

Clwyd Pension Fund Monitoring Report Quarter to 31 March 2023

Steve Turner

June 2023



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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.
- 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.

Steve Turner







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Overview



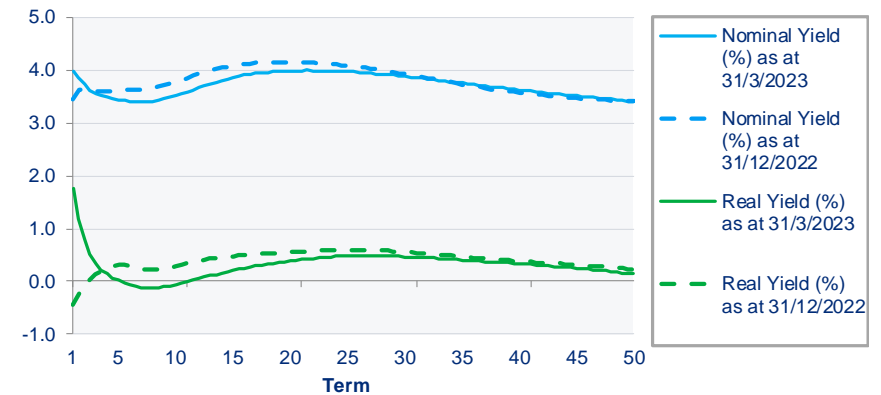
Executive Dashboard

Page 7	Asset Allocation		Page 8	Investment Performance	
<p>Emerging Markets Equity, Global Equity and Credit are underweight (-4.9%, -4.3% and -1.9%, respectively) but within ranges. CRMF and Cash are the most notably overweight (6.0% and 4.3%, respectively), but within ranges. The new strategic asset allocation was agreed at the 29 March 2023 Committee.</p>	<p>Signal Previous Qtr  Current Qtr </p>	<p>The Fund returned 3.7% over the quarter against a benchmark of 4.5%. Over the one year and three year periods to 31 March 2023, the Fund returned -6.4% and 9.5% p.a. against a benchmark of -4.6% and 7.5% p.a., respectively.</p>	<p>Signal Previous Qtr  Current Qtr </p>		
<p>Asset Allocation vs Ranges Infrastructure is slightly below the range (-0.4%). All the other assets are within acceptable ranges.</p>			<p>Performance vs Target The one year performance is behind the strategic target, actuarial past service and actuarial future service. The three year performance is ahead of the strategic target, actuarial past service and actuarial future service.</p>		
Page 12	Manager Research		Additional Comments		
<p>No significant news to report over the quarter.</p>	<p>Signal Previous Qtr  Current Qtr </p>		<p>At the last committee meeting on 29th March 2023 the Committee agreed to the revised investment strategy, for this performance report we have not looked to update the strategic asset allocation of the Fund given that the previous strategy was in placed for the majority of the quarter. The strategic asset allocation will be reflected in next quarters report.</p>		

Market Conditions

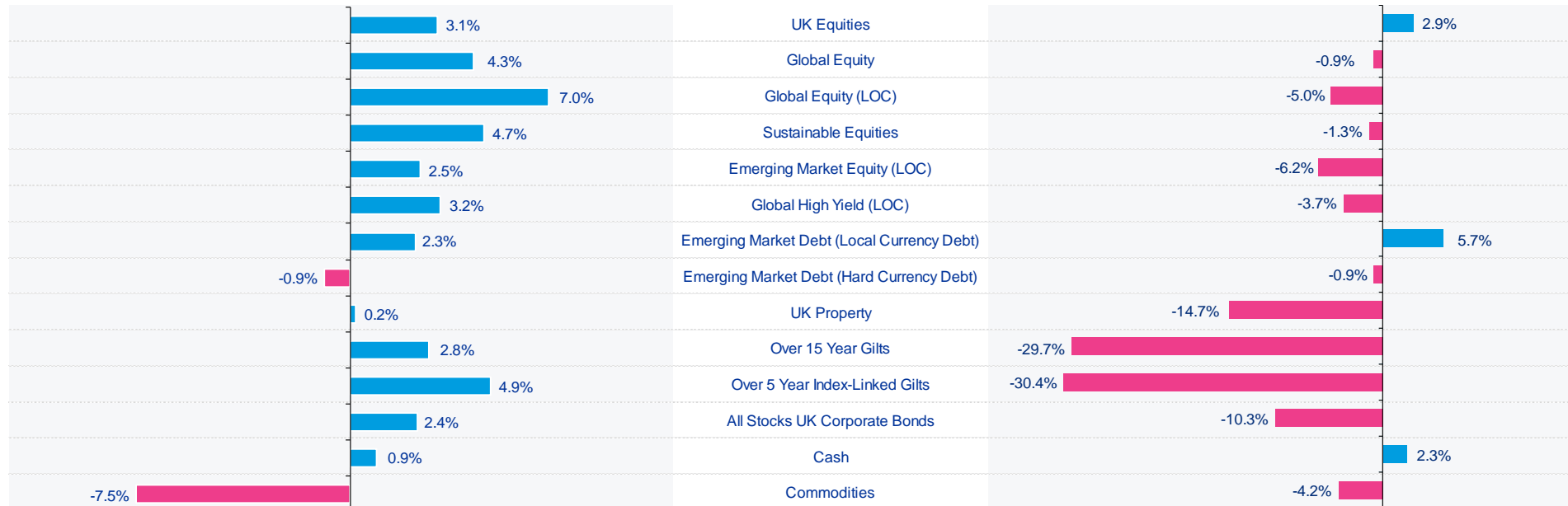
Yield / Spread	Values at (%)		Change (%)		
	31/03/2023	31/12/2022	3M	12M	3Y
Over 5Y Index-Linked Gilts Yield	0.26	0.41	-0.15	2.33	2.23
Over 15Y Fixed Interest Gilts Yield	3.79	3.90	-0.11	2.01	3.02
Over 10 Year Non-Gilts Yield	5.35	5.53	-0.17	2.17	2.50
Over 10 Year Non-Gilts Spread	1.56	1.56	0.00	0.22	-0.56

Exchange Rates	£1 is worth		Appreciation (%)		
	31/03/2023	31/12/2022	3M	1Y	3Y
US Dollar (\$)	1.236	1.203	2.79	-6.09	-0.09
Euro (€)	1.138	1.127	0.98	-3.82	0.24
100 Japanese Yen (¥)	1.646	1.587	3.68	2.97	7.13



3 months to 31/03/2023

12 months to 31/03/2023



Source: Refinitiv. All returns are shown in sterling unless otherwise stated. Local currency returns (LOC) are an approximation of a currency hedged return.

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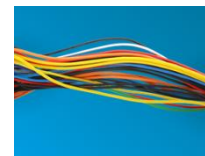


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Strategy Monitoring

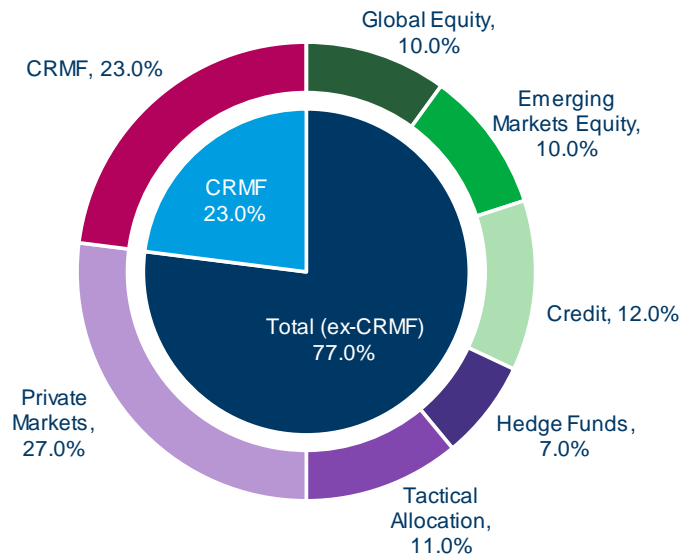


Asset Allocation

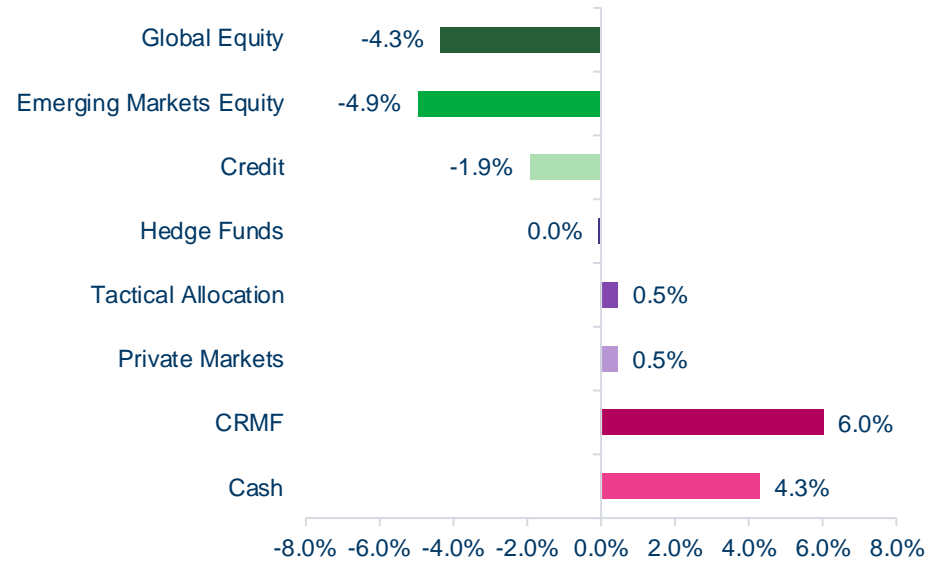
	31/12/2022 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	31/03/2023 Market Value (£M)	31/12/2022 Allocation (%)	31/03/2023 Allocation (%)	31/03/2023 B'mark (%)	31/03/2023 B'mark Range (%)
Total	2,213.4	-5.1	80.9	2,289.2	100.0	100.0	100.0	--
Total (ex-CRMF)	1,514.7	0.2	11.8	1,526.7	68.4	66.7	77.0	--
Total CRMF	595.1	--	69.1	664.2	26.9	29.0	23.0	10.0 - 35.0
Cash	103.6	-5.3	0.0	98.3	4.7	4.3	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 March 2023



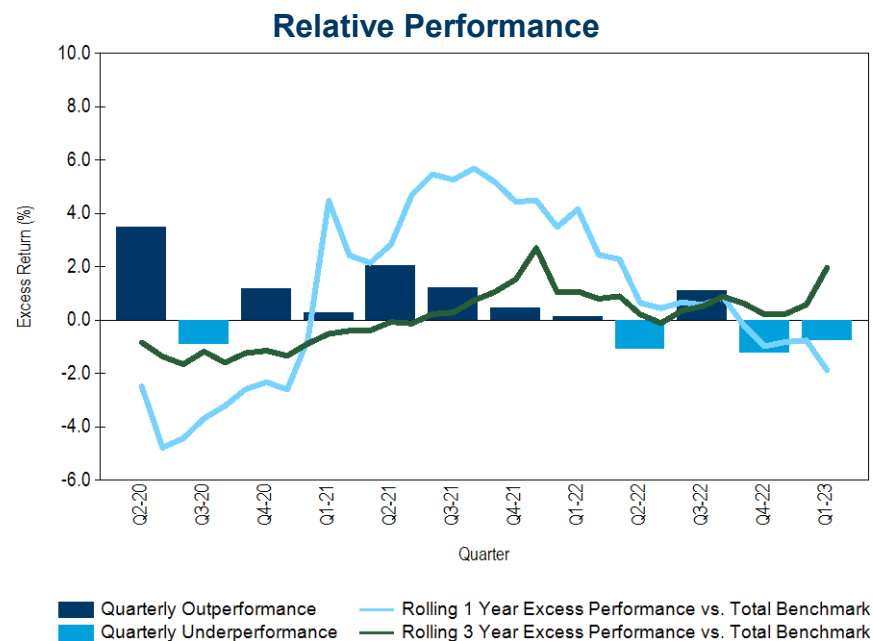
Deviation from Benchmark Asset Allocation



Investment Performance

	2023 Q1 (%)	1 Yr (%)	3 Yrs (%)
Total	3.7	-6.4	9.5
Total Benchmark	4.5	-4.6	7.5
Strategic Target (CPI +3.4% p.a.)	2.2	13.8	9.4
Actuarial Target - Past Service Liabilities (CPI +1.75% p.a.)	1.8	12.0	7.7
Actuarial Target - Future Service Liabilities (CPI + 2.25% p.a.)	1.9	12.5	8.2

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 realised CPI over the corresponding periods. Prior to Q2 2022, CPI was based on Mercer’s Market Forecasting Group assumptions. For periods over one year the figures in the table above have been annualised.



Investment Manager Summary



Manager Allocation

	Investment Manager	31/12/2022 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/Decline (£M)	31/03/2023 Market Value (£M)	31/12/2022 Allocation (%)	31/03/2023 Allocation (%)	31/03/2023 B'mark (%)	31/03/2023 B'mark Range (%)
Total		2,213.4	-5.1	80.9	2,289.2	100.0	100.0	100.0	--
Total (ex-CRMF)		1,514.7	0.2	11.8	1,526.7	68.4	66.7	77.0	--
Total Equity		238.8	--	6.9	245.7	10.8	10.7	20.0	10.0 - 30.0
Global Equity		125.9	--	4.2	130.0	5.7	5.7	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	125.9	--	4.2	130.0	5.7	5.7	10.0	5.0 - 15.0
Emerging Markets Equity		113.0	--	2.7	115.7	5.1	5.1	10.0	5.0 - 15.0
WPP Emerging Markets Equity	Russell	113.0	--	2.7	115.7	5.1	5.1	10.0	5.0 - 15.0
Total Credit		223.5	--	7.2	230.7	10.1	10.1	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	223.5	--	7.2	230.7	10.1	10.1	12.0	10.0 - 14.0
Total Hedge Funds		160.3	--	-1.0	159.3	7.2	7.0	7.0	5.0 - 9.0
Hedge Funds	Man	160.3	--	-1.0	159.3	7.2	7.0	7.0	5.0 - 9.0
Total Tactical Allocation		261.5	--	1.1	262.5	11.8	11.5	11.0	9.0 - 13.0
Best Ideas	Various	261.5	--	1.1	262.5	11.8	11.5	11.0	9.0 - 13.0
Total Private Markets		630.7	0.2	-2.4	628.5	28.5	27.5	27.0	15.0 - 37.0
Property	Various	137.3	4.8	-6.4	135.7	6.2	5.9	4.0	2.0 - 6.0
Private Equity	Various	203.4	-1.6	-0.7	201.1	9.2	8.8	8.0	6.0 - 10.0
Local / Impact	Various	85.5	1.8	2.8	90.1	3.9	3.9	4.0	0.0 - 6.0
Infrastructure	Various	130.9	-4.2	2.3	129.0	5.9	5.6	8.0	6.0 - 10.0
Private Credit	Various	62.2	-0.5	-1.1	60.6	2.8	2.6	3.0	1.0 - 5.0
Timber/ Agriculture	Various	11.4	-0.1	0.7	11.9	0.5	0.5	--	--
Total CRMF		595.1	--	69.1	664.2	26.9	29.0	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	595.1	--	69.1	664.2	26.9	29.0	23.0	10.0 - 35.0
Cash		103.6	-5.3	0.0	98.3	4.7	4.3	0.0	0.0 - 5.0
Cash		103.6	-5.3	0.0	98.3	4.7	4.3	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.

Hedged Funds (Legacy) valuation includes the Liongate portfolios.

Manager Performance

	Investment Manager	2023 Q1 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		3.7	4.5	-6.4	-4.6	9.5	7.5
Total Equity		4.5	3.2	-2.2	-1.9	12.4	13.4
WPP Global Opportunities	Russell	3.4	4.9	0.2	0.5	16.4	17.8
WPP Emerging Markets Equity	Russell	5.7	1.5	-1.6	-3.5	--	--
Total Credit		1.9	1.9	-7.1	6.3	3.1	4.3
WPP Multi-Asset Credit	Russell	1.9	1.9	-7.1	6.3	--	--
Total Hedge Funds		-0.6	1.8	0.8	5.8	4.2	4.4
Hedge Funds	Man	-0.6	1.8	0.8	5.8	4.2	4.4
Total Tactical Allocation		0.4	2.1	-3.9	13.3	12.0	8.7
Best Ideas	Various	0.4	2.1	-3.8	13.3	12.2	8.2
Total Private Markets		-0.4	1.8	10.1	3.9	13.3	5.5
Property	Various	-4.6	0.2	-9.2	-14.7	2.4	2.7
Private Equity	Various	-0.4	2.2	13.7	7.4	19.8	5.9
Local / Impact	Various	3.3	2.2	22.9	7.4	--	--
Infrastructure	Various	1.8	2.2	19.6	7.4	12.2	5.9
Private Credit	Various	-1.8	1.8	9.5	7.5	7.4	7.5
Timber/ Agriculture	Various	6.0	2.2	29.2	7.4	10.3	5.9
Total CRMF		11.6	11.6	-34.8	-34.8	5.4	5.4
Cash and Risk Management Framework (CRMF)	Insight	11.6	11.6	-34.8	-34.8	5.4	5.4

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

Russell WPP Global Opportunities and Russell Emerging Markets portfolios benchmark performance includes the outperformance target.

Total hedge funds performance includes performance of the legacy Liongate portfolio.

Hedge funds, best ideas and private markets portfolios performance 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.

Manager Ratings

Asset Class	Investment Manager	12m Perf	3yr Perf
WPP Global Opportunities	Russell	●	●
WPP Emerging Markets Equity	Russell	●	--
WPP Multi-Asset Credit	Russell	●	--
Hedge Funds	Man	●	●
Best Idea	Various	●	●
Property	Various	●	●
Private Equity	Various	●	●
Local/ Impact	Various	●	--
Infrastructure	Various	●	●
Private Credit	Various	●	●
Timber/ Agriculture	Various	●	●
Cash and Risk Management Framework (CRMF)	Insight	●	●

	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

4

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	10.0	MSCI AC World (NDR) Index +2.0% p.a.
WPP Emerging Markets Equity	Russell	10.0	MSCI Emerging Markets Index +1.5% p.a.
Total Credit		12.0	SONIA +4.0% p.a.
WPP Multi-Asset Credit	Russell	12.0	SONIA +4.0% p.a.
Total Hedge Funds		7.0	SONIA +3.5% p.a.
Hedge Funds	Man	7.0	SONIA +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	SONIA +5.0% p.a.
Local / Impact	Various	4.0	SONIA +5.0% p.a.
Infrastructure	Various	8.0	SONIA +5.0% p.a.
Private Credit	Various	3.0	Absolute Return +7.5% p.a.
Timber/ Agriculture	Various	--	SONIA +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

Figures may not sum to total due to rounding.

Performance benchmark for WPP Global Opportunities and Russell Emerging Markets portfolios include the 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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