Scheme Registration Number 101147703

University of Cambridge Assistants’ Contributory Pension Scheme

Trustee’s Report and Financial Statements

For the year ended 31 July 2022

Contents

Scheme Management and Advisers

Trustee:

CU Pension Trustee Ltd

The Trustee Directors during the year were:

Appointed by the Finance Committee

Mr. H Jacobs (Chairman)

Appointed by Council

Mr. D P Hearn
Mr. S Hutson
Mr. A Odgers
Ms. V McPhee

Elected by a ballot of active members

Mr. S Miah

Elected by a ballot of retired members

(Vacant)

Appointed by Trades Unions

Mr. G Cross - UNISON
Mr. P Stokes - Department of Materials Science and Metallurgy – Unite the Union

The Investments Committee members during the year were:Appointed by the Trustee

Mr. D P Hearn - Chairman (until 9th August 2022)
Mr. M Pratten – Chairman (from 9th August 2022)
Mr. H Jacobs
Mr. S Hutson
Mr. N Cumming
Mrs. N Landell-Mills
Mr. S Sturge (from 29th November 2021)

Advisers and Service Providers

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

Legal Advisers: Mills & Reeve LLP

Bankers: Barclays Bank plc

Actuarial Advice: Cartwrights Consulting Ltd

Scheme Actuary: Mr. R J Sweet FIA

Auditors: Crowe U.K. LLP

Investment Managers:

Aegon Asset Management Majedie Asset Management
State Street Global Advisors
Genesis Asset Management
Black Rock Alternative Advisors
PIMCO
Reams
Copenhagen Infrastructure Partners
CVC Credit Partners
Majedie Asset Management (until July 2022)
Credit Suisse Asset Management (until September 2021)

Investment Consultant: Aon Solutions UK Limited

Trustee's Report

The audited financial statements for the year ended 31 July 2022, a copy of which is included with this report, show that the Scheme's net assets now stand at £815.6m. These financial statements on pages 22 to 34 have been prepared and audited in accordance with the Regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

Trustee of the Scheme

The Cambridge University Assistants' Contributory Pension Scheme ("Scheme") was established under the authority of the Oxford and Cambridge Act 1923.

The Trustee of the Scheme is CU Pension Trustee Ltd. The procedures for appointment and removal of Directors can be obtained, on request, from the Pensions Office.

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

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

Scheme Registration

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

Actuarial Position and Contributions

The actuarial valuation as at 31 July 2021 was finalised on 31 October 2022 and a revised Schedule of Contributions was certified by the Scheme actuary on 31 October 2022. The formal actuarial certificate required by statute to be included in this Annual Report appears on page 35. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on page 15, which forms part of the Trustee's Report.

Investment management

The Investment Committee monitors the investment portfolio and met four times during the year to determine policy and monitor performance.

The Fund's day-to-day management is carried out by a number of appropriately qualified external investment managers including Kames Capital, Majedie Asset Managers (until July 2022), State Street Global Advisors, Genesis Asset Management, Black Rock Alternative Advisors, Credit Suisse Asset Management (until September 2021), PIMCO, Reams, Copenhagen Infrastructure Partners and CVC. These investment managers report regularly to the Investments Committee which is advised by the Investment Consultant Aon.

The total investments of the Scheme (excluding AVC investments) were £786.0m on 31 July 2022 compared with £774.5m at the previous year-end. During the year the net return on the Scheme's investments amounted to £1.5m. After deducting the net deficit from dealings with members of £1.1m the net return on investment during the year was £0.4m.

All the investments are made via pooled funds and therefore the Scheme does not have direct agreements with any custodians. The custodians are appointed by the investment managers for the pooled fund.

Investment objectives

To achieve the overall financial and investment objective of the Portfolio, which is to meet the pension liabilities of the Scheme's Members, the Trustee has adopted:

• "funding objective" - to ensure that the Scheme is fully funded using assumptions that contain a modest margin for prudence. Where an actuarial valuation reveals a deficit, a recovery plan will be put in place which will take into account the financial covenant of the employer;

• "stability objective" – to have due regard to the likely level and volatility of required contributions when setting the Scheme's investment strategy; and

• "security objective" – to ensure that the solvency position of the Scheme (as assessed on a gilt basis) is expected to improve.

In addition, the specific long term investment objectives of the Portfolio are:-

• to attain a real total return (net of investment management fees) sufficient to preserve the funding status of the Scheme, and to enhance the funding status should the Scheme be under-funded;

• to obtain annualised returns in line with the Portfolio's blended benchmark for the target asset mix selected by the Investment Committee (see Asset Allocation below), measured over a five-year period.

Investments Committee Report

The table below shows the asset allocation in pooled investment vehicles during the year.

Asset Allocation over the last 12 months

Percentage of Total Assets

	31/07/2021	30/09/2021	31/12/2021	31/03/2022	31/07/2022	Market Value at 31/07/2022
	%	%	%	%	%	£
Equity						
U.K.	28.5	27.3	25.9	24.4	14.6	115,022,997
Global ex U.K.	25.3	26.3	27.9	29.5	36.0	282,906,636
Emerging Markets	10.1	10.2	9.4	8.9	8.7	68,241,072
Property	9.2	9.4	9.5	10.3	10.7	84,183,218
Bonds	20.5	20.1	20.9	20.2	22.3	175,191,527
Alternatives	6.4	6.7	6.4	6.7	7.7	60,470,648
TOTAL ASSETS	**100**	**100**	**100**	**100**	**100**	**786,016,098**

Manager Allocations and Performance

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

A summary of the managers' activities is as follows:

State Street Global Advisors: The assets held with State Street are invested across four passive funds that are designed to track the benchmark, a UK Equity Index (£115.0m), a Global Equity Fund (£79.7m), a Fundamental Index (£203.2m) and an Emerging Markets Fund (£30.8m).

Genesis Asset Management: The assets held with Genesis are invested in their Genesis Emerging Markets Fund, which had a market value of £37.4m at 31 July 2022. Over the year Genesis returned -23.2% underperforming the benchmark of -15% by 8.2%.

Genesis' benchmark is the MSCI Emerging Market Index and the target is to outperform the benchmark over rolling 3-year periods. Genesis Investment Management is a specialist investment manager for Emerging Markets. Genesis' investment approach is long-term. The currency exposure within this mandate is not hedged back to Sterling.

Aegon Asset Management: The assets held with Aegon are invested in their Property Fund, which had a market value of £84.2m as at 31 July 2022. The foreign currency exposure in this fund is not hedged back to Sterling.

Aegon’s benchmark is the AREF/IPD UK Quarterly All Balanced Property Funds Index and its target is to outperform the benchmark by 0.5% p.a. over a rolling three-year period. Over the year Aegon achieved a return of 22.4% underperforming the benchmark of 23.3% by 0.9%.

BlackRock Alternative Advisors: Approximately £47.1m is invested in their Capital Appreciation Strategy which aims to provide returns commensurate with the long-run return of global equity markets, with less volatility. Over the year BlackRock returned 2.2%, outperforming the benchmark by 2.2%

PIMCO: The Scheme has £44.0m invested with PIMCO in their Diversified Income Fund. During the year PIMCO returned -18.5% against a benchmark of -15.2%.

Reams: The assets held with Reams are invested in the Reams Unconstrained Bond Fund. As at 31 July 2022, the market value was £103.3m and returned -7.5% on the year, underperforming the benchmark by -7.7%.

Copenhagen Infrastructure Partners: The Scheme has £13.4m invested with Copenhagen Infrastructure Partners in their Infrastructure IV SCSp fund. This investment is still being funded with approximately EUR 28m in unfunded commitments.

CVC: The Scheme has £27.9m invested with CVC in their Direct Lending Fund. This investment is still being funded with approximately £22.5m in unfunded commitments.

Majedie Asset Management: During the year the Investments Committee disinvested the funds held with Majedie. The final transactions were completed in July 2022.

Credit Suisse Asset Management: During the year the Investments Committee disinvested the funds held with Credit Suisse Asset Management Global Senior Loans Strategy. The final transactions were completed in September 2021.

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 (the Statement or SIP) as described by Section 35 of the Pensions Act 1995. A statement has been prepared in accordance with these regulations, approved by the Trustee. A copy of the Statement can be found at cuacps_sip.pdf (cam.ac.uk)

In setting the Scheme’s investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

The Trustee believes that to fulfil this commitment and to protect and enhance the value of the Scheme’s investments, it must act as a responsible steward of the assets for which it is responsible. The Trustee recognises the need to ensure high standards of governance and corporate responsibility in the underlying entities in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Scheme. The Trustee, therefore, expects the Scheme’s investment managers and Investment Consultants to be signatories to the UK’s Stewardship Code.

Environmental, Social, and Governance considerations
The Trustee acknowledges that environmental, social and governance (ESG) factors including climate change can negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their Investment Consultant when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.

As part of their delegated responsibilities, the Trustee expects the Scheme’s investment managers to take into account ESG considerations (including long-term risks posed by sustainability concerns including climate change) in the selection, retention and realisation of investments.

Stewardship - Voting and Engagement

As part of their delegated responsibilities, the Trustee expects the Scheme’s investment managers, as major institutional investors to:

- engage with investee companies, where appropriate, with the aim to protect and enhance the long-term value of assets taking material ESG factors, including climate risks, into account; and
- exercise the Trustee’s voting rights in relation to the Scheme’s assets in a way that holds directors of investee companies accountable for long-term and responsible behaviour, taking into account material ESG factors, including climate risks.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage directly with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme’s investment strategy the Trustee does not explicitly consult with Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and futurequality of life matters (defined as "non-financial factors").

The Trustee is taking several steps to monitor and assess ESG related risks and opportunities.

Collaborative initiatives

The Trustee expects the Scheme’s investment managers to support collaborative efforts that are in the interests of the Scheme’s beneficiaries, as permitted by the relevant legal and regulatory codes.

Selection of managers

In addition to the steps outlined under Choosing Investments above, the Trustee expects to receive, prior to their appointment and annually thereafter, a copy of each manager’s Responsible Investment Policy, including details of how they integrate ESG into their investment process and fulfil their stewardship responsibilities through engagements and voting at the underlying investee companies as well as any collaborative efforts.

Before the appointment of a new investment manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee’s policies.

The Trustee will share the policies of the Scheme, as set out in the SIP and requests that the investment manager reviews and confirms whether their approach is in alignment with the Trustee's policies, prior to their appointment and annually thereafter.

Any conflicts of interest that exist that could impact the manager’s ability to fulfil the required investment and stewardship activities should be declared to the Trustee and assessed.

Where necessary, the Trustee will seek to amend that documentation so that there is more alignment. Where it is not possible to make changes to the governing documentation, for example, if the Scheme invests in a collective vehicle, then the Trustee will seek written confirmation of alignment from the investment manager (such as through a side letter).

Monitoring managers
The Trustee monitors the Scheme’s investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee’s policies, including those on ESG and stewardship matters. The Trustee is supported in this monitoring activity by the Investment Consultant.

To facilitate this monitoring, the Trustee receives regular reports and verbal updates from the Investment Consultant on various items including the investment strategy, performance, integration of ESG considerations, and longer-term positioning of the portfolio. The Trustee is focused on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives. The Trustee assesses the investment managers’ performance over 3-to-5-year periods.

The Trustee reviews the stewardship activities of their investment managers at least annually, covering both engagement and voting actions. The Trustee expects the Scheme’s investment managers to provide:

• Confirmation of ongoing alignment with the Trustee’s policies as set out in the SIP;
• Confirmation that they remain signatories to the UK Stewardship Code;
• A report on the implementation of the Responsible Investment Policy, including

1. the integration of ESG considerations (including climate risk) into the investment process;
2. the impact this has had on investment decision-making;
3. engagements over the period and their outcomes; and
4. the voting record with an analysis of how it supports long-term stewardship in line with the Trustee’s policies.

Manager incentive alignment and accountability
The Trustee believes that having appropriate governing documentation and regular monitoring of investment managers’ performance and investment strategy, as outlined above, is in most cases sufficient to incentivise the investment managers to deliver long-term investment decisions taking ESG factors into account that align with the Trustee’s policies.

If an incumbent manager is found to be falling short of the standards the Trustee has set out in their policy, the Trustee will raise this with the manager.

In the event performance is not adequately improved, the Trustee will consider a range of possible sanctions from fee reductions to replacing the manager. These sanctions help to reinforce alignment with the Trustee’s policies.

There is typically no set duration for arrangements with investment managers, although the continued appointment for investment managers will be reviewed periodically, and at least every three years.

Cost Monitoring
The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are several other costs incurred by the Scheme’s investment managers that can increase the overall cost incurred by their investments.

The Trustee collects annual cost transparency reports covering all of their investments and asks that the investment managers provide this data, in line with templates appropriate for each asset class such as those of the Cost Transparency Initiative (“CTI”). This allows the Trustee to understand what the Scheme is paying the investment managers.

The Trustee works with their Investment Consultant and investment managers to understand these costs in more detail where required. Where these costs are out of line with expectations, the managers will be asked to explain the rationale, including why it is consistent with their strategy and the extent they expect it to continue in the future.

Before appointing an investment manager, the Trustee will seek full disclosure of costs according to the relevant template. Where this information is not forthcoming, the Trustee may prescribe a time frame for achieving the necessary disclosure or may decide not to appoint the investment manager.

Evaluation of Investment Managers' performance and remuneration

The Trustee assesses the performance of their investment managers every quarter and the remuneration of their investment managers on at least an annual basis via collecting cost data wherever possible in line with the CTI templates.

The Trustee benchmarks the Scheme's investment managers' cost and performance data against the industry on a triennial basis to assess the value for money being provided. Above-average costs may be acceptable where there is a verifiable track record of delivering expected performance.

Portfolio turnover costs

The Trustee monitors portfolio turnover costs (defined as the costs incurred as a result of the buying, selling, lending, or borrowing of investments) associated with the Scheme's underlying investments through the information provided by their investment managers. The target portfolio turnover and turnover range are assessed annually with the assistance of the Investment Consultant.

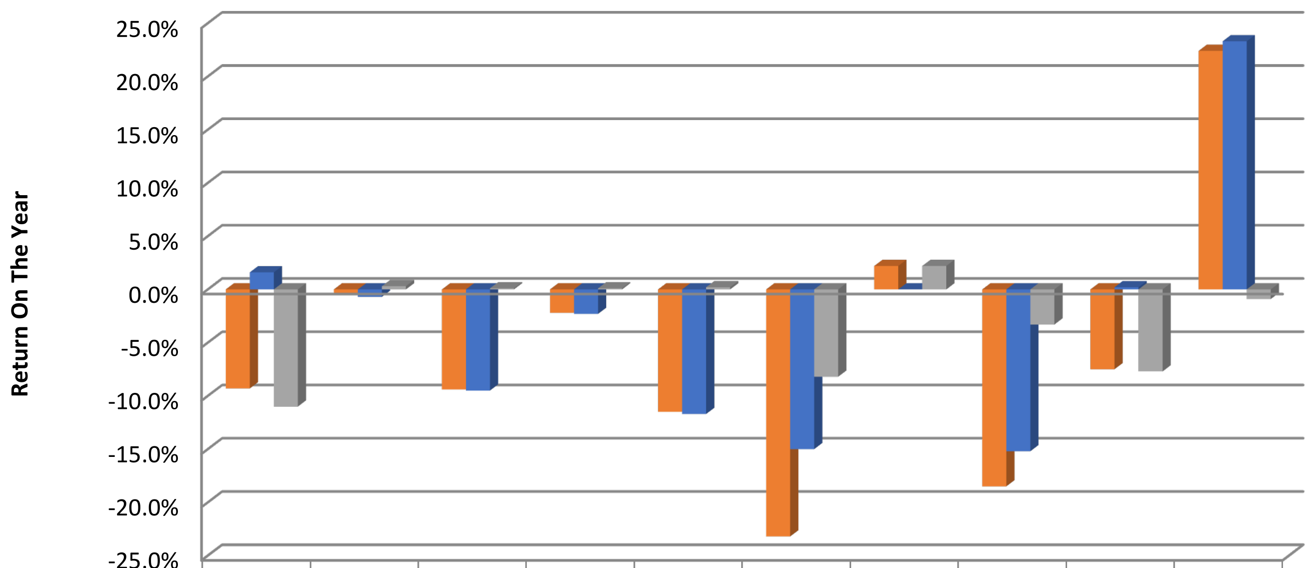
The Trustee understands that transaction costs will vary across asset classes and by manager investment strategy. In both cases, a high level of transaction costs may be acceptable as long as it is consistent with the asset class characteristics, investment strategy and the Trustee's policies to promote long-term stewardship. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

The Trustee is supported in their cost transparency monitoring activity by their Investment Consultant, details of which can be found in the Implementation Statement in the Appendix.

Investment Performance

The table below shows the Pooled Investment Vehicles performance compared to their benchmark.

Fund Performance Against Benchmarks



	Majedie	State Street UK Equity	State Street Overseas Equity	State Street Fundamental	State Street Emerging Markets	Genesis	BlackRock	PIMCO	Reams	Kames
Fund Performance	-9.3%	-0.4%	-9.4%	-2.2%	-11.5%	-23.2%	2.2%	-18.5%	-7.5%	22.4%
Benchmark	1.6%	-0.7%	-9.5%	-2.3%	-11.7%	-15.0%	0.0%	-15.2%	0.2%	23.3%
Relative	-11.0%	0.3%	0.1%	0.1%	0.2%	-8.2%	2.2%	-3.3%	-7.7%	-0.9%

It was a very difficult year for the Scheme’s investment holdings given the current geopolitical situation, with only the property and hedge funds returning positive movements.

The Investment Committee has agreed to move to a new target investment strategy within a 3-to-5 year timeframe. Practically this will involve sourcing new investments in 'alternatives' as and when they become available.
During the year the Scheme disinvested its holding with Majedie (now Liontrust) and invested the majority of the proceeds in the SSGA Fundamental Index Global Equity Fund.

It also took the decision to disinvest from the CSAM Global Senior Loans Strategy (£34.1m) and invest the proceeds with the Reams Unconstrained Bond Fund (£20.5m) and the PIMCO Multi-Asset Credit Fund (£13.6m).

£30.5m was switched from the State Street Passive Equity - UK Equity Fund, into the State Street Passive Equity - Global Equity Fund.

The Scheme continues to fund its investment in CVC European Direct Lending and CIP Renewable Infrastructure when capital calls are required.

The table below shows the Scheme’s investment performance against the Retail Price Index (RPI).

	2018 %	**2019 %**	**2020 %**	**2021 %**	**2022 %**
Total Return	6.8	2.6	-5.4	19.1	-4.3
RPI	3.2	2.8	1.6	1.8	14.5
Total Real Return	**3.6**	**-0.2**	**-7.0**	**17.3**	**-18.8**

Transfer Values

Transfer values are calculated and verified in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1985 and no discretionary benefits have been included in the calculation of transfer values. None of the cash equivalent transfer values paid was less than the full value of the member's preserved benefits.

With effect from 1 January 2013 the Scheme only accepts transfers at the discretion of the Principal Employer.

Pension Increases

With effect from 1 August 2022, the pensions in payment for members, who joined the Scheme before 1 January 2013, as at 1 August 2022 were increased by 11.7% (RPI). Pensions in payments for members who joined the Scheme after 1 January 2013 were increased by 5% (maximum under Scheme rules). For retirements effective between 1 August 2021 and 30 June 2022 the increase was proportionate.

Increases in recent years have been as follows: -

	2018 %	**2019 %**	**2020 %**	**2021 %**
Pre 2013 Joiners	3.3	3.0	1.0	3.3
Post 2013 Joiners	2.4	2.0	1.0	2.1

Revaluation of deferred pensions		
Date of leaving	**Guaranteed Minimum Pension**	**Excess over Guaranteed Minimum Pension**
Prior to Jan 1986	lesser of 5% and increase in National Average Earnings	N/A
Jan 1986 - Jul 1990	lesser of 5% and increase in National Average Earnings	lesser of 5% and increase in Retail Prices Index
Aug 1990 - Jul 1993	lesser of 5% and increase in National Average Earnings	Annual increase in the Retail Prices Index (guaranteed up to 12%)
Aug 1993 -31 Dec 2012	Annual increase in the Retail Prices Index, guaranteed up to 12%	
1 Jan 2013 onwards	Pre 2013 members: Annual increase in the Retail Prices Index, guaranteed up to 5% Post 2013 members: Annual increase in the Consumer Prices Index, guaranteed to 5%	

Taxation Status

The University of Cambridge Assistants' Contributory 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.

Membership Statistics

Active Members		
Active members at 31 July 2021		5,079
Adjustment for late notification		-6
Active members at 31 July 2021 restated		5,073
New members during the year		841
		5,914
Less:		
Leavers before retirement age (excluding Death in Service)	279	
To Preserved status	550	
Died in service	6	
Active members fully commuting	4	
Active Pensioners Retiring	99	
		-938
Active members at 31 July 2022		4,976

Preserved Pensioners		
Preserved pensioners at 31 July 2021		4,871
Adjustment for late notification		14
Preserved Pensioners at 31 July 2021 restated		4,885
New preserved pensioners		550
		5,435
Less:		
Preserved pensioners retired	88	
Preserved pensioner deaths	9	
Preserved pensioners fully commuting	8	
Members transferring their preserved benefits	7	
Members past retirement date pending pension claim	1	
		-113
Preserved pensioners at 31 July 2022		5,322

Pensioners		
Pensions in payment at 31 July 2021		3,455
Adjustment for late notification		-2
Pensions in payment at 31 July 2021 restated		3,453
Active members retiring	99	
Preserved pensioners retiring	88	
New Child Pensioners	3	
Widow/ers of pensioners dying	32	
		222
Less:		
Pensioners dying during the year	92	
Child pensioners ceasing	1	
		-93
Pensions in payment at 31 July 2022		3,582

Employees who are auto enrolled in the Scheme are included as new members during the year, if they subsequently opt out they are added to leavers before retirement age.

General Data Protection Regulation

In order to manage the Scheme and pay correct benefits at the right time to members and their dependents, some personal data is required. This data includes name, address, date of birth and National Insurance number.

The Trustees and their advisers have reviewed how these requirements affect the way in which personal data is held and processed and have produced a privacy statement and data protection policy document.

Equalisation of Guaranteed Minimum Pensions (GMPs)

As mentioned in last year’s Report, benefits for members who joined the Scheme prior to April 1997 include a Guaranteed Minimum Pension (GMP) which broadly represents the pension which they would otherwise have accrued under the old State Earnings-Related Pension Scheme (SERPS). Following the High Court Judgment in the “Lloyds Bank” Case, the Trustee is aware that there is now a requirement to adjust some members’ Scheme benefits to address the current inequalities in the calculations of GMPs between men and women. This may result in modest increases in benefits for some members; however, many may see no change, but no member will see the value of their benefits reduced because of this Judgment.

In November 2020 a further High Court judgement was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic values would fall under the scope of GMP equalisation, and that trustee of pension schemes remain liable to members where transfer value payments reflected unequalised GMP benefits.

The Actuary has examined the GMP liability as part of the Valuation as at 31 July 2021 and concluded that the total liability would be in the order of a few thousand pounds and no allowance has been set aside to cover this.

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 to the valuation date. This is assessed using assumptions agreed between the Trustee and the University and set out 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 July 2021. This showed that on that date:

	£'000
Value of the Technical Provisions	738,260
Value of the assets at that date	814,650

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

Retail Price Inflation (RPI): The RPI assumption will be determined at the valuation date based on the Bank of England Implied Inflation yield curve. This rate will then be adjusted by an allowance for the Inflation Risk Premium, which for the purposes of the 2021 valuation the Trustee has determined should be:

- 0.2% per annum to 2030;
- 1.2% in 2031; and then
- Reducing by 0.1% per annum back to 0.2% per annum in 2041 and thereafter.

Consumer Price Inflation (CPI): The Trustee has agreed that CPI should be equal to the assumption for future RPI increases less:

- 1.0%% per annum to 2030;
- 0.1% per annum from 2031 onwards.

Discount Interest Rate: Technical provisions are determined using a single rate of interest for all pre- and post-retirement benefits. The discount rate is based on the yield curve for inflation linked bonds yield curve (derived as below) plus a margin.

The Trustee has determined that for the purposes of the actuarial valuation as at 31 July 2021 the margin to be used is 1.9% per annum.

Salary Increases: Pay increases are expected to exceed CPI increases by 1.5% per annum compound in the long term but an allowance has been made for pay increases of 4.5% in 2021/2022. 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 are defined in the Rules and are based on annual increases in the RPI and CPI as derived above, subject to certain maxima and a minimum of nil confirmed within the Rules.

Pension Increases in Deferment: For all pension earned prior to 2013, the Trustee main revaluation assumption is set to be the same as the assumption for future increases in the RPI. There is also a revaluation underpin based on statutory revaluation. Statutory revaluation on the pension in excess of any GMP is in line with increases in the CPI, whilst the GMP is revalued in line with statutory requirements.

Report on Actuarial Liabilities

For pension earned on or after 1 January 2013, increases to pensions accrued in service and after leaving service are to be calculated by reference to the RPI (or CPI for joiners on or after 1 January 2013) capped at a maximum of 5% per annum compound.

Mortality: Currently the Trustee is using S2NA base tables produced by the Continuous Mortality Investigation Bureau based upon mortality experience of Self-Administered Pension Schemes centred on 2007 but then projected to allow for subsequent improvements in longevity. After carrying out a mortality investigation on Scheme experience on data between 1 August 2011 and 31 July 2017 during 2018 the Actuary recommended, and the Trustee agreed to adjust the S2NxA base tables for males and females by 121% and 90% respectively.

In addition, the Actuary recommended, and the Trustee agreed to make allowance for future longevity improvements using the CMI 2017 projection table, with long term rates of improvement of 1.25% per annum.

New Entrants: The Scheme is open to new entrants. The Trustee does not allow explicitly for new entrants. However, by adopting the Projected Unit Method, 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.

Commutation: On retirement, no allowance is made for Members who commute part of their pension for a cash lump sum at retirement.

Retirement: The Scheme Normal Retirement Age is 65 although members who joined prior to 1 December 2009 have the right to retire without actuarial reduction at age 60. The Trustee wishes to fund benefits to the average expected age of retirement of such members.

Investigations of the pattern of retirements between 1 August 2011 and 31 July 2017 (investigated as in 2018) suggest that, on average, active males currently retire at age 63 and females retire at age 62, whilst deferred males retire at age 61 and females retire at age 61. These average retirement ages will be reviewed by the actuary at each subsequent triennial valuation to ensure that they remain in line with actual Scheme experience.

Members who joined on or after 1 December 2009 are assumed to retire at age 65.

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

Percentage with Dependant’s Benefits at Death: 85% of male and female members are assumed to be married at death.

Expenses: Expenses of administering the Scheme are borne by the Scheme. Part of the expenses relates to past service and part relates to current and future service.

The Trustee’s policy is for the actuary to review the allowance for expenses at each valuation and make a recommendation for both elements.

The current assumption is for a past service reserve of 1% of the Technical Provisions and a future allowance of 0.9% of Pensionable Salaries. This is to cover all expenses and levies of administering the Scheme.

Statement of 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 Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme 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 making 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 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 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 board met four times in the year. Attendance figures for individual directors at board meetings are below.

Director	**Board Meetings**
Mr. H Jacobs	4
Mr. D P Hearn	4
Mr. S Hutson	4
Mr. G Cross	4
Mr. P Stokes	4
Mr. A Odgers	3
Ms. V McPhee	3
Mr. S Miah	4

Trustee Knowledge and Understanding

The provisions of the Pensions Act 2004 require Trustee Directors of occupational pension schemes to have knowledge and understanding of the law relating to pensions and trusts and the principles relating to the funding of occupational schemes and the investment of scheme assets. Trustee Directors are also required to be conversant with their own scheme's policy documents. The Pensions Regulator has taken the phrase 'conversant with' to mean having a working knowledge of those documents such that the Trustee Directors are able to use them effectively when carrying out their duties.

The Trustee Directors have agreed that they will undertake the e-learning package introduced by the Pensions Regulator which aims to equip Trustee Directors with the knowledge and understanding they need to effectively carry out their duties and the Trustee regularly monitors progress. The Trustee Directors have also agreed that if there are any areas of concern 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 each Trustee Director 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.

Contact Details

Any enquires about the information contained in this report or a member's entitlement to benefits should be addressed to Pensions Administration, Greenwich House, Madingley Rise, Cambridge, CB3 0TX or by emailing to the following address, pensionsonline@admin.cam.ac.uk.

Internal Controls

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

- Details of the amounts of any late payment or incorrect payments plus details of any action taken by the Scheme Office in respect of late or incorrect payment of contributions.

- Reports on outstanding work in the Scheme Office and the reasons for the work being outstanding.

This report was approved by the Trustee on 20th February 2023 and were signed on behalf of the Trustee by:

Mr H Jacobs	Chairman
Mr S Hutson	Director

Independent Auditor's Report to the Trustee of the Cambridge University Assistants' Contributory Pension Scheme

Opinion

We have audited the financial statements of the Cambridge University Assistants' Contributory Pension Scheme for the year ended 31 July 2022 which comprise the Fund Account, the Statement of Net Assets (available for benefits) 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, 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 July 2022, 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;
- 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 Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information. 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.

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.

Responsibilities of Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 16, the Trustee is 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 Trustee determines 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 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 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 (available for benefits) date.
- Diversion of assets through large investment transactions. A sample of transactions are agreed to supporting documentation testing the authorisation of the amount to Trustee approval.
- 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 schedule of contributions agreed between the employer and Trustee.

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 Trustee, 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 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's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
London

28 February, 2023

Fund Account

	Note	2022	2021
		£	£
Contributions and benefits			
Employer contributions receivable	3	28,384,812	28,626,620
Employee contributions receivable	3	336,078	363,487
Other Income	4	-	-
		28,720,890	28,990,107
Benefits payable	5	27,587,894	25,430,278
Payments to and on account of leavers	6	343,914	281,789
Administrative expenses	7	1,902,969	1,803,539
		29,834,777	27,515,606
Net additions from dealings with members		(1,113,887)	1,474,501
Returns on investments			
Investment income	8	4,044,154	3,927,443
Change in market value of investments	9	(1,365,578)	120,350,040
Investment management expenses		(882,597)	(343,480)
Investment consultant expenses		(263,266)	(226,789)
Net return on investments		1,532,713	123,707,214
Net increase in fund during the period		418,826	125,181,715
Net Assets of the Scheme at 1 August 2021		815,157,808	689,976,093
Net Assets of the Scheme at 31 July 2022		815,576,634	815,157,808

Statement of Net Assets (available for benefits)

	Note		2022		2021
			£		£
Investments					
Pooled Investment Vehicles	9.1		786,016,098		773,981,258
AVC Investments - cash	9.2		474,496		508,217
Cash			26,000,000		38,000,000
Other Investment Values			246,654		543,460
			812,737,248		813,032,935
Current Assets					
Cash at Bank		2,415,804		2,419,107	
Debtors	12	3,378,313		3,243,081	
		5,794,117		5,662,188	
Less Current Liabilities					
Creditors	13	2,954,731		3,537,315	
Net Current Assets			2,839,386		2,124,873
Net Assets of the Scheme at 31 July 2022			815,576,634		815,157,808

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 24 to 34 form part of these financial statements.

These financial statements were approved by the Trustee on 20th February 2023 and were signed on behalf of the Trustee by:

Mr H Jacobs Chairman

Mr S Hutson Director

Notes to the Financial Statements

1 Basis of preparation

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).

2 Accounting policies

The principal accounting policies of the Scheme are as follows:

a) Investments

Investments are included at fair value as follows:

i. 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.

ii. Annuities purchased which provide the benefits for certain members that are in the name of the Trustee are not included as assets of the Scheme as the Trustee consider these to be not to be material in relation to the financial statements as a whole.

b) Investment income

i. Interest is accrued on a daily basis.

ii. 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.

iii. Income from pooled investment vehicles is accounted for on an accruals basis on the date when declared by the fund manager.

iv. Income arising from annuity policies is included in investment income on an accruals basis.

c) 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.

d) 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.

Notes to the Financial Statements

e) 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 on the later of the date of retirement or when 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.

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

f) Expenses

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

g) 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 Trustee Knowledge and Understanding on page 18.

h) Taxation

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

Notes to the Financial Statements

3 Contributions

	2022	2021
	£	£
From Members:		
Normal contributions[1]	202,116	207,239
Additional voluntary contributions (Added years)	125,466	145,785
Additional voluntary contributions (CBS)	8,496	10,463
	336,078	363,487
From Employer:		
Normal contributions	13,789,812	14,031,620
Deficit funding contributions	14,595,000	14,595,000
	28,384,812	28,626,620

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to members by the Employer. During the year, in accordance with a long-standing agreement between the University of Cambridge and the Trustee, the University of Cambridge overpaid employer normal contributions. For the year ended 31 July 2022, employer contributions of £25,674,715 (2021: £25,743,908) were paid and of these contributions, £11,884,902 (2021: £11,712,288) was calculated to be overpaid and repaid back to the Employer from the Scheme.

Under the Schedule of Contributions certified by the Scheme Actuary on 31 October 2022 deficit funding contributions, in respect of the shortfall in funding of £14,595,000 per annum, are being paid in monthly instalments by the employer until 31 July 2023.

[1] *On 1 October 2019, the University of Cambridge removed the 3-month waiting time for entry into the salary sacrifice arrangement for pensions.*

4 Benefits Payable

	2022	2021
	£	£
Pension payments to retired members	22,549,086	21,270,688
Commuted to lump sum payments	4,210,104	3,629,322
Cash payment on death	828,704	530,268
	27,587,894	25,430,278

Notes to the Financial Statements

5 Payments to and on account of leavers

	2022	2021
	£	£
Refunds of contributions to members	4,917	9,538
Payments to HM Revenue & Customs	1,099	2,517
Transfers out to other schemes for individuals	337,898	269,734
	343,914	281,789

6 Administrative expenses

	2022	2021
	£	£
Expenses borne by the Scheme comprise:		
Actuarial fees	225,573	164,593
Trustee Honorarium	10,000	10,000
Investment Committee Advisor Fees	6,600	7,200
Legal fees	12,613	4,795
Medical Reports	46	25
Salaries and other payroll costs	259,782	275,487
PLSA subscription	2,499	2,399
PPF Levy	1,279,274	1,258,046
Pensions Regulator Levy	26,350	36,106
Printing costs	6,884	-
PS Pension Administration support costs	27,220	14,856
Audit fee	27,360	26,760
Bank charges	411	120
Member tracing	836	1,422
Trustee expenses	416	600
Recruitment Costs	12,000	-
Other expenses	5,105	1,130
	1,902,969	1,803,539

Notes to the Financial Statements

7 Investment Income

	2022 £	2021 £
Income from pooled investment vehicles	4,005,199	3,886,877
Tax reclaims	38,003	37,543
Interest on cash deposits	-	1,381
Interest on building society deposits	710	505
Annuities received	242	1,137
	4,044,154	3,927,443

8 Investments

	1 August 2021 £	Purchases £	Sale proceeds £	CIMV £	31 July 2022 £
Pooled investment vehicles (see Note 10.1)	773,981,258	201,111,984	-187,711,566	-1,365,578	786,016,098
AVC Investments	508,217	9,206	-42,927	0.00	474,496
	774,489,475	201,121,190	-187,754,493	-1,365,578	786,490,594
Cash	38,000,000				26,000,000
Accrued investment Income	543,460				246,654
	813,032,935				812,737,248

Pooled investment vehicle sale proceeds relate to the disinvestment of the holdings with Majedie (£75,358,602) and Credit Suisse (£34,527,017) and a switch between the State Street Passive Equity - UK Equity Fund to the State Street Passive Equity - Global Equity Fund (£30,546,000). Purchases relate to investment in the State Street Passive Equity - Fundamental Index Fund (£55,000,000), PIMCO – Multi Asset Credit Fund (£13,827,043), Reams – Unconstrained Bonds (£20,700,000), CIP - Renewable Infrastructure Fund (£4,533,151) and CVC (£29,225,844). During the year the investment with BlackRock Appreciation Strategy Fund, Ltd. Class J (GBP) Shares 2021 Series 1 switched to BlackRock Appreciation Strategy Fund, Ltd. Class J (GBP) Shares 2022 Series 1 (£47,279,946) and this move is reflected in purchases and sales.

9.1 Pooled Investment vehicles

	2022 £	2021 £
UK equity funds	115,022,997	220,669,363
Overseas equity funds	351,147,708	273,729,151
Alternatives	60,470,648	49,165,775
Bond funds	175,191,527	158,907,239
Property funds	84,183,218	71,509,730
	786,016,098	773,981,258

[1]Alternative funds hold a variety of investments including bonds, equities, real estate and derivatives.

Notes to the Financial Statements

9.2 Cambridge Building Society AVCs

Movement in value of the AVC account is shown below

	2022	2021
	£	£
INCOME		
Contributions	8,496	10,463
Interest receivable	710	505
	9,206	10,968
EXPENDITURE		
AVC balances transferred to Fund Account	42,927	37,143
Net reduction from dealings with members	(33,721)	(26,175)
Balance of members' Voluntary Contributions at 31 July 2021	508,217	534,392
Balance of members' Voluntary Contributions at 31 July 2022	474,496	508,217

Money Purchase Additional Voluntary Contributions represent contributions invested in a special account at the Cambridge Building Society on behalf of the individuals concerned to provide additional benefits within the overall limits laid down by the HM Revenue and Customs.

10 Concentration of Investment

As at 31 July 2022, the following investments represented greater than 5% of the Scheme's Net Assets

	2022	2022	2021	2021
	£	%	£	%
Genesis Emerging Markets Fund	-	%	45,219,332	5.5%
Majedie AM UK Equity Service Fund	-	%	80,720,207	9.9%
State Street Passive Equity - UK Equity Fund	115,022,997	14.1%	139,949,155	17.2%
State Street Passive Equity - Fundamental Index Fund	203,178,389	24.9%	142,082,148	17.4%
Kames Property Income Fund	84,183,218	10.3%	71,509,730	8.8%
PIMCO – Multi Asset Credit Fund	43,978,319	5.4%	-	-
Reams – Unconstrained Bonds	103,317,196	12.7%	85,747,515	10.5%
State Street Passive Equity - Global Equity Fund	79,728,247	9.8%	53,511,570	6.6%
BlackRock Absolute Return Strategies Fund	47,118,097	5.8%	45,961,162	5.6%

11 Self-Investment

The Scheme has no funds held on deposit with the University.

Notes to the Financial Statements

12 Debtors

	2022	2021
	£	£
Contributions due for July 2022*	3,378,313	3,243,081

*Contributions due at current and prior year end were received in line with the Schedule of Contributions

13 Creditors

	2022	2021
	£	£
Pension payments due for July 2022	1,900,593	1,795,929
Deficit Recovery payment July 2022	-	984,169
Investment Manager Fees	185,895	124,897
Lump Sum Payments	191,561	55,825
Audit Fees	14,509	12,000
Legal Fees	791	2,027
Actuarial Fees	-	9,361
SEI contributions due to the University	31,427	13,888
Staff Costs	117,761	124,373
Building Society AVC's pending Investment	-	1,476
Tax due on Refunds	-	704
PPF Levy	500,000	402,812
PS Pensions Support	2,340	-
Refunds	9,854	9,854
	2,954,731	3,537,315

14 Transaction costs

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

Notes to the Financial Statements

15 Investment fair value hierarchy

Financial instruments held at fair value in the financial statements must be analysed according to the appropriate level in the following fair value hierarchy. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity canaccess at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using marketdata) 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 investments have been analysed using the above hierarchy categories as follows:

As at 31 July 2022	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
	£	**£**	**£**	**£**
Pooled investment vehicles	-	701,832,880	84,183,218	786,016,098
Cash (including AVC investments)	26,474,496	-	-	26,474,496
Other investment balances	-	246,654	-	246,654
Total	26,474,496	702,079,534	84,183,218	812,737,248

As at 31 July 2021	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
	£	**£**	**£**	**£**
Pooled investment vehicles	-	702,471,528	*71,509,730	773,981,258
Cash (including AVC investments)	38,508,217	-	-	38,508,217
Other investment balances	-	543,460	-	543,460
Total	38,508,217	703,014,988	71,509,730	813,032,935

* Following re-analysis of the 2021 investment fair value hierarchy it has been determined that the property holdings should have been shown in Level 3.

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.

Notes to the Financial Statements

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 considering 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. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Investment type	Market risk				**Value at 31 July 2022 (£m)**	**Value at 31 July 2021 (£m)**
	Credit risk	Currency	Interest rate	Other price		
UK equities	○	○	○	●	115.0	220.7
Overseas equities	○	●	○	●	351.1	273.7
Corporate bonds	●	○	●	◐	175.2	158.9
Property	○	◐	○	●	84.2	71.5
Alternatives Funds	◐	◐	◐	●	60.5	49.2
Cash (Including AVC's)	●	○	●	○	0.5	38.0

In the above table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/not at all.

Credit risk

The Scheme invests in pooled funds and is therefore directly exposed to credit risk in relation to solvency of the investment manager and custodian of those funds. Direct credit risk arising from pooled funds is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the investment managers, the regulatory environments in which the pooled managers operate and diversification of the Scheme's 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 on-going basis monitors any changes to the operating environment of the pooled fund with the help of their investment advisers. The Scheme's holdings in pooled investment vehicles are unrated.

The Scheme is subject to further direct credit risk as the Scheme has cash balances. Cash is held within financial institutions which are at least investment grade credit rated.

The Scheme is indirectly exposed to credit risk arising from the underlying investments held by the pooled funds. The indirect exposure to credit risk arises from the Scheme's investments in bonds, cash and derivatives via the Hedge funds and Bond funds as detailed in Note 9.1 although the extent of the risk is dependent on the portfolio held at the time. The Trustee acknowledges that the assessment of credit risk on underlying debt instruments is delegated to the investment manager. The Trustee however ensure that they are comfortable with the amount of risk that the Scheme's investment manager takes.

Notes to the Financial Statements

Currency risk

As at 31 July 2022, £78,693,238 (2021: £79,611,298) of the Scheme's fund were accessed via a US Dollar and Euro share class and as a result was directly exposed to currency risk.

In addition, the Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets through Overseas Equity Funds, Hedge Funds, Bond Funds and Property Funds as detailed in Note 9.1. The Trustee limits overseas currency exposure through a currency hedging policy

Interest rate risk

The Scheme is indirectly exposed to interest rate risk arising from the underlying investments held by the pooled funds. The indirect exposure to interest rate risk arises from the Scheme's investments in bonds, cash and derivatives via the Hedge Funds and Bond funds as detailed in Note 9.1 although the extent of the risk is dependent on the portfolio held at the time.

The interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's actuarial liabilities. The net effect will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to have exposures to these risks in this manner.

Other price risk

The Scheme is indirectly exposed to other price risk arising from the underlying investments held by the pooled funds. The indirect exposure to other price risk arises from the Scheme's investments in equities, property and derivatives via the Equity Funds, Hedge Funds and Property funds as detailed in Note 9.1 although the extant of the risk is dependent on the portfolio held at the time. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

17 Contingent liabilities and commitments

Aside from the liability to pay future retirement benefits, there is a commitment to invest €28,485,195 (£23,737,662) (2021 €38,000,000 (£32,464,758) with Copenhagen Infrastructure Partners and €28,000,000 (£23,000,000) (2021, Nil) with CVC.

18 Related party transactions

Contributions are received in respect of 1 (2020: 1) Trustee Director and pensions are paid in respect of 1 (2020: 2) who are both members of the Scheme. These transactions have been made in accordance with the Trust Deed and Rules.

The Independent Chair of the Trustee receives a fee of £10,000 per year and 2 (2020: 2) Directors receive a fee of £1,200 per year for being members of the Investments Committee. Additional, 2 (2020:2) non-Directors a receive a fee of £1,200 for their service on the Investments Committee.

During the year the Employer settled the amount due to HMRC as a result of the unauthorised payments made in respect of the funeral grant payments on behalf of the Scheme. (Note 20)

19 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. On 20 November 2020, the High Court also ruled that pension schemes will need to revisit individual transfer payments made since May 1990.

Notes to the Financial Statements

Under the rulings, schemes are required to backdate benefit and transfer out 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 has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

20 Unauthorised Payments

As highlighted in last year's Report and Accounts the Trustee became aware of a number of unauthorised payments that had been made under the Funeral Grant rule. After submitting the evidence, it was determined that a payment was due to HMRC in respect of these grants. The Employer made the payment to HMRC on behalf the Scheme and the procedure for the future payment of funeral grants has been revised to comply with HMRC rules.

Independent auditor’s statement about contributions to the Trustee of the Cambridge University Assistants’ Contributory Pension Scheme

We have examined the summary of contributions to the Cambridge University Assistants’ Contributory Pension Scheme for the Scheme year ended 31 July 2022 which is set out in on page 36.

In our opinion contributions for the Scheme year ended 31 July 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 30 November 2020.

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 preparing, and from time to time reviewing and if necessary, revising, a schedule of contributions 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 statement
This statement is made solely to the Scheme'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 Scheme'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 Scheme’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

28 February, 2023

Summary of Contributions Payable for the year ended 31 July 2022

Statement of Trustee's responsibilities in respect of contributions

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 tobe 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.

Trustee's summary of contributions payable under the Schedule of Contributions in respect of the Scheme year ended 31 July 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 31 October 2022 in respect of the Scheme year ended 31 July 2022. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

During the year ended 31 July 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	13,789,812	14,031,620
Deficit funding	14,595,000	14,595,000
	28,384,812	**28,626,620**
Contributions from members:		
Normal contributions	202,116	207,239
Total contributions payable under the Schedule of Contributions	**28,586,928**	**28,833,859**
Other contributions payable		
Members additional voluntary contributions (added years)	125,466	145,785
Members additional voluntary contributions (Cambridge Building Society)	8,496	10,463
	133,962	**156,248**
Total contributions reported in the financial statements	**28,720,890**	**28,990,107**

Signed on behalf of the Trustee on 20th February 2023 by:

Mr H Jacobs **Chairman**

Mr S Hutson **Director**

SCHEDULE OF CONTRIBUTIONS

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

Status

This Schedule of Contributions has been prepared by C U Pension Trustee Limited ("the Trustee" of the Scheme) on 31 October 2022, after obtaining the advice of Robert Sweet, the Actuary to the Scheme.

It replaces an earlier Schedule dated 30 November 2020.

Contributions to be paid to the Scheme from 1 November 2022 to 31 October 2027

1. In respect of the future accrual of benefits, the expenses of administering the Scheme, death in service benefits and PPF levies, the Members and the Employers will pay contributions at the following rates of Members' Pensionable Salaries. The rates in brackets are the rates payable from 1 November 2022 until 31 July 2023 only; the main rates are then payable from 1 August 2023 onwards:

	Salary Sacrifice Members		Non Salary Sacrifice Members	
	Active Members %	Employers %	Active Members %	Employers %
Pre-2013 Members paying additional contributions under Rule 45.6	Nil	22.6 (20.0)	8.5	14.1 (11.5)
Other Pre-2013 Members	Nil	19.6 (16.5)	5.0	14.6 (11.5)
Post-2013 Members	Nil	10.6 (8.8)	3.0	7.6 (5.8)

Active Members' contributions are to be deducted from their Pensionable Salary by their Employer and, together with the Employers' own contributions, are to be paid to the Scheme on or before the 19th day of the calendar month following that to which the payment relates.

2. The Employers will pay additional contributions of £14,595,000 per annum over the period to 31 July 2023.

3. The Scheme's funding position will be re-examined as at 31 March 2023, using assumptions derived as set out in the Statement of Funding Principles dated 31 October 2022. If the funding level as at that date is below 95%, then additional contributions will be payable from 1 August 2023 at the rate of £10,000,000 p.a. payable until 31 July 2024.

4. The Scheme's funding position will then be re-examined at each 31 March thereafter, commencing on 31 March 2024. If the funding level is above 100%, no additional contributions will be payable from the following 1 August. If the funding level is below 95%, additional contributions at the rate of £10,000,000 p.a. will be payable from the following 1 August. If the funding level is between 95% and 100% and additional contributions of £10,000,000 p.a. are already in payment, then these will continue for the year commencing from the following 1 August.

5. Contributions due under paragraphs 2, 3 and 4 above are payable in monthly instalments and each instalment is to be paid to the Scheme on or before the 19th day of the calendar month following that to which the payment relates. The allocation of these contributions between the Employers is to be decided by the Principal Employer.

Post-2013 Member

A member who joined the Scheme on or after 1 January 2013.

Pre-2013 Member

A member who joined the Scheme on or before 31 December 2012.

Augmentations

In respect of any augmentations granted, the Employers will pay such additional contributions as have been agreed with the Trustee, to be paid within such reasonable period as has been agreed between the Principal Employer and the Trustee.

Pensionable Salary

Basic salary plus any allowances and other emoluments that have been determined to be pensionable by the Employers. For members who are participating in a Salary Sacrifice Arrangement, Pensionable Salary is deemed to be the amount which it would have been if the Member was not participating in a Salary Sacrifice Arrangement.

Salary Sacrifice Members

Members who are participating in a Salary Sacrifice Arrangement and who as a result of which have been relieved of the duty to pay Member's contributions.

For and on behalf of the University of Cambridge ("the Principal Employer")

Signed: D Hughes

Name: D Hughes

Position: Director of Finance

Date: 31 October 2022

For and on behalf of CU Pension Trustee Limited ("the Trustee")

Signed:

Name: H R Jacobs

Position: Trustee

Date: 31 October 2022

ACTUARY'S CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

CAMBRIDGE UNIVERSITY ASSISTANTS' CONTRIBUTORY PENSION SCHEME

Adequacy of Rates of Contributions

I hereby 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 31 July 2021 to continue to be met for the period for which the Schedule is to be in force.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 31 October 2022.

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.

Signed:	Robert. J. Sweet	Date:	31 October 2022
Name:	R J Sweet	Qualification	Fellow of the Institute and Faculty of Actuaries
Address:	Mill Pool House Mill Lane Godalming Surrey GU7 1EY	Employer:	Cartwright Group Limited

Engagement Policy Implementation Statement

The Engagement Policy Implementation Statement ("EPIS") has been prepared by the Cambridge University Pension Trustee Limited (the "Trustee") and covers the Scheme year from 1 August 2021 to 31 July 2022.

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 (the "Regulations"). The Regulations require that the Trustee produces an annual statement which outlines the following:

- Explain how and the extent to which the Trustee has followed its engagement policy which is set out in the Statement of Investment Principles ("SIP").
- Describe the voting behaviour by or on behalf of the Trustee (including the most significant votes cast) during the Scheme year and state any use of third party provider of proxy voting services.

Scheme's Stewardship Policy

The below bullet points summarise the Scheme's stewardship policy in force over the Scheme year to 31 July 2022.

The full SIP can be found here: https://www.pensions.admin.cam.ac.uk/files/cuacps_-sip_2020_final_unsigned.pdf

- *The Trustee believes that in order to…. protect and enhance the value of the Scheme's investments, it must act as a responsible steward of the assets for which it is responsible. The Trustee recognises the need to ensure high standards of governance and corporate responsibility in the underlying entities in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Scheme. The Trustee therefore expects the Scheme's investment managers and Investment Consultant to follow industry best practice with regards to stewardship and encourages them to abide by the principles set out in the UK's Stewardship Code.*
- *As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers, as major institutional investors, to:*
  - *engage with investee companies, where appropriate, with the aim to protect and enhance the long-term value of assets taking material Environmental, Social and Governance ("ESG") factors, including climate risks, into account; and*
  - *exercise the Trustee's voting rights in relation to the Scheme's assets in a way which holds directors of investee companies accountable for long-term and responsible behaviour, taking into account material ESG factors, including climate risks.*
- *The Trustee reviews the stewardship activities of their investment managers at least annually, covering both engagement and voting actions.*
- *From time to time, the Trustee will consider the methods by which, and the circumstances under which, they would monitor and engage directly with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.*

Scheme Stewardship Activity Over the Year

New Investments

Copenhagen Infrastructure Partners ("CIP") – Renewable Infrastructure Fund

The Fund focusses on large scale energy infrastructure investments across technologies within the renewables sector. The Trustee has committed 5% of Scheme assets to the Fund. Drawdowns commenced in April 2021 and have continued over the period.

CVC – European Direct Lending Responsible Investment SMA Strategy

In June 2021, the Trustee made the decision to commit capital to the CVC European Direct Lending Strategy. Drawdowns have subsequently commenced and continued over the period.

The Strategy incorporates Environment, Social & Governance ("ESG") key performance indicators into each loan agreement issued by the fund. The objective is to encourage investment companies to improve their ESG profiles, and in doing so the companies will be rewarded with tangible financial benefits.

Ongoing Monitoring

Investment monitoring takes place on a quarterly basis with a monitoring report being provided to the Investment Committee ("IC") by Aon. The reports include Aon's ESG ratings and highlights any areas of concern, or where action is required. The ESG rating system is for buy rated investment strategies and is designed to assess whether investment managers integrate responsible investment and more specifically ESG considerations into their investment decision making process. The ESG ratings are based on a variety of qualitative factors, starting with a proprietary due diligence questionnaire, which is completed by the fund manager.

Aon's researchers also conduct a review of the managers' responsible investment related policies and procedures, including a review of their responsible investment policy (if they have one), active ownership, proxy voting and/or stewardship policies. After a thorough review of the available materials, data and policies, as well as conversation with the fund manager, the lead researcher will award an ESG rating, which is subject to peer review using an agreed reference framework. Ratings will be updated to reflect any changes in a fund's level of ESG integration or broader responsible investment developments.

Qualified rated managers, like Genesis, are covered on a quantitative basis which includes quantitative ESG scoring and maps to Policies, Staff, Process and Stewardship aspects of the Aon Five Factor framework. Genesis scored in the top quartile in comparison to their peers for all of these factors.

Aon have highlighted to the IC that PIMCO has an ESG rating of advanced. This means that the fund management team have demonstrated to Aon that they have an advanced awareness of potential ESG risks in the investment strategy. The fund management team have demonstrated advanced processes to identify, evaluate and potentially mitigate those risks across the entire portfolio.

Aon have highlighted to the IC that State Street, Majedie, Reams and CVC all have an ESG rating of integrated. This means that the fund management team have demonstrated to Aon that they have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

If a particular fund were to have its ESG rating downgraded by Aon, the IC would be notified. None of the investment manager ESG ratings were downgraded over the period.

It is important to note that Aon's ESG rating framework does not cover the Scheme's investment in the Aegon Property Fund, as this fund is not rated by Aon. ESG monitoring is also not conducted for BlackRock or CIP due to the nature of these investments.

More information on the Aon ESG Ratings process can be found here:
https://one.aon.net/sites/ribportal/RI/Documents/Aon-s-Guide-to-ESG-Investing_V1%20%281%29.pdf

The IC monitors compliance with the SIP at each quarterly meeting, using a governance dashboard to ensure that the policies set out in the SIP, including those in relation to ESG are being applied.

Manager Stewardship Update

During the year, Aon conducted an annual investment manager stewardship update on behalf of the IC. As part of this process Aon collates the RI policies for all investment managers and provides a summary of these to the IC. Aon also shares the SIP with each manager so that the managers can familiarise themselves with the policies of the Scheme. The review highlighted that none of the investment managers were believed to be in conflict with the policies.

Aon also engaged with the Scheme's investment managers to confirm their UK Stewardship Code status. At the time of the review, all of the Scheme's investment managers were signatories of the Code with the exception of Reams Asset Management, Copenhagen Infrastructure Partners and CVC Credit Partners. The Scheme's investment consultants Aon have also confirmed that they are signatories of the Code.

The IC has reiterated the importance of the Code and engagement with these investment managers who are not currently signatories to the UK Stewardship Code is ongoing.

Updating the Stewardship Policy

In November 2021, the Trustee updated the wording in the SIP to reflect that they expect all investment managers to follow industry best practice with regards to stewardship and encourages them to abide by the principles set out in the UK Stewardship Code. As noted, engagement is ongoing to promote adherence to the UK Stewardship Code

Manager Meeting Attendance

The IC invites its appointed investment managers to attend meetings, typically inviting one manager per quarterly meeting. During the period, the IC invited Reams, PIMCO and State Street. The purpose of the sessions is for the managers to provide an update to the IC on their business, the funds held investment performance and their ESG and stewardship policies and practices.

During State Street's presentation the IC heard that by 2023 State Street would be voting against boards which were not at least 30% female and would also vote against boards where there was not at least one member of an ethnic minority group. The IC welcome this positive development. State Street was also asked to confirm that it is adhering to the Scheme's SIP, which it did providing high-level references to it ESG policies and practices.

Following the presentation from PIMCO, the IC requested more information on the number of issuers who have been rejected by the portfolio management team for the Diversified Income Fund as a result of ESG analysis. Whilst unable to confirm the number of rejected issuers (as this is not tracked for the fund the Scheme invests in), PIMCO have provided examples to the IC where a negative ESG score has contributed to issuers being rejected.

Reviewing the Responsible Investment Policy of the Scheme

The IC received a presentation from Aon detailing the climate strategy of the Cambridge University Endowment Fund ("CUEF") and also the Net Zero commitments made by the University of Cambridge and Trinity College. The presentation also identified steps the IC could take if the Scheme wanted to align with the climate strategy of the CUEF. Before progressing further, the IC initiated further analysis to establish that any changes to the current policy would be in the best interest of members.

Climate Change Working Group

The IC set up a working group to consider why taking a more active stance to tackle climate change risk within the Scheme would be in the best interest of its members. Following this, a paper was prepared for the IC to support discussions with the Trustee Board regarding aligning the Scheme's sustainability policy with that of the Sponsoring Employer. This report set out:

- The regulatory requirements on trustees in relation to climate change
- The impact of climate change and implications for investors
- An overview of the Scheme's current Responsible Investment Policy
- Steps that can be taken to mitigate climate change risk and capitalise on the climate change opportunity.

It was agreed by the Trustee Board that the next step would be to look at the carbon footprint of the Scheme's assets.

Carbon Footprint Analysis

Aon was asked to undertake the Scheme's carbon footprint analysis, to help the IC and Trustee understand climate risk exposure within the Scheme's existing portfolio. as a basis considering whether to make a long-term climate related commitment for the Scheme.

Aon undertook this analysis across the asset classes and investment managers in which the Scheme invests. Specifically, the analysis was seeking to answer the following questions associated with the Scheme's investments:

- What is the total carbon footprint?
- What is the normalised carbon footprint per £m invested?
- What is the exposure to carbon intensive companies?
- What proportion of the portfolio shows 'good quality' data?

This work was competed post the period covered by this review and therefore further details of the outcomes will be provided in next year's statement. However, it is worth noting that the IC are mindful that the carbon footprint analysis is just one input into an understanding of climate risks in the Scheme portfolios.

Cost and Transparency

During the year, the IC reviewed the Scheme's investment managers' portfolio costs and benchmarked these against relevant peer groups for reasonableness. Following this, it was agreed that Aon would enter into fee negotiations with BlackRock, Genesis and PIMCO where associated costs were deemed to higher than expected. Subsequently, BlackRock have reduced their annual management fee..

Voting and Engagement Activity – Equities

Over the year, the equity investments held by the Scheme were:

- Liontrust (formerly Majedie) Asset Management – UK Equity Fund
- State Street Global Advisors
  - – Emerging Markets Equity Index Sub-Fund
  - – Fundamental Index Global Equity Sub-Fund
  - – UK Equity Index Sub-Fund
  - – Asia Pacific ex Japan Equity Index Sub-Fund
  - – Europe (Ex UK) Equity Index Sub-Fund
  - – Japan Equity Index Sub-Fund
  - – North America Equity Index Sub-Fund
- Genesis Investment Management Ltd – Global Emerging Markets Equity

LionTrust (formerly Majedie) Asset Management ("Majedie") – UK Equity Fund

Voting approach

Majedie uses Institutional Shareholder Services ("ISS") for voting research and places its electronic votes through ISS's voting platform, ProxyExchange. Majedie is guided by its custom voting policy. When reaching a voting decision, where a management recommendation and ISS's recommendation are in alignment Majedie will be minded to vote in the same way, except where items concern approval of political donations and expenditure where Majedie will be minded to vote against. Where there is divergence between management and ISS, the relevant Majedie fund manager will decide how to vote. Majedie also scrutinises the recommendations of management and ISS in the UK small cap space.

Voting activity over the year

The table below shows the voting statistics for the UK Equity Fund the period 1 July 2021 to 30 June 2022, which broadly matches the Scheme's reporting year.

	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Majedie UK Equity Fund	2,694	100.0%	2.6%	0.5%

Source: Majedie. Please note that managers generally collate voting information on a quarterly basis. The voting information provided above is for the year to 30 June 2022. This broadly matches the Scheme year.

Majedie provided a further breakdown of votes against management:

Topic	% of votes against management
Director related	21%
Routine/Business	41%
Capitalisation	17%
Compensation	21%

Source: Majedie

Most of the votes against management in the Routine/Business category followed its voting guidelines which are against political donations. In the Directors category, Majedie primarily voted against the (re)election of directors where it had concerns over the independence of the board.

Engagement approach

Majedie sees engagement as a critical component of its investment process in helping it understand its investments, the key issues and potential risks companies might face going forward. Majedie engages with investee companies via meetings, phone calls and written communications as part of its investment process, with the level of engagement driven by its assessment of the material issues a company faces. Majedie escalates engagements on a case by cases basis, if needed. This may involve breaking requests down into multiple, smaller steps or speaking to multiple company representatives.

Majedie reports on its engagements, including any subsequent votes, in its quarterly reports to clients and in its annual Responsible Capitalism report. Over the Scheme year, Majedie engaged with approximately 120 companies in the UK Equity Fund.

State Street Global Advisors (“SSGA”)

Voting approach

SSGA’s uses proxy voting service provider ISS as a proxy voting agent, to apply SSGA’s proxy voting guidelines and for research and analysis on general corporate governance issues and specific proxy items.

SSGA’s stewardship team reviews its proxy voting guidelines with ISS on an annual basis or on a case-by-case basis as needed. Members of the stewardship team evaluate each proxy vote against their proxy voting guidelines, which seek to maximise the value of its client accounts. Additionally, SSGA may refer significant issues to its proxy review committee to decide the proxy vote.

Voting activity over the year

The table below shows the voting statistics for the SSGA funds the Scheme was invested in the period 1 July 2021 to 30 June 2022, which broadly matches the Scheme’s reporting year.

	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Emerging Markets Equity Index Sub-Fund	32,223	96.9%	17.1%	2.9%
Fundamental Index Global Equity Sub-Fund	38,285	98.4%	9.8%	1.3%
UK Equity Index Sub-Fund	10,344	100.0%	7.3%	0.2%
Asia Pacific ex Japan Equity Index Sub-Fund	3,302	100.0%	16.6%	0.8%
Europe (Ex UK) Equity Index Sub-Fund	8,932	99.1%	10.8%	0.7%
Japan Equity Index Sub-Fund	6,143	100.0%	7.3%	0.0%
North America Equity Index Sub-Fund	8,094	99.4%	10.0%	0.5%

Source: SSGA. Please note that managers generally collate voting information on a quarterly basis. The voting information provided above is for the year to 30 June 2022. This broadly matches the Scheme reporting year.

Engagement approach

SSGA's stewardship team has developed an issuer engagement protocol and a framework to increase the transparency of its engagement philosophy, approach and processes. The protocol is designed to communicate the objectives of SSGA's engagement activities and to facilitate a better understanding of preferred terms of engagement with investee companies.

At a firm level, SSGA carried out 990 engagements with 666 entities over the year to 30 June 2022. The main themes of engagements were compensation, human capital, racial equity and climate change.

Genesis Investment Management LLP ("Genesis") – Global Emerging Markets Equity Fund

Voting approach

In its voting decisions, Genesis's objective is to protect and enhance long-term shareholder value. Proxy voting decisions are based on its set of corporate governance principles and are taken in the best interest of clients. Genesis is mindful of the various market practices across emerging market countries and it recognises that more than one governance model may be effective.

Genesis views proxy voting as an investment function and in evaluating a proposal, its investment team draws on a variety of resources including their many years of experience as investment analysts. Genesis provides feedback to boards and management on significant voting matters where appropriate and this in turn informs its ongoing investment analysis and company engagements. Genesis uses proxy voting adviser, ISS, for research and voting recommendations, to execute votes and record keeping. ISS's services, performance and any potential conflicts of interest are reviewed on a periodic basis.

Voting activity over the year

The table below shows the voting statistics for the Global Emerging Markets Equity Fund the period 1 July 2021 to 30 June 2022, which broadly matches the Scheme's reporting year.

	Number of resolutions eligible to vote on over the period	% of resolutions voted on for which the fund was eligible	Of the resolutions on which the fund voted, % that were voted against management	Of the resolutions on which the fund voted, % that were abstained from
Genesis Global Emerging Markets Equity	1,305	98.2%	6.7%	1.0%

Source: Genesis. Please note that managers generally collate voting information on a quarterly basis. The voting information provided above is for the year to 30 June 2022. This broadly matches the Scheme year.

Genesis provided a further breakdown of votes against management:

Topic	% of votes against management
Director related	41%
Routine/Business	32%
Capitalisation	12%
Reorganisation and mergers	7%
Compensation	7%
Miscellaneous	1%

Source: Genesis

Engagement approach

Genesis views engagement as the purposeful communication with company management on a wide range of matters which have a material impact on long-term shareholder value. It aims to create a positive impact for stakeholders, without compromising its ability to generate investment returns. Genesis focuses engagement efforts on a) research and b) to influence investee companies.

Genesis engages directly with investee companies on an ongoing basis to develop in-depth knowledge of the risks and opportunities facing the business and to assess the quality of companies' management. As part of the investment case for each holding, the portfolio manager includes an engagement plan to address ESG areas of improvement where appropriate. Engagement progress is assessed quarterly. If engagements do not yield results, Genesis may escalate the issue by meeting with the CEO or board members, formalising concerns in a letter to the board, or reducing/selling its position in the company.

For the year to 30 June 2022, Genesis estimates that it has engaged with over 90% of the companies in the Global Emerging Markets Equity portfolio (c.80 companies) and for the majority of companies there was more than one engagement. In 2021, Genesis's Investment Team conducted around 1,000 calls and meetings with companies and their competitors, customers, supply chain entities and former employees. Of these engagements, over 150 involved ESG issues at portfolio companies.

Engagement Activity – Bonds

Whilst voting rights are not applicable to non-equity mandates, the Trustee recognises that debt investors have significant capacity for engagement with issuers of debt. Debt financing is continuous, and so debt issuers have a vested interest to make sure that investors are happy with the issuer's strategic direction and policies. Whilst upside potential may be limited in comparison to equities, downside risk mitigation and credit quality are critical parts of the investment decision-making process.

Over the year, the Scheme was invested in the following fixed income funds:

- Pacific Investment Management Company – Diversified Income Fund
- Reams Asset Management – Unconstrained Bond Fund
- CVC Credit Partners – Direct Lending Fund

Below is further information on the engagement activities carried out by the Scheme's fixed income managers over the year. At the time of writing, CVC Credit Partners did not provide engagement information to include in the EPIS.

Pacific Management Investment Company ("PIMCO") – Diversified Income Fund

PIMCO sees engagement as an essential tool for delivering impact for investors, markets and society. It believes that engagement can be partnering with issuers that already demonstrate strong sustainability commitments and those with less advanced sustainability practices. PIMCO believes that this can be a way for it to influence positive change that may benefit investors, employees, society and the environment.

PIMCO's credit research analysts engage regularly with issuers, discussing topics with company management teams related to corporate strategy, leverage and balance sheet management, as well as sustainability-related topics such as climate change targets and environmental plans, human capital management and board qualifications and composition.

During 2021, PIMCO engaged with 295 issuers in the Diversified Income Fund. At a firm-wide level, PIMCO engaged with more than 1,500 issuers throughout 2021. PIMCO carried out over 4,000 engagements with these issuers. This includes for the multiple interactions with the same issuers as well as multiple topics covered in each interaction.

Reams Asset Management ("Reams") – Unconstrained Bond Fund

Reams subscribes to a pooled engagement service with ISS, where ISS engages with companies on behalf of subscribers to address ESG issues and risks. Reams believes this is an effective means to leverage the strength of the broader group of investors represented by ISS and influence issuers with material ESG risk. While this process is passive, Reams tracks the engagements ISS makes on a quarterly basis and reviews the progress of ongoing engagements. Reams' parent company, Carillon Tower Advisers, is developing corporate engagement protocols and tools to facilitate both individual and collaborative engagements across its affiliates, which is expected to lead to more focused and effective engagements in time.

Reams' current engagement activities are restricted to pooled engagement services provided by ISS and hence Reams was unable to provide any engagement examples. In July 2022, the Trustee's investment adviser, Aon, engaged with Reams about the lack of engagement reporting. Reams confirmed that it has put engagement protocols in place and more meaningful engagement reporting can be expected in the future.

Engagement Activity – Alternatives

Over the year, the Scheme was invested in the following alternative investments:

- BlackRock Alternative Advisors – Capital Appreciation Strategy (Hedge Fund)
- Aegon Asset Management – UK Property Fund
- Copenhagen Investment Partners – Fund IV (Renewable Infrastructure)

The Trustee recognises that while the ability to engage varies by strategy and the investment processes and often illiquid nature of alternative investments may mean that certain types of engagement and stewardship harder to achieve, it is still important to ensure the ESG and climate related risk are being managed. Consequently, the Trustee expects that its managers should undertake a dialogue with the issuers/companies they invest in to address concerns that may be financially material and promote responsible long-term behaviour.

Below is further information on the engagement activities carried out by the Scheme's alternative managers over the year.

Hedge Funds: BlackRock Alternative Advisors ("BlackRock") – Capital Appreciation Strategy Fund

BlackRock's Capital Appreciation Strategy is a fund of hedge funds, where BlackRock does not have investment discretion over the underlying holdings of the hedge fund managers in the portfolio. As such, BlackRock has limited ability to engage with or influence the underlying companies, governments or other issuers of securities. Further, BlackRock does not hold direct voting rights for any the underlying holdings in the portfolio.

At a firm level, BlackRock's key engagement priorities include:

Board quality and effectiveness

Strategy, purpose and financial resilience

Incentives aligned with value creation

Climate and natural capital

Company impacts on people

BlackRock considers engagement to be at the core of its stewardship efforts. It enables BlackRock to provide feedback to companies and build a mutual understanding about corporate governance and sustainable business practices. Each year, BlackRock sets engagement priorities to focus on, such as governance and sustainability issues that it considers to be most important for companies and its clients.

Real Estate: Aegon Asset Management ("Aegon") – UK Property Fund

Aegon believes that actively engaging with companies to improve their ESG performance and corporate behaviour is generally more effective than excluding companies from investment. Engagements are conducted by its investment managers, research analysts and its Responsible Investment team.

Within real estate, Aegon's engagement activity involves meetings with the underlying managers of the properties in the portfolio. The engagements cover a variety of topics including management changes, corporate actions, Global Real Estate Sustainability Benchmark ("GRESB") reporting and scores, environmental targets, and governance issues.

In 2021, Aegon carried out 30 engagements covering all the holdings in the UK Property Fund.

Infrastructure: Copenhagen Investment Partners ("CIP") – Fund IV (Renewable Infrastructure)

If CIP believes that an investee company cannot or is unwilling to respect sustainability-related topics, CIP will seek to engage with that party on such matters. Generally, CIP's engagement process is as follows: Determine if the party is able and willing to change behaviour. Attempt to agree an action plan for remediation. CIP may consider terminating the relationship in the case of unwillingness to engage or improve and/or inability to improve.

CIP's engagement themes are focussed on what it believes are the most material ESG factors. The materiality of an ESG factor is determined on the basis of CIP's experience in energy infrastructure investment, and after considering the extent to which the ESG factor:

- is relevant to infrastructure investment in that market;
- reflects CIP's funds' significant economic, social and environmental impacts;
- substantively influences the assessment/decisions of investors; and
- is addressed by CIP's Responsible Investment policy.

CIP's material engagement themes are environmental regulation and compliance and future environmental impacts, health and safety, and labour rights.

Summary

Based on the evidence provided by the investment managers and a review by its investment advisors, the Trustee believes that it is reasonable to conclude that the Scheme's investment managers have continued to improve their stewardship activities in accordance with the Scheme's stewardship policies.

The Trustee notes that most of its investment managers were able to disclose summary voting statistics and supporting examples of their approach to engagement. (e.g., those included in Appendix A and B to this statement). Managers are also making efforts to provide greater visibility on the topics covered in engagements.

The Trustee recognises that they have responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in.

Investment managers often have significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

The Trustee will therefore continue to engage with its investment managers to ensure visibility of voting and engagement improves, including greater detail on the specific ESG issues prioritised (including climate risk) and the impacts that have been achieved. The Trustee will monitor, assess and ultimately hold investment managers to account to ensure that the assets of the Scheme are appropriately invested.

This statement was approved by the Trustee of Cambridge University Assistants' Contributory Pension Scheme, December 2022

Appendix A – Significant Voting Examples

Below are some significant vote examples provided by the Scheme's managers. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined below.

Majedie

In April 2022, Majedie voted against a management resolution for NatWest Group to re-elect Frank Dangeard as a Director. Majedie states that in addition to his role as Non-Executive Director of the company, Frank Dangeard serves on boards of three other publicly listed companies. In particular, he is Board Chair at two out of the three other companies. Majedie believes that this could potentially compromise his ability to commit sufficient time to his role at NatWest Group. The resolution was passed with over 30% of votes against. Majedie considered this vote to be significant as it was an item from a meeting of one of the portfolio's top five holdings in the reporting year where ISS and management voting recommendations disagreed.

SSGA

Asia Pacific ex Japan Equity Index Sub-Fund

In February 2022, SSGA voted against management on a proposal to ratify executive officers' compensation for Aristocrat Leisure Limited, a gaming content and technology company. SSGA voted against the proposal because it had concerns with the remuneration structure for senior executives at the company. The vote passed with over 90% support. This vote was considered significant as it relates to a vote on a compensation proposal where SSGA voted against the management's recommendation.

Japan Equity Index Sub-Fund

In May 2021, SSGA voted against the proposal to elect a director for ABC-MART Inc., a Japanese footwear company. SSGA voted in this way due to the lack of gender diversity on the board. The voted passed with over 90% of votes in support of the proposal. This vote was considered significant as it relates to a vote against the re-election of board members due to a lack of gender diversity on the board.

Europe (Ex UK) Equity Index Sub-Fund

In March 2022, SSGA voted against management on a proposal to approve a remuneration policy for Naturgy Energy Group SA, an integrated gas and electric utility company. SSGA voted against the proposal because it had concerns with the remuneration structure for senior executives at the company. As an outcome, the vote passed with over 90% of support. This vote was considered significant as it relates to a vote on a compensation proposal where SSGA voted against the management's recommendation.

North America Equity Index Sub-Fund

In April 2022, SSGA voted in favour of a proposal for Berkshire Hathaway Inc, a multinational holding company, to report on climate change. SSGA supported the proposal because it believed the company's disclosure and practices related to climate change could be improved. The vote failed with over 70% votes against the proposal. This vote was considered significant as it was an environmental-related shareholder proposal.

UK Equity Index Sub-Fund

In May 2022, SSGA voted against a shareholder proposal for BP Plc, an oil and gas company, regarding its greenhouse gas ("GHG") emissions. SSGA voted against the proposal because it believed the company's disclosure and practices related to GHG emissions to be reasonable. The vote failed with almost 80% of votes against the proposal. This vote was considered significant as it was an environmental-related shareholder proposal.

Fundamental Index Global Equity Sub-Fund

In June 2022, SSGA voted against a management proposal to elect a director for Shin-Etsu, a Japanese chemical company. SSGA voted this way due to a lack of gender diversity on the board and because the company had not engaged in successful dialogue with SSGA's board gender diversity program for three consecutive years. The outcome of the vote is not yet available. This vote was considered significant as it relates to a vote against the re-election of board members due to a lack of gender diversity.

Emerging Markets Equity Index Sub-Fund Fund

In January 2022, SSGA voted against a proposal to approve a remuneration policy for Life Healthcare Group holdings, a South-African based healthcare company. SSGA voted against the proposal because it had concerns with the remuneration structure for senior executives at the company. The vote passed with 62% support. This vote was considered significant because it relates to a vote on a compensation proposal where SSGA voted against the management's recommendation.

Genesis

In April 2022, Genesis voted against the re-election of Patrick Butler as a director of Himka Pharmaceuticals Plc. Genesis voted this way because only 22% of the company's board are women, which is not aligned with the target set by the government-backed Hampton-Alexander Review into the lack of representation of women in leadership positions. As chair of the nomination committee, Patrick Butler is considered responsible for overseeing board composition. The vote passed. Genesis considers votes against the management recommendation to be significant.

Appendix B –Engagement Examples

Below are some engagement examples provided by some of the Scheme's managers.

Majedie

- Over the past two years, Majedie engaged with RS Group (formerly Electrocomponents), a British-based distributor of industrial and electronic products, about its supply chain risks. Majedie discussed the steps the company is taking to ensure its supply chain is robust, has sufficient oversight, is of a manageable size, and how the company is working to reduce carbon emissions. Majedie believes the company has made considerable progress with its supply chain. It believes there is more work to be done, but the company has a good handle on this area and is working towards greater resiliency.
- In February 2022, Majedie engaged with Anglo American, a British-listed, diversified miner of copper (Majedie has previously engaged with the group in March and September 2021) about its steps to reduce energy usage, and production of coal. Majedie discussed the group's energy sourcing, including the plan to build solar panels to take operations off grid in South Africa, and technology in use to reduce energy consumption in the mining process.

Genesis

In the last 12 months, Genesis engaged with Puregold Price Club ("Puregold"), a supermarket chain in the Philippines, about improving its ESG disclosures. Genesis shared with the company's CEO an example of what Genesis considers to be good quality ESG reporting. This engagement is part of Genesis's on-going efforts to encourage Puregold to improve its ESG reporting and ESG efforts.

PIMCO

In 2021, PIMCO engaged with an issuer who is a leading computer developer and retailer. PIMCO encouraged the company to disclose the results of its supplier audit which inspects a supplier's usage of industry regulation practices and to provide assurances that it responsibly sources minerals within its supply chain. PIMCO also discussed net zero carbon emissions goals.

Following the engagement, the issuer confirmed that its audits cover most of its supply chain. The issuer also disclosed which of its suppliers conform with the Responsible Minerals Assurance Process ("RMAP"), the industry ESG standard for mineral supply chains. The issuer is working to achieve 100% RMAP conformance for its supply chain. The issuer is also exploring the use of Science Based Targets initiative for its net zero goals. PIMCO believes that the company had made good progress on its carbon emission reductions but there was still room for improvement. PIMCO will continue to engage with the company on supply chain transparency.

Aegon

In 2021, Aegon engaged with the manager of the Unite Student Accommodation Fund. The aim of the engagement was to improve and modernise the fund's terms, and investor rights and protections. Aegon raised several issues including proposed changes to the redemption mechanisms, the performance fee structure and the composition of the Unitholder Advisory Committee. Aegon played a leading role in forming a minority unitholder group with other investors and advisors to collectively engage with the manager.

As a result of the engagement, the manager agreed to periodically review fund terms. Several resolutions proposing changes to the fund were voted on by unitholders in Q3 2021. Aegon will continue to engage with the manager, particularly in relation to the composition of the Unitholder Advisory Committee.

Copenhagen Investment Partners ("CIP")

At the time of writing, CIP was unable to provide an engagement example for the Fund IV. The example provided below is at a firm level, i.e., it is not specific to the fund the Scheme is invested in,

During 2021, CIP engaged the senior regional management of a solar photovoltaic materials supplier in China after assessing that the supplier had a potential exposure to human and labour rights issues. CIP's objective was to understand the supplier's exposure to these issues and communicate CIP's zero tolerance for these issues. CIP's engagement team escalated this issue to CIP's senior management.

The outcome of the engagement was that CIP received written confirmation from the supplier that its supply chain was free of such issues, and a confirmation that any future procurement would be on terms that specifically addressed the standards of conduct required. The outcome met CIP's objective and resulted in a wider societal benefit. CIP will continue to follow-up on a periodic basis with the supplier, as well as place specific attention on this issue during procurement processes, in due diligence and contracting.