

### What are investment returns?

There are 3 types of investment return, which are considered in total when assessing the endowment's performance and available distribution rate, but are shown in different places in the Financial Statements –

|  | <b>Realised gains/losses</b>  | <b>Unrealised gains/losses</b>  | <b>Investment income</b>  |
|--|---|---|---|
| What does this mean?                                 | Investments sold at a price higher (gain) or lower (loss) than the original purchase price  | Investments projected to be sold at a price higher (gain) or lower (loss) than the original purchase price. These have not yet actually been sold hence they are 'unrealised' – this is calculated based on the current market value i.e. what we would expect to be able to sell the investments for | Dividends and interest income   |
| Where can I find this in LSE's financial statements? | In the Statement of Comprehensive Income and Expenditure, realised and unrealised gains/losses combined are stated under 'Gain/loss on Investments' | In the Statement of Comprehensive Income and Expenditure, realised and unrealised gains/losses combined are stated under 'Gain/loss on Investments'   | In the Statement of Comprehensive Income and Expenditure, Investment income is stated on its own line under Income. There is also additional information in Disclosure Note 5 |

The investment returns are allocated to each endowment proportionally, and this is what is used to fund the spend supported by each endowment each year. For example, an endowed scholarship donation would generate investment returns each year which would be used to fund the annual scholarship award.