

## CLWYD PENSION FUND COMMITTEE

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| <b>Date of Meeting</b> | Wednesday, 19 June 2024                   |
| <b>Report Subject</b>  | Funding and Investment Performance Update |
| <b>Report Author</b>   | Graduate Investment Officer               |

### EXECUTIVE SUMMARY

The purpose of this report is to provide members with a summary of the Fund's financial position as at 31 March 2024. Additionally, it aims to highlight any key Funding and Investment developments since the last meeting.

A more detailed update on the Fund's funding position and investments to June 2024 will be presented at the next Committee meeting in September. The Fund's Annual Report and Accounts will also include further details on Funding and Investment as at the 31 March 2024.

### RECOMMENDATIONS

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| 1. | That the Committee consider and note the update.  |
| 2. | That the Committee provide feedback on the contents and format of the new summary report. |

### REPORT DETAILS

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| <b>1.00</b> | <b>FUNDING AND INVESTMENT UPDATE</b>   |
| 1.01        | <p>Appendix 1 details the Fund's financial position as at 31 March 2024 and covers the following areas:</p> <ul style="list-style-type: none"> <li>• An update of the current Business Plan for 2024/25</li> <li>• An update on the Fund's risks</li> <li>• A summary of the Funding and Investment performance</li> <li>• WPP update</li> <li>• Delegated actions taken by officers including Total Fund Rebalancing, Tactical Asset Portfolio, and Private Market Investments</li> </ul> |
| <b>2.00</b> | <b>RESOURCE IMPLICATIONS</b>   |
| 2.01        | None.  |

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| <b>3.00</b> | <b>CONSULTATIONS REQUIRED / CARRIED OUT</b> |
| 3.01        | None.                                       |

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| <b>4.00</b> | <b>RISK MANAGEMENT</b>  |
| 4.01        | <p>The funding level trigger of 110% was breached in February 2024. An action plan for de-risking the Fund's investment strategy was agreed at the March Committee and actioned by the end of March, leading to a 10% reduction in the Fund's synthetic equity exposure.</p> <p>There have been no other material changes to the Funding and Investment risks since the last meeting.</p> <p>The Risk Register is being updated in light of the new risk management policy agreed in March 2024 and will be brought to the September Committee.</p> |

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| <b>5.00</b> | <b>APPENDICES</b>                           |
| 5.01        | Appendix 1 – Funding and Investment Summary |

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| <b>6.00</b> | <b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>   |
| 6.01        | <ul style="list-style-type: none"> <li>• Economic and Market Update – 31 March 2024</li> <li>• Performance Monitoring Report – 31 March 2024</li> <li>• Monthly Monitoring Report – 31 March 2024</li> </ul> <p><b>Contact Officer:</b> leuan Hughes, Graduate Investment Officer<br/> <b>E-mail:</b> leuan.Hughes@flintshire.gov.uk</p> |

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|-------------|---|
| <b>7.00</b> | <b>GLOSSARY OF TERMS</b>  |
| 7.01        | <p>A list of commonly used terms are as follows:</p> <p>(a) <b>Clwyd Pension Fund (the “Fund”)</b> – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region.</p> <p>(b) <b>Clwyd Pension Fund Committee (the “Committee”)</b> - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund.</p> <p>(c) <b>Risk Management Framework</b> - The Risk Management Framework, a combination of Liability Driven Investment (LDI) synthetic equity instruments and cash plus funds (allocated to for collateral management efficiency), is managed as part of a risk management approach.</p> <p>(d) <b>TPR LDI Guidance</b> – Guidance issued by the Pensions Regulator in April 2023 covering the use of leveraged liability-driven investment by pension schemes<br/> <a href="https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-">https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-</a></p> |

[guidance/liability-driven-investment](#))

- (e) **Vanilla/unhedged Synthetic Equity** – Derivative contracts that enable the Fund to gain exposure to broad equity markets with no embedded equity protection. The change in value of vanilla contracts is perfectly correlated to the change in the value of broad equity market indices.
- (f) **Yield (Gross Redemption Yield)** – The return expected from a bond if held to maturity. It is calculated by finding the rate of return that equates the current market price to the value of future cash flows.

A full glossary of Investments terms can be accessed via the following link.  
<https://www.schroders.com/en/global/individual/investment-glossary/>