

Clwyd Pension Fund  
**Monitoring Report**  
Quarter to  
**31 December 2020**

Nick Buckland

February 2021



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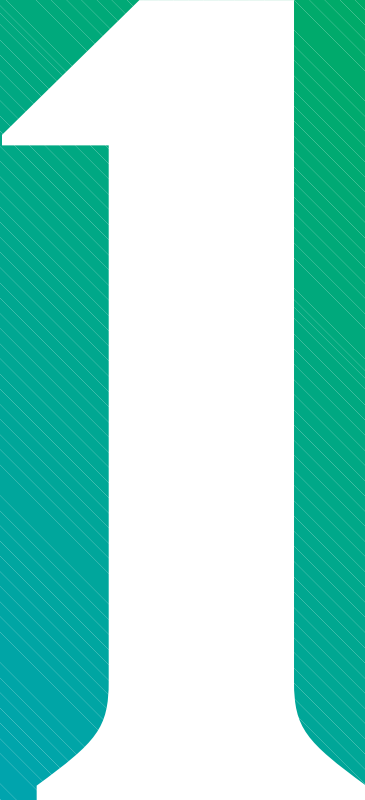
- The value of investments can go down as well as up and you may not get back the amount you have invested. In addition investments denominated in a foreign currency will fluctuate with the value of the currency.
- The valuation of investments in property based portfolios, including forestry, is generally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

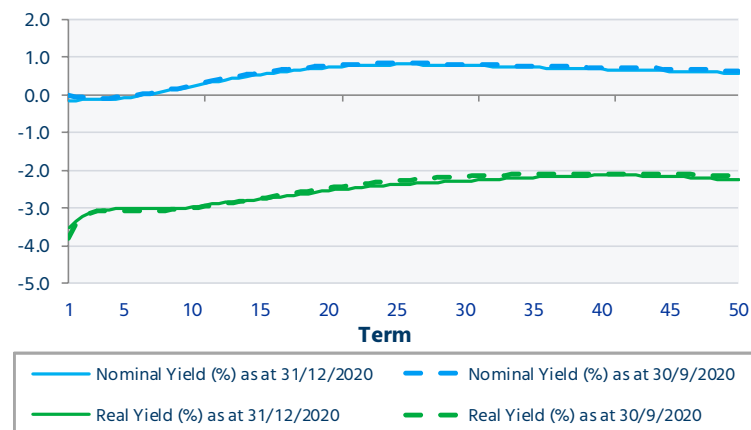
Page 8	Asset Allocation		Page 10	Investment Performance	
<p>Assets are broadly in line with their strategic target weights. Total In-House Private Markets are slightly below weight (25.1%) partly due to the nature of the asset class, and partly due to strong performance from other parts of the portfolio. All asset classes are well within their ranges, with the exception of In-house property, which is being brought back in line over time due to its illiquid nature.</p>	<p><b>Signal</b> Previous Qtr ● Current Qtr ●</p>		<p>The Fund returned 6.2% over the quarter against a target of 5.4%. Over the 1 year and 3 year period to 31 December 2020, the Fund returned 6.4% and 5.4% against a target of 9.0% and 6.6%, respectively.</p>	<p><b>Signal</b> Previous Qtr ● Current Qtr ●</p>	
<p><b>Asset Allocation</b> Within acceptable ranges.</p>			<p><b>Performance vs targets</b> One year and three year performance is ahead of the Actuarial and Strategic target over one year, and the Actuarial target over three years as well.</p>		
Page 11	Manager Research		Additional Comments		
<p>No significant news to report over the quarter.</p>	<p><b>Signal</b> 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> <p>No other transitions are planned at this stage</p> <p>WPP is developing its Private Markets offering and officers are working to ensure that this is suitable to deliver the Fund’s Investment Strategy.</p>		

## Market Conditions

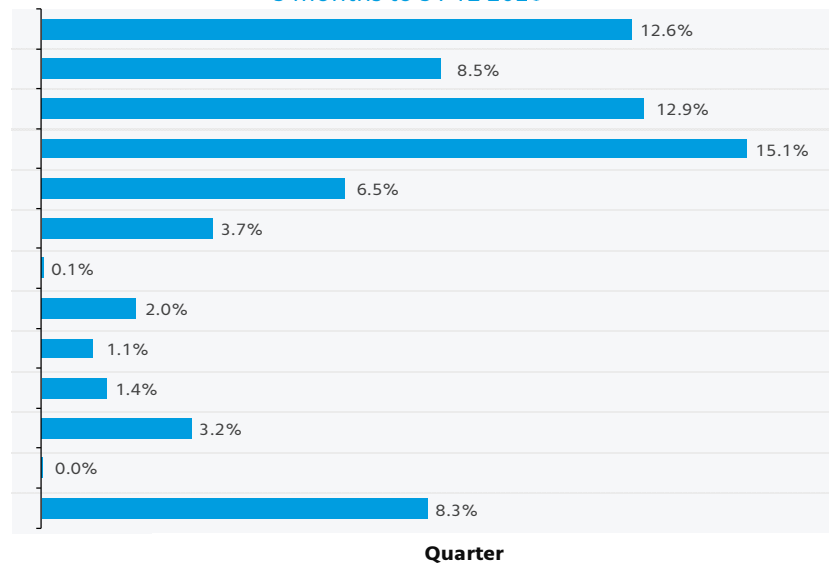
Change in Yields	Yields at (%)		Change in Yields (%)		
	31 Dec 20	30 Sep 20	3 Months	12 Months	3 Years
Over 5 Year Index-Linked Gilts	-2.38	-2.30	-0.08	-0.54	-0.72
Over 15 Year Fixed Interest Gilts	0.67	0.71	-0.04	-0.57	-0.99
Over 10 Year Non-Gilts	1.80	2.17	-0.37	-0.74	-1.02

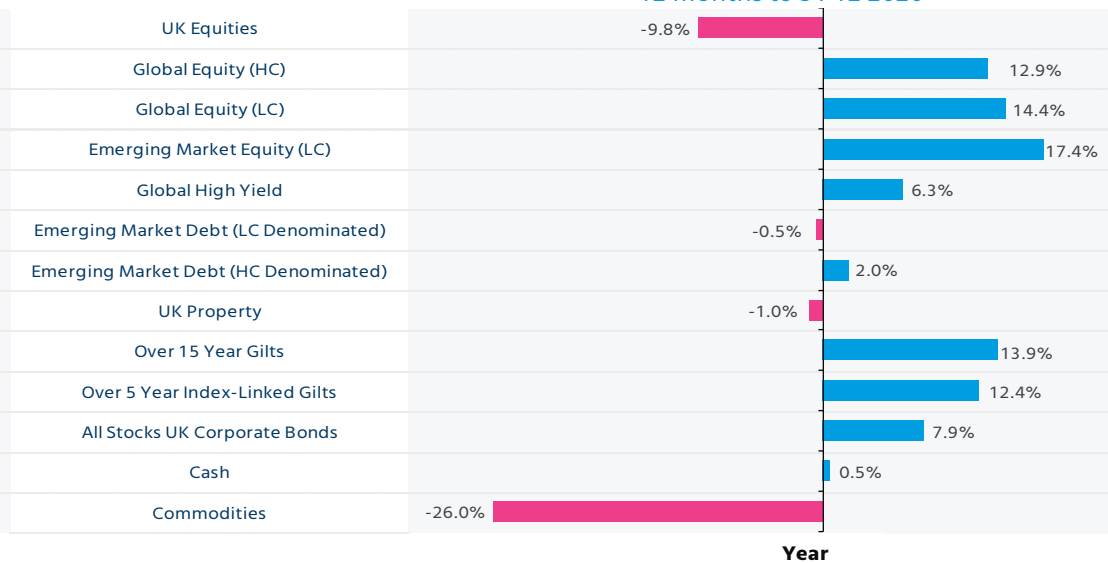
Exchange Rates	£1 is worth		£ Appreciation		
	31 Dec 20	30 Sep 20	3 Months %	12 Months %	3 Years % p.a.
US Dollar (\$)	1.367	1.293	5.7	3.2	0.3
Euro (€)	1.117	1.102	1.3	-5.3	-0.3
100 Japanese Yen (¥)	1.411	1.364	3.4	-2.0	-2.5



3 months to 31 12 2020



12 months to 31 12 2020



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

	30/09/2020 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/Decline (£M)	31/12/2020 Market Value (£M)	30/09/2020 Allocation (%)	31/12/2020 Allocation (%)	31/12/2020 B'mark (%)	31/12/2020 B'mark Range (%)
<b>Total</b>	<b>2,003.0</b>	<b>-6.4</b>	<b>125.2</b>	<b>2,121.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>--</b>
Total (ex CRMF)	1,552.8	-6.4	74.7	1,621.1	76.5	75.3	77.0	--
Total CRMF	450.1	--	50.5	500.6	22.5	23.6	23.0	10.0 – 35.0
Cash	20.0	2.8	0.0	22.9	1.0	1.1	0.0	0.0 – 5.0

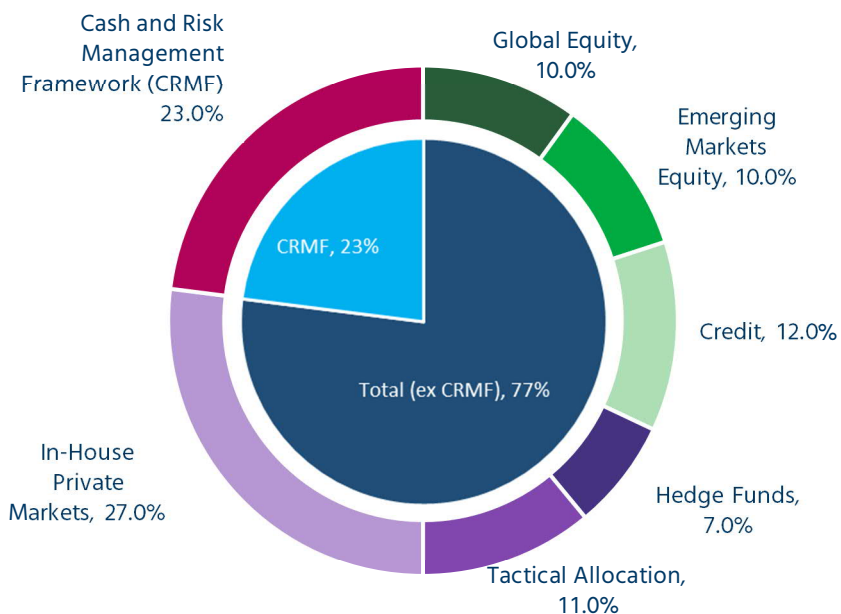
Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

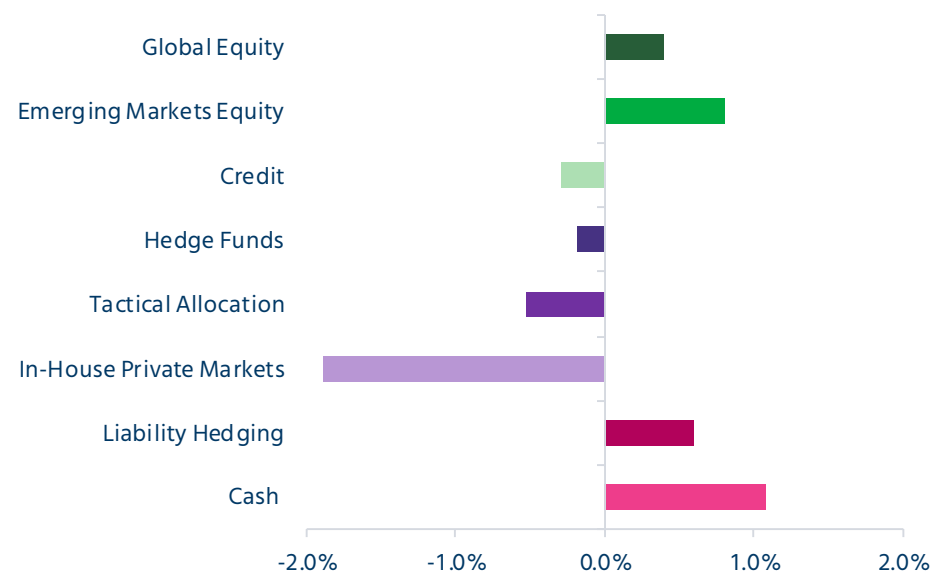
'CRMF' refers to the Cash and Risk Management Framework

Benchmark allocation shown is the current strategic allocation.

### Benchmark Asset Allocation as at 31 December 2020



### Deviation from Benchmark Asset Allocation

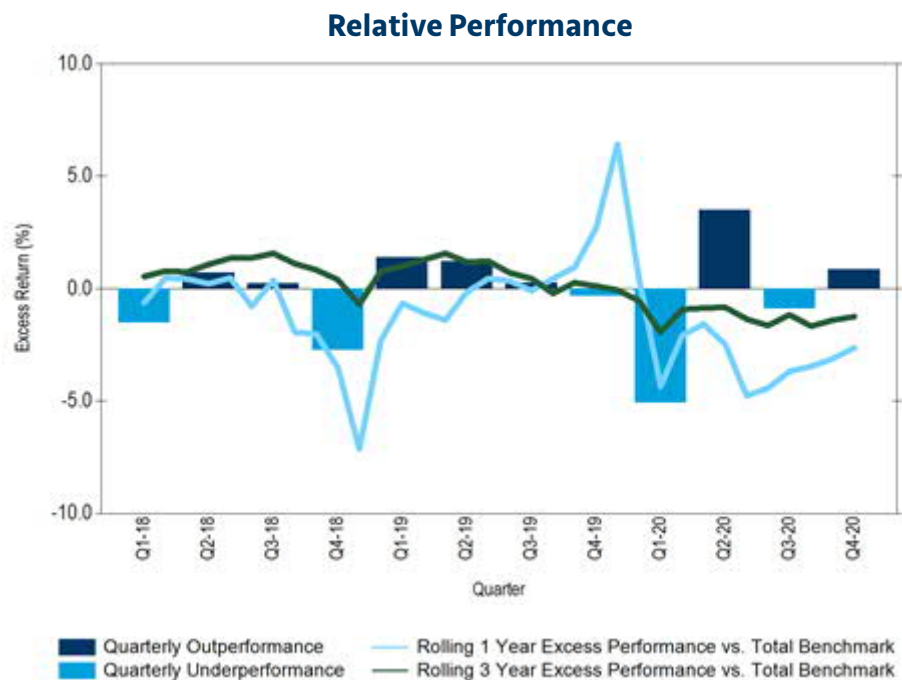




## Investment Performance

	2020 Q4 (%)	1 Yr (%)	3 Yrs (%)
<b>Total</b>	<b>6.2</b>	<b>6.4</b>	<b>5.4</b>
Total Benchmark	5.4	9.0	6.6
Strategic Target (CPI +4.1% p.a.)	1.6	6.2	6.2
Actuarial Target (CPI +2.0% p.a.)	1.0	4.1	4.1

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.



# Investment Manager Summary



## Manager Allocation

	Investment Manager	30/09/2020 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/Decline (£M)	31/12/2020 Market Value (£M)	30/09/2020 Allocation (%)	31/12/2020 Allocation (%)	31/12/2020 B'mark (%)	31/12/2020 B'mark Range (%)
<b>Total</b>		<b>2,003.0</b>	<b>-6.4</b>	<b>125.2</b>	<b>2,121.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>--</b>
<b>Total (ex-CRMF)</b>		<b>1,552.8</b>	<b>-6.4</b>	<b>74.7</b>	<b>1,621.1</b>	<b>76.5</b>	<b>75.3</b>	<b>77.0</b>	<b>--</b>
<b>Total Equity</b>		<b>404.9</b>	<b>--</b>	<b>44.7</b>	<b>449.7</b>	<b>20.2</b>	<b>21.2</b>	<b>20.0</b>	<b>10.0 - 30.0</b>
<b>Global Equity</b>		<b>202.7</b>	<b>--</b>	<b>17.8</b>	<b>220.5</b>	<b>10.1</b>	<b>10.4</b>	<b>10.0</b>	<b>5.0 - 15.0</b>
WPP Global Opportunities	Russell	100.9	--	9.7	110.7	5.0	5.2	5.0	--
World ESG Equity	BlackRock	101.9	--	8.0	109.9	5.1	5.2	5.0	--
<b>Emerging Markets Equity</b>		<b>202.2</b>	<b>--</b>	<b>27.0</b>	<b>229.2</b>	<b>10.1</b>	<b>10.8</b>	<b>10.0</b>	<b>5.0 - 15.0</b>
Emerging Markets (Core)	Wellington	66.1	--	10.0	76.1	3.3	3.6	3.0	--
Emerging Markets (Local)	Wellington	64.3	--	7.3	71.6	3.2	3.4	3.0	--
Emerging Markets Equity	BlackRock	71.8	--	9.7	81.6	3.6	3.8	4.0	--
<b>Total Credit</b>		<b>242.1</b>	<b>0.0</b>	<b>6.5</b>	<b>248.6</b>	<b>12.1</b>	<b>11.7</b>	<b>12.0</b>	<b>10.0 - 14.0</b>
LIBOR Multi Asset	Stone Harbor	37.0	2.0	1.7	40.7	1.8	1.9	2.0	--
Multi-Asset Credit	Stone Harbor	2.0	-2.0	0.0	--	0.1	--	--	--
WPP Multi-Asset Credit	Russell	203.1	--	4.9	207.9	10.1	9.8	10.0	--
<b>Total Hedge Funds</b>		<b>141.7</b>	<b>--</b>	<b>3.1</b>	<b>144.9</b>	<b>7.1</b>	<b>6.8</b>	<b>7.0</b>	<b>5.0 - 9.0</b>
Hedge Funds	Man	141.3	--	3.1	144.4	7.1	6.8	7.0	5.0 - 9.0
Hedge Funds (Legacy)	Man	0.4	--	0.0	0.4	0.0	0.0	--	--
<b>Total Tactical Allocation</b>		<b>208.6</b>	<b>0.0</b>	<b>13.6</b>	<b>222.1</b>	<b>10.4</b>	<b>10.5</b>	<b>11.0</b>	<b>9.0 - 13.0</b>
Best Ideas	Various	208.6	0.0	13.6	222.1	10.4	10.5	11.0	9.0 - 13.0
<b>Total Private Markets</b>		<b>535.4</b>	<b>-9.2</b>	<b>6.7</b>	<b>532.9</b>	<b>26.7</b>	<b>25.1</b>	<b>27.0</b>	<b>15.0 - 37.0</b>
Property	Various	123.7	14.0	5.2	142.8	6.2	6.7	4.0	2.0 - 6.0
Private Equity	Various	185.4	-19.2	3.5	169.7	9.3	8.0	8.0	6.0 - 10.0
Local / Impact	Various	--	46.8	5.4	52.2	--	2.5	4.0	0.0 - 6.0
Infrastructure	Various	118.9	-15.2	-4.3	99.5	5.9	4.7	8.0	6.0 - 10.0
Private Credit	Various	39.7	15.9	-4.1	51.5	2.0	2.4	3.0	1.0 - 5.0
Opportunistic	Various	49.4	-50.7	1.3	--	2.5	--	--	--

	Investment Manager	30/09/2020 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/12/2020 Market Value (£M)	30/09/2020 Allocation (%)	31/12/2020 Allocation (%)	31/12/2020 B'mark (%)	31/12/2020 B'mark Range (%)
Timber/ Agriculture	Various	18.3	-0.8	-0.3	17.2	0.9	0.8	--	--
<b>Total CRMF</b>		<b>450.1</b>	<b>--</b>	<b>50.5</b>	<b>500.6</b>	<b>22.5</b>	<b>23.6</b>	<b>23.0</b>	<b>10.0 - 35.0</b>
Cash and Risk Management Framework (CRMF)	Insight	450.1	--	50.5	500.6	22.5	23.6	23.0	10.0 - 35.0
<b>Cash</b>		<b>20.0</b>	<b>2.8</b>	<b>0.0</b>	<b>22.9</b>	<b>1.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.0 - 5.0</b>
Cash		20.0	2.8	0.0	22.9	1.0	1.1	0.0	0.0 - 5.0

Source: Investment Managers and Mercer.

Figures may not sum to total due to rounding.

Benchmark allocation shown is the current strategic allocation.

Wellington Emerging Markets Core and Local valuations are converted from USD to GBP using closing price exchange rates.

Hedged Funds (Legacy) valuation includes the Liongate portfolio.

## Manager Performance

	Investment Manager	2020 Q4 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
<b>Total</b>		<b>6.2</b>	5.4	<b>6.4</b>	9.0	<b>5.4</b>	6.6
<b>Total (ex-CRMF)</b>		<b>4.8</b>	3.6	<b>4.6</b>	7.4	<b>4.3</b>	5.8
<b>Total Equity</b>		<b>11.0</b>	10.9	<b>12.8</b>	15.5	<b>6.7</b>	9.2
WPP Global Opportunities	Russell	9.7	9.0	12.5	14.9	--	--
World ESG Equity	BlackRock	7.9	7.5	--	--	--	--
Emerging Markets (Core)	Wellington	15.1	13.5	20.7	16.2	8.9	7.3
Emerging Markets (Local)	Wellington	11.4	13.8	11.9	17.3	3.1	8.3
Emerging Markets Equity	BlackRock	13.2	13.3	--	--	--	--
<b>Total Credit</b>		<b>2.7</b>	0.9	<b>1.4</b>	1.9	<b>1.7</b>	2.0
LIBOR Multi Asset	Stone Harbor	4.3	0.3	1.4	1.3	1.1	1.5
Multi-Asset Credit	Stone Harbor	1.0	0.1	1.3	1.1	1.8	1.6
WPP Multi-Asset Credit	Russell	2.4	1.0	--	--	--	--
<b>Total Hedge Funds</b>		<b>2.2</b>	0.9	<b>0.3</b>	4.0	<b>-1.3</b>	4.2
Hedge Funds	Man	2.2	0.9	0.3	4.0	-0.5	4.2
Hedge Funds (Legacy)	Man	-5.4	0.9	-7.0	4.0	-43.7	4.2
<b>Total Tactical Allocation</b>		<b>6.5</b>	0.9	<b>2.4</b>	4.0	<b>3.1</b>	4.5
Best Ideas	Various	6.5	0.9	1.5	3.6	4.1	4.4
<b>Total Private Markets</b>		<b>1.2</b>	1.3	<b>2.7</b>	3.8	<b>7.0</b>	5.0
Property	Various	3.8	2.0	3.4	-1.0	5.8	2.8
Private Equity	Various	2.0	1.2	5.3	5.5	10.4	5.7
Local / Impact	Various	12.1	1.2	--	--	--	--
Infrastructure	Various	-4.0	1.2	-4.5	5.5	4.1	5.7
Private Credit	Various	-10.3	1.8	-7.9	7.5	1.5	7.5
Opportunistic	Various	2.6	0.2	5.7	4.4	7.7	5.7
Timber/ Agriculture	Various	-1.8	1.2	-1.9	5.5	1.4	5.7
<b>Cash and Risk Management Framework (CRMF)</b>		<b>11.2</b>	11.2	<b>13.2</b>	13.2	<b>9.2</b>	9.2
Cash and Risk Management Framework (CRMF)	Insight	11.2	11.2	13.2	13.2	9.2	9.2

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer calculations 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.

Local / Impact performance over the quarter is shown since inception. Inception taken as 15 October 2020 for performance measurement purposes.

Opportunistic performance is shown from 30 September 2020, 31 December 2019 and 31 December 2017, respectively, to termination on 15 October 2020.

## Manager Monitoring

	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	--	--
Stone Harbor	LIBOR Multi-Strategy	●	●
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 & Risk Management Framework	●	●

	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	Strategic Allocation (%)	Performance Benchmark
<b>Total</b>		<b>100.0</b>	--
<b>Total (ex-CRMF)</b>		<b>77.0</b>	--
<b>Total Equity</b>		<b>20.0</b>	<b>Composite Weighted Index</b>
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
<b>Total Credit</b>		<b>12.0</b>	<b>Composite Weighted Index</b>
LIBOR Multi Asset	Stone Harbor	2.0	1 Month LIBOR Index +1.0% p.a.
WPP Multi-Asset Credit	Russell	10.0	3 Month LIBOR Index +4.0% p.a.
<b>Total Hedge Funds</b>		<b>7.0</b>	<b>3 Month LIBOR Index +3.5% p.a.</b>
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.
<b>Total Tactical Allocation</b>		<b>11.0</b>	<b>UK Consumer Price Index +3.0% p.a.</b>
Best Ideas	Various	11.0	UK Consumer Price Index +3.0% p.a.
<b>Total Private Markets</b>		<b>27.0</b>	<b>Composite Weighted Index</b>
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 7.5% p.a.
Timber/ Agriculture	Various	--	3 Month LIBOR Index +5.0% p.a.
<b>Total Cash and Risk Management Framework (CRMF)</b>		<b>23.0</b>	<b>Composite Liabilities &amp; Synthetic Equity</b>
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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