

**PENSION FUND COMMITTEE
INVESTMENT SUB-COMMITTEE**



Thursday, 23 February 2023

Democratic and Members' Services
Linda Walker
Interim Monitoring Officer

10:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

**Red Kite room New Shire Hall PE28 4YE
[Venue Address]**

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
*Guidance on declaring interests is available at
<http://tinyurl.com/cc-conduct-code>*
2. **Public minutes of Pension Fund Investment Sub-Committee held 5 - 10**
17 November 2022
3. **Action Log 11 - 14**
4. **Petitions and Public Questions**
5. **Cambridgeshire County Council Pension Fund Quarterly 15 - 32**
Performance Report for the period ending 31st December 2022
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. Confidential minutes of Pension Fund Investment Sub-Committee held 17 November 2022

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

8. Foresight East of England Fund

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

9. Private Equity Update

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

10. Climate Aware Passive Equity Investing

- 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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Meetings are streamed to the Council's website: [Council meetings Live Web Stream hyperlink](#)

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

Councillor Alison Whelan (Chair) Councillor Catherine Rae (Vice-Chair) Councillor Chris Boden Mr Lee Phanco and Mr John Walker Councillor Adela Costello Councillor Alan Sharp

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

Pension Committee Investment Sub-Committee

Date: 17 November 2022

Time: 10:00am-1.10pm

Place: New Shire Hall, Alconbury Weald

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

Officers: B Barlow, D Cave, S Heywood (virtual), R McRobbie and M Whitby

Advisers/Consultant: P Gent and C West (Mercer); S Gervaise-Jones

External presenters: Patrick Newberry, Donald Kerr and Andrea Hodgson (Cambridge and Counties Bank); Blair Reid and Lloyd Butcher (Bluebay, virtual) (*relevant items only*)

43. Apologies and Declarations of Interest

Apologies were presented on behalf of Councillor Boden.

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.

44. Public minutes of the Pension Fund Investment Sub-Committee held 22nd September 2022

The public minutes of the Committee meeting held 22nd September 2022 were agreed as a correct record.

45. Action Log

The Action Log was noted.

46. Petitions and Public Questions

A public question from Cambridge Mothers Climate Action Network was considered by the Sub-Committee.

On behalf of the Sub-Committee, the Chair thanked the Cambridge Mothers Climate Action Network for submitting their question, and advised that a written response would be sent to them within ten working days, which would be copied to the Sub-Committee Members and available with the meeting papers on the County Council's website. (*question and response attached as Appendix 1 to these minutes*).

47. Cambridgeshire County Council Pension Fund Quarterly Performance Report for the period ending 30th September 2022

The Sub-Committee received a report summarising the performance of the Pension Fund for the quarter to 30th September 2022. The following points were highlighted:

- The mini budget on 03/09/22 had a huge impact on the size of gilt yields, impacting on the liabilities linked to those gilt yields, meaning that technically the value of liabilities fell. It was stressed that concerns raised in the news recently relating to gilts and pension funds were not a concern for the LGPS Pension Funds, although equity market volatility had a short term impact. The asset portfolio value reduced slightly over the period but this was exceeded by the fall in liabilities, with the result that the Fund was currently 135% funded. This pleasing level of funding did not change fundamentally the activities of the Pension Fund and how it was invested, but did mean that the Fund was currently in a very healthy position which was reassuring given the challenges that the economy was currently facing;
- There had been some moderate underperformance by global equities but this was judged to be short term, and was not a concern. The fall in the value of Sterling that had accompanied the contraction in global equities had had a favourable impact for those equities valued in local currencies. Private Equity performance was less influenced by markets;
- The content of the Chancellor of Exchequer's Autumn Statement and its consequences were not yet known;
- Asset allocation was broadly in line with the parameters agreed, and the position for each mandate was outlined. Longview was under enhanced monitoring, but there were no strong concerns. The Bluebay (MAC) mandate had a long term fixed rate benchmark, which was why there were deviations, not something of material concern. The -12.3% performance of Allianz Infrastructure Debt was not a cause for concern, as it was a reflection of the fund being towards the end of its life cycle, which advisors were comfortable with;

The Chair concluded by saying that the Fund had weathered the storm well given recent events.

The Sub-Committee resolved to note the report.

48. Stewardship and Engagement Update

The Committee considered an update on stewardship and engagement matters relating to the Fund's investments. The importance of promoting good governance and management in the companies in which the Fund invests was recognised, and investment managers were expected to exercise voting rights and engage with companies with the aim of good stewardship of the Fund's assets.

The report outlined activity during the six months to 30 June 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 on behalf of ACCESS authorities in which the Fund invests within the ACCESS Pool covering the period between April to June 2022, and a summary of the Local Authority Pension Fund Forum (LAPFF) engagement and voting activity for the period between April to September 2022. There were no instances where the fund manager has overridden the ACCESS voting policy in the last six months for assets held under pooled governance.

It was noted that officers had quarterly updates with most managers, and would discuss engagement activities in some depth. In addition there was a rolling programme of managers providing Investment Seminars to ACCESS every six months, and the collective engagement that takes place on the Fund's behalf through LAPFF. Officers stressed that there was a narrative behind every single engagement.

Members agreed that the volume of information provided in the report was appropriate.

The Sub-Committee resolved to note the report.

49. 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.

50. Confidential minutes of the Pension Fund Investment Sub-Committee held 22nd September 2022

The confidential minutes of the Committee meeting held 22nd September 2022 were agreed as a correct record.

51. Cambridge and Counties Bank Introduction

The Sub-Committee considered a presentation from Cambridge and Counties Bank representatives.

The Sub-Committee resolved to note the report and presentation from Cambridge and Counties Banks.

(Cambridge & Counties Bank representatives left the meeting)

52. BlueBay Multi Asset Credit – Environmental, Social & Governance (ESG)

The Sub-Committee considered a report on an ESG variant to the Fund's current BlueBay Multi Asset Credit product.

It was resolved unanimously to:

Express a preference to transition to the MAC ESG fixed income product as part of its expected onboarding as an ACCESS sub fund in place of the standard MAC fixed income product currently invested in outside the pool.

53. Property Portfolio Review

The Sub-Committee considered a presentation on the types of property assets that could be included in the Property Portfolio.

The Sub-Committee resolved to:

- a) Note the report;
- b) Approve Mercer to carry out a market review and provide a selection of Long Lease property managers to the Investment Sub Committee.

54. Climate Aware Passive Equity Investing

The Sub-Committee considered a report on a proposed climate aware passive equity portfolio structure.

It was resolved unanimously to:

- a) note the report and presentation from Mercer;
- b) approve the proposed climate aware passive equity portfolio structure (subject to final advisor research ratings);
- c) subject to favourable research, express a preference for the fossil free option offered by the preferred manager;
- d) request the Head of Pensions to finalise allocation and target currency hedging (subject to final advisor research ratings and strategy review);
- e) should there be an unfavourable research rating for managers in the proposed portfolio, request further climate aware passive options are brought for consideration.

PUBLIC QUESTION from Cambridge Mothers' Climate Action Network

Thank you very much for your considered response (*to our previous question*). We are pleased to hear that the committee is developing a plan to transition to a sustainable portfolio and welcome the fact that you have provided a clear climate action plan that the public can access. However we think the scale of ambition is inexcusably unambitious given the scale of the issue and opportunity the pension investment fund provides. Firstly we would like to see a target for divestment from companies principally involved in the extraction of fossil fuels as part of the climate action plan in addition to the decarbonisation pathway, and as there is a strategic review point planned for 2024 we think you should be working towards committing to immediate divestment following that. Why has no divestment date been committed to so far?

Secondly if possible we would like to see a faster decarbonisation pathway and would like to know why decarbonisation by an earlier date of 2035 or 2040 has not been considered and whether a date earlier than 2045 could be considered as part of the 2024 review. Have scheme members been given the option of decarbonising quicker? Your response regarding stewardship seems to focus on receipt of reporting rather than engagement. Please can you explain how the Sub-Committee influences the engagement priorities and what steps have actively been taken to influence the level of engagement and priorities. In our view it is essential this approach can demonstrate having a meaningful impact to justify the 'engagement over blanket divestment' approach. Again we ask what metrics they intend to use to judge the success of this engagement?

Response:

Thank you for your further questions in connection with climate action plan and stewardship activities.

The Fund's investment strategy has been developed recognising the main objective of the Fund is to pay benefits to its members and beneficiaries as they fall due. Committee members have a primary fiduciary responsibility to ensure this objective is fulfilled.

Climate risk, however, is considered a systemic risk for the Fund, and our responsible investment policy has been developed to help manage that risk, as well as to align with our support for the Paris Agreement and a "just transition".

The approach chosen in terms of stewardship is one of engagement as opposed to divestment from a given sector. This was set out in our responsible investment policy and consulted on with tens of thousands of scheme members and scheme employers, with a high-level analysis of consultation responses on our website. This does not mean that the Fund will not hold mandates that are either fossil free or avoid companies that generate material revenues from the fossil fuel industry. Two of the Fund's three active managers would fall in the latter category, and the passive review as part of our climate action plan is exploring available options in terms of lower carbon passive funds.

The decarbonisation pathway chosen is the most ambitious and aggressive that could be targeted at this time whilst ensuring the primary fiduciary responsibility outlined above was met and was developed following extensive professional advice. Progress against the pathway will be regularly reviewed and targets re-examined at each major review point.

Stewardship reporting will enable the Sub-Committee to understand the nature of the engagements taking place both by investment managers and collectively on our behalf by LAPFF, and over time help Members influence engagement activity. The Fund would also

expect its asset pool's Voting Guidelines, which direct the voting activity of underlying investment managers, to be aligned with the recently developed ACCESS RI Guidelines, thus improving voting impact.

In terms of metrics, the Fund expects the roll out of climate related reporting to the LGPS sector to have a critical role, for example by understanding the proportion of individual companies within a mandate that have Paris aligned commitments, enabling engagement or even divestment of those companies that do not have credible plans. This is developing area with a Department for Levelling Up, Housing and Communities (DLUHC) consultation recently concluded over the implementation of such climate related reporting.

Cambridgeshire
Pension Fund

Cambridgeshire Pension Fund Investment Sub-Committee
23rd February 202

Action log from ISC meeting held on 17 th November 2022				
Item No.	Item	Action to be taken by	Comments	Completed
54	Passive Equity Options			
	Head of Pensions with assistance from Mercer to finalise allocation and target currency hedging for passive equity options (subject to final advisor research ratings and strategy review).	Ben Barlow	Update to be provided at February 2023 ISC meeting.	Ongoing
	Should there be an unfavourable research rating for managers in the proposed portfolio, request further climate aware passive options are brought for consideration.	Ben Barlow	Update to be provided at February 2023 ISC meeting.	Ongoing
53	Property Portfolio Review			
	Mercer to carry out a market review and provide a selection of Long Lease property managers to the Investment Sub Committee.	Ben Barlow	To be progressed outside of ISC meetings during April – June 2023 once broader strategy is agreed.	Ongoing

Action log from ISC meeting held on 30 th September 2022				
Item No.	Item	Action to be taken by	Comments	Completed
38	<p>Strategy Review</p> <p>A Member suggested that the LAPF asset allocations could be shared as part of the upcoming Strategy Review.</p>	Ben Barlow	Scheduled for March 2023 Pension Committee meeting.	Ongoing
42	<p>Bluebay Multi Asset Credit</p> <p>Further information to be provided on the merits of onboarding the ESG variant to an ACCESS Sub Fund over the standard MAC product.</p>	Ben Barlow	November 2022 ISC meeting – resolved, Committee expressed preference to onboard ESG variant as an ACCESS Sub Fund.	Completed

Action log from ISC meeting held on 26 th May 2022				
Item No.	Item	Action to be taken by	Comments	Completed
8	<p>Private Equity Review</p> <p>Deeper review of Private Equity options to be undertaken during 2022-23</p>	Ben Barlow	Update on Private Equity scheduled for February 2023 ISC meeting. The Fund is undertaking a wider strategy review, which will be followed by further deep dive reviews of the specific areas	Ongoing

Action log from ISC meeting held on 26th May 2022

Item No.	Item	Action to be taken by	Comments	Completed
			of the portfolio, whilst considering potential funds available via the ACCESS pool.	

Action log from ISC meeting held on 17th February 2022

Item No.	Item	Action to be taken by	Comments	Completed
5	Climate Action Plan			
	Head of Pensions with assistance from Mercer to produce options for implementing climate aware passive equity funds.	Ben Barlow	November 2022 ISC - approved the proposed climate aware passive equity portfolio structure (subject to final advisor research ratings); expressed a preference for the fossil free option offered by Osmosis.	Completed
	Member requested information on progress against the Climate Action Plan is brought forward from 2024 to 2023.	Ben Barlow	Progress against the Climate Action Plan will be reported quarterly via business plan updates and more formerly via Mercer's annual reporting. Progress against the Climate Action Plan has been published on the Fund's member and employer websites together with an update report to Pension Committee in July 2022 and Pension Board in October 2022.	Ongoing

Action log from ISC meeting held on 17 th February 2022				
Item No.	Item	Action to be taken by	Comments	Completed
6	Equity Protection A Member suggested that there should be a full training session before equity protection was next reviewed in 2023.	Ben Barlow	Completed on 16 th December 2022.	Completed

Cambridgeshire Pension Fund Monitoring Report Quarter to 31 December 2022

Chris West

February 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

Executive Dashboard

Funding

The present value of the Fund's liabilities decreased over the quarter (from £3,038m to £2,885m).

The Fund's assets (including cash) increased over the quarter by £28.6m to £4,121.6m as at 31 December 2022. The Fund's assets (including cash) have decreased by £202.4m over the last twelve months.

The estimated funding level at 31 December 2022 was c. 143%, up from c. 135% as at 30 September 2022. For comparison, the funding level at 31 March 2019 (the date of the previous actuarial valuation) was 100%.

Performance

Short Term Performance

The Fund underperformed the benchmark over the quarter (returning 0.6% vs 1.7%).

Key Contributors to Relative Performance – Quarter

Outperformance by Dodge & Cox - Global Equity (vs the MSCI AC World Index)	+0.4%
Outperformance by Longview – Global Equity	+0.3%
Negative impact from Schroders – Equity Protection	-0.4%
Underperformance in Private Equity	-0.9%

Longer Term Performance

	Fund	B'mark
1 Year (%)	-5.7	-6.6
3 Years (% p.a.)	5.6	5.9

Asset Allocation

In December 2022, there was an investment of c. £35m in the Schroders Government Bond mandate.

Overweight		Underweight	
Equities	+1.1%	Fixed Income	-1.1%

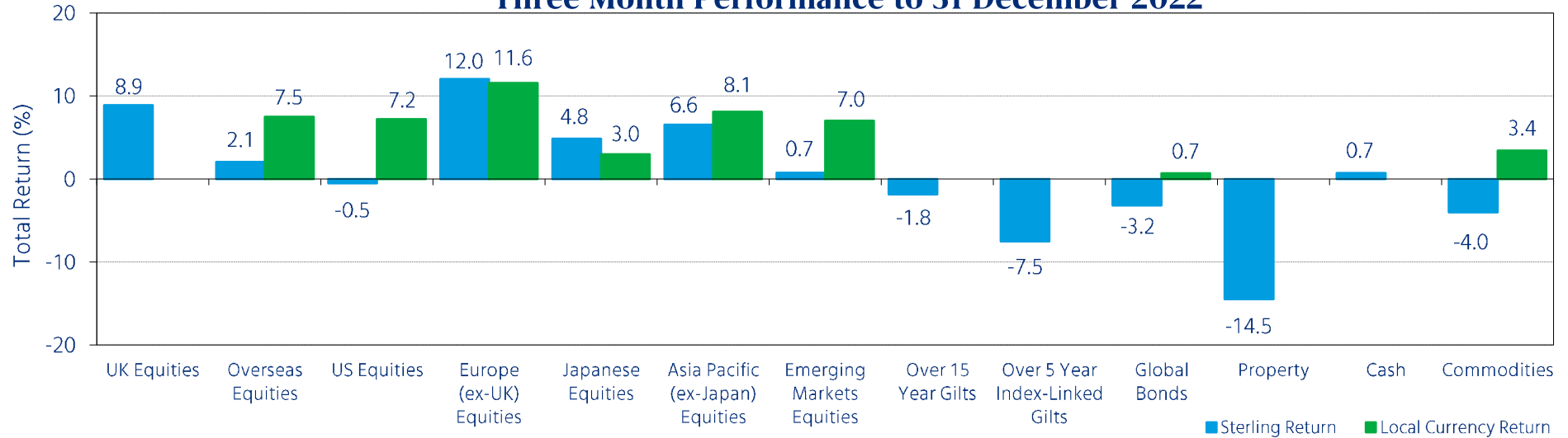
Manager Research

Rating Changes

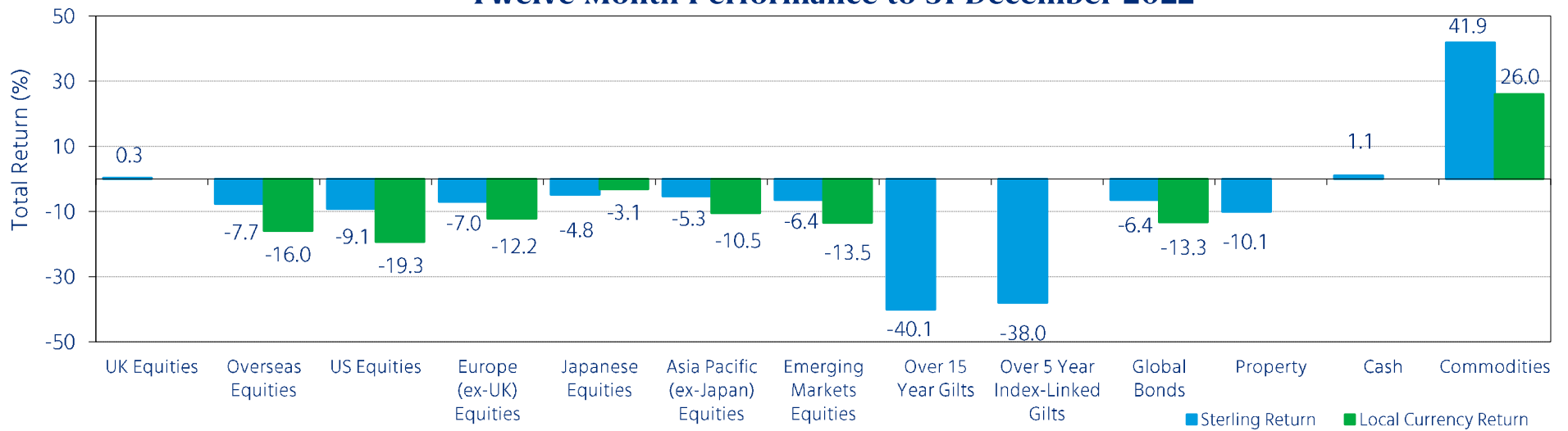
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Market Index Performance

Three Month Performance to 31 December 2022



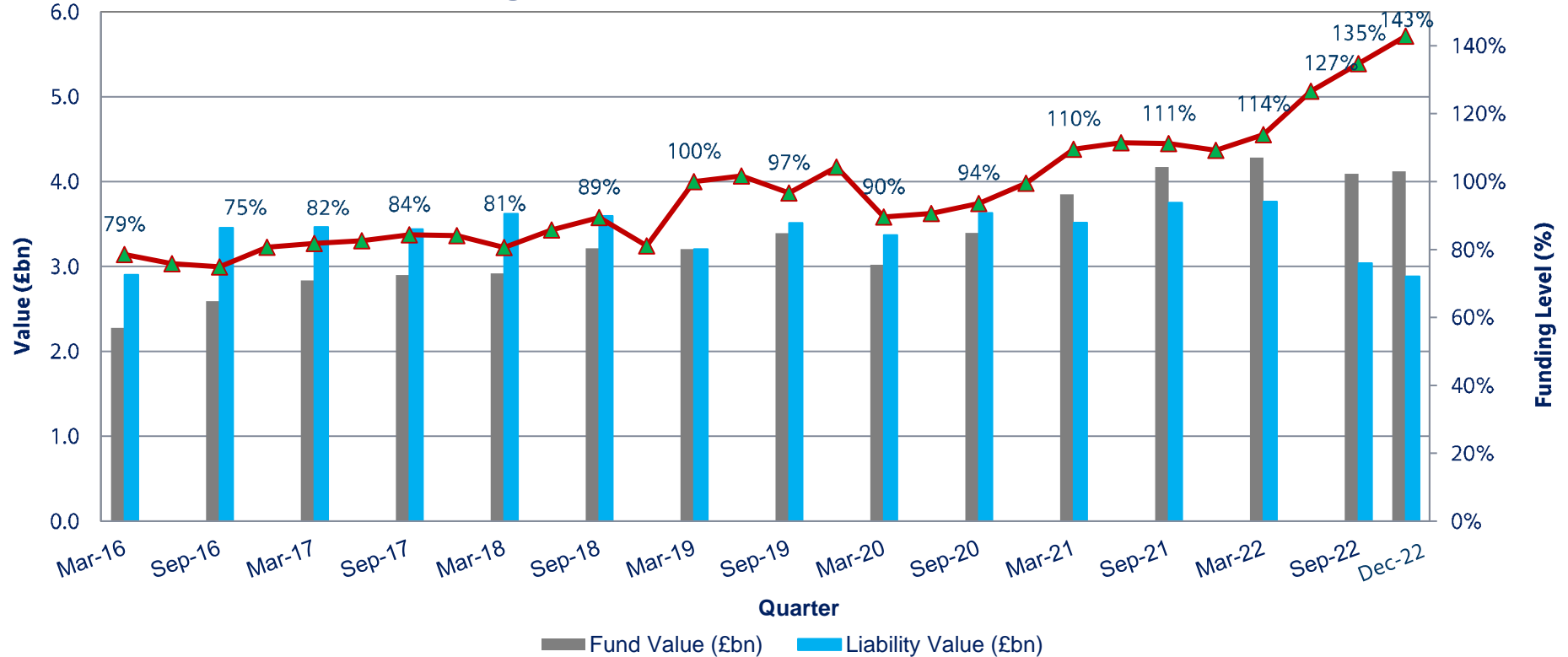
Twelve Month Performance to 31 December 2022



Source: Refinitiv.

Funding

Funding Level since March 2016 Valuation



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 December 2022 was 143%, which is higher than the funding level as at 30 September 2022, driven by a fall in liability value and assets value increase.

Allocation

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark B'mark (%)	31/12/2022 B'mark Range (%)
Total Invested Assets	4,093.0	4,106.3	100.0	100.0	100.0	--
Equities	2,219.0	2,303.3	54.2	56.1	55.0	50.0 - 60.0
Fixed Income	534.0	571.9	13.0	13.9	15.0	12.0 - 18.0
Alternatives	1,277.1	1,231.1	31.2	30.0	30.0	25.0 - 35.0
Cash in Transit	63.0	--	1.5	--	--	--

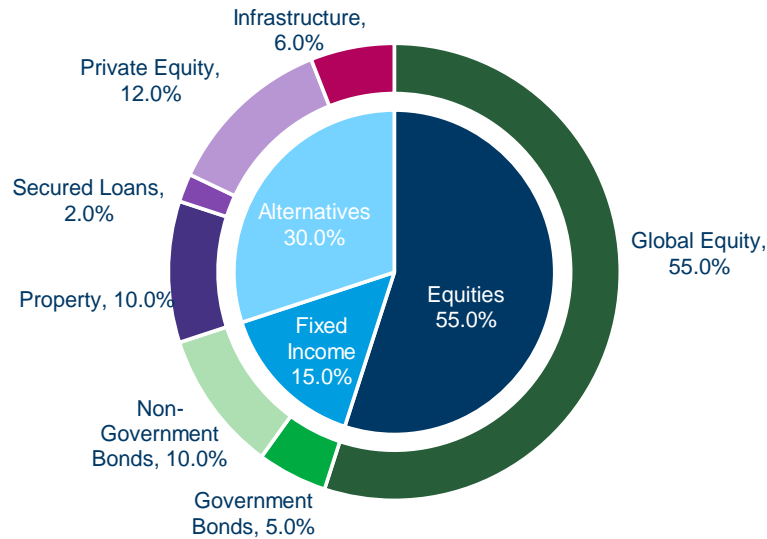
Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

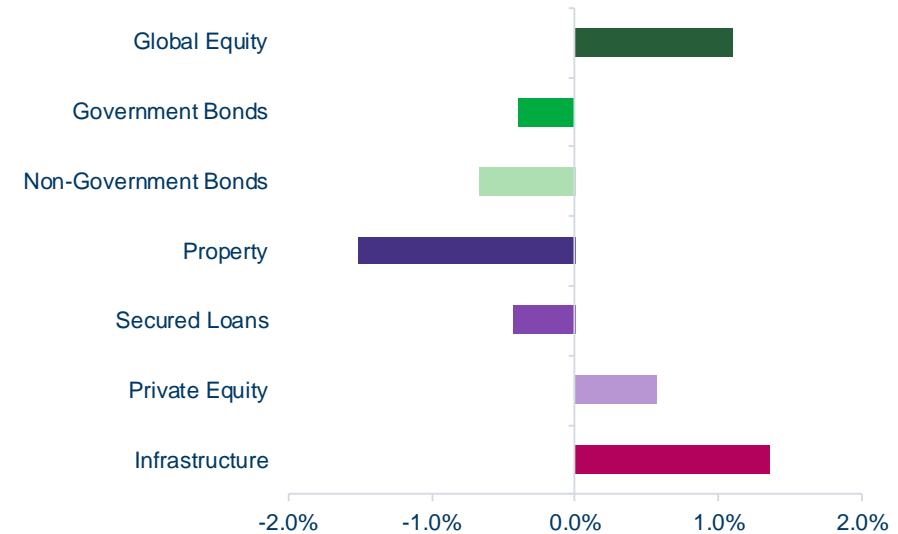
The total market value shown in the table above excludes cash (c. £15.3m at the end of quarter).

Cash value at the start of the quarter includes proceeds of £63m disinvestment from UBS equity in September 2022, which was used to meet capital calls from the Fund's private markets managers and M&G Shared Ownership over Q4.

Benchmark Asset Allocation as at 31 December 2022



Deviation from Benchmark Asset Allocation



Manager Allocation (1/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)	31/12/2022 B'mark Range (%)
Total Invested Assets	4,093.0	4,106.3	100.0	100.0	100.0	--
Equities (inc. Equity Options)	2,219.0	2,303.3	54.2	56.1	55.0	50.0 - 60.0
Active Global Equity	1,405.0	1,451.7	34.3	35.4	35.0	--
JO Hambro - Global Equity ^(a)	467.8	467.1	11.4	11.4	--	--
Dodge & Cox - Global Equity ^(a)	537.5	563.6	13.1	13.7	--	--
Longview - Global Equity ^(a)	399.7	421.0	9.8	10.3	--	--
Schroders - Equity Protection	33.1	16.3	0.8	0.4	--	--
Passive Equity	780.8	835.4	19.1	20.3	20.0	--
UBS - Passive Equity ^(a)	780.8	835.4	19.1	20.3	20.0	--
Fixed Income	534.0	571.9	13.0	13.9	15.0	12.0 - 18.0
Government Bonds	163.1	189.1	4.0	4.6	5.0	--
Schroders - Bonds	163.1	189.1	4.0	4.6	5.0	--
Non-Government Bonds	370.9	382.8	9.1	9.3	10.0	--
Bluebay - Multi-Asset Credit	174.9	183.6	4.3	4.5	5.0	--
M&G - Multi-Asset Credit ^(a)	196.0	199.2	4.8	4.9	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. £15.3m at the end of quarter).

Cash value at the start of the quarter includes proceeds of £63m disinvestment from UBS equity in September 2022, which was used to meet capital calls from the Fund's private markets managers and M&G Shared Ownership over Q4.

^(a) The total market value invested in ACCESS is c. £2,381.8m at the start of quarter and c. £2,486.3m at the end of quarter.

Manager Allocation (2/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)	31/12/2022 B'mark Range (%)
Alternatives	1,277.1	1,231.1	31.2	30.0	30.0	25.0 - 35.0
Property	382.3	348.5	9.3	8.5	10.0	--
Schroder - Property	307.6	274.7	7.5	6.7	7.0	--
M&G - Residential Property	58.5	57.6	1.4	1.4	1.5	--
M&G - Shared Ownership	16.2	16.2	0.4	0.4	1.5	--
Secured Loans	62.6	64.0	1.5	1.6	2.0	--
M&G - Secured Loans	62.6	64.0	1.5	1.6	2.0	--
Private Equity	525.5	516.1	12.8	12.6	12.0	--
Adams Street - Private Equity	195.1	197.0	4.8	4.8	--	--
HarbourVest - Private Equity	200.4	187.3	4.9	4.6	--	--
Foresight - Private Equity	30.0	31.9	0.7	0.8	--	--
Cambridgeshire and Counties Bank	85.0	85.0	2.1	2.1	--	--
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. £15.3m at the end of quarter).

Cash value at the start of the quarter includes proceeds of £63m disinvestment from UBS equity in September 2022, which was used to meet capital calls from the Fund's private markets managers and M&G Shared Ownership over Q4.

^(a) The total market value invested in ACCESS is c. £2,381.8m at the start of quarter and c. £2,486.3m at the end of quarter.

Manager Allocation (3/3)

	30/09/2022 Market Value (£M)	31/12/2022 Market Value (£M)	30/09/2022 Allocation (%)	31/12/2022 Allocation (%)	31/12/2022 B'mark (%)	31/12/2022 B'mark Range (%)
Infrastructure	306.7	302.4	7.5	7.4	6.0	--
UBS - Infrastructure	9.7	9.0	0.2	0.2	--	--
Equitix - Infrastructure	30.3	30.5	0.7	0.7	--	--
Partners Group - Infrastructure	54.9	47.9	1.3	1.2	--	--
AMP Capital - Infrastructure Debt	45.6	44.3	1.1	1.1	--	--
Allianz - Infrastructure Debt	12.5	12.4	0.3	0.3	--	--
IFM - Infrastructure Equity	87.7	87.3	2.1	2.1	--	--
JPM - Infrastructure Equity	66.1	71.0	1.6	1.7	--	--
Cash in Transit	63.0	--	1.5	--	--	--

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. £15.3m at the end of quarter).

Cash value at the start of the quarter includes proceeds of £63m disinvestment from UBS equity in September 2022, which was used to meet capital calls from the Fund's private markets managers and M&G Shared Ownership over Q4.

^(a) The total market value invested in ACCESS is c. £2,381.8m at the start of quarter and c. £2,486.3m at the end of quarter.

Net Manager Performance (1/2)

	2022 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	0.6	1.7	-5.7	-6.6	5.6	5.9	5.8	6.4
Equities (inc. Equity Options)	3.8	3.7	-6.6	-8.5	6.2	6.8	6.3	7.3
Equities (ex. Equity Options)	4.6	3.7	-7.8	-8.5	7.1	6.8	6.8	7.3
JO Hambro - Global Equity	-0.1	1.9	-23.4	-8.1	7.1	7.4	7.8	7.7
Dodge & Cox - Global Equity	4.9	6.2	5.4	4.9	9.3	7.4	7.4	6.7
Longview - Global Equity	5.3	1.9	2.4	-8.1	--	--	--	--
UBS - Passive Equity	7.0	7.1	-9.0	-9.2	5.7	5.5	--	--
Fixed Income	0.5	0.9	-16.6	-16.8	-3.3	-1.3	-1.3	0.0
Schroders - Bonds	-5.5	-5.5	-36.4	-36.4	-10.8	-10.8	--	--
Bluebay - Multi-Asset Credit	5.0	4.1	-9.3	-7.1	--	--	--	--
M&G - Multi-Asset Credit	1.6	4.1	-0.5	-7.1	--	--	--	--

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.

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.

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.

Net Manager Performance (2/2)

	2022 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	-5.1	-1.8	2.8	-2.1	9.5	7.3	8.6	7.2
Schroder - Property	-10.7	-14.1	-6.7	-9.5	2.2	2.2	3.2	2.9
M&G - Residential Property	-1.6	1.5	3.6	6.0	2.2	6.0	--	--
M&G - Shared Ownership	0.0	1.5	6.6	6.0	--	--	--	--
M&G - Secured Loans	2.8	1.7	-2.6	5.5	1.1	4.8	2.0	4.8
Adams Street - Private Equity	5.5	2.1	14.1	8.6	30.4	8.6	25.7	9.8
HarbourVest - Private Equity	6.8	2.1	36.4	8.6	37.1	8.6	30.0	9.8
Foresight - Private Equity	7.8	2.1	28.2	8.6	--	--	--	--
UBS - Infrastructure	6.6	2.5	14.9	10.0	-8.4	10.0	-1.0	10.0
Equitix - Infrastructure	1.0	2.5	3.0	10.0	0.1	10.0	5.3	10.0
Partners Group - Infrastructure	9.1	2.5	16.8	10.0	12.3	10.0	12.6	10.0
AMP Capital - Infrastructure Debt	8.5	2.5	17.8	10.0	7.0	10.0	7.0	10.0
Allianz - Infrastructure Debt	-16.1	1.0	-33.8	4.0	-12.4	4.0	--	--
IFM - Infrastructure Equity	6.4	2.5	24.0	10.0	--	--	--	--
JPM - Infrastructure Equity	6.9	2.5	18.4	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.

Appendix

Appendix A

Benchmarks

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Total Invested Assets	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	+3.00% p.a. (gross of fees)	-
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	Composite Benchmark	-	-
M&G - Multi-Asset Credit	5.00	Composite Benchmark	-	-
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	6.00	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	-	-	-
UBS - Infrastructure		IRR of 10.0% p.a.	-	-

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
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.	-	-

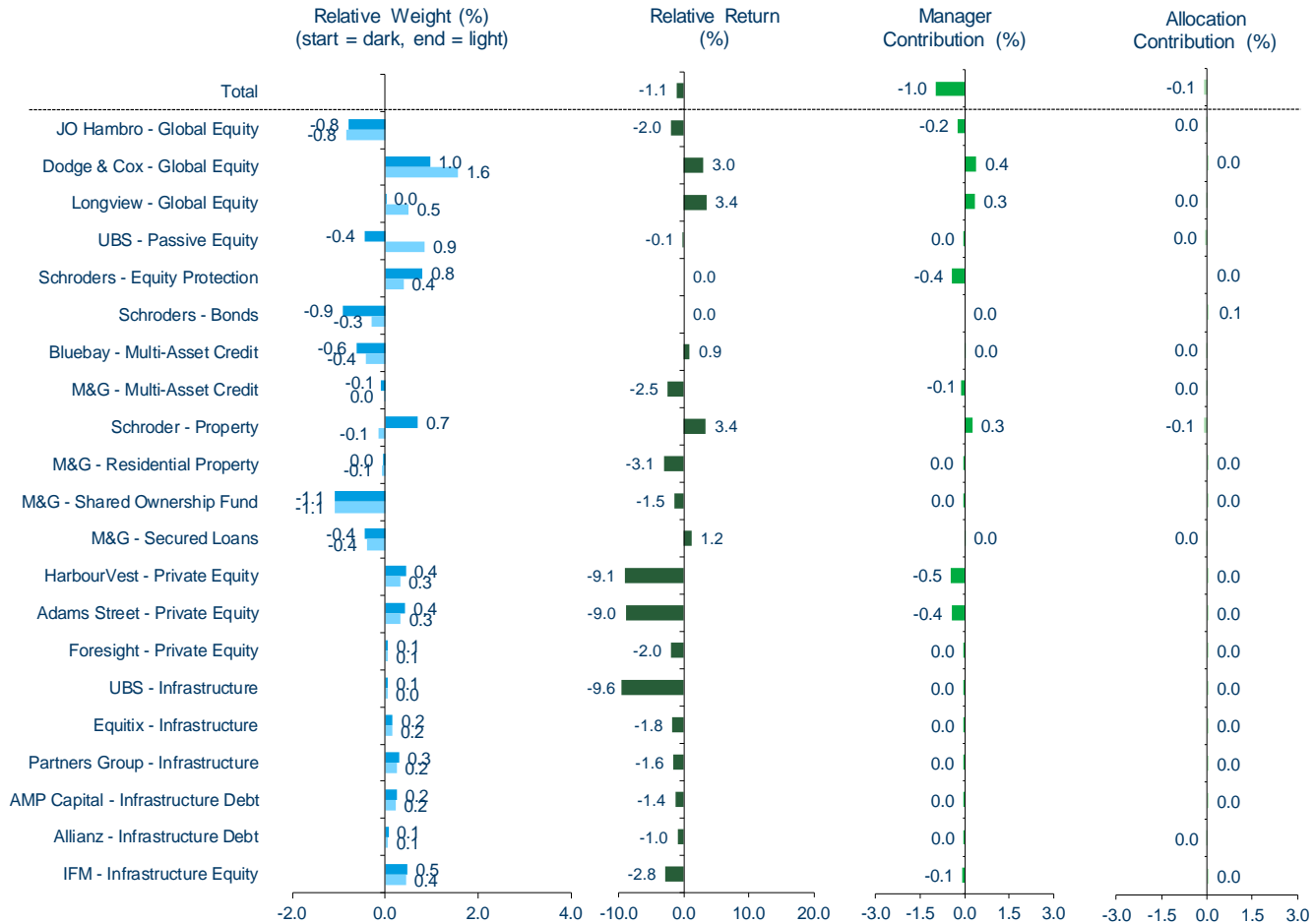
Dodge & Cox performance is monitored against the MSCI AC World Value Index, but the MSCI AC World (NDR) Index is used in total benchmark performance calculations.

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.

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.

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.



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