

Clwyd Pension Fund Monitoring Report Quarter to 30 June 2023

Steve Turner

August 2023



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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.

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Overview

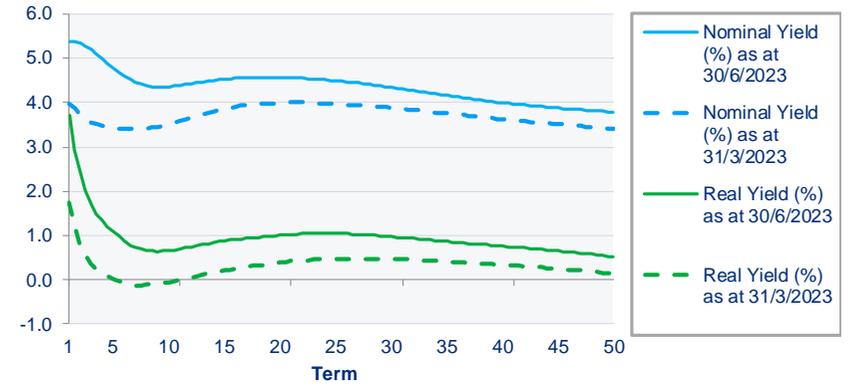


Executive Dashboard

Page 7	Asset Allocation		Page 8	Investment Performance	
<p>Cash and Risk Management Framework, Hedge Funds and Property are the most overweight funds (6.1%, 2.0% and 1.9%, respectively) but within ranges. WPP Sustainable Active Equity, Infrastructure and Local / Impact are the most underweight funds (-6.3%, -1.9% and -1.8%, respectively). Both Infrastructure and Local / Impact are within ranges.</p>	<p>Signal Previous Qtr  Current Qtr </p>		<p>The Fund returned 0.3% over the quarter against a benchmark of 1.7%. Over the one year and three year periods to 30 June 2023, the Fund returned 1.4% and 6.0% p.a. against a benchmark of 3.7% and 5.7% p.a., respectively.</p>	<p>Signal Previous Qtr  Current Qtr </p>	
<p>Asset Allocation vs Ranges WPP Sustainable Active Equity is outside its range. A plan is now being finalised to increase the Fund’s exposure towards the agreed 15% target.</p>			<p>Performance vs Target The one year and three year performance is behind the strategic target and the actuarial past service and future service liabilities targets.</p>		
Page 13	Manager Research		Additional Comments		
<p>No significant news to report over the quarter.</p>		<p>Signal Previous Qtr  Current Qtr </p>	<p>In March 2023, the Committee agreed to the revised investment strategy, in this performance report we have updated the strategic asset allocation of the Fund. The Fund moved its existing global equity holdings from the WPP Global Opportunities Fund into the WPP Sustainable Active Equity Fund. A further £65m from excess cash was also invested into the strategy.</p>		

Market Conditions

Yield / Spread	Values at (%)		Change (%)		
	30/06/2023	31/03/2023	3M	12M	3Y
Over 5Y Index-Linked Gilts Yield	0.84	0.26	0.58	1.66	3.31
Over 15Y Fixed Interest Gilts Yield	4.36	3.79	0.55	1.76	3.76
Over 10 Year Non-Gilts Yield	5.96	5.35	0.58	1.59	3.80
Over 10 Year Non-Gilts Spread	1.42	1.56	-0.14	-0.32	-0.19
Exchange Rates	£1 is worth		Appreciation (%)		
Exchange Rates	30/06/2023	31/03/2023	3M	12M	3Y
US Dollar (\$)	1.271	1.236	2.82	4.69	0.96
Euro (€)	1.165	1.138	2.39	0.31	1.94
100 Japanese Yen (¥)	1.838	1.646	11.66	11.37	11.30



3 months to 30/06/2023

12 months to 30/06/2023



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

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Strategy Monitoring

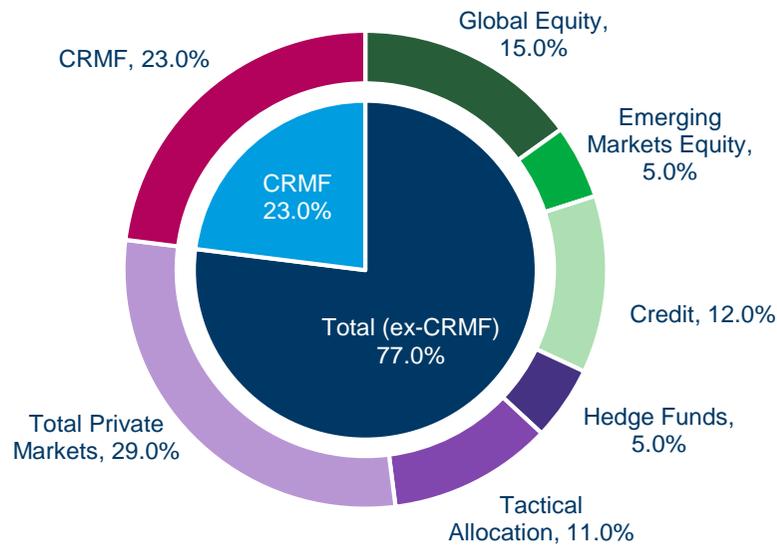


Asset Allocation

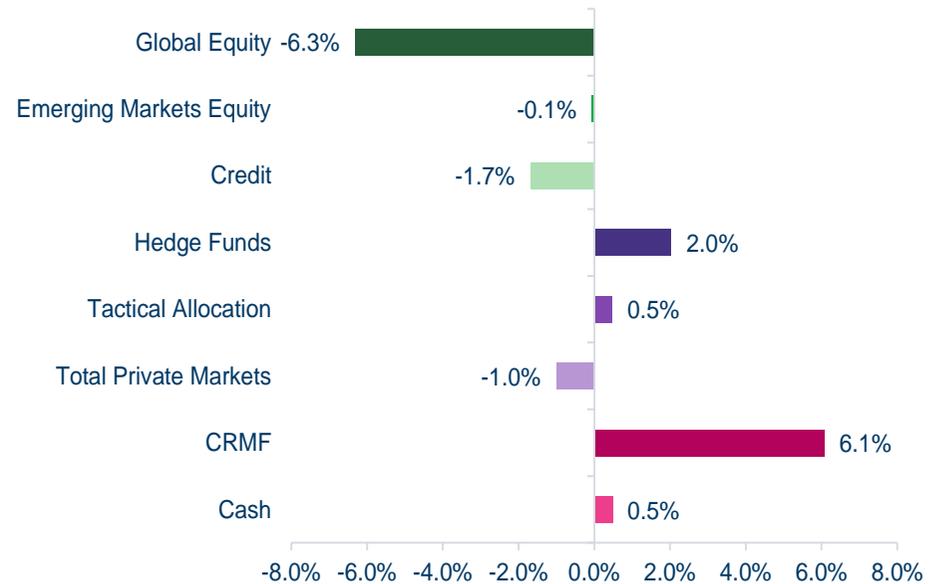
	31/03/2023 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Total	2,289.2	-9.5	6.6	2,286.3	100.0	100.0	100.0	--
Total (ex-CRMF)	1,526.7	77.9	6.1	1,595.7	66.7	70.5	77.0	--
Total CRMF	664.2	--	0.5	664.7	29.0	29.1	23.0	10.0 - 35.0
Cash	98.3	-87.4	0.0	10.9	4.3	0.5	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 30 June 2023



Deviation from Benchmark Asset Allocation

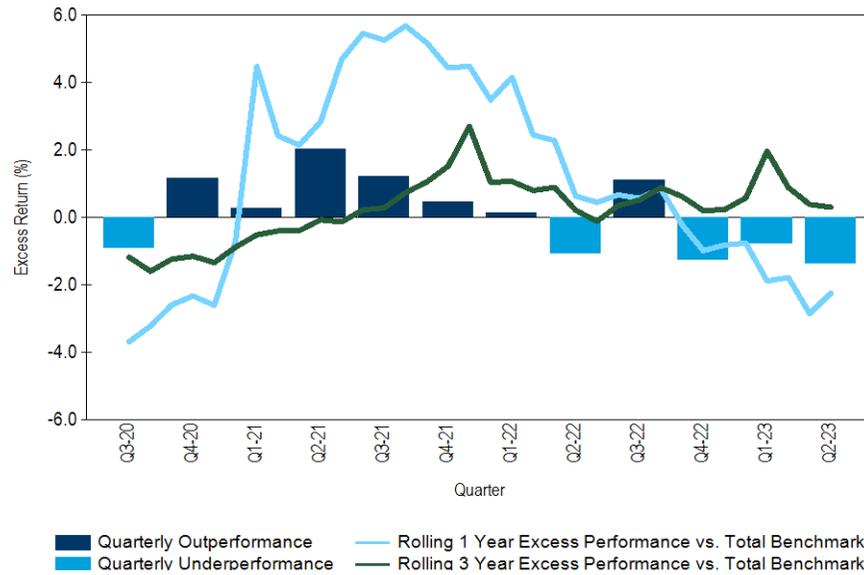


Investment Performance

	2023 Q2 (%)	1 Yr (%)	3 Yrs (% p.a.)	5 Yrs (% p.a.)
Total	0.3	1.4	6.0	4.8
Total Benchmark	1.7	3.7	5.7	5.2
Strategic Target (CPI +2.7% p.a.)	2.7	11.4	10.1	7.9
Actuarial Target - Past Service Liabilities (CPI +1.5% p.a.)	2.4	9.8	8.4	6.2
Actuarial Target - Future Service Liabilities (CPI + 2.0% p.a.)	2.5	10.3	8.9	6.8

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 realised CPI over the corresponding periods. Prior to Q2 2022, CPI was based on Mercer’s Market Forecasting Group assumptions. For periods over one year the figures in the table above have been annualised. The Actuarial Target set out above is based on the real discount rate agreed at the last actuarial valuation effective 31 March 2022. In practice the Actuary’s discount rate has changed since the valuation date and this is taken into account in the ongoing monitoring of the funding position

Relative Performance



Investment Manager Summary



Manager Allocation

	Investment Manager	31/03/2023 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/Decline (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Total		2,289.2	-9.5	6.6	2,286.3	100.0	100.0	100.0	--
Total (ex-CRMF)		1,526.7	77.9	6.1	1,610.7	66.7	70.5	77.0	--
Total Equity		245.7	65.0	0.9	311.6	10.7	13.6	20.0	10.0 - 30.0
Global Equity		130.0	65.0	3.7	198.7	5.7	8.7	15.0	10.0 - 20.0
WPP Global Opportunities	Russell	130.0	-132.8	2.8	--	5.7	--	--	--
WPP Sustainable Active Equity	Russell	--	197.8	0.9	198.7	--	8.7	15.0	10.0 -- 20.0
Emerging Markets Equity		115.7	--	-2.8	112.9	5.1	4.9	5.0	2.5 – 7.5
WPP Emerging Markets Equity	Russell	115.7	--	-2.8	112.9	5.1	4.9	5.0	2.5 – 7.5
Total Credit		230.7	--	5.1	235.8	10.1	10.3	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	230.7	--	5.1	235.8	10.1	10.3	12.0	10.0 – 14.0
Total Hedge Funds		159.3	--	1.5	160.8	7.0	7.0	5.0	2.5 – 7.5
Hedge Funds	Man	159.3	--	1.5	160.8	7.0	7.0	5.0	2.5 – 7.5
Total Tactical Allocation		262.5	-1.7	1.5	262.3	11.5	11.5	11.0	9.0 - 13.0
Best Ideas	Various	262.5	-1.7	1.5	262.3	11.5	11.5	11.0	9.0 - 13.0
Total Private Markets		628.5	14.6	-2.9	640.1	27.5	28.0	29.0	15.0 – 37.0
Private Markets		628.5	11.0	-2.9	636.5	27.5	27.8	29.0	--
WPP Private Markets		--	3.6	0.0	3.6	--	0.2	--	--
Property	Various	135.7	1.8	-3.0	134.5	5.9	5.9	4.0	2.0 - 6.0
Private Equity	Various	201.1	0.7	-1.3	200.5	8.8	8.8	8.0	6.0 - 10.0
Local / Impact	Various	90.1	3.5	2.5	96.1	3.9	4.2	6.0	4.0 – 8.0
Private Credit	Various	60.6	-2.8	0.5	58.3	2.6	2.6	3.0	1.0 - 5.0
Timber/ Agriculture	Various	11.9	0.0	-0.2	11.7	0.5	0.5	--	--
Total Infrastructure		129.0	11.5	-1.5	139.0	5.6	6.1	8.0	6.0 - 10.0
Infrastructure	Various	129.0	7.9	-1.5	135.4	5.6	5.9	8.0	6.0 - 10.0
WPP Infrastructure	Various	--	3.6	0.0	3.6	--	0.2	--	--

	Investment Manager	31/03/2023 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	30/06/2023 Market Value (£M)	31/03/2023 Allocation (%)	30/06/2023 Allocation (%)	30/06/2023 B'mark (%)	30/06/2023 B'mark Range (%)
Total CRMF		664.2	--	0.5	664.7	29.0	29.1	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	664.2	--	0.5	664.7	29.0	29.1	23.0	10.0 - 35.0
Cash		98.3	-87.4	0.0	10.9	4.3	0.5	0.0	0.0 - 5.0
Cash		98.3	-87.4	0.0	10.9	4.3	0.5	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 (Legacy) valuation includes the Liongate portfolios.

Manager Performance

	Investment Manager	2023 Q2 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)	5 Yrs (%)	B'mark (%)
Total		0.3	1.7	1.4	3.7	6.0	5.7	4.8	5.2
Total Equity		0.5	1.6	5.8	6.4	5.8	7.6	4.8	6.9
WPP Sustainable Active Equity	Russell	0.5	1.0	--	--	--	--	--	--
WPP Emerging Markets Equity	Russell	-2.4	-1.5	1.1	-1.3	--	--	--	--
Total Credit		2.2	2.1	4.6	7.3	0.8	4.9	0.5	3.7
WPP Multi-Asset Credit	Russell	2.2	2.1	4.6	7.3	--	--	--	--
Total Hedge Funds		1.0	2.0	1.5	6.7	4.7	4.7	1.4	4.6
Hedge Funds	Man	1.0	2.0	1.5	6.7	4.7	4.7	1.4	4.6
Total Tactical Allocation		0.6	2.8	1.2	11.2	9.2	9.4	6.3	7.4
Best Ideas	Various	0.6	2.8	1.3	11.2	9.1	9.0	6.7	7.1
Total Private Markets		-0.5	2.1	1.7	4.1	11.9	6.0	10.0	5.5
Private Markets		-0.5	2.1	1.7	4.1	11.9	6.0	10.0	5.5
WPP Private Markets		0.0	0.0	--	--	--	--	--	--
Private Equity	Various	-0.6	2.3	4.8	8.3	17.8	6.2	14.9	6.1
Property	Various	-2.2	1.0	-12.8	-16.9	1.5	3.9	2.9	2.5
Local / Impact	Various	2.7	2.3	12.5	8.3	--	--	--	--
Private Credit	Various	0.9	1.8	-1.0	7.5	6.5	7.5	5.4	7.5
Timber/ Agriculture	Various	-1.3	2.3	10.2	8.3	7.5	6.2	5.4	6.1
Total Infrastructure		-1.0	2.3	7.9	8.3	10.5	6.2	9.1	6.1
Infrastructure	Various	-1.1	2.3	7.9	8.3	10.5	6.2	9.1	6.1
WPP Infrastructure	Various	0.0	0.0	--	--	--	--	--	--
Total CRMF		0.1	0.1	-12.2	-12.2	-1.1	-1.1	0.6	0.6
Cash and Risk Management Framework (CRMF)	Insight	0.1	0.1	-12.2	-12.2	-1.1	-1.1	0.6	0.6

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.

Russell Emerging Markets portfolio benchmark performance includes the outperformance target.

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

Hedge funds, Best Ideas and Private Markets portfolios performance 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.

Sustainable Active Equity performance shown represents the partial period return since inception date (20 June 2023) estimated with unit prices

Manager Ratings

Asset Class	Investment Manager	12m Perf	3yr Perf
WPP Sustainable Active Equity	Russell	--	--
WPP Emerging Markets Equity	Russell	●	--
WPP Multi-Asset Credit	Russell	●	--
Hedge Funds	Man	●	●
Best Ideas	Various	●	●
Private Equity	Various	●	●
Property	Various	●	●
Local / Impact	Various	●	--
Private Credit	Various	●	●
Timber / Agriculture	Various	●	●
Infrastructure	Various	●	●
WPP Infrastructure	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	31/03/23 B'mark (%)	30/06/23 B'mark (%)	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	10.0	--	MSCI AC World (NDR) Index +2.0% p.a.
WPP Sustainable Active Equity	Russel	--	15.0	MSCI AC World (NDR) Index +2.0% p.a.
WPP Emerging Markets Equity	Russell	10.0	5.0	MSCI Emerging Markets Index + 1.5%
Total Credit		12.0	12.0	SONIA +4.0% p.a.
WPP Multi-Asset Credit	Russell	12.0	12.0	SONIA +4.0% p.a.
Total Hedge Funds		7.0	5.0	SONIA +3.5% p.a.
Hedge Funds	Man	7.0	5.0	SONIA +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	29.0	Composite Weighted Index
Property	Various	4.0	4.0	MSCI UK Monthly Property Index
Private Equity	Various	8.0	8.0	SONIA +5.0% p.a.
Local / Impact	Various	4.0	6.0	SONIA +5.0% p.a.
Private Credit	Various	3.0	3.0	Absolute Return +7.5% p.a.
Timber/ Agriculture	Various	--	--	SONIA +5.0% p.a.
Infrastructure	Various	8.0	8.0	SONIA +5.0% p.a.
WPP Infrastructure	Various	--	--	SONIA +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

Figures may not sum to total due to rounding.

Performance benchmark for WPP Global Opportunities and Russell Emerging Markets portfolios include the 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.



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