

CLWYD PENSION FUND
INVESTMENT STRATEGY AND
MANAGER SUMMARY
PERIOD ENDING 30 JUNE 2020



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1 IMPACT ON CLWYD PENSION FUND INVESTMENT STRATEGY

This report is produced by Mercer to assess the performance and risks of the investment managers of the Clwyd Pension Fund (the "Fund"), and of the Fund as a whole. The report does not comment on the Fund's Cash and Risk Management Framework (CRMF) portfolio, as information in respect of this is produced separately by another team in Mercer.

OVERALL

Over the 3 months to 30 June 2020, the Fund's total market value increased by £155.1m to £1,963,707,640.

Over the quarter, total Fund assets returned 8.2%, against a target of 6.8%. Total Fund (ex CRMF) returned 5.4%, above its target of 3.7%.

The performance of the underlying strategies was mixed; Total Equity (+20.4%), Tactical Allocation Portfolio (+8.5%) and Total Credit (+7.2%) posted positive returns, whilst Managed Account Platform (-0.2%) and In-House Assets (-3.0%) declined.

In relative terms, Total Fund assets were ahead of their target by 1.4%, mainly attributable to the Tactical Allocation portfolio, which outperformed its target by 7.8%, adding 2.0% to total relative performance.

Total Equities returned 20.4% outperforming its target by 1.7%. Overall, this added 0.2% towards total relative performance.

Total Credit also outperformed returning 7.2% against a target of 0.5%; in relative terms, this added 1.1% to performance.

Managed Futures and Hedge Funds declined -0.2%, underperforming its target by 1.3%.

In-House assets returned -3.0%, underperforming its target by 3.8%. In relative terms, this detracted 1.3% from performance. All sub-portfolios contributed negatively to total relative performance with the exception of Timber/Agriculture, which made a neutral contribution.

Insight's CRMF increased by 21.2%, due to a combination of a fall in gilt yields and positive performance from the equity overlay.

EQUITIES

Equity markets rallied over the quarter as investors felt optimistic regarding early stage trials of potential COVID-19 vaccines, as well as ongoing monetary and fiscal stimulus packages and signs of improvement in global economic activity.

In the United States, data at the beginning of the quarter confirmed the severe impact of the lockdown measures, however, subsequent easing of the restrictions, loose monetary policy and early indications of a recovery led to widespread gains in the market. Tensions between the US and China reignited in May as China was criticised for its plans to impose a national security law on Hong Kong and was blamed for mishandling the COVID-19 outbreak. In Europe, the European Commission president, Ursula von der Leyen, called for the power to borrow €750bn for a recovery fund to support the worst affected EU regions. This news, along with the easing of lockdown restrictions in Europe supported share prices in the region.

In Developed Markets, all regions posted double-digit positive returns; North American and Asia Pacific (ex Japan) equities led performance returning 21.9% and 21.6%, respectively. Europe (ex UK) rose by 18.9%, whilst Japanese and UK equities rose by 12.2% and 10.2%, respectively.

Over the last 12 months, UK and Asia Pacific (ex Japan) returned -13.0% and -5.4%, respectively, whilst all other Developed Markets generated positive returns. North American equities were the strongest performers returning 10.9%.

Emerging Markets and Frontier Markets both rose by 18.9% and 17.5%, respectively, over the quarter. Over the last 12 months, both Emerging and Frontier Markets were negative, returning -0.4% and -25.1%, respectively.

Total Equity assets generated 20.4% compared to a composite target of 18.7%. Russell WPP Global Opportunities Fund returned 18.6% against a target of 20.2% whilst BlackRock World Multifactor returned 15.8%, marginally outperforming its target of 15.7%. Wellington Emerging Market (Core) and Wellington Emerging Market (Local) both outperformed their targets, returning 25.2% and 24.0% against targets of 18.9% and 19.2%, respectively.

In the Emerging Market portfolio, performance was driven by strong stock selection at both the country and sector level. At the country level, China, Brazil and Taiwan led performance although the performance was partially offset by selection in South Korea, Peru and Poland. Strong selection in the Consumer Discretionary, Materials and Information Technology sectors was partially offset by selection in Industrials.

Wellington Emerging Market (Core) fund was above its 3-year performance objective, whilst Wellington Emerging Market (Local) had not met its objective at the end of the quarter.

CREDIT

Credit markets generated positive returns over the quarter driven by factors such as the protests in the US, the US-China dispute and an increase in Brexit uncertainty. Majority of sovereign yields remained near record lows across most developed markets, supported by central bank actions. In the UK, the 2 year bond dropped below zero for the first time as the Bank of England (BoE) discussed the possibility of negative interest rates.

The Bank of England's monetary policy committee voted unanimously to maintain the base rate at 0.1% at its meeting in June. The committee also voted to continue with the existing £200bn of bond purchases, as well as increase the target stock of purchased UK gilts by £100bn, which will take the total stock of asset purchases to £745bn. The US Federal Reserve's Open Market Committee held interest rates at the current target range of 0% - 0.25% and officials have predicted that interest rates will remain close to zero until at least the end of 2022. The European Central Bank announced a further €600bn increase to the ongoing Pandemic Emergency Purchase Programme (PEPP). This now takes the PEPP to a total of €1.35tn, with the ECB on track to buy €1.4tn of assets this year.

Over the quarter, Long Dated Conventional Gilts, Index-Linked Gilts and UK Corporate Bonds increased by 3.9%, 11.5% and 16.3%, respectively. Emerging Market Local Currency Debt and Emerging Market Hard Currency Debt returned 10.2% and 12.3%, respectively. Global High Yield increased by 11.0%.

Total Credit assets increased by 7.2% over the quarter, outperforming its target of 0.5%. The Multi-Asset Credit sub-portfolio returned 9.2% against a target of 0.3%, whilst the Private Credit sub-portfolio (which remains in its commitment phase) delivered a negative return of -1.6% against a target of 1.7%.

Permira Credit Solutions III (European mandate) and BlackRock Middle Market Senior (North American mandate) were c.87% and c.71% funded respectively at the end of June, as capital deployment continues for both funds.

Within Investment Grade, four of the five best performing sectors were linked to energy, which benefited from higher oil prices whilst Transport and Leisure sectors continued to suffer from the effects of COVID-19. The best performing sectors over the quarter were Energy, Refining and Oil Field Services while the worst sectors were Airlines, Leisure and Consumer Cyclical Services.

Within US High Yield, 9 of 34 sectors outperformed the benchmark; the best performing sectors were E&P, Midstream and Drillers/Services. Airlines, Satellites and Transportation were the worst performing sectors.

In Emerging Market Debt, the top contributors to performance were the issue selections in Mexico as well as overweight to Angola and Ecuador. The main detractors from performance were the issue selection in Angola and Ecuador and overweight in Venezuela.

HEDGE FUNDS

Hedge Funds returned 9.5% in Sterling terms and 9.1% in US dollar terms, over the quarter. Equity Hedge strategies were the best performing strategies, returning 13.7% (Sterling) and 13.3% (US dollar). Global Macro strategies were the worst performing strategies over the quarter, returning 1.1% (Sterling) and 0.8% (US dollar).

ManFRM's Managed Futures & Hedge Funds strategy declined by -0.2%, underperforming its target by 1.3%. ManFRM Hedge Funds (Legacy) assets, which now consists of the Liongate assets, returned 0.5% over the quarter, underperforming its target of 1.1%.

TACTICAL ALLOCATION PORTFOLIO

DIVERSIFIED GROWTH

Total Diversified Growth assets rose by 7.6% over the quarter, outperforming the target of 1.1%.

Pyrford returned 6.2%, above its target by 5.1%. The equity holdings proved to be beneficial, with both UK and overseas equities generating strong returns. Within bonds, UK bonds contributed positively to performance but underperformed the wider market. Overseas bond holdings also generated positive returns, boosted by the depreciation in Sterling.

Ninety One returned 9.1%, above its target by 8.0%. 'Growth' and 'Uncorrelated' strategies contributed positively to performance whilst 'Defensive' strategies detracted from performance. Within 'Growth' strategies, equities were a main contributor to performance, with the active total return equity and emerging market domestic growth strategies performing well. Within 'Uncorrelated' strategies, gold and infrastructure exposure added to performance as markets recovered from the short-term falls in March. The risk-on sentiment in markets negatively impacted the 'Defensive' strategies as the positions designed to provide protection from falling markets detracted from performance.

BEST IDEAS PORTFOLIO

The Best Ideas Portfolio rose 9.3% over the quarter, ahead of target of 0.7%. The portfolio was behind its 12-month and 3-year target by 4.6% and 2.3%, respectively.

All the underlying funds within the Best Ideas portfolio generated positive returns over the quarter. Ninety One Global Natural Resources led performance returning 27.1%, followed by BlackRock US Opportunities, which returned 16.7%. LGIM Global Corporate Bonds and LGIM UK Equities rose by 9.4% and 9.1%, respectively. LGIM Infrastructure generated a return of 3.7%.

In April, the entire holdings in the PIMCO Emerging Market Debt Local (c. £24.1m) were disinvested and proceeds invested in LGIM High Yield Bonds (£10m) and LGIM Sterling Liquidity (c. £14.1m). In early May, £17.5m was disinvested from LGIM North American Equities (Hedged) and invested in LGIM Sterling Liquidity. Later in the month, LGIM North American Equities (Hedged) was fully redeemed and proceeds (c. £21.7m) were transferred to the unhedged version of the same fund. Additionally, the entire holding in LGIM Global Real Estate Equity (c. £15.7m) was disinvested and proceeds invested in LGIM Infrastructure.

IN-HOUSE ASSETS

Total In-House assets returned -3.0% behind its target of 0.8%. Overall, this detracted 1.3% to total relative performance. The two sub-sections of the In-House assets; Real Assets Portfolio and Private Markets Portfolio returned -1.6% and -4.6%, respectively.

Within the Real Assets Portfolio, Property outperformed returning -1.2% against a target of -2.3%. Timber/ Agriculture returned 1.4% in line with its target, whilst Infrastructure underperformed returning -2.5% against a target of 1.4%.

Within the Private Markets Portfolio, both Private Equity and Opportunistic assets underperformed their targets. Private Equity returned -6.0% against a target of 1.4%, whereas Opportunistic assets returned 0.7% against a target of 1.4%.

2 STRATEGIC ASSET ALLOCATION

30 JUNE 2020

Allocation by underlying asset class

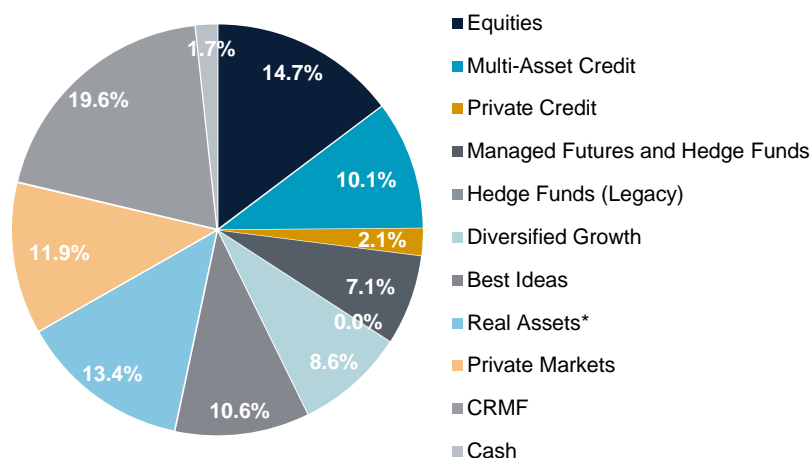
Asset Class	Market Value £	Weight %	Strategic Allocation %	Relative %	Strategic Range %
Global Equities	164,365,891	8.4	8.0	+0.4	5.0 – 10.0
Emerging Market Equities	125,008,532	6.4	6.0	+0.4	5.0 – 7.5
Multi-Asset Credit	199,095,470	10.1	12.0	-1.9	10.0 – 15.0
Private Credit ²	41,857,625	2.1	3.0	-0.9	2.0 – 5.0
Managed Futures and Hedge Funds	139,831,548	7.1	9.0	-1.9	7.0 – 11.0
Hedge Funds (Legacy) ¹	469,584	0.0	0.0	0.0	–
Diversified Growth	168,451,947	8.6	10.0	-1.4	8.0 – 12.0
Best Ideas	208,098,856	10.6	11.0	-0.4	9.0 – 13.0
Property	125,877,484	6.4	4.0	+2.4	2.0 – 6.0
Infrastructure / Timber / Agriculture	138,130,169	7.0	8.0	-1.0	5.0 – 10.0
Private Equity / Opportunistic	234,419,393	11.9	10.0	+1.9	8.0 – 12.0
CRMF & Synthetic Equities	384,759,494	19.6	19.0	+0.6	10.0 – 30.0
Cash	33,341,647	1.7	0.0	+1.7	0.0 – 5.0
TOTAL CLWYD PENSION FUND	1,963,707,640	100.0	100.0	0.0	

Notes: ¹ Hedge Funds (Legacy) includes the Liongate portfolio and is provided by ManFRM. ² The Private Credit allocations are not yet fully funded. Totals may not sum due to rounding.

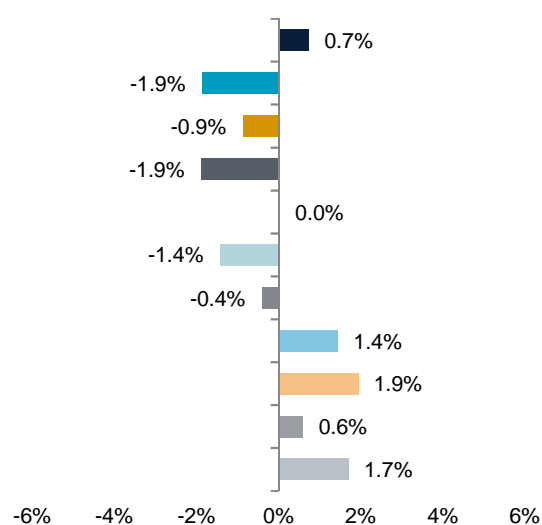
Points to note

- Permira Credit Solutions III (European mandate) and BlackRock Middle Market Senior (North American mandate) were c.87% and c.71% funded at the end of June 2020.
- The total allocation to the CRMF is now overweight by 0.6% relative to its strategic allocation.

Strategic Asset Allocation as at 30 June 2020



Deviation from Strategic Allocation



Notes: Totals may not sum due to rounding. * In-House Property, Infrastructure and Timber/Agriculture portfolios.

3 VALUATION AND ASSET ALLOCATION
















AS AT 30 JUNE 2020

Manager	Fund	Market Value £	Weight %	Strategic Allocation %	Strategic Range %
Russell	WPP Global Opportunities	88,835,891	4.5	4.0	5.0 – 10.0
BlackRock	ACS World Multifactor Equity	75,530,000	3.8	4.0	
Wellington	Emerging Markets (Core)#	62,857,038	3.2	3.0	5.0 – 7.5
Wellington	Emerging Markets (Local)#	62,151,494	3.2	3.0	
Total Equity		289,374,423	14.7	14.0	
Stone Harbor	LIBOR Multi-Strategy	127,637,863	6.5	12.0	10.0 – 15.0
Stone Harbor	Multi-Asset Credit	71,457,607	3.6		
Multi-Asset Credit Portfolio		199,095,470	10.1	12.0	10.0 – 15.0
Permira	Credit Solutions III	25,997,444	1.3	1.8	2.0 – 5.0
BlackRock	Middle Market Senior	15,860,181	0.8	1.2	
Private Credit Portfolio		41,857,625	2.1	3.0	2.0 – 5.0⁽¹⁾
Total Credit		240,953,095	12.3	15.0	10.0 – 20.0
ManFRM	Managed Futures & Hedge Funds	139,831,548	7.1	9.0	7.0 – 11.0
ManFRM	Hedge Funds (Legacy)*	469,584	0.0	0.0	–
Managed Account Platform		140,301,133	7.1	9.0	7.0 – 11.0
Pyrford	Global Total Return	86,594,705	4.4	5.0	8.0 – 12.0
Investec	Diversified Growth	81,857,242	4.2	5.0	
Diversified Growth Portfolio		168,451,947	8.6	10.0	8.0 – 12.0
BlackRock	US Opportunities	8,482,606	0.4	11.0	9.0 – 13.0
Investec	Global Natural Resources	18,687,432	1.0		
LGIM	Infrastructure Equities MFG (Hedged)	34,718,348	1.8		
LGIM	Sterling Liquidity	67,814,937	3.5		
LGIM	Global Corporate Bonds	36,076,281	1.8		
LGIM	High Yield Bonds	11,353,554	0.6		
LGIM	UK Equities	8,798,412	0.4		
LGIM	North American Equities (Hedged)	22,167,287	1.1		
Best Ideas Portfolio		208,098,856	10.6		
Tactical Allocation Portfolio		376,550,803	19.2	21.0	15.0 – 25.0
In-House	Property	125,877,484	6.4	4.0	2.0 – 6.0
In-House	Infrastructure	118,333,959	6.0	8.0	5.0 – 10.0
In-House	Timber / Agriculture	19,796,210	1.0		
Real Assets Portfolio		264,007,653	13.4	12.0	10.0 – 15.0
In-House	Private Equity	182,790,670	9.3	10.0	8.0 – 12.0
In-House	Opportunistic	51,628,723	2.6		
Private Markets Portfolio		234,419,393	11.9	10.0	8.0 – 12.0
Total In-House Assets		498,427,046	25.4	22.0	
Insight	Cash & Risk Management Framework (CRMF)	384,759,494	19.6	19.0	10.0 – 30.0
Total Liability Hedging		384,759,494	19.6	19.0	10.0 – 30.0
Trustees	Cash	33,341,647	1.7	-	0.0 – 5.0
TOTAL CLWYD PENSION FUND		1,963,707,640	100.0	100.0	

Notes: * ManFRM Hedge Funds (Legacy) valuation includes the Liongate portfolios. # BlackRock Middle Market Senior, Wellington Emerging Markets Core and Local funds are converted from US Dollar to Sterling using WM/Reuters closing price exchange rates.¹ The Private Credit allocation is not yet fully funded.

4 PERFORMANCE SUMMARY

PERIODS ENDING 30 JUNE 2020

Manager	Fund	3 months %		12 months %		3 years % p.a.		3 Yr Performance vs Objective	
		Fund	Target	Fund	Target	Fund	Target		
n/a	Russell	WPP Global Opportunities	18.6	20.2	5.4	7.2	n/a	n/a	n/a
n/a	BlackRock	World Multifactor Equity Tracker	15.8	15.7	0.5	0.1	n/a	n/a	n/a
	Wellington	Emerging Markets (Core) [#]	25.2	18.9	6.0	0.9	5.9	5.0	Target met
	Wellington	Emerging Markets (Local) [#]	24.0	19.2	-2.9	1.9	2.7	6.1	Target not met
Total Equity			20.4	18.7	2.3	3.9	5.8	7.3	
	Stone Harbor	LIBOR Multi-Strategy	8.3	0.3	-3.6	1.6	-0.6	1.6	Target not met
	Stone Harbor	Multi-Asset Credit	10.9	0.3	-2.8	1.6	0.4	1.6	Target not met
Multi-Asset Credit Portfolio			9.2	0.3	-3.3	1.6	-0.3	1.6	
	Permira	Credit Solutions III	-2.8	1.5	1.8	6.0	5.8	6.0	Target not met
n/a	BlackRock	Middle Market Senior [#]	0.4	2.2	4.5	9.0	n/a	n/a	n/a
Private Credit Portfolio			-1.6	1.7	2.5	6.8	5.4	6.5	
Total Credit			7.2	0.5	-2.4	2.3	0.3	2.1	
	ManFRM	Managed Futures & Hedge Funds	-0.2	1.1	-0.7	4.3	0.2	4.2	Target not met
	ManFRM	Hedge Funds (Legacy) [*]	0.5	1.1	-12.3	4.3	-43.6	4.2	Target not met
Managed Account Platform			-0.2	1.1	-0.7	4.3	-1.0	4.2	
	Pyrford	Global Total Return	6.2	1.1	2.5	5.6	1.5	7.0	Target not met
	Ninety-One	Diversified Growth	9.1	1.1	-4.6	5.2	-1.5	6.4	Target not met
Total Diversified Growth			7.6	1.1	-1.1	5.4	0.0	6.7	
	Best Ideas Portfolio		9.3	0.7	-1.0	3.6	2.4	4.7	Target not met
Tactical Allocation Portfolio			8.5	0.7	-1.0	3.6	2.4	4.7	
	In-House	Property	-1.2	-2.3	1.4	-2.8	5.9	4.0	Target met
	In-House	Infrastructure	-2.5	1.4	3.2	5.9	6.9	5.8	Target met
	In-House	Timber / Agriculture	1.4	1.4	1.4	5.8	0.7	5.7	Target not met
Real Assets			-1.6	0.2	2.1	2.8	5.6	4.9	
	In-House	Private Equity	-6.0	1.4	6.2	5.8	10.9	5.7	Target met
	In-House	Opportunistic	0.7	1.4	6.1	5.8	9.2	5.8	Target met
Private Markets Portfolio			-4.6	1.4	6.1	5.8	10.6	5.7	
Total In-House Assets			-3.0	0.8	4.0	4.2	8.0	5.3	
n/a	Insight	Cash & Risk Management Framework (CRMF)	21.2	21.2	-2.0	-2.0	5.5	5.5	n/a
Total (ex CRMF)			5.4	3.7	1.0	4.1	4.0	5.1	
TOTAL CLWYD PENSION FUND			8.2	6.8	0.3	2.9	4.3	5.2	
Strategic Target (CPI +4.1%)			1.6		6.2		6.2		
Actuarial Target (CPI +2.0%)			1.0		4.1		4.1		

Notes: 'n/a' against the objective is for funds that have been in place for less than three years. * ManFRM Hedge Funds (Legacy) valuation includes the Liongate portfolios.
[#] BlackRock Middle Market Senior, Wellington Emerging Markets Core and Local funds are converted from US Dollar to Sterling using WM/Reuters closing price exchange rates.
 Strategic and Actuarial targets are derived from Mercer's Market Forecasting Group assumptions (based on conditions at 31 December 2020). Current 10-year CPI assumption: 2.1% p.a.

 Fund has met or exceeded its performance target  Fund has underperformed its performance target

5 STRATEGIC ASSET CLASSES

PERFORMANCE TO 30 JUNE 2020

Strategy	3 months %	12 months %	3 years % p.a.
Total Equities	20.4	2.3	5.8
Composite Objective	18.7	3.9	7.3
Composite Benchmark	18.4	2.7	5.8
Total Credit	7.2	-2.4	0.3
Objective	0.5	2.3	2.1
Benchmark	0.3	1.5	1.2
Managed Account Platform	-0.2	-0.7	-1.0
Objective	1.1	4.3	4.2
Benchmark	1.1	4.3	4.2
Total Hedge Funds (Legacy)	0.5	-12.3	-43.6
Composite Objective	1.1	4.3	4.2
Composite Benchmark	1.1	4.3	4.2
Total Diversified Growth	7.6	-1.1	0.0
Composite Objective	1.1	5.4	6.7
Composite Benchmark	1.1	5.4	6.7
Best Ideas Portfolio	9.3	-1.0	2.4
Objective	0.7	3.6	4.7
Benchmark	0.7	3.6	4.7
Total In-House Assets	-3.0	4.0	8.0
Composite Objective	0.8	4.2	5.3
Composite Benchmark	0.8	4.2	5.3
Total CRMF Portfolio	21.2	-2.0	5.5
Composite Objective	21.2	-2.0	5.5
Composite Benchmark	21.2	-2.0	5.5
Total (ex CRMF)	5.4	1.0	4.0
Composite Objective	3.7	4.1	5.1
Composite Benchmark	3.3	3.4	4.6
Total Clwyd Pension Fund	8.2	0.3	4.3
Composite Objective	6.8	2.9	5.2
Composite Benchmark	6.5	2.3	4.7

Source: Performance is calculated by Mercer based on data provided by the managers and is only shown for complete periods of investment.

Notes: Objective performance includes the funds' outperformance targets above the relevant underlying benchmarks, as shown in the Appendix. Benchmark performance is based on the underlying benchmarks without the explicit outperformance targets for the relevant funds within the Equity and Multi-Asset Credit portfolios.

6 SUMMARY OF MANDATES

Manager	Fund	Strategic Asset Class	Performance Objective (Net of Fees)	Strategic Allocation
Russell	WPP Global Opportunities	Global Developed Equities	MSCI AC World Index NDR +2.0% p.a.	4.0%
BlackRock	World Multifactor Equity Tracker	Global Developed Equities	MSCI World Diversified Multiple-factor Index Midday Net	4.0%
Wellington	Emerging Market (Core)	Emerging Markets Equities	MSCI Emerging Markets Index +1.0% p.a.	3.0%
Wellington	Emerging Market (Local)	Emerging Markets Equities	MSCI Emerging Markets Index +2.0% p.a.	3.0%
Total Equity			Composite Weighted Index	14.0%
Stone Harbor	LIBOR Multi-Strategy	Multi-Asset Credit	1 Month LIBOR Index +1.0% p.a. ⁽¹⁾	12.0%
Stone Harbor	Multi-Asset Credit	Multi-Asset Credit	1 Month LIBOR Index +1.0% p.a.	
Permira	Credit Solutions III	Private Credit	Absolute Return 6.0% p.a.	1.8%
BlackRock	Middle Market Senior	Private Credit	Absolute Return 9.0% p.a.	1.2%
Total Credit			Composite Weighted Index	15.0%⁽⁴⁾
ManFRM	Managed Futures & Hedge Funds	Managed Account Platform	3 Month LIBOR Index +3.5% p.a.	9.0% ⁽³⁾
Managed Account Platform			3 Month LIBOR Index +3.5% p.a.	9.0%
Pyrford	Global Total Return	Diversified Growth	UK Retail Price Index +4.5% p.a. ⁽²⁾	5.0%
Investec	Diversified Growth	Diversified Growth	UK Consumer Price Index +4.6% p.a.	5.0%
Best Ideas	Best Ideas	Best Ideas Portfolio	UK Consumer Price Index +3.0% p.a.	11.0%
Tactical Allocation Portfolio			UK Consumer Price Index +3.0% p.a.	21.0%
In-House	Private Equity	Private Markets	3 Month LIBOR Index +5.0% p.a.	8.0%
In-House	Opportunistic	Private Markets	3 Month LIBOR Index +5.0% p.a.	2.0%
In-House	Property	Property	MSCI UK Monthly Property Index	4.0%
In-House	Infrastructure	Infrastructure	3 Month LIBOR Index +5.0% p.a.	6.0%
In-House	Timber / Agriculture	Infrastructure	3 Month LIBOR Index +5.0% p.a.	2.0%
Total In-House			Composite Weighted Index	22.0%
Insight	LDI Portfolio	LDI & Synthetic Equities	Composite Liabilities & Synthetic Equity	19.0%
Total Liability Hedging			Composite Liabilities & Synthetic Equity	19.0%

Notes: ¹ FTSE A Gilts All Stocks Index until 31 March 2014. ² UK Retail Price Index +4.4% p.a. until 31 March 2015. ³ Strategic Allocation represents the composite benchmark for the Managed Account Platform. ⁴ Committed but uninvested element of the Private Credit strategic allocation is represented by 1 Month LIBOR Index +1.0% p.a.

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It is important to understand that this is a snapshot, based on market conditions and gives an indication of how we view the entire investment landscape at the time of writing. Not only can these views change quickly at times, but they are, necessarily, generic in nature. As such, these views do not constitute advice as individual client circumstances have not been taken into account. Please also note that comparative historical investment performance is not necessarily a guide to future performance and the value of investments and the income from them may fall as well as rise. Changes in rates of exchange may also cause the value of investments to go up or down. Details of our assumptions and calculation methods are available on request.

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