Contributory Pension Fund Annual Report & Accounts

for the year ended 31st December 2020

Cambridge University Press

Contents

Trustee report

Introduction

The Trustee presents its annual report on the Cambridge University Press Contributory Pension Fund, (the "Fund"), together with the investment report, actuary's statements, auditor's report and statements and audited financial accounts for the year ended 31 December 2020.

Nature of the Fund

The Fund is a defined benefit Fund which provides retirement and death benefits for eligible permanent employees of the Press (as defined below) and (up until its cessation of participation on 29 June 2012) Cambridge Printing Services Ltd.

The principal employer of the Fund (and now the sole participating and statutory employer) is the Chancellor, Masters and Scholars of the University of Cambridge. The Syndicate of the Press of the University of Cambridge (the "Press") acts on behalf of the University in relation to the Fund.

The Fund was established under irrevocable trusts with effect from 12 March 1930, and governed during 2019 by rules adopted on 21 April 2011, as subsequently amended (the "Rules"). To the extent that these Rules formally document the benefit structure for Cambridge Printing Services Ltd members for the first time, the Rules have backdated effect (so far as is lawful) from 1 September 2007.

IMPORTANT: This report gives a broad summary of the position in relation to the Fund. The legal position, including benefit entitlements for members, is governed by legislation and the formal governing documents for the Fund (including the Rules mentioned above). If there is any discrepancy between this report and either legislation or the formal governing documents then the legislation and the formal governing documents will prevail. No benefit entitlement arises from this report and no member should rely on this report to take any decision about their benefits.

The Fund is registered with HM Revenue and Customs as a registered pension Fund for the purposes of Chapter 2 Part IV of the Finance Act 2004.

A contracting-out certificate, effective from 1 July 1988, was issued to the Fund. The employer's scheme number (ECON) is E3027876C. The scheme number (SCON) is S4003727Q. The Fund ceased to contract out on 5 April 2016.

Additional Voluntary Contributions ("AVCs") paid by members do not secure additional pensionable service under the Fund. Contributions are invested with the Prudential Assurance Society in the name of the individual contributor, and contributors receive an annual benefit statement. When an AVC Fund generated by such contributions reaches maturity on the retirement or death of the member, it may be used to provide either an additional pension or a cash sum, or a combination of both.

Management of the Fund

The Fund is managed by a Trustee company called Press CPF Limited.

Under the Trustee's articles of association, the Press has the power to remove from or appoint any director of the Trustee to their office, subject to the requirements of the Pensions Act 2004 (which requires arrangements to be put in place allowing for at least one-third of the total number of directors of the Trustee Company to be nominated by members of the Fund).

The following list shows the names of the Trustee Directors who served during the year. The list is split between Press nominated and member nominated.

Name of Trustee Director:	Press/member nominated:	Date term expires:
Simon Baynes Limited represented by Simon Baynes	Press	10/06/2020
Capital Cranfield Pension Trustees Limited represented by William Medlicott (from 11/06/2020)	Press	
Catherine Armor	Press	
John Haslam	Press	
Stanley Webster	Press	
Roger Astley	Member nominated	06/03/2024
Fiona Kelly	Member nominated	23/10/2023

Changes in rules

There were no changes to the rules during 2020.

Trustee meetings

Trustee meetings are normally held quarterly.

The Trustee of the SSPS, together with the trustee of the CPF, also meet jointly.

Terms of reference for the management of joint meetings and decision-making processes were signed on 17 February 2015, which make clear that all decisions in relation to investment for the CPF are made solely by Trustee of the CPF.

Trustee responsibilities

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 Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in 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 Statement of Recommended Practice ''Financial Reports of Pension Schemes''.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments 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 Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund 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 Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Advisers and service providers

Name	Advice/service provided
Mr Keith Williams FIA, First Actuarial LLP	Actuarial
Crowe U.K. LLP	Auditing of accounts
Barclays Bank PLC	Banking
Addleshaw Goddard LLP	Legal
Barnett Waddingham LLP	Investment Fund advice
Baillie Gifford Life Ltd	Fund management
Barings Investment Management Ltd	Fund management
Legal & General Investment Management	Fund management
CBRE	Fund management
Hermes	Fund management
Apollo	Fund management

Scheme administration

The day-to-day administration of the Scheme was provided throughout 2020 by the University of Cambridge Pensions Office led by Sue Curryer, Head of Pensions Administration. Mr Kevin Taylor remained as Scheme Administrator, responsible for organising Trustee meetings and managing liaison between Trustee, Press, University and advisers.

The contact address for general and benefit enquiries is: University of Cambridge Pensions Office, Greenwich House, Madingley Road, Cambridge CB3 0TX; Email address: pensionsonline@admin.cam.ac.uk

Transfer values

Transfer values are accepted at the discretion of the Trustee for contributing members and are applied to awarding additional pensionable service.

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by regulations issued under the Pension Schemes Act 1993. There are no discretionary benefits included in cash equivalent transfer values. A revised basis for calculating transfer values was adopted on 7 March 2017 following recommendations from the Fund actuary following the completion of the triennial valuation.

Increases in pension benefits

The Rules make provision for increases in pensions in payment and deferred pensions. Both pensions in payment and deferred pensions (excluding any benefits accrued under the Printing section post 1 September 2007) were increased from 1 January 2020 by a 3% increase, as the actual increase in the Retail Price Index for the period October 2018 to October 2019 was 2.2%. Any proportion of pension accrued under the Printing section post 1 September 2007 was increased by 1.3%. These increases were made in accordance with the Rules.

Financial development of the Scheme

The audited financial accounts on pages 24 to 31 of this report show that the value of the Scheme's assets increased by £1.5 million to £164.4 million. The increase was comprised of investment gains of £6.0 million, less net outgoings from dealing with members of £4.4 million. These accounts have been prepared and audited in accordance with regulations made under s41(1) and (6) of the Pensions Act 1995. The Trustee's responsibilities in relation to the financial accounts are set out on page 3.

The Fund, like other pension Funds, is mainly concerned with long-term results. Short-term movements in capital values, up or down, are of limited relevance, when considering pension liabilities many years ahead. On a longer-term view of the past three years, the return on the Scheme's assets has exceeded both prices and earnings inflation.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Fund's investments and considers them to be appropriate relative to the reasons for holding each class of investment.

The remaining investments (approx.0.9%) are with Prudential (Members' Funds) and interest- bearing deposits. No part of the PIVs are invested in Cambridge University Press or the University of Cambridge.

Actuarial position

The most recent triennial actuarial valuation was carried out as at 1 January 2019 in a report dated 5 February 2020. The results of the valuation showed that the market value of the assets at £144.1m was equal to 95% of the technical provisions of £152.3m and consequently a new recovery plan was agreed with the Employer to address the deficit of £8.2m. The Trustee agreed a revised Schedule of Contributions on 11 December 2019 (see pages 15, 16 and 17) with the Press, which includes contributions in respect of continuing accrual. In addition, the Press continues to pay all Fund administration costs and PPF levies.

The Fund Actuary's valuation report indicated that at 1 January 2019 the assets of the Fund should be sufficient to support approximately 53% of its liabilities if it became necessary to buy out members' benefits with an insurer, in the event of the Fund winding-up. The valuation for Pension Protection Fund (the "PPF") purposes (pursuant to section 179 of Pensions Act 2004) showed a funding level of 79%. This means that as at the valuation date of 1 January 2019 the assets of the Fund would not have been sufficient, if the Fund were to be wound up in circumstances where the University was unable to make good the full funding shortfall, to provide benefits whose value exceeds the PPF levels of compensation.

Further information about the significant actuarial assumptions made, and the method used, to calculate the actuarial valuations can be found in the Report on Actuarial Liabilities on page 15.

During 2020 the Press paid deficit funding contributions of £108,333 per month totalling £1,300,000 in accordance with the Schedule of Contributions certified by the Fund Actuary on 11 December 2019.

Investment objectives and strategies

The Trustee's main investment objectives are:

- That the Fund should be able to meet benefit payments as they fall due, by maintaining an adequate level of Funding for members' benefits. The benefit payments payable are defined by the Fund's Trust Deed and Rules. The Fund's assets are held by the Trustee for this purpose.
- That the Fund's funding position (i.e. value of its assets relative to the assessed value of its liabilities) should remain at an appropriate level.

The Trustee is aware that there are various measures of funding and have given due weight to those considered most relevant to the Fund. In particular, the Trustee has taken into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005 and subsequent amendments.

The Cambridge University Press Joint Trustee boards have taken advice on the suitability of both the Senior Staff Pension Scheme ("SSPS") and the Funds' investments in light of the liability profiles of both schemes.

The Fund's assets are invested in pooled Funds managed by the Fund's investment managers.

At the year end, the Fund invests primarily in the following asset classes: equities, diversified growth Funds ("DGFs"), multi asset credit, and UK property. The Trustee Boards believe that by diversifying appropriately across both asset classes and investment managers, the risk from individual securities is minimised. The majority of the funds that the Fund invests in deal on a daily or weekly basis.

Safekeeping of the physical assets underlying the pooled funds is performed by the custodians appointed by the investment managers.

The Fund does not invest in any employer-related investments.

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, as amended by the Pensions Act 2004. A statement has been prepared in accordance with these regulations, approved by the Trustee having taken appropriate advice and consulting the Employer. A copy of the statement may be obtained from the Secretary to the Trustee at the administration office and is also available publicly online:

https://www.pensions.admin.cam.ac.uk/cup/statement-investment-principles

The Trustee aims to be a responsible investor in a manner which is consistent with its investment objectives and legal duties, believing this approach to protect and to enhance the value of the Scheme's assets. The Trustee therefore expects its investment managers to integrate material extra-financial factors (such as corporate, environmental, social, governance and ethical considerations) into the selection, retention and realisation of the Scheme's investments;

- to give appropriate weight to such extra-financial factors in the monitoring of the policies and practices of current and potential investee companies;
- to follow good practice themselves;
- to encourage good practice in investee companies, including where feasible by the exercise of voting rights attaching to the Scheme's investments;
- to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed;
- to choose the investment which seems best to reflect material extra-financial factors if there is a choice to be made between two or more investments with identical financial properties.

Environmental, Social and Governance ("ESG")

The Trustee believes that Environmental, Social and Governance ("ESG") factors are financially material - that is, they have the potential to impact the value of the members' investments from time-to-time.

The Trustee takes these factors into account, alongside other factors, in their decisions in relation to the selection, retention and realisation of the Fund 's investments.

Given the Fund remains open to accrual and the objective to fund future member benefits from the Fund's assets as they fall due, the Trustee has a long-term time horizon over which it takes into account the financial materiality of ESG factors (including, but not limited to, climate change). The Trustee appreciates that the method of incorporating ESG in the investment strategy and process will differ between asset classes.

The Trustee has reviewed the approach to ESG of all of the managers taking into account UNPRI scores where appropriate. The Trustee is comfortable that the funds currently invested in by the Fund are managed in accordance with their views on financially material factors. This position is monitored periodically, at least annually. As part of the monitoring process the Trustee is provided with quarterly updates on governance and engagement activities of the managers and input from the investment advisors on ESG matters. The Trustee has the opportunity to meet the managers and question them on policies.

Stewardship - voting and engagement

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and is supportive of the Code. However, the Trustee cannot usually directly influence the managers' policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the nature of these investments.

The Trustee understands that investment rights (including voting rights) will be exercised by the investment managers in line with the investment managers' general policies on corporate governance, which reflect the recommendations of the Code, and which are provided to the Trustee from time to time, taking into account the financial interests of the beneficiaries. The Trustee also expects managers to engage with companies in relation to ESG matters. The Trustee is comfortable with the fund managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximise shareholder value as a long-term investor. The Trustee does not undertake engagement activities itself.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from their Investment Consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

Policy for taking into account non-financial matters

The Trustee does not consider any non-financial matters when constructing the investment strategy and/or when selecting or reviewing fund managers. The Trustee does not expect their managers to consider any non-financial factors in the selection, retention and realisation of underlying holdings in the pooled funds.

Policy on arrangements with asset managers

Incentivising alignment with the Trustee’s investment policies

Prior to appointing an investment manager, the Trustee discusses the investment manager’s approach to the management of ESG and climate related risks with the Fund’s investment consultant, and how their policies are aligned with the Trustee’s own investment beliefs.

When appointing an investment manager, in addition to considering the investment manager’s investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustee also considers how ESG and climate risk are integrated into these. If the Trustee deems any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider using another manager for the mandate.

The Trustee carries out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Fund's membership and their aims, beliefs and constraints. The Trustee monitors the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that an investment manager ceases to meet the Trustee's desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment may be terminated. The investment managers have been informed of this by the Trustee.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising decisions based on assessments about medium to long term, financial and non-financial considerations

The Trustee is mindful that the impact of ESG and climate change has a long-term nature. However, the Trustee recognises that the potential for change in value as a result of ESG and climate risk may occur over a much shorter term than climate change itself. The Trustee acknowledges this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustee assesses these over a rolling timeframe. The Trustee believes the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target. In the case of assets that are actively managed, the Trustee expects this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

The Trustee expects investment managers to be voting and engaging on behalf of the Fund's holdings and the Trustee (assisted by the Trustee's investment consultants) monitors this activity and reports on these areas within the Implementation Statement in the Fund's Annual Report and Accounts. The Trustee does not expect ESG considerations to be disregarded by the investment managers in an effort to achieve any short term targets.

The Trustee does not expect their asset managers to consider or make decisions based on non-financial matters as set out in Appendix 2.

Method and time horizon for assessing performance

The Trustee monitors the performance of their investment managers over medium to long term periods that are consistent with the Trustee's investment aims, beliefs and constraints. Investment monitoring is provided to the Trustees on a quarterly basis at an individual fund and total Fund level and covering quarterly, annual and multi-year performance. Investment manager performance is monitored relative to their respective benchmarks and objectives as well as relative to peers, expectations for the mandate and the wider market. .

The Fund invests exclusively in pooled funds. The investment manager is remunerated by the Trustee based on the assets they manage on behalf of the Trustee. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less.

The Trustee believes that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue. The Trustee considers that the fee structure is consistent with their investment policies.

The Trustee asks the Fund's investment consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered annually and as part ofany review of the Statement of Investment Principles.

Portfolio turnover costs

The Trustee acknowledges that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the quarterly investment monitoring process.

During the investment manager appointment process, the Trustee may consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices. The Trustee acknowledges that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

For the open-ended pooled funds in which the Fund invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Fund's asset allocation and its ongoing alignment with the Trustee's investment beliefs is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Strategy as at 31 December 2020

At the end of 2020 the Fund's assets were invested in seven funds with six asset managers, having changed the funds held with Legal and General Asset Management ("LGIM") in November 2020. The Fund now invests in two funds with LGIM and as was the case last year, in one fund each with Baillie Gifford, Barings Asset Management ("Barings"), CBRE, Hermes Investment Management, and Apollo Global Management.

As noted above the Trustee made a change to the funds held within the LGIM equity portfolio investing broadly 50/50 in the GBP hedged and unhedged versions of the Future World Global Index Equity Fund. The funds aim to track an ESG index which has made some ESG specific exclusions and tilts relative to the traditional market capitalisation index.

CBRE convened an Extraordinary General Meeting ("EGM") on 19 March 2020 to consider the Osiris Fund Operator's recommendation that the Osiris Fund be terminated. Reasons for this included increased volume of unitholder redemption requests received, indications of expected further redemptions in 2020 and pricing and liquidity concerns in the UK indirect property market. These factors presented challenges for portfolio structure retention and thus the fair treatment of all investors (both exiting and remaining). More than 80% of units in issue voted in favour of the proposal and Osiris was therefore terminated and is proceeding with an orderly wind down. Proceeds received to date have been used to pay member benefits and the Trustee is considering the allocation to property as part of the investment strategy.

The Fund's investment strategy and broad allocation of assets as at 31 December 2020 was as in the table below.

Manager	Asset Class	Allocation	Investment Objective
LGIM	Future World Global Equity Index Fund	20%	To track the performance of the Solactive L&G ESG Global Markets Index (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three
	Future World Global Equity Index Fund – GBP hedged	20%	To track the performance of the Solactive L&G ESG Global Markets Index - GBP Hedged (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three
Baillie Gifford	Diversified Growth Fund	20%	To outperform the UK Base Rate by 3.5% p.a. after fees, over rolling five year periods
Barings	Diversified Growth Fund	15%	To outperform 3 month Sterling LIBOR by 4% p.a. after fees
CBRE	Property	6%	To out-perform the benchmark (a composite of AREF/IPD QPFI All Balanced Property Fund Index) by 0.5% p.a. gross of fees
Hermes	Multi Asset Credit	10%	To generate a high level of income by primarily investing in a diversified portfolio of credit securities including investment grade bonds, high yield bonds, credit default swaps and money market securities (including commercial bank loans) while exhibiting lower volatility relative to the global high yield market
Apollo	Multi Asset Credit	9%	To outperform LIBOR by 6-8% pa before fees (equivalent to 5.2 – 7.2% pa after fees)
	Total	**100%**	

This strategy is implemented through investments in pooled funds. The investment managers and AVC providers are authorised and regulated by the Financial Conduct Authority, the Central Bank of Ireland or U.S. Securities and Exchange Commission.

Performance to 31 December 2020

Over the course of 2020, the Fund's investment portfolio returned 3.6%. Performance over the three years to 31 December 2020 was 4.1% p.a.

The table below gives the performance of the individual funds over periods to 31 December 2020. Performance is shown after the deduction of fees with the exception of LGIM and CBRE whose performance are shown before the deduction of fees. Total LGIM equity portfolio performance as reported by the manager is shown over longer periods due to the changes in the portfolio over the year. Since inception (30 October 2020) performance for the LGIM Future World Global Equity Index Funds (unhedged and hedged) is shown for information.

LGIM	1 year (%)	3 year (% p.a.)	5 year (% p.a.)
Equity portfolio	5.9	6.1	10.4

	From inception (30 October 2020)
Future World Global Equity Index Fund Solactive L&G ESG Global Markets Index	11.3 11.2
Future World Global Equity Index Fund – GBP hedged Solactive L&G ESG Global Markets Index - GBP Hedged	15.0 15.0

Baillie Gifford	1 year (%)	3 year (% p.a.)	5 year (% p.a.)
Diversified Growth Fund Bank of England Base Rate + 3.5% pa	2.2 3.7	2.8 4.0	4.5 3.9

Barings	1 year (%)	3 year (% p.a.)	5 year (% p.a.)
Diversified Growth Fund 3 month Sterling LIBOR + 4.0% pa	3.8 4.3	2.8 4.6	4.8 4.6

CBRE	1 year (%)	3 year (% p.a.)	5 year (% p.a.)
Property AREF/IPD QPFI All Balanced Property Fund Index Composite	-5.2 -0.5	0.9 2.8	2.9 3.3

Hermes	1 year (%)	From inception (14 February 2018) (% p.a.)
Multi Asset Credit Bank of America Merrill Lynch High Yield Credit Index	3.1 5.1	3.6 5.0
Apollo	1 year (%)	From inception (1 June 2018) (% p.a.)
Multi Asset Credit LIBOR + 5.2% pa	2.6 5.7	3.7 5.9

Investment Adviser Commentary

Economic and market conditions to 31 December 2020

Economic environment

Strongly positive returns from most asset classes over the 12 months to 31 December 2020 mask an incredibly volatile, and uncertain, period for markets, during which the global economy fell into recession as a result of the COVD-19 pandemic. This was reflected in government bond yields which fell to new all-time lows in March 2020.

In January 2020, China reported an outbreak of a previously unknown virus in the city of Wuhan. The disease, named COVID-19, spread around the world in the following months, forcing governments to impose lockdowns on their own citizens. Markets took notice on 19 February, when major outbreaks were reported outside China for the first time. However, the steepest falls came in the second and third weeks of March, following the imposition of a nationwide lockdown in Italy on 9 March, the first major lockdown outside Asia. This was followed by further lockdowns across the developed world and by 23 March, markets had fallen nearly 33% peak-to-trough. By 26 March, 2.6 billion people, around a third of the global population, had been placed in lockdown. Restrictions and lockdowns would continue in some form throughout the rest of the year. Over the summer of 2020 the number of cases began to rise once more. Several new, more easily transmissible, variants of the virus behind COVID-19 also appeared during the final quarter of the year and contributed to a particularly sharp rise in cases in several countries including the UK. These pressures forced many countries to reimpose national lockdowns.

Reduced economic activity resulting from the initial restrictions has been reflected in estimates for economic growth in 2020. The IMF revised down its estimate from 3.3% in its January 2020 report to -4.4% at the end of September, despite a partial recovery during the summer months. The economic damage could be seen in US unemployment which rose to 14.7% in April 2020, the highest level since the Second World War.

As the first response, the Bank of England (BoE) and the Fed cut rates to just above zero in mid-March. The next stage was to increase or restart asset purchase programmes on a grand scale. The BoE announced £300bn, and the ECB announced €1.7 trillion, of asset purchases between March and June 2020. The Fed promised to provide "unlimited" asset purchases and included corporate bonds and high yield bonds for the first time, in line with other major central banks. Governments also increased fiscal policy support to unprecedented levels. The US committed to a fiscal stimulus worth around $4 trillion over the course of 2020. This included direct payments of $1,200 to most citizens. Other countries launched similarly large stimulus packages, in the UK the government committed to paying 80% of worker's salaries, subject to a cap, through the Job Retention Scheme. As the world entered the final quarter of 2020 policymakers were forced to provide further stimulus, including an extension of the UK Job Retention Scheme until April 2021 and a $600 direct payment to most US citizens.

The combined stimulus measures appeared to have the desired effect in financial markets. Global equities staged a remarkable comeback, rising by 63% from their trough in March to the end of the period, ending the year up by 14%. Corporate bond markets, which had seen spreads widen dramatically also responded to the intervention by policymakers. The spread on US investment grade corporate bonds fell from 4.0% at its peak on 23 March to 1.0% at 31 December 2020. The second wave of lockdowns did not have the same negative effect on markets, partially because of fiscal stimulus, but also because, on 9 November the first vaccine completed trials showing an efficacy of more than 90%. This helped markets look through the increased restrictions to an eventual end to the pandemic. Multiple vaccines eventually gained approval and the vaccine rollout began in December. By the end of the year the UK, the first country to approve a vaccine, had vaccinated nearly 800 000 people.

The final quarter of 2020 also marked the end of two long-running political sagas. On Christmas Eve, the UK and EU reached agreement on the terms of the future relationship, allowing the UK to complete the exit from the EU with a deal. As a result, sterling ended the year at its highest level since early 2018. In the US, the presidential election eventually ended with a victory for Joe Biden over Donald Trump. Moreover, the Democrats took control of both the House of Representatives and the Senate following a run-off election in Georgia.

The 12 months to 31 December 2020 saw all major central banks loosen monetary policy:

- The European Central Bank kept its main lending rate at 0.0% throughout the period. It also resumed asset purchases at a rate of €20bn per month in November 2019. However, it dramatically expanded the pace of asset purchases in March, June and December, taking its total purchases for 2020 to €2.2 trillion

- The Bank of England maintained the base rate at 0.75% until 11 March 2020 when it cut rates to 0.25% in its first emergency meeting since 2008. This was followed by a further emergency cut to 0.1% on 19 March. UK CPI continued to fall over the period, from 1.3% in December 2019 to 0.6% in December 2020. In March, June and November, the BoE announced it would purchase a total of £450 billion of government and corporate bonds.

- The Federal Reserve cut interest rates by 1.0% over the 12 months to 31 December 2020. At the end of the period the Federal Funds Rate was set within the range 0.00% to 0.25%. Throughout the period, the Fed sharply increased the size of its balance sheet through asset purchases. The Fed purchased around $3.2 trillion of assets over the 12 months to December 2020, first to provide short-term liquidity to the US financial system and then in response to the COVID-19 pandemic.

Market Performance

Against this backdrop, market returns from traditional asset classes were largely positive in absolute terms over the year to 31 December 2020.

- **Equities:** Overall, global equities produced positive total returns over the year to 31 December 2020, rising by 14.4% in local currency terms. There were stark differences in performance between geographic regions over the period. The best performing region (in local currency terms) was North America (20.1%) and worst was the UK (-9.8%). US outperformance was largely driven by growth stocks such as the, technology-related, FAANMG Stocks (Facebook, Amazon, Apple, Netflix, Microsoft and Google). In contrast the UK market is underweight technology-related stocks and overweight energy stocks which suffered as the oil price fell by 61% in the first quarter of 2020.

- **Bonds:** Over the year to 31 December 2020, UK gilt yields fell across all maturities. The net impact was a positive return (8.3%) for UK fixed interest gilts (all stocks). Inflation expectations decreased slightly across all maturities, however, the longer duration of UK index-linked gilts (all stocks) meant that they still delivered a higher return (11.0%) over the year. UK corporate bond spreads (all stocks) ended the period at broadly the same level at which they had started it, despite significant volatility in the first half of 2020 as a result of the pandemic.

- **Property:** The CBRE property fund returned -5.2%, 4.7% behind its benchmark over the year to the end of 2020, although as the fund was terminated in March 2020 the benchmark was suspended and the fund is proceeding with an orderly wind down. The MSCI UK All Property Index fell by 0.8% over the 12 months to 31 December 2020. This number is likely to overstate property performance over the year because of the illiquid nature of the asset class. The high level of uncertainty resulted in most property funds closing to redemptions as they were unable to provide an accurate valuation during the pandemic. Most funds had reopened by 30 September 2020.

- **Alternatives:** The CPF has investments in DGF's with both Barings and Baillie Gifford, who are permitted to invest in a range of asset classes, including alternative investments. The funds returned 3.8% and 2.2% over the year respectively against respective benchmark returns of 4.3% and 3.7%. It should be noted that this is a long-term target and should be considered over a suitable timeframe.

Covid 19 pandemic

On 11 March 2020, Covid-19 was declared a pandemic by the World Health Organisation. This has resulted in worldwide restrictions on travel, government fiscal stimulus and extreme financial market volatility.

The impact on the Fund is unquantifiable at this stage in relation to the effects of the principal Employer's business, future contributions and the valuation of investments.

The Trustee, in close consultation with its advisors, is keeping the situation under review.

Disputes and queries

Members of pension schemes have statutory rights to ensure that complaints, queries and problems concerning pension rights are properly resolved.

To facilitate this process, the Trustee has established an Internal Disputes Resolution Procedure which is published in the Members' Booklet. Basically, in the first instance, members are expected to take up matters informally with the Fund Administrator. If the matter remains unresolved then a 2-stage process is in place whereby your complaint will first be considered by the Fund Administrator and subsequently by the Trustee if no resolution has proved possible.

If the problem remains unresolved, members then have the facility to refer the matter to the Pensions Ombudsman. The Pensions Ombudsman can be contacted at 10 South Colonnade, Canary Wharf, E14 4PU.

The statutory body responsible for the regulation of pension schemes in the United Kingdom is The Pensions Regulator (TPR) and can be contacted at Napier House, Trafalgar Place, Brighton, East Sussex BN1 4DW.

Further information

For information about the Fund generally, further information about resolving disputes, or requests for benefit calculations please contact Pensions Administration, Greenwich House, Madingley Road, Cambridge, CB3 0TX. E-mail address: pensionsonline@admin.cam.ac.uk.

A number of documents about the Fund are also available on request and can be supplied in electronic or hard copy form, and include the:

- Statement of Investment Principles. This explains how the Trustee directors invest the Fund.
- Recovery Plan. This explains how the Funding shortfall is being met.
- Actuarial Valuation Report (Triennial). This is the full report of the Actuary on the valuation as at 1 January 2016.
- Members' Booklet.

The Trustee Report, the Report of Actuarial Liabilities, and the Investment Adviser commentary were approved by the Trustee and signed on their behalf by:

DocuSigned by:
William Medlicot
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William Medlicott
Chairman of the Trustee

Date: 23rd July 2021

Report on Actuarial Liabilities

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 at the valuation date or date of leaving if earlier. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles dated 11 December 2019, which is available to the Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 1 January 2019. Since that date actuarial updates have been carried out as at 1 January 2020 and 1 January 2021.

	1 January 2021	1 January 2020	1 January 2019
The value of the technical provisions was	£176.4m	£163.1m	£152.3m
The value of the assets was	£162.6m	£161.4m	£144.1m

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 is the projected unit method.

Significant actuarial assumptions

Assumption		Value as at		
		1 January 2021	1 January 2020	1 January 2019
Discount rate	Derived from prudent assumptions of the returns on the underlying assets based on a long-term asset allocation of 37% equities, 35% Diversified Growth Funds, 8% property and 20% Diversified Credit Funds.	3.9% pa	4.5% pa	5.0% pa
Retail Prices Index (RPI) inflation	Derived by considering the future level of inflation implied by the UK gilt yield curves produced daily by the Bank of England at a duration of 15 years.	3.4% pa	3.4% pa	3.6% pa
Pension increases in payment	The assumed pension increase rate for benefits linked to RPI inflation, but subject to an annual minimum and cap, is set consistently with the relevant inflation assumption and calculated by reference to a probability distribution derived from historic inflation.			
Mortality	The S3PMA/S3PFA tables with future improvements in line with CMI 2017 model with a long-term rate of improvement of 2.0% pa.			
Partner/Spouse	85% of males and 75% of females are assumed to be married at retirement or earlier death, with husbands three years older than their wives.			
Cash commutation allowance	Members are assumed to commute pension to provide 50% of the maximum tax-free cash based on a commutation factor of 17:1 at age 60 for males and 18.2:1 at age 60 for females.			

Actuarial Certificates

Actuarial Certificate for the purposes of Section 227(5) of The Pensions Act 2004

Name of scheme: Cambridge University Press Contributory Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 1 January 2019 to be met by the end of the period specified in the Recovery Plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 11 December 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:		Date:	11 December 2019
Name:	Keith Williams	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	First Actuarial LLP Network House Basing View Basingstoke Hampshire RG21 4HG		

Schedule of Contributions

Cambridge University Press Contributory Pension Fund (the Fund)

Status

This Schedule of Contributions has been prepared by the Trustee, after obtaining the advice of Keith Williams, the Actuary to the Fund.

This document replaces the schedule signed 30 November 2016 and comes into force on the date the Scheme Actuary certifies this Schedule of Contributions.

Contributions covering the period from 1 January 2019 to 31 December 2019

The following information is stated for information only and supports the Scheme Actuary's certification of this Schedule. It excludes AVCs. This section does not form part of the Schedule of Contributions.

By active members:	
6% of Contribution Salary	
By the Employer:	
In respect of future accrual of benefits and the provision of death-in-service lump sum benefits:	44.5% of Contribution Salary
In respect of the funding shortfall:	£108,333 per month from 1 January 2019 until 31 December 2019

Contributions to be paid to the Fund from 1 January 2020 to 31 December 2024

By active members:

6% of Contribution Salary.

To be deducted from salaries by the Employer and paid to the Fund on or before the 19th of the calendar month following deduction.

Additional Voluntary Contributions may be paid in addition to the above.

By the Employer:

In respect of future accrual of benefits and the provision of death-in-service lump sum benefits the Employer will pay 46.4% of Contribution Salary.

To be paid to the Fund on or before the 19th of the calendar month following that to which the payment relates.

In respect of the shortfall in funding in accordance with the Recovery Plan dated 11 December 2019, the Employer will pay:

- £1,300,000 per annum payable in equal monthly instalments from 1 January 2020 to 31 December 2021.

Schedule of Contributions

Cambridge University Press Contributory Pension Fund (the Fund)

In addition to the contributions above, the Employer will also pay:

- £1,300,000 per annum payable in equal monthly instalments from 1 January 2022 to 31 December 2024.

These additional discretionary contributions, which do not form part of the Recovery Plan dated 11 December 2019, will be reviewed as part of the next triennial valuation.

These contributions are payable to the Fund during the calendar month to which the payment relates.

Expenses

The Employer will meet all running expenses of the Fund including the Pension Protection Fund levy. The Employer will pay the full amount of the levy following the receipt of the levy invoice by the Trustee.

Additional Contributions

The Employer may pay contributions in excess of those listed after notifying the Trustee.

Contribution Salary

Basic salary as at 1 January 2007 plus shift pay as at 1 January 2007, pro-rated for part-time hours worked.

Schedule of Contributions

Cambridge University Press Contributory Pension Fund (the Fund)

This Schedule of Contributions has been agreed by the Trustee:

Signed on behalf of the Trustee of the Cambridge University Press Contributory Pension Fund:	Simon H C Baynes
Name:	SHC BAYNES
Position: Trustee Director	
Date:	11/12/19

This Schedule of Contributions has been agreed by the Employer:

Signed on behalf of the Chancellor, Masters and Scholars of the University of Cambridge:	
Name:	Andrew Cannon
Position:	CFO
Date:	11/12/19

Independent Auditor's Report to the Trustee of the Cambridge University Press Contributory Pension Fund

Opinion

We have audited the financial statements of the Cambridge University Press Contributory Pension Fund ("the Fund") for the year ended 31 December 2020 which comprise the Fund Account, the Statement of Net Assets and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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, made under the Pensions Act 1995.

Basis for 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 3, the trustees are responsible for the preparation of the financial statements, 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 trustees are 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 trustees either intend to wind up the scheme or have 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 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 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.

We set out below the key areas which, in our opinion the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities and the review of journals and accounting estimates for bias.
- Misappropriation of investment assets owned by the scheme. This is addressed by obtaining direct confirmation from the investment fund managers of investments held at the Statement of Net Assets date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount and approval of the payment of the transactions.
- Non-receipt of contributions due to the scheme from the employer. This is addressed by testing contributions due are paid to the scheme in accordance with the schedules of contributions agreed between the employer and trustees.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the scheme's trustees 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's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London
Date 29 July 2021

Independent auditor's statement about contributions to the Trustee of the Cambridge University Press Contributory Pension Fund

We have examined the summary of contributions payable to the Cambridge University Press Contributory Pension Fund ("the Fund"), for the Fund year ended 31 December 2020 which is set out on page 23.

In our opinion contributions for the Fund year ended 31 December 2020 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 Fund actuary on 11 December 2019.

Basis of opinion
Our objective is to obtain sufficient evidence 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.

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

Auditor's responsibilities for the statement about 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 statement
This statement is made solely to the Fund's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

29 July 2021

Summary of contributions payable during the Scheme year ended 31 December 2020

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 Fund under the Schedule of Contributions certified by the actuary on 11 December 2020 in respect of the Fund year ended 31 December 2020. The Fund's auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 December 2020, the contributions payable to the Fund by the employer were as follows:

Contributions payable under the schedule of contributions	**2020**
	£
Employer normal contributions	712,253
Employer costs for members in receipt of long-term sickness	1,233
Employee normal contribution	91,420
Deficit Funding contributions	1,300,000
Total contributions payable under the schedule	2,104,906
Other contributions payable	
Employee additional voluntary contributions	68,765
Press paid Employee additional voluntary contributions	23,131
Total contributions payable to the Fund per the financial statements	**£2,196,802**

Approved by the Trustee and signed on their behalf by:

DocuSigned by:

William Medlicot

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William Medlicott

Chairman of the Trustee

Date 23rd July 2021

Financial Statements

Scheme account for the year ended 31 December 2020

	Notes	2020	2019
		£	**£**
Contributions and benefits			
Employer contributions receivable	3	2,013,486	2,051,260
Employee contributions receivable	3	183,316	213,786
Benefits payable	4	(6,670,612)	(6,193,351)
Transfer out of benefits		-	-
Net (outflow) from dealings with members		(4,473,810)	(3,928,305)
Returns on investments			
Change in market value of investments	8	3,630,255	19,746,034
Investment income	7	2,338,762	1,671,785
Net returns on investments		**5,969,017**	**21,417,819**
Net movement in the Scheme during the year		**1,495,207**	**17,489,514**
Net assets of the Scheme at 1 January		£162,883,404	£145,393,890
Net assets of the Scheme at 31 December		**£164,378,611**	**£162,883,404**

Net asset statement for the year ended 31 December 2020

	Notes	2020	2019
		£	**£**
Investments – Pooled Investment Vehicle	8	162,134,581	160,517,384
Investments - AVC Funds	8	1,585,216	1,493,319
Current assets	5	905,676	946,458
Current liabilities	6	(246,862)	(73,757)
Total net assets at 31 December		**£164,378,611**	**162,883,404**

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 benefits which fall due after the end of the scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the report on Actuarial Liabilities on page 15 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 26 to 31 form part of these financial statements.

The financial statements on pages 24 to 31 were approved by the Trustee Directors and signed on their behalf by:

DocuSigned by:

William Medlicot

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William Medlicott

Chairman of the Trustee

Date 23rd July 2021

Notes forming part of the Financial Statements

1. Basis of presentation

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (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 2018).

Accounting policies

Valuation of investments

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.

AVC funds are valued at the unit prices quoted by Prudential Pensions Ltd.

Investment income

Income distributed from pooled investment vehicles and on cash deposits is accounted for on an accruals basis. Income arising from pooled investment vehicles which is rolled up in the investment fund and reflected in the value of the units is not separately reported.

Interest is accrued on a daily basis.

Contributions

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.

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.

Payments to members

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.

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

Expenses

Expenses are accounted for on an accruals basis. The employer bears all the costs of administration, other than investment management expenses.

Additional Voluntary Contributions ('AVCs')

AVCs paid by members do not secure additional pensionable service under the Scheme. Contributions received are invested with an insurance company in the name of the individual contributor. All additional voluntary contributions are recognised as forming part of the overall assets which are under the supervision of the Trustee and accordingly they are included within the net assets of the Scheme. Contributions received from members and monies payable by the Trustee in respect of benefits arising under AVC arrangements are similarly included within the fund account.

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 under the heading Further Information on page 14.

3. Contributions receivable

	2020 £	2019 £
Members' contributions:		
Normal	91,420	99,166
AVCs	68,765	84,059
AVC's (Press)	23,131	30,562
	183,316	**213,787**
Employers' contributions:		
Normal (including death in service benefits)	712,253	736,686
Contributions for members in receipt of long-term sickness benefits	1,233	14,574
Deficit funding contribution	1,300,000	1,300,000
	2,013,486	**2,051,260**
Total contributions receivable	**£2,196,802**	**£2,265,047**

Under the Schedule of Contributions certified by the Actuary on 11 December 2019, deficit funding contributions are receivable at £1,300,000 per annum until 31 December 2021 in order to meet the shortfall in funding

4. Benefits payable

	2020 £	2019 £
Pensions payable	5,918,002	5,739,489
Lump sums payable on retirement	752,610	453,862
Total benefits payable	**£6,670,612**	**£6,193,351**

5. Current assets

	2020 £	2019 £
Cash and bank deposits	905,676	945,398
Other debtors	-	1,060
Total current assets	**£905,676**	**£946,458**

6. Current liabilities	**2020 £**	**2019 £**
HMRC – PAYE	(77,690)	(73,757)
Lump sum benefits due	(169,172)	-
Total current liabilities	**(246,862)**	**(73,757)**

7. Investment income	**2020 £**	**2019 £**
Income from pooled investment vehicles	2,338,762	1,671,785
Total investment income	**2,338,762**	**1,671,785**

8. Investments

	2020 £	**2019 £**
Pooled investment vehicles	162,134,581	160,517,384
AVC fund	1,585,216	1,493,319
Total	**£163,719,797**	**£162,010,703**

Movements in investments during the year, and during the previous year, were as follows:

	Pooled Investment Vehicles	**AVC Fund**	**Total**
	£	£	£
Market value at 1 January 2019	143,432,654	1,282,924	144,715,578
Amounts invested during the year	-	144,620	144,620
Amounts withdrawn during the year	(2,471,250)	(94,279)	(2,565,529)
Change in market value	19,555,980	160,054	19,716,034
Market value at 31 December 2019	**£160,517,384**	**£1,493,319**	**£162,010,703**
Market value at 1 January 2020	**£160,517,384**	1,493,319	162,010,703
Amounts invested during the year	64,543,455	91,897	64,635,351
Amounts withdrawn during the year	(66,556,513)	-	(66,556,513)
Change in market value	3,630,255	-	3,630,255
Market value at 31 December 2020	**£162,134,581**	**£1,585,216**	**£163,719,797**

Included within sales and purchases is an amount of £60,665,947 which was disinvested from the four LGIM Equity funds during November 2020 (LGIM UK Equity Index £19,287,039, LGIM World (ex UK) Dev Equity Index £16,418,453, LGIM World ex UK Dev Eq Ind GBP Hgd £16,199,239, World Emerging Markets Equ Ind £8,760,217) as part of a managed transition and £30,551,258 and £30,113,689 which was subsequently invested in the LGIM Global Index Equity Index Fund and Global Index Equity Index Fund Hedged funds, respectively.

8.1 Pooled investment vehicles:

The Scheme's holding of pooled investment vehicles are analysed below:

	2020 £	2020%	2019 £	2019%
Return seeking portfolio				
UK equity Fund	-	-	19,274,805	11.97%
Overseas equity Funds	65,394,135	40.34%	44,457,758	27.71%
Diversified growth Funds	57,074,657	35.20%	56,358,813	35.13%
Property Fund	9,680,706	5.97%	10,362,166	6.46%
Multi Asset Credit Funds	29,985,083	18.49%	30,063,842	18.73%
	162,134,581	**100.00%**	**160,517,384**	**100.00%**

8.2 Transaction costs

Indirect transaction costs are borne by the scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported. There are no direct transaction costs borne by the scheme.

8.3 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 Fund's assets have been fair valued using the above hierarchy categories as follows:

As at 31 December 2020				
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	-	152,453,875	9,680,706	162,134,581
AVC investments	-	1,585,216	-	1,585,216
Total	**-**	**154,039,092**	**9,680,706**	**163,719,797**

As at 31 December 2019				
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Pooled investment vehicles	-	150,155,218	10,362,166	160,517,384
AVC investments	-	1,365,573	127,747	1,493,320
Total	**-**	**151,520,791**	**10,489,913**	**162,010,704**

Investment risk disclosures

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – 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 – comprises the following three types of risk:

  1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates

  2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates

  3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Joint Trustee boards determine the investment strategy after taking advice from a professional investment adviser, which is described in "Investment objectives and strategy" on page 6 The Fund has exposure to these risks because of the investments it makes in following the investment strategy set out above. The Joint Trustee boards manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Fund's investment managers and monitored by the Joint Trustee boards by regular reviews of the investment portfolio.

Further information on the Joint Trustee board's approach to risk management, credit and market risk is set out below. This does not include any AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Credit risk

The CPF has indirect exposure to credit risks from the underlying investments held by the Diversified Growth Funds and Multi-Asset Credit Funds. In particular the Multi Asset Credit fund managers are credit specialists with the flexibility to invest in a wide variety of asset classes, such as investment grade and high yield corporate bonds, loans, structured credit and derivatives. Although these type of credit holdings are of lower credit quality relative to say government bonds, the higher risk is expected to be awarded with higher returns over the longer term. Diversification and active management by the fund managers mitigate some of this additional credit risk and is expected to be a source of outperformance.

The pooled investment arrangements used by the CPF comprise insurance contracts and pooled investment vehicles. 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 regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager. Due to the nature of the investments, units in the pooled investment vehicles are unrated. The pooled investment vehicles held by the CPF consist of £65,394,135 (2019: £63,666,563) unit linked insurance contracts and £96,740,446 (2019: £96,784,821) open ended investment funds.

The Joint Trustee boards monitor the performance of the CPF's investment managers on a regular basis in addition to having meetings with the manager from time to time as necessary. The Joint Trustee boards have a written agreement with the investment manager, which contains a number of restrictions on how the investment manager may operate.

Market risk: Interest rates

The CPF is subject to interest rate risk because some of the CPF's investments are held in bonds, through pooled vehicles and cash. These funds are specifically the Multi Asset Credit Funds and the Diversified Growth Funds.

The Joint Trustee boards have set a benchmark for total exposure of 55% to the Multi Asset Credit and Diversified Growth funds. As at 31 December 2020, this allocation amounted to £87,040,531 (2019: £86,422,655) and made up 53.7% of total assets (2019: 53.9%) although not all of this allocation will have interest rate risk. The fund managers also have the ability to reduce and mitigate this risk by managing the duration of the holdings and through the use of derivatives.

The value of the holdings exposed to interest rates will rise if interest rates fall, this will help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the underlying holdings exposed to interest rate risk will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

Market risk: Currency

The CPF's investments are denominated in sterling and therefore the CPF is not directly exposed to currency risk. The CPF is indirectly exposed to currency risk due to holdings in overseas equities and other asset classes through pooled investment vehicles.

The CPF's liabilities are denominated in sterling and some currency hedging is employed to manage the impact of exchange rate fluctuations on the CPF's investments. 50.3% (2019: 40.5%) of the overseas equity holdings as detailed in note 8.1 are hedged to sterling.

In addition, the CPF is exposed to indirect currency risk as a result of the overseas investments held via the Diversified Growth Funds as detail in note 8.1 and the pooled investment funds' holdings in overseas assets may alter over time.

Market risk: Other price

Other price risk arises due to the market volatility of return-seeking assets. The Joint Trustee boards have not set a target for an investment in government bonds or cash and so as at December 2020 all of the CPFs assets were exposed to other price risk.

The CPF manages this exposure by investing in pooled funds that invest in a diverse portfolio across various markets. As set out in the CPF's Statement of Investment Principles (SIP), the investment manager is expected to manage a broadly diversified portfolio and to spread assets across a number of individual shares and securities. This is reflected in the underlying holdings of the pooled funds in which the CPF invests which are governed by guidelines published by the investment manager.

In addition, the CPF's asset allocation is detailed in the Appendix of the SIP document and is monitored on a regular basis by the Trustee.

9. Contingent liabilities and commitments

Other than the liability to pay future retirement benefits, there were no contingent liabilities or capital commitments as at 31 December 2020.

10. 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.

11. 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 Fund 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.

12. Taxation

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

Appendix 1

Implementation Statement

This is the Implementation Statement prepared by the Trustee, Press CPF Limited, of the Cambridge University Press Contributory Pension Fund ("the Fund") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year.
- The voting behaviour of the Trustee, or that undertaken on their behalf, over the year to 31 December 2020.

How voting and engagement policies have been followed

The Fund invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Fund's fund managers. The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code, and is supportive of the Code. However, the Trustee cannot usually directly influence the managers' policies on the exercise of investment rights where the Trustee holds assets in pooled funds. This is due to the nature of these investments. The Trustee receives reporting on the voting and engagement policies of the fund managers and considers these as part of manager appointment and review processes.

The Trustee acknowledges the importance of ESG and climate risk within their investment framework and believes that integrating these risks will lead to a better long-term outcome in terms of risk and return.

The Trustee reviewed the stewardship and engagement activities of the current managers during the year, alongside preparation of the Implementation Statement. The Trustee monitors the ESG performance of its managers on a regular basis. The Trustee was also provided training on ESG during the year, and proceeded to replace the market-weighted passive equity portfolio with funds constructed with an ESG bias.

The Trustee considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Fund. This applies to the bond-only managers as well as the equity and multi-asset managers.

While the bond managers do not vote on behalf of the Trustee, the Trustee does monitor their investment process with reference to ESG characteristics and the managers' alignment with UNPRI principles.

The Trustee was satisfied that the managers' policies were reasonable and no further remedial action was required during the period.

Having reviewed the above in accordance with their policies, the Trustee is comfortable the actions of the fund managers are in alignment with the Fund's stewardship policies.

Voting Data

Voting only applies to equities held in the portfolio. The Fund's equity investments are held through pooled funds, and as such the investment managers of these funds vote on behalf of the Trustee.

The Fund's equity investments are managed by Barings Asset Management ("Barings"), Baillie Gifford & Co ("Baillie Gifford") and Legal & General Investment Management ("LGIM"). The table below provides a summary of the voting activity undertaken by each manager during the year to 31 December 2020. The underlying pooled equity funds held with LGIM were changed towards the end of 2020 and as such voting data for all the LGIM funds held during the year is shown below.

Manager	Barings	Baillie Gifford*	LGIM			
Fund name	Baring Dynamic Asset Allocation Fund	Baillie Gifford Diversified Growth Fund	LGIM Future World Global Equity Index Fund – Unhedged and hedged	LGIM UK Equity Index	LGIM World (ex UK) Developed Equity Index – Unhedged and hedged	LGIM World Emerging Markets Equity Index
Structure	Pooled					
Does manager vote at a fund level or at a firm-wide level?	Fund					
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.					
Number of company meetings the manager was eligible to vote at over the year	101	97	4,502	894	2,570	3,778
Number of resolutions the manager was eligible to vote on over the year	1,049	877	49,856	12,468	30,809	34,537
Percentage of resolutions the manager voted on	97.1%	94.5%	100.0%	100.0%	99.4%	99.9%
Percentage of resolutions the manager abstained from	0.4%	1.5%	0.5%	0.0%	0.1%	1.5%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	91.9%	92.9%	84.1%	93.1%	79.7%	85.5%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	7.7%	5.7%	15.4%	6.9%	20.1%	13.0%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0.4%	N/A	0.3%	0.8%	0.3%	0.0%

*Data does not add up to exactly 100% due to rounding

Significant votes

For the first year of implementation statements we have delegated to the investment manager(s) to define what a "significant vote" is. A summary of the data they have provided is set out in the appendix to this statement.

Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustee. Whilst the Fund's credit holdings do not attach any voting rights, the Trustee focuses on how the investment process and profile of the managers is aligned with the Fund's ESG policies.

The table below provides a summary of the engagement activity undertaken by Barings, Baillie Gifford, LGIM, Federated Hermes ("Hermes"), CBRE Global Investors ("CBRE") and Apollo Global Management ("Apollo") during the year.

The CBRE Osiris Property Fund was terminated with effect from 19th March 2020, and is in the process of an orderly wind up. For this reason, longer term engagement by the manager has ceased.

The Trustee has reviewed the information below and was satisfied that the managers' engagements were reasonable and no further remedial action was required during the period.

Manager	Barings	Baillie Gifford	LGIM	Hermes	CBRE	Apollo
Fund name	Barings Dynamic Asset Allocation Fund	Baillie Gifford Diversified Growth Fund	LGIM passive equity funds	Hermes Multi Strategy Credit Fund	CBRE Osiris Property Fund	Apollo Total Return Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	No	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	69	100	Data not provided by manager	35	6	28
Number of engagements undertaken at a firm level in the year	180	Data not provided by manager	891	1,365	Data not provided by manager	Data not provided by manager
Examples of engagement undertaken	Data not provided by manager	**Amedeo Air Four Plus Ltd** - contacted both the board of Amedeo Air Four Plus and Nimrod separately to offer support for an amical rebuilding of their relationship and	**Samsung C&T** - LGIM wrote to the company to suggest reconsidering its involvement in Vung Ang 2. The company announced that it would no	**NARI Technology** – the fund has exposure to NARI Technology, a company that manufactures products used to improve	**Hermes Property Unit Trust** – manager voted in favour of the re-election of the Appointment Committee,	Data not provided by manager

	support for further exploration of a reduction to Nimrod's fees in interest of shareholders	longer participate in coal-fired power generation projects - however, it will participate in Vung Ang 2 as its final coal project. In response, LGIM will be sanctioning the board at its next AGM.	the energy efficiency of China's electricity grid network. NARI also produces solar and wind power control equipment and charging infrastructure for electric vehicles. Hermes have no exposure to thermal coal miners or coal-fired utilities.	re-appointment of PWC as auditor and approved the report and accounts.

Summary

Based on the information received, the Trustee are satisfied that the fund managers have acted in accordance with the Fund's stewardship policies.

Where information is not included, it has been requested but has not been provided in a useable format or at all by the investment manager. The Trustee's investment consultants are in discussion with the managers around how this data will be provided for future statements.

Prepared by the Trustee of the Cambridge University Press Contributory Pension Fund

Date: 25 May 2021