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

REGISTERED NUMBER. 101147703
YEAR ENDED 31 MARCH 2023

CONTENTS

TRUSTEE AND ADVISERS

TRUSTEE

Cambridge Colleges Superannuation Trustees Ltd

Employer nominated Directors:
Prof R Ellison
Mrs S Clayson
Dr J Wells
Mr M Ahmad
Mrs J Livingstone
Mr T Harvey-Samuel (appointed 1 July 2021)

Member nominated Directors:
Mr B Clarke (resigned 8 February 2023)
Mrs C James (resigned 31 March 2022)
Mr C Austin
Mr J Cliffe (appointed 1 April 2022)
Mrs M Tumber (appointed 30 June 2023)

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, 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 2023

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 2023. 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 decreased during the year by £74.56m to £207.40m at 31 March 2023.

The deficit for year in dealings with members was £3.42m.

The overall capital value of the Scheme's investments, including cash at the Investment Managers, decreased by £71.14m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 18 to 29 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 2023

Membership Statistics

Active Members		
Active members at 1 April 2022		568
New members during year		45
		613
Less:		
Adjustment for late notification	1	
Leavers before retirement age (excluding death in service)	19	
Retired during the year	36	
To deferred	38	
		94
Active members at 31 March 2023		519

Pensioners		
Pensions in payment at 1 April 2022		1481
Retirements during year	36	
Deferred pensioners retired during year	29	
Widow/ers of pensioners	16	
		81
Pensioners dying during year	66	
Fully commuted	2	68
Pensions in payment at 31 March 2023		1494

Deferred Members		
Deferred members at 1 April 2022		850
Adjustment for late notification		1
Active members to deferred		38
		889
Deferred retirements	29	
Deferred transferred out	3	
		32
Deferred members at 31 March 2023		857

TRUSTEE'S REPORT (continued) For the year ended 31 March 2023

Pension Increases

The Rules of the Scheme provide for annual increases to pensions in payment. Guaranteed Minimum Pensions (GMPs) are increased in accordance with statutory requirements. Pensions in excess of GMP derived from Pensionable Service prior to 1 April 2004 are increased in line with the Retail Prices Index (RPI). For Pensionable Service between 1 April 2004 and 31 March 2016, some pensions increase fully in line with the RPI, and some pensions increase at the lesser of the RPI and 5%. For Pensionable Service after 31 March 2016 pensions increase in line with the increase in the Consumer Price Index (CPI) up to a maximum of 2.5%

Increases are awarded on 1 November each year. The increases awarded in recent years have been as follows:

Date	Full RPI	RPI Maximum 5.0%	CPI Maximum 2.5%
1 November 2022	12.6%	5.0%	2.5%
1 November 2021	4.9%	4.9%	2.5%
1 November 2020	1.1%	1.1%	0.5%
1 November 2019	2.4%	2.4%	1.7%
1 November 2018	3.3%	3.3%	2.4%
1 November 2017	3.9%	3.9%	2.5%
1 November 2016	2.0%	2.0%	1.0%
1 November 2015	0.8%	0.8%	-
1 November 2014	2.3%	2.3%	-
1 November 2013	3.2%	3.2%	-
1 November 2012	2.6%	2.6%	-

At 1 November 2022 five Colleges also authorised additional discretionary pension increases for some of the pensioners in their College Section.

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 33. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on pages 34 to 36 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.

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 28 July 2021.

Scheme Objectives

In summary, the Scheme's objectives are:

a) to ensure that sufficient income and investment return is available to meet benefit payments due, after allowing for Scheme contributions from the members and the constituent Colleges;

b) to minimise the risk of the assets failing to meet the liabilities over the long term.

Risk

There are risks to which any investment is exposed. The Trustee has identified certain investment risks:

i) The risk of a deterioration in the funding level (i.e., the value of the assets expressed as a percentage of the value of the liabilities) of the Scheme;

ii) The risk that the investment manager, whilst managing the assets, will not achieve the expected rate of investment returns;

iii) The absolute risk of reduction in the value of assets through negative returns;

iv) The risk of mismatch between the assets of the Scheme and its liabilities

The Trustee recognises these different types of risk and seeks to minimise them as far as possible by adopting an investment approach which takes account of the Scheme's liabilities and the regular monitoring of the performance of the fund manager, whilst ensuring that the overall asset allocation of the portfolio is adequately diversified. These risks are closely managed and monitored using a Pension Risk Management Framework (PRMF), which outlines the funding objectives and risk constraints set by the Trustee.

The Trustee sets a risk budget for the Scheme using Funding Ratio-at-Risk as a measure of risk, where the Scheme's investment strategy should not risk the deficit increasing by more than that set in the budget. Within this risk budget, the Trustee seeks to diversify risks across a range of exposures, and to focus on risks that they view as well-positioned to outperform the liabilities. The PRMF is reviewed and monitored by the Investment Committee quarterly.

Investment Strategy

Investment strategy is the long-term allocation between asset classes. The Scheme's investment strategy is

i) to mitigate the volatility of the Scheme's funding position by hedging the interest rate risk and the inflation risk of the Scheme's liabilities. The Scheme targets a level of hedging equal to the Statutory Funding Objective ("SFO") funding level less 5%. The Scheme implements this hedging principally through investment in Liability Driven Investment ("LDI") pooled funds. This has the effect of increasing the sensitivity of the Scheme's assets to changes in interest rates and inflation so that the changes in the value of the asset portfolio match more closely the changes in liability values caused by changes in interest rates and inflation.

ii) to seek to improve the funding level of the Scheme over time by investing a proportion of the assets in a diversified portfolio of growth assets.

In adopting this Investment Strategy the Trustee had regard to:-

a) the need to hold investments of appropriate types, bearing in mind the nature of the liabilities and cash flow requirements;

b) the financial position of the Scheme and the high degree of credit worthiness of the member colleges;

c) the need to balance the level of risk required to allow the member colleges to continue to sponsor the Scheme and the risk of a significant deterioration in the funding level;

d) any investment restrictions contained in the Scheme's Trust Deed and Rules;

e) the need to diversify investments by asset class and by individual investments so as to limit the investment and other risks associated with excess concentration of investments.

The Trustee considered the long-term performance characteristics of a wide range of asset classes in terms of their expected returns in different economic circumstances and the variability of those returns both in real and monetary terms.

The Trustee has an objective to restore the Scheme's funding level to 100% on the long-term funding assumptions agreed by the Trustee and the Actuary for the purposes of the actuarial valuation of the Scheme through a combination of investment returns and contribution rates. The assumptions used to determine the funding level are agreed with the Scheme Actuary considering current legislation. The Trustee recognises that, over the short-term, they need to consider the implications on recommended contribution rates of targeting this objective

The Trustee has delegated day-to-day investment management of the majority of the Scheme's assets to Schroder Investment Management Limited. The terms of the delegation are set out in an Investment Management Agreement dated 19 May 2005, the Matching Plus Investment Management Agreement dated 10 February 2010, the Execution Only Agreement dated 1 May 2014 plus any documents amending the terms of these documents. The Investment Management Agreement, the Matching Plus IMA and the Execution Only Agreement govern respectively the relationship between the trustee and Schroders in respect of the Hedge Fund Portfolio, the LDI Portfolio and the remaining assets as attached in the appendix.

Custody

The Trustee has appointed J P Morgan as custodian. The terms of this appointment are set out in an agreement dated 17 July 2006.

Investment Performance Benchmark

The performance of the Portfolio will be judged against the customised benchmark and the relative trajectory of expected returns and liabilities. The performance of individual asset classes will be judged against appropriate indices, and these are detailed in the Appendix to this document.

Expected Returns on the Investments

Over the long term, the fund seeks to achieve a return at least in line with the required return to reach the full funding objective set by the Trustees. Expected investment returns are monitored against the required expected returns on a quarterly basis with the Pension Risk Management Framework. The expected return is based on the Trustees investment consultants, Redington Limited, expected returns for the underlying asset classes.

The Realisation of Investments

The majority of the pooled funds held by the Scheme have daily dealing dates and thus may be realised quickly if required. The Trustee recognises that property investments, some hedge funds and private equity are relatively illiquid. The level of liquidity within the Scheme is monitored against the potential liquidity requirements on a quarterly basis using the Pension Risk Management Framework.

Scheme Funding

The Scheme Actuary is required to calculate the funding level for the Statutory Funding Objective (SFO), in the manner prescribed by the Pensions Act 2004, and the relevant regulations. The SFO funding level will be reviewed formally at each triennial valuation, and the Trustee also receives annual updates on developments in the Scheme's assets and liabilities.

If the SFO funding level of any individual College's section of the Scheme falls below 100%, it is the Trustee's policy to ensure that contributions are agreed with the College and the Scheme Actuary so that the College is expected, in the normal course of events, to attain the 100% funding level within such period as might be deemed appropriate by the Management Committee taking account of the requirements of the Pensions Regulator.

In setting the investment policy, the Trustee will have regard to the influence that this will have on future SFO funding levels and the possibility of this measure falling below 100%.

Responsible Investment

Environmental, Social and governance Factors

Environmental, Social and Governance issues, including climate change, may be financially material to the investment portfolio over the Schemes' time horizon. The Trustee considers the long-term financial interests of the Schemes to be paramount and, where appropriate and practical:

i) expect their investment manager to consider financially material environmental, social and governance issues in investment decision-making where it has the discretion to do so;

ii) expect their investment manager to practice good stewardship which includes engaging with issuers of debt or equity on financially material environmental, social or governance issues, and use its voting rights to affect the best possible long-term outcomes.

Stewardship

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's investment advisers assess the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments. When selecting, monitoring and de-selecting asset managers, engagement 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.

Investment Monitoring

The investment manager is required by the Trustee to report regularly on investment policy and on the performance achieved.

Through this process of regular reporting, the Trustee aims to ensure that the manager is carrying out their mandate effectively and in compliance with the Pensions Act, and that they are meeting the Trustees' investment objectives.

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 Catharine's College
Mr I Wright	Bursar, Peterhouse
Mr R Gardiner	Bursar, Gonville & Caius College
Mr J Anderson	Bursar, Girton College

During the year ended 31 March 2023, there were no employer related investments as defined in Section 40 of the Pensions Act 1995.

Schroders Investment Review for the year to 31 March 2023

Market Review

Global equities were under pressure at the start of the period as investors moved to price in further interest rate rises and an increased risk of recession. Inflation continued to move higher in many major economies. Chinese shares proved a bright spot as prolonged lockdowns were lifted in some major cities.

After a rally in July, global share prices were weaker in the third quarter. Any hopes of interest rate cuts were dashed as central banks reaffirmed their commitment to fighting inflation. Stock markets rounded off a tumultuous year with gains in the final quarter of 2022. Asian shares were boosted by China's relaxation of its zero-Covid policy, while European equities also advanced strongly at the start of the year. Global equities ended the period in positive territory, with gains in the first quarter of 2023 buoyed by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in bank shares.

In fixed income Q3 2022 saw unprecedented movements in the UK gilt and index-linked gilt market with an extreme spike in yields on the final Wednesday in September as panic selling followed the UK Chancellor's fiscal event. The 30-year real index-linked gilt yield briefly reached 2.5%. The Bank of England stepped in to stabilise the market and there was a partial retracement with yields into the quarter-end. Pension schemes will have seen the value of their liabilities fall dramatically and LDI portfolios fell commensurately. Global government bond yields dropped towards the end of the period, but the March collapse of Silicon Valley Bank prompted a sharp rally in government bond markets and sparked concerns over the re-accelerating of inflation.

Amid the changing market dynamics, central banks continued with their interest rate hikes, though some adjusted their stance. In the last 12 months, the Federal Reserve (Fed) announced nine rate hikes, with the latest being a relatively slower hike of 25bps in response to the banking sector's turmoil. The Bank of England (BoE) also approved nine rate hikes and followed the Fed's lead by taking the final increase to 25bps. The European Central Bank (ECB) maintained its stance, also enacting six rate hikes but raising their final rate by 50bps.

Against this backdrop markets have been volatile, with US and European investment grade posting positive returns, but high yield was negative with poor performance from the banking sector dominating. Eurozone and US inflation continued their downward trajectory, pulling back from record highs seen last year but remaining elevated.
The US 10-year yields rose from 2.34% to 3.47%, with the two-year going from 2.34% to 4.03%. Germany's 10-year yield increased from 0.55% to 2.29%. The UK 10-year yield increased from 1.61% to 3.49% and two-year increased from 1.35% to 3.44%.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

INVESTMENT REPORT For the year ended 31 March 2023

Fund Performance

The Scheme's total return for the year including hedging assets was -25.1%. The Scheme's growth portfolio returned -4.3%.

The table below shows the fund performance over time.

	Portfolio Gross (Periods >1yr Annualised)	Portfolio Gross Cumulative	Benchmark (Periods >1yr Annualised)	Benchmark Cumulative
1 Year rolling	-25.1	-25.1	-0.7	-0.7
2 Years rolling	-8.9	-17.0	-1.8	-3.5
3 Years rolling	-1.1	-3.2	7.9	25.6
5 Years rolling	0.5	2.7	5.1	28.1
Since Inception	5.3	150.5	7.0	230.8

Investment Approach

The Scheme's LDI strategy is to hedge to the value of 88.5% of the Scheme assets. The funding level deteriorated over the year (from 98.7% to 89.3% on the Technical Provisional basis) as the portfolio's assets decreased by more than the Scheme liabilities. The Scheme has put in place triggers to increase the amount of hedging as the funding level improves.

This LDI strategy is implemented by investing in 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

During Quarter 2 2022, several positions in the growth portfolio were reduced as part of rebalancing and £25.8m was transferred from the Non-LDI to the LDI Portfolio. The following quarter, during the gilts crisis, further funds were drawn from the growth portfolio (BlackRock Global Equities, PIMCO Absolute Return Bonds, Infrastructure Equity, GQG Emerging Markets and RLAM Corporate Bonds) to top up the LDI Portfolio with £37m capital to continue to support the hedge. In the fourth quarter the PIMCO GIS Global LIBOR Plus Fund was liquidated as instructed by CCFPS and the LDI portfolio allocation was increased again. In March 2023, the Scheme fully redeemed its HICL Infrastructure Equity Fund and IPP Infrastructure Equity Fund holdings to make available monies for the final drawdown in the Aviva Investors Infrastructure Income Unit Trust.

The Hedge Fund Portfolio has been almost completely liquidated leaving a residual holding of approximately £3.4k in King Street.

INVESTMENT REPORT (continued)For the year ended 31 March 2023

Asset Allocation

Asset Class	Fund 31.03.22 %	Fund 31.03.23 %
Liquid Growth	**51.5**	**37.4**
GQG Emerging Markets	6.2	4.8
IPP and HICL Infrastructure Equity	5.7	-
RLAM Corporate Bonds	4.4	2.7
BlackRock Passive DM Equity	35.2	29.8
Illiquid Growth	**17.0**	**24.9**
AXA Long Lease Property	5.8	6.7
Schroder Real Estate	5.3	6.0
Schroder Private Equity	2.0	2.5
Highbridge Direct Lending	1.8	2.2
Securis Insurance Linked	0.0	0.0
Aviva Infrastructure Income	2.1	7.4
Cash	**0.1**	**0.3**
LDI Funds	**18.7**	**37.7**
Absolute Return Bonds	12.8	-
Total	**100.0**	**100.0**

STATEMENT OF TRUSTEE'S RESPONSIBILITIES For the year ended 31 March 2023

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 inappropriate to 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 11th October 2023 and signed on their behalf by:

Prof R Ellison: DocuSigned by: Robin Ellison 775FA65EAABF492……

Dr J Wells: DocuSigned by: 7D54132ADDA2408……

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 2023 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 2023, 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained 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 of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, were 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.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 14, 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 focused 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.

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/auditorsresponsibilities. 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: 17/10/2023

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Contributions and benefits			
Employer contributions		7,836,168	7,902,087
Employee contributions		983,172	1,044,816
Total contributions	3	8,819,340	8,946,903
Other Income	4	65,346	485,694
		8,884,686	9,432,597
Benefits payable	5	10,877,438	9,169,185
Payments to and on account of leavers	6	78,856	644,355
Administrative expenses	7	848,713	982,171
Other payments	8	496,546	561,934
		12,301,553	11,357,646
Net (withdrawals) from dealings with members		(3,416,867)	(1,925,048)
Return on investments			
Investment income	9	2,211,206	4,022,264
Investment management fees	10	(380,863)	(590,751)
Change in market value	12	(72,970,812)	24,741,894
Net return on investments		(71,140,469)	28,173,407
Net (decrease)/increase in the fund during the year		(74,557,336)	26,248,359
Net assets of the scheme as at 1 April 2022		281,953,406	255,705,047
Net assets of the scheme as at 31 March 2023		207,396,070	281,953,406

The notes on pages 20 to 29 form part of the financial statements.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

NET ASSETS STATEMENT AS AT 31 MARCH 2023

	Notes	2023	2022
		£	**£**
Investments:			
Pooled investment vehicles	12	206,852,558	281,598,610
Derivatives	14	121,506	(147,080)
Cash		404,217	162,256
Total investments		207,378,281	281,613,786
Current assets	18	786,766	946,159
Current liabilities	19	(768,977)	(606,538)
Total net assets of the scheme at 31 March 2023		207,396,070	281,953,406

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 34 to 36 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 20 to 29 form part of the financial statements.

The financial statements on pages 18 to 29 were approved by the Trustee on 11th Oct 2023 and signed on their behalf by:

Prof R Ellison: DocuSigned by: Robin Ellison 775FA65EAABF492... Dr J Wells: DocuSigned by: 7D54132ADDA2408...

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, unless otherwise 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 in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising on 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Contributions

	2023	2022
	£	£
Employer:		
Normal	4,664,854	4,688,079
Deficit funding*	2,627,902	2,685,912
Other	543,412	528,096
Members:		
Normal	942,500	998,462
Additional Voluntary Contributions	40,672	46,354
	8,819,340	8,946,903

* The Scheme received deficit funding contributions of £2,627,902 (2022: £2,685,912) in the year in relation to the Recovery Plan commencing 1 April 2020.

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

4. Other Income

	2023	2022
	£	£
Management fee rebates	65,346	30,200
Income from term insurance policies	-	455,494
	65,346	485,694

5. Benefits payable

	2023	2022
	£	£
Pensions	8,381,494	7,532,201
Commutations and lump sum retirement benefits	2,458,186	1,221,215
Lump sum death benefits	37,758	415,769
	10,877,438	9,169,185

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Payments to and on account of leavers

	2023	2022
	£	£
Refunds of contributions in respect of non-vested leavers	13,843	3,736
Tax on refunds of contributions	3,457	3,293
Individual transfers out	61,556	637,326
	78,856	644,355

7. Administrative expenses

	2023	2022
	£	£
Administration and processing	27,867	15,166
PPF Levy	207,994	175,297
Actuarial fees	152,212	271,205
Audit fees	12,798	13,318
Staff costs	210,749	200,009
Investment consultants	160,422	188,208
Other professional fees	76,671	118,968
	848,713	982,171

8. Other payments

	2023	2022
	£	£
Premiums for insured benefits	496,546	561,934
	496,546	561,934

9. Investment income

	2023	2022
	£	£
Income from pooled investment vehicles	2,860,180	4,206,060
Net income/(expenses) from derivative contracts	(648,974)	(184,077)
Interest on cash deposits	-	281
	2,211,206	4,022,264

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investment management expenses

	2023	2022
	£	£
Management fees	380,863	590,751
	380,863	590,751

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 01-Apr-22	Purchases	Sales	Change in Market Value	Value as at 31-Mar-23
	£	£	£	£	£
Pooled investment vehicles	281,598,610	252,464,828	-253,971,482	-73,239,398	206,852,558
Derivatives	-147,080	291,176	-291,176	268,586	121,506
	281,451,530	252,756,004	-254,262,658	-72,970,812	206,974,064
Cash deposits	162,256	256,829,109	-256,587,148	-	404,217
Net investment assets	281,613,786	509,585,113	-510,849,806	-72,970,812	207,378,281

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.

13. Pooled Investment Vehicles (PIVs)

The holdings of PIVs are analysed below:

	2023	2022
	£	£
Equity funds	96,987,387	149,456,165
Fixed Income funds	53,623,033	91,959,667
Property unit trusts	25,883,245	30,777,349
Unit trusts	30,358,893	9,405,429
	206,852,558	281,598,610

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:

	2023 Assets	2023 Liabilities	2022 Assets	2022 Liabilities
	£	£	£	£
Forward foreign exchange contacts	121,506	-	-	(147,080)
	121,506	-	-	(147,080)

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	5.737,550	4,374,734	121,506	
Total 2023				121,506	-
Total 2022					(147,080)

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 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	30,272,480	125,651,576	50,928,502	206,852,558
Derivatives	-	121,506	-	121,506
Cash	404,217	-	-	404,217
	30,676,697	125,773,082	50,928,502	207,378,281

At 31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	15,638,659	224,074,879	41,885,072	281,598,610
Derivatives	-	(147,080)	-	(147,080)
Cash	162,256	-	-	162,256
	15,800,915	223,927,799	41,885,072	281,613,786

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 credit risk 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 high yield 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 hedging policy. 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 pooled 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:

	2023		2022	
	£	%	£	%
Blackrock Aquila Life Msci Wor Npv	61,989,350	29.9	98,986,668	35.2
Pimco Funds Global Investors Series Global Libor Plus Bd Gbp Instl Acc Hdg	-	-	36,157,199	12.8
Gqg Partners Em Mkt Eq-Sgbpa	-	-	17,352,937	6.2
SSSF Sterling Liquidity Plus I ACC	30,272,480	14.6	-	-
AI Infrastructure Income Fund B	15,340,778	7.4	-	-
Schroder Matching Plus Synthetic Index Linked Gilt Fund (2028-2037) I Accumulation	14,143,914	6.8	-	-
Schroder Matching Plus Synthetic Index Linked Gilt Fund (2038-2047) I Accumulation	14,096,767	6.8	-	-
Axa Uk Long Lease Property Fund	13,850,517	6.7	16,369,208	5.8
Schroder Uk Real Estate Fund Gbp I Income (Gross)	12,032,727	5.8	14,408,141	5.1

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Current Assets

	2023	2022
	£	£
Due from sponsoring employer	136,711	160,219
Accrued investment income	199,508	196,955
Fee rebate	65,346	-
Cash at bank	385,201	588,984
	786,766	946,158

Contributions due to the Scheme relate to the month of March 2023. 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

	2023	2022
	£	£
Unpaid benefits	252,045	75,885
Accrued expenses	266,997	222,028
Investment manager fees	156,239	232,028
HMRC	93,696	76,596
	768,977	606,538

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 2023 (2022: nil).

22. Employer-related investments

There were no employer-related investments during the year.

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 2023 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 2022 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.

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.

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.

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: 17/10/2023

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 those 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 2023

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 2023. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 March 2023, the contributions payable to the Scheme by the employer were as follows:

Contributions payable under the schedule of contributions	**2023**	**2022**
	£	**£**
Contributions from employers:		
Normal contributions	4,664,854	4,688,079
Deficit funding contributions	2,627,902	2,685,912
Administrative contributions	543,412	528,096
Contributions from members:		
Normal contributions	942,500	998,462
	8,778,668	8,900,549
Other contributions payable		
Augmentation contributions	-	-
Members' additional voluntary contributions	40,672	46,354
Total contributions reported in the financial statements	8,819,340	8,946,903

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

SUMMARY OF CONTRIBUTIONS (continued)

During the year ended 31 March 2023, the deficit funding contributions payable to the Scheme by the employers were as follows:

College	Total paid during the year £	Payment frequency
Christ's	217,452	Monthly
Churchill	-	n/a
Clare Hall	10,411	Monthly
Corpus Christi	-	n/a
Darwin	64,837	Monthly
Downing	39,105	Monthly
Emmanuel	70,759	Monthly
Girton	226,570	Monthly
Gonville & Caius	140,565	Monthly
Hughes Hall	6,111	Monthly
King's	-	Monthly
Lucy Cavendish	3,390	Annually
Magdalene	17,043	Monthly
Murray Edwards	62,097	Monthly
Newnham	-	Monthly
Pembroke	10,019	Annually
Peterhouse	91,513	Monthly
Queens'	274,247	Monthly
Robinson	253,860	Monthly
St Catharine's	124,600	Monthly
St Edmund's	7,747	Monthly
St John's	605,600	Monthly
Selwyn	99,277	Monthly
Trinity Hall	267,630	Monthly
Wolfson	35,069	Monthly
Total	**2,627,902**	

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date 11/10/2023

Prof R Ellison: DocuSigned by: Robin Ellison 775FA65EAABF492...

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2023

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

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 be 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.

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

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.

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

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.

Percentage with Dependant's Benefits at Death: At death, 80% of members are assumed to have a dependant, and it is assumed that the dependant is of the opposite gender to the member.

Age Difference of Dependants: In respect of members and their assumed dependants, a male member or assumed dependant is assumed to be 3 years' older than the female assumed dependant or member.

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.

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IMPLEMENTATION STATEMENT

1st April 2022 –31st March 2023

Cambridge Colleges Federated Pension Scheme

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 the regulatory requirements currently in force (the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), 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 statement covers the period from 1st April 2022 to 31st March 2023.

The statement aims to set out at a high level how the Trustee's policy on stewardship and engagement has been implemented over the period. 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

There have been no changes to the SIP over the period. The SIP was last reviewed in 2021.

From 1st October 2022, further Department of Work and Pensions ("DWP") guidance on the reporting of stewardship activities through Implementation Statements came into effect. The Trustee acknowledges this change in guidance, and this statement aims to consider it as the Trustee moves towards meeting the DWP's updated stewardship expectations. The Trustee plans to update the Scheme's SIP during 2023, and next year's Statement will reflect this updated document.

The latest SIP can be found here at the following web address:
https://www.pensions.admin.cam.ac.uk/ccfps/governance-and-accounts

Significance of stewardship in appointment and monitoring of investment managers

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 affect 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 on the investment managers.

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

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers. Three examples of this activity are provided in Appendix A.

As part of moving towards the new DWP stewardship expectations, the Trustee plans to consider how best to assess the engagement activities of the Scheme's managers and how best to then engage with the managers where necessary. The Trustee will also set new expectations for the Scheme's managers' engagement activities to ensure they are of sufficient quality.

Voting

The Trustee delegates responsibility for the exercising of rights (including voting rights) associated to investments to the Scheme's investment managers. 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 appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

In a similar way to engagement, in future, the Trustee plans to consider how best to assess the voting activity of the Scheme's managers and how best to then engage with the managers where necessary.

Voting statistics for each of the Scheme's relevant managers, as well as a selection of significant votes cast on behalf of the Scheme over the period are shown in Appendix B.

Due to reasons beyond the Trustee's control, BlackRock was unable to exercise their delegated voting rights for US companies held in the Aquila Life MSCI World Fund during the reporting period. The Trustee's advisor engaged with the manager to understand the issue, and to limit the possibility of this reoccurring in the future. The advisor will monitor progress by the manager to resolve this issue ahead of publishing the Scheme's next annual Implementation Statement.

Except for the issue noted above, it is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over the period.

Looking ahead

Over the next year, the Trustee plans to consider how best to meet the DWP's new expectations on stewardship and move to take more ownership of stewardship, as the new guidance expects. Changes to the Trustee's approach will be taken with regard to the Scheme's governance constraints and the in the best interest of the Scheme's members.

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Appendix A – Examples of engagement activity over the period

The Trustee expects the nature of engagement to vary between asset classes. The Trustee also believes engagement can take place across the Scheme's investments and is not restricted to equity investments. With this in mind, below are two examples of engagement within the credit and property asset classes.

References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustee.

RLAM – direct engagement (Credit)

Company: HSBC

Focus of engagement: Incorporation of Just Transition Policy into Climate Transition Plan

Details of engagement: RLAM provided detailed feedback on HSBC's energy policy which prevents HSBC from financing new oil and gas exploration activities and any activity in the most polluting and sensitive types of oil and gas, including oil sands, heavy crudes, deep water, Arctic and Amazon.

Outcome of engagement: Following feedback, HSBC improved its definitions for 'existing' and 'new' oil fields and clarified wording of the commitment. The notion of Just Transition is incorporated as one of HSBC's three policy objectives: 'support a just and affordable transition, recognising the local realities in all the communities we serve'. Just Transition was also included as a factor when assessing oil & gas clients climate plans. RLAM asked the bank to change wording from 'consideration' of Just Transition principles to 'integration' or 'application' of Just Transition principles, but HSBC did not address this request.

AXA – collaborative engagement (Property)

Details of engagement: Tenant discussions as part of energy audit process. Collaboration with property manager (CBRE) to engage with tenants of 21 assets covering approx. 55% of assets in the fund. Discussions were centered around requirement to increase/ improve consumption data coverage to inform energy audit recommendations, with the goal of creating opportunities to reduce energy consumption.

Outcome of engagement:

- **Improved Tenant Engagement –** Discussions with tenants on feasibility of carrying out recommendations proposed in the energy audits;
- **Delivery of Energy Audits –** We received energy audits tailored specifically to each asset with a set of recommendations for implementation; and
- **Encouraging Energy Optimisation –** Exploring opportunities to optimise energy consumption Hosting discussions with tenants to introduce "green leases" that incite tenants to share their consumption data".

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Appendix B – Summary of voting activity over the period

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 or corporate bonds in their portfolios, or are invested in property funds, voting is only relevant to the BlackRock Aquila Life MSCI World Fund and GQG Emerging Markets Equity Fund.

A summary of voting by BlackRock and GQG on behalf of the Scheme covering the period 1st April 2022 to 31st March 2023 is provided in the table below.

Note: References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustee.

1 April 2022 – 31 March 2023	**BlackRock Aquila Life MSCI World Fund**	**GQG Emerging Markets Equity Fund**
Value of Trustee's assets (as at 31 March 2023)	£62.0m	£12.3m
How many meetings were you eligible to vote at?	931	93
How many resolutions were you eligible to vote on?	14,092	1,073
What % of resolutions did you vote on for which you were eligible?	88%	96%
Of the resolutions on which you voted, what % did you vote with management?	93%	88%
Of the resolutions on which you voted, what % did you vote against management?	6%	9%
Of the resolutions on which you voted, what % did you abstain from?	0%*	5%
In what % of meetings, for which you did vote, did you vote at least once against management?	29%	45%
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?	We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, we work with proxy research firms who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.	To augment our independent research, we use Institutional Shareholder Services Inc. ("ISS") as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0%	2%

* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Significant votes

The following tables provide three examples of significant votes for each relevant manager. In practice, the managers vote on a wider range of topics than the examples listed below. The significance of a vote is determined by the individual investment manager's criteria which may include (but not limited to) the size of the holding and the resolution being a shareholder proposal.

In the following tables we show the 'most significant' votes for BlackRock and GQG over the period (1st April 2022 – 31st March 2023):

BlackRock
"BIS" refers to the Blackrock Investment Stewardship team.

Company name	Rio Tinto Group	Woodside Petroleum	Bank of Montreal
Date of vote	8th April 2022	19th May 2022	13th April 2022
Summary of the resolution	Approve Climate Action Plan	Approve the Climate Report	Adopt a Policy to Ensure the Bank's Financing is Consistent with the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario
Manager's vote	For	For	Against
Outcome of the vote	Pass	Pass	Fail
Rationale for the voting decision	The group's climate action plan, targets, and disclosures are consistent with what we look for and, in our assessment, demonstrate management and board responsiveness to shareholder feedback.	The report incorporates shareholder feedback, including BlackRock's and provides long-term investors insight into the company's actions to date and plans to become net zero by 2050 or sooner.	BIS did not support this shareholder proposal because it is overly prescriptive, unduly constraining on management and board decision-making, and would limit the company's ability to support an orderly energy transition

GQG

Company name	Vale SA	ExxonMobil Corporation	Petroleo Brasileiro SA
Date of vote	13th April 2022	25th May 2022	13th April 2022
Summary of the resolution	Elect Jose Luciano Duarte Penido as Independent Director	Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal	Elect Luiz Rodolfo Landim Machado as Board Chairman
Manager's vote	Against	For	Against
Outcome of the vote	Pass	Fail	Fail
Rationale for the voting decision	Votes AGAINST board chair Jose Luciano Duarte Penido are warranted given that the chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders	A vote FOR this proposal is warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.	A vote AGAINST this nominee is warranted given that Luiz Rodolfo Landim Machado was indicted in 2021 due to allegations of fraudulent management in a case that caused losses to the pension fund of Petrobras' employees, raising corporate governance concerns.