

Clwyd Pension Fund Monitoring Report Quarter to 30 September 2024

Steve Turner

November 2024



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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.

Steve Turner







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Overview



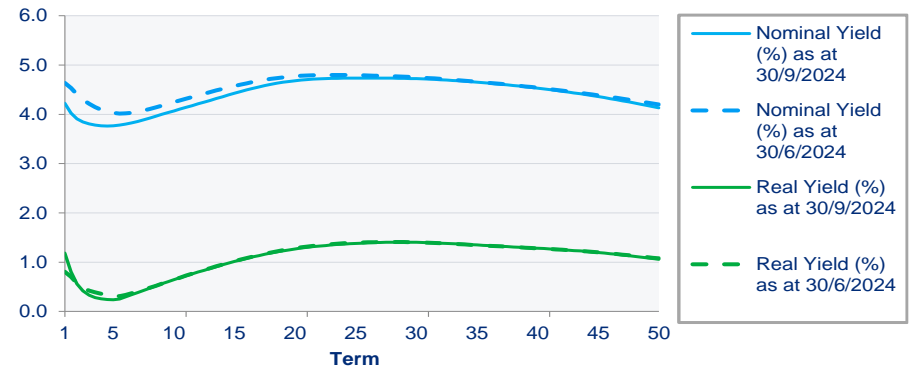
Executive Dashboard

Page 7	Asset Allocation		Page 8	Investment Performance	
<p>Assets are broadly in-line with their strategic target weights. Risk Management Framework and Local/Impact are the most underweight (-2.6% and -2.0% respectively). The actual overall exposure to equities is closer to the target position when allowing for synthetic equities.</p> <p>Total Credit is the most overweight (+1.5%).</p>	<p>Signal</p> <p>Previous Qtr </p> <p>Current Qtr </p>		<p>The Fund returned 2.3% over the quarter against a benchmark of 3.1%. The WPP Equity and Multi-Asset Credit funds outperformed, with the reported performance of the Private Market assets detracting from returns over the quarter.</p>	<p>Signal</p> <p>Previous Qtr </p> <p>Current Qtr </p>	
<p>Asset Allocation vs Ranges</p> <p>Within ranges.</p>			<p>Performance vs Target</p> <p>The one, three and five year performances are behind the benchmark performance.</p>		
Page 13	Manager Research		Additional Comments		
<p>No significant news to report over the quarter.</p>		<p>Signal</p> <p>Previous Qtr </p> <p>Current Qtr </p>	<p>In the third quarter of 2024, developed market (“DM”) central banks cut interest rates prompted by the macroeconomic backdrop of cooling inflation, labour markets and slowing wage growth. Overall, bond yields declined across DM economies, while equities outperformed in response to rate cuts. Uncertainty around the US election and tensions in the Middle East sparked temporary volatility in financial markets. Headline inflation in the UK fell to 1.7% in September from 2.0% in June.</p>		

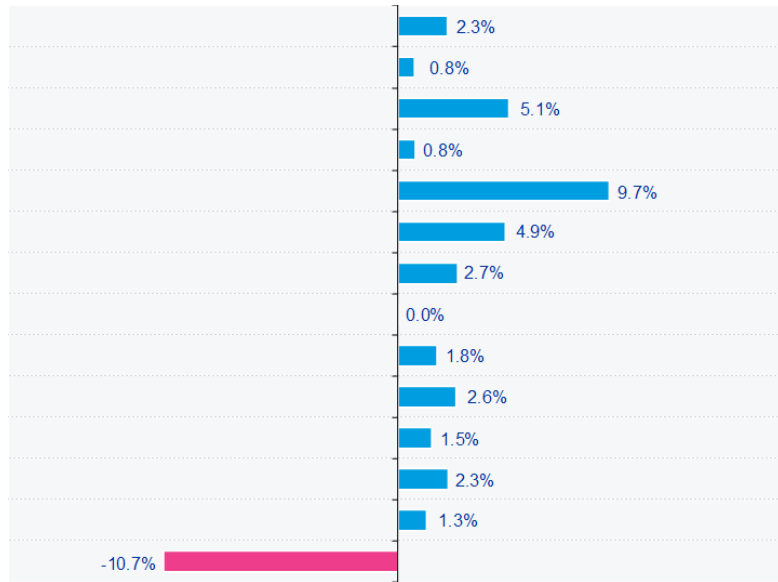
Market Conditions

Yield / Spread	Values at (%)		Change (%)		
	30/09/2024	30/06/2024	3M	12M	3Y
Over 5 Year Index-Linked Gilts Yield	1.14	1.16	-0.02	-0.09	3.43
Over 15 Year Fixed Interest Gilts Yield	4.49	4.57	-0.08	-0.29	3.12
Over 10 Year Non-Gilts Yield	5.49	5.60	-0.10	-0.55	3.09
Over 10 Year Non-Gilts Spread	1.12	1.10	0.02	-0.24	0.03

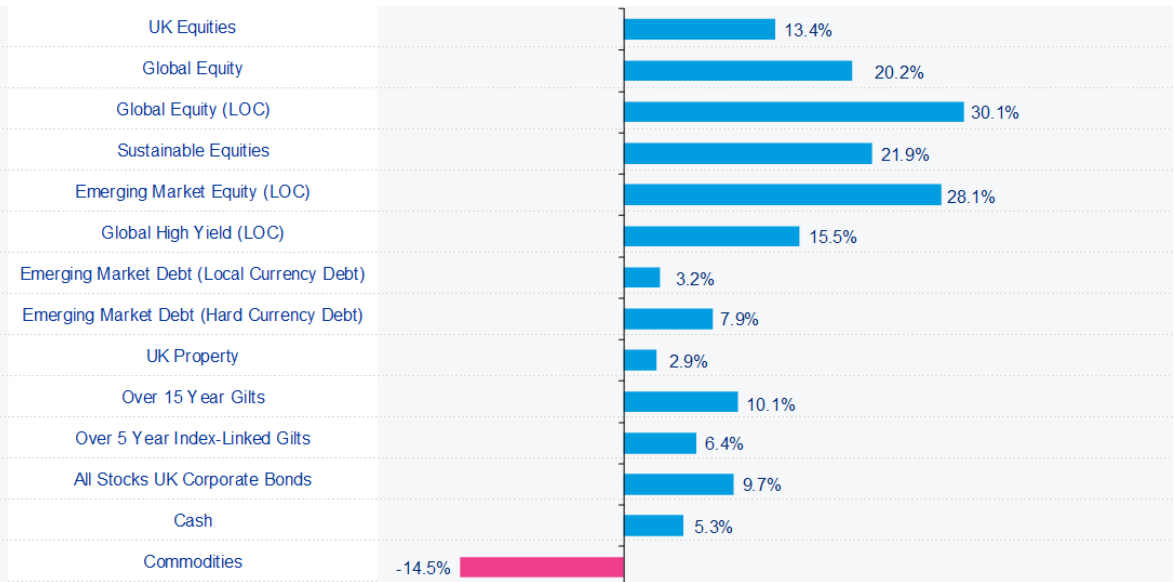
Exchange Rates	£1 is worth		Appreciation (%)		
	30/09/2024	30/06/2024	3M	12M	3Y
US Dollar (\$)	1.341	1.264	6.11	9.88	-0.17
Euro (€)	1.202	1.179	1.90	4.25	1.09
100 Japanese Yen (¥)	1.919	2.033	-5.64	5.33	8.44



3 months to 30/09/2024



12 months to 30/09/2024



Source: LSEG Datastream. 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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Strategy Monitoring

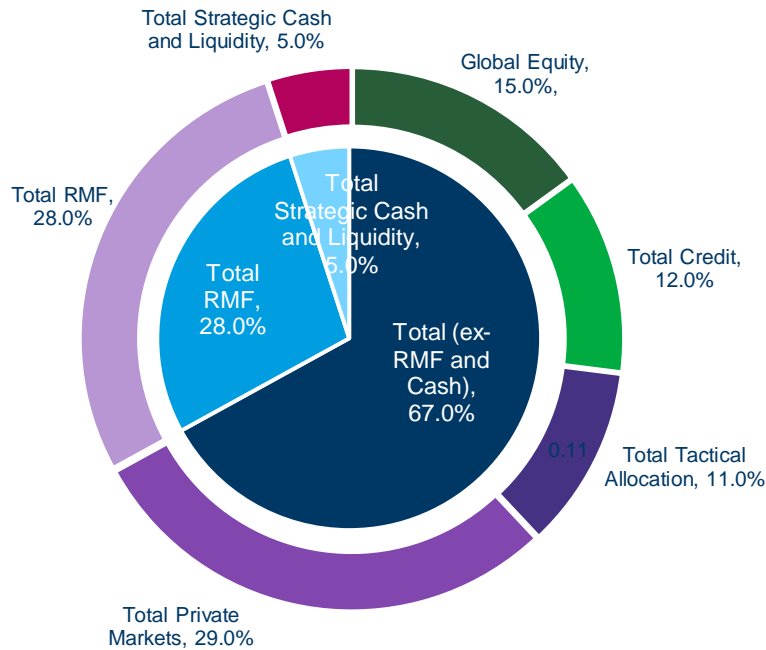


Asset Allocation

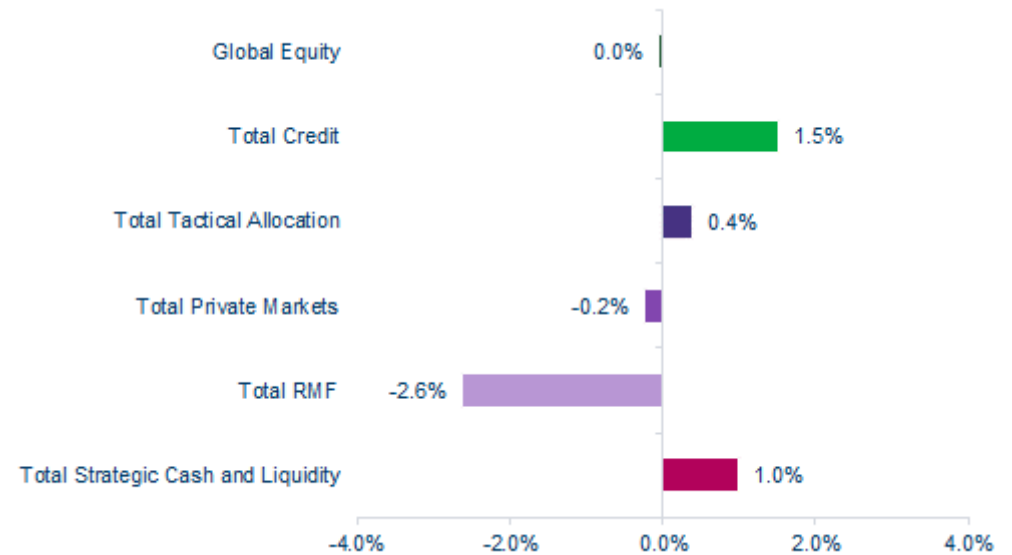
	30/06/2024 Market Value (£M)	Net cashflow (£M)	Investment Growth/ Decline (£M)	30/09/2024 Market Value (£M)	30/06/2024 Allocation (%)	30/09/2024 Allocation (%)	30/09/2024 B'mark (%)	30/09/2024 B'mark Range (%)
Total	2,460.5	-10.2	55.0	2,505.3	100.0	100.0	100.0	--
Total (ex-RMF and Cash)	1,681.7	23.1	14.6	1,719.5	68.4	68.6	67.0	--
Total RMF	596.7	-	39.0	635.7	24.3	25.4	28.0	10.0 - 35.0
Total Strategic Cash and Liquidity	182.0	-33.3	1.4	150.1	7.4	6.0	5.0	2.5 - 7.5

Source: Investment Managers and Mercer.
 Figures may not sum to total due to rounding.

Benchmark Asset Allocation as at 30 September 2024



Deviation from Benchmark Asset Allocation

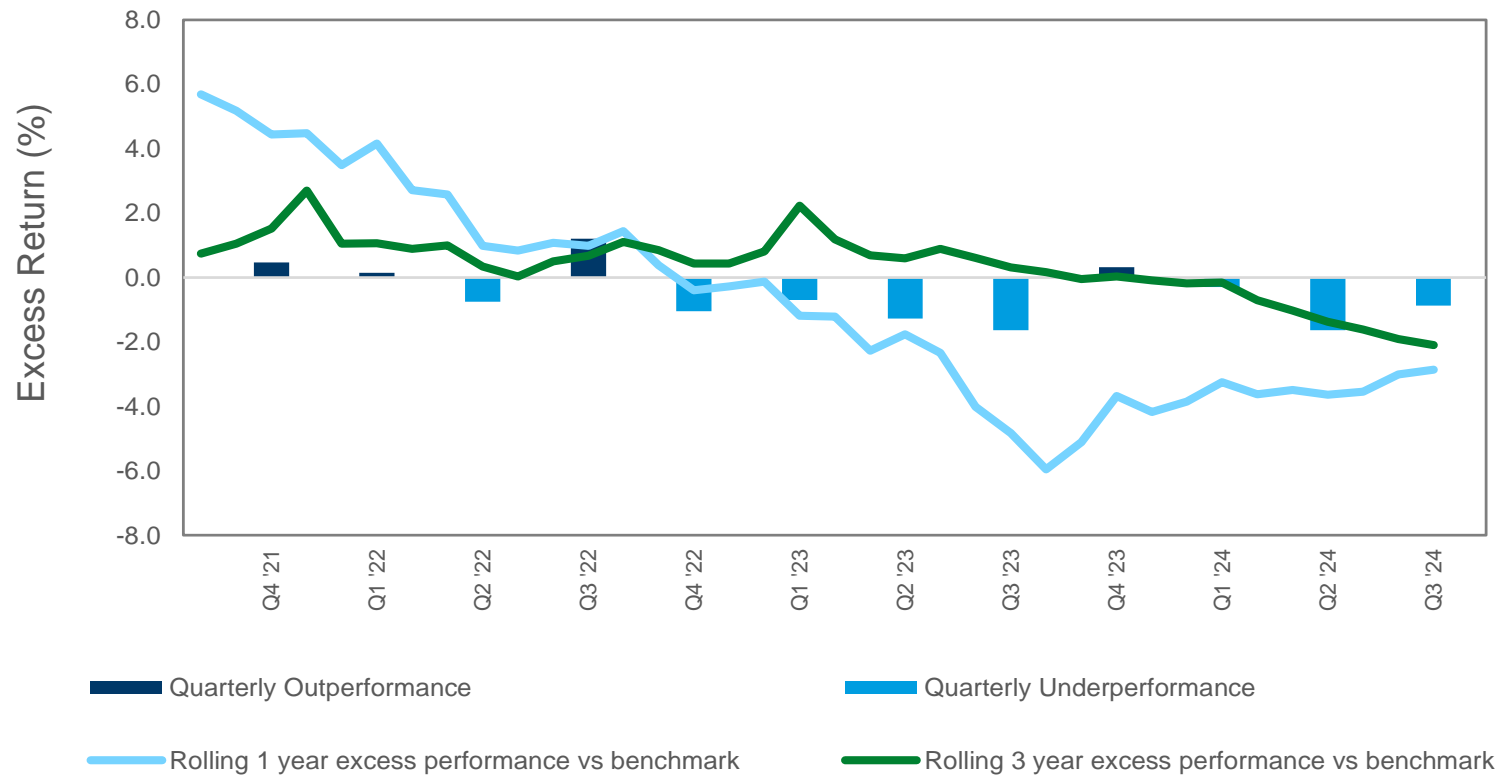


Investment Performance

Fund and benchmark returns (%)	3 Mth	1 Yr	3 Yrs (p.a.)	5 Yrs (p.a.)
Total	2.3	14.5	2.9	5.6
Total Benchmark	3.1	17.3	5.0	6.7

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

Relative Performance



Investment Manager Summary



Manager Allocation

	Investment Manager	30/06/2024 Market Value (£M)	Net cashflow (£M)	Investment Growth/Decline (£M)	30/09/2024 Market Value (£M)	30/06/2024 Allocation (%)	30/09/2024 Allocation (%)	30/09/2024 B'mark (%)	30/09/2024 B'mark Range (%)
Total		2,460.5	-10.2	55.0	2,505.3	100.0	100.0	100.0	--
Total (ex-RMF and Cash)		1,681.7	23.1	14.6	1,719.5	68.4	68.6	67.0	--
Total Equity		346.2	22.7	5.8	374.6	14.1	15.0	15.0	10.0 - 20.0
Global Equity		346.2	22.7	5.8	374.6	14.1	15.0	15.0	10.0 - 20.0
WPP Sustainable Active Equity	Russell	346.2	22.7	5.8	374.6	14.1	15.0	15.0	10.0 - 20.0
Total Credit		248.0	77.1	13.7	338.8	10.1	13.5	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	248.0	77.1	13.7	338.8	10.1	13.5	12.0	10.0 - 14.0
Total Hedge Funds		83.0	-82.9	-0.2	-	3.4	-	-	-
Hedge Funds	Man Group	83.0	-82.9	-0.2	-	3.4	-	-	-
Total Tactical Allocation		282.7	-	2.6	285.3	11.5	11.4	11.0	9.0 - 13.0
Tactical Asset Allocation	Various	282.7	-	2.6	285.3	11.5	11.4	11.0	9.0 - 13.0
Total Private Markets		721.8	6.2	-7.3	720.7	29.3	28.8	29.0	15.0 - 37.0
Private Markets		665.2	1.8	-7.5	659.5	27.0	26.3	29.0	--
WPP Private Markets		56.6	4.4	0.2	61.2	2.3	2.4	2.4	--
Property	Various	107.9	1.2	2.6	111.7	4.4	4.5	4.0	2.0 - 6.0
Local / Impact	Various	144.2	5.0	0.7	149.8	5.9	6.0	8.0	6.0 - 10.0
Timber/ Agriculture	Various	9.0	-	-0.5	8.5	0.4	0.3	--	--
Total Private Equity		234.3	-4.8	-6.8	222.7	9.5	8.9	8.0	6.0 - 10.0
Private Equity	Various	210.3	-4.8	-6.8	198.7	8.5	7.9	8.0	6.0 - 10.0
WPP Private Equity	Various	24.0	-	-	24.0	1.0	1.0		
Total Private Debt		71.4	0.6	-1.5	70.5	2.9	2.8	3.0	1.0 - 5.0
Private Debt	Various	58.7	0.6	-1.9	57.3	2.4	2.3	3.0	1.0 - 5.0
WPP Private Debt	Various	12.8	-	0.4	13.2	0.5	0.5		
Total Infrastructure		155.0	4.2	-1.8	157.4	6.3	6.3	6.0	4.0 - 8.0
Infrastructure	Various	135.2	-0.3	-1.6	133.4	5.5	5.3	6.0	4.0 - 8.0
WPP Infrastructure	Various	19.8	4.4	-0.2	24.1	0.8	1.0		
Total RMF		596.7	-	39.0	635.7	24.3	25.4	28.0	10.0 - 35.0
Risk Management Framework	Insight	596.7	-	39.0	635.7	24.3	25.4	28.0	10.0 - 35.0

	Investment Manager	30/06/2024 Market Value (£M)	Net cashflow (£M)	Investment Growth/ Decline (£M)	30/09/2024 Market Value (£M)	30/06/2024 Allocation (%)	30/09/2024 Allocation (%)	30/09/2024 B'mark (%)	30/09/2024 B'mark Range (%)
Total Strategic Cash and Liquidity		182.0	-33.3	1.4	150.1	7.4	6.0	5.0	2.5 - 7.5
Strategic Cash and Liquidity	Insight	109.4	-40.0	1.4	70.8	4.4	2.8		
Trustee Bank Account	In-House	72.6	6.7	-	79.3	3.0	3.2	5.0	2.5 - 7.5

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

Fund and benchmark returns (%)	Investment Manager	3 Mth	B'mark	1 Yr	B'mark	3 Yrs (p.a.)	B'mark (p.a.)	5 Yrs (p.a.)	B'mark (p.a.)
Total		2.3	3.1	14.5	17.3	2.9	5.0	5.6	6.7
Total Equity		1.6	1.0	14.8	19.6	3.2	6.5	6.3	9.1
WPP Sustainable Active Equity	Russell	1.6	1.0	17.9	22.2	-	-	-	-
Total Credit		5.0	2.3	14.6	9.5	1.5	7.5	2.6	5.5
WPP Multi-Asset Credit	Russell	5.0	2.3	14.6	9.5	1.5	7.5	-	-
Total Tactical Allocation		0.9	1.4	9.1	5.9	5.7	6.9	6.6	6.2
Tactical Asset Allocation	Various	0.9	1.4	9.1	5.9	5.7	6.9	6.3	6.1
Total Private Markets		-1.0	2.4	-0.5	9.1	6.5	7.2	7.6	6.4
Private Markets		-1.1	2.4	-1.1	9.1	6.3	7.2	7.5	6.4
WPP Private Markets		0.4	2.4	15.3	9.7	-	-	-	-
Property	Various	2.3	1.8	-6.9	2.9	-5.4	0.3	-1.7	2.2
Local / Impact	Various	0.5	2.5	-0.9	10.5	12.1	8.5	-	-
Timber/ Agriculture	Various	-5.7	2.5	-6.2	10.5	7.4	8.5	4.0	7.2
Total Private Equity		-2.9	2.5	1.4	10.5	8.9	8.5	11.8	7.2
Private Equity	Various	-3.3	2.5	0.4	10.5	8.6	8.5	11.6	7.2
WPP Private Equity	Various	0.0	2.5	-	-	-	-	-	-
Total Private Debt		-2.0	1.8	-3.2	7.5	8.2	7.5	5.2	7.5
Private Debt	Various	-3.2	1.8	-4.3	7.5	7.9	7.5	5.0	7.5
WPP Private Debt	Various	3.2	1.8	4.5	7.5	-	-	-	-
Total Infrastructure		-1.1	2.5	4.3	10.5	11.4	8.5	8.0	7.2
Infrastructure	Various	-1.2	2.5	3.9	10.5	11.2	8.5	7.9	7.2
WPP Infrastructure	Various	-0.9	2.5	15.9	10.5	-	-	-	-
Total RMF		6.5	6.5	37.2	37.2	-5.3	-5.3	2.8	2.8
Risk Management Framework	Insight	6.5	6.5	37.2	37.2	-5.3	-5.3	2.8	2.8
Total Strategic Cash and Liquidity		1.3	1.3	5.5	5.3	3.4	3.4	2.2	2.1
Strategic Cash and Liquidity	Insight	1.3	1.3	-	-	-	-	-	-

Figures shown are net of fees and based on performance provided by the Investment Managers, Mercer estimates and LSEG Datastream. Total and Total Equity includes performance of terminated mandates.

Prior to 30 November 2020, performance for all portfolios and sub-totals/total was estimated based on MWRR approach.

TAA and private markets portfolios performance has been estimated by Mercer. From 31 March 2024, Risk Management Framework performance has been estimated by Mercer.

Private Debt benchmark was revised to Absolute Return 7.5% p.a. in Q4 2020 and for all preceding periods.

Total Strategic Cash and Liquidity returns are of Insight ILF2. Longer term returns are for representative purpose only.

Appendix

4

Appendix A

Benchmarks

Name	Investment Manager	B'mark (%)	Performance Benchmark
Total		100.0	-
Total (ex-RMF and Cash)		67.0	-
Total Equity		15.0	MSCI AC World (NDR) Index +2.0% p.a.
WPP Sustainable Active Equity	Russell	15.0	MSCI AC World (NDR) Index +2.0% p.a.
Total Credit		12.0	SONIA +4.0% p.a.
WPP Multi-Asset Credit	Russell	12.0	SONIA +4.0% p.a.
Total Tactical Allocation		11.0	UK Consumer Price Index +2.5% p.a.¹
Tactical Asset Allocation	Various	11.0	UK Consumer Price Index +2.5% p.a. ¹
Total Private Markets		29.0	Composite Weighted Index
Property	Various	4.0	MSCI UK Monthly Property Index
Private Equity	Various		SONIA +5.0% p.a.
WPP Private Equity	Various	8.0	SONIA +5.0% p.a.
Local / Impact	Various	8.0	SONIA +5.0% p.a.
Private Debt	Various		Absolute Return +7.5% p.a.
WPP Private Debt	Various	3.0	Absolute Return +7.5% p.a.
Timber/ Agriculture	Various	--	SONIA +5.0% p.a.
Infrastructure	Various		SONIA +5.0% p.a.
WPP Infrastructure	Various	6.0	SONIA +5.0% p.a.
Total RMF		28.0	Composite Liabilities & Synthetic Equity
Risk Management Framework	Insight	28.0	Composite Liabilities & Synthetic Equity
Total Strategic Cash and Liquidity		5.0	SONIA
Strategic Cash and Liquidity	Insight		SONIA
Trustee Bank Account	In-House	5.0	-

Figures may not sum to total due to rounding.

Performance benchmark for WPP Sustainable Active Equity portfolio include the outperformance target.

Risk Management Framework benchmark is assumed equal to fund performance for calculation purposes.

¹ UK Consumer Price Index +2.5% p.a. based on the 20 year breakeven inflation spot rate.



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