

Cambridgeshire Pension Fund Monitoring Report Quarter to 30 September 2022

Chris West

November 2022



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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 £3,241m to £3,038m).

The Fund's assets (including cash) decreased marginally over the quarter by £8.3m to £4,096.8m as at 30 September 2022. The Fund's assets (including cash) have decreased by £77.1m over the last twelve months.

The estimated funding level at 30 September 2022 was c. 135%, up from c. 127% as at 30 June 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 marginally outperformed the benchmark over the quarter (returning -0.4% vs -0.5%).

Key Contributors to Relative Performance – Quarter

Outperformance in Private Equity	+0.6%
Schroders - Equity Protection	+0.3%
Underperformance by Dodge & Cox - Global Equity	-0.5%
Underperformance by JO Hambro - Global Equity	-0.3%

Longer Term Performance

	Fund	B'mark
1 Year (%)	-2.8	-3.4
3 Years (% p.a.)	5.8	5.9

Asset Allocation

In September 2022, £63m was disinvested from the UBS passive equity portfolios. These assets are earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

Overweight		Underweight	
Alternatives	+1.3%	Equities	-0.8%
Cash in transit	+1.5%	Fixed Income	-2.0%

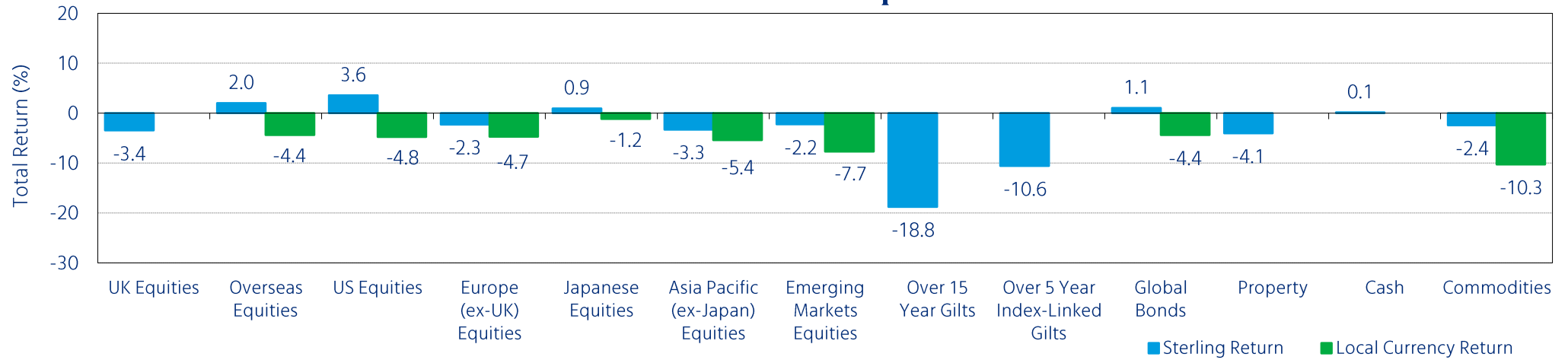
Manager Research

Rating Changes

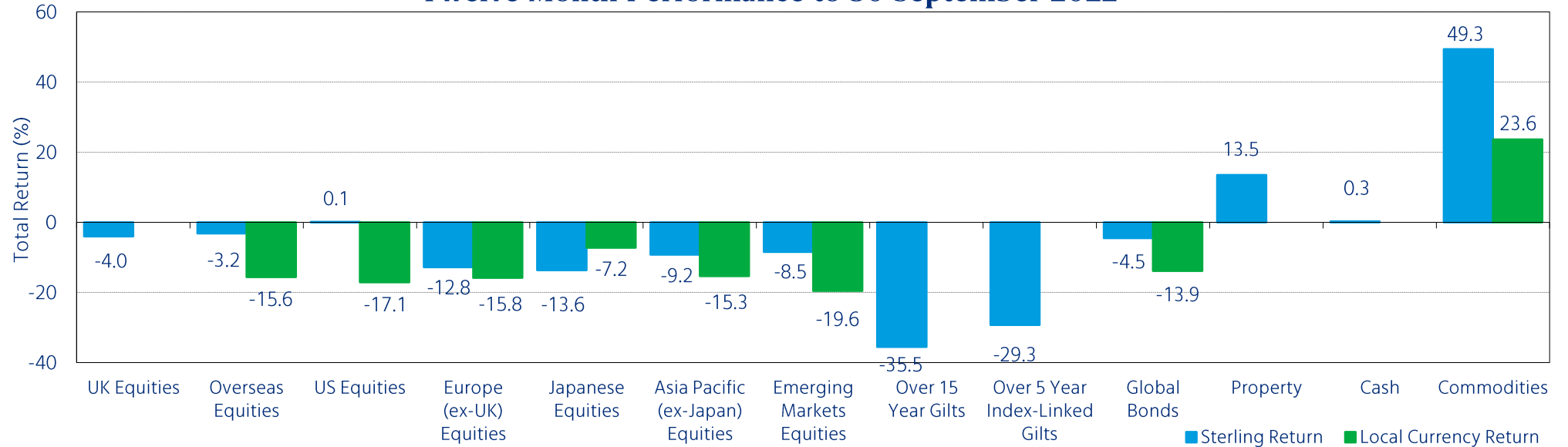
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Market Index Performance

Three Month Performance to 30 September 2022

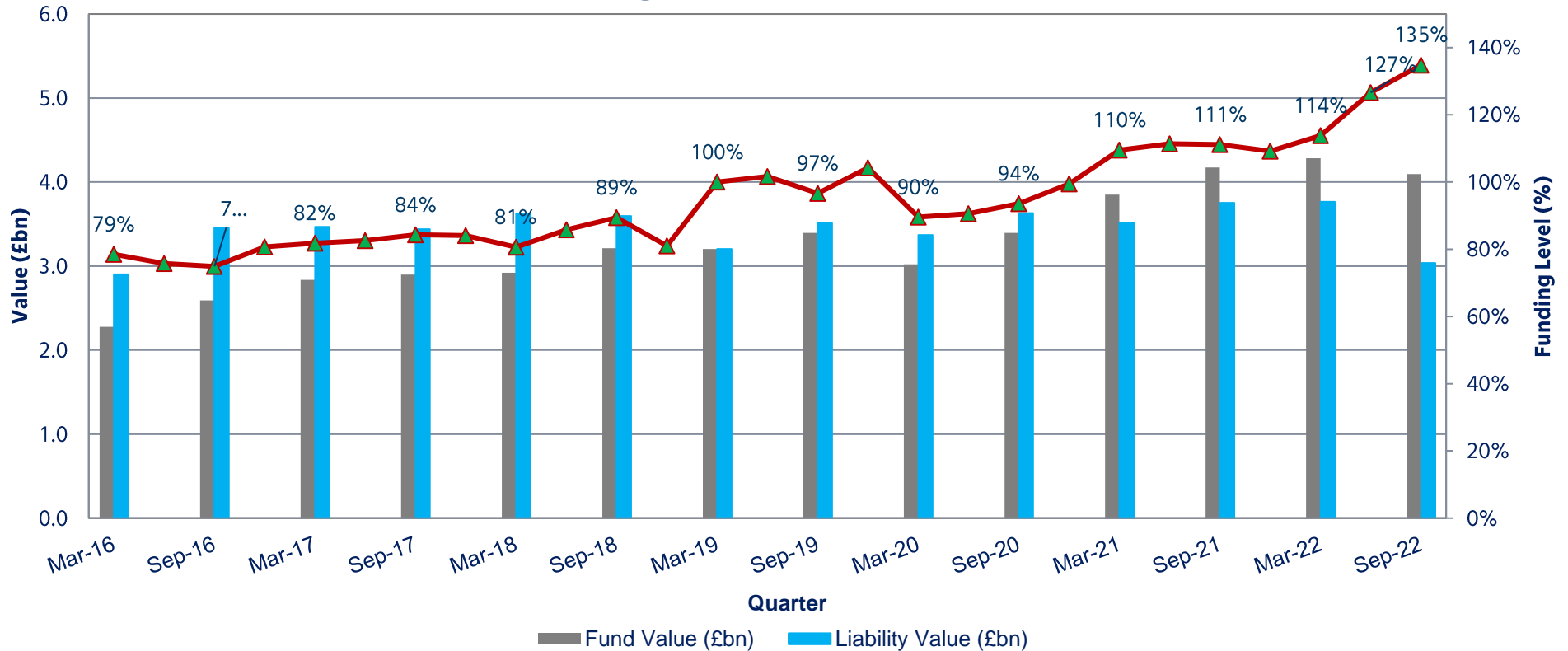


Twelve Month Performance to 30 September 2022



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 30 September 2022 was 135%, which is higher than the funding level as at 30 June 2022, largely driven by a fall in liability value.

Allocation

	30/06/2022 Market Value (£M)	30/09/2022 Market Value (£M)	30/06/2022 Allocation (%)	30/09/2022 Allocation (%)	30/09/2022 B'mark (%)	30/09/2022 B'mark Range (%)
Total Invested Assets	4,095.8	4,096.2	100.0	100.0	100.0	--
Equities	2,303.8	2,219.0	56.2	54.2	55.0	50.0 - 60.0
Fixed Income	560.1	534.0	13.7	13.0	15.0	12.0 - 18.0
Alternatives	1,231.9	1,280.2	30.1	31.3	30.0	25.0 - 35.0
Cash in transit	--	63.0	--	1.5	--	--

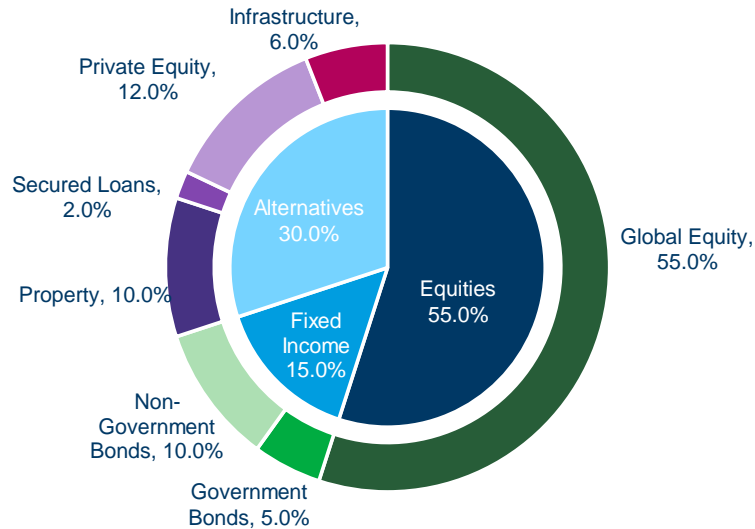
Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

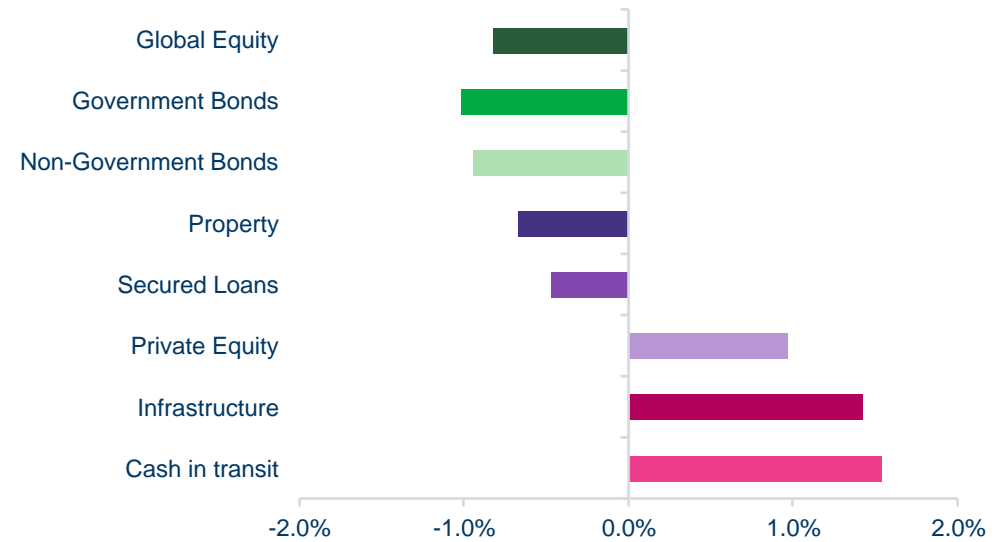
The total market value shown in the table above excludes cash (c. £8.7m) at the start of quarter.

Cash value at quarter end includes proceeds of £63m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

Benchmark Asset Allocation as at 30 September 2022



Deviation from Benchmark Asset Allocation



Manager Allocation (1/3)

	30/06/2022 Market Value (£M)	30/09/2022 Market Value (£M)	30/06/2022 Allocation (%)	30/09/2022 Allocation (%)	30/09/2022 B'mark (%)	30/09/2022 B'mark Range (%)
Total Invested Assets	4,095.8	4,096.2	100.0	100.0	100.0	--
Equities (inc. Equity Options)	2,303.8	2,219.0	56.2	54.2	55.0	50.0 - 60.0
Active Global Equity	1,415.7	1,405.0	34.6	34.3	35.0	--
JO Hambro - Global Equity	472.3	467.8	11.5	11.4	--	--
Dodge & Cox - Global Equity	548.6	537.5	13.4	13.1	--	--
Longview - Global Equity	394.8	399.7	9.6	9.8	--	--
Schroders - Equity Protection	20.9	33.1	0.5	0.8	--	--
Passive Equity	867.2	780.8	21.2	19.1	20.0	--
UBS - Passive Equity	867.2	780.8	21.2	19.1	20.0	--
Fixed Income	560.1	534.0	13.7	13.0	15.0	12.0 - 18.0
Government Bonds	183.6	163.1	4.5	4.0	5.0	--
Schroders - Bonds	183.6	163.1	4.5	4.0	5.0	--
Non-Government Bonds	376.5	370.9	9.2	9.1	10.0	--
Bluebay - Multi-Asset Credit	178.9	174.9	4.4	4.3	5.0	--
M&G - Multi-Asset Credit	197.6	196.0	4.8	4.8	5.0	--

Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

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

The total market value shown in the table above excludes cash (c. £8.7m) at the start of quarter.

Cash value at quarter end includes proceeds of £63m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

The total market value invested in ACCESS is c. £2,480.5m at the start of quarter and c. £2,381.8m at the end of quarter (shown in pink in the table above).

Manager Allocation (2/3)

	30/06/2022 Market Value (£M)	30/09/2022 Market Value (£M)	30/06/2022 Allocation (%)	30/09/2022 Allocation (%)	30/09/2022 B'mark (%)	30/09/2022 B'mark Range (%)
Alternatives	1,231.9	1,280.2	30.1	31.3	30.0	25.0 - 35.0
Property	392.5	382.3	9.6	9.3	10.0	--
Schroder - Property	318.7	307.6	7.8	7.5	7.0	--
M&G - Residential Property	57.5	58.5	1.4	1.4	1.5	--
M&G - Shared Ownership	16.2	16.2	0.4	0.4	1.5	--
Secured Loans	61.9	62.6	1.5	1.5	2.0	--
M&G - Secured Loans	61.9	62.6	1.5	1.5	2.0	--
Private Equity	484.7	531.3	11.8	13.0	12.0	--
Adams Street - Private Equity	176.6	200.9	4.3	4.9	--	--
HarbourVest - Private Equity	183.6	202.4	4.5	4.9	--	--
Foresight - Private Equity	24.5	28.0	0.6	0.7	--	--
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.

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

The total market value shown in the table above excludes cash (c. £8.7m) at the start of quarter.

Cash value at quarter end includes proceeds of £63m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

The total market value invested in ACCESS is c. £2,480.5m at the start of quarter and c. £2,381.8m at the end of quarter (shown in pink in the table above).

Manager Allocation (3/3)

	30/06/2022 Market Value (£M)	30/09/2022 Market Value (£M)	30/06/2022 Allocation (%)	30/09/2022 Allocation (%)	30/09/2022 B'mark (%)	30/09/2022 B'mark Range (%)
Infrastructure	292.8	304.1	7.1	7.4	6.0	--
UBS - Infrastructure	9.2	9.9	0.2	0.2	--	--
Equitix - Infrastructure	30.6	30.3	0.7	0.7	--	--
Partners Group - Infrastructure	50.4	51.3	1.2	1.3	--	--
AMP Capital - Infrastructure Debt	42.2	42.8	1.0	1.0	--	--
Allianz - Infrastructure Debt	15.1	14.9	0.4	0.4	--	--
IFM - Infrastructure Equity	82.4	87.7	2.0	2.1	--	--
JPM - Infrastructure Equity	62.9	67.3	1.5	1.6	--	--
Cash in transit	--	63.0	--	1.5	--	--

Source: Investment Managers, Link Asset Services and Mercer.

Figures may not sum to total due to rounding.

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

The total market value shown in the table above excludes cash (c. £8.7m) at the start of quarter.

Cash value at quarter end includes proceeds of £63m disinvestment from UBS equity in September 2022, earmarked to meet capital calls expected from the Fund's private equity managers and M&G Shared Ownership.

The total market value invested in ACCESS is c. £2,480.5m at the start of quarter and c. £2,381.8m at the end of quarter (shown in pink in the table above).

Net Manager Performance (1/2)

	2022 Q3 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total	-0.4	-0.5	-2.8	-3.4	5.8	5.9	6.4	6.9
Equities	-1.1	-0.3	-6.0	-6.4	5.5	6.4	6.3	7.6
Equities (ex. Equity Options)	-1.7	-0.3	-6.9	-6.4	6.2	6.4	6.7	7.6
JO Hambro - Global Equity	-1.0	1.4	-15.9	-4.2	6.5	7.2	9.1	8.4
Dodge & Cox - Global Equity	-2.0	0.6	3.3	4.7	8.6	5.4	7.0	6.3
Longview - Global Equity	1.3	1.4	0.7	-4.2	--	--	--	--
UBS - Passive Equity	-3.1	-3.3	-9.9	-10.2	5.0	4.9	--	--
Fixed Income	-4.7	-3.2	-15.9	-8.6	-4.4	-2.8	-1.2	0.1
Schroders - Bonds	-11.3	-11.3	-29.3	-29.3	--	--	--	--
Bluebay - Multi-Asset Credit	-2.3	0.4	-14.2	0.7	--	--	--	--
M&G - Multi-Asset Credit	-0.8	1.4	-2.6	4.7	--	--	--	--

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.

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.

M&G Multi-Asset Credit performance figures are reported by Link Asset Group with one month lag.

Net Manager Performance (2/2)

	2022 Q3 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Alternatives	2.8	0.7	11.6	5.1	11.4	8.3	10.0	8.2
Schroder - Property	-3.6	-4.0	9.8	13.3	6.4	7.6	6.2	6.7
M&G - Residential Property	1.9	1.5	6.5	6.0	2.9	6.0	--	--
M&G - Shared Ownership	0.0	1.5	9.1	6.0	--	--	--	--
M&G - Secured Loans	1.2	1.4	-4.4	4.8	0.4	4.6	1.5	4.7
Adams Street - Private Equity	0.6	2.3	21.2	9.2	29.0	9.2	24.5	9.7
HarbourVest - Private Equity	4.3	2.3	41.1	9.2	35.7	9.2	28.2	9.7
Foresight - Private Equity	0.5	2.3	20.7	9.2	--	--	--	--
UBS - Infrastructure	3.9	2.5	-4.4	10.0	-9.9	10.0	-3.1	10.0
Equitix - Infrastructure	8.0	2.5	3.9	10.0	0.5	10.0	5.5	10.0
Partners Group - Infrastructure	1.6	2.5	12.7	10.0	9.4	10.0	10.9	10.0
AMP Capital - Infrastructure Debt	4.3	2.5	12.2	10.0	5.0	10.0	5.4	10.0
Allianz - Infrastructure Debt	-12.3	1.0	-22.1	4.0	-6.1	4.0	--	--
IFM - Infrastructure Equity	8.3	2.5	23.9	10.0	--	--	--	--
JPM - Infrastructure Equity	6.2	2.5	15.1	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) fund performance include the contribution of the equity protection strategy managed by Schroders.

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.

M&G Multi-Asset Credit performance figures are reported by Link Asset Group with one month lag.

Appendix

Appendix A

Benchmarks

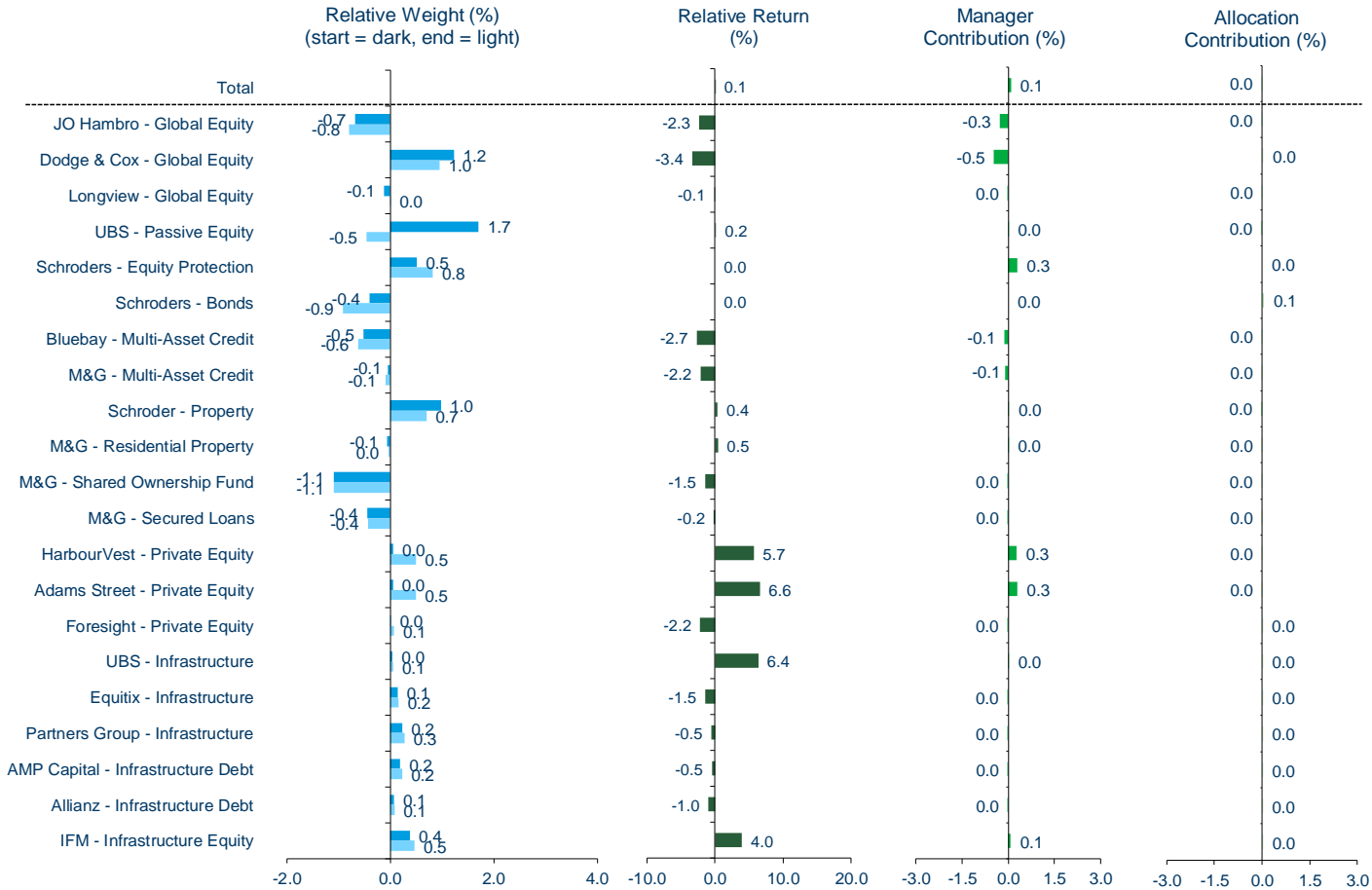
Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
Total Invested Assets	100.00	-	-	-
Equities (inc. Equity Options)	55.00	-	-	-
JO Hambro - Global Equity	35.0	MSCI AC World (NDR) Index	+3.00% p.a. (gross of fees)	5.00% - 12.00% p.a.
Dodge & Cox - Global Equity		MSCI AC World Value Index	+3.00% p.a. (gross of fees)	-
Longview - Global Equity		MSCI AC World (NDR) Index	Capital growth, net of fess, 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.	-	-

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. 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. Private equity and infrastructure mandate performance is based on estimates for current quarter.

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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