

Clwyd Pension Fund
Monitoring Report
Quarter to
30 June 2021

Nick Buckland

August 2021



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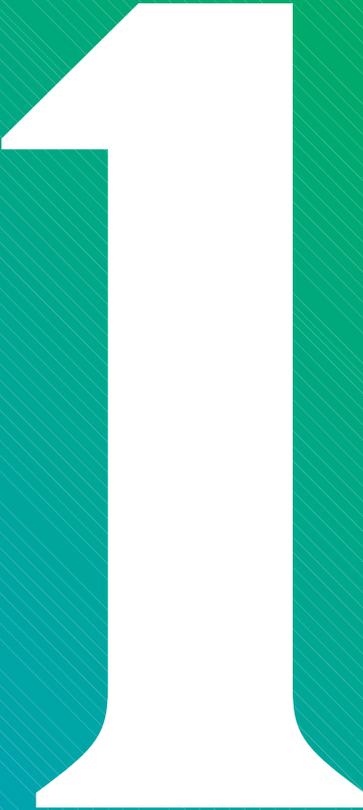
- The value of investments can go down as well as up and you may not get back the amount you have invested. In addition investments denominated in a foreign currency will fluctuate with the value of the currency.
- The valuation of investments in property based portfolios, including forestry, is generally a matter of a valuer's opinion, rather than fact.
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- 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.

Nick Buckland

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Overview



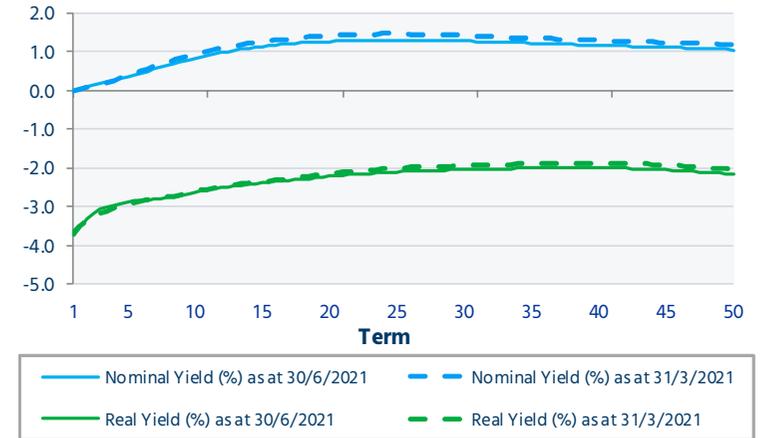
Executive Dashboard

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 above weight (24.9%) but within range. Total Private Markets continues to be marginally underweight (23.4%) largely due to the underweight allocation to Infrastructure, Local/Impact and Private Credit; all of which are within guideline ranges.</p>		<p>Signal Previous Qtr ● Current Qtr ●</p>	<p>The Fund returned 6.4% over the quarter against a target of 4.4%. Over the 1 year and 3 year period to 30 June 2021, the Fund returned 19.0% and 8.1% against a target of 16.6% and 8.3%, respectively.</p>		<p>Signal Previous Qtr ● Current Qtr ●</p>
<p>Asset Allocation Within acceptable 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 continues to work with the Wales Pension Partnership (WPP) with a view to transitioning Emerging Markets equity assets during 2021/22.</p>		

Market Conditions

Change in Yields	Yields at (%)		Change in Yields (%)		
	30 Jun 21	31 Mar 21	3 Months	12 Months	3 Years
Over 5 Year Index-Linked Gilts	-2.16	-2.06	-0.10	0.02	-0.58
Over 15 Year Fixed Interest Gilts	1.18	1.32	-0.14	0.60	-0.48
Over 10 Year Non-Gilts	2.25	2.45	-0.19	0.03	-0.89

Exchange Rates	£1 is worth		£ Appreciation		
	30 Jun 21	31 Mar 21	3 Months %	12 Months %	3 Years % p.a.
US Dollar (\$)	1.381	1.380	0.1	11.8	1.5
Euro (€)	1.165	1.174	-0.8	5.9	1.0
100 Japanese Yen (¥)	1.533	1.525	0.6	15.0	1.6



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

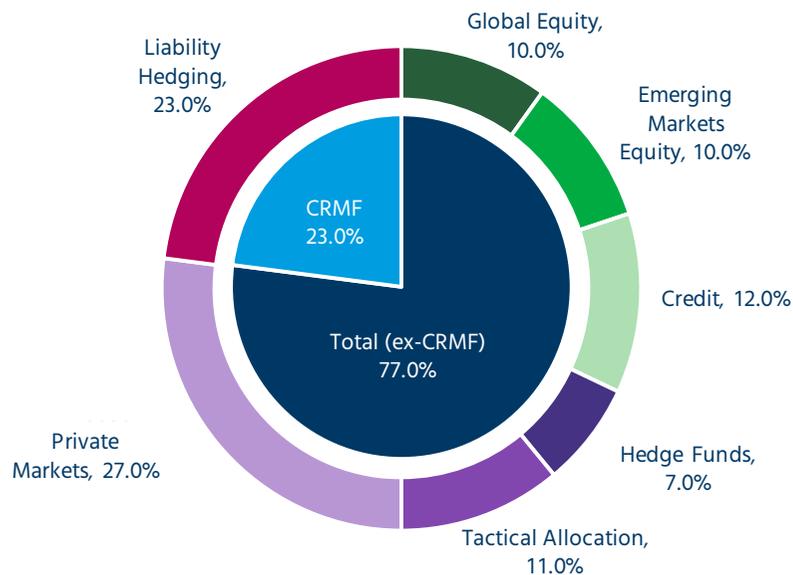
	31/03/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	30/06/2021 Market Value (£M)	31/03/2021 Allocation (%)	30/06/2021 Allocation (%)	30/06/2021 B'mark (%)	30/06/2021 B'mark Range (%)
Total	2,179.0	8.3	139.1	2,326.4	100.0	100.0	100.0	--
Total (ex-CRMF)	1,610.9	-15.3	89.9	1,685.5	73.9	72.5	77.0	--
Total CRMF	531.0	--	49.2	580.2	24.4	24.9	23.0	10.0 - 35.0
Cash	37.1	23.6	0.0	60.7	1.7	2.6	0.0	0.0 - 5.0

Source: Investment Managers and Mercer.

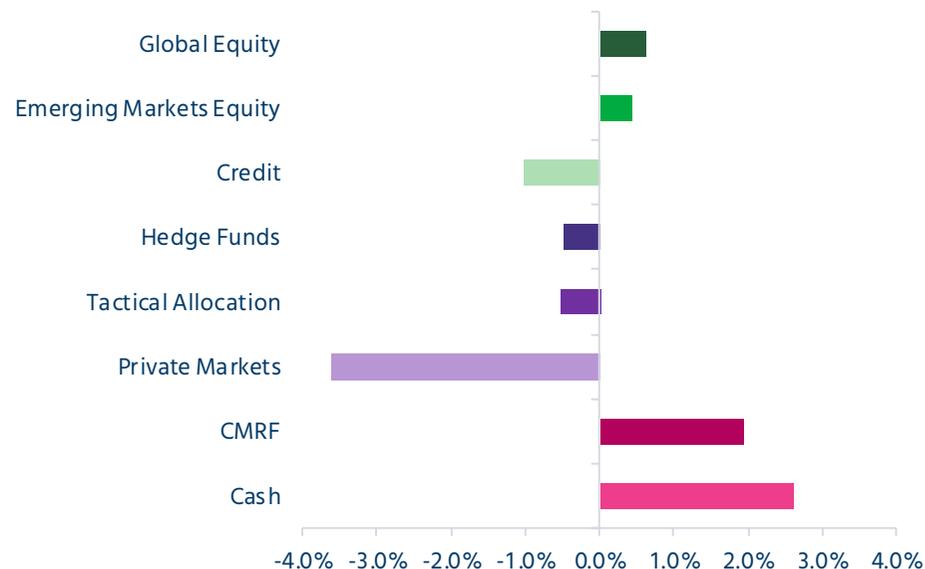
Figures may not sum to total due to rounding. 'CRMF' refers to the Cash and Risk Management Framework.

Benchmark allocation shown is the current strategic allocation.

Benchmark Asset Allocation as at 30 June 2021



Deviation from Benchmark Asset Allocation

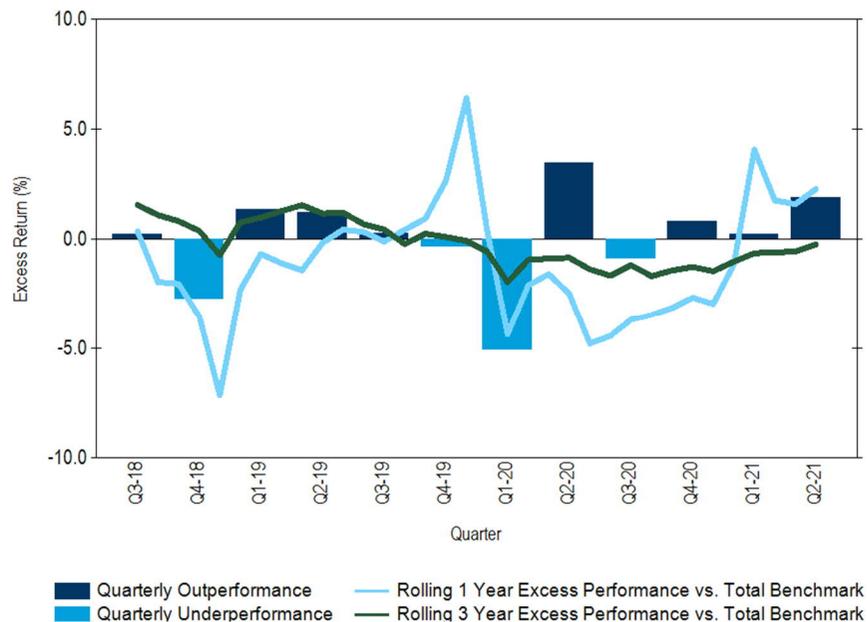


Investment Performance

	2021 Q2 (%)	1 Yr (%)	3 Yrs (%)
Total	6.4	19.0	8.1
Total Benchmark	4.4	16.6	8.3
Strategic Target (CPI +3.4% p.a.)	1.4	5.5	5.5
Actuarial Target – Past Service Liabilities (CPI +1.75% p.a.)	1.0	3.9	3.9
Actuarial Target – Future Service Liabilities (CPI +2.25% p.a.)	1.1	4.4	4.4

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

Relative Performance



Investment Manager Summary



Manager Allocation

	Investment Manager	31/03/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	30/06/2021 Market Value (£M)	31/03/2021 Allocation (%)	30/06/2021 Allocation (%)	30/06/2021 B'mark (%)	30/06/2021 B'mark Range (%)
Total		2,179.0	8.3	139.1	2,326.4	100.0	100.0	100.0	--
Total (ex-CRMF)		1,610.9	-15.3	89.9	1,685.5	73.9	72.5	77.0	--
Total Equity		463.2	--	27.0	490.2	21.3	21.1	20.0	10.0 - 30.0
Global Equity		231.4	--	15.8	247.2	10.6	10.6	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	117.1	--	7.5	124.5	5.4	5.4	5.0	--
World ESG Equity	BlackRock	114.3	--	8.3	122.6	5.2	5.3	5.0	--
Emerging Markets Equity		231.8	--	11.2	243.1	10.6	10.4	10.0	5.0 - 15.0
Emerging Markets (Core)	Wellington	77.7	--	5.0	82.7	3.6	3.6	3.0	--
Emerging Markets (Local)	Wellington	71.7	--	2.1	73.8	3.3	3.2	3.0	--
Emerging Markets Equity	BlackRock	82.5	--	4.1	86.6	3.8	3.7	4.0	--
Total Credit		250.4	1.3	4.2	255.9	11.5	11.0	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	250.4	1.3	4.2	255.9	11.5	11.0	12.0	--
Total Hedge Funds		145.6	--	6.3	151.9	6.7	6.5	7.0	5.0 - 9.0
Hedge Funds	Man	145.2	--	6.3	151.5	6.7	6.5	7.0	5.0 - 9.0
Hedge Funds (Legacy)	Man	0.4	--	0.0	0.4	0.0	0.0	--	--
Total Tactical Allocation		231.0	--	12.4	243.4	10.6	10.5	11.0	9.0 - 13.0
Best Ideas	Various	231.0	--	12.4	243.4	10.6	10.5	11.0	9.0 - 13.0
Total Private Markets		520.7	-16.6	40.0	544.1	23.9	23.4	27.0	15.0 - 37.0
Property	Various	131.0	-2.9	3.9	132.0	6.0	5.7	4.0	2.0 - 6.0
Private Equity	Various	168.6	-5.0	22.9	186.5	7.7	8.0	8.0	6.0 - 10.0
Local / Impact	Various	50.8	-2.0	6.6	55.5	2.3	2.4	4.0	0.0 - 6.0
Infrastructure	Various	102.6	0.7	2.8	106.1	4.7	4.6	8.0	6.0 - 10.0
Private Credit	Various	50.7	-6.4	3.2	47.5	2.3	2.0	3.0	1.0 - 5.0
Timber/ Agriculture	Various	17.1	-1.1	0.5	16.5	0.8	0.7	--	--
Total CRMF		531.0	--	49.2	580.2	24.4	24.9	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	531.0	--	49.2	580.2	24.4	24.9	23.0	10.0 - 35.0
Cash		37.1	23.6	0.0	60.7	1.7	2.6	0.0	0.0 - 5.0
Cash		37.1	23.6	0.0	60.7	1.7	2.6	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 income.

Manager Performance

	Investment Manager	2021 Q2 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		6.4	4.4	19.0	16.6	8.1	8.3
Total Equity		5.7	6.3	24.9	26.9	10.0	12.4
WPP Global Opportunities	Russell	6.4	7.8	27.1	27.0	--	--
World ESG Equity	BlackRock	7.2	7.1	--	--	--	--
Emerging Markets (Core)	Wellington	6.4	5.2	31.3	27.3	12.7	10.7
Emerging Markets (Local)	Wellington	3.0	5.5	18.6	28.9	6.5	12.2
Emerging Markets Equity	BlackRock	4.9	4.9	--	--	--	--
Total Credit		1.7	1.0	8.6	3.1	2.7	2.4
WPP Multi-Asset Credit	Russell	1.7	1.0	--	--	--	--
Total Hedge Funds		4.3	0.9	8.3	3.6	0.4	4.1
Hedge Funds	Man	4.4	0.9	8.4	3.6	1.5	4.1
Hedge Funds (Legacy)	Man	-0.1	0.9	-12.5	3.6	-46.3	4.1
Total Tactical Allocation		5.3	3.2	18.0	6.8	7.2	5.1
Best Ideas	Various	5.3	3.2	17.6	6.8	7.8	5.1
Total Private Markets		7.9	1.7	9.2	5.7	7.9	5.1
Property	Various	3.0	3.9	4.0	9.1	4.7	3.3
Private Equity	Various	13.8	1.3	21.0	5.1	14.0	5.6
Local / Impact	Various	13.7	1.3	--	--	--	--
Infrastructure	Various	2.7	1.3	-4.3	5.1	3.1	5.6
Private Credit	Various	6.7	1.8	-1.2	7.5	2.1	7.5
Timber/ Agriculture	Various	3.2	1.3	-5.1	5.1	-0.3	5.6
Total CRMF		9.3	9.3	37.5	37.5	13.6	13.6
Cash and Risk Management Framework (CRMF)	Insight	9.3	9.3	37.5	37.5	13.6	13.6

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	3 Year 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	--	--
ManFRM	Hedge Funds	●	●
Various	Best Ideas	●	●
Various	Property	●	●
Various	Private Equity	●	●
Various	Local / Impact	--	--
Various	Infrastructure	●	●
Various	Private Credit	●	●
Various	Timber / Agriculture	●	●
Insight	Cash & Risk Management Framework (CRMF)	●	●

	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	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 (Core)	Wellington	3.0	MSCI Emerging Markets Index +1.0% p.a.
Emerging Markets (Local)	Wellington	3.0	MSCI Emerging Markets Index +2.0% p.a.
Emerging Markets Equity	BlackRock	4.0	MSCI Emerging Markets Index
Total Credit		12.0	Composite Weighted Index
WPP Multi-Asset Credit	Russell	12.0	3 Month LIBOR Index +4.0% p.a.
Total Hedge Funds		7.0	3 Month LIBOR Index +3.5% p.a.
Hedge Funds	Man	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	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	3 Month LIBOR Index +5.0% p.a.
Local / Impact	Various	4.0	3 Month LIBOR Index +5.0% p.a.
Infrastructure	Various	8.0	3 Month LIBOR Index +5.0% p.a.
Private Credit	Various	3.0	Absolute Return Composite Weighted Index
Timber/ Agriculture	Various	--	3 Month LIBOR Index +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

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.



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