

Clwyd Pension Fund Monitoring Report Quarter to 31 March 2022

Kieran Harkin

May 2022



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- 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.

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Overview



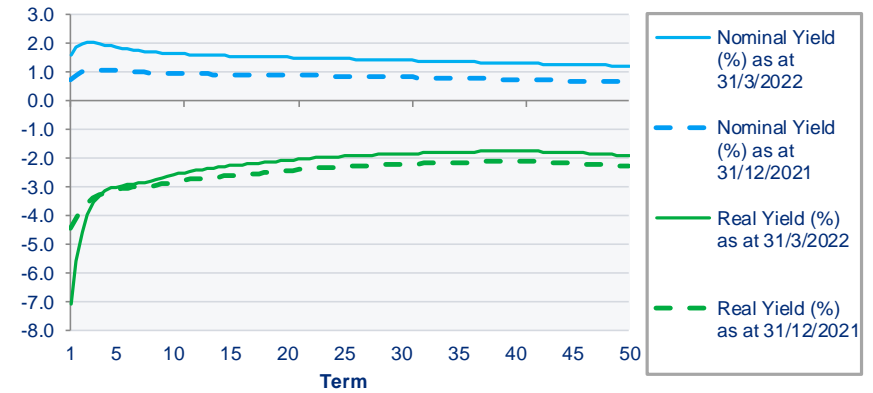
Executive Dashboard

Page 5	Asset Allocation	Page 9	Investment Performance
<p>Assets are broadly in line with their strategic target weights. Cash and Risk Management Framework remains slightly overweight (+2.5%), but within range. Total Private Markets continues to be marginally underweight (-3.0%), mainly due to the underweight allocations within Local/ Impact and Infrastructure; Infrastructure also remains outside of its guideline range.</p>	<p>Signal Previous Qtr  Current Qtr </p>	<p>The Fund returned -0.9% over the quarter against a benchmark of -1.0%. Over the 1 year and 3 year periods to 31 March 2022, the Fund returned 13.3% and 9.9% p.a. against a benchmark of 9.1% and 8.9% p.a., respectively.</p>	<p>Signal Previous Qtr  Current Qtr </p>
<p>Asset Allocation Infrastructure within private markets portfolio is outside the tolerance ranges. Plans are in place to bring Private Markets closer to target weights.</p>		<p>Performance vs Benchmark One year and three year performance is ahead of the strategic target and the actuarial past service and future service liabilities targets.</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 is due to have its triennial actuarial valuation as at 31 March 2022, following which the investment strategy review will be completed.</p>

Market Conditions

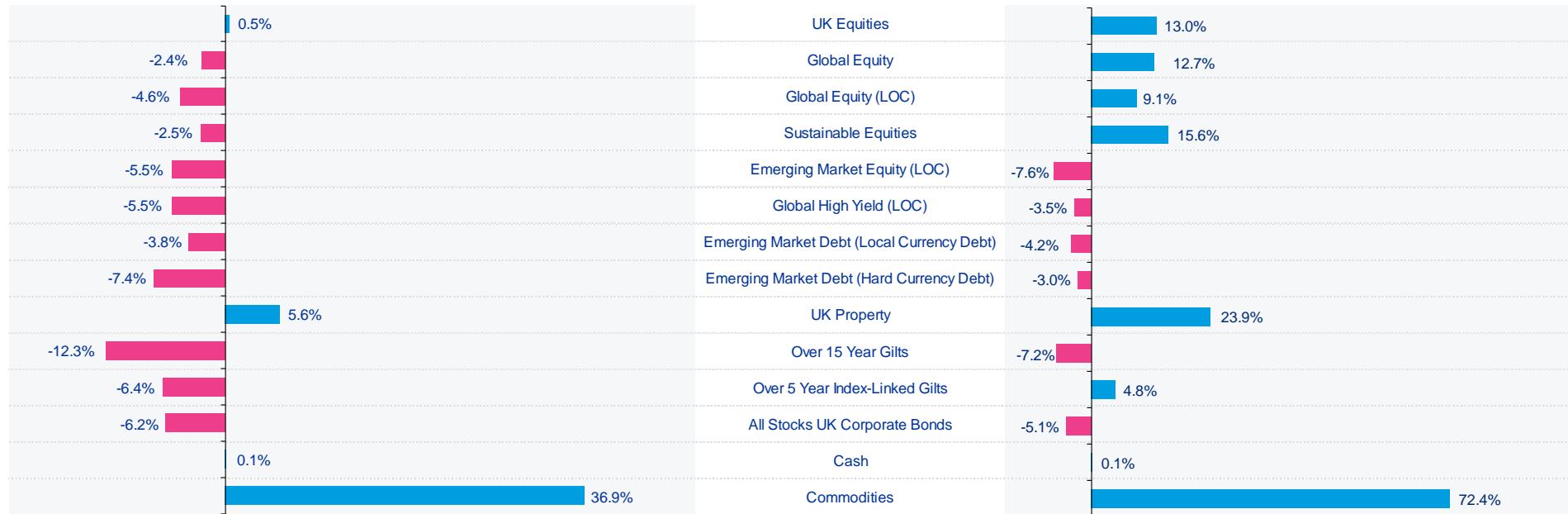
Yield / Spread	Values at (%)		Change (%)		
	31/03/2022	31/12/2021	3M	12M	3Y
Over 5Y Index-Linked Gilts Yield	-2.02	-2.36	0.35	0.04	-0.16
Over 15Y Fixed Interest Gilts Yield	1.74	1.09	0.64	0.41	0.26
Over 10 Year Non-Gilts Yield	3.11	2.25	0.84	0.74	0.31
Over 10 Year Non-Gilts Spread	1.34	1.14	0.20	0.17	-0.11

Exchange Rates	£1 is worth		Appreciation (%)		
	31/03/2022	31/12/2021	3M	12M	3Y p.a.
US Dollar (\$)	1.317	1.354	-2.79	-4.57	0.35
Euro (€)	1.183	1.191	-0.65	0.81	0.65
100 Japanese Yen (¥)	1.598	1.560	2.46	4.82	3.48



3 months to 31/03/2022

12 months to 31/03/2022



Source: Refinitiv. All returns are shown in sterling unless otherwise stated. Local currency returns (LOC) are an approximation of a currency hedged return.

Strategy Monitoring

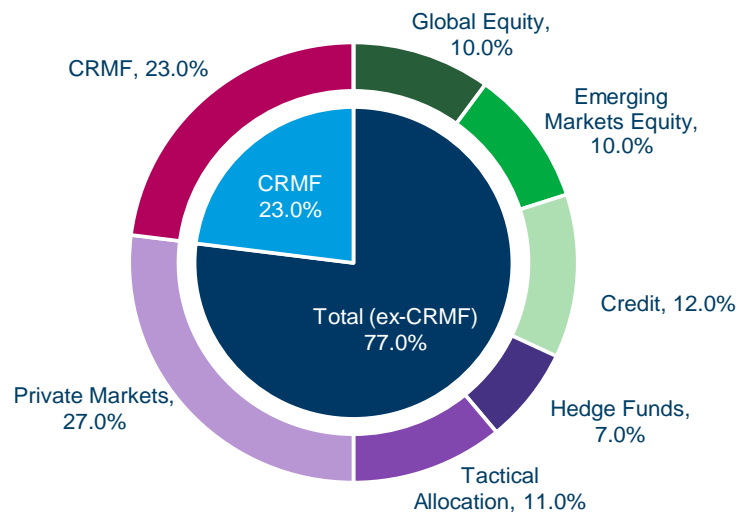


Asset Allocation

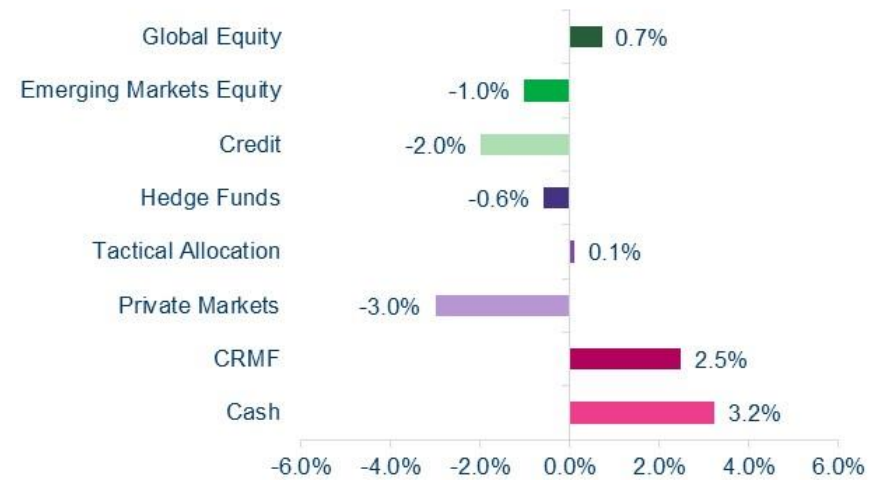
	31/12/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Total	2,484.6	-4.6	-23.0	2,457.1	100.0	100.0	100.0	--
Total (ex-CRMF)	1,742.1	-10.3	19.4	1,751.1	70.1	71.3	77.0	--
Total CRMF	668.6	-	-42.4	626.3	26.9	25.5	23.0	10.0 - 35.0
Cash	73.9	5.7	-	79.6	3.0	3.2	0.0	0.0 - 5.0

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

Benchmark Asset Allocation as at 31 March 2022



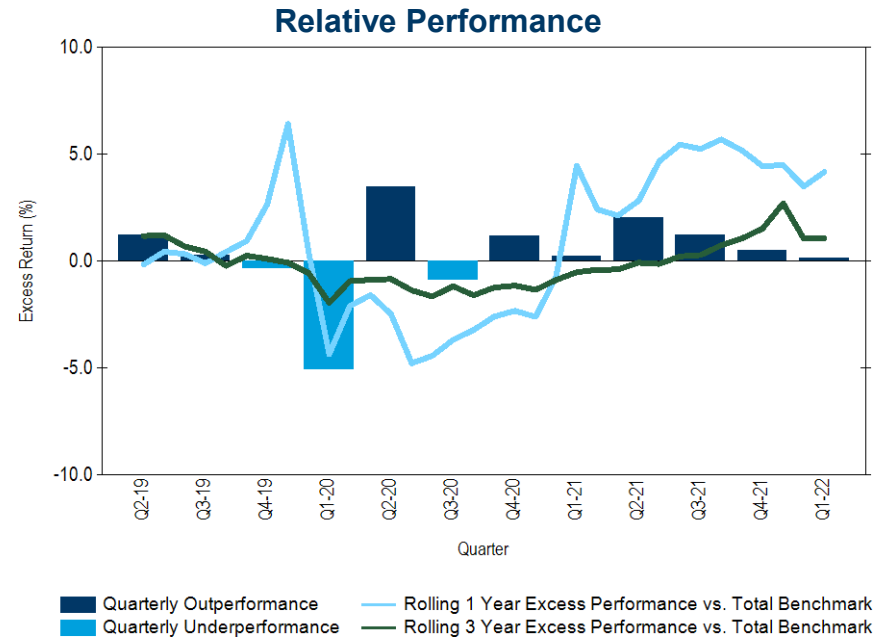
Deviation from Benchmark Asset Allocation



Investment Performance

	2022 Q1 (%)	1 Yr (%)	3 Yrs (%)
Total	-0.9	13.3	9.9
Total Benchmark	-1.0	9.1	8.9
Strategic Target (CPI +3.4% p.a.)	1.3	5.5	5.5
Actuarial Target - Past Service Liabilities (CPI +1.75% p.a.)	0.9	3.8	3.8
Actuarial Target - Future Service Liabilities (CPI + 2.25% p.a.)	1.1	4.3	4.3

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and Refinitiv. Strategic and Actuarial targets are derived from Mercer’s Market Forecasting Group assumptions (based on conditions at 31 December 2019). Current 10-year CPI assumption: 2.1% p.a. For periods over one year the figures in the table above have been annualised.



Investment Manager Summary



Manager Allocation

Asset Class	Investment Manager	31/12/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/03/2022 Market Value (£M)	31/12/2021 Allocation (%)	31/03/2022 Allocation (%)	31/03/2022 B'mark (%)	31/03/2022 B'mark Range (%)
Total		2,484.6	-4.6	-23.0	2,457.1	100.0	100.0	100.0	--
Total (ex-CRMF)		1,742.1	-10.3	19.4	1,751.1	70.1	71.3	77.0	--
Total Equity		500.1	-	-15.9	484.2	20.1	19.7	20.0	10.0 - 30.0
Global Equity		267.7	-	-4.3	263.4	10.8	10.7	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	131.6	-	-1.8	129.8	5.3	5.3	5.0	5.0 - 15.0
World ESG Equity	BlackRock	136.1	-	-2.5	133.6	5.5	5.4	5.0	5.0 - 15.0
Emerging Markets Equity		232.4	-	-11.6	220.8	9.4	9.0	10.0	5.0 - 15.0
Emerging Markets Equity	Russell	232.4	-	-11.6	220.8	9.4	9.0	10.0	5.0 - 15.0
Total Credit		255.6	-	-9.6	246.0	10.3	10.0	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	255.6	-	-9.6	246.0	10.3	10.0	12.0	10.0 - 14.0
Total Hedge Funds		157.3	-	0.7	158.0	6.3	6.4	7.0	5.0 - 9.0
Total Hedge Funds	Man	157.3	-	0.7	158.0	6.3	6.4	7.0	5.0 - 9.0
Total Tactical Allocation		253.4	-	19.7	273.1	10.2	11.1	11.0	9.0 - 13.0
Best Ideas	Various	253.4	-	19.7	273.1	10.2	11.1	11.0	9.0 - 13.0
Total Private Markets		575.7	-10.3	24.5	589.8	23.2	24.0	27.0	15.0 - 37.0
Property	Various	141.2	-2.0	7.1	146.3	5.7	6.0	4.0	2.0 - 6.0
Private Equity	Various	192.7	-8.3	9.4	193.8	7.8	7.9	8.0	6.0 - 10.0
Local / Impact	Various	66.2	-0.6	1.5	67.1	2.7	2.7	4.0	0.0 - 6.0
Infrastructure	Various	111.8	1.2	5.3	118.2	4.5	4.8	8.0	6.0 - 10.0
Private Credit	Various	51.4	-0.4	0.8	51.8	2.1	2.1	3.0	1.0 - 5.0
Timber/ Agriculture	Various	12.4	-0.2	0.3	12.5	0.5	0.5	--	--
Total CRMF		668.6	-	-42.4	626.3	26.9	25.5	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	668.6	-	-42.4	626.3	26.9	25.5	23.0	10.0 - 35.0
Cash		73.9	5.7	-	79.6	3.0	3.2	0.0	0.0 - 5.0
Cash		73.9	5.7	-	79.6	3.0	3.2	0.0	0.0 - 5.0

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

Net cashflows exclude the reinvestment of income.

Hedge Funds valuation includes the legacy Liongate portfolio.

Manager Performance

Asset Class	Investment Manager	2022 Q1 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		-0.9	-1.0	13.3	9.1	9.9	8.9
Total Equity		-3.1	-2.9	2.3	4.9	9.1	11.0
WPP Global Opportunities	Russell	-1.4	-2.2	11.0	14.6	14.5	15.6
World ESG Equity	BlackRock	-1.8	-1.9	16.8	16.5	--	--
Emerging Markets Equity	Russell	-4.9	-3.9	--	--	--	--
Total Credit		-3.8	1.1	-2.1	4.1	1.9	2.9
WPP Multi-Asset Credit	Russell	-3.8	1.1	-2.1	4.1	--	--
Total Hedge Funds		0.4	1.0	8.5	3.6	4.4	3.9
Hedge Funds	Man	0.4	1.0	8.5	3.6	4.4	3.9
Total Tactical Allocation		8.1	2.5	20.3	8.8	11.5	5.8
Best Ideas	Various	8.1	2.5	20.3	8.8	12.0	5.8
Total Private Markets		4.3	2.0	26.4	8.0	11.0	5.8
Property	Various	5.0	5.6	16.9	23.9	7.0	8.4
Private Equity	Various	4.9	1.3	36.0	5.1	17.3	5.4
Local / Impact	Various	2.3	1.3	40.3	5.1	--	--
Infrastructure	Various	4.7	1.3	22.3	5.1	6.2	5.4
Private Credit	Various	1.6	1.8	18.1	7.5	4.4	7.5
Timber/ Agriculture	Various	2.6	1.3	6.1	5.1	0.9	5.4
Total CRMF		-6.3	-6.3	17.9	17.9	16.0	16.0
Cash and Risk Management Framework (CRMF)	Insight	-6.3	-6.3	17.9	17.9	16.0	16.0

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

For periods over one year the figures in the table above have been annualised.

Prior to 30 November 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach.

Total hedge funds performance includes performance of the legacy Liongate portfolio.

Performance benchmark for Russell WPP Global Opportunities and Russell Emerging Markets portfolios include an outperformance target.

Performance for hedge funds, best ideas and private markets portfolios has been estimated by Mercer.

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

Manager Ratings

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

	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

4

Appendix A

Benchmarks

Name	Investment Manager	B'mark (%)	Performance Benchmark
Total		100.0	-
Total (ex-CRMF)		77.0	-
Total Equity		20.0	Composite Weighted Index
WPP Global Opportunities	Russell	5.0	MSCI AC World (NDR) Index +2.0% p.a.
World ESG Equity	BlackRock	5.0	MSCI World ESG Focus Low Carbon Screened Midday Index
Emerging Markets Equity	Russell	10.0	MSCI Emerging Markets Index +1.5% p.a.
Total Credit		12.0	SONIA +4.0% p.a.
WPP Multi-Asset Credit	Russell	12.0	SONIA +4.0% p.a.
Total Hedge Funds		7.0	SONIA +3.5% p.a.
Hedge Funds	Man	7.0	SONIA +3.5% p.a.
Total Tactical Allocation		11.0	UK Consumer Price Index +3.0% p.a.
Best Ideas	Various	11.0	UK Consumer Price Index +3.0% p.a.
Total Private Markets		27.0	Composite Weighted Index
Property	Various	4.0	MSCI UK Monthly Property Index
Private Equity	Various	8.0	SONIA +5.0% p.a.
Local / Impact	Various	4.0	SONIA +5.0% p.a.
Infrastructure	Various	8.0	SONIA +5.0% p.a.
Private Credit	Various	3.0	Absolute Return +7.5% p.a.
Timber/ Agriculture	Various	--	SONIA +5.0% p.a.
Total CRMF		23.0	Composite Liabilities & Synthetic Equity
Cash and Risk Management Framework (CRMF)	Insight	23.0	Composite Liabilities & Synthetic Equity

Figures may not sum to total due to rounding.

Performance benchmark for WPP Global Opportunities and Russell Emerging Markets portfolios include an outperformance target.

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

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

LIBID/LIBOR were discontinued on 31 December 2021. SONIA used from 31 December 2021 onwards.



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