

# Chubb Common Investment Fund

Annual report and financial statements for the year  
ended 31 March 2022

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## Trustees and advisers

### Trustees:

B D McGowan \*+ (Chairman)

T P Allen \*

W Jones \*+

B Nutter \*+ (Resigned 3 January 2022)

G P Smart

B van der Merwe + (Resigned 3 January 2022)

K Krumm \*+ (Appointed 3 January 2022)

C Forbes + (Appointed 3 January 2022)

\* *Trustees of Chubb Pension Plan*

+ *Director of Chubb Security (Pensions) Limited (Trustee of Chubb Security Pension Fund)*

### Secretaries to the Trustees:

Mrs J Beake – Raytheon Technologies Corporation (until 30 September 2021)

P Clarke – Barnett Waddingham LLP (from 1 October 2021)

### Enquiries:

P Clarke

Barnett Waddingham LLP

3 Devon Way

Longbridge

Birmingham

B31 2TS

### Investment Managers:

BlackRock Investment Management (UK) Limited (until 1 March 2022)

Insight Investment Management (until 15 June 2022)

Legal & General Assurance (Pensions Management) Limited (until 12 October 2021)

Ruffer LLP (until 23 February 2022)

### Custodian, Bank and Administrator:

Bank of New York Mellon

### Investment Advisers:

Barnett Waddingham LLP

### Participating Schemes:

Chubb Security Pension Fund

Chubb Pension Plan

### Independent Auditors:

PricewaterhouseCoopers LLP

## Trustees and advisers (Cont)

### Legal Advisers:

CMS Cameron McKenna Nabarro Olswang LLP  
Cannon Place  
78 Cannon Street  
London EC4N 6AF

Geldards LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF1 4YF

### Bankers:

All banking is transacted through the Custodian cash account.

### Sponsoring Company:

Chubb Group Limited  
1st Floor Ash House  
Littleton Road  
Ashford  
Middlesex  
TW15 1TZ

## The Trustees' Report

### Constitution

The Chubb Common Investment Fund ("CCIF") is governed by a definitive Trust Deed dated 23 June 1998 (as amended). The CCIF was established with effect from 1 July 1998 in accordance with the wishes of the "Participating Schemes" which are the Chubb Pension Plan ("CPP") and the Chubb Security Pension Fund ("CSPF").

The CCIF Trust Deed provides that any appointment and/or removal of the Trustees be made by the Sponsoring Company (Chubb Group Limited).

The Trustees are responsible for the administration of the CCIF and the investment policy, subject to the policy being consistent with the Statements of Investment Principles maintained by the Participating Schemes. The Trustees meet quarterly to discuss reports received from the investment managers and to assess the overall investment policy. Under the terms of the Trust Deed, resolutions are passed on a simple majority of those voting.

### Management and custodian arrangements

The day to day management of the investments has been delegated by the Trustees to the Investment Managers. Bank of New York Mellon have been appointed as administrators, global custodian and the banker to the CCIF. This is in accordance with the agreement between the CCIF and the above parties dated 23 June 1998. The Trustees of the CCIF provide quarterly performance and investment details to the Trustees of the Participating Schemes together with copies of all Trustees' minutes and decisions.

Bank of New York Mellon acts as custodian for the Insight Investment Management segregated portfolios. These investments are held in a designated nominee account at Bank of New York Mellon, in the name of the Trustees of the CCIF. The Trustees have invested in unitised funds managed by Legal & General Assurance (Pensions Management) Limited, BlackRock Investment Management (UK) Limited and Ruffer LLP the details of which are held for accounting purposes at Bank of New York Mellon.

The Trustees receive reports each month covering the assets held by the custodian and transactions in the month. These are monitored and, if appropriate, followed up with the custodian on a timely basis. The custodian is independent of the fund managers and provides a check on the records of these assets of the CCIF.

### Financial development of the Fund

The financial statements have been prepared and audited in compliance with regulations made under section 41 (1) and (6) of the Pensions Act 1995, save that the financial statements were not prepared and audited within the 7-month timeline.

Significant developments affecting the financial position of the CCIF during the year include:

- The Trustees of each of the Participating Schemes decided, during the year, to withdraw from the CCIF and assets began to be transferred to new individual policies and mandates of the two schemes.
- The overall value of the CCIF therefore decreased by £1,729.5 million to £3.0 million at 31 March 2022 following withdrawal from the CCIF of the CPP and CSPF which commenced in March 2022.
- The decrease in value comprised of £1,746.9 million net withdrawals by Participating Schemes less £17.3 million net return on investments.

## The Trustees' Report (Cont)

### Trustees Fees

In the year no Trustees' fees were paid. The aggregate amount paid in the prior year was £20,000. These fees were paid from the CCIF until 30 June 2020. After that date all Trustees' fees became payable from the Participating Schemes.

### Investment policy

The Trustees of the CCIF determine the investment policy within the guidelines laid down by the Statement of Investment Principles of the Participating Schemes. The objective set for each investment manager is summarised in their agreements with the Trustees.

The long-term target allocation was reviewed and agreed in August 2019 and implemented with effect from November 2019.

The respective Participating Scheme Statement of Investment Principles were formally updated in June 2020 to incorporate the changes to the long term target allocation, and then again in August 2020 in order to meet legislative requirements which came into effect on 1 October 2020.

The actual proportion of assets is likely to be different at any point in time due to market valuations, which vary every day. Further differences can also arise due to the timing of implementation of changes to the long-term target.

The aim of the Trustees' policy is to ensure that the assets are sufficient to meet the liabilities of the Participating Schemes over the long term. In so far as risk is at an acceptable level the Trustees will aim to maximise the return on the assets in order to reduce the long term costs of providing the Participating Schemes' benefits. The investments are diversified between available investment categories and between geographic areas in order to limit the risk to the Participating Schemes.

During the year the following significant transactions were effected:

In April 2021, the remaining Development Company site at Gloucester was sold. The net proceeds of sale were £3,486k. The Development Companies are in the process of being wound up.

## The Trustees' Report (Cont)

### Financial instruments

The investment managers have the authority to use financial instruments, when hedging currency risks, in the course of implementing the investment strategy.

In order to provide partial protection against significant falls in equity prices, the Trustees might, from time to time, implement particular policies, including the use of derivative based collars. In the year there were no such transactions. The Trustees accept that there might be a cost to the CCIF of implementing such policies, either by way of option premiums or by sacrificing potential upside performance.

### Valuation

The investments underpinning the unit prices are valued in the Statement of net assets attributable to unit holders at their bid market value at 31 March 2022. An analysis of investments by category is set out in note 5 of the financial statements. The movement of funds between the CCIF and the Participating Schemes for the year ended 31 March 2022 is shown in note 18.

The CCIF maintains units that are specific to the Participating Schemes for the purpose of ring-fencing assets held specifically for each of the two Participating Schemes. All other assets are aggregated and underpin the valuation of units referred to as comingled asset units.

As at 31 March 2022 the allocation of units between the Participating Schemes was as follows: -

	<b>Value £000</b>	<b>Number of Units</b>	<b>Percentage</b>
Chubb Pension Plan – comingled asset units	1,423	11,369	46.7*
Chubb Security Pension Fund – comingled asset units	1,624	68,335	53.3*
<b>Total</b>	<b>3,047</b>		

\* As a percentage of comingled assets.

### Investment restrictions

The Participating Schemes have instructed the Trustees not to invest directly in the following:

- (a) Carrier Global Corporation, the ultimate holding company of the sponsoring employers of the Participating Schemes.
- (b) Companies where the Trustees of the CCIF or the Trustees or Trustee directors of the Participating Schemes have a material interest or are a Director, with the exception of the subsidiary undertakings, details of which are shown below.

The Trustees of the Participating Schemes have imposed this policy on the Trustees based on the belief that without such a policy, conflicts of interest would inevitably arise.

## The Trustees' Report (Cont)

### Employer related investments

At 31 March 2022, the CCIF had no employer related investments. At 31 March 2021, less than 0.01% of the CCIF assets were indirectly invested in the employer through pooled investment vehicles with Legal & General and BlackRock.

### Marketability of investments

At the year-end all of the CCIF net investments were considered to be marketable on a short term basis.

### Policy on voting rights and social, environmental and ethical considerations

The Trustees believe that environmental, social and governance (ESG) factors, including management of climate related risks are potentially financially material and therefore have a policy to take these into account, alongside other factors, in the selection, retention and realisation of investments. However, these factors do not take precedence over other financial and non-financial factors, including but not limited to historical performance or fees. The Trustees may consider both financial and non-financial factors when selecting or reviewing the CCIF investments.

The Trustees do not apply any specific ethical criteria to their investments.

As the CCIF investments (except the Insight Bonds and LDI) are held in pooled funds, ESG considerations are set by each of the investment managers. The CCIF investment managers will ultimately act in the best interests of the CCIF assets to maximise returns for a given level of risk. The Trustees do not currently impose any specific ESG-related restrictions or requirements on the segregated mandate with Insight, so ESG considerations are determined at their discretion. The Trustees are aware of the approach that each of their investment managers take in relation to ESG considerations.

The Trustees believe that good stewardship and positive engagement can lead to improved governance and better risk-adjusted investor returns. The Trustees delegate the exercise of rights (including voting rights) attached to the CCIF investments to the investment managers. The managers are all signatories to the UN Principles of Responsible Investment and to the UK Stewardship Code.

In selecting, monitoring and reviewing their investment managers, where appropriate, the Trustees will consider the managers' policies on engagement and how these policies have been implemented.

The Trustees have not considered it appropriate to take into account individual members' views when establishing the policy on environmental, social and governance factors, engagement and voting rights.

### Investment performance

The overall investment performance of the CCIF and that of the appointed investment managers are monitored quarterly by the Trustees and the Sponsoring Company.

Shortly after 31 December 2021 the split of the CCIF's assets were separated into individual holding for the Plan and Fund, hence CCIF performance is only reported until 31 December 2021.

The total return for the CCIF for the year ended 31 December 2021 was 0.7%, compared with a benchmark return of 0.2%. Over a three-year period to 31 December 2021 the return was 6.2% per annum, compared with a benchmark of -1.1% per annum.

## The Trustees' Report (Cont)

### Statement of trustees' Responsibilities

#### The trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the trustees. The trustees are responsible for ensuring that the financial statements:

- give a true and fair view of the financial transactions of the CCIF during the year and of the amount and disposition at the end of the year of its assets and liabilities;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- comply with the requirements of the Trust Deed dated 23 June 1998 (as amended).

In discharging these responsibilities, the trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the CCIF will continue as a going concern.

The trustees have a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the CCIF and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are also responsible for the maintenance and integrity of the Fund's website: <https://www.chubbfiresecurity.com/en/uk/about/pension-scheme/>. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Further information

Requests for additional information about the CCIF should be made to the Secretary whose address appears on page 1 of this report.

### Approval of Trustees' Report

The Trustees' report on pages 3 to 7 was approved by the Trustees and signed on their behalf by:

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**B D McGowan**

Date: \_\_\_\_\_

# Independent auditors' Report

## to the Trustees of Chubb Common Investment Fund

### Report on the audit of the financial statements

#### Opinion

In our opinion, Chubb Common Investment Fund's financial statements:

- give a true and fair view of the financial transactions of the CCIF during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

We have audited the financial statements, included in the Annual report and financial statements, which comprise: the Statement of net assets attributable to unit holders as at 31 March 2022; the Fund Account and Statement of changes in net assets for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies..

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the CCIF in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CCIF's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the CCIF's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Reporting on other information

The other information comprises all the information in the Annual report and financial statements other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

## Independent auditors' Report (Cont)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the trustees for the financial statements*

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the trustees are responsible for assessing the CCIF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the CCIF, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the CCIF and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the CCIF in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.

## Independent auditors' Report (Cont)

- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the trustees as a body as required by the Trust Deed in accordance with our engagement letter dated 15 August 2022 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the CCIF, save where expressly agreed by our prior consent in writing.

### **PricewaterhouseCoopers LLP**

Chartered Accountants

London

**Date:**

## Fund Account and Statement of changes in net assets

for the year ended 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
<b>Investment return</b>			
Investment income	4	27,421	29,317
Change in market value of investments	5	(9,021)	140,140
Investment management expenses	6	(1,056)	(836)
<b>Net returns on investments</b>		<b>17,344</b>	<b>168,621</b>
<b>Changes in net assets attributable to unit holders from investment activities</b>	18	<b>(1,746,874)</b>	<b>(69,600)</b>
<b>Opening net assets attributable to unit holders</b>		<b>1,732,577</b>	<b>1,633,556</b>
<b>Closing net assets attributable to unit holders</b>		<b>3,047</b>	<b>1,732,577</b>

The notes on pages 13 to 24 form part of these financial statements.

## Statement of net assets attributable to unit holders

available for benefits as at 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
<b>Investment assets:</b>			
Bonds	5	-	1,360,432
Pooled investment vehicles	7	154	710,162
Derivatives	8	1,544	11,160
Other investments – property development companies	9	-	3,599
Cash	10	8,301	11,274
Other investment balances	10	-	9,790
Amounts receivable under reverse repurchase agreements	11	-	31,669
		9,999	2,138,086
<b>Investment liabilities:</b>			
Derivatives	8	(2,077)	(6,351)
Cash	10	(4,873)	-
Other investment balances	10	(2)	-
Amounts payable under repurchase agreements	11	-	(398,658)
		(6,952)	(405,009)
<b>Total net Investments</b>		<b>3,047</b>	<b>1,733,077</b>
<b>Current assets</b>	16	-	23
<b>Current liabilities</b>	17	-	(523)
<b>Total net assets attributable to unit holders</b>		<b>3,047</b>	<b>1,732,577</b>

The notes on pages 13 to 24 form part of these financial statements.

These financial statements on pages 11 to 24 were approved by the Trustees and signed on their behalf by:

\_\_\_\_\_  
**B D McGowan**

Date: \_\_\_\_\_

## Notes to the Financial Statements

### 1. General information

The Chubb Common Investment Fund ('CCIF') was established on 1 July 1998 for the purpose of managing the assets of the participating schemes from time to time. As at 31 March 2022 the participating schemes were:

- Chubb Pension Plan
- Chubb Security Pension Fund

The CCIF is registered in the United Kingdom and is governed by a Trust Deed dated 23 June 1998 which was drawn up under English law. The principle office is at Oak House, Littleton Road, Ashford, Middlesex, TW15 1TZ.

All investment manager fees and custodian fees associated with the running of the CCIF are paid by the CCIF.

### 2. Basis of preparation of the financial statements

The individual financial statements of Chubb Common Investment Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP") insofar as they relate to common investment funds.

The Trustees do not consider the CCIF to be a Financial Institution as described in the Glossary to FRS 102.

### 3. Accounting policies

The principal accounting policies of the CCIF which are applied consistently are as follows:

#### Currency

The functional currency and presentational currency of the CCIF is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

#### Investment income and expenditure

Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Other interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

Interest arising on the loans made to property development companies was accounted for on an accruals basis but only when the Trustees were satisfied that it was recoverable.

Interest payable on repurchase agreements and receivable on reverse repurchase agreements is accounted for in the period it falls due.

Distributions in respect of development companies are accounted for when amounts are received.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the CCIF such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis.

## Notes to the Financial Statements (Cont)

### 3. Accounting policies (Cont)

#### Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

Where quoted or other unit prices are not available, the administrator adopts valuation techniques appropriate to the class of investment.

The methods of determining fair value for the principle classes of investments are:

- Bonds and certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price.
- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.
- Exchange traded futures are valued at the difference between exchange settlement prices and inception prices.
- Forward exchange contracts are valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Swaps are valued at the net present value of future cashflows arising therefrom.
- Loans to development companies are valued at the estimated amount recoverable. Where the aggregate of the CCIF loans and accrued interest to these companies exceeds the estimated market value of the assets, a provision is made to reduce the total of the loans and accrued interest to this estimated amount. The estimated market value of the assets is provided annually by an independent professional valuer.
- Accrued interest is excluded from the market value of bonds, but is included in investment income receivable.
- Amounts payable under repurchase agreements are recognised as investment liabilities at the value of the repurchase obligation. Cash delivered under reverse repurchase agreements is recognised as an investment receivable in the financial statements.

#### Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4. Investment income

	2022	2021
	£000	£000
Income from bonds	27,950	28,879
Net interest on repurchase agreements / reverse repurchase agreements	(397)	-
Income from pooled investment vehicles	38	-
Interest receivable on loans to property development companies	-	438
Interest on cash deposits	125	-
Net derivative income / expense	(295)	-
	27,421	29,317

## Notes to the Financial Statements (Cont)

### 5. Reconciliation of investments

	Value at 1 April 2021 £000	Purchases at cost and derivative payments £000	Sales at cost and derivative receipts £000	Change in market value £000	Value at 31 March 2022 £000
Bonds	1,360,432	458,437	(1,794,756)	(24,113)	-
Pooled Investment Vehicles	710,162	748,425	(1,481,068)	22,635	154
Derivatives - net	4,809	29,076	(26,993)	(7,425)	(533)
Property development companies	3,599	-	(3,435)	(164)	-
	2,079,002	1,235,938	(3,306,252)	(9,067)	(379)
Cash and cash equivalents	11,274			46	3,428
Other investment balances - net	9,790				(2)
Amounts receivable under reverse repurchase agreements	31,669				-
Amounts payable under repurchase agreements	(398,658)				-
Net Investment assets	1,733,077			(9,021)	3,047

The high level of purchase and sales in the year relate to;

- the reorganisation of assets which took place in September 2021 where the investments with LGIM were sold and reinvested in the Insight portfolios, and
- the withdrawal of the two participating schemes which took place in February and March 2022.

#### Investment transaction costs

Direct transaction costs incurred in the year amounted to £14k (2021: £9k).

In addition to the direct transaction costs, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It is not possible to quantify the level of indirect transaction costs.

### 6. Investment management expenses

	2022 £000	2021 £000
Custodial, investment management and administration	1,056	816
Trustees' fees	-	20
	1,056	836

Trustees' fees were payable to B D McGowan, T P Allen, W Jones and G P Smart until 30 June 2020. After that date these fees became payable from the participating schemes.

### 7. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year-end comprised:

	2022 £000	2021 £000
Equities	-	181,567
Diversified growth	-	63,675
Absolute return	-	244,653
Cash liquidity funds	154	220,267
	154	710,162

## Notes to the Financial Statements (Cont)

### 8. Derivatives

#### Objectives and policies for holding derivatives

The Trustees have authorised the use of derivative financial instruments by the investment managers as part of their investment strategy as follows;

- Futures and Swaps: Interest rate swaps and bond and interest rate futures may be used by bond managers for the purposes of implementing duration, country allocation, yield curve and investment views.
- Forward foreign currency: FX may be used for currency hedging purposes, but not for speculative purposes.

At the year end the CCIF had the following derivatives:

	2022		2021	
	Asset £000	Liability £000	Asset £000	Liability £000
<b>Exchange traded</b>				
Futures	-	-	2,107	-
<b>Over-the-counter contracts</b>				
Forward FX contracts	1,544	(2,077)	628	(280)
Swaps	-	-	8,425	(6,071)
	<u>1,544</u>	<u>(2,077)</u>	<u>11,160</u>	<u>(6,351)</u>

A summary of the CCIF's outstanding derivative contracts at the year-end aggregated by key characteristics is set out below:

#### Forward FX contracts

Type	Nominal value £000	Duration	Asset value £000	Liability value £000
EUR/GBP	8,808	1 month	18	(13)
GBP/EUR	8,730	1 month	74	-
GBP/USD	74,715	1-2 months	1,452	-
USD/GBP	74,103	1-2 months	-	(2,064)
<b>Total 2022</b>			<u><b>1,544</b></u>	<u><b>(2,077)</b></u>
Total 2021			<u>628</u>	<u>(280)</u>

The nominal value represents the sterling value of the foreign currency amount of the contract translated at the year end spot rate.

#### Futures contracts

There were no open futures contracts at the year end. In the prior year included within the cash deposits and other net investment assets was an asset of £8,835k in respect of initial and variation margins arising from open futures contracts at the prior year end.

#### Swaps

There were no open swap contracts at the year end. In the prior year, Collateral of £2,043k was held for the unrealised gain on swaps, comprising cash. This was held in accounts with BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs, Lloyds Bank Corporate Markets plc and NatWest Markets plc and was not included within the CCIF assets.

## Notes to the Financial Statements (Cont)

### 9. Other investments – property development companies

The CCIF has made investments in property development sites through CCIF Venture Limited, a company wholly owned by the CCIF. Each investment site is a separate company which is a subsidiary of CCIF Venture Limited.

Investments in properties are held through subsidiary undertakings as detailed above, which have not been consolidated in accordance with the CCIF accounting policies. These undertakings have no other material assets or liabilities other than the investment in sites, cash balances and loans (less provisions) detailed below.

The final development at Gloucester was sold in April 2021 and the development companies are in the process of being wound up.

The value of the investments in property development companies is represented by the following underlying assets and liabilities in CCIF Venture Limited and its subsidiary undertakings.

	2022	2021
	£000	£000
<b>Property developments</b>		
Gloucester	-	3,486
Cash	-	113
	-	3,599
<b>Amounts due to investors</b>		
CCIF – loans	-	15,215
– loan provisions	-	(11,616)
	-	3,599

### 10. Cash and other net investment balances

	2022	2021
	£000	£000
<b>Cash</b>		
Cash – sterling assets	8,300	8,625
Cash – sterling liabilities	(4,873)	-
Cash – foreign currency	1	2,649
	3,428	11,274
<b>Amounts receivable / payable</b>		
Accrued investment income	(2)	9,790
	(2)	9,790

The cash liability at the year end above represent the overdrawn investment cash accounts.

### 11. Repurchase and reverse repurchase agreements

	2022	2021
	£000	£000
Amounts payable under repurchase agreements	-	(398,658)
Amounts receivable under reverse repurchase agreements	-	31,669
	-	(366,989)

There were no repurchase agreements or reverse repurchase agreements held at 31 March 2022.

At 31 March 2021 Bonds with a fair value of £377,779k had been sold subject to repurchase contracts therefore continued to be recognised in the financial statements. There were 30 repurchase agreements at 31 March 2021 with maturity between April and October 2021.

Bonds with a fair value of £30,496k were received as collateral at 31 March 2021 in respect of reverse repurchase agreements is not recognised in the financial statements. Cash delivered to the counterparties was recognised as amounts receivable in the table above. There were 3 reverse repurchase agreements, with maturity between April and June 2021.

## Notes to the Financial Statements (Cont)

### 12. Fair value of investments

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

Level 2: Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Pooled investment vehicles which are traded regularly are generally included in level (2). Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted and the vehicles are included in level (3).

The CCIF's investment assets and liabilities fall within the above hierarchy as follows:

	As at 31 March 2022			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	-	-	-
Pooled investment vehicles	-	154	-	154
Derivatives - net	-	(533)	-	(533)
Other – development companies	-	-	-	-
Cash deposits	(4,873)	8,301	-	3,428
Other investment balances	(2)	-	-	(2)
Repurchase and reverse repurchase agreements - net	-	-	-	-
	(4,875)	7,922	-	3,047

	As at 31 March 2021			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Bonds	-	1,360,432	-	1,360,432
Pooled investment vehicles	-	710,162	-	710,162
Derivatives	2,107	348	2,354	4,809
Other – development companies	113	-	3,486	3,599
Cash deposits	9,814	1,460	-	11,274
Other investment balances	9,790	-	-	9,790
Repurchase and reverse repurchase agreements - net	-	(366,989)	-	(366,989)
	21,824	1,705,413	5,840	1,733,077

## Notes to the Financial Statements (Cont)

### 13. Investment risk disclosures

#### Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
  1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
  2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
  3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The CCIF has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the CCIF's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the CCIF's investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

The Trustees of each of the Participating Schemes decided, during the year, to withdraw from the CCIF and assets began to be transferred to new individual policies and mandates of the two schemes.

Further information on the Trustees' approach to risk management, credit and market risk is set out below.

#### Credit risk

The CCIF was subject to credit risk because it directly invested in bonds, OTC derivatives, had cash balances and holds units in pooled investment vehicles (PIVs). The CCIF had indirect exposure to credit risks from the underlying investments held by the pooled investment vehicles. The exposure to Credit risk was minimal at the year end following the withdrawal of the majority of the CCIF assets by the participating schemes in March 2022.

#### Analysis of direct credit risk:

	2022* £000	Investment Grade** £000	Non-Investment grade** £000	Unrated £000	2021 £000
Bonds	-	1,357,440	2,992	-	1,360,432
OTC derivatives	(533)	-	-	4,809	4,809
Cash	3,428	-	-	11,274	11,274
PIVs	154	-	-	710,162	710,162
<b>Total</b>	<b>3,049</b>	<b>1,357,440</b>	<b>2,992</b>	<b>726,245</b>	<b>2,086,677</b>

\*\* Bonds with a rating of BBB- (on the Standard & Poor's and Fitch scale) or Baa3 (on Moody's) or better are considered investment-grade.

The credit risk arising on bonds was mitigated by predominantly investing in government bonds and corporate bonds which are at least investment grade credit rated. The CCIF previously could also invest in high yield bonds, which are non-investment grade. The associated credit risk was mitigated by placing restrictions on the assets that could be held within the bond portfolio.

## Notes to the Financial Statements (Cont)

### 13. Investment risk disclosures (Cont)

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). The CCIF held both exchange traded and OTC derivatives. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the CCIF was subject to risk of failure of the counterparty. The risk was reduced through collateral arrangements.

Cash is held within financial institutions which are at least investment grade credit rated.

Pooled investment arrangements used by the CCIF comprised unit linked insurance contracts and open-ended unit trusts/investment companies. Direct credit risk arising from PIVs was mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager.

Pooled investment vehicles analysed by type of arrangement are as follows:

Legal nature of pooled investment vehicle	2022 £000	2021 £000
UK unit-linked insurance contract	-	181,567
Jersey domiciled unit trust	-	63,675
UK domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	-	244,653
Irish domiciled Undertakings for the Collective Investment in Transferable Securities Open-Ended Investment Company	154	220,267
	154	710,162

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities or use active management.

The Trustees monitor the performance of each of the CCIF's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.

#### Market risk: Interest rates

The exposure to interest rate risk was minimal at the year end following the withdrawal of the majority of the CCCIF assets by the participating schemes in March 2022.

Prior to this the CCIF was subject to interest rate risk because the CCIF's protection portfolio comprises strategic holdings in bonds and Liability Driven Investment (LDI) holdings as segregated investments. Leverage was employed to increase exposure to interest rate and inflation risk in order to achieve a higher level of hedging than would otherwise be possible for the same proportion of the CCIF protection assets allocated to conventional bonds. Under this strategy, if interest rates fell, the value of protection assets would rise to help match the increase in the value placed on actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rose, the protection assets would fall in value, as will the value placed on actuarial liabilities because of an increase in the discount rate.

#### Market risk: Currency

The exposure to currency risk was reduced significantly at the year end following the withdrawal of the majority of the CCIF assets by the participating schemes in March 2022.

The CCIF is exposed to currency risk because some of its investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustees manage overseas currency exposure through a currency hedging policy.

## Notes to the Financial Statements (Cont)

### 13. Investment risk disclosures (Cont)

#### Market risk: Other price

The exposure to other price was minimal at the year end following the withdrawal of the majority of the CCIF assets by the participating schemes in March 2022.

Prior to this other price risk arose principally in relation to the CCIF's return seeking portfolio which included equities and diversified growth funds, held in pooled vehicles.

The CCIF managed this exposure by investing in pooled funds that invested in a diverse portfolio of instruments across various markets.

At the year end, the CCIF's exposure to investments subject to other price risk was:

	2022 £000	2021 £000
<b>Indirect</b>		
Equity PIVs	-	181,567
Diversified Growth Fund PIVs	-	63,675
Absolute Return Fund PIVs	-	244,653
<b>Direct</b>		
Other – development companies	-	3,599
<b>Total</b>	-	493,494

#### Investment strategy

The CCIF Trustees stated the following objectives for the investment of the assets held in the CCIF:

- To provide the Participating Schemes' trustees with a unitised multi-asset investment fund which is appropriate and suitable to the level of investment return the trustees have targeted for their schemes.
- To aim to ensure that the assets are sufficient to meet the liabilities of the Participating Schemes over the long term. In so far as the risk is at an acceptable level the Trustees will aim to minimise the long term costs of the Participating Schemes by maximising the return on the assets.
- To diversify between available investment categories and between geographic areas in order to limit the risk to the fund.
- To contain the CCIF costs to the lowest reasonable level.

## Notes to the Financial Statements (Cont)

### 13. Investment risk disclosures (Cont)

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Credit Risk	Market currency risk	Market interest rate risk	Market other price risk	2022 £000	2021 £000
Bonds	3	2	3	1	-	1,360,432
Pooled investment vehicles;					154	710,162
Direct	3	1	1	1		
Indirect	2	2	3	3		
Derivatives	2	2	2	2	(533)	4,809
Other – development companies	2	2	1	3	-	3,599
Cash	3	2	1	1	3,428	11,274
Other investment balances	3	2	1	1	(2)	9,790
Repurchase and reverse repurchase agreements	2	1	3	1	-	(366,989)
Total net investment assets					3,047	1,733,077

In the table above, a risk rating '1' is deemed none/hardly any risk, '2' is partial and '3' is significant.

### 14. Concentration of investments

The following investments each account for more than 5% of the CCIF's net assets at the year-end:

	2022		2021	
	£000	%	£000	%
Insight Liquidity Fund	154	5.1	220,267	12.7
Ruffer Absolute Return Fund	-	-	244,653	14.1

### 15. Employer related investments

At 31 March 2022 the CCIF had no employer related investments. At 31 March 2021, less than 0.01% of the CCIF assets were indirectly invested in the employer through pooled investment vehicles with Legal & General and BlackRock.

### 16. Current assets

	2022 £000	2021 £000
Debtors - VAT recoverable	-	23

## Notes to the Financial Statements (Cont)

### 17. Current liabilities

	2022 £000	2021 £000
Creditors – Investment management expenses payable	-	523

### 18 Movement in value of units

	Chubb Pension Plan £000	Chubb Security Pension Fund £000	Total £000
<b>Value of units at 1 April 2021</b>	<b>814,263</b>	<b>918,314</b>	<b>1,732,577</b>
Amounts withdrawn on cancellation of units	(832,143)	(914,731)	(1,746,874)
Share of return on investments	19,303	(1,959)	17,344
<b>Value of units at 31 March 2022</b>	<b>1,423</b>	<b>1,624</b>	<b>3,047</b>

Prior to December 2019 the CIF units were valued using the underlying valuations of all 'comingled' assets and there was a single class of unit ('comingled asset units').

In December 2019 additional participating scheme specific asset classes were created in order to facilitate scheme specific investments through Insight LDI portfolios.

The custodian, BNY Mellon was responsible for maintaining records of unit holdings and calculating unit prices on a monthly basis.

The valuation of units held at the year end comprised;

	Chubb Pension Plan £000	Chubb Security Pension Fund £000	Total £000
Comingled asset units	1,423	1,624	3,047
Scheme specific units	-	-	-
<b>Value of units at 31 March 2022</b>	<b>1,423</b>	<b>1,624</b>	<b>3,047</b>

## Notes to the Financial Statements (Cont)

### 19. Related party transactions

#### Key management personnel

In the year no Trustees' fees were paid. In the year to 31 March 2021 to Trustees fees were paid to B D McGowan, T P Allen, W Jones and G P Smart. The aggregate amount paid was £20,000 as set out in note 6. From 1 July 2020 these fees became payable from the participating schemes. Some of the Trustees also receive fees from the participating schemes for trustee services provided to those schemes.

Fees totalling £5,000 (2021: £5,000) were paid to a Director of the Development Companies and are included within custodial, investment management and administration costs in note 6.

Trustees' details and relationships are set out on page 1.

#### Employer and other related parties

The CCIF paid £nil (2021: £32,000) towards administrative expenses of CCIF Venture Limited. Transactions with CCIF Venture Limited are set out in note 9.

VAT amounting to £23,000 (2021: £110,000) was recovered from Chubb Group Limited during the year.

Amounts paid on cancellation of units are detailed in note 18.

### 20 Employer related investments

At 31 March 2022, there were no employer related investments.

At 31 March 2021, less than 0.01% of the CIF assets were indirectly invested in the employer through pooled investment vehicles with Legal and General and BlackRock.

### 21. Capital commitments/contingent liabilities

There were no capital commitments or contingent assets or liabilities requiring disclosure at 31 March 2022.

### 22. Covid-19 and other matters

Since March 2020, Covid-19 and other, more recent geopolitical issues (such as Russia's war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies), have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustees, in conjunction with their advisers, monitor the situation closely and determines any actions that are considered to be necessary. The extent of the impact on the CCIF's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the CCIF's investment assets have been impacted. Whilst the Trustees monitor the overall position, they have not, at this time, quantified the change (being an increase or decrease) in market value of investment assets as markets remain fluid and unpredictable and therefore such an estimate cannot be made.