

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

REGISTERED NUMBER. 101147703
YEAR ENDED 31 MARCH 2022

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

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CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE AND ADVISERS

TRUSTEE

Cambridge Colleges Superannuation
Trustees Ltd

Employer nominated Directors:

Prof R Ellison
Mrs S Clayson
Dr J Wells
Mr P Warren (resigned 30 June 2021)
Mr M Ahmad
Mrs J Livingstone

Member nominated Directors:

Mr B Clarke
Mrs C James
Mr C Austin

SECRETARY AND ADMINISTRATOR

Mrs S E Curryer

INVESTMENT CONSULTANTS

Redington Limited

SCHEME ACTUARY

Mr R Sweet
Cartwrights Consulting

INDEPENDENT AUDITORS

Ensors Accountants LLP

LEGAL ADVISORS

Mills & Reeve LLP

PRINCIPAL EMPLOYERS

Full list of the colleges can be found on page 33.

BANKERS

Barclays Bank plc

INVESTMENT MANAGERS AND ADVISORS

Schroders Investment Management

INSURED BENEFITS ADVISORS

Becketts

INVESTMENT CUSTODIANS

Chase Nominees Limited

ENQUIRIES

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT For the year ended 31 March 2022

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 2022. The accounts have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

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

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

The Company Secretary and Scheme Administrator throughout the year was:

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

Email: pensionsonline@admin.cam.ac.uk

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

Financial Development of the Scheme

The Fund's net assets increased during the year by £26.25m to £281.95m at 31 March 2022.

The deficit for year in dealings with members was £1.93m.

The overall capital value of the Scheme's investments, including cash at the Investment Managers, increased by £24.74m. Further details of the financial development of the Fund may be found in the audited financial statements on pages 19 to 30 of this report.

Scheme Registration

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

Membership Statistics

| Active Members | | |
|--|----|-------------------|
| Active members at 1 April 2021 | | 634 |
| New members during year | | 24 |
| | | <hr/> 658 |
| Less: | | |
| Leavers before retirement age (excluding death in service) | 11 | |
| Retired during the year | 24 | |
| Died in service | 1 | |
| Transfer out | - | |
| To deferred | 54 | |
| | | <hr/> 90 |
| Active members at 31 March 2022 | | <u>568</u> |

| Pensioners | | |
|---|----|--------------------|
| Pensions in payment at 1 April 2021 | | 1470 |
| Retirements during year | 24 | |
| New child pensions | - | |
| Deferred pensioners retired during year | 34 | |
| Widow/ers of pensioners | 14 | |
| | | <hr/> 72 |
| Pensioners dying during year | 60 | |
| Fully Commuted | 1 | |
| | | <hr/> 61 |
| Pensions in payment at 31 March 2022 | | <u>1481</u> |

| Deferred Members | | |
|-----------------------------------|----|-------------------|
| Deferred members at 1 April 2021 | | 836 |
| Adjustment for late notification | | -1 |
| Active members to deferred | | 54 |
| | | <hr/> 889 |
| Deferred retirements | 34 | |
| Pension fully commuted | 1 | |
| Deferred transferred out | 2 | |
| Death in deferred | 2 | |
| | | <hr/> 39 |
| Deferred members at 31 March 2022 | | <u>850</u> |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

Pension Increases

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

| Increase | Date |
|-----------------|-----------------|
| 3.0% | 1 November 2021 |
| 3.0% | 1 November 2020 |
| 3.0% | 1 November 2019 |
| 3.3% | 1 November 2018 |
| 3.9% | 1 November 2017 |
| 2.0% | 1 November 2016 |
| 0.8% | 1 November 2015 |
| 2.3% | 1 November 2014 |
| 3.2% | 1 November 2013 |
| 2.6% | 1 November 2012 |
| 5.6% | 1 November 2011 |

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

Actuarial Position and Contributions

The formal actuarial certificate required by statute to be included in this Annual Report appears on page 34. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on pages 35 - 37, 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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

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 |
| 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 2022, there were no employer related investments as defined in Section 40 of the Pensions Act 1995.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

TRUSTEE'S REPORT (continued) For the year ended 31 March 2022

Report of the Investments Sub Committee for the year ended 31 March 2022

The Committee has set its main target as 100% funding on a Technical Provisions basis (TP). The Technical Provisions basis is currently set at Gilts + 2.0%. As at 31st March 2022 the Scheme was 98.7% funded on the Technical Provision basis.

Given the strategic changes made to the Scheme in 2019, the past 12 months were relatively quiet with the final part of the restructuring completed in the first quarter of 2022 when the investment of 2.1% of the portfolio was made in the renewable asset class by investing into the Aviva Infrastructure Income Fund. In Q3 2021 the Scheme fully disinvested from Artemis Global Emerging Markets Fund and allocated the proceeds to the GQG Emerging Markets Equity Fund. Aside from these, the only other changes made to the portfolio was that the holding in the Blackrock Global Equity fund was topped up and there were net flows of approximately £3m transferred from the LDI portfolio into the growth portfolio over the 12 months.

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

The Scheme's total return for the year including hedging assets was 10.9%.

Mr Tim Harvey-Samuel - Chair, Investment Committee June 2022

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

INVESTMENT REPORT For the year ended 31 March 2022

Schroders Investment Review for the year to 31 March 2022

Market Review

Returns from the Scheme's growth asset portfolio were positive over the year increasing by 8.4%.

Global equities performed strongly at the start of the period, supported by the accelerating roll-out of Covid-19 vaccines. Government bond yields saw divergent performance. US 10-year yields fell (meaning prices rose) while yields rose in Europe. Corporate bonds outperformed government bonds.

The third quarter of 2021 saw a divergence in global equity markets, with developed markets largely flat and emerging market shares underperforming amid a sell-off in China. This was triggered by concerns over the ability of Chinese property company Evergrande to service its debts. The Evergrande situation sparked global investor concerns over potential spill over risks.

Global share prices were stronger in the final months of 2021 as investors focused on economic resilience and corporate earnings. In bond markets, government bonds outperformed corporate bonds. Markets began to price in a faster pace of interest rate rises in the US. Commodities also saw a positive return as industrial metals gained.

Russia's invasion of Ukraine in late February caused a global shock. The grave human implications fed through into markets, with equities declining and bond yields rising (meaning prices fell). Commodity prices soared given Russia is a key producer of several important commodities including oil, gas, and wheat. This contributed to a further surge in inflation as well as supply chain disruption. Elsewhere, Chinese equities were negatively affected by renewed Covid-19 outbreaks, leading to new lockdowns in some major cities.

In Fixed Income, the period saw a continued post-pandemic strong economic rebound, with countries easing lockdown measures. This supported markets with large-scale monetary support remaining in place. At the same time, there was the continued threat from Covid-19 with the emergence of two new variants.

Central banks remained accommodative and willing to look through inflation for much of the period, but turned more hawkish later in 2021 as inflationary pressures rose. The beginning of war in Ukraine saw bonds briefly benefit from a move into safer haven assets, but this proved short-lived given the impact of the conflict has been to exacerbate supply chain disruption and inflation.

Given this backdrop, bond yields rose sharply in Q1 2022. The Federal Reserve (Fed) began tapering asset purchases and raised rates in March. Its rhetoric turned markedly more hawkish leading investors to price-in a rapid series of further hikes for 2022.

The Bank of England (BoE) hiked in December and again in February even amid concerns over rising cost of living pressures on consumers. On the same day the BoE hiked in February, European Central Bank (ECB) also appeared to pivot to a more hawkish stance by no longer ruling out rate hikes in 2022. The ECB also confirmed a faster reduction in their asset purchase programme.

The US 10-year yield increased from 1.74% to 2.35% over the period. The move higher all occurred in Q1 2022. The shift in expectations around monetary policy precipitated a much larger sell-off in shorter-date government bonds. The US 2-year yield increased from 0.16% to 2.33%.

The UK 10-year yield rose from 0.85% to 1.61% and the 2-year yield from 0.10% to 1.36%.

In Europe, Germany's 10-year yield increased from -0.29% to 0.55% and its 2-year yield, from -0.69% to -0.07%. Italian yields were impacted by concerns over tightening, with the 10-year rising from 0.67% to 2.04%.

Global investment grade corporate bonds produced negative total returns (local currency), and underperformed government bonds (Source: ICE Data Indices). High yield (HY) credit outperformed investment grade largely due to income return, while the US HY energy sector performed well.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

INVESTMENT REPORT (continued) For the year ended 31 March 2022

Fund Performance

The Scheme's total return for the year including hedging assets was 10.9%. The Scheme's growth portfolio returned 8.4%.

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 | 10.9 | 10.9 | -3.3 | -3.3 |
| 2 Years rolling | 13.7 | 29.3 | 12.2 | 25.8 |
| 3 Years rolling | 8.2 | 26.6 | 6.1 | 19.4 |
| 5 Years rolling | 7.0 | 40.0 | 5.9 | 33.5 |
| Since Inception | 7.5 | 234.5 | 7.4 | 231.6 |

Investment Approach

The Scheme's LDI strategy is to hedge to the value of 93.5% of the Scheme assets. The funding level improved over the year (from 88.4% to 98.7% on the Technical Provisional basis) as the portfolio's assets increased 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

Given the strategic changes made to the Scheme in 2019, the past 12 months were relatively quiet with the final part of the restructuring completed in the first quarter of 2022 when the investment of 2.1% of the portfolio was made in the renewable asset class by investing into the Aviva Infrastructure Income Fund. In Q3 2021 the Scheme fully disinvested from Artemis Global Emerging Markets Fund and allocated the proceeds to the GQG Emerging Markets Equity Fund.

Aside from these, the only other changes made to the portfolio was that the holding in the Blackrock Global Equity fund was topped up and there were net flows of approximately £3m transferred from the LDI portfolio into the growth portfolio over the 12 months.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

INVESTMENT REPORT (continued) For the year ended 31 March 2022

Asset Allocation

| Asset Class | Fund 31.03.21 % | Fund 31.03.22 % |
|------------------------------------|--------------------|--------------------|
| Liquid Growth | 48.4 | 51.5 |
| Artemis Emerging Markets | 6.8 | 6.2 |
| IPP and HICL Infrastructure Equity | 5.1 | 5.7 |
| RLAM Corporate Bonds | 5.0 | 4.4 |
| BlackRock Passive DM Equity | 31.5 | 35.2 |
| Illiquid Growth | 15.9 | 17.0 |
| AXA Long Lease Property | 5.8 | 5.8 |
| Schroder Real Estate | 4.9 | 5.3 |
| Schroder Private Equity | 2.3 | 2.0 |
| Highbridge Direct Lending | 2.8 | 1.8 |
| Securis Insurance Linked | 0.1 | 0.0 |
| Aviva Renewables | - | 2.1 |
| Cash | 0.4 | 0.1 |
| LDI Funds | 18.3 | 18.7 |
| Absolute Return Bonds | 17.0 | 12.8 |
| Total | 100.0 | 100.0 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

STATEMENT OF TRUSTEE'S RESPONSIBILITIES For the year ended 31 March 2022

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 27 July 2022 and signed on their behalf by:

Prof R Ellison:

 775FA65EAABFA82.....

Mrs S Clayson:

 E26064DB031B422.....

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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 2022 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 2022, 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, we are 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 is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 15, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

This included;

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

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

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

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

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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.



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Ensors Accountants LLP
Chartered Accountants
& Statutory Auditors
IPSWICH

Date: 28/07/2022

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 | 2021 |
|---|-------|-------------|-------------|
| | | £ | £ |
| Contributions and benefits | | | |
| Employer contributions | | 7,902,087 | 7,293,661 |
| Employee contributions | | 1,044,816 | 1,084,176 |
| Total contributions | 3 | 8,946,903 | 8,377,837 |
| Other Income | 4 | 485,694 | 490,037 |
| | | 9,432,597 | 8,867,874 |
| Benefits payable | 5 | 9,169,185 | 8,892,572 |
| Payments to and on account of leavers | 6 | 644,355 | 583,170 |
| Administrative expenses | 7 | 982,171 | 1,048,715 |
| Other payments | 8 | 561,934 | 622,498 |
| | | 11,357,645 | 11,146,955 |
| Net withdrawals from dealings with members | | (1,925,048) | (2,279,081) |
| Return on investments | | | |
| Investment income | 9 | 4,022,264 | 4,056,765 |
| Investment management fees | 10 | (590,751) | (557,570) |
| Change in market value | 12 | 24,741,894 | 27,580,092 |
| Net return on investments | | 28,173,407 | 31,079,287 |
| Net increase in the fund during the year | | 26,248,359 | 28,800,206 |
| Net assets of the scheme as at 1 April 2021 | | 255,705,047 | 226,904,841 |
| Net assets of the scheme as at 31 March 2022 | | 281,953,406 | 255,705,047 |

The notes on pages 21 to 30 form part of the financial statements.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

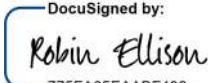
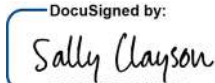
NET ASSETS STATEMENT AS AT 31 MARCH 2022

| | Notes | 2022 | 2021 |
|--|-------|--------------------|--------------------|
| | | £ | £ |
| Investments: | | | |
| Pooled investment vehicles | 13 | 281,598,610 | 253,740,782 |
| Derivatives | 14 | (147,080) | (67,668) |
| Cash | 12 | 162,256 | 1,621,866 |
| Total investments | | 281,613,786 | 255,294,980 |
| Current assets | 18 | 946,158 | 774,411 |
| Current liabilities | 19 | (606,538) | (364,344) |
| Total net assets of the scheme at 31 March 2022 | | 281,953,406 | 255,705,047 |

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 35 to 37 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 21 to 30 form part of the financial statements.

The financial statements on pages 19 to 30 were approved by the Trustee on 27th July 2022 and signed on their behalf by:

| | |
|---|--|
| <p>DocuSigned by:  Prof R Ellison:775FA65EAABF492.....</p> | <p>DocuSigned by:  Mrs S Clayson:E26064DB031B422.....</p> |
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CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

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

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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.
- (iv) Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year end date.
- (v) 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.
- (vi) All gains and losses arising on derivative contracts are reporting within 'Investment income'.
- (vii) Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Contributions

| | 2022 | 2021 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Employer: | | |
| Normal | 4,688,079 | 4,370,845 |
| Augmentation | - | 85,217 |
| Deficit funding* | 2,685,912 | 2,384,132 |
| Other | 528,096 | 453,467 |
| Members: | | |
| Normal | 998,462 | 1,030,223 |
| Additional Voluntary Contributions | 46,354 | 53,953 |
| | 8,946,903 | 8,377,837 |

* The Scheme received deficit funding contributions of £2,685,912 (2021: £2,384,132) in the year in relation to the Recovery Plan commencing 31 March 2020.

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

4. Other Income

| | 2022 | 2021 |
|-------------------------------------|---------|---------|
| | £ | £ |
| Management fee rebates | 30,200 | 13,333 |
| Income from term insurance policies | 455,494 | 476,165 |
| Pension share order fees | - | 539 |
| | 485,694 | 490,037 |

5. Benefits payable

| | 2022 | 2021 |
|---|-----------|-----------|
| | £ | £ |
| Pensions | 7,532,201 | 7,163,025 |
| Commutations and lump sum retirement benefits | 1,221,215 | 1,655,216 |
| Lump sum death benefits | 415,769 | 74,331 |
| | 9,169,185 | 8,892,572 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME
YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Payments to and on account of leavers

| | 2022 | 2021 |
|---|---------------|---------------|
| | £ | £ |
| Refunds of contributions in respect of non-vested leavers | 3,736 | 5,157 |
| Tax on refunds of contributions | 3,293 | 1,898 |
| Individual transfers out | 637,326 | 576,115 |
| | <hr/> 644,355 | <hr/> 583,170 |

7. Administrative expenses

| | 2022 | 2021 |
|-------------------------------|---------------|-----------------|
| | £ | £ |
| Administration and processing | 15,166 | 12,638 |
| PPF Levy | 175,297 | 284,552 |
| Actuarial fees | 271,205 | 346,844 |
| Audit fees | 13,318 | 12,234 |
| Staff costs | 200,009 | 214,057 |
| Investment consultants | 188,208 | 144,478 |
| Other professional fees | 118,968 | 33,912 |
| | <hr/> 982,171 | <hr/> 1,048,715 |

8. Other payments

| | 2022 | 2021 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Premiums for insured benefits | 561,934 | 622,498 |
| | <hr/> 561,934 | <hr/> 622,498 |

9. Investment income

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | £ | £ |
| Income from pooled investment vehicles | 4,206,060 | 2,821,641 |
| Net income/(expenses) from derivative contracts | (184,077) | 1,234,917 |
| Interest on cash deposits | 281 | 207 |
| | <hr/> 4,022,264 | <hr/> 4,056,765 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investment management expenses

| | 2022 | 2021 |
|-----------------|---------|---------|
| | £ | £ |
| Management fees | 590,751 | 557,570 |
| | 590,751 | 557,570 |

11. Tax

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

12. Reconciliation of net investments

| | Value as at 1 April 2021 £ | Purchases £ | Sales £ | Change in Market Value £ | Value as at 31 March 2022 £ |
|----------------------------|-------------------------------------|----------------|---------------|-----------------------------------|--------------------------------------|
| Pooled investment vehicles | 253,740,782 | 152,802,989 | (149,766,467) | 24,821,306 | 281,598,610 |
| Derivatives | (67,668) | 24,538,862 | (24,538,862) | (79,412) | (147,080) |
| | 253,673,114 | 177,341,851 | (174,305,329) | 24,741,894 | 281,451,530 |
| Cash deposits | 1,621,866 | 153,336,153 | (154,795,763) | - | 162,256 |
| Net investment assets | 255,294,980 | 330,678,004 | (329,101,092) | 24,741,894 | 281,613,786 |

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Pooled Investment Vehicles (PIVs)

The holdings of PIVs are analysed below:

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| | £ | £ |
| Equity funds | 149,456,165 | 124,401,197 |
| Fixed Income funds | 91,959,667 | 91,775,950 |
| Property unit trusts | 30,777,349 | 26,844,271 |
| Unit trusts | 9,405,429 | 10,719,364 |
| | 281,598,610 | 253,740,782 |

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:

| | 2022 | 2022 | 2021 | 2021 |
|-----------------------------------|--------|-------------|--------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| | £ | £ | £ | £ |
| Forward foreign exchange contacts | - | (147,080) | - | (67,668) |
| | - | (147,080) | - | (67,668) |

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 | 6,677,312 | (4,925,843) | - | (147,080) |
| Total 2022 | | | | | (147,080) |
| Total 2021 | | | | | (67,668) |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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 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 |
| At 31 March 2021 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
| Pooled investment vehicles | 16,758,030 | 196,910,952 | 40,071,800 | 253,740,782 |
| Derivatives | - | (67,668) | - | (67,668) |
| Cash | 1,621,866 | - | - | 1,621,866 |
| | 18,379,896 | 196,843,284 | 40,071,800 | 255,294,980 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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:

| | 2022 | | 2021 | |
|---|------------|------|------------|------|
| | £ | % | £ | % |
| Blackrock Aquila Life Msci Wor Npv | 98,986,668 | 35.2 | 80,725,976 | 31.6 |
| Pimco Funds Global Investors Series Global Libor Plus Bd Gbp Instl Acc Hdg | 36,157,199 | 12.8 | 43,507,566 | 17.0 |
| Gqg Partners Em Mkt Eq-Sgbpa | 17,352,937 | 6.2 | 17,382,823 | 6.8 |
| Axa Uk Long Lease Property Fund | 16,369,208 | 5.8 | 14,671,043 | 5.7 |
| Schroder Uk Real Estate Fund Gbp I Income (Gross) | 14,408,141 | 5.1 | 12,793,104 | 5.0 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME

YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Current Assets

| | 2022 | 2021 |
|------------------------------|---------|---------|
| | £ | £ |
| Due from sponsoring employer | 160,219 | 196,752 |
| Accrued investment income | 196,955 | - |
| Cash at bank | 588,984 | 577,659 |
| | 946,158 | 774,411 |

Contributions due to the Scheme relate to the month of March 2022. 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

| | 2022 | 2021 |
|-------------------------|---------|---------|
| | £ | £ |
| Unpaid benefits | 75,885 | 125,287 |
| Accrued expenses | 222,028 | 172,404 |
| Investment manager fees | 232,029 | - |
| HMRC | 76,596 | 66,653 |
| | 606,538 | 364,344 |

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 2022 (2021: nil).

22. Employer-related investments

There were no employer-related investments during the year.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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 2022 which is set out on pages 32-33.

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: 28/07/2022

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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 2022

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 2022. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 March 2022, the contributions payable to the Scheme by the employer were as follows:

Contributions payable under the schedule of contributions

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Contributions from employers: | | |
| Normal contributions | 4,688,079 | 4,370,845 |
| Deficit funding contributions | 2,685,912 | 2,384,132 |
| Administrative contributions | 528,096 | 453,467 |
| Contributions from members: | | |
| Normal contributions | 998,462 | 1,030,223 |
| | 8,900,549 | 8,238,667 |
| Other contributions payable | | |
| Augmentation contributions | - | 85,217 |
| Members' additional voluntary contributions | 46,354 | 53,953 |
| Total contributions reported in the financial statements | 8,946,903 | 8,377,837 |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

SUMMARY OF CONTRIBUTIONS (continued)

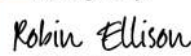
During the year ended 31 March 2022, the deficit funding contributions payable to the Scheme by the employers were as follows:

| College | Total paid during the year £ | Payment frequency |
|------------------|------------------------------|-------------------|
| Christ's | 207,803 | Monthly |
| Churchill | - | n/a |
| Clare Hall | 10,411 | Monthly |
| Corpus Christi | - | n/a |
| Darwin | 57,541 | Monthly |
| Downing | 39,105 | Monthly |
| Emmanuel | 70,759 | Monthly |
| Girton | 212,320 | Monthly |
| Gonville & Caius | 140,565 | Monthly |
| Hughes Hall | 6,111 | Monthly |
| King's | 45,592 | Monthly |
| Lucy Cavendish | 3,390 | Annually |
| Magdalene | 48,974 | Monthly |
| Murray Edwards | 62,097 | Monthly |
| Newnham | 9,244 | Monthly |
| Pembroke | 120,222 | Annually |
| Peterhouse | 79,826 | Monthly |
| Queens' | 274,247 | Monthly |
| Robinson | 235,686 | Monthly |
| St Catharine's | 121,907 | Monthly |
| St Edmund's | 7,747 | Monthly |
| St John's | 554,675 | Monthly |
| Selwyn | 99,277 | Monthly |
| Trinity Hall | 243,344 | Monthly |
| Wolfson | 35,069 | Monthly |
| Total | 2,685,912 | |

The Trustee: CAMBRIDGE COLLEGES' SUPERANNUATION TRUSTEES LTD

Date 27th July 2022

Prof R Ellison:

DocuSigned by:

 775FA65EAABF492...

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

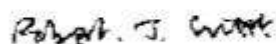
Appendix H – Actuary's Certification of the Calculation of Technical Provisions

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:



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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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

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

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

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

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

Method

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

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

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

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

Significant actuarial assumptions

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

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

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

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

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

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

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

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

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

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

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

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

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

These charges will be reviewed at each future valuation.

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022

APPENDIX 1 – IMPLEMENTATION STATEMENT



IMPLEMENTATION STATEMENT

1 April 2021 - 31 March 2022

Cambridge Colleges Federated Pension Scheme

Private and Confidential

Introduction

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

Under the regulatory requirements currently in force, the Trustee is required to produce an annual Implementation Statement setting out how the policies described in the Scheme's Statement of Investment Principles ("the SIP") have been followed. This statement covers the period from 1st April 2021 to 31st March 2022.

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.

Trustees' policies on voting and engagement (stewardship)

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

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

The Trustee's investment consultant assesses the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee periodically 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.

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



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

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

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

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

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

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

Summary of voting over the year

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

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



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

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

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

A summary of voting by Artemis, BlackRock and GQG on behalf of the Scheme is provided in the table below. Please note that the Scheme fully disinvested from the Artemis Global Emerging Markets Fund in September 2021 and invested the proceeds in the GQG Emerging Markets Equity Fund. The voting data below will cover the relevant periods that the Scheme was invested in each fund.

| | Artemis Global Emerging Markets Fund | GQG Emerging Markets Equity Fund | BlackRock Aquila Life MSCI World Fund |
|--|--|-------------------------------------|---|
| Relevant period for voting data | Apr 2021 – Sep 2021 | Sept 2021 – Mar 2022 | 1 Apr 2021 – 31 Mar 2022 |
| Value of Trustee's assets (as at 31 March 2022) | 0 | £17.4m | £99.6m |
| How many meetings were you eligible to vote at? | 107 | 39 | 958 |
| How many resolutions were you eligible to vote on? | 1,182 | 210 | 13,045 |
| What % of resolutions did you vote on for which you were eligible? | 100% | 100% | 99% |
| Of the resolutions on which you voted, what % did you vote with management? | 89% | 91% | 91% |
| Of the resolutions on which you voted, what % did you vote against management? | 10% | 9% | 8% |
| Of the resolutions on which you voted, what % did you abstain from? | 0%* | 0% | 0%* |
| In what % of meetings, for which you did vote, did | 56% | 15% | 38% |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



| | | | |
|--|---|--|--|
| you vote at least once against management? | | | |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Artemis has its own proxy policy. Voting decisions are made by the fund managers, informed by their knowledge of the company concerned, Artemis' voting policy and input from Institutional Shareholder Services' (ISS) which facilitates the implementation of their policy. | GQG has engaged Institutional Shareholder Services (ISS) to manage and coordinate proxy voting processes for the firm. GQG subscribe to its "Sustainability" policy, which is a standard policy, but not the standard base policy. | BlackRock uses ISS electronic platform to execute vote instructions and manage client accounts in relation to voting. BlackRock takes a case-by-case approach to the items put to a shareholder vote. The analysis is informed by internally developed proxy voting guidelines, pre-vote engagements, research, and the situational factors at a particular company. |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable) | 0% | 0% | 0% |

* 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.

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

In the following tables we show the 'most significant' votes for Artemis over the period **(April 2021 – September 2021)**:

| | |
|-----------------|---|
| Company: | China Suntien Green Energy Corporation Limited |
| Date: | 14 May 2021 |
| Resolutions: | Approve Estimated Connected Transactions |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST this proposal is warranted because the proposed related-party transactions include financial services with the group finance company, which may expose the company to unnecessary risks. |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



| | |
|-----------------|---|
| Company: | China Suntien Green Energy Corporation Limited |
| Date: | 14 May 2021 |
| Resolutions: | Approve Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights |
| Vote | <u>Against</u> |
| Rationale: | <p>A vote AGAINST this resolution is warranted for the following:</p> <ul style="list-style-type: none"> - The share issuance limit is greater than 10 percent of the relevant class of shares. - The company has not specified the discount limit. |

| | |
|-----------------|--|
| Company: | Sinotrans Limited |
| Date: | 10 Jun 2021 |
| Resolutions: | Approve Estimated Guarantees of the Company |
| Vote | <u>Against</u> |
| Rationale: | <p>A vote AGAINST this resolution is warranted since the company will be taking in a disproportionate amount of risk relative to its ownership stake without compelling justification.</p> |

| | |
|-----------------|---|
| Company: | Sinotrans Limited |
| Date: | 10 Jun 2021 |
| Resolutions: | Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights |
| Vote | <u>Against</u> |
| Rationale: | <p>A vote AGAINST this resolution is warranted for the following:</p> <ul style="list-style-type: none"> - The share issuance limit is greater than 10 percent of the relevant class of shares. - The company has not specified the discount limit. |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



| | |
|-----------------|--|
| Company: | Sinotrans Limited |
| Date: | 10 Jun 2021 |
| Resolutions: | Elect Jerry Hsu as Director |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST is warranted as the director's attendance has been unsatisfactory over the last two years without a reasonable explanation. |

In the following tables we show the 'most significant' votes for GQG over the period **(September 2021 – March 2022)**:

| | |
|-----------------|---|
| Company: | Eregli Demir ve Celik Fabrikalari TAS |
| Date: | 17 March 2022 |
| Resolutions: | Approve director remuneration |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST is warranted as the company did not disclose the proposed board fees, which prevents shareholders from making an informed voting decision. |

| | |
|-----------------|--|
| Company: | Eregli Demir ve Celik Fabrikalari TAS |
| Date: | 17 March 2022 |
| Resolutions: | Ratify external auditors |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST is warranted because the name of the proposed auditor is not disclosed. |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



| | |
|-----------------|---|
| Company: | Eregli Demir ve Celik Fabrikalari TAS |
| Date: | 17 March 2022 |
| Resolutions: | Amend Article 7 Re: Capital Related |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST this proposal is warranted because it empowers the board to issue shares up to 100 percent of the issued share capital without pre-emptive rights. |

| | |
|-----------------|---|
| Company: | Eregli Demir ve Celik Fabrikalari TAS |
| Date: | 17 March 2022 |
| Resolutions: | Approve Upper Limit of Donations for 2022 and Receive Information on Donations Made in 2021 |
| Vote | <u>Against</u> |
| Rationale: | This item warrants a vote AGAINST due to a lack of disclosure on the resolution. |

| | |
|-----------------|---|
| Company: | Kweichow Moutai Co., Ltd. |
| Date: | 29 September 2021 |
| Resolutions: | Approve Transaction with a Related Party |
| Vote | <u>Against</u> |
| Rationale: | A vote AGAINST is warranted since: The proposed financial service agreement with the group finance company may expose the company to unnecessary risks. There are inherent risks associated with the financial services to be provided under this proposal. |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



In the following tables we show the 'most significant' votes for BlackRock over the period **(1 April 2021 – 31 March 2022)**:

| | |
|-----------------|--|
| Company: | Jardine Strategic Holdings Ltd. |
| Date: | 12 Apr 2021 |
| Resolutions: | Approve the Amalgamation Agreement |
| Vote | <u>Against</u> |
| Rationale: | This operation is not in the interest of shareholders. |

| | |
|-----------------|---|
| Company: | Woodside Petroleum Ltd. |
| Date: | 15 Apr 2021 |
| Resolutions: | Approve Capital Protection |
| Vote | <u>Against</u> |
| Rationale: | The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. |

| | |
|-----------------|--|
| Company: | Woodside Petroleum Ltd. |
| Date: | 15 Apr 2021 |
| Resolutions: | Approve the Amendments to the Company's Constitution Proposed by Market Forces |
| Vote | <u>Against</u> |
| Rationale: | Shareholder proposals best facilitated through regulatory changes. |

CAMBRIDGE COLLEGES' FEDERATED PENSION SCHEME YEAR ENDED 31 MARCH 2022



| | |
|-----------------|--|
| Company: | Woodside Petroleum Ltd. |
| Date: | 15 Apr 2021 |
| Resolutions: | Elect Christopher Haynes as Director |
| Vote | <u>Against</u> |
| Rationale: | The Company does not meet our expectations of having adequate climate risk disclosures against all 4 pillars of TCFD. The Company does not meet our expectations of having adequate Scope 3 metrics and targets. |

| | |
|-----------------|--|
| Company: | Canadian Pacific Railway Limited |
| Date: | 21 Apr 2021 |
| Resolutions: | SP: Hold an Annual Non-Binding Advisory Vote on Climate Change |
| Vote | <u>For</u> |
| Rationale: | We are supportive of the company's efforts to date with respect to this material climate issue and believe that voting in favor may accelerate the company's progress. |