinement of our risk taxonomy, this is a significant step towards enhancing our risk reporting to the committee and Board of Governors.

In the meantime, the Corporate Risk Register continues to provide the committee with an effective view of current risks, actions and progress made to manage the most pressing risks facing the organisation. Significant progress continues to be made to address risks, especially those relating to operational effectiveness.

Significant financial reporting issues, judgements or estimates

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2023/24, we focused on the following significant financial reporting matters:

Issue, judgement or estimate	Action taken by the Audit and Risk Committee	Outcome
Unquoted investment valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that there were three investments where management performed internal assessments of co-investor valuations and one investment without a co-investor where management prepared the valuation that was not material in the context of this asset class.
Investment property valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting the use of several external valuers and management's review of the assumptions used by the external valuers.
Grant liabilities	Review of management's recommendation to discount the grant liabilities using the expected future rate of investment returns and the appropriateness of the rate used. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee noted the sensitivity analysis that had been done to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercer and reviewed by management.	The committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile.
Non-charitable investment subsidiary undertakings held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings are held as part of the investment portfolio. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that these entities are valued using external valuers, management's review of the assumptions used by the external valuers and that while Wellcome has board representation in these entities, their operations were managed independently from Wellcome.

Financial reporting

At the December meeting each year, the committee reviews the Annual Report and Financial Statements and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the appropriateness of the investment valuations recommended by the Valuation Group. The Valuation Group is responsible for reviewing investment valuations and reports its recommendations to the committee. The committee also considers the overall tone of the Annual Report and Financial Statements and related announcements, considering reputational risk and the messaging of the activities reported.

The committee recommended to the Board of Governors that the Annual Report and Financial Statements is fair, balanced, and understandable. In justifying this statement, the committee has determined that robust processes have been in place throughout out the year, including:

- Clear guidance is given to all contributors in the form of timetables and detailed requirements.
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year.
- Wellcome's Finance team meet with the auditor throughout the year to discuss developments within the business and any impact on financial reporting.
- A thorough process of review, evaluation and verification of the Annual Report and Financial Statements is undertaken by senior management and staff with expertise across the organisation.

External audit

Oversight

At the June meeting each year, the committee discusses with the auditor the scope of their audit before the audit commences. The significant financial reporting risks, some of which are listed in the table above, are considered by the committee to be:

- The valuation of unquoted investments relating to certain direct investments, unconsolidated subsidiary investments (Urban&Civic and Premier Marinas), Wellcome Genome Campus investment property asset and Wellcome's valuation of its investment in subsidiaries.
- The rate of discount selected to discount the grant liabilities.
- Management override of controls (a risk in any organisation).

In addition to the significant activities during the year, our interactions with the auditor included:

- Consideration of their work and opinion relating to management judgements and estimation.

- Discussion on the level of disclosure in the Annual Report to satisfy the committee that it is appropriate.
- Meetings in private session during committee meetings, and at other times throughout the year, to discuss external and internal developments and issues.

Audit quality and independence

The committee seeks to ensure the continued independence and objectivity of Wellcome's external auditor by reviewing the performance of the external auditor and the quality of the audit work, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September, and December meetings each year, the committee reviews the auditor's report about independence of its staff, its policies for maintaining independence and compliance with relevant requirements. The auditor was appointed for the year ending 30 September 2016 and has been reappointed for each subsequent year. Following the completion of six years of continuous engagement in 2021, partner rotation was completed and the current external audit partner is undertaking their first year on the engagement this year (providing cover for the parental leave of the audit partner engaged in the prior year).

Non-audit services

The committee has approved a policy on any non-audit services provided by our external auditor, which takes into account the relevant regulations and directives.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence, as well as the overall ratio of non-audit to audit fees which was well within the 70% cap applicable to public interest entities (see note 10).

The committee is satisfied that the auditor remains independent and that the level and nature of any non-audit services are appropriate.

Internal audit

Wellcome has an in-house Internal Audit function which comprises 14 professionals, supported by external consultants who provide specialist skills to supplement the in-house team.

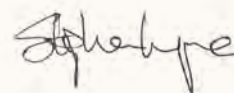
They are led by the Head of Internal Audit, who reports functionally to the Chair of the Audit and Risk Committee, and administratively to the Chief Operating Officer. The committee directs and oversees the activities of the function, and the Head of Internal Audit has unrestricted access to the Board and the Audit and Risk Committee to address risks and issues identified through Internal Audit's activities.

The team also provides Internal Audit support for Wellcome's subsidiaries and reports to their respective Boards or Audit and Risk Committees.

Internal Audit provides independent, objective assurance and consulting services to enhance governance, risk management, and control processes, to add value and improve operations at Wellcome and its subsidiaries. Internal Audit also coordinates its operations with the activities of the external auditor and other assurance providers for maximum effect.

During 2023/24, the function added three new roles, to improve the skills and capabilities within the team to meet the changing risk profile for the function and the addition of Urban&Civic, Wellcome's Germany Office and Wellcome Trust Trading Ltd to the audit universe.

In June 2024, the team was awarded the Outstanding Team - Third Sector award and received a highly commended award for the "development of Internal Audit best practice" from the Chartered Institute of Internal Auditors, reflecting their dedication to improvement and excellence.



Stephen Lovegrove
Stephen Lovegrove
Chair of the Audit and Risk Committee

13 January 2025

Independent Auditor's report to the Trustee of the Wellcome Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of the Wellcome Trust (the 'Trust' or 'Charity') and its subsidiaries (together the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2024 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements which comprise:

- the Consolidated Statement of Financial Activities;
- the Consolidated Balance Sheet;
- the Statement of Financial Activities of the Trust;
- the Balance Sheet of the Trust
- the Consolidated Cash Flow Statement;
- the related notes 1 to 23

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Trust for the year are disclosed in note 10 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas Holdings Limited and Urban and Civic plc); • Valuation of the Hinxton Genome Campus; • Valuation of unquoted investments relating to directly held investments; and • The discount rate used to discount the grant liability to present value. Within this report, key audit matters are identified as follows: ⊕ Increased level of risk ⊕ Similar level of risk ⊖ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £340 million (2023: £335 million) which was determined on the basis of 1% (2023: 1%) of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's consolidated net assets, as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's consolidated net assets were subject to a full scope audit for the year ended 30 September 2024. The Trust and the majority of the subsidiaries are based in the UK, with three overseas subsidiaries (two based in the USA and the third in Germany) which are not considered to be material to the Group.^a
Significant changes in our approach	There were no significant changes in the current year

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Board of Governors' assessment of the Group's and the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of the Group's and Trust's ability to continue as a going concern, including consideration for the level of financial risk and complexity of the Group's and Trust's operations;
- assessing the liquidity position to support management's assessment of the Group's and Trust's ability to continue as a going concern through our audit procedures performed on the balance sheet, including agreeing cash to confirmations from banks, agreeing the timing of bond repayments to the underlying terms of the bond to assess whether the Group and Trust will have sufficient liquidity to meet its obligations as they fall due, assessing the liquidity of the investments held;
- evaluating management's future plans, including budgets and projections, liquidity analysis and funding approach, and assessing if they are in line with our expectation given our knowledge of the Group and Trust;
- evaluating management's stress test analysis on key assumptions in their projections;

- considering management's assessment of any significant subsequent events after the reporting period, prior to signing of the Annual Report, that might impact the Group and Trust's ability to continue as a going concern for at least twelve months from the date of signing the Annual Report; and
- evaluating the going concern and subsequent events disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Trust's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas Holdings Limited and Urban and Civic plc) ⓘ

Key audit matter description ⓘ

The valuation of Premier Marinas Holdings Limited and Urban and Civic plc involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as marina assets or land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations:

- the implied multiples for Premier Marinas Holdings Limited;
- the future sales price and cost forecasts within the discounted cash flow valuation for Urban and Civic plc; and
- the rate per acre for Farmcare (within Urban and Civic plc).

There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of unquoted investments.

The valuation of Premier Marinas Holdings Limited and Urban and Civic plc (including Farmcare) amounts to £1,449 million (2023: £1,205 million), which is 7.4% (2023: 6.3%) of the Group's unquoted investments, and 4.3% (2023: 3.6%) of the Group's net assets.

The Audit and Risk Committee Report on [page 131](#) identifies the valuation of non-charitable investment subsidiary undertakings as part of the investment portfolio as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.

How the scope of our audit responded to the key matter

In responding to the key audit matter arising when determining the fair value of unquoted investments relating to controlled unconsolidated investments, we performed the following procedures:

Internal Controls Assessment

- We tested the relevant internal controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and analysis of any changes to these year on year; and
- We tested the review control performed by management's Valuation Group over the valuation of investments at year end.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas Holdings Limited and Urban and Civic plc)

How the scope of our audit responded to the key matter (continued)

Substantive testing

- We obtained and inspected 30 September 2024 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competence, and capability of the external valuers. For all of the assets, we compared 2024 and 2023 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate;
- We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (such as comparable data). We considered the possible effect of the rising cost of living and wider macroeconomic volatility on market assumptions, and stress tested key assumptions to understand their effect on the overall valuation;
- For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy;
- Specifically for the valuation of Premier Marinas Holdings Limited: we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable company market data to support the multiples applied in the valuation;
- Specifically for Urban and Civic plc: we determined whether data used to derive future cashflows was appropriate given our understanding of the business, we tested the acquisition of L&Q Estates, along with the flow of funding from the Trust to Urban and Civic plc, and for a sample of assets we obtained relevant third party data to support future sales prices and cost projections that drive the valuation;
- Specifically for Farmcare (within Urban and Civic plc): we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable transaction market data to support the rate per acre and passing rent used in the valuation;
- We performed testing over the accuracy of underlying inputs into the valuation models;
- We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts;
- With the assistance of our internal valuation specialists we assessed whether the judgements made in valuation methodologies are indicative of a potential bias; and
- We performed market analysis for contradictory evidence to challenge management on the conclusions reached; and
- We also evaluated the related disclosures in the financial statements.

Key observations

As a result of our procedures, we concluded that the valuations of Premier Marinas Holdings Limited and Urban and Civic plc are reasonable.

5.2. Valuation of the Wellcome Genome Campus

Key audit matter description



The valuation of the Wellcome Genome Campus (both the Existing Campus and the Expansion Land) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets.

There are few comparable transactions for alternative real estate assets, such as land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets.

The following have been identified as the primary inputs into the externally prepared valuations:

- the forecasted development value and development costs for the Expansion Land at the Wellcome Genome Campus;
- the market rent for comparable assets for the Existing Campus at the Wellcome Genome Campus; and
- the discount rate used to discount the forecast future cash flows on the assets for the Existing Campus at the Hinxton Genome Campus.

There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of the Wellcome Genome Campus.

The valuation of the Group's investments in the Wellcome Genome Campus amount to £214 million (2023: £251 million) which is 1.1% (2023: 1.3%) of the Group's unquoted investments, and 0.6% (2023: 0.8%) of the Group's net assets.

The Audit and Risk Committee Report on [page 131](#) identifies the valuation of the Wellcome Genome Campus as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.

How the scope of our audit responded to the key matter

In responding to the key audit matter arising when determining the fair value of the Wellcome Genome Campus, we performed the following procedures:

Internal Controls Assessment

- We tested the relevant internal controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight;
- We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year; and
- We tested the review control performed by management's Valuation Group over the valuation of investments at year end.

5.2. Valuation of the Wellcome Genome Campus

How the scope of our audit responded to the key matter (continued)

Substantive testing

- We obtained and inspected 30 September 2024 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competence, and capability of the external valuers.
- For the Expansion Land, we compared 2024 and 2023 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate;
- We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (such as comparable data in the Wellcome Genome Campus). We considered the possible effect of the rising cost of living and wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation;
- For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy;
- Specifically for the Expansion Land, Wellcome Genome Campus: we obtained relevant supporting data for the planning permission and assessed comparable market data to support the ultimate position of the projected cash flows;
- We performed testing over the accuracy of underlying inputs into the valuation models;
- We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts;
- We engaged internal valuation specialists to assess whether the judgements made in valuation methodologies are indicative of a potential bias, and to assess against comparable market rents;
- We tested the inputs into the valuation back to lease agreements; and
- We performed market analysis to identify contradictory evidence to challenge management on the conclusions reached; and
- We evaluated the related disclosures in the financial statements

Key observations

As a result of our procedures, we concluded that the valuation of the Wellcome Genome Campus is reasonable.

5.3. Valuation of unquoted direct investments

Key audit matter description



The valuation of unquoted direct investments, where Wellcome holds a direct equity interest, requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area. A number of these investments are held alongside a co-investment partner, but not through a co-investor vehicle.

As per management's investment valuation policy where there is a co-invest partner, the valuations are obtained from the co-investment partner and are challenged by management through obtaining an understanding of the methodology applied and assumptions adopted. Additional scrutiny is also applied by the preparation of a shadow valuation for those investments deemed to be material by management, as a result of which management form their own view of a reasonable range for valuing the underlying investment.

Where there is no co-investment partner, the valuations are estimated based on internal models, with the exception of one material direct investment whereby an external valuer is engaged to value the investment.

As these underlying valuations are sensitive to unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated.

The valuation of the Group's investments in unquoted direct investments amount to £727 million (2023: £839 million) which is 3.7% (2023: 4.4%) of the Group's unquoted investments, and 2.1% (2023: 2.5%) of the Group's net assets.

The Audit and Risk Committee Report on [page 131](#) identifies unquoted investment valuations as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.

5.3. Valuation of unquoted direct investments

How the scope of our audit responded to the key matter

We assessed management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice.

Internal Controls assessment

- We tested relevant internal controls over the valuation of the direct investments;
- We tested the internal controls over management's oversight of external valuers, and over the application of valuation methodologies by the Valuation Group; and
- We tested the review control performed by the Valuation Group over the valuation of investments at year end.

Substantive procedures

- We assessed the objectivity, competence, and capability of the external valuers engaged by management;
- We challenged management's assessment of the valuation assumptions and appropriateness of valuation methodologies used to determine the fair value by:
 - either assessing recent transactions in the market or using a market comparable approach to inform our challenge of management's valuation. This included determining if any discounts applied to the valuation are appropriate;
 - obtaining, where available, management's shadow valuation and challenging the market comparable public companies and the completeness of the basket of comparable public companies used and incorporation of other evidence available;
 - challenging the valuation methodology adopted by management in their shadow valuations, and that adopted by the external valuers where engaged, and seeking to triangulate the valuations within a reasonable range;
 - obtaining prior period audited financial statements to compare against management's forecasts to obtain reliance over the accuracy of their forecasting;
 - obtaining an understanding of current year performance of the investment and whether any events have occurred that may have an impact on the valuation. We have also assessed any ongoing effects of geopolitical factors and the wider macroeconomic volatility on company performance and long term outlook including changes in industry trends or markets, and assessed whether these have been appropriately reflected in the valuation as at 30 September 2024;
 - forming our own expected reasonable range using an appropriate valuation methodology; and
 - assessing contradictory evidence to challenge the appropriateness of the estimated valuation, such as any recent or upcoming funding rounds or the performance of quoted comparable companies.
- We performed a stand back assessment for the overall valuation of the direct investments to weigh up corroborative and contradictory evidence to challenge the appropriateness of management's assumptions;
- We engaged our internal fair value specialists as part of our audit team to assess the valuation of any direct investments that have been valued by an external valuer. We challenged the valuation methodology adopted, and the valuation inputs therein; and tested the valuation models for mathematical accuracy;
- We assessed whether the judgements made in valuation methodologies could be indicative of a potential bias; and
- We evaluated the related disclosures in the financial statements.

Key observations

As a result of our procedures, we concluded that the valuations of the direct investments where Wellcome holds a direct equity interest are reasonable.

5.4. The discount rate applied to the grant liability

Key audit matter description Ⓢ	The discount rate used is identified as a significant estimate in Note 2 of the Annual Report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. The non-current grant liabilities of £3,204 million (2023: £2,841 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by management is based on management's expectation of the long-term rate of return of the Trust's portfolio of 6.8% (2023: 7%). The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the Trust and determining this discount rate requires significant estimation concerning future expectations of investment performance, is subjective, and could have a material impact on the discounted portion of the grant liabilities presented in the financial statements. The significant accounting estimate is disclosed within the Audit and Risk Committee report on Page 131.
How the scope of our audit responded to the key audit matter	Internal Controls assessment • We obtained an understanding of relevant internal controls over the determination of the discount rate applied to the grant liability by the Board of Governors and Investment Committee and the production of management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. Substantive procedures • We obtained management's grant discounting methodology paper and assessed the methodology used and the assumptions therein for reasonableness by comparing to underlying data (for example, 'stretch' assumptions were re-calculated using historical data and payment assumptions were agreed to historic payment data); • We obtained management's paper to the Investment Committee and challenged any year-on-year changes in methodology and the assertions made by management by: - testing the split of investments stated in the paper and the associated expected investment return of each category; - assessing the stated ranges of nominal rates of return with reference to third party forecasts; and - performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. • We engaged our internal fair value specialists to provide research, analysis, and observations on historical market returns, to enable the audit team to determine a reasonable range for the discount rate. We specifically considered the possible effects of inflation, interest rates and the wider macroeconomic volatility on the inputs into the calculation, and whether the concluded discount rate fell within a reasonable range; • We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the discounted grant liability was materially accurate and to challenge the integrity of these spreadsheets.
Key observations	As a result of our audit procedures, we concluded that management's discount rate methodology was appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. We concluded that the discount rate used was reasonable.

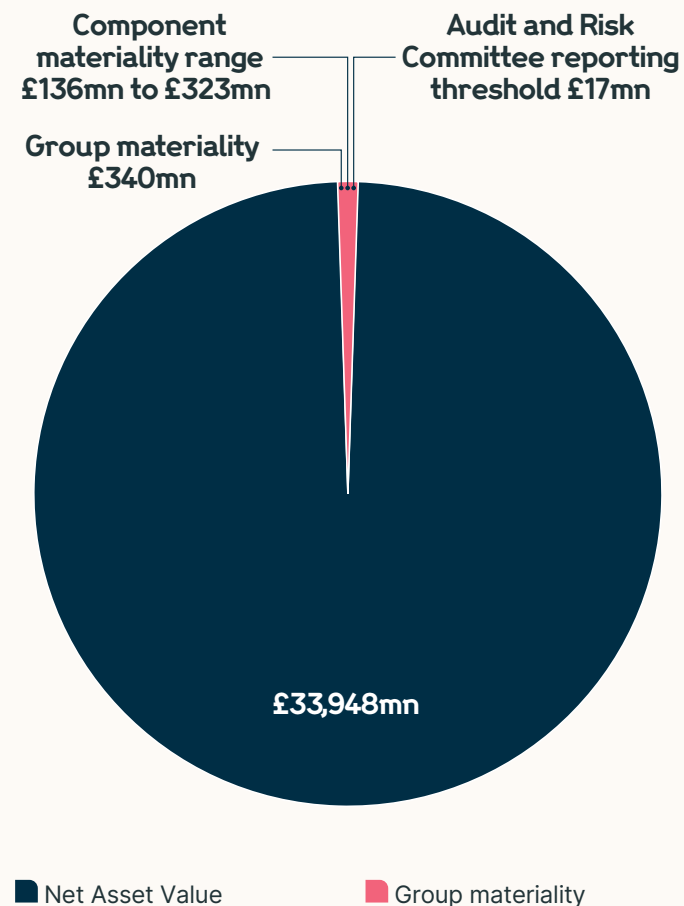
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£340 million (2023: £335 million)	£323 million (2023: £318 million)
Basis for determining materiality	1% (2023: 1%) of net assets	1% (2023: 1%) of net assets
Rationale for the benchmark applied	The Group is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns with industry practice for comparable asset-based organisations.	The Trust is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns with industry practice for comparable asset-based organisations.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Trust financial statements
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of Trust materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes, as well as our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £17.0 million (2023: £16.8 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.

We determined that each legal entity forms its own component and our component audit scope was therefore determined by considering which entities:

- were financially significant, based on a benchmark of 1% of Group consolidated net assets (**Scope A**); or
- required a statutory audit (**Scope B**); or
- were not financially significant and do not have a statutory audit requirement (**Scope C**).

Any entity that required a UK statutory audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% (2023: 99%) of the Group's consolidated net assets. This approach is in line with the prior year. For Scope A audits, where materiality is not based on a statutory materiality, we have capped component materiality at 95% (2023: 95%) of the Group materiality. The lower band for component materiality is based on 40% (2023: 40%) of materiality. For those entities, including the UK, the US and Germany, that fall within Scope C, we perform an analytical review at a Group level.

7.2. Our consideration of the control environment

The Group's Information Technology ('IT') landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We performed a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We engaged our IT specialists as part of our audit team to assess relevant controls and perform General IT Controls ("GITCs") testing for the current period over in-scope systems. Our testing covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls over key business processes, we adopted a controls reliance approach over the following business processes:

- Investment valuation business process covering:
 - Quoted investments;
 - Unquoted investments relating to controlled unconsolidated investments (Premier Marinas Holding Limited and Urban and Civic plc);
 - Unquoted investments (private equity, hedge funds, direct co-investments and direct investments into the portfolio company); and
 - Investment property (including the Wellcome Genome Campus).

7.3. Our consideration of climate-related risks

We obtained an understanding of management's process for considering the impact of climate-related risks, climate related reporting, and controls relevant to the Group audit. We conducted walkthroughs with valuations, and financial reporting control process owners, and conducted meetings with key management personnel at the Trust who are responsible for climate-related risk and sustainability oversight and financial reporting for the Group. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any reasonably possible risks of material misstatement.

Page 80 of the Annual Report details how the Trust is developing its environmental, social and governance (ESG) strategy for the Wellcome Trust Group as a whole, while [page 59](#) of the Annual Report details the progress report of the plan to reach net zero by 2050 for the investment portfolio. This included a view on the current portfolio emissions, carbon footprint and targets. This was also linked into board decision making and the s172 statement, as well as the key challenges faced around achieving more comprehensive disclosure and uniform reporting of emissions.

Our procedures performed included reading the climate-related disclosures in the front half of the Annual Report to consider if they are fair, balanced and comprehensive. Separately, we have involved our internal climate change and sustainability specialists who have assisted in reviewing the disclosures.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement,

whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustees' and key management personnel's remuneration, bonus levels and performance targets;

- results of our enquiries of management, internal audit and the Audit and Risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuations, internal fair value valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas and Urban and Civic, valuation of the Wellcome Genome Campus, valuation of unquoted direct investments and the discount rate applied to the grant liability. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011 and the Charity Commission regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty including applicable health and safety regulation and the Modern Slavery Act 2015.

11.2. Audit response to risks identified

As a result of performing the above, we identified four key audit matters related to the potential risk of fraud:

- Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic);
- Valuation of the Wellcome Genome Campus;
- Valuation of unquoted direct investments; and
- The discount rate applied to the grant liability.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, inspecting internal audit reports and reviewing correspondence with the Charity Commission of England and Wales and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report;
- sufficient accounting records have not been kept by the Trust;
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Trust at its Board of Governors' meeting on 14 December 2015

to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 30 September 2016 to 30 September 2024.

13.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Garrath Marshall.



Deloitte LLP (Senior Statutory Auditor)

Statutory Auditor
London, United Kingdom
13 January 2025

Deloitte LLP is eligible for appointment as auditor for the Charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.



Part 2

Financial Statements

A view of the library at Wellcome Collection.

Photographer: Dave Sayer

Consolidated statement of financial activities

for the year ended 30 September 2024

	Note	Restricted funds £mn	Unrestricted funds £mn	2024 £m	Restricted funds £mn	Unrestricted funds £mn	2023 £mn
Income from investments							
Dividends and interest	3	-	425.1	425.1	-	427.1	427.1
Rental income		-	52.3	52.3	-	48.2	48.2
		-	477.4	477.4	-	475.3	475.3
Charitable income							
Grants receivable	4(a)	27.7	-	27.7	30.9	-	30.9
Other charitable income	4(b)	0.6	63.8	64.4	0.9	34.7	35.6
Total income		28.3	541.2	569.5	31.8	510.0	541.8
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(96.6)	(96.6)	-	(94.1)	(94.1)
Interest payable on bond liability		-	(76.6)	(76.6)	-	(76.4)	(76.4)
Expenditure on charitable activities	6	(29.5)	(1,423.9)	(1,453.4)	(32.3)	(1,458.0)	(1,490.3)
Total expenditure		(29.5)	(1,597.1)	(1,626.6)	(32.3)	(1,628.5)	(1,660.8)
Net realised and unrealised gains/(losses) on investments	15(f)	-	1,559.2	1,559.2	-	(178.2)	(178.2)
Net income/(expenditure) before taxation		(1.2)	503.3	502.1	(0.5)	(1,296.7)	(1,297.2)
Taxation	13	-	(39.5)	(39.5)	-	12.4	12.4
Net income/(expenditure) after taxation		(1.2)	463.8	462.6	(0.5)	(1,284.3)	(1,284.8)
Gains on defined benefit pension schemes	11(e)(iii)	-	27.4	27.4	-	141.7	141.7
Net movement in funds		(1.2)	491.2	490.0	(0.5)	(1,142.6)	(1,143.1)
Funds at start of year		17.0	33,441.2	33,458.2	17.5	34,583.8	34,601.3
Funds at end of year	20	15.8	33,932.4	33,948.2	17.0	33,441.2	33,458.2

Consolidated balance sheet

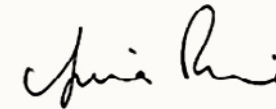
for the year ended 30 September 2024

	Note	2024 £mn	2023 £mn
Tangible fixed assets	14(a)	408.0	404.9
Investment assets			
Quoted investments	15(a)	14,378.4	14,715.4
Unquoted investments	15(a)	19,549.5	19,225.7
Investment properties	15(a)	1,539.8	1,614.6
Derivative financial instruments	15(b)	236.0	86.4
Investment cash and certificates of deposit	15(c)	3,723.3	2,917.6
Other investment assets	15(c)	352.8	711.5
Programme-related investments	15(d)	-	41.1
Total fixed assets		40,187.8	39,717.2
Current assets			
Stock		5.1	5.1
Debtors	16	54.5	106.2
Cash at bank and in hand		42.1	79.7
Total current assets		101.7	191.0
Creditors falling due within one year	17	(1,171.3)	(1,565.3)
Net current liabilities		(1,069.6)	(1,374.3)
Total assets less current liabilities		39,118.2	38,342.9
Creditors falling due after one year	17	(5,280.5)	(4,994.8)
Provision for liabilities and charges	18	(145.8)	(109.2)
Net assets excluding pension surplus		33,691.9	33,238.9
Defined benefit pension schemes' surplus	11(e)(iv)	256.3	219.3
Net assets including pension surplus		33,948.2	33,458.2
Funds of the charity			
Restricted Funds	20	15.8	17.0
Unrestricted Funds	20	33,932.4	33,441.2
Total funds		33,948.2	33,458.2

The Financial Statements on pages 151 to 215 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 13 January 2025 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Statement of financial activities of the Wellcome Trust

for the year ended 30 September 2024

	Note	2024 £mn	2023 £mn
Income from investments			
Dividends and interest	3	413.3	415.7
Rental income		47.4	43.8
		460.7	459.5
Charitable income			
Other charitable income	4(b)	166.3	297.2
Total income		627.0	756.7
Expenditure on raising funds			
Management fees and other investment costs	5(a)	(96.6)	(88.4)
Interest payable to group undertakings		(29.1)	(50.5)
Interest payable on bond liability		(50.7)	(50.7)
Expenditure on charitable activities	6	(1,599.3)	(1,297.9)
Total expenditure		(1,775.7)	(1,487.5)
Net realised and unrealised gains/(losses) on investments	15(f)	1,529.3	(394.7)
Net income/(expenditure) after taxation		380.6	(1,125.5)
Gains on defined benefit pension schemes	11(e)(iii)	22.0	73.3
Net movement in funds		402.6	(1,052.2)
Funds at start of year		32,576.9	33,629.1
Funds at end of year		32,979.5	32,576.9

Balance sheet of the Wellcome Trust

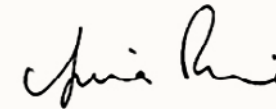
for the year ended 30 September 2024

	Note	2024 £mn	2023 £mn
Tangible fixed assets	14(b)	194.6	199.0
Investment assets			
Quoted investments	15(a)	13,974.0	14,187.4
Unquoted investments	15(a)	17,266.8	17,682.0
Investment properties	15(a)	1,380.7	1,447.5
Derivative financial instruments	15(b)	236.0	86.4
Investment cash and certificates of deposit	15(c)	3,718.4	2,913.3
Other investment assets	15(c)	351.6	707.7
Subsidiary and other undertakings		3,205.4	2,542.7
Programme-related investments	15(d)	-	41.1
Total fixed assets		40,327.5	39,807.1
Current assets			
Debtors	16	95.0	113.8
Cash at bank and in hand		8.5	19.7
Total current assets		103.5	133.5
Creditors falling due within one year	17	(2,471.2)	(2,906.4)
Net current liabilities		(2,367.7)	(2,772.9)
Total assets less current liabilities		37,959.8	37,034.2
Creditors falling due after one year	17	(5,059.4)	(4,514.8)
Provision for liabilities and charges	18	(85.5)	(79.6)
Net assets excluding pension surplus		32,814.9	32,439.8
Defined benefit pension scheme's surplus	11(e)(iv)	164.6	137.1
Net assets including pension surplus		32,979.5	32,576.9
Funds of the charity			
Unrestricted funds		32,979.5	32,576.9
Total funds		32,979.5	32,576.9

The Financial Statements on pages 151-215 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 13 January 2025 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Consolidated cash flow statement

for the year ended 30 September 2024

	Note	2024 £mn	2023 £mn
Net income/(expenses) for the year (as per the Statement of financial activities)		490.0	(1,143.1)
Adjustments to exclude non-cash items and investment income and expenditure			
Decrease/(increase) in debtors	16	51.8	(38.5)
Decrease in stock		-	4.8
Increase in grant commitments	8	271.6	189.9
Increase/(decrease) in creditors and provisions		20.5	(151.5)
Less unrealised losses on sale of programme- related investments	15(d)	39.1	18.7
Increase in net write down for programme- related investments	15(d)	20.3	9.0
Decrease in other investment assets	15(c)	1.2	5.8
Depreciation and disposals of fixed assets		24.3	27.9
Investment income		(477.4)	(475.3)
Bond interest		76.6	76.4
Net realised and unrealised (gains)/losses on investments		(1,559.2)	178.2
Net cash flows from operating activities		(1,041.2)	(1,297.7)

	Note	2024 £mn	2023 £mn
Cash flows from investing activities:			
Investment income received	22(a)	476.2	465.8
Proceeds from sales of investment assets	22(c)	6,209.5	4,190.8
Purchase of investment assets	22(c)	(4,658.6)	(3,979.8)
Purchase of tangible fixed assets	14(a)	(27.4)	(30.7)
Net cash inflow due to derivative financial instruments	22(c)	26.1	386.9
Net cash flows from investing activities		2,025.8	1,033.0
Cash flows from financing activities:			
Cash outflow for servicing of finance	22(b)	(75.4)	(75.6)
Net cash flows from financing activities		(75.4)	(75.6)
Change in cash and cash equivalents during the year		909.2	(340.3)
Cash and cash equivalents at the beginning of the year		2,997.3	3,411.5
Change in cash and cash equivalents due to exchange rate movements and other gains or (losses)		(141.1)	(73.9)
Cash and cash equivalents at the end of the year		3,765.4	2,997.3

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs can be reconciled to financial measures reported in the Financial Statements.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively. KPIs include financial measures of historical financial performance which cannot be reconciled to financial measures reported in the Financial Statements.

APMs	Explanation
Investment portfolio value	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities held at fair value, with all balances valued at least annually. This provides management with a net investment portfolio value to assess investment performance (refer to Investment Asset Allocation, Figure 6, Review of investment activities and note 15(g) for reconciliation to the financial statements).
Leverage	This is the amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets, and is used by management to assess the amount of bond liabilities the Group issues (refer to note 15(g) for reconciliation to the financial statements).
Charitable expenditure	This is detailed in the Financial review on page 64 and summarises the charitable spend, including allocated support costs, by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102. This is a measure used by management to assess the cost of the Group's charitable activity (refer to note 6).
KPI	Explanation
Net returns	This is a financial measure of investment portfolio performance (see Figure 1). It is calculated using the 'Modified Dietz method': change in the period of the investment portfolio value less charitable cash expenditure for the period, divided by the opening investment portfolio value for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The time weighting of charitable cash expenditure means that this KPI can not be reconciled to financial measures reported in the Financial Statements. The target net return is UK/US CPI + 4%.
Blended currency returns	This is a measure of investment portfolio performance which averages the net returns (see above) calculated in GBP and USD. The target return is UK/US CPI + 4% (see Figure 1).

Glossary of terms

Term	Explanation
Absolute return hedge funds	A hedge fund that aims to generate a stable return regardless of market performance (with low volatility)
Active grants	Grants which have been activated and are still being used. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	A portion of the investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	The portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (corporate bonds and government gilts)
Charitable cash expenditure	Cash spent in year on charitable activities comprising net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated cash flow statement, page 155)
Directly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by the internal investment team

Term	Explanation
Equity long/short hedge funds	Investment hedge funds that involve buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Global compounders basket	A directly held portfolio within the investment portfolio invested in public companies with characteristics expected to benefit from long-term trends
Indirectly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties
Nominal and real net returns	Nominal net returns are net returns (a key performance indicator) unadjusted for inflation. Real net returns are net returns adjusted for the affect of inflation
Other absolute return funds	A fund that aims to generate a stable return regardless of market performance (with low volatility)

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the Financial Statements are in millions, rounded to one decimal place.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the Trust) and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the Group) have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (FRS 102) published in 2019 (the SORP) in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation.

The Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the Trust operates. The consolidated Financial Statements are also presented in pounds sterling.

The Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a cash flow statement.

(b) Summary of significant policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

- (i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;

(ii) non-charitable operating subsidiary undertakings formed to conduct non-primary purpose trading which are held at cost less impairment;

(iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment;

(iv) non-charitable investment subsidiary undertakings formed to hold investments and property on behalf of the Trust which are held at fair value represented by their net asset value.

Consolidation comprises combining the assets, liabilities, income and expenditure of those subsidiary undertakings with the Trust's balances on a line-by-line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated. These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control.

The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence. The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed in note 15(d).

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as a medium through which the Group carries out business, the associate or joint venture is measured

at fair value with changes in fair value recognised in the Statement of Financial Activities in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on [page 162](#). This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. The Trustees have concluded that this departure from the SORP ensures the Financial Statements present a true and fair view. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of income can

be measured reliably, it is probable that future economic benefits will flow to the Group, and the specific criteria relating to the each of Group's income channels have been met, as follows. All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance-related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group, together with the associated support costs including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit it to avoid making the future payments, settlement is probable, and the effect of the discounting is material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and the expected rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plans. These are detailed in the Remuneration Report on [page 117](#).

Short-term benefits

Short-term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due. The assets of the plan are held separately from the Group in independently administered funds.

The asset or liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to 'Actuarial gains and losses on defined benefit pension schemes' in the Statement of Financial Activities.

The cost of the defined benefit plans comprises:

- (a) the increase in pension benefit liability arising from employee service during the period up to closure of the schemes to future accrual;
- (b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it

is committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its

intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the Statement of Financial Activities.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Table 1

	Years
Freehold buildings	50
Long leasehold land and buildings	Over the term of the lease
Other plant, equipment, fixtures and fittings	3 to 15
Computer equipment	3 to 5

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the

future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the reporting date. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at management's best estimate of fair value and comprise:

- Private equity and venture funds, which are valued externally by their fund managers.
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity and venture portfolio) and management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models including using price of recent investment, discounted cash flows and public comparables.

- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 158-159, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

The Group's use of derivative financial instruments includes equity index-linked futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange.

The Group's warrants are held at the fair value determined by management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value

(v) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments.

(vi) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the reporting date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third-party professional valuers; however, where properties are acquired close to the reporting date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which management considers to be a reasonable estimate of open market value at the reporting date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time (the loan period). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme-related investments

Programme-related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are potential future inflows of economic benefits whose existence will be confirmed only by an uncertain future event. Where the likelihood of receipt is considered probable these assets are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rate ruling at the reporting date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007, or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries of the Group are subject to UK Corporation Tax. However, because their policy is to make a qualifying charitable donation (Gift Aid) to the Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to an insufficient level of cash or distributable reserves.

Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Subject to recognition criteria, Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of the timing difference. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries, despite the fact it is likely the subsidiaries will be able to make a Gift Aid donation equal to the amount of any taxable profit arising from the future realisation of the underlying assets.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the Financial Statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas is considered by the Audit and Risk Committee based on information prepared by management, (see [page 129](#)).

Unquoted investments

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Direct investments which are reported within • direct private and private co-investments; and • property in the Investment asset allocation (refer to Figure 6 on page 50)	2,122 304	As noted in the Accounting policies on pages 158-164 , these investments are valued at management's best estimate of fair value. For these investments fair value is estimated using a range or combination of methodologies including price of recent investment, discounted cash flow analysis, price multiples from public comparables and private comparable transactions. While higher rates of interest and inflation have continued to impact discount rates and price multiples, during the current year underlying company performance combined with some transactional activity has increased local currency valuations.	The fair value of these direct investments is estimated noting there is uncertainty on their future financial performance. These direct investments, particularly the early stage venture co-investments, have a range of possible fair value estimates. If the fair value of these investments increased or decreased by 10% this would increase or decrease unquoted investment balances by £243 million respectively.

Unquoted investments (continued)

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Investment operating subsidiaries, joint ventures and development land with planning consent (which are included within Property in the investments allocation; refer to Figure 6 on page 50).	1,640	As noted in the Basis of Consolidation on pages 158-159, certain subsidiaries, joint ventures and associates are excluded from consolidation where the interest is held as part of the investment portfolio and measured on a fair value basis. Fair value is based on external valuers employing Royal Institute of Chartered Surveyors (RICS) valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates, development value, land and house price growth and absorption rates estimated), price multiples and comparable land values. External valuers reflected the higher price rates of interest in the current year in higher discount rates and a higher inflation impacted construction costs rate.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. There is also estimation uncertainty associated with the effect of climate change on the fair value assumptions. A sensitivity analysis is provided for this below. The sensitivities presented are as provided by the external valuers to provide context to their valuations. Management review the sensitivities and considers them reasonable in the context of the historic movements in these estimates.

Estimate	Change in estimate	Impact on unquoted investments
EBITDA multiple	Increase of 0.5%	Increase by £12m (0%)
	Decrease of 0.5%	Decrease by £11.8m (0%)
Land values	Increase/decrease of 10%	Increase/decrease by £32.4m (0.2%)
Serviced land price inflation	Increase of 1.0%	Increase by £63.4m (0.3%)
Development absorption rate	Decrease of 50 units per annum below peak	Decrease by £36.3 million (-0.2%)
Construction costs rate per square foot	Increase/decrease of 5%	Decrease/increase by £13.7m (0.1%)
Residential sales and rent rate per square foot	Increase/decrease of 5%	Increase/decrease by £10.8m (0.1%)

Grant liabilities

Accounting methodology	Value £mn	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: - calculating the appropriate discount rate - determining when the liability will be called down and paid	3,204	The discount rate used is expected future nominal rate of investment returns. This is considered by management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: - The retention delay – this is the delay between the official grant end date and the date the final payment is made - The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no-cost extensions are granted to grantees, which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for these below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities (2024: 6.8%, 2023: 7.0%)	Increase of 3.0% p.a. Decrease of 3.0% p.a.	Decrease by £233.3 million (-6.0%) Increase by £275.5 million (7.1%)
Retention delay (2024: 9 months, 2023: 9 months)	Decrease -5 months Increase +5 months	Increase by £42.3 million (1.1%) Decrease by £40.9 million (-1.0%)
Weighted stretch delay (2024: 31%, 2023: 28%)	Decrease -5% Increase +5%	Increase by £30.2 million (0.8%) Decrease by £29.2 million (-0.7%)

Retention delay – average over the last 5 years. Using this data the average came out as 9 months. The lowest average retention delay was 3 months and the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – average over the last 5 years (excluding outliers). If all grants are included in the calculation then it gives a range of +/- 5% which is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £mn	Estimations and assumptions
The actuaries provide a summary of the accounting assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	587	The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £58.1m (9.9%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £37m 6.3%

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group is through fair value rather than a medium through which the Group carries out business (see Basis of Consolidation, [pages 158-159](#)). This judgement relies on the Group's assessment of the purpose of the investment and ongoing management of these entities, and has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above. There have been no changes to this judgement in the year.

3. Dividends and interest

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Dividends from UK equities	46.6	53.8	46.6	53.8
Dividends and interest from subsidiaries	-	-	0.3	10.1
Dividends from overseas equities	184.9	191.6	180.1	181.2
Income from unquoted investments	39.9	61.3	33.7	51.1
Interest from quoted investments	3.0	1.4	3.0	1.4
Interest on cash and cash deposits	147.1	117.7	146.0	116.8
Securities lending income	3.6	1.3	3.6	1.3
	425.1	427.1	413.3	415.7

4. Other income

(a) Grants receivable

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
	27.7	30.9	-	-

Grants receivable comprises awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, including government grants of £1.8 million (2023: £1.1 million). There are no unfulfilled conditions attached to these grants.

(b) Other charitable income

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
	64.4	35.6	166.3	297.2

Included in other charitable income for the Group is £35.9 million (2023: £3.6 million) of proceeds arising from the sale during the year of programme-related investments, details of which are given in note 15 (d). Included in other charitable income for the Trust are Gift Aid donations received from subsidiary undertakings, totalling £126.2 million in 2024 (2023: £301.6 million). This does not include Gift Aid received from Premier Marinas and Urban&Civic as these entities are held as part of the investment portfolio and their Gift Aid is accounted for as investment income. Details of significant group undertakings are given in note 21.

In the prior year, Wellcome Trust Finance plc, a subsidiary undertaking, identified that the interim Gift Aid donations made to the Trust in prior years had not been made in accordance with the requirements of the Companies Act 2006, because interim accounts had not been approved and filed at Companies House prior to each payment. During the year, Wellcome Trust Finance plc rectified this position, releasing the Trust from a requirement to repay the interim Gift Aid donations with the exception of £1 million required for the tax liability due and therefore returning all parties so far as possible to the position they would have been in had the interim Gift Aid donations been made in full compliance with the Companies Act.

5. Management fees and other investment costs

(a) Total investment costs

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
External investment management fees	48.6	50.5	49.0	45.2
Internal investment administration	40.2	36.1	40.0	35.9
Investment support cost allocation	7.8	7.5	7.6	7.3
	96.6	94.1	96.6	88.4

The amount accrued for long-term incentive plans included in the internal investments administration costs above was £19.5 million (2023: £16.2 million). Senior staff in the Investments team receive performance-based remuneration, as noted on [page 170](#), which can give rise to variations in the amount charged to internal investment administration year on year. External investment management fees includes performance fees. The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

Group and Trust		Trust			Group and Trust		Trust		
2024	2023	2024	2023		2024	2023	2024	2023	
£60,000-£69,999	3	1	3	1	£1,050,000-£1,059,999	-	1	-	1
£70,000-£79,999	1	3	1	3	£1,160,000-£1,169,999	1	-	1	-
£80,000-£89,999	3	3	3	3	£1,710,000-£1,719,999	-	1	-	1
£90,000-£99,999	4	1	4	1	£1,740,000-£1,749,999	-	1	-	1
£100,000-£109,999	2	3	2	3	£1,910,000-£1,919,999	1	-	1	-
£110,000-£119,999	-	2	-	2	£2,030,000-£2,039,999	1	-	1	-
£120,000-£129,999	3	-	3	-	£2,190,000-£2,199,999	-	1	-	1
£130,000-£139,999	3	-	3	-	£2,220,000-£2,229,999	1	-	1	-
£160,000-£169,999	1	4	1	4	£2,340,000-£2,349,999	-	1	-	1
£170,000-£179,999	3	1	3	1	£2,550,000-£2,559,999	1	-	1	-
£180,000-£189,999	1	1	1	1	£2,630,000-£2,639,999	-	1	-	1
£260,000-£269,999	-	3	-	3	£2,760,000-£2,769,999	1	-	1	-
£300,000-£309,999	1	-	1	-	£3,310,000-£3,319,999	1	-	1	-
£370,000-£379,999	-	2	-	2	£3,350,000-£3,359,999	-	1	-	1
£390,000-£399,999	2	-	2	-	£4,470,000-£4,479,999	-	1	-	1
£480,000-£489,999	-	1	-	1	£5,060,000-£5,069,999	1	-	1	-
£550,000-£559,999	1	1	1	1					
£560,000-£569,999	-	1	-	1		44	39	44	39
£570,000-£579,999	-	1	-	1					
£580,000-£589,999	1	-	1	-					
£590,000-£599,999	-	1	-	1					
£610,000-£619,999	1	1	1	1					
£620,000-£629,999	3	-	3	-					
£640,000-£649,999	1	-	1	-					
£650,000-£659,999	1	-	1	-					
£690,000-£699,999	1	-	1	-					
£760,000-£769,999	-	1	-	1					

The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) were within the bands is shown in the table above.

Long-term incentive plans reflect rolling 3- and 5-year performance periods. Long-term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the People and Remuneration Committee.

These amounts include awards for which payment is deferred and subject to future investment performance.

6. Charitable activities

Group (2024)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2024 £mn
Discovery Research	672.8	181.8	55.4	910.0
Infectious Disease	146.1	26.7	8.0	180.8
Mental Health	74.0	10.8	4.9	89.7
Climate and Health	116.2	9.4	4.9	130.5
Cross-mission	34.0	64.4	36.4	134.8
Wellcome Leap	-	125.3	6.4	131.7
	1,043.1	418.4	116.0	1,577.5
Effect of discounting of grant liability	(52.7)	-	-	(52.7)
Foreign exchange revaluation of grant liability	(71.4)	-	-	(71.4)
Total	919.0	418.4	116.0	1,453.4

Grant funding and direct charitable activities totalled £1,461.5 million. Allocated support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £43.6 million, Infectious Disease £6.7 million, Mental Health £4.3 million, Climate and Health £4.5 million, Cross-mission £12.6 million.

Group (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2023 £mn
Discovery Research	719.4	178.6	56.6	954.6
Infectious Disease	208.0	21.5	9.1	238.6
Mental Health	95.9	6.6	5.5	108.0
Climate and Health	115.3	7.1	4.3	126.7
Cross-mission	75.5	48.0	39.7	163.2
Wellcome Leap	-	107.4	3.6	111.0
	1,214.1	369.2	118.8	1,702.1
Effect of discounting of grant liability	(146.0)	-	-	(146.0)
Foreign exchange revaluation of grant liability	(65.8)	-	-	(65.8)
Total	1,002.3	369.2	118.8	1,490.3

In the prior year, grant funding and direct charitable activities totalled £1,583.3 million. Allocated support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £45.3 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.3 million.

Charitable activities (continued)

Trust (2024)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2024 £mn
Discovery Research	803.2	13.6	28.3	845.1
Infectious Disease	146.1	26.7	7.9	180.7
Mental Health	74.0	10.8	4.9	89.7
Climate and Health	116.2	9.4	4.9	130.5
Cross-mission	34.0	60.3	36.3	130.6
Wellcome Leap	465.8	-	2.6	468.4
	1,639.3	120.8	84.9	1,845.0
Effect of discounting of grant liability	(135.6)	-	-	(135.6)
Foreign exchange revaluation of grant liability	(110.1)	-	-	(110.1)
Total	1,393.6	120.8	84.9	1,599.3

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7). Grant funding and direct charitable activities totalled £1,760.1 million. Allocated support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £27.8 million, Infectious Disease £6.7 million, Mental Health £4.3 million, Climate and Health £4.5 million, Cross-mission £13.1 million, Wellcome Leap £2.6 million.

Trust (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2023 £mn
Discovery Research	844.0	8.8	30.1	882.9
Infectious Disease	208.0	21.5	9.0	238.5
Mental Health	95.9	6.6	5.4	107.9
Climate and Health	115.3	7.1	4.3	126.7
Cross-mission	75.5	45.6	39.7	160.8
Wellcome Leap	-	-	-	-
	1,338.7	89.6	88.5	1,516.8
Effect of discounting of grant liability	(117.0)	-	-	(117.0)
Foreign exchange revaluation of grant liability	(101.9)	-	-	(101.9)
Total	1,119.8	89.6	88.5	1,297.9

In the prior year, grant funding and direct charitable activities totalled £1,428.3 million. Allocated support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £29.8 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.8 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science.

Grants no longer required relates to unspent amounts of grants awarded in previous years.

Please refer to the Financial Review on [pages 64-69](#) for an explanation of the movement in grant expenditure. Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives.

The grants included within 'Grants to other organisations' for 2024 totalled less than £12.0 million in value for each organisation. The institutions listed in the 2023 table are those institutions that received grants in excess of £10.0 million in 2023.

Grants awarded (continued)

Group (2024)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2024 £mn
University of Oxford	74.0	27.4	9.3	2.5	12.4	-	125.6
University College London	43.0	5.5	-	21.0	1.0	-	70.5
King's College London	31.3	-	13.3	4.1	2.2	-	50.9
European Bioinformatics Institute	48.5	-	-	-	-	-	48.5
Wellcome Trust/DBT India Alliance, India	47.5	-	-	-	-	-	47.5
Southeast Asia Ministers of Education Organization, Thailand	46.1	-	-	-	-	-	46.1
University of Cambridge	37.1	-	4.3	-	1.8	-	43.2
University of Edinburgh	38.9	-	0.2	-	0.1	-	39.2
UK Biobank Ltd	30.1	-	-	-	-	-	30.1
University of Dundee	6.9	22.1	-	-	-	-	29.0
World Health Organization, Switzerland	-	0.4	3.0	22.2	1.3	-	26.9
University of Glasgow	22.3	-	-	-	-	-	22.3
Boston University, USA	-	21.7	-	-	-	-	21.7
MRC Laboratory of Molecular Biology	21.3	-	-	-	-	-	21.3
University of Bristol	12.0	-	1.7	3.0	0.3	-	17.0
Imperial College London	13.2	0.9	-	1.0	0.6	-	15.7
University of Sheffield	15.0	-	-	-	-	-	15.0
London School of Hygiene & Tropical Medicine	10.4	3.5	-	-	-	-	13.9
Potsdam Institute for Climate Impact Research, Germany	-	-	-	13.3	-	-	13.3
University of Cape Town, South Africa	6.0	3.3	-	2.9	-	-	12.2
Diamond Light Source Ltd	12.0	-	-	-	-	-	12.0
Grants to other organisations	167.8	62.5	43.3	46.4	15.4	-	335.4
Total grants (excluding grants no longer required)	683.4	147.3	75.1	116.4	35.1	-	1,057.3
Less: grants awarded in previous years no longer required	(10.6)	(1.2)	(1.1)	(0.2)	(1.1)	-	(14.2)
	672.8	146.1	74.0	116.2	34.0	-	1,043.1

Grants awarded (continued)

Group (2024)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2024 £mn
Grants awarded of which:							
United Kingdom	525.4	78.5	29.6	33.3	28.4	-	695.2
Directly funded international	147.4	67.6	44.4	82.9	5.6	-	347.9
Grants awarded by the Group	672.8	146.1	74.0	116.2	34.0	-	1,043.1

Trust (2024)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2024 £mn
Grants awarded by the Group	672.8	146.1	74.0	116.2	34.0	-	1,043.1
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	130.4	-	-	-	-	-	130.4
- Wellcome Trust gGmbH, Germany	-	-	-	-	-	-	-
- Wellcome Leap, USA	-	-	-	-	-	465.8	465.8
Grants awarded by the Trust	803.2	146.1	74.0	116.2	34.0	465.8	1,639.3

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2023 £mn
University of Oxford	161.0	4.5	10.8	1.7	4.8	-	182.8
University College London	120.1	-	13.8	3.0	0.8	-	137.7
Gates Medical Research Institute, USA	-	126.0	-	-	-	-	126.0
University of Cambridge	86.1	-	4.5	-	-	-	90.6
Diamond Light Source Ltd	51.9	-	-	-	-	-	51.9
University of Edinburgh	37.7	-	7.0	2.0	-	-	46.7
King's College London	19.7	-	10.2	1.7	0.4	-	32.0
Imperial College London	19.1	2.1	-	6.7	0.2	-	28.1
Liverpool School of Tropical Medicine	7.9	0.3	-	-	18.4	-	26.6
University of Manchester	24.6	-	-	-	0.1	-	24.7
University of Cape Town, South Africa	16.9	-	2.6	2.0	-	-	21.5
Boston University, USA	-	19.8	-	1.7	-	-	21.5
University of Exeter	13.0	-	5.0	2.3	-	-	20.3
University of Bristol	17.8	-	-	-	-	-	17.8
Cardiff University	11.7	-	2.7	-	1.9	-	16.3
University of Sheffield	15.0	-	-	-	-	-	15.0
University of Oslo, Norway	-	-	-	4.5	10.0	-	14.5
University of Birmingham	11.9	-	-	2.0	-	-	13.9
The Francis Crick Institute	8.5	-	5.4	-	-	-	13.9
National University of Singapore, Singapore	-	12.9	-	-	-	-	12.9
London School of Hygiene & Tropical Medicine	3.0	3.7	-	5.6	0.1	-	12.4
University of Durham	10.6	-	-	-	-	-	10.6
Other organisations	115.5	59.1	34.1	82.3	40.1	-	331.1
Total grants (excluding grants no longer required)	752.0	228.4	96.1	115.5	76.8	-	1,268.8
Less: grants awarded in previous years no longer required	(32.6)	(20.4)	(0.2)	(0.2)	(1.3)	-	(54.7)
	719.4	208.0	95.9	115.3	75.5	-	1,214.1

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2023 £mn
Grants awarded of which:							
United Kingdom	667.4	9.7	62.3	34.7	46.4	-	820.5
Directly funded international	52.0	198.3	33.6	80.6	29.1	-	393.6
Grants awarded by the Group	719.4	208.0	95.9	115.3	75.5	-	1,214.1

Trust (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2023 £mn
Grants awarded by the Group	719.4	208.0	95.9	115.3	75.5	-	1,214.1
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	124.6	-	-	-	-	-	124.6
- Wellcome Trust gGmbH, Germany	-	-	-	-	-	-	-
- Wellcome Leap, USA	-	-	-	-	-	-	-
Grants awarded by the Trust	844.0	208.0	95.9	115.3	75.5	-	1,338.7

8. Grants awarded but not paid yet

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Liabilities at 1 October	2,932.3	2,742.5	3,159.3	3,161.5
Grants awarded during the year	1,043.1	1,214.1	1,639.3	1,338.7
Grants paid during the year	(647.4)	(812.5)	(846.0)	(1,122.0)
Discounting of grant liabilities	(52.7)	(146.0)	(135.6)	(117.0)
Foreign exchange revaluation of grant liabilities	(71.4)	(65.8)	(110.1)	(101.9)
Liabilities as at 30 September	3,203.9	2,932.3	3,706.9	3,159.3
Of which:				
- falling due within one year (note 17)	729.4	741.3	866.7	877.2
- falling due after one year (note 17)	2,474.5	2,191.0	2,840.2	2,282.1
Liabilities as at 30 September	3,203.9	2,932.3	3,706.9	3,159.3

The total value of the grant liabilities discount for the year ended 30 September 2024 is £702.7 million (2023: £650.0 million) applying an expected nominal rate of investment return of 6.8% (2023: 7.0%).

9. Support costs

- Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.
- Funding administration costs can be directly attributed to an activity.
- Operations comprises the costs of the following teams: Internal Communications, People, Finance, Legal, and Digital and Technology.
- The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.
- Where costs have been allocated on the basis of headcount, this is the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the grant spend on the activity: or, where appropriate, both grant and direct spend on the activity.

Group (2024)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2024 £mn	Allocation method
Funding administration	0.4	8.1	1.6	0.8	1.2	0.6	2.6	15.3	Expenditure/Directly attributed
Support of scientific research	-	26.6	-	-	-	-	-	26.6	Directly attributed
Operations	6.2	14.1	5.1	3.5	2.7	35.0	3.8	70.4	Headcount/Expenditure
Other	0.3	3.1	0.6	0.3	0.5	0.4	-	5.2	Expenditure
Governance costs	0.9	3.5	0.7	0.3	0.5	0.4	-	6.3	Expenditure/Directly attributed
	7.8	55.4	8.0	4.9	4.9	36.4	6.4	123.8	

Group (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	13.1	Expenditure/Directly attributed
Support of scientific research	-	26.1	-	-	-	-	-	26.1	Directly attributed
Operations	6.4	17.4	5.9	4.0	2.5	38.0	3.6	77.8	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	3.3	Expenditure
Governance costs	0.6	3.3	0.8	0.4	0.4	0.5	-	6.0	Expenditure/Directly attributed
	7.5	56.6	9.1	5.5	4.3	39.7	3.6	126.3	

Support costs (continued)

Trust (2024)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2024 £mn	Allocation method
Funding administration	0.4	8.1	1.6	0.8	1.2	0.6	2.6	15.3	Expenditure/Directly attributed
Operations	6.2	14.1	5.1	3.5	2.7	35.0	-	66.6	Headcount/Expenditure
Other	0.3	3.1	0.6	0.3	0.5	0.4	-	5.2	Expenditure
Governance Costs	0.7	3.0	0.6	0.3	0.5	0.3	-	5.4	Expenditure/Directly attributed
	7.6	28.3	7.9	4.9	4.9	36.3	2.6	92.5	

Trust (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	13.1	Expenditure/Directly attributed
Operations	6.4	17.4	5.8	3.9	2.5	38.1	-	74.1	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	3.3	Expenditure
Governance costs	0.4	2.9	0.8	0.4	0.4	0.4	-	5.3	Expenditure/Directly attributed
	7.3	30.1	9.0	5.4	4.3	39.7	-	95.8	

10. Governance costs

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Governors' fees and expenses	1.1	1.3	1.0	1.2
Auditor's remuneration				
- parent company and consolidation	1.3	1.3	1.3	1.3
- audits of subsidiary undertakings	0.7	0.5	-	-
Internal audit	2.9	2.6	2.8	2.5
Other costs	0.3	0.3	0.3	0.3
	6.3	6.0	5.4	5.3

Internal audit services are those provided by the in-house internal audit team, together with the cost of specialist services provided by KPMG and Protiviti.

The audit of subsidiary undertakings excludes fees due to the Trust's auditor Deloitte LLP relating to Premier Marinas Ltd of £0.2 million (2023: £0.2 million), excluding VAT and fees due to BDO LLP as Auditor of Urban&Civic and Farmcare Limited of £0.5 million (2023: £0.5 million) excluding VAT, these entities are held as part of the investment portfolio.

These Deloitte LLP fees are taken into account for the purposes of monitoring the cap on the level of non-audit services as required by legislation. There were additional fees of £82,000 for non-audit services payable to the Group's auditor Deloitte LLP (2023: £40,000).

11. Employee information

(a) Employee benefits

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Remuneration and salary benefits	185.4	170.1	105.8	94.6
Social Security costs	19.0	17.5	11.3	10.0
Pension costs and other benefits	11.7	22.5	7.6	14.8
	216.1	210.1	124.7	119.4

The increase in remuneration and salary benefits in the year is due to the Trust amending its pay policy in the year to median market rate pay, which included increasing the pay for employees below that median rate for their role (refer to the Remuneration report [page 117](#)). Remuneration and salary benefits also includes termination payments (refer to note 11(b)) and amounts accrued for long-term incentive plans for Investment team members (refer to note 5). Pension costs and other benefits includes the net interest on net defined benefit pension liabilities (the net of income from pension scheme assets and interest expense on pension scheme liabilities) which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Redundancy	2.7	1.2	2.4	0.8
Other compensation	1.3	0.7	1.0	0.7
	4.0	1.9	3.4	1.5

Termination payments includes amounts paid to individuals in relation to the new organisation design for Wellcome Collection, which has been implemented in the current year, and a provision for redundancies due to the reorganisation to align Wellcome's structure to our strategy. The latter changes were announced in September 2024, and consultation with staff concluded after the reporting date. The finalised changes impacted 63 roles, of which 34 were redeployed and 29 were made redundant.

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2024	2023
Trust	1,051	1,020
Subsidiary undertakings	1,326	1,294
Total for the Group	2,377	2,314
Analysed by		
Investments	47	45
Direct activities	1,546	1,516
Support	784	753
Total for the Group	2,377	2,314
Analysed by		
Investments	47	45
Direct activities	445	437
Support	559	538
Total for the Trust	1,051	1,020

65 PhD students (2023: 62) at Genome Research Limited do not have a contract of employment with the Group, therefore are not included in the table above. The PhD students provide a significant contribution to the scientific research and have an agreement of support to carry out their own PhD thesis.

The increase in the average number of employees in the Trust is due to the continued recruitment into the roles identified in the organisation design to support the strategy (noting this was approved in prior years).

(d) Benefits of employees

The number of employees working on charitable activities of the Trust and its subsidiary undertakings (Genome Research Limited and Wellcome Trust gGmbH, refer to note 1(b) Basis of Consolidations, page 158) whose benefits fell within the following bands is shown in the table.

Benefits are defined as including salaries, bonuses, allowances (such as allowances for housing and moving for staff relocating internationally), salary paid in lieu of employer pension contributions, and termination payments, including pay in lieu of notice but excluding employer pension contributions and employer National Insurance Contributions.

Employees of Wellcome Leap receive benefits in USD which have been converted into GBP equivalent for this table. The value of these benefits (included in the Group) is affected by fluctuating USD:GBP exchange rates throughout the year and from year to year.

Wellcome's policy is to pay staff at market median. Allowances related to staff joining Wellcome who relocated internationally have impacted a number of employees shown in the table.

The emoluments of the Chief Executive Officer (CEO) included in the table totalled £654,555 (2023: £nil). The emoluments of the interim CEO included in the table totalled £885,932 including pay in lieu of notice (2023: £352,260).

Information relating to Investment team staff is shown separately in note 5(b).

	Group		Trust	
	2024	2023	2024	2023
£60,000-£69,999	270	226	126	106
£70,000-£79,999	173	138	102	95
£80,000-£89,999	117	83	88	57
£90,000-£99,999	72	59	52	38
£100,000-£109,999	39	27	25	16
£110,000-£119,999	31	19	21	14
£120,000-£129,999	15	12	12	8
£130,000-£139,999	14	15	7	12
£140,000-£149,999	15	5	12	5
£150,000-£159,999	6	6	4	4
£160,000-£169,999	5	-	2	-
£170,000-£179,999	3	8	-	1
£180,000-£189,999	6	10	3	9
£190,000-£199,999	2	3	-	2
£200,000-£209,999	4	3	3	2
£210,000-£219,999	4	3	3	1
£220,000-£229,999	2	-	1	-
£230,000-£239,999	1	4	1	4
£240,000-£249,999	4	1	4	-
£250,000-£259,999	3	2	3	1
£260,000-£269,999	3	1	2	1
£270,000-£279,999	1	3	-	3
£290,000-£299,999	1	-	-	-
£320,000-£329,999	-	1	-	1
£340,000-£349,999	1	-	-	-
£360,000-£369,999	-	1	-	-
£400,000-£409,999	-	1	-	1
£410,000-£419,999	1	-	-	-

(d) Benefits of employees (continued)

	Group		Trust	
	2024	2023	2024	2023
£430,000-£439,999	1	-	-	-
£450,000-£459,999	2	-	2	-
£470,000-£479,999	1	-	-	-
£480,000-£489,999	1	-	-	-
£490,000-£499,999	-	1	-	-
£500,000-£509,999	1	-	1	-
£530,000-£539,999	1	-	-	-
£560,000-£569,999	-	1	-	1
£580,000-£589,999	-	1	-	1
£610,000-£619,999	-	1	-	-
£620,000-£629,999	1	-	-	-
£650,000-£659,999	2	-	2	-
£700,000-£709,999	-	1	-	1
£880,000-£889,999	1	-	1	-
	804	636	477	384

(e) Retirement benefits

(i) Defined benefit pension plan and Unfunded Unapproved Retirement Benefit scheme

The Group sponsors two approved funded defined benefit schemes: the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan (the Plans).

The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. During the year the investment strategy of the Plans was amended by the Trustees, following investment advice and in consultation with the Group, to de-risk the investments by reducing the exposure to passive equity investments and increasing exposure to gilt investments (including index linked) and liquidity funds.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes. The latest triennial actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2022: the valuation showed that the plan is fully funded. The latest triennial actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2021: the valuation showed that the plan is fully funded.

The amount of the surplus or deficit is subject to considerable variability because it depends on a valuation of assets and a range of accounting assumptions impacting the liabilities. During the year, £nil deficit funding contributions were paid to the Plans (2023: £nil).

FRS 102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and investment returns expected by the Plans. This leads to a difference between the accounting and funding position under the triennial actuarial valuations.

In addition, certain current and prior senior employees of the Trust are members of an Unfunded Unapproved Retirement Benefit scheme 'UURBs'. The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the

benefits are as per those stated within the FRS 102 disclosures.

The Group is aware of the recent Court of Appeal ruling in the Virgin Media Limited v NTL Pension Trustees II Limited, which may have implications for certain historical pension scheme amendments. The Group has not evaluated the potential impact of this ruling on the Plans.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	2024 % per annum	2023 % per annum	2022 % per annum
Inflation	3.00	3.20	3.55
Salary increases	N/A	N/A	N/A
Rate of discount	5.10	5.55	5.00
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.00	3.20	3.35
Allowance for pension in payment increase of RPI or 5% p.a. if less	2.80	2.95	3.20
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	2024 % per annum	2023 % per annum	2022 % per annum
Inflation RPI	3.00	3.20	3.50
Inflation CPI	2.75	2.90	3.15
Salary increases	N/A	N/A	N/A
Rate of discount	5.10	5.55	4.90
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.00	3.20	3.50
Allowance for pension in payment increase of RPI or 5% p.a. if less	2.80	2.90	3.15
Allowance for pension in payment increase of CPI or 3% p.a. if less	2.05	2.05	2.20
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2023 were derived based on the expectation that RPI will increase in line with CPIH from 2030.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 19 and 21 years respectively.

The mortality assumptions adopted imply the following life expectancies in years:

	2024	2023
Male retiring at age 60 in 2024	25.9	26.0
Female retiring at age 60 in 2024	28.4	28.4
Male retiring at age 60 in 2044	27.5	27.5
Female retiring at age 60 in 2044	30.0	29.9

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2023 projections and a 1.25% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Expenses	1.1	1.0	-	-	1.1	1.0
Net interest on net defined benefit liabilities	(12.2)	(4.1)	0.8	6.1	(11.4)	(1.9)
Actuarial gains	(25.9)	(134.7)	(1.5)	(6.9)	(27.4)	(141.7)
Total gain in the Statement of Financial Activities	(37.0)	(137.8)	(0.7)	(0.8)	(37.7)	(138.6)

Trust	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Expenses	0.6	0.5	-	-	0.6	0.5
Net interest on net defined benefit liabilities	(7.6)	(3.4)	0.8	6.1	(6.8)	2.7
Actuarial gains	(20.5)	(66.4)	(1.5)	(6.9)	(22.0)	(73.3)
Total gain in Statement of Financial Activities	(27.5)	(69.3)	(0.7)	(0.8)	(28.2)	(70.1)

(e) Retirement benefits (continued)

(iv) Present values of pension schemes' liabilities, fair value of assets and surplus/(deficit)

	Assets		Liabilities		Surplus/(Deficit)	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Wellcome Trust Pension Plan	456.3	406.4	(291.7)	(269.3)	164.6	137.1
Genome Research Limited Pension Plan	373.7	334.8	(282.0)	(252.6)	91.7	82.2
Total pension plans	830.0	741.2	(573.7)	(521.9)	256.3	219.3
Wellcome Trust unfunded, unapproved scheme liabilities	-	-	(12.3)	(14.1)	(12.3)	(14.1)
Wellcome Trust post-retirement medical benefits	-	-	(1.0)	(0.7)	(1.0)	(0.7)
Total other retirement benefits	-	-	(13.3)	(14.8)	(13.3)	(14.8)
Total pension assets/(liabilities)	830.0	741.2	(587.0)	(536.7)	243.0	204.5

(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Plans' liabilities at start of year	521.9	575.9	269.3	293.9
Expenses	1.1	1.0	0.6	0.5
Interest cost	28.6	28.2	14.7	14.5
Contributions by scheme participants	-	-	-	-
Actuarial losses / (gains)	33.8	(71.6)	15.5	(31.4)
Benefits paid and death-in-service insurance premiums	(11.7)	(11.6)	(8.4)	(8.2)
Plans' liabilities at end of year	573.7	521.9	291.7	269.3

(e) Retirement benefits (continued)

2024 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2024)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £58.1m (9.9%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £37m (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £10.6m (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £3.5m (0.6%)

Trust (2024)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £29.9m (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.2m (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £5.2m (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £1.8m (0.6%)

2023 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2023)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £52.6mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £33.8mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £9.1mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £3.2mn (0.6%)

Trust (2023)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £27.8mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £17.9mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £4.8mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £1.7mn (0.6%)

(e) Retirement benefits (continued)

(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Fair value of plan assets at start of year	741.2	657.2	406.4	361.5
Expected return on plan assets	40.8	32.3	22.3	17.9
Actuarial gains	59.7	63.1	36.0	35.0
Contributions by the Group employers	-	0.2	-	0.2
Contributions by scheme participants	-	-	-	-
Benefits paid and death-in-service insurance premiums	(11.7)	(11.6)	(8.4)	(8.2)
Fair value of plan assets at end of year	830.0	741.2	456.3	406.4

The fair value of Group plan assets comprise 69% debt instruments, 30% equity instruments and 1% all other assets (2023: 100% equity instruments) and the fair value of Trust plan assets comprise 65% debt instruments, 34% equity instruments and 1% all other assets (2023: 99% equity instruments and 1% all other assets). None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2024 £mn	2023 £mn	2022 £mn	2021 £mn	2020 £mn
Fair value of plans' assets	830.0	741.2	657.2	761.6	614.4
Present value of plans' liabilities	(573.7)	(521.9)	(575.9)	(986.6)	(981.2)
Surplus / (deficit) in schemes	256.3	219.3	81.3	(225.0)	(366.8)
Experience adjustment on plans' assets	59.7	63.1	(114.1)	130.7	25.1
Experience adjustment on plans' liabilities	(2.0)	(26.0)	(66.1)	7.8	(1.8)
Effects of changes in the demographic and financial assumptions underlying the present value of the plans' liabilities	(31.8)	97.6	486.6	13.5	2.6

(viii) Estimate of contributions to be paid to scheme

The best estimate of employer contributions to be paid to the Wellcome Trust scheme for the period beginning 1 October 2024 is £nil (2023: £nil), which includes £nil (2023: £nil) of deficit funding, noting the decision taken to cease future service accruals from 1 July 2022.

The best estimate of the employer contributions to be paid to the Genome Research Limited scheme for the period beginning 1 October 2024 is £nil (2023: £nil), which includes £nil (2023: £nil) of deficit funding, noting the cessation of future service accruals from 1 October 2021.

Trust	2024 £mn	2023 £mn	2022 £mn	2021 £mn	2020 £mn
Fair value of plan's assets	456.3	406.4	361.5	419.1	339.7
Present value of plan's liabilities	(291.7)	(269.3)	(293.9)	(510.9)	(507.7)
Surplus / (deficit) in scheme	164.6	137.1	67.6	(91.8)	(168.0)
Experience adjustment on plan's assets	36.0	35.0	(63.5)	72.0	14.1
Experience adjustment on plan's liabilities	(1.3)	(14.7)	(17.3)	3.9	(3.3)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	(14.2)	46.1	237.3	8.8	(1.2)

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration report on pages 117-122.

13. Taxation

Group	2024 £mn	2023 £mn
(a) Current Tax		
UK Corporation Tax on profits for the year	-	-
Adjustments in respect of prior periods	2.2	(10.4)
UK Corporation Tax on CFC deemed income	1.8	0.7
Total current tax	4.0	(9.7)
(b) Deferred Tax		
Origination and reversal of timing differences	34.9	(3.5)
Adjustments in respect of prior periods	0.6	0.8
Total deferred tax	35.5	(2.7)
Taxation	39.5	(12.4)

The UK corporation tax rate remains at 25%. Therefore the effective rate for the year ended 30 September 2024 was 25%.

For the purposes of reporting under FRS 102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise due to increases or decreases in the fair value of the investments held in these subsidiaries, which will not be taxable until these investments are sold. As the corporation tax rate is 25% deferred tax continues to be recognised at 25%.

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £28.1 million (2023: £22.8 million).

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK by Finance (no.2) Act 2023 and comes into

Group	2024 £mn	2023 £mn
(c) Reconciliation of Tax Charge		
Profit on ordinary activities before taxation on subsidiaries subject to taxation	84.8	6.6
Profit before tax multiplied by average rate of corporation tax of 25% (2023: 22.01%)	21.2	1.5
Effects of:		
Income not subject to tax	(5.6)	(7.1)
Temporary differences:		
Chargeable gains/(losses)	10.1	7.9
Deferred tax not recognised	16.4	0.2
Gift Aid donation paid	(9.5)	(7.9)
Adjustments to tax charge in respect of previous periods - deferred tax	0.6	0.8
Tax apportioned on CFC profits	1.8	0.7
Remeasurement of deferred tax for changes in tax rates	-	1.9
Expenses not deductible for tax purposes	2.3	-
Adjustments to tax charge in respect of previous periods	2.2	(10.4)
Taxation	39.5	(12.4)

effect for the Group from 1 October 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The entity applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to Section 29 issued in July 2023. Under the legislation, from 1 October 2024 the Group would be liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate, subject to specific adjustments and exclusions for Excluded Entities.

The Group has engaged with tax specialists and determined that Wellcome Trust and all of the Group's consolidated subsidiary undertakings are Excluded Entities by reference to Wellcome Trust qualifying as a Non-profit Organisation. The Group does not therefore expect to be materially exposed to Pillar Two income taxes but, due to the complexities in applying the legislation, it continues to engage tax specialists to assist with its application.

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2023	480.0	1.5	306.0	23.0	810.5
Additions	1.5	-	6.7	19.2	27.4
Transfers	-	-	8.9	(8.9)	-
Disposals	-	-	(19.7)	-	(19.7)
Cost as at 30 September 2024	481.5	1.5	301.9	33.3	818.2
Accumulated depreciation as at 1 October 2023	165.5	1.5	238.6	-	405.6
Charge for the year	9.2	-	15.1	-	24.3
Transfers	-	-	-	-	-
Disposals	-	-	(19.7)	-	(19.7)
Accumulated depreciation as at 30 September 2024	174.7	1.5	234.0	-	410.2
Net Book Value as at 30 September 2024	306.8	-	67.9	33.3	408.0
Net Book Value as at 30 September 2023	314.5	-	67.4	23.0	404.9

As part of its net zero carbon emission ambitions, the Trust is embarking on an upgrade programme for its office building and the Wellcome Collection building which have a combined net book value calculated at £144.3 million. This is based upon the remaining net book value of the Trust's buildings and associated plant

(b) Trust

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2023	228.6	1.5	137.5	6.7	374.3
Additions	-	-	1.3	4.7	6.0
Transfers	-	-	7.7	(7.7)	-
Disposals	-	-	(16.9)	-	(16.9)
Cost as at 30 September 2024	228.6	1.5	129.6	3.7	363.4
Accumulated depreciation as at 1 October 2023	82.6	1.5	91.2	-	175.3
Charge for the year	3.8	-	6.6	-	10.4
Transfers	-	-	-	-	-
Disposals	-	-	(16.9)	-	(16.9)
Accumulated depreciation as at 30 September 2024	86.4	1.5	80.9	-	168.8
Net Book Value as at 30 September 2024	142.2	-	48.7	3.7	194.6
Net Book Value as at 30 September 2023	146.0	-	46.3	6.7	199.0

and fixtures. This may lead to disposals and additional capital expenditure on these buildings in future years. The Trust is currently at early stages of the programme and has not committed to any programme spend.

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the UK Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's vision of a world in which everyone's experience of health matters. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections.

Wellcome Collection is both an accredited museum and an accredited archive service, having been awarded full accreditation under schemes administered by Arts Council England and The National Archives.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to 'Conservation of Cultural Heritage', 'Conservation and care of archive and library collections', 'Conservation Process: Decision Making, Planning and Implementation' and 'Procurement of Conservation Services and Works'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' and British Standard EN 17820-2023 'Conservation of Cultural Heritage – Specifications for the management of moveable cultural heritage

collection' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy. We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; ongoing collection inventory; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with the Harwell Science and Innovation Campus, which provides support for the majority of disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, unquoted investments and investment properties

Group	Fair value 1 October 2023 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	Fair value 30 September 2024 £mn
Total quoted investments	14,715.4	1,465.4	(3,508.5)	1,706.1	14,378.4
Total unquoted investments	19,225.7	3,138.9	(2,704.1)	(111.0)	19,549.5
Total investment properties	1,614.6	34.5	(13.8)	(95.5)	1,539.8
Total	35,555.7	4,638.8	(6,226.4)	1,499.6	35,467.7

Trust	Fair value 1 October 2023 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	Fair value 30 September 2024 £mn
Total quoted investments	14,187.4	1,465.4	(3,405.2)	1,726.4	13,974.0
Total unquoted investments	17,682.0	2,916.8	(3,205.4)	(126.6)	17,266.8
Total investment properties	1,447.5	34.2	(14.8)	(86.2)	1,380.7
Total	33,316.9	4,416.4	(6,625.4)	1,513.6	32,621.5

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

At the reporting date, the fair value of securities on loan were £64.2 million (2023: £537.1 million) and the Group held £66.1 million (2023: £548.7 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £nil (2023: £nil). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting basis has not been quantified. Due to the number of investments made, often over a number of years, the cost to our associates and joint ventures

of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt of £211.0 million (2023: £75.0 million)
- received sales proceeds of £nil million (2023: £nil)

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Strutt & Parker and Cushman & Wakefield. Investment properties include freehold land relating to the Wellcome Genome Campus where certain long leases have been agreed at non-market rents which reduces the fair value of this land.

(b) Derivative financial instruments

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Derivative financial instrument asset positions	236.0	86.4	236.0	86.4

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into pounds sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management, including a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Investment cash and certificates of deposit	3,723.3	2,917.6	3,718.4	2,913.3
Cash collateral held	224.1	609.6	224.1	609.6
Accrued income from investments	14.0	17.3	14.0	14.9
Income receivable	58.2	52.3	58.1	52.5
Proceeds receivable on sale of investments	45.5	20.1	45.5	20.1
Other investment debtors	11.0	12.2	9.9	10.6
Other investment assets	352.8	711.5	351.6	707.7

Other investment assets includes cash collateral held relating to the securities lending programme which is driven by the value of securities on loan and is £66.1 million at the reporting date (2023: £548.7 million) and cash collateral received from counterparties relating to derivative financial instrument liabilities. These amounts are due back to counterparties and there is a corresponding assets recognised (refer to note 17).

(d) Programme-related investments

Group	Book value 1 October 2023 £mn	Purchases £mn	Disposals £mn	Net write-downs £mn	Unrealised Gains	Book value 30 September 2024 £mn
Loans – other	-	2.6	-	(2.6)	-	-
Loans	-	2.6	-	(2.6)	-	-
Equities – AMR Action Fund LP	-	4.4	-	(4.4)	-	-
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	11.1	-	(11.1)	-	-
Equities – other	41.1	2.6	(2.0)	(2.6)	(39.1)	-
Equities	41.1	18.1	(2.0)	(18.1)	(39.1)	-
Revenue share - other	-	6.1	(6.5)	0.4	-	-
Revenue share	-	6.1	(6.5)	0.4	-	-
Total	41.1	26.8	(8.5)	(20.3)	(39.1)	-

Programme-related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to programme-related investments are detailed in note 19.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories) based in India and Hilleman Singapore Pte Limited, a new

company set up in early 2021 based in Singapore. Both companies were established to develop affordable vaccines to prevent diseases that commonly affect low- and middle-income countries. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

AMR Action Fund

The Trust has committed to a £50 million programme-related investment into the AMR Action Fund, an impact investment fund established to support late-stage antibiotic development. At each capital call funds will be provided in exchange for equity. The drawn down capital is included in the equities balance. Under

the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

Other

The book value of programme-related investments is zero as at 30 September 2024 (2023: £41.1m) due to the disposal of Karuna holdings (see [page 28](#)) for £35.9 million which is recognised in other income and a reversal of prior period unrealised gains. There are no other programme-related investments with any value associated as at 30 September 2024.

The Trust has provided funding to 104 (2023: 101) companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme-related investment portfolio is performed to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's report (Figure 6 on page 50), £1,896.1 million (2023: £1,791.3 million), is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2024

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted Investments	14,378.4	-	-	14,378.4
Unquoted investments	-	4,562.7	14,986.8	19,549.5
Derivative financial instruments asset positions	-	236.0	-	236.0
Programme related investments	-	-	-	-
	14,378.4	4,798.7	14,986.8	34,163.9

Assets at fair value as at 30 September 2023

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted investments	14,715.4	-	-	14,715.4
Unquoted investments	-	3,950.6	15,275.3	19,225.9
Derivative financial instruments asset positions	-	86.4	-	86.4
Programme-related investments	41.1	-	-	41.1
	14,756.5	4,037.0	15,275.3	34,068.8

(e) Fair value of financial assets and liabilities (continued)

Liabilities at fair value as at 30 September 2024

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	39.0	-	39.0

Liabilities at fair value as at 30 September 2023

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	49.8	-	49.8

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2

- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3

For Level 3 investments:

- private equity and venture funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund
- unquoted direct investments and programme related investments are held at the valuation determined by management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by management. Further details of valuation assumptions used for key areas of estimation are provided in note 2.

(f) Realised and unrealised gains/(losses) on investments

	Note	Group		Trust	
		2024 £mn	2023 £mn	2024 £mn	2023 £mn
Quoted investments	15(a)	1,706.1	1,126.4	1,726.4	1,229.1
Unquoted investments	15(a)	(111.0)	(1,597.1)	(126.6)	(1,505.1)
Investment properties	15(a)	(95.5)	(63.8)	(86.2)	(60.0)
Derivative financial instruments					
Currency overlay		185.1	426.3	185.1	426.3
Other derivative financial instruments		1.4	(0.1)	1.4	(0.5)
Shares in subsidiary undertakings		-	-	(103.2)	(454.2)
Short term investments		17.3	16.4	17.3	16.4
Foreign exchange losses on monetary assets		(158.4)	(90.3)	(99.1)	(50.7)
Foreign exchange gains on bond liability		14.2	4.0	14.2	4.0
		1,559.2	(178.2)	1,529.3	(394.7)

(g) Reconciliation to Trustee's report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's report. The distinct classes of assets used and reported on within the Trustee's report are: public equity, private equity, hedge funds, property, and cash.

This note reconciles the net investment asset fair value at the reporting date as presented within the Trustee's report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	2024 £mn	2023 £mn
Quoted investments	15(a)	14,378.4	14,715.4
Unquoted investments	15(a)	19,549.5	19,225.7
Investment property	15(a)	1,539.8	1,614.6
Derivative financial instrument asset positions	15(b)	236.0	86.4
Investment cash and certificates of deposit	15(c)	3,723.3	2,917.6
Other investment assets	15(c)	352.8	711.5
Programme related investments	15(e)	-	41.1
Investment assets as presented in the Financial Review		39,779.8	39,312.3
Derivative financial instrument liabilities	17	(39.0)	(49.8)
Amount payable on acquisition of investments	17	(12.4)	(5.4)
Cash collateral creditor	17	(224.1)	(609.6)
Deferred income from investments	17	(10.2)	(8.8)
Other investment liabilities	17	(24.4)	(22.5)
Total investment assets		39,469.7	38,616.2
Bond liabilities at amortised cost falling due within one year	17	(28.3)	(28.3)
Bond liabilities at amortised cost falling due between one and five years	17	(331.6)	(345.2)
Bond liabilities at amortised cost falling due after five years	17	(2,431.5)	(2,430.9)
Total interest bearing liabilities		(2,791.4)	(2,804.4)
Total investment assets		39,469.7	38,616.2
Total interest bearing liabilities		(2,791.4)	(2,804.4)
Adjusted for			
Restatement of bond liabilities to fair value		895.2	1,013.1
Programme related investments not in investment asset allocation	15(e)	-	(41.1)
Other net investments not included in the asset allocation		(9.3)	(12.5)
Total assets net of Bond liabilities per Figure 6		37,564.2	36,771.3

Other investments not in asset allocation relate to programme-related investments and unquoted investments held by Genome Research Limited.

	2024	2023
Leverage (Total interest bearing liabilities/Total investment assets)	7.1%	7.3%

16. Debtors

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Amounts owed by subsidiary undertakings	-	-	85.8	101.6
Other debtors	9.8	23.5	1.9	3.8
Prepayments and accrued income	44.7	82.7	7.3	8.4
	54.5	106.2	95.0	113.8

There are £23.3 million of prepayments that relate to Wellcome Leap's advance payments (2023: £60.6 million) to its programmes which has decreased due to a change in the number of months Wellcome Leap now advance fund their programmes.

Amounts owed by subsidiary undertakings are repayable on demand and charged interest at the overnight bank deposit rate.

17. Creditors

		Group		Trust	
	Note	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Falling due within one year					
Amounts owed to subsidiary undertakings		-	-	1,229.8	1,271.1
Grant liabilities	8	729.4	741.3	866.7	877.2
Bond liabilities		28.3	28.3	23.5	23.6
Amount payable on acquisition of investments		12.4	5.4	12.4	5.4
Cash collateral creditor		224.1	609.6	224.1	609.6
Deferred income from investments		10.2	8.8	8.9	7.7
Derivative financial instrument liabilities		39.0	49.8	39.0	49.8
Other investment liabilities		24.4	22.5	22.9	19.9
Trade creditors		16.1	16.1	8.3	8.3
Other creditors		19.4	21.1	15.9	17.2
Accruals and deferred income		66.2	61.1	19.7	16.7
Corporation tax		1.8	1.3	-	-
Total falling due within one year		1,171.3	1,565.3	2,471.2	2,906.4
Falling due between one and five years					
Grant liabilities	8	1,961.9	1,701.1	2,263.5	1,792.2
Other creditors		0.1	0.4	-	-
Lease premium creditor		3.5	3.5	-	-
Bond liabilities		331.6	345.2	331.6	345.2
		2,297.1	2,050.2	2,595.1	2,137.4
Falling due after five years					
Grant liabilities	8	512.6	489.9	576.7	489.9
Lease premium creditor		39.3	23.8	-	-
Bond liabilities		2,431.5	2,430.9	1,887.6	1,887.5
		2,983.4	2,944.6	2,464.3	2,377.4
Total falling due after one year		5,280.5	4,994.8	5,059.4	4,514.8

Deferred income

	Group		Trust	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn
As at 1 October	34.9	42.7	8.4	8.1
Received during the year	43.5	49.0	8.9	8.4
Released to income during the year	(43.7)	(58.1)	(8.4)	(8.1)
As at 30 September	35.2	35.2	8.9	8.4

The Trust's deferred income is investment property rents received in advance. The Group deferred income is made up of third-party grant income received in advance and contract income invoiced in advance of services at Genome Research Limited and conference centre event deposits received by Wellcome Trust Trading Limited.

18. Provisions for liabilities and charges

Group	Deferred tax £mn	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2023	26.2	81.3	1.7	109.2
Charge for the year	31.9	25.4	0.8	58.1
Utilised in year	-	(19.4)	(2.1)	(21.5)
As at 30 September 2024	58.1	87.3	0.4	145.8

Trust	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2023	76.8	2.8	79.6
Charge for the year	25.3	-	25.3
Utilised in year	(19.4)	-	(19.4)
As at 30 September 2024	82.7	2.8	85.5

The employment-related provisions relate to long-term incentive plans for certain employees in the Investment team (refer to note 5(a)), unfunded unapproved retirement benefit schemes and a provision for redundancies due to the reorganisation to evolve the leadership of Wellcome (refer to note 11(b) and (e)(ii)).

Long-term incentive plans vest over five-year periods and then can be exercised at the employee's discretion for up to 25 years.

The deferred tax provision arises due to unrealised fair value gains on investments held by the Group's non-charitable investment holding subsidiaries and the charge for the year includes foreign exchange revaluations of these gains. The Group does not expect the deferred tax provision to be utilised in the next financial year. Deferred tax provision amounts will reverse if the fair value gains reverse or if gains are realised but are relieved by a qualifying donation to the Trust as parent charity.

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £4.8 billion (2023: £5.7 billion). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £1.8 billion (38.0%) of the outstanding commitments in one year, £1.9 billion (40.7%) in between one and five years and £1.0 billion (21.3%) after five years.

(b) Pensions

The Trust has previously agreed with the Genome Research Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by the Trust, are that Genome Research Limited pays the necessary contribution as agreed with the Trustee and the Plan Actuary. Further details of the funding of the pension plans are provided in note 11(e)(ii).

(c) Programme-related investments

Programme-related convertible loans and equity funding have been made over a series of years, of which £70 million (2023: £79 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has committed to a £50 million programme-related investment into the AMR Action Fund, an impact investment fund established to support antibiotic development. Drawdowns of £12 million have been made to date and therefore the outstanding commitment amounted to £38 million (2023: £42 million).

During the year, the Trust incurred £11 million (2023: £5 million) in expenditure relating to MSD-Wellcome Trust Hilleman Laboratories. £10.5m was in relation to the Singapore-based entity and the remainder was the final payment to the Indian-based entity to enable the liquidation process. Operations will continue at the entity based in Singapore. There was no outstanding commitment on the current award (2023: £9 million). In the year

Wellcome also agreed to contribute up to £27 million in relation to MSD-Wellcome Trust Hilleman Laboratories over the next six years although no expenditure has been incurred due to it being programme-related equity funding.

(d) Grant funding activities

The Trust has incurred £12 million to date in expenditure relating to the partnership between Wellcome, the UK Medical Research Council, the UK Foreign, Commonwealth and Development Office and the UK Department of Health to fund global health trials in low- and middle-income countries. Subject to review and approval of appropriate costed extensions, Wellcome may contribute up to a further £2 million over the next three years ending 31 March 2027.

During the year, Wellcome announced a three-year partnership on a US\$300 million initiative with the Bill and Melinda Gates Foundation and the Novo Nordisk Foundation. This joint effort will focus on climate and health, infectious diseases, and interactions between nutrition, immunity, development and disease. Subject to finalisation of the details of the partnership, Wellcome may fund up to US\$100 million over the next three years.

In May 2024 Wellcome issued invitations to two of our Africa and Asia Programmes to submit applications for renewed core funding. The funding will cover a seven-year period from October 2025. The programmes applying are the Malawi Liverpool Wellcome (MLW) Programme which is operated through Liverpool School of Tropical Medicine and the University of Liverpool, and the Mahidol Oxford Tropical Research Unit which is operated through Oxford University primarily in South-East Asia. Indicative budgets of £38 million and £55 million respectively were provided to the applicants for core funding of Business as Usual. The applicants were also invited to apply for one-off Supplementary Activities Awards and Directors Discretionary Funds and these will be awarded based on the justifications provided and the funds available.

(e) Capital Commitments

In the current year, Wellcome and Genome Research Limited had commitments contracted and not provided for of £151 million (2023: £90 million) and £2 million (2023: £16 million) respectively. These relate to the refurbishment of investment properties and the redevelopment of Premier Marinas, and Wellcome Genome Campus redevelopment.

20. Movement of Charity Funds

Group 2024	Balance as at 1 October 2023 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2024 £mn
Restricted Funds	17.0	28.3	(29.5)	-	15.8
Unrestricted Funds	33,441.2	541.2	(1,609.2)	1,559.2	33,932.4
Total Charity Funds	33,458.2	569.5	(1,638.7)	1,559.2	33,948.2

Group 2023	Balance as at 1 October 2022 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2023 £mn
Restricted Funds	17.5	31.8	(32.3)	-	17.0
Unrestricted Funds	34,583.8	510.0	(1,474.4)	(178.2)	33,441.2
Total Charity Funds	34,601.3	541.8	(1,506.7)	(178.2)	33,458.2

All restricted funds arise in Genome Research Limited.

21. Group undertakings

(a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited is the sole member
Wellcome Leap Inc	100%	N/A	United States of America	The Wellcome Trust Limited is the sole member
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
- non-charitable investment holding subsidiary undertakings formed to hold investments and freehold

property on behalf of the Trust where the net asset value is in excess of £300 million – refer to note 21(b)(ii); and

- a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).

Most subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

(a) Summary of activities of significant subsidiary undertakings (continued)

The table below details the significant subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	Holding	Registered Number	Country of incorporation	Legal relationship
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Urban&Civic plc	100% (indirect through Gower Place Investments Limited)	SC149799	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertakings

Genome Research Limited		
	2024 £mn	2023 £mn
Income	177.3	189.0
Expenditure	(184.1)	(182.3)
Actuarial gains on defined benefit pension scheme	5.4	68.3
Net movements in funds	(1.4)	75.0
Total assets	265.6	265.2
Liabilities	(87.1)	(75.8)
Defined benefit pension scheme asset	91.7	82.2
Net assets	270.2	271.6

All restricted funds arise in Genome Research Limited.

Wellcome Leap Inc		
	2024 £mn	2023 £mn
Income	0.6	0.6
Expenditure	(134.1)	(114.8)
Net movements in funds	(133.5)	(114.2)
Total assets	190.4	320.3
Liabilities	(10.2)	(6.6)
Net assets	180.2	313.7

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investments 2 Unlimited	
	2024 £mn	2023 £mn	2024 £mn	2023 £mn	2024 £mn	2023 £mn
Turnover	0.1	-	-	-	4.8	10.5
Expenditure	(0.1)	1.8	(2.7)	15.3	(13.6)	11.7
Gains/(losses) on investments	36.3	(36.3)	(6.7)	(84.8)	(59.9)	(25.4)
Total (loss)/profit	36.3	(34.5)	(9.4)	(69.5)	(68.7)	(3.2)
Investment assets	1,301.7	1,054.5	209.8	216.5	519.9	667.6
Current assets	0.3	2.1	-	3.8	381.1	389.5
Total assets	1,302.0	1,056.6	209.8	220.3	901.0	1,057.1
Liabilities	-	(0.1)	(2.4)	(1.3)	(58.1)	(26.2)
Net assets	1,302.0	1,056.5	207.4	219.0	842.9	1,030.9

The functional currency of Wellcome Trust Investments 2 Unlimited is the US dollar because the majority of the Company's transactions are denominated in US dollars.

(iii) Non-charitable investment financing subsidiary undertaking

Wellcome Trust Finance plc		
	2024 £mn	2023 £mn
Turnover	29.3	29.1
Expenditure	(25.3)	(27.8)
Total profit	4.0	1.3
Assets	689.2	688.8
Liabilities	(551.7)	(553.2)
Net assets	137.5	135.6

22. Consolidated cash flow

(a) Investment income received

	2024 £mn	2023 £mn
Dividends and interest	425.1	427.1
Rental income	52.3	48.2
Decrease in income receivable from investments	(5.9)	(4.4)
Increase/(Decrease) in accrued income from investments	3.3	(5.5)
Decrease in deferred income from investments	1.4	0.4
Investment income received	476.2	465.8

(b) Servicing of finance

	2024 £mn	2023 £mn
Interest payable	(76.6)	(76.4)
Foreign exchange gains on revaluation of interest bearing liabilities	14.2	4.0
Decrease in interest bearing liabilities	(13.0)	(3.2)
Cash outflow for servicing of finance	(75.4)	(75.6)

(c) Reconciliation of investment sales and purchases

	2024 £mn	2023 £mn
Proceeds on sale of quoted investments	3,508.5	1,759.0
Proceeds on sale of unquoted investments	2,704.1	2,401.1
Proceeds on sale of investment property	13.8	40.0
Increase in proceeds receivable on sale of investments	(25.4)	(11.9)
Proceeds on sale of Programme Related Investments	8.5	2.6
Proceeds from sales of investments	6,209.5	4,190.8
Purchases of quoted investments	1,465.4	1,797.2
Purchases of unquoted investments	3,138.9	2,121.4
Purchases of investment property	34.5	47.3
(Decrease)/Increase in amounts payable on acquisition of investments	(7.0)	3.2
Purchase of Programme Related Investments	26.8	10.7
Purchases of investments	4,658.6	3,979.8
Gain on derivative financial instruments	186.5	426.2
Increase in derivative financial asset positions	(149.6)	(86.4)
Decrease in derivative financial liabilities	(10.8)	(313.3)
Decrease in cash collateral posted with counterparties	-	360.4
Net cash inflow due to derivative financial instruments	26.1	386.9

(d) Statement of net debt

	At 1 October 2023 £mn	Cash flow £mn	Change in Maturities £mn	Effective interest & Foreign Exchange £mn	At 30 September 2024 £mn
Cash in hand and at bank	79.7	(37.6)	-	-	42.1
Debt due after one year					
- bond liabilities	(2,776.0)	-		13.0	(2,763.0)
Debt due within one year					
- bond liabilities	(28.3)	75.4		(75.4)	(28.3)
Liquid resources:					
- investment cash and certificates of deposit	2,917.6	805.7	-	-	3,723.3
Net debt	193.0	843.5	-	(62.4)	974.1

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2024 £mn	2023 £mn
Derivative financial instruments assets positions	236.0	86.4
Investment cash balances and certificates of deposit	3,723.3	2,917.6
UK and US government securities	78.6	421.6
Cash collateral held	224.1	609.6
Accrued income from investments	14.0	17.3
Income receivable	58.2	52.3
Proceeds receivable on sale of investments	45.5	20.1
Other investment debtor balances	11.0	12.2
Other debtors	9.8	23.5
Term deposits and cash	42.1	79.7
	4,442.6	4,240.3

None of the Group's financial assets subject to credit risk (other than the programme-related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

- For fixed income securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk.
- Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts.
- Direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated Government securities and the controlled use of AAA rated money market funds.
- Sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and ongoing reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed weekly by investments management, monthly by the Trust's Executive, and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

Grant liabilities are non-contractual.

Group	2024				2023			
	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn
Payments falling due within one year								
Bond liabilities	-	75.3	-	75.3	-	75.4	-	75.4
Derivative financial instruments liabilities	39.0	-	-	39.0	49.8	-	-	49.8
Collateral liability	224.1	-	-	224.1	609.5	-	-	609.5
Amount payable on acquisition of investments	12.4	-	-	12.4	5.4	-	-	5.4
Other investment liabilities	24.4	-	-	24.4	22.5	-	-	22.5
Trade creditors	16.1	-	-	16.1	16.1	-	-	16.1
Other creditors	19.4	-	-	19.4	21.1	-	-	21.1
Accruals and deferred income	66.2	-	-	66.2	61.1	-	-	61.1
Corporation Tax	-	1.8	-	1.8	-	1.3	-	1.3
Contractual payments	401.6	77.1	-	478.7	785.5	76.7	-	862.2
Grant liability	182.3	547.0	-	729.3	185.3	556.0	-	741.3
	583.9	624.1	-	1,208.0	970.8	632.7	-	1,603.5
Payments falling due between one and five years								
Bond liabilities	-	-	626.6	626.6	-	-	644.9	644.9
Other creditors	-	-	0.1	0.1	-	-	0.4	0.4
Contractual payments	-	-	626.7	626.7	-	-	645.3	645.3
Grant liability	-	-	2,354.7	2,354.7	-	-	2,046.4	2,046.4
	-	-	2,981.4	2,981.4	-	-	2,691.7	2,691.7
Payments falling due after five years								
Bond liabilities	-	-	5,260.7	5,260.7	-	-	5,332.2	5,332.2
Contractual payments	-	-	5,260.7	5,260.7	-	-	5,332.2	5,332.2
Grant liability	-	-	822.5	822.5	-	-	794.7	794.7
	-	-	6,083.2	6,083.2	-	-	6,126.9	6,126.9
Total	583.9	624.1	9,064.6	10,272.6	970.8	632.7	8,818.6	10,422.1

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of sterling and US dollars and monitored sterling and US dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key: the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitors cash expenditure, commitments and the

endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base and this is discussed in the Financial Review on [page 64-69](#).

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2024 £mn	2023 £mn
Quoted investments	14,378.4	14,715.4
Unquoted investments	19,549.5	19,225.7
Investments properties	1,539.8	1,614.6
Derivative financial instruments assets positions	236.0	86.4
Assets exposed to risk	35,703.7	35,642.1
Derivative financial instruments liability positions	39.0	49.8
Liabilities exposed to risk	39.0	49.8

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is sterling. However, the Group has investment assets denominated in currencies other than sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	Value as at 30 September 2024 (currency, mn)	Value as at 30 September 2024 £mn	Value as at 30 September 2023 (currency, mn)	Value as at 30 September 2023 £mn
Traded investments assets				
US \$	\$30,635.2	22,839.1	\$26,997.8	22,119.4
Euro	€3,779.1	3,144.3	€3,424.6	2,970.6
CNY	¥9,998.7	1,062.4	¥18,074.6	2,027.4
Other		4,088.7		4,086.1
Other investment debtors balances				
US \$	\$2,594.2	1,934.0	\$1,564.6	1,281.9
Euro	€74.5	62.0	€41.5	36.0
CNY	-	-	-	-
Other		39.7		44.9
Other investment creditors balances				
US \$	(\$13.9)	(10.4)	(\$3.1)	(2.5)
Euro	(€470.6)	(391.5)	(€403.9)	(350.4)
CNY	-	-	-	-
Other		(0.1)		(2.8)
Forward currency contracts				
US \$	(\$1,623.0)	(1,216.2)	(\$3,168.6)	(2,594.1)
Euro	€1.2	1.0	(€169.7)	(150.5)
CNY	-¥4,446.3	(481.3)	-	-
Other		(0.7)		(0.3)
Total exposed to currency risk		31,071.0		29,465.7

	Impact on gain/(loss) for the financial year 2024 £m	Impact on gain/(loss) for the financial year 2023 £m
10% USD appreciation	2,354.7	2,080.5
10% Euro appreciation	281.6	250.6
10% CNY appreciation	58.1	202.7

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (for variable rate assets or liabilities).

Interest rate exposure

The Group has purchased fixed income (interest bearing investments). The value of these investments will fluctuate if interest rates change in future. In addition the Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest

	2024		2023	
	Weighted average interest rate	Value as at 30 September £mn	Weighted average interest rate	Value as at 30 September £mn
Interest bearing assets				
Maturing within one year				
Fixed rate	0.92%	68.6	0.90%	371.7
Floating rate	n/a	10.0	n/a	-
Maturing between one and five years				
Fixed rate	0.00%		0.25%	49.9
Floating rate	n/a		n/a	-
Total interest bearing assets		78.6		421.6
Interest-bearing financial liabilities				
Maturing within one year				
Fixed rate - bond liabilities	n/a	-	n/a	-
Maturing between one and five years				
Fixed rate - bond liabilities	1.13%	(334.2)	1.13%	(347.9)
Maturing after five years				
Fixed rate - bond liabilities	2.92%	(2,457.1)	2.92%	(2,456.5)
Total interest-bearing liabilities		(2,791.3)		(2,804.4)

bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

The Group's fixed income quoted investments, which include UK Gilts and US Treasuries are fixed rate interest bearing assets, the interest

received is not impacted by changes in market interest rates.

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table opposite is the book value.

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

24. Events after the end of the reporting period

As detailed in the Currency Risk note, Note 23 (c) (iii), the Group has US\$ denominated investment assets and therefore the weakening of sterling against the US\$ since the reporting date has increased the value of the investments assets following the reporting date by approximately £2 billion.

Reference and Administrative Details

Trustee – The Wellcome Trust Limited Board of Governors

Julia Gillard (Chair)

Fiona Powrie (Deputy Chair)

Elhadj As Sy

Arup Chakraborty

Richard Gillingwater

Gabriel Leung

Stephen Lovegrove
(from 6 November 2023)

Diana Noble
(from 6 November 2023)

Cilla Snowball

Ijeoma Uchegbu

Chief Legal Officer and Company Secretary

Chris Bird

Audit and Risk Committee

Stephen Lovegrove
(Chair from 1 January 2024)

Chris Jones*
(interim Chair 1 October to 31 December 2023)

Jonathan Britton*
(from 1 October 2023)

Arup Chakraborty

Cilla Snowball
(from 17 July 2024)

Ijeoma Uchegbu

Caroline Wehrle*

*Denotes external committee members

People and Remuneration Committee

(Previously Remuneration Committee until 22 March 2024)

Diana Noble
(Chair from 1 January 2024)

Cilla Snowball (interim chair
1 October to 31 December 2023)

Julia Gillard

Richard Gillingwater

Fiona Powrie

Nomination and Governance Committee

Julia Gillard (Chair)

Elhadj As Sy

Fiona Powrie

Cilla Snowball

Investment Committee

Richard Gillingwater (Chair)

Tracy Blackwell*

Karen Chadwick

Stefan Dunatov*

Julia Gillard

Martin Halusa*

Cressida Hogg*

Gabriel Leung (until 13 February 2024)

Nick Moakes

Diana Noble (from 13 February 2024)

Lisha Patel

Girish Reddy*

John-Arne Røttingen
(from 29 February 2024)

Paul Schreier
(until 29 February 2024)

Fabian Thehos

The Executive

Until 8 September 2024, the Executive was formed of 11 roles known as the Executive Leadership Team (ELT) who were part of the KMP. This was changed on 9 September 2024 to the Executive, comprising eight individuals as below. The Executive meet as the Executive Committee (ExCo), chaired by the CEO.

Chief Executive Officer: John-Arne Røttingen (from 30 January 2024), ExCo Chair. Previously Paul Schreiber (interim CEO until 29 January 2024)

Chief Operating Officer: Karen Chadwick (interim), ExCo member

Executive Director, Discovery: Yet to be appointed, ExCo member

Executive Director, Solutions: Yet to be appointed, ExCo member. Both Executive Director, Discovery and Executive Director, Solutions roles are currently filled by the Chief Research Programmes Officer Nick Cammack (interim, from 29 April 2024), ExCo member. Previously Cheryl Moore (until 26 April 2024).

Executive Director, Corporate Affairs and Engagement: Mark Henderson, ExCo member

Executive Director, Policy and Partnerships: Beth Thompson, ExCo member

Interim Chief of Staff and interim Executive Director, Strategy: Steven Hoffman (interim, from 20 May 2024), ExCo member

Executive Director, Equity: Jimmy Volmink (from 3 October 2023), ExCo member

The extended executive group (EEG) chaired by the CEO, was established to provide strategic input to ExCo from senior management across the organisation. The EEG is comprised of ExCo members the Investment Executive and plus the following roles:

Chief Legal Officer and Company Secretary: (part of ELT until 8 September 2024) Chris Bird

Director of Climate and Health: Alan Dangour

President & CEO, Wellcome Leap Inc: Regina E. Dugan

Director of Discovery Research: Michael Dunn

Chief Finance Officer: (part of ELT until 8 September 2024) Richard Eales (interim)

Director of Research Funding: (part of ELT until 8 September 2024) Alyson Fox

Director, Wellcome Sanger Institute: Matthew Hurlles

Director of Wellcome Collection: Melanie Keen

Investments Managing Partner: Lisha Patel

Chief People Officer: (previously Director of People and part of ELT until 8 September 2024): Kathy Poole

Director of Infectious Diseases: Alexander Pym

Associate Director, Communications: Clare Ryan

Investments Managing Partner: Fabian Thehos

Chief Information Officer: (part of ELT until 8 September 2024) James Thomas

Director of Mental Health: Miranda Wolpert

Head of Risk: David Yim

Investment Executive

Managing Partner and Chief Investment Officer, Investments Division: Nick Moakes

Managing Partner: (previously Managing Director until 30 September 2024) Lisha Patel

Managing Partner: (previously Managing Director until 30 September 2024) Fabian Thehos

Biographies of the Governors

The biographies of the current Board of Governors are shown on: <https://wellcome.org/who-we-are/governance/board-governors>

The Wellcome Trust is a charity registered in England and Wales. Charity number: 210183

Custodian Trustee The Wellcome Trust Limited, Company registration number: 02711000

Address of the Registered Office Gibbs Building
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London NW1 2BE

Independent Auditor

Deloitte LLP Statutory Auditor 1 New Street Square London
EC4A 3HQ United Kingdom

Banker HSBC Bank plc
31 Holborn Circus Holborn
London EC1N 2HR United Kingdom

Solicitors CMS Cameron McKenna Nabarro Olswang LLP Cannon Place
78 Cannon Street London EC4N 6AF
United Kingdom

Global Custodian Bank JP Morgan Chase Bank NA
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, infectious disease, and climate and health.

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The Wellcome Trust is a charity registered in England and Wales, no. 210183.
Its sole trustee is The Wellcome Trust Limited, a company registered in England and Wales, no. 2711000
(registered office at 215 Euston Road, London NW1 2BE, UK). DO-7646/01-2024/KO

WELLCOME TRUST

England & Wales - Charity number 210183

Accounts



Annual Report and Financial Statements 2023

Image: Joan Medza is weighed at the malaria
vaccination ward in Kilifi County Hospital, Kenya.

Photographer: Alex Kamweru/KEMRI



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Report from Chair

2022/23 was the first year of the decade in which Wellcome plans to spend £16 billion on our mission of supporting science to solve the urgent health challenges facing everyone. The drive to make and deliver on this plan is in no small part due to Jeremy Farrar's tenure as Director of Wellcome from October 2013 to February 2023.

Jeremy led Wellcome to become a more confident and ambitious organisation. He oversaw the development of our new strategy, which will guide our work for at least the next 10 years. During 2023, under the leadership of Paul Schreier, our interim Chief Executive Officer (CEO), previously our Chief Operating Officer, Wellcome has made considerable progress. Leadership transition can result in a period of stasis in an organisation. Thanks to Paul's exemplary leadership, this has not happened at Wellcome. Instead, we have improved our ability to implement and deliver our strategy and achieve impact as a result.

On behalf of all of Wellcome, I formally record our sincere thanks to Jeremy and Paul for their enormous contributions. I am delighted that in January 2024 we welcome John-Arne Røttingen, our new CEO. He brings a wealth of experience leading different types of organisations working across research, public health, advocacy and government. John-Arne is known to many in the Wellcome community, having worked with us before, notably as CEO of CEPI, the Coalition for Epidemic Preparedness Innovations, which Wellcome and others founded in 2017. He brings the right mix of

scientific, leadership, policy and advocacy skills to drive Wellcome forward. His cross-sector perspective is vital to Wellcome's work. We want science to have the greatest possible positive impact on health for everyone. That means funding researchers and sustaining environments in which they are able to pursue great ideas, generate new knowledge, and potentially make breakthroughs in understanding life, health and wellbeing.

We call the pursuit of curiosity-driven ambitious hypotheses Discovery Research, and it was my pleasure this year to meet with many Wellcome-funded scientists who are at the forefront of this kind of research in their field. Several came and presented at Wellcome Board meetings, and I have also had the opportunity to meet researchers in their home institutions, such as the Wellcome Sanger Institute, where we provide the majority of funding, and the Francis Crick Institute, which we fund in partnership with others.

We also support research and innovation to achieve specific goals that contribute to solving health challenges. We can't do that for every health challenge, which is why we've chosen to focus this side of our work through strategic programmes in Infectious Diseases, Mental Health, and Climate and Health.

In addition, we fund Wellcome Leap, which uses a very different model of research funding to generate innovative solutions in seemingly impossibly short deadlines. We are also proud of our funding contribution to research programmes in Africa and Asia and our support of strategic platforms for research like UK Biobank.



Photographer: Jordan Reznik



Blind Field Shuttle, Carmen Papalia, 2012. From Wellcome Collection's *In Plain Sight* exhibition.

We understand that science doesn't speak for itself. Through communications and campaigning, we can raise the profile of science and ensure leaders, policy makers and communities have access to it and are able to put the science into action.

For example, Wellcome colleagues and I attended COP28 in December 2023 to advocate for the centrality of health and research in climate change decisions and actions, having worked with the COP28 presidency to include a Health Day for the first time. This is one example of the way in which we can use Wellcome's voice, and the authority that stems from the scientific research we support, to not only raise awareness of health challenges but also influence others to act to address them effectively.

In all of our work at Wellcome we are aiming to sharpen our focus on equity, diversity and inclusion because this work is central to our mission. To strengthen our approach, in 2023 we appointed Jimmy Volmink to our Executive Leadership Team as our first ever Chief Equity, Diversity and Inclusion Officer. Jimmy, whose career began as a doctor in South Africa before moving into public health and research, will lead our work to become a more inclusive funder and employer.

To achieve our mission, we work with a broad range of people, including communities affected by health challenges and the wider public, because everyone's experience of health matters. Wellcome Collection is our free museum and library, a long-standing part of

Wellcome's identity which helps connect us in creative ways to individual, social and cultural experiences of health past, present and future.

A highlight of this year's programme was *In Plain Sight*, an exhibition developed in consultation with blind and partially sighted people. It demonstrates how access, diversity and inclusion is not just about reaching people who may have been excluded in the past, but working with people and learning from their experience and expertise to improve our offer for everyone.

Environmental, social and governance

In November 2023, we welcomed two new members of Wellcome's Board of Governors: Stephen Lovegrove, most recently the UK's National Security Adviser, and Diana Noble from the Bank of England board. From January 2024, Stephen will chair the audit and risk committee and Diana will chair the remuneration committee.

My thanks go to Amelia Fawcett, who stepped down from the Board at the end of September 2023 having completed a four-year term in which she chaired two committees and contributed her substantial experience in improving risk management, internal controls, accountability and culture.

The Board and I continue to focus on making Wellcome's governance the best it can be and ensuring the whole organisation aims for, measures and achieves the greatest possible impact.

We have now implemented all recommendations from an independent governance and Board effectiveness review in 2022, and are supporting the development of a group-wide strategy for environmental, social and governance (ESG) issues. This year's Annual Report includes a new ESG section, which sets out what we do already to measure and manage the full impacts of our mission and the way we operate in the world. When our ESG strategy is in place, we will begin to report our progress in more detail.

The ESG strategy will integrate current work to achieve our ambitions to become a net zero organisation by 2030 for scope 1 and 2 emissions generated by our direct charitable activities and operations, and net zero by 2050 at the latest for emissions relating to our investment portfolio.

Sustainability is a key factor in the expansion of the Wellcome Genome Campus at Hinxton in Cambridgeshire, UK. This is an important large

investment we are making in a commercial science park, alongside existing world-class research facilities including the Wellcome Sanger Institute. The development will include community spaces, shops and a school, as well as 1,000 new homes, and our investment will generate a return to help fund our mission as well as creating benefits for life sciences.

Our investment portfolio returned +0.9% in GBP in the year to 30 September 2023, or -8.1% after inflation (Figure 1 page 36). Combined with £1.3 billion of charitable cash expenditure, this led to a decrease in total funds (the value of our investment portfolio less all liabilities) to £33,458 million.

Inflation is coming down but remains at uncomfortable levels. Meanwhile, the higher interest rates needed to combat inflation have negatively affected consumers and many businesses, which has caused economic growth to stall. The recovery in equity markets during our financial year has been welcome but may be difficult to sustain if interest rates remain at current levels for long.

Despite these pressures, Wellcome's plan to spend £16 billion over a decade remains firm given the financial headroom created by the long-term growth of the portfolio. Although higher inflation will mean that our money cannot fund as much work as it otherwise would have done, it is a solid platform from which to pursue scientific impact and improvements in health for everyone.

In conclusion, I record my and the Board's thanks to all who have made the outcomes detailed in this Annual Report possible. Our staff are hugely committed to our mission and pursue their work with care and determination. The global science and health community continues to show us the way to a healthier, more sustainable and happier future. Huge thanks for your work and passion.

Wellcome in numbers

£1,702mn

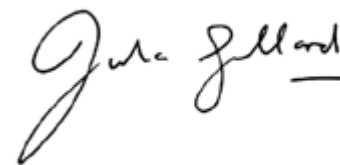
Charitable expenditure, including research grants (2022: £1,366mn)

0.9%

Annual return from Wellcome's investment portfolio (2022: 1.7%)

£33,458mn

Total funds at 30 September 2023 (2022: £34,601mn)



Julia Gillard
Chair of Wellcome

Report from Chief Executive

It has been a privilege and an enormous pleasure to be Wellcome's interim Chief Executive Officer (CEO) during the past year. My thanks to our Chair, Julia Gillard, and everyone at Wellcome who has supported me and put so much effort into delivering our mission and strategy this year.

As Julia says in her report, the mission and strategy are in place now, and will remain a constant through my handover with John-Arne Røttingen, Wellcome's new CEO, and for many years to come. I worked closely with John-Arne during the Covid-19 pandemic, where I saw the quality of his thinking and his collaborative style in his work on financing pandemic measures as part of the Access to COVID-19 Tools (ACT) Accelerator, and in his chairing of its Facilitation Council. I have no doubt at all that he will be a very good CEO for Wellcome, and that Wellcome will continue to go from strength to strength with his leadership.

If there has been a theme for me this year, it has been putting the strategy into action, and that is reflected in the content of this Annual Report. The abating of the pandemic's effects on our operations and less internal focus on reorganisation has meant more work communicating our strategy to stakeholders and translating it into reality.

Highlights have to include the announcement that we would be supporting the development and clinical trials of a potential new vaccine against tuberculosis. This is through a partnership with the Bill and Melinda Gates Foundation, and if successful it will deliver the first new tuberculosis vaccine for

100 years. Given the limitations of the existing vaccine and a lack of progress in developing better treatments, this would make a huge difference to the lives of people around the world.

A similar story has been unfolding in relation to malaria, another infectious disease that kills hundreds of thousands of people every year and affects millions more. The World Health Organization this year approved use of R21, the second malaria vaccine to be endorsed in two years. Wellcome funded studies of both vaccines, and research continues to show benefits of both. But we have also funded basic and translational research into infectious diseases – including malaria and tuberculosis – since we were founded in 1936, and these new vaccines can be seen as the culmination of decades of such research around the world.

We know it can take a long time for research to have impact on health, and that can discourage funders who need to show impact sooner from funding basic, curiosity-driven research. Wellcome can afford to take the long view, which is why we still put so much of our charitable spend into Discovery Research. It may seem counter-intuitive, but we believe that some of the greatest discoveries will come by freeing researchers from the pressure of making discoveries and letting them ask big, important questions about life, health and wellbeing, and use creative approaches to answering those questions. An example that we looked at a lot when developing our new strategy was mitochondrial donation treatment, which would not have happened



without scientists just wanting to find out how mitochondria – the 'batteries' in our cells – worked.

Of course, it takes more than research for discoveries to help people. A central part of Wellcome's mission to transform health through science is supporting science to have impact. An example from our Mental Health programme is advising the European Commission on its first mental health strategy, and it's great to see the emphasis on science in the outputs, including a call for a mental health mission in the next European Union research funding programme.



Photographer:
Chris Ratcliffe/Wellcome

Wellcome employees in our London office.

Beliefs, values and mission

As I reflect on four years at Wellcome, first as Chief Operating Officer then interim CEO, it has been a more turbulent period than I might have anticipated when I joined. The organisation has changed significantly and done that during a time when the pandemic not only required us to focus efforts on supporting research to address Covid-19, but also on supporting our people through sickness and lockdowns.

Wellcome now moves into a new era with the appointment of John-Arne, and with Wellcome Collection nearing the end of a process to implement a new strategy to define its contribution to Wellcome's mission in future. Personally, I have very much enjoyed working with Melanie Keen,

director of Wellcome Collection, and learning so much about how the spirit of cultural enquiry into life, health and wellbeing can contribute to the ways we support science to have positive impacts in people's lives and health.

This year we have also introduced organisational beliefs and values. Our mission had set out what we decided to do through our new strategy, and we have now augmented that with beliefs to explain why we do that, and values to guide how we do it. The process of developing beliefs and values involved people across Wellcome and will contribute to the continuing evolution of Wellcome's working culture. Our goal has been to create an environment where people can be themselves, know what to

expect of each other, and be at their best to achieve a truly inspiring mission, supporting science to solve the urgent health challenges facing everyone.

Paul Schreier
Interim CEO of Wellcome
(25 February 2023 to 29 January 2024)

Trustee's Report

Swetha Suresh conducts research into antimicrobial resistance at a Bugworks facility in Bangalore, India.

*Photographer:
Abhishek N. Chinnappa/Wellcome Trust*



What we do

Our mission

Wellcome supports science to solve the urgent health challenges facing everyone.

Our values

Transformative

We always strive to make a significant difference.

Thoughtful

We consider the consequences of our actions and our impact on others.

Inclusive

We respect all people and perspectives.

Brave

We stand by our beliefs and push boundaries.

Our beliefs

- We believe in the power of science to create knowledge that builds a healthier future for everyone.
- We believe science has its greatest benefits through collaborative action across society.
- We believe diversity of people and expertise leads to richer understanding and more impactful discoveries.
- We believe everyone's experience of health matters, and everyone should be able to benefit from science.
- We believe we should take on risks and tough challenges – especially when others aren't.

Wellcome supports research across all disciplines into life, health and wellbeing. We bring together people with different forms of expertise and experiences of health to generate new insights and inspire progress towards a healthier future for everyone.

We seek to maximise science's benefits for people's health by funding excellent research from discovery to impact. And we work with others across society, around the world, to develop, test and implement sustainable, evidence-based solutions that work for the people who need them.

To achieve our mission, we work with a broad range of partners, including the people and communities most affected by health challenges, in our strategic programmes and other activities. We want everyone to be able to connect with, contribute to and benefit from science's contributions to a healthier future.

Strategic programmes:

- **Discovery Research** – transform understanding of life, health and wellbeing through research across a range of perspectives and contexts.
- **Infectious Disease** – reduce the risks and impacts of infectious disease.
- **Mental Health** – drive a step-change in early interventions for anxiety, depression and psychosis.
- **Climate and Health** – put health research at the heart of climate action.

Other activities:

- **Wellcome Leap** – deliver breakthroughs in human health over 5 to 10 years.
- **Cross-mission** – support the mission as a whole, including Wellcome Collection.

Year at a glance

£1,702mn

Wellcome's charitable expenditure, supporting science to solve the urgent health challenges facing everyone.

2022: £1,366mn

£126mn

Wellcome's contribution to clinical trials of a potential new tuberculosis vaccine.

See page 20.

3 Dec 2023

Date of the first ever Health Day at the COP28 Climate Conference.

See page 28.

0.9%

Annual return from Wellcome's investment portfolio, which funds everything we do.

2022: 1.7%

3,000

Datasets in the world that could help advance understanding of anxiety, depression and psychosis.

See page 24.

8

New Wellcome Discovery Research Platforms, which will work to remove barriers to progress in research.

See page 15.



384,000

Number of visitors to Wellcome Collection this year. 82% felt their visit made them think more deeply about science or health.

See page 34.

Image:
In Plain Sight exhibition, Wellcome Collection.

Photographer: Steven Pocock/Wellcome

Review of Charitable Activities

Wellcome's charitable spend in 2022/23:

Discovery Research

£955mn

2022:
£825mn

Transform understanding of life, health and wellbeing through research across a range of perspectives and contexts.

Infectious Disease

£239mn

2022:
£295mn

Reduce the risks and impacts of infectious diseases.

Mental Health

£108mn

2022:
£41mn

Drive a step-change in early interventions for anxiety, depression and psychosis.

Climate and Health

£127mn

2022:
£51mn

Put health research at the heart of climate action.

Wellcome Leap

£111mn

2022:
£62mn

Deliver breakthroughs in human health over 5 to 10 years.

Cross-mission activity

£163mn

2022:
£93mn

Support the mission as a whole, including Wellcome Collection.

Overview

On 2 October 2023, a vaccine called R21 was approved by the World Health Organization for the prevention of malaria in children, making it the second malaria vaccine in two years to be endorsed. Research into the first vaccine – RTS,S – continues to show its benefits in different geographical and clinical contexts. Both are expected to be introduced in 2024 in a number of countries in Africa, where over 90 percent of cases and deaths from malaria are currently recorded.

Wellcome has supported studies and trials in the development of these vaccines over many years, and we are already funding a potential successor to R21 that may lead to an even more effective vaccine in the future (see page 21). We hope to see similar progress in tackling tuberculosis within the next decade: in partnership with the Bill and Melinda Gates Foundation, Wellcome is supporting large-scale trials of the first new vaccine against tuberculosis in 100 years. If successful, this would be a vital tool in blocking transmission of the infection, countering the rise of drug-resistant tuberculosis and benefiting communities around the world where tuberculosis is a major cause of death and disease (see page 20).

These examples show how research to understand life, health and wellbeing, across a range of disciplines from basic parasitology and immunology to clinical trials, leads to discoveries and breakthroughs that bring substantial benefits to people's health and lives.

Research that has no apparent link to a specific health challenge can also have impact on health. For example, Wellcome-funded research into the workings of mitochondria – often called the ‘batteries’ of our cells – sparked a new idea for preventing the inheritance of devastating mitochondrial diseases. After years of research and development, the idea has become a technique that has now been used (see page 14). Wellcome’s funding for the team behind this success will end in 2024. Lessons we have learned from supporting their work in different ways over the years informed the approach of our new strategy, which is founded in our commitment to Discovery Research as the richest source of long-term medical progress.

For an intervention to benefit people, it takes translation, community engagement, policy and advocacy, campaigning, communication and more to create the will to fund and deploy it to everyone who needs and wants it. Otherwise scientific triumphs would remain just that. Wellcome can’t do this for every health challenge, which is why we’ve chosen three – Infectious Disease, Mental Health, and Climate and Health – where we are putting these activities together with the research to make a real difference.

Unlike Discovery Research, which focuses on research to generate knowledge, the research we support in our three health challenge programmes can span everything from improving fundamental understanding through to testing and evaluating interventions. This year, we’ve run a number of funding calls that give researchers opportunities to take on the research we need to achieve our goals, from understanding connections between sleep and mental health, to the biology of how extreme heat affects our bodies.

We’ve also continued to identify actions beyond research that are essential to the science we – and others – support having a positive impact on people’s health. That includes advising the European Commission and European Parliament on a new

strategy for mental health (see page 24), and attending COP27 in 2022 and COP28 in 2023 to advocate for health and health research to be at the heart of climate change actions (see page 28).

We continue to increase our engagement with researchers, both to communicate our strategy to key stakeholders and to listen to feedback so that we can continue to evolve and hone our approach. We ran eight Discovery Research events in the UK and held three webinars for researchers based in Africa, Asia and Latin America. Wellcome colleagues visited major programmes we fund in Kenya and Malawi, attended climate events in Thailand and Rwanda, ran infectious disease workshops in Ethiopia, India and Brazil, and worked with neuroscientists and clinicians in 11 countries to shape a Mental Health funding call.

Our open-mode Discovery Research funding schemes are attracting excellent applications from researchers around the world who want to use cutting-edge methods to answer big questions about life, health and wellbeing. We continue to fund five programmes in Africa and Asia, and announced a new cohort of eight Discovery Research platforms in the UK – these are collaborations that aim to remove barriers to progress in specific research fields, and show how Wellcome can directly help improve the ecosystem for research, as well as funding specific people and projects.

Collaboration is the lifeblood of research, and we were pleased to learn in September 2023 that the UK would be participating in Horizon Europe, the world’s largest multilateral research funding scheme. Wellcome and many others – including the Stick to Science campaign, which we supported – worked hard over many years to ensure decision makers on both sides appreciated the positive impacts of the UK becoming fully associated to the scheme, as other non-EU countries have done, rather than going it alone. This is the best possible outcome for

research after Brexit, maintaining the strength of international research collaboration.

Our charitable subsidiary Wellcome Leap is another example of the power of collaboration in science. Since 2020, it has developed a global network to find solutions to humanity’s urgent health needs, through basic research inspired by specific needs. Its nine active programs include SAVE (Surgery: Assess / Validate / Expand), which is using innovations in surgical technology and training to increase global capacity for laparoscopic surgery and reduce post-operative deaths by one million a year (see page 32).

Outlook

Wellcome now has clearly articulated our beliefs, values and mission as an organisation (see page 9). Our new chief executive has joined the team as we continue delivering an ambitious strategy supporting science to solve the urgent health challenges facing everyone.

The coming year will be significant for Wellcome Collection, our free museum and library, which has been developing a new strategy while continuing to deliver a programme of engaging and inspiring exhibitions and events. The result will be clearer connections between Wellcome’s mission and Wellcome Collection’s work within that, in line with its vision of a world in which everyone’s experience of health matters.

The world continues to face uncertainties with conflicts, economic pressures and environmental change presenting increasing challenges to people’s lives and health, as well as to research. One of Wellcome’s beliefs is in the power of science to generate knowledge that builds a healthier future. Science – as a fundamental and collaborative human endeavour – gives us hope. It keeps us moving forward as a species, expands our minds, shifts our understanding, and unlocks potential ways to change the world for the better.

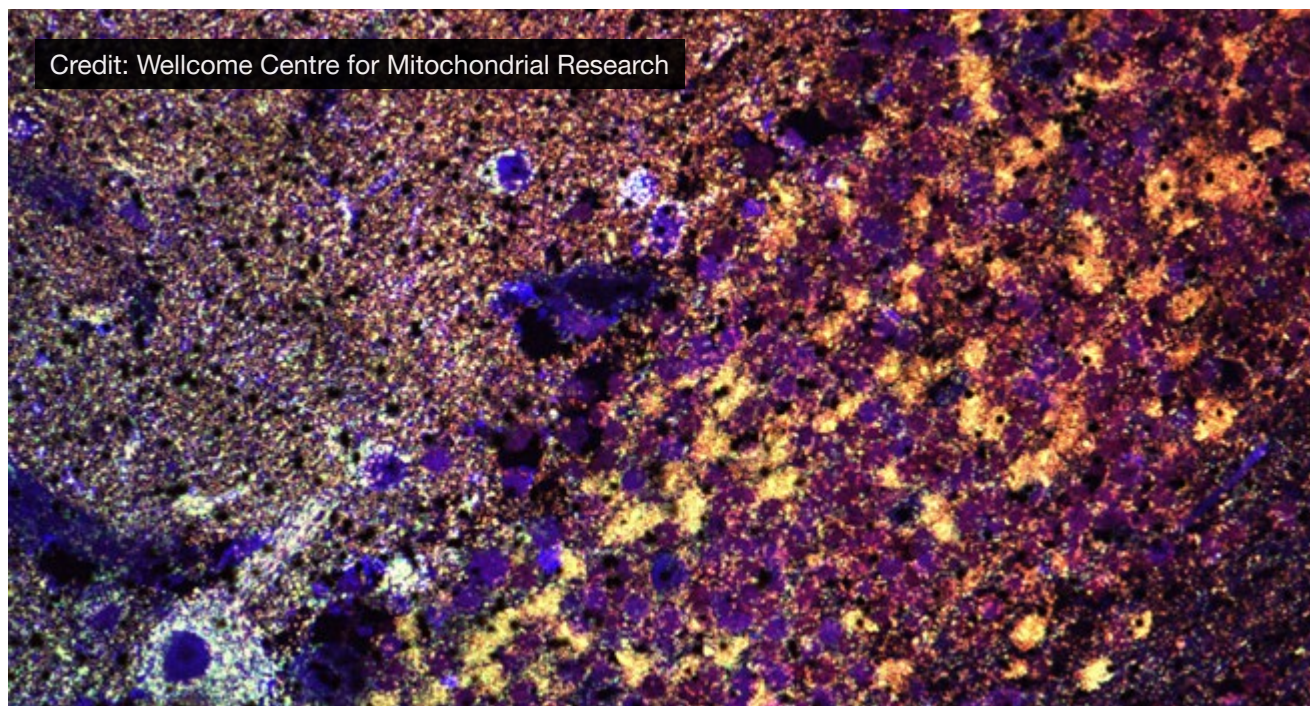
Discovery Research

In 2023, news broke that the first babies had been born using mitochondrial donation treatment – a scientific advance which gives families affected by mitochondrial diseases a chance of having children without these life-limiting conditions.

Mitochondrial donation, also known as mitochondrial replacement therapy, was pioneered by a research team in the UK. Wellcome was closely involved in its progress as a long-term funder of the basic and translational research, and through campaigning and advocacy to support a change in UK law that – when passed in 2015 – allowed the therapy to be used clinically.

The story began years earlier, however, with Wellcome-funded researchers asking fundamental questions about mitochondria – often called the ‘batteries’ of our cells – and what happens when they don’t work properly. From this research, the potential was recognised of using in vitro fertilisation (IVF) to avoid the inheritance of faulty mitochondria, which causes a range of serious disorders that often lead to disability and death. The Wellcome Centre for Mitochondrial Research was set up at Newcastle University to continue the research and develop a treatment.

This year, it was confirmed that between one and five babies have been born using the technique – the exact number has not been given to protect the families’ privacy – and the Newcastle team will be publishing data on its safety, efficacy and potential.



Credit: Wellcome Centre for Mitochondrial Research

Mitochondrial proteins (red, green and purple) are being studied for their role in energy generation in mitochondrial disease.

Wellcome’s current funding for the centre will end in 2024. Because our focus in Discovery Research is on enabling researchers to ask open questions and generate new knowledge, we have decided not to renew our funding. We support our grantees to

reach a point where other partners can step in to realise the potential of their work, but we only support advances all the way to health impact ourselves in the three areas we’ve chosen – Infectious Disease, Mental Health, and Climate and Health.

Supporting transformative research

This year we announced funding for eight new Discovery Research Platforms in line with our ambition to support transformative research. Each platform will bring together researchers and collaborators to address a range of practical, technological and methodological barriers holding up progress in fields from cell biology to neuroimaging.

For example, the Discovery Research Platform for Medical Humanities is being led by Professor Angela Woods and Dr Ben Alderson-Day at the University of Durham. It will empower humanities and social science researchers, experts by experience, and professionals in the health, creative and voluntary sectors to co-develop experimental approaches to tackling health challenges, including mental health and health inequalities.

Discovery Research Platforms are a form of directed funding, through which we can make targeted interventions to develop transformative research environments and overcome barriers holding back progress in specific fields. This approach complements our three open-mode Discovery Research funding schemes, which provide researchers at different career stages with time and resources to address challenging and potentially risky research questions that they want to pursue.

- Early-Career Awards for those who are ready to develop and establish their own research identity and begin the journey towards independence.
- Career Development Awards for researchers who are ready to take responsibility for the creative and bold projects that will establish them and their research groups on the international stage.
- Discovery Awards for researchers and teams already established in their fields.

See pages 16-17 for examples of open-mode awards we made this year.

Removing barriers to inclusion

We are fortunate to work with a strong and diverse network of international researchers, including our Africa and Asia programmes led from Kenya, Malawi, South Africa (see 'Discovery and solutions in South Africa'), Thailand and Vietnam. To make a significant impact, however, we need to support more research being led in places where people are most affected by the relevant health issues.

In July and August 2023, we ran three webinars for researchers based in Africa, Asia and Latin America to explain and receive feedback on how Wellcome supports research. Funding high-quality Discovery Research in these regions enables us to build a portfolio addressing research questions in the countries where they are most relevant, as well as research focusing on diseases of global, regional or local importance. In addition, research in these countries is essential to better identify future research questions, set agendas and ensure greater impact.

Similarly, between March and May 2023, the Discovery Research team visited eight locations in the UK. The aim was to re-connect with research communities that know Wellcome and to forge links with new ones. At these visits, as in the webinars, we shared Wellcome's vision and priorities in Discovery Research, and highlighted opportunities to apply for funding.

Discovery and solutions in South Africa

In August 2023, Wellcome announced a further seven years of core funding for the Africa Health Research Institute (AHRI) in South Africa. Led by executive director Willem Hanekom, AHRI is an independent transdisciplinary scientific research institute with around 750 employees across two sites in KwaZulu-Natal province. Its work spans basic science to clinical to population to social sciences, focusing on tuberculosis and HIV, which are highly prevalent in the population, and increasingly on adolescent mental health and emerging and neglected infectious diseases. Our funding will enable AHRI to expand its research and training, all in support of the optimal health and wellbeing of under-resourced populations.

For example, AHRI pioneered a health and demographic surveillance system that has followed more than 100,000 people for over 20 years. Wellcome funding helped develop a new protocol for this surveillance approach, which has become the standard for three more sites in South Africa, contributing to a deeper understanding of the nation's health and clinical outcomes.

Mechanisms of anhedonia

Clementine Edwards, a clinical psychologist based at King's College London, has received an Early-Career Award to undertake a transdiagnostic programme of work to examine the mechanisms underlying a reduced experience of pleasure (anhedonia). The project will use methods including structural equation modelling, mobile health monitoring and virtual reality to bring understanding to this condition for which there are no current effective interventions recommended in the UK. This work has potential to generate a step-change in understanding, and highlights how opportunities through our Discovery Research awards can support the careers of researchers whose interests overlap with our other strategic programmes – in this case, Mental Health.



Clementine Edwards

Dementia in Parkinson's disease

Rimona Weil is a neurologist and neuroscientist at University College London working on understanding how dementia happens in Parkinson's disease. Her research, supported by a Career Development Award, makes use of advanced neuroimaging to understand what changes take place in the brains of people living with the condition. As a clinician-scientist, her ultimate aim is to be able to slow the progression of Parkinson's dementia by targeting the right treatments to individual patients. Combining several types of imaging and biological samples from people with Parkinson's disease could identify which particular combination of proteins is building up in the brain for each person, which will help target treatments in the future.

Sugar and health

Rizwana Lala is a practising dentist based at the University of Sheffield. She has an Early-Career Award to support research that integrates clinical dental public health and medical sociology to analyse commercial involvement in sugar-related public health approaches and the impact on social inequalities. This will be carried out through an intersectional approach and co-created with people from marginalised groups.



Rizwana Lala

“Wellcome funding allows me quite a lot of flexibility and that’s what’s really attractive about this award.”

Rimona Weil

Analysing breast cancer risks

Weang Kee Ho, based at the Malaysia Campus of the University of Nottingham, is a mathematical researcher embedded within the breast cancer field. Bringing expertise to risk stratification in non-European populations is an important step in health equity, and their position in Malaysia allows them to focus on a diverse Asian population. Dr Ho, who received a Career Development Award this year, has established collaborations and links with Cancer Research Malaysia, which provides the discovery project with potential future pathways towards translation of their research.

Engineering better models of human tissue

With a Career Development Award, Chris Spicer is building an interdisciplinary team of synthetic chemists, cell biologists and material scientists to develop tissue models that better mimic conditions in the human body. Most current tissue models are unable to recreate the biology of living tissue, largely because the materials used to grow tissue in a lab can't provide all the right biological signals. Chris's team at the University of York uses specially engineered biomaterials, such as hydrogels, which can replicate some biological properties as well as providing a scaffold on which cells can grow, expand and communicate.



Chris Spicer

Biochemistry of plants

Anne Osbourn is a plant biologist at the John Innes Centre. Her Discovery Award will support research to understand how plants produce a huge range of bioactive chemical compounds. The research is based upon a computational platform and transient plant expression technology that uniquely combine to decode, characterise and then manipulate the biosynthetic capabilities of plants. The systematic and structured data delivered by this project will also serve as the foundation for advances in machine learning approaches to predict chemical bioactivity.



Anne Osbourn

Understanding brain injury

Anthony Figaji is a paediatric neurosurgeon and neuroscientist at University of Cape Town working to understand, prevent and treat secondary brain injury processes in children. His research, supported by a Discovery Award, makes use of novel methodologies to investigate disease mechanisms and treatment in children with tuberculous meningitis. Current understanding of these disease mechanisms and resulting treatment outcomes is poor. Leveraging opportunities from standard clinical procedures, this research will develop a deep understanding of the biology of the brain. If successful, a further outcome would be the identification of clinical diagnostic and prognostic markers.

“To me, discovery research is about having the freedom to go after big ideas where you don't always know what the outcome will be.”

Chris Spicer

Wellcome Sanger Institute

The Wellcome Genome Campus including the Wellcome Sanger Institute operates as Genome Research Limited, which is a charitable subsidiary of Wellcome. The campus is a world-leading centre for genomic science, working with partners around the world on scientific, business, cultural and educational activities emanating from genomics and biodata.

The Human Cell Atlas is an initiative to map every cell type in the human body. As one part of this ambitious project, researchers at the Wellcome Sanger Institute, the European Bioinformatics Institute and the Gurdon Institute at the University of Cambridge have examined which genes are activated in different stages of lung development, one cell at a time. They combined this with spatial technologies, which pinpoint the exact location of cells, to create the Developmental Lung Cell Atlas. Published in December 2022, the atlas shows how the respiratory system comes into being and can be used as a guidebook to healthy lung development and a baseline to investigate how lung diseases originate.

Image: Portable DNA sequencers are enabling reliable genomic analysis of infectious disease pathogens to inform rapid, local responses.

Photographer: Chris Ratcliffe/Wellcome



Infectious Disease

Wellcome's Infectious Disease strategic programme aims to reduce the risk and impact of infectious diseases within the communities most affected. This year, we have continued to work towards three specific goals to close key knowledge gaps, generate new evidence to understand the burden of infectious disease, and improve access to equitable and affordable solutions.

Closing knowledge gaps

In June 2023, we hosted a workshop in partnership with the Bill and Melinda Gates Foundation (BMGF) in Rwanda. The workshop brought together over 100 modellers, policymakers, implementers, national disease control program staff, funders and other stakeholders to discuss how we can best address key infectious disease modelling research questions while strengthening the public health modelling ecosystem in Africa.

The outputs of this workshop helped shape a joint funding call between Wellcome and BMGF, which launched in September 2023. It will support projects led by researchers based in Africa to use modelling approaches in health and infectious disease research. The aim is to fill knowledge gaps and build understanding of the impact of environmental change on vector-borne diseases.

*Photographer:
Patrick Shepherd/Wellcome*



Tuberculosis samples are processed at an Africa Health Research Institute facility in Durban, South Africa.

Understanding the burden

We launched a funding call this year to generate evidence for decision-making on the use of the oral cholera vaccine, with a focus on real-world impact and preparing for future preventative vaccination campaigns. This will allow successful research teams to support and engage with policymakers who are responsible for preventing and controlling cholera.

The International Pathogen Surveillance Network (IPSN) was launched by the World Health Organization (WHO) Hub for Pandemic and Epidemic Intelligence in May 2023. IPSN brings together a global network to improve public health decision-making, working with a vision of ensuring every country has equitable access to sustained capacity for genomic sequencing and analytics. Wellcome supported the WHO to launch IPSN, as well as the design and development of IPSN's Small Grants Fund, pooling international funding for projects led by low- and middle-income countries that pilot or develop innovative genomic surveillance approaches. This is an opportunity to leverage the pathogen genomic sequencing capabilities built up during the Covid-19 pandemic towards local priority pathogens and integrate genomic surveillance into national programs in a sustainable manner.

In June 2023, we hosted workshops in Ethiopia, India and Brazil to learn more about researchers' priorities to understand the threat of escalating infectious diseases in their local communities. Participants attending the workshops were selected from a global survey earlier in the year to ensure diverse representation and engagement from multidisciplinary public health stakeholders. The themes were priority escalating diseases, areas of research, and barriers and enablers to conducting research in each region. Findings will be published in 2024 and will build a shared understanding of researchers' priorities and the environments they engage in.

Equitable and affordable solutions

We fund a number of specific projects and initiatives to generate affordable products and accelerate their implementation, including CARB-X (see 'Addressing drug-resistant infections'), Hilleman Laboratories in Singapore, and the Coalition for Epidemic Preparedness Innovations (CEPI).

In June 2023, we announced new funding to advance clinical trials of a tuberculosis vaccine candidate – M72/AS01E (M72) – in partnership with the Bill and Melinda Gates Foundation. Wellcome will provide funding to the Gates Medical Research Institute over the next 10 years to support the development of the M72 vaccine and partially fund phase 3 clinical trials in communities affected by tuberculosis. If it proves effective, M72 could become the first new vaccine to help prevent tuberculosis in over a century.

This year, we also began developing a vision for a reformed ecosystem of infectious disease research and development (R&D), through which new products such as vaccines and medicines are developed, tested and brought to market. First, we published our perspective on how the current ecosystem fails to meet people's needs, setting out potential routes for policy reform and discussion. We engaged with stakeholders across the infectious disease landscape to gather feedback on the paper, with the aim of co-creating an equitable and sustainable vision for the future (see page 82). In 2024, we will publish a more detailed position paper informed by the responses we received.

Preventing seasonal malaria

In some areas, malaria is transmitted by mosquitoes all year round. But in the Sahel region, which stretches across Africa south of the Sahara desert, transmission is seasonal with peaks of disease and death linked to the rainy season. A 2023 study in Burkina Faso and Mali, funded by Wellcome under the Joint Global Health Trials initiative with the UK's Medical Research Council, Foreign, Commonwealth and Development Office, and Department of Health and Social Care, has shown continued benefits over five years of combining the RTS,S malaria vaccine with antimalarial drugs in settings of highly seasonal malaria transmission. The vaccine-drug combination reduced the numbers of clinical malaria episodes, severe cases and children's deaths by nearly two-thirds compared with either seasonal malaria chemoprevention or vaccination alone.

Addressing drug-resistant infections

Antimicrobial resistance is a leading cause of death in the world, responsible for an estimated 1.27 million deaths in 2019, according to the Wellcome-funded Global Research on Antimicrobial Resistance report. Since 2016, Wellcome has supported CARB-X (Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator), a global non-profit partnership dedicated to supporting early-stage antibacterial research and development to address the rising threat of drug-resistant bacteria. Since its inception, CARB-X has supported the advancement of 92 innovative projects across 12 countries, which have already delivered two new diagnostics to healthcare. In October 2022, CARB-X launched a new funding call with three themes: oral therapeutics for multidrug-resistant infections, vaccines for neonatal sepsis, and products to diagnose, treat or prevent gonorrhoea.

Protecting children from malaria

Professor Adrian Hill at the University of Oxford in the UK is funded by Wellcome to develop a multi-stage malaria vaccine. As part of this work, Wellcome supported controlled human infection studies of the R21 malaria vaccine candidate, which has now gone on to demonstrate high levels of efficacy and safety in clinical trials in children. In 2023, the World Health Organization, along with regulators in Ghana, Nigeria and Burkina Faso, approved the use of R21, which means the vaccine now has real potential for preventing thousands of deaths from malaria. Wellcome's funding is also supporting the development of a multivalent vaccine that builds on R21 and, if successful, has the potential to provide an even more effective malaria vaccine in the future.



Adrian Hill



Image: Vector-borne disease research in the insectary at the Wellcome Sanger Institute.

Photographer: Chris Ratcliffe/Wellcome

Mental Health

Wellcome's Mental Health strategic programme is driving a step-change in early intervention in anxiety, depression and psychosis.

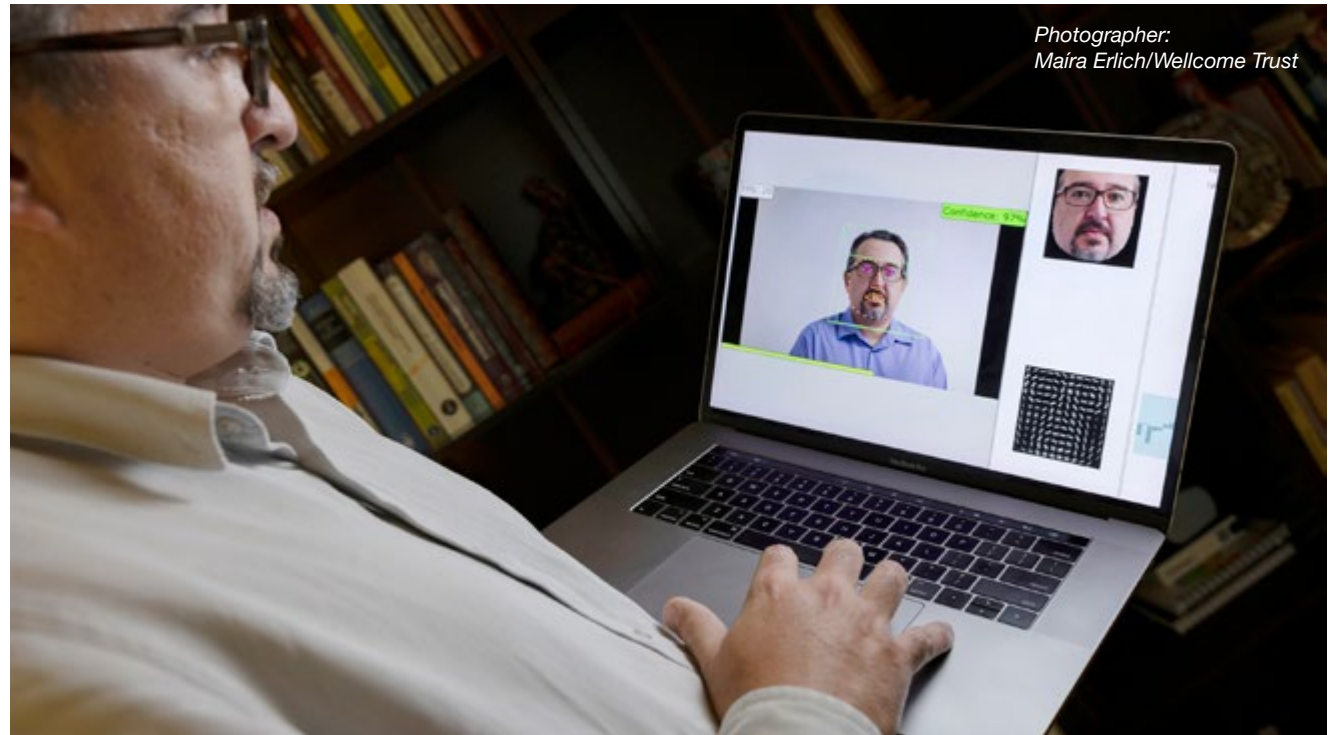
We are committed to catalysing a vibrant mental health science community with a pipeline of science from discovery to translation. Crucially, this must involve working with partners who will ensure uptake. We have set ourselves the ambitious target of there being at least one new pharmacological, one new non-pharmacological, and one new digital intervention in use by 2032 as a result of Wellcome's funding, convening and influencing.

This year, we funded research into a range of new interventions – including biological, psychological and social treatments – and new ways to target treatments more effectively. We also funded a wide range of foundational research into how anxiety, depression and psychosis arise and the mechanisms underpinning their resolution. Other strands of our work include creating new tools, building a mental health science community, influencing others, and embedding lived experience expertise.

Testing new treatments

New funding for new treatments this year included:

- a trial platform to allow multi-arm adaptive trials to be run for pharmacological interventions for early psychosis
- a multi-site randomised control trial involving cash transfers as part of psychosocial intervention for youth anxiety and depression in South Africa, Nepal and Brazil



Photographer:
Maira Erlich/Wellcome Trust

Dr Alexandre Loch, psychiatrist and neuroscientist, shows images of facial recognition technology to spot early signs of psychosis in São Paulo, Brazil.

- research into the use of digital applications to help people with psychosis manage paranoia
- a study to explore whether categorisation of sleep profiles can help target early intervention for psychosis

Many of these projects are in line with our strategy to fund high-risk projects where there is potential for high impact. Given their ambition, range, number and timelines, the likelihood of achieving our 2032 target is high.

Transforming fundamental understanding

To examine key hypotheses about how anxiety, depression and psychosis develop, we funded longitudinal projects in the UK and low- and middle-income countries to understand the impacts of microbiome and life events in early life and young adulthood.

To build the basis for future secondary analysis of data, we commissioned a review that created a list of 3,000 datasets in the world that might advance understanding of anxiety, depression and psychosis.

We funded work to produce an overview of the historical development of ideas about the causes of anxiety, depression and psychosis. When completed, it will be publicly available as an interactive timeline.

We funded projects focused on the relationship between sleep and circadian rhythms and mental health, including considering the role of sleep restriction therapy as an early intervention for depression (see 'Sleep therapy').

Given that the mechanisms by which current treatments work are generally not known, we funded projects to test hypotheses. These included examining whether antipsychotics work by addressing immune dysregulation (see 'Immunity and psychosis'), exploring the role of surprise in resolving social anxiety, and examining light regulation as a potential mechanism by which lithium helps those with bipolar disorder.

Creating new tools

This year saw the completion of the Mental Health Data Prize designed to help create tools to enhance analysis of existing data. Winning projects included a tool to harmonise metrics across studies and an analysis of the impact of stop-and-search policies on young Black people's mental health. We funded the UK's Medicines and Healthcare products Regulatory Agency to help create clearer guidelines to digital mental health projects.

Building on this work we are launching a Wellcome Data Prize in Africa. This will involve supporting teams of data scientists working with mental health researchers across Africa to use longitudinal data to transform understanding and intervention for mental health problems.

Building a mental health science community

We undertook a wide range of field-building activities, including convening neuroscientists with clinicians, funders and people we fund. We continued to engage and learn from the wider mental health community through a suggestions box on our website, attending conferences and visiting researchers from countries including Germany, Kenya, South Africa and the UK.

We funded work to advance our common metrics agenda, and funded a major new international collaboration to produce regularly updated reviews on key topics over the next few years, in order to help create shared understanding and focus in mental health globally. We supported the largest ever gathering of civil society stakeholders on mental health, convened by United for Global Mental Health. We also supported global convening and the development of materials on the relationship between climate change and mental health – an important and growing area of overlap.

Influencing others to ensure uptake

We advised on the European Commission's first Mental Health strategy and the subsequent European Parliament response, and are pleased that the role of science has been highlighted. The European Parliament report includes a specific call for a mental health Mission in the next European Union research funding programme (the successor to Horizon Europe), which would pave the way for higher levels of funding and coordination across Europe.

Embedding lived experience

We are proud that all funded projects explicitly draw on the expertise of those with lived experience of the relevant conditions. With The Lancet Psychiatry, we funded a commission to explore the evidence, impact, and ethical and practical issues for involving lived experience experts in mental health science, and produced pragmatic recommendations for key stakeholders.

Sleep therapy

Simon Kyle and colleagues are looking to see whether sleep restriction therapy – which restricts, regulates then extends time in bed – may help address youth depression at an early stage. This draws on research that shows sleep and circadian rhythm disruptions may affect neural mechanisms underpinning emotion regulation. The project – based at Oxford University and supported by Vocal, an organisation dedicated to inclusive public involvement in health research – will involve trials with hundreds of young people.

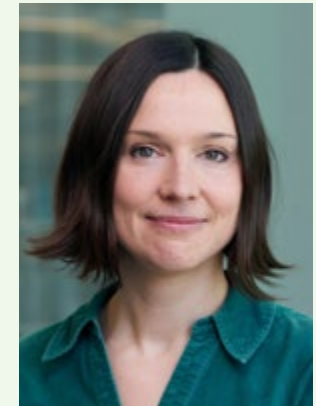
If found to work, sleep restriction therapy could provide a low-cost, scalable intervention that could help millions of people around the world to avoid developing longer-term problems.



Simon Kyle

Immunity and psychosis

Katharina Schmack at the Francis Crick Institute is exploring whether antipsychotics work by improving regulation of immune function. Her innovative work includes research on immunological functions in people with and without psychosis, and looks at the impact of medications in rodents to better understand the underlying mechanisms. If immune dysregulation is the key issue in psychosis, this may open up a wider range of medications and approaches.



Katharina Schmack



Image: Michael Bukwich demonstrates a virtual reality rodent arena at the Sainsburys Wellcome Centre in London, UK.

Photographer: Jason Alden/Wellcome

Climate and Health

A mounting body of research indicates that climate change has a global impact on human health, and that the impact of a heating planet on our health is only set to worsen. To influence positive change that will prevent further warming and protect vulnerable populations from climate impacts, policymakers need clear and accessible evidence on the health risks and potential solutions associated with climate change.

The aim of our Climate and Health strategic programme is to put health research at the heart of climate action. To do this, we support the generation of evidence on the causal mechanisms and pathways through which climate change impacts health, and the discovery and evaluation of mitigation and adaptation solutions that protect the health of those most affected. As well as funding specific research projects, this includes enabling the development of a global community of researchers, policymakers and practitioners working alongside affected communities at the interface of health and climate to drive change.

According to the US National Oceanic and Atmospheric Administration, 2023 was the warmest year on record. While this extreme heat was in part associated with a naturally occurring El Niño event, the underlying warming of our planet may push global temperatures above the critical threshold

of 1.5 degrees Celsius. Wellcome worked with governments, policymakers and stakeholders to raise awareness about the health risks associated with this year's El Niño event as it exacerbated the impacts of global heating and gave us a window on a future warmer world.

We have focused a considerable amount of our funding on the a clearly identified research gap: effects of extreme heat on the health of women and children, and on understanding whether existing approaches to coping with extreme heat are effective in protecting health.



Photographer: Qimono/Pixabay

The climate risks of global China: measuring rising heat and flood risk along the belt-and-road initiative.

For example, we funded Dr Adrienne Gordon from the University of Sydney, with international partners, to conduct a study in Bangladesh and India on chronic heat exposure throughout pregnancy, and create a model to forecast health risks associated with heat. This research aims to fill critical gaps in our understanding of which stage of pregnancy is most vulnerable to extreme heat, how the body's capacity for thermoregulation changes throughout pregnancy, and what underlying mechanisms are responsible for increased risks of adverse health outcomes following extreme heat exposure.

In Tanzania, Dr Faraja Chiwanga from LEAD Foundation is leading an initiative to evaluate how trees can be used to alter microclimates and protect millions of outdoor agricultural workers from the long-term health risks of heat exposure. This research follows land restoration work in central Tanzania that has championed local farmers to regenerate nine million native trees in three years.

Making the health effects of climate change visible

Funding the generation and synthesis of scientific evidence on the impacts of climate change on health is foundational to our climate and health strategy. Having this evidence makes it clearer what is at stake for people and populations, and what the full benefits of taking action on climate and health will be.

This year, we launched Climate Impacts Awards, a new funding scheme that aims to reveal the impact of climate change across a wide range of health outcomes, focusing on the populations and communities most at risk. 11 proposals have been selected in the first round, reflecting the ambition of the call to deliver short-term, high-impact projects, combining evidence generation with communications or public engagement, focused on a specific opportunity.

One funded project conducting research at the cutting edge of climate science will develop new integrated assessment models to assess the impacts of health of crossing polar tipping points. Another will work with cohorts of pregnant people in deprived communities in London and Wales to quantify the impact, factors and biological mechanisms of elevated or prolonged heat exposure during pregnancy – with the goal of driving better maternal and neonatal outcomes in a changing climate.

Funding mitigation and adaptation policy solutions

Greenhouse gas mitigation is critical to protect health and to avoid catastrophic climate breakdown. We are funding collaborations between researchers and policy actors who have a clear opportunity to influence climate mitigation policies with substantial health benefits. This year, we funded 10 research projects to generate evidence on the potential benefits to health of existing or planned climate change mitigation actions by G7 countries. These ambitious projects are using research methods such as modelling, testing, living lab and systems mapping, and cover policies in areas including air quality, food systems, energy, transport and housing, across the UK, the USA, France, Germany and Japan.

We are also funding research into adaptation techniques for living with extreme heat, which can then inform policy solutions. From cool roofs in India to tree-planting in Tanzania, this funding is supporting teams to find practical solutions that are acceptable and affordable in the locations and communities most impacted by rising global temperatures. Led by researchers based in the countries where solutions are needed, each of the projects will develop methods for testing and

evaluating heat adaptation interventions across a variety of outcomes including health, equity and gender impacts. By funding teams to generate evidence and communicate impactful narratives, we hope to tip the balance towards a more liveable, healthy and just future for us all.

Advocating for a health perspective in climate change

Through our engagement, we are centring health as a reason for urgent climate action on a global stage of world leaders, researchers and change-makers. This year, we led efforts to bring together the emerging climate and health community by raising the field's profile at key global and regional moments, including the Africa Health Agenda International Conference, the Prince Mahidol Award Conference in Bangkok, the World Economic Forum, the 76th World Health Assembly, and New York Climate Week.

In September 2023, we contributed to the first ever Africa Climate Summit, convened by President William Ruto of Kenya. We supported a joined-up African climate position and promoted health and climate issues with our partners, the African Medical and Research Foundation and the World Health Organization.

Following a strong presence at COP27 in Egypt last year, we worked as part of a steering committee convened by COP28 host, the United Arab Emirates, to shape the focus of a high-profile Health Day on 3 December 2023. This advocacy day showcased the need for increasing investment in climate action to protect health.



An event about dengue fever in Ho Chi Minh City, organised by the Wellcome-funded Oxford University Clinical Research Unit in Vietnam.

Predicting dengue in a changing climate

Dengue is already a threat to people's health in many countries, and this threat is being exacerbated by climate change. Digital tools can help protect people by predicting where potential dengue outbreaks might happen. One such example is E-DENGUE, which is being developed by public health researcher Dr Dung Phung at the University of Queensland in Australia.

Wellcome is funding the first ever randomised controlled trial to evaluate the effectiveness of this type of climate-driven early warning system for an infectious disease. This research will allow local health practitioners to accurately predict where an outbreak might occur as early as two months ahead of time – giving them valuable time to mobilise resources and control the outbreak before it has even started.

Mental health impacts of climate change

Connecting Climate Minds is a one-year global project aiming to bring together the climate change and mental health fields to develop an interdisciplinary research and action agenda. The field of research connecting climate change and mental health is growing rapidly – but there are critical gaps, particularly when it comes to understanding the needs of those who are already affected by the mental health impacts of climate change.

This project will hold dialogues in seven regions, bringing together stakeholders across different relevant research disciplines, policy, healthcare, climate action and lived experience to identify the research needs and priorities for their region and foster much-needed communities of practice.

Image: Eliminating Fossil Fuels in Germany.
Emissions rise from the cooling towers at the
Jaenschwalde lignite-fired power plant in Germany.

Photographer: Krisztián Bócsi/Wellcome

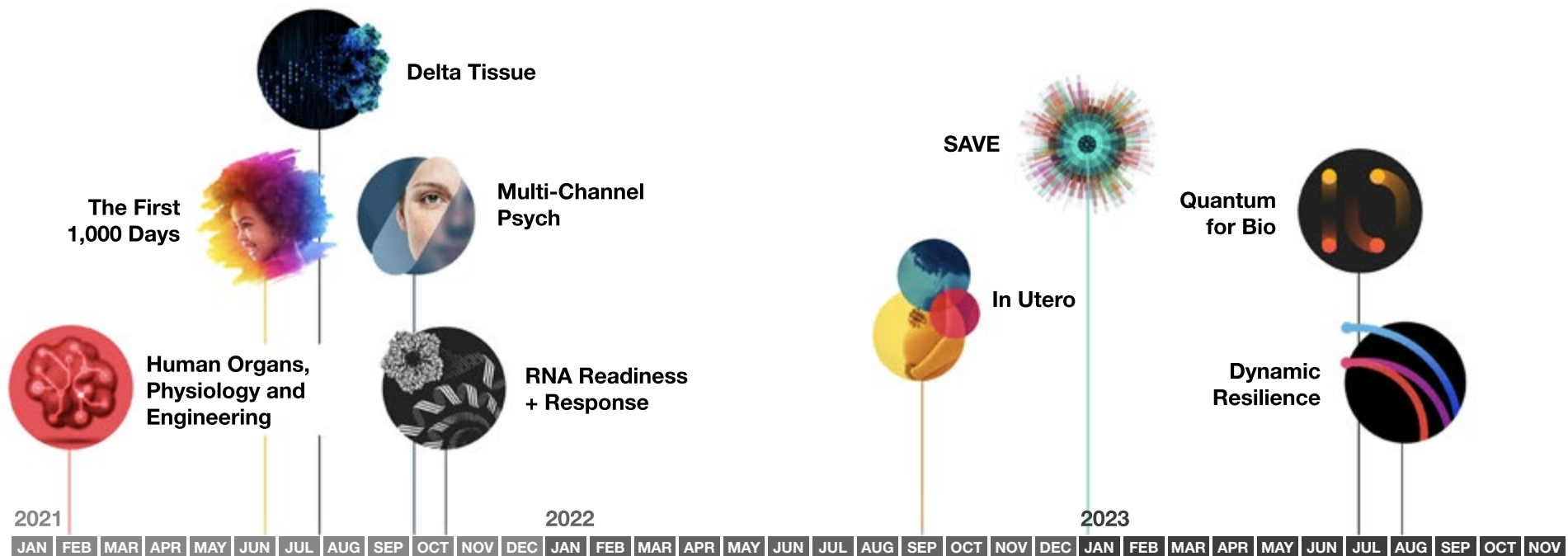
Photography Prize 2021



Wellcome Leap

Wellcome Leap, which is a charitable subsidiary of Wellcome, builds and executes bold, unconventional programs, funded at scale, that aim to increase the number and speed of breakthroughs in human health. Using a proven model and operating at the intersection of the life sciences and the physical sciences plus engineering, Wellcome Leap programs assemble best-in-class, multidisciplinary, global teams from universities, companies and non-profits all working together to solve problems that they cannot solve alone.

Founded by Wellcome in 2020 as a US non-profit subsidiary, Wellcome Leap has committed over half a billion US dollars to research efforts in 28 countries. Wellcome Leap launched nine programs in its first 32 months, and leveraged US\$60 million in joint program funding from CEPI (Coalition for Epidemic Preparedness Innovations) and Temasek Trust.



Launch dates for the first nine programs (image: Wellcome Leap). For full details, go to wellcomeleap.org.

A different way of working

Wellcome Leap was built to harness a global network effect to find solutions to humanity's urgent health needs. Meeting these needs requires that we see beyond borders, disciplines and barriers to begin actively changing the way science is done, as well as the way it's funded – systematically stacking the odds in favour of breakthroughs.

- **A commitment to use-inspired basic research.** Program formulation typically requires two to three months of deep technical analysis. In the spirit of Pasteur's Quadrant style research, the goal is to intersect that which is possible (albeit not yet proven) with what matters.
- **A commitment to unprecedented speed and agility.** Wellcome Leap drives aggressive timelines – from proposal submission to funding decision is 30 days. Contracts are signed, institutions are funded, and the program kick-off meeting is held 30 to 45 days later. This means Wellcome Leap is able to go from proposal receipt to funds available to start research in nine weeks. This inspires a sense of urgency and momentum that sets the tone and tempo for the entire program.
- **A commitment to research culture and equity.** Each year Wellcome Leap conducts a fully anonymous 'pulse' survey of all performers on programs. The results suggest an environment consistent with the psychological safety known to promote innovation; one that embraces collaboration, risk, and respectful exchange in service to a shared goal. As well, selection funnels are checked as a way of examining whether there may be implicit bias in selections.
- **Program Directors are the heart of Wellcome Leap programs.** They are technically astute and inspired leaders who work collaboratively with the diverse network of program performers over the three year duration of a program.

Achievements

Wellcome Leap's first wave of programs has so far generated 17 patents, 74 publications, and three multimodal, multi-national, multiuser data sharing platforms; catalysed 10 new companies, 10 commercial partnerships, and two licensing agreements; and secured \$99 million in follow-on funding.

Gaming surgery training

In less than a year, Wellcome Leap's SAVE (Surgery: Assess / Validate / Expand) program identified and demonstrated a handful of novel approaches to improve surgical outcomes, a fundamental part of effective healthcare delivery. The program aims to close a significant shortage in surgical care by doubling the number of providers trained to deliver laparoscopic surgery each year. This would amount to an additional 100,000 providers within a decade, increasing provision of lifesaving, minimally invasive abdominal operations by 30 million a year. The program aims to do so while simultaneously reducing global postoperative deaths by one million.

Laparoscopic surgery is a minimally invasive surgical technique that has been shown to reduce postoperative infections, length of stay, postoperative pain and even long-term complications such as internal scarring. This method lends itself to advanced simulation, quantitative assessment, and validation that could dramatically expand the number of surgeons available.

SAVE is spearheading a gaming approach to allow an objective, quantified assessment of skill level and execution by leveraging best-in-class gaming techniques that reward performance. This approach has never before been widely applied as a means of enabling objective assessment or surgical certification. It would also enable the potential to train and assess non-MD practitioners to supplement the surgical workforce. Trainees engage in general and rare scenarios with different skills requirements, instruments and activities – all while engaging in dexterity exercises related to a specific operation.

SAVE is also advancing gasless laparoscopy, a technique that does not require general anaesthetic and enables continuous laparoscopic capabilities when the main consumable bottleneck – carbon dioxide – is vulnerable to supply issues. As of September 2023, this innovation has been implemented in 10 hospitals in Kenya and treated nearly 100 patients, with over 100 surgeons, anaesthetists, nurses and biomedical engineers trained on initiating gasless laparoscopy. In 2022, Kenya did not have this capability in any hospitals; by the end of 2024, it will be deployed in over 20. This expansion sets the stage for scaling this innovative technique to other countries with similar resource constraints.

Cross-mission activity

Wellcome undertakes many activities that contribute either to more than one of our strategic programmes (Discovery Research, Infectious Disease, Mental Health, and Climate and Health) or, like Wellcome Collection, to our mission as a whole.

Because supporting science is a long-term commitment, we also continue support for a limited number of activities from previous strategies, such as our work to make safe, effective and accessible treatments for snakebites.

Data for science and health

Wellcome is funding the inclusion of climate data in the world's largest health informatics platform, which will help countries understand and prepare for the impacts of climate change on human health. The platform – originally developed in South Africa as District Health Information Software and now called DHIS2 – is used in more than 100 countries, bringing together a variety of data that is used by ministries of health, local authorities and healthcare workers in the field to enable better planning, information sharing and decision-making.

Wellcome's funding will support countries using DHIS2 to strengthen the climate resilience of their health systems by integrating climate and meteorological data with health data. The DHIS2 team will develop tools to analyse and model this data in a form proven to be easily accessible to decision makers.

For example, Malawi has implemented a DHIS2 system for climate-resilient food security using local crop and weather data, and pilot projects in Laos and Mozambique have combined climate data with health data to generate early warnings for infectious diseases that are sensitive to climate change.

Our funding will also strengthen the governance and sustainability of DHIS2's technical infrastructure. With the number of countries using the technology increasing and the size of DHIS2 implementations growing, the core platform will be enhanced to make it more secure, user-friendly and scalable.

Better treatments for snakebite

In 2019, Wellcome launched a seven year programme to transform research and delivery of snakebite treatments, to help make them safe, effective and accessible to all. Around 2 million people are bitten by venomous snakes each year, yet treatments have hardly progressed in decades and effective antivenom is in short supply. When our overall strategy changed in 2020, we decided to continue the snakebites programme, and it has made significant progress towards its goals of bringing production of snakebite treatments into the 21st century, developing the next generation of treatments, and building and sustaining snakebite treatments as a global health priority.

This year, we funded research investigating the potential of monoclonal antibodies and nanobodies to neutralise venoms of different snake species. We're also supporting the re-introduction of a previously successful antivenom that was removed from the market as financially nonviable, and funding Ophirex, a US public benefit company, to evaluate the therapeutic benefit of an oral small molecule treatment.

Activities in the coming year will include establishing the first ever clinical trial platform to evaluate antivenoms for use in sub-Saharan Africa, and supporting a snakebite research alliance to address the unique challenges of snakebite in specific African countries.

Wellcome Collection

Wellcome Collection is our free museum and library in London, UK. What started as a collection of thousands of historical items related to health collected by Wellcome's founder, has evolved into a collection of artworks, objects and texts that each tell us something about the human experience and understanding of health.

The collection is not static and new acquisitions are carefully considered. An example of what it means to acquire, conserve and digitise new items is the work and scrapbooks of artist Audrey Amiss. The process was documented in a behind-the-scenes series called Finding Audrey Amiss on Wellcome Collection's website.

In 2023, we opened five major exhibitions:

- **In Plain Sight** – exploring the different ways we see and are seen, and the tools that shape how we view the world.
- **The Healing Pavilion by British-Kenyan visual artist Grace Ndiritu** – radically reimagining what textiles and architecture can do in a museum burdened by colonial history.
- **Objects in Stereo by British photographer Jim Naughten** – presenting a new perspective into the practice of keeping a collection and asking what it means to keep and care for museum objects.
- **Milk** – exploring health, politics and power connected to the everyday substance in Western diets.
- **Genetic Automata** – asking what role science has in shaping how we think about race.

Our visitor numbers are continuing to recover following the impact of the Covid-19 pandemic on London's cultural sector. Our *Milk* exhibition recorded our highest footfall since the extended closure in 2020: we welcomed over 93,000 visits to the exhibition, with an average of 639 visits a day.

Over the year, we received 384,000 visitors to our building (2022: 260,000), and 82 percent (2022: 78 percent) felt their visit made them think more deeply about health or science. Online, 4.3 million people (2022: 3.6 million) engaged with our digital content, including 218,000 views of our digitised content (2022: 221,000).

We re-opened the Wellcome Collection shop this year. It is now managed in-house and offers a selection of gifts and books inspired by our collections and exhibitions. Books on the shelves include those published by Wellcome Collection in partnership with Profile Books. We added eight new titles to the range this year, including *Hybrid Humans: Dispatches from the Frontiers of Man and Machine* by Harry Parker, and *How to be a Renaissance Woman: An Untold History of Beauty and Female Creativity* by Professor Jill Burke (both of which featured as BBC Radio 4's Book of the Week), and *Divided: Racism, Medicine and Why We Need to Decolonise Healthcare* by Annabel Sowemimo, which was shortlisted for the 2023 Orwell Prize for Political Writing.

We want our audiences to be able to experience and engage with Wellcome Collection in a meaningful way. This means access, diversity and inclusion is at the heart of our new strategy, building on solid foundations. For example, *In Plain Sight* was developed in consultation with blind and partially sighted people. From different gallery guide formats (including braille, large print and illustrated guides) to a high-contrast raised floor line that led visitors around the gallery and located the 28 stops for the digital guide, the expertise and input we received directly shaped how people would experience the objects and artworks on display. It was the first time we introduced 'Lights Up' events, where we increase light levels in the exhibition, and we have since added relaxed openings, when the building is less busy, has more even lighting and sensory equipment is provided.

Wellcome Collection's vision is a world in which everyone's experience of health matters. This vision was introduced last year to support the development of a new 10-year strategy. Work continued this year to develop the new strategy, which will be implemented in 2024, bringing social, cultural, historical, personal and creative perspectives to Wellcome's work overall, informing the research we fund, interventions we support and deeper understandings of health across society. It recognises our collections as an unparalleled resource for exploring the place of science and health in global histories and potential futures.

Image: Milk exhibition at the Wellcome Collection.

Photographer: Steven Pocock/Wellcome

Milk

With over 100 objects, including items used in farming and feeding, public health posters and commissioned artworks, our exhibition considered how milk came to be seen as central to perceptions of nutrition and good health in the UK.



Review of Investment Activities

Figure 1
Total portfolio net returns (blended GBP/USD)
Period to 30 September 2023

Annualised return in GBP (%)			
	Nominal	UK CPI	Real
Three years	11.4	6.0	5.4
Five years	10.6	4.2	6.4
Ten years	12.3	2.8	9.5
Twenty years	11.0	2.7	8.3
Since Oct 1985	13.5	2.9	10.6

Annualised return in USD (%)			
	Nominal	US CPI	Real
One year	10.3	5.1	5.2
Three years	9.2	5.4	3.8
Five years	9.2	3.9	5.3
Ten years	9.2	2.7	6.5
Since Oct 2009	9.7	2.5	7.2

Portfolio net returns, a key performance indicator (see page 127) measured in GBP only until 30 September 2009. Decision to measure in blended GBP/USD used from 1 October 2009 recognising the global nature of our portfolio (see Figures 11 & 12) and the need to maintain global purchasing power. However, Wellcome's functional currency remains sterling.

One year return in GBP (%)			
	Nominal	UK CPI	Real
One year return to Sep 2023	0.9	9.0	(8.1)
One year return to Sep 2022	1.7	7.6	(5.9)

Cumulative return in GBP (%)			
	Nominal	UK CPI	Real
Three years	38	19	19
Five years	66	23	43
Ten years	220	32	188
Twenty years	709	72	637
Since Oct 1985	12,139	201	11,938

Annualised return in blended currency (%)			
	Nominal	UK/US CPI	Real
One year	5.6	7.0	(1.4)
Three years	10.4	5.7	4.7
Five years	10.0	4.0	6.0
Ten years	10.9	2.7	8.2
Since Oct 2009	10.9	2.7	8.2

The value of the endowment is measured at fair value. Net returns include impact of all external management fees and expenses. Performance fees are included for hedge funds, private equity and property but for public equity they are only included from 2018.

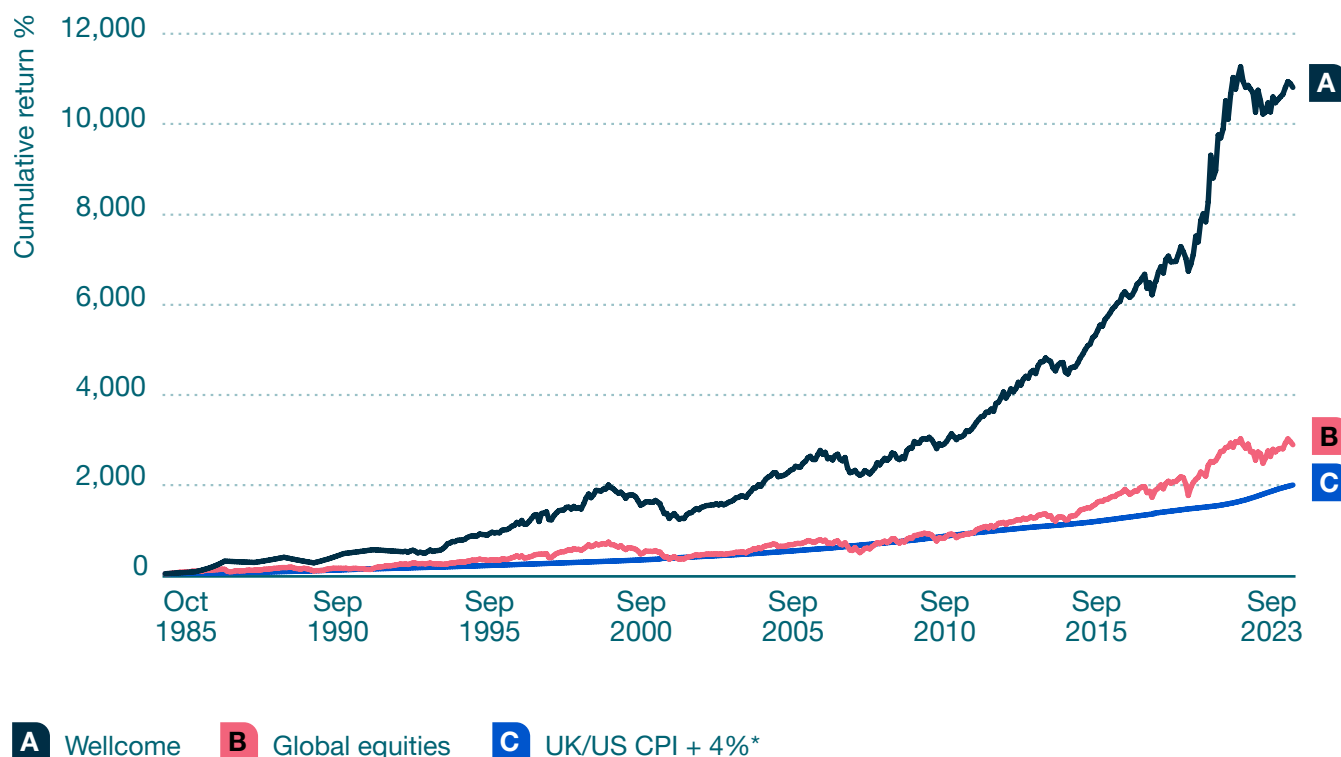
Summary

The role of the investment portfolio is to protect Wellcome's ability to fund our charitable mission. We have continued to achieve this against a more difficult backdrop, as the bull market in global bonds decisively ended in 2023. We have little exposure to bonds, but bond markets affect virtually all financial markets. Interest rates rose across the yield curve to more normal levels, after 15 years of quantitative easing. The era of zero interest rate policies and negative interest rate policies is behind us. The change in the rates environment has pushed up the cost of borrowing for indebted households, companies and governments, with repercussions across all sectors of the economy. Bond prices fell sharply but global equities rallied despite the difficult backdrop. Sterling recovered from its lows around the end of our last financial year.

Although our public equity portfolio had a decent year, most of our assets are not invested in public markets so did not benefit from the market recovery. The total portfolio returned +0.9% in sterling (Figure 1) (2022: +1.7%), as we ended the year with a portfolio value of £36.8 billion (Figure 6) (2022: £37.8 billion). After taking account of £1.3 billion in charitable cash expenditure over the year, this is equivalent to a gain of £0.3 billion gross of liabilities. Sterling returns were significantly impeded by currency strength: in USD terms the portfolio was up +10.3% (2022: -15.8%).

Long-term returns have been extremely healthy and have led to exceptional growth in the endowment over the past four decades (Figure 2). Over the past 10 years, the portfolio has delivered a real return after inflation of +188% in sterling (+9.5% a year in real terms or +12.3% a year in nominal terms). However, we are clearly now in a quite different world, with structurally higher interest rates and a highly uncertain economic backdrop. Markets will

Figure 2
Total portfolio cumulative net returns since 1 October 1985 (%)



GBP used to 30 September 2009. Blended GBP/USD used from 1 October 2009.

*Note that the target return was UK/US CPI +6% until 30 September 2012. It was reduced to UK/US CPI +4.5% from 1 October 2012 until 31 December 2017, and then changed to UK/US CPI +4% from 1 January 2018.

take time to adjust to the new reality and we therefore expect to see higher volatility and persistently lower returns from most assets for the near future. We have probably yet to see the full impact of higher interest rates in terms of debt defaults and broader economic impact.

Our primary focus is on maintaining our cash flows to fund the mission. However, as long-term investors, we are also actively looking for opportunities to deploy capital into strong assets at attractive prices to maximise future returns. Periods of volatility often provide opportunities to make great investments.

Overview

While bonds were in a deep bear market, listed equities were remarkably resilient during our financial year. Corporate earnings were down (except in Europe), discount rates were up, the macroeconomic and political backdrop was highly uncertain, yet global equities produced a return of +11.0% in GBP. Market breadth was narrow, especially in the US, where a few large stocks dominated performance. However, with a few notable exceptions – especially Chinese equities – public equity indices everywhere had a strong year.

Interest rates rose throughout the year in developed economies. In the UK, base rates rose from 2.25% to 5.25% during our financial year, with the equivalent benchmark rate in the US rising from 3.25% to 5.50%, and in the Eurozone from 0.75% to 4.00%. The cycle of rate rises over the past two years has been one of the largest and fastest in history. Longer dated interest rates have also risen, putting upward pressure on mortgage rates for households and borrowing costs for the corporate sector. However, interest rates are still not that high by historical standards.

Inflation has remained stubbornly high, especially in the UK, where headline consumer price inflation (CPI) ended our financial year at 6.7%. This is well below the peak of 11.1% seen in October 2022 but is still at an uncomfortable level. US CPI has come down further, to 3.7% in September 2023, although this was above the levels seen over the summer, prompting market fears that further interest rate rises might be necessary. Eurozone CPI was at 4.3% in September, although in key economies like France and Italy it was higher.

Broad economic signals are pointing to potential recessions in many European countries (including the UK) and to slower economic activity in the US,

which suggests that the policies implemented by central banks to combat inflation may be starting to work. Unemployment is starting to rise from exceptionally low levels, measures of business confidence are muted or downright negative, and consumer confidence and spending have been negatively impacted by higher mortgage rates and energy prices. It is hardly surprising that in this difficult environment, corporate earnings have been under pressure.

We produced a small gain in our portfolio in sterling, but double-digit positive returns in USD. This was, in large part, a reversal of the position in 2022. The composition of the portfolio has changed little over this period, with more than 80% of our portfolio exposed to currencies other than sterling throughout the year. However, the end of our last financial year coincided with the low point in the value of sterling, following the highly negative market response to the growth-oriented mini budget presented on 23 September 2022. As a measure of confidence in UK financial stability returned, sterling appreciated by +9% against the dollar (2022: -17%), and by +1% against the euro (2022: -2%) over our financial year.

Although the currency effects on performance are less pronounced over longer periods of time, the long-term decline in sterling since the Global Financial Crisis has been a tailwind to GBP denominated performance. Over the 10 years to September 2023, annualised performance has been nearly +12.3% in GBP but +9.2% in USD. It has generally been the right decision during this period not to hedge foreign currency exposure, although at times this has added to portfolio volatility.

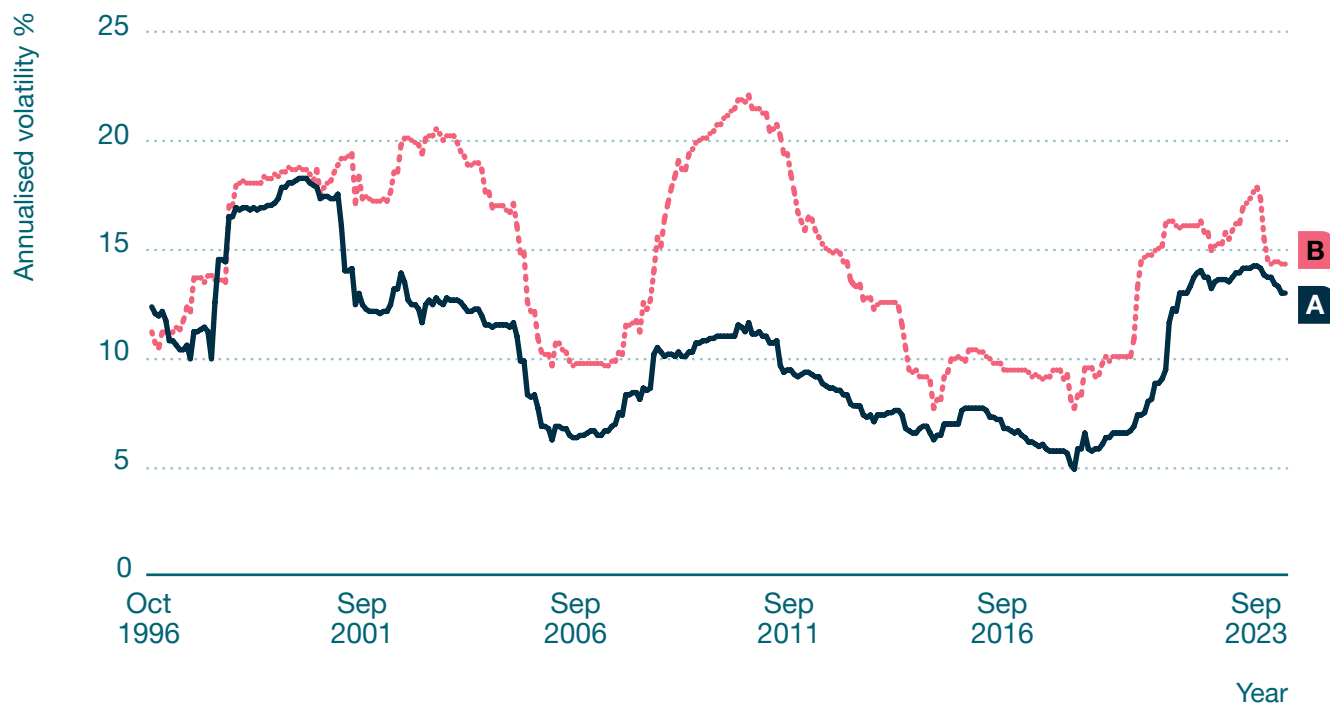
Our £14.6 billion public equity portfolio delivered a respectable return of +9.7% (2022: -12.7%). We have this year combined our public equity and equity long

short hedge funds into a £16.6 billion composite. The rationale is that equity long short funds invest largely in public equities and are habitually net long. They therefore need to justify their place in the portfolio by delivering satisfactory net returns compared to our conventional equity investments (direct and through managers). This year, our £2.0 billion investment in equity long short funds did not achieve that objective, as the managers collectively delivered a negative return of -2.0% (2022: -13.3%). Overall, the new combined composite was up +8.2% during the year.

Our absolute return hedge funds have been combined with other types of absolute return funds to create an absolute return composite, which aims to produce consistent returns with low correlation to equities and relatively low volatility. This composite, which is almost entirely dollar denominated, delivered +0.5% over the year in sterling. Within that, the absolute return hedge funds were up +1.2% (2022: +33.7%) as the opportunity set, especially in commodities, was less profitable than last year.

Our £12.8 billion private equity (PE) portfolio has been marked down by -10.4% this year (2022: +7.7%). PE always lags public market cycles, so it is unsurprising to see valuations under pressure in this part of the portfolio after double digit annualised returns over the past decade. Within PE, venture capital funds (VC) saw the sharpest declines in value, while valuation mark downs in buyout funds and directly held PE were more muted. This is again unsurprising given the exceptionally strong long-term VC returns and the exuberance towards these funds in the immediate post-Covid period. Both capital calls and distributions have been low from PE funds this year, resulting in limited activity and negative cash flows.

Figure 3
Volatility (standard deviation) of returns (%)



A Wellcome rolling 3 years **B** Global equities rolling 3 years

GBP used to 30 September 2009.

Blended GBP/USD used from 1 October 2009.

The valuation of our £3.1 billion property portfolio is down slightly, reflecting rapidly rising interest rates, producing a return of -2.6% (2022: +11.0%). The headwind of higher capitalisation rates was partially offset in our residential portfolio by higher rents, exceptionally low voids, and the completion of our renovation programme. The important development project to expand the Wellcome Genome Campus in Cambridgeshire, UK, creating a world-leading commercial science park based on genomics and bioinformatics, is picking up speed. The Premier Marinas business continues to be robust, but a strained planning environment and weak housing market has slowed down Urban&Civic's development pipeline.

In our overlay book (which comprises our derivatives and liabilities which arise from our issued bonds), we again saw declines in the market value of the bonds we have issued, which was positive for our portfolio value, although this will be reversed in time as these bonds approach maturity. We neither issued any new bonds nor repaid any existing bonds. Our substantial cash holdings are producing useful income, which has partially offset slow distributions from PE and protected our liquidity position. We continued to hold elevated cash levels of £3.3 billion at the end of September, which ensures we can meet the liquidity needs of the mission and have the flexibility to consider any opportunities thrown up by volatile economic and financial conditions. During the year, we closed nearly 30% of our outstanding currency hedges, which had been implemented during the period of extreme sterling weakness last year, realising a useful cash gain in the process.

Outlook

The economic outlook remains highly uncertain. Inflation has fallen from peak levels but remains uncomfortably high – whether it will reach the 2% level targeted by most central banks or bounce along at a higher level is an open question. Higher inflation benefits debtors, the biggest of which are governments, so the incentive to bring it down rapidly may not be as strong as the public pronouncements from various governments suggest. Rising prices are rarely good news for creditors and savers, or for investors such as Wellcome, because valuation multiples tend to fall during inflationary episodes and real returns are typically weak. Holding real assets (equity and property) can mitigate but not eliminate this risk.

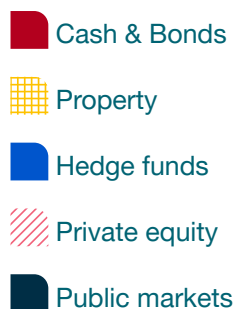
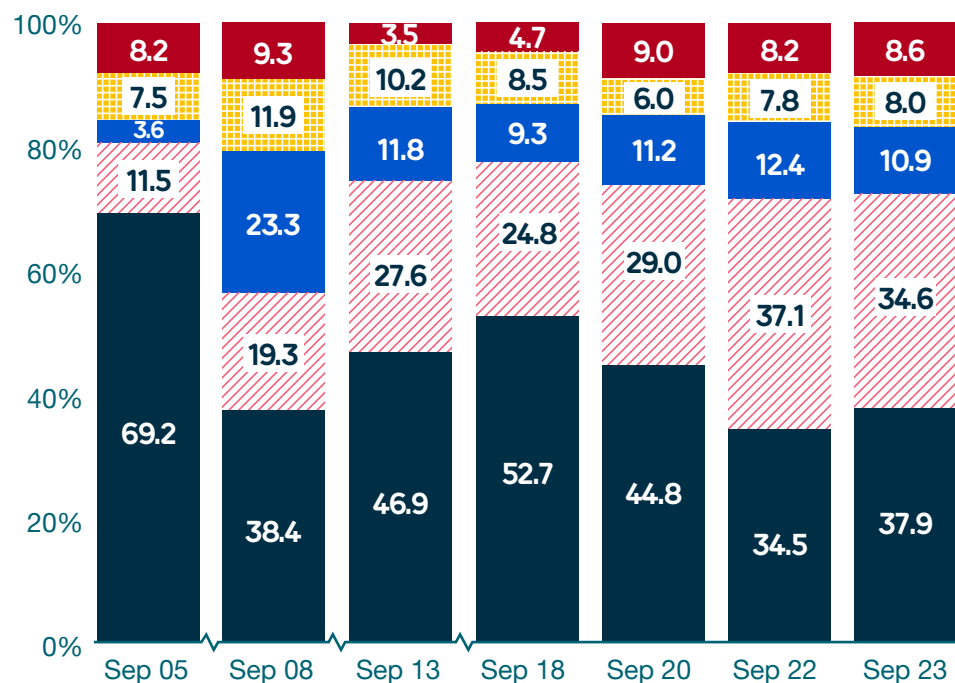
Interest rates are now back at historically more normal levels after 15 years of extraordinary monetary policy. This is probably a good thing over the long term in terms of efficient allocation of capital, but in the shorter term it is highly likely that the scale and the speed of interest rate rises will have caused economic damage. The confidence crisis in UK bond markets in September 2022 and insolvencies at US regional banks in March 2023 may be a foretaste of more problems to come.

The geopolitical backdrop continues to cloud the investment picture. Higher energy prices are likely here to stay following the invasion of Ukraine and conflicts in the Middle East. However, over the longer term a bigger economic concern may come from the inflationary impact of de-globalisation. The emergence of China as a global economic player over the past 30 or so years was a disinflationary force. Trade and investment frictions have now emerged, at a time when demographic pressure in both China and developed economies is reducing available labour supply, which is likely to be persistently inflationary. This is an environment where corporate earnings are likely to struggle to show strong real growth, although there will be winners as well as losers. We would also expect to see deterioration in credit quality and increased defaults.

Against this backdrop, asset valuations are not extreme but are certainly not yet compelling. Public equity valuations have come down from their peaks and are now looking reasonable in some markets and sectors. US valuations remain elevated, despite interest rates having risen sharply. Private equity valuations probably have further to adjust, although the recent rally in public markets makes immediate comparisons less challenging. Property valuations will remain under pressure while interest rates continue to rise, and thereafter will be driven by rental income and final demand.

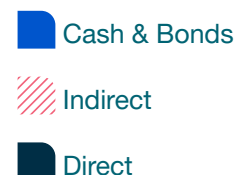
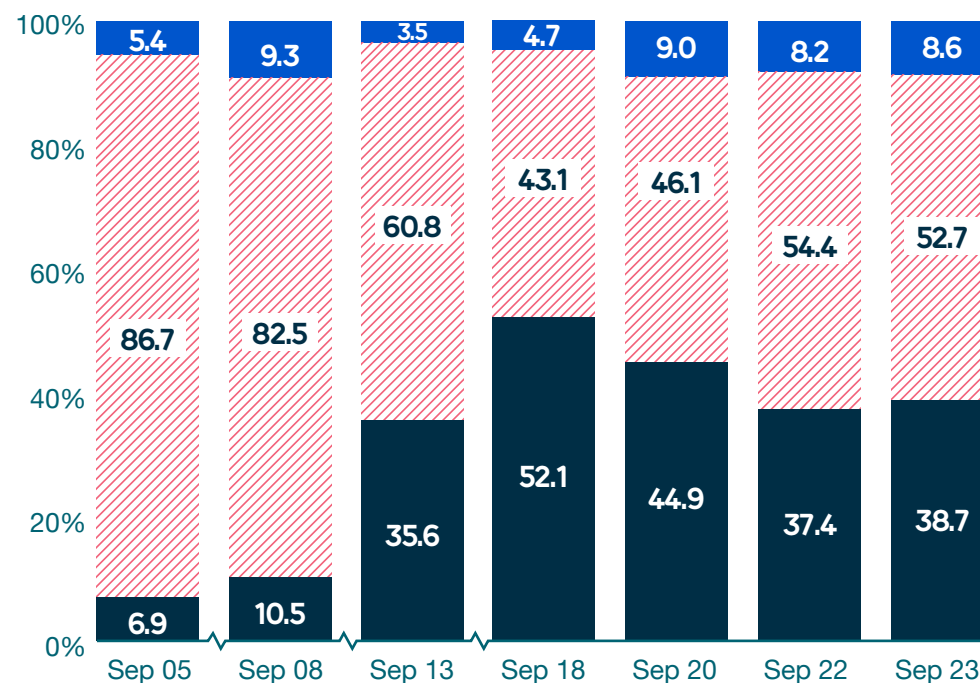
Weak earnings and the absence of valuation multiple expansion is a combination that points to sluggish investment returns. It seems odd to expect the monetary excesses that have been built up over a decade and a half to dissipate in less than two years, given that global equities only peaked at the end of 2021. Equally, markets have been incredibly resilient in the face of wars, inflation, quantitative tightening, rising interest rates, and bank runs in the US. It is therefore not obvious what would provoke a severe market correction, especially when sentiment is already subdued and cash levels high among investors. In this environment, we are focused on preserving our cash flows, pruning low conviction holdings, and investing with the very best partners and in assets with sustainable comparative advantage.

Figure 4
Evolution of asset allocation (%)



The percentages exclude foreign exchange overlays and derivatives. Public markets include public equities, equity index and commodity futures and options. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 5
Evolution of asset allocation, directly and indirectly managed (%)



The percentages exclude foreign exchange overlays. Direct includes all assets owned directly other than cash and bonds. Indirect includes assets managed by third parties, excluding cash and bonds. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 6
Investment asset allocation as at 30 September 2023

	2023 £mn	2022 £mn	2023 %	2022 %	One year return to Sep 2023 %	One year return to Sep 2022 %
Cash & Bonds	3,328	3,274	8.6	8.2	1.5	5.6
Public equity & Equity long/short hedge funds	16,622		43.1		8.2	
Public equity	14,618	13,694	37.9	34.5	9.7	(12.7)
Directly managed public equity	9,734	9,651	25.2	24.3	9.3	
Global compounders basket	9,171	9,119	23.8	23.0	9.6	(6.3)
Other	563	532	1.4	1.3		
Indirectly managed public equity	4,884	4,043	12.7	10.2	10.5	
Equity long/short hedge funds	2,004	2,348	5.2	5.9	(2.0)	(13.3)
Absolute return	2,758		7.2		0.5	
Absolute return hedge funds	2,222	2,568	5.8	6.5	1.2	33.7
Other absolute return funds	536		1.4		0.2	
Private equity	12,805	14,751	33.2	37.1	(10.4)	7.7
Buyout funds	4,022	3,875	10.4	9.8	(2.0)	18.6
Venture funds	6,660	8,030	17.3	20.2	(16.6)	4.6
Direct private	254	309	0.7	0.8	2.7	42.7
Private co-investments	1,869	1,804	4.8	4.5	(1.5)	(5.8)
Property & Infrastructure	3,074	3,103	8.0	7.8	(2.6)	11.0
Net overlay assets*	(25)	(2)	(0.1)	-		
Total investment portfolio value gross of bond liabilities	38,562	39,745	100.0	100.0	0.7	(1.7)
Bond liabilities	(1,791)	(1,939)	(4.6)	(4.9)	(4.2)	
Total investment portfolio value	36,771	37,806	95.4	95.1	0.9	1.7

Performance figures provided where available. Asset class performance figures are not additive.

*Since September 2017, the equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total investment portfolio value' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

From 1 October 2022, the following changes have been made reflecting changes to the portfolio strategy. Figures for 2022 are shown where the strategy existed as at 30 September 2022, and are not directly comparable to figures for 2023.

- Directional hedge funds have been moved to Other absolute return funds.
- The Multi asset partnerships composite has been dissolved and the underlying assets moved to other composites (Indirectly managed public equity, Other absolute return funds and Property & Infrastructure).
- Public equity and Equity long/short hedge funds have been combined to form Public equity & Equity long/short hedge funds.
- Absolute return hedge funds and Other absolute return funds have been combined to form Absolute Return.

Figure 7
Public equity & Equity long/short net returns (%).
Period to 30 September 2023

	Annualised return in GBP (%)				
	1 year	3 years	5 years	10 years	Since Sept 2008
Directly managed public equity	9.3	4.1	5.8	10.0	11.7
Global compounders basket	9.6	4.9			
Indirectly managed public equity	10.5	2.9	4.9	8.4	9.6
Public equity	9.7	3.7	5.5	9.5	10.2
Equity long/short hedge funds	(2.0)	(1.4)	5.1	8.8	9.2
Public equity & Equity long/short hedge funds	8.2				
MSCI AC World	11.0	9.5	8.4	11.2	10.9

In addition to 1, 3, 5 and 10 year comparatives shown above, returns since Sep 2008 are included to highlight the performance since a large portion of the public equity exposure has been directly managed (see Figure 5 for Evolution of asset allocation, directly and indirectly managed).

Public equity

During our financial year, global equity markets (MSCI ACWI) delivered a total return of +11.0% in GBP or +21.4% in US dollars. This strong performance reflected positive moves from most global markets (all numbers below in sterling). In the US, the S&P 500 benchmark was up +11.2% and the tech-heavy NASDAQ rose +15.3%. In Europe, the Eurostoxx 50 returned +28.5% and the FTSE 100 +14.7%. Broad global developed market and emerging market indices were both up over 10%. China was the big laggard globally – onshore Chinese stocks (CSI 300 index) were down -11.7% and those traded offshore (MSCI

Figure 8
Top 10 direct public equity holdings.
As at 30 September 2023

Rank 2023	Rank 2022		Total Value £mn	Total Value US\$m	Return on Cost GBP (inception dates differ)
1	4	Amazon	486	593	1.3x
2	2	Nestle	483	590	2.3x
3	1	Microsoft	479	584	9.7x
4	6	Visa	453	552	1.3x
5	3	Alphabet	431	526	10.1x
6	21	HDFC Bank	420	512	1.5x
7	5	Apple	393	480	19.7x
8	11	Novartis	345	421	2.3x
9	15	Linde	342	417	1.5x
10	23	Adobe	334	408	1.4x
			4,166	5,083	

Top 10 direct public equity holdings represent 28.5% of total public equities. Internally calculated RoCs to September 2023, which do not include performance while held as private companies, where applicable.

China) fell -3.6%. This reflected a sluggish domestic economy, geopolitical concerns, and uncertainty over attitudes to foreign investment.

Although it was a strong year at the headline level, markets were quite narrow. In the US, excitement over the potential for artificial intelligence (AI) produced a dramatic rally in a small group of large stocks. The capitalisation weighted S&P 500 rose +11.2%, but the equally weighted S&P 500 rose just +3.9% and the Russell 2000 Index of small and medium sized US companies fell -0.4%.

Market returns were less narrow in Europe, but banks (benefiting at last from positive interest rates) and a few very large companies still dominated markets.

Equity market volatility subsided during the year, as did that in foreign exchange markets. However, bond market volatility has been at elevated levels all year. Portfolio volatility has been unusually high for the last three years (Figure 3), which reflects unusually large swings in private equity (PE) valuations in both directions over this period.

The return on our public equity portfolio was +9.7% (2022: -12.7%), which was a pleasing result in absolute terms, especially given our relatively cautious positioning, but was -1.3% behind global equities. Our priority is delivering absolute returns over the long term – since we started owning stocks directly (rather than outsourcing the whole portfolio) in September 2008, the absolute return on our public equity portfolio has been +10.2% a year (Figure 7).

The £9.2 billion internally managed Global Compounders Basket (GCB) performed in line with our total equity portfolio, producing a +9.6% total return (2022: -6.3%). Performance was held back by stocks exposed to China and by exposure to healthcare and consumer staples companies, which have not participated in the narrow stock market rally. However, there was sufficient exposure to the stocks leading the market to deliver a strong absolute return. The GCB is a concentrated large cap global portfolio, designed to deliver long-term growth by benefiting from a range of secular tailwinds. These include cloud computing and e-commerce, which were boosted by market excitement about technology driving economic productivity.

The performance of the internally managed equity portfolio and markdowns in outsourced PE vehicles led to a tick up in the proportion of the portfolio

managed internally (Figure 5), through organic change rather than a deliberate plan. We do not like paying high fees, but in some asset classes it is worth doing so to work with the best partners and achieve superior net returns, which is our real focus. Our largest direct holdings are shown in Figure 8. A full list of the companies we own directly is available to view on our website. We maintain a regular dialogue with the companies in which we invest directly about their business and on topics related to their licence to operate. Details of our approach to responsible investing and stewardship are also available on our website.

There were contrasting fortunes for our two main direct public holdings outside the GCB. Syncona, a UK listed life sciences company founded by Wellcome, had a tough year in share price terms, ending the year at a deep discount to its underlying net asset value. DoorDash, the US based restaurant food delivery service, saw a strong recovery in its share price and was one of our best performing direct public holdings over the year. The business continues to grow robustly – quarterly revenues have increased by +120% since the company listed in Q4 2020. DoorDash has been an extremely successful investment and was originally a co-investment alongside a VC partner. Other private co-investments are now starting to go public as the portfolio matures.

Our £4.9 billion portfolio of outsourced equity managers had a mixed year but overall delivered a return of +10.5%. At the bottom end, we saw performance of -2.3% from the transition manager overseeing the orderly liquidation of PE distributions, as market interest in smaller technology companies was weak. Performance at our specialist Asian equity manager was also disappointing at -0.1%, driven by a large exposure to Chinese equities. At the other end of the scale, our pan-European

specialist manager delivered a return of +23.2%, comfortably ahead of their benchmark. The major addition to the indirect portfolio this year was a Middle East and North African specialist manager, which was previously included in the multi-asset partnerships (MAPs) composite. They returned a very creditable +12.3% over the year.

We have this year moved our £2.0 billion portfolio of equity long short (ELS) hedge funds into a composite with our broad public equity exposure. The rationale was that ELS funds are habitually net long the equity market and therefore performance is correlated to the performance of equity markets. This change in reporting aligns to our internal asset class range risk controls. We invest in ELS managers that we believe can identify winners on the long side and losers on the short side. In normal markets, the idea is that this delivers excess return through the cycle compared to conventional long only investments. Given high fees and worse liquidity than long only investments, failing to deliver this excess return brings into question the rationale for investing in this asset class.

While individual ELS managers have done, and continue to do, a good job for us, the composite has been a disappointment. It has underperformed our long only portfolio over the long term and produced a negative return in recent years (Figure 7). ELS funds are all dollar denominated so currency has been a headwind this year, but the sterling performance of -2.0%, was far below the long only portfolio, which held back performance of the broad combined composite to +8.2%. The range of performance by individual funds was extremely wide, between -3.8% and +43.6% in USD terms.

Figure 9a
Illiquid asset net returns (GBP) (%)
Period to 30 September 2023

	Annualised return in £ (%)			
	1 year	3 years	5 years	10 years
Absolute return hedge funds	1.2	13.6	11.5	9.5
Other absolute return funds	0.2			
Absolute return	0.5			
Buyout funds	(2.0)	14.9	10.5	13.1
Venture funds	(16.6)	16.1	20.6	23.2
Direct Private	2.7	90.3	35.2	
Private co-investments	(1.5)	37.9	28.5	
Private equity	(10.4)	18.6	16.8	
Non-Residential property	(3.8)	9.7	10.6	9.5
Residential property	(0.8)	4.9	2.1	4.2
Property & Infrastructure	(2.6)	7.9	6.9	7.1
MSCI AC World	11.0	9.5	8.4	11.2

Figure 9b
Illiquid asset net returns (USD) (%)
Period to 30 September 2023

	Annualised return in US\$ (%)			
	1 year	3 years	5 years	10 years
Absolute return hedge funds	10.6	11.4	10.1	6.4
Other absolute return funds	9.6			
Absolute return	9.9			
Buyout funds	7.2	12.7	8.7	9.8
Venture funds	(8.9)	13.9	19.0	19.7
Direct Private	12.3	86.7	33.4	
Private co-investments	7.7	35.2	26.8	
Private equity	(2.0)	16.3	15.2	
Non-Residential property	5.2	7.7	9.2	6.5
Residential property	8.5	2.9	0.8	1.3
Property & Infrastructure	6.5	5.8	5.5	4.1
MSCI AC World	21.4	7.4	7.0	8.1

Absolute return

Our new £2.8 billion absolute return (AR) composite includes absolute return hedge funds and other AR funds that were previously housed in the MAPs composite. All of them share an ability to invest in a range of different asset classes and are the only place in our broad portfolio where there is meaningful credit exposure (long and short).

The objective of all the funds in this portfolio is to deliver a relatively stable positive return, without major drawdowns, from as wide an opportunity set as possible, thereby accessing sources of return that we cannot reach directly. All the funds in this composite are US dollar or dollar-linked structures and are often hedged back to dollars by their managers where they have non-US exposure.

Over the year, the new composite returned +0.5% in sterling (Figure 9a), reflecting a near double digit underlying dollar return. The range of performance between funds was, as we would have expected, much tighter than between ELS hedge funds. The best performing fund delivered +20.6% in dollars and the worst +2.1%. Over the last 10 years, our AR hedge funds, which make up around 80% of the composite, have delivered a return of +9.5% with very low correlation to equity markets. More muted returns from some managers likely reflect the volume of capital that has flown into this space, enhancing competition for talent and inflating associated costs. However, we believe there are barriers to entry around the most successful managers, where we have been concentrating our exposure.

The new funds that have joined the AR composite invest primarily in credit instruments in emerging markets and collectively delivered a high single-digit dollar returns during the year.

Private equity

PE funds have been an important driver of the long-term growth of our portfolio. However, over the past year, returns have been negative as elevated private market valuations adjust to a different environment (Figures 9a and 9b). In past cycles, buyout and VC valuations have tended to adjust to movements in public markets (in both directions) with a considerable lag, so it is not surprising to see the same thing happening this time around. However, this cycle could be more pronounced, as the extended era of zero interest rate policies attracted in large flows of new capital to PE that pushed valuations to extremely high levels, especially for growth assets. During the peak of this period in 2020-21, PE was leading public markets rather than the other way around.

Mature funds often hold positions in portfolio companies that have gone public through listing, which are marked to market and have already adjusted. We only ever know the real outcome of PE investments when they are realised. Until then, private positions are typically valued based on a combination of underlying cash flows, recent fund raising rounds and comparisons with similar publicly listed businesses. Private market activity has slowed down dramatically so there are fewer reference points from recent funding rounds, which currently makes accurate valuation even harder.

As long-term investors, our main concern is not the current valuation of companies in our PE portfolio but the health of the underlying businesses. There will inevitably be casualties, especially in VC portfolios that naturally invest in less mature and riskier business models. However, we have a world-class stable of VC and buyout managers who are well placed to deliver long-term value for our portfolio despite short-term volatility in valuations. We believe as the market normalises and entry valuations adjust downwards, new money being invested into private

companies today is likely to deliver highly attractive long-term returns. Figure 10 shows that our PE portfolio has delivered a return of 1.8x net of all fees, including very recent funds that are still very early in their lives. VC fund investments have delivered 2.1x and buyout funds 1.5x.

Our total exposure to PE now stands at £12.8 billion (Figure 6). The largest portion of this is in VC funds (£6.7 billion), with £4.0 billion in buyout funds and the remainder directly held as co-investments or direct PE. The total PE portfolio returned -10.4% over the year (2022: +7.7%) (Figures 9a and 9b). Over longer time periods, performance has been extremely strong – over five years our PE portfolio has delivered about 2x the annualised return from public markets and over 10 years PE (especially VC) has been the strongest performing part of our portfolio. A period of digestion and consolidation now seems likely but the long-term advantages of building and managing companies away from the shorter-term focus of public markets remain intact.

Most of our VC managers have been quite aggressive in marking down valuations. The portfolio was down -8.9% in USD this year following a -13.4% move last year. Substantially all the funds in the portfolio are USD denominated (including those investing outside the US). Currency movements produced a small positive move in GBP last year, but this effect was reversed this year with a -16.6% return (2022: +4.6%). Managers are focusing resources on the best companies in their portfolios. Historically the best businesses have often emerged when capital is scarce and fewer competing companies are being funded.

The buyout portfolio has continued to be resilient. The geographic and currency mix of our buyout portfolio is more diversified than VC although it is also predominantly USD. USD returns over the year were +7.2% (2022: -1.8%), resulting in a GBP return of -2.0% (2022: +18.6%).

Figure 10

Private equity fund net returns (multiples). Inception to 30 September 2023

	Drawn (£mn)	Realised (£mn)	Net Asset Value (£mn)	Total Value to Drawn
Buyouts	10,139	11,231	4,022	1.5x
Venture	6,729	7,762	6,660	2.1x
All Private equity funds <=2017	12,396	18,513	5,281	1.9x
All Private equity funds >=2018	4,472	480	5,401	1.3x
All Private equity funds total	16,868	18,993	10,682	1.8x

Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2017 and earlier have generally finished their investment period.

The buyout industry has been a beneficiary of cheap, readily available debt for the last decade or more, which is now reversing. Most of our managers do not use high levels of leverage by the standards of the industry, but all are seeing debt costs rise and are therefore keenly focused on cash flow generation and on strengthening the balance sheets of their underlying companies.

Our £2.1 billion directly held PE portfolio is now mostly invested in co-investments alongside VC and buyout partners. The stresses in the PE industry have provided a welcome opportunity for us to grow this book. Managers have found it harder to raise new funds or to raise the same levels of debt as in the recent past. Co-investments enable them to continue to do deals and provide us with a way of accessing attractive long-term investments and reducing high fees.

By preserving liquidity and being able to make decisions quickly, we have made ourselves an attractive partner. The co-investment portfolio is less mature than the broader PE book but subject to the same short-term pricing pressures. It produced a return of -1.5% in GBP over the year (2022: -5.8%). The small direct private book returned +2.7% (2022: +42.7%).

The PE portfolio was cash flow negative over the year and is likely to remain so for at least the next financial year. The IPO market has been largely closed, although two of our co-investments did manage to go public at the end of the financial year. There have been some exits to strategic buyers as many large public companies are looking to add growth assets at attractive prices. Transactions between PE players have slowed down sharply.

Capital calls have slowed down as well as distributions as it will take time for founders of businesses and sellers of private companies to adjust to the new reality of lower valuations. Public-to-private activity (taking public companies private, usually after extended share price declines) has been a key area of focus for buyout funds.

The outcome of any PE investment cannot be known for certain until it is realised or at least trades on a liquid public market. Overall, most of the underlying businesses in our PE portfolio are performing to expectations, so there is no reason to expect major changes in returns on invested capital. However, in the current environment, returns may take longer to materialise, resulting in lower IRRs.

Property, Infrastructure and Asset-Backed Operating Companies

Rapidly rising interest rates and a slowing economy is not an ideal macro backdrop for any property portfolio. However, our £3.1 billion portfolio is unconventional in its composition and has been relatively resilient, with a -2.6% return over the financial year (2022: +11.0%).

Residential property exposure makes up an important part of our portfolio, and within that the super-prime South Kensington estate is the largest single component. The residential rental market in the UK has been tight, partly due to individual private landlords withdrawing supply in response to governmental policy changes. We have seen good rental growth and extremely low voids that have supported values, despite higher capitalisation rates. We have completed a five-year programme of renovation of buildings in London previously used as serviced apartments, which are now fully let on the private rental market. Residential returns for the year were -0.8% (2022: +11.4%).

The return on our non-residential property portfolio was -3.8% (2022: +10.7%). This is an eclectic portfolio with unusual assets. Premier Marinas continues to see underlying demand for leisure boating and resilient cash flows. We are investing in the business to upgrade existing assets and make new acquisitions. Urban&Civic (U&C) had a slower year in its core strategic land development business, as planning delays and weak end demand dampened appetite from housebuilders for shovel ready plots. U&C was active in managing its portfolio, selling agricultural land that did not have development prospects while making important new investments that should produce excellent long-term cash flows.

The expansion of the Wellcome Genome Campus at Hinxton in Cambridgeshire has been absorbing a considerable amount of resource, both in the Wellcome Investment Team and at U&C. Enabling work on the project is rapidly accelerating after the first phase was given approval, and construction proper will start next year. This will be an important large investment in a world-scale commercial science park, alongside the existing world-class non-profit research facilities of the Wellcome Sanger Institute and the European Bioinformatics Institute.

California-based private infrastructure company Generate, which is financing energy transition solutions and in which we hold a minority stake, is pursuing a more moderate pace of expansion after growing at breakneck speed recently. They continue to see strong underlying demand and results, and are adapting their model to a more difficult financing environment. Our remaining student housing exposure at Northumberland House continues to see strong underlying demand. We are currently assessing options for a refurbishment programme.

Portfolio Overlays, Currency, Regional and Sectoral Overview

Currency movements have been important over the

past two years given volatility in sterling. Last year we were unusually active in hedging exposure into sterling given extreme currency weakness. This year the currency recovered strongly against the dollar from below \$1.10 towards the end of September 2022 to above \$1.30 in July 2023. By the end of September, it had weakened again to \$1.22, but this remained 9% above the levels at the end of our last financial year. We reduced our currency hedges into this currency strength, realising useful cash profits in the process. At the end of September, our GBP exposure net of currency hedges stood at 19.8% (2022: 23.9%) (Figure 11). The rise in our USD exposure reflects the reversal of hedge positions rather than significant changes in the underlying asset mix.

More than half our overall portfolio is in USD denominated assets. This reflects large positions in public equities and PE in US-based businesses (Figure 12), which remain among the most innovative and profitable globally. However, plenty of the USD denominated businesses and funds in the portfolio have economic exposures well beyond the US. Exposure to Asia in our total equity book has fallen slightly, which reflects continuing poor performance from publicly listed Chinese equities relative to most other markets globally, rather than substantial active sales.

Exposure to the information technology sector in our broad equity portfolio has fallen from 30% in 2022 to 27% this year (Figure 13). This reflects the markdowns in our VC portfolio and active sales to manage the position sizes of some of our large public equity positions. Exposure to the consumer discretionary sector (which includes many e-commerce companies), has fallen for similar reasons. Exposure to most other sectors has grown in relative terms, especially the industrials sector, where exposure has grown from 5% in 2022 to 8% this year, partly due to new investments. Energy sector exposure fell from 3% to 2% as we continue to allow our legacy book of energy PE funds

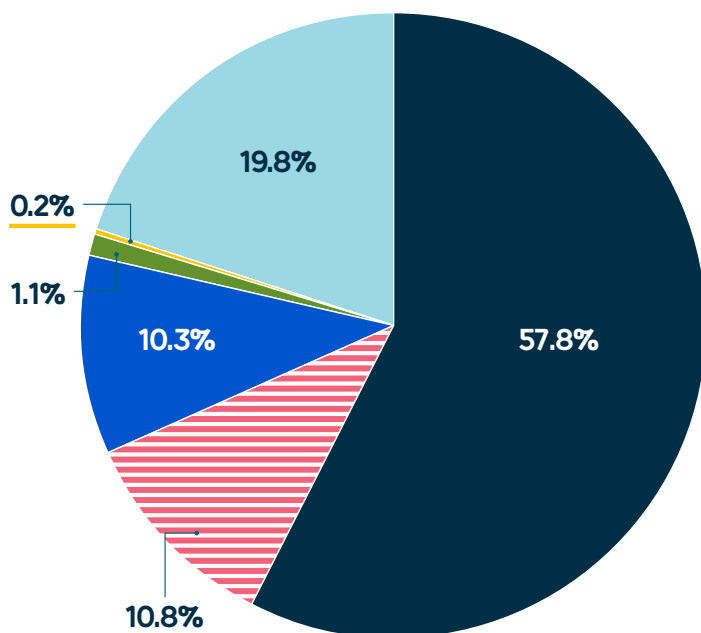
to run off. As we have said publicly before, we will not be replacing these positions as holding periods are not long enough to allow PE managers to take a long-term view of the need to decarbonise energy companies.

Our cash levels were consistently high through the year and stood at 8.6% of gross assets at year-end (2022: 8.2%). As interest rates have risen sharply, we now get a meaningful level of interest income on our cash holdings, albeit still well below the 4% real return we need to make over the long-term. During the year, we invested some of our cash into short-term (below 2-year) US and UK government bonds when yields were attractive relative to other forms of cash. The intention is to hold these to maturity. This extra income has been especially useful given the slow pace of distributions from PE positions. In a volatile market environment, holding cash gives us optionality to take advantage of sharp declines in the prices of assets we would like to own for the long-term. It also gives stakeholders comfort that Wellcome will be able to fulfil its charitable commitments without the need to liquidate good assets at bad prices. Liquidity management remains the single most important element of our internal risk control framework.

We did not use any equity futures or options during the year in our overlay book. Public equity exposure (including ELS funds) is towards the bottom end of our internal ranges, which we believe is appropriate given the economic backdrop and the substantial broad equity exposure we have through private equity positions.

The market value of our bond liabilities reduced again this year to £1.8 billion (2022: £1.9 billion) due to increases in prevailing market rates of interest. There is no cash impact, but this has the effect of increasing the investment portfolio value in the short-term. The bonds will eventually be repaid in full at face value, although given the long duration of most of them, the unwind may take a long time. We did not issue any new debt or repay any maturing bonds during the year.

Figure 11
Currency allocation
(net of currency forwards) (%)
As of 30 September 2023



*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US dollar.

Figure 12
Public and private equity regional exposure (%)
As of 30 September 2023

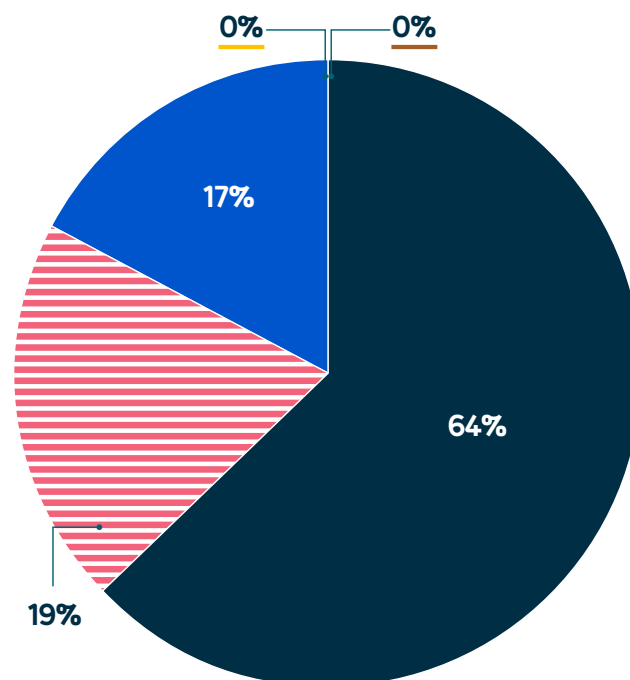
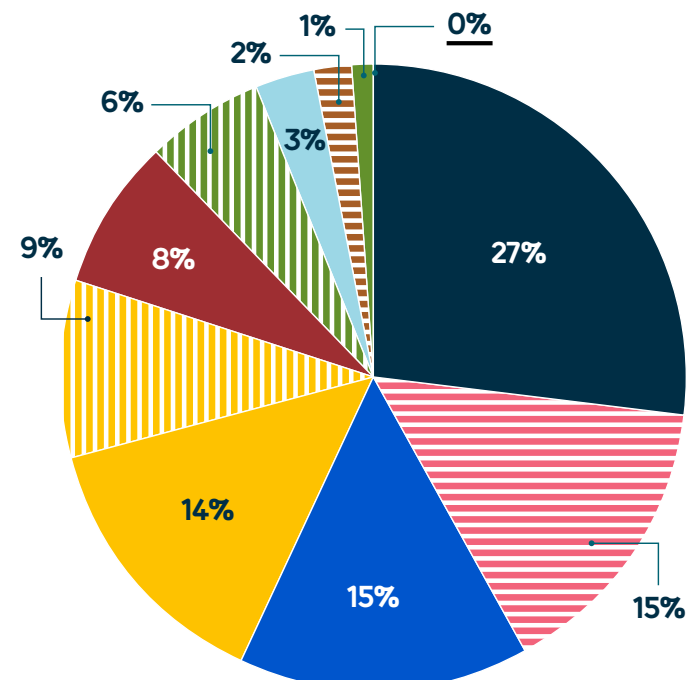


Figure 13
Public and private equity sectoral exposure (%)
As of 30 September 2023



Progress report

– Investments net zero strategy

We are now two years into our net zero strategy and are working through the difficult questions on how decarbonisation is achieved in practice for a multi-asset portfolio. Engagement and stewardship remain at the core of our efforts, as we believe that only through understanding and collaboration can we create resilience to the impacts of climate change across our assets to protect returns.

Recent developments within the political and regulatory landscape highlight the range of stances taken by governments, making it even more challenging for corporates and managers to plan for what a decarbonising economy looks like. Concerns over accusations of ‘green washing’ are creating added complexity. It is clearly important that companies can substantiate claims made with regards to their climate commitments. However, this field is constantly evolving, and we want to ensure that the unintended consequence of both public accusation and regulation is not that companies are deterred from trying, for fear of not having the perfect answer. Asset owners, managers and companies are also now navigating the greater degree of climate change scepticism seen in political discourse, despite the serious natural disruptions over the past year and the fact that the world has experienced its hottest three-month period ever¹.

On the more positive side, the impact of the Inflation Reduction Act (IRA) in the US is now evident, as shown by the swathe of new clean energy projects

announced². The recent announcement from Janet Yellen on establishing a set of ‘net zero principles’, combined with greater regulation on disclosure, should help tackle some of the barriers that a lack of globally accepted standards has created. China’s 14th 5-year plan is already encouraging the adoption of clean energy in China, with the country progressing on its target of 33% of power from renewables by 2025. The EU’s RePowerEU legislation has thus far lacked the same degree of impact as the IRA.

Global decarbonisation still faces multiple challenges that need to be overcome. Barriers to widespread adoption of electrification continue to overshadow progress with planning remaining challenging and grid constraints becoming more pressing, global coal demand is increasing rather than decreasing, and the regulatory picture remains uncertain. We, and the managers of our assets, therefore need to put increased emphasis on adaptation and resilience as well as transition.

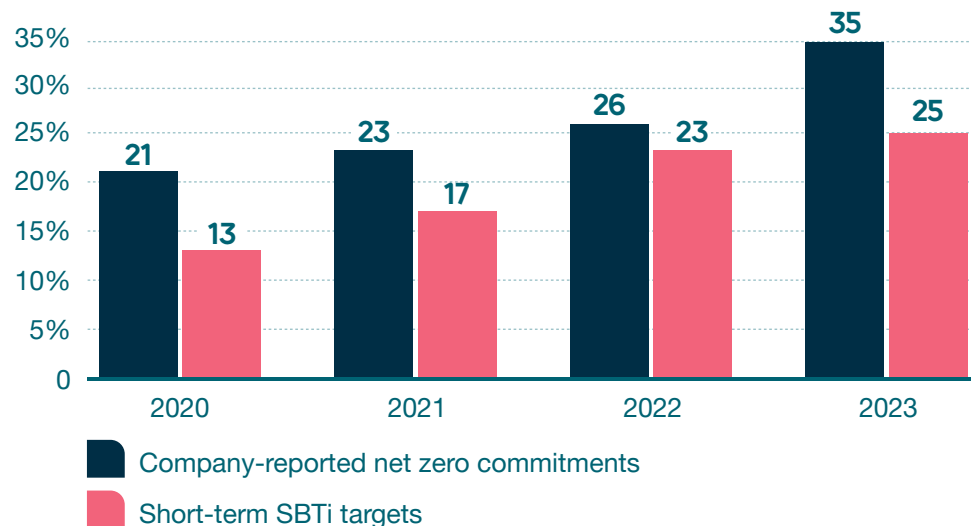
Against this mixed outlook, we have been encouraged by the progress within our portfolio. More managers are not only adopting but making progress on their net zero strategies, and considering how they can build climate resilience into their operating models. The enhanced level of interest in this area and understanding of our perspective since we first launched our net zero strategy is notable. We attribute this to greater industry focus and to having repeatedly and increasingly made our expectations clear.

Our approach

Encouragingly, we have seen an increase in the Gross Asset Value of our portfolio covered by targets for all our coverage metrics. This has been driven by a combination of a higher number of assets adopting targets in our long only portfolio, increased target coverage within our property portfolio, and the increase in value of our public equities, which form the bulk of our target-covered exposure.

From last year, the percentage of assets covered by a company/manager net zero target has increased from 26% to 35%^{3,4}. The percentage covered by a near-term science-based target has also increased, from 23% to 25%. The net zero science-based target metric has increased from 13% to 15%. While we continue to consider Science Based Targets (SBTs), as set by the Science Based Targets Initiative (SBTi), as a goal to work towards, we acknowledge that their guidance is not yet suitable for all assets. We continue to engage with investor groups to help the further development of guidance.

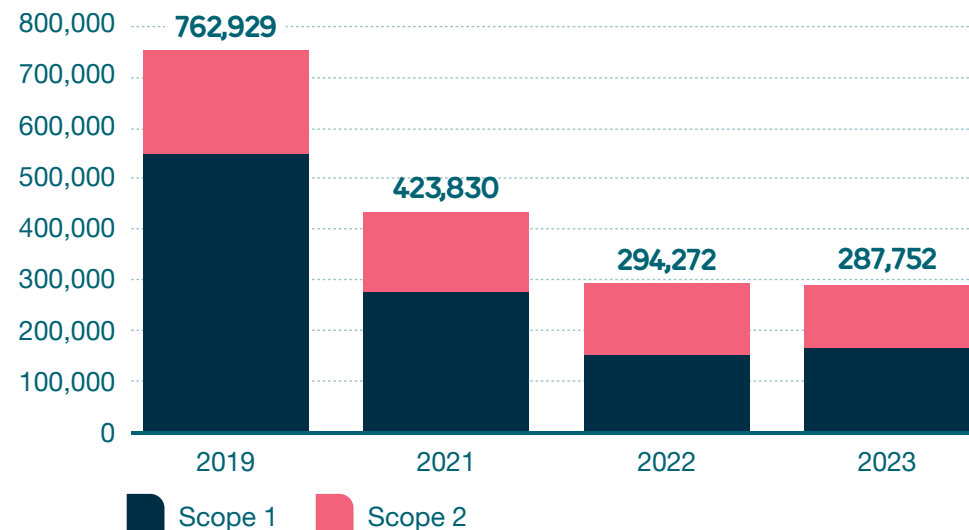
% of gross assets with climate targets over time^{3,4}



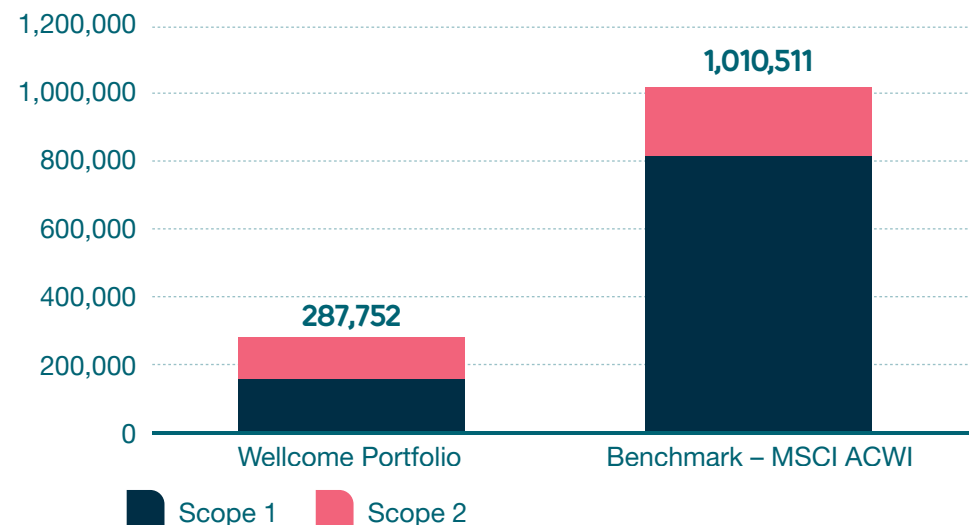
Organic emissions reduction is not straightforward as it is generally fighting a natural headwind from growth in revenues, as can be seen from our public equities carbon footprint flatlining. Portfolio composition changes are partly responsible but this is also a reminder that it is not straightforward for growing companies to counter this headwind and reduce absolute emissions. Lags in emissions data reporting also mean that the impacts of the reopening of the global economy post-pandemic will still be coming through in this year's footprint. We would also add a health warning on the quality of the data; while this is improving, we still do not have the level of conviction in it that we do with most other portfolio data sources due to incomplete data provision and evolving methodologies.

Despite these challenges, we are seeing some notable positive actions from our highest emitters and are encouraged by the fact that portfolio emissions are holding flat compared to company growth. As companies take action against their net zero commitments and invest in lower-emitting technology and energy efficiency programmes, we expect to see more companies reduce emissions.

Public equities emissions – Scope 1 and 2 (tCO₂e)^{5,6}



Public equities carbon footprint vs benchmark (tCO₂e)^{5,6}



The Institutional Investors Group on Climate Change (IIGCC) continues to be a useful sounding board. Most recently we have used the IIGCC to assess peer progress on target setting, particularly near-term targets, and have used their resources to improve our engagement with investment assets.

Progress across asset classes

Public equities

A key change in our directly held public assets from last year was the setting of science-based targets by Roche in November 2022. Most of our directly held equity positions are covered with a net zero target, and we are now seeing their efforts shift to action as they put in place transition initiatives including more renewable usage and reducing waste. Organic emissions reduction and 'insetting'²⁷ are increasingly considered best practice, and companies are engaging with their suppliers to lower their scope 3 emissions. Nestle, for example, is exploring working with coffee suppliers to put in place environmental restoration projects. Unilever is encouraging suppliers to commit to reducing their own emissions and providing them with tools and guidance to do so.

Linde, our most carbon intensive asset on a scope 1 and 2 basis, is making good progress on its commitment to double the purchase of low-carbon energy by 2028, contributing to their science-based absolute reduction targets. In 2022, Linde reduced their scope 1 and 2 emissions by 2.8% (market-based scope 2), and is on track to reach its target of 35% absolute emissions reduction by 2035. This seemingly small improvement highlights the difficulties in decarbonising a large global business. Linde is, however, well positioned to help customers reduce their own carbon footprints, which is something they have been focused on.

We have a few direct public holdings with no targets. To address these, we backed the CDP Science-Based Targets Engagement Initiative, which sent letters to more than 1,200 companies (including some within our portfolio) requesting that they disclose emissions to the CDP and set Science-Based Targets. Public equities are generally in a more advanced position on climate considerations, and we are keen that all our public equity investments meet what are increasingly widely held expectations.

Our long only managers have continued to improve their approaches to sustainability and climate change, with several refining their engagement strategies, participating in stewardship campaigns, measuring their portfolio footprints, and incorporating analysis of both transition and physical risk into decision making.

Managers have highlighted to us how long-term relationships with companies have allowed them to engage more effectively. Engagement on environmental issues made by our managers include encouraging increased disclosure, setting environmental targets, and providing advice on decarbonisation plans. Two good examples include engagement from a partner that contributed towards the establishment of an ambitious net zero target and commitment to invest in renewable energy by an Indian conglomerate, while engagement from another partner led to much greater disclosure on a company's hazardous waste and pollution management processes.

Private equity

We have had several positive follow-ups with partners after we circulated our "best practice" letters on setting net zero targets last year. More of our buyout partners have set decarbonisation targets, with several now looking at how they improve the climate resilience of their portfolio companies. Resources provided by managers include support for carbon footprinting, transition plans, and shared knowledge networks. Partners have been thoughtful on their approaches, targeting high-emitting sectors where they have control and encouraging policies that go beyond their investment holding period.

We have continued to contribute towards the ESG Data Convergence Initiative (EDCI). Partly due to our engagement, net zero metrics will be included in the next iteration of the EDCI benchmark, which will help focus attention on forward-looking targets as well as backwards-looking carbon emissions analysis. We currently have five buyout managers who are reporting portfolio company data, with just under 100 portfolio companies included.

Among our venture partners, our emphasis so far has been to advocate for the incorporation of strong governance early on in company formation, as we believe that this lays the foundation for effective environmental consideration later down the line. For later-stage companies, we are encouraging our managers to think about how they use their board positions to help companies incorporate sustainability into their operations, particularly in the run-up to going public.

Property

Our two directly held property businesses, Urban&Civic and Premier Marinas, have both set net zero ambitions. Urban&Civic aims to be net zero on a scope 1 & 2 basis by 2030, and on a scope 3 basis by 2040. Premier Marinas aims to be greenhouse gas emissions (GHG) free on a scope 1 and 2 basis by 2030. This year, we developed and finalised a specific net zero strategy for our direct property assets. These are predominantly the estate we own in South Kensington. We have measured a carbon emission baseline for these assets and have set a net zero target that aligns with our wider investments portfolio target, covering scope 1 and 2 emissions which are in, or will come into our control by 2050. The vast majority of emissions are scope 3, the direct emissions of our occupiers⁸, so are generally beyond our control. However, within properties where we have some influence, we are looking at how we can improve energy efficiency, shift electricity mix, and influence occupier behaviours. When properties become vacant, we will assess what decarbonisation measures can be taken. The nature of our holdings means that we are often limited in action by local planning, heritage regulations and simply the lack of uniformity of buildings we have across the portfolio, which inhibits economies of scale in implementing mitigation options.

Hedge funds and Cash

We are still working through what 'net zero' means for hedge funds. We are encouraging hedge fund partners to focus their efforts on their operational carbon footprints and to think more about how they use their voting rights for long positions. One of our managers has already begun to incorporate Environmental, social and governance (ESG) due

diligence into their investment decision making, explored the transition as an investment theme, conducted a carbon footprint exercise, and created a more formalised proxy voting system. We consider this to be a positive example of best practice and are encouraging others to follow suit.

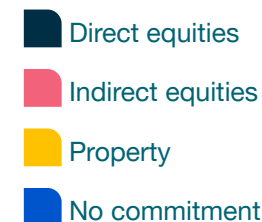
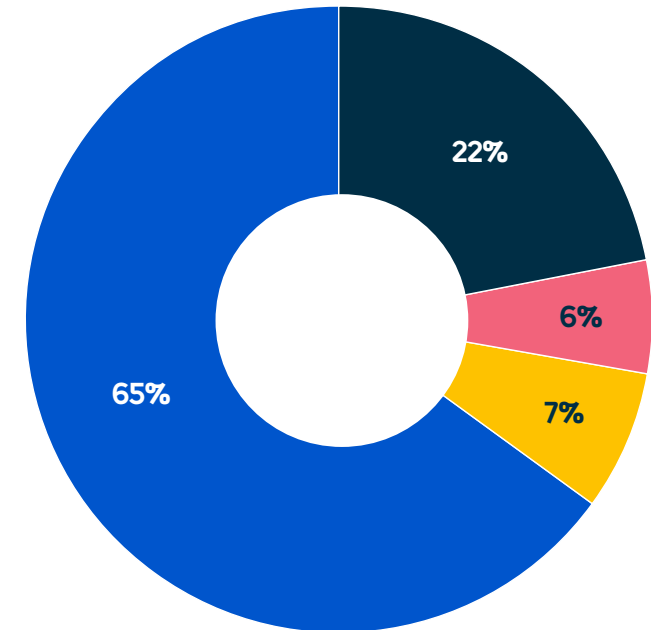
Climate solutions

The aim of the investment portfolio is to create sustainable long-term returns to fund Wellcome's mission. We recognise that the major thematic tailwind created by the energy transition may create a large investible opportunity, just as climate change creates risks that investors need to be aware of. We are increasingly seeing managers across the portfolio explore these opportunities, even without dedicated mandates in this area.

On the private side, our buyout partners are investing more in energy and industrial companies with transition tailwinds, such as H2 Green Steel, a green hydrogen and steel manufacturing company. In our venture capital portfolio, managers have invested in some of the 'technology enablers' that will help others decarbonise with investments such as Watershed, which develops software that helps build decarbonisation plans for companies. Generate, the California-based distributed green infrastructure company, in which we have a minority stake, continues to see a strong opportunity set, and is adapting to a more challenging fundraising environment. We have direct and indirect exposure to an early-stage nuclear fusion company. The technology is still unproven but could be game-changing if successful. On the public side, new indirect positions benefiting from transition tailwinds include Carrier, which makes heat pumps and boilers that should benefit from, and help, power the energy transition in Europe.

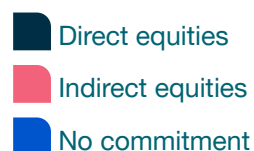
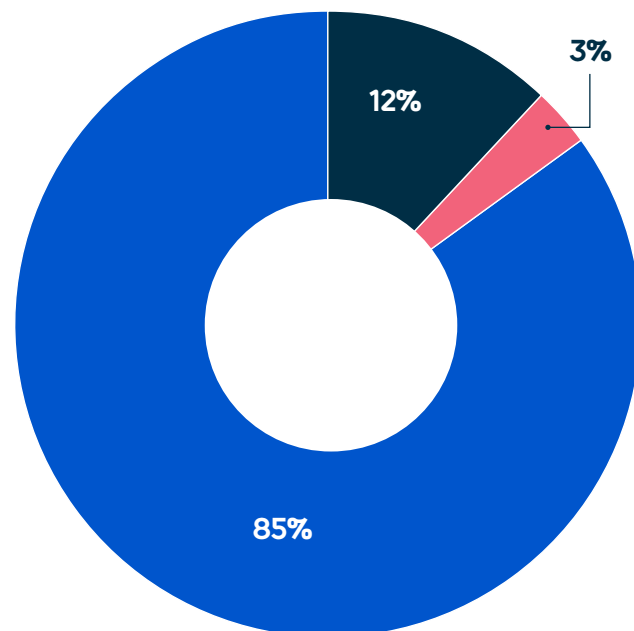
Company-reported net zero commitments^{3,4}

% gross assets (by value)



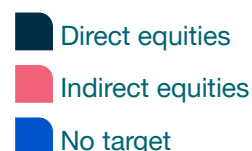
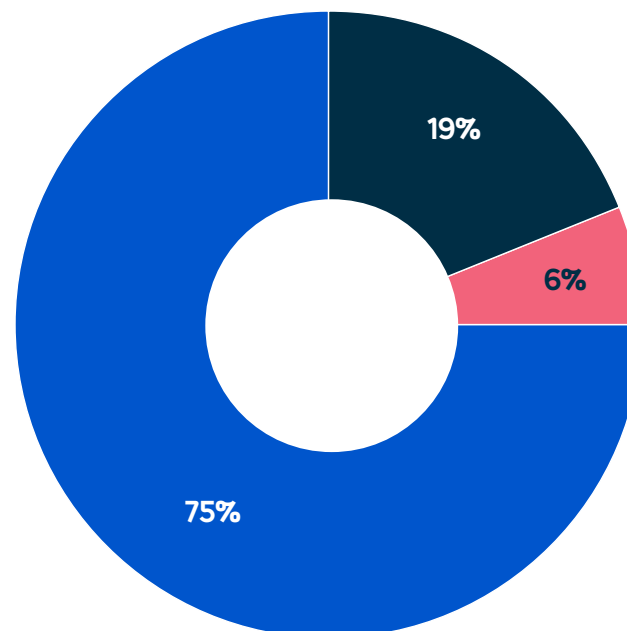
SBTi net zero commitments^{3,4}

% gross assets (by value)



Short-term SBTi targets^{3,4}

% gross assets (by value)



Net zero endnotes

- <https://www.telegraph.co.uk/global-health/climate-and-people/climate-change-global-warming-wildfires-drought-floods/>
- A total of 280 clean energy projects have been announced in the first year, representing \$282bn of investment. <https://www.gsam.com/content/gsam/us/en/institutions/market-insights/gsam-insights/perspectives/2023/us-inflation-reduction-act-is-driving-clean-energy-investment-one-year-in.html>
- Percentages reported are a % of Gross Asset Value. For science-based targets, we include those with targets set and verified by the SBTi and those that have made a commitment to the SBTi to set a science-based target.
- Near-term science-based targets and science-based net zero commitments are taken directly from SBTi (<https://sciencebasedtargets.org/companies-taking-action>).
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- 2019 and 2021 carbon footprint data calculated based on best available data on the year it was first published. 2022 and 2023 data calculated using best current available data. 2023 data includes 96% of coverage of the public equities portfolio.
- 'Insetting' is when a company finances climate protection projects along its own value chain to reduce or sequester carbon.
- Scope 1 and 2 emissions are estimated to be 463tCO₂e, of which we can control approximately 75%.

Financial Review

Overview

for the year ended 30 September 2023

	2023 £mn	2022 £mn	Change £mn
Investment activity			
Income	475	366	109
Expenditure	(171)	(151)	(19)
Investment gains/(losses)	(178)	(1,038)	859
	127	(823)	949
Charitable activity			
Income	67	136	(69)
Charitable expenditure before discounting and foreign exchange	(1,702)	(1,366)	(336)
Discounting of grant liability	146	131	15
Foreign exchange revaluation of grant liability	66	(103)	169
Expenditure on charitable activities	(1,490)	(1,338)	(152)
	(1,424)	(1,202)	(221)
Net income/(expenditure) before tax	(1,297)	(2,024)	728
Taxation	12	50	(38)
Gains on defined benefit pension schemes	142	315	(173)
Net movement in funds	(1,143)	(1,659)	518

Charitable activity

Income from grants, programme-related investment activity and Wellcome Collection was £67 million (2022: £136 million), including grant and contract income received by the Wellcome Sanger Institute.

Charitable expenditure of £1,702 million (2022: £1,366 million) is higher than the previous year, reflecting Wellcome's move to delivery of the strategy. This is the first year of 10 over which Wellcome plans to spend £16 billion on charitable activities.

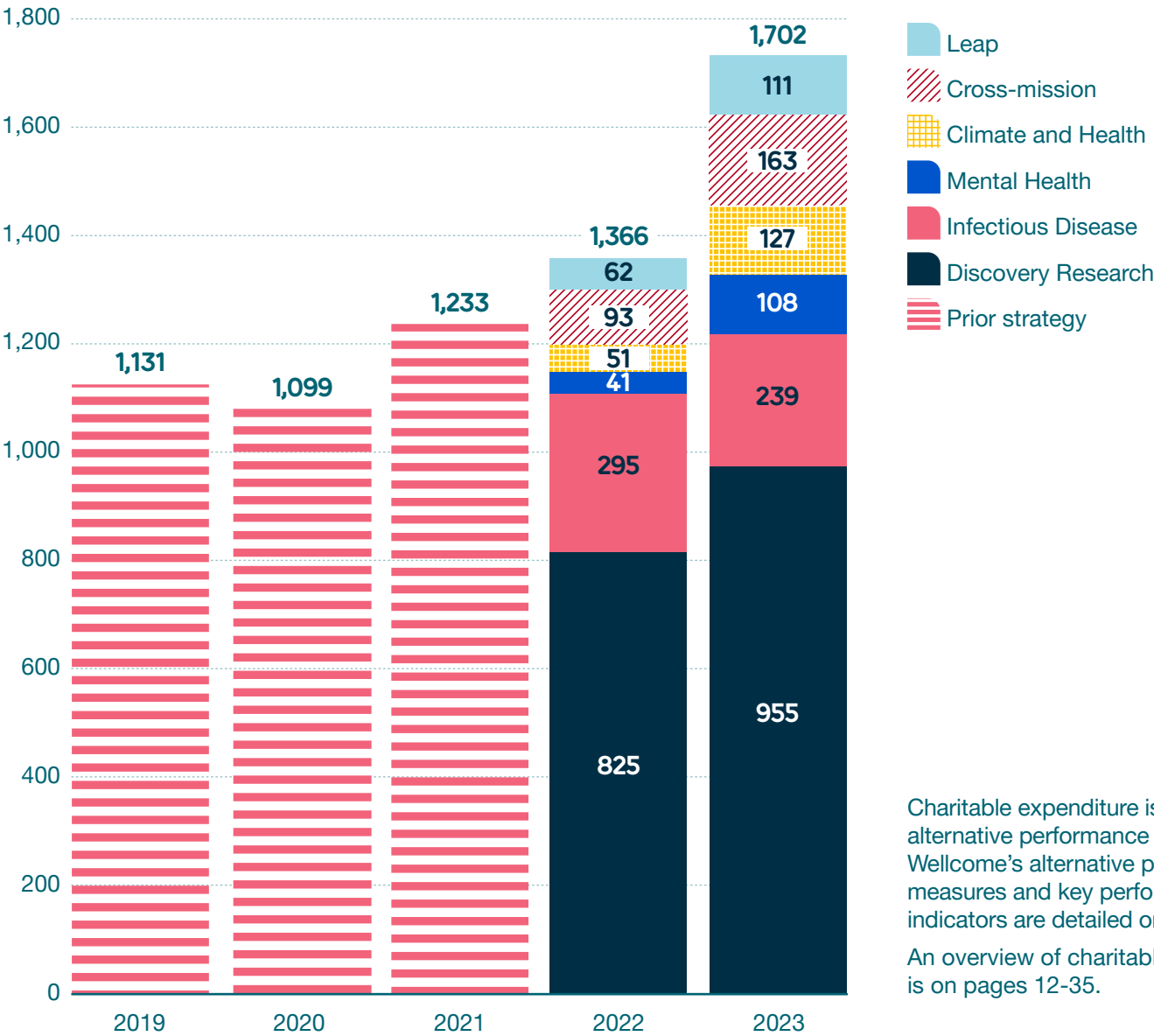
Investment activity

Our investment activity generated a net gain of £127 million (2022 net loss: £823 million).

Our portfolio returns this year are +0.9% in sterling (2022: 1.7%). Over the past 10 years, the portfolio has delivered a real return after inflation of +220% in sterling (2022: 251%). A full commentary is provided on pages 36-49.

Charitable expenditure is an alternative performance measure. Wellcome's alternative performance measures and key performance indicators are detailed on page 127.

Total charitable expenditure (£mn)



Charitable expenditure is an alternative performance measure. Wellcome’s alternative performance measures and key performance indicators are detailed on page 127. An overview of charitable activities is on pages 12-35.

Discovery Research

2022/23 was the first full year of the new Discovery Research funding schemes, which provide researchers at different career stages with the resources to address challenging research questions. Overall, we funded £405 million across the three schemes, an increase of £174 million compared to prior year (2022: £231 million).

During the year we funded multi-year strategic activities in the UK and other countries, with £73 million for follow-on funding for research at eight research platforms and £52 million for the upgrade of the Diamond Light source to maintain its status a world-class scientific facility. Outside the UK, we funded £164 million to continue the work of our international programmes.

Wellcome continues to support its world-leading genomics subsidiary, the Wellcome Sanger Institute, with £124 million in funded spend in the year, an increase of £32 million compared to prior year (2022: £92 million).

Infectious Disease

In 2022/23, we made contributions to creating equitable and affordable solutions. We funded £126 million for the development of a tuberculosis vaccine and £16 million to generate more affordable products to address infectious diseases. We provided £13 million to the ADVANCE ID network, a global collaboration on clinical trials. We also contributed £10 million to the foundation of the African Medicine Agency to improve medical access across the continent.

To better understand the burden of infectious disease on communities, we made £18 million in awards on barriers to uptake and contributed £14 million on decision making on the use of an oral cholera vaccine.

We continue to support the strategic initiative CARB-X to fight drug-resistant infection and contributed £20 million this year, a decrease of £9 million from prior year (2022: £29 million).

Mental Health

We awarded £48 million in a funding call for Back Translation to gain a better understanding of how the brain, body and environment interact in depression, anxiety and psychosis.

We also ran a funding call worth £34 million for research into sleep to enable better translation leading to new approaches for early detection and targeted intervention.

Climate and Health

We spent £48 million on activities to capture quantitative data on the effects of climate change on health, an increase of £15 million on the prior year (2022: £33 million)

A total of £32 million was spent on field-building activities to create a global climate and health community, which is an increase of £7 million on prior year (2022: £12 million)

Activities to test adaptation interventions were funded to the amount of £22 million.

Cross-mission

We undertake several activities that contribute to our mission as a whole. These include broad themes such as research environments, data, policy and advocacy, and translational work, as well as our Snakebite programme. These activities received a combined amount of £141 million, which is an increase of £68 million on prior year (2022: £73 million).

This year, we spent £22 million on Wellcome Collection, our free museum and library, an increase of £2 million from prior year (2022: £20 million).

Wellcome Leap

Wellcome Leap funds programs that aim to deliver breakthroughs in human health over 5-10 years, with spending of £111 million this year which is an increase of £46 million on prior year (2022: £62 million).

Total charitable expenditure includes allocated support costs of £119 million (2022: £91 million).

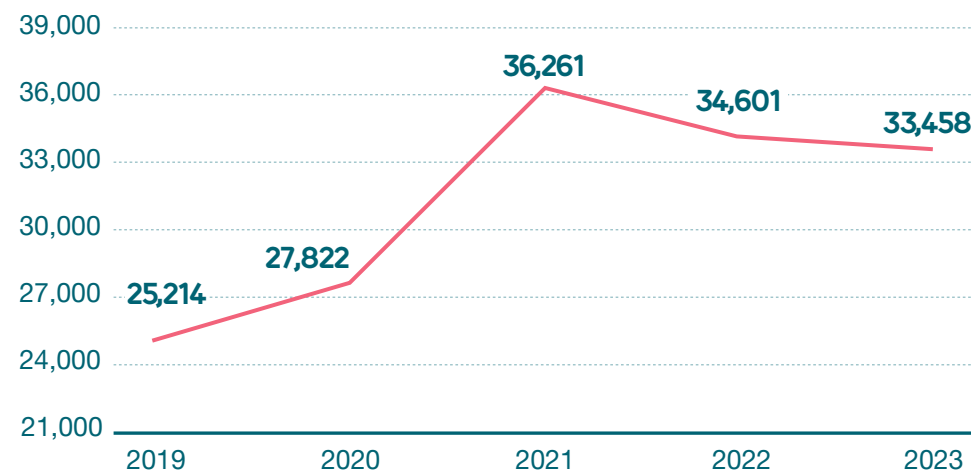
Total Funds at 30 September 2023

	2023 £mn	2022 £mn	Change £mn
Fixed assets	405	402	3
Investment assets	39,312	40,343	(1,030)
Net current liabilities	(1,374)	(1,398)	24
Long-term liabilities	(4,885)	(4,746)	(139)
Total funds	33,458	34,601	(1,143)

Total funds

The total funds of the Wellcome Trust Group decreased by £1,143 million to £33,458 million (2022: £34,601 million) due to charitable cash expenditure of £1,312 million being funded from investment assets, offset by the performance of the investment portfolio, as detailed in the Review of Investment activities on pages 36-49. This is combined with the overall increase in charitable liabilities due to the charitable expenditure continuing to exceed the net operational cash flows.

Total funds of the Charity (£mn) as at 30 September



Macroeconomic factors

Prevailing inflation rates continued to be high (UK one-year CPI: 9.0%), with Wellcome formulating a new inflation policy to mitigate the impact on grantholders.

Higher inflation rates have led to central banks raising interest rates. This has impacted the valuations of Wellcome's investment assets which is detailed in note 2.

Sterling has recovered during the year against the US dollar, affecting the investment valuations of overseas assets and reversing some of the increase in cost of Wellcome's overseas funding. However, sustained higher inflation would reduce the amount of charitable activities that can be funded from this level of spend and therefore Wellcome's impact over this period.

Going concern and viability

The Board has reviewed the going concern assessment and concluded that Wellcome and its subsidiaries have adequate resources to continue to operate and to meet any commitments as they fall due for at least 12 months from the date of approval of this report.

The Board has reviewed the viability assessment of Wellcome and its subsidiaries over the five years to September 2028, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity, to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the significant risks laid out in the Risk Management section (pages 85-90), as well as the significant accounting estimates and judgements in note 2.

Notwithstanding the five-year viability period which has been driven by the cash flow forecast period, the Board conducted its annual review of Wellcome's funding approach, approving a planning assumption of £16 billion of charitable activity spend over 10 years. The Board previously noted investment portfolio risk as a key risk impacting Wellcome's resources and reviewed the impact on the value of the investment portfolio of that planning assumption combined with a number of negative investment environment scenarios, including 45% decrease in investment portfolio values followed by four-year recovery (the largest historical US public market drop over the last 50 years) and negative real investment returns due to sustained higher inflation. The Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

However, sustained higher inflation would reduce the amount charitable activities that can be funded from this level of spend and therefore Wellcome's impact over this period.

In addition to the investment return scenario planning, the Board previously approved the principle of supporting the £16 billion of charitable activity by spending down capital, if required, to the minimum endowment level in all but extreme market conditions. The minimum endowment level was updated to £27 billion during the April 2023 Board meeting.

We have also considered reverse stress test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £6.1 billion, comprising third party liabilities, provisions, pension deficits and commitments, combined with non-contractual but expected grant commitments of £2.9 billion. The net investment portfolio exceeds these liabilities by £27.7 billion at the balance sheet date.

In addition, as noted in our Reserves policy, we define a minimum level for the net investment portfolio to sustain our planned charitable expenditure.

The net investment portfolio exceeds this threshold by £10.0 billion as at the balance sheet date.

Moody's and S&P's each confirmed that Wellcome maintained its triple-A rating in their annual assessments.

Financial planning

The financial planning process set out an overall planning assumption of £16 billion of charitable activity over 10 years.

A longer-term planning horizon enables Wellcome to support its longer-term activities and encourage flexibility for allocations towards time-bound activities. The process considered the minimum level for the net investment portfolio required to fund long-term ongoing charitable activities (see 'Reserves policy').

With the first year of the 10-year plan concluded, the budget for the second year was approved by the Board in September 2023, setting out an ambitious programme of work. The 10-year plan includes flexibility for Wellcome to allocate funding to meet the goals in our Discovery Research and Health Challenge programmes as opportunities arise.

The process of identifying opportunities and re-allocating funds within the 10-year plan will be an ongoing process. As part of this ongoing process, the medium-term outlook was reviewed during the year, and the plan was updated accordingly.

'Charitable activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

Reserves policy

The reserve balance, equivalent to Wellcome's consolidated net assets, at 30 September 2023 is £33,458 million (2022: £34,601 million). Our funding methodology defines a minimum level for the net investment portfolio of £27 billion (in real terms as at April 2023) required to support the £16 billion planning assumption. This level is subject to annual review by the Board of Governors and the planning methodology is discussed on page 59.

The reserves are almost all unrestricted but certain awards made by other funders to the Wellcome Sanger Institute are subject to specific conditions and are therefore restricted in their use. These amounted to £17.1 million at the end of 2023 (2022: £17.5 million).

Pensions

The Wellcome Trust Group provides employees with the opportunity to participate in a defined contribution scheme and for employees who joined prior to April 2016 defined benefit schemes which are closed to further accrual (refer to Remuneration Report, pages 91-96).

The Group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) were in surplus of £219.3 million as at 30 September 2023 (2022: £81 million surplus). The plans' surplus has increased this year due to the increase in discount rates linked to increased corporate bond yields and reductions in inflation assumptions leading to overall actuarial gains in the year.

More detail on the pension schemes is given in note 11(e) on page 155.

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's Constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee (page 100), who recommend it for the approval of the Board of Governors.

We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products or vaping products.

We take stewardship of our assets very seriously and consider many factors before we invest.

As well as a sound and sustainable business model, we must be confident that the companies and funds we invest in take their environmental, social and governance responsibilities seriously.

Environmental, social and governance

At Wellcome, our mission is supporting science to solve the urgent health challenges facing everyone. Delivering this mission will produce benefits to society through research and health innovations. How we operate is also part of our impact in the world, and we have a responsibility to lead by example in our approach to environmental, social and governance considerations, whether that's reducing carbon emissions or becoming more inclusive.

Our work will deliver substantial benefits over time, and it is important that we conduct our work sustainably. The Board of Governors has ultimate responsibility for ensuring that Wellcome's contributions meet the needs of the present without compromising the ability of future generations to meet their needs. This understanding of sustainability applies as much to social and governance issues as it does to environmental ones.

As such, we are now developing an environmental, social and governance (ESG) strategy for The Wellcome Trust Group as a whole – this comprises the Wellcome Trust plus our charitable and investments subsidiaries. This strategy will be informed by a materiality assessment and supported by a Group ESG committee.

Here we highlight work that is already in train to live up to our opportunities and responsibilities through our mission, our operations, and how we work with others.

Environmental

The world is facing a climate emergency, and it is a health crisis as much as an environmental one. Wellcome has an important contribution to make through the delivery of our mission, and a responsibility to understand and address our impacts.

As a global organisation with climate and health as a core part of our mission, we need to lead by example in tackling our own environmental impacts. We have committed to becoming a net zero organisation across our charitable activities and operations, our £37 billion investment portfolio, and our subsidiaries. We are at the start of a journey to embed sustainability in everything we do, and we have begun to take the necessary transformative decisions to meet our goals.

We aim to reach net zero by 2030 for scope 1 and 2 emissions generated by Wellcome's direct charitable activity and operations, and net zero by 2050 at the latest for the emissions relating to our investment portfolio.

We do not underestimate the scale of action that will be required to meet these ambitions and are considering fundamental questions such as how we use our current buildings. The Board of Governors has decided that a net-zero refit of our two main buildings is the preferred option for meeting our goals in a sustainable way without compromising our ability to achieve our mission, while relocation remains a possible alternative approach.

We are also determined to reach net zero for our scope 3 emissions, which include those generated by the research we support. We are working with our stakeholders to begin developing an approach to measuring these emissions. This is a complex but necessary first step towards understanding the scale of the challenge and what we can do to reduce them over what timeframe.

We have recruited a role in our senior leadership team with responsibility for embedding sustainability in Wellcome's practices, and set up an operational programme to become a more sustainable organisation. This multi-year programme is currently focusing on decarbonising our operations and understanding emissions across our supply chains, including from research we fund. We will then develop metrics and targets, an implementation strategy and governance structures to ensure it drives change across the organisation. This work is overseen by a sustainability subcommittee of the Executive Leadership Team (ELT), chaired by the Director of Corporate Affairs.

The environmental ambitions, activities and impacts of our subsidiaries – including Genome Research Limited and Wellcome Leap on the charitable side, and Urban&Civic and Premier Marinas on the investment side – will be included when we report our progress at a Group level.

Environmental impact

Through our mission

Our strategic Climate and Health programme aims to put health research at the heart of climate change action. This is both to motivate actions to mitigate and adapt to climate change, and to provide evidence of how different choices will affect people's health so that the most beneficial choices can be implemented.

- We fund research to understand the health impacts of climate change and of actions taken in response to climate change, which can inform decision makers at local, national, regional and global levels.
- We advocate for urgent climate change actions based on evidence of the health impacts already being felt around the world, and those that will get worse the higher the earth's temperature is allowed to rise.

Our Review of Charitable Activities has more examples of our work in Climate and Health this year (page 27).

Through our operations

Scope 1 and 2 emissions

- We measure our direct emissions (scope 1) and emissions from the energy we consume (scope 2) to inform our actions, and report them as part of our ambition to reach net zero by 2030.
- We are developing a strategy and implementation plan for reaching net zero.
- As an interim measure, we are mitigating scope 1 and 2 emissions by planting trees in the UK through the Woodland Trust.
- To help reduce energy consumption, we are upgrading our building management systems and engaging employees to use less lighting and air conditioning.
- We are working to recycle or reuse more of the waste we generate, working from the root causes of waste generation and disposal.

Scope 3 emissions

- We are developing an approach in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework, with a view to improving our reporting in 2024 and setting a baseline for our scope 3 emissions. Reporting against our climate-related risks and opportunities will enable stakeholders to track our progress and hold us to account.
- As a first step, we mitigate the carbon emissions from our travel – and our grantholders' travel – by planting trees through the Woodland Trust.
- We commissioned a report into advancing environmentally sustainable health research, and will be publishing a comprehensive sustainability policy for Wellcome grantholders and their institutions.
- We support initiatives across the investment sector, encouraging our partners to join and taking actions to reach the target for our investment portfolio to be net zero by 2050 at the latest (see pages 50-54 for a detailed update on progress in our Investments net zero strategy). We are a member of the Institutional Investors Group for Climate Change, and we have been on the steering committee of the ESG Data Convergence Project in the private equity sector.

Social

The research Wellcome supports is a public good, contributing to the fundamental human endeavour to understand the world around us, and helping to build a healthier future. Science is done by people and health affects everyone, so people are at the heart of all our work.

We invest in creating open, engaged, ethical and efficient environments for researchers to thrive in their work. Wellcome Collection, our free museum and library, brings social, cultural, historical, personal and artistic perspectives into our work. We are committed to becoming a more inclusive employer, funder, and museum and library so that we can support science to solve the urgent health challenges facing everyone.

Success in Wellcome's mission relies on the efforts of many people and organisations, from those we employ directly to those we fund to do research, and including the communities most affected by the health challenges we are looking to solve. These relationships create obligations that we recognise not only as fundamental to achieving our goals, but also part of the social benefits that stem from our work.

To achieve our mission, our staff must feel valued. Having developed a core set of beliefs and values for Wellcome this year (see page 9), we have begun to apply them in our working culture. We have recruited a role in our senior leadership team with responsibility for developing Wellcome's culture, which will include establishing a new set of expected behaviours for employees and leaders.

In July 2023, we announced the appointment of our first Chief Equity, Diversity and Inclusion Officer, a new role on the ELT. An Equity, Diversity and Inclusion subcommittee of the ELT is chaired by our Chief Executive Officer. We also benefit from an advisory group of 19 external associates.

In autumn 2022, we developed a 10-point action plan to accelerate progress in our anti-racism work throughout 2022/23. By 30 September 2023, six actions had been completed on schedule. Four were delayed – notably the introduction of positive action in our funding processes, and dedicated funding streams – but are on track to be completed early in 2024.

In 2024, we will also begin a three-year action plan to progress towards becoming anti-ableist. This work will cover employee policy, senior leader learning, all-staff learning, and research funding.

The social impacts and activities of our charitable and investment subsidiaries will be considered as part of the work of the Group ESG committee.

Social impact

Through our mission

We support research across all disciplines into life, health and wellbeing to generate knowledge and insights, make breakthroughs and inspire progress towards a healthier future for everyone. We maximise science's benefits for people's health by funding excellent research from discovery to impact, working with others across society, around the world, to develop, test and implement sustainable, evidence-based interventions that work for the people who need them.

Our Review of Charitable Activities (pages 12-35) has more examples of work this year to achieve our mission.

Wellcome's work impacts society directly and indirectly, so we work with a broad range of people – including those with lived experience of health challenges and those from marginalised groups – so that everyone can connect with, contribute to and benefit from science's potential. Two goals in our equity, diversity and inclusion strategy are that the people we fund will be more representative of

the global population, and the research we fund will be inclusive in design and practice.

Wellcome Collection is another way in which we engage the wider public. We seek out opportunities for people to contribute different forms of knowledge and understanding towards a healthier future, give voice to a radical imagination of what health is and what it could be, and make meaningful connections between different perspectives of health past, present and future. In 2024, Wellcome Collection will be implementing a new structure to deliver this strategy, and we will be supporting staff through the changes.

Sustainable funder

The way that Wellcome works and the decisions we make have impacts beyond the people who directly help us achieve our mission. This includes our suppliers and contractors, and especially the wider research community. In the past, we have unintentionally contributed to some negative aspects of research culture; now we strive to have a positive impact on the people we fund and the wider community. When assessing applications for Wellcome funding, our criteria include contribution to a positive research culture.

Support for researchers we fund includes:

- Availability of grant extensions for various reasons, including illness.
- Disability-related support.
- Specific support for people re-entering a research career with our funding.
- Requirement for institutions we fund to have formal procedures in place to prevent bullying and harassment, research misconduct, fraud, tax evasion, bribery or other corrupt practices.
- Expectation of organisations we fund to pay everyone working on a Wellcome grant at least the real living wage.
- Planned introduction of positive action and other diversity and inclusion initiatives in our funding.

Through our operations

Wellcome employs around 1,050 people in the UK and Germany. We are a disability confident employer, a Stonewall Diversity Champion, and in the Top 75 of the Social Mobility Employer Index.

The third goal in our equity, diversity and inclusion strategy is that by 2031, the people we employ will be representative of the places where we work. In February 2023, we launched a range of new and updated policies, procedures and guidance to help achieve this goal. They included new policies on equal opportunities and workplace adjustments, and updates to our resolution framework and ways of working guidance.

Support for our employees includes:

- Staff networks to promote equity, diversity and inclusion – each is sponsored by two ELT members and at least one Governor.
- A staff forum for employees to contribute to organisational decision-making, which will relaunch in 2024.
- Anti-racism and anti-ableism programmes, including a training programme on racial fluency for the ELT and others, raising leaders' confidence in having conversations and listening to colleagues' experiences around race.
- Measures to mitigate rising costs of living, including interim pay rises in 2022 and a minimum increase set for annual pay awards in January 2023. We also introduced a financial resilience programme at the end of 2022, which 18% of staff attended.
- A health, safety and environmental committee that reports directly to our Operations Committee and ensures employees are consulted, informed and can raise concerns on matters of health and safety.

- Physical and mental wellbeing support, including GP access, private medical insurance, and counselling to support staff in specific circumstances.
- Volunteering opportunities and volunteering leave.
- Living wage and other benefits for contractors who work with us.

During the year, one incident (in May 23) was reportable under health and safety regulation (RIDDOR). A desktop investigation was carried out by Camden Council Environmental Health Office (Health and Safety), and no further action was required.

As a UK organisation with more than 250 employees, Wellcome is required to report our gender pay gap data. We choose to also publish our ethnicity pay gap data. Pay gap trends are indicators of progress towards being an inclusive workplace, while year-on-year changes tend to reflect recruitment and promotion of relatively small numbers of people.

Our gender pay gap is mostly due to different distributions of men and women at different levels of seniority: while senior roles are broadly evenly split, we employ relatively fewer men in junior roles. The rise from last year is disappointing, but mostly the result of a small number of mid-level promotions. Our ethnicity pay gap is smaller but interpretation has to be tentative because we have not received ethnicity data from about 15 percent of our employees. We continue to take a sustainable, long-term approach, including a range of actions to make Wellcome a more diverse and inclusive employer.

Wellcome's Gender Pay Gap 2019–2023

Year	Gender pay gap
2023	16.2%
2022	15.4%
2021	13.2%
2020	15.9%
2019	17.3%

Data: gender pay gap in median pay for women at Wellcome as a percentage of median pay for men at Wellcome

Wellcome's Ethnicity Pay Gap 2019–2023

Year	Ethnicity pay gap
2023	3.3%
2022	5.6%
2021	4.6%
2020	-1.4%
2019	0.4%

Data: ethnicity pay gap in median pay for people from racially minoritised groups at Wellcome as a percentage of median pay for white people at Wellcome.

Governance

How an organisation operates in the world is not only determined by its structures, rules and procedures. At Wellcome, governance is at least as much about understanding what's integral to us as an organisation, and how we want to act as a result. This is the foundation for developing a culture in which our people are equipped to make the right decisions at the right time to deliver our mission in line with our beliefs and values.

Key governance issues for Wellcome, relating directly to our mission and through the ways we work, include safeguarding, data protection, modern slavery, and preventing bribery and fraud. Ensuring positive long-term impact rests on having clear accountability across all levels of Wellcome, diversity of perspectives and insights, starting with the Board of Governors, and strong organisational ethics and risk management.

To help maintain our standards across all areas of our work, we have developed our business ethics team, keep our code of conduct up to date, including a policy to prevent bullying and harassment, provide a safeguarding framework for employees and people outside Wellcome with whom we work, and deliver mandatory training for staff on anti-corruption and personal data compliance.

We regularly work with expert external partner organisations to help shape our policies, practices and communications – these include Unseen UK on modern slavery and human trafficking, Protect for our Speak Up tools, and the Funder Safeguarding Collaborative on safeguarding.

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. Our Board of Governors and ELT use this principle to test decisions, particularly to ensure we make the most of our independence and that our strategic and operational plans are aligned to meet our mission.

This year, the Board has been actively engaged in shaping the development of our ESG strategy, discussing options at three meetings and attending ESG training sessions with the ELT. In this work, the Board has benefited from the support of its committees, for instance from the Audit and Risk Committee's input into ESG disclosures and from the Nominations and Governance Committee on the oversight of stakeholder engagement activities. As our ESG strategy matures, it is likely that our governance structure will also evolve so that important issues continue to get the right level of attention and expert input.

The Structure and Governance section (pages 68-77) provides more detail on our governance framework.

Sustainable investor

Our work is funded from a portfolio of investments in a wide range of financial assets around the world. We do not deliver our mission through these investments but aim to maximise returns over the long term to spend on our charitable activities. However, the prospects for strong returns increasingly align with environmental and social sustainability.

Each company, fund and asset we invest in must demonstrate a sound and sustainable business model. We expect our investment partners to maintain strong relationships with customers, suppliers, employees, governments, regulators, providers of capital and society as a whole. This includes a positive corporate culture, ensuring compliance with laws and regulations, the health and safety of employees, considering impact on communities and the environment, and having an appropriate governance structure. We refer to this as 'social licence to operate'.

As well as being a reflection on its values, a positive approach to these considerations is indicative of whether a company represents a strong investment prospect for us. If a company does not maintain its social licence to operate, we believe there are questions over its long-term sustainability and therefore its long-term return potential.

We consider licence to operate at each stage of our investment process, from initial due diligence to ongoing monitoring and continuous engagement. We may seek outside support to provide information, but we form our own opinions and do not outsource decision-making to consultants or advisers.

Carbon and energy performance (for the Wellcome's charitable activities)

Greenhouse gas emissions (tCO₂e)

	Baseline year 2018/19	2021/22	2022/23	% change from baseline
Scope 1				
Gas	1,279	1,350	1,379	8
Refrigerants	52	213	34	(35)
Scope 2				
Electricity – Location based	2,246	1,620	1,818	(19)
Electricity – Market based	2,246	-	-	(100)
Total – Scope 1 and 2 (Location-based)	3,577	3,183	3,320	(10)
Total – Scope 1 and 2 (Market-based)	3,577	1,563	1,413	(61)
Scope 3 – currently measured				
Water	28	9	10	(64)
Waste	4	4	4	-
Business travel (air and rail)	5,684	1,261	5,613	(1)
Business travel (mileage)	6	2	3	(56)
Total – Scope 3	5,722	1,276	5,629	(2)
Total – Scope 1 and 2 (market-based) and 3	9,298	2,839	7,042	(24)

	Baseline year 2018/19	2021/22	2022/23	% change from baseline
Intensity ratio – Carbon emissions/Charitable expenditure				
Annual charitable expenditure (£mn)	1,183	1,366	1,702	44
Intensity ratio: tCO₂e/£mn	8	2	4	(47)

Energy use (kWh)

	Baseline year 2018/19	2021/22	2022/23	% change from baseline
Gas	6,957,565	7,397,565	7,537,112	(8)
Electricity	8,785,869	8,375,074	8,777,547	-
Total energy use	15,743,433	15,772,638	16,314,659	4
Intensity ratio – Energy use/floorspace				
Total net floor area (m ²)	45,965	45,965	45,965	-
Intensity ratio: kWh/m²	343	343	355	4

Although reported emissions have decreased, our energy use has remained largely unchanged compared to baseline. We will consider further ways to improve energy efficiency in our buildings as part of achieving our net zero ambitions.

Scope 1 and 2

The increase in gas can be largely attributed to the fact that our baseline year 2018/19 had a milder-than-average winter. Emissions associated with our electricity use have dropped to zero since 2021/22 on a market-based reporting basis due to our use of green tariffs. On a location-based reporting basis, our electricity emissions have reduced due to decarbonisation of the UK grid. Refrigerant emissions, mostly linked to occasional leaks from air-conditioning units, are reducing as we improve maintenance regimes and switch to refrigerant gases with lower greenhouse gas potential.

Scope 3

Although our water use has not greatly changed, official UK carbon conversion factors for water supply and treatment have been updated, which significantly lower reported emissions associated with water use.

Except for business mileage, our business travel has returned to pre-pandemic levels. To address this, we are in the process of reviewing our travel policy to further encourage reduction in travel and a shift from air to rail travel.

Methodology

Emissions are calculated using UK Government conversion factors for company reporting of greenhouse gas emissions and the Greenhouse Gas Protocol's Corporate Standard on an operational control approach basis.

We have used 2018/19 as our baseline year, as this was the last full year unaffected by the unusual circumstances of the pandemic.

Further details of the methodology used can be found in our Basis of Reporting [wellcome.org](https://www.wellcome.org).

Scope, material assumptions and exclusions

The scope of reporting is the Wellcome Trust Limited, in its capacity as Trustee of the Wellcome Trust, with the exclusion of all subsidiaries. In practice this relates to Wellcome's charitable activities at our Euston Road buildings.

Our baseline year data for business travel (air and rail) is the calendar year 2018 due to limitations on data availability. Business travel (air and rail) includes travel by employees and externals who travel on behalf of Wellcome to meet and connect in pursuit of our mission. Hotel stays, taxis and travel not booked through our central team is not currently included.

Waste data is only calculated from 2022/23, which is used as a proxy for previous years.

We report emissions we currently measure and are working to measure other material emissions, in particular:

- **Investments:** information can be found in the Investments section of this report, pages 36-49.
- **Funded research:** we started work on how a methodology could be developed to estimate the emissions associated with the research we fund, which we recognise makes for a material part of our scope 3 emissions.
- **Goods and services:** we are working to estimate emissions associated with the goods and services we procure.

Scope 2 – Electricity

In line with the Greenhouse Gas Protocol Scope 2 guidance, we adopted a dual reporting approach for purchased electricity:

- **Location-based:** reflects the average emissions of the UK electricity grid from which the consumption occurs.
- **Market-based:** reflects emissions from the electricity that we specifically purchased. In 2020 we started purchasing our electricity from 100% renewable sources, thus the drop in emissions to 0 tCO₂e.

Energy efficiency measures

This year we have implemented further upgrades to our lighting controls and Building Management Systems for our Euston Road buildings to improve their energy performance in operations.

Structure and Governance

The Wellcome Trust (Wellcome) is an independent global charitable foundation created in 1936 by the will of Sir Henry Wellcome. Wellcome is a registered charity governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended. Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

The Trustee and Board of Governors

The sole Trustee of Wellcome is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association. The Trustee's directors (known as Governors) and the Company Secretary of the Trustee are listed in the Reference and Administrative Details section on pages 186-187.

The Board of Governors is responsible for the Wellcome Trust Group, which comprises Wellcome and its subsidiary undertakings (refer to note 21 for significant subsidiary undertakings).

Subsidiaries support Wellcome either through delivering against charitable objectives or as investment entities. These subsidiaries include Genome Research Limited, which encompasses the activities of the Wellcome Sanger Institute, and Wellcome Leap Inc, a US-based non-profit organisation founded by Wellcome in 2020 to accelerate breakthroughs for global health. Wellcome is entitled to appoint directors to the boards of both organisations. As at 30 September 2023, Wellcome had three appointees on the board of Genome Research Limited and two on the board of Wellcome Leap Inc.

Our approach to good governance – UK Corporate Governance Code and Charity Governance Code

We have established an approach to good governance that looks to best practice for a charity of our nature, size and scale considering the Charity Governance Code and relevant aspects of the UK Corporate Governance Code and the UK Stewardship Code.

Wellcome has a very broad mission, no founder or living donors and, unlike corporate bodies, no shareholders. In the absence of these accountability mechanisms, we have determined that Wellcome is accountable to society for delivering our mission, while using our independence for public benefit.

The Board of Governors and the Executive Leadership Team (ELT) benchmark decisions against this principle, particularly to ensure we use our independence for public benefit, and that our strategic and operational plans are aligned to meet our mission.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, and in setting grant-making policies and procedures.

Our governance framework

Our governance framework is based on an open and transparent culture of decision-making. It focuses on the most important issues for our organisation while being strategic and responsive to our stakeholders.

The Board

Led by our Chair, the Board is collectively responsible for Wellcome achieving its mission and strategy.

The Board of Governors oversees our strategy for improving health through research, creating value to our beneficiaries and other stakeholders, providing effective challenge to the Chief Executive Officer (CEO) and management on the implementation of our strategy and day-to-day running of the organisation, and ensuring there is an effective risk management and internal control system. Certain strategic and operational decisions are reserved to the Board as set out on page 68.

The Deputy Chair supports the Chair and also provides an alternative contact point. Individual Governors act as champions for Speak Up, safeguarding and stakeholder engagement.

The Chair arranges informal meetings and events to help build constructive relationships between the Board and ELT. The Chair meets with individual Governors and the CEO outside formal Board meetings to allow for open two-way discussion about the effectiveness of the Board, its committees and its members.

Page 70: Key activities of the Board

Page 83: Our section 172(1) statement

Audit and Risk Committee	Remuneration Committee	Nominations and Governance Committee	Investment Committee
Chair: Amelia Fawcett; Chris Jones; Stephen Lovegrove from 1 Jan 2024	Chair: Amelia Fawcett; Cilla Snowball; Diana Noble from 1 Jan 2024	Chair: Julia Gillard	Chair: Richard Gillingwater
Financial reporting, system of internal controls, risk management, internal audit, external audit, oversight of Speak Up (committee report page 101).	Remuneration policies and practices, external advisors on Committees, ELT remuneration (report page 97).	Stakeholder engagement, succession planning, senior appointments and reappointments, recommendations for governance improvements (report page 99).	Investment performance, investment risk, investment management and providing advice and assurance to the Board (report page 100).

Board committees

The Board is supported by a number of committees to which it delegates certain matters. Board committee chairs report to the next Board meeting after a committee meeting. The committee terms of reference are on [wellcome.org](https://www.wellcome.org).

The CEO and the ELT

The Board delegates day-to-day management of Wellcome to the CEO. The CEO delegates certain matters to their Executive Leadership Team (ELT) and maintains challenge and oversight through ELT meetings, and chairs the Equity, Diversity and Inclusion committee.

The ELT comprises 11 senior leaders from Strategy, Research Programmes, Corporate Affairs and enabling functions such as Operations and People. A new Chief Equity, Diversity and Inclusion Officer, Jimmy Volmink, joined ELT in October 2023, reporting to the CEO.

Each ELT member has designated responsibilities and the Delegated Authority Policy sets out the individual's levels for financial decision making. Two Employee Directors attend and participate in ELT meetings. The Managing Partner and Chief Investment Officer (CIO) is not part of ELT, but reports to the CEO.

Management meetings

Management meetings help members of ELT carry out CEO delegated responsibilities.

These include the Operations Committee chaired by the Chief Operating Officer; Funding Policy Committee chaired by the Director of Research Funding; Planning and Strategy Committee and Large-Scale Funding Advisory Group, both chaired by the Chief Research Programmes Officer; Valuation Group chaired by the Emeritus Partner, Investments (who provides investment advice and mentoring to staff, chairs the boards of directors of our subsidiaries Urban&Civic and Premier, and reports into the Managing Partner and CIO but is not an ELT member or part of the Investment Executive); and the Investment Decision Meeting chaired by the Managing Partner and CIO (who is part of the Investment Executive but not an ELT member). These management meetings are advisory to those with delegated authority.

Key activities of the Board of Governors in 2022/23

The Board met eight times during the year, including a two day strategy meeting and site visit to the Wellcome Sanger Institute and the Wellcome Genome

Campus. Key priorities included development of our beliefs and values, our approach to sustainability, and risk management and financial controls.

Strategy and finance	CEO recruitment (several Board meetings during the year), including briefing with an external search firm. New CEO appointed by the Board.	Strategy and Research Programmes portfolios reviewed (Feb 23), with highlights presented in Jun 23. 10-year visions of success, proposed strategic success indicators and medium-term direction for Wellcome's four strategic programmes reviewed.	Corporate planning update in view of the inflationary environment, and decision to increase minimum endowment level.
Risk management and internal controls	Cybersecurity update and guidance on recent developments in generative artificial intelligence and implications for Wellcome.	Review of risk appetite statement.	Review of the corporate risk register and of the new Risk and Control Self-Assessment framework.
Investment and performance	Approval of business plan and funding for Wellcome Genome Campus expansion.	Joint Board/Investment Committee meeting.	Review and update to Investment Policy.
Strategic funding and partnerships	Approval of TB vaccine partnership with the Bill and Melinda Gates Foundation.	Approval of core award renewals to international programmes.	Review of Wellcome Leap's progress against annual plan.
Stakeholder engagement and culture	Beliefs and values. Review of Employee Voice project.	Review of our anti-ableism action plan.	Presentation and discussion on evolution of relationship between Wellcome and the UK research community.
Governance and ESG	Approval of new delegation of authority framework to deliver the strategy, and update to Matters Reserved to the Board.	Approval of net zero target for scope 1 and 2 emissions of charitable activities and discussion of relocation or refurbishment options to achieve this target.	Board succession planning with decisions to re-appoint three Governors and recruit two new Governors, and decisions on appointments.

Board composition and succession

The Nominations and Governance Committee (NGC) has continued to lead on Board and committee succession planning, as well as on the new CEO recruitment, which was completed during the year.

Governor Amelia Fawcett announced she would be stepping down on 30 September 23, the end of her first four year term. Amelia brought substantial business and investment experience to the Board and also chaired two key Board committees. The Board and Wellcome thanked her for her significant contributions to the organisation during her period of office.

As a result of her announcement, the Board, supported by the NGC, reviewed the remaining Governors' skills and experience. It considered the skills needed to deliver the new strategy, our net zero plans and the ambitious Wellcome Genome Campus expansion project. It highlighted the need for strengthened property and investment expertise on the Board. Accordingly, the Board began a recruitment campaign for two new Governors.

Search firm Perrett Laver was hired to support the process, ensuring a wide reach and access to a diverse pool of candidates.

Board changes after year-end

After two rounds of interviews and several informal discussions, the NGC recommended the appointments of Diana Noble and Stephen Lovegrove, who were appointed on 6 November 23.

Board members, in particular the Chair, are also involved in the selection of key executive roles, for instance the appointment of Jimmy Volmink – who joined in October 23 – in the new role of Chief Equity, Diversity and Inclusion Officer.

The Board appoints external committee members to its Audit and Risk Committee and Investment Committee to provide independent expertise on financial, risk, and investment matters. External members are not Governors but count towards the quorum for decision-making in the committees. Two new external members were appointed to the Audit and Risk Committee during the year. A summary of committee membership changes are included in each committee's report.

Board diversity

The Board is committed to having a diverse membership. Equity, diversity and inclusion considerations form an integral part of the Board's succession planning process. A skills and diversity audit of the Board was used to inform succession planning in 2023.

Board diversity at 30 September 2023

Gender identity	% of Board members
Woman	56
Man	44
Non-binary or gender diverse	-
Prefer not to disclose	-

Race/Ethnicity identity	% of Board members
Asian or Pacific Islander	11
Black	22
Hispanic or Latine	-
Indigenous (including North American Indian Navajo, South American Indian Quechua, Aboriginal or Torres Strait Islander)	-
Middle Eastern or North African	-
White	56
Self-describe	-
Prefer not to disclose	11

Age	% of Board members
To 40	-
40-49	-
50-59	11
60+	89
Prefer not to disclose	-

Board effectiveness reviews

In line with best practice, the Board uses an external independent provider to review its effectiveness approximately every three years. The most recent review was completed in 2022 by Independent Audit (an independent external consultancy), following an internal review in 2021.

An action plan was put in place to address the recommendations, and progress has been reported to the Board at regular intervals. Some actions relating to the role of CEO were paused until the new CEO was appointed.

The Nominations and Governance Committee has completed work on auditing the skills and experience of the Board, and fed this analysis into an updated succession plan which informed the selection criteria and recruitment of additional Governors to address gaps.

Work has continued to strengthen governance, focusing on risk management, internal audit improvements, and the development of performance and reporting dashboards. Additionally, the Board's committees have reviewed their terms of reference and analysed their responsibilities, confirming these have been met on behalf of the Board.

An internal board effectiveness review is planned for 2024, following the appointment of new Governors and the CEO.

Board objectives and appraisals

The Board agrees annual objectives that are aligned with the Wellcome strategy and management's objectives. The Board also agrees annual objectives for the Chair.

In 2022/23 the Board's objectives were to:

- oversee the appointment of the new CEO and facilitate onboarding
- support ELT during this transition and encourage further development of its leadership capabilities
- play an active oversight and contributing role in Wellcome's anti-racism work and EDI work generally
- monitor and hold management to account for delivery of our strategy and advancement of our metric-based reporting, including impact measures
- facilitate further development of Wellcome's working culture

These objectives were used as a measure of performance for the Chair's and Governors' annual appraisals.

As part of the appraisal exercise, the following formal Governor meetings took place during the period:

- the Chair held one-to-one individual review sessions with each Governor
- the Deputy Chair held a one-to-one individual review session with the Chair
- the Deputy Chair led a meeting of Governors without the Chair to debrief the Chair performance appraisal

Discussion at the meetings also covered time commitment for the role and each Governor's external commitments, to ensure that each Governor continues to be able to commit sufficient time to the proper functioning of the Board and its committees.

Board training and development

On an ongoing basis and further to the annual appraisal process, Wellcome makes arrangements for Governors to develop and refresh their skills and knowledge in areas that are mutually identified as being likely to be required or of benefit to them in carrying out their duties effectively.

New sessions this year included mandatory online training on risk management and safeguarding, and a teach-in on market abuse regulations. Given the focus on the development of Wellcome's Environmental, Social and Governance (ESG) strategy this year, the Board also attended a number of training sessions on ESG. Finally, the Board had several externally and internally facilitated sessions on generative artificial intelligence to start considering the threats and opportunities the technology brings to Wellcome.

Each new Governor is offered an induction programme tailored to their role, including any committee membership or chairing duties and their existing knowledge and experience. This ordinarily includes meetings with the Chair, members of the ELT, members of executive teams, and relevant external stakeholders (for example, external auditors); information on the strategy, including the charitable portfolio's objectives and spending plans, investment policy and strategy, details of Board and Committee policies and procedures, relevant codes of conduct, and charity trustees and directors' responsibilities.

Matters Reserved to the Board and delegation of authority framework

We have a coherent and transparent delegated authority framework, designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge.

Our investment activities require quick decision-making and, given the size of our portfolio, the amounts involved are large. Investment executives therefore have authority to commit Wellcome in respect of higher amounts than senior executives in other areas. Key investment decisions are discussed and challenged at meetings of the portfolio management team, chaired by the Chief Investment Officer or a senior member of his team. The Board and Investment Committee regularly review the delegated authorities granted to the Investment Executive and how they are exercised, as well as portfolio-level consolidated performance and risk metrics.

Our plan to spend £16 billion on science in the 10 years to 2032 has required streamlining of our charitable spending decision-making processes so we can aim to make a bigger impact on health outcomes earlier, and ensure the Board is engaged at an appropriate level.

During the year, the delegated authority framework applicable to mission-led spending was updated with increased authority limits delegated to the CEO. This was approved by the Board subject to additional portfolio-level reporting to the Board to enable effective monitoring and oversight, and to measure the progress and success of our strategy.

Initiatives with the potential for material adverse reputational impact or sitting outside our strategy are an exception to this framework and still require Board approval.

As part of this work, the “Matters Reserved to the Board” document was reviewed and updated to align with best practice and reflect the increased delegated authorities for mission-led spending.

Across all of our activities, decisions from those with delegated authority are always made subject to them receiving input and constructive challenge from a range of contributors at advisory committees, as described in the governance framework.

Oversight of culture and purpose

Wellcome’s culture provides the foundation to deliver our strategy. The Board ensures that our culture enables us to build the organisational capability required to deliver on our commitments to society at large, our people, suppliers and partners.

One of the Board’s key roles is to determine our shared purpose and to set and uphold our values, standards and ethics which combine to create our culture. As such, the Board was extensively involved in the development of Wellcome’s new beliefs and values (see page 9). It reviewed project progress at two Board meetings and shaped the outcome.

The Board receives regular reports in order to monitor developments in the organisation’s culture and provides supportive challenge to management.

Reports include:

- progress on key EDI projects, such as our anti-racism and anti-ableism work
- progress on the employee voice project, involving how the organisation engages with staff
- review of a People dashboard showing key metrics reflecting staff morale, turnover and so on

The Board gains further insight into the organisation’s culture through:

- Governors acting as staff network buddies
- interactions with staff at events throughout the year, including Meet the Governors sessions
- holding Board meetings in subsidiaries’ offices, with opportunities to engage with staff and partners on site
- Board champions on safeguarding, Speak Up and other areas

Board and Board Committee attendance (Governors)

Name	Role	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee	Investment Committee
		Attendance/ No. of Meetings: 8	Attendance/ No. of Meetings: 5	Attendance/ No. of Meetings: 4	Attendance/ No. of Meetings: 5	Attendance/ No. of Meetings: 5
Julia Gillard	Chair, Board of Governors	8/8	-	4/4	5/5	4/5
Fiona Powrie	Deputy Chair	8/8	-	4/4	4/5	-
Ijeoma Uchegbu	Governor	8/8	4/5	-	-	-
Amelia Fawcett ¹	Governor	8/8	5/5	-	5/5	-
Cilla Snowball	Governor	7/8	-	4/4	-	-
Richard Gillingwater	Governor	8/8	-	-	4/5	5/5
Elhadj As Sy	Governor	8/8	-	4/4	-	-
Gabriel Leung	Governor	7/8	-	-	-	2/5
Arup Chakraborty	Governor	8/8	5/5	-	-	-

Notes:

1. Term extended until 30 September 2023.

Board Committee attendance (other members)

Name	Role	Audit and Risk Committee Attendance/ No. of Meetings: 5	Investment Committee Attendance/ No. of Meetings: 5
Chris Jones	Audit & Risk Committee Member	5/5	-
Caroline Wehrle ²	Audit & Risk Committee Member	4/4	-
Tracey Blackwell	Investment Committee Member	-	4/5
Stefan Dunatov	Investment Committee Member	-	5/5
Martin Halusa	Investment Committee Member	-	5/5
Cressida Hogg	Investment Committee Member	-	5/5
Girish Reddy	Investment Committee Member	-	4/5
Jeremy Farrar ³	Investment Committee Member	-	2/2
Lisha Patel	Investment Committee Member	-	5/5
Fabian Thehos	Investment Committee Member	-	4/5
Nick Moakes	Investment Committee Member	-	5/5
Karen Chadwick ⁴	Investment Committee Member	-	3/3
Paul Schreier	Investment Committee Member	-	3/3

Notes:

2. Joined 1 December 2022. 3. Until 24 February 2023. 4. Joined 25 February 2023

Funding disclosures

Grants

The following Governors had appointments with or supervised individuals within organisations which were in receipt of Wellcome grant funding during the year:

- **Fiona Powrie** – Professor at University of Oxford; member of the board of directors of Wellcome Leap, Inc, a subsidiary of the Wellcome Group
- **Cilla Snowball** – member of the board of directors of Genome Research Limited, a subsidiary of the Wellcome Group

- **Ijeoma Uchegbu** – Professor of Pharmaceutical Nanoscience at University College London

Paul Schreier, our interim CEO, is a member of the board of directors of Wellcome Leap, Inc, Genome Research Limited, and the Francis Crick Institute, which receive Wellcome grants.

The following Governors did not hold Wellcome grants or supervise individuals with Wellcome grants, but had an interest in an organisation that was in receipt of Wellcome funding during the year:

- **Arup Chakraborty** – Professor at Massachusetts Institute of Technology; member of the advisory board of the Department of Chemical and Biomolecular Engineering, University of Delaware
- **Amelia Fawcett** – Chair, Royal Botanic Gardens Kew
- **Julia Gillard** – Chair of the Global Institute for Women's Leadership at King's College London
- **Gabriel Leung** – Deputy Chair of the International Selection Panel for Biomedical Research Centres, UK National Institute for Health Research; member of the US National Academy of Medicine
- **Cilla Snowball** – council member of the University of Birmingham
- **Elhadj As Sy** – member of the World Health Organization's Independent Oversight Committee, Health Emergencies

These appointments do not create a related party transaction as they do not exercise significant influence over those organisations. Measures are taken to ensure that Governors with Wellcome grants do not participate in Wellcome matters relating to the organisation that they have a Wellcome grant with, to ensure there are no conflicts of interest in Wellcome decisions.

Other funding types

The following Governors had appointments with organisations that received Wellcome funding other than grants during the year:

- **Julia Gillard** – Patron at the John Curtin Prime Ministerial Library, Curtin University
- **Fiona Powrie** – Immunology Scientific Advisory Board member, GSK

These are not considered to be related party transactions as the roles are advisory and do not influence the organisation's decision-making. Our conflicts of interest policy ensures that Governors do not participate in decisions where there is a potential conflict of interest between Wellcome and a Governor's external appointment.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently

- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the charity and financial information included on Wellcome's website: [wellcome.org](https://www.wellcome.org).

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee Report on pages 101-104, and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Statement of disclosure of information to auditor

Each Governor in office at the date of approving this report confirms that: So far as the Governor is aware, there is no relevant audit information of which Wellcome's auditor are unaware; and each Governor has taken all the steps that ought to have been taken as a Governor in order to make themselves aware of any relevant audit information and to establish that the Wellcome's auditor are aware of that information.

Grant-making procedures and policies

Grants are a core mechanism to deliver our strategy, and our grant-making procedures and policies support our status as a public benefit entity.

Most grants are funded through established schemes aligned with our strategy, which have specific open criteria. The majority of our response-mode awards are made through higher education organisations in the UK, Ireland and lower- and middle-income countries. We also award some grants to achieve strategic objectives where country and organisation eligibility may be broader.

The Board of Governors has delegated approval of grant awards under our strategy of up to £50 million to the CEO (previously Director), but has retained approval of awards above £50 million or that, for example, have the potential for material adverse impact on Wellcome's reputation.

All grant applications undergo due diligence. Proportionate due diligence is carried out on awards and recipient organisations commensurate with the level of risk and amount to be awarded, covering legal, operational and financial risks. We ensure that the resources requested are appropriate for the proposed activities, and awards are made following the advice of expert external peer reviewers. Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our strategy and to compare our data with that of other funders.

Our grant terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying, harassment, abuse and other harms, research misconduct, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements. We operate a conflicts of interest policy covering applicants, expert external reviewers and staff, including Governors. A new environmental sustainability policy will be launched in 2024.

Sanctions may be taken against grantholders or organisations if they are in breach of our terms and conditions. These range from a letter clarifying our expectations to withholding payments, terminating active grants or barring funding applications to Wellcome for a specified time.

Between October 2022 and September 2023, we imposed sanctions against five individuals where allegations were upheld, four of which related to bullying, harassment, abuse or harm, and one to research misconduct. The sanctions included barring respondents from applying to Wellcome for a period of time and completion of mandatory training. We also temporarily sanctioned two organisations due to non-compliance in providing information. During the sanction period, the organisations were not able to apply for Wellcome funding.

Details of how to apply for grants are available on wellcome.org.

Organisational ethics and compliance

To achieve Wellcome's mission, our staff must continue to uphold the highest standards of conduct and integrity, work together, enhance public trust and earn the respect of our external partners.

This year, we have continued to focus on developing our risk and integrity culture, with a clear focus on our risk and controls environment. We implemented a programme to improve our risk and controls systems, and to support understanding of how risk management supports delivery of our mission.

We have developed risk and controls self-assessments across the organisation, as well as a Controls and Risk System to bring them together. RCSAs have been completed by 7/11 departments and the remainder are on track to be completed in mid-2024. To ensure consistency, these are being facilitated by PwC.

We have developed risk-focused digital learning for staff, including a module for risk and controls owners. Our objective has been to drive a positive risk culture in which risk management is not seen as a constraint but rather the basis for confidently making risk-aware decisions.

Our work in ethics, governance and compliance was cited by the Committee for Standards in Public Life as an example of best practice, and Lord Evans joined an all-staff session at Wellcome to discuss the importance of ethical standards. This year, we have developed our bullying and harassment policy in relation to grants to include other types of harm, ensuring that we appropriately manage our safeguarding responsibilities. Our latest modern slavery statement is available at wellcome.org.

We continue to develop partnerships with expert organisations to help shape our policy environment, practices and communications, including Unseen UK (modern slavery and human trafficking), Protect (Speak Up) and the Funder Safeguarding Collaborative (safeguarding). Members of our team were shortlisted for Unseen UK's Star Award and won Vault's Integrity Innovator award.

We have improved our compliance monitoring and testing processes, including the development of a prototype dashboard. We are developing organisation-wide compliance standards, with a view to implementing an effective system for managing good practice standards and requirements, and aim to pilot this in 2024.

Stakeholder engagement and s172(1) statement

Stakeholder engagement supports Wellcome's strategic ambitions and informs the decisions of our Board.

We aspire to use best practice for stakeholder engagement under the Companies Act 2006 s.172(1), the UK Corporate Governance Code, and the Charity Governance Code. Cilla Snowball is the designated Board lead for stakeholder engagement, and the Nominations and Governance Committee has responsibility for oversight and development of this activity.

Why we value stakeholder engagement

Wellcome is an independent foundation but we do not work in isolation. To achieve our mission, we need to act collaboratively. We want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world. Without engaging our stakeholders, our potential for impact in such a large ecosystem is limited.

Our success depends on our ability to build and maintain relationships with a range of people:

- As a funder, we rely on the work of those we support to deliver our mission.
- A deep understanding of the needs, context and values of our stakeholders ensures we are focusing our effort and resources on the needs and priorities of those most affected by health challenges.

- Collective problems require collective solutions. Developing reciprocal relationships empowers all parties to achieve their goals.
- To achieve our goals, we need to be challenged and be able to challenge others. This relies on fostering an environment where every stakeholder feels comfortable giving and receiving feedback and sharing ideas.

In recent years, we have significantly evolved our strategy and ways of working. We are now increasing our focus on external stakeholder relationships to help deliver our strategy.

Employees

Our employees' knowledge, skills, experiences, and understanding of our strategy are critical to delivering our mission. We aim to create a safe, motivating and inclusive working environment that enables employees to be themselves at work and understand how their work supports Wellcome's strategy. This includes development opportunities, wellbeing support, and space to share their experience of working at Wellcome.

Engaging with impact

- The Board engages with employees in a variety of ways, including through the Board buddy system, where a Governor is partnered with each staff network.

- Our staff forum, Wellcome Exchange, enables employee ideas and concerns to inform thinking, planning and decision-making by leadership.
 - This year, in response to staff feedback, Wellcome Exchange has strengthened its role at the heart of Wellcome's architecture for employee voice.
- We collect and listen to feedback from employees during recruitment, through personal development reviews and at exit interviews. Governors review this feedback, along with other key metrics in our People dashboards.
- The Board and Executive Leadership Team share information on key decisions through our intranet, staff meetings and events, providing space for employee engagement on operational and strategic decisions.
 - This year, employee perspectives directly informed the development of Wellcome's beliefs and values (see page 82).
- Leadership supports employees to understand their contribution to the strategy by setting shared organisational priorities, objectives and annual delivery plans.
- Representation on committees, such as employee directors on the Executive Leadership Team and employee members of the Equity, Diversity and Inclusion sub-committee, provides another mechanism for employee perspectives to inform decision-making.

Research communities

At the heart of our mission is supporting researchers to make breakthroughs, discoveries and innovations that lead to new knowledge and improve health while contributing to a positive, productive and inclusive research culture. We strive to engage with an ever-broader range of researchers, universities and other institutions to help shape and deliver our strategic goals.

To decide whether to apply for funding or work with us in other ways, researchers and institutions need us to explain our strategy and processes clearly. Over the next year, we will seek more opportunities to communicate our strategy and listen to the views of researchers to inform future decisions.

Engaging with impact

- We engage with researchers through multiple channels, sharing information to help them understand our strategy and processes so they can apply for funding, access resources such as Wellcome Collection, and engage in the wide range of activities and opportunities Wellcome offers.
 - In response to feedback about a lack of understanding of our Discovery Research schemes, we held events and webinars to build understanding of our strategy and funding offer and how it can be accessed by different communities. This involved eight events across the UK attended by 1,400 researchers, and webinars for researchers in Africa, Asia and Latin America, which were attended by 2,448 people in 118 countries.
 - We presented our Climate and Health strategy to research, policy and practitioner audiences at the Prince Mahidol Award Conference in Thailand in January, and at the Africa Health Agenda International Conference in Rwanda in March.

- We regularly meet and convene members of the research community to discuss ideas and develop impactful new initiatives together.
 - A Mental Health Award funding call this year, for research to understand how anxiety- and trauma-related problems develop, persist and resolve, was directly shaped through workshops, report commissions and interviews with neuroscientists and clinicians in 11 countries.
 - We hosted workshops in Ethiopia, India and Brazil to better understand researchers' priorities to address the threat of escalating IDs in their local communities (see page 20).
- Wellcome's funding decisions are routinely informed by expert reviewers and committees, and we regularly seek feedback from our committees to assess and evolve our funding approaches.
- We visit research organisations we fund to enrich our understanding of their environment, how they work, and how we can best support their ambitions as we form deeper, trusted relationships.
 - In July 2023, Wellcome's Chief Research Programmes Officer and Director of Infectious Disease visited the Malawi Liverpool Wellcome clinical research programme (MLW) and the KEMRI-Wellcome Trust Research Programme in Kenya (KWTRP). They met staff and community partners to learn about their research priorities: tuberculosis, HIV and cryptococcal meningitis in MLW, and Covid-19, yellow fever and critical care at KWTRP.

Partner organisations

Partnering with aligned organisations across the global research, health, cultural and public policy ecosystems allows us to combine our resources, capabilities and reach. Creating inclusive and effective partnerships requires a mutual understanding of each other's strategic goals, values, capabilities and resources, which takes time and commitment.

Engaging with impact

- We engage with strategic partners to develop joint plans on shared priorities, meeting regularly across levels of seniority to co-develop ideas that can achieve impact at scale and with speed.
 - We partnered with the World Health Organization and Amref Health Africa to support efforts to build global and regional climate and health research agendas, training and network building, and increasing health influence in the United Nations Framework Convention on Climate Change negotiations.
 - Through our longstanding partnership with the Bill and Melinda Gates Foundation, we are co-funding a phase 3 clinical trial of a vaccine candidate for tuberculosis (see page 20).
- We co-develop and deliver events and exhibitions with a range of partners, enabling visitors to explore and connect with different experiences of health.
 - Wellcome Collection, our Hub residents and external collaborators curated the Land Body Ecology (LBE) Festival in June 2023, a four day event involving workshops, talks, films, discussions and performances. Programming decisions and delivery were balanced between Wellcome Collection and the representatives of the indigenous communities who make up the LBE Hub. Visitors commented on how refreshing it was for the debate to be led by communities, with Wellcome Collection present and supportive without dominating the agenda.

Investment community

Investing in companies, managers and assets that maintain a strong licence-to-operate is central to our investment philosophy. Our engagements focus on influencing management teams to manage their material risks and opportunities to enhance the asset's licence-to-operate more effectively and therefore improve long-term return potential.

We believe the best engagements are collaborative dialogues that we can learn from.

The companies, funds and managers of assets we invest in need to understand the requirements of their stakeholders, for example the communities impacted by property and development activities. As a long-term investor, we seek to provide a differentiated perspective from other market players, who often focus on shorter term issues.

Engaging with impact

Methods for engagement vary by asset class and by asset. Examples include our net zero activities (see pages 50–54) as well as:

- Meetings with senior management, board members, sustainability teams, Investor Relations, and other company representatives.
- Written communication including emails and formal letters.
- Voting – Wellcome has influence, to varying degrees, through positions as a shareholder and through representation on advisory committees and company boards.
- Collaboration with industry bodies and partners (such as other shareholders and industry groups), which may be through written communications, meetings or collaborative platforms.
- Joining engagement-focused campaigns or action groups.
- Public statements.

Governments and policy makers

We want to support governments and policy makers to use research evidence in decision-making, support investment in science, and improve how science is done and used to solve health challenges. Such evidence must be compelling and timely to inform decisions, and help to enhance national and scientific performance.

Engaging with impact

- We build trusted partnerships, relationships and networks to enrich our understanding of the needs, priorities and cultural contexts of key policy makers and governments.
 - Wellcome staff regularly attend conferences and meetings to hear directly from local policy makers and governments. This year, that included attending the African Health Agenda International Conference as an opportunity to engage with, listen to and learn from African partners.
- We shape, attend and advocate at key external events and meetings to encourage policy makers and governments to support and advocate for our shared goals.
 - Through participating in a steering committee convened by the COP28 hosts, the United Arab Emirates, we directly shaped the focus of a high-profile Health Day on 3 December 2023, showcasing the need for increasing investment in climate action to protect health.
- We convene expert stakeholders to understand the evidence base underpinning issues, solve problems together and develop ambitious policy ideas and solutions to address shared challenges.
 - See page 82 for more on our work to transform the infectious disease R&D ecosystem.

Suppliers

To deliver our strategy, we use goods and services from third-party suppliers such as advisors, consultants, research groups and advisory bodies, research ethics and oversight bodies, artists, and more. We work with suppliers to make sure they deliver good value and expertise to enable Wellcome's work, as well as prioritising environmental and social factors – our aim is to demonstrate fairness and value in how we work with others to deliver our mission. In turn, suppliers need to know what we are asking of them and how we can best work together.

Engaging with impact

- We have a supplier relationship management programme through which our procurement team support the management of key strategic contracts and ensure robust processes where they cannot directly support colleagues. Shared approaches and guidelines ensure suppliers know what to expect when working with us.
 - This year we reviewed and updated our procurement processes to better embed equity, diversity and inclusion and ensure we are being anti-racist in our approach.
 - We also worked with suppliers to help set an ambitious 2030 net zero target for our scope 1 and 2 carbon emissions (see page 51).

People with lived experience of health challenges

People and communities affected by health challenges have expert knowledge and understanding of challenges and potential solutions. To solve the urgent health challenges facing everyone, we need to include this expertise meaningfully in our thinking and decisions, in the research we fund, and in the ways we engage with others to drive change.

Wellcome and others we work with need to take the time to understand the varying needs and priorities of people with lived experience of health challenges. We want to create long-term reciprocal and sustainable routes to collaboration in research, anchored in local contexts. We must explain the impact we aim to have, so people and communities can relate our work to their experiences.

Engaging with impact

- We build our research agendas and projects together with communities to ensure our decision-making is informed by context. Some of the mechanisms we use are focus groups, advisory networks, and early engagement and deliberation.
 - The exhibition *In Plain Sight* (see page 34) was developed in consultation with blind and partially sighted people. An evaluation highlighted several additional measures Wellcome Collection could adopt to continue to build on the accessibility of our exhibitions.

- We engage with communities and people affected by health challenges to support them to lead data collection and analysis, engage in research, and embed research within communities so that the impact is sustained over time.
- Wellcome employs lived experience consultants in our Mental Health programme to embed lived experience expertise in the work we do, the work we fund, and the field of mental health science.
 - Wellcome's Mental Health Data Prize (see page 24) involved collaboration with Wellcome's consultants, the creation of a Youth Advisory Network comprising young people with experience of anxiety and depression in the UK and South Africa, and convening communities of practice to share and discuss learnings about lived experience involvement.
- We work with our programmes in Africa and Asia to ensure they have the resources and infrastructure they need to work with their local communities.

Public audiences

Everyone has an interest in the health issues that Wellcome works on. As a foundation accountable to society, we must be transparent in our aims and how we are delivering against them. Our public-facing activities, particularly at Wellcome Collection, must be accessible to as many people as possible to contribute to a world where everyone's experience of health matters.

Engaging with impact

- Through Wellcome Collection (see page 34), we provide opportunities for everyone to contribute towards a healthier future. Our free museum, library, events, collections and online offer are open to all to engage with and explore different experiences of health.
- We tell inspiring stories of researchers, scientists and communities changing the world through our digital channels, media coverage and podcast.
 - Our podcast – *When Science Finds a Way* – received 19,700 listens between its launch in July 2023 and 6 December 2023.

Case Study:

Co-creating our core brand with staff

This year, we identified a core set of beliefs and values (see page 9) to strengthen our culture and strategic choices.

First, the project team reviewed more than 40 existing internal and external documents to identify common themes and develop early drafts of what our beliefs and values might look like. For our beliefs, 59 colleagues were then involved in interviews and discussions, mostly people from our Executive Leadership Team and Senior Leadership Team who were core to our strategy development. We created a working group of eight senior leaders, representing different parts of the organisation, to decide how to develop the beliefs to represent the breadth of Wellcome's work.

For our values, 143 staff from every level of seniority were engaged through interviews, group sessions, events, surveys, away days and workshops. We provided different formats to review and feed into our beliefs and values, engaged with Wellcome's staff networks, and used our intranet and hybrid meetings to reach people not in the London office.

Feedback highlighted the need to move towards taking measured risks (incorporated in the Brave value), and the duty to take on challenges others aren't (incorporated in Belief 5). It also showed how much we were living the values already, and the steps we needed to take to make the beliefs and values a reality. Regular communication with all staff has continued to explain these new concepts and provide support to embed them into our daily work. This includes all-staff events, articles, and training and coaching.

The launch of our values enabled an equally collaborative approach to identify associated behaviours, with the purpose of galvanising us to deliver our mission. Over 1,150 pieces of feedback and advice from a range of Wellcome colleagues fed in to two new internal tools to support recruitment, learning and development, succession planning, and recognising contribution:

- **Employee profile:** Behaviours that enable everyone to succeed at Wellcome, including expectations for employees.
- **Leader profile:** Behaviours that enable leaders to exhibit and role model the culture we want at Wellcome to deliver our mission and strategy in line with our beliefs and values.

Case Study:

Transforming the infectious disease R&D ecosystem – a global conversation

Wellcome wants to help reduce the burden of infectious diseases in the world. To support this, we are developing a vision for a reformed infectious disease research and development (R&D) ecosystem that is more effective, sustainable and equitable.

The current system is fundamentally not meeting the needs of those most affected by infectious diseases, and change is urgently needed to tackle imbalances of power and resourcing that cause inequities.

In May 2023 we published a discussion paper that outlined key issues for the R&D ecosystem and potential mechanisms for change. This paper served as the basis of a broad and inclusive listening exercise, focused on tangible and practical solutions and the policy and advocacy actions needed to achieve them. For our vision to accurately reflect all the challenges that stakeholders face, and to have legitimacy for those who have a role in delivering it, we worked with CoLab International, a partner with specific expertise in delivering inclusive online workshops.

The listening exercise included:

- Nine online workshops that reached over 350 people from 40 countries, including thematic sessions and 'deep dives' focusing on Africa and Asia.
- Written submissions from 31 organisations and individuals.
- Meetings with multilateral agencies such as the World Health Organization, governments, researchers, civil society organisations and the pharmaceutical sector.
- Engagement at events at the Mo Ibrahim Foundation Governance weekend, the World Health Assembly, and BIO Convention.

Our final vision for the infectious disease R&D ecosystem is due to be published in early 2024. This vision will guide Wellcome's policy influencing and advocacy work in this space over the next few years. While we cannot include every perspective shared with us, our vision will be stronger and have greater legitimacy as a result of the listening exercise, and therefore be more appropriate and persuasive.

Engaging with a broad range of stakeholders was essential but challenging. Designing workshops with inclusion and equity in mind requires time and effort, which was difficult within the tight timelines. We underestimated the challenge of reaching stakeholders in countries where English is not the main language, learning that Wellcome doesn't have a significant presence in these countries. In future, we would seek to work directly with local partners to co-host regional sessions, as there is no substitute for knowledge of the local context and connections to relevant stakeholders.

Our S172(1) statement

When making decisions, boards should be able to evidence how they have engaged with their key stakeholders and had regard for their views and the wider s172(1) factors. As a charity, Wellcome also needs to ensure we carry out our purpose for the public benefit.

Wellcome’s Board of Governors confirms that it has acted in a manner consistent with our purpose and values to further the objects of Wellcome for public benefit and having due regard to the factors set out in s172(1), including:

- **Public benefit:** carrying out our charity’s purpose for the public benefit.
- **Long-term impact:** the likely consequences of any decision in the long-term.
- **Employees:** the interests of our employees.
- **Fostering relationships:** the need for us to build and sustain business relationships with suppliers and others.
- **Community and environment impact:** the impact of our operations on the world around us.
- **Reputation:** maintaining a reputation for high standards of business conduct.

How Governors have had regard to the s172(1) factors in their principal decisions

Board decision	Governors’ consideration of factors under s172(1)	
Setting our 2030 net zero target for scope 1 and 2 emissions	• Community and environmental impact • Long-term impact • Reputation • Fostering relationships	The Board approved a target of reaching net zero for carbon emissions from our UK charitable operations by 2030 (scope 1 and 2). The Board agreed that as a responsible organisation with a strategic Climate and Health programme, Wellcome has a duty to go further and work faster to meet our sustainability goals. Approval of the net zero target was informed by a careful consideration of the impact of our operations on communities and the environment, and engagement with local organisations and working with suppliers to understand what is possible in decarbonising our buildings. Our net zero objectives will rely on us working alongside key partners to meet those goals.
Renewals of Africa and Asia Programmes	• Public benefit • Long-term impact • Fostering relationships	The Board approved renewals to two of our Africa and Asia Programmes (AAPs; see page 15). Working with our AAPs is a core way in which we maximise impact towards our strategic goals, supporting locally led, context-specific research which informs national policy and global action. We deploy a two-way ‘strategic engagement’ approach with the AAPs, providing opportunities to optimise alignment with Wellcome while recognising the need for AAPs to respond to local and regional priorities. The partnership approach enables regular discussion and action towards a positive research culture across different contexts.

How Governors have had regard to the s172(1) factors in their principal decisions (continued)

Board decision	Governors' consideration of factors under s172(1)	
Approval of an expansion to the Wellcome Genome Campus in Hinxton, Cambridgeshire	• Public benefit • Long-term impact	The Board approved significant investment into an expansion of the Wellcome Genome Campus through our investment portfolio. The investment will see a tripling in the size of the campus to deliver new research spaces for the Wellcome Sanger Institute and new organisations, over 1,000 new homes, new community spaces, shops, and a school alongside improved transport infrastructure. The investment will generate a return to fund Wellcome's mission in the long term alongside creating significant benefits for life sciences.
	• Community and environmental impact • Fostering relationships	The campus expansion has ambitious environmental plans and aims to be net zero in operation, increasing publicly accessible green space and improving biodiversity. Development of the proposal involved extensive consultation with local communities and businesses which helped to shape the final expansion. This local engagement will continue through the delivery phases of the development. As part of the development Wellcome will also be supporting local employment and community facilities.
Approval of Wellcome's beliefs and values	• Public benefit • Reputation • Employees	The Board approved our new shared beliefs and values which are a fundamental addition to our collective understanding of what Wellcome does (our mission), why (our beliefs) and how (our values), which will help us achieve our mission more effectively. Together they create common expectations that guide philosophy, decisions, policies, strategies, behaviours and leadership style, enabling engagement, a healthy culture and consistent actions and experiences for employees and those we work with. Wellcome staff were engaged in the process to develop the beliefs and values through surveys, interviews and workshops which helped inform the final set of beliefs and values.

Risk management

Wellcome's risk management is maturing. We aim to have a comprehensive and integrated risk culture with a framework to anticipate, identify, prioritise, manage and monitor risks impacting our organisation and support decision-making so that we deliver our mission.

Risk governance

The Board of Governors is ultimately responsible for the oversight of Wellcome's risk management systems, which is exercised through the Audit and Risk Committee. Key roles and responsibilities are set out in the risk management policy.

Risk appetite

Risk appetite is the level of risk we are willing to take to achieve our mission and strategic objectives.

Wellcome's desired risk profile is explicitly considered in all key decisions, aligned to the strategic focus and the risk/reward balance desired by the Board.

Throughout the year the risk appetite has continued to be refined in more detail; however the overall risk appetite for the organisation remains unchanged.

We express our risk appetite in five levels of willingness to take risks: Very Low, Low, Medium, High, and Very High.

- We have a high level of risk appetite in respect of investment performance and risk, and a low appetite for investment operations, legal, counterparty and credit risk and liquidity risks.
- We have a medium-to-high risk appetite in respect of funding activities – we are willing to support ambitious science while promoting positive research culture in the organisations we fund.
- A medium risk appetite has been set for our reputation. We are willing to take considered risks promoting our activities where it supports the delivery of our mission. We are willing to express our views, backed by transparency of rationale and interaction with the communities we support.
- Wellcome has a very low risk appetite in respect to safeguarding the health and safety of our people; the public; breaches of legal, contractual and regulatory requirements; financial obligations; and information security. We have a low risk appetite in the provision of sustainable and robust operational support to the delivery of our mission.

Risk management and control

Wellcome operates a “three lines” approach to risk management and controls.

First line – internal controls

Management is responsible for risk management and execution of internal controls. Wellcome's internal controls system provides the Board with reasonable assurance that the organisation is operating within the desired risk appetite, and that the opportunity for a material misstatement or loss is minimised.

Department leads and risk owners regularly review controls and their effectiveness. ELT review internal operational and financial controls annually and confirm the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors.

The Board and ELT review regular financial reporting, monitoring actual activity against forecast, investment performance and risk reports. The Investment Committee reviews regular investment performance and risk reports.

The Board, ELT and the Audit and Risk Committee review reporting on the effectiveness of the controls environment.

Second Line – risk management framework

Wellcome aims to operate a comprehensive risk management framework that is applied consistently at all layers of the organisation and the components are:

- Risk appetite
- Corporate risks review
- Risk & Control self-assessments
- Risk Events (to be implemented in 2024)
- Wellcome's culture

In order to assess and prioritise risks, the impacts and likelihoods are scored using a standardised risk assessment matrix.

Risks are assessed at both the current level (taking into account the effectiveness of existing preventative and mitigating controls) as well as the target level (the level of risk assuming all planned actions are completed).

Key corporate risks (see pages 88-90) are consolidated in the Corporate Risk Register. The ELT, the Audit and Risk Committee and the Board of Governors periodically review corporate and emerging risks and challenge the risk trend as well as the adequacy and progress of the treatment plan of these risks.

Third line – internal audit

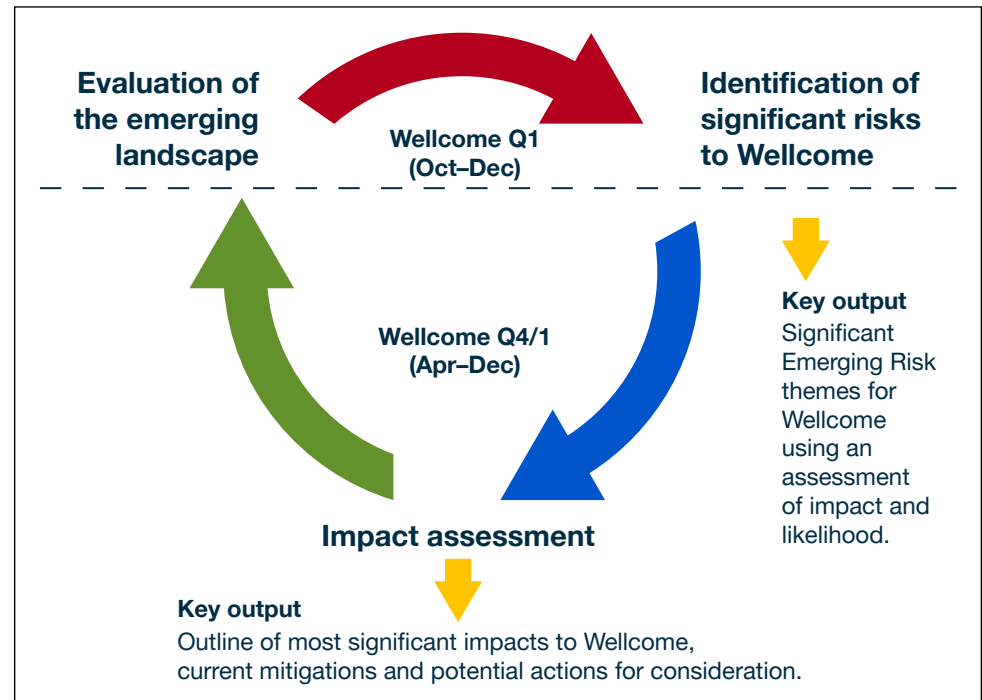
Wellcome has an in-house Internal Audit function. Co-source internal audit partners provide specialist skills to supplement the in-house team.

Internal audits are performed according to a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee, who also monitor delivery of the plan. The External Quality Assessment of Wellcome's Internal Audit department awarded the team their highest rating and highlighted the team's market-leading dedication to excellence and the highest professional and regulatory standards.

An internal audit opinion is presented to the Audit and Risk Committee annually. In December 2023, the opinion concluded that there have been improvements in risk and control awareness within Wellcome, especially in the first line and overall, the control environment continued to mature.

Emerging and long-term risks

As part of the risk management framework we review emerging and long-term risks facing the organisation. The approach used aligns with Wellcome's current risk maturity level, looking at impact and likelihood:



The global emerging risk landscape was evaluated using external sources and potential significant risks identified. The process involves the ELT, Audit and Risk Committee and the Board of Governors with the goal of considering how they might impact the organisation, mission and endowment.

Our subsidiaries

Wellcome's subsidiaries take responsibility for risk management within their respective entities.

The board of each entity includes appropriate representation from Wellcome and is responsible for ensuring that the entity has an appropriate balance between risk and reward, and an appropriate risk management culture. Wellcome exercises its oversight by sending a representative to the Audit Committee or Audit and Risk Committee of each operating subsidiary, as well as having a report submitted to our Audit and Risk Committee.

Emerging risks

Emerging risk themes	Potential impact on Wellcome
Changes to the global geopolitical landscape	Wellcome may be unable to gain sufficient return on investments, experience a loss in the capital value of the endowment or have a reduced ability to liquidate or repatriate assets which may impact our strategic funding goals. The global research environment may be impacted by a changing global power dynamic and Wellcome may need to adapt to a changing legal landscape and experience operational challenges.
Economic instability	Wellcome's investment portfolio may not produce the required returns to fund the charitable mission and support internal operations in a stressed market environment.
Technological and scientific developments	Changes in business operational models and market dynamics may impact the ability to deliver the required returns from the investment portfolio. Further investigation into the evolving risks associated with artificial intelligence is warranted to better address the potential challenges and opportunities for Wellcome. Wellcome may observe fast-paced technological advancement in scientific research as well as Wellcome's operational landscape and need to adapt to changes in the legal landscape.
Pandemics	Wellcome may experience a loss in the capital value of the endowment or have a reduced short-term ability to fund strategic goals. Wellcome may also experience operational challenges and have to consider changes to strategic priorities.
Climate change and natural resources	Wellcome may need to amend the scope and scale of the charitable mission and experience operational challenges for both us and our partners.
Social changes	Changes to how society views science and charitable foundations may impact how Wellcome operates.
Changing regulatory landscape	Regulatory change may have wide-ranging implications to Wellcome's operational processes, governance arrangements, financial position and funded research.
Changing demographics	Wellcome may observe demographic changes to funded research communities or communities affected by health challenges that require us to adapt our approach for our strategy to be successful. Changing demographics may impact the structure of Wellcome's workforce.

Two corporate risks from 2022 were removed as all planned measures to mitigate these risks were implemented.

Organisational design

Wellcome has been through the implementation programme for the new organisational design: this is planned to take place in 2024 for Wellcome Collection.

Inflation

The risk to the investment portfolio is managed as part of ongoing management of the endowment. In addition, Wellcome's inflation policy has been reviewed and an employee support package was implemented.

Key risks

⬇ Risk decreasing ⬆ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	2023 Description	2023 Mitigating Actions
Investments		
Investment portfolio 	The risk of failure to support Wellcome's desired level of charitable spend, which may occur through one or more of: a failure to deliver the required long-term returns; a fall in the real value of the endowment (due to inflation); inadequate cashflow and liquidity; credit and counterparty defaults; climate change.	Mitigations in place: • A high-quality, well-resourced investment team actively managing the endowment • The portfolio is invested in a diversified range of assets with limits around asset allocation ranges and position sizes: refer to investment asset allocation Figure 6 on page 42 • A regular review of forecast cashflows and the liquidity profile of all investments • Credit and counterparty exposures are monitored with limits in place: refer to note 23 • Credit risk and Liquidity risk: see pages 180-181 • Net zero targets are considered as part of the licence to operate framework: refer to investments net zero strategy on pages 50-54 • Risk appetite has been set and is reported against • Clear guidelines enshrined in Investment Policy, which is regularly reviewed by Investment Committee and approved by Board of Governors Accountability: • Chief Investment Officer Oversight by: • Investment Committee • An independent Investment Risk function
Investment operations 	The risk that investment activities may not be supported effectively due to insufficient resources, a lack of succession planning and sub-optimal systems and processes.	Mitigations in place: • An Investment Systems and Processes project (ISPP) has now moved into implementation and has been separated into two distinct workstreams: - Project Dawn: the implementation of a private market and data integration platform. - Document management: centralisation and governance of investment documentation • Current processes and procedures have been documented spanning front office, investment operations and risk and performance functions Planned mitigations: • Strategic resourcing of the Investment function Accountability: • Chief Investment Officer Oversight by: • Audit and Risk Committee • Investment Committee

Key risks (continued)

⬇ Risk decreasing ⬅ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	2023 Description	2023 Mitigating Actions
Strategic		
Wellcome Collection 	The risk that the operationalisation of Wellcome Collection's new strategy is not implemented in a way that enhances the alignment of Wellcome Collection's strategic aims to Wellcome's mission.	Mitigations in place: • A programme team is in place to develop and manage delivery of operational change • Regular reviews of business-as-usual activities • Embedded access, diversity and inclusion principles and inclusion assessment tool in programme governance processes and decision-making • Phased communication plan devised and revised as timeline develops • Wellbeing resources communicated and change management training in place Planned mitigations: • Delivery of all outlined operational changes Accountability: • Director of Wellcome Collection Oversight by: • Chief Executive Officer • Board of Governors
Environmental, Social and Governance (ESG)	There is a risk that Wellcome may not keep pace with changes to societal expectations and regulatory requirements.	Mitigations in place: • Wellcome has set a net zero goal of 2030 for scope 1 and 2 emissions generated by Wellcome's direct charitable operations and 2050 at the latest for the emissions relating to our investment portfolio • We have recruited a role in our senior leadership team with responsibility for embedding sustainability in Wellcome's practices, and set up an operational programme to become a more sustainable organisation Planned mitigations: • We are developing an ESG strategy for The Wellcome Trust Group as a whole – this comprises the Wellcome Trust plus our charitable and investments subsidiaries. This strategy will be informed by a materiality assessment Accountability: • Chief Operating Officer • Director of Corporate Affairs Oversight by: • Wellcome Trust Group ESG Committee • Board of Governors

Key risks (continued)

⬇ Risk decreasing ⬅ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	2023 Description	2023 Mitigating Actions
Operational		
Delivery of diversity and inclusion commitments 	There is a risk that delayed development and delivery of this programme may result in reduced staff morale, reduced ability to recruit and retain staff, delays achieving strategic objectives and have a negative reputational impact.	Mitigations in place: • Chief Equity, Diversity and Inclusion Officer appointed, started October 2023. • Subcommittee of ELT for Equity, Diversity and Inclusion (EDI) • Clearly defined strategy and activities that address internal commitments: refer to the Equity, Diversity and Inclusion goals on pages 63-64 • EDI policies published • Positive action principles and processes to support our funding activities Accountability: • EDI subcommittee of ELT Oversight by: • Board of Governors
Cyber security 	There is a risk that Wellcome is a potential target of malicious actors in a constantly evolving security threat landscape. The risk that security weaknesses in our technology systems may be exploited.	Mitigations in place: • Appropriate systems and processes are in place to manage external threats to Wellcome • A dedicated team of professionals monitoring the internal and external environment • Mandatory security awareness training in place for all staff, including regular simulated phishing testing • Continuous improvement of security tooling and processes is regularly assessed under audit Planned mitigations: • Implementation of Role-Based Access Control Accountability: • Chief Information Officer • Digital and Technology Audit and Governance Group Oversight by: • Audit and Risk Committee

Remuneration report

Wellcome remuneration policies and practices are designed to support and promote Wellcome's long-term success and delivery of our strategy, reward fairly and responsibly having regard to statutory and regulatory requirements, and align executive remuneration with Wellcome's values and the delivery of its long-term strategies.

Our remuneration principles:

- **Competitive and market-facing:** salaries are benchmarked using external market data appropriate to the sector in which people work. We use trusted providers to secure the pay data and advice required. Willis Towers Watson (WTW), QCG and UCEA provided salary benchmarking data. WTW also provided specific data and advice on the pay of our Executive Leadership Team (ELT), as did McLagan on the remuneration of our Investments Team. Furthermore, PwC advised us on the production of our gender and ethnicity pay gap data.
- **Performance-linked:** individual performance and behaviours are assessed for the award of bonuses during the annual pay review.
- **Transparent:** our pay policy (excluding Investment Team reward scheme) is openly communicated to staff. Our discretionary performance bonus scheme is open to all employees, except to the Investments Team which has a dedicated reward scheme and our early career programme.
- **Fair:** Benefits are generally the same for all colleagues irrespective of their seniority (except for annual leave) and can be accessed and managed through a portal that also provides a total reward statement. The Reward team run annual equal pay audits and report the findings to the ELT and the Remuneration Committee to ensure we do not discriminate or unintentionally create any equal pay issues. Gender and ethnicity pay gap data is also reviewed by ELT and the Remuneration Committee to inform decisions.

In the UK, we are a Real Living Wage Employer accredited by the Living Wage Foundation. Our Real Living Wage commitment means that everyone working at Wellcome receives at least the London Real Living Wage.

The Remuneration Committee

The Board of Governors appoints the Remuneration Committee, which is chaired by an independent Governor. The members are all Governors, all of whom are excluded from any discussion which affects their own pay (this is delegated by the Board to the Non-executive remuneration committee). The committee ensures that remuneration practices and policies support Wellcome's values, long-term sustainable success and facilitate the employment, motivation and retention of talented people.

The core responsibilities of the committee are to review and recommend to the Board key remuneration principles, the reward strategy and policies for remuneration of employees including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the ELT and other senior staff. It also reviews and recommends to the Board, the remuneration policies and framework for all staff including the Investment Team.

The Remuneration Committee Report (page 97) includes key decisions made by the Committee throughout the year.

Non-executive remuneration committee

A new non-executive remuneration committee made up of executives only was established by the Board to consider options to revisit the Governors' remuneration mechanism. This new committee ensures that Governors are not involved in decisions relating to their own pay.

Our remuneration governance framework

Board of Governors and the Remuneration Committee	The Board of Governors delegates certain matters to its Remuneration Committee.
Non-executive remuneration committee	Established by the Board of Governors to ensure that Governors are not involved in decisions relating to their own pay.
Remuneration policies	• Governors' remuneration – Wellcome Constitution and approval by the Charity Commission. • External board committee members – non-executive remuneration committee approves their remuneration. • General pay policy – applies to all staff except Investments Team. Approved by the Board under the Matters Reserved to the Board. • Investment remuneration framework – applies to the Investment Team. Approved by the Remuneration Committee.
Annual pay awards and bonus (and LTIP for Investment Team)	Remuneration Committee – reviews individual ELT and Investment Executive performance and remuneration. It also approves the pay award budget and the bonus percentage for each performance rating that applies to wider Wellcome staff, as well as the long-term incentive plans (LTIP) awards for the Investment Team.

Governors' remuneration Year to 30 September

	2023 £	2022 £
Julia Gillard (Chair)	142,108	142,108
Fiona Powrie (Deputy Chair from 1 January 2022)	106,581	97,699
Michael Ferguson (Deputy Chair until 31 December 2021)	-	26,645
Arup Chakraborty	71,054	71,054
Amelia Fawcett	71,054	71,054
Richard Gillingwater	71,054	71,054
Gabriel Leung	71,054	71,054
Cilla Snowball	71,054	71,054
Elhadj As Sy	71,054	71,054
Ijeoma Uchegbu	71,054	62,370
Total remuneration	746,067	755,146

Expenses in respect of accommodation, travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £224,361 (2022: £99,026) of which £219,101 (2022: £92,852) was paid directly by Wellcome, including Chair accommodation expenses of £48,000 (2022: £48,000), and £5,260 (2022: £54,174) was paid by the Governors and directly reimbursed to them.

The increase in the expenses paid this year was driven by increased travel and in-person meetings as well as additional Governors' training. Wellcome also paid to HMRC a settlement of £182,606 in respect of overseas governors' historical PAYE/NIC liabilities. No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2023.

Governor remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors. Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chair are up to 2 and 1.5 times the level of a Governor respectively. A review of Governor remuneration and the adjustment mechanism is underway, which will continue to ensure that Governors do not make decisions on their own remuneration. The Governors have not had an increase in remuneration since the 2016/17 financial year.

The Audit and Risk Committee and Investment Committee have independent external committee members (non-Governors) who are allowed to claim £10,000 per annum and £20,000 per annum, respectively, which some members may choose not to claim. A review of external committee members' remuneration is underway.

Executive remuneration

The remuneration of ELT members is set up in accordance with the pay policy which was introduced in 2020 and covers the entire organisation, with the exception of the Investment Team which has its own reward scheme. The policy states that Wellcome is a market-facing organisation. As such, each role is matched to a relevant role in a robust salary survey. A market range is created for each role, using the market median as the midpoint. Willis Towers Watson has been appointed as our adviser and data provider for our executive team. Each ELT role is matched to a survey role and factors such as organisation size and reporting lines are used to identify a suitable pay benchmark. Pay progression is based on the same criteria as for the rest of the organisation, using a grid combining position in the market range and performance. ELT members are eligible to the same bonus scheme as other employees. It is linked to performance ratings. A fixed bonus percentage is awarded for each performance rating. ELT members' performance is reviewed by the Remuneration Committee and bonus levels awarded on that basis. No executives are involved in making decisions on their own remuneration outcomes. The Remuneration Committee reviewed and agreed our approach to notice periods, which is being implemented across the organisation in a consistent way.

An assessment of ELT's progress against its 2022/23 objectives was communicated to all staff highlighting achievements and shortcomings. There was good progress made in the design of our four strategic programmes and the activities needed to deliver them, but it did not provide the leadership that Wellcome needed on the anti-racism programme. In response to this it developed an action plan and noted the critical importance of continuing to develop a culture at Wellcome that is needed to successfully deliver our strategy.

The Board approved three main ELT-wide objectives for 2022/23 (this is in addition to individual objectives for each ELT member to be agreed with the CEO or line manager). This year's objectives set out the progress we must make on our strategy, EDI programme, and culture throughout the year. And at the heart of these objectives are the commitments and milestones set out in the delivery plans for all areas of our work, across the four Programmes (Climate and Health, Discovery Research, Infectious Disease and Mental Health), and for each ELT team, and the ELT anti-racism action plan.

Investments team

The Investments team remuneration is based on the Investment reward scheme (which is separate to the wider Wellcome Pay Policy).

Wellcome manages the investment portfolio that underpins our charitable activities. The internal Investment team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals.

Members of the Investments team are remunerated through their base salary, supported by variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, for senior roles, long-term incentive plans. A long-term incentive plan is in place to ensure that the remuneration of the Investments team remains competitive and to encourage a long-term view. Awards are made annually based on investment returns and individual performance over a period of three to five years.

The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5b.

McLagan provided an asset management sector overview to benchmark pay and reward proposals for the Investment team to provide assurance that the pay and reward package was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Key management personnel

The key management personnel of the Wellcome Trust Group and Wellcome have been defined as the Board of Governors, ELT, and the Investment Executive, who are responsible for decision-making in respect of the investment portfolio. The roles and responsibilities of the Board of Governors and the ELT are discussed in the Structure and Governance section.

The total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above.

The remuneration of members of the ELT is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed below.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11d.

Remuneration of key management personnel Year to 30 September

	2023 £	2022 £
Governors	746,067	755,146
Director of Wellcome Trust	401,075	538,041
Interim CEO of Wellcome Trust	352,260	-
Executive Leadership Team (excluding Director, Interim CEO and Investment Executive)	2,842,106	2,973,610
Investment Executive	9,453,769	10,746,916
Employer pension contributions (for relevant staff)	219,460	324,062
	14,014,737	15,337,775

Summary of executive and staff remuneration

	Executive Leadership Team	Investment Executive	Investment staff	Wider staff
Salary	Annual pay reviews and awards take into account Wellcome’s performance against its strategy as well as individual performance against objectives. Our pay policy is designed to enable Wellcome to recruit, motivate and retain the people we need to deliver our mission, by offering a fair reward package that is competitive with the markets from which we draw talent.			
	Salaries are reviewed annually, and increases are aligned with the wider staff increases.	Salaries are reviewed annually, and increases are aligned with the wider asset management market.		Salaries are reviewed annually.
Benefits	All staff are eligible for a wide range of voluntary benefits to support their wellbeing.			
Financial wellbeing	A financial wellbeing programme is being rolled out to help staff with the cost-of-living increase. Life Assurance policy of eight times an employee’s salary, season-ticket loan, and Perkbox discounts. Individual and team recognition awards.			
Physical & mental wellbeing	Holiday allowance of 25 days (30 days for ELT), private medical insurance including gender dysphoria cover, remote GP service, on-site gym, physio, and cycle to work scheme. There is also an employee assistance programme, and mental health support through our network of mental health first aiders, and with Plumm and Thrive support, including therapy options. Occupational health and individual stress assessments to identify and support individuals with work-related and other stress. Group income protection scheme designed to provide income for staff unable to work until staff can return to work.			
Social & community wellbeing	Wellies, our social club, organises many events annually. There is an on-site bar, a choir, and an annual staff quiz. There are numerous active staff networks and groups.			
Pension	A defined contribution pension scheme where employees contribute 3% and Wellcome contributes 15% (of which employees can choose to get up to 10% as cash). Following closure of the Defined Benefit Pension plan, all employees (except for those who are in receipt of a pension allowance) are members of the Defined Contribution Pension Plan.			
Bonus	ELT members are eligible for the same bonus scheme as wider staff. It is linked to individual performance ratings.	Bonus determined by the Investment Reward Scheme. It is linked to performance.		Eligible for performance-based bonus, except for early-career programme.
Long-term incentive plan	Not eligible	Eligible	Certain senior roles only	Not eligible

Remuneration Committee Report

I am pleased to present our report for the year ended 30 September 2023.

At the end of September, we said goodbye to Amelia Fawcett, both as Governor and Chair of the Remuneration Committee and thanked her for her strong steering and leadership of the Committee, which has helped Wellcome improve how we value and reward our people.

This report summarises the work of the Committee over the past year in fulfilling our responsibilities to provide effective oversight of the remuneration of our employees, including policies and procedures.

Effective Committee governance

The membership of the Remuneration Committee is set out in the Reference and Administrative Details section (pages 186-187).

We said farewell to our Director, Sir Jeremy Farrar, who left Wellcome in February 2023 and welcomed Paul Schreier as Interim Chief Executive Officer to the Committee. The CEO, alongside the Director of People and Company Secretary, are not members of the Committee, but attend each meeting, save for discussions on their own performance and pay, for which they are excused.

The Committee discussed and reviewed its own responsibilities and also carried out a comparison between the work of the Committee and the requirements of the UK Corporate Governance Code 2018 in considering executive remuneration. The Committee reflected that it addresses the main factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture, and that Wellcome's policies and practices are consistent with those outlined in the Code.

During the year the Committee's focus was on:

Pay, reward and succession

The Committee monitored the ongoing embedding of the reward structure and processes including the continued focus on performance management.

The Committee discussed and agreed the performance outcomes and remuneration of the Executive Leadership Team (including interim appointments) and the Investment Executive and other senior members of the Investment Team. This included reviewing external benchmarking data and performance information (both individual and collective), including calibration information.

A new framework for our Investments team's remuneration including long-term incentives has been developed throughout the year, for which we engaged external expert advisors to align the new policy with external good practice. I am thankful to Committee members for their additional detailed work in supporting the development of this important new framework.

As part of the overall pay and reward process, the Committee has been mindful of the ongoing pressures on staff related to the increased cost of living, and in addition to scrutinising pay and reward, we were pleased to note the introduction of a financial resilience programme to help support employees.

Succession plans for ELT and senior positions were also discussed during the year. The Nomination and Governance Committee led for the Board on Chief Executive succession plans.

The Committee also considered options regarding our approach to remuneration of the Wellcome Trust Limited's Directors (as trustee of the Wellcome Trust). The current mechanism is no longer fit-for-purpose and we are exploring with the Charity Commission alternatives which align better with Wellcome's pay policy and external trends. The Committee recommended that the Board set up a Non-Executive Remuneration Committee to take this forward, so that Directors do not play any part in deciding their own remuneration and this work is now underway.

Recognition

The Committee, recognising that our employees' contribution is vital to helping achieve Wellcome's strategy and mission, has also had early discussions regarding our future approach to valuing, motivating and rewarding staff.

Pension governance

To ensure we have a clear pension management roadmap, maintain high-quality member services, legal compliance, effective governance and joined-up planning about our pension, the Committee approved Wellcome appointing an independent trustee firm to oversee our existing defined benefit and contribution pension schemes.

Committee meetings during the year

The Committee formally met five times during the year. After each meeting, the Board of Governors received a report on the key issues discussed.

Diana Noble will be taking over as Chair of the Committee from 2024, and I wish her every success. I would like to thank members of the Executive and their teams for their support during my time as Chair.



Cilla Snowball

Interim Chair of the Remuneration Committee
31 December 2023

Nominations and Governance Committee Report

As the Chair of the Nomination and Governance Committee (NGC), I am pleased to present our report for the year ended 30 September 2023.

The current membership of the Committee is set out in the Reference and Administrative Details section (pages 186-187).

Board skills, succession and recruitment

As part of its role in supporting the Board, the Committee considered in detail the Board's composition, size, structure and the balance of skills, experience and diversity, and reviewed the succession plan in place.

Since Amelia Fawcett's term as Governor at Wellcome was reaching its natural conclusion in October, we recommended the reappointment of three Governors for a second term, alongside the recruitment of two additional Governors – focusing on enhancing expertise in the areas of commercial property and investments. The Committee also approved the recruitment of a replacement external member for the Audit and Risk Committee, to provide external expert advice in the areas of finance, audit and risk management.

The Committee also established Committee Chair role profiles for the NGC and Investment Committee setting out the purpose and responsibilities of those roles.

Chief Executive recruitment

The Committee continued the ongoing process of our global search for a new Chief Executive Officer.

We are pleased to have made a successful recommendation to the Board for the appointment of John-Arne Røttingen, who will join Wellcome in January 2024.

Board effectiveness and governance review

Following the externally facilitated Board effectiveness review undertaken in 2022 the Committee reviewed the actions and progress made prior to the Board. Most actions are completed or underway, with some deferred until the appointment of the new CEO.

The Committee also streamlined our Governance arrangements with approval of the disbanding of the Emergency Committee following refreshed delegations and the reduction in risk from Covid.

Equity, diversity and inclusion (EDI)

The Committee was updated at every meeting on all of Wellcome's EDI work including progress on our organisational anti-racism action plan and the successful appointment of Wellcome's new Chief EDI Officer, Jimmy Volmink, with effect from October 2023.

Staff and stakeholder engagement

Cilla Snowball has continued in her role as the Committee's Stakeholder Champion and has been providing additional board oversight and challenge to the Executive to further embed our work on staff and stakeholder engagement. The Committee has maintained close links with staff and organisational culture through Cilla's board buddy role on

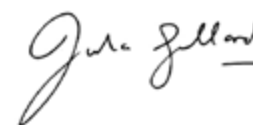
Wellcome Exchange and was pleased to note the future expanded role of the Exchange, which will include training and organisational support, and that it will become the main channel of employee engagement from January 2024.

The Committee has responsibility for oversight and development of stakeholder engagement and reviewed progress at the September meeting.

Further information about how we engage with our key stakeholders, including employees, research communities, partner organisations, the investor community, governments and policy makers, suppliers, people with lived experience of health challenges and public audiences is included as part of the stakeholder engagement statement in this year's Annual Report and Financial Statements. It was compiled with input from relevant colleagues across Wellcome, including the Executive Leadership Team and Cilla Snowball (as sponsor).

Committee meetings during the year

The Committee formally met four times during the year. After each Committee meeting, the Board of Governors receives a report on the key issues discussed.



Julia Gillard

Chair of the Nominations Committee
16 January 2024

Investment Committee Report

As the Chair of the Investment Committee, I am pleased to present our report for the year ended 30 September 2023. The Investment Committee's role is to act as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the work the Committee has done over the past year in fulfilling our responsibilities.

There have been no changes to the external membership of the Committee over the past year. There is an impressive depth and breadth of experience among our five external members, Stefan Dunatov, Tracy Blackwell, Martin Halusa, Cressida Hogg and Girish Reddy, which continues to enrich our discussions and is of great value. Among the internal members, Jeremy Farrar retired from the Committee having also retired from his role as Director of Wellcome. We thank him for his contributions to the Committee and to Wellcome as a whole. His input in providing expert advice to help steer the portfolio through difficult times during the Covid pandemic was invaluable to the Committee and the Investment Team.

Activities during the year

The Investment Committee held regular meetings in December 2022 and in March, May, and September 2023. An additional Committee meeting was held in January 2023. At each regular meeting, the Committee reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the rapidly changing macro-economic and geopolitical

environment. All meetings were held in person except the special January session, which took place virtually.

At the December 2022 meeting, the Committee made its annual consideration of the outlook for long-term returns and reviewed Wellcome's reporting currency in view of changes in the investment portfolio. It concluded that sterling reporting remained appropriate given that charitable spending remains predominantly GBP based. In September 2023 there was a review of the investment policy to reflect changes in delegated authorities and other governance arrangements. The risk framework was also reviewed and the distinction between first line risk management and second line risk oversight clarified in the policy. Equity beta was removed as a risk metric given the difficulty in calculating it reliably in a multi-asset portfolio.

In its oversight role, the Committee has over the year examined correlations and performance attribution; the framework used for operational due diligence; Internal Audit reviews of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing and succession planning of the investment team; operations, systems, and external partners; cash management and counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio.

Other topics of discussion during the year have included the Investment Executive's approach to ESG, which is based on an assessment of companies' and managers' "licence to operate";

a review of the net zero target for the portfolio and options for interim net zero targets in due course; a detailed review of the composition and performance of the property portfolio focusing on cash flows, illiquidity, and inflation protection characteristics; and a strategic discussion about portfolio construction. At the special meeting held in January 2023, the proposal to invest in the first phase expansion project of the Wellcome Genome Campus was reviewed in detail and recommended to the Board, where it was subsequently approved.

The Committee provided constructive challenge to the Investment Executive at each meeting, and members have also been generous with their time in providing additional input and advice between meetings. The Committee recognises that the investment environment continues to be exceptionally challenging and thanks the Investment team for their dedication and effort in navigating a difficult time. The Committee appreciates the level of transparency provided and the level of detail in formal and informal reporting, especially in highlighting areas where investment outcomes have not met expectations.



Richard Gillingwater
Chair of the Investment Committee
16 January 2024

Audit and Risk Committee Report

As the current Chair of the Audit and Risk Committee I am pleased to present our report for the year ended 30 September 2023.

At the end of September, we said farewell to Amelia Fawcett, who retired from the Board and her role as Chair of this Committee. I have taken on the role of Chair in the interim period to the end of December 2023. We thanked Amelia for her leadership of this Committee and the role she undertook championing a greater focus on controls and risk management around the organisation, which has greatly contributed to Wellcome's mission. We welcomed Jonathan Britton as our new external member on 1 October 2023, who adds his skills and experience to the Audit and Risk Committee.

Overview of the year

In 2022/23, the main activities of the Committee included oversight and monitoring of the following:

Internal audit

- The Internal Audit opinion on the control environment, which informs the actions included in the overall programme to mature the risk and control framework and embed Wellcome's new risk management framework.
- The results of the External Quality Assessment of Wellcome's Internal Audit department, which awarded the team their highest rating when measured against international professional standards: surpassed their peers in eight of the ten benchmarked areas assessed.
- Internal Audit's enhancements to its methodology and processes, including implementing a culture rating (including risk and control culture) on all audits undertaken at Wellcome and creating enhanced reporting tools.
- Internal audit risk assessment, audit plan, outcomes from completed audits and management progress on actions in response to findings.

Risk management

- The corporate risk register, working with the Head of Risk to refine reporting on the management of key organisational risks.
- The Reframing Risk Programme.

Investments

- The investment systems and process programme, aimed at improving the robustness of investment reporting systems and increasing the quality of investment data available for management.

Deep dives

The Committee undertook deep dives on the following areas:

- The approach to Environmental, Social and Governance at Wellcome and Wellcome's net zero targets.
- Long-term and emerging risks for Wellcome.
- Culture, with a focus on creating a strong risk management culture throughout Wellcome.
- Approach to assessing the control environment, indicators of effective risk management and controls at Wellcome and management approach to attesting to their effectiveness.
- Processes for holding grantholders and universities accountable for their commitments under grant conditions, particularly in the area of risk and controls.

Significant financial reporting issues, judgements or estimates

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2022/23, we focused on the following significant financial reporting matters:

Issue, judgement or estimate	Action taken by the Committee	Outcome
Unquoted investment valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that there were five investments where management performed internal assessments of co-investor valuations and one investment without a co-investor where management prepared the valuation that was not material in the context of this asset class.
Investment property valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting the use of several external valuers and management's review of the assumptions used by the external valuers.
Grant liabilities	Review of management's recommendation to discount the grant liabilities using the expected future rate of investment returns and the appropriateness of the rate used. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee noted the sensitivity analysis that had been done to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercer's and reviewed by management.	The Committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile.
Non-charitable investment subsidiary undertakings held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings are held as part of the investment portfolio. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The Committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that these entities are valued using external valuers, management's review of the assumptions used by the external valuers and that while Wellcome has board representation in these entities, their operations were managed independently from Wellcome.

Risk management

Considerable progress continues to be made to mature the risk and control framework at Wellcome and to ensure that a strong risk management culture is embedded throughout the organisation. Although the Head of Risk left Wellcome during the year, the role has been subsequently filled on an interim basis.

The Committee oversaw the progress of the Reframing Risk programme of improvements to embed Wellcome's new risk management framework. Deliverables included the rollout of risk and controls self-assessments to the next tranche of Wellcome teams, work with the Culture team to embed risk management in the rollout of Wellcome's beliefs and values, and a series of communication and training to support the Reframing Risk programme.

The corporate risk register continues to provide the Committee with an effective view of current risks, actions and progress made to manage the largest risks facing the organisation. Significant progress continues to be made to address risks, especially those relating to operational effectiveness.

Our Speak Up culture continues to mature well, giving us the opportunity to hear about concerns of wrongdoing early on so that we can address and improve. During 2023 we have implemented a new Speak Up reporting tool (Vault Platform), and have evidence of a system that is working and a culture that supports speaking up. We continue to work closely with Protect around Speak Up to learn from and contribute to best-practice. Our work was specifically identified and included by the Committee on Standards in Public Life as examples of best practice in its Leading in Practice report this year.

Financial reporting

At the December meeting each year, the Committee reviews the Annual Report and Financial Statements (AR&FS) and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the appropriateness of the investment valuations recommended by the Valuation Group. The Valuation Group is responsible for reviewing investment valuations and reports its recommendations to the Committee. The Committee also considers the overall tone of the AR&FS and related announcements, considering reputational risk and the messaging of the activities reported.

The Committee recommended to the Board of Governors that the AR&FS is fair, balanced, and understandable. In justifying this statement, the Committee has considered the robust process in place:

- Clear guidance is given to all contributors in the form of timetables and detailed requirements.
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year.
- Wellcome's Finance team meet with the auditor throughout the year to discuss developments within the business and any impact on financial reporting.
- A thorough process of review, evaluation and verification of the Annual Report and Financial Statements is undertaken by senior management and staff with expertise across the organisation.

Having been advised by management that the subsidiary undertaking, Wellcome Trust Finance plc, had in previous years made interim Gift Aid donations

which had not been in accordance with the requirements of the Companies Act 2006 because interim accounts had not been approved and filed at Companies House prior to each payment, we are overseeing the related disclosures and rectification.

External audit

Oversight

At the June meeting each year, the Committee discusses with the auditor the scope of their audit before the audit commences. The significant financial reporting risks, some of which are those listed in the table above, are considered by the Committee to be:

- the valuation of unquoted investments relating to certain direct investments, unconsolidated subsidiary investments (Urban&Civic and Premier Marinas), Wellcome Genome Campus and the other agricultural investment property assets.
- the rate of discount selected to discount the grant liabilities.
- management override of controls (a risk in any organisation).

In addition to the significant activities during the year, our interactions with the auditor included:

- consideration of their work and opinion relating to management judgements and estimation.
- discussion on the level of disclosure in the Annual Report to satisfy ourselves that it is appropriate.
- meetings in private session during Committee meetings, and at other times throughout the year, to discuss external and internal developments and issues.

Audit quality and independence

The Committee seeks to ensure the continued independence and objectivity of Wellcome's external auditor by reviewing the performance of the external auditor and the quality of the audit work, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September, and December meetings each year, the Committee reviews the auditor's report about independence of its staff, its policies for maintaining independence and compliance with relevant requirements. The auditor was appointed for the year ending 30 September 2016 and has been reappointed for each subsequent year. Following the completion of six years of continuous engagement in 2021, partner rotation was completed and the current external audit partner is undertaking their third year on the engagement this year.

Non-audit services

The Committee has approved a policy on any non-audit services provided by our external auditor, which takes into account the relevant regulations and directives.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence, as well as the overall ratio of non-audit to audit fees which was well within the 70% cap applicable to public interest entities (see note 10).

The Committee is satisfied that the auditor remains independent and that the level and nature of any non-audit services is appropriate.

Internal audit

Wellcome has an in-house Internal Audit function which comprises 11 professionals. They are led by the Head of Internal Audit, who reports directly to the Chair of the Audit and Risk Committee. The Committee directs and oversees the activities of the function. The team also provides Internal Audit support for Wellcome's subsidiaries and reports to their respective Boards and Audit and Risk Committees. Internal Audit is supported by external consultants (co-source partners), who provide specialist skills to supplement the in-house team.

Internal Audit performs an independent and objective assurance function that is designed to add value to the operations of Wellcome. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of risk management, control and governance processes.

Internal audits are performed according to a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the respective Audit and Risk Committees (Wellcome and its subsidiaries) prior to implementation. The plan is regularly reviewed and updated based on the organisation's decisions, business activities, industry trends, best practice and regulatory matters.

The Head of Internal Audit provides an update to the Audit and Risk Committee at each meeting, and more frequently as appropriate. Internal Audit also coordinates its operations with the activities of the external auditor for maximum effect.

During FY 2023, the Internal Audit function was subject to a thorough External Quality Assessment conducted by Grant Thornton. The results reflected the function's commitment to aspiring to the highest

professional and regulatory standards. Achieving the highest rating of "generally conforms" affirms this, while identifying some areas for ongoing improvement and development.

Internal Audit also made a number of enhancements to its methodology and processes, including implementing a culture rating (including risk and control culture) on all audits undertaken at Wellcome, following the completion of the Organisational Culture Audit in FY 2022. Internal Audit also created and enhanced reporting tools, and outsourced its quality assurance reviews for audits, to reinforce the quality of deliverables and ensure adherence to best practices.

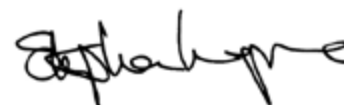
My term at Wellcome on the Audit and Risk Committee has now also concluded at the end of 2023, both as a member since 2016 and now Interim Chair. I wish my successor Stephen Lovegrove well in supporting Wellcome and its important mission.



Chris Jones

Interim Chair of the Audit and Risk Committee:
1 October 2023 – 31 December 2023

Member of the Audit and Risk Committee:
1 September 2016 – 31 December 2023



Stephen Lovegrove

Chair of the Audit and Risk Committee
1 January 2024 – present

Independent Auditor's Report to the Trustee of the Wellcome Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Wellcome Trust (the 'Trust' or 'Charity') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2023 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements which comprise:

- the Consolidated Statement of Financial Activities;
- the Consolidated Balance Sheet;
- the Statement of Financial Activities of the Trust;
- the Balance Sheet of the Trust
- the Consolidated Cash Flow Statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Trust for the year are disclosed in note 10 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare); • Valuation of Wellcome Genome Campus at Hinxton • Valuation of unquoted investments relating to directly held investments; and • The level of the discount rate applied to the grant liability. Within this report, key audit matters are identified as follows: ⌚ Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £335 million (2022: £346 million) which was determined on the basis of 1% (2022: 1%) of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's consolidated net assets, as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's consolidated net assets were subject to a full scope audit for the year ended 30 September 2023. The Trust and the majority of the subsidiaries are based in the UK, with three overseas subsidiaries (two based in the United States and the third in Germany) which are not considered to be material to the Group.
Significant changes in our approach	We have considered Wellcome Genome Campus as a separate key audit matter this year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustee's assessment of the Group and the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of the Group and Trust's ability to continue as a going concern, including consideration for the level of financial risk and complexity of the Group and Trust's operations;
- assessing the liquidity position to support management's assessment of the Group and Trust's ability to continue as a going concern through our audit procedures performed on the balance sheet, including agreeing cash to confirmations from banks, agreeing the timing of bond repayments to the underlying terms of the bond to assess whether the Group and Trust will have sufficient liquidity to meet its obligations, assessing the liquidity of the investments held and inspecting post year end bank statements;
- evaluating management's future plans, including budgets and projections, liquidity analysis and funding approach and assess if they are in line with our expectation given our knowledge of the Group and Trust;
- evaluating management's stress test analysis on key assumptions in their projections;
- consideration of management's assessment of any significant subsequent events after the reporting period, prior to signing of the Annual Report, that might impact the Group and Trust's ability to continue as a going concern for at least twelve months from the date of signing the Annual Report; and
- evaluating the going concern and subsequent events disclosures in the financial statements for consistency with our understanding.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare)) ↻

Key audit matter description	The valuation of Premier Marinas and Urban and Civic (including Farmcare) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as marina assets or land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations: • the growth rate assumptions which drive the future cashflows for Premier Marinas; • the future sales price and cost forecasts within the discounted cash flow valuation for Urban and Civic; and • the rate per acre for Farmcare; There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of unquoted investments. The valuation of Premier Marinas and Urban and Civic (including Farmcare) amounts to £1,205 million (2022: £1,140m), which is 6.0% (2022: 6.2%) of the Group's unquoted investments, and 3.6% (2022: 3.%) of the Group's net assets. The Audit and Risk Committee Report on page 104 identifies the valuation of non-charitable investment subsidiary undertakings as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of unquoted investments relating to controlled unconsolidated investments, we performed the following procedures: Controls Assessment • We tested the relevant controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight. • We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year. • We also tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare))

How the scope of our audit responded to the key matter (continued)

Substantive testing

- We obtained and inspected 30 September 2023 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competency and capabilities of the external valuers. For all of the assets, we compared 2023 and 2022 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate;
- We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. growth assumptions used to drive future cashflows in Premier Marinas, and comparable data in Urban and Civic and Farmcare). We considered the possible effect of the rising cost of living and the wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation;
- For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy;
- Specifically for Premier Marinas: we determined whether data used to derive future cashflows was appropriate given our understanding of the business which includes agreeing current performance, obtaining an understanding of future budgets and developments in the business; and any indicators in the market that were contradictory to managements forecasts, including the growth rate assumptions applied by management in the forecasts;
- Specifically for Urban and Civic: we determined whether data used to derive future cashflows was appropriate given our understanding of the business, and for a sample of assets we obtained relevant third party data to support future sales prices and cost projections that drive the valuation;
- Specifically for Farmcare: we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable market data to support the rate per acre and passing rent used in the valuation;
- We performed testing over the accuracy of underlying inputs into the valuation models;
- We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts;
- With the assistance of our internal valuation specialists we assessed whether the judgements made in valuation methodologies are indicative of a potential bias; and
- We performed market analysis for contradictory evidence to challenge management on the conclusions reached

Key observations

As a result of our procedures, we concluded that the valuations of Premier Marinas and Urban and Civic (including Farmcare) are reasonable.

5.2. Valuation of the Wellcome Genome Campus

Key audit matter description	The valuation of the Wellcome Genome Campus (both the Existing Campus and the Expansion Land) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. During the year the Existing Campus was reclassified from PPE to investment property. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations: • the forecasted development value and development costs for the Expansion Land at Wellcome Genome Campus; • the market rent for comparable assets for the Existing Campus at Wellcome Genome Campus; and • the discount rate used to discount the forecast future cash flows on the assets for the Existing Campus at Wellcome Genome Campus. There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of the Wellcome Genome Campus. The valuation of the Group's investments in Wellcome Genome Campus amount to £251 million (2022: £250 million) which is 1.3% (2022: 1.2%) of the Group's unquoted investments, and 0.7% (2022: 0.7%) of the Group's net assets. The Audit and Risk Committee Report on page 104 identifies the valuation of the Wellcome Genome Campus as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of the Wellcome Genome Campus, we performed the following procedures: Controls Assessment • We tested the relevant controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight. • We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year. • We also tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.2. Valuation of the Wellcome Genome Campus

How the scope of our audit responded to the key matter (continued)

Substantive testing

- We obtained and inspected 30 September 2023 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competency and capabilities of the external valuers.
- For the Expansion Land, we compared 2023 and 2022 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate;
- We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. comparable data in Wellcome Genome Campus). We considered the possible effect of the rising cost of living and the wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation;
- For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy;
- Specifically for the Expansion Land, Wellcome Genome Campus: we have obtained relevant supporting data for the planning permission and assessed comparable market data to support the ultimate position of the projected cash flows;
- We performed testing over the accuracy of underlying inputs into the valuation models;
- We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts;
- We engaged internal valuation specialists to assess whether the judgements made in valuation methodologies are indicative of a potential bias, and to assess the comparables market rents;
- Tested the inputs into the valuation back to lease agreements
- Specifically for the Existing Campus: we assessed the accounting treatment of the change in classification of the existing campus from PPE to investment property, including an assessment of the impact of the existence of peppercorn leases with Genome Research Limited and third parties, and their impact on the valuation;
- Engaged our fair value specialists; and
- We performed market analysis to identify contradictory evidence to challenge management on the conclusions reached.

Key observations

As a result of our procedures, we concluded that the valuation of Wellcome Genome Campus is reasonable.

5.3. Valuation of unquoted investments relating to direct investments

Key audit matter description

The valuation of unquoted direct investments requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area.

For the population that has remained a significant risk, there is a number of investments that are held alongside a co-invest partner.

As per management's investment valuation policy where there is a co-invest partner, the values are obtained from the partner and are challenged by management through obtaining an understanding of the methodology applied and assumptions adopted.

Additional scrutiny is also applied by the preparation of a shadow valuation for those investments deemed to be material by management, whereby management form their own view of a reasonable range for valuing the underlying investment.

Where there is no co-invest partner, the values are based on internal models, and an external valuer is engaged to opine on the value of material direct investments. As these underlying valuations are sensitive to these unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated, this includes appropriately reflecting the impact of the rising cost of living and the wider macroeconomic volatility on company performance and evaluating any discounts applied to businesses as a result.

The valuation of the Group's investments in unquoted direct investments through equity investment amount to £839 million (2022: £993 million) which is 4.4% (2022: 4.7%) of the Group's unquoted investments, and 2.5% (2022: 2.7%) of the Group's net assets.

The Audit and Risk Committee Report on page 104 identifies the valuation of unquoted investments in relation to direct investments through equity investment as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.

5.3. Valuation of unquoted investments relating to direct investments

How the scope of our audit responded to the key matter

We assessed management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice.

Controls Assessment

- We tested relevant controls over the valuation of the direct investments.
- We tested the controls over management's oversight of external valuers, and over the application of valuation methodologies by the Valuation Group; and
- We tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

Substantive procedures

- We assessed the objectivity, competency and capabilities of the external valuers engaged by management;
- We challenged management's assessment of the valuation assumptions and appropriateness of valuation methodologies used to determine the fair value by:
 - either assessing recent transactions in the market or using a market comparable approach to inform our challenge of management. This includes determining if any discounts applied to the valuation are appropriate;
 - obtaining, where available, management's shadow valuation and challenging the market comparables and completeness of the basket used and incorporation of other evidence available;
 - challenging the valuation methodology adopted by management in their shadow valuations, and that adopted by the external valuers where engaged, and seeking to triangulate the valuations within a reasonable range;
 - obtaining an understanding of current year performance and whether any events have occurred that may have an impact on the valuation. We have also assessed any ongoing effects of geopolitical factors and the wider macroeconomic volatility on company performance and long term outlook including changes in industry trends or markets, and assessed whether these have been appropriately reflected in the valuation as at 30 September 2023;
 - formed our own expected reasonable range using an appropriate valuation methodology;
 - assessing the fair value of investments which were sold in the year against the value at which they were held previously to determine management's historical ability to determine the fair value; and
 - assessing contradictory evidence to challenge the appropriateness of valuation adopted, such as any recent or upcoming funding rounds or performance of quoted comparable companies.
- We performed a stand back assessment for the overall position of the direct investments to weigh up corroborative and contradictory evidence to challenge the appropriateness of management's assumptions;
- We engaged our internal fair value specialists as part of our audit team to assess the valuation of any direct investments that have been valued by an external valuer. We challenged the valuation methodology adopted, and the valuation inputs therein for reasonability; and test the valuation models for mathematical accuracy; and
- We assess whether the judgements made in valuation methodologies are indicative of a potential bias.

Key observations

As a result of our procedures, we concluded that the valuations of the direct investments are reasonable.

5.4. The level of the Discount rate applied to the grant liability

Key audit matter description	• The discount rate used is identified as a significant estimate in note 2 of the Annual Report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. • The non-current grant liabilities of £2,841 million (2022: £2,428 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by management is based on management's expectation of the long-term rate of return of the Trust's portfolio of 7% (2022: 7.4%). • The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the Trust and determining this discount rate requires significant estimation concerning future expectations of investment performance, is subjective, and could have a material impact on the discounted portion of the grant liabilities presented in the financial statements. • The significant accounting estimate within the Audit and Risk Committee Report on pages 101-104.
How the scope of our audit responded to the key audit matter	Controls Assessment We tested the relevant controls over the determination of the discount rate applied to the grant liability by the Board of Governors' and Investment Committee, and assessment of management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. Substantive procedures • We obtained management's grant discounting methodology paper and assessed the methodology used and the assumptions therein for reasonableness by comparing to underlying data (e.g. 'stretch' assumptions were re-calculated using historic data and payment assumptions were agreed to historic payment data); • We obtained management's paper to the Investment Committee and challenged any year-on-year changes in methodology and the assertions made by management by: - testing the split of investments stated in the paper and the associated expected investment return of each category; - assessing the stated ranges of nominal rates of return with reference to third party forecasts; and - performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. • We engaged our internal fair value specialists as part of our audit team to provide research, analysis, and observations on historical market returns enable the audit team to determine a reasonable range for the discount rate. We specifically considered the possible effect of inflation, interest rates and the wider macroeconomic volatility on the inputs into the calculation, and whether the concluded discount rate fell between the reasonable range; • We also engaged our internal fair value specialists to perform a benchmarking exercise of the expected return against other large charitable trusts and endowment funds of similar size with a similar portfolio; and • We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the grant liability was materially accurate and to challenge the integrity of these spreadsheets.
Key observations	As a result of our audit procedures, we concluded that management's discount rate methodology is appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. We conclude that the discount rate is reasonable.

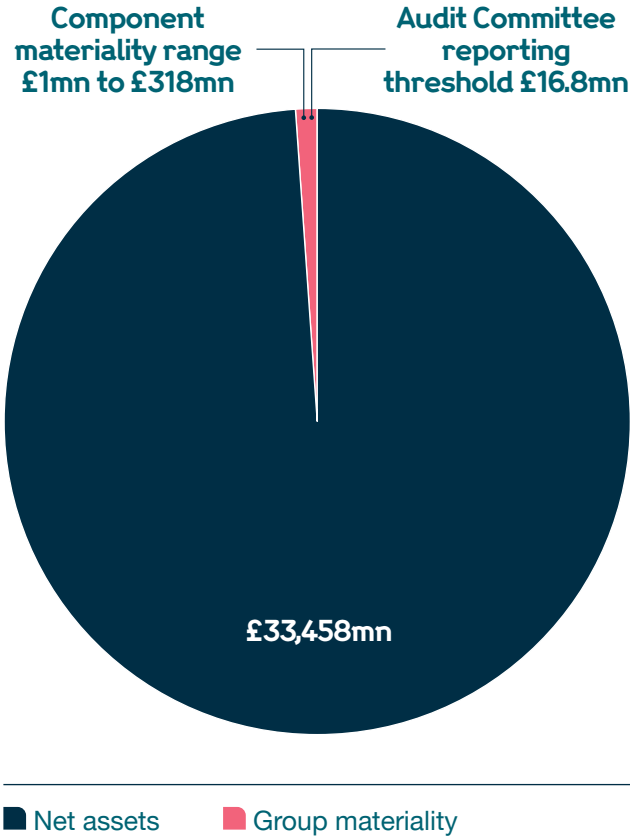
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£335 million (2022: £342 million)	£318 million (2022: £329 million)
Basis for determining materiality	1% (2022: 1%) of net assets	1% (2020: 1%) of net assets
Rationale for the benchmark applied	The Group is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns our methodology with industry practice for comparable asset-based organisations that are classified as Public Interest Entities.	The Trust is an asset-based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns our methodology with industry practice for comparable asset-based organisations that are classified as Public Interest Entities.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Trust materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the Group’s overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes, as well as our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior period.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £16.8 million (2022: £17.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

- Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.
- We determined that each legal entity forms its own component and our component audit scope was therefore determined by considering which entities:
- were financially significant, based on a benchmark of 1% of Group consolidated net assets (Scope A); or
- required a statutory audit (Scope B); or
- are not financially significant and do not have a statutory audit requirement (Scope C).

Any entity that required a UK statutory audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% (2022: 99%) of the Group’s consolidated net assets. This approach is in line with the prior year. For Scope A audits, where materiality is not based on a statutory materiality, we have capped component materiality at 95% (2022: 95%) of the Group materiality. The lower band for component materiality is based on 40% (2022: 40%) of materiality. For those entities, including the UK, the US and Germany, that fall within Scope C, we perform an analytical review at a Group level. Wellcome Leap, which required a US statutory audit, has been audited by the component audit team in the US, and has been included in scope C due to its size after consolidation for the Group audit team’s reporting. Wellcome Trust gGmbH, which also requires a statutory audit, will be audited by Deloitte Germany at a later date.

7.2. Our consideration of the control environment

The Group's Information Technology ('IT') landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We perform a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We engaged our IT specialists as part of our audit team to assess relevant controls and perform General IT Controls testing ("GITCs") for the current period over in-scope systems. Our testing covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls over key business processes, we adopted a controls reliance approach over the following business processes:

- Payroll business process
- Treasury business process
- Financial reporting business process
- Investment valuation business process covering:
 - Quoted investments and derivatives
 - Unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare))
 - Unquoted investments (private equity, hedge funds, direct co-investments and direct investments into the portfolio company)
 - Investment property (including Wellcome Genome Campus)
 - Investment cash
- Grant liability business process (including the discount rate)
- Charitable expenditure business process
- General Information Technology Controls over key information systems.

7.3. Our consideration of climate-related risks

We obtained an understanding of management's process for considering the impact of climate-related risks, climate related reporting, and controls relevant to the Group audit. We conducted walkthroughs with valuations, and financial reporting control process owners, and conducted meetings with key management personnel at the Trust who are responsible for climate-related

risk and sustainability oversight and financial reporting for the Group. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any reasonably possible risks of material misstatement.

Page 61 of the Annual Report details how the Trust is developing its ESG strategy for the Wellcome Trust Group as a whole, whilst page 42 of the Annual Report details the progress report of the plan to reach net zero by 2050 for the investment portfolio. This included a view on the current portfolio emissions, carbon footprint and targets. This was also linked into board decision making and the S172 statement, as well as the key challenges faced around achieving more comprehensive disclosure and uniform reporting of emissions.

Our procedures performed included reading the climate-related disclosures in the front half of the Annual Report to consider if they are fair, balanced and comprehensive. Separately, we have involved our internal climate change and sustainability specialists who have assisted in reviewing the disclosures and in preparing recommendations to the Board of Governors, to enhance climate-related risk disclosures going forward.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of Trustees

As explained more fully in the Trustee's responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustee's and key management personnel's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit and Risk committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuations, internal fair value valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas and Urban and Civic (including Farmcare), valuation of the Wellcome Genome Campus and valuation of unquoted investments relating to unquoted direct investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, the Charity Commission regulations, and listing rules for the Trust's listed bonds.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty including applicable health and safety regulation and the Modern Slavery Act 2015.

11.2. Audit response to risks identified

As a result of performing the above, we identified three key audit matters related to the potential risk of fraud:

- Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Urban and Civic (including Farmcare);
- Valuation of Wellcome Genome Campus; and
- Valuation of unquoted investments relating to direct investments.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors and the Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, inspecting internal audit reports and reviewing correspondence with the Charity's Commission and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

- Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:
- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept by the Trust;
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in respect of these matters.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Trust at its Board of Governor's meeting on 14 December 2015 to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 30 September 2016 to 30 September 2023.

13.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the Charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jessica Hodges.



Deloitte LLP (Senior Statutory Auditor)

Statutory Auditor

London, United Kingdom

16 January 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

Financial Statements

Ultraviolet light illuminates a brain sample during microscopy work at the Sainsbury's Wellcome Centre in London, UK.

Photographer: Jason Alden/Wellcome Trust



Consolidated Statement of Financial Activities

for the year ended 30 September 2023

	Note	Restricted funds £mn	Unrestricted funds £mn	2023 £mn	Restricted funds £mn	Unrestricted funds £mn	2022 £mn
Income from investments							
Dividends and interest	3	-	427.1	427.1	-	322.5	322.5
Rental income		-	48.2	48.2	-	43.4	43.4
		-	475.3	475.3	-	365.9	365.9
Charitable income							
Grants receivable	4(a)	30.9	-	30.9	28.9	-	28.9
Other charitable income	4(b)	0.9	34.7	35.6	4.2	103.3	107.5
Total income		31.8	510.0	541.8	33.1	469.2	502.3
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(94.1)	(94.1)	-	(74.8)	(74.8)
Interest payable on bond liabilities		-	(76.4)	(76.4)	-	(76.3)	(76.3)
Expenditure on charitable activities	6	(32.3)	(1,458.0)	(1,490.3)	(35.4)	(1,302.3)	(1,337.7)
Total expenditure		(32.3)	(1,628.6)	(1,660.8)	(35.4)	(1,453.4)	(1,488.8)
Net realised and unrealised losses on investments	15(f)	-	(178.2)	(178.2)	-	(1,037.7)	(1,037.7)
Net expenditure before taxation		(0.5)	(1,296.7)	(1,297.2)	(2.3)	(2,021.9)	(2,024.2)
Taxation	13	-	12.4	12.4	-	50.2	50.2
Net expenditure after taxation		(0.5)	(1,284.3)	(1,284.8)	(2.3)	(1,971.7)	(1,974.0)
Gains on defined benefit pension schemes	11(e)(iii)	-	141.6	141.7	-	314.7	314.7
Net movement in funds		(0.5)	(1,142.7)	(1,143.1)	(2.3)	(1,657.0)	(1,659.3)
Funds at start of year		17.5	34,583.9	34,601.3	19.8	36,240.8	36,260.6
Funds at end of year	20	17.0	33,441.2	33,458.2	17.5	34,583.8	34,601.3

There are no gains or losses apart from those recognised above. All income is derived from continuing activities.

All restricted funds arise in Genome Research Limited.

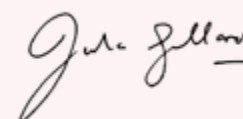
An analysis of the movement of funds in 2023 is shown in note 20.

Consolidated Balance Sheet

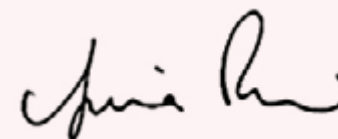
as at 30 September 2023

	Note	2023 £mn	2022 £mn
Tangible fixed assets	14(a)	404.9	402.1
Investment assets			
Quoted investments	15(a)	14,715.4	13,550.8
Unquoted investments	15(a)	19,225.7	21,102.5
Investment properties	15(a)	1,614.6	1,671.1
Derivative financial instruments	15(b)	86.4	-
Investment cash and certificates of deposit	15(c)	2,917.6	3,377.8
Other investment assets	15(c)	711.5	580.0
Programme related investments	15(d)	41.1	60.7
Total Fixed Assets		39,717.2	40,745.0
Current assets			
Stock		5.1	9.9
Debtors	16	106.2	67.8
Cash at bank and in hand		79.7	33.7
Total Current Assets		191.0	111.4
Creditors falling due within one year	17	(1,565.3)	(1,509.5)
Net current liabilities		(1,374.3)	(1,398.1)
Total assets less current liabilities		38,342.9	39,346.9
Creditors falling due after one year	17	(4,994.8)	(4,720.6)
Provision for liabilities and charges	18	(109.2)	(106.3)
Net assets excluding pension surplus		33,238.9	34,520.0
Defined benefit pension scheme's surplus	11(e)(iv)	219.3	81.3
Net assets including pension surplus		33,458.2	34,601.3
Funds of the charity			
Restricted Funds	20	17.0	17.5
Unrestricted Funds	20	33,441.2	34,583.8
Total Funds		33,458.2	34,601.3

The Financial Statements on pages 122-185 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 16 January 2024 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Statement of Financial Activities of the Trust

for the year ended 30 September 2023

	Note	2023 £mn	2022 £mn
Income from investments			
Dividends and interest	3	415.7	310.5
Rental income		43.8	40.6
		459.5	351.1
Charitable income			
Other charitable income	4(b)	297.2	199.5
Total income		756.7	550.6
Expenditure on raising funds			
Management fees and other investment costs	5(a)	(88.4)	(74.3)
Interest payable to group undertakings		(50.5)	(28.0)
Interest payable on bond liabilities		(50.7)	(50.5)
Expenditure on charitable activities	6	(1,297.9)	(1,504.5)
Total expenditure		(1,487.5)	(1,657.3)
Net realised and unrealised losses on investments	15(f)	(394.7)	(1,190.4)
Net expenditure		(1,125.5)	(2,297.1)
Gains on defined benefit pension schemes	11(e)(iii)	73.3	164.8
Net movement in funds		(1,052.2)	(2,132.3)
Funds at start of year		33,629.1	35,761.4
Funds at end of year		32,576.9	33,629.1

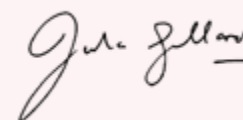
There are no gains or losses apart from those recognised above.
All income is derived from continuing activities. All funds are unrestricted.

Balance Sheet of the Trust

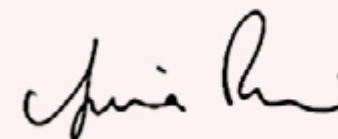
as at 30 September 2023

	Note	2023 £mn	2022 £mn
Tangible fixed assets	14(b)	199.0	204.4
Investment assets			
Quoted investments	15(a)	14,187.4	12,920.2
Unquoted investments	15(a)	17,682.0	19,425.2
Investment properties	15(a)	1,447.5	1,489.1
Derivative financial instruments	15(b)	86.4	-
Investment cash and certificates of deposit	15(c)	2,913.3	3,376.1
Other investment assets	15(c)	707.7	575.9
Subsidiary and other undertakings		2,542.7	2,921.8
Programme related investments	15(e)	41.1	60.7
Total fixed assets		39,807.1	40,973.4
Current assets			
Debtors	16	113.8	211.3
Cash at bank and in hand		19.7	18.5
Total current assets		133.5	229.8
Creditors falling due within one year	17	(2,906.4)	(3,154.0)
Net current liabilities		(2,772.9)	(2,924.2)
Total assets less current liabilities		37,034.2	38,049.2
Creditors falling due after one year	17	(4,514.8)	(4,413.8)
Provision for liabilities and charges	18	(79.6)	(73.9)
Net assets excluding pension surplus		32,439.8	33,561.5
Defined benefit pension scheme's surplus	11(e)(iv)	137.1	67.6
Net assets including pension surplus		32,576.9	33,629.1
Funds of the charity			
Unrestricted funds		32,576.9	33,629.1
Total Funds		32,576.9	33,629.1

The Financial Statements on pages 122-185 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 16 January 2024 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Consolidated Cash Flow Statement

for the year ended 30 September 2023

	Note	2023 £mn	2022 £mn
Net expense for the year (as per the Statement of financial activities)		(1,143.1)	(1,659.3)
Adjustments to exclude non-cash items and investment income and expenditure			
Increase in debtors	16	(38.5)	(16.5)
Decrease in stock		4.8	3.8
Increase in grant commitments	8	189.9	266.4
Decrease in creditors and provisions		(151.5)	(395.1)
Less unrealised losses/(gains) on sale of Programme Related Investments	15(d)	18.7	(32.9)
Increase in net write down for Programme Related Investments	15(d)	9.0	12.1
Decrease/(Increase) in other investment debtors	15(c)	5.8	(8.5)
Depreciation and Disposals of Fixed Assets		27.9	26.0
Investment income		(475.3)	(365.9)
Bond interest		76.4	76.3
Net realised and unrealised loss/(gains) on investments		178.2	1,037.7
Net cash flows from operating activities		(1,297.7)	(1,055.9)

	Note	2023 £mn	2022 £mn
Cash flows from investing activities:			
Investment income received	22(a)	465.8	354.5
Proceeds from sales of investment assets	22(c)	4,190.8	6,132.8
Purchase of investment assets	22(c)	(3,979.8)	(5,632.6)
Purchase of tangible fixed assets	14(a)	(30.7)	(15.5)
Net cash inflow/(outflow) due to derivative financial instruments	22(c)	386.9	(341.1)
Net cash flows from investing activities		1,033.0	498.1
Cash flows from financing activities:			
Cash outflow for servicing of finance	22(b)	(75.6)	(75.3)
Net cash flows from financing activities		(75.6)	(75.3)
Change in cash and cash equivalents during the year		(340.3)	(633.1)
Cash and cash equivalents at the beginning of the year		3,411.5	3,864.6
Change in cash and cash equivalents due to exchange rate movements and other gains or (losses)		(73.9)	180.0
Cash and cash equivalents at the end of the year		2,997.3	3,411.5

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs can be reconciled to financial measures reported in the Financial Statements.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively. KPIs include financial measures of historical financial performance which cannot be reconciled to financial measures reported in the Financial Statements.

The key measures used by the Group are explained opposite:

APMs	Explanation
Investment portfolio value	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities held at fair value, with all balances valued at least annually. This provides Management with a net investment portfolio value to assess investment performance (refer to Investment Asset Allocation, Figure 6, Review of Investment Activities and note 15(g) for reconciliation to the financial statements).
Leverage	This is the amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets, and is used by Management to assess the amount of bond liabilities the Group issues (refer to note 15(g) for reconciliation to the financial statements).
Charitable expenditure	This is detailed in the Financial Review on page 47 and summarises the charitable spend, including allocated support costs, by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102. This is a measure used by Management to assess the cost of the Group's charitable activity (refer to note 6).

KPIs	Explanation
Net returns	This is a financial measure of investment portfolio performance (see Figure 1). It is calculated using the 'Modified Dietz method': change in the period of the investment portfolio value less charitable cash expenditure for the period, divided by the opening investment portfolio value for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The time weighting of charitable cash expenditure means that this KPI can not be reconciled to financial measures reported in the Financial Statements. The target net return is UK/US CPI + 4%.
Blended currency returns	This is a measure of investment portfolio performance which averages the net returns (see below) calculated in GBP and USD. The target return is UK/US CPI + 4% (see Figure 1).

Glossary of terms

Term	Explanation
Absolute return hedge funds	A hedge fund that aims to generate a stable return regardless of market performance (with low volatility)
Active grants	Grants which have been activated and are still being used. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	A portion of the investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	The portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (corporate bonds and government gilts)
Charitable cash expenditure	Cash spent in year on charitable activities comprising Net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated Cash Flow Statement, page 126)
Directly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by the internal investment team

Term	Explanation
Equity long/short hedge funds	Investment hedge funds that involve buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Indirectly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Global compounders basket	A directly held portfolio within the investment portfolio invested in public companies with characteristics expected to benefit from long-term trends
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties
Nominal and real net returns	Nominal net returns are net returns (a key performance indicator) unadjusted for inflation. Real net returns are net returns adjusted for the affect of inflation
Other absolute return funds	A fund that aims to generate a stable return regardless of market performance (with low volatility)

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the Financial Statements are in millions, rounded to one decimal place.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the “Trust”) and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the “Group”) have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (“FRS 102”). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (“FRS 102”) published in 2019 (the “SORP”) in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation below.

Wellcome Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the

Trust operates. The consolidated Financial Statements are also presented in pounds sterling.

The Wellcome Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a Cash Flow Statement.

(b) Summary of significant policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

- (i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;
- (ii) non-charitable operating subsidiary undertakings formed to conduct non-primary purpose trading which are held at cost less impairment;

- (iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment;
- (iv) non-charitable investment subsidiary undertakings formed to hold investments and property on behalf of the Trust which are held at fair value represented by their net asset value.

Consolidation comprises combining the assets, liabilities, income and expenditure of those subsidiary undertakings with the Trust's balances on a line by line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated. These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence.

The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed in note 15(d).

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as a medium through which the Group carries out business, the associate or joint venture is measured at fair value with changes in fair value recognised in the Statement of Financial Activities in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on page 119. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. The Trustees have concluded that this departure from the SORP ensures the Financial Statements present a true and fair view. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of income can be measured reliably, it is probable that future economic benefits will flow to the Group, and the specific criteria relating to the each of Group's income channels have been met, as follows. All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance-related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group, together with the associated support costs including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due more than one year from the date of the award, there are no

unfulfilled performance conditions under the control of the Trust that would permit it to avoid making the future payments, settlement is probable, and the effect of the discounting is material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and the expected rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plans. These are detailed in the Remuneration Report on page 91.

Short-term benefits

Short-term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due.

The assets of the plan are held separately from the Group in independently administered funds.

The asset or liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to “Actuarial gains and losses on defined benefit pension schemes” in the Statement of Financial Activities.

The cost of the defined benefit plans comprises:

- (a) the increase in pension benefit liability arising from employee service during the period up to closure of the schemes to future accrual;
- (b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses.

Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the Statement of Financial Activities.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Table 1

	Years
Freehold buildings	50
Long leasehold land and buildings	Over the term of the lease
Other plant, equipment, fixtures and fittings	3 to 15
Computer equipment	3 to 5

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to

another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the reporting date. The basis of fair value for quoted investments is equivalent to the market value, using the bid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at Management's best estimate of fair value and comprise:

- Private equity and venture funds, which are valued externally by their fund managers.
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity and venture portfolio) and Management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models including using price of recent investment, discounted cash flows and public comparables.

- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 129-130, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

The Group's use of derivative financial instruments includes equity index-linked futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange.

The Group's warrants are held at the fair value determined by Management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by Management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

(v) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments.

(vi) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the reporting date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third party professional valuers; however, where properties are acquired close to the reporting date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which Management considers to be a reasonable estimate of open market value at the reporting date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme-related investments

Programme-related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are potential future inflows of economic benefits where the likelihood of receipt is considered more than remote but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rate ruling at the reporting date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010, Part 10 of the Income Tax Act 2007, or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries of the Group are subject to UK Corporation Tax. However, because their policy is to make a qualifying charitable donation ("Gift Aid") to the Wellcome Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to an insufficient level of cash or distributable reserves.

Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Subject to recognition criteria, Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of the timing difference. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries, despite the fact it is likely the subsidiaries will be able to make a Gift Aid donation equal to the amount of any taxable profit arising from the future realisation of the underlying assets.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the Financial Statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas is considered by the Audit and Risk Committee based on information prepared by Management, refer to Audit and Risk Committee Report (page 101).

Unquoted investments

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Direct investments which are reported within:			
• Direct Private and Private co-investments; and	2,002	As noted in the Accounting Policies on pages 129-135, these investments are valued at management's best estimate of fair value.	The fair value of these direct investments is estimated noting there is uncertainty on their future financial performance. These direct investments, particularly the early stage venture co-investments, have a range of possible fair value estimates. If the fair value of these investments increased or decreased by 10% this would increase or decrease unquoted investment balances by £230 million respectively.
• Property	295	For these investments fair value is estimated using a range or combination of methodologies including price of recent investment, discounted cash flow analysis, price multiples from public comparables and private comparable transactions. Higher rates of interest and inflation in the current year have been reflected in the valuations through increased discount rates and reduced price multiples.	
in the Investment asset allocation (refer to Figure 6 on page 42)			

Unquoted investments (continued)

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Investment Operating Subsidiaries, Joint Ventures and development land with planning consent (which are included within Property in the investments allocation; refer to Figure 6 on page 42).	1,393	As noted in the Basis of Consolidation on pages 129-130, certain subsidiaries, joint ventures and associates are excluded from consolidation where the interest is held as part of the investment portfolio and measured on a fair value basis. Fair value is based on external valuers employing Royal Institute of Chartered Surveyors (RICS) valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates, development value, land and house price growth and absorption rates estimated) and comparable land values. External valuers reflected the higher price rates of interest in the current year in higher discount rates and a higher inflation impacted construction costs rate.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. There is also estimation uncertainty associated with the effect of climate change on the fair value assumptions. A sensitivity analysis is provided for this below. The sensitivities presented are as provided by the external valuers to provide context to their valuations. Management review the sensitivities and considers them reasonable in the context of the historic movements in these estimates.

Estimate	Change in estimate	Impact on unquoted investments
Discount rates	Increase of 1.0%	Decrease by £48.4 million (0.3%)
	Decrease of 1.0%	Increase by £46.3 million (0.2%)
Land values	Increase/decrease of 10%	Increase/decrease by £9.6 million (0.1%)
Land and house price growth	Decrease of 1.0%	Decrease by £29.6 million (-0.2%)
Development absorption rate	Decrease of 100 units per annum below peak	Decrease by £101.3 million (0.5%)
Construction costs rate per square foot	Increase/decrease of 5%	Decrease/increase by £13.8 million (0.1%)
Residential sales and rent rate per square foot	Increase/decrease of 5%	Increase/decrease by £13.4 million (0.1%)

Grant liabilities

Accounting methodology	Value £mn	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: - calculating the appropriate discount rate - determining when the liability will be called down and paid	2,933	The discount rate used is expected future nominal rate of investment returns. This is considered by Management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: - The start delay of a grant – this is the delay between the date the grant was approved to the date the payments start to be made - The retention delay – this is the delay between the official grant end date and the date the final payment is made - The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no-cost extensions are granted to grantees, which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for these below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities (2023: 7.0%, 2022: 7.4%)	Increase of 3.0% p.a. Decrease of 3.0% p.a.	Decrease by £207.6 million (-5.8%) Increase by £245.6 million (6.9%)
Start delay (2023: 6 months, 2021: 5 months)	Decrease -2 months Increase +2 months	Increase by £2.1 million (0.1%) Decrease by £1.8 million (-0.1%)
Retention delay (2023: 9 months, 2022: 9 months)	Decrease -3 months Increase +3 months	Increase by £32.1 million (0.9%) Decrease by £31.2 million (-0.9%)
Weighted stretch delay (2023: 28%, 2022: 24%)	Decrease -5% Increase +5%	Increase by £28.8 million (0.8%) Decrease by £27.3 million (-0.8%)

Start delay – average over the last 5 years, calculated using the start delay for grants started over the last 5 years (2019-2023). There will always be a start delay and +/- 2 months is used for the analysis.

Retention delay – average over the last 5 years. Using this data the average came out as 9 months. The lowest average retention delay was 3 months and the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – average over the last 5 years (excluding outliers). If all grants are included in the calculation then it gives a range of +/- 5% which is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £mn	Estimations and assumptions
The actuaries provide a summary of the accounting assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	537	The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £52.6 million (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £33.4 million (6.3%)

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group is through fair value rather than a medium through which the Group carries out business (see Basis of consolidation, pages 129-130). This judgement relies on the Group's assessment of the purpose of the investment and ongoing management of these entities, and has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above. There have been no changes to this judgement in the year.

3. Dividends and interest

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Dividends from UK equities	53.8	63.6	53.8	63.6
Dividends and interest from subsidiaries	-	-	10.1	-
Dividends from overseas equities	191.6	201.2	181.2	189.8
Income from unquoted investments	61.3	36.7	51.1	36.3
Interest from quoted investments	1.4	0.1	1.4	0.1
Interest on cash and cash deposits	117.7	15.7	116.8	15.5
Securities lending income	1.3	5.2	1.3	5.2
	427.1	322.5	415.7	310.5

Interest from quoted investments relates to fixed income investments in UK and US government debt purchased during the year.

4. Other income

(a) Grants receivable

Group		Trust	
2023	2022	2023	2022
£mn	£mn	£mn	£mn
30.9	28.9	-	-

Grants receivable comprises awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, including government grants of £1.1 million (2022: £2.9 million). There are no unfulfilled conditions attached to these grants.

(b) Other charitable income

Group		Trust	
2023	2022	2023	2022
£mn	£mn	£mn	£mn
35.6	107.5	297.2	199.5

Included in other charitable income for the Group is £3.6 million (2022: £11.3 million) of proceeds arising from the sale during the year of programme-related investments, details of which are given in note 15 (d).

Included in other charitable income for the Trust are Gift Aid donations received from subsidiary undertakings, totalling £301.6 million in 2023 (2022: £152.6 million). During the year, Wellcome Trust Finance plc, a subsidiary undertaking, identified that the interim Gift Aid donations made to the Trust in prior years had not been made in accordance with the requirements of the Companies Act 2006, because interim accounts had not been approved and filed at Companies House prior to each payment. Wellcome Trust Finance plc proposes to undertake rectification to return all parties so far as possible to the position they would have been in had the interim Gift Aid donations been made in full compliance with the Companies Act. This does not include Gift Aid received from Premier Marinas and Urban&Civic as these entities are held as part of the investment portfolio and their Gift Aid is accounted for as investment income. Details of significant group undertakings are given in note 21.

5. Management fees and other investment costs

(a) Total investment costs

Group		Trust	
2023	2022	2023	2022
£mn	£mn	£mn	£mn
External investment management fees	50.5	37.1	45.2
Internal investment administration	36.1	31.0	35.9
Investment support cost allocation	7.5	6.7	7.3
	94.1	74.8	88.4

The amount accrued for Long-Term Incentive Plans included in the internal investments administration costs above was £16.2 million (2022: £9.4 million). Senior staff in the Investments team receive performance-based remuneration, as noted on page 141, which can give rise to variations in the amount charged to internal investment administration year on year.

External investment management fees includes performance.

The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

	Group and Trust			Group and Trust	
	2023	2022		2023	2022
£60,000-£69,999	1	2	£590,000-£599,999	1	-
£70,000-£79,999	3	1	£610,000-£619,999	1	-
£80,000-£89,999	3	4	£660,000-£669,999	-	1
£90,000-£99,999	1	3	£760,000-£769,999	1	-
£100,000-£109,999	3	1	£1,050,000-£1,059,999	1	-
£110,000-£119,999	2	-	£1,360,000-£1,369,999	-	1
£120,000-£129,999	-	1	£1,560,000-£1,569,999	-	3
£130,000-£139,999	-	1	£1,710,000-£1,719,999	1	-
£140,000-£149,999	-	2	£1,740,000-£1,749,999	1	-
£150,000-£159,999	-	1	£1,970,000-£1,979,999	-	1
£160,000-£169,999	4	2	£2,190,000-£2,199,999	1	-
£170,000-£179,999	1	-	£2,340,000-£2,349,999	1	-
£180,000-£189,999	1	-	£2,630,000-£2,639,999	1	-
£210,000-£219,999	-	2	£3,350,000-£3,359,999	1	-
£230,000-£239,999	-	1	£3,690,000-£3,699,999	-	1
£240,000-£249,999	-	1	£4,470,000-£4,479,999	1	-
£250,000-£259,999	-	1	£4,510,000-£4,519,999	-	1
£260,000-£269,999	3	-		39	36
£330,000-£339,999	-	1	The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) fell within the bands is shown in the table above.		
£340,000-£349,999	-	3			
£370,000-£379,999	2	-	Long-Term Incentive Plans reflect rolling 3- and 5-year performance periods. Long-term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the Remuneration Committee.		
£480,000-£489,999	1	-			
£530,000-£539,999	-	1	These amounts include awards for which payment is deferred and subject to future investment performance.		
£550,000-£559,999	1	-			
£560,000-£569,999	1	-			
£570,000-£579,999	1	-			

6. Charitable activities

Group (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2023 £mn
Discovery Research	719.4	178.6	56.6	954.6
Infectious Disease	208.0	21.5	9.1	238.6
Mental Health	95.9	6.6	5.5	108.0
Climate and Health	115.3	7.1	4.3	126.7
Cross-mission	75.5	48.0	39.7	163.2
Wellcome Leap	0.0	107.4	3.6	111.0
	1,214.1	369.2	118.8	1,702.1
Effect of discounting of grant liability	(146.0)	-	-	(146.0)
Foreign exchange revaluation of grant liability	(65.8)	-	-	(65.8)
Total	1,002.3	369.2	118.8	1,490.3

Grant funding and direct charitable activities totalled £1,583.3 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £45.3 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.3 million.

Group (2022)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2022 £mn
Discovery Research	599.9	181.1	44.0	825.0
Infectious Disease	274.6	12.4	7.7	294.7
Mental Health	32.9	5.2	2.6	40.7
Climate and Health	46.9	2.2	1.6	50.7
Cross-mission	13.0	48.8	31.1	92.9
Wellcome Leap	-	57.8	4.3	62.1
	967.3	307.5	91.3	1,366.1
Effect of discounting of grant liability	(131.0)	-	-	(131.0)
Foreign exchange revaluation of grant liability	102.6	-	-	102.6
Total	938.9	307.5	91.3	1,337.7

In the prior year, grant funding and direct charitable activities totalled £1,274.8 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £33.8 million, Infectious Disease £7.4 million, Mental Health £2.2 million, Cross-mission £9.8 million, Wellcome Leap £1.3 million.

Charitable activities (continued)

Trust (2023)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2023 £mn
Discovery Research	844.0	8.8	30.1	882.9
Infectious Disease	208.0	21.5	9.0	238.5
Mental Health	95.9	6.6	5.4	107.9
Climate and Health	115.3	7.1	4.3	126.7
Cross-mission	75.5	45.6	39.7	160.8
Wellcome Leap	-	-	-	-
	1,338.7	89.6	88.5	1,516.8
Effect of discounting of grant liability	(117.0)	-	-	(117.0)
Foreign exchange revaluation of grant liability	(101.9)	-	-	(101.9)
Total	1,119.8	89.6	88.5	1,297.9

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7). Grant funding and direct charitable activities totalled £1,428.3 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £29.8 million, Infectious Disease £8.2 million, Mental Health £5.1 million, Climate and Health £4.0 million, Cross-mission £24.8 million.

Trust (2022)	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2022 £mn
Discovery Research	698.5	14.0	20.4	732.9
Infectious Disease	274.6	12.4	7.7	294.7
Mental Health	32.9	5.2	2.6	40.7
Climate and Health	46.9	2.2	1.6	50.7
Cross-mission	22.4	48.1	31.1	101.6
Wellcome Leap	250.0	-	1.3	251.3
	1,325.3	81.9	64.7	1,471.9
Effect of discounting of grant liability	(154.2)	-	-	(154.2)
Foreign exchange revaluation of grant liability	186.8	-	-	186.8
Total	1,357.9	81.9	64.7	1,504.5

In the prior year, grant funding and direct charitable activities totalled £1,407.1 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £20.0 million, Infectious Disease £7.3 million, Mental Health £2.2 million, Cross-mission £9.8 million, Wellcome Leap £1.3 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science.

Grants no longer required relates to unspent amounts of grants awarded in previous years.

Please refer to the Financial Review on pages 55-60 for an explanation of the movement in grant expenditure.

Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives.

The grants included within 'Grants to other organisations' for 2023 totalled less than £10.0 million in value for each organisation. The institutions listed in the 2022 table are those institutions that received grants in excess of £10.0 million in 2022.

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn
University of Oxford	161.0	4.5	10.8	1.7	4.8	-	182.8
University College London	120.1	-	13.8	3.0	0.8	-	137.7
Gates Medical Research Institute, USA	-	126.0	-	-	-	-	126.0
University of Cambridge	86.1	-	4.5	-	-	-	90.6
Diamond Light Source Ltd	51.9	-	-	-	-	-	51.9
University of Edinburgh	37.7	-	7.0	2.0	-	-	46.7
King's College London	19.7	-	10.2	1.7	0.4	-	32.0
Imperial College London	19.1	2.1	-	6.7	0.2	-	28.1
Liverpool School of Tropical Medicine	7.9	0.3	-	-	18.4	-	26.6
University of Manchester	24.6	-	-	-	0.1	-	24.7
University of Cape Town, South Africa	16.9	-	2.6	2.0	-	-	21.5
Boston University, USA	-	19.8	-	1.7	-	-	21.5
University of Exeter	13.0	-	5.0	2.3	-	-	20.3
University of Bristol	17.8	-	-	-	-	-	17.8
Cardiff University	11.7	-	2.7	-	1.9	-	16.3
University of Sheffield	15.0	-	-	-	-	-	15.0
University of Oslo, Norway	-	-	-	4.5	10.0	-	14.5
University of Birmingham	11.9	-	-	2.0	-	-	13.9
The Francis Crick Institute	8.5	-	5.4	-	-	-	13.9
National University of Singapore, Singapore	-	12.9	-	-	-	-	12.9
London School of Hygiene & Tropical Medicine	3.0	3.7	-	5.6	0.1	-	12.4
University of Durham	10.6	-	-	-	-	-	10.6
Other organisations	115.5	59.1	34.1	82.3	40.1	-	331.1
Total grants (excluding grants no longer required)	752.0	228.4	96.1	115.5	76.8	-	1,268.8
Less: grants awarded in previous years no longer required	(32.6)	(20.4)	(0.2)	(0.2)	(1.3)	-	(54.7)
	719.4	208.0	95.9	115.3	75.5	-	1,214.1

Grants awarded (continued)

Group (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn
Grants awarded of which:							
United Kingdom	667.4	9.7	62.3	34.7	46.4	-	820.5
Directly funded international	52.0	198.3	33.6	80.6	29.1	-	393.6
Grants awarded by the Group	719.4	208.0	95.9	115.3	75.5	-	1,214.1

Trust (2023)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn
Grants awarded by the Group	719.4	208.0	95.9	115.3	75.5	-	1,214.1
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	124.6	-	-	-	-	-	124.6
- Wellcome Trust gGmbH, Germany	-	-	-	-	-	-	-
- Wellcome Leap, USA	-	-	-	-	-	-	-
Grants awarded by the Trust	844.0	208.0	95.9	115.3	75.5	-	1,338.7

Grants awarded (continued)

Group (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross- mission £mn	Wellcome Leap £mn	Total 2022 £mn
University of Oxford	126.9	13.5	6.1	1.5	0.7	-	148.7
The Francis Crick Institute	139.5	3.1	-	-	-	-	142.6
Coalition for Epidemic Preparedness Innovations (CEPI), Norway	-	109.6	-	-	-	-	109.6
University College London	58.7	0.1	-	0.7	1.2	-	60.7
Science for Africa Foundation (SFA), Kenya	-	57.8	-	-	-	-	57.8
Imperial College London	19.4	15.0	-	0.5	0.3	-	35.2
University of Cambridge	33.3	-	1.2	-	0.6	-	35.1
Boston University, USA	-	34.2	-	-	-	-	34.2
King's College London	23.5	-	1.3	-	0.4	-	25.2
London School of Hygiene & Tropical Medicine	17.7	1.3	-	0.8	2.4	-	22.2
University of Edinburgh	22.0	-	0.1	-	-	-	22.1
Global Health Innovative Technology Fund, Japan	-	17.2	-	-	-	-	17.2
University of Liverpool	5.2	4.0	6.9	0.5	-	-	16.6
Diamond Light Source Ltd	14.7	-	-	-	-	-	14.7
University of Glasgow	9.3	5.0	-	-	0.2	-	14.5
The Foundation for Scientific and Technological Development in Health, Brazil	1.4	8.0	-	4.8	-	-	14.2
University of Manchester	14.1	-	-	-	-	-	14.1
University of Exeter	13.2	-	-	-	0.1	-	13.3
University of Dundee	11.4	-	-	-	-	-	11.4
University of Sheffield	10.2	-	-	-	-	-	10.2
University of York	7.0	3.0	0.1	-	0.1	-	10.2
International Bank for Reconstruction and Development, USA	-	10.0	-	-	-	-	10.0
Other organisations	91.4	58.8	17.4	38.1	7.8	-	213.5
Total grants (excluding grants no longer required)	618.9	340.6	33.1	46.9	13.8	-	1,053.3
Less: grants awarded in previous years no longer required	(19.0)	(66.0)	(0.2)	-	(0.8)	-	(86.0)
	599.9	274.6	32.9	46.9	13.0	-	967.3

Grants awarded (continued)

Group (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2022 £mn
Grants awarded of which:							
United Kingdom	570.3	53.3	19.6	10.5	10.0	-	663.7
Directly funded international	29.6	221.3	13.3	36.4	3.0	-	303.6
Grants awarded by the Group	599.9	274.6	32.9	46.9	13.0	-	967.3

Trust (2022)	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2022 £mn
Grants awarded by the Group	599.9	274.6	32.9	46.9	13.0	-	967.3
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	98.6	-	-	-	-	-	98.6
- Wellcome Trust gGmbH, Germany	-	-	-	-	9.4	-	9.4
- Wellcome Leap, USA	-	-	-	-	-	250.0	250.0
Grants awarded by the Trust	698.5	274.6	32.9	46.9	22.4	250.0	1,325.3

Further details of grants awarded by the Trust are published on the Trust's website: wellcome.org.

8. Grants awarded but not yet paid

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Liabilities at 1 October	2,742.5	2,476.1	3,161.5	2,653.8
Grants awarded during the year	1,214.1	967.3	1,338.7	1,325.3
Grants paid during the year	(812.5)	(672.5)	(1,122.0)	(850.2)
Discounting of grant liabilities	(146.0)	(131.0)	(117.0)	(154.2)
Foreign exchange revaluation of grant liabilities	(65.8)	102.6	(101.9)	186.8
Liabilities as at 30 September	2,932.3	2,742.5	3,159.3	3,161.5
Of which:				
- falling due within one year (note 17)	741.3	818.3	877.2	983.8
- falling due after one year (note 17)	2,191.0	1,924.2	2,282.1	2,177.7
Liabilities as at 30 September	2,932.3	2,742.5	3,159.3	3,161.5

The total value of the grant liabilities discount for the year ended 30 September 2023 is £650.0 million (2022: £504.0 million) applying an expected nominal rate of investment return of 7.0% (2022: 7.4%).

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.

Funding administration costs are those costs that can be directly attributed to an activity.

Operations comprise an allocation of costs of the following teams: Internal Communications, People, Finance, Legal, and Digital and Technology.

The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.

- Where costs have been allocated on the basis of headcount numbers, headcount numbers are the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the total grant expenditure of the charitable activities: or, where appropriate, based on a proportion of both grant and direct spend on the activity.

Group (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	13.1	Expenditure/Directly attributed
Support of scientific research	-	26.1	-	-	-	-	-	26.1	Directly attributed
Operations	6.4	17.4	5.9	4.0	2.5	38.0	3.6	77.8	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	3.3	Expenditure
Governance costs	0.6	3.3	0.8	0.4	0.4	0.5	-	6.0	Expenditure/Directly attributed
	7.5	56.6	9.1	5.5	4.3	39.7	3.6	126.3	

Group (2022)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2022 £mn	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	12.2	Expenditure/Directly attributed
Support of scientific research	-	23.1	-	-	-	-	-	23.1	Directly attributed
Operations	5.5	9.7	3.4	2.1	0.8	30.3	3.0	54.8	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	3.1	Expenditure
Governance costs	0.7	2.7	0.9	0.1	0.2	0.2	-	4.8	Expenditure/Directly attributed
	6.7	44.0	7.7	2.6	1.6	31.1	4.3	98.0	

Support costs (continued)

Trust (2023)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2023 £mn	Allocation method
Funding administration	0.3	7.9	2.0	0.9	1.1	0.9	-	13.1	Expenditure/Directly attributed
Operations	6.4	17.4	5.8	3.9	2.5	38.1	-	74.1	Headcount/Expenditure
Other	0.2	1.9	0.4	0.2	0.3	0.3	-	3.3	Expenditure
Governance costs	0.4	2.9	0.8	0.4	0.4	0.4	-	5.3	Expenditure/Directly attributed
	7.3	30.1	9.0	5.4	4.3	39.7	-	95.8	

Trust (2022)	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Wellcome Leap £mn	Total 2022 £mn	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	12.2	Expenditure/Directly attributed
Operations	5.5	9.7	3.5	2.0	0.8	30.3	-	51.8	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	3.1	Expenditure
Governance costs	0.5	2.2	0.8	0.2	0.2	0.2	-	4.1	Expenditure/Directly attributed
	6.5	20.4	7.7	2.6	1.6	31.1	1.3	71.2	

10. Governance costs

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Governors' fees and expenses	1.3	1.0	1.2	1.0
Auditor's remuneration				
- parent company and consolidation	1.3	0.7	1.3	0.7
- audits of subsidiary undertakings	0.5	0.6	-	-
Internal audit	2.6	2.2	2.5	2.1
Other costs	0.3	0.3	0.3	0.3
	6.0	4.8	5.3	4.1

Internal audit services are those provided by the in-house internal audit team, together with the cost of specialist services provided by KPMG, PwC and Protiviti.

The audit of subsidiary undertakings excludes fees due to the Trust's Auditor Deloitte LLP relating to Premier Marinas Limited of £0.2 million (2022: £0.2 million), excluding VAT and fees due to BDO LLP as Auditor of Urban&Civic and Farmcare Limited of £0.5 million (2022: £0.5 million) excluding VAT, these entities are held as part of the investment portfolio.

These Deloitte LLP fees are taken into account for the purposes of monitoring the cap on the level of non-audit services as required by legislation.

There were additional fees of £40,000 for non-audit services payable to the Group's Auditor Deloitte LLP (2022: £11,400).

11. Employee information

(a) Employee benefits

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Remuneration and salary benefits	170.1	138.8	94.6	75.4
Social security costs	17.5	17.1	10.0	11.0
Pension costs and other benefits	22.5	18.5	14.8	8.7
	210.1	174.4	119.4	95.1

Remuneration and salary benefits also includes termination payments (refer to note 11(b)) and amounts accrued for Long-Term Incentive Plans for Investment team members (refer to note 5). Pension costs and other benefits includes the current service cost of the pension fund which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Redundancy	1.2	0.1	0.8	(0.3)
Other compensation	0.7	-	0.7	-
	1.9	0.1	1.5	(0.3)

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2023	2022
Trust	1,020	879
Subsidiary undertakings	1,294	1,202
Total for the Group	2,314	2,081
Analysed by		
Investments	45	46
Direct activities	1,516	1,364
Support	753	671
Total for the Group	2,314	2,081
Analysed by		
Investments	45	46
Direct activities	437	370
Support	538	463
Total for the Trust	1,020	879

62 PhD students (2022: 60) at Genome Research Limited do not have a contract of employment with the Group, therefore are not included in the table above. The PhD students provide a significant contribution to the scientific research and have an agreement of support to carry out their own PhD thesis.

The increase in the average number of employees in the Trust is due to recruitment into the roles identified in the organisation design to support the Strategy (noting this was approved in prior years).

(d) Benefits of employees

The number of employees working on charitable activities of the Trust and its subsidiary undertakings (Genome Research Limited and Wellcome Trust gGmbH, refer to note 1(b) Basis of Consolidations, page 129) whose benefits fell within the following bands is shown in the table.

Benefits are defined as including salaries, bonuses, allowances (such as allowances for housing and moving for staff relocating internationally), salary paid in lieu of employer pension contributions, and termination payments, but excluding employer pension contributions and employer National Insurance Contributions.

Employees of Wellcome Leap receive benefits in USD which have been converted into £ equivalent for this table. The value of these benefits (included in the Group) is affected by fluctuating US\$: £ exchange rates throughout the year and from year to year.

Wellcome's policy is to pay staff at market median. Allowances related to staff joining Wellcome who relocated internationally, have impacted the number of employees shown in the table.

The emoluments of the Director included in the table totalled £401,075 (2022: £538,041). The emoluments of the interim CEO included in the table totalled £352,260 (2022: £nil).

Information relating to the Investment team staff is shown separately in note 5(b).

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 91-96.

The tables in the Remuneration Report, together with the accompanying notes, form part of the audited Financial Statements.

	Group		Trust	
	2023	2022	2023	2022
£60,000-£69,999	226	160	106	101
£70,000-£79,999	138	86	95	60
£80,000-£89,999	83	51	57	36
£90,000-£99,999	59	34	38	23
£100,000-£109,999	27	20	16	15
£110,000-£119,999	19	19	14	11
£120,000-£129,999	12	11	8	8
£130,000-£139,999	15	9	12	7
£140,000-£149,999	5	8	5	5
£150,000-£159,999	6	8	4	2
£160,000-£169,999	-	4	-	-
£170,000-£179,999	8	4	1	3
£180,000-£189,999	10	2	9	2
£190,000-£199,999	3	1	2	1
£200,000-£209,999	3	2	2	2
£210,000-£219,999	3	4	1	4
£220,000-£229,999	-	5	-	3
£230,000-£239,999	4	1	4	-
£240,000-£249,999	1	-	-	-
£250,000-£259,999	2	2	1	2
£260,000-£269,999	1	-	1	-
£290,000-£299,999	3	-	3	-
£300,000-£309,999	-	-	-	-
£310,000-£319,999	1	1	1	1
£340,000-£349,999	1	-	-	-
£350,000-£359,999	-	-	-	-
£370,000-£379,999	1	-	1	-
£380,000-£389,999	-	1	-	-
£440,000-£449,999	1	-	-	-
£450,000-£459,999	-	1	-	1
£490,000-£499,999	-	1	-	1
£510,000-£519,999	1	-	1	-
£530,000-£539,999	1	1	1	1
£540,000-£549,999	1	1	-	-
£560,000-£569,999	1	1	1	-
£720,000-£729,999	-	1	-	1
	636	439	384	290

(e) Retirement benefits

(i) Defined contribution

Group Personal Pension plan

The Group provides a defined contribution Group Personal Pension plan into which both employee and employer contributions are paid. The employer contributions amounted to £18.6 million (2022: £16.0 million) and are included within Pension costs and other benefits in note 11(a). No amounts were unpaid at the end of the year (2021: £nil).

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme

The Group sponsors two approved funded defined benefit schemes: the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan ('the Plans').

The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. The investment strategy of the Plan, adopted and regularly reviewed in consultation with the Group, is 100% in passive equities.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes.

The latest triennial actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2022: the valuation showed that the plan is fully funded. The latest triennial actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2021: the valuation showed that the plan is fully funded.

The amount of the surplus or deficit is subject to considerable variability because it depends on a valuation of assets and a range of accounting assumptions impacting the liabilities. During the year, £nil deficit funding contributions were paid to the Plans (2022: £nil).

FRS102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and investment returns expected by the Plans. This leads to a difference between the accounting and funding position under the triennial actuarial valuations.

In addition, certain current and prior Wellcome Trust senior employees are members of an Unfunded

Unapproved Retirement Benefit scheme 'UURBs'. The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the benefits are as per those stated within the FRS102 disclosures.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	2023 % per annum	2022 % per annum	2021 % per annum
Inflation	3.20	3.55	3.35
Salary increases	N/A	N/A	3.85
Rate of discount	5.55	5.00	2.00
Allowance for pension in payment increase of RPI or 5% p.a. if less	2.95	3.20	3.20
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.20	3.35	3.35
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	2023 % per annum	2022 % per annum	2021 % per annum
Inflation RPI	3.20	3.50	3.30
Inflation CPI	2.90	3.15	2.95
Salary increases	N/A	N/A	N/A
Rate of discount	5.55	4.90	2.00
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.20	3.20	3.15
Allowance for pension in payment increase of CPI or 3% p.a. if less	2.90	2.20	2.30
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.05	3.50	3.30
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.0	6.00	6.00

The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2023 were derived based on the expectation that RPI will increase in line with CPIH from 2030.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 18 and 21 years respectively.

The mortality assumptions adopted imply the following life expectancies in years:

	2023	2022
Male retiring at age 60 in 2023	26.0	26.8
Female retiring at age 60 in 2023	28.4	28.8
Male retiring at age 60 in 2043	27.5	28.3
Female retiring at age 60 in 2043	29.9	30.3

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2022 projections and a 1.25% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Current service cost	-	9.1	-	0.6	-	9.7
Expenses	1.0	0.7	-	-	1.0	0.7
Interest on pension schemes' liabilities	(4.1)	4.4	0.8	0.4	(3.3)	4.8
Gains on curtailments	-	(9.5)	-	-	-	(9.5)
Actuarial (gains)/losses	(134.7)	(306.4)	(1.6)	(8.3)	(136.3)	(314.7)
Total charge to the Statement of Financial Activities	(137.8)	(301.7)	(0.8)	(7.3)	(138.6)	(309.0)

Trust	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Current service cost	-	9.1	-	0.6	-	9.7
Expenses	0.5	0.4	-	-	0.5	0.4
Interest on pension schemes' liabilities	(3.4)	1.7	0.8	0.4	(2.6)	2.1
Gains on curtailments	-	(9.5)	-	-	-	(9.5)
Actuarial (gains)/losses	(66.4)	(156.5)	(1.6)	(8.3)	(68.0)	(164.8)
Total charge to the Statement of Financial Activities	(69.3)	(154.8)	(0.8)	(7.3)	(70.1)	(162.1)

(e) Retirement benefits (continued)

(iv) Present values of pension schemes' liabilities, fair value of assets and surplus/(deficit)

	Assets		Liabilities		Surplus/(Deficit)	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Wellcome Trust Pension Plan	406.4	361.5	(269.3)	(293.9)	137.1	67.6
Genome Research Limited Pension Plan	334.8	295.7	(252.6)	(282.0)	82.2	13.7
Total pension plans	741.2	657.2	(521.9)	(575.9)	219.3	81.3
Wellcome Trust unfunded, unapproved scheme liabilities	-	-	(14.1)	(15.7)	(14.1)	(15.7)
Wellcome Trust Post-retirement medical benefits	-	-	(0.7)	(0.6)	(0.7)	(0.6)
Total other retirement benefits	-	-	(14.8)	(16.3)	(14.8)	(16.3)
Total pension liabilities	741.2	657.2	(536.7)	(592.2)	204.5	65.0

(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Plans' liabilities at start of year	575.9	986.6	293.9	510.9
Current service cost	-	9.1	-	9.1
Expenses	1.0	0.7	0.5	0.4
Interest cost	28.2	19.6	14.5	10.1
Contributions by scheme participants	-	0.2	-	0.2
Actuarial (gains)/losses	(71.6)	(420.5)	(31.4)	(220.0)
Benefits paid and death-in-service insurance premiums	(11.6)	(10.3)	(8.2)	(7.3)
Gains on curtailments	-	(9.5)	-	(9.5)
Plans' liabilities at end of year	521.9	575.9	269.3	293.9

(e) Retirement benefits (continued)

2023 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2023)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £52.6mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £33.8mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £9.1mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £3.2mn (0.6%)

Trust (2023)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £27.8mn (9.8%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £17.9mn (6.3%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £4.8mn (1.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £1.7mn (0.6%)

2022 analysis of the sensitivity to the assumptions of the value of the plans' liabilities:

Group (2022)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £62.2mn (10.5%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £36.7mn (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £10.7mn (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £4.1mn (0.7%)

Trust (2022)		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £32.5mn (10.5%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.2mn (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £5.6mn (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £2.2mn (0.7%)

(e) Retirement benefits (continued)

(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Fair value of plan assets at start of year	657.2	761.6	361.5	419.1
Expected return on plan assets	32.3	15.2	17.9	8.4
Actuarial (losses)/gains	63.1	(114.1)	35.0	(63.5)
Contributions by the Group employers	0.2	4.6	0.2	4.6
Contributions by scheme participants	-	0.2	-	0.2
Benefits paid and death-in-service insurance premiums	(11.6)	(10.3)	(8.2)	(7.3)
Fair value of plan assets at end of year	741.2	657.2	406.4	361.5

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2023 £mn	2022 £mn	2021 £mn	2020 £mn	2019 £mn
Fair value of plans' assets	741.2	657.2	761.6	614.4	569.6
Present value of plans' liabilities	(521.9)	(575.9)	(986.6)	(981.2)	(941.4)
Surplus/(deficit) in scheme	219.3	81.3	(225.0)	(366.8)	(371.8)
Experience adjustment on plans' assets	63.1	(114.1)	130.7	25.1	13.7
Experience adjustment on plans' liabilities	(26.0)	(66.1)	7.8	(1.8)	(0.9)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	97.6	486.6	13.5	2.6	(171.0)

Trust	2023 £mn	2022 £mn	2021 £mn	2020 £mn	2019 £mn
Fair value of plans' assets	406.4	361.5	419.1	339.7	316.7
Present value of plans' liabilities	(269.3)	(293.9)	(510.9)	(507.7)	(485.5)
Surplus/(deficit) in scheme	137.1	67.6	(91.8)	(168.0)	(168.8)
Experience adjustment on plans' assets	35.0	(63.5)	72.0	14.1	7.7
Experience adjustment on plans' liabilities	(14.7)	(17.3)	3.9	(3.3)	(0.2)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	46.1	237.3	8.8	(1.2)	(85.0)

(viii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning 1 October 2023 is £nil million (2022: £0.2 million), which includes £nil (2021: £nil) of deficit funding, noting the decision taken to cease future service accruals from 1 July 2022.

The best estimate of the contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning 1 October 2023 is £nil million (2022: £nil million), which includes £nil (2022: £nil) of deficit funding, noting the cessation of future service accruals from 1 October 2022.

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration Report on pages 91-96.

13. Taxation

Group	2023 £mn	2022 £mn
(a) Current Tax		
UK Corporation Tax on profits for the year	-	10.5
Adjustments in respect of prior periods	(10.4)	(0.2)
UK corporation tax on CFC deemed income	0.7	0.1
Total current tax	(9.7)	10.4
(b) Deferred Tax		
Origination and reversal of timing differences	(3.5)	(56.0)
Adjustments in respect of prior periods	0.8	(0.6)
Effect of change in UK tax rate		(4.0)
Total deferred tax	(2.7)	(60.6)
Taxation	(12.4)	(50.2)

Group	2023 £mn	2022 £mn
(c) Reconciliation of Tax Charge		
Profit/(loss) on ordinary activities before taxation on subsidiaries subject to taxation	6.6	(123.3)
Profit/(loss) before tax multiplied by average standard rate of corporation tax of 22.01%% (2022: 19.0%)	1.5	(23.4)
Effects of:		
Income not subject to tax	(7.1)	(20.1)
Temporary differences:		
Chargeable gains/(losses)	7.9	-
Movement in deferred tax not recognised	0.2	(3.0)
Gift aid donation paid	(7.9)	(5.6)
Adjustments to tax charge in respect of previous periods - deferred tax	0.8	0.5
Group income	-	(0.3)
Tax apportioned on CFC profits	0.7	0.1
Remeasurement of deferred tax for changes in tax rates	1.9	(14.0)
Expenses not deductible for tax purposes	-	15.8
Adjustments to tax charge in respect of previous periods	(10.4)	(0.2)
Taxation	(12.4)	(50.2)

The UK corporation tax rate increased from 19% to 25%, effective 1 April 2023. As a consequence, the effective rate for the year ended 30 September 2023 was 22%.

For the purposes of reporting under FRS102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise due to increases or decreases in the fair value of the investments held in these subsidiaries, which will not be taxable until these investments are sold. As the corporation tax rate is 25% deferred tax continues to be recognised at 25%.

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £22.8 million (2022: £24.5 million).

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2022	480.4	1.5	297.8	9.8	789.5
Additions	2.7	-	7.8	20.2	30.7
Transfers	(3.1)	-	6.0	(7.0)	(4.1)
Disposals	-	-	(5.6)	-	(5.6)
Cost as at 30 September 2023	480.0	1.5	306.0	23.0	810.5
Accumulated depreciation as at 1 October 2022	156.4	1.5	229.5	-	387.4
Charge for the year	9.1	-	14.0	-	23.1
Transfers	-	-	-	-	-
Disposals	-	-	(4.9)	-	(4.9)
Accumulated depreciation as at 30 September 2023	165.5	1.5	238.6	-	405.6
Net Book Value as at 30 September 2023	314.5	-	67.4	23.0	404.9
Net Book Value as at 30 September 2022	324.0	-	68.3	9.8	402.1

(b) Trust

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2022	232.7	1.5	134.6	2.7	371.5
Additions	-	-	0.9	6.8	7.7
Transfers	(4.1)	-	2.8	(2.8)	(4.1)
Disposals	-	-	(0.8)	-	(0.8)
Cost as at 30 September 2023	228.6	1.5	137.5	6.7	374.3
Accumulated depreciation as at 1 October 2022	78.8	1.5	86.8	-	167.1
Charge for the year	3.8	-	5.2	-	9.0
Transfers	-	-	-	-	-
Disposals	-	-	(0.8)	-	(0.8)
Accumulated depreciation as at 30 September 2023	82.6	1.5	91.2	-	175.3
Net Book Value as at 30 September 2023	146.0	-	46.3	6.7	199.0
Net Book Value as at 30 September 2022	153.9	-	47.8	2.7	204.4

Wellcome is evaluating possible approaches to reach its net-zero carbon emission ambitions, which may have an impact on the use of our assets that have a net book value calculated at £159.7 million. This is based upon the remaining net book value of the Trust's buildings and associated plant and fixtures.

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the UK Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's vision of a world in which everyone's experience of health matters. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections.

Wellcome Collection is both an accredited museum and an accredited archive service, having been awarded full accreditation under schemes administered by Arts Council England and The National Archives.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to 'Conservation of Cultural Heritage', 'Conservation and care of archive and library collections', 'Conservation Process: Decision Making, Planning and Implementation' and 'Procurement of Conservation Services and Works'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' and British Standard EN 17820-2023 'Conservation of Cultural Heritage – Specifications for the management of moveable cultural heritage collection' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy.

We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; ongoing collection inventory; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with the Harwell Science and Innovation Campus, which provides support for the majority of disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, Unquoted investments and Investment properties

Group	Fair value 1 October 2022 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	Fair value 30 September 2023 £mn
Total quoted investments	13,550.8	1,797.2	(1,759.0)	1,126.4	14,715.4
Total unquoted investments	21,102.5	2,121.4	(2,401.1)	(1,597.1)	19,225.7
Total investment properties	1,671.1	47.3	(40.0)	(63.8)	1,614.6
Total	36,324.4	3,965.9	(4,200.1)	(534.5)	35,555.7

Trust	Fair value 1 October 2022 £mn	Purchases £mn	Sales proceeds £mn	Total gains/(losses) £mn	Fair value 30 September 2023 £mn
Total quoted investments	12,920.2	1,797.2	(1,759.1)	1,229.1	14,187.4
Total unquoted investments	19,425.2	2,044.2	(2,282.3)	(1,505.1)	17,682.0
Total investment properties	1,489.1	41.7	(23.3)	(60.0)	1,447.5
Total	33,834.5	3,883.1	(4,064.7)	(336.0)	33,316.9

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

At the reporting date, the fair value of securities on loan were £537.1 million (2022: £1,042.3 million) and the Group held £548.7 million (2022: £1,088.2 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £nil million (2022: £2.3million). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting basis has not been quantified. Due to the number of investments made, often over

a number of years, the cost to our associates and joint ventures of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt of £75.0 million (2022: £16.8 million)
- received sales proceeds of £nil million (2022: £128.1 million)

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Strutt & Parker, Cushman & Wakefield and JLL. Investment properties include freehold land relating to the Wellcome Genome Campus where long leases have been agreed at non-market rents which reduces the fair value of this land.

(b) Derivative financial instruments

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Derivative financial instrument asset positions	86.4	-	86.4	-

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into pounds sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management, including a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Investment cash and certificates of deposit	2,917.6	3,377.8	2,913.3	3,376.1
Cash collateral held	609.6	133.6	609.6	133.6
Accrued income from investments	17.3	11.8	14.9	9.1
Income receivable	52.3	48.0	52.5	47.9
Proceeds receivable on sale of investments	20.1	8.2	20.1	8.2
Other investment debtors	12.2	18.0	10.6	16.7
Cash collateral posted with counterparties	-	360.4	-	360.4
Other investment assets	711.5	580.0	707.7	575.9

Other investment assets includes cash collateral held relating to the securities lending programme which is driven by the value of securities on loan and is £548.7 million at the reporting date (2022: £133.6 million) and cash collateral received from counterparties relating to derivative financial instrument liabilities. These amounts are due back to counterparties and there is a corresponding assets recognised (refer to note 17).

Cash collateral posted with counterparties in the prior year related to amounts due back from counterparties relating to derivative financial instrument liabilities.

(d) Programme-related investments

Group	Book value 1 October 2022 £mn	Purchases £mn	Disposals £mn	Net write-downs £mn	Unrealised Gains	Book value 30 September 2023 £mn
Loans – other	-	0.8	(1.3)	0.5	-	-
Loans	-	0.8	(1.3)	0.5	-	-
Equities – AMR Action Fund LP	-	5.1	-	(5.1)	-	-
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	4.9	-	(4.9)	-	-
Equities – other	60.7	-	(1.3)	0.4	(18.7)	41.1
Equities	60.7	10.0	(1.3)	(9.6)	(18.7)	41.1
Revenue share – other	-	(0.1)	-	0.1	-	-
Revenue share	-	(0.1)	-	0.1	-	-
Total	60.7	10.7	(2.6)	(9.0)	(18.7)	41.1

Programme-related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to programme-related investments are detailed in note 19.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories) based in India and Hilleman Singapore Pte Limited, a new company set up in early 2021 based in Singapore. Both companies were established to develop affordable vaccines to prevent diseases that commonly affect low- and middle-income countries. Under the shareholding

agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

AMR Action Fund

The Trust has committed to a £50 million programme-related investment into the AMR Action Fund, an impact investment fund established to support late-stage antibiotic development. At each capital call funds will be provided in exchange for equity. The drawn down capital is included in the equities balance. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

Other

The Trust has provided funding to 101 (2022: 101) companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme-related investment portfolio is performed to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report (Figure 6 on page 42) £1,791.3 million (2022: £1,942.4 million) is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2023

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted investments	14,715.4	-	-	14,715.4
Unquoted investments	-	3,950.6	15,275.3	19,225.9
Derivative financial instruments asset positions	-	86.4	-	86.4
Programme-related investments	41.1	-	-	41.1
	14,756.5	4,037.0	15,275.3	34,068.8

Assets at fair value as at 30 September 2022

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted investments	13,550.8	-	-	13,550.8
Unquoted investments	-	5,691.2	15,411.7	21,102.9
Derivative financial instruments asset positions	-	-	-	-
Programme-related investments	60.7	-	-	60.7
	13,611.5	5,691.2	15,411.7	34,714.4

(e) Fair value of financial assets and liabilities (continued)**Liabilities at fair value as at 30 September 2023**

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	49.8	-	49.8

Liabilities at fair value as at 30 September 2022

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	363.1	-	363.1

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2
- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3

For Level 3 investments:

- private equity and venture funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund
- unquoted direct investments and programme related investments are held at the valuation determined by Management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by Management. Further details of valuation assumptions used for key areas of estimation are provided in note 2

(f) Realised and unrealised gains/(losses) on investments

		Group		Trust	
	Note	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Quoted investments	15(a)	1,126.4	(2,354.9)	1,229.1	(2,296.2)
Unquoted investments	15(a)	(1,597.1)	1,414.0	(1,505.1)	1,305.4
Investment properties	15(a)	(63.8)	94.8	(60.0)	63.9
Derivative financial instruments					
Currency overlay		426.3	(369.2)	426.3	(369.2)
Other derivative financial instruments		(0.1)	0.5	(0.5)	0.5
Shares in subsidiary undertakings		-	-	(454.2)	(2.1)
Short-term investments		16.4	4.3	16.4	4.3
Foreign exchange losses on monetary assets		(90.3)	180.0	(50.7)	110.2
Foreign exchange losses on bond liabilities		4.0	(7.2)	4.0	(7.2)
		(178.2)	(1,037.7)	(394.7)	(1,190.4)

(g) Reconciliation to Trustee's Report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: public equity, private equity, hedge funds, property, and cash.

This note reconciles the net investment asset fair value at the reporting date as presented within the Trustee's Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	2023 £mn	2022 £mn
Quoted investments	15(a)	14,715.4	13,550.8
Unquoted investments	15(a)	19,225.7	21,102.5
Investment property	15(a)	1,614.6	1,671.1
Derivative financial instrument asset positions	15(b)	86.4	-
Investment cash and certificates of deposit	15(c)	2,917.6	3,377.8
Other investment assets	15(c)	711.5	580.0
Programme-related investments	15(d)	41.1	60.7
Investment assets as presented in the Financial Review		39,312.3	40,342.9
Derivative financial instrument liabilities	17	(49.8)	(363.1)
Amount payable on acquisition of investments	17	(5.4)	(8.6)
Cash collateral creditor	17	(609.6)	(133.6)
Deferred income from investments	17	(8.8)	(8.4)
Other investment liabilities	17	(22.5)	(22.7)
Total investment assets		38,616.2	39,806.5
Bond liabilities at amortised cost falling due within one year	17	(28.3)	(28.4)
Bond liabilities at amortised cost falling due between one and five years	17	(345.2)	(348.7)
Bond liabilities at amortised cost falling due after five years	17	(2,430.9)	(2,430.4)
Total interest bearing liabilities		(2,804.4)	(2,807.5)
Total investment assets		38,616.2	39,806.5
Total interest bearing liabilities		(2,804.4)	(2,807.5)
Adjusted for:			
Restatement of bond liabilities to fair value		1,013.1	865.0
Programme-related investments not in investment asset allocation	15(d)	(41.1)	(60.7)
Other net investments not in asset allocation		(12.5)	2.9
Total investment portfolio value per Figure 6		36,771.3	37,806.2

Other investments not in asset allocation relate to programme-related investments and unquoted investments held by Genome Research Limited.

	2023	2022
Leverage (Total interest bearing liabilities/Total investment assets)	7.3%	7.1%

16. Debtors

	Group		Trust	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Amounts owed by subsidiary undertakings	-	-	101.6	203.5
Other debtors	23.5	12.1	3.8	1.4
Prepayments and accrued income	82.7	55.7	8.4	6.4
	106.2	67.8	113.8	211.3

There are £60.6 million of prepayments that relate to Wellcome Leap's advance payments (2022: £44.1million) to its programmes which have increased from five in 2022 to nine in 2023.

Amounts owed by subsidiary undertakings are repayable on demand and charged interest at the overnight bank deposit rate.

17. Creditors

		Group		Trust	
	Note	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Falling due within one year					
Amounts owed to subsidiary undertakings		-	-	1,271.1	1,551.8
Grant liabilities	8	741.3	818.3	877.2	983.8
Bond liabilities		28.3	28.4	23.6	23.6
Amount payable on acquisition of investments		5.4	8.6	5.4	8.6
Cash collateral creditor		609.6	133.6	609.6	133.6
Deferred income from investments		8.8	8.4	7.7	7.5
Derivative financial instrument liabilities		49.8	363.1	49.8	363.1
Other investment liabilities		22.5	22.7	19.9	20.5
Trade creditors		16.1	17.2	8.3	11.0
Other creditors		21.1	38.7	17.2	36.1
Accruals and deferred income		61.1	59.4	16.7	14.4
Corporation tax		1.3	11.1	-	-
Total falling due within one year		1,565.3	1,509.5	2,906.4	3,154.0
Falling due between one and five years					
Grant liabilities	8	1,701.1	1,654.4	1,792.2	1,907.9
Other creditors		0.4	-	-	-
Lease premium creditor		3.5	1.6	-	-
Bond liabilities		345.2	348.7	345.2	348.7
		2,050.2	2,004.7	2,137.4	2,256.6
Falling due after five years					
Grant liabilities	8	489.9	269.8	489.9	269.8
Lease premium creditor		23.8	15.7	-	-
Bond liabilities		2,430.9	2,430.4	1,887.5	1,887.4
		2,944.6	2,715.9	2,377.4	2,157.2
Total falling due after one year		4,994.8	4,720.6	4,514.8	4,413.8

18. Provisions for liabilities and charges

Group	Deferred tax £mn	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2022	29.3	72.7	4.3	106.3
Charge for the year	(3.1)	57.9	(2.6)	52.2
Utilised in year	-	(49.3)	-	(49.3)
As at 30 September 2023	26.2	81.3	1.7	109.2

Trust	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2022	68.5	5.4	73.9
Charge for the year	57.6	(2.6)	55.0
Utilised in year	(49.3)	-	(49.3)
As at 30 September 2023	76.8	2.8	79.6

The employment-related provisions relate to long-term incentive plans for certain employees in the Investment team (refer to note 5(a)) and unfunded unapproved retirement benefit schemes (refer to note 11(e)(ii)).

Long-term incentive plans vest over five-year periods and then can be exercised at the employee's discretion for up to 25 years.

The charge for the year for deferred tax includes foreign exchange revaluations.

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £5.7 billion (2022: £6.2 billion). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £1.8 billion (30.7%) of the outstanding commitments in one year, £2.8 billion (49.1%) in between one and five years and £1.1 billion (20.2%) after five years.

(b) Pensions

The Trust has previously agreed with the Genome Research Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by the Trust, are that Genome Research Limited pays the necessary contribution as agreed with the Trustee and the Plan Actuary. Further details of the funding of the pension plans are provided in note 11(e)(ii).

(c) Programme-related investments

Programme-related convertible loans and equity funding have been made over a series of years, of which £79.1 million (2022: £49.4 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has committed to a £50.0 million programme-related investment into the AMR Action Fund, an impact investment fund established to support antibiotic development. Drawdowns of £7.7 million have been made to date and therefore the outstanding commitment amounted to £42.3 million (2022: £47.0 million), which is included in the £79.1 million noted above.

The Trust has committed to fund 14% of the operating capital of Diamond Light Source Limited. During the year the final share issue payments were made and the outstanding commitment amounted to £Nil (2022: £0.2 million).

During the year, the Trust incurred £4.8 million (2022: £3.0 million) in expenditure relating to an entity in India, MSD-Wellcome Trust Hilleman Laboratories. The outstanding commitment amounted to £8.5 million (2022: £13.3 million).

(d) Grant funding activities

In prior years, Wellcome has made Seeding Drug Discovery grants of £172.8 million, of which £172.7 million has been included in grant expenditure in current and prior financial years. The remaining £0.1 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

To date the Trust has incurred £83.5 million for expenditure relating to Wellcome Trust-DBT India Alliance. There is no outstanding commitment on the current award although subject to review and approval of appropriate applications Wellcome may contribute up to £2.1 million of additional funding to the initiative over the next six years.

During the year, Wellcome incurred £0.4 million in expenditure relating to a partnership between Wellcome, the UK Medical Research Council, the UK Foreign, Commonwealth and Development Office and the UK Department of Health to fund global health trials in low- and middle-income countries. Subject to review and approval of appropriate costed extensions, Wellcome may contribute up to a further £2.5 million over the next four years.

During the year, Wellcome has not incurred any expenditure relating to a joint initiative between Wellcome, the UK Foreign, Commonwealth and Development Office, the UK Economic and Social Research Council and the UK Medical Research Council to fund health systems research in low- and middle-income countries. Subject to review and approval of appropriate costed extensions Wellcome may contribute up to £2.0 million over the next three years.

Wellcome has not incurred any expenditure relating to a partnership with the British Heart Foundation, Cancer Research UK, Scottish Ministers acting through their Chief Scientist Office of the Scottish Government Health and Social Care Directorates, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Department of Health and Social Care acting through its National Institute for Health Research, Health and Social Care Research and Development Division, Welsh Government, Public Health Agency and The Health Foundation to fund research into population-level strategies that will prevent non-communicable diseases and reduce inequalities in health. Wellcome may contribute up to £0.9 million over the next three years.

In 2017, the Trust entered into a partnership with the US Government's Biomedical Advanced Research and Development Authority (BARDA), Germany's Federal Ministry of Education and Research (BMBF), the UK Government's Department of Health and Social Care (DHSC) through its Global Antimicrobial Resistance Innovation Fund (GAMRIF), the Bill and Melinda Gates Foundation and Boston University to create the Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) to support preclinical product development of new antibiotics.

£10.5 million was committed during the year and subject to review and approval of appropriate applications, the Trust will contribute up to £24.0 million over the next year.

(e) Capital Commitments

In the current year, Wellcome and Genome Research Limited had commitments contracted and not provided for of £89.6 million (2022: £5.7 million) and £16.2 million (2022: £28.1 million) respectively. These relate to the refurbishment of investment properties and the redevelopment of Premier Marinas, and Wellcome Genome Campus redevelopment.

20. Movement in Charity Funds

Group (2023)	Balance as at 1 October 2022 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2023 £mn
Restricted Funds	17.5	31.8	(32.3)	-	17.0
Unrestricted Funds	34,583.8	510.0	(1,474.4)	(178.2)	33,441.2
Total Charity Funds	34,601.3	541.8	(1,506.7)	(178.2)	33,458.2

Group (2022)	Balance as at 1 October 2021 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2022 £mn
Restricted Funds	19.8	33.1	(35.4)	-	17.5
Unrestricted Funds	36,240.8	469.2	(1,088.5)	(1,037.7)	34,583.8
Total Charity Funds	36,260.6	502.3	(1,123.9)	(1,037.7)	34,601.3

All restricted funds arise in Genome Research Limited.

21. Group undertakings

(a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited is the sole member
Wellcome Leap Inc	100%	N/A	United States of America	The Wellcome Trust Limited is the sole member
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
- non-charitable investment holding subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust where the net asset value is in excess of £300 million – refer to note 21(b)(ii); and
- a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).

Most subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

(a) Summary of activities of significant subsidiary undertakings (continued)

The table below details the subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Urban&Civic plc	100% (indirect through Gower Place Investments Limited)	SC149799	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

The Trust has taken advantage of an exemption from audit available under 480 of the Companies Act 2006 for the following subsidiary which is registered in England:

Wellcome Trust Investments 3 Unlimited

Wellcome Trust Residential 2 Limited

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertaking

	Genome Research Limited	
	2023 £mn	2022 £mn
Income	189.0	186.0
Expenditure	(182.3)	(182.5)
Actuarial gains on defined benefit pension scheme	68.3	149.9
Net movements in funds	75.0	153.4
Total assets	265.2	251.9
Liabilities	(75.8)	(69.1)
Defined benefit pension scheme deficit	82.2	13.7
Net liabilities	271.6	196.5

All restricted funds arise in Genome Research Limited.

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investments 2 Unlimited	
	2023 £mn	2022 £mn	2023 £mn	2022 £mn	2023 £mn	2022 £mn
Turnover	-	-	-	-	10.5	11.4
Expenditure	1.8	(10.0)	15.3	3.8	5.4	(78.7)
Gains/(losses) on investments	(36.3)	32.9	(84.8)	(11.9)	(25.4)	35.9
Total (loss)/profit	(34.5)	22.9	(69.5)	(8.1)	(9.5)	(31.4)
Investment assets	1,054.5	1,015.7	216.5	301.3	667.6	680.0
Current assets	2.1	183.0	3.8	97.7	389.5	377.8
Total assets	1,056.6	1,198.7	220.3	399.0	1,057.1	1,057.8
Liabilities	(0.1)	(0.3)	(1.3)	(14.4)	(26.2)	(15.0)
Net assets	1,056.5	1,198.4	219.0	384.6	1,030.9	1,042.8

The functional currency of Wellcome Trust Investments 2 Unlimited is the US dollar because the majority of the Company's transactions are denominated in US dollars.

(iii) Non-charitable investment financing subsidiary undertaking

	Wellcome Trust Finance plc	
	2023 £mn	2022 £mn
Turnover	29.1	29.0
Expenditure	(31.0)	(29.0)
Total (loss)/profit	(1.9)	-
Assets	688.8	686.6
Liabilities	(553.2)	(549.1)
Net assets	135.6	137.5

22. Consolidated cash flow

(a) Investment income received

	2023 £mn	2022 £mn
Dividends and interest	427.1	322.5
Rental income	48.2	43.4
Decrease in income receivable from investments	(4.4)	(10.6)
Decrease in accrued income from investments	(5.5)	(2.6)
Decrease in deferred income from investments	0.4	1.8
Investment income received	465.8	354.5

(b) Servicing of finance

	2023 £mn	2022 £mn
Interest payable	(76.4)	(76.3)
Foreign exchange gains/(losses) on revaluation of interest bearing liabilities	4.0	(7.2)
(Decrease)/Increase in interest bearing liabilities	(3.2)	8.2
Cash outflow for servicing of finance	(75.6)	(75.3)

(c) Reconciliation of investment sales and purchases

	2023 £mn	2022 £mn
Proceeds on sale of quoted investments	1,759.0	3,216.8
Proceeds on sale of unquoted investments	2,401.1	2,888.2
Proceeds on sale of investment property	40.0	22.7
(Increase)/Decrease in proceeds receivable on sale of investments	(11.9)	3.2
Proceeds on sale of Programme Related Investments	2.6	1.9
Proceeds from sales of investments	4,190.8	6,132.8
Purchases of quoted investments	1,797.2	1,830.5
Purchases of unquoted investments	2,121.4	3,762.4
Purchases of investment property	47.3	32.9
Increase/(Decrease) in amounts payable on acquisition of investments	3.2	(7.0)
Purchase of Programme Related Investments	10.7	13.8
Purchases of investments	3,979.8	5,632.6
Gain/(Loss) on derivative financial instruments	426.2	(368.6)
(Increase)/Decrease in derivative financial asset positions	(86.4)	30.8
(Decrease)/Increase in derivative financial liabilities	(313.3)	357.1
Decrease/(Increase) in cash collateral posted with counterparties	360.4	(360.4)
Net cash inflow/(outflow) due to derivative financial instruments	386.9	(341.1)

(d) Statement of net debt

	At 1 October 2022 £mn	Cash flow £mn	Change in Maturities £mn	Effective interest & Foreign Exchange £mn	At 30 September 2023 £mn
Cash in hand and at bank	33.7	46.0	-	-	79.7
Debt due after one year					
- bond liabilities	(2,779.1)	-		3.1	(2,776.0)
Debt due within one year					
- bond liabilities	(28.4)	75.6		(75.5)	(28.3)
Liquid resources:					
- investment cash and certificates of deposit	3,377.8	(460.2)	-	-	2,917.6
Net debt	604.0	(338.6)	-	(72.4)	193.0

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2023 £mn	2022 £mn
Derivative financial instruments assets positions	86.4	-
Investment cash balances and certificates of deposit	2,917.6	3,377.8
Cash collateral posted with counterparties	-	360.4
UK and US government securities	421.6	-
Cash collateral held	609.6	133.6
Accrued income from investments	17.3	11.8
Income receivable	52.3	48.0
Proceeds receivable on sale of investments	20.1	8.2
Other investment debtor balances	12.2	18.0
Programme-related investment loans	-	-
Other debtors	23.5	12.1
Term deposits and cash	79.7	33.7
	4,240.3	4,003.6

None of the Group's financial assets subject to credit risk (other than the programme-related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

- For fixed income securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk.
- Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts.
- Direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated Government securities and the controlled use of AAA rated money market funds.
- Sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and on-going reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed weekly by investments management, monthly by the Executive Leadership Team, and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

Group	2023				2022			
	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn
Payments falling due within one year								
Bond liabilities	-	75.4	-	75.4	-	75.5	-	75.5
Derivative financial instruments liabilities	49.8	-	-	49.8	363.1	-	-	363.1
Collateral liability	609.5	-	-	609.5	133.6	-	-	133.6
Amount payable on acquisition of investments	5.4	-	-	5.4	8.6	-	-	8.6
Other investment liabilities	22.5	-	-	22.5	22.7	-	-	22.7
Trade creditors	16.1	-	-	16.1	17.2	-	-	17.2
Other creditors	21.1	-	-	21.1	38.7	-	-	38.7
Accruals and deferred income	61.1	-	-	61.1	59.4	-	-	59.4
Corporation Tax	-	1.3	-	1.3	-	11.1	-	11.1
Contractual payments	785.5	76.7	-	862.2	643.3	86.6	-	729.9
Grant liabilities	185.3	556.0	-	741.3	204.6	613.7	-	818.3
	970.8	632.7	-	1,603.5	847.9	700.3	-	1,548.2
Payments falling due between one and five years								
Bond liabilities	-	-	644.9	644.9	-	-	653.1	653.1
Other creditors	-	-	0.4	0.4	-	-	-	-
Contractual payments	-	-	645.3	645.3	-	-	653.1	653.1
Grant liabilities	-	-	2,046.4	2,046.4	-	-	1,993.5	1,993.5
	-	-	2,691.7	2,691.7	-	-	2,646.6	2,646.6
Payments falling due after five years								
Bond liabilities	-	-	5,332.2	5,332.2	-	-	5,403.8	5,403.8
Contractual payments	-	-	5,332.2	5,332.2	-	-	5,403.8	5,403.8
Grant liabilities	-	-	794.7	794.7	-	-	434.7	434.7
	-	-	6,126.9	6,126.9	-	-	5,838.5	5,838.5
Total	970.8	632.7	8,818.6	10,422.1	847.9	700.3	8,485.1	10,033.3

Grant liabilities are non-contractual.

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments.

Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of sterling and US dollars and monitored sterling and US dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key: the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitors cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base and this is discussed in the Financial Review on page 55-60.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2023 £mn	2022 £mn
Quoted investments	14,715.4	13,550.8
Unquoted investments	19,225.7	21,102.5
Investments properties	1,614.6	1,671.1
Derivative financial instruments assets positions	86.4	-
Assets exposed to risk	35,642.1	36,324.4
Derivative financial instruments liability positions	49.8	363.1
Liabilities exposed to risk	49.8	363.1

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is sterling. However, the Group has investment assets denominated in currencies other than sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	Value as at 30 September 2023 (currency, mn)	Value as at 30 September 2023 £mn	Value as at 30 September 2022 (currency, mn)	Value as at 30 September 2022 £mn
Traded investments assets				
USD	\$26,997.8	22,119.4	\$25,131.6	22,513.3
Euro	€3,424.6	2,970.6	€3,131.6	2,748.2
CNY	¥18,074.6	2,027.4	¥20,894.6	2,639.6
Other		4,086.1		4,363.6
Other investment debtors balances				
USD	\$1,564.6	1,281.9	\$1,123.7	1,006.6
Euro	€41.5	36.0	€43.6	38.2
CNY	-	-	¥0.2	-
Other		44.9		42.2
Other investment creditors balances				
USD	(\$3.1)	(2.5)	(\$3.4)	(3.0)
Euro	(€403.9)	(350.4)	(€404.2)	(354.7)
CNY	-	-	-	-
Other		(2.8)		(2.7)
Forward currency contracts				
USD	(\$3,168.6)	(2,594.1)	(\$3,936.0)	(3,583.5)
Euro	(€169.7)	(150.5)	(€725.3)	(680.1)
CNY	-	-	-	-
Other		(0.3)		(0.1)
Total exposed to currency risk		29,465.7		28,727.6

	Impact on gain for the financial year 2023 £mn	Impact on gain for the financial year 2022 £mn
10% USD appreciation	2,080.5	1,993.3
10% Euro appreciation	250.6	175.2
10% CNY appreciation	202.7	264.0

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (for variable rate assets or liabilities).

Interest rate exposure

The Group has purchased fixed income (interest bearing investments) during the year. The value of these investments will fluctuate if interest rates change in future. In addition the Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

The Group also holds fixed income quoted investments, which include UK Gilts and US Treasuries on the Balance Sheet. These are fixed rate interest bearing assets, not impacted by changes in market interest rates.

	2023		2022	
	Weighted average interest rate	Value as at 30 September £mn	Weighted average interest rate	Value as at 30 September £mn
Interest-bearing assets:				
Maturing within one year				
Fixed rate	0.90%	371.7	n/a	-
Floating rate	n/a	-	n/a	-
Maturing between one and five years				
Fixed rate	0.25%	49.9	n/a	-
Floating rate	n/a	-	n/a	-
Total interest bearing assets		421.6		-
Interest-bearing financial liabilities:				
Maturing within one year				
Fixed rate – bond liabilities	n/a	-	n/a	-
Maturing between one and five years				
Fixed rate – bond liabilities	1.13%	(347.9)	1.13%	(351.4)
Maturing after five years				
Fixed rate – bond liabilities	2.92%	(2,456.5)	2.70%	(2,456.0)
Total interest-bearing liabilities		(2,804.4)		(2,807.4)

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table opposite is the book value.

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

Reference and Administrative Details

Board of Governors

Julia Gillard (Chair)
Elhadj As Sy
Arup Chakraborty
Amelia Fawcett (until 30 September 2023)
Richard Gillingwater
Gabriel Leung
Stephen Lovegrove (from 6 November 2023)
Fiona Powrie (Deputy Chair)
Diana Noble (from 6 November 2023)
Cilla Snowball
Ijeoma Uchegbu

Chief Legal Officer and Company Secretary

Chris Bird

Audit and Risk Committee

Stephen Lovegrove (Chair from 1 January 2024)
Chris Jones* (Interim Chair) (1 October to 31 December 2023)
Amelia Fawcett (Chair) (until 30 September 2023)
Jonathan Britton* (from 1 October 2023)
Arup Chakraborty
Fiona Powrie
Ijeoma Uchegbu
Caroline Wehrle** (from 1 December 2022)

Remuneration Committee

Diana Noble (Chair from 1 January 2024)
Cilla Snowball (Interim chair)
(1 October to 31 December 2023)
Amelia Fawcett (Chair) (until 30 September 2023)
Julia Gillard
Richard Gillingwater
Fiona Powrie

Nomination and Governance Committee

Julia Gillard (Chair)
Elhadj As Sy
Fiona Powrie
Cilla Snowball

Investment Committee

Richard Gillingwater (Chair)
Julia Gillard
Tracy Blackwell*
Stefan Dunatov*
Martin Halusa*
Cressida Hogg*
Gabriel Leung
Nick Moakes
Girish Reddy*
Paul Schreier
Lisha Patel
Fabian Thehos
Karen Chadwick (from 25 February 2023)
Jeremy Farrar (until 24 February 2023)

*Denotes external committee members

Executive Leadership Team*

Chief Executive Officer (previously Director):
John-Arne Røttingen (from 30 January 2024)
Paul Schreier (interim CEO from
25 February 2023 to 29 January 2024)
Jeremy Farrar (Director) (to 24 February 2023)

Chief Operating Officer:
Karen Chadwick (interim, from 25 Feb 2023)
Paul Schreier (until 24 February 2023)

Chief Finance Officer
(previously Finance Director):
Richard Eales (interim, from 27 February 2023)
Karen Chadwick (to 25 February 2023)

Chief Research Programmes Officer
(previously Director of Research Programmes):
Cheryl Moore

Chief Strategy Officer
(previously Director of Strategy):
Ed Whiting (until 18 November 2022)
Beth Thompson (interim from 5 December 2022,
permanent from 10 July 2023)

Chief Information Officer: James Thomas

Director of Corporate Affairs: Mark Henderson

Director of People: Kathy Poole

Director of Research Funding: Alyson Fox

Chief Equity, Diversity and Inclusion Officer:
Jimmy Volmink (from 3 October 2023)

Chief Legal Officer and Company Secretary
(previously General Counsel and Company Secretary):
Chris Bird

Employee Director: Sabien Khan*

Employee Director: Aki MacFarlane*

Investment Executive

**Managing Partner and Chief Investment Officer,
Investments Division:** Nick Moakes

Managing Director: Lisha Patel

Managing Director: Fabian Thehos

Biographies of the Governors

The biographies of the current Board
of Governors are shown on our website:
[Board of Governors | Wellcome](#)

Independent Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Banker

HSBC Bank plc
31 Holborn Circus
Holborn
London EC1N 2HR
United Kingdom

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF
United Kingdom

Global Custodian Bank

JP Morgan Chase Bank NA
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

*Employee Directors are full members of the ELT for the purposes of providing input on executive decision-making (with the exception of annual pay calibration) but do not have management responsibility for ELT-level teams

Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, infectious disease, and climate and health.

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The Wellcome Trust is a charity registered in England and Wales, no. 210183.
Its sole trustee is The Wellcome Trust Limited, a company registered in England and Wales, no. 2711000
(whose registered office is at 215 Euston Road, London NW1 2BE, UK). DO-7546/01-2024/RK

WELLCOME TRUST

England & Wales - Charity number 210183

Accounts



Annual Report and Financial Statements 2022

Image: Ollie Olanipekun and Nadeem Perera, founders of Flock Together, a support club and community combatting the underrepresentation of black, brown and people of colour in nature through bird watching.



*Image credit: Rebekah Williams/
Wellcome Photography Prize*

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Report from Chair

Welcome to the Annual Report and Financial Statements for my first full year as Chair of the Wellcome Trust. It has been another year of transition for the organisation, but a key moment for me was at the Board of Governors meeting in June 2022 when the pieces of our new strategy seemed to click into place and the tone and energy of the discussion lifted. Wellcome is now well set to deliver our mission over the next decade, supporting science to solve the urgent health challenges facing everyone.

During that same meeting, Governors joined Wellcome staff in an event to celebrate achievements, align with our mission and discuss moving forward as one united Wellcome team. It brought home just how much work goes into delivering our strategy, and how much we had all missed being in the same building. It was a far cry from October 2021, when our first attempt to bring everyone back into the building after prolonged public health lockdowns was cut short by a resurgence of Covid-19.

This year, the Board has been able to return to largely face-to-face meetings. It has been a delight to see colleagues in person and to discuss directly our determination that Wellcome's governance should be the best it can be. An internal review of governance in 2021 and an external review in 2022 identified the composition, participation and leadership of the Board as real strengths. I'm proud to say we are not resting on our laurels but are following up on the reviews' recommendations to

develop the Board's role as Wellcome's global reach and profile develop in a rapidly changing world, and to focus our energies on the factors that drive the strategy and success. See page 56 for more detail.

As we begin 2023, Wellcome is demonstrably making progress. Our new Discovery Research funding schemes are established as the heartbeat of our support for curiosity-driven science, across a broader range of disciplines and with more money behind it than ever before. We've also seen exciting funding calls and initiatives in our health challenge programmes, and we are developing plans for advocacy campaigns that complement our funding by pushing for actions that will have a positive impact on research and, most importantly, on people's health.

This means we enter the new year confident that through our funding and campaigning we will make even more of an impact. We are also well positioned with the resources we need to deliver our mission.

Our investments

Despite challenging market and economic conditions, our investment portfolio returned 1.7% in the year to 30 September 2022 (2021: 34.5%), or -5.9% after inflation. Combined with £1,366 million of charitable expenditure (2021: £1,233 million), this led to a £1,660 million decrease in total funds (the value of our investment portfolio less all liabilities) to £34,601 million (2021: £36,261 million). Our annualised returns over the past ten years have been 14.1%, a cumulative 275% increase that has enabled us to double our annual charitable spend in that time.



After more than a decade of monetary accommodation and historically low interest rates, there has been a sea change in the economic and financial climate. The economic legacy of Covid-19 has been high inflation as recovering demand coincided with disrupted supply chains, exacerbated by rapid increases in commodity prices after the Russian invasion of Ukraine.

Central banks have pushed up interest rates and withdrawn or reversed quantitative easing to combat inflation. Most asset prices have fallen sharply in response. There have been bright spots in our investment portfolio, especially in our property assets, but inevitably we have been affected by the simultaneous decline in prices of government bonds, equities and corporate credit, the scale of which has not been seen for many years.

The market environment is unlikely to get easier soon. Falling asset prices may, however, present opportunities to acquire promising long-term investments at good value, and we do expect that inflation will come down in time. As such, the Board and I remain confident that despite financial market headwinds Wellcome will be able to meet our planned spend of £16 billion on charitable activities over the next ten years. While higher inflation will mean that our money can't fund as much work as it otherwise would have done, I am excited at the prospect of what we will achieve.

Looking ahead

Wellcome was rightly criticised this year for lack of progress on our anti-racism commitments. Equity, diversity and inclusion are vital to Wellcome's ability to deliver our strategy, so these issues are firmly on the Board's agenda as we look to support the organisation to embed anti-racism and root out inequities. I'm delighted that a new role is being added to the Executive Leadership Team to lead on equity, diversity

and inclusion. The role will help hold the organisation to account for the commitments in our diversity and inclusion strategy and in an anti-racism action plan published internally in October 2022.

After nearly ten years as Wellcome's Director, Jeremy Farrar will step down in February 2023. The Board and all of Wellcome look forward to celebrating his immense contribution to our work and to global public health.

Paul Schreier, our Chief Operating Officer, will become interim Chief Executive Officer (CEO) while the Board and I complete the process of recruiting Jeremy's permanent successor. Paul will bring great experience to the role as a former CEO of business consultancy Hakluyt & Company, and shares the Board's strong commitment to our strategy.

Changing the job title from Director to CEO reflects Wellcome's more global role and the intention to keep sharpening focus on health impact and public benefit from our mission. For Paul and our next CEO, a priority in the role will be providing continuity with the strategy we've established and building on the many successes Jeremy has delivered.

The new year will also bring the implementation of a new strategy at Wellcome Collection. In November 2022, we closed the Medicine Man exhibition, which had been open for 15 years and focused on the collector, not the people who had made and used the objects collected. We look forward to a deeper story being told through our other current and future exhibitions, to inspire and deepen understanding of the health of all humanity.

2023 will bring challenges and opportunities. At Wellcome we are looking ahead with enthusiasm and a preparedness to keep getting better. We will not – and never should – stop looking to improve the way we do things. That includes the Board and management working together to strengthen internal

Wellcome in numbers

£1,366mn

Charitable expenditure, including research grants (2021: £1,233mn)

1.7%

Annual return from Wellcome's investment portfolio (2021: 34.5%)

£34,601mn

Total funds at 30 September 2022
(2021: £36,261mn)

processes. Equally, it is important to acknowledge that a period of substantial evolution of strategy and structure is over. The focus of everyone working for and with Wellcome will now be on delivering the strategy we've set, pushing the boundaries of scientific knowledge and helping to solve the urgent health challenges of our time.



Julia Gillard
Chair, Wellcome

Report from Director

Wellcome is unique. We are independent, with no living founder, no shareholders, no political allegiances. Our investment portfolio has grown from £15 billion when I started in October 2013, to £38 billion today, on top of the £9 billion we've given out in the last nine years as well. The world is in the midst of a more challenging period in the economic cycle, but Wellcome has planned to spend £16 billion over the next ten years – almost doubling our support for science to solve health challenges.

This independence makes it our responsibility at Wellcome to seek opportunities that others may be less able to take. Looking at boundaries and interfaces, making things happen that wouldn't otherwise happen, and being bold enough to ask, *"What if...?"*

Our strategy does this in different ways to address the great challenges of the 21st century. Discovery Research is curiosity-driven, enabling scientists to ask the research questions they want to ask, not the ones they think will convince a review panel. This year, through new funding schemes and other mechanisms, we have continued to support an incredible and increasingly diverse array of people, teams, environments and ideas, from neuroscience and developmental biology to biomedical engineering, humanities and social sciences.

This is what Wellcome can do with our independence. We don't need to see a definitive return on this research next year, or in ten years, or in the decades to come. Science, in our view, is a fundamental human endeavour, integral to our culture and who we are – being curious about the world, wanting to understand it better, and to share the insights and tools it generates with wider society. We believe that it will all eventually, in some way, contribute to a healthier society, and that's enough for us.

Clearly, there are also opportunities for science to have an impact in the shorter term, and areas in which that is urgently needed. That's why we've added specific programmes in Infectious Disease, Mental Health, and Climate and Health, all up and running now and determined to find solutions to specific challenges. These programmes are involving people with lived experience of the challenges from around the world, underpinned by data and evidence, and facilitated by support for inclusive and equitable research environments.

Through these more solutions-focused programmes, we are supporting greater scientific understandings of these challenges, removing barriers to progress, working in partnerships, and supporting new and improved interventions of all kinds – medical, societal, policy and implementation, and more – so that communities around the world will be better able to act as early as possible to allow everyone's health to flourish.



Reflections

Entering my final few weeks at Wellcome, I've been reflecting on two priorities in particular. The first is equity, diversity and inclusion. Wellcome is on a path to becoming an anti-racist, anti-ableist organisation. This path is not without challenges and mistakes, but I have been determined to learn and do all we can to put equity, diversity and inclusion at the heart of what Wellcome does, how we do it, and why we do it.

A great example is the new Pandemic Fund established at the World Bank this year. As one of the four founding donors to the fund (along with the European Commission and the governments of USA and Germany), which will support pandemic prevention, preparedness and response, Wellcome successfully advocated for countries with greater need and civil society organisations to have central roles in its governance and decision-making processes (see page 19).

Another example is in Wellcome Collection's new vision of a world in which everyone's experience of health matters. Wellcome Collection is our free museum and library in the centre of London, and I am constantly challenged and inspired by the work we do there, not least this year's incredibly powerful *In the Air* exhibition (see page 26). It's another aspect of what makes Wellcome unique and a privilege to be part of, and an essential component in achieving better health for everyone through our support for science.

My second priority has been making sure everyone who works at Wellcome knows what and how they are contributing to our mission. Because we do so much to support science in many different ways, complementing and augmenting the funding we give to thousands of researchers all over the world. Our support for science includes the work of Wellcome Collection, our office in Berlin, our advocacy for equitable solutions, and the involvement of the most affected communities in our strategies and activities. We're still making progress in the ways we do all of this in practice, and there's so much more we can do, but this is what the strategy we've been developing and implementing over the past few years really means.

It means becoming more global in mindset. It means continuing to shift the centre of gravity of research funding from London to the India Alliance based in Hyderabad and to Science for Africa hosted in Nairobi and with our Asia and Africa Programmes. It means Wellcome working with the World Health Organization at COP27 this year – at every COP, every year – leading efforts to put health at the heart of climate action. It means believing in the possibility of a world where no one is held back by mental health problems, backing discovery research as well as translational research, and involving people with lived experience in co-developing our approach. It means building on research that Wellcome has supported for decades and making sure we see new vaccines and better treatments equitably accessible for infectious diseases, old and new, coming through as a result.

And it means realising the potential of science to save lives and make the world a healthier place. Not on its own – science needs many kinds of support to do that, including different types of funding but also shifting policy, advocacy and challenge, always, as well as the trust of the public that must be earned and sustained for science to have meaningful impact for the greatest number of people.

That's why Wellcome's strategy has been built around supporting science to solve the urgent health challenges facing everyone. And I can't wait to see – this year and for many years to come – the impact Wellcome will make. It has been my extraordinary privilege to lead Wellcome over the past nine years, the future will be even brighter.



Jeremy Farrar
Director, Wellcome

Trustee's Report

ADHD Portraits

Nora Nord

Rosie and the pile that contains her art studio and belongings. "I wouldn't be doing art without ADHD. I've learnt that my combined learning disabilities are what make me creative, and also very cheerful. The only reason ADHD is debilitating (apart from rejection sensitivity dysphoria, etc) is because the world isn't built for us."

*Image credit: Nora Nord /
Wellcome Photography Prize 2021*



What we do

Science is essential to solving the world's health challenges. That's why Wellcome will always support bold research across a wide range of disciplines to discover more about life, health and wellbeing and open up unimagined possibilities for the future.

But three global challenges threaten to undermine our efforts to improve health for decades to come. The effects of infectious diseases, mental health problems and climate change limit life for people of all ages in all parts of the world, and can devastate communities for generations. Alongside our support for discovery research, Wellcome is taking on these urgent health challenges with commitments and actions sustained over many years.

Research – including physical and social sciences and the humanities – will underpin the best solutions to these and other health challenges, though science alone is not enough. It needs support from many areas of research and advocacy for approaches built on scientific evidence. And because the effects of these challenges will not be felt evenly across the world, this must be done in partnership with the people whose health is most affected.

Our perspective on health and how to improve it spans science, innovation and society. We connect people across research and society to discover new knowledge and inspire new ideas. We campaign for better science and better systems to ensure solutions work for those who most need them and have the right support to be implemented, whether today or in years to come.

Wellcome is an independent global charitable foundation. Our work is funded from an investment portfolio that includes a wide range of financial assets around the world. We are accountable to society for delivering our mission, while using our independence for public benefit.

We achieve our mission through four strategic Programmes – one driven by scientific curiosity and three that focus on solutions – and other activities that deliver in different ways. These include Wellcome Leap and cross-mission activities such as Wellcome Collection and our equity, diversity and inclusion work. In all that Wellcome does, we want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world.

Curiosity-driven

- **Discovery Research:** Transform understanding of life, health and wellbeing through curiosity-driven research across a diverse range of perspectives and contexts.

Solutions-focused

- **Infectious Disease:** Reduce the risks and impacts of infectious diseases by targeting the factors that lead to escalation.
- **Mental Health:** Drive a step-change in the ability to intervene as early as possible in anxiety, depression and psychosis, working towards a world in which no one is held back by mental health problems.
- **Climate and Health:** Put health at the heart of climate change action, to help avert catastrophic climate breakdown in a way that allows human health to flourish.

Other activities

- **Wellcome Leap:** Deliver breakthroughs in human health over five to ten years, demonstrating seemingly impossible results on seemingly impossible timelines.
- **Cross-mission activity:** Support the roles of science in solving health challenges through more than one Programme or across the mission as a whole.

Wellcome supports science to solve the urgent health challenges facing everyone.

Year at a glance

£1,366mn

Wellcome's charitable spend, supporting science to solve the urgent health challenges facing everyone.

2021: £1,233mn

25%

Proportion of Wellcome employees who identify as being from an ethnic minority background.

2021: 19%

\$1.4bn

Pledged by government and philanthropy donors to the new Pandemic Fund, pooling international funding to address gaps in pandemic prevention, preparedness and response.

See page 19.

£49mn

A further five years' funding for the Oxford University Clinical Research Unit in Vietnam, supporting clinical research and local impacts on health.

See page 15.

£363mn

Awarded to support curiosity-driven Discovery Research, answering fundamental questions about life, health and wellbeing.

See page 14.

£33mn

Funding for projects to capture quantitative data on the effects of climate change on health.

See page 23.



Students visit laboratories at Oxford University Clinical Research Unit Vietnam (OUCRU), as part of OUCRU's School Engagement Programme.

1.7%

Annual return from Wellcome's investment portfolio, which funds everything we do.

2021: 34.5%

£62mn

Additional funding for Wellcome Leap, delivering breakthroughs in human health.

See page 24.



Jim Naughten: Objects in Stereo. 2022. Wellcome Collection.

260,000

Visitors to Wellcome Collection this year. 78% felt their visit made them think more deeply about science or health.

See page 25.

Berlin, Germany

Location of a new subsidiary, an EU hub to support our contributions to global health policy.

See page 12.

50 years

Time since the last pharmacological approach to schizophrenia using a new biological pathway was introduced. This year, a new drug whose earlier development was supported by Wellcome was successful in phase 3 clinical trials.

See page 21.

Review of Charitable Activities

Wellcome's charitable spend in 2021/22:

Discovery Research

£825mn

Transform understanding of life, health and wellbeing through curiosity-driven research across a diverse range of perspectives and contexts.

Mental Health

£41mn

Drive a step-change in the ability to intervene as early as possible in anxiety, depression and psychosis.

Wellcome Leap

£62mn

Deliver breakthroughs in human health over 5 to 10 years and demonstrate seemingly impossible results on seemingly impossible timelines.

Infectious Disease

£295mn

Reduce the risks and impacts of infectious diseases by targeting the factors that lead to escalation.

Climate and Health

£50mn

Put health at the heart of climate change action.

Cross-mission activity

£93mn

Support the role of science in solving health challenges across the mission as a whole.

Summary

This year, we redoubled our activities to engage with the research community and other stakeholders, conveying how Wellcome's strategy has evolved to bring more focus to our activities while enabling researchers to be more ambitious in pursuing their goals.

We launched new funding schemes to support Discovery Research (page 14), and made a number of targeted funding calls in our programmes in Infectious Disease (page 17), Mental Health (page 20), and Climate and Health (page 22). We renewed funding commitments to some of our largest scientific investments, such as the Francis Crick Institute in the UK (page 15), the Oxford University Clinical Research Unit in Vietnam (page 15), and the Coalition for Epidemic Preparedness Innovations (page 18). We made a second substantial financial commitment to Wellcome Leap, which delivers our mission in a different way (page 24).

Overall, we've more tightly defined our goals, setting out the many ways in which Wellcome supports science to solve the urgent health challenges facing everyone.

In the prior year, spend was in line with our previous strategy, comprising: Science £862mn, Innovations £126mn, Culture & Society £102mn and Priority areas £143mn.

Overview

Most of Wellcome's funding – grants and awards made in recent years, as well as new funding this year – supports people and places to do research. This ranges from individual grants for early-career researchers and Discovery Awards for more established researchers to run and develop their labs, through to core funding for the Wellcome Sanger Institute (see page 13).

This is in line with how we've pursued our mission since 1936. We recognise the expertise of the research community to know where the most exciting scientific opportunities are, and which are the most innovative approaches. Through engaging with those who are seeking funding, as well as our expert reviewers, advisory committees and staff, we support researchers driven by curiosity, knowing that many of the insights and tools they generate may deliver health benefits in the future. Our support for curiosity-driven research continues to grow, with more money available across a broader range of research fields than ever before.

In more recent years, Wellcome has had the resource to add more proactive approaches to our mission, using funding but also influence and convening power in order to have a more targeted impact in science or health. Increasingly, we forge connections between research and other communities, including policy makers, the cultural sector, and those most affected by health challenges – often those most likely to have been left out of conversations about health and research in the past. This way we can focus our efforts on removing specific barriers to progress and making the most of new opportunities.

Wellcome has also become more global, not just in the countries where researchers we fund are based, but also through our policy and advocacy work. For example, we opened an office in Germany in 2018 to support Wellcome's international influence, and the team there has been instrumental in activities such as working with the German government during its presidency of the G7 forum in 2022. After a three-year pilot, the office will now become a subsidiary (see page 68).

This year Wellcome entered the final stages of our transition to a more focused and aligned strategy. The process had started in 2019, before the Covid-19 pandemic. When it hit, the pandemic confirmed our belief in the potential of science – with the right support – to solve urgent health challenges, but it also affected the organisation's capacity for change.

Throughout the pandemic, the lockdowns, strategic realignment and restructure, Wellcome continued to fund exciting research across a broad range of topics, disciplines and locations. But our work has been reinvigorated this year by the clearly defined focus on discovery research and on three specific challenges where Wellcome's support for science can make a big difference in the coming decade.

Crucially, these four programmes and our cross-mission activities work together, creating a single integrated portfolio of research and other activities to deliver our mission. For example, a considerable amount of neuroscience and psychological research is funded through Discovery Research, contributing to our Mental Health vision of a world in which no one is held back by mental health problems. A funding call for research into climate-sensitive

infectious diseases this year will contribute to goals in both Infectious Disease and Climate and Health (see page 66). Our work to improve diversity and inclusion in research, and Wellcome Collection's work to ensure everyone's experience of health matters, will help us achieve greater equity in the impacts we have.

Making our first round of Discovery Awards in the summer of 2022 was a significant milestone. And we worked hard in the first half of the year to detail the goals and remit of each of our three solutions-focused programmes – these allow Wellcome to combine all of our resources to support new approaches in research and improve the health of people most affected by the urgent health challenges of today.

Outlook

With strategic and organisational changes completed, Wellcome is delivering its mission to support science to solve the urgent health challenges facing everyone. We can focus on looking for the best opportunities to achieve positive impacts on people's health through the research we support in many different ways.

Our plan to spend £16 billion on our mission between 2022 and 2032 means we can be ambitious, knowing that commitments we make today will be followed through to impact – even if some of the research we will fund may take longer to result in improved health. Wellcome's independence allows us to balance short- and long-term perspectives to make the most of science's potential to improve lives and change the world, today and into the future.

Wellcome Sanger Institute

The Wellcome Sanger Institute and the broader Wellcome Genome Campus where it is based operate under the name of Genome Research Limited, a charitable subsidiary of Wellcome. Our normal five-yearly review of the institute and campus having been delayed by the Covid-19 pandemic, we had awarded a two-year funding extension to bridge the gap. In November 2021, Wellcome's Board approved core funding until 2026.

The Wellcome Genome Campus is a world-leading centre for genomic science, and aims to build on these credentials to become an international hub for scientific, business, cultural and educational activities emanating from genomes and biodata. Scientists at the Wellcome Sanger Institute have sequenced nearly 250,000 whole human genomes as part of a project at UK Biobank, a Wellcome-funded project combining genetic and health information from half a million participants. And in July 2022, the institute launched a Genomic Surveillance Unit to develop, run and maintain open products that will help its partners, particularly in low- and middle-income countries, to monitor and control infectious diseases with potential to harm health both locally and globally.



Dr Gosia Trynka, leader of the Immune Genomics research group at the Wellcome Sanger Institute. Her group studies how human genetic variation affects individual cells in the immune system and predisposes a person to developing an autoimmune disease.

Image credit: © Wellcome

Discovery Research

This year included the first awards from our Discovery Research funding schemes, which support big, bold research across a wide range of fields, topics and locations.

Transform understanding of life, health and wellbeing

Discovery Research is all about creating knowledge that can transform our understanding of life, health and wellbeing, which is why Wellcome wants to focus on enabling researchers to make truly ground-breaking discoveries by following their curiosity, asking big questions and taking creative approaches. Their work does not have to relate to our three health challenge programmes.

In summer 2022, we announced the first recipients of our new Discovery Awards, Career Development Awards and Early-Career Awards, representing a total of £231 million. Those first grantees included clinicians and researchers based across 23 different institutions in the UK, the Republic of Ireland, South Africa, Kenya, Uganda and Brazil, demonstrating something of the range of people and ideas we want to support. See the examples on pages 15-16 for a flavour of the work we funded. These schemes continue on a rolling cycle, with three rounds of funding each year.

Championing team-based research, bringing different disciplines and perspectives together and supporting new tools and technologies are critical to make progress in improving health. Our new schemes have made a strong start in this regard, with 40 percent of Discovery Awards going to collaborative team research.



Researchers work in a laboratory at the Francis Crick Institute in London.

Discovery also relies on diversity and inclusion within research (see page 25), and strong connections between research and the rest of society. Since the UK left the European Union, Wellcome has advocated for the best possible outcomes for UK and EU research. Agreements that should enable open scientific collaboration across Europe have been delayed by political barriers, however, which is why

we have been supporting Stick to Science. This campaign is calling for a fast and amicable resolution to the UK's and Switzerland's relationships with the EU's flagship Horizon Europe funding programme. In June 2022, our Director Jeremy Farrar was a co-signatory on an open letter to the President of the European Commission, calling for her urgent intervention on this issue.

Directed activity

Our support for Discovery Research goes beyond our funding schemes. We can also use directed funding, where we proactively identify and pursue research or other activities into a particular area of interest to meet specific objectives within our strategy. For example, this year we provided funding for the formative phase of the African Population Cohort Consortium, and renewed our support for UK Biobank, which continues to be the premier resource for studies in human health and genomics.

Directed activity into catalytic research environments is vital to our approach to Discovery Research – in July 2022, for example, we announced with our partners at UK Research and Innovation and Cancer Research UK another seven years of funding for the Francis Crick Institute. The Crick's approach aligns well with what we want to support through Discovery Research: it attracts and trains research talent from around the world while promoting collaboration and interdisciplinarity throughout its culture and physical space. Its tools and technology platforms are world-class, and it invests heavily in the people who run them. The institute also focuses support on early-career researchers, providing them with the time and resources to be creative and productive. Agreeing to provide £137 million over seven years reflects Wellcome's move away from five-year funding cycles for our major funding investments in favour of continuing dialogue and commitment to shared goals.

Supporting strong, vibrant research ecosystems in low- and middle-income settings enables Wellcome to fund research relevant to our strategic programmes, especially Discovery Research and Infectious Disease, and have a positive impact in communities most affected by health challenges. By providing robust technical platforms and expertise, these initiatives are well placed to respond

to challenges like the Covid-19 pandemic, as well as generating high-quality data to support discovery research and developing treatments and policy.

In March 2022, a committee of scientific and public engagement experts from around the world evaluated a new funding proposal from the Oxford University Clinical Research Unit in Vietnam. Discussions focused on the scientific priorities as well as the overall vision and engagement with early-career researchers. The committee concluded that the unit conducts world-leading clinical research on infectious diseases with local, regional and global impact, and recommended funding the proposal. We were pleased to agree with the recommendation and renewed our funding with £49 million over five years (see 'Clinical research, local impact').

The Discovery Research team looks for opportunities to open up, shape and build new fields of research. Sometimes this is done in conjunction with our other programmes. For example, this year we have been working with colleagues in Mental Health to enrich a birth cohort study we originally funded in 2019. Children Growing Up in Liverpool (C-GULL) collects data from 10,000 first-born children and their parents in one of the UK's most disadvantaged cities. With new funding this year from our Mental Health programme, C-GULL will now also collect, store and genetically sequence samples of gut bacteria and breastmilk from infants and their mothers. Having a dataset this large and granular, followed up over sufficient time, will allow researchers to investigate further the possible links between gut bacteria, the brain and the emergence of mental health problems.

Ultimately, supporting discovery research is the heart of Wellcome's mission to improve health. We are excited by the opportunities to fund curiosity-driven people with ambition and ideas, and we want to enable ambition by also supporting innovative enabling platforms for research.

Clinical research, local impact

The Oxford University Clinical Research Unit was founded in 1991 to improve diagnosis, treatment and prevention of infectious diseases in a low income and low resource setting. Its work now extends across three countries: a scientific and administrative hub in Ho Chi Min City in Vietnam, and regional units in Hanoi in Vietnam, Kathmandu in Nepal, and Jakarta in Indonesia. The unit is led by Guy Thwaites and administered by the Nuffield Department of Medicine, University of Oxford, UK.

The unit initially focused on malaria research but has broadened its scope into dengue, tuberculosis, enteric diseases and other infections. It has world-leading expertise in large-scale clinical trials in low-income settings, particularly in the fields of tuberculosis, major fungal infections and more recently Covid-19. The unit is leveraging this work into influencing national and international policy on bacterial and malarial drug resistance, and on infection surveillance.



Guy Thwaites

Curiosity-driven neuroscience

Left-right asymmetry is a universal feature of animal nervous systems. Little is understood about how such asymmetries arise, however, and what roles they play in how nervous systems work. With a Discovery Award made in summer 2022, a team at University College London led by Stephen Wilson and Isaac Bianco is using a genetic, developmental, psychological and behavioural platform to study the phenomenon in zebrafish and uncover the underlying mechanisms of how and why left-right brain asymmetry arises. Their findings could shift our understanding of the nervous system in people and in other animals. This is an example of how Wellcome supports curiosity-driven research that may answer important questions about the process of life, even though the pathway to health impact is not always immediately clear.

Transforming malaria control

Simon Kingozi at Makerere University in Uganda was awarded an Early-Career Award to evaluate a routine health surveillance system and integrate information with other databases to see if malaria control can be better targeted. The project combines data from the Health Management Information System (HMIS), population estimates, spatial layers of health facility catchments, data from surveys including the Malaria Indicator Survey, environmental covariates, and estimates of missing data from the HMIS, among others, to optimise malaria control. This is vital in Uganda and other countries where resources and budgets for public health systems are relatively low, and if effective the approach could be adapted to target other infectious diseases.

Innovative participatory research

Autistic people have worse physical and mental health outcomes than their neurotypical peers. Yet despite making up 1 to 2 percent of the population, autistic adults have been neglected in health research, including research into reproductive health. To support innovations that might transform understandings of health and its social and political contexts, Aimee Grant was awarded a Career Development Award to lead an ambitious participatory research project that includes establishing Wales's first participatory Autistic Research Community Council to oversee it. The study will use qualitative longitudinal methods to understand Autistic people's reproductive health experiences across the life course. This will transform not just understandings of this group, but also of how to do research equitably with vulnerable populations.



Aimee Grant

Interdisciplinary contexts of health

As shown by the Covid-19 pandemic, global health crises do not have clear endings. This is often in contrast to official narratives that try to define endpoints. Patricia Kingori at the University of Oxford has received a Discovery Award to fund a global and interdisciplinary team exploring people's experiences of what happens "after the end" of health crises – including disasters, diseases, and drugs – and to provide an account of the responsibilities of global health institutions. The team working on the eight-year project includes historians, sociologists, epidemiologists, psychologists, bioethicists, literary and legal scholars, philosophers and policymakers. This is an example of Wellcome's support for interdisciplinary research that could transform understandings of health and its social and political contexts.



Patricia Kingori

Infectious Disease

Our Infectious Disease programme aims to solve specific research and development challenges, and target support where more than research alone is needed to make progress and impact.

Reduce the risk and impact of infectious diseases

Research into understanding and addressing infectious diseases has always been a major focus of Wellcome's work. Our Discovery Research programme continues to support curiosity-driven research into infectious diseases from many possible perspectives.

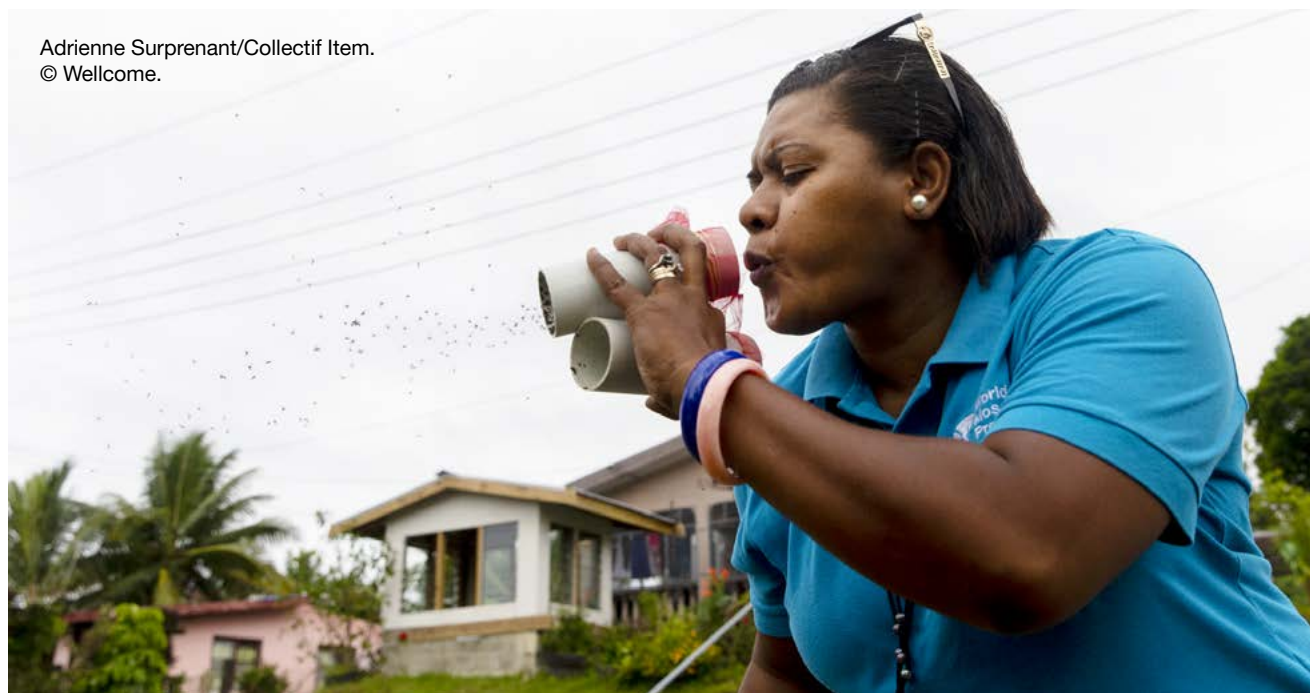
Our Infectious Disease programme is about intervening more effectively and earlier, focusing on factors that cause and drive escalation, to reduce the risk and impact of infections on people's health. This means we are continuing our pioneering work of recent years in antimicrobial resistance, vaccines, human infection studies and more, bringing it all together to deliver a range of early, effective interventions.

This year, we defined three specific goals for the programme in relation to the science we fund, shifting from response to prediction and prevention, and translating research into affordable interventions.

Scientific understanding

Our first goal is to understand the mechanisms that underlie the escalation of infectious diseases. For example, a funding call launched this year aimed to increase understanding of the biological significance of SARS-CoV-2 virus variants. We will fund laboratory investigations in immunology, virology or structural

biology to produce research relevant and beneficial to low- and middle-income countries in particular. This research should support national policymakers in preventing and controlling the Covid-19 pandemic, and strengthen capability for a research response to future infectious disease outbreaks.



Adi Ravoka takes part in the World Mosquito Programme in the South Pacific.

In January 2022, we published the Global Research on Antimicrobial Resistance (GRAM) report, showing that antimicrobial resistance is now a leading cause of death in the world, bigger than HIV/AIDS or malaria. GRAM is a collaboration led by the Institute for Health Metrics and Evaluation and the University of Oxford, and funded by Wellcome, the Fleming Fund and the Bill & Melinda Gates Foundation. The study presented the most comprehensive estimates of this burden to date, highlighting the scale of the threat, which is highest in low-resource settings. Such information is crucial to improve our understanding of the impact of drug-resistant infections as well as interventions to prevent and control them, and the report fuelled awareness and discussion among the global health community as well as coverage in local and international media.

Prediction and prevention

Our second goal is to generate a paradigm shift from reacting to predicting and preventing. This includes strengthening regulatory systems, shaping research agendas, and supporting innovations in surveillance of infectious diseases.

For example, Wellcome is supporting ACORN (A Clinically Oriented antimicrobial Resistance Network) to develop and test a comprehensive data capture system for surveillance of antimicrobial resistance in support of patient care in Cambodia, Laos and Vietnam. Existing antimicrobial resistance surveillance systems are based on diagnostic microbiology laboratory testing, which limits direct assessment and modelling of the clinically relevant impacts and burden of drug-resistant infections. Data collected by ACORN has already enabled accurate classification of infection syndromes and outcomes, critically important to estimating, for example, how many people die from drug-resistant infections.

In July 2022, we published a review of various initiatives aimed at strengthening capacity in regulatory systems, supporting regional alignment and promoting regulatory reliance. The report identified the persistent challenges across the regulatory lifecycle, focusing on Africa, and provided recommendations for investors to support regulatory systems at national, regional and continental levels.

In May 2022, we committed £10 million to a new fund at the World Bank to address gaps in pandemic prevention, preparedness and response (see 'Pandemic Fund' on page 19). As one of the founding donors, along with the European Commission and the US and German governments, Wellcome has been able to ensure equity is embedded in the way the fund has been set up.

Affordable interventions

Our third goal is supporting the generation of affordable products and tools. We do this through funding specific projects such as Oxitec (see 'Preventing transmission' on page 19) and supporting large targeted initiatives like the Hilleman Laboratories in Singapore and the Coalition for Epidemic Preparedness Innovations (CEPI).

Wellcome is a founding member of CEPI, together with the governments of Norway, Germany, Japan and India, the Bill & Melinda Gates Foundation (BMGF), and the World Economic Forum. It was established to fill the global gap in developing vaccines against emerging infectious diseases. To date, CEPI has invested in 21 vaccine candidates against Lassa, MERS, Rift Valley Fever, Nipah and Chikungunya; three different platforms to quickly develop vaccines against new viruses; and 14 Covid-19 vaccines.

In January 2022, Wellcome and BMGF announced further funding for CEPI, supporting plans to innovate, develop, and license vaccines over the next five years, focusing on reducing vaccine development timelines to 100 days, developing the next generation of COVID vaccines, and developing a library of vaccine candidates against other infectious disease threats. This was followed in March 2022 by a summit hosted by UK Government, where other funders pledged their support as well.

Pandemic Fund

The Pandemic Fund was established at the World Bank this year, pooling international funding for projects that develop national-level capacity to identify, prevent and manage outbreaks of infectious diseases. By September 2022, when the fund's governing board met for the first time, more than \$1.4 billion had been pledged from over 20 partners, including national governments and philanthropic organisations. This is a long way short of the \$10 billion a year needed to fully finance prevention, preparedness and response, but we expect more money can be mobilised as the Pandemic Fund demonstrates its value in coming years.

As one of the founding donors, Wellcome has supported equity throughout the design and governance of the fund, as well as in the impact it will have through funding activities mostly at a national level and particularly in low- and middle-income countries. We successfully advocated for giving a strong role to implementing countries and civil society organisations in the fund's decision-making processes. We continue to use our influence to encourage the Pandemic Fund to focus on areas where it can have the biggest impact over the next two to three years, helping to reduce the risk that infectious diseases pose to people's health.

Preventing transmission

Since 2009, Wellcome has supported Oxitec in the development of a technique to control the transmission of viruses by mosquitoes. Approximately 40 percent of the global human population is at risk from diseases such as dengue, Zika, chikungunya and yellow fever, which are transmitted by the *Aedes aegypti* mosquito. These diseases are escalating and expanding their geographic range, driven by changes in climate and an increasing resistance to insecticides.

Oxitec's approach involves releasing non-biting males which mate with wild females and prevent their offspring surviving. The method has been successfully validated in pilot studies in Brazil and Oxitec is now scaling up the technology for wide-scale, affordable use.

Mental Health

Our Mental Health programme aims to create a step-change in early intervention for anxiety, depression, and psychosis. This year, we established an equity working group, developed new models of portfolio overview that ensure grantees share learning at the earliest possible stage, and supported a wide range of research and other activity.

No one held back by mental health problems

Discovery research plays a central role in achieving Wellcome's vision for mental health. Examples of potentially transformative basic science funded through our Discovery Research programme this year include understanding the development of left-right asymmetry in the brain (see page 16), developing next-generation neuropixels to record deep brain changes, mapping the full connectome in drosophila flies, and molecular tools for the mapping and manipulation of neuronal circuits. Even in areas not as clearly related to mental health, there is great potential for curiosity-driven science to open up new insights and tools.

Our targeted Mental Health programme supercharges the potential primed through Discovery Research, encouraging an improved pipeline of scientific discoveries from the basic to translational. We focus on opportunities to remove barriers and speed progress towards two specific goals.



Tom Merilion/Wellcome
Photography Prize 2020.

Nina swims in cold water in the River Spey in Scotland every day to reduce her anxiety and severe depression.

Scientific understanding

Our first goal is to gain a greater scientific understanding of how anxiety, depression and psychosis develop and how they resolve. Key examples this year include a UK longitudinal birth cohort supported through Discovery Research, where the Mental Health programme funded additional data collection to elucidate the impact of early-life microbiome and breast milk on youth anxiety and depression (see page 15).

Our Mental Health Data Prize funded 11 teams to undertake secondary analysis of data in the UK and South Africa. These projects will provide scientific insights into how anxiety and depression develop and resolve and help develop tools for future analysis. They range from examining mental health trajectories following pharmacological and psychological interventions, to the impact of excess rates of stop-and-search on minoritised groups.

In spring 2022, we launched our Mental Health Award on mechanisms underpinning effective treatments. We received over 100 applications, including proposals to consider inflammatory and genetically mediated mechanisms, with decisions made in December. This builds on our wider efforts to move the field from a focus on comparing brands (of, for example, psychological therapies) to a consideration of mechanisms underlying treatment efficacy.

Early interventions

Our second goal is to find new ways to predict, identify and intervene as early as possible in the course of anxiety, depression and psychosis. We are interested in all kinds of interventions, pharmacological and non-pharmacological, accessed through healthcare or other systems or accessed by individuals. And we're committed to finding and addressing barriers to breakthrough. For example, this year we funded work to illuminate and clarify regulatory procedures to best support digital innovation in mental health.

We made nine Mental Health Awards to address cognitive deficits in psychosis. The majority were from outside the UK, and two included co-applicants based in lower- and middle-income countries. Four projects focused on stratification and five on intervention, across sleep, cognition and more.

Also this year, we shut down a depression clinical trial funded by Wellcome because it failed to meet the criteria we had agreed for continuation. This was not an easy decision, and it was not taken lightly. However, just as we are proud when we decide to proceed with new projects, we are equally proud to be bold when the right decision is to stop.

Field-building

To support both our goals, we need to bring researchers together from across the full breadth of mental health sciences, including people with lived experience of mental health conditions. Joining forces in this way will overcome barriers of knowledge and practice, and encourage transdisciplinary approaches capable of transforming how we understand and address mental health problems.

Progress this year included the US National Institute of Mental Health fully implementing the common metrics for anxiety and depression initiative that we've led and agreed with other global mental health research funders. This will allow results across disparate areas of science to be compared for the first time. We have commissioned a three-year project to advance the uptake of these common metrics globally as well as to advise on best ways forward for common metrics for psychosis.

Our team of lived experience advisors and consultants are involved in all funding calls and selection processes. The team has also worked with other funders to help advance shared strategies of embedding lived experience in meaningful ways.

New treatment for schizophrenia

Phase 3 trial results announced this year showed the effectiveness of the first pharmacological approach using a new biological pathway for schizophrenia in 50 years. Wellcome funded this work up to phase 2 and has a programme-related investment in Karuna Therapeutics, the maker of the new drug. With fewer side-effects, the drug may be suitable for people for whom other drugs do not work – it is as good as existing antipsychotics and also good for cognitive and negative symptoms, not generally addressed by existing drugs.

Understanding what doesn't work

A rigorous trial of mindfulness in schools found it was not effective in preventing or ameliorating depression in children aged 9 to 12. Finding that a treatment doesn't work may be as transformative as finding something that does. This is crucial to ensure policymakers and others do not fund ineffective treatments.

Climate and Health

This year saw the rapid development and initiation of Wellcome's programme to fill an urgent gap in the pipeline of climate and health research. Our aim is to inform the best decisions for the future of human health in the face of this unprecedented global challenge.

Put health at the heart of climate change action

Despite global agreement around the Paris Climate Accords, greenhouse gas emissions have continued to rise at a rate that will make it impossible to restrict global heating to the commitment of 1.5 degrees centigrade. Unchecked, this global heating will undermine all efforts to improve health around the world. That's why Wellcome established our Climate and Health programme to put health at the heart of climate change action, and welcomed Alan Dangour as our first Director of Climate and Health in January 2022.

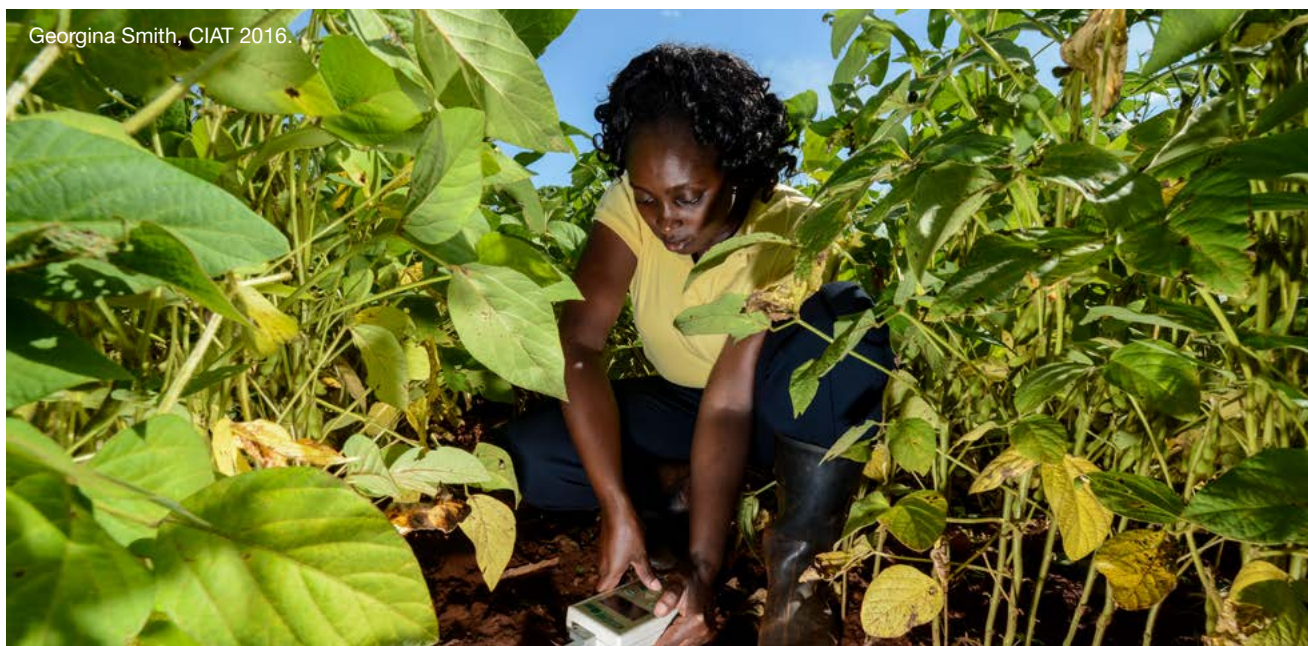
The urgency of climate change and its impacts on human health mean we cannot only wait for curiosity-driven research to find solutions. By focusing on resolving specific challenges, Wellcome can more directly support the growing field of climate and health research and advocacy, and generate solutions as quickly as possible in local, regional, national and global contexts. This will help the world work together to avert catastrophic climate change in a way that allows everyone's health to flourish.

Evidence for impact

The first goal in our Climate and Health programme focuses on much greater visibility and use of evidence on the effects on health of climate change. Greater availability, access and use of data on the potentially catastrophic impacts of climate change on health will increase public understanding and policy action.

This year, we funded more than 20 projects developing open-source digital tools for research into

infectious diseases that will be affected by climate change. The design of this funding call was informed by an initial landscaping report that brought together a number of mid-career researchers from a range of disciplines (see page 66). Other funding calls this year included support for research into biological vulnerability to extreme heat in maternal and child health, generating evidence with the potential to inform effective new interventions.



Climate-smart soils: Anne Njeri testing soil health in western Kenya.

A distinct gap in today's climate and health research is the lack of combined climate and health datasets and standards for reporting the effects of climate change on health, which hinders international monitoring, collaboration and research. In March 2022, Wellcome published a report setting out the potential for longitudinal population studies to combine climate and health data. And we have also funded the UK's Office for National Statistics to develop metrics to measure, monitor and track the impact the climate crisis is having on human health, with the long-term aim of supporting robust and transparent official statistics to inform national and local decisions.

Our second goal is to deliver a transformational advance in the understanding of, and demand for, climate change mitigation actions that have benefits for health. Earlier this year we issued a funding call to support collaborations between researchers and policy actors who have a clear opportunity to influence climate mitigation policies with substantial health effects. The focus is on supporting policy makers in G7 countries, these nations having the highest levels of historic greenhouse gas emissions. Awards will be made in early 2023, and should lead to transformative approaches to embedding and valuing the substantial health benefits of mitigation policies.

Our third goal is to substantially enhance understanding of the impacts on health of climate change adaptation actions. We issued a funding call this year that invited applications from teams led by researchers in low- and middle-income countries to evaluate the effects on health of existing behavioural, technological and infrastructural adaptations to heat in real-life settings. Taking research outside laboratory conditions means these projects have the potential to generate the evidence that is needed directly to inform policy discussions.

Convening people

Our fourth goal is to develop a global climate-and-health community of research, policy and practice that drives action. We are supporting the delivery of a Health Pavilion at the annual UN Climate Conferences (COP26, 27 and 28) that will provide a high-level platform to help put health at the heart of climate action. We are also supporting the climate and health team at the World Health Organization to strengthen capacity for climate and health activities in targeted Ministries of Health around the world, and for key personnel from these ministries to attend the COP conferences.

Looking ahead, we're planning consultations to explore communities of practice for transdisciplinary research and action in climate change and health in Africa, Asia, and Latin America and the Caribbean. This will help us to understand how Wellcome can invest in communities of practice to strengthen capacity for transdisciplinary research and action.

Wellcome at COP

At the Conference of the Parties (COP26) in November 2021, Wellcome called for a global approach to climate and health. When societies act to mitigate climate change, the impact on people's health should be both a motivation to act, and a factor in deciding what to do. We made this case in meetings, media and events, including our chair Julia Gillard's keynote address to the World Health Organization's Climate and Health conference.

We also attended COP27 in November 2022, another opportunity, working with our partners, to increase collaborative efforts and shape the actions taken by key climate actors, from UN institutions and national governments to businesses and civil society.

Impact of heat in factories

Jean Palutikof and Fahim Tonmoy, researchers at Griffith University in Australia, were funded by Wellcome in 2019 to explore the impact of heat stress on people working in ready-made garment factories in Bangladesh. They interviewed workers in a factory in the capital, Dhaka, with many reporting hot and uncomfortable working conditions. The researchers built a computer model of the factory to test interventions, including green and white roof coverings to reduce heat. They continue to explore interventions that could improve conditions, reduce accidents like fires and building collapses, and mitigate the long-term climate impacts of extreme factory heat.

Jean Palutikof



Fahim Tonmoy



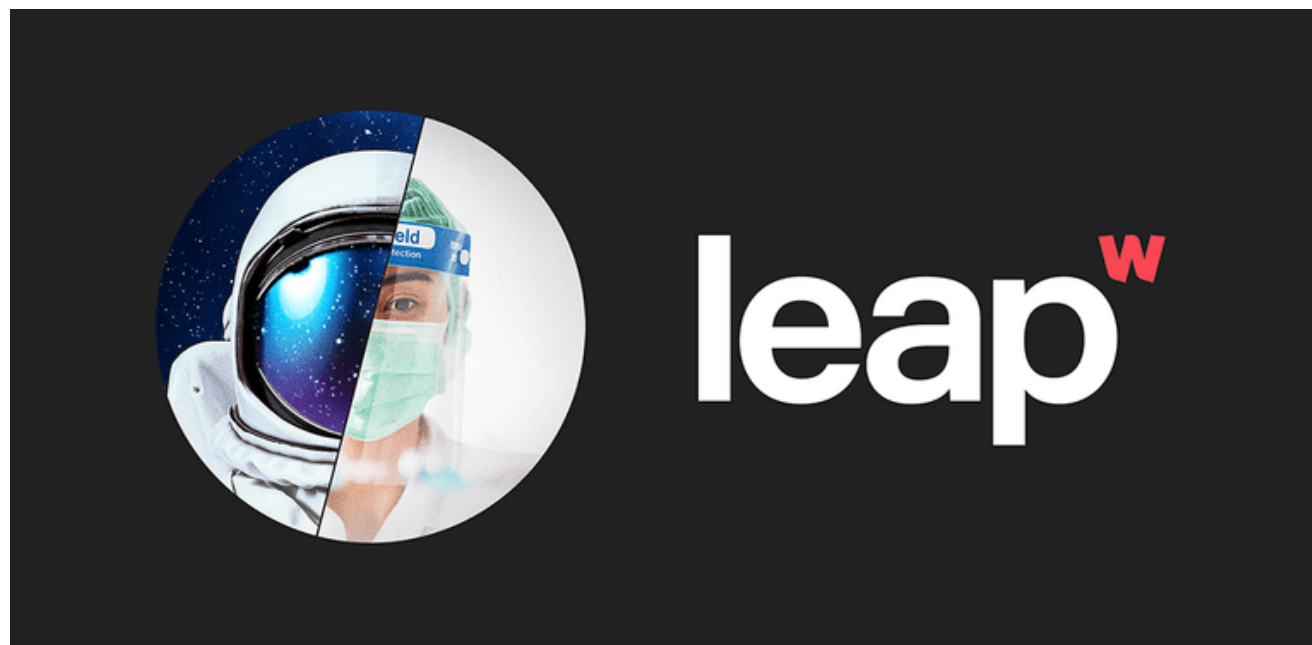
Wellcome Leap

Wellcome Leap supports Wellcome's overall mission in a very different way to our historical approach.

Setting up large programmes of research with incredibly ambitious goals that might not be achieved is intended to generate a wealth of insights and tools that could go on, directly or indirectly, to solve health challenges now and in the future. Each programme is led by a programme director, who adjusts, iterates and directs teams working together to solve problems they cannot solve alone.

In August 2020, Wellcome's Board of Governors approved the Wellcome Leap strategic plan and allocated initial funding of £250 million. Based on progress reported in the first annual report, the Board approved a commitment of an additional £250 million in Oct 2021.

This second substantial tranche of funding reflects the successful introduction of Wellcome Leap's initial programmes and growing network of researchers and institutions. To date, it has deployed \$132 million (£118 million) to scientists based in 24 countries, and launched seven programmes asking bold questions, such as "What if a distributed network of biofoundries could produce mRNA biologics?" and "What if we could double the number of people who receive an effective treatment for depression on the first try?"



Wellcome Leap is built on a unique model of innovation practised at the US Defense Advanced Research Projects Agency (DARPA). For more than six decades, this model has been an uninterrupted

engine of breakthrough innovation. It is not a discovery science model, but neither is it a pure application model. It sits firmly at the intersection of the two.

Cross-mission activity

Wellcome undertakes many activities that contribute either to more than one of our strategic programmes (Discovery Research, Infectious Disease, Mental Health, and Climate and Health) or, like Wellcome Collection, to our mission as a whole. Because supporting science is a long-term commitment, we also continue support for a limited number of activities from previous strategies, such as our work to make safe, effective and accessible treatments for snakebites.

Equity, diversity and inclusion

Wellcome has rightly been challenged this year in relation to slow progress on our commitment to support anti-racism within the research sector (see page 65). In summer 2022, we announced progress in the development of positive action within our funding for researchers from minoritised communities, including exploring dedicated streams of funding available to researchers who identify as from Black and other ethnic minority groups who are currently underrepresented in our funding portfolio or in the wider science research funding sphere. We aim to target such action at the career stages where it will have the greatest benefits for diversity.

New actions include applying a set of positive action principles to funding decision-making processes, and exploring ways to deploy positive action measures in our funding decisions, for example applying positive action to applications similar in merit where it is proportionate to do so, taking into consideration our own funding data and that of the

wider science community. We are exploring how best to achieve a consistent, transparent approach, which is vital to be fair and equitable and to encourage a more diverse group of people to apply for our funding.

We are also continuing with Success on the Board, which is a comprehensive development programme open to people of colour, people with chronic ill-health, disabled people and women from UK universities and research institutes who are interested in joining a board or committee. The aim is to equip participants with skills and guidance and support them to explore the membership of committees and boards of research institutions, universities and other organisations relevant to the sector, such as charities, hospitals, funders, and research organisations.

Wellcome Collection

Along with his wealth and our charitable mission, Henry Wellcome bequeathed us his collection of thousands of historical medical items. Today Wellcome Collection, our free museum and library in London, UK, shares these items and the stories behind them to challenge inequities in health, science and beyond.

This year, to support the development of a new strategy for Wellcome Collection, we introduced a new vision: a world in which everyone's experience of health matters. The strategy will continue to develop in 2023, making its vital role in Wellcome's overall mission clearer and more integrated. We are

determined that our approach includes people traditionally excluded from conversations about health, science and medicine. In line with this direction, we closed our Medicine Man gallery in November 2022, recognising that it focused on the collector rather than on the people who created and used the objects collected. This decision was the result of several years of research and reflection, and was in line with regular reviews of all of the spaces and exhibitions where people can see items from our collections for free.

In terms of activities, this year has been about re-engaging with audiences in person after the Covid-19 pandemic. Despite an extended closure period in December 2021 and January 2022 because of high rates of Covid-19 transmission in the UK, we've seen a recovery in visitor numbers in line with the rest of London's cultural sector – we received 260,000 visitors to our building, and 78 percent felt their visit made them think more deeply about health or science.

In 2022 we opened two major exhibitions: *Rooted Beings*, asking what we might learn from plant behaviour, and *In the Air* (see page 26). Online, 3.6 million people (2021: 2.9 million) engaged with our digital content, including 670,000 views of our digitised content (2021: 500,000). Having leaned more heavily on our digital offer during lockdowns, introducing podcasts and hybrid events, these experiences are directly shaping our new ten-year strategy.

In the Air

Historical materials and contemporary artworks by artists including Tacita Dean, David Rickard, Dryden Goodwin and Forensic Architecture allowed Wellcome Collection visitors to explore connections between the atmosphere and the planet, investigate the geopolitics of air, and uncover the secrets of the air we breathe. The exhibition focused on access to clean air as a health issue, a human right and a weapon. It was described by one reviewer as “a bracing, uplifting and potentially reinvigorating exploration of the surprisingly long history of fighting for breath”.

In the Air. 2022. Wellcome Collection.

© Wellcome



Review of Investment Activities

Figure 1
Total portfolio net returns (blended £/US\$)
Period to 30 September 2022

Annualised return in £ (%)			
	Nominal	UK CPI	Real
Three years	15.4	3.3	12.1
Five years	13.2	2.9	10.3
Ten years	14.1	2.2	11.9
Twenty years	11.7	2.4	9.3
Since Oct 1985	13.8	2.8	11.0

Annualised return in US\$ (%)			
	Nominal	US CPI	Real
One year	(15.8)	7.9	(23.7)
Three years	11.6	4.2	7.4
Five years	9.2	3.4	5.8
Ten years	10.0	2.3	7.7
Since Oct 2009	9.7	2.3	7.4

Portfolio net returns measured in £ only until 30 September 2009. Decision to measure in blended £/US\$ used from 1 October 2009 recognising the global nature of our portfolio (see Figures 11 & 12) and the need to maintain global purchasing power. However, Wellcome's functional currency remains sterling.

One year return in £ (%)			
	Nominal	UK CPI	Real
One year return to Sept 2022	1.7	7.6	(5.9)
One year return to Sept 2021	34.5	1.5	33.0

Cumulative return in £ (%)			
	Nominal	UK CPI	Real
Three years	54	10	44
Five years	86	16	70
Ten years	275	24	251
Twenty years	819	60	759
Since Oct 1985	12,027	176	11,851

Annualised return in blended currency (%)			
	Nominal	UK/US CPI	Real
One year	(7.3)	7.7	(15.0)
Three years	13.6	3.8	9.8
Five years	11.3	3.1	8.2
Ten years	12.1	2.3	9.8
Since Oct 2009	11.3	2.4	8.9

The value of the endowment is measured at fair value. Net returns include impact of all external management fees/expenses. Performance fees are included for hedge funds, private equity and property but for public equity they are only included from FY 2018.

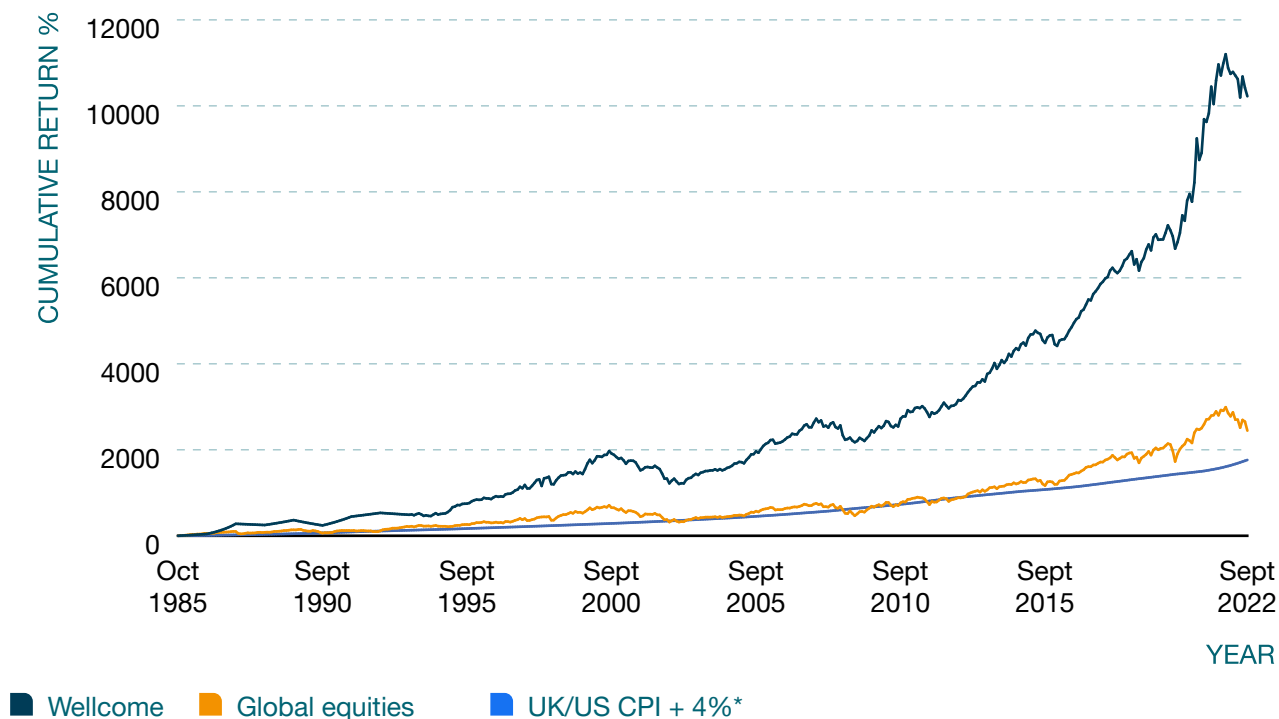
Summary

2022 has seen the most challenging conditions in financial markets since the Global Financial Crisis. There were very few places to hide as rising interest rates and high inflation caused nasty falls in prices of bonds, credit, and equities. Central banks have been the dominant influence on asset prices as they needed to drain liquidity from the global financial system to combat rising inflation. The US dollar rose inexorably through our financial year adding strains to the financial system. The Russian invasion of Ukraine added fuel to the inflationary fire through rapid rises in energy and commodity prices.

We had prepared for a more difficult environment by holding fewer equities and more cash, but we were not immune from the market moves. The portfolio returned +1.7% in sterling (Figure 1) (2021: +34.5%) as we ended the year with net assets of £37.8 billion (Figure 6) (2021: £38.2 billion). After taking account of £1 billion in charitable cash expenditure over the year, this is equivalent to a gain of £0.6 billion. Sterling returns were boosted significantly by currency weakness – in USD terms the portfolio was down -15.8% (2021: +40.3%).

Long-term returns remain strong and have led to exceptional growth in the endowment since 1985, when Wellcome began to sell the pharmaceutical company in which we had our roots (Figure 2). Over the past ten years, the portfolio has delivered a real return after inflation of +251% in sterling (+11.9% a year in real terms or +14.1% a year in nominal terms). However, it is important to remember that until recently, central banks have provided tailwinds to returns through ultra-low interest rates and quantitative easing. This has now become a headwind as high inflation has forced the hands of central banks, led by the US Federal Reserve (Fed), into raising interest rates. We expect macro conditions to remain difficult

Figure 2
Total portfolio cumulative net returns since 1 October 1985 (%)



£ used to 30 September 2009. Blended £/US\$ used from 1 October 2009.

*Note that the target return was UK/US CPI +6% until 30 September 2012. It was reduced to UK/US CPI +4.5% from 1 October 2012 until 31 December 2017, and then changed to UK/US CPI +4% from 1 January 2018.

and therefore do not expect a repeat of the portfolio returns of the last decade.

In this environment, our focus is on preserving a healthy cash flow rather than avoiding volatility. We have pared holdings in low conviction assets but

continue to make new investments where we see opportunities to plant seeds for future returns at increasingly attractive entry prices. As long-term investors, if we look after our liquidity, asset price volatility can be our friend rather than our enemy.

Overview

Global equity markets peaked around the start of the calendar year, after which they entered a deep bear market. As is typical of bear markets, there were several sharp rallies, notably in July, when there were hopes that the Fed might ease off on the speed of interest rate rises. However, Fed Chairman Powell's speech at the Jackson Hole Symposium at the end of August dashed these hopes. He was very clear that the labour market was too tight, inflation was too high and that the only way out was to inflict economic pain through aggressive interest rate rises. Markets got the message and produced a miserable September.

Evidence mounted during the year that inflation was not going to subside rapidly, as many had hoped, when supply shocks caused by the global response to Covid-19 receded. Even before the Russian invasion of Ukraine on 24 February, inflation had been rising sharply. Global demand recovered sharply but repeated lockdowns in China due to zero-Covid policies continued to challenge global supply chains. Moreover, the impact of war in Ukraine on energy and commodity prices pushed both consumer and producer price inflation to multi-decade highs in many developed economies.

Against an inflationary backdrop, central banks will be worried that labour market statistics (usually a lagging indicator) remain very strong. UK unemployment dipped to 3.5%, a level not seen since early 1974. US unemployment reached levels last seen in 1969, while that in the Eurozone has never been this low since the creation of the single currency. The lingering impact of the Covid-19 pandemic continues to have an impact on the availability of labour but, as society ages, we will probably have to get used to persistent labour shortages in many countries.

By contrast, forward-looking measures of business and consumer confidence look very weak. Composite PMI numbers in the US, UK and Eurozone were all pointing to a likely recession as at the end of our financial year. These numbers are not the most reliable of economic indicators, but they certainly suggest a more depressed economic environment is the most likely scenario.

Economic pessimism reflects the fact that interest rates are rising sharply almost everywhere, driven both by central bank action and by aggressive selling in bond markets. We are not major investors in fixed income but returns from fixed income strategies in 2022 have been some of the worst on record in that asset class. Returns in traditional balanced mandates that invest in equities and bonds have been poor – the Bloomberg 60:40 Index (60% large US equities; 40% diversified US bonds) was down -3.7% in GBP (-20.8% in USD) in the first nine months of 2022.

The small gain in our portfolio over the financial year was largely a function of holding most of our assets in currencies other than sterling. The dollar was strong against all major currencies due to a relatively stronger US economy, more aggressive interest rate rises by the Fed, and the fact that the US is not dependent on energy imports. Sterling depreciated by over -17% against the dollar during the year (2021: +4%) and by a more modest -2% against the euro (2021: +6%). Domestic UK political instability and persistent fiscal and current account deficits hurt sterling, although it was by no means the weakest major currency – the Japanese yen depreciated by -23% against the dollar (2021: -5%). Sterling weakened sharply and sterling denominated bond yields rose meaningfully at the end of our financial year in response to the tax cutting proposals in the mini-budget statement in late September. This had a positive impact on our year

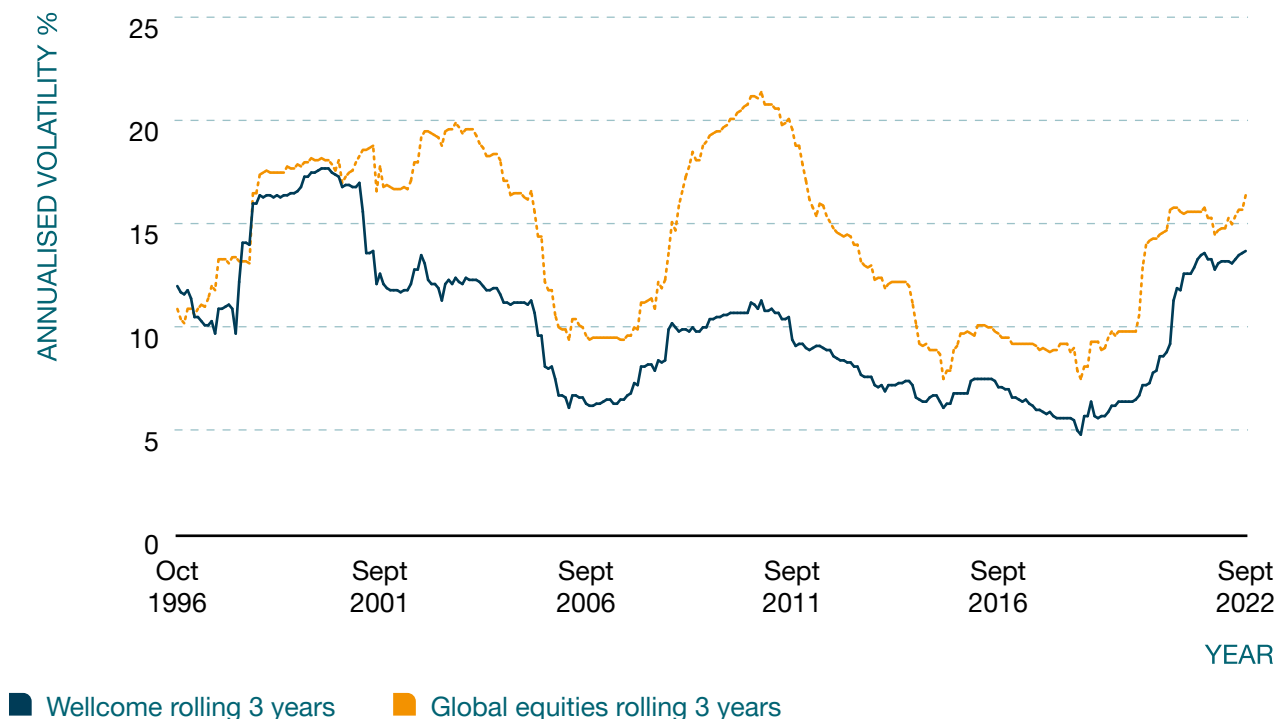
end valuation, which has subsequently reversed (refer to Note 24 page 170).

Our £13.7 billion public equity portfolio had a very disappointing year, falling -12.7% (2021: +16.5%) in absolute terms, which was a much worse performance than the -3.7% return from global equities. Negative returns from public equities were the principal cause of weakness in the broader portfolio. Our main internally managed equity portfolio (the Global Compounders Basket) did better than our third-party managers but was still down a disappointing -6.3% (2021: +12.4%).

Our £4.9 billion hedge fund portfolio did its job of protecting value and delivered a positive return of +5.7% (2021: +11.2%). However, there was wide dispersion within the portfolio. The absolute return funds, which are hedged with sophisticated risk systems and can seek profits in any asset class, delivered an outstanding performance of +33.7% (2021: +8.3%). Our equity long short hedge funds, which had lagged the long bull market, also failed to protect us on the downside and delivered a worse return than global equities at -13.3% (2021: +12.7%).

Despite a one-year return of +7.7% (2021: +72.6%), our £14.8 billion Private Equity (PE) portfolio has not escaped completely unscathed from the drawdowns in major liquid asset classes, as valuations have started to slide from their peaks. Short-term measures of PE returns are always of limited value as there is a considerable lag before private market valuations fully reflect what has happened in public equities. However, there have been some sizeable mark downs, especially where underlying companies have required fresh capital, which we expect to be repeated more widely across private assets over time. Cash flows from the private portfolio turned negative this year as IPO markets were effectively closed and distributions dried up.

Figure 3
Volatility (standard deviation) of returns (%)



£ used to 30 September 2009.

Blended £/US\$ used from 1 October 2009.

Our £3.1 billion property portfolio has been a relatively bright spot this year, delivering a positive return of +11.0% (2021: +16.1%). There was a good return of +11.4% (2021: +4.4%) from the residential portfolio, the best for several years as strong rental growth and low voids overcame the headwind of rising capitalisation rates. There was an added kicker as the valuations reflected a sharp increase in units available to rent following the completion of most of a major programme of renovation and upgrading works. There were also good contributions from our 100% owned subsidiaries, Premier Marinas and Urban&Civic. Planning work continues on several potentially significant development sites in the portfolio.

In our overlay book, we did not issue any new bonds or repay any existing bonds during the financial year. However, sharp rises in interest rates had the effect of reducing the market value of our bonds significantly, which in turn boosted the market value of our net assets. In the light of the difficult market backdrop, we continued to hold abnormally high levels of cash throughout the whole year, which both provides comfort to stakeholders that there will be no difficulties in funding the mission and enables us to take advantage of market dislocations. We did not use any equity options or futures during the year. However, we were unusually active in our FX book, adding currency hedges as sterling depreciated sharply to levels well below long-term fundamental fair value. None of these hedges matured during the year

Outlook

We have been expecting a more difficult environment for a considerable time, so it is not surprising that macro tailwinds have become strong headwinds. We have previously referred to returns having been borrowed from the future due to abundant liquidity and unrealistically low interest rates. Some of this excess return has been paid back during 2022, but the headwinds are likely to persist for much longer, potentially creating conditions for an extended period of sub-par returns.

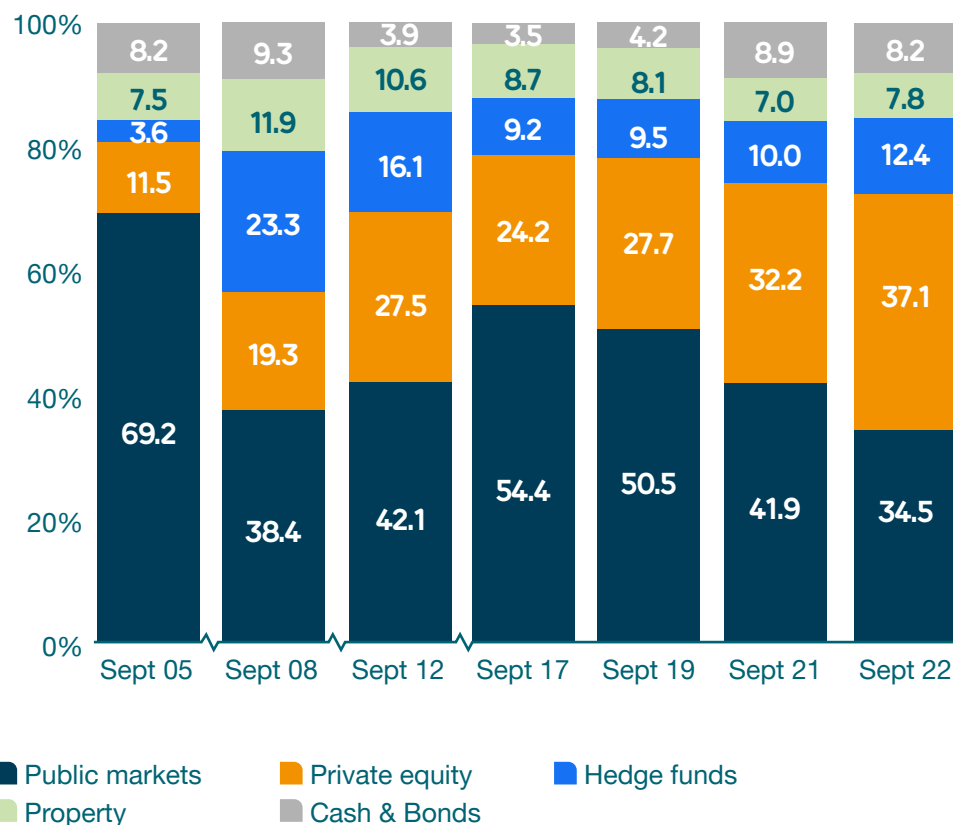
Interest rate rises seem to have shocked markets, but the fact is that real rates remain well below long-term historical norms given the context of high inflation. If central banks are set on bringing down inflation, financial conditions will have to tighten further, pushing up the cost of capital for companies and consumers alike. If tighter financial conditions bring with them a recession, corporate earnings will probably also come under pressure. Equity market valuations have come down significantly, which is a positive, but it remains to be seen whether they have come down far enough to compensate for the risk of significant damage to the earnings base. Strategies relying on access to abundant cheap leverage will face a particularly difficult future.

Inflation is a key challenge for all investors but our portfolio strategy of holding real assets (equity and property) and issuing fixed rate nominal debt should provide some protection over the long-term. Our public equity weightings ended the year at historically very low levels. In recent years, we have raised our cash levels and responded to lower expected market returns by seeking better opportunities in less liquid private assets (Figure 4). However, we are watching for an opportunity to deploy capital back into public equities, which (at the right price) should be the default liquid asset class for long-term, unconstrained investors like Wellcome. We are keenly aware that cash holdings are rapidly eroded by inflation but for now, we remain content to retain the optionality of a higher-than-normal cash balance, especially as it seems likely that distributions from PE will remain subdued for the foreseeable future.

Recent geopolitical shocks have complicated the investment universe for global investors. Rapid policy changes in China have suggested that foreign investors' concerns will not feature prominently in the thinking of the new leadership team, which has implications for inward capital flows. The invasion of Ukraine and the subsequent impact on food and energy prices has been a salutary reminder that many economies remain highly vulnerable to commodity shocks. It has also caused significant disruption to global capital flows. The assumption that we can access investment opportunities across the world in a relatively unimpeded way may no longer be valid if we see increasing fragmentation in the global economy and a retreat from integration.

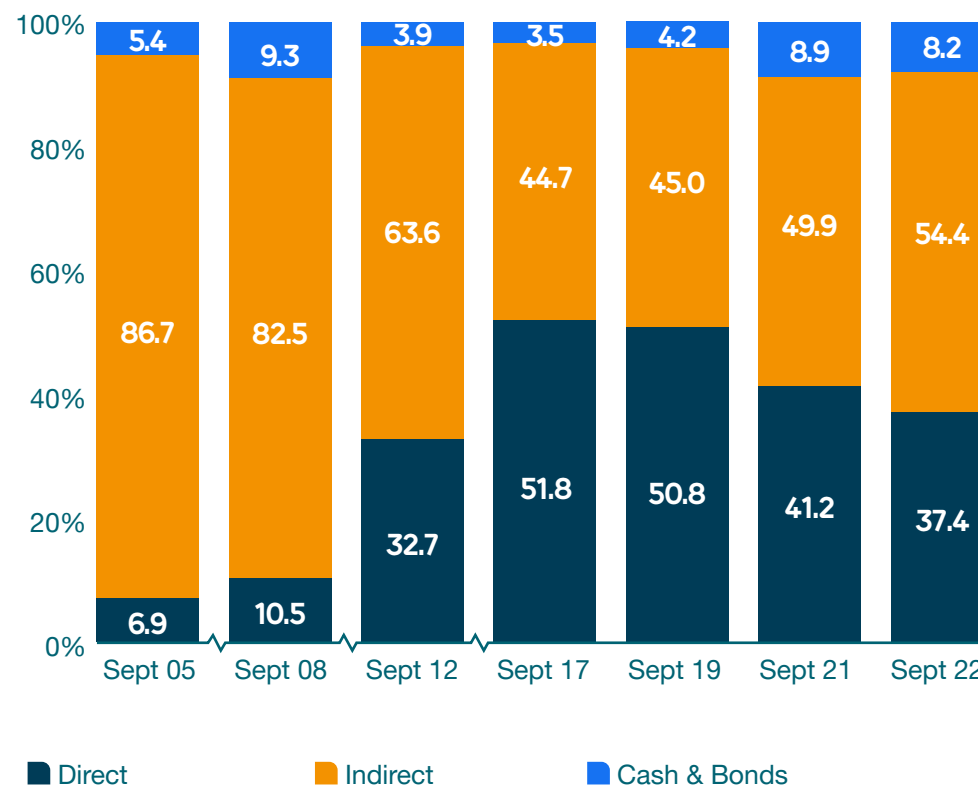
Given the macro conditions, we expect more volatility and are prepared for further downside in asset prices. Our portfolio is well diversified, invested with exceptional partners, and in assets with identifiable structural tailwinds. This should enable us to deliver positive real returns over the long-term. However, in the shorter term, we will continue to focus more on delivering the cash flows necessary to fund the mission than headline valuations.

Figure 4
Evolution of asset allocation (%)



The percentages exclude foreign exchange overlays and derivatives. Public markets include public equities, equity index and commodity futures and options. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 5
Evolution of asset allocation, directly and indirectly managed (%)



The percentages exclude foreign exchange overlays. Direct includes all assets owned directly other than cash and bonds. Indirect includes assets managed by third parties, excluding cash and bonds. In addition to 1, 3, 5 and 10 year comparatives shown left, 2005 and 2008 years are included to highlight the evolution of the asset allocation prior to the financial crisis.

Figure 6
Investment asset allocation as at 30 September 2022

	2022 £mn	2021 £mn	2022 %	2021 %	One year return to Sept 2022 %	One year return to Sept 2021 %
Total public equities	13,694	17,414	34.5	41.9	-12.7	16.5
Indirectly managed public equity	4,043	5,016	10.2	12.1		
Global	2,256	2,872	5.7	6.9		
Developed markets	1,283	1,505	3.2	3.6		
Growth markets	504	639	1.3	1.6		
Directly managed public equity	9,651	12,398	24.3	29.8		
Global compounders basket	9,119	11,215	23.0	27.0	-6.3	12.4
Other	532	1,183	1.3	2.8		
Hedge funds	4,925	4,161	12.4	10.0	5.7	11.2
Equity long/short	2,348	2,450	5.9	5.9	-13.3	12.7
Directional hedge funds	9	9	-	-	14.4	30.2
Absolute return hedge funds	2,568	1,702	6.5	4.1	33.7	8.3
Cash & Bonds	3,274	3,714	8.2	8.9		
Private equity	14,751	13,384	37.1	32.2	7.7	72.6
Buyout funds	3,875	3,296	9.8	7.9	18.6	30.5
Multi asset partnerships	733	715	1.8	1.7	19.5	7.7
Venture funds	8,030	7,543	20.2	18.2	4.6	79.6
Direct Private	309	210	0.8	0.5	42.7	370.6
Private co-investments	1,804	1,620	4.5	3.9	-5.8	182.4
Property	3,103	2,889	7.8	7.0	11.0	16.1
Net overlay assets*	(2)	(11)	-	-		
Total assets	39,745	41,551			-1.7	29.2
Bond liabilities	(1,939)	(3,368)				
Total liabilities	(1,939)	(3,368)				
Total assets net of all liabilities	37,806	38,183			1.7	34.5

Performance figures provided where available. Asset class performance figures are not additive.

*Since September 2017, the equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total assets net of all liabilities' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

Figure 7
Public equity net returns (%).
Period to 30 September 2022

	Annualised return in £ (%)				
	1 year	3 years	5 years	10 years	Since Sept 2008
Global	-13.0	3.4	5.7	10.8	8.4
Developed world	-10.2	2.2	4.9	11.5	9.5
Growth markets	-12.6	0.4	1.9	6.0	4.2
Total public equities	-12.7	3.8	5.6	10.4	9.1
Of which:					
Directly managed Global Compounders Basket	-6.3				
MSCI AC World Index	-3.7	7.7	8.9	11.9	10.0

In addition to 1, 3, 5 and 10 year comparatives shown above, returns since Sept 2008 are included to highlight the performance since a large portion of the public equity exposure has been directly managed (see Figure 5 for Evolution of asset allocation, directly and indirectly managed).

Figure 8
Top ten direct public equity holdings.
As at 30 September 2022

Rank 2022	Rank 2021		Total Value £mn	Total Value US\$mn	Return on Cost GBP (inception dates differ)
1	2	Microsoft	511	570	8.8x
2	5	Nestle	505	564	2.4x
3	3	Alphabet	498	556	8.4x
4	7	Amazon	451	504	1.3x
5	6	Apple	408	456	18.8x
6	20	Visa	382	426	1.1x
7	12	Roche	351	391	2.4x
8	23	Johnson & Johnson	348	389	2.8x
9	9	HDFC Corp	328	366	1.5x
10	10	Berkshire Hathaway	309	345	3.7x
			4,091	4,567	

Top ten direct public equity holdings represent 29.9% of total public equities. Internally calculated RoCs to September 2022 which do not include performance while held as private companies, where applicable.

Public Equity

During our financial year, global equity markets (MSCI AC World Index) delivered a total return of -3.7% in sterling or -20.3% in US dollars. There were few markets that delivered positive returns in local currencies, let alone in US dollars. The Eurozone, Japan and the technology heavy NASDAQ all suffered double digit negative total returns in sterling terms, as did the global emerging markets index. Large cap US and UK stocks just managed to scrape a positive total return for the year in sterling but were down sharply in dollars. Value stocks performed better than growth stocks for most of the year.

The return on our public equity portfolio was sharply negative in absolute terms at -12.7% (2021: +16.5%). This was well below the -3.7% return on the global equity index. This is clearly a disappointing result, although our focus remains on long-term absolute returns. Since we started owning stocks directly (rather than outsourcing the whole portfolio) in September 2008, the return on our public equity portfolio has been 9.1% a year (Figure 7).

Equity market volatility moved sharply higher during our financial year and on a trailing 3-year basis is now above levels seen during the Covid-19 pandemic (Figure 3). We expect volatility to remain elevated given the difficult macro backdrop and the tightening monetary conditions. The volatility of our portfolio remains below that of global equity markets, but the gap has closed over the last decade despite a lower weighting in public equities (Figure 4). This is partly because mature PE and venture capital (VC) funds are tending to hold a higher proportion of public stocks and mark private holdings to market more promptly.

The £9.1 billion internally managed Global Compounders Basket (GCB) performed better than our externally managed portfolios, although at -6.3%, its return was still behind that of the global index. This is a concentrated portfolio of very large international companies, which are well positioned to benefit from secular tailwinds such as cloud computing, financial inclusion in emerging markets and e-commerce. The main detractors to GCB performance this year have been holdings in Chinese stocks and Vonovia, the largest residential property company in Germany. We manage our direct holdings with a very long-term focus. This means we generally have extended holding periods and can take advantage of volatility to add exposure to great companies at attractive prices.

During the year we continued to reduce exposure to stocks that are highly dependent on the economic cycle and to build positions in companies with clear secular tailwinds. In the process, we reduced our overall equity exposure by just under £1.6 billion, reflecting our negative outlook, almost all of which came from direct holdings. As a result, the portion of the overall portfolio managed internally shrank

during the year (Figure 5). Our largest holdings are shown in Figure 8 – a full list of the companies we own directly in the GCB and elsewhere is available on our website. We have continued to engage actively with the companies in our portfolio on a range of topics related to their licence to operate. Our approach to responsible investing and stewardship is outlined in detail on our website.

Other significant direct holdings outside the GCB are Syncona and DoorDash. Syncona is a UK listed life sciences company, founded by Wellcome in 2012. Its share price was down only very slightly over the year, despite a very weak market for early-stage biotechnology companies (the NASDAQ Biotech Index was down -9.7% over the year). The company has continued to invest and to see positive clinical progress at underlying companies. They successfully exited one investment by selling Gyroscopic to Novartis and have a strong balance sheet with ample cash. We remain supportive long-term shareholders. DoorDash has continued to grow its business robustly, but its share price has been badly affected by the market's dislike of long duration growth stocks, falling by 76% in USD during the financial year. This was a major drag on the portfolio, despite us having substantially reduced our position (which was bought at much lower prices as a private company) last year.

Our £4.0 billion portfolio of outsourced equity managers had a very poor year. None of them outperformed their underlying benchmarks with the worst performance in absolute terms coming from our global growth manager, where the portfolio was down -37.4%. We can tolerate this kind of volatility given our long-term perspective – this manager has been in our portfolio since 2003, during which time they have delivered annualised returns of +11.6%, representing outperformance of nearly +2% a year.

The total value of our public equity holdings is down by £3.7 billion this year (Figure 6), which has taken the proportion of the portfolio in public equities to its lowest level this century (Figure 4). Just under half of this reduction was deliberate action taken to reduce equity exposure to protect the portfolio against market declines and to boost cash levels to fund charitable spending and investment in other asset classes. Market declines accounted for the remainder of the reduction and cost the portfolio just over £2.1 billion during the year. Most of the sales were in the direct portfolio. Other than trimming a small amount from two managers, we did not make changes to the outsourced portfolio.

Figure 9a
Illiquid asset net returns (£) (%)
Period to 30 September 2022

	Annualised return in £ (%)			
	1 year	3 years	5 years	10 years
Directional	14.4	-0.2	3.8	6.7
Absolute return	33.7	15.9	13.0	10.5
Equity long/short	-13.3	6.4	7.9	10.6
Total hedge funds	5.7	11.2	10.7	11.1
Buyout funds	18.6	15.6	14.0	15.0
Multi-asset partnerships	19.5	8.7	8.9	
Venture funds	4.6	34.1	32.2	27.5
Direct Private	42.7	85.4	33.8	
Private co-investments	-5.8	45.8	39.8	
Total private equity funds	7.7	28.0	23.8	
Non-residential property	10.7	17.7	14.6	10.1
Residential property	11.4	4.8	1.8	5.8
Property	11.0	12.2	8.7	9.1
MSCI AC World	-3.7	7.7	8.9	11.9

Figure 9b
Illiquid asset net returns (US\$) (%)
Period to 30 September 2022

	Annualised return in US\$ (%)			
	1 year	3 years	5 years	10 years
Directional	-5.3	-3.5	-	2.8
Absolute return	10.7	12.1	8.9	6.4
Equity long/short	-28.2	3.0	4.0	6.6
Total hedge funds	-12.5	7.6	6.7	7.1
Buyout funds	-1.8	11.2	9.5	10.6
Multi-asset partnerships	-1.0	5.2	5.0	
Venture funds	-13.4	29.7	27.4	22.9
Direct Private	18.1	79.4	29.0	
Private co-investments	-22.0	41.1	34.7	
Total private equity funds	-10.8	23.8	19.4	
Non-residential property	-8.3	13.9	10.4	6.1
Residential property	-7.8	1.4	-1.8	2.0
Property	-8.1	8.6	4.8	5.1
MSCI AC World	-20.3	4.2	5.0	7.8

Hedge Funds

Our £4.9 billion portfolio of hedge funds had a positive year overall, returning +5.7% (2021: +11.2%) (Figures 9a and 9b). The value of vehicles that can profit in down markets is at its greatest during a bear market, providing a rare source of positive return. To the end of this financial year, reporting of hedge funds has included equity long short and absolute return managers. There will be some changes to composites from next year. Over one, three and five years, the portfolio has delivered better returns than public equities with much lower volatility. Over ten years, public equities have done slightly better, which is not surprising given that most of this period was a liquidity fuelled bull market.

Performance of our £2.3 billion portfolio of equity long short hedge funds was very disappointing with a return over the year of -13.3% (2021: +12.7%). This was substantially worse than global equities, despite the ability of these funds to go short and worse liquidity terms for us than owning long only equities. As a group they have underperformed the long bull market in equities and failed to protect our capital as the market has turned. This has led us to consider carefully our exposure to these vehicles. There has, however, been wide dispersion among managers, which indicates that some of them have adapted more rapidly to a very different environment. The best performing manager was up +16.2%, while the worst was down -50.0%.

Our £2.6 billion portfolio of absolute return funds had a very strong year, with returns of +33.7% (2021: +8.3%) making it the best performing part of our overall portfolio. These funds have the flexibility to invest in a wide range of assets with low

correlation to equity markets. Although they can be highly levered, they typically have highly sophisticated risk models. We have increased our exposure to this group during the year, although it is difficult to find managers that meet our criteria at a suitable scale for our portfolio size. All the funds that were held for a full year delivered a positive return, with the best performer delivering over +65% return.

In future years we will be aggregating our reporting on the equity long short funds with our public equity exposure, given the high correlation with equity market returns. This reflects the objective for these managers to deliver a superior return to equities through the cycle by adding value on both the long and the short side. It is, as we have seen, a tough task. The absolute return funds will continue to be reported separately. They look well positioned for the current environment, as they can invest in a wide range of investment instruments, which enables them to make positive absolute returns in any environment. They will not generally keep up with unfettered bull markets in equities, but we do not judge it likely we will see another one of those for an extended period.

Private Equity

Our private equity (PE) portfolio has grown significantly in recent years, in part due to deliberate allocation decisions and in part to exceptionally strong performance. This strong performance has now stalled – over the past financial year, the total private equity portfolio returned +7.7% (2021: +72.6%) (Figures 9a and 9b). We have seen meaningful local currency (primarily USD) mark downs of valuations in each of the first three quarters of 2022 across our portfolio of buyout

funds, venture capital funds (VC) and direct private investments (including co-investments). However, the depreciation of GBP over the year resulted in a gain in the portfolio value in GBP terms. Private equity is subject to the same underlying economic pressures as public equity and is therefore not immune from the cycle. Experience of previous cycles suggests that there will be a lag as private valuations catch up with movements in public markets, so we expect valuations to continue to come down. It might happen faster in this cycle as mature funds tend to hold more public stocks and regulators have encouraged PE managers to mark private companies to market more quickly.

Our total exposure to PE now stands at £14.8 billion, or 37% of gross assets. The largest portion of this is in VC funds (£8.0 billion). We are fortunate to have strong relationships with some of the best VC funds, which have given us exposure to some of the most exciting, innovative companies in the world. Over the long term this will provide a valuable source of growth for the endowment. However, in recent years, valuations appear to have become irrational in parts of the VC universe so it is entirely to be expected that there should be a correction. In our portfolio, this has started with a -13.4% movement down in USD (2021: +87.3%). However, currency moves resulted in a positive return of +4.6% in GBP (2021: +79.6%). Over the ten years to 2022, the annualised performance of our VC portfolio has been +27.5% while the overall multiple on invested capital from our VC funds since inception has been 2.3x (Figure 10). There is likely to be a more difficult period likely ahead of us, but we have every confidence in the ability of our VC partners to continue to deliver premium returns over the long term.

Our buyout funds (£3.9 billion) have been resilient so far, which is partly a function of having a larger weighting to more cyclical sectors where public markets have held up well. The portfolio was up by +18.6% (2021: +30.5%) over the financial year but all the positive movement was attributable to currency – the portfolio was down -1.8% in USD (2021: +36.1%). If current conditions continue, our managers will not be immune. However, they have demonstrated an ability over the long term to deliver premium returns to public equity. Over the past ten years, the annualised return from our buyout funds has been more than 3% above that from public markets (Figures 9a and 9b), while the since inception multiple of invested capital has been 1.5x. We have made some meaningful commitments recently that should be invested at attractive prices and therefore stand a good chance of delivering attractive returns in future years.

There has been a mark down of -5.8% (2021: +182.4%) in the valuation of our £1.8 billion book of private co-investments. This is a more concentrated portfolio than our fund investments, with a total of just 40 underlying companies. It is therefore not surprising that it is much more volatile than the VC or buyout fund portfolios. This year, several big positions that were marked up last year (reflecting secondary market transactions and fund-raising rounds) have been marked back down again. We are very comfortable with the fundamentals of the businesses and continue to be active in adding positions to this portfolio. With capital now scarcer, our PE partners are more likely to seek willing co-investors and we are open for business. The £309 million direct private portfolio is a very concentrated portfolio and was up +42.7% over the year (2021: +370.6%).

Our multi-asset partnerships (MAPs) are a legacy portfolio of investments with strong local institutions in selected emerging markets, which were designed to invest across asset classes. Four of the original six mandates have been wound up or are in run off, so this is the last year that we will report on these funds as a portfolio. In future years, remaining assets will be allocated to the asset class composite that most closely mirrors the assets they hold. This £733 million portfolio was up +19.5% over the year (2021: +7.7%), reflecting the fact that emerging market assets have held up relatively well in comparison to those in the developed world.

Our PE portfolio was cash flow negative this year. We had forecast this given that we have made significant new fund commitments in recent years. However, it was even more negative than expected as distributions fell sharply. The bear market in public equities meant that the IPO market was effectively closed, while uncertainty and rises in the cost of debt meant merger and acquisition activity slowed down. We are also now seeing a marked slowdown in capital calls. Price expectations among potential sellers of businesses have yet to adjust to the new reality, while potential PE buyers are being much more price sensitive. We therefore expect funds to be deployed more slowly, leading to longer fundraising cycles, which should mean that our significant outstanding commitments will be drawn down relatively slowly in the coming years. Total capital calls across the PE portfolio this year were £1.9 billion, with distributions of £1.6 billion resulting in a net cash flow of -£355 million (2021: +1.9 billion). We made total new commitments to PE during the year of £3.3 billion to lay the ground for future returns. Of this, £1.5 billion was to buyout funds, £1.4 billion to VC funds and £0.4 billion was to direct private investments and co-investments.

Figure 10
Private equity fund net returns (multiples). Inception to 30 September 2022

	Drawn (£mn)	Realised (£mn)	Net Asset Value (£mn)	Total Value to Drawn
Buyouts	10,264	11,659	3,875	1.5x
Venture	7,055	8,140	8,030	2.3x
All Private equity funds <=2016	12,512	19,412	5,941	2.0x
All Private equity funds >=2017	4,807	387	5,964	1.3x
All Private equity funds total	17,319	19,799	11,905	1.8x

Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2016 and earlier have generally finished their investment period.

Property, Infrastructure and Asset-Backed Operating Companies

The property portfolio has been a bright spot in a difficult year. Sharp interest rate rises in the UK may cloud the picture looking forward, but during the financial year, robust underlying growth in rentals, sales and other income meant that the total return of the overall portfolio was +11.0% (2021: +16.1%) (Figures 9a and 9b).

The residential property portfolio was up +11.4% (2021: +4.4%), boosted by a recovery in demand for prime central London property. This has reduced voids to virtually nothing and led to strong increases in rental values in our South Kensington Estate, pushing up its value meaningfully for the first time in several years. Our residential returns have been further boosted by the completion of most of an extensive programme of renovation of houses of multiple occupation and former serviced apartment blocks. During the year, we brought 121 residential units back onto the market after complete renovation, bringing the total since the start of the project before the Covid-19 pandemic to 198 units, equivalent to over 20% of our total available units. The capex involved in this programme has now largely been reflected in the valuations, while our income will receive a permanent boost. Planning work continues on potential development sites in South Kensington.

The overall return in the non-residential property portfolio was +10.7% (2021: +24.1%) with contributions from several areas. We sold our interest in the budget hotel chain Point A in April, realising a strong return on our investment, which dated from 2013. An increase in the value of Premier

Marinas reflected continuing strong demand for berths as interest in leisure boating, which was boosted by the pandemic, has continued to be strong. We are well advanced in a complete renovation of the marina at Noss on Dart in Devon and have implemented improvement works at other sites as we continue to invest in the business.

Urban&Civic continued to see strong demand for master planned sites ready for housing developers, which has contributed to an increase in valuation. We injected most of our agricultural land assets into U&C at the start of the financial year. They have also been instrumental in managing the process of working up detailed plans for the expansion of the Wellcome Genome Campus at Hinxton, Cambridgeshire.

Our investment in California-based private infrastructure company Generate continues to perform extremely well given the strong demand for renewable energy, waste management and clean transport. We decided not to go ahead with the planned sale of our remaining student accommodation block at Northumberland Avenue and will instead continue to operate the building ourselves. The asset is trading very well given strong demand for well-located student accommodation.

Over the course of 2021/22, we deployed a total of £115 million into property assets, while receiving distributions of £214 million, resulting in a positive net cash flow of +£99 million. However, this part of the portfolio is likely to absorb substantial investment over the coming years.

Bonds, Portfolio Overlays, Currency, Regional and Sectoral Overview

We did not use any equity futures or options as hedges this year as we have focused instead on raising cash levels by direct sales of underlying equities. With volatility and interest rates having increased, the cost of option protection has gone up significantly.

We have been more than usually active in the foreign exchange overlay (FX) book as sterling weakened quite dramatically. The dollar has been extremely strong this year for good reasons – US growth has been superior; the US is energy independent and US interest rates have risen further and faster than those elsewhere. However, Wellcome's charitable spending and bond liabilities are still predominantly in sterling. We therefore increased our hedges as the value of the currency became more detached from long-term fundamental fair value as expressed in terms of purchasing power parity (PPP), which the OECD estimates at just over \$1.40. With the dollar now appearing quite overvalued, we chose to add hedges against the dollar rather than increasing our euro-sterling hedges. By the end of the financial year, our net sterling exposure after currency hedges had increased to 23.9% (2021: 12.5%), although there has been little change in our underlying sterling asset base. Strong appreciation in GBP, although not currently our base case, would nevertheless present a headwind to future returns given our underlying asset mix.

There has been a further significant mark to market decline in the value of our bond liabilities as interest rates have increased sharply. This resulted in a positive uplift of £1.4 billion to our net asset value, although there was no cash impact. Our bonds were all priced below par value at the end of the financial

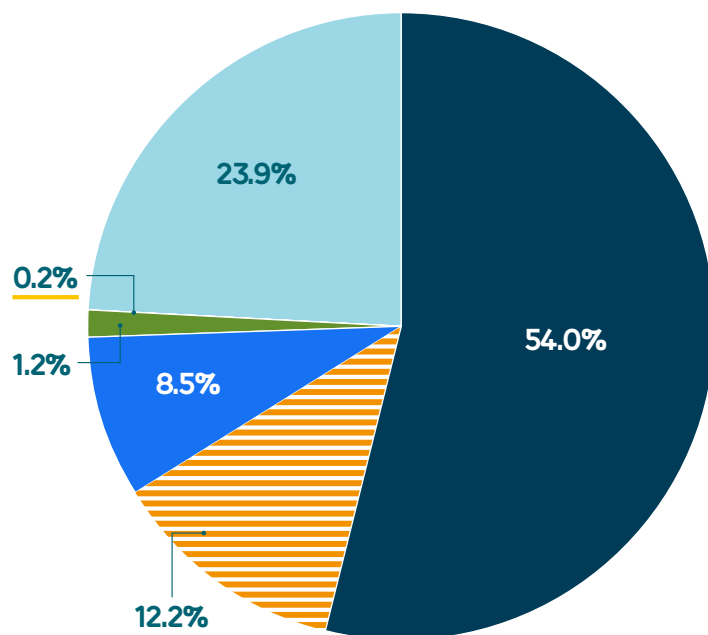
year, which means that the market value of our liabilities will increase as the bonds approach maturity (we will eventually repay the par value). However, if interest rates continue to increase in the short-term, this may take a long time to take effect. We did not issue any new debt or repay any maturing bonds during the year.

Increasing our sterling hedges has brought our US dollar exposure down to 54.0% (2021: 65.0%) including explicitly pegged currencies. This was a deliberate decision given the extended rally in the dollar, which has strengthened by over 50% on a trade weighted basis in the years since the onset of the Global Financial Crisis in the middle of 2008. Our exposure to Asian and other European currencies has fallen slightly as US assets have continued to outperform.

Performance of our holdings in China have been disappointing over the past two years. The political climate in China has been quite frosty towards foreign investors and zero-Covid policies have caused massive economic disruption. Holdings elsewhere in Asia and other emerging markets have performed reasonably well. There remains every prospect that the economies of many Asian countries, including China, will grow faster than those in Europe and North America. However, as the last two years have demonstrated, it is not always easy to translate economic growth into portfolio returns. Continued outperformance of our US assets and the addition of some new positions have increased the proportion of our total equity (public and private) in the Americas to 62% (2021: 55%) at the expense of Asian and European investments.

The sectoral positioning of the combined equity exposure has not shifted much. There has been a slight increase in our weighting in information technology to 30%, but roughly equivalent declines in consumer discretionary and communication services, which include many technology-related or enabled stocks. We have reduced our holdings in the financial sector to 11%, sold out of our remaining listed energy exposure and increased positions in healthcare stocks, taking exposure there to 14%. These moves are all the outcome of idiosyncratic bottom-up investments rather than sectoral asset allocation.

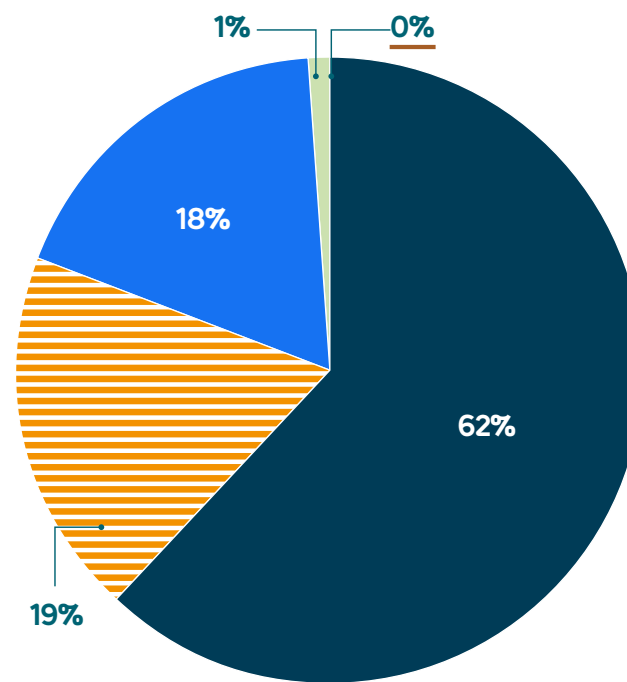
Figure 11
Currency allocation
(net of currency forwards) (%)
As of 30 September 2022



■ US dollar & linked currencies
 ■ Total Asia
 ■ Total Europe
 ■ Total Commodity*
 ■ Other
 ■ Pound sterling

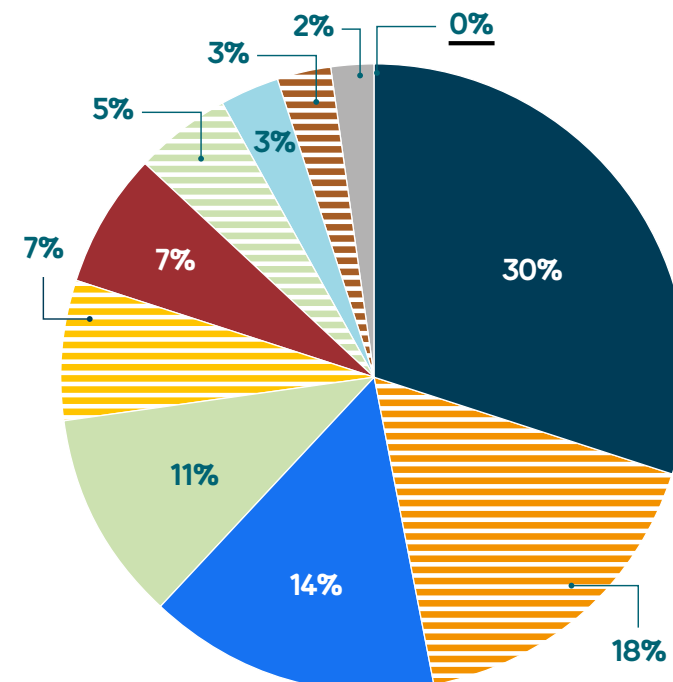
*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US dollar.

Figure 12
Public and private equity regional exposure (%)
As of 30 September 2022



■ Americas
 ■ Europe
 ■ Asia/Pacific
 ■ Africa
 ■ Middle East & Other

Figure 13
Public and private equity sectoral exposure (%)
As of 30 September 2022



■ Information Technology
 ■ Consumer Discretionary
 ■ Health Care
 ■ Financials
 ■ Consumer Staples
 ■ Industrials
 ■ Real Estate
 ■ Energy
 ■ Materials
 ■ Utilities

Progress report

– Investments net zero strategy

Since we announced our Net Zero commitment in 2021, both the complexity and the importance of the task ahead have only become more evident. Against this backdrop, we have built momentum and made good progress in putting the portfolio on a trajectory to achieve net zero by 2050 at the latest. The core metrics we are monitoring have all improved from last year, and we are pushing ahead with our engagement initiatives. The focus is on driving real world change, and our strategy follows the same principles of engagement and stewardship that we employ across our assets.

The Climate Net Zero Landscape – a rapid evolution

2021 saw a flurry of company announcements of net zero targets. Companies were quick to declare their long-term aims of achieving net zero by 2050, as were several asset owners and managers. More than one third of the world's largest public companies now have net zero targets, up from one fifth in December 2020¹. Government commitments are on the rise, with more than 70% of global emissions now covered by a national net zero target². However, scrutiny is rightly being placed on the robustness of these targets and the public and private sectors' ability to execute. The discussion has evolved to cover not only the why, the what and the who, but also the how. In our portfolio, 2022 has also been a year focused on action, adding more

substance to underpin our commitments, while continuing to urge more people to take the first step on this net zero journey.

For asset owners and managers, there has been increased participation in investor groups such as the Net Zero Asset Owners Alliance, the Glasgow Financial Alliance for Net Zero and the Institutional Investors Group for Climate Change (IIGCC). Wellcome is a member of the IIGCC, which now has a 350+ strong membership covering €60 trillion. These groups allow investors to share best practice on portfolio emissions measurement, engagement strategies and climate solution allocations. We have made good use of our IIGCC partnership, with members of the investment team joining IIGCC teach-ins, working groups and contributing towards discussions for methodology papers.

However, major challenges remain. More comprehensive disclosure and uniform reporting of emissions is still required, as is greater consideration of scope 3 emissions. How to ensure that the energy transition is 'just' remains a major conundrum. Conversations have shifted away from a blanket use of divestment or offsets as a quick fix, towards the challenging task of implementing real world emissions reduction. It is positive to see that companies are increasingly thinking about incorporating physical risk analysis, protecting biodiversity, and ensuring that the transition is implemented in a socially responsible way, even as this increases the complexity of the task.

The extent of the transition challenge has also been compounded by one of the toughest macro-economic environments seen since the 2008 global financial crisis. The invasion of Ukraine by Russia, gas and energy price inflation, and elevated supply chain disruption has put the need to improve current energy systems into sharp focus. The global shift to investment in the energy transition has taken on the additional imperative of energy security which should add to the longer-term tailwind for this area; however, in the shorter term, this will compete with greater investment in fossil fuels to ease dependence on Russia.

Despite the challenges, there have been some positive shifts in the landscape over the year. The US Inflation Reduction Act is a game-changing piece of legislation which will encourage investment in green infrastructure, housing and technology. The private sector is steadily increasing allocations to sustainable investments with private equity and venture capital firms taking greater interest in the growing opportunities. Capital requirement estimates for the transition are in the range of \$100 trillion globally³, and our partners are increasingly exploring opportunities that may arise from this secular trend.

Progress against our commitments

The responsibility of asset owners to encourage the transition to a lower carbon economy has not changed. Given the complications of measuring uniform emissions data across various asset classes, we continue to focus on monitoring and reporting the percentage of our portfolio with a net zero commitment. We also recognise that there is a wide range of standards underpinning these commitments, and therefore strongly encourage our partners to adopt science-based targets.

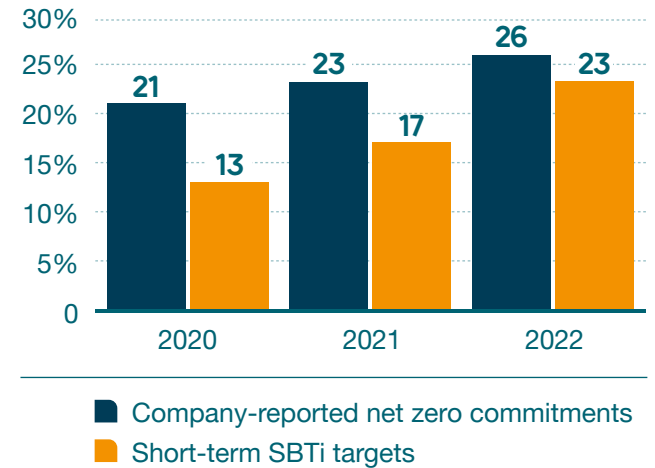
The Science-Based Targets Initiative (SBTi) currently remains our preferred verification initiative and the organisation is expanding with demand. The SBTi includes Scope 3 emissions where they are over 40% of total emissions and the SBTi encourages that these be covered by engagement activities when they are less material. Short-term targets are the focus of the SBTi, given that greenhouse gas emissions must halve by 2030 to limit warming to 1.5 degrees⁴. Those setting targets are required to reduce emissions in line with a Paris-aligned 1.5 degree pathway with a target deadline of 2030 at the latest. Companies are also encouraged to submit net zero targets alongside these short-term targets.

Reflecting the importance of these short-term targets, the percentage of our portfolio committing to these has risen from 17% to 23%⁵. The percentage of the portfolio with a science-based net zero commitment increased from 10% to 13%, and the percentage of the portfolio with a company reported net zero commitment increased from 23% to 26%. These increases are partly driven by greater target adoption, but also due to improvements in data allowing us to include more indirect public equities in our analysis⁶. These rises would have

been higher had the proportion of the portfolio in public equities not fallen this year, due to their disproportionate decline in value versus the rest of the portfolio and active net sales. This asset class represents most of our assets with net zero commitments, reflecting the wider world in which publicly traded companies have been more likely to make net zero commitments than private companies. This emphasises the importance of encouraging our managers in other asset classes to make net zero commitments, which has been the focus of our engagement conversations. While our data thus far shows a promising trend, we should not expect this to continue in a straight line, as it will vary depending on the composition of our public equities basket and its relative value within the whole portfolio.

We record the emissions footprint of our public equity holdings due to accurate data being more readily available than for private assets. The carbon footprint associated with our portfolio has fallen 35% over the past year from 424,000 tCO₂e in 2021 to 276,000 tCO₂e in 2022 (scopes 1 and 2)⁸. This year-on-year decline is largely due to our exits from holdings in BP and Shell, which we sold as part of a strategy of reducing exposure to cyclical stocks. Of course, our exit from these holdings has not reduced overall carbon emissions, simply those that are linked to our own portfolio. This is a key reason we believe that encouraging action on decarbonisation is the most effective way for asset owners to exert positive real-world climate influence. Companies in the rest of the portfolio have also been successfully reducing their emissions.

% of gross assets with climate targets over time^{5,7,9}



Action across our portfolio

Engagement is the core focus of our strategy. High quality leadership and a long-term strategic perspective is a key precondition for assets that are in our portfolio. The impact of climate change is already considered seriously by management teams at many of our holdings, particularly those at public companies, where adoption of a science-based net zero target is increasingly becoming a widespread expectation. In our direct public equity holdings, the number of assets with a company reported target increased from 25 to 26, those with a short-term SBT from 19 to 26, and those with a SBTi net zero target from 11 to 14. Disclosure has also improved for our public equities, with the percentage of public equities reporting emissions close to 100% by value. The total percentage of all our assets reporting emissions has dropped due to the fall in equities as outlined above. Our challenge now in this asset class is to ensure that management teams and their Boards are focused on translating this commitment into their strategic plans, and that capital expenditure and the incentives underpinning performance reflect this.

Outside of public markets, there is increasing recognition that Buyouts managers' longer investment horizons and advantageous governance structures mean they can play a significant role in catalysing change, but there is much work to be done here. We saw the private equity industry take a significant step by establishing the ESG Data Convergence Project, a coalition of private equity partners aiming to enable industry-wide convergence on ESG metric collection and data submission. Metrics include GHG emissions and renewable energy use. Wellcome has been actively involved in supporting this group and is a member of the steering committee, which enabled us to provide

input on the metrics included. Two of our partners are founding members, and we have actively encouraged our other managers to join the initiative.

We have written to our Buyout partners to share examples of best practice we see from across our portfolio and set out our view of gold standard net zero target setting in Private Equity. We are encouraging them to adopt a 1.5 degree aligned near-term science-based target, which includes committing to have all portfolio companies covered by an SBT by 2030 or sooner. Positively, some of our Buyouts managers already have net zero targets, which include commitments to require this from portfolio companies.

In property, this year we have determined a baseline carbon footprint (scopes 1-3) for our direct property holdings. This is primarily based on estimated rather than actual data because our access to the data of our occupiers is limited. As expected, the majority (+90%) of emissions are indirect or scope 3 relating to the electricity consumption and heating of buildings by occupiers.

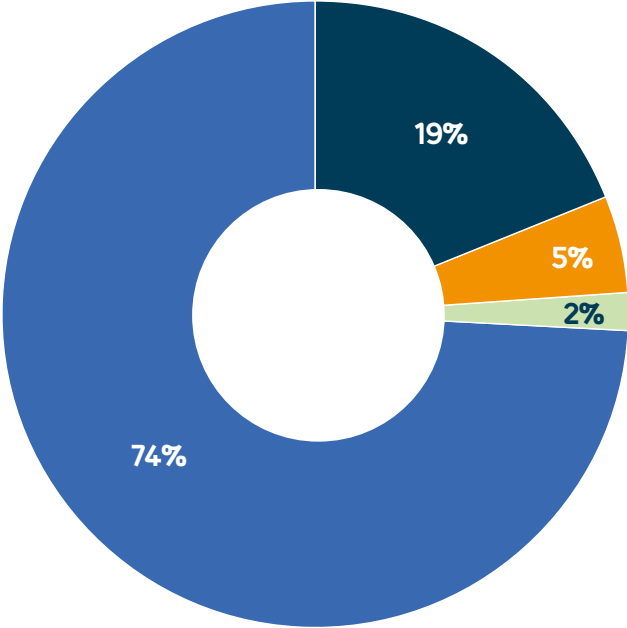
In the coming year, we will undertake pilot studies on the practical implications of decarbonising our direct property holdings so that we have sufficient information to then set a net zero target and guide us as to a realistic pace to decarbonise our direct (scope 1 & 2) and indirect (scope 3) emissions. We expect an indirect emissions target to incorporate emissions that we can sufficiently control or influence, though we will, in time, engage with stakeholders to seek change for emissions beyond our defined target. Our operating business Urban&Civic has established a net zero carbon target and associated roadmap. Urban&Civic's target covers both its operational and development activities.

In venture capital, the number of climate- and sustainability-related investments in our portfolio is growing. Climate enabling solutions (such as carbon emissions data tracking and accounting), energy efficiency, and waste management have been the key focus areas so far. Venture managers have so far avoided setting net zero targets due to the lack of majority control they have over their portfolio companies and the asset-light nature of most venture business models.

We will only achieve our net zero ambitions through close partnership with those who manage our assets and by working collaboratively with our asset owner peers. Alongside our IIGCC membership, Wellcome has also joined the Wellington Climate Leadership Coalition, a collaboration between Wellington Management, Woodwell Climate Research Centre, MIT Joint Program on the Science and Policy of Global Change and a select group of global asset owners who are committed to bridging the gap between climate science and finance. This should help improve our understanding of physical and transition risks across the portfolio, and steps that can be taken to address these.

Company-reported net zero commitments^{7,9}

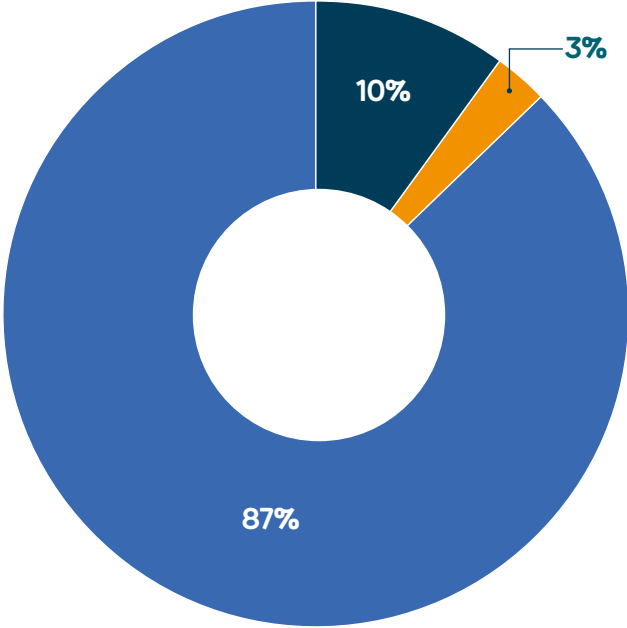
% gross assets (by value)



■ Direct equities ■ Indirect equities
■ Property ■ No commitment

SBTi net zero commitments^{7,9}

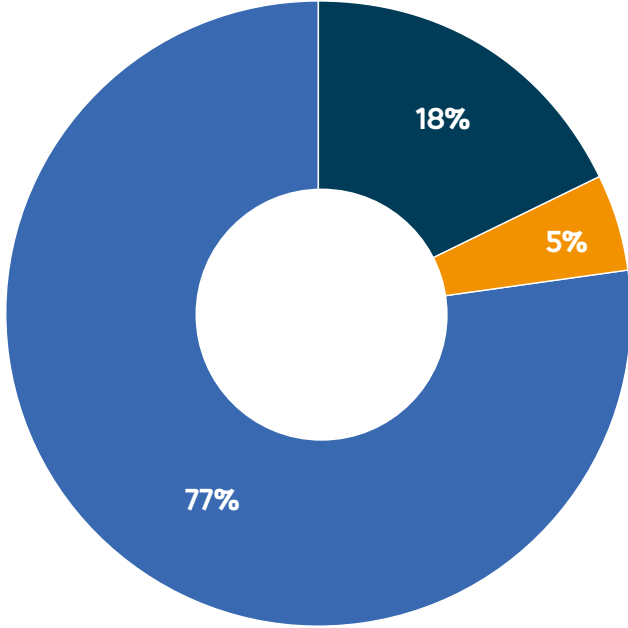
% gross assets (by value)



■ Direct equities ■ Indirect equities
■ No commitment

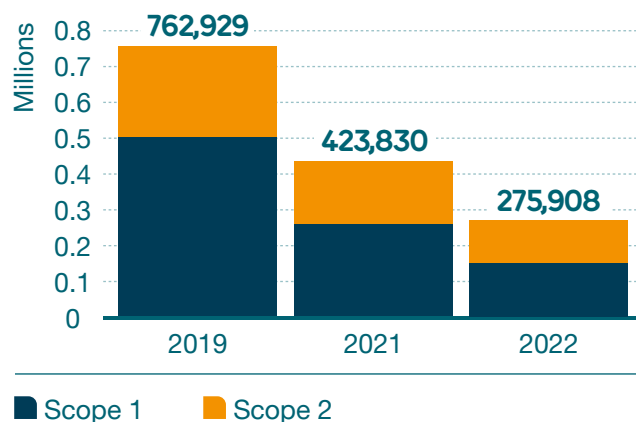
Short-term SBTi targets^{7,9}

% gross assets (by value)

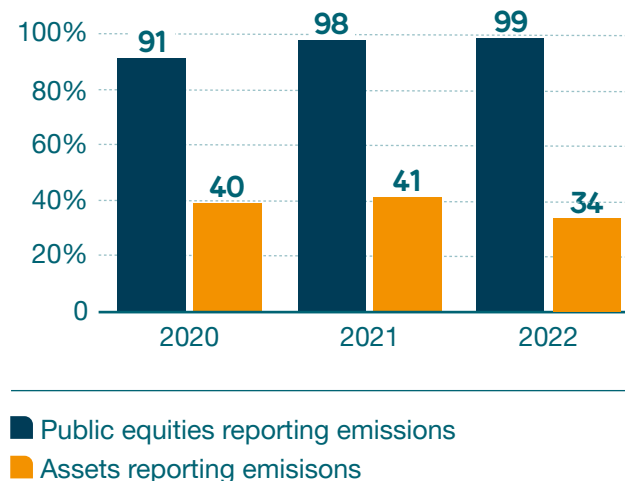


■ Direct equities ■ Indirect equities
■ No target

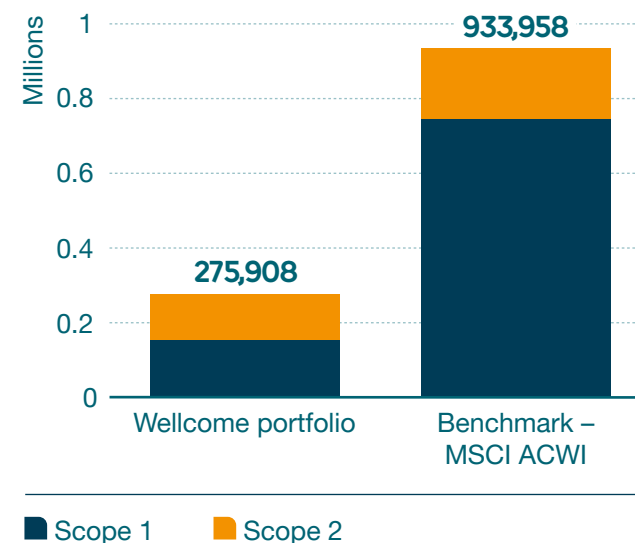
Public Equities Emissions – scope 1 and 2 (tCO₂e)^{8,10}



% of gross assets with emissions data available (by value)^{8,10}



Public equities carbon footprint (tCO₂e) As at 30 September 2022^{8,10,11}



Net zero endnotes

- <https://zerotracker.net/insights/pr-net-zero-stocktake-2022>
- <https://www.un.org/en/climatechange/net-zero-coalition>
- https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf
- <https://unfccc.int/news/the-evidence-is-clear-the-time-for-action-is-now-we-can-halve-emissions-by-2030>
- Percentages reported are a % of Gross Asset Value. For science-based targets, we include those with targets set and verified by the SBTi and those that have made a commitment to the SBTi to set a science-based target.

- In previous years a materiality cut off had been employed due to a lack of useable data, excluding holdings of less than \$30m in value. With disclosure improving, we have been able to include all holdings in this year's analysis.
- For all net zero commitments and near-term SBTs we look at all our direct equity holdings and indirect equity holdings.
- All portfolio emissions data provided by Trucost as at 30 September 2022. Portfolio emissions data for 2019 and 2021 was provided by Trucost as at 31 December and 30 September respectively.
- Near-term science-based targets and science-based net zero commitments are taken directly from SBTi (<https://sciencebasedtargets.org/companies-taking-action>). This includes companies with targets set and certified by SBTi, and those that have made a commitment to SBTi to set science-based targets.

- The portfolio carbon footprint covers scope 1 and 2 emissions of our direct and indirectly held assets. This applies on a look-through basis to portfolio companies and investments that might be held by third-party managers (these fall under scope 3 for indirect equities, buyout and venture exposure).
- While we do not rely on benchmarking data to dictate investment decisions, Trucost's reports use a selected benchmark as a measure of relativity for carbon footprints. In 2021, the benchmark rose as we changed it from the S&P Global LardMidCap index used in 2019 to the MSCI ACWI. From 2021 onwards, we have and will continue to use MSCI ACWI

Financial Review

Overview for the year ended 30 September 2022

	2022 £mn	2021 £mn	Change £mn
Investment activity			
Income	366	286	80
Expenditure	(151)	(186)	35
Investment (losses)/gains	(1,038)	9,253	(10,291)
	(823)	9,353	(10,176)
Charitable activity			
Income	136	125	11
Charitable expenditure before discounting and foreign exchange	(1,366)	(1,233)	(133)
Discounting of grant liability	131	48	83
Foreign exchange revaluation of grant liability	(103)	5	(108)
Expenditure on charitable activities	(1,338)	(1,179)	(158)
	(1,202)	(1,055)	(147)
Net (expenditure)/income before tax	(2,025)	8,297	(10,323)
Taxation	50	(10)	61
Gains on defined benefit pension schemes	315	152	163
Net movement in funds	(1,660)	8,440	(10,100)

Total Funds at 30 September 2022

	2022 £mn	2021 £mn	Change £mn
Fixed assets	402	413	(11)
Investment assets	40,343	41,748	(1,405)
Net current liabilities	(1,398)	(1,051)	(347)
Long term liabilities	(4,746)	(4,848)	102
Total funds	34,601	36,261	(1,660)

Charitable expenditure is an alternative performance measure. Wellcome's alternative performance measures and key performance indicators are detailed on page 113.

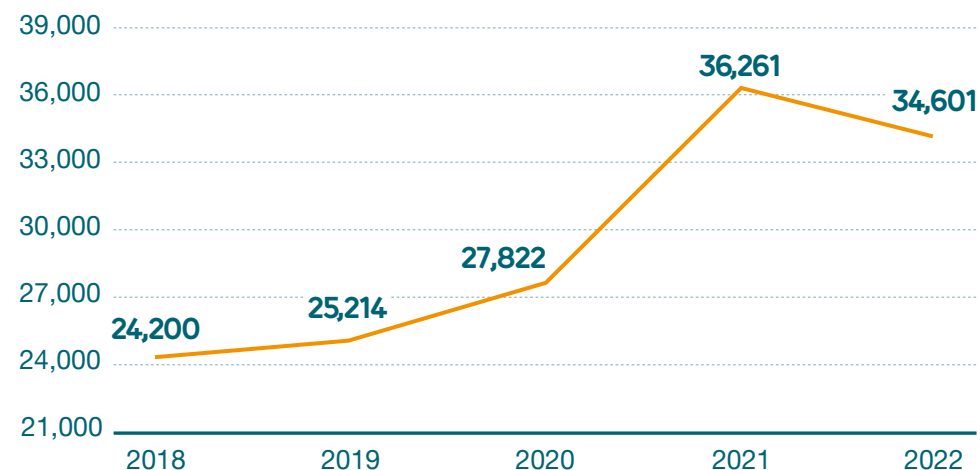
Reconciliation of Overview to Statement of Financial Activities

	2022 £mn	2021 £mn
Management fees and other investment costs	75	110
Interest payable on bond liabilities	76	76
Investment expenditure	151	186
Grants receivable	29	24
Other charitable income	108	100
Charitable income	137	125

Reconciliation of Net Funds to Balance Sheet

	2022 £mn	2021 £mn
Quoted investments	13,551	17,292
Unquoted investments	21,102	18,814
Investment properties	1,671	1,566
Derivative financial instruments	-	31
Investment cash and certificates of deposit	3,378	3,820
Other investment assets	580	196
Programme related investments	61	28
Investment assets	40,343	41,748
Creditors falling due after one year	(4,721)	(4,443)
Provision for liabilities and charges	(106)	(181)
Defined benefit pension schemes' surpluses/(deficits)	81	(225)
Long term liabilities	(4,746)	(4,849)

Total funds of the Charity (£mn) as at 30 September



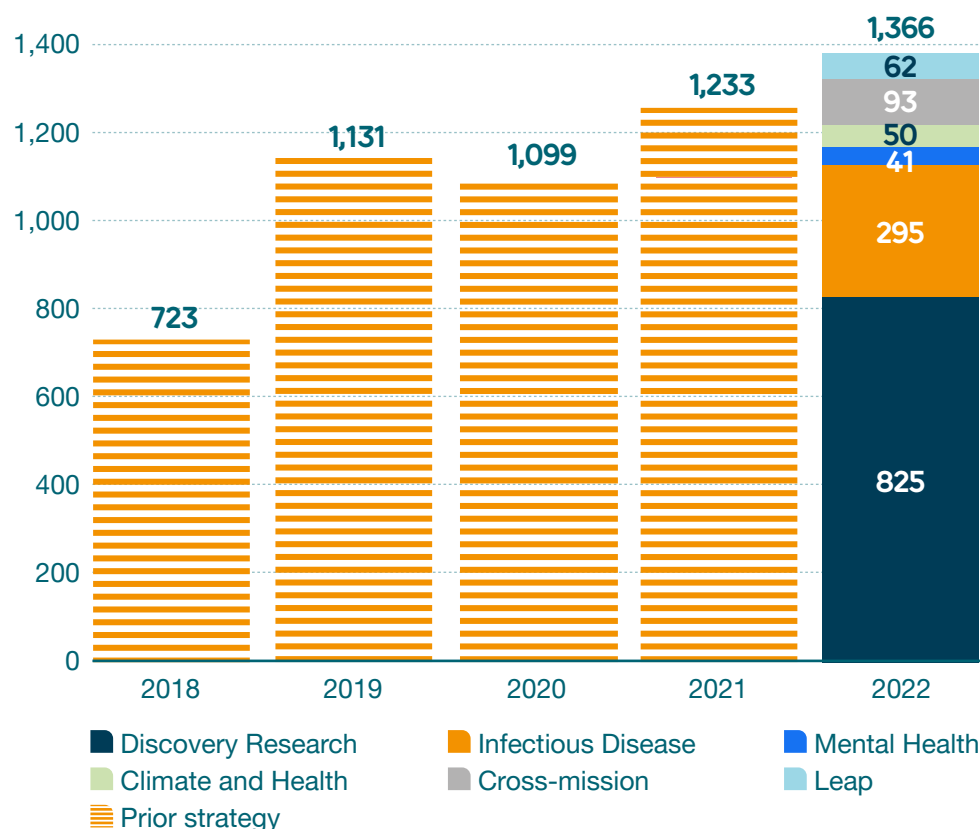
Investment Activity

Our investment activity generated a net loss of £823 million (2021 net gain: £9,353 million).

Our portfolio returns this year are 1.7% in sterling (2021: 34.5%). Over the past ten years, the portfolio has delivered a real return after inflation of 251% in sterling (2021: 293%). A full commentary is provided on pages 27-41.

The total funds of the Wellcome Trust Group decreased by £1,659 million to £34,601 million (2021: £36,261 million).

Total Charitable Expenditure (£mn)



An overview of Charitable Activities is on pages 11-26.

Charitable Activity

Income from grants, programme-related investment activity and Wellcome Collection was £136 million (2021: £125 million), including grant and contract income received by the Wellcome Sanger Institute.

Charitable expenditure of £1,366 million (2021: £1,233 million) is higher than the previous year; this principally reflects timing of grant awards and renewals (which typically cover funding for five years).

Supporting our new strategy Wellcome plans to spend £16 billion on charitable activities over the next ten years.

Discovery Research expenditure includes:

- Francis Crick Institute, another 7 years of funding, £137 million
- Awards relating to legacy schemes, £124 million
- Oxford University Clinical Research Unit, Vietnam, another 5 years of funding, £49 million
- Wellcome Sanger Institute, our charitable subsidiary, £92 million
- First round of awards for new curiosity-driven research funding schemes:
 - Discovery Awards, £106 million
 - Career Development Awards, £102 million
 - Early-Career Awards, £23 million

Infectious Disease expenditure includes:

- CEPI, another five years of funding, £109 million (\$150 million)
- Funding for affordable interventions including:
 - CARB-X/NEXT-X, £29 million
 - Health Systems & Environment, £20 million
 - Global Health Innovations Technology Fund, £17 million
 - Epidemiology & Epidemics, £17 million (including £10 million for the World Bank's Pandemic Fund)
 - Covid-19, £15 million
 - Camo-Net, £11 million

Mental Health expenditure includes:

- Funding for early interventions, £21 million (including Cognition Funding Call, £17 million)
- Activities to increase quantity and quality of scientific findings on development and resolution of anxiety, depression and psychosis, £13 million

Climate and Health expenditure includes:

- Climate Impacts activities to capture quantitative data on the effects of climate change on health, £33 million (including £16 million Climate Sensitive Infectious Disease Modelling Tools)
- Field Building activities to create a global climate and health community with the skills and tools necessary to make a significant impact, £12 million

Cross-mission expenditure includes:

- Data for Science and Health, Research Environment, Translation and Portfolio Integration activities that advance the objectives of the strategy, £22 million
- Wellcome Collection, £20 million
- Wellcome's Germany Office branch, £10 million

This is the first year that Wellcome is reporting charitable activities against the new strategy, therefore prior year comparators are not presented.

Financial Planning

The Financial Planning process undertaken during the year set out an overall planning assumption of £16 billion of charitable activity over 10 years. A longer-term planning horizon will enable Wellcome to underpin its longer-term activities and encourage flexibility in the planning process for allocations towards time bound activities. The process considered the minimum level for the net investment portfolio required to fund long-term ongoing charitable activities (refer to 'Reserves policy')

The Year 1 Budget of the 10 Year Plan was approved by the Board in September 2022, setting out an ambitious programme of work to implement our new funding strategy.

The 10 Year Plan includes flexibility for Wellcome to allocate funding to meet the goals in our Discovery Research and Health Challenge programmes as opportunities arise.

The process of identifying opportunities and re-allocating funds within the 10 year plan will be an ongoing process.

'Charitable activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

Reserves policy

The reserve balance, equivalent to Wellcome's consolidated net assets, at 30 September 2022 is £34,601 million (2021: £36,261 million). Our funding methodology defines a minimum level for the net investment portfolio of £25 billion (in real terms as at April 2022) required to support the £16 billion planning assumption, equivalent to £25.8 billion as at 30 September 2022. This level is subject to annual review by the Board of Governors and the planning methodology is discussed under 'Financial Planning'.

The reserves are almost all unrestricted but certain awards made by other funders to the Wellcome Sanger Institute are subject to specific conditions and are therefore restricted in their use. These amounted to £17.5 million at the end of 2022 (2021: £19.8 million).

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's Constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee (page 89), who recommend it for the approval of the Board of Governors.

We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products or vaping products.

We take stewardship of our assets very seriously and consider many factors before we invest. As well as a sound and sustainable business model, we must be confident that the companies and funds we invest in take their environmental, social and governance responsibilities seriously. Our plan to put our investment portfolio on a path to net zero by 2050 at the latest is discussed on page 42.

Pensions

The Wellcome Trust Group provides employees with the opportunity to participate in a defined contribution scheme and for employees who joined prior to April 2016 a defined benefit scheme which was closed to further accrual during the year (refer to Remuneration Report, page 82).

The Group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) were in surplus of £81 million as at 30 September 2022 (2021: £225 million deficit). The plans have moved into surplus this year due to the increase in discount rates linked to increased corporate bond yields; this has been partially offset by increased inflation assumptions leading to overall actuarial gains in the year.

More detail on the pension schemes is given in note 11(e) Retirement benefits on page 141.

Going concern and viability

The Board has reviewed the going concern assessment and concluded that Wellcome and its subsidiaries have adequate resources to continue to operate and to meet any commitments as they fall due for at least 12 months from the date of approval of this report.

The Board has reviewed the viability assessment of Wellcome and its subsidiaries over the five years to September 2027, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the significant risks laid out in the Risk Management section (page 75), as well as the significant accounting estimates and judgements in note 2.

Notwithstanding the five year viability period which has been driven by the liquidity forecast period, the Board conducted a review of Wellcome's funding approach, approving a planning assumption of £16 billion of charitable activity spend over 10 years. The Board previously noted Investment portfolio risk as a key risk impacting Wellcome's resources and reviewed the impact on the value of the investment portfolio of that planning assumption combined with a number of negative investment environment scenarios including 45% decrease in investment portfolio values followed by four-year recovery (the

largest historical US public market drop over the last 50 years) and negative real investment returns due to sustained higher inflation. The Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

In addition to the investment return scenario planning, the Board approved the principle of supporting the £16 billion of charitable activity by spending down capital, if required, to the minimum endowment level (equivalent to £25.8 billion as at 30 September 2022) in all but extreme market conditions.

We have also considered reverse stress test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £6.7 billion comprising third party liabilities, provisions, pension deficits and commitments, combined with non-contractual but expected grant commitments of £2.7 billion. The net investment portfolio exceeds these liabilities by £28.4 billion at the balance sheet date.

In addition, as noted in our Reserves policy, we define a minimum level for the net investment portfolio to sustain our planned charitable expenditure. The net investment portfolio exceeds this threshold by £12 billion as at the balance sheet date.

Moody's and S&P's each confirmed that Wellcome maintained its triple-A rating in their annual assessments.

Structure and Governance

The Wellcome Trust (Wellcome) is an independent global charitable foundation created in 1936 by the will of Sir Henry Wellcome. It is now a registered charity governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended. Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

The Trustee and Board of Governors

The sole Trustee of Wellcome is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association.

The Trustee's directors (known as Governors) and the Company Secretary of the Trustee are listed in the Reference and Administrative Details section.

The Board of Governors is responsible for The Wellcome Trust Group which comprises Wellcome and its subsidiary undertakings (refer to note 21 for significant subsidiary undertakings).

Subsidiaries support Wellcome either through delivering against charitable objectives or as investment entities. Such subsidiaries include Genome Research Limited, which encompasses the activities of the Wellcome Sanger Institute and the wider Wellcome Genome Campus, and Wellcome Leap, a US-based non-profit organisation founded by Wellcome in 2020 to accelerate breakthroughs for global health.

UK Corporate Governance Code and Charity Governance Code

As well as following charitable law and regulation, Wellcome considers the nature of its activities and its risk profile. We have regard to principles of good governance and best practice such as those set out in the UK Corporate Governance Code 2018 and the Charity Governance Code. As a public benefit entity with listed bonds, Wellcome complies with the associated legislation and good practice. Where appropriate, we engage with and adopt best practice from other relevant codes of practice.

Accountability and public benefit

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. The Board of Governors and the Executive Leadership Team benchmark decisions against this statement, particularly to ensure we use our independence for public benefit, and that our strategic and operational plans are aligned to meet our mission.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, and in setting the grant-making policy.

Our governance framework

Our governance framework is based on an open and transparent culture of decision-making. It focuses on the most important issues for our organisation while being strategic and responsive to our stakeholders.

The Board

Led by our Chair, the Board is collectively responsible for the success of Wellcome in achieving its purpose and strategy.

The Board of Governors oversees our strategy for improving health through research, creating value to our beneficiaries and other stakeholders, providing effective challenge to the Director and management on the implementation of our strategy and day-to-day running of the organisation, and ensuring there is an effective risk management and internal control system. Certain strategic and operational decisions are reserved to the Board as set out in the Matters Reserved to the Board. The Deputy Chair supports the Chair and also provides an alternative contact point. Individual governors also act as Board champions for speak-up and stakeholder engagement.

Page 8: What we do

Page 54: Key activities of the Board

Page 61: Our section 172(1) statement

Pages 78-81: Key risks

Board committees

The Board is supported by a number of committees to which it delegates certain matters. Board committees report to the next Board meeting following each committee meeting. The committee terms of reference are on [wellcome.org](https://www.wellcome.org).

Audit and Risk Committee	Remuneration Committee	Nominations and Governance Committee	Investment Committee
Chair: Amelia Fawcett Financial reporting, system of internal controls, risk management, external audit, oversight of Speak Up (see page 60).	Chair: Amelia Fawcett Remuneration policies and practices, external advisors on Committees, remuneration of Executive Leadership Team.	Chair: Julia Gillard Stakeholder Engagement, succession planning, senior appointments and reappointments and making recommendations for governance improvements.	Chair: Richard Gillingwater Investment performance, investment risk, investment management and providing advice and assurance to the Board.

The Director and the Executive Leadership Team

The Board delegates the day-to-day management of Wellcome to the Director. The Director delegates certain matters to the Executive Leadership Team (ELT) and maintains challenge and oversight through ELT meetings, and chairs the Equity, Diversity and Inclusion Committee.

The ELT comprises ten senior individuals from Strategy, Research Programmes, Corporate Affairs, and enabling functions such as Operations and People. A new ELT member focusing on EDI will be appointed. Each ELT member has designated responsibilities and the Delegated Authority Policy sets out the individual's levels for financial decision-making. Two Employee Directors were appointed to attend and participate in ELT meetings. The Managing Partner & Chief Investment Officer is not part of ELT, but reports to the Director. The Investment CEO retired from his executive role at Wellcome on 30 September 2022 and is now Emeritus Partner, Investments and will continue to advise Wellcome in a number of areas.

Pages 5-6: Report from Director

Pages 27-41: Review of Investment Activities

Management meetings

Management meetings assist the members of ELT in carrying out their responsibilities delegated to them by the Director.

This includes the Operations Committee chaired by the Chief Operations Officer; Funding Policy Committee chaired by the Director of Research Funding; the Planning and Strategy Committee and Large-Scale Funding Advisory Group chaired by the Director of Research Programmes; the Valuation Group chaired by the Emeritus Partner, Investments; and the Investment Decision Meeting chaired by the Managing Partner & Chief Investment Officer. These management meetings are advisory to those with delegated authority.

Overview of the key activities of the Board in 2021/22

The Board met seven times during the year, with some multi-day meetings, including a strategy day and site visit to the Wellcome Genome Campus. The key priorities included development of a ten-year corporate plan to deliver

our strategy, a new vision and strategy for Wellcome Collection, staff wellbeing and our commitment to anti-racism.

Strategy and finance	Development of a ten-year corporate plan with a planning assumption approval of spending £16 billion over the next 10 years (Apr 2022)	Wellcome Collection – approval of new vision and strategy (Jun 2022)	Climate and health strategy approved including a new set of early investments in the Climate and Health Programme up to £75 million (Oct 2021)
Risk management and internal controls	Emerging risks – annual review and horizon scanning (Nov 2021)	Cyber security – Wellcome’s approach to cyber security, risks, and actions (Sep 2022)	Risk register – review of the corporate risk register (Apr 2022)
Investment and performance	Wellcome Genome Campus – approval of key principles and creation of sub-committee of the Board Investment Committee to provide oversight and advice (Nov 2021)	Investment policy – addition of vaping to tobacco as a sector in which Wellcome will not invest directly, and changes to asset class ranges (Nov 2021 and Apr 2022)	KPIs and performance dashboard – creation of a new way of enabling board monitoring and challenge of Wellcome’s performance against delivery of strategy (Jun 2022)
Strategic funding and partnerships	Wellcome Leap extension of funding with additional commitment for about five new programs over the next two years focusing on advanced research projects for global health challenges (Oct 2021)	Wellcome Sanger Institute (Genome Research Limited) – the Board completed a quinquennial review, including of the trajectory and quality of Sanger science, covering around £3 billion of Wellcome investment over 30 years in GRL’s mission to maximise societal knowledge obtained from genome sequences. The Board approved the funding envelope for the next quinquennium (2021-2026) (Nov 2021)	Other key funding decisions: • Francis Crick Institute – an important part of the Discovery Research portfolio, quinquennial review and approval of the award (Feb 2022) • CEPI – approval of award to contribute to the development of vaccines against emerging infectious diseases (Nov 2021)
Stakeholder engagement and culture	New strategic partnerships strategy (Feb 2022)	Anti-racism – external evaluation report and setting of milestones for 2022/23 (Sep 2022)	Communications, campaigns, and engagement – One Wellcome approach to supporting the strategy (Jun and Sep 2022)
Governance and social responsibility	• Appointment of new Deputy Chair (Jan 2022) and search for new CEO • Appointment of a new Governor (Nov 2021)	Governance review – approval of actions to take forward the external consultant’s recommendations to improve board effectiveness (Jun and Sep 2022)	Conflicts of interest – new Board and staff management of interests policies approved (Feb 2022)

Composition and succession

The Nominations and Governance Committee (NGC) leads on board and committee composition and succession planning and ensuring that we have the right skills, diversity, and experience on our board to deliver our strategy. The Board ensures that the composition of the NGC is diverse itself.

Members of the Board of Governors are experts in the fields of science, finance, business and not-for-profit leadership. The Board is wholly composed of non-executive directors and a majority are independent, including the Chair.

There is a board conflicts of interest policy and any potential conflicts are declared to the Board for it to determine how to manage. A register of Governors' interests is shared with the Board on a quarterly basis. Our Deputy Chair Fiona Powrie and Governor Ijeoma Uchegbu have other roles that mean they do not participate in any discussions or decisions relating to the University of Oxford or University College London respectively.

The Board approved (on recommendation from the NGC) the appointment of Fiona Powrie as Deputy Chair as of 1 January 2022 and she also joined the board of Wellcome Leap, Inc effective 1 August 2022.

We thank Mike Ferguson, who stepped down as a Governor and Deputy Chair on 31 December 2021, for his significant contributions to the organisation during his period of tenure. Mike Ferguson resigned from Wellcome Leap, Inc effective 31 August 2022.

Governors are appointed for multi-year terms for a maximum of nine years. The Board will continue to focus on diversity and inclusion when making further appointments to the Board, its committees and ELT.

A review of the Board's skills, experience and diversity was done in 2022 and this was used to further develop the Board succession plan. Wellcome selects new Governors (including the Chair) through an open recruitment process that includes international recruitment firms as well as online open advertising. To increase diversity of the candidate pool, we also advertise in specialist publications.

The Board also appoints external committee members to its Audit and Risk Committee and Investment Committee to provide independent expertise on financial, risk, and investment matters. These external members are not Governors, but they do count towards the quorum for decision-making in the committees.

A summary of committee membership changes are included in the committee reports.

Board training and development

All Governors receive bespoke inductions when joining the Board, covering the culture, values, strategy, operations, investments, risks, health & safety, and governance of Wellcome. Inductions include one-to-one meetings with members of the ELT, key internal stakeholders in audit and risk, and meetings with key external stakeholders.

Governors receive regular training and development and review and input into the Board development plan. The Board Effectiveness Review and annual governor appraisals also sought suggestions for development and training topics. The board development programme covers deep dives on regular business areas as well as particular development needs. Recent topics included cyber security; anti-racism; safeguarding; anti-financial crime, data protection, and conflicts of interest.

Board effectiveness

Board objectives and appraisals

The Board agrees annual objectives for itself that are aligned with the Wellcome strategy and are used to inform management's objectives. The Board also agreed annual objectives for the Chair. These objectives are subsequently used as a measure of effectiveness for the Chair and Governor annual appraisals. In 2021/22, the Board objectives were:

1. Oversight of the timely and effective implementation of our new strategy and the development of 'One Wellcome' culture with joined-up decision making and action.
2. Successfully complete and then commence implementation of the independent governance and Board effectiveness review.
3. Strengthen our approaches to diversity, equality, inclusion and staff wellbeing.
4. Continue to develop Wellcome's stakeholder engagement programme, and to seek out and consider stakeholder views when making Board decisions.
5. Ensure succession planning occurs in a timely way and accesses the highest quality candidates.

Individual performance reviews of Governors were carried out by the Chair (and the Deputy Chair facilitated the review of the Chair with input from all Governors and the Director) in September 2022. Key themes and outcomes, including development areas, were reported to the Board.

Board effectiveness reviews

In line with best practice, the Board regularly reviews its effectiveness using an external independent provider to carry out the review, aiming to do this approximately every three years. An internal review was done in 2021 and the last external review was done in 2017, with the 2020 external review postponed until the new Chair had settled into the role. In early 2022, Independent Audit (an independent external consultancy) carried out a governance and board effectiveness review. The selection process for the independent external provider was approved by the NGC and Board. Requests for proposals were received from four independent providers and the Chair, Deputy Chair, and General Counsel & Company Secretary interviewed the shortlisted providers. Mike Ferguson, the former Deputy Chair, continued to support the independent review after he stepped down from the Board.

The external consultant's June 2022 report found that Wellcome had done a lot of work to strengthen its governance over the past few years and the Board exhibited many of the characteristics of an effective board. A summary of strengths and development areas is included in the table (right). The Board agreed to take forward the majority of the recommendations from the report and put in place an action plan to address them in the short and medium term between 2022 and 2024, with the majority to be completed in 2023.

A number of the actions from the 2021 internal board effectiveness review were carried forward to be addressed alongside the external review actions, including the need to undertake a skills audit and further develop our succession planning.

Independent external governance and board effectiveness report findings (June 2022)

Strengths

- An unusually strong board composition combining independent challenge with deep expertise, diversity of experience and thinking, and avoidance of pigeon-holing “scientists” and “generalists”.
- Good cross-board participation both in meetings and outside, enhanced by a positive working relationship with the executive team.
- Strong leadership from the current Chair as well as from the Director, bringing focus to governance and clarity in strategic direction.
- Evident respect generated by the Governors through the way they work with management, their contributions and their very visible commitment to success.
- A strong sense of awareness among management and the Board of the need to surface issues to be tackled and, in turn, working together to strengthen the system of internal controls.
- Extensive work to get in place professionalised governance.
- Board committees that successfully incorporate external experts and which are going beyond standard oversight by acting as agents of change and bringing their experience to bear in guiding management.
- A strong funding base generated by exceptional investment performance supported by effective implementation of the licence to operate.

Development areas

- Adapting the Board's leadership role in response to Wellcome's greater profile, and to the governance consequences of the changing societal context it is working within.
- Having a clear picture of the quality of controls and assurance so the Board can concentrate more on the strategic drivers and impact of Wellcome's activity.
- Including in the governance framework well-defined executive responsibilities and accountabilities, including how outcomes and performance are measured.
- The Board playing an active leadership role in helping ensure that management efforts to change behaviours are not waylaid by daily pressures.
- The Board should further support management in a challenging environment and share success stories with the organisation to remind itself of the value of its work.

Board and Board Committee attendance (Governors)

Name	Role	Board	Audit and Risk Committee	Nominations and Governance Committee	Remuneration Committee	Investment Committee
		Attendance/ No. of Meetings: 7	Attendance/ No. of Meetings: 5	Attendance/ No. of Meetings: 3	Attendance/ No. of Meetings: 4	Attendance/ No. of Meetings: 4
Julia Gillard	Chair, Board of Governors	7/7	-	3/3	4/4	3/4
Fiona Powrie ¹	Deputy Chair	7/7	3/3	2/2	2/2	-
Mike Ferguson ²	Deputy Chair	2/2	-	1/1	1/1	1/1
Ijeoma Uchegbu ³	Governor	6/6	1/2	-	-	-
Amelia Fawcett	Governor	7/7	5/5	-	4/4	-
Cilla Snowball	Governor	7/7	-	3/3	-	-
Richard Gillingwater	Governor	7/7	-	-	4/4	3/4
Elhadj As Sy	Governor	6/7	-	3/3	-	-
Gabriel Leung ⁴	Governor	7/7	-	-	-	3/3
Arup Chakraborty ⁴	Governor	7/7	2/2	-	-	-

Notes:

1. Fiona Powrie was appointed as Deputy Chair to the Board on 1 January 2022
2. Mike Ferguson's term as Governor and Deputy Chair of the Board ended on 31 December 2021
3. Ijeoma Uchegbu was appointed to the Board on 15 November 2021
4. New committee member

Board Committee Attendance (other members)

Name	Role	Audit and Risk Committee	Investment Committee
		Attendance/ No. of Meetings: 5	Attendance/ No. of Meetings: 4
Adèle Anderson ⁵	Audit & Risk Member	4/4	-
Chris Jones ⁶	Audit & Risk Member	5/5	-
Nick Moakes	Chief Investment Officer	-	4/4
Peter Pereira Gray ⁷	Investment CEO	-	4/4
Tracey Blackwell ⁸	Investment Committee Member	-	3/4
Stefan Dunatov ⁸	Investment Committee Member	-	4/4
Martin Halusa ⁸	Investment Committee Member	-	4/4
Cressida Hogg ⁸	Investment Committee Member	-	4/4
Girish Reddy ⁸	Investment Committee Member	-	4/4
Paul Schreier	Investment Committee Member	-	4/4
Jeremy Farrar	Investment Committee Member	-	4/4

Notes:

5. Adèle Anderson's term as a member of the Audit and Risk Committee ended on 31 August 2021
6. External appointment to the Audit and Risk Committee
7. Peter Pereira Gray's term as a member of the Investments Committee ended on 31 September 2022
8. External appointments to the Investment Committee

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible

for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the charity and financial information included on Wellcome's website: [wellcome.org](https://www.wellcome.org).

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee Report on pages 90-93, and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Statement of disclosure of information to auditor

So far as the Trustee is aware, there is no relevant audit information of which Wellcome's auditor is unaware. The Trustee has taken all the steps that it believes it ought to have taken to make itself aware of any relevant audit information and to establish that Wellcome's auditor is aware of that information.

Grant-making procedures and policies

Wellcome's grant-making procedures and policies support its status as a public benefit entity.

A core mechanism to deliver our strategy is through grants. Most grants are funded through established funding schemes that are aligned with our strategy and which have specific open criteria. The majority of our response-mode awards are made through higher education organisations in the UK, Ireland

and lower- and middle-income countries. We also award some bespoke grants to achieve specific strategic objectives where country and organisation eligibility may be broader.

The Board of Governors has delegated approval of grant awards under our strategy of up to £50 million to the Director (CEO), but it has retained, as a matter reserved to the Board, approval of awards that are above a certain monetary amount or, for example, have significant reputational risk.

All grant applications undergo due diligence. Proportionate due diligence is carried out on awards and recipient organisations commensurate with the level of risk and amount to be awarded, covering legal, operational and financial risks. We ensure that the resources requested are appropriate for the proposed activities. Awards are made following the advice of expert external peer reviewers and are subject to specific terms and conditions. Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our strategy and to compare our data with that of other funders.

Our terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying and harassment, research misconduct, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements. We also operate a conflicts of interest policy covering applicants, expert external peer reviewers and staff including governors.

Sanctions may be taken against grantees or organisations if they are in breach of our terms and conditions: these range from a letter clarifying our expectations to withholding payments, terminating active grants or barring applications for funding to Wellcome for a specified time-period.

Between October 2021 and September 2022, we imposed sanctions against four individuals where allegations were upheld, two of which related to bullying and harassment and two to research misconduct. The sanctions included barring respondents from applying to Wellcome for a period of time (informed by the period of time required for training or the length of an employer's warning), and requesting the submission of reports at specified timepoints for assurance and risk management purposes. We have not imposed any sanctions against organisations in relation to either of these policies between the dates stated. Details of how to apply for grants, together with the relevant forms, are available on wellcome.org.

Organisational ethics

To achieve Wellcome's mission, we must all uphold the highest standards of conduct and integrity. We will succeed only if we work together, enhance public trust and earn the respect of our external partners.

During the year, we have continued to focus on enhancing our risk and integrity culture. This has included investing in our ethics, governance and compliance function and the development of a framework tackling key legal, regulatory and ethical risks.

We consider that enhancing integrity requires us influencing our culture and behaviours in moments that matter, rather than just a 'tick-box' compliance exercise. This year marks our second year of running a series of informal lunchtime talks with external experts. These sessions have proved popular with staff and allow effective engagement on important ethics and compliance issues. Not only do we direct staff to our policies and training, but we are also able to spark enriching conversations and

make compliance topics more relatable. Recently we have explored the impact of fraud and corruption on health systems with Transparency International, as well as safeguarding with the Funder Safeguarding Collaborative. We have refreshed our policy and introduced a new system for managing conflicts of interests. We also created a suite of user-focused mandatory digital learning modules this year on data protection, managing conflicts of interest, and safeguarding. The learning modules have received very positive staff feedback.

We have continued to develop, and deliver on, our safeguarding workstream this year by embedding a framework of standards and a policy environment that are supported by digital learning, communications and practical tools to support the identification of risk and promote safe and ethical work. To ensure that our efforts to protect those who come into contact with Wellcome's work are effective, the Board of Governors will appoint a Board Safeguarding Champion who will work closely with our workstream lead to ensure oversight with the highest levels of independence and authority.

We continue to develop partnerships with expert external partner organisations to help shape our policy environment, practices and communications, including with Unseen UK (modern slavery and human trafficking), Protect (Speak Up) and the Funder Safeguarding Collaborative (safeguarding). We are also engaging with our subsidiaries regarding compliance standards generally with a view to implementing an effective system for managing good practice standards and requirements.

Our staff Code of Conduct and Speak Up arrangements are maturing and show real indicators of success. Through our partnership with Protect we are able to monitor demonstrable improvements

against the Protect benchmark. As a learning organisation, we have also taken proactive steps to convene a Charity Sector Speak-Up Network, bringing together other charities to share knowledge and experience around developing speak-up cultures across the charity sector.

Wellcome Collection Safeguarding App

As part of our work to ensure that we have effective and well-understood procedures for safeguarding and protecting people who come into contact with us from harm, the past year has seen the design and introduction of a safeguarding app within Wellcome Collection, which has been made available to all staff devices.

For those supporting our visitors, the app contains the key information needed to identify and respond to safeguarding concerns, as well as a being a tool through which updates and practice developments can be shared quickly and effectively. This will help us to ensure that safeguarding support is available at the point at which it is needed, enabling us to continue to do the right thing, in the right way and at the right time.

Stakeholder engagement and s172(1) statement

Stakeholder engagement supports Wellcome's strategic ambitions and informs the decisions of our Board.

We aspire to use best practice for stakeholder engagement under the Companies Act 2006 s.172(1), the UK Corporate Governance Code, and the Charity Governance Code. Cilla Snowball is the designated Engagement Governor, and the specific responsibilities of this role were approved by the Board in September 2022. The Nominations and Governance Committee has responsibility for oversight and development of this activity.

Our culture and principles of stakeholder engagement

Wellcome is an independent foundation but we do not work in isolation. We want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world. And to succeed in our mission supporting science to solve the urgent health challenges facing everyone, we need to build and maintain relationships with many different groups of stakeholders.

Stakeholder engagement at Wellcome aims to enhance the impact of Wellcome's strategy by:

- working together to support discovery research and find solutions to the world's urgent health challenges
- generating insights to inform Wellcome's direction and decisions
- providing evidence and support to decision makers and leaders around the world on the health challenges identified in our strategy
- continuously learning from feedback on how we are doing, from practical implementation to Board governance

Individual relationships with stakeholders and strategic partnerships are supported by programmes of events, digital platforms, political outreach and communications campaigns, all of which enable Wellcome to maximise our contact with stakeholders and the impact we can have by working with others. As the Covid-19 situation develops and with public health restrictions easing in many places, we have begun to reintroduce in-person engagement alongside the positive benefits of reach and inclusion that come from virtual approaches such as webinars.

Our section 172(1) statement

When making decisions, boards should be able to evidence how they have engaged with their key stakeholders and had regard for their views and the wider s172(1) factors. As a charity, Wellcome also needs to carry out our purpose for the public benefit.

Wellcome's Board of Governors confirms that it has acted in a manner consistent with our purpose and values to further the objects of Wellcome for public benefit and having due regard to the factors set out in s172(1), including:

- **Public benefit:** carrying out our charity's purpose for the public benefit.
- **Long-term impact:** the likely consequences of any decision in the long-term.
- **Employees:** the interests of our employees.
- **Fostering relationships:** the need for us to build and sustain business relationships with suppliers and others.
- **Community and environment impact:** the impact of our operations on the world around us.
- **Reputation:** maintaining a reputation for high standards of business conduct.

Our key stakeholders

People, communities and organisations with an interest and concern in Wellcome's purpose, strategy, operations and actions

Our key stakeholders and how we engage

Employees

Our staff want a safe, secure and inclusive working environment, where they know their work is aligned in supporting Wellcome's mission.

We want staff to feel they can be themselves at Wellcome and help make a positive difference in the world.

- The Board is increasingly visible and accessible to staff, for example through Board buddies, where a Governor is partnered with each Wellcome staff network, and interaction with our staff forum, Wellcome Exchange. In June 2022, Governors joined an all-staff event to celebrate recent activities and achievements.
- Work with the ELT, including our two Employee Directors, ensures that staff performance objectives and assessment at a collective and individual level are aligned and enable every staff member to understand their contribution to Wellcome's mission. The Board receives an update on Wellcome's working culture at every meeting, and uses an equity, diversity and inclusion (EDI) tracker to monitor progress towards our EDI goals. A project is reviewing the effectiveness of Wellcome's current channels of employee engagement and will make recommendations on future needed architecture to deliver the strategy.
- A number of specific Board decisions in 2021/22 have been informed by employee engagement. For example, the Board received feedback on the new vision and mission for Wellcome Collection from in-depth engagement with Wellcome Collection staff. Feedback from staff consultations on future ways of working was also received, including surveys and focus groups to elicit staff views on working options. Care was taken to include younger members of staff, who tend to be less represented on decision-making groups.
- See page 65 for a detailed look at how internal engagement around the challenging issues of racism and anti-racism at Wellcome informed the Board's actions this year.

Research communities

Researchers want to understand Wellcome's strategy, goals and processes so they can decide whether to apply to our funding schemes or work with us in other ways to achieve shared goals.

We want to help research have the biggest possible impact on health worldwide, while building a positive, productive and inclusive research culture.

- Our monthly Research Update newsletter goes to 7,000 members of the research community including current and prospective grantholders, to help keep the community informed of the latest funding, policies and activities that Wellcome is leading or involved in.
- Wellcome delegations including staff and Governors, travelled in person to academic centres in the UK, Kenya and South Africa this year to discuss Wellcome's strategy and how we want to work with researchers. Feedback from these visits has informed further communication and engagement.
- Wellcome's funding decisions are routinely informed by expert reviewers and committees, including this year for example the decision to continue core funding for the Oxford University Clinical Research Unit in Vietnam, one of Wellcome's Africa and Asia Programmes. We also hold debriefs with the chairs of our funding committees to assess how the schemes are working and inform future strategy.
- See page 66 to discover how we engaged the data science and research communities to shape a funding call in our Climate and Health programme.

Our key stakeholders (continued)

Our key stakeholders and how we engage

Partner organisations

Organisations across the global research, health and public policy ecosystem – including Wellcome – want to work together to combine our leverage, resources and expertise so that we can better achieve our shared goals.

- Wellcome has regular meetings with major partner organisations, including the World Health Organization, the Coalition for Epidemic Preparedness Innovations (CEPI) and the Bill and Melinda Gates Foundation.
- We worked with partners to shape the health aspects of G7 and G20 discussions this year, creating the Pandemic Preparedness Pact and an International Pandemic Preparedness Secretariat, working with the UK, US, Germany, Japan and a broad coalition of industry and non-governmental actors to support and track implementation of the 100 Day mission and other G7 health commitments.
- Wellcome's Director attended the annual Heads of International Research Organisations meeting, sharing Wellcome's experience and priorities and hearing from counterpart organisations on their work to develop anti-racism strategies, for example.

Investor community

Businesses who carefully consider and act on the interests of their stakeholders are most likely to have the most sustainable business models and the best chance of generating long-term financial returns.

We want to make sure that the companies, funds and managers of assets that we invest in prioritise environmental and social factors as well as delivering the returns that fund Wellcome's work.

- Close involvement with UK Investor Forum and other financial industry bodies and asset owners encourages long-term thinking and good corporate governance in line with our published approach to responsible investment.
- We have written to our buyout partners outlining and encouraging them to adopt best practice in addressing, setting and achieving a net zero target in the buyout industry.

Governments and policy makers

Political leaders want relevant and timely evidence to inform decisions, and opportunities to enhance national scientific performance.

We want governments and policy makers to routinely use scientific findings in decision-making and adopt approaches that support investment in science, and improve how science is done and used to solve the urgent health challenges facing everyone.

- Following expert presentations to the Board in November 2021 and subsequent discussion, Wellcome has begun a programme of deeper engagement with a range of governments, funders and multilateral organisations to explore the future shape of global health initiatives in a changing political climate.
- This is an example of how Wellcome is strengthening our diplomatic efforts, deepening relationships with key governments and groups of nations, and building the knowledge and partnerships we need to reach our goals through advocacy for positive change in the world.
- We attended COP26 and COP27, working with our partners and taking opportunities to influence other attendees to put health at the heart of their climate change actions (see page 23).

Our key stakeholders (continued)

Our key stakeholders and how we engage

Suppliers

We work with third-party suppliers who provide goods and services to Wellcome to make sure they deliver good value to enable Wellcome's work, as well as prioritising environmental and social factors – our aim is to demonstrate fairness and value in order to maximise funds to deliver our mission.

- We have a supplier relationship management programme where our procurement team support the management of key strategic contracts and ensure there is a robust plan for managing contracts where the procurement team is not supporting.
- We procure renewable energy through a buying consortium and offset our scope 1 and 2 carbon emissions with the Woodland Trust, as well as covering some scope 3 emissions through offsetting of travel through the Woodland Trust.

People with lived experience of health challenges

People and communities most affected by health challenges have expert knowledge and understanding of both challenge and potential solutions.

We want to include this expertise meaningfully in our thinking and decisions, in the research we fund whenever relevant, and in the ways we engage with others to drive change.

- Wellcome's Mental Health team employs lived experience consultants who contribute their expertise to the overall approach as well as to how we deliver it in practice. Applicants for funding from our Mental Health programme are expected to meaningfully involve people with lived experience of anxiety, depression or psychosis at multiple stages of the research, to effectively inform its design, governance and delivery, as relevant to their research question and methodology.

Public audiences

Everyone worldwide has a stake in the health issues that Wellcome works on, and has a right to know what we are doing, and how.

We are accountable to society for delivering our mission, while using our independence for public benefit.

- Wellcome Collection, our free museum and library, creates opportunities for people to think deeply about the connections between science, medicine, life and art. Over the last 12 months, we had 260,000 visitors to our galleries and exhibitions, and 3.6 million visitors to our website.
- See page 25 for more about Wellcome Collection's activities this year.
- Wellcome's public engagement team leads on building relationships with communities around the world to create better contextual understanding around research priorities, amplify the voices of those most affected, and augment research through community-based knowledge.
- Wellcome launched Mindscapes in February 2022, a year-long international cultural programme that aims to expand how people understand, address and talk about mental health. Exhibitions in Bengaluru, Berlin, New York and Tokyo were inspired by lived experience and informed by locally and culturally specific contexts of mental health.
- Wellcome Global Monitor gathered data in 113 countries during 2020, seeking to better understand how people think and feel about science and major health challenges. In November 2021, we published findings relating to people's experiences of the Covid-19 pandemic. We are reviewing the future role of Wellcome Global Monitor.

Case study: Engaging our staff on anti-racism

In 2020, Wellcome made a commitment to becoming an anti-racist organisation. Our overall progress on this commitment has been limited.

Anti-racist principles, guidance and a toolkit were developed by a staff working group, consulting widely with experts including an anti-racism expert group, and published in June 2021. Wellcome Collection in particular has developed new anti-racist practices.

However, our work with the anti-racist expert group ended with their resignation in March 2022, due in large part to our slow progress. An external assessment of progress on anti-racism published in August 2022 also concluded that the pace of change was too slow and that Wellcome remained institutionally racist.

Engagement with staff has been key to understanding the impact of inconsistent progress, and how we can learn and improve as an organisation. The anti-racism programme at Wellcome has been reshaped in response to feedback from staff through listening sessions with the staff-led Wellcome Race Equity Network, our staff forum Wellcome Exchange, discussions at the senior leadership team level, and all-staff internal meetings that Governors attended, listened and spoke at. These different modes of feedback identified key themes of accountability, governance and communication where leadership can improve. The outputs of staff engagement were discussed at Board, and the themes played back to the organisation before developing and consulting on specific proposals.



Wellcome Street Fair, June 2022.

New actions announced in 2022 to drive greater progress against anti-racism can be found on pages 25 and 71. Members of the Executive Leadership Team (ELT) were also required to prepare an action plan detailing the work they will lead to accelerate the anti-racism programme. An overarching ELT action plan was published internally in October 2022, and additional actions for individual ELT

members included in their objectives for 2022/23, so that all staff can be aware of their commitments and progress.

Our progress on anti-racism will be overseen by the EDI Committee, chaired by our Director and reporting to the Board. This Committee was established in September 2022.

Case study: Co-developing a research funding call

In 2021, Wellcome planned to make some funding awards to help lay the groundwork for our developing Climate and Health programme. One idea was to address the need for better open-source tools and methods to assess the potential impact climate change will have on escalating infectious diseases, connecting two of our challenge-led programmes.

Given the scale of the field, we commissioned work to better understand the gaps in this ecosystem and help us make strategic decisions about how to focus our resources to make the most difference.

A group of mostly mid-career researchers contributed to a landscaping report facilitated by the Inter-American Institute for Global Change Research. The report identified 37 current tools and detailed the needs of the community, gaps, opportunities and problems faced. It informed our Board's October 2021 discussion of a programme of funding for climate and health, which included a specific call shaped by this landscaping work.

Our Digital Technologies Development Award in Climate-Sensitive Infectious Diseases Modelling funding call was subsequently approved, and launched in February 2022. We received 53 applications, shortlisted to 35, which were peer-reviewed and evaluated by a panel of experts. In the end, 21 awards were funded, as well as three discretionary awards identified through the call.

This was not the end of our engagement with the community. We followed up with applicants,



Llaca lake, Huaraz, Peru 2021. Florence Goupil © Wellcome

successful and unsuccessful, to get feedback on the call. We learned that some key members of the climate-sensitive infectious disease research field had been unaware of the call, suggesting we could have promoted the call differently. A lack of clarity in

some aspects seemed to discourage some applicants, while the timeframe was too short for others. These lessons can be taken into future funding calls across all of Wellcome's work.

How Governors have had regard to the s172(1) factors in their principal decisions

Board decision	Governors' consideration of factors under s172(1)	
New approach to partnerships	Fostering relationships	On certain major initiatives that are aligned with our strategy, we enter into partnerships with organisations and provide significant funding and hands-on support to them.
	Long-term impact	The Board agreed that Wellcome would move to longer awards with such partners and with a continuing partnership dialogue rather than a 'cliff edge' each five years (funding had typically been awarded in five-year cycles, which did not reflect the long-term nature of our commitment to each of these initiatives and ability to ask longer-term scientific questions). The Board incorporated this new approach to engaged partnerships in, for example, approval to renew funding of the Francis Crick Institute.
Wellcome Collection – new vision and strategy	Community and environment impact Public benefit	In developing our new strategy for the Wellcome Collection, the Board considered the changing needs of society including, for example, greater recognition that social justice is becoming central to the ethos of contemporary culture institutions such as museums, libraries, and archives; and how Wellcome Collection can best use its independence to have wider influence and impact in the sector. The Board also applied the learnings from stakeholder engagement to inform the strategy, both internally with employees and externally, which was led by external consultants with key stakeholder groups including peer organisations, collaborators, existing audiences, and those not currently in our audiences.
	Employees	Wellcome Collection staff were engaged in the process to develop the new Wellcome Collection strategy at key points including gathering feedback on some initial high-level questions and later in the process on three different vision and mission options, which were used to inform the final vision and mission.
Climate and health strategy	Reputation Fostering relationships	The Board approved our new climate and health strategy, which was developed in line with the external environment by working with a panel of expert advisors. The Board also supported the appointment of a permanent Director of Climate and Health with substantial climate expertise to lead on implementing this strategy.
	Long-term impact Community and environment impact Public benefit	The Board approved our strategy to support a portfolio of primary research, research synthesis, translation and engagement activity to best achieve a long-term outcome to minimise the impact of climate change on health in the communities most affected. Climate change would be reframed as a health issue and a transdisciplinary research field built to enable application of research evidence to those affected communities and policymakers. A new set of early investments were also approved by the Board to focus on highly urgent issues. See page 66 for an example.

How Governors have had regard to the s172(1) factors in their principal decisions (continued)

Board decision	Governors' consideration of factors under s172(1)	
Establishment in Germany – creation of EU hub	Long-term impact	The Board approved the establishment of a German subsidiary as being integral to delivering our strategy. In the three years since the pilot project in Germany was put in place, our presence has advanced our ability to influence and shape global health policies and made having an EU hub key to our strategy delivery.
	Employees	A German office working group led engagement with staff and contractors in Germany. Some of the engagement outcomes indicated a preference for establishing a subsidiary to allow for local employees (over contractors) as a way to attract and retain talent, a reduction in administrative burden on staff in Germany and London, and allow for a more inclusive and equitable way of working to create comparable working conditions between UK and German staff.
	Fostering relationships	The Board approved establishing a local subsidiary as it would give the German office the ability to transact directly with suppliers and external organisations to create partnership agreements and award grants.

Social Responsibility: Environment

Our approach to sustainability

The world is facing a climate emergency and Wellcome has more to do in addressing our responsibilities. We are committed to becoming a net zero organisation in every aspect of our activity, including our charitable mission, our operations and our investment portfolio.

Although we have been taking several actions to reach net zero, we did not have a cohesive plan for this beyond our investments portfolio (see page 42). We have now set up a multi-year sustainability programme, with the purpose of establishing sustainability goals and a strategy and implementation programme for achieving them. It involves a working group of business leads from across the organisation, a steering group led by the Director of Corporate Affairs, and clear governance through which the Audit and Risk Committee will oversee the Executive Leadership Team's progress. We have engaged Pricewaterhouse Coopers (PwC) to support us with subject matter expertise, provide healthy challenge, guidance with overcoming barriers, and give a global comparator view on how we benchmark our actions and progress.

For Wellcome to reach net zero, our charitable and operational activity, our investment portfolio, and our subsidiary Genome Research Ltd, all need to reach net zero. Each of these poses different and substantial challenges. We are addressing these through separate workstreams, and will then report on each to form a combined Wellcome progress assessment.

We are clear that our responsibility is not limited to our own direct consumption of energy such as our buildings and the IT systems we use. Our indirect impact, through goods and services we procure and the research we fund, is as important and we are committed to a net zero approach here as well.

This year, we have categorised which of our activities fall under Scope 1, 2 and 3 emissions according to the Greenhouse Gas Protocol, estimated the baseline for scope 1 and 2 emissions, and identified potential decarbonisation levers for reaching net zero for scope 1 and 2. We are now assessing how feasible these are for Wellcome to implement quickly: a key challenge is to move as quickly as we can without compromising delivery of our charitable mission.

We plan to set sustainability goals early in 2023 and then implement an action plan for achieving them. In the meantime, other work that contributes to net zero continues to make progress, including rainwater harnessing, improved building management systems, and commitments to ISO14001.

We have set the 2018/19 figure for Scope 1 & 2 emissions (4,089 tonnes of CO2 equivalent) as our baseline, as this was the last full year unaffected by the unusual circumstances of the pandemic.

Our Scope 3 emissions are by far the largest and the most complex area. We are in the process of defining all our activities which have an indirect impact on carbon equivalent emissions. This will inform what we expect of, and how we might support suppliers, research institutes and key partners to collaborate with us in our net zero work.

We are looking at ways to work with others across the research sector to address these issues collectively, and are exploring tools available to enable researchers and suppliers to estimate their emissions. And we have commissioned a report from RAND Europe on how the environmental impact of research is measured, and to map out how we could integrate these findings into our work and highlight key gaps.

As so much of Wellcome’s charitable mission is delivered through others, understanding the extent of these Scope 3 emissions so we can act to reduce them is an exceptionally complex and challenging undertaking. It is likely to require significant changes to our grant-giving and other business practices. There are no simple solutions, and we will need to take time to make choices that allow us to meet our sustainability obligations while still delivering our strategy.

We are working to identify what our responsibility in terms of sustainability reporting means for Wellcome including considering Task force on Climate-related Financial Disclosure requirements, and what additional data we need to report in the future.

Looking ahead, we want to ensure we resource our ambitions appropriately in this dynamic situation, anticipate climate and geo-political risks to our plans, and keep up momentum on our drive to reach net zero.

We still have a considerable way to go before we believe we can truly hold ourselves to account on sustainability. We continue to be realistic about the challenges ahead, willing to make bold decisions, and determined to meet our commitments to the planet. We are learning from others and where feasible sharing our learning with others so that together, we can achieve more than ever before.

Wellcome’s Scope 1 & 2 Baseline

Year	tCO2e
2018/19	4,089
2019/20	4,067
2020/21	2,754

Social Responsibility: Our people

Wellcome's diverse staff includes over 1,000 colleagues based in the UK and Germany. Headcount rose after a major organisational redesign was implemented in 2021 to align our structure with our new strategy. This created a large number of vacancies, and we have recruited around 450 people since the start of the process, including 308 in 2021/22. We had 133 employees leave in 2021/22. Turnover has fallen as the impact of people leaving through voluntary redundancy as part of the restructure process has tailed off.

In light of the rising costs of living in the UK and elsewhere due to factors including high energy prices, we implemented an interim pay review in August 2022 and brought forward some of the annual pay award to support staff financially. As planned, we closed a defined benefit pension scheme to future accrual in June 2022 (see also page 87) – this means all staff now have the same pension arrangement, in line with our aim to be an equitable employer.

Wellcome's staff are among the most important stakeholders in delivering our mission, and we prioritise internal communication and engagement. Our staff forum, Wellcome Exchange, gathers insights and ideas from around the organisation to help make Wellcome a better place to work.

We have a number of staff networks, which provide peer-to-peer support and contribute to internal policies as well as to Wellcome's mission, each through their specific lens and also by working together. Each network has a sponsor from our Executive Leadership Team and a nominated Governor as its 'Board buddy'. A new staff network was set up this year to focus on reducing barriers faced by staff from lower socio-economic backgrounds.

Our staff networks:

- **Disability Interest Group (DIG)** – to achieve equity for Deaf, disabled, neurodivergent and chronically ill colleagues at Wellcome.
- **Interfaith at Wellcome** – to make Wellcome more inclusive for colleagues and prospective staff identifying as having a belief or faith.
- **LGBTQ+ at Wellcome** – to create a safe, supportive and inclusive space for LGBTQ+ employees at Wellcome, raising awareness of and providing advice on relevant issues.
- **Parents and carers network** – to help make Wellcome a place where parents and carers feel supported and able to succeed.

- **Socio-Economic Equity Staff network At Wellcome (SEESAW)** – launched in April 2022 to focus on reducing barriers faced by staff from lower socio-economic backgrounds.
- **Wellcome Race Equity Network (WREN)** – to push Wellcome to lead the way as a racially diverse and inclusive employer, funder and advocate for better science and health research for all.
- **Women of Wellcome (WoW)** – to support, champion and connect women at Wellcome as well as raising awareness of relevant issues.

Equity, diversity and inclusion

Equity, diversity and inclusion (EDI) is a priority for the Board. Wellcome's diversity and inclusion strategy was published in March 2021, setting three stretching goals for 2031:

1. Wellcome staff are representative of the places we work, able to be themselves, and supported to be their best.
2. People funded by Wellcome are more representative of the global population, able to be themselves, and supported to be their best.
3. All Wellcome-funded research is inclusive in both design and practice.

Anti-racism and anti-ableism are the priorities in Wellcome’s diversity and inclusion strategy – not because we have no work left to do in other areas of discrimination, but because these are two areas where we have the most work to do. After the high level of recruitment this year, representation of people from ethnic minorities working at Wellcome has reached 25 percent, although we acknowledge we have much more work to do at senior levels.

An external evaluation of our work so far to become an anti-racist organisation (see also page 65) reported in August 2022 that Wellcome is still harbouring and perpetuating racism, and that we have yet to act with the urgency required. The Board and Executive Leadership Team (ELT) accepted the findings and apologised for the actions and inactions that caused this. The Board approved further actions to advance anti-racism, which speak to our determination to do better. These were published internally as a ten-point ELT Action Plan. A focus this year was on training for ELT and key functions, such as the People Team, on racial fluency. This training has now been made available for all staff. ELT undertook a six-month training programme and the People Leadership Team started their in-depth training.

We have introduced a new EDI subcommittee of the ELT, chaired by the Director and with a direct reporting line to the Board. It is pulling together all EDI work across Wellcome and will oversee this work, enabling us to learn more rapidly from areas that are doing well and making sure activities are focused through delivering Wellcome’s strategy.

We are also recruiting a new member of the ELT, reporting to the Director, with responsibility for leading Wellcome’s EDI work including our specific focus on anti-racism. This role recognises how central EDI work is to Wellcome’s ability to deliver our strategy successfully, and will help us to fully embed inclusive practices across the organisation.

We will start putting together a programme of anti-ableism work in 2022/23, drawing on everything we’ve learned from our EDI activities to date and from our staff-led Disability Interest Group.

Pay gap data

Wellcome’s gender pay gap has fallen steadily over the past five years, although progress has been slower than we would like. A small increase this year is likely to have been caused by an unusual level of changes to mid-level roles during the organisation redesign. Our mean gender pay gap continued to reduce (2022: 21.8%; 2021: 23.0%). Actions take time to show in the data but we expect to see the downward trend continue in future years.

Wellcome’s ethnicity pay gap increased slightly this year, likely caused by an unusual level of changes to mid-level roles and a high level of recruitment during the organisation redesign. As in previous years, interpretation has to be tentative because we have not received ethnicity data from the full workforce. Disclosure rates have increased since April 2022, however, and we expect our 2023 ethnicity pay gap data to better reflect the reality.

Wellcome’s Gender Pay Gap
2018-2022

Year	Gender pay gap
2018	17.4%
2019	17.3%
2020	15.9%
2021	13.2%
2022	15.4%

Data: gender pay gap in median pay for women at Wellcome as a percentage of median pay for men at Wellcome

Wellcome’s Ethnicity Pay Gap
2019-2022

Year	Ethnicity pay gap
2019	0.4%
2020	-1.4%
2021	4.6%
2022	5.6%

Data: ethnicity pay gap in median pay for people of colour at Wellcome as a percentage of median pay for white people at Wellcome. We first reported our ethnicity pay gap in 2019

Staff diversity FY2021/22

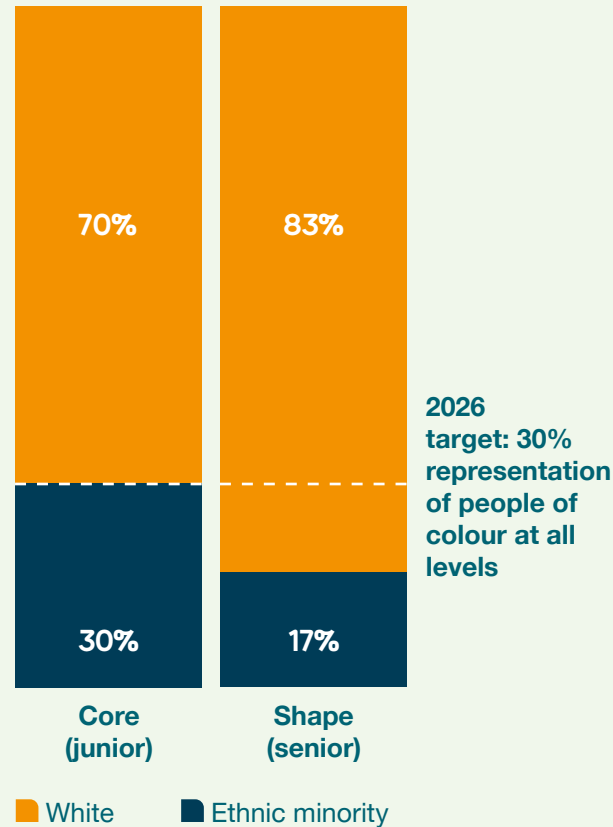
Gender 84% provided data	
Female	68%
Male	30%
Other*	2%
Ethnicity 85% provided data	
Ethnic minority	25%
Black	6%
Asian	12%
Mixed and Other	7%
White	75%
Disability 69% provided data	
Disabled	12%
Not disabled	88%

We ask staff to share personal information so that we can track progress on diversity at Wellcome. (Data as of 3 November 2022)

*2% of staff responded either 'I identify another way', 'Non-binary', or 'Prefer not to say'

To prevent identification of individuals, if fewer than 11 people have selected a category, we do not disclose numbers or percentages.

Staff ethnicity by seniority



We have five job bands at Wellcome: Executive Lead, Shape, Affect, Implement, and Core. Here, we look at the percentage of people of colour and white people among colleagues in Core, usually the most junior roles, and Shape, the most senior band below the Executive.

Health, safety and wellbeing

The year began in October 2021 with a return for the majority of staff to our main office building. We wanted to pilot a hybrid approach, with everyone encouraged to come in on Tuesdays and Wednesdays, and the office open other days for those who wished to use it and those whose work depends on them being on site, such as many of our Wellcome Collection colleagues. After six weeks, however, a resurgence of Covid-19 in the UK meant most staff returned to home working until February 2022. As in the previous two years, we provided equipment and remote training and induction, and accommodated reduced or flexible hours.

Since February, we have continued the pilot approach to office use and numbers of staff in the building have remained high on our two designated office days. We are now determining the best future working approach for Wellcome, looking at how our policies, technology and building can align to hybrid practices that help us deliver our mission. This is informed by insights from focus groups, ethnography and building surveys. Among changes we've already made based on what we've learned during the pandemic is a policy allowing employees who have the right to work in another country to do so for up to two weeks each year.

Our Health and Safety and Environment (HSE) policy promotes and supports the physical and mental health, safety and wellbeing of our people by doing what we reasonably can to provide a safe working environment. We also endeavour to minimise the impact from our operations on the environment.

Last year there were no accidents or dangerous occurrences reportable to the Health and Safety Executive under UK regulation.

Wellcome's Health, Safety and Environmental Committee ensures that employees are consulted, informed, and can raise concerns on matters of health, safety and the environment. The committee meets quarterly and is chaired by our Chief Information Officer, with advisory input and guidance from our Health and Safety Manager, and representatives nominated by all Wellcome departments. It feeds into ELT through the Operations Committee.

Wellbeing is supported through benefits and services to enhance the physical, mental and social health of staff. This includes a private medical insurance scheme, an employee assistance programme providing counselling over the phone at any time, trained mental health first aiders, and several digital apps providing a range of services. Enhancements to the Private Medical Insurance Scheme this year include a virtual GP service available to staff and their family members, gender dysphoria benefit including transition-related treatments and emotional support, and a cash benefit to cover menopause and fertility support.

We have a staff-run social group, organising events and informal opportunities for colleagues to meet and interact. We also have a free gym and a social space for various activities.

This year saw the return of community action volunteering, which was suspended in 2020 and 2021 due to the Covid-19 pandemic and related public health restrictions. Over 150 colleagues volunteered across 10 grass-roots community organisations in London – the highest contribution since we started the initiative in 2016. Everyone who took part felt the volunteering was impactful for the organisations supported, and said they would volunteer again. 96 percent of volunteers strongly agreed that it had contributed to their own wellbeing.

Genome Research Limited (GRL) management recognises that proactive, well-managed health and safety is directly linked to the Wellcome Genome Campus's growth and success, and this is reflected in the resources available to support the management of risks. In 2022 GRL received a gold achievement award for health and safety from the Royal Society for the Prevention of Accidents, who are recognised as being world-leaders in health and safety practice.

During the past year training and assurance activities have been a key part of the strategy at GRL, with new mandatory training introduced for all managers and senior leaders.

The health and safety management system Assure, launched in 2021, has resulted in an increased reporting of all incident types, including near miss and hazard observations. An internal assurance programme of laboratories, plant and shared spaces, including reviewing the health and safety of our construction contractor organisations, is in place with senior management receiving a monthly summary of incidents and progress on the assurance programme with outstanding actions.

All incidents reported are reviewed with learning shared appropriately across the organisation. The ratio of near miss to injury incidents is closely monitored – currently six near miss or hazard reports to every injury incident. The aim is to increase this ratio with improved education and engagement of the workforce. There were two incidents in the past year, which were reported to the UK's Health and Safety Executive through RIDDOR 2013, one of which resulted in the employee taking more than seven days absence.

GRL continues to benchmark annual incident data and share good practices with similar scientific organisations.

Risk management

Wellcome aims to have a comprehensive and integrated risk culture with a framework to anticipate, identify, prioritise, manage and monitor risks impacting our organisation and support decision making so that we deliver our mission.

Risk governance

The Board of Governors is ultimately responsible for the oversight of Wellcome's risk management systems, which is exercised through the Audit and Risk Committee. Key roles and responsibilities are set out in the risk management policy.

Risk appetite

Risk appetite is the level of risk we are willing to take to achieve our mission and strategic objectives. Wellcome's desired risk profile is explicitly considered in all key decisions, aligned to the strategic focus and the risk/reward balance desired by the Board.

Throughout the year the risk appetite has continued to be refined in more detail, however the overall risk appetite for the organisation remains unchanged. We express our risk appetite in five levels of willingness to take risks: Very Low, Low, Medium, High, and Very High.

- We have a high level of risk appetite in respect of investment performance and risk, and a low appetite for investment operations, legal, counterparty and credit risk and liquidity risks.
- We have a medium-to-high risk appetite in respect of funding activities – we are willing to support ambitious science while promoting positive research culture in the organisations we fund.

- Wellcome has a very low risk appetite in respect to safeguarding the health and safety of our people; the public; breaches of legal, contractual and regulatory requirements; financial obligations; and information security. We have a low risk appetite in the provision of sustainable and robust operational support to the delivery of our mission.
- A medium risk appetite has been set for our reputation. We are willing to take considered risks promoting our activities where it supports the delivery of our mission. We are willing to express our views, backed by transparency of rationale and interaction with the communities we support.

Risk management and control

Wellcome operates a “three lines” approach to risk management and controls.

First line – Internal controls

Management is responsible for risk management and execution of internal controls. Wellcome's internal controls provide the Board with reasonable assurance that the organisation is operating within the desired risk appetite, and that the opportunity for a material misstatement or loss is minimised.

Department leads and risk owners regularly review controls and their effectiveness. ELT review internal operational and financial controls annually and confirm the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors.

The key components of Wellcome's internal controls are:

- **Accountability:** Our people own the risk and control environment in their areas. Management are responsible for the design and effectiveness of controls in their areas and all staff are responsible for implementing controls. Ownership and accountability for Wellcome's risks and their mitigating controls is captured in the Corporate Risk Register discussed on pages 78-81.
- **Delegation:** There are documented procedures for delegation of decision-making, which ensures judgements and decisions are made at the right level by appropriately informed and capable people. Analysis of risks, including financial impact, is built into the decision-making processes of the Board and ELT.
- **Policies and guidance:** A suite of policies covers major activities and risk areas. We emphasise personal judgement and responsibility, with staff, committee members and Governors expected to conduct themselves with integrity and impartiality. Policies are regularly reviewed, with updated policies highlighted to our people through internal communications and training. Policies include Agreements, Code of Conduct, Managing Interests, Data Protection, Delegated Authority, External Complaints, Financial Crime (covering fraud, bribery and corruption), Procurement, Risk Management and Speak Up. The Code of Conduct, Data Protection, Financial Crime and Managing Interests policies are discussed on page 60. Wellcome's grant conditions and policies set out the standard terms on which grants are awarded, as discussed on page 59.

- **Reporting:** The Board and ELT review regular financial reporting, monitoring actual activity against forecast, investment performance and risk reports.

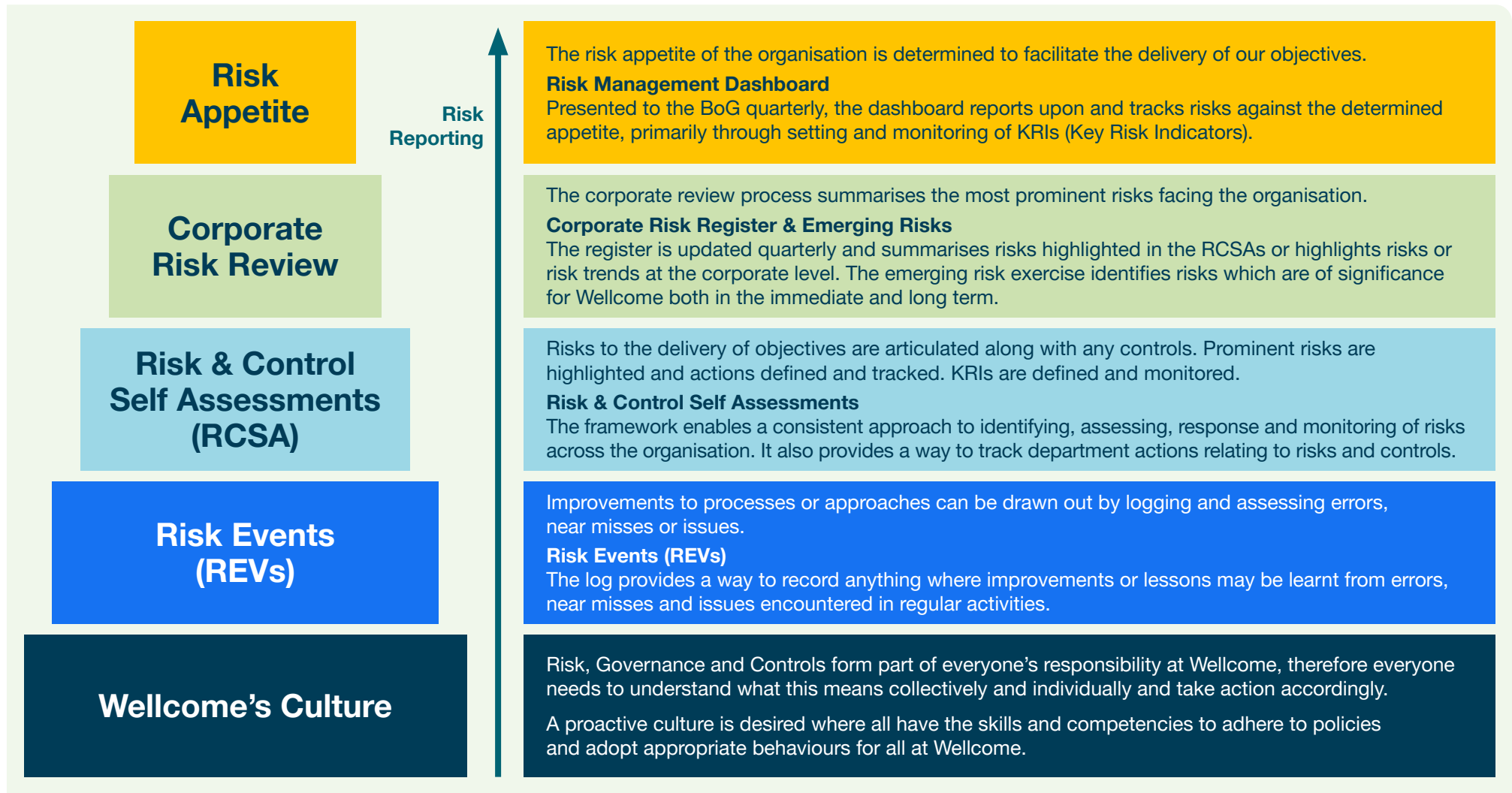
The Board, ELT and the Audit and Risk Committee review reporting on the effectiveness of the controls environment.

Second Line – Risk management framework

Wellcome aims to operate a comprehensive risk management framework that is applied consistently at all layers of the organisation. During the year, considerable progress has been made to mature the

risk management framework at Wellcome, and to ensure that a strong risk management culture is embedded throughout the organisation.

The framework encapsulates multiple elements which are described below:



Second Line – Risk management framework (continued)

The impact and likelihood of risks are scored using a standardised risk assessment matrix which we classify into eight categories:

- **Objective** – Delay or non-delivery of Wellcome's objectives, such as skill shortages, key partner or supplier failure, delay in delivery of a strategic objective.
- **Financial** – Financial loss and variation to approved budget.
- **People** – Health and safety.
- **Reputation** – External criticism of Wellcome or its activities.
- **Regulatory/Legal** – Legal proceedings or scrutiny by a regulator
- **Operational:**
 - **IT** – Security and availability of systems and infrastructure.
 - **Environment** – External environmental impact caused by Wellcome.
 - **Building** – Disruption to Wellcome's buildings.
- **Investment Portfolio** – Real returns, portfolio value and liquidity.
- **Investment Operations** – Investments and supporting functions abilities to carry out core activities.

A single risk can have an impact in more than one category. Risks are assessed at both the current level (taking into account the effectiveness of existing preventative and mitigating controls) as well as the target level (the level of risk assuming all planned actions are completed).

Key corporate risks (see pages 78-81) are consolidated in the Corporate Risk Register. The ELT, the Audit and Risk Committee and the Board of Governors periodically review these risks and challenge the risk trend as well as the adequacy and progress of the treatment plan of these risks. In addition to key corporate risks, the ELT, the Audit and Risk Committee and the Board of Governors also review emerging risks.

Emerging and long term risks

As part of the risk management framework we review emerging and long-term risks facing the organisation. The global emerging risk landscape is evaluated and potential significant risks are identified. The process involves the ELT, Audit and Risk Committee and the Board of Governors with the goal of considering how they might impact the organisation, mission and endowment. The interconnectivity of the risk landscape forms part of determining the broad categories we consider to be of significance to Wellcome.

- **Economic instability and funding** – Wellcome's investment portfolio may not produce the required returns to fund the charitable mission.
- **Changes to the global geopolitical landscape** – This may affect established collaboration networks and global institutions making Wellcome's mission harder to achieve.
- **Changing regulatory landscape** – This may lead to additional constraints on Wellcome's operations.
- **Social changes** – Changes in how society views science and charitable foundations may impact how Wellcome operates.

- **Technological and scientific developments** – These may have ethical implications for Wellcome or an increased pace of change may impact upon Wellcome's delivery model.
- **Pandemics** – Wellcome may experience significant operational disruption and the need to refocus research funding.
- **Climate change and natural resources** – May lead to operational challenges for both Wellcome and partners.
- **Changing demographics** – Wellcome may need to build new research networks or adjust the focus of areas of funding.

Our subsidiaries

Wellcome's wholly-owned operating investment subsidiaries take responsibility for risk management within their respective operating companies. The board of each operating company includes appropriate representation from Wellcome and is responsible for ensuring that the operating company has an appropriate balance between risk and reward, and an appropriate risk management culture. Wellcome exercises its oversight by sending a representative to the Audit Committee or Audit and Risk Committee of each operating subsidiary, as well as having a report submitted to our Audit and Risk Committee.

Key risks

⬇ Risk decreasing ⬆ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	Description	Mitigating activities and oversight
Investments		
Investment portfolio 	The risk of failure to support Wellcome's desired level of charitable spend, which may occur through one or more of: a failure to deliver the required long-term returns; a fall in the real value of the endowment (due to inflation); inadequate cashflow and liquidity; credit and counterparty defaults; climate change.	Mitigations in place: • A high quality, well-resourced investment team actively managing the endowment • The portfolio is invested in a diversified range of assets with limits around asset allocation ranges and position sizes, refer to investment asset allocation Figure 6 on page 33 • A regular review of forecast cashflows and the liquidity profile of all investments • Credit and counterparty exposures are monitored with limits in place, refer to Note 23(a) Credit risk and (b) Liquidity risk on pages 166-167 • Net zero targets are considered as part of the license to operate framework, refer to investments net zero strategy on page 42 Planned mitigations: • A holistic review of risk appetite Accountability: • Chief Investment Officer Oversight by: • Investment Committee • An independent Investment Risk function
Investment operations 	The risk that investment activities may not be supported effectively due to insufficient resources, a lack of succession planning and sub-optimal systems and processes.	Mitigations in place: • A programme of learning and development to support internal progression • The Investment Systems and Processes project (ISPP) is underway to create an optimal operational environment for Wellcome Planned mitigations: • Strategic resourcing of the Investment function • Programme of activities outlined in the ISPP are implemented Accountability: • Chief Investment Officer Oversight by: • Audit and Risk Committee • Investment Committee

Key risks (continued)

⬇ Risk decreasing ⬆ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	Description	Mitigating activities and oversight
Strategic		
Wellcome Collection strategy 	The risk that the strategic ambitions for the Wellcome Collection are not clearly articulated and aligned to Wellcome's mission, and that operational changes do not support the delivery of our new strategy.	Mitigations in place: • Strategic objectives have been approved • A programme team is in place to manage delivery of operational change Planned mitigations: • Delivery of all outlined operational changes Accountability: • Director of Wellcome Collection Oversight by: • Chief Operating Officer • Board of Governors
Organisational change 	Wellcome executed an implementation programme for the new organisational design following on from the strategy review in 2020. There remains a residual risk that the culture of the organisation has not been clearly articulated and may not support the delivery of our strategic activities.	Mitigations in place: • The organisation is now on a “business as usual” footing with respect to delivering Wellcome's strategic goals following significant recruitment and reduction in staff turnover – refer to Our People page 71 Planned mitigations: • Define Wellcome's desired culture • Develop and implement a programme of activities Accountability: • Director of People Oversight by: • Audit and Risk Committee
Delivery of diversity & inclusion commitments 	The risk that Wellcome's does not deliver on diversity and inclusion commitments made both internally and externally through our funded institutions.	Mitigations in place: • Formation of a subcommittee of ELT for Equity, Diversity and Inclusion Planned mitigations: • Clearly defined strategy and activities that address internal commitments, refer to the Equity, Diversity and Inclusion goals on page 71 • Developing positive action principles and processes to support our funding activities Accountability: • EDI subcommittee of ELT Oversight by: • Board of Governors

Key risks (continued)

⬇ Risk decreasing ⬅ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	Description	Mitigating activities and oversight
Operational		
Cyber security 	Wellcome is a potential target of malicious actors in a constantly evolving security threat landscape. The risk that security weaknesses in our technology systems may be exploited.	Mitigations in place: • Appropriate systems and processes are in place to manage external threats to Wellcome • A dedicated team of professionals monitoring the internal and external environment • Mandatory security awareness training in place for all staff, including regular simulated phishing testing Planned mitigations: • A continuous improvement and development plan is being executed • Implementation of Role-Based Access Control Accountability: • Chief Information Officer • Digital and Technology Audit and Governance Group Oversight by: • ELT Operations Sub-Committee
Inflation 	The risk that higher levels of inflation impact upon the ability to deliver the mission objectives and upon operational costs. (The risk to the investment portfolio is managed as part of ongoing management of the endowment).	Mitigations in place: • A package of employee support has been implemented • A review of Wellcome's inflation policy has been undertaken with the goal of mitigating the immediate impacts of inflation for grant recipients and larger programmes Planned mitigations: • Further support is being planned for Wellcome Staff and service partners Accountability: • Executive Leadership Team Oversight by: • Board of Governors

Key risks (continued)

⬇ Risk decreasing ⬅ Risk stable ⬆ Risk increasing ⚠ New risk

Risk	Description	Mitigating activities and oversight
Operational		
Staff wellbeing 	A combination of significant internal and external factors have the potential to have a negative impact on the wellbeing of Wellcome Staff.	Mitigations in place: • Regular prioritisation of workloads by ELT and line managers • A number of resources have been introduced to support individuals to manage their wellbeing including an employee assistance programme, mental health resources and wellbeing champions Planned mitigations: • Implementation of longer-term plans for how we embed wellbeing into the new culture Accountability: • Director of People Oversight by: • Executive Leadership Team

Third line – Internal audit

Wellcome has an in-house Internal Audit function. Co-source internal audit partners provide specialist skills to supplement the in-house team.

Internal audits are performed based on a risk based internal audit plan, inline with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee, who also monitor delivery of the plan.

Internal audits assess the design and operating effectiveness of internal controls and review risk culture in the area.

An internal audit opinion is presented to the Audit and Risk Committee annually. In April 2022, the opinion concluded that while there were a number of projects which impacted the current and future control environment (for example, strategy implementation and determining the best future working approach for Wellcome), overall, the control environment continued to mature.

The opinion also highlighted that management was implementing various projects aimed at enhancing operational controls, systems and processes, and improving the risk culture of the organisation.

Remuneration report

Wellcome remuneration policies and practices are designed to support and promote Wellcome's long-term success and delivery of our strategy, to reward fairly and responsibly having regard to statutory and regulatory requirements, and align executive remuneration with Wellcome's values and the delivery of its long-term strategies.

Our remuneration principles:

- **Competitive and market-facing:** salaries are benchmarked using external market data appropriate to the sector in which people work. We use trusted providers to secure the pay data and advice required. Willis Towers Watson (WTW), QCG and UCEA provided salary benchmarking data. WTW also provided specific data and advice on the pay of our Executive Leadership Team (ELT), as did McLagan on the remuneration of our Investments Team. Furthermore, PwC advised us on the production of our gender and ethnicity pay gap data.
- **Performance-linked:** individual performance and behaviours are assessed for the award of bonuses during the annual pay review.

- **Transparent:** our pay policy, which applies to all staff except for the Investment Team, is openly communicated to staff. The Investment Team's remuneration framework is communicated to team members individually. Our bonus scheme is open to all employees, except for the Investments Team which has a dedicated remuneration framework.
- **Fair:** Benefits are the same for all colleagues irrespective of their seniority and can be accessed and managed through a portal that also provides a total reward statement. The team run annual equal pay audits and report the findings to the ELT and the Remuneration Committee to ensure we do not discriminate or unintentionally create any equal pay issues. Gender and ethnicity pay gap data is also reviewed by ELT and the Remuneration Committee to inform decisions.

In the UK, we are a Real Living Wage Employer accredited by the Living Wage Foundation. Employees based outside of the UK (for example, Germany) are eligible for annual pay awards in line with the UK process but are subject to any overriding local policy and legislation.

In August 2022, we implemented an interim pay review and brought forward some of the annual pay award to help staff with cost of living challenges.

The Remuneration Committee

The Board of Governors appoints the Remuneration Committee, chaired by an independent Governor, Amelia Fawcett. The members are all Governors, all of whom are excluded from any discussion which affects their own pay. The committee ensures that remuneration practices and policies support Wellcome's values, long-term sustainable success and facilitate the employment, motivation and retention of talented people.

The core responsibilities of the committee are to approve key remuneration principles, the reward strategy and policies for remuneration of employees including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the ELT and other senior staff. It also sets the remuneration policies and framework for all staff.

The Remuneration Committee Report includes key decisions made by the committee throughout the year.

Our remuneration governance framework

Board of Governors and the Remuneration Committee	The Board of Governors delegates certain remuneration matters to its Remuneration Committee as per its terms of reference.
Remuneration policies	• Governors' remuneration – Wellcome Constitution and approval by the Charity Commission • External board committee members – Remuneration Committee approves their remuneration. • General Pay policy – applies to all staff except Investments Team. Approved by the Remuneration Committee. • Investment remuneration framework – applies to the Investment Team. Approved by the Remuneration Committee.
Annual pay awards and bonus (and LTIP for Investment Team)	Remuneration Committee – reviews individual ELT and Investment Executive performance and remuneration. It also approves the pay award budget and the bonus percentage for each performance rating that applies to wider Wellcome staff, as well as the LTIP awards for the Investment Team.

Governor remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors. Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chairs are up to two and one-and-a-half times the level of a Governor, respectively. A review of Governor remuneration and the adjustment mechanism is underway, which will continue to ensure that Governors do not make decisions on their own remuneration. The Governors have not had an increase in remuneration since the 2016/17 financial year.

Governors' remuneration Year to 30 September

	2022 £	2021 £
Julia Gillard (Chair from 12 April 2021)	142,108	67,286
Eliza Manningham-Buller (Chair until 11 April 2021)	-	74,822
Fiona Powrie (Deputy Chair from 01 January 2022)	97,699	71,054
Michael Ferguson (Deputy Chair until 31 December 2021)	26,645	106,581
Tobias Bonhoeffer (until 31 August 2021)	-	65,133
Arup Chakraborty (from 1 May 2021)	71,054	29,606
Amelia Fawcett	71,054	71,054
Richard Gillingwater	71,054	71,054
Bryan Grenfell (retired 31 August 2021)	-	65,133
Gabriel Leung (from 1 May 21)	71,054	29,606
Cilla Snowball	71,054	71,054
Elhadj As Sy	71,054	71,054
Ijeoma Uchegbu (from 15 November 2021)	62,370	-
Total remuneration	755,146	793,437

Expenses in respect of accommodation, travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £99,026 (2021: £39,367) of which £44,852 (2021: £16,640) was paid directly by Wellcome, and £54,174 (2021: £22,727) was paid by the Governors and directly reimbursed to them.

The increase in the expenses paid this year is driven by a return to travel and in-person meetings and additional Chair accommodation expenses. Additional Chair expenses were £48,000 (2021: £22,727). No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2022.

The Audit and Risk Committee and Investment Committee have independent external committee members (non-Governors) who are permitted to claim £10,000 per annum and £20,000 per annum, respectively. A review of external committee members' remuneration is underway.

Executive remuneration

The remuneration of ELT members is set in accordance with the pay policy which was introduced in 2020 and covers the entire organisation, with the exception of the Investments Team which has its own remuneration framework. The policy states that Wellcome is a market-facing organisation. As such, each role is matched to a relevant role in a robust salary survey. A market range is created for each role, using the market median as the midpoint. Willis Towers Watson has been appointed as our adviser and data provider for our executive team. Each ELT role is matched to a survey role, and factors such as organisation size and reporting lines are used to identify a suitable pay benchmark. Pay progression for ELT is based on the same criteria as for the rest of the organisation, using a grid combining position in the market range and performance. ELT members are eligible to the same bonus scheme as other employees. It is linked to performance ratings. A fixed bonus percentage is awarded for each performance rating. ELT members' performance is reviewed by the Remuneration Committee and bonus levels awarded on that basis. No executives are involved in making decisions on their own remuneration outcomes. The Remuneration Committee reviewed and agreed our approach to notice periods, which is being implemented across the organisation in a consistent way.

An assessment of ELT's progress against its 2021/22 objectives was communicated to all staff highlighting achievements and shortcomings. There was good progress made in the design of our four Programmes (Climate and Health, Discovery Research, Infectious Disease, and Mental Health) and the activities needed to deliver them. However, we did not provide the leadership that Wellcome needed on the anti-racism programme. In response to this, ELT developed a specific and focused action plan and noted the critical importance of continuing to develop our culture to deliver our strategy successfully.

The Board approved three main ELT-wide objectives for 2022/23 (this is in addition to individual objectives for each ELT member to be agreed with the Director or line manager). This year's objectives set out the progress we must make on our strategy, EDI programme, and culture through the year. And at the heart of these objectives are the commitments and milestones set out in the delivery plans for all areas of our work across the four Programmes and for each ELT team, and the ELT anti-racism action plan.

Investments team

The Investments Team remuneration is based on the Investment remuneration framework (which is separate to the wider Wellcome Pay Policy).

Wellcome's Investment Team manages the investment portfolio that underpins our charitable activities. This internal Investments Team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals.

Members of the Investments team are remunerated through their base salary, supported by variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, for senior roles, long-term incentives. A long-term incentive plan is in place to ensure that the remuneration of the Investments team remains competitive and to encourage a long-term view. Long-Term Incentive scheme awards are made annually based on investment returns and individual performance over a period of three to five years).

The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5(b).

McLagan provided an asset management sector overview to the Remuneration Committee and insight on reward in the sector to provide assurance that the pay and reward package for the Investments team was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Key management personnel

The key management personnel of the Wellcome Trust Group and Wellcome have been defined as the Board of Governors, ELT and the Investment Executive (individuals who are responsible for decision-making in respect of the investment portfolio). The membership of these groups is set out in the Reference and Administrative Details section (page 171). The roles and responsibilities of the Board of Governors and the ELT are discussed in the Structure and Governance section.

Total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above.

The remuneration of members of the ELT is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed on page 84.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11(d).

Remuneration of key management personnel Year to 30 September

	2022 £	2021 £
Governors	755,146	793,437
Director of Wellcome	538,041	515,216
Executive Leadership Team (excluding Investment Executive)	2,973,610	2,462,885
Investment Executive	10,746,916	15,767,536
Employer pension contributions (for relevant staff)	324,062	376,673
	15,337,775	19,915,748

Summary of executive and staff remuneration

	Executive Leadership Team	Investment Executive	Investment staff	Wider staff
Salary	Annual pay reviews and awards take into account Wellcome’s performance against its strategy as well as individual performance against objectives. Our pay policy is designed to enable Wellcome to recruit, motivate and retain the people we need to deliver our mission, by offering a fair reward package that is competitive with the markets from which we draw talent.			
	Salaries are reviewed annually, and increases are aligned with the wider staff increases.	Salaries are reviewed annually, and increases are aligned with the wider asset management market.		Salaries are reviewed annually.
Benefits	All staff are eligible for a wide range of voluntary benefits to improve their wellbeing.			
Financial wellbeing	A financial wellbeing programme is being rolled out to help staff with the cost-of-living challenges: Life Assurance policy of eight times an employee’s salary, season-ticket loan, and Perkbox discounts as well as individual and team recognition awards.			
Physical & mental wellbeing	Holiday allowance of 25 days (30 days for ELT), private medical insurance including gender dysphoria cover, remote GP service, on-site gym, physio, and cycle to work scheme. There is also an employee assistance programme. We provide mental health support through our network of mental health first aiders and access to the platforms Plumm and Thrive, which include therapy options, and the platform Peppy for support with fertility, pregnancy, and menopause. Occupational health and individual stress assessments to identify and support individuals with work-related and other stress. Group income protection scheme designed to provide income for staff unable to work until they can return to work.			
Social & community wellbeing	Wellies, our social club, organises many events annually. There is an on-site bar, a choir, and an annual staff quiz. There are several active staff networks and groups. Numerous volunteering activities are organised throughout the year for individuals or teams.			
Pension	A defined contribution pension scheme where employees contribute 3% and Wellcome contributes 15% (of which employees can choose to get up to 10% as cash). Following closure of the Defined-Benefit Pension plan, all employees (except for those who are in receipt of a pension allowance) are members of the Defined-Contribution Pension Plan.			
Bonus	ELT members are eligible for the same bonus scheme as wider staff. It is linked to individual performance ratings.	Bonuses are determined by the Investment Remuneration Framework, which is linked to performance.		Eligible for performance-based bonus. Except for early career programme.
Long-term incentive plan	Not eligible	Eligible	Certain senior roles only	Not eligible

Remuneration Committee Report

As the Chair of the Remuneration Committee, I am pleased to present our report for the year ended 30 September 2022.

This report summarises the work of the committee over the past year in fulfilling our responsibilities to provide effective oversight of the remuneration of our employees, including policies and procedures.

Effective committee governance

The membership of the Remuneration Committee is set out in the Reference and Administrative Details section (page 171).

The committee said goodbye to Mike Ferguson and was thankful for all his many contributions as a member of the Committee and Deputy Chair. We welcomed Fiona Powrie as a new member of the committee in her role as Deputy Chair succeeding Mike.

The Director and the Director of People are not members of the committee, however they attend each meeting save for discussions on their own pay, when they are absented.

The committee discussed compliance with the Remuneration Committee requirements of the UK Corporate Governance Code 2018 in considering executive remuneration. The committee reflected that it addresses the main factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture, and that Wellcome's policies and practices are consistent with those outlined in the Code.

During the year the committee's focus was on:

Organisation Design implementation

The Remuneration Committee received reports and monitored the implementation of the Organisation Design via the new strategy. We have continued to focus on the equity, diversity and inclusion impact of the new structure.

Pay, reward and succession

The committee monitored the ongoing implementation of the new reward structure and process including the continued focus on performance management.

The committee agreed the remuneration of the ELT and the Investment Team. As part of this process, the committee reviews external benchmarking data and performance information (individual and collective), including calibration information. In addition, they approved both the annual staff salary review (including a cost-of-living advancement) and the annual gender and ethnicity pay gap reports.

The committee discussed the planning and implementation of an updated reward framework for the Investments team, including convening a dedicated sub-group, with external assistance from expert advisors, to consider market trends, benchmarks and discuss options. Next steps are being discussed with the Investments team.

Succession plans for ELT and senior positions were also discussed throughout the year. The Nomination and Governance Committee led for the Board on Director succession plans.

Pensions update

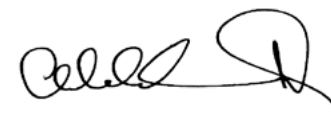
Following the decision to close the defined benefit pension scheme to future accrual as of 30 June 2022, a number of revisions to the Benefits of the scheme were approved including increasing the Death in Service lump sum for all employees (to pay a lump sum of eight times base pay).

Work is ongoing with the fund trustees to ensure the accrued defined benefit fund continues to be managed responsibly.

The committee endorsed the decision to establish a Governance Committee to oversee the defined contribution scheme in future.

Committee meetings during the year.

The committee formally met four times plus twice informally during the year. After each meeting, the Board of Governors receives a report on the key issues discussed.



Amelia Fawcett

Chair of the Remuneration Committee
9 January 2023

Nominations and Governance Committee Report

As the Chair of the Nomination and Governance Committee (NGC), I am pleased to present our report for the year ended 30 September 2022.

During the year our newly appointed Governors – Arup Chakraborty, Gabriel Leung and Ijeoma Uchegbu concluded their onboarding and induction. We also said farewell to Mike Ferguson as a member of the committee, Governor and Deputy Chair. The committee thanks Mike for his significant contributions to the work of the NGC.

We welcomed Fiona Powrie as a member of the NGC in January 2022. The membership of the committee is set out in the Reference and Administrative Details section (page 171).

We recommended and agreed Governor nominations to the Audit and Risk Committee and the recruitment and appointment process for an external member to join in September 2022.

Director succession and recruitment

The committee discussed the succession and recruitment plan for the Wellcome Director/Chief Executive position, to be appointed after the current Director's term concludes in 2023. The committee recommended the recruitment strategy to the Board, including the appointment of recruitment specialists to lead the global search for a new leader to implement Wellcome's strategy and mission.

Board effectiveness and governance review

In line with the principles of good governance set out in the Charity Governance Code for large charities and the UK Corporate Governance Code 2018, the Board of Governors undertook an externally facilitated board effectiveness review in spring 2022.

The outcomes of the review have now been finalised and presented to the Board and Executive to prioritise and agree the actions to take forward to improve and further develop our governance at Wellcome.

The NGC also discussed and recommended to the Board a refreshed Code of Conduct and Appraisal process for Governors along with a suite of e-learning and development packages for Governors, focussing on key risks such as financial crime, data protection and managing interests

Staff and stakeholder engagement

Cilla Snowball is the committee's Stakeholder Champion and has been working with the Executive Leadership Team to develop proposals for staff and stakeholder engagement.

The committee has responsibility for oversight and development of stakeholder engagement and reviewed progress at the September meeting.

Further information about how we engage with our key stakeholders, including employees, research communities, partner organisations, the investor community, governments and policy makers, suppliers, people with lived experience of health challenges and public audiences is included as part of the stakeholder engagement statement on pages 62-64.

Committee meetings during the year

The committee formally met three times during the year. After each meeting, the Board of Governors receives a report on the key issues discussed.



Julia Gillard

Chair of the Nominations Committee
9 January 2023

Investment Committee Report

As the Chairman of the Investment Committee, I am pleased to present our report for the year ended 30 September 2022. The Investment Committee's role is to act as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the work the committee has done over the past year in fulfilling our responsibilities.

There have been no changes to the external membership of the committee over the past year. There is an impressive depth and breadth of experience among our five external members, Stefan Dunatov, Tracy Blackwell, Martin Halusa, Cressida Hogg, and Girish Reddy, which continues to enrich our discussions and is of great value. Among the internal members, Professor Sir Michael Ferguson retired from the committee having also retired from the Board of Governors. We thank him for his contributions and welcome Gabriel Leung as his replacement as a Governor member of the committee.

At the end of the financial year, Peter Pereira Gray, formerly Managing Partner and Chief Executive Officer of the Investment Team, retired from his executive roles and from the Investment Committee. Peter has been an invaluable contributor to the committee over his two decades of membership. He will continue to contribute where appropriate, having taken on a non-executive investment function at Wellcome. Lisha Patel and Fabian Thehos, both Managing Directors in the Investment Team, recently joined the committee to replace Peter.

Activities during the year

The Investment Committee met in December 2021 and in March, May, and September 2022. At each meeting, it reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the rapidly changing macro-economic and geopolitical environment. It was a pleasure to be able to meet in person on all these occasions after two years of virtual meetings.

At the December 2021 meeting the committee made its annual consideration of the outlook for long-term returns and reviewed currency risk limits. In March 2022, there was a detailed discussion of the Investment Policy, focusing on proposed revisions to the risk framework and changes to delegated authorities. The committee supported these proposals and recommended them to the Board, which subsequently approved them. The committee regularly reviews the Investment Policy to ensure it remains fit for purpose.

In its oversight role, the committee has over the year examined correlations and performance attribution; Internal Audit reviews of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing of the investment team; counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio.

Other topics of discussion during the year have included the Investment Executive's approach to ESG, which is based on an assessment of companies' and managers' "licence to operate"; detailed reviews of composition and performance of the venture capital fund portfolio and the public equity portfolio; and an extended discussion of macro risks facing the portfolio. The committee has also given serious consideration to the proposed expansion of the Wellcome Genome Campus at Hinxton, including a site visit during the September meeting.

The committee provided constructive challenge to the Investment Executive at each meeting, and members have also been generous with their time in providing additional input and advice between meetings. The committee recognises that the investment environment has been extremely challenging this year and thanks the Investment Team for their dedication and effort in successfully navigating a difficult time and protecting the value of the endowment.



Richard Gillingwater
Chair of the Investment Committee
9 January 2023

Audit and Risk Committee Report

As Chair of the Audit and Risk Committee I am pleased to present our report for the year ended 30 September 2022.

At the end of August, we said farewell to Adèle Anderson, who retired from the committee, and thanked her for all her wise counsel and advice over the past six years, which has greatly contributed to Wellcome's mission. We welcomed Caroline Wehrle as our new external member on 1 December 2022, who adds her skills and experience to an already strong Audit and Risk Committee.

Overview of the year

In 2021/2022, the main activities of the committee included oversight and monitoring of the following:

- The programme to mature the risk and control framework and to embed Wellcome's new risk management framework.
- The internal audit opinion on the control environment, which informs the actions included in the programme to mature the risk and control framework.
- Update to the internal audit methodology, including reporting to key governance forums.

- The strategy implementation programme, including key milestones, major risks and monitoring the implementation dashboard.
- The investment systems and process programme, aimed at improving the robustness of investment reporting systems and increasing the quality of investment data available for management.
- Internal audit risk assessment, audit plan, outcomes from completed audits and management, progress on actions in response to findings.
- The corporate risk register, working with the Head of Risk to refine reporting on the management of key organisational risks.

The committee undertook deep dives on the following areas:

- Long-term and emerging risks for Wellcome.
- Culture, with a focus on creating a strong risk management culture throughout Wellcome.
- Approach to assessing the control environment, indicators of effective risk management and controls at Wellcome and management approach to attesting to their effectiveness.

Risk management

Considerable progress continues to be made to mature the risk and control framework at Wellcome and to ensure that a strong risk management culture is embedded throughout the organisation. The committee oversaw the successful delivery of the first tranche of a programme of improvements to embed Wellcome's new risk management framework. Deliverables included further clarity on levels of risk appetite; continued refinement to the corporate risk register; monitoring of significant emerging risks; the introduction of risk and controls self-assessments and department risk registers along with the introduction of an internally built risk management platform.

The corporate risk register continues to provide the committee with an effective view of current risks, actions and progress made to manage the largest risks facing the organisation. Significant progress continues to be made to address risks, especially those relating to operational effectiveness.

Our Speak Up culture continues to mature with a number of improvements, including new tools and a further internal awareness campaign planned for early 2023, and we believe that staff continue to see it as a trusted mechanism to raise concerns. We work closely with Protect around Speak Up to ensure we learn from best-practice. We also contribute to Protect's work, including for example helping to draft their guidance on avoiding retaliation in relation to whistleblowers', and we have established and lead the Charity Sector Speak Up Network.

Significant financial reporting issues, judgements or estimates

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2021/22, we focused on the following significant financial reporting matters:

Issue, judgement or estimate	Action taken by the Committee	Outcome
Unquoted investment valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that there were 5 investments where Management performed internal assessments of co-investor valuations and one investment without a co-investor where management prepared the valuation that was not material in the context of this asset class.
Investment property valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting the use of several external valuers and management's review of the assumptions used by the external valuers.
Grant liabilities	Review of management's recommendation to discount the grant liabilities using the expected future rate of investment returns and the appropriateness of the rate used. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee noted the sensitivity analysis that had been done to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercers and reviewed by management.	The committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile. Wellcome has the right to recognise the asset.
Non-charitable investment subsidiary undertakings held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings are held as part of the investment portfolio. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty. Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuation Group were appropriate, noting that these entities are valued using external valuers, management's review of the assumptions used by the external valuers and that while Wellcome has board representation in these entities, their operations were managed independently from Wellcome.

Financial reporting

At the December meeting each year, the committee reviews the Annual Report and Financial Statements (AR&FS) and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the appropriateness of the investment valuations recommended by the Valuation Group. The Valuation Group is responsible for reviewing investment valuations and reports its recommendations to the committee. The committee also considers the overall tone of the AR&FS and related announcements, considering reputational risk and the messaging of the activities reported.

The committee recommended to the Board of Governors that the AR&FS is fair, balanced, and understandable. In justifying this statement, the committee has considered the robust process in place:

- Clear guidance is given to all contributors in the form of timetables and detailed requirements.
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year.
- Wellcome's Finance team meet with the auditor throughout the year to discuss developments within the business and any impact on financial reporting.
- A thorough process of review, evaluation and verification of the Annual Report and Financial Statements is undertaken by senior management and staff with expertise across the organisation.

External audit

Oversight

At the June meeting each year, the committee discusses with the auditor the scope of their audit before the audit commences. The significant financial reporting risks, some of which are those listed in the table above, are considered by the committee to be:

- the valuation of unquoted investments relating to direct investments, unconsolidated subsidiary investments (Urban&Civic and Premier Marinas), Hinxton Genome Campus and the other agricultural investment property assets
- the rate of discount selected to discount the grant liabilities
- management override of controls (a risk in any organisation)

In addition to the significant activities during the year, our interactions with the auditor included:

- consideration of their work and opinion relating to management judgements and estimation, including the related revised auditing standard
- discussion on the level of disclosure in the Annual Report to satisfy ourselves that it is appropriate
- meetings in private session during committee meetings, and at other times throughout the year, to discuss external and internal developments and issues

Audit quality and independence

The committee seeks to ensure the continued independence and objectivity of Wellcome's external auditor by reviewing the performance of the external auditor and the quality of the audit work, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September, and December meetings each year, the committee reviews the auditor's report about independence of its staff, its policies for maintaining independence and compliance with relevant requirements. The auditor was appointed for the year ending 30 September 2016 and have been reappointed for each subsequent year. Following the completion of five years of continuous engagement in the prior year, partner rotation has been completed and a new external audit partner undertook the engagement this year.

Non-audit services

The committee has approved a policy on any non-audit services provided by our external auditor, which takes into account the relevant regulations and directives.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence, as well as the overall ratio of non-audit to audit fees which was well within the 70% cap applicable to public interest entities (see note 10).

The committee is satisfied that the auditor remains independent and that the level and nature of any non-audit services is appropriate.

Internal audit

Wellcome has an in-house Internal Audit function which comprises 11 professionals. They are supported by external consultants (co-source partners), who provide specialist skills to supplement the in-house team. The Head of Internal Audit reports directly to the Chair of the Audit and Risk Committee, and the committee directs and oversees the activities of the function. In February 2022, Ernest Ofei was appointed as the Head of Internal Audit, after acting as the Interim Head of Internal Audit for 11 months.

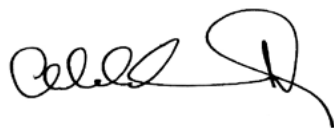
Internal Audit performs an independent and objective assurance function that is designed to add value to Wellcome's operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of Wellcome's risk management, control and governance processes.

Internal audits are performed based on a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee prior to implementation. The 2022/23 plan was endorsed by the committee during the September 2022 Audit and Risk Committee meeting. The plan is regularly reviewed and updated based on the organisation's decisions, business activities, industry trends, best practice and regulatory matters.

The Head of Internal Audit provides an update to the Audit and Risk Committee at each meeting, and more frequently as appropriate. Internal Audit also coordinates its operations with the activities of the external auditor for maximum effect.

In 2022, the Internal Audit methodology was updated to include a revised audit universe, new report ratings, management-identified issues and increased coverage of digital and technology through the performance of integrated audits. Furthermore, a culture audit was undertaken to obtain an understanding of how Wellcome promotes, monitors and assesses culture, and how the desired culture is being disseminated and adopted at the organisation. This will form the basis for culture ratings which will be introduced in reports from Q1 2023.

Wellcome's internal audit team also provides internal audit support for Wellcome's subsidiaries (Genome Research Ltd, Premier Marinas) and reports to their respective Audit and Risk Committees.



Amelia Fawcett

Chair of the Audit and Risk Committee
9 January 2023

Independent Auditor's Report to the Trustee of the Wellcome Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Wellcome Trust (the 'Trust' or 'Charity') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2022 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements which comprise:

- the consolidated statement of financial activities;
- the consolidated and Trust balance sheets;
- the statement of financial activities of the Trust,
- the consolidated cash flow statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Trust for the year are disclosed in note 10 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare); • Valuation of unquoted investments relating to direct investments; and • The level of the Discount rate applied to the grant liability. Within this report, key audit matters are identified as follows: ↔ Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £346 million (2021: £362 million) which was determined on the basis of 1% (2021: 1%) of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's consolidated net assets, as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's consolidated net assets were subject to a full scope audit for the year ended 30 September 2022. The Trust and the majority of the subsidiaries are based in the UK, with one subsidiary based in the United State which is not material to the Group.
Significant changes in our approach	• The portfolio of agricultural estates held by the Trust at year end have been excluded from the key audit matters for the current year, due to the reduction in value of the portfolio at year end relative to Trust's net assets. • BDO has not been considered a component auditor as we do not place reliance on the work performed by them for the purpose of testing the Urban and Civic valuation. • In the current year, Wellcome Trust Investments 2 Unlimited and Wellcome Trust Scottish Ltd Partnership were identified as full scope components. Wellcome Trust Residential 2 Limited is no longer a significant component due to the sale of underlying assets and the Group's plans to strike this entity off within the timeframe set out by the Companies Act 2006. There have been no other significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustee's assessment of the Group and the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of the Group and Trust's ability to continue as a going concern, including consideration for the level of financial risk and complexity of the Group and Trust's operations;
- assessing the liquidity position to support management's assessment of the Group and Trust's ability to continue as a going concern through our audit procedures performed on the balance sheet, including agreeing cash to confirmations from banks, agreeing the timing of bond repayments to the underlying terms of the bond to assess whether the Group and Trust will have sufficient liquidity to meet its obligations, assessing the liquidity of the investments held and inspecting post year end bank statements;
- evaluating management's future plans, including budgets and projections, liquidity analysis and funding approach and assess if they are in line with our expectation given our knowledge of the Group and Trust;

- evaluating management's stress test analysis on key assumptions in their projections;
- consideration of management's assessment of any significant subsequent events after the reporting period, prior to signing of the annual report, that might impact the Group and Trust's ability to continue as a going concern for at least twelve months from the date of signing the annual report; and
- evaluating the going concern and subsequent events disclosures in the financial statements for consistency with our understanding.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare) ◊

Key audit matter description	The valuation of Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare) involves significant judgement when determining the valuation methodology and the estimation of key inputs and assumptions. As a result of this degree of judgement, there is more potential for fraud or error in this area. Management engage external experts to prepare valuation reports for these assets. There are few comparable transactions for alternative real estate assets, such as marina assets or land with development potential similar to the scale of the Trust's holding, and therefore this increases the degree of estimation uncertainty when determining the fair value of these assets. The following have been identified as the primary inputs into the externally prepared valuations: • the growth rate assumptions which drive the future cashflows for Premier Marinas; • the future sales price and cost forecasts within the discounted cash flow valuation for Urban and Civic; • the rate per acre for Farmcare; and • the forecasted development value and development costs for The Wellcome Genome Campus at Hinxton. There is a risk that the application of an inappropriate valuation methodology, and/or the use of inappropriate assumptions, could result in the material misstatement of the valuation of unquoted investments. The valuation of Premier Marinas, Hinxton Genome Campus, and Urban and Civic (including Farmcare) amounts to £1,595 million (2021: £1,317), which is 7.6% (2021: 7.2%) of the Group's unquoted investments, and 4.6% (2021: 3.7%) of the Group's net assets. In the current year, Farmcare was acquired by Urban and Civic, and has been included as a component within the Urban and Civic audit procedures to address the valuation of unquoted investments relating to controlled unconsolidated investments at a significant risk level in line with the prior year, and this has not impacted our audit approach The December 2022 Audit and Risk Committee Report on page 91 identifies the valuation of non-charitable investment subsidiary undertakings as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15 of the financial statements.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of unquoted investments relating to controlled unconsolidated investments, we performed the following procedures: Controls Assessment • We tested the relevant controls over management's assessment of the completeness and accuracy of the information received from external property managers during the year, where the Trust maintain operational oversight. • We tested the relevant controls over management's year end assessment of the external valuers' reports, including their challenge of the valuation methodology adopted, challenge of judgemental valuation inputs, and challenge of any changes to these year on year. • We also tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare)

How the scope of our audit responded to the key matter (continued)

Substantive testing

- We obtained and inspected 30 September 2022 external valuation reports and assessed whether the valuation methodology for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, competency and capabilities of the external valuers. For all of the assets, we compared 2022 and 2021 reports to identify any changes in methodology year on year and whether the methodology selected was appropriate;
- We engaged our internal real estate specialists as part of our audit team to assess the external valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. growth assumptions used to drive future cashflows in Premier Marinas, and comparable data in Urban and Civic, Farmcare and Hinxton genome Campus). We considered the possible effect of the rising cost of living and the wider macroeconomic volatility on market assumptions and stress tested key assumptions to understand their effect on the overall valuation;
- For a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the valuation models to evaluate their mathematical accuracy;
- Specifically for Premier Marinas: we determined whether data used to derive future cashflows was appropriate given our understanding of the business which includes agreeing current performance, obtaining an understanding of future budgets and developments in the business; and any indicators in the market that were contradictory to managements forecasts, including the growth rate assumptions applied by management in the forecasts;
- Specifically for Urban and Civic: we determined whether data used to derive future cashflows was appropriate given our understanding of the business, and for a sample of assets we obtained relevant third party data to support future sales prices and cost projections that drive the valuation;
- Specifically for Farmcare: we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable market data to support the rate per acre and passing rent used in the valuation ;
- Specifically for Hinxton Genome Campus: we have obtained relevant supporting data for the planning permission and assessed comparable market data to support the ultimate position of the projected cash flows;
- We performed testing over the accuracy of underlying inputs into the valuation models;
- We back tested previous estimates made by management by comparing them to actual results to assess management's ability to provide accurate estimates for all assets. We also back tested the accuracy of forecasts made by the external valuers and compared these to actual results, to assess the external valuers' ability to prepare accurate forecasts;
- We engaged internal valuation specialists to assess whether the judgements made in valuation methodologies are indicative of a potential bias; and
- We performed market analysis for contradictory evidence to challenge management on the conclusions reached.

Key observations

As a result of our procedures, we concluded that the valuations of Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare) are within a reasonable range.

5.2. Valuation of unquoted investments relating to direct investments ↻

Key audit matter description	The valuation of unquoted direct investments requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area. As per management's investment valuation policy where there is a co-investor, the values are obtained from the co-investor and are challenged by management through obtaining an understanding of the methodology applied and assumptions adopted. Additional scrutiny is also applied by the preparation of a shadow valuation for those investments deemed to be material by management, whereby management form their own view of a reasonable range for valuing the underlying investment. Where there is no co-investor, the values are based on internal models, and an external valuer is engaged to opine on the value of material direct investments. As these underlying valuations are sensitive to these unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated, this includes appropriately reflecting the impact of the rising cost of living and the wider macroeconomic volatility on company performance and evaluating any discounts applied to businesses as a result. The valuation of the Group's investments in unquoted direct investments amount to £2,387 million (2021: £1,960 million) which is 11.3% (2021: 11.0%) of the Group's unquoted investments, and 6.9% (2021: 5.2%) of the Group's net assets. The Audit and Risk Committee Report on page 91 identifies the valuation of unquoted investments as a main area of risk. The significant accounting estimate with respect to the Group's fair value measurement and valuation policies are described in notes 2 and note 15.
How the scope of our audit responded to the key matter	We assessed management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice. Controls Assessment • We tested relevant controls over the valuation of the direct investments. • We tested the controls over management's oversight of external valuers, and over the application of valuation methodologies by the Valuation Group; and • We tested the review control performed by the Valuation Group over the valuation of investments at year end and the related disclosures in the financial statements.

5.2. Valuation of unquoted investments relating to direct investments ↻

How the scope of our audit responded to the key matter (continued)

Substantive procedures

- For selected samples, we independently obtained and assessed the unquoted direct investments valuation statements, to determine whether the value agreed to that recorded by the Group in the financial statements;
- We assessed the objectivity, competency and capabilities of the external valuers engaged by management;
- We challenged management's assessment of the valuation assumptions and appropriateness of valuation methodologies used to determine the fair value by:
 - either assessing recent transactions in the market or using a market comparable approach to inform our challenge of management. This includes determining if any discounts applied to the valuation are appropriate;
 - obtaining, where available, management's shadow valuation and challenging the market comparables and completeness of the basket used and incorporation of other evidence available;
 - challenging the valuation methodology adopted by management in their shadow valuations, and that adopted by the external valuers where engaged, and seeking to triangulate the valuations within a reasonable range;
 - examining the previous period's audited financial statement for the co-investment vehicle that houses a direct investment and the financial statements of the direct investment itself, to inform us of any subsequent events and going concern issues;
 - obtaining an understanding of current year performance and whether any events have occurred that may have an impact on the valuation. We have also assessed any ongoing effects of Covid-19, the war in Russia and Ukraine and the wider macroeconomic volatility on company performance and long term outlook including changes in industry trends or markets, and assessed whether these have been appropriately reflected in the valuation as at 30 September 2022;
 - assessing the fair value of investments which were sold in the year against the value at which they were held previously to determine management's historical ability to determine the fair value;
 - assessing the co-investor where used, to determine if they are reputable and reliable partners. This includes testing the accuracy of the co-investors' valuations in previous periods, by comparing the 30 September 2021 and 31 December 2021 valuation statement to the valuation as per the audited accounts which is usually at 31 December 2021; and
 - assessing contradictory evidence to challenge the appropriateness of valuation adopted, such as any recent or upcoming funding rounds or performance of quoted comparable companies.
- We performed a standback assessment for the overall position of the direct investments to weigh up corroborative and contradictory evidence to challenge the appropriateness of management's assumptions;
- We engaged our internal fair value specialists as part of our audit team to assess the valuation of any direct investments that have been valued by an external valuer. We challenged the valuation methodology adopted, and the valuation inputs therein for reasonability; and test the valuation models for mathematical accuracy; and
- We assess whether the judgements made in valuation methodologies are indicative of a potential bias.

Key observations

As a result of our procedures, we concluded that the valuations of the direct investments are within a reasonable range.

5.3. The level of the Discount rate applied to the grant liability

Key audit matter description	The discount rate used is identified as a significant estimate in Note 2 of the annual report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. The non-current grant liabilities of £2,428 million (2021: £2,026 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by management is based on management's expectation of the long-term rate of return of the Trust's portfolio of 7.4% (2021: 7.0%). The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the Charity and determining this discount rate requires significant estimation concerning future expectations of investment performance, is subjective, and could have a material impact on the discounted portion of the grant liabilities presented in the financial statements. The significant accounting estimate with respect to the discount rate is described in note 15 and on page 91 within the Audit and Risk Committee Report.
How the scope of our audit responded to the key matter	Controls Assessment We tested the relevant controls over the determination of the discount rate applied to the grant liability by the Board of Governors' and Investment Committee, and assessment of management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. Substantive procedures • We obtained management's grant discounting methodology paper and assessed the methodology used and the assumptions therein for reasonableness by comparing to underlying data (eg. 'stretch' assumptions were re-calculated using historic data and payment assumptions were agreed to historic payment data); • We obtained management's paper to the Investment Committee and challenged any year on year changes in methodology and the assertions made by management by: - testing the split of investments stated in the paper and the associated expected investment return of each category; - assessing the stated ranges of nominal rates of return with reference to third party forecasts; and - performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. • We engaged our internal fair value specialists as part of our audit team to provide research, analysis, and observations on historical market returns enable the audit team to determine a reasonable range for the discount rate. We specifically considered the possible effect of inflation, interest rates and the wider macroeconomic volatility on the inputs into the calculation, and whether the concluded discount rate fell between the reasonable range; • We also engaged our internal fair value specialists to perform a benchmarking exercise of the expected return against other large charitable trusts and endowment funds of similar size with a similar portfolio; and • We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the grant liability was materially accurate and to challenge the integrity of these spreadsheets.
Key observations	As a result of our audit procedures, we concluded that management's discount rate methodology is appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. We conclude that the discount rate is within a reasonable range.

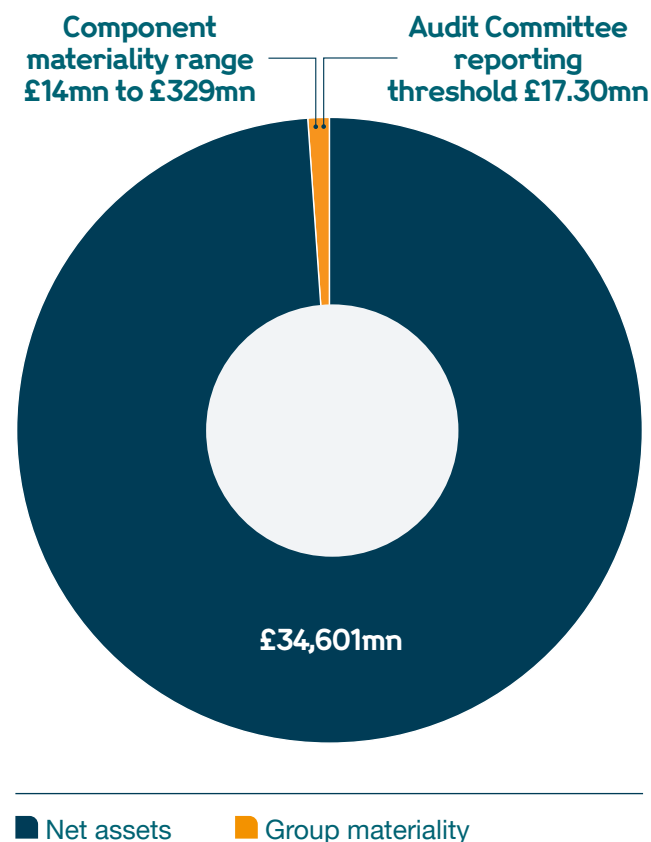
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£346 million (2021: £362 million)	£329 million (2021: £344 million)
Basis for determining materiality	1% (2021: 1%) of net assets	1% (2020: 1%) of net assets
Rationale for the benchmark applied	The Group is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns our methodology with industry practice for comparable asset-based organisations that are classified as Public Interest Entities.	The Trust is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns our methodology with industry practice for comparable asset-based organisations that are classified as Public Interest Entities.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of Trust materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £17.3 million (2021: £18.1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.

We determined that each legal entity forms its own component and our component audit scope was therefore determined by considering which entities:

- were financially significant, based on a benchmark of 1 % of Group consolidated net assets (Scope A); or
- required a statutory audit (Scope B); or
- are not financially significant and do not have a statutory audit requirement (Scope C).

Any entity that required a UK statutory audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% (2021: 99%) of the Group's consolidated net assets. This approach is in line with the prior year. For Scope A audits, where materiality is not based on a statutory materiality, we have capped component materiality at 95% (2021: 95%) of the Group materiality. The lower band for component materiality is based on 40% (2021: 40%) of materiality. For those entities, both UK and US, that fall within Scope C, we perform an analytical review at a Group level. Wellcome Leap, which required a US statutory audit, has been audited by the component audit team in the US,

and has been included in scope C due to its size after consolidation for the Group audit team's reporting.

7.2. Our consideration of the control environment

The Group's Information Technology ('IT') landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We perform a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We engaged our IT specialists as part of our audit team to assess relevant controls and perform General IT Controls testing ("GITCs") for the current period over in-scope systems. Our testing covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls over key business processes, we adopted a controls reliance approach over the following business processes:

- Payroll business process
- Treasury business process
- Financial reporting business process
- Investment valuation business process covering:
 - Quoted investments and derivatives
 - Unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Hinxton Genome Campus)
 - Unquoted investments (private equity, hedge funds and direct investments)
 - Investment property
 - Investment cash
- Grant liability business process (including the discount rate)
- Charitable expenditure business process
- General Information Technology Controls over key information systems.

7.3. Our consideration of climate-related risks

We obtained an understanding of management's process for considering the impact of climate-related risks, climate related reporting, and controls relevant to the Group audit. We conducted walkthroughs valuations, and financial reporting control process owners, and conducted meetings with key management personnel at the Trust who are responsible for climate-related risk and sustainability oversight and financial reporting for the Group. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement.

The Trust maintains a risk register which highlighted the need for visibility on and action against climate change. To achieve this, the Trust has set up a senior level steering group comprised of the Executive Leadership team, whose mission is to oversee the relevant scope 1, 2 and 3 financial reporting requirements over three key areas: the Sanger Institute, Investments, and the Charity, with the view to report on these as a whole in the coming years.

Page 42 of the annual report details the progress report of the plan to reach net zero by 2050 for the investment portfolio. This included a view on the current portfolio emissions, carbon footprint and targets. This was also linked into board decision making and the S172 statement, as well as the key challenges faced around achieving more comprehensive disclosure and uniform reporting of emissions.

The impact of climate-related risks is also embedded in the Investment Committee's investment strategy and the investment policy, and the redefinition of the Charity's grant funding schemes.

Our procedures performed included reading the climate-related disclosures in the front half of the

annual report to consider if they are fair, balanced and comprehensive. Separately, we have involved our internal climate change and sustainability specialists who have assisted in reviewing the disclosures and in preparing recommendations to the Board of Governors, to enhance climate-related risk disclosures going forward.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of Trustee's

As explained more fully in the Trustee's responsibilities statement, the Trustees are

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustee's and key management personnel's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit and risk committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuations, internal fair value valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare) and valuation of unquoted investments relating to unquoted direct investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, the Charities Commission, and listing rules for the Trust's listed bonds.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty including applicable health and safety regulation and the Modern Slavery Act 2015.

11.2. Audit response to risks identified

As a result of performing the above, we identified two key audit matters related to the potential risk of fraud:

- Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Hinxton Genome Campus and Urban and Civic (including Farmcare); and
- Valuation of unquoted investments relating to direct investments.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors and the Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, inspecting internal audit reports and reviewing correspondence with the Charity's Commission and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept by the Trust;
- the Group financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in respect of these matters.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Trust at its Board of Governor's meeting on 14 December 2015 to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 7 years, covering the years ending 30 September 2016 to 30 September 2022.

13.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jessica Hodges.

Deloitte LLP

Deloitte LLP (Senior Statutory Auditor)

Statutory Auditor

London, United Kingdom

9 January 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

Charity law requires that the audit report state that the auditor is eligible to act.

Financial Statements

Diving Maldives

Edoardo Delille and Giulia Piermartiri

As sea levels rise, the low-lying Maldives are predicted to be submerged by the end of the century. The government is working on solutions like barriers, and moving towards a net zero economy to promote sustainable living. To illustrate the future dangers, Edoardo Delille and Giulia Piermartiri projected tourist diving photos onto local scenes.

*Image credit: Edoardo Delille and
Giulia Piermartiri / Wellcome Photography
Prize 2021*



Consolidated Statement of Financial Activities

for the year ended 30 September 2022

	Note	Restricted funds £mn	Unrestricted funds £mn	2022 £mn	Restricted funds £mn	Unrestricted funds £mn	2021 £mn
Income from investments							
Dividends and interest	3	-	322.5	322.5	-	248.8	248.8
Rental income		-	43.4	43.4	-	37.6	37.6
		-	365.9	365.9	-	286.4	286.4
Charitable income							
Grants receivable	4(a)	28.9	-	28.9	24.1	-	24.1
Other charitable income	4(b)	4.2	103.3	107.5	41.8	58.0	99.8
Total income		33.1	469.2	502.3	65.9	344.4	410.3
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(74.8)	(74.8)	-	(109.8)	(109.8)
Interest payable on bond liabilities		-	(76.3)	(76.3)	-	(76.5)	(76.5)
Expenditure on charitable activities	6	(35.4)	(1,302.3)	(1,337.7)	(65.6)	(1,113.5)	(1,179.1)
Total expenditure		(35.4)	(1,453.4)	(1,488.8)	(65.6)	(1,299.8)	(1,365.4)
Net realised and unrealised (losses)/gains on investments	15(f)	-	(1,037.7)	(1,037.7)	-	9,252.5	9,252.5
Net (expenditure)/income before taxation		(2.3)	(2,021.9)	(2,024.2)	0.3	8,297.1	8,297.4
Taxation	13	-	50.2	50.2	-	(10.4)	(10.4)
Net (expenditure)/income after taxation		(2.3)	(1,971.7)	(1,974.0)	0.3	8,286.7	8,287.0
Gains on defined benefit pension schemes	11(e)(iii)	-	314.7	314.7	-	151.8	151.8
Net movement in funds		(2.3)	(1,657.0)	(1,659.3)	0.3	8,438.5	8,438.8
Funds at start of year		19.8	36,240.8	36,260.6	19.5	27,802.3	27,821.8
Funds at end of year	20	17.5	34,583.8	34,601.3	19.8	36,240.8	36,260.6

There are no gains or losses apart from those recognised above. All income is derived from continuing activities.

All restricted funds arise in Genome Research Limited.

An analysis of the movement of funds in 2022 is shown in note 20.

Consolidated Balance Sheet

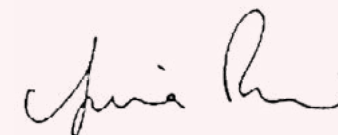
as at 30 September 2022

	Note	2022 £mn	2021 £mn
Tangible fixed assets	14(a)	402.1	412.5
Investment assets			
Quoted investments	15(a)	13,550.8	17,292.0
Unquoted investments	15(a)	21,102.5	18,814.3
Investment properties	15(a)	1,671.1	1,566.1
Derivative financial instruments	15(b)	-	30.8
Investment cash and certificates of deposit	15(c)	3,377.8	3,820.3
Other investment assets	15(c)	580.0	196.1
Programme related investments	15(d)	60.7	28.0
Total Fixed Assets		40,745.0	42,160.1
Current assets			
Stock		9.9	13.7
Debtors	16	67.8	51.3
Cash at bank and in hand		33.7	44.3
Total Current Assets		111.4	109.3
Creditors falling due within one year	17	(1,509.5)	(1,160.4)
Net current liabilities		(1,398.1)	(1,051.1)
Total assets less current liabilities		39,346.9	41,109.0
Creditors falling due after one year	17	(4,720.6)	(4,442.6)
Provision for liabilities and charges	18	(106.3)	(180.8)
Net assets excluding pension surpluses/deficits		34,520.0	36,485.6
Defined benefit pension scheme's surpluses/(deficits)	11(e)(iv)	81.3	(225.0)
Net assets including pension surpluses/deficits		34,601.3	36,260.6
Funds of the charity			
Restricted Funds	20	17.5	19.8
Unrestricted Funds	20	34,583.8	36,240.8
Total Funds		34,601.3	36,260.6

The Financial Statements on pages 108-170 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 9 January 2023 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Statement of Financial Activities of the Trust

for the year ended 30 September 2022

	Note	2022 £mn	2021 £mn
Income from investments			
Dividends and interest	3	310.5	269.9
Rental income		40.6	36.1
		351.1	306.0
Charitable income			
Other charitable income	4(b)	199.5	25.7
Total income		550.6	331.7
Expenditure on raising funds			
Management fees and other investment costs	5(a)	(74.3)	(105.6)
Interest payable to group undertakings		(28.0)	(28.5)
Interest payable on bond liabilities		(50.5)	(41.8)
Expenditure on charitable activities	6	(1,504.5)	(1,062.5)
Total expenditure		(1,657.3)	(1,238.4)
Net realised and unrealised (losses)/gains on investments	15(f)	(1,190.4)	9,179.9
Net (expenditure)/income		(2,297.1)	8,273.2
Gains on defined benefit pension schemes	11(e)(iii)	164.8	84.4
Net movement in funds		(2,132.3)	8,357.6
Funds at start of year		35,761.4	27,403.8
Funds at end of year		33,629.1	35,761.4

There are no gains or losses apart from those recognised above.
All income is derived from continuing activities. All funds are unrestricted.

Balance Sheet of the Trust

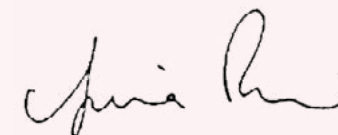
as at 30 September 2022

	Note	2022 £mn	2021 £mn
Tangible fixed assets	14(b)	204.4	208.2
Investment assets			
Quoted investments	15(a)	12,920.2	16,602.7
Unquoted investments	15(a)	19,425.2	17,014.5
Investment properties	15(a)	1,489.1	1,424.1
Derivative financial instruments	15(b)	-	30.8
Investment cash and certificates of deposit	15(c)	3,376.1	3,806.9
Other investment assets	15(c)	575.9	191.1
Subsidiary and other undertakings		2,921.8	2,899.4
Programme related investments	15(e)	60.7	28.0
Total fixed assets		40,973.4	42,205.7
Current assets			
Debtors	16	211.3	276.3
Cash at bank and in hand		18.5	29.6
Total current assets		229.8	305.9
Creditors falling due within one year	17	(3,154.0)	(2,559.8)
Net current liabilities		(2,924.2)	(2,253.9)
Total assets less current liabilities		38,049.2	39,951.8
Creditors falling due after one year	17	(4,413.8)	(4,001.7)
Provision for liabilities and charges	18	(73.9)	(96.9)
Net assets excluding pension surplus/deficit		33,561.5	35,853.2
Defined benefit pension scheme's surplus/(deficits)	11(e)(iv)	67.6	(91.8)
Net assets including pension surplus/deficit		33,629.1	35,761.4
Funds of the charity			
Unrestricted funds		33,629.1	35,761.4
Total Funds		33,629.1	35,761.4

The Financial Statements on pages 108-170 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 9 January 2023 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Consolidated Cash Flow Statement

for the year ended 30 September 2022

	Note	2022 £mn	2021 £mn
Net (expense)/income for the year (as per the Statement of financial activities)		(1,659.3)	8,438.8
Adjustments to exclude non-cash items and investment income and expenditure			
Increase in debtors	16	(16.5)	(21.8)
Increase/(Decrease) in stock		3.8	(2.7)
Increase in grant commitments	8	266.4	204.6
Decrease in creditors and provisions		(395.1)	(76.4)
Less unrealised gains on sale of Programme Related Investments	15(d)	(32.9)	(2.6)
Increase in net write down for Programme Related Investments	15(d)	12.1	12.5
(Increase)/Decrease in other investment debtors	15(c)	(8.5)	2.7
Depreciation and Disposals of Fixed Assets		26.0	24.4
Investment income		(365.9)	(286.4)
Bond interest		76.3	76.5
Net realised and unrealised loss/(gains) on investments		1,037.7	(9,252.5)
Net cash flows from operating activities		(1,055.9)	(882.9)

	Note	2022 £mn	2021 £mn
Cash flows from investing activities:			
Investment income received	22(a)	354.5	284.6
Proceeds from sales of investment assets	22(c)	6,132.8	8,575.0
Purchase of investment assets	22(c)	(5,632.6)	(7,306.9)
Purchase of tangible fixed assets	14(a)	(15.5)	(25.1)
Net cash (outflow)/inflow due to derivative financial instruments	22(c)	(341.1)	67.6
Net cash flows from investing activities		498.1	1,595.2
Cash flows from financing activities:			
Cash and debt acquired		-	746.8
Debt matured		-	(275.0)
Cash outflow for servicing of finance	22(b)	(75.3)	(77.4)
Net cash flows from financing activities		(75.3)	394.4
Change in cash and cash equivalents during the year		(633.1)	1,106.7
Cash and cash equivalents at the beginning of the year		3,864.6	2,726.5
Change in cash and cash equivalents due to exchange rate movements		180.0	31.4
Cash and cash equivalents at the end of the year		3,411.5	3,864.6

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs can be reconciled to financial measures reported in the Financial Statements.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively.

KPIs include financial measures of historical financial performance which cannot be reconciled to financial measures reported in the Financial Statements.

The key measures used by the group are explained opposite:

APMs	Explanation
Total assets net of all liabilities	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities held at fair value, with all balances valued at least annually. This provides Management with a net investment portfolio value to assess investment performance (refer to Investment Asset Allocation, Figure 6, Review of Investment Activities)
Net debt	This reconciles transactions that do not require the use of cash or cash equivalents to the Statement of cashflows (see note 22(d))
Leverage	The amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets and is used by Management to assess the amount of bond liabilities the Group issues (refer to note 15(g))
Charitable expenditure	This is detailed in the Financial Review on page 47 and summarises the charitable spend, including allocated support costs by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102. This is a measure used by Management to assess the Group's charitable activity

Key KPIs	Explanation
Blended returns	This is a measure of investment portfolio performance which averages the net returns (see below) calculated in £ and US \$. The target return is UK/US CPI + 4%
Net returns	This is a financial measure of investment portfolio performance. It is calculated using the 'Modified Dietz method' as follows: change in the period of Total assets net of all liabilities less charitable cash expenditure for the period, divided by the opening Total assets net of all liabilities for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The time weighting of charitable cash expenditure as required under the 'Modified Deitz method' means that this KPI can not be reconciled to financial measures reported in the Financial Statements. The target net return is UK/US CPI + 4%

Glossary of terms

Term	Explanation
Absolute return hedge funds	A hedge fund that aims to generate a stable return regardless of market performance (with low volatility)
Active grants	Grants which have been activated and are still being used. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	A portion of the Investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	The portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (corporate bonds and government gilts)
Charitable cash expenditure	Cash spent in year on charitable activities comprising Net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated Cash Flow Statement, page 112)
Directional hedge funds	A directional hedge fund maintains some exposure to the market without placing much emphasis on hedging market risk

Term	Explanation
Directly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by the internal investment division
Equity long/short hedge funds	Investment hedge funds that involve buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Indirectly managed public equity	The portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Global compounders basket	This is a directly held portfolio within the investment portfolio invested in public companies with characteristics expected to benefit from long-term trends
Growth markets	Economies of countries traditionally classified as emerging markets, which often feature high annual GDP growth
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the Financial Statements are in millions, rounded to one decimal point.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the “Trust”) and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the “Group”) have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (“FRS 102”). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (“FRS 102”) published in 2019 (the “SORP”) in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation below.

Wellcome Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the

Trust operates. The consolidated Financial Statements are also presented in pounds sterling.

The Wellcome Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a Cash Flow Statement.

(b) Summary of significant 47–51

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

- (i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;
- (ii) non-charitable operating subsidiary undertakings to conduct non-primary purpose trading which are held at cost less impairment;

- (iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment;
- (iv) non-charitable investment subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust which are held at fair value which is represented by their net asset value.

Consolidation comprises combining the assets, liabilities, the income and expenditure of those subsidiary undertakings with the Trust's balances on a line by line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated in the consolidated Financial Statements under FRS 102. These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a

long-term interest and has significant influence. The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed on page 120.

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as medium through which the Group carries out business, the associate or joint venture is measured at fair value with changes in fair value recognised in profit or loss (Statement of Financial Activities) in the consolidated Financial Statements in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on page 119. This is a departure from the SORP which requires that all such investments are accounted for using the equity method of accounting. The Trustees have concluded that this departure from the SORP ensures the Financial Statements present a true and fair view. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of income can be measured reliably, it is probable that future economic benefits will flow to the Group and when the specific criteria relating to the each of Group's income channels have been met, as described as follows. All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group together with the associated support costs, including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the

control of the Trust that would permit it to avoid making the future payments, settlement is probable and the effect of the discounting is material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and is based on the expected real rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plans. These are detailed in the Remuneration Report on page 82.

Short-term benefits

Short-term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due.

Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The asset or liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to “Actuarial gains and losses on defined benefit pension schemes” in the Statement of Financial Activities.

The cost of the defined benefit plans comprises:

- (a) the increase in pension benefit liability arising from employee service during the period up to closure of the schemes to future accrual;
- (b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the end of the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses.

Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the Statement of Financial Activities.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Table 1

	Years
Buildings	50
Leasehold Land and Buildings	Over the term of the lease
Other Plant and Equipment. Fixtures and fittings	3 to 15
Computer Equipment	3 to 5

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to

another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the balance sheet date. The basis of fair value for quoted investments is equivalent to the market value, using the bid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at Management's best estimate of fair value and comprise:

- Private equity and venture funds, which are valued externally by their fund managers.
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity and venture portfolio) and Management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models including using price of recent investment, discounted cash flows and public comparable.

- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 115-116, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

The Group's use of derivative financial instruments includes equity index-linked futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange.

The Group's warrants are held at the fair value determined by Management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by Management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

(v) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third party professional valuers; however, where properties are acquired close to the balance sheet date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which Management considers to be a reasonable estimate of open market value at the balance sheet date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme-related investments

Programme-related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are potential future inflows of economic benefits where the likelihood of receipt is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries of the Group are subject to UK Corporation Tax. However, because their policy is to make a qualifying charitable donation (“Gift Aid”) to the Wellcome Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to an insufficient level of cash or distributable reserves.

Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax (“VAT”) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Subject to recognition criteria, Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of the timing difference. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries, despite the fact it is likely the subsidiaries will be able to make a Gift Aid donation equal to the amount of taxable profit arising from the future realisation of the underlying assets.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the Financial Statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas is considered by the Audit and Risk Committee based on information prepared by Management, refer to Audit and Risk Committee Report (page 90).

Key sources of estimation and uncertainty made in applying the Group's accounting policies

Unquoted investments

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Direct investments which are reported within:			
• Direct Private and Private co-investments; and	2,106	As noted in the Accounting Policies on page 115, these investments are valued at management's best estimate of fair value.	The fair value of these direct investments is estimated noting there is uncertainty on their future financial performance. These direct investments particularly the early stage venture co-investments have a range of possible fair value estimates. If the fair value of these investments decreased to the bottom of the possible fair value range this would decrease unquoted investment balances by £214 million and if increased to the top of the possible range this would increase unquoted balances by £276 million.
• Property	276	For these investments fair value is estimated using a range/or combination of methodologies including price of recent investment, discounted cash flow analysis, public comparables and private comparable transactions.	
in the Investment asset allocation, refer to Figure 6 on page 33)			

Key sources of estimation and uncertainty made in applying the Group's accounting policies (continued)

Investment asset category	Value £mn	Valuation methodology	Estimations and assumptions
Investment Operating Subsidiaries, Joint Ventures and development land with planning consent (which are included within Property in the investments allocation refer to Figure 6 on page 33).	1,392	As noted in the Basis of Consolidation on pages 115-116 certain subsidiaries and joint ventures and associates are excluded from consolidation where the interest is held as part of the investment portfolio and measured on a fair value basis. Fair value is based on external valuers employing RICS valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates, development value, land and house price growth and absorption rates estimated) and comparable land values.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. There is also estimation uncertainty associated with the effect of climate change on the fair value assumptions. A sensitivity analysis is provided for this below. The sensitivities presented are as provided by the external valuers to provide context to their valuations. Management review the sensitivities and considers them reasonable in the context of the historic movements in these estimates.

Estimate	Change in estimate	Impact on unquoted investments
Discount rates	Increase of 1.0%	Decrease by £51.0 million (0.2%)
	Decrease of 1.0%	Increase by £72.1 million (0.3%)
Land values	Increase/decrease of 10%	Increase/decrease by £9.5 million (0.1%)
Land and house price growth	Decrease of 1.0%	Decrease by £29.4 million (-0.1%)
Development absorption rate	Decrease of 100 units per annum below peak	Decrease by £88.7 million (0.4%)
Construction costs rate per square foot	Increase/decrease of 5%	Decrease/increase by £16.1 million (0.1%)
Residential sales and rent rate per square foot	Increase/decrease of 5%	Increase/decrease by £9.8 million (0.1%)

Grant liabilities

Accounting methodology	Value £mn	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded, but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: - calculating the appropriate discount rate and; - determining when the liability will be called down and paid.	2,742	The discount rate used is expected future nominal rate of investment returns. This is considered by Management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: - The start delay of a grant – this is the delay between the date the grant was approved to the date the payments start to be made - The retention delay – this is the delay between the official grant end date, and the date the final payment is made - The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no cost extensions are granted to grantees which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for these below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities (2022: 7.4%, 2021: 7.0%)	Increase of 3.0% p.a. Decrease of 3.0% p.a.	Decrease by £157.6 million (-4.9%) Increase by £180.8 million (5.6%)
Start delay (2022: 5 months, 2021: 5 months)	Decrease -2 months Increase +2 months	Increase by £3.5 million (0.1%) Decrease by £4.3 million (-0.1%)
Retention delay (2022: 9 months, 2021: 7 months)	Decrease -3 months Increase +3 months	Increase by £24.4 million (0.8%) Decrease by £23.9 million (-0.7%)
Weighted stretch delay (2022: 24%, 2021: 22%)	Decrease -5% Increase +5%	Increase by £25.2 million (0.8%) Decrease by £24.5 million (-0.8%)

Start delay – average over the last 5 years, calculated using the start delay for grants started over the last 5 years (2018-2022). There will always be a start delay and +/- of 2 months is used for the analysis.

Retention delay – average over the last 5 years. Using this data the average came out as 9 months. The lowest average retention delay was 3 months and the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – average over the last 5 years (excluding outliers). If all grants are included in the calculation then it gives a range of +/- 5% which is what is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £mn	Estimations and assumptions
The actuaries provide a summary of the actuarial assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	592	The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £62.2 million (10.5%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £36.7 million (6.2%)

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group is through fair value rather than a medium through which the Group carries out business (refer Basis of consolidation, pages 115-116). This judgement relies on the Group's assessment of the purpose of the investment and ongoing Management of these entities, this has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above.

3. Dividends and interest

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Dividends from UK equities	63.6	62.7	63.6	48.7
Dividends and interest from subsidiaries	-	-	-	44.8
Dividends from overseas equities	201.2	164.8	189.8	155.3
Income from unquoted investments	49.8	19.3	49.3	19.1
Interest from quoted investments	-	0.8	-	0.8
Interest on cash and cash deposits	2.7	-	2.6	-
Securities lending income	5.2	1.2	5.2	1.2
	322.5	248.8	310.5	269.9

Interest from quoted investments relates to the funds realised in the prior year, which had been held for the purposes of repaying the 2021 bonds (repaid in May 2021).

4. Other income

(a) Grants receivable

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
	28.9	24.1	-	-

Grants receivable comprises awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, including government grants of £2.9 million (2021: £6.6 million). Income on these grants is recognised on the performance model in line with the accounting policy for charitable income.

(b) Other charitable income

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
	107.5	99.8	199.5	25.7

Included in other charitable income for the Group is:

- £11.3 million (2021: £11.1 million) of proceeds arising from the sale during the year of programme-related investments, details of which are given in note 15 (d), and
- £4.2 million received by Genome Research Limited in relation to the Whole Genome Sequencing Project discussed in note 6.

Included in other charitable income for the Trust are Gift Aid donations received from subsidiary undertakings, totaling 2022: £152.6 million (2021: £13.1 million). This does not include gift aid received from Premier Marinas and Urban & Civic as these entities are held as part of the investment portfolio and their gift aid is accounted for as investment income. Details of significant group undertakings are given in note 21.

5. Management fees and other investment costs

(a) Total investment costs

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
External investment management fees	37.1	61.0	37.0	57.2
Internal investment administration	31.0	42.4	30.8	42.2
Investment support cost allocation	6.7	6.4	6.5	6.2
	74.8	109.8	74.3	105.6

The amount accrued for Long Term Incentive Plans included in the internal investments administration costs above was £9.4 million (2021: £27.7 million). Senior staff in the Investments team receive performance-based remuneration, as noted on page 84, which can give rise to variations in the amount charged to internal investment administration year on year.

External investment management fees includes performance fees paid to external investment managers for outperformance against their respective benchmarks. The outperformance varies year on year and the current year had lower levels of outperformance than in the prior year (refer Public Equities section of the Review of Investment Activities page 34-35 for further details).

The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

	Group and Trust			Group and Trust	
	2022	2021		2022	2021
£60,000-£69,999	2	4	£1,760,000-£1,769,999	1	-
£70,000-£79,999	1	1	£1,830,000-£1,839,999	3	-
£80,000-£89,999	4	1	£1,970,000-£1,979,999	-	1
£90,000-£99,999	3	2	£2,250,000-£2,259,999	-	1
£100,000-£109,999	1	3	£2,270,000-£2,279,999	1	-
£130,000-£139,999	1	1	£2,690,000-£2,699,999	-	1
£140,000-£149,999	1	3	£3,430,000-£3,439,999	-	1
£150,000-£159,999	2	4	£3,690,000-£3,699,999	-	1
£160,000-£169,999	1	-	£4,440,000-£4,449,999	1	-
£180,000-£189,999	2	-	£4,710,000-£4,719,999	1	-
£210,000-£219,999	-	1	£7,830,000-£7,839,999	-	1
£230,000-£239,999	-	1	£7,920,000-£7,929,999	-	1
£250,000-£259,999	2	1		36	37
£280,000-£289,999	1	-			
£340,000-£349,999	1	1			
£430,000-£439,999	1	-			
£530,000-£539,999	-	1			
£540,000-£549,999	1	-			
£580,000-£589,999	3	-			
£600,000-£609,999	1	-			
£630,000-£639,999	-	1			
£640,000-£649,999	1	-			
£660,000-£669,999	-	2			
£670,000-£679,999	-	1			
£730,000-£739,999	-	1			
£740,000-£749,999	-	1			

The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) fell within the bands as shown in the table above.

Long Term Incentive Plans reflect rolling 3 and 5 year performance periods. Long term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the Remuneration Committee and are reported in the year in which the decision is made.

These amounts include awards for which payment is deferred and subject to future investment performance.

6. Charitable activities

Group	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2022 £mn
Discovery Research	599.9	181.1	44.0	825.0
Infectious Disease	274.6	12.4	7.7	294.7
Mental Health	32.9	5.2	2.6	40.7
Climate and Health	46.9	2.2	1.6	50.7
Cross-mission	13.0	48.8	31.1	92.9
Leap	-	57.8	4.3	62.1
	967.3	307.5	91.3	1,366.1
Effect of discounting of grant liability	(131.0)	-	-	(131.0)
Foreign exchange revaluation of grant liability	102.6	-	-	102.6
Total	938.9	307.5	91.3	1,337.7

This is the first year that Wellcome is reporting charitable activities against our new strategy, therefore prior year comparators cannot be presented in the same activities as this year.

Grant funding and direct charitable activities totalled £1,274.8 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs are Discovery Research £33.8 million, Infectious Disease £7.4 million, Mental Health £2.2 million, Cross-mission £9.8 million, Leap £1.3 million.

Group	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2021 £mn
Science	598.3	207.8	56.0	862.1
Innovations	104.1	13.6	8.6	126.3
Culture & Society	43.1	32.9	26.0	102.0
Priority Areas	102.4	29.0	11.5	142.9
	847.9	283.3	102.1	1,233.3
Effect of discounting of grant liabilities	(48.2)	-	-	(48.2)
Foreign exchange revaluation of grant liabilities	(6.0)	-	-	(6.0)
Total	793.7	283.3	102.1	1,179.1

In the prior year grant funding and direct charitable activities totalled £1,131.2 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs were Science £41.6 million, Innovations £7.6 million, Culture & Society £14.8 million and Priority Areas £9.0 million.

Charitable activities (continued)

Trust	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2022 £mn
Discovery Research	698.5	14.0	20.4	732.9
Infectious Disease	274.6	12.4	7.7	294.7
Mental Health	32.9	5.2	2.6	40.7
Climate and Health	46.9	2.2	1.6	50.7
Cross-mission	22.4	48.1	31.1	101.6
Leap	250.0	-	1.3	251.3
	1,325.3	81.9	64.7	1,471.9
Effect of discounting of grant liability	(154.2)	-	-	(154.2)
Foreign exchange revaluation of grant liability	186.8	-	-	186.8
Total	1,357.9	81.9	64.7	1,504.5

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7). Grant funding and direct charitable activities totalled £1,407.1 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs are Discovery Research £20.0 million, Infectious Disease £7.3 million, Mental Health £2.2 million, Cross-mission £9.8 million, Leap £1.3 million.

Trust	Grant funding £mn	Direct £mn	Allocated support £mn	Total 2021 £mn
Science	714.5	14.4	35.4	764.3
Innovations	104.1	13.6	8.6	126.3
Culture & Society	43.1	32.5	26.0	101.6
Priority Areas	102.4	19.2	11.5	133.1
	964.1	79.7	81.5	1,125.3
Discounting of grant liabilities	(35.6)	-	-	(35.6)
Foreign exchange revaluation of grant liabilities	(27.2)	-	-	(27.2)
Total	901.3	79.7	81.5	1,062.5

In the prior year grant funding and direct charitable activities totalled £1,182.5 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs were Science £31.6 million, Innovations £6.8 million, Culture & Society £14.3 million and Priority Areas £14.7 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science.

Grants no longer required relates to unspent amounts of grants awarded in previous years. Supplementations relate to agreed additional research costs for existing grants.

Please refer to the Financial Review on pages 47-51 for an explanation of the movement in grant expenditure.

Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives.

The grants included within 'Grants to other organisations' for 2022 totalled less than £10.0 million in value for each organisation. The institutions listed in the 2021 table are those institutions that received grants in excess of £10.0 million in 2021.

Grants no longer required includes £57.8 million awarded to African Academy of Sciences in previous years, that was transferred to Science for Africa Foundation in 2022.

Grants awarded (continued)

Group	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Leap £mn	Total 2022 £mn
University of Oxford	126.9	13.5	6.1	1.5	0.7	-	148.7
The Francis Crick Institute	139.5	3.1	-	-	-	-	142.6
Coalition for Epidemic Preparedness Innovations (CEPI), Norway	-	109.6	-	-	-	-	109.6
University College London	58.7	0.1	-	0.7	1.2	-	60.7
Science for Africa Foundation (SFA), Kenya	-	57.8	-	-	-	-	57.8
Imperial College London	19.4	15.0	-	0.5	0.3	-	35.2
University of Cambridge	33.3	-	1.2	-	0.6	-	35.1
Boston University, USA	-	34.2	-	-	-	-	34.2
King's College London	23.5	-	1.3	-	0.4	-	25.2
London School of Hygiene & Tropical Medicine	17.7	1.3	-	0.8	2.4	-	22.2
University of Edinburgh	22.0	-	0.1	-	-	-	22.1
Global Health Innovative Technology Fund, Japan	-	17.2	-	-	-	-	17.2
University of Liverpool	5.2	4.0	6.9	0.5	-	-	16.6
Diamond Light Source Ltd	14.7	-	-	-	-	-	14.7
University of Glasgow	9.3	5.0	-	-	0.2	-	14.5
The Foundation for Scientific and Technological Development in Health, Brazil	1.4	8.0	-	4.8	-	-	14.2
University of Manchester	14.1	-	-	-	-	-	14.1
University of Exeter	13.2	-	-	-	0.1	-	13.3
University of Dundee	11.4	-	-	-	-	-	11.4
University of Sheffield	10.2	-	-	-	-	-	10.2
University of York	7.0	3.0	0.1	-	0.1	-	10.2
International Bank for Reconstruction and Development, USA	-	10.0	-	-	-	-	10.0
Grants to other organisations	91.4	58.8	17.4	38.1	7.8	-	213.5
Total grants (excluding grants no longer required)	618.9	340.6	33.1	46.9	13.8	-	1,053.3
Less: grants awarded in previous years no longer required	(19.0)	(66.0)	(0.2)	-	(0.8)	-	(86.0)
	599.9	274.6	32.9	46.9	13.0	-	967.3

Grants awarded (continued)

Group	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Leap £mn	Total 2022 £mn
Grants awarded of which:							
United Kingdom	570.3	53.3	19.6	10.5	10.0	-	663.7
Directly funded international	29.6	221.3	13.3	36.4	3.0	-	303.6
Grants awarded by the Group	599.9	274.6	32.9	46.9	13.0	-	967.3

Trust	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Leap £mn	Total 2022 £mn
Grants awarded by the Group	599.9	274.6	32.9	46.9	13.0	-	967.3
Plus: Grants awarded to subsidiary undertakings							
- Wellcome Sanger Institute	98.6	-	-	-	-	-	98.6
- Wellcome Trust gGmbH, Germany	-	-	-	-	9.4	-	9.4
- Wellcome Leap, USA	-	-	-	-	-	250.0	250.0
Grants awarded by the Trust	698.5	274.6	32.9	46.9	22.4	250.0	1,325.3

Grants awarded (continued)

Group	Science £mn	Innovations £mn	Culture & Society £mn	Priority Areas £mn	2021 £mn
University of Oxford	92.6	13.6	2.8	15.2	124.2
University College London	61.5	4.9	2.2	0.1	68.7
University of Cambridge	51.4	1.8	0.9	0.1	54.2
University of Edinburgh	34.4	3.2	1.7	-	39.3
King's College London	28.8	4.7	0.4	-	33.9
Imperial College London	14.5	9.0	0.1	-	23.6
European Bioinformatics Institute	21.2	-	1.4	-	22.6
London School of Hygiene & Tropical Medicine	19.5	2.0	0.8	0.3	22.6
Coalition for Epidemic Preparedness Innovations (CEPI), Norway	22.2	-	-	-	22.2
Queen Mary University of London	20.7	-	-	-	20.7
University of Glasgow	20.1	0.3	0.3	-	20.7
Boston University, USA	-	-	-	19.8	19.8
University of Dundee	4.7	14.9	-	-	19.6
The Francis Crick Institute	19.3	-	-	-	19.3
University of Manchester	11.7	6.5	0.4	-	18.6
Liverpool School of Tropical Medicine	11.5	-	-	6.2	17.7
World Health Organization, Switzerland	10.1	0.5	1.8	4.1	16.5
University of Liverpool	15.5	-	0.5	-	16.0
Monash University, Australia	-	14.5	-	1.2	15.7
Academy of Medical Sciences	15.7	-	-	-	15.7
Drugs for Neglected Diseases Initiative, Switzerland	-	4.9	-	8.8	13.7
University of Leicester	11.9	-	0.2	-	12.1
University of Bristol	11.0	-	0.8	-	11.8
Medical Research Council	11.4	-	-	-	11.4
Diamond Light Source Ltd	10.7	-	-	-	10.7
Grants to other organisations	84.5	27.5	30.1	47.5	189.6
Total grants (excluding grants no longer required)	604.9	108.3	44.4	103.3	860.9
Less: grants awarded in previous years no longer required	(6.6)	(4.2)	(1.3)	(0.9)	(13.0)
	598.3	104.1	43.1	102.4	847.9

Grants awarded (continued)

Group	Science £mn	Innovations £mn	Culture & Society £mn	Priority Areas £mn	2021 £mn
Grants awarded of which:					
United Kingdom	541.1	68.4	33.9	36.0	679.4
Directly funded international	57.2	35.7	9.2	66.4	168.5
Grants awarded by the Group	598.3	104.1	43.1	102.4	847.9

Trust	Science £mn	Innovations £mn	Culture & Society £mn	Priority Areas £mn	2021 £mn
Grants awarded by the Group	598.3	104.1	43.1	102.4	847.9
Plus: Grants awarded to subsidiary undertakings					
- Wellcome Sanger Institute	116.2	-	-	-	116.2
- Wellcome Leap, USA	-	-	-	-	-
Grants awarded by the Trust	714.5	104.1	43.1	102.4	964.1

Further details of grants awarded by the Trust are published on the Trust's website: wellcome.org.

The following Governors had appointments with or supervised individuals within organisations which were in receipt of grant funding during the year:

Professor Fiona Powrie

– University of Oxford

Professor Sir Michael Ferguson

– University of Dundee

Professor Ijeoma Uchegbu

– University College London

The following Governors do not hold Wellcome grants or supervise individuals with Wellcome grants, but have an interest in an organisation that is in receipt of Wellcome funding:

Julia Gillard

– Chair of the Global Institute for Women's Leadership, King's College London

Amelia Fawcett

– Chair, Royal Botanical Gardens Kew

8. Grants awarded but not yet paid

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Liabilities at 1 October	2,476.1	2,271.5	2,653.8	2,484.5
Grants awarded during the year	967.3	847.9	1,325.3	964.1
Grants paid during the year	(672.5)	(589.1)	(850.2)	(732.0)
Discounting of grant liabilities	(131.0)	(48.2)	(154.2)	(35.6)
Foreign exchange revaluation of grant liabilities	102.6	(6.0)	186.8	(27.2)
Liabilities as at 30 September	2,742.5	2,476.1	3,161.5	2,653.8
Of which:				
- falling due within one year (note 17)	818.3	823.2	983.8	879.7
- falling due after one year (note 17)	1,924.2	1,652.9	2,177.7	1,774.1
Liabilities as at 30 September	2,742.5	2,476.1	3,161.5	2,653.8

The total value of the grant liabilities discount for the year ended 30 September 2022 is £504.0 million (2021: £373.0 million) applying an expected nominal rate of investment return of 7.4% (2021: 7.0%).

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.

Funding administration costs are those costs that can be directly attributed to an activity.

Environment and Workplace Services comprise an allocation of costs of the following teams; Internal Communications, People, Environment and Workplace Services, Finance, Legal, and Digital and Technology.

The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.

- Where costs have been allocated on the basis of headcount numbers, headcount numbers are the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the total grant expenditure of the charitable activities; or where appropriate, based on a proportion of both grant and direct spend on the activity.

Group	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Leap £mn	Total 2022 £mn	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	12.2	Expenditure/Directly attributed
Support of scientific research	-	23.1	-	-	-	-	-	23.1	Directly attributed
Operations	5.5	9.7	3.4	2.1	0.8	30.3	3.0	54.8	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	3.1	Expenditure
Governance costs	0.7	2.7	0.9	0.1	0.2	0.2	-	4.8	Expenditure/Directly attributed
	6.7	44.0	7.7	2.6	1.6	31.1	4.3	98.0	

Group	Costs of generating funds £mn	Science £mn	Innovations £mn	Culture & Society £mn	Priority Areas £mn	Total 2021 £mn	Allocation method
Funding administration	-	12.9	3.9	1.2	1.1	19.1	Expenditure/Directly attributed
Support of scientific research	-	20.2	-	-	-	20.2	Directly attributed
Operations	5.5	17.0	3.8	24.3	9.6	60.2	Headcount/Expenditure
Other	0.4	3.6	0.6	0.3	0.5	5.4	Expenditure
Governance costs	0.5	2.3	0.3	0.2	0.3	3.6	Expenditure/Directly attributed
	6.4	56.0	8.6	26.0	11.5	108.5	

Support costs (continued)

Trust	Costs of generating funds £mn	Discovery Research £mn	Infectious Disease £mn	Mental Health £mn	Climate and Health £mn	Cross-mission £mn	Leap £mn	Total 2022 £mn	Allocation method
Funding administration	0.3	6.7	2.7	0.3	0.5	0.4	1.3	12.2	Expenditure/Directly attributed
Operations	5.5	9.7	3.5	2.0	0.8	30.3	-	51.8	Headcount/Expenditure
Other	0.2	1.8	0.7	0.1	0.1	0.2	-	3.1	Expenditure
Governance Costs	0.5	2.2	0.8	0.2	0.2	0.2	-	4.1	Expenditure/Directly attributed
	6.5	20.4	7.7	2.6	1.6	31.1	1.3	71.2	

Trust	Costs of generating funds £mn	Science £mn	Innovations £mn	Culture & Society £mn	Priority Areas £mn	Total 2021 £mn	Allocation method
Funding administration	-	12.9	3.9	1.2	1.1	19.1	Expenditure/Directly attributed
Operations	5.5	17.0	3.8	24.3	9.6	60.2	Headcount/Expenditure
Other	0.4	3.6	0.6	0.3	0.5	5.4	Expenditure
Governance costs	0.3	1.9	0.3	0.2	0.3	3.0	Expenditure/Directly attributed
	6.2	35.4	8.6	26.0	11.5	87.7	

10. Governance costs

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Governors' fees and expenses	1.0	1.0	1.0	1.0
Auditor's remuneration				
- parent company and consolidation	0.7	0.7	0.7	0.7
- audits of subsidiary undertakings	0.6	0.4	-	-
Internal audit	2.2	1.5	2.1	1.3
Other costs	0.3	-	0.3	-
	4.8	3.6	4.1	3.0

Internal audit services are those provided by the in-house internal audit team, together with the cost of specialist services provided by PricewaterhouseCoopers LLP.

The audit of subsidiary undertakings excludes fees due to the Trust's Auditor Deloitte LLP relating to Premier Marinas Limited and Farmcare Limited of £0.2 million (2021: £0.3 million, audit fees relating to Premier Marinas Limited and Farmcare Trading Limited), excluding VAT and fees due to BDO LLP as Auditor of Urban & Civic of £0.5 million (2021: £0.3 million) excluding VAT, these entities are held as part of the investment portfolio.

These Deloitte LLP fees are taken into account for the purposes of monitoring the cap on the level of non-audit services as required by legislation.

There were no additional fees for non-audit services payable to the Group's Auditor Deloitte LLP (2021: £0.1 million).

	Group		Trust	
Non-audit services split (excluding VAT)	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Bond issue	-	0.1	-	0.1
	-	0.1	-	0.1

11. Employee information

(a) Employee benefits

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Remuneration and salary benefits	138.8	162.6	75.4	96.8
Social Security costs	17.1	13.0	11.0	7.4
Pension costs and other benefits	18.5	30.8	8.7	20.2
	174.4	206.4	95.1	124.4

Remuneration and salary benefits also includes termination payments, which were higher in the prior year due to the major redesign of the organisation (refer to note 11(b) below) and amounts accrued for Long Term Incentive Plans for Investment team members (refer to note 5). Pension costs and other benefits includes the current service cost of the pension fund which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Redundancy	0.1	7.3	(0.3)	7.1
Other compensation	-	0.2	-	0.1
	0.1	7.5	(0.3)	7.2

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2022	2021
Trust	879	878
Subsidiary undertakings	1,202	1,187
Total for the Group	2,081	2,065
Analysed by		
Investments	46	46
Direct activities	1,364	1,350
Support	671	669
Total for the Group	2,081	2,065
Analysed by		
Investments	46	46
Direct activities	370	361
Support	463	471
Total for the Trust	879	878

60 PhD students (2021: 60) at Genome Research Limited do not have a contract of employment with the Group, therefore are not included in the table above. The PhD students provide a significant contribution to the scientific research and have an agreement of support to carry out their own PhD thesis.

(d) Benefits of employees

The number of employees working on charitable activities of the Trust and its subsidiary undertakings (Genome Research Limited and Wellcome Leap, refer to Note 1(b) Basis of Consolidations, page 115) whose benefits fell within the following bands is shown in the table.

Benefits are defined as including salaries, bonuses, allowances (such as allowances for housing and moving for staff relocating internationally), salary paid in lieu of employer pension contributions, and termination payments, but excluding employer pension contributions and employer National Insurance Contributions.

Employees of Wellcome Leap receive benefits in US\$ which have been converted into £ equivalent for this table. The value of these benefits (included in the Group) is affected by fluctuating US\$: £ exchange rates throughout the year and from year to year.

Wellcome's policy is to pay staff at market median. A new pay structure to achieve this was implemented by the Trust in the prior year, during which a number of staff who were paid below market median received salary increases in order to address this. The pay structure implementation, termination payments related to the major redesign of the organisation (refer to note 11(a)) in the prior year, and allowances related to staff joining Wellcome who relocated internationally, have all impacted the number of employees shown in the table.

The emoluments of the Director included in the table below totalled £538,041 (2021: £515,216).

Information relating to the Investment team staff are not included in this table but are shown separately in note 5(b).

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 82-86.

The tables on the Remuneration Report on pages 83-86, together with the accompanying notes, form part of the audited Financial Statements.

	Group		Trust	
	2022	2021	2022	2021
£60,000-£69,999	160	166	101	84
£70,000-£79,999	86	108	60	64
£80,000-£89,999	51	52	36	36
£90,000-£99,999	34	34	23	27
£100,000-£109,999	20	28	15	23
£110,000-£119,999	19	20	11	14
£120,000-£129,999	11	18	8	16
£130,000-£139,999	9	17	7	11
£140,000-£149,999	8	7	5	5
£150,000-£159,999	8	11	2	5
£160,000-£169,999	4	7	-	6
£170,000-£179,999	4	8	3	6
£180,000-£189,999	2	6	2	6
£190,000-£199,999	1	3	1	3
£200,000-£209,999	2	7	2	5
£210,000-£219,999	4	3	4	3
£220,000-£229,999	5	1	3	1
£230,000-£239,999	1	1	-	1
£240,000-£249,999	-	2	-	2
£250,000-£259,999	2	2	2	2
£260,000-£269,999	-	2	-	2
£290,000-£299,999	-	1	-	1
£300,000-£309,999	-	1	-	1
£310,000-£319,999	1	1	1	1
£340,000-£349,999	-	1	-	1
£350,000-£359,999	-	1	-	-
£370,000-£379,999	-	2	-	1
£380,000-£389,999	1	1	-	-
£440,000-£449,999	-	1	-	1
£450,000-£459,999	1	-	1	-
£490,000-£499,999	1	-	1	-
£510,000-£519,999	-	1	-	1
£530,000-£539,999	1	-	1	-
£540,000-£549,999	1	-	-	-
£560,000-£569,999	1	-	-	-
£720,000-£729,999	1	-	1	-
	439	513	290	329

(e) Retirement benefits

(i) Defined contribution Group Personal Pension plan

The Group provides a defined contribution Group Personal Pension plan into which both employee and employer contributions are paid. The employer contributions amounted to £16.0 million (2021: £7.9 million) and are included within Pension costs and other benefits in note 11(a). No amounts were unpaid at the end of the year (2021: £nil).

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme

The Group sponsors two approved funded defined benefit schemes, the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan ('the Plans'). Genome Research Limited made the decision during the prior year to cease further service accruals for existing members from 1st October 2021 and the Trust made the decision to cease further service accruals for existing members from 1st July 2022.

The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. The investment strategy of the Plan, adopted and regularly reviewed in consultation with the Group, is to be 100% in passive equities.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes.

The latest triennial actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2019; the valuation showed that the plan is fully funded. The latest triennial actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2021; the valuation showed that the plan is fully funded.

The amount of the surplus or deficit is subject to considerable variability because it depends on a valuation of assets and a range of actuarial assumptions impacting the liabilities. During the year, £nil deficit funding contributions were paid to the Plans (2021: £nil).

FRS102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and investment returns expected by the Plans. This leads to a difference between the accounting and funding position under the triennial actuarial valuations.

In addition certain Wellcome Trust senior employees are members of an Unfunded Unapproved

Retirement Benefit scheme 'UURBs'. The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the benefits are as per those stated within the FRS102 disclosures.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	2022 % per annum	2021 % per annum	2020 % per annum
Inflation	3.55	3.35	3.10
Salary increases	n/a	3.85	3.60
Rate of discount	5.00	2.00	1.75
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.25	3.20	3.00
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.55	3.35	3.10
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	2022 % per annum	2021 % per annum	2020 % per annum
Inflation RPI	3.50	3.30	3.05
Inflation CPI	3.15	2.95	2.70
Salary increases	N/A	N/A	3.55
Rate of discount	4.90	2.00	1.75
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.20	3.15	3.05
Allowance for pension in payment increase of CPI or 3% p.a. if less	2.20	2.30	2.95
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.50	3.30	2.15
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2022 included were derived based on the expectation that RPI will increase in line with CPIH from 2030.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 19 and 22 years respectively.

The mortality assumptions adopted imply the following life expectancies in years:

	2022	2021
Male retiring at age 60 in 2021	26.8	26.8
Female retiring at age 60 in 2021	28.8	28.7
Male retiring at age 60 in 2041	28.3	28.3
Female retiring at age 60 in 2041	30.3	30.3

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2021 projections and a 1.25% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Post-retirement medical benefits		Total	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Current service cost	9.1	27.6	0.6	0.6	-	-	9.7	28.2
Expenses	0.7	0.6	-	-	-	-	0.7	0.6
Interest on pension schemes' liabilities	4.4	6.4	0.4	0.4	-	-	4.8	6.8
Gains on Curtailments	(9.5)	(11.4)	-	-	-	-	(9.5)	(11.4)
Actuarial (gains)/losses	(306.4)	(152.0)	(8.3)	(0.4)	-	-	(314.7)	(152.4)
Total charge to the Statement of Financial Activities	(301.7)	(128.8)	(7.3)	0.6	-	-	(309.0)	(128.2)

Trust	Pension funds		Unfunded, unapproved scheme liabilities		Post-retirement medical benefits		Total	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Current service cost	9.1	12.1	0.6	0.6	-	-	9.7	12.7
Expenses	0.4	0.3	-	-	-	-	0.4	0.3
Interest on pension schemes' liabilities	1.7	2.9	0.4	0.4	-	-	2.1	3.3
Gains on Curtailments	(9.5)	-	-	-	-	-	(9.5)	-
Actuarial (gains)/losses	(156.5)	(84.7)	(8.3)	(0.4)	-	-	(164.8)	(85.1)
Total charge to the Statement of Financial Activities	(154.8)	(69.4)	(7.3)	0.6	-	-	(162.1)	(68.8)

(e) Retirement benefits (continued)

(iv) Present values of pension schemes' liabilities, fair value of assets and surplus/(deficit)

	Assets		Liabilities		Surplus/(Deficit)	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Wellcome Trust Pension Plan	361.5	419.1	(293.9)	(510.9)	67.6	(91.8)
Genome Research Limited Pension Plan	295.7	342.5	(282.0)	(475.7)	13.7	(133.2)
Total pension plans	657.2	761.6	(575.9)	(986.6)	81.3	(225.0)
Wellcome Trust unfunded, unapproved scheme liabilities	-	-	(15.7)	(23.4)	(15.7)	(23.4)
Wellcome Trust Post-retirement medical benefits	-	-	(0.6)	(0.8)	(0.6)	(0.8)
Total other retirement benefits	-	-	(16.3)	(24.2)	(16.3)	(24.2)
Total pension liabilities	657.2	761.6	(592.2)	(1010.8)	65.0	(249.2)

In the current year the funded status of both Plans is a surplus, an asset ceiling has been applied reflecting that any surplus can be used by the Plans at the discretion of the Plans Trustees.

(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Plans' liabilities at start of year	986.6	981.2	510.9	507.7
Current service cost	9.1	27.6	9.1	12.1
Expenses	0.7	0.6	0.4	0.3
Interest cost	19.6	17.2	10.1	8.9
Contributions by scheme participants	0.2	0.3	0.2	0.3
Actuarial (gains)/losses	(420.5)	(21.3)	(220.0)	(12.7)
Benefits paid and death-in-service insurance premiums	(10.3)	(7.6)	(7.3)	(5.7)
Gains on Curtailments	(9.5)	(11.4)	(9.5)	-
Plans' liabilities at end of year	575.9	986.6	293.9	510.9

(e) Retirement benefits (continued)

2022 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £62.2m (10.5%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	N/A
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £36.7m (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £10.7m (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £4.1m (0.7%)

Trust Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £32.5m (10.5%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	N/A
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.2m (6.2%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £5.6m (1.8%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £2.2m (0.7%)

2021 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £141.3m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.6m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £114.8m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £26.5m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £12.8m (1.3%)

Trust Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £73.1m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £10.2m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £59.4m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £13.7m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £6.6m (1.3%)

(e) Retirement benefits (continued)

(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Fair value of plan assets at start of year	761.6	614.4	419.1	339.7
Expected return on plan assets	15.2	10.8	8.4	6.0
Actuarial (losses)/gains	(114.1)	130.7	(63.5)	72.0
Contributions by the Group employers	4.6	13.0	4.6	6.8
Contributions by scheme participants	0.2	0.3	0.2	0.3
Benefits paid and death-in-service insurance premiums	(10.3)	(7.6)	(7.3)	(5.7)
Fair value of plan assets at end of year	657.2	761.6	361.5	419.1

These figures are for the pension schemes and exclude the other retirement benefits which are included in table 11(e)(iv) above.

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2022 £mn	2021 £mn	2020 £mn	2019 £mn	2018 £mn
Fair value of plans' assets	657.2	761.6	614.4	569.6	526.0
Present value of plans' liabilities	(575.9)	(986.6)	(981.2)	(941.4)	(728.2)
Surplus/(deficit) in scheme	81.3	(225.0)	(366.8)	(371.8)	(202.2)
Experience adjustment on plans' assets	(114.1)	130.7	25.1	13.7	34.9
Experience adjustment on plans' liabilities	(66.1)	7.8	(1.8)	(0.9)	(1.3)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	486.6	13.5	2.6	(171.0)	22.4

Trust	2022 £mn	2021 £mn	2020 £mn	2019 £mn	2018 £mn
Fair value of plans' assets	361.5	419.1	339.7	316.7	295.0
Present value of plans' liabilities	(293.9)	(510.9)	(507.7)	(485.5)	(383.3)
Surplus/(deficit) in scheme	67.6	(91.8)	(168.0)	(168.8)	(88.3)
Experience adjustment on plans' assets	(63.5)	72.0	14.1	7.7	19.7
Experience adjustment on plans' liabilities	(17.3)	3.9	(3.3)	(0.2)	(0.8)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	237.3	8.8	(1.2)	(85.0)	10.7

(viii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning 1 October 2022 is £0.2 million (2021: £5.4 million), which includes £nil (2021: £nil) of deficit funding, noting the decision taken to cease future service accruals from 1 July 2022.

The best estimate of the contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning 1 October 2022 is £nil million (2021: £nil million), which includes £nil (2021: £nil) of deficit funding, noting the cessation of future service accruals from 1 October 2022.

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration Report on page 83.

13. Taxation

Group	2022 £mn	2021 £mn
(a) Current Tax		
UK Corporation Tax on profits for the year	10.5	-
Adjustments in respect of prior periods	(0.2)	(0.4)
UK corporation tax on CFC deemed income	0.1	0.3
Total current tax	10.4	(0.1)
(b) Deferred Tax		
Origination and reversal of timing differences	(56.0)	(11.5)
Adjustments in respect of prior periods	(0.6)	-
Effect of change in UK tax rate	(4.0)	22.0
Total deferred tax	(60.6)	10.5
Taxation	(50.2)	10.4

Group	2022 £mn	2021 £mn
(c) Reconciliation of Tax Charge		
Profit/(loss) on ordinary activities before taxation on subsidiaries subject to taxation	(123.3)	18.6
Profit/(loss) before tax multiplied by average standard rate of corporation tax of 19.0% (2021: 19.0%)	(23.4)	3.5
Effects of:		
Income not subject to tax	(20.1)	(38.8)
Expenses not deductible for tax purposes	-	2.0
Gift aid donation paid	(5.6)	3.9
Temporary differences:		
Current year Gift Aid	-	(30.2)
Chargeable gains/(losses)	-	12.3
Movement in deferred tax not recognised	(3.0)	7.4
Adjustments to tax charge in respect of previous periods - deferred tax	0.5	0.1
Group income	(0.3)	-
Tax apportioned on CFC profits	0.1	0.3
Remeasurement of deferred tax for changes in tax rates	(14.0)	16.8
Expenses not deductible for tax purposes	15.8	33.4
Adjustments to tax charge in respect of previous periods	(0.2)	(0.4)
Utilisation of tax losses carried back	-	0.1
Taxation	(50.2)	10.4

The UK corporation tax rate for the period was 19%, and is due to rise to 25% as of 1 April 2023.

For the purposes of reporting under FRS102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise due to increases or decreases in the fair value of the investments held in these subsidiaries, which will not be taxable until these investments are sold. As the incoming corporation tax rate of 25% is substantially enacted, deferred tax continues to be recognised at 25%.

The estimated cost of irrecoverable Value Added Tax suffered by the Group in the year was £24.5 million (2021: £21.4 million).

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2021	480.4	1.5	290.3	8.3	780.5
Additions	-	-	6.6	8.9	15.5
Transfers	-	-	6.3	(6.3)	-
Disposals	-	-	(5.4)	(1.1)	(6.5)
Cost as at 30 September 2022	480.4	1.5	297.8	9.8	789.5
Accumulated depreciation as at 1 October 2021	147.4	1.5	219.0	-	367.9
Charge for the year	9.0	-	15.9	-	24.9
Transfers	-	-	-	-	-
Disposals	-	-	(5.4)	-	(5.4)
Accumulated depreciation as at 30 September 2022	156.4	1.5	229.5	-	387.4
Net Book Value as at 30 September 2022	324.0	-	68.3	9.8	402.1
Net Book Value as at 30 September 2021	333.0	-	71.3	8.3	412.6

(b) Trust

	Freehold land and buildings £mn	Long leasehold land and buildings £mn	Other plant, equipment, fixtures and fittings £mn	Assets in course of construction £mn	Total £mn
Cost as at 1 October 2021	232.7	1.5	132.4	3.1	369.7
Additions	-	-	1.1	3.8	4.9
Transfers	-	-	4.2	(4.2)	-
Disposals	-	-	(3.1)	-	(3.1)
Cost as at 30 September 2022	232.7	1.5	134.6	2.7	371.5
Accumulated depreciation as at 1 October 2021	75.0	1.5	85.0	-	161.5
Charge for the year	3.8	-	4.9	-	8.7
Transfers	-	-	-	-	-
Disposals	-	-	(3.1)	-	(3.1)
Accumulated depreciation as at 30 September 2022	78.8	1.5	86.8	-	167.1
Net Book Value as at 30 September 2022	153.9	-	47.8	2.7	204.4
Net Book Value as at 30 September 2021	157.7	-	47.4	3.1	208.2

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's Museum Collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's overall mission to challenge the way we think and feel about health by exploring the connections between science, medicine, life and art. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections, to ensure that their documentation, storage, location control, treatment and use all adheres to appropriate national and international guidelines, accreditation standards and code of ethics.

Wellcome Collection is both an accredited museum and an accredited archive, having been awarded full accreditation under schemes administered by Arts Council England and The National Archives.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to 'Conservation of Cultural Heritage', 'Conservation and care of archive and library collections', 'Conservation Process: Decision Making, Planning and Implementation' and 'Procurement of Conservation Services and Works'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy.

We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with Harwell which provides support for the majority of the disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify this and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, Unquoted investments and Investment properties

Group	Fair value 1 October 2021 £mn	Purchases £mn	Sales proceeds £mn	Total gains/ (losses) £mn	Fair value 30 September 2022 £mn
Total quoted investments	17,292.0	1,830.5	(3,216.8)	(2,354.9)	13,550.8
Total unquoted investments	18,814.3	3,762.4	(2,888.2)	1,414.0	21,102.5
Total investment properties	1,566.1	32.9	(22.7)	94.8	1,671.1
Total	37,672.4	5,625.8	(6,127.7)	(846.1)	36,324.4

Trust	Fair value 1 October 2021 £mn	Purchases £mn	Sales proceeds £mn	Total gains/ (losses) £mn	Fair value 30 September 2022 £mn
Total quoted investments	16,602.7	1,830.5	(3,216.8)	(2,296.2)	12,920.2
Total unquoted investments	17,014.5	3,732.8	(2,627.5)	1,305.4	19,425.2
Total investment properties	1,424.1	23.9	(22.8)	63.9	1,489.1
Total	35,041.3	5,587.2	(5,867.1)	(926.9)	33,834.5

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

During the year, the maximum aggregate fair value of quoted investment securities on loan was £1,042.3 million (2021: £1,105.0 million) and the Group held £1,088.2 million (2021: £1,155.5 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £2.3 million (2021: £96.4 million). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting

basis has not been quantified. Due to the number of investments made, often over a number of years, the cost to our associates and joint ventures of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt of £16.8 million (2021: £96.4 million); and
- received sales proceeds, including the sale of Point A Hotels, of £128.1 million (2021: £65.4 million).

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Strutt & Parker and Cushman & Wakefield.

b) Derivative financial instruments

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Derivative financial instrument asset positions	-	30.8	-	30.8

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into pounds sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management including: a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Investment cash and certificates of deposit	3,377.8	3,820.3	3,376.1	3,806.9
Cash collateral held	133.6	128.7	133.6	128.7
Accrued income from investments	11.8	9.2	9.1	6.9
Income receivable	48.0	37.4	47.9	37.2
Proceeds receivable on sale of investments	8.2	11.3	8.2	11.3
Other investment debtors	18.0	9.5	16.7	7.0
Cash collateral posted with counterparties	360.4	-	360.4	-
Other investments assets	580.0	196.1	575.9	191.1

Other investment assets includes cash collateral posted with counterparties relating to derivative financial instrument liabilities (refer to note 17).

(d) Programme-related investments

Group	Book value 1 October 2021 £mn	Purchases £mn	Disposals £mn	Net write-downs £mn	Unrealised Gains	Book value 30 September 2022 £mn
Loans – other	-	1.6	-	(1.6)	-	-
Loans	-	1.6	-	(1.6)	-	-
Equities – Diamond Light Source	-	3.0	-	(3.0)	-	-
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	3.0	-	(3.0)	-	-
Equities – other	28.0	-	(1.9)	1.7	32.9	60.7
Equities	28.0	6.0	(1.9)	(4.3)	32.9	60.7
Revenue share – other	-	6.2	-	(6.2)	-	-
Revenue share	-	6.2	-	(6.2)	-	-
Total	28.0	13.8	(1.9)	(12.1)	32.9	60.7

Programme-related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to programme-related investments are detailed in note 19.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories) based in India and Hilleman Singapore Pte Limited, a new company set up in early 2021 based in Singapore. Both companies were established to develop affordable vaccines to prevent diseases that commonly affect low- and middle-income countries. Under the shareholding

agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

AMR Action Fund

The Trust has committed to a £50 million programme-related investment into the AMR Action Fund, an impact investment fund established to support late-stage antibiotic development. At each capital call funds will be provided in exchange for equity. The drawn down capital is included in the equities balance. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within direct expenditure.

Other

The Trust has provided funding to 101 (2021: 98) often early-stage companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme-related investment portfolio is performed, to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report (Figure 6 on page 33) £1,942.4 million (2021: £3,368.1 million) is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities. The fair value of these bond liabilities has increased since the reporting date to £2,080.6 million as at 6 January 2023.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2022

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted investments	13,550.8	-	-	13,550.8
Unquoted investments	-	5,691.2	15,411.7	21,102.9
Derivative financial instruments asset positions	-	-	-	-
Programme related investments	60.7	-	-	60.7
	13,611.5	5,691.2	15,411.7	34,714.4

Assets at fair value as at 30 September 2021

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Quoted investments	17,292.0	-	-	17,292.0
Unquoted investments	-	5,985.0	12,829.3	18,814.3
Derivative financial instruments asset positions	-	30.8	-	30.8
Programme related investments	28.0	-	-	28.0
	17,320.0	6,015.8	12,829.3	36,165.1

(e) Fair value of financial assets and liabilities (continued)**Liabilities at fair value as at 30 September 2022**

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	363.1	-	363.1

Liabilities at fair value as at 30 September 2021

	Level 1 £mn	Level 2 £mn	Level 3 £mn	Total £mn
Derivative financial instruments liabilities	-	6.0	-	6.0

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1;
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2; and
- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3.

For Level 3 investments:

- private equity and venture funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund; and
- unquoted direct investments and programme related investments are held at the valuation determined by Management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by Management. Further details of valuation assumptions used for key areas of estimation are provided in note 2.

(f) Realised and unrealised gains/(losses) on investments

		Group		Trust	
	Note	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Quoted investments	15(a)	(2,354.9)	2,512.3	(2,296.2)	2,702.2
Unquoted investments	15(a)	1,414.0	6,331.3	1,305.4	6,170.4
Investment properties	15(a)	94.8	293.5	63.9	297.9
Derivative financial instruments					
Currency overlay		(369.2)	24.9	(369.2)	24.9
Other derivative financial instruments		0.5	39.6	0.5	39.6
Shares in subsidiary undertakings		-	-	(2.1)	(113.1)
Short term investments		4.3	0.6	4.3	0.4
Foreign exchange losses on monetary assets		180.0	31.4	110.2	38.7
Foreign exchange losses on bond liabilities		(7.2)	18.9	(7.2)	18.9
		(1,037.7)	9,252.5	(1,190.4)	9,179.9

(g) Reconciliation to Trustee's Report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: public equity; private equity; hedge funds; property; and cash.

This note reconciles the net investment asset fair value at the balance sheet date as presented within the Trustee's Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	2022 £mn	2021 £mn
Quoted investments	15(a)	13,550.8	17,292.0
Unquoted investments	15(a)	21,102.5	18,814.3
Investment property	15(a)	1,671.1	1,566.1
Derivative financial instrument asset positions	15(b)	-	30.8
Investment cash and certificates of deposit	15(c)	3,377.8	3,820.3
Other investment assets	15(c)	580.0	196.1
Programme-related investments	15(d)	60.7	28.0
Investment assets as presented in the Financial Review		40,342.9	41,747.6
Derivative financial instrument liabilities	17	(363.1)	(6.0)
Amount payable on acquisition of investments	17	(8.6)	(1.6)
Cash collateral creditor	17	(133.6)	(128.7)
Deferred income from investments	17	(8.4)	(6.7)
Other investment liabilities	17	(22.7)	(26.3)
Total investment assets		39,806.5	41,578.3
Bond liabilities at amortised cost falling due within one year	17	(28.4)	(29.0)
Bond liabilities at amortised cost falling due between one and five years	17	(348.7)	-
Bond liabilities at amortised cost falling due after five years	17	(2,430.4)	(2,770.3)
Total interest bearing liabilities		(2,807.5)	(2,799.3)
Total investment assets		39,806.5	41,578.3
Total interest bearing liabilities		(2,807.5)	(2,799.3)
Adjusted for:			
Restatement of bond liabilities to fair value		865.0	(568.8)
Programme-related investments not in investment asset allocation	15(d)	(60.7)	(28.0)
Other investments not in asset allocation		2.9	0.6
Total assets net of Bond liabilities per Figure 6		37,806.2	38,182.8

Other investments not in asset allocation relate to programme-related investments and unquoted investments held by Genome Research Limited.

	2022	2021
Leverage (Total interest bearing liabilities/Total investment assets)	7.1%	6.7%

16. Debtors

	Group		Trust	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Amounts owed by subsidiary undertakings	-	-	203.5	270.2
Other debtors	12.1	19.3	1.4	1.7
Prepayments and accrued income	55.7	32.0	6.4	4.4
	67.8	51.3	211.3	276.3

Amounts owed by subsidiary undertakings are repayable on demand and charged interest at the overnight bank deposit rate.

17. Creditors

		Group		Trust	
	Note	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Falling due within one year					
Amounts owed to subsidiary undertakings		-	-	1,551.8	1,417.5
Grant liabilities	8	818.3	823.2	983.8	879.7
Bond liabilities		28.4	29.0	23.6	24.2
Amount payable on acquisition of investments		8.6	1.6	8.6	1.6
Cash collateral creditor		133.6	128.7	133.6	128.7
Deferred income from investments		8.4	6.7	7.5	6.5
Derivative financial instrument liabilities		363.1	6.0	363.1	6.0
Other investment liabilities		22.7	26.3	20.5	23.4
Trade creditors		17.2	27.5	11.0	4.1
Other creditors		38.7	58.5	36.1	55.1
Accruals and deferred income		59.4	52.3	14.4	13.0
Corporation tax		11.1	0.6	-	-
Total falling due within one year		1,509.5	1,160.4	3,154.0	2,559.8
Falling due between one and five years					
Grant liabilities	8	1,654.4	1,485.5	1,907.9	1,606.7
Other creditors		-	2.8	-	-
Lease premium creditor		1.6	2.1	-	-
Bond liabilities		348.7	-	348.7	-
		2,004.7	1,490.4	2,256.6	1,606.7
Falling due after five years					
Grant liabilities	8	269.8	167.4	269.8	167.4
Lease premium creditor		15.7	14.5	-	-
Bond liabilities		2,430.4	2,770.3	1,887.4	2,227.6
		2,715.9	2,952.2	2,157.2	2,395.0
Total falling due after one year		4,720.6	4,442.6	4,413.8	4,001.7

18. Provisions for liabilities and charges

Group	Deferred tax £mn	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2021	81.3	96.1	3.4	180.8
Charge for the year	(52.0)	(45.6)	0.9	(96.7)
Utilised in year	-	22.2	-	22.2
As at 30 September 2022	29.3	72.7	4.3	106.3

Trust	Employment related provisions £mn	Other provisions £mn	Total £mn
As at 1 October 2021	92.0	4.9	96.9
Charge for the year	(45.7)	0.5	(45.2)
Utilised in year	22.2	-	22.2
As at 30 September 2022	68.5	5.4	73.9

The employment-related provisions relates to long-term incentive plans for certain employees in the Investment team (refer note 5(a)) and unfunded unapproved retirement benefit schemes (refer to note 11(e)(ii)).

Long-term incentive plans vest over 5 year periods and then can be exercised at the employee's discretion for up to 25 years.

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £6.2 billion (2021: restated £2.8 billion). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £1.9 billion (30.1%) of the outstanding commitments in one year, £2.8 billion (44.2%) in between one and five years and £1.6 billion (25.7%) after five years.

(b) Pensions

Wellcome has previously agreed with the GRL Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by Wellcome, are that GRL pays the necessary contribution as agreed with the Trustee and the Plan Actuary and that any deficit in the funding identified by a full actuarial valuation will be repaid over a period of five years or less. Further details of the funding of the GRL Pension Plan are provided in note 11(e)(ii).

(c) Programme-related investments

Programme-related convertible loans and equity funding have been made over a series of years, of which £49.4 million (2021: £53.5 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has committed to a £50.0 million programme-related investment into the AMR Action Fund, an impact investment fund established to support antibiotic development. Drawdowns of £3.0 million have been made to date and therefore

the outstanding commitment amounted to £47.0 million (2021: £50.0 million), which is included in the £49.4 million noted above.

The Trust has committed to fund 14% of the operating capital of Diamond Light Source Limited. The outstanding commitment amounted to £0.2 million (2021: £6.0 million).

During the year, the Trust incurred £3.0 million (2021: £2.5 million) in expenditure relating to an entity in India, MSD-Wellcome Trust Hilleman Laboratories. The outstanding commitment amounted to £13.3 million (2021: £16.2 million).

(d) Grant funding activities

In prior years, Wellcome has made Seeding Drug Discovery grants of £172.9 million, of which £172.6 million has been included in grant expenditure in current and prior financial years. The remaining £0.3 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

To date the Trust has incurred £80.2 million for expenditure relating to Wellcome Trust-DBT India Alliance. Subject to appropriate approval, the Trust will contribute up to £8.0 million over the next year.

During the year, Wellcome incurred £0.3 million in expenditure relating to a partnership between Wellcome, the UK Medical Research Council, the UK Department for International Development and the UK Department of Health to fund global health trials in low and middle-income countries. Subject to review and approval of appropriate costed extensions, Wellcome may contribute up to a further £2.9 million over the next year.

During the year, Wellcome incurred £1.9 million in expenditure relating to a joint initiative between Wellcome, the UK Department for International Development, the Economic and Social Research Council and the UK Medical Research Council to fund health systems research in low- and middle-income countries. Subject to review and approval of appropriate costed extensions Wellcome may contribute up to £0.8 million over the next year.

Wellcome has not incurred any expenditure relating to a partnership with the British Heart Foundation, Cancer Research UK, Scottish Ministers acting through their Chief Scientist Office of the Scottish Government Health and Social Care Directorates, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Department of Health and Social Care acting through its National Institute for Health Research, Health and Social Care Research and Development Division, Welsh Government, Public Health Agency and The Health Foundation to fund research into population-level strategies that will prevent non-communicable diseases and reduce inequalities in health. Wellcome may contribute up to £0.9 million over the next year.

In 2017, the Trust entered into a partnership with the US Government's Biomedical Advanced Research and Development Authority (BARDA), Germany's Federal Ministry of Education and Research (BMBF), the UK Government's Department of Health and Social Care (DHSC) through its Global Antimicrobial Resistance Innovation Fund (GAMRIF), the Bill & Melinda Gates Foundation and Boston University to create the Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) to support preclinical product development of new antibiotics.

(d) Grant funding activities (continued)

£34.2 million was committed during the year and subject to review and approval of appropriate applications, the Trust will contribute up to £26.8 million over the next two years.

(e) Capital Commitments

In the current year, Wellcome and Genome Research Limited had commitments contracted and not provided for of £5.7 million (2021: £54.2 million) and £28.1 million (2021: £3.0 million) respectively. These relate to refurbishment of investment properties and Wellcome Genome Campus redevelopment.

20. Movement in Charity Funds

Group	Balance as at 1 October 2021 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2022 £mn
Restricted Funds	19.8	33.1	(35.4)	-	17.5
Unrestricted Funds	36,240.8	469.2	(1,088.5)	(1,037.7)	34,583.8
Total Charity Funds	36,260.6	502.3	(1,123.9)	(1,037.7)	34,601.3

Group	Balance as at 1 October 2020 £mn	Income £mn	Expenditure £mn	Net investment gains £mn	Balance as at 30 September 2021 £mn
Restricted Funds	19.5	65.9	(65.6)	-	19.8
Unrestricted Funds	27,802.3	344.4	(1,158.4)	9,252.5	36,240.8
Total Charity Funds	27,821.8	410.3	(1,224.0)	9,252.5	36,260.6

All restricted funds arise in Genome Research Limited.

21. Group undertakings

a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited is the sole member
Wellcome Leap Inc.	100%	N/A	United States of America	The Wellcome Trust Limited is the sole member
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is sole holder of ordinary non-voting shares and Class B preference shares
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
- non-charitable investment holding subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust where the net asset value is in excess of £300 million – refer to note 21(b)(ii); and
- a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).

All subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

(a) Summary of activities of significant subsidiary undertakings (continued)

The table below details the subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Urban&Civic PLC	100% (indirect through Gower Place Investments Limited)	SC149799	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

The Trust has taken advantage of an exemption from audit available under 480 of the Companies Act 2006 for the following subsidiary which is registered in England:

Wellcome Trust Investments 3 Unlimited

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertaking

	Genome Research Limited	
	2022 £mn	2021 £mn
Income	186.0	221.5
Expenditure	(182.5)	(207.8)
Actuarial gains on defined benefit pension scheme	136.2	67.3
Net movements in funds	139.7	81.0
Total assets	251.3	251.7
Liabilities	(68.5)	(75.4)
Defined benefit pension scheme deficit	-	(133.2)
Net liabilities	182.8	43.1

All restricted funds arise in Genome Research Limited.

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investments 2 Unlimited	
	2022 £mn	2021 £mn	2022 £mn	2021 £mn	2022 £mn	2021 £mn
Turnover	-	14.0	-	-	11.4	9.4
Expenditure	(10.0)	(12.3)	3.8	23.9	(78.7)	(27.1)
Gains/(losses) on investments	32.9	62.9	(11.9)	(147.1)	35.9	41.1
Total profit	22.9	64.6	(8.1)	(123.2)	(31.4)	23.4
Investment assets	1,015.7	1,094.2	301.3	313.2	680.0	771.2
Current assets	183.0	79.1	97.7	97.3	377.8	352.2
Total assets	1,198.7	1,173.3	399.0	410.5	1,057.8	1,123.4
Liabilities	(0.3)	(14.0)	(14.4)	(17.8)	(15.0)	(49.8)
Net assets	1,198.4	1,159.3	384.6	392.7	1,042.8	1,073.6

The functional currency of Wellcome Trust Investments 2 Unlimited is the US dollar because the majority of the Company's transactions are denominated in US dollars.

(iii) Non-charitable investment financing subsidiary undertaking

	Wellcome Trust Finance plc	
	2022 £mn	2021 £mn
Turnover	29.0	38.1
Expenditure	(29.0)	(38.1)
Total profit	-	-
Assets	686.6	686.3
Liabilities	(549.1)	(548.8)
Net assets	137.5	137.5

22. Consolidated cash flow

(a) Investment income received

	2022 £mn	2021 £mn
Dividends and interest	322.5	248.8
Rental income	43.4	37.6
Decrease in income receivable from investments	(10.6)	(2.4)
Decrease in accrued income from investments	(2.6)	(2.0)
Decrease in deferred income from investments	1.8	2.6
Investment income received	354.5	284.6

(b) Servicing of finance

	2022 £mn	2021 £mn
Interest payable	(76.3)	(76.5)
Foreign exchange (losses)/gains on revaluation of interest bearing liabilities	(7.2)	18.9
Increase/(Decrease) in interest bearing liabilities	8.2	(19.8)
Cash outflow for servicing of finance	(75.3)	(77.4)

(c) Reconciliation of investment sales and purchases

	2022 £mn	2021 £mn
Proceeds on sale of quoted investments	3,216.8	3,897.1
Proceeds on sale of unquoted investments	2,888.2	4,631.6
Proceeds on sale of investment property	22.7	46.9
Decrease/(Increase) in proceeds receivable on sale of investments	3.2	(7.6)
Proceeds on sale of Programme Related Investments	1.9	7.0
Proceeds from sales of investments	6,132.8	8,575.0
Purchases of quoted investments	1,830.5	3,914.1
Purchases of unquoted investments	3,762.4	3,347.8
Purchases of investment property	32.9	27.4
Decrease in amounts payable on acquisition of investments	(7.0)	(0.5)
Purchase of Programme Related Investments	13.8	18.1
Purchases of investments	5,632.6	7,306.9
(Loss)/gain on derivative financial instruments	(368.6)	64.5
Decrease in derivative financial asset positions	30.8	40.5
Increase/(Decrease) in derivative financial liabilities	357.1	(37.4)
Increase in cash collateral posted with counterparties	(360.4)	-
Net cash (outflow)/inflow due to derivative financial instruments	(341.1)	67.6

(d) Statement of net debt

	At 1 October 2021 £mn	Cash flow £mn	Change in Maturities £mn	Effective interest & Foreign Exchange £mn	At 30 September 2022 £mn
Cash in hand and at bank	44.3	(10.6)	-	-	33.7
Debt due after one year					
- bond liabilities	(2,770.3)	-		(8.8)	(2,779.1)
Debt due within one year					
- bond liabilities	(29.0)	75.3		(74.7)	(28.4)
Liquid resources:					
- investment cash and certificates of deposit	3,820.3	(442.5)	-	-	3,377.8
Net debt	1,065.3	(377.8)	-	(83.5)	604.0

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2022 £mn	2021 £mn
Derivative financial instruments assets positions	-	30.8
Investment cash balances and certificates of deposit	3,377.8	3,820.3
Cash collateral posted with counterparties	360.4	-
Cash collateral held	133.6	128.7
Accrued income from investments	11.8	9.2
Income Receivable	48.0	37.4
Proceeds receivable on sale of investments	8.2	11.3
Other investment debtor balances	18.0	9.5
Programme related investment loans	-	-
Other debtors	12.1	19.3
Term deposits and cash	33.7	44.3
	4,003.6	4,110.8

None of the Group's financial assets subject to credit risk (other than the Programme-related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

The following details the risk management policies applied to the financial assets exposed to credit risk:

- for interest-bearing securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk;
- transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts;
- direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated UK Government securities and the controlled use of AAA rated money market funds; and
- sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and on-going reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed: weekly by investments management; monthly by the Executive Leadership Team; and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

Group	2022				2021			
	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn	Three months or less £mn	No more than one year £mn	More than one year £mn	Total £mn
Payments falling due within one year								
Bond liabilities	-	75.5	-	75.5	-	75.4	-	75.4
Derivative financial instruments liabilities	363.1	-	-	363.1	6.0	-	-	6.0
Collateral liability	133.6	-	-	133.6	128.7	-	-	128.7
Amount payable on acquisition of investments	8.6	-	-	8.6	1.6	-	-	1.6
Other investment liabilities	22.7	-	-	22.7	26.3	-	-	26.3
Trade creditors	17.2	-	-	17.2	27.5	-	-	27.5
Other creditors	38.7	-	-	38.7	58.5	-	-	58.5
Accruals and deferred income	59.4	-	-	59.4	52.3	-	-	52.3
Corporation Tax	-	11.1	-	11.1	-	0.6	-	0.6
Contractual payments	643.3	86.6	-	729.9	300.9	76.0	-	376.9
Grant liabilities	204.6	613.7	-	818.3	205.8	617.4	-	823.2
	847.9	700.3	-	1,548.2	506.7	693.4	-	1,200.1
Payments falling due between one and five years								
Bond liabilities	-	-	653.1	653.1	-	-	301.7	301.7
Other creditors	-	-	-	-	-	-	2.8	2.8
Contractual payments	-	-	653.1	653.1	-	-	304.5	304.5
Grant liabilities	-	-	1,993.5	1,993.5	-	-	1,769.3	1,769.3
	-	-	2,646.6	2,646.6	-	-	2,073.8	2,073.8
Payments falling due after five years								
Bond liabilities	-	-	5,403.8	5,403.8	-	-	5,823.0	5,823.0
Contractual payments	-	-	5,403.8	5,403.8	-	-	5,823.0	5,823.0
Grant liabilities	-	-	434.7	434.7	-	-	256.6	256.6
	-	-	5,838.5	5,838.5	-	-	6,079.6	6,079.6
Total	847.9	700.3	8,485.1	10,033.3	506.7	693.4	8,153.4	9,353.5

Grant liabilities are non-contractual.

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of sterling and US dollars and monitored sterling and US dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key: the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitors cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2022 £mn	2021 £mn
Quoted investments	13,550.8	17,292.0
Unquoted investments	21,102.5	18,814.3
Investments properties	1,671.1	1,566.1
Derivative financial instruments assets positions	-	30.8
Assets exposed to risk	36,324.4	37,703.2
Derivative financial instruments liability positions	363.1	6.0
Liabilities exposed to risk	363.1	6.0

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is sterling. However, the Group has investment assets denominated in currencies other than sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	Value as at 30 September 2022 (currency, mn)	Value as at 30 September 2022 £mn	Value as at 30 September 2021 (currency, mn)	Value as at 30 September 2021 £mn
Traded investments assets				
US \$	\$25,131.6	22,513.3	\$30,906.0	22,921.3
Euro	€3,131.6	2,748.2	€3,520.0	3,025.6
CNY	¥20,894.6	2,639.6	¥24,096.6	2,738.1
Other		4,363.6		4,324.9
Other investment debtors balances				
US \$	\$1,123.7	1,006.6	\$1,848.3	1,370.8
Euro	€43.6	38.2	€38.3	32.9
CNY	¥0.2	-	¥0.2	-
Other		42.2		27.3
Other investment creditors balances				
US \$	(\$3.4)	(3.0)	(\$0.1)	(0.1)
Euro	(€404.2)	(354.7)	(€400.3)	(344.0)
CNY	-	-	-	-
Other		(2.7)		(8.4)
Forward currency contracts				
US \$	(\$3,936.0)	(3,583.5)	\$100.0	74.2
Euro	(€725.3)	(680.1)	(€727.2)	(650.2)
CNY	-	-	-	-
Other		(0.1)		(75.6)
Total exposed to currency risk		28,727.6		33,436.8

	Impact on gain for the financial year 2022 £mn	Impact on gain for the financial year 2021 £mn
10% US dollar appreciation	1,993.3	2,436.6
10% euro appreciation	175.2	206.4
10% CNY appreciation	264.0	273.8

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (ie for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (ie for variable rate assets or liabilities).

Interest rate exposure

The Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table opposite is the book value.

	2022		2021	
	Weighted average interest rate	Value as at 30 September £mn	Weighted average interest rate	Value as at 30 September £mn
Interest bearing assets:				
Maturing within one year				
Fixed rate	n/a	-	n/a	-
Floating rate	n/a	-	n/a	-
Maturing between one and five years				
Fixed rate	n/a	-	n/a	-
Floating rate	n/a	-	n/a	-
Total interest bearing assets		-		-
Interest-bearing financial liabilities:				
Maturing within one year				
Fixed rate – bond liabilities	n/a	-	n/a	-
Maturing between one and five years				
Fixed rate – bond liabilities	1.13%	(351.4)	n/a	-
Maturing after five years				
Fixed rate – bond liabilities	2.92%	(2,456.0)	2.70%	(2,799.3)
Total interest-bearing liabilities		(2,807.4)		(2,799.3)

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

24. Events after the end of the reporting period

As detailed in the Currency Risk note, Note 23 (c) (iii), the Group has US\$ denominated investment assets and therefore the strengthening of sterling against the US\$ since the reporting date has reduced the value of the investments assets following the reporting date by approximately £1.5 billion.

Reference and Administrative Details

Board of Governors

Julia Gillard (Chair)

Elhadj As Sy

Arup Chakraborty

Amelia Fawcett

Michael Ferguson
(Deputy Chair until 31 December 2021)

Richard Gillingwater

Gabriel Leung

Fiona Powrie (Deputy Chair from 1 January 2022)

Cilla Snowball

Ijeoma Uchegbu (from 15 November 2021)

General Counsel and Company Secretary

Chris Bird

Audit and Risk Committee

Amelia Fawcett (Chair)

Adèle Anderson (until 31 August 2022)

Arup Chakraborty

Chris Jones

Fiona Powrie

Ijeoma Uchegbu

Caroline Wehrle (from 1 December 2022)

Remuneration Committee

Amelia Fawcett (Chair)

Michael Ferguson (until 31 December 2021)

Julia Gillard

Richard Gillingwater

Fiona Powrie

Nomination and Governance Committee

Julia Gillard (Chair)

Elhadj As Sy

Michael Ferguson (until 31 December 2021)

Fiona Powrie

Cilla Snowball

Investment Committee

Richard Gillingwater (Chair)

Tracy Blackwell

Stefan Dunatov

Michael Ferguson (until 31 December 2021)

Peter Pereira Gray (until 30 September 2022)

Julia Gillard

Martin Halusa

Cressida Hogg

Gabriel Leung (from 22 February 2022)

Nick Moakes

Girish Reddy

Paul Schreier

Jeremy Farrar

Executive Leadership Team*

Director: Jeremy Farrar (to 24 February 2023)
Paul Schreier (interim CEO from 25 February 2023)

Chief Operating Officer: Paul Schreier

Chief Information Officer: James Thomas

Director of Corporate Affairs: Mark Henderson

Director of People: Kathy Poole

Director of Research Funding: Alyson Fox

Director of Research Programmes: Cheryl Moore

Director of Strategy:

Ed Whiting (until 18 November 2022)

Beth Thompson (interim, from 5 December 2022)

General Counsel and Company Secretary: Chris Bird

Employee Director: Sabien Khan**

Employee Director: Aki MacFarlane**

Finance Director: Karen Chadwick

Investment Executive

Managing Partner and Chief Investment Officer:

Nick Moakes

Managing Partner and Chief Executive Officer,

Investments Division:

Peter Pereira Gray

(until 30 September 2022)

Managing Director:

Lisha Patel (since 1 October 2021)

Managing Director:

Fabian Thehos (since 1 October 2021)

Biographies of the Governors

The biographies of the current Board of Governors are shown on our website:

[Board of Governors | Wellcome](#)

Independent Auditor

Deloitte LLP

Statutory Auditor

1 New Street Square

London

EC4A 3HQ

United Kingdom

Banker

HSBC Bank plc

31 Holborn Circus

Holborn

London EC1N 2HR

United Kingdom

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP

Cannon Place

78 Cannon Street

London EC4N 6AF

United Kingdom

Global custodian bank

JP Morgan Chase Bank NA

125 London Wall

London EC2Y 5AJ

United Kingdom

*A new ELT position is being created for an Equity, Diversity and Inclusion Director

**Employee Directors are full members of the ELT for the purposes of providing input on executive decision-making (with the exception of annual pay calibration) but do not have management responsibility for ELT-level teams

Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, infectious disease, and climate and health.

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T +44 (0)20 7611 8888, E contact@wellcome.org, wellcome.org**

The Wellcome Trust is a charity registered in England and Wales, no. 210183.
Its sole trustee is The Wellcome Trust Limited, a company registered in England and Wales, no. 2711000
(whose registered office is at 215 Euston Road, London NW1 2BE, UK). DO-7424/01-2023/RK

WELLCOME TRUST

England & Wales - Charity number 210183

Accounts



Annual Report and Financial Statements 2021

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Report from Chair

This year began with a new vision and strategy for Wellcome. To enable us to put this bold new approach into action, Wellcome has restructured and undertaken implementation planning. This has happened while most of our staff have been working remotely due to ongoing public health measures and advice in response to the Covid-19 pandemic. The Board is very thankful for the extraordinary efforts of Wellcome's staff in these difficult circumstances.

Much of Wellcome's support for science is long-term, which means that a change in strategy does not happen overnight. While new ways of working are being introduced, we will continue to see the fruits of previous strategies over the coming years. Many of those achievements will, of course, still be relevant to our new strategy, as we build on our strengths to continue our mission in a rapidly changing world.

One of those strengths is the support we can offer researchers to search for new understanding about the world. As an independent foundation, Wellcome can choose to fund discovery research

where the pathway to impact may be very long-term or even not initially apparent. We hope that a broad portfolio of grants enabling researchers to concentrate on learning about the world and how life works will yield unanticipated discoveries that go on to help improve health and wellbeing. In this Annual Report, we give an example of how Wellcome's long-term support for basic science has contributed, directly and indirectly, to the first malaria vaccine (page 15).

A growing feature of Wellcome's approach is work at the intersection of public policy and health, which we have done and will continue to do in relation to the pandemic (see pages 12-13). In the future, Wellcome will fund urgently needed research while also advocating for science to drive action, especially in our health challenges of infectious disease, mental health, and climate and health.

2020/21 is the last year for which we will report spend and activity against the previous strategic framework. Our overall charitable spend in this year was £1,233 million across science, innovation, culture and society, and priority areas. Having spent around £5 billion on charitable activities over the past five years, our financial planning is now based on spending around £16 billion over the next ten years (see page 37).

Notable successes this year are our continuing contributions to research in response to the pandemic, including international clinical trials, and our role in beginning to establish a new approach to mental health science (see page 20).

To achieve our goals and improve health through research, Wellcome has to actively work to help bring more equality and diversity into science and health. A new approach to diversity and inclusion published this year (page 21), applied across the full range of our new strategy, will help us to use our activities and influence to effect positive change. This requires us to accelerate our progress towards becoming an organisation that is explicitly anti-racist and anti-ableist, for example. This year we introduced and published formal anti-racism principles and guidance for staff (page 57), to be followed by a similar resource for anti-ableism.

Wellcome in numbers

£1,233m

Charitable expenditure, including research grants, 2020/21 (2019/20: £1,099m)

34.5%

Annual return from Wellcome's investment portfolio, 2020/21 (2019/20: 12.3%)

£36,261m

Total funds at 30 September 2021 (2020: 27,822m)

Investments

Our investment portfolio returned 34.5% in the year to 30 September 2021, or 33.0% after inflation, leading to an increase in total funds of £8,439 million to £36,261 million. Our annualised returns over the past ten years have been 15.2%, which is a cumulative 312% increase (see page 23). This growth has enabled a step change in Wellcome's ability to fund our mission, giving us momentum as we move to our new strategy and scope to further raise our ambitions. As we have seen in the past two years, supporting science to solve the urgent health challenges facing everyone has never been more important. The Board thanks the investment team for their efforts.

“Our aspiration is to be at the best possible standard for governing Wellcome.”

Our financial year coincided with a far more rapid recovery in the global economy and financial markets than anyone expected. However, the exceptional performance came largely from our portfolio of private assets, which has been carefully nurtured over many years (page 30).

In January, Wellcome purchased Urban&Civic plc, the first time we have taken a company private. We also obtained outline planning permission to significantly expand the Wellcome Genome Campus, which led to an increase in the valuation of our agricultural assets this year. We obtained outline planning permission this year (page 31).

Looking ahead, we do not expect a repeat of the last decade, but we are confident that the investment portfolio as a whole will continue to deliver sufficient returns to maintain our planned level of expenditure in real terms over the next ten years.

Board updates

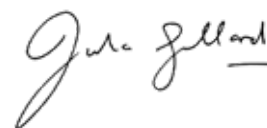
I started as Chair of Wellcome's Board of Governors in April 2021, when Eliza Manningham-Buller retired. The whole team is incredibly grateful for Eliza's work and her leading role in helping Wellcome seize the opportunities that our new strategy affords. I am personally very thankful for Eliza's support during our extremely smooth handover and for facilitating my access to the Board, the Executive and the rest of the organisation from the announcement of my appointment. I was also involved in the recruitment of new Governors in the lead-up to starting in the role.

Our new Governors are Gabriel Leung, Arup Chakraborty and Ijeoma Uchegbu, who bring perspectives from epidemiology, the intersection of immunology and physical sciences, and pharmaceutical nanoscience. I am grateful to Tobias Bonhoeffer and Bryan Grenfell, who concluded their Board terms this year, for the great contributions I know they have made to Wellcome.

At the end of 2021, Mike Ferguson finished his final term after almost ten years on the Board. Wellcome is indebted to him for his leadership as both a Governor and Deputy Chair. Fiona Powrie, who has been a Governor at Wellcome for four years, has been selected as the incoming Deputy Chair (see page 44).

In 2022, an independent review of governance at Wellcome will enable us to ensure that our governance is right for the new strategy (see page 44). Our aspiration is to be at the best possible standard for governing Wellcome, an organisation that combines an ambitious charitable mission to improve health through research with a significant portfolio of financial investments that funds everything we do.

In line with that aspiration, we have enhanced some of our disclosures in this Annual Report, such as on stakeholder engagement (pages 48-54) and more about our people, including our gender pay gap (pages 56-58). We have also included for the first time a progress report on our plan to get the Wellcome investment portfolio to net zero (pages 33-35). This is to increase transparency and accountability for delivering our mission, while using our independence for public benefit.



Julia Gillard
Chair of Wellcome

Report from Director

A new strategy, increased charitable expenditure and a single, integrated organisation mean Wellcome is set to enter a new phase.

Thank you to all my colleagues at Wellcome, our Board and new Chair Julia Gillard, members of the research community who sit on our advisory funding committees, and to everyone whose work this year was supported by Wellcome. You make it possible for Wellcome to pursue our mission, and you have achieved so much in another year of uncertainty and upheaval.

We would all like the Covid-19 pandemic to be over. But there will not be a clear end, and its impacts will continue to be felt for years to come. Societies will be adapting to Covid as an endemic infection, individuals to living with long-term effects of Covid infection, and every government to the most unwelcome proof of the need to better prepare for the inevitable future disruption of pandemics, climate change or other great challenges this century.

There are many lessons from Covid – here are three that stand out to me:

- Existing inequities in health and other aspects of our lives are exacerbated in a health crisis, so we need to embed equity in all our work.
- Speed is of the essence – it is not enough to be prepared, we must be prepared to act in the absence of certainty, and to adapt quickly as circumstances change.
- Science is essential to finding solutions but it cannot do so alone – only as part of an integrated, cross-society response can science realise its potential to solve health challenges.

Covid and other potentially pandemic infectious diseases are not the only urgent health challenge facing everyone in the world today.

This year's Wellcome Global Monitor, a survey of thousands of people across more than 100 countries, showed that most people consider their mental health to be at least as important as their physical health, and yet science has struggled to speed the progress of more effective and more reliable ways to prevent, treat, manage or cure mental health problems.

And climate change is perhaps the biggest threat to human health we have ever experienced as a species. Its impacts will go far beyond environmental destruction – catastrophic as those effects will be. People's health is already being directly and indirectly damaged by climate change. Unless we begin to understand more about the health impacts of climate, these effects will only get worse.

That's why infectious diseases, mental health, and climate and health are the three challenges Wellcome has chosen to focus on in our new strategy. In deciding how to pursue our mission for the next ten years, we have taken a longer-term perspective, taking into account the impacts these challenges will have on health for decades to come. Underpinning this work is our unswerving support for discovery research, which remains the best engine for generating new insights and inspiring new ideas.

Charitable spending by area

Science

£862m

2020: £771m

Innovations

£126m

2020: £104m

Culture & Society

£102m

2020: £108m

Priority areas

£143m

2020: £116m

**Wellcome strategy
from 1 October 2021**



Organisation

Transition to our ambitious new strategy continued this year with further development of how we will approach each part of our work, and a comprehensive restructure of teams across the organisation. The organisational design was necessary to deliver our strategy, but there is no doubt it was difficult and disruptive, especially with a workforce that was dispersed due to Covid-19 restrictions in the UK and Germany. Having completed the redeployment process, including some voluntary redundancies and a small number of compulsory redundancies, we ended this year with a number of vacant roles – these roles will be filled in the coming months and Wellcome will be at full strength in pursuit of a shared vision and strategy.

strategy into practice and ensure Wellcome retains the integrated approach that has proved successful in the past few years. That means not only working across science, innovation and society, but also enabling connections across discovery research and our health challenges that will help us to achieve our mission in the years to come.

There are many facets to Wellcome. The research we support, the health challenges we're taking on; our values and culture; the work we do in policy and communications; the partnerships we make, the people we connect; our cultural venue Wellcome Collection; and our high-performing investments team. Bringing it all together, with a new strategy and a quite astounding increase in spending power in recent years, Wellcome is entering a new and exciting phase. Our ambitions are higher, our perspectives broader – and we are more confident in our role at the intersections of global science, innovation, society and health, to help ensure a sustainable and healthy future for all.

**“You have achieved so much
in another year of uncertainty
and upheaval”**

I was delighted to welcome Cheryl Moore to the Executive Leadership Team in May 2021, taking over from Jim Smith who led the development of our new vision and ambitions. Cheryl has a pivotal role as Director of Research Programmes, helping to put our

Jeremy Farrar
Director of Wellcome

Trustee's Report

Tears of Drought Sharwar Apo

Parents take their child to hospital in Rajshahi, Bangladesh, 10 to 15 miles across this drought-parched land, the mother holding a saline drip all the way.



*Image credit: Sharwar Apo /
Wellcome Photography Prize 2021*

What we do

Wellcome is an independent global charitable foundation dedicated to improving health through science. We are accountable to society for delivering our mission, while using our independence for public benefit.

Our strategic framework (2015-2021)

Wellcome exists to improve health by helping great ideas to thrive.

We support researchers

Wellcome directly funds thousands of scientists and researchers around the world addressing fundamental health challenges of our time, across biomedical science, population health, medical innovation, humanities and social sciences, and public engagement. We give grants through schemes run by our three funding divisions: Science, Innovations, and Culture and Society.

We take on big health challenges

We identify areas in which Wellcome can lead significant change within five or ten years. The aim is to transform the global response to some of today's biggest health challenges, such as drug-resistant infections, global heating and mental health.

We campaign for better science

Through partnerships across the world, we advocate to ensure that good research is well supported, and that health is improved by changes to policies and practices based on evidence.

We help everyone get involved

We engage the public so that people are more aware of science and health research, and feel able to make the most of it in their own lives. Through our Culture and Society division, we offer grants to Wellcome-funded researchers and a range of other people and organisations for public engagement activities. We directly run a number of other activities including Wellcome Collection, our free museum and library.

Our spending

From 2017 to 2021, Wellcome maintained an average funding level of around £900 million a year, rising with inflation, for our core activities: supporting researchers, campaigning and public engagement. This provided stability and predictability for our annual spending plans (see page 39).

When the investment portfolio performance is sufficiently strong, we release discretionary funding to support new ambitious, large-scale and high-impact activities tackling big health challenges. These activities are reported to and monitored by the Executive Leadership Team and the Board of Governors, who assess the overall use of this discretionary funding.

Our priority areas

- Data for science and health
- Diversity and inclusion
- Drug-resistant infections
- Mental health
- Our Planet, Our Health
- Research ecosystems in Africa and Asia
- Science education
- Snakebites
- Vaccines

In October 2020, Wellcome published a new vision and ambitions on our website. In the year since, we have been developing the strategy, culture, and organisational design to deliver that vision.

From October 2021, we will report progress against our new strategy, outlined on the next page. This year's Annual Report is the last year in which we will report against our previous strategic framework.

Our new vision

Wellcome supports science to solve the urgent health challenges facing everyone.

Discovery research

Funding bold research across any field with the potential to change the way we understand life, health and wellbeing. Our aim is to enable researchers to be ambitious in their search for new understanding about the world.

Health challenges

Mental health: Helping to define a new era of mental health science that can find more effective solutions so that no one is held back by mental health problems.

Infectious disease: Working with and within communities most affected by infectious diseases, funding research to bring infectious diseases under control and prevent future epidemics.

Climate and health: Helping to protect and improve people's health by funding science that can inform the world's responses to climate change.

Diversity, inclusion and positive research environments are central to our strategy and will be embedded into the work we fund and do.

Wellcome supports science to solve the urgent health challenges facing everyone.

Why we believe in this vision

Science is essential to solving the world's health challenges. That's Wellcome's founding principle and it's as true today as ever. It's why we will always support bold research across a wide range of disciplines to discover more about life, health and wellbeing.

But three global challenges today threaten to undermine our efforts to improve health for decades to come. The effects of mental health problems, infectious diseases, and climate change limit life for people of all ages in all parts of the world, and can devastate communities for generations.

These are the urgent health challenges of the 21st century and Wellcome is taking them on. That means significant commitments and actions sustained over many years.

Discovery research – defined broadly, including physical and social sciences and the humanities – will underpin the best solutions to these challenges, though science alone is not enough. It needs support from many areas of research and innovation, and advocacy for approaches built on scientific evidence. And because the effects of these challenges will not be felt evenly across the world's population, this must be done in partnership with the people whose health is most at risk.

Wellcome's perspective on health and how to improve it spans science, innovation and society. We are connecting people across research and society to discover new knowledge, inspire new ideas, and create new solutions. We are campaigning for better science and better systems to ensure solutions work for those who most need them and have the right support to be implemented, whether that's today or over the next 30 years.

In all that Wellcome does, we want the broadest possible range of people to contribute to, and benefit from, science's potential to change the world.

Year at a glance

This has been a transitional year for Wellcome, aligning the organisation to deliver a new strategy. This year's record return on our investment portfolio has only increased the scale of ambition for Wellcome's impact on the world's health over the next ten years.

While going through significant internal change, however, Wellcome has remained committed to supporting science to improve health. The Covid-19 pandemic continues, and as the virus looks set to become endemic, research of many kinds will be critical in finding ways to live with it. We can learn lessons from the pandemic for how science can play an influential role in the response to other worldwide health challenges, especially climate change.

Something that won't change is Wellcome's commitment to supporting bold research across a wide range of disciplines to discover more about life, health and wellbeing. Whatever challenges facing our health today and in the decades ahead, innovative ways to solve health challenges will be found through the unanticipated insights that come from funding and supporting curiosity-led discovery research.

Discovery research

In line with our new strategy's focus on discovery research, this year saw the introduction of three new funding schemes

to replace most of our previous schemes. As well as underpinning the pivotal role of discovery research in Wellcome's work, it was an opportunity to make applying for funding more straightforward and accessible for a broader range of researchers.

New schemes:

- Wellcome Early-Career Awards
- Wellcome Career Development Awards
- Wellcome Discovery Awards

See page 12 for more about Discovery research.

Diversity and inclusion targets

We want as many people as possible to contribute to – and benefit from – science's potential to change the world. Diversity and inclusion are essential to our new strategy, and this year Wellcome set three ambitious targets to reach by 2031. Progress towards these targets will make Wellcome a more inclusive employer, a more inclusive funder, and the research we fund will be more inclusive.

Wellcome also introduced anti-racism principles and guidance this year, to be followed next year by a similar anti-ableism programme.

See page 21 for more about the work of our Diversity and Inclusion team, and page 56 for more about the impact on people at Wellcome.

Charitable spend to rise

All of Wellcome's work is funded by returns from our portfolio of investments, managed by our in-house team. This year saw a 34.5% gain in the portfolio, helped by good performances from most of our assets. This has contributed to a 312% increase over the past ten years, and allows us to plan for spending £16 billion over the next ten years on charitable activities in line with our new strategy. This is a significant increase on the approximately £5 billion we have spent over the past five years, and means we will be able to do more than ever before to improve health through research.

With rising inflation, geopolitical tensions, uncertainty about the sustainability of current policy settings and high valuations of most assets, we do not expect a repeat of the last decade, but we are confident that the portfolio will continue to deliver sufficient returns to at least maintain our current high level of expenditure in real terms for the foreseeable future.

Our Review of Investment Activities begins on page 23.

Wellcome in numbers

£1,233m

Charitable expenditure, including research grants, 2020/21 (2019/20: £1,099m)

34.5%

Annual return from Wellcome's investment portfolio, 2020/21 (2019/20: 12.3%)

£36,261m

Total funds at 30 September 2021 (2020: 27,822m)



Gallery Photo:
Steven Pocock

Joy exhibition, Painting: © Joy Labinjo

Connecting research

Wellcome's support for science goes beyond funding. This year, we have been exploring opportunities to connect people and stimulate collaborations in pain research. At least one in five adults in the world live with pain that limits their daily activities. Studying the brain and body in isolation has made it difficult to progress our understanding of pain. Through online workshops, Wellcome has helped to drive innovation and catalyse new multidisciplinary research, leading to four new groups studying pain through multiple lenses.

Find out more about this work on page 16.

Covid contribution

Wellcome has continued to play a role at the intersection of science and global politics in the response to the pandemic. We have continued to fund research into Covid-19 and potential solutions to bring it under control. A focus for us this year has been supporting genomic sequencing, analysis and capacity-strengthening to inform surveillance of the virus and its variants. At the Wellcome Sanger Institute, for example, more than 300 staff and volunteers are supporting large-scale, high-throughput sequencing. The institute has contributed more raw sequences of SARS-CoV-2 genomes than any other institution in the world.

See pages 12-14 for more about Wellcome's role.
Find out how we supported staff on page 58.

On Happiness

Wellcome Collection reopened its doors to visitors in May 2021 for the first time – apart from a few weeks in autumn 2020 – since the introduction of lockdown public health measures in London in March 2020. Covid-19 influenced our programme as much as our operations as we asked our visitors to consider what it means to be human during a pandemic. In July 2021, a season of exhibitions and events called On Happiness opened.

It brought together voices from across cultural, scientific and spiritual fields to reflect on the elusive subject of happy feelings. From an understandably low start, visitor numbers steadily increased through the summer and into the autumn.

See page 18 for more about Wellcome Collection.

Climate and health

2021 has been an important year for considering the global response to climate change. The COP26 meeting in Glasgow this year provided a focus and stimulus for countries to come together and strengthen commitments to mitigating and adapting to climate change. Wellcome has identified climate change as one of the biggest health challenges of this century in our new strategy, and it was important to take that message to world leaders, business, and climate activists. Our first significant presence at an international climate event, we were looking for future partnerships to help us achieve our goals in the climate and health challenge.

See pages 9 & 20 for more about the climate and health challenge in our strategy.

See pages 33-35 to find out how we're getting Wellcome's investment portfolio to carbon net zero, and page 54 for information on our plans to address climate change as an organisation.

Wellcome Leap

Launched in 2020 with £250 million, Wellcome Leap Inc builds unconventional research programmes that aim to deliver breakthroughs in health in five to ten years. Having got up and running this year, it already has five programmes in progress, and a network of more than 60 research organisations across six continents. One of Wellcome Leap's defining aspects is that from announcing a new programme to making the funding decision takes just 100 days.

See page 13 for more about Wellcome Leap.

Review of Charitable Activities

Summary

As the biggest health challenge facing the world for many years, the Covid-19 pandemic has remained a natural focus for Wellcome. Our support for research in response to the pandemic has contributed to better health outcomes. While the need for research into Covid-19 remains strong, however, it is a relatively small proportion of Wellcome's overall charitable spend.

As ever, most of our charitable expenditure went this year towards funding research that has short-, medium- or long-term potential to help improve health. We do this through granting awards and providing support to individuals, collaborations, programmes and institutions (see page 38). We also pursue our mission through partnerships and joint initiatives such as the Coalition for Epidemic Preparedness Innovations (CEPI, see page 20), CARB-X for antibiotic research, or the new Antimicrobial Resistance (AMR) Action Fund, to which we contributed £50 million this year (page 20). Research can often be a cumulative process over many years, so decisions about who Wellcome will support in a given year will lead to outputs and outcomes in the future.

Internally, this year has been dominated by the development and implementation of a major redesign of organisational structures to fit our new strategy. It has been disruptive for staff (see page 6) but necessary to bringing Wellcome into a position from where we can have more impact in the world, improving health for more people through research. With the organisational design finished in September 2021, we can now align behind our evolving strategy to achieve our vision of supporting science to solve the urgent health challenges facing everyone.

Overview

The long-term vision and ambitions for Wellcome's strategy were published in October 2020. A major focus this year has been to progress the development of a strategy to achieve those ambitions, acknowledging that doing so while the organisation was dispersed brought some challenges alongside exciting opportunities. A comprehensive redesign of the organisation, alignment of teams' and individuals' work, and a deliberate shift in culture have set us up for success.

A significant milestone was the launch, in August 2021, of three new Discovery Research funding

schemes that will be open to researchers in the UK, Ireland and low- and middle-income countries (as defined by the OECD's list of official development assistance recipients). The first awards through these schemes will be made in 2022. As an independent foundation, Wellcome can choose to fund discovery research where the pathway to health impact may take a long time or not be that apparent at first. As such, our Discovery Research schemes will support bold research across any field with the potential to change the way we understand life, health and wellbeing. That includes biomedical, physical and social sciences, the humanities, and clinical research (see *Experimental Medicine* below for an example of clinical discovery research), bringing together categories of research that were previously separated in our funding mechanisms. Including diverse perspectives and backgrounds is as essential to discovery as the coming together of different disciplines and expertise. We know Wellcome has a great deal more to do for the range of people we fund to become more representative of the global population – see pages 21 and 57 for details of our diversity and inclusion goals.

Due to lower capacity during the organisational design and the pandemic – and the need to limit risks of transmitting Covid-19 – these new schemes launched without the level of communication we would usually have had. For example, we did not run roadshows at

Experimental medicine

Sadaf Farooqi's research, which Wellcome helps fund, focuses on bodyweight. She has found several genetic factors that influence bodyweight, mostly through affecting appetite. Since the 1990s, her work has involved around 7,000 people who developed above-average body mass index in childhood. Farooqi is a clinician-scientist, and while much of her research with human participants addresses clinical needs, lots of it is about basic discovery – an approach sometimes called experimental medicine because it means performing experiments in people to further understanding of health and disease. It's an example of why Wellcome will continue to fund clinical researchers in our new Discovery Research schemes, as well as biologists, physicists, social scientists, and many more.

Vaccine facilitators try to persuade a family to let them meet at their house. Lots of the Baudy people refuse to get vaccinated because it is against their customary rules. August 20, 2021 in Serang, Indonesia.



Image © Oscar Siagian / Stringer

universities to explain the new schemes in person to academic researchers. Although we cannot attribute cause and effect, the numbers of applicants for the first deadline of the awards were relatively low. As we continue to inform researchers about the objectives of our new schemes, we hope to see the numbers of applicants rise.

A different approach to discovery is Wellcome Leap, conceived in 2018 and launched by Wellcome with £250 million in 2020. It is envisioned to broaden our overall activities with ambitious, transformational activities that don't fit the standard funding model. Wellcome Leap programmes have bold, measurable goals and are funded at scale to achieve them. Programmes are constructed for breakthroughs, with strong programme directors leading diverse, multidisciplinary, multi-organisational and multinational teams. From programme announcement to funding decision is 100 days, with funding and work starting within weeks.

In a little over a year, Wellcome Leap has stood up operations and launched five programmes with directors hired from four countries; established a \$30 million partnership with CEPI for a joint programme; and signed on over 60 research organisations and companies to the Leap Health Breakthrough Network, representing around 600,000 researchers across six continents – the largest, most rapidly 'activatable' such network in the world. Wellcome Leap programmes are positioned to deliver breakthroughs that will change existing practices and deliver transformative health benefits at scale and speed.

Wellcome has continued to play a role at the intersection of science and global politics in

response to the pandemic. We have funded more research into Covid-19 this year, directly and through partnerships such as the Covid Therapeutics Accelerator. A priority for us this year has been to support sequencing, analysis and capacity strengthening to inform genomic surveillance of the virus and emerging variants (see *Wellcome Sanger Institute* below).

Since the start of the pandemic, Wellcome has funded a number of clinical trials for Covid-19. The progress of many effective vaccines has been well documented, including the role of CEPI, which Wellcome helped to found. CEPI is also part of Covax, an international mechanism for more equitable distribution of vaccines internationally. A constant

Wellcome Sanger Institute

The Wellcome Sanger Institute is providing large-scale, high-throughput genome sequencing and analysis of the Covid virus, alongside many other avenues of research to support the pandemic response in the UK and internationally. More than 300 staff and volunteers are supporting the institute's response to Covid-19 but this has not stopped other programmes of research from continuing, including important work on human and animal genetics, and the genomics of cancer and other diseases.

The Wellcome Sanger Institute and the broader Wellcome Genome Campus where it is based operate under the name of Genome Research Limited, a charitable subsidiary of Wellcome.

Charitable spending by area

Science

£862m 2020: £771m

Our aim is to catalyse excellent science and maximise its health impacts. A major part of our work is engaging with the research community, many of whom will apply to and be supported by our funding schemes.

Innovations

£126m 2020: £104m

We work with people and organisations across the world to transform great ideas, discoveries and inventions into treatments and products.

Culture & Society

£102m 2020: £108m

We maximise Wellcome's impact on human health by understanding the social and cultural contexts of science and health. This includes supporting research in the humanities and social sciences, and public engagement with science.

Priority areas

£143m 2020: £116m

Wellcome chooses priority areas where we want to see significant change. We lead and are accountable for these activities, working with partners to achieve ambitious goals.

Spending on Covid-19 research and response is spread across all areas. More detail on Annual Charitable Expenditure and movements between the current and prior year is given in the Financial Review on page 36 and in note 6.

challenge has been persuading governments to look beyond their own national needs and response, and to act globally to vaccinate the world. Despite challenges on both the level of donation of doses from richer countries and the level of effective distribution, however, Covax has made a significant difference to the global response to Covid, distributing over 600 million doses to over 140 countries since the first delivery to Ghana in February 2021.

The search for a suite of effective and specific treatments has been less fruitful to date, but the more we discover about the virus and the effects of infection, the more progress we can expect to see. The RECOVERY trial, which Wellcome supports through core funding and grants, has been at the forefront of testing potential treatments and identifying those that are effective at reducing the severity of illness people experience. The trial has over 180 sites across the world, has involved over 40,000 participants, and has provided robust evidence for some drugs that don't show any clinical benefit (such as hydroxychloroquine) and some that do (such as dexamethasone and tocilizumab), informing regulatory decisions about Covid-19 medicines in many countries.

As we have continued to transition to our new strategy, and in the context of a pandemic, we have extended funding awards for many of our centres in the UK and our five Africa and Asia programmes. This echoes our approach at an individual level over the past two years, as we put in place policies to enable Wellcome-funded researchers either to return to the clinical front-line or join Covid-19-specific research initiatives.

Outlook

The past two years have seen science come to the fore in public life. The research community and partners across society must build on this influence both to define the most urgent challenges that need to be addressed and to ensure science can play its part to protect and enhance people's health. Having seen health inequities exacerbated in the response to the pandemic, diversity and inclusion must be baked into the way science engages with society.

Wellcome's new strategy is underpinned by diversity and inclusion, culture and equity. We want to promote affordability, sustainability and equity as vital aspects of any approach to solving health challenges. This begins with ourselves – Wellcome still has some way to go to becoming a truly diverse organisation, which is why we have set specific goals to increase the degree to which our workforce represents the places we work and the communities we work with. Similar goals for the people we fund and the research they do will improve the way we fulfil our mission to improve health through science (page 21).

Science

In October 2021, the World Health Organization endorsed broad use of a malaria vaccine for the first time. Development of the vaccine, made by GSK, has taken support from many organisations over many years, including research at the Kemri-Wellcome Trust Research Programme in Kenya, and funding from the Health Innovation Challenge Fund, a partnership between Wellcome and the UK Government.

Wellcome has supported research into malaria since making our first grants to researchers in 1938. Our funding, in the UK as well as in countries where malaria is an endemic infectious disease, has contributed to the cumulative knowledge, tools and experience of working on this disease – a degree of understanding that has, directly or indirectly, fuelled numerous advances in treatment and prevention, including vaccines.

Part of the power of discovery research is that it is not possible to predict what will have the most impact on health in the future. While our support for malaria research has covered plenty of basic biology and parasitology, progress was also informed by Wellcome-funded work in genetics, immunology, the history of medicine, and clinical research. Our support for large trials of artemisinin-based therapies led to their recommendation as a first-line treatment for malaria in 2006, while other trials demonstrated the effectiveness of insecticide-treated bednets as a way to reduce transmission from mosquitoes to people.

These advances have contributed to a sustained decrease in global malaria over the past 20 years, from almost a million deaths a year to 400,000 in 2019 (the number of deaths rose in 2020 for the first time since 2000, as a result of disruption during the Covid-19 pandemic). This first malaria vaccine should help to save many thousands more lives every year, mostly children under five in Africa. It will not be the last malaria vaccine, either. Indeed, the experience of developing this vaccine will inform future work, not only in vaccines for malaria but more generally, whether that's vaccines for parasitic infections or in fields of research seemingly quite unrelated.

Wellcome's new strategy is founded on maintaining our significant support for discovery research, across any field with the potential to change the way we understand life, health and wellbeing. We look forward to more unanticipated advances, that could go on to improve people's health.

Alongside thousands of funding awards made to individuals through fellowships, studentships and Investigator Awards (and Discovery Awards,

new schemes that will replace many of our former funding schemes), we achieve our mission through funding collaborations and centres. Bringing people together at a geographical location or around disciplines and approaches to research opens up different opportunities.

There are 11 Wellcome Centres in the UK that focus on biomedical research, and others for humanities, social science and more translational research. We also have major research programmes in Africa and Asia, the main locations being Kenya, Malawi, South Africa, Thailand and Vietnam. Ordinarily, funding for these centres and programmes would be reviewed every five years. Given the extraordinary circumstances of the pandemic, we have awarded funding extensions for shorter time periods, where appropriate, to avoid adding stress to the staff in these sites while they continue their work, much of which is highly relevant to bringing the pandemic under control.

In addition, the Wellcome Sanger Institute is a world-class centre for genomic sequencing and research. The institute and operates under the name of Genome Research Limited (GRL) and is a charitable subsidiary of Wellcome.

The Wellcome Sanger Institute is involved in some of the most exciting scientific collaborations in the world, from the Global Alliance for Genomics and Health to the Human Cell Atlas, and since last year the Covid-19 Genomics UK consortium (see pages 13 and 50 for more about the institute's work on Covid). Achievements outside the pandemic this year include identifying 14,000 viruses in the human gut – half of which were new to science. In a genetics first, lab-grown mini bile ducts were used to repair human livers. And the institute's first spin-out company, Kymab, was sold to Sanofi for more than \$1 billion, of which GRL received £12.9 million.

As with other centres and programmes, the Wellcome Sanger Institute's scheduled review was unable to be completed this year and is now planned for 2022.

In our new strategy, we'll continue to support tools and technologies that have the potential to change fields of research or even open up entirely new ones. For example, this year we have agreed additional funding for both Ensembl, a genome browser that gives researchers simple access to genetic and genomic information, and Diamond Light Source.

Diamond Light Source is the UK's national synchrotron, which Wellcome has supported since it was launched because of the potential to use its high-speed electron beams to investigate molecular structures of proteins and viruses.

Electrifying the life sciences

The structure of a protein determines what it does. When the structure of a protein goes wrong, it can cause diseases such as cystic fibrosis or Alzheimer's. Pioneering work in X-ray crystallography in the 20th century, by Dorothy Hodgkin and others, had to look at proteins in isolation, removed from the cell. Now there are opportunities to use new technologies to watch proteins working inside cells.

Following support for structural biology over many years, Wellcome's Science and Innovations teams partnered with the Rosalind Franklin Institute to develop hardware and software to make this a reality using a technique called cryo-electron tomography. This has the potential to transform structural biology – opening it up to a more diverse range of scientists, enabling atomic-resolution imaging in tissues, and accelerating the search for new medicines.

Knowing the structure of a protein gives researchers insights into what it does (see *Electrifying the life sciences*), and how. It can also help to identify potential targets for new medicines. For example, Diamond Light Source received Wellcome funding in September 2021 as part of the Covid-19 Therapeutics Accelerator's support for the Covid Moonshot Consortium, an international group of scientists looking to develop specific antiviral drugs to help bring the pandemic further under control. Imaging studies at Diamond Light Source, published in April 2021, showed how different antibodies interact with the SARS-CoV-2 virus's spike protein. This led to a detailed map of weak points that could be targeted more specifically.

The future of structural biology looks bright, especially given the announcement this year that protein structures can be accurately predicted by an algorithm called AlphaFold, which is a project of DeepMind Technologies. Wellcome has not funded DeepMind's research in this application of artificial intelligence, although we had funded one of the protein structure databases that were used to train the algorithm. Funding aside, this is an exciting, potentially game-changing opportunity for researchers working in many different fields and on many different health challenges.

Another aspect of Wellcome support is the way our in-house experts seek out new opportunities to connect people across traditional research boundaries, across the world. This year, for example, we have worked with the research community to investigate how we can better

support collaborations in a number of areas, including pain research. We held online workshops to drive innovation and catalyse new multidisciplinary research. Four new groups were set up as a result, drawing on different forms of expertise to better understand the role of the brain in experiencing pain.

Given the context of the pandemic, other forms of external engagement had to be streamlined this year. In-person meetings for Wellcome-funded researchers were put on hold last year, and we decided not to reinstate them yet. And while the organisation was going through a substantial redesign, the Science team focused on delivering core activities and developing new funding schemes as part of Wellcome's new strategy. Communicating with researchers about new funding opportunities will increase as we settle into new ways of achieving our mission of supporting research to improve health.

Innovations

Monoclonal antibodies started out as a research tool in immunology, developed in the UK in the 1970s. Today, they are also being used to create medicines, especially for cancer but increasingly in other areas such as infectious diseases. They are one of the fastest-growing segments in biomedical research – many have been rapidly developed and tested as potential treatments for Covid-19 in the past two years.

Despite global need, however, monoclonal antibody therapeutics are far from globally accessible – they are among the world's most expensive treatments, in fact. In August 2020, Wellcome and IAVI published a report on monoclonal antibodies, calling for increased awareness of the potential of monoclonal antibodies, expanded availability, application of innovations to decrease costs, and creation of new business models that promote access. Monoclonal antibodies may yet be able to play a role in bringing infectious diseases under control, but not unless affordability is baked into the development process.

Making this argument is one way in which Wellcome's Innovations team has supported translational research, R&D and product development in recent years. That experience and expertise is already a vital part in our work to address the three urgent health challenges in our new strategy. For example, a new project to understand the experiences of people with psychosis in Ethiopia (see *Psychosis in context*) reflects our commitment to work with the communities most affected by the health challenges we're looking to solve.

Psychosis in context

Wellcome has funded a project called Studying the Contexts in recent Onset Psychoses in Ethiopia to develop interventions to improve outcomes (the SCOPE study). Its overall aim is to produce high-quality contextual evidence around the aetiology, presentation, social context, associated physical health conditions and early course of psychosis, and to use this information to design innovations in detection and treatment. Although findings will be applicable to the Ethiopian population, the findings may be relevant to other communities around the world.

Collaborators on SCOPE include representatives from the Mental Health Service User Association of Ethiopia and the Federal Ministry of Health of Ethiopia, whose involvement will support uptake of findings.

Wellcome's Innovations team has directly supported preclinical development and early clinical trials of several potential new medical products. We ended this year with a portfolio of funded projects that included 72 products in clinical evaluation, and 23 interventions launched or adopted into care pathways. The development of these products and interventions has involved the participation of more than 8 million people (2020: 5 million) – mostly through large trials of public health interventions such as the World Mosquito Program, which releases mosquitoes that cannot transmit infections like dengue fever. It has reduced the number of infections by as much as 75% in some communities where trials have been run directly, improving people's health.

Another key part of our work is building networks, such as our Hub for Innovative Technologies for Neglected Tropical Diseases (HIT NTD). We set up an agreement this year that enables our partners in this network to collaborate, share data and work together more closely. This will share knowledge faster than publication, and minimise duplicated efforts. Our aim is that the network accelerates the process of developing life-saving treatments for neglected tropical diseases such as dengue, which are most common in lower-income countries and communities, meaning little incentive for commercial investment.

Culture & Society

Wellcome's perspective on health and how to improve it spans science, innovation and society. Our Culture and Society division encompassed a range of intersections between science and culture, from humanities and social sciences research to Wellcome Collection, our free museum and library in central London, UK.

Research in the humanities and social science will still be funded through our new Discovery Research schemes, and where needed to help address the three urgent health challenges in our strategy. In December 2020, we extended funding of four Wellcome Centres until 2024. They are:

- Wellcome Centre for Ethics and Humanities, University of Oxford
- Wellcome Centre for the Cultures and Environments of Health, University of Exeter
- Centre for Biomedicine, Self and Society, University of Edinburgh
- Institute for Medical Humanities, University of Durham

A society that is engaged with its researchers is more likely to contribute to and benefit from the research they do. Wellcome's support for activities to engage the public with research has, over the past 25 years or so, revolutionised opportunities and expectations for scientists to collaborate with artists, educators and more. In recent years, we sought to bring more focus to these activities in the context of our mission.

Wellcome-funded researchers will continue to have opportunities to enrich their grants with awards for public engagement activities. And we will be drawing on our experience and expertise to engage people so that our work – and that of the people we fund – is trustworthy and relevant to the communities most affected by the urgent health challenges we've taken on.

One aspect of our strategy is recognising the intersections between the health challenges. This is reflected in the next residents in The Hub, who will be looking at the relationship between mental health and climate change (see *Land Body Ecologies*).

8 million participants in R&D

Land Body Ecologies.
Mau Forest, Kenya.

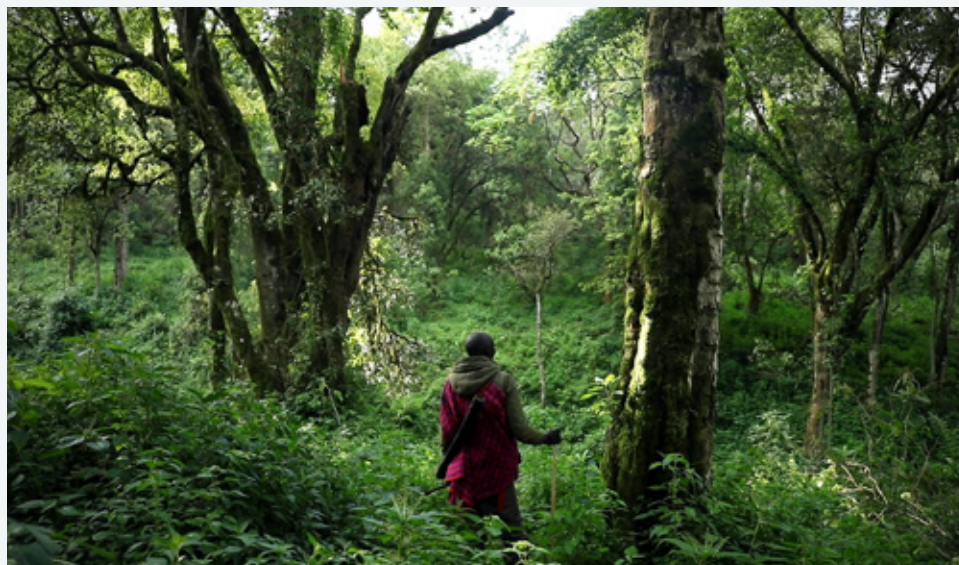


Image © Jason Taylor

Land Body Ecologies

The Hub is a physical space in Wellcome's London buildings for collaborations across and between fields of science, research, the arts and more. This year, our fourth residents – Land Body Ecologies – moved in to research the emotional and existential distress caused by environmental change. Human rights activists, expert communities, mental health researchers, scientists and artists will come together to explore and understand how the mental health of marginalised communities is affected by changes in the ecosystem. Their two-year residency follows in the footsteps of successful collaborations around work and rest, dementia, and learning disabilities.

Wellcome Collection

Wellcome Collection reopened its doors on 7 October 2020 following the UK's extended lockdown. The programme of activities took its cue from the question "What does it mean to be human, now?", exploring the intertwined connections between the individual, societal and global health and asking how Covid-19 was shaping our perceptions of the fault lines between them. A highlight was the Touch Test, a study in partnership with the BBC exploring people's changing attitudes towards touch in a time of

social distancing. As UK cases of Covid began to rise again in late 2020, Wellcome Collection closed its doors for a second time, until May 2021.

In July 2021 we opened On Happiness, a season bringing together voices from across the cultural, scientific and spiritual fields to reflect on the elusive subject of happy feelings through two exhibitions 'Joy' and 'Tranquility' and a programme of events. Wellcome Collection continues to be entirely free to visitors, and we have used ticketing to limit numbers during the pandemic. We closed our shop and restaurant, stopped running tours, and all events have been online only. From an understandably low start, visitor numbers steadily increased and we made more tickets available as restrictions eased. The situation remains changeable and uncertain – we are grateful to our staff for their continuing commitment.

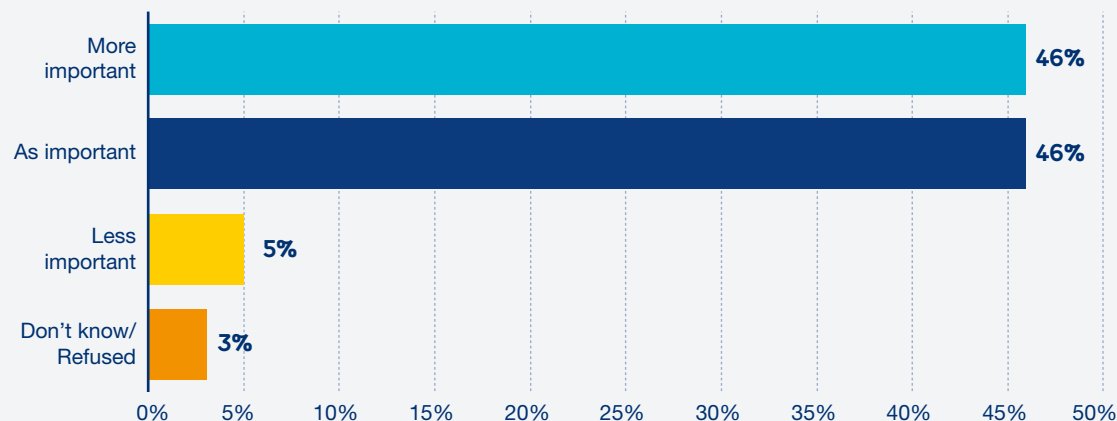
Lockdowns and closures did not stop work behind the scenes at Wellcome Collection. For example, we are digitising the images in the collection and hit a milestone of 2 million digitised images in summer 2021. In 2014, we uploaded 100,000 images to Wikipedia, and have since recorded 1.5 billion views of our content there. On our own website, we had more than 2.75 million online visitors this year alone.

On 26 May 2021, Wellcome Collection announced a new Advisory Committee to provide strategic guidance. In the summer, we began the early stages towards developing a strategy for the next phase of Wellcome Collection's work. This strategic development will continue next year.

Around 9 in 10 people worldwide believe mental health is as important or more important than physical health

Over 119,000 people worldwide were asked:

Thinking about a person's overall health, do you think mental health is more important, as important, or less important than physical health for a person's wellbeing?



Source: Wellcome Global Monitor 2020

Wellcome Global Monitor

The second wave of the Wellcome Global Monitor, the world's largest survey of how people across more than 100 countries think and feel about science and major health challenges, was conducted in 2020. The pandemic and public health restrictions meant most interviews were done by telephone, a difference from the first wave in 2018 which included face-to-face interviews. The questions this year included focused sections on mental health, Covid-19, and trust in science.

The mental health findings were published in October 2021, showing 92% of respondents felt mental health was at least as important as physical health to their overall wellbeing (see table above). But people were broadly less certain about the role of science in mental health – only 31% thought science could help a lot to address anxiety and depression, compared with around 50% for cancer and infectious diseases. We hope our work on the mental health challenge will open up a new era for mental health sciences that leads to better solutions from research (see page 20).

Priority areas

Wellcome's priority areas complemented our core activities with focused efforts on a number of distinct opportunities to transform an aspect of health or research. Each had a dedicated team, with a vision and objectives, and they were time-limited – usually to five or ten years, depending on progress.

Priority areas led to many achievements – detailed below – and showed us that Wellcome could bring lots of activities together to meet ambitious goals. We also learned, however, that having too many separate areas of focus meant we were not making the most of our independence, scale and ability to partner with others. So this integrated approach remains fundamental to our new strategy for supporting science to solve urgent health challenges, but we are focusing on just three challenges alongside our continuing support for discovery research.

Drug-resistant infections

In November 2020, Wellcome published a report on the global response to antimicrobial resistance, identifying successes and gaps that remain to be addressed. The report also looked at the impact of the Covid-19 pandemic on drug-resistant infections, finding positive and negative effects on the development of drug resistance. The pandemic has pushed drug-resistant infections down the political agenda, but it remains an important aspect within the greater challenge of infectious diseases.

As with all of the priority areas, Wellcome achieves its goals through partnerships. For example, in 2017 we committed around £120 million to support CARB-X in its work on the development of new antibiotics. CARB-X now has an active portfolio of 55 products, and one has already reached the market. This year, CARB-X launched the first comprehensive guide to promoting stewardship and access within drug development, sharing what it has learned with the wider community.

Wellcome committed £50 million for another partnership this year, the Antimicrobial Resistance (AMR) Action Fund, which was launched by industry partners to support late-stage pipeline development of new drugs. Having helped create and shape the AMR Action Fund, Wellcome has a seat on the Board of Directors and negotiated a positive stance on access to products the fund will support.

Vaccines

More than half of the Vaccines Priority Area team's time this year continued to support the response to Covid-19. Prior work helping to establish the Coalition for Epidemic Preparedness Innovations (CEPI) has paid off in terms of the rapid development of vaccines: CEPI funded the AstraZeneca / University of Oxford viral vector vaccine, and made a small early investment in Moderna's mRNA vaccine. And Covax, a mechanism for distributing Covid vaccines that is co-led by CEPI, had delivered over 600 million doses to over 140 participating countries by December 2021.

Another aspect of our Vaccines work that has helped in the pandemic response is the development of human infection studies, which involve safely infecting participants to test potential new vaccines. Initial work on an ethical framework for such trials enabled the rapid introduction of guidance for Covid-19 human infection studies in 2020. Wellcome has also funded seven sites for human infection studies, including a site in Malawi where a trial for pneumococcus recruited its first participants in April 2021.

A key lesson from four years of the Vaccines priority area is that Wellcome is well-placed to 'translate' between research, policy and practice. This is a role we can continue to play in pursuit of the goals of our new strategy.

Our Planet, Our Health

The Our Planet, Our Health team has been supporting the transition and development of a new strategy for Wellcome's work on climate and health.

In January 2021, the 2020 report of the Wellcome-funded Lancet Countdown on health and climate change was published. It is an independent assessment of progress towards the goals of the 2015 Paris Agreement, and was among the top ten climate research publications featured in the media this year.

We finished the year preparing for COP26 in November 2021. It was the first significant presence for Wellcome at an international climate change event, and our delegation included Alan Dangour, recently appointed as Wellcome's first Director of Climate and Health. We focused on establishing climate change as a health issue, and looking out for future partnerships that may help us achieve our goals in the climate and health challenge.

Mental health

The Mental health priority area began implementation in January 2020. Work since then laid the foundations for the transition to Wellcome's new strategy, which identifies mental health as one of the urgent health challenges we will be taking on.

Wellcome has long funded cutting-edge research to discover how brain, body and environment interact in mental health, and this continues under our new strategy. What's changing is more of a focus on understanding how existing and new interventions work, unpicking the 'active ingredients' responsible for positive impacts for people experiencing mental health problems.

Since 2020, we have been commissioning reviews into the evidence for a wide range of possible active ingredients – these are not types of therapy but the elements within different approaches that are essential to effectiveness. We published a report summarising the findings from these reviews in October 2021, but it is only the start of what we will push to become a more standard approach across all mental health sciences.

Our vision is a world in which no one is held back by mental health problems. To get there, we need the many different aspects of mental health research and experience to come together and apply their combined strengths in developing more personalised interventions to prevent, manage and solve mental health problems.

Diversity and inclusion

At Wellcome, we want as many people as possible to contribute to – and benefit from – science’s potential to change the world. So while diversity and inclusion underpin our new strategy, we have also been developing a Diversity & Inclusion strategy to help make sure we continue to make progress. The strategy was published in March 2021, and was followed in June by the publication of our new anti-racism guidelines and toolkit (see page 57).

The D&I strategy sets three ambitious targets to reach by 2031:

- **Inclusive employer:** Wellcome staff are representative of the places we work, able to be themselves, and supported to be their best (see pages 56-58)
- **Inclusive funder:** people funded by Wellcome will be more representative of the global population, able to be themselves, and supported to be their best
- **Equal health outcomes:** all Wellcome-funded research will be inclusive in both design and practice, to help drive better science and more equitable health solutions

Each goal has targets to meet along the way, such as application and success rates showing no one is being unfairly advantaged or disadvantaged in accessing Wellcome funding by 2026.

In terms of the research we fund, our 2026 targets include co-developing key principles of inclusive research design and practice – these will then be used in grant-funding and directly commissioned research, and to support researchers in their work. We will also support the growth of the Equality, Diversity and Inclusion in Science and Health (EDIS) collaboration, members of which include Wellcome and other research funders, academic institutions, scientific societies and companies. EDIS will lead the way to more inclusive research design across the science and health sector.

The Diversity and inclusion priority area team’s work has been integrated in our People team, and now encompasses culture, equity, diversity and inclusion.

Data for science and health

Launched as a priority area in 2019, Data for science and health has updated its approach as it moves into our new Research Programmes team, supporting work across Discovery Research and the three health challenges in our new strategy. The team will help look for opportunities for using software tools, digital standards and policies to achieve our goals.

Highlights from this year include support for OpenSAFELY, which has created infrastructure for researchers to access secure health-record information relating to Covid-19. The first analysis to use it identified which patients were at most risk of death in hospital due to Covid-19. It was an order of magnitude more accurate than any previous such analysis.

Since 2016, Understanding Patient Data has done much to improve trust in practice. They have created resources, as well as presenting, advising and, where appropriate, challenging partners in the UK Parliament, the NHS and the research community on the trustworthy use of patient data. A more focused strategy means Wellcome will not support Understanding Patient Data beyond 2022.

Snakebites

The Snakebites priority area will continue as planned until 2026, aiming to make treatments for snakebites safe, effective and accessible.

Snakebites cause more than 120,000 deaths a year, and life-changing disabilities for a further 400,000 people. The only medicine for treating snakebites is made by injecting horses with snake venom – a 19th-century technique with no common production, safety or efficacy standards.

This year, the team made seven grants to help stimulate innovation in the development of new treatments, as part of their work to fund the identification, research and development of the next generation of snakebite technologies.

Paul Rowley (left) and Nick Casewell extracting venom from a rhinoceros viper (*Bitis nasicornis*).



Nick Ballón
© Wellcome Trust

Research ecosystems in Africa and Asia

This priority area formally ended in May 2020, and its programmes of activity have been winding down this year. Its achievements include a number of partnerships and support for organisations in Africa and Asia that will contribute to the development of vibrant, self-sustaining research ecosystems in which knowledge is generated to improve health.

Central to Wellcome's new strategy is the research that we will fund in low- and middle-income countries (as defined by the OECD's list of official development assistance recipients). That includes discovery research and other research required to address the health challenges in our strategy. Many of the communities most affected by these health challenges are in Africa and Asia, and our success depends on strong and sustainable research environments in those regions.

Findings from the work of this team continue to be published, informing actions on research leadership, research management, and working in partnerships with national and regional research organisations. Some of our international partnerships have raised challenges over the past few years, particularly in relation to different experiences of governance. We can take many lessons from this priority area to manage such challenges in future activities and ensure our funding is making the greatest possible contribution to improving health for everyone.

Science education

A central tenet of our work in UK science education has been that teachers should be entitled to 35 hours of continuing professional development (CPD) each year. This recommendation has now been widely adopted in the education sector, and has helped to unite stakeholders to drive change in the system.

Explorify is an online product specifically developed by the Science education priority area to support primary school staff who teach science. Over 75,000 teachers have used Explorify in the past five years, and independent evaluation shows one-third reporting better quality of teaching, and 40% increasing the amount of science teaching they do as a result.

Wellcome is leaving the education sector as a result of our new strategy. Explorify is now run by STEM Learning (an organisation Wellcome has funded over several years, including to support online CPD for teachers during lockdowns in response to the Covid-19 pandemic), in partnership with the Primary Science Teaching Trust, and supported by the Ogden Trust and the Glasgow Science Centre. Other projects will stop or be transitioned to other partners, including pilot studies for science education interventions such as one-to-one mentoring, which will transfer to the Education Endowment Foundation.

Review of Investment Activities

Figure 1

Total portfolio net returns (blended £/US\$) Period to 30 September 2021

	Annualised return in £ (%)		
	Nominal	UK CPI	Real
One year*	34.5	1.5	33.0
Three years	17.3	1.5	15.8
Five years	16.4	1.9	14.5
Ten years	15.2	1.8	13.4
Twenty years	10.5	2.1	8.4
Since Oct 1985	14.2	2.7	11.5

	Annualised return in US\$ (%)		
	Nominal	US CPI	Real
One year*	40.3	3.3	37.0
Three years	18.6	2.2	16.4
Five years	17.3	2.2	15.1
Ten years	13.5	1.8	11.7
Since Oct 2009	12.1	1.9	10.2

	Cumulative return in £ (%)		
	Nominal	UK CPI	Real
Three years	62	5	57
Five years	114	10	104
Ten years	312	19	293
Twenty years	635	50	585
Since Oct 1985	11,820	157	11,663

	Annualised return in blended currency (%)		
	Nominal	UK/US CPI	Real
One year*	37.4	2.4	35.0
Three years	18.1	1.9	16.2
Five years	17.0	2.1	14.9
Ten years	14.5	1.8	12.7
Since Oct 2009	13.0	2.0	11.0

Portfolio net returns measured in £ only until 30 September 2009. Decision to measure in blended £/US\$ used from 1 October 2009 recognising the global nature of our portfolio (see Figures 11 & 12) and the need to maintain global purchasing power. However, Wellcome's functional currency remains Sterling.

The value of the endowment is measured at fair value. Net returns include

impact of all external management fees/expenses. Performance fees are included for hedge funds, private equity and property but for public equity they are only included from FY 2018.

*One year nominal returns for 2020 were 12.3% (£), 17.8% (US\$), 15.2% (blended £/US\$).

Summary

2020/21 saw our strongest investment returns since 1995, when Wellcome plc was sold to Glaxo. Financial assets were supported by ultra-low interest rates, quantitative easing (QE), expansionary fiscal policy, and a revival in sentiment as economies re-opened. Covid-19 dominated the headlines and there are certainly still plenty of risks in the absence of a more equitable global approach to vaccines, therapeutics, and resources to combat the pandemic (see page 5). However, most financial markets shrugged off such concerns during our financial year and once again rewarded those who stayed invested.

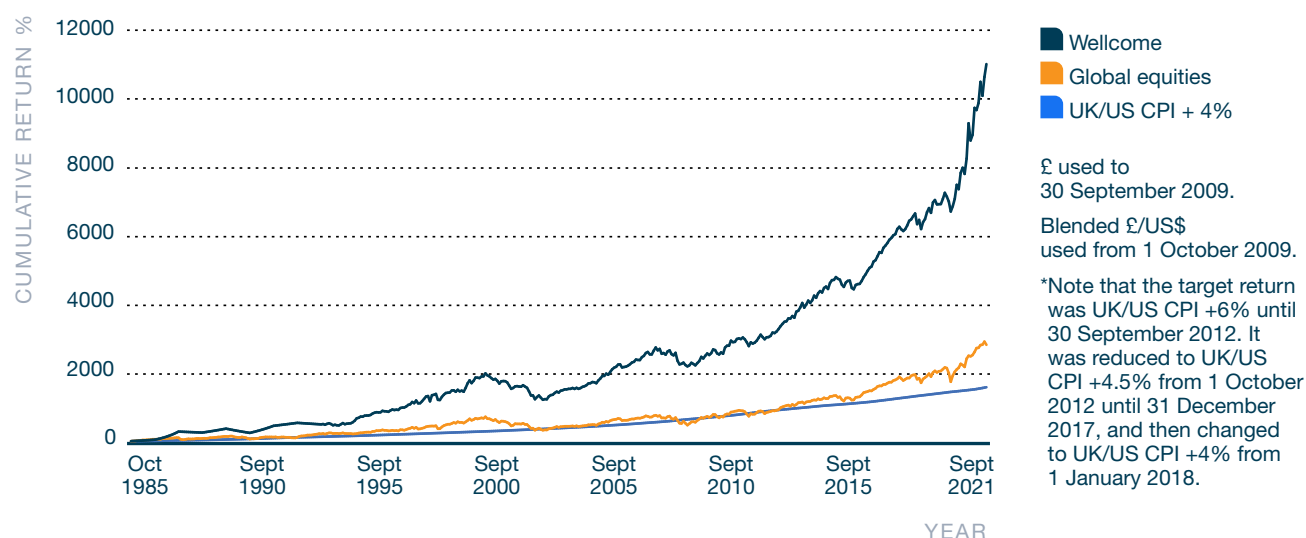
The portfolio returned +34.5% in Sterling (Figure 1) (2020: +12.3%), and we ended the year with net assets of £38.2 billion (Figure 6) (2020: £29.1 billion). After taking

account of £1 billion in charitable cash expenditure over the year, this is equivalent to our largest ever monetary gain of about £10 billion gross of liabilities. Sterling returns were held back slightly by currency strength – in USD terms the portfolio was up +40.3% (2020: +17.8%).

Over the past ten years, the portfolio has delivered a real return after inflation of +293% in Sterling (+13.4% a year in real terms or +15.2% a year in nominal terms). The whole of this period has seen extraordinarily low interest rates and strong support for asset markets from Central Banks. The market focus has now shifted to the path of inflation – low levels of inflation are typically positive for risk assets, but historically, higher rates of inflation have been damaging to real returns.

Figure 2

Total portfolio cumulative net returns since 1 October 1985 (%)



Overview

Global equity markets were strong for most of our financial year with few meaningful periods of weakness and no moves down of 10% or more, the generally accepted definition of a correction. There were several spikes in volatility, for example in late October 2020 in the run up to the US presidential elections and in January 2021 when Covid-19 cases increased sharply in Europe and the US. However, monetary and fiscal policies put in place to support the real economy continued to underpin financial markets, producing a bumper year for most asset prices.

Evidence of economic improvements mounted during the year with rapid recoveries in headline economic growth, labour markets tightening, and consumer and business sentiment improving. By the end of June, the US economy had regained and exceeded the pre-Covid-19 peak. However, demand recovery and supply bottlenecks have led to sharp increases in many prices. By the end of the period, the main market concern had shifted from potential economic depression brought on by Covid-19, to resurgent inflation sparked by the policy response.

Central banks have mostly continued to argue that inflation is a transitory phenomenon, but markets are now pricing in sharply higher interest rates. Bond yields rose in expectation of higher fiscal spending after the Democrats took control of the US government, receded during the summer and then rose again as inflation climbed. US 10-year yields more than doubled during our financial year, and UK 10-year yields more than quadrupled, albeit from extremely low levels. The move might have been much more dramatic in the absence of central bank bond buying through QE.

As the global economy recovered strongly and commodity prices rose, sectors geared to cyclical recovery in activity

performed well relative to growth stocks in listed markets. The whole market was buoyed by exceptionally strong corporate earnings growth, which made high levels of market valuation more palatable. Ultra-low interest rates, QE and strong earnings growth made for a powerful tailwind for equities.

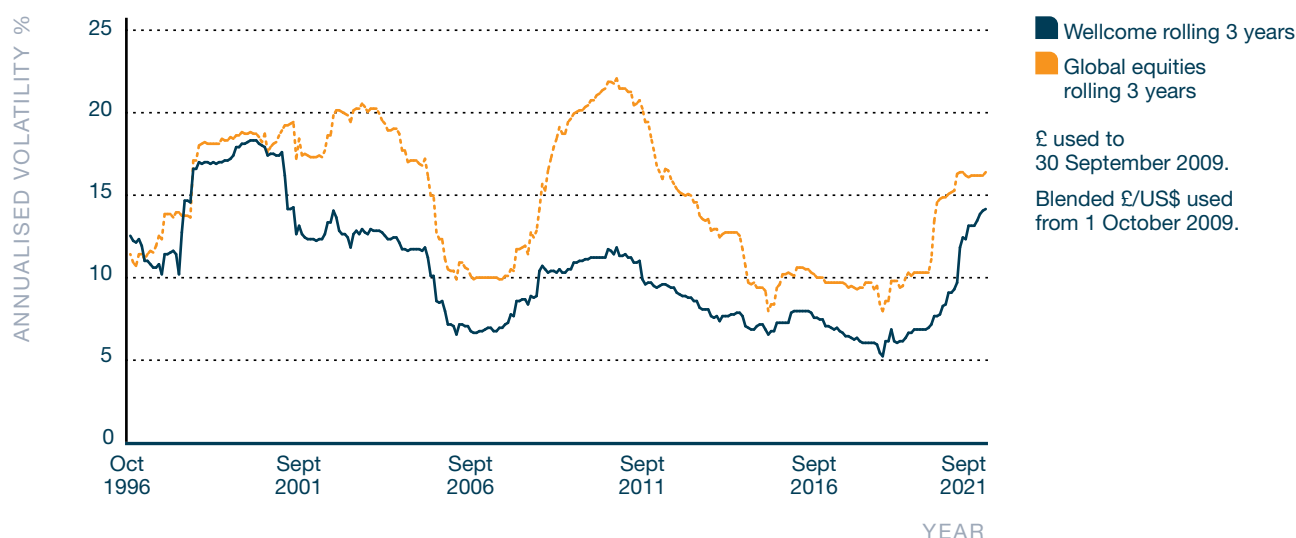
The +34% gain in the portfolio was helped by good performances from most of our assets. Our £17.4 billion portfolio of public equities had a good year in absolute terms, returning +16.5% (2020: +9.9%). However, this was well below global equity markets, which rose by +22.7%. This was because our public portfolio has relatively little exposure to cyclical value stocks, which led the market, while our public stocks in China, held both directly and through outsourced managers, had a bad year.

Our £4.2 billion hedge fund portfolio also had a solid year, delivering a return of +11.2% (2020: +17.1%). In a normal year, this would be regarded as a very strong return from a portfolio of hedge funds. In the context of this year's high-octane market moves, it seems relatively pedestrian, albeit not surprising given the relatively low equity beta of this part of the portfolio.

Private equity (PE) has been by far the best performing part of the portfolio this year (page 30), with an overall return of +72.6% (2020: +12.7%). We have been increasing our exposure to PE in recent years, so it is gratifying to see it pay off in this way. All parts of the PE portfolio had positive results, but the stand-out performers were venture capital and our directly held PE positions, where we saw exceptional returns and cash realisations. Cash flows from the PE portfolio were strongly positive.

Total assets in our property portfolio have grown to £2.9 billion from £1.9 billion. Much of this increase was due to our

Figure 3
Volatility (standard deviation) of returns (%)



£0.5 billion purchase of Urban&Civic, the UK's leading strategic land development company, which we completed in January (see page 31). This was the first time we have taken a public company private. We have also seen valuation uplifts across our property portfolio as the UK economy has recovered, leading to total returns of +16% (2020: +9.6%) from the property composite. The biggest contributor was our agricultural portfolio after we achieved outline planning permission to expand our genome campus at Hinxton in Cambridgeshire.

In our overlay book, we refreshed our bond liabilities by repaying debt issued in 2009 and issuing new 50-year debt. We are grateful to all our bondholders for their support in funding our mission. There was a large mark to market gain on our total bond liabilities due to rising market interest rates, but these liabilities are still marked well above nominal value, so if rates rise from here there could be further non-cash fair value gains.

We did not use any equity options or futures during the year. We have maintained higher than normal cash levels to provide comfort to stakeholders over a difficult period and to take advantage of opportunities (such as Urban&Civic) produced by volatility in markets. In our FX book, we realised profits on a series of hedges into Sterling from US Dollar, Euro and Yen, given the strength of Sterling. Our net Sterling exposure is at its lowest ever level following the removal of the minimum Sterling limit during the year.

Outlook

Strong market returns in 2020/21 have been driven by macroeconomic and policy tailwinds. However, our returns have been turbocharged by the realisation of value from a series of private investments made over the past decade and more. Much of our focus now is on ensuring that there

are similar seeds planted to enable us to maintain a level of returns sufficient to support our mission, even if the economic and market environment becomes more difficult.

The risks of a government policy mistake as they try to navigate the post-pandemic world are high. Debt is at unprecedented peacetime levels in Western Europe and North America, yet societal pressure is driving fiscal spending higher. The route out of QE and artificially low interest rates is highly uncertain, yet inflationary pressure is building, putting pressure on central banks to act if they are to maintain their independence. Geopolitical tensions, especially between China and US, are making the world seem less globalised just when a coordinated response to a global crisis is needed more than ever.

We cannot control the macro environment but we can respond to it. To fund Wellcome's mission, we need to maximise the probability of benefiting from secular tailwinds, such as the continuing digital revolution, the empowerment of the consumer in lower-income countries or the decarbonisation of our energy systems. We aim to do this in a sustainable way, hence our recent net zero pledge (see page 33).

The response to the Covid-19 crisis has driven a liquidity fuelled feeding frenzy in many asset classes that has borrowed returns from future years. If inflation proves to be persistent, it will make it harder to generate meaningful positive real returns. Stock market valuations tend to be lower in times of higher inflation. If valuations fall, so will share prices unless corporate profits continue to increase their share of GDP, which seems unlikely. At some point therefore, the market tailwind could well become a headwind. As long-term investors, we can cope with volatility but, to give us options in a more volatile world, our cash levels are higher than normal. We have also been looking for suitable investments in assets such as property that tend to be good inflation hedges.

Figure 4
Evolution of asset allocation (%)

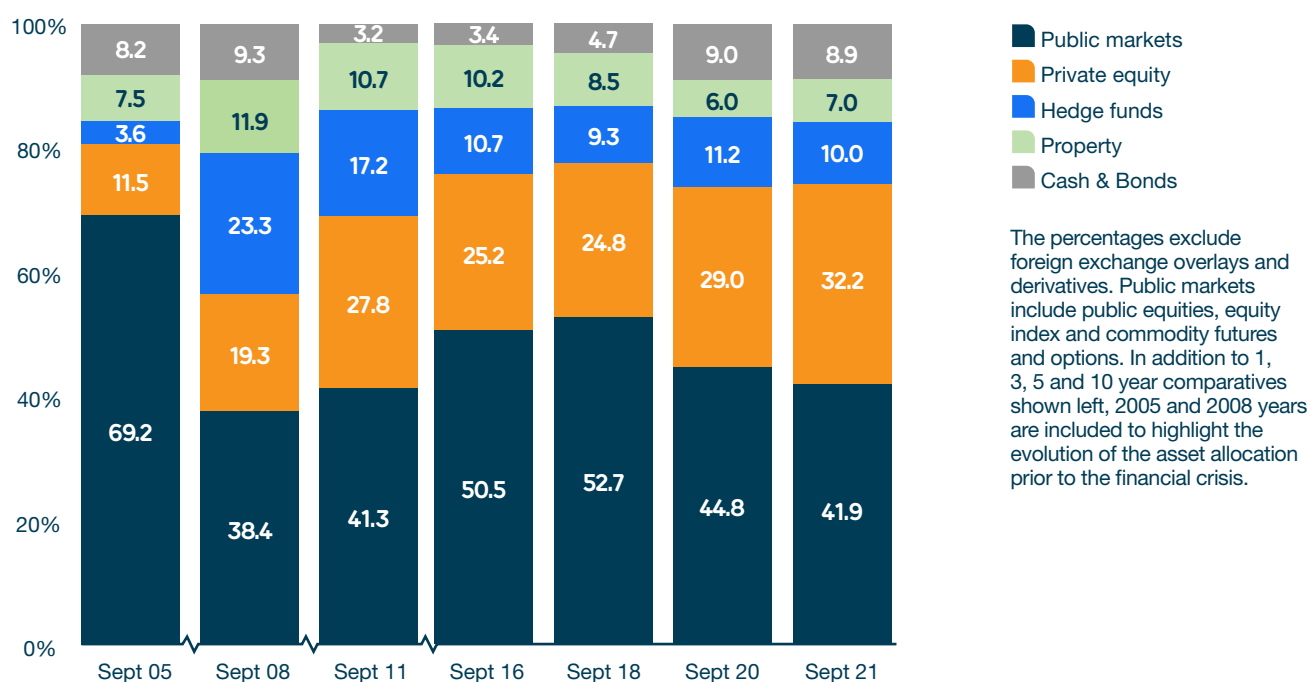


Figure 5
Evolution of asset allocation, directly and indirectly managed (%)

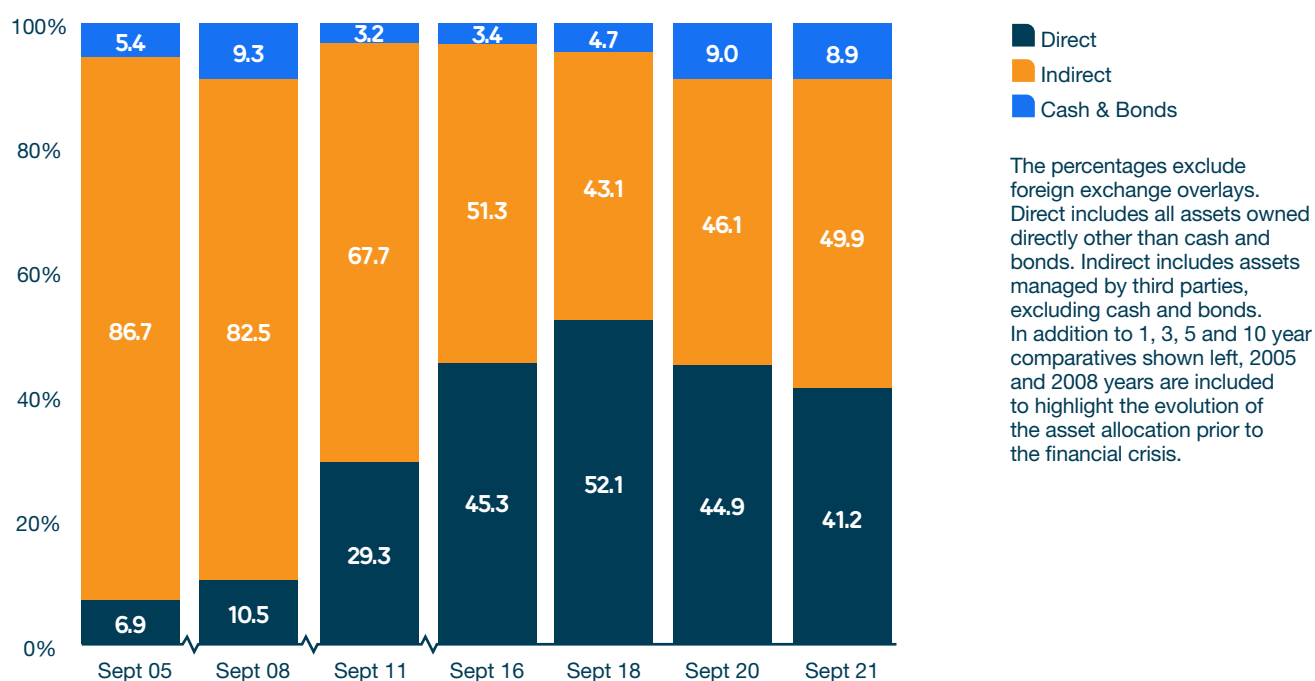


Figure 6
Investment asset allocation as at 30 September 2021

	2021 £m	2020 £m	2021 %	2020 %	One year return to Sept 2021 %	One year return to Sept 2020 %
Total public equities	17,414	14,603	41.9	44.8	16.5	9.9
Indirectly managed public equity	5,016	3,431	12.1	10.5		
Global	2,872	1,634	6.9	5.0		
Developed markets	1,505	1,115	3.6	3.4		
Growth markets	639	682	1.6	2.1		
Directly managed public equity	12,398	11,172	29.8	34.3		
Global compounders basket ¹	11,215	-	27.0	-	12.4	
Other	1,183	460	2.8	1.4		
Hedge funds	4,161	3,653	10.0	11.2	11.2	17.1
Equity long/short	2,450	2,377	5.9	7.3	12.7	23.4
Directional hedge funds	9	11	-	-	30.2	-33.4
Absolute return hedge funds	1,702	1,265	4.1	3.9	8.3	7.4
Cash & Bonds	3,714	2,915	8.9	9.0		
Private equity	13,384	9,449	32.2	29.0	72.6	12.7
Buyout funds	3,296	2,711	7.9	8.3	30.5	
Multi asset partnerships	715	877	1.7	2.7	7.7	-0.2
Venture funds	7,543	4,342	18.2	13.3	79.6	28.2
Direct Private	210	252	0.5	0.8	370.6	-5.1
Private co-investments	1,620	1,267	3.9	3.9	182.4	16.6
Property	2,889	1,941	7.0	6.0	16.1	9.6
Net overlay assets²	(11)	(3)	-	-		
Total assets	41,551	32,558			29.2	13.0
Bond liabilities	(3,368)	(3,471)				
Total liabilities	(3,368)	(3,471)				
Total assets net of all liabilities	38,183	29,087			34.5	12.3

Performance figures provided from custodian where available.
Asset class performance figures are not additive.

1. The Global compounders basket was established at the start of this financial year as the successor to the three internally managed baskets which were shown in the 2020 Annual Report: the Mega cap basket (2020: £7,185 million), Optionality basket (2020: £916 million) and Growth basket (2020: £2,611 million).

2. Since September 2017, the equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total assets net of all liabilities' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

Figure 7
Public equity net returns (%)
Period to 30 September 2021

	Annualised return in £ (%)				
	1 year	3 years	5 years	10 years	Since Sept 2008
Global	17.8	11.2	13.0	14.2	10.2
Developed world	15.7	3.8	11.0	14.8	11.2
Growth markets	-5.2	8.5	7.4	8.7	5.6
Total public equities	16.5	11.0	12.5	13.7	11.0
Direct public equities by strategy					
Global Compounders Basket	12.4				
MSCI AC World	22.7	11.9	12.9	14.1	11.1

In addition to 1, 3, 5 and 10 year comparatives shown above, returns since Sept 2008 are included to highlight the performance since a large portion

of the public equity exposure has been directly managed (see Figure 5 for Evolution of asset allocation, directly and indirectly managed).

Figure 8
Top ten direct public equity holdings
As at 30 September 2021

Rank 2021	Rank 2020		Total Value £m	Total Value US\$m	Return on Cost GBP (inception dates differ)
1	-	DoorDash	803	1083	1.4x
2	3	Microsoft	609	821	8.7x
3	12	Alphabet	594	801	9.6x
4	2	Vonovia	508	685	2.8x
5	8	Nestle	482	650	2.2x
6	4	Apple	462	623	17.4x
7	10	Amazon	439	592	1.7x
8	15	Facebook	378	509	5.0x
9	21	HDFC Corp	342	461	1.7x
10	13	Berkshire Hathaway	340	459	3.2x

Internally calculated RoCs to September 2021 which do not include performance while held as private companies, where applicable.

Public Equity

During the 2020/21 financial year, global equity markets (MSCI AC World) delivered a return of +22.7% in Sterling or +28.0% in US Dollars. There was a broad-based rally in equities, with most developed markets delivering double digit total returns and major indices in the US, UK and the EU all showing total returns above +20% in Sterling.

Returns in emerging markets were more mixed. Emerging market equities as a whole performed reasonably well, with a +13.7% total return in Sterling (MSCI EMF Index). However, China-related equities have had a tough year as increasing regulatory scrutiny of technology companies and

geopolitical tensions scared off many investors. While domestic Chinese markets limped to small positive returns, Chinese companies listed overseas (including those we hold) saw sharp price falls. The whole Hong Kong market was down during the year, despite the favourable global backdrop. There is arguably considerable value in these companies, but also heightened risk.

The return on our public equity portfolio was strong in absolute terms at +16.5% (2020: +9.9%), but well behind the global index (Figure 7). Our focus is primarily on long-term absolute returns as this is what funds the mission – our public equity portfolio has returned a healthy +11.0% per annum since September 2008 (when we started owning stocks directly, rather than outsourcing the entire portfolio) (Figure 7).

Equity market volatility has not revisited the peaks seen in early 2020, but there have been several spikes and it remains elevated compared to pre-pandemic levels (Figure 3). Trailing 3-year volatility remains above levels seen during the Global Financial Crisis. Our portfolio volatility is below that of global equities, but this is largely because more than half our portfolio is not marked to market. Stock prices in public markets reflect stresses on companies immediately, but we are under no illusions that similar stresses do not also exist in private companies. We expect elevated volatility to persist, especially if monetary policy becomes less accommodative.

The £11.2 billion internally managed Global compounders basket (GCB) delivered a solid absolute performance of +12.4%, albeit underperforming global equities. This is a portfolio of very large international companies that we judge to be well positioned to benefit from secular tailwinds. It was established at the start of this financial year as the successor to three internally managed baskets and combines almost all our directly held public assets into one portfolio, including both developed and emerging market exposure. We aim to deliver attractive long-term absolute returns with much better liquidity than the broader market.

The concentration of the portfolio into less than 40 positions inevitably means performance will diverge significantly from broad indices, as it did during this year. However, holding large long-term positions enables us to pursue active engagement with these companies to ensure that they have and maintain a suitable societal licence to operate. Further details of our approach to responsible investment are available at [wellcome.org](https://www.wellcome.org).

Outside of the GCB, there are two other key internally managed positions. DoorDash, a US-based food delivery business, which came into our public portfolio as a distribution from a successful co-investment after its IPO, and Syncona, the UK-listed life sciences venture capital company founded by Wellcome in 2012. We had widely different experiences from these two investments this year. DoorDash performed very strongly, doubling in price following its listing in December. It is now our largest public equity position, despite us having reduced our holding to keep the position size manageable. Syncona had a very disappointing year, with the share price falling by nearly a third as the market struggled to value the long-term prospects of the company's early stage investments.

Most of our £5.0 billion book of outsourced equity mandates had a good year. The standout performance came from our UK small cap value manager, which returned +107.2% as their style and geographical characteristics came firmly back into favour. At the other end of the spectrum, our Asia-Pacific manager had a -4.1% negative return as market sentiment turned against their China heavy portfolio. We take the long view of these relationships. Our longest standing relationship (Brown Advisory, a dedicated US manager) passed the

Figure 9a

Illiquid asset net returns (£) (%) Period to 30 September 2021

	Annualised return in £ (%)			
	1 year	3 years	5 years	10 years
Directional	30.2	-1.0	2.6	5.8
Absolute return	8.3	8.4	7.3	7.1
Equity long/short	12.7	14.7	13.5	13.4
Total hedge funds	11.2	12.5	11.5	11.1
Buyout funds	30.5	12.3	12.9	13.7
Multi-asset partnerships	7.7	10.1	4.4	
Venture funds	79.6	43.0	32.5	27.8
Direct Private	370.6	45.5	25.8	
Private co-investments	182.4	55.7	44.5	
Total private equity funds	72.6	31.0	24.3	
Non-residential property	24.1	15.8	14.4	7.7
Residential property	4.4	0.1	-0.2	6.4
Property	16.1	8.9	7.4	9.0
MSCI AC World	22.7	11.9	12.9	14.1

25-year anniversary this year, during which time they have outperformed their benchmark by an annualised +2.3%, equivalent to a cumulative excess return of +906%.

While the value of our public equity holdings is up +£2.8 billion compared to the end of last year, as a proportion of total assets our exposure has been reduced (Figure 4) due to the strong performance of our private positions. DoorDash was transferred into the public equity portfolio but we sold a larger combined amount of direct positions into strength, reducing the directly managed portion of the overall portfolio as a side-effect (Figure 5). In the indirect portfolio, we funded one new outsourced global manager.

Figure 9b

Illiquid asset net returns (US\$) (%) Period to 30 September 2021

	Annualised return in US\$ (%)			
	1 year	3 years	5 years	10 years
Directional	35.8	0.1	3.4	4.3
Absolute return	13.0	9.7	8.1	5.6
Equity long/short	17.6	16.0	14.4	11.7
Total hedge funds	16.0	13.7	12.3	9.5
Buyout funds	36.1	13.0	13.4	11.9
Multi-asset partnerships	12.3	11.3	5.2	
Venture funds	87.3	44.6	33.5	26.0
Direct Private	390.8	47.1	26.7	
Private co-investments	194.5	57.4	45.6	
Total private equity funds	80.0	32.5	25.2	
Non-residential property	29.4	17.1	15.2	6.1
Residential property	8.9	1.3	0.5	4.9
Property	21.1	10.1	8.2	7.4
MSCI AC World	28.0	13.1	13.8	12.5

Hedge Funds

Our £4.2 billion hedge fund portfolio had another decent year, returning +11.2% (Figures 9a and 9b) (2020: +17.1%). Hedge funds rarely keep up with strong equity markets, such as those we have seen this year. As the name implies, they hedge out some or all broad equity market exposure and in the case of absolute return funds also invest in a range of non-equity assets. Nonetheless, over the past three years, our portfolio has delivered broadly similar net returns to equity markets with significantly lower volatility.

The risk/return profile of our hedge fund portfolio looks quite attractive in the context of our relatively downbeat medium-term outlook for markets. However, scaling up the portfolio has proved to be challenging as the best managers are capacity constrained. Some of them have also responded to excess demand for their services by raising fees or offering worse liquidity terms, which can diminish their appeal.

Our equity long short hedge funds (£2.4 billion) are active investment vehicles. Their aim is to beat returns from broad equity markets, taking advantage of opportunities to profit both from buying good stocks and selling short disadvantaged companies. Our managers have collectively achieved this aim over the past five years, although short selling, difficult at the best of times, has been especially challenging over much of this period due to liquidity lifting even the leakiest of corporate boats. Overall, the portfolio delivered +12.7% during the year (2020: +23.4%). However, the dispersion of returns was quite wide, with our best-performing manager returning +25.7% and the worst seeing a -17.6% decline.

Our absolute return hedge funds (£1.7 billion) play a different role in the portfolio, which is to provide steady, low volatility, diversified returns that are not highly correlated to equity markets. Performance from this part of our portfolio (+8.3% this year, 2020: +7.4%) has been improving over the past decade as we have concentrated on the best managers. Most of our managers delivered double digit returns, with the best delivering +18.7%. However, one manager was caught on the wrong side of moves in fixed income markets and suffered a negative return of -9.8%.

Private Equity

Our private equity (PE) portfolio comprises buyout funds, venture capital (VC) funds, multi-asset partnerships (MAPs), co-investments and direct private investments. This part of the portfolio had an exceptional year (Figures 9a and 9b), returning +72.6% (2020: +12.7%), which took our total exposure up to £13.4 billion, or 32% of total assets, another new high for exposure to PE.

The largest part of our PE exposure is VC (£7.5 billion), which continues to benefit from rapid technological innovation and a structural shift to the digital economy. Although cyclical value sectors came back into vogue in public markets, there continues to be strong demand for high-quality IPOs of VC-backed companies. Our managers

have taken full advantage of this environment, with many of their companies listing on public markets, often at large valuation uplifts, over the past year.

We have so far been wrong to expect lower returns from our VC portfolio. The +79.6% gain (+87.3% in USD, the currency of most of the funds) this year was astonishing (2020: +28.2%), coming as it does at the end of a 10-year period where annualised returns have been +27.8%. The multiple of invested capital on our VC funds since inception is now 2.7x (Figure 10). This level of return will not continue indefinitely, particularly given that increasing amounts of capital are being attracted into the asset class. Nonetheless, we have an exceptional group of VC partners with a long track record of backing innovative and dynamic companies. Even in a tougher environment for the asset class, we believe they will still deliver an attractive premium return.

Our buyout funds benefited from the broad economic recovery and produced a very pleasing return of +30.5% (+36.1% in USD), comfortably ahead of global equities. Over the longer term, these funds have delivered strong and consistent multiples of capital invested (Figure 10). While VC is generally capital-constrained and highly illiquid, buyout funds tend to be larger, more accessible and with somewhat shorter holding periods. We have therefore been able to make some large commitments in recent years that should start to deliver strong realisations quite soon.

Our MAPs are portfolios run by strong local institutions in specific regions across emerging markets, with flexibility to invest across asset classes. Most of them have proved hard to scale, while the last decade has been a difficult period in many of these markets. The composite has beaten the return from emerging market equities over the long term, but the absolute return has been disappointing. In 2020/21 this composite returned +7.7% (2020: -0.2%). Four of the six mandates have been terminated or are in run-off mode, resulting in net distributions of £223m over the year.

The standout performance this year came from our direct private and co-investment portfolios, which returned +370.6% and +182.4% respectively. The main reason for this remarkable return was a series of liquidity events, three each from co-investments and direct private investments. The two largest gains were the sale of Kymab (an innovative life sciences company seeded by Wellcome in 2010) to Sanofi, and the IPO of DoorDash, in which we first invested alongside VC partners in 2016. The latter position has since been transferred to the public equity portfolio and reduced to a more manageable size, realising very significant gains.

It was a highly cash-generative year for the PE portfolio, with net distributions of £1.9 billion. Total distributions (excluding MAPs) came to £3.2 billion. Of these, £591 million came from buyout funds, £946 million from VC funds and £1.6 billion came from direct private investments and co-investments. Although it was a year for harvesting, we continued to plant new seeds to produce future returns, making new commitments totalling £1.5 billion across our PE strategies during the year. Of these, £534 million were to buyout funds, £743 million to VC funds and £236 million to direct private investments and co-investments.

Figure 10
Private equity fund net returns (multiples)
Inception to 30 September 2021

	Drawn (£m)	Realised (£m)	Net Asset Value (£m)	Total Value to Drawn
Buyouts	8,035	9,261	3,296	1.6x
Venture	5,186	6,205	7,543	2.7x
All Private equity funds <=2015	10,162	14,947	5,778	2.0x
All Private equity funds >=2016	3,059	519	5,061	1.8x
All Private equity funds total	13,221	15,466	10,839	2.0x

Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2015 and earlier have generally finished their investment period.

Property, Infrastructure and Asset-Backed Operating Companies

It has also been a busy year in the property portfolio.

The UK property market appears to have bottomed out and begun to show signs of life after the trauma of Covid-19 lockdowns, supporting a total return in the portfolio of +16% for the year (Figures 9a and 9b) (2020: +9.6%).

In January we completed the purchase of Urban&Civic plc (U&C), the first time that Wellcome has taken a company private. We had an existing joint venture with the company and high regard for the management team, which has built the leading strategic land development franchise in the UK. Market recovery and the development of the business resulted in a meaningful uplift in year-end net asset value.

Obtaining outline planning permission for a significant expansion of the Wellcome Genome Campus at Hinxton, Cambridgeshire has resulted in a significant uplift in the valuation of our agricultural assets, which has been the biggest driver of our property returns this year. We are working with U&C to scope out a plan for the development of the site to expand the capacity of this world class facility.

There has been a small mark up in our residential property portfolio as rental levels have stabilised and voids have been reduced. The numbers take account of the completion of the renovation of three apartment buildings and four HMO (house in multiple occupation) buildings, as part of an intensive rolling programme of improvements to our residential portfolio. The completed buildings have been well-received in the rental market, suggesting that the market for quality, well-located property in London is healthy. We have recently received outline planning permission to redevelop two office buildings in Pelham Street, South Kensington and will now draw up detailed plans.

Premier Marinas has benefited from greater interest in leisure boating during the pandemic. We added a new marina to the portfolio this year and have continued to invest in the existing portfolio, resulting in a modestly higher valuation. We are currently marketing for sale our student accommodation block at Northumberland Avenue in London as the student market has remained very resilient.

Away from the UK, we have invested in a California-based private infrastructure company providing a platform to enable the roll out of distributed infrastructure in the renewable energy, waste management and clean transport space. We will continue to look for interesting opportunities in property and infrastructure, which have attractive inflation hedging attributes. Over the course of 2020/21, we deployed a total of £650 million into these assets, while receiving distributions of £103 million. This has been our main focus for net investment in the broader portfolio over the year.

Portfolio Overlays, Currency, Regional and Sectoral Overview

We did not use any equity futures or options as hedges this year, preferring instead to gently sell underlying holdings into strength. An environment of low interest rates, abundant

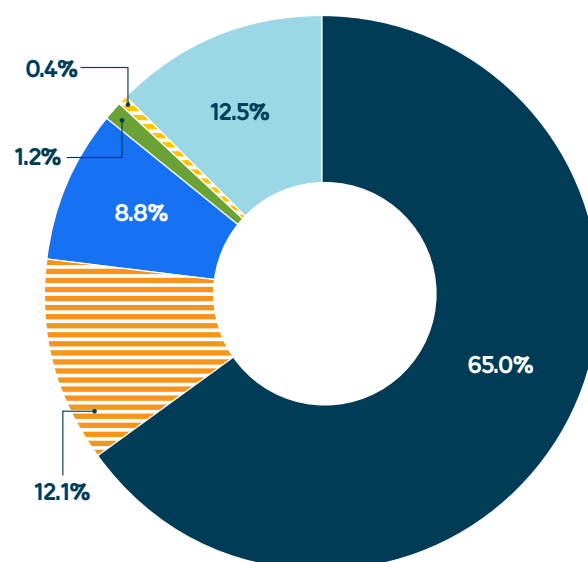
liquidity and rapid earnings growth was not one where we considered it likely that there would be significant market weakness to warrant hedging.

In the foreign exchange overlay (FX) book, the Board of Governors resolved to remove the 15% minimum Sterling limit during the year. As a result, we took advantage of strength in Sterling after the successful vaccination campaign to reduce our hedges against the Euro and remove those against USD and Yen, realising a +£51 million profit in the process. There do not currently appear to be major long-term valuation discrepancies in currency markets that warrant large positions, although we have partially hedged our Brazilian Real exposure in the light of the damage that Covid-19 has wrought on the Brazilian economy.

There was a significant mark to market decline in the value of our bond liabilities as interest rates rose across the yield curve. This resulted in an uplift of +£565 million to our net asset value, although there is no cash impact from this gain. Despite this move, our bond liabilities continue to be priced well above their nominal value; a gap that will be closed as the bonds mature.

In May, we repaid the £275 million 4.75% Sterling denominated bond issued in 2009. This was the first time that any of our bonds has matured since we started issuing in 2006. We then took advantage of a decline in interest rates

Figure 11
Currency allocation
(net of currency forwards) (%)
As of 30 September 2021



■ US Dollar & linked currencies
■ Total Europe
■ Total Asia
■ Other
■ Total Commodity*
■ Pound Sterling

*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US Dollar.

Figure 12
Public and private equity regional exposure (%)
As of 30 September 2021

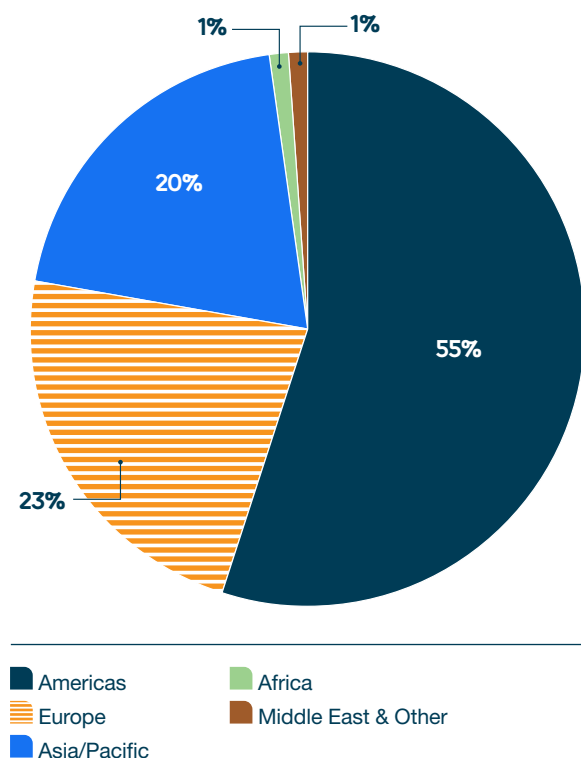
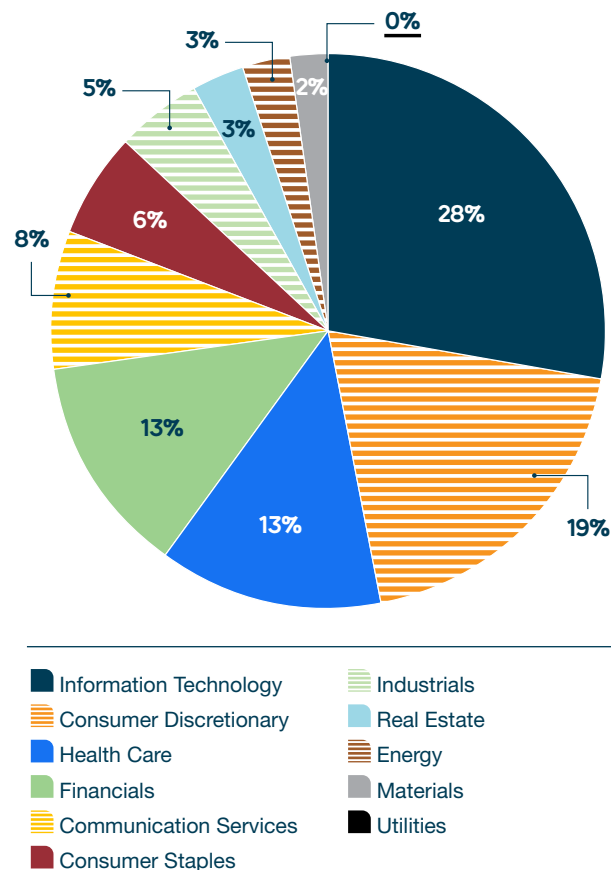


Figure 13
Public and private equity sectoral exposure (%)
As of 30 September 2021



in the summer to issue £750m of AAA/Aaa rated 50-year Sterling debt at 1.50%. The total outstanding nominal face value of our debt at the end of the financial year was £2.8 billion against total gross assets of £41.6 billion.

Our net US Dollar exposure has increased over the year to 65% because of the strong performance of private equity assets, which are largely Dollar-denominated (Figure 11). Sterling exposure reduced despite having added to underlying UK assets as we removed currency hedges and issued additional Sterling denominated debt. Exposure to both Asian currencies (primarily Chinese RMB) and European currencies reduced by a similar proportion as US assets outperformed.

There remains a structural gap in economic growth rates between the Asia-Pacific region and Europe & the Americas. We continue to make and hold significant investments in Asia (Figure 12), although some of these have not performed well in the past year as China has taken a harsher regulatory line in some sectors. We are watching for signs that China is becoming less welcoming to foreign capital as geopolitical tensions rise but so far, the moves have mostly been mirroring those seen in the West to limit

the market power of tech giants. One exception was the ban on for-profit after-school tutoring. We had no direct exposure to this sector and limited indirect exposure, but the seemingly arbitrary nature of the announcement spooked the whole market.

It will also be important to watch how China, and other Asia-Pacific economies that have pursued a 'zero-Covid' policy, fare as they find ways to re-engage with a world that has largely chosen a less restrictive path. Ironically, success in keeping Covid out in 2020 has meant that re-engaging with the outside world could be a slow process.

There has been little change in our public and private equity sector positioning (Figure 14). Information technology has moved up to 28%, while consumer discretionary (which includes e-commerce) remains at 19%. Financials exposure is also unchanged at 13%. We have little private exposure in this sector, but the listed sector has outperformed on rising interest rates. More defensive sectors including healthcare and consumer staples have performed relatively poorly over the year and we are seeing some pockets of value in these areas in public markets. Additions to our healthcare positions have led to slightly increased exposure to the sector at 13%.

Progress report

– Investments net zero strategy

Our plan to drive down carbon emissions

Over the year we launched our plan to put our investment portfolio on a path to net zero by 2050 at the latest. This is an extension of our long-running approach to responsible stewardship of our assets. It recognises that the carbon-intensive path of development that the world has followed until now cannot be safely sustained. We committed to measuring the emissions associated with our portfolio, as the data becomes available, and to encouraging the managers of all our assets to adopt science-based net zero targets. This is our first report on our progress.

Our approach

We all need to play a role in the transition to a lower carbon future. Governments must set effective policies to put a price on carbon and to channel capital flows. As consumers, we need to be conscious of the carbon consequences of our choices. Companies will have to work across their supply chains to reduce their carbon footprints and invest in greener technologies. Shareholders like us must continue to force the issue up the agenda and hold management teams to account.

We recognise our responsibility as a long-term asset owner to do more than simply set out an ambition, by engaging closely with the managers of assets we own and ensuring they are taking specific actions to put their companies on a science-based net zero trajectory.

We are leveraging our close relationships with the managers of our assets to move them along the various steps of an engagement ladder by making our expectations clear, supporting those who are taking their first steps, and ensuring we are constantly encouraging those who are already working on this to go further.

Engagement remains the cornerstone of our approach rather than excluding whole sectors, which we view as a one-dimensional tool in a complex world. Climate change is a systemic risk that will affect all sectors. Equally, it is an issue to which all sectors contribute, albeit to different degrees.

While our portfolio is heavily weighted towards less carbon-intensive sectors, we still firmly believe that substantive action needs to be taken by the managers of all our assets. We generally have close and collaborative relationships with these managers, but we don't shy away from constructive challenge where we feel it is necessary. Ultimately, we believe that only environmentally sustainable businesses can be sure of their financial sustainability in the long run.

To bolster our engagement efforts, we have joined the Institutional Investor Group on Climate Change (IIGCC) to work alongside other asset owners and asset managers on what is a global challenge. Until recently, engagement has been predominantly with public companies. We are now focusing our spotlight on our private assets, where progress tends to be at earlier stages. We are having positive conversations with many of our managers, in particular those within private equity, many of whom are now waking up to the importance of taking action.

We recognise that different parts of our portfolio present different challenges and will move at different speeds. For example, in our directly held property assets, we have limited influence over how our tenants use energy, although this has a major bearing on our carbon footprint. Among our hedge funds, we face the question of how to account for the footprint of short and derivative positions.

On measurement, there are different considerations for each asset class, and so we adjust our approach accordingly. We have mapped out what scope of emissions within each asset class we take responsibility for. For example, we will include scopes 1 and 2 of the underlying portfolio companies held by third party managers and will also work with these managers to encourage company management teams to consider scope 3 emissions where appropriate.

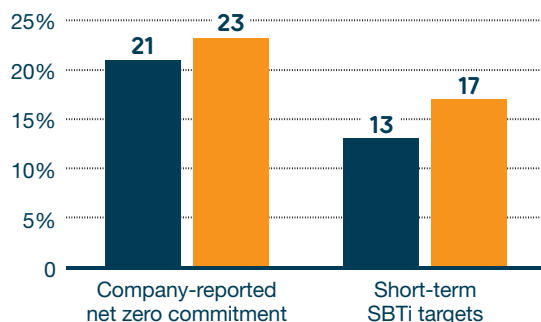
Progress this year

Given the challenges in accurately measuring the carbon footprint of our unlisted assets, we are initially focusing on reporting the percentage of the portfolio (by value) with a company-reported net zero target, the percentage of the portfolio (by value) with a science-based net zero commitment*, and the percentage of the portfolio (by value) with a near-term science-based target. As of 30 September 2021, these numbers stood at 23%, 10% and 17% of gross assets respectively, with the first and last improving from 21% and 13% at 31 December 2020, noting that the science-based net zero commitment was introduced during 2021 and therefore not measured in December 2020.

Given that climate science and measurement metrics are constantly being improved, we use verified targets from the Science-Based Target initiative (SBTi) and will show trends in these metrics over time. In October 2021, SBTi released new requirements for their net zero standard that focus on having both near- and long-term targets to achieve net zero, and take wider consideration of decarbonisation across a company's supply chain (scope 3).

*<https://sciencebasedtargets.org/>

% of gross assets with climate targets over time^{1,2}

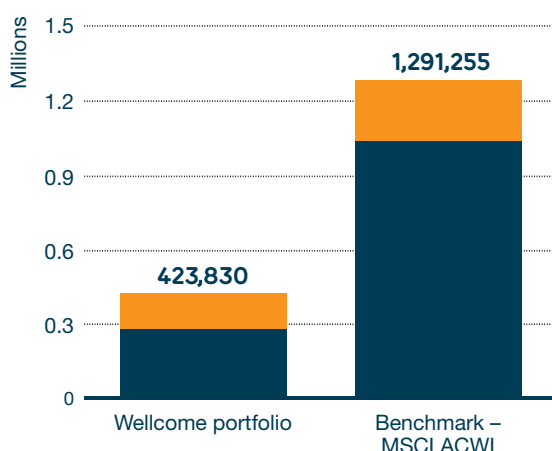


■ 2020 ■ 2021

For our public equity holdings, where the necessary data is more readily available, we recorded a carbon footprint of 423,800 tCO₂e (scopes 1 and 2), well below the MSCI AC World benchmark for a portfolio of the same size at 1,291,255 tCO₂e. The carbon footprint of our portfolio has fallen by 44% compared to 30 September 2019. This is mostly caused by a change in methodology to apportion attributable emissions by Enterprise Value including cash (EVIC) instead of market capitalisation, which was used previously, in line with updated best practice**.

Beyond this change in the recommended measurement, the main reason for the drop in emissions is that the carbon footprints of companies that we've recently added to our portfolio are mostly lower than those of the holdings that we've recently sold. In addition, the companies in more carbon-intensive sectors that we still hold have reported lower emissions this year.

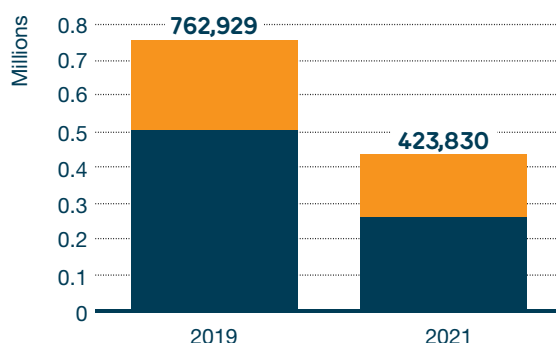
Public equities carbon footprint (tCO₂e) As at 30 September 2021^{2,4,5}



■ Scope 1 ■ Scope 2

**As proposed by Partnership of Carbon Accounting Financials (PCAF) and included in the IIGCC's Net Zero Implementation Guide.

Public Equities Emissions – scope 1 and 2 (tCO₂e)²



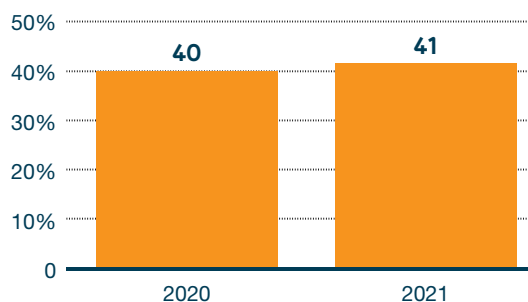
■ Scope 1 ■ Scope 2

This year, 91% of carbon footprint data came from company disclosures rather than third-party estimates, an increase from 82% in 2019. This is an encouraging sign that companies are taking responsibility for measuring and reporting on their emissions. We continue to advocate for companies to integrate TCFD recommendations into their governance, strategy and risk management processes.

Full details of our approach can be found at [wellcome.org](https://www.wellcome.org).

We have been pleased with the positive response that our strategy has received from our investment partners so far, particularly from those who are at relatively early stages of considering climate risks. Over the coming year we will focus on sharing best practice within each asset class among the managers of our assets and encouraging them to adopt similar measures. While we recognise that this will be a long process, where standards undoubtedly will continue to shift, we are reassured that we are in increasingly good company in advocating for this strategy.

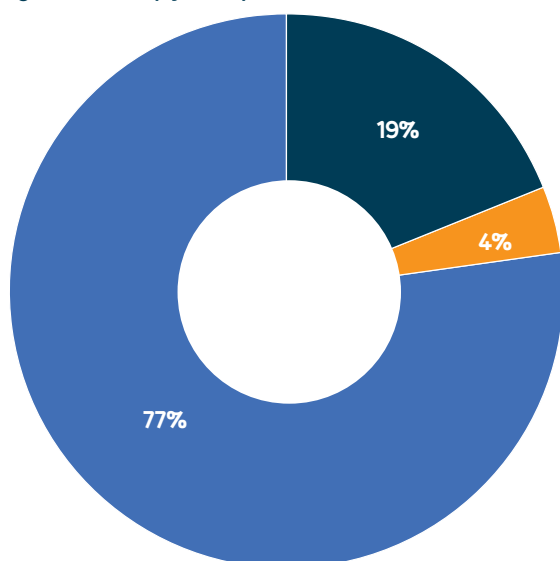
% of gross assets with emissions data available^{1,2}



■ % of assets with emissions data available

Company-reported net zero commitments^{1,2}

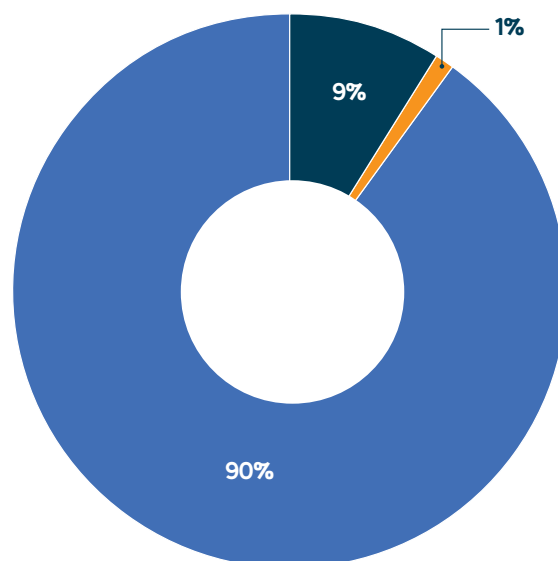
% gross assets (by value)



■ Direct equities ■ Indirect equities ■ No commitment

SBTi net zero commitments^{1,2,3}

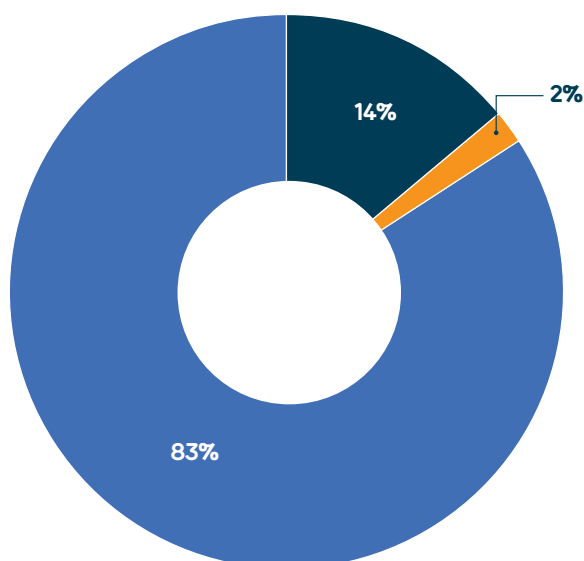
% gross assets (by value)



■ Direct equities ■ Indirect equities ■ No commitment

Short-term SBTi targets^{1,2,3}

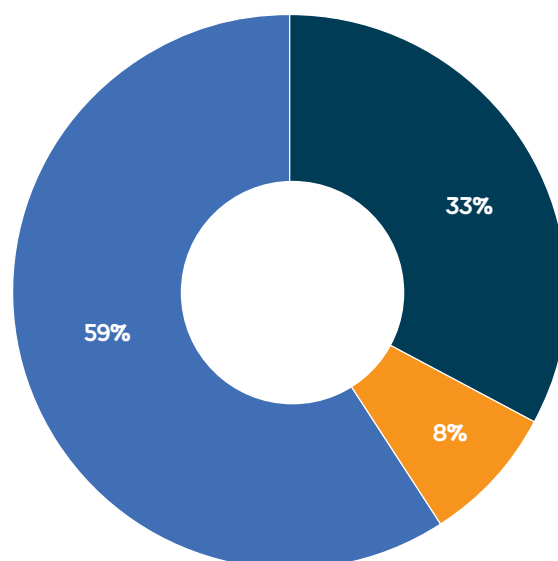
% gross assets (by value)



■ Direct equities ■ Indirect equities ■ No target

Emissions data available²

% gross assets (by value)



■ Actual ■ Estimated ■ Not reported

Note: Discrepancies between the numbers in the text compared to those shown in the graphs are due to rounding.

Endnotes

- For all net zero commitments and near-term SBTs we look at all our direct equity holdings, indirect equity holdings of any size that we already hold directly and otherwise use a materiality threshold of positions >\$30m.
- All portfolio emission data provided by Trucost, as at 30 September 2021. Portfolio emission data for 2019 was provided by Trucost, as at 30 September 2019. All emissions reduction target information for 2020 is shown as at 31 December 2020.
- Near-term science-based targets and science-based net zero commitments are taken directly from SBTi (<https://sciencebasedtargets.org/companies-taking-action>). This includes companies with targets set and certified by SBTi, and those that have made a commitment to SBTi to set science-based targets.
- The portfolio carbon footprint covers scope 1 and 2 emissions of our direct and indirectly held assets. This applies on a look-through basis to portfolio companies and investments that might be held by third-party managers (these fall under scope 3 for indirect equities, buyout and venture exposure).
- While we do not rely on benchmarking to dictate investment decisions, Trucost's reports use a selected benchmark as a measure of relativity for carbon footprints. In 2021 the benchmark footprint rose as we changed it to the MSCI AC World instead of the S&P Global LargeMidCap index used in 2019. Going forward, we intend to consistently use MSCI AC World.

Financial Review

Overview for the year ended 30 September 2021

	2021 £m	2020 £m	Change £m
Investment activity			
Income	286	323	(37)
Expenditure	(186)	(166)	(21)
Investment gain	9,253	3,290	5,964
	9,353	3,447	5,905
Charitable activity			
Income	125	141	(16)
Expenditure before discounting and foreign exchange	(1,233)	(1,099)	(134)
Discounting of grant liability	48	46	2
Foreign exchange revaluation of grant liability	5	34	(29)
Expenditure on charitable activities	(1,179)	(1,019)	(161)
	(1,055)	(878)	(177)
Net income before tax	8,297	2,569	5,728
Taxation	(10)	13	(23)
Actuarial gains/(losses) on defined benefit pension schemes	152	26	126
Net movement in funds	8,440	2,608	5,831

Total Funds at 30 September 2021

	2021 £m	2020 £m	Change £m
Fixed assets	413	412	2
Investment assets	41,748	32,712	9,035
Net current liabilities	(1,051)	(1,112)	61
Long term liabilities	(4,848)	(4,190)	(658)
Total funds	36,261	27,822	8,438

Charitable expenditure, Net movement in funds and Total funds are alternative performance measures. Wellcome's alternative performance measures and key performance indicators are detailed on page 90.

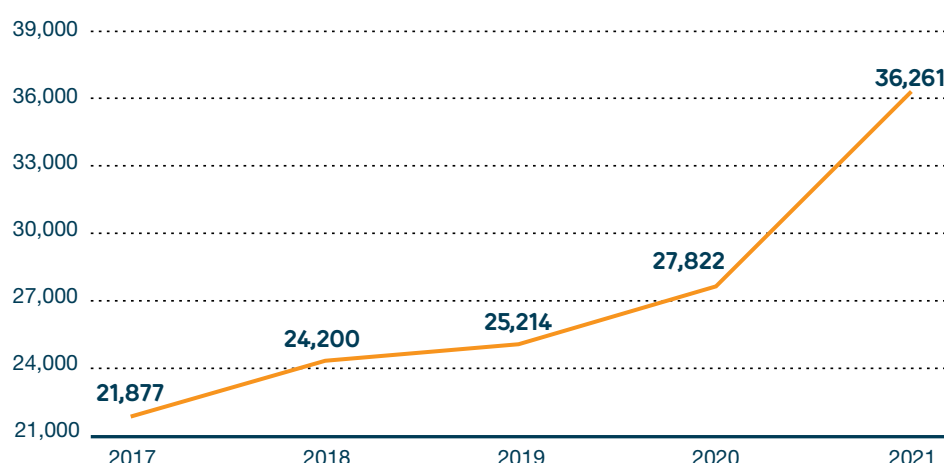
Reconciliation of Overview to Statement of Financial Activities

	2021 £m	2020 £m
Management fees and other investment costs	110	87
Interest payable on bond liabilities	76	79
Investment expenditure	186	166
Grants receivable	24	19
Other charitable income	100	122
Charitable income	125	141

Reconciliation of Net Funds to Balance Sheet

	2021 £m	2020 £m
Quoted investments	17,292	14,763
Unquoted investments	18,814	13,767
Investment properties	1,566	1,292
Derivative financial instruments	31	71
Investment cash and certificates of deposit	3,820	2,701
Other investment assets	196	91
Programme related investments	28	27
Investment assets	41,748	32,712
Creditors falling due after one year	(4,443)	(3,676)
Provision for liabilities and charges	(181)	(148)
Defined benefit pension schemes' deficits	(225)	(367)
Long term liabilities	(4,849)	(4,191)

Total funds of the Charity (£m) as at 30 September



Investment Activity

Our investment activity generated net income of £9,353 million (2020: £3,447 million).

Our portfolio returns this year are 34.5% in Sterling (2020: 12.3%). Over the past ten years, the portfolio has delivered a real return after inflation of 293% in Sterling (2020: 189%). A full commentary is provided on pages 23-32.

The total funds of the Wellcome Trust Group increased by £8,439 million to £36,261 million (2020: 27,822 million).

Charitable Activity

Income from grants, programme-related investment activity and Wellcome Collection was £125 million (2020: £141 million), including grant and contract income received by the Wellcome Sanger Institute.

Charitable expenditure of £1,233 million (2020: £1,099 million) is higher than the previous year; this principally reflects timing of grant awards and renewals (which typically cover funding for five years).

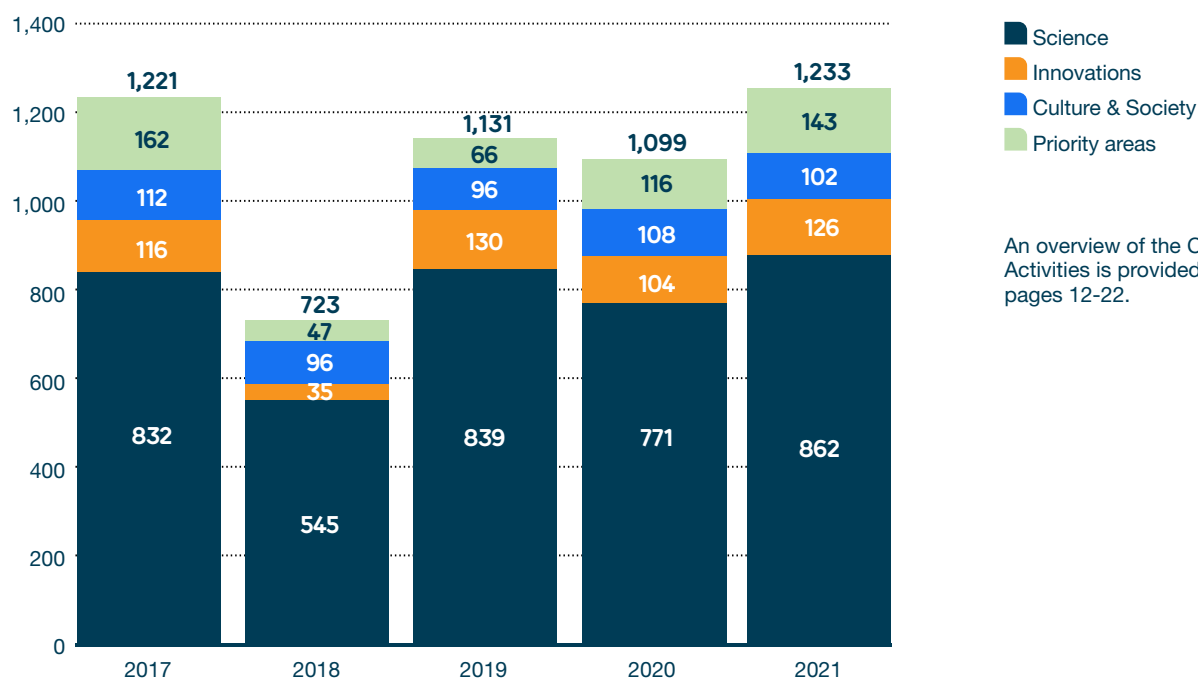
The growth of the investment portfolio has meant that Wellcome can plan to be ambitious in our level of funding for the new strategy, with the Board of Governors approving a planning assumption of £16 billion of charitable activity spend over next ten years.

Annual Charitable Expenditure for the year ended 30 September 2021

	2021 £m	2020 £m	Change £m
Science	862	771	90
Innovations	126	104	24
Culture and Society	102	108	(6)
Priority areas	143	116	27
Gross spend on charitable activity	1,233	1,099	134
Effect of discounting of grant liability	(48)	(46)	(3)
Foreign exchange revaluation of grant liability	(5)	(34)	28
Total	1,179	1,019	162

The present value adjustment is explained in notes 2 and 8.

Total Charitable Expenditure (£m)



An overview of the Charitable Activities is provided on pages 12-22.

Science – expenditure of £862 million

(2020: £771 million):

This included:

- Fellowships and studentships, £118 million (2020: £129 million)
- Investigator Awards, £113 million (2020: £118 million)
- Phd Programme, £103 million (2020: £13 million)
- Collaborative Awards, £39 million (2020: £32 million)
- Extensions to Africa and Asia Programmes, £56 million (2020: Renewals: £46 million)
- Wellcome Sanger Institute, through our charitable subsidiary Genome Research Limited (GRL), £114 million (2020: £96 million), an increase in activity due to partial building closures last year due to the Covid pandemic.

Expenditure is higher than in 2020 due to significant one-off commitments and renewals of five-year programmes.

Innovations – expenditure of £126 million

(2020: £104 million):

This included:

- Flagship Awards, £62 million (2020: £39 million)
- Priority Project Awards, £15 million (2020: £28 million).

There was some reallocation of budget between Priority Projects and Flagship Awards in 2020.

Expenditure is higher than in 2020 due to a number of larger commitments in 2021.

Culture & Society – expenditure of £102 million

(2020: £108 million):

This included:

- Humanities & Social Science, largely Investigator and Fellowship Awards, £24 million (2020: £30 million)
- Public Engagement, £14 million (2020: £18 million)
- Wellcome Collection, £14 million (2020: £14 million).

Priority areas – expenditure of £143 million

(2020: £116 million):

This included:

- Drug-resistant Infections, £30 million (2020: £46 million)
- Vaccines, £8 million (2020: £15 million)
- Our Planet, Our Health, £6 million (2020: £11 million)
- Snakebites, £27 million (2020: £5 million)
- Science education, £7 million (2020: £4 million)
- Data for science and health, £16 million (2020: £4 million)
- Mental health, £11 million (2020: £2 million).

Snakebites, Data for science and health and mental health are programmes which entered implementation phase in 2020 and have continued to increase their activity through 2021.

Financial Planning

Our objective when setting the annual budget is to preserve the value of Wellcome's investment portfolio so that the purchasing power of our charitable expenditure is maintained over time. We also aim to ensure that we fund excellent research and that this is achieved in an efficient manner, including careful consideration of operational costs.

'Charitable Activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

We plan to support the activities we deliver with a consistent level of funding in real terms.

We established a baseline expenditure level of £900 million 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 growth 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 have reasonable stability and predictability in our future levels of support.

In addition, we occasionally fund 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, the Board of Governors agreed to allocate £750 million to this budget, and anticipate to allocate another £250 million in the following year.

Wellcome's new funding strategy may lead to changes in how we set our annual and medium-term budgets, although at this point we do not foresee any material change to the principles of having a minimum baseline of expenditure that grows in line with inflation and retaining the ability to draw upon additional funds arising from strong investments performance, when appropriate to do so.

Pensions

The Wellcome Trust Group provides employees with the opportunity to participate in a defined contribution scheme and for employees who joined prior to April 2016 a defined benefit scheme. A decision to close the defined benefit scheme to further accrual for existing members has been made (refer to Remuneration Report, page 66).

The combined accounting deficit for the Group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) at 30 September 2021 amounted to £225 million (2020: £367 million). The deficit has reduced this year due to the increase in discount rates linked to increased corporate bond yields; this has been partially offset by increased inflation assumptions leading to overall actuarial gains in the year.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes, 31 December. As at 31 December 2020, the Wellcome Trust Pension and the Genome Research Limited plan had estimated surpluses of £38 million and £8 million respectively, according to the Annual Actuarial Report.

More detail on the pension schemes is given in note 11(e) Retirement benefits.

Reserves policy

The reserve balance, equivalent to Wellcome's consolidated net assets, at 30 September 2021 is £36,261 million (2020: £27,822 million). Wellcome does not define a minimum level of reserves. Our funding methodology defines a minimum level for the net investment portfolio of £20 billion (in real terms as at 30 September 2017) to be maintained over the medium term, equivalent to £21.5 billion as at 30 September 2021. This level is subject to annual review by the Board of Governors and the planning methodology is discussed under Financial Planning on page 39.

The reserves are almost all unrestricted but certain awards made by other funders to Wellcome's subsidiary, GRL, are subject to specific conditions imposed by the donors and are therefore restricted in their use. These amounted to £19.8 million at the end of 2021 (2020: 19.4 million).

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's Constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee (page 70), who recommend it for the approval of the Board of Governors. We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products.

Our response to the FRC UK Stewardship Code, industry's continued efforts to strengthen the role played by institutional investors in corporate governance, and we review our response and our investment policy regularly, updating them when necessary. Our plan to put our investment portfolio on a path to net zero by 2050 at the latest is discussed on page 33.

Going concern and viability

The Board has reviewed the going concern assessment and the viability assessment of Wellcome and its subsidiaries over the five years to September 2026, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the significant risks laid out in the Risk Management section (page 59), as well as the significant accounting estimates and judgements in note 2.

Notwithstanding the five year viability period which has been driven by the liquidity estimation horizon, the Board conducted a review of Wellcome's funding approach, approving a planning assumption of £16 billion of charitable activity spend over the next 10 years. The Board noted Investment portfolio risk as a key risk impacting Wellcome's resources and reviewed the impact on the value of the investment portfolio of that planning assumption combined with a number of negative investment environment scenarios including 45% decrease in investment portfolio values followed by four-year recovery (the largest historical US public market drop over the last 50 years) and negative real investment returns due to sustained higher inflation. The Board concluded that this level of spend is manageable over the medium to long term, supported by our investment portfolio.

We have also considered reverse test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £3.6 billion comprising third party liabilities, provisions, pension deficits and commitments, combined with non-contractual but expected grant commitments of £2.5 billion. The net investment portfolio exceeds these liabilities by £32 billion at the balance sheet date.

In addition, as noted in our Reserves policy, we define a minimum level for the net investment portfolio to sustain our planned charitable expenditure. The net investment portfolio exceeds this threshold by £16.7 billion as at the balance sheet date.

Moody's and S&P's each confirmed that Wellcome maintained its triple-A rating in their annual assessments and in their rating of Wellcome's 2071 Bond issued in July 2021.

Structure and Governance

The Wellcome Trust (Wellcome) is an independent global charitable foundation created in 1936 by the will of Sir Henry Wellcome. It is now a registered charity governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended. Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

The Trustee and Board of Governors

The sole Trustee of Wellcome is The Wellcome Trust Limited, a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association. The Trustee's directors (known as Governors) and the Company Secretary of the Trustee are listed in the Reference and Administrative Details section.

The Board of Governors is responsible for The Wellcome Trust Group which comprises Wellcome and its subsidiary undertakings (refer to note 21 for significant subsidiary undertakings). The Wellcome Sanger Institute operate under the name of Genome Research Limited, a subsidiary of the Wellcome Trust. Subsidiaries support Wellcome either through delivering against charitable objectives or as investment entities.

UK Corporate Governance Code and Charity Governance Code

As well as following charitable law and regulation, Wellcome considers the nature of its activities and its risk profile. We have regard to principles of good governance and best practice such as those set out in the UK Corporate Governance Code 2018 and the Charity Governance Code. As a public benefit entity with listed bonds, Wellcome complies with the associated legislation and good practice. Where appropriate, we engage with and adopt best practice from other relevant codes of practice.

Senior management

The day-to-day running of Wellcome is done by its Director, Jeremy Farrar. The Director has delegated certain responsibilities for the operation of Wellcome to the Executive Leadership Team (ELT) composed of ten individuals. ELT meets regularly to provide challenge and peer review of matters delegated by Jeremy Farrar to ELT members. There are also a number of management committees that support members of ELT, such as the Operations Committee chaired by Paul Schreier, Chief Operating Officer (COO).

The Board of Governors reviews the Director's performance annually and the Remuneration Committee sets his objectives. The Remuneration Committee reviews ELT's performance and the objectives for ELT are set by their line manager (either the Director or COO) and agreed with the Director.

Following the new organisational design and strategy, a number of changes were made to the membership of ELT.

One new member of ELT was appointed:

- **Director of Research Programmes:** Cheryl Moore joined ELT in May 2021 as the Director of Research Programmes. Her focus is on leading the discovery research and the three challenge-led research programmes: mental health, infectious diseases, and climate and health. She is also a member of the Genome Research Limited Board of Directors, the parent company of the Wellcome Sanger Institute and Wellcome Genome Campus.

The following members of ELT remained the same, but their role title changed:

- **Director of Research Funding:** Alyson Fox's role changed from Director of Grants Management to Director of Research Funding.
- **Chief Information Officer:** James Thomas's role was updated from Chief Technology Officer to Chief Information Officer.
- **Director of Corporate Affairs:** Mark Henderson's role changed from Director of Communications to Director of Corporate Affairs.

There were no changes to the following ELT roles:

- **Director:** Jeremy Farrar
- **Director of People:** Kathy Poole
- **Chief Operating Officer:** Paul Schreier
- **Director of Strategy:** Ed Whiting
- **Finance Director:** Karen Chadwick
- **General Counsel and Company Secretary:** Chris Bird

Two ELT roles were removed from the new structure effective 1 January 2021:

- **Director of Culture and Society:** there is no longer a Director of Culture and Society. Philomena Gibbons held the Interim Director of Culture and Society from 1 August 2020 to 30 December 2020.
- **Director of Innovations:** Tim Knott was Acting Director of Innovations from 1 June 2020 to 30 December 2020 while Katie Anastasi-Frankovics was on maternity leave.

Additionally two new Employee Director roles are being created and they will attend executive committee meetings from next year.

Our governance framework

Our governance framework is based on an open and transparent culture of decision-making. It focuses on the most important issues for our organisation while being strategic and responsive to our stakeholders.

The Board

Led by our Chair, the Board is collectively responsible for the success of Wellcome in achieving its purpose and strategy.

The Board of Governors sets our strategy for improving health through research, creating value to our beneficiaries and other stakeholders, providing effective challenge to the Director and management on the implementation of the strategy and day-to-day running of the organisation, and ensuring there is

an effective risk management and internal control system. Certain strategic and operational decisions are reserved to the Board as set out in the Matters Reserved to the Board.

(pages 8-9) Our strategy

(page 48) Our section 172(1) statement

(page 43) Key activities of the Board during 2021

(page 62-64) Our principal risks

Board Committees

The Board is supported by a number of committees to which it delegates certain matters. Board committees report to the next Board meeting following each committee meeting. The committee terms of reference, including membership, are on [wellcome.org](https://www.wellcome.org).

Audit and Risk Committee	Remuneration Committee	Nominations and Governance Committee	Investment Committee
Chair: Amelia Fawcett Financial reporting, risk management, internal and external audit.	Chair: Amelia Fawcett Remuneration policies and practices, external advisors on Committees, remuneration of Executive Leadership Team.	Chair: Julia Gillard Stakeholder Engagement, succession planning, senior appointments and reappointments and making recommendations for governance improvements.	Chair: Richard Gillingwater Investment performance, investment risk, investment management and providing advice and assurance to the Board.

The Director and the Executive Committee

The Board delegates the day-to-day management of Wellcome to the Director. The Director delegates certain matters to the Executive Leadership Team and maintains challenge and oversight through his Executive Committee.

The Executive Leadership Team comprises senior individuals from Strategy, Investment, Research Programmes, and Corporate Affairs, and also from the enabling functions such

as People and Legal. Each ELT member has designated responsibilities and the Delegated Authorities Framework sets out the individual's levels for financial decision-making.

(page 5) The Director's Report

(page 12) Our performance

(page 23) Our investment activity

Management meetings

A number of management meetings assist the members of Executive Leadership Team in carrying out their responsibilities delegated to them by the Director.

This includes the Operations Committee chaired by the Chief Operations Officer.

Overview of the key activities of the Board in 2020/21

The Board met ten times during the year, including five additional meetings focused on matters such as the new organisational design, grant funding schemes, and an extension with Hilleman Labs. A key priority throughout the year was wellbeing, with particular emphasis on the impact of the Covid-19 pandemic on employees. The Board has

moved away from focusing on individual funding decisions to focus on more strategic matters, risk management and internal controls. During 2020/21, the Covid-19 pandemic impacted the Board with respect to agenda items for discussion and how it held its meetings – online rather than face-to-face.

Strategy and finance	Strategy implementation (Nov 2020)	Use of reserve funding – agreed that additional spend from the reserve could be used on Covid-19 related projects (Feb 2021)	Research programme – putting in place a new research programme strategy (June 2021)
Risk management and internal controls	Risk appetite – a Wellcome-wide risk appetite statement adopted (June 2021)	Business continuity – lessons learned from Covid-19 were incorporated into our business continuity plan (Nov 2020)	Cyber security – agreed to adopt an enhanced cyber security regime (Feb 2021)
Investment and performance	Acquisition of Urban&Civic plc (Nov 2020)	Bond issue – £750m Bond issued (AAA rated) in July 2021	Climate – adopted a target to reach net zero emissions for Wellcome's investment portfolio by 2050
Strategic funding and partnerships	Francis Crick Institute – £20m additional funding was provided for its core operational funding (Nov 2020)	Clinical PhD programmes – agreed to continue to offer funding for clinical PhDs under the new strategy and it would fund £99.7m over five years	Hilleman labs – extension of Hilleman labs until 2026 and establishment of a base of operations in Singapore (joint venture with Merck) (Jan 2021)
Stakeholder engagement and culture	New Wellcome strategy – collective consultation with staff process and outputs (Nov 2020)	New Wellcome strategy – greater focus on partnership engagement agreed (Nov 2020)	Culture – a programme was established to look at culture change across the organisation, including ELT (June 2021)
Governance and social responsibility	- Appointment of new Chair (April 2021) - Appointment of three new Governors (June 2021 and Nov 2021)	Governance review – agreed scope for independent governance and Board effectiveness review to begin in 2022. An internal Board effectiveness review was carried out in Sept 2021 and actions agreed by the board in Nov 2021.	Increasing diversity – agreed more work needs to be done on increasing ELT diversity and also to improve diversity in grant funding applicants (Nov 2020)

Composition, succession and effectiveness

Members of the Board of Governors are distinguished in the fields of medicine, science, business and not-for-profit leadership. The Board considers each of the Governors to be independent in character and judgement and manages any relationships or circumstances that are likely to affect, or could appear to affect, the Governors' judgement. Governors are appointed for terms of four years, with an extension of up to three years following a successful review and by mutual agreement.

In 2021, the Board approved a succession plan to 2025 and will continue to focus on diversity and inclusion when making further appointments to the Board, its committees and ELT. Wellcome selects new Governors (including the Chair) through an open recruitment process that includes international recruitment firms as well as online advertising.

For more specialist roles, such as recruiting Governors with a science background, we also advertise in specialist publications and employ a researcher to support the search in the most diverse pool. Much of the recruitment for new Governors in this financial year was done internally with support from independent consultants where necessary, including Nurole, Peridot Partners, Pearn Kandola, Capita Resourcing, and Egon Zehnder.

In April 2021, Julia Gillard joined as Chair of the Board. Julia is a former prime minister of Australia and is the current Chair of the Global Institute for Women's Leadership. Before joining the Board in April, Julia attended Board and Board Committee meetings as Chair-Elect.

The Nominations and Governance Committee (NGC) also led on the process for the selection of a new Deputy Chair and the Board approved the role profile. Nominations were invited from the current Board of Governors. The Board approved the appointment of Fiona Powrie as Deputy Chair as of 1 January 2022, and thanked Mike Ferguson for his significant contributions to Wellcome as both a Governor and Deputy Chair since his appointment on 1 January 2012 and 1 January 2018, respectively. Mike Ferguson will continue to be a director on our subsidiary, Wellcome Leap Inc. following his resignation from the Wellcome Board of Governors.

Gabriel Leung and Arup K. Chakraborty were appointed as Governors from 1 May 2021. Gabriel Leung is Dean of Medicine and inaugural Helen and Francis Zimmern Professor in Population Health at the University of Hong Kong. He is one of Asia's leading epidemiologists, with extensive experience in viral epidemics. Arup K. Chakraborty is one of 12 Institute Professors at the Massachusetts Institute of Technology (MIT), which is the highest honour awarded to a faculty member. He is also Professor of Chemical Engineering, Physics, and Chemistry. He was the founding director of MIT's Institute for Medical Engineering and Science.

Another new governor, Ijeoma Uchegbu, was appointed in November 2021 and brings with her experience gained as the Professor of Pharmaceutical Nanoscience at University College London, Chief Scientific Officer of Nanomerics and a Fellow of the Academy of Medical Sciences.

We said farewell to two Governors who had come to the end of their terms: Tobias Bonhoeffer and Bryan Grenfell, whose terms ended 31 August 2021, and the Board thanked them for their notable contributions to Wellcome.

All Governors receive bespoke inductions when joining the Board, covering the culture, values, strategy, operations, investments, risks, health & safety and governance of Wellcome. Inductions include one-to-one meetings with members of the ELT, key internal stakeholders in audit and risk, and meetings with key external stakeholders.

The Board of Governors reviews and inputs into the board development plan. The Board Effectiveness Review also sought suggestions for future development and training. The board development plan for 2022 will cover insight into specific Wellcome business areas, cyber risk and cloud governance; anti-racism as part of a equality, diversity and inclusion multi-series training programme; and compliance topics such as anti-financial crime, data protection, and conflicts of interest.

2021 Board Effectiveness Review (Internal)

In September 2021, an evaluation of the effectiveness of the Board of Governors was undertaken. The Chair asked each of the Governors and the Director to complete a questionnaire and to provide commentary on any aspect of the Board, the Committees and Director's performance.

The Board of Governors believes that it is operating effectively, that it is the correct size, that it understood the major issues faced by the organisation and made well-informed, high-quality decisions. All Board members reported that they were actively participating in Board discussion and decision-making, and that there was a positive and constructive boardroom culture. The Chair was doing an excellent job, especially as she had only been in post a few months and due to Covid-19 had held all meetings remotely.

Areas for improvement included management information and reporting, the need to undertake a skills audit, and more focus on succession planning for the Board and ELT. The Board agreed an action plan at its November 2021 meeting, and that progress would be reported on regularly to the Board.

The Board also agreed to undertake an independent governance and board effectiveness review in early 2022 so as to allow sufficient time for the new Chair to be established in role. The selection process for the independent external provider was approved by the NGC and Board. Requests for proposals were received from four independent providers and the Chair, Deputy Chair, and General Counsel & Company Secretary interviewed the shortlisted providers. Mike Ferguson will continue to support the independent review after his retirement from the Board in December 2021. Individual performance reviews of Governors will also take place in 2022.

A number of the actions from the internal review will be looked at as part of the external review.

Accountability and public benefit

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. The Board of Governors and the ELT benchmark decisions against this statement, particularly to ensure we use our independence for public benefit, and that our strategic and operational plans are aligned to meet our mission. The "What we do" (page 8) and the "Year at glance" (page 10) section provide details of how the achievement of our aims furthers our legal purpose.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, and in setting the grant-making policy.

Board and Board Committee Attendance

Name	Role	Board Attendance/ No. of Meetings	Audit and Risk Committee Attendance/ No. of Meetings	Nominations and Governance Committee Attendance/ No. of Meetings	Remuneration Committee Attendance/ No. of Meetings	Investment Committee Attendance/ No. of Meetings
Eliza Manningham-Buller*	Chair, Board of Governors	6/6	-	2/2	2/2	1/2
Julia Gillard**	Chair, Board of Governors	3/3	-	2/2	2/2	2/2
Mike Ferguson	Governor	10/10	-	3/3	3/3	3/4
Tobias Bonhoeffer****	Governor	8/9	-	-	-	-
Bryan Grenfell****	Governor	9/9	-	2/2	-	-
Fiona Powrie	Governor	9/10	6/6	-	-	-
Amelia Fawcett	Governor	9/10	6/6	-	3/3	-
Cilla Snowball	Governor	10/10	-	3/3	-	-
Richard Gillingwater	Governor	9/10	-	-	3/3	4/4
Elhadj As Sy	Governor	8/10	-	-	-	-
Gabriel Leung***	Governor	2/2	-	-	-	-
Arup Chakraborty***	Governor	2/2	-	-	-	-
Adele Anderson*****	Audit & Risk Member	-	4/6	-	-	-
Chris Jones*****	Audit & Risk Member	-	6/6	-	-	-
Nick Moakes	Chief Investment Officer	-	-	-	-	4/4
Peter Pereira Gray	Investment CEO	-	-	-	-	4/4
Tracey Blackwell*****	Investment Committee Member	-	-	-	-	4/4
Stefan Dunatov*****	Investment Committee Member	-	-	-	-	4/4
Martin Halusa*****	Investment Committee Member	-	-	-	-	3/4
Cressida Hogg*****	Investment Committee Member	-	-	-	-	3/4
Girish Reddy*****	Investment Committee Member	-	-	-	-	4/4

Notes:

- * Eliza Manningham-Butler end of term as Chair of the Board on 9 April 2021
- ** Julia Gillard appointed Chair of the Board 12 April 2021 and Nominations and Governance and Remuneration Committees in her role as Chair-Elect
- *** Gabriel Leung and Arup Chakraborty appointed to the Board 1 May 2021
- **** Tobias Bonhoeffer and Bryan Grenfell end of term 31 August 2021
- ***** External appointments to the Audit and Risk Committee
- ***** External appointments to the Investment Committee

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the charity and financial information included on Wellcome's website: [wellcome.org](https://www.wellcome.org).

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee Report on pages 71-74, and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Statement of disclosure of information to auditors

So far as the Trustee is aware, there is no relevant audit information of which Wellcome's auditors are unaware. The Trustee has taken all the steps that it believes it ought to have taken to make itself aware of any relevant audit information and to establish that Wellcome's auditors are aware of that information.

Grant-making policy

Wellcome's grant-making policy supports its status as a public benefit entity.

Wellcome awards a large number of grants across our remit to improve health through research. Most grants are funded through established funding schemes which have specific open criteria. We also award some bespoke grants to achieve specific strategic objectives.

All grant applications undergo due diligence by Wellcome staff to ensure that the resources requested are appropriate for the proposed activities. Awards are made following the advice of expert peer reviewers and are subject to specific terms and conditions. Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our ambitions and to compare our data with that of other funders.

Our terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying and harassment, research misconduct, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements.

Details of how to apply for grants, together with the relevant forms, are available on [wellcome.org](https://www.wellcome.org).

Organisational ethics

To achieve Wellcome's mission, we must all uphold the highest standards of conduct and integrity. We will succeed only if we work together, enhance public trust and earn the respect of our external partners.

During the year, we have maintained a focus on developing our risk and integrity culture. This has included investment in our ethics, governance and compliance function and the development of a framework tackling key compliance risks. We are firmly of the view that integrity is a matter of influencing behaviours and culture, rather than a 'tick-box' compliance exercise, and as such this will take time to fully mature.

In addition to our recent work on financial crime and modern slavery compliance (our modern slavery statement is available at [wellcome.org](https://www.wellcome.org)), we are developing detailed workstreams around safeguarding and data compliance, ensuring that we have a fit-for-purpose policy environment with user-focused digital learning and engaging communications, as well as appropriate reporting and assurance. We have appointed specific leads to manage those workstreams. A focus for our governance team in the coming year is refreshing our policy around managing conflicts of interests and under our Conflict of Interests policy building the tools and learning needed to drive embedding it across the organisation.

We continue to develop partnerships with expert organisations to help shape our policy environment, practices and communications, including with Unseen UK (modern slavery and human trafficking), Protect (Speak Up) and the Funder Safeguarding Collaborative (safeguarding).

Our staff Code of Conduct and Speak Up arrangements are maturing and show real indicators of success. Through our partnership with Protect we have been able to monitor demonstrable improvements against the Protect benchmark. As a learning organisation, we have also taken proactive steps to convene a Charity Sector Speak-Up Network, bringing together other charities to share knowledge and experience around developing speak-up cultures across the charity sector.

Q&A with Speak-Up Champion, Amelia Fawcett

What is a “Speak-Up Champion”?

Wellcome’s Speak-Up Champion is an important role set out in our Speak-Up policy. It must be held by a Governor, someone with no operational or executive role in Wellcome but with the highest levels of authority and independence. As a Governor and Chair of the Audit and Risk Committee of the Board of Governors, I am the current Speak-Up Champion.

What do you do, exactly?

I am responsible for ensuring and overseeing the integrity, independence and effectiveness of our Speak-Up arrangements, particularly those aspects intended to protect Wellcome staff from being victimised because they have disclosed reportable concerns. This means that I regularly meet with the Ethics, Governance and Compliance Team and am informed throughout the year about reported concerns. I also am responsible for ensuring the effective assessment and escalation of reported concerns, enabling feedback to be provided to a reporter of a concern. Regular reports are provided to the Board that give an overview of concerns reported and an assessment of how the Speak-Up arrangements are working (are they effective?). This same information is shared and reviewed (in detail I can tell you!) by the Audit and Risk Committee and the Executive Leadership Team.

Why does it matter?

For Wellcome, a culture of openness and transparency, where all staff feel confident to raise any concerns they have (knowing they will be supported and treated fairly in doing so and suffer no detriment), is core to who we are and is critical to our success. Wellcome’s organisational principles talk strongly to Speaking Up – Acting boldly: by speaking up and listening; Stretching ourselves: by looking to improve,

learn and develop; and Pulling together: by treating each other fairly with kindness and respect. To the extent I can play a role in fostering that openness, transparency and support, and, importantly, provide assurance that concerns will be properly investigated, I am eager to do so. I would encourage Wellcome staff to use Speak Up to raise concerns—we really want to hear them because we want the most positive working culture at Wellcome.

What can be reported and how can people learn more about the Speak-Up Arrangements?

We want staff, at any level, to tell us their concerns of wrongdoing, which means breaches of the law or our policies. While the Speak-Up arrangements are relatively new, I am glad to see they are maturing and becoming a normal part of Wellcome. Feedback, as well as mandatory training for all staff on the Code of Conduct and our Speak-Up arrangements, are helping that process. We also have a partnership with Protect, the UK’s leading whistleblowing charity, and we use their benchmark tool to assess the effectiveness of our programme. I took their training and found it really interesting and helpful, despite the fact that I have been involved with Speak-Up initiatives at several other organisations. If staff want to learn more, I really would encourage them to watch “The Only Way is Ethics”, a panel session we hosted for all staff, where external experts showcased the value of speaking up in different contexts. Really interesting.

What are the priorities for the future?

We will continue to build on the momentum of this past year, further embedding the programme and increasing communication, outreach and training. A particular focus this year will be on inclusion, a critical part of Wellcome’s overall strategy.

Stakeholder engagement and s172(1) statement

We aspire to use best practice for stakeholder engagement under the Companies Act 2006 s.172(1), the UK Corporate Governance Code, and the Charity Governance Code, to shape how we engage with our stakeholders, including how the Board considers their interests in its decision-making.

Stakeholder engagement at Wellcome informs Board decision-making and supports Wellcome's strategic ambitions

At Wellcome, we actively engage with our main stakeholder groups, and as we now move to implement our new strategy it is a good moment to codify our approach through a systematic stakeholder engagement programme.

Stakeholder Engagement champion on the Board

Cilla Snowball is the designated Engagement Governor for the Board. The Nominations and Governance Committee has responsibility for oversight and development of this activity.

Our culture and principles of stakeholder engagement

Wellcome is an independent foundation but we do not work in isolation. To succeed in our new strategy – supporting science to solve the urgent health challenges facing everyone – we need to build and maintain the support and trust of many different groups of stakeholders. We want a broad range of people to contribute to, and benefit from, science's potential to change the world.

Stakeholder engagement at Wellcome aims to enhance the impact of Wellcome's strategy by:

- delivering benefits for our stakeholders by working together to solve the world's urgent health challenges and support discovery research
- working with stakeholders to help us achieve our objectives
- providing evidence and support to decision makers and leaders around the world on the health challenges identified in our new strategy
- continuously learning from feedback on how we are doing, from practical implementation to Board governance

Our efforts to establish and deepen our strategic partnerships and influence key organisations who can help us to deliver our mission is a central part of our strategy.

Individual relationships with stakeholders and strategic partnerships are supported by programmes of events, digital platforms, political outreach strategies and communications campaigns, all of which enable Wellcome to maximise our contact with stakeholders and the impact we can have by working with others. During the Covid-19 pandemic Wellcome has relied on virtual and mass communications methods to keep in touch with key stakeholders, rather than more traditional face-to-face meetings and events that we have previously organised or attended. As Covid-19 public health requirements ease, we anticipate drawing on a blend of face-to-face and virtual engagement, learning from the positive improvements in the reach and inclusion of elements of our engagement during the extended period of remote working in 2020/21.

Our key stakeholders – why we value them and how we engage

We define our stakeholders as people, communities and organisations with an interest and concern in Wellcome's purpose, strategy, operations and actions, and all those who may be affected by them.

Our key stakeholders and why we value them	How the Board and Wellcome engages – illustrative examples
Employees: we aim to ensure our staff are aligned to support the delivery of Wellcome's strategy, so that Wellcome is a great place to work where employees share one vision	- Increasing Board visibility and accessibility to staff. For example, we have introduced Board buddies, where a Governor from the Wellcome Board is partnered with a Wellcome staff network, such as the Disability Interest Group. - Regular consultation with our staff forum, Wellcome Exchange, whose purpose is to allow employees to play a role in making Wellcome an even better place to work. - Working with the ELT to ensure that staff performance objectives and assessment at a collective and individual level are aligned with each other and enable every staff member to understand their contribution to Wellcome's mission.
Research community: researchers, including current and potential Wellcome grantholders as well as the organisations they work for and the sectors they work in – we want to help their research make the biggest possible impact on global health, alongside building a positive, productive and inclusive research culture, whilst developing relationships	- Monthly publication of Research Update newsletter, which goes to 7,000 members of the research community including current and prospective grantholders. Our newsletter keeps the community informed on the latest funding, policies and activities that Wellcome is leading on or is involved in. - Reimagine Research, a campaign to improve the culture within research settings, including close engagement with researchers, UK government officials and other funders. See case study. - GRL also held conferences remotely in response to interest from this group of stakeholders when in-person conferences were no longer possible (including response to requests for particular content)
Partnerships: including current and potential partner organisations across the global research ecosystem – we want to work together to combine our leverage, resources and expertise so that we can better achieve our shared goals and broaden the reach and impact of our strategy	Regular strategic dialogue meetings with major partner organisations – including multilateral organisations, including the World Health Organization (WHO), UNICEF, World Bank, CEPI, G7/20, CoP26 and governments such as US, UK, India, South Africa). See case study on working with G7 on setting up a surveillance network for pathogens (page 51).
Investor community: we want to make sure that the companies, funds and managers of assets that we invest in prioritise environmental and social factors as well as delivering the returns that fund Wellcome's work	- A commitment for our portfolio to reach carbon net zero by 2050 at the latest (see page 33). We engage extensively with companies and managers in our portfolio. - Close involvement with UK Investor Forum and other financial industry bodies and asset owners to encourage long-term thinking and good corporate governance in line with our published approach to responsible investment.
Governments and policy makers: we want to encourage governments and policy makers to use scientific findings in decision-making and adopt approaches that support investment in science, improve how science is done, and how science is used to meet our health challenges	- Strongly advocating for sharing vaccines and vaccine manufacturing globally through a sustained programme of bilateral meetings with global governments, an advocacy campaign which included speaking at key events such as the G7 summit and the European Union pledging conference, and media appearances. We coordinated with multilateral partners such as WHO, Gavi and CEPI. We also attended CoP 26. - Supplying expert evidence and advice into government and multilateral policy making processes during the Covid-19 pandemic, including UK Government's Scientific Advisory Group on Emergencies (SAGE) and various WHO committees.
Suppliers: we work with our third-party suppliers that provide goods and services to Wellcome to make sure they deliver good value to enable Wellcome's work, as well as prioritising environmental and social factors – our aim is to demonstrate fairness and value in order to maximise funds to deliver the mission	- Developing a supplier relationship management programme, which will provide procurement support on the management of key strategic contracts and ensure there is a robust plan for management of contracts outside this programme. - Procuring renewable energy through a buying consortium and carbon offsetting our scope 1 and 2 emissions with the Woodland Trust, and covering some scope 3 emissions through offsetting of travel through the Woodland Trust.
Public audiences: everyone, worldwide, has a stake in the health issues that Wellcome works on, and we are accountable to society for delivering our mission, while using our independence for public benefit – we need to understand public perspectives in order to engage others with our priorities	- Publishing Wellcome Global Monitor, a regular global survey informing our understanding of trust and public opinion on major scientific issues. This year's Wellcome Global Monitor provides insight on where science stands in the eyes of the public across countries most affected by our health challenges, with a particular focus on mental health, showing where there is more work to be done to strengthen public trust. - Wellcome Collection, our free museum and library, which aims to challenge how we all think and feel about health. Wellcome Collection creates opportunities for people to think deeply about the connections between science, medicine, life and art. Over the last 12 months, Wellcome Collection opened two thematic programmes of content: 'What does it mean to be human now?' and 'On Happiness'.

Researchers in the Sequencing Centre at the Wellcome Sanger Institute. From left to right: Dr Sophie Adjalley (Postdoctoral Fellow in the Malaria Parasite Drug Resistance research group), Silvia Kariuki (Visiting Researcher in the Human-Parasite Interactions in Malaria research group) and Linda Cornell (Research Assistant on the RNA-Team).

Image © Thomas Farnetti / Wellcome Trust



The adoption of our new strategy means that we moved to prioritising engagement with our key stakeholders in our new discovery research and health challenge programme. This means that we no longer engage with some stakeholders, such as teachers, with whom we engaged under our previous strategy's focus on education.

Case studies: examples of how we have engaged with stakeholder groups and taken account of their interests

i) Research culture

Reimagine Research was a two-year campaign to improve research culture. The project reviewed the current state of research culture, including 94 interviews with UK researchers; co-creation workshops in London, Manchester, and Glasgow; and an online survey completed by 4,267 researchers.

The findings from this phase were published in a report reflecting respondents' views and revealing pressing issues in research culture around diversity, inclusion and standards of behaviour. The campaign provided the Board with invaluable insights on the scale of the problem and essential stakeholder feedback on possible solutions. This will be important for Wellcome's future work in this space, especially as a funder setting stringent targets and standards for diversity and inclusion.

Using this as the 'diagnosis', report findings were shared with the research stakeholder community to understand their concerns and, critically, identify ideas for action. This was done in two ways:

- A series of Town Hall events, attracting 760 participants and run in partnership with 29 research institutions. The events were designed to give a voice to everyone who makes research happen, including technicians and professional services staff, not just academics.

- Café Culture kits and an Ideas Forum to extend the campaign's reach and support people to share their ideas. The kits were designed to facilitate constructive discussions on solutions for research culture that could be used by small groups of colleagues.

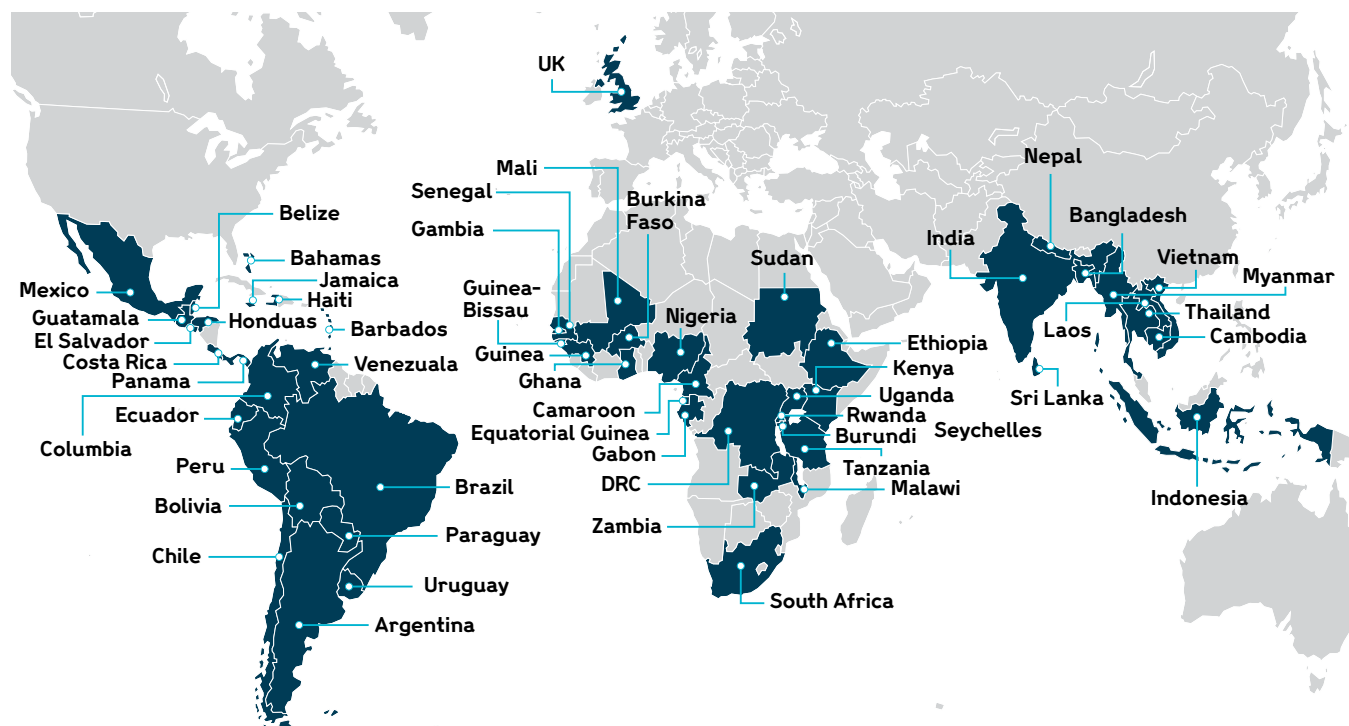
The campaign culminated in an online Festival in March 2021. More than 1,300 delegates, from 56 nations, attended the Festival. The survey data and our messaging has been cited in the UK Government's R&D Roadmap and recent R&D People and Culture Strategy, for example, creating a drive for change.

ii) Covid-19 sequencing

The Wellcome Sanger Institute has one of the largest sequencing centres in the world, coupled with Europe's largest biological data centre. During the Covid-19 pandemic, Wellcome capitalised on this capability, initially by setting up a partnership in the UK, and later by expanding globally, working with the G7 and the World Health Organization (WHO).

Early in 2020, the Covid-19 Genomics UK (COG-UK) Consortium was set up between the Wellcome Sanger Institute, the NHS, the four Public Health Agencies in the UK and a dozen academic institutions. Its purpose was to deliver large-scale and 'real time' whole-genome virus sequencing data to local NHS centres and UK Government. This information aided the accuracy and speed of the Covid-19 public health response and vaccination efforts. Funded by the Wellcome Sanger Institute, the UK Department for Health and Social Care and UK Research and Innovation, the Consortium had sequenced 1,407,606 coronavirus genomes as at 18 November 2021, of which 930,912 samples were sequenced at the Wellcome Sanger Institute.

Wellcome SARS-CoV-2 Genomic Surveillance Activities



The insights gained from the UK partnership were later shared beyond UK stakeholders and helped drive the global response to the pandemic. The map shows regions of the world where Wellcome supported genomic sequencing capacity and capability within clinical and public health labs, alongside making epidemiological data available to national authorities and global databases.

This research clearly demonstrated the need for better pandemic surveillance at a global, rather than a national, level.

Wellcome advocated for expanded global genomic surveillance as part of the UK G7 agenda in June 2021. Jeremy Farrar prepared a report and engaged with a group of global expert stakeholders to develop a proposal for a 'Global Pandemic Radar'. The partnership aimed to provide an equitable global pathogen surveillance network that would prevent and respond to emerging and endemic infectious diseases at speed, at scale and with greater precision.

The proposal was subsequently announced in a call in May 2021 between the UK Prime Minister and the WHO and was included in the G7 leaders communique in June 2021. Implementation is now being led by the WHO.

Our section 172(1) statement

When making decisions, boards should be able to evidence how they have engaged with their key stakeholders and had regard for their views and the wider s172(1) factors. As a charity, Wellcome also needs to carry out our purpose for the public benefit.

The Board confirms that it has acted in a manner consistent with our purpose and values to further the objects of Wellcome for public benefit and having due regard to the factors set out in s172(1), including:

- **Public benefit:** carrying out our charity's purpose for the public benefit.
- **Long-term impact:** the likely consequences of any decision in the long-term.
- **Employees:** the interests of our employees.
- **Fostering relationships:** the need for us to build and sustain business relationships with suppliers and others.
- **Community and environment impact:** the impact of our operations on the world around us.
- **Reputation:** maintaining a reputation for high standards of business conduct.

How Governors have had regard to the s172(1) factors in their principal decisions

Board decision	Governors' consideration of factors under s172(1)	
Begin implementation of Wellcome's new strategy	Long-term impact	The Board considered detailed strategy approaches and early funding proposals in the mental health and climate and health challenges, which will enable Wellcome's long-term beneficial impact in these areas of human health.
	Employees	The Board monitored the progress and impact of the organisational design and formation of the new Wellcome organisational structure, with particular attention on the development of new anti-racism principles and other measures to support greater diversity and inclusion. Staff workloads and morale were key priorities and monitored by the Board and ELT to mitigate any risks in these areas.
	Fostering relationships	The new strategy focuses on creating stronger collaboration, including closer links with centres of expertise like the Wellcome Sanger Institute. The Board agreed that partnership engagement would be a bigger focus in the new strategy and organisational structure, and that a Board member (Cilla Snowball) would champion staff and stakeholder engagement. The Board would also engage with partners directly.
Establish three new Discovery Research funding schemes	Long-term impact	The Board approved the establishment of the three new schemes, including grants with a longer duration, that would give researchers greater time and resource to pursue bold and creative research, that could generate significant shifts in understanding leading to improved health.
	Act fairly	The Board approved updated funding criteria and funding processes to improve access and equity in Wellcome funding, improve diversity and inclusion, and encourage early-career award applicants. A new policy on diversity and inclusion describing our expectations of funded researchers and host organisations would be developed.
	Community and environment impact	The Board agreed that the new funding schemes should require awardees to commit to promoting diverse, inclusive cultures in their environment, with everyone benefiting from supportive professional relationships and development.
Agree a strategy to get Wellcome's investment portfolio to carbon net zero by 2050 (with clear interim deadlines)	Community and environment impact	The Board favours engagement rather than divestment to drive real-world impact in reducing carbon emissions (with clear and targeted engagement goals and consequences (divestment) if management fails to change course). We encourage our underlying assets and managers to follow recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We will develop and integrate climate change questions into our due diligence process.
	Long-term impact Reputation	Wellcome's net zero target set to contribute to effective and responsible stewardship of our assets as a long-term investor, and to allow climate risk to be explicitly analysed as part of our investment decision-making process to protect and maximise risk-adjusted returns over the long-term.
	Fostering relationships	Wellcome is joining the Institutional Investors Group on Climate Change (IIGCC) to further its influence, share insight and pool resources. Methods of engagement by Wellcome with portfolio companies would include proxy voting, corporate engagement, and public policy engagement. The engagement would be done by Wellcome teams as these individuals have the closest relationships with our investment partners and management teams, and would be best placed to influence their thinking.
Pandemic response	Long-term impact Public benefit	The Board agreed to allocate an additional \$100m to accelerate COVID-19 research and development including in therapeutics, vaccines and genomic surveillance. Board members provided leadership and advice to the global pandemic response (for example, through the membership of the WHO-World Bank-convened Global Preparedness Monitoring Board), and to advisory committees informing the UK Government response. The Board also participated in and supported enhanced engagement with Wellcome's external investment community, to inform them of the outlook for the continuing pandemic through regular calls.
	Community and environment impact	The Board supported regular communication and advocacy with public audiences and key partner organisations in support of Wellcome's goals – including advocating for and supporting the launch of the ACT-A partnership to accelerate access to vaccines and new therapeutics, and mobilising funding from a range of donor Governments for this partnership and other elements of the global Covid-19 response.
	Employees	The Board increased the frequency of its meetings and employee wellbeing was a key focus. Governors attended meetings of staff networks and other staff events to maintain visibility during lockdown, and were consulted on plans for the change to a hybrid working pattern in October 2021.

Q&A with our lead governor for stakeholder engagement, Cilla Snowball

Purpose of role

The Board has agreed that the Nominations and Governance Committee will oversee stakeholder engagement activity. As the designated Engagement Governor, I'm working with Jo Asphall, Associate Director, Programme Office, to co-ordinate and codify our engagement activity in line with our new strategic ambitions and governance best practice.

We're excited about this work. We want the broadest possible range of people to contribute to, and benefit from, the potential for science to solve urgent health challenges. Wellcome has both a responsibility and accountability to society as a whole and the success of our work relies on the support and trust of many stakeholders, the world over. Tracking engagement systematically and strategically will enable us to maximise the impact of the Board's oversight of Wellcome's new strategy.

Key activities in 2021

2021 has seen a great deal of change within Wellcome and those we fund, notwithstanding the demands of the global pandemic on our organisation and our stakeholders. We have introduced a new strategy and overhauled our organisational design. The Board has welcomed a new Chair, Julia Gillard, and new Board members, Arup Chakraborty, Gabriel Leung and Ijeoma Uchegbu. New talent and partners have been recruited to help us deliver our mission.

All this change has made it even more vital that we define our stakeholder audiences and desired outcomes very clearly so that we can codify current activity and make suggestions for development and improvement. We have defined our stakeholders as the people, communities and organisations with an interest in and concern for Wellcome's purpose, strategy, operations and actions, and all those who may be affected by them. We have identified our key stakeholders, which are detailed in the table on page 49.

We have mapped illustrative stakeholder engagement inputs, outputs and outcomes into a summary dashboard to bring to life the many activities big and small which inform board decision-making. We have also tracked the mission-critical issues which span all audiences such as climate change and Culture, Equity, Diversity and Inclusion.

Priorities and plans for the future

We have always executed stakeholder engagement in a comprehensive fashion. As we move forward, we will be developing new partnerships to meet new challenges and create the conditions for discovery research to flourish. Our stakeholder audience is big and getting bigger. We need to be even more disciplined about our audiences, what we bring to them and what they bring to us, how outcomes shape Board decision-making and how we can do even better.

As the newly-focused organisation embarks on such a big period of change, we also want to make sure the Board has both oversight of and direct access to Wellcome staff, complementing the in-depth work the Board of Governors already conducts with the Executive Leadership Team. Each Board member has been 'buddied' with each of the staff networks and Wellcome Exchange to facilitate greater understanding and to provide support and external advice to the networks.

Example of an area where we need to do more on stakeholder engagement

There is always more we can do, in every area. Climate change is a key priority that spans all our stakeholder audiences and represents a massive challenge as we seek to develop better understanding and increase the urgency of action on climate and health. Great progress has been made in the last year in prioritising climate change within our new strategic vision of supporting science to solve the urgent health challenges facing everyone.

Reframing climate change as a health issue means we will need to accelerate the development of a new and transdisciplinary research community, build vibrant and new stakeholder partnerships, generate new data, synthesise new and existing knowledge and support the uptake of practical solutions to protect and improve health.

As Wellcome's new Climate and Health Director takes up his role and develops Wellcome's detailed climate and health strategy, we will seek to both deepen our existing partnerships and develop new relationships that can help us to reduce the impact of climate change on human health. This will include generating new knowledge about the impact of climate on health and what can be done to mitigate it – both through direct funding calls and through shared programmes of work with partner organisations – and making that new and pre-existing evidence more readily available and accessible to those people making policy decisions.

Eliminating Fossil Fuels in Germany

Krisztián Bócsi

Prevention is better than cure. The faster the world can cut greenhouse emissions, the better we'll be able to avoid the health dangers posed by global heating – from dehydration and malnutrition to infectious disease and extreme weather. A big part of this will come from replacing fossil fuel use, like the Jänschwalde lignite power plant in Peitz, Germany.

*Krisztián Bócsi / Wellcome
Photography Prize 2021*



On the investment side, our priority has always been to fund the mission by working with companies to ensure that environmental and social factors are prioritised alongside meeting our financial obligations. Consistent stakeholder engagement with portfolio companies on emission reduction to accelerate global energy transition is a vital tenet of Wellcome's investment management approach. The investment team reports regularly to the Board on its engagement activities and progress. Stakeholder engagement has a strong influence on the views, policies and actions of the companies' executive teams in which we invest.

During the year the Board again reviewed Wellcome's investment policy in relation to climate change and gave strong support to an engagement approach with companies in which Wellcome invests with the clear purpose of reducing their carbon emissions to be compatible with global targets under the Paris agreement. The Board agreed that divestment from individual companies would continue to be an option should such engagement fail.

As part of this strategy the investment team developed an approach to get the portfolio to net zero by 2050, or sooner, with a detailed 'engagement ladder' to get us there. We were pleased to see Wellcome join an important investor coalition on climate change – the Institutional Investors Group on Climate Change (IIGCC) to ensure that our engagement with companies aligns with other like-minded investors to have maximum collective impact.

Internally, we have ensured our programmes on renewable energy, travel offsetting and policy support the emissions reduction policy and encouraged our suppliers to do likewise.

While the Board recognises the enormous programme ahead on stakeholder engagement on climate change and health, we are encouraged by the significant progress made this year in this area, both internally and by the research and investment teams. We welcome efforts such as those led by the Task Force on Climate-related Financial Disclosures (TCFD) to increase transparency and promote our stakeholders' understanding of Wellcome's strategies to respond to the risks and opportunities presented by climate change. We are working towards meeting the government's expectations of large asset owners to meet TCFD reporting requirements by 2022.

Social Responsibility:

Health and environment

Wellcome has a combined Health and Safety and Environment (HSE) policy. The policy's purpose is to promote and support the physical and mental health, safety and wellbeing of our people by doing what we reasonably can to provide a safe working environment, and we will endeavour to minimise the impact from our operations on the environment to accomplish our mission of improving health.

We prioritise consulting with our people on matters of health, safety and the environment. This is done informally through staff surveys and also formally through the Health, Safety and Environment Committee, which meets quarterly and is attended by representatives from all departments.

Ensuring effective risk management practices is also a priority. Key risks identified through Occupational Health usage are musculoskeletal disorders (MSD) and psychological concerns; the former is mitigated by providing training, assessments and equipment to prevent MSD injuries, the latter is mitigated by providing access to counselling and other support through the Employee Assistance Programme, Plumm Wellbeing Services, Occupational Health, and brief signposting interventions from the Mental Health First Aid Network.

We are committed to employees' physical and mental wellbeing, and have staff trained in both physical and mental health first aid through recognised certified training. This support has been maintained throughout the pandemic by supporting those working remotely. Health and Safety have been part of the Incident Management Team, Covid Management Group and Future Ways of Working team, responsible for supporting staff remotely and in the safe reoccupation of our buildings and Wellcome Collection. This has included staff-wide surveys in 2020 (Future Ways of Working surveys in 2021 were undertaken by the People team) and ensuring we understand and take into account staff concerns.

During 2021, the Health and Safety team at the Wellcome Sanger Institute have continued to support employees working at home, with around 350 people having been supported. They play a significant part in supporting the Campus's Covid-secure measures, including working with human resources business partners to form a track-and-trace team supporting the internal Covid-19 testing programme. Mental health support has continued with training the Mental Health First Aid team in suicide first aid, through the ASIST programme, and the launch of a manager's toolkit to support their teams.

In addition, a new health and safety management system has been delivered, which supports risk, incident and internal inspection programmes in both laboratory and facility areas. The focus on construction and fire safety continues in conjunction with the Estates team. The ISO 14001 environment standard has been retained, along with standards for energy and asset management. Wellcome will continue to work on long-term initiatives to reduce its own, its subsidiaries and its suppliers impact on the environment.

Spotting stress in the workplace

While some stress at work can motivate us and help us focus on achieving our goals, excessive or persistent stress can be damaging to both our mental and physical health. We believe in promoting positive mental wellbeing in the workplace. This has been even more important during the pandemic. We support each other through schemes such as Mental Health First Aiders, providing guidance for line managers, and making tools easily available for individuals to spot stress and how to manage it using, for example, our stress risk assessment. Individuals can also access free employee counselling and advice through our Employee Assistance Plan or Occupational Health.

Social Responsibility:

Our people

Wellcome aims to enable a healthy, inclusive working environment that empowers our people to thrive while delivering our vision and ambitions. We have around 800 colleagues, based in the UK and Germany.

This year, Wellcome undertook a major redesign of the organisation to align teams and individual roles to delivering our new strategy. The process included the offer of a generous voluntary redundancy package, and consultation with staff through an elected Employee Consultative Body on the proposed new structure, followed by individual consultation where necessary. This process was particularly challenging for staff. Impacts were felt across the organisation, with staff moving roles and new teams being formed. 65 staff opted to take the offer of voluntary redundancy, 32 elected to take redundancy when their role was put at risk and there were 8 compulsory redundancies (see note 11(e) for impact on Employment expenditure). These redundancy payments form part of staff remuneration in year and are reflected in the benefits paid (see note 11(d)).

The implementation of the organisation design included redeployment and internal recruitment phases; ensuring that our own staff had the first opportunity to apply for roles. Through this 25% of staff in scope were able to make a career development move. Although this was not the primary reason for the redesign, we were pleased to offer so many staff these opportunities.

We analysed the effects of the organisation design process on groups of people with diverse characteristics such as gender, race and ethnicity, and socio-economic background. There were no differences in outcomes of the process for most groups collectively (this analysis did not evaluate individual experiences), however we recognise that this does not capture how different groups experienced the process. Two groups, however, left Wellcome at a higher rate – these were staff aged 41 and over, and staff with caring responsibilities. While this does not necessarily imply adverse experiences for these groups, it is valuable data to inform our understanding of what more we can do to ensure our internal culture (including recruitment) is fair and inclusive.

Outside periods of formal consultation on specific topics, staff are encouraged to raise concerns directly with senior staff. The Director and members of the Executive Leadership Team (ELT) have repeatedly invited colleagues to get in touch by email with any questions or concerns. Two ELT places will be added next year for new Employee Director roles. The Board, too, has increased efforts to be more visible and accessible to staff.

Our staff forum, Wellcome Exchange, has played a key role in strengthening the relationship between ELT and employees. Wellcome Exchange's mission is to make Wellcome an even better place to work through employee feedback on matters including strategy implementation and our new organisational design, the impact of Covid-19 and future ways of working. It has partnered with a sub-group of ELT to support their decision-making by deepening their understanding of what matters to employees.

"I consider how ELT and senior leaders partner with Wellcome Exchange as essential to strengthening Wellcome as a great place to work... This is making a difference at a strategic level now and it helps our organisation to shape key decisions."

Anusha Everson, Wellcome Exchange sub-group

Staff networks at Wellcome offer people across the organisation another way to come together, support each other and contribute in a different way to Wellcome's work. Each of the staff networks has an allocated governor, or 'Board buddy':

- **Disability Interest Group** – Arup Chakraborty and Richard Gillingwater
- **Interfaith Network** – Cilla Snowball
- **LGBTQ+ Network** – Mike Ferguson and Gabriel Leung
- **Parents and Carers Network** – Fiona Powrie
- **Wellcome Race Equity Network** – Elhadj As Sy
- **Women of Wellcome** – Amelia Fawcett

This year, our networks have used their cross-Wellcome perspectives to gather insights into staff attitudes, especially after the organisational design process. This led to recommendations from the networks to ELT and senior leaders and subsequent actions in some cases. For example, the Disability Interest Group provided input and advice on how to be more anti-ableist in redeployment and recruitment processes, as well as in our future ways of working (see below) and in Wellcome's communications.

The networks have also helped maintain engagement among a dispersed workforce, through speaker series and blogposts on topics such as Pride, decolonisation, action against male violence against women, and the social model of disability.

Diversity and inclusion

The Board has made equity, diversity and inclusion a focus of their work. This year, the focus was on anti-racist principles and guidance developed by colleagues in our Diversity and Inclusion priority area and across Wellcome. The Board discussed the draft anti-racism guidelines at two meetings, including how they could be used by Governors as well as by the ELT and across the organisation. The final guidelines were published on the Wellcome website in June 2021, followed up with training for senior staff and our People teams later in the year. We have not taken as much action as we would have liked to start implementing the anti-racism principles this year, due to factors associated with the pandemic and organisational design. It is an increasing priority, however, to address the ethnic diversity of our staff and those who apply for our funding. As we begin to do more, external evaluation will help us to assess our progress.

Staff diversity FY2020/21

Gender	78% provided data
Female	65%
Male	32%
Other*	3%
Ethnicity	80% provided data
BAME	19%
Black	4%
Asian	9%
Mixed and Other	6%
White	80%
I identify another way	<11 individuals**
Prefer not to say	<11 individuals**
Disability	65% provided data
Disabled	9%
Not disabled	87%
Prefer not to say	4%

We ask staff to share personal information so that we can track progress on diversity at Wellcome. (Data as of 20 October 2021)

*3% of staff responded as either I identify another way, Non-binary or Prefer not to say

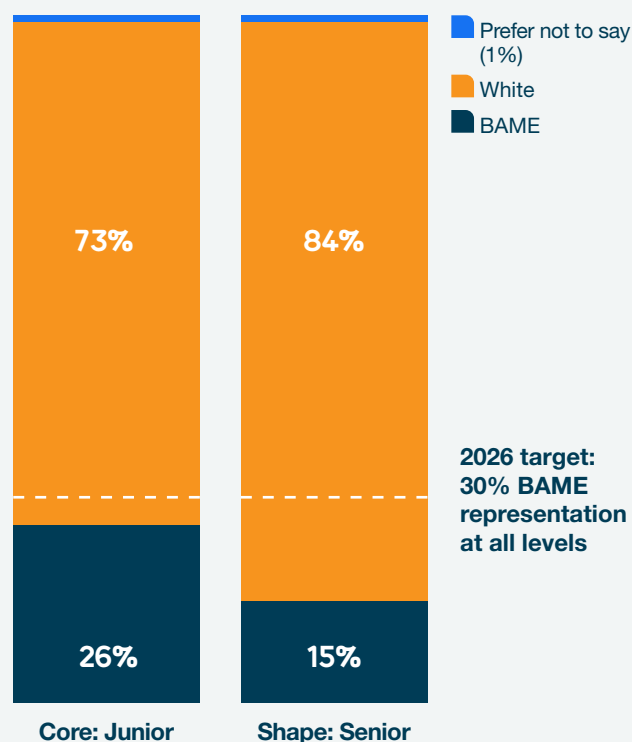
**To prevent identification of individuals, if fewer than 11 people have selected a category, we do not disclose numbers or percentages.

Anti-racism and anti-ableism were the priorities in Wellcome's new diversity and inclusion strategy – not because we have no work left to do in other areas of discrimination, but because these are two areas where we have the most work to do. As the Diversity and Inclusion team were also focusing on embedding inclusivity in the development of Wellcome's new overall strategy, our anti-ableism programme was not able to launch at the same time as the anti-racism programme, but it will follow in 2022.

Our diversity and inclusion strategy was published in March 2021 (see page 21 for more details on the second and third goals). It sets three stretching goals for 2031:

1. Wellcome staff are representative of the places we work, able to be themselves, and supported to be their best.
2. People funded by Wellcome are more representative of the global population, able to be themselves, and supported to be their best.
3. All Wellcome-funded research is inclusive in both design and practice.

Staff ethnicity by seniority



We have five job bands at Wellcome: Executive Lead, Shape, Affect, Implement, and Core. Here, we look at the percentage of BAME and White colleagues in Core, usually the most junior roles, and Shape, the most senior band below the Executive.

Each of these goals is supported by intermediate two- and five-year milestones, with specific targets against which our progress will be measured. To achieve our first goal, for example, by 2026 we want:

- 30 per cent of Wellcome staff to be from Black, Asian and Minority Ethnic (BAME) communities and 15 per cent disabled, reflected across all levels of seniority – this will be achieved through equal or higher rates in hiring, progression and retention
- at least 75 per cent of senior leaders to demonstrate they have met inclusive leadership criteria in their performance reviews
- at least 80 per cent of BAME and disabled staff to feel that Wellcome is an inclusive organisation

To achieve this, by 2023 we will have:

- achieved Disability Confident accreditation
- developed anti-racist principles, toolkit and training, and made progress towards racial equity
- clear, transparent and equitable criteria for hiring and developing people's careers, and they will be used consistently across the organisation
- supported our People team and 50 per cent of managers to increase their understanding of inclusive management, including anti-racism, inclusion of racially minoritised people, anti-ableism and inclusion of disabled people
- made 'building and supporting diverse and inclusive teams' an essential requirement in job descriptions for senior leadership positions and in performance assessment and reward decisions

Pay gaps are another measure that give a broad indication of an organisation's inclusivity. Wellcome has published our gender pay gap since it was made mandatory in 2017 for UK organisations with more than 250 employees. We also began voluntarily reporting our ethnicity pay gap in 2019. We know the figures do not tell the whole story – for example, we had a small negative ethnicity pay gap in 2019, but this does not mean the experiences of white people and people of colour are the same at Wellcome.

The gender pay gap at Genome Research Limited was 8.7% on 5 April 2020.

Future ways of working

Wellcome has put in place additional processes to support the safety of staff working in the office since March 2020, including social distancing measures and weekly Covid-19 testing. We are grateful to our staff who have kept our building safe and secure throughout the pandemic. Wellcome Collection reopened in May 2021 and the staff across the organisation who are involved with the running of the Wellcome Collection returned to the office in April 2021.

As we did last year, we continued to ensure everyone had appropriate equipment at home to do their job remotely where possible, and arranged alternative work spaces for those unable to work from home when our offices were completely closed. We encouraged staff to prioritise their loved ones during lockdowns, especially when schools were closed, and paid staff, contractors and service partners whether or not they were able to work.

This year, we prepared for most of our staff to return to Wellcome's offices in October 2021, while continuing to support flexible and remote working when necessary public health measures were in place. In October, we began a six-month trial of hybrid working at Wellcome. We recognise that not all staff will be able to work remotely and some people will have fewer options in how they choose to work as a result. However, we're using what we've learned from the last 18 months to create greater flexibility for staff while still working collectively to deliver our new strategy.

Like many other organisations, we appreciate the extent to which the pandemic has required all of us to reappraise how we work. And as Wellcome continues to implement our new strategy, we will keep adapting to the needs of our staff so that we can support science to solve the urgent health challenges facing everyone.

Wellcome's Gender Pay Gap 2017-2021

Year	2017	2018	2019	2020	2021
Gender Pay Gap	20.8%	17.4%	17.3%	15.9%	13.2%

Wellcome's gender pay gap has fallen steadily since 2017, although progress has been slower than we would like. Actions take time to show in the data but we expect to see a lasting effect in future years.

Data: gender pay gap in median pay for women at Wellcome as a percentage of median pay for men at Wellcome

Risk management

Wellcome aims have a comprehensive and integrated risk culture with a framework which allows us to anticipate, identify, prioritise, manage and monitor risks impacting our organisation and supports decision making.

Risk management provides the framework within which Wellcome can successfully deliver its ambitious plans under the new strategy.

Risk governance

The Board of Governors is ultimately responsible for the oversight of Wellcome's risk management systems, which is exercised through the Audit and Risk Committee. Key roles and responsibilities, including those of the Board, the ELT, and the Investment Committee are set out in the risk management policy.

Risk appetite

Risk appetite is the level of risk we are willing to take to achieve our mission and strategic objectives. It supports a risk-based culture, where Wellcome's desired risk profile is explicitly considered in all key decisions, aligned to the strategic focus and the risk/reward balance desired by the Board.

We have reviewed and updated our approach to risk appetite, which was approved by the Board in June 2021. We express our risk appetite in five levels of willingness to take risks: Very Low, Low, Medium, High, and Very High.

- Our investment portfolio is a resource that makes our charitable work possible. We have a high level of risk appetite in respect of investment performance and risk, and a low appetite for investment operations, legal, counterparty and credit risk and liquidity risks.
- Wellcome supports thousands of scientists and researchers in more than 70 countries. We provide funding for discovery research, and activities in our three health challenges: Climate and health, Mental health and Infectious diseases. We have a medium-to-high risk appetite in respect of these activities – we are willing to support world-changing science while at the same time promoting a structured and ethical research culture in the organisations we fund.

- Wellcome has a very low risk appetite in respect to safeguarding the health and safety of our people; the public; breaches of legal, contractual and regulatory requirements; financial obligations; and information security. We have a low risk appetite in the provision of sustainable and robust operational support to the delivery of our mission.
- A medium risk appetite has been set for our reputation. We are willing to take considered risk in promotion of our funded research, campaigns and advocacy work where it supports the delivery of our mission. We are willing to express our views, backed by transparency of rationale and interaction with the communities we support.

Risk management and control framework

Wellcome operates a “three lines” framework:

- **The first line:** Management is responsible for risk management and the execution of operational and financial controls. The ELT reviews key internal operational and financial controls annually and confirms the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors. The roles of the ELT and the Board of Governors are discussed on page 41.
- **The second line:** The Risk Management function facilitates and monitors the implementation of effective risk management practices and assists risk owners across the organisation in defining the target risk exposure and reporting risk-related information.
- **The third line:** Internal Audit provides independent assurance over the operation of controls. The internal audit programme includes the review of risk management processes and recommendations to improve the internal control environment.

First line – Internal controls

Wellcome's internal controls are designed to provide the Board of Governors with reasonable assurance against material misstatement or loss, including that proper procedures are in place and that these procedures are operating effectively.

The Executive Leadership Team reviews key internal operational and financial controls annually and confirms the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors.

Control Environment

The key components of Wellcome's internal controls are:

- **Accountability:** At Wellcome we recognise our people are owners of the risk and control environment in their areas. Management are responsible for the design and effectiveness of controls in their areas and all staff are responsible for implementing controls. During the year we have reconfirmed this responsibility in all roles as part of the major redesign of the organisation to support the new strategy. Ownership and accountability for Wellcome's risks and their mitigating controls is captured in the Corporate Risk Register discussed on page 74.
- **Delegation:** There are documented procedures for delegation of decision-making, which ensures judgements and decisions are made at the right level by appropriately informed and capable people. These delegations have been reviewed and updated throughout the major redesign of the organisation. Analysis of risk and financial impact is built into the decision-making processes of the Board and ELT.

- **Policies and guidance:** A suite of policies covers major activities and risk areas and are all available on the internal website with detailed scenario guidance and FAQs to support staff in their implementation. Our policies emphasise personal judgement and responsibility, with staff, committee members and Governors expected to conduct themselves with integrity and impartiality. Policies are subject to regular review, with updated policies highlighted to our people through internal communications and training. The policies include Agreements, Code of Conduct, Conflicts of Interest, Delegated Authority, External Complaints, Financial Crime (covering fraud, bribery and corruption), Procurement, Risk Management and Speak Up. The Code of Conduct, Speak Up and Conflicts of Interest policies are discussed on page 47. Wellcome's grant conditions and policies set out the standard terms on which grants are awarded. The grant-making policy is discussed on page 46.
- **Reporting:** The Board of Governors and the ELT review regular financial reporting, monitoring actual activity against forecast, investment performance and risk reports. This reporting is supported by:
 - reconciliations of financial records, line manager reviews and systems' access controls
 - budget-holder review expenditure, supported by Finance
 - a Valuations Group which considers the Group's investment valuation policies, application and outcome

The Board of Governors, the ELT and the Audit and Risk Committee review reporting on the effectiveness of the controls environment. This reporting is supported by:

- an annual report on controls to the Audit and Risk Committee, which reports on controls with consideration of the guidelines contained in FRC ISA (UK) 315 (Revised June 2016): Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and its Environment" and FRC ISA 240 (October 2009): "The auditor's responsibilities relating to fraud in an audit of financial statements".
- a grants assurance update provided by the Director of Grants to the Audit and Risk Committee

Second Line – Risk management framework

Our risk management framework is applied consistently at all layers of organisation, at executive, department, team, programme, and project levels.



Each layer is responsible for identifying their risks and assessing the impact and likelihood of risks against the risk matrix on a quarterly basis.

We classify risks into six categories:

- Investment Performance & Risk
- Investment Operations
- Strategic Objectives
- Operational Risks
- Financial
- Legal & Governance

The following impact categories are considered for each risk:

- Delay or non-delivery of Wellcome's objectives, such as skill shortages, key partner or supplier failure, delay in delivery of a strategic objective
- Financial loss, such as impact causes monetary loss, fraud
- Reputation, for example, criticism by stakeholders, unethical behaviour by Wellcome affecting a key stakeholder group
- Investment loss, such as volatile investments or liquidity

- Regulatory, legal, accounting or tax compliance issues, for example, inquiry by a regulator, potential prosecution
- Health and safety, such as injury or fatality.

A single risk can have an impact in more than one category. Risks are assessed at both the current level (taking into account the effectiveness of existing preventative and mitigating controls) as well as the target level (the level of risk assuming all planned actions are completed).

The key corporate risks (see pages 62-64) are consolidated in the Corporate Risk Register. The ELT, the Audit and Risk Committee and the Board of Governors periodically review these risks and challenge the risk trend as well as the adequacy and progress of the treatment plan of these risks. In addition to key corporate risks, the ELT, the Audit and Risk Committee and the Board of Governors also review the emerging risks (see page 62).

Management is responsible for managing and monitoring risks they own. To facilitate this, we are in the process of setting risk appetite levels for each risk area, along with metrics and thresholds.

Emerging risks

As a global charitable foundation that supports science to solve the urgent health challenges facing everyone, this year we introduced a process to review emerging and long-term risks in addition to key risks facing the organisation. This involved the Board of Governors, ELT and the Audit and Risk Committee reviewing megatrends, and considering how they would impact on our organisation, mission, and our endowment.

- **Changes to the global geopolitical landscape** – This may affect established collaboration networks and global institutions making Wellcome's mission harder to achieve.
- **Economic instability and funding** – Wellcome's investment portfolio may not produce the required returns to fund the charitable mission.
- **Changing regulatory landscape** – This may lead to additional constraints on Wellcome's operations.
- **Social changes** – Changes in how society views science and charitable foundations may impact how Wellcome operates.
- **Technological & scientific developments** – These may have ethical implications for Wellcome or an increased pace of change may impact upon Wellcome's delivery model.
- **Pandemics** – Wellcome may experience significant operational disruption and the need to refocus research funding.
- **Climate change and natural resources** – May lead to operational challenges for both Wellcome and partners.
- **Changing demographics** – Wellcome may need to build new research networks or adjust the focus of areas of funding.

Our subsidiaries

Wellcome's wholly-owned operating investment subsidiaries take responsibility for risk management within their respective operating companies. The board of each operating company includes appropriate representation from Wellcome and is responsible for ensuring that the operating company has an appropriate balance between risk and reward, and an appropriate risk management culture. Wellcome exercises its oversight by sending a representative to the Audit Committee or Audit and Risk Committee of each operating subsidiary, as well as having a report submitted to our Audit and Risk Committee.

Our response to the pandemic

At the start of the pandemic, the organisation proactively moved to working from home in a planned transition. The remote working approach has continued since then (with the exceptions of building-orientated and Wellcome Collection activities taking place on-site), until the move to a hybrid working model in October 2021. People's expectations of how and where to work will continue to be affected as the pandemic continues, and Wellcome – like other employers – will continue to review our approach.

The risk function continues to leverage the comprehensive assessment completed in early 2020 to understand the potential impact upon Wellcome as an organisation, as well as to the external scientific community. Particular areas of focus include the engagement and wellbeing of employees, risks to delivery of priorities and specific Covid related work being undertaken. The assessment enabled the risk function to establish key themes across the organisation, where significant risks have subsequently been assessed and included in the corporate risk register. Overall, the findings were that the impact of the global pandemic did not expose the organisation to unduly high levels of risk.

The risk function continues to closely monitor developments across the organisation as the situation evolves.

Key risks

⬇ Risk decreasing ⬅ Risk stable ➡ Risk increasing ⚠ New risk

Risk	Description	Mitigating activities and oversight
Investments		
Investment portfolio 	Due to catastrophic loss of one or more assets within the portfolio, inadequate liquidity, or lack of protection against the impact of inflation, we may be unable to maintain the level of charitable spend to achieve Wellcome's strategic objectives.	Mitigations in place: • Global diversification across assets and asset classes to limit the potential for value loss. • Diversification of cash flow sources. • Regular review of forecast cash flows to manage the portfolio's liquidity profile. • Regular consideration of inflation protection within the portfolio with a focus on equities and property holdings. • An independent Investment Risk function reporting to the Finance Director. Planned mitigations: • Position sizing and IC review of top hundred assets. • Focus on real assets to protect against inflation. Oversight by: • Chief Investment Officer. • Chief Executive Officer, Investment Division. • Investment Committee.

Key risks continued

 Risk decreasing
  Risk stable
  Risk increasing
  New risk

Risk	Description	Mitigating activities and oversight
Investment operations 	Due to insufficient resources, inadequate digitisation and lack of succession planning, our Investment function may not be able to perform the investment activities planned. This could negatively impact our ability to fund Wellcome's mission.	Mitigations in place: - Investments operations project. Planned mitigations: - Development of succession planning. - Strategic resourcing of the Investment function. - Creation of a change roadmap for the Investment IT system. Oversight by: - Chief Investment Officer. - Chief Executive Officer, Investment Division. - Investment Committee.
Strategic		
Organisational change 	Wellcome executed an implementation programme for the new organisational design following on from the strategy review in 2020. There is a risk that the implementation programme may not deliver the potential benefits of the strategy, due to the lack of alignment between the implementation programme and the strategic vision, or lack of capacity. A failure to communicate the rationale for change could damage stakeholder trust.	Mitigations in place: - An ELT Sub-Group, led by the Chief Operating Officer, led and managed the change programme while continuing to maintain business as usual activities. - The change programme includes organisational redesign (including diversity and inclusion considerations), risk and change management arrangements, internal and external communications plans. - Final organisation redesign has been approved to ensure designs meet delivery needs. - Implementation plan supported by robust communication planning. - Prioritisation of activities and organisation design considered staff's well-being needs. Planned mitigations: - Culture shift work to ensure the new strategy delivers the required culture change. Oversight by: - ELT Sub-Group.
Wellcome's pandemic response 	Wellcome as an organisation, as well as our individual leaders, have been at the forefront of the response to the pandemic. Decisions we make and advice we give may have an impact upon our reputation which may hinder our ability to carry out our work.	Mitigations in place: - An audit trail of decisions and advice given to governments and inter-governmental organisations. - Media and social media monitoring, with risks flagged and escalated as required. - Proactive engagement with media and social media. Planned mitigations: - No new mitigations. Oversight by: Director of Wellcome.
Operational		
Cyber security 	An immature cyber security environment coupled with inadequate user access controls could result in a successful cyber attack penetrating into our technology systems.	There were no phishing events reportable and we reported one minor data loss to the Information Commissioner's Office. Mitigations in place: - Security awareness training. - Expansion of the use of a managed security service provider providing 24-hour event collection, monitoring and escalation services. Planned mitigations: - User testing through phishing simulation. - Implementation of Role-Based Access Control. Oversight by: - Chief Information Officer. - Digital and Technology Audit and Governance Group. - ELT Operations Sub-Committee.

Key risks continued

 Risk decreasing
  Risk stable
  Risk increasing
  New risk

Risk	Description	Mitigating activities and oversight
Operational		
Staff wellbeing 	Significant internal and external factors, such as the global pandemic and organisational change, may have the potential to impact on the wellbeing of staff.	Mitigations in place: • Prioritisation of workloads by ELT and line managers. • The option of bringing in temporary resources where helpful. • Encouragement to take at least 15 days of annual leave in the year. • A number of resources to support individuals to manage their wellbeing including an employee assistance programme, mental health resources and wellbeing champions. • A comprehensive Covid-19 policy, as well as regular staff surveys on how people are coping with hybrid working. Planned mitigations: • Implementation of longer-term plans for how we embed wellbeing into the new culture. Oversight by: • Director of People.
Increased demand for the Digital and Technology (D&T) function 	Due to the significant increase in demand, D&T may be unable to provide the required expertise to meet all of Wellcome's IT and associated business needs, which could result in disruption to the business-as-usual IT service delivery as well as delay in work for future key business improvements and resilience.	Mitigations in place: • A future technology roadmap that will articulate the technology and required external service providers to ensure appropriate digital provision and resilience for its evolving business needs. Planned mitigations: • Acceleration of recruitment for D&T. • Prioritisation of activities. Oversight by: • Chief Information Officer.
Legal & Governance		
GDPR Regulation 	Wellcome may be unable to demonstrate compliance with UK data protection regulations.	Mitigations in place: • Policies and procedures to ensure compliance with data protection legislation at Wellcome. • Mandatory data protection training for all staff. Planned mitigations: • No new mitigations. Oversight by: • Chief Information Officer.

Third line – Internal audit

Wellcome has an in-house Internal Audit function. Co-source internal audit partners provide specialist skills to supplement the in-house team.

Internal audits are performed based on a risk based internal audit plan, inline with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee prior to implementation.

Internal audits assess the design and operating effectiveness of internal controls and review risk culture in the area reviewed.

An internal audit opinion is presented to the Audit and Risk Committee annually. In March 2021, the opinion concluded that, while further improvement in the control environment was needed to ensure the achievement of Wellcome's objectives, there had been signs of improvement, noting controls around established transactional processes operate effectively in Investments, core finance processes, and long-standing response-mode funding.

Management has agreed a planned programme of activities to strengthen the three lines, including enhancements to operational controls, systems and processes, and improving the risk culture of the organisation to address the highlighted weaknesses. Implementation of the programme is an objective of members of ELT and senior management across Wellcome, as it is critical to effective delivery of the new strategy.

Remuneration report

Wellcome develops and maintains remuneration strategies and policies in line with the strategy, culture and objectives of the organisation. Our aim is to attract, retain, motivate and effectively reward our people and recognise their contribution to Wellcome's overall mission.

Our key principles are that remuneration should be:

- **Competitive and market-facing:** salaries are benchmarked using external market data appropriate to the sector in which people work. We use trusted providers to secure the pay data and advice required. Willis Towers Watson (WTW), QCG and UCEA provided salary benchmarking data. WTW also provided specific data and advice on the pay of our Executive Leadership Team (ELT), as did McLagan on the remuneration of our Investments team. Furthermore, PwC advised us on the production of our gender and ethnicity pay gap data.
- **Performance-linked:** individual performance and behaviours are assessed for the award of bonuses during the annual pay review.
- **Simple and transparent:** our remuneration structure and policy are openly communicated to colleagues. Our bonus scheme is open to all employees, except to the Investments team which has a dedicated scheme. Benefits are the same for all colleagues irrespective of their seniority and can be accessed and managed through a portal that also provides a total reward statement.

The remuneration of ELT members is set up in accordance with the pay policy which was introduced in 2020 and covers the entire organisation, with the exception of the Investments team which has its own framework. The policy states that Wellcome is a market-facing organisation. As such, each role is matched to a relevant role in a robust salary survey. A market range is created for each role, using the market median as the midpoint. Willis Towers Watson has been appointed as our adviser and data provider for our executive team. Each ELT role is matched to a survey role and factors such as organisational size and reporting lines are used to identify a suitable pay benchmark. Pay progression is based on the same criteria as for the rest of the organisation, using a grid combining position in the market range and performance. The Remuneration Committee validates ELT base pay at its December meeting. ELT members are eligible to the same bonus scheme as other employees. It is linked to performance ratings. A fixed bonus percentage is awarded for each performance rating. ELT members' performance is reviewed by the Remuneration Committee and bonus levels awarded on that basis.

Elements of remuneration

Wellcome provides a competitive package to attract and retain the talent needed to deliver its mission, while supporting several aspects of its employees' wellbeing.

Financial wellbeing: A salary within a range anchored on the market median; a bonus scheme; a long-term incentive plan (in order to ensure that remuneration of the Investments team remains competitive and to encourage a long-term view, certain employees in that team participate in a Long-Term Incentive scheme where awards to employees are made annually based on investment returns and individual performance over a period of three to five years). Individual and project-based recognition awards made at management's discretion; a defined contribution pension scheme where employees contribute 3% and Wellcome contributes 15% (of which employees can choose to get up to 10% as cash) and a defined benefit pension scheme for which changes are underway (see page 68); a Life Assurance policy of 6 times an employee's salary; a Group Income Protection cover; season-ticket loan; access to discounted shopping and entertainment through Perkbox; access to our restaurants with subsidised food and drinks.

Physical wellbeing: 25 days of holidays; a comprehensive Private Medical Insurance cover; on-site gym (classes and wellbeing support have continued virtually for staff working remotely) with access to a nutritionist, a physiotherapist and massages; a Cycle-To-Work scheme, with regular visits from a bike technician and a dedicated, secure bike garage.

Mental and emotional wellbeing: An Employee Assistance Programme; The Thrive app; Access to Plumm for chat and video therapy; A network of Mental Health First Aiders; Occupational Health; Regular events to develop mindfulness.

Social and community wellbeing: Wellies, our very active social club, organises many events annually. On-site bar; A choir and an annual quiz. Active staff networks and groups: Wellcome Race Equality Network (WREN), LGBTQ+ at Wellcome, Disability Interest Group, Women of Wellcome, Interfaith at Wellcome, Parents and Carers at Wellcome, International Group, and many others.

Pension

The Wellcome Trust Group (the Group) sponsors two approved funded defined benefit schemes: the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan. Pensions payable are related to length of service, salary and level of personal contribution. Changes to the defined benefit scheme are underway and are discussed in more detail in the Remuneration Committee Report on page 68.

The Group also provides a defined contribution Group Personal Pension plan, into which both employee and employer contributions are paid. Since April 2016, new employees are auto-enrolled into the defined contribution scheme.

Governors' remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors.

Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. A review of this remuneration adjustment mechanism will take place in 2022.

Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chairs can be set by the Board of Governors at up to 2 and 1.5 times the level of a Governor respectively.

The Remuneration Committee

The Board of Governors appoints the Remuneration Committee, chaired by Amelia Fawcett. The members are all Governors, all of whom are excluded from any discussion which affects their own pay. The Committee ensures that remuneration practices and policies facilitate the employment and retention of talented people.

The core responsibilities of the committee are to approve key remuneration principles, the reward strategy and policies for remuneration of employees including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the ELT and other senior staff.

The Remuneration Committee Report, on page 68, includes key decisions made by the committee throughout the year, including changes to our organisation design and our defined benefit pension scheme.

In addition, the committee exercises any powers, and approves any decisions required by Wellcome, in respect of the Wellcome Trust.

Governors' remuneration Year to 30 September

	2021 £	2020 £
Julia Gillard (Chair from 12 April 2021)	90,013	-
Eliza Manningham-Buller (Chair until 11 April 2021)	74,822	142,108
Michael Ferguson (Deputy Chair until 31 December 2021)	106,581	106,581
Tobias Bonhoeffer (until 31 August 2021)	65,133	71,054
William Burns (until 30 April 2020)	-	41,448
Arup Chakraborty (from 1 May 2021)	29,606	-
Amelia Fawcett	71,054	71,054
Richard Gillingwater	71,054	71,054
Bryan Grenfell (retired 31 August 2021)	65,133	71,054
Gabriel Leung (from 1 May 21)	29,606	-
Fiona Powrie (Deputy Chair from 01 January 2022)	71,054	71,054
Cilla Snowball	71,054	71,054
Elhadj As Sy	71,054	53,291
Total remuneration	816,164	769,752

Expenses in respect of travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £16,640 (2020: £84,502) of which all was paid directly by Wellcome (2020: £76,455). No expenses were paid by the Governors and directly reimbursed to them (2020: £8,047).

The decrease in the expenses paid this year is driven by a reduction in travel costs due to the global pandemic. No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2021.

Remuneration of key management personnel Year to 30 September

	2021 £	2020 £
Director of Wellcome	515,216	483,788
Executive Leadership Team (excluding Investment Executive)	2,462,885	3,111,691
Investment Executive	15,767,536	9,166,052
Employer pension contributions (for relevant staff)	376,673	478,921
Employer National Insurance Contributions (for relevant staff)	753,813	811,968
	19,876,123	14,052,420

Key management personnel

The key management personnel of the Wellcome Trust Group and Wellcome have been defined as the Board of Governors and the ELT (including the Investment Executive, who are responsible for decision-making in respect of the investment portfolio). The roles and responsibilities of the Board of Governors and the ELT are discussed in the Structure and Governance section on pages 41.

The total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above.

The remuneration of members of the ELT is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed opposite.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11(d).

Investments team

Wellcome manages the investment portfolio that underpins our charitable activities. The internal Investments Team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals.

With the right leadership and approach, this group has been able to generate superior returns and incur lower costs than would be the case if this activity were outsourced to traditional asset management organisations. The performance of the portfolio supports this approach.

Members of the Investments team are remunerated through their base salary, supported by significant variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, long-term incentive plans, as detailed above. The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5(b).

McLagan provided an asset management sector overview to benchmark pay and reward proposals for the Investment team to provide assurance that the pay and reward package was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Remuneration Committee Report

As the Chair of the Remuneration Committee, I am pleased to present our report for the year ended 30 September 2021. This report summarises the work of the committee over the past year in fulfilling our responsibilities to provide effective governance over the remuneration of our employees.

Effective committee governance

The membership of the Remuneration Committee is set out in the Reference and Administrative Details section (page 139). The committee said goodbye to Eliza Manningham-Buller and was thankful for all her contributions as a member of the committee. And we welcomed Julia Gillard as a new member of the committee. The Director and the Director of People are not members of the committee, however they attend each meeting save for discussions on their own pay, when they are absented. After each committee meeting, the Board of Governors receives a report on the key issues discussed.

During the year the committee's focus was on:

Organisation design

The Remuneration Committee received reports and monitored the implementation of a new organisation design to deliver the new strategy. This included the redesign of the Executive Leadership Team (ELT) and the Senior Leadership Team in 2020 and the putting in place of a new organisation structure with teams and roles aligned to our new strategy. The new structure went live on 6 September 2021. The committee was particularly focused on the equality, diversity and inclusion impact of designing and implementing the new structure.

Pay and reward

The Remuneration committee monitored the implementation of the new reward structure which aligned with the new organisation design. The Committee agreed the remuneration of the ELT and the Investments team with the support of external benchmark data. In addition, they approved both the annual staff salary review and the annual gender and ethnicity pay gap reports.

Proposal to close the defined benefit pension scheme to future accrual

At its meeting on 7 December 2020 the Remuneration Committee considered and approved a request from the ELT to consult on closing the Defined Benefit (DB) pension scheme to further accruals. The Remuneration Committee agreed at its meeting on 12 October 2021, post pension

consultation, to validate the ELT's decisions regarding the DB plan pension. Members will be given the opportunity to join the Wellcome Defined Contribution (DC) pension plan. The DB pension plan closed to new members in April 2016. The principal reason for this new consultation on closure is equity. Namely, that employees on the same salary should benefit equally from the pension provided by Wellcome. Other key factors taken into account were the relative running costs compared with the DC Plan and the long-term exposure to changes in costs (volatility). The Governors and ELT agreed that, although Wellcome can afford this cost, the Wellcome leadership has a responsibility to spend Wellcome's money equitably, responsibly and fairly. Consultation closed on 12 August 2021 following a one-month extension to allow more time for staff to provide their feedback on the proposal.

Following the DB Plan pension consultation, the Remuneration Committee decided to close the scheme to future accruals as of 30 June 2022.

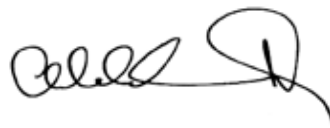
The feedback received during the consultation led to revisions to the proposal. For instance, we will increase the Death in Service lump sum for all employees (this will pay a lump sum of eight times base pay instead of currently four times in the DB Plan and six times in the DC Plan).

The DB Plan Trustees have agreed to work with Wellcome to make the necessary amendments to implementing this change and we will work with them to ensure the accrued DB fund continues to be managed responsibly.

During 2022, we will implement a DB transition support plan and a DC support programme for all pension members.

Committee meetings during the year.

The committee formally met three times during the year.



Amelia Fawcett

Chair of the Remuneration Committee
10 January 2021

Nominations and Governance Committee Report

As the Chair of the Nomination and Governance Committee (NGC), I am pleased to present our report for the year ended 30 September 2021.

During the year the committee led on the search for Governors with a science background to replace several Governors who are coming to the end of their terms. Following a rigorous international search, Arup Chakraborty and Gabriel Leung joined the Board in May 2021, and Ijeoma Uchegbu joined in November 2021. We also said farewell to two Governors in August 2021 – Bryan Grenfell and Tobias Bonhoeffer – who had both joined the Board in 2014. The committee thanks Bryan Grenfell for his significant contributions to the NGC. We welcomed Elhadj As Sy as a member of the NGC in December 2021. The membership of the committee is set out in the Reference and Administrative Details section (page 139).

The selection process for a new Deputy Chair was initiated, given Mike Ferguson's retirement in December 2021, with the NGC developing the role profile before it was approved by the Board. Fiona Powrie was appointed as Deputy Chair from 1 January 2022. The committee also considered a succession plan for Governors to 2025 and will continue to focus on equity, diversity and inclusion, and skills in the appointment process, ensuring that selection panels and shortlists are appropriately representative.

Board effectiveness and governance review

In line with the principles of good governance set out in the Charity Governance Code for large charities and the UK Corporate Governance Code 2018, the Board of Governors undertook an internal board effectiveness review/self-evaluation using a questionnaire covering the Board and committees in autumn 2021, and agreed to undertake an externally facilitated review of its effectiveness and governance in 2022. Procurement for an independent provider to carry out the external review next year was done through an RFP process. The committee reviewed the RFPs and made a recommendation to the Board on the selection of the provider. Interviews with the shortlisted providers were carried out and the Board approved the final selection. The outcomes of the review will inform the Board and enable it to agree actions to take forward any opportunities to improve our governance.

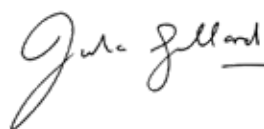
Staff and stakeholder engagement

The committee nominated Cilla Snowball as its Stakeholder Champion to work with the Executive Leadership Team on the development of proposals for staff and stakeholder engagement to aid the rollout of the new strategy and to facilitate more effective Board and organisation-wide decision-making. The committee is overseeing the development and monitoring of a dashboard of objectives and targets to codify progress.

I want to express my thanks to Eliza Manningham-Buller, my predecessor as Chair of the NGC and to thank members of the committee for their input into the design of my induction programme as Chair of Wellcome and for welcoming me as Committee Chair in April 2021.

Committee meetings during the year

The committee formally met three times during the year and held several informal meetings to progress recruitment issues.



Julia Gillard

Chair of the Nominations Committee
10 January 2021

Investment Committee Report

As the Chair of the Investment Committee, I am pleased to present our report for the year ended 30 September 2021. The Investment Committee's role is to act as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the work the committee has done over the past year in fulfilling our responsibilities.

There have been no changes to the membership of the Committee over the past year. There is an impressive depth and breadth of experience among our five external members, Stefan Dunatov, Tracy Blackwell, Martin Halusa, Cressida Hogg, and Girish Reddy, which has enriched our discussions and been of great value.

Activities during the year

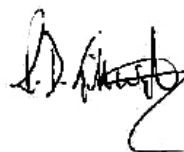
The Investment Committee met in December 2020 and in March, May and September 2021. At each meeting, it reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the evolving macro-economic and geopolitical environment. All meetings were held virtually given the continuing Covid-19 pandemic and the closure of Wellcome's headquarters until October 2021.

At the December 2020 meeting the committee made its annual consideration of the outlook for long-term returns and reviewed currency risk limits. A recommendation was made to the Board to remove the 15% minimum holding in Sterling, which was approved and implemented. In its oversight role, the committee has examined correlations and performance attribution; Internal Audit reviews of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing of the Investment team; counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio.

At the meeting in March 2020, there was an important discussion of the proposal from the Investment Executive to implement a strategy to move the investment portfolio to carbon net zero by 2050 at the latest. The committee strongly supported this proposal and recommended it to the Board, which subsequently approved it. The committee will continue to monitor progress towards this goal in the coming years.

Other topics of discussion during the year have included the investment executive's broader approach to environmental, social and governance factors, based on an assessment of companies' and managers' "licence to operate"; detailed reviews of composition and performance of the buyout fund portfolio and the co-investment portfolio; a discussion on the changing investment environment in China facilitated by an external speaker; a deep dive into our hedge fund exposure; and a review of the appropriate division of responsibilities between the Investment Committee and the Audit and Risk Committee.

The Investment Committee provided constructive challenge to the Investment Executive at each meeting, and members have also been generous with their time in providing additional input and advice between meetings. The committee were very pleased with the investment performance during the year and congratulate the Investment Team on an extraordinary outcome.



Richard Gillingwater

Chair of the Investment Committee
10 January 2021

Audit and Risk Committee Report

As Chair of the Audit and Risk Committee I am pleased to present our report for the year ended 30 September 2021.

Overview of the year

In 2021 the main activities of the Committee included oversight and monitoring of the following:

- The controls environment, including supporting the development of a strong and embedded governance and risk management culture.
- Improvements to the management of residential assets, including the introduction of an internal property board and improved reporting and oversight of managing agents.
- The Digital and Technology function focusing on cyber security maturity and cyber risks, GDPR and phishing testing and implementation of the roadmap to support Wellcome in achieving its aspired IT maturity levels.
- The new framework for third party supplier contracts where goods and services are provided to Wellcome, excluding grants and partnerships.
- The roadmap for implementing a revised risk management framework, including development and implementation of a common risk management framework and risk appetite that will be applicable across the organisation.
- The corporate risk register, working with the Head of Risk to develop a dynamic document focusing on the management of key organisational risks and driving change; considering the resilience to cyber incidents was adequate.

- The safeguarding roadmap, which included the appointment of a Safeguarding Lead to the Ethics, Governance and Compliance leadership team.
- The transition to the new strategy and organisational design, which included oversight of an implementation dashboard.
- Wellcome's investment in Urban&Civic, including oversight of the valuation and risk management.
- The outcomes of an investment systems review and next steps.

The committee undertook deep dives on the following areas:

- The strategy implementation programme, including progress on the overall programme, key milestones, major risks and programme governance.
- The internal audit of the strategy programme.
- The strategy implementation dashboard, a key tool in monitoring progress on delivery of the programme and management of risk and assurance.
- The organisation development programme, including implementation timetable and monitoring of key risks.
- The internal audit opinion on the control environment, noting that many of the actions identified by management to improve the control environment relate to the strategy implementation and will be tracked through that work.
- A proposed third party risk management framework, which covered third party supplier contracts where goods and/or services are provided to Wellcome (excluding grants and partnerships).

The committee endorsed the draft Risk Appetite statement for submission to the Board of Governors, subsequently approved by the Board in June 2021.

Significant financial reporting issues and judgements

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2020/21, we focused on the following

significant reporting matters in relation to financial accounting and disclosures:

Issue, judgement or estimate	Action taken by the committee	Outcome
Unquoted investment valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty; Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuations Group were appropriate, noting that there were 6 investments where Management performed internal assessments of co-investor valuations and 2 investments without a co-investor where management prepared the valuation that were not material in the context of this asset class.
Investment property valuations	Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty; Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee concluded that the valuation methodology and the valuations recommended by the Valuations Group were appropriate, noting the use of the several external valuers for the elements of the portfolio and management's review of the assumptions used by the external valuers.
Grant liabilities	Review of management's recommendation to discount the grant liabilities using the expectation of the long-term return of Wellcome's investment portfolio and the appropriateness of the rate used. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee noted the sensitivity analysis that had been done to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercers and reviewed by management.	The committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile within the context of FRS 102, noting management's review of the assumptions provided by Mercers.
Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty; Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the committee. Review of the audit approach adopted by Deloitte as summarised in their report.	The committee noted that these entities are valued at fair value using external valuer reports, management's review of the assumptions used by the external valuers and that while Wellcome has board representation in these entities, their operations were managed independently from Wellcome.

How the responsibilities of the Audit and Risk Committee have been addressed

At the December 2021 meeting, members of the committee formally reviewed their activities during the year and were satisfied that they had taken adequate consideration of their responsibilities as laid out in the Terms of Reference.

External audit

Oversight

At the June meeting each year, the committee discusses with the auditors the scope of their audit and makes recommendations to the Board before the audit commences. The significant financial reporting risks, some of which are those listed in the table above, are considered by the committee to be:

- the valuation of unquoted investments relating to direct investments, unconsolidated subsidiary investments (Urban&Civic, Premier Marinas and Farmcare), and the farm assets (agricultural estates)
- management override of controls (a risk in any organisation)
- the rate of discount selected to discount the grant liabilities

In addition to the points noted under the review of significant activities during the year, our interactions with Deloitte LLP included:

- consideration of their work and opinion relating to management judgements
- consideration of the impact of the revised Ethical Standards for auditors on the auditor's review of Going Concern at a group and subsidiary level
- consideration of the use of alternative audit firms for certain subsidiaries if appropriate
- discussion on the level of disclosure in the Annual Report to satisfy ourselves that it is appropriate
- meetings in private session during each committee meeting, and at other times throughout the year, to discuss external and internal developments and issues.

Audit quality and independence

The Audit and Risk Committee seeks to ensure the continued independence and objectivity of Wellcome's external auditors. At the April meeting each year, it reviews the performance of the external auditors and the quality of the audit work, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September, and December meetings each year, the committee reviews the auditor's report about independence of its staff, its policies for maintaining staff independence and monitoring compliance with relevant requirements. The external auditors were appointed for the year ending 30 September 2016 and have been reappointed for each subsequent year. The external audit partner will complete 5 years of continuous engagement in the current year and a new external audit partner will undertake the engagement in the following year.

Non-audit services

Wellcome management has a policy on any non-audit services provided by our external auditors, which takes into account the relevant EU regulations and directives, the FRC "Guidance on Audit Committees" and the "Revised Ethical Standard", and which has been approved by the Committee.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence, as well as the overall ratio of non-audit to audit fees which was well within the 70% cap applicable to public interest entities (see note 10).

The committee is satisfied that Deloitte remain independent and that the level and nature of any non-audit services is appropriate.

Financial reporting

At the December meeting each year, in line with its Terms of Reference the committee reviews the Annual Report and Financial Statements (ARFS) and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the appropriateness of the investment valuations recommended by the Valuation Group. The Valuation Group is responsible for reviewing investment valuations and reports its views to the committee to assist in its approval of such documents. The committee also considers the overall tone of the ARFS and related announcements, including consideration of reputational risk and the messaging of the activities during the financial year.

Based on the work done, the committee recommended to the Board of Governors that the Annual Report taken is fair, balanced, and understandable. In justifying this statement, the committee has considered the robust process in place:

- Clear guidance is given to all contributors in the form of timetables and detailed requirements.
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year.
- Wellcome's Finance team meet with the auditors throughout the year to discuss developments within the business and any impact on the financial reporting. In 2021 this included discussion of the impact of the Revised Ethical Standards on the auditing of Going Concern and managements challenge of judgements.
- A thorough process of review, evaluation and verification is undertaken by senior management and staff with expertise across the organisation.

Internal audit

- Reviews were performed remotely due to the impacts of Covid-19.
- The function was subject to an external quality assessment by Grant Thornton, which highlighted that the function's structures, policies, and procedures of the activity conform with the requirements of the Institute of Internal Auditors or element of the Code of Ethics in all material respects.
- The function delivered embedded assurance reviews throughout the Wellcome organisational design process.
- Internal Audit reports functionally to the Audit and Risk Committee and administratively to the Chief Operating Officer.

Wellcome has an in-house Internal Audit function which is supported by co-source internal audit partners, who provide specialist skills to supplement the in-house team. The Audit and Risk Committee directs and oversees the activities of the Internal Audit function, which includes considering the resourcing and skills of the internal audit team and the independence of the function.

Internal audits are performed based on a risk-based internal audit plan, in line with the Internal Audit Charter. The plan is reviewed and approved by the Audit and Risk Committee prior to implementation. The 2021/22 plan was endorsed by the committee during the September 2021 Audit and Risk Committee meeting. The plan is regularly reviewed and updated based on organisations, decisions, business activities, industry trends, best practice and regulatory matters.

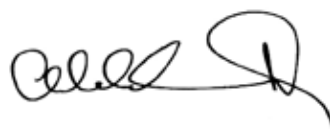
The Head of Internal Audit reports to the Audit and Risk Committee at least quarterly and more frequently as appropriate. At each meeting the committee reviews an update on the audit reports completed and observations identified, progress on completion of actions arising from the audit, and performance of the Internal Audit function.

In 2021, an interim Head of Internal Audit (Ernest Ofei) was appointed. A large proportion of Internal Audits were conducted remotely, due to the impacts of the Covid-19 pandemic and the function delivered embedded assurance reviews throughout the Wellcome organisational design process. In September 2021, The Audit and Risk Committee approved an increase in headcount by five, to increase in-house capabilities, particularly in investments, technology, and data.

Internal audit is also provided for Wellcome's subsidiaries (Genome Research Ltd, Premier Marinas, Farmcare, Urban&Civic) and reported in the respective Audit and Risk Committees.

Risk management

Considerable progress has been made to mature the risk management and control framework at Wellcome, and to ensure that a strong risk management culture is embedded throughout the organisation. A review of risk management was completed and a roadmap of improvements was reviewed and approved by the committee and is starting to be implemented. The committee approved a revised risk appetite statement for Wellcome, which was subsequently approved by the Board of Governors and is in the risk management section (page 71). An inaugural exercise was undertaken to identify, discuss and monitor emerging risks which are of significance to Wellcome; this is in addition to the key corporate risks that ELT, the Audit and Risk Committee and the Board of Governors already review. The corporate risk register continues to be refined and provides the committee with an effective view of the current risks, actions and progress made to manage the largest risks facing the organisation. Our Speak Up culture continues to mature. We believe staff see it as a trusted mechanism to raise concerns. Significant progress has been made to address a number of risks, especially those relating to GDPR and cyber security.



Amelia Fawcett

Chair of the Audit and Risk Committee
10 January 2021

Independent Auditor's Report to the Trustee of the Wellcome Trust

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Wellcome Trust (the 'Trust') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2021 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the consolidated statement of financial activities;
- the consolidated and Trust balance sheets;
- the statement of financial activities of the Trust,
- the consolidated cash flow statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: - Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Urban&Civic and Farmcare) and farm assets (Agricultural Estates including The Wellcome Genome Campus at Hinxton) and the resulting unrealised gains/losses related to these investments - Valuation of unquoted investments relating to direct investments, and the resulting unrealised gains/losses related to these investments - Risk of the grant liability being misstated due to an inappropriate discount rate being applied Within this report, key audit matters are identified as follows:  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £362.0m which was determined on the basis of 1% of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's net assets as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's net assets were subject to a full scope audit for the year ended 30 September 2021. The Trust and all subsidiaries are based in the UK.
Significant changes in our approach	In the current year, we have added Urban&Civic within the valuation of unquoted investments relating to controlled unconsolidated investments, following the acquisition of Urban&Civic by the Trust in Q1 2021. There have been no other significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustee's assessment of the Group and the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's assessment of the Group and Trust's ability to continue as a going concern, including consideration for the level of financial risk and complexity of the Group and Trust's operations;
- assessing the liquidity position to support management's assessment of the Group and Trust's ability to continue as a going concern through our audit procedures performed on the balance sheet, including agreeing cash to confirmations from banks, agreeing the timing of bond repayments to the underlying terms of the bond to assess whether the Group and Trust will have sufficient liquidity to meet its obligations, assessing the liquidity of the investments held and inspecting post year end bank statements;
- evaluating management's future plans, including budgets and projections, liquidity analysis and funding approach and assess if they are in line with our expectation given our knowledge of the Group and Trust;
- evaluating management's stress test analysis on key assumptions in their projections; and

- consideration of management's assessment of any significant subsequent events after the reporting period, prior to signing of the annual report, that might impact the Group and Trust's ability to continue as a going concern for at least twelve months from the date of signing the annual report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Urban&Civic and Farmcare) and farm assets (Agricultural Estates including The Wellcome Genome Campus at Hinxton) and the resulting unrealised gains/losses related to these investments

Key audit matter description	The valuation of Premier Marinas, Urban&Civic, Farmcare and Agricultural Estates, including The Wellcome Genome Campus at Hinxton involves significant judgement when determining the valuation approach and the estimation of key inputs and assumptions. As a result of this judgement, there is more potential for fraud or error in this area. Management engage with external experts to produce valuation reports for these assets. There are few comparable transactions for alternative real estate assets such as marina assets or land developments and therefore this increases the degree of estimation in determining the fair value of those assets. The following have been identified as the primary inputs into the externally prepared valuations: • the growth rate assumptions which drive the future cashflows for Premier Marinas; • the future sales price and cost forecasts within the discounted cash flow valuation for Urban&Civic. • the rate per acre for Farmcare and Agricultural Estates and the forecasted development value and development costs for The Wellcome Genome Campus at Hinxton. There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of unquoted investments, and therefore, unrealised gains and losses being materially misstated. The valuation of Premier Marinas, Urban&Civic, Farmcare and Agricultural Estates including The Wellcome Genome Campus at Hinxton amount to £1,354 million (2020: £540 million), which is 7.2% (2020: 3.9%) of the Group's unquoted investments, and 3.7% (2020: 1.9%) of the Group's net assets. The Audit and Risk Committee Report on page 72 identifies the valuation of non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio' as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of unquoted investments relating to controlled unconsolidated investments, we performed the following procedures: Controls Assessment • We obtained an understanding of the relevant controls for all investment categories. We tested and relied on controls for Premier Marinas, Farmcare and Agricultural Estates including The Wellcome Genome Campus at Hinxton. • In performing this work, we obtained and reviewed policies and processes by which the investments are valued, reviewed and attended Valuation Group meetings to understand how ongoing monitoring, challenge and reassessment of valuations was performed. Substantive testing • We obtained and reviewed 30 September 2021 external valuation reports and assessed whether the valuation approach for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the objectivity, qualifications and capabilities of the third party valuers. For Premier Marinas, Farmcare and Agricultural Estates, we compared 2020 and 2021 reports to identify any changes in methodology or approach year on year and whether the methodology selected was appropriate. • We involved internal real estate specialists as part of our audit team to review the third party valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. growth assumptions used to drive future cashflows in Premier Marinas, and comparable data in Urban&Civic, Farmcare and Agricultural Estates including The Wellcome Genome Campus at Hinxton). We considered the possible effect of Covid-19 and Brexit on market assumptions and stress tested key assumptions to understand their effect on the overall valuation and to determine that our substantive testing sufficiently addressed the risk. • In addition, for a sample of valuation models, with the assistance of our internal real estate specialists we recalculated the model to evaluate their mathematical accuracy. • Specifically for Premier Marinas: we determined whether data used to derive future cashflows was appropriate given our understanding of the business which includes agreeing current performance, obtaining an understanding of future budgets and developments in the business; and any indicators in the market that were contradictory to managements forecasts, including the growth rate assumptions applied by management in the forecasts. • Specifically for Urban&Civic: we determined whether data used to derive future cashflows was appropriate given our understanding of the business, and for a sample of assets we obtained relevant third party data to support future sales prices and cost projections that drive the valuation. • Specifically for Farmcare and Agricultural Estates: we determined whether the data used was appropriate given our understanding of the business, and we obtained relevant comparable market data to support the rate per acre used in the valuation of the agricultural estates, and the passing rent used in the valuation of the agricultural properties. • Specifically for The Wellcome Genome Campus at Hinxton within Agricultural Estates, we have obtained relevant supporting data for the planning permission and reviewed comparable market data to support the ultimate position of the projected cash flows. • We performed testing over the accuracy of underlying inputs into the valuation models. • We back tested previous estimates by made by management by comparing them to actual results to assess management's ability to provide accurate estimates for Premier Marinas, Farmcare and Agricultural Estates. • We performed market analysis for contradictory evidence to challenge management on the conclusions reached. • We sampled purchases and sales during the period and traced these to supporting documentation; based on this procedure and the above procedures we recalculated the gains and losses associated to assess the accuracy thereof.
Key observations	As a result of our procedures, we concluded that each of the assumptions used by management to estimate the valuation, and therefore unrealised gains/losses, of Premier Marinas, Urban&Civic, Farmcare and Agricultural Estates, including The Wellcome Genome Campus at Hinxton are within a reasonable range. We note that Premier Marinas is at the upper end of the range, Urban&Civic is at the mid-point of the range and Farmcare and Agricultural Estates sit between the mid-point and the upper end of the range.

5.2. Valuation of unquoted investments relating to direct investments and the resulting unrealised gains/losses related to these investments

Key audit matter description	The valuation of unquoted direct investments requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area. As per management's investment valuation policy where there is a co-investor, the values are obtained from them and are challenged by management obtaining an understanding of the methodology applied and assumptions made and additional scrutiny is applied by the performance of a shadow valuation, where management have formed their own view of a reasonable range for valuing the underlying investment. Where there is no co-investor, the values are based on internal models and for any significant values, an external valuer is engaged to opine on the value. As these underlying valuations are sensitive to these unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated, this includes appropriately reflecting the impact of COVID-19 on company performance and evaluating any discounts applied to businesses as a result. These estimates and assumptions over investments subsequently drive the changes in unrealised gains and losses. The valuation of the Group's investments in unquoted direct investments amounts to £1.87 billion (2020: £1.39 billion) which is 11.0% (2020: 10.1%) of the Group's unquoted investments, and 5.2% (2020: 5.0%) of the Group's net assets. The Audit and Risk Committee Report on page 72 identifies the valuation of unquoted investments as a main area of risk. The significant accounting estimate with respect to the Group's fair value measurement and valuation policies are described in notes 2 and note 15.
How the scope of our audit responded to the key matter	We assessed Management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice. Controls Assessment • We obtained an understanding of the relevant controls and tested those controls. This included gaining an understanding of the procedures performed by Management during the year related to the ongoing monitoring of co-investors to obtain understanding of the methodology applied and assumptions made. We have assessed and tested the controls in place for instances where management have performed a shadow valuation to form their own view of a reasonable range for valuing the underlying investments. When required by their investment policy, an external valuer has been engaged to provide assurance of the valuation of specific investments, we have tested controls in relation to management's oversight of external valuers. We have tested the processes by which valuation approaches are continually re-assessed and challenged by the Valuation Group. • We reperformed Management's review for a sample of investment assets by inspecting documentation to determine whether valuations were challenged based on recent knowledge of the investments, shadow valuations performed, any relevant independent valuations obtained and information gained through calls with key management personnel of the co-investors; • We inspected documentation and attended the July and November 2021 Valuation Group meetings to evidence that the Valuation Group has reviewed and reasonably challenged the valuation of investments at year end, as presented by Management and as recorded in the financial statements. Substantive procedures • For selected samples, we independently obtained and reviewed the unquoted direct investments valuation statements to determine whether the value recorded by the Group was appropriate. • We challenged Management's assessment of the valuation assumptions and appropriateness of valuation methodologies used to determine the fair value by: – either assessing recent transactions in the market or using a market comparable approach to inform our challenge of management. This includes determining if any discounts applied to the valuation are appropriate; – obtaining, where available, management's shadow valuation and challenging the market comparable, completeness of the basket used and incorporation of other evidence available; – examining the previous period's audited financial statement for the co-investment vehicle that houses a direct investment and the financial statements of the direct investment itself, to inform us of any subsequent events and going concern issues; – obtaining an understanding of current year performance and whether any events have occurred that may have an impact on the valuation. We have also assessed any effect of COVID-19 on company performance and long term outlook including changes in industry trends or markets, and assessed whether these have been appropriately reflected in the valuation as at 30 September 2021; – assessing the fair value of investments which were sold in the year against the value at which they were held previously to determine management's historical ability to determine the fair value; – assessing the co-investor where used, to determine if they are reputable and reliable partners. This includes testing the accuracy of the co-investors' valuations in previous periods, by comparing the 30 September 2020 and 31 December 2020 valuation statement to the valuation as per the audited accounts which is usually at 31 December 2020; – assessing contradictory evidence to challenge the appropriateness of valuation adopted; • We performed a standback assessment for the overall position of the direct investments to weigh up corroborative and contradictory evidence to challenge appropriateness of management's assumptions; • Where models have been used in the determination of valuations, we have assessed model integrity and accuracy; • We sampled purchases and sales during the period and traced these to supporting documentation; based on this procedure and the above procedures we recalculated the gains and losses associated to assess the accuracy thereof.
Key observations	As a result of our procedures we found the valuations of these investments are at the mid-point of our acceptable range.

5.3. Risk of the grant liability being misstated due to an inappropriate discount rate being applied

Key audit matter description	The discount rate used is identified as a significant estimate in note 2 of the annual report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. The non-current grant liabilities £1,653 million (2020: £1,614 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by Management is based on Management's expectation of the long-term rate of return of the Trust's portfolio of 7% (2020: 6.1%). The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the charity and determining this discount rate requires significant estimation concerning future expectations of investment performance and is subjective. The significant accounting estimate with respect to the discount rate is described in note 15 and on page 72 within the Audit and Risk Committee Report.
How the scope of our audit responded to the key matter	Controls Assessment We obtained an understanding of the relevant controls in relation to the selection of an appropriate discount rate. This included gaining an understanding of the procedures related to the Board of Governors' and Investment Committee review of Management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. Substantive procedures • We reviewed Management's grant discounting methodology paper and compiled a complete list of assumptions involved in the process. We assessed the assumptions for reasonableness by comparing to underlying data (eg. 'stretch' assumptions were re-calculated using historic data and payment assumptions were agreed to historic payment data). We reviewed Management's paper to the Investment Committee and challenged any year on year changes in approach and the assertions made by Management by: • testing the split of investments stated in the paper and the associated expected investment return of each category; • assessing the stated ranges of nominal rates of return with reference to third party forecasts; and • performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the grant liability was materially accurate and used Deloitte's Analytics tools to challenge the integrity of these spreadsheets.
Key observations	As a result of our audit procedures, we concluded that Management's discount rate methodology is appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. Based on the work performed, we conclude that the rates applied are at the lower end of our reasonable range.

6. Our application of materiality

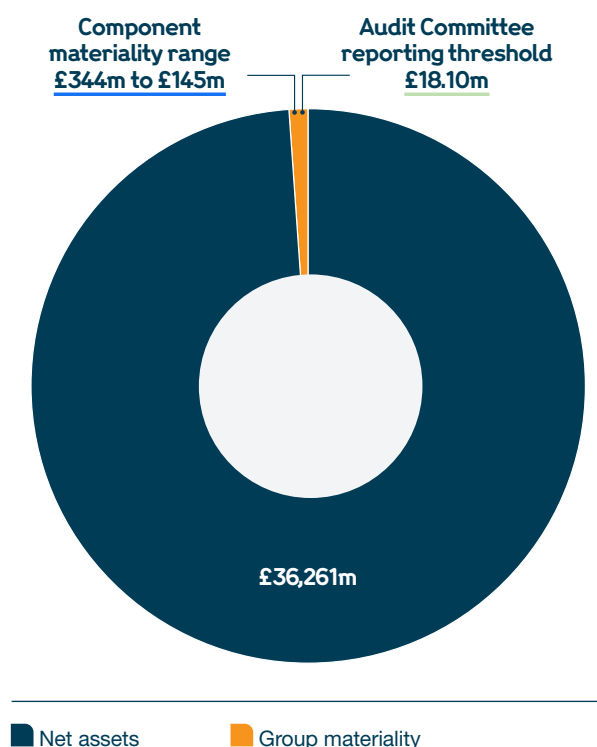
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in

planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£362.0 million (2020: £278.0 million)	£343.9 million (2020: £264.0 million)
Basis for determining materiality	1% (2020: 1%) of net assets	1% (2020: 1%) of net assets
Rationale for the benchmark applied	The Group is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns our methodology with industry practice for comparable asset-based organisations.	The Trust is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns our methodology with industry practice for comparable asset-based organisations.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 60%) of group materiality	70% (2020: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes. In the prior year, we reduced the performance materiality to 60% due to the increased uncertainty surrounding remote working due to Covid-19. We have amended the performance materiality in the current year back to 70%, as applied in 30 September 2019. Although there is still uncertainty related to Covid-19, Wellcome have now had experience with remote working and established practices, thereby reducing the associated risk since prior year.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £16.2 million (2020: £13.9 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.

We determined that each entity forms its own component and our component audit scope was therefore determined by considering which entities:

- were financially significant, based on a benchmark of 1% of Group net assets (**Scope A**); or
- required a statutory audit (**Scope B**); or
- are not financially significant and do not have a statutory audit requirement (**Scope C**).

Any entity that required an audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% of the Group's net assets. This approach is in line with the prior year. For Scope A audits, where materiality is not based on a statutory materiality, we have capped component materiality at 95% (2020: n/a) of the group materiality. The lower band for component materiality is based on 40% (2020: n/a) of materiality. For those entities that fall within Scope C, we perform an analytical review at a group level.

7.2. Our consideration of the control environment

The Group's IT landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We perform a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We utilised our IT specialists to assess relevant controls and perform General IT Controls testing ("GITCs") for the period 1 October 2020 to 30 September 2021 over in-scope systems. Our testing typically covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls at the business cycle and account balance levels, we took a controls reliance approach over the following business cycles:

- Quoted investments
- Unquoted investments relating to controlled unconsolidated investments (Premier, Farmcare) and farm assets (Agricultural Estates including The Wellcome Genome Campus at Hinxton)
- Investment properties
- Investment cash and cash at bank
- Grant liability (excluding the discount rate)
- Charitable expenditure

7.3. Working with other auditors

Urban&Civic is a 100% owned subsidiary undertaking of Gower Place Investments Limited, a subsidiary of the Group. Urban&Civic is held at fair value in the Group's accounts.

For the 30 September 2021 year end, Urban&Civic was audited by BDO LLP. As part of the BDO LLP audit of Urban&Civic, BDO LLP test the fair value of underlying assets within the company's portfolio and the NAV adjustments to result in the fair value. We held discussions with BDO to understand the work performed and supporting documentation obtained. We reviewed the testing performed by BDO LLP along with the underlying supporting documents. Where further support was required, we obtained this directly from Urban & Civic or the Trust, so that the support required for our testing was sufficient for our audit purposes. We drew our own conclusions from the testing performed. The work with BDO LLP related solely to the testing of the accuracy of the factual inputs into the valuation of Urban&Civic. As discussed in the section 5.1 above, we involved internal real estate specialists as part of our audit team to review the key assumptions and subjective inputs into the valuation.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of Trustees

As explained more fully in the Trustee's responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustee's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit and risk committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas, Urban&Civic, Farmcare) and farm assets (Agricultural Estates including The Wellcome Genome Campus at Hinxton) and valuation of unquoted investments relating to unquoted direct investments, including unrealised gains/losses related to these investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011 and listing rules for the Trust's listed bonds.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty including applicable health and safety regulation and the Modern Slavery Act 2015.

11.2. Audit response to risks identified

As a result of performing the above, we identified two key audit matters related to the potential risk of fraud:

- Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas, Urban&Civic and Farmcare) and farm assets (Agricultural Estates including The Wellcome Genome Campus at Hinxton); and
- Valuation of unquoted investments relating to direct investments.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors and the audit and risk committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Charity's Commission and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the Trust, or returns adequate for our audit have not been received from branches not visited by us; or

- the Trust's financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

12.2. Consistency of the Trustee's Report with the Financial Statements

Under the Charities (Accounts and Reports) Regulations 2008 we are also required to report if, in our opinion the information given in the Trustee's Report is inconsistent in any material respect with the Financial Statements.

We have nothing to report in respect of this matter.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the audit and risk committee, we were appointed by the Trust at its Board of Governor's meeting on 14 December 2015 to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years, covering the years ending 30 September 2016 to 30 September 2021.

13.2. Consistency of the audit report with the additional report to the audit and risk committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Terri Fielding.



Deloitte LLP (Senior statutory auditor)

Statutory Auditor
London, United Kingdom
10 January 2022

Financial statements

Friendship Bench Zimbabwe
Brent Stirton

Through Zimbabwe's Friendship Bench programme, trained volunteers counsel people with depression and other problems using principles from cognitive behavioural therapy – in the informal setting of a chat on a bench.



*Image: Brent Stirton /
Wellcome Photography Prize 2021*

Consolidated Statement of Financial Activities

for the year ended 30 September 2021

	Note	Restricted funds £m	Unrestricted funds £m	2021 £m	Restricted funds £m	Unrestricted funds £m	2020 £m
Income from investments							
Dividends and interest	3	-	248.8	248.8	-	287.9	287.9
Rental income		-	37.6	37.6	-	35.4	35.4
		-	286.4	286.4	-	323.3	323.3
Charitable income							
Grants receivable	4(a)	24.1	-	24.1	18.5	-	18.5
Other charitable income	4(b)	41.8	58.0	99.8	28.1	93.7	121.8
Total income		65.9	344.4	410.3	46.6	417.0	463.6
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(109.8)	(109.8)	-	(86.7)	(86.7)
Interest payable on bond liabilities		-	(76.5)	(76.5)	-	(79.0)	(79.0)
Expenditure on charitable activities	6	(65.6)	(1,113.5)	(1,179.1)	(52.3)	(966.3)	(1,018.6)
Total expenditure		(65.6)	(1,299.8)	(1,365.4)	(52.3)	(1,132.0)	(1,184.3)
Net realised and unrealised gains on investments	15(f)	-	9,252.5	9,252.5	-	3,289.6	3,289.6
Net income before taxation		0.3	8,297.1	8,297.4	(5.7)	2,574.6	2,568.9
Taxation	13	-	(10.4)	(10.4)	-	12.6	12.6
Net income after taxation		0.3	8,286.7	8,287.0	(5.7)	2,587.2	2,581.5
Actuarial gains on defined benefit pension schemes	11(e)(iii)	-	151.8	151.8	-	25.9	25.9
Net movement in funds		0.3	8,438.5	8,438.8	(5.7)	2,613.1	2,607.4
Funds at start of year		19.5	27,802.3	27,821.8	25.2	25,189.2	25,214.4
Funds at end of year	20	19.8	36,240.8	36,260.6	19.5	27,802.3	27,821.8

There are no gains or losses apart from those recognised above. All income is derived from continuing activities. All restricted funds arise in Genome Research Limited.

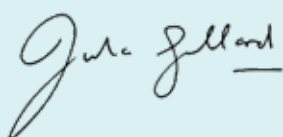
An analysis of the movement of funds in 2021 is shown in note 20.

Consolidated Balance Sheet

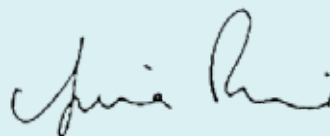
as at 30 September 2021

	Note	2021 £m	2020 £m
Tangible fixed assets	14(a)	412.5	411.8
Investment assets			
Quoted investments	15(a)	17,292.0	14,762.7
Unquoted investments	15(a)	18,814.3	13,766.8
Investment properties	15(a)	1,566.1	1,292.1
Derivative financial instruments	15(b)	30.8	71.3
Investment cash and certificates of deposit	15(c)	3,820.3	2,701.4
Other investment assets	15(c)	196.1	91.3
Social investments			
Programme related investments	15(d)	28.0	26.8
Total Fixed Assets		42,160.1	33,124.2
Current assets			
Stock		13.7	11.0
Debtors	16	51.3	29.5
Cash at bank and in hand		44.3	25.1
Total Current Assets		109.3	65.6
Creditors falling due within one year	17	(1,160.4)	(1,177.6)
Net current liabilities		(1,051.1)	(1,112.0)
Total assets less current liabilities		41,109.0	32,012.2
Creditors falling due after one year	17	(4,442.6)	(3,675.8)
Provision for liabilities and charges	18	(180.8)	(148.0)
Net assets excluding pension deficits		36,485.6	28,188.4
Defined benefit pension schemes' deficits	11(e)(iv)	(225.0)	(366.6)
Net assets including pension deficits		36,260.6	27,821.8
Funds of the charity			
Restricted Funds	20	19.8	19.4
Unrestricted Funds	20	36,240.8	27,802.4
Total Funds		36,260.6	27,821.8

The Financial Statements on pages 84-138 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 10 January 2022 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Statement of Financial Activities of the Trust

for the year ended 30 September 2021

	Note	2021 £m	2020 £m
Income from investments			
Dividends and interest	3	269.9	260.7
Rental income		36.1	34.6
		306.0	295.3
Charitable income			
Other charitable income	4(b)	25.7	448.4
Total income		331.7	743.7
Expenditure on raising funds			
Management fees and other investment costs	5(a)	(105.6)	(81.7)
Interest payable to group undertakings		(28.5)	(31.9)
Interest payable on bond liabilities		(41.8)	(39.5)
Expenditure on charitable activities	6	(1,062.5)	(1,153.1)
Total expenditure		(1,238.4)	(1,306.2)
Net realised and unrealised gains on investments	15(f)	9,179.9	2,795.4
Net income		8,273.2	2,232.9
Actuarial gains on defined benefit pension schemes	11(e)(iii)	84.4	9.6
Net movement in funds		8,357.6	2,242.5
Funds at start of year		27,403.8	25,161.3
Funds at end of year		35,761.4	27,403.8

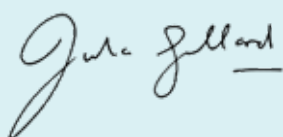
There are no gains or losses apart from those recognised above. All income is derived from continuing activities. All funds are unrestricted.

Balance Sheet of the Trust

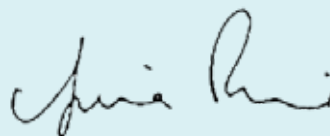
as at 30 September 2021

	Note	2021 £m	2020 £m
Tangible fixed assets	14(b)	208.2	214.3
Investment assets			
Quoted investments	15(a)	16,602.7	13,883.5
Unquoted investments	15(a)	17,014.5	12,775.0
Investment properties	15(a)	1,424.1	1,164.3
Derivative financial instruments	15(b)	30.8	71.3
Investment cash and certificates of deposit	15(c)	3,806.9	2,697.0
Other investment assets	15(c)	191.1	85.1
Subsidiary and other undertakings		2,899.4	2,639.4
Social investments			
Programme related investments	15(d)	28.0	26.8
Total Fixed Assets		42,205.7	33,556.7
Current assets			
Debtors	16	276.3	16.4
Cash at bank and in hand		29.6	5.9
Total Current Assets		305.9	22.3
Creditors falling due within one year	17	(2,559.8)	(2,670.2)
Net current liabilities		(2,253.9)	(2,647.9)
Total assets less current liabilities		39,951.8	30,908.8
Creditors falling due after one year	17	(4,001.7)	(3,265.1)
Provision for liabilities and charges	18	(96.9)	(72.1)
Net assets excluding pension deficit		35,853.2	27,571.6
Defined benefit pension scheme's deficit	11(e)(iv)	(91.8)	(167.8)
Net assets including pension deficit		35,761.4	27,403.8
Funds of the charity			
Unrestricted Funds		35,761.4	27,403.8
Total Funds		35,761.4	27,403.8

The Financial Statements on pages 84-138 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 10 January 2022 and signed on its behalf by:



Ms Julia Gillard
Chair



Professor Fiona Powrie
Deputy Chair

Consolidated Cash Flow Statement

for the year ended 30 September 2021

	Note	2021 £m	2020 £m
Net income for the year (as per the Statement of financial activities)		8,438.8	2,607.4
Adjustments to exclude non-cash items and investment income and expenditure			
Increase in debtors	16	(21.8)	(2.4)
Increase in stock		(2.7)	(1.5)
Increase/(Decrease) in grant commitments	8	204.6	(12.4)
Decrease in creditors and provisions		(76.4)	(1.1)
Less unrealised gains on sale of Programme Related Investments	15(d)	(2.6)	(13.9)
Increase in net write down for Programme Related Investments	15(d)	12.5	16.4
Decrease/(Increase) in other investment debtors	15(c)	2.7	(0.4)
Depreciation and Disposals of Fixed Assets		24.4	24.9
Investment income		(286.4)	(323.3)
Bond interest		76.5	79.0
Net realised and unrealised gains on investments		(9,252.5)	(3,289.6)
Net cash flows from operating activities		(882.9)	(916.9)
Cash flows from investing activities:			
Investment income received	22(a)	284.6	318.9
Proceeds from sales of investment assets	22(c)	8,575.0	9,014.3
Purchase of investment assets	22(c)	(7,306.9)	(7,033.8)
Purchase of tangible fixed assets	14(a)	(25.1)	(12.4)
Net cash inflow upon settlement of derivative financial instruments	22(c)	67.6	331.2
Net cash flows from investing activities		1,595.2	2,618.2
Cash flows from financing activities:			
Cash and debt acquired		746.8	-
Debt matured		(275.0)	-
Cash outflow for servicing of finance	22(b)	(77.4)	(77.2)
Net cash flows from financing activities		394.4	(77.2)
Change in cash and cash equivalents during the year		1,106.7	1,624.1
Cash and cash equivalents at the beginning of the year		2,726.5	1,103.7
Change in cash and cash equivalents due to exchange rate movements		31.4	(1.3)
Cash and cash equivalents at the end of the year		3,864.6	2,726.5

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs can be reconciled to financial measures reported in the Financial Statements.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively.

KPIs include financial measures of historical financial performance which cannot be reconciled to financial measures reported in the Financial Statements.

The key measures used by the group are explained below:

APMs	Explanation
Total assets net of all liabilities	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities held at fair value, with all balances valued at least annually. This provides management a net investment portfolio value to assess investment performance (refer to Investment Asset Allocation, Figure 6, Review of Investment Activities)
Net debt	This reconciles transactions that do not require the use of cash or cash equivalents to the Statement of cashflows (see note 22(d))
Leverage	The amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets and is used by Management to assess the amount of bond liabilities the Group issues (refer to note 15(g))
Charitable expenditure	This is detailed in the Financial Review on page 36 and summarises the charitable spend, including allocated support costs by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102. This is a measure used by Management to assess the Groups charitable activity

Key KPIs	Explanation
Blended returns	This is a measure of investment portfolio performance which averages the net returns (see below) calculated in £ and US \$. The target return is UK/US CPI + 4%
Net returns	This KPI is a financial measure of investment portfolio performance. This is calculated using the 'Modified Dietz method' as follows: change in the period of Total assets net of all liabilities less charitable cash expenditure for the period, divided by the opening Total assets net of all liabilities for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The time weighting of charitable cash expenditure as required under the 'Modified Deitz method' means that this KPI can not be reconciled to financial measures reported in the Financial Statements. The target net return is UK/US CPI + 4%

Glossary of Terms

Glossary of terms	Explanation
Active grants	Grants which have been activated and are still being utilised. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	This is a portion of the Investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	This is the portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (i.e. corporate bonds and government gilts)
Charitable cash expenditure	This is cash spent in year on charitable activities and comprises Net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated Cash Flow Statement, page 89)
Directional hedge funds	A directional hedge fund maintains some exposure to the market without placing much emphasis on hedging market risk
Directly managed public equity	This is the portion of the investment portfolio which is invested in public equity and managed by the internal investment division
Equity long/short hedge funds	Investment hedge funds, that involves buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Indirectly managed public equity	This is the portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Global compounders basket	This is a directly held portfolio within the Investment portfolio invested in public companies with characteristics expected to benefit from long term trends
Growth markets	These are economies of countries traditionally classified as emerging markets, which often feature high annual GDP growth
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties
Non Directional hedge funds	A non-directional hedge fund (absolute return fund) is a hedge fund that aims to generate a stable return regardless of market performance (with low volatility)

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the financial statements are in millions, rounded to one decimal point.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the “Trust”) and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the “Group”) have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (“FRS 102”). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (“FRS 102”) published in 2019 (the “SORP”) in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation below.

Wellcome Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Trust operates. The consolidated Financial Statements are also presented in Pounds Sterling.

Wellcome Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a Cash Flow Statement.

(b) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting

estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

- (i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;
- (ii) non-charitable operating subsidiary undertakings to conduct non-primary purpose trading which are held at cost less impairment;
- (iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment; and
- (iv) non-charitable investment subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust which are held at fair value which is represented by their net asset value.

Consolidation comprises combining the assets, liabilities, the income and expenditure of those subsidiary undertakings with the Trust’s balances on a line by line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated in the consolidated Financial Statements under FRS 102.

These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence. The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed on page 96.

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as medium through which the Group carries out business, the associate or joint venture is measured at fair value with changes in fair value recognised in profit or loss (Statement of Financial Activities) in the consolidated Financial Statements in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on page 95. This is a departure from the SORP which requires that all such investments are accounted for using the equity method of accounting. The Trustees have concluded that this departure from the SORP ensures the Financial Statements present a true and fair view. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of income can be measured reliably, it is probable that future economic benefits will flow to the Group and

when the specific criteria relating to the each of Group's income channels have been met, as described as follows. All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group together with the associated support costs, including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust

that would permit it to avoid making the future payments, settlement is probable and the effect of the discounting is material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and is based on the expected real rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Research expenditure is recognised in the Statement of Financial Activities (SOFA) in the year in which it is incurred and is included in Expenditure on Charitable Activities.

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plan. These are detailed in the Remuneration Report on page 65.

Short term benefits

Short term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to "Actuarial gains and losses on defined benefit pension schemes" in the Statement of Financial Activities.

The cost of the defined benefit plans, recognised in charitable expenditure as employee costs comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the end of the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the SOFA.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Table 1

	Years
Buildings	50
Leasehold Land and Buildings	Over the term of the lease
Other Plant and Equipment. Fixtures and fittings	3 to 15
Computer Equipment	3 to 5

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the detail of the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the balance sheet date. The basis of fair value for quoted investments is equivalent to the market value, using the bid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at management's best estimate of fair value and comprise:

- Private equity and venture funds, which are valued externally by their fund managers;
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity and venture portfolio) and management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models.
- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 92-93, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

Derivative financial instruments are used as part of the Group's portfolio risk management and as part of the Group's portfolio management and investment return seeking strategy. The Group's use of derivative financial instruments includes equity index-linked futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange.

The Group's warrants are held at the fair value determined by management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

(v) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties for which fair value can be measured reliably on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third party professional valuers; however, where properties are acquired close to the balance sheet date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which management considers to be a reasonable estimate of open market value at the balance sheet date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme related investments

Programme related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. Where a decision is taken that a programme related investment should be held to generate a financial return and that the primary motivation for holding it is no longer to further the objects of the charity, it will be transferred to the main investment portfolio and measured accordingly. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are not recognised. Contingent assets are potential future inflows of economic benefits where the likelihood of receipt is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into Pounds Sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries of the Group are subject to UK Corporation Tax. However, because their policy is to make a qualifying charitable donation ("Gift Aid") to the Wellcome Trust equal to taxable profits, no Corporation Tax liability arises in the year, unless restricted due to an insufficient level of cash or distributable reserves.

Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax ("VAT") incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Subject to recognition criteria, Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred Tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date, that are expected to apply to the reversal of the timing difference. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in future periods, which the future reversal of the underlying timing differences can be utilised against.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries, despite the fact it is likely the subsidiaries will be able to make a Gift Aid donation equal to the amount of taxable profit arising from the future realisation of the underlying assets.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the financial statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other

factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas are considered by the Audit and Risk Committee based on information prepared by Finance.

Key sources of estimation and uncertainty made in applying the Group's accounting policies

Unquoted investments

Investment asset category	Value £m	Valuation methodology	Estimations and assumptions
Investment Operating Subsidiaries, Joint Ventures and development land with planning consent (which are included within Property in the investments allocation refer to Figure 6 on page 27).	1,413	As noted in the Basis of Consolidation on pages 92-93 certain subsidiaries and joint ventures and associates are excluded from consolidation where the interest in the entity is held as part of the investment portfolio. Rather than holding these entities to carry out business, they are held and measured on a fair value basis. Fair value is based on external valuers employing RICS valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates, development value, land and house price growth and absorption rates estimated) and comparable land values.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. A sensitivity analysis is provided for this below. The sensitivities presented are as provided by the external valuers to provide context to their valuations. Management review the sensitivities and considers them reasonable in the context of the historic movements in these estimates.

Estimate	Change in estimate	Impact on unquoted investments
Discount rates	Increase of 1.0%	Decrease by £70.9m (0.4%)
	Decrease of 1.0%	Increase by £101.2m (0.5%)
Land values	Increase/decrease of 10%	Increase/decrease by £84.6m (0.4%)
Land and house price growth	Decrease of 1.0%	Decrease by £50.1m (0.3%)
Development absorption rate	Decrease of 100 units per annum below peak	Decrease by £141.2m (0.8%)
Construction costs rate per square foot	Increase/decrease of 5%	Decrease/increase by £26.4m (0.1%)
Residential sales and rent rate per square foot	Increase/decrease of 5%	Increase/decrease by £51.4m (0.3%)

As noted in the Accounting Policies on page 92, Direct investments (which are reported within Direct Private and Private co-investments in the Investment allocation, refer to Figure 6 on page 27) are valued at management's best estimate of fair value. For these investments fair value is estimated using a range of methodologies including price of recent investment and public comparables. The fair value of these direct investments is estimated noting there is

uncertainty arising from Covid-19 impacts on their future financial performance. These direct investments particularly the early stage venture co-investments have a range of possible fair value estimates. If the fair value of these investments decreased to the bottom of the possible fair value range this would decrease unquoted investment balances by £126 million and if increased to the top of the possible range this would increase unquoted balances by £377 million.

Grant liabilities

Accounting methodology	Value £m	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded, but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: - calculating the appropriate discount rate and; - determining when the liability will be called down and paid.	2,476	The expected future nominal rate of investment returns. This is considered by management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: - The start delay of a grant – this is the delay between the date the grant was approved to the date the payments can start to be made - The retention delay – this is the delay between the official grant end date, and the date the final payment is made - The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no cost extensions are granted to grantees which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for this below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities (2021: 7.0%, 2020: 6.1%)	Increase of 3.0% p.a. Decrease of 3.0% p.a.	Decrease by £117.3 million (-4.1%) Increase by £149.8 million (5.3%)
Start delay (2021: 5 months, 2020: 4 months)	Decrease -2 months Increase +2 months	Increase by £8.6 million (0.3%) Decrease by £0.4 million (-0.0%)
Retention delay (2021: 7 months, 2020: 6 months)	Decrease -3 months Increase +3 months	Increase by £24.3 million (0.9%) Decrease by £16.8 million (-0.6%)
Weighted stretch delay (2021: 22%, 2020: 23%)	Decrease -5% Increase +5%	Increase by £24.0 million (0.8%) Decrease by £16.5 million (-0.6%)

Start delay – average over the last 5 years, calculated using the start delay for grants started over the last 5 years (2017-2021). There will always be a start delay and +/- of 2 months is used for the analysis.

Retention delay – average over the last 5 years. There is only 5 years worth of retention data. Using this data the average came out as 7 months. The lowest average

retention delay was 3 months and the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – average over the last 5 years (excluding outliers). If all grants including outliers are included in the calculation then it gives a range of +/- 5% which is what is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £m	Estimations and assumptions
The actuaries provide a summary of the actuarial assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	987	The rate of future salary increases The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £142.1 million (14.4%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £108.5 million (11.0%)

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group

is through fair value rather than a medium through which the Group carries out business (refer Basis of consolidation, pages 92-93). This judgement relies on the Group's assessment of the purpose of the investment and ongoing management of these entities, this has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above.

3. Dividends and interest

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Dividends from UK equities	62.7	65.9	48.7	65.9
Dividends and interest from subsidiaries	-	-	44.8	-
Dividends from overseas equities	164.8	189.4	155.3	162.4
Income from unquoted investments	19.3	26.9	19.1	26.9
Interest from quoted investments	0.8	3.3	0.8	3.3
Interest on cash and cash deposits	-	0.5	-	0.3
Securities lending income	1.2	1.9	1.2	1.9
	248.8	287.9	269.9	260.7

Interest from quoted investments relates to the funds realised in the year, which had been held for the purposes of repaying the 2021 bonds (repaid in May 2021) detailed in note 15(a).

4. Other income

(a) Grants receivable

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
	24.1	18.5	-	-

Grants receivable mainly represents awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, notably government grants of £6.6 million

(2020: £4.0 million). Income on these grants is recognised on the performance model in line with the accounting policy for charitable income.

(b) Other charitable income

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
	99.8	121.8	25.7	448.4

Included in other charitable income for the Group is £11.1 million (2020: £63.1 million) of proceeds arising from the sale during the year of Programme Related Investments, details of which are given in note 15 (d).

Included in other charitable income for the Trust are Gift Aid donations received from subsidiary undertakings, totalling £13.1 million (2020: £376.8 million). Details of significant group undertakings are given in note 21.

5. Management fees and other investment costs

(a) Total investment costs

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
External investment management fees	61.0	54.0	57.2	49.3
Internal investment administration	42.4	27.3	42.2	27.1
Investment support cost allocation	6.4	5.4	6.2	5.3
	109.8	86.7	105.6	81.7

The amount accrued for Long Term Incentive Plans included in the internal investments administration costs above was £27.7 million (2020: £14.0 million). Senior staff in the Investments team receive performance-based remuneration, as noted on page 67, which can give rise to variations in the amount charged to internal investment administration year on year.

External investment management fees includes performance fees paid to external investment managers for

outperformance against their respective benchmarks.

The outperformance varies year on year and the current year had higher levels of outperformance than in the prior year (refer Public Equities section of the Review of Investment Activities page 28-29 for further details).

The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

	Group and Trust	
	2021	2020
£60,000-£69,999	4	-
£70,000-£79,999	1	2
£80,000-£89,999	1	4
£90,000-£99,999	2	3
£100,000-£109,999	3	-
£120,000-£129,999	-	3
£130,000-£139,999	-	2
£140,000-£149,999	3	3
£150,000-£159,999	4	-
£160,000-£169,999	-	1
£170,000-£179,999	1	-
£180,000-£189,999	-	1
£200,000-£209,999	-	1
£210,000-£219,999	1	1
£230,000-£239,999	1	-
£240,000-£249,999	-	1
£250,000-£259,999	1	-
£290,000-£299,999	-	1
£330,000-£339,999	-	1
£340,000-£349,999	1	-
£350,000-£359,999	-	1
£390,000-£399,999	-	1
£460,000-£469,999	-	1
£510,000-£519,999	-	1
£530,000-£539,999	1	-
£630,000-£639,999	1	-
£660,000-£669,999	2	-
£670,000-£679,999	1	-
£730,000-£739,999	1	-
£740,000-£749,999	1	-
£1,250,000-£1,259,999	-	1
£1,360,000-£1,369,999	-	1
£1,560,000-£1,569,999	-	1
£1,760,000-£1,769,999	-	1
£1,910,000-£1,919,999	-	1
£1,970,000-£1,979,999	1	-
£2,250,000-£2,259,999	1	-
£2,690,000-£2,699,999	1	-
£3,430,000-£3,439,999	1	-
£3,690,000-£3,699,999	1	-
£4,510,000-£4,519,999	-	1
£4,640,000-£4,649,999	-	1
£7,830,000-£7,839,999	1	-
£7,920,000-£7,929,999	1	-
	37	35

The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) fell within the bands as shown in the table above.

Long Term Incentive Plans reflect rolling 3 and 5 year performance periods. Long term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the Remuneration Committee and are reported in the year in which the decision is made.

During the prior year there was a change to the timing of the Remuneration Committee decision on the awards for

the 3 year scheme commencing 1 October 2019, which brought forward the recognition of amounts under that scheme. This change was also made to the most recent 3 year scheme commencing 1 October 2020. These changes to timing of award decisions do not amend the overall cost of the scheme or the timing of the deferred payments.

Amounts included in the table in each year therefore relate to both investment performance in current and prior years. These amounts include awards for which payment is deferred and subject to future investment performance.

6. Charitable activities

Group	Grant funding £m	Direct £m	Allocated support £m	Total 2021 £m
Science	598.3	207.8	56.0	862.1
Innovations	104.1	13.6	8.6	126.3
Culture & Society	43.1	32.9	26.0	102.0
Priority Areas	102.4	29.0	11.5	142.9
	847.9	283.3	102.1	1,233.3
Effect of discounting of grant liabilities	(48.2)	-	-	(48.2)
Foreign exchange revaluation of grant liabilities	(6.0)	-	-	(6.0)
Total	793.7	283.3	102.1	1,179.1

Grant funding and direct charitable activities totalled £1,131.2 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs above are; Science £41.6 million, Innovations £7.6 million, Culture & Society £14.8 million and Priority Areas £9.0 million.

Group	Grant funding £m	Direct £m	Allocated support £m	Total 2020 £m
Science	548.3	169.2	54.0	771.5
Innovations	79.1	16.4	8.3	103.8
Culture & Society	49.2	33.6	24.7	107.5
Priority Areas	82.9	17.3	15.7	115.9
	759.5	236.5	102.7	1,098.7
Discounting of grant liabilities	(45.6)	-	-	(45.6)
Foreign exchange revaluation of grant liabilities	(34.5)	-	-	(34.5)
Total	679.4	236.5	102.7	1,018.6

Grant funding and direct charitable activities totalled £996.0 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs above are; Science £36.2 million, Innovations £6.9 million, Culture & Society £14.2 million and Priority Areas £12.8 million.

Trust	Grant funding £m	Direct £m	Allocated support £m	Total 2021 £m
Science	714.5	14.4	35.4	764.3
Innovations	104.1	13.6	8.6	126.3
Culture & Society	43.1	32.5	26.0	101.6
Priority Areas	102.4	19.2	11.5	133.1
	964.1	79.7	81.5	1,125.3
Effect of discounting of grant liabilities	(35.6)	-	-	(35.6)
Foreign exchange revaluation of grant liabilities	(27.2)	-	-	(27.2)
Total	901.3	79.7	81.5	1,062.5

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7). Grant funding and direct charitable activities totalled £1,043.8 million. Support costs related to the grant funding activities of the Trust included in the total

allocated support costs above are; Science £34.7 million, Innovations £7.6 million, Culture & Society £14.8 million and Priority Areas £9.7 million.

Trust	Grant funding £m	Direct £m	Allocated support £m	Total 2020 £m
Science	644.0	12.5	32.4	688.9
Innovations	79.1	16.4	8.3	103.8
Culture & Society	49.2	32.7	24.7	106.6
Priority Areas	332.3	16.3	15.7	364.3
	1,104.6	77.9	81.1	1,263.6
Discounting of grant liabilities	(76.0)	-	-	(76.0)
Foreign exchange revaluation of grant liabilities	(34.5)	-	-	(34.5)
Total	994.1	77.9	81.1	1,153.1

In the prior year the Trust awarded a grant within the Priority Areas of £249.5 million to Wellcome Leap, a subsidiary of the Trust, discussed within the Review of Charitable Activities (see page 13).

Grant funding and direct charitable activities totalled £1,182.5 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs above are; Science £31.6 million, Innovations £6.8 million, Culture & Society £14.3 million and Priority Areas £14.7 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science. Grants no longer required relates to unspent amounts of grants awarded in previous years. Supplementations relate to agreed additional research costs for existing grants.

Please refer to the Financial Review on pages 36-40 for an explanation of the movement in grant expenditure. Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives. The grants included within 'Grants to other organisations' for 2021 totalled less than £10.0 million in value for each organisation. The institutions listed in the 2020 table are those institutions that received grants in excess of £7.0 million in 2020.

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2021 £m
University of Oxford	92.6	13.6	2.8	15.2	124.2
University College London	61.5	4.9	2.2	0.1	68.7
University of Cambridge	51.4	1.8	0.9	0.1	54.2
University of Edinburgh	34.4	3.2	1.7	-	39.3
King's College London	28.8	4.7	0.4	-	33.9
Imperial College London	14.5	9.0	0.1	-	23.6
European Bioinformatics Institute	21.2	-	1.4	-	22.6
London School of Hygiene & Tropical Medicine	19.5	2.0	0.8	0.3	22.6
Coalition for Epidemic Preparedness Innovations (CEPI), Norway	22.2	-	-	-	22.2
Queen Mary University of London	20.7	-	-	-	20.7
University of Glasgow	20.1	0.3	0.3	-	20.7
Boston University, United States of America	-	-	-	19.8	19.8
University of Dundee	4.7	14.9	-	-	19.6
The Francis Crick Institute	19.3	-	-	-	19.3
University of Manchester	11.7	6.5	0.4	-	18.6
Liverpool School of Tropical Medicine	11.5	-	-	6.2	17.7
World Health Organization, Switzerland	10.1	0.5	1.8	4.1	16.5
University of Liverpool	15.5	-	0.5	-	16.0
Monash University, Australia	-	14.5	-	1.2	15.7
Academy of Medical Sciences	15.7	-	-	-	15.7
Drugs for Neglected Diseases Initiative, Switzerland	-	4.9	-	8.8	13.7
University of Leicester	11.9	-	0.2	-	12.1
University of Bristol	11.0	-	0.8	-	11.8
Medical Research Council	11.4	-	-	-	11.4
Diamond Light Source Ltd	10.7	-	-	-	10.7
Grants to other organisations	84.5	27.5	30.1	47.5	189.6
Total grants (excluding grants no longer required)	604.9	108.3	44.4	103.3	860.9
Less: grants awarded in previous years no longer required	(6.6)	(4.2)	(1.3)	(0.9)	(13.0)
	598.3	104.1	43.1	102.4	847.9

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2021 £m
Grants awarded of which:					
United Kingdom	541.1	68.4	33.9	36.0	679.4
Directly funded international	57.2	35.7	9.2	66.4	168.5
Grants awarded by the Group	598.3	104.1	43.1	102.4	847.9

Trust	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2021 £m
Grants awarded by the Group	598.3	104.1	43.1	102.4	847.9
Plus: Grants awarded to subsidiary undertakings					
– Wellcome Sanger Institute	116.2	-	-	-	116.2
– Wellcome Leap Fund, United States of America	-	-	-	-	-
Grants awarded by the Trust	714.5	104.1	43.1	102.4	964.1

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
University of Oxford	103.8	3.8	6.8	13.7	128.1
University College London	67.6	0.8	2.2	1.2	71.8
University of Cambridge	66.5	2.7	1.6	0.1	70.9
African Academy of Sciences, Kenya	60.8	-	-	-	60.8
Boston University, United States of America	-	-	-	38.4	38.4
University of Edinburgh	30.7	3.2	2.2	0.8	36.9
Imperial College London	21.0	1.6	0.2	-	22.8
Rosalind Franklin Institute	10.6	9.6	-	-	20.2
University of Manchester	10.4	4.4	2.3	0.4	17.5
King's College London	13.5	2.0	1.2	-	16.7
Medical Research Council	15.9	0.9	-	-	16.8
Novartis AG, Switzerland	-	15.2	-	-	15.2
Diamond Light Source Ltd	11.2	2.0	-	-	13.2
University of Glasgow	12.0	-	0.7	-	12.7
London School of Hygiene & Tropical Medicine	9.8	0.5	1.2	1.2	12.7
European Molecular Biology Laboratory	10.0	-	-	-	10.0
Liverpool School of Tropical Medicine	5.7	0.1	0.4	3.8	10.0
Newcastle University	8.7	0.2	0.9	-	9.8
University of Bristol	7.5	1.8	0.5	-	9.8
The Francis Crick Institute	9.3	-	-	-	9.3
European Bioinformatics Institute	8.1	-	-	-	8.1
University of Dundee	7.6	0.4	0.1	-	8.1
Cardiff University	5.6	1.5	-	-	7.1
University of Sheffield	5.1	0.1	1.9	0.2	7.3
Grants to other organisations	56.7	32.2	28.0	23.4	140.3
Total grants (excluding grants no longer required)	558.1	83.0	50.2	83.2	774.5
Less: grants awarded in previous years no longer required	(9.8)	(3.9)	(1.0)	(0.3)	(15.0)
	548.3	79.1	49.2	82.9	759.5

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
Grants awarded of which:					
United Kingdom	458.5	38.5	45.7	28.0	570.7
Directly funded international	89.8	40.6	3.5	54.9	188.8
Grants awarded by the Group	548.3	79.1	49.2	82.9	759.5

Trust	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
Grants awarded by the Group	548.3	79.1	49.2	82.9	759.5
Plus: Grants awarded to subsidiary undertakings					
– Wellcome Sanger Institute	95.7	-	-	-	95.7
– Wellcome Leap Fund, United States of America	-	-	-	249.4	249.4
Grants awarded by the Trust	644.0	79.1	49.2	332.3	1,104.6

Further details of grants awarded by the Trust are published on the Trust's website, at the address given on the back cover.

The following Governors had appointments with or supervised individuals within organisations which were in receipt of grant funding during the year:

Professor Fiona Powrie – University of Oxford
Professor Sir Michael Ferguson – University of Dundee
Professor Bryan Grenfell – Princeton University

8. Grants awarded but not yet paid

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Liabilities at 1 October	2,271.5	2,283.9	2,484.5	2,283.9
Grants awarded during the year	847.9	759.5	964.1	1,104.6
Grants paid during the year	(589.1)	(691.8)	(732.0)	(793.5)
Discounting of grant liabilities	(48.2)	(45.6)	(35.6)	(76.0)
Foreign exchange revaluation of grant liabilities	(6.0)	(34.5)	(27.2)	(34.5)
Liabilities as at 30 September	2,476.1	2,271.5	2,653.8	2,484.5
Of which:				
- falling due within one year (note 17)	823.2	657.5	879.7	719.2
- falling due after one year (note 17)	1,652.9	1,614.0	1,774.1	1,765.3
Liabilities as at 30 September	2,476.1	2,271.5	2,653.8	2,484.5

The total value of the grant liabilities discount for the year ended 30 September 2021 is £373.0 million (2020: £324.8 million) applying an expected nominal rate of investment return of 7.0% (2020: 6.1%).

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.

Funding administration costs are those costs that can be directly attributed to an activity.

Operations comprise an allocation of costs of the following departments; Internal Communications, People, Facilities and Workplace, Finance, Legal, and Digital and Technology.

The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.

- Where costs have been allocated on the basis of headcount numbers, headcount numbers are the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the total grant expenditure of the charitable activities; or where appropriate, based on a proportion of both grant and direct spend on the activity.

Group	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2021 £m	Allocation method
Funding administration	-	12.9	3.9	1.2	1.1	19.1	Expenditure/Directly attributed
Support of scientific research	-	20.2	-	-	-	20.2	Directly attributed
Operations	5.5	17.0	3.8	24.3	9.6	60.2	Headcount/Expenditure
Other	0.4	3.6	0.6	0.3	0.5	5.4	Expenditure
Governance costs	0.5	2.3	0.3	0.2	0.3	3.6	Expenditure/Directly attributed
	6.4	56.0	8.6	26.0	11.5	108.5	

Group	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2020 £m	Allocation method
Funding administration	-	11.3	4.1	1.3	2.6	19.3	Expenditure/Directly attributed
Support of scientific research	-	21.3	-	-	-	21.3	Directly attributed
Operations	4.5	16.1	3.5	22.7	10.4	57.2	Headcount/Expenditure
Other	0.4	3.7	0.5	0.5	1.9	7.0	Expenditure
Governance costs	0.5	1.6	0.2	0.2	0.8	3.3	Expenditure/Directly attributed
	5.4	54.0	8.3	24.7	15.7	108.1	

Trust	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2021 £m	Allocation method
Funding administration	-	12.9	3.9	1.2	1.1	19.1	Expenditure/Directly attributed
Operations	5.5	17.0	3.8	24.3	9.6	60.2	Headcount/Expenditure
Other	0.4	3.6	0.6	0.3	0.5	5.4	Expenditure
Governance costs	0.3	1.9	0.3	0.2	0.3	3.0	Expenditure/Directly attributed
	6.2	35.4	8.6	26.0	11.5	87.7	

Trust	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2020 £m	Allocation method
Funding administration	-	11.3	4.1	1.3	2.6	19.3	Expenditure/Directly attributed
Operations	4.5	16.1	3.5	22.7	10.4	57.2	Headcount/Expenditure
Other	0.4	3.7	0.5	0.5	1.9	7.0	Expenditure
Governance costs	0.4	1.3	0.2	0.2	0.8	2.9	Expenditure/Directly attributed
	5.3	32.4	8.3	24.7	15.7	86.4	

10. Governance costs

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Governors' fees and expenses	1.0	0.9	1.0	0.9
Auditor's remuneration				
- parent company and consolidation	0.7	0.6	0.7	0.6
- audits of subsidiary undertakings	0.4	0.3	-	-
Internal audit	1.5	1.2	1.3	1.0
Other costs	-	0.3	-	0.3
	3.6	3.3	3.0	2.8

Internal audit services are those provided by the in-house internal audit team, together with the cost of specialist services provided by PricewaterhouseCoopers LLP.

The audit of subsidiary undertakings excludes fees due to the Trust's auditors Deloitte LLP relating to Premier Marinas Limited and Farmcare Limited of £0.3 million (2020: £0.2 million) excluding VAT and fees due to BDO LLP as auditors of Urban & Civic of £0.3m excluding VAT, as these entities are held as part of the investment portfolio.

These Deloitte LLP fees are taken into account for the purposes of monitoring the cap on the level of non-audit services as required by legislation.

In addition to the auditors remuneration above, total fees of £0.1 million (2020: £nil) excluding VAT were payable to the Group's auditors Deloitte LLP or associated firms for non-audit services. The Audit and Risk Committee and Deloitte LLP are satisfied that these additional fees did not represent a threat to the independence of the external auditors.

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Non-audit services split (excluding VAT)				
Bond issue	0.1	-	0.1	-
	0.1	-	0.1	-

11. Employee information

(a) Employee benefits

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Remuneration and salary benefits	162.6	124.8	96.8	73.1
Social Security costs	13.0	11.5	7.4	6.7
Pension costs and other benefits	30.8	47.7	20.2	25.6
	206.4	184.0	124.4	105.4

The Trust has implemented a new pay structure, this resulted in a number of pay increases in the current year. Remuneration and salary benefits also includes termination payments related to the major redesign of the organisation (refer to Our People page 56 and note 11(b) below) and

amounts accrued for Long Term Incentive Plans for Investment team members (refer to note 5). Pension costs and other benefits includes the current service cost of the pension fund which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Redundancy	7.3	1.8	7.1	1.9
Other compensation	0.2	0.5	0.1	0.3
	7.5	2.3	7.2	2.2

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2021	2020
Trust	878	908
Subsidiary undertakings	1,187	1,061
Total for the Group	2,065	1,969
Analysed by		
Investments	46	43
Direct activities	1,350	1,250
Support	669	677
Total for the Group	2,065	1,969
Analysed by		
Investments	46	43
Direct activities	361	373
Support	471	493
Total for the Trust	878	908

The major redesign of the organisation (refer to Our People page 56) was concluded in September 2021 and therefore has had limited impact on average headcount for the Trust in 2021. 60 PhD students (2020: 53) at Genome Research Limited do not have a contract of employment with the

Group, therefore are not included in the table above. The PhD students provide a significant contribution to the scientific research and have an agreement of support to carry out their own PhD thesis.

(d) Benefits of employees (salary, bonus and allowances)

The number of employees working on charitable activities of the Trust and its subsidiary undertakings whose benefits (salaries, bonuses, allowances and termination payments, but excluding employer pension contributions and employer National Insurance Contributions), fell within the following bands is shown in the table below. Wellcome's policy is to pay staff at market median. A new pay structure to achieve this was implemented by the Trust this year, during which a number of staff who were paid below market median received salary increases in order to address this. The pay

structure implementation combined with the termination payments related to the major redesign of the organisation (refer to Our People page 56 and note 11(a)) has impacted the number of employees shown in the table below.

The emoluments of the Director included in the table below totalled £515,216 (2020: £483,788).

As noted in the Remuneration Report on page 65, information relating to the Investment team staff are not included in this table but are shown separately in note 5(b).

	Group		Trust	
	2021	2020	2021	2020
£60,000-£69,999	166	140	84	92
£70,000-£79,999	108	59	64	37
£80,000-£89,999	52	40	36	29
£90,000-£99,999	34	27	27	18
£100,000-£109,999	28	12	23	9
£110,000-£119,999	20	19	14	16
£120,000-£129,999	18	10	16	7
£130,000-£139,999	17	8	11	7
£140,000-£149,999	7	7	5	3
£150,000-£159,999	11	5	5	4
£160,000-£169,999	7	4	6	4
£170,000-£179,999	8	1	6	1
£180,000-£189,999	6	3	6	2
£190,000-£199,999	3	5	3	2
£200,000-£209,999	7	1	5	1
£210,000-£219,999	3	2	3	2
£220,000-£229,999	1	2	1	2
£230,000-£239,999	1	-	1	-
£240,000-£249,999	2	-	2	-
£250,000-£259,999	2	-	2	-
£260,000-£269,999	2	-	2	-
£270,000-£279,999	-	1	-	1
£290,000-£299,999	1	-	1	-
£300,000-£309,999	1	-	1	-
£310,000-£319,999	1	-	1	-
£340,000-£349,999	1	-	1	-
£350,000-£359,999	1	-	-	-
£360,000-£369,999	-	1	-	1
£370,000-£379,999	2	2	1	1
£380,000-£389,999	1	1	-	1
£440,000-£449,999	1	-	1	-
£480,000-£489,999	-	1	-	1
£510,000-£519,999	1	-	1	-
	513	351	329	241

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 65-67.

The tables on the Remuneration Report on pages 66-67, together with the accompanying notes, form part of the audited Financial Statements.

(e) Retirement benefits

(i) Defined contribution Group Personal Pension plan

The Group provides a defined contribution Group Personal Pension plan into which both employee and employer contributions are paid. The employer contributions amounted to £7.9 million (2020: £6.8 million) and are included within Pension costs and other benefits in note 11(a). No amounts were unpaid at the end of the year (2020: £nil).

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme

The Group sponsors two approved funded defined benefit schemes, the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan. Genome Research Limited made the decision during the current year to cease further service accruals for existing members from 1st October 2021 and the Trust made the decision after the reporting date to cease further service accruals for existing members from 1st July 2022.

The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. The investment strategy of the Plan, adopted and regularly reviewed in consultation with the Group, is to be 100% in passive equities. In addition certain Wellcome Trust senior employees are members of an Unfunded Unapproved Retirement Benefit scheme 'UURBs'.

The FRS102 "Retirement benefits" actuarial valuation of the Wellcome Trust and Genome Research Limited defined benefit pension plans at 30 September 2021 showed a combined surplus of £145 million (2020: £69 million).

This surplus represents the difference between an assessment of the liabilities of the pension funds and the current value of their underlying assets. The amount of the surplus or deficit

is subject to considerable variability because it depends on a valuation of assets at the year-end date and a range of actuarial assumptions impacting the liabilities.

FRS102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and actual investment returns expected. This leads to a difference between the accounting deficit and the funding position under the triennial actuarial valuations.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes.

A full actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2019; the valuation showed that the plan is fully funded.

A full actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2018; the valuation showed that the plan is 98% funded.

During the year, £nil deficit funding contributions were made for GRL (2020: £nil million) and WT pensions in 2021 (2020: £4.6 million).

The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the benefits are as per those stated within the FRS102 disclosures.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	2021 % per annum	2020 % per annum	2019 % per annum
Inflation	3.35	3.10	3.25
Salary increases	3.85	3.60	3.75
Rate of discount	2.00	1.75	1.85
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.20	3.00	3.10
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.35	3.10	3.25
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	2021 % per annum	2020 % per annum	2019 % per annum
Inflation RPI	3.30	3.05	3.15
Inflation CPI	2.95	2.70	2.15
Salary increases	N/A	3.55	3.65
Rate of discount	2.00	1.75	1.85
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.15	3.05	3.05
Allowance for pension in payment increase of CPI or 3% p.a. if less	2.30	2.95	1.90
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.30	2.15	3.15
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00	6.00	6.00

Announcements by HM Treasury and the UK Statistics Authority on 4 September 2019 propose changes to the calculation of the Retail Prices Index (RPI) to match the Consumer Price Index including Housing (CPIH) at some time from 2025 to 2030. This could reduce RPI-linked pension benefits by as much as 1% p.a. if or when CPIH is used instead of RPI, which would lead to a reduction in RPI-linked pension liabilities, or Defined Benefit Obligation. The formal consultation on the proposed changes to RPI was launched on 11 March 2020 and the outcome of this was announced

on 25 November 2020. This announcement confirmed that RPI will increase in line with CPIH from 2030. The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2021 included were derived based on the expectation that RPI will increase in line with CPIH from 2030 and therefore, although the exact impact on Wellcome's scheme will depend on how markets settle after this announcement, no adjustments have been made for this proposed change within the assumption for RPI used to calculate the Defined Benefit Obligation as at 30 September 2021 or 2020.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 26 and 29 years respectively.

The mortality assumptions adopted at 30 September 2021 imply the following life expectancies in years:

	2021	2020
Male retiring at age 60 in 2021	26.8	26.5
Female retiring at age 60 in 2021	28.7	28.4
Male retiring at age 60 in 2041	28.3	28.0
Female retiring at age 60 in 2041	30.3	30.0

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2019 projections and a 1.0% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Current service cost	27.6	30.2	0.6	0.5	28.2	30.7
Expenses	0.6	1.2	-	-	0.6	1.2
Interest on pension schemes' liabilities	6.4	7.1	0.4	0.4	6.8	7.5
Gains on Curtailments	(11.4)	-	-	-	(11.4)	-
Actuarial (gains)/losses	(152.0)	(25.9)	(0.4)	2.0	(152.4)	(23.9)
Total charge to the Statement of Financial Activities	(128.8)	12.6	0.6	2.9	(128.2)	15.5

Trust	Pension fund		Unfunded, unapproved scheme liabilities		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Current service cost	12.1	14.2	0.6	0.5	12.7	14.7
Expenses	0.3	0.8	-	-	0.3	0.8
Losses due to benefit changes	-	-	-	-	-	-
Interest on pension schemes' liabilities	2.9	3.2	0.4	0.4	3.3	3.6
Actuarial (gains)/losses	(84.7)	(9.6)	(0.4)	2.0	(85.1)	(7.6)
Total charge to the Statement of Financial Activities	(69.4)	8.6	0.6	2.9	(68.8)	11.5

(iv) Present values of pension schemes' liabilities, fair value of assets and deficit

	Assets		Liabilities		Deficit	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Wellcome Trust Pension Plan	419.1	339.7	(510.9)	(507.7)	(91.8)	(168.0)
Genome Research Limited Pension Plan	342.5	274.7	(475.7)	(473.5)	(133.2)	(198.8)
Total pension plans	761.6	614.4	(986.6)	(981.2)	(225.0)	(366.8)
Wellcome Trust unfunded, unapproved scheme liabilities	-	-	(23.4)	(23.3)	(23.4)	(23.3)
Wellcome Trust Post-retirement medical benefits	-	-	(0.8)	(0.9)	(0.8)	(0.9)
Total other retirement benefits	-	-	(24.2)	(24.2)	(24.2)	(24.2)
Total pension liabilities	761.6	614.4	(1010.8)	(1,005.4)	(249.2)	(391.0)

(e) Retirement benefits (continued)**(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September**

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Plans' liabilities at start of year	981.2	941.4	507.7	485.5
Current service cost	27.6	30.2	12.1	14.2
Expenses	0.6	1.2	0.3	0.8
Interest cost	17.2	17.7	8.9	9.1
Contributions by scheme participants	0.3	-	0.3	-
Actuarial (gains)/losses	(21.3)	(0.8)	(12.7)	4.5
Benefits paid and death-in-service insurance premiums	(7.6)	(8.5)	(5.7)	(6.4)
Gains on Curtailments	(11.4)	-	-	-
Plans' liabilities at end of year	986.6	981.2	510.9	507.7

2021 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £142.1m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £9.9m (1.0%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £108.5m (11.0%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £30.6m (3.1%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £12.8m (1.3%)

Trust		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £73.6m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £5.1m (1.0%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £56.2m (11.0%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £15.8m (3.1%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £6.6m (1.3%)

2020 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £141.3m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.6m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £114.8m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £26.5m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £12.8m (1.3%)

Trust		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £73.1m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £10.2m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £59.4m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £13.7m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £6.6m (1.3%)

(e) Retirement benefits (continued)**(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September**

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Fair value of plan assets at start of year	614.4	569.6	339.7	316.7
Expected return on plan assets	10.8	10.6	6.0	5.9
Actuarial gains	130.7	25.1	72.0	14.1
Contributions by the Group employers	13.0	17.6	6.8	9.4
Contributions by scheme participants	0.3	-	0.3	-
Benefits paid and death-in-service insurance premiums	(7.6)	(8.5)	(5.7)	(6.4)
Fair value of plan assets at end of year	761.6	614.4	419.1	339.7

These figures are for the pension schemes and exclude the other retirement benefits which are included in table 11(e)(iv) above.

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of plans' assets	761.6	614.4	569.6	526.0	458.5
Present value of plans' liabilities	(986.6)	(981.2)	(941.4)	(728.2)	(706.4)
Deficit in plans	(225.0)	(366.8)	(371.8)	(202.2)	(247.9)
Experience adjustment on plans' assets	130.7	25.1	13.7	34.9	69.1
Experience adjustment on plans' liabilities	7.8	(1.8)	(0.9)	(1.3)	(9.4)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	13.5	2.6	(171.0)	22.4	93.7

Trust	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fair value of plans' assets	419.1	339.7	316.7	295.0	260.9
Present value of plans' liabilities	(510.9)	(507.7)	(485.5)	(383.3)	(373.8)
Deficit in plan	(91.8)	(168.0)	(168.8)	(88.3)	(112.9)
Experience adjustment on plans' assets	72.0	14.1	7.7	19.7	39.7
Experience adjustment on plans' liabilities	3.9	(3.3)	(0.2)	(0.8)	(10.0)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	8.8	(1.2)	(85.0)	10.7	45.0

(viii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning 1 October 2021 is £5.4 million (2020: £7.1 million), which includes £nil (2020: £nil) of deficit funding, noting the decision taken after the reporting date to cease future service accruals from 1 July 2022.

The best estimate of the contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning 1 October 2021 is £nil million (2020: £7.9 million), which includes £nil (2020: £nil) of deficit funding, noting the decision taken in the year to cease future service accruals from 1 October 2021.

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration Report on page 66.

13. Taxation

Group	2021 £m	2020 £m
(a) Current Tax		
UK Corporation Tax on profits for the year	-	0.1
Adjustments in respect of prior periods	(0.4)	0.2
UK corporation tax on CFC deemed income	0.3	0.2
Total current tax	(0.1)	0.5
(b) Deferred Tax		
Origination and reversal of timing differences	(11.5)	(23.0)
Effect of change in UK tax rate	22.0	9.9
Total deferred tax	10.5	(13.1)
Taxation	10.4	(12.6)

Group	2021 £m	2020 £m
(c) Reconciliation of Tax Charge		
Profit/(loss) on ordinary activities before taxation on subsidiaries subject to taxation	18.6	274.1
Profit/(loss) before tax multiplied by average rate of corporation tax of 19% (2020: 19%)	3.5	52.1
Effects of:		
Income not subject to tax	(38.8)	(62.5)
Impairment losses not deductible for tax purposes	2.0	4.7
Other permanent differences	3.9	-
Temporary differences:		
Chargeable gains/(losses)	12.3	50.2
Adjust opening deferred tax to average rate 19%		(2.2)
Deferred tax not recognised	7.4	2.3
Gift aid donation paid	(30.2)	(70.9)
Adjustments to tax charge in respect of previous periods - deferred tax	0.1	(1.3)
Tax apportioned on CFC profits	0.3	0.3
Remeasurement of deferred tax for changes in tax rates	16.8	8.9
Expenses not deductible for tax purposes	33.4	5.6
Adjustments to tax charge in respect of previous periods	(0.4)	0.2
Utilisation of tax losses carried back	0.1	-
Taxation	10.4	(12.6)

The UK corporation tax rate for the period was 19%. Following the UK budget announcement on 3 March 2021, the UK corporation tax rate is due to rise to 25% on 1 April 2023, in cases where taxable profits exceed £250,000.

For the purposes of reporting under FRS102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise

due to increases or decreases in the fair value of the investments held in these subsidiaries, which will not be taxable until these investments are sold.

The estimated cost of irrecoverable Value added tax suffered by the Group in the year was £21.4 million (2020: £16.1 million).

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £m	Long leasehold land and buildings £m	Other plant, equipment, fixtures and fittings £m	Assets in course of construction £m	Total £m
Cost as at 1 October 2020	478.0	1.5	275.5	4.4	759.4
Additions	1.3	-	17.8	6.0	25.1
Transfers	1.0	-	1.1	(2.1)	-
Disposals	-	-	(4.1)	-	(4.1)
Cost as at 30 September 2021	480.3	1.5	290.3	8.3	780.4
Accumulated depreciation as at 1 October 2020	138.4	1.5	207.7	-	347.6
Charge for the year	9.0	-	15.3	-	24.3
Transfers	-	-	-	-	-
Disposals	-	-	(4.0)	-	(4.0)
Accumulated depreciation as at 30 September 2021	147.4	1.5	219.0	-	367.9
Net Book Value as at 30 September 2021	332.9	-	71.3	8.3	412.5
Net Book Value as at 30 September 2020	339.6	-	67.8	4.4	411.8

(b) Trust

	Freehold land and buildings £m	Long leasehold land and buildings £m	Other plant, equipment, fixtures and fittings £m	Assets in course of construction £m	Total £m
Cost as at 1 October 2020	232.7	1.5	131.0	2.4	367.6
Additions	-	-	1.1	1.7	2.8
Transfers	-	-	1.0	(1.0)	-
Disposals	-	-	(0.7)	-	(0.7)
Cost as at 30 September 2021	232.7	1.5	132.4	3.1	369.7
Accumulated depreciation as at 1 October 2020	71.2	1.5	80.6	-	153.3
Charge for the year	3.8	-	5.1	-	8.9
Transfers	-	-	-	-	-
Disposals	-	-	(0.7)	-	(0.7)
Accumulated depreciation as at 30 September 2021	75.0	1.5	85.0	-	161.5
Net Book Value as at 30 September 2021	157.7	-	47.4	3.1	208.2
Net Book Value as at 30 September 2020	161.5	-	50.4	2.4	214.3

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's Museum Collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's overall mission to challenge the way we think and feel about health by exploring the connections between science, medicine, life and art. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections, to ensure that their documentation, storage, location control, treatment and use all adheres to appropriate national and international guidelines, accreditation standards and code of ethics.

Wellcome Collection is both an accredited museum and an accredited archive, having been awarded full accreditation under schemes administered by Arts Council England and The National Archives.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to

'Conservation of Cultural Heritage', 'Conservation and care of archive and library collections', 'Conservation Process: Decision Making, Planning and Implementation' and 'Procurement of Conservation Services and Works'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy. We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with Harwell which provides support for the majority of the disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify this and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, Unquoted investments and Investment properties

Group	Fair value 1 October 2020 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2021 £m
Total quoted investments	14,762.7	3,914.1	(3,897.1)	2,512.3	17,292.0
Total unquoted investments	13,766.8	3,347.8	(4,631.6)	6,331.3	18,814.3
Total investment properties	1,292.1	27.4	(46.9)	293.5	1,566.1
Total	29,821.6	7,289.3	(8,575.6)	9,137.1	37,672.4

Trust	Fair value 1 October 2020 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2021 £m
Total quoted investments	13,883.5	3,914.1	(3,897.1)	2,702.2	16,602.7
Total unquoted investments	12,775.0	2,750.4	(4,681.3)	6,170.4	17,014.5
Total investment properties	1,164.3	8.7	(46.8)	297.9	1,424.1
Total	27,822.8	6,673.2	(8,625.2)	9,170.5	35,041.3

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

During the year, the maximum aggregate fair value of quoted investment securities on loan was £1,105.0 million (2020: £511.0 million) and the Group held £1,155.5 million (2020: £533.2 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £96.4 million (2020: £118.8 million). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting basis has not been quantified. Due to the number of investments made, often over a number of years, the cost to our associates and joint ventures of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During 2018, Wellcome Trust issued £750.0 million 2.517% Guaranteed Bonds due 2118 ('2118 bonds'). The liability is included in note 17. As part of the consideration of the issuance of the Bonds it was decided that we would start to plan for the upcoming maturity of its 4.75% Guaranteed Bonds due May 2021 ('2021 bonds'). As such, prior to the 2118 bonds issue, the Wellcome Trust placed a sum of £275.0 million, being the principal amount of the 2021 bonds, into a segregated account with the custodian, to be held for the purposes of repaying the principal amount of such 2021 bonds at their scheduled maturity in 2021. This sum has been realised during the year to fund the repayment of the 2021 during the year and therefore there are now no segregated assets (2020: £270.6 million) included in Quoted investments above.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt, including the purchase of Urban&Civic plc, of £549.8 million (2020: £15.4 million); and
- received sales proceeds of £65.4 million (2020: £762.5 million).

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Gerald Eve, Jones Lang Lasalle, Strutt & Parker and Cushman & Wakefield.

b) Derivative financial instruments

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Derivative financial instrument asset positions	30.8	71.3	30.8	71.3

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into Pounds Sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management including: a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Investment cash and certificates of deposit	3,820.3	2,701.4	3,806.9	2,697.0
Cash collateral held	128.7	33.1	128.7	33.1
Accrued income from investments	9.2	7.3	6.9	5.2
Income receivable	37.4	35.0	37.2	35.1
Proceeds receivable on sale of investments	11.3	3.7	11.3	3.7
Other investment debtors	9.5	12.2	7.0	8.0
Other investments assets	196.1	91.3	191.1	85.1

(d) Programme related investments

Group	Book value 1 October 2020 £m	Purchases £m	Disposals £m	Net write-downs £m	Unrealised Gains	Book value 30 September 2021 £m
Loans – other	-	(1.0)	-	1.0	-	-
Loans	-	(1.0)	-	1.0	-	-
Equities – Diamond Light Source	-	3.1	-	(3.1)	-	-
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	2.5	-	(2.5)	-	-
Equities – other	26.8	3.1	(6.7)	2.2	2.6	28.0
Equities	26.8	8.7	(6.7)	(3.4)	2.6	28.0
Revenue share – other	-	10.4	(0.3)	(10.1)	-	-
Revenue share	-	10.4	(0.3)	(10.1)	-	-
Total	26.8	18.1	(7.0)	(12.5)	2.6	28.0

Programme related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to Programme Related Investments are detailed in note 19.

Diamond Light Source Limited

Equities include a 14% equity interest in Diamond Light Source Limited, a company established to construct and operate a synchrotron in Oxfordshire. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and included within Science direct expenditure.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories) based in India and Hilleman Singapore Pte Limited, a new company set up in early 2021 based in Singapore. Both companies were established to develop affordable vaccines to prevent diseases that commonly affect low and middle- income countries. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within Innovations direct expenditure.

Other

The Trust has provided funding to 98 (2020: 94) often early-stage companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme related investment portfolio is performed, to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report (Figure 6 on page 27) £3,368 million (2020: £3,470.8 million) is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is

significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2021

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Quoted investments	17,292.0	-	-	17,292.0
Unquoted investments	-	5,985.0	12,829.3	18,814.3
Derivative financial instruments asset positions	-	30.8	-	30.8
Programme related investments	28.0	-	-	28.0
	17,320.0	6,015.8	12,829.3	36,165.1

Assets at fair value as at 30 September 2020

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Quoted investments	14,617.6	145.1	-	14,762.7
Unquoted investments	-	4,497.0	9,269.8	13,766.8
Derivative financial instruments asset positions	-	71.3	-	71.3
Programme related investments	26.8	-	-	26.8
	14,644.4	4,713.4	9,269.8	28,627.6

(e) Fair value of financial assets and liabilities (continued)

Liabilities at fair value as at 30 September 2021

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments liabilities	-	6.0	-	6.0

Liabilities at fair value as at 30 September 2020

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments liabilities	-	43.4	-	43.4

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1;
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2; and

- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3.

For Level 3 investments:

- private equity and venture funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund; and
- unquoted direct investments and programme related investments are held at the valuation determined by management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by management. Further details of valuation assumptions used for key areas of estimation are provided in note 2.

(f) Realised and unrealised gains/(losses) on investments

	Note	Group		Trust	
		2021 £m	2020 £m	2021 £m	2020 £m
Quoted investments	15(a)	2,512.3	1,272.5	2,702.2	1,253.0
Unquoted investments	15(a)	6,331.3	1,743.2	6,170.4	1,483.9
Investment properties	15(a)	293.5	(12.4)	297.9	12.5
Derivative financial instruments					
Currency overlay		24.9	12.1	24.9	12.1
Other derivative financial instruments		39.6	281.0	39.6	281.0
Shares in subsidiary undertakings		-	-	(113.1)	(242.3)
Short term investments		0.6	3.3	0.4	3.3
Foreign exchange losses on monetary assets		31.4	(1.3)	38.7	0.7
Foreign exchange losses on bond liabilities		18.9	(8.8)	18.9	(8.8)
		9,252.5	3,289.6	9,179.9	2,795.4

(g) Reconciliation to Trustee's Report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: public equity; private equity; hedge funds; property; and cash.

This note reconciles the net investment asset fair value at the balance sheet date as presented within the Trustee's

Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	2021 £m	2020 £m
Quoted investments	15(a)	17,292.0	14,762.7
Unquoted investments	15(a)	18,814.3	13,766.8
Investment property	15(a)	1,566.1	1,292.1
Derivative financial instrument asset positions	15(b)	30.8	71.3
Investment cash and certificates of deposit	15(c)	3,820.3	2,701.4
Other investment assets	15(c)	196.1	91.3
Programme related investments	15(d)	28.0	26.8
Investment assets as presented in the Financial Review		41,747.6	32,712.4
Derivative financial instrument liabilities	17	(6.0)	(43.4)
Amount payable on acquisition of investments	17	(1.6)	(1.1)
Cash collateral creditor	17	(128.7)	(33.1)
Deferred income from investments	17	(6.7)	(4.1)
Other investment liabilities	17	(26.3)	(36.1)
Total investment assets		41,578.3	32,594.6
Bond liabilities at amortised cost falling due within one year	17	(29.0)	(305.2)
Bond liabilities at amortised cost falling due between one and five years	17	-	-
Bond liabilities at amortised cost falling due after five years	17	(2,770.3)	(2,042.1)
Total interest bearing liabilities		(2,799.3)	(2,347.3)
Total investment assets		41,578.3	32,594.6
Total interest bearing liabilities		(2,799.3)	(2,347.3)
Adjusted for:			
Restatement of bond liabilities to fair value		(568.8)	(1,123.5)
Programme related investments not in investment asset allocation	15(d)	(28.0)	(26.8)
Other investments not in asset allocation		0.6	(10.3)
Total assets net of Bond liabilities per Figure 6		38,182.8	29,086.7

Other investments not in asset allocation relate to quoted investments managed by Innovations unquoted investments held by Genome Research Limited.

	2021	2020
Leverage (Total interest bearing liabilities/Total investment assets)	6.7%	7.2%

16. Debtors

	Group		Trust	
	2021 £m	2020 £m	2021 £m	2020 £m
Amounts owed by subsidiary undertakings	-	-	270.2	9.1
Other debtors	19.3	18.0	1.7	2.9
Prepayments and accrued income	32.0	11.6	4.4	4.4
	51.3	29.5	276.3	16.4

17. Creditors

		Group		Trust	
	Note	2021 £m	2020 £m	2021 £m	2020 £m
Falling due within one year					
Amounts owed to subsidiary undertakings		-	-	1,417.5	1,771.5
Grant liabilities	8	823.2	657.5	879.7	719.2
Bond liabilities		29.0	305.2	24.2	21.3
Amount payable on acquisition of investments		1.6	1.1	1.6	1.1
Cash collateral creditor		128.7	33.1	128.7	33.1
Deferred income from investments		6.7	4.1	6.5	3.7
Derivative financial instrument liabilities		6.0	43.4	6.0	43.4
Other investment liabilities		26.3	36.1	23.4	35.5
Trade creditors		27.5	8.2	4.1	3.8
Other creditors		58.5	29.5	55.1	27.3
Accruals and deferred income		52.3	58.4	13.0	10.3
Corporation tax		0.6	1.0	-	-
Total falling due within one year		1,160.4	1,177.6	2,559.8	2,670.2
Falling due between one and five years					
Grant liabilities	8	1,485.5	1,429.3	1,606.7	1,563.2
Other creditors		2.8	2.6	-	-
Lease premium creditor		2.1	2.1	-	-
Bond liabilities		-	-	-	-
		1,490.4	1,434.0	1,606.7	1,563.2
Falling due after five years					
Grant liabilities	8	167.4	184.7	167.4	202.1
Lease premium creditor		14.5	15.0	-	-
Bond liabilities		2,770.3	2,042.1	2,227.6	1,499.8
		2,952.2	2,241.8	2,395.0	1,701.9
Total falling due after one year		4,442.6	3,675.8	4,001.7	3,265.1

The 2021 Bonds (£275 million 4.75% Guaranteed Bonds due in May 2021) were repaid during the year refer to note 15(a) for the Group's plan for the upcoming maturity. All liabilities are unsecured.

In July 2021 the Trust issued £750 million 1.500% Bonds due 2071 ('2071 bonds').

18. Provisions for liabilities and charges

Group	Deferred tax £m	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2020	72.9	71.3	3.8	148.0
Charge for the year	8.4	35.0	2.3	45.7
Utilised in year	-	(10.2)	(2.7)	(12.9)
As at 30 September 2021	81.3	96.1	3.4	180.8

Trust	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2020	67.6	4.5	72.1
Charge for the year	34.6	0.4	35.0
Utilised in year	(10.2)	-	(10.2)
As at 30 September 2021	92.0	4.9	96.9

The employment-related provisions relates to long-term incentive plans for certain employees in the Investment Division (refer note 5(a)) and unfunded unapproved retirement benefit schemes (refer to note 11(e)(ii)).

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £2,779.1 million (2020: £2,937.8 million). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £1,076.56 million (38.74%) of the outstanding commitments in one year, £1,220.01 million, (43.90%) in between one and five years and £482.52 million (17.36%) after five years.

(b) Pensions

Wellcome has previously agreed with the GRL Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by Wellcome, are that GRL pays the necessary contribution as agreed with the Trustee and the Plan Actuary and that any deficit in the funding identified by a full actuarial valuation will be repaid over a period of five years or less. Further details of the funding of the GRL Pension Plan are provided in note 11(e)(ii).

(c) Programme related investments

Programme related convertible loans and equity funding have been made over a series of years, of which £53.5 million (2020: £5.2 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has made a £50 million programme related investment into the AMR Action Fund; a newly created impact investment fund established to support antibiotic development. No drawdowns have been made to date and therefore the outstanding commitment as at 30 September 2021 was £50 million.

The Trust has committed to fund 14% of the operating capital of Diamond Light Source Limited. The outstanding commitment as at 30 September 2021 was £6 million (2020: £2.9 million).

During the year, the Trust incurred £2.5million (2020: £2.1 million) in expenditure relating to an entity in India, MSD- Wellcome Trust Hilleman Laboratories. The outstanding commitment as at 30 September 2021 was £16.2 million (2020: £18.7 million).

(d) Grant funding activities

In prior years, the Innovations division has made Seeding Drug Discovery grants of £172.9 million, of which £171.5 million has been included in grant expenditure in current and prior financial years. The remaining £1.4 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

To date the Trust has incurred £75.3 million for expenditure relating to Wellcome Trust-DBT India Alliance. Subject to appropriate approval, the Trust will contribute up to £16 million over the next four years.

During the year, Wellcome incurred £2.1 million in expenditure relating to a partnership between Wellcome, the UK Medical Research Council, the UK Department for International Development and the UK Department of Health to fund clinical trials in low and middle-income countries. Subject to review and approval of appropriate applications, Wellcome will contribute up to a further £3.2 million over the next year.

Wellcome has not incurred any expenditure (2020: £2.0 million) relating to a joint initiative between Wellcome, the UK Department for International Development, the Economic and Social Research Council and the UK Medical Research Council to fund health systems research in low and middle-income countries. Subject to review and approval of appropriate applications, Wellcome will contribute up to £4.0 million over the next year.

During the year the Trust has incurred £2.8 million in expenditure relating to a partnership with the British Heart Foundation, Cancer Research UK, Scottish Ministers acting through their Chief Scientist Office of the Scottish Government Health and Social Care Directorates, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Department of Health and Social Care acting through its National Institute for Health Research, Health and Social Care Research and Development Division, Welsh Government, Public health Agency and The Health Foundation to fund research into population-level strategies that will prevent non-communicable diseases and reduce inequalities in health. Wellcome will contribute up to £1.0 million over the next year.

In 2017, the Trust entered into a partnership with the US Government's Biomedical Advanced Research and Development Authority (BARDA), Germany's Federal Ministry of Education and Research (BMBF), the UK Government's Department of Health and Social Care (DHSC), through its Global Antimicrobial Resistance Innovation Fund (GAMRIF), the Bill & Melinda Gates Foundation and Boston University to create the Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) to support preclinical product development of new antibiotics.

£19.7 million was committed during the year, subject to review and approval of appropriate applications. The Trust will contribute up to £17.1 million over the next year for this initial phase. New phase of funding for CARB-X amounting to £50.9 million was approved during the year, of which £7.0 million is available subject to review and approval of appropriate applications. There were no applications approved this year, therefore no amounts have been included within grant liabilities. The availability of the remaining £43.0 million is subject to specific conditions being fulfilled, none of which were fulfilled as at 30 September 2021.

(e) Capital Commitments

As at 30 September 2021, Wellcome and Genome Research Limited had commitments contracted and not provided for of £54.2 million: (2020: 36.6 million) and £3.0 million (2020: £0.8 million) respectively. These relate to refurbishment of investment properties and Sanger Campus redevelopment. It is probable that this work will be completed but as it has not commenced, the timings and final amounts are uncertain.

20. Movement in Charity Funds

Group	Balance as at 1 October 2020 £m	Income £m	Expenditure £m	Net investment gains £m	Balance as at 30 September 2021 £m
Restricted Funds	19.5	65.9	(65.6)	-	19.8
Unrestricted Funds	27,802.3	344.4	(1,158.4)	9,252.5	36,240.8
Total Charity Funds	27,821.8	410.3	(1,224.0)	9,252.5	36,260.6

Group	Balance as at 1 October 2019 £m	Income £m	Expenditure £m	Net investment gains £m	Balance as at 30 September 2020 £m
Restricted Funds	25.1	46.6	(52.3)	-	19.4
Unrestricted Funds	25,189.3	417.0	(1,093.5)	3,289.6	27,802.4
Total Charity Funds	25,214.4	463.6	(1,145.8)	3,289.6	27,821.8

All restricted funds arise in Genome Research Limited.

21. Group undertakings

a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal members
Wellcome Leap Inc.	100%	N/A	United States of America	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal members
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is the shareholder
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is the shareholder
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
 - non-charitable investment holding subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust where the net asset value is in excess of £300 million – refer to note 21(b)(ii); and
 - a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).
- All subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

The table below details the subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Farmcare Trading Limited	100% (indirect through Gower Place Investments Limited)	09152445	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Urban&Civic PLC	100% (indirect through Gower Place Investments Limited)	SC149799	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

(a) Summary of activities of significant subsidiary undertakings (continued)

The Trust has taken advantage of an exemption from audit available under 479A to 479C of the Companies Act 2006 for the following subsidiaries which are all registered in England:

Wellcome Trust Investments 1 Unlimited

Wellcome Trust Investments 2 Unlimited

Wellcome Trust Investments 3 Unlimited

The Wellcome Trust Limited has provided the appropriate guarantee for all liabilities of these entities.

The Trust has taken advantage of an exemption from audit available under Regulation 7 of the Partnership (Accounts) Regulations 2008 for the following partnerships:

Wellcome Trust Scottish Limited Partnership
– registered in Scotland.

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertaking

Genome Research Limited		
	2021 £m	2020 £m
Income	221.5	156.4
Expenditure	(207.8)	(171.9)
Actuarial gains/(losses) on defined benefit pension scheme	67.3	16.3
Net movements in funds	81.0	0.8
Total assets	251.7	233.1
Liabilities	(75.4)	(72.2)
Defined benefit pension scheme deficit	(133.2)	(198.8)
Net liabilities	43.1	(37.9)

All restricted funds arise in Genome Research Limited.

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investments 2 Unlimited	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Turnover	14.0	-	-	-	9.4	9.7
Expenditure	(12.3)	3.4	23.9	(12.9)	(27.1)	(8.7)
Gains/(losses) on investments	62.9	(22.5)	(147.1)	49.3	41.1	(24.6)
Total profit	64.6	(19.1)	(123.2)	36.4	23.4	(23.6)
Investment assets	1,094.2	546.9	313.2	460.4	771.2	819.0
Current assets	79.1	1.5	97.3	97.8	352.2	264.3
Total assets	1,173.3	548.4	410.5	558.2	1,123.4	1,083.3
Liabilities	(14.0)	(2.0)	(17.8)	(42.1)	(49.8)	(33.7)
Net assets	1,159.3	546.4	392.7	516.1	1,073.6	1,049.6

The functional currency of Wellcome Trust Investments 2 Unlimited is the US Dollar because the majority of the Company's transactions are denominated in US Dollars.

(iii) Non-charitable investment financing subsidiary undertaking

Wellcome Trust Finance plc		
	2021 £m	2020 £m
Turnover	38.1	42.8
Expenditure	(38.1)	(42.8)
Total profit	-	-
Assets	686.3	965.2
Liabilities	(548.8)	(827.7)
Net assets	137.5	137.5

22. Consolidated cash flow

(a) Investment income received

	2021 £m	2020 £m
Dividends and interest	248.8	287.9
Rental income	37.6	35.4
Decrease in income receivable from investments	(2.4)	(9.9)
(Decrease)/increase in accrued income from investments	(2.0)	5.5
Decrease in deferred income from investments	2.6	-
Investment income received	284.6	318.9

(b) Servicing of finance

	2021 £m	2020 £m
Interest payable	(76.5)	(79.0)
Foreign exchange gain/(losses) on revaluation of interest bearing liabilities	18.9	(8.8)
(Decrease)/Increase in interest bearing liabilities	(19.8)	10.6
Cash (outflow)/inflow for servicing of finance	(77.4)	(77.2)

(c) Reconciliation of investment sales and purchases

	2021 £m	2020 £m
Proceeds on sale of quoted investments	3,897.1	6,117.6
Proceeds on sale of unquoted investments	4,631.6	2,810.9
Proceeds on sale of investment property	46.9	18.0
(Increase)/decrease in proceeds receivable on sale of investments	(7.6)	58.8
Proceeds on sale of Programme Related Investments	7.0	9.0
Proceeds from sales of investments	8,575.0	9,014.3
Purchases of quoted investments	3,914.1	4,553.9
Purchases of unquoted investments	3,347.8	2,431.7
Purchases of investment property	27.4	23.6
(Decrease)/increase in amounts payable on acquisition of investments	(0.5)	3.7
Purchase of Programme Related Investments	18.1	20.9
Purchases of investments	7,306.9	7,033.8
Gain on derivative financial instruments	64.5	293.1
Decrease in derivative financial asset positions	40.5	31.0
(Decrease)/increase in derivative financial liabilities	(37.4)	7.1
Net cash inflow/(outflow) upon settlement of derivative financial instruments	67.6	331.2

(d) Statement of net debt

	At 1 October 2020 £m	Cash flow £m	Cash and debt acquired	Debt matured	Effective interest & Foreign Exchange £m	At 30 September 2021 £m
Cash in hand and at bank	25.1	19.2		-	-	44.3
Debt due after one year						
- bond liabilities	(2,042.1)	-	(746.8)	-	18.6	(2,770.3)
Debt due within one year						
- bond liabilities	(305.2)	77.4		275.0	(76.2)	(29.0)
Liquid resources:						
- investment cash and certificates of deposit	2,701.4	1,118.9		-	-	3,820.3
Net debt	379.2	1,215.5	(746.8)	275.0	(57.6)	1,065.3

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2021 £m	2020 £m
Derivative financial instruments assets positions	30.8	71.3
Investment cash balances and certificates of deposit	3,820.3	2,701.4
Cash collateral held	128.7	33.1
Accrued income from investments	9.2	7.3
Income Receivable	37.4	35.0
Proceeds receivable on sale of investments	11.3	3.7
Other investment debtor balances	9.5	12.2
Programme related investment loans	-	-
Other debtors	19.3	18.0
Term deposits and cash	44.3	25.1
	4,110.8	2,907.1

None of the Group's financial assets subject to credit risk (other than the Programme related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

The following details the risk management policies applied to the financial assets exposed to credit risk:

- for interest-bearing securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk;
- transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts;
- direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated UK Government securities and the controlled use of AAA rated money market funds; and
- sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and on-going reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and

holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed: weekly by investments management; monthly by the Executive Leadership Team; and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

Group	2021				2020			
	Three months or less £m	No more than one year £m	More than one year £m	Total £m	Three months or less £m	No more than one year £m	More than one year £m	Total £m
Payments falling due within one year								
Bond liabilities	-	75.4	-	75.4	-	352.5	-	352.5
Derivative financial instruments liabilities	6.0	-	-	6.0	43.4	-	-	43.4
Collateral liability	128.7	-	-	128.7	33.1	-	-	33.1
Amount payable on acquisition of investments	1.6	-	-	1.6	1.1	-	-	1.1
Other investment liabilities	26.3	-	-	26.3	36.1	-	-	36.1
Trade creditors	27.5	-	-	27.5	8.2	-	-	8.2
Other creditors	58.5	-	-	58.5	29.5	-	-	29.5
Accruals and deferred income	52.3	-	-	52.3	58.4	-	-	58.4
Corporation Tax	-	0.6	-	0.6	-	1.0	-	1.0
Contractual payments	300.9	76.0	-	376.9	209.8	353.5	-	563.3
Grant liabilities	205.8	617.4	-	823.2	164.4	493.1	-	657.5
	506.7	693.4	-	1,200.1	374.2	846.6	-	1,220.8
Payments falling due between one and five years								
Bond liabilities	-	-	301.7	301.7	-	-	257.6	257.6
Other creditors	-	-	2.8	2.8	-	-	2.6	2.6
Contractual payments	-	-	304.5	304.5	-	-	260.2	260.2
Grant liabilities	-	-	1,769.3	1,769.3	-	-	1,667.8	1,667.8
	-	-	2,073.8	2,073.8	-	-	1,928.0	1,928.0
Payments falling due after five years								
Bond liabilities	-	-	5,823.0	5,823.0	-	-	4,650.4	4,650.4
Contractual payments	-	-	5,823.0	5,823.0	-	-	4,650.4	4,650.4
Grant liabilities	-	-	256.6	256.6	-	-	271.0	271.0
	-	-	6,079.6	6,079.6	-	-	4,921.4	4,921.4
Total	506.7	693.4	8,153.4	9,353.5	374.2	846.6	6,849.4	8,070.2

Grant liabilities are non-contractual.

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of Sterling and US Dollars and monitored Sterling and US Dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key; the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitor cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2021 £m	2020 £m
Quoted investments	17,292.0	14,762.7
Unquoted investments	18,814.3	13,766.8
Investments properties	1,566.1	1,292.1
Derivative financial instruments assets positions	30.8	71.3
Assets exposed to risk	37,703.2	29,892.9
Derivative financial instruments liability positions	6.0	43.4
Liabilities exposed to risk	6.0	43.4

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is Sterling. However, the Group has investment assets denominated

in currencies other than Sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	Value as at 30 September 2021 (currency, m)	Value as at 30 September 2021 £m	Value as at 30 September 2020 (currency, m)	Value as at 30 September 2020 £m
Traded investments assets				
US \$	\$30,906.0	22,921.3	\$20,781.3	16,074.7
Euro	€3,520.0	3,025.6	€3,156.8	2,863.4
CNY	¥24,096.6	2,738.1	¥26,673.3	3,029.4
Other		4,324.9		3,391.3
Other investment debtors balances				
US \$	\$1,848.3	1,370.8	\$501.9	388.2
Euro	€38.3	32.9	€28.3	25.7
CNY	¥0.2	-	-	-
Other		27.3		27.1
Other investment creditors balances				
US \$	(\$0.1)	(0.1)	(\$0.1)	(0.1)
Euro	(€400.3)	(344.0)	(€399.4)	(362.3)
CNY	-	-	-	-
Other		(8.4)		(1.6)
Forward currency contracts				
US \$	\$100.0	74.2	(\$300.0)	(231.2)
Euro	(€727.2)	(650.2)	(€914.2)	(850.6)
CNY	-	-	-	-
Other		(75.6)		0.3
Total exposed to currency risk		33,436.8		24,354.3

	Impact on gain for the financial year 2021 £m	Impact on gain for the financial year 2020 £m
10% US Dollar appreciation	2,436.6	1,623.2
10% Euro appreciation	206.4	167.6
10% CNY appreciation	273.8	302.9

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for variable rate assets or liabilities).

Interest rate exposure and sensitivity

The Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

During the year, the Group realised its investments in government and corporate debt securities which had been held as part of planning for the maturity of the 2021 bonds (refer note 15(a)).

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table below is the book value.

	2021		2020	
	Weighted average interest rate	Value as at 30 September £m	Weighted average interest rate	Value as at 30 September £m
Interest bearing assets:				
Maturing within one year				
Fixed rate	n/a	-	1.61%	141.3
Floating rate	n/a	-	3 month GBP Libor + 22-26bps	130.0
Maturing between one and five years				
Fixed rate	n/a	-	n/a	-
Floating rate	n/a	-	n/a	-
Total interest bearing assets		-		271.3
Interest-bearing financial liabilities:				
Maturing within one year				
Fixed rate – bond liabilities	n/a	-	4.75%	(279.2)
Maturing between one and five years				
Fixed rate – bond liabilities	n/a	-	n/a	-
Maturing after five years				
Fixed rate – bond liabilities	2.70%	(2,799.3)	3.13%	(2,068.1)
Total interest-bearing liabilities		(2,799.3)		(2,347.3)

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when

making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

24. Events after the end of the reporting period

There are no events to note.

Reference and Administrative Details

Board of Governors

Eliza Manningham-Buller (Chair until 11 April 2021)
Julia Gillard (Chair from 12 April 2021
and Chair-Elect from 13 August 2020 to 11 April 2021)
Michael Ferguson (Deputy Chair)
Tobias Bonhoeffer (until 31 August 2021)
Amelia Fawcett
Richard Gillingwater
Bryan Grenfell (until 31 August 2021)
Fiona Powrie
Cilla Snowball
Elhadj As Sy
Gabriel Leung (from 1 May 2021)
Arup Chakraborty (from 1 May 2021)
Ijeoma Uchegbu (from 15 November 2021)

General Counsel and Company Secretary

Chris Bird

Audit and Risk Committee

Amelia Fawcett (Chair)
Adèle Anderson
Chris Jones
Fiona Powrie

Remuneration Committee

Amelia Fawcett (Chair)
Eliza Manningham-Buller (until 11 April 2021)
Michael Ferguson
Julia Gillard (from 12 April 2021)
Richard Gillingwater

Nominations and Governance Committee

Julia Gillard (Chair from 12 April 2021)
Eliza Manningham-Buller (Chair until 11 April 2021)
Michael Ferguson
Bryan Grenfell (until 31 August 2021)
Cilla Snowball
Elhadj As Sy

Investment Committee

Richard Gillingwater (Chair)
Tracy Blackwell
Stefan Dunatov
Michael Ferguson
Julia Gillard (from 12 April 2021)
Martin Halusa
Cressida Hogg
Eliza Manningham-Buller (until 11 April 2021)
Girish Reddy
Nick Moakes
Peter Pereira Gray

Biographies of the Governors

The biographies of the current Board of Governors are shown on our website: <https://wellcome.org/who-we-are/governance/board-governors>.

The biographies below are of governors who have since retired from Wellcome.

Baroness Manningham-Buller

Eliza Manningham-Buller served as Chair of Wellcome from 2015 to 2021, having served as a Governor since 2008. In 2015, Eliza became the Co-President of Chatham House, Royal Institute of International Affairs. She served on the Council of Imperial College from 2009 and was Chair of Council from 2011 to 2015. She is a Fellow of the Academy of Medical Sciences. She was appointed an independent, crossbench peer in the House of Lords in 2008, and has been a member of the Privileges and Conduct Committee, the Joint Committee on the National Security Strategy, and currently sits on the Science and Technology Committee. Previously, Eliza had a career with MI5 for more than 30 years, including a posting to the British Embassy in Washington. She served as Director General from 2002 to 2007 and before that was Deputy Director General, with responsibility for operations. Eliza was educated at Benenden School and Lady Margaret Hall, Oxford. She taught for three years before joining MI5 in 1974.

Professor Tobias Bonhoeffer

Tobias Bonhoeffer is Director at the Max Planck Institute of Neurobiology and Professor at the Ludwig Maximilians University in Munich. He is one of the world's foremost researchers in systems neuroscience. He studies synaptic plasticity in the brain focusing on learning, memory and how the brain adapts to its environment. Tobias served for more than 20 years as department head at the Max Planck Institute of Neurobiology and later also as Chair of the Biomedical Section of the Max Planck Society. He has been a member of the scientific advisory boards of numerous leading Institutions, including the Chan Zuckerberg Initiative, the ETH Zurich, the Janelia Farm Research Campus of the Howard Hughes Medical Institute and the Chinese Academy of Sciences. Tobias is a member of the German National Academy of Sciences, Leopoldina, the Academia Europaea, the European Molecular Biology Organization, and the US National Academy of Sciences. He has been awarded the Ernst-Jung Prize for Medicine.

Professor Bryan Grenfell

Bryan Grenfell is the Kathryn Briger and Sarah Fenton Professor of Ecology, Evolution and Public Affairs at Princeton University. He is jointly appointed at the Department of Ecology and Evolutionary Biology and the School of Public and International Affairs. With over 30 years' experience researching the population dynamics of infectious diseases, his research focuses on the epidemiology, evolution and vaccination control of infections such as measles and influenza. He has advised the UK Government and the World Health Organization on the mathematical modelling and control of a variety of infectious diseases. He is a Fellow of the Royal Society, the American Academy of Arts and Sciences, and the American Association for the Advancement of Science. He has also been awarded the T H Huxley Medal from Imperial College and the Scientific Medal of the Zoological Society of London.

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Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, global heating and infectious diseases.

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The Wellcome Trust is a charity registered in England and Wales, no. 210183.
Its sole trustee is The Wellcome Trust Limited, a company registered in England and Wales, no. 2711000
(whose registered office is at 215 Euston Road, London NW1 2BE, UK). FI-7351/01-2022/RK

WELLCOME TRUST

England & Wales - Charity number 210183

Accounts



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Report from Chair

Wellcome has played a key role in the global research response to the pandemic this year, while supporting research to improve health in a variety of ways, maintaining a consistent level of charitable spending, and increasing the value of our investments portfolio.

This has been an immensely challenging year. Covid-19 has tested governments to the limits as they have struggled to save lives and maintain livelihoods. The effects on the economy, people's mental health, other diseases, and world politics have been profound.

Soon after I joined Wellcome, during a visit by the Board of Governors to a Wellcome-funded research centre in Vietnam, the scientist leading the centre arranged a lecture on the 1918 flu pandemic. I only later appreciated its significance: his concern that we were unprepared for another. That scientist was Jeremy Farrar, who became Director of Wellcome in 2013. Among other achievements, he soon ensured that Wellcome co-founded with the governments of Germany, Japan, India and Norway, the Bill and Melinda Gates Foundation and the World Economic Forum – the Coalition of Epidemic Preparedness Innovations (CEPI).

“The world needs strong, compassionate leadership”

So when we first heard of a novel disease in Wuhan at the end of 2019, Wellcome, with its investment in CEPI and with Vaccines one of our priorities, was better prepared than some for what lay ahead. And CEPI was able to start funding vaccine work as soon as researchers in China had published the genome of the virus in January.

Jeremy, with his experience of SARS, pandemic influenza and other epidemics, and having led Wellcome's response to Ebola and Zika, has offered outstanding leadership, helping Wellcome and many others understand and address the pandemic. He has given Wellcome the means and the ambition to take an active role in a number of

international partnerships and initiatives. As one example (there are too many to list), Wellcome and UNITAID are convening the therapeutics pillar of the World Health Organization's Access to Covid-19 Tools Accelerator.

Investments

Wellcome's capacity to act is dependent on how well the organisation is run and the skill with which our investment team manages the portfolio that funds everything we do. During my time at Wellcome, the value of the investments portfolio has more than doubled, valued at £29 billion on 30 September 2020, allowing a substantial increase in charitable spending over the past decade. Wellcome is an active and long-term investor: decisions are based on the continuing 'licence to operate' of the businesses and funds in which we invest. This year, the Board agreed that extra weight should be placed on sustainability and energy transition when assessing licence to operate.

The Board has been immensely impressed by how the team has navigated with confidence the threat to the world economy caused by Covid-19 this year. Locking down major economies put huge strains on many businesses in which we invest and on financial markets, while accelerating important economic trends such as the shift to e-commerce. Equity markets endured one of the steepest declines and fastest recoveries in financial history. Despite this, the portfolio has not just survived, but prospered in this highly volatile environment, returning 12.3% in the year to 30 September 2020 (11.1% after inflation).

The macro environment of course remains challenging, not least because governments everywhere will need to find ways of reducing the enormous debt burdens taken on to combat the Covid-19 crisis. Market valuations are extremely stretched with interest rates at unprecedentedly low levels. The portfolio is likely to face more challenging times ahead, so the team is working hard to ensure that we are as well placed as possible to face more difficult times.

Strategy

Over the course of this year, the Executive has developed and launched a new strategy for Wellcome. This was in gestation long before Covid-19 as we sought, in consultation with many, to plan how best to use Wellcome's independence and resources for the greatest effect in improving human health. We chose three challenges, mental health, global heating, and escalating infectious diseases. This choice was reinforced by the pandemic, which also emphasised their linkages.

The pandemic has shown that solving these challenges, or perhaps more realistically, significantly reducing their damage, requires unprecedented international cooperation. And we shall never undervalue the vital role of discovery science, of backing scientists to explore our understanding of human health and how to improve it. Without their sometimes serendipitous discoveries, across a wide range of disciplines, often with new tools, progress would be slight.

But we are not just a funder, as our work on Covid-19, for example, shows where we have convened partners across the world, helped raise billions of pounds from public, private and philanthropic sectors to fund research, and argued for what we judge is important. I hope we will always continue to make our voice heard, including on the value of strong links between British science and Europe after Brexit.

Implementing the strategy will take some time as necessary changes are made to the internal organisational design and culture, as well as to funding mechanisms and other activities, over the coming year or two. As part of this work, we are continuing to develop performance indicators against which to judge future progress.

This process is making it easier for us to put diversity at the heart of everything we do, from the staff we employ to the research we fund and the goals we set. The resurgence of the Black Lives Matter movement this summer highlighted existing challenges for people of colour, including within the research community and within Wellcome. It was an opportunity to examine ourselves critically, strengthen Wellcome's commitment to anti-racism, and take a more proactive approach to changing some of the systemic issues that hinder diversity and equity in health, in research culture, and in our organisation.

Board of Governors

Covid-19 has meant a dramatic end to my time at Wellcome. My thanks go to the Board of Governors and the Executive Leadership Team for continuing to make bold decisions in a time of great uncertainty and online meetings. Bill Burns retired from the Board after four years and his wisdom and humour will be missed. In January 2020, Elhadj As Sy joined the Board, and we are already extremely grateful for his perspectives on health, policy and the pandemic response.

I am delighted that the Board has chosen Julia Gillard to replace me and I wish her and Wellcome further success in the years ahead. It has been an enormous privilege to be part of what is an extraordinary organisation. There are many challenges ahead, and the world needs strong, compassionate leadership. Wellcome has a role to play, supporting science and finding solutions to urgent worldwide health issues. I pay tribute to the people at Wellcome, the increasing professionalism of its culture, and the renewed sense of purpose that comes with a new vision and strategy.



Eliza Manningham-Buller
Chair of Wellcome

Report from Director

A difficult year has ended with fresh hopes for the future thanks to researchers across the world. Wellcome has a renewed commitment to supporting science and bringing people together to solve the urgent and truly global challenges to all our health.

On 30 September 2020, the end of Wellcome's financial year, the number of confirmed deaths from Covid-19 had just passed 1 million worldwide – each life lost an individual tragedy caught up in one of the most momentous events of the last 100 years. Many millions more are now living with long-term effects on their health after infection, while all of us are grappling with restrictions on our normal ways of life.

Since then, however, trial results have indicated a strong likelihood that in 2021 we will have several safe, effective vaccines to help protect us from Covid-19, stop transmission of the virus, and bring this pandemic to an end. From the start, Wellcome has said that science would be the exit strategy – not only vaccines, but also new therapeutics and diagnostic tests alongside robust public health measures, all informed by vital insights from across biomedical and social research.

“The environment in which we work remains uncertain and changeable”

The speed and rigour with which scientists around the world responded to Covid-19 this year, while also dealing with its impacts on their personal lives, has been incredible. When the pandemic threatened to exacerbate nationalism and geopolitical fracture, science has helped bring the world together, working across borders and disciplines to solve this truly global challenge.

I am hopeful that we are now seeing a renewed acceptance that good public health anywhere requires multilateral cooperation everywhere. And I am proud that Wellcome has played its part in leading, supporting and enabling efforts to make sure that science and society work together, that the necessary research happens, and that the solutions generated are made equitably available to all who need it, independent of their ability to pay.

Wellcome's role in the global response to Covid-19 and the necessary closures of our buildings meant some of our more usual activities had to be delayed or cancelled this year. This allowed us to maintain day-to-day operations and a strong control environment while working remotely, and demonstrated a robust level of operational resilience, for which I thank all of my colleagues. Everyone had to adapt to a greater or lesser degree because of reprioritised work, available space, caring responsibilities, health or other reasons. Our position was clear: people's first responsibility was to themselves and their family and friends. Work comes second at times like this.

The environment in which we operate remains uncertain and changeable. Local and national public health measures will continue to apply for a good while yet, in phases of tighter or looser restrictions, and we will respond accordingly. Other factors, such as the nature of any deal between the UK and the European Union after Brexit will also need to be taken into account. My priority remains the wellbeing of my colleagues and prioritising Wellcome's work to ensure we can effectively support the research community and achieve our mission.

Focus

We decided during the pandemic to keep pushing forward a new vision and strategy for Wellcome, which will focus our work over the next 10 or 20 years. The pandemic might have been seen as a reason to avoid further change, but getting the right vision and strategy now will enable us to have a greater impact through our work on challenges like Covid-19, and in the future.

In October 2020, we published our new vision: Wellcome supports science to solve the urgent health challenges facing everyone. Our strategy for achieving this vision begins and ends with discovery – the potential of all kinds of science and research to change the way we think about the world and uncover new insights into life, health and wellbeing.

We also announced three big challenges that we will focus on using science to solve because they threaten to undermine our efforts to improve health for decades to come. They are mental health, global heating, and escalating infectious diseases. Discovery research will underpin the best solutions, though science alone is not enough. So we are developing long-term programmes spanning science, innovation and society to ensure new solutions work for those who most need them and are effectively implemented, whether today or over the next 30 years.

Internally, we have begun to review the organisational design needed for Wellcome to deliver against our new strategy, and we are exploring with staff at all levels how Wellcome's culture will need to change as well. Most importantly, aligning the organisation behind a single vision and focused strategy should give every role at Wellcome a clear connection to the organisation's shared goals and how they are contributing.

Although the health challenges we're focusing on will affect everyone in the world, not everyone will be equally affected. The fact that Covid-19 has been more likely to affect people from Black, Asian and minoritised communities more severely than white people in countries like the UK and the US demonstrates once again that racism is a health issue. Our new strategy is an opportunity for Wellcome to redouble our efforts to promote diversity and inclusion in our organisation, the people we support, and the research we fund. We have committed to working in partnerships with the communities most affected by the three challenges, as well as continuing our long-term campaign to improve research culture so that it becomes more inclusive, more honest and more creative.

Executive Leadership Team (ELT)

A number of my colleagues on the ELT have left Wellcome this year, taking up a range of positions across international research, philanthropy and academia. I am extremely grateful for all the work, advice and support in recent years from Chonnetia Jones, now Vice President of Research at the Michael Smith Foundation for Health Research; Steve Caddick, who stepped down as Director of Innovations to explore new opportunities; and Simon Chaplin, now chief executive of Arcadia Fund. All of Wellcome wishes them well in their new roles.

As we embark on a period of change, I have appointed interim replacements for their roles, and have been delighted to welcome Katie Anastasi-Frankovics, Tim Knott and Philomena Gibbons to the ELT. Jim Smith is now interim Director of Research Programmes, a new role to help establish the strategy across Wellcome, and his previous role as Director of Science has been covered by Mike Turner and more recently Michael Dunn.

Finally, I am grateful to Eliza Manningham-Buller for agreeing to stay on as Wellcome's Chair until spring 2021, having originally planned to step down in 2020. Eliza has had a wonderfully positive influence on Wellcome over her 12 years as a Governor, five as Chair, and she will be greatly missed. I very much look forward to welcoming Julia Gillard as our new Chair in 2021, and working with her to keep Wellcome evolving in its mission to improve health through research.



Jeremy Farrar
Director of Wellcome

Trustee's Report

Going Under

Lagos, Nigeria, 2019

A resident sits with his feet on a paint bucket to avoid floodwater.

Image from the Wellcome Photography Prize 2020.



Image: Nyancho NwaNri /
Wellcome Photography Prize 2020

What we do

Wellcome is an independent global charitable foundation dedicated to improving health. We are accountable to society for delivering our mission, while using our independence for public benefit.

Our mission

The objects of the Wellcome Trust, as set out in our Constitution, are:

To protect, preserve and advance all or any aspects of the health and welfare of humankind and to advance and promote knowledge and education by engaging in, encouraging and supporting:

- research into any of the biosciences; and
- the discovery, invention, improvement, development and application of treatments, cures, diagnostics, and other medicinal agents, methods and processes that may in any way relieve illness, disease, disability or disorders of whatever nature in human beings or animal or plant life;

To advance and promote knowledge and education by engaging in, encouraging and supporting:

- research into the history of any of the biosciences; and
- the study and understanding of any of the biosciences or the history of any of the biosciences.

Our work

In October 2020, Wellcome published a new vision and strategy (see page 16). In 2019/20, the year being reported on here, our work was in line with the previous strategic framework, as follows.

Wellcome exists to improve health by helping great ideas to thrive.

We support researchers

Wellcome directly funds thousands of scientists and researchers around the world addressing fundamental health challenges of our time, across biomedical science, population health, medical innovation, humanities and social sciences, and public engagement. We give grants through schemes run by our three funding divisions: Science, Innovations, and Culture and Society.

We take on big health challenges

We identify areas in which Wellcome can lead significant change within five or ten years. The aim is to transform the global response to some of today's biggest health challenges, such as drug-resistant infections, global heating and mental health.

We campaign for better science

Through partnerships across the world, we advocate to ensure that good research is well supported, and that health is improved by changes to policies and practices based on evidence.

We help everyone get involved

We engage the public so that people are more aware of science and health research, and feel able to make the most of it in their own lives. Through our Culture and Society division, we offer grants to Wellcome-funded researchers and a range of other people and organisations for public engagement activities. We directly run a number of other activities including Wellcome Collection, our free museum and library.

Our spending

Since 2017, Wellcome has maintained an average funding level of around £900 million a year, rising with inflation, for our core activities: supporting researchers, campaigning and public engagement. This provides stability and predictability for our annual spending plans (see page 37).

When the investment portfolio performance has been sufficiently strong, we have released discretionary funding to support new priority areas and other ambitious, large-scale and high-impact activities tackling big health challenges. These activities are reported to and monitored by the Executive Leadership Team and the Board of Governors, who assess the overall use of this discretionary funding.

Our priority areas

- Data for science and health
- Diversity and inclusion
- Drug-resistant infections
- Mental health
- Our Planet, Our Health
- Research ecosystems in Africa and Asia
- Science education
- Snakebites
- Vaccines

Year at a glance

In November 2019, Wellcome began work on a new long-term vision and strategy. The aim was to improve health through research more quickly and more significantly by getting the very best out of the organisation's distinctive strengths: our scale and independence, our perspective on health and how to improve it, and our relationships with stakeholder communities across science and society.

As the Covid-19 pandemic took hold in 2020, having identified these strengths helped focus Wellcome's response on where we could make a difference that few or no others could. We funded urgent scientific research directly, and we used our expertise and independence to convene global partnerships that enabled rapid, effective, ethical and equitable research.

This has strengthened our commitment to our new strategy, published in October 2020, through which we will continue to play to our strengths and support science to solve the urgent health challenges facing everyone.

Strategic transition

Wellcome's mission is to improve health through research. As a relatively small charity in the 20th century, it made sense to focus on supporting basic research, on the understanding that some of the resulting knowledge and tools would contribute to future improvements in health.

Today, Wellcome is a much bigger foundation and can have a more direct impact on human health, if we focus on a small number of challenges alongside our continuing support for basic research. Our new strategy will focus on supporting discovery research, and on generating solutions to the urgent health challenges facing everyone this century: mental health, global heating, and escalating infectious diseases.

- Our new strategy is being implemented over the next two years – find out more at [wellcome.org](https://www.wellcome.org)

Pandemic action

Wherever a pandemic starts, it is the world's collective responsibility to end it. Wellcome's position is that science is our exit strategy – we need vaccines to stop transmission, treatments to save lives and ease stress on health systems, and diagnostics to understand the disease and track the virus. But these all require global cooperation and coordination.

Wellcome took on a pivotal role in the response of the global research community. We brought science, governments, business and philanthropy together in partnerships to drive progress. We made the case for money and resources to be made available so that research could be implemented immediately, and we made sure the focus was not just on the next days and weeks but also on the impact of the pandemic on health in the coming months and years.

- Read more about our role in the international response to Covid-19 on page 13
- Governance is paramount when responding at speed to a global emergency – our approach is outlined on page 15.

Investments

Despite the impact of the pandemic on the global economy, Wellcome's investment portfolio performed well over the year to 30 September 2020, with annual returns up on last year at 12.3%.

Over the past decade, the return after inflation has averaged 9.9% a year in real terms, and Wellcome's annual charitable spend has roughly doubled as a result. The continuing pandemic and its aftermath will involve difficult choices for policy makers, which may result in lower returns in the years ahead. We are taking nothing for granted.

Wellcome is an active, long-term investor, which means our decisions are based on anticipated returns over 10 years or more, and we work with the companies we invest in to challenge and support their plans. This year, we have continued to look at how climate change will affect our portfolio, and how our portfolio contributes to climate change.

Wellcome in numbers

£1,099m

charitable expenditure, including research grants, 2019/20 (£1,131m 2018/19)

12.3%

annual return from Wellcome's investments portfolio, 2019/20 (6.9% 2018/19)

£27,822m

total funds at 30 Sep 2020 (£25,214m 2018/19)



For 10 weeks, Wellcome's headquarters in London became a respite centre for NHS workers. Many of our employees volunteered to staff the centre

When Covid-19 emerged, we engaged our investments partners in discussions of the likely public health consequences, based on experience and expert opinions within Wellcome, to help them prepare to take actions such as closing buildings.

- The Review of Investment Activities is on pages 24-33
- Wellcome's perspective on climate change is on page 46
- Engagement with key stakeholders is summarised on page 43.

Working at home

When our offices closed to help slow the spread of Covid-19, we shifted from developing a long-term wellbeing strategy to providing more immediate support for our people physically, mentally and financially. While employee advice and mental health helplines were already in place, we had to ensure that everyone who was able to keep working outside our buildings had the necessary equipment and support.

We began a phased reopening of our buildings in September 2020, giving priority to those whose work relies on being on site and those for whom working at home is most challenging. As the situation continues to change, we want to minimise disruption to people's working patterns, which means taking a cautious approach to reopening our offices and our public venue, Wellcome Collection.

- Read more about how Wellcome is supporting its people through the pandemic on page 13
- Operational issues relating to closing and re-opening our buildings are discussed on page 15.

Reprioritising

Wellcome had over 3,500 active grants in 2019/20, representing £5 billion. There will be changes in our grant schemes as we transition to a new strategy – existing schemes will close over the course of 2021 and we will introduce new, simpler funding mechanisms by 2022.

Grant-making slowed when our offices closed in March 2020. Some decisions and start dates were delayed, but we continued to process applications. Research into Covid-19 was fast-tracked through a £22 million open call in February 2020. We introduced policies to guide our existing grantholders as they responded to the pandemic as well – extensions were supported, and many of the researchers we fund were seconded into Covid-19-related research or clinical activities. Despite the effect of this on operations, the impact on charitable expenditure has been marginal.

Most of Wellcome's public-facing activities had to move online in 2020. While closed to visitors, Wellcome Collection kept up a flow of digital content on its website. Our campaign to reimagine research culture had to cancel a number of events, although many conversations continued online and progress will pick up again next year.

- Our funding activities are reported from page 37, while our grant-making policies are on page 44
- Wellcome Collection's activities are detailed on pages 15 and 20, and the reimagine research campaign on page 17.

Review of Charitable Activities

Summary

Covid-19 has been an extraordinary challenge for everyone this year. More than a million deaths worldwide, many more people infected and experiencing symptoms that can range from none to severe and long-term, with poor and minoritised groups disproportionately affected. Health systems have often struggled to cope with the scale of the crisis at a national level, and the public health response to the pandemic in most countries has involved severe restrictions on movement and economic activity.

Across academic and industry science, efforts to develop vaccines and treatments rapidly have been remarkable. Large international clinical trials relatively quickly showed the effects, if any, of a number of repurposed drugs, and we expect effective vaccines and targeted treatments to come out of trials early in 2021. Some countries managed to contain the spread of infection through stringent public health measures; many – notably the US and in Europe – are experiencing waves of infections as they try to balance public health and economic sustainability until effective vaccines are available.

As long as there are parts of the world where the infection is not under control, nowhere can feel entirely safe. Wellcome has funded urgent research into Covid-19 and the virus causing it (page 14). We have also forged new partnerships to advocate for the essential role of science in solving this crisis, raise funds for this research, and coordinate global efforts (page 13). This, of course, has been done against a backdrop of public health restrictions, uncertainty and disruption to people's working and private lives.

While some of our ongoing work had to be paused or deprioritised to concentrate on the pandemic response, as described below, much of it has continued. The pandemic has exacerbated other health challenges. This year, Wellcome has pressed on with developing a new vision and strategy to guide our work for the decades to come. It will focus our efforts on supporting discovery research, and on finding equitable solutions to three urgent worldwide health challenges, including the risks of escalating infectious diseases like, but not limited to, Covid-19.

Overview

Wellcome's new strategy draws together themes that have been developing in our work over recent years, and aligns them in pursuit of a common vision. These themes include principles of diversity and inclusion, promotion of a more positive research culture, and recognition of new roles Wellcome is now able to take on in policy and advocacy, while keeping science at the heart of everything we do.

We have been developing the vision and making the principal decisions for our new strategy throughout the year, based on research and consultation with many stakeholder groups, including employees, researchers and other health research funders. Internally, we have been preparing for significant changes in organisational design and our working culture, in order to get the best out of Wellcome and to achieve ambitious goals. The risks associated with this level of change are discussed in the Risk Management and Internal Control section on page 47.

Our funding divisions – Science, Innovations, and parts of Culture & Society – have been preparing to come together as one research programmes team. Much of the research Wellcome currently funds will continue to be relevant to our new strategy, and existing activities supporting research have not stopped despite national and local lockdowns.

We have seen many exciting outcomes from our support this year, including discoveries about the immune system from the Human Cell Atlas, a project to map every type of cell in our bodies (page 18). The Wellcome Sanger Institute is part of that project, as well as applying genomic sequencing to better understand and treat cancer and infectious diseases (page 16).

Elsewhere, an ambitious project to modify mosquitoes so they can no longer transmit dengue fever and other infections is proving effective in large-scale trials – in Indonesia, this approach decreased cases of dengue by 77% over two years (page 20).

Wellcome has announced new funding to support the Rosalind Franklin Institute, a centre for interdisciplinary science in the UK (page 19), and we renewed our support for a number of programmes and initiatives, including the Alliance

Charitable spending by area

Science

£771m

2019: £839m

Our aim is to catalyse excellent science and maximise its health impacts. A major part of our work is engaging with the research community, many of whom will apply to and be supported by our funding schemes.

Innovations

£104m

2019: £130m

We work with people and organisations across the world to transform great ideas, discoveries and inventions into treatments and products.

Culture & Society

£108m

2019: £96m

We maximise Wellcome's impact on human health by understanding the social and cultural contexts of science and health. This includes supporting research in the humanities and social sciences, and public engagement with science.

Priority areas

£116m

2019: £66m

Wellcome chooses priority areas where we want to see significant change. We lead and are accountable for these activities, working with partners to achieve ambitious goals.

Spending on Covid-19 research and response is spread across all areas. More detail on Annual Charitable Expenditure and movements between the current and prior year is given in the Financial Review on page 34 and in note 6.

for Accelerating Excellence in Science in Africa (page 19), which we fund but is managed by the African Academy of Sciences. The best research comes when the scientific agenda is set and supported in regions where the health challenges being addressed are greatest.

The disproportionate impact of Covid-19 on people in Black, Asian and other minoritised ethnic communities added fuel to the Black Lives Matter movement, which went global this year. Initially a reaction to police violence and institutional racism in the US, protests and campaigns for fundamental social change were seen all over the world.

As an organisation, Wellcome knows it has a long way to go to become a truly inclusive employer and funder of health research. In line with our diversity and inclusion strategy (see pages 22 and 45), and further prompted by Black Lives Matter, we have adopted an explicitly anti-racist approach – not just trying to avoid being racist, but actively dismantling racist systems and structures in our work and in societies in which we work.

In an era of increasing political fragmentation at national and international levels, Wellcome has chosen to embed equality and inclusion in our future approach to improving health through science. The urgent challenges facing the world today demand cooperation across research disciplines, across social and political divides, and across geographical borders.

Outlook

Wellcome is extremely fortunate to have a portfolio of investments, managed in-house, that funds all of our work. The portfolio has performed well this year (see the Review of Investment Activities from page 24), and yet we cannot afford to be complacent about the months ahead. Even though it looks likely that scientific solutions such as vaccines will become available for widespread use in 2021, the world is still a long way from ending the Covid-19 crisis, and the impacts on individuals' health, health service capacity, social and economic recovery, and international relations remain to be seen and fully understood.

The communities we work with – in research, policy, business, government, philanthropy – are all facing significant challenges, not only to maintain an effective response to the pandemic, but also to maintain their other vital activities. Wellcome has a fundamental responsibility to ensure its own sustainability, and yet we know our success depends on our partners, too. Our new strategy means change, but we will continue to be mindful of the effects of our decisions on those we support and work alongside.

Covid-19

Wellcome's role in the global research response to the pandemic spanned four interconnected activities:

- **Partnerships** to accelerate development of treatments and vaccines to beat the virus
- **Policy and advocacy** to ensure necessary commitments, resources and research were available and implemented immediately
- **Communications** to call for sustainable change that will leave the world better prepared for the next pandemic
- **Research funding** to understand and tackle Covid-19 and its effects on people's lives and society.

Accelerating the scientific timeframe from decades to months relied on international coordination and expertise from the World Health Organisation (WHO), and from other mechanisms such as the Coalition for Epidemic Preparedness Innovations (CEPI), which Wellcome helped to found in 2017 with the governments of Germany, Japan, India and Norway, the Bill and Melinda Gates Foundation and the World Economic Forum. This year, CEPI drew on its existing work to fund nine candidate Covid-19 vaccines in the first three months of the pandemic. Eight were in clinical trials by October 2020, and several published trial data in November showing safety and effectiveness.

The pandemic required ways of working within Wellcome that were not entirely new but equally not the norm

Taking a similar approach to CEPI, the Covid-19 Therapeutics Accelerator (CTA) started in March 2020 with support from Wellcome, Mastercard and the Gates Foundation. It received further funding pledges from foundations, governments and others, totalling more than \$300 million. So far, the CTA has committed over \$90 million to clinical trials, therapeutic candidate discovery research, platforms to collect real-world evidence and data, and extra manufacturing capacity. This partnership, founded through charitable and corporate philanthropy is characteristic of the need for society to unite to beat Covid-19.

Funding Covid-19 research, clinical trials and product development at speed was always going to be expensive. The fastest way to find effective scientific tools would be to start working on lots of possible solutions in parallel, and commit to supporting them even though not all would be successful or even necessary in the end. Wellcome took a leading role in making the case for this approach, setting an initial funding goal of \$8 billion

and supporting high-profile events for the business sector and governments to raise it, such as a European Commission pledging conference in May, which generated €7.5 billion in commitments.

This required ways of working within Wellcome that were not entirely new but equally not the norm. Teams across global policy in our UK and Germany offices, our Vaccines priority area, communications and many more worked together with shared goals, and with partners beyond Wellcome to deliver them. We clearly stated specific asks to leaders in government, business and philanthropy alike.

For example, our target was to raise \$1 billion of the \$8 billion goal from the private sector and philanthropy. By September, the world had raised \$600 million from these sectors, including donations from Mastercard, Madonna, TikTok and Pepsico.

One mechanism for raising this money was Wellcome's Covid-Zero initiative, aimed at making it simple for business leaders to donate to four organisations driving research into vaccines, medicines and tests for Covid-19 and the mechanisms to deliver them to the people who need them most. Persuading business leaders to contribute to Covid-Zero was challenging – many had already donated to charitable activities local to or directly relevant to their specific business, and it took time for Wellcome to build new relationships and close deals. The Covid-Zero campaign raised \$27 million from 17 donors by the time it closed in September 2020, and we have learned many lessons for future campaigning work.

Wellcome's lack of political agenda helped us build on our existing authority on issues relating to pandemic preparedness and response. We maintained our perspective integrating scientific, cultural and policy aspects within health challenges and solutions – every aspect of our response was founded on principles of ethics and equity. Wellcome's voice was distinct, and heard by new audiences in different and important ways that influenced the research response to Covid-19.

Wellcome was a trusted source of information in the media and on social media channels. In the first six months of 2020, the Wellcome media office received almost 1,000 media requests in relation to the pandemic. A number of Wellcome spokespeople took part in interviews and press briefings, or authored statements, comment pieces, LinkedIn posts and Twitter threads, using these opportunities to support a coordinated communications strategy.

One of Wellcome's strongest messages was that the world will not be safe from Covid-19 if it is out of control anywhere. 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. Alongside UNITAID, Wellcome is convening the therapeutics pillar within ACT Accelerator, while CEPI is convening the vaccines pillar with Gavi, the vaccines alliance. The third pillar is for diagnostics, convened by the Foundation for Innovative New Diagnostics and the Global Fund. As with all the partnerships we have entered to respond to the pandemic, we have discussed governance with our funding partners and put in place the most appropriate mechanisms.

Wellcome supports science to solve the urgent health challenges facing everyone

Developing vaccines, therapeutics and diagnostics is only the start. The next phase of the response – global manufacturing and distribution – urgently needs support now, with a new funding target of \$35 billion as we head into 2021. However large this figure seems, it is nothing in comparison to the economic costs of enduring the pandemic without these tools. A fundamental principle throughout is that allocation of diagnostics, therapeutics and vaccines must be fairly based on need rather than on ability to pay, otherwise the pandemic will continue to disrupt lives across the world.

Wellcome research

Wellcome directly supported research into the pandemic and potential solutions. Projects we funded included a diagnostic tool specifically designed to test for the virus in low- and middle- income countries; research into the ethics of Covid-19 vaccine research and development, including the participation of pregnant women in clinical trials; and mobilising community health, youth leadership and digital

technology to improve Covid-19 test, trace and isolation interventions in Kenya.

Wellcome coordinated opportunities across fields of research, such as adding a standardised questionnaire about people's experiences of Covid-19 to a number of longitudinal population health studies around the world, and helping the UK's major protein production resources to collaborate in providing proteins and peptides for Covid-19 research. Planned surveys of public attitudes to science and health funded by Wellcome – one in the UK and one worldwide – went ahead and included questions about the pandemic. Wellcome Monitor results from the UK were published in the summer of 2020; Wellcome Global Monitor will be published next year.

At the Wellcome Sanger Institute (part of Genome Research Ltd, see page 39), 200 staff volunteered to help sequence the viral genomes in 180,000 samples from Covid-19 infections. The institute helped fund the project, which was part of the Covid-19 Genomics UK Consortium. Sequencing data from the consortium was delivered to NHS centres and the UK government, in order to help guide public health policies, evaluate the effects of interventions on the spread of the virus, and track genetic changes associated with transmission or severity of illness.

Many other people and organisations supported by Wellcome quickly got involved in Covid-19 research partnerships or made facilities and data available to help research progress as quickly as possible. Rapid changes to Wellcome's grant policies enabled researchers with existing Wellcome funding to redirect their efforts during the pandemic, whether to caring responsibilities or urgent research. Around 140 of our clinician researchers chose to be seconded to the clinical frontline, mostly in the UK, others in low- and middle-income countries.

Wellcome's programme in Thailand mobilised the COPCOV trial in 25 sites around the world. Funded through the Covid-19 Therapeutics Accelerator (CTA), it tested whether hydrochloroquine was effective at preventing Covid-19 in healthcare workers.



Image © MORU 2020.
Photographer:
Supa-at (Ice) Asarath

Across Malawi, Kenya and South Africa, Wellcome's established research programmes bolstered national testing capacity to help track the virus's spread and enable clinical research. In Malawi we awarded a grant to build an oxygen unit that can generate over a million litres of oxygen a day, essential for treating people with severe Covid-19 symptoms. In Uganda, we gave a grant for personal protection equipment (PPE) to a centre associated with the Wellcome programme in Kenya.

Our Director, Jeremy Farrar, has been an advisor to the UK Government from the start of the pandemic in his capacity as an expert in infectious diseases.

Operational response

While much of Wellcome's response to the pandemic was about speed, other aspects of our work slowed or stopped because of either the pandemic or the local public health response. Many applications to our funding schemes were delayed to next year, as were the planned start dates of a number of Wellcome-funded clinical trials. We postponed decisions on how to align Wellcome Centres to our new strategy and awarded shorter-term funding in the meantime. Grant-making did continue, however, with appropriate changes to committee processes, reviewing applications and proposals remotely, and forgoing site visits.

Wellcome is mostly based in our London offices next door to Wellcome Collection, our free museum and library. Once it was clear that cases of Covid-19 would inevitably reach the UK, we began preparing for the closure of our buildings and equipping more than 700 members of staff to

continue their work from home as much as possible. This was an element of the pandemic response we fully supported and advocated for as early as possible.

After a rapid planned transition to home working, Wellcome's office buildings closed in March 2020, and began a phased reopening in September. For 10 weeks during this closure, our main office building was used as a respite centre for NHS staff, mostly those working at the neighbouring University College Hospital.

Our digital and technology team brought forward planned moves to greater use of cloud products and services, and redesigned in-house IT services to meet the needs of colleagues working in dispersed locations.

Wellcome Collection also closed to the public in March 2020. The programme of events and temporary exhibitions was postponed, and other work in the building had to be cancelled. The impact of the pandemic on cultural venues all over the world is already hugely negative and is likely to get worse, but Wellcome Collection is in a unique position for two reasons.

First, Wellcome is able to sustain funding for Wellcome Collection staff and resources throughout the closures. Second, Wellcome Collection's purpose is to challenge how we all think and feel about health: we have to give this enormous moment in the history of health and human experience its social, cultural and political context for current and future audiences. See page 20 for more about Wellcome Collection's response and plans for 2021.

Wellcome Collection was closed to the public for most of 2020.



Image © Wellcome

The Wellcome Sanger Institute closed in March 2020 to all but essential work such as the Covid-19 genome sequencing mentioned above. Research programmes and projects were slowed or paused, a site visit scheduled for June 2020 for Wellcome to review the institute's work was postponed, and all training and engagement activities were delivered online. The Campus has been converted into a 'COVID secure' workplace, our genome sequencing platforms are close to full capacity once again, and we hope that other data generation platforms will follow shortly.

Our innovations portfolio had over 60 products in clinical evaluation, touching the lives of more than 5 million people.

As the situation in the UK and other countries continues to change, with varying public health measures and restrictions in place, we will adapt our approach to opening or closing Wellcome's buildings. When possible, we will provide a safe working environment, with priority given to people whose work depends on being on location and those who are unable to work remotely. To minimise disruption and uncertainty for staff, our approach will be measured and cautious – we do not expect most of our staff to be working in our offices until well into 2021 at the earliest. For some, working from home is a positive experience, but for others it can be isolating and difficult. We will continue to monitor and support our employees' wellbeing.

Despite the ongoing uncertainties, Wellcome believes the robustness of our planning, the culture of collaboration and support essential to Wellcome's

ways of working, and the resilience of our investments and financial systems will ensure we continue to fulfil our charitable mission throughout this pandemic. With the prospect of effective Covid-19 vaccines coming through next year, and the potential for additional treatments and better tests, we look forward to pursuing our new strategy with equal conviction after the pandemic has ended.

Wellcome strategy

Last year, we conducted a review of how Wellcome funds science, taking account of how Wellcome and the world are changing. The review was led by Jim Smith, stepping back from his role as Director of Science, and included visits to a range of research centres in high- and low-income countries, interviews with senior members of the UK and international research communities, as well as an open survey for other researchers to contribute their views.

The results were presented to the Board of Governors in November 2019, and they agreed that this review should form the basis of a new organisational strategy to get the best out of Wellcome's unique strengths as a whole. This was also an opportunity to act on consistent staff feedback that they would like Wellcome to be more aligned, with a clearer strategy and direction towards a common vision.

Staff were kept informed about the development of the strategy, and invited to contribute their views on the wording of our new vision, the choice of health challenges, and how our culture needs to change to deliver this strategy. Progress was delayed by the closure of our offices in response to the pandemic, but the Board agreed that the new strategy was still a priority and we prepared to inform key stakeholders about the coming changes. In particular, we needed to give researchers enough time to consider whether and when to apply to Wellcome for funding in the coming year.

In October 2020, we announced our new vision and the principal decisions in a new strategy for Wellcome's future work. The vision is: Wellcome supports science to solve the urgent health challenges facing everyone. This now guides the work of every part of Wellcome except our Investments team, whose goal remains to maximise returns for Wellcome to spend on charitable activities, and Wellcome Collection, which has its own vision as a free museum and library.

To achieve Wellcome's vision, we will support discovery research through open funding schemes and centres, giving researchers across a wide range of disciplines the freedom to make unanticipated discoveries that change the way we see the world. We have also identified three urgent health challenges facing the world today, for which we will



Based at the Wellcome Sanger Institute, the Pan-Cancer Project published 23 papers on one day in February 2020, revealing the genetic fingerprints of different causes of cancer, such as smoking. Understanding more about how a particular cancer developed could help to inform prevention strategies and new directions for diagnosis and treatments.

use science to find solutions. They are mental health, global heating, and escalating infectious diseases, and we will dedicate an integrated programme of research, policy and advocacy to find and implement solutions for each of them. You can read more about our new approach at wellcome.org/strategy

Before work on the strategy began, the Wellcome Success Framework had been developed over several years to help monitor and evaluate progress. A report published in January 2020 summarised what we discovered from the process. We are now adapting the success framework along with other resources to modify the ways we track progress and measure success so that they work for the new strategy and help us make the best decisions.

Delivering the strategy has required a change in organisational design, starting at the Executive Leadership Team level and continuing throughout Wellcome. We are reorganising our funding divisions into one integrated research programmes team. Some priority areas will become important elements of our health challenge programmes, or support Wellcome's new goals in other ways. This is to generate a more unified culture and aligned working, to ensure we can get the best out of the people at Wellcome to achieve a clearer, more ambitious strategy.

In this Annual Report, activities and achievements are presented according to the strategy and structure that were in place during 2019/20. Of course, many benefits from Wellcome's work stem from activities and funding started (and even finished) under previous strategies, sometimes many years earlier.

Other activities

Last year, Wellcome began a long-term campaign to build a better research culture. If the way research is done were as valued as its outputs, research would be more creative, inclusive and honest. In January 2020, we published a survey of more than 4,000 researchers about their experiences in research careers. This supported anecdotal evidence that research culture can be exclusive and detrimental to people's careers and to their lives.

The survey results were followed up by a series of meetings at universities in the UK to share stories of good practice as well as bad. Wellcome provided kits for people at other institutions and in other countries to run their own discussion events – around 450 kits were sent out between January and March. Covid-19 put an end to physical meetings and temporarily disrupted communication about the campaign. Almost 200 more kits were requested after the first lockdown began in the UK, and discussions continued online, often with the participation of Wellcome's spokespeople on research culture.

Having had to postpone a summit planned for March 2020, the next phase of the campaign went online, with a series of blogs, videos and panels sharing what we'd heard from the community and positive solutions. Research culture is prominent on the UK government's agenda, and we have partnered with the Government Office for Science, UK Research and Innovation, the National Institute for Health Research, Universities UK and Cancer Research UK to help turn views and suggestions into actions. Engagement from the research community has so far been enthusiastic, although we struggled to recruit Black voices in our survey – something we need to address before we can achieve our goal of a better research culture for all.

Brexit has long been seen as a risk to research culture in the UK, as leaving without a deal in place seemed likely to limit the number of international scientists and technicians working in UK-based labs, as well as reducing funding and collaboration opportunities from the European Union. Wellcome's goal is to achieve the best possible outcome from Brexit for science in the UK and elsewhere. This year, we ran a simulated negotiation to explore possible routes to good outcomes. From this evidence, we believe UK participation in the EU's Horizon Europe programme is reasonable, mutually beneficial, and vital to getting the best from science in the future. With negotiations precariously balanced in the approach to the end of the transition period on 31 December 2020, research is no longer part of the main deal – whether or not this will be advantageous for UK and EU science remains to be seen.

In 2019, Wellcome announced the first winners of the Wellcome Photography Prize, a new competition to help increase awareness of Wellcome's mission and engagement from new audiences. In 2020, planned displays of this year's winners were cancelled and had to move entirely online. This limited our use of the imagery to engage new audiences at conferences and events, but some of the images were used to support the launch of our new strategy and we enter the third year of the Wellcome Photography Prize hopeful that next year's winning images will be able to be physically displayed.

Wellcome's online magazine Mosaic produced high-quality and in-depth articles about science and health, attracting over 8 million unique views at mosaicscience.com since it launched in March 2014. Because almost every story was free to republish, Mosaic stories got at least a further 15 million unique views in 200 other publications and in 16 languages. Anticipating the sharper focus in activities that a new strategy would require, the decision was made to stop publishing new stories in December 2019 after almost six years of award-winning longform journalism.

In 2018, we agreed to allocate £250 million to establish Wellcome Leap Fund, a new way to support health research that draws inspiration from the technology and venture capital sectors. It will develop portfolios of bold research, each with a highly ambitious five- to 10-year goal driven by the potential to improve health globally rather than by potential financial or commercial return.

In August 2020, Wellcome's Board of Governors approved the grant to set up Wellcome Leap Fund following the appointment of its first chief executive, Regina Dugan, a former Director of the US Defence Advanced Research Projects Agency (DARPA). She will work with chair Jay Flatley, a former chief executive and current Chair of Illumina, to develop Leap and push at the boundaries of modern science. Initial criteria for success include how much investment Leap attracts from additional funders in the next few years.

Mapping the body's cells

The Human Cell Atlas is a major international collaboration to identify and characterise all the cells in the human body. Wellcome began funding the UK teams, based at the Wellcome Sanger Institute and five other UK research institutions, in 2018. This year, they produced two landmark cell maps that describe the origins of the human immune system and how immune cells acquire their function during development. The first, in October 2019, was of the fetal liver as the blood and immune systems change during the first and second trimesters of pregnancy. The second, in February 2020, was of cells in the thymus, which produces T cells, a key part of the human immune system.

Human Cell Atlas teams around the world have also contributed to the understanding of Covid-19 by studying which cell types are targeted by the virus and how genetic and cellular responses might contribute to the disease.

Lord Willetts stepped down as Chair of Genome Research Limited (GRL) Board in December 2019. We thank him for his contributions during his time as Chair. Given the strategic importance of the Wellcome Sanger Institute to Wellcome, and that we would soon be introducing a new strategy and beginning to expand the Wellcome Genome Campus, Wellcome's Director Jeremy Farrar took over as GRL Chair from 1 January 2020. Wellcome's Chief Operating Officer, Paul Schreiber, and one of our Governors, Cilla Snowball, also joined the GRL Board this year.

Science

Wellcome's Science division oversaw a portfolio of around 1,800 active grants totalling more than £3 billion, supporting a wide range of research from looking into how life works at the scale of single molecules to large-scale, multinational clinical trials testing new health interventions. The majority of this funding was through Fellowships and Investigator award schemes, and to Wellcome Centres and our Africa and Asia Programmes as well as ventures such as the Wellcome Sanger Institute, the Francis Crick Institute and Diamond Light Source. In this section, we can pick out only a small selection of achievements made by our grantholders, while on page 37, the Financial Review details some of the major spending commitments made in this year.

With a new strategy in development, it was a good time to review a number of funding schemes and build evidence for strategic decisions that would follow in due course. For example, we looked back at 10 years of the Joint Global Health Trials scheme, funded by Wellcome and three national UK funders – the Medical Research Council, the Department for International Development (as was) and the National Institute for Health Research. This was the first review of the scheme because most of the clinical trials funded by it are still in progress.

In total, the scheme has funded 81 trials and 67 pilot trials across 51 countries. Of those that are complete, about one-third have had a positive influence on policy, one-third have led to wide implementation of clinical treatments or methods and, just as important, three trials produced evidence against changing current practices. The trials that had most impact were in areas of large unmet need, such as in treatments for neglected tropical diseases, rather

Cheap drug, valuable medicine

In the past two years, we have reported on Wellcome-funded trials that showed the value of a low-cost drug for treating excessive bleeding during childbirth. Tranexamic acid is now on the World Health Organization's list of essential medicines and, if accessible where it is most needed, will save thousands of mothers' lives each year, particularly in low- and middle-income countries where maternal bleeding is a major cause of death.

This year, another large international trial that Wellcome helped to fund showed that tranexamic acid is also effective at stopping bleeding related to traumatic brain injuries. Using the drug as part of the treatment led to a 20 per cent reduction in deaths compared to standard treatment without it.

than for diseases like malaria that attract significant funding from other sources.

Evaluating the impact of past funding decisions requires the ability to process large volumes of data such as grants, publications, patents and policy outputs. Manual classification of all this data has often led to inconsistent approaches across Wellcome, making cross-cutting analysis difficult and time-consuming. In-house data and subject-matter experts collaborated on a machine-learning tool for automatically classifying the Science grants portfolio. This resulted in consistent classification for over 120,000 grants in our system, allowing comparison across different funding schemes. The tool has been open-sourced to allow others to test and use it freely.

Following scheduled reviews, we renewed our funding for the Sainsbury-Wellcome Centre for Neural Circuits and Behaviour in the UK, and for the Mahidol Oxford Tropical Medicine Research Unit based in Thailand. We made another five-year commitment to the Alliance for Accelerating Excellence in Science in Africa (AESAs), a scheme we fund that is managed by the African Academy of Sciences. It is expanding to cover the whole continent (previously limited to sub-Saharan Africa) with fundamental principles of supporting research that addresses the needs of the country where the research is being done, as well as excellence and equity, good financial practice, and diversity and inclusion.

Wellcome was a partner in a review of the UK Concordat to Support the Career Development of Researchers. This is the agreement between funders and employers of research staff to improve employment conditions and support for careers in UK higher education. A new version was published in September 2019 with a strong emphasis on research culture and the reciprocal obligations of researchers, institutions and funders.

Fighting antimalarial resistance

The parasites that cause malaria can become resistant to the drugs we use to treat the disease. This leads to drugs losing their effectiveness and they have to be taken out of use – assuming there are alternatives. The current first-line treatments for malaria are combinations of artemisinin-based drugs. A trial run by the Mahidol Oxford Tropical Medicine Research Unit – Wellcome’s programme in Thailand – showed this year that adding a third drug, which is not artemisinin-based, may be more effective at treating malaria and may also reduce the risk of the parasites developing resistance.

Rosalind Franklin Institute

In September 2020, Wellcome announced funding for a new centre of cryo-electron microscopy in the UK. Housed in the interdisciplinary Rosalind Franklin Institute, named after the scientist who made numerous discoveries about the structures of proteins and DNA in the middle of the 20th century, the centre will house state-of-the-art tools, available and accessible to a range of biomedical researchers.

Wellcome holds regular meetings for our funded researchers to learn about each other’s work and to talk to Wellcome staff about a range of issues. Before the lockdown began in the UK, we tried out some ways to make our researcher meetings more inclusive this year. Changes included a code of conduct and details of who to speak to about concerning behaviour, extra support for anyone experiencing any barrier to attending, and a quiet room available throughout the meeting. Researcher meetings were cancelled when Wellcome’s buildings closed in response to the pandemic. Feedback from participants earlier in the year, however, will help guide further small changes that can make a big difference to people’s involvement.

The research sector is facing a difficult time during and after the Covid-19 crisis. Universities will have to make difficult choices about where to put limited resources, medical research charities have seen a massive loss of income, and there are concerns for early-career researchers in particular. Wellcome will be mindful of these circumstances as we begin to implement our new strategy. There will be an impact on individual researchers and research institutions, especially in the UK, as we phase out our current funding schemes in 2021. However, details of the new and simpler set of discovery research funding schemes will be published in 2021 to help researchers plan applications in 2022.

Innovations

As of July 2020, our innovations portfolio had over 60 products in clinical evaluation, touching the lives of more than 5 million people. At least 40 per cent of Wellcome investigators are involved in translational activity and we have 82 interventions in clinical use. On page 37, the Finance Review details some of the major spending commitments made in this year.

We work with researchers and organisations around the world to transform ideas, discoveries and inventions into treatments, products and cures for disease, and to help develop transformational technologies that can make a meaningful impact on human health. One example of this is Wellcome’s support for the Rosalind Franklin Institute, which will develop new technologies

A field assistant for the World Mosquito Program releases sterile mosquitoes in Fiji. Trials are underway in several countries and results from Indonesia this year showed a 77 per cent reduction in cases of dengue over two years as a result. Wellcome has funded the World Mosquito Program since 2014.



Image: Adrienne Surprenant / Collectif Item. © Wellcome

for structural biology (see above). Announced in September 2020, it has been funded jointly through our Science and Innovations divisions.

Another example of impact is through our Translational Partnerships with 16 universities in the UK, three universities in the EU and two of Wellcome's Africa and Asia Programmes. These institutions are already networking and sharing best practice. For example, the University of Manchester has started a translational network and hub to support researchers in the region, while Imperial College London has developed a dedicated facility to support design and development of medical devices.

In 2020, the Innovations team continued to build and consolidate our four Flagship portfolios focusing on neglected tropical diseases, psychosis, innovation in low- and middle-income countries, and innovation to prevent enteric disease. New programmes we supported include determining the mode of action for molecular compounds for neglected tropical diseases; developing a rapidly active live-attenuated cholera vaccine; and identifying children with acute infections at risk for progressing to severe fever or sepsis in healthcare settings in low- and middle-income countries.

Schizophrenia treatment

Results from a phase 2 trial of a drug developed by Karuna Therapeutics have shown it was effective at improving acute psychosis in people with schizophrenia, and had fewer side-effects than drugs currently used. KarXT will now go into phase 3, the last stage before it can be licensed for doctors to prescribe. Part of our Psychosis Flagship portfolio in Innovations, KarXT has the potential to revolutionise the treatment of schizophrenia.

Culture & Society

Wellcome's Culture & Society division has encompassed a number of diverse activities, including funding research in the humanities and social sciences, championing open access publishing, running Wellcome Collection, influencing science education in the UK, and supporting public engagement with research. On page 37, the Financial Review details some of the major spending commitments made in this year.

One thing these activities have in common is an overt emphasis on people, access and inclusion. In the development of Wellcome's new strategy this year, this emphasis has become broader and more deeply embedded across all of Wellcome.

It can be seen in two new schemes to fund humanities and social science research: only half of our assessment of applications focuses on the research. Equally weighted is evidence of an inclusive leadership structure and a commitment to the career development of everyone in the team. That covers not just researchers, but also project managers, facilitators and artists, for example, who are often overlooked because they are on freelance or occasional contracts.

Wellcome Collection is not included in the scope of the new strategy. This gives its Director, Melanie Keen, who joined in October 2019, freedom to lead the team in reimagining the venue in the context of a much-changed cultural sector. Many other venues suffered from having to close from March 2020 onwards, for several months during the pandemic, and re-opening when possible only with reduced capacities and timed entry. Some never re-opened, while others laid off staff and froze pay. The focus has had to shift from international tourism to domestic visitors, and while online galleries and activities continued, audiences had

fewer opportunities to access cultural activities. What it means to be a museum and gallery today needs to be reappraised.

For Wellcome Collection, whose focus is people's experience of health and what it means to be human, this is both a moment in history to document and an opportunity to explore new approaches. It means addressing the context of the collection itself – amassed by our founder Sir Henry Wellcome, a wealthy, white, Western man, as part of a personal project to understand “the art and science of healing through the ages”, an understanding which frequently exploited and marginalised indigenous peoples and people of colour, disabled people, women and LGBTQ+ communities.

A core principle for Wellcome Collection's future approach is to confront this head on. We want to connect the objects we hold with people for whom they hold significance, and listen to previously silenced voices that may well challenge our assumptions and change our understanding. To do this, Wellcome Collection must be accessible to anyone who wishes to engage with us. Last year's new permanent gallery, Being Human, took a big step towards access and inclusion. There is a dedicated Access Team, assistance animals are permitted, we reserve a limited number of tickets for each event for visitors with access requirements, the building is wheelchair accessible, there are braille and large print labels, screen reading software, induction loops and sensory areas. We have begun the process of redeveloping a second permanent gallery that will, in time, directly address the colonial roots of our collection and institution.

Wellcome Collection re-opened to the public in October 2020 with a reduced programme of exhibitions and events responding to the question, What does it mean to be human now? Ticketed entry was introduced to limit numbers, allow social distancing and support the UK's Track and Trace system. Visitors were keen to return to the venue while public health restrictions allowed, but a second 'lockdown' in London in November meant another temporary closure. As the situation continues to change in 2021, our priority will be the safety and wellbeing of our staff, while making every effort to open whenever possible for visitors to connect with experiences of health in this historic moment.

Priority areas

Wellcome introduced priority areas as part of our strategic framework in 2015. They each focused a single team's efforts on one issue, with dedicated budget and the explicit goal of achieving transformational change that would lead to better health or better science.

The impact was immediate. In the past five years, our priority area teams have shown the power of focus and greater resource – their successes and challenges have profoundly influenced Wellcome's new strategy. Instead of eight or nine priority areas, we are now narrowing the focus to three urgent health challenges. As a result, some priority areas will be brought to a close in 2021 while the work of others will be incorporated in our new programmes. The Snakebites priority area will continue outside the new strategy.

Medicine: The Wellcome Galleries opened at London's Science Museum in autumn 2019. More than 3,000 objects, including many collected by Sir Henry Wellcome, are on display next to newly commissioned artworks.



Image © The Board of Trustees of the Science Museum, London

Diversity & inclusion

The work of the Diversity and Inclusion (D&I) team has deeply influenced the new strategy and will continue to cut across all of Wellcome's activities, underpinning what we do as an employer, a funder and a partner. This year, the team has developed a new strategy for D&I, aligned with Wellcome's new overall strategy, aiming in the next 10 years to make Wellcome an inclusive employer and funder, and for the research we fund to be inclusive in design and practice.

Wellcome recognises that potential grantees and employees face many barriers based on race, disability and gender among others, and these are likely to have been made worse in the pandemic. Events over the last year have increased the urgency to tackle structural racism as a health issue and ensure that the most marginalised groups are included in decisions in global health. Anti-racism and anti-ableism in particular will drive Wellcome's new D&I strategy.

Data for science and health

Tariq Khokhar joined Wellcome in December 2019 to lead this, our newest priority area. Covid-19 has only reinforced the importance of data-driven strategies in health, as well as the challenge of rapid, trustworthy use of health data to inform research, clinical practice and public health.

This year, Wellcome formed a partnership with the Financial Times, the Children's Investment Fund Foundation and the Botnar Foundation to look at the future of digital health governance in low- and middle-income countries for children and young people. The Understanding Patient Data team published the "Foundations of Fairness" report which explored citizen's views on how health data from the NHS should be used by researchers and industry. The priority area team also commissioned an analysis of open-source software used by clinical researchers across the world, and a study of data science capacity in Southern and East Africa, and scoped a series of Global Health Data challenges.

Mental health

The Mental health priority area's strategy launched in January 2020, and is the basis for our new mental health challenge programme. Key to the approach is identifying the 'active ingredients' in the various therapies used to treat, manage or prevent mental health problems. At the moment, some treatments work for some people some of the time, but we have no idea why. Unpicking this challenge will require closer ties between research fields that currently mostly work in isolation from each other, despite looking at similar problems and conditions.

In approving this strategy, the Board of Governors appreciated the involvement of people with lived experience as key stakeholders in both its development and implementation and as participants in the programme. Also clear was the quality of engagement with the research community through social media and informal conversations.

The priority area limited its scope to depression and anxiety. As one of the three health challenge programmes within Wellcome's new strategy, we will be able to include a much broader set of mental health issues, including psychosis. But the focus will shift from symptoms to solutions as we look to enable people experiencing problems with their mental health to access tools and techniques that are more likely to work for them in preventing, treating or managing their mental health.

Vaccines

The Vaccines team has been deeply involved in Wellcome's response to Covid-19 this year, and their work setting up the Coalition for Epidemic Preparedness Innovations (CEPI) in 2017 made a huge difference to the world's capacity for coordinating rapid, robust research into vaccines to stop the spread of the virus. CEPI was able to pivot its programmes early in January 2020 to rapidly start developing COVID vaccines, many of which are now in clinical trials and results so far have been very promising.

The priority area team has progressed programmes on the use of human infection studies, where healthy volunteers are exposed to infection to understand the body's immune response or test the effectiveness of potential new vaccines and treatments. This year, the first of eight Wellcome-funded studies began recruiting volunteers – it is looking at pneumococcus in Malawi, a first step in testing potential vaccines for the disease this species of bacteria can cause.

The pandemic has not stopped other epidemics. In the Democratic Republic of the Congo, an outbreak of Ebola ended in June 2020 after almost two years of transmission in an area of active conflict in the east of the country. A separate outbreak was identified in a different province in the same month, the response to which has been complicated by Covid-19 but successfully ended the outbreak in November 2020. Some more good news this year was the regulatory approval of a second Ebola vaccine, greatly enhancing public health agencies' capacity to stop Ebola epidemics faster.

Vaccines will be a vital element in our health challenge programme to solve escalating infectious diseases as part of Wellcome's new strategy.

Drug-resistant infections

Infections that become resistant to the drugs designed to kill them are a growing problem in the 21st century, and tackling them will be essential in solving the challenge of escalating infectious diseases.

The priority area team works through partnerships with a range of other organisations. This year that included the delivery of ACORN (A Clinically Oriented Research Network), a research collaboration based in Cambodia, Laos and Vietnam that has been looking at implementing and assessing enhanced surveillance of antimicrobial resistance as part of routine hospital care in low- and middle-income countries. Tools and training have been provided and the data capture was successfully completed in September 2020.

A new public-private partnership between Wellcome, the pharmaceutical company Pfizer, and the governments of Kenya, Ghana, Malawi and Uganda is using real-world data to track patterns of drug-resistance and help patients get the best available treatments and improve information flow from hospitals to national governments and global bodies.

The priority area's largest investment since it began is in CARB-X, a global non-profit partnership with a development pipeline that includes antibiotics, diagnostics, vaccines and other approaches to treating drug-resistant infections. To date, CARB-X has supported 67 products from 10 countries, and seven projects have already progressed beyond CARB-X's support into phase 1 trials or, in the case of diagnostics, to launch.

Our Planet, Our Health

With the harmful effects of global heating being one of the three challenges Wellcome's new strategy aims to solve, the Our Planet, Our Health team has contributed to the framing of the challenge and identifying options for how Wellcome could make a significant impact. The new programme will mark a shift in focus from the priority area, but builds on the team's experience of funding planetary health research.

Research Ecosystems in Africa and Asia

Working with partners in Africa and Asia, this priority area has strengthened research ecosystems by supporting sustainable partnerships, strong leadership and effective research management. We supported the Research Management Programme in Africa (REMPRO), which is developing international research management standards, and the Coalition for Research and Innovation (CARI), which is encouraging African nations to invest in research and development and set research agendas. Working closely with the African Union, the African Education Science, Technology and Innovation Fund has been set up to mobilise long-term investments.

In support of CARI, research funded by Wellcome and led by the London School of Economics showed how countries share common challenges such as a lack of clear coordination mechanisms, and that long-term advocacy by local champions using local data is critical to effective health research governance. After the priority area closes in May 2021, commissioned research will continue to be used to make policy and practice recommendations.

Science education

Explorify, a tool to support teachers in preparing primary school science lessons, was developed as part of our Science education priority area. In 2019/20, a survey of its users revealed that 84% of teachers agreed it had increased pupils' science knowledge, increased their enjoyment of teaching science, and 95% said it helped them to encourage more discussion in the classroom. Explorify has reached 84% of UK primary schools.

In response to national lockdowns in the UK, we extended our partnership with the Education Endowment Foundation supporting a pilot of online tutoring, and worked with I'm a Scientist to increase opportunities for learners to connect with scientists. The primary science team pivoted their objectives to make sure science learning from home was informed and accessible, working with partners to deliver digital resources to support teachers and pupils through a range of media. A similar shift was taken to ensure Continuing Professional Development training remained available to teachers during school closures.

Wellcome's new strategy marks the end of Science education as a priority area. The team has begun working with colleagues across Wellcome to explore new ways of involving young people in the research agenda and in Wellcome's health challenge programmes in particular.

Snakebites

This year, the head of the Snakebites priority area, Nick Cammack, took on an additional role as Wellcome's lead on the Covid-19 Therapeutics Accelerator (see page 13). The team continued to make good progress, however.

Activities included grants to global partner organisations to stimulate innovation in the sector, such as modernising the antivenom production process and trialling ways to automate it. The team has also worked with the World Health Organization to strengthen global cooperation in ensuring the most effective antivenom is produced. And they have explored how to develop research hubs in areas with high incidence of snakebites – these hubs would combine science expertise and innovation with local knowledge, policy and public engagement to inform decisions on how to tackle the problem in specific communities.

Review of Investment Activities

Figure 1

Total portfolio net returns (blended £/US\$) Period to 30 September 2020

	Annualised return in £ (%)		
	Nominal	UK CPI	Real
Trailing one year*	12.3	1.1	11.2
Trailing three years	10.8	1.9	8.9
Trailing five years	13.6	1.7	11.9
Trailing ten years	12.1	2.1	10.0
Trailing twenty years	7.7	2.0	5.7
Since Oct 1985	13.7	2.7	11.0

	Annualised return in US\$ (%)		
	Nominal	US CPI	Real
Trailing one year*	17.8	1.4	16.4
Trailing three years	9.5	1.9	7.6
Trailing five years	10.0	1.7	8.3
Trailing ten years	9.9	1.7	8.2
Since Oct 2009	9.8	1.7	8.1

The value of the endowment of £28.1 billion at 30 September 2020 is measured at fair value, as discussed in note 15(g) and net returns presented are consistent with this valuation. Net returns include impact of all external management fees/expenses. Performance fees are included for hedge funds, private equity and property but for public equity they are only included from FY 2018. This also applies to Figures 2, 3 & 7.

	Cumulative return in £ (%)		
	Nominal	UK CPI	Real
Trailing three years	36	6	30
Trailing five years	89	9	80
Trailing ten years	212	23	189
Trailing twenty years	340	50	290
Since Oct 1985	8,762	153	8,609

	Annualised return in blended currency (%)		
	Nominal	UK/US CPI	Real
Trailing one year*	15.2	1.3	13.9
Trailing three years	10.2	1.9	8.3
Trailing five years	11.9	1.7	10.2
Trailing ten years	11.0	1.9	9.1
Since Oct 2009	11.0	1.9	9.1

£ used to 30 September 2009. Blended £/US\$ used from 1 October 2009. This recognises the global nature of our portfolio (see Figures 12 & 13) and the need to maintain global purchasing power. However, Wellcome's functional currency remains Sterling.

*Prior year trailing one year nominal returns were 6.9% (£), 1.1% (US\$), 4.0% (blended £/US\$).

Summary

The 2019/2020 financial year covered an extraordinary period in the global economy and financial markets caused by measures taken to contain the spread of the Covid-19 virus. Many governments locked down their economies in a way unprecedented in peacetime, causing huge disruption to large swathes of economic activity. To mitigate the impact of these measures massive fiscal and monetary support was rolled out.

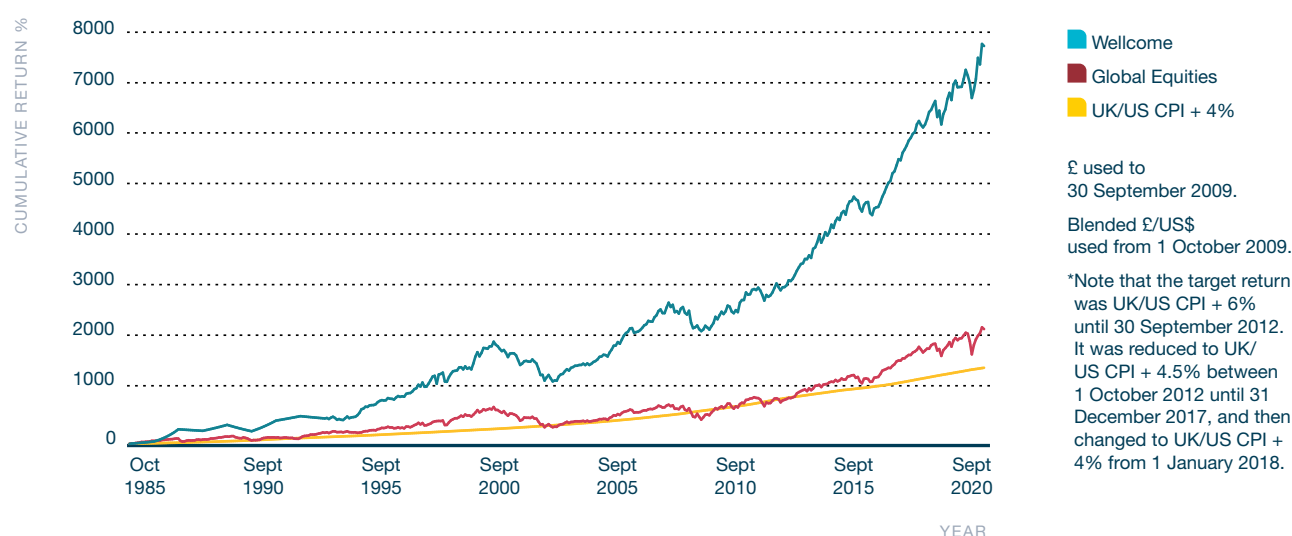
Financial markets took fright as the extent of the spread of the virus became clear, with global equities falling by a third in USD terms between mid-February and mid-March. However, a clear statement of intent to provide liquidity by the Federal Reserve and other central banks in March started a powerful rally, which recouped substantially all the losses and left global equities comfortably up over the financial year.

The portfolio fared well over the financial year, generating a return of +12.3% in Sterling (2019: +6.9%). After taking account of £0.9 billion in charitable cash expenditure over the year, this is equivalent to a gain of £3.3 billion gross of liabilities. Sterling returns were held back by currency strength – in USD terms the portfolio returned +17.8% (2019: +1.1%).

Over the past ten years, the portfolio has delivered a real return after inflation of +189% in Sterling (+10.0% a year in real terms or +12.1% a year in nominal terms). The whole of this period has seen extraordinarily low interest rates and strong support for asset markets from Central Banks. However, the post- Covid-19 world is likely to involve some tough choices for policy makers, which may well mean lower future returns for financial investors. We continue to focus on

Figure 2

Total portfolio cumulative net returns since 1 October 1985 (%)



ensuring that Wellcome is well placed for more difficult times and has adequate liquidity for the foreseeable future. Our key risk control involves forecasting liquidity flows over the next five years and ensuring that projected cash levels do not fall below 2% of portfolio value over this period. This forms a key part of financial planning for charitable expenditure discussed in the Financial Review (refer to page 37).

Overview

The first quarter of our financial year (Q4 2019) was very positive for risk assets globally, supported by three cuts in US interest rates during 2019. Market strength continued into early 2020, despite increasing signs in China that Covid-19 was spreading fast and required aggressive and economically damaging action to contain it. However, after it became clear that the virus had begun to spread rapidly beyond China, markets fell in a disorderly fashion.

The market decline was arrested only when the Federal Reserve and other central banks announced massive, and effectively unlimited, monetary support through quantitative easing. Governments also attempted to provide a backstop to economies through large scale fiscal support programmes. This coordinated policy response allowed markets to recover, even though the worst of the economic impact was not felt until Q2.

Wide-ranging measures to prevent movement and contact led to an acceleration of pre-existing trends towards e-commerce and digital entertainment. As a result, there was a large divergence in performance between the beneficiaries of these trends, especially in the technology sector, and more traditional parts of the economy. Interest rates at, or below, zero had a severe impact on the banking sector's profitability.

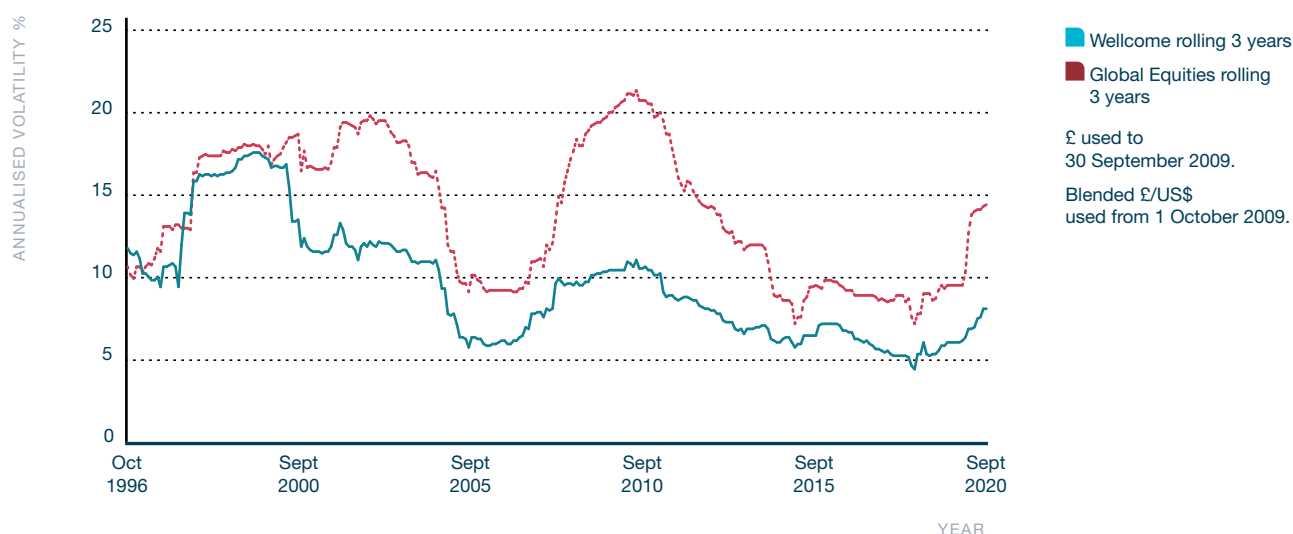
Despite some big winners, Q2 corporate earnings were down over 30% year over year in the US (S&P 500 Index) and over 60% in Europe (Eurostoxx Index), but markets still rallied strongly, and continued to do so in Q3, driven largely by ultra-loose monetary policy. Valuations have increased sharply and there have been some signs of highly speculative activity. One such sign has been the listing in the US of multiple Special Purpose Acquisition Companies (SPACs), vehicles that raise money on the promise that they will subsequently acquire other, undetermined, companies. These structures are reminiscent of one company that listed during the South Sea Bubble in 1720 "for carrying out an undertaking of great advantage, but nobody to know what it is".

The +12.3% return from the portfolio was helped by good performances from most of our assets. The £14.6 billion portfolio of public equities had a notably strong year, returning +9.9% (2019: +6.8%), compared to a +5.8% gain for global equity markets. Performance was particularly strong among our outsourced managers and from internally managed stocks in Emerging Markets.

Our £3.7 billion hedge fund portfolio had another strong year, delivering a return of +17.1% (2019: +9.2%). As a group, our managers were able to avoid the worst of the market drawdowns but retained enough exposure to benefit from the market rally. Work to improve quality of the portfolio in recent years paid off as most managers contributed positively, with especially strong performance from the equity long short funds.

Private equity (PE) continues to be an important part of the portfolio, with a net asset value reaching a new high of £9.4 billion at financial year end. Performance overall was slightly more muted this year at +12.7% (2019: +15.6%),

Figure 3
Volatility (standard deviation) of returns (%)



but our venture capital funds again delivered outstanding returns of +28.2% driven by investments in digital businesses. Cash flows in and out of the PE portfolio were broadly neutral.

The property portfolio has shrunk to just over £1.9 billion because of the successful sale of student housing business iQ to Blackstone, which completed in May and generated proceeds to us of £748m. The strong returns generated by this sale more than offset a more difficult period in the rest of the property portfolio, resulting in an overall return for the year of +9.6% (2019: +1.5%).

We were more than usually active in our overlay book this year. We raised cash levels and hedged around 20% of our public equity exposure before the market declines, using futures and options on US, European and Emerging Market indices. These hedges were removed during April and May as it became clear that the policy response had been sufficiently strong to avert a prolonged market decline.

The total profits on these equity index hedges and on our foreign exchange book for the year amounted to +£334m. However, these overlay gains were mostly offset by losses due to increases in the mark to market valuation of our bond liabilities as interest rates fell, which amounted to -£260m. These losses will eventually be reversed as the bonds approach maturity.

Outlook

The Covid-19 crisis has accelerated several societal and economic trends that will continue to affect our portfolio. China has emerged stronger in the short-term, which has increased the tension between it and the US among other

countries. The digital revolution has accelerated. Disinflationary forces have built up as demand destruction has led to excess supply in many economic sectors. Monetary policy has become ever more accommodative.

The crisis has also caused changes in the status quo ex ante. Governments in most Western countries have forgotten any vestiges of attachment to fiscal austerity and embraced deficits. Direct intervention in the economy has also become the norm, through guarantees for bank lending, labour support schemes and direct subsidies for key industries. It is unlikely that this will end quickly.

We expect the coming years to be characterised by higher taxation to recoup the fiscal deficits and continued government intervention. There may also be more regulation as the shift to the digital economy has created quasi-monopolies while large swathes of the old economy suffer. Eventually we may see a return of meaningful inflation, which would be damaging to returns on most assets, but there is certainly no sign of it yet. Until that happens, interest rates will remain locked at close to (or below) zero, which will continue to favour assets with clear growth tailwinds.

We suspect that the rally may have simply borrowed returns from future years, fuelled by ultra-loose monetary policy. We therefore expect the coming years will be a more difficult environment and have therefore been positioning the portfolio to maximise our chances of capturing excess returns. In the equity portfolio this has involved concentrating on liquid stocks in regions and sectors of the global economy with decent growth tailwinds. In the broader portfolio we look to benefit from the illiquidity premium and from close partnerships with outstanding global investment managers.

Figure 4
Evolution of asset allocation (%)

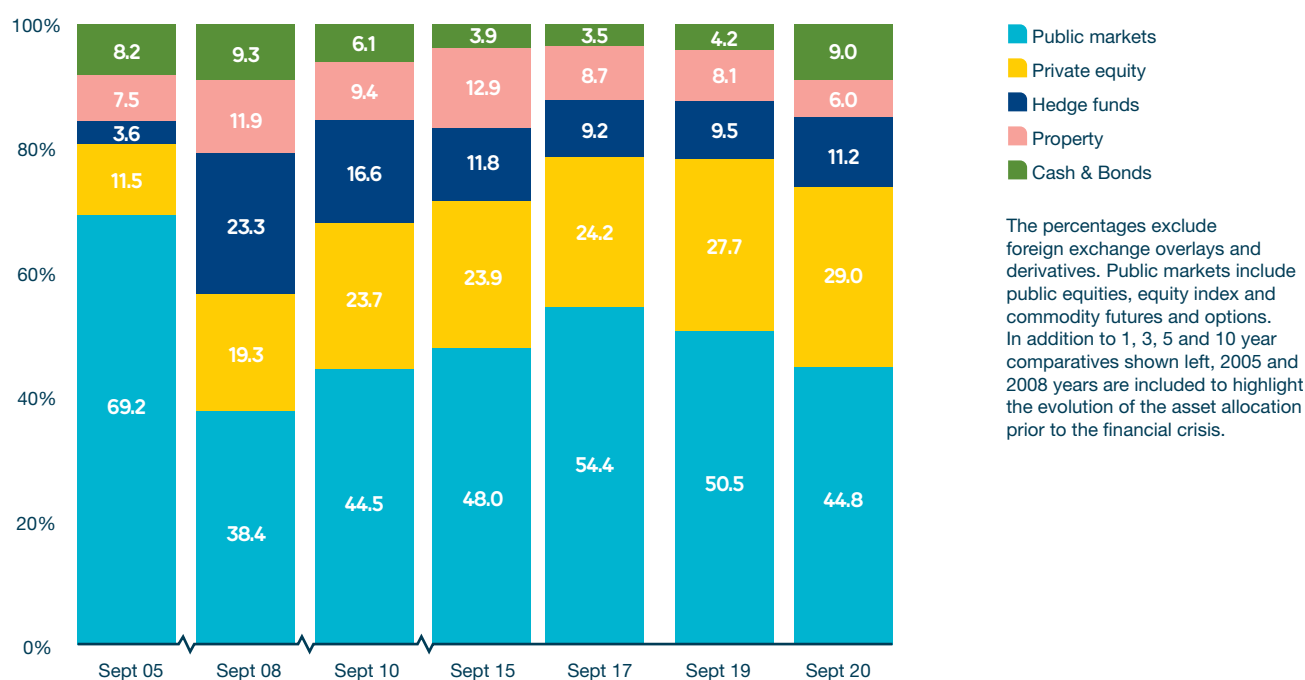


Figure 5
Evolution of asset allocation, in-house and externally managed (%)

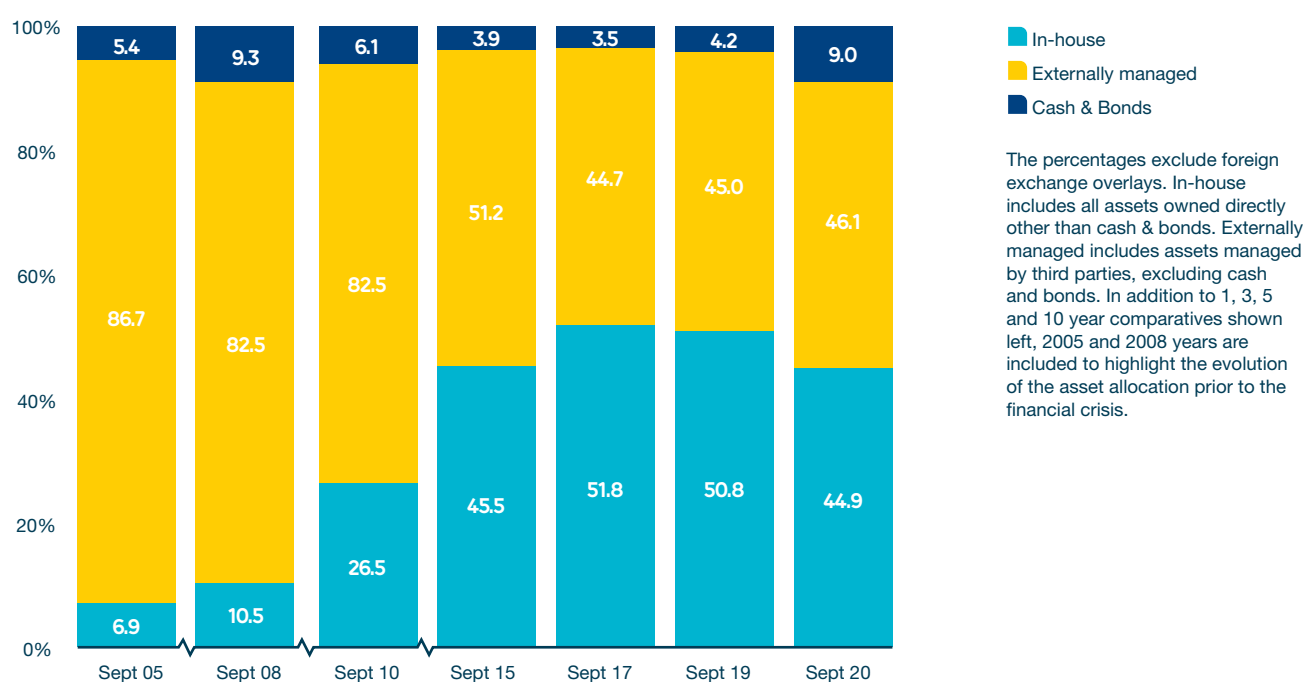


Figure 6
Investment asset allocation as at 30 September 2020

	2020 £m	2019 £m	2020 %	2019 %	One year return to Sept 2020 %	One year return to Sept 2019 %
Total public equities	14,603	15,101	44.8	50.4	9.9	6.8
Indirectly managed public equities	3,431	3,548	10.5	11.8		
Global	1,634	1,737	5.0	5.8		
Developed markets	1,115	1,106	3.4	3.6		
Growth markets	682	705	2.1	2.4		
Directly managed public equities	11,172	11,553	34.3	38.6		
Mega cap basket	7,185	7,455	22.1	24.9	5.0	10.2
Optionality basket	916	1,852	2.8	6.2	2.8	0.6
Growth basket	2,611	1,835	8.0	6.1	28.0	17.4
Other	460	411	1.4	1.4		
Equity index futures and options*	-	33	-	0.1		
Commodity futures and options*	-	-	-	-		
Hedge funds	3,653	2,860	11.2	9.5	17.1	9.2
Equity long/short	2,377	1,694	7.3	5.6	23.4	8.4
Directional hedge funds	11	454	-	1.5	-33.4	11.9
Non Directional hedge funds	1,265	712	3.9	2.4	7.4	9.7
Cash & Bonds	2,915	1,250	9.0	4.2		
Private equity	9,449	8,309	29.0	27.7	12.7	15.6
Large buyout funds	837	687	2.6	2.3	4.0	8.0
Mid buyout funds	532	582	1.6	1.9	-0.5	8.7
Specialist funds	1,342	1,429	4.1	4.8	-6.0	9.6
Multi asset partnerships	877	869	2.7	2.9	-0.2	24.1
Venture funds	4,342	3,524	13.3	11.8	28.2	27.0
Direct Private	252	303	0.8	1.0	-5.1	-31.0
Private co-investments	1,267	915	3.9	3.0	16.6	14.5
Property	1,941	2,432	6.0	8.1	9.6	1.5
Net overlay assets*	(3)	(16)	-	-		
Total assets	32,558	29,969			13.0	8.5
Bond liabilities	(3,471)	(3,211)				
Other liabilities	-	-				
Total liabilities	(3,471)	(3,211)				
Total assets net of all liabilities	29,087	26,758			12.3	6.9

Performance figures provided from custodian where available. Asset class performance figures are not additive. Includes realised gain from Index Futures and Options of £248.5m and Foreign Exchange Forward Contracts of £85.6m

*Since September 2017, the equity and commodity derivatives have been shown separately as notional exposures, with futures offsets included in other liabilities. Net overlay assets comprise foreign exchange overlays and the related cash collateral amounts due to counterparties.

A reconciliation of the 'Total assets net of all liabilities' to the amount as reported in the Consolidated Balance Sheet is included in note 15(g).

Figure 7
Public equity net returns (%)
Period to 30 September 2020

	Annualised return in £ (%)		
	1 year	3 years	5 years
Global	8.0	8.8	15.0
Developed world	2.8	6.9	12.6
Growth markets	22.0	9.8	14.4
Total public equities	9.9	8.9	14.7
Direct public equities by strategy			
Mega cap basket	5.0	9.5	16.0
Optionality basket	2.8	1.0	9.2
Growth basket	28.0	11.4	17.1
MSCI AC World	5.8	9.0	14.5

Figure 8
Direct public equities IRR by strategy (£) (%)
Inception to 30 September 2020

	2020 Value £m	IRR (%)
Mega cap basket (inception Sept 2008)	7,185	13.6
Optionality basket (inception July 2008)	916	6.8
Growth basket (inception Dec 2009)	2,611	14.8
Total public equities (including indirectly managed)	14,603	10.8

Returns are not adjusted for private purchases.

Public Equity

During the 2019/2020 financial year, global equity markets (MSCI AC World) delivered a return of +5.8% in Sterling. There was unusually wide divergence in returns between different regions and sectors, making it important to have exposure to the right parts of the global economy. The technology heavy NASDAQ index in the US was up +34.1%, while broad US equities (S&P 500) were up +9.8%. At the other end of the spectrum, the FTSE 100 index in the UK fell by -18.1% and the Eurostoxx 50 index in the Eurozone was down -5.7%. Japanese equities (TOPIX) were up +2.4%, and Emerging Markets stocks (MSCI EMF index) were up +5.7% (all return numbers in Sterling).

The return on our public equity portfolio was comfortably ahead of the global index at +9.9% (2019: +6.8%) (Figure 7), although our focus remains on absolute returns rather than relative performance. The internal rate of return (IRR) of our public equity portfolio since June 2008 (when we started owning stocks directly, rather than outsourcing the entire portfolio) has been +10.8% (Figure 8).

Figure 9
Top ten direct public equity holdings
As at 30 September 2020

Rank 2020	Rank 2019		Total Value £m	Total Value US\$m	Return on Cost GBP (Inception dates differ)
1	5	Alibaba	700	904	3.9x
2	3	Vonovia	685	886	3.0x
3	1	Microsoft	472	610	7.7x
4	2	Apple	466	603	16.3x
5	7	Syncona*	463	599	1.3x
6	28	JD.com	451	582	2.6x
7	9	Nestle	377	487	2.9x
8	10	Siemens	372	481	1.8x
9	32	Amazon	366	473	1.9x
10	22	Tencent	358	462	1.6x

Internally calculated RoCs to September 2020.

*Return since transfer into investment portfolio in May 2018.

Heightened volatility in equity markets has pushed up the volatility of the whole portfolio (Figure 3). Our volatility remains much lower than that of equity markets, but this is largely a function of the fact that half our portfolio is invested in other asset classes, which are not marked to market daily. Stock prices in public markets reflect stresses on companies immediately, but we are under no illusions that similar stresses do not also exist in private companies.

The £7.2 billion internally managed mega cap basket delivered a solid performance of +5.0% (2019: +10.2%). This portfolio of highly liquid multinational companies has served us well since inception in 2008 and has delivered an IRR of +13.6%. The £916m optionality basket was up +2.8% (2019: +0.6%). However, the standout performer among our internal portfolios was the £2.6 billion growth basket of Emerging Market equities, which delivered a return of +28.0% (2019: +17.4%), +22.3% ahead of the Emerging Markets index. This was driven by large positions in leading Chinese technology companies Alibaba, JD.com and Tencent.

Our £3.4 billion book of outsourced equity mandates had a strong year overall. During the year we terminated the mandate of one global manager and one Emerging Markets manager and appointed a new global manager to be funded in the 2020/21 financial year. The remaining managers all outperformed their respective benchmarks by wide margins, except for our UK small cap value equity manager, where a combination of Covid-19, Brexit and underperformance by value stocks conspired to deliver a -33.5% return. Even in a strong year, not everything goes according to plan. However, what matters is portfolio balance – our best performing manager runs a concentrated global growth portfolio and

delivered a +38.7% return, which more than compensated for weak performance in the UK.

Our overall exposure to public equities has been reduced (Figure 4) as we sold or reduced several of our lower conviction directly held positions, which also had the effect of reducing the directly managed portion of the overall portfolio (Figure 5). This was done primarily to raise cash before the worst of the market declines, which put us in a strong position to provide comfort that we will be able to meet our charitable commitments and take advantage of any further market dislocations.

Figure 10a

Illiquid asset net returns (£) (%)
Period to 30 September 2020

	Annualised return in £ (%)			
	1 year	3 years	5 years	10 years
Directional	-33.4	-6.8	0.3	3.3
Absolute return	7.4	8.3	9.0	7.4
Equity long/short	23.4	14.4	14.0	12.2
Total Hedge funds	17.1	12.2	12.4	10.3
Large buyout funds	4.0	11.4	17.8	15.1
Mid buyout funds	-0.5	7.8	12.2	11.4
Specialist funds	-6.0	4.4	11.0	10.1
Multi asset partnerships	-0.2	6.0	6.2	
Venture funds	28.2	29.0	21.7	22.5
Direct Private	-5.1	-13.8		
Private co-investments	16.6	26.1	23.9	
Total Private equity funds	12.7	16.1	16.1	
Non-Residential property	18.7	12.8	9.7	
Residential property	-0.9	-2.0	-0.4	7.5
Property	9.6	5.6	4.9	8.7
MSCI AC World	5.8	9.0	14.5	11.3

Figure 10b

Illiquid asset net returns (US\$) (%)
Period to 30 September 2020

	Annualised return in US\$ (%)			
	1 year	3 years	5 years	10 years
Directional	-30.1	-8.0	-2.8	1.3
Absolute return	12.6	7.0	5.6	5.3
Equity long/short	29.4	13.0	10.4	10.0
Total Hedge funds	22.9	10.8	8.9	8.1
Large buyout funds	9.1	10.0	14.1	12.8
Mid buyout funds	4.4	6.5	8.7	9.2
Specialist funds	-1.4	3.1	7.5	7.9
Multi asset partnerships	4.7	4.7	2.9	
Venture funds	34.5	27.5	17.9	20.1
Direct Private	-0.4	-14.9		
Private co-investments	22.4	24.6	20.1	
Total Private equity funds	18.2	14.7	12.5	
Non-Residential property	24.5	11.5	6.3	
Residential property	3.9	-3.2	-3.5	5.4
Property	15.0	4.3	1.6	6.6
MSCI AC World	11.0	7.7	10.9	9.1

Hedge Funds

Our £3.7 billion hedge fund portfolio had an excellent year, returning +17.1% (2019: +9.2%) (Figures 10a and 10b). Unlike most investors, hedge funds can position their portfolios to make positive returns in down markets. It was therefore gratifying that our managers protected capital effectively in February and March. However, they generally did not remain wedded to a bearish perspective and moved portfolios to benefit from the market recovery.

Equity long short hedge funds are active investment vehicles, whose aim is to beat returns from broad equity markets, taking advantage of opportunities to profit both from buying good stocks and selling short disadvantaged

companies. These funds struggled to beat broad indices during the long liquidity fuelled bull market after the Global Financial Crisis (GFC). However, the last two years have shown that great managers can still add real value – our £2.4 billion long short fund composite returned an impressive +23.4% (2019: +8.4%) over the financial year, well ahead of +5.8% from global equities.

Our absolute return hedge funds (£1.2 billion) play a different role in the portfolio, which is to provide steady, low volatility returns that are not too correlated to equity markets. These funds invest in a broad range of strategies and employ sophisticated risk models. A +7.4% return over the financial

year (2019: +9.7%) continues the consistent track record from this group of funds. We have recently secured some extra capacity to deploy cash into this strategy, as in the current environment the return profile and downside protection looks increasingly attractive.

Our few remaining assets in directional hedge funds saw a sharp negative return of -33.4% (2019: +11.9%). This is now a tiny portfolio (£11m) consisting of illiquid stub positions in funds from which we have redeemed.

Private Equity

Our private equity (PE) portfolio comprises buyout funds, venture capital (VC) funds, multi-asset partnerships, co-investments and direct private investments. This part of the portfolio had another good year (Figures 10a and 10b), returning +12.7% (2019: 15.6%), which took our total exposure up to £9.4 billion, or 29% of total assets, a new high for exposure to PE.

The largest part of this exposure is VC (£4.3 billion), which continues to benefit from rapid technological innovation and a structural shift to the digital economy. This year, these structural tailwinds were boosted by the impact of the Covid-19 virus, which has sharply increased e-commerce penetration and helped other digital businesses that have enabled many of us to work from home. While the pace of change will undoubtedly slow when we eventually return to a more normal environment, it seems likely that the gains made by digital native companies will persist.

We do not expect a repeat of this year's +28% performance from our VC funds (2019: +27%), nor of the +22% per annum they have delivered over the past decade, but we remain confident that our managers will continue to back great companies and give us strong returns. The success of

our VC partners has been felt in our direct private portfolio, where a small number of co-investments have driven pleasing performance.

Our buyout funds had a less positive year, returning between -6.0% for specialist funds and +4.0% for large buyouts (2019: +4.4% and +11.4%). These funds have much more exposure to more traditional parts of the economy that have been put under severe stress by restrictions on economic activity globally. Over the longer term they have delivered solid multiples (Figure 11). In future we will simplify our reporting by combining large, mid and specialist buyout funds into a single group. This reflects the fact that differences between various managers in these groups have become less marked.

We made new commitments totalling £1.62 billion across all our PE strategies during the year. Of these, £659m were to buyout funds, £696m to VC funds and £264m to direct private investments and co-investments. PE cash flows were slightly negative during the year as capital calls exceeded distributions by £83m. Distributions exceeded calls for VC, while calls exceeded distributions in the rest of the PE portfolio because of recent commitments made to new funds. We take careful account of potential PE cash flows when forecasting liquidity to ensure we have enough cash to meet the needs of the charitable mission.

As valuations in public markets have risen, expected returns have fallen, leading many investors to seek out the excess returns that have historically been available from PE. We remain focused on top tier managers in both VC and buyouts, as in this asset class, strong returns tend to persist rather than revert to the mean. Wellcome can accept the illiquidity inherent in PE because our endowment structure means we do not have long dated liabilities like a pension fund or insurance company. The flood of new money into the asset class may not be as patient, which might create short-term disruption, but this can also create opportunities for the best managers.

Figure 11

Private equity fund net returns (multiples) Inception to 30 September 2020

	Drawn (£m)	Realised (£m)	Net Asset Value (£m)	Total Value to Drawn
Buyouts	4,944	5,999	1,369	1.5x
Specialist	3,015	3,001	1,342	1.4x
Venture	4,623	5,466	4,342	2.1x
All Private equity funds <=2014	10,140	14,199	3,778	1.8x
All Private equity funds >=2015	2,442	267	3,275	1.5x
All Private equity funds total	12,582	14,466	7,053	1.7x

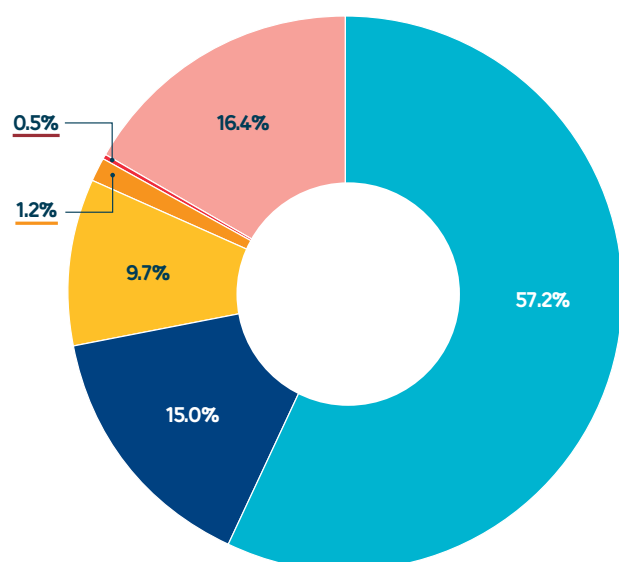
Total Value equals Realised plus Net Asset Value. Total Value to Drawn gives a measure of return on invested capital. Funds of vintage years 2014 and earlier have generally finished their investment period.

Property and Asset Backed Operating Companies

The disruption created by the Covid-19 virus and Brexit has produced significant challenges for our property portfolio, which is the only part of our asset base that is overwhelmingly in the United Kingdom. Despite this, the performance of the portfolio was strong this year, largely because of the sale of the iQ student accommodation business at a significant premium to NAV. The deal, which was signed in February and completed in May, produced a cash inflow of £748m to Wellcome and dominates the +9.6% (2019: 1.5%) return from property over the year (Figures 10a and 10b).

Excluding the impact of the iQ sale, the NAV of the portfolio fell by -£30m, which is a creditable performance in the circumstances. The main positive was an uplift in the valuation of the office building at 210 Euston Road, after an extensive renovation programme and a lease

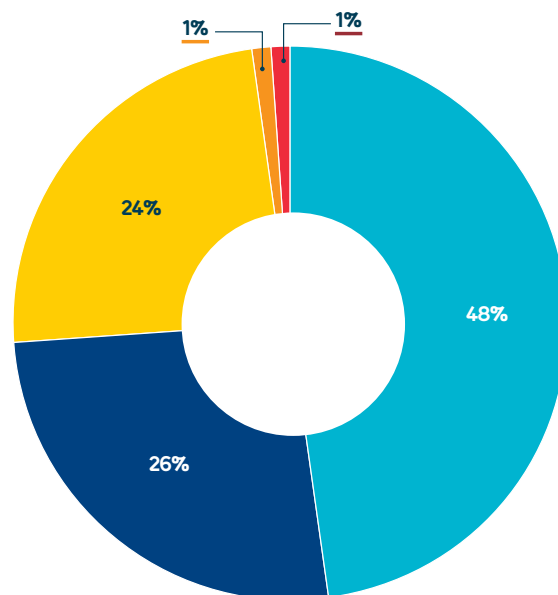
Figure 12
Currency allocation
(net of currency forwards) (%)
As of 30 September 2020



■ US Dollar & linked currencies
■ Total Asia
■ Total Europe
■ Total Commodity*
■ Other
■ Pound Sterling

*Currencies of countries with significant exposure to commodities and natural resource industries, excluding currencies which are directly linked to the US Dollar.

Figure 13
Public and private equity regional exposure (%)
As of 30 September 2020



■ Americas
■ Asia/Pacific
■ Europe
■ Africa
■ Middle East & Other

agreement with an office space provider. The valuation of Premier Marinas, which saw a sharp rebound in business after the UK economy re-opened, was roughly flat, as was that of our agricultural estates.

On the negative side, there were small mark downs in our residential holdings in Kensington, London and the Southeast of England, reflecting market movements. There was a more substantial decline in value at our 50% owned budget hotel chain, Point A, which has seen dramatic declines in revenues. We are working closely with our partners to ensure viability of the business and to craft a recovery plan.

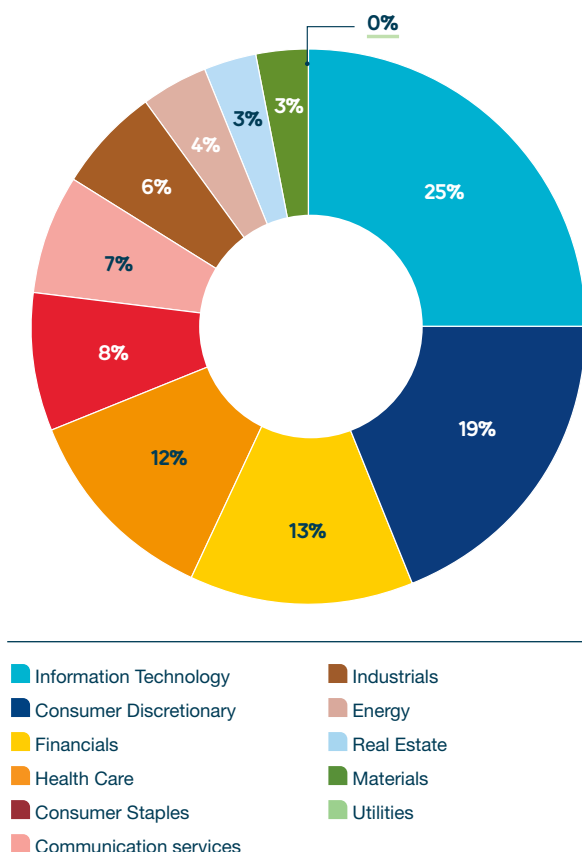
We continue to work on potentially attractive property opportunities. Notably, South Cambridgeshire District Council has resolved to grant outline planning permission for a significant expansion of the Wellcome Genome Campus at Hinxton, Cambridgeshire on agricultural land in our portfolio. This will include 150,000 sqm of additional research and translation floorspace, up to 1500 homes for campus workers and supporting community facilities and infrastructure. The current crisis has only served to underscore the importance of this world class facility.

Portfolio Overlays, Currency, Regional and Sectoral Overview

We have been more active than usual in the overlay book this year in the face of significant market volatility. We had some put option hedges on the S&P 500 Index in late 2019 on concerns over extended valuations. However, early in 2020, the Wellcome scientific network was sounding warnings about the potential seriousness of the Covid-19 virus, which at the time had not been reflected in equity prices. We therefore added more S&P 500 index put option hedges and then sold futures on the S&P 500, Eurostoxx 50 and MSCI Emerging Markets Indices, to hedge more of our considerable underlying exposure.

After the market declines in February and March, central banks, led by the US Federal Reserve, took effective action to stabilise sentiment and provide liquidity. As markets rallied, we took off the hedges, realising an overall profit for equity index hedging activity over the financial year of +£248m (footnote to Figure 6).

Figure 14
Public and private equity sectoral exposure (%)
As of 30 September 2020



In the foreign exchange overlay (FX) book, we continued to run hedges over various developed market currencies to meet our 15% minimum target in Sterling. Over the course of the year, we closed our remaining positions in emerging market currencies, realising meaningful profits in the process. Overall, our FX book realised gains contributed around +£86m for the year (footnote to Figure 6).

These gains were offset by the -£260m negative impact on our portfolio of an increase in the mark to market value of our bond liabilities, as interest rates fell across the yield curve. There is no cash impact from this loss, which will be recovered as the bonds mature. Our bond rating remains AAA/Aaa stable.

Our position in US Dollars and Sterling has changed little over the year (Figure 12). However, our exposure to Asian currencies (primarily Chinese Renminbi) has increased to 15.0% from 12.5%, largely balanced by a reduction of European currency exposure (primarily Euro) from 12.4% to 9.7%. Much of this reflected performance of underlying assets, although there were some net sales of European equities over the period.

For the first time, we now have more invested in the Asia Pacific region than Europe including the UK in our overall (public and private) equity book (Figure 13). The impact of the Covid-19 virus has exacerbated the economic growth differential between Asia and Europe, making it easy to find assets with tailwinds in Asia. The VC industry is also more developed in China and India than in Europe, which has led to our considerable private exposure there through our long-established network of managers.

The success of our VC partners and the performance of large public technology stocks has also been reflected in our sector positioning (Figure 14). Information technology has increased from 23% of overall equity exposure to 25%, while consumer discretionary (which includes e-commerce) 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.

Financial Review

Overview for the year ended 30 September 2020

	2020 £m	2019 £m	Change £m
Investment activity			
Income	323	408	(85)
Expenditure	(166)	(148)	(18)
Investment gain	3,290	1,978	1,312
	3,447	2,238	1,209
Charitable activity			
Income	141	73	68
Expenditure before discounting and foreign exchange	(1,099)	(1,131)	32
Discounting of grant liability	46	(42)	88
Foreign exchange revaluation of grant liability	34	(10)	44
Expenditure on charitable activities	(1,019)	(1,183)	164
	(878)	(1,110)	232
Net income before tax	2,569	1,128	1,441
Taxation	13	45	(32)
Actuarial gains/(losses) on defined benefit pension schemes	26	(159)	185
Net movement in funds	2,608	1,014	1,594

Total Funds at 30 September 2020

	2020 £m	2019 £m	Change £m
Fixed assets	412	424	(12)
Investment assets	32,712	30,214	2,498
Net current liabilities	(1,112)	(1,058)	(54)
Long term liabilities	(4,190)	(4,366)	176
Total funds	27,822	25,214	2,608

Charitable expenditure, Net Movement in funds and Total funds are key performance indicators, Wellcome's alternative performance measures and key performance indicators are detailed on page 74.

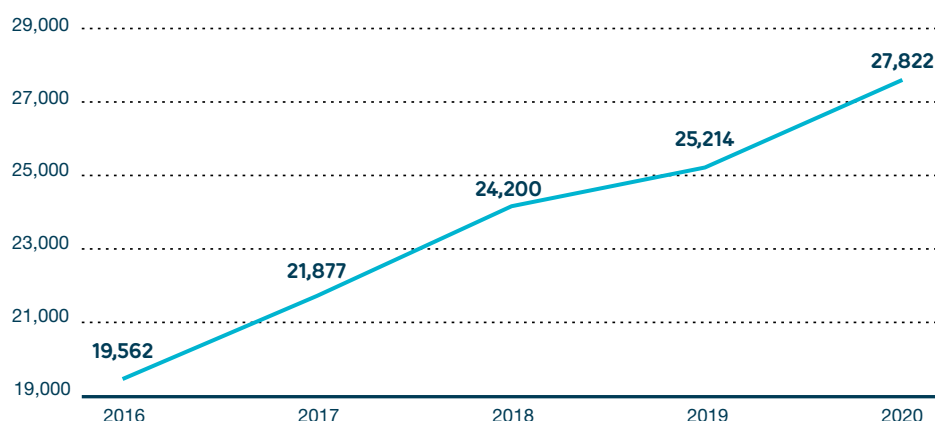
Reconciliation of Overview to Statement of Financial Activities

	2020 £m	2019 £m
Management fees and other investment costs	87	69
Interest payable on bond liabilities	79	79
Investment expenditure	166	148
Grants receivable	19	21
Other charitable income	122	52
Charitable income	141	73

Reconciliation of Net Funds to Balance Sheet

	2020 £m	2019 £m
Quoted investments	14,763	15,054
Unquoted investments	13,767	12,403
Investment properties	1,292	1,299
Derivative financial instruments	71	102
Investment cash and certificates of deposit	2,701	1,070
Other investment assets	91	268
Programme related investments	27	17
Investment assets	32,712	30,213
Creditors falling due after one year	(3,676)	(3,843)
Provision for liabilities and charges	(148)	(151)
Defined benefit pension schemes' deficits	(367)	(372)
Long term liabilities	(4,191)	(4,366)

Total funds of the Charity (£m) as at 30 September



Investment Activity

Our investment activity generated net income of £3,447 million (2019: £2,238 million).

Our portfolio returns this year are 12.3% in Sterling (2019: 6.9%). Over the past 10 years, the portfolio has delivered a real return after inflation of 189% in Sterling (2019: 184%). A full commentary is provided on pages 24-33.

The total funds of the Wellcome Trust Group (the Group) increased by £2,608 million to £27,822 million (2019: £25,214 million).

Charitable Activity

Income from grants, programme related investment activity and Wellcome Collection was £141 million (2019: £73 million), including grant and contract income received by the Wellcome Sanger Institute.

Charitable expenditure of £1,099 million (2019: £1,131 million) is lower than the previous year; this principally reflects timing of grant awards and renewals (which typically cover funding for five years). Covid-19 did not have a significant impact on the overall spend.

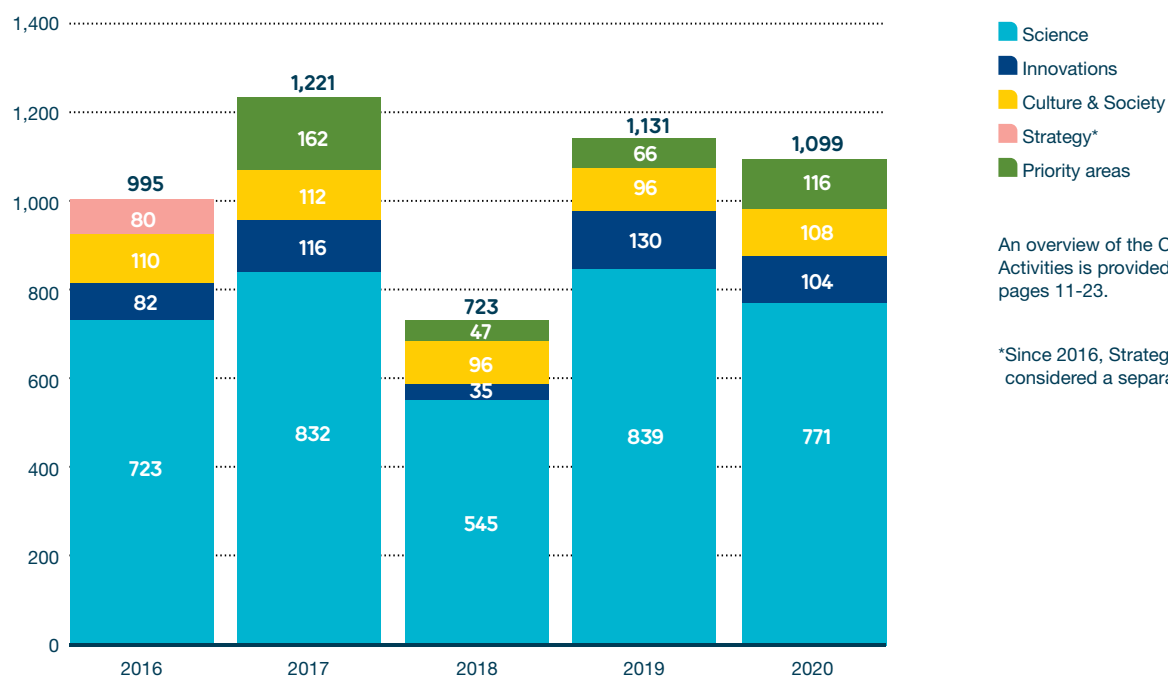
Changes to our long-term funding strategy (see page 37) may lead to changes in annual expenditure, although at this point in time we do not anticipate any change to our policy that on average our total expenditure will exceed £1 billion a year for the next five years.

Annual Charitable Expenditure for the year ended 30 September 2020

	2020 £m	2019 £m	Change £m
Science	771	839	(68)
Innovations	104	130	(26)
Culture & Society	108	96	12
Priority areas	116	66	50
Charitable expenditure	1,099	1,131	(32)
Discounting of grant liabilities	(46)	42	(88)
Foreign exchange revaluation of grant liabilities	(34)	10	(44)
Expenditure on charitable activities	1,019	1,183	(164)

The present value adjustment is explained in notes 2 and 8.

Total Charitable Expenditure (£m)



An overview of the Charitable Activities is provided on pages 11-23.

*Since 2016, Strategy is no longer considered a separate activity.

Across Wellcome, additional funding included £51 million, spread across the funding areas below, in response to the global Covid-19 pandemic. This expenditure included a £22m funding call for a rapid research response, and costs associated with extending existing grants due to disruption caused by the pandemic.

Science – expenditure of £771 million (2019: £839 million):

This included:

- Fellowships and studentships, £129 million (2019: £123 million)
- Investigator Awards, £118 million (2019: £90 million)
- Collaborative Awards, £32 million (2019: £49 million)
- Renewal of 5-year commitment to Developing Excellence in Leadership, Training and Science (DELTAS) Africa initiative, £61 million (2019: £nil)
- Renewal of 5-year commitment to Africa and Asia Programmes, £46 million (2019: £nil)
The year-on-year variance for the Africa and Asia Programmes and DELTAS is due to the timing of five-year awards.
- Wellcome Sanger Institute (through our wholly owned subsidiary Genome Research Limited (GRL), £96 million. (2019: £98 million).

Expenditure is lower than in 2019 due to significant one-off commitments and renewals of five-year programmes in 2019 including Science PhD programmes (2020: £13 million, 2019: £134 million) and Whole Genome Sequencing (2020: £nil, 2019: £50 million).

Innovations – expenditure of £104 million (2019: £130 million):

This included:

- Flagships, £39 million (2019: £74 million)
- Priority Project Awards, £28 million (2019: £10 million).

There was some reallocation of budget between Priority Projects and Flagships compared to the prior year, as well as some decision-point timing changes that meant fewer awards were made in the current financial year.

Culture & Society – expenditure of £108 million (2019: £96 million), including:

This included:

- Humanities & Social Science, largely Investigator and Fellowship Awards, £30 million (2019: £22 million)
- Public Engagement, £18 million (2019: £19 million)
- Wellcome Collection, £14 million (2019: £14 million).

Priority areas – expenditure of £116 million (2019: £66 million):

This included:

- Drug Resistant Infections, £46 million (2019: £29 million)
- Vaccines, £15 million (2019: £17 million)
- Our Planet, Our Health, £11 million (2019: £7 million)

- Snakebites, £5 million (2019: £nil)
- Education, £4 million (2019: £2 million)
- Data for Science and Health, £4 million (2019: £nil)
- Mental Health, £2 million (2019: £1 million).

Snakebites and Data for Science and Health are new programmes.

Financial Planning

Our objective when setting the annual budget is to preserve the value of Wellcome's investment portfolio so that the purchasing power of our charitable expenditure is maintained over time. We also aim to ensure that we fund only excellent research and that this is achieved in an efficient manner, including careful consideration of operational costs.

'Charitable Activities' represent funding that we commit to, which is recognised in the year in which the grant is awarded. However, payment in cash of many of these commitments will be made over many years, so charitable cash payments in any one year will include amounts relating to grants awarded in prior years.

We plan to support the activities we deliver with a consistent level of funding in real terms.

We established a baseline expenditure level of £900 million 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 growth 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 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 potential impact of Covid-19 on markets, the Board of Governors agreed not to allocate any additional funding to this budget.

Wellcome's new funding strategy may lead to changes in how we set our annual and medium-term budgets, although at this point in time we do not foresee any material change to the principles of having a minimum baseline of expenditure that grows in line with inflation and retaining the ability to occasionally draw upon additional funds arising from strong investments performance, when appropriate to do so.

Pensions

The Group provides employees with the opportunity to participate in either defined benefit or defined contribution pension schemes. Since April 2016, new employees have not been enrolled in the defined benefit scheme but have joined the defined contribution scheme.

The combined accounting deficit for the Group's two defined benefit pension schemes (the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan) at 30 September 2020 amounted to £367 million (2019: £372 million). The deficit has remained consistent with the prior year due to adverse movements on the discount rates being offset by decreases in other assumptions leading to overall actuarial gains in the year.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes. As at 31 December 2019, the Wellcome Trust Pension Plan had an estimated surplus of around £45 million according to the Annual Actuarial Report; the Genome Research Limited Pension Plan had an estimated surplus of around £24 million.

More detail on the pension schemes is given in note 11(e) Retirement benefits.

Reserves policy

The reserve balance at 30 September 2020 was £27,822 million (2019: £25,214 million). Wellcome does not define a minimum level of reserves. Our funding methodology defines a minimum level for the net investment portfolio of £20 billion (in real terms as at 30 September 2017) to be maintained over the medium term, equivalent to £21 billion as at 30 September 2020. This level is subject to annual review by the Board of Governors and the planning methodology is discussed under Financial Planning on page 37.

The reserves are almost all unrestricted but certain awards made by other funders to Wellcome's subsidiary, GRL, are subject to specific conditions imposed by the donors and are therefore restricted in their use. These amounted to £71.7 million at the end of 2020 (2019: £25.1 million).

Investment policy

Our assets are invested in accordance with the wide investment powers set out in Wellcome's Constitution and within our investment policy. The investment policy is reviewed periodically by the Investment Committee, who recommend it for approval of the Board of Governors. We invest globally and across a very broad range of assets and strategies. It is our policy not to invest directly in companies that derive material turnover or profit from tobacco or tobacco-related products.

Our response to the FRC UK Stewardship Code, with further details of our investment policy, is available at [wellcome.org/investments](https://www.wellcome.org/investments). We support the investment

industry's continued efforts to strengthen the role played by institutional investors in corporate governance, and we review our response and our investment policy regularly, updating them when necessary. Our approach to environmental issues is discussed under Climate change and energy transition on page 46.

Going concern and viability

The Board of Governors has assessed the viability of Wellcome and its subsidiaries over the five years to September 2025, and concluded that there is a reasonable expectation that there are adequate resources, including the strength to operate and sufficient liquidity to meet the liabilities of the Group as they fall due over the period of their assessment and for the foreseeable future.

In making this assessment, the Board considered the issues raised in the FRC's Financial Reporting Lab Report "Risk and viability reporting" issued in November 2017, the additional guidance issued by the FRC and the Charity Commission on reporting in the Covid-19 environment issued in 2020, and the guidance from the Corporate Governance Code. Consideration was also given to the significant risks laid out in the Risk Management section (page 47), as well as the significant accounting estimates and judgements in note 2.

In accordance with FRC guidance, we have also considered reverse test scenarios that would lead to Wellcome being unable to continue to operate in its current form. These stress testing scenarios consider the risk of decline in value of our net investment portfolio below the value of Wellcome's contractual liabilities of £3.9 billion comprising third party liabilities, provisions, pension deficits and commitments, combined with non contractual but expected grant commitments of £2.3 billion, the net investment portfolio exceeds these liabilities by £23 billion at the balance sheet date.

In addition, as noted in our Reserves policy, we define a minimum level for the net investment portfolio level to sustain our planned charitable expenditure, the net investment portfolio exceeds this threshold by £8 billion as at the balance sheet date.

The Board of Governors conducted a review of Wellcome's funding approach in June 2020 and concluded that this is manageable over the medium to long term, supported by our investment portfolio.

The financial plan for 2020/21 reviewed by the Board of Governors provided details of the key objectives and financial plans for 2020/21 in line with the funding approach and considered an updated view of the investment outlook.

Under Moody's and S&P's annual assessments and in a May 2020 and October 2020 update from Moody's, Wellcome maintained its triple-A rating.

Structure and Governance

The Wellcome Trust (Wellcome) is an independent, global, charitable foundation created in 1936 by the will of Sir Henry Wellcome. It is now a registered charity, governed by its Constitution, established in February 2001 by a scheme of the Charity Commission and subsequently amended.

Wellcome is registered in England and Wales (registration number 210183) under the Charities Act 2011.

Principles of governance

As well as following charitable law and regulation, Wellcome considers the nature of its activities and its risk profile. We have regard to principles of good governance and best practice such as those set out in the UK Corporate Governance Code 2018 and the Charity Governance Code. Where appropriate, we engage with and adopt best practice from other relevant codes of practice.

The Trustee and the Board of Governors

The sole Trustee of Wellcome is The Wellcome Trust Limited (the Trustee), a company limited by guarantee (registration number 2711000), whose registered office is The Gibbs Building, 215 Euston Road, London NW1 2BE. The Trustee is governed by its memorandum and articles of association. The Trustee's directors (known as Governors), the Company Secretary of the Trustee and other administrative details are shown on page 124.

Responsibilities

The Board of Governors guides and oversees Wellcome in achieving its mission to improve health through research. To do this, the Board:

- sets strategy
- decides priorities
- maintains a framework for accountability and organisational culture
- approves the funding strategy and reviews budgets and expenditure
- makes strategic funding decisions
- monitors progress
- retains overall responsibility for risk management.

Stakeholder engagement underpins the work of the Board and its Committees.

The Board of Governors is responsible for The Wellcome Trust Group which comprises Wellcome and its subsidiary undertakings. The Wellcome Sanger Institute is part of the Wellcome Genome Campus, and it operates under the auspices of Genome Research Limited, a wholly owned subsidiary of the Wellcome Trust. Subsidiaries support

Wellcome either through delivering against charitable objectives or as investment entities. The Board of Governors has delegated management of each entity to its Board of Directors with oversight through the Executive or direct representation on the Board.

Activities during the year

During 2019/20, the Board met seven times, including a two-day residential meeting sharing knowledge at the Max Planck Institute in Germany, and had eight private meetings without the Executive Leadership Team (ELT), some of which focused on the recruitment of our new Chair.

The Board engaged rapidly with the challenges of the pandemic, ensuring that Wellcome's staff and financial and physical assets were protected, and that Wellcome effectively used its position as a leader in the global research response. Board and committee meetings moved online and Governors took the opportunity to add three strategic policy meetings to their regular business cycle. Topics included: discussion on investment policy and climate change; the opportunity to conquer fundamental health challenges and the implications for the structure of Wellcome; and the future of science in a changing geopolitical landscape. Governors received weekly pandemic briefings from the Director.

The Board received assurance from its committees and the ELT that adequate controls were in place during periods of remote working and that the Wellcome estate was secure. Governors also received assurance about the health and safety of staff working remotely, and that the return to the office environment – when possible – would be carried out with sensitivity to staff concerns and due regard to Wellcome's legal and regulatory duties.

Board composition

Members of the Board of Governors are distinguished in the fields of medicine, science, business and not-for-profit leadership. The Board considers each of the Governors to be independent in character and judgement and manages any relationships or circumstances that are likely to affect, or could appear to affect, the Governors' judgement. Governors are appointed for terms of four years, with an extension of up to three years following a successful review and by mutual agreement.

Wellcome selects new Governors (including the Chair) through an open recruitment process that includes international recruitment firms as well as online advertising. For more specialist roles, such as recruiting Governors with a science background, we also advertise in specialist publications and employ a researcher to support the search in the most diverse pool. All Governors undertake a

comprehensive induction programme, which was reviewed and updated during the year. Induction includes their legal, fiduciary and regulatory responsibilities, as well as relevant information about Wellcome. Ongoing learning for Governors is built into the annual Board agenda and training for individual Governors is available as required.

The Chair of the Board is Eliza Manningham-Buller, an independent, crossbench peer in the House of Lords. She joined Wellcome as a Governor in 2008 and was appointed Chair in 2015. This year, Wellcome carried out an international search for a successor Chair, supported by independent search consultants. Julia Gillard, former prime minister of Australia and current Chair of the Global Institute for Women's Leadership has been appointed as Chair Elect and will take up her post in 2021.

One governor retired during the year: Bill Burns served on the Board for four years and as Chair of the Audit & Risk Committee provided a sharp focus on the key issues. The Board is grateful for his commitment to Wellcome and will miss his wisdom, good humour and camaraderie.

In January 2020, Elhadj As Sy joined the Board of Governors. He has been active in providing the Board with a perspective on policy, health and issues facing the global South. As Co-chair of the WHO/World Bank Global Pandemic Preparedness Monitoring Board, he has also been an integral part of Wellcome's pandemic response.

An independent appraisal of the performance of the Board of Governors scheduled for 2020 has been delayed until 2021. Governors remain committed to self-evaluation, reflection and improvement but considered that the response to

Covid-19 and the development of the new strategy (discussed on page 16) took precedence. Governors also considered it appropriate for the incoming Chair to lead the review.

Committees of the Board of Governors

The Board of Governors is supported by its principal committees, each of which is chaired by and has at least one Governor as a member. The Board ensures that members have the skills, knowledge and experience to ensure that each committee is effective in discharging its responsibilities. The performance of each committee is reviewed on a regular basis with input from the members and key executives. The ELT assists the Board when addressing both external and internal culture – see page 17 for details of Wellcome's approach to research culture, and Key Activities on page 41 for activities relating to our internal culture.

The membership of each committee is set out on page 124, and the terms of reference are published on our website: wellcome.org/about-us/governance

Committee reports for 2019/20:

- Audit and Risk Committee – pages 56-58
- Investment Committee – page 55
- Nominations and Governance Committee – page 54
- Remuneration Committee – page 53.

Board Composition and Attendance during 2019/20

	Attended	Maximum possible
Chair		
Baroness Manningham-Buller	7	7
Deputy Chair		
Professor Sir Michael Ferguson	7	7
Professor Tobias Bonhoeffer	7	7
William Burns	4	4
Dame Amelia Fawcett	7	7
Richard Gillingwater	7	7
Professor Bryan Grenfell	7	7
Professor Fiona Powrie	7	7
Dame Cilla Snowball	7	7
Elhadj As Sy	5	5

The Board of Governors has a number of additional committees that report to it on specific issues. In spring 2020, the Science Strategy Advisory Group was paused in order to enable consideration of how the governance of strategic science should be addressed to fulfil the aims and ambitions of Wellcome's new strategy. The Innovations Advisory Group, which provides advice and support on the delivery of the Innovations strategy, remains in place but may be reviewed in 2021 in the light of the new strategy.

During the year, independent consultants Egon Zehnder, Eton Bridge, Korn Ferry and Spencer Stuart International assisted with recruitment to the Board of Governors and the senior leadership team.

Executive Leadership Team (ELT)

Responsibilities

The ELT is chaired by Wellcome's Director, Jeremy Farrar, and reports directly to the Board of Governors. It provides leadership across the organisation in support of the Director. It is responsible for the day-to-day management of Wellcome's operations and provides advice to the Governors with regard to strategy, planning, operational or policy matters, the delivery of objectives, and issues arising from the specific functional areas for which its members are responsible.

Other than for certain key governance areas and matters having a material impact, an Operational sub-committee of the ELT has the full delegated authority of ELT in relation to all operational matters affecting Wellcome, and implementing policy agreed by the Board of Governors or ELT in relation to them. An additional sub-committee, the Funding and Direct Activities group, manages day-to-day matters relating to grant funding and related activities.

An ELT subgroup was convened to oversee the new strategy, and met regularly to oversee and progress its development and implementation.

In its grant-funding and direct charitable activities, the ELT is also supported by a number of advisory committees, which some Governors attend as observers. These committees assess, review and advise on which grant applications to fund, and also advise on policy issues in various fields.

In March 2020, the ELT convened an Incident Management Team to lead the internal response to lockdown, and to oversee Wellcome's global leadership to advocate for funding, cross-sector partnerships and accelerated research.

Key activities during the year

ELT retained their original objectives for 2019/20, despite the additional pressure of the pandemic. Key activities included:

- Finalising the new strategy for Wellcome (page 16), which was approved by the Board in April 2020. The next stage focuses on organisational design and the culture needed to deliver the strategy
- Continuing to promote diversity and inclusion within Wellcome (page 45) and with our partners and stakeholders (page 22)
- Review of Wellcome's pay and reward structure, (page 51) to ensure that Wellcome attracts and retains the best people.

Composition of the ELT

There were a number of changes on the ELT during the year, with a conscious choice by the Director and the Board to appoint to interim posts as Wellcome transitions to the delivery of its new strategy.

- Chonnettia Jones (Director of Insight and Analysis) left Wellcome in March 2020 to become Vice President of Research at the Michael Smith Foundation for Health Research. The Insight and Analysis team has joined the Strategy division.
- Steve Caddick (Director of Innovations) left Wellcome in April 2020 and was replaced by Katie Anastasi-Frankovics. Tim Knott is Acting Director of Innovations while Katie is on maternity leave.
- Jim Smith resumed his role as Director of Science in May 2020, having completed the review of Wellcome's funding for science. He became Acting Director of Research Programmes in June 2020, a new role that will oversee the four programmes in Wellcome's new strategy. Mike Turner was Director of Science until May and again from June until September, when Michael Dunn became Interim Director of Science.
- Simon Chaplin (Director of Culture and Society) left Wellcome in August 2020 to become CEO of the Arcadia Fund. Philomena Gibbons has become interim Director of Culture and Society.

Full details of the Executive Leadership Team are on page 124.

Executive Leadership Team Composition and Attendance during 2019/20

	Attended	Maximum possible
Jeremy Farrar	10	10
Katie Anastasi-Frankovics	5	5
Chris Bird	9	10
Steve Caddick	1	2
Karen Chadwick	10	10
Simon Chaplin	7	8
Alyson Fox	10	10
Philomena Gibbons	2	2
Mark Henderson	10	10
Chonnettia Jones	5	5
Tim Knott	3	3
Peter Pereira Gray	2	2
Kathy Poole	10	10
Paul Schreier	10	10
Jim Smith	4	4
James Thomas	9	10
Mike Turner	7	8
Ed Whiting	10	10

In July 2020 it was announced internally that, as part of the organisational design process for the new strategy, a new ELT would be established. The transition will commence in January 2021. The new ELT will include two employee members and a new functional role, the Director of Research Programmes.

Statement of the Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's Annual Report and Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustee to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of Wellcome and the Group, and of the incoming resources and application of resources of Wellcome and the Group for that period.

In preparing these Financial Statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice 'Accounting Reporting by Charities'
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that Wellcome will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Wellcome and enable them to ensure that the Financial Statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the charity and financial information included on Wellcome's website: [wellcome.org](https://www.wellcome.org).

UK legislation governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Trustee has reviewed and considered the work and the recommendations of the Audit and Risk Committee, as detailed in the Audit and Risk Committee Report on pages 56-58, and considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the performance and strategy of Wellcome and the Group.

Accountability, Public Benefit, and Stakeholder Engagement

Wellcome is accountable to society for delivering our mission, while using our independence for public benefit. The Board of Governors and the ELT benchmark decisions against this statement, particularly to ensure we use our independence for the public benefit, and that our strategic and operational plans are aligned to meet our mission. The "What we do" and the "Year at glance" section provide details of how the achievement of our aims furthers our legal purpose.

The Trustee has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Wellcome's aims and objectives, in planning future activities, and in setting the grant-making policy.

Wellcome has referred to the Charity Commission information sheet with regard to applying s172 of the Companies Act in the context of a charity. Governors confirm that they have acted in good faith to promote the success of the charity to achieve its charitable purposes. This is shown through our commitment to environment and community matters (pages 45-46) and using insights from stakeholder engagement in the Board's strategic decision making (page 43).

An example of this is the new Mental Health Priority Area strategy (see page 22) that the Board approved this year. In approving this programme, Governors were mindful that people with lived experience of mental health issues were integral to the design, implementation and monitoring, and in particular were able to test the outputs in real time through participation in the programme.

Governors are aware of the potentially isolating effects of remote working, so have moved their popular engagement 'Meet the Governors' on-line. They have also attended online meetings of staff teams to gain a better understanding of their work and the challenges of doing it in a virtual environment. The Director and the ELT have regularly updated staff about, for example, Covid-19 and Wellcome's response to it, the development and implementation of our new strategy, and measures to secure staff health and safety while working remotely.

Stakeholder engagement

The Board notes that, although stakeholder engagement is integral to the culture of Wellcome, it is on a journey to embed this into the corporate governance of the charity. Cilla Snowball has been appointed as Governor lead for engagement and, through the Nominations and Governance Committee, will work with the Board and the ELT on identifying where it is already embedded in Wellcome's culture. For example, she will work closely with the two new staff representatives to be appointed to the ELT in 2021, and will lead on Governor oversight of developing metrics to measure the effectiveness of our engagement with key stakeholders, recognising that Wellcome's stakeholders are diverse and international.

Given our accountability to society, as stated above, Wellcome has a coordinated communications strategy to engage public audiences through the media and social media. This has been especially important during the Covid-19 crisis (see page 13).

Our engagement with investments partners about the pandemic is discussed on page 10.

Wellcome's Investment Policy and our response to the Stewardship code, discussed on page 38, takes into account our responsibility to ensure we can support our stakeholders.

Wellcome's stakeholders include:

- employees
- research community, including grant holders, universities, and other institutions
- funding partners
- investment community, credit rating agencies, bondholders
- subsidiaries and research centres
- suppliers
- governments and regulatory authorities
- media, consumer groups.

Examples of engagement with key stakeholders

Stakeholders	Ongoing engagement	Specific engagement, 2019/20
Employees	Wellcome staff have a number of ways to engage with the Board and ELT, and inform decision-making. These include staff surveys, Wellcome Exchange (an open staff forum), and staff networks (see page 45) that provide information and different perspectives to Wellcome's leadership.	Staff feedback influenced many fundamental elements of Wellcome's new vision and strategy (page 16). The Board was provided with relevant aggregated responses from staff at every discussion of strategy, including the framework of the strategy itself as well as the developing structures and culture shifts required to support delivery. Wellcome Exchange has actively sought feedback from employees on their experiences during the pandemic, helping to keep the Board and the ELT aware of staff wellbeing and informing decisions relating to the timing and prioritisation of Wellcome's activities.
Funding partners	Wellcome often works in partnership with other funders and organisations. For example, most of the work in our priority areas (pages 21-23) would not succeed without partners. Arrangements are regularly discussed at ELT and Board meetings, and inform decisions about whether to enter such partnerships.	Wellcome entered a number of vital new coalitions, including Covid-Zero, as part of the pandemic response (page 13). Some of these involved new partners, or deeper relationships than we had before. Discussions with partner organisations informed decisions about how to set up these partnerships and what governance mechanisms to put in place.
Grantholders and the wider research community	Wellcome-funded researchers have regular opportunities to meet each other and Wellcome staff at researcher meetings (page 19). These stopped when public health restrictions were introduced in the UK in response to the pandemic. If advice continues to avoid large gatherings of people, we will find alternative ways to engage our grantholders on a regular basis.	Wellcome's new strategy has been developed with input from the wider research community. Hearing different perspectives from this engagement was an important part of the Board's considerations during the strategy's development, such as the decision to focus on supporting early-career researchers in discovery research. Before the strategy was published in October 2020, senior leaders in the research community were engaged individually to ensure our decisions were being clearly communicated. Not all agreed with every part of the strategy, but the Board is confident that most understood the reasons for choosing this approach and for starting to transition to the new strategy now.
Bondholders/ Credit rating agencies	Wellcome presents highlights of its Annual Report and Financial Statements to Bondholders at an annual call. Moodys and S&P conduct annual reviews of Wellcome's credit rating with inputs from our Investments and Finance teams. These ratings are reviewed periodically during the year.	In this financial year, the annual Bondholder call for the 2019 results was held in December 2019 and the annual reviews of both Moodys and S&P confirmed that Wellcome retained its AAA rating. This was endorsed by further updates by Moodys in May and October 2020 which took into account the Covid-19 environment.

Statement of disclosure of information to auditors

So far as the Trustee is aware, there is no relevant audit information of which Wellcome's auditors are unaware. The Trustee has taken all the steps that it believes it ought to have taken to make itself aware of any relevant audit information and to establish that Wellcome's auditors are aware of that information.

Grant-making policy

Wellcome's grant-making policy supports its status as a public benefit entity.

Wellcome awards a large number of grants, organised within established funding schemes with specific criteria, to fund research across a broad remit in the biomedical sciences, population health, translation and implementation science, humanities and social science, and public engagement. In addition, we award bespoke grants within our Priority Areas, where Wellcome aims to lead significant change within five or 10 years, aiming to transform the global response to some of today's biggest health challenges.

All grant applications undergo due diligence by Wellcome staff to ensure that the resources requested are appropriate for the proposed activities. Awards are made following the advice of expert peer reviewers and are subject to specific terms and conditions. Grantholders submit annual reports and an end-of-grant report which we use to assess progress against our ambitions and to compare our data with that of other funders.

Our terms and conditions require that institutions receiving our funding have formal procedures in place preventing bullying and harassment, fraud, tax evasion, bribery or any other corrupt practices, and that expenditure is controlled in accordance with these arrangements.

Details of how to apply for grants, together with the relevant forms, are available on [wellcome.org](https://www.wellcome.org).

Code of Conduct and Speak Up

To achieve Wellcome's mission, we must all uphold the highest standards of conduct and integrity. We will succeed only if we work together, enhance public trust and earn the respect of our external partners.

In November 2019, Wellcome introduced a Code of Conduct for all staff – its underlying policies outline the standards of behaviour that we should expect of ourselves and each other. We ran a highly visible launch campaign and developed an e learning module, which is mandatory for all staff.

Linked to the Code of Conduct is our Speak Up framework, rooted in our new Speak Up Policy (replacing our Whistleblowing Policy). The framework is designed to provide staff with the tools and psychological safety to be able to raise concerns of wrongdoing and know they will be listened to and responded to appropriately. This works alongside our Bullying and Harassment Policy.

To build on our culture of trust and accountability, Wellcome uses the Protect benchmark to assess the effectiveness of our arrangements and to give an independent measure of progress. The Chair of the Audit and Risk Committee – currently Amelia Fawcett – is the Board Speak Up Champion, who is responsible for ensuring that arrangements are operating effectively across Wellcome and that the integrity of the Speak Up process is maintained.

Wellcome's statement required by the Modern Slavery Act 2015 is available on our website.

Conflicts of interest

Wellcome's policy on conflicts of interest applies to Governors, employees and committee members. It sets out principles for identifying and managing actual and potential conflicts of interest to ensure decisions are free from any undue external influence. Where a potential conflict is identified it will be managed according to its materiality, with actions ranging from someone not participating at all or being involved in discussions but not voting, to being fully involved if the conflict is immaterial. The periodic review of the policy has been deferred to 2020/21, in light of reprioritisation due to Covid-19.

Note 7 to the Financial Statements includes a list of those Governors who have paid appointments with or supervise grantholders within institutions that are in receipt of grants from Wellcome.

Wellcome's investment policy ensures that any potential conflict between investment and charitable activities is managed appropriately.

Social Responsibility

Employment and inclusion

Work has continued this year on making Wellcome an inclusive employer that contributes positively to our local community. Activities to improve our fundamental structures and policies were delayed but not stopped by remote working. For example, a major project this year was the introduction of a new pay structure (page 53).

The development of a new strategy was not least a response to consistent staff survey results showing a desire for clearer direction and decision-making. Our staff forum – Wellcome Exchange – has been revitalised to help everyone play a role in making Wellcome a better place to work. And following changes in organisational design to support Wellcome's new strategy, our new Executive Leadership Team will have two staff members appointed for a fixed term.

Alongside activities to engage staff in the development of the strategy, our staff networks provided important lenses for giving feedback and considering the inclusiveness of different options for the strategy.

Wellcome's six staff networks – the Disability Interest Group, Interfaith at Wellcome, Parents and Carers Network, LGBTQ+ at Wellcome, Wellcome Race Equity Network (WREN, formerly the BAME network), and Women of Wellcome – have been encouraged as a way for everyone working at Wellcome to support each other. They have also started to contribute significantly to our mission and culture.

The LGBTQ+ network supported the development of Wellcome's first trans-inclusion policy, introduced in June 2020. WREN contributed to anti-racism statements from Wellcome and Wellcome Collection, endorsed by the Board, in response to the resurgence of the Black Lives Matter movement this summer.

The Board of Governors continues to focus on diversity and inclusion and fully endorses the anti-racism and anti-ableism approach in Wellcome's new D&I strategy.

A new Human Resources system is helping us better understand and anticipate organisational needs. In line with UK legislation for organisations with more than 250 employees, we calculated our gender pay gap data for 2020, and for the second year our ethnicity pay gap data as well. The latest reports of Wellcome's pay gaps are available on our website. As we gain more insight into these pay gaps, we are targeting actions to make Wellcome fundamentally and sustainably more inclusive.

Wellcome Collection continues to address inclusion, access and diversity through exhibitions such as Being Human and Inclusive Futures. The Hub space in Wellcome Collection was awarded to Heart 'n' Soul, a learning disabilities charity, for two years from 2018 to research mutual wellbeing, human value and difference. Their residency has been extended to make up for lost opportunities during lockdowns.

There has been a renewed focus on volunteering to support local charities and schools this year. A highlight was our partnership with University College London Hospital Trust to support NHS workers during the pandemic.

Genome Research Limited (GRL) launched a culture development programme to integrate and embed inclusive values into the work of the Wellcome Sanger Institute. GRL also runs a series of training interventions, the Good Research Practice programme, to keep its scientific community focused on the high standards expected of them with respect to scientific processes and protocols.

Health and environment

Wellcome has a combined Health and Safety and Environment policy. The British Safety Council Five Star Occupational Health and Safety Audit is conducted every two years. Higher risk departments and divisions are audited internally annually, and no significant actions have been raised.

Wellbeing has been a major theme this year. While work has been done to explore what a long-term wellbeing strategy at Wellcome could look like, the pandemic brought a more immediate challenge. Our focus had to be supporting colleagues physically, mentally and financially as our offices closed. As an organisation, Wellcome was clear to staff that their family, friends and caring responsibilities took precedence over work, and that all employees would continue to receive their usual pay while lockdown measures were in place.

We have staff trained in both physical and mental health first aid through recognised, certified training. The Health and Safety teams at Wellcome and the Wellcome Sanger Institute worked closely with the Covid-19 Incident Management Teams to ensure that this support was maintained and the teams maintained contact with all employees working at home or in Wellcome's buildings when possible.

A significant improvement in facilities and construction health and safety has been introduced at Sanger, including prioritising capital projects required for improving health and safety, an intensive training programme for the team members on construction safety, and a focus on fire safety measures.

Climate change and energy transition

We aim to minimise the environmental impact of new and existing operations and investments and we engage with local communities and non-governmental organisations to understand and respond to any concerns.

Wellcome fully supports the goal to keep the rising global average temperature this century to less than 2°C above pre-industrial levels, and to limit the increase to 1.5°C if possible. We welcome efforts such as those led by the Task Force on Climate-related Financial Disclosures (TCFD) to increase transparency and promote our stakeholders' understanding of Wellcome's strategies to respond to the risks and opportunities presented by climate change. We are working towards meeting the government's expectations of large asset owners to meet TCFD reporting requirements by 2022.

The Board of Governors oversees Wellcome's approach to climate change risk, and the Director is the most senior individual with accountability for it. The Board Committees assist with governance and management:

- The Audit and Risk Committee (page 56) has key responsibilities in assisting the Board in fulfilling its oversight responsibilities in relation to the management of climate change risk
- The Investment Committee (page 55) has key responsibilities in ensuring the sustainability of the investment portfolio and Wellcome's licence to operate
- The Operational sub-committee of the ELT (page 40) has key responsibilities in relation to all operational risks, including climate change risk.

In October 2019 we started to offset Wellcome's own business travel carbon emissions. Alongside this, we introduced a new grants policy in February 2020 to support grantholders offset travel-related carbon emissions as well.

As of 1 October 2019, electricity for our offices and Wellcome Collection is 100% renewably sourced. With our service partners, we continue to reduce the impact our operations have on the environment through energy efficiency measures, reduction of waste and use of natural resources. We will extend our collaborative approach to other significant suppliers during the next financial year, as well as working to ensure a more sustainable supply chain.

A key factor in our evaluation of investments is whether companies and fund managers can maintain a strong social licence to operate and generate sustainable long term, risk-adjusted returns. We focus our coverage and engagement on priority areas relevant for each investment (such as global environment, data privacy, health and society, governance). Climate change and energy transition will have a financial impact on multiple sectors over the very long term. Our Investments team has been increasing efforts to analyse this impact on our portfolio over different time horizons and scenarios. Engagement with our investments partners is an important tool to drive high quality decision-making and portfolio management.

The Environment Manager at the Wellcome Sanger Institute is responsible for the strategic direction and management of the environmental impacts of the Wellcome Genome Campus. These include the Campus Environmental Management System ISO 14001:2015 and Campus Environmental Sustainability Strategy, as well as operational areas in conjunction with colleagues who manage direct environmental impacts. In 2019, the Campus became ISO 50001:2018 certified, having met the latest Energy Management Standard.

Risk Management and Internal Control

Risk management and Internal control provide the framework within which Wellcome can successfully deliver its strategic priorities.

In practice, Wellcome operates a “three lines of defence” framework.

- **The first line:** Management is responsible for the execution of operational and financial controls. The Executive Leadership Team (ELT) reviews key internal operational and financial controls annually and confirms the operating effectiveness of those controls to the Audit and Risk Committee and the Board of Governors. The roles of the ELT and the Board of Governors are discussed on pages 39-41.
- **The second line:** The Risk Management function facilitates and monitors the implementation of effective risk management practices and assists risk owners across the organisation in defining the target risk exposure and reporting adequate risk-related information.
- **The third line:** Internal Audit provides independent assurance over the operation of controls. The internal audit programme includes the review of risk management processes and recommendations to improve the internal control environment.

Risk Management

Wellcome’s risk management policy sets out our risk management objectives and principles and attitude to risk. This policy summarises the responsibilities of key roles for risk management, including the role of the Board of Governors, the Executive Leadership Team (ELT), the Audit and Risk Committee and the Investment Committee.

Wellcome is risk averse with respect to liquidity risk and to health and safety risk, and receptive (taking risk within accepted limits) with respect to investment portfolio risk and certain charitable activities. It is bold with respect to other charitable activities, for example, where Wellcome supports research and development in priority areas such as drug-resistant infections and vaccines.

The Corporate Risk Register contains the key corporate risks owned and managed by the ELT and the Board of Governors. Risks considered are both immediate and emerging that might impair the organisation to achieve our objectives. The register is updated and reviewed on a regular basis by the Head of Risk, the Chief Operating

Officer, the Finance Director, the General Counsel and then by the ELT. It is also reviewed quarterly by the Audit and Risk Committee and by the Board of Governors.

The Corporate Risk Register includes Wellcome’s Corporate Risk Matrix, against which the risks are scored, and a description of each corporate risk and treatment plan. For each of the risks included, the Corporate Risk Register gives:

- a description of the risk
- the owner of the risk, as designated by the ELT
- the current risk assessment score
- any further actions proposed with delivery deadline
- the owner of each proposed action
- the target risk assessment score.

The current risk assessment ranking estimates the level of risk that is currently faced, taking into account the effectiveness of existing preventative and mitigating controls. The target risk assessment ranking estimates the level of risk that will be faced once all planned actions are completed. The target risk ranking does not estimate the desired level of risk – just the level of risk that will be faced once the planned actions are completed. The target risk ranking is often used to determine whether sufficient actions are being implemented for significant risks.

The risk categories are:

- delay or non-delivery of Wellcome’s objectives, e.g. skill shortages, key partner or supplier failure, delay in delivery of a strategic objective
- financial loss, e.g. impact causes monetary loss, fraud
- investment loss, e.g. volatile investment markets, negative real returns
- reputation and licence to operate, e.g. criticism by stakeholders, unethical behaviour by Wellcome affecting a key stakeholder group
- regulatory, legal, accounting or tax compliance issues, e.g. inquiry by a regulator, potential prosecution
- health and safety, e.g. injury, fatality.

Any single risk will have elements of impact in more than one risk category.

There is also an Operational Risk Register, which is reviewed quarterly by the Operational Sub-Committee of the ELT. Risks may be moved from the Operational Risk Register to the Corporate Risk Register if they are considered to have increased in likelihood or impact.

Wellcome's wholly owned operating investment subsidiaries take responsibility for risk management within their respective operating companies. The Board of each operating company includes appropriate representation from Wellcome and is responsible for ensuring that the operating company has an appropriate balance between risk and reward, and an appropriate risk management culture.

The Audit Committee or Audit and Risk Committee for each operating company and Genome Research Limited (GRL) is responsible for carrying out the roles delegated to it by its Board. This includes reviewing the adequacy and effectiveness of the company's internal financial controls, internal control systems and risk management processes. A representative of Wellcome attends each of these committees and a report is submitted to the group Audit and Risk Committee.

The Directors of GRL operate an established formal risk management process to assess financial and business risk and to implement risk management strategies for the Wellcome Genome Campus. Wellcome's Internal Audit team conduct regular audits. The Wellcome Sanger Institute Risk

Register is reviewed by the GRL Audit and Risk Committee at each meeting and by the GRL Board. The Risk Policy is reviewed by the GRL Audit and Risk Committee when revised.

In March, the organisation proactively moved to working from home in a planned transition; once completed, the Wellcome risk function immediately started to assess COVID-19 risks more comprehensively. Particular areas of focus were the engagement and wellbeing of employees, activities being prioritised, risks to delivery of priorities, activities being deprioritised and specific COVID related work being undertaken. The assessment enabled the risk function to establish key themes across the organisation, where significant risks have subsequently been assessed and included in the corporate risk register. Overall, the findings were that the impact of the global pandemic did not expose the organisation to unduly high levels of risk. The risk function continues to closely monitor developments across the organisation as the situation evolves.

Specific risks that the Board of Governors considers to be the most serious are shown in the Key risks table:

Key risks

	Nature of risk	Management and oversight of risk
Investment Risk	Failure to support Wellcome's ability to maintain the real level of charitable spend in the future, due to one or more of: catastrophic loss of one or more assets within the portfolio, inadequate liquidity, or lack of protection against the impact of inflation.	The Investment Executive manages this risk by: global diversification across assets and asset classes to limit the potential for value loss, diversification of cash flow sources and the regular review of forecast cash flows to manage the portfolio's liquidity profile, and regular consideration of inflation protection within the portfolio with a focus on equities and property holdings. There is an independent Investment Risk function reporting to the Chief Operating Officer. Oversight is provided by the Investment Committee (focusing on investment risks), the Audit and Risk Committee (focusing on valuation risks) and the Board of Governors.
Digital Resilience and Cyber Security	External risks include: increasingly sophisticated cyber-attacks, either directly targeted or opportunistic. Internal risks include: changes within the Digital & Technology (D&T) function in terms of moving to a cloud-enabled delivery model and team resourcing and restructure.	There were no phishing events reportable to the Information Commissioner's Office; we reported one minor data loss to the Information Commissioner's Office. Management have completed a number of mitigating actions with respect to cyber threats and an ongoing programme is being reviewed and delivered: awareness and education for all employees, expanding the use of a managed security service provider providing 24-hour event collection, monitoring and escalation services, D&T is developing a future technology roadmap that will articulate the technology and required external service providers to ensure appropriate digital provision and resilience for its evolving business needs. Oversight is being provided by the D&T Audit and Governance Group, the Operations Sub-Committee of the Executive Leadership Team, the Audit and Risk Committee and by the Board of Governors.
Reputational Risk	The key role played by Wellcome in the pandemic response means that decisions we make and advice we give during the crisis may have direct or indirect impacts upon Wellcome's mission and reputation.	A number of mitigation actions are either in place or are being developed including: an audit trail of decisions and advice given to governments and intergovernmental organisations by individuals and by Wellcome; media and social media monitoring, with risks flagged and escalated as required; proactive engagement with media and social media as required to ensure Wellcome's story is told as transparently and contemporaneously as possible; monitoring communications and assessing possible threats. Oversight is being provided by the Communication team, Executive Leadership Team, the Audit and Risk Committee and by the Board of Governors.

Key risks continued

	Nature of risk	Management and oversight of risk
Organisational Change	Wellcome is developing and implementing a change programme following on from the Strategy review. This may lead to significant internal change and a different approach to external funding and stakeholder interaction at a time when the world will be still responding to a disruptive global pandemic.	A Strategy Review ELT Sub-Group, lead by the COO, has been formed to lead and manage the change programme whilst continuing to maintain business as usual activities. The programme includes organisational redesign (including diversity & inclusion considerations), risk and change management arrangements, internal and external communications plans. Oversight is being provided by the Executive Leadership Team, Audit and Risk Committee and Board of Governors.
GDPR	Wellcome's ability to demonstrate compliance with UK data protection regulations.	A number of improvements have been made in policies and procedures for continued compliance with data protection legislation at Wellcome. A comprehensive schedule of work was outlined, and management have made significant progress in completing mitigating actions, including the implementation of mandatory training for all staff. Oversight is being provided by the Executive Leadership Team, Audit and Risk Committee and Board of Governors.
Staff Wellbeing	Significant internal and external factors have the potential to impact on the wellbeing of Staff. (Significant organisational change and a global pandemic).	The definitive message from management continues to be the prioritisation of the wellbeing of all staff and their families. Practical proactive approaches to staff being able to do this include; prioritisation of workloads by ELT and line managers, the option of bringing on temporary resource where it helps and insisting that staff take at least 15 days of annual leave in the year. In addition, a number of resources are in place to support individuals to manage their wellbeing including an employee assistance programme, mental health resources and wellbeing champions. Additionally, a comprehensive COVID policy has been introduced and regular staff surveys on how people are coping with working from home have been done. Follow up actions have been taken by the Health and Safety team. Oversight is being provided by the Executive Leadership Team, Audit and Risk Committee and Board of Governors.
Grant Assurance	Inadequate or insufficient awareness of Wellcome's funding policies may lead to a lack of compliance within our funded institutions.	Wellcome has a comprehensive governance process in place for all grant funding activities. A number of improvements have been identified and actions are being undertaken by management which include the articulation of key policies for funded institutions and the drafting of 'Fit to Fund' set of criteria for all funded institutions. Oversight is being provided by the Funding and Direct Activities the Sub-Committee of the Executive Leadership Team, Audit and Risk Committee and Board of Governors.

Internal controls

While some controls are designed to provide assurance against material misstatement or loss due to fraud or error, it is not always possible to make a clear distinction between these and general operational controls. Those controls that are specifically focused on financial reporting are highlighted blue in the text below.

No system of internal control can provide absolute assurance against material misstatement or loss due to fraud or error. Wellcome's systems are designed to provide the Board of Governors with reasonable assurance that proper procedures are in place and that these procedures are operating effectively.

Control Environment

- **Governance and accountability:** The role of the Board of Governors, the ELT and the Committees of the Board are discussed on pages 39-41.
- **Delegation:** There is a clear organisational structure and documented procedures for delegation of decision making. This is supported by the appointment of experienced and professional staff in roles that have appropriate responsibilities.
- **Policies:** A suite of policies covers all major activities and risk areas, and are all available on a dedicated area of the internal website and subject to periodic review. The policies emphasise personal judgement and responsibility, with employees, committee members and Governors expected to conduct themselves with integrity and impartiality.

The policies include Procurement, Agreements, Bullying and Harassment, External Complaints, and Fraud and Corruption. The Delegated Authority Policy was revised in March 2020 to take account of remote working and is subject to ongoing review. The Code of Conduct and Speak-up policy is discussed on page 44, as is the Conflicts of Interest policy. Wellcome's grant conditions and policies set out the standard terms on which grants are awarded. The grant-making policy is discussed on page 44.

Reporting

- The Board of Governors and the ELT review regular financial reporting, monitoring forecast and actual results, investment performance and risk reports. This reporting is supported by:
 - Regular reconciliations of financial records, line manager reviews and systems' access controls.
 - Budget-holder ownership and review of the expenditure relating to their area, supported by Finance.
 - Updates from Finance on areas such as accounting and financial reporting requirements for consideration by the Audit and Risk Committee.
 - A Valuations Group which considers the Group's investment valuation policies, application and outcome.
- The Board of Governors, the ELT and the Audit and Risk Committee review reporting on the effectiveness of the controls environment. This reporting is supported by:
 - An annual update to the Audit and Risk Committee which reports on controls, with consideration of the guidelines contained in FRC ISA (UK) 315 (Revised June 2016): Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and its Environment" and FRC ISA 240 (October 2009): "The auditor's responsibilities relating to fraud in an audit of financial statements".
 - A grants assurance update provided by the Director of Grants to the Audit and Risk Committee.
 - Regular reports from Internal Audit to the Audit and Risk Committee.
 - Independent updates and reports to the Audit and Risk Committee and Finance from the external auditors.
 - An Internal audit opinion presented to the Audit and Risk Committee annually. In April 2020, the opinion concluded that **controls around established transactional processes continue to be strong in Investments, core finance processes and long-standing response mode funding**; while cross-Wellcome projects and areas undergoing transformation tend overall to have lower-rated control environments. Management has produced a roadmap to demonstrate how remedial actions to address the weaknesses highlighted in the internal audit opinion will be delivered. The ELT reviewed and endorsed this roadmap, and it is a focus area for them.

Remuneration report

Wellcome develops and maintains remuneration strategies and policies in line with the strategy, culture and objectives of the organisation. Our aim is to attract, retain, motivate and effectively reward our people and recognise their contribution to Wellcome's overall mission.

Our key principles are that remuneration should be:

- **Competitive:** salaries are benchmarked using external market data appropriate to the sector in which people work
- **Performance-linked:** individual performance and behaviours are assessed for the award of bonuses during the annual salary review
- **Simple and transparent:** our remuneration structure is openly communicated to colleagues. The bonus scheme and benefits are available to all employees. Benefits can be accessed and managed through a portal that also provides a total reward statement.

During the year, Willis Towers Watson, QCG, UCEA and Equilar provided us with salary benchmarking data. McLagan provided data and independent advice on the remuneration of the Investments team. PwC advised us on the production of our gender and ethnicity pay gap data and validated our results. We used Innecto for advice on the Pay Structure project and job evaluation.

Elements of remuneration

Base salary

Salaries are regularly benchmarked against the market using appropriate specialist surveys or independent consultants.

Benefits

A competitive benefits package is available to all employees, including private medical insurance, medical assessments, group income protection, an on-site gym (classes and wellbeing support have continued virtually for staff working remotely), enhanced maternity and paternity pay, a cycle-to-work scheme, shopping and entertainment discounts and season ticket loans.

Bonuses

All employees are included in a bonus scheme based on individual achievements. The ELT and the Board of Governors have decided that for 2019/20 it would be unfair to allocate bonuses on individual achievement, as remote working and asymmetrical workloads because of reprioritisation in the light of Covid-19 makes assessment difficult. Instead, bonuses for this year have been distributed at a flat rate, ensuring that no employee is disadvantaged due to the impacts of Covid-19 on their work. The Investments team has a separate bonus element in their remuneration, which is discussed below. Other individual and project-based recognition awards are made at management's discretion.

Long-term incentive plans

In order to ensure that remuneration of the Investments team remains competitive and to encourage a long-term view, certain employees participate in a long-term incentive plan. Awards to employees are made annually based on investment returns and individual performance over a period of three to five years.

Pension

The Group sponsors two approved funded defined benefit schemes: the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan. Pensions payable are related to length of service, salary and level of personal contribution. The Group also provides a defined contribution Group Personal Pension plan, into which both employee and employer contributions are paid. Since April 2016, new employees are auto-enrolled into the defined contribution scheme.

Governors' remuneration

In accordance with the will of Sir Henry Wellcome, Governors are entitled to receive remuneration from the Trustee, The Wellcome Trust Limited, of which they are directors.

Under Wellcome's Constitution, Governors are entitled to receive a set amount of annual remuneration, adjusted with effect from 1 April each year by an amount equal to the percentage increase recommended by the Review Body on Senior Salaries in respect of the salary pay bands of the Senior Civil Service. No increase was awarded in 2019/20.

Following approval by the Charity Commission of a scheme in October 2011, the levels of remuneration of Chairs and Deputy Chairs can be set by the Board of Governors at up to 2 and 1.5 times the level of a Governor respectively.

The Remuneration Committee

The Board of Governors appoints the Remuneration Committee, chaired by Amelia Fawcett. The members are all Governors, all of whom are excluded from any discussion which affects their own pay. The Committee ensures that remuneration practices and policies facilitate the employment and retention of talented people.

The core responsibilities of the committee are to approve key remuneration principles, the reward strategy and policies for remuneration of employees, including incentive and benefit plans, and to determine individual remuneration packages and terms and conditions of employment for members of the ELT (see page 40) and other senior staff. In addition, the Committee exercises any powers, and approves any decisions required by Wellcome, in respect of the Wellcome Trust pension arrangements.

The Report of the Remuneration Committee is on page 53.

Key Management Personnel

The key management personnel of the Wellcome Trust Group and Wellcome have been defined as the Board of Governors and the ELT (including the Investment Executive, who are responsible for decision-making in respect of the investment portfolio). The roles and responsibilities of the Board of Governors and the ELT are discussed in the Structure and Governance section on pages 39-41.

The total consideration includes salaries, benefits in kind, bonuses, amounts accrued under long-term incentive plans, termination payments, employer pension contributions and Governors' remuneration. The determination of the remuneration of the Governors is discussed above. The remuneration of members of the ELT is determined in accordance with the key principles for all staff laid out in the introduction to this report. The remuneration of the Investment Executive is discussed below.

Details of the number of employees working on the charitable activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 11.

Investments Team

Wellcome manages the investment portfolio that underpins our charitable activities. The internal Investments Team, including the Investment Executive, manages a large proportion of Wellcome's investments directly rather than through external fund managers. Due to the size, breadth and long-term nature of our portfolio, Wellcome can attract and retain a highly skilled group of investment professionals. With the right leadership and approach, this group has been able to generate superior returns and incur lower costs than would be the case if this activity were outsourced to traditional asset management organisations. The performance of the portfolio supports this approach.

Members of the Investments Team are remunerated through their base salary, supported by significant variable elements based directly on the performance of the portfolio. These variable elements are either in the form of an annual bonus or, more significantly, long-term incentive plans, as detailed above. The structure and quantum of remuneration is benchmarked on an ongoing basis using market data and external consultants. Details of the number of employees working on the investment activities of the Group whose total benefits (excluding employer pension contributions) fall within specific £10,000 bandings, where benefits exceed £60,000, are shown within the Financial Statements under note 5.

McLagan provided an asset management sector overview to benchmark pay and reward proposals for the Investment Team to provide assurance that the pay and reward package was appropriate to attract and retain excellent staff, while also recognising Wellcome's charitable status.

Governors' Remuneration Year to 30 September

	2020 £	2019 £
Baroness Manningham-Buller (Chair)	142,108	142,108
Professor Sir Michael Ferguson (Deputy Chair)	106,581	106,581
Professor Tobias Bonhoeffer	71,054	71,054
Alan Brown	-	41,448
William Burns	41,448	71,054
Dame Amelia Fawcett	71,054	5,921
Richard Gillingwater	71,054	5,921
Professor Bryan Grenfell	71,054	71,054
Professor Dame Anne Johnson	-	17,764
Naguib Kheraj	-	17,764
Professor Fiona Powrie	71,054	71,054
Dame Cilla Snowball	71,054	5,921
Elhadj As Sy	53,291	-
Total remuneration	769,752	627,644

Expenses in respect of travel, subsistence, telephone and sundries incurred by the Governors in the course of their duties amounted to £84,502 (2019: £129,023), of which £76,455 (2019: £119,960) was paid directly by Wellcome, and £8,047 (2019: £9,334) was paid by the Governors and directly reimbursed to them.

The decrease in the expenses paid this year is driven by a reduction in travel costs. No pension contributions were paid in respect of the Governors.

The Governors were included in the Directors' and Officers' liability insurance in the year to 30 September 2020.

Consideration of Key Management Personnel Year to 30 September

	2020 £	2019 £
Governors' remuneration	769,752	627,644
Director of Wellcome Trust	483,788	524,537
Executive Leadership Team (excluding Investment Executive)	3,111,691	2,412,989
Investment executive	9,166,052	7,597,257
Employer pension contributions (for relevant staff)	478,921	532,593
Employer National Insurance Contributions (for relevant staff)	811,968	2,116,041
	14,822,172	13,811,061

Employer NI decreased due to the exercise in the year of a lower number of units from long term incentive plans (LTIPs) by the Investment Executive. There is a timing difference between recognition of LTIPs as consideration, and related NI falling due upon the exercise and payment of units.

Remuneration Committee Report

As the Chair of the Remuneration Committee, I am pleased to present our report for the year ended 30 September 2020. This report summarises the work of the Committee over the past year in fulfilling our responsibilities to provide effective governance over the remuneration of our employees.

Effective Committee Governance

The membership of the Remuneration Committee is set out on page 124. Although not members of the Committee, the Director and the Director of People attend each meeting but absent themselves for discussions on their own pay. After each Committee meeting, the Board of Governors receives a report on the key issues discussed.

During the year the Committee's focus was on:

Pay and reward

Pay at Wellcome had not been changed systematically for a number of years, which had led to inconsistency and a lack of transparency. Following a review and a comprehensive effort to benchmark every role in Wellcome against the relevant market median salary, a new structure has been implemented. No one's pay will be reduced as a result, but employees whose pay was below the benchmark for their role have had their pay increased as of January 2020.

Working closely with the current Investment Executive, the Committee laid the foundations for an appropriate approach to remuneration that reflects both market benchmarks and Wellcome's charitable status.

Overview of senior pay proposals

In line with its Terms of Reference, the Committee had oversight of the remuneration packages for new senior staff.

Discussion of the gender and ethnicity pay gaps

The Remuneration Committee has monitored closely Wellcome's progress in reducing the gender and ethnicity pay gaps, recognising that some of the issues are sectoral and can be resolved only through actions that go beyond pay and reward.

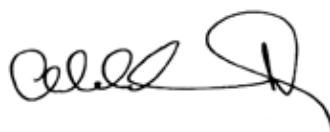
Covid-19

Committee members were concerned at the effect of lockdown on staff and the implications for remuneration projects. The Committee had regular updates, receiving assurance that projects were being rescheduled and, in some cases, adapted to take account of distanced working.

Remuneration Committee Composition and Attendance during 2019/20

	Attended	Maximum possible
Chair		
Dame Amelia Fawcett	3	3
Members		
Alan Brown	1	1
Professor Sir Michael Ferguson	3	3
Richard Gillingwater	2	2
Baroness Manningham-Buller	3	3

The Committee welcomed Richard Gillingwater as a member in December 2019. Richard brings important insight and expertise on Investment Team remuneration.



Amelia Fawcett

Chair of the Remuneration Committee

14 December 2020

Nominations and Governance Committee Report

I am pleased to present our report for the year ended 30 September 2020. New Terms of Reference and a change of name were approved in December 2019, signalling our intent to work with the Board of Governors to go beyond what law and regulation require and improve the quality of governance at Wellcome.

The most significant achievement of the Committee (I was not involved) has been the successful search for the next Chair of Wellcome. A rigorous international search was undertaken for someone who could deliver our new bold strategic ambition. We had an excellent field, and in Julia Gillard the Committee is certain that we have chosen an outstanding candidate.

We are also recruiting for Governors with a science background to replace individuals who are leaving us. We realise that we need people from a wide background and with an outlook that reaches beyond their specialty – as well as being excellent scientists. I am grateful for Julia's involvement in this process, as they will be members of her future Board.

Covid-19 inevitably meant changes and delays to Wellcome's work. As a Committee we adjusted to virtual meetings rapidly but delayed the recruitment of new Governors for three months. In the light of this we are delighted that Tobias Bonhoeffer has agreed to remain on the Board for a further year. I also agreed to stay as Chair of Wellcome until Julia Gillard takes up her post in spring 2021.

The UK Corporate Code of Governance has been the impetus for the Committee to explore staff and stakeholder engagement at Wellcome. Engagement is an integral part of our ways of working. Cilla Snowball has taken the lead in developing staff and stakeholder links with the Board, so we can further integrate their valuable insights into Board decision-making.

Committee meetings during the year

The Committee formally met four times during the year and held several informal meetings to progress recruitment issues.



Eliza Manningham-Buller

Chair of the Nominations Committee

14 December 2020

Nominations Committee Composition and Attendance during 2019/20

	Attended	Maximum possible
Chair		
Baroness Manningham-Buller	4	4
Members		
Professor Sir Michael Ferguson	4	4
Professor Bryan Grenfell	4	4
Dame Cilla Snowball	4	4

Investment Committee Report

As the Chairman of the Investment Committee, I am pleased to present our report for the year ended 30 September 2020. The Investment Committee's role is to act as an advisory and oversight body of the Board of Governors on investment matters. This report summarises the work the Committee has done over the past year in fulfilling our responsibilities.

We welcomed Girish Reddy to the Committee in December 2019 as our fifth external member. He joins Tracy Blackwell, Cressida Hogg, Stefan Dunatov and Martin Halusa. The Committee has an impressive depth and breadth of experience, which has enriched our discussions and been of great value during a tumultuous year.

Activities during the year

The Investment Committee met in December 2019 and in February, June and September 2020. At each meeting, it reviewed the positioning and performance of the investment portfolio in the context of prevailing investment market conditions and the evolving macro-economic and geopolitical environment. The June and September meetings were held virtually given the extraordinary circumstances of the Covid-19 pandemic and the closure of Wellcome's headquarters, the Gibbs Building.

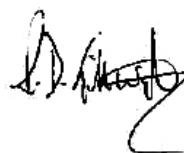
At the December 2019 meeting the Committee made its annual consideration of the outlook for long-term returns. In its oversight role, the Committee has examined correlations and performance attribution; Internal Audit's review of internal controls and third-party oversight in Investments; adherence to risk limits; resourcing of the investment team; counterparty limits; arrangements for safekeeping of assets; and costs and fees incurred in managing the portfolio.

Other topics of discussion during the year have included the investment executive's approach to ESG based on an assessment of companies' and managers' "licence to operate"; a climate change portfolio impact assessment; a review of the residential property exposure in the portfolio; a deep dive into our venture capital exposure, focusing on our largest manager; and a discussion of the arrangements for the management of the internal equity portfolios. The Committee provided constructive challenge to the Investment Executive at each meeting.

Investment Committee Composition and Attendance during 2019/20

	Attended	Maximum possible
Chair		
Richard Gillingwater	5	5
External members		
Tracey Blackwell	4	5
Stefan Dunatov	5	5
Martin Halusa	5	5
Cressida Hogg	5	5
Girish Reddy	5	5
Internal members		
Sir Jeremy Farrar	5	5
Professor Sir Mike Ferguson	4	5
Baroness Manningham-Buller	5	5
Nicholas Moakes	5	5
Peter Pereira Gray	5	5
Paul Schreier	5	5

In addition to these regular meetings, there was an extra call in March 2020, at the height of the market turmoil brought on by the pandemic and policy response, to discuss portfolio positioning and risk controls. This was followed by a broad discussion of the implications of the Covid-19 crisis for the future shape of the portfolio at the June meeting. There were also special calls in September and November to discuss Wellcome's bid for Urban & Civic PLC. Throughout the year, Committee members have been generous with their time and advice on an individual and collective basis.



Richard Gillingwater
Chair of the Investment Committee
14 December 2020

Audit and Risk Committee Report

As Chair of the Audit and Risk Committee, I am pleased to present our report for the year ended 30 September 2020. I would also like to take this opportunity to thank Bill Burns for his valuable contribution as Chair of the Committee until April.

Overview of the year

In 2020, the main activities of the Committee included reviewing:

- The Risk Management function and the further opportunities to develop risk management as a key element of the implementation of the new strategy
- Internal Control, focusing on the updates to the Corporate Risk Register, the roadmap (page 50) and the annual update on controls over financial reporting (page 50)
- Wellcome's assessment of internal controls and risk in the context of the Covid-19 environment
- Cyber security risk in Wellcome's environment
- The disclosures in the financial statements to ensure that they are fair, balanced and understandable
- Deloitte LLP's report on Wellcome's annual accounts and the related control findings
- Wellcome's compliance with the General Data Protection Regulation and the continued improvement of controls over compliance

- The assessment that management has made of the key judgements and estimations applied to assets and liabilities reported in the Group Balance Sheet to ensure that these are appropriate and are considered when finalising the year end results. This included consideration of the valuation of investments in private equity and real estate in the financial statements and the current market conditions. The valuation of these classes of investments involves a level of estimation which is discussed further in the table below
- Developments at the Wellcome Genome Campus including the proposals for development
- The governance at the Wellcome Genome Campus and the steps taken to improve this
- The Financial Reporting Council's Audit Quality Review of Deloitte's audit of Wellcome and how this has been considered in the 2020 audit of Wellcome.

Significant financial reporting issues and judgements

The use of assumptions or estimates and the application of management judgement is an essential part of financial reporting. In 2020, we focused on the following significant reporting matters in relation to financial accounting and disclosures:

Issue, judgement or estimate	Action taken by the Committee	Outcome
Unquoted investment valuations	Review of the Audit approach adopted by Deloitte as summarised in their Report. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty; Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee.	The Committee concluded that the valuation methodology and the valuations approved by the Valuations Group were appropriate, noting that there were 6 holdings where Wellcome had no reliable co-investors on which to base the valuation and that these were not material in the context of this asset class.
Investment property valuations	Review of the Audit approach adopted by Deloitte as summarised in their Report. Consideration of the sensitivity analysis performed by management for any valuations subject to significant estimation uncertainty; Review of the Valuation Group papers and attendance at the Valuation Group meetings by a member of the Committee.	The Committee concluded that the valuation methodology and the valuations approved by the Valuations Group were appropriate, noting the use of the several external valuers for the elements of the portfolio rather than relying on one.
Grant Liabilities	Review of management's recommendation to discount the grant liabilities using the expectation of the long-term return of Wellcome's investment portfolio and the appropriateness of the rate used.	The Committee noted the additional sensitivity analysis that had been done this year to cover the various elements that impact the calculation and concluded that these were reasonable and provided a fair indication of the possible range of outcomes.
Defined benefit pension liabilities	Review of the assumptions provided by Mercers and reviewed by management.	The Committee concluded that the assumptions were reasonable and appropriate to the group's risk and member profile within the context of FRS 102.
Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio	Review of management's judgement in assessing which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio.	The Committee noted that these entities are valued at fair value using external valuer reports supported by reviews by the Wellcome Finance team and that whilst Wellcome has Board representation in these entities, their operations were managed independently from Wellcome.

How the responsibilities of the Audit and Risk Committee have been addressed

At the December 2020 meeting members of the Committee formally reviewed their activities during the year and were satisfied that they had taken adequate consideration of their responsibilities as laid out in the Terms of Reference.

External audit

Oversight

At the June meeting each year, the Committee discusses with the auditors the scope of their audit and makes recommendations to the Board before the audit commences. The significant risks, which are in line with those listed in the table above, are considered by the Committee to be:

- The valuation of unquoted investments relating to: Direct Investments; unconsolidated subsidiary investments (Premier Marinas and Farmcare) and the farm assets (Agricultural estates)
- Management override of controls (a risk in any organisation)
- The rate of discount selected to discount the grant liabilities.

In addition to the points noted under the review of significant activities during the year, our interactions with Deloitte LLP included:

- Consideration of their work and opinion relating to management judgements
- Discussion on the level of disclosure in the Annual Report to satisfy ourselves that it is appropriate
- Discussion of developments in financial reporting, including changes to accounting standards, statute and best practice
- Meetings in private session during each Committee meeting, and at other times throughout the year, to discuss external and internal developments and issues.

This is in line with 2019 and the approach has been discussed with Deloitte LLP.

Independence

The Committee seeks to ensure the continued independence and objectivity of Wellcome's external auditors. At the April meeting each year, it reviews the performance of the external auditors, discusses this with management and recommends their reappointment if appropriate.

At the April, June, September and December meetings each year, the Committee reviews the Auditor's report about independence of its staff, its policies for maintaining staff independence and monitoring compliance with relevant requirements.

Non-audit services

Wellcome management has a policy on any non-audit services provided by our External Auditors, which takes into account the relevant EU Regulations and Directives, the FRC "Guidance on Audit Committees" and the "Revised Ethical Standard" and which has been approved by the Committee.

Non-audit services were under review throughout the year to determine that they were permitted by reference to their nature, assessing potential threats and safeguards to auditor independence as well as the overall ratio of audit to non-audit fees.

The Committee is satisfied that Deloitte remain independent and that the level and nature of any non-audit services is appropriate.

Financial reporting

At the December meeting each year, in line with its Terms of Reference the Committee reviews the Annual Report and Financial Statements and related announcements for statutory and regulatory compliance. In particular, it reviews the integrity of the disclosures in the Financial Statements and considers the minutes of the Valuation Group meetings. The Valuation Group is responsible for reviewing investment valuations and reports its views to the Committee to assist in its approval of such documents.

On the basis of the work done, the Committee recommended to the Board of Governors that the Annual Report taken as a whole is fair, balanced and understandable. In justifying this statement, the Committee has considered the robust process in place, which includes the following:

- Clear guidance is given to all contributors
- Revisions to regulatory requirements are monitored on an ongoing basis and are discussed at the Audit and Risk Committee meetings throughout the year
- Wellcome Finance team meet with the auditors throughout the year to discuss developments within the business and any impact on the financial reporting;
- A thorough process of review, evaluation and verification is undertaken by senior management and staff with expertise across the organisation.

Internal audit

Wellcome has an in-house internal audit function that is supplemented through the use of a co-source partner providing external expertise where relevant. The Head of Internal Audit reports functionally into the Audit and Risk Committee, which evaluates her performance annually and considers the work done by the team as a whole. Internal audits are performed based on a risk-based internal audit plan. The plan is reviewed and approved by the Audit and Risk Committee prior to implementation. The 2020/21 plan was endorsed by the Committee during the September 2020 Audit and Risk Committee meeting. The plan outlines how each audit will be resourced to provide assurance that it has the right expertise for execution. The plan is regularly reviewed and updated taking into account Wellcome's risks.

At each meeting, the Committee receives an update on audit reports completed and observations identified, progress on completion of actions arising from the audits and performance of the internal audit function. In 2020 this included both full scope and limited scope reviews identified in line with risk profiling on the Corporate risk register and covered areas across Wellcome, including:

- Investment Controls Assurance
- JP Morgan manual and bespoke services
- Management of Science grants
- Key Finance Controls
- Security Incident and Event Management.

The 2019/20 plan was reconsidered in the context of the Covid-19 environment and proposed changes were approved at the April 2020 Committee meeting. These included:

- A review of key finance controls focused on fraud risk was added due to the move to remote working
- The review of controls at KEMRI was delayed until travel to Africa is resumed.

Internal audit is also provided for Genome Research Ltd (GRL), and reports into the GRL Audit and Risk Committee. Reviews at GRL included a review of the Biobank Sequencing Programme.

Risk Management

At each meeting, the Committee monitors and reviews risk management processes and the standards of risk management and internal control, including the processes and procedures for ensuring that material business risks are properly identified and managed. In 2020, specific areas addressed in addition to those covered under the Overview of the year included:

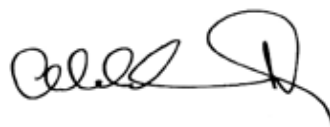
- A discussion with the new Head of Risk and the opportunities that the Wellcome's new strategy provided
- Recognition that there was a considerable focus on the Data and Technology team in the Corporate Risk Register to cover the impact of Covid-19, GDPR and cyber security, and the need to ensure that the team was adequately resourced.

Audit and Risk Committee Composition and Attendance during 2019/20

	Attended	Maximum possible
Chair		
William Burns (Chair to 31 March 2020)	2	2
Dame Amelia Fawcett (Chair from 1 April 2020)	4	4
Members		
Adele Anderson (external)	4	4
Chris Jones (external)	4	4
Professor Fiona Powrie	4	4

Additional areas of focus

In addition to the reviews of external audit, financial reporting, internal audit and risk management discussed above, key governance areas considered by the Committee during the year included the new Corporate Governance code and the Charity Governance code.



Amelia Fawcett

Chair of the Audit and Risk Committee
14 December 2020

Independent Auditor's Report to the Trustee of the Wellcome Trust

Opinion

In our opinion the financial statements of Wellcome Trust (the 'Trust') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Trust's affairs as at 30 September 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the consolidated statement of financial activities;
- the consolidated and Trust balance sheets;
- the statement of financial activities of the Trust,
- the consolidated cash flow statement;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Farmcare) and farm assets (Agricultural Estates) including unrealised gains/losses related to these investments • Valuation of unquoted investments relating to direct investments, including unrealised gains/losses related to these investments • Risk of the grant liability being misstated due to an inappropriate discount rate being applied. Within this report, key audit matters are identified as follows: ⚠ Newly identified ⬆ Increased level of risk ↔ Similar level of risk ⬇ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £278m which was determined on the basis of 1% of net assets.
Scoping	Our Group audit scope included the audit of all subsidiaries that accounted for more than 1% of the Group's net assets as well as any subsidiary that required a statutory audit. This meant that 99% of the Group's net assets were subject to a full scope audit for the year ended 30 September 2020. The Trust and all subsidiaries are based in the UK.
Significant changes in our approach	In the current year, we have amended our key audit matter 'Valuation of unquoted investments' to include farm assets (Agricultural Estates) and have removed the investment in iQ following its disposal. There have been no other significant changes in our approach.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Trustee's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Trustee's have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unquoted investments relating to controlled unconsolidated investments (Premier Marinas and Farmcare) and farm assets (Agricultural Estates) including unrealised gains/losses related to these investments

Key audit matter description	The valuation of Premier Marinas, Farmcare and Agricultural Estates involves significant judgement when determining the valuation approach and the estimation of key inputs and assumptions. As a result of this judgement, there is more potential for fraud or error in this area. Management engage with external experts to produce valuation reports for these assets. For Premier Marinas, the primary input into the external valuation is the growth rate assumptions which drive future cashflows. For Farmcare and Agricultural Estates, the primary input into the external valuation is comparable market data. There are few comparable transactions for alternative real estate assets such as farm land and therefore this increases the degree of estimation in determining the fair value of those assets. There is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate assumptions could result in the valuation of unquoted investments being materially misstated. This would subsequently drive the changes in gains and losses. The valuation of Premier Marinas, Farmcare and Agricultural Estates accommodation amount to £539 million (2019: £541 million), which is 3.9% (2019: 4.4%) of the Group's unquoted investments, and 1.9% (2019: 2.1%) of the Group's net assets. The Audit and Risk Committee Report on page 53 identifies the valuation of real estate assets as a main area of risk. The significant accounting judgements with respect to the Group's fair value measurement and valuation policies are described in notes 2 and 15.
How the scope of our audit responded to the key matter	In responding to the key audit matter arising when determining the fair value of Premier Marinas, Farmcare and Agricultural Estates, we performed the following procedures: Controls Assessment • We obtained an understanding of the relevant controls and tested the operating effectiveness of those controls. • In performing this work, we obtained and reviewed policies and processes by which the investments are valued, reviewed and attended Valuation Group meetings to understand how ongoing monitoring and reassessment of valuations was performed. Substantive testing • We obtained and reviewed 30 September 2020 and 30 September 2019 external valuation reports and assessed whether the valuation approach for each was in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. We assessed the competence, qualifications, capabilities and independence of the third party valuers. We compared 2019 and 2020 reports to assess any changes in methodology or approach year on year; • We involved internal real estate specialists as part of our audit team to review the third party valuation reports. We challenged the key estimates made in management's valuation against our expectations, our own market intelligence and external information (e.g. growth assumptions used to drive future cashflows in Premier Marinas, and comparable data in Farmcare and Agricultural Estates). We considered the possible effect of Covid-19 and Brexit on market assumptions and stress tested key assumptions to understand their effect on the overall valuation. • Specifically for Premier Marinas: we determined whether data used to derive future cashflows was appropriate given our understanding of the business; and • Specifically for Farmcare and Agricultural Estates: for a sample of assets we obtained relevant third party data to support acreage and other inputs that drive the valuation. • We performed testing over the accuracy of underlying inputs into the valuation models and back tested previous estimates made by management to assess the accuracy of their previous estimates. We also performed market analysis for contradictory evidence to challenge management on the conclusions reached.
Key observations	As a result of our procedures, we concluded that each of the assumptions used by management to estimate the valuation of Premier Marinas, Farmcare and Agricultural Estates are within a reasonable range, noting that Premier Marinas is at the upper end of the range, and that Farmcare and Agricultural Estates sit between the mid-point and the upper end of the range.

Valuation of unquoted investments relating to direct investments including unrealised gains/losses related to these investments

Key audit matter description	The valuation of unquoted direct investments requires significant estimation as the values are derived from unobservable inputs and assumptions. As a result of these estimates, there is more potential for fraud in this area. The values are obtained from co-investors or are valued based on internal models. As these underlying valuations are sensitive to these unobservable inputs and assumptions, there is a risk that the application of an inappropriate valuation methodology and/or the use of inappropriate market assumptions could result in the valuation of unquoted investments being materially misstated, this includes appropriately reflecting the impact of COVID-19 on company performance and evaluating any discounts applied to businesses as a result. These estimates and assumptions over investments subsequently drive the changes in gains and losses. The valuation of the Group's investments in unquoted direct investments amount to £1.39 billion (2019: £1.22 billion) which is 10.1% (2019: 9.8%) of the Group's unquoted investments, and 5.0% (2019: 4.8%) of the Group's net assets. The significant accounting estimate with respect to the Group's fair value measurement and valuation policies are described in notes 2 and note 15.
How the scope of our audit responded to the key matter	We assessed Management's valuation methodology and considered whether it was in accordance with the accounting policies of the Trust, applicable accounting standards and industry practice. Controls Assessment • We obtained an understanding of the relevant controls and tested them. This included gaining an understanding of the procedures performed by Management during the year related to the ongoing monitoring of co-investors and the processes by which valuation approaches are continually re-assessed and challenged by the Valuation Group. • We reperformed Management's review for a sample of investment assets by inspecting documentation to determine whether valuations were challenged based on recent knowledge of the investments, as gained through calls with key management personnel of the co-investors; • We inspected documentation and attended the July and November 2020 Valuation Group meetings to evidence that the Valuation Group has reviewed and reasonably challenged the valuation of investments at year end, as presented by Management and as recorded in the financial statements. Substantive procedures • For selected samples, we independently obtained and reviewed the unquoted direct investments valuation statements to determine whether the value recorded by the Group was appropriate. • We challenged Management's assessment of the valuation assumptions and appropriateness of valuation methodologies used by the co-investors to determine the fair value by: - We have either assessed recent transactions in the market or used a market comparable approach to inform our challenge of management. This includes determining if any discounts applied by co-investors to the valuation are appropriate; - We have examined the previous period's audited financial statement for the co-investment vehicle that houses a direct investment and the financial statements of the direct investment itself, to inform us of any subsequent events and going concern issues; - We have also obtained an understanding of current year performance and whether any events have occurred that may have an impact on the valuation. We have also assessed any effect of COVID-19 on company performance and long term outlook, and ensured that these have been appropriately reflected in the valuation as at 30 September 2020; - We have assessed the co-investor where used, to determine if they are reputable and reliable partners. This includes testing the accuracy of the co-investors' valuations in previous periods, by comparing the 30 September 2019 and 31 December 2019 valuation statement to the valuation as per the audited accounts which is usually at 31 December 2019. - We have assessed contradictory evidence to challenge the appropriateness of valuation adopted. • We sampled purchases and sales during the period and traced these to supporting documentation, based on this procedure and the above procedures we recalculated the gains and losses associated to assess the accuracy thereof.
Key observations	As a result of our procedures we found the valuations of these investments are at the most prudent end of an acceptable range, and this is largely driven by the valuation of one investment as a result of the discount applied to a recent funding round.

Risk of the grant liability being misstated due to an inappropriate discount rate being applied

Key audit matter description	The discount rate used is identified as a significant estimate in Note 2 of the annual report. The discounted portion of the grant liabilities is sensitive to changes in the discount rate applied. The non-current grant liabilities £1,614 million (2019: £1,517 million) are discounted, as per the requirements of FRS 102 and Charities SORP. The discount rate selected and applied by Management is based on Management's expectation of the long-term return of the Trust's portfolio of 6.1% (2019: 6.1%). The discount rate used should reflect the opportunity cost to the Trust of not earning an investment return on funds granted and its current assessment of the time value of money. The appropriate discount rate depends on the circumstances of the charity and determining this discount rate requires significant estimation concerning future expectations of investment performance and is subjective. The significant accounting estimate with respect to the discount rate is described in note 15 and on page 49 within the Audit and Risk Committee Report.
How the scope of our audit responded to the key matter	Controls Assessment We obtained an understanding of the relevant controls in relation to the selection of an appropriate discount rate. This included gaining an understanding of the procedures related to the Board of Governors review of Management's papers on the selection of an appropriate discount rate and expected rates of long-term return used in financial planning and budgeting considerations. Substantive procedures - Reviewed Management's grant discounting methodology paper and compiled a complete list of assumptions involved in the process. We assessed the assumptions for reasonableness by comparing to underlying data (eg. 'stretch' assumptions were re-calculated using historic data and payment assumptions were agreed to historic payment data). We reviewed Management's paper to the Investment Committee and challenged any year on year changes in approach and the assertions made by Management by: - testing the split of investments stated in the paper and the associated expected investment return of each category; - assessing the stated ranges of nominal rates of return with reference to third party forecasts; and - performing benchmarking on the rate of return by using third party market data in the calculation of the discount rate and determining if variances were material. We tested the arithmetical accuracy of the grant liabilities discounting workings to determine whether the grant liability was materially accurate, and used Deloitte's Analytics tools to challenge the integrity of these spreadsheets.
Key observations	We have concluded that Management's discount rate methodology is appropriate and in accordance with the requirements of FRS 102 and the Charities SORP. Based on the work performed, we conclude that the rates applied are at the lower end of our reasonable range.

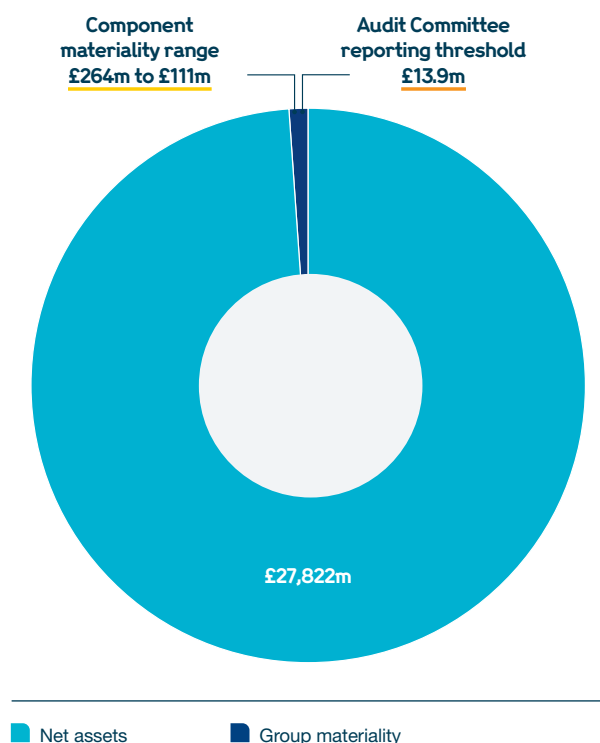
Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in

planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Trust's financial statements
Materiality	£278.0 million (2019: £252.1 million)	£264.0 million (2019: £239.5 million)
Basis for determining materiality	1% (2019: 1%) of net assets	1% of net assets (2019: 1%)
Rationale for the benchmark applied	The Group is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Group materiality is 1% of net assets which aligns our methodology with industry practice for comparable asset-based organisations.	The Trust is an asset based charity making returns on its investment portfolio to support the charitable activities. The basis of Trust materiality is 1% of net assets (limited to 95% of Group materiality) which aligns our methodology with industry practice for comparable asset-based organisations.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to take a controls reliance approach over a number of business processes; and
- the increased uncertainty in the market due to the potential impact of Covid-19.

Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £13.9 million (2019: £12.6 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by gaining an understanding of the Group and its environment, and assessing the risks of material misstatement at the Group level.

We determined that each entity forms its own component and our component audit scope was therefore determined by considering which entities:

- were financially significant, based on a benchmark of 1% of Group net assets (Scope A); or
- required a statutory audit (Scope B); or
- are not financially significant and do not have a statutory audit requirement (Scope C).

Any entity that required an audit (Scope A and Scope B) within the Group has been audited by the Group audit team in the UK. These two categories combined provide coverage of 99% of the Group's net assets. This approach is in line with the prior year.

Our consideration of the control environment

The Group's IT landscape contains a number of IT systems, applications and tools used to support business processes and for financial reporting. We perform a risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting. We utilised our IT specialists to assess relevant controls and perform General IT Controls testing ("GITCs") for the period 1 October 2019 to 30 September 2020 over in-scope systems. Our testing typically covered controls surrounding user access management and change management, as well as controls over key reports generated from the IT systems and their supporting infrastructure.

From our walkthroughs and understanding of the entity and controls at the business cycle and account balance levels, we took a controls reliance approach over the following business cycles:

- Quoted investments
- Unquoted investments relating to controlled unconsolidated investments (Premier, Farmcare) and farm assets (Agricultural Estates)
- Investment properties
- Investment cash and cash at bank
- Grant liability
- Charitable expenditure

Other information

The Trustees are responsible for the other information.

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Trustee's

As explained more fully in the Trustee's responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Trustee's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit and risk committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's and the Trust's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax, valuations, pensions, and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas, Farmcare) and farm assets (Agricultural Estates) including unrealised gains/losses related to these investments) and valuation of unquoted investments relating to unquoted direct investments, including unrealised gains/losses related to these investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011 and listing rules for the Trust's listed bonds. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we identified two key audit matters related to the potential risk of fraud:

- valuation of unquoted investments relating to controlled, unconsolidated subsidiary investments (Premier Marinas, Farmcare) and farm assets (Agricultural Estates) including unrealised gains/losses related to these investments); and
- valuation of unquoted investments relating to unquoted direct investments, including unrealised gains/losses related to these investments.

The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Board of Governors and the audit and risk committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Trust, or returns adequate for our audit have not been received from branches not visited by us; or
- the Trust's financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Consistency of the Trustee's Report with the Financial Statements

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report to you if, in our opinion the information given in the Trustee's Report is inconsistent in any material respect with the Financial Statements.

We have nothing to report in respect of this matter.

Other matters

Auditor tenure

Following the recommendation of the audit and risk committee, we were appointed by the Trust at its Board of Governor's meeting on 14 December 2015 to audit the financial statements for the year ending 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 30 September 2016 to 30 September 2020.

Consistency of the audit report with the additional report to the audit and risk committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Terri Fielding.



Deloitte LLP (Senior statutory auditor)

Statutory Auditor
London, United Kingdom
14 December 2020

Financial statements

Tomorrow's Echo

Lira district, Uganda, 2019

Agness listens to the heartbeat of a fetus. Using her well-trained ear and Pinard horn, she can tell how the baby is doing.

Image from the Wellcome Photography Prize 2020.



*Image: Sameer Satchu /
Wellcome Photography Prize 2020*

Consolidated Statement of Financial Activities

for the year ended 30 September 2020

	Note	Restricted funds £m	Unrestricted funds £m	2020 £m	Restricted funds £m	Unrestricted funds £m	2019 £m
Income from investments							
Dividends and interest	3	-	287.9	287.9	-	372.7	372.7
Rental income		-	35.4	35.4	-	35.6	35.6
		-	323.3	323.3	-	408.3	408.3
Charitable income							
Grants receivable	4(a)	18.5	-	18.5	20.9	-	20.9
Other charitable income	4(b)	28.1	93.7	121.8	25.3	26.5	51.8
Total income		46.6	417.0	463.6	46.2	434.8	481.0
Expenditure on raising funds							
Management fees and other investment costs	5(a)	-	(86.7)	(86.7)	-	(69.5)	(69.5)
Interest payable on bond liabilities		-	(79.0)	(79.0)	-	(78.7)	(78.7)
Expenditure on charitable activities	6	(52.3)	(966.3)	(1,018.6)	(53.2)	(1,129.9)	(1,183.1)
Total expenditure		(52.3)	(1,132.0)	(1,184.3)	(53.2)	(1,278.1)	(1,331.3)
Net realised and unrealised gains on investments	15(f)	-	3,289.6	3,289.6	-	1,978.2	1,978.2
Net income before taxation		(5.7)	2,574.6	2,568.9	(7.0)	1,134.9	1,127.9
Taxation	13	-	12.6	12.6	-	44.6	44.6
Net income after taxation		(5.7)	2,587.2	2,581.5	(7.0)	1,179.5	1,172.5
Actuarial gains/(losses) on defined benefit pension schemes	11(e)(iii)	-	25.9	25.9	-	(158.2)	(158.2)
Net movement in funds		(5.7)	2,613.1	2,607.4	(7.0)	1,021.3	1,014.3
Funds at start of year		25.2	25,189.2	25,214.4	32.2	24,167.9	24,200.1
Funds at end of year	20	19.5	27,802.3	27,821.8	25.2	25,189.2	25,214.4

There are no gains or losses apart from those recognised above. All income is derived from continuing activities.

An analysis of the movement of funds in 2020 is shown in note 20.

Consolidated Balance Sheet

as at 30 September 2020

	Note	2020 £m	2019 £m
Tangible fixed assets	14(a)	411.8	424.3
Investment assets			
Quoted investments	15(a)	14,762.7	15,053.9
Unquoted investments	15(a)	13,766.8	12,402.8
Investment properties	15(a)	1,292.1	1,298.9
Derivative financial instruments	15(b)	71.3	102.3
Investment cash and certificates of deposit	15(c)	2,701.4	1,070.4
Other investment assets	15(c)	91.3	268.3
Social investments			
Programme related investments	15(d)	26.8	17.4
Total Fixed Assets		33,124.2	30,638.3
Current assets			
Stock		11.0	9.5
Debtors	16	29.5	27.1
Cash at bank and in hand		25.1	33.2
Total Current Assets		65.6	69.8
Creditors falling due within one year	17	(1,177.6)	(1,127.8)
Net current liabilities		(1,112.0)	(1,058.0)
Total assets less current liabilities		32,012.2	29,580.3
Creditors falling due after one year	17	(3,675.8)	(3,843.3)
Provision for liabilities and charges	18	(148.0)	(151.0)
Net assets excluding pension deficits		28,188.4	25,586.0
Defined benefit pension schemes' deficits	11(e)(iv)	(366.6)	(371.6)
Net assets including pension deficits		27,821.8	25,214.4
Funds of the charity			
Restricted Funds	20	19.4	25.1
Unrestricted Funds	20	27,802.4	25,189.3
Total Funds		27,821.8	25,214.4

The Financial Statements on pages 69-123 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 14 December 2020 and signed on its behalf by:

Eliza Manningham-Buller

Baroness Manningham-Buller
Chair

MHA Ferguson

Professor Sir Michael Ferguson
Deputy Chair

Statement of Financial Activities of the Trust

for the year ended 30 September 2020

	Note	2020 £m	2019 £m
Income from investments			
Dividends and interest	3	260.7	333.2
Rental income		34.6	34.8
		295.3	368.0
Charitable income			
Other charitable income	4(b)	448.4	91.1
Total income		743.7	459.1
Expenditure on raising funds			
Management fees and other investment costs	5(a)	(81.7)	(66.7)
Interest payable to group undertakings		(31.9)	(31.0)
Interest payable on bond liabilities		(39.5)	(39.4)
Expenditure on charitable activities	6	(1,153.1)	(1,109.0)
Total expenditure		(1,306.2)	(1,246.1)
Net realised and unrealised gains on investments	15(f)	2,795.4	1,995.7
Net income		2,232.9	1,208.7
Actuarial gains/(losses) on defined benefit pension schemes	11(e)(iii)	9.6	(77.5)
Net movement in funds		2,242.5	1,131.2
Funds at start of year		25,161.3	24,030.1
Funds at end of year		27,403.8	25,161.3

There are no gains or losses apart from those recognised above. All income is derived from continuing activities. All funds are unrestricted.

Balance Sheet of the Trust

as at 30 September 2020

	Note	2020 £m	2019 £m
Tangible fixed assets	14(b)	214.3	220.1
Investment assets			
Quoted investments	15(a)	13,883.5	13,292.2
Unquoted investments	15(a)	12,775.0	11,050.7
Investment properties	15(a)	1,164.3	1,157.0
Derivative financial instruments	15(b)	71.3	102.3
Investment cash and certificates of deposit	15(c)	2,697.0	1,069.4
Other investment assets	15(c)	85.1	254.6
Subsidiary and other undertakings		2,639.4	3,323.4
Social investments			
Programme related investments	15(d)	26.8	17.4
Total Fixed Assets		33,556.7	30,487.1
Current assets			
Debtors	16	16.4	8.2
Cash at bank and in hand		5.9	5.0
Total Current Assets		22.3	13.2
Creditors falling due within one year	17	(2,670.2)	(2,102.7)
Net current liabilities		(2,647.9)	(2,089.5)
Total assets less current liabilities		30,908.8	28,397.6
Creditors falling due after one year	17	(3,265.1)	(3,007.0)
Provision for liabilities and charges	18	(72.1)	(60.7)
Net assets excluding pension deficit		27,571.6	25,329.9
Defined benefit pension scheme's deficit	11(e)(iv)	(167.8)	(168.6)
Net assets including pension deficit		27,403.8	25,161.3
Funds of the charity			
Unrestricted Funds		27,403.8	25,161.3
Total Funds		27,403.8	25,161.3

The Financial Statements on pages 69-123 were approved and authorised for issue by The Wellcome Trust Limited, as Trustee, on 14 December 2020 and signed on its behalf by:

Eliza Manningham-Buller

Baroness Manningham-Buller
Chair

MHA Ferguson

Professor Sir Michael Ferguson
Deputy Chair

Consolidated Cash Flow Statement

for the year ended 30 September 2020

	Note	2020 £m	2019 £m
Net income for the year (as per the Statement of financial activities)		2,607.4	1,014.2
Adjustments to exclude non-cash items and investment income and expenditure			
Decrease in debtors	16	(2.4)	0.2
Increase in stock		(1.5)	(3.3)
Increase/(Decrease) in grant commitments	8	(12.4)	273.9
Increase/(Decrease) in creditors and provisions		(1.1)	155.1
Less unrealised gains on sale of Programme Related Investments	15(d)	(13.9)	(2.1)
Increase in Net Write Down for Programme Related Investments	15(d)	16.4	10.4
(Decrease)/Increase in other investment debtors	15(c)	(0.4)	(2.4)
Depreciation and Disposals of Fixed Assets		24.9	23.7
Investment income		(323.3)	(408.3)
Bond interest		79.0	78.7
Net realised and unrealised gains on investments		(3,289.6)	(1,978.2)
Net cash flows from operating activities		(916.9)	(838.0)
Cash flows from investing activities:			
Investment income received	22(a)	318.9	405.9
Proceeds from sales of investment assets	22(c)	9,014.3	4,962.7
Purchase of investment assets	22(c)	(7,033.8)	(4,444.5)
Purchase of tangible fixed assets	14(a)	(12.4)	(17.4)
Net cash inflow/(outflow) upon settlement of derivative financial instruments	22(c)	331.2	(81.9)
Net cash flows from investing activities		2,618.2	824.8
Cash flows from financing activities:			
Cash outflow for servicing of finance	22(b)	(77.2)	(77.3)
Net cash flows from financing activities		(77.2)	(77.3)
Change in cash and cash equivalents during the year		1,624.1	(90.5)
Cash and cash equivalents at the beginning of the year		1,103.7	1,180.2
Change in cash and cash equivalents due to exchange rate movements		(1.3)	14.0
Cash and cash equivalents at the end of the year		2,726.5	1,103.7

Cash and cash equivalents include cash at bank and in hand, and investment cash and certificates of deposits.

A statement of net debt is included in note 22(d).

Alternative Performance Measures and Key Performance Indicators

Alternative Performance Measures (APMs) are a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Key Performance Indicators (KPIs) are a measure by reference to which the development, performance or position of the Group can be measured effectively.

KPIs include APMs where they provide additional insight into performance from the perspective of stakeholders.

The key measures used by the group are explained below:

APMs	Explanation
Total assets net of all liabilities	This is a summation of all the investment assets less all the investment liabilities and the bond liabilities (refer to Investment Asset Allocation, Figure 6, Review of Investment Activities)
Net debt	This reconciles transactions that do not require the use of cash or cash equivalents to the Statement of cashflows (see note 22(d))
Leverage	The amount of Total interest-bearing liabilities as a percentage of the amount of Total Investment Assets (refer to note 15(g))

Key KPIs	Explanation
Charitable expenditure	This is detailed in the Financial Review on page 34 and summarises the charitable spend, including allocated support costs by activity and is reported before the application of the discounting and foreign exchange accounting adjustments made in accordance with FRS 102
Blended returns	This is a measure of investment portfolio performance which averages the net returns (see below) calculated in £ and US \$. The target return is UK/US CPI + 4%
IRR	This is the internal rate of return, a measure of investment performance
Total funds	This is detailed in the Financial Review on page 34 and presents an overview of the net assets available to fund future charitable and investment activity
Net movement in funds	This is detailed in the Financial Review on page 34 and presents an overview of the sources funding and the application of these funds
Net returns	This is a measure of investment portfolio performance. This is calculated using the 'Modified Dietz method' as follows: change in the period of Total assets net of all liabilities less charitable cash expenditure for the period, divided by the opening Total assets net of all liabilities for the period plus charitable cash expenditure weighted by the time to the close of the period that the cash expenditure occurred. The target return is UK/US CPI + 4%

Glossary of Terms

Glossary of terms	Explanation
Active grants	Grants which have been activated and are still being utilised. The value of active grants is the undiscounted total amount awarded, before deducting any amounts paid to date
Buy-out funds	This is a portion of the Investment portfolio invested in private funds which adopt a strategy of buying out companies and transforming their operations
Cash & Bonds	This is the portion of the investment portfolio which is invested in cash, cash equivalents (liquidity funds, term deposits and certificates of deposit) and fixed income assets (i.e. corporate bonds and government gilts)
Charitable cash expenditure	This is cash spent in year on charitable activities and comprises Net cash flows from operating activities and cash flows from purchase of tangible fixed assets (see Consolidated Cash Flow Statement, page 73)
Directional hedge funds	A directional hedge fund maintains some exposure to the market without placing much emphasis on hedging market risk
Directly managed public equity	This is the portion of the investment portfolio which is invested in public equity and managed by the internal investment division
Equity long/short hedge funds	Investment hedge funds, that involves buying equities that are expected to increase in value and selling short equities that are expected to decrease in value (rather than buying a call option and selling a put option)
Indirectly managed public equity	This is the portion of the investment portfolio which is invested in public equity and managed by third party external investment managers
Growth markets	These are economies of countries traditionally classified as emerging markets, which often feature high annual GDP growth
Mega cap basket	This is a directly held portion of the Investment portfolio invested in public companies with a market capitalisation in excess of \$50bn
Net overlay assets	Foreign exchange overlays and the related cash collateral amounts due to third parties
Non Directional hedge funds	A non-directional hedge fund (absolute return fund) is a hedge fund that aims to generate a stable return regardless of market performance (with low volatility)
Optionality basket	This is a directly held portfolio within the Investment portfolio invested in public companies with characteristics expected to benefit from long term trends

Notes to the Financial Statements

1. Accounting policies

The numbers shown in the financial statements are in millions, rounded to one decimal point.

(a) Statement of compliance

The Financial Statements of the Wellcome Trust (the “Trust”) and the consolidated Financial Statements of the Trust and its subsidiary undertakings (the “Group”) have been prepared on a going concern basis and in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (“FRS 102”). In particular, they comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ published in 2019 (the “SORP”) in all material respects with the exception of the valuation of certain joint ventures and associates as detailed under the Basis of Consolidation below.

Wellcome Trust meets the definition of a public benefit entity under FRS 102. The Financial Statements have been prepared under the historical cost convention, as modified by the valuation of investments on a basis consistent with prior years.

The functional currency of the Trust is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Trust operates. The consolidated Financial Statements are also presented in Pounds Sterling.

Wellcome Trust meets the definition of a qualifying entity under the SORP and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate Financial Statements, which are presented alongside the consolidated Financial Statements. Exemptions have been taken in relation to financial instruments and the presentation of a Cash Flow Statement.

(b) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain significant accounting

estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Trust and its subsidiary undertakings. Associates and joint ventures are included as part of the investment portfolio and are discussed below. Subsidiary undertakings are entities over which the Trust has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When the Group owns less than 50% of the voting powers of an entity, but controls the entity by virtue of an agreement with other investors that gives it control of the financial and operating policies, it accounts for these as subsidiaries. The Financial Statements of subsidiaries are included from the date that control commences until the date that it ceases.

The Trust consolidates four types of subsidiary undertakings:

- (i) charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust which are held at cost less impairment;
- (ii) non-charitable operating subsidiary undertakings to conduct non-primary purpose trading which are held at cost less impairment;
- (iii) a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities which are held at cost less impairment; and
- (iv) non-charitable investment subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust which are held at fair value which is represented by their net asset value.

Consolidation comprises combining the assets, liabilities, the income and expenditure of those subsidiary undertakings with the Trust’s balances on a line by line basis. A subsidiary is excluded from consolidation where the interest in the subsidiary is held as part of the investment portfolio and its value to the Group is through fair value rather than as the medium through which the Group carries out business and where it has not previously been consolidated in the consolidated Financial Statements under FRS 102.

These subsidiaries are included at fair value within investments in accordance with 9.9C(a) of FRS 102.

Further detail on the Trust's significant subsidiary undertakings is provided in note 21.

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The Group considers that it has joint control where there is contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The results of the joint ventures are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed below.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and has significant influence. The Group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of the associates are accounted for using the equity method of accounting unless the entity is held as part of the investment portfolio or as a Social Investment as discussed on page 80.

Where an associate or joint venture is held as part of the investment portfolio or as a Social Investment and its value to the Group is through fair value rather than as medium through which the Group carries out business, the associate or joint venture is measured at fair value with changes in fair value recognised in profit or loss (Statement of Financial Activities) in the consolidated Financial Statements in accordance with 14.4B or 15.9B of FRS 102. The fair value is determined in accordance with the accounting policies for Financial Assets and Liabilities detailed on page 79. This is a departure from the SORP which requires that all such investments are accounted for using the equity method of accounting. The fair value of the associates and joint ventures held in the investment portfolio is included in Unquoted investments in note 15(a).

All intra-group transactions, balances, income and expenses are eliminated on consolidation of subsidiaries. Adjustments are made to eliminate the profit or loss arising on transactions with joint ventures or associates to the extent of the Group's interest in the entity. Where subsidiaries, joint ventures and associates are held as part of the investment portfolio or as a Social Investment and measured at fair value, no elimination of intra-group items is undertaken.

Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards of ownership have been transferred, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Group and when the specific criteria relating to the each of Group's income channels have been met, as described below.

All amounts are net of discounts and rebates allowed and value added taxes if applicable.

Dividend income including any recoverable tax is recognised from the ex-dividend date when it becomes receivable.

Rental income is recognised on an accruals basis, and is recognised on a straight line basis.

Interest income is recognised using the effective rate of interest.

Charitable income for performance-related agreements is recognised when the expenditure is incurred as this reflects the service levels. Income for non-performance-related agreements is recognised when awarded as this represents entitlement. Capital grants with no performance related conditions are recognised when the charity is entitled, the receipt is probable and the amount is measurable which is when the award letter is received. Any receipts that do not meet these criteria are held as deferred income.

Gift aid income is recognised on an accruals basis when the receipt is both probable and measurable.

Expenditure

Expenditure and liabilities are recognised as soon as there is a legal or constructive obligation committing the Group to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is recognised on an accruals basis, with the exception of grants as noted below.

Expenditure on raising funds relates to the management of the investment portfolio and includes the allocation of support costs relating to this activity.

Expenditure on charitable activities is analysed between grant funding and the cost of activities performed directly by the Trust and the Group together with the associated support costs, including governance costs. Governance costs are the costs of governance arrangements that relate to the general running of the Group as opposed to those costs associated with investments or charitable activities. These costs include such items as internal and external audit, legal advice for Governors and costs associated with constitutional and statutory requirements.

Where possible, expenditure incurred that relates to more than one activity is apportioned. The method of apportionment uses the most appropriate basis for each cost type.

Grants awarded to institutions outside the Group are recognised as expenditure in the year in which the grant is formally approved by the Trust and has been communicated to the recipient, except to the extent that it is subject to conditions that enable the Trust to revoke the award.

The provision for multi-year grants is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit it to avoid making the future payments, settlement is probable and the effect of the discounting is

material. The discount rate used is regarded by the Board of Governors as the most current available estimate of the opportunity cost of money and is based on the expected real rate of return on the investment portfolio. The impact of the discount rate is discussed in note 2 (significant accounting estimates and assumptions).

Research expenditure is written off in the Statement of Financial Activities in the year in which it is incurred and is included in Expenditure on Charitable Activities.

Net realised and unrealised gains and losses on investments

Net realised and unrealised gains and losses on investments are recognised within the Statement of Financial Activities. Gains and losses are realised when an investment is disposed of in the year. Unrealised gains and losses arise on the revaluation of investments to fair value at the balance sheet date.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans, paid holiday arrangements and defined benefit and defined contribution pension plan. These are detailed in the Remuneration Report on page 51.

Short term benefits

Short term benefits, including private medical insurance, medical assessments and group income protection are recognised as an expense in the period in which the service is received.

Pension schemes

The Group pension arrangements are detailed in note 11(e).

The contributions to defined contribution plans are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to "Actuarial gains and losses on defined benefit pension schemes" in the Statement of Financial Activities.

The cost of the defined benefit plans, recognised in charitable expenditure as employee costs comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments, settlements, and administration expenses.

Other retirement benefits are included within provisions and are valued at the present value of the defined benefit obligation at the end of the reporting date.

Annual bonus plan

An expense is recognised in the Statement of Financial Activities when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Long-term incentive plans

The cost is recognised in the Statement of Financial Activities over the period of service to which the plan relates. Where amounts are left in the plan after vesting date, any adjustment in value between the date of vesting and the date of payment is recognised in the Statement of Financial Activities.

Termination benefits

Termination benefits are payable when employment is terminated by the Group, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer of voluntary redundancy.

Fund accounting

The Group's charitable funds consist of restricted funds, held in Genome Research Limited, and unrestricted funds.

Tangible fixed assets

Tangible fixed assets, excluding land and investment properties, held by the Group and the Trust are stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost less any accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are subject to review for impairment when there is an indication of a reduction in their carrying value. They are reviewed annually and any impairment is recognised in the year in which it occurs.

Assets in the course of construction are stated at cost and are not depreciated until available for use.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Residual value represents the estimated amount that would currently be obtained from disposal of an asset, after deducting estimated costs of disposal if the asset were already of the age and in the condition expected at the end of its useful life. Depreciation commences from the date an asset is brought into service when the charge is reflected in the SOFA.

The useful lives for depreciation purposes for the principal categories of assets are shown in Table 1.

Table 1

	Years
Buildings	50
Leasehold Land and Buildings	Over the term of the lease
Other Plant and Equipment. Fixtures and fittings	3 to 15
Computer Equipment	3 to 5

Heritage assets

The Trustee does not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Trust. This is because of the diverse and specialist nature of the assets held, the number of assets held and the lack of comparable market values. The cost of valuing the entire collection would be onerous compared with the benefit derived by users of the Financial Statements in assessing the Trustee's stewardship of the assets. Assets are recognised on the Balance Sheet if they meet the definition of a heritage asset, their value can be reliably measured and they are considered to be material. Further details are provided in note 14.

Financial assets and liabilities

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period.

Other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investment valuation policies and procedures are reviewed by the Valuation Group which is responsible for reviewing valuations. Specific policies are detailed below and the detail of the application of these policies is disclosed in the relevant note to the accounts where appropriate.

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the balance sheet date. The basis of fair value for quoted investments is equivalent to the market value, using the bid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at management's best estimate of fair value and comprise:

- Private equity and venture funds are valued externally by their fund managers;
- Direct investments, the majority of which are made with co-investors (who are funds within our private equity, venture and property funds portfolio) and management use the co-investor valuations as a key input to determine the fair value. Where there is no co-investor, these investments are valued using internal models.
- Investment operating subsidiaries and joint ventures which are held as part of the investment portfolio, refer to the Basis of Consolidation on pages 76-77, are held and measured on a fair value basis. Further details are provided in note 2 (Significant accounting judgements and key sources of estimation uncertainty).

(iii) Derivative financial instruments

Derivative financial instruments are used as part of the Group's portfolio risk management and as part of the Group's portfolio management and investment return seeking strategy. The Group's use of derivative financial instruments includes equity index-linked futures and options, commodities futures and options, options on individual equities, warrants and currency forwards.

The Group's exchange traded options are stated at fair value, equivalent to the market value, using the bid price, on the relevant exchange. Long-term linked currency forwards are stated at management's estimate of fair value, using the market value of a transactions with equivalent cash flows and market observable forward rates.

The Group's warrants are held at the fair value determined by management. These will generally reflect the valuations used by the Group's co-invest partners where these exist and where there is confidence in their approach. Valuations will generally be intrinsic value, as the best estimate of fair value, but for some warrant holdings the use of a Black-Scholes valuation methodology will be used by management.

The fair value of contract positions is recognised in the Balance Sheet and gains and losses on the contracts are recognised in the Statement of Financial Activities.

(iv) Investment cash and certificates of deposit, other investment assets and other investment liabilities

Investment cash and certificates of deposit, and debtors and creditors arising as part of the investment portfolio are stated at their fair value.

(v) Bond liabilities

Bond liabilities are measured at amortised cost using the effective interest rate method. Initial amortised cost is equal to the proceeds of issue net of transaction costs directly attributable. Transaction costs form part of the effective interest rate and are recognised in the Statement of Financial Activities over the term of the Bonds. The fair value of the Bonds disclosed within the notes to the Financial Statements is the market value of the Bonds at the year end date. The Group is not required to, and therefore does not, recognise any adjustment to fair value in the Balance Sheet and the Statement of Financial Activities.

Investment properties

Investment properties for which fair value can be measured reliably on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Financial Activities. The fair values are based on valuations estimated by third party professional valuers; however, where properties are acquired close to the balance sheet date, valuations are not obtained because the acquired properties are recorded at open market value upon initial recognition, which management considers to be a reasonable estimate of open market value at the balance sheet date. Property transactions are recognised on the date of completion.

Investments in subsidiaries

Subsidiary undertakings established purely to hold investments are included in the Trust's Balance Sheet at fair value which is represented by their net asset value.

Securities lending programme

The Group undertakes securities lending arrangements whereby securities are loaned to external counterparties for a set period of time ("the loan period"). The Group receives cash collateral of greater value than the securities loaned from each counterparty for the duration of the loan period and receives a share of the interest earned on the cash collateral held. Under the terms of the securities lending agreements, the Group retains substantially all the risks and rewards of ownership of the loaned securities, and the contractual rights to any cash flows relating to the securities. The loaned securities are not derecognised on the Group's and Trust's Balance Sheets. The cash collateral and the obligation to return the cash collateral to the lender are recognised in the Group's and Trust's Balance Sheets.

Social investments

Programme related investments

Programme related investments are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment. Where a decision is taken that a programme related investment should be held to generate a financial return and that the primary motivation for holding it is no longer to further the objects of the charity, it will be transferred to the main investment portfolio and measured accordingly. These are discussed in note 15(d).

Stock

Stock consists of consumables and goods for sale and is stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Cost is determined on a first-in-first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stock.

Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

Contingencies

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Contingent assets are not recognised. Contingent assets are potential future inflows of economic benefits where the likelihood of receipt is considered more than remote, but is not considered probable or cannot be measured reliably. These are not recognised but are disclosed in the Financial Statements.

Foreign currencies

Transactions denominated in foreign currencies are translated into Pounds Sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

Taxation

The charitable members of the Group are exempt from taxation on their income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to their charitable purposes.

The non-charitable subsidiaries, although subject to taxation, do not pay UK Corporation Tax because their policy is to donate taxable profits as Gift Aid to the Wellcome Trust. Foreign tax incurred on overseas investments is charged as it is incurred. In common with many other charities, the charitable members of the Group are unable to recover the majority of Value Added Tax ("VAT") incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the Financial Statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised on fair market value adjustments of investment subsidiaries even though the subsidiaries will be able to donate the profits from the future realisation of the underlying assets so that no current tax charge will arise.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

2. Key sources of estimation and uncertainty and significant judgements made in applying the accounting policies

The preparation of the financial statements requires the application of certain estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on historical experience and other

factors, including expectations of future events that are believed to be reasonable under the circumstances.

Each of these areas are considered by the Audit and Risk Committee based on information prepared by Finance.

Key sources of estimation and uncertainty made in applying the Group's accounting policies

Unquoted investments

Investment asset category	Value £m	Valuation methodology	Estimations and assumptions
Investment Operating Subsidiaries and Joint Ventures (which are included within Property in the investments allocation refer to Figure 6 on page 28).	587.6	As noted in the Basis of Consolidation on pages 76-77 certain subsidiaries and joint ventures and associates are excluded from consolidation where the interest in the entity is held as part of the investment portfolio. Rather than holding these entities to carry out business, they are held and measured on a fair value basis. Fair value is based on external valuers employing RICS valuation methodology for property held within these investments adjusting for other net assets. The property held is valued using methodologies specific to the nature of the property including discounted cashflows (discount rates and exit yields estimated) and comparable land values.	The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook for certain parts of the UK property market where there are a lower number of comparable transactions. A sensitivity analysis is provided for this below.

Estimate	Change in estimate	Impact on unquoted investments
Discount rates & Exit yield	Increase of 1.0%	Decrease by £71.8m (0.5%)
	Decrease of 1.0%	Increase by £73.5m (0.5%)
Land values	Increase/decrease of 10%	Increase/decrease by £13.6m (0.1%)

As noted in the Accounting Policies on page 79, Direct investments (which are reported within Direct Private and Private co-investments in the Investment allocation, refer to Figure 6 on page 28) are valued at management's best estimate of fair value. For these investments fair value is estimated using a range of methodologies including price of recent investment

and public comparables. The fair value of these direct investments is estimated noting there is uncertainty arising from Covid-19 impacts on their future financial performance. If the fair value of these investments increased or decreased by 10% this would increase or decrease unquoted investment balances by £151.9 million respectively.

Grant liabilities

Accounting methodology	Value £m	Estimations and assumptions
The initial liability recognised is based on actual amounts awarded, but as the awards are paid out over a number of years, non-current liabilities (refer to notes 6 and 8) are discounted based on expected future cash outflows. Internal estimation is required in: - calculating the appropriate discount rate and; - determining when the liability will be called down and paid.	2,272	The expected future nominal rate of investment returns. This is considered by management to be the most current available estimate of the opportunity cost of money to Wellcome. The timings of the calling down and payments of the liabilities: - The start delay of a grant – this is the delay between the date the grant was approved to the date the payments can start to be made - The retention delay – this is the delay between the official grant end date, and the date the final payment is made - The weighted stretch delay – this is cash flow profiling methodology to calculate the delay between when payments are due and no cost extensions are granted to grantees which delays the end date further. This is weighted so the profile of grants of higher value weigh proportionally more than grants of lower value in the model used to profile the cash as they have a more significant impact on cash flows. A sensitivity analysis is provided for this below.

Estimate	Change in estimate	Impact on grant liabilities
Rate used to discount grant liabilities	Increase of 3.0% p.a.	Decrease by £128.6 million (-5.0%)
	Decrease of 3.0% p.a.	Increase by £147.7 million (5.7%)
Start delay (4 months)	Decrease -2 months	Increase by £1.4 million (0.1%)
	Increase +2 months	Decrease by £5.8 million (-0.2%)
Retention delay (6 months)	Decrease -3 months	Increase by £14.5 million (0.6%)
	Increase +3 months	Decrease by £19.2 million (-0.7%)
Weighted stretch delay (23%)	Decrease -5%	Increase by £13.5 million (0.5%)
	Increase +5%	Decrease by £20.3 million (-0.8%)

Start delay – average over the last 5 years, calculated using the start delay for grants started over the last 5 years (2016-2020). There will always be a start delay and +/- of 2 months is used for the analysis.

Retention delay – 6 months – average over the last 4 years. There is only 4 years worth of retention data. Using this data the average came out as 6 months. The lowest average

retention delay was 3 months so the +/- 3 months was used for the sensitivity analysis.

Weighted stretch delay – 23% – average over the last 5 years (excluding outliers). If all grants including outliers are included in the calculation then it gives a range of +/- 5% which is what is used for the sensitivity analysis.

Defined benefit pension schemes' liabilities

Valuation methodology	Value £m	Estimations and assumptions
The actuaries provide a summary of the actuarial assumptions proposed based on FRS 102 requirements and their knowledge as administrators of the plan. The Finance team, the Chief Investment Officer and the People team review these assumptions and challenge them if required.	1,005	The rate of future salary increases The discount rate The rate of inflation A sensitivity analysis is provided below

Estimate	Change in estimate	Impact on pension schemes' liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £141.3 million (14.4%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £114.8 million (11.7%)

Significant judgements in applying the Group's accounting policies

Non-charitable investment subsidiary undertakings, associates and joint ventures held as part of the investment portfolio

The Group applies judgement to assess which subsidiary undertakings, associates and joint ventures are held as part of the investment portfolio and therefore their value to the Group

is through fair value rather than a medium through which the Group carries out business (refer Basis of consolidation, pages 76-77). This judgement relies on the Group's assessment of the purpose of the investment and ongoing management of these entities, this has been applied to the investment operating subsidiaries and joint ventures referenced in the Unquoted investments section of this note above.

3. Dividends and interest

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Dividends from UK equities	65.9	106.4	65.9	99.1
Dividends and interest from subsidiaries	-	-	-	0.3
Dividends from overseas equities	189.4	224.0	162.4	191.6
Income from unquoted investments	26.9	36.0	26.9	36.0
Interest from quoted investments	3.3	3.6	3.3	3.6
Interest on cash and cash deposits	0.5	1.9	0.3	1.8
Securities lending income	1.9	0.8	1.9	0.8
	287.9	372.7	260.7	333.2

Interest from quoted investments relates to the funds held for the purposes of repaying the 2021 bonds detailed in note 15(a).

4. Other income

(a) Grants receivable

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
	18.5	20.9	-	-

Grants receivable mainly represents awards to the Trust's subsidiary undertaking Genome Research Limited by other funders, notably government grants of £4.0 million

(2019: £5.6 million). Income on these grants is recognised on the performance model in line with the accounting policy for charitable income.

(b) Other charitable income

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
	121.8	51.8	448.4	91.1

Included in other charitable income for the Group is £16.0 million (2019: £25.6 million) received by Genome Research Limited in relation to the Whole Genome Sequencing Project discussed in note 6.

Included in other charitable income for the Group is £63.1 million (2019: £2.1 million) of proceeds arising from the sale during the year of Programme Related Investments, details of which are given in Note 15 (d)

Included in other charitable income for the Trust are Gift Aid donations, which are equal to the estimated taxable profit of each subsidiary undertaking, totalling £376.8 million (2019: £79.1 million). The level of these donations is driven by the gains and losses generated in each individual entity. Details of significant group undertakings are given in note 21.

The gift aid for Wellcome Trust Investments 1 Unlimited has increased during the year due to the realisation in the year of its investments held generating realised profits for donation to Wellcome.

5. Management fees and other investment costs

(a) Total investment costs

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
External investment management fees	54.0	38.1	49.3	35.8
Internal investment administration	27.3	26.4	27.1	26.0
Investment support cost allocation	5.4	5.0	5.3	4.9
	86.7	69.5	81.7	66.7

The amount accrued for Long Term Incentive Plans included in the internal investments administration costs above was £14.0 million (2019: £9.6 million). Senior staff in the Investments team receive performance-based remuneration, as noted on page 52, which can give rise to variations in the amount charged to internal investment administration year on year.

External investment management fees includes performance fees paid to external investment managers for

outperformance against their respective benchmarks.

The outperformance varies year on year and the current year had higher levels of outperformance than in the prior year (refer Public Equities section of the Review of Investment Activities page 29 for further details).

The methodology behind the support cost allocation is detailed in note 9.

The bandings disclosures in note 5(b) show employees working on the investment activities of the Group.

(b) Benefits of Investment team employees (salary, bonus, long term incentive plans and allowances)

	Group and Trust	
	2020	2019
£60,000-£69,999	-	4
£70,000-£79,999	2	3
£80,000-£89,999	4	2
£90,000-£99,999	3	1
£110,000-£119,999	-	2
£120,000-£129,999	3	-
£130,000-£139,999	2	5
£140,000-£149,999	3	1
£160,000-£169,999	1	-
£180,000-£189,999	1	-
£200,000-£209,999	1	-
£210,000-£219,999	1	1
£220,000-£229,999	-	1
£230,000-£239,999	-	3
£240,000-£249,999	1	2
£270,000-£279,999	-	1
£290,000-£299,999	1	-
£310,000-£319,999	-	1
£320,000-£329,999	-	1
£330,000-£339,999	1	-
£350,000-£359,999	1	-
£370,000-£379,999	-	1
£390,000-£399,999	1	-
£460,000-£469,999	1	-
£510,000-£519,999	1	-
£690,000-£699,999	-	1
£920,000-£929,999	-	1
£1,040,000-£1,049,999	-	1
£1,070,000-£1,079,999	-	1
£1,080,000-£1,089,999	-	1
£1,090,000-£1,099,999	-	1
£1,250,000-£1,259,999	1	-
£1,360,000-£1,369,999	1	-
£1,560,000-£1,569,999	1	-
£1,760,000-£1,769,999	1	-
£1,910,000-£1,919,999	1	-
£3,250,000-£3,259,999	-	1
£3,290,000-£3,299,999	-	1
£4,510,000-£4,519,999	1	-
£4,640,000-£4,649,999	1	-
	35	37

The number of employees working within the Investment team whose total benefits (excluding employer pension contributions and employer National Insurance Contributions) fell within the bands as shown in the table above.

Long Term Incentive Plans reflect rolling 3 and 5 year performance periods. Long term incentive plan amounts included in the benefits table above are awarded to eligible individuals by the Remuneration Committee and are reported in the year in which the decision is made.

During the year there was a change to the timing of the Remuneration Committee decision on the awards for the most recent 3 year scheme, which has brought forward the recognition of amounts under that scheme, however this did not amend the overall cost of the scheme or the timing of the deferred payments.

Amounts included in the table in each year therefore relate to both investment performance in current and prior years. These amounts include awards for which payment is deferred and subject to future investment performance.

6. Charitable activities

Group	Grant funding £m	Direct £m	Allocated support £m	Total 2020 £m
Science	548.3	169.2	54.0	771.5
Innovations	79.1	16.4	8.3	103.8
Culture & Society	49.2	33.6	24.7	107.5
Priority Areas	82.9	17.3	15.7	115.9
	759.5	236.5	102.7	1,098.7
Discounting of grant liabilities	(45.6)	-	-	(45.6)
Foreign exchange revaluation of grant liabilities	(34.5)	-	-	(34.5)
Total	679.4	236.5	102.7	1,018.6

Grant funding and direct charitable activities totalled £1,002.0 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs above are; Science £36.2 million, Innovations £6.9 million, Culture & Society £14.2 million and Priority Areas £12.8 million.

In 2019 the 'discounting of grant liabilities' was impacted by a change in the payment profile of the grant liability which resulted in unwinding the discount value and creating an additional charge to the Statement of Financial Activities in that year. In the current year the grant liability payment profile has been updated with the latest profile assumptions refer to note 2 for further details.

Group	Grant funding £m	Direct £m	Allocated support £m	Total 2019 £m
Science	621.6	163.7	53.5	838.8
Innovations	107.7	14.1	8.7	130.5
Culture & Society	35.8	37.3	22.4	95.5
Priority Areas	46.4	12.1	7.2	65.7
	811.5	227.2	91.8	1,130.5
Discounting of grant liabilities	42.9	-	-	42.9
Foreign exchange revaluation of grant liabilities	9.7	-	-	9.7
Total	864.1	227.2	91.8	1,183.1

Grant funding and direct charitable activities totalled £1,038.7 million. Support costs related to the grant funding activities of the Group included in the total allocated support costs above are; Science £42.4 million, Innovations £7.7 million, Culture & Society £11.0 million and Priority Areas £5.7 million.

Trust	Grant funding £m	Direct £m	Allocated support £m	Total 2020 £m
Science	644.0	12.5	32.4	688.9
Innovations	79.1	16.4	8.3	103.8
Culture & Society	49.2	32.7	24.7	106.6
Priority Areas	332.3	16.3	15.7	364.3
	1,104.6	77.9	81.1	1,263.6
Discounting of grant liabilities	(76.0)	-	-	(76.0)
Foreign exchange revaluation of grant liabilities	(34.5)	-	-	(34.5)
Total	994.1	77.9	81.1	1,153.1

Grant funding is higher in the Trust due to grants awarded to subsidiaries (see note 7), this included a grant within the Priority Areas of £249.5 million to Wellcome Leap, a subsidiary of the Trust, discussed within the Review of Charitable Activities (see page 18).

Grant funding and direct charitable activities totalled £1,182.5 million. Support costs related to the grant funding activities of the Trust included in the total allocated support costs above are; Science £31.6 million, Innovations £6.8 million, Culture & Society £14.3 million and Priority Areas £14.7 million.

Trust	Grant funding £m	Direct £m	Allocated support £m	Total 2019 £m
Science	719.7	13.0	33.4	766.1
Innovations	107.7	14.1	8.7	130.5
Culture & Society	35.8	35.9	22.4	94.1
Priority Areas	46.4	12.1	7.2	65.7
	909.6	75.1	71.7	1,056.4
Discounting of grant liabilities	42.9	-	-	42.9
Foreign exchange revaluation of grant liabilities	9.7	-	-	9.7
Total	962.2	75.1	71.7	1,109.0

Grant funding and direct charitable activities totalled £984.7 million. Support costs related to the grant funding activities of the Trust included in the total allocated support

costs above are; Science £32.8 million, Innovations £7.7 million, Culture & Society £11.2 million and Priority Areas £5.7 million.

7. Grants awarded

Grants are generally awarded to a particular individual, although the actual award is made to the host institution. Small grants may be awarded directly to individuals for the purpose of travel and for public engagement with science. Grants no longer required relates to unspent amounts of grants awarded in previous years. Supplementations relate to agreed additional research costs for existing grants.

Please refer to the Financial Review on pages 34-38 for an explanation of the movement in grant expenditure. Expenditure per institution can fluctuate considerably from year to year depending on, for example, specific initiatives. The grants included within 'Grants to other organisations' for 2020 totalled less than £7.0 million in value for each organisation. The institutions listed in the 2019 table are those institutions that received grants in excess of £8.0 million in 2019.

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
University of Oxford	103.8	3.8	6.8	13.7	128.1
University College London	67.6	0.8	2.2	1.2	71.8
University of Cambridge	66.5	2.7	1.6	0.1	70.9
African Academy of Sciences, Kenya	60.8	-	-	-	60.8
Boston University, United States of America	-	-	-	38.4	38.4
University of Edinburgh	30.7	3.2	2.2	0.8	36.9
Imperial College London	21.0	1.6	0.2	-	22.8
Rosalind Franklin Institute	10.6	9.6	-	-	20.2
University of Manchester	10.4	4.4	2.3	0.4	17.5
King's College London	13.5	2.0	1.2	-	16.7
Medical Research Council	15.9	0.9	-	-	16.8
Novartis AG, Switzerland	-	15.2	-	-	15.2
Diamond Light Source Ltd	11.2	2.0	-	-	13.2
University of Glasgow	12.0	-	0.7	-	12.7
London School of Hygiene & Tropical Medicine	9.8	0.5	1.2	1.2	12.7
European Molecular Biology Laboratory	10.0	-	-	-	10.0
Liverpool School of Tropical Medicine	5.7	0.1	0.4	3.8	10.0
Newcastle University	8.7	0.2	0.9	-	9.8
University of Bristol	7.5	1.8	0.5	-	9.8
The Francis Crick Institute	9.3	-	-	-	9.3
European Bioinformatics Institute	8.1	-	-	-	8.1
University of Dundee	7.6	0.4	0.1	-	8.1
Cardiff University	5.6	1.5	-	-	7.1
University of Sheffield	5.1	0.1	1.9	0.2	7.3
Grants to other organisations	56.7	32.2	28.0	23.4	140.3
Total grants (excluding grants no longer required)	558.1	83.0	50.2	83.2	774.5
Less: grants awarded in previous years no longer required	(9.8)	(3.9)	(1.0)	(0.3)	(15.0)
	548.3	79.1	49.2	82.9	759.5

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
Grants awarded of which:					
United Kingdom	458.5	38.5	45.7	28.0	570.7
Directly funded international	89.8	40.6	3.5	54.9	188.8
Grants awarded by the Group	548.3	79.1	49.2	82.9	759.5

Trust	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2020 £m
Grants awarded by the Group	548.3	79.1	49.2	82.9	759.5
Plus: Grants awarded to subsidiary undertakings					
– Wellcome Sanger Institute	95.7	-	-	-	95.7
– Wellcome Leap Fund, United States of America	-	-	-	249.4	249.4
Grants awarded by the Trust	644.0	79.1	49.2	332.3	1,104.6

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2019 £m
University of Oxford	69.7	16.5	1.9	5.3	93.4
University College London	77.9	2.5	1.8	-	82.2
King's College London	31.5	26.2	3.9	-	61.6
University of Cambridge	53.9	2.5	1.4	-	57.8
University of Edinburgh	41.9	-	1.0	-	42.9
University of Bristol	24.4	0.3	0.4	-	25.1
The Francis Crick Institute	24.8	-	-	-	24.8
University of Dundee	17.2	5.7	0.4	-	23.3
University of Glasgow	18.9	1.4	0.9	-	21.2
Imperial College London	19.2	1.5	-	-	20.7
UK Biobank Ltd	20.2	-	-	-	20.2
Boston University, United States of America	-	-	-	18.7	18.7
Scripps Research Institute, United States of America	-	17.6	-	-	17.6
Medical Research Council	12.5	-	-	-	12.5
London School of Hygiene & Tropical Medicine	9.4	-	0.4	2.5	12.3
University of Sheffield	9.2	0.6	0.5	-	10.3
Liverpool School of Tropical Medicine	9.8	-	0.3	-	10.1
University of Liverpool	9.1	0.6	0.3	-	10.0
University of Manchester	8.5	1.2	-	0.2	9.9
Newcastle University	9.1	-	0.4	-	9.5
Diamond Light Source Ltd	9.1	-	-	-	9.1
Academy of Medical Sciences	8.3	-	0.2	-	8.5
University of Birmingham	7.0	-	1.1	-	8.1
Grants to other organisations	139.9	34.4	24.5	19.8	218.6
Total grants (excluding grants no longer required)	631.5	111.0	39.4	46.5	828.4
Less: grants awarded in previous years no longer required	(9.9)	(3.3)	(3.6)	(0.1)	(16.9)
	621.6	107.7	35.8	46.4	811.5

Group	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2019 £m
Grants awarded of which:					
United Kingdom	582.5	61.6	32.3	1.8	678.2
Directly funded international	39.1	46.1	3.5	44.6	133.3
Grants awarded by the Group	621.6	107.7	35.8	46.4	811.5

Trust	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	2019 £m
Grants awarded by the Group	621.6	107.7	35.8	46.4	811.5
Plus: Grants awarded to subsidiary undertakings					
– Wellcome Sanger Institute	98.1	-	-	-	98.1
Grants awarded by the Trust	719.7	107.7	35.8	46.4	909.6

Further details of grants awarded by the Trust are published on the Trust's website, at the address given on the back cover.

The following Governors had appointments with or supervised individuals within organisations which were in receipt of grant funding during the year:

Professor Fiona Powrie – University of Oxford
Professor Sir Michael Ferguson – University of Dundee
Professor Bryan Grenfell – Princeton University

8. Grants awarded but not yet paid

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Liabilities at 1 October	2,283.9	2,010.0	2,283.9	2,011.4
Grants awarded during the year	759.5	811.5	1,104.6	909.6
Grants paid during the year	(691.8)	(590.2)	(793.5)	(689.7)
Discounting of grant liabilities	(45.6)	42.9	(76.0)	42.9
Foreign exchange revaluation of grant liabilities	(34.5)	9.7	(34.5)	9.7
Liabilities as at 30 September	2,271.5	2,283.9	2,484.5	2,283.9
Of which:				
- falling due within one year (note 17)	657.5	767.2	719.2	767.2
- falling due after one year (note 17)	1,614.0	1,516.7	1,765.3	1,516.7
Liabilities as at 30 September	2,271.5	2,283.9	2,484.5	2,283.9

The total value of the grant liabilities discount for the year ended 30 September 2020 is £324.8 million (2019: £279.2 million) applying an expected nominal rate of investment return of 6.1% (2019: 6.1%).

9. Support costs

Support costs are those costs that, while necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs are allocated to the activities shown in the table below.

Funding administration costs are those costs that can be directly attributed to an activity.

Operations comprise an allocation of costs of the following departments; Internal Communications, People, Facilities and Workplace, Finance, Legal, and Digital and Technology.

The remaining support costs have been apportioned using the allocation methods indicated and include governance costs.

- Where costs have been allocated on the basis of headcount numbers, headcount numbers are the average headcount within each activity.
- Where costs have been allocated on the basis of expenditure, expenditure is determined as being either the total grant expenditure of the charitable activities; or where appropriate, based on a proportion of both grant and direct spend on the activity.

Group	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2020 £m	Allocation method
Funding administration	-	11.3	4.1	1.3	2.6	19.3	Expenditure/Directly attributed
Support of scientific research	-	21.3	-	-	-	21.3	Directly attributed
Operations	4.5	16.1	3.5	22.7	10.4	57.2	Headcount/Expenditure
Other	0.4	3.7	0.5	0.5	1.9	7.0	Expenditure
Governance costs	0.5	1.6	0.2	0.2	0.8	3.3	Expenditure/Directly attributed
	5.4	54.0	8.3	24.7	15.7	108.1	

Group	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2019 £m	Allocation method
Funding administration	-	13.8	4.4	1.5	1.1	20.8	Expenditure/Directly attributed
Support of scientific research	-	19.9	-	-	-	19.9	Directly attributed
Operations	4.3	14.3	3.4	20.3	5.7	48.0	Headcount/Expenditure
Other	0.3	3.8	0.6	0.4	0.3	5.4	Expenditure
Governance costs	0.4	1.7	0.3	0.2	0.1	2.7	Expenditure/Directly attributed
	5.0	53.5	8.7	22.4	7.2	96.8	

Trust	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2020 £m	Allocation method
Funding administration	-	11.3	4.1	1.3	2.6	19.3	Expenditure/Directly attributed
Operations	4.5	16.1	3.5	22.7	10.4	57.2	Headcount/Expenditure
Other	0.4	3.7	0.5	0.5	1.9	7.0	Expenditure
Governance costs	0.4	1.3	0.2	0.2	0.8	2.9	Expenditure/Directly attributed
	5.3	32.4	8.3	24.7	15.7	86.4	

Trust	Costs of generating funds £m	Science £m	Innovations £m	Culture & Society £m	Priority Areas £m	Total 2019 £m	Allocation method
Funding administration	-	13.8	4.4	1.5	1.1	20.8	Expenditure/Directly attributed
Operations	4.3	14.3	3.4	20.3	5.7	48.0	Headcount/Expenditure
Other	0.3	3.8	0.6	0.4	0.3	5.4	Expenditure
Governance costs	0.3	1.5	0.3	0.2	0.1	2.4	Expenditure/Directly attributed
	4.9	33.4	8.7	22.4	7.2	76.6	

10. Governance costs

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Governors' fees and expenses	0.9	0.6	0.9	0.6
Auditor's remuneration				
- parent company and consolidation	0.6	0.5	0.6	0.5
- audits of subsidiary undertakings	0.3	0.2	-	-
Internal audit	1.2	1.0	1.0	0.8
Other costs	0.3	0.4	0.3	0.4
	3.3	2.7	2.8	2.3

The internal audit services of £1.1 million (2019: £1.0 million) are those provided by the in-house internal audit team, together with the cost of specialist services provided by PricewaterhouseCoopers LLP.

The figures for auditor's remuneration shown above include irrecoverable VAT of £0.1 million (2019: £0.1 million). In addition the audit of subsidiary undertakings excludes fees of £0.2 million (2019: £0.1 million) excluding VAT to Premier Marinas Limited and Farmcare Limited as these entities are

held as part of the investment portfolio. These fees are taken into account for the purposes of monitoring the cap on the level of non-audit fees as required by legislation.

In addition to the auditor's remuneration above, total fees of £nil (2019: £0.2 million) excluding VAT were payable to the Group's auditors Deloitte LLP or associated firms for non-audit services. The Audit and Risk Committee and Deloitte LLP are satisfied that these additional fees did not represent a threat to the independence of the external auditors.

	Group		Trust	
Non-audit services split (excluding VAT)	2020 £m	2019 £m	2020 £m	2019 £m
Leadership development programmes	-	0.2	-	0.2
	-	0.2	-	0.2

11. Employee information

(a) Employee benefits

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Remuneration and salary benefits	124.8	114.9	73.1	63.4
Social Security costs	11.5	11.7	6.7	7.4
Pension costs and other benefits	47.7	42.9	25.6	21.6
	184.0	169.5	105.4	92.4

Pension costs and other benefits includes the current service cost of the pension fund which is disclosed in note 11(e)(iii).

(b) Termination payments

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Redundancy	1.8	1.1	1.9	0.8
Other compensation	0.5	0.3	0.3	0.2
	2.3	1.4	2.2	1.0

(c) Average numbers of employees who served during the year

These numbers exclude employees of the investment subsidiaries held as part of the investment portfolio.

	Average	
	2020	2019
Trust	908	835
Subsidiary undertakings	1,061	1,022
Total for the Group	1,969	1,857
Analysed by		
Investments	43	44
Direct activities	1,250	1,178
Support	677	635
Total for the Group	1,969	1,857
Analysed by		
Investments	43	44
Direct activities	373	322
Support	493	469
Total for the Trust	908	835

53 PhD students (2019: 51) at Genome Research Limited do not have a contract of employment with the Group but provide a significant contribution to the scientific research

and have an agreement of support to carry out their own PhD thesis. Previously, PhD students were included within Direct Activities.

(d) Benefits of employees (salary, bonus and allowances)

The number of employees working on charitable activities of the Trust and its subsidiary undertakings whose benefits (salaries, bonuses, allowances and termination payments, but excluding employer pension contributions and employer National Insurance Contributions), fell within the following bands is shown in the table below.

The emoluments of the Director included in the table below totalled £483,788 (2019: £524,537).

As noted in the Remuneration Report on page 52, information relating to the Investment team staff are not included in this table but are shown separately in note 5(b).

	Group		Trust	
	2020	2019	2020	2019
£60,000-£69,999	140	112	92	76
£70,000-£79,999	59	54	37	38
£80,000-£89,999	40	35	29	24
£90,000-£99,999	27	26	18	16
£100,000-£109,999	12	15	9	11
£110,000-£119,999	19	10	16	8
£120,000-£129,999	10	9	7	8
£130,000-£139,999	8	9	7	6
£140,000-£149,999	7	4	3	2
£150,000-£159,999	5	4	4	3
£160,000-£169,999	4	-	4	-
£170,000-£179,999	1	3	1	2
£180,000-£189,999	3	6	2	5
£190,000-£199,999	5	2	2	2
£200,000-£209,999	1	2	1	1
£210,000-£219,999	2	-	2	-
£220,000-£229,999	2	-	2	-
£230,000-£239,999	-	1	-	1
£270,000-£279,999	1	-	1	-
£290,000-£299,999	-	1	-	1
£320,000-£329,999	-	1	-	1
£350,000-£359,999	-	1	-	1
£360,000-£369,999	1	1	1	-
£370,000-£379,999	2	-	1	-
£380,000-£389,999	1	-	1	-
£480,000-£489,999	1	-	1	-
£520,000-£529,999	-	1	-	1
	351	297	241	207

Further information in respect of employees' and Governors' remuneration is included within the Remuneration Report on pages 51-53.

The tables on the Remuneration Report on pages 52-53, together with the accompanying notes, form part of the audited Financial Statements.

(e) Retirement benefits

(i) Defined contribution Group Personal Pension plan

The Group provides a defined contribution Group Personal Pension plan into which both employee and employer contributions are paid. The employer contributions amounted to £6.8 million (2019: £5.0 million) and are included within Pension costs and other benefits in note 11(a). No amounts were unpaid at the end of the year (2019: £ nil).

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme

The Group sponsors two approved funded defined benefit schemes, the Wellcome Trust Pension Plan and the Genome Research Limited Pension Plan. The day-to-day management of the Plans' investments has been delegated by the Trustees to the investment manager Legal & General Assurance (Pensions Management) Limited. The investment strategy of the Plan, adopted and regularly reviewed in consultation with the Group, is to be 100% in passive equities. In addition certain Wellcome Trust senior employees are members of an Unfunded Unapproved Retirement Benefit scheme 'UURBs'.

The FRS102 "Retirement benefits" actuarial valuation of the Wellcome Trust and Genome Research Limited defined benefit pension plans at 30 September 2020 showed a combined surplus of £69 million (2019: £371.6 million).

This surplus represents the difference between an assessment of the liabilities of the pension funds and the current value of their underlying assets. The amount of the surplus or deficit is subject to considerable variability because it depends on a valuation of assets at the year-end date and a range of actuarial assumptions impacting the liabilities.

FRS102 requires discount rates to be based on corporate bond yields of an appropriate duration, regardless of actual investment strategy and actual investment returns expected. This leads to a difference between the accounting deficit and the funding position under the triennial actuarial valuations.

The defined benefit pension schemes are required to have triennial actuarial valuations, which are then updated in an interim valuation each year at the balance sheet date of the schemes.

A full actuarial valuation of the Wellcome Trust Pension Plan was carried out at 31 December 2019; the valuation showed that the plan is fully funded.

A full actuarial valuation of the Genome Research Limited Pension Plan was carried out at 31 December 2018; the valuation showed that the plan is 98% funded.

During the year, total deficit funding contributions of £nil million (2019: £7.8 million) were made into the Genome Research Limited Pension Plan and £4.6 million (2019: £4.6 million) into the Wellcome Trust Pension Plan as required by the schedule of contributions during the year.

The liability values within the UURBs are calculated at individual member level. The cost of accrual contributes to the charge to the Statement of Financial Activities. As these benefits are unfunded, there is no corresponding asset value. The UURBs liability values represent the present value of providing top-ups to the benefits accrued to date within the approved Wellcome Trust Pension Plan, without restrictions imposed by the approved Plan rules. The assumptions used to value the benefits are as per those stated within the FRS102 disclosures.

The liabilities and the provision for other retirement benefits have been calculated using the following actuarial assumptions:

Trust	2020 % per annum	2019 % per annum	2018 % per annum
Inflation	3.10%	3.25%	3.40%
Salary increases	3.60%	3.75%	3.90%
Rate of discount	1.75%	1.85%	2.85%
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.00%	3.10%	3.25%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.10%	3.25%	3.40%
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00%	6.00%	6.00%

(e) Retirement benefits (continued)

(ii) Defined benefit pension plan and Unfunded Unapproved Retirement benefit scheme (continued)

Genome Research Limited	2020 % per annum	2019 % per annum	2018 % per annum
Inflation RPI	3.05	3.15%	3.40%
Inflation CPI	2.70	2.15%	2.40%
Salary increases	3.55	3.65%	3.90%
Rate of discount	1.75	1.85%	2.85%
Allowance for pension in payment increase of RPI or 5% p.a. if less	3.05	3.05%	3.25%
Allowance for pension in payment increase of CPI or 3% p.a. if less	2.95	1.90%	2.00%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.15	3.15%	3.40%
Allowance for commutation of pension for cash at retirement	90% of Post A-Day	90% of Post A-Day	90% of Post A-Day
Rate of increase of healthcare costs	6.00%	6.00%	6.00%

Announcements by HM Treasury and the UK Statistics Authority on 4 September 2019 propose changes to the calculation of the Retail Prices Index (RPI) to match the Consumer Price Index including Housing (CPIH) at some time from 2025 to 2030. This could reduce RPI-linked pension benefits by as much as 1% p.a. if or when CPIH is used instead of RPI, which would lead to a reduction in RPI-linked pension liabilities, or Defined Benefit Obligation. The formal consultation on the proposed changes to RPI was launched on 11 March 2020 and the outcome of this was announced on 25 November 2020. This announcement confirmed that RPI will increase

in line with CPIH from 2030. The assumptions adopted to calculate the Defined Benefit Obligation as at 30 September 2020 included were derived based on the expectation that RPI will increase in line with CPIH from 2030 and therefore, although the exact impact on Wellcome's scheme will depend on how markets settle after this announcement, no adjustments have been made for this proposed change within the assumption for RPI used to calculate the Defined Benefit Obligation as at 30 September 2020 or 2019. Further consideration will be given to this during the course of the 2020/21 financial year.

The Wellcome Trust and Genome Research Limited defined benefit pension plans have actuarial assumptions based on their respective durations of 26 and 29 years respectively.

The mortality assumptions adopted at 30 September 2020 imply the following life expectancies in years:

	2020	2019
Male retiring at age 60 in 2020	26.5	27.4
Female retiring at age 60 in 2020	28.4	28.4
Male retiring at age 60 in 2040	28.0	28.5
Female retiring at age 60 in 2040	30.0	29.7

The mortality assumptions used in the valuation of the defined benefit pension liabilities of both schemes and the provision for other retirement benefits are based on the base mortality table of S3 PMA (male) and S3 PFA (female) together with an allowance for mortality improvement in line with CMI 2019 projections and a 1.0% per annum minimum long-term rate of improvement.

(e) Retirement benefits (continued)

(iii) Charge to the Statement of Financial Activities – Pension and other retirement benefits

Group	Pension funds		Unfunded, unapproved scheme liabilities		Post-retirement medical benefits		Total	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Current service cost	30.2	27.8	0.5	0.6	-	-	30.7	28.4
Expenses	1.2	1.2	-	-	-	-	1.2	1.2
Losses due to benefit changes	-	0.4	-	-	-	-	-	0.4
Interest on pension schemes' liabilities	7.1	5.8	0.4	0.3	-	-	7.5	6.1
Actuarial (gains)/losses	(25.9)	158.2	2.0	2.7	-	-	(23.9)	160.9
Total charge to the Statement of Financial Activities	12.6	193.4	2.9	3.6	-	-	15.5	197.0

Trust	Pension fund		Unfunded, unapproved scheme liabilities		Post-retirement medical benefits		Total	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Current service cost	14.2	11.8	0.5	0.6	-	-	14.7	12.4
Expenses	0.8	0.7	-	-	-	-	0.8	0.7
Losses due to benefit changes	-	0.2	-	-	-	-	-	0.2
Interest on pension schemes' liabilities	3.2	2.5	0.4	0.3	-	-	3.6	2.8
Actuarial (gains)/losses	(9.6)	77.5	2.0	2.7	-	-	(7.6)	80.2
Total charge to the Statement of Financial Activities	8.6	92.7	2.9	3.6	-	-	11.5	96.3

(iv) Present values of pension schemes' liabilities, fair value of assets and deficit

	Assets		Liabilities		Deficit	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Wellcome Trust Pension Plan	339.7	316.7	(507.7)	(485.5)	(168.0)	(168.8)
Genome Research Limited Pension Plan	274.7	252.9	(473.5)	(455.9)	(198.8)	(203.0)
Total pension plans	614.4	569.6	(981.2)	(941.4)	(366.8)	(371.8)
Wellcome Trust unfunded, unapproved scheme liabilities	-	-	(23.3)	(20.9)	(23.3)	(20.9)
Wellcome Trust Post-retirement medical benefits	-	-	(0.9)	(0.9)	(0.9)	(0.9)
Total other retirement benefits	-	-	(24.2)	(21.8)	(24.2)	(21.8)
Total pension liabilities	614.4	569.6	(1,005.4)	(963.2)	(391.0)	(393.6)

(e) Retirement benefits (continued)**(v) Reconciliation of opening and closing balances of the present value of the pension plans' liabilities as at 30 September**

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Plans' liabilities at start of year	941.4	728.2	485.5	383.3
Current service cost	30.2	27.8	14.2	11.8
Expenses	1.2	1.2	0.8	0.7
Interest cost	17.7	21.0	9.1	11.0
Actuarial (gains)/losses	(0.8)	171.9	4.5	85.2
Benefits paid and death-in-service insurance premiums	(8.5)	(9.1)	(6.4)	(6.7)
Losses due to benefit changes	-	0.4	-	0.2
Plans' liabilities at end of year	981.2	941.4	507.7	485.5

2020 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £141.3m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £19.6m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £114.8m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £26.5m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £12.8m (1.3%)

Trust		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £73.1m (14.4%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £10.2m (2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £59.4m (11.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £13.7m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £6.6m (1.3%)

2019 analysis of the sensitivity to the principal assumptions of the value of the plans' liabilities.

Group		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £130.9m (13.9%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £20.7m (2.2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £100.7m (10.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £25.4m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £12.2m (1.3%)

Trust		
Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease of 0.5% p.a.	Decrease/increase by £67.5m (13.9%)
Rate of salary growth	Increase/decrease of 0.5% p.a.	Increase/decrease by £10.7m (2.2%)
Rate of inflation	Increase/decrease of 0.5% p.a.	Increase/decrease by £51.9m (10.7%)
Probability of death in any year after retirement	Increase/decrease of 10.0% p.a.	Increase/decrease by £13.1m (2.7%)
Long-term rate of mortality improvement	Increase/decrease of 0.25% p.a.	Increase/decrease by £6.3m (1.3%)

(e) Retirement benefits (continued)**(vi) Reconciliation of opening and closing balances of the fair value of the plans' assets as at 30 September**

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Fair value of plan assets at start of year	569.6	526.0	316.7	295.0
Expected return on plan assets	10.6	15.2	5.9	8.5
Actuarial gains	25.1	13.7	14.1	7.7
Contributions by the Group employers	17.6	23.8	9.4	12.2
Benefits paid and death-in-service insurance premiums	(8.5)	(9.1)	(6.4)	(6.7)
Fair value of plan assets at end of year	614.4	569.6	339.7	316.7

These figures are for the pension schemes and exclude the other retirement benefits which are included in table 11(e)(iv) above.

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

(vii) Amounts for the current and previous four years as at 30 September

Group	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fair value of plans' assets	614.4	569.6	526.0	458.5	361.2
Present value of plans' liabilities	(981.2)	(941.4)	(728.2)	(706.4)	(740.0)
Deficit in plans	(366.8)	(371.8)	(202.2)	(247.9)	(378.8)
Experience adjustment on plans' assets	25.1	13.7	34.9	69.1	75.8
Experience adjustment on plans' liabilities	(1.8)	(0.9)	(1.3)	(9.4)	(6.8)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	2.6	(171.0)	22.4	93.7	(226.1)

Trust	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Fair value of plans' assets	339.7	316.7	295.0	260.9	208.8
Present value of plans' liabilities	(507.7)	(485.5)	(383.3)	(373.8)	(384.6)
Deficit in plan	(168.0)	(168.8)	(88.3)	(112.9)	(175.8)
Experience adjustment on plans' assets	14.1	7.7	19.7	39.7	44.0
Experience adjustment on plans' liabilities	(3.3)	(0.2)	(0.8)	(10.0)	1.5
Effects of changes in the demographic and financial assumptions underlying the present value of the plan's liabilities	(1.2)	(85.0)	10.7	45.0	(104.8)

(viii) Estimate of contributions to be paid to scheme

The best estimate of contributions to be paid by the employer to the Wellcome Trust scheme for the period beginning 1 October 2020 is £7.1 million (2019: £12.5 million), which includes £nil (2019: £4.6 million) of deficit funding.

The best estimate of the contributions to be paid by the employer to the Genome Research Limited scheme for the period beginning 1 October 2020 is £7.9 million (2019: £8.2 million), which includes £nil (2019: £1.9 million) of deficit funding.

12. Remuneration of Governors

Information on Governors' remuneration is included in the Remuneration Report on page 51.

13. Taxation

Group	2020 £m	2019 £m
(a) Current Tax		
UK Corporation Tax on profits for the year	0.1	0.1
Effect of Gift Aid distribution	-	-
Reversal of prior year charge	0.2	(1.9)
UK corporation tax on CFC deemed income	0.2	-
Total current tax	0.5	(1.8)
(b) Deferred Tax		
Origination and reversal of timing differences	(23.0)	(36.3)
Effect of change in UK tax rate	9.9	(6.5)
Total deferred tax	(13.1)	(42.8)
Taxation	(12.6)	(44.6)

Group	2020 £m	2019 £m
(c) Reconciliation of Tax Charge		
Profit/(loss) before taxation on subsidiaries subject to taxation	274.1	(99.4)
Profit/(loss) before tax multiplied by average rate of corporation tax of 19% (2019: 19%)	52.1	(18.9)
Effects of:		
Income not subject to tax	(62.5)	(21.0)
Expenses not deductible for tax purposes	4.7	40.3
Gift aid donation paid	(70.9)	(12.1)
Temporary differences:		
Difference in timing of recognition of gains and income	-	(0.6)
Chargeable gains/(losses)	50.2	(22.5)
Adjust opening deferred tax to average rate 19%	(2.2)	(0.6)
Deferred tax not recognised	1.3	-
Adjust closing deferred tax to average rate of 19%	-	(9.2)
Remeasurement of deferred tax for changes in tax rates	8.9	-
Expenses not deductible for tax purposes	5.6	-
Adjustments to tax charge in respect of previous periods	0.2	-
Taxation	(12.6)	(44.6)

The UK headline corporation tax rate for the period was 19%.

For the purposes of reporting under FRS102 the investment subsidiaries must provide for deferred tax on temporary timing differences. These temporary timing differences arise due to increases or decreases in the fair value of the

investments held in these subsidiaries, which will not be taxable until these investments are sold.

The estimated cost of irrecoverable Value added tax suffered by the Group in the year was £16.1 million (2019: £15.6 million).

14. Tangible fixed assets

(a) Group

	Freehold land and buildings £m	Long leasehold land and buildings £m	Other plant, equipment, fixtures and fittings £m	Assets in course of construction £m	Total £m
Cost as at 1 October 2019	476.2	1.5	268.4	3.6	749.7
Additions	1.8	-	7.8	2.8	12.4
Transfers	-	-	2.0	(2.0)	-
Disposals	-	-	(2.7)	-	(2.7)
Cost as at 30 September 2020	478.0	1.5	275.5	4.4	759.4
Accumulated depreciation as at 1 October 2019	129.4	1.5	194.5	-	325.4
Charge for the year	9.0	-	15.9	-	24.9
Transfers	-	-	-	-	-
Disposals	-	-	(2.7)	-	(2.7)
Accumulated depreciation as at 30 September 2020	138.4	1.5	207.7	-	347.6
Net Book Value as at 30 September 2020	339.6	-	67.8	4.4	411.8
Net Book Value as at 30 September 2019	346.8	-	73.9	3.6	424.3

(b) Trust

	Freehold land and buildings £m	Long leasehold land and buildings £m	Other plant, equipment, fixtures and fittings £m	Assets in course of construction £m	Total £m
Cost as at 1 October 2019	232.7	1.5	128.7	1.8	364.7
Additions	-	-	1.6	2.0	3.6
Transfers	-	-	1.4	(1.4)	-
Disposals	-	-	(0.7)	-	(0.7)
Cost as at 30 September 2020	232.7	1.5	131.0	2.4	367.6
Accumulated depreciation as at 1 October 2019	67.4	1.5	75.6	-	144.5
Charge for the year	3.8	-	5.6	-	9.4
Transfers	-	-	-	-	-
Disposals	-	-	(0.6)	-	(0.6)
Accumulated depreciation as at 30 September 2020	71.2	1.5	80.6	-	153.3
Net Book Value as at 30 September 2020	161.5	-	50.4	2.4	214.3
Net Book Value as at 30 September 2019	165.3	-	53.0	1.8	220.1

Heritage assets

No heritage assets have been capitalised in the current financial year and the Trust did not capitalise any assets in previous years.

Nature of the assets

The Trust has several collections of heritage assets comprising substantial core collections of visual items and material objects, printed and published rare materials, archives, and manuscripts, which are retained and developed in accordance with museum, archive and library best practice. It also holds support collections of objects, artworks, printed, published and digital materials, which are in current use for exhibition, reference, research or other similar purposes. Both core and support collections are held in support of one of the Trust's main objectives of advancing and promoting knowledge and education.

The core collection includes Sir Henry Wellcome's Museum Collection of mainly three-dimensional objects. The most significant part of this collection has been on long-term loan to the Science Museum since 1976 with smaller elements on long-term loan at other institutions. Most of the remaining core and support collection is held at the premises in Euston Road but there are also off-site storage facilities situated in London and Cheshire.

Policy for acquisition

Materials selected for acquisition must be in service of Wellcome Collection's overall mission to challenge the way we think and feel about health by exploring the connections between science, medicine, life and art. They must also comply with our published collections development policy, including with regard to ethical and legal considerations.

Conservation and Collections Care

The Trust recognises its responsibility to conserve and care for the core collections, to ensure that their documentation, storage, location control, treatment and use all adheres to appropriate national and international guidelines, accreditation standards and code of ethics.

Wellcome Collection is an Arts Council England accredited museum, having been awarded full accreditation under the Museums Accreditation scheme administered by the Arts Council England.

We are bound by the Code of Conduct and Professional Standards from the Institute of Conservation, Museums Association and the British Standards relating to 'Conservation of Cultural Heritage' and 'Conservation and care of archive and library collections'. We use the Publicly Available Specifications (PAS) 197:2009 'Code of practice for cultural collections management' and 198:2012 'Managing environmental conditions for cultural collections' to ensure the collections are stored and displayed in a safe, secure and sustainable way in line with best practice without compromising their physical, historical or structural integrity.

The Trust continually develops repository and management systems for digital materials and monitors the digital environment for risk factors such as software or hardware obsolescence and the impact of new technologies.

Disposal

The Trust operates a rolling programme of collections review across its core and support collections. Material may be removed from the collections for the reasons as set out in our published collections development policy. We only take the decision to dispose of material from our core collections following careful consideration of the public benefit and seeking both expert advice and the views of stakeholders, such as donors, researchers, local and source communities. The Trust follows disposal procedures in accordance with the standards set out by the Collections Trust, The National Archives and Chartered Institute of Library and Information Professionals.

Security and insurance

In order to assure security and safety of the collections, various procedures are in place including: registration of users; request of proof of identity prior to access; explanation of handling of materials; video surveillance; limits to amounts of closed access material in reading room; checking of returned material and security tagging; material risk assessments for fire, flood and theft; compliance with appropriate British Standards; fire precaution, fire detection and extinguishing systems; flood warning and egress of water systems; intruder alarms; locking up and opening procedures; monitoring of storage areas; maintenance checklist; and procedures for evacuation of premises.

As part of the Trust's Business Continuity Plan, Wellcome Collection has a disaster and salvage plan in place. Wellcome Collection also has a contract with Harwell which provides support for the majority of the disaster and salvage issues that may arise. Wellcome Collection materials are insured against damage or loss due to fire, flood, or terrorist activity at named locations, unnamed locations and while in transit. The collections are not insured for full replacement value as it is not possible to quantify this and the nature of the items held means that they are often irreplaceable.

15. Investments

(a) Quoted investments, Unquoted investments and Investment properties

Group	Fair value 1 October 2019 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2020 £m
Total quoted investments	15,053.9	4,553.9	(6,117.6)	1,272.5	14,762.7
Total unquoted investments	12,402.8	2,431.7	(2,810.9)	1,743.2	13,766.8
Total investment properties	1,298.9	23.6	(18.0)	(12.4)	1,292.1
Total	28,755.6	7,009.2	(8,946.5)	3,003.3	29,821.6

Trust	Fair value 1 October 2019 £m	Purchases £m	Sales proceeds £m	Total gains/ (losses) £m	Fair value 30 September 2020 £m
Total quoted investments	13,292.2	4,511.1	(5,172.8)	1,253.0	13,883.5
Total unquoted investments	11,050.7	2,414.7	(2,174.3)	1,483.9	12,775.0
Total investment properties	1,157.0	12.8	(18.0)	12.5	1,164.3
Total	25,499.9	6,938.6	(7,365.1)	2,749.4	27,822.8

The significance of and the exposure associated with the investment assets are discussed in the Review of Investment Activities section of the Trustee's Report.

During the year, the maximum aggregate fair value of quoted investment securities on loan was £511.0 million (2019: £458.3 million) and the Group held £533.2 million (2019: £475.0 million) as collateral in respect of these securities. The income receivable due to securities lending activities is disclosed in note 3. No loaned securities were recalled but not obtained during the year and therefore no collateral was retained.

The unquoted investment balance shown above includes investments in associates and joint ventures held at fair value of £118.8 million (2019: £738.5 million). As their value to the Group is through fair value rather than as a medium through which the Group carries out business, the Trustee considers this the most appropriate accounting policy. This is a departure from the SORP, which requires that all such investments are accounted for using the equity method of accounting. In a further departure from the SORP, the impact of accounting for such investments on an equity accounting basis has not been quantified. Due to the number of investments made, often over a number of years, the cost to our associates and joint ventures of providing the required additional historic reporting is considered to be disproportionate to the value that would be added by the disclosure.

During 2018, Wellcome Trust issued £750.0 million 2.517% Guaranteed Bonds due 2118 ('2118 bonds'). The liability is included in note 17. As part of the consideration of the issuance of the Bonds it was decided that we would start to plan for the upcoming maturity of its 4.75% Guaranteed Bonds due May 2021 ('2021 bonds'). As such, prior to the 2118 bonds issue, the Wellcome Trust placed a sum of £275.0 million, being the principal amount of the 2021 bonds, into a segregated account with the custodian, to be held for the purposes of repaying the principal amount of such 2021 bonds at their scheduled maturity in 2021. This sum has been invested prudently under specific conservative constraints and in line with the risk management and investment strategy. The segregated assets amounting to £270.6 million (2019: £279.7 million) are included in Quoted investments above.

During the year the Group had the following transactions with associates, joint ventures or subsidiaries held as part of the investment portfolio and not consolidated, which are related party entities:

- purchases in the form of equity and debt of £15.4 million (2019: £28.9 million); and
- received sales proceeds of £762.5 million (2019: £nil million).

Investment properties in the Group and the Trust have been valued at market value generally in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were carried out by CBRE, Cluttons, Gerald Eve, Jones Lang Lasalle, and Strutt & Parker.

b) Derivative financial instruments

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Derivative financial instrument asset positions	71.3	102.3	71.3	102.3

Derivative financial instrument liabilities for the Group and Trust are included within creditors, disclosed in note 17.

The Group's use of derivative financial instruments comprises:

Forward currency contracts and currency options

Forward currency contracts and currency options are used to hedge investment assets denominated in foreign currency into Pounds Sterling and as part of the investment strategy to have a globally diversified currency exposure.

Financial futures, options and warrants

The use of futures, options and warrants constitutes part of the Trust's portfolio management including: a substitution for investing in physical assets, a part of the Trust's long-term investment return strategy entered into with the expectation of realising gains, and adjusting asset exposures within the parameters set in the Trust's investment policy.

(c) Investment cash and certificates of deposit and other investment assets

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Investment cash and certificates of deposit	2,701.4	1,070.4	2,697.0	1,069.4
Cash collateral held	33.1	156.2	33.1	156.2
Accrued income from investments	7.3	12.6	5.2	5.2
Income receivable	35.0	25.2	35.1	19.8
Proceeds receivable on sale of investments	3.7	62.5	3.7	62.5
Other investment debtors	12.2	11.8	8.0	10.9
Other investments assets	91.3	268.3	85.1	254.6

(d) Programme related investments

Group	Book value 1 October 2019 £m	Purchases £m	Disposals £m	Net write-downs £m	Unrealised Gains	Book value 30 September 2020 £m
Loans – other	-	1.8	(1.5)	(0.3)	-	-
Loans	-	1.8	(1.5)	(0.3)	-	-
Equities – Diamond Light Source	-	2.6	-	(2.6)	-	-
Equities – MSD-Wellcome Trust Hilleman Laboratories	-	1.8	-	(1.8)	-	-
Equities – other	17.4	3.1	(7.4)	(0.2)	13.9	26.8
Equities	17.4	7.5	(7.4)	(4.6)	13.9	26.8
Revenue share – other	-	11.6	(0.1)	(11.5)	-	-
Revenue share	-	11.6	(0.1)	(11.5)	-	-
Total	17.4	20.9	(9.0)	(16.4)	13.9	26.8

Programme related investments form a portfolio managed separately from the Trust's other investments. These investments are held primarily to further the charitable aims of the Trust rather than to provide a financial return. They are held at fair value, if this can be measured reliably; or if fair value cannot be measured reliably, at cost less impairment.

Commitments to Programme Related Investments are detailed in note 19.

Diamond Light Source Limited

Equities include a 14% equity interest in Diamond Light Source Limited, a company established to construct and operate a synchrotron in Oxfordshire. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and included within Science direct expenditure.

MSD-Wellcome Trust Hilleman Laboratories

Equities include a 50% equity interest in SCS Pharma Research and Development Private Limited (known as MSD-Wellcome Trust Hilleman Laboratories), a company established in India to develop affordable vaccines to prevent diseases that commonly affect low and middle-income countries. Under the shareholding agreement, there is no intrinsic value in the equity and the cost has therefore been fully written down and reflected within Innovations direct expenditure.

Other

As part of its Innovations activities, the Trust has provided funding to 94 (2019: 88) often early-stage companies to carry out biomedical research projects with potential to deliver health benefits.

It is the Trust's policy to write off the cost of the investment in these often early-stage companies as it is not anticipated that this cost will be recovered. At each year end, a review of the programme related investment portfolio is performed, to assess if any individual assets have value. Where the assets have value, any impairment on such assets is reversed.

The unrealised gains reflect the additional fair value uplift where the value of an asset has increased above the cost.

Any income received or gains realised are included in the Statement of Financial Activities within other charitable income (and are therefore not in the table above).

(e) Fair value of financial assets and liabilities

The fair values and book values of the Group's financial assets and liabilities shown on the Balance Sheet are the same with the exception of the bond liabilities which are measured at amortised cost.

The value of the bond liabilities presented in the Trustee's Report (Figure 6 on page 28) £3,470.8 million (2019: £3,211.2 million) is the sum of the fair value of the bond liabilities and the accrued interest on these liabilities.

The following table categorises the fair values of the Group's financial assets and liabilities based on the inputs to the fair value. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is

significant to the fair value measurement of the relevant asset as follows:

- Level 1 – valued using quoted prices in active markets for identical assets.
- Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

Assets at fair value as at 30 September 2020

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Quoted investments	14,617.6	145.1	-	14,762.7
Unquoted investments	-	4,497.0	9,269.8	13,766.8
Derivative financial instruments asset positions	-	71.3	-	71.3
Programme related investments	26.8	-	-	26.8
	14,644.4	4,713.4	9,269.8	28,627.6

Assets at fair value as at 30 September 2019

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Quoted investments	14,905.0	148.9	-	15,053.9
Unquoted investments	-	3,413.7	8,989.1	12,402.8
Derivative financial instruments asset positions	32.8	69.5	-	102.3
Programme related investments	17.4	-	-	17.4
	14,955.2	3,632.1	8,989.1	27,576.4

(e) Fair value of financial assets and liabilities (continued)

Liabilities at fair value as at 30 September 2020

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments liabilities	-	43.4	-	43.4

Liabilities at fair value as at 30 September 2019

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments liabilities	-	36.3	-	36.3

Unquoted investments include investments in hedge funds, private equity funds, property funds, direct investments and investment operating subsidiaries. For the funds the Group categorises the investments based on the fair value classification of the underlying assets and liabilities of the funds.

Derivative financial instruments comprise:

- equity and commodities index futures and option positions which are exchange traded and valued at current price meet the criteria of Level 1;
- forward currency contracts assets and liabilities which are over the counter derivatives which derive their value from market exchange rates and therefore meet the criteria of Level 2; and

- long options and warrants asset positions which are valued with reference to the underlying, which are unquoted securities, and therefore meet the criteria of Level 3.

For Level 3 investments:

- private equity and property funds are valued at the most recent valuation from the fund manager, which is usually the net asset value of the fund; and
- unquoted direct investments and programme related investments are held at the valuation determined by management, with valuations, when provided by a third party investment manager as a key input subject to appropriate review by management. Further details are provided in note 2.

(f) Realised and unrealised gains/(losses) on investments

	Note	Group		Trust	
		2020 £m	2019 £m	2020 £m	2019 £m
Quoted investments	15(a)	1,272.5	674.6	1,253.0	648.6
Unquoted investments	15(a)	1,743.2	1,363.0	1,483.9	1,308.2
Investment properties	15(a)	(12.4)	(51.7)	12.5	(36.5)
Derivative financial instruments					
Currency overlay		12.1	3.0	12.1	3.0
Other derivative financial instruments		281.0	(27.3)	281.0	(27.3)
Shares in subsidiary undertakings		-	-	(242.3)	90.0
Short term investments		3.3	0.2	3.3	0.2
Foreign exchange losses on monetary assets		(1.3)	14.0	0.7	7.1
Foreign exchange losses on bond liabilities		(8.8)	2.4	(8.8)	2.4
		3,289.6	1,978.2	2,795.4	1,995.7

(g) Reconciliation to Trustee's Report

The presentation of investment balances in notes 15 and 17 is in accordance with the statutory asset and liability classifications. However, the investment portfolio is reported by investment strategy for management purposes and for the Trustee's Report. The distinct classes of assets used and reported on within the Trustee's Report are: public equity; private equity; hedge funds; property; and cash.

This note reconciles the net investment asset fair value at the balance sheet date as presented within the Trustee's

Report to the presentation within the Financial Statements. The market value of each asset class presented in the Trustee's Report is equal to the net investment assets and liabilities, held within portfolios with that applicable investment strategy.

The assets and liabilities presented in the Consolidated Balance Sheet and notes reconcile to Figure 6 in the Trustee's Report as follows:

	Note	2020 £m	2019 £m
Quoted investments	15(a)	14,762.7	15,053.9
Unquoted investments	15(a)	13,766.8	12,402.8
Investment property	15(a)	1,292.1	1,298.9
Derivative financial instrument asset positions	15(b)	71.3	102.3
Investment cash and certificates of deposit	15(c)	2,701.4	1,070.4
Other investment assets	15(c)	91.3	268.3
Programme related investments	15(d)	26.8	17.4
Investment assets as presented in the Financial Review		32,712.4	30,214.0
Derivative financial instrument liabilities	17	(43.4)	(36.3)
Amount payable on acquisition of investments	17	(1.1)	(4.8)
Cash collateral creditor	17	(33.1)	(156.2)
Deferred income from investments	17	(4.1)	(4.1)
Other investment liabilities	17	(36.1)	(17.4)
Total investment assets		32,594.6	29,995.2
Bond liabilities at amortised cost falling due within one year	17	(305.2)	(30.4)
Bond liabilities at amortised cost falling due between one and five years	17	-	(274.2)
Bond liabilities at amortised cost falling due after five years	17	(2,042.1)	(2,032.3)
Total interest bearing liabilities		(2,347.3)	(2,336.9)
Total investment assets		32,594.6	29,995.2
Total interest bearing liabilities		(2,347.3)	(2,336.9)
Adjusted for:			
Restatement of bond liabilities to fair value		(1,123.5)	(874.3)
Programme related investments not in investment asset allocation	15(d)	(26.8)	(17.4)
Other investments not in asset allocation		(10.3)	(8.3)
Total assets net of Bond liabilities per Figure 6		29,086.7	26,758.3

Other investments not in asset allocation relate to quoted investments managed by Innovations unquoted investments held by Genome Research Limited.

	2020	2019
Leverage (Total interest bearing liabilities / Total investment assets)	7.2%	7.8%

16. Debtors

	Group		Trust	
	2020 £m	2019 £m	2020 £m	2019 £m
Amounts owed by subsidiary undertakings	-	-	9.1	2.7
Other debtors	18.0	16.1	2.9	2.2
Prepayments	11.6	11.0	4.4	3.3
	29.5	27.1	16.4	8.2

17. Creditors

		Group		Trust	
	Note	2020 £m	2019 £m	2020 £m	2019 £m
Falling due within one year					
Amounts owed to subsidiary undertakings		-	-	1,771.5	1,043.4
Grant liabilities	8	657.5	767.2	719.2	767.2
Bond liabilities		305.2	30.4	21.3	21.2
Amount payable on acquisition of investments		1.1	4.8	1.1	4.8
Cash collateral creditor		33.1	156.2	33.1	156.2
Deferred income from investments		4.1	4.1	3.7	3.8
Derivative financial instrument liabilities		43.4	36.3	43.4	36.3
Other investment liabilities		36.1	17.4	35.5	16.5
Trade creditors		8.2	23.9	3.8	8.0
Other creditors		29.5	35.5	27.3	33.1
Accruals and deferred income		58.4	51.4	10.3	12.2
Corporation tax		1.0	0.6	-	-
Total falling due within one year		1,177.6	1,127.8	2,670.2	2,102.7
Falling due between one and five years					
Grant liabilities	8	1,429.3	1,404.6	1,563.2	1,404.6
Other creditors		2.6	4.0	-	-
Lease premium creditor		2.1	0.6	-	-
Bond liabilities		-	274.2	-	-
		1,434.0	1,683.4	1,563.2	1,404.6
Falling due after five years					
Grant liabilities	8	184.7	112.1	202.1	112.1
Lease premium creditor		15.0	15.5	-	-
Bond liabilities		2,042.1	2,032.3	1,499.8	1,490.3
		2,241.8	2,159.9	1,701.9	1,602.4
Total falling due after one year		3,675.8	3,843.3	3,265.1	3,007.0

Included in accruals and deferred income above is £16.0 million (2019: £20.3 million) in relation to Genome Research Limited's contract with GlaxoSmithKline Research & Development Limited part of the Whole Genome Sequencing Project.

Bond liabilities falling due within one year above includes the 2021 Bonds (£275 million 4.75% Guaranteed Bonds due in May 2021) refer to note 15(a) for the Group's plan for the upcoming maturity. All liabilities are unsecured.

18. Provisions for liabilities and charges

Group	Deferred tax £m	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2019	86.0	60.5	4.5	151.0
Charge for the year	11.1	19.1	0.1	30.3
Utilised in year	-	(8.3)	(0.8)	(9.1)
Foreign exchange revaluations	(24.2)	-	-	(24.2)
As at 30 September 2020	72.9	71.3	3.8	148.0

Trust	Employment related provisions £m	Other provisions £m	Total £m
As at 1 October 2019	56.2	4.5	60.7
Charge for the year	18.5	-	18.5
Utilised in year	(7.1)	-	(7.1)
As at 30 September 2020	67.6	4.5	72.1

The employment-related provisions relates to long-term incentive plans for certain employees in the Investment Division (refer note 5(a)) and unfunded unapproved retirement benefit schemes (refer to note 11(e)(ii)).

19. Commitments and contingent liabilities

(a) Investments

The Trust has entered into commitments to invest in private equity and property funds. At the balance sheet date, outstanding commitments amounted to £2,937.8 million (2019: £3,103.3 million). The Trust models its expected cash flows based on the year of the original commitment and historic trends. The Trust expects to invest £981.9 million (34%) of the outstanding commitments in one year, £1,562.9 million, (53%) in between one and five years and £393 million (13%) after five years.

(b) Pensions

Wellcome has previously agreed with the GRL Pension Plan Trustee to put in place a Deed of Guarantee. The obligations of the Deed, guaranteed by Wellcome, are that GRL pays the necessary contribution as agreed with the Trustee and the Plan Actuary and that any deficit in the funding identified by a full actuarial valuation will be repaid over a period of five years or less. Further details of the funding of the GRL Pension Plan are provided in note 11(e)(ii).

(c) Programme related investments

Programme related convertible loans and equity funding have been made over a series of years, of which £5.2 million (2019: £9.1 million) remains yet to be drawn down and is contingent upon specific milestones being achieved.

The Trust has committed to fund 14% of the operating capital of Diamond Light Source Limited. The outstanding commitment as at 30 September 2020 was £2.9 million (2019: £2.4 million).

During the year, the Trust incurred £2.1 million (2019: £2.2 million) in expenditure relating to an entity in India, MSD- Wellcome Trust Hilleman Laboratories. The outstanding commitment as at 30 September 2020 was £18.7 million (2019: £20.8 million).

(d) Grant funding activities

In prior years, the Innovations division has made Seeding Drug Discovery grants of £172.9 million, of which £171.3 million has been included in grant expenditure in current and prior financial years. The remaining £1.6 million is contingent upon specific funding-related milestones being met and has therefore not been included within grant liabilities.

To date the Trust has incurred £68.1 million for expenditure relating to Wellcome Trust-DBT India Alliance. Subject to appropriate approval, the Trust will contribute up to £24 million over the next four years.

During the year, Wellcome incurred £4.5 million in expenditure relating to a partnership between Wellcome, the UK Medical Research Council, the UK Department for International Development and the UK Department of Health to fund clinical trials in low and middle-income countries. Subject to review and approval of appropriate applications, Wellcome will contribute up to a further £5.3 million over the next year.

Wellcome has incurred £2.0 million in expenditure relating to a joint initiative between Wellcome, the UK Department for International Development, the Economic and Social Research Council and the UK Medical Research Council to fund health systems research in low and middle-income countries. Subject to review and approval of appropriate applications, Wellcome will contribute up to £4.0 million over the next two years.

During the year the Trust has incurred £0.1 million in expenditure relating to a partnership with the British Heart Foundation, Cancer Research UK, Scottish Ministers acting through their Chief Scientist Office of the Scottish Government Health and Social Care Directorates, Engineering and Physical Sciences Research Council, Medical Research Council, Natural Environment Research Council, Department of Health and Social Care acting through its National Institute for Health Research, Health and Social Care Research and Development Division, Welsh Government, Public Health Agency and The Health Foundation to fund research into population-level strategies that will prevent non-communicable diseases and reduce inequalities in health. Wellcome will contribute up to £3.7 million over the next two years.

In 2017, the Trust entered into a partnership with the US Government's Biomedical Advanced Research and Development Authority (BARDA), Germany's Federal Ministry of Education and Research (BMBF), the UK Government's Department of Health and Social Care (DHSC), through its Global Antimicrobial Resistance Innovation Fund (GAMRIF), the Bill & Melinda Gates Foundation and Boston University to create the Combating Antibiotic Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) to support preclinical product development of new antibiotics. £38.4 million was committed during the year, subject to review and approval of appropriate applications. The Trust will contribute up to £36.8 million over the next three years.

During the year, the Trust has incurred £12.2 million in expenditure relating to a joint initiative between Wellcome and the UK Department for International Development to fund research in epidemic preparedness and response. Subject to review and approval of appropriate applications, Wellcome will contribute up to £5.0 million over the next two years.

During the year the Trust approved a two year extension to its grant to its subsidiary Genome Research Limited of £232.8 million.

(e) Capital Commitments

As at 30 September 2020, Wellcome and Genome Research Limited had commitments contracted and not provided for of £36.6 million (2019: 15.8 million) and £0.8 million (2019: £2.7 million) respectively. These relate to refurbishment of investment properties and Sanger Campus redevelopment. It is probable that this work will be completed but as it has not commenced, the timings and final amounts are uncertain.

20. Movement in Charity Funds

Group	Balance as at 1 October 2019 £m	Income £m	Expenditure £m	Net investment gains £m	Balance as at 30 September 2020 £m
Restricted Funds	25.1	46.6	(52.3)	-	19.4
Unrestricted Funds	25,189.3	417.0	(1,093.5)	3,289.6	27,802.4
Total Charity Funds	25,214.4	463.6	(1,145.8)	3,289.6	27,821.8

Group	Balance as at 1 October 2018 £m	Income £m	Expenditure £m	Net investment gains £m	Balance as at 30 September 2019 £m
Restricted Funds	32.2	46.2	(53.3)	-	25.1
Unrestricted Funds	24,167.9	434.8	(1,391.6)	1,978.2	25,189.3
Total Charity Funds	24,200.1	481.0	(1,444.9)	1,978.2	25,214.4

All restricted funds arise in Genome Research Limited.

21. Group undertakings

a) Summary of activities of significant subsidiary undertakings

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Genome Research Limited	100%	2742969	England	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal members
Wellcome Leap Inc.	100%	N/A	United States of America	The Wellcome Trust Limited and Wellcome Trust Nominees Limited are equal members
Gower Place Investments Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08594660	England	The Wellcome Trust Limited is the shareholder
North London Ventures Limited	• Ordinary shares – 100% • Class A preference shares – 0% • Class B preference shares – 100%	08226374	England	The Wellcome Trust Limited is the shareholder
Wellcome Trust Finance plc	100%	5857955	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 1 Unlimited	100%	06483238	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investments 2 Unlimited	100%	6576220	England	The Wellcome Trust Limited is the sole shareholder
Wellcome Trust Investment Limited Partnership	100%*	LP011456	England	The Wellcome Trust Limited is the limited partner and Wellcome Trust GP Limited is the general partner

*On 29 July 2020, Wellcome Trust Investment Limited Partnership was dissolved

These significant subsidiaries are:

- charitable subsidiary undertakings formed to pursue charitable objects closely allied to those of the Trust – refer to note 21(b)(i);
- non-charitable investment holding subsidiary undertakings formed to hold investments and freehold property on behalf of the Trust where the net asset value is in excess of £250 million – refer to note 21(b)(ii); and
- a non-charitable financing subsidiary undertaking formed to issue listed debt to finance Group activities – refer to note 21(b)(iii).

All subsidiaries are registered at 215 Euston Road, London, NW1 2BE.

The table below details the subsidiaries that are held as part of the investment portfolio. They are not included in the consolidation and therefore do not appear in the analysis in note 21(b).

Company	% Holding	Registered Number	Country of incorporation	Legal relationship
Farmcare Trading Limited	100% (indirect through Gower Place Investments Limited)	09152445	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited
Premier Marinas Holdings Limited	100% (indirect through Gower Place Investments Limited)	05524490	England	The Wellcome Trust Limited is the indirect shareholder through Gower Place Investments Limited

a) Summary of activities of significant subsidiary undertakings (continued)

The Trust has taken advantage of an exemption from audit available under 479A to 479C of the Companies Act 2006 for the following subsidiaries which are all registered in England:

Wellcome Trust Investments 1 Unlimited

Wellcome Trust Investments 2 Unlimited

Wellcome Trust Investments 3 Unlimited

The Wellcome Trust Limited has provided the appropriate guarantee for all liabilities of these entities.

The Trust has taken advantage of an exemption from audit available under Regulation 7 of the Partnership (Accounts) Regulations 2008 for the following partnerships:

Wellcome Trust Investment Limited Partnership – registered in England.

Wellcome Trust Scottish Limited Partnership – registered in Scotland.

(b) Summary financial information

The expenditure figures below include the impact of gift aid distributions and tax.

(i) Charitable subsidiary undertaking

	Genome Research Limited	
	2020 £m	2019 £m
Income	156.4	150.8
Expenditure	(171.9)	(164.3)
Actuarial gains/(losses) on defined benefit pension scheme	16.3	(80.7)
Net movements in funds	0.8	(94.2)
Total assets	233.1	243.8
Liabilities	(72.2)	(79.5)
Defined benefit pension scheme deficit	(198.8)	(203.0)
Net liabilities	(37.9)	(38.7)

All restricted funds arise in Genome Research Limited.

(ii) Non-charitable investment holding subsidiary undertakings

	Gower Place Investments Limited		North London Ventures Limited		Wellcome Trust Investment Limited Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Turnover	-	3.0	-	4.7	17.2	18.8
Expenditure	3.4	4.8	(12.9)	41.7	(7.3)	(11.7)
Gains/(losses) on investments	(22.5)	(32.5)	49.3	(139.1)	(93.3)	132.1
Total profit	(19.1)	(24.7)	36.4	(92.7)	(83.4)	139.2
Investment assets	546.9	558.5	460.4	411.1	-	809.6
Current assets	1.5	2.6	97.8	97.6	-	51.9
Total assets	548.4	561.1	558.2	508.7	-	861.5
Liabilities	(2.0)	(5.5)	(42.1)	(28.9)	-	(247.7)
Net assets	546.4	555.6	516.1	479.8	-	613.8

During the year, following the novation of its Loan from Wellcome Trust Finance plc to its parent the Wellcome Trust, Wellcome Trust Investment Limited Partnership was dissolved and its net assets distributed to its partners (the Wellcome Trust and Wellcome Trust GP Limited).

(b) Summary financial information (continued)**(ii) Non-charitable investment holding subsidiary undertakings (continued)**

	Wellcome Trust Investments 1 Unlimited		Wellcome Trust Investments 2 Unlimited	
	2020 £m	2019 £m	2020 £m	2019 £m
Turnover	-	-	9.7	13.7
Expenditure	(346.3)	(3.9)	(8.7)	(12.0)
Gains/(losses) on investments	233.5	38.1	(24.6)	92.3
Total profit	(112.8)	34.2	(23.6)	94.0
Investment assets	-	364.1	819.0	939.3
Current assets	252.3	28.0	264.3	99.4
Total assets	252.3	392.1	1,083.3	1,038.7
Liabilities	-	(27.1)	(33.7)	(24.3)
Net assets	252.3	365.0	1,049.6	1,014.4

The functional currency of Wellcome Trust Investments 2 Unlimited is the US Dollar because the majority of the Company's transactions are denominated in US Dollars.

(iii) Non-charitable investment financing subsidiary undertaking

	Wellcome Trust Finance plc	
	2020 £m	2019 £m
Turnover	42.8	42.7
Expenditure	(42.8)	(42.7)
Total profit	-	-
Assets	965.2	962.9
Liabilities	(827.7)	(825.4)
Net assets	137.5	137.5

22. Consolidated cash flow

(a) Investment income received

	2020 £m	2019 £m
Dividends and interest	287.9	372.7
Rental income	35.4	35.6
Decrease in income receivable from investments	(9.9)	(4.5)
Increase in accrued income from investments	5.5	1.9
Decrease/(increase) in deferred income from investments	-	0.2
Investment income received	318.9	405.9

(b) Servicing of finance

	2020 £m	2019 £m
Interest payable	(79.0)	(78.7)
Foreign exchange (losses)/gains on revaluation of interest bearing liabilities	(8.8)	2.4
Increase/(decrease) in interest bearing liabilities	10.6	(1.0)
Cash (outflow) for servicing of finance	(77.2)	(77.3)

(c) Reconciliation of investment sales and purchases

	2020 £m	2019 £m
Proceeds on sale of quoted investments	6,117.6	2,848.5
Proceeds on sale of unquoted investments	2,810.9	2,035.1
Proceeds on sale of investment property	18.0	23.9
Decrease in proceeds receivable on sale of investments	58.8	41.5
Proceeds on sale of Programme Related Investments	9.0	13.7
Proceeds from sales of investments	9,014.3	4,962.7
Purchases of quoted investments	4,553.9	2,308.1
Purchases of unquoted investments	2,431.7	2,086.3
Purchases of investment property	23.6	22.2
Increase in amounts payable on acquisition of investments	3.7	6.0
Purchase of Programme Related Investments	20.9	21.9
Purchases of investments	7,033.8	4,444.5
Gain/(loss) on derivative financial instruments	293.1	(24.3)
Decrease/(increase) in derivative financial asset positions	31.0	(56.7)
Increase/(decrease) in derivative financial liabilities	7.1	(0.9)
Net cash inflow/(outflow) upon settlement of derivative financial instruments	331.2	(81.9)

(d) Statement of net debt

	At 1 October 2019 £m	Cash flow £m	Change in Maturities	Effective interest & Foreign Exchange £m	At 30 September 2020 £m
Cash in hand and at bank	33.2	(8.1)	-	-	25.1
Debt due after one year					
- bond liabilities	(2,306.4)	-	274.5	(10.2)	(2,042.1)
Debt due within one year					
- bond liabilities	(30.4)	77.2	(274.5)	(77.5)	(305.2)
Liquid resources:					
- investment cash and certificates of deposit	1,070.4	1,631.0	-	-	2,701.4
Net (debt)/cash	(1,233.2)	1,700.1	-	(87.7)	379.2

In accordance with FRS 102 7.18, an entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents.

The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. These non-cash transactions are included in the table above.

23. Financial risk management

In the ordinary course of its activities, the Group actively manages a variety of financial risks including credit risk, liquidity risk and market risk. The Group identifies measures and monitors risk through various control mechanisms as detailed in the following sections, including maximum approved counterparty exposure and diversifying exposures and activities across a variety of instruments, markets and counterparties.

(a) Credit risk

Credit risk is the risk that the Group would incur a financial loss if a counterparty failed to discharge its obligations to the Group.

Credit risk exposure

The Group is subject to credit risk from its financial assets held by counterparties and the risk is particularly concentrated on its investment cash balances and certificates of deposit due to the significant value of these balances. The following table details the Group's maximum exposure to credit risk as at 30 September:

	2020 £m	2019 £m
Derivative financial instruments assets positions	71.3	102.3
Investment cash balances and certificates of deposit	2,701.4	1,070.4
Cash collateral held	33.1	156.2
Accrued income from investments	7.3	12.6
Income Receivable	35.0	25.2
Proceeds receivable on sale of investments	3.7	62.5
Other investment debtor balances	12.2	11.8
Programme related investment loans	-	-
Other debtors	18.0	16.1
Term deposits and cash	25.1	33.2
	2,907.1	1,490.3

None of the Group's financial assets subject to credit risk (other than the Programme related investments which are discussed in note 15(d)) are past their due date or were impaired during the year.

Risk management policies and procedures

The objective of managing credit risk is to minimise counterparty default on the Group's financial assets causing financial loss to the Group. The Group aims to mitigate its counterparty credit risk exposure by monitoring the size of its credit exposure to and the creditworthiness of counterparties, including setting appropriate exposure limits and maturities. Counterparties are selected based on their financial ratings, regulatory environments and specific circumstances.

The following details the risk management policies applied to the financial assets exposed to credit risk:

- for interest-bearing securities the credit rating of the issuer is taken into account to minimise the risk to the Group of default. Investments are made across a variety of issuers to reduce concentrations of credit risk;
- transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk. Derivative financial instrument asset positions exposed to credit risk comprise the Group's forward currency contracts;
- direct cash management mandate is limited to the use of deposits with selected banks (the credit ratings of which are taken into account to minimise credit risk), the purchase of short-dated UK Government securities and the controlled use of AAA rated money market funds; and
- sale and purchases of investments are carried out with a small number of brokers, whose credit quality forms part of the initial and on-going reviews by the investment managers.

At the balance sheet date, in addition to the securities on loan discussed in note 15(a), forward currency contract assets which are secured by cash collateral discussed in note 15(b). There were no other credit enhancements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties raising cash to meet its obligations when they fall due.

Liquidity risk exposure

This is a risk to the Group, given the value of the Group's commitments to charitable and investment activities.

Risk management policies and procedures

The Group monitors its exposure to liquidity risk by regularly monitoring the liquidity of its investment portfolio and

holding appropriate levels of liquid assets. Cash held within the Group's cash mandate (refer to Cash reported in Figure 6 of the Review of Investment Activities section of the Trustee's report) and the liquidity forecast is reviewed: weekly by investments management; monthly by the Executive Leadership Team; and quarterly by the Investment Committee and Board of Governors.

The following table details the maturity of the Group's undiscounted contractual payments and grant liabilities as at 30 September:

Group	2020				2019			
	Three months or less £m	No more than one year £m	More than one year £m	Total £m	Three months or less £m	No more than one year £m	More than one year £m	Total £m
Payments falling due within one year								
Bond liabilities	-	352.5	-	352.5	-	77.4	-	77.4
Derivative financial instruments liabilities	43.4	-	-	43.4	36.3	-	-	36.3
Collateral liability	33.1	-	-	33.1	156.2	-	-	156.2
Amount payable on acquisition of investments	1.1	-	-	1.1	4.8	-	-	4.8
Other investment liabilities	36.1	-	-	36.1	17.4	-	-	17.4
Trade creditors	8.2	-	-	8.2	23.9	-	-	23.9
Other creditors	29.5	-	-	29.5	35.5	-	-	35.5
Accruals and deferred income	58.4	-	-	58.4	51.4	-	-	51.4
Corporation Tax	-	1.0	-	1.0	-	0.6	-	0.6
Contractual payments	209.8	353.5	-	563.3	325.5	78.0	-	403.5
Grant liabilities	164.4	493.1	-	657.5	191.8	575.4	-	767.2
	374.2	846.6	-	1,220.8	517.3	653.4	-	1,170.7
Payments falling due between one and five years								
Bond liabilities	-	-	257.6	257.6	-	-	545.2	545.2
Other creditors	-	-	2.6	2.6	-	-	4.0	4.0
Contractual payments	-	-	260.2	260.2	-	-	549.2	549.2
Grant liabilities	-	-	1,667.8	1,667.8	-	-	1,632.3	1,632.3
	-	-	1,928.0	1,928.0	-	-	2,181.5	2,181.5
Payments falling due after five years								
Bond liabilities	-	-	4,650.4	4,650.4	-	-	4,705.6	4,705.6
Contractual payments	-	-	4,650.4	4,650.4	-	-	4,705.6	4,705.6
Grant liabilities	-	-	271.0	271.0	-	-	163.6	163.6
	-	-	4,921.4	4,921.4	-	-	4,869.2	4,869.2
Total	374.2	846.6	6,849.4	8,070.2	517.3	653.4	7,050.7	8,221.4

Grant liabilities are non-contractual.

(c) Market risk – price, currency and interest rate risks

Market risk is the risk of potential loss the Group may incur as a result of adverse changes to the fair value of the Group's financial instruments. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group measures returns and monitors portfolio risks in a 50/50 blend of Sterling and US Dollars and monitored Sterling and US Dollar currency exposures. This reflects the globally diversified nature of the Group's assets, liabilities and commitments.

The Group uses a number of investment risk metrics, of which the following are key; the expected ability of the portfolio to generate cash flows growing in real terms; currency exposures; expected likelihood of catastrophic failures of one or more assets held within the portfolio; and the assessed level of inflation protection within the portfolio.

(i) Price risk

Price risk is the risk that the value of an asset or liability will fluctuate due to changes in market price, caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. This is a risk for the Group because its ability to fund research over the long term is dependent on maintaining the purchasing power of the asset base. The Group's expenditure is predominantly discretionary and the Board of Governors monitor cash expenditure, commitments and the endowment performance throughout the year to manage the balance between funding charitable activities and maintaining the purchasing power of the asset base.

Price risk exposure

The maximum asset and liability value exposed to other price risk at 30 September is the value of the traded investment assets and liabilities as detailed in the following table:

	2020 £m	2019 £m
Quoted investments	14,762.7	15,053.9
Unquoted investments	13,766.8	12,402.8
Investments properties	1,292.1	1,298.9
Derivative financial instruments assets positions	71.3	102.3
Assets exposed to risk	29,892.9	28,857.9
Derivative financial instruments liability positions	43.4	36.3
Liabilities exposed to risk	43.4	36.3

(ii) Currency risk

Currency risk is the risk that the value of an asset or liability will fluctuate due to changes to foreign currency exchange rates. The currency of the majority of the Group's expenditure and the functional currency of the Group is Sterling. However, the Group has investment assets denominated

in currencies other than Sterling and is impacted by fluctuations in foreign currency exchange rates.

The following table details the asset value exposed to currency risk as at 30 September:

Group	Value as at 30 September 2020 (currency, m)	Value as at 30 September 2020 £m	Value as at 30 September 2019 (currency, m)	Value as at 30 September 2019 £m
Traded investments assets				
US \$	\$20,781.3	16,074.7	\$17,644.2	14,318.1
Euro	€3,156.8	2,863.4	€3,315.4	2,933.1
CNY	¥26,673.3	3,029.4	¥19,833.1	2,254.6
Other		3,391.3		3,238.5
Other investment debtors balances				
US \$	\$501.9	388.2	\$358.8	291.2
Euro	€28.3	25.7	€44.1	39.0
CNY	-	-	-	-
Other		27.1		29.6
Other investment creditors balances				
US \$	(\$0.1)	(0.1)	(\$0.3)	(0.3)
Euro	(€399.4)	(362.3)	(€398.6)	(352.6)
CNY	-	-	-	-
Other		(1.6)		(7.6)
Forward currency contracts				
US \$	(\$300.0)	(231.2)	(\$350.9)	(286.5)
Euro	(€914.2)	(850.6)	(€396.3)	(361.1)
CNY	-	-	-	-
Other		0.3		117.1
Total exposed to currency risk		24,354.3		22,213.1

	Impact on gain for the financial year 2020 £m	Impact on gain for the financial year 2019 £m
10% US Dollar appreciation	1,623.2	1,432.3
10% Euro appreciation	167.6	225.8
10% CNY appreciation	302.9	225.5

A 10% depreciation in currencies would have an equal but opposite impact.

Risk management policies and procedures

The investment team monitor the Group's exposure to foreign currencies on a daily basis and report to the Investment Committee on at least a quarterly basis.

Foreign currency contracts are used to limit the Group's exposure to future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are also used to achieve the portfolio characteristics that assist the Group in meeting its investment objectives.

(iii) Interest rate risk

Interest rate risk arises from the risk that the value of an asset or liability will fluctuate due to changes in interest rates (i.e. for fixed interest rate assets or liabilities) or that future cash flows will fluctuate due to changes in interest rates (i.e. for variable rate assets or liabilities).

Interest rate exposure and sensitivity

The Group holds investment cash and certificates of deposit and overnight term deposits and cash, as detailed on the Balance Sheet. These are floating rate interest bearing assets, the future cash flows from these assets will fluctuate with changes in market interest rates. However, as these are liquid assets with no fixed maturity dates, the fair value would not fluctuate significantly with changes in market interest rates.

The Group has invested in government and corporate debt securities as part of planning for the upcoming maturity 2021 bonds (refer note 15(a)). These are fixed rate interest bearing assets with fixed maturities, the future cash flows from these assets will not fluctuate with changes in market interest rates, however their fair value will.

The interest-bearing liabilities shown below are the bond liabilities which are fixed rate liabilities which are held at amortised cost. The bond assets value detailed in the table below is the fair value, the bond and variable rate liabilities value detailed in the table below is the book value.

	2020		2019	
	Weighted average interest rate	Value as at 30 September £m	Weighted average interest rate	Value as at 30 September £m
Interest bearing assets:				
Maturing within one year				
Fixed rate	1.61%	141.3	n/a	-
Floating rate	3 month GBP Libor + 22-26bps	130.0	n/a	-
Maturing between one and five years				
Fixed rate	n/a	-	1.61%	142.6
Floating rate	n/a	-	3 month GBP Libor + 22-26bps	129.9
Total interest bearing assets		271.3		272.5
Interest-bearing financial liabilities:				
Maturing within one year				
Fixed rate – bond liabilities	4.75%	(279.2)		
Maturing between one and five years				
Fixed rate – bond liabilities	n/a	-	4.75%	(278.6)
Maturing after five years				
Fixed rate – bond liabilities	3.13%	(2,068.1)	3.13%	(2,058.2)
Total interest-bearing liabilities		(2,347.3)		(2,336.8)

Risk management policies and procedures

The Group takes into account the possible effects of a change in interest rates on the fair value and cash flows of the interest-bearing financial assets and liabilities when

making investment decisions. The Investment Committee monitors the Group's exposure to interest-bearing assets, the bond liability and the related finance costs regularly.

24. Events after the end of the reporting period

On 6 November 2020 the Group announced a recommended cash offer of £506.0 million for the entire issued and to be issued share capital of Urban&Civic PLC. The offer was approved on the 14 December 2020 by a majority of Urban&Civic shareholders.

On 13 November 2020 one of the Group's direct unquoted investments, Doordash, announced an initial public offering (IPO) of Class A common stock and applied to List on the

New York Stock Exchange. On 8 December 2020 the IPO was priced at US \$102/share, increasing the value of the Group's investment in Doordash to US \$1.3 billion or £1.0 billion and giving rise to an unrealised gain in value of £0.7 billion. The price of Doordash shares has increased further following the IPO and the most recent closing price as at 11 December 2020 was \$175/share, valuing the Group's investment at \$2.3 billion or £1.7 billion.

Reference and Administrative Details

Board of Governors

Baroness Manningham-Buller, LG, DCB, FMedSci (Chair)
Professor Sir Michael Ferguson,
CBE, FRS, FRSE, FMedSci (Deputy Chair)
Professor Tobias Bonhoeffer, PhD
Mr William Burns (to 30 April 2020)
Dame Amelia Fawcett, DBE, CVO
Mr Richard Gillingwater, CBE
Professor Bryan Grenfell, OBE, FRS
Professor Fiona Powrie, FRS FMedSci
Dame Cilla Snowball, DBE, CBE
Mr Elhadji As Sy (from 1 January 2020)

Brief biographies are included on pages 125.

Company Secretary

Mr Chris Bird

Executive Leadership Team

Sir Jeremy Farrar, FRS, FMedSci, OBE (Director)
Mrs Katie Anastasi-Frankovics (Director of Innovations from
1 January 2020, on maternity leave from 18 June 2020)
Mr Chris Bird (General Counsel and Company Secretary)
Professor Stephen Caddick
(Director of Innovations to 30 April 2020)
Ms Karen Chadwick (Acting Chief Financial Officer,
confirmed as Finance Director from 1 January 2020)
Dr Simon Chaplin, FDSRCS
(Director of Culture & Society to 31 August 2020)
Dr Alyson Fox (Director of Grants Management)
Ms Philomena Gibbons
(Interim Director of Culture & Society from 1 August 2020)
Mr Mark Henderson (Director of Communications)
Dr Chonnettia Jones
(Director of Insight and Analysis to 31 March 2020)
Dr Tim Knott
(Acting Director of Innovations from 1 June 2020)
Ms Kathy Poole (Director of People)
Dr Paul Schreier (Chief Operating Officer)
Sir Jim Smith, FRS, FMedSci
(Director of Science to 1 May 2020, then Interim Director
of Research Programmes from 1 July 2020)

Mr James Thomas (Chief Technology Officer)

Professor Mike Turner
(Director of Science from 29 June 2020)

Mr Ed Whiting (Director of Strategy)

Audit and Risk Committee

Mr William Burns (Chair to 31 March 2020)
Dame Amelia Fawcett (Chair from 1 April 2020)
Ms Adèle Anderson
Mr Chris Jones
Professor Fiona Powrie

Remuneration Committee

Dame Amelia Fawcett (Chair)
Professor Sir Michael Ferguson
Mr Richard Gillingwater (from 17 December 2019)
Baroness Manningham-Buller

Nominations Committee

Baroness Manningham-Buller (Chair)
Professor Sir Michael Ferguson
Professor Bryan Grenfell
Dame Cilla Snowball

Investment Committee

Mr Richard Gillingwater (Chair)
Ms Tracy Blackwell
Mr Stefan Dunatov
Sir Jeremy Farrar
Professor Sir Michael Ferguson
Dr Martin Halusa
Ms Cressida Hogg
Baroness Manningham-Buller
Mr Nicholas Moakes
Mr Peter Pereira Gray
Dr Paul Schreier

Biographies of the Governors

Baroness Manningham-Buller

Eliza Manningham-Buller has been Chair of Wellcome since 2015, having served as a Governor since 2008.

In 2015, Eliza became the Co-President of Chatham House, Royal Institute of International Affairs. She served on the Council of Imperial College from 2009 and was Chair of Council from 2011 to 2015. She is a Fellow of the Academy of Medical Sciences.

She was appointed an independent, crossbench peer in the House of Lords in 2008, and has been a member of the Privileges and Conduct Committee, the Joint Committee on the National Security Strategy, and currently sits on the Science and Technology Committee.

Previously, Eliza had a career with MI5 for more than 30 years, including a posting to the British Embassy in Washington. She served as Director General from 2002 to 2007 and before that was Deputy Director General, with responsibility for operations.

Eliza was educated at Benenden School and Lady Margaret Hall, Oxford. She taught for three years before joining MI5 in 1974.

Professor Sir Michael A J Ferguson

Mike Ferguson is Regius Professor of Life Sciences and academic lead for Research Strategy in the School of Life Sciences at the University of Dundee. His personal research takes a multidisciplinary approach to understanding the biochemistry of protozoan parasites that cause tropical diseases. He believes in the fundamental importance of working across the biology-chemistry interface and in interdisciplinary research in general.

He is particularly interested in translational research and, together with his colleagues, established the Drug Discovery Unit at the University of Dundee and led the construction of the Discovery Centre (for Translational and Interdisciplinary Research).

He co-directs a proteomics facility that supports much of the work of his colleagues in the Schools of Life Sciences and Medicine. He is also a Board member of Amphista Therapeutics Ltd. Mike was knighted in 2019 for his services to science.

Professor Tobias Bonhoeffer

Tobias Bonhoeffer is Director at the Max Planck Institute of Neurobiology and Professor at the Ludwig Maximilians University in Munich.

He is one of the world's foremost researchers in systems neuroscience. He studies synaptic plasticity in the brain focusing on learning, memory and how the brain adapts to its environment.

Tobias served for more than 20 years as department head at the Max Planck Institute of Neurobiology and later also as Chair of the Biomedical Section of the Max Planck Society. He has been a member of the scientific advisory boards of numerous leading Institutions, including the Chan Zuckerberg Initiative, the ETH Zurich, the Janelia Farm Research Campus of the Howard Hughes Medical Institute and the Chinese Academy of Sciences.

Tobias is a member of the German National Academy of Sciences, Leopoldina, the Academia Europaea, the European Molecular Biology Organization, and the US National Academy of Sciences. He has been awarded the Ernst-Jung Prize for Medicine.

Mr William Burns

William "Bill" Burns is Chair of Vestergaard and Molecular Partners, and Vice-Chair of Mesoblast. He also serves as a trustee of the Institute of Cancer Research.

Bill has over 40 years' experience in the pharmaceutical and life sciences industry. He was a senior independent director of Shire Pharmaceuticals until April 2018 and was CEO of the global pharmaceuticals division of Roche Holdings from 2001 to 2009.

He previously chaired the funding committee of the Health Innovation Challenge Fund, a partnership between Wellcome and the Department of Health.

Dame Amelia Fawcett

Amelia Fawcett, a former investment banker and lawyer, has a career spanning financial services, media and telecommunications, investment management and government. In addition to 20 years at Morgan Stanley, she has extensive board experience including at the Standards Board for Alternative Investments, the Guardian Media Group, The Prince of Wales's Charitable Foundation, the UK Treasury, the Court of the Bank of England and the London Business School.

Currently, she is the lead director of State Street Corporation in the USA, Chair of Kinnevik AB in Sweden and Chair of Royal Botanic Gardens Kew.

Richard Gillingwater

Richard Gillingwater is currently the Chair of SSE, the renewable energy and networks group, and Janus Henderson, a global asset manager. After a career in finance, he set up and ran UK Government Investments, created to manage the Government's state-owned businesses, and chaired the UK's development finance business, CDC, investing in Africa and Asia. He has also served as Dean of Cass Business School and as Chair of the Open University and has wide board experience.

Professor Bryan Grenfell

Bryan Grenfell is the Kathryn Briger and Sarah Fenton Professor of Ecology, Evolution and Public Affairs at Princeton University. He is jointly appointed at the Department of Ecology and Evolutionary Biology and the School of Public and International Affairs.

With over 30 years' experience researching the population dynamics of infectious diseases, his research focuses on the epidemiology, evolution and vaccination control of infections such as measles and influenza. He has advised the UK Government and the World Health Organization on the mathematical modelling and control of a variety of infectious diseases.

He is a Fellow of the Royal Society, the American Academy of Arts and Sciences, and the American Association for the Advancement of Science. He has also been awarded the T H Huxley Medal from Imperial College and the Scientific Medal of the Zoological Society of London.

Professor Fiona Powrie

Fiona Powrie is Director of the Kennedy Institute of Rheumatology, University of Oxford. She gained a PhD in immunology from the University of Oxford and then moved to the DNAX Research Institute in Palo Alto. She returned to the University of Oxford in 1996 where she was the Sidney Truelove Professor of Gastroenterology and Head of the Translational Gastroenterology Unit from 2009-2014.

Fiona's research is focused on interactions between the intestinal microbiome and the immune system. She identified the role of regulatory T cells in controlling intestinal inflammation and established the cytokine IL-23 as a therapeutic target in inflammatory bowel disease. She is particularly interested in translating basic research into clinical application. She leads the Oxford Biomedical Research Centre's Gastroenterology and Mucosal Immunology theme and recently established the Accelerated Therapy for Arthritis Programme, a clinical research network designed to increase the testing of novel therapies in the clinic.

She serves on a number of scientific advisory boards including the Lister Institute, the Imagine Institute in Paris and the Evergrande Centre in Boston. She received the Louis Jeantet Prize for Medicine in 2012 and was elected a Fellow of the Royal Society in 2011, EMBO in 2013, the Academy of Medical Sciences in 2014 and the US National Academy of Sciences in 2020.

Dame Cilla Snowball

Cilla Snowball has had a long career in advertising, including 26 years at the creative agency AMV BBDO, where she was Group CEO and Group Chairman, and pivotal in making it one of the most successful advertising agencies in the UK.

She has chaired the Women's Business Council, the GREAT Private Sector Council, acted as a trustee of Comic Relief, and is a Non-Executive Director at the property investment and development company Derwent London plc.

Elhadj As Sy (known as As Sy)

As Sy is the Chair of the Kofi Annan Foundation Board, and Co-chair of the WHO/World Bank Global Pandemic Preparedness Monitoring Board (GPMB). In addition to these functions, Mr. Sy is also a Commissioner for the Global Commission on Climate Adaptation, a member of the Governing Board of Interpeace and serves on numerous other boards and organizations.

Mr. Sy has over 30 years' experience of leadership the humanitarian, health, environment, development sectors, and has previously served as the Secretary General of the International Federation of Red Cross and Red Crescent Societies (IFRC)-the world's largest humanitarian network.

Prior to this appointment, Mr. Sy was UNICEF's Director of Partnerships and Resource Development in New York. He has also served as UNICEF Regional Director for Eastern and Southern Africa, Global Emergency Coordinator for the Horn of Africa, and at senior levels of other agencies including UNAIDS, and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

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Wellcome supports science to solve the urgent health challenges facing everyone. We support discovery research into life, health and wellbeing, and we're taking on three worldwide health challenges: mental health, global heating and infectious diseases.

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