CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
TRUSTEE'S ANNUAL REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER. 101147703
YEAR ENDED 31 MARCH 2021

CONTENTS

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

TRUSTEE AND ADVISERS

TRUSTEE

Cambridge Colleges Superannuation Trustees Ltd

Employer nominated Directors:
Sir Martin Harris (Chairman) – resigned 31 Dec 2020
Mrs S Clayson
Mr P Warren
Prof R Ellison
Dr J Wells
Mr M Ahmad (from 1 Jan 2021)
Mrs J Livingstone (from 1 Jan 2021)

Member nominated Directors:
Mr B Clarke
Mrs CJames
Mr C Austin

SECRETARY AND ADMINISTRATOR
Mrs S E Curryer

INVESTMENT CONSULTANTS
Redington Limited

SCHEME ACTUARY
Mr R Sweet
Cartwrights Consulting

INDEPENDENT AUDITORS
Ensors Accountants LLP

LEGAL ADVISORS
Mills & Reeve LLP

PRINCIPAL EMPLOYERS

Full list of the colleges can be found on page 31.

BANKERS

Barclays Bank plc

INVESTMENT MANAGERS AND ADVISORS

Schroders Investment Management

INSURED BENEFITS ADVISORS

Becketts

INVESTMENT CUSTODIANS

Chase Nominees Limited

ENQUIRIES

Enquiries about the Scheme should be addressed to the Pensions Manager at the administration office (University Offices, HR Division, Pensions Administration Section, Greenwich House, Madingley Road, Cambridge, CB3 0TX) email: pensionsonline@admin.cam.ac.uk

TRUSTEE'S REPORT
For the year ended 31 March 2021

The Trustee has pleasure in submitting their annual report on the operations of the Cambridge Colleges' Federated Pension Scheme ("the Scheme"), together with accounts for the year ended 31 March 2021. The accounts have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

Employer Nominated Directors are appointed by the Management Committee and at each Annual General Meeting one third of the Employer Nominated Directors will resign by rotation, but can be re-appointed. Member Nominated Directors (MNDs) are appointed by the MND Selection Committee following the relevant nomination process and at each Annual General Meeting one third of the MNDs will resign by rotation but can be re-appointed.

Full details of the provisions for the appointment and retirement of directors can be found in the Memorandum of Association of Cambridge Colleges Superannuation Trustees Ltd.

The Company Secretary and Scheme Administrator throughout the year was:

Mrs S E Curryer
University Offices, HR Division
Pensions Administration Section
Greenwich House, Madingley Road
Cambridge, CB3 0TX

Email: pensionsonline@admin.cam.ac.uk

If you have any enquiries about the Scheme, you should contact the Scheme Administrator in the first instance.

Financial Development of the Scheme

The Fund's net assets increased during the year by £28.80m to £255.71m at 31 March 2021.

The deficit for year in dealings with members was £2.28m.

The overall capital value of the Scheme's investments, including cash at the Investment Managers, increased by £27.58m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 16 to 28 of this report.

Scheme Registration

The Scheme is registered with The Pensions Regulator. The Scheme's registration number is 101147703.

TRUSTEE'S REPORT (continued)
For the year ended 31 March 2021

Membership Statistics

Active Members		
Active members at 1 April 2020		688
Adjustment for late notification		-4
New members during year		25
		709
Less:		
Leavers before retirement age (excluding death in service)	13	
Retired during the year	31	
Died in service	2	
Transfer out	1	
To deferred	28	
		75
Active members at 31 March 2021		**634**

Pensioners		
Pensions in payment at 1 April 2020		1446
Adjustment for late notification		-1
		1445
Retirements during year	31	
New child pensions	-	
Deferred pensioners retired during year	26	
Widow/ers of pensioners	20	
		77
Pensioners dying during year	51	
Child pensions ceasing	1	52
Pensions in payment at 31 March 2021		**1470**

Deferred Members		
Deferred members at 1 April 2020		838
Adjustment for late notification		2
Active members to deferred		28
		868
Deferred retirements	26	
Pension fully commuted	2	
Deferred transferred out	2	
Death in deferred	2	
		32
Deferred members at 31 March 2021		**836**

TRUSTEE'S REPORT (continued)
For the year ended 31 March 2021

Pension Increases

The Rules of the Scheme provide for annual increases in pensions in payment, in excess of the Guaranteed Minimum Pension, in line with the Retail Prices Index. Increases are awarded on 1 November each year and in recent years have been: -

Increase	Date
3.0%	1 November 2020
3.0%	1 November 2019
3.3%	1 November 2018
3.9%	1 November 2017
2.0%	1 November 2016
0.8%	1 November 2015
2.3%	1 November 2014
3.2%	1 November 2013
2.6%	1 November 2012
5.6%	1 November 2011
4.6%	1 November 2010

Preserved pensions are increased in line with the statutory requirements.

GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Fund and will be considering this at future meetings and decisions will be made as to the next steps.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Transfer Values

Transfer values to external schemes are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 and no such transfer values were reduced by reason of the Scheme being under funded. The calculation of transfer values excludes allowance for discretionary benefits.

Additional Voluntary Contributions (AVC's)

The fund has no separately invested AVCs.

Actuarial Position and Contributions

The formal actuarial certificate required by statute to be included in this Annual Report appears on page 32. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on pages 33 - 35, which forms part of the Trustee's Report.

The Pensions Regulator

The Trustee made no reports to The Pensions Regulator during the financial year.

Trustee Knowledge and Understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for the Trustee to have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 07.

The Management Committee has agreed that they will undertake the e-learning package introduced by the Pensions Regulator or appropriate agreed alternative which aims to equip the Trustee with the knowledge and understanding they need to effectively carry out their duties. The Management Committee has also agreed that if there are any areas of concern to one or more members of the Management Committee the Scheme's professional advisers will be asked to provide additional training, or when an appropriate training course becomes available they will attend this.

On appointment to the Management Committee each member of the Committee is issued with a 'Trustee pack' which includes all the relevant documentation relating to the Scheme and updated copies are provided as required. Copies are also available from the Scheme's webpage.

Internal Controls

The Pensions Act 2004 requires the Trustee to have adequate internal controls in place to help them monitor the management and administration of the Scheme. In order to assist with this the Management Committee receives reports from the Scheme Office at each meeting as follows:

- details of members who have retired or died and the benefits which are payable from the Scheme in respect of those members;
- details of the amounts of contributions received from the Participating Employers and the date of receipt, plus details of any action taken by the Scheme Office in respect of late or incorrect payment of contributions;
- confirmation that no events have occurred since the last meeting which need to be reported to the Pensions Regulator; and
- reports on outstanding work in the Scheme Office and the reasons for the work being outstanding.

The Management Committee has also drawn up a risk register which is reviewed at each meeting.

Contributions totalling £102,109 were received between 1 and 5 days later than the due date set out in the Schedule of Contributions.

Trustee Knowledge and Understanding (continued)

Statement of Investment Principles

The Trustee is required under The Occupational Pension Schemes (Investment) Regulations 2005 to prepare and maintain a Statement of Investment Principles as described by Section 35 of the Pensions Act 1995. A statement has been prepared in accordance with these regulations, approved by the Trustee on 9 September 2020. A copy of the statement may be obtained from the Secretary to the Trustee at the administration office.

Investments Sub Committee

The Management Committee has prepared and agreed a Statement of Investment Principles and the implementation of investment policy and strategy is delegated to the investments sub-Committee.

The Trustee delegates the day-to-day management to professional external investment managers. The Trustee sets the investment strategy for the scheme after taking advice from the scheme's investment adviser. The Trustee has put in place investment mandates with their investment managers which implement this strategy.

Investment managers are remunerated by fees based on a percentage of funds under management. There are no performance related fee arrangements.

Fees charged by Schroders are as follows: 0.1% Management Fee on all Funds plus an additional 0.4% charge on any Schroders Fund.

The balance of income, after payment of pensions, transfer payments to other pension schemes, and cash lump sum commutation of pensions, is invested by the Scheme's Investment Managers in accordance with general guidelines made by the Investments Sub-Committee.

The membership of the Investments Sub-Committee during the year was as follows

Name	Additional information
Mr T Harvey-Samuel (Chairman)	Bursar, Trinity Hall College
Ms N Robert	Bursar, St Catharines College
Mr I Wright	Bursar, Peterhouse
Mr R Gardiner	Bursar, Gonville & Caius College
Mr P Warren	Bursar, Clare College

During the year ended 31 March 2021, there were no employer related investments as defined in Section 40 of the Pensions Act 1995.

TRUSTEE'S REPORT (continued)
For the year ended 31 March 2021

Report of the Investments Sub Committee for the year ended 31 March 2021

The Committee has set its main target as 100% funding on a Technical Provisions basis (TP). The Technical Provisions basis is currently set at Gilts + 2.0%. As at 31st March 2021 the Scheme was 88.4% funded on the Technical Provision basis.

Returns from the Scheme's growth asset portfolio were positive over the year. Global equities fell sharply at the start of 2020 as the economic impact of Covid-19 became apparent. At the height of the global market sell-off, all assets (including government bonds) fell amid fears about the stability of the financial system. Countries around the world went into lockdown to try and contain the outbreak. Governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

The rebound in global equities began in April 2020 as investors began to focus on expectations that lockdowns could soon ease, and economies begin to recover. The recovery continued throughout the summer, but markets were weaker again in September and October as Covid-19 infection rates increased in many parts of the world. However, news in November that several vaccines had proven highly effective against Covid-19 led global stock markets to rally strongly once more. Global equities continued to advance in the first quarter of 2021, supported by the global roll-out of Covid-19 vaccines and news of further US stimulus measures.

The Scheme's private equity, infrastructure and real estate assets all performed well during the year. Despite considerable volatility in rates, the Scheme's liability matching investments ended the period with little change in value as real yields fell slightly over the year, offset slightly by rising nominal yields. Given the strong performance from growth assets over the period the funding level improved over the year.

Given the strategic changes made to the Scheme in 2019, the past 12 months have been relatively quiet in terms of portfolio changes, with the last of the restructuring completed in the second quarter of 2020 when the holdings in Emerging Market Equity and Sterling Credit were topped up.

The Scheme's growth portfolio returned 19.7% over the period, largely driven by the strong recovery from April 2020. The Scheme's total return for the year including hedging assets was 16.6%.

The Scheme's current LDI strategy is to hedge to the value of 93.5% of the Scheme assets. The use of derivatives minimises the proportion of the Scheme invested in these matching assets, thereby maximising the capital available to invest in growth assets with the objective of improving the funding level.

Subsequent to the year end Mr. Warren indicated his wish to retire from the Committee as of October 2021. The Committee thanks him for his service, especially his wise counsel as we undertook the strategic review in 2019. Mr. James Anderson, Bursar of Girton, will join the Investment Committee as of October 2021.

Mr Tim Harvey-Samuel - Chair, Investment Committee June 2021

INVESTMENT REPORT
For the year ended 31 March 2021

Schroders Investment Review for the year to 31 March 2021

Market Review

Returns from the Scheme's growth asset portfolio were positive over the year. Global equities fell sharply at the start of 2020 as the economic impact of Covid-19 became apparent. At the height of the global market sell-off, all assets (including government bonds) fell amid fears about the stability of the financial system. Countries around the world went into lockdown to try and contain the outbreak. Governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

The rebound in global equities began in April 2020 as investors began to focus on expectations that lockdowns could soon ease, and economies begin to recover. The recovery continued throughout the summer, albeit at a slower pace, as Covid-19 restrictions began to be lifted around the world and further support measures were announced. Further signs of economic recovery and optimism over the development of a vaccine also helped to boost global equities.

Global stock markets were weaker again in September and October as Covid-19 infection rates increased in many parts of the world. Uncertainty over the US presidential election also curbed investor sentiment.

However, news in November that several vaccines had proven highly effective against Covid-19 led global stock markets to rally strongly with US equities surging and the MSCI Asia ex Japan index recording its highest return in more than four years. In Europe, expectations of a global recovery supported shares. The recovery continued in December as the UK signed a Brexit trade deal with the EU at the end of the month. The election of Joe Biden as US president also boosted investor sentiment.

Global equities continued to advance in the first quarter of 2021, supported by the global roll-out of Covid-19 vaccines and news of further US stimulus measures. Lowly-valued parts of the market fared well, as did smaller companies. US shares performed well, despite an uncertain start. UK and European equities also performed well, while Japanese shares continued to rally in the quarter.

Government bond yields are higher than 12 months ago, in particular driven by the final quarter of 2020 and early 2021 which saw sentiment boosted by the emergence of vaccines and a $1.9 trillion US fiscal stimulus bill. This prompted a significant rise in growth and inflation expectations and as a result higher government yields over the first quarter of 2021. Private equity performed well as the Scheme's investments continued to return cash to investors as did the infrastructure holdings. Real Estate was also positive. Despite volatility, the Scheme's liability matching investments ended the period with little change in value as real yields fell slightly over the year, offset slightly by rising nominal yields. Given the strong performance from growth assets over the period the funding level improved over the year.

Fund Performance

The Scheme's total return for the year including hedging assets was 16.6%. The Scheme's growth portfolio returned 19.7%.

Investment Approach

The Scheme's LDI strategy is to hedge liabilities equivalent to 93.5% of the Scheme assets. The funding level improved over the year as the portfolio's assets increased by more than the Scheme liabilities. The Scheme increases the amount of hedging as the funding level improve (within ranges).

INVESTMENT REPORT
For the year ended 31 March 2021

This LDI strategy is implemented by investing in gilts (including index-linked gilts) and gilt based derivatives via pooled funds. The use of derivatives minimises the proportion of the Scheme invested in these matching assets, thereby maximising the capital available to invest in growth assets with the objective of improving the funding level.

Investment Activity

Given the strategic changes made to the Scheme in 2019, the past 12 months have been relatively quiet with the last of the restructuring completed in the second quarter of 2020 when the holdings in Emerging Market Equity and Sterling Credit were topped up.

In the fourth quarter of 2020, some profits were taken from the growth portfolio and £2.5 million was transferred into the LDI portfolio.

INVESTMENT REPORT (continued)
For the year ended 31 March 2021

Asset Allocation

Asset Class	Fund 31.03.20 %	Fund 31.03.21 %
Liquid Growth	**45.2**	**48.6**
Artemis Emerging Markets	4.4	6.8
IPP and HICL Infrastructure Equity	5.6	5.1
RLAM Corporate Bonds	4.6	5.0
BlackRock Passive DM Equity	30.6	31.6
Illiquid Growth	**19.8**	**15.7**
AXA Long Lease Property	6.5	5.8
Schroder Real Estate	5.5	4.8
Schroder Private Equity	3.1	2.3
Highbridge Direct Lending	3.9	2.7
Securis Insurance Linked	0.6	0.1
Schroder Hedge Funds	0.2	0.0
Cash	**0.2**	**0.6**
LDI Funds	**18.4**	**18.1**
Absolute Return Bonds	**16.4**	**17.0**
Total	**100**	**100**

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

STATEMENT OF TRUSTEE'S RESPONSIBILITIES
For the year ended 31 March 2021

The audited Financial Statements which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year and of the amount and disposition at the end of the year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996,including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriateto presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The publication of the annual report on a web site, together with the maintenance and integrity of the relevant web site with respect to the annual report, is the responsibility of the trustees.

Further Information
Requests for additional information about the Scheme generally, or queries relating to members' own benefits, should be made to the contact listed on page 2.

Approval
The Trustee's report was approved by the Trustee on 7th September 2021 and signed on their behalf by:

Prof R Ellison: DocuSigned by: Robin Ellison 775FA65EAABF492... Mrs S Clayson: DocuSigned by: Sally Clayson 2FD90C2710DA4F7...

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITORS' REPORT
to the Trustee of Cambridge Colleges' Federated Pension Scheme

Opinion
We have audited the financial statements of Cambridge Colleges' Federated Pension Scheme for the year ended 31 March 2021 which comprise the fund account, the net assets statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland".

In our opinion, the financial statements:
- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2021, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 and 3A of the Occupational Pension schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Basis of 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 scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethicalresponsibilities in accordance with these requirements. We believe that the audit evidence we haveobtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 Scheme'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 Trustee with respect to going concern are described in the relevant sections of this report.

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 Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form ofassurance 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 bematerially misstated. If we identify such material inconsistencies or apparent material misstatements, weare 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 isa material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
to the Trustee of Cambridge Colleges' Federated Pension Scheme (continued)

Responsibilities of the Trustee
As explained more fully in the Trustee's responsibilities statement set out on page 12, the Trustee is 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 Trustee is responsible for assessing the Scheme'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 either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 it 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.

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.

Our audit was designed to include tests of detail together with an assessment of the control environment to enable us to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud.

The engagement partner ensured that the team collectively had the appropriate competence and capabilities to identify such matters.

This included;

- a review of the audited control reports the scheme use for service organisations for investment management to establish if the risk of material misstatement is affected by controls at the service organisation.
- work on areas where we consider there is a higher risk of fraud and managements override of systems and controls including calculation of members benefits on retirement and death and the procedures and controls around these.

We also obtained an understanding of the legal and regulatory framework that the scheme operates in from discussions with trustees and from our knowledge and experience of the pensions sector. We focussed on the areas that may give rise to intervention from the Pensions Regulator or maybe of concern to HMRC as a UK registered scheme.

We then performed audit procedures after consideration of the above risks including:

- Enquiring of the Trustee concerning actual and potential litigation and claims
- Reviewing correspondence with advisers & regulatory bodies
- Reviewing Trustee minutes

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITORS' REPORT

to the Trustee of Cambridge Colleges' Federated Pension Scheme (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee 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 Scheme and the Scheme's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

....

Ensors Accountants LLP
Chartered Accountants
& Statutory Auditors
IPSWICH

Date: 20.9.21

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2020 as restated
		£	£
Contributions and benefits			
Employer contributions		7,293,661	7,491,717
Employee contributions		1,084,176	1,108,547
Total contributions	3	8,377,837	8,600,264
Other Income	4	490,037	209,463
		8,867,874	8,809,727
Benefits payable	5	8,892,572	8,920,188
Payments to and on account of leavers	6	583,170	47,900
Administrative expenses	7	1,048,715	731,620
Other payments	8	622,498	627,656
		11,146,955	10,327,364
Net (withdrawals) from dealings with members		(2,279,081)	(1,517,637)
Return on investments			
Investment income	9	4,056,765	3,088,048
Investment management fees	10	(557,570)	(393,387)
Change in market value	12	27,580,092	(3,049,070)
Net return on investments		31,079,287	(354,409)
Net (decrease)/increase in the fund during the year		28,800,206	(1,872,046)
Net assets of the scheme as at 1 April 2020		226,904,841	228,776,887
Net assets of the scheme as at 31 March 2021		255,705,047	226,904,841

The notes on pages 18 to 28 form part of the financial statements.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

NET ASSETS STATEMENT AS AT 31 MARCH 2021

	Notes	2021	2020 as restated
		£	£
Investments:			
Pooled investment vehicles	12	253,740,782	228,206,764
Derivatives	14	(67,668)	337,927
Cash		1,621,866	(2,409,681)
Total investments		255,294,480	226,135,010
Current assets	18	774,411	941,499
Current liabilities	19	(364,344)	(171,668)
Total net assets of the scheme at 31 March 2021		255,705,047	226,904,841

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme period. The actuarial position of the Scheme, which does take account of such obligations for the defined benefit section, is dealt with in the report on Actuarial Liabilities on pages 33 to 35 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 18 to 28 form part of the financial statements.

The financial statements on pages 16 to 28 were approved by the Trustee on 7th Sept 2021 and signed on their behalf by:

DocuSigned by: Robin Ellison

Prof R Ellison: ......775FA655AABF492...........................

DocuSigned by: Sally Clayson

Mrs S Clayson: ....2FD90C2710DA4F7...........................

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Scheme (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised November 2018), with the exception of the investment report.

Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's report.

The financial statements have been prepared on a going concern basis.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unlessotherwise stated.

a) Foreign currencies

The functional and presentational currency of the Scheme is Sterling. Balances denominated in foreign currencies are translated into Sterling at the rate ruling at the year end date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated inforeign currencies are translated at the rate ruling at the date of the transaction. Differences arisingon investment balance translation are accounted for in the 'Change in Market Value' of investments during the year.

b) Contributions

(i) Employee normal contributions are accounted for when deducted from pay. Employer normal contributions which are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions.

(ii) Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and Recovery Plan under which they are being paid.

(iii) Employer other contributions are accounted for in the period they are due under the Schedule of Contributions.

(iv) All contributions received under salary sacrifice arrangements are classified as employer normal contributions.

c) Payments to members

(i) Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

(ii) Individual transfers in or out are accounted for when paid or received which is normally when member liability is accepted/discharged.

d) Investment income

i. Interest is accrued on a daily basis.

ii. Investment income arising from the underlying investments of the pooled investment vehicles is distributed and immediately reinvested to purchase more units. It is disclosed as 'Income from pooled investment vehicles'.

iii. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge.

e) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

f) Investments

(i) Investments are included at fair value.

(ii) Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

(iii) Derivatives are stated at fair value.

- Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year end date.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reporting within 'Investment income'.
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Contributions

	2021	2020 as restated
	£	£
Employer:		
Normal	4,370,845	4,659,892
Augmentation	85,217	-
Deficit funding*	2,384,132	2,378,038
Other	453,467	453,787
Members:		
Normal	1,030,223	1,044,065
Additional Voluntary Contributions	53,953	64,482
	8,377,837	8,600,264

* The Scheme received deficit funding contributions of £2,384,132 (2020: £2,378,038) in the year in relation to the Recovery Plan commencing 1 April 2017.

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to certain members by the Employer.

The comparative column has been restated in respect of £537,083 of contributions received under salary sacrifice arrangements that were treated as Employee normal contributions.

4. Other Income

	2021	2020
	£	£
Management fee rebates	13,333	4,051
Income from term insurance policies	476,165	205,412
Pension share order fees	539	-
	490,037	209,463

5. Benefits payable

	2021	2020
	£	£
Pensions	7,163,025	6,789,653
Commutations and lump sum retirement benefits	1,655,216	2,047,805
Lump sum death benefits	74,331	82,730
	8,892,572	8,920,188

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Payments to and on account of leavers

	2021	2020
	£	£
Refunds of contributions in respect of non-vested leavers	5,157	14,807
Tax on refunds of contributions	1,898	2,612
Individual transfers out	576,115	30,481
	583,170	47,900

7. Administrative expenses

	2021	2020
	£	£
Administration and processing	12,638	4,552
PPF Levy	284,552	263,389
Actuarial fees	346,844	91,815
Audit fees	12,234	12,360
Staff costs	214,057	214,057
Investment consultants	144,478	108,835
Other professional fees	33,912	36,612
	1,048,715	731,620

8. Other payments

	2021	2020
	£	£
Premiums for insured benefits	622,498	627,656
	622,498	627,656

9. Investment income

	2021	2020
	£	£
Income from pooled investment vehicles	2,821,641	4,316,388
Net income/(expenses) from derivative contracts	1,234,917	(1,239,271)
Interest on cash deposits	207	10,931
	4,056,765	3,088,048

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investment management expenses

	2021	2020
	£	£
Management fees	557,570	393,387
	557,570	393,387

11. Tax

The Cambridge Colleges' Federated Pension Scheme is a registered pension schemed for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

12. Reconciliation of net investments

	Value as at 1 April 2020 as restated	Purchases	Sales	Change in Market Value	Value as at 31 March 2021
	£	£	£	£	£
Pooled investment vehicles	228,206,764	122,129,089	(124,580,758)	27,985,687	253,740,782
Derivatives	337,927	2,657,176	(2,657,176)	(405,595)	(67,668)
	228,544,691	124,786,265	(127,237,934)	27,580,092	253,673,114
Cash deposits	(2,409,681)	127,228,287	(123,196,740)	-	1,621,866
Net investment assets	226,135,010	252,014,552	(250,434,674)	27,580,092	255,294,980

The change in market value of investments during the period comprises all increases and decrease in the market value of investments held at any time during the period, including profits and losses realised on sales of investments during the period.

The companies operating the pooled investment vehicles are all registered in the UK.

Transaction costs are borne by the Scheme in relation to transactions within the investment portfolio managed by Schroder Investment Management, comprising fees, commissions and stamp duty. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Pooled Investment Vehicles (PIVs)

The holdings of PIVs are analysed below:

	2021	2020 as restated
	£	£
Equity funds	124,401,197	107,332,008
Fixed Income funds	91,775,950	87,253,807
Property unit trusts	26,844,271	26,282,536
Unit trusts	10,719,364	7,338,413
	253,740,782	228,206,764

14. Derivatives

Forward FX – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas.

At the year end the Scheme had the following derivatives:

	2021 Assets	2021 Liabilities	2020 Assets	2020 Liabilities
	£	£	£	£
Forward foreign exchange contacts	-	(67,668)	337,927	-
	-	(67,668)	337,927	-

A summary of the Scheme's outstanding derivatives contracts at the yearend aggregated by key characteristics is set out below:

Forward foreign exchange contacts	Settlement date	Currency bought	Currency sold	Asset Value	Liabilities Value
		$	£	£	£
Forward FX – USD	1 month	9,634,980	(6,914,903)	-	(67,668)
Total 2021					(67,668)
Total 2020				337,927	

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Investment Fair Value Hierarchy

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable for the asset or Liability)

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 March 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	£	£	£
Pooled investment vehicles	16,758,030	196,910,952	40,071,800	253,740,782
Derivatives	-	(67,668)	-	(67,668)
Cash	1,621,866	-	-	1,621,866
	18,401,515	197,787,005	39,106,460	255,294,980

At 31 March 2020 as restated	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	£	£	£
Pooled investment vehicles	12,951,923	173,040,297	42,214,544	228,206,764
Derivatives	-	337,927	-	337,927
Cash	(2,409,681)	-	-	(2,409,681)
	10,542,242	173,378,224	42,214,544	226,135,010

16. Investment Risks

FRS 102 requires the Disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee's Investment Committee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposures to credit and market risks are set out below.

(i) Credit risk

The Scheme invests in pooled investment vehicles and OTC derivatives and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. The scheme is subject to further creditrisk as the scheme has cash balances.

Indirect credit risk arising on bonds is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are rated at least investment grade. At the year end 26% of the fund was invested in bond funds. The Scheme also invests in highyield and emerging market bonds which are non-investment grade. The Trustees manage the indirect associated credit risk by requesting the Investment manager to diversify the portfolio to minimise the impact of default by any one issuer. Indirect credit risk arising on other investments is mitigated by investment mandates requiring counterparties to have at least investment grade credit quality.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the

16. Investment Risks (continued)

regulatory environments in which the pooled managers operate and the diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the regulatory and operating environment of the pooled manager.

(ii) **Currency risk**
The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustees limit overseas currency exposure through a currency hedgingpolicy. The fund was invested in 57% of global equity funds.

A detailed analysis of the scheme's total net unhedged exposure by major currency at the year end is not available.

(iii) **Interest rate risk**
The Scheme is subject to internal rate risk on the liability-driven investments comprising bonds and interest rate swaps held either as segregated investments or through poled investment vehicles and cash.

(iv) **Other price risk**
Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities, equity futures, hedge funds, private equity and investment properties held in pooled vehicles.

The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

17. Concentration of Investments

Investments accounting for more than 5% of the net assets of the Scheme were:

	2021		2020 as restated	
	£	%	£	%
Blackrock Aquila Life Msci Wor Npv	80,725,976	31.6	68,135,689	30.0
Pimco Funds Global Investors Series Global Libor Plus BD GBP Instl Acc Hdg	43,507,566	17.0	36,447,397	16.1
Artemis Fund Managers Global Emerging Markets Institutional Gbp Accumulation	17,382,823	6.8	-	-
Axa UK Long Lease Property Fund	14,671,043	5.7	14,480,265	6.4
Royal London Sterling Credit Fund	12,793,104	5.0	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Current Assets

	2021	2020
	£	£
Due from Sponsoring Employer	196,752	87,187
Cash at bank	577,659	854,312
	774,411	941,499

Contributions due to the Scheme relate to the month of March 2021. Contributions due to the Scheme have been materially paid to the Scheme within the timescale required by the schedule of contributions currently in force. The remaining contributions outstanding were less than 5% of Scheme net assets.

19. Current Liabilities

	2021	2020
	£	£
Unpaid benefits	125,287	54,768
Accrued expenses	172,404	53,183
HMRC	66,653	63,717
	364,344	171,668

20. Related Party Transactions

Contributions received in respect of Trustee Directors who are members of the Scheme have been made in accordance with the Trust Deed and Rules.

21. Contingencies & Commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities at 31 March 2021 (2020: nil).

22. Employer-related investments

There were no employer-related investments during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Prior Year Adjustment

	2020
	£
Statement of Net Assets	
Net assets as previously stated	221,931,785
Adjustment to investment valuation	4,973,056
Net assets as restated	226,904,841
Fund account	
Market value movement as previously stated	(8,022,126)
Adjustment to investment valuation	4,973,056
Market value movement as restated	(3,094,070)

The Scheme identified that certain funds were not valued at bid price where these were available from the investment manager. The adjustment between the investment valuation and the market value movement in the year is to restate pooled funds to their bid price where available.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITORS' STATEMENT CONTRIBUTIONS
Under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Cambridge Colleges' Federation Pension Scheme.

We have examined the summary of contributions to the Cambridge Colleges' Federated Pension Scheme for the scheme year ended 31 March 2021 which is set out on the next page.

Statement about contributions payable under the Schedule of Contributions
In our opinion, contributions for the scheme year ended 31 March 2021 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the schedule of contributions certified by the scheme actuary on 21 May 2021.

Respective responsibilities of trustees and the auditor
As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Scope of work on statement about contributions
Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Use of our report
This report is made solely to the Trustee, as a body in accordance with Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. Our audit work has been undertaken so that we might state to the Trustee 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 pension scheme and the pension Scheme's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

....

Ensors Accountants LLP
Chartered Accountants
& Statutory Auditors
IPSWICH

Date: 20.9.21

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

SUMMARY OF CONTRIBUTIONS

Statement of Trustee's Responsibilities in respect of contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Scheme Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for procuring that contributions are made to the Scheme by the employers in accordance with the schedule of contributions.

Trustee's summary of contributions payable under the Schedule of Contributions in respect of the scheme year ended 31 March 2021

This summary of contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 21 May 2021 in respect of the Scheme year ended 31 March 2021. The Schemeauditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 March 2021, the contributions payable to the Scheme by the employer were as follows:

Contributions payable under the schedule of contributions	**2021**	**2020**
	£	**£**
Contributions from employers:		
Normal contributions	4,370,845	4,659,892
Deficit funding contributions	2,384,132	2,378,038
Administrative contributions	453,467	453,787
Contributions from members:		
Normal contributions	1,030,223	1,044,065
	8,238,667	8,535,782
Other contributions payable		
Augmentation contributions	85,217	-
Members' additional voluntary contributions	53,953	64,482
Total contributions reported in the financial statements	8,377,83	8,600,264

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2021

SUMMARY OF CONTRIBUTIONS (continued)

During the year ended 31 March 2021, the deficit funding contributions payable to the Scheme by the employers were as follows:

College	Total paid during the year £	Payment frequency
Christ's	178,856	Monthly
Churchill	-	n/a
Clare Hall	10,411	Monthly
Corpus Christi	-	n/a
Darwin	35,653	Monthly
Downing	39,105	Monthly
Emmanuel	70,759	Monthly
Girton	169,569	Monthly
Gonville & Caius	140,565	Monthly
Hughes Hall	6,111	Monthly
King's	136,777	Monthly
Lucy Cavendish	3,390	Annually
Magdalene	48,974	Monthly
Murray Edwards	62,097	Monthly
Newnham	30,469	Annually
Pembroke	120,220	Annually
Peterhouse	44,764	Monthly
Queens'	274,247	Monthly
Robinson	181,164	Monthly
St Catharine's	116,522	Monthly
St Edmund's	7,747	Monthly
St John's	401,899	Monthly
Selwyn	99,277	Monthly
Trinity Hall	170,487	Monthly
Wolfson	35,069	Monthly
Total	**2,384,132**	

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

DocuSigned by:

Date 7th September 2021 Prof R Ellison: Robin Ellison

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Appendix H – Actuary's Certification of the Calculation of Technical Provisions

Name of Scheme: Cambridge Colleges' Federated Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2020 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 21 May 2021

Signed:	Robert. J. Sweet	Date:	21 May 2021
Name:	Robert Sweet	Qualification	Fellow of the Institute and Faculty of Actuaries
Address:	Mill Pool House Mill Lane Godalming Surrey GU7 1EY	Employer:	Cartwright Group Limited

REPORT ON ACTUARIAL LIABILITIES (FORMING PART OF THE TRUSTEE REPORT)

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using assumptions set by the Management Committee as detailed in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2020. This showed that on that date:

	£'000
Value of the Technical Provisions	283,553
Value of the Assets	221,932

The method and significant actuarial assumptions used to determine the technical provisions are as follows:

Method
The actuarial method to be used in the calculation of the technical provisions depends on whether or not the Section is open or closed to new entrants:

If a Section is open to new entrants, the Projected Unit Method is to be used.

If the Section is closed to new entrants then the Attained Age Method or the Projected Unit Method may be used, as agreed with the College concerned.

For those Colleges closed to new entrants, but who have retained the Projected Unit Method for funding purposes, the Colleges and Management Committee understand that normal contribution rates will increase over time.

Significant actuarial assumptions

Retail Price Inflation (RPI): RPI will be determined at the valuation date and is based on the Bank of England's published implied inflation rate yield curve, using the rate at 18 years.

As RPI may be over- or understated using this method due to varying demand for index linked gilts, the Management Committee can adjust the calculated yield by up to 0.25% per annum and then round the answer to the nearest 0.05%. For the calculation at 31 March 2020 they applied a reduction of 0.15% to give an assumption for RPI of 2.90% per annum.

Consumer Price Inflation (CPI): An allowance for future CPI increases is included at an assumed rate equal to the assumption for future RPI increases less 0.8% per annum. As at 31 March 2020 this resulted in an assumption for future CPI increases of 2.10% per annum.

Discount Interest Rate: Technical provisions are determined using a single rate of interest for all pre and post retirement benefits.

On retirement, Members' pensions are paid from the fund. Assets providing a risk free rate of return, such as Government bonds (gilts) provide a good match for pensions in payment.

The Management Committee invests in a wide range of assets including equities and property, which are expected to give long term returns in excess of those available on gilts. The Management Committee wishes to take credit for some of this out-performance and to that end will use an interest rate based on the Bank of England's published nominal gilt yield curve at 18 years plus a margin to allow for this expected out-performance. The Management Committee has determined that for the purposes of the calculations as at 31 March 2020 the margin to be adopted is 1.9% per annum to give a discount rate of 2.70% per annum.

Salary Increases: After discussion with the Colleges, the Management Committee believe that, due to Colleges' salary banding structure and limits to comparable salaries in the Public Sector, it is appropriate to assume that for 2020 no salary increase be assumed and then in future salary increases will be limited to CPI plus 0.5% per annum.

This relationship with CPI is monitored for accuracy and may be subject to change in future valuations.

Pension Increases in payment: Pension increases in payment, depending on the College Section and when benefits were accrued, are defined in the Rules as either:

- Increasing in line with the RPI;
- Increasing in line with RPI to a maximum of 5% per annum compound;
- Increasing in line with CPI to a maximum of 3% per annum compound (post April 1988 GMP);
- Increasing in line with CPI to a maximum of 2.5% per annum compound (post March 2016 pensions);
- Level in payment (pre-April 1988 GMP only).

To derive these increases the Management Committee will adopt the Black-Scholes analytic pricing model resulting in the following:

Pension Increase	Assumption
RPI (min 0%; no max)	2.90% p.a.
RPI (min 0%; max 5%)	2.85% p.a.
CPI (min 0%; max 3%)	1.90% p.a.
CPI (min 0%; max 2½%)	1.75% p.a.

Pension Increases in Deferment: The Management Committee's assumption is the same as the expected future increase in the Consumer Prices Index (CPI) up to a maximum of 5% per annum (2½% per annum for Pensionable Service after 5 April 2009).

Mortality: It is the intention of the Management Committee to use both pre- and post-retirement mortality tables that reflect, as much as possible, actual Scheme experience with a suitable allowance for likely mortality improvements over the medium to long term.

The Management Committee have agreed to adopt the S3PxA mortality base tables produced by the Continuous Mortality Investigation Bureau (CMIB).

In addition, the Management Committee wish to make provision for future longevity improvements by adopting the CMI_2019 projection model produced by the CMIB, with a long term improvement rate of 1.25% per annum for males and 1.0% per annum for females. An additional improvement rate of 0.25% per annum with the standard smoothing factor 7.0 have also been adopted.

These tables and adjustments are subject to regular review and will be updated in future valuations as more up-to-date data becomes available.

New Entrants: The Management Committee does not allow explicitly for new entrants. However, by adopting the Projected Unit Method for Colleges open to new entrants, to give a stable normal contribution rate, they are implicitly assuming that the active membership average age remains relatively constant – i.e. that new entrants will continue to join the Scheme.

Member Options: The Management Committee believe that the vast majority of members take the maximum tax-free cash option at retirement.

The Committee therefore wish to make allowance for this as follows:

- 100% of members take maximum tax-free cash at retirement;
- Commutation (cash) factors are those in force at the valuation date.

This feature will be monitored at each future valuation.

Retirement: The Scheme's Pensionable Age is 65 although many members have the right to take at least part of their pension benefits without actuarial reduction at age 60. The Management Committee wishes to fund member benefits to the following assumed average expected ages of retirement:

Assumed Retirement Age for Service accrued to 31 March 2016	**Active Members**	**Deferred Members**
Male – Option 1	63	62
Male Options 2&3	65	63
Female – Option 1	63	62
Female Options 2&3	64	62

For service accrued on or after 1 April 2016 all members are assumed to retire at age 65.

These retirement ages will continue to be reviewed by the Actuary

Age Difference of Dependants: Husbands are assumed to be 3 years' older than their wives.

Percentage with Dependant's Benefits at Death: 80% of male and female members are assumed to be married at death.

Expenses: Expenses of administering the Scheme are borne by the Scheme.

The Management Committee's policy is for the Actuary to review the allowance for expenses at each valuation and make a recommendation for both elements.

The Actuary has reviewed the expense provisions in the light of recent experience and recommended that a per member and per College Section charge be made to each College Section. These are as follows:

- College Section Charge = £3,000.00 per annum
- Active Member Charge = £230.38 per annum
- Deferred Member Charge = £87.96 per annum
- Pensioner Member Charge = £171.75 per annum

These charges will be reviewed at each future valuation.

In addition, each College will pay the directly attributable PPF levies plus any directly attributable actuarial or legal fees.

APPENDIX 1 – IMPLEMENTATION STATEMENT

REDINGTON

IMPLEMENTATION STATEMENT

1st April 2020 – 31st March 2021

Cambridge Colleges Federated Pension Scheme

Private and Confidential

Introduction

This Implementation Statement has been prepared by Cambridge Colleges Superannuation Trustees Limited ("the Trustee") and relates to the Cambridge Colleges Federated Pension Scheme ("the Scheme").

Under new regulatory requirements now in force, the Trustee is required to produce an annual Implementation Statement setting out how the policies described in the Scheme's Statement of Investment Principles ("the SIP") have been followed. This is the first such statement produced and covers the period 1st April 2020 to 31st March 2021.

The statement aims to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented. Where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. Disclosed is also the Trustee's opinion on the outcomes of voting and engagement activity for managers that hold listed equities.

Changes to the SIP over the period

The Scheme's SIP was updated in September 2020 to comply with new regulation, specifically the incorporation of the Shareholder Rights II Directive ("SRD II") into UK law, which requires defined benefit pension scheme SIPs to be updated to include further details on:

- The arrangements with investment managers, including how they are incentivised to behave and invest in line with the Trustee's policies and how the Trustee will monitor managers' performance, fees and portfolio costs.
- Engagement policy, including the exercise of the rights (including voting rights) attaching to the investments.

SRD II aims to further encourage appropriate long-term investment decision-making and engagement.

Under SRD II, the Trustee is now also required to publish an annual implementation statement noting the extent to which the SIP policies have been acted on over the relevant scheme year.

Trustees' policies on voting and engagement (stewardship)

The Trustee recognises that good stewardship practices, including engagement and voting activities are important as they help preserve and enhance asset owner value over the long term. Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers.

The Trustee expects their investment managers to practise good stewardship. This includes monitoring and engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.

The Trustee's Investment Consultant assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee periodically covering how the investment managers have acted in line with this policy.

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.

Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments, which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

How have the Trustee's voting and engagement (stewardship) policies been followed?

Direct engagement with underlying companies (as well as other relevant persons) in which the Trustee owns shares and debt is carried out by the Scheme's investment managers. The Trustee's ability to influence investment managers' stewardship activities will depend on the nature of the investments held. Due to the benefits of cost and ease of implementation, the Trustee only invests in pooled investment vehicles. The Trustee recognises that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. Before appointing a pooled fund manager, the Trustee's investment advisors assess whether the investment objectives and guidelines of the manager are in line with those of the Trustee.

Each investment manager is expected to exercise voting rights in accordance with their guidelines. The investment consultant, on behalf of the Trustee, encourages its managers to engage with investee companies and promote adherence to best practice in corporate governance. The investment consultant, on behalf of the Trustee also meets the Scheme's managers periodically, where the managers present on these activities and are held accountable to the standards expected from the Trustee.

The Trustee have received periodic updates from the investment consultant on most of the investment managers' performance including receiving ESG ratings for these managers which factor in voting and engagement. The Trustee has also been notified whether there have been any changes to the investment consultant's overall ratings of these managers or not. These manager rating factor in an ESG assessment incorporating voting and engagement. This reporting is periodically discussed at investment committee meetings together with whether the managers are performing in line with the Scheme's objectives.

The following investment managers for the Scheme are signatories to the UK Stewardship Code: Artemis Investment Management, BlackRock, Royal London Asset Management, AXA Investment Management and Schroders Investment Management. None of the Scheme's managers have raised non-compliances with the principles of the code.

It is also worth noting that the Trustee has agreed a new allocation to Aviva Infrastructure Income Fund, which is a renewables fund that helps the Trustee meet its objectives and has a positive impact on climate change.

Summary of voting over the year

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Financially material considerations include (but are not limited to) those arising from Environmental, Social and Governance considerations, including climate change. Given that the most of the Scheme's assets are invested with investment managers that hold gilts, derivative instruments, corporate bonds in their portfolios, or are invested in property funds, voting is only relevant to the Artemis Global Emerging Markets Fund and BlackRock Aquila Life MSCI World Fund.

As these investments are made via pooled funds, where the investment manager is responsible for voting and engagement on the underlying assets rather than the Trustee, the Trustee's ability to influence voting activities undertaken is limited.

Over the scheme year, voting activities by Artemis and BlackRock were undertaken with due consideration to investors' best interests considered on a fund wide basis and in accordance with the voting procedures set out in each manager's voting policy. The Trustee is not aware of any material departures from the managers' stated voting policies.

Given the nature of these mandates and the fact that voting activities were undertaken in line with the managers' policies, the Trustee is satisfied that the voting policies have all been adequately followed over the Scheme year.

A summary of voting by Artemis and BlackRock on behalf of the Scheme over the year to 31st March 2021 is provided in the table below.

	Artemis Global Emerging Markets Fund	BlackRock Aquila Life MSCI World Fund
Value of Trustee's assets (as at 31 March 2021)	£17.4m	£80.7m
How many meetings were you eligible to vote at?	161	1,091
How many resolutions were you eligible to vote on?	1,587	15,759
What % of resolutions did you vote on for which you were eligible?	99.1%	90.7%

Of the resolutions on which you voted, what % did you vote with management?	90.9%	92.7%
Of the resolutions on which you voted, what % did you vote against management?	9.1%	7.3%
Of the resolutions on which you voted, what % did you abstain from?	1.9%*	0.7%
In what % of meetings, for which you did vote, did you vote at least once against management?	41%	N/A
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Artemis have their own proxy policy. Artemis uses ISS to facilitate the implementation of their policy but ISS's recommendations do not make up part of the decision making process.	N/A. BlackRock does not follow any single proxy research firm's voting recommendations. Voting and engagement analysis is determined by company's own disclosure and internal record of past engagements.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	Not applicable. Artemis does not take ISS's policy into consideration. The fund managers make the final decision on how to vote.	Not applicable. See above.

*Abstained votes are also included in the votes against management so there will be some double counting.

Further to the above summary, the Trustee is required to disclose further information on the 'most significant' votes. The significance of a vote is determined by the individual investment manager's criteria including (but not limited to) the size of the holding and the resolution being a shareholder proposal.

In the tables below we show the 'most significant' votes for BlackRock over the period:

Company:	Exxon Mobil Corporation
Date:	27 May 2020
Resolutions:	Votes for election of board directors
BlackRock Vote	Against Director Angela F. Braly for insufficient progress on TCFD aligned reporting and related action. Against Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with

	confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business. For the Independent Chair proposal on account of our belief that the board would benefit from a more robust independent leadership structure.
Rationale:	For more details, please refer to: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-exxon-may-2020.pdf

Company:	Royal Dutch Shell plc
Date:	19 May 2020
Resolutions:	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions
BlackRock Vote	BlackRock voted AGAINST the shareholder resolution.
Rationale:	In determining our vote, we took into consideration that Shell already had some of the most ambitious climate targets in the industry on all relevant scopes (1,2,3), and that the company already makes strong TCFD disclosures. Furthermore, the shareholder resolution refers to Shell's previous climate commitments, which are now out of date and have been superseded by renewed and stronger commitments. As a result of Shell's responsiveness, BlackRock considers the request made in the resolution to have substantively been delivered. Finally, we understand from our engagement with the company that the recently revised targets will be kept under review, with a view to evolving them even further if possible. We will be monitoring closely the delivery against the targets set out to date. We will hold the management and board directors to account for lack of progress on their delivery through future voting on director elections. For now, we note that Shell's existing disclosure of 3-year net carbon footprint targets already makes the company a sector leader in the global oil & gas industry.

Company:	Barclays Pls
Date:	7 May 2020

Resolutions:	Resolution 29: Approve Barclays' Commitment to Tackling Climate Change Resolution 30: Approve ShareAction Requisitioned Resolution
BlackRock Vote	BlackRock, through an independent fiduciary, voted FOR all management resolutions and AGAINST shareholder Resolution 30
Rationale:	The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.

Company:	Chevron Corporation
Date:	27 May 2020
Resolutions:	Report on Climate Lobbying Aligned with Paris Agreement Goals
BlackRock Vote	BlackRock voted FOR this proposal
Rationale:	BlackRock believes that greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.

Company:	Mizuho Financial Group
Date:	25 June 2020
Resolutions:	Shareholder proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement
BlackRock Vote	BlackRock, through an independent fiduciary, voted AGAINST all shareholder proposals, including Item 5, and FOR all management resolutions

Rationale:	The independent fiduciary reported that it took into consideration the company's policies and the announcements made since the shareholder proposal was filed. The independent fiduciary determined that the company now has policies in place that address the issues raised in the proposal.

Company:	Woodside Petroleum Ltd.
Date:	30 April 2020
Resolutions:	Item 4a: Special Resolution to Amend the company Constitution Item 4b (1-3):Ordinary Resolution on Paris Goals and Targets Item 4c: Ordinary Resolution on Climate-Related Lobbying Item 4d: Ordinary Resolution on Reputation Advertising Activities
BlackRock Vote	BlackRock, voted with management and withheld support for the relevant proposals.
Rationale:	Please refer to: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-woodside-may-2020.pdf

Company:	Santander Consumer USA Holdings, Inc.
Date:	10 June 2020
Resolutions:	Report on Risk of Racial Discrimination in Vehicle Lending
BlackRock Vote	BlackRock voted FOR the shareholder proposal.
Rationale:	BlackRock voted FOR as discriminatory lending practices (of all forms) are a material risk to the company's business and shareholders would benefit from increased and improved disclosure on compliance programs, processes and procedures, as well as risk mitigation processes and procedures, to prevent discriminatory lending (including racial discrimination). BlackRock believes that the company has an opportunity to provide investors with a more detailed explanation of how it assesses, manages and mitigates the risk of racial discriminatory lending practices.

Company:	Daimler AG

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Date:	8 July 2020
Resolutions:	Item 4: Resolution on ratification of Supervisory Board members' actions in the 2019 financial year Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board Item 12b: Resolution on the amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution)
BlackRock Vote	BlackRock voted AGAINST all key resolutions outlined above
Rationale:	BlackRock voted against, given our concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment. For more details, please refer to: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-daimler-jul-2020.pdf

Company:	Danske Bank A/S
Date:	9 June 2020
Resolutions:	Item 4a: Re-elect Lars-Erik Brenoe as Director Item 4b: Re-elect Karsten Dybvad as Director Item 4c Re-elect Bente Avnung Landsnes as Director Item 8: Approve Board Remuneration for 2020 and 2021 Item 9: Approve Guidelines for Incentive-Based Compensation for Executive Management and Board
BlackRock Vote	BlackRock ABSTAINED from the re-election of the members of the remuneration committee (Items 4a, 4b, and 4c) and voted AGAINST remuneration proposals (items 8 and 9) given our concerns on remuneration outcomes and disclosures. Due to the plurality voting standard in Denmark, it is not possible to vote against director elections in Denmark when voting by proxy.
Rationale:	Please refer to: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-danske-bank-jun-2020.pdf

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Company:	Volvo AB
Date:	18 June 2020
Resolutions:	Items 12.1, 12.4, 12.8, 12.11: Re-elect Matti Alahuhta, James Griffith, Martina Merz and Carl-Henric Svanberg as Directors Item 13: Re-elect Carl-Henric Svanberg as Board Chairman Item 15: Approve remuneration policy and other terms of employment for executive management Item 18: Limit contributions to Chalmers University of Technology Foundation to a maximum of SEK 4 million per year
BlackRock Vote	BlackRock voted AGAINST all key resolutions outlined above
Rationale:	BlackRock voted AGAINST all key resolutions given our concerns about progress on climate-related risks reporting, the structure of executive pay at the company and the approach taken by the shareholder to micromanage company activities. For more details, please refer to: https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-volvo-jun-2020.pdf

Artemis defines a significant vote as 'against' votes where they held at a firm level 1% of the votable shares for voting. As this criteria has not been met during the period, the Artemis Global Emerging Markets Fund has not disclosed any 'most significant' votes.