

Clwyd Pension Fund
Monitoring Report
Quarter to
30 September 2021

Nick Buckland

November 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.
- 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.

Nick Buckland

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Overview

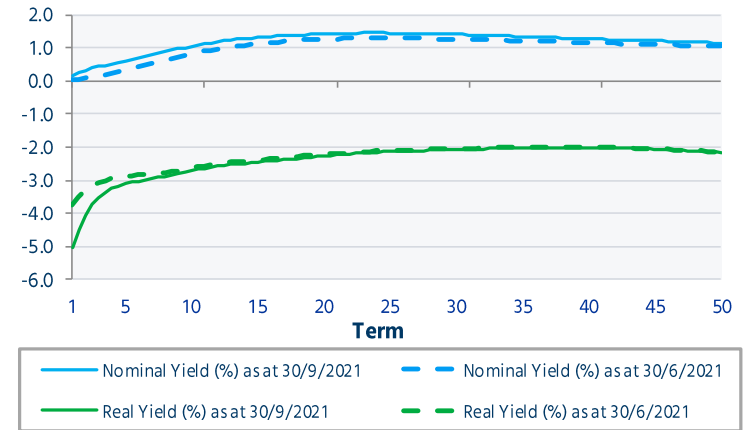
Executive Dashboard

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 (25.4%), but within range. Total Private Markets continues to be marginally underweight (24.2%), largely due to the underweight allocation to Infrastructure, which is outside the tolerance range, and an underweight allocation to Local/Impact and Private Credit.</p>	<p>Signal Previous Qtr ● Current Qtr ●</p>		<p>The Fund returned 2.6% over the quarter against a target of 1.2%. Over the 1 year and 3 year periods to 30 September 2021, the Fund returned 19.3% and 8.1% p.a. against a target of 14.3% and 7.9% p.a., respectively.</p>	<p>Signal Previous Qtr ● Current Qtr ●</p>	
<p>Asset Allocation Within acceptable ranges. 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>The Fund continues to work with the Wales Pension Partnership (WPP) with a view to transitioning Emerging Markets equity assets during 2021/22.</p>		

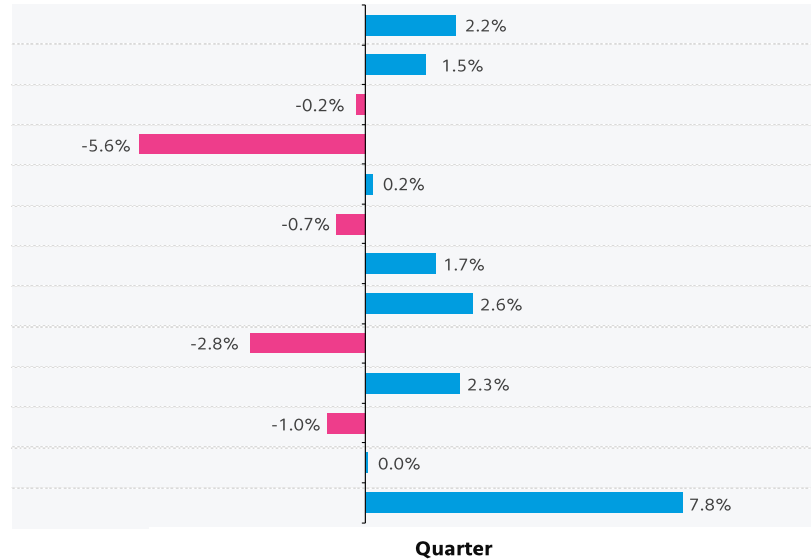
Market Conditions

Change in Yields	Yields at (%)		Change in Yields (%)		
	30 Sep 21	30 Jun 21	3 Months	12 Months	3 Years
Over 5 Year Index-Linked Gilts	-2.21	-2.16	-0.05	-0.03	-0.72
Over 15 Year Fixed Interest Gilts	1.33	1.18	0.15	0.62	-0.52
Over 10 Year Non-Gilts	2.43	2.25	0.17	0.25	-0.83

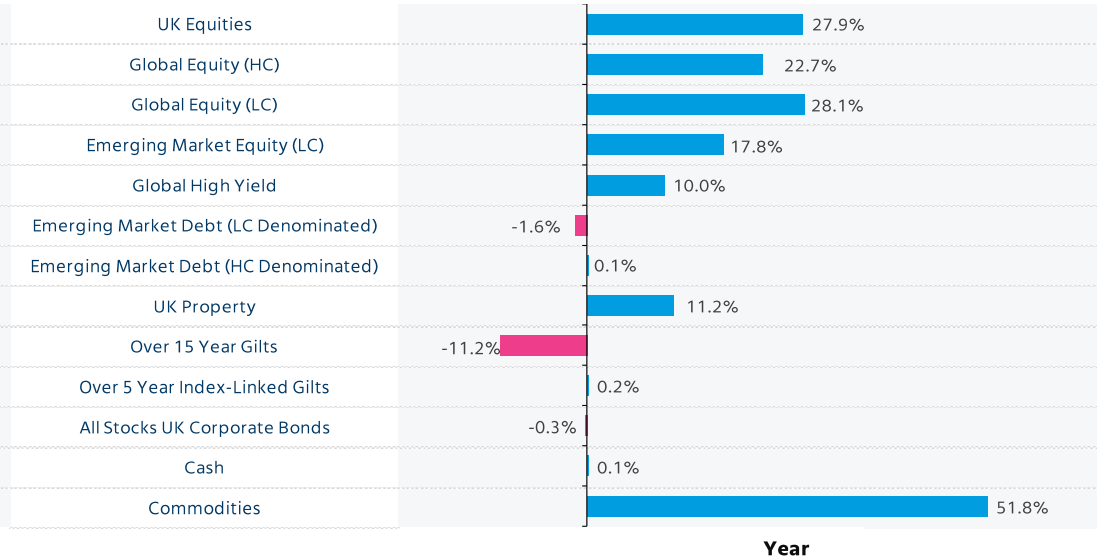
Exchange Rates	£1 is worth		£ Appreciation		
	30 Sep 21	30 Jun 21	3 Months %	12 Months %	3 Years % p.a.
US Dollar (\$)	1.348	1.381	-2.4	4.3	1.1
Euro (€)	1.163	1.165	-0.1	5.5	1.2
100 Japanese Yen (¥)	1.504	1.533	-1.9	10.3	0.5



3 months to 30 09 2021



12 months to 30 09 2021



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.

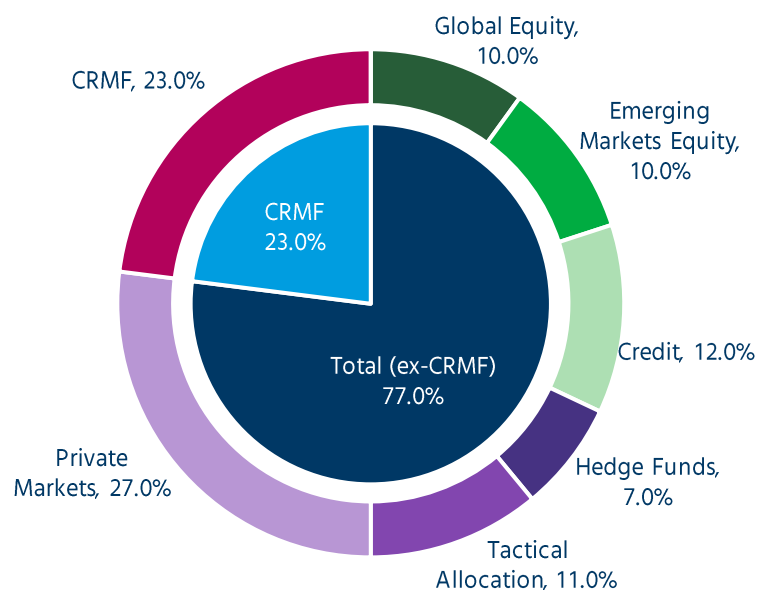
Strategy Monitoring

Asset Allocation

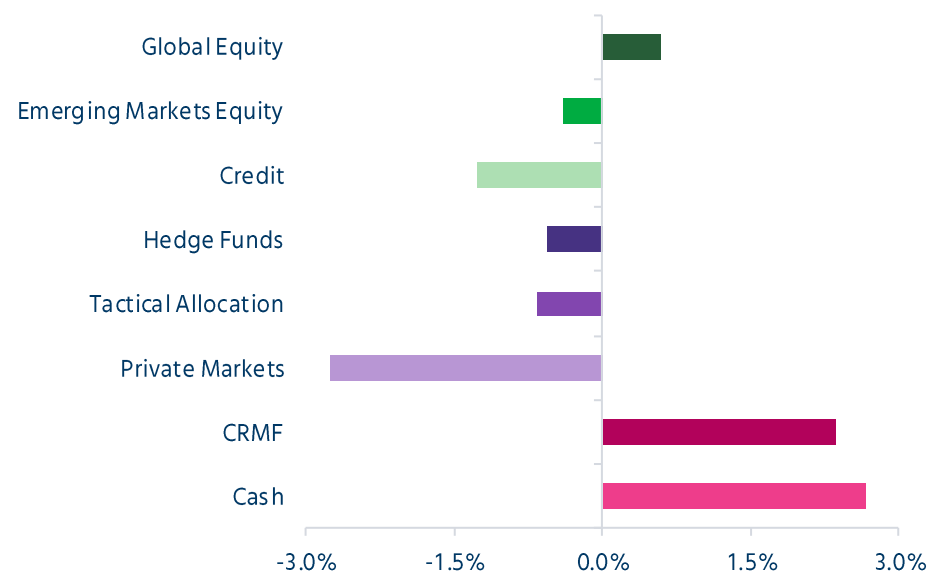
	30/06/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/ Decline (£M)	30/09/2021 Market Value (£M)	30/06/2021 Allocation (%)	30/09/2021 Allocation (%)	30/09/2021 B'mark (%)	30/09/2021 B'mark Range (%)
Total	2,326.4	-3.5	59.7	2,382.6	100.0	100.0	100.0	--
Total (ex-CRMF)	1,685.5	-6.3	35.7	1,714.9	72.5	72.0	77.0	--
Total CRMF	580.2	--	24.0	604.2	24.9	25.4	23.0	10.0 - 35.0
Cash	60.7	2.8	--	63.5	2.6	2.7	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 30 September 2021



Deviation from Benchmark Asset Allocation

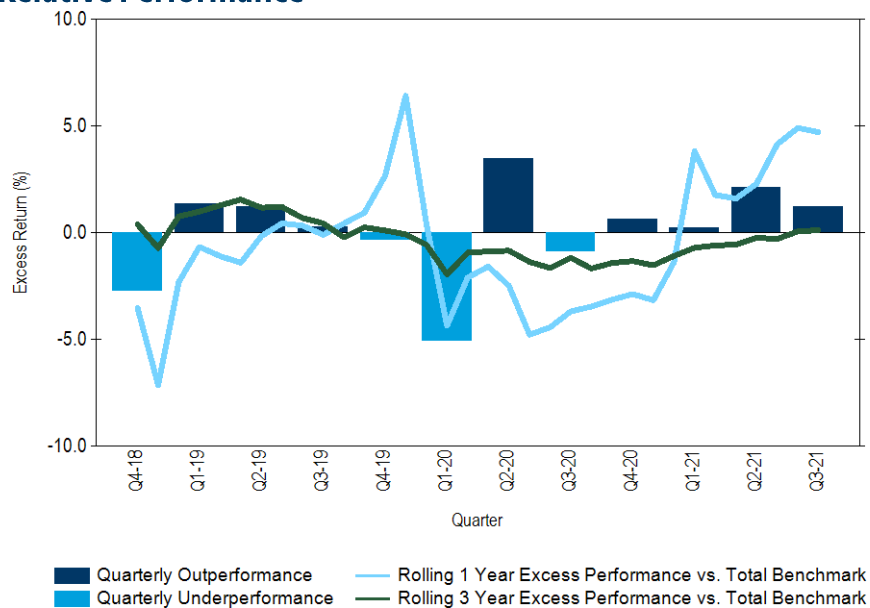


Investment Performance

	2021 Q3 (%)	1 Yr (%)	3 Yrs (%)
Total	2.6	19.3	8.1
Total Benchmark	1.2	14.3	7.9
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 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.

Relative Performance



Investment Manager Summary

Manager Allocation

	Investment Manager	30/06/2021 Market Value (£M)	Net Cash Flow (£M)	Investment Growth/Decline (£M)	30/09/2021 Market Value (£M)	30/06/2021 Allocation (%)	30/09/2021 Allocation (%)	30/09/2021 B'mark (%)	30/09/2021 B'mark Range (%)
Total		2,326.4	-3.5	59.7	2,382.6	100.0	100.0	100.0	--
Total (ex-CRMF)		1,685.5	-6.3	35.7	1,714.9	72.5	72.0	77.0	--
Total Equity		490.2	--	-9.0	481.2	21.1	20.2	20.0	10.0 - 30.0
Global Equity		247.2	--	5.4	252.5	10.6	10.6	10.0	5.0 - 15.0
WPP Global Opportunities	Russell	124.5	--	0.5	125.0	5.4	5.2	5.0	--
World ESG Equity	BlackRock	122.6	--	4.9	127.5	5.3	5.3	5.0	--
Emerging Markets Equity		243.1	--	-14.4	228.7	10.4	9.6	10.0	5.0 - 15.0
Emerging Markets (Core)	Wellington	82.7	--	-5.4	77.3	3.6	3.2	3.0	--
Emerging Markets (Local)	Wellington	73.8	--	-4.0	69.8	3.2	2.9	3.0	--
Emerging Markets Equity	BlackRock	86.6	--	-5.0	81.5	3.7	3.4	4.0	--
Total Credit		255.9	--	0.0	255.9	11.0	10.7	12.0	10.0 - 14.0
WPP Multi-Asset Credit	Russell	255.9	--	0.0	255.9	11.0	10.7	12.0	--
Total Hedge Funds		151.9	--	1.6	153.6	6.5	6.4	7.0	5.0 - 9.0
Hedge Funds	Man	151.5	--	1.6	153.1	6.5	6.4	7.0	5.0 - 9.0
Hedge Funds (Legacy)	Man	0.4	--	0.0	0.4	0.0	0.0	--	--
Total Tactical Allocation		243.4	--	3.2	246.6	10.5	10.4	11.0	9.0 - 13.0
Best Ideas	Various	243.4	--	3.2	246.6	10.5	10.4	11.0	9.0 - 13.0
Total Private Markets		544.1	-6.3	39.9	577.7	23.4	24.2	27.0	15.0 - 37.0
Property	Various	132.0	-0.6	4.0	135.5	5.7	5.7	4.0	2.0 - 6.0
Private Equity	Various	186.5	-6.2	17.2	197.4	8.0	8.3	8.0	6.0 - 10.0
Local / Impact	Various	55.5	5.0	6.5	67.0	2.4	2.8	4.0	0.0 - 6.0
Infrastructure	Various	106.1	-1.6	10.5	115.0	4.6	4.8	8.0	6.0 - 10.0
Private Credit	Various	47.5	-2.1	1.4	46.8	2.0	2.0	3.0	1.0 - 5.0
Timber/ Agriculture	Various	16.5	-0.8	0.3	16.0	0.7	0.7	--	--
Total CRMF		580.2	--	24.0	604.2	24.9	25.4	23.0	10.0 - 35.0
Cash and Risk Management Framework (CRMF)	Insight	580.2	--	24.0	604.2	24.9	25.4	23.0	10.0 - 35.0
Cash		60.7	2.8	--	63.5	2.6	2.7	0.0	0.0 - 5.0
Cash		60.7	2.8	--	63.5	2.6	2.7	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.

Manager Performance

	Investment Manager	2021 Q3 (%)	B'mark (%)	1 Yr (%)	B'mark (%)	3 Yrs (%)	B'mark (%)
Total		2.6	1.2	19.3	14.3	8.1	7.9
Total Equity		-1.8	-1.4	18.8	19.6	9.2	10.7
WPP Global Opportunities	Russell	0.6	1.9	24.3	24.6	--	--
World ESG Equity	BlackRock	3.9	3.8	25.0	24.5	--	--
Emerging Markets (Core)	Wellington	-6.6	-5.6	16.6	14.5	11.3	8.5
Emerging Markets (Local)	Wellington	-5.4	-5.2	8.5	15.9	6.7	9.9
Emerging Markets Equity	BlackRock	-5.8	-5.8	13.4	13.3	--	--
Total Credit		0.1	1.0	8.1	3.9	2.5	2.6
WPP Multi-Asset Credit	Russell	0.1	1.0	8.1	4.1	--	--
Total Hedge Funds		1.1	0.9	8.3	3.6	1.6	4.0
Hedge Funds	Man	1.1	0.9	8.4	3.6	2.2	4.0
Hedge Funds (Legacy)	Man	2.5	0.9	-6.2	3.6	-36.4	4.0
Total Tactical Allocation		1.7	-0.2	19.3	5.3	7.2	4.5
Best Ideas	Various	1.7	-0.2	19.3	5.3	7.3	4.5
Total Private Markets		7.4	1.8	18.6	6.5	8.8	5.2
Property	Various	3.1	4.6	8.2	13.4	5.1	4.3
Private Equity	Various	9.3	1.2	30.6	5.1	14.4	5.5
Local / Impact	Various	12.1	1.2	--	--	--	--
Infrastructure	Various	9.9	1.2	8.2	5.1	5.3	5.5
Private Credit	Various	2.9	1.8	-0.6	7.5	2.6	7.5
Timber/ Agriculture	Various	2.2	1.2	3.4	5.1	0.4	5.5
Total CRMF		4.1	4.1	34.2	34.2	13.2	13.2
Cash and Risk Management Framework (CRMF)	Insight	4.1	4.1	34.2	34.2	13.2	13.2

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

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.

Manager Ratings

Investment Manager	Asset Class	12m Perf	3yr Perf
Russell	WPP Global Opportunities	●	--
BlackRock	World ESG Equity	●	--
Wellington	Emerging Markets (Core)	●	●
Wellington	Emerging Markets (Local)	●	●
BlackRock	Emerging Markets Equity	●	--
Russell	WPP Multi-Asset Credit	●	--
Man	Hedge Funds	●	●
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

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	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
Total Credit		12.0	Composite Weighted Index
WPP Multi-Asset Credit	Russell	12.0	3 Month LIBOR Index +4.0% p.a.
Total Hedge Funds		7.0	3 Month LIBOR Index +3.5% p.a.
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.
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	3 Month Sterling LIBOR +5.0% p.a.
Local / Impact	Various	4.0	3 Month Sterling LIBOR +5.0% p.a.
Infrastructure	Various	8.0	3 Month Sterling LIBOR +5.0% p.a.
Private Credit	Various	3.0	Absolute Return Composite Weighted Index
Timber/ Agriculture	Various	--	3 Month Sterling LIBOR +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 Wellington 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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1 Tower Place West
London
EC3R5BU
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