

**PENSION FUND COMMITTEE  
INVESTMENT SUB-COMMITTEE**



**Thursday, 29 February 2024**

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

**10:00**

New Shire Hall  
Alconbury Weald  
Huntingdon  
PE28 4YE

**Starling Room, New Shire Hall, Alconbury Weald  
[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 16 November 2023** **5 - 8**
3. **Action Log** **9 - 10**
4. **Petitions and Public Questions**
5. **Stewardship and Engagement Update** **11 - 20**
6. **Cambridgeshire Pension Fund Public Monitoring Report - 31 December 2023** **21 - 40**
7. **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)*

**8. Cambridgeshire Pension Fund Private Monitoring Report - 31**

**December 2023**

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

**9. Confidential minutes of Pension Fund Investment Sub-Committee**

**held 16 November 2023**

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

**10. Investment Strategy Review - Implementation**

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

**11. Equity Portfolio Review**

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

**12. UK Core Property Review**

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

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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 Howard Nelson Councillor Adela Costello Councillor Peter McDonald

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



## Pension Committee Investment Sub-Committee

Date: 16 November 2023

Time: 10:00am-12.58pm

Place: New Shire Hall, Alconbury Weald

Present: County Councillors A Whelan (Chair), M Black (Vice Chair), A Costello and A Sharp; Fenland District Councillor C Boden;

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

Advisers/Consultant: J Crowther and C West (Mercer); S Gervaise-Jones

Presenters: J Sudre, K McPhail and R Booth (Aviva – item 98 only)

### 88. Apologies and Declarations of Interest

Apologies were received from Lee Phanco and Liz Brennan.

### 89. Public minutes of the Pension Fund Investment Sub-Committee held 13<sup>th</sup> September 2023

The public minutes of the Committee meeting held 13<sup>th</sup> September 2023 were agreed as a correct record.

### 90. Action Log

The Sub-Committee reviewed the Action Log.

The Action Log was noted.

### 91. Petitions and Public Questions

There were no petitions or public questions were received.

### 92. Stewardship and Engagement Update

The Committee considered an update on stewardship and engagement matters relating to the Fund's investments.

The report outlined activity during the six months to 30 June 2023 for assets held within the ACCESS pool. It also provided summaries of investment managers' engagement activity on behalf of ACCESS authorities, and those directly for the Fund, for the same period, and a summary of the Local Authority Pension Fund Forum (LAPFF) engagement and voting activity for the period between April to September 2023. 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.

Specific examples of LAPFF engagement were noted, including engagement with BP on its 2030 carbon reduction targets, and British Gas on support given to customers through the Cost of Living crisis.

The Sub-Committee resolved to note the report.

### 93. Cambridgeshire County Council Pension Fund Quarterly Performance Report for the period ending 30<sup>th</sup> September 2023

The Sub-Committee received the public report summarising the performance of the Pension Fund for the quarter to 30<sup>th</sup> September 2023.

Members noted:

- Fund assets were around £4.3Bn, and liabilities £2.6Bn, meaning the Fund was around 167% funded.
- Equity holdings were considerably overweight against the new reduced strategic target. Fixed income, Bonds, MAC, and Alternatives were all underweight, but this was an interim position as the Fund moved to its new asset allocation;
- Overall performance for Quarter 3 was slightly ahead of benchmark by 0.1%, with the main contributor to this outperformance being Dodge & Cox;
- Markets were relatively benign for the Quarter, with equity returns broadly flat. Growth Fixed Income was positive, and defensive bonds were down due to the rise in Gilt yields. Returns for unhedged Sterling investors were higher due to tailwind created by the strong dollar. There were positive commodity returns for Oil due to supply restrictions by Saudi Arabia and Russia;
- It had been a poor year for UK property and defensive bonds.

A Member noted that the executive dashboard was showing a underperformance of around 4% compared to benchmark. Whist acknowledging that asset allocations were being recalibrated, and that would take time, the Member asked if the actions so far were sufficient to ensure that the Fund was in a better longer term position. Mercer representatives commented that performance was dependent on both individual manager performance and the impact of allocations i.e. being underweight or overweight to a particular asset class. The Performance breakdown removed the allocation impact, so the figures provided essentially reflected overall manager underperformance relative to benchmark. However, some of the benchmarks were imperfect, especially for Alternatives, and the particular issues around Private Equity were noted. Members were reminded that at the last meeting, it was agreed to re-examine the Committee's approach to active versus passive equity investment, and it had been agreed with the Chair to that Members would undertake some more fundamental training in this area. Members were also reminded that the active manager equity review would take place early in 2024.

There was a discussion about the challenges of identifying suitable benchmarks for Alternatives. A Member had concerns about the usefulness of benchmarks generally and suggested that more training would be helpful, so that Members

did not have false assurances or concerns. The Chair agreed that this was an area where it would be beneficial for Members to have greater familiarity, and there may be benefits to simplifying benchmarks and take a more holistic view, and then determining whether individual investments were contributing or detracting from the overall results. Whilst the Fund was currently 167% funded, this was essentially based on a mathematical equation, and the Fund could not afford to be complacent. Mercer commented that Fund's assets had continued to grow and diversify, and remained robust through a challenging period, managing downside risk whilst delivering the growth required.

The Sub-Committee resolved to note the report.

94. 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.

95. Cambridgeshire County Council Pension Fund Quarterly Performance Report for the period ending 30<sup>th</sup> September 2023

The Sub-Committee received the private report summarising the performance of the Pension Fund for the quarter to 30<sup>th</sup> September 2023.

The Sub-Committee resolved to note the report.

96. Confidential minutes of the Pension Fund Investment Sub-Committee held 13<sup>th</sup> September 2023

The confidential minutes of the Committee meeting held 13<sup>th</sup> September 2023 were agreed as a correct record.

97. Analytics for Climate Transition

The Sub-Committee received a report on progress against the Fund's listed equity decarbonisation targets, and plans for incorporating further targets over time.

It was unanimously resolved to approve the report recommendations.

98. Long Lease Property Update

The Sub-Committee considered an update on Long Lease Property.

It was unanimously resolved to approve the report recommendations.

99. M&G Secured Loans

Members received a report on its current allocation to the M&G Secured Loans Fund.

It was unanimously resolved to approve the report recommendations.

100. Cambridge and Counties Bank

The Sub-Committee received a report on Cambridge and Counties Bank (CCB).

It was unanimously resolved to note the report.

*(Sam Gervaise Jones left the meeting)*

100. Independent Advisor Contract

The Sub-Committee considered a report which proposed a two year extension to the current Independent Advisor Contract.

It was resolved unanimously to approve the report recommendations.

Chair



Cambridgeshire  
Pension Fund

Cambridgeshire Pension Fund Investment Sub-Committee  
29th February 2024

Action log from ISC meeting held on 16 <sup>th</sup> November 2023				
Item No.	Item	Action to be taken by	Comments	Completed
100	Cambridge and Counties Bank (CCB)  To present a non-confidential CCB report to the Audits and Accounts Committee.	Ben Barlow	A paper was presented to the Audit and Accounts Committee on the 6 <sup>th</sup> February.	Completed
101	Independent Advisor Contract  Agree a 2-year extension to the Independent Advisor contract to 31 October 2025	Ben Barlow	Approved 2-year extension until 31 October 2025	Completed

Action log from ISC meeting held on 13 <sup>th</sup> September 2023				
Item No.	Item	Action to be taken by	Comments	Completed
87	Timberland  To explore further options on timberland.	Ben Barlow	APEX will commence the procurement of managers in March 2024, with an expected completion date by June 2024.	Ongoing

Action log from ISC meeting held on 17 <sup>th</sup> 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 along side the ACCESS pool.</p>	Ben Barlow	The ISC approved a 3% allocation into the Aviva Lime Property Fund through ACCESS and subscription procedures have commenced in December 2023.	Ongoing

# Cambridgeshire Pension Fund

## Investment Sub-Committee

29 February 2024

Report by: Head of Pensions

Subject: Stewardship and Engagement Update

Purpose of the Report: To update the Investment Sub Committee on stewardship and engagement matters relating to the Fund's investments.

Recommendations: The Investment Sub Committee is asked to:

- a) Note the report.

Enquiries to: Ben Barlow, Funding and Investments Manager.  
Tel – 07831 123167  
E-mail – [Ben.Barlow@Westnorthants.gov.uk](mailto:Ben.Barlow@Westnorthants.gov.uk)

### 1. Executive summary

- 1.1. The Cambridgeshire Pension Fund recognises the importance of promoting good governance and management in the companies in which the Fund invests. The Fund expects investment managers to exercise voting rights and engage with companies with the aim of good stewardship of the Fund's assets.
- 1.2. This report updates the Investment Sub-Committee (ISC) on:
  - 1.2.1. The Fund's voting activity during the three months to 30 September 2023 for assets held within the ACCESS pool.
  - 1.2.2. A summary of engagement activity on behalf of the Fund by ACCESS sub-fund managers covering the period between July to September 2023.
  - 1.2.3. A summary of engagement with investment managers directly by the Fund covering the period between July and September 2023.
  - 1.2.4. A summary of the Local Authority Pension Fund Forum (LAPFF) engagement and voting activity for the period between October to December 2023.
- 1.3. Further information on specific stewardship and engagement activities summarised in this report is available from Officers on request.
- 1.4. To reflect the increased importance the Fund is placing on stewardship, starting from this date, this report will be presented to the ISC on a quarterly basis.

## 2. Background

- 2.1. The Fund believes that Environmental, Social and Corporate Governance (ESG) issues create material risks and opportunities which will influence long term investment performance and the ability of the Fund to achieve its investment and funding objectives. Therefore, good ESG and stewardship practices should be integrated throughout the investment process of the Fund.
- 2.2. Good stewardship can protect and enhance value for companies and markets as a whole. The Fund is committed to being a long-term steward of the assets in which it invests. It believes in the importance of investment managers acting as active asset owners through proactive voting and engagement with companies. In addition, the Fund believes that acting collectively with other investors is an effective way to engage with companies.
- 2.3. To promote good stewardship and ensure the diligent monitoring of engagement activities, this report will be presented to the ISC on a quarterly basis.
- 2.4. The Fund includes in its Investment Strategy Statement a policy on the exercise of the rights (including voting rights) attached to investments. Specifically with regards to stewardship and engagement, the Fund expects its investment managers to:
  - 2.4.1. Exercise our rights as owners of investments by actively participating in company level decisions tabled as shareholder votes at General Meetings.
  - 2.4.2. Engage with companies where there are concerns over ESG issues.
  - 2.4.3. Vote on pool-aligned assets in accordance with the ACCESS Voting guidelines on a “comply or explain” basis and inform the Fund of voting outcomes.
  - 2.4.4. Report on their voting activity on a regular basis, with ACCESS Pool managers required to report on a monthly basis.
- 2.5. The Fund believes that acting collectively with other investors, for example, with partner authorities in the ACCESS pool or through membership of the Local Authority Pension Fund Forum (LAPFF), is an effective way to engage with companies.

## 3. PIRC

- 3.1. ACCESS has appointed Pension & Investment Research Consultants Ltd (PIRC) as its external ESG and RI advisor following a LGPS Framework Procurement, to implement and refine the Pool’s RI guidelines. PIRC will use the ACCESS RI guidelines as the starting point to deliver a universal reporting framework.

## 4. Voting

- 4.1. The ACCESS Joint Committee agreed the voting guidelines for inclusion by the pool operator, Waystone, in their Investment Management Agreements. These guidelines set out those matters of importance to the ACCESS authorities and promote good corporate governance and management in the companies in which investments are made. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.
- 4.2. ACCESS also expects that investment managers will be signatories to and comply with the Financial Reporting Council’s Stewardship Code and Principles of Responsible Investment.

- 4.3. A summary of the voting activity for the three months ending 30 September 2023, including votes for and against management, is set out below for each of the ACCESS sub-funds in which the Fund invests:

Sub-Fund Name	Number of Meetings	Number of Votes Cast		
		For	Against	Other
Dodge and Cox - WS ACCESS Global Stock	10	81	15	3
J O Hambro - WS ACCESS Global Equity – JOHCM	1	12	2	0
Longview - WS ACCESS Global Equity	1	19	4	0
	12	112	21	3

- 4.4. During the three months ending 30 September there were 12 company Annual General Meetings (AGMs).
- 4.5. Of the three ACCESS sub-funds in which the Cambridgeshire Pension Fund invests, there were 136 occasions to vote by the investment managers. There were 3 instances where votes were not cast, or managers chose to abstain from voting. Of the votes cast, 112 were for and 21 against management proposals.
- 4.6. Of the 136 votes, all were subject classified as Governance (G). Governance includes issues such as board structure, election of directors, remuneration and in-house policies. Interestingly during this period none were classified as either Environmental (E) or Social (S) issues.
- 4.7. Investment managers use their discretion to cast votes not aligned to the ACCESS voting guidelines where they feel it is in the shareholders best interest to do so. There were no instances where the fund manager has overridden the ACCESS voting policy in the last three months for assets held within ACCESS sub-funds.

## 5. Engagement Activities – ACCESS Pool

- 5.1. The Cambridgeshire Pension Fund receives regular reporting on engagement activities for assets held within the ACCESS Pool. This includes dialogue between investment managers and Waystone in order to promote good corporate governance and management in companies in which the Fund invests.
- 5.2. At 30 September 2023 the Fund's ACCESS investment managers held a total of 155 assets and held 26 engagements with companies. There were 5 engagements on environmental topics, 10 on social topics and 11 relating to governance.
- 5.3. A summary of engagements by managers covering the three months to 30 September 2023 is shown below. Please refer to exempt Appendix A for identification of the companies involved in the engagement examples.

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
Dodge & Cox	86	2	6	8	Company A is a global industrial conglomerate with operations spanning across aerospace, energy, and healthcare markets. We invested in Company A because we believed that it was undervalued and should benefit from an intelligent corporate restructuring program that included balance sheet repair, lower costs, and a three-way split-up of the company. Governance - We discussed Company A's compensation plan, specifically its pay for performance alignment, as well as its upcoming Annual General Meeting at which two new directors are up for election. Performance – we discussed the company's recent performance since the split-off of their Healthcare arm in January '23 and progress regarding its plans to spin off another business, early next year. We discussed that, as an investor, our preference is for companies to use a performance period longer than one year for long term incentive (LTI) compensation targets to better align management compensation with long-term shareholder value. We re-iterated the need for company management to provide more detailed disclosure on key performance indicators (KPI's) for the company and any amended targets as they execute the company's break-up plan over the next two years. We communicated our views to the company management and believe they adequately considered our perspective and opinion.
JO Hambro	39	0	1	1	Company B is actively looking for three new NEDs but is finding it difficult to find appropriately skilled (Africa, renewable energy), and non-conflicted directors to meet its expansion needs. The company argued that both the transition economy and African-experience director pools are shallow, further complicated by having numerous contractual relationships across the industry. The company believes they have made good progress on implementing the Workplace Integrity Review (workplace culture, sexual harassment), and responded well to our suggestion for third party review to provide independent assurance of the associated programs and of their efficacy.
Longview	30	3	3	2	In September 2023, Longview held a video conference call with Company C's Global Chief Counsel and their Head of Investor Relations & ESG. Longview discussed various sustainability matters including Company C's environmental approach and climate commitments; diversity and inclusion; and other key ESG initiatives. Another purpose of the call was to engage on the company's approach to data ethics as part of Longview's efforts to gather information on the theme. This will be reported on in due course. Company C explained that their environmental impact encompasses not only their

Manager	Number of Assets	Types of Engagement			Engagement example
		E	S	G	
					<p>own corporate footprint but also the climate-related solutions they provide to clients. This pertains to various aspects of their reinsurance business, climate analytics tools, and commercial risk solutions, amongst others. Longview asked about the progress they have made towards their net zero target. We had identified in our portfolio-wide Climate Audit in 2021 and 2022 that Company C had committed to achieve net zero emissions by 2030. They confirmed that they have reduced total emissions by 16% compared to their 2019 baseline, for scope 1 and 2 emissions and that their efforts have been consistent with their proposed Science-Based Targets Initiative (SBTi) goals which are in-line with a 1.5-degree pathway. The company's Smart Working Policy, which offers employees the flexibility to work in-office, remotely, or a combination of both, has contributed to reducing travel and commuting. The company's centralised purchasing approach has also improved efficiencies. They are working with suppliers to manage scope three emissions through their Sustainable Procurement Program. This initiative involves collecting information on carbon commitments from suppliers and actively encouraging them to meet their sustainability targets. Notably, eight out of their top ten suppliers have aligned their targets with SBTi, while educating smaller suppliers has been an ongoing process. Within their supplier network, their primary focus has been on the top two hundred suppliers, with the overarching aim of conducting a complete assessment of their supply chain. They also discussed two of the company's social initiatives – their Apprenticeship Program and their Inclusion and Diversity (I&amp;D) training designed for employees at all levels. The two-year Apprenticeship Program provides an alternative pathway to permanent roles for high-potential individuals from disadvantaged communities. In 2022, they welcomed 145 apprentices globally. Longview was interested in how they measure success. One of the ways that the company gauges the impact of its I&amp;D efforts is through an employee engagement survey, which has achieved an 80% participation rate in 2022. We were also interested in the company's firm wide ESG risk assessment conducted in 2022 and asked about outcomes and actionable findings. The company clarified that their ESG steering committee, a cross-functional team representing key areas of the business, was responsible for identifying and assessing relevant ESG risks. They collaborated with thirty subject matter experts from across the organisation to gather recommendations for risk mitigation. Lastly, Company C explained that their plan is to integrate most of these ESG risks into their overall enterprise risk management process.</p>

## 6. Engagement Activity - Direct

- 6.1. The Fund engages directly with investment managers through regular meetings with officers on a rotational basis, the Investment User Group hosted by ACCESS and via quarterly Investment Sub-Committee meetings.
- 6.2. Discussions and challenge can cover a range of topics but a particular focus is always fund performance as well as stewardship and engagement activities the investment manager has undertaken on behalf of the Fund.
- 6.3. In addition to proactive voting, investment managers should act as active asset owners through engagement with companies where there are concerns over environmental, social and governance (ESG) issues.
- 6.4. The Fund has written to investment managers setting out its aims and ambitions for the Fund to reach net carbon zero by 2050 or earlier and asking how the investment manager can help the Fund achieve these goals. Investment managers have acknowledged these aims and ambitions and are keen to help the Fund on its decarbonisation journey and achieve the milestones set out within the Fund's Climate Action Plan.
- 6.5. The table below represents engagement with our managers at meetings covering the period of three months to September 2023:

<b>Date</b>	<b>Meeting Type</b>	<b>Manager</b>
6 <sup>th</sup> July	Local	Dodge and Cox
7 <sup>th</sup> July	IUG	Baillie Gifford and Macquarie
7 <sup>th</sup> July	Local	JO Hambro
11 <sup>th</sup> July	Local	UBS
19 <sup>th</sup> July	IUG	Acadian & Newton
30 <sup>th</sup> August	Local	Harbour Vest
8 <sup>th</sup> September	IUG	Baillie Gifford and Royal London
27 <sup>th</sup> September	IUG	Newton and M&G
29 <sup>th</sup> September	Local	Blue Bay

## 7. Voting and Engagement – Passive Funds

- 7.1. UBS invest in pooled passive funds on behalf of the Fund. The passive funds are not within the ACS structure itself, therefore UBS do not have to adhere to the ACCESS voting policy. However, UBS operate a high-quality programme of stewardship and engagement on behalf of the Fund. UBS produce an Annual Stewardship report, the report is available on request.
- 7.2. UBS are responsible for the assets and the associated voting and ownership rights the Fund invests with Osmosis, as the assets are held in a segregated account managed by UBS against the Osmosis index. However, Osmosis have examined the UBS voting policy and believe it is significantly aligned with their own. Osmosis will continue to engage on the assets held within the Fund's portfolio.

## 8. Local Authority Pension Fund Forum

- 8.1. The Cambridgeshire Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF exists to promote the investment interests of local authority



pension funds and to maximise their influence as shareholders, whilst promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.

- 8.2. LAPFF engages with hundreds of companies to amplify the local authority voice and accelerate change. Their understanding of problems facing companies and ability to voice concerns is enhanced by also engaging with company stakeholders.
- 8.3. The following table is a summary showing the companies and topics which LAPFF has engaged between October and December 2023.

Period	Engagement Topics	Engagements	Example
October – December 2023	<ul style="list-style-type: none"> <li>• Environmental Risk</li> <li>• Diversity Equity and Inclusion</li> <li>• Human Rights</li> <li>• Climate Change</li> <li>• Supply Chain Management</li> <li>• Social Risk</li> <li>• Board Composition</li> <li>• Governance (General)</li> </ul>	AIA Group LTD, Aston Martin Lagonda Global Holdings PLC, AVIVA PLC, AXA, BAE Systems PLC, Bakkavor Group PLC, Barclays Bank PLC, Barclays PLC, BP PLC, Centamin PLC, Chipotle Mexican Grill INC, CRH PLC, EasyJet PLC, Energean PLC, Exxon Mobil Corporation, Ford Motor Company, Fresnillo PLC, Glencore PLC, Harbour Energy PLC, HSBC Holdings PLC, International Distributions Services PLC, John Wood Group PLC, KKR & Co INC, Legal & General Group PLC, Lloyds Banking Group PLC, Mercedes-Benz Group AG, National Grid Gas PLC, NatWest Group PLC, Nestle SA, Persimmon PLC, Ping An Insurance Group, Prudential PLC, Renault SA, Restaurant Brands International INC, Rio Tinto PLC, Rolls-Royce Holdings PLC, Sanofi, SAP SE, Shell PLC, Standard Chartered PLC, The Home Depot INC, The TJX Companies INC, TI	In the context of the agri-food sector’s shift towards more sustainable practices, LAPFF sought a meeting with Nestlé to assess and understand the integration of regenerative agriculture into its strategy. This includes understanding the company’s specific goals, initiatives, and progress in implementing regenerative practices, as well as its contributions to climate change mitigation and biodiversity conservation. During LAPFF’s meeting with Nestlé, the Forum gained insights into the strategies and initiatives involved in implementing regenerative agriculture. Discussions looked at how this would be incorporated into their broader climate strategy and covered biodiversity more widely. While the long-term efficacy of these actions is yet to be measured, the conversations indicated a strong commitment from Nestlé, although further evaluation will be required in the future to gauge the impacts of strategies. LAPFF will continue to engage with Nestlé, focusing on monitoring the implementation of their regenerative agriculture practices. LAPFF will also look more widely across the agrifood sector as others are incorporating this into their business strategies as new

		Fluid Systems PLC, Vale SA.	methods and technologies become available.
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#### 8.4. Voting Alerts

- 8.4.1. LAPFF issued one voting alert in the three-month period to December 2023. ACCESS is considering the treatment of LAPFF voting alerts as part of the ESG/RI Sub-Group chaired by the Fund's Head of Pensions.

### 9. Relevant Pension Fund Objectives

- 9.1. To have robust governance arrangements in place, to facilitate informed decision-making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 9.2. To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 9.3. To ensure the relevant stakeholders responsible for managing, governing, and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 9.4. To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

### 10. Finance & Resources Implications

- 10.1. There are no resources implications arising from the proposals in this paper. Legal fees for review of subscription documentation are included in the Fund's budget.

### 11. Risk management

- 11.1. The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below.
- 11.2. As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.

Risk Mitigated	Residual risk
Failure to respond to changes in economic conditions.	Amber
As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Amber
Failure to understand and monitor risk and compliance	Green
Failure to provide relevant information to the Pension Committee/Local Pension Board to enable informed decision making.	Green

- 11.3. The Fund's full risk register can be found on the Fund's website at the following link: [Fund's Risk Register](#)

## 12. Communication Implications

12.1. None.

## 13. Legal Implications

13.1. There are no legal implications arising from the report.

## 14. Consultation with Key Advisers

14.1. Not applicable.

## 15. Alternative Options Considered

15.1. Not applicable.

## 16. Background Papers

16.1. None.

## 17. Appendices

17.1. Confidential Appendix A.

## Checklist of Key Approvals

Is this decision included in the Business Plan? Not applicable.

Will further decisions be required? If so, please outline the timetable here No.

Is this report proposing an amendment to the budget and/or policy framework? No.

Has this report been cleared by Chief Finance Officer/Section 151 Officer? Yes.

Has this report been cleared by Head of Pensions? Yes. Mark Whitby 30/01/2024

Has this report been cleared by Legal Services? Yes.



# Cambridgeshire Pension Fund Monitoring Report Quarter to 31 December 2023

Chris West

February 2024



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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 increased over the quarter (from £2.6bn to £2.9bn).

The Fund's assets (including cash) increased over the quarter by c.£190m to £4.45bn as at 31 December 2023. The Fund's assets (including cash) have increased by c.£335m over the last twelve months.

The estimated funding level at 31 December 2023 was c.156%, down from c.167% as at 30 September 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 4.4% vs 6.2%).

#### Key Contributors to Relative Performance – Quarter

Underperformance in Private Equity	-1.2%
Underperformance by Dodge & Cox – Global Equity	-0.4%

#### Longer Term Performance

	Fund	B'mark
Quarter (%)	4.4	6.2
1 Year (%)	8.2	13.2
3 Years (% p.a.)	5.8	6.6

### Asset Allocation

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

There was a £100m top-up to BlueBay MAC, funded by a £50m redemption from JO Hambro and a £50m redemption from Dodge & Cox.

M&G Shared Ownership Fund called capital of c.£1.9m

Overweight		Underweight	
Equities	+6.7%	Fixed Income	-2.4%
		Alternatives	-4.3%

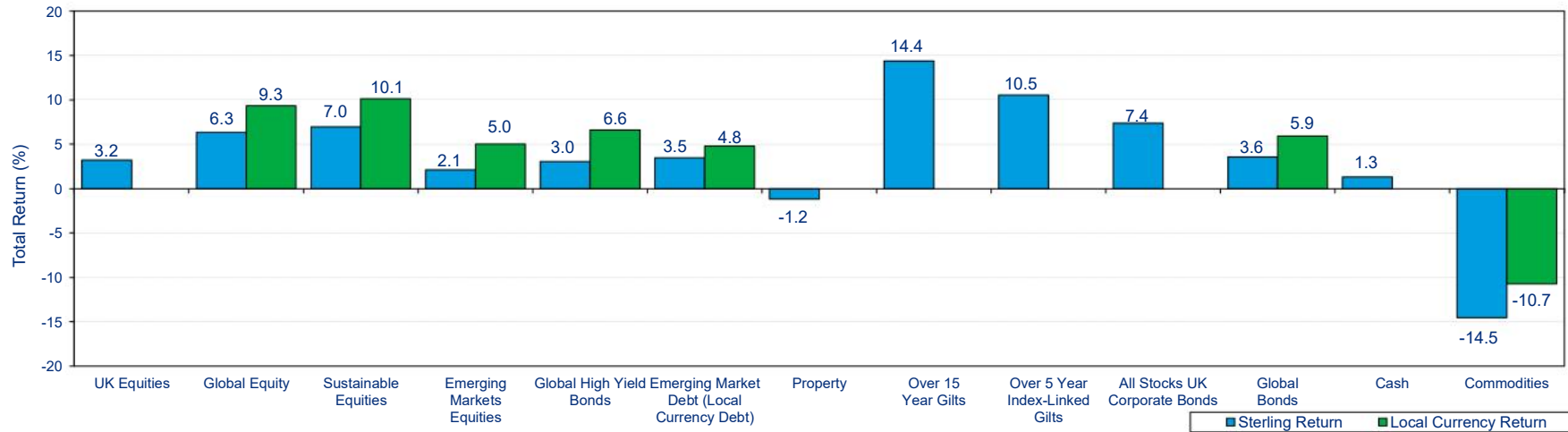
### Manager Research

Redacted



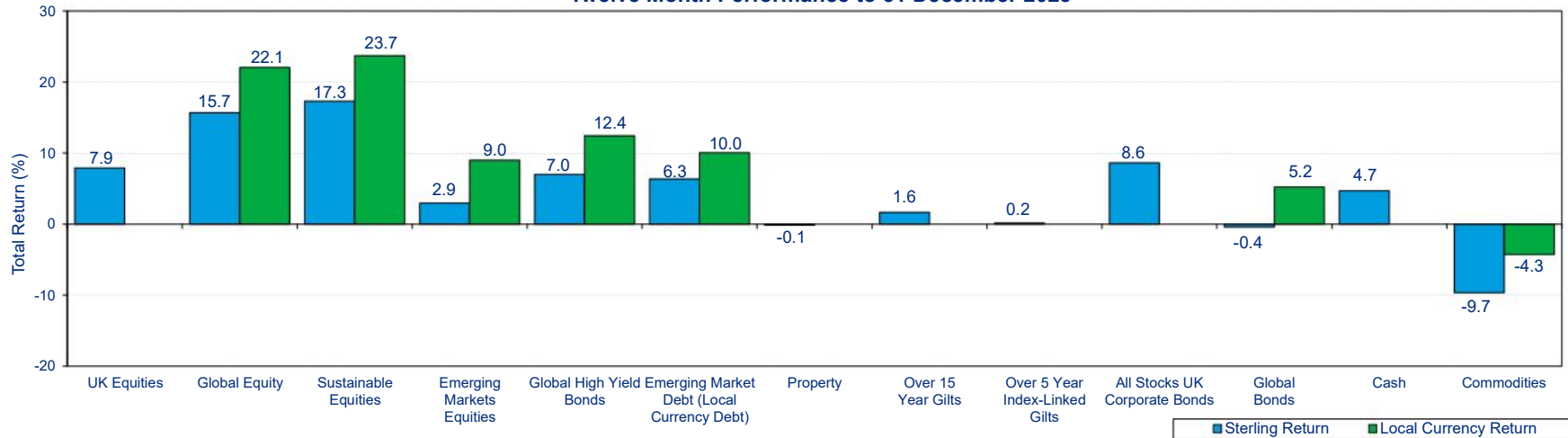
## Market Index Performance

Three Month Performance to 31 December 2023



Source: Refinitiv.

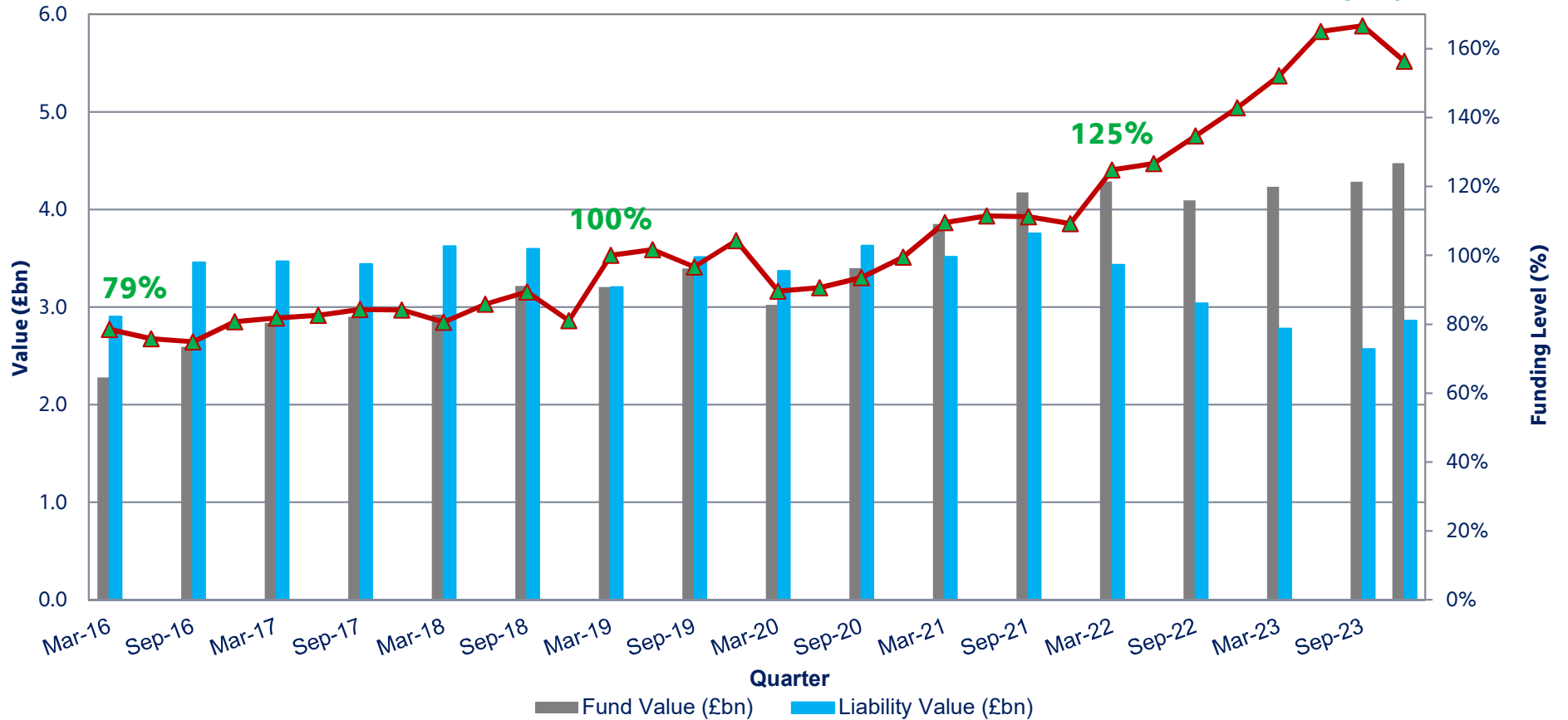
Twelve Month Performance to 31 December 2023



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.

The increase in the asset values over the quarter was more than offset by an increase in the value of liabilities, as UK yields fell.

## Allocation

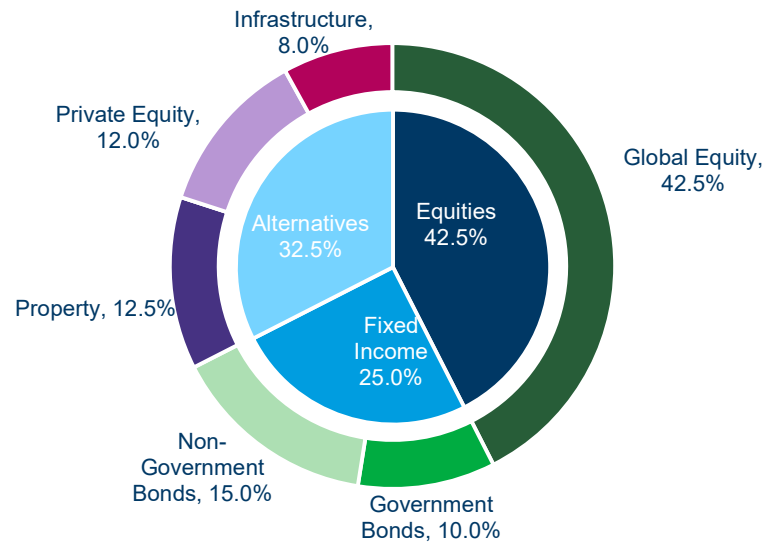
	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
<b>Total Invested Assets</b>	<b>4,269.7</b>	<b>4,460.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Equities	2,150.4	2,193.4	50.4	49.2	42.5
Fixed Income	844.7	1,007.9	19.8	22.6	25.0
Alternatives	1,274.6	1,258.9	29.9	28.2	32.5

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

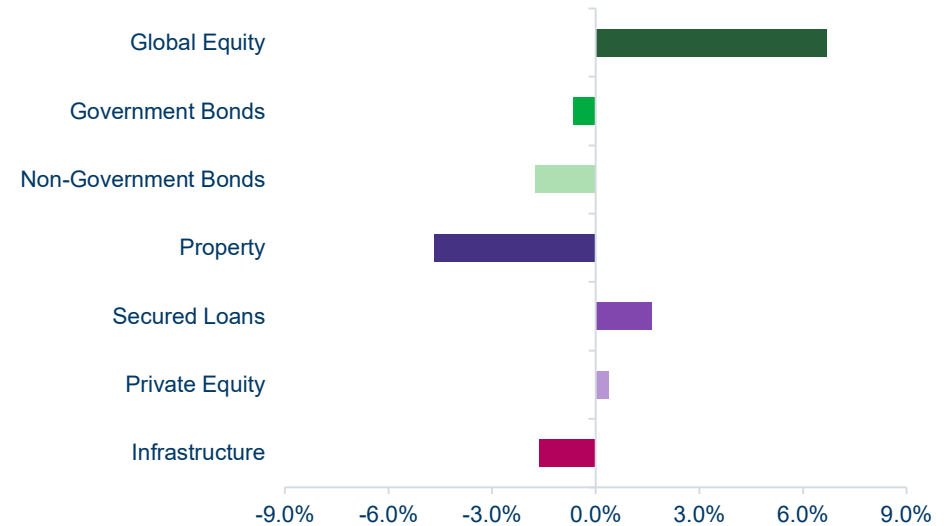
The total market value shown in the table above excludes cash (c. £13.9m at the start of quarter and c. £13.3m at the end of quarter).

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.

### Benchmark Asset Allocation as at 31 December 2023



### Deviation from Benchmark Asset Allocation



## Manager Allocation (1/3)

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
<b>Total Invested Assets</b>	<b>4,269.7</b>	<b>4,460.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Equities</b>	<b>2,150.4</b>	<b>2,193.4</b>	<b>50.4</b>	<b>49.2</b>	<b>42.5</b>
<b>Active Global Equity</b>	<b>1,242.1</b>	<b>1,202.4</b>	<b>29.1</b>	<b>27.0</b>	<b>22.5</b>
JO Hambro - Global Equity	462.5	442.8	10.8	9.9	7.5
Dodge & Cox - Global Equity	476.7	438.2	11.2	9.8	7.5
Longview - Global Equity	302.9	321.4	7.1	7.2	7.5
<b>Passive Equity</b>	<b>908.3</b>	<b>991.1</b>	<b>21.3</b>	<b>22.2</b>	<b>20.0</b>
UBS - Climate Aware Rules Based	635.2	696.7	14.9	15.6	14.0
Osmosis - Core Equity	273.1	294.3	6.4	6.6	6.0
<b>Fixed Income</b>	<b>844.7</b>	<b>1,007.9</b>	<b>19.8</b>	<b>22.6</b>	<b>25.0</b>
<b>Government Bonds</b>	<b>377.5</b>	<b>417.3</b>	<b>8.8</b>	<b>9.4</b>	<b>10.0</b>
Schroders - Bonds	168.7	187.2	4.0	4.2	5.0
UBS - Gilts	208.8	230.1	4.9	5.2	5.0
<b>Non-Government Bonds</b>	<b>467.2</b>	<b>590.6</b>	<b>10.9</b>	<b>13.2</b>	<b>15.0</b>
Bluebay - Multi-Asset Credit	189.4	305.6	4.4	6.9	7.5
M&G - Multi-Asset Credit	277.8	285.0	6.5	6.4	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. £13.9m at the start of quarter and c. £13.3m at the end of quarter).

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.

## Manager Allocation (2/3)

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
<b>Total Invested Assets</b>	<b>4,269.7</b>	<b>4,460.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Alternatives</b>	<b>1,274.6</b>	<b>1,258.9</b>	<b>29.9</b>	<b>28.2</b>	<b>32.5</b>
<b>Secured Loans</b>	<b>71.0</b>	<b>72.5</b>	<b>1.7</b>	<b>1.6</b>	<b>--</b>
M&G - Secured Loans	71.0	72.5	1.7	1.6	--
<b>Property</b>	<b>350.4</b>	<b>349.5</b>	<b>8.2</b>	<b>7.8</b>	<b>12.5</b>
Schroder - Property	277.0	275.6	6.5	6.2	6.5
TBC - Long Lease Property	--	--	--	--	3.0
M&G - Residential Property	58.0	56.5	1.4	1.3	1.5
M&G - Shared Ownership	15.5	17.3	0.4	0.4	1.5
<b>Private Equity</b>	<b>559.4</b>	<b>552.6</b>	<b>13.1</b>	<b>12.4</b>	<b>12.0</b>
Adams Street - Private Equity	213.1	206.3	5.0	4.6	--
HarbourVest - Private Equity	207.8	207.7	4.9	4.7	--
Foresight - Private Equity	53.9	53.9	1.3	1.2	--
Cambridgeshire and Counties Bank	69.7	69.7	1.6	1.6	--
Cambridgeshire Building Society	15.0	15.0	0.4	0.3	--

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. £13.9m at the start of quarter and c. £13.3m at the end of quarter).

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.

## Manager Allocation (3/3)

	30/09/2023 Market Value (£M)	31/12/2023 Market Value (£M)	30/09/2023 Allocation (%)	31/12/2023 Allocation (%)	31/12/2023 B'mark (%)
<b>Infrastructure</b>	<b>293.7</b>	<b>284.4</b>	<b>6.9</b>	<b>6.4</b>	<b>8.0</b>
UBS - Infrastructure	6.8	6.1	0.2	0.1	--
Equitix - Infrastructure	31.5	31.7	0.7	0.7	--
Partners Group - Infrastructure	35.8	35.7	0.8	0.8	--
AMP Capital - Infrastructure Debt	37.5	33.9	0.9	0.8	--
Allianz - Infrastructure Debt	13.1	13.0	0.3	0.3	--
IFM - Infrastructure Equity	91.9	92.1	2.2	2.1	--
JPM - Infrastructure Equity	77.2	71.9	1.8	1.6	--

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. £13.9m at the start of quarter and c. £13.3m at the end of quarter).

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.

## Manager Performance (1/2)

	2023 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
<b>Total</b>	<b>4.4</b>	<b>6.2</b>	<b>8.2</b>	<b>13.2</b>	<b>5.8</b>	<b>6.6</b>	<b>7.8</b>	<b>9.3</b>
<b>Equities (inc. Equity Options)</b>	<b>6.9</b>	<b>7.5</b>	<b>12.8</b>	<b>16.7</b>	<b>7.8</b>	<b>8.6</b>	<b>9.8</b>	<b>11.8</b>
<b>Equities (ex. Equity Options)</b>	<b>6.9</b>	<b>7.5</b>	<b>14.0</b>	<b>16.7</b>	<b>8.6</b>	<b>8.6</b>	<b>10.6</b>	<b>11.8</b>
JO Hambro - Global Equity	7.2	6.3	6.1	15.3	0.7	8.2	9.4	11.7
Dodge & Cox - Global Equity	3.0	4.7	13.2	6.3	13.2	10.7	11.9	9.0
Longview - Global Equity	6.1	6.3	12.7	15.3	11.8	8.2	--	--
UBS - Climate Aware Rules Based	9.7	9.7	--	--	--	--	--	--
Osmosis - Core Equity	7.8	7.7	--	--	--	--	--	--
<b>Fixed Income</b>	<b>7.2</b>	<b>7.4</b>	<b>6.7</b>	<b>8.0</b>	<b>-2.9</b>	<b>-2.8</b>	<b>0.5</b>	<b>0.1</b>
Schroders - Bonds	11.0	11.0	0.0	0.0	-13.0	-13.0	--	--
UBS - Gilts	10.5	10.5	--	--	--	--	--	--
Bluebay - Multi-Asset Credit	6.9	4.8	10.3	12.2	0.4	2.4	--	--
M&G - Multi-Asset Credit	2.6	4.8	10.1	12.2	4.0	2.4	--	--

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 during the period from 26 November 2019 to 5 June 2023.

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 calculated by Mercer using an IRR approach and 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 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
<b>Alternatives</b>	<b>-1.8</b>	3.5	<b>0.0</b>	10.0	<b>6.4</b>	7.8	<b>6.4</b>	8.1
M&G - Secured Loans	2.2	2.3	13.8	8.9	5.0	6.2	4.3	5.6
Schroder - Property	-0.5	-1.2	0.2	-1.4	2.5	2.1	1.8	1.3
M&G - Residential Property	-2.5	1.5	-1.7	6.0	1.5	6.0	1.7	6.0
M&G - Shared Ownership	0.0	1.5	-3.1	6.0	--	--	--	--
Adams Street - Private Equity	2.7	2.7	-8.1	10.7	18.9	10.7	17.6	9.3
HarbourVest - Private Equity	3.8	2.7	-3.4	10.7	20.3	10.7	19.4	9.3
Foresight - Private Equity	0.5	2.7	15.1	10.7	15.1	10.7	--	--
UBS - Infrastructure	-10.8	2.4	-26.9	10.0	-13.8	10.0	-9.0	10.0
Equitix - Infrastructure	2.3	2.4	6.6	10.0	-1.4	10.0	3.4	10.0
Partners Group - Infrastructure	1.8	2.4	11.7	10.0	13.8	10.0	11.9	10.0
AMP Capital - Infrastructure Debt	5.3	2.4	-1.8	10.0	5.6	10.0	5.5	10.0
Allianz - Infrastructure Debt	0.8	1.0	8.8	4.0	-11.8	4.0	--	--
IFM - Infrastructure Equity	3.6	2.4	4.8	10.0	14.1	10.0	--	--
JPM - Infrastructure Equity	5.0	2.4	4.5	10.0	8.1	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 during the period from 26 November 2019 to 5 June 2023.

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 calculated by Mercer using an IRR approach and 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	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
<b>Total Invested Assets</b>	<b>100.00</b>	-	-	-
<b>Equities (inc. Equity Options)</b>	<b>42.50</b>	-	-	-
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	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)	4.00% - 6.00% p.a.
UBS - Climate Aware Rules Based	14.00	FTSE Developed (GBP Hedged) Index	To match the benchmark	-
Osmosis - Core Equity	6.00	Solactive Osmosis Resource Efficient Core Equity Ex-Fossil Fuels Index NTR	To match the benchmark	-
<b>Fixed Income</b>	<b>25.00</b>	-	-	-
Schroders - Bonds	5.00	Assumed equal to fund performance	-	-
UBS - Gilts	5.00	FTSE A Over 5 Year Index-Linked Gilts Index	To match the benchmark	-0.10% - 0.10% p.a.
Bluebay - Multi-Asset Credit	7.50	Composite Benchmark	-	-
M&G - Multi-Asset Credit	7.50	Composite Benchmark	-	-
<b>Alternatives</b>	<b>32.50</b>	-	-	-
M&G - Secured Loans	--	SONIA +4.0% p.a.	-	-
Schroder - Property	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	Absolute Return of 6.0% p.a.	-	-
M&G - Shared Ownership	1.50	Net Return of 5-7% p.a.	-	-
<b>Private Equity</b>	<b>12.00</b>	-	-	-
Adams Street - Private Equity	--	MSCI World Index	+3.00% p.a. (gross of fees)	-

Name	B'mark (%)	Performance Benchmark	Performance Target	Tracking Error Expectation
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)	-
<b>Infrastructure</b>	<b>8.00</b>	-	-	-
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 is shown for representative purposes, due to the client being in transition. As such, for total benchmark performance measurements purposes, the benchmark allocation is equal to the actual fund allocation, from 31 March 2023.

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

## 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 31 December 2023

	2023 Q1 (%)	2023 Q2 (%)	2023 Q3 (%)	2023 Q4 (%)	1 Yr (%)	3 Yrs (%)
<b>Total</b>	<b>2.0</b>	<b>1.5</b>	<b>0.0</b>	<b>4.4</b>	<b>8.2</b>	<b>5.8</b>
Total Benchmark	4.0	2.9	-0.4	6.2	13.2	6.6

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 31 March 2023.

#### 10 Year Performance to 31 December 2023

	10 Yrs (%)	B'mark (%)
<b>Total</b>	<b>7.5</b>	<b>8.7</b>
Schroder - Property	5.3	5.4
M&G - Secured Loans	4.1	5.1
Adams Street - Private Equity	18.2	12.0
HarbourVest - Private Equity	19.3	12.0
UBS - Infrastructure	-1.2	10.0
Equitix - Infrastructure	9.6	10.0
Partners Group - Infrastructure	13.2	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.



Mercer Limited  
1 Tower Place West  
London  
EC3R5BU  
[www.mercer.com](http://www.mercer.com)

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