

**PENSION FUND COMMITTEE
INVESTMENT SUB-COMMITTEE**



Wednesday, 13 September 2023

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

10:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room

New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
*Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>*
2. **Public minutes of the Pension Fund Investment Sub-Committee** **5 - 8**
held 25th May 2023
3. **Action Log** **9 - 10**
4. **Petitions and Public Questions**
5. **Cambridgeshire County Council Pension Fund Quarterly** **11 - 30**
Performance Report - 30th June 2023 (Public)
6. **Exclusion of Press and Public**
*To resolve that the press and public be excluded from the meeting on
the grounds that the agenda contains exempt information under
Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act
1972, as amended, and that it would not be in the public interest for this
information to be disclosed information relating to the financial or*

business affairs of any particular person (including the authority holding that information)

7. **Cambridgeshire County Council Pension Fund Quarterly Performance Report - 30th June 2023 (Private)**
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information);
8. **Confidential minutes of Pension Fund Investment Sub-Committee held 25th May 2023**
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information);
9. **Strategic Asset Allocation Update**
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information);
10. **Climate Aware Passive Equity Implementation Update**
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information);
11. **Infrastructure Options**
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information);

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chair of the Council and political Group Leaders which can be accessed via the following link or made available on request: [Filming protocol hyperlink](#)

Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting [Democratic Services](#) no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution: [Procedure Rules hyperlink](#)

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The Pension Fund Committee Investment Sub-Committee comprises the following members:

Councillor Alison Whelan (Chair) Councillor Mike Black (Vice-Chair) Councillor Chris Boden Liz Brennan and Mr Lee Phanco Councillor Adela Costello Councillor Alan Sharp

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Public minutes of the Pension Committee Investment Sub-Committee

Date: 25 May 2023

Time: 10:00am-11.35am

Place: New Shire Hall, Alconbury Weald

Present: County Councillors A Whelan (Chair), C Rae (Vice Chair), A Costello and A Sharp; J Walker

Officers: B Barlow, D Cave, M Whitby; S Heywood (via Zoom), M Hudson (via Zoom)

Advisers/Consultant: P Gent (via Zoom) and J Thurgood (Mercer); S Gervaise-Jones

65. Apologies and Declarations of Interest

Apologies were received from Lee Phanco.

John Walker declared a personal interest (i) as a retired member of the Local Government Pension Scheme (LGPS), (ii) his son and daughter-in-law were deferred members of the LGPS.

66. Public minutes of the Pension Fund Investment Sub-Committee held 23rd February 2023

The public minutes of the Committee meeting held 23rd February 2023 were agreed as a correct record.

67. Action Log

The Sub-Committee noted that:

- there was an update on Passive Equity options on the agenda;
- Private Equity review first drawdown expected later this year;
- a date was being scheduled for Members' Property Portfolio Review session in late June.

The Action Log was noted.

68. Petitions and Public Questions

No petitions or public questions were received.

69. Cambridgeshire County Council Pension Fund Quarterly Performance Report for the period ending 31st March 2023

The Sub-Committee received a report summarising the performance of the Pension Fund for the quarter to 31st March 2023. The following points were highlighted:

- 2022 had been one of the worst years for investment markets on record, with both equity and bond markets down. The effect of the pandemic had continued to impact on markets, as had the Russia/ Ukraine conflict. 2023 had thankfully started more positively. However, the collapse of Silicon Valley Bank, a US Bank lending to tech companies, had impacted on markets. Fortunately this had been an isolated incident rather than a wider financial contagion. In terms of Fund exposure, there had been some minimal impact on the Blue Bay MAC, with some secondary impact on equity managers due to the impact of the collapse of Silicon Valley Bank on the financial sector;
- In the quarter ending 31 March, most developed market central banks had increased interest rates in an attempt to rein in inflation. The UK inflation rate had fallen slightly, but less than market expectations, and the UK still had the highest level of inflation in developed economies;
- The funding level at 31st March was 152%, reflecting increasing assets and decreasing liabilities;
- As agreed at the last Committee meeting, equity protection would end at 31st May;
- There had been some underperformance by JO Hambro over the quarter, due to them being overweight to US Mid Cap companies. Dodge & Cox had not been exposed directly to Silicon Valley Bank but the impact on the wider financial market had resulted in some underperformance. However, it was noted that Dodge & Cox had exceeded the Value benchmark.

The Chair thanked Mercer for their presentation, and commented that the 152% funding level was very pleasing, albeit primarily driven by the valuation of liabilities.

The Sub-Committee resolved to note the report.

70. Stewardship and Engagement Update

Members considered a report on voting and engagement activities carried out by the Fund's investment managers. The report outlined activity during the six months to 31 December 2022 for assets held within the ACCESS pool, covering approximately 60% of the Fund's assets. It also provided a summary

of investment managers' engagement activity for those assets managed directly by the Fund. There had been no instances where a fund manager has overridden the ACCESS voting policy in the six month period for assets held under pooled governance.

Members noted a summary of voting activity, including votes for and against management, by Dodge & Cox, JO Hambro and Longview, and a summary of other engagements by those managers.

UBS, as a passive manager, did not have to adhere to the guidelines, but they did operate a high quality programme of stewardship and engagement on behalf of the Fund.

The Sub-Committee noted examples of good practice in voting and engagement actions, including lobbying for improvements in sustainability and climate change reporting, and urging those companies not providing net zero targets to do so.

A Member queried the number of Extraordinary General Meetings, and whether these were a cause for concern. Officers agreed to check this information but reassured the Sub-Committee that it was not a cause for concern. **Action required.**

A Member welcomed the examples given of the interactions with companies, which reassured him that this was genuine stewardship and engagement, and not a "box ticking" exercise. The Chair agreed, and commented that these activities covered not just environmental but also social and governance considerations.

It was resolved unanimously to note the report.

71. Exclusion of Press and Public

The Sub-Committee resolved that the press and public be excluded from the meeting for the following items on the grounds that they contained exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended (information relating to the financial or business affairs of any particular person (including the authority holding that information)) and that it would not be in the public interest for this information to be disclosed as they contained commercially sensitive information.

72. Confidential minutes of the Pension Fund Investment Sub-Committee held 23rd February 2023

The confidential minutes of the Committee meeting held 23rd February 2023 were agreed as a correct record.

73. Analytics for Climate Transition

The Sub-Committee received a report on progress against the decarbonisation targets set and communicated in 2021.

It was unanimously resolved to agree the report recommendations.

74. Climate Aware Passive Equity Investing

The Sub-Committee considered a report on the proposed next steps for implementing the agreed climate aware passive equity portfolio structure.

It was resolved to note the report and presentation from Mercer.

75. Strategic Asset Allocation Update

The Sub-Committee considered an update on the implementation of the new Strategic Asset Allocation.

It was resolved unanimously to note the report.

76. Infrastructure Options

The Sub-Committee considered a report on the options available to the Fund for future investment within its Infrastructure portfolio.

It was resolved unanimously to agree the report recommendations.

Cambridgeshire Pension Fund

Cambridgeshire Pension Fund Investment Sub-Committee 13th September 2023

Action log from ISC meeting held on 25 th May 2023				
Item No.	Item	Action to be taken by	Comments	Completed
	Stewardship and Engagement Update			
	A Member queried the number of Extraordinary General Meetings, and whether these were a cause for concern. Officers agreed to check this information but reassured the Sub-Committee that it was not a cause for concern	Ben Barlow	Over the 6-month period there were 7 EGM, mainly in relation to acquisitions and mergers.	Completed

Action log from ISC meeting held on 23 rd February 2023				
Item No.	Item	Action to be taken by	Comments	Completed
	Passive Equity Options			
	Head of Pensions with assistance from Mercer to finalise allocations, fees and target currency hedging (subject to strategy review) and implement the new allocations during 2023-24.	Mark Whitby/ Mercer	Transition has been completed as planned, update will be provided at September ISC meeting	Complete
	Private Equity Review			
	Head of Pensions with assistance from Mercer to implement the investment commitment to the Harbourvest Global 2023 Fund.	Mark Whitby/ Mercer	The Fund has completed submission of subscription documents for the HV 2023 Global Fund with first drawdown expected later on this year.	Ongoing

Action log from ISC meeting held on 17 th November 2022				
Item No.	Item	Action to be taken by	Comments	Completed
53	<p>Property Portfolio Review</p> <p>Mercer to carry out a market review and provide a selection of Long Lease property managers to the Investment Sub Committee.</p>	Ben Barlow	Consider managers for new allocation(s) in long lease property, following completion of ACCESS-led manager selection exercise	Ongoing

Cambridgeshire Pension Fund Monitoring Report Quarter to 30 June 2023

Chris West

August 2023



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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

Overview

Executive Dashboard

Funding

The present value of the Fund's liabilities decreased over the quarter (from £2.8bn to £2.6bn).

The Fund's assets (including cash) increased over the quarter by £75m to £4,292m as at 30 June 2023. The Fund's assets (including cash) have decreased by £166m over the last twelve months.

The estimated funding level at 30 June 2023 was c.165%, up from c.152% as at 31 March 2023. For comparison, the funding level at 31 March 2022 (the date of the previous actuarial valuation) was 125%.

Performance

Short Term Performance

The Fund underperformed the benchmark over the quarter (returning 1.4% vs 2.9%).

Key Contributors to Relative Performance – Quarter

Underperformance in Private Equity	-0.7%
Underperformance by JO Hambro - Global Equity	-0.5%

Longer Term Performance

	Fund	B'mark
Quarter (%)	1.4	2.9
1 Year (%)	3.8	8.1
3 Years (% p.a.)	7.3	7.9

Asset Allocation

Over the quarter, a number of asset transitions were undertaken in order to move towards the Fund's new target strategic asset allocation.

The most significant changes comprised funding a new index-linked gilt portfolio at UBS, with disinvestments totaling £211.5m sourced from listed equities (Longview and Dodge & Cox).

The Fund's passive equity portfolio at UBS was also reorganised over the quarter to fund new climate-aware passive equity allocations, managed against indices provided by UBS and Osmosis.

Overweight

Equities 9.3%

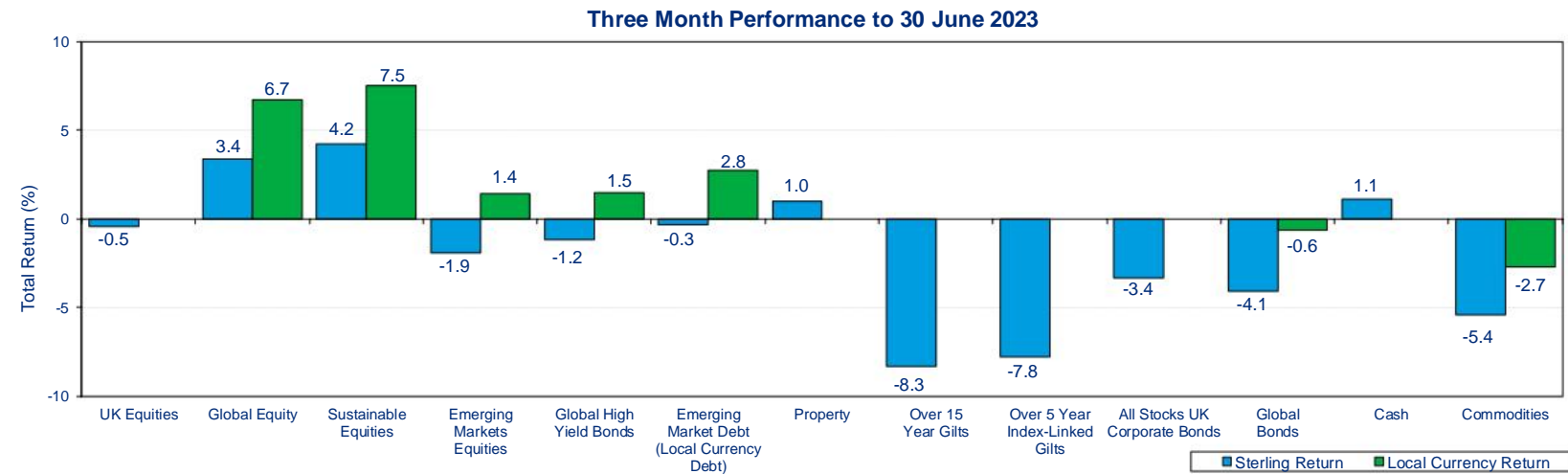
Underweight

Fixed Income -6.3%
Alternatives -3.1%

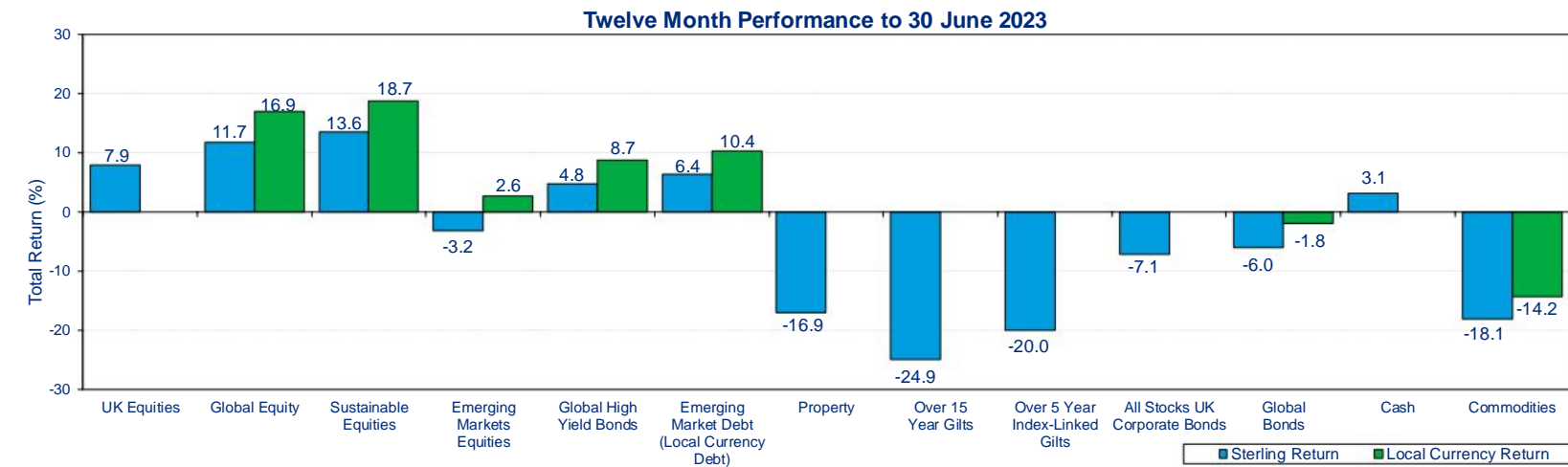
Manager Research

Redacted

Market Index Performance

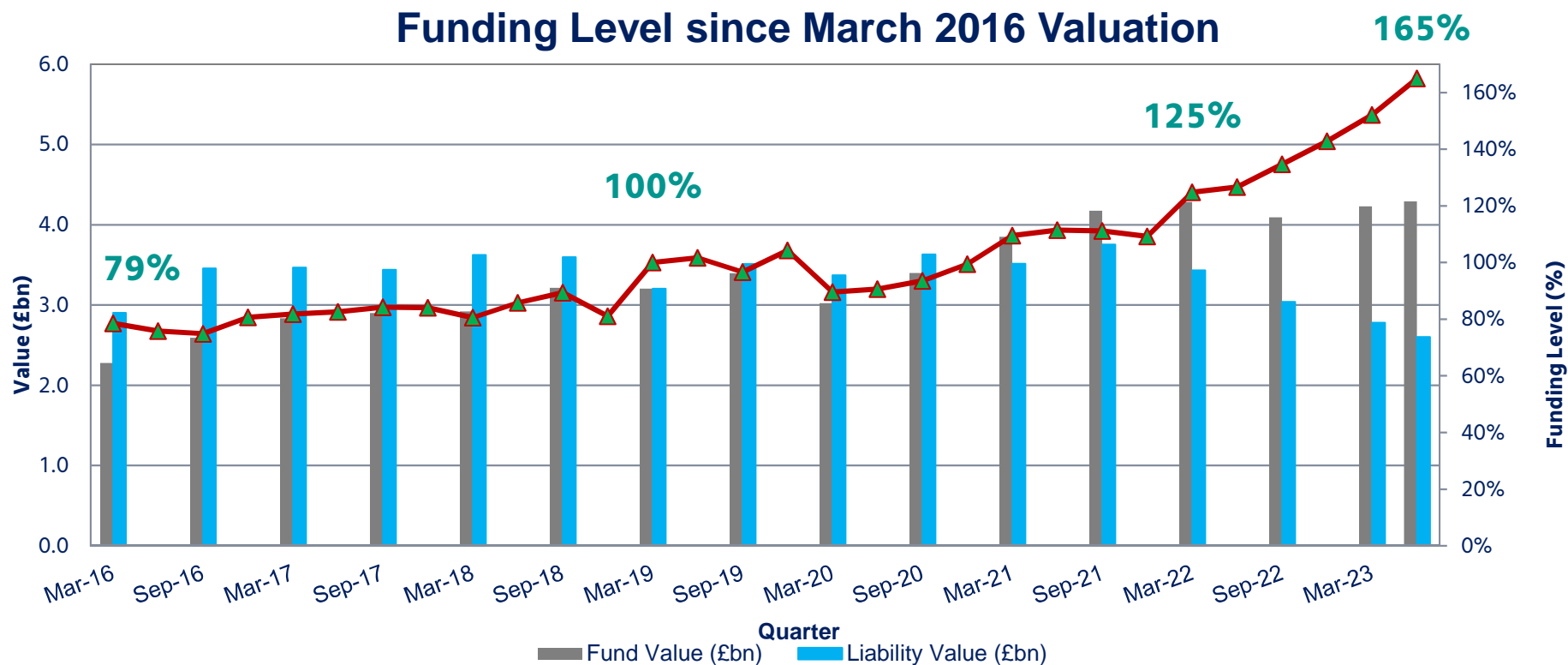


Source: Refinitiv.



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.

Over recent quarters, the estimated value of the liabilities has fallen due to (primarily) rises in gilt yields, which has led to an increase in the funding level as the assets have not experienced such falls.

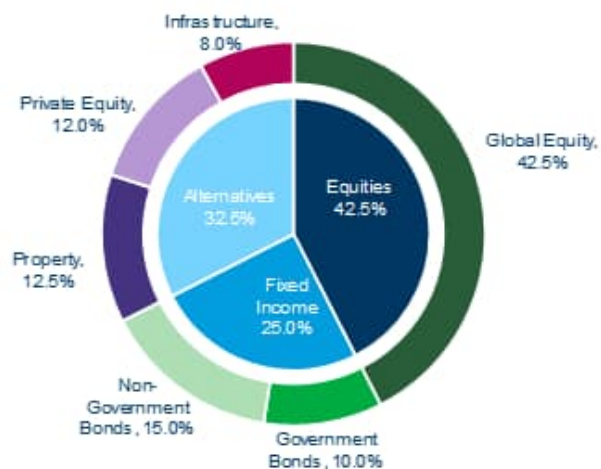
Allocation

	31/03/2023 Market Value (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)
Total Invested Assets	4,209.5	4,273.5	100.0	100.0	100.0
Equities	2,370.6	2,215.0	56.3	51.8	42.5
Fixed Income	588.2	800.1	14.0	18.7	25.0
Alternatives	1,250.7	1,258.4	29.7	29.4	32.5

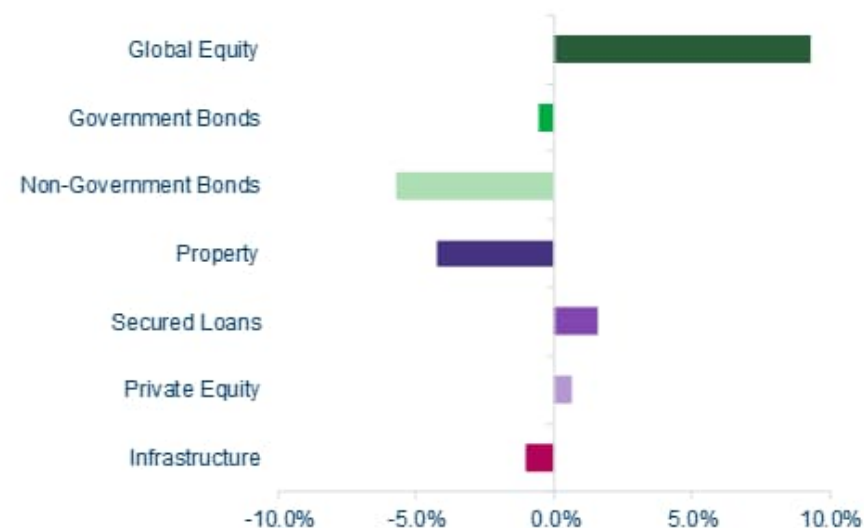
Source: Investment Managers, Link Asset Services and Mercer. Figures may not sum to total due to rounding. The total market value shown in the table above excludes cash (c. £20.3m at the start of quarter and c. £18.7m at the end of quarter).

The new benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023 thereafter.

Benchmark Asset Allocation as at 30 June 2023



Deviation from Benchmark Asset Allocation



Manager Allocation (1/3)

	31/03/2023 Market Value (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Total Invested Assets	4,209.5	4,273.5	100.0	100.0	100.0	--
Equities (inc. Equity Options)	2,370.6	2,215.0	56.3	51.8	42.5	--
Active Global Equity	1,484.9	1,290.4	35.3	30.2	22.5	--
JO Hambro - Global Equity	471.0	463.8	11.2	10.9	7.5	--
Dodge & Cox - Global Equity	575.4	515.9	13.7	12.1	7.5	--
Longview - Global Equity	438.5	310.7	10.4	7.3	7.5	--
Schroders - Equity Protection	1.3	--	0.0	--	--	--
Passive Equity	884.4	924.5	21.0	21.6	20.0	--
UBS - Passive Equity	884.4	--	21.0	--	--	--
UBS – Climate Aware Rules Based	--	651.4	--	15.2	14.0	--
Osmosis - Core Equity Fossil Free	--	273.2	--	6.4	6.0	--
Fixed Income	588.2	800.1	14.0	18.7	25.0	--
Government Bonds	199.2	403.2	4.7	9.4	10.0	--
Schroders - Bonds	199.2	180.7	4.7	4.2	5.0	--
UBS - Index-Linked Gilts	--	222.4	--	5.2	5.0	--
Non-Government Bonds	389.0	396.9	9.2	9.3	15.0	--
Bluebay - Multi-Asset Credit	186.2	189.0	4.4	4.4	7.5	--
M&G - Multi-Asset Credit	202.8	207.9	4.8	4.9	7.5	--

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. £20.3m at the start of quarter and c. £18.7m at the end of quarter).

The new benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this.. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023 thereafter.

Manager Allocation (2/3)

	31/03/2023 Market Value (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Alternatives	1,250.7	1,258.4	29.7	29.4	32.5	--
Property	349.0	352.3	8.3	8.2	12.5	--
Schroder - Property	276.2	278.7	6.6	6.5	6.5	--
TBC – Long Lease Property	--	--	--	--	3.0	--
M&G - Residential Property	57.2	57.9	1.4	1.4	1.5	--
M&G - Shared Ownership	15.6	15.6	0.4	0.4	1.5	--
Secured Loans	66.9	68.7	1.6	1.6	--	--
M&G - Secured Loans	66.9	68.7	1.6	1.6	--	--
Private Equity	532.6	540.5	12.7	12.6	12.0	--
Adams Street - Private Equity	200.5	200.8	4.8	4.7	--	--
HarbourVest - Private Equity	189.1	190.7	4.5	4.5	--	--
Foresight - Private Equity	43.1	49.0	1.0	1.1	--	--
Cambridgeshire and Counties Bank	85.0	85.0	2.0	2.0	--	--
Cambridgeshire Building Society	15.0	15.0	0.4	0.4	--	--

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. £20.3m at the start of quarter and c. £18.7m at the end of quarter).

The new benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this.. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023 thereafter.

Manager Allocation (3/3)

	31/03/2023 Market Value (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Infrastructure	302.3	297.0	7.2	6.9	8.0	--
UBS - Infrastructure	9.1	8.9	0.2	0.2	--	--
Equitix - Infrastructure	31.1	31.3	0.7	0.7	--	--
Partners Group - Infrastructure	41.1	39.5	1.0	0.9	--	--
AMP Capital - Infrastructure Debt	42.4	41.5	1.0	1.0	--	--
Allianz - Infrastructure Debt	14.1	14.0	0.3	0.3	--	--
IFM - Infrastructure Equity	88.1	88.6	2.1	2.1	--	--
JPM - Infrastructure Equity	76.2	73.3	1.8	1.7	--	--

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. £20.3m at the start of quarter and c. £18.7m at the end of quarter).

The new benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this.. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023 thereafter.

Manager Performance (1/2)

	2023 Q2 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	1.4	2.9	3.8	8.1	7.3	7.9	5.7	7.2
Equities (inc. Equity Options)	2.9	3.9	8.4	12.7	9.7	10.7	6.7	8.8
Equities (ex. Equity Options)	3.0	3.9	9.8	12.7	11.3	10.7	7.5	8.8
JO Hambro - Global Equity	-1.5	3.3	-1.8	11.3	3.1	9.9	5.8	8.9
Dodge & Cox - Global Equity	2.5	0.4	7.6	5.9	15.7	11.6	8.7	6.7
Longview - Global Equity	4.6	3.3	16.3	11.3	14.7	9.9	--	--
UBS - Passive Equity	4.7	4.7	14.9	14.8	11.9	11.7	9.2	9.1
UBS – Climate Aware Rules Based	5.3	5.3	--	--	--	--	--	--
Osmosis - Core Equity (Fossil Free)	0.3	0.3	--	--	--	--	--	--
Fixed Income	-0.8	-0.6	-2.2	-0.2	-3.0	-3.7	-0.7	-0.8
Schroders - Bonds	-8.4	-8.4	-19.1	-19.1	-14.2	-14.2	--	--
UBS - Index-Linked Gilts	2.8	2.9	--	--	--	--	--	--
Bluebay - Multi-Asset Credit	1.5	2.2	5.6	9.1	--	--	--	--
M&G - Multi-Asset Credit	2.5	2.2	5.2	9.1	--	--	--	--

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) fund performance include the contribution of the equity protection strategy managed by Schroders.

UBS Rules Based: performance shown since inception. Inception date taken as 28 April 2023 for performance measurement purposes.

Osmosis Core Equity: performance shown since inception. Inception date taken as 12 June 2023 for performance measurement purposes.

UBS Index-Linked Gilts: performance shown since inception. Inception date taken as 5 June 2023 for performance measurement purposes.

M&G Multi-Asset Credit performance figures are reported by Link Asset Group with one month lag. M&G Shared Ownership last quarter performance is always assumed zero due the lag in final data.

Total Fund and Alternatives performances include quarterly performances for the private markets managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). 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 is shown in the GBP 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.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

Manager Performance (2/2)

	2023 Q2 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	-0.8	2.4	-2.4	4.0	7.6	8.4	7.0	7.5
Schroder - Property	0.9	0.4	-12.7	-17.4	3.7	3.4	2.7	2.2
M&G - Residential Property	1.4	1.5	0.9	6.0	2.3	6.0	--	--
M&G - Shared Ownership	0.0	1.5	-3.5	6.0	--	--	--	--
M&G - Secured Loans	2.9	2.1	11.7	7.3	5.1	5.3	3.3	5.2
Adams Street - Private Equity	-1.5	4.3	-3.5	17.1	28.2	17.1	22.3	11.3
HarbourVest - Private Equity	-2.3	4.3	3.3	17.1	27.4	17.1	22.1	11.3
Foresight - Private Equity	3.2	4.3	26.6	17.1	11.2	17.1	--	--
UBS - Infrastructure	-2.1	2.5	8.5	10.0	-9.7	10.0	-2.7	10.0
Equitix – Infrastructure	3.1	2.5	13.2	10.0	-0.7	10.0	3.5	10.0
Partners Group - Infrastructure	3.6	2.5	22.8	10.0	19.1	10.0	13.7	10.0
AMP Capital - Infrastructure Debt	0.5	2.5	11.0	10.0	8.1	10.0	7.5	10.0
Allianz - Infrastructure Debt	5.4	1.0	-15.5	4.0	-7.3	4.0	--	--
IFM - Infrastructure Equity	0.9	2.5	15.8	10.0	13.0	10.0	--	--
JPM - Infrastructure Equity	-0.1	2.5	13.8	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 Fund and Alternatives performances include quarterly performances for the private markets managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). 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 is shown in the GBP 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.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 31 March 2023.

Appendix



Appendix A

Benchmarks

Name	31/03/23 B'mark (%)	30/06/23 B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Total Invested Assets	100.00	100.00	-	-	-
Equities (inc. Equity Options)	55.00	42.50	-	-	-
JO Hambro - Global Equity		7.50	MSCI AC World (NDR) Index	+3.00% p.a. (gross of fees)	5.00% - 12.00% p.a.
Dodge & Cox - Global Equity	35.0	7.50	MSCI AC World Value Index	+3.00% p.a. (gross of fees)	-
Longview - Global Equity		7.50	MSCI AC World (NDR) Index	+3.00% p.a. (gross of fees)	-
UBS - Passive Equity	20.00		Composite Benchmark	To match the benchmark	-
UBS – Climate Aware Rules Based	--	14.00	FTSE Developed (GBP Hedged) Index	To match the benchmark	-
Osmosis - Core Equity (Fossil Free)	--	6.00	Solactive Osmosis Resource Efficient Core Equity Ex-Fossil Fuels Index NTR	To match the benchmark	-
Fixed Income	15.00	25.00	-	-	-
Schroders - Bonds	5.00	5.00	Assumed equal to fund performance	-	-
UBS - Gilts	--	5.00	FTSE A Over 5 Year Index-Linked Gilts Index	To match the benchmark	-0.1% - 0.1% p.a.
Bluebay - Multi-Asset Credit	5.00	7.50	Composite Benchmark	-	-
M&G - Multi-Asset Credit	5.00	7.50	Composite Benchmark	-	-
Alternatives	30.00	32.50	-	-	-
Schroder - Property	7.00	6.50	MSCI All Balanced Property Funds Index	+0.75% p.a. (net of fees)	-
TBC - Long Lease Property	--	3.00	TBC	TBC	TBC
M&G - Residential Property	1.50	1.50	Absolute Return of 6.0% p.a.	-	-
M&G - Shared Ownership	1.50	1.50	Net Return of 5-7% p.a.	-	-
M&G - Secured Loans	2.00	--	SONIA +4.0% p.a.	-	-

Name	31/03/23 B'mark (%)	30/06/23 B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Private Equity	12.00	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)	-
Foresight - Private Equity	--	--	MSCI World Index	+3.00% p.a. (gross of fees)	-
Infrastructure	6.00	8.00	-	-	-
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.	-	-

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.

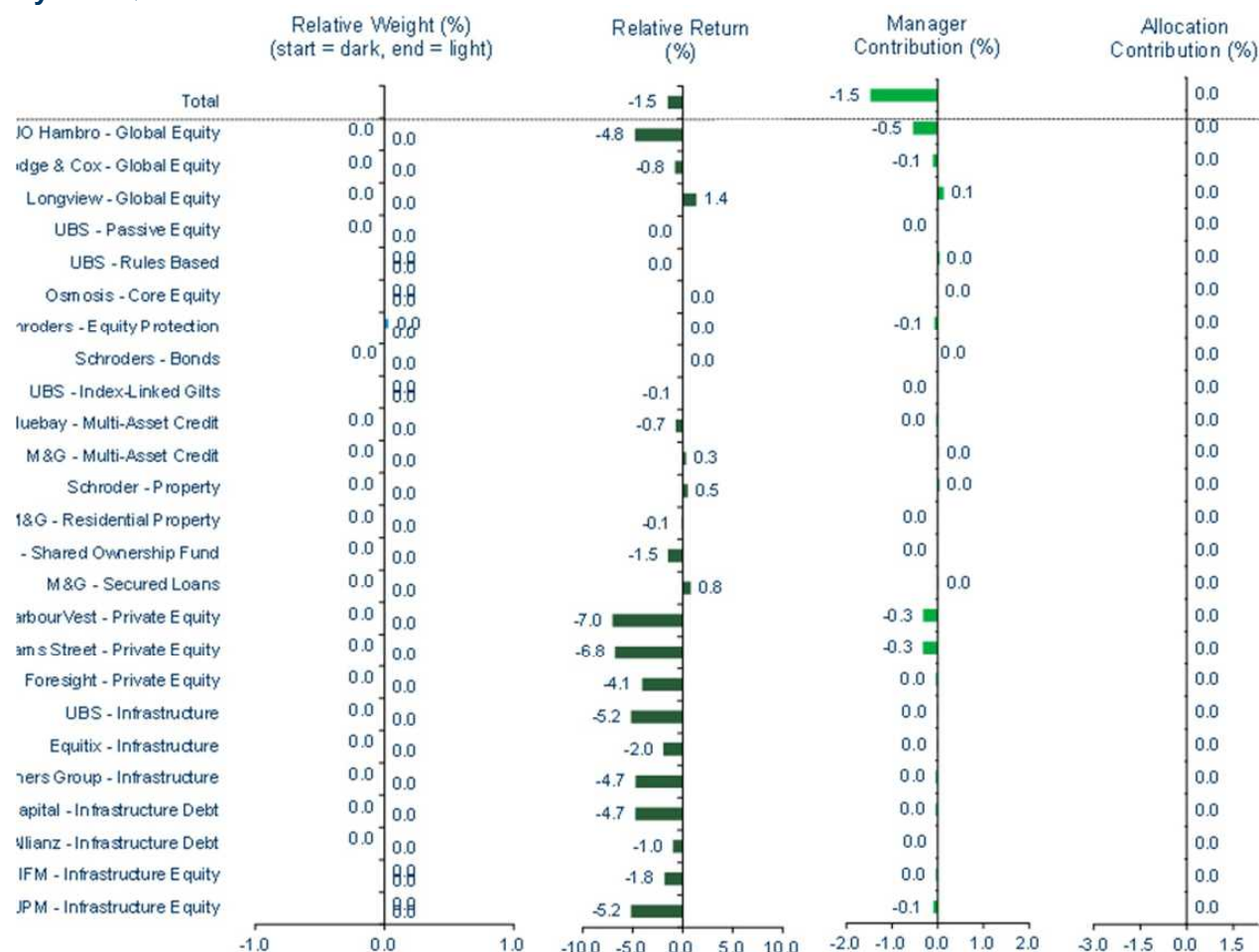
Bluebay - Multi-Asset Credit: composite benchmark is 50% ICE BofAML Global High Yield Constrained and 50% Morningstar LSTA US Leveraged Loan 100 Hedged.

M&G - Multi-Asset Credit: composite benchmark is 50% ICE BofAML Global High Yield Constrained and 50% Morningstar LSTA US Leveraged Loan 100 Hedged.

The new benchmark allocation reflects the Fund's agreed investment strategy. However, some deviation is expected in the short-term as the Fund transitions towards this. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023 thereafter.

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. Total Fund performance figures exclude the Cambridgeshire and Counties Bank and Cambridgeshire Building Society private equity mandates so relative weights will not tie up with the allocation tables. Figures shown for the private equity and infrastructure mandates (with the exception of IFM) are estimated in GBP to the quarter end date.

Benchmark allocation is shown for representative purposes. For performance measurement from the 28th April 2023 the benchmark allocation is equal to the actual fund allocation.

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:

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

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:

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

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.

Appendix C

Investment Performance

Investment Performance to 30 June 2023

	2022 Q3 (%)	2022 Q4 (%)	2023 Q1 (%)	2023 Q2 (%)	1 Yr (%)	3 Yrs (%)
Total	-0.4	0.8	2.0	1.4	3.8	7.3
Total Benchmark	-0.6	1.7	4.0	2.9	8.1	7.9

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

For periods over one year the figures in the table above have been annualised.

Total Fund performances include quarterly performances for the private market managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). Over the long term, performances are chain linked using quarterly Total Fund performances. Performance for these managers is net of illiquid mandates' fees, in GBP, and last quarter returns are provisional.

Total Fund performance figures include the Cambridgeshire and Counties Bank and Cambridgeshire Building Society private equity mandates to 30 June 2021, and exclude these mandates thereafter.

Total performance figures include the contribution of the equity protection strategy managed by Schroders.

For performance measurement purposes the benchmark allocation is equal to the actual fund allocation from 28 April 2023.

10 Year Performance to 30 June 2023

	10 Yrs (%)	B'mark (%)
Total	7.8	8.8
Schroder - Property	6.1	6.4
M&G - Secured Loans	3.7	4.8
Adams Street - Private Equity	18.6	11.7
HarbourVest - Private Equity	18.9	11.7
UBS - Infrastructure	-0.7	10.0
Equitix - Infrastructure	9.8	10.0
Partners Group - Infrastructure	11.9	10.0

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

For periods over one year the figures in the table above have been annualised.

Total Fund performances include quarterly performances for the private market managers, calculated by Mercer using a Modified Dietz approach based on data provided by these managers (with the exception of IFM where performance is provided by the manager). Over the long term, performances are chain linked using quarterly Total Fund performances. Performance for these managers is net of illiquid mandates' fees, in GBP, and last quarter returns are provisional.

Total Fund performance figures include the Cambridgeshire and Counties Bank and Cambridgeshire Building Society private equity mandates to 30 June 2021, and exclude these mandates thereafter.

Total performance figures include the contribution of the equity protection strategy managed by Schroders.

Private Equity and Infrastructure figures are shown with a quarter lag.



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