

Appendix 1

Extract from Clwyd Pension Fund Investment Strategy Statement

The table below shows the expected risk and return figures that were utilised for each asset class in the 2016/17 strategic review:

Asset Class	Expected return above inflation p.a. *	Expected Risk (Volatility) p.a. **
Developed Global Equity	+4.5%	14%
Emerging Market Equity	+5.5%	20%
Credit Portfolio	2.1%	6%
<i>Multi-Asset Credit (liquid)</i>	+1.8%	5%
<i>Private Credit (illiquid)</i>	+3.5%	12%
Real Assets Portfolio	4.9%	11%
<i>Property</i>	4.0%	5%
<i>Infrastructure</i>	5.3%	14%
Private Markets	+6.5%	28%
Tactical Portfolio	+3.6%	9%
<i>Diversified Growth</i>	+4.2%	9%
<i>Best Ideas **</i>	+3.0%	9%
Managed Account ***	+4.0%	6%
Liability Hedging	+4.5%	15%

* Expected return is expressed as an excess long-term return over Inflation (measured by CPI) to reflect the extra risk being taken, excluding active management. This is based on JLT Market Forecast as at the date of the 2016 strategic review. CPI is used as the basis for expected returns as they are a proxy for valuing the liabilities.

** Expected risk is based on 10 year historic returns and volatility

*** The managed account includes allocations to Managed Futures and Hedge Funds