

Annual Report

2006

## Introduction

### 1.

Upon his death on May 8, 2004, the Last Will and Testament of [António](#) Montez Champalimaud established the Anna de Sommer Champalimaud and Carlos Montez Champalimaud Foundation. According to his will, 73% of his estate was left to the Foundation, which was charged with the funding and implementation of medical research. The will also stipulated that the Foundation would be headed by Maria Leonor Beleza, who, together with Daniel Proença de Carvalho, was to be given the responsibility of drawing up the charter which would establish the organisation and functioning of the Foundation, its life-span, the directors of its various departments and their powers. They would, furthermore, be responsible for the disposal of its assets, in the event the foundation were to be closed.

During the year 2004, the estate was divided and the execution of the will was practically completed in 2005. The necessary formalities of the establishment of the Foundation were concluded and on June 14th 2005, the first Board of Trustees meeting was held and Daniel Proença de Carvalho was elected President. 2005 was dedicated to finalising the structure of the Foundation, defining its organisational model, creating its institutional image and establishing a network of contacts in Portugal and abroad, essential for an institution dedicated to the highest possible scientific productivity.

## **Institutional Structure and Research Laboratories**

### **2.**

The Foundation dedicated a significant part of its time to establishing the institutional structure defined in the first Trustee Meeting on January 11, 2006. Based on the data collected and analysed in 2005 by an organisation contracted for this purpose, Baine and Co, it was possible to begin working towards the dual goals of the Foundation: efficient scientific research and financial stability. The emphasis on Translational Research meant that in addition to the construction of a Research Centre dedicated to Neurological Sciences and to Oncology a new hospital would be needed as well.

### **Location**

### **3.**

The first task that faced the Foundation was to select a site for the Research Centre in Lisbon which would serve as an attraction to the international researchers which it hoped to attract. The first choice was land belonging to Cabo Raso, SA, a company which has the Foundation as its major shareholder. The company had belonged to Mr. Champalimaud and is a site of outstanding natural beauty, near the city of Cascais, which is characterised not only by excellent transport links but also by having a cosmopolitan community which would appeal to international scientists.

It was also discussed in the January meeting that legal restrictions against building on the site due to environmental concerns might constitute a serious impediment to its selection.

Meanwhile, the Trustees had been searching for alternative locations. Approximately half a dozen locations were identified and assessed, the Council finally having decided that land in Belém owned by The Lisbon Port Authority, APL, and which was intended for urban renewal would best meet the Foundation's needs. By the end of 2006, the Foundation was in the final phases of negotiation for the acquisition of the Belém site.

## **Scientific Model**

### **4.**

The Foundation's second main area of activity was the design of the Scientific Model of the Research Centre, as it had been decided to launch the Champalimaud Research Programmes in other scientific institutions pending the construction and opening of the new Research Centre, a period which is predicted to take at least four years. By the end of 2006, partnerships had been negotiated or were nearly negotiated in India, Spain, Singapore and Portugal. Agreements have been signed with the LV Prasad Institute in Hyderabad, India and the Gulbenkian Institute for Science.

## **C-Tracer**

### **4.1**

An agreement has been reached with the LV Prasad Institute to set up the Champalimaud Translational Centre in Eye Research (C-Tracer) which will bring basic medical research together with clinical research utilising adult stem-cells in the development of treatments which are both effective and cost effective treatments. The protocol, signed in New Delhi in the presence of the Portuguese President Cavaco Silva allows for the exchange of scientists and information between Portugal and India. It also aims to widen the range of participation to potential teams who might come to work in Portuguese-speaking countries in Africa or Timor.

The initial project includes a team of 30 scientists, a space comprising 10,000 m<sup>2</sup> and a total investment of 1.8 million Euros during a period of 5 years. The project will combine financing from the Champalimaud Foundation, LVPEI and other sources of support for scientific research. The C-Tracer will be operational in December 2007 and the recruitment of scientists will shortly begin.

## **Protocol with the Gulbenkian Institute for Science**

### **4.2**

The Gulbenkian Institute for Science has been awarded a series of research projects in the area of neuroscience in three sub-areas:

- 1) “The Champalimaud Neurological Research Programme in the Gulbenkian Institute for Science” is dedicated to investigating the mechanisms of brain functioning.

2) The Gulbenkian/Champalimaud Doctoral Program in Neuroscience will train researchers and medical doctors in this specialisation.

3) A regular series of conferences, workshops and post-graduate courses entitled “Champalimaud Workshops in the Gulbenkian Institute for Science” will bring international attention to them.

Initially, these research activities are planned for a period of five years and will be overseen by both institutes until the research project can operate from Research Institute of the Champalimaud Foundation.

### **The António Champalimaud Scientific Award**

#### **5.**

The António Champalimaud Scientific Award was also established at the Council meeting of January 11, 2006 and the first award will be given in 2007 and will serve as a model for subsequent awards. In odd numbered years, the Award will go to recognise significant contributions in the area of Vision Impairment and Blindness, especially in developing countries. Vision Impairment and Blindness are one of the greatest world health problems which has a profoundly negative impact on the social and economic systems of the developing world, representing a major drain on public resources (Disability-Adjusted Life Years) equal to that caused by infectious diseases such as tuberculosis and far greater than the loss of other senses, or that due to societal problems such as war or violence.

In contrast to other problems which are more difficult to solve, 80% of vision impairment can be avoided or treated. Fighting these problems in the developing world has received very little attention until recently. The problems inherent in providing health care in regions of great instability have presented major challenges to the successful development of projects in this arena. It is of the utmost importance, therefore, that the Award reach and recognise groups that have made significant progress and support successful field projects. The aim of the 2007 Award presented a particular challenge, since, unlike the purely Scientific Research Award which will be awarded in even numbered years, the candidates for awards in the field are highly heterogeneous and vary considerably not only by language of operation but also by their goals and area of intervention.

## **5.1**

This award will be unique both in regards to its monetary value and its internal regulations, so the Foundation has been studying the procedures, operational models and strategies of internationally renowned awards of similar scope in both scientific and/or humanitarian arenas. After due and careful study, the process of selection for the 2007 Award was begun in 2006.

The Foundation has chosen to avoid highly bureaucratic selection processes with long lists of criteria and prerequisites. The aim was to identify the information necessary to allow the institution to compare quantitatively the impact of each competing project despite highly differing goals, and great variation in the socio-economic

context of disparate geographical locations. With these factors in mind, the questions selected for the application forms were designed to be clear and accessible to candidates from all parts of the globe, aiming to facilitate access to the relevant information by the jury.

At the suggestion of the Board of Directors, Professor Alfred Sommer was chosen as President to lead the Award process. Dr. Sommer, former Director of Johns Hopkins Bloomberg School of Public Health has had exceptional experience both in scientific research and in the promotion of public health policy in the developing world, bringing to the project a wealth of experience, attention and sensibility which make him the ideal leader of the selection process.

## **5.2**

A concerted public relations campaign was organized for the Award. Information packs were prepared and distributed. Events to launch the Award in the participating institutions were held. Meanwhile, publicity campaigns occurred both among potentially interested organisations, as well as the national and international press. To this end, the Foundation entered into a strategic collaboration with the International Agency for the Prevention of Blindness (IAPB), an umbrella organisation for all professionals and institutions involved in vision-related health care. This platform, in conjunction with the World Health Organisation, launched in 1999 the program “Vision 2020: The Right to Sight” which intends to combat Blindness until the year 2020. As this programme is included in the goals of the Award, the Foundation has established a protocol of collaboration

and direct support of IAPB, having been appointed to a seat on the Board of Trustees of this organisation. A key mechanism for directly supporting most of the effective institutions working toward the treatment and prevention of blindness and vision difficulties has, thus, been achieved.

### 5.3

In 2006 the Award was presented to the international community. Firstly in Brussels, on the 28th March, at a ceremony presided over by the President of the European Commission with a press conference at the end where the European Commissioner for Science and Research was also present.



Furthermore, at the end of April 2006, the António Champalimaud Award for Science was honoured to be mentioned in the keynote speech of the annual conference of the Association for Research in Vision and Ophthalmology (ARVO) by its president Larry Takamoto. Present were members of the Board of Directors of the Foundation and information about the Award was distributed during the conference.

ARVO is the most important global organisation for research into vision, having more than 11,700 members involved in pure and clinical research in 73 countries. Thus the Award was launched to the most relevant scientific community at their largest global forum.

On the 9th October 2006, the global launch of the award took place in New Delhi, India, hosted by the President of the Republic, Dr. Abdul Kalam, the President of the Board of Trustees, Dr. Daniel



Proença de Carvalho, and by the President of the Board of Directors, Dra. Leonor Beleza.

India has the highest incidence of people with sight problems in the world. From a population of 1.08 billion, almost 15 million are affected by total loss of sight (of which 320,000 are children) and 52 million by partial loss of sight. The official launch in India proved extremely effective in that it resulted in the application for the Champalimaud Award of several strong groups from the Indian sub-continent.

#### **5.4**

As well as the above mentioned distribution of information, further active and suitable dissemination was essential throughout the application period, specifically so that the barrier preventing information getting to developing countries could be overcome and information would get through to groups involved in work in the field globally.

Materials were prepared in consultation with the jury which could be sent out in several different formats, as well as being available on the internet, the graphics having been done by a specialist company. Advertisements were also placed in the scientific magazines with the largest readerships and a company specialising in communication coordinated press releases and the dissemination of information materials to the national and world/international press.

Letters were sent to the presidents of all the professional societies of ophthalmology registered globally, as well as to societies with clinical specialisations related to vision problems. Through the IAPB, several mailings were sent to all members and, in a second stage, personal correspondence was sent to all of the regional chairs of the organisation in order to ensure that information about the award was spread all over the world.

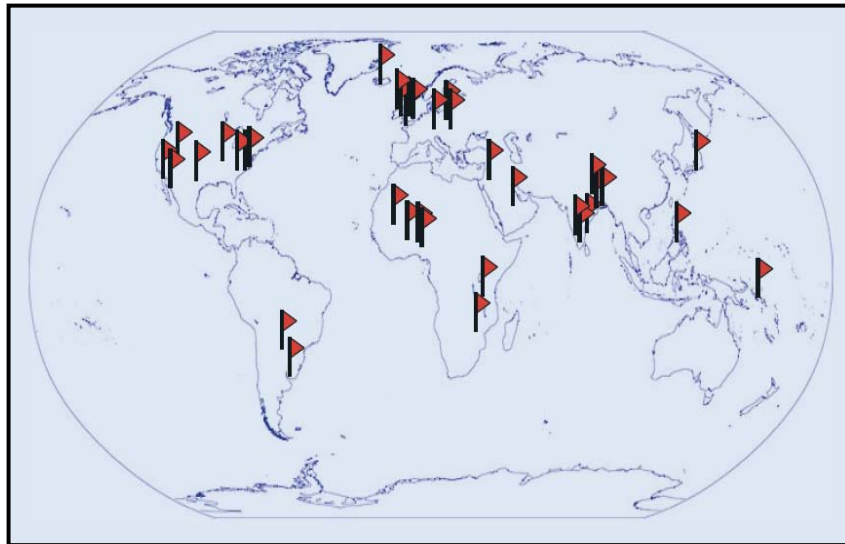
## **5.5**

The application period ran from the 1st October to the 31st December during which organizations and individuals had any queries answered by posts on the web page of the foundation, e-mail and a phone line exclusively dedicated to the award.

2006, thus, closed with 34 applications from 5 continents and 42 different countries having arrived at the foundation. The selection process was then begun by the President of the jury, materials and correspondence were prepared and the members of the jury began their deliberations. After a pre-selection process by correspondence, the jury will meet in Paris for the final deliberation on the 4th June 2007. The official award ceremony will take place in September

2007 in Lisbon during the Portuguese Presidency of the European Union.

During this developmental period, the Foundation has been working on the improvement of the award for years to come, in order to make it an international brand of excellence and originality in the area of support, stimulation and development.



**Approximate location of award applicants (groups with headquarters in North America and Europe are applicants with work that has an impact on or direct action in developing countries).**

**Data collection**

## 6.

During 2006, the Board of Directors of the Foundation continued its policy of strengthening its network of contacts inside and outside the country.

Many of these contacts were made whilst setting up the research centre and others due to the award. The establishment and reinforcement of these relationships is always a matter of great importance.

Following is a list of institutions contacted and/or visited:

All India Institute of Medical Sciences

Aravind Eye Care System

ARVO

Bausch & Lomb Eyecare (India)

Bhubaneswar Eye Institute

Biomedical Research Council

National Centre for Research into Oncology (Spain)

Oncology Centre MD Anderson (Madrid)

European Commission

Consolidated Products Corporation

Dr. R.P. Centre for Ophthalmic Sciences

European Platform of Women Scientists

Faculty of Medicine, Lisbon

Foundation Mérieux

Fundació Ulls Del Món

Genome Institute Singapore

H V Desai Eye Hospital  
IBET – Institute of Experimental Biology and Technology  
IBMC – Institute of Molecular and Cellular Biology  
Institute of Molecular Medicine  
Portuguese Institute of Oncology  
International Agency for the Prevention of Blindness  
IPATIMUP - Institute of Molecular Pathology and Immunology.  
University of Porto  
ITQB – Institute of Chemical and Biological Technology  
Joseph Eye Hospital  
Lions International  
LV Prasad Institute  
Madariaga Foundation  
Managing Trustee  
Minister of State for Health and Family Welfare of India  
Ministry of Health Singapore  
Ministry of Science & Technology of India  
Mintaka Foundation  
National Cancer Centre Singapore  
National Neuroscience Institute Singapore  
National University of Singapore  
Nanyang Technological University  
Operation Eyesight Universal  
Orbis  
Pakistan Institute of Community Ophthalmology  
Picower Institute  
President of India  
Sankara Netralaya  
Shroff's Charity Eye Hospital

Sight Savers International  
Singapore Cancer Syndicate  
Sir Ganga Ram Hospital  
Portuguese Society of Neurosciences  
University of Aveiro  
University of Coimbra  
University of Évora  
University of Navarra  
University of Newcastle  
University of Minho  
Venue Eye Institute & Research Centre  
VISION 2020: The Right to Sight

Furthermore, here follows, in alphabetical order, the list of those who have supported the Champalimaud Foundation:

A.K. Arora  
A.K. Grover  
A.R Sundar Rajan  
Adrian Poffley  
AK Kalra  
Alex Law  
Alice Crasto  
Anbumani Ramadoss  
Anil Tara  
António de Oyarzábal  
António José Marques Guimarães Rodrigues  
Ayrion Mitchison  
BrianDoolan  
Jacob A. Kumaresan

Brij Bhushan

CA Nelson Jesudasan

Christian Garms

Col. M. Deshpande

D. Balasubramanian

Daniel Tan

Daud Khan

Doctor Abdul Kalam

Dy. Asst. Director General

Elinore L. Tibbetts

Fernando Jorge Rama Seabra Santos

Fernando Leal da Costa

Francisco Errasti

Francisco Martinez Aguirre

Fred DeHaan

G. Chandrasekhar

G.O.H.Naumann

Kicki Nordström

G.V. S. Murthy

Grace Chan

Gunawathy Fernandez

Hannah B. Faal

Hazle Khoo

HRH Prince Abdulaziz Bin Ahmad Bin Abdulaziz Al Saud

Hugh Taylor

J. Frank Moore III

J.P.Singh

James A. Johnston

Janez Potocnik

Javier Álvarez-Cienfuegos Suárez

Joanne G. Angle

JoeCarlebach

PatriciaFerguson

Richard Porter

Brien A Holden

John Burne

John Eu-Li Wong

Jorge Quina Ribeiro de Araújo

José Andrés Gómes Cantero

José Ignacio Fernández Vera

José Manuel Barroso

José Maria Laranja Portes

Joseph ES Wee

Justine Kirkham

K Tewari

K. Satku

Karen Schools Colson

Kok Poh June

Kong-Peng Lam

Lalitha Raghuram

Larry Takemoto

Lars Nordenskiöld

Lawrence W. Stanton

Lee Chien Earn

Lori J. Methia

Louis Pizzarello

Manuel Carrondo

Maren Jochimsen

Margarita Coronado López  
Maria Helena Vaz de Carvalho Nazaré  
Maria Pilar Civeira  
Mark Bear  
Mark Koh  
Namperumalsamy  
Nuno Mota Pinto  
Núria Ramon y Garcia  
OFW James  
Oliver Foot  
P K M Swamy  
Panabaka Lakshmi  
Paul Caroly  
Rachel Jose  
Rafael Ribó  
Rajvardhan Azad  
Ramón Cerdeiras Checa  
Ren Ee Chee  
Robin Offord  
Sacha Sidjanski  
Satish Gupta  
Stephan Teal  
Sunil Saigal  
SuzanneGilbert  
Serge Resnikoff  
Tanuja Joshi  
Taraprasad Das  
Tarun Sharma  
Yee Woon Chee

We offer our sincere thanks to all of the above mentioned.

## **Management of Financial Assets**

### **7.**

Results of the management of the Champalimaud Foundation's financial assets in 2006 exceeded 65 million Euros and because of this good management the overall assets reached a total value of close to 500 million Euros. The report compiled by Guggenheim Partners, which is attached as an annex, contains the main information on the investments made and their profitability. All assets are quoted at market prices so that a large part of the results correspond to potential gains that have not been realised. For this reason, the amounts are different from those found in the accounts of the Foundation and those of its subsidiaries which are, whenever possible, given from the moment of acquisition or other past moments.

### **7.1**

During 2006, the Foundation put into practice a progressively more sophisticated management of its assets, moving towards an investment policy which should remain stable and will guarantee the constancy of the capital, ensuring an average profitability sufficient to finance operational activity. Key components are:

- The choice of independent consultants to manage assets
- The definition of an implementation strategy for investments in the long term

- The selection of fund managers for each class of assets
- The gradual investment of the Foundations resources in accordance with the chosen strategy and managers
- The creation of a monthly reporting system

## **7.2**

After a wide ranging consultation process, Guggenheim Partners were chosen as the independent consultants for the Foundation regarding management of its assets. This company, due to their lengthy track record of offering advice to large foundations and private investors, has the competence, integrity and independence which will enable it to carry out its role as the fundamental partner co-ordinating a large number of fund managers. As well as contributing to debate on investment strategy, Guggenheim Partners have managed the whole analysis process for the many applications received from fund managers, set up selection criteria, prepared the periodical execution of investments and provided monthly analysis of the results. Hence, the Foundation has at its disposal a comprehensive support system for making investment decisions and providing integrated performance reporting which is the key instrument in managing its assets.

## **7.3**

The investment allocation strategy adopted was based on the definition of long term objectives providing the highest profitability but with the greatest potential volatility. As the primary objective is the preservation of the capital, a spending rule has been defined that predicts a transfer of the resources for operational management compatible with the average financial profitability of the assets.

When the research centre is fully operational, the Foundation will have access to an annual budget calculated on a 5 year average which will allow them to conserve the absolute value of their assets.

#### **7.4**

Due to the above, an investment strategy of moderate risk was selected, diversifying investments globally and utilising various currencies investing in hedge funds, private equity and real estate. Despite this moderate risk strategy, it was decided to minimise the exchange rate risk by using a management system guided by results in euros and to cover investments in different currencies with appropriate protection mechanisms.

#### **7.5**

During 2006, following the recommendations of Guggenheim Partners, the Foundation's assets were thus gradually invested in the implementation of this strategy. The best fund managers for each class of assets were chosen, several banks were selected in order to open holding accounts, the funds were thus transferred periodically and an integrated reporting system was established. The report from Guggenheim Partners herein annexed provides all details of investments made during the year and the results obtained.

#### **7.6**

The most difficult decision made during 2006 regarding the financial management of the Foundation, was selling shares in Banco

Santander, which from the establishment of the Foundation until very recently held a major quantity of assets. No well-balanced investment strategy could recommend keeping such a large amount of shares in one institution. However, with the Foundation being a shareholder of some note for Banco Santander and due to the good performance of the bank's shares, it was necessary to handle the sale of these shares with great caution and then to reapply this important amount to a more diverse selection of shares. The Santander shares were only sold in 2007, at a time when they were practically at their registered peak, which meant that a profit was made due to their extraordinary increase during 2006. In fact, it was this appreciation which achieved such good results last year.

## **7.7**

Regarding other assets, 2006 turned in a good result, especially regarding shares despite significant fluctuations throughout the year. The share market started the year strongly, had a deep and prolonged dip in May and June and recuperated in the second half of the year, ending with a very high annual performance in almost all world markets. In view of this, the annual results obtained depend a great deal on the moment of entry, that is, the exact time at which the purchase of shares was completed. As the Foundation bought throughout the year, the results are much better for some parts of the year than for others.

For fixed income assets, as well as for hedge funds, 2006 was not a particularly strong year so much so that the results in this area can be said to be unsatisfactory.

## **7.8**

Good results of the portfolio, especially the exceptional performance of the Santander shares during 2006, allowed the Foundation to reach the end of the year with substantial financial gains. At the moment when the Santander shares were sold, in 2007, the assets invested by the Foundation surpassed 500 million Euros, which represents an extraordinary increase in comparison to when the Foundation was set up. Accordingly, thanks to the favourable behaviour of the markets in both 2005 and 2006, the Foundation managed to build an important reserve of capital which will allow it to consider its investment strategy more calmly. Due to this, the investment strategy was changed at the beginning of 2007 and a more ambitious policy was adopted by means of reducing implementation of monetary assets and fixed income with a corresponding increase in the remaining areas. It is thus predicted that there will be an improvement in the average expected result although with greater annual fluctuation. Given that there is now a significant cushion of capital reserve and that there continues to be no liquidity restriction in the short term, it is greatly in the Foundation's interest to try to maximise the profitability of its assets, even if at certain times this means that greater losses are incurred.

## **7.9**

2007 started with a good performance in the share market which followed a dip, although for the time being modest, from February onwards. There are no justified reasons for excessive concern in relation to the current financial markets since the main economies in the world can be seen to be evolving well, in large part thanks, finally, to a promising recovery in Europe. Taking all of this into account, results for 2007 are not expected to be as good as for 2005

and 2006 as these were exceptional years for the world's capital markets.

### **Exemption from Corporate Income Tax**

**8.**

Following the ruling of 7th November 2005 which gave the Champalimaud Foundation the status of an institution for the public good , exemption from Corporate Income Tax (according to article 10, no. 1,line c of the respective code) was requested from the Finance Ministry once it was considered that all the prerequisites for such an action had been fulfilled. To date, the request has not been granted.

### **Staffing and facilities**

**9.**

All of the above described activity was carried out without significant changes in the area of personnel, which increased from three to four workers as an area adjoining the current facilities was rented in order to provide necessary space for the new activity outlined in this report.

### ***Fantasy and Objectivity in the Discoveries***

**10.**

As in 2005 the Champalimaud Foundation once again commissioned the creation of a book. *Fantasy and Objectivity in the Discoveries* is a work by the prestigious academics Martim de Albuquerque and Vasco Graça Moura which celebrates the cultural and scientific achievements of epic Portuguese seamanship. This book was once more produced by the prestigious Italian art editor Franco Maria Ricci.