

Clwyd Pension Fund Monitoring Report Quarter to 31 December 2021

Kieran Harkin

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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



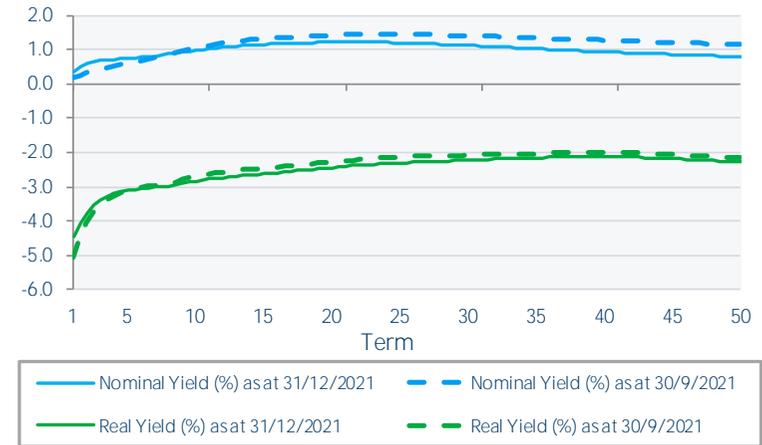
Executive Dashboard

Page 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 (+3.9%), but within range. Total Private Markets continues to be underweight (-3.8%), largely due to the underweight allocation to Infrastructure, which is outside its guideline range, and underweight allocation to Local/Impact and Private Credit.</p>	<p>Signal Previous Qtr  Current Qtr </p>	<p>The Fund returned 4.7% over the quarter against a benchmark of 4.2%. Over the 1 year and 3 year periods to 31 December 2021, the Fund returned 17.7% and 11.9% p.a. against a benchmark of 13.2% and 10.4% p.a., respectively.</p>	<p>Signal Previous Qtr  Current Qtr </p>		
<p>Asset Allocation Infrastructure within private markets portfolio is outside its guideline range. 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>Over the quarter the transition of the Fund’s Emerging Market equities into the Wales Pension Partnership (WPP) Emerging Markets equity fund was completed. The funds objective is to outperform the MSCI Emerging Markets Index by 1.5% p.a.</p>			

Market Conditions

Change in Yields	Yields at (%)		Change in Yields (%)		
	31 Dec 21	30 Sep 21	3 Months	12 Months	3 Year
Over 5 Year Index-Linked Gilts	-2.36	-2.21	-0.15	-0.18	-0.78
Over 15 Year Fixed Interest Gilts	1.09	1.33	-0.24	0.42	-0.66
Over 10 Year Non-Gilts	2.35	2.43	-0.07	0.55	-1.01

Exchange Rates	£1 is worth		£ Appreciation		
	31 Dec 21	30 Sep 21	3 Months (%)	12 Months (%)	3 Years (% p.a.)
US Dollar (\$)	1.354	1.348	0.5	-0.9	2.1
Euro (€)	1.191	1.163	2.4	6.6	2.3
100 Japanese Yen (¥)	1.560	1.504	3.7	10.5	3.7



Source: Refinitiv. 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

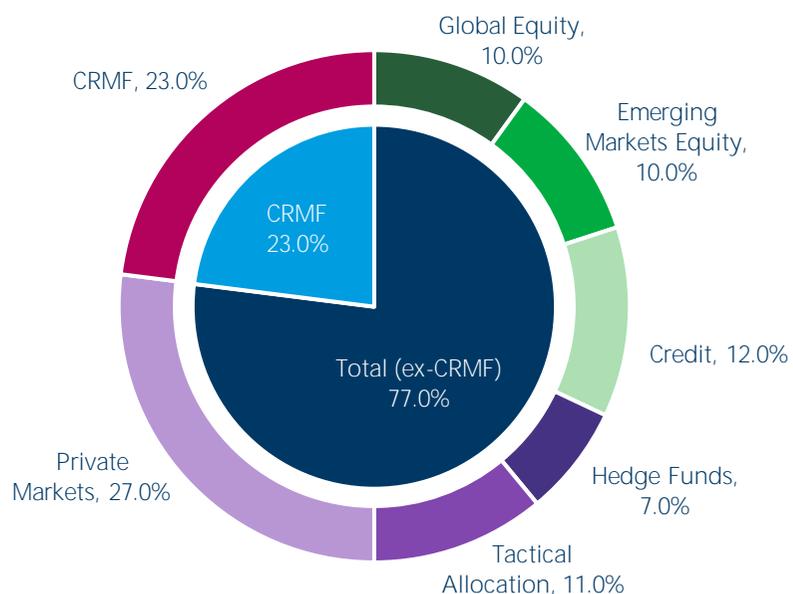


Asset Allocation

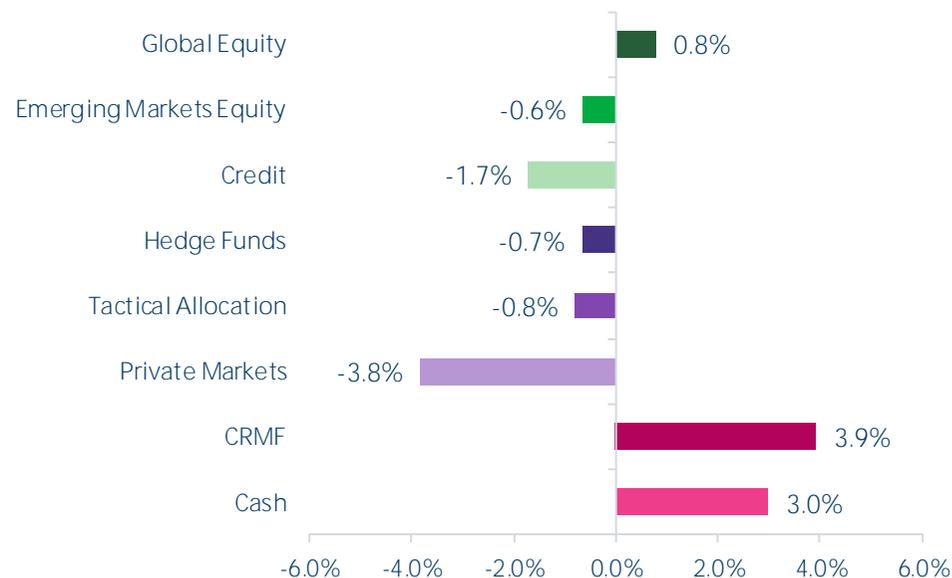
	30/09/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/12/2021 Market Value (£M)	30/09/2021 Allocation (%)	31/12/2021 Allocation (%)	31/12/2021 B'mark (%)	31/12/2021 B'mark Range (%)
Total	2,382.6	-7.9	109.9	2,484.6	100.0	100.0	100.0	--
Total (ex-CRMF)	1,714.9	-18.3	45.5	1,742.1	72.0	70.1	77.0	--
Total CRMF	604.2	--	64.5	668.6	25.4	26.9	23.0	10.0 - 35.0
Cash	63.5	10.5	0.0	73.9	2.7	3.0	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 December 2021



Deviation from Benchmark Asset Allocation



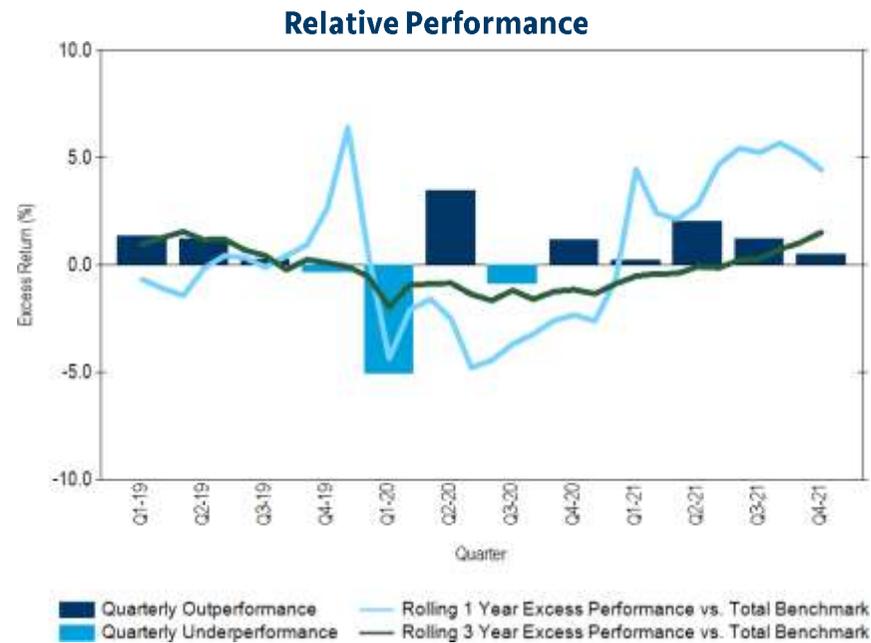
Investment Performance

	2021 Q4 (%)	1 Yr (%)	3 Yrs (%)
Total	4.7	17.7	11.9
Total Benchmark	4.2	13.2	10.4
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

	Investment Manager	30/09/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/12/2021 Market Value (£M)	30/09/2021 Allocation (%)	31/12/2021 Allocation (%)	31/12/2021 B'mark (%)	31/12/2021 B'mark Range (%)
Total		2,382.6	-7.9	109.9	2,484.6	100.0	100.0	100.0	--
Total (ex-CRMF)		1,714.9	-18.3	45.5	1,742.1	72.0	70.1	77.0	--
Total Equity		481.2	10.2	8.7	500.1	20.2	20.1	20.0	10.0 - 30.0
Global Equity		252.5	--	15.2	267.7	10.6	10.8	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	125.0	--	6.5	131.6	5.2	5.3	5.0	5.0 - 15.0
World ESG Equity	BlackRock	127.5	--	8.7	136.1	5.3	5.5	5.0	5.0 - 15.0
Emerging Markets Equity		228.7	10.2	-6.4	232.4	9.6	9.4	10.0	5.0 - 15.0
Emerging Markets (Core)	Wellington	77.3	-77.6	0.4	--	3.2	--	--	--
Emerging Markets (Local)	Wellington	69.8	-69.7	-0.1	--	2.9	--	--	--
Emerging Markets Equity	BlackRock	81.5	-82.4	0.9	--	3.4	--	--	--
Emerging Markets Equity	Russell	--	240.0	-7.6	232.4	--	9.4	10.0	5.0 - 15.0
Total Credit		255.9	--	-0.3	255.6	10.7	10.3	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	255.9	--	-0.3	255.6	10.7	10.3	12.0	10.0 - 14.0
Total Hedge Funds		153.6	--	3.7	157.3	6.4	6.3	7.0	5.0 - 9.0
Hedge Funds	Man	153.5	--	3.7	157.3	6.4	6.3	7.0	5.0 - 9.0
Total Tactical Allocation		246.6	--	6.8	253.4	10.4	10.2	11.0	9.0 - 13.0
Best Ideas	Various	246.6	--	6.8	253.4	10.4	10.2	11.0	9.0 - 13.0
Total Private Markets		577.7	-28.5	26.5	575.7	24.2	23.2	27.0	15.0 - 37.0
Property	Various	135.5	-0.8	6.4	141.2	5.7	5.7	4.0	2.0 - 6.0
Private Equity	Various	197.4	-13.0	8.3	192.7	8.3	7.8	8.0	6.0 - 10.0
Local / Impact	Various	67.0	-6.2	5.4	66.2	2.8	2.7	4.0	0.0 - 6.0
Infrastructure	Various	115.0	-7.0	3.8	111.8	4.8	4.5	8.0	6.0 - 10.0
Private Credit	Various	46.8	1.8	2.8	51.4	2.0	2.1	3.0	1.0 - 5.0
Timber/ Agriculture	Various	16.0	-3.4	-0.3	12.4	0.7	0.5	--	--
Total CRMF		604.2	--	64.5	668.6	25.4	26.9	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	604.2	--	64.5	668.6	25.4	26.9	23.0	10.0 - 35.0

	Investment Manager	30/09/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/12/2021 Market Value (£M)	30/09/2021 Allocation (%)	31/12/2021 Allocation (%)	31/12/2021 B'mark (%)	31/12/2021 B'mark Range (%)
Cash		63.5	10.5	0.0	73.9	2.7	3.0	0.0	0.0 - 5.0
Cash		63.5	10.5	0.0	73.9	2.7	3.0	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.

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.

Total Tactical Allocation includes fund balances and cash holdings held at month end for December.

Manager Performance

	Investment Manager	2021 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		4.7	4.2	17.7	13.2	11.9	10.4
Total Equity		1.6	3.0	8.9	11.1	13.5	15.2
WPP Global Opportunities	Russell	5.2	6.7	19.1	22.0	--	--
World ESG Equity	BlackRock	6.8	6.8	23.9	23.6	--	--
Emerging Markets Equity	Russell	-1.0	-2.8	--	--	--	--
Total Credit		-0.1	1.0	2.7	4.0	4.3	2.7
WPP Multi-Asset Credit	Russell	-0.1	1.0	2.3	4.0	--	--
Total Hedge Funds		2.4	0.9	8.6	3.5	4.5	4.0
Hedge Funds	Man	2.4	0.9	8.6	3.5	4.5	4.0
Total Tactical Allocation		3.8	3.1	16.4	7.6	10.9	5.2
Best Ideas	Various	3.8	3.1	16.4	7.6	12.2	5.2
Total Private Markets		4.6	2.3	22.4	7.4	9.6	5.5
Property	Various	4.8	7.9	9.1	19.9	6.3	6.6
Private Equity	Various	4.2	1.2	33.6	5.0	14.7	5.5
Local / Impact	Various	7.6	1.2	44.2	5.0	--	--
Infrastructure	Various	3.5	1.2	16.5	5.0	5.1	5.5
Private Credit	Various	5.9	1.8	17.4	7.5	4.0	7.5
Timber/ Agriculture	Various	-1.9	1.2	3.4	5.0	0.2	5.5
Total CRMF		10.7	10.7	33.6	33.6	21.1	21.1
Cash and Risk Management Framework (CRMF)	Insight	10.7	10.7	33.6	33.6	21.1	21.1

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 September 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach.

Performance benchmark for WPP Global Opportunities and Wellington 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.

Russel Emerging Markets Equity performance shown since Inception to 31 December 2021. Inception date taken as at 20 October 2021.

Manager Ratings

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

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Appendix - Benchmarks

Name	Investment Manager	30/09/2021 B'mark (%)	31/12/2021 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	5.0	5.0	MSCI AC World (NDR) Index +2.0% p.a.
World ESG Equity	BlackRock	5.0	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
Emerging Markets Equity	Russell	--	10.0	MSCI Emerging Markets Index +1.5% p.a.
Total Credit		12.0	12.0	Composite Weighted Index
WPP Multi-Asset Credit	Russell	12.0	12.0	3 Month LIBOR Index +4.0% p.a.
Total Hedge Funds		7.0	7.0	3 Month LIBOR Index +3.5% p.a.
Hedge Funds	Man	7.0	7.0	3 Month LIBOR Index +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	27.0	Composite Weighted Index
Property	Various	4.0	4.0	MSCI UK Monthly Property Index
Private Equity	Various	8.0	8.0	3 Month Sterling LIBOR +5.0% p.a.
Local / Impact	Various	4.0	4.0	3 Month Sterling LIBOR +5.0% p.a.
Infrastructure	Various	8.0	8.0	3 Month Sterling LIBOR +5.0% p.a.
Private Credit	Various	3.0	3.0	Absolute Return +7.5% p.a.
Timber/ Agriculture	Various	--	--	3 Month Sterling LIBOR +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 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.



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