Scheme Registration Number 101147703

University of Cambridge Assistants' Contributory Pension Scheme

Trustee's Report and Financial Statements

For the year ended 31 July 2023

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 (until November 2022)
Mr. M Pratten (from November 2022)
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

Mr. D Newton (from November 2022)

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 Hearn – Chairman (until August 2022)
Mr. M Pratten – Chairman (from August 2022)
Mr. H Jacobs
Mr. S Hutson
Mr. N Cumming
Mrs. N Landell-Mills
Mr. S Sturge

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
State Street Global Advisors
Genesis Asset Management
Black Rock Alternative Advisors
PIMCO
Reams
Copenhagen Infrastructure Partners
CVC Credit Partners

Investment Consultant:
Aon Solutions UK Limited (until December 2022)
Redington Limited (from January 2023)

Trustee's Report

The audited financial statements for the year ended 31 July 2023, a copy of which is included with this report, show that the Scheme's net assets now stand at £843.4m. These financial statements on pages 23 to 35 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 38. In addition, as required by FRS102, the Trustee has included the Report on Actuarial Liabilities on page 16, 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 several appropriately qualified external investment managers, Aegon Asset Management, State Street Global Advisors, Genesis Asset Management, Black Rock Alternative Advisors, PIMCO, Reams, Copenhagen Infrastructure Partners and CVC. These investment managers report regularly to the Investments Committee, which is advised by the Investment Consultant, Redington Limited.

The total investments of the Scheme (excluding AVC investments) were £830.7m on 31 July 2023 compared with £786.0m at the previous year-end. During the year the net return on the Scheme's investments amounted to £33.7m. After deducting the net deficit from dealings with members of £5.8m the net return on investment during the year was £27.9m.

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.

Investments Committee Report

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

Investment Committee Report

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

	31.7.2022	30.9.2022	31.12.2022	31.03.2023	31.07.2023	31.07.2023
	%	%	%	%	%	£
Equity	**59.3**	**59.2**	**60.8**	**60.8**	**61.0**	**507,051,569**
UK	14.6	14.5	15.1	14.8	14.5	120,490,970
Global ex-UK	36.0	35.6	36.8	36.5	38.0	316,143,824
Emerging Markets	8.7	9.1	8.9	9.5	8.5	70,416,775
Property	**10.7**	**11.1**	**9.0**	**8.6**	**8.4**	**69,157,276**
Bonds	**22.3**	**22.0**	**22.7**	**22.8**	**22.9**	[1]**190,211,336**
Alternatives	**7.7**	**7.7**	**7.5**	**7.8**	**7.7**	[2]**64,337,784**
TOTAL ASSETS	**100**	**100**	**100**	**100**	**100**	**830,757,965**

[1] *CVC's asset value is as at 30th June 2023.*

[2] *CIP's asset value is as at 30th June 2023.*

Manager Allocations and Performance

The asset classes are managed by 8 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 (£120.5m), a Global Equity Fund (£90.6m), an Emerging Markets Fund (£31.3m) and a Fundamental Index (£225.5m).

Genesis Asset Management: The assets held with Genesis are invested in their Genesis Emerging Markets Fund, which had a market value of £38.3m as at 31st July 2023. Over the year, Genesis returned 11.1%, outperforming the benchmark by 2.3%.

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 £69.3m as at 31st July 2023. Any foreign currency exposure in this fund is not hedged back to Sterling.

Aegon's benchmark is the MSCI/AREF 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 (to June 2023), Aegon achieved a return of -16.0%, outperforming the benchmark by 1.4%.

BlackRock Alternative Advisors: Approximately £48.6m is invested in the BlackRock 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 3.2%, outperforming the benchmark of by 0.2%.

PIMCO: The Scheme has £44.5m invested with PIMCO in their Diversified Income Fund. During the year, PIMCO returned 1.1%, underperforming the benchmark by 0.2%.

Reams: The assets held with Reams are invested in the Reams Unconstrained Bond Fund. As at 31st July 2023, the market value was £104.8m and returned 2.0%, underperforming the benchmark by 1.2%.

Copenhagen Infrastructure Partners: The Scheme has £14.6m invested with Copenhagen Infrastructure Partners in their infrastructure IV SCSp fund a. This investment is still being funded with approximately £20.3m in unfunded commitments as at 31 July 2023.

CVC: The Scheme has £40.3m invested with CVC in their Direct Lending Fund as at 30th June 2023. This investment is still being funded with approximately £11.7m in unfunded commitments as at 30th June 2023.

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 https://tinyurl.com/Statement-of-I-P

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 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.

Environmental, Social, and Governance considerations

The Trustee acknowledges that environmental, social and governance (ESG) factors including climate change can impact the value of investments held both positively and negatively, and it is important that these factors are understood and evaluated properly. The Trustee considers ESG by taking advice from their Investment Consultant when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

The Trustee also recognizes its role as an asset owner, acting through its asset managers, in influencing positive change on ESG issues through effective stewardship and engagement (as detailed below).

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

Although the Trustee retains oversight of the stewardship process, as part of their delegated responsibilities, the Trustee expects the Scheme's investment managers, as major institutional investors, to:

- Have robust ESG (including climate change, and stewardship policies and processes in place.
- 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. Where initial engagement has made little progress, we expect our investment managers to escalate engagement accordingly.
- Implement voting policies that reflect the Trustees’ SIP to ensure directors at investee companies are held for long-term and responsible behaviour, taking into account material ESG factors, including climate risks.

Expected reporting on these activities is outlined below under "Monitoring managers".

The Trustee understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value leading to sustainable benefits for the economy, the environment and society. The Trustee will aim to use their influence as an owner of assets to ensure that best practices are reflected in terms of ESG factors and will hold our investment managers to account for the effective use of their influence acting on our behalf as owners of assets.

To best channel our stewardship efforts, the Trustee believes it should focus on key themes. Initially, the Trustee have chosen to focus efforts on climate change. The Trustee sees this as a financially material risk and an area that the Scheme can and should use its influence to promote positive change.

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 future quality of life matters (defined as "non-financial factors").

The Trustee has not set non-financial or ethical objectives or constraints on the investment strategy. The focus on ESG integration into the delegated managers’ investment processes and stewardship work is to protect and enhance long-term capital, in line with members’ financial interests. In setting the expectations in this regard, the Trustee draws on expertise from within the Investment Committee as well as from its Investment Consultant and additional external expertise where required to inform its consideration of non-financial factors.

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 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 this SIP and request 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 on 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 this SIP.
- Confirmation that they abide by the principles set out in the UK's Stewardship Code, and if they are not signatories an explanation as to why not.
- A report on the implementation of their Responsible Investment policy, including;

  i. the integration of ESG considerations (including climate risk) into the investment process;

  ii. the impact this has had on investment decision-making;

  iii. engagements over the period and their outcomes

  iv. and the voting record with 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 and Evaluation of Investment Managers’ Performance and Remuneration

The Trustee is aware of the importance of monitoring its 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 a number of other costs incurred by the Scheme's investment managers that can increase the overall cost incurred by their investments.

Prior to appointing an investment manager, the Trustee will seek a 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.

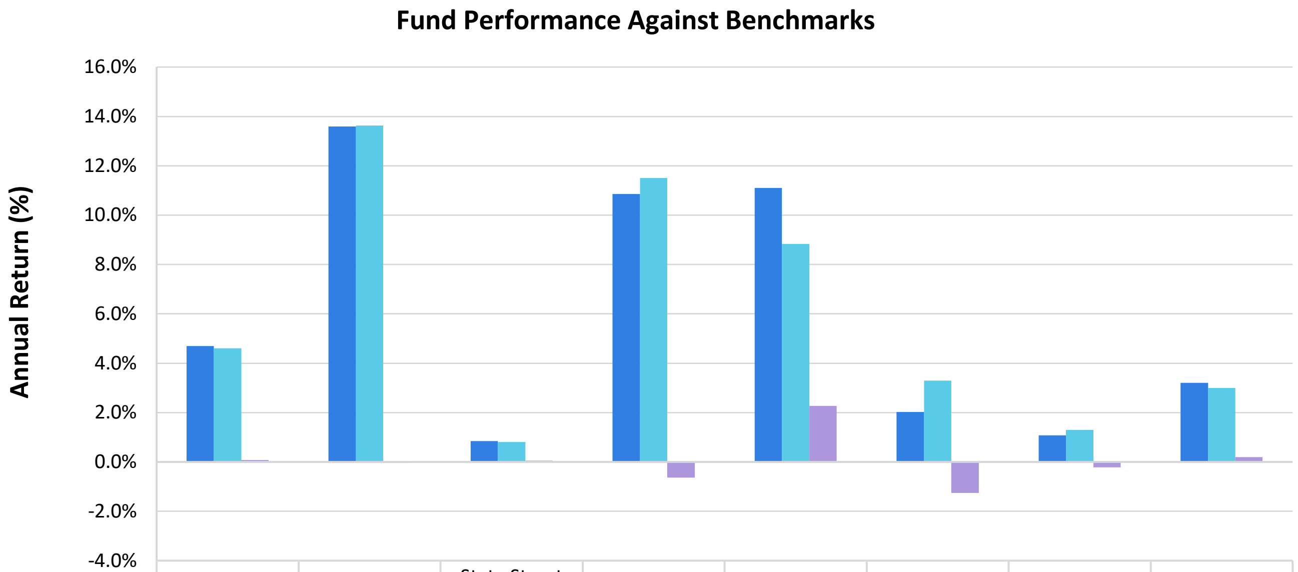
The Trustee understands that transaction costs will vary across asset classes and by manager and investment strategy. In both cases, a high level of transaction costs may be acceptable as long as it is consistent with the asset class characteristics, investment strategy and the Trustee's policies to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

The Trustee 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. The Trustee recently carried out a detailed review of Investment Managers’ costs and portfolio turnover and negotiated fee reductions with managers whose costs were identified as above expectation. Moving forward, the Trustee will continue to monitor all costs in the portfolio with help from the Investment Consultant.

The Trustee is currently undergoing a full Strategic Asset Allocation review with its Investment Consultant and portfolio costs and turnover will be looked at in detail across the asset allocation.

Investment Performance

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



	State Street UK Equity	State Street Global Equity	State Street Emerging Markets	State Street Fundamental	Genesis	Reams	PIMCO	BlackRock
Fund Performance	4.7%	13.6%	0.9%	10.9%	11.1%	2.0%	1.1%	3.2%
Benchmark	4.6%	13.6%	0.8%	11.5%	8.8%	3.3%	1.3%	3.0%
Relative	0.1%	0.0%	0.1%	-0.6%	2.3%	-1.3%	-0.2%	0.2%

- The investment performance for Copenhagen Infrastructure Partners and CVC is not shown as they are not fully funded at the year end.

During the Scheme year under consideration, the trustees conducted a comprehensive assessment of their investment consultant. This evaluation led to the selection of Redington in early 2023. As a component of this initiative, the trustees are conducting a thorough Strategic Asset Allocation (SAA) review. This examination will delve into both the fundamental aspects of the investment strategy and the performance of investment managers.

Market Commentary

Over the year to 31st July 2023, return-seeking assets were impacted by significant market volatility. Global government bond yields rose over 2022 driven by monetary tightening by Central Banks due to rising inflation. This was exacerbated in the UK by the Government announcement of the 'mini-budget' on 23rd September 2022, containing a large package of tax cuts, concerning investors about the level of government borrowing required. This resulted in real gilt yields (yields on index-linked gilts) increasing significantly, leading pension schemes to sell gilts to meet collateral calls on LDI derivative positions, leading to further rises in yields and an eventual 'doom loop'. However, due to the investment structure of the Scheme this scenario was avoided. The market observed moves in both directions that would normally be observed in several years occurring in just a few days which led to vastly increased demand for asset liquidity and the need for the Bank of England intervention to ensure an orderly market.

Towards the end of 2022, markets started to price in a 'goldilocks scenario' of both inflation being brought under control by existing central bank rate hikes and the economy avoiding recession. This resulted in a rally in risk assets, such as equities, while long-dated interest rates moved slightly higher. Markets also continued to price in US asset and economic outperformance which historically happened during the global financial crisis and pandemic. However, the prevailing themes of inflation and higher interest rates were interrupted by volatility in the banking sector during March 2023, as the failures of Signature Bank and Silicon Valley Bank in the US were quickly followed by the acquisition of Credit Swisse by rival UBS only a week later. This spurred a risk-off interlude sending Treasury yields and stock prices lower in tandem. The market shrugged the events off quite quickly and the end of Q1 2023 saw a rally in risk assets which helped equity markets record a strong start to 2023 with some mean reversion from 2022 as growth stocks led the way. This continued into Q2 of 2023 as risk assets performed strongly as inflation moderated meaningfully in the US and Europe. Technology stocks also saw a resurgence led by a wave of AI enthusiasm. The ECB, Fed, and BoE continued to hike interest rates in response to inflation prints above their respective targets, mounting pressure on UK markets which performed poorly relative to other developed counterparts over the quarter and into July.

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

	2019 %	**2020 %**	**2021 %**	**2022 %**	**2023 %**
Total Return	2.6	-5.4	19.1	-4.3	3.9
RPI	2.8	1.6	1.8	14.5	9.0
Total Real Return	**-0.2**	**-7.0**	**17.3**	**-18.8**	**-5.1**

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 2023, the pensions in payment for members, who joined the Scheme before 1 January 2013, as at 1 August 2023 were increased by 11.3% (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 2022 and 30 June 2023 the increase was proportionate.

Increases in recent years have been as follows: -

	2019 %	**2020 %**	**2021 %**	**2022 %**
Pre 2013 Joiners	3.0	1.0	3.3	11.7
Post 2013 Joiners	2.0	1.0	2.1	5.0

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 2022		4,976
Adjustment for late notification		-44
Active members at 31 July 2022 restated		4,932
New members during the year		918
		5,850
Less:		
Leavers before retirement age (excluding Death in Service)	305	
To Preserved status	458	
Died in service	3	
Active members fully commuting	-	
Active Pensioners Retiring	94	
		860
Active members at 31 July 2023		4,990

Preserved Pensioners		
Preserved pensioners at 31 July 2022		5,322
Adjustment for late notification		31
Preserved Pensioners at 31 July 2022 restated		5,353
New preserved pensioners		458
		5,811
Less:		
Preserved pensioners retired	141	
Preserved pensioner deaths	7	
Preserved pensioners fully commuting	5	
Members transferring their preserved benefits	18	
Members past retirement date pending pension claim	1	
		172
Preserved pensioners at 31 July 2023		5,639

Pensioners		
Pensions in payment at 31 July 2022		3,582
Adjustment for late notification		5
Pensions in payment at 31 July 2022 restated		3,587
Active members retiring	94	
Preserved pensioners retiring	141	
New Child Pensioners	3	
Widow/ers of pensioners dying	35	
		273
Less:		
Pensioners dying during the year	117	
Pensioners fully commuting	1	
Child pensioners ceasing	3	
		121
Pensions in payment at 31 July 2023		3,739

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)

The Actuary has examined any GMP equalisation liability as part of the Valuation as at 31 July 2023 and concluded that the total liability would not be material so that no allowance has been set aside to cover this. Any liabilities will be accounted for in the year they are determined.

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 (until November 2022)	1
Mr. M Pratten (from November 2022)	3
Mr. S Hutson	3
Mr. G Cross	3
Mr. P Stokes	2
Mr. A Odgers	3
Ms. V McPhee	4
Mr. S Miah	4
Mr. D Newton (from November 2022)	3

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 14 February 2024 and were signed on behalf of the Trustee by:

Mr H Jacobs	[redacted]	Chairman
Mr S Hutson	[redacted]	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 2023 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 2023, 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 18, 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

Crowe U.K. LLP
Statutory Auditor
London

Date: 29 February 2024

Fund Account

	Note	2023	2022
		£	£
Contributions and benefits			
Employer contributions receivable	3	28,825,366	28,384,812
Employee contributions receivable	3	308,031	336,078
Other Income	4	1,738	-
		29,135,135	28,720,890
Benefits payable	5	32,934,841	27,587,894
Payments to and on account of leavers	6	282,295	343,914
Administrative expenses	7	1,764,496	1,902,969
		34,981,632	29,834,777
Net additions from dealings with members		(5,846,497)	(1,113,887)
Returns on investments			
Investment income	8	4,228,099	4,044,154
Change in market value of investments	9	30,262,889	(1,365,578)
Investment management expenses		(426,674)	(882,597)
Investment consultant expenses		(365,370)	(263,266)
Net return on investments		33,698,944	1,532,713
Net increase in fund during the period		27,852,447	418,826
Net Assets of the Scheme at 1 August 2022		815,576,634	815,157,808
Net Assets of the Scheme at 31 July 2023		843,429,081	815,576,634

Statement of Net Assets (available for benefits)

	Note		2023		2022
			£		£
Investments					
Pooled Investment Vehicles	9.1		830,757,965		786,016,098
AVC Investments - cash	9.2		434,495		474,496
Cash			10,000,000		26,000,000
Other Investment Values			187,532		246,654
			841,379,992		812,737,248
Current Assets					
Cash at Bank		2,088,994		2,415,804	
Debtors	12	4,318,708		3,378,313	
		6,407,702		5,794,117	
Less Current Liabilities					
Creditors	13	4,358,613		2,954,731	
Net Current Assets			2,049,089		2,839,386
Net Assets of the Scheme at 31 July 2023			843,429,081		815,576,634

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 16 of this Annual Report and these financial statements should be read in conjunction with them.

The notes on pages 25 to 35 form part of these financial statements.

These financial statements were approved by the Trustee on 14 February 2024 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

	2023	2022
	£	£
From Members:		
Normal contributions[1]	195,818	202,116
Additional voluntary contributions (Added years)	104,217	125,466
Additional voluntary contributions (CBS)	7,996	8,496
	308,031	336,078
From Employer:		
Normal contributions	14,230,366	13,789,812
Deficit funding contributions	14,595,000	14,595,000
	28,825,366	28,384,812

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 2023, employer contributions of £26,891,685 (2022: £25,674,715) were paid and of these contributions, £12,661,319 (2022: £11,884,902) 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.

Following a review of the Scheme funding levels at 31 March 2023 by the Scheme Actuary, deficit funding contributions ceased on 31 July 2023.

4 Benefits Payable

	2023	2022
	£	£
Pension payments to retired members	25,552,058	22,549,086
Commuted to lump sum payments	6,626,323	4,210,104
Cash payment on death	756,462	828,704
	32,934,843	27,587,894

Notes to the Financial Statements

5 Payments to and on account of leavers

	2023	2022
	£	£
Refunds of contributions to members	2,769	4,917
Payments to HM Revenue & Customs	4,618	1,099
Transfers out to other schemes for individuals	272,098	337,898
	279,485	343,914

6 Administrative expenses

	2023	2022
	£	£
Actuarial fees	167,393	225,573
Chairman honorarium	10,000	10,000
Investment committee chairman fees	24,532	-
Investment committee fees	5,400	6,600
Legal fees	20,857	12,613
Medical reports	-	46
Salaries and other payroll costs	225,529	259,782
PLSA subscription	917	2,499
PPF levy	1,030,595	1,279,274
Pensions regulator levy	51,872	26,350
Printing costs	23,211	6,884
PS Pension administration support costs	34,053	27,220
Audit fee	28,851	27,360
Bank charges	222	411
Member tracing	3,130	836
Trustee expenses	4,797	416
Member communications	63,000	-
Investment consultant transition	36,720	-
Recruitment costs	24,552	12,000
Other expenses	8,865	5,105
	1,764,496	1,902,969

Notes to the Financial Statements

7 Investment Income

	2023 £	2022 £
Income from pooled investment vehicles	4,165,676	4,005,199
Tax reclaims	56,802	38,003
Interest on building society deposits	5,621	710
Annuities received	-	242
	4,228,099	4,044,154

8 Investments

	1 August 2022 £	Purchases £	Sale proceeds £	CIMV £	31 July 2023 £
Pooled investment vehicles (see Note 10.1)	786,016,098	63,253,969	(48,774,991)	30,262,889	830,757,965
AVC Investments	474,496	13,617	(53,618)		434,495
	786,490,594	63,267,586	(48,828,609)	30,262,889	831,192,460
Cash	26,000,000				10,000,000
Accrued investment Income	246,654				187,532
	812,737,248				841,379,992

Pooled investment vehicle sale proceeds relate to the switch out from the BlackRock Appreciation Strategy Fund, Ltd. Class J to BlackRock Appreciation Strategy Fund, Ltd. Class L (£47,267,582) and the return of capital from the CIP - Renewable Infrastructure fund (£1,507,409). In addition to the BlackRock switch in other purchases are the continued funding from the Scheme bank account of the CIP - Renewable Infrastructure fund (£5,186,835) and the CVC Credit Partners European Direct Lending fund (£10,799,552)

9.1 Pooled Investment vehicles

	2023 £	2022 £
UK equity funds	120,490,970	115,022,997
Overseas equity funds	386,560,599	351,147,708
Alternatives	64,337,784	60,470,648
Bond funds	190,211,336	175,191,527
Property funds	69,157,276	84,183,218
	830,757,965	786,016,098

[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

	2023	2022
	£	£
INCOME		
Contributions	7,996	8,496
Interest receivable	5,621	710
	13,617	9,206
EXPENDITURE		
AVC balances transferred to Fund Account	53,618	42,927
Net reduction from dealings with members	(40,001)	(33,721)
Balance of members' Voluntary Contributions at 31 July 2022	474,496	508,217
Balance of members' Voluntary Contributions at 31 July 2023	434,495	474,496

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 2023, the following investments represented greater than 5% of the Scheme's Net Assets

	2023	2023	2022	2022
	£	%	£	%
State Street Passive Equity - UK Equity Fund	120,490,970	14.3%	115,022,997	14.6%
State Street Passive Equity - Fundamental Index Fund	225,511,519	26.7%	203,178,389	25.8%
Kames Property Income Fund	69,157,276	8.2%	84,183,218	10.7%
PIMCO – Multi Asset Credit Fund	44,451,205	5.3%	43,978,319	5.6%
Reams – Unconstrained Bonds	105,410,848	12.5%	103,317,196	13.1%
State Street Passive Equity - Global Equity Fund	90,632,305	10.7%	79,728,247	10.1%
BlackRock Absolute Return Strategies Fund	48,622,654	5.8%	47,118,097	6.0%

11 Self-Investment

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

Notes to the Financial Statements

12 Debtors

	2023	2022
	£	£
Contributions due for July 2023*	3,545,104	3,378,313
Investment Income	773,604	-
	4,318,708	3,378,313

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

13 Creditors

	2023	2022
	£	£
Pension payments due for July 2023	2,188,019	1,900,593
Deficit Recovery payment July 2023	1,154,063	-
Investment Manager Fees	39,221	185,895
Benefit Payments	510,014	191,561
Audit Fees	16,000	14,509
Legal Fees	-	791
SEI contributions due to the University	2,194	31,427
Staff Costs	152,390	117,761
Tax due on Refunds	224	-
PPF Levy	284,488	500,000
Trustee expenses	12,000	-
PS Pensions Support	-	2,340
Refunds	-	9,854
	4,358,613	2,954,731

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 can access 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 2023	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
	£	**£**	**£**	**£**
Pooled investment vehicles	-	761,600,689	69,157,276	830,757,965
Cash (including AVC investments)	10,435,060	-	-	10,435,060
Other investment balances	-	186,967	-	186,967
Total	10,435,060	761,787,656	69,157,276	841,379,992

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

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 2023 (£m)**	**Value at 31 July 2022 (£m)**
	Credit risk	Currency	Interest rate	Other price		
UK equities	○	○	○	●	120.5	115.0
Overseas equities	○	●	○	●	386.5	351.1
Corporate bonds	●	○	●	◐	190.2	175.2
Property	○	◐	○	●	69.2	84.2
Alternatives Funds	◐	◐	◐	●	64.3	60.5
Cash (Including AVC's)	●	○	●	○	10.0	26.5

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

The table below lists the legal forms of the pooled mandates in which the Scheme is invested in at 31 July 2023.

Manager	**Legal Structure**	**Value at 31 July 2023 (£)**	**Value at 31 July 2022 (£)**
BlackRock Capital Appreciation Strategy	Limited Company	48,622,654	47,118,097
CIP (Copenhagen Infrastructure)	Closed-ended private investment Luxembourg partnership (SCSp)	15,715,130	13,352,551
CVC Credit Partners	Closed-ended private investment Luxembourg partnership (SCSp)	40,349,283	27,896,011
Genesis Emerging Markets Equity	SICAV pooled vehicle	39,096,521	37,444,675
PIMCO GIS Diversified Income Fund	UCITS	44,451,205	43,978,319
Reams Unconstrained Bond	Open-ended Investment Company (OEIC)	105,410,848	103,317,196
SSGA	Limited Company	467,955,048	428,726,031
Aegon Asset Management	Limited Company	69,157,276	84,183,218
Total		**830,757,965**	**786,016,098**

Notes to the Financial Statements

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.

Currency risk

As at 31 July 2023, £95,160,934 (2022: £78,693,238) 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 €23,382,173 (£20,391,593) (2022 €28,485,195 (£23,737,662)) with Copenhagen Infrastructure Partners and €13,476,198 (£11,722,816) (2022 €28,000,000 (£23,000,000)) with CVC.

Notes to the Financial Statements

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. The Chair of the Investment Committee receives a fee and reimbursement of expenses, invoiced through his Company, Polaris Asset Management.

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.

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.

Independent auditor's statement about contributions

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 2023 which is set out in on page 37.

In our opinion contributions for the Scheme year ended 31 July 2023 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

Date: 29 February 2024

Summary of Contributions Payable for the year ended 31 July 2023

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 2023

This summary of contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 31 October 2022 in respect of the Scheme year ended 31 July 2023. The Scheme auditor reports on contributions payable under the schedule in the auditor's Statement about Contributions.

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

Contributions payable under the schedule of contributions	**2023** **£**	**2022** **£**
Contributions from employers:		
Normal	14,230,366	13,789,812
Deficit funding	14,595,000	14,595,000
	28,825,366	**28,384,812**
Contributions from members:		
Normal contributions	195,818	202,116
Total contributions payable under the Schedule of Contributions	**29,021,184**	**28,586,928**
Other contributions payable		
Members additional voluntary contributions (added years)	104,217	125,466
Members additional voluntary contributions (Cambridge Building Society)	7,996	8,496
	112,213	**133,962**
Total contributions reported in the financial statements	**29,133,397**	**28,720,890**

Signed on behalf of the Trustee on 14 February 2024 by:

Mr H Jacobs [redacted] **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:

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:		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 IMPLEMETATION STATEMENT

Cambridge University Assistants' Contributory Pension Scheme

31st July 2023

Introduction

Under regulatory requirements covering occupational pension schemes, Cambridge University Assistants' Contributory Pension Scheme (the 'Trustee') is required to publish an annual Implementation Statement stating how the policy covered in the Statement of Investment Principles (the 'SIP') regarding the exercise of the rights (including voting rights) attaching to the investments and the undertaking of engagement activities in respect of the investment has been followed.

From 1 October 2022, further Department of Work and Pensions ('DWP') guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance as the Trustee moves towards meeting the DWP's updated stewardship expectations.

This statement, prepared by the Trustee on behalf of the Scheme, covers the period from 1 August 2022 to 31 July 2023.

Scheme's Stewardship Policy

The below bullet points summarise the Scheme's stewardship policy in force over the Scheme year to 31 July 2023.

The full SIP can be found here: https://tinyurl.com/Statement-of-I-P

- 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.

- To best channel stewardship efforts, the Trustee believes it should focus on key themes. Although the Trustee is reviewing managers' stewardship activities in general, initially, it has chosen to focus efforts on climate change. The Trustee sees this as a financially material risk and an area that the Scheme can and should use its influence to promote positive change.

- 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’s Stewardship Activity Over the Year

Ongoing Monitoring

Over the first half of the Scheme year, Investment monitoring took place on a quarterly basis, with a monitoring report being provided to the Investment Committee (IC) by Aon. The reports included Aon’s ESG ratings, which are based on a variety of qualitative factors. 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, nor BlackRock or CIP due to the nature of these investments.

During the Scheme year, the Trustee transitioned to Redington as the new investment consultant. As a part of this transition, the Trustee has outlined plans to conduct a comprehensive Strategic Asset Allocation (SAA) review. This review will involve a thorough examination of the Environmental, Social, and Governance (ESG) approaches employed by any investment managers in place after completion of the review. It is important to note that Redington currently does not assign ESG and Stewardship Advantages to any of the Scheme's managers.

Redington deliver an annual ESG report to the Trustees. This report assigns an ESG Ranking to each fund and delves into the carbon metrics underlying each investment within the Scheme. The ESG report highlights key Carbon Metrics including Scope 1+2 and Scope 3 Carbon emissions, Carbon Footprint, and SBTi ratings. Through this reporting, the Trustee will be able to track the carbon emission changes of each manager mandate and assess whether this is in-line with the Trustee’s expectations. Where it is not, the Trustee may consider engaging with the relevant manager directly, or via the Scheme’s investment consultant.

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

Manager Stewardship Update

Redington confirmed the Scheme’s investment managers’ 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 Redington have also confirmed that they are signatories of the Code.

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

Updating the Stewardship Policy

In May 2023, 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.

Manager Meeting Attendance

The IC invites its appointed investment managers to attend meetings. During the period, the IC met Genesis. The purpose of the sessions is for the managers to provide an update to the IC on their business, the funds held and how they incorporate ESG considerations into their investment process.

Whilst the Trustee’s ambition is to meet managers more frequently, the Trustee is currently undergoing a complete review of the Strategic Asset Allocation, with a particular emphasis on the integration of ESG and stewardship across its assets. Moving forward, and following the outcome of this review, the Trustee intends to meet with all managers on an ongoing basis. The Trustee will use these opportunities to discuss the managers’ adherence to the Trustee’s stewardship policy amongst other matters.

Reviewing the Responsible Investment Policy of the Scheme

As part of Redington's appointment, the Trustee undertook an investment beliefs exercise that included a full review of the current Responsible Investment Policy of the Scheme. Redington presented the outcomes of the beliefs exercise to the Trustee. One area highlighted was the intent to engage rather than disinvest from managers and underlying holdings, with disinvestment being reserved as an escalation tool to use following repeated engagement.

As part of the ESG beliefs exercise that was undertaken by the Trustee, an ESG working group was formed. The ESG working group aim to meet to discuss the stance of the Scheme to tackling climate change risk.

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 acted in accordance with the Scheme's stewardship policies. The Trustee notes that most of its investment managers were able to disclose adequate evidence of voting and engagement activity. Examples of this are included in Appendix A and B.

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.

The Trustee expects ESG issues to evolve further over time. Improvements in disclosures are expected in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

The Trustee will 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.

Looking Ahead

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over 2022/2023.

Over 2023 and into 2024, the Trustee plans to consider how best to meet the DWP's new expectations on stewardship and move to take more ownership of stewardship, as the new guidance expects. Changes to the Trustee's approach will be taken with regard to the Scheme's governance constraints and the in the best interest of the Scheme's members.

Appendix A

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

Pacific Management Investment Company (PIMCO) – Diversified Income Fund

Company: Major Commercial Bank in Latin America

Focus of the engagement: ESG Bonds, Land use/Biodiversity, and Transparency and Reporting.

Details of the engagement: PIMCO engaged with the sustainability team to discuss its policy and due diligence of deforestation and plan to disclose portfolio emissions and climate risks. PIMCO encourages the issuer to set a zero-deforestation commitment, enhance the transparency of its due diligence process, including specific screening criteria for high-risk activities, alignment with international standards and transparency on its process for escalation or handling of non-compliance.

Outcome of the engagement: Following the engagement, the bank published a sustainability bond framework and issued its inaugural social bond. PIMCO will continue to follow up on its process in enhancing due diligence, client engagement and climate disclosures.

Aegon Asset Management – UK Property Fund

Company: Small core plus, open-ended UK Balanced Property Fund.

Focus of the engagement: Addressing the Fund's poor Global Real Estate Sustainability Benchmark (GRESB) scores, especially in relation to Energy, Carbon Emissions, Water and Waste.

Details of the engagement: Aegon engaged with the manager to ensure these issues were addressed and to provide an action plan to improve data collection and energy efficiencies and to ultimately improve the Fund's GRESB scores and ESG performance.

Outcome of the engagement: The manager acknowledged the poor GRESB performance and confirmed a concerted effort would be made to improve data collection through tenant negotiations to include data sharing provisions within new lease contracts, and through the pursuit of technological solutions to automate tenant utility data. The Fund's 2022 GRESB scores and data have shown a marked improvement, with the Fund recording the third largest increase in its headline GRESB score of the balanced UK property funds we monitor. The biggest improvements came from the Fund's scores in Energy and GHG with the manager materially increasing data coverage from 16% to 45%.

Reams Asset Management – Unconstrained Bond Fund

Company: Several US-based telecommunications and media companies

Focus of the engagement: Responses to an assortment of questions on governance and social topics ranging from in-depth written responses to, in one instance, no response at all.

Outcome of the engagement: For the entity that did not respond, Reams followed up with another request that was also unsuccessful. However, on the opposite end of the spectrum, another company that Reams followed up with for additional information agreed to an in-depth conference call with senior executives. This call provided significant clarity, particularly in the areas of corporate governance. The company has had a checkered history of insufficient board independence and questionable fiduciary duty to stakeholders. The call helped alleviate or improve on many of the concerns Reams put forward; as such, post-call our internal ESG factor analysis scores, used in our scenario analysis for corporate credits, were improved for the company in question. Their most recent engagement effort addressed climate change issues, although there are not yet any results to share.

Appendix B

Summary of Voting over the Period

The managers in the below table provided details of their voting behaviour and significant votes over the period, in line with the Pensions and Lifetime Savings Association's Vote Reporting Template. Their responses are summarised in the table below, showing the voting statistics for the period 1 July 2022 to 30 June 2023, which broadly aligns with the Scheme's reporting year. The information is sourced directly from the managers unless otherwise stated.

State Street Global Advisors ("SSGA")

	Number of resolutions eligible to vote	% of resolutions voted	% of resolutions voted against management	% of resolutions abstained from
Emerging Markets Equity Index Sub-Fund	34293	97.74	17.52	2.05
Fundamental Index Global Equity Sub-Fund	38091	97.79	8.59	0.97
UK Equity Index Sub-Fund	10096	65.25	8.21	0.06
Asia Pacific ex Japan Equity Index Sub-Fund	3081	100.00	17.36	0.52
Europe (Ex UK) Equity Index Sub-Fund	8855	97.68	11.64	0.38
Japan Equity Index Sub-Fund	5958	100.00	7.15	0.00
North America Equity Index Sub-Fund	8534	99.45	10.47	0.37

Genesis Investment Management

	Number of resolutions eligible to vote	% of resolutions voted	% of resolutions voted against management	% of resolutions abstained from
Genesis Global Emerging Markets Equity	1076	98.51	10.75	2.17

Significant Votes

Below are some significant vote examples as defined 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.

In future, we will look to develop our own definition of what constitutes a significant vote to the Scheme.

SSGA

Asia Pacific ex Japan Equity Index Sub-Fund

In October 2022, SSGA voted against a proposal for the election of Kim Seok-min as an Outside Director of Paradise Co, Ltd. SSGA voted against this proposal due to the lack of gender diversity of the board.

In October 2022, SSGA voted against the election of Tim Poole as Director of Reece Limited. SSGA voted against this proposal as the nominee is the senior independent board member and the company has failed to meet SSGA's expectations related to ESG disclosure.

Japan Equity Index Sub-Fund

In June 2023, SSGA voted against the election of Koichi Yamanaka ad Director of JTEKT Corp. SSGA voted against the nominee due to the lack of gender diversity on the board, and as the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years.

In June 2023, SSGA voted against a proposal to amend articles to establish an investigation committee concerning the aging of Sendai nuclear power reactors at Kyushu Electric Power Co, Inc. SSGA voted against this proposal as they deemed the company's disclosure and/or practices related to nuclear power to be reasonable.

Europe (Ex UK) Equity Index Sub-Fund

In May 2023, SSGA voted against a shareholder proposal requesting H&M (Hennes & Mauritz) to disclose exposure to and risks of sourcing GM cotton, and to set targets to decrease exposure to GM cotton and increase sourcing of organic cotton. SSGA voted against this proposal as they found the company’s disclosures related to genetically modified organisms to be reasonable.

North America Equity Index Sub-Fund

In May 2023, SSGA abstained from a proposal for McDonald’s Corporation to comply with World Health Organization guidelines on antimicrobial use throughout supply chains. SSGA abstained on the proposal as the company's disclosures related to product toxicity and safety are broadly in line with market standard, but could be enhanced.

UK Equity Index Sub-Fund

In March 2023, SSGA voted against the re-election of Andrew Haining as Director of Chrysalis Investments Limited. SSGA voted this way due to the nominee being the senior independent board member, and the company has failed to meet SSGA's expectations related to ESG disclosure.

In May 2023, SSGA voted against the approval of the Remuneration Report for Aston Martin Lagonda Global Holdings Plc. They stated that the item did not merit support, as the company's compensation plans allow for retesting of performance-based awards.

Fundamental Index Global Equity Sub-Fund

In March 2023, SSGA voted against the election of Patrick Soderlund as a director of NEXON Co, Ltd. SSGA voted against the nominee due to the lack of gender diversity on the board and the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years.

In June 2023, SSGA voted against a proposal to approve the Remuneration Report for Polski Koncern Naftowy. SSGA voted this way as they have concerns with the proposed remuneration structure for senior executives at the company.

Emerging Markets Equity Index Sub-Fund Fund

In February 2023, SSGA voted against the election of Ma Lishan as Director of Sunac China Holdings Ltd. SSGA voted against the nominee due to lack of gender diversity on the board.

Genesis

In August 2022, Genesis voted against the approval of a revision in the Remuneration of M. Anandan as Chairman and Managing Director of Aptus Value Housing Finance India Ltd. Genesis deemed M Anandan's pay quantum excessive and aggressively positioned when compared to Industry peers, there is also a lack of sufficient information to assess the fairness of the proposed pay structure.

In May 2023, Genesis voted against the issuance of Equity or Equity Linked Securities without Pre-emptive Rights for Country Garden Service Holdings Ltd. This is because the aggregate share issuance is greater than 10% of the relevant class of shares for issuance for cash and non-cash consideration and the company has not specified the discount limit.