

## What types of funds is LSE invested in?

Fund type	Definition
Public equity (listed)	Funds which pool shareholdings in publicly listed companies, selected and managed by professional investment managers. Some of these fund managers are active (namely they use their skill to select each of the underlying companies in their fund). Other fund managers are passive (namely they track a specific market index and seek to match the composition of the chosen index)
Bond/Fixed Income	Funds focused on government or corporate bonds structured to reflect pre-determined maturity dates and interest rates
Property	Shareholdings in funds where the underlying investment is in property
Money market	Money market funds are invested in a diversified portfolio; they are low risk items such as government bonds, and typically provide a higher return than interest in a bank account. Money market funds are 'liquid' which means they can be converted to cash in a short space of time, typically 2-3 working days
Private equity (unlisted)	Investments in private companies which are not publicly traded. These funds are illiquid, with funds locked up for 7 to 10 years and investors are rewarded with higher investment returns than in listed equity markets to reflect that liquidity sacrifice. A direct private equity fund may invest in start-ups, company buy-outs or growth enterprises. Each of these companies is by definition unlisted and often a small business being developed with the support of the private equity investor. LSE delegates the choice of companies to invest in to the Private Equity fund manager but as in the case of public equity funds, selects Private Equity managers whose selection of funds is aligned to the School's ESG strategy
Term bank deposits	Term bank deposits relate to cash which is deposited for a fixed amount of time (e.g. 3 months, 6 months etc.) with a guaranteed interest rate. The cash cannot be taken out until the deposit term elapses