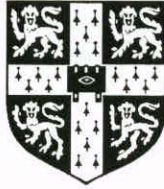


UNIVERSITY OF CAMBRIDGE



REPORT OF THE MANAGING COMMITTEE
AND
ACCOUNTS OF THE ASSISTANTS' CONTRIBUTORY PENSION SCHEME
FOR THE YEAR ENDED 31 JULY 2010

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

TRUSTEES OF THE SCHEME AND MANAGING COMMITTEE

The Contributory Pension Scheme was established under the authority of the Oxford and Cambridge Act 1923.

The Trustees of the Scheme are CU Pension Trustee Ltd acting through the Managing Committee of the Contributory Pension Scheme. The procedures for appointment and removal of Managing Committee members can be obtained, on request, from the Pensions Office.

The Managing Committee has prepared a Statement of Investment Principles in accordance with the Pensions Act 1995 and copies are available, on request, from the Pensions Office.

The Managing Committee is also responsible for the working and control of the Scheme.

SCHEME REGISTRATION

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

SCHEME MANAGEMENT AND ADVISERS

The Managing Committee during the year was composed as follows:

Appointed by the Finance Committee

Dr R Hinkley (Christ's College)

Appointed by Council

Professor A Minson (Pro-Vice Chancellor)
Mrs J Rippeth (UCLES Group)
Mr I Seehra (Director of Human Resources)
Mr D P Hearn (Clare College)

Elected by a ballot of active members

Mr D Appleby (Department of Physics)

Elected by a ballot of retired members

Mr P Starling (retired member)

Appointed by Trades Unions

Mr G Cross – UNISON

Mr P Stokes (Department of Materials Science and Metallurgy) – UNITE

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

SCHEME MANAGEMENT AND ADVISERS *(continued)*

The Investments Committee during the year was composed as follows:

Appointed by the Managing Committee

Mr D P Hearn (Chairman)
Mrs J M Womack (Clare Hall)
Mr B Wrey
Mr S Leathes
Mr N Cavalla (University Investment Officer)

The Scheme's professional advisers during the year were as follows:

Legal Advisers: Mills & Reeve

Actuarial Advice: Cartwrights Consulting Ltd

Auditors: Peters Elworthy & Moore

Investment Managers:

F & C Management Ltd
Henderson Global Investors Ltd
Majedie Asset Management Ltd
State Street Global Advisors
Genesis
Loomis Sayle & Co
Payden & Rygel
Pacific Alternative Asset Management Company
Black Rock Alternative Advisors
UBS Global Asset Management

Investment Consultant: AON Hewitt

Global Custodian: Bank of New York

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

REPORT OF THE MANAGING COMMITTEE FOR THE YEAR ENDED 31 JULY 2010

The audited accounts for the year ended 31 July 2010, a copy of which is included with this report, show that the Scheme's net assets now stand at **£321,442,395**.

INVESTMENTS

The Investments are monitored by the Investments Committee, which met six times during the year to determine policy. There was no change to the membership of the Investments Committee during the year.

The day to day management of the Fund is carried out by Henderson Global Investors, F&C Management, Majedie Asset Managers, State Street Global Advisors, UBS Global Asset Management, Genesis, Black Rock Alternative Advisors, Pacific Alternative Asset Management Company, Loomis Sayle and Payden & Rygel. These managers report regularly to the Investments Committee which is advised by Aon Hewitt.

The total investments of the Scheme were £316.0m at 31 July 2010 compared with £275.4m at the previous year-end. During the year the gain on the Scheme's investments amounted to £35.4m. After adding net income from dealings with members of £8.8m the net increase in the fund during the year was £44.2m.

Investment objectives

The Scheme's Statement of Investment Principles sets out the investment objectives as follows:-

The overall financial and investment objective of the Portfolio is to meet the pension liabilities of the Scheme's members. The specific long term investment objectives of the Portfolio are:-

- To attain a real total return¹ (net of investment management fees) sufficient to preserve the funding status of the Scheme, and to enhance the funding status should the Scheme be under-funded;
- To obtain annualised returns in line with the Portfolio's blended benchmark for the target asset mix selected by the Investment Committee (see Asset Allocation below), measured over a five year period.

Asset Allocation

The Scheme's long term strategic asset allocation is as follows:-

Asset Class	Target Allocation
UK Equity	30%
Overseas Equity	25%
Emerging Markets Equity	5%
Property	15%
Bonds	17%
Hedge Funds	8%
Cash	0%
Total	100%

¹ Real total return is the sum of realised and unrealised capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Retail Price Index.

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

REPORT OF THE MANAGING COMMITTEE FOR THE YEAR ENDED 31 JULY 2010

INVESTMENTS *(continued)*

The table below shows the actual allocations of the Scheme's assets at various points in the year.

ASSET ALLOCATION OVER TIME						
	Percent of Total Assets					Market Value
	31/07/2009	30/09/2009	31/12/2009	31/03/2010	31/07/2010	as of 31/07/2010
Equity						
U.K.	30.7	32.7	29.9	30.2	29.9	£95,503,254
Global ex U.K.	24.6	24.8	24.1	24.3	23.1	£73,639,793
Emerging Markets	5.8	6.1	6.3	6.8	6.8	£21,733,933
Property	10.3	9.7	10.6	10.0	10.6	£33,715,135
Bonds	17.5	16.8	15.9	15.5	16.3	£51,838,764
Hedge Funds	9.2	9.0	10.7	10.5	13.0	£41,356,611
Cash	2.0	3.6	2.5	2.7	1.3	£4,109,329
TOTAL ASSETS	100%	100%	100%	100%	100%	£318,896,819

Asset allocation includes cash held as this is earmarked for investment.

Manager Allocations and Performance

The asset classes are managed by ten different fund managers to provide additional diversification benefits.

A summary of the managers' activities is as follows:

- UBS Global Asset Management:** £73m is invested with UBS. The equity assets are invested in their passively managed funds on a global basis, excluding UK equity. Over the year UBS returned 8.9%, slightly underperforming the benchmark of 9.0% by 0.1%
- State Street Global Advisors:** SSGA is the manager of the core UK equity allocation with approximately £48m. Prior to July 2010 they were managing this money according to an enhanced index style; subsequently the Investments Committee made the decision to move the investment to their passive UK Equity Index Fund. Over the year SSGA returned 19.5%, outperforming the benchmark of 19.3% by 0.2%. SSGA's benchmark is the FTSE All-Share Index.
- Henderson Global Investors Ltd:** £26m is invested with Henderson; the assets are invested in the UK Equity High Alpha Fund which has a more active style. Henderson's benchmark is the FTSE All-Share Index and the target is to outperform the benchmark by 3% p.a. over rolling 3 year periods. Over the year Henderson returned 18.9%, underperforming the benchmark of 19.3% by 0.4%.

Following a review of the Scheme's investments it was agreed to terminate the investment with Henderson Global Investors Ltd with effect from 16 August 2010 and place the proceeds with State Street in their passive UK Equity Index Fund and with Majedie in their actively managed UK Service Fund.