

Clwyd Pension Fund Monitoring Report Quarter to 31 March 2021

Kieran Harkin
Nick Buckland

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- 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.

Kieran Harkin

Nick Buckland

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Overview

Executive Dashboard

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<p>Assets are broadly in line with their strategic target weights. The Cash and Risk Management Framework is slightly above weight (24.4%) as, despite a rising yield environment, equities performed strongly over the quarter. Total In-House Private Markets remain underweight (23.9%) largely due to the underweight allocation in Infrastructure, allocation to property has however reduced and it now sits within its benchmark range.</p>	<p>Signal Previous Qtr ● Current Qtr ●</p>		<p>The Fund returned 2.9% over the quarter against a target of 2.7%. Over the 1 year and 3 year period to 31 March 2021, the Fund returned 23.3% and 7.1% against a target of 19.3% and 7.7%, respectively.</p>	<p>Signal Previous Qtr ● Current Qtr ●</p>	
<p>Asset Allocation Within acceptable ranges.</p>			<p>Performance vs Benchmark The Fund has outperformed strongly over the one year period and has also reduced the underperformance over three years.</p>		
Page 10	Manager Research		Additional Comments		
<p>No significant news to report over the quarter.</p>	<p>Signal Previous Qtr ● Current Qtr ●</p>		<p>The Fund continues to work with the Wales Pension Partnership (WPP) with a view to transitioning Emerging Markets equity assets during 2021/22. No other transitions are planned at this stage. WPP is developing its Private Markets offering and officers are working to ensure that this is suitable to deliver the Fund’s Investment Strategy.</p>		

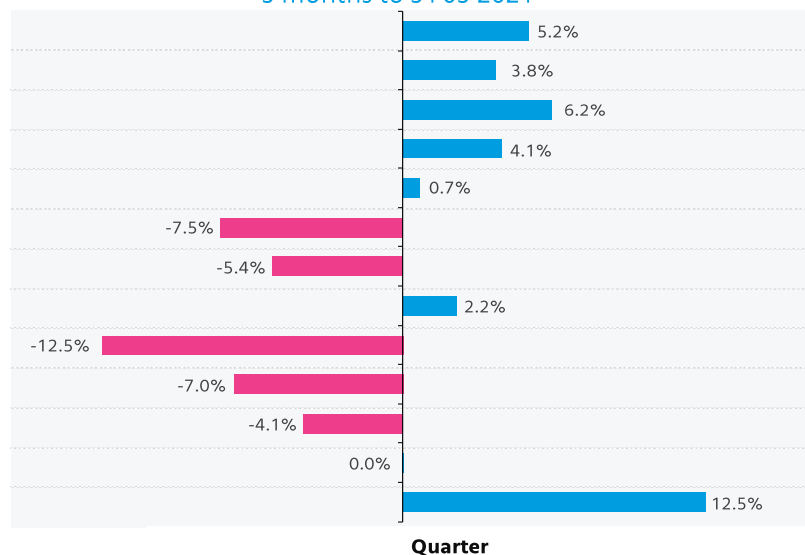
Market Conditions

Change in Yields	Yields at (%)		Change in Yields (%)		
	31 Mar 21	31 Dec 20	3 Months	12 Months	3 Years
Over 5 Year Index-Linked Gilts	-2.06	-2.38	0.33	-0.13	-0.41
Over 15 Year Fixed Interest Gilts	1.32	0.67	0.65	0.57	-0.31
Over 10 Year Non-Gilts	2.45	1.80	0.64	-0.54	-0.60

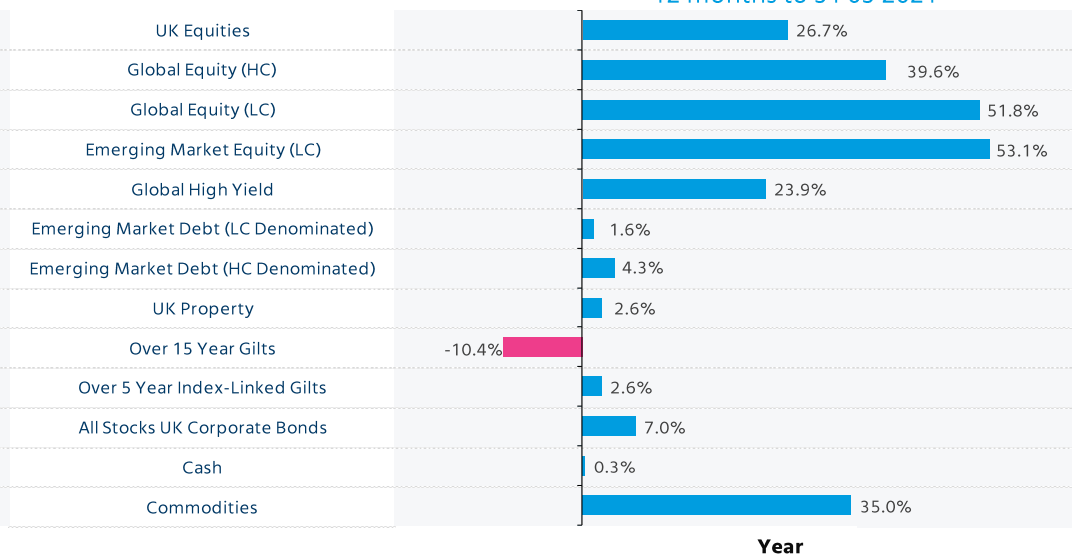
Exchange Rates	£1 is worth		£ Appreciation		
	31 Mar 21	31 Dec 20	3 Months %	12 Months %	3 Years % p.a.
US Dollar (\$)	1.380	1.367	0.9	11.3	-0.6
Euro (€)	1.174	1.117	5.1	3.9	1.0
100 Japanese Yen (¥)	1.525	1.411	8.0	13.9	0.7



3 months to 31 03 2021



12 months to 31 03 2021



Source: Thomson Reuters DataStream. Returns are shown in Sterling if the investment is generally expected to be on a non-currency hedged basis. Where non-Sterling exposure is expected to be hedged, returns are shown in local currency terms. Local currency returns are an approximation of a currency hedged return.
 LC: Local Currency; HC: Hard Currency.

Strategy Monitoring

Asset Allocation

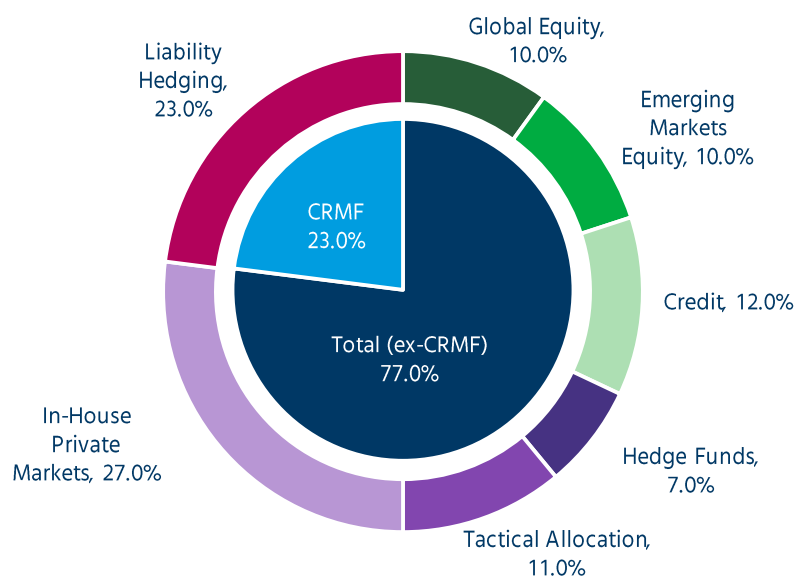
	31/12/2020 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/03/2021 Market Value (£M)	31/12/2020 Allocation (%)	31/03/2021 Allocation (%)	31/03/2021 B'mark (%)	31/03/2021 B'mark Range (%)
Total	2,121.8	-5.3	62.6	2,179.0	100.0	100.0	100.0	--
Total (ex-CRMF, ex Cash)	1,598.3	-19.5	32.2	1,610.9	75.3	73.9	77.0	--
Total CRMF	500.6	0.0	30.4	531.0	23.6	24.4	23.0	10.0 - 35.0
Cash	22.9	14.2	0.0	37.1	1.1	1.7	0.0	0.0 - 5.0

Source: Investment Managers and Mercer.

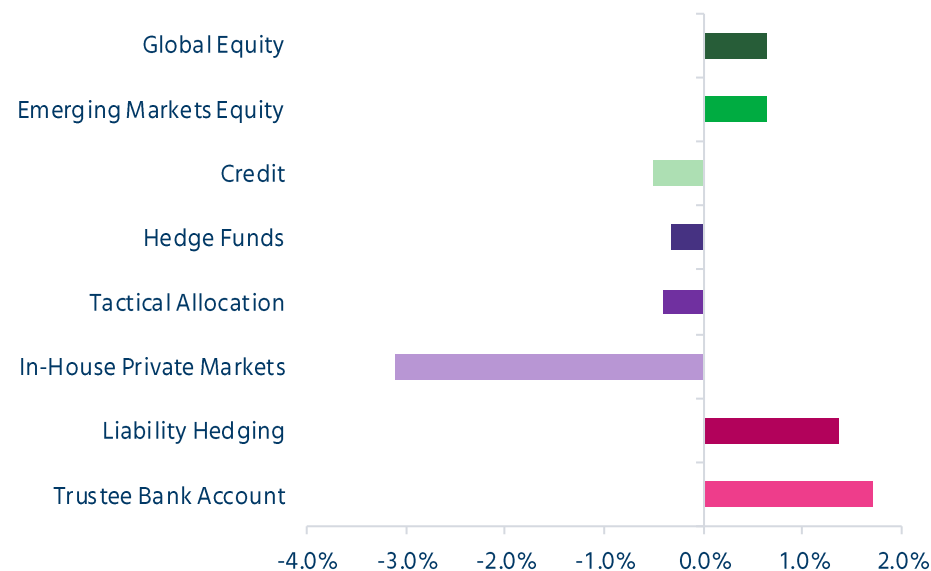
Figures may not sum to total due to rounding. 'CRMF' refers to the Cash and Risk Management Framework.

Benchmark allocation shown is the current strategic allocation. Cashflows exclude the reinvestment of £0.2m to the WPP Global Opportunities fund managed by Russell over the quarter.

Benchmark Asset Allocation as at 31 March 2021



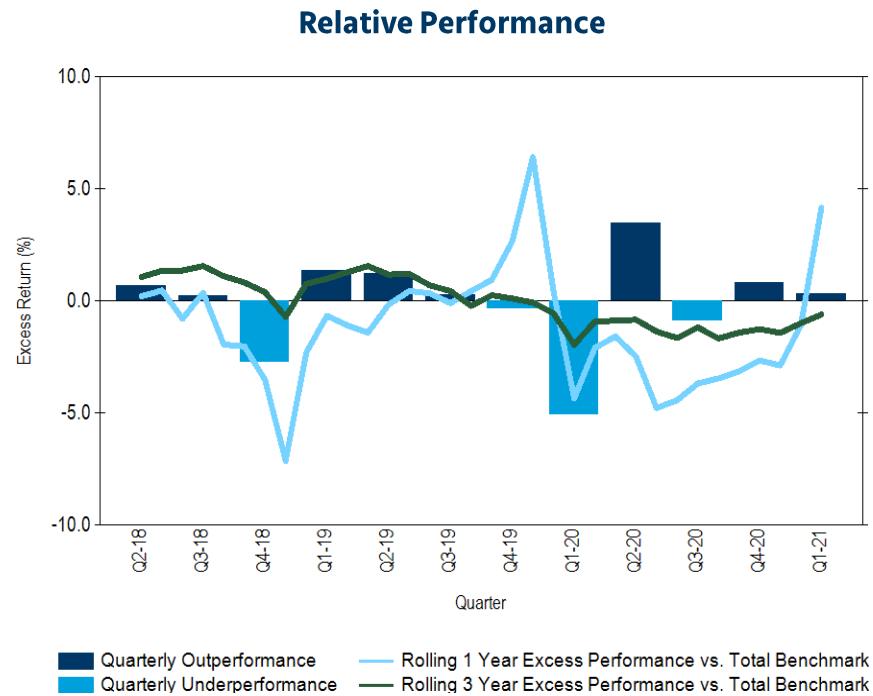
Deviation from Benchmark Asset Allocation



Investment Performance

	2021 Q1 (%)	1 Yr (%)	3 Yrs (%)
Total	2.9	23.3	7.1
Total Benchmark	2.7	19.3	7.7

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream. For periods over one year the figures in the table above have been annualised.



Investment Manager Summary

Manager Allocation

	Investment Manager	31/12/2020 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/03/2021 Market Value (£M)	31/12/2020 Allocation (%)	31/03/2021 Allocation (%)	31/03/2021 B'mark (%)	31/03/2021 B'mark Range (%)
Total		2,121.8	-5.3	62.6	2,179.0	100.0	100.0	100.0	--
Total (ex-CRMF, ex-Cash)		1,598.3	-19.5	32.2	1,610.9	75.3	73.9	77.0	--
Total Equity		449.7	--	13.5	463.9	21.2	21.3	20.0	10.0 - 30.0
Global Equity		220.5	--	10.8	232.1	10.4	10.6	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	110.7	--	6.4	117.8	5.2	5.4	5.0	--
World ESG Equity	BlackRock	109.9	--	4.4	114.3	5.2	5.2	5.0	--
Emerging Markets Equity		229.2	--	2.6	231.8	10.8	10.6	10.0	5.0 - 15.0
Emerging Markets (Core)	Wellington	76.1	--	1.6	77.7	3.6	3.6	3.0	--
Emerging Markets (Local)	Wellington	71.6	--	0.1	71.7	3.4	3.3	3.0	--
Emerging Markets Equity	BlackRock	81.6	--	0.9	82.5	3.8	3.8	4.0	--
Total Credit		248.6	-1.9	3.7	250.4	11.7	11.5	12.0	10.0 - 14.0
LIBOR Multi Asset	Stone Harbor	40.7	-40.9	0.2	--	1.9	--	--	--
WPP Multi-Asset Credit	Russell	207.9	38.9	3.5	250.4	9.8	11.5	12.0	--
Total Hedge Funds		144.9	--	0.7	145.6	6.8	6.7	7.0	5.0 - 9.0
Hedge Funds	Man	144.4	--	0.8	145.2	6.8	6.7	7.0	5.0 - 9.0
Hedge Funds (Legacy)	Man	0.4	--	0.0	0.4	0.0	0.0	--	--
Total Tactical Allocation		222.1	0.0	8.9	231.0	10.5	10.6	11.0	9.0 - 13.0
Best Ideas	Various	222.1	0.0	8.9	231.0	10.5	10.6	11.0	9.0 - 13.0
Total Private Markets		532.9	-17.5	5.3	520.7	25.1	23.9	27.0	15.0 - 37.0
Property	Various	142.8	-9.1	-2.7	131.0	6.7	6.0	4.0	2.0 - 6.0
Private Equity	Various	169.7	-6.3	5.2	168.6	8.0	7.7	8.0	6.0 - 10.0
Local / Impact	Various	52.2	-4.1	2.6	50.8	2.5	2.3	4.0	0.0 - 6.0
Infrastructure	Various	99.5	3.4	-0.2	102.6	4.7	4.7	8.0	6.0 - 10.0
Private Credit	Various	51.5	-1.3	0.5	50.7	2.4	2.3	3.0	1.0 - 5.0
Timber/ Agriculture	Various	17.2	-0.2	0.0	17.1	0.8	0.8	--	--
Total CRMF		500.6	--	30.4	531.0	23.6	24.4	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	500.6	--	30.4	531.0	23.6	24.4	23.0	10.0 - 35.0
Cash		22.9	14.2	--	37.1	1.1	1.7	0.0	0.0 - 5.0
Cash		22.9	14.2	--	37.1	1.1	1.7	0.0	0.0 - 5.0

Source: Investment Managers and Mercer. Figures may not sum to total due to rounding.

Emerging Markets Core and Local valuations are converted from USD to GBP using closing price exchange rates. Hedged Funds (Legacy) valuation includes the Liongate portfolios.

Cashflows exclude the reinvestment of £0.2m to the WPP Global Opportunities fund and the reinvestment of £1.2m to the WPP Multi-Asset Credit fund managed by Russell over the quarter.

Manager Performance

	Investment Manager	2021 Q1 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		2.9	2.7	23.3	19.3	7.1	7.7
Total Equity		3.2	2.9	42.2	41.7	9.0	11.3
WPP Global Opportunities	Russell	6.4	4.1	42.2	41.6	--	--
World ESG Equity	BlackRock	4.1	4.1	--	--	--	--
Emerging Markets (Core)	Wellington	2.1	1.6	54.5	43.7	9.6	8.1
Emerging Markets (Local)	Wellington	0.1	1.9	42.8	45.6	4.2	9.6
Emerging Markets Equity	BlackRock	1.4	1.3	--	--	--	--
Total Credit		0.8	0.9	17.3	2.4	1.8	2.2
WPP Multi-Asset Credit	Russell	0.6	1.0	--	--	--	--
Total Hedge Funds		0.5	0.9	3.5	3.8	-1.2	4.1
Hedge Funds	Man	0.5	0.9	3.6	3.8	-0.4	4.1
Hedge Funds (Legacy)	Man	-3.1	0.9	-11.9	3.8	-43.5	4.1
Total Tactical Allocation		4.6	1.4	21.6	4.2	6.0	4.6
Best Ideas	Various	4.6	1.4	22.0	4.2	7.1	4.6
Total Private Markets		1.0	1.4	4.6	4.6	7.2	5.0
Property	Various	-1.9	2.2	1.2	2.6	4.9	2.7
Private Equity	Various	3.1	1.2	11.2	5.3	11.3	5.7
Local / Impact	Various	5.1	1.2	--	--	--	--
Infrastructure	Various	-0.3	1.2	-3.5	5.3	5.7	5.7
Private Credit	Various	0.9	1.8	-4.2	7.5	1.2	7.5
Timber/ Agriculture	Various	-0.1	1.2	-2.0	5.3	0.2	5.7
Total CRMF		6.1	6.1	52.4	52.4	12.7	12.7
Cash and Risk Management Framework (CRMF)	Insight	6.1	6.1	52.4	52.4	12.7	12.7

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters Datastream.

Performance benchmark for WPP Global Opportunities and Wellington Emerging Markets funds include an outperformance target.

Performance for hedge funds, best ideas and in-house portfolios has been calculated by Mercer. Private Credit benchmark was revised to Absolute Return 7.5% in Q4 2020 and for all preceding periods. For periods over one year the figures in the table above have been annualised. Prior to 30 September 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach.

Manager Ratings

Investment Manager	Asset Class	12m Perf	3yr Perf
Russell	WPP Global Opportunities	●	--
BlackRock	World ESG Equity	--	--
Wellington	Emerging Markets (Core)	●	●
Wellington	Emerging Markets (Local)	●	●
BlackRock	Emerging Markets Equity	--	--
Russell	WPP Multi-Asset Credit	--	--
Man	Hedge Funds	●	●
Various	Best Ideas	●	●
Various	Property	●	●
Various	Private Equity	●	●
Various	Local / Impact	--	--
Various	Infrastructure	●	●
Various	Private Credit	●	●
Various	Timber/ Agriculture	●	●
Insight	Cash and Risk Management Framework	●	●

	Active Funds , Target Specified	Active Funds , Target Not Specified	Passive Funds
●	Meets criteria Target or above performance	Benchmark or above performance	Within tolerance range
●	Partially meets criteria Benchmark or above performance, but below target	--	--
●	Does not meet criteria Below benchmark performance	Below benchmark performance	Outside tolerance range
●	Not applicable --	--	--

Appendix

Appendix A

Benchmarks

Name	Investment Manager	31/12/2020 B'mark (%)	Strategic Allocation (%)	Performance Benchmark
Total		100.0	100.0	-
Total (ex-CRMF)		77.0	77.0	-
Total Equity		20.0	20.0	Composite Weighted Index
WPP Global Opportunities	Russell	5.0	5.0	MSCI AC World (NDR) Index +2.0% p.a.
World ESG Equity	BlackRock	5.0	5.0	MSCI World ESG Focus Low Carbon Screened Midday Index
Emerging Markets (Core)	Wellington	3.0	3.0	MSCI Emerging Markets Index +1.0% p.a.
Emerging Markets (Local)	Wellington	3.0	3.0	MSCI Emerging Markets Index +2.0% p.a.
Emerging Markets Equity	BlackRock	4.0	4.0	MSCI Emerging Markets Index
Total Credit		12.0	12.0	Composite Weighted Index
LIBOR Multi Asset	Stone Harbor	2.0	--	1 Month LIBOR Index +1.0% p.a.
WPP Multi-Asset Credit	Russell	10.0	12.0	3 Month LIBOR Index +4.0% p.a.
Total Hedge Funds		7.0	7.0	3 Month LIBOR Index +3.5% p.a.
Hedge Funds	Man	7.0	7.0	3 Month LIBOR Index +3.5% p.a.
Hedge Funds (Legacy)	Man	--	--	3 Month LIBOR Index +3.5% p.a.
Total Tactical Allocation		11.0	11.0	UK Consumer Price Index +3.0% p.a.
Best Ideas	Various	11.0	11.0	UK Consumer Price Index +3.0% p.a.
Total Private Markets		27.0	27.0	Composite Weighted Index
Property	Various	4.0	4.0	MSCI UK Monthly Property Index
Private Equity	Various	8.0	8.0	3 Month LIBOR Index +5.0% p.a.
Local / Impact	Various	4.0	4.0	3 Month LIBOR Index +5.0% p.a.
Infrastructure	Various	8.0	8.0	3 Month LIBOR Index +5.0% p.a.
Private Credit	Various	3.0	3.0	Absolute Return Composite Weighted Index
Timber/ Agriculture	Various	--	--	3 Month LIBOR Index +5.0% p.a.
Total CRMF		23.0	23.0	Composite Liabilities & Synthetic Equity
Cash and Risk Management Framework (CRMF)	Insight	23.0	23.0	Composite Liabilities & Synthetic Equity

Private Credit benchmark was revised to Absolute Return 7.5% p.a. in Q4 2020 and for all preceding periods for performance calculation purposes.

Performance benchmark for WPP Global Opportunities and Wellington Emerging Markets funds include an outperformance target as shown. These managers are monitored against the benchmark and these outperformance targets.

Cash & Risk Management Framework benchmark is assumed equal to fund performance for calculation purposes.



Mercer Limited
1 Tower Place West
London
EC3R5BU
www.mercer.com

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