

Cambridgeshire Pension Fund Monitoring Report Quarter to 31 March 2022

Chris West

May 2022



Important Notices

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2022 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer's ratings do not constitute individualised investment advice.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

This does not contain regulated investment advice in respect of actions you should take. No investment decision should be made based on this information without obtaining prior specific, professional advice relating to your own circumstances.

This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest.

Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

Please also note:

- The value of investments can go down as well as up and you may not get back the amount you have invested. In addition investments denominated in a foreign currency will fluctuate with the value of the currency.
- The valuation of investments in property based portfolios, including forestry, is generally a matter of a valuer's opinion, rather than fact.
- When there is no (or limited) recognised or secondary market, for example, but not limited to property, hedge funds, private equity, infrastructure, forestry, swap and other derivative based funds or portfolios it may be difficult for you to obtain reliable information about the value of the investments or deal in the investments.
- Care should be taken when comparing private equity / infrastructure performance (which is generally a money-weighted performance) with quoted investment performance (which is generally a time-weighted performance). Direct comparisons are not always possible.

Chris West

Executive Dashboard

Funding

The present value of the Fund's liabilities decreased over the quarter (from £3,959m to £3,764m).

The Fund's assets (including cash) decreased slightly over the quarter by £39.5m to £4,284.5m as at 31 March 2022. The Fund's assets (including cash) have increased by £435.2m over the last twelve months.

The estimated funding level at 31 March 2022 was c. 114%, up from c. 109% as at 31 December 2021. For comparison, the funding level at 31 March 2019 (the date of the last actuarial valuation) was 100%.

Performance

Short Term Performance

The Fund marginally outperformed the benchmark over the quarter (returning -1.3% vs -1.4%).

Key Contributors to Relative Performance – Quarter

Equity Downside Protection	+0.5%
Underperformance by JO Hambro - Global Equity	-9.0%
Outperformance by Dodge & Cox - Global Equity	+2.3%

Longer Term Performance

	Fund	B'mark
1 Year (%)	9.9	11.0
3 Years (% p.a.)	9.9	11.1

Asset Allocation

There were no material changes to the Fund's investment arrangements over the quarter.

Overweight

Equities +3.3%

Underweight

Fixed Income -2.4%

Alternatives -0.9%

Manager Research

Rating Changes

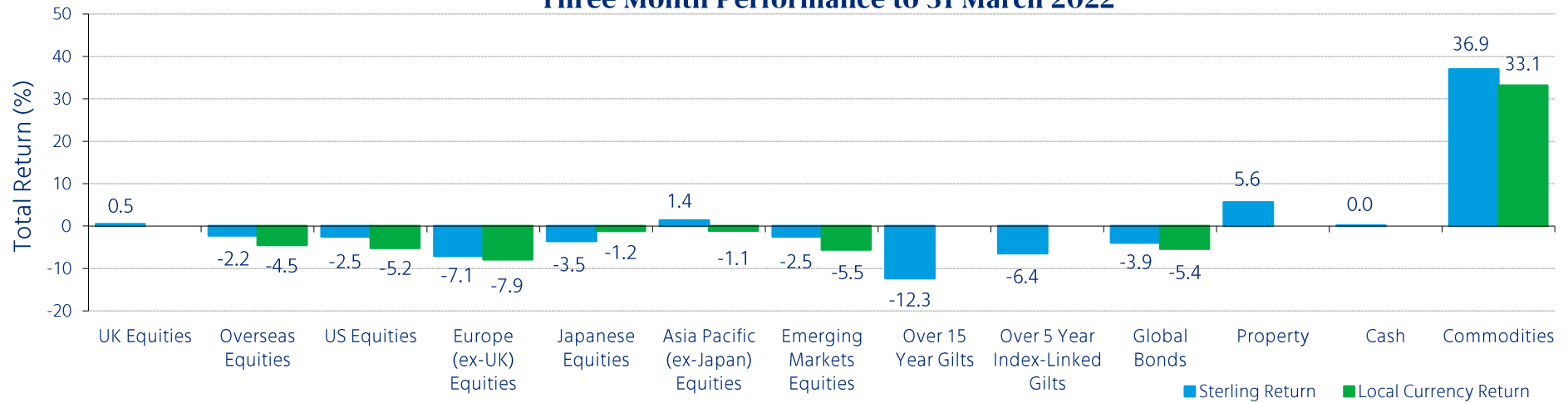
Redacted.

Manager Developments

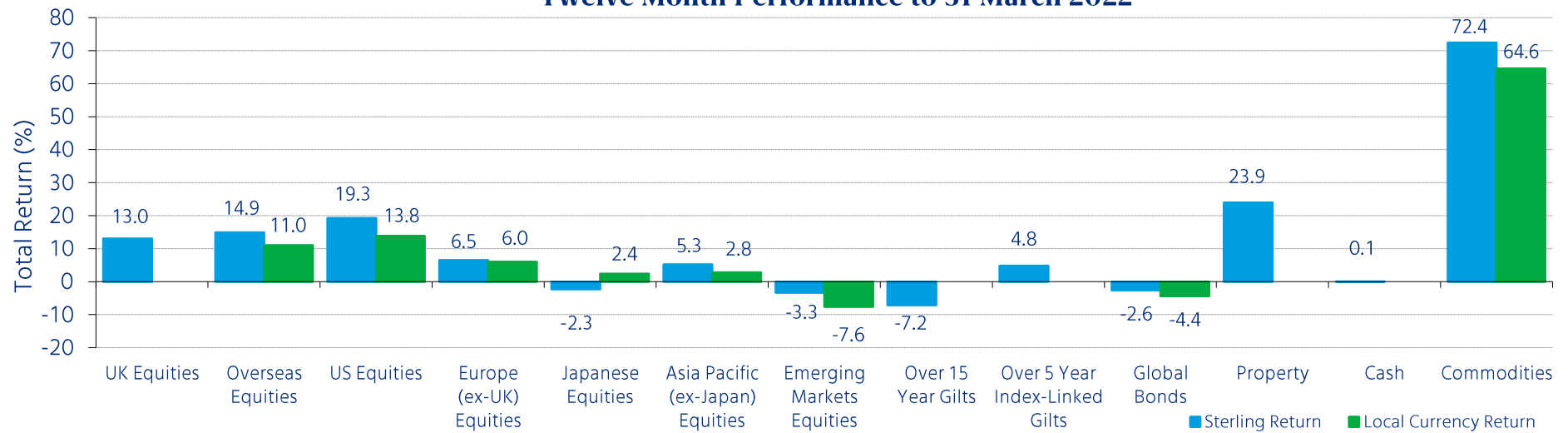
Redacted.

Market Index Performance

Three Month Performance to 31 March 2022

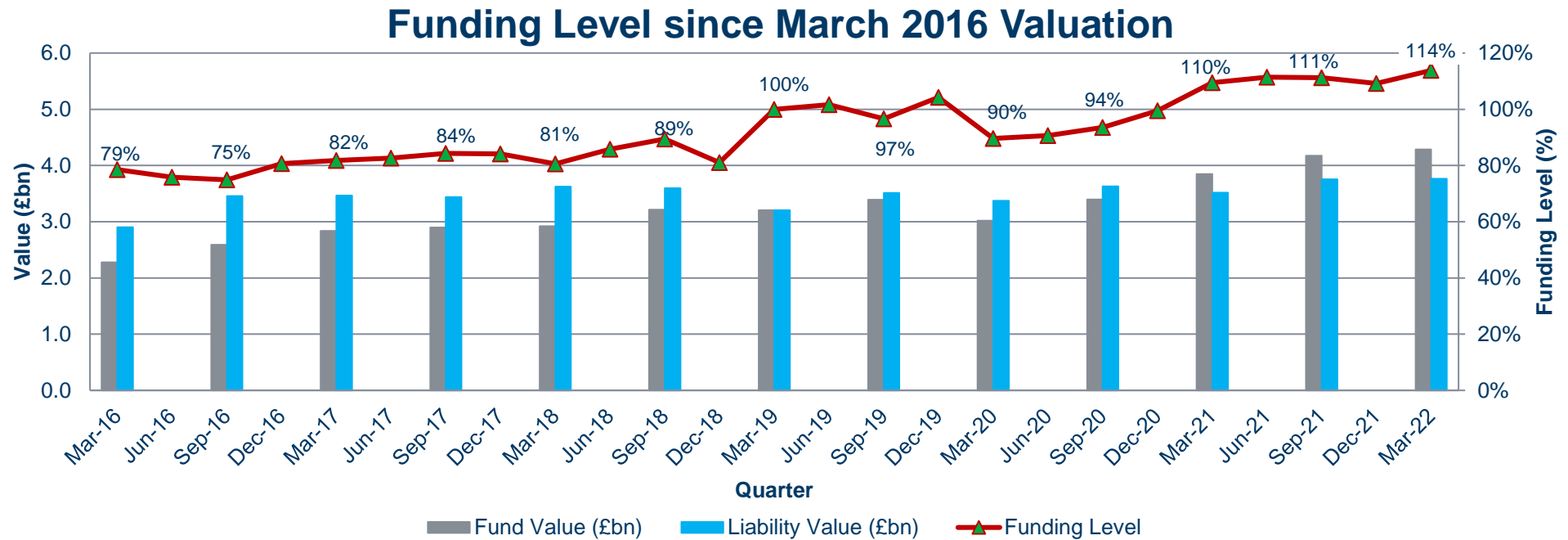


Twelve Month Performance to 31 March 2022



Source: Refinitiv.

Funding



Source: Hymans Robertson & WM Performance Reports. Figures don't reconcile with the Hymans Robertson Funding report due to differences in the total asset value. The Funding Level is a ratio of assets to liabilities.

- There has been a general trend from 2016 of a rise in both liabilities and assets.
- There was an increase in funding level at the March 2016 and March 2019 valuations.
- The funding level as at 31 March 2022 was 114%, which is higher than the funding level as at 31 December 2021 as the liabilities decreased by more than the assets over the quarter.

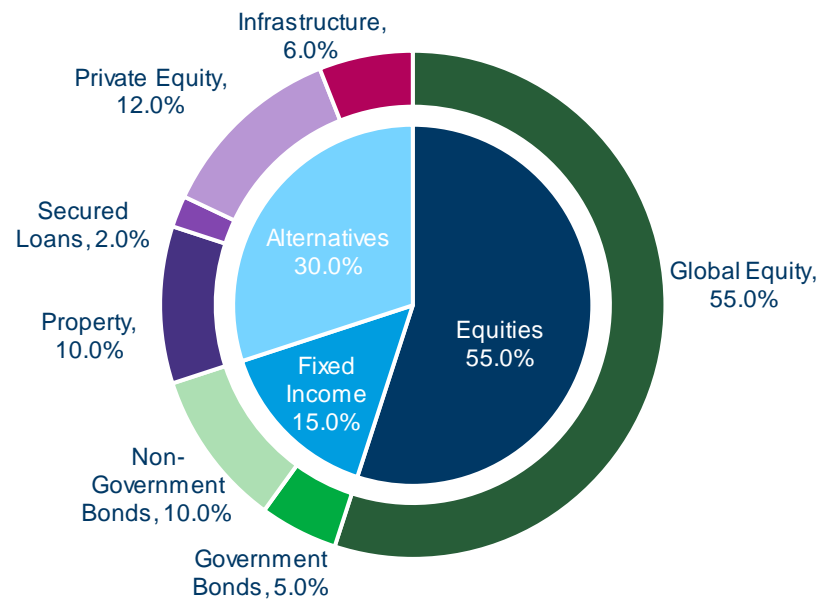
Allocation

	31/12/2021 Market Value (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Total Invested Assets	4,300.4	4,265.2	100.0	100.0	100.0	--
Equities	2,541.6	2,486.7	59.1	58.3	55.0	50.0 - 60.0
Fixed Income	615.7	602.1	14.3	14.1	15.0	12.0 - 18.0
Alternatives	1,143.1	1,176.4	26.6	27.6	30.0	25.0 - 35.0

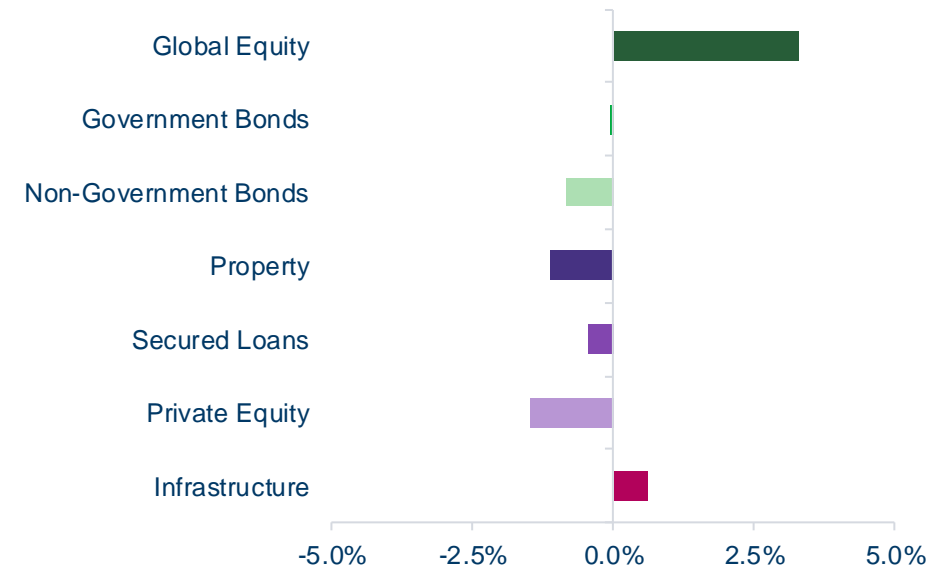
Source: Investment Managers, Link Asset Services and Mercer. Figures may not sum to total due to rounding.

The total market value shown in the table above excludes cash (c. £23.6m at the start of quarter and c. £19.3m at the end of quarter).

Benchmark Asset Allocation as at 31 March 2022



Deviation from Benchmark Asset Allocation



Manager Allocation (1/3)

	31/12/2021 Market Value (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Total	4,300.4	4,265.2	100.0	100.0	100.0	--
Equities (inc. Equity Options)	2,541.6	2,486.7	59.1	58.3	55.0	50.0 - 60.0
Active Global Equity	1,556.1	1,516.7	36.2	35.6	35.0	--
JO Hambro - Global Equity	610.0	539.4	14.2	12.6	--	--
Dodge & Cox - Global Equity	534.7	562.5	12.4	13.2	--	--
Longview - Global Equity	411.3	414.8	9.6	9.7	--	--
Schroders - Equity Protection	-2.1	10.2	0.0	0.2	--	--
Passive Equity	987.7	959.8	23.0	22.5	20.0	--
UBS - Passive Equity	987.7	959.8	23.0	22.5	20.0	--
Fixed Income	615.7	602.1	14.3	14.1	15.0	12.0 - 18.0
Government Bonds	225.1	211.3	5.2	5.0	5.0	--
Schroders - Bonds	225.1	211.3	5.2	5.0	5.0	--
Non-Government Bonds	390.6	390.8	9.1	9.2	10.0	--
Bluebay - Multi-Asset Credit	196.4	197.8	4.6	4.6	5.0	--
M&G - Multi-Asset Credit	194.2	193.0	4.5	4.5	5.0	--

Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

The total market value shown in the table above excludes cash (c. £23.6m at the start of quarter and c. £19.3m at the end of quarter).

End of quarter valuations for private equity and infrastructure mandates (exc. Equitix) are provisional and their benchmark allocations are drifting.

The total market value invested in ACCESS is c. £2,737.9m at the start of quarter and c. £2,669.5m at the end of quarter (shown in pink in the table above).

Manager Allocation (2/3)

	31/12/2021 Market Value (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Alternatives	1,143.1	1,176.4	26.6	27.6	30.0	25.0 - 35.0
Property	365.0	379.4	8.5	8.9	10.0	--
Schroder - Property	294.0	307.4	6.8	7.2	7.0	--
M&G - Residential Property	55.7	56.7	1.3	1.3	1.5	--
M&G - Shared Ownership	15.3	15.3	0.4	0.4	1.5	--
Secured Loans	66.3	65.7	1.5	1.5	2.0	--
M&G - Secured Loans	66.3	65.7	1.5	1.5	2.0	--
Private Equity	429.5	448.7	10.0	10.5	12.0	--
Adams Street - Private Equity	172.5	178.5	4.0	4.2	--	--
HarbourVest - Private Equity	149.8	158.7	3.5	3.7	--	--
Foresight - Private Equity	16.1	20.6	0.4	0.5	--	--
Cambridgeshire and Counties Bank	76.0	76.0	1.8	1.8	--	--
Cambridgeshire Building Society	15.0	15.0	0.3	0.4	--	--

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

The total market value shown in the table above excludes cash (c. £23.6m at the start of quarter and c. £19.3m at the end of quarter).

End of quarter valuations for private equity and infrastructure mandates (exc. Equitix) are provisional and their benchmark allocations are drifting.

The total market value invested in ACCESS is c. £2,737.9m at the start of quarter and c. £2,669.5m at the end of quarter (shown in pink in the table above).

Manager Allocation (3/3)

	31/12/2021 Market Value (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Infrastructure	282.4	282.6	6.6	6.6	6.0	--
UBS - Infrastructure	8.7	8.9	0.2	0.2	--	--
Equitix - Infrastructure	30.6	28.4	0.7	0.7	--	--
Partners Group - Infrastructure	49.5	49.8	1.2	1.2	--	--
AMP Capital - Infrastructure Debt	42.3	40.6	1.0	1.0	--	--
Allianz - Infrastructure Debt	19.4	19.2	0.5	0.4	--	--
IFM - Infrastructure Equity	72.9	76.1	1.7	1.8	--	--
JPM - Infrastructure Equity	58.9	59.6	1.4	1.4	--	--

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

The total market value shown in the table above excludes cash (c. £23.6m at the start of quarter and c. £19.3m at the end of quarter).

End of quarter valuations for private equity and infrastructure mandates (exc. Equitix) are provisional and their benchmark allocations are drifting.

The total market value invested in ACCESS is c. £2,737.9m at the start of quarter and c. £2,669.5m at the end of quarter (shown in pink in the table above).

Net Manager Performance (1/2)

	2022 Q1 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	-1.3	-1.4	9.9	11.0	9.9	11.1	7.9	9.1
Equities	-2.8	-2.7	11.0	11.6	12.2	13.2	9.3	10.3
Equities (inc. Equity Options)	-2.3	-2.7	9.4	11.6	11.0	13.2	8.6	10.3
JO Hambro - Global Equity	-11.6	-2.6	5.9	12.4	15.2	13.4	12.7	10.5
Dodge & Cox - Global Equity	4.4	2.1	14.7	14.8	12.8	9.4	8.2	7.1
Longview - Global Equity	0.8	-2.6	14.6	12.4	--	--	--	--
UBS - Passive Equity	-2.8	-2.8	10.4	10.3	13.3	13.2	--	--
Fixed Income	-3.2	-1.6	0.5	2.1	2.5	1.8	1.9	1.7
Schroders - Bonds	-6.1	-6.1	1.9	1.9	--	--	--	--
Bluebay - Multi-Asset Credit	-2.3	0.1	-0.8	0.1	--	--	--	--
M&G - Multi-Asset Credit	-0.6	1.1	0.3	4.1	--	--	--	--

Figures shown are net of fees and based on performance provided by the Investment Managers, Link Asset Services, WM, Mercer estimates and Refinitiv.

For periods over one year the figures in the table above have been annualised. Total Equities, Total Fixed Income, Total Alternatives and Total Fund performance includes the performance of terminated mandates. Total and Equities (inc. Equity Options) performance figures include the contribution of the equity protection strategy managed by Schroders.

Total Fund and Alternatives performances include quarterly performances for the private markets managers (ex-IFM), calculated by Mercer using a Modified Dietz approach based on data provided by these managers. Over the long term, performances are chain linked using quarterly Total Fund performances. Performance shown is net of illiquid mandates' fees. Performance for the underlying private equity and infrastructure mandates (ex-IFM) is shown in the fund currency with a quarter lag. Benchmark performance shown for the underlying private equity mandates is the rolling 3 year MSCI World Index return, averaged on a quarterly basis.

Net Manager Performance (2/2)

	2022 Q1 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	2.2	1.3	16.0	14.7	10.6	10.5	9.3	9.3
Schroder - Property	4.5	5.6	17.9	23.1	6.8	8.1	7.2	7.8
M&G - Residential Property	2.0	1.5	4.4	6.0	2.4	6.0	--	--
M&G - Shared Ownership	0.0	1.5	4.4	6.0	--	--	--	--
M&G - Secured Loans	-0.8	1.1	2.0	4.2	2.9	4.5	2.8	4.6
Adams Street - Private Equity	8.4	5.0	53.4	19.8	35.5	19.8	27.0	13.5
HarbourVest - Private Equity	-1.2	5.0	70.3	19.8	33.1	19.8	25.1	13.5
Foresight - Private Equity	2.2	5.0	1.8	19.8	--	--	--	--
UBS - Infrastructure	2.7	2.5	-19.0	10.0	-9.8	10.0	-18.7	10.0
Equitix - Infrastructure	0.9	2.5	-13.2	10.0	2.4	10.0	5.6	10.0
Partners Group - Infrastructure	3.9	2.5	17.9	10.0	11.8	10.0	12.0	10.0
AMP Capital - Infrastructure Debt	3.1	2.5	11.1	10.0	5.6	10.0	--	--
Allianz - Infrastructure Debt	-0.3	1.0	-6.9	4.0	3.2	4.0	--	--
IFM - Infrastructure Equity	4.3	2.5	21.2	10.0	--	--	--	--
JPM - Infrastructure Equity	1.5	2.5	3.9	10.0	--	--	--	--

Figures shown are net of fees and based on performance provided by the Investment Managers, Link Asset Services, WM, Mercer estimates and Refinitiv.

For periods over one year the figures in the table above have been annualised. Total Equities, Total Fixed Income, Total Alternatives and Total Fund performance includes the performance of terminated mandates. Total and Equities (inc. Equity Options) performance figures include the contribution of the equity protection strategy managed by Schroders.

Total Fund and Alternatives performances include quarterly performances for the private markets managers (ex-IFM), calculated by Mercer using a Modified Dietz approach based on data provided by these managers. Over the long term, performances are chain linked using quarterly Total Fund performances. Performance shown is net of illiquid mandates' fees. Performance for the underlying private equity and infrastructure mandates (ex-IFM) is shown in the fund currency with a quarter lag. Benchmark performance shown for the underlying private equity mandates is the rolling 3 year MSCI World Index return, averaged on a quarterly basis.

Appendix

Appendix A

Benchmarks

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Total	100.00	-	-	-
Equities (inc. Equity Options)	55.00	-	-	-
JO Hambro - Global Equity	35.00	MSCI AC World (NDR) Index	+3.00% p.a. (gross of fees)	5.00% - 12.00% p.a.
Dodge & Cox - Global Equity		MSCI AC World Value Index	+3.00% p.a. (gross of fees)	-
Longview - Global Equity		MSCI AC World (NDR) Index	Capital growth, net of fees, over the long term	-
Schroders - Equity Protection		-	-	-
UBS - Passive Equity	20.00	Composite Benchmark	To match the benchmark	-
Fixed Income	15.00	-	-	-
Schroders - Bonds	5.00	Assumed equal to fund performance	-	-
Bluebay - Multi-Asset Credit	5.00	SONIA	-	-
M&G - Multi-Asset Credit	5.00	SONIA +4% p.a.	-	-
Alternatives	30.00	-	-	-
Schroder - Property	7.00	MSCI All Balanced Property Funds Index	+0.75% p.a. (net of fees)	-
M&G - Residential Property	1.50	Absolute Return of 6.0% p.a.	-	-
M&G - Shared Ownership	1.50	Net Return of 5-7% p.a.	-	-
M&G - Secured Loans	2.00	SONIA +4.0% p.a.	-	-
Private Equity	12.00	-	-	-
Adams Street - Private Equity		MSCI World Index	+3.00% p.a. (gross of fees)	-
HarbourVest - Private Equity		MSCI World Index	+3.00% p.a. (gross of fees)	-

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Foresight - Private Equity		MSCI World Index	+3.00% p.a. (gross of fees)	-
Infrastructure	6.00	-	-	-
UBS - Infrastructure		IRR of 10.0% p.a.	-	-
Equitix - Infrastructure		IRR of 10.0% p.a.	-	-
Partners Group - Infrastructure		IRR of 10.0% p.a.	-	-
AMP Capital - Infrastructure Debt		IRR of 10.0% p.a.	-	-
Allianz - Infrastructure Debt		IRR of 4.0% p.a.	-	-
IFM - Infrastructure Equity		IRR of 10.0% p.a.	-	-
JPM - Infrastructure Equity		IRR of 10.0% p.a.	-	-

LIBID/LIBOR were discontinued on 31 December 2021. SONIA used from 31 December 2021 onwards.

Dodge & Cox performance is monitored against the MSCI AC World Value Index, but the MSCI AC World (NDR) Index is used in total benchmark performance calculations.

Appendix B

Detailed Attribution Analysis - Quarter



Please note that the relative return and relative weight charts use unrounded performance and allocation figures to calculate the relative difference, hence the numbers are not directly comparable to the implied relative difference given in the performance and allocation tables.

All Global Equity Funds use MSCI AC World index as the underlying benchmark.

Explanation of Attribution Analysis Chart

The purpose of the attribution analysis chart is give a visual representation of the contribution of each portfolio to the relative performance of the Total Scheme against the Total Benchmark". The contribution is apportioned between "Manager Contribution" and "Allocation Contribution. Further explanation of the terms used in the chart is given below.

Relative Weight - This is the difference in percentage terms of the actual Scheme allocation and benchmark allocation at both the start and end of the period. A bar greater (less) than zero indicates that the Scheme was overweight (underweight) to that portfolio.

Relative Performance - This shows the relative performance of the portfolio against its benchmark performance. A bar greater than zero indicates there was outperformance, whereas a bar less than zero indicates underperformance.

Quarterly Manager Contribution - This shows the contribution at a total level of the relative performance achieved by the portfolio, taking into account the initial actual allocation. A larger allocation will lead to a greater contribution at a total level (all other things being equal).

Positive (negative) relative performance will result in positive (negative) manager contribution. Note that for passive mandates manager contributions should be close to zero, given its performance objective of tracking the benchmark. In calculation terms this is as follows:

$$\text{Manager Contribution} = (Performance_{pi} - Performance_{bi}) \times \text{Initial Actual Allocation}_{pi}$$

Quarterly Allocation Contribution - The allocation contribution shows whether a portfolio underweight / overweight position has had a positive or negative effect on the Total Scheme outperformance / underperformance in relation to the Total Scheme Benchmark.

For example, an overweight allocation to a portfolio whose benchmark performance was superior to that of the Total Scheme Benchmark would result in a positive contribution. In calculation terms this is as follows:

$$\text{Allocation Contribution} = (Performance_{bi} - Performance_{bT}) \times (\text{Actual Allocation}_{pi} - \text{Benchmark Allocation}_{bi})$$

Please note that the relative return and relative weight figures shown in the chart use unrounded performance and allocation figures to calculate the relative differences. Therefore, the numbers are not directly comparable to the implied relative differences given in the performance table and allocation tables.

Key: pi = portfolio i; bi = portfolio i benchmark; bT = Total Fund benchmark

Attribution for Quarters with Significant Events - In cases where there are significant events over the quarter (for example large cashflows, new or terminated portfolios), both manager and allocation contributions are first calculated for the underlying part periods. The quarterly contributions are then a sum of the part period contributions.



Mercer Limited
1 Tower Place West
London
EC3R5BU
www.mercer.com

Mercer Limited is authorised and regulated by the Financial Conduct Authority
Registered in England No. 984275 Registered Office: 1 Tower Place West, London
EC3R5BU